

~ **Build Ladders *and* Raise the Floor** ~

Workforce Strategies Supporting
Mobility *and* Stability
for Low-Income Workers

Purpose of document

This brief paper argues for a re-balancing of workforce development strategies—both policy and practice—to improve the lives of low-wage workers. The authors hope to encourage a broader range of workforce interventions that not only help low-wage workers climb out of poor quality jobs into better jobs, but also help low-wage workers make their current poor-quality jobs better.

Therefore, this paper explicitly calls for the workforce development field—broadly defined to include workforce practitioners, low-income worker advocates, funders and policy makers—to explore and support workforce interventions that not only encourage career mobility, but also help ensure basic economic stability. For millions of low-wage workers in the U.S, our hope is to both build ladders *and* raise the floor.

A fundamentally different labor market

The U.S. economy has changed fundamentally since the robust job-generating days of the mid-1990s. Today, employers are creating relatively fewer living-wage jobs, and far more low-wage, poor-quality jobs: *Among the 30 occupations expected to have the largest employment growth during this decade, 23 require a high school diploma or less.*

Specifically, the U.S. Bureau of Labor Statistics projects the following occupations will have the largest growth in the coming decade: retail sales persons, home health aides, food prep and food service workers, landscapers and groundskeepers, security guards, and child care workers. These jobs are not only low-wage, but often have irregular and erratic hours, few employment benefits, and limited advancement possibilities.

Thus “good jobs” are becoming relatively scarce—in fact, many former middle-class workers are increasingly forced to climb *down* the occupational ladder, accepting jobs for which they are over-qualified, in turn intensifying competition even for relatively

low-wage employment. As a result, upward mobility into the middle class remains a possibility for fewer and fewer low-income people.

Therefore, the hard truth is that millions of tomorrow's workers will have no realistic option except to make do as best they can, struggling each day not for *mobility*, but simple *stability*. The question we pose in response is: What additional strategies will the workforce development community offer for those millions of U.S. workers who are destined to remain trapped within our country's expanding low-wage labor market?

Adapting to the economy we have

Career ladder strategies remain essential, for we must not forsake the American dream of mobility toward a middle class life. Yet, even for many initiatives pursuing a career development strategy, stability and mobility are closely intertwined—for a ladder is not secure unless it rests on stable ground: Those who attempt to climb a career ladder require a degree of stability as a prerequisite to advancement. Indeed, financial pressure is one of the primary causes of failure for many post-secondary students.¹

Therefore, just as our economy has profoundly shifted and the nature of work has changed, we in turn urge the workforce development community to re-balance fundamentally its strategies in response—forging a combination of policy and practice interventions that simultaneously *build ladders* to assist career development and *raise the floor* to make poor-quality jobs better. Though clearly we are not calling for every stakeholder within the workforce development field to redirect its interventions (for in some employment sectors, a focused career ladder intervention is entirely appropriate), we do believe the workforce field as a whole must now construct a balanced “ladders and floors” framework.

Examples of *Build Ladders and Raise the Floor* strategies

A number of organizations have begun to focus on this work, often addressing the needs of workers employed in sectors that, until recently, have received little attention in the workforce development community. The following are just a few examples of

¹ For example, in “With Their Whole Lives Ahead of Them”, Public Agenda finds the number one reason students leave school is the need to work: (<http://www.publicagendaarchives.org/files/pdf/theirwholelivesaheadofthem.pdf>). Similarly, the Pew Hispanic Center finds: “The biggest reason for the gap between the high value Latinos place on education and their more modest aspirations to finish college appears to come from financial pressure to support a family...”, <http://pewhispanic.org/files/reports/115.pdf>, p.1.

Build Ladders and Raise the Floor initiatives that have generated documented success for both workers and employers:

Restaurant workers: ROC-United—a national nonprofit headquartered in New York City—provides training for entry-level staff; undertakes policy research on the restaurant labor market; leads specific campaigns against “low road” restaurant employers who break labor laws; and has organized an alternative trade association of “high road” employers who encourage career development within their restaurants, and who together advocate for improved labor regulations within the industry.

Construction workers: The Workers Defense Project (WDP)—a nonprofit membership-based organization in Austin, Texas—helps workers in construction and related occupations advocate for better wages and working conditions. The organization builds policy and legislative campaigns, works directly with contractors to educate them about workplace standards and safe working conditions, and provides advocacy training and skill building opportunities for workers. WDP also participates in the national Day Labor Organizing network, which works with local organizations across the country to ensure safe environments for day laborers and to encourage career advancement opportunities. Over the last 10 years, WDP has supported legal actions that have helped workers recover nearly \$1 million in back wages.

Healthcare workers: PHI—a national nonprofit headquartered in the South Bronx—has created its own high-road home care agencies in New York and Philadelphia, employing over 2500 workers, as model employers and training programs; undertakes policy research on the direct-care workforce labor market; consults to a wide range of other high-road healthcare employers on training and employment best practices; trains supervisors of frontline staff; and has lead several successful policy campaigns, resulting in increases in compensation and improvements in job quality.

Manufacturing workers: In Chicago, the Instituto del Progreso Latino operates ManufacturingWorks (MW), a sector-oriented workforce service center. In providing services, MW has implemented a tier system by which it rates companies based on worker compensation, bonuses and working conditions. MW sends placements to “better” businesses and is more responsive to their requests for incumbent-worker training or other training and recruitment assistance. At the same time, MW continues to engage with “lower tier” businesses to better understand barriers that may prevent them from improving job quality and to consider strategies for overcoming those

barriers. These businesses may benefit from other forms of business assistance, such as human resources consulting and Lean Manufacturing workshops.

Workers in a Specific Region: The Wisconsin Regional Training Partnership (WRTP), based in Milwaukee, Wisconsin, begins with a foundational commitment to labor-management solutions, and views worker success, business success and the economic development of the region all as key and inter-related goals of the organization. WRTP's responds to specific skill needs of high-quality employers develops tailored solutions, working with a network of nonprofit service providers and industry training partners, to create entry ways into high-quality employment for low-income Milwaukee residents. WRTP works within multiple industry sectors, ranging from construction to health care, and has a diverse funding base that includes privately negotiated training funds, philanthropic resources and public training dollars. WRTP's model is unique in its organizational and programmatic focus that incorporates the voice of organized labor together with the needs of industry as it crafts a strategy to support the creation of high quality jobs and a skilled workforce. The result is an organization that has connected workers with some of the highest-quality jobs in its regional labor market as well as positioned workers' voices in dialogue with employers to address job quality concerns. WRTP has achieved well-documented success for the workers it serves, and has provided a productive forum for labor and management to work together to address job quality, workforce skills and related public policy issues for more than 20 years.

Defining *Raise the Floor* strategies

Raise the floor workforce development strategies are designed to improve poor-quality jobs held by low-income workers. As the examples above illustrate, interventions can be *practice-based* (working directly with employers and training programs) as well as *policy-based* (legislative or regulatory initiatives), and often combine the two. Their intent is to improve low-wage jobs sufficiently — in terms of compensation, benefits, job-design, training standards and a host of other measures — so that workers can secure a meaningful degree of stability and dignity in their work.

Historically, it is important to emphasize that addressing poor-quality jobs was always a primary tenet within the construct of “sectoral employment initiatives” — now a widely-accepted strategic framework within the workforce development community. A sectoral strategy is a systems approach to workforce development that:

- Targets a specific set of occupations employing low-income individuals;
- Improves workers' employment-related skills;
- Meets the employment needs of businesses; and
- Creates lasting change in the labor market.

As early as 1995, and later in 2007, the Aspen Institute and PHI co-authored reports—commissioned by The Ford Foundation and the Charles Stewart Mott Foundation—that helped shape the definition of sectoral strategies.² Within that early sectoral framework, the Aspen Institute and PHI articulated two paths: removing barriers for low-income workers to access good jobs, and improving poor-quality jobs.

Both paths were embedded in an understanding of the industry context and the ability of workers to support business success and in turn participate in the fruits of that success. However, as sectoral strategies began to unfold in the intervening years, the workforce field focused extensively on access to existing good jobs (building ladders), and relatively little on improving bad jobs (raising the floor).

Yet more recently, many practitioners, based in a variety of workforce development organizations, have forged successful *raise the floor* strategies. Some have designed regional advocacy approaches, such as a city-wide “living minimum wage floor” for employees working for any company subcontracted by the municipality. Many others, including worker centers, have focused on a particular low-wage occupation—restaurant workers; homecare aides; day laborers—developing sophisticated strategies to encourage, and in some cases require, employers within that targeted sector to adopt “high road” practices for their low-wage employees.

In many cases, practitioners have combined *raise the floor* with *building ladders* strategies—for example, improving training for entry-level staff, while at the same time, dismantling racial and other barriers blocking promotion into higher-paid positions.

***Raise the Floor* outcomes**

Combining *build ladders* with *raise the floor* strategies benefits not only low-wage workers, but their employers and the wider economy as well. Below we outline examples of outcomes for this re-balanced strategy, which in turn require a variety of units of analysis.

² See: <http://www.aspeninstitute.org/sites/default/files/content/docs/JOBSURBANPOOR.PDF> and <http://dev.aspenwsi.org/wordpress/wp-content/uploads/07-014.pdf>

Some of the following outcomes, such as improved wages, might be measured at an individual worker level, while other outcomes such as job re-design might be measured at a firm level, and regulatory protection and enforcement might be measured at a city or a state level. These multiple levels are critical, as practitioners must remain mindful of the needs of individual workers, while also keeping an eye on larger industry and economic trends—in order to adjust strategy as the environment shifts.

Examples of outcomes for low-wage workers include:

- **Higher compensation** linked to improved employee productivity and stability
- **Improved benefits**, including health insurance, paid leave and retirement funds
- **Job redesign** leading to:
 - Full-time and predictable hours of work
 - Increased decision-making participation in the workplace
- **Access to promotions and career ladder opportunities**
- **Protections against wage theft** and other forms of illegal worker exploitation
- **A culture of respect** for all employees
- **The right to organize**
- **Grievance protection**
- **Higher safety standards**
- **Higher training standards**
- **Improved supervision**
- **On-the-job coaching** and peer mentor programs
- **Emergency loan dollars** provided by the employer
- **Improved access to public benefits and social services**

For employers, a successful *raise the floor* strategy can result in:

- **Higher productivity** from a well-trained, stable workforce
- **Lower recruitment and termination costs**
- **Fewer management, supervisory, and H.R. headaches**
- **Improved reputation** in the community

For the broader community, a successful *raise the floor* strategy will result in:

- **Greater purchasing power and demand for goods and services in the community**, as lower-wage workers tend to spend their income immediately on necessities
- **Lower public assistance costs** as income increases and work and home stabilize.
- **More stable neighborhoods**

Call for exploration and support

We believe that the labor market of the next decade will look much like today's—producing an increasing proportion of low-wage jobs, and only a limited supply of good jobs able to support a middle-class family. A field-wide workforce development strategy that focuses primarily on helping low-wage workers secure high-quality jobs will simply find too few jobs to meet the critical needs of millions of low-income workers.

Though each individual story may not result in as dramatic a narrative arc—climbing out of poverty into the middle class—*raising the floor* strategies can nonetheless provide hundreds of thousands of low-income people an essential level of stability and dignity. Therefore, we call upon the workforce development community to explore and support balanced strategies across a wide field of interventions, including strategies willing to engage in the difficult challenge of making bad jobs better.

Already several foundations, most notably The Ford Foundation, the Kellogg Foundation, the Surdna Foundation and the Chicagoland Workforce Funder Alliance, are exploring a thoughtful combination of *raise the floor* and *building ladders* strategies. Also, the U.S. Department of Labor, under the Obama Administration, has placed great focus on enforcing wage and hour regulations; issued proposed revisions for minimum wage and overtime protection for low-wage home care workers; and made available OSHA-funded Susan Harwood training grants to a range of worker centers across the country.

With these initial investments, many workforce practitioners have already employed a range of successfully balanced *build ladders* and *raise the floor* interventions—with measurable results. Much more could be achieved with additional resources thoughtfully applied. We welcome all inquiries and debate.

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