

**LESSONS FROM THE PANDEMIC:
WHAT DO WE OWE OUR LOW WAGE & “ESSENTIAL” WORKFORCE?**

**CLEVELAND FEDERAL RESERVE BANK
2021 POLICY SUMMIT
JUNE 23, 2021**

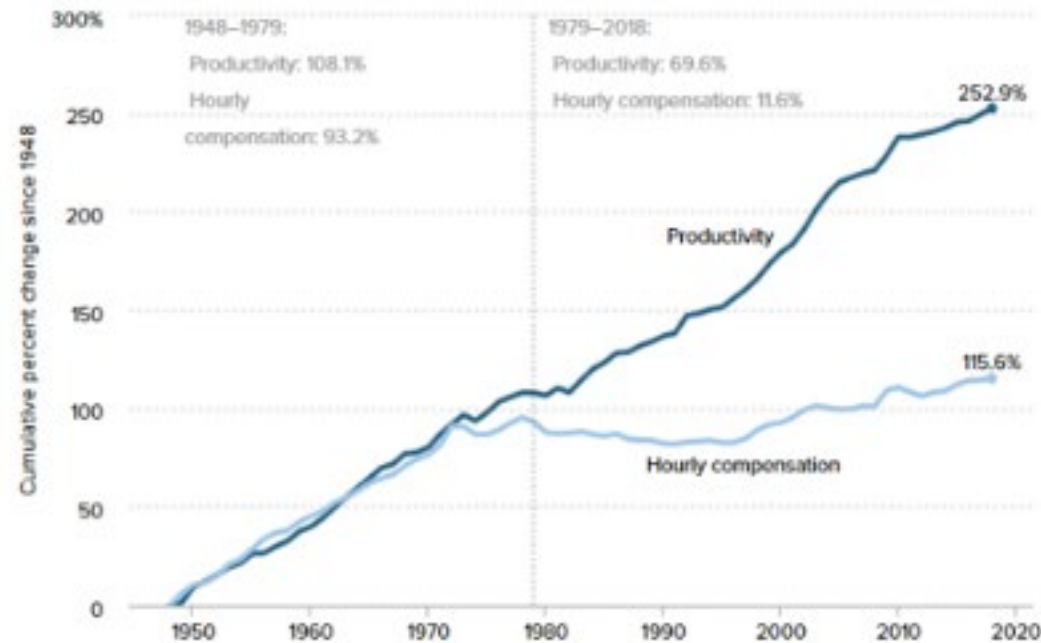


- **Thomas A. Kochan, George M. Bunker Professor**
- **MIT Sloan School of Management**
- **MIT Institute for Work & Employment Research**
- **MIT Good Companies, Good Jobs Initiative**

First, Long Before the Crisis: A Broken Social Contract

The gap between productivity and a typical worker's compensation has increased dramatically since 1979

Productivity growth and hourly compensation growth, 1948–2018



Productivity –Pay Tracker

Change 1979–2018:

Productivity
+69.6%

Hourly pay
+11.6%

Productivity has
grown **6.0x** more
than pay

Source: Economic Policy Institute

The Pandemic Laid Bare Gaping Holes in the Safety Net



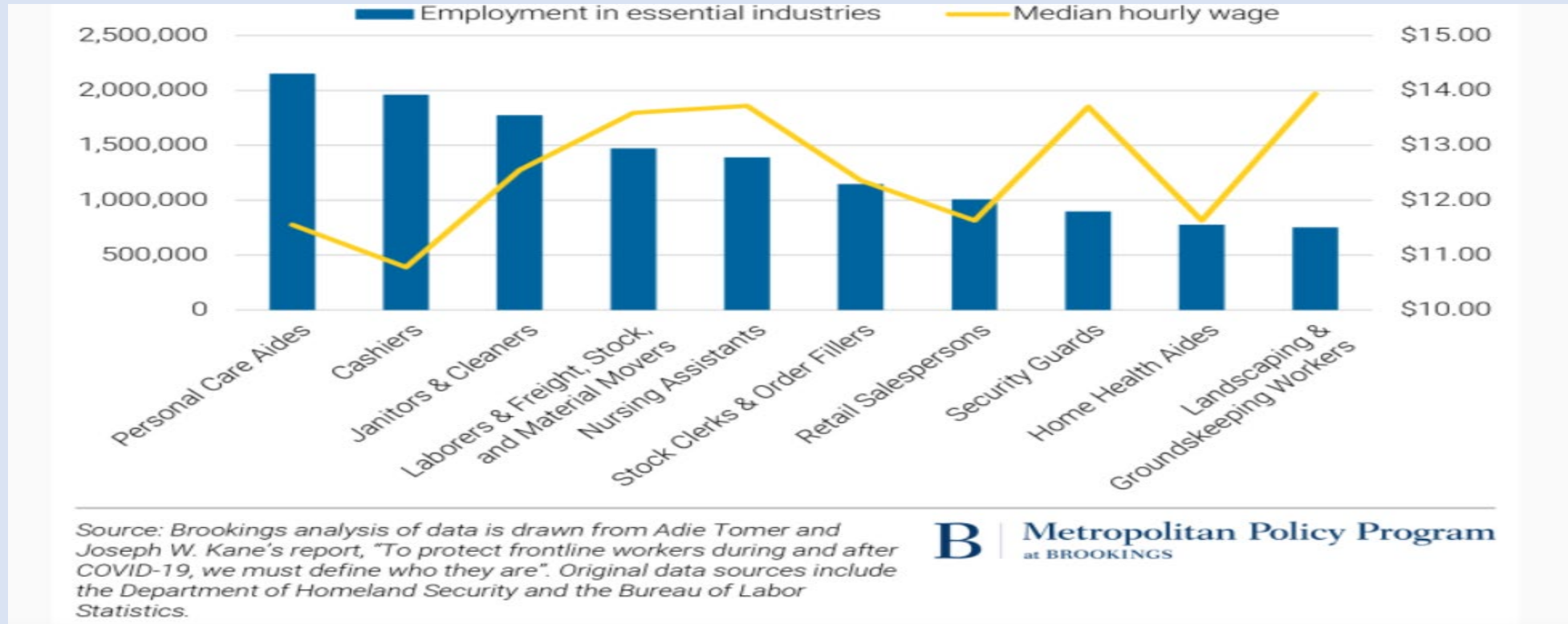
- **Minimum Wage to Living Wage**
- **Paid Family and Sick leave**
- **Worker Voice & Representation**
- **Unemployment Insurance**
- **Workforce Training and Upskilling**
- **Benefit Exclusions & Retaliation towards Immigrants**

“Essential” Workers are a Subset of the Low Wage Workforce

- 2018:
 - 47.7 million workers earn less than \$15 per hour
 - 22.3 million of these work in “Essential” Occupations

Note: No standard way to classify “Essential” workers. Above numbers based on Dept of Homeland Security classifications.

Ten Largest Essential Occupations with Median Wage Less than \$15 per hour



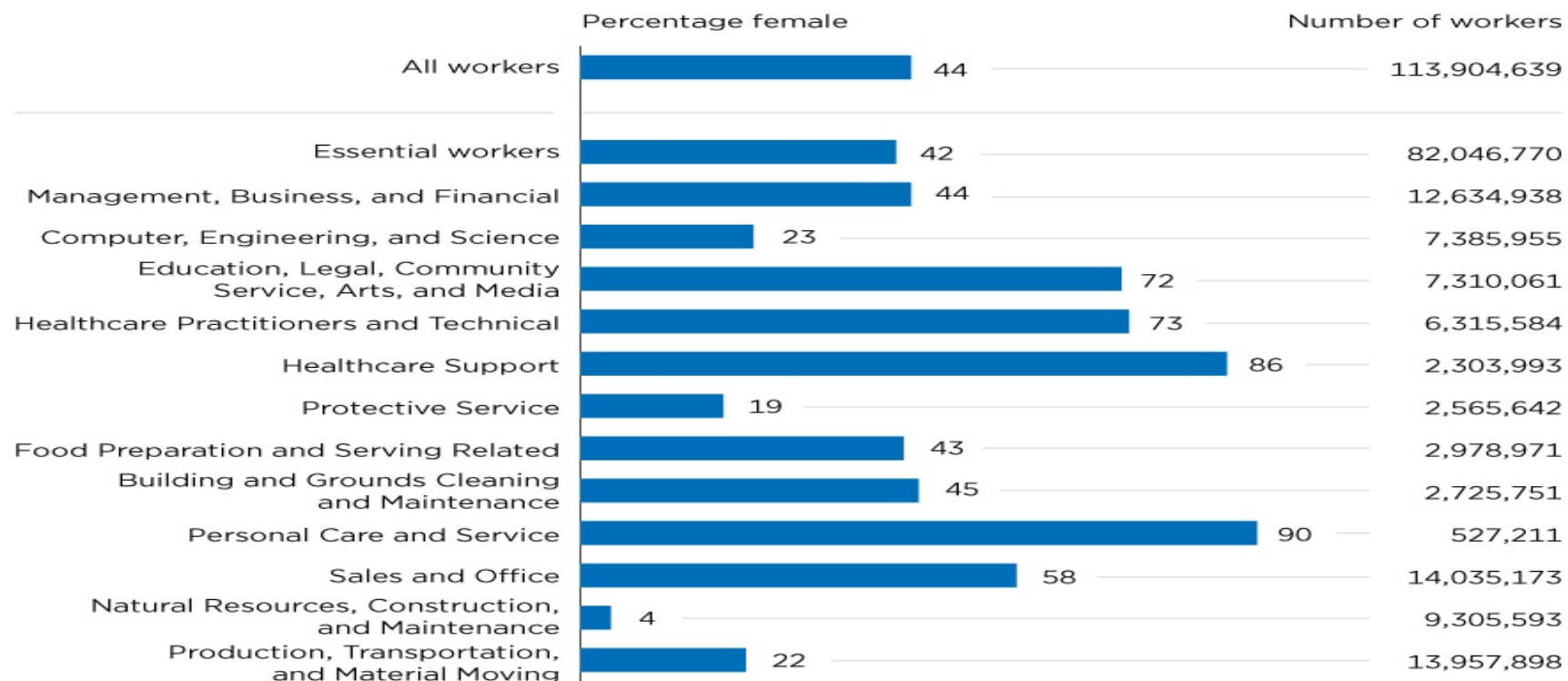
Source: Kinder and

“Essential” Workers by Occupation & Gender

Full-time, Year-Round Essential Workers by Selected Occupation

Groups: 2019

(Civilian labor force, 16 years and over)



For information on confidentiality protection, sampling error, nonsampling error, and definitions, visit www.census.gov/programs-surveys/acs/technical-documentation/code-lists.html.

Source: U.S. Census Bureau, 2019 American Community Survey 1-year estimates.

Who can work remotely? Another Source of Inequality

Higher-wage workers are six times as likely to be able to work from home as lower-wage workers

Share of workers who can telework, by wage level, 2017–2018

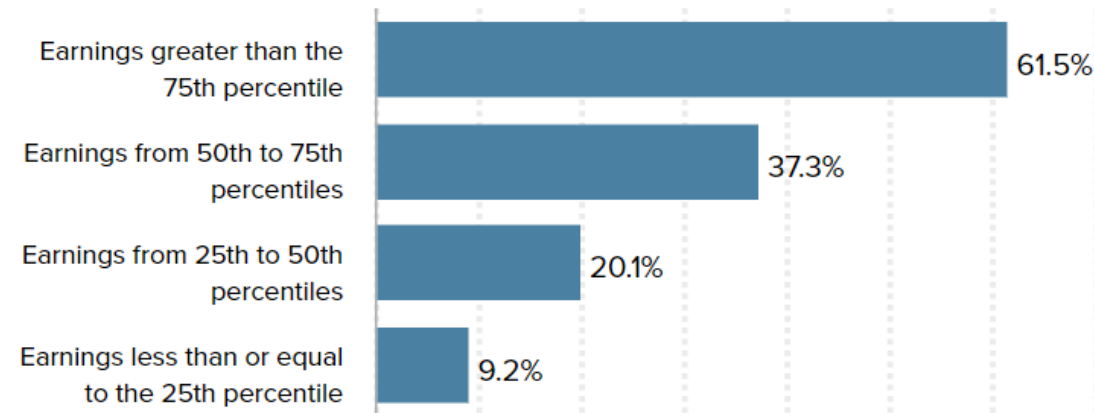
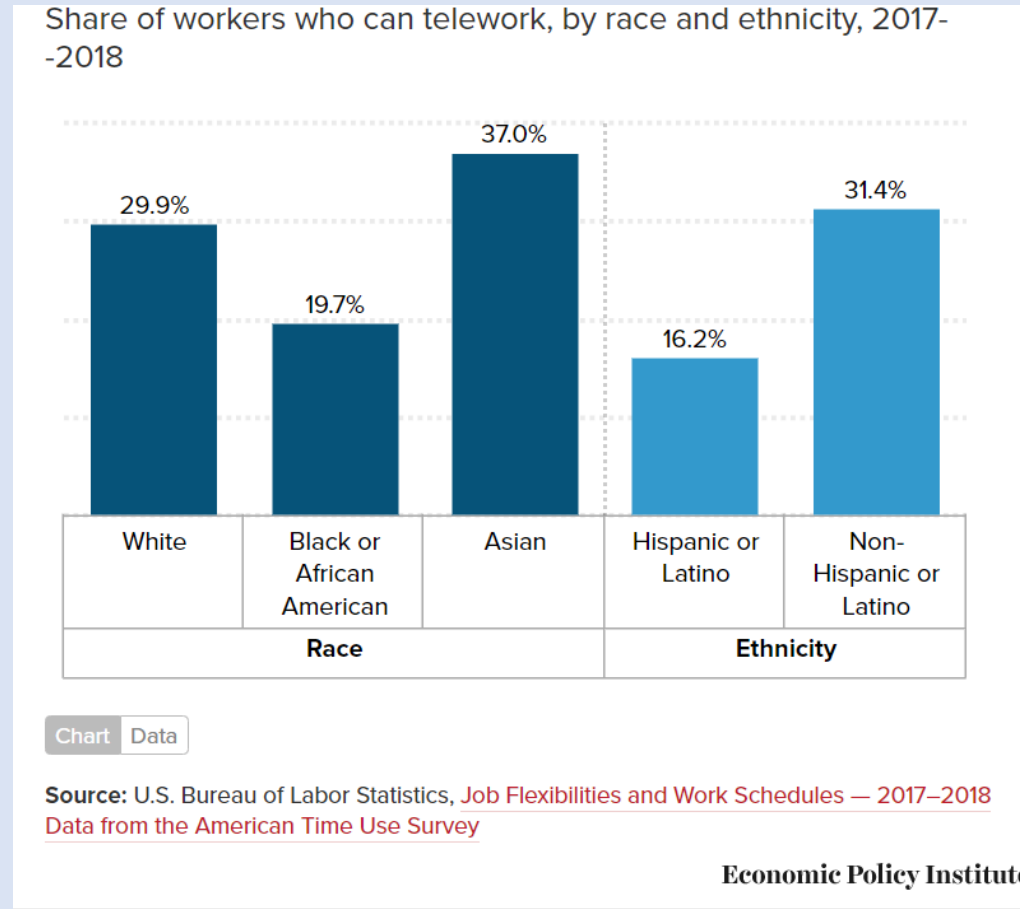


Chart Data

Source: U.S. Bureau of Labor Statistics, [Job Flexibilities and Work Schedules — 2017–2018](#)
[Data from the American Time Use Survey](#)

Economic Policy Institute

Who can work remotely—Racial Differences



Learning from the COVID Crisis: Five Lessons and Actions



- Fill the Holes in our Social Safety Net
- Engage the Workforce to Build Trust
- Navigate Return to Work *Together*
- Renewed Awakening: Black Lives Matter and
• the Quest for Justice
- Lay the Foundation for
• a New Social Contract

Mending the Holes in the Safety Net: Labor Market Policies

- Minimum Wage: Move to \$15 in graduated steps?
 - End lower minimums for tipped workers?
- Paid Family Leave: Learn from experiences in CA, NJ, and others?
- Paid Sick Leave: Learn from experiences in CA, WA, MA and 6 others?
- Protect Immigrant Workers from Discrimination and Threats?
- Update Unemployment Insurance? Dube, 2021

https://www.hamiltonproject.org/papers/a_plan_to_reform_the_unemployment_insurance_system_in_the_united_states

- Training/Retraining/Upskilling: Time for Life-Long-Learning???
 - Redefine role of universities?
 - Put online learning to use for all?
 - Integrate into regional training “ecosystems—sectoral approaches???”

ENGAGING THE WORKFORCE BY FILLING THE VOID IN WORKER VOICE: A TWO STEP STRATEGY



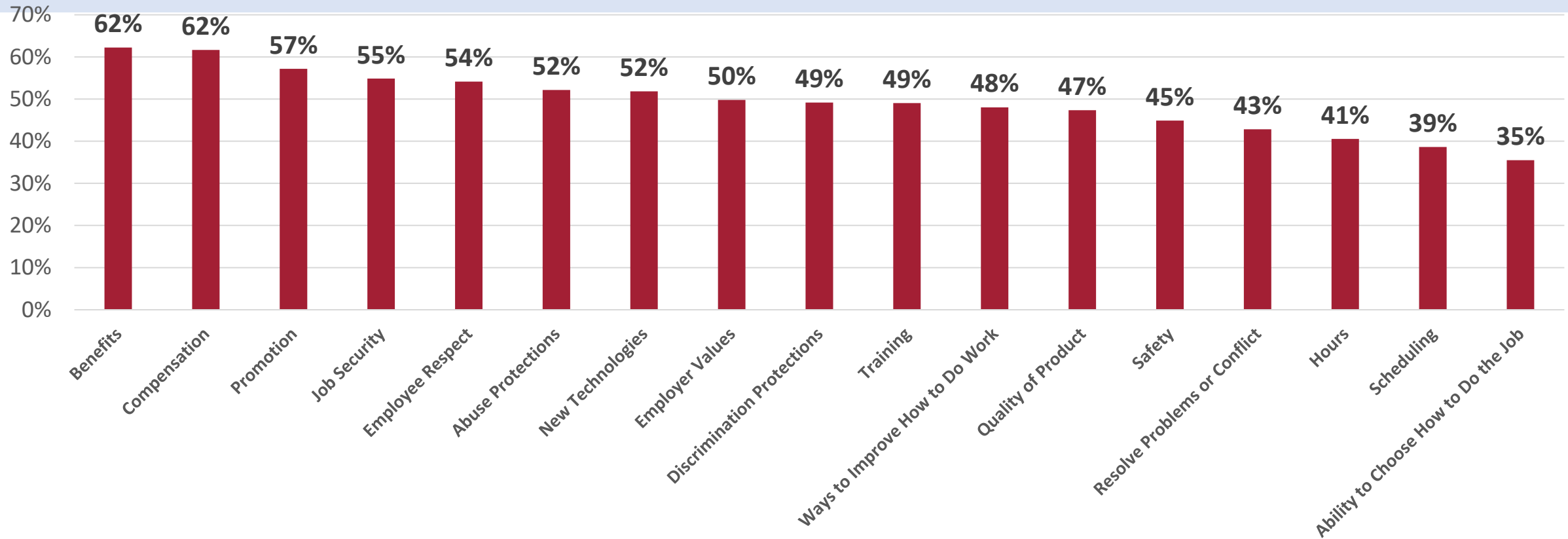
Care for Emergency Workers

- Provide Essential Safety Precautions
- Universal Right to Voice on Conditions at Work
- Sector Based Workforce Redeployment Councils

Labor Policies for the Future

- Fix Current Labor Laws
- Consider New Options –Works Councils, Board Rep, Regional and Sector Based Councils
- Experiment with Multiple Forms of Worker Advocacy

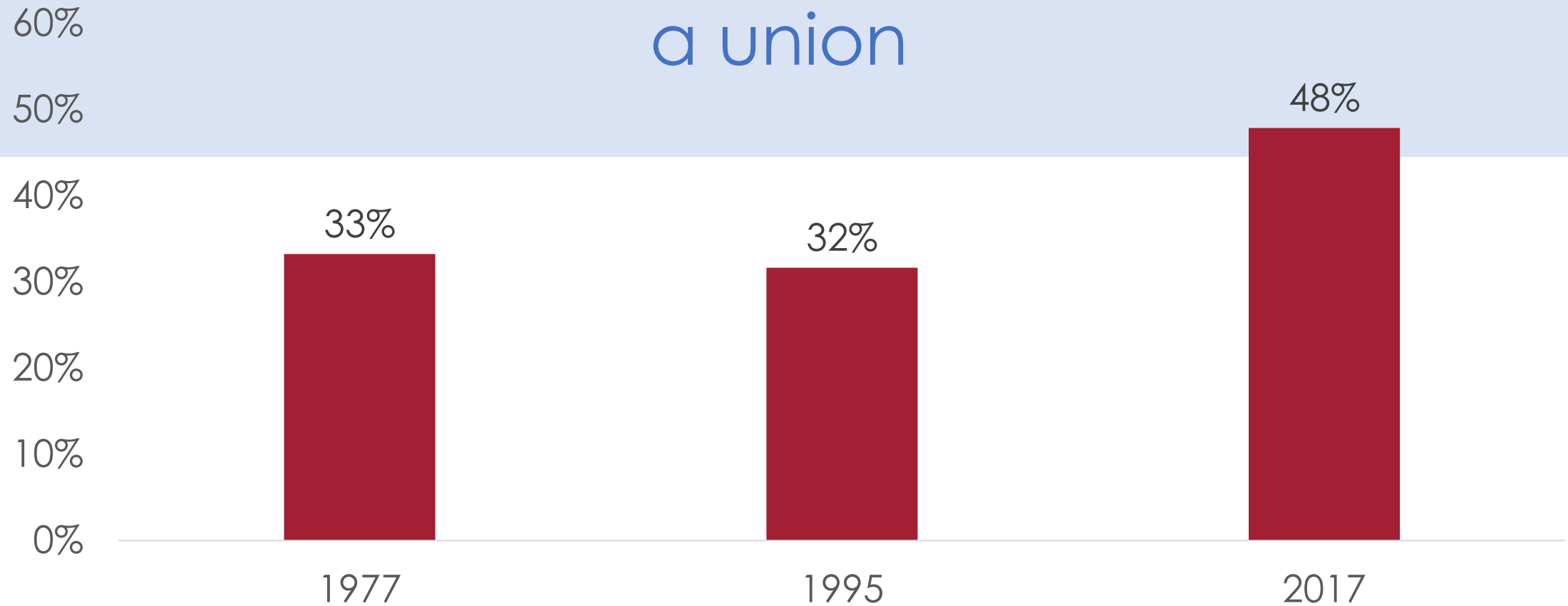
Voice Gap: Percentage of Workers with Less Involvement than They Want



Notes: Calculated as the share of respondents who, on a given issue, rate higher on how much say they ought to have compared to how much say they actually have.

Sources: Adapted from Kochan et al. (2018). Data based on Kochan et al.'s analysis of Worker Voice Survey.

Percent of nonunion workers who would vote for a union



Notes: Each year's sample excludes self-employed. The 1995 sample also excludes all management occupations.

Sources: Adapted from Kochan et al. (2018). Based on Kochan et al.'s analysis of 1977 Quality of Employment Survey (Quinn and Staines 1979), Worker Representation and Participation Survey (Freeman and Rogers 1999) and 2017 Worker Voice Survey data. Data for 1995 were pulled from Freeman and Rogers (1999, 99).



1 in 5

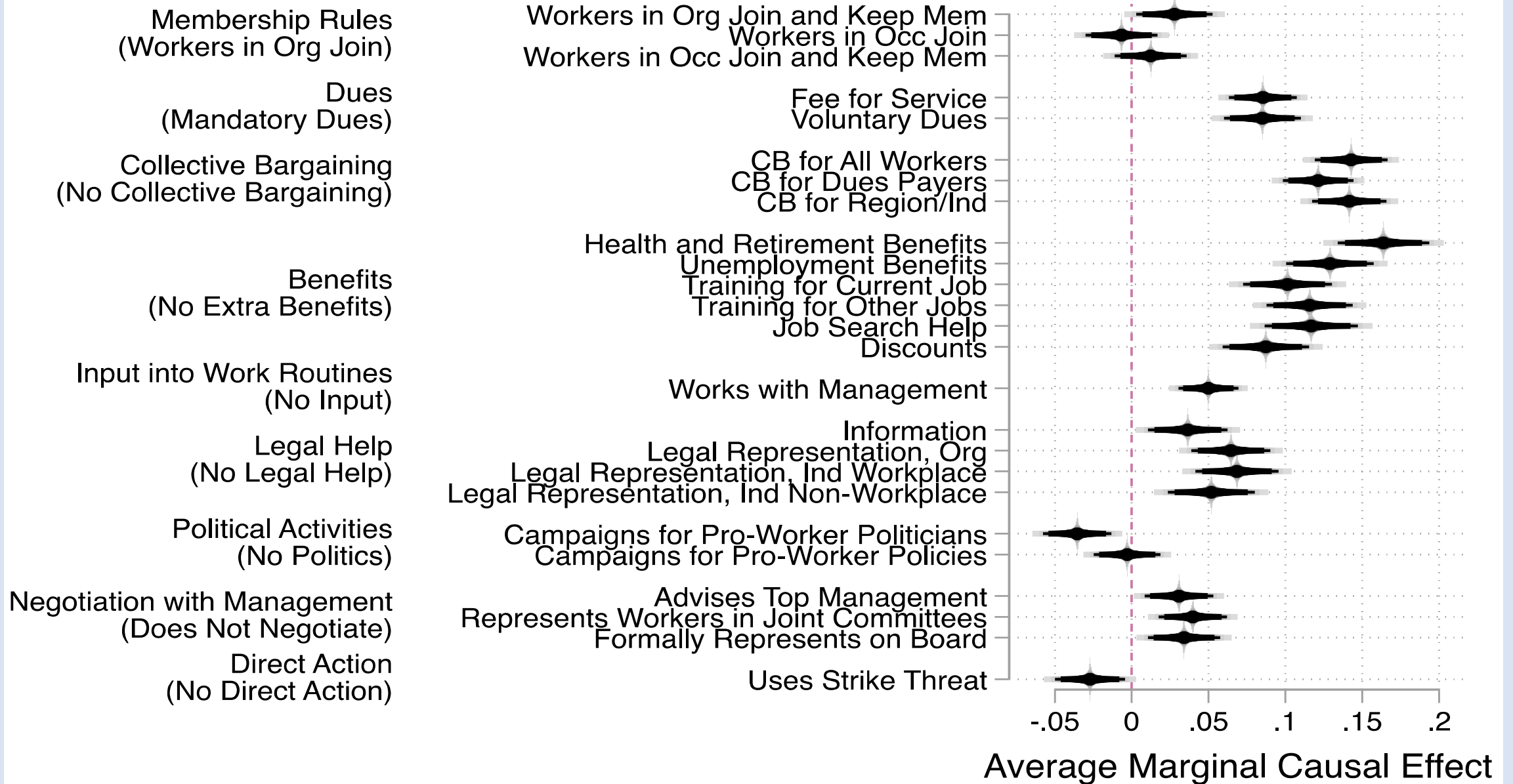
Probability workplaces achieve a collective bargaining agreement after union demonstrates sufficient support to authorize an election.

When employers resist union organizing efforts through unfair labor practices, these odds are:

1 in 11

Source: Ferguson, John-Paul. (2008). The eyes of the needles: A sequential model of union organizing drives, 1999-2004. *Industrial and Labor Relations Review*, 62(1):3-21.

Which labor organization would you join? (0/1)



Summary: What Features do Workers Support?

- Collective Bargaining still highly valued
- Equally or more valued: Provision of on-going labor market services/benefits
 - Health insurance, retirement, job search, training
 - Legal services/representation
- Voice in Organizational Governance
 - Workplace issues affecting how they work/improvement efforts
 - Strategic management issues—membership on company boards
 - Workplace committees--councils

Post Covid Labor Policy

- Safety and Health: New York Hero's Act
- Labor Law
 - Fix the basics: Reform the organizing rules and penalties for violating labor law
 - Open up labor law to support new forms of voice and representation
 - Extend coverage of labor law to those excluded—domestic workers, farm workers contractors, independent contractors...
- Encourage and support high quality labor management relationships
- Experiment with sector and regional committees to set wage norms, rules, and other employment conditions

Navigating the Return to “Hybrid” Work

- Safety: Top of Everyone’s Priority List!
- Engage the Workforce to Restructure Work
 - Top Down Leadership Necessary but not Sufficient
 - Encourage Self-Organizing of Support Groups
- Allow for Discretion—Families matter
- What About Working at Home?
 - Measure Productivity by Project, not by Monitoring Screen Time!
 - Provide Training for Managing Virtual Meetings
- **Prepare for Emotional/Mental Health Challenges**



Together Let's Build a New Social Contract

