Not Just Any Job
Creating Good Jobs in Today’s Economy

FRESC
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Acknowledgements

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What is a good job?
Since the United States entered a recession in 2007 and Colorado followed shortly behind in 2008, job growth and unemployment numbers have been hot topics in local politics as well as national elections. While “jobs numbers” are important, communities cannot value job creation solely for creation’s sake. If we only focus on the number of jobs, we are not rebuilding our economy to be sustainable and strong: we must focus on quality, not just quantity. In other words, not all jobs are created equal. The kinds of jobs being created should be central to the conversation.

Even when job quality is part of the discussion, pundits and politicians seldom define what a good job is. Defining a good job becomes particularly important when job quality is worsening. For example, the Bureau of Labor Statistics predicts that home health care services will be one of the fastest growing professions between 2013 and 2020. In fact, home health care service jobs are expected to grow by 6.1 percent a year until 2020, adding about 871,800 jobs.\(^1\) While an additional 871,000 jobs sounds like great news, it is troubling that the median pay for home health care workers is just $20,170 per year.\(^2\) Surely a good job, the kind of jobs America needs in order to keep its economy strong, must pay more than $20,170 a year.

A good job must pay a wage that someone can support his or her family on, but there is more to it than just a minimum income. Wages are only part of the equation. Access to employer provided health insurance, retirement savings, training and having a voice in the workplace are also important components of a quality job.

Fewer and fewer jobs meet this definition. Many, especially business interest groups and lobbyist, react to this definition with incredulity. However, good jobs do continue to exist so it is possible to create and maintain high-quality jobs. And if we want to rebuild our economy to be strong, we must take whatever steps we can to improve the quality of the jobs. This report proposes simple steps that even small businesses can take to help improve the jobs they offer and the economy as a whole.

Why better jobs?
Quality jobs benefit families, businesses, and communities. According to the International Economic Development Council, quality jobs “are the seeds from which broader prosperity grows, providing workers with the opportunity for self-sufficiency, economic security, and a sense of control over their lives.” When workers are thriving they buy homes and boost the housing market, buy goods and services from local shops, and save to invest in their children’s education. When jobs don’t allow workers to afford the basics, those workers are unable to spend in our communities.

Yet, we aren’t headed in a direction that will allow our communities and our economy to thrive. According to the Bureau of Labor Statistics, Occupational Employment Projection to 2020 most sectors that are expected to grow pay wages that would keep a working

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family below the poverty line. Further, people of color, a demographic group that is growing the most quickly, are over represented in low wage jobs: Latinos are 15% of the workforce but 24% of poverty-wage workers and African Americans are 11% of the workforce but 14% of low-wage workers.\(^3\) The prevalence of low wage work and the recent recession only increase the wealth divide between white workers and workers of color. Between 2007 and 2010 Hispanic families lost 44 percent of their wealth and black families lost 31 percent. White families, by comparison, only lost 11 percent of their wealth during the same economic downturn.\(^4\) If we don’t take steps now to reverse these trends, more Americans will be poor and the wealth gap will continue to widen.\(^5\)

**Taking steps to achieve good jobs**

History has shown that wealth may not trickle down, but it does grow up. Workers who earn good pay and have decent benefits can shop at local businesses and support and care for their families. These workers keep the economy healthy and moving in a positive direction. If we all work together to create good, family-sustaining jobs we can improve our economy.

Creating good jobs and helping business grow are not conflicting ideas. In fact, they are interconnected. As jobs improve, local economies strengthen, and revenue improves for businesses. All businesses, no matter their size, can take steps to help improve job quality in our communities.

In early 2013, Denver’s Mile High Business Alliance conducted a survey of 112 small businesses, 64% of which had annual revenue of less than $500,000, that were located along a transit corridor. The survey showed that most of these businesses do not currently offer permanent jobs that provide workers with a family sustaining wage, access to health care and retirement

\(^3\) Economic Policy Institute: http://www.epi.org/
\(^5\) ibid
savings, offer training and room for advancement, and allow workers to have a voice in their workplace. Many businesses reported that offering those kinds of benefits was prohibitively expensive. The good news, however, was that business owners said they are interested and willing to increase wages and benefits as their revenues grow.

This report aims to help workers and business close the gap between practice and the aspiration to provide good jobs. Policy makers, business owners, workers and government agencies all have a role to play in improving our jobs and our economy. This report breaks the components of a good job into five categories: wages, health, retirement, training, and work/income supports and provides solutions in each category that even the smallest business can adopt in order to improve job quality and strengthen the economy.

### 1. Wage

#### Step 1: End Wage Theft

The first thing our communities and employers can do to create better jobs is to make sure employees are getting paid for their work. Wage theft happens when employers underpay their employees. This happens when a worker is paid less than the minimum wage, isn’t paid for their overtime, has to work off the clock, or is cheated on their tips or simply isn’t given payment for the work they complete. Because ending wage theft is as simple as ensuring that workers are paid fairly and according to current wage and hour laws, ending wage theft is a very achievable first step toward creating better jobs.

Unfortunately, wage theft is no small problem. A survey of over 4,300 low wage workers in Los Angeles, Chicago, and New York found that 68% of workers experienced at least one pay-related violation in the previous week. The average worker lost $51 a week out of an average weekly earnings of $339.6 And it isn’t just the individual workers who are harmed; local economies lose out on payroll taxes and the spending power of workers,
while honest business owners are put at a disadvantage when wage thieves unfairly benefit in the marketplace.

By supporting local policies, laws, and advocates that prevent wage theft and hold guilty employers responsible for breaking the law we can improve workers lives’, ensure fairness in the marketplace, and grow the local economy.

**Step 2: Reducing Employee Costs and Raising Incomes**
The Mile High Connects Survey conducted by the Mile High Business Alliance showed that the reason most businesses don’t offer benefits or increase wages for their employees is that those benefits and wage increases are simply too expensive. Increases in pay and benefits don’t have to be added all at once and there are ways that employers can reduce the cost of living for their employees without significant costs. Providing transit passes, onsite meals, and onsite fitness classes are just some of the ways Metro Denver’s smaller businesses are reducing out of pocket expenses for their employees.

**Step 3: Family sustaining wages**
The Self Sufficiency Standard for Colorado defines the income needed to realistically support a family without public or private assistance. This standard takes into account housing, childcare, food, transportation, health care, taxes, clothing, and hygiene items. It assumes that a person has a car with insurance and employer-sponsored health care but it does not allow for babysitting when parents are not at work, eating outside the home, entertainment, pets, debt repayment, or student loans. According to the Self Sufficiency Standard, a family with two adults, a preschooler, and a school-aged child living in Adams County would need to earn $62,290 a year in order to make ends meet without private or public assistance. If that same family were headed by a single parent, that parent would need a job that paid $54,893.7

Unfortunately, not all of Colorado’s working families are able to make ends meet. In 2004, 20% of working families did not earn enough to meet their basic needs; in 2008, that number rose to 25%.8 These families are comprised of hard working people who clean our offices, cook and serve our food, take care our elderly, and staff our local shops. If we want our neighbors and our communities to thrive it’s important to all of us that all workers are able to meet their basic needs.

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8. Opportunity Lost, Bell Policy Center 2008
2. Health

Step 1: Paid Sick Days
Paid sick days are beneficial for both workers and employers. They provide employees with a stable income and job security in the event that they get sick or injured. Paid sick days also increase productivity and reduce employee turnover which saves time and reduces costs for employers. Providing sick days to employees does increase compensation costs for employers; however, that cost is relatively low. In 2007, the city of San Francisco passed a paid sick leave ordinance which required employers to provide workers with five to nine sick days per year, depending on the size of the business. Three years later, in 2011, a survey of 727 employers and 1,194 employees in San Francisco showed that workers used an average of only three of those days per year. In fact, 25% of employees didn’t use any sick days at all. Sick leave usage was so minimal that employers only saw a two percent increase in their total compensation cost. Employers and workers alike saw positive benefits from the San Francisco ordinance. Access to paid sick leave increased worker productivity, increased worker retention and made it less likely that worker would pass their illness along to their coworkers.

Step 2: Flexible Spending Accounts
Flexible Spending Accounts are a cost effective way to offer employees an affordable health care option. They allow employees to use their own, pre-tax earnings to help fund co-pays, prescription drugs, over the counter medical expenses, and hospital/dental bills. Like paid sick days, health savings accounts are beneficial to both employees and employers. They increase employee satisfaction and can potentially increase workplace productivity by improving employee health, all at minimal cost to employers. In addition, because health savings accounts offer a tax advantage, businesses experience savings from reduced FICA, FUTA and SUTA taxes on participating employees.

Step 3: Comprehensive Employer Sponsored Health Insurance
Access to health care is an important part of a healthy and financially sound life. According to The Bell Policy Center, those who have health care coverage are “more likely to be more productive, advance faster in their careers, earn higher incomes and enjoy a better quality of life throughout their adult years. Those who face physical or mental health challenges and do not have access to adequate or effective treatment are likely to miss more days of work, be less successful in their careers, face higher health care expenses and have diminished quality of life.” For many workers, access to an employer-sponsored health insurance plan is the only way they can qualify for and afford health insurance.

Unfortunately, even employer sponsored plans are becoming more expensive for workers. Between 1999 and 2011, the amount that workers paid for health coverage went up by 168%. There was also a dramatic increase in the number of workers covered by high-deductible plans. When workers cannot afford their health plan or their deductible they are less likely to be healthy, productive or happy.

It is also important to note that the benefits of health care coverage extend far beyond the individual worker. When workers have predictable health care costs, access to affordable care, and don’t have exorbitant out of pocket expenses they have more money to put into to the local economy. According to a study published in The American Journal of Medicine, 62% of all bankruptcies filed in 2007 had a medical cause. Surprisingly, most medical debtors were well educated and belonged to the middle class. If workers have affordable, comprehensive health insurance which covers their illnesses they do not file for bankruptcy and they have more money to spend in local business, buy homes, and pay for their children’s education. A healthy and insured worker is a worker that can support and contribute to his or her local economy.

3. Training & retention

Step 1: Professional Development for Employees
Whether an employer provides training on the job or requires employees to come in with specific experience, most employers know the value of a trained and competent workforce. The need to build competency and continually improve one’s skills does not stop on the date of hire. In fact, increasing the competency and effectiveness of employees is usually the driver behind a company’s decision to offer or require professional development. Some professionals, such as attorneys, planners, and some health professionals, are required to participate in continuing education as a requirement of their licensure. Even low- and middle-skill workers can benefit from ongoing training. Employers can foster increased competency among their workers by paying for or providing time for employees to participate in professional trainings.

Employer provided professional development boosts an employee’s confidence and credibility as well as helps employees thrive in a fast changing work environment. Finally, professional development programs have been linked with higher job satisfaction among employees ensuring that employers retain an experienced workforce.

Step 2: Utilize and Strengthen Existing Local Policies
Denver already has policies which encourage the hiring and training of local workers. Denver’s First Source hiring policy and Denver Urban Renewal Authority’s Enhanced Training Opportunity (ETO) policy are good foundations for creating good jobs. More comprehensively funding and enforcing these policies would be a great way of using existing structures to create good, local jobs.

First Source is a local hire program that is tied to Tax Increment Financing (TIF) in Denver. In other American cities First Source applies to more than just urban renewal projects. Usually triggered by some form of “economic development” assistance, subsidy, or loan, First Source policies usually result in a written agreement, law, or policy requiring businesses to make an effort to hire local residents before hiring nonresidents for an open position. Beginning in 2012, Denver’s First Source policy is now administered by the

Denver Housing Authority but there is no specific funding for its administration. Without funding, tracking employer compliance and instituting penalties for non-compliance is difficult. Without tracking and enforcement even the most well drafted First Source policy is limited in how effective it can be.

The Denver Urban Renewal Authority (DURA) determined that training opportunities within the construction trades would improve job safety and provide opportunities for advancement within the construction industry. DURA values a safe and well trained local workforce so they adopted an Enhanced Training Opportunity (ETO) policy which requires additional training on construction projects which receive Tax Increment Financing (TIF) from DURA. Sadly, this policy was enacted during the economic downturn and few TIF projects have been built. Programs like ETO could be expanded so that training in the construction trades would be encouraged even when the economy isn’t bustling.

**Step 3: Employ Permanent Employees**

Workers are able to learn from supervisors, advance in their careers, and address workplace concerns when their boss is their employer. In other words, they are not temporary, subcontracted, or a misclassified independent contractor. When a worker is classified as a permanent employee they are usually paid better and have access to benefits.

A recent survey of 200 large companies estimated that the modern “contingent umbrella,” including temps, independent contractors, subcontractors and other nontraditional work roles, accounts for 22 percent of the average company workforce. This hasn’t always been the case. The number of temporary workers has more than doubled in the past two decades.

The consequence of increased temporary workers isn’t just decreased job security, it is also the declining quality of jobs. Temporary workers are paid lower hourly wages in 46 out of 48 occupations. And the wage gap can’t be explained simply by a lack of tenure, 31% of so called temporary workers have been on the same job for 3-12 months and 21% have been on the same job for more than a year.

Dishonest independent contractor classification is another way that good jobs become bad jobs. Classifying employees as “independent contractors” may save employers on labor costs but it also cheats local economies out of family supporting jobs. Classifying an employee as an independent contractor means that the employer is contributing fewer tax dollars into his or her community. For example, when drivers of diesel trucks at the nation’s ports began being classified as independent contractors they made $6,200 less

per a year than they did when they were classified as employees. That $6,200 is money that workers could have invested in their homes or used to pay for services such as childcare. Employers can support and grow our economy by ensuring that they are hiring workers as permanent employees.

Employers often have the opportunity to think outside of the box for ways to create good jobs. By creating policies that address the needs of their workers they can increase job satisfaction and retain their workers, thereby reducing training and human resources costs. When an employer creates policies that are both flexible and tailored for their individual workplace it allows workers to support their families and communities.

4. Work/income supports

Step 1: Scheduling Around the Public Transit Schedule
Making jobs better may be as simple as taking a look at a local bus schedule. According to an analysis of data from 371 transit providers in the nation’s 100 largest metropolitan areas, over three-quarters of all jobs in these metro areas are in neighborhoods with transit service. Many businesses that are located on bus or train lines would only need to slightly shift start or end times of their employee’s work days to accommodate the transit schedule. For example, if the work day begins at 8:00 am but the nearest bus doesn’t stop near the office until 8:05, moving the start time back to 8:15 would allow an employee to take the bus instead of driving, saving the employee thousands of dollars a year in transportation costs.

Step 2: Improve Transit Pass Accessibility
Employer provided or subsidized transit passes are a great way to make public transit affordable for employees. The Denver-Boulder region’s public transportation authority, RTD, is currently offering two corporate pass options. The most common, the EcoPass, is a discounted pass that requires that all full time employees be included in the program for the entire year. Companies can elect to pay for the pass, split the cost with their employees, or have their employees pay for the pass using pre-tax dollars which reduces the employee’s taxable income and the employer’s payroll tax liability. The EcoPass cost is based on location, service availability, and the number of employees. Though a regional pass retails for $178 a month, the EcoPass can cost an employer as little at $51 per year per employee. The second corporate pass program, the FlexPass, doesn’t require that all employees participate but doesn’t offer as generous a discount.

RTD’s EcoPass, while a great option for larger business, presents challenges for small businesses. For example, the contract minimum is $972 which makes the per employee cost burdensome for companies with fewer than five employees. Additionally, because of the algorithm used for pricing, the enrollment process can require several phone calls which can be arduous for small businesses that do not have a human resources department. By streamlining the process and making pass programs affordable to smaller businesses, the EcoPass program could greatly improve transit accessibility for thousands of workers in the Denver metro area.

15. Brookings
Step 3: Provide Flex Scheduling or Childcare

Most working parents will tell you that the cost of childcare while their children are young is one of the largest monthly expenses. According to the 2011 Self Sufficiency Standard calculated by the Colorado Center for Law and Policy, child care accounts for 28% of monthly expenses for a family with two adults, one infant, and one preschooler. Reducing the cost of childcare increases the amount of money a family has to meet their other needs. According to the National Association of Working Women, having a baby is the leading cause of poverty among women. Additionally, the United States is one of only four countries in the world that does not offer paid maternity leave (the others are Papua New Guinea, Swaziland and Lesotho). Companies can support working families by implementing flexible schedules that accommodate working parents.

One company that has set the bar for family-supporting child care policies is Munger, Tolles, and Olson (MTO), a Los Angeles-based law firm with 174 employees spread over two offices. In 2010, MTO partnered with two other professional service firms to open Hope Street Friends, an onsite childcare center offering full-time childcare to parents who work at the firm. In 2011 and 2012 Hope Street Friends, which is located adjacent to MTO, was voted “Best Daycare Center” by the Los Angeles Downtown News. By providing childcare for their employees MTO has reduced commute times and reduced the cost of living for their employees who are parents and they have also sent a clear message that they value families and working parents.

What you can do

If we want to rebuild our economy, we must each do our part to improve the quality of our local jobs. When workers are doing well, we all do well. Good jobs directly impact the housing market and lend to the support of successful local businesses. When workers don’t have good jobs they are unable to contribute to their local economies.

As an employer you can start by taking the first steps listed in this paper. Help end wage theft, offer paid sick days, provide professional development and encourage employees to take public transportation. As a community member or community organization you can support local policies that support workers. FRESC and many of our partner organizations lead campaigns to support local hiring, end wage theft, and provide sick days for all workers. As an elected official and policy maker, you can support and pass such policies. As a worker you can engage in dialogue with your employer about how to make jobs better or join with fellow employees to bargain collectively and improve jobs for everyone.

Good jobs don’t just happen, but working together we have the power to make changes and get our economy headed in the right direction.

FRESC: Good Jobs, Strong Communities strives to ensure that people in Colorado have the maximum opportunity for a good quality of life, including jobs that pay livable wages, family-supporting benefits, housing that is affordable, and a voice in the decisions that affect them.