

Fall 2016

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- ▶ Election-Year Contests Over Globalization and Inequality



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# Millennials in the Long Island Job Market: Underpaid and Underemployed

by Gregory DeFreitas

The Millennial Generation now numbers 83 million young Americans, surpassing Baby Boomers by nearly 8 million. Those born in the years 1982 through 2000 are also much more diverse, with some 44 percent racial or ethnic minorities.<sup>1</sup> Not only are they the largest age cohort in the American workforce, but they are as large a share of the voting-age population as Boomers.<sup>2</sup>

And they are unquestionably the future of the New York economy. In this article, I draw upon the largest, most recent Census Bureau survey data sets to investigate how Millennials are faring in the Long Island metropolitan labor market. I focus here on the generation's majority component living in Nassau and Suffolk counties, ages 18 to 29 as of 2014. By doing so, we can best capture the crucial transition process in which most are trying to move from high school to college and/or the full-time job market.

## Some notable findings are:

- Long Island Millennials average systematically lower rates of labor force participation than suburban youth nationally.
- 18-to-24 year-olds have the lowest rates of participation in the job

market. Their above-average school enrollment rates explain much of this.

- College graduates have consistently higher labor force participation. But even among Long Island college grads, rates of labor force participation are lower than among their counterparts nationwide.
- Racial and ethnic unemployment gaps have narrowed since the recession. But joblessness of most whites, Asians and Hispanics has still not fallen back to pre-recession levels.
- One in six older youth ages 25 to 29 are neither employed nor enrolled in schooling.
- More than two-fifths of employed Millennials on Long Island are underemployed in jobs not requiring 4-year degrees, a rate that has risen since the Great Recession and is above the national average.
- Recent job growth in mostly lower-wage industries has contributed to Millennials' weak wage growth.
- Millennials' earnings have fallen sharply relative to their youth counterparts in 2000. The average 23-year-old college graduate today earns over 20% less (-\$5,400 in 2014 dollars) than a Long Islander of the same age and education at the end of the 20th Century.

**Figure 1**

Young Adults' Share of Population, All US & Long Island, 1950-2014

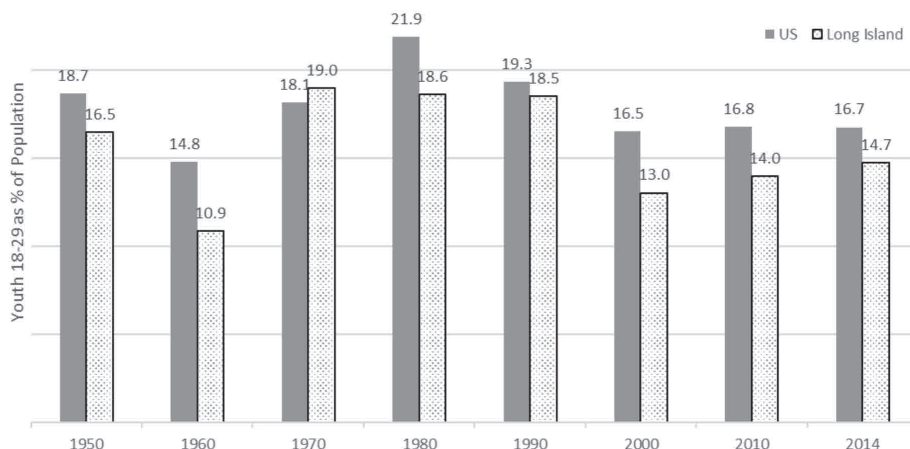


Fig. 1 Source: Author's calculations from decennial census and American Community Survey microdata.

## Millennials in an Aging Long Island

Fewer than a million people were living on Long Island in the years just after World War II. But that population exploded with suburbanization and the Baby Boom (1946–64): between the 1950 and 1960 censuses, while the total US population grew 18.5%, Long Island's more than doubled (+107%) to 1.97 million. And it kept growing in the following decade, at double the national growth rate, to hit over 2.5 million by 1970. As the earliest boomers aged into their late teens and early twenties, the number of young adults (ages 18 to 29) more than doubled to 484,000 by 1970 – a peak 19% share of the Island's total population. As shown in Figure 1, at that point Long Island had a young adult population concentration nearly a percentage point above the national average.

As birth rates and the forces behind suburbanization have weakened since then, the Island's population growth has slowed markedly, the youth share has shrunk to below the national average, and the older adult share has correspondingly increased above average. Of the current Long Island population of 2.86 million, 421,494 (14.7%) are between the ages of 18 and 29, a full two percentage points below the youth share nationwide. In sharp contrast, their relatives and neighbors ages 50 and older now account for 37.4% of the Island population (up from just 22% in 1970) – nearly three percentage points greater than elder adults' share in other suburban areas across the country.

It is by now well known that declining birth rates, lengthening life spans, and the outmigration of young people to magnet cities have played important roles in the aging of suburban populations. But Long Island is not unique in this regard, yet it is ahead of most others in the aging process worrisome consequences for its future growth prospects. To what extent might its youth labor market conditions drive young people out of the region in greater numbers than it retains residents or attracts newcomers?

### Labor Force Participation

The impact of youth on the job market, and thereby on their own earnings, depends on the likelihood that they find decent employment that makes full use of their skills or that they fruitfully search for it when jobless. It is well-known that women of all ages and regions dramatically increased their job holding over the past half-century. In sharp contrast, the fraction of prime-age American men (25-54) actively in the labor force (employees plus unemployed job searchers) has declined. In fact, it has been falling since its nationwide peak (at 96.7%) in the mid-1950s. But the decline really picked up speed in the mid-'60s, and has deepened in each recession since then. Contrary to some politicians' claims that this 60-year trend must be attributable to labor supply forces like immigration or public assistance benefits, researchers have shown that far more influential factors are education and weak labor demand for the non-college educated.<sup>3</sup> Nearly all the decline has been among men lacking a 4-year degree.

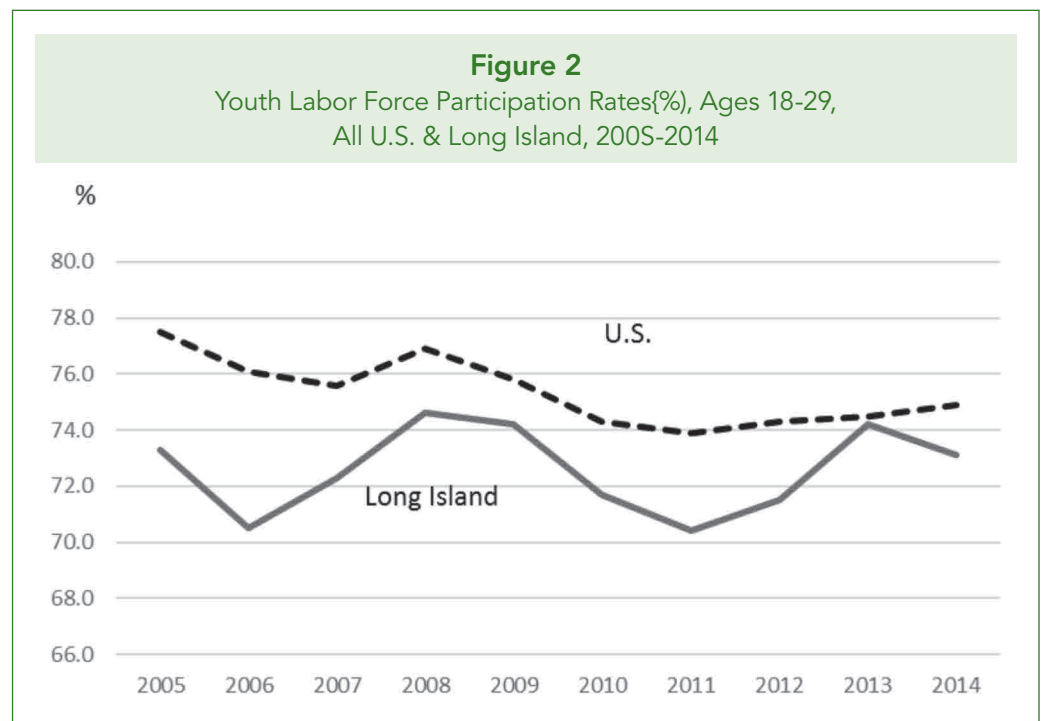
The attention given to older male's participation decline has dwarfed that so far directed at young Millennials. We do know that, nationwide, the labor force participation of teens ages 16-19 plunged from over one-half (52.8%) in 1998 to just 34.2% in 2014.<sup>4</sup> Most of this can be explained by rising school enrollment rates. Across the country, among the youngest Millennials ages 20 to 24, participation rates also fell

over this period, though not nearly as steeply. Is this also the case for those in their late twenties, in particular on Long Island?

To investigate youth job market trends on Long Island, I conducted statistical analysis of the largest available Census Bureau survey microdata sets over the years 2000-2014.<sup>5</sup> The findings in Table 2 and Figure 2 show that Long Island youth (ages 18 to 29) have had lower rates of labor force participation in most of the past 15 years than youth nationwide. The 2013 spike reflected the temporary jump in rebuilding jobs in the wake of Superstorm Sandy in October 2012. Long Island job growth over the following 12 months (+2.9%) was the strongest on record since the late 1990s boom. As local growth normalized in 2014, the earlier trend returned: 73% of young Long Islanders had a job or were looking for one in 2014, well below the 74.9% national average.

Is this just a common suburban trend? To answer that, I also calculated participation rates for census samples of all suburbs. I followed the common definition of "suburb" as the sections within each metropolitan area that are outside the central city. From the results presented in Table 2, column 2, it is evident that youth in America's suburbs tend to have higher, not lower labor force participation than in the country as a whole. But suburban Long Islanders have participation rates more than three percentage points below that of the average suburb.

To begin explaining why, we must first understand the different main components of the area's youth population. Do the youngest Millennials, ages 18 to 24, in the earliest post-secondary school years, differ markedly from those in their late twenties? How do young men and women compare in the transition to the work





**Table 1**  
Youth Population by Age, Race/Ethnicity & Nativity:  
Long Island, 1990-2014

	1990	2000	2014
<b>Age:</b>			
18-24	269,852	206,108	262,920
25-29	212,462	152,559	158,574
18-29	482,314	358,667	421,494
<b>Race/Ethnicity (% of all youth):</b>			
White, non-Hispanic	81.1	66.5	60
Black, non-Hispanic	8.3	11.0	11.8
Asian, non-Hispanic	2.5	4.8	6.6
Hispanic	7.9	17.2	21
<b>Asian Subgroups (% of all youth):</b>			
Chinese	0.8	1.3	1.7
Filipino	0.3	0.5	0.5
Indian	0.6	1.5	1.7
Korean	0.4	0.6	0.8
<b>Hispanic Subgroups (% of all youth):</b>			
Cuban	0.3	0.3	0.6
Dominican	0.5	1.3	2.6
Ecuadoran	0.2	0.7	1.4
Guatemalan	0.3	0.6	1.3
Honduran	0.6	0.7	0.7
Mexican	0.3	1.2	1.1
Puerto Rican	2.8	3.9	4.4
Salvadoran	1.5	3.6	5.9
<b>Nativity (% of all youth):</b>			
All US-born	90.5	81.5	85.4
US born, US-born Parents	83.2	71.1	69.2
US born, Immigrant Parents	7.3	10.4	16.2
Foreign Born	9.5	18.5	14.6

Table 1 Source: Author's calculations from decennial census and American Community Survey microdata.

world? Are there pronounced similarities or differences among youth subdivided by racial, ethnic or immigration characteristics?

The age breakdowns in Table 2 and Figure 3 reveal that Long Island Millennials' lower participation rates are mainly explained by the behavior of those 18-to-24-years old. Since at least the 2000 economic peak, their labor force participation rates have been consistently below national levels. In 2014, though the L.I. rate was up (to 65.7%) from the immediate post-recession months of 2010, it

was still nearly five percentage points lower than in the average suburb.

In contrast, the average Long Islander in the 25 to 29 age group has labor force participation at or above the national rate. And the late-twenties L.I. rate rose from 81.6% in 2000 to 85.3% in 2014. This is accounted for by the rising rates among women and the relatively steady rates (near 90%) among men. The fraction of the female population employed or looking increased from 78.8% in 2005 to 87.4% in 2009, then plunged as the recession's full impact hit the area. By 2014, the female rate had partially recovered with the economy, and was up again to 81.2%.

Two-fifths of Long Island youth today identify as black, Asian or Hispanic. And over 30% are foreign born or U.S.-born children of a foreign-born parent (Table 1). How do the largest groups in this increasingly heterogeneous population compare in their relationship to the labor force? The findings in the lower half of Table 2 show that, regardless of race or Spanish origin, Long Island youth have lower labor force participation than their counterparts nationwide. By 2014, 74.7% of white non-Hispanics were employed or seeking work on the Island, compared to an average suburban rate of 78.3%. Non-Hispanic blacks were closer to the national level (73.4%) after rebounding from a recession-era participation drop (63.7% in 2010).

Asian Long Islanders have markedly below-average labor force participation: only 56.1% of Asian Millennials are economically active, a full 10 percentage points below the Asian suburban youth rate nationally and 17 percentage points under the overall Long Island youth rate. In an effort to decompose the all-Asian rate into its major components, I used the large 2010-2014 pooled American Community Survey (ACS) samples to calculate separate findings for the four largest groupings: Chinese, Filipinos, Asian Indians and Koreans, with further distinctions by nativity of respondents and their parents. The results in Table 4 reveal that Asian youth 18 to 24 and women are generally much less likely to participate in the L.I. labor market than their white (65%), black (62.6%) or Hispanic (68.2%) neighbors. Among the youngest Millennials, just 30% of Koreans, and 39.1% of Chinese Long Islanders hold jobs or search for them. First and second generation immigrants tend to have higher labor force participation rates than the native born, but still lag behind non-Asian rates. However, once they reach their late twenties, Asian participation rates jump much closer to all-Island norms. Older Filipino (95%) youth participate at the highest rate of all groups and the older Korean rate (86.7%) is insignificantly different from the average. And once they age into their thirties and forties, Asian men average labor force participation of 90.7%.

School enrollment differences appear to explain much of the gap between young Asian and non-Asian job market activity. Among 18-24 year-olds, Asian Long Islanders average a far higher enrollment rate (79.2%) than their white (61.2%), black (55.6%) or Hispanic (47.9%) neighbors (Table 4). Eighty-eight percent of Korean youth are in school, as are 84.3% of Chinese and 75-77% of Filipinos and Asian Indians. Still, schooling is not the sole demand

**Table 2:**  
Labor Force Participation Rates (%) by Age, Sex & Race:  
US, All Suburbs & L.I.: 2000-2014

AGE	Year	All US	All Suburbs	Long Island
Ages 18-29	2000	75.90	77.90	75.90
	2005	77.50	78.20	73.30
	2010	74.30	76.70	71.70
	2014	74.90	76.20	73.10
Ages 18-24	2000	72.5	74.6	69.4
	2005	73.8	74.2	66.2
	2010	67.9	70.2	63.0
	2014	68.4	70.4	65.7
Ages 25-29	2000	80.7	82.1	81.6
	2005	82.6	83.7	83.7
	2010	83.7	85.6	85.3
	2014	83.3	84.7	85.3
SEX				
Males, 18-29	2000	80.6	82.6	80.6
	2005	82.5	83.1	76.9
	2010	77.6	79.8	75.0
	2014	77.4	78.9	74.0
Females, 18-29	2000	71.2	73.2	71.2
	2005	72.4	73.2	69.4
	2010	71.0	73.5	68.1
	2014	71.5	73.4	72.2
RACE/ETHNIC				
White, NonHsp. Ages 18-29	2000	79.6	81.5	76.9
	2005	79.8	80.3	74.1
	2010	76.5	78.9	73.5
	2014	76.5	78.3	74.7
Black, NonHsp. Ages 18-29	2000	71.8	75.4	70.0
	2005	75.0	77.5	71.6
	2010	70.5	75.0	63.7
	2014	73.0	75.2	73.4
Asian, NonHsp. Ages 18-29	2000	65	66.7	58.3
	2005	66.2	66.3	63.1
	2010	63.6	66.2	58.4
	2014	63.3	66.3	56.1
Hispanic Ages 18-29	2000	68.9	70.2	72.8
	2005	75.2	75.9	76.2
	2010	73.7	75.0	74.9
	2014	73.7	74.0	74.3

Table 2 Source: same as Table 1.

on youth's time and cannot fully account for the gender gap. Korean women have enrollment rates as high as men, but just 41.4% are in the labor market – 18 percentage points below the male rate. However, such gaps shrink with age: in their thirties and forties, Asian women are even more likely (78.2%) to be employed or job searching than non-Hispanic white women (76.6%).

Long Island's youth are both more likely to be enrolled in school and more likely to be college graduates than others their age nationwide. As one can see in Table 5, the fraction of 25 to 29 year-olds who have earned a college degree is 43% on the Island, compared to 37.1% across the country and 33.5% in the average suburb. As elsewhere, there are sizeable variations by race and ethnicity. Nearly two-thirds of Asians and 54% of non-Hispanic whites have a 4-year degree or higher, compared to just 27.4% of blacks and 17.2% of Hispanics.

We know from past research that, all else the same, a better-educated population typically has higher labor force participation rates. The secular decline in prime-age male participation rates mentioned above has been concentrated among non-college men. Why then does Long Island, with its above-average fraction of college grad youth, have below-average participation rates? Part of the answer is that, as we saw above, high enrollment rates depress job market activity in the younger segment of Millennials. But more insight can be found by looking at finer details of national and local samples subdivided by sex and educational attainment across the period 2000–2014. The findings in Table 6 reveal that, on two counts, Long Island follows national patterns: 1st, both male and female college grads have participation rates 10 or more percentage points higher than less-educated youth, in recession or expansion years; and 2nd, declines in participation rates have been concentrated among non-college-educated men.

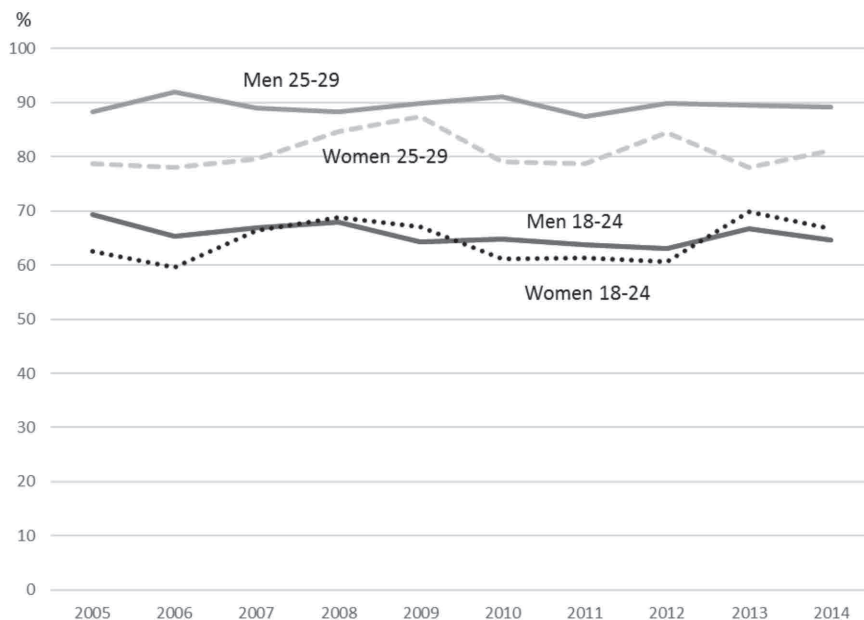
However, among young college grads, both men and women, Long Islanders have lower participation rates than the average grad nationwide. By 2014, the rates gap was 3 percentage points (84.6% on L.I., 87.6% nationally) among men and over 4 percentage points (81.8% to 86%) among women. This indicates that labor demand conditions on the Island may be creating insufficiently attractive job opportunities for even young college grads to persevere in the job market. Both the quantity and quality of available jobs must be part of a fuller explanation.

### Unemployment

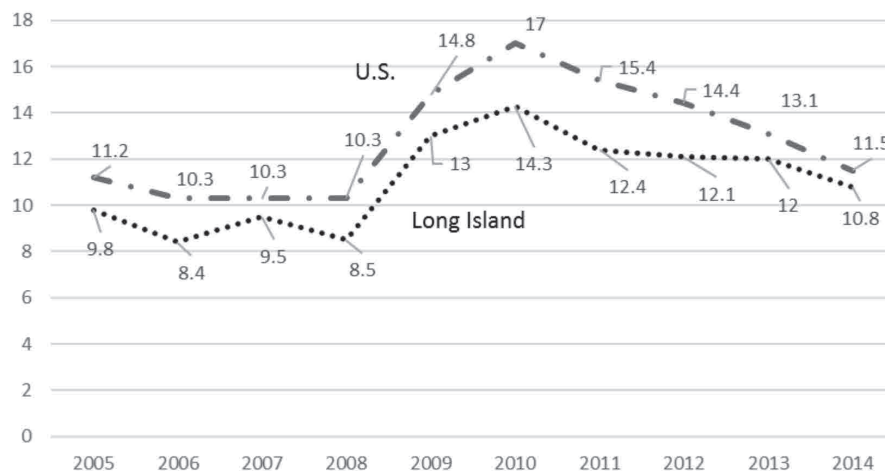
The Long Island economy was hard hit by the foreclosure crisis and massive job loss of the Great Recession, though its overall unemployment rate never hit the



**Figure 3**  
Youth labor Force Participation Rates (%), Ages 18-29,  
All U.S. & Long Island, 2005-2014



**Figure 4**  
Youth Unemployment Rates (%) by Race/Ethnicity, Long Island,  
2005-2014



double-digit levels recorded elsewhere. Just 3.5% of those seeking work were jobless at the start of 2007, but the rate had more than doubled by the first quarter of 2009. It peaked at a seasonally adjusted 7.5% in the last quarter of that year, but its decline since has been slow and painful: it took until August 2013 to creep below the 7% marker. Unemployment was still close to 6% on the Island

as late as the first half of 2014.

Unemployment typically lags the onset of recessions, as most employers initially respond by cutting workhours, not workers. And the unemployment rate of youth ages 18 to 29 is commonly about 60% higher than the overall national rate. In 2008, the first year of the last recession, the youth rate nationwide was unchanged from the previous couple of years at 10.3%.<sup>6</sup> On Long Island, unemployment was nearly two percentage points lower than the national average that year. But, as the severity of the recession began devastating the job market the following year, it drove youth joblessness to 17% nationwide and to a 14.3% peak on Long Island by 2010 (Figure 4).

Even in the worst year of the recession, Long Island youth unemployment was slightly below the average in all suburbs (15.1%), as seen in Table 7. It was markedly higher among the youngest labor force entrants, ages 18-24, 17.2% of whom were unemployed on the Island in 2010. Of those ages 25-29, the jobless rate peaked at 10.9%. This trend followed the national pattern, as did the unemployment gender gap opened up by the recession. With building trades employment still male-dominated, the housing-centered recession drove up Long Island's male youth unemployment rate to 15.7% by 2010. Though women had a pre-recession rate nearly identical to that of men, their unemployment peak was over three percentage points lower.

All major racial and ethnic groups suffered sharp increases in unemployment to double-digit levels during the Great Recession (Figure 5). But the black youth unemployment rate leapt to 26.6% on Long Island – 2.3 times above the local white rate (11.7%). Both the Asian (16.2%) and Hispanic rates were a third or more above the white rate.

The economic recovery that started in 2011 has brought youth unemployment down substantially in city and suburb alike. Both the male-female and racial/ethnic rate gaps have narrowed markedly on the Island. The black rate has been more than cut in half to 12.7%. However, by 2014, about 11% of those under age 30 were still counted as unemployed in Long Island and nationwide. And unemployment of white, Asian and Hispanic Long Islanders has still not fallen back to pre-recession levels.

**Table 3:**

Labor Force Participation Rates of Major Race/Ethnic/Nativity Groups,  
Ages 18-29, Long Island: 2014

	Age		Sex		Nativity		
	18-24	25-29	Male	Female	Native Born	Foreign Born	US-Born, F-B Parent
<b>ALL</b>	64.1	85	74	70.1	72.1	72.4	69.3
White, NonHsp.	65	87.6	74.5	72.4	73.7	67.7	68
Black, NonHsp.	62.6	84.7	68.5	71.8	69.2	76.2	73.7
Asian, NonHsp.	45.9	74	61.5	53.2	54.1	60.1	61.1
Chinese	39.1	66.4	45.1	50.3	49.1	45.8	56.2
Filipino	55.6	95	72	73	62.9	80.2	58
Indian	52.3	73.8	66.3	57.6	58.3	64.8	65.8
Korean	30.1	86.7	59.5	41.4	50.8	48.2	58.5
Hispanic	68.2	83	79.5	68.7	72	77.6	71.9
Dominican	66.9	80.8	72.9	69.9	70.8	72.6	71.5
Ecuadoran	70.6	75.3	89.6	54.4	71.2	74.6	71.9
Puerto Rican	62.4	84.6	68.4	72.7	70.5	na	71.4
Salvadoran	71.4	83.5	81.5	70.9	77.2	76.3	74.2

**Table 4:**

School Enrollment Rates of Major Race/Ethnic/Nativity Groups,  
Ages 18-29, Long Island: 2014

	Age			Sex		Nativity		
	18-29	18-24	25-29	Male	Female	Native Born	Foreign Born	US-Born, F-B Parent
<b>ALL</b>	42.4	58.9	15.9	39.5	45.5	44.8	30.4	53.4
White, NonHsp.	44.2	61.2	16.1	41.3	47.2	44.3	40.7	54.2
Black, NonHsp.	42.4	55.6	17	39.3	45.2	41.5	47.6	53.6
Asian, NonHsp.	57.7	79.2	26.2	59.9	55.6	65.9	50.6	62.1
Chinese	69.5	84.3	36.7	71.3	67.6	71.6	67.0	65.7
Filipino	52.2	76.9	20.9	53.0	51.4	58.2	47.9	65.3
Indian	50.8	74.6	22.1	52.4	49.2	61.4	42.8	55.8
Korean	71.8	88.0	40.9	71.3	72.3	76.3	67.1	70.8
Hispanic	32.9	47.9	12.0	28.5	37.8	44.1	18.1	49.2
Dominican	39.4	50.4	17.2	35.1	44.3	46.8	27.8	42.4
Ecuadoran	30.8	45.2	20.0	28.1	33.8	42.1	23.9	46.4
Puerto Rican	40.0	53.9	16.2	36.3	43.5	40.0	37.7	46.4
Salvadoran	24.9	40.9	3.7	25.2	24.4	44.9	13.4	49.1

Table 4 source: Author's analysis of 2010-14 American Community Survey.

## Out of School & Out of Work

The standard unemployment rate is a highly useful, but limited measure of labor market conditions. Only survey respondents who say they don't presently have a job but want one, are now available to work, and have searched for a job within four weeks of the interview are counted as unemployed. Excluded are all those who want and are available to work but have become so discouraged that they last searched five or more weeks before the surveyor called. The most common alternative activity among the young is typically assumed to be schooling. For some, additional schooling may be mostly a temporary haven from a weak job market. But insofar as higher education is valuable to both the student's later job options and to the broader economy and society, high enrollment rates like those on Long Island can be a very healthy community indicator.

However, as higher education has become more costly and as government college aid has shifted from grants to loans since the 1970s, the debt-for-diploma system has put college out of reach for many jobless youth. Those among them who are neither counted in the official unemployment statistics nor in school enrollments are variously described as "disconnected," "idle," "NEET" (not in education, employment or training) or "OSOW" (out of school, out of work) youth.<sup>7</sup>

In the years just before the Great Recession, about 13% of Long Island youth were neither working nor enrolled students, a lower proportion than in the average American suburb (15.8%) or in the country as a whole (17.7%).

**Table 5:**  
Enrollment & College Grad Rates,  
U.S., All Suburbs & Long Island, Ages 18-29: 2014

School Enrollment (%)	18-24			25-29		
	U.S.	Suburbs	Long Island	U.S.	Suburbs	Long Island
ALL	52.9	52.6	58.9	17.8	16.9	15.9
White, NonHsp.	55.6	53.9	61.2	17.7	16.5	16.1
Black, NonHsp.	48.8	50.5	55.6	19.9	21	17
Asian, NonHsp.	70.7	69.4	79.2	24.9	22	26.2
Hispanic	45.1	45.7	47.9	13.5	13.6	12.0
BA Degree or Higher (%)						
ALL	11.8	10.7	16.7	37.1	33.5	42.9
White, NonHsp	15.8	13.2	20.3	47.1	39.6	53.7
Black, NonHsp.	6	6.3	9.9	21.5	22.7	27.4
Asian, NonHsp.	21.9	19.9	25	61.4	59.8	65.3
Hispanic	5.1	4.7	7.9	15.3	14.1	17.2
Source: Author's analysis of 2010-14 American Community Survey.						

**Table 6:**  
Labor Force Participation Rates by Educational Attainment & Sex,  
Ages 18-29: US & Long Island: 2000-2014

AGE	Year	MEN		WOMEN	
		All US	Long Island	All US	Long Island
HS Grad, No College	2000	75.6	72.5	68.9	67.1
	2005	77.7	71.9	70.6	60.8
	2010	73.4	65.6	67.3	59.7
	2014	72.8	71.8	66.9	69.1
Some College, No BA	2000	80.2	75.1	75.5	70.7
	2005	80.5	68.9	75.8	71.6
	2010	74.7	74.1	72.7	70.1
	2014	75.5	68.8	72.9	72.2
College Grad, B.A./B.S.	2000	86.8	85.2	84.6	82.9
	2005	86.5	83.6	84.4	83.2
	2010	87.6	84.4	85.9	80.9
	2014	87.6	84.6	86	81.8

Table 6 Source: same as Table 1.

The recession drove up all those rates, and by 2010 Long Island's rate (16.7%) was almost the same as the all-suburb level. There were sizeable age, sex, race/ethnic, and education gaps in the incidence rates: higher among those in their late twenties (19.2%)

than younger Millennials (15.1%); among women (17.4%) than men (16%); among blacks (26.2%), Asians (16.4%), and Hispanics (21%) than non-Hispanic whites (13.1%); and among those with only a high school degree (24.7%) than college grads (11.9%).

After nearly four years of post-recession job growth, by 2014 the fraction of nonemployed nonstudents in the youth population had mostly receded to pre-recession levels nationwide, as on Long Island (Figure 6). Still, the Island's OSOW rate remains in low double-digits overall. And one in every six people in their late twenties is neither employed nor enrolled in further schooling.

### Underemployment

If the official measure of unemployment is too limited to fully reflect labor market hardship, so also is the related definition of employment. In published government figures, anyone 16 and older who holds a paying job (even for as little as an hour per week) is counted as "employed," as are unpaid interns, small business family workers, and others willing to labor without pay at least 15 hours weekly. Are young people still reaping a fair job market payoff from their costly, hard-won educations? Are the jobs they can find increasingly full-time with benefits or benefit-free part-time positions? And are they being hired into jobs that fully match their skill levels or are they forced to settle for jobs in which they are overqualified?

To try to answer these questions, I focused on the subset of employed college graduates ages 22 to 29. "Underemployment" is here defined as: working in an occupation in which a bachelor's degree is not considered necessary.<sup>8</sup> I used U.S. Bureau of Labor Statistics information on the

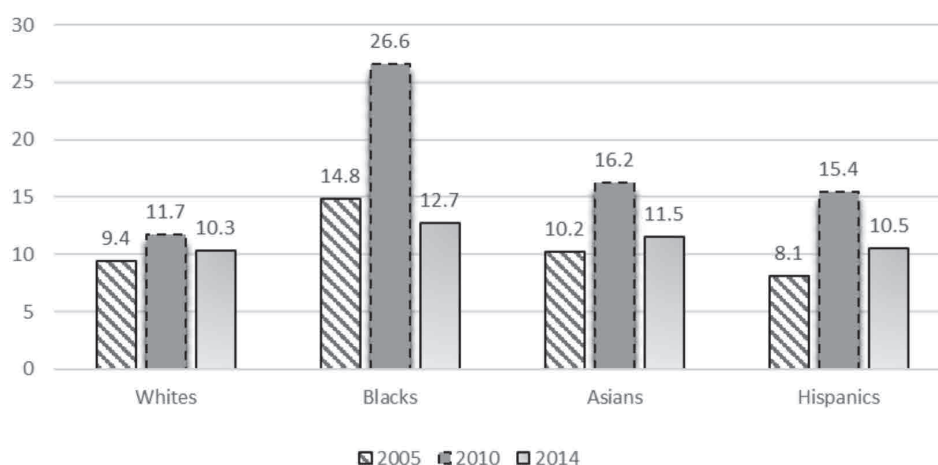
typical educational requirements of each occupation to dichotomize "college-level" from "non-college level" jobs. Coupled with the detailed information in the Census microdata on each respondent's

educational attainment and current occupation, we can distinguish those college grads underemployed in non-college-level positions.

More than two-fifths of employed Millennial college grads on Long Island today are underemployed in jobs like cashier, retail clerk and security guard that do not require 4-year degrees. Male college grads (47.3%) are much more likely to be in such jobs than women (38.8%). Hispanic (48.1%) and black grads (45.3%) are more likely have higher underemployment rates than do non-Hispanic whites (42.4%) or Asians (35.5%).

A decade ago, prior to the last recession, one-third of college grads in their twenties on the Island were underemployed – identical to the underemployment rate nationwide (Figure 7). But since the Great Recession, the likelihood of being overqualified for the only jobs many new L.I. college grads can find has risen to 42.6%, well above the national average (37.6%). So also has the likelihood of only finding part-time, benefit-free jobs. Today, 30.8% of the area's underemployed young grads are working part-time, nearly twice the rate among their college-educated counterparts in college-level jobs better-suited to their educations.

**Figure 5**  
Youth Unemployment Rates(%) by Race/Ethnicity, Long Island,  
2005, 2010 & 2014



My regional findings here are broadly consistent with recent national research by Abel, Dietz and Su at the NY Fed that showed “a clear upward trend” of underemployment, increasingly in part-time jobs, among recent college graduates since at least the 2001 recession.<sup>9</sup>

### Where Are the Jobs for Youth?

The rising underemployment of even well-educated Millennials is doubtless closely related to recent job growth trends. A striking characteristic of the national recovery so far has been the concentration of new job growth since 2009 in mostly lower-wage industries. To what extent might this account for the patterns shown above?

**Figure 6**  
Out-of-School, Out-of-Work Rates (%), Long Island Youth,  
by Race/Ethnicity: 2005-2014

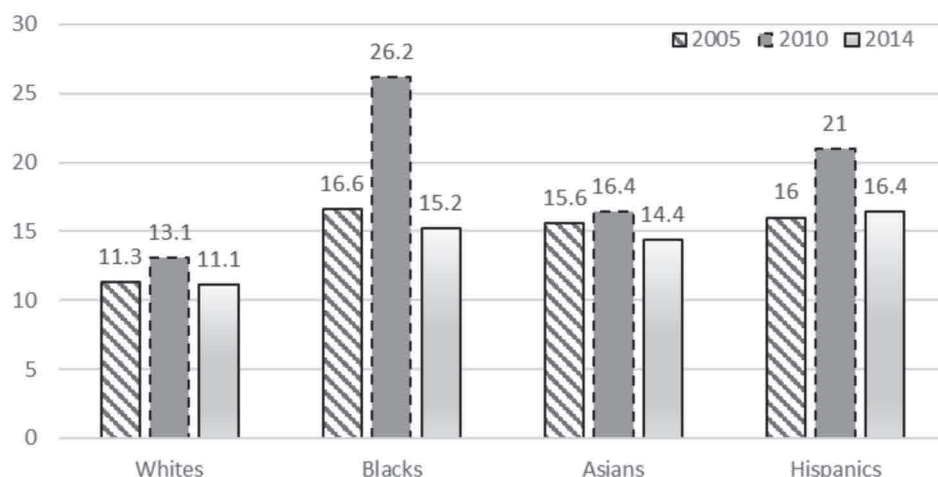


Table 8 presents employment figures for the Long Island work force subdivided into three broad industry groupings. Following other recent research, I used 2014 median wage levels of local prime-age workers to categorize detailed industries as either “lower wage” (eg., most food services, gas stations, laundry services, retail sales and cashiers), “middle wage” (eg., most health care jobs, airline occupations, unionized building trades and manufacturing) and “higher wage” (eg., advertising, most professional and management services, computers and telecom, securities and investment jobs).<sup>10</sup> Only the leading six industries in each pay grouping are shown in the table. The 18 industries account for over three-fourths of employed youth each year.

The findings in Table 8 show a clear shift in youth jobs toward mostly lower-

wage industries. Compared to the pre-recession period, the share of Millennial workers in Long Island's main low-wage industries has increased (from 30% in 2000 to 47.5% percent of all employees today). By far the most dramatic change is the jump in youth employment in accommodation and food services, from 8.1% of all Millennial jobs on the Island in 2000 to nearly 21% by 2014. Retail trade's share has risen too, from 13.5% of all jobs in 2000 to 16.8% most recently.

Over the same years, the middle-wage job share declined two percentage point to 28.4 percent, led by a drop in the job shares of construction, manufacturing and wholesale trade. And the post-recession shrinkage of the financial, information and media sectors drove down youth's high-wage job share five percentage points to 10%. The only noticeable increase in a high-wage industry came in accounting, though this still only accounts for 1.3% of Millennials' jobs.

### Earnings Patterns

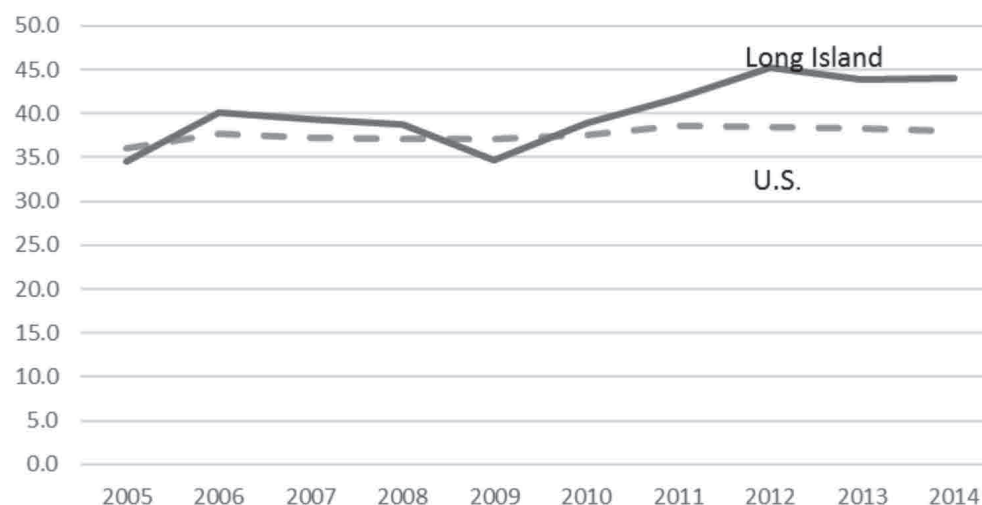
What have the trends discussed above meant for the earnings of Millennials during their early years at work? In a study published last year on hourly wage patterns since the Great Recession, I found that wage stagnation and decline has become as common on Long Island as in far less affluent parts of the country and that young workers have been the hardest hit.<sup>11</sup> Since we have just seen that Millennials are more likely than in the past to only find part-time jobs, it is important to ask what effects limited hours and weeks worked yearly may be having on their total annual earnings. Real, inflation-adjusted earnings in 2014 prices were computed using the CPI-U-RS.

I limited my census samples to only those ages 18-29 who were currently not enrolled in school and were employed in nonfarm jobs who reported nonzero wages and salaries. Self-employed individuals were excluded, as self-employment income is typically noncomparable with strictly wage and salary income. For each single year of age, I report the median earnings rather than mean earnings, as the latter can be skewed by small numbers of extremely low or high earnings cases. The real earnings of this age group in 2014 are compared with those of the same age group in 2000.

Among all employed youth on Long Island, the results indicate that, after adjustment for inflation, Millennials' real earnings have fallen at every age from 19 on, relative to the earlier youth cohort. The relative pay decline is steepest in the youngest years 19 to 22 (averaging -27.3%) before tapering to -21.3% at ages 23-25, and then falling by -12.6% in the late twenties. For example, the average 23-year-old earned about \$7,310 less per year in 2014 than her counterpart at that same age did in 2000.

Do these broad earnings trends change once we take into account workers' different levels of education? The findings here clearly show a high college pay premium on Long Island in 2014: by age 29, Millennials with a BA or advanced degree averaged 90% higher annual earnings (+\$26,525) than those with no more than a high school degree. Still, once we take a closer look within groups of workers stratified by education level, it becomes clear that, while non-college Millennials have suffered the worst relative pay losses, college grads are not immune from weak pay growth.

**Figure 7**  
Underemployment Rates of Young College Grads,  
U.S. & Long Island: 2005-2014



In figure 8, we can see plainly that, from the very start of their work lives throughout their twenties, the real earnings of Millennials with only a high school degree as of 2014 lag behind those of young people of the same age and education in 2000. The relative pay gap widens to a maximum of -31.4% in the 23-25 age group, then narrows to -20.2 in the late twenties. Among college grads on Long Island, the pay gap averages -17.6% for 23-25 year-olds and -12.4% for 26-28 year olds (Figure 9). Finally, by age 29, today's college grads are paid on average 3.1% higher earnings than their 2000 counterparts.

In light of our findings here, it might be expected that more and more Long Island youth would opt for the bright lights and



**Table 7:**  
Unemployment Rates (%) by Age, Sex & Race/Ethnicity,  
Ages 18-29, US, All Suburbs & L.I.: 2000-2014

AGE	Year	All US	All Suburbs	Long Island
Ages 18-29	2000	9.4	7.5	9.4
	2005	11.2	9.9	9.8
	2010	17.0	15.1	14.3
	2014	11.5	11.1	10.8
Ages 18-24	2000	12.3	10.0	9.0
	2005	14.0	10.0	13.0
	2010	19.0	18.4	17.2
	2014	14.3	13.8	12.6
Ages 25-29	2000	5.7	4.6	4.6
	2005	7.7	9.7	6.1
	2010	11.7	11.3	10.9
	2014	8.2	7.9	8.5
SEX				
Males, 18-29	2000	9.3	7.6	7.6
	2005	11	10	9.6
	2010	17	16.8	15.7
	2014	12.1	11.9	11.1
Females, 18-29	2000	9.5	7.4	6.2
	2005	11.3	10.1	9.7
	2010	14.2	13.1	12.6
	2014	10.8	10.3	10.5
RACE/ETHNIC				
White, NonHsp. Ages 18-29	2000	7.2	6.0	5.9
	2005	8.9	8.5	9.4
	2010	13.1	13	11.7
	2014	9.3	9.3	10.3
Black, NonHsp. Ages 18-29	2000	18.3	13.8	14.0
	2005	21.7	17.5	14.8
	2010	27.1	24.5	26.6
	2014	20.2	19.2	12.7
Asian, NonHsp. Ages 18-29	2000	8.6	7.6	7.5
	2005	9.7	10.3	10.2
	2010	13.0	12.8	16.2
	2014	9.0	8.6	11.5
Hispanic Ages 18-29	2000	11.2	9.8	6.8
	2005	11.2	9.7	8.1
	2010	16.3	16.3	15.4
	2014	12.0	11.7	10.5

Table 7 source: same as Table 1.

presumably brighter pay prospects of New York City. The city's attractiveness has rarely been greater, as evidenced by its record population growth of late. And since the recession ended in 2009, the number of new jobs in New York has jumped 14.4%, compared to just 11% nationwide and 7.5% on Long Island.

However, a new study by the NYC Comptroller's Office has found: "a dramatic and disturbing reduction in New York City Millennials' real earnings at every age, when the group is compared to the earlier cohort," in 2000 and 2014. In fact, their findings trace an even steeper relative pay decline among those in their early twenties of nearly 35%.<sup>12</sup>

### Concluding Remarks

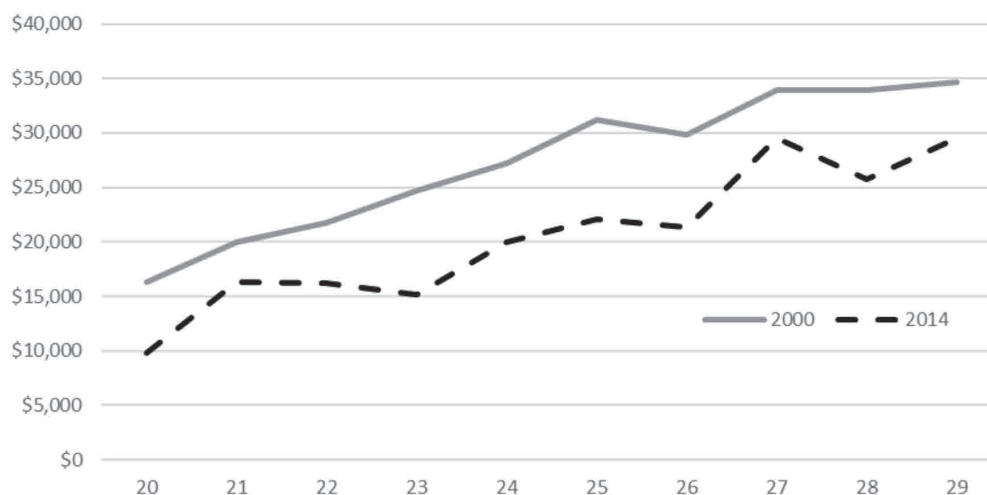
This paper reports new findings from analysis of large Census Bureau survey data sets that reveal some striking positive as well as many worrisome trends in the current employment prospects of Long Island Millennials. A large and diverse young population, they boast school enrollment and college graduation rates well above the national average. Their labor force participation has rebounded since the Great Recession, and their unemployment tends to fall below levels common nationwide.

However, at the same time, they average systematically lower rates of labor force participation than suburban youth nationally. Young 18-to-24 year-olds have the lowest rates of participation in the job market. College graduates have consistently higher labor force participation. But even among Long Island college grads, rates of labor force participation are lower than among their counterparts nationwide.

Racial and ethnic unemployment gaps have narrowed since the recession. But joblessness of most whites, Asians and Hispanics has still not fallen back to pre-recession levels. One in six older youth ages 25 to 29 are neither employed nor enrolled in schooling.

Over two-fifths of employed Millennial college grads on Long Island are underemployed in jobs not requiring 4-year degrees, a rate that has risen since the Great Recession and is above the national average, as has the likelihood of only finding part-time, benefit-free jobs. My regional findings are consistent with recent national research showing

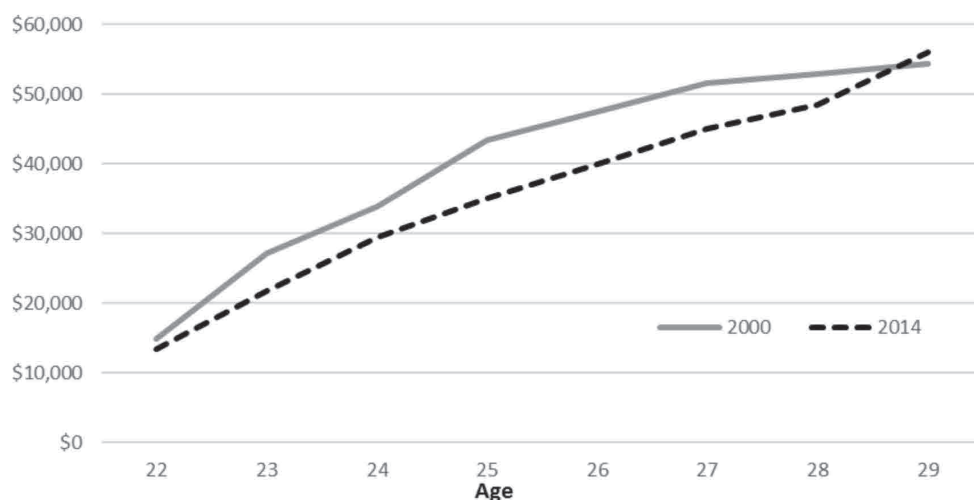
**Figure 8**  
Real Earnings of Young HS Grads on Long Island by Age,  
2000 & 2014 (in \$2014)



less (-\$5,400 in 2014 dollars) than a Long Islander of the same age and education at the end of the 20th Century. Recent job growth in mostly lower-wage industries has contributed to Millennials' weak wage growth. Nearly half now work in just six low-wage industries.

Through no fault of their own, Millennials have been transitioning from school to work during some of the most adverse labor market conditions in decades. Improving their prospects should be a matter of heightened national and local concern, since we now know that newcomers entering the labor force during depressed economic periods often suffer long-term scarring of their career earnings profile.<sup>13</sup>

**Figure 9**  
Real Earnings of Young College Grads on Long Island  
by Age: 2000 & 2014 (in \$2014)



There is no shortage of proposed strategies for change. At the individual level, no one should be in doubt that a college education still brings significant employment advantages: lower unemployment, higher wages, and faster rates of career earnings growth. Though less pronounced than in years past, the average college grad, particularly those who go on for advanced degrees, still enjoys a significant wage and benefits advantage over those with less than a 4-year degree. Surely college major and target industry matter. Internships and part-time jobs still appear to be promising initial career entry points. And individuals can also improve their job market prospects by deciding at times to organize with other individuals. Recent

that it is increasingly unlikely for “overqualified” youth to find full-time jobs that actually make use of their educations.

The earnings of young Long Islanders have fallen sharply relative to their youth counterparts in 2000, after adjustment for inflation. The average 23-year-old college graduate today earns over 20%

campaigns like the successful drive for a \$15 minimum wage and for union rights in nontraditional service and information technology firms have demonstrated that young people who join in collective action can gain both broader public attention to their job challenges and tangible economic benefits.

**Table 8**  
Youth Employment on Long Island,  
Ages 18-29, by Industry Sectors, 2000 & 2014

	2000	2014	Changes
	Pct. Of All Youth Jobs	Pct. Of All Youth Jobs	2000-2014 (Pct. Pts.)
<b>High-Pay</b>			
Computers & Data Svcs	1.3	0.9	-0.4
Managmt+PR	0.7	0.5	-0.2
Finance, Insur, R.E.	8.1	5	-3.1
Accounting	1.1	1.3	0.2
Info/Media	3.5	1.6	-1.9
Advertising	0.8	0.8	0
	15.5	10.1	
<b>Mid-Pay</b>			
Warehouses & Utilities	2.6	2.1	-0.5
Wholesale	3.7	1.9	-1.8
Other Prof+Sci	2.5	3	0.5
Transportn	1.6	1.5	-0.1
Constrctn & Mfg	11.9	9.8	-2.1
Health Care	8.2	10.1	1.9
	30.5	28.4	
<b>Low-Pay</b>			
Protective Svcs	0.6	0.5	-0.1
Retail Trade	13.5	16.8	3.3
Social Assistance	2.4	3.4	1
Repair- Bldng-Biz Svcs	2.8	2.4	-0.4
Accomodn+Food	8.1	20.9	12.8
Persnl+Other Svcs	2.4	3.5	1.1
	29.8	47.5	

*Note: Above industry groupings are set based on annual 2010-14 earnings of prime-age workers [ages 25-54] on Long Island. Non-exhaustive listing.*

At the national and state levels, new commitment and new thinking is needed to pivot lawmakers from punishing college-going to encouraging it through expanded grants for student financial aid and debt relief for overburdened college grads. Even without federal action, more and more states like New York and some municipalities have increased their minimum wage floors. Further progress in that direction could be coupled with stepped up

enforcement, not only of wage laws but of all labor standards. Recent federal and state cuts in summer youth employment programs could be reversed and such programs expanded on a full-year basis.

Opinion polls regularly find a plurality of Millennial respondents sympathetic to unions or other forms of employee association, though few ever get the opportunity to vote for collective bargaining where they work. Thus, while New York is the country's most unionized state, young working people in their early twenties have long had the lowest rate of union coverage – just 10.5% of L.I. youth.<sup>14</sup> This reflects, in part the nature of the jobs that most youth find and of the firms that hire them. Their jobs are more likely to be entry-level, low-skill and often part-time or temporary positions in small businesses – all characteristics long associated with low union density. Also, large numbers of youth today have little choice but to work for wealthy and notoriously aggressive anti-union employers like Wal-Mart and most fast-food and small retail chains. But these employers also benefit from American labor laws that are far more restrictive of worker rights to organize or negotiate contracts with employers than in any other industrialized nation. As the 70th anniversary of the most anti-union law in U.S. history, Taft-Hartley, approaches in 2017, labor law reform deserves far higher priority.

Finally, the state's and Long Island's governments and economic development agencies could make more communities far more attractive and supportive to young working people. Land use and job incentive policies that promote clustered business, retail and multifamily rental housing near transit hubs have shown promising results in towns and villages in this and other regions.

Improving the job and wage prospects of Millennials is as vital to attracting and retaining talented young people as it is to ensuring the Long Island economy's future vitality and sustainability. Reversing the downward slide of job quality and wages of young employees would bring multiple benefits, not only to their living standards and career prospects, but also to their employers, other local businesses, and the broader community.

*Gregory DeFreitas is Professor of Economics at Hofstra University, Director of its Labor Studies Program, and Director, Center for the Study of Labor and Democracy.*

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## NOTES:

- <sup>1</sup> U.S. Census Bureau. 2015. “Millennials Outnumber Baby Boomers and Are Far More Diverse,” *Report CB15-113* (June);
- <sup>2</sup> Fry, Richard. 2016. “Millennials Match Boomers As Largest Generation in US Electorate, But Will They Vote?” *Pew Research Report* (5/16).
- <sup>3</sup> Council of Economic Advisors. 2016. *The Long-term Decline in Prime-Age Male Labor Force Participation* (June): [www.whitehouse.gov/administration/eop/cea](http://www.whitehouse.gov/administration/eop/cea)
- <sup>4</sup> Canon, Maria, et al. 2015. Youth Labor Force Participation Continues to Fall, But It Might Be for a Good Reason,” *The Regional Economist* (January): [www.stlouisfed.org](http://www.stlouisfed.org).
- <sup>5</sup> Flood, Sarah, Miriam King, Steven Ruggles, and J. Robert Warren. 2015. Integrated Public Use Microdata Series, Current Population Survey: Version 4.0. [Machine-readable database]. Minneapolis: University of Minnesota.
- <sup>6</sup> Note that unemployment estimates from the decennial census and the ACS tend to be slightly higher than the more widely publicized estimates from the monthly Current Population Survey (CPS), due to differences in survey administration and data collection, as well as question wording. For details, see Kromer, K. & David Howard, *Comparison of ACS and CPS Data on Employment Status* (U.S. Census Bureau): [http://www.census.gov/hhes/www/laborfor/ACS-CPS\\_Comparison\\_Report.pdf](http://www.census.gov/hhes/www/laborfor/ACS-CPS_Comparison_Report.pdf); and Kohli, Martin. 2014. “The Persistence of a High Unemployment Rate in New York City During the Recent Recovery,” *Beyond The Numbers* (February): [www.bls.gov](http://www.bls.gov).
- <sup>7</sup> See recent U.S. reports: NYC Comptroller’s Office. 2016. *New York City’s Millennials in Recession and Recovery* (April): [www.comptroller.nyc.gov](http://www.comptroller.nyc.gov). Burd-Sharps, Sarah & Kristen Lewis, *One in Seven: Ranking Youth Disconnection in the 25 Largest Metro Areas* (NY: SSRC, 2014): [www.measureofamerica.org](http://www.measureofamerica.org). Gonzalez-Rivera, Christian, *Bridging The Disconnect* (NY: Center for an Urban Future, 9/2014): [www.nycfuture.org](http://www.nycfuture.org). Parrott, James & Lazar Treschen, *Barriers To Entry: The Increasing Challenges Faced by Young Adults in the NYC Labor Market* (Good Jobs NY, 2013): [www.goodjobsny.org](http://www.goodjobsny.org). For international comparisons of OSOW youth, see DeFreitas, Gregory, ed. 2008. *Young Workers in the Global Economy: Job Challenges in North America, Europe and Japan* (Edward Elgar).
- <sup>8</sup> This meaning of underemployment does, of course, differ from the widely used U-6 measure in BLS publications. The latter incorporates CPS information on involuntary part-time employment and discouraged labor force dropouts that is mostly unavailable in the ACS.
- <sup>9</sup> Abel, Jaison, Richard Deitz & Yaqin Su, “Are Recent College Graduates Finding Good Jobs?” *Current Issues in Economics & Finance*, v. 20, no. 1 (2014): [www.newyorkfed.org/research](http://www.newyorkfed.org/research).
- <sup>10</sup> National Employment Law Project, “The Low-Wage Recovery: Industry Employment and Wages Four Years Into the Recovery,” *NELP Issue Brief* (4/2014): [www.nelp.org](http://www.nelp.org).
- <sup>11</sup> DeFreitas, Gregory, “Pay Patterns on Long Island Since the Great Recession,” *Regional Labor Review* (Spring/Summer 2015). On national youth job and pay trends, see: Kroeger, Teresa, Tanyell Cooke & Elise Gould, *The Class of 2016: The Labor Market is Still Far From Ideal for Young Graduates* (4/2016): [www.epi.org](http://www.epi.org).
- <sup>12</sup> NYC Comptroller’s Office. 2016. *Op. cit.*
- <sup>13</sup> Kahn, Lisa. 2010. “The Long-term Consequences of Graduating from College in a Bad Economy,” *Labour Economics* (April).
- <sup>14</sup> DeFreitas, Gregory and Bhaswati Sengupta, “The State of New York Unions 2012,” *Regional Labor Review* (Fall 2012).

# Latest Trends in Key Labor Market Indicators: Fall 2016

**Table 1**  
Table 1: Number of  
Nonfarm Jobs  
(in thousands) by Place  
of Work: New York City,  
Long Island & All U.S.,  
Sept. 2009-Sept. 2016  
(in thousands,  
not seasonally adjusted)

		% Change			
		Sept. 2016	Sept. 2015	Sept. 2009	2009-2016 2015-2016
	U.S.	144,943	142,520	130,590	10.99 1.70
	NY State	9,383	9,263	8,489	9.12 1.30
	NYC	4,311	4,221	3,653	15.57 2.11
	Long Island	1,327	1,313	1,221	7.49 1.11

Table 1 Source: Establishment survey data from US Department of Labor.  
Note that data reflect regular revisions by Dept. of Labor.

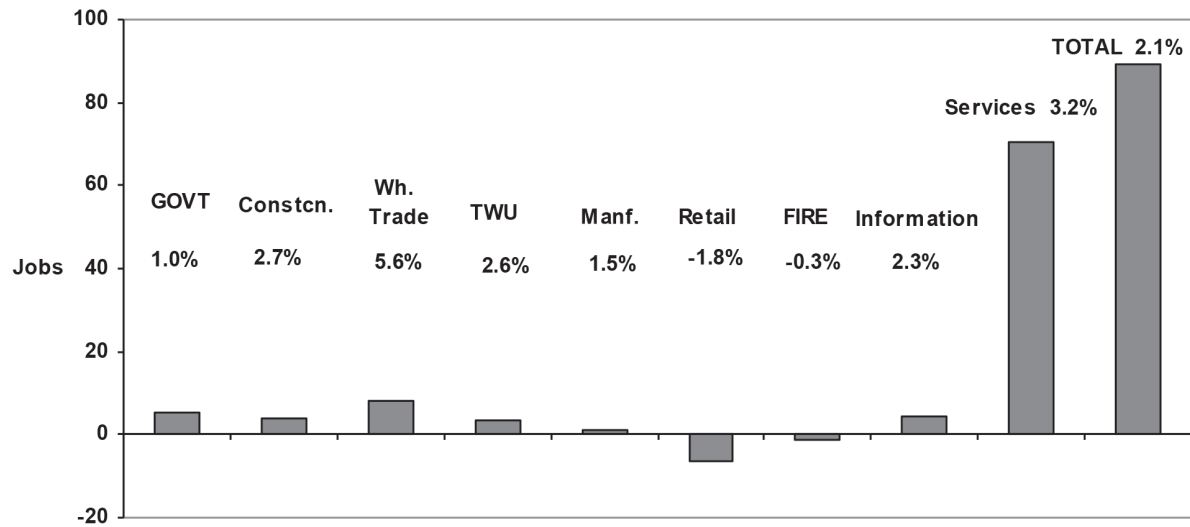
**Table 2**  
Civilian Labor Force, Employment & Unemployment  
(in thousands, not seasonally adjusted)

AREA	Labor Force		Employed		Unemployed		Unemp. Rate	
	September 2016	September 2015	September 2016	September 2015	September 2016	September 2015	September 2016	September 2015
U.S.	152,218	156,608	151,977	148,980	7,658	7,628	4.8%	4.9%
NYC	3,994.8	4,157.6	3,921.3	3,954.4	240.5	203.2	5.8	4.9
Bronx	610.2	608.4	563.1	567.8	47.6	40.6	7.8	6.7
Brooklyn	1,231.9	1,230.7	1,158.4	1,168.1	73.5	62.6	6.0	5.1
Manhattan	924.8	924.2	877.7	885.1	47.1	39.1	5.1	4.2
Queens	1,171.3	1,171.2	1,112.0	1,121.3	59.3	49.9	5.1	4.3
Staten Island	223.2	223.1	210.2	212.1	13.0	11.0	5.8	4.9
LONG ISLAND	1,475.9	1,464.1	1,414.2	1,400.6	61.7	63.5	4.2	4.3
Nassau Co.	698.2	692.6	669.8	663.5	28.4	29.1	4.1	4.2
Suffolk Co.	777.6	771.6	744.3	737.1	33.3	34.5	4.3	4.5

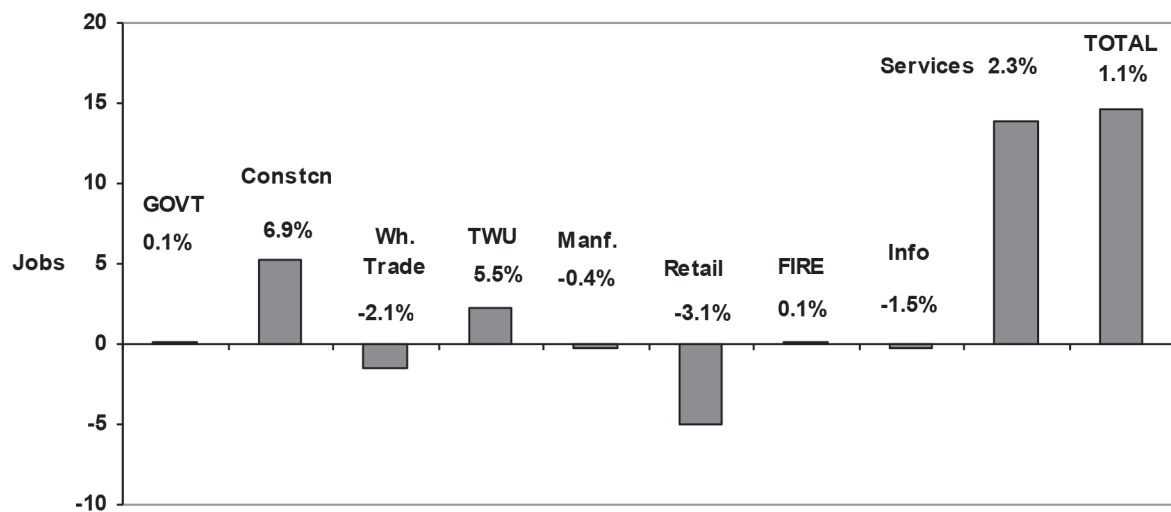
Table 2 source: CPS household survey data from NYS Dept. of Labor. Data reflect regular revisions by Dept. of Labor.



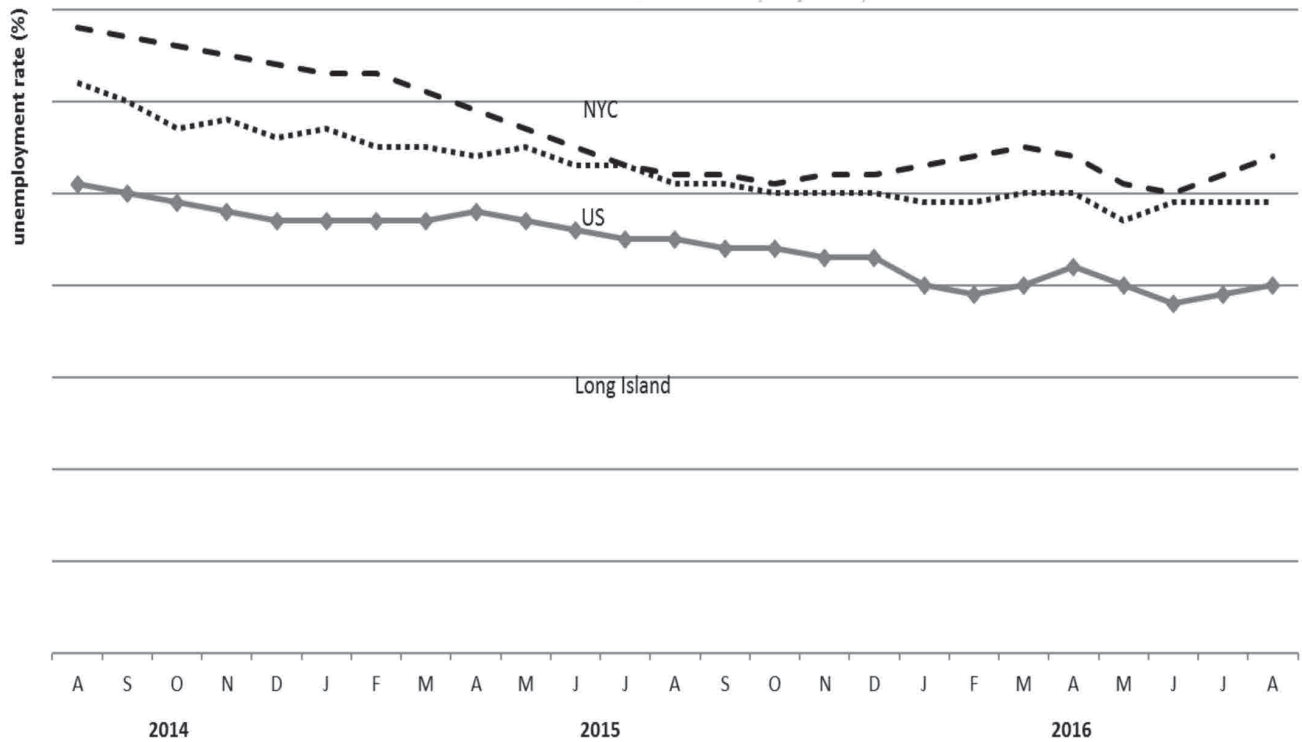
**Figure 1**  
 NYC Job Growth by Industry: September 2015 – September 2016  
*(in 1,000s of jobs, and percent change)*



**Figure 2**  
 Long Island Job Growth by Industry: September 2015 – September 2016  
*(in 1,000s of jobs, and percent change)*



**Figure 3**  
Unemployment Rates in U.S., NYC and Long Island, 2014-16  
(monthly, seasonally adjusted)



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## Inside America's Biggest Worker-Owned Company: The Management Perspective at CHCA

by Niev Duffy and Gregory DeFreitas

Cooperative Home Care Associates claims a unique place in the country's economic landscape. With 2,000 employees, it is a major force in New York's rapidly growing home health care industry. It is also by far the largest worker-owned company in the U.S., and one of the very few in which the worker-owners are represented by a labor union. And today it is in the process of expanding still more, absorbing a number of rival firms and beginning a new venture affiliated with Airbnb.

Worker-owned enterprises have a rich history in Europe dating back at least to the Industrial Revolution. Probably the best-known, most studied current example is the Mondragon complex of manufacturing, service, retail and financial enterprises based in northern Spain.<sup>1</sup> Over 220 worker coops currently operate in the United States, clustered in New York and a half-dozen other states. New York City is home to 23 worker-owned businesses today, according to a recent study.<sup>2</sup>

CHCA is many times larger than the average such firm in the city. Founded in 1985 by Rick Suprin, its growth, governance, and relatively high and equitable pay and benefits have begun to draw national media attention.<sup>3</sup> So also has its novel "guaranteed employment" option, ensuring at least 30 paid job hours weekly for its worker-owners. CHCA has been rewarded with labor turnover rates less than half the industry average, and with certification as a B Corp for its high labor and environmental standards.

But as it embarks on still more ambitious growth, it also is confronting challenging decisions: When will all the new hires become eligible for full benefits, ownership shares, union representation and guaranteed employment? How best to integrate the many newcomers into the current workforce without disrupting the organization's culture? How to raise the hourly wage to \$15 in the next three years when reimbursement from its public sector clients is already years in arrears? How to finance growth by borrowing from private lenders without diluting employees' ownership stake?

In late June 2016, we spent the day at CHCA, interviewing the long-time president, a worker-director, and a union representative. In this first installment of those interviews, President Michael Elsas describes the history, current activities and upcoming changes

underway at the organization. The next issue of *Regional Labor Review*, presents a dialogue with a CHCA worker elected to its governing board and another in a leadership role on its SEIU council.

**Q: CHCA has achieved impressive growth, from just a dozen workers in 1985 to some 2,000 today. How did you manage that? Did you want to grow that fast?**

**A:** Yes. Actually, we wanted to grow to 2,000. Today, we want to grow to 10,000.

**Q: Why?**

**A:** A number of reasons. Unfortunately, we're not unlike many industries, in terms of shrinkage. The automobile industry, the airline industry. And as reimbursement becomes tighter, which it inevitably does, you've got to be bigger, because it's a volume business. And the more volume you have, the better chances you have of surviving. And not only surviving, thriving, in the sense that you have to be innovative, you have to be thinking of new ways of delivering this type of service.

Home care workers are going to do more in the future, because it makes sense for them to do more. They're not as expensive as nurses. So there's a lot of research and development work that you have to do in order to stay ahead of the curve. It's not a maid service anymore. It's a real program. So you have to be bigger.

What we did in 2000, when I came, was we created Independence Care System (ICS), which is a nonprofit managed long-term care program. It's our program and now has 5,000 to 6,000 members. I don't go out and find business. I have contracts with managed care companies. They're the ones who go out and find business, and then they refer the home care services to us.

So we're dependent on others for our business. In order to sort of raise up on the food chain, if you will, we decided to create our own managed care company that could go out and find business. In this case it was mostly people living with disabilities. And now the business with ICS represents close to 60% of all our business.

**Q: And are those mostly Medicaid patients?**

**A:** Yes, mostly Medicaid. In New York State, long-term care is

really only funded by the Medicaid program. Unless you meet very strict criteria, Medicare does not provide long-term care services. They provide acute care, meaning you just get out of the hospital and you have a broken hip and you need 12 weeks of therapy. But most of the long-term care is Medicaid.

So that was the secret. That was the key to our growth. And now we will start growing again, because there will be a consolidation in the industry. In other words, there's too many other licensed agencies, like us. We've already established ourselves as a real quality company. I can't give you the specifics about it, but I know it for a fact that other large managed care companies are going to start focusing on the good ones and start eliminating the ones that are not providing quality service. It's going to start happening next month. We've been pretty stable over the last two years, in terms of 2,000 workers. But in the next three years, we'll probably double again, I hope. In New York City, there's 400 licensed agencies like us. Providing these kinds of services. They're going to shrink. They're not going to be able to survive and get through the whole minimum wage increase.

**Q: How has CHCA changed in the years you have been president?**

**A:** I've been here 15 years. When I came on in 2000, we had 500 workers. We've quadrupled in size. Our training program is sort of the jewel, if you will, of the company. We train 600 to 640 people every year. Every person who comes to the company looking for work, they're trained by us. We don't hire anybody we don't train. The training program is four weeks as opposed to two weeks. The main reason for that is that we teach a lot of soft skills in addition to the hard, practical skills of being a home care worker, like transferring somebody from their bed to a wheelchair. But the uniqueness is that we hire and train about 640 people every year. About 84% of the people who start the training complete the training, and of those almost 90% get a job.

**Q: With that success rate, how do you choose who to hire?**

**A:** We hire everybody.

**Q: Are a lot of them immigrants?**

**A:** Yes.

**Q: What do you do about language differences?**

**A:** We train both in English and in Spanish. There are other

demands for home care workers – Russian, Chinese and so on. But we're very much a community-based company, so our community is primarily Hispanic now, and African-American.

If we don't have enough work for people, because our industry is somewhat varied in terms of demand, as you can imagine, we do have a partnership with another high-road employer called the Visiting Nurse Service of New York. They have a licensed agency also called Partners in Care. They have very, very high standards.

They would not accept any other trainees, because they have the same philosophy as we do in terms of only training their own not hiring people that were trained by somebody else – except for us. So they accept our trainees and then give them jobs.

Our arrangement with them can vary each year. This year, I think we're giving them 150 of our workers because we don't have enough jobs in our network for everybody. You probably are asking yourselves, "Why do you keep training 640? Just train less, okay?" We get grants, both government and private philanthropic dollars to train 640 people. If we don't train 640 people, then that funding is in jeopardy. So we're happy to train for Partners in Care because they're a good company. It's also job creation, you know, and that's what we're about: creating good, meaningful jobs.

**Q: When they go through the Visiting Nurses Association would they be assisting the nurses?**

**A:** No, they're going as home health aides, because they have a licensed agency just like ours. They are taking care of people in their homes, helping them with activities of daily living.

**Q: When you say you hire every year 640, do you stagger that throughout the year, or is it one big intake?**

**A:** No, it's staggered through the whole year. We do 10 training sessions.

**Q: How do you find these people or get the word out to them they should apply?**

**A:** About 70% of those 640 people who come to Cooperative are referred by somebody who already works for the company. By now, after 30 years, we are really an organic organization, because we're getting people who are like other people. That's number one. We



Michael Elsas



don't advertise. Most come from people who already know about us. The other 30% come from welfare-to-work programs, community linkages, those kinds of things.

Everybody goes through an interview. Everybody has to come back three times. They come for an open house, they come for a check of their credentials. For example, in the case of an immigrant, they check for a green card, et cetera. And then they come for a personal interview.

What we're looking for is really one major quality: are you a caring individual? Most of the time that's exhibited by way of taking care of a grandmother or a sick relative. Those are the experiences that they are sharing in the classrooms.

We start out with about 100 applicants for each class and then narrow it down to 60. We're finding over the last few years that people are trending younger in terms of the workforce, and younger people pose different kinds of problems than our mature, 45- to 55-year-old traditional – who used to enter this workforce. So we hired a job counselor who is specifically trained on dealing with some of the issues.

**Q: Can you briefly list some of those issues? Are we talking about Millennials?**

**A:** No, younger than Millennials: 18 to 24. What's most common, I think, is behavioral, in the classroom itself, getting along with others. Just being able to interact with each other and not get angry and not get into fights and stuff like that.

**Q: What does a brand-new hire for you get paid per hour?**

**A:** \$10 an hour. And it will be going January 1st to \$11, and then to \$13, and then to \$15 in 2019.

**Q: Everybody's paid \$10 an hour whether they are brand-new or not?**

**A:** Whether they've been here for ten years or ten months.

**Q: What is the training approach?**

**A:** There's 20 people in each classroom. The teaching style that we use is adult learner-centered. We're really much more interested in what people bring to the training in terms of their own experience than in what we have to teach them, although we teach them a lot.

The reason why we have whiteboards in the classrooms is that they're writing their own experiences about something, or their own feelings about something, so that they can share it with everybody else in class. Most of the classes are not in lecture form, although there are some. There are some in which the desks are together because they're working in smaller groups.

We have separation of classrooms and labs. The lab is where all the demonstration and return takes place about transfer. We don't have any dummies. They practice on each other, because it's as

important to know what it feels like to get the care as to giving the care. This may sound really self-centered, but I've been in this business for 45 years and I've never seen a training program like this in home care, okay? Usually it's a room with a video showing different things, and that's pretty much how home care workers are trained.

Most of the people who work in the training program are upgraded home care workers, so they've worked with us here before. Part of our philosophy is about creating jobs within the company as we've grown over the years. Of the 100 administrative staff who work here, 40% started in the field. We promote from within and try to hire from within.

This is a worker-owned company and we have an open-door policy, which means that you can come here any time and see anybody that you want to, including myself. It doesn't mean that you will be seen immediately if I'm not available at this particular moment, but they don't need an appointment, and eventually I will see them. There's sort of a misconception that people have about co-ops that, you know, the inmates are running the asylum, and everybody's running around, because everybody gets a say in everything. But it doesn't really work that way. An open-door policy means that you can come in and you don't need an appointment.

That's the same principle, by the way, in terms of decision-making. We have 2,000 workers, but there are not 2,000 decision-makers. If there were 2,000 decision-makers, we wouldn't get anything done. Of the 2,000 people who work here, only 70% of them are worker-owners. It's not required that you be a worker-owner. And of those 70%, maybe there's 40 people who are actively engaged, if you will, in running the company, participating in the labor management committee or participating on the board and getting elected to the board or participating.

On Fridays, every three months we turn this whole area into what we call an information fair. There will be people from community groups and from the board of directors. That's where a lot of people are sharing information. In our business, our workers don't come here every day. They're out there, so we try to promote as much as we can activities within the co-op that they can come to. We have flea markets, we used to have karaoke on certain nights. It's kind of a reverse of a normal business where people come and put together the widgets in a factory. All our workers are out there.

**Q: Who is eligible to become a worker-owner? Do they have to be full time?**

**A:** No. After three months, people are brought in and they are offered a prospectus, which is an offering of what it means to be a worker-owner, to buy a share in the company. Everybody's entitled to buy one share, whether you're a home care worker or whether you're president of the company. It costs \$1,000 per share, but you don't have to put up \$1,000. You only have to put up \$50, and we lend you the other \$950. Then we take \$3.65 out of your check each week until you've paid it off.

However, once you make that purchase and put down the 50 bucks, you're fully vested. You're entitled to all of the benefits of worker-owner.

**Q: You say 70% are now worker-owners. Has that grown?**

**A:** No, it's been consistent. As a matter of fact, it's probably down a little bit from 70%. I use 70% because for 27 or 28 of our 30 years, that's what it's been. We've acquired a couple of companies over the last few years through acquisition, and those folks have not gone through the normal process of working three months and then coming in. So we're catching up.

**Q: What companies did CHCA acquire?**

**A:** Two not-for-profits. We didn't pay anything for them. They were home attendant agencies working with the City of New York, and they failed. They weren't able to maintain certain standards that the city was requiring. Christian Community was one, and I don't remember the other one. It was a while ago. They were small and the city asked us to take over those contracts.

**Q: Were those workers retrained here?**

**A:** We did some retraining. It was pretty expensive, and the city wouldn't give us any money to do it, so we retrained as many as we could. They were personal care workers, and we upgraded them to the highest level, which is home health care aide. But it had gotten to be pretty expensive, and as reimbursements have been shrinking, we just couldn't afford to do it.

**Q: When you say "the city," what agencies do you usually work with?**

**A:** The Medicaid program and HRA, Human Resources Administration. There's no more home attendant program in New York City, because all of long-term care has moved into managed care. They have eliminated the home attendant program because it was really duplicative of what everybody else was doing. We had a home attendant program, but it was the same workers. It's very convoluted, and now we're moving towards a more simplified approach, which is managed care. But at least we don't have all of these different programs that are duplicating one another.

**Q: What are your other departments?**

**A:** We have a clinical area with nurses, who go out and both evaluate and do some supervision of the aides in certain situations. And then there's compliance. Because it's government money, we're always being audited, and it's important that people are trained properly, certified, have medicals, have in-services. So this whole department maintains all of the compliance issues for the workers. It's pretty much all automated now.

**Q: Were any of your nurses originally trained as health care aides?**

**A:** We've had one who started out as a home care worker, and she's an RN now. She's the only one.

**Q: If people wanted to do that, is there a way for them to get the education?**

**A:** Yes, but not through us. That's one of the reasons why we joined 1199, because we had to be able to offer those kinds of benefits. Our margins are not big enough to allow us to provide that.

**Q: What's the latest number you have in terms of percent of CHCA's revenue that goes to the workers?**

**A:** Probably 83% goes to the worker, and we operate on a 17% margin, gross margin.

**Q: By "we, you mean – is that just administration, or is that plus profits?**

**A:** That's everything.

**Q: Administration plus profits?**

**A:** Mm-hm. Profits, I mean, it's nothing. That 17%.

**Q: That's why you were saying there was no dividend the last two years?**

**A:** Right, correct.

**Q: So it sounds like some of the cuts have been in administration?**

**A:** Oh, yeah, we've laid people off. Then we stopped giving out gloves. You know, we used to have a closet filled, because workers have to have gloves. We just have a closet, say, "Go, take your gloves," you know. We spent \$250,000 on gloves three years ago. Last year, we spent \$75,000, because we gave them out as people needed them. So you start to do things like that.

**Q: So with the new Airbnb business and with the consolidation that you are expecting, then, presumably you'll be able to hire more administrative folks, as well as more workers, right, and roll back some of those cuts?**

**A:** Yes.

**Q: It surprises most people to learn that, back in 2003, the leadership of CHCA actually sort of encouraged unionization.**

**A:** We did it for two reasons. Number one, at that time we had this home attendant program and 1199 organized it. And then Dennis Rivera (1199's then-president) went to Albany and stood on the steps of the Capitol and, for the first time ever, SEIU supported a Republican: George Pataki. And because he did that, George Pataki gave him a billion dollars for his home attendant program so that workers could get raises. That's the way it works.

So we're holding the banner of better wages and benefits for workers, and we're getting killed by 1199 agencies. They're making more than our workers, and our workers are trained more. That's

the way of the world. So, yeah, we told the workers, “We’re going to keep fighting, but we don’t have the strength of 1199, and if we really want to see more money, we should join with them.” That was one argument.

The other argument was that by being part of 1199, we feel that we can have an impact on the industry: that 1199 will promulgate our best practices, our training, and in that way we can have a bigger impact on the industry. Those are the two reasons. Nothing else. It made good economic sense for the workers. We created the first labor management committee in home care. We’re the only one that has a labor management committee. We think that’s a good thing.

**Q: Why do you think that’s a good thing?**

**A:** We didn’t need a labor management committee. We had something called a Commitment to Worker Council, and that worked for us. That’s how we got input, and you got a seat on the board and all kinds of stuff.

The labor management committee just said: It’s the same thing. It’s talking to your workers. It’s engaging in your workers, but bring the union in with it. So now there’s union delegates and union reps in these meetings, and we’re all working and problem-solving together. We don’t have to go to a contract negotiation to solve a problem. We solve it right then and there.

That’s good for the workers. That’s good communication. That’s involvement. It just includes the union. It’s hard for people, and it was hard for us. It was hard for me to think that the union thinks of me as management, and that I wouldn’t do everything in my power to make the jobs better. That’s hard for them, and it was hard for me to accept that the union would have that role. Once you get past all that and you realize that you have all of that in common, it becomes easier.

**Q: Has it caused any stresses?**

**A:** It did in the beginning. I mean, now, occasionally there are stresses. But there are stresses because it’s a relationship, and any relationship can be stressful.

**Q: Would you say there’s a culture of trust there?**

**A:** Yes. Much more so than in the beginning. Absolutely. They trust me much more, and I trust them. But, I can’t deal with the politics. They’ve got to be much more engaged in the politics of the organizations. The politics of labor is not always the best for labor, for the worker. It’s good for labor, but it’s not necessarily good for the worker. The best example of that is, we had a salary scale at Cooperative Home Care. Every year you worked, you made an extra 25 cents. Then came the first contract with the union, and they wanted everybody to go to \$8. And we were going to be the first contract to sign. That’s important, because now you have a contract, and you can take it elsewhere.

If you have a salary scale, the salary scale costs money, because you’re giving people raises every year. So I couldn’t give \$8 an hour. I could only go to \$7.80, \$7.90 or whatever it was. They said,

“You’ve got to get rid of the salary scale. You’ve got to go to \$8. I’ve got to be able to go to my other employers and say that I got a contract for \$8.” I said, “The salary scale gives workers raises every single year. We won’t be able to do that.” But, I had to give it up. So now all my workers no longer are getting raises every year. They’ve got to wait for two years before the money comes.

**Q: Because everybody’s paid the same thing?**

**A:** Right. Everybody’s paid the same thing. Perfect example, the politics outweighed what was best for the workers. No, it can’t work that way. Right now with the \$10 wage, we’re struggling. But that was only like 50-cent-an-hour increases. If we get a dollar increase that we had to pay come next January 1st and don’t have the reimbursement in the line right then and there, we will be out of business, along with many, many others.

**Q: Is New York State talking to you about adjusting reimbursements?**

**A:** Yes. But with that, it’s always a question of when. We are still waiting for reimbursement in 2016.

**Q: Where is the main resistance coming from?**

**A:** It’s not resistance. It’s, you know, bureaucracy. It’s all of that. It’s my life.

**Q: Is it the sort of thing that PHI will be playing a leading role in? Could you explain what they do?**

**A:** Yes, they would be advocating for dollars to flow quickly. We created PHI (Paraprofessional Healthcare Institute) 20 years ago. That’s the public policy best practices arm of the company. It’s a separate, independent national company. It does public policy work as it affects all direct care workers on a national basis. For example, the Supreme Court yesterday reaffirmed that home care workers are entitled to overtime pay.<sup>4</sup> That initiative started at PHI, arguing that home care workers should get overtime based on their base salary.

**Q: How does CHCA interact with PHI?**

**A:** We interact with them in a couple of ways. Number one is, we’re their lab for new ideas in terms of training. So we do a lot of the beta testing and so on. And they are a not-for-profit, so that enables them to fundraise private philanthropic dollars for our training.

**Q: Most of your employees get health insurance through 1199. Do they have copays?**

**A:** There is a copayment. It’s \$5 a week.

**Q: Yes. \$5 a week they pay to the union. But otherwise the HCA pays into the fund for their health insurance benefits?**

**A:** Yes. They have to work a certain number of hours a month in order to be eligible for the health plan.

**Q: Are they fully vested in MBF, the benefit fund?**

**A:** Yes.

**Q: And then are they full 1199 members with the same benefits as any other 1199 member?**

**A:** Well, 1199 has got many different divisions. So we work with the home care benefit fund.

**Q: So they have the same benefits as any other home health care aide at any agency that has health insurance through their health insurance plan?**

**A:** Yes.

**Q: Do you know if they're class 1 or 2 workers, or class 3? Class 3 doesn't have full benefits under Obamacare, basically. They don't have the guaranteed ACA minimum.**

**A:** The benefit that the home care workers get through it, I think, is a platinum plan. Because there's virtually no copays. Which I think is crazy. What's crazy is \$10 an hour wages plus \$4 for health insurance? Why not pay more into the salary?

**Q: In terms of the full-time work guarantee program, that must be quite a lot of work to keep up with the hours that each aide is doing. Do you have your own computer system for that?**

**A:** Yes, we did. Our finance department does our payroll, our billing. A lot of people come in because they have lots of questions about their checks and so on. It's a fairly robust kind of operation, because billing in health care is quite complex sometimes. I always try to think of it as like a life cycle of one hour. So the worker goes out and performs one hour of service. You've got to be credentialed, and everything has to be right with that person for the one hour. Then they've got to get paid for that one hour. Then we've got to bill and make sure that the billing goes out properly for that one hour, and then we have to collect. And that's the life cycle, if you will, of our business. It doesn't always go smoothly.

For many years we had our own homegrown software database system. That's because there wasn't anything available. Now there's a lot available in terms of home care, so we use a system called Arrow in conjunction with some other human resources hours tracking software.

**Q: Kronos and other ones?**

**A:** Yeah, there's a bunch of them now. So we use that. You know, the guaranteed hour program is something that we've offered it for 30 years. We're offering it now in Cooperative Cleaning. In Cooperative Cleaning, you'll see a lot of people who are getting hours paid where they didn't work. In home care you don't see it, because everybody who wants to work full time, the culture now is: get them up to full time.

And if they don't want to work full time and they're happy with their part-time status, we're now allowing them to stay at part time.

The point is, we still have the guaranteed hour program, so if somebody's patient went into the hospital, and we don't have a job for them, and they need the 30 hours, they can sign up for the guaranteed hours program and get their 30 hours whether they work or not. The only difference is that they cannot refuse a case.

**Q: So most of the people who are working the full 30 hours are working with the same patient for all of those 30 hours?**

**A:** No, not necessarily. They may work for somebody in the morning and then somebody in the afternoon.

**Q: Is it usually the same people from week to week?**

**A:** Oh, yes. This is long-term care, so, as I say to people, once we're successful in the match, then it's pretty steady. It's pretty steady, except for hospitalization or something like that.

**Q: How many people does it take to coordinate all this?**

**A:** Well, we have 2,000. What's interesting is that we've had 30 years of arguing over centralizing things versus decentralizing. So will we ever solve it? I don't think so. We go back and forth. Right now we've decentralized. So there are people that are only responsible for scheduling. There are people that are only responsible for incidents. There are people that are only responsible for human resource types of problems. So the caseloads change all the time. The coordinators are the individuals who are responsible for placing the workers, replacing the workers, supervising the workers day to day, managing the workforce. It used to be a coordinator could handle 100 workers and 100 cases. But now it's different because they're doing specialized work.

We have three incident writers. They're handling 2,000 workers, so they're handling 2,000 cases. Luckily, we don't have 2,000 incidents every day. But they're handling a workforce of 2,000, and they are handling the incidents that occur normally. We were spending an incredible amount of money over the last five years, and the initiatives that have come out of that foundation and the work that's being done is unbelievable. Making a difference in the world, to fix things, really fix things. It was exciting.

**Q: How about a health insurance passthrough? Are there requirements that health aides have access to health insurance through the employer, or not? Because that would make you less competitive. If you're providing health insurance coverage to your workers, how are you going to compete with an agency that doesn't?**

**A:** Well, that's a different question for us because we're unionized, and the workers get their health insurance through the union. It's something that's negotiated in the contract and so it's not an option for us. It's also not an option for us in terms of the ACA. We have to provide health insurance. We have over 50 workers. So we have to provide health insurance for our workers.

**Q: Do all home health agencies offer health insurance?**



**A:** It depends on whether they meet the requirements under the Affordable Care Act in terms of part time versus full time. What a lot of companies do is they keep everybody under 20 hours. They keep them at 19 hours, and then they don't have to provide it. And then they deal with the scheduling, because it's worth it, so that they don't have to provide health insurance.

**Q: Does that pose a threat to your folks?**

**A:** No. Look, in the end, we believe in what we did 30 years ago, which was to provide a quality job, because that's going to provide quality care. It's written everywhere.

**Q: That's the basic philosophy?**

**A:** Yeah, and that's what we believe in. We still believe in it, but I can't prove it. We are coming now to a point in health care where you do have to prove it, you have to prove outcomes.

For example, DSRIP is a federal initiative for the hospitals to get their acts together and not readmit everybody every time they discharge them, because it costs hundreds of billions of dollars to do that. So we are moving towards much more of an outcome-driven health care delivery system. When you read in the paper that the USA spends more per person on health care than anyone else in the world and has the worst outcomes, what does that tell you? It tells you that eventually that's going to have to change.

Once we have to show outcomes, then worker turnover is going to be important, the quality of the job and who does the job is going to become much more important. So that's why I say, I can't prove that, for the last 30 years, that a quality job equals quality care. But I guarantee you in the next ten years the correlation will definitely be there.

That's the whole motivation behind raising the minimum wage to \$15 – having a quality job, a job that you can feed your family with. And it's been proven that the economics of that works. People will spend more money if they make more money. And yes, I'm sure that some people will lose jobs when the minimum wage gets raised. But that's also a good thing in the sense that they should then get retrained for something else.

The problem there is that we don't have the community college mentality in training to retrain. I read the other day that there's a million jobs in IT created this year. One-fifth of them we'll be able to fill in this country. So the other 80% are going overseas, or people will be brought here to fill those jobs. That's crazy, crazy.

**Q: To grow to 10,000 workers, let's say, in the next few years, you don't think you'll have any trouble in finding workers? You feel the labor supply's out there for those jobs?**

**A:** The labor supply is out there. And don't forget what I said: my belief that the majority of that growth to 10,000 workers will be through consolidation. I'm already talking to a company next week who wants to sell.

**Q: This is why you're confident that something's going to happen soon?**

**A:** This is a guy that's been in business as long as I have, but it's a for-profit. He's the owner. He's done very well with it. He's a good guy, one of the high-road employers. Now he's 64, 65. He's had enough. I mean, he's done well with it. It's too crazy now. It's too complicated. It's harder. So he wants to sell.

**Q: And is CHCA considering purchasing that company?**

**A:** Yes. But, we don't have the money.

**Q: That was my next question. So how does that happen?**

**A:** So, how does that happen? This has been my year – I should quit after this! I was invited to the White House. Why? Because the Department of Labor, the Department of Agriculture – everybody's interested in co-ops. We've been approached already by folks that want to fund our expansion. So I don't have the money to buy this guy, but I've been assured, and have had a few conversations already, that there's money out there for this. That's just as good as going to a bank, but I don't have to go to a bank. I have to go to someone who believes in co-op development. And it could be a bank.

**Q: But given the structure that you're a worker-owned co-op, how does that work, with outside money coming in? Do they get shares in the company? Part ownership?**

**A:** I don't know for sure, but no, they wouldn't get shares. It would be strictly a borrowing of the money. In other words, like getting a mortgage. We would borrow a million dollars or \$2 million, and then ...

You know, this company that we're thinking of buying, it probably would cost \$2 to \$3 million to buy. The advantage is, it adds a million dollars in the first year to our overhead. In other words, because you're acquiring 30% of your business – say, 40,000 hours, or whatever it is, a week – you immediately have this advantage: you're getting all of these hours and this revenue, but you don't have to duplicate what you have. In other words, all of that money is a contribution to the existing overhead, which is going to make it very profitable.

**Q: And this would all have to be approved by your workers?**

**A:** Yeah.

**Q: And would those workers then become worker-owners?**

**A:** Eventually.

**Q: Do you know the timeline for that?**

**A:** No. We're still trying to get the ones from the last acquisition to worker-owner. But this would be – this would probably be a little bit more structured, this acquisition. The other one was, the City of New York came to us and said, "Just assume this contract,



okay?" This would be a little bit more structured. By the way, we would use consultants to help us do all that.

**Q: You mentioned the interest in co-ops. New York's Mayor De Blasio even said last year that worker co-ops are "a crucial part of our economy," and allocated \$1.2 million to promote them.**

**A:** And then another one-point-something million recently.

**Q: Is that all just seed money for new coops?**

**A:** Yes.

**Q: So it doesn't really affect you?**

**A:** No. And we take the position that, while we support that, we're not so convinced that it's the best use of the money. Because what we believe and, I think, we've shown is that to have an impact, you have to scale. If you're going to say you're going to have an impact on the economy, and you're going to try to put money back into the community, you've got to have 2,000 workers.

These co-ops that are being created by these grants are two, three, five, ten people. Yes, it's a nice thing to do, and hopefully those companies will make it. But, think about how many businesses fail without being a co-op. So if they create 20 businesses from this \$1.2 million, half of them are going to fail, and the other half are going to be small. So, again, hear me. We support it, because we support co-op development. I would have rather them give me the million dollars and say, "Why don't you add another 500 workers to make up, again?" Okay? And that's like seed money or something.

But we support it. I don't believe that it will have the same impact as this co-op absorbing five companies that are another 2,000 workers.

**Q: So what sort of relationship do you have with the city, given this new interest? Do you get any help from the Economic Development Corporation?**

**A:** Actually, yeah, we do. We have grants with Small Business Services? We do business with them.

**Q: You're not a small business.**

**A:** No, but we have programs that they are interested in and they've been able to fund. Our jobs program. We have relationships with them. We have relationships with CWE (the Consortium for Worker Education). We have welfare-to-work programs, so we get wage subsidies. Where there's wage subsidy programs, we participate in those. So, yes, we are very engaged in all of the public dollars that are available for development purposes. And we also get philanthropic dollars, like the Robin Hood Foundation helps us.

We're also working with the Economic Development Corporation, which started a program that's sort of a variation of the B Corp. It's called the "Best for New York," and basically says, "Be a good employer." So we're participating in that.

**Q: You mentioned Benefit Corporations. Why did you decide to become part of the B-Corp movement?**

**A:** Honestly, the first reason was because, whenever you can do something that will have somewhat of an impact, and it's not going to cost you a lot to do it because you're already there, then do it. Secondly it's something that the company believes in and that fits our culture, if you will.

But thirdly – and we have not seen it yet, but I think there is more and more of an opportunity here – we wanted to differentiate ourselves from other companies. This is a wonderful way to do it. Licensed agencies like ours are a dime a dozen; they're all over the place. There's not a single licensed agency that's a B Corp. So one day, when somebody wakes up – a managed care company, a CEO – and he reads all about B Corps, and he gets all turned on and excited and says, "Wait, I want to do business with B corps," we're the only one that he can do business with in New York. Our sister agency in Philadelphia's is also a B Corp.

**Q: What is that agency?**

**A:** We have a company in Philadelphia called Home Care Associates. The same exact model as here. Has about 200 workers, so it's small. But we started that company about 18 years ago.

**Q: Is part of your growth plan is to grow nationally?**

**A:** Not really. We don't have any plans to go anywhere else. At this point in our lives, we're not interested in that. What we are interested in is Airbnb. I'd much rather focus on the Airbnb business.

**Q: You've just begun that Airbnb partnership?**

**A:** We actually started a year ago in having discussions with them. In November of 2015, we started cleaning, and we're still in the pilot phase. What that means is, we're doing about 100 cleanings a week in Brooklyn.

These are Airbnb hosts that have been contacted by Airbnb by e-mail and so on saying that they're rolling out a new service with a company that is worker-owned, is paying \$15 an hour now, ahead of the curve, who is training workers in how to clean a home, and is trying to make the same kind of an impact for domestic workers that we tried – and, I think, did make – 30 years ago for home care workers: making it a real job, as opposed to a maid service, as opposed to somebody that gets paid off of the books, doesn't have any benefits and in some cases is abused in that sense.

**Q: So is your goal to make this follow a similar structure to the home care side? There would be worker-owners and –**

**A:** Right now, yes. In order to do that, we did not set it up as a separate company. It's a d/b/a of Cooperative Home Care. It's called Cooperative Cleaning. It's owned by the site. Right now we have 10 or 12 cleaners who have been hired and who are guaranteed 30 hours. We've been cleaning since November. We started out slow. We were at 100 cleanings for a long time. Now it's dropped

down because of some of the marketing issues around Airbnb.

They're being very careful and targeted. You know, they have 30,000 hosts in Brooklyn. They've only advertised this to 2,000. So we're going to see ourselves grow within the Airbnb community. But let me be very clear: We're not going to just keep it as an Airbnb business. We're going to expand. We're going to open it up to the public so that anybody can hire us.

**Q: Why are you doing this?**

**A:** Well, I would say two main reasons. And I really believe in the first one, which is that we want to have the same impact. This is an industry, domestic workers, that needs our attention. So we're doing it for that. And we want to make these real jobs, and we have a partner in Airbnb who feels the same way. Eventually it'll be unionized, also.

**Q: There was my next question.**

**A:** They will be. Right now it's not happening because there's an enormous political infight that's going on. But eventually they'll be unionized as well.

**Q: Political infight within ... ?**

**A:** Within the unions: SEIU and the hotel workers (Hotel & Restaurant Employees, HERE).

**Q: So they would be unionized by HERE?**

**A:** No, not if I have anything to say about it.

**Q: Where would their health care benefits eventually come from? Would 1199 take them in?**

**A:** SEIU Local 32BJ is the one that we've been talking to. Hector Figueroa was very, very supportive, and then HERE fired a shot across the bow, if you will.

**Q: Jurisdictional issues?**

**A:** Oh, my God. Went totally bananas. We're putting the unionization on hold, but they will be unionized. It will have health insurance through hopefully 32BJ. We will open it up to the public. And we're doing it for that reason, in terms of making it a real job.

But, from my perspective – and not everybody shares this perspective – I think it's good to diversify. The health care business is wonderful. I think that, as I said to you, there is enormous opportunities for growth. But if we're talking about low-wage workers and if we're talking about trying to have an impact, why not diversify? It's nice not to do business with the government. It's nice to have a business that's a real business, if you will, a make-it-or-break-it kind of thing.

We've always believed in diversification. When we built this company, our main source of revenue is the rates that we charge. But we never were totally dependent on the rates. We went out and got money from Robin Hood. We got money from the Heron

Foundation. We get money from welfare-to-work. We've always believed in diversifying our sources, programming. So now I think it's a good idea to diversify the business.

**Q: Are the Airbnb cleaners a separate group or the same people you've trained as home health aides? Might home health aides, if they don't have a client today, be asked, "Hey, go clean some Airbnb apartments?"**

**A:** No, we are not doing that as of today. That's not to say that as we grow and it gets bigger we wouldn't do that. Right now, because it's still in the pilot stages, we're keeping everything separate. And we're also finding out, first of all, with cleaning in Brooklyn, all of our workers live in the Bronx. They don't want to schlep to Brooklyn. We have to have Brooklyn people.

**Q: But you're looking to expand to other boroughs?**

**A:** Oh, yeah, we will. Bronx is not that big in terms of Airbnb, but Manhattan is enormous. And we already service Manhattan in our home care division, because it's very easy to get to, especially the Upper West Side.

**Q: And is Airbnb attracted by the nature of CHCA, its unionized, worker-controlled structure?**

**A:** Yes. I think that's what attracted them initially. The pilot is going on in Chicago and in L.A. We were the first ones. And all three sites are unionized. So they have a good reputation. So they're keeping consistent with that. We're the only worker-owner co-op. But I met the President of the company in L.A., and she gets it. You know, she's on the same wavelength in terms of being a high-road employer.

**Q: With all this growth, a classic question to worker co-ops here and abroad, is: how do you grow while still maintaining an active democratic culture, still keeping the vast majority of the workers involved? You're at 70% of your workers being worker-owners. Is that a challenge that you think CHCA can deal with – to keep a rich and activist worker-owner culture?**

**A:** Yes, I think that you can. I think that we have. When I took over 15 years ago, Rick Suprin was very concerned about that. We've been able to grow and maintain it. How do I know that? Because we've done consistent employee satisfaction surveys, and it's not about the money. Okay? Nobody's ever going to fill out a satisfaction survey and say, "I love making \$10 an hour." But when they do fill out the satisfaction survey, they talk about the fact that they still feel respected at this company, and they still feel like it's a family. That's what I look for.

Look, it's sort of what I said before about 70% of people who get referred to the company come from somebody who already works for the company. It's organic. We've been through some very, very hard times the last two years. We've had to make quite a few cuts. We haven't had a dividend in two years.

**Q: Is that coming out of the recession?**

**A:** No, I'm still waiting for money from 2014. I don't have the cash. If I had the cash, we could continue doing what we were doing. We could continue at a 2% margin. But I don't have the cash. I'm supposed to get at the end of the summer over a million and a half dollars that's due from 2014.

So, my point is, we've had tough times in that sense. But every time I go to one of these orientations for worker ownership, there's 20 people there. There's 20 people that want to sign up to become a worker-owner, because we explain to them, the dividend is only part of it. The fact that you're going to be owning the company and being able to participate in the company and be able to have an open-door policy and be able to come into your company, and you're going to be treated well – it does make a difference.

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**NOTES:**

- <sup>1</sup> See Kasmir, Sharryn, *The Myth of Mondragon: Cooperatives, Politics and Working-Class Life in a Basque Town* (Albany: SUNY Press, 1996) and Kasmir, Sharryn, "Can Worker Cooperatives Save American Manufacturing: A Conversation with the Steelworkers' Rob Witherell," *Regional Labor Review* (Fall 2010): 10-15.
- <sup>2</sup> Franklin, Noah, Chirag Bhatt & Fangye Zhao, "Worker Cooperatives in New York City: A Model for Addressing Income Inequality?" *Regional Labor Review* (Spring/Summer 2014): 10-19.
- <sup>3</sup> See for example: Broughton, Anne Claire, "What Are My Hours? How Reliable Scheduling Can Boost the Bottom Line," *Forbes* (6/1/2016); Flanders, Laura, "How America's Largest Worker-Owned Cooperative Lifts People Out of Poverty," *Yes Magazine* (8/14/2014); Rieder, C., et al., "Too Few Good Jobs? Make Bad Jobs Better," *Huffington Post* (10/9/2012).
- <sup>4</sup> In *Home Care Association of America v. Weil*, the US Supreme Court declined to hear an employer challenge to the 2015 Obama Administration effort to extend basic labor protections like overtime pay and the minimum wage to home health aides.

# Black Youth Joblessness in Urban America: New Findings on a National Disgrace

by Robert Cherry

With the recent protests in Milwaukee and several other cities over police killings of young African American men, new attention has been focused on urban racial differentials in residential concentrations, poverty and underemployment. This article draws upon a large national census data set to document intercity racial and ethnic differences in the fractions of young men without jobs in the years since the 2008-09 Great Recession. The findings show pervasive high national joblessness of young black men that goes well beyond just deindustrialized cities.

Annual 2010 to 2014 employment data from the Census Bureau's American Community Survey was gathered for non-institutionalized men, 20 to 34 years old, in 34 major US cities. Five-year pooled samples provide adequate sample sizes for each city to make reliable statistical estimates. The calculations in the table below show that, over this five-year span, the average rate of black joblessness or nonemployment (1 minus the employment/population rate) across these cities was, at 39.3 percent, nearly twice the rates of whites (22.3 percent) and Latinos (22 percent). In New York City over this period – a time of rapid citywide job growth – 41.6 percent of young black men were without jobs, compared to 22.7 percent of young whites and 29.1 percent of Hispanics.

The findings paint a particularly grim picture for black men in Midwestern industrial and Mid-Atlantic cities. The highest black jobless rate (58.2 percent) was in Detroit, whose bankrupt economy also left the highest fraction of young whites (42.8%) without employment. In Milwaukee, 54 percent of young African Americans had no job, compared to the far lower rates of 17 and 26 percent, respectively, of the city's white and Latino young men. Like Detroit and Milwaukee, Chicago, Cleveland, Milwaukee, Philadelphia, Baltimore, and DC, all had black jobless rates above 45 percent.

Black joblessness in southern and western cities was modestly lower: down as low as 31.7 and 23.3 percent in Dallas and Seattle,

respectively. Thus, weak labor markets cannot be the most important reason for such high black jobless rates so that simply expanding employment opportunities would likely have only a modest effect on the jobless rates of young black men.

Of course, these youth nonemployment rates may reflect in part differences in labor force participation and in college enrollment. But with higher enrollment rates among whites than African Americans, the role of school enrollment seems limited to the very youngest age 23 and under. One-sixth of non-institutionalized young black men have either no high school degree or no more than a high school equivalency degree (GED). Almost two-thirds of less-educated young black men, 25 to 29 years old, were jobless in 2010. There were more black men in this age group who were incarcerated than gainfully employed. However, the city data presented here indicate that the scourge of joblessness goes well beyond less-educated young black men and should be a national public policy priority.

The black joblessness data has direct ramifications for the black family. Kathryn Edin has linked this joblessness to the break-up of relationships leading to the “father-go-round” where black mothers enter sequential relationships with black men. While in her previous work, Edin pointed to the irresponsibility and infidelity of the male partners as the major causes for these break ups, the outcome is multi-partner fertility: a growing share of black mothers having children with more than one partner. Once biological fathers move out, a large percentage abandons their children left behind. Research documents the particularly harmful effects abandonment has on boys.

As these men enter into new relationships they tend to father additional children. Often these men are caring to their new children but are harsh with the children that their new partners had with other men. Statistics indicate that the rate of child maltreatment is three times higher for mothers living with a partner who is not the father of all her children than if she is without a partner. This contrast is particularly strong among black families. Without

## Male Joblessness, 20 to 34 Years Old, by Race and Ethnicity (2010-14)

	Jobless Rates				Jobless Rate Ratios			Black Share	
	Total	White	Black	Hisp	B/T	B/W	B/H	All Men	Jobless
<b>Atlantic</b>									
Boston	25.3	19.9	33.5	28.7	1.32	1.69	1.17	15.2	20.0
New York	29.7	22.7	41.6	29.1	1.40	1.83	1.43	19.3	27.1
Philadelphia	39.4	31.6	49.5	39.5	1.25	1.57	1.25	33.2	41.7
Baltimore	33.6	21.6	45.3	14.8	1.35	2.09	3.06	51.0	68.6
District of Col	26.7	15.2	47.1	19.2	1.76	3.10	2.45	32.5	57.4
<b>Industrial MW</b>									
Pittsburgh	29.4	24.4	46.0	21.3	1.56	1.89	2.16	15.1	23.7
Cleveland	37.9	23.9	51.7	31.8	1.36	2.17	1.63	45.6	62.3
Detroit	53.3	42.8	58.2	26.4	1.09	1.36	2.21	77.2	84.3
Chicago	26.7	16.3	50.1	22.1	1.88	3.07	2.27	22.6	42.5
Milwaukee	32.5	17.5	54.4	26.1	1.67	3.12	2.08	32.5	54.4
<b>Other MW</b>									
Columbus	21.4	18.7	36.1	14.1	1.69	1.93	2.56	15.2	25.7
Cincinnati	25.5	20.0	39.3	20.8	1.54	1.96	1.88	25.1	38.6
Indianapolis	24.9	21.6	40.0	15.0	1.61	1.85	2.68	23.0	37.0
St. Louis	30.8	20.7	43.6	24.2	1.42	2.11	1.80	34.7	49.2
Kansas City	20.2	17.2	31.3	18.4	1.55	1.82	1.70	16.4	25.4
Minn-St. Paul	21.4	16.0	36.7	15.9	1.71	2.30	2.31	12.8	22.0
Oklahoma City	19.7	18.5	30.0	10.0	1.52	1.62	2.99	10.0	15.2
<b>South</b>									
Atlanta	28.5	20.9	36.5	19.3	1.28	1.74	1.89	41.4	52.9
Charlotte	20.0	15.5	35.2	9.7	1.76	2.27	3.63	26.9	47.3
Jacksonville	24.0	20.2	35.2	15.6	1.47	1.74	2.26	26.8	39.4
Miami	28.4	23.5	50.8	25.1	1.79	2.16	2.02	13.4	24.0
Memphis	30.4	23.7	37.6	13.3	1.24	1.59	2.82	51.8	64.2
New Orleans	31.7	20.5	42.1	14.9	1.33	2.06	2.83	48.7	64.7
Dallas	18.2	16.6	31.7	12.9	1.74	1.91	2.45	17.2	30.0
Houston	20.1	18.7	33.2	14.9	1.65	1.77	2.22	17.4	28.7
San Antonio	25.6	18.8	32.3	21.5	1.26	1.72	1.50	7.1	10.6
<b>West</b>									
Denver	18.6	14.5	30.0	21.0	1.61	2.07	1.43	8.1	13.0
Phoenix	27.0	23.4	38.2	29.1	1.41	1.64	1.32	7.4	10.5
Las Vegas	24.6	25.3	41.9	18.5	1.70	1.65	2.26	11.0	18.7
Los Angeles	26.1	26.0	40.5	22.2	1.55	1.56	1.82	7.4	11.5
San Francisco	19.5	13.0	38.0	21.3	1.95	2.91	1.78	3.7	7.2
Portland	25.6	24.5	37.5	21.5	1.46	1.53	1.74	5.2	7.6
San Diego	23.2	20.5	26.5	24.8	1.14	1.29	1.07	5.9	6.8
Seattle	18.1	15.2	23.5	15.9	1.30	1.55	1.48	5.8	7.6
<b>National</b>	<b>24.8</b>	<b>22.3</b>	<b>39.3</b>	<b>22.0</b>	<b>1.58</b>	<b>1.76</b>	<b>1.79</b>	<b>12.2</b>	<b>19.2</b>

Source: American Community Survey, microdata from IPUMS, 5-year pooled sample 2010-14, provided by Economic Policy Institute.



partners, there are higher child maltreatment rates among white than black mothers. By contrast, when partners are present, the black rate is more than double the white rate on all three categories of maltreatment.

My recently published study with Chun Wang verified that male joblessness is strongly linked to child maltreatment. We analyzed state-level data, 2000-12, and found that for each one percent the male jobless rate increased, the overall child maltreatment rate increased by almost one percent. Given the racial differential jobless rates, this goes a long way to explain the racial disparities in child maltreatment rates.

Due to employment disparities, the black share of jobless young men is much higher than their share of all young men. For example, in Chicago the black share of all young men equaled 22.6 percent while their share of jobless young men equaled 42.5 percent. In many cities, the black share of jobless men exceeded 40 percent. When black young men make up such a high proportion of the jobless, negative racial stereotyping may be reinforced such that African Americans' problems with employers and police are intensified.

Disproportionately high black jobless rates seem to clearly follow from these unfavorable stereotypic attitudes of employers and racially biased policies. This is certainly the case in Milwaukee, where employer biases and biased transportation policies explain a significant portion of the racial jobless disparities. However, these large disparities are also an index of the social isolation of young black men. Often living in high-poverty-concentration neighborhoods, young black men have very deficient networks of contacts that can recommend them for decent jobs. Unfortunately, the labor market for less-educated workers is strongly influenced by these networks. In addition to direct discrimination, this lack of social networks may also help to explain why young black men have substantially higher rates of joblessness than even Latinos.

The importance of these networks was vividly illustrated in the movie *Gran Torino* when the Clint Eastwood character befriended his Hmong teenage neighbor. Wanting to help the boy gain employment, Eastwood contacts a friend who has a salvage company. Grooming and prepping him on how to look and what to say, the boy is hired. This suggests that even when employers have no racial animus, if they rely on personal networks, few black young men will be hired.

What can be done about this state of affairs? Twenty years ago the answer would have been to increase teen employment where disadvantaged youth would get the spending money that they need and the interpersonal skills that would aid them in gaining long-term employment. Over the last two decades, however, teen employment rates have plummeted, particularly for black youth, so that this is no longer a viable strategy.

As a result, many advocates favor improving college access with the hopes that many of these young men will attain college

degrees. Despite substantial expenditures, the majority of these young men do not gain community college degrees, let alone four-year degrees. My own belief is that more attention should be paid to certificate programs that range from eight weeks to fifteen months, particularly those offered by the public sector or the best-practices for-profit colleges. These programs enable students to avoid the remediation hurdles they experience in the community colleges and provide success markers in a shorter period of time; successes that can be built upon. The most important point is that we must take more seriously the employment problems faced by young black men and look beyond traditional academic attainment as a solution.

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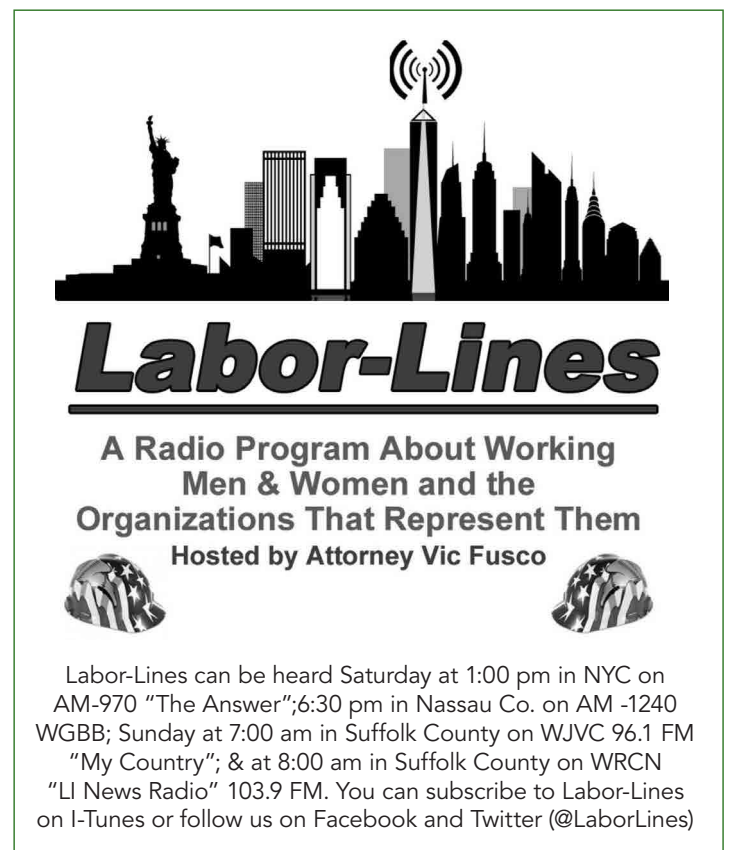
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## Election-Year Contests Over Globalization and Inequality: Snapshots of Local Labor Activities in 2016

Immigration, offshoring of jobs and wage stagnation were major issues throughout the 2015–2016 Presidential and Congressional election campaigns. Following a year in which unprecedented activism by fast-food workers (many of them foreign-born women) and their union allies won new laws for higher minimum wages and paid leave in New York and other states, Verizon workers waged a successful six-week strike last spring to combat the outsourcing of thousands of jobs. Public debates over these and related job developments and policy proposals to address them both energized and polarized young voters on campus and off.



1. When Verizon demanded the right to increase outsourcing of union jobs and major health insurance concessions from its Verizon Wireless employees last spring, over 39,000 workers responded by going on strike April 13th. The Communications Workers of America and the International Brotherhood of Electrical Workers organized leafletting and picket lines at Verizon Wireless retail outlets as well as “flying pickets” – small groups who picketed non-union workers in the field on Verizon service calls. The 45-day strike won national attention and a 4-year contract widely seen as a union victory. The company agreed to add 1,300 unionized call center jobs, raise pension benefits and raise wages 10.9% over the life of the contract. Photo credit: Communications Workers of America.



2. The Labor Day Parade up Fifth Avenue in Manhattan drew thousands of marchers and onlookers on September 10th, including members of Actors Equity (above photo). Many unions used the opportunity of marching past Trump Tower to highlight their endorsement of pro-union candidates and policies in the election campaign. Photo: NYC Central Labor Committee & Michel Friang.



3. 2015 was the 50th anniversary of a law that helped reshape the U.S. population: the 1965 Immigration (Hart-Cellar) Act that abolished the ethnocentric national origins laws of the 1920s that limited admissions mostly to northern and western Europeans. The resultant growth in our foreign-born Asian and Latin American populations has sparked controversy, never more so than during the recent election season. On October 14th, Hofstra’s Labor Studies Program hosted a forum on “Immigration and New York’s Future: 50 Years After a Landmark Law.” Featured speakers were Walter Barrientos (above photo), regional coordinator of the community action organization Make The Road NY, and Dr. Tarry Hum of Queens College, author of a new book on immigrant Brooklyn, *Making A Global Immigrant Neighborhood*.





Linda Houser



4. Balancing the time demands of jobs and home life is nowhere more difficult than in the U.S. – the only advanced economy that does not require employers to offer paid vacation or parental leave. As more women build full-time careers and as baby boomers pass retirement age, essential care work for children, the elderly and disabled has increasingly shifted to the market and become fast-growing job sources. On Equal Pay Day, April 12th, Hofstra's Labor Studies and Women Studies Programs hosted a forum on "Chore Wars! Work-Life Balance Solutions." Featured Speakers were: Dr. Linda Houser (Widener University), author of research studies on recent paid-leave laws; Trillium Fox, Talent Development Principal at CA Technologies; and Michael Elsas, CEO of worker-owned Cooperative Home Care Associates (see our interview with him in this issue). Hofstra's new Provost, Dr. Gail Simmons, introduced the event.



Gail Simmons



5. 2016 Equal Pay Day speakers and event organizers at Hofstra: from right, Karyn Valerius (Hofstra Women's Studies Director), Maura Mills (Hofstra Labor Studies and Psychology Dept.), Provost Gail Simmons, Michael Elsas, Trillium Fox, Linda Houser and Gregory DeFreitas (Labor Studies & CLD Director).

Photo credits: Regional Labor Review

## A Future of Hollow Democracy For Jobless Workers?

Robert McChesney and John Nichols, *People Get Ready: The Fight Against a Jobless Economy and a Citizenless Democracy* (Nation Books, 2016).

Reviewed by Russell Harrison

For years now in classes, in my writing, I've been banging on about the time having come when we could all sit around, guaranteed an income by the state. Friends laughed, found it impractical, altruistically asked, but what will (other) people do, they asked. Not, mind you, what would *they* do. On this account they had no fears. Maybe they'll sit around all day drinking beer and watching the game. ("So what?" I would say, "It beats working.") I pointed out that support had existed among the most orthodox (neo-liberal) mainstream circles, most notably Milton Friedman and Richard Nixon (more and more ironically looking, even to Noam Chomsky, like our last liberal president. And finally, in a way, surfacing in its mirror image, the drive for a raised minimum wage, soon to morph into the demands for a living wage and then metamorphosing into the demand for a guaranteed annual income (GAI).

Nowhere, however, is there a discussion of the quality of the job itself. In a sense then, the current debate of jobs/the job/ minimum/ living wage lags behind the discussions of the 1960/1970s "Lordstown era" worker unrest and the Anarchist debates of the 1860s and of the Spanish Civil War 60 years later. Perhaps the following quotation, from Kropotkin, best sums up the anarchist position: "The truly lazy individual is extremely rare. The so-called idler .... is often only a person to whom it is repugnant to spend life making the hundredth part of a watch while in possession of exuberant energy to expend elsewhere" (Avrich 65).

While the 19th-century discussions lag in some ways between contemporary ones, it is the fact that they are now taken more seriously that is important. One does wonder why that central issue – the quality of the job – is so little debated. Several thoughts come to mind. First of all, the people who write and publish and talk about job quality, for the most part, don't have such types of jobs. I, for instance, teach and write. Ditto for most my friends and colleagues. And it is not that others have no interest in other people's jobs; the success of Studs Terkel's *Working: People Talk about What They Do All Day and How They Feel about What They Do* indicates such an interest. I would go out on a limb and say that most people have horrible jobs. Unpleasant as this fact may be, it is the plain truth. And because most people's alternatives in this the most materially important realm of everyday life are severely limited, one prefers denial, one of the most common defense mechanisms. The thought also arises that the more material aspects of work (wages, hours, job security) more readily lend themselves to analysis. So be it.

In this essay, I focus on the part of the book that deals with technological job loss, less with the politics noted in the second part of the subtitle. In a word or so, the more political part of the book travels the well-worn path of the power of money in politics after the Supreme Court's *Citizens United* decision. The authors derive the impotence of the ordinary citizens to mobilize effectively as stemming from politicians' promising their support of a measure beneficial to a majority of the people only to have the politician, once elected, perform a volte face and abandon his support for the issue.

"It bakes in cynicism about politics and about what is possible in a democracy – signaling that the fundamental issues really are off the table. This is the means by which unelected bankers and billionaires most effectively and steadily define the popular discourse, placing issues of concern to their bottom lines out of reach for the great mass of citizens. Then, the elites need only convince a handful of policy makers who are for reasons of campaign finance eternally beholden to them. The bigger the issue, invariably, the more 'off limits' it is." (139).

What do the authors suggest as a vehicle for change? Their answer, and it seems to me a good one, is to initiate something like a new constitutional convention. It has the appeal that those among its proponents are represented across the left-right spectrum. Let the formal politics lie where it may

Fortunately, they have written a book that splendidly summarizes the issue of job loss in the most global sense of all work lost due to automation. (I use this term to also include robotization, computerization and artificial intelligence.) While "it is impossible for most of us to conceive of a society without jobs," they write, "it is not frivolous to ask whether there will be anywhere near enough jobs to provide employment for all the peoples who require incomes, and whether the wages and conditions of the jobs that exist will be remotely close satisfactory for a credible economy or a democratic society." (43)

The authors maintain that recent accelerated technological progress has been like no other and thus represents so great a change that it becomes a change in kind, i.e., a change in quantity becomes a change in quality. These changes have already caused problems in that millions of jobs have been technologized out of existence. To take a random example from the book: The increasing size of the reserve army of the unemployed has now become so all-engulfing that, especially for the young, "informal work, or freelancing already



accounts for around one third of the US workforce, fully 53 million workers” (71). Newsweek “characterized young Americans as ‘Generation Screwed.’” Some writers have advanced the thesis that technology has become so productive that there is no longer need to work; or that the amount of human labor necessary for the production of a suitable standard of living Understandably enough, then, the idea of a guaranteed annual income, unrelated to work, has once more surfaced. I say once more because it was a concept that had been seriously discussed in the 1960s, but with much less support.

That it had been seriously discussed is evidenced in a 14-page memorandum of March 22, 1964 to President Lyndon Johnson. Signed by current and future Nobel Prize winners Linus Pauling and Gunnar Myrdal as well as the publisher of *Scientific American*, warned the President that:

“As machines take over production from men, they absorb an increasing proportion of resources while the men who are displaced become dependent on minimal and unrelated government measures – unemployment insurance, social security, welfare payments. These measures are less and less able to disguise a historic paradox: that a growing proportion of the population is subsisting on minimal incomes, often below the poverty line at a time when sufficient productive potential is available to supply the needs of everyone in the United States” (80).

The memo called for a guaranteed basic income for all Americans – not based upon one’s labor – to solve the problem” (80).

As I said earlier, over the years whenever I would push these ideas to students or to colleagues, they would smile indulgently – if that. The idea seemed so obvious and yet there was all this passive resistance. I could never figure it out. Over the last few years some countries have taken up the idea: Brazil, Canada, Finland, the Netherlands and India (*Financial Times*, 6/5/2016) The FT writer noted that “Once the preserve of radical economists, the idea of governments providing basic incomes has moved into the political mainstream in recent years.

The reaction on the left was twofold, and quite interesting. One camp reacted positively. After all it would produce a great redistribution of wealth as the rich would be taxed, in large part, to support the program. But there was also strong negative criticism from the left. Paul Sweezy and Leo Huberman argued that:

“Our conclusion can only be that the idea of unconditionally guaranteed incomes is not the great revolutionary principle that which the authors of ‘The Triple Revolution’ [the title of the memo] evidently believe it to be. If applied under our present system, it would be, like religion, an opiate of the people tending the status quo [and] far from igniting an era of regeneration, it would merely tend to dull the sense of anger and outrage, which is the natural human reaction to a society as corrupt as ours. Instead, they call for socializing the economy so that the surplus generated by automation was controlled by society as a whole, not by the owners of a handful of large corporations.”

Filtering out the differences of linguistic register, Sweezy and Huberman seem to be saying that the imposition of a guaranteed basic income would dull any radical transformative tendency. People would sit around drinking beer all day and watching the game. I would incline to a more Brechtian stance: “Erst kommt das Essen, Dann kommt die Moral.” It certainly is an area calling for much discussion.

An interesting test of the guaranteed income idea came recently. A referendum initiative for a guaranteed income was soundly rejected in Switzerland when a mere 23% voted for it. I think the Swiss reaction will be seen to have been an outlier. But there is a more global answer in the advanced industrial countries as to why the concept has now become *salonf*. Today, it is the global middle class as well as the working class that needs support, since their higher education was not high enough anymore.

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*Russell Harrison is a Special Assistant Professor in the Writing Studies and Composition Department at Hofstra University.*

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# CALENDAR

## Local & National Events: Fall 2016

### NY METRO

**Sept. 10, 2016** – NYC Labor Day Parade. Starts 11 am, at 44th St. & 5th Ave., Manhattan.. For directions or other info. visit: [www.nycclc.org](http://www.nycclc.org).

**Sept. 14** – Labor & Employment Relations Association of Long Island Meeting. Starts 6 pm, at Bonwit Inn, Commack.. For directions or other info. call: 516/746-9307, or visit: [www.lilera.org](http://www.lilera.org).

**Oct. 26** – Day of Dialogue XI: Daylong debates and performances on a wide range of current local, national and global issues. At Hofstra University, 9 am – 10 pm. For detailed schedule of panels and speakers, visit: [www.hofstra.edu/cce](http://www.hofstra.edu/cce), or contact Prof. Aashish Kumar: [Aashish.kumar@hofstra.edu](mailto:Aashish.kumar@hofstra.edu).

**Dec. 10** – Human Rights Day. Series of candle-light vigils and other events focused on child labor and sweatshop abuses. For info. visit websites: [www.hrw.org](http://www.hrw.org) and [www.iglhr.org](http://www.iglhr.org).

**Dec. 14** – Labor & Employment Relations Association of Long Island Meeting. Starts 6 pm at Davenport Press, Mineola. For directions or other info. call: 516/746-9307, or visit: [www.lilera.org](http://www.lilera.org).

### NATIONAL

**Jan. 6-8, 2017** – Annual National Meetings of Labor & Employment Relations Association (LERA) at ASSA Meetings, Chicago, IL. For info. call: 608/262-2762, or visit [www.leraweb.org](http://www.leraweb.org)

**June 1-4, 2017** – LERA 69th Annual Meeting, in Anaheim, CA. For info. visit [www.leraweb.org](http://www.leraweb.org).

### RELEASE DATES FOR MONTHLY LABOR MARKET INDICATORS

2016 RELEASE DATE	NATIONAL			REGIONAL	
	U.S. Employment & Unemployment	Job Openings & Turnover	Real Earnings	NYC/LI Metro Jobs Count	NYC/LI Metro Unemployment
SEPT	2	7	16	15	20
OCT	7	12	18	20	25
NOV	4	8	17	17	22
DEC	2	7	15	15	20

Sources: National Statistics – U.S. Bureau of Labor Statistics (BLS): *The Employment Situation; Job Openings and Labor Turnover (JOLT); Real Earnings; and Metro Area Employment & Unemployment*. <http://www.bls.gov>

NY State and Local Statistics – NY State Dept. of Labor: Monthly Press Release. <http://www.labor.state.ny.us>.

### NOTE TO READERS:

If you know of upcoming labor-related meetings or conferences, collective bargaining contract expirations or renewals, or other events you would like considered for our next Calendar, please send us a brief description, together with the time, place, contact person, and their telephone number. Either fax this information, with a cover sheet addressed to Regional Labor Review, to fax # **516-463-6519**; or email us at: [laborstudies@hofstra.edu](mailto:laborstudies@hofstra.edu).

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