#### DATA BRIEF

## **CERTAIN UNCERTAINTY:**

Low Wages and Unpredictable Hours Keep Philadelphia Hourly Workers in Poverty







This data brief was written by Maggie Corser. It was edited by Salewa Ogunmefun and Cecily Harwitt (One Pennsylvania); Elianne Farhat and Rachel Deutsch (Center for Popular Democracy).

#### ABOUT THE CONTRIBUTORS



**The Center for Popular Democracy (CPD)** works to create equity, opportunity and a dynamic democracy in partnership with high-impact base-building organizations, organizing alliances, and progressive unions. CPD strengthens our collective capacity to envision and win an innovative proworker, pro-immigrant, racial and economic justice agenda.

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**Fair Workweek Initiative,** a collaborative effort anchored by CPD, is dedicated to restoring family-sustaining work hours for all working Americans. We partner with diverse stakeholders to advance an integrated set of strategies that include policy change, workplace-based demands and high road employer advocacy.

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One Pennsylvania (One PA) is a multiracial, intergenerational and multi issue statewide membership organization. Our members are workers, students, parents, seniors, people with disabilities, and retirees who are excited to learn, collaborate, and build power together. One PA works alongside a broad coalition of labor, faith, and students' organizations who look like us, fight like us, and build with us in geographies where we are and where we are not. At One PA we tackle the fundamental economic justice and political participation problems of our state.

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### **Certain Uncertainty:**

# Low Wages and Unpredictable Hours Keep Philadelphia Hourly Workers in Poverty

#### Introduction

Today a majority of working people in the United States—three in five workers—are paid by the hour.¹ People working hourly jobs have little to no input in their hours and very few workplace protections. A significant and growing number of working people face volatile hours, short-notice shift changes, and unpredictable work schedules. Part-time and hourly jobs often have low wages and fluctuations in both the timing and number of work hours, which hinders people from earning enough to support themselves and their families. When parents and caregivers have variable work hours, whole families are impacted and often struggle to meet basic expenses and to schedule important things like childcare, doctor's appointments, or family meals.

These challenges are especially pronounced for workers in the service sector, particularly those working in retail, food service, hospitality, and janitorial positions. The service sector makes up nearly 20 percent of Philadelphia's local economy—employing more than 68,000 retail workers and more than 64,000 people working in recreation, accommodation, and food service.<sup>2</sup>

Despite having jobs, many of Philadelphia's workers receive low wages that make supporting a family very difficult. **Nearly half of Philadelphia's households earn less than \$35,000 a year.** That stands in stark contrast to the national median household income of \$59,000 a year. The wages are even lower in hourly and part-time service-sector jobs which can range from \$19,000 to \$25,000 a year. In light of this, it is unsurprising that Philadelphia has the highest rate of poverty in the country with 26 percent of the city's residents living in poverty. Poverty rates spike to more than 40 percent among single female-headed households with children.<sup>4</sup>

As working people struggle to support their families, the challenges already inherent for people earning low wages are being compounded by the growing problem of unpredictable work hours and a lack

of full-time work. Women and people of color make up a disproportionate share of hourly and part-time workers and, as a result, face high rates of income volatility and poor job quality. In the wake of the Great Recession, many service sector employers have shifted to a business model that relies on maintaining a large pool of part-time hourly workers to flex up to meet spikes in demand. That means more than five million Americans nationally (and 230,000 workers in the state of Pennsylvania) want full-time work but can only find part-time jobs. That is nearly double the number in 2007, despite signs of an economic recovery.

While municipalities around the country are taking important steps to raise the minimum wage, many working people still cannot secure enough reliable hours to support their families. Existing workplace protections do not address this crisis of under-employment and the volatile schedules which can contribute to increased levels of poverty among working people. Public policy has not kept up with the realities of the today's workweek and has failed to protect working families by ensuring equitable, stable work schedules that provide adequate hours. Updating workplace protections will benefit a large share of the local workforce—in Philadelphia one in four workers is part-time and more than 130,000 working people are in the service sector jobs most impacted by unpredictable, variable work hours. Fair Workweek standards have gained momentum as policymakers around the country, including San Francisco, Seattle, New York City, San Jose, Washington DC and Oregon, have enacted new workplace protections. These policies are designed to give working people access to family-sustaining wages and stable work hours.

#### **Part-Time and Hourly Work**

People working part-time jobs often have lower wages, fewer or no benefits, less stability in their income and work hours, and, as a result, higher rates of poverty than families with full-time workers. According to a nationally representative survey of early career professionals, **41 percent of hourly workers** receive their schedules less than one week in advance and 83 percent of hourly part-time workers reported weekly work hours that fluctuated in the past month.<sup>6</sup>

#### **Lower Wages and Less Hours: The Part-Time Penalty**

On average, a person working part-time earns half what a full-time worker receives in hourly wages. This is compounded by the fact that part-time workers receive about half as many hours as full-time workers which results in significantly lower earnings. Many part-time workers have schedules and hours that vary from week to week. In fact, on a weekly basis, their hours vary 2.5 times more than full-time workers. In addition to diminished earnings and lower wages than full-time workers, a "part-time penalty" often prevents working people from access to benefits like healthcare and retirement, as well as opportunities for career advancement. Manual supportunities for career advancement.

#### **Alicia Hamiel**



Philadelphia, PA McDonald's Employee

My name is Alicia Hamiel and I am a mother of two young children: a curious two year old and a growing eight month old baby. I am pursuing a Bachelors degree in early childhood education and psychology, and I've worked at McDonald's for six years.

As an hourly worker I am often forced into making the impossible choice between being present for my sons and providing for them financially. Every weekend my schedule is posted for the upcoming Monday through Sunday—that is just a day or two notice! These last minute work

#### **High Poverty Rates**

Despite the fact that many people working part-time want full-time hours, many are unable to get enough work from their employers. The dramatic differences in the poverty rates among full and part-time workers, especially those with children in the household, underscores the importance of working people getting enough hours each week. According to U.S. Census Bureau data, when a household has at least one full-time year-round earner, the poverty rate among those families is five percent. Among families without a full-time worker, but at least one parttime worker in the home, the poverty rate spikes to 43 percent.<sup>11</sup> In female-headed households with one full-time worker, the poverty rate is 11 percent.<sup>12</sup> In female-headed households with only one part-time/part-year worker, the poverty rate climbs to 55 percent.<sup>13</sup> Within African American and Hispanic households with one part-time/ part-year worker, poverty rates are over 40 percent.14

#### **Alicia Hamiel** (continued)

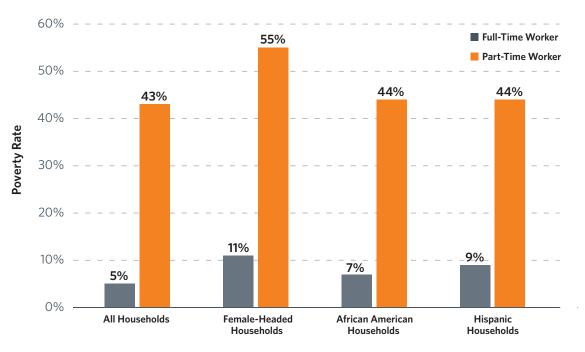
schedules make finding childcare incredibly difficult and mean my only reliable and affordable provider is my mother. When she's unavailable to care for my sons I simply cannot go to work. Knowing farther in advance what hours I'm working would allow me to plan better for my children ensuring they can keep to a routine that allows them to grow into intelligent, strong, young men.

My schedule fluctuating between 13 hours and 30 hours per week has made financial planning impossible. These work hour variations cause my bi-weekly pay to change drastically as well. When I receive the 40 hour week I was hired to work, I can take home upwards of \$400 on a pay check, but when my hours are cut back I've taken home as little as \$98. That forces me to borrow money to buy diapers, baby food, and make sure my children have clean clothes and a roof over their heads.

I need advance notice of my schedule and access to additional hours to ensure I can provide the best possible life for my children.

#### Poverty Status Among Full and Part-Time Workers, By Gender and Race

Source: U.S. Census Bureau, Current Population Survey, 2017 Annual Social and Economic Supplement



**Work Status** 

#### **High Numbers of Involuntary Part-Time Workers**

There is a significant and growing number of people working part-time who would prefer to work full-time but cannot secure enough hours. The number of involuntary part-time workers doubled following the Great Recession and, despite the economic recovery, those numbers persist. This uneven recovery has especially impacted people of color. One in five Black workers and one in six Hispanic workers are either unemployed or underemployed. The Black unemployment rate is still nearly twice as high as the white unemployment rate. According to a national Federal Reserve survey, even among people who are employed, 36 percent of all workers and 49 percent of part-time workers would prefer to work more hours.

#### **Key Industries**

The majority of working people who experience unpredictable hours and schedules are concentrated in low-wage service sector jobs including retail, hospitality, restaurant, and janitorial services.<sup>19</sup> These industries employ particularly high rates of part-time and hourly workers and the numbers have only grown since the Great Recession. This shift towards part-time and precarious work has come at a high cost to the growing number of working people who receive fewer benefits, lower wages, and variable hours and income. Many workers in these industries would prefer to work full-time but cannot secure enough hours.<sup>20</sup> As the service sector has shifted towards a part-time workforce, this has led to persistent underemployment, especially among communities of color who are disproportionately represented in low-wage service sector positions.

#### **Madison Nardy**



Philadelphia, PA Target Employee

I've worked at Target for a year and a half. When I asked to reduce my hours so I could go back to school, they got cut way more than I wanted. Between going to school and caring for my family, my availability is set for three days per week and, even though I've asked over and over again for eight hour shifts on those days so I can get 24 hours per week, I usually get less than 20. I cannot afford to live on less than 20 hours a week. I can't pay for my transportation to and from work. I've been late on my bills. I don't have money for food. I have to go to my mom's house and ask her to make me something. I have to scrounge. I call my boyfriend to borrow \$20 for groceries.

At the same time, they don't have enough people on the floor so they are always telling me to do things that aren't my job. They tell me over and over again to hurry up. The anxiety never stops. There are never enough hours in the day. When I'm at work and they tell me to do so many things, I get so stressed that I get panic attacks. If I had a stable schedule, I would actually be able to afford to live. I could buy my own food and pay for my own transportation. Maybe I could even save something! I would also get to do things like study and have dinner with my family. That's why my coworkers and I all need fair and regular hours.

#### **Pennsylvania's Hourly and Part-Time Workforce**

**Workers Paid by the Hour:** 3.5 million people—57 percent of the total employed workforce—are paid by the hour.<sup>21</sup>

- Among the nearly 3 million working women in the state, 62 percent are hourly workers.<sup>22</sup>
- Among hourly workers, women earn 83 cents to the dollar to male hourly workers in the state.<sup>23</sup>

**Part-Time Work:** Pennsylvania has a sizable part-time workforce with over 1.6 million people working less than 35 hours each week.<sup>24</sup> People working part-time in the state are:

• More likely to be living in poverty: the Census Bureau estimates that 160,000 people or 10.3 percent of Pennsylvania's part-time workers are living in poverty.<sup>25</sup> By contrast, only 3 percent of the state's full-time workforce lives in poverty.

- Disproportionately African American and women: Despite making up 10 percent of the total workforce in Pennsylvania, 29 percent of African Americans are part-time workers.<sup>26</sup> Women make up 63 percent of part-time workers—they are twice as likely as men to work part-time.
- Often want full-time work but cannot secure it: Over 230,000 part-time workers in Pennsylvania are involuntary part-time. This means they are working less than 35 hours but would prefer to work full-time. Often these workers hours are cut or they are unable to find a full-time job.<sup>27</sup>
- Primarily adults over the age of 20: Nearly 90 percent of the part-time workers are 20 years old or older. While it is often assumed that most part-time workers are students or younger workers, only 11 percent of the part-time labor force in Pennsylvania is 16-19 years old.<sup>28</sup>

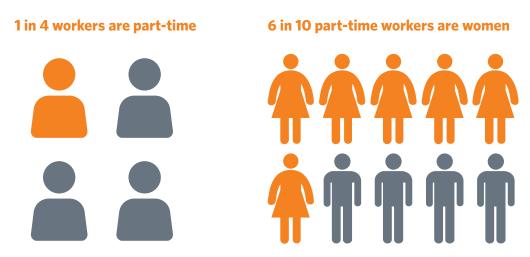
Despite making up **10 percent** of the total workforce in Pennsylvania, **29 percent** of African Americans are part-time workers.

#### **Philadelphia**

Philadelphia has a large number of part-time workers in low-wage service sector jobs. Based on the data outlined below, it is clear that Fair Workweek policies to ensure family-sustaining wages have the potential to impact a broad cross-section of the city's workforce.

#### **People Working Part-Time in Philadelphia**

One in four people working in Philadelphia is a part-time worker.<sup>29</sup> Consistent with national trends, women and people of color make up a significant share of this workforce. In Philadelphia, women are more than 60 percent of part-time workers. Forty percent of part-time workers are African American and twelve percent are Latino.<sup>30</sup> While detailed city level is not available, nationally, part-time workers are more than four times as likely to be in poverty as full-time workers.<sup>31</sup>



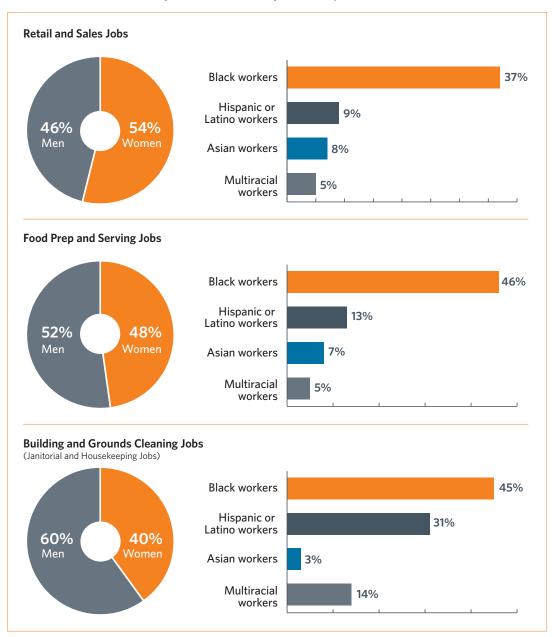
Source: U.S. Census Bureau, American Community Survey, 2011-2015, Philadelphia City, Pennsylvania

#### **Key Service Sector Occupations**

In Philadelphia, the service sector makes up nearly 20 percent of the local economy. The city's service sector employs more than 68,000 retail workers and more than 64,000 recreation, accommodation, hospitality, and food service workers. These occupations are at an especially high risk of both fluctuating and unpredictable work hours. According to University of Chicago Professor Susan Lambert "90 percent of food service workers and 87 percent of retail workers report that their hours varied in the past month [...] Such large swings in hours and earnings may be compounded by high rates of short notice, as 50 percent of retail workers and 64 percent of food service workers know their schedule a week or less in advance." Moreover, the study finds that for half of janitors and housekeepers, their employer decides the timing of their work with no input from the workers themselves. While more data is needed to gauge the precise local impact, it is likely that, consistent with national trends, a large number of Philadelphia's service sector workers experience unstable schedules and fluctuating hours.

In Philadelphia there is a combined 122,000 people in food preparation, hospitality, retail sales, and building and grounds cleaning (i.e. janitorial and housekeeping) related occupations.<sup>34</sup> Women and people of color make up a significant share of these positions:

#### Percent Workers of Color, By Race and Ethnicity: Philadelphia



Source: U.S. Census Bureau, American Community Survey, 2016, Philadelphia City, Pennsylvania. 34

#### **Low Wages, High Poverty Rates**

Significant segments of the Philadelphia's workforce experience low wages and high rates of poverty. According to the most recent Census, 26 percent of people in Philadelphia live below the poverty line—this is the highest poverty rate among the country's largest ten cities. For single female heads of households with children under 18 years old, the poverty rate climbs to 41 percent.<sup>36</sup> Female-headed households with part-time and hourly workers can be especially vulnerable to under-employment and scheduling volatility. Short advance notice of schedules can interfere with family responsibilities. One study of mothers with retail jobs, who had limited advance notice of their schedules and frequent schedule changes at their job, found those mothers had difficulty planning for childcare.37

Many of Philadelphia's working people receive low wages which can make supporting a family very difficult. Nearly half of Philadelphia's households earn less than \$35,000 a year.38 Among people with hourly and part-time service sector jobs in Philadelphia County, the annual wages are even lower: the average annual salary among sales and related occupations is \$25,350. The average annual salary among food preparation and serving occupations is \$19,220.39 This is significantly less than the national median household income of \$59,000.40 This is consistent with national data on the service sector which finds that among working people living below the poverty line, 3 million are in service occupations.41 A full 38 percent of people

#### **Kingia Phillips**



Philadelphia, PA Walmart Employee

I've worked at the Walmart store in South Philly for four years prior to giving birth to my son. Since I was saving up for my first child I worked through my pregnancy, often doing the work of two people even at eight months pregnant. Since I was a long term employee, and they had seen me working so hard, I thought they'd allow me to adjust my schedule after having my baby. Unfortunately that didn't happen.

When I asked to change my hours so that I could work and take care of my child my hours were cut drastically. Without warning I went from 32 hours per week to eight - which cut my take home pay by 75%. When I reached out to my manager they told me that having a child was not an excuse to ask for my hours to be changed.

I need a fair work week so that I can spend time with my son and support my family. It's not right that my hours were cut when I asked for a schedule change, and now I need access to hours so I can buy the things my child needs.

classified as "working poor" are in service occupations.<sup>42</sup> The low-wages and poor job quality among service sector positions is further exacerbated by unstable schedules and under-employment.

#### **A Path Forward**

While more data is needed to fully understand the experiences of parents and students working hourly jobs in Philadelphia, it is clear that updating the city's work hour standards to match our modern workweek would benefit a large percentage of the city's working people. This would also be an important step to lifting Philadelphia's working families out of poverty. Ensuring access to a Fair Workweek in Philadelphia, including access to adequate hours and stable schedules, could benefit more than 130,000 workers in retail, hospitality, and janitorial occupations.

#### Notes

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