Thinking about meeting the challenges of New Jersey’s low wage, immigrant labor force
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Prepared for “Between Privilege and Poverty: Perspectives on New Jersey Disparities”
My research:

- Evaluating effectiveness labor enforcement and monitoring in low wage, immigrant-heavy industries... NJLWD study, exploring new paradigms
- New forms of organization among low wage immigrant workers
- Relationship between traditional labor movement and new forms
- Historical understanding of US labor’s debates regarding federal immigration policy
- Governor’s Blue Ribbon Panel
- Eagleton Program on Immigration and Democracy
Immigrants in New Jersey

In 2008, the foreign born are 20% of New Jersey’s total population. They were 17.7% in 2000 and 12.6% in 1990.

In 2005, the foreign born population represented 12.4% of US total population. It was 11.2% in 2000 and 7.9% in 1990.
• New Jersey’s population of 1.75 million foreign-born individuals in 2006 is the sixth largest in the nation, after California, New York, Texas, Florida and Illinois, and...

• Only two other States (California and New York) have a higher proportion of foreign-born population than New Jersey.
Top 3 countries of origin of the foreign-born in NJ

• India 9.7%
• Mexico 5.9%
• Dominican Republic 5.9%

US:
• Mexico 30.7%
• China 4.9%
• Philippines 4.5%
Citizenship in New Jersey: A challenge for the most recent arrivals...

- 2005: 49.6% of the foreign-born were citizens
- Of those who entered before 1980: 85.8% were citizens...
- Compared to those who entered in 2000 or later: 7%
Golden Era of Immigration

- Golden Era of immigration between 1880 and 1920: 23 million immigrants arrived in a country that in 1900 numbered 76 million. By 1920, 4 out of 10 inhabitants of the largest U.S. cities were foreign-born and an additional 2 in 10 were children of immigrants.

Striking differences between the Golden Era and today’s immigrants:

- **Ethnicity:** 90% of immigrants to the United States during the Golden Era were from Europe and were what would now be considered white, only 15% of today’s immigrants are from Europe, while half are from Latin America, with Mexicans comprising a full third of the total.

- **Legal Status:** The vast majority of immigrants arriving during the Golden Era received immediate authorization to work and embarked on the pathway to citizenship. Today, fully one quarter of all foreign-born immigrants are estimated to be undocumented.

- **Residence:** The vast majority of immigrants arriving during the Golden Era went to cities. Today 54% of all Latinos in the US now reside in the suburbs. The number of Latinos living in suburban areas increased by 71% during the 1990’s.
Labor Migrants

Four main categories of immigrants:

1. “Labor migrants” legal and undocumented workers in search of low wage jobs*

2. “Professionals... members of the professions of exceptional ability and their spouses and children”

3. “Entrepreneurial immigrants”

4. “Refugees and Asylees” who have been granted asylum by the U.S. which affords them the right to work legally and access to certain services

* In the United States today, labor migrants represent the bulk of immigrants both legal and undocumented
Why are so many labor migrants undocumented?

• Family slots are either backed up for years or people do not qualify for them

• Employment is so narrowly defined very few workers can come through employment

• The obstacles to legal immigration are much higher than they were for immigrants arriving in the U.S. at the turn of the 20th century. Until 1921, there were no numerical limits or quotas for the number of immigrants allowed to enter the country. With the exception of the Chinese Exclusion Act, most immigrants who arrived at a port of entry and were found not ill with a contagious disease, not likely to become a public charge and not found to be convicted of a crime or certifiably insane, were admitted into the U.S. as legal residents with permission to work.
Today...

- Legal status for those who fit within restricted set of categories:
  - Have a sibling, spouse or parent who has green card or is citizen
  - Can show that they will suffer persecution if returned to their home country
  - Have job skills that are in demand by employers and that U.S. citizens are not able to provide
- Most undocumented immigrants are labor migrants who do not qualify for any of these categories.
- Punishment for entering the country illegally also operates as a strong disincentive to apply for legal status, even for those who qualify.
- Even those who do qualify may face long waits before their admission is approved.
The number of foreign-born workers in New Jersey grew by 45% between 1990 and 2000.

The number of foreign-born workers in New Jersey grew by 25.1% between 2000 and 2005.

In 2008, foreign-born workers represent about 25% of New Jersey’s civilian employed workforce.
Of the total foreign born population in New Jersey...

- 32.1% entered during the 1990’s
- 21% entered in 2000 or later
- 25.5% entered prior to 1980
TOP NJ COUNTIES: PERCENT FOREIGN BORN, 1980 & 2000

- Mercer
- Morris
- Somerset
- Essex
- Middlesex
- Union
- Bergen
- Passaic
- Hudson

Legend:
- % FB 2000
- % FB 1980
Of the total foreign born population in New Jersey...

- 43.5% are from Latin America (South America, Central America, Mexico and the Caribbean)
- 30% are from Asia
- 20.4% are from Europe
- 4.7% are from Africa
- 1.2% are from Northern America
- .2% are from Oceania
Low skill work in NJ is a significant % of the total workforce and expected to grow:

- **45%** of the NJ labor force is made up of poverty wage and low wage workers
- **58%** of total job openings between 2004-2014 will be occupations having the lowest training and education requirements:
  - retail sales, cashiers, food prep and serving, laborers, janitors and cleaners, stock clerks, childcare workers
- **65%** of the state’s labor force growth will be made up of non-whites and Latinos
Nearly 1 in 5 New Jersey Families Struggles To Make Ends Meet despite Having a Working Adult

• The Economic Policy Institute has calculated the actual costs of living in New Jersey and concluded that a family of four requires income ranging from $49,572 to $57,144 to be self-sufficient, depending on where in the state it lives.

• The Minimum Wage Advisory Commission proposes that the minimum wage should be increased to $8.25 per hour with automatic cost-of-living adjustments each year in the future. The Commission called the current $7.15 wage insufficient to support a family in New Jersey and found that the minimum wage's purchasing power has dropped even since October 2006, when the current state minimum wage took effect.
New Jersey’s low wage workers

• New Jersey has nearly 3.9 million workers, more than five percent of whom are paid minimum wage. If the minimum wage were increased to $8.50 an hour, 212,000 workers would get a raise of at least $1.35 an hour. Another nearly 250,000 workers who make slightly more than the current minimum wage would get a raise too, given the well-documented “ripple effect” that comes from raising the minimum wage.

• An overwhelming majority of New Jersey’s minimum wage workers are 20 or older. According to data from the Economic Policy Institute, only about 15 percent of those who would be affected by a minimum wage increase are 19 or younger.

• Of the 462,000 workers who would be directly and indirectly affected by an increase in the minimum wage, 58 percent are women. In New Jersey 14 percent of all female workers (267,000 of 1.9 million) earn minimum wage, compared to 10 percent of all male workers (196,000 of 2 million).
Foreign-born New Jerseyians earn less

- The median income of foreign immigrants ($26,373) is about 16% lower than that of the total population ($30,529).
- The state’s immigrants consist of a higher proportion of college graduates (34.6%) than the total population (33.4%), but also includes a larger portion of “less than high school” educated persons (22.3%) than the general public (13.9%).
- While immigrants comprise approximately 15 percent of the nation’s overall workforce, they comprise 20 percent of its low-wage workforce. Immigrants are overrepresented in low-wage industries.
The rate of New Jerseyians covered by an employer for health insurance is dropping faster than the nation as a whole, according to the Economic Policy Institute. In New Jersey the share of adults and children covered by an employer-provided policy dropped to 69.7 percent from 75.6 percent in 2000-01. The 5.8 percentage point drop exceeded the national rate of 4.8. New Jersey's decline was the 14th greatest in the US. At the national level only 21.9 percent of low-income persons have employer coverage compared to 86.4 percent for higher income persons.
Huge demand for low wage, immigrant labor but tensions at the local level...

Local anti-immigrant ordinances regarding hiring or housing proposed in NJ:

• Bogota
• Freehold
• Keyport
• Lakewood
• Morristown
• Newton
• Riverside
• Stillwater
• Willingsboro Township
How can wages and working conditions be improved for low wage, immigrant workers?
Limitations of Traditional Approaches

• Individual skills enhancement and education
  – hard to access
  – fewer internal job ladders
  – Supply-side strategy without a demand side strategy is inadequate

• Entrepreneurship/Small businesses in ethnic enclaves
  – limited numbers
  – few good jobs
Limitations of Traditional Approaches

Low Unionization at the Bottom of the Wage Scale

• In 2002, 5.6% of workers in the bottom fifth of the wage distribution (up to $6.70/hour) were represented by unions that number is even lower today.
Limitations of Traditional Approaches

- Geometric increase in the number of establishments in the United States covered under FLSA and decrease of DOL Wage and Hour enforcement personnel
  - 1975: 3,947,740 firms/921 investigators
  - 2004: 8,377,266 firms/788 investigators

SOURCE: Bernhardt & McGrath, 2005
2008: NJLWD Wage and Hour has 60 inspectors...

• 10 are supervisors
• That leaves 50 inspectors to cover 201,061 firms
• Ratio of 1 inspector to 4,021 firms
• In the aggregate, NJLWD handles 12,000 complaints per year
New paradigms of enforcement are needed...
Where are the biggest problems?
Low-wage industries chosen for strategic focus based on underlying levels of compliance.

Source: Boston University / MPR, based on CPS data
Which Organizations Will be the New Fixed Point in the Changing World of Work?

- Building Economic Power in Industries and Workplaces
- Defending Workers’ Rights
- Creating Communities of Interest
- Job Placement /Hiring Halls/Representation with Employers
- Training/Skills Development
- Benefits: Health Insurance, Pensions, Financial Services
- Legal Clinics
- Building Political Power: Passage of Public Policy/Electing Officials
- Political Education
- Cultural activities
- Connecting to workers globally
New Forms of Organization

• To create learning and community-building spaces
• To ensure enforcement of existing labor laws including minimum wage, overtime, health and safety, workers’ compensation
• To raise wages and improve job quality
What is a worker center?

Worker centers are community-based mediating institutions that provide support to low-wage, primarily immigrant workers.

The centers pursue this mission through a combination of programs:

- service delivery: legal representation to recover lost wages and dealing with immigrant issues, English classes and job placement
- advocacy: speaking on behalf of low wage workers to local media and government, and developing allies
- organizing: building an organization of workers who act together for economic and political change.

These are what set them apart from other immigrant service organizations.
When did Worker Centers arise?

While the number of Worker Centers has been increasing steadily since the late 1980's, new centers were opening most rapidly during the mid-1990's.
Rise in Worker Centers and Foreign Born Population*

*Foreign Born Population includes Mexican, Central American, Chinese and Korean immigrants in 3 Major Metropolitan Areas (Chicago, LA, NY)

Source: US Census 2000
Dramatic Increase in Worker Centers

In 1992, there were fewer than 5 centers nationwide. As of 2007, there are 155 worker centers in over 80 U.S. cities, towns and rural areas (34 states).
Worker Center Victories

- Winning back pay (through lawsuits and other actions)
- Passage of public policy
- Secured permanent jobs for informal or displaced workers
- Victory against specific non-employer institution
- Winning other lawsuits
- Victory against specific employer
- Raising Wages
- Organizing a union
- Getting workers into a union

(n=39)
**Strengths:**

- Vehicle for Collective Voice
- Leadership development
- Winning back-wages
- Targeting individual employers
- Calling attention to exploitative industry practices
- Changing the debate/climate
- Labor market intervention via govt. admin action and public policy
- Monitoring and enforcement of minimum wage, overtime, health and safety, workers’ comp and other regulations
- Pioneering campaigns and connection to the global anti-sweatshop movement
- Experimentation/ “Bottom-upness”

**Weaknesses:**

- Small membership base, not institutionalized
- Labor market intervention via direct economic action
- Hiring Hall functions are relatively weak at most centers
- Lack of detailed economic/industrial research and analysis
- Electoral mobilization
- Sustainability
- Isolation
Worker Centers Play a Unique Role

- They have emerged as central components of the immigrant community infrastructure and are playing an indispensable role in helping immigrants and other low wage workers of color navigate the world of work.
- They are gateway organizations that are providing information, training, services and acting as mediating institutions between workers and broader society.
- They have attracted workers who are often the hardest-to-organize.
- Unencumbered by restrictive labor laws, they are free spaces of experimentation, acting as “organizing laboratories” creating and testing new and innovative strategies.
New Trends in Worker Center World

- Stronger coordination between centers through national networks
  
  NDLON: Leadership role in federal immigrant rights movement, local victories around non-solicitation, Arizona fight-back
  
  Interfaith Worker Justice: national movement around stopping wage theft

- Centers are “going national” and setting up locals
  
  
  held a national lobbying day same day as National Restaurant Association
New Trends continued

New York Taxi Workers Alliance also seeding/networking taxi worker organizations across the U.S. and internationally:

Atlanta, Boston, Chicago, Denver, Detroit, Jersey City, L.A., Minneapolis, Oakland, Philadelphia, Providence, San Antonio, San Francisco, San Jose, Seattle, Spokane, Virginia, West Virginia

Montreal, Nepal, Punjab, Sydney, Toronto
How do we make these new forms of organization sustainable?

• Provide tangible benefits to low wage immigrant workers
• Develop sustainable income streams: services and dues
One Promising Strategy...The Stored Value Card

A financial services innovation – affordable financial services for unbanked and underbanked low wage and immigrant workers and the organizations that work with them
The program solves significant issues for low wage workers they organize

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<tr>
<th>Issues</th>
<th>Solutions</th>
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<td>Low wage workers often rely on fringe service providers who charge predatory fees.</td>
<td>The card can reduce people’s financial services costs from $500-$1,000 per year to $100-$200 per year.</td>
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<td>Low wage workers store large amounts of cash at home and carry cash on their persons.</td>
<td>A secure place to store income.</td>
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<td>Bank accounts could solve some of these issues, but they are not used for a variety of reasons, including:</td>
<td>The card program offered through a trusted entity, coupled with financial literacy training.</td>
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<td>– Stringent ID requirements</td>
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<tr>
<td>– Distrust of financial institutions</td>
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<tr>
<td>– Credit score issues</td>
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<td>– Fees are not affordable</td>
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<td>– Minimum balance requirements</td>
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<td>– Lack of financial literacy</td>
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The program solves significant issues for organizations

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<td>Organizations that organize low wage workers need additional funding</td>
<td>• Provides revenue share from the card</td>
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<td>and new approaches to attracting members</td>
<td>• Creates membership benefit</td>
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<td>• Creates a new method for membership dues</td>
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SVC uses existing proven technology and involves experienced financial partners

1. The Stored Value Card uses existing proven technology
   1. Debit cards that are reloadable
   2. MasterCard payment network
   3. Existing ATM networks
   4. Internet based interface for worker centers and workers
   5. Automated and live telephone customer service

2. We are partnered with 3 experienced financial entities

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<tr>
<th>Card Program Manager</th>
<th>Card issuer</th>
<th>Payment Network</th>
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<tr>
<td>Provide: marketing, customer service, account record keeping, transaction processing, application processing</td>
<td>Provide: relationship to banking system, relationship to MasterCard network, hold the money in the accounts</td>
<td>Provide: payment network at retailers</td>
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The card works just like a checking account bank debit card, but does not earn interest or have paper checks.

1. Open account at worker center
2. Card mailed to worker & activated
3. Load money onto card
4. Money stored safely on card
5. Money can be used in a variety of ways
6. Reload card

Load money onto card:
- Worker Centers (Optional)
- Direct Deposit
- Loading Networks: Green Dot or MoneyGram*
- Gov Benefits
- Tax Refunds

Check balances online, by phone or via text messages.

ATM Withdrawal
Retail POS
Retail Cash Back
Electronic Bill Pay
Remittance
Transfer to another card
Pay membership dues

*Examples of Green Dot locations are: RadioShack, Rite Aid, CVS, Eckerd,
Examples of MoneyGram locations are: check cashers and convenience stores
CCC has negotiated rates and features that are important to low wage workers

- Low monthly fee of $2.50 ($5 one time sign up fee)
- Unlimited free retail point of sale transactions
- Free cash back at cash back locations (super markets, drug stores)
- 7 free bill pays per month ($1 for each additional)
- 2 free ATM transactions per month ($1.50 for each additional)
- Deposits on the card are FDIC Insured and no liability for unauthorized use of the card (no worries if the card is lost or stolen)
- Credit building capability
- Free direct deposits and low cost cash loads at Worker Centers (optional)
- Low cost remittances
We are pursuing a number of ideas for bolstering card capabilities in the near future

- Direct check loading
- Linked savings account (possibly with interest)
- Affordable small loans with payments taken off card (a responsible replacement for pay-day loans)
- Connecting government matched IDAs (Individual Development Accounts) to savings account
- Affordable insurance products connected to card
- Cell phone based interactivity and payment system
- Photo on card so card can be used as identification
Using the card as a membership tool and collecting dues is the key to the program strengthening your organization.

Assumptions:
- Monthly Spend of $250
- 4 ATM transactions a month (2 free, 2 at $1.50)
- 2 Cash Loads at $1.00
- 1 Remittances at $1.00
- 7 bill pays a month free
- 1 live person Customer service call a month free
- 20% profit share, with 60% share of Cash Load Fee.
- $10 a month dues
The pilot program has 8 worker centers, 3 should be launching in the next few months

- Plan to go live in mid to late March with three pilot worker centers
  - New Labor, New Brunswick, NJ
  - ADP, Springfield, MA
  - El Centro, Denver, CO

- Three additional centers lined up to go live in between June and December
  - La Raza, San Francisco, CA
  - IDEPSCA, Los Angeles, CA
  - Voces de la Frontera, Milwaukee, WI

- Two worker centers are taking slightly different approaches
  - Workplace Project, Long Island, NY – Pending Partnership with local credit union
  - Pilipino Worker Center (PWC), Los Angeles, CA – Remittance program with recharge plus

- Quickly identify additional worker centers and organizations that could be potential partners
Substance of Anti-Immigrant State/Local Measures

- Restrict housing – making it illegal (“harboring”) to rent to undocumented immigrants, imposing fines on landlords and suspending rental licenses.
- Require employers to use the Basic Pilot Program to ensure that the would-be employee is work authorized.
- Prohibit funding or aiding day labor sites that do not verify immigration status.
- Impose state employer sanctions for hiring/employing undocumented.
- Impose English only laws.
- Restrict access to government services/benefits.
- Give police authority to detain illegal immigrants and charge them with violating immigration law.
- Require states and counties to contract with DHS to perform federal (immigration) functions.
- Empower state law enforcement agencies to inquire into legal status and hold for deportation those deemed to be here illegally.
- Deny licenses and identification to immigrants by implementing federal REAL ID Act.
- Increase penalties for use of fraudulent documents.
Other Anti-Immigrant Measures and Practices

- Require state educational institutions to verify status and prohibit admission of undocumented.
- Eliminate all but emergency health services to undocumented.
- Deny in-state college tuition to in-state undocumented residents
- Make unlawful presence a state crime
- Deny bail to undocumented immigrants or (as condition of release) force them to leave jurisdiction
- Strip charities of state/local funding if they use any monies to serve undocumented
- Restrict services that social service agencies can provide to undocumented