Black Work Matters
Race, Poverty and the Future of Work in Philadelphia
Executive Summary:

Today, Philadelphia is widely recognized as a dynamic city with a huge potential for growth. More people are choosing to make Philly their home than any time in the past 65 years. The city’s reputation as a destination for arts, culture and history is drawing record numbers of new visitors. There are good reasons to be optimistic about the future, but Philadelphia faces serious challenges that will require innovative solutions.

Philadelphia remains the poorest big city in the country. Many parts of the city are still reeling from the loss of hundreds of thousands of manufacturing jobs. For the most part, these were good union jobs that enabled workers to support their families. African American communities in particular have been severely disadvantaged by these changes in Philadelphia’s economy. This report sheds light on the crisis of poverty in Philadelphia and proposes a plan to pull thousands of people out of poverty by creating good jobs in the service industry:

- Every manufacturing job lost in the past 10 years has been replaced by a job in hospitality.
- Philadelphia’s service sector is rapidly growing and now comprises 40% of the city’s workforce. At its peak, manufacturing comprised 45%.
- Many service sector workplaces are characterized by racial disparities. African Americans are often underrepresented in tipped, front of the house jobs, and overrepresented in back of the house positions like housekeeping.1
- A living wage for one adult and one child in Philadelphia is $48,651 a year.
- If all service sector workers were paid a living wage, this would bring $4 billion into the city’s economy, thereby drastically reducing poverty, building the tax base by over $150 million and fueling further growth.
- Unionized workers in the service industry have seen their pay and working conditions improve significantly over the past decade.

The most effective way to improve the future of our city is to support workers fighting for a higher standard of living, and to build a training program to get people from disadvantaged communities into good jobs in the service industry. By proactively guiding the development that is already taking place we can use the growth of Philadelphia’s economy as an engine to eliminate poverty in the city.
Part I: Philadelphia on the Rise

After decades of population loss, the city of Philadelphia is growing again. Since 2006, over 100,000 new residents have moved to the city. Today there are more millennials moving to Philadelphia than any other large city in the country. Young people find Philadelphia to be a relatively affordable alternative to New York City, and they are drawn to Philadelphia’s booming arts scene, great restaurants, diverse neighborhoods and historic roots.

21st Century World Cultural Destination:
The city is shaking off its rust belt identity and building a reputation as a first class cultural destination. Last year, Philadelphia was named the United States’ first “World Heritage City” by the United Nations (UNESCO).

The Lonely Planet travel guide just named Philadelphia the top travel destination in the US. Travel + Leisure magazine called Philly “America’s next great food city” in 2015. The Conde Nast publishing company named Philly one of the world’s top 3 shopping cities along with Barcelona and Hong Kong.

Part II: The Challenges We Face

The recent growth in population and the success of the hospitality industry are encouraging signs of much needed revitalization. During the 20th century Philadelphia saw its status decline from a major manufacturing hub, nicknamed “The Workshop of the World,” to the poorest big city in the United States. Philadelphia is still struggling with the consequences of these economic changes which have left it with the highest rates of incarceration, infant mortality, and deep poverty of any of the ten largest American cities.

Pope Francis’ participation in the 2015 World Meeting of Families drew international attention and the Democratic National Committee’s decision to convene here in July 2016 will bring thousands more new visitors to the city.

Growth of the Hospitality Industry:
Along with all the newfound attention, Philadelphia has seen an influx of investment. Billions of dollars are being invested in new housing units, hotels, retail spaces and other development projects.

In 2015, center city hotels sold more rooms than ever before. 39.7 million people came to visit Greater Philadelphia, bringing $10.4 billion into the economy according to Visit Philadelphia’s 2015 Annual Report.

Philadelphia is poised to become one of America’s premier cities in the 21st century, but the city still has some serious challenges to overcome if it is to live up to its potential.
Following a trip to China in 2012, then mayor Michael Nutter commissioned a taskforce to examine how the city could bring back manufacturing. In Philadelphia “manufacturing jobs” have been understood to be “good jobs” which can be obtained without a college degree and allow an individual to earn enough to support a family. Philadelphia’s middle class was built on manufacturing. In 1953 there were 359,000 workers employed in manufacturing jobs throughout the city. Today there are only 21,000.7

The loss of these jobs over the last 65 years tells an important part of Philadelphia’s story.

**How did we get here?**

In the first half of the 20th century Philadelphia was a destination for millions of immigrants seeking to make a living and a better life. Between 1900 and 1950, the city almost doubled in size as poor Italian, Polish and Irish immigrants poured into the city alongside thousands of African American families seeking refuge from the violence and inequity of the Jim Crow regime in the south. These new residents found work manufacturing garments, textiles, furniture, ships, steel and other goods.8

Less than a decade after the end of World War II, however, the city’s economy began to show signs of decline. Successive waves of deindustrialization hollowed out the core of Philadelphia’s job base. First the manufacturing jobs shifted to the northeast suburbs and Bucks County, then many factories moved to the South, and ultimately most of the industry relocated to Mexico and abroad.

**The Racial Impact of Industrial Decline:**

African American communities often bore the brunt of these changes. The factories built in the northeast section of the city and Bucks County in the 1950s were sites of bitter segregation as African Americans were denied the opportunity to live and work in these new suburbs. William Levitt, who built Levittown to house the workers of the U.S. Steel Company, wrote a letter to the NAACP explaining that the houses he built would only be sold to white families.9 Less than 7% of the housing units built in Philadelphia after World War II were made available to African Americans.10 North Philly and Kensington alone lost about 300,000 jobs between 1950 and 1980.11 The combination of racial and economic segregation left many African American neighborhoods stranded.
The Living Consequences:

In 2009, during the worst months of the great recession, the national unemployment rate peaked at 10.0%. In many Philadelphia neighborhoods, however, an unemployment rate of 10.0% would be considered an economic miracle. In 2013 the official unemployment rate in the 19132 zip code of North Philadelphia was 24.5%. Philadelphia has the second highest rate of working age adults who have dropped out of the work force. In some neighborhoods, 70% of adults are not working. While Philadelphia’s official unemployment rate stands at 6.3%, only 52% of adults in the city actually have a job.

More than 1 in 4 Philadelphians live below the poverty line ($24,000 a year for a family of four) and of these households, half are in “deep poverty” which is defined as a household income of less than $12,000.

Philadelphia has a higher percentage of its population living in poverty than Iraq, Brazil and Algeria.

African-Americans, Latinos and women are the poorest. Of the families surviving on less than $10,000 a year, 57% are African American. The per capita income of African American and Latino residents is...
$16,653 and $12,733 respectively, roughly half that of white residents ($31,050).\textsuperscript{16} Two thirds of families living in poverty are led by single women.\textsuperscript{17}

Finding few opportunities in the mainstream economy, many young people end up convicted for their involvement in the drug trade—they are working what are, in effect, “illegal jobs.” Pope Francis’ visit to the Holmesburg Prison complex in Northeast Philly highlighted the plight of mass incarceration here in the city. In a country that already distinguishes itself by locking up more of its citizens than any other nation on earth, Philadelphia stands out with the highest incarceration rate of any major city in America.\textsuperscript{18} In some neighborhoods, the incarceration rate is double or even triple the citywide average.\textsuperscript{19} Perversely, mass

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**Earlene Bly**

I used to come home from work angry. I would work hard, but the boss wanted to talk to me like I’m a child. I wanted to scream and yell, but I knew if I did that, it could cost me my job.

I couldn’t take the frustration out on my boss, so I took it out on my family. When I would come home from work, if I saw anything out of place I would just start snapping on everybody. It wasn’t fair—not to me or my family. No one should have to feel the way that I felt when I came home.

When I became involved with the union things began to change. Now if something goes wrong at work, I feel empowered to deal with it. So when I leave through those doors, I’m not taking that frustration home with me. To me, being in the union is about living with dignity. It’s about having a voice.
The Factories of Today:

Today’s service sector could anchor Philadelphia’s working families in middle class jobs as the manufacturing industry once did. At its peak in the mid-1950s, manufacturing comprised 45% of the city’s jobs; today workers in leisure, hospitality, education and healthcare comprise 40% of the labor force. And these industries—Hospitality and “Eds and Meds”—are growing. According to the Pew Charitable Trust’s 2015 report on Philadelphia, Education and Healthcare services added 32,500 jobs over the last decade, up 18%. The Leisure and Hospitality sector is the fastest growing industry in the city; it has grown 23% over the last ten years. In fact, for every job lost in manufacturing over the past 10 years, Philadelphia has gained a job in the hospitality sector.

Part III: The Growth of the Hospitality Industry is our opportunity to revitalize Philadelphia

I grew up in South Carolina under segregation. My brother and sister and I were the first black students to go to Hemingway High School. It was really hard, but we fought our way through.

After graduating, I moved north to look for a better job. I’ve been working at the Warwick hotel in Philadelphia for the last 30 years. I’ve been able to buy my own home, and I’ll be able to retire on my pension in 18 months.

As a worker, I demand respect. Respect is when your boss can’t come and tell you “Do this, do it now, and don’t talk back to me.” No one talks to me like that. But I know not everyone has that. In a lot of these jobs you see that blacks and foreigners are not treated the same as whites. I want to see every worker in the city join the fight to be treated equally.

incarceration obscures the underlying problem of chronic unemployment because the official count of unemployed workers does not reflect the thousands of working age Philadelphians who are imprisoned and thereby removed from the labor force.

Philadelphia also has one of the highest infant mortality rates in the world. 10.2 out of every 1000 children born do not survive their first year, more than any other of the ten largest US cities. This rate is higher than Botswana, Lebanon and many other third world countries. African American children in Philadelphia are 3 times more likely than white children to die in their first year of life.

Philadelphia can’t be a great city without solving these problems.
Unfortunately, the overwhelming majority of these service sector jobs are paying low wages, condemning workers and their families to live in poverty and forcing many Philadelphians to seek a second or third job just to make ends meet. Of the thousands of housekeepers, cooks, dishwashers, servers, fast food workers, bartenders, grounds keepers and restaurant hosts working in Philadelphia, 73% earn less than $25,000 a year. Many of these workers and their families depend on tax payer funded programs like SNAP (food stamps) and CHIP (health insurance for children) to survive. In effect the low wages paid by these corporations are subsidized, at great cost, by the public.

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Corporations are reaping historic profits:

Since emerging from the recession, Philadelphia’s hotel industry broke a record in 2014 selling 3.1 million room nights. As the city’s reputation has grown, the number of leisure visitors has more than tripled since 1997. Pope Francis’ historic visit in 2015 brought hundreds of thousands to Philadelphia, and the Democratic National Convention is expected to bring 35,000 delegates and journalists to the city, further heightening Philadelphia’s stature as a dynamic city on the rise.

Meanwhile, the average housekeeper’s wages have yet to recover from the recession. The median wage for housekeepers fell from $11.35 in 2011 to $11.30 in 2014. The widening gap between industry performance and worker wages in Philadelphia’s hospitality sector mirrors a nationwide trend of growing inequality. In 2013, American corporate profits exceeded every previous year on record since the commerce department started keeping track in 1929. Growth at the top has accompanied continuing

I grew up in North Philly. My mother and father were both on drugs. Growing up, I had good grades, but I didn’t have food or new clothes. I didn’t have Christmas or birthdays. I just had the determination not to be like my parents.

At 18 I became a mother. My daughter’s father is incarcerated, so her whole future is on me. I’m her mother and father.

When I first started work at the hotel, it was hard. But once I knew we had a union, I began to speak up when I see something wrong. A lot of my coworkers are foreigners, and they get picked on because they’re different. I’ve been picked on for what I didn’t have, so when I look in their eyes, I see myself. That’s what makes me just love this union—I can stand up and fight. I feel that with this job, I can actually have a life with my daughter.
wage stagnation for working Americans, who have not gotten a raise in real income since 1974. In Philadelphia, the richest 1% of the city has captured literally all of the growth in income since 2001; the bottom 99% takes home 5% less today than it did 15 years ago.

**Earning what it costs to live:**

The annual income that meets the cost of living for one adult and one child in Philadelphia is $48,651. For a full time worker that means an hourly wage of $23.39. If every worker employed in food service, cleaning, customer service and healthcare support jobs—the vast majority of which can be obtained without a college degree—were paid enough to support themselves and one child, this would inject $4 billion dollars into Philadelphia's economy, immediately lifting thousands of families out of poverty. Unlike money taken in by multinational corporations, dollars earned by working people are more likely to turn over multiple times in local communities, fueling further growth in the city's economy. This additional income could also grow the city's wage tax base by at least $150 million.

**Racial Inequality in Hospitality Workplaces:**

Philadelphia remains deeply racially and economically segregated. According to the 2010 census, African American Philadelphians made up 44% of the city’s population, but only 13% of all the waiters and waitresses. Of all the bartenders working in Philly, only 17% were African American. Workers employed in housekeeping, a “back of the house” position where workers generally take home less money, were 58% African American. The Aramark jobs at Citizens Bank Park are a stark example of this racial dynamic. African Americans are a minority of the overall workforce but constitute 92% of the Utility Workers, one of the lowest paid positions. Suite Attendants, who earn tips and commissions, make more than all other workers at the ballpark and only 3% are African Americans.

These inequities in employment only serve to reinforce the pattern and history of disparate racial outcomes in our city. People of color in general, and African American Philadelphians especially, have been disproportionally affected by job losses, school
closures, mass incarceration and poverty. We need a plan to actively eliminate racial inequality in the workplace if we want to ensure that all Philadelphians can thrive and enjoy full citizenship.

The Union difference:

Union hotel workers have won real improvements in their pay and working conditions. Unionized housekeepers at the Hilton Penn’s Landing make about $5 more an hour than an average housekeeper. More importantly, union members’ real income is actually growing when adjusted for inflation.37,38 Union food stand attendants at the Phillies Ballpark make 55% more than the average fast food worker.39

While it may not be possible to bring back the jobs that have been sent abroad, union hospitality workers are making real progress toward eliminating poverty wages from the service industry and creating middle class jobs right here in the city.

Wendy’s workers at the Philadelphia airport who organized a union last year will see their annual income double by 2018.

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Beating Inflation: When adjusted for inflation, the typical Philadelphia housekeeper’s wages are down since 2002, but union wages at the Hilton Penn’s Landing are on the rise.

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Damon McCall

Working at the airport was hard at first. I was really quiet at work—always trying to do the right thing. The managers would talk down to me and call me “slow” or “retarded.” They’d say things like “no one likes working with you.” I wanted to fight back, but I didn’t want to lose my job. I take care of my mom because she’s got multiple sclerosis. If I didn’t have this job I wouldn’t be able to take care of her.

In the all the years I worked at the airport I never got a raise until we won our first union contract. Now I’m better able to support my mom and I’ve got respect on the job. At the end of the day we’re all in the same boat, we’re all trying to make it. Being part of the union, I feel that I am on my way to a better life.
Raising workers’ pay above the current minimum wage is an important step, but union workers note that their jobs bring them more than just fair pay. There is an enormous psychological benefit enjoyed by workers who have respect on the job. Union workers typically have predictable schedules, regular days off, and protection from unjust discipline. Non-union workers often lack these protections and are subject to fluctuating work hours, disrespect, and other forms of mistreatment.

There is reason to believe that happier, less stressed workers live longer, healthier lives. A recent study showed that people who feel they have a voice at work and are treated justly are 30% less likely to develop chronic heart disease. These are non-monetary benefits that spill over into people’s families and communities.

**The choice before us:**

There are reasons to be optimistic about Philadelphia’s future. The city’s population continues to grow as new residents move here and more Philadelphians choose to stay. The economy has added more than 54,000 jobs since the worst of the recession in 2010. Center city is experiencing a period of historic growth, with over $6.7 billion dollars invested in new development projects, including 12 new hotels. But as we can see from recent history, the wealth created by this boom in development will not trickle down on its own.

As a city we have a decision to make. Are we going to let the benefits of this economic growth increase the level of inequality as the rich get richer and poor communities are left further behind? Or can we use the growth of hospitality and other service industries as an engine to eliminate poverty and rebuild the middle class? Philadelphia has the potential to be a great city for all of its citizens. Unionized hospitality workers are raising their standard of living and creating a path for other service sector workers to follow.

We have all the elements necessary for success; we just need to put them in motion. The growth of the service industry provides an opportunity to drastically reduce poverty in our communities. But it will not happen on its own. Proactive steps must be taken if we want to create the kind of future where all jobs can pay a living wage and all Philadelphians can participate in our economy. We need to improve the quality of service industry jobs in order to transform the jobs we have into the jobs we deserve, and we need to build a pipeline from our poorest communities into these workplaces so we can reverse the tide of decline and neglect that has defined too many neighborhoods for too long.
Policy Recommendations:

- **Support service workers’ efforts to unionize their workplaces.** The service industry today constitutes the core of Philadelphia’s economy. Unionized service sector workers in the hospitality industry have shown that it is possible to make significant material improvements in their working conditions, income and dignity on the job. These benefits are not just felt by the employees themselves, they spill over into workers’ families and neighborhoods. By supporting workers who are fighting to improve their jobs in the service industry, we can help create equitable economic growth and pull thousands of families out of poverty.

- **End racial disparities in service sector workforces.** Employers must take steps to actively pursue the racial equality in their workforces. Philadelphia’s hospitality industry must ensure that people of color benefit from these new jobs that are being created. Hospitality employers should be transparent about the racial composition of their workforces, and make a particular effort to hire people of color for front of the house positions.

- **Create pipelines from poor Philadelphia communities into unionized service jobs.** In order to ensure that the benefits of Philadelphia’s economic growth are felt in all parts of the city we propose the creation and expansion of worker training programs that will prepare people from disadvantaged communities for good jobs in the hospitality industry. In particular these programs must focus on training African Americans for front of the house jobs such as servers and bartenders in Philadelphia’s hotels and restaurants. Such programs would partner Philadelphia’s hospitality employers with communities throughout the city that are most in need of economic revitalization.
According to data from the 2010 US Census via American Fact Finder, African Americans make up 44% of the city but only much lower percent of front of the house restaurant service jobs. Of all waiters and waitresses only 14% are African American. 58% of housekeepers, on the other hand, are African American.


Visit Philadelphia 2015 Annual Report


Visit Philadelphia 2015 Annual Report


P. 56 Up South by Matthew Countryman. Published by the University of Pennsylvania Press, 2007


Pew State of City 2015 p. 18

According to data from the 2010 US Census via American Fact Finder, 39,970 of 54,334 hosts, janitors, non restaurant food servers, waiters/waitresses, bartenders, counter attendants, food prep workers, cooks, miscellaneous food service workers, grounds maintenance workers, and housekeepers make less than $25,000 annual income.

According to day from the 2010 US Census via Policy Map, over 58% of SNAP benefit recipients are from working families.

State of Center City Report p. 25


According to the MIT wage living wage calculator.

This $4 billion dollar figure is a conservative estimate based on the number of workers employed in Philadelphia in “healthcare support”, “food preparation and serving”, “building and grounds cleaning and maintenance” and “personal care and service” jobs according to the 2010 US Census via American Fact Finder. $4 billion is the difference between the total current income for each of these professions, estimated off of the current median income, and the total income that this group would have if each worker was paid $50,000 annually. $4,005,359,784 was the full figure. The wage tax for Philadelphia residents is 3.92%. Based off of this estimate
that would bring in $157 million dollars in additional tax revenue.

33 According to the 2010 US Census via American Fact Finder, 13.6% of all “waiter and waitress” jobs in Philadelphia are held by African Americans.

34 According to the 2010 US Census via American Fact Finder, 17.0% of all “bartender” jobs in Philadelphia are held by African Americans.

35 According to the 2010 US Census via American Fact Finder, 58.0% of all “maids and housekeeping” jobs in Philadelphia are held by African Americans.

36 These figures are derived from information requested by Unite Here Local 274 and furnished by Aramark in March of 2016. Out of 42 Cleaning Service Attendants, 26 are listed as African American. Out of 55 Suite Attendants, 2 are listed as black.

37 When historical hourly wage values are inflation adjusted to their 2014 value, Penn’s Landing housekeepers go from $13.29 to $15.87 while the median “maids and housekeeping” wage (from the Bureau of Labor Statistics) goes from $11.72 to $11.30 an hour.

38 This comparison is based off of the housekeeping wages in the current collective bargaining agreement between the Hilton Penn’s Landing (formerly the Hyatt Penn’s Landing) and Unite Here Local 274 and the historical hourly median wage for “maids and housekeeping” workers in Philadelphia from the Bureau of Labor Statistics. http://www.bls.gov/oes/tables.htm

39 $13.51 is the current pay rate for Aramark stand attendant according to the Citizens’ Bank Ballpark Collective Bargaining Agreement between Aramark and Unite Here Local 274. $8.71 is the median hourly wage for combined food prep/server or fast food worker jobs in Philadelphia according to the Bureau of Labor Statistics.

40 “Employees who perceived a high level of justice at work were at a 30 percent lower risk of incidents related to coronary heart disease than those who reported a low or intermediate level of justice. This effect appeared to be independent of cholesterol levels, body mass index, hypertension, smoking, alcohol consumption and physical activity level.” http://consumer.healthday.com/mental-health-information-25/behavior-health-news-56/don-t-work-your-heart-out-528712.html

41 According to the 2010 US Census via American Fact Finder.
