

RESEARCH BRIEF:

Pittsburgh Wage Study Preliminary Findings

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Pittsburgh Wage Study

Attention to the struggles of low-wage workers has increased over the last decade. Conventional wisdom was that low wage-workers were primarily teenagers, workers without families to support, or workers without high school or college education or experience; however, this is not the case. According to a recent report from Oxfam and the Economic Policy Institute (2016), 58.3 million American workers earn less than \$15 per hour. This means that just under half of the U.S. workforce earns less than \$15 per hour, despite evidence that this is not enough to meet the needs of most workers and their families.

Increased attention to low-wage workers has elucidated their struggles. Locally, these challenges were revealed in the *Report of the Wage Review Committee on the Impact of Raising Wages for Service Workers at Pittsburgh's Anchor Institutions* (Burgess, Shook et al., 2015). Based on the testimony of hundreds of workers in Pittsburgh and a variety of other data sources, this report found that many workers face multiple hardships – from food insecurity to housing instability to being unable to pay utility bills. Workers report living from paycheck to paycheck and needing to use public benefits or charity, juggling bills, and being one unforeseen expense away from crisis. They report being unable to afford insurance or health care and putting off needed care even when facing serious health issues. Low-wage workers with children report being unable to provide their children with food and other necessities.

Attempts to alleviate these struggles have focused, in part, on increasing wages for workers. Efforts to increase the minimum wage and other movements such as the Fight for \$15 campaign have sought to push employers and local, state, and federal government to increase wages. As these efforts continue, the question of whether and how wage increases for low-wage workers improve the well-being of workers and their families remains to be answered. Most studies of minimum wage increases focus broadly on effects on employment, inflation, and employers, while relatively little research has examined the effects in the lives of workers and their families. This is a significant gap. The current study addresses this gap by exploring and documenting the effects of wage increases on individuals and their families. This research will help advocates, policy makers, and employers ensure that Pittsburgh is a livable city for all of its citizens.

This **Research Brief** presents preliminary findings from the *Pittsburgh Wage Study*, a mixed methods study focused on service workers at one local hospital who formed their union with a Service Employees International Union local in 2015. They negotiated their first contract in 2016, which is implementing a series of raises that will ultimately bring all workers to \$15/hour or above. To date, we have conducted in-depth interviews with more than 50 workers. These interviews assess the daily realities of making ends meet on low wages, exploring the choices that workers make about balancing their budgets, where they live, how they are able to participate in the lives of their children and families, and how they feel about their jobs. We have also administered a structured survey of 235 workers, asking questions about challenges they have experienced, receipt of public and private assistance, housing, community and family involvement, employment and income, and health and mental health prior to the wage increases.

Our survey and interview samples include workers whose hourly pay ranged from \$9 to more than \$20, allowing us to compare hardships and strategies of workers making less than \$15/hour (44% of the survey sample) and those making over \$15/hour (56%). Our survey respondents were diverse and representative of the population of workers in the setting from which they were surveyed – 61% were White and 39% people of color; 79% women and 21% men, 56% over 40 years old and 44% under 40.

Preliminary Findings

Work and Pride

Hospital workers in our study are working full time and many workers work overtime to make ends meet. Similar to the findings of the Pittsburgh Wage Review Committee, these workers take great pride in their work, are cognizant of the importance of their work, and take steps to make sure they put on a professional face despite struggles they might be having.

- More than 90% of surveyed workers work 36 hours or more a week
- More than half of workers report working overtime (10 hours per week of overtime on average)

“I think to sum it all up is that I love what I do... the job title is not who I am. I am so much more than a nurse assistant to those people. You know what I mean? I am a caretaker to many people.”

“Without us the hospitals wouldn’t stay open. We’re a very integral part of that hospital. You know, I mean, the doctor, he may be the surgeon, but he can’t do nothing if that room ain’t clean.”

Hardships Prior to Wage Increase

The majority of hospital workers faced at least one hardship prior to their wage increase.

- 87% percent of hospital workers reported living paycheck to paycheck prior to the wage increase

“I have a shut off notice for my heat now... Bank fees? Oh lots, because that’s how I’m basically covering my bills. Because I don’t have enough to cover my bills. So at the moment, I’m living off of overdrafts. So I overdraft and then I have to pay it back. Currently my bank account is overdrawn \$500.”

- 53% reported not being able to pay utilities on time
- 36% reported not being able to pay the rent or mortgage on time
- 33% reported not being able to afford car repairs, gas or insurance
- Food insecurity was a reality faced by many hospital workers prior to the wage increase

“Yeah. The bills. I don’t, see, my kids are grown, but they’re still at home. But, even if they weren’t at home, it’s still hard to buy food. It’s hard to—it’s really hard to buy food.”

- 13% reported not having enough food to eat
- 40% reported at least sometimes cutting meals
- 56% reported worrying at least sometimes about whether food would run out
- Medical hardships were frequent among hospital workers prior to the wage increase

“I have medical bills... There was a time when I didn’t have any health insurance ... So they just bill you and it stays on there forever because those bills are so high and of course I can’t pay it at the moment. So it kind of just lingers on with you. I’m trying to work on building my credit, so I can buy a house but when you can only pay a little bit at a time with this big huge bill, that doesn’t really help.”

- 32% reported not being able to afford medical treatment for their household
- 23% reported not being able to afford prescription medications for their household
- 56% reported owing medical debt

Key Findings Regarding Hardships Following First Wage Increase

Following the first wage increase, hardships experienced by hospital workers remained. Positively, hardships decreased across all measures, with many of the measures showing significant decreases.

- Fewer workers (79% vs. 87% pre-increase) reported living paycheck-to-paycheck
- Fewer workers (38% vs. 53%) reported not being able to pay utilities on time
- Fewer workers (23% vs. 36%) reported not being able to pay the rent or mortgage on time
- Fewer workers (26% vs. 33%) reported not being able to afford car repairs, gas or insurance
- Fewer workers (9% vs. 13%) reported not having enough food to eat
- Fewer workers (35% vs. 40%) reported at least sometimes cutting meals
- Fewer workers (50% vs. 56%) reported worrying about whether food would run out
- Fewer workers (24% vs. 32%) reported not being able to afford medical treatment
- Fewer workers (20% vs. 23%) reported not being able to afford prescription medications
- Fewer workers (49% vs. 56%) reported owing medical debt

Comparisons of Hardships between Workers Above and Below \$15 an hour

Our data allow us to compare hospital workers making above and below \$15 an hour. These comparisons reveal that a higher percentage of workers making below \$15 an hour experienced financial hardships and food insecurity than those above.

- The largest differences in hardships between workers making below and above \$15 an hour were for financial hardships and food insecurity
- Differences between workers making below and above \$15 an hour were smaller for medical hardships, including 56% of both groups reporting that they owed medical debt prior to the wage increase
- Both groups experienced decreases in financial hardships, food insecurity, and medical hardships after the wage increase

Strategies for Navigating Hardships

Hospital workers utilized a variety of strategies for dealing with hardships. These strategies include working overtime, working additional jobs, staying with or borrowing money from family and friends, foregoing medical care, using payday loans or pawn shops, using food pantries, using various public benefits, finding cheaper housing options, using kin or older children to help provide child care, and foregoing visiting friends and families. Below is a brief snapshot of the use of some of these strategies:

- 57% of the hospital workers work overtime and 80% cite making ends meet as a reason they work overtime

- 50% of hospital workers sought financial help from family and friends prior to the wage increase compared to 31% after the wage increase
- 16% of workers stayed with family and friends prior to the wage increase because they could not afford a place to live compared to 5% after the wage increase
- 22% of workers reported using payday loans or pawnshops prior to the wage increase compared to 17% after the wage increase
- 14% of workers used a food bank or pantry prior to the wage increase compared to 12% after the increase
- Low percentages of hospital workers used public benefits to navigate the challenges of hardships
 - EITC and LIHEAP had the most use as a strategy to navigate hardships (18%)
 - SNAP had the next highest use (12%)
 - Use of other forms of public benefits was low
 - Public benefit use decreased somewhat following the wage increase
 - Despite low use overall, more workers making below \$15/hr used public benefits

Summary

This is a preliminary **Research Brief** documenting some of the initial findings of the *Pittsburgh Wage Study*. Findings presented and any conclusions drawn will continue to be refined as additional analyses are completed and survey and in-depth interview data are integrated. Based on our preliminary analyses, several summary points can be drawn:

- Hospital workers in our sample are full-time workers and many work overtime to make ends meet. They are high school graduates and the majority have advanced training. Many are raising or have raised families and many have worked throughout their careers for relatively low wages.
- Workers know the importance of the work they do and take pride in this work. Despite their own struggles, these workers put on a professional face and devote themselves to their jobs.
- A large percentage of hospital workers in our sample experience financial hardships, food insecurity, and medical hardships.
- The wage increase these workers experienced seems to have somewhat alleviated their struggles. Unfortunately, the prevalence of hardships faced by workers remains high.
- Workers making above \$15 an hour experience fewer hardships than those making below \$15 an hour, although both groups saw decreases in hardships after their wage increases.
- Workers employ a variety of strategies for dealing with these hardships. Those making below \$15 an hour utilize these strategies at higher rates than those making above \$15 an hour.
- While public benefits are one strategy used by workers, levels of public benefit receipt are low overall and lower than those found in other studies of low-wage workers.

Next Steps

The Pittsburgh Wage Study is currently completing its first year with plans to continue for a total of 5 years. This **Research Brief** is our first attempt to highlight initial findings and begin discussion of these findings. It is important to us to discuss these findings with workers and other groups in order to interpret them and determine what additional steps we need to take to better understand the strengths and struggles of workers and what is needed to better support them. We are fortunate to have received a grant from the University of Pittsburgh to partially fund our first year and have recently been awarded a grant from the Heinz Endowments that will help fund our next two years. Our next steps in this work include:

1. *Analysis*: We will continue to analyze our data, with attention to refining and extending our analyses and analyzing questions we have not addressed in this brief. Further, we will seek to integrate findings from the survey and in-depth interviews.
2. *Publications*: We will build upon this brief and release a range of briefs, summaries, and reports highlight key findings.
3. *Presentations*: We will continue to present and discuss our findings with workers, employers, researchers, policy-makers, the press, and other interested parties. Currently, we have funding to hold a two-day meeting in the fall to bring these stakeholders together to discuss research and policy regarding how to best support workers.
4. *Data collection*: We will begin the second round of data collection in the spring by conducting in-depth interviews with the same group of workers and surveying hospital workers a second time. Our goal is to see if subsequent wage increases have similar or different effects and our plan is to continue to collect data over time.
5. *Funding*: We will continue to pursue additional sources of funding to support and extend this work.

Pittsburgh Wage Study website:

<http://www.socialwork.pitt.edu/researchtraining/pittsburgh-wage-study>

References:

- Burgess, R., Shook, J. J., et al. (2015). *Report of the Wage Review Committee on the Impact of Raising Wages for Service Workers at Pittsburgh's Anchor Institutions*. Pittsburgh, PA: Pittsburgh Wage Review Committee.
- Oxfam America and the Economic Policy Institute. (2016). *Few Rewards: An Agenda to Give America's Working Poor a Raise*. Washington, DC: Authors.