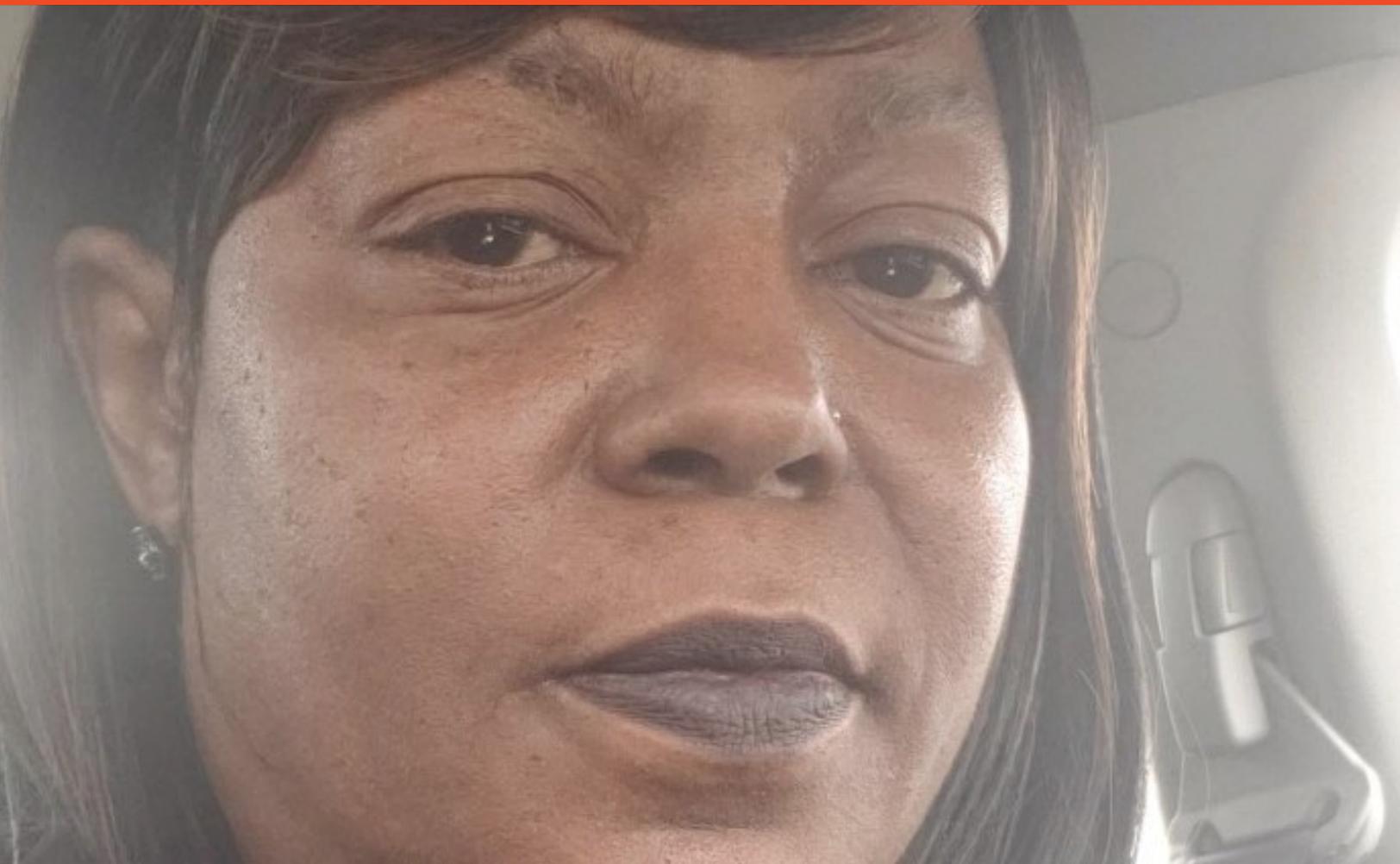


**COWS**

Equity  
Sustainability  
Democracy

# The Crisis in Milwaukee's Service Industry



FEBRUARY 2022

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## Executive Summary

February 2022

There's a crisis in service work in Milwaukee. Too many of these jobs—in food service, janitorial work, security services, and human and health services—offer low wages, inadequate and often unpredictable hours, and benefits packages that are usually weak, if they exist at all. For Milwaukee, these jobs have been a sorry replacement for the good union manufacturing jobs that once defined opportunity in the city. The region's dramatic generational shift from manufacturing to services and declining unionization have left too many of Milwaukee's workers with impossibly low wages and the grinding stress of poverty despite work. This economic transformation has especially damaged Milwaukee's Black community, resulting in extreme racial disparity. All of this was well documented before COVID-19.

In the last two years, the underlying crisis in these jobs has been exposed and it has grown. In the early days of the pandemic, much of this work was finally seen and celebrated as essential. Even as some workers were celebrated, other workers suddenly

lost their jobs. Public policy attempted to protect and support these workers in the face of a public health crisis.

We're in a new phase of the pandemic, with vaccines and increasing economic activity, and the fundamental structural flaws of these jobs have only become more apparent. For workers facing a global pandemic, the fact that these jobs rarely provide health insurance or paid sick leave has become an enormous liability. Angry customers were always a problem, but with increased anger and new rules to enforce, the pandemic has increased the strain of dealing with the public as well. With job quality low and increased opportunity in other sectors, the jobs are becoming harder to fill. Before the pandemic, many employers simply pursued and tolerated the high turnover generated by low-job quality because they have been committed to high flexibility and keeping wage costs low. That strategy is no longer working.

*Service jobs will continue to define economic opportunity in Milwaukee. And without attention to the structure of those jobs, too many Milwaukee residents will struggle.*

All too often, public and private sector leaders defer to market forces and individual choices, acting as if better jobs are well beyond the practical or effective reach of policy. This is simply not true. For decades, public policy has restricted the rights of workers to organize, shredded the floor under wages and benefits, and rewarded low-road competitors that drive down standards in labor markets. Public policy choices have helped pave the low-road we are on. But just as policy choices have set this road, new public policy choices responding to the organized voices of workers can get Milwaukee on the high road with strong floors under wages and benefits.

Service jobs will continue to define economic opportunity in Milwaukee. And without attention to the structure of those jobs, too many Milwaukee residents will struggle. At a recent Wisconsin Health Equity Council meeting, long-time janitor Rosalinda Medrano, testified about the stress of surviving on the \$8.00 per hour she was paid for cleaning a downtown hotel:

*“With food prices so high, we couldn’t even afford to eat meat two days a week, at that wage.”*

Rosalinda Medrano joined a union and credits that for her stronger wage today. But too many workers are still struggling in food service, janitorial, and other low-wage service sector jobs. Local policy that consistently and strategically focuses on the floor under wages in the service sector can help secure decent standards of living for Milwaukee’s workers. The City of Milwaukee can take new approaches to contracting and purchasing, workforce training and economic development, and regulation and partnership, all focused on raising standards in the service sector. This requires public leadership and collective work that brings together on an industrial basis the workers, their unions, employers, and the public sector.

A photograph of a person wearing blue scrubs, likely a healthcare worker, cleaning a table in a hospital or clinical setting. The person is in the foreground, and the background is slightly blurred, showing other people and equipment. The text is overlaid on the image.

“For decades, public policy has restricted the rights of workers to organize, shredded the floor under wages and benefits, and rewarded low-road competitors that drive down standards in labor markets. Public policy choices have helped pave the low-road we are on.”

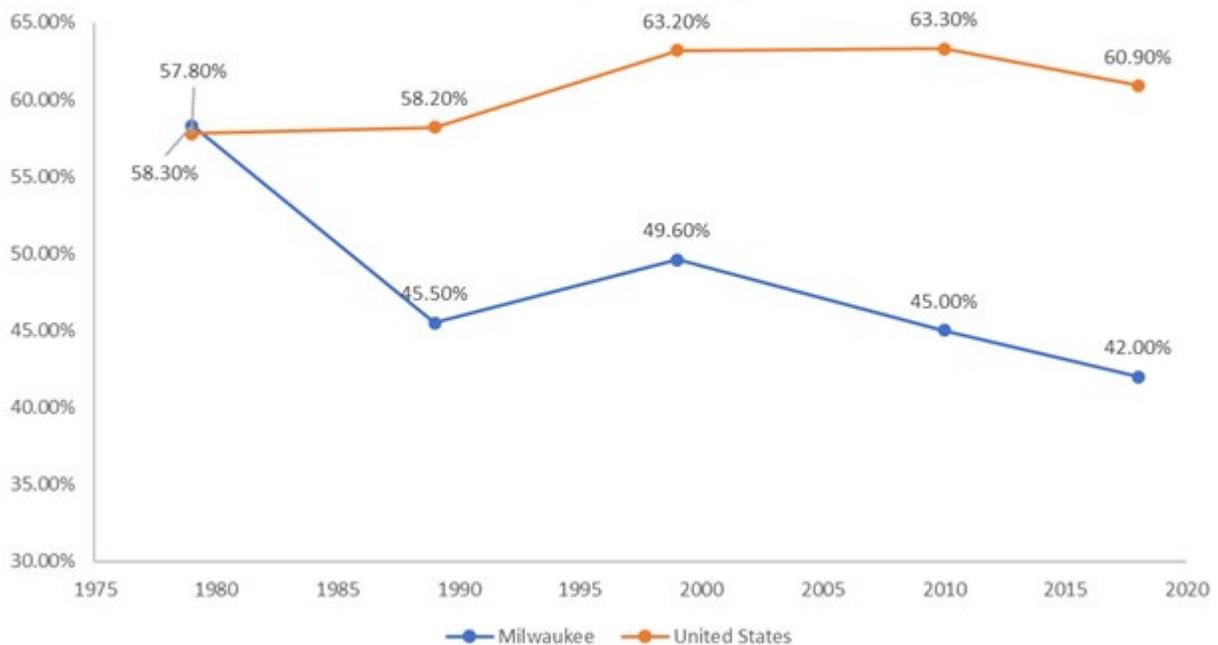
*“I work as many hours as they’ll give me but I have to depend on the City of Milwaukee helping me out and on the FoodShare program and energy assistance programs to help bring food in and help pay the bills.”*

## The Crisis in Milwaukee’s Service Industry

Offering low wages, chaotic hours, and few benefits, tens of thousands of service industry jobs in Milwaukee leave workers struggling to get by. The emergence and growth of these jobs has a deep connection to Milwaukee’s growing and devastating racial inequality. (We offer an overview of some of the research in this section. For deeper reading on these questions, see the resources listed on the last page.)

In the late 1970s, on a foundation of strong job quality in unionized manufacturing, Milwaukee was a relatively equitable place. Deindustrialization, deunionization, and divestment from the city opened a racial gap that now exceeds most other cities. [The State of Black Milwaukee](#) offers clear evidence of the growth of Milwaukee’s racial income gap. The graph below shows that in Milwaukee in 1979, Black household income was 58% of white household income, slightly above the U.S. Black percentage of income. By 2018, Black household income in the US was 61% of white income; Milwaukee’s Black household income fallen to 42%—well under half—of white household income.

The Growing Black-White Income Gap: Median Black Household Income as Percentage of White (Non-Hispanic): Milwaukee vs. The United States (1979-2018)



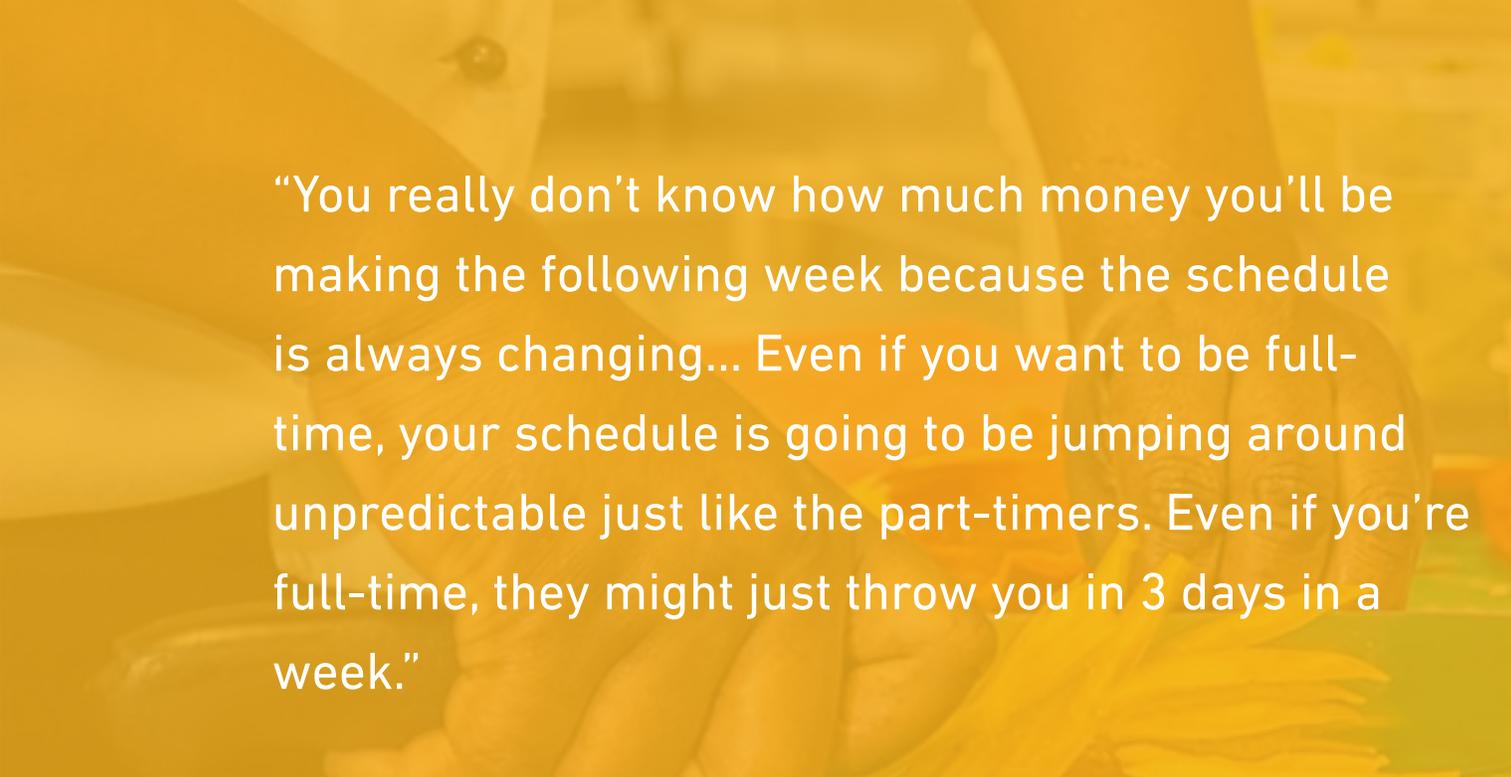
Source: The State of Black Milwaukee, Levine 2020

Nearly a decade ago, COWS' [Raise the Floor Milwaukee](#) called attention to the crisis in low-wage service work. At that point, the crisis was borne by the workers in these jobs. We found:

- Nearly 100,000 workers—35 percent of City of Milwaukee workers—held poverty-wage jobs in 2012.
- Nearly one-third of poverty-wage workers had no form of health insurance.
- For many low wage workers, low and unpredictable hours of work were a critical problem.
- Racial inequality in the distribution of poverty wage jobs was evident: 28 percent of white workers, 38 percent of Black workers, and 50 percent of Latino workers held poverty-wage jobs.
- At that point, 18,000 of Milwaukee's 100,000 poverty-wage workers held jobs in food services.

In these jobs, workers often did not make enough to cover basic expenses, could not afford or qualify for health insurance, could not afford to ride the bus to get to work. At that time, one worker told us: "I don't even live paycheck to paycheck; it's less than that. When I get that paycheck, within the first three days of that week, it's pretty much gone. Can't even hold on to it. If you want to hold on to any of it, you have to skip transportation and stuff." Another summarized their survival strategy this way: "I work as many hours as they'll give me but I have to depend on the City of Milwaukee helping me out and on the FoodShare program and energy assistance programs to help bring food in and help pay the bills."

Food service is emblematic of the problems of low-wage service work, offering very low wages for the majority of food service workers. From 2012-2019, just before the pandemic, this sector grew at a faster rate than the Milwaukee economy. This is another way to see the crisis of low-wage employment. Opportunity in Milwaukee has been growing more dynamically in one of Milwaukee's lowest wage sectors than in the economy overall.



"You really don't know how much money you'll be making the following week because the schedule is always changing... Even if you want to be full-time, your schedule is going to be jumping around unpredictable just like the part-timers. Even if you're full-time, they might just throw you in 3 days in a week."

All of this was BEFORE the pandemic.

COVID-19 exposed the crisis in this work and made the stress of the jobs more extreme. From working in obscurity, many workers were declared and honored as “essential.” The invisible work of maintaining the infrastructure that supports our lives came into focus and essential workers were celebrated for facing the virus. For workers whose jobs had never provided health insurance or even paid sick leave, the risks were especially intense.

At the same time, many other workers abruptly lost their jobs. The economic shutdown impacted the service sector – restaurants, bars, and entertainment

venues were shuttered. The very workers with the fewest resources to survive job loss faced the most intense loss of jobs.

Milwaukee workers are still reeling from the disruption of work caused by the global pandemic. But for all too many of them, their work still offers low wages, volatile hours, and few benefits. A [recent national survey](#) of workers shows that unpredictability of schedules and inadequacy of hours are as substantial a problem for workers now as they were before the pandemic.

### Median Hourly Wages, Milwaukee 2020

	Number of Workers	Hourly Median Wage
All Occupations	802,610	\$20.86
Food Prep. and Serving Related	54,880	\$10.82
Security Guards	4,430	\$14.61
Janitors and Cleaners	10,430	\$13.15

Source: Occupational Employment and Wage Survey, 2020

## Spotlight on Key Service Jobs in Milwaukee

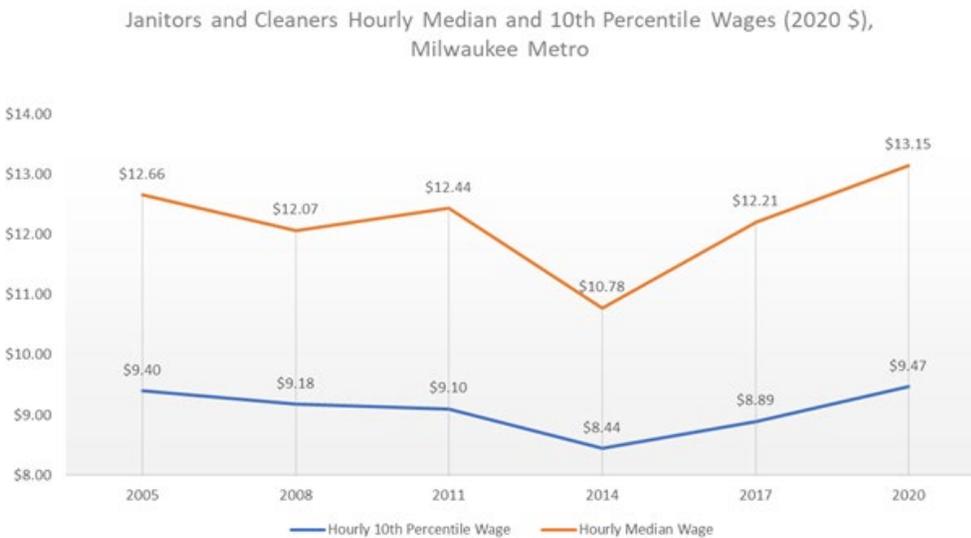
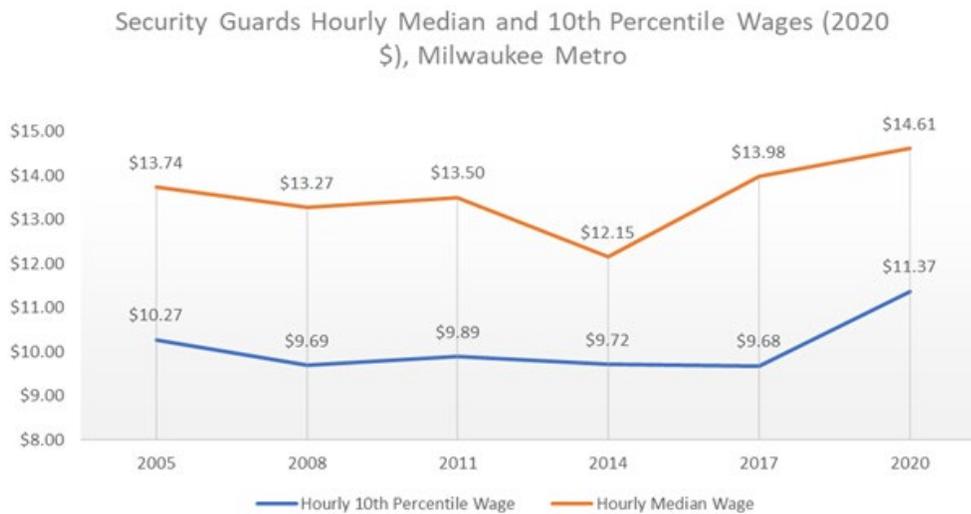
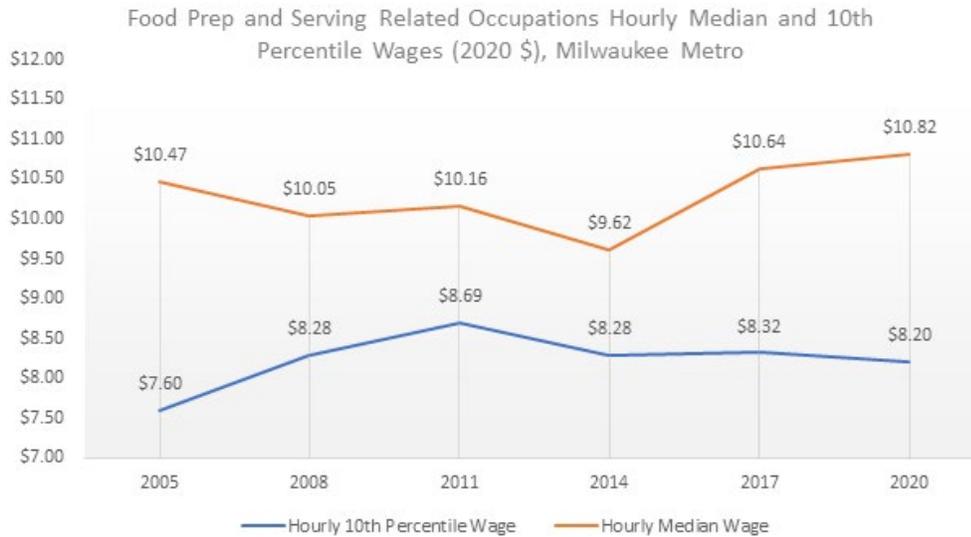
To ground this discussion of service jobs, we offer some information here on three key service occupations in Milwaukee - food service, security work, and janitorial/cleaning jobs. For a point of comparison, we provide the Milwaukee overall median hourly wage which is \$20.86 per hour. Wages in these service jobs are low by any standard.

Milwaukee has more than 50,000 food service workers with a median wage of just \$10.82 per hour. Even if they secured full-time year-round work (which can be very hard to do given the structure of the jobs), a food service worker would make less than \$22,000 in the year, not even enough money to keep a family out of poverty. Of the three spotlight occupations, this is by far both the largest and the lowest paid.

Milwaukee has some 10,000 janitors and cleaners and their wages too are very low, just \$13.15 per hour at the median. There are some 4400 security guards in Milwaukee. Their median wage is \$14.61. Even at the highest median wage of these occupations, it is notable that the median wage of security guards is below \$15 per hour.

Wages in these occupations near the labor market floor have grown only very slightly in the last 15 years. Adjusting for inflation by converting all values to 2020 dollars, we find that wages fell slightly from 2005 to 2011 and grew slightly from 2011 to 2020 for each of the three occupations. The graphs on the next page provide information on wages over time in these occupations and make the stagnation of wages in these jobs clear.

## Wage Trends 2005-2020 in Key Service Occupations



Source: Occupational Employment and Wage Statistics, Bureau of Labor Statistics (all three)

## A New Aspect of the Underlying Crisis

For decades, the crisis of these jobs was carried by service workers themselves. Workers faced the burden of low income, chaotic schedules, and no benefits through work.

Recently, however, the crisis has moved to the center of public discourse. Why? In part because the pandemic has made this essential work much more clear to all of us. But equally important, our attention has turned to these jobs because the jobs are increasingly hard to fill. The crisis of bad job quality, carried uniquely by service workers themselves is now a burden also carried, in some part, by employers. The press is full of stories on this issue. Milwaukee restaurants and bars are limiting hours or services because they can't fill [jobs](#). Employers are finding new ways to recruit and workers are demanding more from their jobs according to recent stories at [Urban Milwaukee](#) and [Wisconsin Public Radio](#). While much has been made of the increased power of workers in this context, there is substantial evidence that workers' new leverage has yet to reap any sustainable rewards, especially when it comes to their [schedules](#).

Unfilled positions in low-wage service jobs is a new face of the service jobs crisis that preceded and was exposed by the pandemic. Too many service sector jobs—in food service, cleaning and janitorial, security, also in retail and hands-on caregiving jobs for the young and old—do not support a decent living for families. Without changing the quality of these jobs, employers and employees will be trapped in the low-wage high turnover equilibrium. In the short term, employers may be facing the stress of this more than in the past, but the problem is not a lack of workers. The fundamental problem is the structure of the jobs. Until we build a strong, consistent floor of better wages, more predictable hours, and stronger benefits in these jobs, the crisis will continue.

The City of Milwaukee can help to lead this effort. In every aspect of policy, the city can seek to strengthen job quality, raise labor standards, and support and build a high-road approach to service work in the city. This includes taking a strategic approach to every aspect of city contracting and purchasing. It can include developing new partnerships to support workforce training and economic development. It can include new forms of regulation to secure health and safety for service workers. It will certainly require public leadership and collective work that brings together on an industrial basis the workers, their unions, employers, and the public sector to remake job quality in the service sector.

This is a unique moment for these service industries in Milwaukee. Workers, employers, and public leaders now better understand the essential contributions of these workers to our community. But to raise job quality will require collective and concerted effort. Local policy and public leadership have critical roles to play in raising the standard of these jobs so that these jobs of Milwaukee's future can become an engine of opportunity for workers, their families, and this community.

## Resources on Economic Restructuring, Service Jobs, and Racial Inequality in Milwaukee

As the severity of the pandemic and its impact on economic and racial disparities take center stage in policy discussions, reports from before and after COVID-19 help underscore the issues at hand while also presenting relevant solutions.

Raise the Floor Milwaukee; Better Wages and Labor Standards For Low-Wage Workers

By Laura Dresser for COWS, 2013, <https://cows.org/wp-content/uploads/sites/1368/2020/04/013-Raise-the-Floor-Milwaukee1.pdf>

The Connection Between Unpredictable Work Schedules And Meeting Basic Household Needs

By The Institute For Research On Poverty, 2021, <https://www.irp.wisc.edu/resource/the-connection-between-unpredictable-work-schedules-and-meeting-basic-household-needs/>

State of Black Milwaukee

By Marc V. Levine - Professor of History, Economic Development, and Urban Studies at UW-Milwaukee, 2020, [https://dc.uwm.edu/cgi/viewcontent.cgi?article=1055&context=ced\\_pubs](https://dc.uwm.edu/cgi/viewcontent.cgi?article=1055&context=ced_pubs)

Race for Results: Wisconsin's Need to Reduce Racial Disparities

By Kids Forward (formerly the Wisconsin Council on Children and Families), 2014, <http://kidsforward.net/assets/RaceForResults.pdf>

The Wisconsin Racial Disparities Project

By Pamela E. Oliver – Professor of Sociology at UW-Madison, 2016, <https://www.ssc.wisc.edu/soc/racepoliticsjustice/>

Is Wisconsin Becoming a Low-Wage Economy?

By Marc V. Levine - Professor of History, Economic Development, and Urban Studies at UW-Milwaukee, 2014, [https://dc.uwm.edu/cgi/viewcontent.cgi?article=1007&context=ced\\_pubs](https://dc.uwm.edu/cgi/viewcontent.cgi?article=1007&context=ced_pubs)

## About COWS | Building the High Road

This paper was written by Laura Dresser, Pablo Achilles-Sanchez, and Adam Kanter. COWS is a nonprofit think-and-do tank, based at the University of Wisconsin-Madison, that promotes “high road” solutions to social problems. These treat shared growth and opportunity, environmental sustainability, and resilient democratic institutions as necessary and achievable complements in human development. Through our various projects, we work with cities around the country to promote innovation and the implementation of high road policy. COWS is nonpartisan but values-based. We seek a world of equal opportunity and security for all.

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