

The Rise of Worker Centers

AND THE FIGHT FOR A FAIR ECONOMY

*How dynamic new worker organizations
are overcoming corporate attacks
to advance fair wages for all.*



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UNITED WORKERS CONGRESS | Mission

The United Workers Congress brings together sectors of workers who were told they couldn't organize but who went out and did it any way. They provide inspiring models for innovative labor organizing for the 21st century. Their hard-won victories provide the foundation for a new framework for a new era of building worker power. These organizations are ready for the long-term movement that it will take to expand the rights of workers—both in the United States and around the world—to organize and to exercise their collective power.

The Rise of Worker Centers

and the Fight for a Fair Economy

How dynamic new worker organizations are overcoming corporate attacks to advance fair wages for all

I. Executive Summary

For years, worker centers have been a leading force in the nationwide fight for a fair economy. Worker centers have won changes in local policies and practices, built vocal and active membership, and raised public awareness of workers' issues. These efforts have laid the groundwork for the recent spread of legislative efforts to protect workers' rights and raise the minimum wage.

Workers centers have grown as an effective, and innovative form of worker organizing in a challenging economic and political climate. In the last ten years, the number of worker centers has grown exponentially. They have expanded to new cities and states and created powerful new national alliances.

Worker centers and their allies have been at the heart of a growing national movement for a fair economy by organizing for better working conditions and livable wages. Their work has focused on four important goals:

- Ending the exclusion of certain groups of workers from state and federal labor and employment laws;
- Ensuring that workers are paid the wages to which they are legally entitled;

- Motivating employers to pay workers decent wages that go beyond the low level of the current, insufficient minimum wage;
- Raising the minimum wage at the local, state and federal levels.

Today the United States has the highest level of income inequality since the Great Depression.

For the last 40 years, workers' wages have not increased, even though worker productivity has been rising. The median family income in the US is lower now than it was in the 1970s.

By contrast, corporate boards and executive management have kept a greater share of profits, creating an enormous wage gap that has left workers and their families in poverty. At the same time, unions which helped to build the middle class, create job security, and a social safety net, have been under attack. The weakening of labor laws and anti-union legislation like "right to work" laws have contributed to a decline in union membership. They have eroded rights and left millions of workers excluded from the protection of labor law.

As worker centers and other new worker organizations

have started to gain momentum in the movement for fair wages, corporations have started to take notice of their work and to collectively attack the worker center and broader low-wage organizing field. These efforts have increased as more worker centers and other new worker organizations have started to directly challenge the unfair wages and practices of corporations like Darden, McDonald's, and Walmart and their global supply chains. These corporations are building an infrastructure of lobby groups and public relations firms that are using smoke-screens and false alarms to distract from the growing public dialogue about wages and inequality.

Through business associations such as the U.S. Chamber of Commerce and the National Restaurant Association, corporations have built a network of lobby groups that use "dark money" -- money not reported as political contributions -- to lobby legislators against

minimum wage increases. They have also contracted with public relations firms who have created Worker Center Watch and Employment Policies Institute to conduct smear campaigns against worker organizations leading efforts to improve the wages and working conditions of low-wage workers. Worker centers have been a primary target of these smear campaigns. At a time when accurate and honest economic policy debate is most needed, corporate-funded lobbyists and public relations firms are setting up smokescreens and setting off false alarms, distorting the facts, and diverting attention from the real issues at the heart of the growing public debate about wages.

The Rise of Worker Centers and the Fight for a Fair Economy highlights key successes of the worker center movement. It exposes the corporate forces behind the dark money attacks on workers' rights and honest policy debate.

II. Introduction: The Inequality Crisis

Economic inequality is a growing problem in the United States. The United States now has the highest level of income inequality since the Great Depression.¹ Since the 1970s, corporate interests have kept the wages of working people from rising with growth in productivity, and median family income is lower than it was in the 1970s.² The top 1% of the U.S. population controls 35.4% of the wealth in the nation.³ These patterns increased rapidly after the recession of 2008. The top 1% of income earners have received 95% of the income gains generated since the recession,⁴ while the majority of new jobs created since the recession have been low-wage jobs.⁵ In 2009, low-wage workers made up 24% of the U.S. workforce,⁶ and low-wage work continues to grow.⁷ Analysts estimate that, by 2020, 48% of the jobs will be low-wage. Despite working long hours often at multiple jobs, many low-wage workers cannot make enough to provide for their families' basic needs such as paying rent, buying food, and providing transportation to work and school.

But it has not always been this way. Throughout most of the twentieth century, workers' wages increased as their productivity increased. Unions gave working people a voice in the workplace and in government regulations, winning raises in wages and benefits that helped to build a middle class.⁸

Over the past forty years, the union movement has been in decline due to changes in the structure of the economy and successful efforts by big corporations to subvert workers' organizing by weakening labor law. The corporate global reorganization of production moved a significant number of manufacturing jobs out of the country, undermining the union movement's traditional stronghold.

The structures of the jobs that took their place—service work and subcontracted work among them—were out of sync with the structure of current labor law, which was designed in the 1930s for an industrial economy.⁹ These economic transitions were accompanied by a sustained assault on workers' rights by corporate forces, through industry groups like the National Association of Manufacturers and the Chamber of Commerce.¹⁰ The National Labor Rights Act (NLRA) has been both weakened in its ability to provide adequate protections to workers attempting to unionize and strengthened in the restrictions that have been placed on workers who are attempting to organize to improve their conditions. The NLRA, which was a key facilitator of working peoples' ability to exercise their democratic rights in the workplace when it was adopted in 1935, often limits those same rights today.¹¹ This combination of factors has led to a precipitous decline in union membership over the last thirty years.¹²

The reduction of union strength has left millions of working people underrepresented without the traditional vehicles to address their needs. The result has been the growth of poverty level wages and erosion of workplace rights, which has left so many Americans in economic difficulty. Worker centers emerged as an alternative form of worker organization more than 25 years ago to address this growing vacuum. By building support in communities for better working conditions, they have provided low-wage workers with a way to address their increasingly dire conditions in a context of weak and restrictive labor rights.¹³

III. What are Worker Centers?

Most worker centers are made up of immigrant workers and African American workers who labor in jobs that do not pay a livable wage. Many of these low-wage jobs are not effectively regulated by government protections. Worker centers are non-profit organizations that represent a number of different sectors: domestic workers, day laborers, restaurant workers, taxi drivers, workfare workers, guestworkers, garment workers, nail salon workers, farmworkers and more. Janice Fine, a professor of Labor Studies and Employment Relations at Rutgers University and a scholar of the worker center movement, has estimated that there were more than 200 worker centers across the United States, as of 2011.¹⁴

Many of these workers do not have access to the standard set of labor rights and worker protections assured to other workers in this country: minimum wage, overtime protections, health and safety protections, and the right to organize and establish unions. Some sectors of workers—like domestic workers and farm workers—were initially excluded by name from worker rights and protections in the 1930s.¹⁵ They are still excluded by name from the National Labor Relations Act, which provides workers with the right to organize unions and collectively bargain. Tipped workers, many of whom are women who work as servers at restaurants like Red Lobster, Olive Garden, IHOP, and Applebee's, are excluded from the typical, \$7.25 minimum wage.¹⁶ These exclusions did not happen by accident. In the 1960s, the restaurant industry won exemption from the minimum wage by claiming that customers' tips should be counted toward the overall wage. They thus managed to win a federal wage for tipped workers that was much lower than the minimum wage for other workers.¹⁷ Other

sectors of workers—like taxi drivers—have been legally classified as “independent contractors” rather than “employees,” and therefore have less protections than employees.¹⁸ Still other sectors of workers are protected in name only. For example, undocumented workers often have a difficult time enforcing the protections they are supposed to have because they are worried that employers will report them to immigration authorities in retaliation. As a result of these limitations in rights, among other things, millions of workers do not have the option of unionization as a strategy to respond to their low wages and poor working conditions.

Worker centers emerged to fill the vacuum created by these exclusions and restrictions. They provide a range of services to their members. English language classes and legal services are at the heart of many worker center models, but the range of services is broad, from financial planning and employment referrals, to immigration and health-related services. These services provide an entry point through which to engage workers in direct action and advocacy campaigns that work to address the structural challenges they face, many of which focus on workplace issues and immigration reform. Worker centers organize workers to challenge discrimination and to help them reclaim their basic workplace rights. Worker centers are also known for their deep commitment to developing the leadership and participation of their worker-members, running numerous classes and skills training programs and placing a high priority on participatory democracy.¹⁹

The field is growing and maturing. In the last decade, locally-based worker centers have either federated into national alliances or built national organizations that bring

HISTORY OF EXCLUSIONS FROM WORKER RIGHTS

Many workers' rights as we know them today—the minimum wage, overtime protections, the right to organize and collectively bargain—were first developed in the 1930s, during the New Deal. Over the years, more workers have been included under federal minimum wage laws and overtime protection. But many working people were also written out of those rights. Domestic workers, farmworkers and many other groups of workers were excluded by name from the minimum wage and from overtime protections. These workers were excluded because of the lobbying of Southern legislators who wanted to maintain the Jim Crow

economy of the South, and their efforts limited the rights of workers across the whole country.⁶⁶ Tipped workers—like restaurant workers—were limited to a much lower minimum wage in 1966.⁶⁷ This inequality of rights largely falls along the lines of race and gender. Workers of color and women were the overwhelming majority of the workers excluded from the minimum wage and other worker rights in this country. This inequality of rights helped to institutionalize racial and gender inequalities in U.S. society.⁶⁸ In the 1960s, the Civil Rights Movement worked to challenge segregation in federal labor protections, and it succeeded in making sure



FARMWORKER IN THE TOMATO INDUSTRY

that many more workers—including government workers and many service workers—had access to the minimum wage and other fundamental rights in the workplace.⁶⁹ But the Civil Rights Movement was not able to overcome all of those old patterns. Today, the rights of many groups of workers are still limited by the law. Worker centers have taken up the fight to win full inclusion for all workers in worker rights and protections. ▲

together workers within each sector: the National Day Laborers Organizing Network, the National Domestic Workers Alliance, the National Guestworker Alliance, the National Taxi Workers Alliance, and Restaurant Opportunities Centers United. This was an important development which facilitated the maturation of the worker center movement, bringing greater cohesion, power and political sophistication to each alliance's local affiliates. Many of these national alliances, in turn, came together to build the United Workers Congress (UWC) in order to build collective vision and strategy. In the last several years, new forms of worker associations and campaigns have developed, including retail and fast food worker organizations around the country. These new organizations draw on many of the methodologies that worker centers have developed in shaping a new approach to worker organizing.

Worker centers and their allies have been at the heart of a growing national movement for fair and livable wages. Their work has manifested on four major fronts: efforts to end the exclusions of many workers from state and federal labor and employment laws; work to assure that workers are actually paid the wages to which they are legally entitled; campaigns focused on pressuring employers to pay workers more than the minimum wage; and legislative efforts to raise the minimum wage at the local, state, and federal level.

IV. Workers Winning Their Rights: Key Strategies

Ending Inequality in the Law

Worker centers have run a number of successful legislative campaigns to overcome these exclusions and inequities in the law.

- In 2010, domestic workers organizations succeeded in persuading the New York State legislature to pass the Domestic Workers Bill of Rights, which expanded protections for nannies, housecleaners, and elder care providers in the state. It has been widely celebrated as a victory for civil rights and equality. States around the country followed suit: California and Hawaii passed similar bills in 2013, and there are bills in motion in Massachusetts, Illinois, and Connecticut. At the federal level, the National Domestic Workers Alliance played a leading role in the successful effort to win inclusion of homecare workers in minimum wage and overtime protections in 2013.²⁰
- The Restaurant Opportunities Center (ROC) has started to successfully shift the debate on the exclusion of tipped workers, the majority of whom are women who work in restaurants, from the federal minimum wage. Federal law permits employers to pay tipped workers a base wage of only \$2.13 per hour, provided that tips make up the difference. But the reality is that tips fluctuate greatly and tipped workers face poverty at more than twice the rate of other workers.²¹ ROC has won several legislative victories that ensure basic labor standards for tipped workers: ensuring tipped workers received a raise in New York State in 2005,²² prohibiting employers from deducting credit card processing fees from workers' tips in 2011,²³ and winning paid sick days for tipped workers in Washington, DC in 2013.²⁴
- Through workplace campaigns that exposed abuse and then used public education, advocacy and litigation to support workers, the National Guestworker Alliance (NGA) has won significant protections for H-2B guestworkers, including reforms which have helped to level the field for guestworkers. These reforms include requiring employers of H-2B workers to pay prevailing wages to guestworkers, protecting guestworkers from being paid substandard wages and simultaneously protecting job quality for native-born workers.²⁵

These campaigns have started to overcome the traces of segregation and sexism that linger in government policy and that continue to shape the economy. Worker centers have built momentum around the idea that discrimination has no place in government policy.



DOMESTIC WORKERS RALLY IN DC



RESTAURANT OPPORTUNITIES CENTER ACTION

THE NATION'S LARGEST LOW-WAGE EMPLOYERS

Retail and restaurant corporations are among the biggest employers in the country, and they employ the majority of low-wage workers in the country. The National Employment Law Project found that the top 50 largest employers of low-wage workers have recovered from the recession, and most of these corporations have seen their profits increase in recent years. These growing profits are being spent on the high salaries and bonuses of corporate executives, while these companies' low-wage workers continue to live in poverty.⁷⁰

Walmart, which has more than 1.4 million employees, is the nation's larg-

est low-wage employer. Walmart's best-paid corporate executive makes \$18.1 million per year.⁷¹ The average hourly wages for most Walmart associates is \$8.89.⁷² Numerous studies have found that many Walmart associates have to rely on public subsidies - like Medicaid - to supplement these low wages.⁷³

Yum! Brands, which owns Taco Bell, Pizza Hut, and KFC, is the second largest employer of low-wage workers, employing 880,330 workers. Their highest paid executive makes \$20.4 million per year,⁷⁴ while Yum! Brands workers make poverty wages.⁷⁵

With more than 850,000 work-

ers, McDonald's is the third largest low-wage employer in the country⁷⁶ and a leading member of the National Restaurant Association. Many fast food workers make only \$8.69 per hour, and many have to rely on public assistance to supplement their low wages. McDonald's best-paid corporate executives make \$4.1 million per year.⁷⁷

Darden Restaurants, Inc., which runs Olive Garden, Red Lobster, and the Capital Grille, and which employs 165,475 workers, is another leading low-wage employer. Its leading executive makes \$8.4 million per year⁷⁸ while many Darden workers receive the sub-minimum tipped wage of \$2.13 per hour.⁷⁹ ▲

Challenging Wage Theft

Most worker centers started out as local community organizations, providing services to meet the needs of their constituent workers. Central among these were legal services to support workers with unpaid wage claims: workers who had been paid below the minimum wage or who had been denied overtime and workers whose wages had been stolen by unscrupulous employers who calculated they could get away with not paying for work already provided. Worker centers supplemented legal advocacy with street protests challenging abusive employers. These methods enabled worker centers to win an average of between \$100,000 and \$200,000 in back wages per year.²⁶ A number of worker centers have also run successful legislative campaigns to end wage theft. Over the last several years, worker centers have been winning an increasing number of major victories against high-profile employers who have been found guilty of large-scale wage theft.

- The Restaurant Opportunities Center has won 18 campaigns against exploitation in large, high-profile restaurant corporations that resulted in higher wages and better benefits for these workers, as well as \$9 million in recouped wages. They are currently running a similar campaign against the Darden corporation, which is the world's largest full service restaurant company and the owner of Olive Garden and Red Lobster.²⁷
- In 2012, the National Guestworker Alliance won \$248,000 in back wages, fines, and penalties from C.J.'s Seafoods, a Walmart supplier.²⁸ C.J.'s workers, who processed crawfish for Walmart, had been forced to work long hours for sub-minimum wages, and they had been subject to threats and intimidation, conditions which NGA alleged were akin to forced labor.²⁹ In February 2014, NGA filed a U.S. Department of Labor complaint against McDonald's on behalf of hundreds of student guestworkers and native-born fast food workers who had been paid sub-minimum wages, denied overtime pay, and charged exorbitant prices for company housing. The Department of Labor awarded these workers \$205,977 in back wages and damages.³⁰ One month later, McDonald's workers who had been organizing in New York City won \$500,000 for unpaid wages and for overtime violations.³¹

Increasingly, large corporations—like Walmart and Staples—are being prosecuted for wage theft, required to pay out settlements that reach into the millions of dollars.³² Worker organizations win settlements from multi-national corporations by leveraging the moral power of workers' stories to challenge corporations' public reputations.

TAXPAYERS SUBSIDIZE BIG EMPLOYERS' LOW-WAGE MODEL – AND THEIR CEO PAY

The pay practices of the nation's largest employers are a double burden on taxpayers. First they pay their low-level workers so little that many of them must rely on public assistance. Then they pocket massive taxpayer subsidies for their CEO pay.

These CEO pay subsidies are the result of a loophole that allows firms to deduct unlimited amounts from their income taxes for the cost of stock options, certain stock grants, and other forms of so-called “performance pay” for top executives. Put simply: the more corporations pay their CEOs, the less they pay in federal taxes. And ordinary taxpayers wind up footing the bill.

Examples:

- **McDonald's:** The fast food giant paid more than \$33 million in exercised stock options and other fully deductible CEO pay in 2012. According to the Institute for Policy Studies, that translates into a \$12 million taxpayer subsidy for McDonald's.⁸⁰ According to the National Employment Law Project, McDonald's employees turn to Medicaid and other anti-poverty programs for an estimated \$1.2 billion in assistance per year.⁸¹
- **Wal-Mart:** The nation's largest employer paid its CEO more than \$28 million in so-called “performance” pay in 2012, reaping a tax subsidy of

\$9 million – just based on this one executive's pay.⁸² Taxpayers also subsidize Wal-Mart's low-wages through billions in public assistance per year.⁸³

To close this perverse “performance pay” loophole, members of Congress have introduced bills in the Senate⁸⁴ and the House of Representatives⁸⁵ that would set a \$1 million cap on the tax deductibility of executive pay—with no exceptions. The Joint Committee on Taxation estimates this legislation would generate more than \$50 billion over 10 years.⁸⁶ Republican Representative Dave Camp, the Chair of the House Ways & Means Committee, made a similar proposal in his recent tax reform plan.⁸⁷ ▲

Winning Higher Wages

These efforts to win inclusion in minimum wage and overtime protections and to ensure that workers receive the wages they are legally due led worker centers to engage in increasingly ambitious efforts over time. Many are shifting their focus from inclusion and enforcement of existent minimum wage standards to efforts to win higher wages for their constituent workforces. Some of these efforts are aimed at pressuring employers to pay higher wages, while others focus on state and federal campaigns to raise the minimum wage.

Worker centers have often been described as organizations that rely on advocacy and public policy in order to improve conditions for low-wage workers,³³ but there are a growing number of worker centers that are focusing their organizing efforts directly on employers to raise wages for

workers in particular industries.

- The Coalition of Immokalee Workers (CIW) has significantly improved the wages of Latino immigrant farmworkers who pick tomatoes in Immokalee, Florida, through innovative campaigns that target chain restaurants and grocery stores that purchase tomatoes from the area. CIW has strengthened the efforts of farmworkers by organizing broader public support primarily among students, to put pressure on purchasers like McDonald's, Taco Bell, Trader Joe's, and Walmart to sign agreements that require their tomato suppliers to pay workers a penny more per pound of tomatoes picked.³⁴ CIW estimates that this penny-per-pound raise has increased the



CIW LEADERS SIGN THE FAIR FOOD PROGRAM AGREEMENT WITH WALMART

wages of impacted farmworkers from \$50 to \$80 a day. CIW currently has campaigns targeting Wendy's restaurants and Publix grocery stores, two of the few remaining national-level buyers that have not signed the agreement.³⁵

- The Texas-based Workers Defense Project (WDP) began as a legal aid organization focused on wage recovery. Over time, they have concentrated their efforts on improving the wages and working conditions for construction workers in Texas, a full half of who are undocumented. They have won "Better Builder" agreements with six developers in Austin that created more than 5,000 high-quality construction jobs for their constituents. In addition to significant improvements in job training and workplace safety,

Workers Defense Project estimates that 1,065 workers increased their wages by more than \$2 per hour as a result of these agreements.³⁶ Moreover, WDP was successful in winning a prevailing wage or a living wage floor (which ever is higher), higher safety standards, and incentives for job training of construction workers on all future public-private partnerships in the city of Austin, thus impacting the lives of thousands of workers.

These efforts have gained widespread media attention, focusing the public eye on the low wages paid by some of the nation's best-known corporate actors. This attention has pressured these corporations to begin to raise wages for their direct employees and to require their suppliers to do the same.

PAYING FOR POVERTY: BACKGROUND ON THE MINIMUM WAGE

The right to a fair wage is a core right in American society, but there are a number of limits on minimum wage laws that will need to be overcome if they are to provide fair and equitable wages to working people in this country. The current minimum wage is so low that many low-wage workers have to live in poverty.

How did this come to be? For the last several decades, corporate lobbyists have worked hard to make sure that the minimum wage is low, and that many workers will be exempted from it. For the first five decades after minimum wage laws were passed, Congress made sure that the minimum wage would rise to keep pace with the rising cost of living.⁸⁸ Starting in the late 1970s, employer associations—primarily the Chamber of Commerce and the National Restaurant Association—began actively lobbying against minimum wage increases.⁸⁹ As one of the largest employers of minimum wage workers, the restaurant industry—led by the National Restaurant Association—has spent the most lobbying dollars on the issue of any single employer group.⁹⁰

Although raising the minimum wage continues to garner widespread popular support, corporate lobbying has meant that legislative adjustments to the minimum wage have slowed so significantly that the real value of the minimum wage has stagnated. When adjusted for inflation, the minimum wage rate has in fact declined significantly since 1968.⁹¹

Similarly, over the last several decades, corporate lobbyists have sought to win exemptions for themselves from minimum wage laws. For years, the sub-minimum tipped wage increased each time the overall minimum wage increased.⁹² However, in 1996, under the leadership of Herman Cain, who later attempted to run for President on the Republican ticket, the National Restaurant Association won a permanent exclusion from minimum wage increases, by successfully lobbying Congress to permanently freeze the minimum wage for tipped workers at \$2.13 an hour.⁹³ The federal minimum wage for tipped workers has thus been frozen at \$2.13 an hour for the last 23 years, with customers now paying nearly the entirety of these workers'

wages.⁹⁴

In 2013, the pay bonuses that went to the well-paid employees of New York's financial industry amounted to \$26.7 billion, more than the total amount earned by all the workers in the United States who currently work for the minimum wage. The Institute for Policy Studies found that, if these bonuses were to be redistributed to working people, "That amount would be enough to more than double the pay for all 1,085,000 Americans who work full-time at the current federal minimum wage."⁹⁵

Today's minimum wage of \$7.25 per hour is not a living wage anywhere in America.⁹⁶ In fact, the average cost of living in America is closer to \$15 per hour.⁹⁷ Proposals to raise the minimum wage receive widespread popular support, and they make good economic sense. Unlike high earners, minimum wage workers tend to spend all of their earnings.⁹⁸ Putting more money in workers' pockets would boost our economy. Every extra dollar that goes to a worker adds about \$1.21 to the national economy.⁹⁹ A \$15 minimum wage would create an economic stimulus, pumping money into local economies and even creating new jobs.¹⁰⁰ However, corporate lobbyists continue to lobby against minimum wage increases. ▲

These employer-focused successes are now beginning to converge with a number of state and federal-level legislative efforts to raise the minimum wage, aimed at ensuring that low-wage workers can earn wages that lift them out of poverty.

- For years, worker centers around the country have played leading roles in efforts to raise the minimum wage at the state and city level. In San Francisco, a coalition of community and labor organizations, that included worker centers such as Chinese Progressive Association SF, POWER, SF Living Wage Coalition, and Young Workers United, were leading forces in winning the highest metropolitan minimum wage in the nation: \$10.74 per hour.³⁷ This ordinance included an automatic annual increase pegged to consumer price index and afterwards the groups successfully advocated for more resources for greater enforcement and an innovative model of community based outreach. Make the Road New York—along with allied worker centers including Community Voices Heard, Restaurant Opportunities Center of New York, Laundry Workers Center United, Tompkins County Workers' Center, Worker Center of Central New York, and the Worker Justice Center of New York—played a leading role in the recent victory to raise the minimum wage to \$8 per hour in New York state.³⁸
- The Restaurant Opportunities Center has been a leading force in efforts to raise the minimum wage for tipped workers, whose wages have been frozen at \$2.13 for decades. Their efforts have gained the support of state and federal legislators and the public. ROC worked with legislators to introduce the first federal bill in history focused on tipped workers. The bill was subsumed into current federal legislation that proposes re-linking the tipped minimum wage to the overall minimum wage at 70%. ROC is leading legislative and ballot initiatives in four states this year to eliminate the subminimum wage for tipped workers altogether. In addition to its direct worker organizing, ROC

has also organized 100 “high road” restaurant employers into an alternative national restaurant association called RAISE (Restaurants Advancing Industry Standards in Employment), which has lobbied Congress in support of raising wages for tipped workers.³⁹

- The public debate over minimum wage poverty spread when fast food workers around the country began to build new kinds of worker organizations that drew on worker centers' established organizing models. Fast food workers are at the center of many of those organizing efforts. Starting in 2012, fast food workers initiated a wave of strikes that have spread across the country. Workers walked off the job to protest their low wages and poor working conditions. But instead of calling on their employers to raise wages through a union contract, they started to call on the government to raise the minimum wage. They were not calling for the incremental increases that are being considered in Congress, which would only increase the minimum wage to \$10.10 per hour. They called for a \$15 hourly minimum wage.⁴⁰

These efforts have started to make real progress against the corporate lobbyists who have long opposed increases to the minimum wage. Cities around the country—from Washington DC to SeaTac, Washington—are raising the minimum wage. The minimum wage will increase in 13 states over the course of 2014, impacting approximately 2.5 million workers who earn the minimum wage.⁴¹ These state and local efforts—pioneered in large part by worker centers—have made the minimum wage an important question in the national political debate. There is legislation pending before Congress to raise and index the federal minimum wage to \$10.10 and to raise the tipped minimum wage to 70% of the full minimum wage.⁴² A *Washington Post* poll recently found that two-thirds of Americans favor raising the minimum wage to above \$10 per hour, and a majority say they think that, “federal policies currently favor the wealthy” and 57% say they’d support efforts to try to “reduce the wealth gap in this country.”⁴³

These four fronts of struggle around wage issues—winning full inclusion in wage protections, challenging wage theft, demanding higher wages from employers and campaigning for legislation to raise the minimum wage—have historically been disparate aspects of work, taken up by different worker centers without much central coordination. But as the momentum in these efforts has grown, we can see a more cohesive dynamic new worker organizing movement for fair wages in this country, guided by an increasingly clear vision. That vision includes:

- 1) **Substantive increases in state and federal minimum wages.** The call for a \$15 minimum wage is beginning to spread beyond the fast food workers movement to other sectors of low-wage workers. We can expect to see more worker centers taking up the call for a \$15 minimum wage in the coming months, while other worker organizations will increase the pressure on their employers to substantially raise wages. In addition, any wage increase must occur without cutting work hours.
- 2) **Full and fair inclusion in minimum wage and overtime protections.** This would include the full inclusion of all workers – like live-in domestic workers who are hired by individuals and private households – who are excluded from the overtime protections at the federal level. It would also include the elimination of the tipped minimum wage, bringing restaurant workers up to the same minimum standards provided to all other workers.
- 3) **Strengthening enforcement and protections from retaliation.** Worker centers have long worked to counter wage theft, and they have developed a number of policy solutions to strengthen enforcement systems to hold abusive employers accountable for wage and hour violations. These policies include increasing fines for violators and increasing resources for enforcement. In order to enable immigrant workers to overcome the fear that they will be deported if they complain about their



INTERNATIONAL STUDENT GUEST WORKERS PROTEST HERSHEY'S

employers, a number of worker centers have begun to lobby for the Protect Our Workers from Exploitation and Retaliation (POWER) Act, which would provide U visas for immigrant workers who have been victims of employment violations and are willing to assist law enforcement and government officials in the investigation or prosecution of the criminal activity.

This emergent movement to make fair wages real in all workers' lives is only one piece of a broader movement growing among today's low-wage workers. They are also calling for changes to health and safety laws, paid sick days and paid family leave, protections for workers who are organizing, immigration reform and the expansion of government safety net programs. Sarita Gupta, Executive Director of Jobs with Justice, a national organization that supports worker centers around the country, told Amy B. Dean of TruthOut, "At the end of the day, that's why we don't believe the minimum wage is the only solution. This moment of raising the minimum wage we think is an opportunity to actually push open a much broader set of reforms that we need right now."⁴⁴

V. Corporate Backlash

As worker centers and other new worker organizations have started to gain momentum in the movement for fair wages, corporations have started to take notice of their work and to collectively attack the worker centers and broader low-wage organizing field. These efforts have increased as more worker centers and other new worker organizations have started to directly challenge the unfair wages and practices of corporations like Darden, McDonald's, and Walmart and their global supply chains. These corporations are building an infrastructure of lobby groups and public relations firms that are using smokescreens and false alarms to distract from the growing public dialogue about wages and inequality.

Why are these corporations going after low-wage worker organizations? This corporate backlash has developed as worker centers have begun to gain momentum in efforts to raise the federal minimum wage and as they have started to gain publicity in campaigns that directly target corporations. Large corporations have long been the primary opponents of minimum wage increases. Raising the minimum wage will cut into corporate profits. Rather than publicly engaging in the debate over fair wages, these corporations seek to undermine the democratic rights of these workers to speak out about their conditions and to come together to improve their lives. The organizing efforts of low-wage workers have also begun to tarnish the reputations of some corporate brands by exposing widespread practices of paying poverty wages and engaging in wage theft. These corporations have been given special exemptions from basic labor standards, and they receive significant subsidies from taxpayers and consumers. This coalition of corporate forces is working to undermine the

worker center field because they are publicizing embarrassing information about these exemptions and subsidies.

There have been a number of tactics that this coalition of corporate forces has used in its efforts to undermine the efficacy of the worker center field:

- 1) They have targeted a few select worker centers, attempting to shut them down.⁴⁵ A majority of these efforts have focused on the worker centers and new worker organizations that have directly confronted corporate targets. They have harassed the foundations that have supported these worker centers, pressuring them to pull their funding support.⁴⁶ They have also launched legal attacks on several worker centers at the state and local level.⁴⁷
- 2) Worried they will not win an honest public debate on what's best for the economy and for the country, these corporations and their industry associations have hired public relations firms to confuse the issues in the media. These PR firms have increasingly resorted to slinging mud and promoting misinformation and half-truths. These industry public relations firms have—in turn—created front groups that pretend to be independent research centers and nonprofit organizations, with the intent of spreading misinformation to the press and the public. Worker Center Watch is one such pretend watchdog group. Another is the Employment Policies Institute (EmPI), a nonprofit entity with “dark-money” contributors (that is, contributors who do not report their political spending)

CORPORATE FORCES & WAGE THEFT

Retail and restaurant corporations have consistently been found guilty of significant wage theft violations.

Walmart and its subcontractors have been found guilty of wage theft again and again, many charging that the company systematically failed to pay its workers overtime. In 2007, Walmart had to pay out \$33.5 million in back wages. In 2008, Walmart agreed to pay \$640 million to settle dozens of class action suits at the state and federal levels for a number of different kinds of wage theft. In 2009, Walmart paid \$40 million to workers in Massachusetts to settle wage theft claims. In 2012, the federal Department of Labor required Walmart to pay \$4.8 million in back wages and fines for failure to pay workers overtime.¹⁰¹ In December 2013, a federal judge ruled that workers at a California Wal-Mart warehouse were owed \$4.7 million for stolen wages.¹⁰²

In March 2014, McDonald's workers in New York, Michigan, and California filed wage theft lawsuits against their employers, charging them with failure to pay overtime and requiring them to do uncompensated work when they were off the clock.¹⁰³ A different case was also settled the same month, with a New York franchise owner being required to pay almost \$500,000 to the workers.¹⁰⁴

Darden is the owner of the Olive Garden, Red Lobster, and Longhorn Steakhouse chains. Darden has been found guilty of wage theft numerous

times, being required to pay almost \$14 million in back wages and fines.¹⁰⁵ Darden has been found to compensate its employees with debit cards rather than paychecks, a problematic practice because the fees imposed by the companies that issue the cards reduce the wage rate for Darden workers.¹⁰⁶

YUM! Brands — the owner of KFC, Taco Bell, Pizza Hut and other chains — is another large low-wage employer. YUM! Brands has repeatedly been found in violation of wage and hour laws. They were recently required to pay \$2.5 million in back wages and damages to workers in Colorado for unpaid overtime.¹⁰⁷ ▲



RESTAURANT WORKERS

and a staff of public relations professionals. They have moved massive financial resources into industry associations—like the National Restaurant Association and the Chamber of Commerce—that shield them from public scrutiny. These industrial associations lobby state and federal legislators to block minimum wage increases and other policies that could significantly improve the lives of low-wage workers and other hard-working people in this

country. These lobbyists have also worked to advance policies to undermine worker centers' legislative victories, promoting state pre-emption bills and provisions to leave tipped workers out of minimum wage increases.

These strategies are intended to confuse matters and to create a distraction from substantive political debate over economic inequality. To clear away the confusion, we offer the following brief profiles of some of the industry players and their public relations apparatus.

Corporate Players

INDUSTRY ASSOCIATION: National Restaurant Association

Restaurant worker advocates refer to it as “The Other NRA” because of its massive political influence on legislators. The NRA has a massive national staff, made up of more than 700 people. Its state affiliate groups participate in both overt and hidden lobbying campaigns to pressure state and federal lawmakers to legislate in ways that favor employer profit.

The NRA provides a cover that allows corporations to mask their political lobbying. The Center for Responsive Politics tracked the reported political spending of the NRA, demonstrating that they spent significant resources lobbying against policies that would improve workers’ wages and working conditions. They found that the NRA spent \$2.7 million on lobbying in 2012 and \$2.5 million on lobbying in 2011. In a startling example of its power, the NRA has been the leading player in blocking wage increases for restaurant workers, helping to keep the

federal tipped minimum wage at \$2.13 since 1991.⁴⁸ The NRA is also lobbying state legislatures and municipal governments in opposition to minimum wage increases and other policies that would improve workers’ hours and working conditions.⁴⁹ They have gone even further, trying to block the city and county minimum wages increases and other progressive laws that have passed by passing “pre-emption” laws to block them or roll them back.⁵⁰

Even academics have been misled by industry association’s feigned expertise on wage issues. In March, over 500 economists signed a letter that many thought was from the academic community to the federal government, urging Congress and the White House to reject an increase in the minimum wage. But the economists later found they had been tricked. The letter had, in fact, originated with lobbyists at the National Restaurant Association, a fact that was not disclosed to all the signers.⁵¹

INDUSTRY ASSOCIATION: U.S. Chamber of Commerce

The U.S. Chamber of Commerce is a dark-money association. Its membership is made up of individual corporations and other industry-specific associations. The Chamber describes itself in the following way: “The U.S. Chamber of Commerce is the world’s largest business organization representing the interests of more than 3 million businesses of all sizes, sectors, and regions... They all have one thing in common—they count on the Chamber to be their voice in Washington, D.C.”⁵²

According to the Center for Responsive Politics, the Chamber of Commerce has been the largest lobbyist in the nation over the last decade. The Chamber has spent a total of \$1 billion on lobbying since CRP started keeping track in 1998. The Chamber spent \$74,470,000 on lobbying in 2013.⁵³ The Chamber has actively lobbied legislators at both state and local levels in opposition to minimum wage increases, health care reform, labor law reform, and a number of other policies that would significantly improve the lives of working people in the U.S.⁵⁴

Although the Chamber of Commerce claims to be the voice of its more than 300,000 large and small business owners, the Chamber’s political agenda represents the interests of its largest donors. The Chamber’s fundraising strategy correlates organizational influence with donations, so it has come to primarily represent a small handful of large corporations.⁵⁵ The Chamber has argued that increases in the minimum wage, paid sick days, and other pro-worker legislation will primarily hurt small businesses.⁵⁶ But the Chamber’s positions do not reflect the will of high-road employers, many of whom are small business owners who are willing to pay a higher minimum wage and paid sick days to their employees.⁵⁷

The Chamber has recently begun to release reports that challenge the legitimacy of worker centers. They have also developed a blog and a website that focus on worker centers. They contracted with Parquet Public Affairs to launch “Worker Center Watch.”

Front Groups

FRONT GROUP: Worker Center Watch

Who They Say They Are:

“A coalition of business owners and concerned citizens dedicated to exposing unions’ abuse of the worker center organizational model.”⁵⁸

Who They Really Are:

A communications project of Parquet Public Affairs and the U.S. Chamber of Commerce. Parquet entered the national scene after helping to push anti-paid sick days bills in Florida and across the country.⁵⁹

Principals:

- Joseph Kefauver, former Walmart Vice President of Public Affairs and Director of Government Affairs for Darden Restaurants (Olive Garden and Red Lobster).
- Rick Van Warner, a former senior Executive for Darden Restaurants.
- Spokesperson Ryan Williams, Senior Vice President at FP1 Strategies, a Republican political consulting firm.

What they Do

Ryan Williams is quoted in the press as a spokesperson for Worker Center Watch. Kefauver and Van Warner have penned op-eds and served as media spokespeople for media outlets, repeating the same industry message about higher wages being bad for business. Investigative reporter Lee Fang of The Nation magazine writes, “Throughout the year, Parquet executives have toured the country, giving lectures to business groups on how to combat the rise of what has been called ‘alt-labor.’”⁶⁰ Parquet does not disclose its clients; however, Worker Center Watch is supported by at least one large industry group: the U.S. Chamber of Commerce.⁶¹



WORKER CENTER WATCH CAUGHT RED HANDED

Outside a Washington, DC Wendy’s restaurant in November 2013, a group of demonstrators attending a rally noticed something strange: a young man was holding up a bright crimson banner with a hammer and sickle on it—images from the former communist Soviet Union. The demonstrators, who are affiliated with the Coalition of Immokalee Workers (CIW), were

out that day calling on Wendy’s to sign the CIW’s Fair Food Agreement, which guarantees an additional penny per pound in wages to the farmworkers in Florida who pick the tomatoes for the fast food chain. But the activists had no idea why the young man with the red banner was there—or why another man in a grey coat appeared to be photographing him from a short distance

away. The man in the gray coat was Ryan Williams, spokesperson for the anti-worker website, Worker Center Watch. Williams has been quoted in news articles and has issued press releases attacking the CIW and other low-wage worker organizing groups.¹⁰⁸ The incident illustrates the lengths to which industry groups will go in their efforts to smear worker organizations and distract the media and the public from the real issues of economic fairness.¹⁰⁹ ▲

FRONT GROUP: Employment Policies Institute

Who They Say They Are:

The EmPI's website says it is "a non-profit research organization dedicated to studying public policy issues surrounding employment growth. In particular, EmPI focuses on issues that affect entry-level employment."⁶²

Who They Really Are:

EmPI is a nonprofit entity and website, run by Washington, DC PR man, Richard Berman. In its annual Internal Revenue Service return, EmPI states that it "shares office space with Berman & Company on a cost pass-through basis."⁶³ EmPI generates non-academic "research," infographics, reports, newspaper columns, and other materials in opposition to worker organizing efforts. They have a special focus on opposing raises in the minimum wage.

Principals:

- Well-known tobacco, alcoholic beverage, and restaurant industry PR advocate Richard Berman is listed as Executive Director, and plays a professional role in over a dozen other industry advocacy groups of his own making.
- Craig Garthwaite, professor of economics at Northwestern University's Kellogg School of Business.

What They Do

EmPI's staffers use the gloss of academic legitimacy to get op-eds placed in local and even national newspapers, echoing the food service industry's message of doom regarding the minimum wage and paid sick days. Reporter Eric Lipton of the New York Times exposed EmPI's true purpose in a February article: "The nonprofit group is run by a public relations firm that also represents the restaurant industry, as part of a tightly coordinated effort to defeat the minimum wage increase that the White House and Democrats in Congress have pushed for."⁶⁴

The nonprofit monitoring group Charity Navigator has issued a warning about EmPI: "During our analysis of this charity's FYE 2011 Form 990," it writes, "the document revealed that more than half of the Employment Policies Institute Foundation's functional expenses were paid to its CEO Richard Berman's for-profit management company, Berman and Company."⁶⁵

VI. Conclusion: Worker Centers and the 21st Century Labor Movement

Worker centers have been primary forces creating the pressure to raise wages. Their efforts have created a political context that has helped to gain traction for legislative efforts to raise the minimum wage. They have held many well-known corporations publically accountable for their opposition to fair wages and treatment of low-wage workers, and this has damaged these corporations' public brands. In response to this growing momentum for higher wages, a number of corporations have built a network of lobby groups that use "dark money"—that is, money not reported as political contributions—to lobby legislators against minimum wage increases. They have also contracted with public relations firms to conduct a smear campaign against the worker organizations that are leading efforts to improve the wages and working conditions of low-wage workers; much of this attack has focused on worker centers. These lobbyists and public relations firms are setting up smokescreens and setting off false alarms, distorting the facts in order to distract from the real issues at the heart of the growing public debate about wages.

The debate over raising the minimum wage is heating up around the country. There is a growing level of frustration over economic inequality among the American people, and this has moved the conversation about wages from the margins to the center of the political debate.

Worker centers—independent organizations made up of low-wage workers—have played a pioneering role in the growing movement for higher wages. Their increasing political success has drawn the attention of corporate forces whose brands have been tarnished and who are threatened by the prospect of having to pay their workers higher

wages. These corporate forces are building a dark money infrastructure of lobby groups and public relations firms to weaken public support for worker centers. The corporate attack on worker centers undercuts working people's basic democratic rights in the workplace and the economy.

This is a pivotal moment in determining the future of the economy. If unopposed, the corporate attacks will destroy any remaining labor protections workers have. Standing strong with worker centers keeps the focus on the real questions at stake: the ever-increasing social problems of low-wage work and rising inequality.

The United Workers Congress believes workers deserve:

- A fair and living wage
- Elimination of the tipped wage
- The right to collectively bargain
- Protections from retaliation for workers who report wage and hour and other labor abuses and violations
- Affordable access to health care for themselves and their families
- Paid sick leave
- Paid time off to care for family members
- Healthy environments in which to work and live
- Protection from detention and deportations and a choice to follow a path for citizenship
- Access to retirement and affordable long term care

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