

# THE STATE OF WORKING NEW ORLEANS

The Industries that Sustain the Status Quo



Erika Zucker

**Workplace Justice Project**

**Loyola College of Law**



This report presents a brief review of the landscape of a segment of working New Orleans. The intent is to focus on some of the low-wage workers in the city, and to show that, while industries that drive the economy thrive, workers and their families do not. It is not intended to provide a detailed study, but to generate a conversation that will carry over into the new administration.

## **THE LANDSCAPE**

In 2015 and 2016, the United Way of Southeast Louisiana released its report on families who are Asset Limited Income Constrained Employed (ALICE.)<sup>1</sup> According to that report, nearly half of all households in Orleans Parish (48%) are at or below the ALICE threshold, defined as “households that earn more than the U.S. poverty level, but less than the basic cost of living for the parish.” Statewide, nearly 40% of all households struggle to meet basic necessities. But the combination of low wages and increasing cost of living, especially housing, childcare, and transportation costs, forces families to exist below the level of survival budget, making the issue more acute in New Orleans.<sup>2</sup> Almost a third of New Orleans households earn less than \$20,000 per year.<sup>3</sup>

The household survival budget for a family of four in Orleans Parish is \$53,148 per year, which equals a wage of \$26.57 per hour.<sup>4</sup> The wage at which a single parent with one child in New Orleans could meet a minimum budget (food, childcare, health insurance, housing, transportation, and other necessary expenses) is \$22.89 per hour.<sup>5</sup> New Orleans residents need to earn \$18.54 per hour to rent a modest two-bedroom apartment and remain within the financially recommended limit of 30% of income spent on housing.<sup>6</sup>

Unfortunately, over the next decade, low wage jobs are expected to grow faster than higher wage jobs.<sup>7</sup> Four of the five largest industry sectors in the city pay the lowest wages. Statewide, Accommodation and Food Services, Retail Trade, Health Care and Social Assistance, and Administration & Support, Waste Management and Remediation Services are the four industry categories with the lowest wages for all posted wage ranges.<sup>8</sup> In

New Orleans, these industries represent 66.5% of jobs paying less than \$1,250 per month and 55% of jobs paying between \$1,251 and \$3,333 per month.

| Primary jobs in Orleans Parish by industry and earnings category, 2014 |                 |               |               |               |                   |               |                |               |
|--|-----------------|---------------|---------------|---------------|-------------------|---------------|----------------|---------------|
| EMPLOYER INDUSTRY  | MONTHLY INCOME  |               |               |               |                   |               |                |               |
|  | \$1,250 or less |               | \$1,251-3,333 |               | More than \$3,333 |               | ALL WORKERS    |               |
|  | #               | %             | #             | %             | #                 | %             | #              | %             |
| Accommodation and Food Services  | 11,532          | 34.2%         | 15,789        | 25.0%         | 5,080             | 6.8%          | 32,401         | 18.9%         |
| Health Care and Social Asst  | 2,750           | 8.2%          | 8,815         | 14.0%         | 9,816             | 13.2%         | 21,381         | 12.5%         |
| Educational Services   | 2,746           | 8.1%          | 6,528         | 10.3%         | 11,813            | 15.9%         | 21,087         | 12.3%         |
| Professional, Scientific, and Technical Services                       | 955             | 2.8%          | 3,429         | 5.4%          | 10,119            | 13.6%         | 14,503         | 8.5%          |
| Retail Trade   | 4,790           | 14.2%         | 5,751         | 9.1%          | 2,310             | 3.1%          | 12,851         | 7.5%          |
| Admin & Support, Waste Mgmt and Remediation                            | 3,325           | 9.9%          | 4,364         | 6.9%          | 2,749             | 3.7%          | 10,438         | 6.1%          |
| Public Admin   | 276             | 0.8%          | 2,257         | 3.6%          | 6,128             | 8.3%          | 8,661          | 5.1%          |
| Transportation and Warehousing   | 1,119           | 3.3%          | 2,565         | 4.1%          | 3,916             | 5.3%          | 7,600          | 4.4%          |
| Construction   | 694             | 2.1%          | 2,084         | 3.3%          | 3,671             | 4.9%          | 6,449          | 3.8%          |
| Finance and Insurance  | 241             | 0.7%          | 1,997         | 3.2%          | 3,585             | 4.8%          | 5,823          | 3.4%          |
| Arts, Entertainment, and Recreation                                    | 1,868           | 5.5%          | 1,985         | 3.1%          | 1,390             | 1.9%          | 5,243          | 3.1%          |
| Other Services (excluding Public Admin)                                | 1,216           | 3.6%          | 2,452         | 3.9%          | 1,388             | 1.9%          | 5,056          | 3.0%          |
| Manufacturing  | 297             | 0.9%          | 1,055         | 1.7%          | 2,969             | 4.0%          | 4,321          | 2.5%          |
| Information  | 833             | 2.5%          | 696           | 1.1%          | 1,837             | 2.5%          | 3,366          | 2.0%          |
| Wholesale Trade  | 314             | 0.9%          | 1,043         | 1.7%          | 1,997             | 2.7%          | 3,354          | 2.0%          |
| Mgmt of Companies and Enterprises                                      | 320             | 0.9%          | 864           | 1.4%          | 1,933             | 2.6%          | 3,117          | 1.8%          |
| Real Estate and Rental and Leasing                                     | 383             | 1.1%          | 1,356         | 2.1%          | 964               | 1.3%          | 2,703          | 1.6%          |
| Mining, Quarrying, and Oil and Gas Extraction                          | 27              | 0.1%          | 99            | 0.2%          | 2,308             | 3.1%          | 2,434          | 1.4%          |
| Utilities  | 2               | 0.0%          | 13            | 0.0%          | 236               | 0.3%          | 251            | 0.1%          |
| Agriculture, Forestry, Fishing and Hunting                             | 50              | 0.1%          | 21            | 0.0%          | 6                 | 0.0%          | 77             | 0.0%          |
| <b>ALL WORKERS</b>   | <b>33,738</b>   | <b>100.0%</b> | <b>63,163</b> | <b>100.0%</b> | <b>74,215</b>     | <b>100.0%</b> | <b>171,116</b> | <b>100.0%</b> |

Source: U.S. Census Bureau. 2016. OnTheMap Application. Longitudinal-Employer Household Dynamics Program. <http://onthemap.ces.census.gov/>

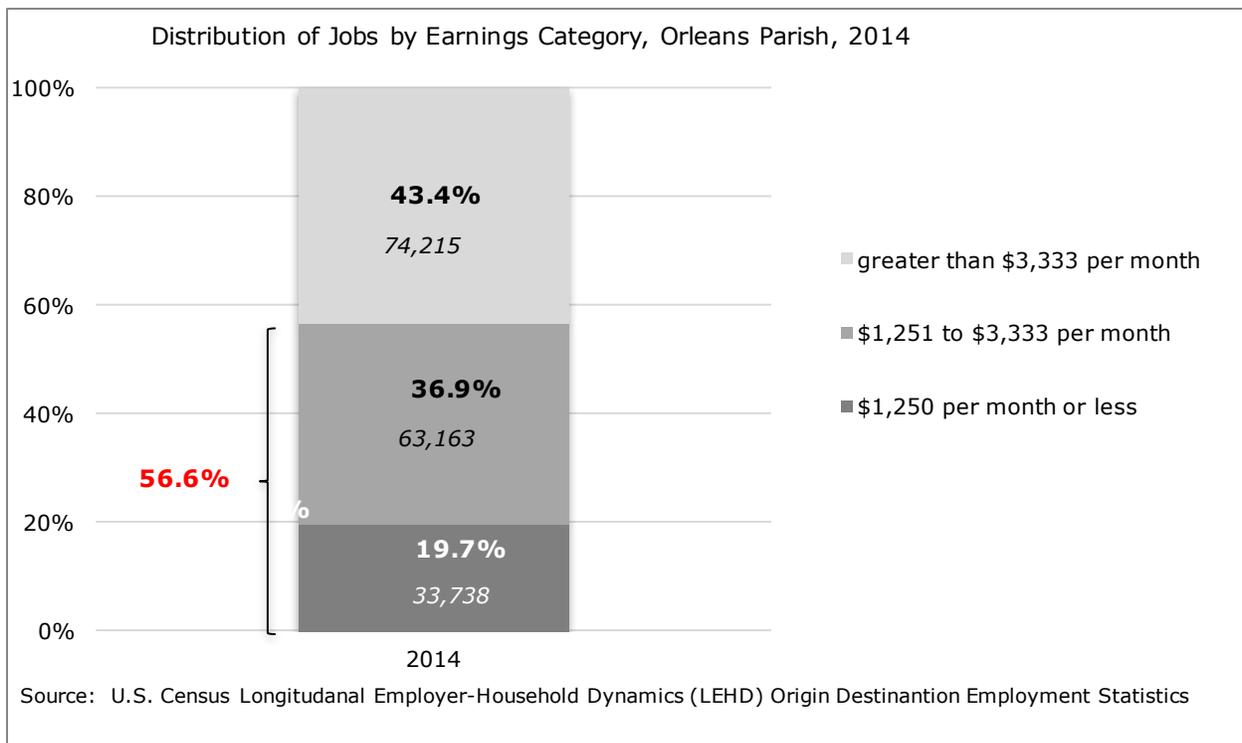
Many of the workers who are responsible for maintaining our health and safety – fire inspectors and cadet firefighters, technicians and clerks in the police department, security officers, and those charged with inspecting and maintaining our drainage and sewer systems – earn less than a sufficiency wage.<sup>9</sup> Those that build our infrastructure and buildings, workers in the construction industry, often do not have the training or opportunity to build their own communities. Between 2015 and 2016, spending on residential construction increased by 46% and there was a 127% increase in spending on non-residential construction.<sup>10</sup> However, there has been no corresponding rise in wages in the construction industry. The current average hourly wage offered for construction work in New Orleans is \$14.39 per hour.<sup>11</sup>

The reality of workers’ lives includes the stress of multiple jobs and rising living costs, made harder by a city that attracts wealthy visitors and demands welcoming hospitality. We cannot continue to move forward if so many are held back by poverty despite being employed.

In 2016, visitors to New Orleans spent \$7.41 billion in our city, an increase of 5.1% over the previous year, which had also broken records. We also hosted a record number of visitors – nearly 10.5 million people came to

enjoy all New Orleans has to offer. The Convention and Visitors Bureau cites the “quality of the foundational pillars” that hold up New Orleans as a tourist destination.<sup>12</sup> Among those pillars are the workers who make the city and its establishments run.

Yet, those workers are not reaping the bounty. Instead they toil for low wages, working multiple jobs and barely scraping by. More than half of all *primary* jobs in the city fail to pay enough for a family of one adult with one child to be self-sufficient (\$3,333 per month, just under \$40,000 per year.) Almost 20% of the primary jobs in New Orleans pay \$1,250 per month or less, less than \$15,000 per year.<sup>13</sup>



Compare these figures to the amount spent by visitors to the city. Overnight visitors to the New Orleans area who stayed in hotels spent an average of **\$1,033 per person, per trip** in 2016,<sup>14</sup> more than the average weekly wage (\$1,023) for all workers in New Orleans, across all sectors.<sup>15</sup> More sobering – in one night, the average tourist spends 83% of the monthly wages earned by almost 20% of the workers they will encounter during their stay.

## WHO ARE THE WORKERS?

While African-American and white workers are relatively equally represented in lower wage industries, white workers hold two-thirds of the jobs paying more than \$3,333 per month. Hispanic or Latino workers make up just over five percent of jobs paying less than sufficiency wage, and just under five percent of those paying more than sufficiency wage. Women make up 51.8% of the workforce in Orleans Parish.<sup>16</sup>

| Workers Employed in Orleans Parish by Race and Earnings Category , 2014 |                 |               |                   |               |                |               |
|---|-----------------|---------------|-------------------|---------------|----------------|---------------|
| RACE  | MONTHLY INCOME  |               |                   |               |                |               |
|   | \$3,333 or less |               | More than \$3,333 |               | ALL WORKERS    |               |
|   | Count           | Share         | Count             | Share         | Count          | Share         |
| White Alone   | 45,887          | 47.4%         | 52,422            | 70.6%         | 98,309         | 57.5%         |
| Black or African American Alone   | 46,957          | 48.5%         | 18,554            | 25.0%         | 65,511         | 38.3%         |
| American Indian or Alaska Native Alone                                  | 396             | 0.4%          | 247               | 0.3%          | 643            | 0.4%          |
| Asian Alone   | 2,564           | 2.6%          | 2,203             | 3.0%          | 4,767          | 2.8%          |
| Native Hawaiian or Other Pacific Islander Alone                         | 48              | 0.0%          | 44                | 0.1%          | 92             | 0.1%          |
| Two or More Race Groups   | 1,049           | 1.1%          | 745               | 1.0%          | 1,794          | 1.0%          |
| <b>ALL WORKERS</b>  | <b>96,901</b>   | <b>100.0%</b> | <b>74,215</b>     | <b>100.0%</b> | <b>171,116</b> | <b>100.0%</b> |

Source: U.S. Census Bureau. 2016. OnTheMap Application. Longitudinal-Employer Household Dynamics Program.

African Americans are disproportionately represented in low wage work, accounting for nearly half (48.5%) of workers earning \$1,250 or less but just 38% of all workers

| Primary jobs for Orleans Parish workers by ethnicity, 2014 |                 |               |                   |               |                |               |
|--|-----------------|---------------|-------------------|---------------|----------------|---------------|
| ETHNICITY  | MONTHLY INCOME  |               |                   |               |                |               |
|  | \$3,333 or less |               | More than \$3,333 |               | ALL WORKERS    |               |
|  | Count           | Share         | Count             | Share         | Count          | Share         |
| Not Hispanic or Latino                                     | 91,646          | 94.6%         | 70,833            | 95.4%         | 162,479        | 95.0%         |
| Hispanic or Latino   | 5,255           | 5.4%          | 3,382             | 4.6%          | 8,637          | 5.0%          |
| <b>ALL WORKERS</b>   | <b>96,901</b>   | <b>100.0%</b> | <b>74,215</b>     | <b>100.0%</b> | <b>171,116</b> | <b>100.0%</b> |

Source: U.S. Census Bureau. 2016. OnTheMap Application. Longitudinal-Employer Household Dynamics

Slightly more than half (51%) of the population in Orleans Parish aged 16-64 years of age worked 50-52 weeks of the year in 2016. One third (34%) of workers worked 35 or more hours per week, with a mean of 38.8 hours per week, although it is not clear how many jobs the average worker held at one time. Between one quarter and one third of the working-age population (28.5%) did not work at all in 2016.<sup>17</sup> Although there has been significant improvement, thanks in part to the STRIVE NOLA training program and local hiring requirements, more than 40% of African-American men in New Orleans remain unemployed.<sup>18</sup>

Job fairs hosted by the city feature low wage jobs, where almost all employers present are from hospitality industry – hotels and “casual” dining restaurants that pay low wages, many in tipped positions. Also featured are employment services, who hire for several employers, and “gig” employers, who create databases of available workers, primarily used for large events, such as banquets, sporting events, and festivals.<sup>19</sup> An increase in the contingent workforce makes it likely that full-time employment and income insecurity may expand in the future.

Transportation to and from work remains a barrier to employment. The average New Orleans resident with a car can reach 86% of the region’s jobs in 30 minutes or less, but residents who take the bus, streetcar, or ferry can, on average, only reach 11% of the region’s jobs in the same time period.<sup>20</sup> Moreover, public transit is expensive. Bus passes cost \$3.00 per day or \$55.00 per month,<sup>21</sup> a significant expense for a worker who may be earning less than \$300.00 per week, especially when factored with lengthy transit times and unreliable service, which affect both home life and job performance.

Lack of quality, affordable child care also negatively impacts workforce participation and productivity of parents with young children.<sup>22</sup> This affects workers across the spectrum of wage and skill levels, but is felt particularly among low-wage working families and their children. In New Orleans, only 12% of at-risk children under age four have access to affordable high-quality child care. When combined with transportation challenges and the rising cost of housing, the financial security of New Orleans’ workers becomes ever more precarious.

## **BRIGHT SPOTS**

The City's adoption of responsible bidder, local hire, and living wage ordinances, all send a public policy message that the City supports responsible employers, training, and decent wages.

Workers are organizing for better wages and working conditions in food service, particularly fast food, and in hospitality.

The success of union organizing campaigns at several hotels is raising the wage standards for some workers in the tourism industry.

Organizing among retail workers, particularly among Walmart employees, has resulted in wage gains, notably an increase in the chain's entry-level wage to \$10.00 per hour.

Local, independent businesses are raising employment standards. Respondents to StayLocal's 2017 Survey of Independent Businesses support efforts to raise the floor and to maintain accountability that could serve as examples for the city as a whole. Among retail respondents to the survey, 75% of businesses pay wages above \$10.00 per hour, with 13% paying \$15.00/hour or more. Moreover, the vast majority of business owners would support legislation to increase the minimum wage.<sup>23</sup>

Independent business owners also expressed support for a dollar cap on tax breaks to businesses, since most recipients are publicly traded companies. Limitations on the amount of tax breaks awarded would help to even the playing field for locally-owned, independent businesses, which are drivers of job growth.<sup>24</sup>

## WHAT POLICIES WOULD HAVE THE MOST IMPACT ON WORKERS' LIVES?



**Melissa** is a mother of two young children. Each morning, she gets up at 4:30 a.m. for a two-hour, two-bus ride to her primary job preparing and serving school meals for \$9/hour. At the end of her shift, or when she is allowed to leave (sometimes she's forced to work off the clock) she makes the return trip on two buses, going directly to her second job as a janitor. She gets home around 9 p.m., often after her children have gone to bed. Melissa says she is tired of asking her mother for handouts, but even with a housing subsidy, food stamps and WIC she can't make ends meet without additional help.

**What policies would make the most difference to Melissa:** *Higher wages, more efficient and affordable transit, and affordable childcare.*

**Damita** works in the foodservice industry. Although she recently got a raise from \$9 to \$10 per hour, she only works 20 hours a week- despite wanting to work more. With the hour each way that she spends commuting to work, her 4-hour shifts are 6-8 hour days. She lives with her daughter and grandchildren, but is anxious about how she will survive when her daughter moves to a new home in the new year. Right now, her daughter pays her cell phone bill, otherwise she would not be able to meet her basic expenses. She knows she will need to find a second job and a new place to live soon, but has no idea of how she will find money for a deposit, rent and bills in the current market.



**What policies would make the most difference to Damita:** *Higher wages, more efficient and affordable transit, and affordable housing.*



**Pamela** starts her day at 7:30 a.m., cutting 400 pieces of fruit. After three years on the job, she received a raise to \$10/hour. It's difficult to make ends meet for herself and she knows that most of her co-workers with children work two or three jobs. She works 30 hours per week, not enough to be considered full-time, so she receives no paid time off and no benefits which required her to incur substantial credit card debt after a car accident resulted in missed work. She and her co-workers are regularly expected to work "off the clock" in order to get all necessary work done. In addition to low pay, Pamela must work without appropriate equipment such as adequate oven mitts and proper floor mats, which put the workers' safety in jeopardy. She would like to be treated with respect and dignity by her employer and to be recognized for dedication to her work and the children she serves.

**What policies would make the most difference to Pamela:** *Higher wages, paid time, off and health benefits.*

**Derrick:** Construction, LIUNA/STRIVE graduate. Before he entered the STRIVE program, Derrick worked different jobs including non-union truck driving and six years at the front door of the Westin Hotel. At the hotel, he was paid \$6/hour and expected to make enough tips to bring his wages to a sustainable level. He worked 35 hours a week, but received no benefits. Derrick says that things have definitely gotten better for him financially over the last two years since he went through a job training program and developed skills that led to a construction career with the Laborers' Union (LIUNA.) He likes being in a union, the pay, benefits and training opportunities. He is thinking of entering LIUNA's apprenticeship program.



**What policies made the difference for Derrick:** *Hire NOLA ordinance, STRIVE program, state-approved apprenticeship.*

**His advice to the next mayor:** *"Keep these programs going. We need more of them."*

## RECOMMENDATIONS

- Enforce and fully implement the City’s Living Wage Ordinance and expand its coverage to increase the number of jobs that pay a living wage.
- Adopt a policy that all city employment will pay at least the sufficiency wage.
- Work with community and labor organizations to support workers’ efforts toward more equitable workplaces, both locally and statewide, especially efforts to raise wages and permit local control of labor policies.
- Promote economic development that includes sustainable living wage jobs and community benefits.
- Support and promote local businesses that pay sustainable wages.
- Implement and enforce the City’s Local Hire and Responsible Bidder Ordinances and expand local hiring and job training programs, for example, to incorporate workforce intermediary programs and state-registered apprenticeship programs.
- Build infrastructure that supports the needs of workers and working families, such as improved and affordable public transit that reduces commute times and efficiently links residential areas with high concentrations of low and moderate wage households to employment clusters, such as hospitals, hotels, universities, schools.
- Appoint worker advocates or representatives to City Boards and Commissions, including, but not limited to Human Relations Advisory Commission, Economic Development Advisory Commission, New Orleans Redevelopment Authority, New Orleans Tourism Marketing Commission, NOLA Business Alliance.

## NOTES

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<sup>1</sup> ALICE is an acronym for Asset Limited, Income Constrained, Employed. It describes households where adults work hard and earn above the Federal Poverty Level, but not enough to afford a basic household budget of housing, child care, food, transportation, and health care.

<sup>2</sup> Id.

<sup>3</sup> Source: <http://www.datacenterresearch.org/>

<sup>4</sup> Id.

<sup>5</sup> <http://livingwage.mit.edu/counties/22071>

<sup>6</sup> Out of Reach: the High Cost of Housing, Greater New Orleans Fair Housing Action Center and National Low Income Housing Coalition, <https://goo.gl/tdcH13>

<sup>7</sup> Louisiana Budget Project, "State of Working Louisiana," 2017, <https://goo.gl/WaLzga>; see also, Griggs, Ted, "Construction, health, tourism drive Louisiana job gains over past 12 months, The New Orleans Advocate, October 28, 2017, <https://goo.gl/DHZmQ3>

<sup>8</sup> Id., also, Louisiana Workforce Commission labor market information, available at [www.laworks.net](http://www.laworks.net)

<sup>9</sup> List of available city jobs in the City of New Orleans, accessed through [www.nola.gov](http://www.nola.gov) There are currently at least 132 available city jobs that offer salaries below the sufficiency wage of \$3,333 per month.

<sup>10</sup> See, Univ. of New Orleans, Dept. of Bus. and Econ. Research, Metropolitan Report, Econ. Indicators for the N.O. Region, <http://www.uno.edu/coba/DBER/UNOAugust2017Metro.pdf> (August, 2017)

<sup>11</sup> <https://www.indeed.com/salaries/Construction-Worker-Salaries,-New-Orleans-LA>

<sup>12</sup> "The Power of Tourism in New Orleans" from New Orleans Convention and Visitors Bureau website, <http://www.neworleanscvb.com/tourismmatters/>

<sup>13</sup> Data compiled by Prof. Marla K. Nelson, Department of Planning and Urban Studies at the University of New Orleans, July 2017. LEHD data for 2015, shows a slight decline in the number of jobs with wages at \$3,333/month or more, with a corresponding increase in the number of jobs paying the lowest wages, but the distribution of job earnings remains the same.

<sup>14</sup> Ibid.

<sup>15</sup> Source: Bureau of Labor Statistics, Parish Employment and Wages in Louisiana – First Quarter 2017, [https://www.bls.gov/regions/southwest/news-release/countyemploymentandwages\\_louisiana.htm](https://www.bls.gov/regions/southwest/news-release/countyemploymentandwages_louisiana.htm)

<sup>16</sup> Source: U.S. Census Bureau, 2016 OntheMap Application. Longitudinal-Employer Household Dynamics Program. <https://onthemap.ces.census.gov/>

<sup>17</sup> Source: U.S. Census Bureau, 2016 American Community Survey, 1 Year Estimates Work Status in the Past 12 Months, Orleans Parish

<sup>18</sup> Williams, Jessica, "New Orleans' black male unemployment rate down to 44 percent, city officials say," The New Orleans Advocate, October 1, 2026, <https://goo.gl/FkQRkH>

<sup>19</sup> Notes from August 2017 job fair attendance, on file with author.

<sup>20</sup> RIDE New Orleans, State of Transit Report, 2017, <https://goo.gl/27sWdb>

<sup>21</sup> Source: <http://www.norta.com/>

<sup>22</sup> Letter in The Baton Rouge Advocate, citing study by Entergy, <https://goo.gl/TwuGyQ>

<sup>23</sup> Urban Conservancy and StayLocal, 2017 Report: Independent Business Trends, August 2017

<sup>24</sup> Id.

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The Workplace Justice Project (WJP) promotes respect and dignity in the workplace by educating diverse communities on issues and practices for fairness and equity, seeking legal remedy on behalf of low wage workers, and advocating for policies that uphold workers' rights.

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