

Testimony at Chicago Press Conference for Illinois Responsible Job Creation Act

Brittany Scott, National Economic and Social Rights Initiative (NESRI)

Thursday, March 2, 2017

I'm Brittany Scott and I am a Senior Research Strategist with the National Economic and Social Rights Initiative.

Thank you everyone for being here today and especially to the workers who have courageously shared their experiences and to the worker centers and Representative Ammons for leading this work, tackling the open secret that our blue-collar workplaces have been turned into lawless environments where workers' rights are systemically violated through corporate abuse of the temp industry.

If we had more blue-collar jobs in the U.S., we imagine we would solve our economic woes. But... we'd be wrong. The biggest surprise for me after examining the role of temp work in today's economy is the way companies have abused the temp arrangement to permanently degrade the jobs that make up the labor-intensive parts of their operations. This is the big takeaway: to ensure healthy economic growth, we need to fix the loopholes in our systems to protect rights in the workplace that companies are exploiting and incentivize responsible job creation. And we need to start by addressing the abusive practice of creating permanently temporary jobs in order to skim profit through mistreatment of workers.

Last year, through focus groups and surveys, community-based worker centers in the Chicago and Boston metro areas and around major New Jersey and California ports, documented the experiences of temp workers employed in U.S. factories and warehouses. We linked these personal stories with the most up to date research on our changing economy and failed workplace enforcement systems. Our new report captures how big business is destroying good jobs and the devastating human impact of abusive temp jobs.

Just a few decades ago, a worker without a college degree could get a good, permanent job in a factory or warehouse. Today, finding blue collar jobs in the U.S. means working through a temp agency. Big brand name companies have permanently replaced these once-good jobs that built America's middle class with abusive "temp" jobs.

One third of all temp jobs today are "perma-temps". The most common "temp" assignment in our study was 3 years. While all temps want permanent direct hire jobs, only 20% have ever had a temp job lead to being directly hired. Our participants had, on average, been employed through temp agencies for 6 years!

Loopholes in labor law allow companies to use the temp arrangement to enjoy the fruits of workers' labor while avoiding legal obligations owed workers. Rather than directly hire workers to labor in their factories and warehouses, big brand name companies have hired other companies to employ their workers. The pressure to win low-bid contracts leads these intermediaries to use temp workers to deliver more for less.

The temp arrangement makes workers disposable and puts workers in a poor position to negotiate fair terms around work, which gives companies greater control to lower costs at workers' expense. The result is that once-good workplaces are now sweatshops with low wages, no benefits and illegal abuse, and workers must choose between that and no work at all, getting caught in a permanent cycle of temporary work and poverty.

Yearly, workers in our study bring home less than \$14,000 – well below the federal poverty line for a household of two.

Temps are also twice as likely to be injured at work. And 74% of our study participants had experienced wage theft. Some temp agencies will even concede that it is impossible for them stay competitive in this unbridled market while complying with the law.

And what happens when workers try to say or do something about the abuse? one in two experience retaliation, such as being fired. This lets other workers know that they too will risk their jobs if they don't remain silent about abuse.

Our system of enforcement relies on workers bringing attention to abuses but isn't meeting the needs of workers living paycheck to paycheck. The relief is too little too late and the whole thing is more of an obstacle course than a path to justice.

Over and over, we heard workers tell us: “You keep hoping it will not be permanent – that you won't always be there”, as one man said. “But if you don't leave, you have to figure out how to survive. It's like you enter a jail but we exit daily, and you have to be likable or they will get rid of you or harm you.”

Or like this woman, who told us: “You have to go because of necessity. But you don't want to go because you go in fear. I say to myself, ‘God help me, please. I have to walk into this place again.’”

Or yet another woman who said: “You have to put up with it, because you have to support your family, so you let yourself be mistreated. And we are all seeing that each person that complains, the following week doesn't return.”

We must support the temp workers who, in these brutal times, are courageously leading the way forward to restore rule of law at work. Workers' critical reform efforts that aim to fix the loopholes in enforcement that companies exploit and better protect temps will improve these jobs for the benefit of all workers and pave the way for healthy economic growth for all of us.