

Low Wage Labor and The Undervalued Essential Worker Through The Lens of COVID-19

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Abstract

In this project, I examine the wealth gap in the United States, low wage labor and how we have come to where we are today in relation to these topics. According to the United States Bureau of Labor Statistics, in 2017, 58% of the workforce in the U.S. was earning minimum wage (or less).¹

Over the course of the pandemic, it appears there has been a shift in public thought surrounding the importance of specific types of labor. We have seen certain jobs deemed as “essential work” during the past year. These are the people who put food on our tables, care for us and provide sanitation, transportation and medical attention, etc.. Many of these workers can also be classified as some of the lowest earners in our economy. Without these workers doing their jobs, we would have seen far greater consequences of disruption during the ongoing pandemic.

Essential workers have continued to work “in person” jobs. For this reason, these workers have faced some of the highest risks of contracting the virus, while typically receiving low reward. The previously mentioned newfound respect for essential work has not typically translated to higher reward for these workers. These are the people who kept certain parts of the economy running, often while they were offered little protection from the government, their places of labor and the public. In this project, I wanted to not only reflect on low wage labor and growing wealth disparities, but also on how this can be viewed in the current societal landscape of the pandemic. This project explores “essential labor” throughout the pandemic.

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<https://www.bls.gov/opub/reports/minimum-wage/2017/home.htm#:~:text=Together%2C%20these%201.8%20million%20workers,to%202.3%20percent%20in%202017.>

Introduction

By mid-May 2020, 33 million workers in the U.S. had filed for unemployment. Certain industries were deemed essential during the pandemic. This is when we saw the rise of the terms “essential work”, “essential workers”, “frontline workers” and “frontline work”. Essential workers are people who have continued to work in person jobs in order to keep essential infrastructure in place. This includes agriculture, energy, healthcare, defense and more.

A study done in Pennsylvania over the course of the Spring of 2020 found that people who were deemed essential workers faced a 55% higher risk of contracting CoronaVirus than those who did not work in person jobs. In isolating healthcare workers from this data, the study still found that they had a 21% increase in chances of testing positive. This risk is also passed on to people who live with essential workers. People who live with a family member who is an essential worker have a 17% higher risk of testing positive for Covid than those who do not.²

Growing Wealth Gap

Between 1973 and 2013, worker productivity in the production / nonsupervisory sector grew 74.4%. Net productivity measures the growth of output for both goods and services produced per hour, disincluding depreciation. During this same time period, worker compensation for these jobs grew only 9.2%. This is greatly contrasted by the period from 1948 to 1973, where productivity and compensation grew at similar rates, of 96.7% and 91.3% respectively. In the 1948 to 1973 period, workers productivity was rewarded with generally equal compensation. As workers became more productive, they earned more, and their standard of living rose. In the 1970s, things began to change, productivity continued to rise while compensation began to stagnate. Figure 2 shows where productivity and compensation began to divide in the 1970s. Income has grown a significant amount for the top 1% of earners. Since

² <https://why.org/articles/essential-workers-are-55-more-likely-to-get-covid-19-study-of-philly-area-residents-finds/>

1979, earnings of the top 1% have increased by 138% while for the bottom 90%, wages have only grown by 15%.³

The change in these incomes also changes drastically between different earning groups. Middle wage workers can be defined as workers who earn more than half of the workforce, and less than the other half of the workforce. Between 1979 to 2013, the wages of middle wage workers rose only 6%. Low wage workers can be defined in a number of ways, they are often defined as earning less than $\frac{2}{3}$ of the median full time wage. Between 1979 and 2013, low wage worker wages decreased 5%. The hourly wages of high-wage workers grew 41% in this period.

If you look at Figure 3, tax rates for top earners decreased starting in the late 70s. Regan's trickle down economics were put into place in 1981. This set of policies decreased taxes, especially on the rich, which many blame for creating the current atmosphere of polarization between the rich and poor.

Low Wage Labor and Remote Translation

Over the course of the pandemic, we saw a number of jobs translated into remote positions. While some people switched to online work, many did not have this luxury. Those who continued to work in person were deemed as frontline workers. Many of the people who were and continue to be at the frontline of the pandemic are also some of the lowest earners in our economy. Most of the jobs that had the capability to go remote were higher earning jobs.

According to The Economic Policy Institute, low wage employees earning less than or equal to the 25th percentile are 6x less likely to be able to work remotely than people earning higher than in the 75th percentile.⁴ Out of people earning higher than the 75th percentile, 61.5% of them are able to work remotely without major disruption to their tasks. For people earning

³ <https://www.epi.org/publication/charting-wage-stagnation/>

⁴ <https://www.epi.org/blog/black-and-hispanic-workers-are-much-less-likely-to-be-able-to-work-from-home/>

less than or equal to the 25th percentile, this number drops to 9.2%. Lower earning people typically have more hand on job descriptions and are less likely to be able to transition their work into virtual work. A majority of the people working in-person jobs were these lower earners. Please see figure 1.⁵

Essential workers have been the ones to keep essential supply chains in place during the pandemic. They continue to work in person jobs to get food to households, and provide essential services such as medical care. These are the people who kept certain parts of the economy running. Due to the nature of these jobs not being able to translate to remote positions, these workers experienced much higher risk of contracting the virus, than their remote counterparts. For these reasons, many of the highest risk jobs during the course of the pandemic, were also those with the least reward.

Stimulus Checks and Spending by Wealth Bracket

Households with higher earnings tend to hold onto wealth more so than households made up of low- wage earners. Increased earnings in low-wage employees are associated with higher spending, as this group is the most likely to spend more with increased earnings. The Federal Reserve Bank of Chicago found that for every dollar increase in earnings of minimum wage workers, the household spending of these workers will increase about \$2,080 for the year.⁶

A study done by Harvard around June of 2020 found that after the relief checks went out, spending for low income households increased to the point of being similar to before the pandemic. This was not the case for high earning households. This is not because they did not have the money, rather many of the products and services that these people were spending on

⁵ <https://www.epi.org/blog/black-and-hispanic-workers-are-much-less-likely-to-be-able-to-work-from-home/>

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https://www.google.com/url?q=https://www.americanprogress.org/issues/economy/reports/2021/02/25/496355/small-businesses-get-boost-15-minimum-wage/%23%3Dsmall%2520businesses%2520can%2520reap%2520several_minimum%2520wages%2520in%2520January%25202021&sa=D&source=editors&ust=1620155841809000&usg=AOvVaw0aevg0rJxshiuH-pdDEKKc

prior to the pandemic, were exactly the ones which had been limited now due to the virus. Prior to the pandemic, they had been spending money on services such as in person dining, which went into full closures. The lower income individuals may have been more likely to spend money on items and takeout dining which were both still available with covid restrictions in place.

Mask Mandates

Masks came into popular use by the public in the U.S. in March of 2020, however the use of a mask was not required in most places.

The decision to put mask mandates into place was ultimately left up to the states. Many of these states then gave this power to counties and municipalities. The lack of a clear and unified mask mandate has left many patches in protection from the virus. Many of the people being affected by this were and continue to be essential workers. As the only places which were allowed to be open were essential businesses, workers were the ones being exposed to people who wouldn't wear masks.

As of February 10, 2020, the CDC had put alerts into place for businesses regarding Covid-19. These mostly focused on monitoring employees who had traveled outside of the country and not allowing them to come to work in some cases, and encouraging employees who have experienced symptoms or had been exposed to stay home from work. Other recommendations for employees to wear masks and PPE came later, however as previously stated, were not enforced.

As of March 21, 2020, the CDC had set guidelines for updated cleaning recommendations, best practices for social distancing and strategies and recommendations that could be implemented to respond to Covid-19. The use of non-medical face masks to slow down

transmission of the virus was first recommended by the CDC on April 3 of 2020. This was recommended alongside increased hygiene practices and social distancing.⁷ By the end of July of 2020, 31 states and the District of Columbia had put mask mandates into place.

On January 29, 2021, the CDC put a mandate into place to require mask wearing on public transport and any transportation hubs. This protection only covers travel however. The CDC had pushed to put this into place earlier however was blocked by the Trump Administration. If we fast forward to March 9 2021, 16 states had no mask mandates in place.⁸

Masks in the Workplace, Public Acceptance and Politicization of Masks

In a survey conducted on 8000 workers between the months of March to April of 2020, research was conducted on workers' access to personal protective equipment available to them at the workplace along with safety requirements having to do with cleaning and use of PPE. This study found that over this period, 56% of employees had access to gloves at their workplaces, and 19% had access to masks. Requirements to use these items was below these numbers. Out of the 8,000 workers surveyed, requirements to wear gloves and masks was 18% and 7% respectively.

In cross comparing the dates in which the CDC released its recommendation for mask wearing and how employers responded, we see a slow adaptation to these recommendations. By the end of the first week of April of 2020, after the CDC recommended masks, 40% of the workers surveyed had been supplied masks by their places of work, and only 20% were required to wear masks.⁹

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<https://www.google.com/url?q=https://www.lawandtheworkplace.com/2020/02/cdc-releases-guidance-for-employers-regarding-the-coronavirus/&sa=D&source=editors&ust=1620155841806000&usg=AOvVaw2Nz2zHe0C-8YjZU019sTOI>

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<https://www.google.com/url?q=https://www.cnn.com/2020/11/09/us/biden-mask-mandate-nationwide-trnd/index.html&sa=D&source=editors&ust=1620155841810000&usg=AOvVaw21luptmagWReMuFaTsnxaU1>

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<https://www.google.com/url?q=https://shift.hks.harvard.edu/essential-and-unprotected-covid-19-related-health-and-safety-procedures-for-service-sector-workers/&sa=D&source=editors&ust=1620155841814000&usg=AOvVaw0B26E9GDu4BVL3jfodrdU4>

Without mandates put into place, many workplaces were slow to adapt to the recommendations given by the CDC in regards to protecting employees. While some workplaces were quick to provide CDC recommendations, others were not. Throughout history, lack of worker protection laws has allowed for the sometimes horrific treatment of employees. There is not much evidence to suggest that without these laws put into place, management will willingly act to protect workers. The lack of enforcement for this left many of these workers unprotected.

According to Pew Research, as of the end of June of 2020, 65% of all adults said they had worn a mask “all or most of the time” when going out in public in the past month, 15% said that they had worn a mask “some of the time” in the past month, 9% said they had worn a mask “hardly ever” and 7% said they had worn a mask “never” in the past month, only 4% of people said they had not gone out in public in the past month. This can show the resistance that existed with wearing masks, and can show some of the risk being passed on to essential workers in this way. Essential workers were either the ones dealing directly with these people as they came into stores, or healthcare workers who were dealing with the results of spread due in part to lack of mask wearing.¹⁰

Masks were not seen as a medical device by many, but rather political signaling. Democrats were much more likely to wear masks while republicans were more likely not to wear masks. According to Pew Research, 76% of Democrats said that they had worn a mask “all or most of the time” while only 53% of Republicans had done the same. According to the research, members of the Republican group who identified as conservative Republicans were less even less likely to wear a mask than the general Republican group and Democrats who identified as

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<https://www.pewresearch.org/fact-tank/2020/06/23/most-americans-say-they-regularly-wore-a-mask-in-stores-in-the-past-month-fewer-see-others-doing-it/>

liberal democrats are more likely to wear masks than moderate democrats. This shows how politically polarized mask wearing became.¹¹

Due to the political polarization of mask wearing, some states did not put mask mandates into place as they argued that being forced to wear masks violated the first Amendment. Some Americans saw masks as a political statement rather than as a courtesy to protect others from illness. In some ways, even the type of mask one chose to wear could come off as a political statement. Not all masks are created equal, some offer better protection than others. Neck gaiters became infamous for the lack of protection that they offered. It was popular to see neck gaiters being worn with political signaling on them, much of this political signaling corresponding to conservative views. When seeing people wearing this type of mask, it was common for them to have the “blue lives matter” flag on them, a symbol which is typically associated with conservatives. Cloth masks were often printed with liberal political messaging. Political signaling on masks was worn by both sides and often correlated to the type of mask being worn.

The ways in which Americans politicized a medical device, and the government allowed this to happen, led to failure to protect some of the most vulnerable workers.

Vaccine / State by State

The government bought hundreds of millions of vaccine doses as they became available. It left the criteria for who was eligible up to each state, and some states then gave this power to counties. Vaccine eligibility widely differs by state, with some states starting by age, others by profession. This lack of uniformity could also be seen in mask mandates for each state, as well

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<https://www.pewresearch.org/fact-tank/2020/06/23/most-americans-say-they-regularly-wore-a-mask-in-stores-in-the-past-month-fewer-see-others-doing-it/>

as differing rules about which businesses could open and activities take place. These things were politically fueled in many instances.¹²

The lack of structure within the system of vaccinations has also allowed for people to scam the system. Personally, I know a number of people who have gotten vaccines before they were truly eligible by lying about eligibility. This failure cannot be blamed fully on the government as it shows the selfish nature of individuals, however the government allowed for this to happen.

In some places, individuals with two or more health conditions specified with meeting criteria were able to get vaccinated. This was before vaccinations were open to essential workers. Due to HIPPA law, people could not be asked about their medical conditions due to privacy.

Some people signed up for vaccine slots and lied about their health. Some people who lied to get the vaccine early were college students without jobs. As college is almost completely remote for most schools in the current climate, these people had no reason to get vaccines other than to see friends and family and resume a sense of normalcy. Some of these people began to get vaccinated while essential workers were not yet eligible for their working status.

People were creative in the ways in which they could be falsely eligible for the vaccine. One individual registered as the caretaker of a person with special needs (keep in mind they are not this person's caretaker) in order to register for and successfully receive the vaccine early. One individual who had connections to a family friend who owns a health clinic registered as an "employee" to get the vaccine early. They had never previously worked for this person and were not employed by the office. This can iterate the issue of class in receiving the vaccine, as

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https://www.google.com/url?q=https://khn.org/news/article/covid-vaccine-eligibility-america-crazy-quilt-of-state-rules/&sa=D&source=editors&ust=1620155841811000&usg=AOvVaw0MjR3XnL3pnS_74WQ9vxcQ

business owners, in some cases, were able to register people they knew personally to receive the vaccine. This can also speak on economic power and privilege in who receives protection in times of crisis. Both persons previously mentioned are unemployed students taking classes fully online. Neither of them needed the vaccine for protection while at work, rather they received the vaccine to go back to seeing friends and family and return to a sense of normalcy. They did this while frontline workers did not have the privilege of returning to normalcy, and were still at substantially higher risks of contracting the virus. When discussing the issue of people lying to get vaccinated, it is not uncommon to hear similar stories, showing just how common this is.

Another college student registered as a bus monitor under his father who works as a bus driver for the public school system. This person was an essential worker, but was only able to register for the vaccine through lying about eligibility criteria. The system put into place seemed to not consider all essential workers, as they were some of the last to gain eligibility before the public.

All in all, there was a lack of structure in the infrastructure of vaccine rollout. Non-medical essential workers were often not prioritized in these decisions while being put at higher risk for contracting the virus.

Performative Imagery in Thanking Essential Workers

Over the past year, we have seen surface level gratitude and appreciation for the people keeping essential infrastructure in place. Unfortunately, this has not translated to increased compensation for these types of labor. Many jobs that were hiring during the pandemic, which were minimum wage jobs, offered wages up to a few dollars above minimum wage. This was more so due to a supply problem, as many people were afraid to work during this time. These rates have not withstood time, and as more people are willing to work again, these wages have

gone back down to those seen in typical times. Some workers were awarded for their work with things such as food and flowers by their places of labor. This fails to listen to workers, as most would rather receive compensation rewards than item rewards. As previously mentioned, many of the workers who maintained in person positions were also in lower earning brackets, increased compensation would have been more beneficial for them than many of the appreciation tokens that businesses thanked them with.

Minimum Wage Discussions

As previously discussed, many essential workers are also minimum wage and low earning workers. There has been much political debate in 2021 about raising the minimum wage. If minimum wage increased with productivity over the past 50 year, it would be around \$22 currently.¹³ Federal minimum wage is \$7.25. This has not increased since 2009, and is the longest stretch of time we have seen without an increase in the federal minimum wage since 1938 when the first federal minimum wage was established.¹⁴

The Raise the Wage Act of 2021, if passed, will increase the federal minimum wage to \$15 per hour gradually by 2025. This would increase the wages of 19 million essential workers, or the people on the frontlines of the pandemic. These workers make up 60% of those who would see increases in compensation if minimum wage was increased.

There was a previous push for this at the end of March of 2021, however this bill was not passed due to pushback.¹⁵

Multiple studies have found that increases in minimum wage do not lead to increases in unemployment. A study published out of University of California Berkeley found that counties with higher minimum wage rates did not tend to experience phenomena such as increased

¹³ <https://www.epi.org/publication/raising-the-federal-minimum-wage-to-15-by-2025-would-lift-the-pay-of-32-million-workers/>

¹⁴ <https://indivisible.org/resource/raise-wage-act-explained>

¹⁵ <https://indivisible.org/resource/raise-wage-act-explained>

unemployment or decreases in number of hours worked or weeks worked annually. They did find positive wage effects such as decreases in household and childhood poverty.¹⁶

Different markets will be affected differently by changes in minimum wage. Low and high market concentrations are factors that affect how likely labor is to be affected by increases in minimum wage. Low market concentration occurs when there is high competition in a market, meaning top firms do not influence the rest of the market as much. High market concentration occurs when a few firms hold most of the power and influence in a market. Increases in minimum wage tend to have less negative effects, like raises in unemployment, in highly concentrated markets, while in low concentration markets, we are more likely to see labor being affected.¹⁷

Compensation speaks volumes about how we treat workers in different industries. While many jobs are essential to keeping essential infrastructure in place, the people working these jobs are often not compensated a livable wage. The failure so far to pass the Raise the Wage Act of 2021 shows the true nature of how we treat essential workers.

¹⁶ <https://irle.berkeley.edu/files/2020/09/Minimum-Wage-Effects-in-Low-Wage-Areas.pdf>

¹⁷ *The Instant Economist: Everything you need to know about how the economy works*

Figure 1

Share of workers who can telework, by wage level, 2017–2018

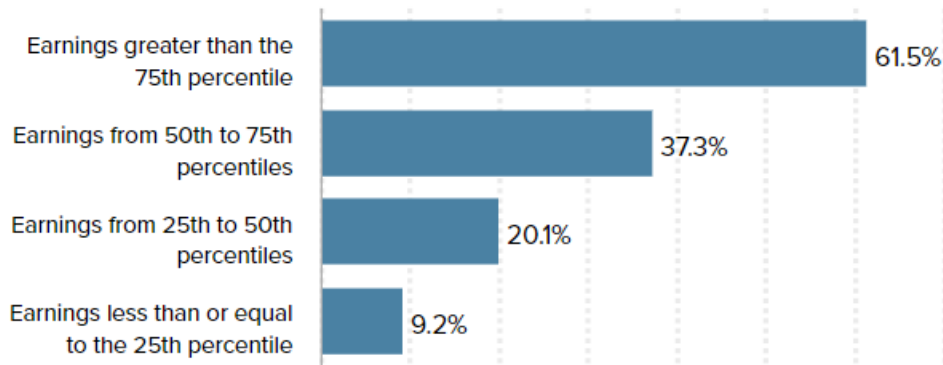


Figure 2

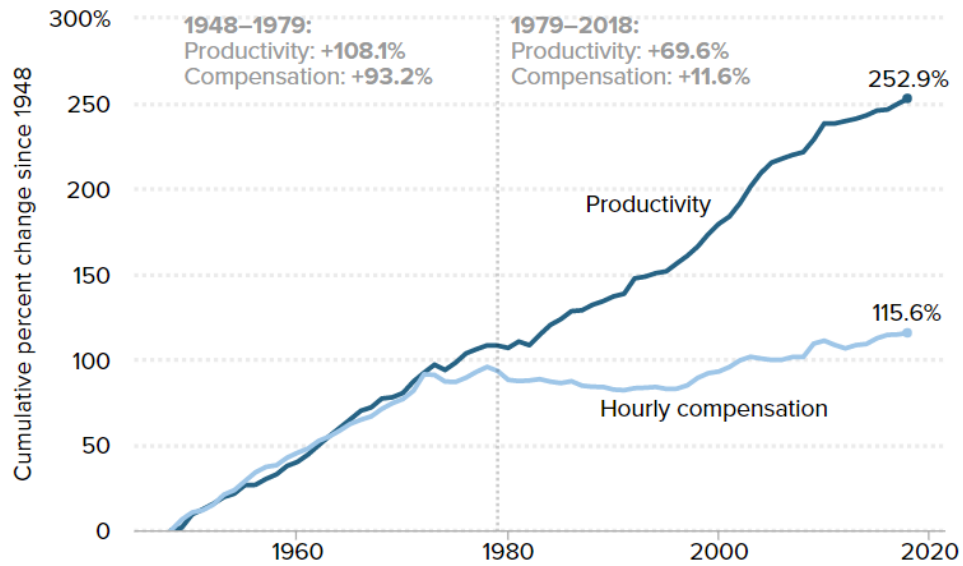
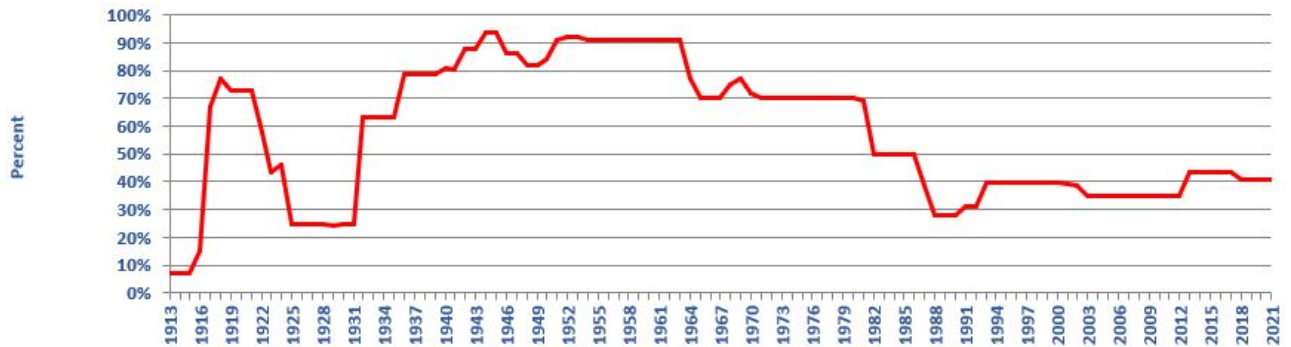


Figure 3

Top Federal Tax Rates



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