

CAMPAIGN FOR AMERICAN WORKERS INITIATIVE

STRATEGY OVERVIEW

The largely unwritten social contract among workers, employers, and government that provided American workers a measure of economic security for much of the past 60 years has deteriorated, leaving millions of workers vulnerable to the uncertainties of the economy—and suffering as that economy has contracted in the last two years. Health care costs increasingly exceed workers' ability to pay, employers trim benefits, the government no longer guarantees a safety net, and inequality and disparities have widened to historic proportions. In short, American workers have become, and are continuing to grow less economically secure, and the insecurity is widely felt—moving up the income ladder and into the middle class—at the same time that it is intensifying among the working poor.

The growth in economic insecurity is in large part due to the erosion of the employer-based benefit system, which has been further weakened by the current recession and is no longer sufficient to meet the needs of U.S. workers in the global economy. In order to be economically secure, an American worker should have: adequate resources (through personal savings, employer benefits, and government programs) to weather income interruptions; comprehensive health coverage; and access to appropriate retirement savings vehicles (individual, employer, and government-financed) along with adequate financial resources within these vehicles to meet retirement needs. Using this definition, the economic security of American workers is weak and falling, particularly for low-income and minority workers. The rise in economic insecurity is reflected in both qualitative opinion data and hard public data. These concerns are not just free-floating anxiety; they reflect real problems, real needs.

At the same time, America's long term fiscal health is imperiled as deficit spending has grown, in part, to help stabilize the recent economic crisis. While there is danger here, there is also opportunity: a unique chance to reexamine federal priorities with regard to the U.S. social contract. The convergence of pressures on workers, employers, and policymakers creates powerful incentives for forging partnerships and generating the innovation necessary to implement viable solutions.

The Campaign for American Workers (CAW) focuses on the following three primary levers for change.

CHANGE LEVERS

- **Promoting improved transparency and evidence about the impacts of proposed and current policies on economic security of American workers, especially jobs for low-income workers.** One particular gap in the public debate about economic security has been the need for reliable and robust data on how these concerns are actually experienced by American workers. Beyond this, it has repeatedly proven far too easy for those debates that do occur to not include the particular concerns and experiences of poor and vulnerable workers. The Foundation invests in high quality data and evidence and supports organizations that advance greater transparency and accountability on these policy issues. In particular, the Foundation is helping to promote more evidence-based public debate through regularly published metrics regarding perceived economic insecurity. Publicly available data on economic security has significant shortcomings, particularly with regard to comparisons of multiple quantitative indicators across uniform race and income groups. The Foundation is partnering with researchers at Yale University

to develop a Rockefeller Economic Security Index (RESI), which will help address the lack of uniform measurement and understanding of economic security.

- **Promoting pilots and policies toward increasing savings and retirement security.** The combination of long-term labor and fiscal policy trends in the U.S. and the recession has made millions of workers more vulnerable to shocks and less able to weather economic disruptions or setbacks. The Foundation supports efforts that foster resilience that enables low-income households to build personal savings, as well as improvements in policies like unemployment insurance. The Campaign seeks to improve retirement security for vulnerable workers through a range of investments in both incremental and systemic reform, as well through a combined focus on public and private retirement savings. To accomplish these goals, the Foundation convenes and supports creative public-private partnerships; invests in research and modeling to evaluate promising policy proposals; supports targeted outreach and education to key constituencies, including blacks, Hispanics, and women who face disproportionate levels of economic insecurity; and promotes policies that more equitably distribute public funds.
- **Fostering pilots and policies that ensure more secure and portable healthcare coverage.** One of the most pronounced shifts in the social contract is the diminished role of employers in providing health care coverage, exposing to greater and increasing risk their employees and the growing number of independent contractors who constitute almost 30% of the labor force. CAW works on models of health care coverage and supports state-level policies that pool risk and benefits on behalf of uncovered workers—those employed as freelancers, in part-time jobs, and those for whom employer-based coverage is unavailable or unaffordable. To accomplish these goals, the Foundation convenes and supports creative public-private partnerships; invests in research and modeling to evaluate promising policy proposals; supports targeted outreach and education to key constituencies, including blacks, Hispanics, and women who face disproportionate levels of economic insecurity; and promotes policies that more equitably distribute public funds.

KEY OUTCOMES

Outcome Area 1 – Knowledge and Understanding for Private and Public Action

American policy makers and those with influence over policy, social innovators and entrepreneurs, and poor and vulnerable people themselves have a better understanding of the changing economic position of workers and their families, of the threats and opportunities they face, of the need for a new social contract, and of specific public, private, and mixed opportunities for improving security. As a result actors at all levels are more able and motivated to make decisions and choices that improve the quality of jobs held by vulnerable American workers and provide better economic and health security during the working life and in retirement.

Outcome Area 2 – Partnerships and New Institutional Arrangements

Creative public-private partnerships, new institutional arrangements and pilot projects are implemented that result in vulnerable workers having greater economic stability, improved access to health care, and better savings and retirement. As a result, in addition to benefits for workers directly affected, opportunities and obstacles for improving economic, health, and retirement security will be better understood, and new advocates and constituencies will be created for effective, efficient and innovative solutions.

Outcome Area 3 - Policy Innovation

Issues and proposals are explored and discussed in ways that help Federal and State policy makers and legislators to enact programs and regulations improve American Workers' economic security, distributing responsibility, opportunity and risk to provide access to quality jobs and health care, improve resilience against interruptions in income, and guarantee vulnerable workers adequate and predictable income in retirement through a combination of social security and private retirement savings.

IMPACT – Our Vision of Success

The Foundation expects to contribute to measurably improved economic security for vulnerable workers in the United States during their working lives and in retirement. Vulnerable workers will be employed in quality jobs. They will be guaranteed adequate and predictable income in retirement through a combination of social security and private retirement savings. They will have increased access to affordable and adequate health insurance, and they will have adequate resources to deal with income interruptions.

Vulnerable workers will be able to access effective, efficient and innovative systems to ensure economic security against adverse medical and financial events during their working life and retirement. Workers will have more opportunities to find quality jobs that enable a financially secure and happy life. These workers and their families will have easy access to health care, several months of savings and sufficient retirement benefits. There will be a new social contract between working people, employers and government that distributes responsibility, opportunity and risk so that vulnerable workers in the U.S. achieve measurably improved economic security during their working lives and in retirement.

UPDATE

President Obama's Announcement of Rockefeller Foundation-Sponsored Savings Initiatives

On September 5th, President Obama announced several savings initiatives in his weekly national address. All three new proposals emerged from recommendations by Rockefeller Foundation-supported grantees, who suggested developing tools for helping American workers save more and become better able to weather periods of economic uncertainty such as the current recession.

The President announced two proposals developed by Foundation grantees at the Retirement Security Project. The first proposal was expanding opportunities for automatic enrollment in 401(k) and other retirement savings plans. The second was enabling workers to easily convert their unused vacation and similar leave into additional retirement savings.

The President's other and perhaps most noteworthy proposal represents a culmination of several years' work by Rockefeller Foundation grantee Doorways to Dreams (D2D). The President announced that beginning with the 2010 tax season, all Americans will be able to easily purchase United States savings bonds with part of their tax refund when they file a return. This means that more than 100 million American households will now have an accessible, safe, and credible savings option at the time of the year when they are also receiving a lump sum of cash. Previous

research by the Rockefeller Foundation and D2D during the demonstration phase of this effort found that the average purchaser of these savings bonds was a single parent earning approximately \$20,000 annually.

The next stages of work in this area are ensuring that tax filers are aware of this opportunity, continuing tax-time pilots, and testing additional incentives to support savings by lower-income workers. Such experimentation has been requested by senior government officials to inform their future policymaking.

A Stronger Safety Net for Unemployed Workers

Economists and other policy analysts have dubbed the current recession one from which “nobody can hide” and more recently have described the harbingers of a jobless recovery. With an official September unemployment rate of 9.7 percent and with many discouraged workers either underemployed or no longer actively seeking work, the nation’s New Deal-era system of unemployment insurance (UI) is sorely in need of reform.

The Foundation’s investment in the National Employment Law Project (NELP) has helped position this organization as the go-to place for expertise on employment-related policy issues. Demand for the organization’s research, analysis, and policy recommendations has increased dramatically during the current recession. NELP’s Labor Day release of a blueprint for unemployment reform garnered national attention and follows the achievement of core policy objectives with the passage of the Unemployment Insurance Modernization Act as part of the federal stimulus package called the American Recovery and Reinvestment Act of 2009 (ARRA).

We are cementing this progress by investing in NELP’s capacity to assist more than 35 states with the implementation of the UI provisions of the stimulus legislation. We recommend workplace protections appropriate to a 21st century economy that includes independent workers, female employees, part-time staff, and many other types of workers and types of conditions not imagined when the law was first passed more than 70 years ago.

As the Foundation’s Campaign for American Workers responds to current economic and employment conditions, our research has highlighted the importance of understanding the elements of workplace protections in the context of broader workforce issues in the recovering economy. Specifically, data from the Bureau of Labor Statistics indicates that eight of the ten job categories most likely to grow between now and 2016 are low-wage service jobs, which employ disproportionate numbers of poor and vulnerable workers. Further, these jobs have the highest rates of violations of workplace standards, including the underpayment of wages. These factors threaten the economic security of the most vulnerable workers employed in these growth industries.

National Data on Americans’ Attitudes Toward Social Security

The Foundation has worked with the National Academy of Social Insurance (NASI) on research and communications around options for strengthening Social Security for vulnerable populations, such as low-paid workers, elderly widows and employee groups at high risk of disability. Aware that Social Security is likely to be the subject of the next major domestic policy debate after health care, Rockefeller Foundation staff have worked with NASI on the formulation and dissemination of a national survey of Americans’ attitudes toward Social Security reform. Conducted by national pollster Joel Benenson, who is best known for his work for President Obama, the poll found for the first time that a majority of Americans express support for higher taxes in order to retain the current levels of benefits available to retirees.