

LABOR DAY 2005:
THE STATE OF WORKING AMERICA

AUGUST 2005

CONDUCTED BY
PETER D. HART RESEARCH ASSOCIATES
FOR
THE AFL-CIO

INTRODUCTION

On behalf of the AFL-CIO, Hart Research Associates conducted a national survey examining public attitudes regarding the economy, jobs, and income. The survey was conducted by telephone from August 12 to 17, 2005, among a representative sample of 805 workers nationwide. To qualify for the survey, respondents must currently be employed or seeking work and cannot be the principal owner of their place of work. The margin of error is ± 3.5 percentage points for results among workers. This executive summary reviews the survey's main findings.

KEY FINDINGS

1. Economic dissatisfaction among working people is growing and workers feel pessimistic about the country's economic outlook as well as their own. Current headlines and statements from administration officials describe an improving economy. American workers, however, have a distinctly different economic outlook. They are deeply dissatisfied with today's economy and have grave concerns about the future. After a brief period of diminished anxiety in 2004 and earlier this year, economic dissatisfaction is once again surging. Moreover, a majority of workers report feeling more worried and concerned than hopeful and confident about achieving their economic and financial goals. Workers even doubt one of the core elements of the American dream: that each generation does better than the last. Today, less than half of workers feel that they are better off than their parents at this point in their life.

- Just 38% of workers are satisfied with the economic situation in the country, with 59% saying that they are dissatisfied. This marks a near reversal in attitudes from the beginning of 2001 when 65% of workers were satisfied and 33% were dissatisfied.
- A majority of workers are now more worried and concerned (54%) rather than hopeful and confident (43%) about achieving their economic and financial goals. Back in 1999, seven in ten (70%) workers were hopeful and confident. Those with a high school education or less (60%) are especially worried about achieving their economic goals. A significant gender gap exists in this area, with 62% of women being worried and concerned compared with 47% of men who feel the same. Among women, non-married women (66%) and non-college-educated women (65%) are more likely to feel concern about achieving their goals.
- A majority (53%) say that they are not as well off or are about the same financially as their parents. Just 45% of Americans now feel that they are better off than their parents. To give a sense of the degree of pessimism that these results reveal, in December 1991, just months after a recession and hardly a healthy economic period, a majority (53%) said that they felt better off financially than their parents.¹

¹ Comparative trend comes from a Gordon Black/USA Today survey conducted on December 9-10, 1991, among 806 adults. Question wording read: "Are you better off financially, worse off, or about the same as your parents were at your age?"

2. The largest source of dissatisfaction is declining real wages and the reduced standard of living it creates. A majority of workers say that their income is not keeping up with the cost of living. The decline of real wages is something that workers have felt for some time, and their perceptions of this problem show that it is only growing worse. Employees worry about this issue frequently and most blame employers for the situation. Those who say that their income is not keeping up also are much more likely to offer a negative overall assessment of the economy. Unaffordable health care and skyrocketing gas prices are the chief symbols of Americans' sense of their old standard of living slipping out of reach.

- A majority (53%) of workers say that their income is not keeping up with prices. Five times as many workers are falling behind as are getting ahead (11%). Those most likely to say that they are falling behind include high school graduates or less (65%), non-college women (65%), those who earn less than \$30,000 on the job (64%), blacks (63%), non-married women (61%), and small-town/rural workers (61%).
- Looking more closely at the majority of workers whose incomes are not keeping up with prices, we see a group that is very dissatisfied with the economic situation in the country today.
 - Three in four (76%) are dissatisfied with the country's economic situation and also are worried about achieving their economic and financial goals (74%).
 - Just three in ten (30%) say that they are doing better than their parents at this point in their life.
 - Three in five (62%) say that the country is headed off on the wrong track when it comes to the quality and availability of jobs.
- Seven in ten (70%) workers say that employers are falling short when it comes to providing cost of living raises. This is the biggest source of contention with employers, and is a critique that has increased dramatically from 1999 when 52% of workers said employers were falling short on this measure. (The proportion who say "falling *very* short" has doubled since 1999 from 16% to 32%.)
- More than three in five (64%) workers worry very or somewhat often about prices rising faster than their income. This issue crosses all socioeconomic groups, as majorities of college graduates (55%), high school graduates (72%), white-collar workers (65%), and blue-collar workers (66%) worry very or somewhat often about this.
- The decline in real wages also has had a negative effect on being able to afford basic necessities. Large majorities of workers worry very or somewhat often about gas prices (80%, including 93% of both part-time workers and Hispanics). Health care also is a major concern as 68% worry very or somewhat often about rising costs. Additionally, 71% of parents worry about education costs for children.
- When it comes to keeping income levels down, two in three (67%) workers also say that employers are falling short on sharing profits with employees even when the company is doing well.

3. Concern about the health care system is back to the level it was in 1994, before the proposed Clinton health care plan failed. Workers believe that the American health care system is failing. More than anything else, concern about costs is driving this dissatisfaction. To address health care, workers want to see the federal government guarantee coverage for all Americans, and they feel that this should be a top priority for Congress and the president. Workers also fault large companies who do not provide health care coverage for their employees.

- Only one in four (24%) workers say that health care in the country is headed in the right direction, whereas 68% say that it is on the wrong track. Moreover, just three in ten (30%) workers are satisfied with the health care system whereas 68% are dissatisfied. This marks a decline from 1994 when 36% were satisfied.
- Just 59% of workers have coverage from their employer (just 36% of those with incomes under \$30,000, 51% for 18- to 34-year-olds). Among those with health care, there has been a big increase in dissatisfaction with costs passed on by employers, doubling from 16% to 31% since 1999.
- Three in five (63%) workers believe that it is wrong for large companies not to provide health care coverage even after they are presented with an alternative argument that states that large companies must keep costs down and cannot afford to provide coverage and stay competitive in the global economy (27%).
- Nearly seven in ten (68%) workers worry very or somewhat often about the rising cost of health care, and half (50%) worry that they themselves will not be able to afford health care. Those who are most likely to worry about affording health care are those whose incomes are falling behind (67%), women (57%), and those in rural areas/small towns (56%).
- Seven in ten (72%) workers would like to see the federal government guarantee health care coverage for all Americans. This marks a slight increase from 1999 when 68% felt this way, and this belief transcends party affiliation as majorities of Democrats (88%), independents (73%), and Republicans (55%) say that the federal government should guarantee coverage.
- Workers want Congress and the president to take action and establish a national health care system that provides health care coverage for all Americans. More than seven in ten (73%) workers highlight this as a top or high priority for Capitol Hill and the White House to address. Again, this desire enjoys bipartisan support as Democrats (91%), independents (71%), and Republicans (55%) are in agreement on this issue. Two in three (67%) workers also say that requiring employers to provide basic health insurance and pay most of the premiums should be a priority for the legislative and executive branches.

4. Workers are concerned about their retirement security and believe that employers are doing a worse job in providing for their employees than they have done in the past. Only half of workers say that their employer contributes to their retirement plan, and a significant proportion of those with a plan question whether they will actually receive what was promised to them. It is not surprising that workers are uncertain about their retirement security as several companies have made headlines in recent months for attempting to push their pension responsibilities onto the federal government with diminished benefits for their employees. In fact, workers cite strengthening laws that protect employees' rights to receive benefits when their company files for bankruptcy as the highest priority for Congress and the president to address. They overwhelmingly reject President Bush's Social Security proposals, however.

- Two in three (65%) workers say that the country is headed in the wrong direction when it comes to retirement security. Just 24% say that things are headed in the right direction.
- Only 40% are confident that they will be able to retire with financial security and nearly half (48%) of workers worry very or somewhat often that they will not have a secure retirement. Democrats (65%), non-college educated women (59%), and those with incomes of less than \$30,000 (58%) worry most about not having a secure retirement.
- Two in three (65%) workers say that employers are falling short in providing adequate and secure retirement benefits. This marks a 13-percentage-point increase on this measure since 1999 when 52% of workers felt this way.
- Just 54% have a pension or retirement plan to which their employer contributes. And even three in ten (31%) workers who have a pension or retirement plan are not confident that they will collect their full benefits. Unmarried women (44%), those with a high school education or less (42%), Hispanics (39%), those with incomes less than \$30,000 (35%), part-time workers (29%), and workers in workplaces with less than 50 employees (24%) are less likely to have a pension or retirement plan to which their employer contributes.
- Related to their retirement security, workers do not buy into the Bush plan for changing Social Security (28% favor, 58% oppose). This is a dramatic shift in opinion from January when opinion was divided at 42% favor, 42% oppose.² Even among his base, the president can only count on a bare majority (56%) of Republicans to support his Social Security plan.
- Workers want Congress and the president to take action to protect employees' rights to receive the benefits they have earned should a company file for bankruptcy. Six in seven (86%) workers say that this should be a top or high priority for the federal government.

² January comparative data was among all non-retired voters.

5. Workers believe that a shortage of quality jobs that pay a good salary and provide benefits is a chief cause in our standard of living crisis. Workers believe that most jobs being created today are low-wage, no-benefit jobs, not good jobs that can sustain families. Most believe that a college education is no longer enough to ensure a quality job and financial security. When it comes to their own employment situation, workers are growing more dissatisfied. They are very concerned about outsourcing and would like to see the government take some action to address this. Workers believe that employers are falling short when it comes to providing good jobs and treating employees fairly.

- By 49% to 42%, workers say that we are headed on the wrong track when it comes to the quality and availability of jobs. Only 37% positively evaluate their own employment situation. This is a ten-point decline since last year (47%). Just 39% of workers report that they have a job that is full time, has health coverage from their employers, and a retirement plan where the employer is a contributor.
- By 69% to 17%, workers say that most of the new jobs being created are mainly lower-paying jobs without benefits rather than good-paying jobs with benefits. This feeling has increased over time with workers holding a slightly more negative outlook than they did last year and a significant 13-point increase from 1999 when 56% of workers felt that most jobs were mainly low paying and without benefits.
- Three in five (63%) workers believe that in today's economy it is hard to find a good job with financial security even with a college degree, whereas just three in ten (31%) say that you can find a good job and have financial security with a college degree.
- Just one in three (33%) workers trust employers to treat their employees fairly.
- Workers are particularly concerned about companies moving jobs overseas (60% worry very/somewhat often). Moreover, 85% say that providing incentives for companies to keep jobs in America should be a top or high priority for Congress and the president, whereas 74% feel that preventing companies from avoiding taxes by moving jobs overseas should be a priority.

6. Workers do not feel that their elected officials in Washington are fighting for them today. President Bush and both the Republicans and Democrats in Congress receive failing grades from working people. Congressional delegations of both parties cannot even muster a majority of their own party to say that they are doing an excellent or good job in looking out for working people.

- Only three in ten (30%) workers believe that President Bush is doing an excellent or good job in looking out for working people, 24% say that he is doing just a fair job, and 43% say that he is doing a poor job.
- Just 22% rate the Republicans in Congress favorably on this measure, with 71% saying that they are doing either a fair job (34%) or a poor job (37%). This low rating

includes just 46% of Republicans who say that Congressional Republicans are doing an excellent or good job.

- Yet Democrats in Congress fare no better with workers than do Republicans in Congress. Only 21% of workers say that Democrats are doing an excellent or good job, while 71% rate them less favorably, including 42% fair job and 29% poor job. Just 36% of Democrats say that Congressional Democrats are doing an excellent or good job.

7. Americans largely approve of labor unions, and union members are more likely to receive benefits at their job than are nonunion members. Moreover, nonunion workers are more likely to vote in favor of joining a union than they have been in the past. (These results come from a separate survey among 809 adults, conducted in February, with a margin of error of ± 3.5 percentage points.)

- The February survey includes a long-term trend question developed by the Gallup organization that asks whether respondents approve or disapprove of unions. Two-thirds (64%) of Americans voice approval of unions and just 21% disapprove (results among workers are identical to those among the general public). This is among the highest approval ratings and is the lowest disapproval score for unions since 1965.
- As with general support for unions, interest in union representation on the job has increased in recent years. Among all non-managerial workers, 53% now say that they definitely or probably would vote in favor of union representation in their workplace, with 38% who would vote no. By comparison, in 2003, we find an even division in the vote on union representation: 47% vote yes and 47% vote no. This result and a similar response in a 2002 AFL-CIO survey (50% yes) mark a very substantial improvement over the previous decade. In both 1993 and 1996, the “yes” vote stood at just 39% among nonunion workers, while a majority indicated that they would vote no. From 1997 to 2001, support rose slightly to about 43% yes, but opposition still stood above 50%. Now support for union representation equals or exceeds opposition—a substantial change from sentiment in the early 1990s.
- Union members are more likely to receive benefits at their job than are nonunion workers. Consider the following:
 - More than nine in ten (93%) union members are covered by health insurance, whereas 83% of their nonunion counterparts are covered.
 - Seven in ten (70%) union members receive paid time and a half for overtime, with just 51% of nonunion members receiving a similar benefit.
 - Three in four (76%) union members receive paid sick leave, more than the two in three (66%) nonunion members who receive this benefit.