

The Service Class Deserves Better

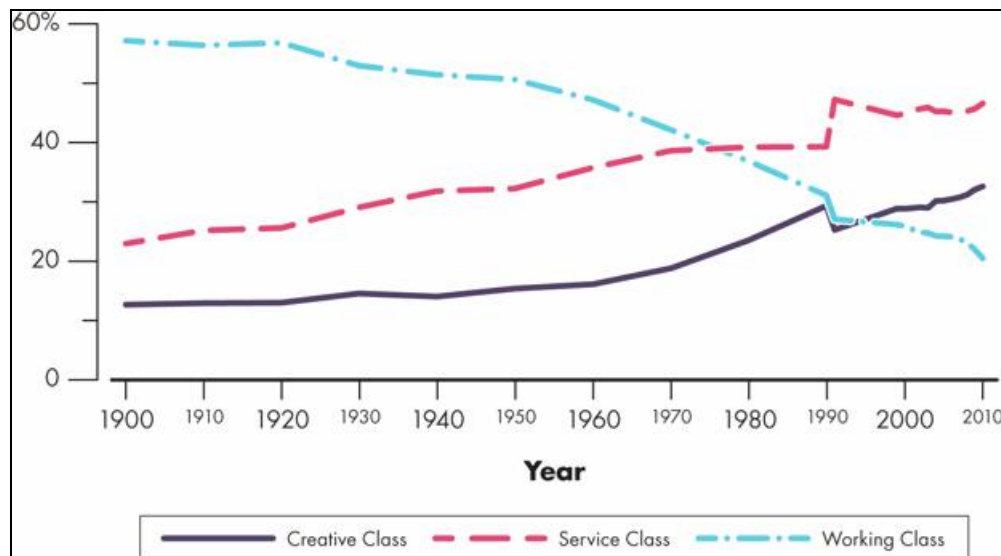
Richard Florida¹, *CityLab*, Sep 4, 2017

Our nation's future depends on our ability to provide the largest segment of our labor force with stable, family-supporting work.

More than 65 million Americans toil in precarious, low-wage service class jobs, preparing and serving us our food, assisting us in stores, supporting our office and professional work, and taking care of our kids and aging parents. The service class is the largest class of Americans by far, making up about 45% of the entire workforce. In terms of the jobs they do and the economic functions they serve, in many ways, its members represent the 21st century analog of the old blue-collar working class. And just like we upgraded those once dirty, dangerous, and low-paid manufacturing jobs during the postwar years, we must now rebuild America's middle class by turning service jobs work into higher-paid, family-supporting work.

A new report released today by me and my [Martin Prosperity Institute](#) colleagues, Karen King and Charlotta Mellander, entitled [Building 65 Million Good Jobs](#), outlines the size and scope of America's service class, and describes how we can begin to upgrade their jobs.

The chart below shows the transformation of the American workforce over the past century or so. In the early 1900s, the working class made up nearly 60 percent of the American workforce. Today, it has declined to roughly a fifth of the workforce, while America's two other major classes have surged—the highly-skilled and highly paid creative class and the even larger service class.



The changing structure of the American labor force, 1900-2010 (Martin Prosperity Institute)

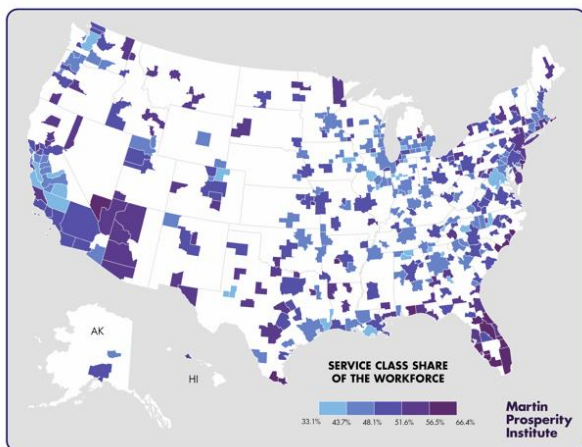
Members of the service class make just \$32,272 per year on average. That's 30 percent less than the national average of \$46,440 and less than half the \$75,759 average for the creative class, who work in science and technology; business and management; arts, media, and culture; and healthcare, education, and law. The lowest paid members of the service class—the 16 million workers who toil in food service and personal care work—average less than \$25,000 a year.

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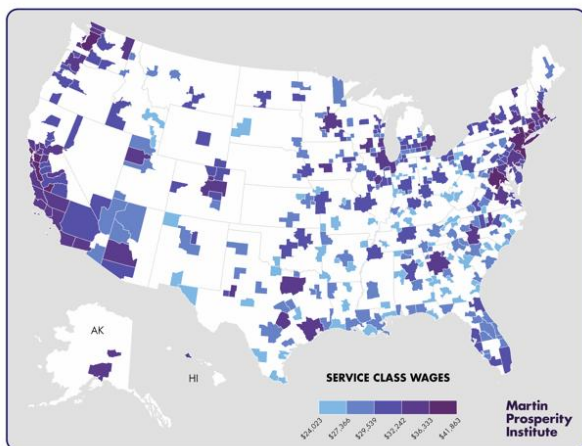
Service class work is disproportionately performed by women, who hold 62 percent of service class jobs, compared to less than half of all jobs. And the gender pay gap for service class work is substantial: service class women make just two-thirds of what service class men make.

Minorities also make up a disproportionate share of the service class. Half of Hispanic-Latino workers and 55 percent of black workers do service class jobs, compared to 45 percent of whites and 40 percent of Asians.

The service class varies considerably by geography, as the map below shows. Service class jobs make up more than half of all jobs in Orlando, Miami, San Antonio, Tampa, Jacksonville, Buffalo, Providence, Phoenix and New York, and a whopping 62 percent in Las Vegas, as the map below shows.



Wages for the service class also vary widely by metro. While service class members earn more than \$40,000 in the expensive Bay Area metros of San Francisco and San Jose, they make \$30,000 or less in nearly 60 percent of US metros, including five large metros: Orlando, New Orleans, San Antonio, Oklahoma, and Virginia Beach.



But members of the service class are financially squeezed in expensive as well as more affordable metros. On the one hand, their wages are distressingly low in less expensive metros. On the other, the high housing costs of expensive metros eat away at the higher pay of service class workers there. In more than a fifth of metros across the country, 82 of them, service class workers end up with less than \$18,000 a year to spend after paying for their housing. This is the case in both expensive metros like Los Angeles, San Diego and Washington DC and less expensive Sunbelt metros like Orlando, Miami, Jacksonville, and Las Vegas.

The low wages paid to America's 65 million service class workers stand at the heart of the nation's rising inequality and the staggering decline of its once sturdy middle class. Yet, virtually all of the discussion about creating good jobs in America either revolves around trying to lure more blue-collar manufacturing jobs back to the United States, or using education to vault more low-skilled, low-paid service workers into knowledge, professional, and creative work. Both strategies, while admirable, will never create nearly enough good jobs for the millions upon millions of Americans who need them. And even as more workers continue to enter the creative class, our economy will continue to demand service jobs.

The only way to shrink America's yawning economic divide and rebuild the middle class is to upgrade the wages and working conditions of its service class workers. It's been done before. During the first half of the 20th century, the United States turned low wage manufacturing work into middle-class, family-supporting work. Henry Ford famously initiated his five dollar a day pay policy to enable blue collar workers to purchase the cars they were making on the assembly line. The government created new labor laws that helped workers form unions and bargain collectively for higher wages. Manufacturing companies developed strategies to involve workers in efforts to improve quality, productivity, and ultimately profits, creating a win-win cycle.

The same can be done for service work, the analog of blue-collar factory work today. Many of the best and most successful service companies, like Four Seasons, Zara, Whole Foods, Costco, and others have embraced what MIT professor Zeynep Ton has called a ["Good Jobs Strategy."](#) When workers are paid more, given more ability to make decisions, and have opportunities for internal career advancement, companies experience more shop-floor innovation, better customer service, greater productivity, and ultimately higher profits.

In the wealthiest society in history, our millions and millions of service class workers deserve jobs and wages that will enable them to provide a decent livelihood for their children, live within reasonable commuting distance from work, and save for college and retirement.

Upgrading service class work is one of the most significant challenges of our time. Our future depends on it.