The Hourglass Challenge:
Creating a More Equitable Economy for Greater Boston

A PUBLICATION OF COMMUNITY LABOR UNITED

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Executive Summary

Greater Boston is often thought of as the 'hub' of an intellectual state, fueled by a knowledge-based economy. But hundreds of thousands of residents of Greater Boston know a different reality; one in which good wages, health care, reliable transportation and a quality education remain ever out of reach. *The Hourglass Challenge* provides a detailed statistical portrait of daily life for residents of the Greater Boston area, including the city's newest residents: immigrants from Asia, Latin America and the Caribbean. Using a variety of different statistical indicators, the report presents a comprehensive overview of the wellbeing of the region.

This report comes at a key time. The state's political, business and community leaders are increasingly anxious about the future of the Commonwealth. With housing costs remaining out of reach and real incomes declining for the typical Massachusetts household, a growing number of residents are voting with their feet and leaving the state altogether. *The Hourglass Challenge* takes a hard look at the economic strains endured by too many of the region's residents.

The picture painted by this report is in many ways an ominous one. Greater Boston in 2006 is a region deeply divided: by wealth, education, race, and language. As the region has continued to shed relatively high-paid manufacturing and public sector jobs, the economy that has emerged most resembles an hourglass, with an abundance of low-wage service jobs on one end, high-wage professional jobs on the other and few jobs in the middle of the spectrum. Such polarization promises to persist well into the future. An economy that relies on the quality of its labor force to expand existing businesses, universities and hospitals—and to attract new ones—cannot grow when a significant part of that labor force cannot sustain itself.

The argument is not simply that we are witnessing a growing inequality in Greater Boston, but that there are actions we can take to correct it. This is the reason that labor and community organizations came together to create Community Labor United. This report frames CLU's economic analysis of the region, describing the existence of the hourglass economy and how it is racialized and related to educational opportunities. It will also serve to support the organizing and public policy campaigns that will be undertaken by CLU and its partner organizations in the years to come in order to turn our hourglass economy into an equitable “football-shaped” economy.

*The Hourglass Challenge* is organized into four parts:

"The Changing Face of Greater Boston: A Demographic Profile" provides a brief statistical overview of the composition of the population of the Greater Boston area, as well as key components of recent population changes.

"The Hourglass Economy and its Implications for Equitable Regional Growth" examines trends in employment and wages in the Greater Boston area, including income inequality and the correlation between education and income.

"Vital Signs: A Snapshot of Housing, Health, Transportation, Education and Racial Inclusion in Greater Boston" looks at the quality of life for residents of Greater Boston based on a variety of statistical indicators.
“Next Steps Toward Building an Equitable Regional Economy in Greater Boston” concludes our report with examples of recent organizing successes, followed by recommendations on how CLU and its partners can organize and change policy for a better future.

Major findings of this report include:

Economic inequality in Greater Boston is on the rise
Greater Boston is home to a stark and widening economic divide that not only points to a precarious future for low and moderate-income families, but which also threatens the region's economic viability and political stability.

- Today, the typical Massachusetts household makes less money, after adjusting for inflation, than did a typical family in 1989.
- In the early 1980s a family in the top 20% of Boston earners had roughly the income of five poor families. Today that same family has the income of seven poor families.
- From the early 1980s to 2004, manufacturing jobs in Massachusetts fell from approximately 20 percent of total employment in the state, to approximately nine percent. That means that fewer than one in ten people are now employed in manufacturing, compared to one in five people in the early 1980s.
- The city's black and Latino residents are being left behind. Seventy-eight percent of all black students attending Boston Public Schools qualified for free or reduced price lunches, while 90 percent of Latino students qualified for the programs.
- Too many immigrants continue to struggle economically. While 6.7 percent of all Massachusetts residents live in poverty, 15.9 of immigrants live below the poverty line.

Quality of life for many Greater Boston residents is declining
In recent years, the costs of owning or renting a home in Greater Boston have soared. But housing costs aren't the only measure of a region's health. Access to health care, transportation and education also show great disparities according to the income, race and ethnicity of area residents.

- Seventy nine percent of families in Boston cannot afford to purchase a home.
- A worker in Boston would need to earn an hourly wage of $24.35 in order to pay the fair market value for a two-bedroom apartment.
- Close to 40 percent of the people served by local food banks are working but do not earn enough income to pay for food.
- Blacks and Latinos in Boston do not have the same access to health care as do the city's white residents. Whites consistently have the highest rates of access to health care. Although the rate of black residents without health insurance has dramatically decreased since 1998 (to be nearly equal to that of non-Latino whites), 15 percent of Latinos lack health insurance.
(compared to 6 percent of non-Latino whites). In the area of prenatal care, Latinas have better coverage than black women, but the rates remain high for both (17 percent of Latinas and 25 percent of black women in the city lack adequate prenatal care, compared to 9 percent of white women).

- Transportation costs now consume 17 percent of the average household income in the Greater Boston area. From 1990 to 2003, fares for buses and subways increased much faster than the cost-of-living and even faster than the price of gasoline.

The next (and newest) generation of Bostonians is not prepared to succeed  
Higher education and skills training are virtual necessities for residents seeking a path out of poverty. Yet too many of Boston's school-age residents are priced out of the state's public higher education system, and the demand for jobs-related training far outstrips the supply of such programs. If present trends continue, Massachusetts will confront a drop in the education level of its workforce that threatens to lower personal income and reduce the state’s tax base.

- One third of high school freshmen in the Boston Public School system drop out before graduation.

- Twenty one percent of Greater Boston area residents did not complete high school, 24 percent have only a high school diploma and 19 percent had some college or an Associates degree. Taken together, nearly two-thirds of the region’s residents have less than a Bachelors degree.

- More than 1.1 million Massachusetts residents are in need of additional skills training that would allow them to obtain jobs that pay enough to sustain a family.

- Seventy nine percent of immigrants in the Greater Boston region speak a language other than English at home. The number of immigrants with limited English-speaking skills grew by 92,000 between 1980 and 2000.

- Waiting lists for English as a Second Language classes have increased by 24 percent in just two years, with 25,000 people currently waiting statewide. In Boston, there is a wait of up to three years for such classes.

Organizing and Policy Campaigns are the key to making a more equitable economy  
The hourglass economy is not a function of how one dominant mode of production is inherently organized compared to another. It is a function of public policy. In the “old” economy, workers organized unions and supported political candidates who created the New Deal. It was organizing and public policy that created the familiar barrel shape of the postwar economy that existed until the ascendancy of deregulation, federally-sanctioned hostility to labor, and supply-side economics in the 1980s. Today, it is organizing and public policy which will lead us back to a stable, secure football-shaped equitable economy.

Efforts that can affect positive change include:

- **Role of Community Leadership.** Community and labor organizations have engaged in organizing campaigns in Greater Boston over the past several years that have resulted in
higher wages and union rights for some low-wage workers, collective bargaining rights and rent protections for tenants, and transit equity and environmental justice for low-income bus riders.

- **Working Together.** Recognizing the limitations of going it alone, community and labor organizations created CLU as a resource to conduct joint organizing campaigns.

- **Role of Public Leadership.** Progressive mayors have shown that public leadership can play an important role in moving an equity agenda forward.

- **Next Steps.** Organizing solutions to the problems of the hourglass economy may be found in urban land use and procurement policies and actions. For these reasons, it is important that we pay particular attention to how land use and public contracting decisions are made in Greater Boston. Some potential campaign issues to consider:

  - **Equitable Distribution of Public Revenues:** To prevent communities from throwing money and land at developers in vain hopes that it will pay off in long-term good jobs and tax revenue, it is essential to create a level playing field where no developer could negotiate zoning relief or win tax breaks.

  - **Negotiating Community Benefits Directly with Developers:** It is important for community members and policymakers to use the leverage we gain when cities offer zoning variances, tax breaks and other incentives to negotiate with developers.

  - **Increasing Public Participation in the Decision-Making Process:** It is critical to establish an open, transparent and participatory process for making economic development decisions.

  - **Planning and Zoning Reform:** According to the American Planning Association, Massachusetts has the most antiquated zoning and land use laws in the country. The Community Planning Act (“CPA II”), which would reform Chapter 40A to address these concerns. This would allow Massachusetts’ communities to engage in meaningful planning processes that would not just affect zoning and development outcomes, but would increase the level of public input and participation in crafting these outcomes.

  - **Wage Standards:** Wages for much of the region’s workforce lag behind the self-sufficiency standards. One way of addressing this issue is to leverage the existing procurement and regulatory authority of cities to ensure that the public sector is not participating in holding down workers’ wages. This can be achieved by utilizing tools such as wage and hour law enforcement, responsible employer and developer ordinances, and local hiring requirements.

  - **Lowering Barriers to Unionization:** It is necessary to continue to support our partners in winning card check recognition and creating an environment in which all workers may participate in free and fair union elections without intimidation or fear of reprisals from their employers.
Foreward

This report represents Community Labor United’s (CLU’s) first major research project; a report that explains why it is important for labor and community groups to come together and organize around economic development and land use issues in the Greater Boston region. CLU, while initiated by the Greater Boston Labor Council, is structured with membership-based community organizations as equal partners with labor. To accomplish this we set criteria for participation and have involved our key partner organizations in determining the scale and scope of our work along with our structure and our decision-making process.

Our work is modeled on the successful efforts of an emerging network of existing organizations in other areas of the country: Working Partnerships USA (WPUSA) in San Jose; the Los Angeles Alliance for a New Economy (LAANE); the Center for Priority Initiatives (CPI) in San Diego; the Front Range Economic Strategy Center (FRESC) in Denver, and the Connecticut Center for a New Economy (CCNE). Like our sister organizations, we are linking community organizations and unions together for a combined program of research, organizing and leadership development.

Around the country, this work has altered the public discourse on economic development and land use. No longer limited to narrow discussions of economic growth, the dialogue on development is now commonly accompanied by spirited debate over living wage jobs, park space, affordable housing and proximity to transit corridors. For the first time in a generation, this work has caused the public sector to recognize it must play a leadership role in land use planning. Similarly, it has demonstrated the public sector’s power to use public dollars and land use authority in strategic ways to improve job opportunities and the quality of life for low-income communities. These economic development debates feature an increasing level of public involvement. Once the nearly exclusive province of developers and businesses, the economic development decision-making process now includes a much more diverse group of voices as communities become organized and press their demands. Our aim is to learn from our colleagues in these cities and to similarly change the public discourse in the Greater Boston region.

CLU is fortunate to be able to build upon the existing strength of a number of different organizations in the Greater Boston region. These groups are effectively organizing and winning important improvements and changes for their constituencies. We believe the sum of this different, individual work can, over time, add up to even more than its combination of individual parts. Together, we have the potential to change the terms of the economy and of our regional picture. Like the living wage movement which has changed the terms of wage debates across the country from that of minimum wages to living wages, we have opportunity, through a collective focus, to change the economic dialogue of our region. We can move from a discussion of how many new jobs are created and how much new development is being spurred to a discussion of the quality of these jobs and the necessity of supporting strong community life through good jobs, park space, affordable housing, health care and proximity to transit corridors.

The goal of CLU is to move strategic campaigns marshalling the joint power of community-based organizations and labor unions in order to build power for working families in the Greater Boston area. Our campaigns focus on bringing together low- and middle-income people already organized through existing community organizations and unions, based on interest in the issues involved. We aim to develop new organizing opportunities for community organizations and labor. We also aim
to educate the wider public through our research studies and through aggressive dissemination of the findings of these studies. Essentially we are developing a new “think and act tank” coming from poor and working people’s perspectives.

The Hourglass Challenge is the beginning of CLU’s in-depth research on economic development and related issues in the Greater Boston region. This research will help CLU to both better describe and understand the landscape of organizing opportunities and to support current and future organizing campaigns.

Together, we can build a better future by creating a more equitable economy for Greater Boston.

In Solidarity,

Rich Rogers
Greater Boston Labor Council
Chair of the Board of Directors, Community Labor United
Methodological Note

This report is concerned with framing a particular problem: the increasing inequality of the regional economy. The first chapter of the report lays out the general demographic trends in the Greater Boston region. Collecting data on these trends was not difficult; figuring out what constituted “Greater Boston,” however, was the source of continual frustration. The problem here is not that we had no concept of what Greater Boston is, but that the data is not collected in a way that readily fits into this concept. Community Labor United uses as a working jurisdiction the communities that make up the jurisdiction of the Greater Boston Labor Council.

Conducting research on metropolitan regions is especially challenging. Metro regions are rarely coterminous with the myriad ways in which social, economic, and demographic data are collected. It is often the task of the regional researcher to make certain assumptions about what cities, counties, census tracts, ZIP codes, or variations in Metropolitan Statistical Areas (MSA) (used by the U.S. Census for metropolitan regions) will act as proxies for the region. Some of the best data for these particular research objectives can be found at the county level. In some areas, the county is a good proxy for the region, in others it may be wholly inadequate. For the Bureau of Labor Statistics, the data is available at the city level (for certain cities only) and at the MSA level. This may create the problem of having data that is either too limited or too broad. It is important to be honest about your assumptions when conducting research—including the assumptions you make about the geographic boundaries of the region. We have tried to do that in this report.

One common way to look at Greater Boston, that may be useful in a report such as this, is to use Suffolk and Middlesex Counties. Counties are typically an easy way to draw regional boundaries. All census data can be broken down into city and tract level, which do not bleed over county boundaries. The problem is that one county, or even a combination of counties, does not always comport with commonly-understood or accepted regional jurisdiction. There is an analogous problem with drawing neighborhood boundaries for data collection purposes. Census tracts often include portions of a city that do not comport with commonly-understood or accepted neighborhood boundaries. The consequence of this is that the data can draw a picture of the neighborhood that is at variance with its actual needs and problems. The same could be said of using counties as a proxy for regions. The jurisdiction of the Greater Boston Labor Council, which is the working jurisdiction for CLU’s work, covers all of Suffolk County, portions of Middlesex County, and three towns in Norfolk County.

Another option might be to use the jurisdiction of the Boston Metropolitan Area Planning Council (MAPC). The MAPC jurisdiction encompasses 101 cities and towns in eastern Massachusetts, which is broken into sub-areas, including the “Inner Core” which closely tracks with GBLC’s jurisdiction.


* Massachusetts counties tend to have jurisdictions that made sense in the eighteenth century, but now bear little relation to actual labor and housing markets. The Boston Consolidated MSA extends beyond the borders of Massachusetts into New Hampshire, Maine, and Rhode Island.

* This is also referred to as MetroWest. The concept of “Greater Boston” is one that can vary depending on one’s vantage point from the north, west, or south, or from sitting within the City itself.

The Hourglass Challenge
In the end, we had to adjust our geography based on how particular data was collected, presented, and in some cases analyzed. For this report we relied upon, to a significant degree, the good work done by other researchers, such as the Boston Indicators Project of the Boston Foundation, the Massachusetts Budget and Policy Center, and Northeastern University’s Center for Urban and Regional Policy (to name only a few). In order to not re-invent the wheel, and to preserve dear resources for organizing, we utilized this good body of work. In turn we were forced to look at the data from the way it had been geographically collected and analyzed.

What we see in this report is that there are certain trends in the Greater Boston region that are well-supported by the data, even if the geography for certain data was, by necessity, different than that of other data. In the end, the regional geographies varied only slightly. At times, the data was specific to Boston. Why this focus on Boston? One reason is that certain information relevant to the argument in this report is available only or primarily at the city level—information such as school drop-out or asthma rates. But, this information could have been produced—although it may have been quite time-consuming to do so—for the two dozen or so municipalities that make up our Greater Boston region. The other reason is that the City of Boston is the principal economic, social, political, and cultural driver not only of the region, but arguably of all New England. Therefore, taking a deeper look at the City of Boston itself tells us something about the general social, economic, and equitable health of the region.

Robb Smith
Research Director
Community Labor United
I. The Changing Face of Greater Boston: A Demographic Profile

This report is about the growing inequality in the Greater Boston regional economy and what can be done about it. This inequality has turned our economy into one shaped like an hourglass, squeezing out any hope for a middle-class quality of life for millions of Massachusetts low-wage workers unless we act decisively to change the situation. To understand what this inequality is and what it looks like, we must begin by drawing a demographic picture of the Greater Boston area.

Uneven Growth

The Greater Boston area\(^1\) is the eleventh most populated metropolitan area in the United States with roughly 4.4 million people, according to 2003 population estimates.\(^2\) Yet it is growing at a much slower rate than the rest of the country. While the U.S. population grew 13.2 percent between 1990 and 2000, the population of the Commonwealth grew only 5.5 percent, and the population of the City of Boston grew only 2.6 percent during the same period.\(^3\) Population growth within the Greater Boston area has been uneven. The cities of Chelsea and Revere, for example, experienced the greatest increase in population, while Arlington and Melrose experienced the greatest decline.\(^4\)

Race and Ethnicity

While Greater Boston is 83 percent white, the region’s minority communities have grown over the past 20 years while the white (non-Latino) population has declined (see Table below). The Latino population has more than doubled in size, increasing its share of the total area population by almost four percentage points, from just over 2 percent in 1980 to 6 percent in 2000. The Asian population has increased about five-fold, and gone from under 1 percent to almost 4 percent of the region’s population. Overall, the white, non-Latino population has decreased its total share by almost 10 percentage points.

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\(^*\) One important note on racial and ethnic categories concerns the incorporation of nearly all Asian ethnic and national identities into the “Asian-American” category. The U.S. Census and other official demographic data collection agencies typically use such a catch-all category. Although there are similar problems with collapsing myriad African, Latino, European, Native American, and other ethnic and national identities into smaller categories, the Asian-American category provides some particularized complications in Greater Boston. The data masks the fact that there are wide disparities across data categories among Vietnamese, Cambodian, Chinese, Japanese, Indian, and other ethnic or national groups which prevent us from seeing a true picture of what life is like for the different groups that make up the Asian-American category. This report represents an attempt to provide a broad view of the inequities in the Greater Boston regional economy. We did not have the resources to properly drill down into this – or other – categories. Doing so is possible; however, it represents a significant research project in itself. It is important that the reader utilize this report for its broad trends, and not draw unwarranted conclusions about particular populations that were not specifically analyzed.

<table>
<thead>
<tr>
<th>Census Category</th>
<th>1980</th>
<th>1990</th>
<th>2000</th>
<th>20 Year Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hispanic/Latino</td>
<td>118,199</td>
<td>242,098</td>
<td>363,877</td>
<td>3.79%</td>
</tr>
<tr>
<td>White (non-Hispanic only)</td>
<td>4,952,385</td>
<td>5,037,834</td>
<td>5,023,779</td>
<td>-9.88%</td>
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<tr>
<td>Black/African American</td>
<td>183,008</td>
<td>239,359</td>
<td>280,062</td>
<td>1.19%</td>
</tr>
<tr>
<td>American Indian/Native</td>
<td>6,726</td>
<td>8,996</td>
<td>9,974</td>
<td>0.03%</td>
</tr>
<tr>
<td>Asian</td>
<td>47,757</td>
<td>136,708</td>
<td>234,413</td>
<td>2.98%</td>
</tr>
<tr>
<td>Hawaiian/Pacific Islander*</td>
<td>-</td>
<td>-</td>
<td>1,611</td>
<td>N/A</td>
</tr>
<tr>
<td>Other</td>
<td>28,111</td>
<td>21,003</td>
<td>41,336</td>
<td>0.15%</td>
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<tr>
<td>Two or More Races**</td>
<td>-</td>
<td>-</td>
<td>102,774</td>
<td>N/A</td>
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<tr>
<td><strong>TOTALS</strong></td>
<td>5,336,186</td>
<td>5,685,998</td>
<td>6,057,826</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Prior to the 2000 Census, Asians and Pacific Islanders were a combined category, and Asians were included as their own category starting in 2000.

Source: Census data compiled by Social Science Data Analysis Network (SSDAN), CensusScope, Population by Race, Boston Consolidated Metropolitan Statistical Area (www.censusscope.org).

There is great variation by race and ethnicity within Greater Boston. Due to a nearly 14 percent decrease in the white (non-Latino) population in the city of Boston between 1990 and 2000, and a corresponding increase in minority populations, Boston is a “majority minority” city (49.5 percent white). While much of this change was due to the influx of immigrants to the region, the city itself also has a high concentration of US born people of color. Boston’s immediate suburbs remain predominantly white (77 percent of total population in 2000), although this represents a 10 percent decrease compared to 1990.

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**Population Shifts by Race/Ethnicity in Greater Boston, 1980-2000**

<table>
<thead>
<tr>
<th>Race/Ethnicity</th>
<th>1980</th>
<th>1990</th>
<th>2000</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hispanic/Latino</td>
<td>3.79%</td>
<td>1.19%</td>
<td>0.03%</td>
<td>-2.98%</td>
</tr>
<tr>
<td>White (non-Hispanic only)</td>
<td>-12%</td>
<td>-10%</td>
<td>-8%</td>
<td>-4%</td>
</tr>
<tr>
<td>Black/African American</td>
<td>-6%</td>
<td>-4%</td>
<td>-2%</td>
<td>0%</td>
</tr>
<tr>
<td>American Indian/Native</td>
<td>2%</td>
<td>4%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Asian</td>
<td>0%</td>
<td>2%</td>
<td>4%</td>
<td>6%</td>
</tr>
</tbody>
</table>

**NOTE:** Prior to the 2000 Census, Asians and Pacific Islanders were a combined category, and Asians were included as their own category starting in 2000.

Source: Social Science Data Analysis Network (SSDAN), CensusScope, Greater Boston Population by Race, 2005.
A Demanding Youth and Senior Population

Massachusetts, like the nation as a whole, has a growing elderly population. Today in the City of Boston there are approximately 100,000 seniors (age 55 and up), which represents almost 20 percent of the total population. The number of seniors is expected to nearly double in the next twenty years.

Meanwhile, the Greater Boston area also has a growing youth population. While senior citizens in the region are predominately white, 75 percent of Boston residents between the ages of 14 and 17 are Black, Asian or Latino. Population projections estimate that the youth population in the Greater Boston area will increase over the next decade. Overall, statistics for youth in the region are improving. Suicide rates and engagement in risky behaviors are down. The dropout rates are decreasing and the crime rates for those under the age of 16 are steadily dropping. While these are positive trends, the negative developments are in the more systemic areas such as education where only 36 percent of Boston third graders are reading at a 3rd grade level, the economy where 74 percent of Boston public school students qualified for free or reduced lunches, and in health care where access to health care is declining among poor families and asthma rates among youth are steadily climbing.

Educational Attainment Trends

Despite Greater Boston’s reputation as an intellectual hub, almost two-thirds of the region’s residents have less than a Bachelors degree—21 percent did not complete high school, 24 percent have only a high school diploma and 19 percent have some college or an Associates degree.

Among the immigrant population, we find similar trends. Almost one-third of immigrants hold a college degree, but another third lack a high-school diploma or have limited English speaking skills. As the Greater Boston area becomes increasingly diverse, those with limited English speaking proficiency have a greater need for interpreters, ESL classes, and translators. Limited English can impact job opportunities, access to health care, and many other daily living necessities.

According to the 2000 U.S. Census, 79 percent of the foreign born population in the Greater Boston region speak a language other than English at home. In the Boston Public School District, 36 percent of students spoke a primary language that was not English and between 1980 and 2000, the number of immigrants with limited speaking English skills grew by 92,000 people.

I attended an 8 month course and completed a certificate in Network Administration. But it’s hard to get a job in the field without experience and no one wants to give me a chance. So now I have a certificate I can’t use at the moment, and a few student loans to pay off.

Julie Barnes
ACORN Member
Immigrants Driving Population Growth

Greater Boston is now experiencing a resurgence of immigration. In a period of less than 15 years, the number of foreign-born residents in Massachusetts increased by nearly 40 percent; as of 2004, one in seven Massachusetts residents was born in another country.\textsuperscript{19} Approximately one out of every four residents of Boston, Brookline, Cambridge and Malden is an immigrant.\textsuperscript{20} Without the new immigrants, Massachusetts would have not grown or even shrunk in population.\textsuperscript{21}

However, where past immigrants routinely came from Ireland, Italy, and Eastern Europe, new Bostonians today are far more likely to hail from Latin America, the Caribbean, Asia and Africa. Like the European immigrants before them, they share high hopes, but also face staggering obstacles. Of the approximately 115,000 new immigrants who came to Massachusetts between 2000 and 2003, almost half were from Latin America and the Caribbean and another 23 percent were from Asia.\textsuperscript{22} Today, Brazil is contributing the most immigrants to Greater Boston with Brazilians accounting for almost 1 out of every 5 new immigrants.\textsuperscript{23}

Our community has always been a city of immigrants. Regardless of their nationality, new Bostonians have all shared the common goal of building better lives for themselves their families. In the past, most eventually succeeded. Despite the challenges posed by new customs and, for some, a new language, over the course of three generations many immigrant families who arrived in Boston virtually destitute made their way into the region’s middle class. Whether or not today’s “new” economy will provide the same opportunities for immigrants and other low-wage workers remains an open question.
II. The Hourglass Economy and its Implications for Equitable Regional Growth

Introduction
During the past three decades, the economy of Greater Boston has steadily shifted away from a manufacturing base towards service jobs, built primarily on the financial, business and professional services, educational and medical sectors. The result of this shift is the emergence of an 'hourglass' economy, with large numbers of low-wage jobs at one end of the spectrum and high-wage jobs at the other, but few opportunities in the middle. This hourglass economy is an intensified version of the negative economic trends familiar to low and moderate-wage workers in other parts of the United States, including:

- Declining real income, and greater income and wealth inequality;
- A strong correlation between education levels and income;
- Economic restructuring, including the contraction of the manufacturing (with its higher-wage, union jobs) and public sectors, and the growth of low-wage service industries;
- A disproportionate reliance on contingent labor, including undocumented immigrant workers;
- A rising cost of living—including dramatic increases in housing and health care costs—and cuts in available supports at all levels of government;
- Significant disparities in economic status by race, ethnicity and gender.

The economic pain experienced by low and moderate-wage workers in Greater Boston has been exacerbated by policy decisions that have largely undercut local governments’ capacity to provide the supports and subsidies that such workers and their families often need to thrive in our region. Tax restructuring that reduced available state and local revenues, a state referendum to end rent control, restrictions on eligibility for various health and dental care and limits transitional assistance and other social supports have all made it more difficult for local governments to help low and moderate income residents. At the same time, economic restructuring has increased the need for such services. This scenario demonstrates the role that public policy can play to mitigate or exacerbate economic inequities in society.

The result has been the creation of a stark and widening economic divide in Greater Boston, a divide that not only makes the future precarious for low and moderate-income families, but that also threatens the region’s economic viability and political stability. An economy that relies on the quality of its labor force to expand existing businesses, universities and hospitals—and to attract new ones—cannot grow when a significant part of that labor force cannot sustain itself.

Real Income Declining for Most Residents
During the 1990s, Massachusetts families experienced only a very modest increase—3.4%—in median real income, compared to a nearly 26 percent increase in median real family income that took place in the 1980s. Andrew Sum, an economist at Northeastern University, points out that despite the record economic expansion of the 1990s, the typical Massachusetts household today...
makes less money, after adjusting for inflation, than did a typical family in 1989.\textsuperscript{25} Massachusetts’ rate of growth of median real family income went from 3\textsuperscript{rd} highest among the states in the 1980s to only 41\textsuperscript{st} highest in the 1990s.\textsuperscript{26}

A Tale of Two Cities: Growing Income and Wealth Inequality
While income has been stagnant for typical families in Greater Boston, the richest and most educated residents saw their income levels soar over the past two decades. According to data presented by The Boston Indicators Project, in 2000 the top 3 percent of families in Boston earned 19.3 percent of the total of all family incomes, up from 11.6 percent in 1960.\textsuperscript{27}

When we split the population of Boston into fifths, or quintiles, we can see the growing disparity. Between 1989 and 1999, the top 20 percent of Boston households experienced a 22 percent rise in their average household income while the bottom 20 percent of households experience a 2 percent decline in their average household income (see Figure below). The Massachusetts Budget and Policy Center reports that in the early 1980s, families in the top fifth of income levels had roughly the income of five poor families in the bottom fifth. Today the wealthy family has the income of seven poor families.\textsuperscript{28}


Inequality by Education
The increase in income inequality is correlated in large part with educational attainment and we therefore see similar patterns. Between 1979 and 1999, median incomes rose fastest for those with the highest levels of education, while those without a high school diploma experienced a dramatic decline in median income (a 12 percent increase versus a 27 percent decrease).\textsuperscript{29} Workers with a high school degree or its equivalent saw their wages improve by only 2 percent over the past two decades,
and workers with some college actually experienced a slight decline of 3 percent.\textsuperscript{30} Real earnings in the year 2000 were below the real earnings of 1989 for workers with less than 16 years of education (college degree).\textsuperscript{31} Meanwhile, workers with a college degree (16 years of education) experienced a 4 percent increase in real earnings.

\begin{center}
\begin{tabular}{cccccc}
\textbf{Mean Earned Income by Educational Attainment,}  \\
\textbf{City of Boston, 1989 and 1999} \\
\hline
& $0$ & $10,000$ & $20,000$ & $30,000$ & $40,000$ & $50,000$ & $60,000$ & $70,000$
\hline
\hline
\end{tabular}
\end{center}

\textbf{Economic Restructuring}

The decline in real income experienced by most residents of Greater Boston, as well as the polarization of income and wealth that has occurred during the past two decades, is due in part to economic restructuring in the state. There has been a steady erosion of “good jobs:” those that pay high wages, offer union job security and benefits. Traditionally, these good jobs have been found in manufacturing and the public sector. The job growth in the new economy has been in the service sectors, which have traditionally been non-union. Unions have made important advances in organizing workers in some of Greater Boston’s growing service sectors, including hospitality, health care and building services, in an effort to improve wages and benefits for these workers. Unionized Greater Boston service workers earn more in wages and benefits than their non-union counterparts, as discussed below; at the same time, in the private sector, union gains have not yet transformed the majority of service jobs into “good jobs.”
Fewer Manufacturing Jobs
From the early 1980s to 2000, average annual employment in manufacturing fell from approximately 20 percent of total employment in the state, to just below 12 percent. This means that while one in five people were employed in manufacturing in the early 1980s, one in eight were by 2000. This rapid decline in manufacturing was offset largely by a growth in service sector employment, increasing from 30 percent of total employment to nearly 40 percent in 2000 (discussed in further detail below).

This same trend occurred within the Greater Boston metropolitan area. Suffolk County experienced the second greatest loss in manufacturing employment in the state in the 1980s and 1990s, losing 47 percent of its manufacturing jobs. Middlesex County lost 38 percent—or almost 75,000—of its manufacturing jobs during this period.

A Shrinking Public Sector
Public sector employment has not seen as rapid a decline as manufacturing, and it is still a major source of employment in the Greater Boston region. In fact, in 2003 public sector workers totaled 15.4 percent of the Greater Boston workforce, which makes it the third-largest employing sector—employing only slightly fewer workers than the city's leading industries: the health care and financial/insurance sectors. In 2003, approximately 82,000 residents of Greater Boston worked for the federal, state or city government, including a number of state and federal authorities and commissions. This includes more than 15,000 federal employees, more than 35,000 state employees and approximately 30,000 city employees.

Despite the public sector's continued importance, its share of total employment in the region has been diminishing. Meanwhile certain subsets within the public sector have experienced an absolute decline. Between 1990 and 2005 the number of both federal employees and postal workers
employed in the state fell by 18 percent, the number of state employees fell by eight percent and the number of public sector hospital workers declined by 47 percent.

**High Growth for Low-Wage Service Industries**

While high-wage manufacturing and public sector jobs have dwindled, the comparative low-wage service sector has seen its share of employment increase dramatically. According to economist Mark Brenner, Massachusetts added more than half-a-million service sector jobs in the past two decades. Just as the Greater Boston metropolitan area experienced some of the largest loss of manufacturing jobs, it also saw the greatest gains in service sector jobs in the state—both in absolute numbers and percentage growth. Middlesex County added approximately 190,000 service sector jobs in the 1980s and 1990s. Suffolk County also experienced a significant gain, adding approximately 85,000 service sector jobs.

Union organizing in Greater Boston’s service sector has raised wages and increased overall compensation for unionized service workers, reflecting a national trend. The average wage differential for union and non-union U.S. workers is 28 percent across all workers, occupations and sectors. It is higher for women (34%), African-Americans (29%) and Latinos (59%), who represent a growing force in Greater Boston labor market, particularly in the service sector. Because unions have been able to defend health care and retirement benefits while nonunion employers have succeeded in shifting health care and retirement costs onto their workers, the differential for total compensation has actually increased in recent years, from union workers earning 26.3 percent more in 2000 to 30.4 percent more in 2005.

† BLS Employee Benefits Survey 2005 actually highlights that value of benefits union workers receive is double than non-union workers ($12.50/ hour in benefits versus $6.38/ hour).

Having to leave my family behind and to come to a new country is the most difficult thing that I had to do to survive and support my family. I was separated from my children, and my father took care of them back in Colombia. When my father passed away I could not return to Colombia to take care of my children. Life here is very harsh for immigrants, especially if you have to do it alone. Being in the union has helped a great deal. We did not have any benefits before as a non-union janitor. Now we have better wages, health insurance, sick time and vacation time.

Margarita Restrepo
Local 615 Executive Board Member
This union wage and compensation ‘advantage’ holds across the service sector, although the differentials are higher in some industries (retail, health care) than others (building services). According to the U.S. Department of Labor Bureau of Labor Statistics:

[A]n examination of union and nonunion earnings distributions among blue-collar and service occupations in all industries showed that nonunion workers were more apt to be in the lower earnings ranges. For example, the only occupation with average hourly earnings of less than $5.00 was for nonunion workers in the service occupation of waiters and waitresses. Blue-collar workers in 52 percent of union occupations earned $15.00 or more per hour, compared with 17 percent of nonunion occupations. Service workers in 30 percent of union occupations earned $15.00 or more per hour, compared with 15 percent of nonunion occupations.

Despite union gains, most service sector jobs still pay substantially less, on average, than manufacturing or public sector jobs, as is detailed in the chart below. As discussed previously, this is particularly true for jobs that require less than a college degree.

As the city has shed both manufacturing and public sector jobs, Boston's economy has increasingly come to resemble an hourglass, with large numbers of high-wage jobs at one end of the economic spectrum and large numbers of low-wage jobs at the other, but few jobs in the middle.

Greater Boston's Hourglass Economy
As the city has shed both manufacturing and public sector jobs, Greater Boston's economy has increasingly come to resemble an hourglass, with large numbers of high-wage jobs that require professional preparation, and large numbers of low-wage jobs that require few credentials but also offer few opportunities for economic or career advancement. Fewer and fewer jobs fall in the middle. There is also a large unmet need for skills training that would enable lower-skilled residents to obtain jobs with family-sustaining wages. As of 2000, MassINC estimated that more than 1.1 million workers were in need of additional skills training to meet the demands of the state’s rapidly changing economy, more than one-third of the state’s 3.2 million workers.

The chart below shows the largest employment sectors in the City of Boston with the number of people they employed in 2005 and the average weekly wage in each sector. One can note that average wages in the growing service sector (bolded) are much lower than wages in the declining sectors, manufacturing and construction (in italics).
## Twelve Largest Employment Sectors Ranked by Number of Employees, City of Boston, 2005

<table>
<thead>
<tr>
<th>Rank by Number of Employees</th>
<th>Private Sector</th>
<th>Average Employment</th>
<th>Average Weekly Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Health Care and Social Assistance</td>
<td>94,959</td>
<td>$1,080</td>
</tr>
<tr>
<td>2</td>
<td>Financial and Insurance</td>
<td>69,922</td>
<td>$2,838</td>
</tr>
<tr>
<td>3</td>
<td>Professional and Technical Services</td>
<td>52,885</td>
<td>$1,769</td>
</tr>
<tr>
<td>4</td>
<td>Accommodation &amp; Food Service</td>
<td>40,817</td>
<td>$ 448</td>
</tr>
<tr>
<td>5</td>
<td>Administrative and Waste Services</td>
<td>33,757</td>
<td>$ 748</td>
</tr>
<tr>
<td>6</td>
<td>Educational Services</td>
<td>28,479</td>
<td>$1,042</td>
</tr>
<tr>
<td>7</td>
<td>Retail Trade</td>
<td>27,502</td>
<td>$ 586</td>
</tr>
<tr>
<td>8</td>
<td>Other Services</td>
<td>19,161</td>
<td>$ 619</td>
</tr>
<tr>
<td>9</td>
<td>Transportation and Warehousing</td>
<td>17,291</td>
<td>$1,020</td>
</tr>
<tr>
<td>10</td>
<td>Information</td>
<td>16,360</td>
<td>$1,422</td>
</tr>
<tr>
<td>11</td>
<td>Manufacturing</td>
<td>13,488</td>
<td>$1,592</td>
</tr>
<tr>
<td>12</td>
<td>Construction</td>
<td>12,778</td>
<td>$1,427</td>
</tr>
</tbody>
</table>

Source: Municipal Employment Data (ES-202), Division of Unemployment Assistance, Massachusetts Department of Workforce Development.

## Hub No More?

During the past 20 years, the City of Boston has seen the loss of many Fortune 500 and other major corporations that were once headquartered here. Of the top 25 corporations that had their headquarters in Boston in 1984, only 5 are still based in the city (see table below). Most have been acquired and merged into other corporations, shedding many Boston jobs in the process, while three of these companies—Polaroid, Wang Laboratories and Zayre’s—have gone bankrupt. In the past three years, four of Boston’s largest employers have been taken over by corporations based outside of Boston: a major bank, Fleet; a major manufacturer, Gillette; an insurance company, John Hancock; and a major retailer, Filenes. All of these takeovers have cost Boston jobs.^[43]

A small number of ‘Fortune 500’ companies remain headquartered in the city of Boston and employ significant numbers of people (bolded). But more of the large companies—both publicly and privately traded—can be found in the surrounding region, with high-tech defense manufacturers clustered in Waltham around Raytheon, by far the largest corporation in the Boston area. One emerging sector is biomedics and genetics, which has attracted much investment and interest among Bostonians, but so far has failed to generate many new jobs.
## Greater-Boston-Based 25 Largest Corporations (ranked by 2003 revenue)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>Industry</th>
<th>2003 Revenue (in billions)</th>
<th>Location</th>
<th>Ownership Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Raytheon</td>
<td>High Tech</td>
<td>$18.1</td>
<td>Waltham</td>
<td>Public</td>
</tr>
<tr>
<td>2</td>
<td>TJX Cos.</td>
<td>Retail</td>
<td>$13.3</td>
<td>Framingham</td>
<td>Public</td>
</tr>
<tr>
<td>3</td>
<td>Staples, Inc.</td>
<td>Retail</td>
<td>$13.1</td>
<td>Framingham</td>
<td>Public</td>
</tr>
<tr>
<td>4</td>
<td>Fidelity Investment</td>
<td>Financial Services</td>
<td>$9.2</td>
<td>Boston</td>
<td>Private</td>
</tr>
<tr>
<td>5</td>
<td>BJ’s Wholesale Club</td>
<td>Retail</td>
<td>$6.7</td>
<td>Natick</td>
<td>Public</td>
</tr>
<tr>
<td>6</td>
<td>EMC Corp.</td>
<td>High Tech</td>
<td>$6.2</td>
<td>Hopkinton</td>
<td>Public</td>
</tr>
<tr>
<td>7</td>
<td>Northeast Utilities</td>
<td>Utilities</td>
<td>$6.1</td>
<td>Springfield</td>
<td>Public</td>
</tr>
<tr>
<td>8</td>
<td>State Street Corp.</td>
<td>Financial Services</td>
<td>$5.5</td>
<td>Boston</td>
<td>Public</td>
</tr>
<tr>
<td>9</td>
<td>Reebok International</td>
<td>Manufacturing</td>
<td>$3.5</td>
<td>Canton</td>
<td>Public</td>
</tr>
<tr>
<td>10</td>
<td>Boston Scientific Corp.</td>
<td>Biomedics/Genetics</td>
<td>$3.5</td>
<td>Natick</td>
<td>Public</td>
</tr>
<tr>
<td>11</td>
<td>N Star</td>
<td>Energy</td>
<td>$2.9</td>
<td>Boston</td>
<td>Public</td>
</tr>
<tr>
<td>12</td>
<td>Global Companies LLC/Alliance Energy Corp.</td>
<td>Wholesale Oil and Retail Gas Sales</td>
<td>$2.5</td>
<td>Waltham</td>
<td>Private</td>
</tr>
<tr>
<td>13</td>
<td>International Data Group</td>
<td>Technology, Media, Research</td>
<td>$2.4</td>
<td>Boston</td>
<td>Private</td>
</tr>
<tr>
<td>14</td>
<td>Thermo Electron Corp.</td>
<td>High Tech</td>
<td>$2.1</td>
<td>Waltham</td>
<td>Public</td>
</tr>
<tr>
<td>15</td>
<td>Analog Devices Inc.</td>
<td>High Tech</td>
<td>$2.0</td>
<td>Norwood</td>
<td>Public</td>
</tr>
<tr>
<td>16</td>
<td>Cumberland Farms</td>
<td>Retail Convenience</td>
<td>$2.0</td>
<td>Canton</td>
<td>Private</td>
</tr>
<tr>
<td>17</td>
<td>DeMoulas</td>
<td>Retail Supermarket</td>
<td>$2.0</td>
<td>Tewksbury</td>
<td>Private</td>
</tr>
<tr>
<td>18</td>
<td>Cabot Corp.</td>
<td>Manufacturing</td>
<td>$1.8</td>
<td>Boston</td>
<td>Public</td>
</tr>
<tr>
<td>19</td>
<td>Genzyme Corp.</td>
<td>Biomedics/Genetics</td>
<td>$1.7</td>
<td>Cambridge</td>
<td>Public</td>
</tr>
<tr>
<td>20</td>
<td>Talbots, Inc.</td>
<td>Retail</td>
<td>$1.6</td>
<td>Hingham</td>
<td>Public</td>
</tr>
<tr>
<td>21</td>
<td>Bose Corp.</td>
<td>Manufacturing</td>
<td>$1.6</td>
<td>Framingham</td>
<td>Private</td>
</tr>
<tr>
<td>22</td>
<td>PerkinElmer Inc.</td>
<td>High Tech</td>
<td>$1.5</td>
<td>Wellesley</td>
<td>Public</td>
</tr>
<tr>
<td>23</td>
<td>Iron Mountain Inc.</td>
<td>Prof Services</td>
<td>$1.5</td>
<td>Boston</td>
<td>Public</td>
</tr>
<tr>
<td>24</td>
<td>Perini Corp.</td>
<td>Construction</td>
<td>$1.4</td>
<td>Framingham</td>
<td>Public</td>
</tr>
<tr>
<td>25</td>
<td>Teradyne Inc.</td>
<td>High Tech</td>
<td>$1.3</td>
<td>Boston</td>
<td>Public</td>
</tr>
</tbody>
</table>


### Specialized Sectors

While the process of economic restructuring has followed a similar pattern to that found in Massachusetts as a whole, Boston's economy is increasingly specialized. According to the City of Boston’s Redevelopment Authority, “the economy of the Boston Metropolitan area rests primarily on high technology, finance, defense, educational and medical institutions, professional and business services. The city’s economy is more specialized in the financial, governmental, educational, medical sectors, business and professional services than the suburban economy, which is more specialized in high technology and the defense industry.”

The chart below illustrates this observation.
As the city has seen its manufacturing base shrink and several major corporations leave, other sectors are playing an increasingly significant role. In 2004, Boston had over 600,000 jobs and health care remained the leading sector, with over 100,000 jobs. Within the traditionally important finance and insurance industries, the next largest sector, employment in banking has increased while employment in insurance and securities/financial investments activities have declined compared to 2000.
Health care and social assistance is Boston’s single largest employment sector, employing 17 percent of Boston’s workers—more than any of the for-profit business sectors. The growth of health services during the past two decades is due in part to the expansion of the medical and health fields as well as to the privatization of social service work previously done by public employees.

Within the health services sector, hospitals employ more than 70,000 people, and twelve of the 45 largest Boston employers are hospitals. Boston-area hospitals are organized into three major hospital conglomerates: Partners Health Care (the Harvard teaching hospitals, the biggest of the three); Beth-Israel-Deaconess Association; and Caritas Christi Health Care (the Catholic Hospitals). Large health maintenance organizations (HMOs) are also prominent in the health care sector: Blue Cross-Blue Shield; Harvard Pilgrim; Tufts; and Fallon Health Care. Boston’s hospitals and HMOs are also connected to many ancillary medical services, research institutions and medical-related services.

**The Largest Private Employers in the City of Boston, 2004**
(More than 1,000 employees; not listed by rank)

<table>
<thead>
<tr>
<th>Institution</th>
<th>Sector</th>
<th>Institution</th>
<th>Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beth Israel Medical Center</td>
<td>Medical</td>
<td>American Employers Ins. Co.</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>Boston Medical Center</td>
<td>Medical</td>
<td>Mass. Financial Services</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>Brigham and Women’s Hospital</td>
<td>Medical</td>
<td>Liberty Financial Companies</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>Carney Hospital</td>
<td>Medical</td>
<td>Putnam Investments</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>Children’s Hospital</td>
<td>Medical</td>
<td>Boston Safe Deposit &amp; Trust Co.</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>Dana Farber Cancer Center</td>
<td>Medical</td>
<td>Scudder Investments</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>Faulkner Hospital</td>
<td>Medical</td>
<td>State Street Corp</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>Mass. Eye &amp; Ear Infirmary</td>
<td>Medical</td>
<td>Bain and Co., Inc.</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>Mass. General Hospital</td>
<td>Medical</td>
<td>Liberty Mutual Insurance</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>New England Baptist Hospital</td>
<td>Medical</td>
<td>New England Financial</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>New England Medical Center</td>
<td>Medical</td>
<td>Thompson Financial Services</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>St. Elizabeth’s Medical Center</td>
<td>Medical</td>
<td>Fidelity Investments</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>Hebrew Rehabilitation Center for the Aged</td>
<td>Medical</td>
<td>Blue Cross Blue Shield of Mass.</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>Spaulding Rehabilitation Hospital</td>
<td>Medical</td>
<td>Mass. Financial Services Co.</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>Shattuck Hospital</td>
<td>Medical</td>
<td>Bank of America</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
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<td>Education</td>
<td>Investors Financial Services Corp</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>Boston College</td>
<td>Education</td>
<td>Boston Company, Inc.</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>Northeastern University</td>
<td>Education</td>
<td>John Hancock Insurance*</td>
<td>Finance &amp; Ins</td>
</tr>
<tr>
<td>Suffolk University</td>
<td>Education</td>
<td>KPMG, LLP</td>
<td>Prof &amp; Tech Services</td>
</tr>
<tr>
<td>Harvard University (Bus &amp; Med)</td>
<td>Education</td>
<td>Arthur Anderson LLP</td>
<td>Prof &amp; Tech Services</td>
</tr>
<tr>
<td>Northeastern University</td>
<td>Education</td>
<td>Boston Consulting Group</td>
<td>Prof &amp; Tech Services</td>
</tr>
<tr>
<td>Adecco Staffing</td>
<td>Employment Services</td>
<td>PriceWaterhouse Coopers LLP</td>
<td>Prof &amp; Tech Services</td>
</tr>
<tr>
<td>Mass. Electric Construction Co.</td>
<td>Construction</td>
<td>Arnold Advertising</td>
<td>Prof &amp; Tech Services</td>
</tr>
<tr>
<td>CVS Pharmacies</td>
<td>Retail</td>
<td>Boston Globe</td>
<td>Information</td>
</tr>
<tr>
<td>Shaw’s</td>
<td>Retail</td>
<td>WGBH</td>
<td>Information</td>
</tr>
<tr>
<td>Stop &amp; Shop Supermarkets</td>
<td>Retail</td>
<td>Verizon</td>
<td>Information</td>
</tr>
<tr>
<td>Gillette*</td>
<td>Manufacturing</td>
<td>Teradyne</td>
<td>High Tech</td>
</tr>
</tbody>
</table>

Source: *The Boston Economy Moving Forward: 2005*, Boston Redevelopment Authority, p. 16

*These companies have since been bought out by an outside company and have cut a large number of Boston jobs.

U: Significant numbers of employees at these companies are represented by labor unions.
The ‘Hidden’ Leading Sector: Non-Profit Institutions

In addition to hospitals and other health care entities, colleges, universities and other nonprofit institutions constitute a powerful presence upon Boston’s employment landscape. Education is the city’s 6th largest employment sector, and many of the region’s high technology and biomedical companies have their roots in colleges and universities as well. Statewide, non-profits employ over 13% of the workforce, outnumbering many industries, and over a quarter of these employees live in the cities of Boston, Cambridge, Newton, Somerville and Brookline. Boston-based non-profits that employ 1,000 or more people include 12 hospitals or medical centers, three higher education institutions and WGBH, the public radio and television station. The area’s largest hospitals generate profits that rival many corporations, and their employment exceeds even the largest Boston companies.

Greater Boston’s Largest Hospitals (ranked by 2003 revenue)

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Revenue</th>
<th>Full-time employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massachusetts General Hospital</td>
<td>$1.1 billion</td>
<td>8,418</td>
</tr>
<tr>
<td>Brigham and Women’s Hospital</td>
<td>$ 876 million</td>
<td>8,892</td>
</tr>
<tr>
<td>Boston Medical Center</td>
<td>$ 721 million</td>
<td>4,345</td>
</tr>
<tr>
<td>Beth Israel Deaconess Medical Center</td>
<td>$ 595 million</td>
<td>5,381</td>
</tr>
<tr>
<td>Children’s Hospital</td>
<td>$ 526 million</td>
<td>4,401</td>
</tr>
</tbody>
</table>


A Temporary Town: the Growth of Contingent Employment in Boston

Boston has also seen the nature of employment shift away from full-time jobs with benefits to so-called contingent work: temporary, part-time, contract, on-call, short-term, leased or day labor positions. The Bureau of Labor Statistics (BLS) defines contingent work as “any job in which an individual does not have an explicit or implicit contract for long-term employment—essentially, jobs that are temporary or not expected to continue.” Contingent workers are employed by a wide range of employers, from large staffing agencies like Manpower, LaborReady and leasing companies, to individuals who hire laborers lined up at Home Depots, Dunkin Donuts and other gathering spots. Length of employment can range from a few hours to years at a time. While contingent work has become the new ‘standard’ in many occupations, such jobs are most common in construction, service industries and agriculture.

By definition, contingent work offers no job security, and rarely includes health benefits or wages equal to standard employment. The BLS found that nationally, even full-time contingent workers earned only 77% of what full-time workers with standard employment earned and only about one-fifth of contingent workers had any kind of health insurance from their employer, compared with about three-fifths of non-contingent workers. Because of the short-term and often unregulated nature of the employment relationship, contingent employment is rife with abuse. Workers report frequent violations of labor laws, including failure to be paid for work done, illegal deductions for check cashing, transportation, tools and supplies, as well as dangerous working conditions. Contingent workers were much less likely than non-contingent workers to be union members or covered by a union contract.
Because so much contingent work is uncounted and what is counted falls into so many different statistical categories, there is no simple way to calculate the rate of growth of contingent work in Greater Boston. We can, however, point to some indicators of high growth, starting with the growth of the temporary staffing industry in the past 20 years. Although they represent only one source of contingent work, temporary staffing agencies are one of the few that are counted in government labor statistics so we use them to show how only one type of contingent work has grown.

Between 1983 and 1999, the number of workers in Suffolk County employed by temporary staffing agencies increased by 165 percent. The number employed in surrounding cities and towns in Middlesex County grew by almost 400 percent to almost 4 percent of all those employed in that county (see Table below). The Boston-based Campaign on Contingent Work reported that because of rapid turnover among workers employed by temporary agencies, the actual percentage of the labor force they employ is much higher. In 1998, the Campaign estimated that “at least 12% of all Massachusetts workers are employed in a temporary job at some point during the year.”

| Temporary Staffing Agencies in Suffolk & Middlesex Counties, Greater Boston |
|---------------------------------------------------------------|-----|-----|-----|-----|
| County            | # of people employed | # of establishments | % total County employment | % increase 1983-1999 |
| Suffolk           |                 |                 |                          |                  |
|                   | 4893            | 45              | 1.1%                     | + 165%           |
|                   | 12,636          | 80              | 2.4%                     | + 236%           |
|                   | 12,986          | 151             | 3.9%                     | ---              |
| Middlesex         |                 |                 |                          |                  |
|                   | 6026            | 64              | 1%                       | + 396%           |
|                   | 15,402          | 169             | 2%                       | + 395%           |
|                   | 29,869          | 317             | 3.8%                     | ---              |


This reflects not only expansion but also change in the way employers use temporary employees. Joseph Donahue, founder and owner of the Microtech Staffing Group, the second largest privately owned temporary employment agency in New England, reports that “the use of temporary workers has shifted over the years, from fill-ins for people on vacation to a way for companies to cut costs by eliminating the need to pay for benefits such as health insurance.” Microtech’s workers range...
from high school students to senior citizens and two-thirds are recent immigrants; in the 1980s, many came from Southeast Asia but more recently, many come from Central or South America.\textsuperscript{56}

The Microtech experience is not exceptional. Recent BLS data indicates that foreign-born workers are much more likely than U.S. natives to hold contingent jobs, and among foreign-born workers non-citizens are twice as likely to do contingent work.\textsuperscript{57} In part this is due to the concentration of non-citizens in occupations like household service and agriculture that have high contingency rates, but even within an occupation like agriculture non-citizens are eight times more likely to have contingent jobs than are naturalized citizens.

**Boston Underground: Misclassification and Beyond**

Much contingent work is part of the ‘informal economy’—work that goes uncounted in formal economic or employment statistics, on which no taxes are paid, where no effort is made to enforce labor or safety laws. The informal economy extends beyond traditionally illegal activities—gambling, prostitution, selling stolen goods—and has become an increasingly important part of the overall employment picture, extending into domestic work, retail, childcare and construction jobs.

Recent studies estimate that between 14 and 30 percent of Massachusetts construction workers, approximately 58,000 people, are misclassified by their employers as independent contractors.\textsuperscript{58} These workers are not paid standard wages and are not covered by unemployment insurance or workers’ compensation for on the job injuries, and no payroll taxes are paid on their earnings.\textsuperscript{59} One such study, from Harvard Law School, found that while few other industries misclassify as many employees as does the construction sector, across the economy 13 to 19 percent of all employers engage in this practice.\textsuperscript{60} While native-born and legal immigrants are also wrongly classified as independent contractors, undocumented immigrant workers are more likely to be misclassified and fearing deportation, few ever report their employers to the authorities.\textsuperscript{61}

**Rising Cost of Living**

As the economy of Greater Boston has restructured, replacing comparatively well-paid positions in the manufacturing and the public sectors with low-wage service and contingent jobs, the cost of living has simultaneously soared. Nationally, while Boston now ranks second only to San Francisco in the U.S. for highest median household income, it is now the most expensive metropolitan area in the country, more expensive than even New York City.\textsuperscript{62} In particular, most Boston residents spend much more than the national average on housing and utilities. The Greater Boston Housing Report Card 2004, produced by the Boston Foundation and the Citizens’ Housing and Planning Association, notes that the average price of housing in the Commonwealth has increased more in the past 25 years than in any other state. The result is that housing prices have gone up faster than wages, meaning many workers earning median wages can no longer afford to purchase median-priced homes.\textsuperscript{63}
In addition to higher prices, stagnating wages mean that the number of individuals in poverty increased to 19.5 percent of the population in 2000 (compared to 1990), an increase of 7 percent.64 The number of families in poverty has increased very slightly over the 1990s, up to 17,982 families, or a 15.3 percent poverty rate.65 Approximately one-third of families with incomes at or below the federal poverty level contain at least one working member.66

Another measure of poverty is to look at public school students that qualify for free or reduced price lunch programs. Those students who come from families with an annual income below 130 percent of the federal poverty level qualify for free lunches, while those with family incomes between 130 percent and 185 percent of the federal poverty level qualify for reduced-price lunches. During 2004-2005, almost three-quarters, or 74%, of all students in Boston public schools qualified for one of these programs.67 “This number is nearly triple that of the 24% public school students who qualified for free or reduced price lunches in the Boston metro region.”68

**Redefining the Real Cost of Living**

National experts have determined that the federal poverty guidelines are inadequate for capturing the real cost of living required for families today – particularly those in high-cost of living areas like Boston.69 Researchers have developed alternative methodologies for measuring how well families are meeting their basic needs. One such measure is the Massachusetts Family Economic Self-Sufficiency measure, which is defined as a standard which “calculates the income necessary for working families to meet their most basic needs without public or private supports, depending on where they live and who is in their family.”70 The authors emphasize that the self-sufficiency measures “are bare-bones budgets that do not include any restaurant or take-out food, college savings, credit-card payments or entertainment.”71

The following table provides the Self-Sufficiency Standards for a few selected family types in Boston, for 2004. Using these measures, we find that more than 25 percent of all families in Massachusetts, and nearly 50 percent of urban families, do not earn enough to meet their basic needs. These numbers have increased over the past five years, as the cost of living in Boston has been rising much faster than the rate of inflation.
## The Self-Sufficiency Standard for Boston, 2004

<table>
<thead>
<tr>
<th>Family Type</th>
<th>Self-Sufficiency Income</th>
<th>% of Federal Poverty Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 adult &amp; 1 preschool child</td>
<td>$44,046</td>
<td>363%</td>
</tr>
<tr>
<td>1 adult, 1 preschool child &amp; 1 school age child</td>
<td>$51,284</td>
<td>336%</td>
</tr>
<tr>
<td>2 adults, 1 preschool child &amp; 1 school age child</td>
<td>$54,612</td>
<td>302%</td>
</tr>
</tbody>
</table>


### Economic Disparities by Gender, Race and Ethnicity

While the past two decades have been a time of economic pain for low and moderate-wage workers in Greater Boston, the economic trends we see for the region are intensified for people of color and immigrants. According to the 2000 Census, the median household income in Boston was $39,629. While white non-Latinos had a median household income of $47,668 (20 percent above the average), the median household income for blacks was $30,447, for Asians $27,963 and for Latinos $27,141.

![Median Household Income by Race/Ethnicity, City of Boston, 2004](chart)

The poverty rate differential can also be seen among black and Latino students in the Boston Public Schools, who are more likely than white students to qualify for free or reduced price lunches. Seventy-eight percent of all black students attending Boston Public Schools qualified for the programs while 90 percent of all Latino students qualified.  

**Behind the Disparity: Access to Employment**

What accounts for the dramatic racial disparities in income levels? The picture begins with access to employment. Although Boston is now a ‘majority minority’ city, whites still make up the bulk of the metropolitan workforce. As of 2004 the city’s workforce was 85 percent non-Latino white. In addition, whites in Greater Boston have an unemployment rate that is consistently lower than Latinos and African-Americans. Unemployment rates in 2000 for blacks and Latinos more than doubled that of whites, with Asian rates somewhat higher than that of whites.
Even among the employed, people of color on average tend not to do as well as whites. For example, in 2000, white men in Boston earned an average annual salary of $46,361, which was eight percent higher than the average salary for Asian men, 45 percent higher than African Americans, and 75 percent higher than Latinos.78

Experts point to a range of factors to explain these persistent disparities, including discrimination and institutional racism in housing, education and the labor market. Harvard's McArdle argues that occupational segregation may be a factor: many occupations still tend to be segregated by race, and many of those with an over-representation of black and Latino workers also have lower average wages.79 Furthermore, some groups have been particularly hard hit by economic restructuring. For example, McArdle points out that as of 2000, "Latinos were twice as likely as the general population to work in the production, transportation, and material moving occupations."80

Immigrant vs. Native-Born Workers
We also see large differences in annual income between immigrant and native-born workers. Although immigrant workers have lower unemployment rates than native-born workers, their poverty rates remain higher. While 6.7 percent of all Massachusetts residents were in poverty in 2000, 15.9 percent of immigrants lived below the poverty line. According to a report by MassINC, immigrants are far less likely than native-born families to attain an income that can be defined as middle-class. Middle-class is defined here as a family income that is four times the federal poverty line for the relevant family size (resulting in incomes ranging from the 40th to the 58th percentile—only 38 percent of immigrants in the Commonwealth meet this standard, while 59 percent of native-born families do.81

Immigrant workers’ wages are kept low in part because of their language and literacy skills. A third of all immigrants who do not speak English live in poverty, and less than 8 percent of residents who speak limited English have professional, managerial or technical jobs.82 According to the MassINC
The Hourglass Challenge

report, on average an immigrant who only spoke English at home earned 2.5 times as much as an immigrant who did not speak English well ($38,526 vs. $14,221).  

The Massachusetts Department of Education indicates that their wait lists for English as a Second Language (ESL) classes have increased by 24 percent in only two years, with 25,000 people currently on waitlists statewide. In Boston, according to the Mayor’s Office of New Bostonians, the waiting list for English as a Second Language classes, at 3,500 applicants in 2004, represented a wait of up to three years. With a growing population of newcomer immigrants and low-skilled residents, this highlights the need for English language and adult basic education to generate economic stability.

Still, English-language skills are not enough. Even among those residents who only speak English, immigrants have a higher rate of poverty (10.4%) compared to native-born residents (6.4%).

**Income Disparity by Gender**

Race and ethnicity aren't the only factors that play a determining role in both employment and income. The largest disparity is between men and women. Regardless of race or ethnicity, women consistently earned substantially less than their male counterparts, even if they had significantly more education. On average, across race and education level, women earn around 50% less than men.
III. Vital Signs: A Snapshot of Housing, Health, Transportation, Education and Racial Inclusion in Greater Boston

Current trends in employment and wages are only one measure of the quality of life and long-term well being of our region. In this section, we look at several related trends in housing, health, transportation and education, as well as the racial climate in the area. The picture that emerges is one of a city—and region—that is increasingly divided.

The polarizing economic trends explored in the last chapter have in many ways deepened pre-existing demographic and geographic divisions between the suburbs that are home to most of Greater Boston's highly-educated professionals and its urban counterparts: such former industrial, now heavily immigrant cities such as Chelsea, Somerville, Malden and Everett, and Boston itself.

The region's growing economic polarization both mirrors and feeds into a growing racial, linguistic and educational urban/suburban divide that can be felt in all aspects of everyday life, and largely determines who has access to transportation, health care, clean air and high-quality education. But these deepening divides corrode the quality of life for all of us, and threaten the very future of our region. After all, it is the quality of life in Greater Boston that is so often used to attract and retain the highly-educated professionals who are integral to our knowledge-based economy.

The data reported in this chapter show some disturbing trends in the quality of life for many Boston area residents. In particular, black and Latino residents have less access to health care, education, housing and transportation. Black Bostonians have much higher rates of specific illnesses, and a much lower rate of access to prenatal care than do whites, while fifteen percent of Latinos have no health insurance.

There is evidence that class, as well as race, matters to quality of life. A growing number of workers from all races and ethnicity groups are underemployed or working for low wages, leaving them with incomes that are insufficient to meet their basic needs. Some of these people must rely on food banks for subsistence; close to 40 percent of the people served by local food banks are working but aren't earning enough income to pay for food. Because housing costs are rising rapidly, the majority of wage-earners has been priced out of the housing purchase market and cannot afford market value rents.

Transportation has also increased as a share of the average household budget. While urban sprawl and housing costs mean that many residents must live in areas that do not have access to public transit, those that do have access find that fares are increasing more rapidly than inflation. In
addition, as more jobs develop in the suburbs where public transportation options are few, more workers must rely on cars to get to work.

There are some promising trends related to the educational achievement of students in Boston. Overall, dropout rates are lower in the Boston region than the rest of the country. Yet the data suggests that dropout rates have increased since the introduction of the state standardized MCAS test. Meanwhile, students from low-income families are six times more likely than their higher-income counterparts to drop out of school, and black and Latino students have higher dropout rates than white and Asian students.

The racial composition of Boston has changed dramatically over the past decade, and there has been a significant increase in the number of mixed-race neighborhoods. Still, racial and ethnic disparities in quality of life measures persist. Furthermore, people of color remain underrepresented in government and business leadership positions.

### Home Ownership and Rental Costs

As noted in the previous section, one of the major components of the rising cost of living in the Boston area is housing. In 2000, the median priced single-family home cost $216,000 which meant that 79 percent of families in Boston could not afford to purchase a home.\(^{87}\) According to the *Greater Boston Housing Report Card 2004*, modest gains have been made in past years to increase housing production but total production remains well below what is needed to bring housing costs into line with household incomes—a projected need of 15,600 units annually.\(^{88}\) 2004 figures show that new housing construction met only 53 percent of projected demand while the number of affordable units constructed (for those making 80 percent or less of median income) is less than half of what is needed.\(^{89}\)

Rental costs have also increased in tandem with housing prices. Between 1998 and 2003, average rents in the Boston area increased by 60 percent.\(^{90}\) This has forced those who are priced out of the housing market to take on a greater share of rental costs as part of their cost of living, paying more than a third of their income on rent. This has resulted in three-quarters of low-wage working families spending more than one-third of their income on housing.\(^{91}\) According to the ACCRA Housing Cost Index, Boston ranks as the fourth most expensive housing market behind Manhattan, San Francisco and Chicago.\(^{92}\) The following table provides the Fair Market Rent for various sized bedroom housing units in the city and state.

<table>
<thead>
<tr>
<th>Location</th>
<th>Zero</th>
<th>One</th>
<th>Two</th>
<th>Three</th>
<th>Four</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massachusetts</td>
<td>$838</td>
<td>$912</td>
<td>$1,088</td>
<td>$1,304</td>
<td>$1,446</td>
</tr>
<tr>
<td>Boston, MA--NH PMSA*</td>
<td>$1,025</td>
<td>$1,077</td>
<td>$1,266</td>
<td>$1,513</td>
<td>$1,676</td>
</tr>
</tbody>
</table>

* Primary Metropolitan Statistical Area.


Such figures appear more staggering still when placed in the context of what low-income households in the area actually earn. In Massachusetts, an extremely low-income household (earning $22,563, 30% of the area median income of $75,209) can afford monthly rent of no more than $564 while a minimum wage earner (earning $6.75 per hour) can afford monthly rent of no more than $351.\(^{93}\)
According to the National Low Income Housing Coalition, a full-time worker in Boston would need to earn an hourly wage of $24.35 in order to be able to pay the fair market value for a two-bedroom apartment and a worker earning the minimum wage would have to work almost 150 hours per week in order to afford a two-bedroom unit at market rates.94

These high costs have implications not only for standard of living, but for long-term wealth creation in some of the poorest communities in the Greater Boston area. Owning a home can have many advantages for a person or family including financial investment, tax rewards, and personal wealth accumulation. Yet there are racial and ethnic disparities on gaining fair access to home ownership. While 39 percent of white Boston residents own homes, only 28 percent of blacks, 18 percent of Latinos and 14 percent of Asians own homes in Boston (see Table below). In 2003, whites were denied for mortgages about 9.4 percent of the time in the Boston area. This contrasts greatly with blacks and African Americans who were denied 21.4 percent of the time and Hispanics/Latinos who were denied 22.7 percent of the time.95
Health Care Coverage

The health of a region can also be measured by its residents' access to health care. Due to the loss of jobs with benefits, changes to insurance structures, and the shifting of health care costs from employers to employees, a growing number of workers in the Greater Boston area are forced to work without health insurance. Nationally, about 45 percent of employees in 2003 participated in workplace medical plans as compared to 63 percent a decade earlier. Likewise, the cost of premiums has risen almost 14 percent between 2002 and 2003.

Currently, about eight percent of Boston residents have no health insurance, while approximately 15 percent of Latinos, one of the fastest growing immigrant populations in the region, are without insurance. For residents who qualify for the state's MassHealth services, significant barriers exist, including administrative complexity, language barriers and concerns regarding immigration status, all deter the use of state-subsidized health care. While Massachusetts recently passed legislation that will expand coverage to more residents, the cost of this coverage may be prohibitive for low and moderate-income residents. The Governor's office estimates that low-income residents (earning up to 300% of the federal poverty level) will have to spend between $30 and $140 a month to buy health coverage under the state's new mandatory insurance law.
While health insurance coverage for blacks in Boston has increased from under 85 percent just seven years ago to 93 percent in 2004 (see Table above), incidences of specific illnesses in the community persists. The prevalence of illnesses such as high blood pressure (42 percent higher for blacks than whites), asthma rates for black children (four times more likely to be hospitalized) and rates of diabetes (blacks are two-and-a-half times more likely than whites to have diabetes) indicates that public health programs under-serve communities in need.\textsuperscript{101}
**Prenatal Care**

Prenatal care is the health care an expectant mother receives before the baby is born. It can include supplies of folic acid and multivitamins, establishing a healthy diet, stopping the use of drugs, tobacco and alcohol and preparing the mother for the birthing process. Studies have shown that prenatal care can help detect and prevent certain birth defects as well as improve the psychological well-being of the mother-to-be. In Boston, white mothers have the highest prenatal care record at about 90 percent, followed by Asians and Latinos at just under 85 percent whereas just 75 percent of black mothers received adequate prenatal care. To put this in perspective, close to one third (30.5%) of all births in Boston in 2002 were to black mothers.

**Percent of Mothers with Adequate Prenatal Care by Race/Ethnicity, City of Boston, 2002**

<table>
<thead>
<tr>
<th>Percent</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>91.0%</td>
</tr>
<tr>
<td>Asian</td>
<td>84.5%</td>
</tr>
<tr>
<td>Latino</td>
<td>83.5%</td>
</tr>
<tr>
<td>Black</td>
<td>75.3%</td>
</tr>
<tr>
<td>Other</td>
<td>71.7%</td>
</tr>
<tr>
<td>Boston Total</td>
<td>83.3%</td>
</tr>
</tbody>
</table>


**Hunger**

Adequate nutrition directly affects one’s health and well-being. The rise of underemployment in low-wage working families has created a sad but preventable paradox where full-time workers must access food pantries in order to meet the basic needs of food and shelter in our city. A survey conducted by the Greater Boston Food Bank found that nearly one in four people receiving food support were working. A local study noted that malnutrition rates in children peak after the
The Hourglass Challenge

During the first six months of 2005, there had already been 15,678 complaints lodged at the customer relations department of the MBTA, twice as high as in the previous year. Riders complain about trains and buses that are late, never arrive or are too packed to board.

Behind the Wheel: Transportation as a Share of Household Expenditure

As is the case throughout much of the country, transportation in the Boston area has grown as a share of average household expense. Due to budget cutbacks, public transportation options are both more limited and more expensive, while the costs of car ownership have risen. Today, transportation costs consume approximately 17 percent of the average household income in the Greater Boston area, the second largest household expense category after shelter. For those households under the poverty level, the expense represents an even larger portion of household income, with some estimates as high as 39 percent.

A growing number of residents of Greater Boston rely on cars to get around. From 1990 to 2000, the number of car-free households within the city of Boston as well as the Greater Boston region fell, while the number of households with 1 or 2 cars increased. At the same time, there are large discrepancies by race and ethnicity in terms of who has access to a car. Thirty-eight percent of black households, 43 percent of Native American, 41 percent of Latino, and 45 percent of Asian households are without vehicles. This compares to only 29 percent of white households without a vehicle, and 33 percent of all households in the city of Boston.

In the suburbs, access to public transportation is far less widely available. As of 2004, only about 4 percent of white workers in the Boston suburbs relied on public transportation to get to work, compared to 12 percent of black suburban workers, 7 percent of Asians and 10 percent of Latinos.

As Harvard's Nancy McArdle points out, job growth in the Boston area has primarily occurred in the suburbs, and yet there is little public transit available for these areas, which can severely limit the options for those without cars.

On the Tracks: the Decline of Public Transportation

Meanwhile those residents of Greater Boston who continue to rely on public transportation are finding it increasingly expensive. In 2003, the Massachusetts Bay Transit Authority (MBTA) raised fares for both the subway and bus. From 1990 to 2003, fares for both increased much faster than the cost-of-living, and even faster than the price of gasoline.

In addition to rising costs, there are concerns about the declining quality of public transportation. According to Boston Magazine during the first six months of 2005, there had already been 15,678 complaints lodged at the customer relations department of the MBTA, twice as high as in the previous year. Riders complain about trains and buses that are late, never arrive or are too packed to board. While there is debate about the causes for the MBTA's problems, it appears that privatization is at least in part to blame. According to Boston Magazine, the MBTA has
had chronic problems managing its subcontractors, such as Kone, which maintains the elevators and escalators in T-stations.\textsuperscript{114}

\textbf{Access to Education: K-12}

Education scholar Jonathan Kozol writes that the disparities in U.S. schools have worsened during the last decade as the federal courts have dismantled the \textit{Brown v. Board of Education} ruling regarding segregation.\textsuperscript{115} As a result, while many suburban schools with primarily white students have seen an increase in both available resources and student performance, urban schools have suffered. The performance gap between white children and black children, which began to narrow in the 1970s and 1980s, widened again in the 1990s.\textsuperscript{116}

These kinds of trends can also be found in the Greater Boston area as well. There is a persistent disparity in drop out rates and test scores based on race and ethnicity. For example, white and Asian students far outperform black and Latino students on both the English and mathematics portions of the MCAS grade 10 exam.\textsuperscript{117} It is important to point out, however, that there is a wide variation among Asian students, and aggregated data hides important detail. One such hidden detail is that in certain cities such as Lowell and Lynn, Asian student scores are much lower than cities such as Cambridge or Brookline.

\textbf{Dropping Out}

According to a recent report by the Private Industry Council (PIC), one third of the students in the Boston Public School system drop out during a four year period.\textsuperscript{118} According to the 2000 census, Latino youth represented 45 percent of all of the dropouts living in Boston, while black youth represented 25 percent.\textsuperscript{119} According to the PIC report, black students recently surpassed Latino students in dropout rate: "The increase in the black dropout rate, higher among black males than any other group, may be a key factor in the increase in the Boston Public School dropout rate over the last three years."\textsuperscript{120}

What happens to Boston students who drop out of school? According to the Youth Transitions Coalition, there are thousands of youth who have dropped out of school and now work in low-wage retail and service sector jobs. Another group of young people, particularly black and Latino youth, are not in school, but have not found work.\textsuperscript{121} Although there are many training programs in the Boston area, there are currently not enough spaces to meet demand.\textsuperscript{122}

\textbf{Access to Higher Education}

\textbf{Costs Up, Access Down}

Massachusetts reaps the fruits of its public higher education system everyday. Eighty-five percent of the 800,000 college alumni from the system are living, working, raising their families, paying taxes and strengthening their communities in the Commonwealth.
in the Commonwealth. But even as the demand for a college educated labor force is growing, higher education in Massachusetts is increasingly a luxury commodity. While the Commonwealth earned high marks for quality and abundance of higher-education opportunities on a recent report card issued by the National Center for Public Policy and Higher Education report card, the state earned a 'D' on the affordability of both its private and public colleges and universities.

Costs at the state’s many private institutions of higher education average 42% of the state’s median family income, making them too expensive for most low and moderate-income Massachusetts students. As a result, more than 60 percent of the slots at such schools are filled by out-of-state students. Massachusetts’ public colleges and universities are also increasingly out of economic reach. In 2002, these institutions led the nation with the largest one-year increase in tuition and fees: 24% at the state's 4-year colleges and universities and 26% at the two-year colleges. This was accompanied by the nation’s largest decrease in state-funded student financial aid: 24%. While the state has increased state funding for public higher education in the past two years, these modest increases have had little impact on affordability.

The Affordability Gap
Furthermore, Massachusetts public colleges and universities measure their ‘affordability’ in terms that often have little meaning to students and families in Greater Boston. Instead of calculating the income and financial need of students who apply and enroll, Massachusetts public colleges and universities measure their tuition and fee costs relative to median state family income. For example, in 2004-2005 community colleges cost an average of 4.9% of Massachusetts’ median family income, state colleges cost an average of 7.3% and the university cost 12%. These costs sound modest, but the 2004 average statewide median family income was $68,701 while the median family income in the city of Boston was $45,892. For Boston families then, state college tuition and fees often amount to a much higher percentage of their income. Given racial gaps in income discussed previously, residents of color are still harder hit by the affordability crunch in higher education.

<table>
<thead>
<tr>
<th>2004/2005 Cost of Massachusetts Public Higher Education as a Percentage of Median Family Income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Median Family Income (2003)</strong></td>
</tr>
<tr>
<td>Statewide – all ethnicities</td>
</tr>
<tr>
<td>City of Boston – all ethnicities</td>
</tr>
<tr>
<td>City of Boston – white</td>
</tr>
<tr>
<td>City of Boston – Black</td>
</tr>
<tr>
<td>City of Boston - Latino</td>
</tr>
<tr>
<td>City of Boston - Asian</td>
</tr>
</tbody>
</table>

Source: Income figures are from Census data (2004 American Community Survey) and percentage of family income calculations are based on 2005 affordability indicators (Massachusetts Board of Education and University of Massachusetts).

An examination of the student enrollment in state colleges and universities during the 2003-2004 academic year shows that in each of the state college systems, no more than ten percent of the student population was composed of blacks/African Americans, Hispanics/Latinos, and
Asians/Pacific Islanders (see Table below). White students comprised 83 percent of the University of Massachusetts System, 91 percent of the State Colleges, and 81 percent of the state's Community Colleges.130

Examining the enrollment patterns of individual community colleges, state colleges and universities reveals an even more extreme pattern of racial isolation. Not only are most students of color in the Greater Boston region served by community colleges, but they are served by the two colleges located inside the city limits: Roxbury and Bunker Hill Community Colleges (92 percent and 60 percent minority enrollment in Fall 2004, respectively).131 Contrast this with Middlesex Community College located in the Boston suburb of Bedford, where students of color make up only 24 percent of the student body; or with Mass Bay Community College in Wellesley, where students of color account for only 22 percent of the study population.132 This pattern is repeated on the different campuses of the University of Massachusetts. UMass Boston has two to three times as many students of color (40%) as any other campus, while UMass Dartmouth has the lowest percentage of students of color (13%).133

Percentage of UMass Undergraduate Students by Race/Ethnicity, by Campus, 2005

<table>
<thead>
<tr>
<th></th>
<th>White</th>
<th>African-American/Black &amp; Cape Verdian</th>
<th>Latino</th>
<th>Asian</th>
</tr>
</thead>
<tbody>
<tr>
<td>UMass Boston</td>
<td>59.1%</td>
<td>18.0%</td>
<td>8.2%</td>
<td>14.0%</td>
</tr>
<tr>
<td>UMass Lowell</td>
<td>79.4%</td>
<td>5.4%</td>
<td>6.2%</td>
<td>8.7%</td>
</tr>
<tr>
<td>UMass Dartmouth</td>
<td>86.6%</td>
<td>7.1%</td>
<td>2.6%</td>
<td>3.1%</td>
</tr>
<tr>
<td>UMass Amherst</td>
<td>83.3%</td>
<td>5.0%</td>
<td>3.6%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Overall UMass System</td>
<td>78.9%</td>
<td>7.7%</td>
<td>4.7%</td>
<td>8.3%</td>
</tr>
</tbody>
</table>

Source: Student Profile Fall 2005, University of Massachusetts, President’s Office of Institutional Research
UMass Boston enrolls more low-income and immigrant students than any other part of the system: 59% of UMass Boston undergraduates are first-generation college students and 44% speak English as a second language.\footnote{134}

**Declining Income by Educational Attainment**

In a 2005 report, the National Center for Public Policy and Higher Education warned that by reducing access to higher education for its residents, Massachusetts risked a drop in the average educational level of the state workforce that would lower personal income and reduce the state's tax base. “If current trends continue, personal income per capita in Massachusetts is projected to decline from $25,998 in 2000 to $24,860 in 2020—a drop of $1,138 or 4% in real terms. In contrast, the state’s personal income per capita grew 70% over the past two decades.”\footnote{135} The group also pointed to significant gaps in access to public higher education based on race and ethnicity. “If Massachusetts does not improve the education of Hispanics/Latinos and African-Americans,” concludes the report, “the percentage of the state workforce with less than a high school diploma is projected to increase, while the percentage with an associate’s degree or a bachelor’s degree is expected to decline.”\footnote{136}

**The Racial Climate of Greater Boston**

Metropolitan areas in the U.S. have seen a major shift in their demographic make-up over the past decade. The number of neighborhoods that were once predominantly white fell by 30 percent, while those with a mixed population of whites, Latinos or Asians replaced predominantly white communities as the most common neighborhood type by 2000.\footnote{137} Greater Boston saw a dramatic increase in mixed-race neighborhoods during this period. In 1990, approximately 72 percent of all Boston neighborhoods were predominantly white, meaning at least 80 percent of residents were white; by 2000, that number had dropped to 56 percent (a 16 percent decrease) as more and more neighborhoods became mixed-race.\footnote{138}

But while residential segregation has declined in the city of Boston over the past decade, suburban areas remain largely segregated. According to a study conducted by Guy Stuart of Harvard’s Kennedy School of Government, white residents of Boston suburbs most often lived on blocks that were over 90 percent white in 2000.\footnote{139} In the city of Boston, white residents tended to live on blocks that were 70 percent white whereas black residents tended to live on blocks that were only 39 percent black.\footnote{140}
Economic and Political Representation

While the Boston area is increasingly home to a diverse population, this diversity is largely unreflected in the economic and political realms of the city. Overall, Boston’s growth rate for diversity in the workplace is on par with other major metropolitan areas. However, this shifts dramatically when examining the racial and ethnic composition of professionals, managers and board members. Currently in the Boston area, board members are 95.2 percent white and almost exclusively male (see Chart below). Boston has seen some improvement in representation with managers and officials, but falls behind most other major cities in growth of professionals of color.  

In politics, increased representation of diverse populations allows for increased civic participation, involvement in policy-making or decision-making, and the ability to retain a multicultural focus on legislation and community development. It is widely accepted, including in the Boston area, that people of color are underrepresented in leadership positions. The 200-member Massachusetts legislature currently has 14 African Americans, two Haitian-Americans, four Hispanic/Latinos and no Asians. The Boston City Council has a slightly better track record in this respect. There are
thirteen members of the council, three of which are currently held by persons of color. While representation in politics and government may be happening on a local level, many talented and ambitious people feel that they must look elsewhere to achieve higher positions and levels of leadership.
IV. Next Steps Toward Building an Equitable Regional Economy in Greater Boston

Implications of Growing Inequality
Over the past ten years, the Greater Boston economy has become increasingly inequitable, and that inequality is racialized and correlates highly with educational attainment. While it may be easy to look at the polarization of the economy and conclude that nothing can be done about these structural inequalities, important lessons can be learned from some of the public policy “reforms” of the past sixteen years. Examples of these “reforms” include: tax restructuring that reduced available state and local revenues; the abolition of rent control; restrictions on eligibility for various health and dental care; and limits to transitional assistance and other social supports. These—and other—policy changes helped shape Greater Boston’s hourglass economy; and, in turn, progressive policy changes can reshape that economy into a more humane and equitable one. The Hourglass Challenge has laid out the challenges before us. Together, we can build an equitable economy.

This report has identified some troubling economic trends. These trends are even more problematic for those segments of our community who are not white, not educated, not citizens, and not fluent in English. The hourglass economy shows the shrinking size of middle class jobs in the new economy. The implications of this growing inequality are serious. It suggests that, unlike in the “old” economy, there is little room for workers to move up into the middle class. The old economy was shaped more like a barrel or football, with the bulk of families in the middle. This allowed for job and income stability, created demand that allowed housing prices to be relatively affordable to most workers, and provided career ladders for workers without higher education pedigrees. This, in turn, created a political stability around public policy that supported this economic security. In the new economy, more workers find themselves working longer for lower wages with little or no opportunity to move up a career ladder. In fact, the hourglass economy does not provide many jobs at middle class wages. So, the workers who do attempt to acquire new training and education to move upwards find few actual jobs waiting for them. This is creating a system where workers are being placed into permanent low-wage careers; it is creating a permanent low-wage workforce.

What can be done about this? Interestingly, the old economy was once shaped just like this new economy. The hourglass shape is not a function of how one dominant mode of production is inherently organized compared to another. It is a function of public policy. In the old economy, workers organized unions and supported political candidates who created the New Deal. It was organizing and public policy that created the familiar barrel shape of the postwar economy that existed until the ascendancy of deregulation, federally-sanctioned hostility to labor, and supply-side economics in the 1980s. Today, it is organizing and public policy which will lead us back to a stable, secure football-shaped equitable economy.

The Role of Community Leadership: Success Stories from the Grassroots
The need to organize and move public policy has not been lost by community and labor organizations in Greater Boston. A number of organizations have been working on the problem of the hourglass economy over the past several years. Through organizing campaigns aimed at low-wage workers and low-income neighborhoods, as well as through lobbying campaigns aimed at city and state public policy, community and labor organizations in the Greater Boston area have already
been struggling for an equitable economy. Below are some success stories from the past several years.

**The Chelsea Collaborative**
The Chelsea Collaborative brings together residents and organizations to enhance the social, environmental and economic health of the Chelsea community and its people. The Collaborative carries out its mission through community organizing, technical assistance, program development and information dissemination. A somewhat unique coalition of programs, the Collaborative sponsors and houses the following: the Chelsea Latino Coalition, the Citywide Tenants Association, the Chelsea Youth Employment Initiative, Chelsea Green Space and Recreation Committee and Chelsea United in Defense of Education (CUDE).

In addition to their environmental justice organizing, Chelsea Green Space has won hundreds of thousands of dollars from developers to build walkways along Chelsea Creek and Mill Creek, construct parks and fund other environmental improvements. A new Joint Committee on Development formed recently, including representatives of Citywide Tenants Association (newly formed in winter of 2005), Chelsea Green Space, Chelsea United in Defense of Education (parent organizing organization), Latino Immigrant Committee and other interested people. The new Committee develops joint position regarding development advocates for community benefits agreements including affordable housing, open space and jobs for Chelsea people.

**Project RIGHT (Rebuild and Improve Grove Hall Together)**
In 1991, eight groups in Boston’s Greater Grove Hall neighborhood (Roxbury/North Dorchester) came together to form a collaborative to address the issue of youth on youth violence. This convening resulted in the creation of Project RIGHT; established as an important strategy to increase the capacity of neighborhood resident groups and community-based organizations to network and plan community driven activities to solve problems.

Project RIGHT was extremely influential in the implementation of the Blue Hill Avenue Initiative Task Force (BHAITF) in the mid 1990’s, which was a community-city partnership to plan the revitalization of the Blue Hill Avenue neighborhood. This included a ‘Community Vision’ for Blue Hill Avenue that was completed in 1996. The BHAITF process should result in additional groundbreaking on million of dollars of investment in housing and commercial development from Quincy Street to Geneva Avenue in the next two years. Additionally, Project RIGHT and its member organizations continue to identify small development projects on public and private parcels of land to advocate for action with our public and private partners.

Project RIGHT has also spearheaded the Multi-Unit Housing Initiative by partnering with the residents of North Dorchester and Roxbury to combat illicit activity and improve the quality of life in the neighborhood of Grove Hall. Organizational partners to this initiative include: the Boston Police Department, MassHousing, property owners, management companies, security companies, tenant associations, community based organizations, neighborhood and tenant associations, and public officials. This initiative focuses on problem “hot spots” where drug trafficking, drug use, prostitution, loitering and other public safety problems thrive. This initiative entails working within multi-unit apartment buildings in partnership with tenants and other resident leadership to eliminate...
a public safety crisis involving persistent “hot spots” (area’s where negative and illegal activities happen) that impact upon the tenants and other residents of Greater Grove Hall.

Project RIGHT’s strategy encompasses working with resident associations/groups and tenant associations within Greater Grove Hall to strengthen existing and future services to the youth and families of our community. Youth and families requiring services are referred to the “safe havens” where there are or will be service providers or to other partners and/or other community based, city, and state providers.

**Alternatives for Community and Environment**

Alternatives for Community and Environment (ACE) builds the power of communities of color and lower income communities in New England to eradicate environmental racism and classism in order to achieve environmental justice. One major obstacle for blocking the access of low-income persons to good jobs and housing opportunities is the lack of reliable, affordable, and efficient public transportation options. In 2000, the T Riders Union, a project initiated by ACE, won free bus transfers for all transit riders after a 4-month campaign against a fare increase. The new transfer program also included a reduced-cost weekly combination pass. This campaign mobilized hundreds of transit riders, including dozens of youth. In 2000, ACE and its Clean Buses for Boston partners won a legal commitment as part of a Central Artery Tunnel mitigation package forcing the MBTA to purchase 358 clean fuel buses. In 2002, they won a revised agreement requiring the MBTA to replace another 200 buses and retrofit the remaining 400 with pollution controls. In 2003, the T Riders Union and ACE facilitated the On the Move coalition, which led the battle against the MBTA’s fare hike. The On the Move coalition won for the first time a Rider Oversight Committee in which transit riders have direct access to the State’s Transportation Secretary and MBTA General Manager. In addition, the MBTA agreed to lower bus fares to 90 cents from its proposed 1 dollar and not to raise fares again for at least two years.

**Chinese Progressive Association**

The Chinese Progressive Association (CPA) is a grassroots community organization which works for full equality and empowerment of the Chinese community in Greater Boston and beyond, to raise living and working standards, and to involve community members in decision-making. CPA organizes immigrant workers around workplace rights, Chinatown residents to combat gentrification and protect Chinatown, Chinese American youth to develop their commitment to the working class community, and the Greater Boston Chinese community to participate in US society and develop greater political clout.

CPA has a Workers Center run by and for Chinese immigrant workers to help people learn about and organize for their rights on the job or on the unemployment line. They provide individual drop-in counseling and group workshops to immigrant workers to learn about their rights, then help groups of workers come together to take collective action by utilizing their base within the community. This may include providing a neutral space for coworkers to come together and form their own committee, bringing rank-and-file activists together from different workplaces but with similar problems, organizing community or consumer pressure campaigns to target bad employers, working with union organizers, utilizing legal enforcement actions to bear upon workers' power, or
developing policy-level campaigns around issues such as wage and hour law enforcement or unemployment benefits.

The Workers Center has played an important role in organizing immigrant workers affected by manufacturing shut-downs. Several years back, they helped immigrant workers from an electronics manufacturing plant in Allston organize to win fair severance packages and go on to secure $1 million in extended job training benefits. In the past year, the CPA helped 121 dislocated workers from three manufacturing plants to organize, win more than $400,000 in severance pay and advocate for federal funding for extended job training.

City Life/Vida Urbana

Housing is one area where residents of Boston feel class and racial inequities most severely. The problem stems from how the market works. Community improvements or neighborhood revitalization follows from citizen activism or investment of public tax dollars. Despite the community’s good intentions, this endeavor can give real estate corporations the power and opportunity to raise rents substantially and drive out thousands of households. How do we revitalize our communities without forced displacement?

One solution promoted by City Life/Vida Urbana (and other community groups such as the Chinese Progressive Association) has been a tenant organizing campaign focused on seeking collective bargaining agreements with large owners. Tenants faced with large rent increases, mass evictions, or bad conditions form tenant associations. These associations seek negotiations with owners around those same issues. Most tenant associations refuse to pay a rent increase until an agreement is in place.

So far, residents of over 500 apartments have won collective bargaining protection in one way or another. Such agreements typically cover 2-5 years and limit rent increases and no-fault evictions during that period. Sometimes, these agreements have been easy to achieve. At other times, the agreements have required a long and determined struggle, including mass civil disobedience. As of the summer of 2006, an additional 500+ apartments are seeking collective bargaining protection. Some large owners have refused to negotiate and instead filed for evictions against tenant leaders. Tenant associations consider this union busting.

For this reason, the Boston tenant movement has sponsored a proposed new ordinance that would put the City on record as in favor of collective bargaining between tenant associations and large landlords. A board would have the right to hear complaints about failure to bargain or bad faith bargaining. An owner who refused to engage in good faith collective bargaining with a certified tenant association could find it more difficult to get permits or variances for development. Leaders of tenant associations are often already members of labor unions. The hope is that many who gain experience with collective bargaining in a housing context will be more inclined to organize at the workplace as well.
Justice for Janitors: Service Employees International Union (SEIU) Local 615

In 2002, Boston janitors carried out a very visible strike against one of the region’s largest cleaning companies. For 23 days, SEIU Local 615 (then Local 254), mobilized its members with a wide range of community and religious leaders, effectively disrupting business as usual in the City and leading city officials to broker a settlement. Local 615’s membership included more than 10,000 janitors, most of who were Latino and Brazilian immigrants. Before the strike, almost 80% of them held only part-time positions and received no health insurance or paid sick days. Wages were lower than for janitors in many other large cities, despite Boston’s higher cost of living.

The 2002 contract extended employer-paid health insurance to 1,000 of the part-time workers who had not been covered, and won the janitors’ first paid sick days, with flexibility to also use this time to care for a sick child or attend to other family business. It equalized part-and full-time pay and included other incentives for employers to convert part-time to full-time positions. It closed the gap between urban and suburban janitors.

UNITE-HERE Organizes Boston Hotel Workers

With the support of Mayor Menino, UNITE-HERE has successfully organized card check neutrality agreements with Boston hotels before they are even built. Card check neutrality agreements give unions exclusive rights to organize employees once the hotel operator hires them. There are no secret ballot elections; workers are simply asked to check a card. If a majority check "yes," the union is recognized.

Organized hotel workers make higher wages than unorganized workers. Hotel jobs in Boston pay nearly twice as much per hour as the same jobs in non-union cities. A comparison of Boston (union) hotel rates with Miami (non-union) hotel rates shows a difference of less than $1.00, despite criticism that higher wages equal higher room rates.

UNITE-HERE has signed up or won commitments from more than a dozen hotels including Nine Zero on Tremont Street, Hotel Commonwealth in Kenmore Square, and the Charles Street Jail project.

In 2003, the Boston Redevelopment Authority (BRA) offered developers $40 million in government-backed loans. To qualify, the developers had to sign agreements with UNITE-HERE. The BRA picked the Regent Boston Hotel on Battery Wharf near Boston Harbor, and the 790-room Westin Hotel, which will accommodate guests of the Massachusetts Convention Center in South Boston.

"We care about providing good jobs with good wages and good benefits," said BRA spokeswoman Susan Elsbree. "And we support the unions."

Source: Boston Globe, January 12, 2004
UNITE-HERE Hotel Rising Campaign

Union-Sponsored Education and Training Programs

A number of Boston-area labor unions offer programs in adult basic education (ABE), English for Speakers of Other Languages (ESOL) and career ladder skills training to help their members gain skills and credentials they need to improve the quality of their lives and their economic prospects.
Many of these programs are offered at the work site while others are at union halls or other community locations. Some are jointly sponsored with management and provide work-release time for participants to attend class. CLU member unions that offer such programs are:

- **SEIU Local 615’s Voice and Future Fund** brings together as partners the union, large building management companies, large institutional employers such as Harvard University and the Massachusetts Institute of Technology, and a number of community-based organizations. They offer courses to improve English language skills among their immigrant workforce and to provide them with more advanced training in facilities maintenance and skilled trades, leading to career pathways for full-time employment with benefits. The Building Services Career Path also reconnects foreign-trained workers to their fields and younger workers to education.

- **SEIU Local 1199’s Training and Upgrading Fund** bargains with key employers, winning a contributing of .5% of payroll to the Fund and a commitment to developing an educational agenda to address critical health care staff shortages. Workers become partners with management in creating meaningful career ladders with clear steps along the way, addressing future workforce issues and assuring that members from the community will have access to higher paying, more skilled jobs. The Training and Upgrading Fund allows union members to access their career counseling and education through the union. To date, SEIU Local 1199 Massachusetts has employer contributions of $750,000 a year, covering 3,000 employees. At Boston Medical Center, 53 students are enrolled at community colleges through the union's negotiation of an upfront voucher to cover tuition costs. In addition, for 15 years **SEIU Local 1199’s Worker Education Program (WEP)** has provided worker-centered educational and training opportunities to entry-level unionized workers. WEP offers classes that help nursing home, hospital and home care workers increase their literacy or English skills, improve their math, acquire high school diplomas, explore healthcare careers, or prepare for college. Since 1991, WEP has served over 4,000 Massachusetts workers and currently offers 16 classes at seven sites.

- **UNITE/HERE** has organized worker education programs over many years in workplaces and Union halls across Massachusetts. For example, UNITE Local 1999 partnered with management to offer an award-winning program three days a week at a Marshall’s distribution centers that employs many immigrant workers. HERE Local 26 was a partner in the “Bridge to Learning and Literacy” program for that offers classes in English, high school diplomas and skills training to over 500 kitchen workers and other service employees at Harvard University.

- **The Painters’ Union, IUPAT DC 35**, offers English as a Second Language instruction free of charge to its members two evenings a week at its Roslindale training center. They also have a partnership with Massasoit Community College that allows painters to receive college credit for apprenticeship courses. Both the Painters and the **New England Regional Council of Carpenters** have active Training Departments that offers members a menu of skills upgrade training opportunities, as well as mandatory apprenticeship training and ongoing health and safety training.
Working Together: Community Labor United

Although community and labor organizations have been waging successful campaigns for an equitable economy, there has been a recognition that in general their efforts have often been isolated from one another and have not fully leveraged their collective power. Additionally, the divide between the community and labor movement has been found not to be productive as many of the advocacy groups are representing the same people on different issues. Workers are also members of their community, and vice versa. Finally, unions have been under such a coordinated attack from the right and corporate interests, and community groups continue to suffer under extreme financial stress, that neither can afford to go it alone any longer.

As a result, Community Labor United was created in May 2004 to marshal the joint power of community-based organizations and labor unions to protect and promote the interests of low and moderate-income working families in the Greater Boston area. CLU links the diverse network of community and labor organizations working within the Boston metropolitan region through a combined program of coalition building, research and policy development, public education and grassroots mobilization. This long-term, strategic partnership acts proactively, mobilizing union and community bases to win concrete improvements and to build power for working families in the Greater Boston region. Over time, CLU aims to create a new political power center in the Greater Boston region, one that directly competes with the existing strength of the corporate community.

CLU’s First Victory: The Boston Public Schools Repainting Campaign

In the spring of 2006, CLU won its first organizing campaign, in which it made available to Boston residents high-wage union painting jobs and training opportunities in the Boston Public Schools. This campaign also changed how the School Department repaints Boston schools. This victory redirected $2.5 million in school repaint work away from the nonunion companies that hired workers from outside the city, cut costs by underpaying those workers and by breaking labor laws. Instead, CLU proposed and won an agreement to create a direct-hire program between the Painters and Allied Trades DC 35 for repainting the Irving Middle School using 100% Boston resident journeyman painters and Boston youth apprentices. The apprentices were recruited, screened and pre-trained by a network of community organizations, including Women in the Building Trades (WIBT) and YouthBuild Boston, with Sociedad Latina as lead. During the summer, they continued working with CLU and the Painter’s Union to provide a community and a union mentor to help each apprentice succeed on the job. The recruitment, pre-training and mentoring efforts were supported by a $50,000 grant from the Boston Neighborhood Jobs Trust.

This program created a rare career opportunity for Boston youth who are recent high school graduates or GED recipients. They earned a starting wage of $15.75 per hour, and will receive raises after every 750 hours of work completed until they reach journey-level wages at the end of 3 years. Journeymen Painters working on the Irving and Madison Park Schools earned over $31.00 per hour. Over the next few months apprentices will also qualify for Painter’s Union benefits: family health insurance (including medical, eye and dental), a pension and annuity. In addition to extensive on-the-job training, the apprentices started twice-a-week classroom instruction in painting and allied trades that will continue for 3 years, as well as safety training that will continue throughout their painting careers. The fact that in May and June almost 90 Boston residents registered for the available apprenticeship positions, with three-quarters of these young people ages
18-24 and 95% of them people of color, points to a great unmet need for career development of
this kind in Boston.

This initial campaign exemplified four of CLU’s core commitments: 1) to prioritize good jobs, with
benefits and career tracks, as well as pathways into these jobs for local residents; 2) to re-direct and
leverage public resources to provide high-quality jobs and other benefits to local communities; 3) to
bring together community organizations and unions in strategic partnerships; 4) to use research to
help frame issues, and to identify and support strategic campaigns.

The innovative partnership CLU created between the Painters and Allied Trades District Council
35, the Boston Teacher’s Union and 12 diverse community organizations was a major factor in our
victory. The Campaign Committee met regularly from December through May, sponsoring a
February Community Meeting that drew 70 leaders and a July rally with Mayor Menino to celebrate
the program. Campaign Committee members were: ACE, ACORN, ABCD, the Boston Parent
Organizing Network, the Boston Teachers Union, City Life/Vida Urbana, the Greater Boston
Labor Council, the Greater Love Tabernacle Church & their Future Hope Apprenticeship Program,
MassCOSH, the Painters & Allied Trades DC35, Project RIGHT, Sociedad Latina, Teen
Empowerment, Women in the Building Trades & YouthBuild Boston. Outreach for job
recruitment involved an even wider list of community organizations and churches.

The Role of Public Leadership

Compared to many cities around the country, the community labor coalitions in the Greater Boston
region have important allies in leaders such as Boston Mayor Thomas Menino and Revere Mayor
Thomas G. Ambrosino. In many parts of the country activists have to contend with political
leadership that is either absent or hostile to community and labor interests. Both mayors are often
allies or even champions in community labor campaigns. This is not to say that there are not
moments where the administrations and activists are opposed, but the realities of managing large
American cities can complicate the position of even the most progressive of politicians.

Nevertheless, the administrations of Mayor Menino and Mayor Ambrosino illustrate the role public
policy and political leadership can play in moving forward an equity agenda.

Because of the important role public policy plays in the development and maintenance of the
hourglass economy, public leadership on behalf of equity and community is essential. In
responding to the inequitable tendencies of the economy and the attacks from the corporate sector
on working people, both mayors have played important leadership roles on behalf of the interests of
the working poor. Mayor Menino made the Health Care Disparities Initiative a citywide priority,
brought big hospitals and other institutions to the table, set up an ongoing task force that does real
work, and made available some seed money to get community groups involved. Mayor Menino has
also been supportive of service sector unions. He played a positive role in bringing employers to the
table to resolve the 2002 janitors strike (SEIU 615) and is supportive of their security guard
organizing.

Mayor Ambrosino has a reputation for fairness in personally negotiating with Revere’s municipal
unions. He oversees a Responsible Employer Ordinance and dedicates significant amounts of his
time to assure the ordinance (designed to protect taxpayers against unscrupulous contractors) is
enforced. Recently, he has introduced and is supporting a Living Wage Ordinance before the
Revere City Council. His work on the living wage was undertaken at the request of the Greater Boston Labor Council and was supported by research conducted by CLU.

**Potential Next Steps for Moving Policy**

The federal government has abandoned its responsibility for working people and the poor. As a result, the burden of dealing with the economy’s inequities has fallen squarely onto the states and cities, which are increasingly responsible for setting *de facto* economic development, social welfare, and labor policy. In cities, capital runs through land development and public contracts. Therefore, organizing solutions to the problems of the hourglass economy may be found in urban land use and procurement policies and actions. This is the basis upon which community labor coalitions have organized for living wages. It is also the basis upon which such coalitions are organizing for community benefits agreements and accountable development policies.

For these reasons, it is important that we pay particular attention to how land use and public contracting decisions are made in Greater Boston. Through these processes, the public has—or could have—wide discretion in mitigating the inequities of the economy. Below are some potential campaign issues to consider:

1. **Equitable Distribution of Public Revenues**: To prevent communities from throwing money and land at developers in vain hopes that it will pay off in long-term good jobs and tax revenue, it is essential to create a level playing field where no developer could negotiate zoning relief or win tax breaks. This level playing field would increase tax revenues and make available public funding to address training, housing and other community needs. For most kinds of commercial and mixed-use development, developers’ return on investment in Greater Boston are large enough at this time that no incentives should be needed to encourage investment.

   *Policy Mechanisms* for doing this:
   1) Disclosure/Accountability: passing city ordinances that require disclosure of economic development incentives, monitoring of outcomes such as the number and quality of jobs created, and ‘clawbacks’ (give backs) of funds in instances where developers do not live up to their agreement.
   2) Closing loopholes in property tax policies.

2. **Negotiating Community Benefits Directly with Developers**: It is important for community members and policymakers to use the leverage we gain from offering zoning variances, tax breaks and other incentives to negotiate with developers. Negotiations can gain benefits that serve our communities, such as good jobs, affordable housing, neighborhood services, and open space. In some cases, coalitions extending existing labor and community-friendly city ordinances such as Living Wage, Responsible Employer and Worker Retention to cover publicly-subsidized economic development projects.

   *Policy Mechanism* for doing this is a Community Benefits Initiative with two parts.
   1) Pass ordinances requiring that every proposed development project contain a Community Impact Report (CIR) that provides the public with information on the way the project affects community. It would answer questions about the project’s affect on
tax base, total public cost, jobs created and their quality, impact on housing, and contribution to community infrastructure.

2) Establish a process for community representatives, policymakers and developers to negotiate a Community Benefit Agreement that modifies a project in order to get a better return for the community.

3. **Increasing Public Participation in the Decision-Making Process:** It is critical to establish an open, transparent and participatory process for making economic development decisions. Currently, most land use decisions in the Greater Boston region are made with little or no public input. Institutional changes can be made to include community and labor stakeholders in the decision-making process in a meaningful way.

   *Policy Mechanisms for doing this:*
   1) Reforming the processes for zoning and zoning relief: getting community seats on zoning boards, making Zoning Boards elected, or creating meaningful review of zoning decisions by elected officials;
   2) Reforming the institutions that make other economic development decisions so that their processes are made more transparent and (where necessary) they are more accountable to elected officials.

4. **Planning and Zoning Reform:** According to the American Planning Association, Massachusetts has the most antiquated zoning and land use laws in the country. Outside of the city of Boston, there is no enforceable requirement for consistency between zoning and master plans, rendering the latter worthless. Additionally, the zoning act (Chapter 40A) provides roadblocks to good community planning through all sorts of grandfathering and approval-not-required provisions. At last count, 48 members of the General Court have signed on to endorse the Community Planning Act ("CPA II"), which would reform Chapter 40A to address these concerns. This would allow Massachusetts’ communities to engage in meaningful planning processes that would not just affect zoning and development outcomes, but would increase the level of public input and participation in crafting these outcomes.

5. **Wage Standards:** Wages for much of the region’s workforce lag behind the self-sufficiency standards. One way of addressing this issue is to leverage the existing procurement and regulatory authority of cities to ensure that the public sector is not participating in holding down workers’ wages. In the 1990s, the Living Wage Movement swept the country as cities began demanding that their contractors pay higher wages as a condition of receiving public contracts. Boston enacted a living wage ordinance in that decade as a result of a coordinated organizing campaign involving labor and community groups. Many other cities in the Greater Boston area lack such an ordinance, which can create problems for the ones that do. Currently, there is pending legislative action in Revere on adopting a living wage ordinance. Revere’s mayor has been a champion on this effort. Other wage tools such as wage and hour law enforcement, responsible employer and developer ordinances, and local hiring requirements may be potential campaign strategies to meet this goal.

6. **Lowering Barriers to Unionization:** It is necessary to continue to support our partners in winning card check recognition and neutrality agreements. This report has demonstrated that union service sector jobs are better paid than non-union ones. This allows for low-wage workers to pull themselves closer to economic security and it helps us to mitigate the effects of
the hourglass economy. Card check recognition occurs when a union successfully organizes over 50% of a workforce to sign union cards indicating their support for the union. The employer then agrees voluntarily to recognize the union and the right of the workers to collectively bargain. Such “voluntary” union recognition only happens where employers are subject to strong organizing campaigns and/or strong leadership from the public sector. The recent National Labor Relations Board (NLRB) decision of *Oakwood Healthcare* (popularly known as *Kentucky River*) demonstrates the continual hostility to organizing and workers’ rights by the federal government. As the NLRB continues to narrow the number of workers who are covered under federal labor law, we need to find ways to put pressure on employers to recognize unions voluntarily. Card check recognition allows for a process to circumnavigate the burdensome, inefficient, and restrictive NLRB election process in order to allow workers to organize more quickly and build a better future for themselves. Labor neutrality does not only extend to card check arrangements, but to employers refraining from interfering with traditional union elections. Creating an environment in which all workers may participate in free and fair union elections without intimidation or fear of reprisals from their employers is another important way we can eliminate barriers to unionization.

Together, we can work to create a more equitable economy for Greater Boston. We can do this by leveraging community and public leadership into campaigns designed to make an economic development and land use policy environment responsive to the needs of low-income and working-class neighborhoods. Some of the next steps suggested above will take form as joint community labor campaigns in the years to come; undoubtedly, there will be other next steps not anticipated in this report.

This report constitutes the beginning of CLU’s in-depth research on economic development and related issues in the Greater Boston region. We will expand on many of the themes outlined in this chapter in the future. This research will help CLU to both better describe and understand the landscape of organizing opportunities and to support current and future organizing campaigns. We can build a better future together!
About Community Labor United

Community Labor United (CLU) was created in May 2004 to marshal the joint power of community-based organizations and labor unions to protect and promote the interests of low and moderate-income working families in the Greater Boston area. Key to CLU's work is research that makes the case for a new approach to economic development, health care and housing policy.

CLU's campaigns are intended to bring together low and moderate-income people already organized through existing community organizations and unions. One recent success story saw CLU team up with the office of Mayor Menino to change the way that the Boston Public Schools department contracts the repainting of its schools. In the past, nonunion contractors have largely done this work. Their contracts were often riddled with wage and hour violations, overtime abuses and misclassification and underpayment of workers. Under the new system, the Boston Public Schools will work with Painters & Allied Trades District Council 35 to hire local residents—including youth who will receive apprenticeship training.

CLU is part of an emerging network of organizations across the country that brings together community groups and labor unions to advocate for economic policies that work for everyone. CLU’s sister organizations include Working Partnerships USA (WPUSA) in San Jose, CA; the Los Angeles Alliance for a New Economy (LAANE); the Center for Priority Initiatives (CPI) in San Diego and the Front Range Economic Strategy Center (FRESC) in Denver, CO.

For more information about CLU and its work, please visit www.massclu.org.

About Building Partnerships USA

Building Partnerships USA is a peer-based leadership and resource development organization that is building a national network of metropolitan and regionally-based social change organizations. Like CLU, these organizations seek to increase civic and political activism to strengthen democracy and advance social and economic justice by combining research, policy analysis, organizing and advocacy.

Through a program of outreach, training and peer-based technical support, Building Partnerships helps create the organizational infrastructure – and the trust – necessary to create both common ground and a common agenda for union leaders, community activists, small business owners, religious leaders, educators and others. Working together with local activists, Building Partnerships is helping to build a new progressive movement from the grassroots up.

Building Partnerships helped fund The Hourglass Challenge. Please visit the website at www.building-partnerships.org.
Data Sources

1 The statistical portrait contained in this report relies on data sets from several different geographic areas: the city of Boston, Greater Boston, which includes the city proper as well as the core suburbs that surround it, Suffolk County and Middlesex County.


3 Marc Perry and Paul Mackun, Population Change and Distribution, Census 2000 Brief (Washington, D.C.: US Census Bureau, April 2001), page 2. Report is available to download at www.census.gov/population/www/cen2000/briefs.html. See page 2 (Table 1) for US and Massachusetts population figures and page 6 (Table 3) for Boston population figure.


7 City of Boston and Metro Boston’s Inner Core, Geography At-A-Glance, Boston Indicators Report 2004 (Boston, MA: Boston Indicators Project, The Boston Foundation), www.bostonindicators.org. Percentages were calculated by subtracting Boston figures from the total figures for Metro Boston’s Inner Core. 1990 data shows 87 percent of the immediate suburban population was white (875,815 out of 1,005,170 people) while 2000 data shows 77 percent was white (797,338 out of 1,038,867 people).


9 100,000 Voices on Growing Older in Boston: Understanding the Experiences and Needs of Boston’s Older Adults (Boston, MA: Boston Partnership for Older Adults, April 2003), Page 1. Report available to download at www. www.bostonolderadults.org.


12 Massachusetts Department of Education data presented in Education Indicator 4.5.1: Third Graders Reading at Grade Level, by Race, Ethnicity and Income, Boston Indicators Report 2004, Op. Cit.


17 Ibid., page 38)
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18 Ibid., page 6.
19 Ibid., page 5.
20 Ibid., page 14.
21 Ibid., page 6.
23 Ibid., page 2.
30 Ibid.
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52 Ibid, page 20


56 Ibid.

58 A study done for the Construction Policy Research Center at Harvard Law School estimates that 14 to 24 percent of employers within the construction industry in Massachusetts misclassify workers as independent contractors (cited in Yvonne Abraham, “Building Industry Wages Probed” Boston Globe, November 27, 2005).


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88 Heudorfer and Bluestone (2005), page 5.


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116 Ibid.
119 Ibid.
120 Ibid.


Ibid., pages 74 and 82.

Student Profile Fall 2004, University of Massachusetts President’s Office of Institutional Research.

2005 Report on Annual Indicators (Boston, MA: University of Massachusetts President’s Office of Institutional Research, 2005), page 3.


Ibid.


Ibid., page 16.


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Ibid.
About Community Labor United

Community Labor United (CLU) brings together community-based organizations and labor unions to build a better future for Greater Boston. With the goal of creating a more equitable economy for low- and moderate-income working families, CLU directs campaigns that marshal the joint power of community organizations and unions around economic development and land use issues. These issues include living wage jobs, park space, affordable housing, health care and proximity to transit corridors.

CLU is part of an emerging network of organizations across the country that brings together community groups and labor unions to advocate for economic policies that work for everyone. CLU’s sister organizations include Working Partnerships USA (WPUSA) in San Jose, CA; the Los Angeles Alliance for a New Economy (LAANE); the Center for Priority Initiatives (CPI) in San Diego; and, the Front Range Economic Strategy Center (FRESC) in Denver, CO.

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