



# Bad Jobs in Goods Movement

Warehouse Work in Will County, Illinois



# **Bad Jobs in Goods Movement:**

Warehouse Work in Will County, IL

**by Warehouse Workers for Justice**

with technical assistance from

**Center for Urban Economic Development at the University of Illinois at Chicago**

Funding support:

**CCHD Joliet**

**Hal and Paula Baron**

Warehouse Workers for Justice  
37 S Ashland Ave., Chicago, IL 60607  
329 S Ottawa St., Joliet, IL 60436  
888-DIGNIDAD

## EXECUTIVE SUMMARY

Over the past decade, Will County, Illinois has seen significant growth in development around the goods movement, or logistics, industry. Located southwest of Chicago, with access to railroads, highways, and airports and an abundance of undeveloped land, the county has attracted companies looking for a strategic location for the warehousing and distribution functions of supply chain management.

The *Bad Jobs in Goods Movement: Warehouse Work in Will County* survey, along with data gathered from federal government sources, reveals that there is a range of jobs in warehouses, including well-paying managerial positions. Yet the proportion of good jobs to low-paying positions and, more strikingly, direct hire to temporary positions, reveals that this industry is heavily reliant on a large low-wage labor force. Specifically, the report found that the majority of warehouse workers were temps earning wages below the federal poverty level.

This study was undertaken by Warehouse Workers for Justice to better understand working conditions in the goods movement industry in Will County, IL. Warehouse Workers for Justice is a workers center that promotes good jobs and fair working conditions in the logistics industry. With technical assistance from researchers at the University of Illinois at Chicago's Center for Urban Economic Development, Warehouse Workers for Justice carried out the first large-scale study of workers in warehousing in the country.

*Bad Jobs in Goods Movement: Warehouse Work in Will County* is the result of more than eight months of planning, researching, and data collection. Representing over 150 different warehouses, a sample of 319 workers was used for this report. In addition, in-depth interviews were conducted with sixteen workers on specific topics that arose in the standard survey, such as loaders and unloaders who perform "production" work.

### **The survey found:**

- 63% of workers in warehouses were temps
- The majority of warehouse workers made poverty-level wages, and temps had it worse than direct hires. The median hourly wage for a temp was \$9.00 an hour—\$3.48 an hour less than direct hires
- 1 in 4 warehouse workers had to rely on government assistance to make ends meet for their families
- 37% of current warehouse workers had to work a second job to provide for their families

- Temps were far less likely to have basic benefits. For example, only 5% of temps had sick days and 4% had health insurance
- 20% warehouse workers had been hurt on the job. Of those, 1 in 3 were disciplined or fired when they reported their injury

## **Recommendations**

### ***Create a pathway to stable employment***

Implement policies that require warehouse operators to provide stable, permanent jobs with regular hours. Provide incentives for employers that employ warehouse workers directly, rather than through temporary staffing agencies. Link taxpayer support to warehouse operators and developers to the creation of direct-hire positions rather than temp jobs.

### ***Enact policies that promote living wage jobs***

Link taxpayer support for the warehouse and logistics industry to the creation of permanent, direct-hire jobs at living wages.

### ***Strengthen and enforce laws that protect workers***

Labor, anti-discrimination, wage and hour and health and safety laws should be strictly enforced. The Illinois Day Labor and Temporary Services Act should be strengthened to provide more severe penalties against temp companies that abuse workers' rights under the law. Anti-discrimination laws should be amended to provide greater penalties against employers who discriminate based on race, gender and national origin.

### ***Allow warehouse workers the right to organize***

Policy makers should address the barriers faced by temp workers who want to unionize in order to improve their working conditions. Warehouse workers should be educated about the benefits of collective bargaining and resources should be made available to assist workers in learning their rights under current law.

## GLOSSARY

**DIRECT HIRE:** an employee who is hired directly through the company that owns or runs the warehouse, often a retailer or third party logistics company.

**DISTRIBUTION CENTER:** a facility in which the emphasis is on processing and moving the goods on to the wholesaler, retailer, or consumer rather than storage.

**GOODS MOVEMENT:** the coordination and strategy of transportation, warehousing, and distribution of goods from their point of origin to point of sale or use.

**INTERMODAL:** the movement of goods using more than one method of transportation. For example, goods that are transported to Chicago by rail, then transferred to truck to be taken to a warehouse.

**LOGISTICS:** see *Goods Movement*.

**PRODUCTION:** work that is paid by piece instead of by the hour. For example, truck or container unloaders who are paid per box or per foot to unload goods.

**TEMPORARY WORKER (TEMP):** a worker who is hired through a temp agency to work at another site, in this case a warehouse owned or managed by a retailer, third party logistics company, or other warehouse operator.

**TEU:** twenty-foot equivalent unit, the standard unit for describing cargo capacity. It represents the capacity of a shipping container, equal to 20' by 8.'

**THIRD PARTY LOGISTICS COMPANY (3PL):** a company that provides outsourced supply chain management, including warehousing and transportation services, to clients.

**WAGE THEFT:** the practice of employers refusing to pay wages in accordance with minimum wage or the Illinois Day Labor and Temporary Services Act.

**WAREHOUSE:** see *Distribution Center*.

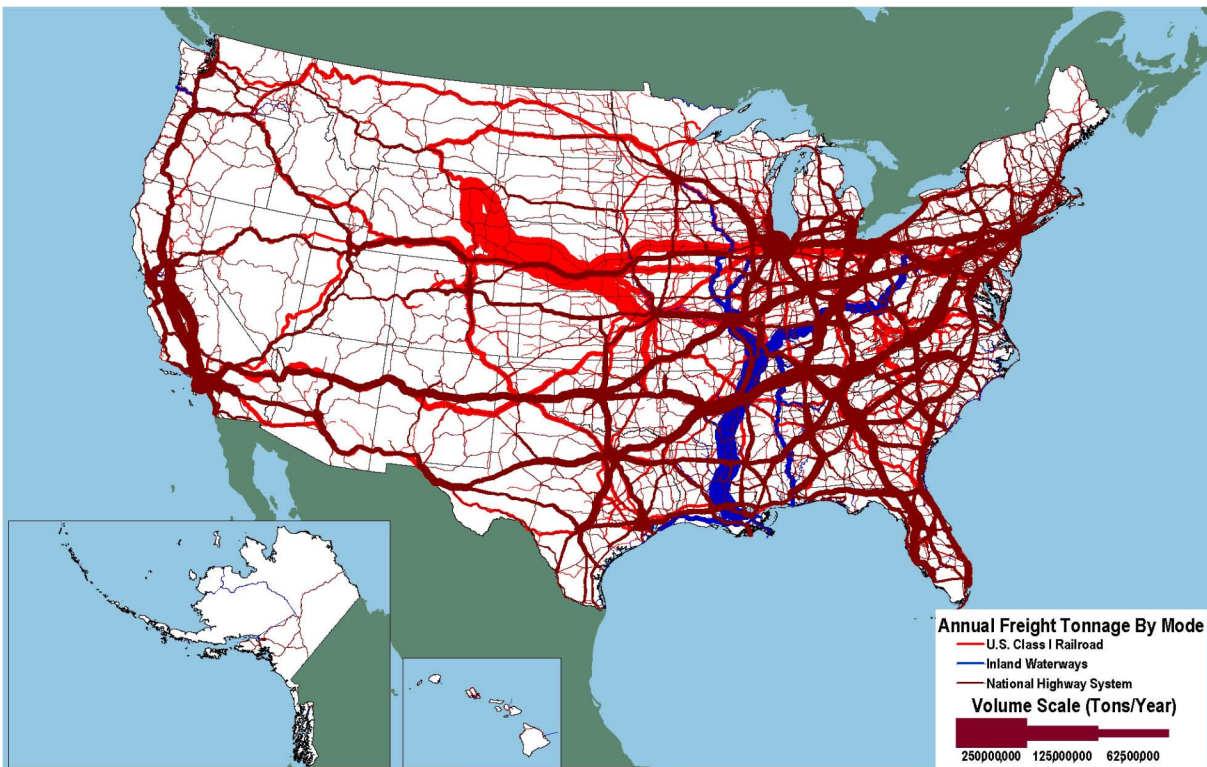
**WORKERS' COMPENSATION:** A state-administered insurance program that provides payment for medical bills and lost wages when a worker is hurt on the job.

## TABLE OF CONTENTS

- I. Introduction
- II. Methodology
- III. Industry Overview
- IV. Survey Findings
- V. Recommendations
- VI. Conclusions and Future Directions
- VII. Appendix and Endnotes

Figure 1.

Tonnage on Highways, Railroads and Inland Waterways: 2002



Sources: Highways: U.S. Department of Transportation, Federal Highway Administration, Freight Analysis Framework, Version 2.2, 2007. Rail: Based on Surface Transportation Board, Annual Carload Waybill Sample and rail freight flow assignments done by Oak Ridge National Laboratory. Inland Waterways: U.S. Army Corps of Engineers (USACE), Annual Vessel Operating Activity and Lock Performance Monitoring System data, as processed for USACE by the Tennessee Valley Authority; and USACE, Institute for Water Resources, Waterborne Foreign Trade Data, Water flow assignments done by Oak Ridge National Laboratory.

## I. INTRODUCTION

The Chicagoland area has a long history of being a critical node of goods movement in the United States. Chicago grew with the westward expansion of railroads in the 1800s, and became a trade center for meat and grain. It is the only place in North America where six Class I railroads meet, creating links between all corners of the continent.

Today, logistics in Chicagoland is growing. Site Selection Magazine ranked the Chicago-Naperville-Joliet, IL Metropolitan Area the top logistics location in the country in January 2010, far outstripping Houston, the number two location, in new warehouse facility projects.<sup>1</sup> This growth in warehouses and distribution centers means the creation of many new warehouse jobs. Workers in warehouses load and unload trucks, stack, pack, sort and move goods by hand or forklift, maintain shipping and receiving records, and perform other functions that allow for the efficient movement of goods.

Will County, Illinois is at the forefront of land use and investment in the goods movement industry as a potential driver for economic development. Well-served by road and rail, two recent intermodal developments, Centerpoint Intermodal Centers in Elwood and Joliet, are said to comprise the largest inland port in the country.<sup>2</sup> Investment in such development has come from all levels of government for these and other projects using funding methods ranging from tax-increment financing districts (TIFs) to the creation of special state development funds.

Warehouse Workers for Justice (WWJ) has been doing outreach to logistics workers in Will County, and through this outreach began hearing about poor working conditions in warehouses. While it was clear from these reports that there were situations in which workers were working as temporary employees for long periods of time, being paid poorly and not being paid wages they were owed, among other issues, it wasn't clear how widespread these conditions were. WWJ undertook this research to understand the proliferation of these issues in the warehousing industry. One major goal was to reveal the extent of temping in the industry, and the effect this kind of flexible work has on workers and their families.

## II. METHODOLOGY

This report is the result of eight months of planning, surveying, and researching. The survey was developed by Warehouse Workers for Justice and the Interfaith Action Committee, in collaboration with researchers at the University of Illinois at Chicago. The survey asked 42 questions about jobs in current workplaces as well as the last warehouse workplace, if it was within the past year. Questions covered wages, benefits, employment status (temporary or direct hire), time working at a warehouse, and other topics. Interviews were conducted between April and July, 2010.

The research was intended to capture at a broad swath of warehouse workers and include as many different types of warehouses and positions as possible. Thus, the researchers set out to interview at least 300 workers. The survey interviews were carried out by a research team consisting of Warehouse Workers for Justice staff, volunteers, and warehouse workers. Interviewers were trained in interviewing techniques.

The vast majority of the surveys—84%—were conducted outside of grocery stores, malls, gas stations, libraries, community centers, and check cashing stores in Joliet, Romeoville, and Bolingbrook, IL. The locations were identified as places where workers were known to be found, based on the knowledge of warehouse workers. Interviewers in these locations asked each person who passed them whether they worked in a warehouse, regardless of gender, race, ethnicity, or age. The remainder of surveys were gathered using social networks of workers. This combination of sampling techniques is appropriate when faced with a situation in which it is not feasible or possible to construct a population.

In total, 392 workers were surveyed; however, this report focuses on warehouses in Will County. The final sample of 319 workers reflects the number of workers who were working, or had recently worked, at warehouses in Will County. Over 150 different warehouses are represented by this data set. Because of this large sample of warehouses, we believe this data represents a substantial piece of the industry in Will County.<sup>3</sup>



### III. INDUSTRY OVERVIEW

#### **Global Goods Movement**

In 1956, the shipping container was born, a humble-looking invention that was an idea before its time. It would be another 30 years before this innovation would be joined by advancements in ship building and the technological innovations of the digital age—especially ways of tracking and planning shipments electronically—to reach its potential as a powerhouse, allowing for a revolution in the way goods are moved. There was a stunning drop in labor and time costs with the advent of the shipping container: what used to take a crew of 120 dock workers ten days to unload a shipment now takes 40 workers 12 hours.<sup>4</sup>

Around the same time, transnational corporations began to see the economic merits of offshoring the production of many goods. As more companies moved their goods production overseas, demand grew for cheaper, more efficient ways of bringing products to retail stores across the U.S. Corporations in the U.S. develop complex supply chains that source products all over the world, and the key to competing—and winning—is using logistics to move the goods from their point of origin to the point of sale as quickly and cheaply as possible. This time and profit 'squeeze' along the supply chain has consequences on job quality for logistics workers.

The goods movement industry is complex and affects everyone in some way—whether you work in a factory in China, drive a truck in Kansas, or are simply a consumer. The goods movement industry has seen significant growth in the last two decades. Between 1995 and 2008 total U.S. container traffic grew by 70%.<sup>5</sup>

The logistics industry follows the trends of the national economy and thus has been hit hard by the recession. While up-to-date government data tracking the effects of the recession on container volumes have not been released, an industry source estimates that between the third quarters of 2008 and 2009, U.S. container volumes dropped by 18.3%.<sup>6</sup>

#### **The Midwest Empire**

The Chicago area is the only place in North America where six Class I railroads meet. Warehouses, distribution centers, container storage locations, and intermodal facilities dot the landscape. The strategic node of transportation that exists in the greater Chicago area, dubbed the 'Midwest Empire,' is a crucial link in the intermodal movement of goods in the United States.

It is a significant, if often hidden, part of the U.S economy: the Bureau of Labor Statistics reports that there are over 200,000 workers in the top five occupations in warehousing and storage in the Chicago-Naperville-Joliet Metropolitan division,<sup>7</sup> making it the fifth-largest employment cluster.<sup>8</sup>

Today, counties to the west and south of Chicago are gaining importance in the goods movement industry. Will County in particular has experienced growth in intermodal activity as carriers seek to avoid the delays of routing goods through the City of Chicago's congested rail lines. McGowan (2005) predicts that Chicago, and in particular its southwest and far west suburbs, is poised to experience growth with expected increases at the most important U.S. container ports.<sup>9</sup> With the recent opening of the Joliet Intermodal Facility, Will County contains the largest inland port in the country and has 88 million square feet of warehouse space.<sup>10</sup>

## **Warehouses and Distribution Centers**

Warehousing and storage is a vital industry in Will County, where it is growing far faster than other sectors. The Illinois Department of Economic Security projects the warehousing and storage industry to grow by 6% between 2006-2016, as opposed to 1.09% for the total of all industries in the county.<sup>11</sup> According to the Chicago Metropolitan Agency for Planning, the significant increase in jobs in Will County is due the growth in the warehousing and distribution sector, and most of the growth in warehousing and distribution will be concentrated in south and southwest areas of the Chicago region.<sup>12</sup>

There are a range of jobs in warehouses. According to the Bureau of Labor Statistics,<sup>13</sup> the top five occupations employed in the warehousing and storage industry are:

- Hand laborers and freight, stock, and material movers
- Stock clerks and order filers
- Hand packers and packagers
- Shipping, receiving, and traffic clerks
- Industrial truck and tractor operators

Nationally, these top five occupations in warehouse and storage sector are projected to increase by 10-17% between 2008-2018. Will County employment in the top five occupations in warehousing and storage, as measured by the Bureau of Labor Statistics (BLS), totaled 12,159 in 2008.<sup>14</sup> However, these BLS statistics do not include employees hired through

temp agencies—only direct hires are counted in these sources. A more accurate number may be found using estimates of square feet of warehouse space per employee. With 88 million square feet of warehouse space in Will County, the number of employees in warehouses in Will County, including both direct hire and temporary employees, exceeds 30,000.<sup>15</sup> These warehouse jobs feature complex employment relationships, with multiple employers often coexisting under one warehouse roof and direct hire employees working alongside temps.

The median hourly wage for the top five warehousing occupations in Will County, averaged across occupations, is \$12.46. Again, these occupational categories do not include temps, which distorts both the employment and wage estimates produced by BLS statistics.

Well-paying managerial positions comprise a minority of warehouse jobs. The percentage of warehouse supervisors in relation to truck transportation and warehousing industry as a whole is just 1.4%. The median hourly wage for warehouse supervisors is \$22.60.<sup>17</sup>

## Flexible Labor in Warehousing

There is a growing body of research literature on conditions within warehouses across the country that suggests temporary labor is widespread in the industry.<sup>18,19,20</sup> Some of the work in warehouses is seasonal, calling for the ability to increase staffing during a high-volume season and shrink again afterwards. However, there is evidence that workers are staying on longer than a seasonal fluctuation would merit.

There are advantages to outsourcing employment to a temp agency, besides being able to increase and decrease staff size depending on seasonal volumes. Bonacich and Wilson (2008) discuss three such motives: the ability of a warehouse operator to avoid

Occupation Title	Median Wage	
	Hourly	Annual
Shipping, Receiving, and Traffic Clerks	\$14.55	\$30,256
Stock Clerks and Order Fillers	\$9.28	\$19,309
Industrial Truck and Tractor Operators	\$14.35	\$29,833
Laborers and Freight, Stock, and Material Movers, Hand	\$11.06	\$22,994
Packers and Packagers, Hand	\$9.79	\$20,360

Source: Local Workforce Investment Area Occupational Wages in Will County, Illinois Department of Economic Security. Top five occupations in Warehousing and Storage industry. Does not include temps.

paying worker's compensation; creating an employment relationship that undermines the ability of workers to form a union; and the pushing down of labor costs through competition between temporary staffing agencies.<sup>21</sup> These advantages, unrelated to seasonal fluctuation, reveal a more complex picture of the motivations behind temping.

While temporary services overall remain a small proportion of employers nationally, temp agencies are concentrated in certain industries, including warehousing and storage. According to a paper published by the Bureau of Labor Statistics examining the

### ***Subcontracting and Outsourcing***

Subcontracting and outsourcing are standard in logistics, at all levels of operations. In warehouses, this means that there are a number of different employment relationships. Retailers and consumer goods manufacturers will often, though not always, contract with third-party logistics companies or other warehouse management entities for the daily operations at a distribution center. The warehouse management firm either hires employees directly or contracts with one or more temporary agencies to provide workers. Day-to-day supervision is provided by the warehouse management company or other temp workers.

Layers of contracting often make it difficult for a worker to know which company is his or her employer. In the survey, it was necessary to ask a series of questions in order to clarify the difference between the warehouse work site and the temp agency employer.

growth in temporary services, some of the largest occupations in the warehousing and storage industry are also some of the most likely jobs to be temporary.<sup>22</sup> Hand laborers and freight, stock, and material movers accounted for a full 19% of temporary services employment nationally in 2004. Another 5% of temporary services employment was in hand packers and packagers. All of the five largest occupations in warehousing and storage appear within the top 30 occupations in temporary services.

The same report goes on to analyze wage differentials between temporary and direct employees in the same occupation. The author concludes that temporary jobs pay lower wages than direct-hire jobs for the same work and that "temporary workers typically do not gain any seniority or experience at their jobs."<sup>23</sup> This has implications for the long-term advancement opportunities of warehouse workers in Will County who are hired as temps.

It is difficult to estimate the number of temporary employees in Will County. According to the U.S. Census, there were 5,958 workers employed in the Temporary Help Services industry in 2007, with 59 business establishments.<sup>24</sup> Data from the Bureau of Labor Statistics for the same year reported 2,037 employed in the industry, and 33 establishments. These discrepancies result from a number of differences in counting practices and from industry classification and reporting between the two sources. What is clear, however, is that the actual number of temporary employees can be calculated a

number of different ways using official data sources. This survey aimed to add depth to these official numbers with on-the-ground research.

## **Conclusion**

The warehousing and storage industry plays a vital role in Will County and in the efficient movement of goods. The industry is expected to grow quickly over the next decade, providing thousands of job opportunities and contributing to the local economy. However, many of these jobs are low-paying, with growing evidence that temporary staffing agencies are playing a major role in staffing warehouses. Temp jobs pay less than direct-hire positions for the same work and are less likely to provide opportunities for advancement. Warehouse workers are not enjoying the same prosperity as the logistics industry as a whole.

**IV. SURVEY FINDINGS**

In the *Bad Jobs in Goods Movement* survey sample, 25% of the respondents were women, while 75% were men. For comparison, the U.S. Census Bureau data estimates that 22% of materials movement workers in Will County are women.<sup>25</sup> Nationally, in the top five warehousing and storage occupations, 30% of the workforce are women, while 70% are men.<sup>26</sup>

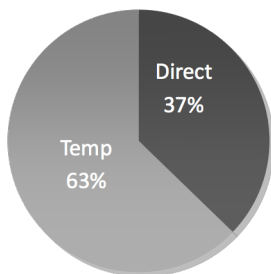
**Temp Agencies, Temp Work**

In addition to the argument that temps are needed for seasonal fluctuations in warehouse employment needs, temp agencies are said to play a role of ‘screening’ employees before they are hired on directly by a company. There is no set time period for this screening process, but a three-month ‘probationary’ period is typical. Workers in warehouses report being told of a 90-day period, and the Workforce Services Division of Will County uses similar language, describing the nature of temporary jobs in this way:

A company has a contract for someone to work for them for a probationary period which can be for 30, 60, or 90 days. After the contract expires, the company then decides if they want to hire the person on permanently or not. Each job order for every company can have different terms depending on the job opening which will be discussed when interviewed.<sup>27</sup>

It is clear from the *Bad Jobs in Goods Movement* survey data that temporary agencies

Figure 2.  
**Temp and Direct-Hire at Current Job**



**Table 2. Demographic Characteristics of *Bad Jobs in Goods Movement* Survey Sample**

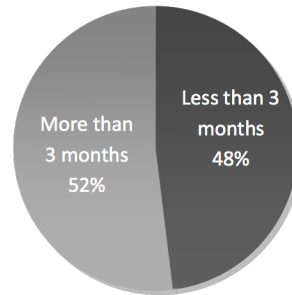
	Percent of Sample
<b>Gender</b>	
Male	75%
Female	25%
<b>Race/Ethnicity</b>	
African American or Black	48%
Latino or Hispanic	36%
White (Non-Hispanic or Latino)	11%
Mixed race/ethnicity	3%
Arab, Asian, or Native American	2%
<b>Age</b>	
18-25	34%
26-35	29%
36-45	20%
46-55	12%
56+	3%
No answer	2%

play a major role in providing labor to warehouses. In the sample, 81% of workers currently working in a warehouse in Will County were hired through a temp agency, versus 19% hired directly by the warehouse operator. This percentage holds true for workers employed in warehouses in the last year, with 82% having been hired through a temp agency.

The percentage of workers who were temps at their current job at the time of the survey was

63%. These temporary employees are often kept on long past the typical three-month period. Of those that were hired through a temp agency, over half had been working as a temp for more than 3 months, and 21% had been working as a temp for over a year. Seasonal fluctuations in employment needs and an employee 'screening' process do not explain this large number of long-term temps. On the contrary, the long tenure of temps in warehouse jobs suggests that warehouse owners and managers are using temporary staffing services to outsource human relations departments.<sup>28</sup>

Figure 3.  
Time as a Temporary Warehouse Worker



The prevalence of flexible employment is also reflected in the instability and uncertainty of warehouse jobs. In the survey, 18% of workers had worked at their current job on and off since starting there, as opposed to having continuous, reliable employment. Additionally, 44% of workers surveyed had worked in two or more warehouses in the last year, suggesting high turnover rates in Will County warehouses.

***One worker surveyed in Joliet had worked as a temp in a name brand electronics goods warehouse for 10 years at the same agency***

High turnover rates, in combination with the large percentage of temp jobs, appears to lead to a different sort of long-term temp situation. Instead of being a temp in one warehouse for a long duration, workers move from warehouse to warehouse as short-term temps unable to find direct-hire jobs. A series of short-term temp jobs

and the inability to find the direct hire positions preferred leads to a permatemp situation, where a worker's career over time consists of a long series of temp jobs.

### Low Wages in Warehouses

While logistics is a profitable industry in Will County, warehouse worker wages do not reflect this fact. The majority of warehouse workers were earning wages below the federal poverty line of \$10.60 per hour. The most common hourly wage was \$8.00.

Table 3. Hourly Wages Earned by Warehouse Workers

	Percent
Below IL Minimum Wage (< \$8.00)	1%
Below Poverty Line (\$8.00-10.59)	62%
Low Wage (\$10.60-15.86)	30%
Living Wage (\$15.87+)	7%

Source: *Bad Jobs in Goods Movement* survey data. Poverty line taken from the Department of Health and Human Services 2009 federal poverty line for a family of four: \$22,050. Living wage data taken from Social IMPACT Research Center.

Most warehouse workers earned low wages, but there was a statistically significant difference in wage levels between temp and direct-hire employees. The median wage for temps was \$9.00 per hour, whereas for direct-hire employees, it was \$12.48 per hour. No significant differences in job responsibilities were found between temporary and direct employees, and temps were sometimes employed in managerial and supervisory positions (although the total number of worker respondents in supervisory positions was small).

The lowest wage reported was \$6.43 per hour—significantly below the \$8.00 per hour minimum wage in Illinois. The highest non-supervisory wage was \$24.04 per hour. A typical warehouse worker in the survey was supporting three people with his or her income.

	All Workers	Temp Workers	Direct Hires
Average Hourly Wage	\$10.67	\$9.08	\$13.33
Median Hourly Wage	\$9.63	\$9.00	\$12.48
Most Common Hourly Wage	\$8.00	\$8.00	\$12.00
Lowest Hourly Wage Earned	\$6.43	\$6.43	\$8.00
Highest Hourly Wage Earned	\$24.04	\$14.00	\$24.04

Source: *Bad Jobs in Goods Movement* survey data

The wages reported in the *Bad Jobs in Goods Movement* survey were significantly lower than wages reported by official data (see page 9), attributed to the fact that government-collected industry statistics do not include temp employees in wage estimations. The survey estimate of \$12.48 per hour for direct-hire jobs is strikingly similar to the BLS estimate of \$12.46 per hour, which consists of only direct-hire jobs.

### Taking on a Second Job

Because of their low earnings, a full 37% of current warehouse workers had to work a second job in order to make ends meet. This fact, combined with the finding that 76% had worked more than 30 hours the previous weeks, gives us a glimpse into the lives of warehouse workers trying to provide for their families. Working one job full time, or close to it, these Will County residents struggle to piece together a livelihood by adding a second job.



## What is a Living Wage for Will County?

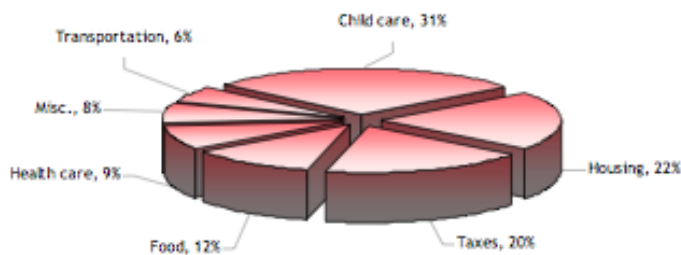
The living wage for Will County of \$15.87 per hour was drawn from research by the Social IMPACT Research Center, which uses the actual cost of basic needs to calculate necessary wages, not including savings or debt. The self-sufficiency wage is the amount needed to make ends meet for a family without reliance on government assistance. While the income needed to support a family depends on the family composition, \$15.87 per hour was selected because of the prevalence of two-earner households in the U.S., as captured by the 2000 U.S. Census.

Variations in the Self-Sufficiency Standard for Multiple Family Types in Will County

Monthly Costs	Adult	Adult + infant	Adult + preschooler + school-age	2 Adults + preschooler + school-age + teenager
Housing	\$887	\$996	\$996	\$1,217
Child Care	\$0	\$743	\$1,397	\$1,397
Food	\$244	\$362	\$552	\$925
Transportation	\$245	\$252	\$252	\$482
Health Care	\$155	\$385	\$405	\$509
Miscellaneous	\$153	\$274	\$360	\$453
Taxes	\$381	\$675	\$904	\$1,020
Earned Income Tax Credit (-)	\$0	\$0	\$0	\$0
Child Care Tax Credit (-)	\$0	-\$53	-\$100	-\$100
Child Tax Credit (-)	\$0	-\$83	-\$167	-\$250
Making Work Pay Tax Credit (-)	-\$33	-\$33	-\$33	-\$67
<b>Self-Sufficiency Wage</b>				
Hourly	\$11.55	\$19.98	\$25.95	\$15.87 <i>per adult</i>
Monthly	\$2,032	\$3,517	\$4,567	\$5,587
Annual	\$24,386	\$42,204	\$54,804	\$67,040

## Where the Money Goes

Basic Needs by Percent of Income Needed,  
Will County (2009)  
One parent with a preschooler and a school-age child



Families have a variety of basic needs that they must attend to. In Will County, a single parent with a preschooler and a school-age child will have to spend 52% of their monthly income on just two budget items—child care and housing.

Only 8% of the budget is available for “miscellaneous” expenses such as housekeeping and personal items, clothing, phone service, savings, debt repayment, or recreation. Clearly, families have to make choices as this small portion of the budget will not cover all these expenses.

Source: Social IMPACT Research Center, [www.ilsselfsufficiency.org](http://www.ilsselfsufficiency.org)

## ***Piece Work in Warehouses***

While conducting surveys, researchers learned that warehouse loaders and unloaders are sometimes paid by piece, or “production.” Through in-depth interviews with workers who were paid by piece, researchers learned that this means that workers received a certain wage for each box, pallet, or truck they load or unload at the docks.

Most often, loaders and unloaders (sometimes called “lumpers”) were paid by truck. The wage per truck in the warehouses surveyed ranged between \$32.00 and \$80.00, which is divided between all people who work to load or unload that truck—normally between two and four people. This rate is constant regardless of the time necessary to complete a load, which meant between one and three loads during the normal work day. Workers complained that when a load came in a couple of hours before the end of a shift, unloaders were expected to stay until that load was finished, sometimes up to seven hours later.

The moving variables in this payment equation make wages for these workers inconsistent at best. Because hours are not accounted for in wages, they are poorly recorded, which makes keeping track of hourly pay difficult. One Will County worker reported making as little as \$180 during a 40-hour work week. This means about \$4.50 per hour, almost half the legal Illinois minimum wage of \$8.00 per hour (at the time of the survey). Documenting wage theft in these positions is difficult because of how pay is determined. Yet based on worker interviews, this practice may be allowing warehouses and temp agencies to pay less than minimum wage. Further investigation will help reveal the extent of wage theft for ‘production’ workers.

***“[We] make \$30 per 10 feet we load, and split it with however many people are working the trailer. When I asked how [the supervisor] tells how many feet we've loaded, they said, ‘We ‘eyeball’ it.’ Seriously?”***

-Warehouse worker, paid by “production”

## **Government Assistance**

Low-wage jobs do not only cause problems for the individual workers and their families: there are costs to the public as well. The *Bad Jobs in Goods Movement* survey found that 25% of workers currently working in a warehouse relied on one or more government benefits. Almost all workers receiving assistance from the government were temps. This is not surprising, since survey data revealed that temps are paid less than direct-hire employees. Yet the implications of the 25% of workers needing government assistance should not be underestimated. By paying employees poverty-level wages, companies are able to reduce their overall labor costs. Yet, pushing wages so low that workers need

***One in four warehouse workers had to rely on government assistance to make ends meet for their families***

public assistance effectively shifts the burden of supporting families to the public.

## Injuries

The *Bad Jobs in Goods Movement* study found that 18% of workers reported having been injured on the job. More than a third of workers who had been injured did not report the injury to their employer, and many workers cited fear of reprisal from their employer as the reason they did not report their on-the-job injury. Only 28% of workers who were hurt on the job received workers' compensation. Lastly, 29% of workers hurt on the job who reported it to their employer were disciplined or fired for their injury.

	Percent of Workers
Workers who were hurt on the job	18%
Workers who reported being injured on the job to their employer	69%
Workers who received workers' compensation after being injured on the job	28%
Workers who were disciplined or fired for being injured on the job	29%

Because of the wide variety of goods being moved through warehouses, workplace injuries are diverse. Heavy lifting can result in physical harm, especially if done without proper equipment and training. When boxes shift during the transportation process, sometimes their contents break or spill. For example, workers reported eye damage after a chemical spill and skin irritation due to contact with spices without proper protective equipment.

## Benefits

Benefits such as sick days, vacation time, and health insurance help maintain quality of life for workers and allow them to tend to their families. One of the consequences of temporary employment is the lack of benefits offered through employment. The survey revealed dramatic differences in the provision of benefits between temps and direct hires. Temp workers were far less likely to be afforded benefits as their direct hire counterparts: just 5% of temp jobs allowed a warehouse worker to take paid sick days, versus 48% of direct hire positions; and 8% of temp jobs allowed a worker to take paid vacation days, whereas 68% of direct hires were afforded the benefit of vacation time. A mere 4% of temps in warehouses had health insurance through their job, compared to 80% of direct hires. Not only are temp warehouse workers paid low wages, they are rarely compensated with benefits for what is often a physically exhausting job.

Employment Status	Paid Sick Days	Paid Vacation	Health Insurance
Direct Hire Employees	48%	68%	80%
Temp Employees	5%	8%	4%

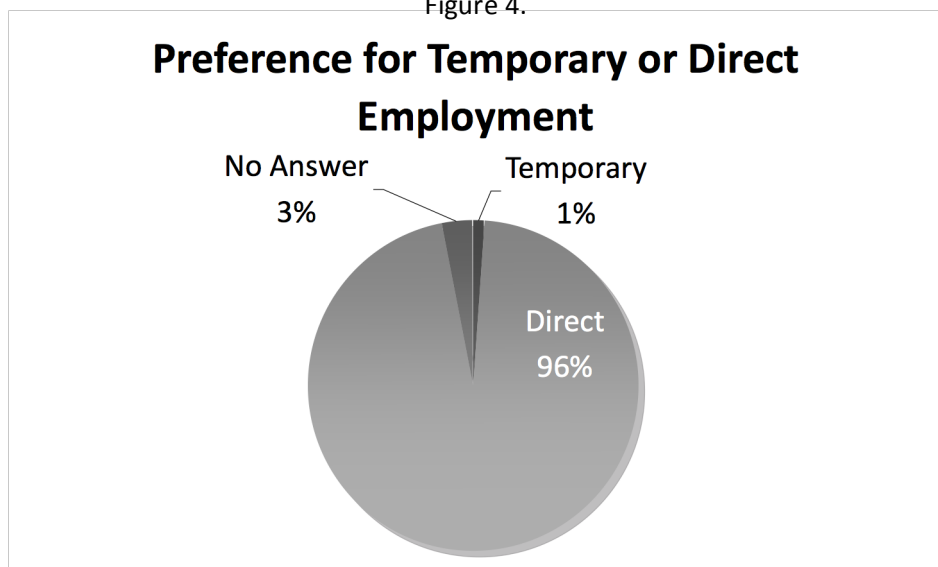
## Discrimination

All workers are protected under the Equal Employment Opportunity Act from discrimination based on race, color, religion, sex, national origin, age, or disability. Additionally, the National Labor Relations Act and Occupational Health and Safety Act protect workers' rights to safe and healthy working conditions and the right to organize and bargain collectively. Unfortunately, these rights are often not respected in warehouses. **Nearly 40% of warehouse workers reported being discriminated against** warehouse workers interviewed reported being discriminated against. The most commonly cited form of discrimination was race, followed closely by speaking out for workers rights at work. Other discrimination was related to gender, criminal background, language, immigrant status, and sexual orientation.

## Preference for employment relationship

It is a common contention that today's worker prefers the flexibility of temporary employment. The *Bad Jobs in Goods Movement* survey results strongly refute this contention. A full 96% of workers interviewed said they would prefer a direct-hire position, while 1% stated a preference for temp work through a staffing agency. The remaining 3% did not answer the question.

Figure 4.



### ***The Illinois Day Labor and Temporary Services Act***

The Illinois Day Labor and Temporary Services Act was passed in 2003 to address labor rights violations in the temporary staffing and day labor industries. The law requires temporary agencies in to register with the Illinois Department of Labor each year and keep detailed records of employment sites, wages, and hours worked. In addition, the law requires that each employee who is contracted to work at a work site but then not utilized to be paid for 4 hours of work. After hearing reports from temporary warehouse employees of showing up for work, being sent home, and not being paid, this question was included in the survey.

***15% of the workers who had been hired through a temp agency reported having shown up for work and not been paid, in violation of the Illinois Day Labor and Temporary Services Act.***

This is just one of the provisions in the law that was included as a test. The results suggest further exploration of violations of this law are warranted.

In December 2009, a lawsuit was filed against a temp agency that supplies workers to a major big-box retailer in Will County. The lawsuit arose from the failure of the temp agency to comply with the Illinois Minimum Wage Law and the Illinois Day Labor and Temporary Services Act, including failure to pay employees for a minimum of four hours when the worker was contracted but utilized for less than four hours.

## V. RECOMMENDATIONS

The *Bad Jobs in Goods Movement* report is an extensive look at warehouse work in Will County. It found warehouse jobs were largely low-paying, temporary jobs with deleterious effects on workers, their families, and society as a whole. Policymakers have failed to guarantee good jobs, despite large public subsidies and incentives to private developers and businesses in Will County.

Warehouse Workers for Justice recommends a series of measures to begin to address the bad working conditions in the industry, in order to build a vibrant, fair economy in Will County.

### ***Create a pathway to stable employment***

Implement policies that require warehouse operators to provide stable, permanent jobs with regular hours. Provide incentives for employers that employ warehouse workers directly, rather than through temporary staffing agencies. Link taxpayer support to warehouse operators and developers to the creation of direct-hire positions rather than temp jobs.

### ***Enact policies that promote living wage jobs***

Link taxpayer support for the warehouse and logistics industry to the creation of permanent, direct-hire jobs at living wages.

### ***Strengthen and enforce laws that protect workers***

Labor, anti-discrimination, wage and hour and health and safety laws should be strictly enforced. The Illinois Day Labor and Temporary Services Act should be strengthened to provide more severe penalties against temp companies that abuse workers' rights under the law. Anti-discrimination laws should be amended to provide greater penalties against employers who discriminate based on race, gender and national origin.

### ***Allow warehouse workers the right to organize***

Policy makers should address the barriers faced by temp workers who want to unionize in order to improve their working conditions. Warehouse workers should be educated about the benefits of collective bargaining and resources should be made available to assist workers in learning their rights under current law.

## **VI. CONCLUSION AND FUTURE DIRECTIONS**

Temporary jobs that do not allow for a job ladder, where workers gain experience and move up through the ranks, can stifle employment prospects. According to the Illinois Department of Employment Security, the opportunity to become a Transportation and Distribution Manager, where the entry level wages are \$46,703 per year, requires work experience: "While education is important to prepare for this occupation, work experience is just as important. Most storage or transportation managers gain experience by working up through the ranks."<sup>29</sup> Indications from this survey and beyond suggest that temp jobs will not allow workers to gain the experience they need to qualify for good warehouse jobs. The recommendations outlined in this report would go a long way toward improving the current and future prospects for warehouse workers in Will County.

### **Future Research Directions**

As a first look into the warehouse industry in Will County, this research points to future directions which demand more study. A quarter of warehouse workers said they had worked more than 40 hours during the previous week. This large percentage of overtime hours demands an examination of the prevalence of overtime wage theft, given that this study already found many workers had experienced a violation of the Illinois Day Labor and Temporary Services Act. Discrimination and health and safety violations are also key areas in which more information is necessary to understand the nature of warehouse jobs.

## VII. APPENDIX

Appendix 1. Chicagoland Warehouse Employment, 2009		
Occupation	Employment	Median Hourly Wage
Shipping, Receiving, and Traffic Clerks	23,230	\$13.78
Stock Clerks and Order Fillers	52,540	\$9.60
Industrial Truck and Tractor Operators	18,680	\$14.45
Laborers and Freight, Stock, and Material Movers, Hand	78,240	\$10.84
Packers and Packagers, Hand	36,520	\$9.19

Source: Bureau of Labor Statistics, Occupational Employment Statistics, First Quarter 2009.  
Chicagoland refers to the Chicago-Naperville-Joliet, IL Metropolitan Division

### NOTE ON THE SAMPLE

Stratified sampling methods were used to construct a sample as representative as possible. Industry and U.S. Census data were gathered to identify common characteristics of warehouse workers. There are strengths and limitations to this method, as in any other, which may have affected the results. Because of the fluid nature of warehouse work and the prevalence of temporary staffing agencies, most workers were contacted on the street and outside of warehouses, and thus the sample may not be strictly random. The greatest strength in this sampling method, however, is the ability to capture populations that do not otherwise appear in official data sources, namely temporary employees. Given the lack of sources that include both temporary and direct-hire employees in comprehensive data on the industry, we chose to use this method in order to construct a fuller picture of warehouse work in Will County. Further, the number of warehouses represented in this sample—156—suggests the survey covered a substantial piece of the industry. The small number of interviews conducted within workers' social networks revealed results similar to the rest of the survey.



## ENDNOTES

---

<sup>1</sup> Bruns, A. (2010). New Pathways: Energy Costs, Environment, and a Resurgent Manufacturing Base Conspire to Reshape Distribution Networks. *Site Selection Magazine*, 1/2010.

<sup>2</sup> Owen, M. (2010). Joliet seeks to become O'Hare of the train-truck world. *Chicago Tribune*, 8/4/2010.

<sup>3</sup> Multiple attempts were made to obtain the total number of warehouses in Will County. However, it appears that warehouse density is measured in square feet, not individual warehouses. Devries and Demisi (2008) suggest the average warehouse square footage in Chicagoland to be 403,629, though their sample size was small. Using this as a rough estimate, there are 218 warehouses in Will County. We believe this to be a low estimate, given that a cursory count of warehouses from satellite imagery provides an estimate over 300. Regardless, the 156 warehouses represented in this sample is a robust sampling of workplaces.

<sup>4</sup> Labor Notes (2009). *The Cargo Chain*. Center for Urban Pedagogy.

<sup>5</sup> U.S. Research and Innovative Technology Administration, Bureau of Transportation Statistics. U.S. versus World Maritime Container Traffic and Gross Domestic Product: 1995–2008. Figure used includes total TEUs loaded and empty. Accessed 8/13/2010 at [www.bts.gov](http://www.bts.gov)

<sup>6</sup> Seaport Consultants Canada Inc. (2009). West Coast Container Traffic Trends. Figure used was for total U.S. container traffic YTD September 2008 to 2009 by TEUs. Accessed 8/13/2010 at [www.seaport.com](http://www.seaport.com)

<sup>7</sup> U.S. Department of Labor, Bureau of Labor Statistics. *Occupational Employment Statistics*. Metropolitan and Nonmetropolitan Area Occupational Employment and Wage Estimates, Chicago-Naperville-Joliet, IL Metropolitan Division (2009).

<sup>8</sup> Chicago Metropolitan Agency for Planning. (2009). *Industry Clusters Regional Snapshot*. [www.cmap.gov](http://www.cmap.gov)

<sup>9</sup> McGowan, M. (2005). The Impact of Shifting Container Cargo Flows on Regional Demand for U.S. Warehouse Space. *Journal of Real Estate Portfolio Management* 11:2, 2005

<sup>10</sup> Grubb & Ellis Logistics Market Trends, Second Quarter 2009. [www.grubb-ellis.com](http://www.grubb-ellis.com)

<sup>11</sup> State of Illinois, Illinois Department of Economic Security. (2009). *Local Workforce Areas Employment Projections*. Local Workforce Area #10 (Will County).

<sup>12</sup> Chicago Metropolitan Agency for Planning (2010). *Regional Framework and Policy Recommendations*. [www.cmap.gov](http://www.cmap.gov)

---

<sup>13</sup> The industry classification for Warehousing and Storage (NAICS 493) is not complete, as establishments may self-classify in other categories, such as Wholesale or Retail Trade. The occupations listed here are the five largest within Warehousing and Storage, though because of the way warehouses and distribution centers are classified, not all employees in these occupations work in warehouses or distribution centers, and other workers in distribution centers that are classified in Wholesale or Retail Trade are not included.

<sup>14</sup> State of Illinois, Illinois Department of Economic Security. (2009). *Local Workforce Areas Employment Projections*. Local Workforce Area #10 (Will County).

<sup>15</sup> Some researchers and industry analysts estimate the number of employees in a warehouse using the square footage of the warehouse divided by 2000 (University of Washington's Real Estate Center, Bonacich and Wilson 2008). However, DeVries and Demisi (2008) estimate that the average number of square footage per employee in Chicagoland warehouses is 2,949. This Chicagoland estimate was used to calculate 30,000 warehouse workers in Will County.

<sup>17</sup> U.S. Department of Labor, Bureau of Labor Statistics. *Occupational Employment Statistics*. Chicago-Naperville-Joliet, IL Metropolitan Division (2009).

<sup>18</sup> Jaffee, D. (2010). Industry Structure, Organizational Forms, and Labor Dynamics in the Intermodal Logistics Supply Chain. Paper for the 8th International Labour Process Conference New Brunswick, New Jersey, March 15-17, 2010.

<sup>19</sup> Bonacich, E. and Wilson, J.B. (2008). *Getting the Goods: Ports, Labor, and the Logistics Revolution*. Ithaca, NY: Cornell University Press.

<sup>20</sup> Ciscel, D., Smith, B., and Mendoza, M. (2003). Ghosts in the Global Machine. *Journal of Economic Issues*, 37.

<sup>21</sup> Bonacich, E. and Wilson, J.B. (2008).

<sup>22</sup> Kilcoyne, P. (2004). *Occupations in the Temporary Help Services Industry*. Bureau of Labor Statistics.

<sup>23</sup> *Ibid.*

<sup>24</sup> U.S. Census Bureau, County Business Patterns (2007).

<sup>25</sup> U.S. Census Bureau, American Community Survey (2008).

<sup>26</sup> U.S. Department of Labor, Bureau of Labor Statistics. Household Data Annual Averages, 2009.

<sup>27</sup> Workforce Services Division of Will County. E-Jobs Board Website. Accessed 7/14/2010. [www.jobs4people.org](http://www.jobs4people.org)

<sup>28</sup> This study was conducted during the second quarter of 2010. Freight volumes are lowest during the first quarter and begin to pick up during the second. Peak volumes are generally

---

considered to occur from July through October, and Chicagoland warehouses appear to have the highest activity levels during the third quarter, July through September (Devries and Demisi 2008). Some temporary employment in the warehousing and distribution industry is said to be seasonal, growing when shipping volumes and consumer demand increases. The seasonal explanation of temporary employment alone is insufficient to explain the high number of temporary employees in Will County warehouses.

<sup>29</sup> State of Illinois, Illinois Department of Economic Security. (2007). *Guide to Career Choices: Transportation, Distribution, and Logistics*.

## ***Thank You***

Interfaith Action Committee  
Nik Theodore, Center for Urban Economic Development  
Sara O’Neill Kohl, Center for Urban Economic Development  
Jose Oliva, Restaurant Opportunity Center United  
Carl Rosen, UE  
Ang Garcia and the Peoples’ DJs Collective  
Terry Davis, Committee on New Priorities  
Rinda West

*Research, writing, and data analysis provided by Carolyn Paul, Jesus Guillen, Tony Guillen, Leah Fried, A. Cooper, Tory Moore, Abraham Mwaura, Cindy Marble, Leticia Marquez-Prado, Beth Gutelius, Margot Nikitas, and Mark Meinster.*



Warehouse Workers for Justice  
[warehouseworker.org](http://warehouseworker.org)  
888-DIGNIDAD

