

New Orleans: Jobs, Workers, and Barriers to Economic Equity

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New Orleans was a poor city long before Hurricane Katrina arrived on August 29, 2005. In 2004, 23% of the city's residents lived below the poverty line, ten percentage points more than in the nation as a whole. Median family income was just two-thirds of the national average.¹ Unemployment in the city was 12%, over twice the national rate.²

New Orleans was also a majority African American city. Before the storm, Blacks comprised over two-thirds (68%) of the population, while Euro-Americans were 26% and Latinos were 3%.

After Katrina, tens of thousands of workers, especially African Americans, lost their jobs. Housing was destroyed. Needed services such as health care, child care, and public transportation were severely curtailed. In addition, government and private institutions established conditions that facilitated the exploitation of some workers and the exclusion of others. These conditions make it difficult for many workers, especially poorer ones and people of color, to return to the city.

The number of households receiving mail delivery is one indicator of the city's population. Approximately one year after the storm, the number of households in the New Orleans metro area with active mail delivery was 78% of the pre-Katrina level. By November, 2007, the figure had climbed to 86%. But there were large differences among parishes. In the more hard hit parishes of Orleans and St. Bernard, the 2007 figure was just 71% and 41%, respectively, while in Jefferson Parish it was 98%. By 2006, the share of African Americans in the city had fallen to 59%, whites had risen to 34%, and Latinos had risen slightly to 4%.³

Setting the stage – an erosion of legal protections for workers

Within days of Katrina, President George W. Bush issued a series of executive orders that greatly increased the likelihood of worker abuse and discrimination, especially of those in blue collar occupations, and of African American entrepreneurs.

- On August 30, 2005, the day after Katrina hit New Orleans, the U.S. Occupational Safety and Health Administration suspended enforcement of health and safety measures on the job. This meant that firms engaged in clean-up were not fined for failure to provide protective equipment such as masks, gloves, or respirators to workers handling hazardous materials such as mold, petroleum, asbestos, arsenic, and other toxins. Nor were employers penalized for failing to provide appropriate safety training to workers.
- Just eight days after Katrina, the Department of Homeland Security announced it would suspend, for at least 45 days, sanctions against Gulf Coast employers who hired workers who could not present documents normally required by federal immigration law. This encouraged the recruitment and hiring of undocumented workers.⁴ However, for the first time in more than 20 years, the federal government failed to suspend immigration enforcement to allow disaster victims to seek emergency services (or protection against worker abuses).⁵ Approximately two months later, DHS reinstated employer sanctions but this did not impact workers who had already been hired.

- On the 10th day after Katrina, President Bush issued an executive order waiving the requirement that private contractors receiving federal dollars pay their workers at least the prevailing (average) industry wage of the region. In addition, contractors were no longer required to maintain records on wage rates paid, thereby facilitating wage discrimination and fraud.⁶ However, in the face of strong objections by activists, unions, and some members of Congress, this action was rescinded two months later. But in the meantime, some \$500 million to \$1 billion in contracts had been awarded and these contracts remained exempt from the prevailing wage requirement.⁷
- On the 11th day after the hurricane, the Department of Labor suspended affirmative action requirements. Federal contractors, who would receive billions of dollars in federal contracts over the coming months, were no longer required to implement affirmative action and anti-discrimination plans. Moreover, many of these were “no-bid” contracts, awarded to large, politically-connected national and international firms. By October 4, 2005, \$1.6 billion in contracts had been let. Just 1.5% of these had gone to minority contractors, far below the already low federal standard of 5%.⁸

In a nation, already beset by racism and anti-immigrant sentiment, the relaxed legal framework and a post-disaster chaotic environment led to extreme abuses of workers.

Problems for Workers

The problems and barriers that workers encounter include wage theft, the nonpayment and underpayment of promised wages; exposure to toxins, workplace injuries, and the denial of workers compensation for on-the-job injuries; the lack of housing, childcare, public transportation, and subsidized housing; and structural racism.

- ***Wage theft, the nonpayment and underpayment of promised wages.*** Interviews with workers show wage theft to be a very widespread problem especially among undocumented workers who comprise 25% of the workforce.⁹ It can take many forms. Employers may pay workers with checks that bounce. A subcontractor who is not paid by the primary contractor or by another subcontractor may be unable to pay workers. Even with assistance, workers may be unable to collect owed wages because they cannot identify the employer or contractor. One survey found that 47% of workers had experienced wage theft.¹⁰ In some areas of the city up to 60% of workers have experienced it.¹¹ Construction workers typically work an average of 9½ hours per day, six days a week. But few workers receive extra pay for hours worked above 40 as required by federal law.¹²
- ***Exposure to toxins, workplace injuries, and denial of workers compensation for injuries received on the job.*** The lack of proper training about hazards and lack of protective gear, coupled with an inherently dangerous environment due to mold, asbestos, petroleum, and other toxins spread by flood waters, results in injuries to workers. There is also a shortage of health care facilities in New Orleans. Clean water is often lacking on the job site making it difficult for workers to wash before eating. Inadequate housing and transportation means that some workers take too few showers and wash their clothes too seldom, exacerbating their exposures to toxins. Although most workers are eligible for workers compensation insurance to pay health care costs for injuries on the job and to replace income lost during sick leaves, they are often denied this benefit by their

employer.¹³ If a worker is injured on the job, instead of receiving treatment he may be terminated.

- ***Housing is scarce.*** Workers, many in low-paying jobs, cannot afford the housing that is available. Before the storm, over half (53%) of occupied housing units in New Orleans were rental units.¹⁴ One year after the storm, nearly two-thirds (62%) of these units were unoccupied, possibly destroyed. Over half (56%) of houses were unoccupied or destroyed. While there has been a focus on rebuilding homes, this is not true of apartment buildings. Compared with 2004, rents in 2008 are up 65% for an efficiency apartment, up 59% for a one bedroom, and up 50% for a two bedroom.¹⁵ At the end of 2007, some 33,000 households were still living in trailers in the New Orleans greater metro area. However this is down by about half from its peak in July 2006.¹⁶
- ***Childcare is hard to find:*** In New Orleans parish, just 106 childcare centers are open compared with 275 before the storm, a decline of 61%.¹⁷
- ***The lack of public transportation is another barrier to finding and keeping a job.*** In early 2008, the New Orleans Regional Transit Authority was running just 19% as many buses as in 2004, and serving fewer than half the routes.¹⁸ (In 2004, 21% of occupied housing units had no vehicle.¹⁹)
- ***The lack of subsidized public housing.*** Prior to Katrina, 5,200 families lived in public housing and 18,000 more were on a waiting list. By September, 2007, an estimated 1,100 units of public housing were occupied.²⁰ Some 12,000 people in the city were homeless, double the pre-Katrina level.²¹ Nonetheless, the four largest public housing units in the city were slated for demolition. One expert found that “no structural or nonstructural damage was found [in the housing projects] that would reasonably warrant any cost-effective building demolitions.”²² Another found that “the environmental condition of these buildings is good and can be improved for immediate occupancy simply by clearing the units of all debris and sanitizing the room surfaces of the second and third storeys. First floor units may need minor floor repairs.”²³ New Orleans plans to spend \$762 million to demolish 4,600 public housing subsidized apartments and replace them with 744 units.²⁴
- ***Structural racism.*** Many African American who want to return home to New Orleans find themselves shut out. Workers report overt discrimination.²⁵ Suspension of affirmative action in hiring and awarding contracts penalized African Americans. Moreover, structural factors such as the lack of affordable housing, especially for renters, lack of childcare in predominantly African American parts of the city, and lack of public transportation mean families cannot return and find employment. These structural impediments create disadvantage and inequities that routinely disadvantage people of color. The impact of these policies and practices, intended or not, constitute structural racism.²⁶

Additional Resources

Browne-Dianis, Judith, Jennifer Lai, Marielena Hincapie, Saket Soni; *And Injustice for All: Workers' Lives in the Reconstruction of New Orleans*, Washington DC: Advancement Project, 2006. <http://www.advancementproject.org/reports/workersreport.pdf>

Fletcher, Laurel E., Phuong Pham, Eric Stover, Patrick Vinck; *Rebuilding After Katrina: A Population-based Study of Labor and Human Rights in New Orleans*, Berkeley, CA: International Human Rights Law Clinic, Boalt Hall School of Law, U.C., 2006. http://www.law.berkeley.edu/clinics/ihrhc/pdf/rebuilding_after_katrina.pdf

Kromm, Chris and Sue Sturgis, *Blueprint for Gulf Renewal: The Katrina Crisis and a Community Agenda for Action*, Institute for Southern Studies, 2007. <http://www.southernstudies.org/gulfblueprint.pdf>

Liu, Amy and Allison Plyer, *Tracking Recovery of New Orleans and the Metro Area: The New Orleans Index*, Washington, DC: The Brookings Institution Metropolitan Policy Program & Greater New Orleans Community Data Center, January 2008. <http://www.gnocdc.org/NOLAIndex/NOLAIndex.pdf>

Endnotes

- ¹ Browne-Dianis, Judith, Jennifer Lai, Marielena Hincapie, Saket Soni; *And Injustice for All: Workers' Lives in the Reconstruction of New Orleans*, Washington DC: Advancement Project, 2006, p 10.
- ² Ibid, p 10.
- ³ U.S. Bureau of the Census, American Community Survey. http://factfinder.census.gov/servlet/ADPTable?_bm=y&-qr_name=ACS_2006_EST_G00_DP5&-geo_id=16000US2255000&-gc_url=&-ds_name=&-lang=en&-redoLog=false
- ⁴ Interfaith Worker Justice, "Working on Faith: A Faithful Response to Worker Abuse in New Orleans," Chicago, IL: IWJ, 2006, p.8
- ⁵ National Council of La Raza, "Federal Government and American Red Cross Not Prepared to Serve Latinos in Next Diasater, Report Finds," Press Release, February 28, 2006.
- ⁶ Browne-Dianis, Judith, Jennifer Lai, Marielena Hincapie, Saket Soni; p. 33.
- ⁷ Interfaith Worker Justice, p. 9.
- ⁸ Interfaith Worker Justice, p. 9
- ⁹ Fletcher, Laurel E., Phuong Pham, Eric Stover, Patrick Vinck; *Rebuilding After Katrina: A Population-based Study of Labor and Human Rights in New Orleans*, Berkeley, CA: International Human Rights Law Clinic, Boalt Hall School of Law, U.C., 2006, p. 12.
- ¹⁰ Interfaith Worker Justice, p. 3.
- ¹¹ Browne-Dianis, p. 29.
- ¹² Liu, Amy and Allison Plyer, *Tracking Recovery of New Orleans and the Metro Area: The New Orleans Index*. Washington, DC: The Brookings Institution Metropolitan Policy Program & Greater New Orleans Community Data Center, January 2008, p. 17 <http://www.gnocdc.org/NOLAIndex/NOLAIndex.pdf>
- ¹³ Browne-Dianis, et al, p 41.
- ¹⁴ U.S. Bureau of the Census, American Community Survey. Accessed February 18, 2005. http://factfinder.census.gov/servlet/ADPTable?_bm=y&-geo_id=16000US2255000&-qr_name=ACS_2004_EST_G00_DP4&-gc_url=&-ds_name=ACS_2004_EST_G00_&-lang=en&-redoLog=false
- ¹⁵ Liu, Amy and Allison Plyer, *Tracking Recovery of New Orleans and the Metro Area: The New Orleans Index*. Washington, DC: The Brookings Institution Metropolitan Policy Program & Greater New Orleans Community Data Center, January 2008, p. 26. <http://www.gnocdc.org/NOLAIndex/NOLAIndex.pdf>
- ¹⁶ Liu, Amy and Allison Plyer, p. 33
- ¹⁷ Liu and Plyer, p. 56.
- ¹⁸ Liu and Plyer , p.54
- ¹⁹ U.S. Bureau of the Census, American Community Survey. Accessed February 18, 2005. http://factfinder.census.gov/servlet/ADPTable?_bm=y&-geo_id=16000US2255000&-qr_name=ACS_2004_EST_G00_DP4&-gc_url=&-ds_name=ACS_2004_EST_G00_&-lang=en&-redoLog=false
- ²⁰ Cass, Julia and Peter Whoriskey, "New Orleans to Raze Public Housing.," *Washington Post*, December 8, 2006.
- ²¹ Advancement Project "Federal Government Moves Forward with Plans to Keep Katrina Survivors Homeless, Press Release, Sept. 26, 2007.
- ²² Declaration of architect and MIT professor John E Fernandez, in case of Anderson v. Jackson, Oct 2006. <http://www.advancementproject.org/pdfs/katrina/Declaration%20of%20Architect.pdf>
- ²³ Statement of David Martinez, licensed mold assessor and consultant, in case of Anderson v. Jackson, Oct 2006 -- inspected Lafitte, CJ Peete, BW Cooper, St Bernard <http://www.advancementproject.org/pdfs/katrina/Declaration%20of%20Mold%20Expert.pdf>
- ²⁴ Advancement Project, "On December 15th, Housing Crisis in New Orleans May Reach Epidemic Proportions," Press Release, December 5, 2007.
- ²⁵ Browne-Dianis, et al., p. 14.
- ²⁶ See Browne-Dianis, et al.