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Worker Centers and Day Laborers' Wages*

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Objective. The objective of this study was to assess the impact of day laborer worker centers on the hourly wages earned by day laborers. *Methods.* Using data from the National Day Labor Survey, a two-step method was estimated to measure the wage impacts of day labor worker centers, and to control for endogeneity and selection bias. Estimated wages were compared across hiring sites to determine whether or not a wage premium was earned by workers who participate in day labor worker centers. *Results.* We find a modest, but statistically significant, wage premium earned by workers who participate in day labor worker centers, as well as evidence suggestive of the capacity of worker centers to mitigate market advantages associated with informal hiring sites. *Conclusions.* We argue that while worker centers remain the most effective means through which day labor markets can be regulated and workers' wages improved, increasing the regulatory capacity of these labor market intermediaries will require a significant "scaling up," so that they can more fully influence the larger political, economic, and social contexts in which the day labor economy is embedded.

Day laborers soliciting work on street corners and in store parking lots represent one of the most extreme forms of contingent employment in the United States. Day laborers perform a range of manual-labor jobs for low pay, usually for nonunion contractors in the residential construction industry, landscaping contractors, and private households. Approximately 90 percent of all day laborers are migrants, mainly of Latin American origin, and most are undocumented (Valenzuela et al., 2006). The workforce satisfies the demand for casual labor that has grown in the context of an ongoing search by employers for greater labor flexibility, and a growing reliance on low-wage labor (Marcelli, 2004; Portes and Sassen-Koob, 1987; Theodore, 2003; Bernhardt et al., 2008; Bernhardt, Spiller, and Theodore, 2013; Peck and Theodore, 2012). However, effectively operating beyond the reach of employment laws and regulations, the day labor market is one in which "systematic violations of labor and employment laws are the norm" (Theodore, Valenzuela, and Meléndez,

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2009:506), and where workers are routinely subjected to the nonpayment of wages, hazardous working conditions, and other employer abuses (Valenzuela et al., 2006). Coupled with the often-held perception by day laborers that they have limited ability to address grievances through official legal channels, such realities leave day laborers vulnerable to exploitation and place them among the most economically marginalized workers in the United States.

Day labor worker centers have emerged as the primary programmatic response to the rampant violations of employment laws and health and safety regulations that characterize the day labor market (Gordon, 2005; Theodore, Valenzuela, and Meléndez, 2009). Designed to facilitate and monitor the exchange of labor that occurs between workers and employers, these centers act as labor market intermediaries, and hold the potential of disciplining the *laissez-faire* conditions present in the sector. Research indicates that, at their best, day labor worker centers provide the necessary mechanisms to increase the transparency of the hiring process, effectively monitor employment conditions, and provide opportunities for worker incorporation into the formal economy through job-search assistance and training (Gordon, 2005; Fine, 2006; Camou, 2009; Theodore, Valenzuela, and Meléndez, 2009). However, while research has strongly suggested that worker centers possess the potential to transform the day labor market, to date, the extent to which day labor worker centers actually impact the economic outcomes experienced in this sector has remained understudied.

This article provides an important contribution to the literature by examining the impact of worker centers on the economic outcomes experienced by day laborers. Previous research suggests that the potential of worker centers to transform local day labor markets depends on their ability to place a “floor” under wages and working conditions by instituting minimum wages and other rules governing the employment relationship. However, conventional wisdom maintains that day laborers who seek work at informal sites command higher wages than those who seek work at centers (Gonzalez, 2007; though Theodore et al., 2008 found evidence that wages at worker centers are higher than those paid at informal hiring sites). Using data from the 2004 National Day Labor Survey (NDLS), we estimate a two-step wage model, accounting for selection bias and the endogeneity of worker choice, to consider the impact of day labor worker centers on the hourly wages commanded by day laborers. Comparing hourly wages earned across both informal and formal hiring sites we find a modest, but statistically significant, wage premium for day laborers who seek employment through worker centers. When comparing the hourly wages estimated for workers at each type of hiring site, the results further suggest that worker centers are able to mitigate the market advantages associated with seeking work within the informal economy. Ultimately, we argue that these labor market intermediaries are effective mechanisms for regulating working conditions and improving the economic outcomes experienced in the day labor economy. However, substantially improving and supporting the economic integration of day laborers will require that worker centers “scale up” their

operations in order to exert influence over the larger economic, political, and social contexts that envelop day labor in the United States.

The Informal Day Labor Market and Worker Centers

Day laborers are among the most vulnerable of the immigrant working populations in the United States. Day labor is a highly precarious employment arrangement. Workers are hired on an as-needed basis with no guarantee of continuing employment from one day to the next, or even from one hour to the next. Employment agreements are unwritten and difficult to enforce, and redressing violations of labor standards is difficult to achieve. In the United States, as in many other countries, day labor serves as a point of entry into the labor market for migrant workers. However, the exploitive nature of the day labor economy makes subsistence within, as well as mobility out of, this labor market and into more formalized sectors extremely difficult to achieve and it hinders the economic incorporation of day laborers.

Once inside the informal day labor economy, workers experience a multitude of abuses and violations of basic labor laws. Employers often exploit the urgent need for work among day laborers as evidenced by high rates of wage nonpayment and exposure to hazardous working conditions (Valenzuela et al., 2006). Day laborers report routinely experiencing a variety of other employer abuses as well: being paid an amount that is lower than that was agreed upon at the end of the term of hire, being abandoned at job sites, and a refusal by employers to cover on-the-job injuries sustained through workers' compensation insurance (Valenzuela et al., 2006). Such abuses are often accompanied by threats that employers will report workers to immigration authorities, as well as other forms of retaliation if workers object to substandard conditions (Mehta and Theodore, 2006; Valenzuela, 2003). These realities, coupled with a perception held by many day laborers that they are unable to seek formal recourse for employer abuses (i.e., filing wage claims or reporting workplace safety hazards to government agencies), have meant that violations of basic labor standards are a key characteristic of the day labor economy.

Allowed to flourish under the *lassiez-faire* conditions and landscapes of deregulation, which typify informal and contingent labor markets in the United States, the exploitation of day labor has significant implications for the outcomes experienced by workers in this sector. Earnings patterns are volatile due to the extreme insecurity and instability of the work. Valenzuela et al. (2006) estimate that the typical monthly earnings of day laborers range from \$500 to \$1,400 and that annual earnings are unlikely to exceed \$15,000. These estimates place day laborers at or below the poverty threshold, creating a sense of urgency on the part of day laborers to accept whatever jobs are available and to agree to work on employers' terms. Moreover, the high rates of abuse present in the day labor economy influence the earning capacity of day laborers, as overall earnings can be negatively impacted both by an employer's

refusal to pay and by time away from work following an on-the-job injury. These factors are suggestive of a dynamic set of processes that perpetuate the ongoing economic marginalization of day laborers.

Over the last decade day labor worker centers have emerged as the primary programmatic response to the rampant exploitation of day laborers. Worker centers are labor market intermediaries that seek to regulate informal labor markets by establishing and maintaining labor standards (Theodore, Valenzuela, and Meléndez, 2009; Peck and Theodore, 2012). They intervene in day labor markets through a variety of strategies, including setting and enforcing minimum wages, monitoring hiring processes, redressing worker and employer grievances, filing claims for unpaid wages, and providing training on skills and worker safety. In other words, worker centers reregulate day labor work, improve employment outcomes in the day labor market, and promote the integration of day laborers into local economies. Varying in type and capacity, day labor worker centers range from open-air venues to more comprehensive, full-service community organizations that operate hiring halls, provide social services, and coordinate workers' rights and educational activities (Martin, Morales, and Theodore, 2007; Gordon, 2005; Camou, 2009; Theodore, Valenzuela, and Meléndez, 2009; Meléndez et al., 2013).

Previous research indicates that day labor worker centers have the capacity to influence the terms of competition in the day labor market while simultaneously mitigating the risks associated with day labor. Theodore, Valenzuela, and Meléndez (2009:426) argue that direct pressure provided by worker centers ensures that negotiations over terms of hire do not revolve around the "desperation of workers for a daily income, but instead around the requirements of the job and the qualifications of the worker." Meléndez et al. (2013) find that the provision of workplace safety and skills training by worker centers is effective in minimizing the risk of injury and improves working conditions of day laborers by influencing the compensatory wage paid for assuming hazardous job assignments. Moreover, worker centers are believed to promote the socioeconomic incorporation of day laborers into the "formal" or "mainstream" economy through their provision of social services, worker education, and job training programs (Theodore, Valenzuela, and Meléndez, 2009; Fine, 2006; Martin Morales and Theodore, 2007; Theodore and Martin, 2007).

Yet, while worker centers are considered effective labor market intermediaries, the extent to which they improve the economic outcomes experienced by day laborers—especially in terms of wages—remains open to speculation. Previous empirical research on the matter has been largely qualitative, descriptive, and limited to specific geographic areas or labor market sectors (Theodore et al., 2008; Theodore, Valenzuela, and Meléndez, 2009; Valenzuela, 2003). These studies highlight the general characteristics of worker centers and their activities (particularly wage setting, job allocation, and grievance resolution) to postulate that worker centers have a positive impact on the wages earned by day laborers. These findings stand in opposition to conventional wisdom that suggests day laborers who seek work at informal hiring sites command

higher wages than those who seek employment at worker centers, a view that has been informed by an examination by Gonzalez (2007) of day laborers' wages in California. In this study, the author estimated average wages earned by day laborers across types of hiring sites and found that day laborers who sought employment at worker centers earned significantly lower wages than those who sought work at informal hiring sites. However, the analysis failed to account for issues of endogeneity and selection biases that plague microeconomic analyses of informal work activity (Heinz and Pollin, 2002). As a result, it is likely that the analysis yielded incorrect wage estimates and underestimated the average wages earned by day laborers who participated in worker centers.

Previous research suggests that the regulatory activities of day labor worker centers may have the capacity to influence wages earned by day laborers. However, as Camou (2009) correctly notes, day labor worker centers coexist alongside informal hiring sites (such as corners and store parking lots), requiring that worker centers mitigate the rewards associated with, as well as the competition presented by, informal hiring sites if they are to be effective in reregulating the day labor economy. This implies that the impact of worker centers on the wages earned by day laborers is likely to be twofold. Day labor worker centers may have a *direct* effect on the wages of day laborers if workers at centers command higher wage rates than workers at other hiring sites. In addition, day labor worker centers may have an *indirect* effect on wages if there is minimal difference in the hourly wages commanded across sites, which indicates that worker centers may be effective in helping to establish a wage floor across the day labor economy. Given this, we begin with the hypothesis that worker centers have a positive impact on the hourly wages of day laborers (either directly or indirectly), which serves as the point of departure for our analysis.

Data and Method

In undertaking our analysis we utilize data from the NDLS conducted by the University of California, Los Angeles in 2004. The survey was administered to 2,660 randomly selected day laborers across 264 hiring sites within 139 municipalities in 20 states and the District of Columbia. Data were collected through a standardized questionnaire administered to a systematically determined sample of day laborers within selected metropolitan areas. Metropolitan areas included in the survey were identified using a multilayered probability sample design that stratified Census 2000 data on the basis of key variables representing both the demand and supply sides of the day labor market.¹ The NDLS is unique in that it is the only national data set available on day laborers that contains information on individual worker characteristics

¹ See Valenzuela et al. (2006) for the description of the comprehensive sampling plan.

linked to characteristics of the specific hiring sites in which they find work. Given the nature of our research question, the NDLS is the most appropriate and best available data source for our analysis.

However, estimating the impact of day labor worker centers on the wages earned by day laborers is difficult, given the nature of employment in the day labor market and the endogenous nature of day laborers' choice of hiring site. The first estimation problem arises from the fluid nature of employment in the day labor economy, which can vary daily and weekly due to health or personal reasons, as well as short-term employment in the formal labor market presenting the potential for selection bias in the sample. The second estimation problem arises from the fact that a day laborer's selection of a hiring site is not independent of the expected rewards he or she associates with a particular site. Rather, day laborers can assess the benefits of participation in a worker center either directly through personal experience or indirectly by inquiring about earnings received and working conditions experienced at other hiring sites. As a result, the hourly wages earned by day laborers at worker centers are likely to be affected by individuals' perceptions of and levels of motivation to participate in a worker center. Given this, a conventional regression model will likely yield a biased estimate of the effect of worker centers on day laborers' wages as the selection of a hiring site is not a random occurrence but rather a choice variable likely correlated to the error term.

We implement a two-step method to address these measurement challenges. Following guidance in the literature (Visser, 2011; Meléndez et al., 2013; Hansen and Vaa, 2004; Heinz and Pollen, 2002), we first attend to the potential selection bias present in the sample by specifying a probit regression model to estimate the probability that a worker participated in the day labor economy in the prior week. From this model we derive an estimate of the inverse Mill's ratio, which is subsequently used as an instrumental variable in a wage equation where the choice of participation in worker centers is made endogenous to the system, and where the inverse Mill's ratio is included as a dependent variable to control for selection bias. The constructed model assumes that the wages earned by day laborers are a function of their choice of hiring site, the human capital characteristics they exhibit, the structural characteristics of the local economies where they work, and their likelihood of engaging in day labor work.

The probit regression model is specified as follows:

$$Pr(Y=1|X) = \Phi(xb),$$

where Y is the dependent binary variable participated in the day labor economy during the prior week and X is a vector of independent variables thought to influence participation in the day labor market, including age, educational level, English fluency, and geographic variables, to control for local labor market effects. Legal status, years worked as a day laborer, and the number

of years lived in the United States are included as proxy variables for labor market assimilation. Days worked as a day laborer, repeat employment by the same employer, and the number of contracts received are included as proxy variables for labor market competitiveness, and where

$$\Phi(xb) = \text{probit function.}$$

In the second step, we estimate a treatment-effects model using a full maximum-likelihood estimation procedure to assess the impact of worker centers on the hourly wages earned by day laborers. In this system of equations we assume that a worker's perception of centers will influence his or her participation in a worker center (the endogenously chosen binary treatment variable), that it may impact the hourly wage of day laborers (an instrumental endogenous continuous variable of the model), and that it is conditional on two sets of independent variables corresponding to each of the equations in the model. The first equation is specified as follows:

$$W = bY_i + M_i + \lambda + e,$$

where W is the continuous dependent variable hourly wages reported by the day laborer; Y_i is a vector of human capital variables thought to influence the hourly wages earned by day laborers, including age, education level, English-language fluency, and the reservation wage of the day laborer; M_i is a vector of structural variables thought to influence wages earned by day laborers such as geographic location and occupation; λ , lambda, is likelihood of participation in the day labor economy in the prior week; and where $e \sim N(0, \sigma^2)$.

Constructing occupational variables presented a unique challenge given that day laborers often work in different occupations during the same week, and that the types of jobs undertaken impact the wages earned for the job (Valenzuela et al., 2006). To operationalize occupational variables, we first grouped the reported types of jobs workers accepted in the prior week by similar levels of skill and, by implication, compensation into summative occupational categories. We then created an index of the frequency with which workers performed specific types of jobs. Thus, if a day laborer worked seven days during the prior week in general construction, the worker received a score of 7 as a construction laborer and 0 in all other categories. Similarly, if a day laborer worked two days in general construction and one day as a painter, the worker received a score of 2 as a construction laborer, 1 in painting, and 0 in all other categories. Coefficients for these variables capture the extent to which wages are related to the type of work and skills demanded by the various jobs performed.

The second equation of the system, the treatment equation, estimates the likelihood of an individual worker's participation in a day labor worker center

and is specified as follows:

$$C = 1 \text{ if } Zg + u > 0,$$

where C is a binary dependent treatment variable indicating participation in a day labor worker center; Z is a vector of independent variables included to control for the motivations, preferences, and characteristics of workers that may influence participation in a day labor worker center. These include connection of the site to the local economy, perceptions of organizational and regulating activities of centers, and worker perceptions of the convenience of utilizing centers as places to seek work. In addition, variables to control for a worker's views about levels of safety and pay associated with worker centers, and the presence of local policies such as nonsolicitation ordinances that restrict soliciting on street corners and may induce a day laborer to participate in a worker center are also included; and where

$$\begin{aligned} u &\sim N(0, 1) \\ \text{corr}(e, u) &= rho \end{aligned}$$

The models were estimated using only those workers for whom reported hourly wages earned was >0 . Descriptive statistics for all variables included in the regression models are reported in Table 1.

Findings

The results of the probit regression model are presented in Table 2. The model estimates a worker's attachment to the informal day labor market by examining the likelihood that an individual participated in the day labor economy during the prior week.

Previous research and theory suggest that the likelihood of repeat employment from a known employer, and the extent to which employment arrangements facilitate interactions between employers in the formal economy and workers in the informal economy, are important factors influencing a worker's continued participation in informal labor (Heinz and Pollin, 2002; Hansen and Vaa, 2004; Meléndez et al., 2013). The results presented in Table 2 suggest that this premise holds in the informal day labor economy, as indicated by the statistically significant and positive coefficient results for employment by the same employer, as well as employment by construction contractors. The findings also indicate that participation in the informal day labor market declines with the length of time a worker lives in the United States, suggesting that day laborers experience a level of labor market incorporation and perhaps, by extension, labor market mobility over time. However, whether the labor market incorporation of day laborers is a process of vertical integration (wherein day labor serves as an entry point for workers into more formalized sectors of

TABLE 1

Variable Definitions and Descriptive Statistics for Probit and Wage Models

Variable Name	Definition	Mean	SD	Minimum	Maximum
Age	Age of day laborer at time of interview	34.12	11.45	14	65
Education	Day laborer completed high school	0.19	0.39	0	1
Contracts	Number of contracts received during the prior week	0.13	0.69	0	7
Worked	Worked last week as a day laborer	0.66	0.47	0	1
English	English-fluency level (none, some, well)	1.32	0.63	0	3
Documented	Has legal immigration status	0.21	0.41	0	1
Reservation wage	Minimum wage accepted for doing day labor work	9.07	2.89	0	90
Years as day laborer	Years worked as a day laborer in the United States	4.92	5.11	0	45
Loading	Individual reports working loading jobs	0.03	0.27	0	7
Drywall	Individual reports working drywall jobs	0.05	0.37	0	7
Plumbing	Individual reports working plumbing jobs	0.05	0.36	0	7
Moving	Individual reports working moving jobs	0.23	0.66	0	7
Construction	Individual reports working construction jobs	0.24	0.84	0	7
Fencing	Individual reports working fencing jobs	0.04	0.46	0	7
Painting	Individual reports working painting jobs	0.30	0.93	0	7
Miscellaneous jobs	Individual reports working other types of jobs	0.05	0.39	0	7
Gardening	Individual reports working gardening jobs	0.52	1.06	0	7
Years lived in the United States	Number of years lived in the United States	6.44	8.43	0	72
Houston	Interviewed at hiring site in Houston	0.04	0.21	0	1
Los Angeles	Interviewed at hiring site in Los Angeles	0.67	0.25	0	1
Atlanta	Interviewed at hiring site in Atlanta	0.07	0.25	0	1

TABLE 1—continued

Variable Name	Definition	Mean	<i>SD</i>	Minimum	Maximum
Long Island	Interviewed at hiring site in Long Island	0.05	0.22	0	1
New York	Interviewed at hiring site in New York	0.10	0.30	0	1
Orange County	Interviewed at hiring site in Orange County	0.05	0.22	0	1
Phoenix	Interviewed at hiring site in Phoenix	0.05	0.22	0	1
San Jose	Interviewed at hiring site in San Jose	0.05	0.22	0	1
Washington, DC	Interviewed at hiring site in Washington, DC	0.18	0.38	0	1
Oakland	Interviewed at hiring site in Oakland	0.04	0.20	0	1
Bad health	Was in bad health last week	0.24	0.43	0	1
Hired repeatedly	Hired repeatedly by same employer during prior week	0.66	0.47	0	1
Wage hour	Predicted wage hour	10.47	3.13	5	66.66
Injury	Experienced an injury while working as a day laborer	0.23	0.42	0	1
Employer contractor	Hired by a contractor	0.51	0.50	0	1
Connected/ corner	Interviewed at a connected or corner hiring site	0.11	0.32	0	1
Center	Interviewed at a worker center	0.17	0.37	0	1
Local DL market	Connection of site to local economy	1.41	1.54	0	14
Convenience	Worker perceives hiring site to be convenient	0.05	0.49	0	1
Ordinances	Local ordinances that discourage day labor	3.87	2.43	0	7
Nonsolicitation ordinance	Local nonsolicitation ordinance	0.54	0.23	0	1
Report abuse	Perceives centers to be effective in reporting abuses	0.30	0.45	0	1
Site well organized	Perceives centers to be well organized	0.03	0.18	0	1
Lambda	Estimated likelihood of participation in informal day labor economy	0.55	0.15	0.04	0.91

TABLE 2

**Probit Regression Results: Participation in Informal Day Labor Economy in the
Previous Week**

Variable	Coefficient (SE)	Absolute t-Value
Age	-0.0016 (0.002)	0.51
Education	-0.0933 (0.0696)	-1.34
Contracts	-0.0966 (0.0357)	-2.70
English	-0.0449 (0.0473)	-0.95
Documented	-0.0840 (0.0746)	-1.13
Injury	0.1113 (0.0629)	1.77
Employer contractor	0.1343 (0.0529)	2.54**
Years in the United States	-0.0007 (0.0035)	-2.05**
Bad health	0.0415 (0.0607)	0.68
Hired repeatedly	0.3769 (0.0548)	6.87***
Houston	0.0990 (0.1365)	0.72
Los Angeles	0.0502 (0.1155)	0.43
Atlanta	0.0116 (0.1127)	0.10
Long Island	0.0179 (0.1273)	0.14
New York	0.0210 (0.1004)	0.21
Orange County	0.2156 (0.1249)	1.67*
San Jose	-0.0978 (0.1226)	-0.80
Washington, DC	-0.4101 (0.0829)	-4.94***
Oakland	-0.0650 (0.1357)	-0.48
Chicago	0.4183 (0.1702)	2.46***
San Diego	0.5486 (0.1721)	3.19***
San Francisco	-0.1479 (0.1519)	-0.97
Phoenix	0.1876 (0.1234)	1.42
Constant	-0.3109 (0.1241)	-2.50***

NOTE: **indicates statistical significance at or below the 0.05 level, ***indicates statistical significance at or below the 0.01 level.

the labor market), or a form of horizontal integration (where workers move out of day labor and into other informalized sectors of the labor market) is unclear.

Geographic location and local market conditions also influence worker attachment to the day labor economy as indicated by the coefficient results for Washington, DC, Chicago, and San Diego. The negative coefficient result for Washington, DC indicates that there are conditions present in the local economy that reduce participation in the informal day labor market. These may include the large number of government contractors and the presence of regulatory mechanisms that discourage informal day labor within the local economy. In contrast, coefficient results for Chicago and San Diego indicate local economies that are conducive to continued participation in the day labor market; perhaps a result of the structural expansion of casualized employment under the processes of deregulation and economic restructuring that have reshaped urban labor markets over the last 30 years.

The results of the treatment-effects model are presented in Table 3. Controlling for both selection and endogeneity bias, the model simultaneously examines the impact of worker centers on the hourly wages commanded by day laborers; the human capital and structural characteristics that influence hourly wages earned in the sector; as well as factors that encourage participation in day labor worker centers.

As shown in Table 3, the coefficient result of the center variable indicates that worker centers have a positive impact on the hourly wages earned by day laborers, and suggests that day laborers who gain employment through worker centers earn higher wages than those who gain employment at informal hiring sites. When considered in relation to the negative coefficient result of the Lambda variable, the results further indicate that had the analysis not controlled for selection bias and endogeneity, the impact of worker centers would have been biased downward. Thus, the wages earned by day laborers at worker centers would have been underestimated in comparison to wages earned at informal hiring sites, leading to erroneous conclusions about the detrimental effect or noneffect of worker centers on earnings.

Following competitive market theory, the treatment-effects regression results indicate that a variety of human capital characteristics are associated with higher earnings in the day labor market. These include the length of time a day laborer has lived in the United States, English-language fluency, and legal residency status. In addition, the positive coefficient result for employment contracts suggests that formalizing the exchange of labor increases wages earned in the day labor market. When considered in the context of the variety of regularization activities and services provided by day labor worker centers, these findings suggest that worker centers may affect wages in the day labor market beyond simply the setting of work arrangements. To this end, the provision of services, including worker rights and skills training, immigration and legal services, as well as English-language programs, may also (albeit

TABLE 3

Results for Treatment Model for Effect of Worker Centers on Hourly Wages

Variable	Coefficient (SE)	t-Value	Variable	Coefficient (SE)	t-Value
Hourly wages					
Age	-0.0069 (0.0096)	-0.72	Loading	1.0301 (0.4369)	2.36**
Education	0.6404 (0.3852)	1.66	Drywall	0.4233 (0.2575)	1.64
Contracts	1.7631 (0.6133)	2.87***	Plumbing	0.2489 (0.2014)	1.24
English	0.8730 (0.2308)	3.78***	Moving	0.4249 (0.1523)	2.79***
Minimum hourly rate	0.2354 (0.0570)	4.13***	Construction	0.1601 (0.0893)	1.79*
Documented	0.8189 (0.3831)	2.14***	Fencing	0.1166 (0.1237)	0.94
Injury	-0.6578 (0.4269)	-1.54	Painting	0.0039 (0.0649)	0.06
Years as day laborer	-0.0131 (0.0126)	-1.03	Miscellaneous labor	-0.6547 (0.1155)	-5.67***
Years in the United States	0.0825 (0.0267)	3.09***	Lambda	-15.573 (6.8192)	-2.28**
Bad health	-0.5762 (0.2486)	-2.32**	Connected	0.3905 (0.2847)	1.37
Hired repeatedly	-2.8723 (1.3865)	-2.07**	Center	0.7809 (0.3438)	2.27**
Houston	-0.0921 (0.4575)	-2.01**	Constant	18.366 (4.2579)	4.31***
Los Angeles	0.3240 (0.3291)	0.98	Center		
Atlanta	0.3759 (0.2753)	1.37	Location	-0.0126 (0.0254)	-0.50
Long Island	2.2063 (0.3014)	7.32***	Well organized	2.1872 (0.2900)	7.54***
New York	1.7100 (0.2942)	5.81***	Perception	-0.3050 (0.1713)	-1.78***
Orange County	-0.8003 (0.7638)	-1.05	Convenience	-0.2979 (0.1764)	-1.69*
San Jose	2.0224 (0.4920)	4.11***	Nonsolicitation	2.8193 (0.2369)	11.90***
Washington, DC	5.2358 (1.5832)	-3.31***	Ordinances	-0.0429 (0.0234)	-1.83*
Oakland	1.9051 (0.3727)	5.11***	Report abuse	0.9227 (0.1276)	7.23***
Chicago	-1.7186 (1.4085)	-1.22			
Phoenix	-0.4101 (0.6722)	-2.23**			
San Francisco	2.4896 (0.6222)	4.00***	F-statistic		358.07
			Prob>F		0.0000

NOTE: **indicates statistical significance at or below the 0.05 level, ***indicates statistical significance at or below the 0.01 level.

TABLE 4

Observed Hourly Wages and Predicted Hourly Wages Earned by Day Laborers
by Type of Work Site

Site Type	Average Hourly Wage
All sites (observed average)	\$10.37
Worker center	\$10.55
Informal hiring site	\$10.38

indirectly) influence the wages of those engaged in day labor work—even for workers who do not utilize worker centers.

The second equation of the treatment-effects regression considers factors that influence day laborers’ participation in worker centers. These results provide important insights in relation to the ways worker centers provide services and activities, as well as the degree to which these encourage worker participation in organized centers. As indicated in Table 3, the extent to which day laborers perceive worker centers to be well managed and capable of resolving issues related to workplace abuse and wage nonpayment is an important factor that influences a worker’s participation in organized centers. These results substantiate findings of previous research, which maintain that worker centers serve as an important outlet for day laborers through which the exploitation and abuse experienced in the day labor market can be mitigated (Theodore, Valenzuela, and Meléndez, 2009; Meléndez et al., 2013). In identifying wage nonpayment, workplace injuries, and worker endangerment as important to day laborers, these findings further suggest that these are key areas of service provision for day labor worker centers.

Not surprisingly, the presence of local anti-solicitation ordinances (that attempt to criminalize the search for work in public spaces) is found to induce worker participation in centers. In many jurisdictions anti-solicitation ordinances and day labor worker centers have been enacted as joint policy responses meant to remove workers from streets and parking lots, thereby reducing community conflicts that surround the existence of informal hiring sites. The coefficient result suggests that worker centers have an important role in organizing day labor economies in localities where anti-solicitation ordinances have been enacted, and underscores the potential for centers to not only improve the economic and labor market integration of day laborers but also their social integration into local communities.

The observed and predicted average hourly wage rates earned by day laborers across hiring sites are reported in Table 4. The estimates were yielded from a postestimation procedure based on the specified treatment-effects model.

As shown in the table, the average hourly wage earned by day laborers who were employed through worker centers is \$10.55. The average hourly wage drops by \$0.17 to \$10.38 for workers who found work through informal hiring sites, such as those on street corners and in store parking lots. The results

of a paired *t*-test show the difference in hourly wages across hiring sites to be statistically significant at the 1 percent level. The wage premium associated with day labor worker centers, though relatively modest, represents one of the few ways labor market intermediaries can shore up wages in an informal economy where the degradation of labor standards has been a systemic problem (see Valenzuela et al., 2006; Gordon, 2005; Peck and Theodore, 2012).

Implications and Policy Recommendations

This study has examined the influence of day labor worker centers on the economic outcomes of day laborers by analyzing the impact of these regulatory institutions on the hourly wages earned by day laborers. While worker centers are widely regarded as capable of setting the terms of competition in casualized labor markets, as well as mitigating risks associated with the day labor work, the extent to which they improve economic outcomes in the sector has been open to speculation. The analysis presented here suggests that day labor worker centers do have both a direct and an indirect impact on the wages of day laborers. Day laborers who search for work at worker centers earn on average \$0.17 more per hour than those who search for employment at informal hiring sites. Comprehensively, and taken in consideration with the findings of the treatment model indicating that day laborers are more likely to participate in centers if they perceive worker centers to be useful in addressing issues of wage theft and workplace injury, the findings suggest that worker centers provide an important labor market intermediary function by placing a floor under wages and working conditions in the day labor economy. However, while the analysis supports the notion that day labor worker centers improve economic outcomes for day laborers, there are only about 60 day labor worker centers currently operating across the United States (Meléndez et al., 2013; Theodore, Valenzuela, and Meléndez, 2009). This suggests that the extent to which worker centers are able to effectively transform the nature of day labor work will depend upon their capacity to “scale-up” their activities.

Over the last decade day labor worker centers have emerged as important labor market intermediaries, filling a regulatory void left in the wake of the structural expansion of casualized work, the erosion of government enforcement of labor standards (see Bernhardt et al., 2009; Weil, 2011), and the transformation of labor relations that have systematically disadvantaged low-wage workers throughout the United States. While localized in their approach and practices, research has shown that day labor worker centers positively influence labor market outcomes (Theodore et al., 2008; Theodore, Valenzuela, and Meléndez, 2009; Meléndez et al., 2013)—a conclusion further substantiated by the findings of this study. Given the unregulated nature of day labor in the United States, the ability of worker centers to improve workers' wages suggests that they exert a pro-worker influence on these informal labor markets and provide an important means of regulating the downward pull that exists

on wages and working conditions in casualized sectors of the economy. In the absence of sweeping changes in policy surrounding contingent work in the United States, day labor worker centers will remain among the most effective programmatic responses to the substandard conditions found in the informal day labor economy. If leveraged successfully, they may also be promising conduits through which the broader socioeconomic incorporation of this working population in the United States can be facilitated.

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