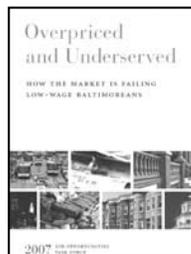




JOTF Works

OVERPRICED & UNDERSERVED: IT'S NOT JUST A LOW-WAGE THING

By Jason Perkins-Cohen



In September, we released our new report: *“Overpriced and Underserved: How the Market is Failing Low-Wage Baltimoreans.”* It describes how, why, and what to do about the fact that low-wage residents pay more for goods and services than their wealthier neighbors. The report focuses on four sectors in which the poor pay more: financial services (banking), housing, automobiles, and groceries.

The results are not surprising. We know that a can of tuna costs more at the 7-11 than it does at a supermarket; that people with not-so-good credit pay a higher interest rate on loans; and check cashers, pay-day lenders, and refund anticipation loans are crummy deals.

It's easy to dismiss these occurrences as just an efficient market at work or a consequence of poor choices. Others might counter that it is predatory practices or information that is intentionally hidden from even the most conscientious consumer. As usual, the answer is probably all of the above. The point is to recognize that our community benefits as a whole by fairer pricing. After all, people at all income levels are “overpriced and underserved” to some extent. For example:

- We see bank fees on our statement but are not sure why we are being charged and are unsure if we'd be better off with a different type of account or a different bank;
- Many of us don't know the annual percentage rate (APR) on our credit cards, would be horrified if we did, and have no good reason not find a better deal; and
- Maybe we shopped for the cheapest car insurance when we first purchased a policy 20 years ago, but we've remained blindly faithful to our carrier ever since and have no idea if we could find the same policy for less somewhere else.

A wealthy family may not miss what is lost by paying more, and a middle income family could probably put the savings that could be captured to good use, but for a low-wage family the higher prices often set in motion a cycle that leads to other high costs, deeper debt, and a longer road toward self-sufficiency.

Our report focuses on low-wage families and the prices they pay because their situation is more fragile, because paying more is damaging to their well-being and that of their family. High prices for nearly everything add up and represent a large percentage of their total income. We find that a low-wage Baltimore resident could spend almost \$3,000 more than their neighbors or nearly 10% of the median household income for our area.

Paying more here and there snowballs for many families. It makes them more likely to fall behind, which can destroy their credit and lead to still more higher prices. Instead of having a few thousand each year to put toward a house, a car or education, many low-wage families see their hard-earned dollars disappear to pay for goods and services that can be had by wealthier families more cheaply.

The report describes programs and mandates that needlessly cost people money. For example:

- Maryland is the only state in the nation that requires adults (not just teens) to take and pay for driver's education – at a cost of about \$300 a person - even though there is no research to suggest that it leads to safer driving.
- We allow tax preparers to provide Refund Anticipation Loans (RALs) at interest rates that can approach 500% instead of enforcing Maryland's small loan rate cap of “only” 33%.
- Baltimore City has one of the highest eviction rates in the country in part because we make it so easy (and cheap!) for landlords to use the court as a rent collection agency instead of first dealing directly with the tenant.

Fortunately, there are alternatives that help to drive costs down. The Baltimore Cash Campaign offers free tax preparation to low-wage residents; Vehicles for Change helps residents buy a low-cost car; and the Homeownership Preservation Coalition is developing strategies to reduce the incidence of foreclosure and high cost lending in the Baltimore Area.

Other good options exist across the U.S. and could easily be replicated here. Such promising practices include Bank on San Francisco – a partnership between government and financial institutions to bring more residents into the financial mainstream and the California Low-Cost Auto Insurance Program – a program that offers appropriate lower cost insurance options and yet requires no subsidy from the state.

No one wants to pay more for the same goods or services and all of us are annoyed if we discover we could have made a better deal elsewhere. For many Baltimoreans, these higher prices are difficult or impossible to avoid, eat up a significant proportion of their income, and make it much more difficult for them to work their way to a better life. It is time to work for a fair price for all.

Please visit our website www.jotf.org to read the full report or review our brochure “8 ways to Save.” You can also request a free copy by calling 410-234-8040.

8 WAYS TO SAVE!

It can be hard to avoid paying high costs for basic needs, but when you are on a tight budget, every penny counts. Here are some tips that can help low-wage Baltimoreans save on everyday costs:

1. Shop at the Supermarket, Not the Corner Store
2. Open a Free Checking Account
3. Shop Around for the Best Deal on Car Insurance
4. Avoid Shopping at Rent-to-Owns
5. Meet with a Homeownership Counselor Before Agreeing to a Mortgage
6. Avoid Refund Anticipation Loans, and See if You Qualify for Free Tax Preparation
7. Weatherize Your Home & Conserve Energy to Cut Down on Utility Costs
8. Avoid Often-Overpriced Loans from Car Dealers

JOTF outlines these money saving tips and provides contact information for local resources in our new brochure 8 Ways to Save. The brochure is available at www.jotf.org or in print by request from 410-234-8040.

THE BRAC CHALLENGE: IS THE MARYLAND WORKFORCE READY?

By Andrea Payne

Over the next ten years, 45,000 new jobs will come to Maryland as a result of BRAC—federal Base Realignment and Closure. So far, media coverage has focused on the high-skill, high-wage job opportunities this will bring to the state. But what will BRAC mean for low-wage workers? Thousands of new support and service sector jobs are likely to develop as a result of BRAC. These jobs represent a significant opportunity for low-wage workers, but also a significant challenge for the state. In order to meet the demand for workers at all levels the state will need to activate its entire workforce—an especially important goal since Maryland already has one of lowest unemployment rates in the nation.

The BRAC Job Effect

BRAC is expected to bring a wide variety of jobs to the state. According to an analysis commissioned by the Department of Business and Economic Development, about one-third of these jobs are expected to be direct government jobs. About half the total will be indirect jobs with contractors and other companies that serve specific military base needs. The remaining jobs, about 16 percent of the total, will be “induced”—that is, jobs created in order to meet general community needs such as health care, retail, government services, and entertainment. While the average salary for all BRAC-related jobs is \$70,000, around 13,700 new jobs will be in fields with an average annual salary under \$50,000. The majority of these less specialized jobs are in the \$20,000 to \$40,000 range.

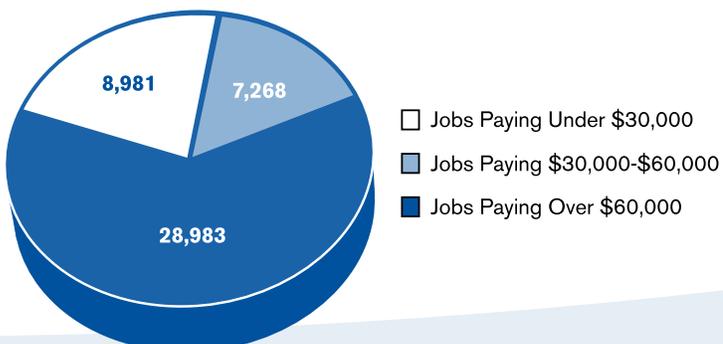
These jobs present an opportunity for which Maryland’s workers must be prepared, and it will take some investment to get there. Currently, around 10 percent of Marylanders in their prime working years (age 25 to 54) have no high school diploma or GED. These 226,000 workers are likely to be eligible for only the lowest-skill BRAC-related jobs—the estimated 1,300 jobs in fields such as food service and transportation that pay less than \$20,000 annually.

Another 25 percent of prime working-age Marylanders have only a high school diploma or GED. These 606,000 workers are likely to be ineligible for middle-wage jobs in fields such as health care, administrative support, and education. Of the direct government jobs moving to Maryland, only around 6 percent will be open to candidates with just a high school diploma.

Closing the Gap

BRAC represents an opportunity for Maryland to move to the forefront of the knowledge economy. But with nearly 40 percent of the workforce lacking any more than a high school education, we have a long way to go. Maryland’s low unemployment rate highlights the importance of activating and upgrading the skills of the entire workforce.

Estimated Annual Income for BRAC-Related Jobs



“BRAC represents an opportunity for Maryland to move to the forefront of the knowledge economy. But with nearly 40 percent of the workforce lacking any more than a high school education, we have a long way to go.”

Colleges and universities around the state are already building their capacity and developing programs linked to BRAC’s high-tech workforce needs. State and county governments are expanding local infrastructure to accommodate the new households moving here to fill specific technical positions. But so far, little is being done to meet the broader workforce needs associated with BRAC.

Adult Education: The state’s first priority should be to increase educational opportunities for low-skill workers. The State Department of Education

estimates that about one million Marylanders need either literacy skills, a high school credential, or English language skills. Currently, however, the state does not have enough programs to properly serve this population, due in part to a lack of funding. Waiting lists for adult education programs reach a total of around 5,000 individuals each year.

College: Maryland needs to do more to facilitate access to and success in community colleges, particularly for working adults. For low-wage workers with no more than a high school education, community college can be a stepping-stone to a better-paying, more satisfying job. Unfortunately, high tuition, limited financial aid, difficulty completing remedial coursework, and difficulty balancing school with work and family are barriers to the success of non-traditional students. These issues must be addressed to fix the leaky pipeline.

Workforce Training: The state should also increase its investment in workforce training. Maryland receives federal workforce training money through the Workforce Investment Act (WIA), but does very little to supplement this on the state level. State funds would help make up for declining WIA allocations, and would give the state more flexibility to respond to specific needs associated with BRAC.

Livable Communities: Maryland needs to focus on developing livable communities in which families can thrive. Workers will need access to affordable housing, quality schools, convenient transportation options, and reasonably priced health and childcare. Transportation is especially important since many will have to travel from county to county to fill BRAC jobs. While a significant portion of the state’s job seekers—low-skill job seekers in particular—live in Baltimore City, more than 90 percent of new BRAC jobs will be located in surrounding communities.

BRAC will have a significant impact on the state’s economy—not just for high-skill workers who come to fill military jobs, but for workers of all classes. To take full advantage of the BRAC opportunity, Maryland’s workers and communities must be prepared for the change. Now is the time to plan and invest.

CHART SOURCE: Maryland Department of Business and Economic Development, “BRAC Study: Task IIa- Job and Household Allocation; Expected Tax Revenue,” Prepared by RESI of Towson University, December 2006.

EMPLOYER PROFILE: ST. AGNES HOSPITAL: "SCHOOL AT WORK"

HELPING TO ADVANCE ENTRY-LEVEL WORKERS

By Melissa Chalmers Broome



When *School at Work* first became available in 2002 as a pilot funded through the U.S. Department of Labor, Joan Tisdale, Director of Education and Development at St. Agnes, jumped at the chance to participate.

"It bothered me that we had so many entry-level employees who had been loyal to us for years and yet were unable to participate in education and training to advance into better-paying positions. *School at Work* was the perfect solution," she said.

School at Work is a career development program for entry-level workers in the healthcare industry. Hospitals that want to grow their own workforce can purchase the program from Catalyst Learning and offer it onsite to employees. As a bridge program, *School at Work* strives to prepare employees for higher-skilled jobs and for entrance to local community colleges.

Because of its enormous success, *School at Work* is still going strong at St. Agnes today. After the Department of Labor grant expired, hospital administrators agreed to pay for *School at Work* through St. Agnes's Education and Development budget. Currently, the Baltimore Mayor's Office of Employment Development reimburses St. Agnes for 50% of the cost.

School at Work enables St. Agnes to provide education, and encourage career advancement amongst employees in departments such as housekeeping, food service and laundry. The program has been offered several times throughout the year. On average, ten participants enroll per class. Of those ten, normally five to seven complete the course in its entirety. Any drop off in completion is often due to the assignment demands of the course or changes in work schedules.

According to Tisdale, the success stories have been many. Some employees have gone on to become Certified Nursing Assistants. One female employee started out as a patient escort, was promoted to a higher position, and is now enrolled for pre-requisite courses for nursing school.

Mutale Mkasanga worked in housekeeping when he enrolled in *School at Work*. He is now on his third promotion at St. Agnes and works as a laboratory assistant in the Core Lab. In addition, he is taking pre-med courses at Morgan State University. He's expected to graduate in 2010 and will then go on to medical school.

"Our retention has been fantastic. It's a win-win for the employees and for the hospital."

Despite the challenges that come with balancing work, family, and school, Mkasanga feels wonderful about what he has accomplished thus far. "Participation in *School at Work* helped give me a strong justification for attaining lofty aspirations"

Before enrolling in the program, employees undergo an assessment where they must test at a 9th grade reading level. The *School at Work* program is made up of two courses. The first focuses on communication, time management skills, and the development of a career plan. Because most of the participants have families at home, they especially appreciate strategies on balancing work, education, and family obligations.

The second course is more issue specific. Students choose between a clerical or patient care focus. During this phase, they are introduced to medical terminology, gross anatomy, and receive a refresher in mathematics.

Because homework for both courses has to be completed on a computer, participants also learn invaluable keyboarding skills. Most have never worked with computers prior to the start of the class, but are fairly comfortable with computer use by the end. Some have even gone on to purchase their own computers after completing the program.

"It's wonderful to see the increase in their confidence," said Tisdale.

Participants complete *School at Work* onsite during regular working hours. St. Agnes pays for half of the employee's time and the employee contributes the other half. According to Tisdale, cooperation from managers within the hospital is vital to the success of the *School at Work* program. "They take care to schedule associates so they can take an hour off work to attend class."

As part of the hospital's commitment to entry-level workers, St. Agnes employed a part-time job coach who helps administer *School at Work*. After students complete the program, the job coach remains in touch and encourages them to seek the goals they established for themselves during the course, whether that be applying for an advanced position within the hospital or enrolling in community college. The ultimate goal is for the participant to qualify for a higher paying job at St. Agnes and/or to pursue formal education.

Generally, of each *School at Work* class, four to five of the five to seven students completing the course move to new jobs. Tisdale recalls one class where all but one student moved to a new job or began formal education or training, such as phlebotomy, nursing assistant, sterile processor, etc.

Tisdale still hears from employees who participated in the very first *School at Work* class offered at St. Agnes. "They never leave us. Our retention has been fantastic. It's a win-win for the employees and for the hospital."

School at Work is just one component of St. Agnes's "Grow with St. Agnes" program, which focuses on entry level workers. For information about other hospitals around the country that utilize the program, visit

www.schoolatwork.com.

Job Opportunities Task Force

231 East Baltimore Street
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THE JOB OPPORTUNITIES
TASK FORCE NEEDS YOUR HELP



Do you know of electrical, carpentry or plumbing companies that are in need of good workers? JOTF is looking for firms to hire job-ready applicants from our pre-apprenticeship program. Contact Gerald Ford at **(410) 234-8931**.



Maryland's legislative session is just around the corner! Contact Melissa Broome at **(410) 234-8046** if you're interested in assisting with JOTF's advocacy efforts, or if you'd like to receive weekly policy updates during the legislative session.



JOTF is looking for employers who exhibit best practices for advancing entry-level workers. Help us collect stories of Maryland's best employers by submitting recommendations to **melissa@jotf.org**.

JOTF is a 501c(3) non-profit organization. If you would like to support our efforts to help low-income workers and job seekers please contact jessica@jotf.org or call 410-234-8040.

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