Job Opportunities Task Force
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Advocating better skills, jobs, and incomes

Turning Earnings Into Assets

December 16, 2003

Low-income workers who wish to move up and out of poverty need more than just a job; they also need to know how to make their earnings work for them and their families, said a panel of economic education experts at a JOTF/Open Society Institute-Baltimore forum on December 11. Over 60 people attended the free, public forum, which was hosted by the University of Baltimore's Jacob France Institute. Panelists included Carol Jarvis and Mary Ann Hewitt of the Maryland Council on Economic Education, Althea Saunders-Ranniar and Kevin Jordan of the Bon Secours of Maryland Foundation, and Brian Lyght of the Annie E. Casey Foundation.

For a complete summary of the forum and links to panelists' presentations, visit http://www.jotf.org/programs.

It's Not How Much You Make, It's How Much You Keep

FACTS ABOUT FINANCIAL EDUCATION IN THE U.S. AND MARYLAND

1. 50%of high school graduates enter the workplace directly from high school, but only 15% of graduates received any instruction in personal finance.
2. 40% of Americans say they live beyond their means. 50% of all Americans live from paycheck to paycheck.
3. Americans saved only 2.3% of their disposable incomes in 2001; during World War II, Americans saved 24% percent of their incomes.
4. Only 48% Americans save for retirement; companies that provide pensions or manage retirement funds are becoming increasingly rare.
5. In 2001, Maryland ranked second in the nation in median household income, fifth in per capita personal income – and ninth in bankruptcy rates.
6. The economic self-sufficiency income in Baltimore is $17.75/hour for a family of three, as defined by Wider Opportunities for Women's 2001 Self-Sufficiency Standard for MD.
7. The average hourly wage among residents of southwest Baltimore City is $9.60/hour.

Sources: MD Council on Economic Education and Bon Secours of MD Foundation

Meet Our Board and Staff:

Job Opportunities Task Force

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JOTF Works

Connecting Low-Income Families to Good Jobs

By Tom Waldron and Kevin Griffin Moreno

By many measures, Maryland is thriving. The state boasts high average incomes, a largely well-educated workforce, and an unemployment rate lower than those of many states. However, a closer look reveals that a large segment of our population is not sharing in the prosperity. Hundreds of thousands of Marylanders who work hard and pay taxes nonetheless struggle every day to provide for their families and build a secure future.

In an effort to provide a clearer picture of who is being left behind in Maryland, and how state policies and programs might better help these families improve their economic condition, JOTF has prepared a state workforce indicators report. Titled Connecting Low-Income Families to Good Jobs: A Policy Roadmap for Maryland, the report is scheduled to be released on January 26, 2004 (see sidebar, page 2). The report examines the state policies and programs designed to assist economically vulnerable populations, and makes recommendations for a more effective state role.

Connecting Low-Income Families to Good Jobs rests on three key premises: first, those who work hard and play by the rules deserve financial security; second, the state should clear the path for workers seeking to increase their skills to meet the demands of the new economy; and third, the state must take into account the needs of low-income workers in its job creation and economic expansion efforts.

Maryland's low-skill workers are faced with a tight job market that has not recovered from the recent recession. Economic restructuring over the past several decades has resulted in a significant loss of lower-skill jobs that pay good wages, particularly in manufacturing. And the number of jobs created in Maryland has not kept pace with the numbers of people looking for work. Nearly one out of five workers who have found jobs earn wages too low to support a family at a decent standard of living.

Maryland can and must do more to provide opportunities for those at the bottom of the economic ladder.

photo: Sam Holden

Edwina Mayo is a graduate of the Caroline Center, a job training program for women.

Large numbers of workers in the state require increased education or training to advance in the workforce; others are leaving welfare and taking their first steps toward financial security. Many of these Marylanders are not prepared to fully participate in an evolving and increasingly information-based economy. Instead they find themselves stuck in jobs that pay less than a decent wage and that lack important benefits.

These Marylanders need and deserve a commitment from the state to help them increase their employment opportunities and become more financially secure.

In recent years, much of the responsibility for important economic issues has been transferred from the federal government to state legislatures. In particular, the welfare reform act of 1996 and the Workforce Investment Act of 1998 have given state government great latitude in issues affecting low-income workers.

Maryland has taken some admirable steps to help this population, but the state still lacks a coordinated set of policies to help low-income workers and their families move up and out of poverty.

Connecting Low-Income Families to Good Jobs offers suggestions for beginning to develop a more comprehensive approach toward adult education, post-secondary education, public assistance, workforce development, and economic development programs and policies (see related article, "State Economic Development Deals Should be Transparent," for one recommendation). It acknowledges that the state faces a significant budget deficit and many difficult fiscal decisions. Some of the proposals included in the report call for additional state spending, while others will require new policies and approaches. But the extra cost to the taxpayers will be amply repaid if we help more of Maryland's low-income workers obtain financial self-reliance.

The state has an economic interest in helping low-income workers advance in their jobs. The productivity loss from a whole segment of the workforce that does not have access to programs to improve their skills creates a drag on Maryland's economy. Lacking financial stability, these workers live on the margins of the Maryland economy. With some assistance, many will advance in the workplace and begin to thrive by purchasing homes and becoming full contributors to the state's economic success.

Maryland can and must do more to provide opportunities for those at the bottom of the economic ladder.

State Economic Development Deals Should be Transparent

By Chauna Brocht

In 1996, the Alco Discount Stores chain received $275,515 in tax abatements from the city of Caledonia, Minnesota, as an incentive to create new jobs. The result of this tax break was the creation of a single job at a Dairy Queen paying $4.50 an hour. Could economic development officials in Maryland be agreeing to similar bad development deals? We hope not, but we do not know for sure. That is why JOTF is partnering with the Maryland AFL-CIO to advocate for a state economic development disclosure law.

Advocates for low-wage workers are promoting disclosure laws as a way to monitor whether economic development funds create quality jobs. During the 2003 fiscal year, Maryland's Department of Business and Economic Development (DBED) spent $74.3 million on loans, grants, bond guarantees and equity investments to spur job creation in the state (this amount does not include the value of "tax expenditures," or revenue lost through tax breaks).

"In tight fiscal times, we need to be sure that state funds are being used responsibly to attract and retain jobs that pay family-supporting wages," said JOTF executive director Deborah Povich.

The idea behind a disclosure law is simple. Each company that receives an economic development subsidy with state funds (such as a loan, tax incentive, or grant) must report annually on the number of jobs created or retained. The company must also disclose the quality of those jobs, including wages, healthcare benefits provided,

and whether the jobs were full- or part-time. This information is then made available to the public on a company-by-company basis, along with information on the dollar value of the subsidy received by the company. With this information, economic development subsidies that do not meet reasonable job creation goals will be readily apparent.

In 1995, Minnesota was the first state to pass a comprehensive disclosure law, followed by Maine and most recently Illinois (seven other states have less comprehensive disclosure requirements). These laws were passed in response to the secrecy that usually surrounds economic development deals.

"Sunshine is the best disinfectant," Jack D. Franks, the state legislator who was a key proponent of the Illinois law, told the Baltimore Sun. "That's the only way to keep it clean. Let everyone know what's going on."

Disclosure laws are good for the business climate because they ensure that companies are treated equally, and they create clarity about the expectations associated with economic development funds. Disclosure forms can be designed to be simple to fill out, and they only need to be filed once a year.

The disclosure laws in Minnesota, Maine, and Illinois have been used as tools of good government that allow for more public participation in debates regarding the targeting of economic development subsidies. A recent

> **Each company that receives an economic development subsidy with state funds... should report annually on the number and quality of jobs created or retained.**

study by Good Jobs First, a national economic development policy organization, found that the increased civic engagement associated with Minnesota's disclosure law led to higher economic development standards.

"We found that as a result of disclosure requirements there was more media coverage of economic development deals," said Greg LeRoy, executive director of Good Jobs First. "This has led public officials in Minnesota to be more selective and strategic about the deals they make because they know their actions are subject to increased public scrutiny."

Maryland's current reporting requirements do not provide detailed information. DBED reports only projections of jobs, not actual jobs created. Further, this information is scattered throughout multiple reports and is not company-specific. The data are presented in the aggregate, which means there is no way to compare the dollar amount of each subsidy to the number or quality of jobs created.

Reliable data collection and reporting are essential to measuring the effectiveness of subsidies and monitoring the performance of individual subsidized companies. A comprehensive disclosure law will make economic development deals less secretive and will allow the public to participate in informed debates about economic development priorities. As the state continues to tighten its fiscal belt, public discussions of the targeting of economic developments funds become all the more necessary.

Save the Date! ✍

JOTF announces the release of its report, **Connecting Low-Income Families to Good Jobs: A Policy Roadmap for Maryland**

Keynote speaker:
Congressman Benjamin L. Cardin

Monday, January 26, 2004
8:30 a.m. - 10:30 a.m.

Thumel Business Center Auditorium
Merrick School of Business
University of Baltimore
Corner of Charles Street and Mount Royal Avenue

You are invited to join **JOTF** for the release of our report that analyzes how well state policies and programs assist low-income, working families in increasing their financial security. **Connecting Low-Income Families to Good Jobs** offers findings and recommendations that will be presented at this launch event. A panel of policy experts will respond to the report.

The report provides an overview of how low-income workers are faring in Maryland; discusses the importance of education and training; assesses state efforts to help create good jobs; focuses on state policies that foster financial security for this population; and offers policy recommendations.

Space is limited. RSVP to Jessica Traskey at 410-234-8040, or send e-mail to **jessica@jotf.org**

JOTF Public Policy Agenda 2004

Our Goals

- Develop a skilled, competitive workforce that is responsive to the needs of employers and contributes to the economic vitality of the state.
- Create jobs, and assure access to jobs, that pay self-supporting wages.
- Provide effective education and training pipelines for workers, particularly those with the largest barriers to employment, so they are prepared for jobs that lead to career advancement.
- Develop greater public awareness about economic development, employment, education, training and their relationship to poverty.

The Challenge, The Opportunity

Despite its relative affluence, Maryland has a large population of low-income families who work in jobs with inadequate wages, benefits and prospects for advancement. Employers complain that they have difficulty finding skilled workers to fill job openings. By revising state policies we can better meet the needs of both employers and job seekers.

Increase opportunities for low-skill, low-income workers to upgrade their skills through education and training.

The Challenge:
One in six adults in Maryland does not have a high school degree or a GED. One in five Marylanders aged 16 and older reads at or below a 4th grade level. This limits employment options, particularly in jobs that pay family-supporting wages.

The Strategy:
- Increase opportunities for low-skill workers to upgrade their skills through adult basic education (literacy, GED and English for Speakers of Other Languages).
  - Over three years, increase access to adult education for eligible populations by 5 percent per year.
  - Establish a 50/50 matching grant program for employers who provide workplace adult education programs.
  - Allow Department of Business and Economic Development (DBED) employee skill- and productivity-enhancement programs to be used for adult basic education.
- Remove financial barriers for low-income working adults seeking to upgrade their skills through post-secondary education.
  - Allocate more financial aid funds for need-based aid. Allow part-time students to be eligible for need-based aid. Update the cost-of-living allowance for commuter students, allowing childcare to be a counted expense.
- Assist welfare recipients' long-term earnings capacity by providing increased education and training opportunities.
  - Allow adult basic and vocational education to count as a Family Investment Program work activity for Temporary Cash Assistance recipients.

Enhance employment opportunities for low-skill low-wage workers

The Challenge:
The availability of a skilled workforce is among the most important factors in location decisions for businesses. In areas with an abundance of low-skill workers, it is crucial to upgrade the skills of the workforce to meet the needs of employers and provide better economic opportunities for workers.

The Strategy:
- Ensure economic development funds are used to create family-supporting jobs by increasing public accountability.
  - Adopt a disclosure policy requiring businesses that receive state economic development subsidies to report the number and quality of jobs created or retained, and requiring the state to make this information available to the public.
- Increase funding for workforce training programs. Prioritize training that meets the needs of employers in sectors with labor shortages.
  - Increase funding for workforce training to upgrade skills of entry-level and incumbent workers. Target half of the Governor's discretionary Workforce Investment Act funds for customized training programs for low-income workers.
  - Increase coordination between the DBED business recruitment and expansion programs and Department of Labor, Licensing, and Regulation workforce programs.

Provide the supports needed for workers to stay employed

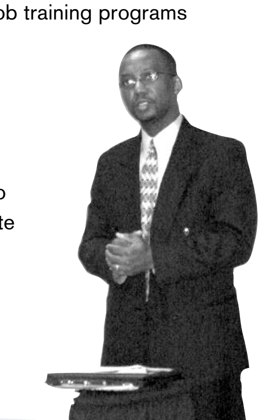
The Challenge:
One sixth of Maryland's working families, over 110,000 families, earn less than 200 percent of the federal poverty threshold. Over 384,000 Maryland workers hold jobs that pay less than the federal poverty wage for a full-time worker of a family of four.

The Strategy:
- Restore funding for childcare support for low-income parents.
  - Restore the $25 million cut from the Purchase of Care childcare subsidy program last year.
- Continue to provide income support to working parents through the state Earned Income Tax Credit.
- Expand access to health care for low-income working parents and children.
- Modernize the unemployment insurance system to serve the modern-day workforce and provide adequate benefits to workers who lose their jobs through no fault of their own.
  - Allow part-time workers access to benefits when they lose their jobs, and increase the maximum benefit level to keep pace with inflation.
- Increase outreach and simplify access to work support programs for which working low-income families are eligible.
  - The Department of Human Resources should increase utilization of work-supports such as food stamps and health care assistance.

Reduce barriers to employment for special populations

The Challenge:
Over 15,000 ex-offenders return to Maryland communities each year. Seventy five percent of prison returnees are high school dropouts, and 20 percent read at or below a 3rd grade level when they entered prison. Of the 22,000 inmates eligible for educational services in July 2002, only 4,098 (19 percent) received any educational services. A criminal record acts as a significant barrier to employment. Investment in education and job training for prisoners has stagnated while the incarcerated population has exploded.

The Strategy:
- Reduce the impact of a criminal record on employment.
  - Allow the expungement of convictions for certain nuisance crimes after a reasonable period of time.
- Prepare inmates for gainful employment upon release.
  - Increase funding for correctional education programs to better prepare inmates for jobs upon release.
  - Promote State Use Industries as a skills training center for pre-release inmates. Direct SUI profits to education and job training programs for inmates.
  - Stop the child support clock for inmates who have no economic resources and who stand to accumulate child support arrearages during incarceration.



Brian Lyght, Casey Foundation Senior Associate and JOTF board member, moderates a JOTF forum.