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Baltimore Area Jobs and Low-Skill Job Seekers

Assessing the Gaps

A REPORT FOR THE JOB OPPORTUNITIES TASK FORCE

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We hope this report will be a useful resource for community education and a spur to action benefiting job seekers, employers, and the region.

Job Opportunities Task Force Baltimore Area Jobs and Low-Skill Job Seekers: Assessing the Gaps

Executive Summary

Metropolitan regions—cities and their surrounding areas—are the geographic units that function and compete in the national and global economies. In each region, the city serves as the hub of business, finance, technology, education, and culture. The city's ability to fill this role has a major impact on the vitality and prosperity of the entire region.

The most significant problem facing the Baltimore metropolitan region is the concentration and extent of joblessness and poverty in Baltimore City and their social and economic consequences. If we in metropolitan Baltimore fail to address vigorously our problems of unemployment and underemployment, and if we fail to respond to the opportunity presented by the need for more skilled labor, we will doom the Baltimore region to a core with enormously costly economic and social ills: low school performance, adolescent pregnancy, high infant mortality, child abuse, drug addiction, crime, blighted lives, and hopelessness.

The Greater Baltimore Committee, in its May 1997 Regional Forum on Economic Development and Public Safety, identified as a high priority the need to develop a comprehensive regional strategy for workforce preparedness and mobility. An effective strategy must be based on meaningful, accurate information. We need to know:

The size and characteristics of the pool of low-skill jobs, and how these jobs are distributed across industries and spatially across the Baltimore metropolitan area. What is the wage range, and which jobs pay wages that can support a family? What are the skill and education requirements of these jobs?

- The size and characteristics of the pool of people looking for low-skill jobs, and how this population is distributed across the metropolitan area.
- The size and characteristics of any resulting mismatch, including the geographic and demographic dimensions of the mismatch.
- The occupations and industries with the largest projected growth rates, and the occupations expected to generate the largest number of jobs for the labor force as a whole and for the low-skill population.

This report takes a first step in developing basic information and analysis necessary for the creation of a comprehensive workforce development strategy, and making this information available in a form accessible to policy makers and concerned citizens. Our primary focus is the low-skill jobless and underemployed population and the jobs that they might obtain in the Baltimore metropolitan region.

Findings

1. Shift of People and Jobs from Baltimore City to the Counties

Baltimore City plays a critical role as an employment center in the region, but that role has diminished over the last 30 years and continues to diminish. In 1970, Baltimore City accounted for 55 percent of the employment in the metropolitan region; today the city's share is 33 percent of the total. In the first seven years of the 1990s the population of the city declined by nearly 78,000 while the population of the rest of the metropolitan region grew by nearly 160,000. Baltimore City's share of the region's population declined from 31 percent in 1990 to 27 percent in 1997.

2. Sixty-two Percent of the Region's Jobs are Low-Skill

In 1997, 62 percent of employment in the Baltimore metropolitan region was in occupations defined in this report as low-skill. Two out of every three of these low-skill jobs were located outside of Baltimore City. The top five low-skill occupations—retail salespersons; cashiers; janitors, cleaners, and maids; general office clerks; and other sales and related workers—account for 22 percent of the total low-skill employment in the region.

3. Low-skill jobs tend to be low paying jobs.

In the Baltimore metropolitan region, 16 percent of low-skill workers earn less than $5.75 an hour, 44 percent earn less than $8.50 an hour, 57 percent earn less than $10.00, and 68 percent earn less than $11.25 an hour. Many of the low-skill occupations with higher income levels are either supervisory or are trades which have experience, licensure, bonding, or reference requirements. Few of the higher paying jobs in these occupations are open to new job seekers with limited education, training, or experience. Similarly, license, bond, and reference requirements are barriers to job seekers with criminal records and/or substance abuse problems.

4. Predicted Job Openings and Skill Levels

The Baltimore metropolitan region is predicted to generate nearly 42,000 job openings annually through 2005. Approximately 26,500 of these jobs will be low-skill, 2,850 will require vocational/post secondary training, 1,400 will require an associate degree or above, and more than 11,100 will require a baccalaureate degree or above. Higher skill jobs generally offer higher wages, more stable employment opportunities, and a higher probability of benefits, compared to low-skill jobs. With additional training and education, low-skill men and women could qualify for higher skill jobs. However, the two mid-skill categories account for only about 10% of total projected annual job openings in the region.

5. The Numbers Gap

On an average day in the Baltimore metropolitan region, there are 33,276 officially unemployed individuals seeking full-time low-skill jobs, and an additional estimated 43,400 involuntary part-time and marginally attached individuals who want full-time low-skill jobs but are not officially counted as actively searching for work. On this average day in the region, there are approximately 26,500 low-skill job openings, resulting in a ratio of almost 3 potential low-skill job seekers for every low-skill job in the region.

Looking only at Baltimore City on the same day, the officially unemployed job seekers for full-time low-skill jobs number approximately 13,272, with an additional estimated 14,280 involuntary part-time workers and marginally attached individuals who want full-time low-skill jobs but are not officially counted as actively searching for work. In the city on this average day, there are approximately 8,950 low-skill job openings. This results in a ratio of as many as 3 potential low-skill job seekers for every low-skill job opening in the city.

6. The Spatial Mismatch

Baltimore City has a disproportionate share of the challenge of meeting the needs for low-skill job seekers. According to the data in this report, Baltimore City has a somewhat higher concentration of low-skill job seekers (36 percent of the regional total), but a lower share of low-skill job openings (less than 34 percent of the regional total). In addition, these data underestimate the city's burden in several ways. First, some of the estimates in this report are based on national statistics that are likely to underestimate the problems in urban centers. Second, Baltimore City is home to a disproportionate share of hard to serve populations that because of uncertainties about overlap are not fully reflected in our job gap estimates. Specifically, the city is home to 75 percent of the estimated number of adults on TANF subject to work requirements, 80 percent of the parolees and mandatory releases from the correction system, and 60 percent of the high school dropouts.

7. The Job Gap and Wage Levels

The job gap increases when we look at low-skill jobs with higher wage levels. For example, for jobs that pay approximately $8.50 per hour ($17,000 per year at 40 hours per week and 50 weeks per year), there is a total of 5.5 job seekers per low-skill job and a shortfall of more than 62,000 jobs in the Baltimore metropolitan region. If the income threshold is increased to $11.25 per hour ($22,500 per year), the job gap becomes 9.6 job seekers per low-skill job and a shortfall of more than 68,000 jobs.

8. Current Economic Development Patterns Contribute to the Job Gap

It is evident that the current job gap is influenced by economic development. The Baltimore region ranked last of 20 comparable regions in the U.S. in terms of job growth between 1992 and 1996, according to the Greater Baltimore State of the Region report issued by the Greater Baltimore Committee and the Greater Baltimore Alliance in 1998. Our slow rate of regional employment growth does not create sufficient job opportunities to absorb the region's low-skill workforce. Furthermore, many of the jobs that are being created require higher levels of experience, education, or training and thus are not open to low-skill job seekers.

Next Questions, Next Steps

The purpose of this report is to bring together essential information about jobs and low-skill job seekers in the Baltimore metropolitan area, as a necessary first step in identifying and quantifying problems and crafting policies and strategies to address the needs.

The facts presented here document the regional nature of the challenge: all jurisdictions are impacted by the low wages paid for most low-skill jobs; by the need to increase workforce skills and job readiness; and by the need for more jobs, especially "bridge" jobs for people to move into as they get more education, training, and experience. Thus we need a comprehensive strategy for the region that includes and connects workforce development, economic development, and family support.

To provide additional necessary information as a basis for discussion and decision, these next questions must be explored:

Workforce Development

- What resources are available in the metropolitan area to help the target group (low-skill job seekers) acquire the training, education, and work habits necessary to compete for and retain jobs? How effective and accessible are these resources and how can they be utilized more efficiently? What more is needed?
- How many members of the target group apply for and receive skills training through JTPA/WIA, vocational education, union apprenticeship programs, employers' in-house programs, and other school and training programs? What is needed to increase utilization of these resources?

Family Support; Wage Supplements

- How many of the target group are eligible for and make use of programs such as TANF, food stamps, unemployment insurance, federal and state earned income tax credits, subsidized child care, health care, and housing assistance to supplement their income? How much benefit do these programs actually provide? What more is needed?

Reducing Racial and Ethnic Barriers

- What support services for employers and employees are needed to address issues of race discrimination, cultural differences and misperceptions, and other problems related to hiring, job retention, and satisfaction in the workplace?

Creating a Regional Strategy

- What public policies and programs are needed for an effective mix of education, skills training, family support, economic development, and job creation, to strengthen the economy of the Baltimore region, meet the workforce needs of employers, and ensure opportunity for employment and a minimum decent living level for workers and their families?
- How can we—residents of the Baltimore metro area—be energized and organized to work together to create and implement a comprehensive strategy to address these issues that directly or indirectly impact every resident of the region?

Introduction

Metropolitan regions—cities and their surrounding areas—are the geographic units that function and compete in the national and global economies. In each region, the city serves as the hub of business, finance, technology, education, and culture. The city's ability to fill this role has a major impact on the vitality and prosperity of the entire region. Numerous studies have found that the economic health and vitality of a metropolitan area's central urban core directly influence the performance of its surrounding suburbs. Data show a strong positive correlation between city and suburban growth rates that suggests a complementarity between cities and their suburbs.1

The most significant problem facing the Baltimore metropolitan region is the concentration and extent of joblessness and poverty in Baltimore City and their social and economic consequences. Poverty-related statistics rank Baltimore at or near the bottom among the nation's 50 largest cities, according to the 1997 City Kids Count Book published by the Annie E. Casey Foundation. While the city's official unemployment rate is under 9 percent, unofficial estimates for distressed neighborhoods are several times higher, particularly for black men. A recent Wall Street Journal article reports that nationally 18 percent of young black men (20–24 years old) are officially unemployed, compared with just 6.7 percent of young white men. (See definition of "unemployed".) The situation is even worse for black teenagers, where 30 percent of black males between 16 and 19 years of age are unemployed, compared with 14 percent of white males in the same age group. The article also recognizes that the actual situation is worse for black males than these official statistics suggest because a large number of young black men are either in prison or have given up looking for work and are not reflected in the official unemployment statistics.2 At the same time, employers report a serious shortage of skilled labor and, in some areas, a shortage of unskilled labor.

The Baltimore region is not alone in seeking to overcome these problems. Business and community leaders in metropolitan areas across the country face similar conditions of a scarcity of skilled labor and large numbers of low-skilled jobless and underemployed residents concentrated in the urban core. Their response is to mobilize efforts to upgrade their commercial and industrial capacity and increase the employability and economic self-sufficiency of their urban poor. If we in metropolitan Baltimore fail to address vigorously our problems of unemployment and underemployment, and if we fail to respond to the opportunity presented by the need for more skilled labor, we will doom the Baltimore region to a core with enormously costly economic and social ills: low school performance, adolescent pregnancy, high infant mortality, child abuse, drug addiction, crime, blighted lives, and hopelessness.

Added urgency comes from time limits and work requirements imposed by the federal welfare reform law, The Personal Responsibility and Work Opportunity Act of 1996, and Maryland's Welfare Innovation Act of 1996. These laws impose a 5-year lifetime assistance cap for nearly every adult, and require all adults (with the exception of the disabled and those caring for infants) to engage in work or a work activity as a condition of assistance during the 5-year period.

Many agencies in Baltimore work with job seekers to raise their education and skill levels, improve their job readiness, and help them find and keep a job. To reverse the poverty of the urban core and to compete successfully for jobs and investment, however, the Baltimore region must exert a much greater effort. An essential component is a comprehensive workforce development strategy based on accurate, complete information. We need to know:

- The size and characteristics of the pool of low-skill jobs, and how these jobs are distributed across industries and spatially across the Baltimore metropolitan area. What is the wage range, and which jobs pay wages that can support a family? What are the skill and education requirements of these jobs?
- The size and characteristics of the pool of people looking for low-skill jobs, and how this population is distributed across the metropolitan area.
- The size and characteristics of any resulting mismatch, including the geographic and demographic dimensions of the mismatch.
- The occupations and industries with the largest projected growth rates, and the occupations expected to generate the largest number of jobs for the labor force as a whole and for the low-skill population.

The job market and the pool of job seekers are not static. Men and women with low skills can acquire higher skills, and a skilled labor force is a factor in attracting good new jobs. The data presented in this report show strengths and assets as well as problems and challenges. They also establish a benchmark of where the region is today so that we can evaluate the success of various interventions and measure progress.

One year ago, Brandon Roberts3 questioned Baltimore's readiness to advance to a higher plateau of strategic workforce development:

" There is a significant lack of meaningful information and analysis on workforce and economic conditions in the Baltimore area, particularly from the perspective of jobs for the poor. The absence of strong analytical information hampers efforts to craft effective policies and strategies."

The purpose of this report is to take a first step in developing such information in a form accessible to policy makers and concerned citizens. It is a first step in the preparation of a comprehensive workforce development plan.

The next section briefly describes current employment patterns and changes in those patterns in the Baltimore metropolitan region. That is followed by a discussion of the number of low-skill jobs in the Baltimore metropolitan region, an estimate of the number and characteristics of people in the region looking for low-skill jobs, and an estimate of the resulting gaps. The final section summarizes findings from the data and outlines next steps to take in developing a workforce development strategy for the region.

Employment in the Baltimore Metropolitan Region: Overview4

The purpose of this section is to describe current employment patterns, by industry and local jurisdiction, in the economy of the Baltimore region, and how they are changing over time. These fundamental characteristics of the economy determine in large measure the number, location, and types of low-skill jobs available in the region.

In 1996, as shown in Table 1, there were 1.4 million non-farm jobs in the Baltimore metropolitan area.5 The percentage distribution of employment across local jurisdictions in the metropolitan region is shown in Table 2. The data indicate that four out of every five jobs in the metropolitan area are located in Baltimore City, Baltimore County, and Anne Arundel County. Baltimore City accounts for one of every three jobs in the metropolitan region.

These data indicate that the city plays a critical role as an employment center in the region, albeit a role that has diminished over time and is likely to continue diminishing in the foreseeable future. For example, in 1970 there were 985,100 jobs in the Baltimore metropolitan area, and nine out of ten jobs were located in Baltimore City, Baltimore County, and Anne Arundel County. At that time, Baltimore City accounted for nearly 55 percent of all the jobs in the metropolitan area. Over the last 30 years, job growth in the Baltimore metropolitan area has been moving from the city outward, and most recently that growth rate has been the greatest in the outer suburban jurisdictions.

The data in Table 2 indicate that Baltimore City has one-third or more of the region's employment in transportation and public utilities; wholesale trade; finance, insurance and real estate (F.I.R.E.); services; and government. Only Baltimore County has a larger share of employment in retail trade than Baltimore City.

TABLE 1

EMPLOYMENT BY JURISDICTION AND INDUSTRY, 1996 ('000s)

	Anne Arundel	Baltimore City	Baltimore County	Carroll County	Harford County	Howard County	Total
Total Non-Farm	262.1	461.8	410.9	58.3	82.5	129.7	1,405.2
Ag. Services	2.7	1.8	3.9	1.6	N.A.	1.8	11.5
Mining	0.2	0.1	0.2	0.0	N.A.	0.1	0.7
Construction	16.2	15.5	25.2	7.1	6.7	9.0	79.7
Manufacturing	15.3	33.3	38.7	6.0	4.4	6.9	104.5
Transportation & Public Utilities	14.1	22.1	17.1	1.8	2.8	7.4	65.3
Wholesale Trade	9.8	21.8	17.8	3.4	2.9	10.4	66.1
Retail Trade	45.9	50.3	81.5	11.4	15.8	22.8	227.7
F.I.R.E.[1]	15.9	45.5	35.8	4.3	5.7	12.2	119.3
Services[2]	69.1	184.0	138.2	16.0	22.1	45.5	474.9
Government[3]	72.8	87.6	52.5	6.9	20.9	13.6	254.3

Source: Maryland Office of Planning

Note: Totals may not add directly because of rounding.

1. Finance, Insurance, and Real Estate.
2. Services include personal services (e.g. laundry, dry cleaning, shoe repair, etc.), business services (e.g. advertising, secretarial services, building maintenance, employment agencies, leasing services, computer services, etc.), health services, legal services, educational services, etc.
3. Government includes executive, legislative, and general government.

TABLE 2

PERCENT DISTRIBUTION OF EMPLOYMENT BY JURISDICTION AND INDUSTRY, 1996

	Anne Arundel	Baltimore City	Baltimore County	Carroll County	Harford County	Howard County	Total
Total Non-Farm	18.6	32.9	29.2	4.1	5.9	9.2	100.0
Ag. Services	23.7	15.5	33.7	11.9	N.A.	15.3	100.0
Mining	31.7	15.4	31.4	3.6	N.A.	17.8	100.0
Construction	20.3	19.4	31.6	8.9	8.4	11.3	100.0
Manufacturing	14.6	31.9	37.1	5.7	4.2	6.6	100.0
Transportation & Public Utilities	21.6	33.8	26.1	2.8	4.2	11.4	100.0
Wholesale Trade	14.8	33.0	27.0	5.2	4.3	15.7	100.0
Retail Trade	20.1	22.1	35.8	5.0	7.0	10.0	100.0
F.I.R.E.	13.4	38.1	30.0	3.6	4.8	10.2	100.0
Services	14.5	38.7	29.1	3.4	4.7	9.6	100.0
Government	28.6	34.4	20.7	2.7	8.2	5.4	100.0

Source: Maryland Office of Planning

Note: Totals may not add directly because of rounding.

TABLE 3 Population and Population Growth in the Baltimore Metropolitan Region, 1990-97

	1990 (000s)	Share	1997 (000s)	Share	Growth 1990-97 (000s)	Percent Change 1990-97
MARYLAND	4,797.6		5,094.3		296.7	6.2%
BALTIMORE REGION	2,355.1	100.0%	2,436.2	100.0%	81.1	3.4
Anne Arundel Co.	428.8	18.2	470.0	19.3	41.2	9.6
Baltimore City	734.9	31.2	657.3	27.0	-77.6	-10.6
Baltimore County	694.1	29.5	720.7	29.6	26.5	3.8
Carroll County	124.1	5.3	146.9	6.0	22.8	18.3
Harford County	183.8	7.8	212.6	8.7	28.8	15.7
Howard County	189.4	8.0	228.8	9.4	39.4	20.8

Source: Maryland Office of Planning.

The Baltimore region has experienced a shift in population from the central urban core to the suburban periphery that is similar to changes in the regional distribution of employment. Baltimore City's share of regional population dropped from 31% of total regional population in 1990 to 27% in 1997 as the city's population declined by 77,600. However, the decline in the city's population was offset by an increase of 158,700 people residing in the region's suburban jurisdictions, with total regional population increasing by a net gain of 81,100. The 158,700 increase in suburban population was concentrated in the outer-suburb ring of Carroll, Harford, and Howard counties. The Baltimore County population increased by 4% between 1990 and 1997. See Table 3.

The distribution of employment and population across counties tells only part of the story, however. Table 4 presents data on how important each industrial sector is to the employment patterns of each jurisdiction. For example, of the approximately 462,000 jobs in Baltimore City, nearly one in five is in the government sector, two in five jobs are in services, while one in nine jobs is in retail trade, the lowest share for any jurisdiction in the region. Baltimore City has above-average reliance on the F.I.R.E., services, and government sectors: half of all jobs in Baltimore City are in the F.I.R.E. and services sectors. F.I.R.E. is a rapidly growing, high paying sector. The services sector is growing rapidly but it includes a large percentage of low-skill jobs with low wages. Baltimore City has not fared well in attracting its share of jobs in these rapidly growing sectors over the last several years.

TABLE 4

INDUSTRY SHARES OF EMPLOYMENT BY JURISDICTION, 1996 (Percent)

	Anne Arundel	Baltimore City	Baltimore County	Carroll County	Harford County	Howard County	Total
Total Non-Farm	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Ag. Service	1.0	0.4	0.9	2.3	N.A.	1.4	0.8
Mining	0.1	0.0	0.1	N.A.	N.A.	0.1	0.0
Construction	6.2	3.3	6.1	12.2	8.1	7.0	5.7
Manufacturing	5.8	7.2	9.4	10.3	5.3	5.3	7.4
Transportation & Public Utilities	5.4	4.8	4.2	3.1	3.3	5.7	4.6
Wholesale Trade	3.7	4.7	4.3	5.8	3.5	8.0	4.7
Retail Trade	17.5	10.9	19.8	19.6	19.2	17.6	16.2
F.I.R.E.	6.1	9.8	8.7	7.4	6.9	9.4	8.5
Services	26.4	39.8	33.6	27.4	26.8	35.1	33.8
Government	27.8	19.0	12.8	11.8	25.3	10.5	18.1

Source: Maryland Office of Planning

Note: Totals may not add directly because of rounding.

Table 5 presents data on the growth in employment from 1990 to 1996 for each industry group and each jurisdiction. This was not a period of strong growth for the Baltimore metropolitan area as a whole—the total net increase in the number of non-farm jobs was a mere 10,660 jobs—an increase of just 0.8 percent (see Table 6).6 The growth/loss experience of each jurisdiction in the metropolitan area varied widely. Baltimore City lost more than 52,000 jobs—more than 10 percent of its jobs—and was the only jurisdiction to experience a decline in the absolute number of jobs over this period. The outlying counties of Carroll, Harford, and Howard experienced the most rapid growth in new jobs during this period. They captured 62 percent of the region's new jobs. (Note: employment data is by place of work, not by residence of employee.)

The data in Table 6 indicate that the employment loss in Baltimore City was widespread across industries, and was significantly worse than the experience in the surrounding counties. While manufacturing employment in the region declined by 21 percent during this period, it declined by 25 percent in Baltimore City. Construction employment fell by almost 11 percent for the metropolitan region as a whole, but it was down by 28 percent in Baltimore City. The only sector that grew in Baltimore City was services, but that sector grew by only 1.4 percent, compared to a 12 percent increase for the region.

Job growth in the region was driven primarily by the service sector (up 11.6 percent during the period) and the transportation and public utilities sector (up 7.1 percent). As noted above, Baltimore City experienced only a modest increase of 1.4 percent in service jobs—the only jurisdiction with a below average increase in the service sector. In addition, Baltimore City experienced a decline of 13.5 percent in jobs in the transportation and public utility sector. While jobs in retail trade were up marginally for the region (0.3 percent), Baltimore City lost one in five of its retail trade jobs during this period, while jobs in the retail trade sector increased in Carroll, Harford, and Howard counties by 27.3 percent, 11.4 percent, and 24.5 percent respectively. These three counties accounted for 55 percent of the region's employment growth in the retail trade sector—jobs that generally may not pay well, but are a significant source of employment for low-skill workers.

TABLE 5

GROWTH/LOSS IN EMPLOYMENT BY INDUSTRY AND JURISDICTION, 1990-96 (‘000s)

	Anne Arundel	Baltimore City	Baltimore County	Carroll County	Harford County	Howard County	Total
Total Non-Farm	11.3	-52.5	12.8	7.3	8.1	23.8	10.7
Ag. Services	0.9	0.1	0.4	0.3	N.A.	0.2	1.9
Mining	-0.0	-0.1	-0.2	0.0	N.A.	0.0	-0.3
Construction	-1.0	-6.0	-3.3	-0.1	0.0	0.9	-9.5
Manufacturing	-6.1	-11.2	-9.6	-0.6	-0.1	-0.5	-28.0
Transportation & Public Utilities	1.5	-3.4	3.2	0.2	0.8	2.1	4.4
Wholesale Trade	1.5	-5.8	-0.6	0.4	0.9	2.1	-1.4
Retail Trade	4.5	-14.9	2.6	2.4	1.6	4.5	0.7
F.I.R.E.	1.5	-12.0	1.8	1.2	1.4	3.0	-3.2
Services	10.2	2.6	20.4	2.8	4.4	8.9	49.2
Government	-1.8	-1.7	-1.7	0.7	-1.3	2.5	-3.3

Source: Maryland Office of Planning

Note: Totals may not add directly because of rounding.

TABLE 6

EMPLOYMENT GROWTH/LOSS BY INDUSTRY AND JURISDICTION, 1990-96 (Percent Change)

	Anne Arundel	Baltimore City	Baltimore County	Carroll County	Harford County	Howard County	Total
Total Non-Farm	4.5	-10.2	3.2	14.3	10.8	22.4	0.8
Ag. Services	52.6	4.2	10.5	27.9	N.A.	15.1	8.7
Mining	-16.3	-45.2	-51.9	9.1	N.A.	45.7	-38.3
Construction	-5.9	-27.9	-11.5	-1.8	0.6	11.1	-10.6
Manufacturing	-28.5	-25.1	-19.9	-9.5	-1.1	-6.3	-21.1
Transportation & Public Utilities	11.5	-13.5	22.9	11.7	44.2	40.0	7.1
Wholesale Trade	18.6	-21.0	-3.3	13.8	48.6	25.9	-2.1
Retail Trade	10.9	-22.9	3.3	27.3	11.4	24.5	0.3
F.I.R.E.	10.5	-20.9	5.1	38.3	33.1	32.2	-2.6
Services	17.4	1.4	17.3	21.2	24.6	24.2	11.6
Government	-2.4	-1.9	-3.1	11.7	-5.8	22.1	-1.3

Source: Maryland Office of Planning

The future for Baltimore City does not look much brighter. Table 7 presents data on the projected growth in employment by industry and jurisdiction in the metropolitan area from 1995 to 2005.7 It is estimated that if current favorable economic conditions continue, total employment in the region will increase 9 percent over this period, but employment in Baltimore City is estimated to increase only 0.9 percent. The outermost jurisdictions are projected to experience employment growth significantly above the regional average, thereby continuing to increase their relative share of the region's employment.

Manufacturing employment is estimated to decline by 7 percent for the region over this period, and to decline by 14 percent in Baltimore City. Employment in transportation and public utilities, wholesale trade, retail trade, F.I.R.E., and government are all expected to decline in Baltimore City during this period, while each of these sectors except government is expected to experience employment growth in the region. Growth rates in the outer counties for these industries are projected to be more than double the rates for the region as a whole. Thus employment will continue to shift from the city to the outermost suburban jurisdictions.

Finally, there are differences across jurisdictions in the share of the working age population that is actually in the labor force. "Labor force" includes only those who are employed or are actively seeking employment. These figures are based on data collected from household surveys and reflect residential location, not place of work information. The labor force does not include parents who choose to stay home and take care of children, retired people, disabled individuals unable to work, discouraged individuals who think a job search would be futile, students in school full time who do not wish to work, and others who have opted out of the labor force for a variety of reasons.

Table 8 provides data on male and female labor force participation rates for individual jurisdictions within the metropolitan area. The data indicate that the 1995 labor force participation rate for males in Baltimore City was 66.7 percent, the lowest in the metropolitan region and only 88 percent of the average participation rate for males in the entire region (76.1 percent). Baltimore City has the only male labor force participation rate below the regional average.

TABLE 7

PROJECTED EMPLOYMENT GROWTH/LOSS BY INDUSTRY AND JURISDICTION, 1995-2005* (Percent Change)

	Anne Arundel	Baltimore City	Baltimore County	Carroll County	Harford County	Howard County	Total
Total Jobs	12.1	0.9	9.5	15.2	19.0	25.1	9.3
Farm	-16.7	N.A.	-25.0	-18.8	-20.0	-28.6	-21.6
Ag. Services	16.0	0.0	21.2	21.4	N.A.	25.0	25.5
Mining	0.0	0.0	0.0	N.A.	N.A.	0.0	12.5
Construction	14.2	-2.0	7.3	12.5	23.2	20.7	10.3
Manufacturing	-1.3	-14.2	-7.3	-1.7	2.4	4.4	-7.1
Transportation & Public Utilities	10.6	-5.4	4.7	11.8	26.9	15.7	4.8
Wholesale Trade	15.0	-2.3	8.2	11.8	21.4	22.4	8.6
Retail Trade	14.5	-3.9	5.9	16.5	21.5	22.3	8.6
F.I.R.E.	14.4	-4.0	16.2	11.8	20.4	20.2	8.3
Services	29.6	10.1	21.1	29.0	38.1	35.5	20.6
Government	-4.7	-4.2	-4.1	10.3	0.5	6.8	-3.0

Source: Maryland Office of Planning

* The actual performance of the region's economy since 1995 is consistent with these projections.

TABLE 8

MALE/FEMALE LABOR FORCE PARTICIPATION RATES IN METROPOLITAN BALTIMORE, 1995

	Male	Female	Total
Anne Arundel Co.	80.5%	65.8%	73.2%
Baltimore City	66.7%	56.7%	61.2%
Baltimore Co.	76.4%	61.1%	68.3%
Carroll Co.	80.6%	64.2%	72.2%
Harford Co.	82.6%	64.0%	73.2%
Howard Co.	84.7%	73.1%	78.8%
Total	76.1%	62.1%	68.8%

Source: Maryland State Planning Department

Baltimore County has a labor force participation rate for males marginally above the regional average, but it is the only other jurisdiction in the metropolitan area with a labor force participation rate for males below 80 percent. Baltimore City and Baltimore County are the only two jurisdictions with labor force participation rates for females below the regional average. Baltimore City (61.2 percent) and Baltimore County (68.3 percent) are the only two jurisdictions in the metropolitan area to have total labor force participation rates below the metropolitan average (68.8 percent).

Low labor force participation rates may result from a number of factors such as a large proportion of the elderly or disabled, or a large proportion of individuals who have either opted out of the labor market or who are discouraged workers because of barriers due to criminal records, substance abuse, or extremely low skill or education levels. While this report does not analyze the relative significance of these factors in the Baltimore region, Baltimore City may have a low labor force participation rate because it has a higher proportion of groups with historically low participation rates.

Estimating a Job Gap

in Metropolitan Baltimore

Conceptually, our task is straightforward. We want to compare the number of low-skill people looking for jobs with the number of low-skill jobs available in the regional economy. To the extent possible, we want to know something about the skills and experience of job seekers, the skills and experience requirements of net job openings, and the geographic distribution of jobs and job seekers.

To accomplish this task and provide answers to the four questions we raise in the introduction, this section describes the job opportunities for low-skill workers in the Baltimore metropolitan region and the number of potential candidates for these low-skill jobs. We then compare the projected job openings to the potential pool of applicants to derive a job gap estimate for the metropolitan region. We also present information about wage levels and about jobs that require the next level of education and training and provide higher wages and career opportunities.8

While this section builds on previous job gap studies,9 this analysis differs in two important ways:

• We focus on a single metropolitan area, while other studies were conducted at the state level.

• We analyze the job gap for political jurisdictions within the metropolitan area.

Occupational Employment and Job Openings

In analyzing the job gap in the Baltimore metropolitan region, we need to estimate the number of openings available. To do so, this report uses net job openings, which includes openings due to economic growth (firms moving into or expanding in the region) plus net replacement demand (jobs created by persons leaving an occupation and not expected to return). Because it is important to know both the current distribution of low-skill employment as well as the number of openings, this analysis presents estimates for both. Also, because it is important to know which occupations account for the major share of both low-skill employment and low-skill job openings, tables listing occupational employment and openings for key occupations are included.

This analysis focuses on low-skill jobs. The definition of low-skill jobs used here is based on research conducted by the Maryland Department of Labor,

Licensing, and Regulation (DLLR) and the Maryland State Department of Education. In 1997, the DLLR Office of Labor Market Analysis and Information staff worked with the Maryland State Department of Education to assign one of four education, training, and experience codes to each of the more than 500 occupations included in Maryland's occupational employment survey. The four codes used are as follows:

• On the Job Training (OJT) - Related Work Experience—no formal requirement for post-secondary (high-school) education

• Vocational/Post Secondary Training

• Associate Degree and Above

• Baccalaureate Degree and Above

Any occupation classified as using the first of these codes, i.e., with no formal requirement for education or training beyond the secondary level (high school), is considered low-skill.

Occupational Employment

The current regional distribution of employment, by education-training-experience levels, is presented in Table 9. More than 62 percent of total regional employment is in occupations classified as low-skill in terms of education, training, and skill requirements.

Table 9

1997 Employment

By Education, Training, and Experience Requirements

Baltimore MSA

Education/Training/Experience Level	Total Metro Area	Baltimore City	Baltimore County	Other Counties
OJT – Related Work Experience – no formal post-secondary education requirements	737,670	257,727	226,745	253,198
Vocational/Post Secondary Training	87,966	32,942	26,372	28,652
Associate Degree and Above	43,768	22,163	10,711	10,894
Baccalaureate and Above	316,744	117,821	93,835	105,088
Total of Above	1,186,148	430,653	357,663	397,832
Total Low-skill	737,670	257,727	226,745	253,198
Low-skill as a % of Total	62.2%	59.8%	63.4%	63.6%

Source: DLLR data analyzed by the Jacob France Center

The concentration and numbers of low-skill jobs in the suburban jurisdictions lend credence to the spatial mismatch related to welfare reform and low-skill job opportunities. As shown in Table 10, nearly two out of every three low-skill jobs in the Baltimore metropolitan region are located outside Baltimore City. Of these jobs, more than half are in the outer suburbs that are difficult or impossible to reach with public transportation. Because existing mass transit networks are oriented toward bringing persons into the city, suburban residents can more easily ride mass transit to jobs in the city, compared to city residents who must use mass transit to reach jobs in the counties. Baltimore City, which is home to approximately 76 percent of the region's welfare recipients and 40 percent of the unemployed (see more detailed description in the section on Baltimore Area Job Seekers), has less than 35 percent of the region's low-skill jobs.

The numbers and predicted growth of the city's higher-skill occupations demonstrate the clear need for job training and skill upgrading to prepare low-skill residents to meet employers' needs and qualify for the jobs that offer higher wages, a higher probability of benefits, and more career opportunities.

Table 10

Regional Distribution of Low-skill and Beyond Low-skill Jobs, 1997

Item	Low-skill Jobs	% of Total	Beyond Low-skill Jobs	% of Total
Total Low-skill Jobs	737,670	100.0%	448,478	100.0%
Baltimore City	257,727	34.9%	172,926	38.6%
Baltimore County	226,745	30.7%	130,918	29.2%
Other Counties	253,198	34.3%	144,634	32.2%

Source: DLLR data analyzed by the Jacob France Center

Leading Low-Skill Occupations and Wages

The 20 leading low-skill occupations with the highest employment levels are listed in Table 11. Because it is important to know the wage levels associated with low-skill occupations, the percentage of workers earning at specific wage levels is also presented in Table 11. Twenty low-skill occupations (of the total of 343) account for more than half of total low-skill employment. The top five low-skill occupations—retail salespersons; cashiers; janitors, cleaners, and maids; general office clerks; and other sales & related workers—account for 21 percent of total low-skill employment.

There is considerable debate over the ability of low-skill workers to earn sufficient income to meet their basic living needs. (A discussion of the "living wage" is included in Appendix 2.) Baltimore City, in an effort to raise low-wage levels, adopted a law in 1994 that requires its service contractors and their subcontractors to pay their non-professional employees at least the "prevailing wage," an hourly amount that is determined annually by the Board of Estimates. In Fiscal Year 1999, the "prevailing" hourly wage is $7.70. In Fiscal Year 2000, it will be $7.90.10

There is no widely accepted estimate on the level of income required to support a family's basic living requirements. The Maryland Department of Human Resources computes an "estimated minimum living level" or the basic level of income required to support a one-parent family of three. In 1997, the minimum living level was $1,134 per month—or $6.59 per hour.11 This figure does not include childcare costs. The Montgomery County Community Action Board estimated that the minimum standard of need in Montgomery County for a one-parent family of three in 1997 was $42,611 per year, or $21.31 per hour. This figure includes the cost of childcare since it is assumed the single parent must work. For a two-parent family of four, with one parent working full-time and one working part-time, the minimum standard of need was $33,251 per year, or $11.08 per hour for each parent. This figure does not include childcare because it is assumed that one parent works part-time and takes care of the children after school.12

The estimates cited above range from $6.59 to $21.31 per hour for a family of three. As shown in Table 11, as income thresholds rise, the percentage of low-skill workers earning below the threshold increases. Approximately 16 percent of low-skill workers earn less than $5.75 an hour, 44 percent earn less than $8.50 an hour, 57 percent earn less than $10.00 an hour, and 68 percent earn less than $11.25 an hour. In other words, about one in six low-skill workers earns less than $5.75 per hour (less than $11,500 per year for 40 hours per week and 50 weeks per year); about four out of ten earn less than $8.50 per hour (less than $17,000 per year); and two-thirds earn less than $11.75 per hours (less than $23,500 per year).13 Thus the earnings of many low-skill adults—even if they work 40 hours per week and 50 weeks per year—are less than the basic income level computed by the Maryland Department of Human Resources as needed to support a family of one adult and two children.

Table 11

Leading Low-Skill Occupations and Associated Earnings, 1997 Total Employment and Percentage of Workers Earning Below Key Income Thresholds, 1997 Baltimore Metropolitan Area

		% of Total Low Skill	Percentage of Workers Earning Below (1)			
Occupation	Employment	Employment	$5.75/hr.	$8.50/hr.	$10.00/hr.	$11.25/hr.
Total Low Skill Employment	737,670		16%	44%	57%	68%
Top 20 Low Skill Occupations	373,333	51%	n.a.	n.a.	n.a.	n.a.
Salespersons, Retail	40,984	6%	22%	66%	79%	85%
Cashiers	28,236	4%	37%	80%	87%	90%
Janitors, Cleaners, & Maids	28,039	4%	33%	78%	91%	96%
General Office Clerks	27,627	4%	7%	35%	61%	80%
All Other Sales & Related Workers	27,412	4%	17%	47%	62%	79%
Food Counter, Fountain & Related	22,989	3%	52%	82%	90%	92%
Truck Drivers, Light & Heavy	22,707	3%	7%	22%	35%	48%
Bookkeeping, Accounting, and Audit Clerks	18,782	3%	4%	17%	32%	54%
Stock Clerks	17,971	2%	12%	53%	72%	83%
Waiters & Waitresses	16,438	2%	66%	86%	93%	95%
All Other Helpers, Laborers	15,795	2%	6%	44%	69%	83%
Blue Collar Worker Supervisors	14,903	2%	2%	4%	6%	10%
Clerical Supervisors	14,447	2%	1%	7%	15%	27%
Receptionists & Information Clerks	13,600	2%	10%	49%	74%	87%
Nursing Aides & Orderlies	12,814	2%	14%	62%	83%	97%
Guards	12,236	2%	22%	59%	70%	82%
Food Preparation Workers	11,119	2%	48%	85%	93%	97%
Maintenance Repairers, General Utility	10,325	1%	5%	30%	48%	63%
All Other Hand Workers	9,100	1%	5%	35%	48%	54%
All Other Professional Workers	7,809	1%	4%	10%	14%	35%

(1) Percentage is based on 308 out of 343 low skill occupations for which wage data are available.

Source: DLLR data analyzed by the Jacob France Center

Furthermore, many of the low-skill occupations with higher income levels are either supervisory or are trades that have experience, licensure, bonding, or reference requirements. Few of the higher paying jobs in these occupations are open to new job seekers with limited education, training, or experience, and the license, bond, and reference requirements are barriers to job seekers with criminal records. For example, certain healthcare occupations are closed to people with a criminal record.

Despite these qualifications, it is important to note that there are opportunities for higher wages and advancement within these low-skill occupations. Not all are dead end jobs. For example, among blue collar worker supervisors, 90% earn $11.25 per hour or more. This is the 11th largest occupation in the low-skill category. There are also opportunities for craft or precision jobs with relatively high wages and a high probability of benefits.

Projected Total Annual Job Openings

Projected annual job openings in the Baltimore metropolitan region are presented in Table 12. Projections are based on the assumption that current favorable economic conditions continue. Given this assumption, it is important to note that employment in many low-skill occupations is highly sensitive to economic conditions. Thus an economic slowdown or recession could negatively impact estimated occupational openings. Job openings from net replacement demand are presented in Table 13, and job openings from growth are presented in Table 14. As presented in Table 12, 63 percent of total job openings in the Baltimore metropolitan region are in low-skill occupations. Baltimore County and the outer suburbs account for two-thirds of the low-skill openings.

A high proportion of low-skill occupational openings result from meeting replacement demand stemming from workers retiring or leaving the occupation, not occupational demands caused by economic growth. As shown in Table 13 and Table 14, low-skill occupations account for 67 percent of job openings for replacement demand but only 58 percent of job openings from economic growth.

The relative shares of growth and replacement job openings for each of the DLLR/MDE Education/Training/Experience Levels are shown in Table 15. Job openings from economic growth account for 40 percent of overall annual job openings in the Baltimore metropolitan region. Job openings from growth are lowest for low-skill jobs, where they represent 36 percent of total openings. In contrast, job openings from growth account for 41 percent of openings in occupations requiring vocational/post secondary training, 50 percent in occupations requiring an associate degree and above, and 46 percent in occupations requiring a baccalaureate degree and above. Job openings in the growing sectors of the regional economy have higher educational, training, and experience requirements than other sectors, signaling diminished opportunities for less educated workers in the future.

Table 12

Projected Annual Job Openings Through 2005

By Education, Training, and Experience Requirements

Baltimore MSA

Education/Training/Experience Level	Total Metro Area	Baltimore City	Baltimore County	Other Counties
OJT - Related Work Experience	26,459	8,952	8,287	9,220
Vocational/Post Secondary Training	2,850	958	901	991
Associate Degree and Above	1,388	683	355	350
Baccalaureate and Above	11,131	4,117	3,404	3,610
Total of Above	41,828	14,710	12,947	14,171
Total Low-skill	26,459	8,952	8,287	9,220
Low-skill as a % of Total	63.3%	60.8%	64.0%	65.1%

Source: DLLR data analyzed by the Jacob France Center

Table 13

Projected Annual Job Openings Due To Replacement Through 2005

By Education, Training, and Experience Requirements

Baltimore MSA

Education/Training/Experience Level	Total Metro Area	Baltimore City	Baltimore County	Other Counties
OJT - Related Work Experience	16,838	5,797	5,180	5,861
Vocational/Post Secondary Training	1,685	600	511	574
Associate Degree and Above	697	342	173	182
Baccalaureate and Above	6,055	2,251	1,786	2,018
Total of Above	25,275	8,990	7,650	8,635
Total Low-skill	16,838	5,797	5,180	5,861
Low-skill as a % of Total	66.6%	64.5%	67.7%	67.9%

Source: DLLR data analyzed by the Jacob France Center

Table 14

Projected Annual Job Openings Due To Growth Through 2005

By Education, Training, and Experience Requirements

Baltimore MSA

Education/Training/Experience Level	Total Metro Area	Baltimore City	Baltimore County	Other Counties
OJT - Related Work Experience	9,621	3,155	3,107	3,359
Vocational/Post Secondary Training	1,165	358	390	417
Associate Degree and Above	691	341	182	168
Baccalaureate and Above	5,076	1,866	1,618	1,592
Total of Above	16,553	5,720	5,297	5,536
Total Low-skill	9,621	3,155	3,107	3,359
Low-skill as a % of Total	58.1%	55.2%	58.7%	60.7%

Source: DLLR data analyzed by the Jacob France Center

Table 15

Annual Projected Job Openings Through 2005

In the Baltimore Metropolitan Region, By Type and Entry Requirements

	Annual Openings	Low-skill: OJT – Related Work Experience	Vocational/Post Secondary Training	Associate Degree and Above	Baccalaureate Degree and Above
Total	41,828	26,459	2,850	1,388	11,131
Replacement	25,275	16,838	1,685	697	6,055
Growth	16,553	9,621	1,165	691	5,076
% of Total	100%	100%	100%	100%	100%
Replacement	60%	64%	59%	50%	54%
Growth	40%	36%	41%	50%	46%

Source: DLLR data analyzed by the Jacob France Center

Leading Job-Creating, Low-Skill Occupations and Wages

Projected low-skill occupational openings, like current low-skill employment, are concentrated in relatively few occupations. The 20 low-skill occupations with the most projected job openings (out of the total of 343 low-skill occupations) account for 54 percent of total low-skill job openings. The top five job-creating low-skill occupations—retail salespersons, cashiers, waiters & waitresses, sales & related workers, and food service workers—account for 24 percent of total low-skill job openings. Note, however, that these sales and foodservice occupations are among the occupations most at risk should there be an economic slowdown. The list of the top job-creating occupations is similar to the list of leading low-skill occupations (Table 11), with a stronger emphasis on public safety, since police patrol officers and corrections officers are included on the list of occupations with the most projected openings, but are not among the 20 low-skill occupations with the most employment.

Because it is important to know the wage levels associated with low-skill occupations with high projected growth in openings, the percentage of workers earning less than selected income thresholds is presented in Table 16. As shown in Table 16, as income thresholds rise, the percentage of workers earning below the threshold increases. Approximately 18 percent of low-skill workers in occupations with high projected growth in openings earn less than $5.75 an hour, while 47 percent earn less than $8.50 an hour, 60 percent earn less than $10.00 an hour, and 70 percent earn less than $11.25 an hour. Many of the fast-growing low-skill occupations have the lowest wages.

Table 16 Low Skill Occupations with the Most Annual Job Openings and Percentage of Workers Earning Below Key Wage Thresholds For the Baltimore Metropolitan Area (Average Annual Openings Through 2005 and Earnings in 1997)

		% of Total Low Skill	Percentage of Workers Earning Below(1)			
Occupation	Openings	Openings	$5.75/hr.	$8.50/hr.	$10.00/hr.	$11.25/hr.
Total Low Skill Openings	26,459	100%	18%	47%	60%	70%
Top 20 Low Skill Occupations	14,160	52%	n.a.	n.a.	n.a.	n.a.
Salespersons, Retail	1,584	6%	22%	66%	79%	85%
Cashiers	1,547	6%	37%	80%	87%	90%
Waiters & Waitresses	1,128	4%	66%	86%	93%	95%
All Other Sales & Related Workers	1,061	4%	17%	47%	62%	79%
Food Counter, Fountain & Related	964	4%	52%	82%	90%	92%
Janitor, Cleaners, & Maids	936	3%	33%	78%	91%	96%
Truck Drivers, Light & Heavy	807	3%	7%	22%	35%	48%
All Other Helpers, Laborers	678	2%	6%	44%	69%	83%
General Office Clerks	657	2%	7%	35%	61%	80%
Clerical Supervisors	585	2%	1%	7%	15%	27%
Stock Clerks	538	2%	12%	53%	72%	83%
Receptionists & Information Clerks	525	2%	10%	49%	74%	87%
Guards	450	2%	22%	59%	70%	82%
Nursing Aides & Orderlies	450	2%	14%	62%	83%	97%
Blue Collar Worker Supervisors	432	2%	2%	4%	6%	10%
Food Service & Lodging Managers	415	2%	1%	13%	30%	44%
Police Patrol Officers	387	1%	0%	0%	4%	5%
Maintenance Repairers, General Utility	379	1%	5%	30%	48%	63%
Correction Officers	321	1%	0%	0%	1%	11%
All Other Hand Workers	316	1%	5%	35%	48%	54%

(1) Percentage is based on 308 out of 343 low skill occupations for which wage data are available.

Source: DLLR Data analyzed by the Jacob France Center

Furthermore, like current low-skill employment, many of the low-skill occupations with higher-income levels are either supervisory or are trades which have experience, licensure, bonding, or reference requirements. Few of these occupations are open to new job seekers with limited education, training, or experience, and the license, bond, and reference requirements are barriers to job seekers with criminal records.

Beyond Low-Skill: Jobs Requiring

Vocational/Post Secondary Training

While this section has thus far focused on the job openings in low-skill occupations, the next level of occupations, those requiring vocational/post secondary training, is also relevant to the current debate over the job prospects for the less advantaged in the region. This next level tends to offer more stable employment opportunities, higher wages, and a higher probability of benefits. Furthermore, these occupations are accessible with moderate training and education. The combination of improved employment possibilities with moderate training requirements makes these and the next-level occupations a target in the current debate over regional employment opportunities for low-skill job seekers. However, the two mid-level categories of occupations, requiring vocational/post secondary training or an associate degree and above, account for a relatively small number of jobs.

Table 17 presents total employment, job openings, and the percentage of workers earning less than selected income thresholds for this group of occupations and for the leading (in terms of current employment) occupations requiring vocational/post secondary training. These occupations account for approximately 7 percent of regional employment and openings. Employment in these occupations is highly concentrated in the 10 leading occupations (out of a total of 39 occupations). These 10 occupations account for more than 80 percent of total employment in this category. Earnings in occupations requiring vocational/post secondary training are significantly higher than in low-skill occupations. Approximately 6 percent of workers in occupations requiring vocational/post secondary training earn less than $5.75 an hour, 19 percent earn less than $8.50 an hour, 32 percent earn less than $10.00 an hour, and 45 percent earn less than $11.25 an hour. In seven out of the top 10 occupations requiring Vocational/Post Secondary Training, fewer than one-quarter of workers earn less than $10.00 per hour.

Table 16 Low Skill Occupations with the Most Annual Job Openings and Percentage of Workers Earning Below Key Wage Thresholds For the Baltimore Metropolitan Area (Average Annual Openings Through 2005 and Earnings in 1997)

		% of Total Low Skill	Percentage of Workers Earning Below(1)			
Occupation	Openings	Openings	$5.75/hr.	$8.50/hr.	$10.00/hr.	$11.25/hr.
Total Low Skill Openings	26,459	100%	18%	47%	60%	70%
Top 20 Low Skill Occupations	14,160	52%	n.a.	n.a.	n.a.	n.a.
Salespersons, Retail	1,584	6%	22%	66%	79%	85%
Cashiers	1,547	6%	37%	80%	87%	90%
Waiters & Waitresses	1,128	4%	66%	86%	93%	95%
All Other Sales & Related Workers	1,061	4%	17%	47%	62%	79%
Food Counter, Fountain & Related	964	4%	52%	82%	90%	92%
Janitor, Cleaners, & Maids	936	3%	33%	78%	91%	96%
Truck Drivers, Light & Heavy	807	3%	7%	22%	35%	48%
All Other Helpers, Laborers	678	2%	6%	44%	69%	83%
General Office Clerks	657	2%	7%	35%	61%	80%
Clerical Supervisors	585	2%	1%	7%	15%	27%
Stock Clerks	538	2%	12%	53%	72%	83%
Receptionists & Information Clerks	525	2%	10%	49%	74%	87%
Guards	450	2%	22%	59%	70%	82%
Nursing Aides & Orderlies	450	2%	14%	62%	83%	97%
Blue Collar Worker Supervisors	432	2%	2%	4%	6%	10%
Food Service & Lodging Managers	415	2%	1%	13%	30%	44%
Police Patrol Officers	387	1%	0%	0%	4%	5%
Maintenance Repairers, General Utility	379	1%	5%	30%	48%	63%
Correction Officers	321	1%	0%	0%	1%	11%
All Other Hand Workers	316	1%	5%	35%	48%	54%

(1) Percentage is based on 308 out of 343 low skill occupations for which wage data are available.

Source: DLLR Data analyzed by the Jacob France Center

The second step in conducting a Job Gap Study is to examine the potential pool of applicants for low-skill jobs. In order to avoid confusion between stocks and flows, we focus on the number of job seekers who are estimated to be looking for full-time work at a given point in time.

The Officially Unemployed

The starting point for estimating the potential pool of low-skill job seekers in the Baltimore metropolitan region is the number of "officially" unemployed workers in the region. These data are available from the Maryland Department of Labor, Licensing, and Regulation's (DLLR) Employment and Earnings Report.

To estimate the number of unemployed workers seeking full-time low-skill employment, two subsets of unemployed workers are excluded from the total number of unemployed persons:

• Unemployed persons on temporary layoff, because these workers presumably will return to work with their current employer; and

• Unemployed persons seeking only part-time employment.

Based on Maryland state data for 1996 from the U.S. Bureau of Labor Statistics (BLS),14 approximately 33 percent of unemployed workers are on temporary layoff or seeking only part-time employment. Thus, a conversion factor of 67 percent is used to estimate the number of unemployed who are not on temporary layoff and who seek full-time employment.

Once the official number of persons seeking full-time employment is known, a second adjustment must be made to exclude unemployed persons seeking higher than low-skill jobs. There are no local data available to accurately identify this component of the unemployed. Instead, data from the BLS Current Population Survey are used to estimate the low-skill component of the unemployed. Nationally, the 1997 Current Population Survey database available from the Bureau of Labor Statistics indicates that two-thirds of the officially unemployed have no post-secondary education—29 percent lack a high school diploma and 37 percent have a high school diploma or GED certificate. This two-thirds figure is adopted as an estimate of the low-skill component among the unemployed. Multiplying the estimated number of unemployed persons seeking full-time employment by this two-thirds low-skill conversion multiplier yields the number of officially unemployed seeking full-time low-skill employment.15

For 1997 the resulting estimated number of officially unemployed persons between the ages of 18 and 65 seeking full time, low-skill employment was 33,276 for the entire Baltimore metropolitan region. Of these, 13,272 (40 percent) were in Baltimore City, 9,362 (28 percent) were in Baltimore County, and 10,642 (32 percent) were in the outer suburbs.

Marginally Attached and Involuntary Part-Time Workers

In addition to estimates of officially unemployed persons looking for full-time low-skill jobs, we need to add two other groups of potential low-skill job seekers—marginally attached workers and involuntary part-time workers (see definitions). Using national data we can estimate the number of marginally attached workers, and using state-level data for Maryland we can estimate the number of involuntary part-time workers.16

Marginally attached workers are persons who want a job, are explicitly available for work, and have looked for work sometime in the prior year, but are not currently working or looking for work. This category of workers includes discouraged workers, as well as persons who have other reasons for not working—such as child care or transportation problems.

Discouraged workers are defined as persons who explicitly want a job, are available to work, have looked for work within the past year, but are not currently seeking work because they feel their search would be futile.17 The Bureau of Labor Statistics estimates that one-tenth of one percent of 1997 Current Population Survey respondents should be defined as discouraged workers. Applying this average national percentage to the Baltimore area's 1997 population of 2.5 million results in an estimate of 2,500 discouraged workers. These figures must be further adjusted to exclude the elderly and the discouraged workers unlikely to seek low-skill employment. According to Current Populations Survey data, 84 percent of discouraged workers have less than an associate degree, and 84 percent are between the ages of 18 and 64. Thus, it was assumed that 71 percent (.84 x .84 = .71) of discouraged workers are within the low-skill job seeking population. This yields an estimate of 1,800 discouraged workers in the metropolitan area. Assuming that these discouraged workers are distributed across the metropolitan area in proportion to total employment, there would be 592 discouraged workers in Baltimore City, 526 in Baltimore County, and 682 in the outer suburban counties. See Table 18. It is important to note that there is considerable reason to believe that using a national average on an urban area will underestimate the actual number of discouraged workers. However, no additional data exist.

In addition to discouraged workers, we need to add other marginally attached workers. As of December of 1997, there were approximately 4 additional marginally attached workers for every discouraged worker.18 Applying this ratio to the 1,800 low-skill discouraged workers in the Baltimore metropolitan region yields an estimate of 7,200 marginally attached workers in addition to the discouraged. For estimation purposes, we assume that these marginally attached workers are distributed across the metropolitan region in proportion to the number of employed persons, albeit this probably underestimates the number in Baltimore City and overestimates the numbers in the suburban jurisdictions.

Involuntary part-time workers are persons who work less than 35 hours per week involuntarily because of business conditions (lack of full-time employment opportunities) rather than because of personal constraints or preferences.19 According to the Maryland Department of Labor, Licensing, and Regulation there were 1,245,339 employed individuals residing in the Baltimore metropolitan region in 1997.20 According to the Bureau of Labor Statistics, approximately 17 percent of Maryland's workforce worked only part-time and of these, approximately 16 percent can be classified as involuntary part-time workers.21 This yields an estimate of 34,400 involuntary part-time workers in the area. (Including all involuntary part-time workers overstates the job gap because, unlike individuals who are without a job, part-time workers need to add only a fraction of a job to have full-time work.

However, we have no data on how many hours per week they work or how many additional hours they want.) For estimation purposes, we assume that involuntary part-time workers are distributed across the metropolitan region in the same proportion as total employment. Here also there is considerable reason to believe that using a national average on an urban area will underestimate the actual number of involuntary part-time workers. However, no additional data exist.

Table 18 presents summary data on the number of low-skill job seekers (including all marginally attached and involuntary part-time workers).

Table 18

Low-Skill Job Seekers in the Baltimore Metropolitan Region, 1997

	Total Metro Area	Baltimore City	Baltimore County	Other Counties
The Unemployed				
Average Number of Officially Unemployed	74,420	29,682	20,938	23,800
Layoff/Part-time Conversion Factor	67%	67%	67%	67%
Est.Unemployed Looking for FT Employment	49,914	19,908	14,043	15,963
Low-skill Conversion Factor	67%	67%	67%	67%
Est. Unemployed Seeking FT Low-skill Employment	33,276	13,272	9,362	10,642
Marginally Attached Workers				
Discouraged Workers	1,800	592	526	682
Additional Marginally Attached Workers	7,200	2,369	2,102	2,729
Involuntary Part-time Workers	34,400	11,318	10,045	13,037
TOTAL LOW-SKILL JOB SEEKERS	**76,676**	**27,551**	**22,035**	**27,090**

Source: BLS and DLLR data analyzed by the Jacob France Center

Excluded Populations

The number of individuals in the population groups described below are known with reasonable certainty, but the extent of overlap among the groups is not known, nor do we know how many individuals in these groups are already counted in the categories included in our estimate of low-skill job seekers. Because of these uncertainties, we have excluded these groups from our estimates. It is likely, however, that some members of these groups fall between the cracks and are not being counted. To the extent that this is true, our estimate of low-skill job seekers, and the resulting job gaps, are conservative. More research is needed to determine how these individuals should be included in the calculations.

1. Recipients of Temporary Assistance for Needy Families (TANF)

In principle, TANF recipients actively searching for work should be part of the official unemployed population included in our calculations. Given the current requirements of Maryland's TANF program, this should include all adult TANF beneficiaries minus those exempt from work activities: disabled persons, those caring for a child under 1 year of age, and those determined by the state to have "good cause" for exemption.

It appears likely, however, that our current methods do not completely capture all TANF job seekers. Estimates from the Department of Human Resources (DHR) for calendar year 1997 indicate that in Baltimore City alone, an average of 13,647 adult TANF recipients needed to be working or involved in a work activity program (most of which require active job searches) as a condition of TANF eligibility. Region-wide estimates for this "non-exempt" TANF population in 1997 are provided below.

Table 19 TANF Recipients Subject to Work Requirements, 1997		
	Average Number Paid Adults on TANF, 1997	Estimated Number of Paid Adults on TANF Subject to Work Requirements, 1997
Anne Arundel County	1,803	1,034
Baltimore City	23,789	13,647
Baltimore County	4,254	2,440
Carroll County	327	187
Harford County	743	426
Howard County	407	233
Total Region	31,323	17,967

There is reason to believe that even these estimates may not fully capture the "non-exempt" population. DHR estimates that 36 percent of the exempt population in calendar 1997 were excused from work activities to care for children less than one year of age. Once these children reach 13 months of age, the adult will be required to seek work.

An accurate count of the TANF population required to work is critical to a Baltimore area job gap analysis. While the number of paid adults on TANF (and its predecessor, Aid to Families with Dependent Children) has decreased by 55 percent statewide since 1994, Baltimore City's rate of decline (41 percent) has lagged behind the statewide average. This means that the city now is home to almost two out of every three TANF recipients in Maryland, and, as shown in Table 19, home to 75 percent of the TANF recipients in the metropolitan region required to work as a condition of eligibility.

2. Individuals Leaving the Corrections System

In FY98, 6,577 individuals were released from the corrections system into the Baltimore metropolitan area, either on parole or on mandatory release. See Table 20. More than 5,300 of these individuals were released into Baltimore City. Of these 5,300, 550 reported having full-time employment at the time of their release, and 40 reported having part-time employment. Of the 1,261 releases into the surrounding counties that year, 235 reported having full-time employment upon release, and 17 reported having part-time employment. Of the total 6,577 individuals released into the Baltimore region, approximately 4,500 reported being unemployed at the time of their release and nearly 1,200 had employment status at the time of release characterized as "other" or "unknown." We do not know how many of these are included in our estimate of job seekers. Clearly, some are not.

TABLE 20 Parolees and Mandatory Releases from the Correctional System, By Jurisdiction and Employment Status, FY98

	Employed		Unemployed	Other	Student	Unknown	Total
	Full-Time	Part-Time					
Anne Arundel Co.	53	5	192	8	2	38	
Baltimore City	550	40	3712	65	3	946	
Baltimore Co.	97	12	441	9	2	71	
Carroll Co.	23	0	34	2	1	4	
Harford Co.	46	0	141	4	0	21	
Howard Co.	16	0	26	1	1	11	
TOTAL							

Source: Maryland Department of Public Safety

3. High School Dropouts

The Maryland Department of Education defines "dropout" as a student who leaves school for any reason, except death, before graduation or completion of a Maryland approved education program and is not known to enroll in another school or state approved program during the current school year. The dropout rate is the number of dropouts minus re-entries divided by the total number of students in the grades being measured in the specific jurisdiction.

For the year July 1, 1997 to June 30, 1998 the dropout numbers and rates for Baltimore City and the five counties of the metropolitan area for grades 9 through 12 were:

Number Rate

Anne Arundel 925 4.16%

Baltimore City 3,557 10.22%

Baltimore County 660 2.19%

Carroll County 258 2.75%

Harford County 341 3.05%

Howard County 265 2.06%

Total 6,006

Of the region’s 6,006 dropouts, 1,229 are listed as "whereabouts unknown," and 2,801 give "lack of interest" as the reason for dropping out. More than 1,000 students, most of them in Baltimore City, left for academic reasons, 109 listed "employment" as the reason for leaving, and 382 were expelled. The rest left for a variety of reasons.

The Baltimore Area Job Gap

The final step in the job gap estimation methodology is to compare the projected number of job openings to the estimated number of job seekers to derive the job gap. Even before the gap is computed, there is clear evidence to support concerns regarding the spatial mismatch between low-skill jobs and job seekers. Baltimore City is home to approximately 27,551 potential low-skill job seekers, but has an estimated 8,952 low-skill job openings available annually. The largest number of projected low-skill job openings, an estimate 9,220 annually, will occur in the region’s outer counties. Thus any strategy to promote low-skill employment opportunities needs to address the issue of improved transportation linkages between the city and the suburban counties.

The total low-skill job gap for the Baltimore metropolitan region is presented in Table 21. There are 2.9 low-skill job seekers for every low-skill job opening in the metropolitan region. There is a total shortfall of 50,217 low-skill jobs in the metropolitan area. If we look at each jurisdiction separately, the job gap was highest in Baltimore City, with 3.1 seekers per opening compared to 2.7 seekers per opening in Baltimore County and 2.9 seekers per opening in the outer counties.

Table 21

Baltimore Metro Area Job Gap:

Annual Number of Low-skill Job Seekers Compared to Annual Estimate of Low-skill Job Openings

	Total Metro Area	Baltimore City	Baltimore County	Other Counties
Total Low-skill Job Seekers	76,676	27,551	22,035	27,090
Total Low-skill Job Openings	26,459	8,952	8,287	9,220
Low-skill Job Gap	50,217	18,599	13,748	17,870
Ratio of Job Seekers to Net Openings	2.9	3.1	2.7	2.9

Source: DLLR data analyzed by the Jacob France Center

The job gap increases as the projected job openings are restricted by income level. Table 22 presents the Baltimore metropolitan region job gap estimates by the percentage of low-skill job openings paying above key income thresholds. If the number of job openings is restricted to those paying more than $8.50 per hour, there are 5.5 seekers per job and a shortfall of nearly 63,000 jobs. If the income threshold of $11.25 per hour is used, the job gap becomes 9.6 seekers per job, and the shortfall increases to nearly 69,000 jobs.

Certain employers in the Baltimore metropolitan region may be surprised to learn that there is a job gap. The quarterly Maryland Business Climate Survey conducted by the Maryland Business Research Partnership, which surveys 250 companies, consistently finds labor shortages and these shortages seem to be getting more serious. For example, in the first quarter of 1997, 37 percent of survey respondents reported difficulties in filling specific jobs. In the second quarter of 1998, sixty percent of respondents reported difficulties in filling specific jobs.

These worker shortages and low-skill job gaps exist side by side as follows: some hard-to-fill jobs are high skill jobs for which the region does not have enough well-trained people. Some hard-to-fill jobs, whether high skill or low skill, are at a great geographic distance from the job seekers. And some job seekers do not have job-ready habits and behavior that make them attractive to employers.

The shortages of skilled workers, coupled with the excess of low-skill workers, underscore the importance of upgrading the skills, training, and experience of the low-skill population. Another step in the process of developing a workforce development strategy should be to inventory and evaluate the resources available to upgrade workforce skills.

However, there is still, and will continue to be, a substantial shortfall of jobs with wages sufficient to lift workers and their families above poverty. Policies and programs that address this problem include subsidized health care and child care, early childhood programs, housing, food stamps, refundable earned income tax credits and other earned income credits, requirements that government contractors and beneficiaries of certain government subsidies pay their employees no less than a certain wage, etc. These measures are intended to safeguard the wellbeing of families. They should not be overlooked in comprehensive planning, and they should be adequate and effective to fulfill their purpose.

Table 22 Baltimore Metro Area Job Gap Seekers Compared to Job Openings, by Pay Scale

		Openings Paying More Than			
	Total	$5.75/hr.	$8.50/hr.	$10.00/hr.	$11.25/hr.
Total Low-skill Job Seekers	76,676	76,676	76,676	76,676	76,676
Total Low-skill Job Openings	26,459	21,732	14,045	10,677	8,009
Low-skill Job Gap	50,217	54,944	62,631	65,999	68,667
Ratio of Job Seekers to Net Openings	2.9	3.5	5.5	7.2	9.6

Source: BLS, DLLR data analyzed by the Jacob France Center

Findings

The Greater Baltimore Committee, in its May 1997 Regional Forum on Economic Development and Public Safety, identified as a high priority the need to develop a comprehensive regional strategy for workforce preparedness and mobility. An effective strategy must be based on meaningful, accurate information.

This report takes a first step in developing basic information and analysis necessary for the creation of a comprehensive workforce development strategy, and making this information available in a form accessible to policy makers and concerned citizens. Our primary focus is the low-skill jobless and underemployed population and the jobs that they might obtain in the Baltimore metropolitan region.

This section summarizes the major findings of this report.

1 Shift of People and Jobs from Baltimore City to the Counties

Baltimore City plays a critical role as an employment center in the region, but that role has diminished over the last 30 years and continues to diminish. In 1970, Baltimore City accounted for 55 percent of employment in the metropolitan region; today the city's share is 33 percent of the total. In the first seven years of the 1990s, the population of the city declined by nearly 78,000 while the population of the rest of the metropolitan region grew by nearly 160,000. Baltimore City's share of the region's population declined from 31 percent in 1990 to 27 percent in 1997.

Over the next decade, employment growth in the region will be driven by the wholesale trade, retail trade, finance-insurance-real estate, and service sectors. Baltimore City is the only jurisdiction in the metropolitan area predicted to experience employment declines in all these sectors. The outer suburban jurisdictions (Carroll, Harford, and Howard counties) are expected to experience employment growth rates in these sectors that may be more than twice the growth rates for the region as a whole.

2. Sixty-two Percent of the Region's Jobs are Low-Skill

In 1997, 62 percent of employment in the Baltimore metropolitan region was in occupations defined in this report as low-skill. Two out of every three of these low-skill jobs were located outside of Baltimore City. The top five low-skill occupations—retail salespersons; cashiers; janitors, cleaners, and maids; general office clerks; and other sales and related workers—account for 22 percent of the total low-skill employment in the region.

3. Low-skill jobs tend to be low paying jobs

There is considerable debate over the ability of low-skill workers to earn sufficient income to meet their basic living needs. While this report does not take on the challenge of defining a living wage, it does present data on the profile of wages for certain low-skill occupations.

In the Baltimore metropolitan region, 16 percent of low-skill workers earn less than $5.75 an hour, 44 percent earn less than $8.50 an hour, 57 percent earn less than $10.00, and 68 percent earn less than $11.25 an hour. Many of the low-skill occupations with higher income levels are either supervisory or are trades that have experience, licensure, bonding, or reference requirements. Few of the higher paying jobs in these occupations are open to new job seekers with limited education, training, or experience. Similarly, license, bond, and reference requirements are barriers to job seekers with criminal records and/or substance abuse problems.

4. Predicted Job Openings and Skill Levels

The Baltimore metropolitan region is predicted to generate nearly 42,000 job openings annually through 2005. Approximately 26,500 of these jobs will be low-skill, 2,850 will require vocational/post secondary training, 1,400 will require an associate degree or above, and more than 11,100 will require a baccalaureate degree or above. These job openings will occur for one of two reasons: economic growth (new jobs) or because a worker retires, leaves an occupation, or moves to another area (net replacement jobs). Higher skill jobs generally offer higher wages, more stable employment opportunities, and a higher probability of benefits, compared to low-skill jobs. With additional training and education, low-skill men and women could qualify for higher skill jobs. However, the two mid-skill categories account for only about 10% of total projected annual job openings in the region.

5. The Numbers Gap

On an average day in the Baltimore metropolitan region, there are 33,276 officially unemployed individuals seeking full-time low-skill jobs, and an additional estimated 43,400 involuntary part-time and marginally attached individuals who want full-time low-skill jobs but are not officially counted as actively searching for work. On this average day in the Baltimore metropolitan region, there are approximately 26,500 low-skill job openings, resulting in a ratio of almost 3 potential low-skill job seekers for every low-skill job in the region.

Looking only at Baltimore City on the same day, the officially unemployed job seekers for full-time low-skill jobs number approximately 13,272, with an additional estimated 14,280 involuntary part-time workers and marginally attached individuals who want full-time low-skill jobs but are not officially counted as actively searching for work. In the city on this average day, there are approximately 8,950 low-skill job openings. This results in a ratio of as many as 3 potential low-skill job seekers for every low-skill job opening in the city.

6. The Spatial Mismatch

Baltimore City has a disproportionate share of the challenge of meeting the needs for low-skill job seekers. According to the data in this report, Baltimore City has a somewhat higher concentration of low-skill job seekers (36 percent of the regional total), but a lower share of low-skill job openings (less than 34 percent of the regional total). In addition, these data underestimate the city's burden in several ways. First, some of the estimates in this report are based on national statistics that are likely to underestimate the problems in urban centers. Second, Baltimore City is home to a disproportionate share of hard to serve populations that because of uncertainties about overlap are not fully reflected in our job gap estimates. Specifically, the city is home to 75 percent of the estimated number of adults on TANF subject to work requirements, 80 percent of the parolees and mandatory releases from the correction system, and 60 percent of the high school dropouts.

7. The Job Gap and Wage Levels

The job gap increases when we look at low-skill jobs with higher wage levels. For example, for jobs that pay approximately $8.50 per hour ($17,000 per year at 40 hours per week and 50 weeks per year), there is a total of 5.5 job seekers per low-skill job and a shortfall of more than 62,000 jobs in the Baltimore metropolitan region. If the wage threshold is increased to $11.25 per hour ($22,500 per year), the job gap becomes 9.6 job seekers per low-skill job and a shortfall of more than 68,000 jobs.

8. Current Economic Development Patterns Contribute to the Job Gap

It is evident that the current job gap is influenced by economic development. The Baltimore region ranked last of 20 comparable regions in the U.S. in terms of job growth between 1992 and 1996, according to the Greater Baltimore State of the Region report issued by the Greater Baltimore Committee and the Greater Baltimore Alliance in 1998. Our slow rate of regional employment growth does not create sufficient job opportunities to absorb the region's low-skill workforce. Furthermore, many of the jobs that are being created require higher levels of experience, education, or training and thus are not open to low-skill job seekers.

Next Questions, Next Steps

The purpose of this report is to bring together essential information about jobs and low-skill job seekers in the Baltimore metropolitan area, as a necessary first step in identifying and quantifying problems and crafting policies and strategies to address the needs.

The facts presented here document the regional nature of the challenge: all jurisdictions are impacted by the low wages paid for most low-skill jobs; by the need to increase workforce skills and job readiness; and by the need for more jobs, especially "bridge" jobs for people to move into as they get more education, training, and experience. Thus we need a comprehensive strategy for the region that includes and connects workforce development, economic development, and family support.

To provide additional necessary information as a basis for discussion and decision, these next questions must be explored:

Workforce Development

• What resources are available in the metropolitan area to help the target group (low-skill job seekers) acquire the training, education, and work habits necessary to compete for and retain jobs? How effective and accessible are these resources and how can they be utilized more efficiently? What more is needed?

• How many members of the target group apply for and receive skills training through JTPA/WIA, vocational education, union apprenticeship programs, employers' in-house programs, and other school and training programs? What is needed to increase utilization of these resources?

Family Support; Wage Supplements

• How many of the target group are eligible for and make use of programs such as TANF, food stamps, unemployment insurance, federal and state earned income tax credits, subsidized child care, health care, and housing assistance to supplement their income? How much benefit do these programs actually provide? What more is needed?

Reducing Racial and Ethnic Barriers

• What support services for employers and employees are needed to address issues of race discrimination, cultural differences and misperceptions, and other problems related to hiring, job retention, and satisfaction in the workplace?

Creating a Regional Strategy

• What public policies and programs are needed for an effective mix of education, skills training, family support, economic development, and job creation, to strengthen the economy of the Baltimore region, meet the workforce needs of employers, and ensure opportunity for employment and a minimum decent living level for workers and their families?

• How can we—residents of the Baltimore metro area—be energized and organized to work together to create and implement a comprehensive strategy to address these issues that directly or indirectly impact every resident of the region?

Endnotes

Page # Endnote

6 1 See Voith, Richard, Do Suburbs Need Cities? Federal Reserve Bank of Philadelphia, Working Paper No. 93–27, September 1994.

6 2 Glenn Burkins, "Strong Economy Leaves Young Blacks Behind," Wall Street Journal, March 9, 1999.

7 3 Brandon Roberts and Associates (1997), Workforce Development in Baltimore: Opportunities and Challenges in Meeting the Job Needs of Inner-City Poor, Baltimore, MD: The Annie E. Casey Foundation, p. 7.

8 4 For the purposes of this section we adopt the definition of the Baltimore region used by the Maryland Office of Planning, which includes the city of Baltimore and Anne Arundel, Baltimore, Carroll, Harford, and Howard counties. While Queen Anne's County is included in the new Baltimore Consolidated Metropolitan Statistical Area defined by the U.S. Bureau of the Census, the Maryland Office of Planning includes Queen Anne's County in the Upper Eastern Shore Region of the state.

8 5 In this section we use employment data from the Maryland Office of Planning. These data come from the Bureau of Economic Analysis, U.S. Department of Commerce and are the most comprehensive measures of employment available. The data reflect employment by place of work, or on an establishment basis.

9 6 The region experienced an increase of 63,208 jobs from 1990 to 1996. This was offset by a loss of 52,548 jobs in Baltimore City so the net increase was just 10,660. Of the 63,208 jobs created, Anne Arundel County accounted for 17.8 percent, Baltimore County 20.3 percent, Carroll County 11.5 percent, Harford County 12.8 percent, and Howard County 37.6 percent.

11 7 The actual performance of the region's economy since 1995 is consistent with these projections.

14 8 The calculations in this section of the report are based on data from the Maryland Department of Labor, Licensing and Regulation, which are in turn based on data from the U.S. Labor Department's Bureau of Labor Statistics. These data include Queen Anne's County in the Baltimore Metropolitan Area. In contrast, the Maryland Office of Planning does not include Queen Anne's County in its definition of and calculations for the Baltimore Metropolitan Area reported in the first section of this report. Because the population and economy of Queen Anne's County are relatively small within the region, this difference does not have a significant impact on our calculations.

14 9 The Jacob France Center referenced the following reports in this analysis: The Minnesota Job Gap Study: Phase One First Report of Findings, JOBS NOW Coalition, January 17, 1995; The Vermont Job Gap Study: Phase II—Livable Wage Jobs: The Job Gap, Peace & Justice Center, May 1997; Are There Enough Jobs? Welfare Reform and Labor Market Reality, The Illinois Job Gap Project, December 1995.

17 10 Ord. 442, adopted in 1994.

17 11 Maryland Department of Human Resources, Estimated Minimum Living Levels for Temporary Cash Assistance Customers Updated Through Fiscal Year 1999. The monthly figure of $1,134 was divided by 40 hours per week and 4.3 weeks per month to yield $6.59.

17 12 Montgomery County Community Action Board, Report on the Minimum Standard of Need, 1997. The three-person family figure was divided by 50 weeks per year and 40 hours per week to compute the hourly rate. The four-person family figure was divided by 50 weeks per year and 60 hours per week (40 hours for the full-time worker and 20 hours for the part-time worker) to compute the hourly rate.

17 13 The available data on employment and wages do not show the number of hours worked per week nor the number of weeks worked per year. Although some employees, especially low-skill single parents of young children, find it difficult to work full time year-round because of child care problems, illness, or other reasons, we compute annual wages based on a 40 hour work week and a 50 week work year.

Occupational earnings data do not include income received through tips, bonuses, or other sources. Thus actual earnings may be higher, especially in occupations such as Waiters and Waitresses.

23 14 These estimates are based on the 1996 edition of the Geographic Profile of Employment and Unemployment. At the time of this report these were the most recent data available. Thus, 1996 data were used to adjust the 1997 unemployment figures. In this instance, state-level data is applied to the Baltimore Metropolitan Area.

25 15 Data from the 1990 Census show that approximately 39 percent of the Baltimore City population aged 25 years and older lacked a high school diploma and that 27 percent had a high school diploma or G.E.D. certificate. Thus the two-thirds conversion number is appropriate, but the actual educational level is probably lower than the national statistics indicate.

25 16 These data probably underestimate the number of marginally attached or involuntary part-time workers in the city of Baltimore and overestimate the number in the suburbs, so these estimates are probably conservative for the city.

25 17 John Bregger and Steven Haugen "BLS introduces new range of alternative unemployment measure", Monthly Labor Review, October 1995, pp. 19–26.

25 18 Bureau of Labor Statistics, The Employment Situation Newsrelease.

26 19 Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment. At the time of this report this was the most recent data available. Thus, 1996 data were used to adjust the 1997 unemployment figures. This report further applies state-level data to the Baltimore Metropolitan Area.

26 20 DLLR, Maryland Labor Market Indicators, June 1998.

26 21 Bureau of Labor Statistics, Geographic Profile of Employment and Unemployment.

28 22 Exempt populations include "child only" cases (where children receiving TANF are residing with adult caretakers who themselves are not eligible for TANF), disabled persons, and those caring for children less than 1 year of age. Other recipients may be granted temporary "good cause" exemptions (for family illness, transportation or child care breakdown, etc.).

Definitions

Civilian non-institutional population

Individuals who are neither in the armed forces (e.g., army, navy, marines) nor resident in an institution (e.g., hospital, nursing home, prison). For labor force purposes, the population is restricted to individuals age 16 or older.

Discouraged workers

A subgroup of marginally attached workers (see below). Discouraged workers would like a job, are able to work, have looked for work within the past year but have not actively searched for work within the past four weeks, and are not currently looking for work because they believe that the search would be futile.

Involuntary part time

Individuals who are employed less than 35 hours per week but would like to work full time if opportunities were available. They are classified as part time for economic reasons.

Labor force

All civilian non-institutionalized persons age 16 and older who are employed or unemployed (actively searching for work).

Labor force participation rate

The number of people in the labor force (see above)divided by the number of people in the civilian noninstitutional population age 16 and older.

Marginally attached workers

Individuals who would like a job, are able to work, have looked for work within the past year but have not actively searched for work in the past four weeks because of barriers such as child care or transportation, or a sense that job search would be futile.

Not in the labor force

Individuals who are not employed for pay and who are not unemployed (see below). Individuals who are not in the labor force may still be interested in working (see marginally attached and discouraged workers above) or they may not want a job for reasons such as retirement, home responsibilities, or educational activities.

Spatial mismatch

A labor market situation where individuals who would like to work are unable to take jobs because the jobs are in a different geographical area that is unaccessible to the potential workers.

Unemployed

Individuals who are currently not working, would like to work, are able to work and have actively sought employment within the past four weeks through means such as visiting a potential employer or responding to a help wanted advertisement.

Unemployment rate

The number of individuals who are unemployed (see above) divided by the number of people in the labor force.

Appendix 1

Estimating "Job Gaps": Methodology

In recent years, researchers in several states have attempted to estimate "job gaps," which are intended to indicate the disparity between the number of low-skill workers interested in work and the number of appropriate openings available. Because this is a relatively new concept, there is no standard definition for the term job gap, and, consequently, analysts have defined and estimated job gaps quite differently. This appendix presents the major issues in estimating job gaps and describes the approaches used in the past and in this report.

Job gap estimates are controversial for technical and conceptual reasons. The technical challenges include:

• There is no consensus about the definition of available people who are qualified to satisfy low skill job requirements.

• No reliable source of information documents availability, qualifications, or job requirements. Some proxy measure has to serve as a substitute for a direct count in each case.

Other more conceptual reasons for disagreement include:

• Advocacy for more or less inclusive definitions of availability, qualifications, and job requirements is often motivated by the intended use of the information.

• The estimates in the literature use different definitions and feature unique time and spatial coverage, so no two estimates are exactly comparable.

Nevertheless, the basic steps followed in each of the available studies are the same:

• Combine sources of information that contribute to a composite estimate of the current or projected number of available and qualified candidates for low-skill jobs. This becomes the numerator of the ultimate job gap ratio.

• Develop an estimate of the current or projected number of low-skill job openings. This becomes the denominator of the job gap ratio.

• Divide the number of workers available by the number of positions available to obtain the job gap estimate.

Available Measures for Employment and Unemployment

Each of the job gap studies completed to date uses information drawn from official government sources. These sources define and estimate such concepts as unemployment, marginal attachment to the labor force, involuntary part-time employment and discouraged worker status. However, no two studies combine these data sources in the same way, so direct comparison of job gap estimates is inadvisable.

Most of the studies begin with a state employment security agency's official unemployment estimate for a reference time interval and place. Statewide studies begin with monthly unemployment figures released by the Bureau of Labor Statistics. These estimates are based on Current Population Survey data collected by the Bureau of the Census. Approximately 60,000 households are included in the national sample that is designed to ensure desired accuracy tolerances for states and selected large metropolitan areas. Studies of smaller areas use unemployment estimates prepared by the local area unemployment statistics (LAUS) program within each state's employment security agency. The data sources and estimating steps differ in the two approaches.

For the Baltimore study, we began with local area unemployment statistics prepared by the Office of Labor Market Analysis and Information in Maryland's Department of Labor, Licensing and Regulation. The six counties and Baltimore City that comprise the Baltimore Metropolitan Statistical Area define the spatial unit of analysis, and 1997 is the time period chosen (for reasons that are described below).

Unemployment estimates are released each month. Each figure is described as the Office of Labor Market Analysis and Information's estimate of the average number of residents in the defined area who were unemployed at a "representative" time during the designated month. This is not an estimate of the number of people who satisfied the definition of being unemployed at any time during the month. The distinction between these two definitions is important. More people are unemployed during any reference period than are unemployed at a particular time within that interval. Unfortunately, there is no currently available measure of this "roll up count."

The accuracy of a job gap estimate is affected by the proper alignment of people and job openings in time and space. Projected job openings are defined with respect to a time interval that is typically described as a "representative" year within a five-year projection period. This is usually acknowledged to be a reluctant accommodation to the demand for such information for strategic planning and management uses rather than a level of precision in time with which analysts are comfortable.

Confusion and inaccuracy result when turnover is reflected in the denominator or numerator of a job gap ratio. When an employee leaves a job, for any reason, an opening may, or may not, be created and the previous incumbent in this position may, or may not, now be available to fill another position.

The Office of Labor Market Analysis and Information, which is the source of our occupational employment projections, includes only "net" growth (+ or -) and replacement needs defined for a "representative" year within the actual projection period. Openings that emerge and are filled in normal business- and industry-specific turnover cycles are not included. This is one important source of confusion. There may seem to be a large number of "now hiring" signs in the windows of retail stores, as well as newspaper and TV accounts of the difficulty employers are having filling current openings. At the same time, we know that there are many welfare recipients, parolees, and others who seem to be "available" for work. Two challenges for analysts emerge from these simultaneous profiles—(1) people routinely move among positions, particularly in the retail sector; and (2) some definition of availability has to be agreed upon.

A musical chairs metaphor describes these challenges. Typically, only one person will be unable to find a seat when the music stops, but while the music is

playing all chairs are empty. An accurate count of empty chairs and circling people reveals that one person will be unable to find a seat. The net addition of one chair would solve the imbalance.

We began the process of estimating the number of candidates available to fill projected openings by starting with the official unemployment statistics and making adjustments to reflect the population of interest. In the body of the report we note that some observers questioned whether official statistics adequately count members of some populations such as recent high school dropouts, recently released offenders, and welfare recipients. The sizes of these groups are known with reasonable precision, but because we do not know the overlap among these groups nor the extent to which they are already counted in the categories included in our estimates, we do not make any additional adjustments in our calculations.

The Office of Labor Market Analysis and Information routinely releases a number that is described as an estimate of the number of area residents who would have satisfied the criteria to be defined as unemployed at a "representative" time during a year if data had been collected with respect to that time interval. This estimate is a substitute for the unmeasured count that would result from a daily enumeration of residents who satisfy the definition of unemployed, in the course of one year, summed and then divided by 365.

Selection of a calendar year as the reference period is artificial, but not arbitrary. The one-year designation is needed to align the numerator and denominator values. No one can confidently project the daily, or even monthly, timing of job opening appearance due to net growth (+ or -) and replacement needs.

Acceptance of the Office of Labor Market Analysis and Information's estimate of the average number of unemployed residents in the Baltimore Metropolitan Statistical Area at a "representative" time during 1997 is a commitment to a sound foundation on which other building-blocks can be placed to arrive at a better estimate of available candidates for employment. The office also releases an unemployment estimate for Baltimore City and each of the six counties in the metro area.

Readers are reminded that 1997 is accepted as a reasonable proxy for future unemployment expectations in the metro area. The annual average unemployment rate during that year falls in the mid-range of recent annual estimates. There is no reason to expect future trends to move toward one extreme or the other of this historical pattern.

Caution is urged in the use of a "one candidate per projected job opening" rule. Many people, particularly among those with serious skill limitations, hold two jobs at the same time. This possibility has been ignored in our calculation of a job gap estimate for two reasons:

• There is no sound basis for selecting a percentage of the pool of available candidates who could then be defined as available to fill more than one part- or full-time job opening.

• There is no consensus about the appropriateness of treating a person's willingness to hold more than one job at the same time as a factor in estimating any imbalance between projected job openings and candidate availability.

Adoption of the official metro area unemployment estimate as the foundation on which to build an estimate of candidate availability follows the approach taken by our predecessors. There is no consensus among analysts about how to proceed from this starting point.

The treatment of welfare recipients as available candidates for employment typifies the difficulty of agreeing on a practical definition of availability. Most of the job gap studies were completed before the Temporary Assistance for Needy Families (TANF) program replaced the Aid to Families with Dependent Children (AFDC) program. Authors of those studies adopted various definitions of welfare recipient availability to work. Minnesota's approach used Public Use Micro Sample (PUMS) Census data to arrive at a 55.5 percent figure for those who would be assumed "able to work." Illinois adopted a 50 percent "employment goal." Ohio's analysis used administrative records for residents of a public housing project, accepting the conclusions recorded there with respect to employability.

The TANF program has changed the rules that determine a cash assistance recipient's exposure to loss of benefits conditional upon acceptance of "employment." There are many opinions about how these rules will actually play out in practice. There are many discretionary opportunities for TANF staff members to shield some cash assistance recipients from a loss of benefits when "employment" is not achieved. Under TANF, the definition of "employment" can be specified within broad parameters. The first wave of Maryland recipients of temporary cash assistance who reached the two-year "cliff" of continued eligibility under the state's Family Investment Program did so in January 1999. Few who might have been terminated from the rolls at that time actually lost cash assistance eligibility, because room was found in various preparation-for-work activities to shield them at least temporarily from an immediate loss of cash assistance.

We adopted the approach of assuming that those TANF cash assistance recipients who have been screened and referred to appropriate support agencies for job placement satisfy the technical criteria to be defined as unemployed, which means they are already included in the foundation estimate described above. If this is the case, adding a percentage of the TANF caseload would amount to double counting.

This decision implicitly assumes that projected future availability of TANF recipients will not be affected by eligibility cliffs. We are not confident of the accuracy of this assumption, but we have no basis for adopting some other approach. Two unknown parameters are key in determining the best approach to use:

• The percentage of possible TANF cutoffs that will actually occur, particularly when the five-year lifetime limit for TANF benefits begins to take effect; and

• The percentage of those who leave the TANF cash assistance program and then seek local employment.

We adopted 1997 as the representative year for projected availability of candidates to fill projected job openings. We use one-tenth of one percent of the metro area's population base in 1997 as a starting point for adding a discouraged worker figure to the base unemployment estimate. Readers who think that employment opportunities for those with serious skill limitations will improve over the projection period may want to transfer some of these people from the discouraged worker component of the numerator value to the unemployment estimate that appears in the numerator value. The numerator value, which is the sum of the component parts, is unaffected by the reassignment of people among the components.

Job gap studies also vary in how they treat workers who are employed on a part-time basis (less than 35 hours per week) involuntarily. We have elected to include such workers among those in need of a job because they do lack the opportunity to work as much as they would like. It should be noted, however, that this approach overstates the job gap somewhat because only part of an additional job is required to remedy the gap for part-time workers.

The Vermont study also included an estimate of new entrants as a component of the job gap ratio's numerator. The Baltimore Metropolitan Statistical Area, however, is so open to entry from surrounding areas, and from other states and countries, that we declined to select any number to represent projected new entrant availability.

Our approach to estimating candidate availability comes down to this—we start with official unemployment figures, and we then add other groups that can be counted or estimated: discouraged workers, other marginally attached workers, and involuntary part-time workers. We do not make adjustments for groups that may not be accurately reflected, such as school dropouts, individuals recently released from the criminal justice system, new entrants to the labor market, and welfare recipients.

Qualified Candidates for Low-Skill Employment

Up to this point, only availability has been specified, not availability complemented by qualification. The job gap ratio seeks to compare the combined attributes of availability and qualifications with projected job opening requirements. BLS Current Population Survey data show that nationwide, two-thirds of the unemployed have no post-secondary education. (Educational attainment data for Baltimore are consistent with the national figure.) We use the national experience to estimate the number of unemployed individuals likely to seek low-skill jobs.

Projected Job Openings

Our approach to the derivation of the job gap ratio denominator is simpler, and possibly more accurate, than that of previous studies. The Office of Labor Market Analysis and Information aided us greatly by providing previously unpublished occupational opening projections with accompanying education, training, and experience requirements and wage range descriptors.

Perhaps the most important vulnerability in our own approach and that of others is that the qualifications of incumbent employees may be different from those that will apply when projected job openings actually happen. Even the term "requirements" is subject to criticism, when historical evidence of well-known differences in hiring requirements is assembled to show the sensitivity of so-called "requirements" to changes in supply/demand relationships and internal personnel policy decisions.

Another vulnerability in all the studies, including ours, is that education, training, and work experience are collapsed into a single descriptor of qualification. There is no reliable source of information about the tradeoffs among these three components of qualification, or of the relevance of other attributes such as communication skills and team-member adaptability.

Several reviewers of a preliminary draft questioned our description of the qualifications for low-skill occupations because we did not acknowledge the relevance of a high school diploma. The reason for this omission is that neither the Bureau of Labor Statistics nor the Office of Labor Market Analysis and Information includes this plateau of educational attainment in its coding of education, training, and experience requirements for occupational employment. This does not mean that we fail to understand that many employers of low-skill employees use high school graduation as a screening criterion. It does mean that use of this screening criterion is uneven among employers and is sensitive to cyclical labor market conditions. For example, the U.S. Army recently relaxed the high school graduation standard that has been in place since 1995 for recruitment purposes. It did so because too few candidates satisfy this criterion today. Other attributes, including completion of GED requirements, now substitute for the previous educational attainment standard.

Our task has been to prepare local supply and demand estimates that will provide a solid foundation for strategic planning of workforce development needs. We anticipate that this report will generate interest and discussion on at least two fronts—(1) the accuracy of the estimates, and (2) what actions should be taken in response to these estimates. We believe that a solid foundation has been laid for engaging in dialogue without waiting for more precise documentation of the problem.

Appendix 2

A Living Wage

In this report we have calculated the job gap using several wage levels for jobs available to low-skill job seekers. As one would expect, the number of appropriate jobs diminishes as the wage level increases. How can one determine what wage level constitutes an adequate or acceptable wage level? This question has been the subject of debate among philosophers, economists, policy analysts and the general public for hundreds of years. The term "minimum wage" is generally used to refer to the lowest wage that employers may legally pay their workers, whereas the term "living wage" is generally used to refer to the lowest wage that employers under contract to a state or local government are permitted to pay their workers.1 This appendix provides background on the concept of a living wage and briefly reviews work that has been undertaken on the living wage in recent years.

Interest in establishing a minimum wage or a living wage dates back over 100 years. Pollin and Luce trace the origin in the United States to the national railroad strike in 1877.2 The first statewide minimum wage law was passed in Massachusetts in 1912, and the Fair Labor Standards Act established a national minimum wage of $.25 per hour in 1938. The 1938 law covered 43 percent of nonsupervisory workers. It has been adjusted over 20 times since 1938, and the national minimum wage is currently $5.15 per hour. About 90 percent of nonsupervisory workers are now covered. Despite the many increases, the real or after-inflation value of the minimum wage has often not kept up with inflation. For example, Pollin and Luce point out that the current minimum wage of $5.15 per hour has 30 percent less purchasing power than the 1968 minimum wage of $1.60 per hour.

Enactment of living wage legislation has proceeded at a much slower pace in the United States. The first living wage ordinance was passed in Baltimore in 1994.3 This law, which refers to a "prevailing wage" rather than a living wage, requires service contractors to the city to pay their nonprofessional workers at least $6.10 per hour in fiscal year 1996, increasing annually to $7.70 in fiscal year 1999. Thereafter, the living wage will be adjusted annually by the city's Board of Estimates, based on the national poverty level and other factors.4 Pollin and Luce have identified 12 cities that passed living wage statutes after Baltimore, including New York City, Los Angeles, Boston, Milwaukee, Minneapolis, and Portland, Oregon.

The rationale for both the minimum wage and the living wage is based primarily on a principle of fairness and safeguarding the well being of workers and families. As Pollin and Luce put it, "The basic premise of the living wage could not be more simple: that anyone in this country who works for a living should not have to raise a family in poverty" (p.1). When the Clinton Administration proposed raising the national minimum wage in 1996, the supporting arguments were primarily based on appeal to the public's sense of fairness.5 A release from the Office of the Chief Economist of the Department of Labor stated that a higher minimum wage would "provide a floor to ensure workers that they're getting a fair deal for their efforts." The release goes on to note that two-thirds of the potential beneficiaries of an increase in the minimum wage are adults, and 40 percent of these adults are the sole source of support for their family.

Advocates of the living wage note that the national minimum wage is typically not adjusted frequently enough and that local governments have the right to require certain types of behavior from their contractors in return for awarding the contracts. They claim that local governments should require their contractors to pay their workers sufficient wages so that their earnings exceed the poverty level. Thus, living wages in the United States are more likely than the national minimum wage to be explicitly tied to some measure of need, either the official poverty level or a specially derived figure.

Opponents of the minimum wage and the living wage argue that although some workers benefit from increases in the minimum wage, other workers will lose their jobs and that many of the beneficiaries are not responsible for supporting a family.6 In a widely used labor economics text, Ehrenberg and Smith conclude: "Currently there is no consensus among economists about the effects of the minimum wage [and living wage] on employment…Labor economists are now engaged in a spirited inquiry."

As noted above, living wage statutes usually require employers to pay wages based on the official poverty level or on some other standard of need calculated for the covered area. Perhaps surprisingly, defining and measuring poverty is a more difficult task than it might appear at first glance. Poverty definitions deal with the concept of economic deprivation, and the complexity comes in defining what resources should be counted (e.g., whether transfer payments such as the earned income tax credit should be considered and if in-kind transfers such as food stamps should be treated differently than cash) and what level of resources are adequate to be above the poverty level. In addition, one must consider what adjustments, if any, should be made for individuals with different needs (e.g., because of health problems), whether poverty should be defined at the individual or household level, and whether poverty should be measured as a relative or absolute concept.

Although discussions of poverty have taken place throughout the history of the United States, an official definition was not in place until the 1960s, when the definition developed by Mollie Orshansky of the Social Security Administration was adopted.7 Orshansky's definition was based on research indicating that at that time families of three or more persons generally spent one-third or more of their budget on food. She then calculated the poverty level as three times the amount required to purchase the U.S. Department of Agriculture's economy food plan for families of different sizes. Each year the poverty level is adjusted to take account of increases in the cost of living.

This approach to determining the poverty level is obviously somewhat crude, and from the time of its adoption there have been concerns about its adequacy. In 1992, a National Academy of Sciences panel was established to consider whether the Orshansky definition was still appropriate, or if some new approach should be used. The panel issued its report in 1995 and recommended several changes.8 Major suggested changes include replacing the use of food as a measure of need with a broader basket of goods and services reflecting food, clothing, and shelter; that the poverty level be adjusted to reflect different needs by region of the country and family type; and that family resources be defined as money income plus near-cash transfers (e.g., food stamps) minus expenses that cannot be used to purchase the goods and services in the budget (e.g., income and payroll taxes, medical expenses, and work-related child care). The panel did not recommend a specific level for the proposed new measure, but suggested a range they believed appropriate. Congress has not acted upon the panel's recommendations, and the official definition of poverty has not been changed as a result of the panel's report.

Given the controversy in defining and measuring poverty, it is not surprising that a number of jurisdictions have developed their own standard of need for defining their living wage rather than use the national poverty level. In addition to differences in interpretation of the appropriate measure of poverty, local variation in the living wage can also stem from several other sources:

• As the NAS panel recognized, there may be substantial differences in the cost of living across the nation, so jurisdictions may want to adjust the living wage to account for such variations;

• In addition to establishing a definition of poverty, a jurisdiction wishing to implement a living wage policy must decide on what size family to use for living wage determination. For example, using a family size of three might provide less than is needed to maintain an adequate standard of living for a family of four, but it would provide more than a single individual would require.

• The poverty level is only one measure of need, and jurisdictions might want their workers to enjoy a somewhat higher standard of living than what is reflected by the poverty level. Indeed, many government programs make use of multiples of the poverty level, such as 125 percent, 150 percent, and 185 percent, for determining eligibility for services, and some programs, such as the Job Training Partnership Act, use an entirely different measure of low income.

Thus it is not surprising that we see a wide range in the living wages that have been established, reflecting differences in the goals of the various jurisdictions. Living wages for several selected jurisdictions are discussed next.

Montgomery County, Maryland

Although Montgomery County, Maryland does not have a living wage statute, a living wage has been calculated for the county. The county Minimum Standard of Need calculation is contained in Montgomery County Community Action Board (1997) publication, Report on the Minimum Standard of Need: 1997, which was released by the Montgomery County Department of Health and Human Services (301/565-7460). Since 1984, the Community Action Board has estimated "the income a family of three or four people would need to live at the lowest acceptable level in the county." The 1997 report defines a family of three as "a single mother working full-time with two young children—one in elementary school (requiring after-school and summer child care), and the other a toddler, requiring full-time child care.... For the first time, taxes were included as one of the families' expenses, to more accurately estimate the income needed to meet the minimum standard of need." The board estimated that the 1997 Minimum Standard of Need for a family of three (one adult and two children) in Montgomery County was $42,611. For a family of two adults and two children, it was $33,251, because of the assumption that one parent will work only half-time, thus reducing the cost of child care.

Minnesota

Minnesota's JOBS NOW Coalition released a report in 1998 titled The Cost of Living in Minnesota.9 The Coalition answers the question "how much is enough?" by specifying the minimum cost of family support in Minnesota for units of different sizes and circumstances in each of the state's 13 economic development regions. The cost analysis is based upon monthly budget requirements necessary to achieve a "no frills" standard of living. No money is included for debt payments or skills training. There is no entertainment budget; no restaurant meals; no vacation; and nothing is set aside for emergencies, retirement or children's college education. Apart from the Earned Income Tax Credit, no government or child support payments are included.

In the Twin Cities Metropolitan Region (seven counties, similar to the Baltimore Metropolitan Area), 1997 minimum annual figures calculated are:

• Single Parent with One Child $24,482

• Single Parent with Two Children $31,969

• Single Parent with Three Children $41,813

The hourly wages required to reach these thresholds, assuming the single parent works full-time year-round (2080 hours), are $11.77, $15.37, and $20.10 respectively. These hourly rates can be compared to the official 1998 Federal Poverty Guideline for each household composition, again assuming the single parent works full-time year-round. The Federal Poverty Guideline figures are $5.22, $6.56, and $7.91 respectively.

Vermont

Vermont's Peace & Justice Center released The Vermont Job Gap Study: Phase 1, Basic Needs and a Livable Wage, 14 pp., in January 1997. This can be obtained by calling the center at 802/863-2345. Vermont's 1997 document defines a livable wage as "the hourly wage/annual income necessary to cover basic needs plus all relevant federal and state taxes." Basic needs, in turn, are defined to include "food, housing, child care, transportation, health care, clothing, household and personal expenses, and insurance." The Vermont Center's calculations of the hourly wage required to cover basic needs plus all relevant federal and state taxes in an urban area of the state, assuming one adult works 2,080 hours annually, is $8.21 for a single person household with no dependents, $13.24 for a single parent with one child, and $15.61 for a single parent with two children. The center also calculated the basic needs plus taxes threshold for a four-person household with two adults working full-time year-round and two children. The adults would have to earn an average of $9.91 each to reach this income level.

These three examples illustrate the range of approaches that can be used to estimate a living wage. In developing poverty-reduction and employment-generating strategies for an area, it is useful to know which industries provide jobs with wages that enable workers to maintain a minimum decent standard of living.

Endnotes for Appendix 2

Page # Endnote

43 1 Living wages can also be imposed upon firms that have some type of obligation to the government, e.g., firms that received special tax incentives for locating in an area. The main distinction between a minimum wage and a living wage is that the minimum wage is broadly imposed, but the living wage is selectively imposed.

43 2 See Robert Pollin and Stephanie Luce (1998). The Living Wage: Building a Fair Economy. New York: The New Press.

43 3 This section is based on material from Pollin and Luce (1998).

43 4 An analysis of the impact of the Baltimore living wage law has recently been completed. See Christopher Niedt, Greg Ruiters, Dana Wise, and Erica Schoenberger (February 1999). The Effects of the Living Wage in Baltimore. Washington, D.C.: Economic Policy Institute, Working Paper No. 119.

43 5 The Administration's case for increasing the minimum wage in 1996 is summarized in a document titled "Making Work Pay: The case for Raising the Minimum Wage," which is available from the Department of Labor's Internet site.

44 6 For example, one study found that when the minimum wage was increased in 1991, only 22 percent of those earning between the old and new minimum wages lived in poor families. See Ronald G. Ehrenberg and Robert S. Smith (1996). Modern Labor Economics: Theory and Practice (Sixth Edition). Reading, MA: Addison-Wesley.

44 7 For a discussion of the history of measuring poverty in the United States, see Gordon M. Fisher (1998), Setting American Standards of Poverty: A Look Back." Focus. Vol. 19, no. 2.

44 8 See Constance F. Citro and Robert Michael, Editors (1995). Measuring Poverty: A New Approach. Washington, D.C.: National Academy Press.

46 9 The Minnesota report is available from the Coalition by calling (651) 290-0240 or contacting them by e-mail at jobsnow@mtn.org.

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Job Opportunities Task Force

The Task Force was formed in June 1996 out of concern about job opportunities for low-skill job seekers, men and women, in the Baltimore area, and the many issues related to helping unemployed and underemployed people move into the workplace and out of poverty.

Task Force participants are concerned citizens and directors and staff of agencies concerned with unemployed and underemployed men and women. Our mission is to develop an accurate understanding of employment-related problems and opportunities facing low-skill job seekers in the Baltimore metro area; to increase community awareness of these issues; and to spur the development of comprehensive policies and programs that will address the needs and will benefit job seekers, employers, and the economic vitality of the region. Participation in the Task Force is open to anyone interested.

A project funded by The Abell Foundation

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