

BALTIMORE'S CHOICE:  
Workers and Jobs for a  
Thriving Economy



**The Job Opportunities Task Force**

## ACKNOWLEDGEMENTS

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Richard Clinch, Director of Economic Research, University of Baltimore; Allison Kreisberg, Research Analyst, Evaluation and Accountability Committee, Baltimore Workforce Investment Board; and David Stevens, Director, Jacob France Institute, University of Baltimore, were the principal researchers. They together with Burt Barnow, Associate Director for Research, Institute for Policy Studies, Johns Hopkins University; Diane Bell, Chief Executive Officer, Empower Baltimore Management Corporation; Clifford Collins, former Executive Director, Job Opportunities Task Force; Kevin Griffin Moreno, Program Associate, Job Opportunities Task Force; Joanne Nathans, President, Job Opportunities Task Force; Marion Pines, Senior Fellow, Institute for Policy Studies, Johns Hopkins University; Deborah Povich, Executive Director, Job Opportunities Task Force; Sabrina Rhodes, Program Assistant, Job Opportunities Task Force; Melanie Styles, Program Manager, Abell Foundation; and Jessica Traskey, Office Manager, Job Opportunities Task Force, comprised the committee that shaped and guided this project.

In the course of many passionate and enormously valuable discussions, the committee deepened our understanding of issues relating to jobs, wages, low-skill job seekers, race and employment, and the economy of the Baltimore region. We hope this is reflected in the report.

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We hope this report will generate the changes needed to improve the lives of thousands of low-skill, low-wage workers and job seekers and strengthen the region's economy.

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# Baltimore's Choice: Workers and Jobs for a Thriving Economy

*"...if you don't find time to change the world, then you're busy keeping it the way it is."*

—Albert Jones, a school bus driver in Boston in 1967, who volunteered to help when African-American children began to attend public schools outside of their neighborhood. From *Lives of Moral Leadership* (2000) by Robert Coles.

One of the most significant challenges facing the Baltimore region is the extent and concentration of unemployment and poverty in the urban center. Two keys to reducing the problems are jobs, especially jobs that pay family-supporting wages, and a local workforce with the skills needed to do those jobs. Unless we act to reduce these problems, they will continue to dampen the economic vitality of the region.

This report describes the region's economy, the total job market, wages, skills needed, current low-skill workers and job seekers, and the workforce development system. It documents an urgent need for change—from the perspective of employers seeking skilled workers, and from the perspective of individuals seeking jobs that offer opportunities for advancement. It shows that we have numerous programs intended to alleviate the problems of low skills, low wages, lack of job readiness, and culture gaps. It shows the need to address systemic aspects including transportation and job creation. It also points to the importance of support systems such as child care, health care, and income supplements.

We offer this report to spur discussion and action. The recommendations are addressed to all sectors—private, nonprofit, and

government. Each sector brings critical assets to the table. Each has a compelling interest in the outcomes. Together we can mobilize resources and energies to improve the economic vitality of the region for the benefit of everyone in it. Together we have the power to change our part of the world.

## Baltimore's Choice

In the past several years, Baltimore has begun to join the ranks of U.S. "comeback cities."

Many of our public schools are improving; crime is decreasing; the teen-age birth rate is down; our capacity to treat substance addictions has greatly increased; there is growing demand for downtown property for residential and commercial use; and Mayor Martin O'Malley's energy and passion encourage optimism. We have greater public awareness of what it takes to address the decay, poverty, and frustration still found in many neighborhoods. But in many ways, we are not yet a real comeback city.

The rising tide of the U.S. economy in the 1990's did not lower the jobless rate or increase family incomes in many of the nation's poor neighborhoods, including

## Introduction

Baltimore's. The current very gradual recovery from the recent recession is not expected to bring substantial improvement in these conditions. At the same time, opportunities for better wages and benefits do exist in the region's job market; if we create a skilled workforce, it will enable local businesses to grow and will help to attract good new jobs.

Today's problems do not need to be tomorrow's problems. Low-skill men and women can learn higher skills. Literacy levels can be improved. Employers can improve their interactions with a non-traditional workforce. New jobs that pay family supporting wages can be created. All this is happening in the Baltimore area, but it needs to be vastly expanded and intensified.

Baltimore's untapped economic and human potential is here to be cultivated. As a solid base for investment, the City offers major resources and opportunities:

- The City is the hub of the region's legal, financial, and health services, and houses a concentration of educational and cultural institutions.
- The City has economically competitive critical clusters of companies and institutions.
- We have an underdeveloped, underutilized, geographically concentrated workforce.
- Residents' market needs and buying power are underserved by local businesses.

The challenge now is to tap this potential. In 1999 the Job Opportunities Task Force issued its report, *Baltimore Area Jobs and Low-Skill Job Seekers: Assessing the Gaps*. That report provided basic information and analysis as a foundation for creating a comprehensive workforce development system, with a focus on the low-skill workforce, and warned of the costly social and economic ills that will continue if we fail to take action.

Since 1999, the City, the region, and the State have been taking steps in the right direction, but the national economy is growing very slowly now, and the problems and gaps that we described in 1999 have not changed substantially, as this new report shows. Much remains to be done. Will we rise to the challenge? Will we use our public, private and nonprofit resources more effectively?

This is Baltimore's choice. It is our choice.





## Investing in People

Scott Stevens comes from a family of Baltimore City produce merchants dating back 150 years, and as general manager of Modu Tech in South Baltimore he's continuing the tradition of urban employer. Inner-city businesses need a stable workforce, he says, and he believes they need to take the initiative in making that happen.

Modu Tech, a \$20 million-a-year maker of roof trusses and wall panels for homebuilders, employs 100 people, 80 of them minority—mostly African American—low-skill laborers. These are poor men with personal and legal troubles, who more than anything, Stevens says, need well-paying jobs. “Once we get them to a wage that’s meaningful, the rest of the issues subside. Having said that, how do we provide opportunities for these folk?”

Each year, half of Stevens’ workers lose their jobs over conflicts with supervisors and poor attendance. “In the working world you survive by being able to work on a team. You have to be

able to listen, be compassionate; you have to be able to ask questions,” Stevens says. “A lot of these guys don’t have those social skills, the common courtesy things that make people want to work with you.” As a result, Modu Tech is “always hiring,” spending \$1,000 for every new hire.

“So what we decided to do was invest in these guys,” Stevens says. The company requests personal mission statements and participation in company improvement projects of all its employees. It provides monthly training for all staff. And it strives to increase \$6.50-an-hour starting wages to \$7.50 or \$8 an hour within employees’ first 30 days.

“They want to make a living. They want to be a part of something larger than themselves. They want to add value and receive value. At our core we all want those things,” Stevens says. “The big problem is, businesses don’t understand what the costs of training and retention are.” Or the costs of doing neither. ■



## The Region's Changing Economy

*“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 the metropolitan area's central urban core directly influence the performance of its surrounding suburbs.”*

—Baltimore Area Jobs and Low-Skill Job Seekers:  
Assessing the Gaps, (1999) Job Opportunities Task Force.

Since the 1960s, international, national, and regional developments have altered the geography of opportunity for America's cities, especially the older Northeastern and Midwestern cities. International trade has dramatically affected the competitiveness and structure of the nation's manufacturing sector—most notably the heavy manufacturing sector, which includes steel, chemicals, and motor vehicles—that formed the backbone of many urban economies, including Baltimore's. In an effort to defend its competitive position, the manufacturing sector has shifted production from historical centers in the Northeast and Midwest to the South and West in the U.S. and to lower-wage foreign countries.

The loss of manufacturing and wholesale trade/distribution jobs drastically reduced employment opportunities for lower-skill workers, for those sectors offered relatively high pay and benefit levels yet were accessible in terms of skills and education requirements.

Manufacturing has also tended to relocate from older urban areas to suburban and rural “greenfields”. While traditional heavy manufacturing declined in importance, fast growing new high technology sectors,

including aircraft, computers, electronic components, communications technologies, and biotechnology, became increasingly important in the manufacturing sector. These high tech industries also tended to favor suburban locations over older industrial areas.

Coinciding with these changes in the location of jobs, there has been a shift in residential population from the cities to the suburbs, spurring additional movement of employment into suburban areas. This migration of jobs occurred first in retail and personal services, which moved to be closer to their customers. In Baltimore, suburbs like Columbia, Owings Mills, Hunt Valley and Towson, soon became centers of broad-based employment in their own right. Remaining urban employment opportunities tend to be divided into high-skill, high-wage financial, business, and professional services, or low-skill, low-wage retail and personal services.

Finally, national and international merger and acquisition activity led to an increasing concentration of economic activity in fewer, larger companies, especially in the financial services and banking sectors, which have been an important part of Baltimore City's

## Chapter One

economic base. Many cities, including Baltimore, lost the headquarters operations of major local employers, and became branch office locations of large national and multinational companies.

This movement of both people and jobs out of the City has left Baltimore with a high concentration of individuals who lack the education, skills, and resources to compete in the new economy. **Table 1** shows the change in population and employment in the City, the region, and the State since 1970 and presents projections through 2020. On the surface, it appears that the City has more than its fair share of the State's jobs. But today's high-wage jobs require higher levels of education and training than the manufacturing jobs they replaced, leading to a *skills mismatch* between low-skill workers

and job opportunities, a gap that is filled by high-skill workers commuting into the City from the suburbs.

Furthermore, low-skill, low-wage jobs have become more geographically dispersed as retail and personal services industries follow middle class residents to the suburbs. These jobs are located far from urban concentrations of lower skill workers, leading to a *spatial mismatch* between lower skill urban residents and suburban job opportunities. Finally, the figures for 1970 and 2000 suggest the degree to which the changes in population and jobs have hurt Baltimore. In 1970, the City was home to 23 percent of Maryland's population and 32 percent of its jobs. By 2000, it was home to 12 percent of the State's population and 15 percent of its jobs.

**TABLE 1**

<b>Baltimore City, Metropolitan Area, and State Population and Employment</b>						
	1970	1980	1990	2000	2010	2020
<b>Population (in 1,000s)</b>						
Maryland	3,923.9	4,216.9	4,780.8	5,296.5	5,722.8	6,083.1
Baltimore Met. as a % of MD	53%	52%	49%	47%	46%	45%
Baltimore Metropolitan Area	2,071.0	2,174.0	2,348.2	2,512.4	2,638.0	2,741.2
Baltimore City	905.8	786.7	736.0	651.2	656.2	661.1
Baltimore City as a % of MD	23%	19%	15%	12%	11%	11%
Baltimore City as a % of Balt. Met.	44%	36%	31%	26%	25%	24%
<b>Employment by Place of Work (in 1,000s)</b>						
Maryland	1,679.4	2,074.5	2,760.8	3,112.3	3,488.9	3,642.7
Baltimore Met. as a % of MD	59%	55%	51%	49%	48%	48%
Baltimore Metropolitan Area	984.7	1,133.1	1,403.0	1,532.4	1,678.8	1,738.5
Baltimore City	540.7	504.0	515.3	460.6	472.2	478.1
Baltimore City as a % of MD	32%	24%	19%	15%	14%	13%
Baltimore City as a % of Balt. Met.	55%	44%	37%	30%	28%	28%

Source: Maryland Office of Planning

TABLE 2

**Employment Change in the Baltimore Metropolitan Area and Baltimore City  
Jobs by Place of Work by County (in 1,000s)**

	1970	1980	1990	2000	Net Change	
					1970–2000	1990–2000
Maryland	1,679	2,075	2,761	3,112	1,433	351
Balt Metro. as Percent of MD	59%	55%	51%	49%		
Baltimore Metropolitan Area	985	1,133	1,403	1,532	548	129
Anne Arundel County	126	176	252	292	166	40
Baltimore City	541	504	515	461	(80)	(55)
Baltimore County	226	309	401	449	223	48
Carroll County	27	36	53	68	41	16
Harford County	47	51	76	96	50	21
Howard County	18	57	107	166	149	60
Anne Arundel County	13%	16%	18%	19%		
Baltimore City	55%	44%	37%	30%		
Baltimore County	23%	27%	29%	29%		
Carroll County	3%	3%	4%	4%		
Harford County	5%	5%	5%	6%		
Howard County	2%	5%	8%	11%		

Source: Maryland Office of Planning

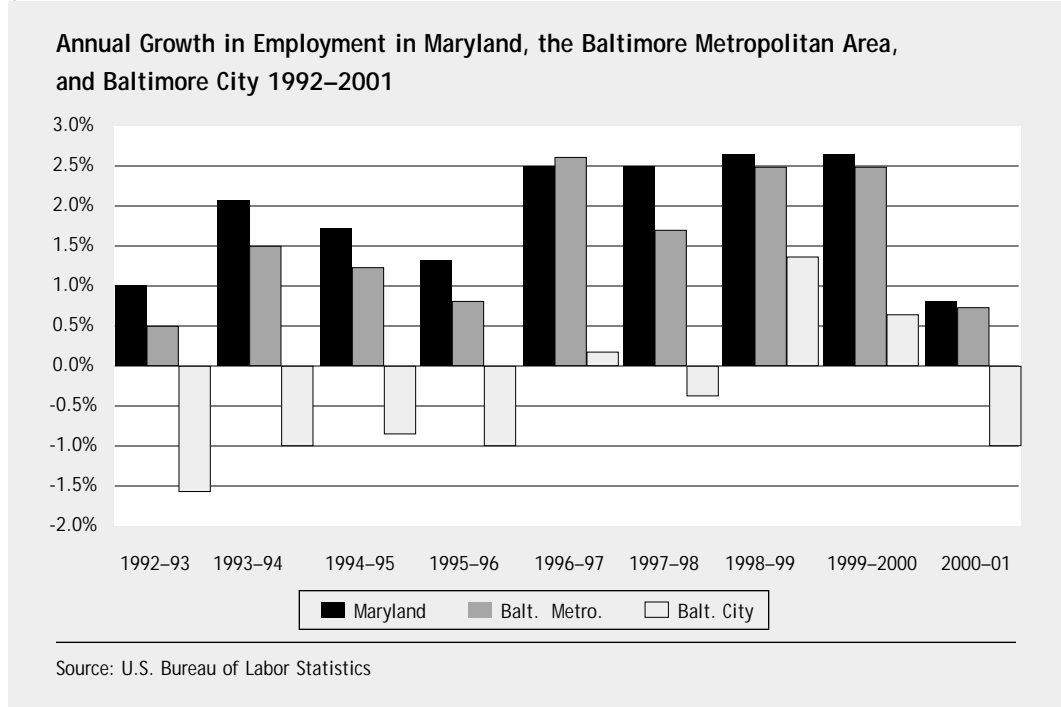
**Table 2** sheds additional light on the changes within the metropolitan area. From 1970 to 2000 all of the employment growth in the region took place in suburban counties. While the overall metropolitan area added 547,000 jobs, Baltimore City lost 80,100 jobs. Baltimore was hard hit by the 1991 recession and subsequent economic restructuring, with long-term employment losses accelerating in the 1990s. And while Maryland recovered from the 1991 recession by 1992 and experienced job growth for the next nine years, Baltimore City did not experience strong job growth until 1998–99, and had a net loss of jobs in six of the years in the period 1992–2001 (see **Chart 1**).

Baltimore City's economic performance has a major impact on the economy of the

entire region. Income growth in a region's central city enhances suburban growth, while a declining central city dampens the economic growth of surrounding suburban areas. In the words of economist Richard Voith, "the slow rate of income growth in our large central cities has a significant negative impact on the aggregate wealth of metropolitan areas."<sup>1</sup>

Given the importance of Baltimore City to the region, and the importance of the Baltimore region to the State's economy, the region and the state both have a stake in the health of the City. If Baltimore City is to provide sufficient employment opportunities for its residents, it must reverse recent declines in jobs, improve the skills and job readiness of job seekers, and become better integrated into the region's growth and development.

CHART 1



### Baltimore City's Economic Base

Baltimore City is in the midst of a fundamental economic restructuring that has changed the role of the City in the regional economy. As presented in **Table 3**, since 1970, Baltimore City lost employment in every major industry except services.

Between 1970 and 1990, employment losses were highly concentrated in manufacturing, due to the national shift in manufacturing from older industrial areas to the South and West, and in transportation, communications, and public utilities (TCPU)<sup>ii</sup> and retail trade, primarily due to the suburbanizing population. In that period, manufacturing employment fell by 60 percent, TCPU employment fell by 42 percent, and retail employment fell by 22 percent. These losses in the 1970–90 period were partially offset by growth in the City's service sector and finance, insurance, and real estate sectors. In the 1990s, employment losses occurred across the board in every industry except services, and service sector growth

significantly lagged behind the region and State. In the 1990s, the long-term decline continued in manufacturing, retail and TCPU, and was accompanied by declines in the City's important finance, insurance and real estate (FIRE) sector, due to national financial industry mergers and restructuring.

As presented in **Table 4**, regional employment across all the major sectors of the economy is now highly dispersed among the six counties that form the Baltimore Metropolitan Area. The City economy no longer drives the regional economy, but is instead part of the larger metropolitan area economy.

The decline in urban manufacturing, utilities, and the wholesale sector employment has implications for the wealth and prosperity of the City. Nearly eight in 10 of the region's manufacturing jobs lost since 1970 were lost in the City. Declining employment opportunities in manufacturing, wholesale trade, and TCPU are especially problematic for the City because

TABLE 3

**Employment Change in the Baltimore Metropolitan Area and Baltimore City  
Jobs by Place of Work by Industry (in 1,000s)**

	1970	1980	1990	2000	Net Change	
					1970–2000	1990–2000
<b>Baltimore Metropolitan Area</b>						
Agriculture and Mining	11	13	18	21	10	3
Construction	50	60	89	91	41	2
Manufacturing	208	162	133	101	(108)	(32)
TCPU <sup>1</sup>	61	63	61	71	10	10
Wholesale Trade	45	57	68	71	26	3
Retail Trade	148	184	228	242	94	14
FIRE <sup>2</sup>	61	85	123	127	66	4
Services	179	260	427	547	368	120
Government	221	250	257	262	41	5
<b>TOTAL</b>	<b>985</b>	<b>1,133</b>	<b>1,403</b>	<b>1,532</b>	<b>548</b>	<b>129</b>
<b>Baltimore City</b>						
Agriculture and Mining	1	1	2	2	1	—
Construction	26	20	21	17	(8)	(4)
Manufacturing	109	71	44	29	(80)	(15)
TCPU <sup>1</sup>	44	41	26	22	(22)	(4)
Wholesale Trade	35	29	28	19	(15)	(9)
Retail Trade	84	77	66	49	(34)	(16)
FIRE <sup>2</sup>	43	48	58	44	1	(14)
Services	118	131	182	192	74	10
Government	82	86	89	86	4	(3)
<b>TOTAL</b>	<b>541</b>	<b>504</b>	<b>515</b>	<b>461</b>	<b>(80)</b>	<b>(55)</b>
<b>Baltimore City as Percent of the Metropolitan Area</b>						
Agriculture and Mining	8%	8%	11%	9%		
Construction	52%	34%	24%	19%		
Manufacturing	52%	44%	33%	29%		
TCPU <sup>1</sup>	73%	66%	42%	31%		
Wholesale Trade	77%	52%	41%	27%		
Retail Trade	56%	42%	29%	20%		
FIRE <sup>2</sup>	71%	57%	47%	35%		
Services	66%	50%	43%	35%		
Government	37%	34%	35%	33%		
<b>TOTAL JOBS</b>	<b>55%</b>	<b>44%</b>	<b>37%</b>	<b>30%</b>		

Totals may not add due to rounding.  
 (1) TCPU = Transportation, Communications, and Public Utilities  
 (2) FIRE = Finance, Insurance, and Real Estate  
 Source: Maryland Office of Planning

TABLE 4

**Percent Distribution of Employment by Jurisdiction and Industry,  
Baltimore Metropolitan Area, 2000**

	Anne Arundel County	Baltimore City	Baltimore County	Carroll County	Harford County	Howard County
Agriculture and Mining	20%	9%	29%	15%	12%	14%
Construction	19%	19%	31%	10%	8%	13%
Manufacturing	16%	29%	35%	6%	5%	8%
TCPU <sup>1</sup>	25%	31%	25%	3%	5%	11%
Wholesale Trade	15%	27%	27%	5%	6%	20%
Retail Trade	20%	20%	34%	5%	8%	12%
FIRE <sup>2</sup>	14%	35%	33%	4%	5%	10%
Services	15%	35%	29%	4%	5%	12%
Government	29%	33%	22%	3%	7%	6%
<b>TOTAL</b>	<b>19%</b>	<b>30%</b>	<b>29%</b>	<b>4%</b>	<b>6%</b>	<b>11%</b>

(1) TCPU = Transportation, Communications, and Public Utilities

(2) FIRE = Finance, Insurance, and Real Estate

Source: Maryland Office of Planning

TABLE 5

**Average Weekly Wage in Baltimore City and Percent of Workers Participating  
in Health Benefits Nationally in Private Sector Employment**

	Average Weekly Wage <sup>1</sup>	Percent of U.S. Workers Participating in Health Benefits Plan <sup>2</sup>
<b>Total Private Sector</b>	<b>\$779</b>	<b>53%</b>
Retail Trade	\$390	31%
Services	\$712	50%
Construction	\$853	55%
Wholesale Trade	\$991	67%
Manufacturing	\$893	74%
TCPU	\$891	57%
FIRE	\$1,376	66%

(1) Average weekly wage in Baltimore City from MD DLLR Employment and Payrolls—  
[www.dllr.state.md.us/lmi/emppay/emppay.htm](http://www.dllr.state.md.us/lmi/emppay/emppay.htm)

(2) The percentage of workers with access to participation in employer-provided benefit plans in 1999.  
Employees may have access to but not participate in the plan—[www.bls.gov/ncs/ebs/sp/ebnr0006.pdf](http://www.bls.gov/ncs/ebs/sp/ebnr0006.pdf)

Source: Maryland Dept. of Labor Licensing and Regulation and US Bureau of Labor Statistics

these industries tend to require lower levels of education and training for employment and are thus more open to the City's high concentration of low-skill workers. These jobs typically offer good wages and benefits. As shown in **Table 5**, average manufacturing wages in Baltimore City are \$114 a week above the private sector average, and nationwide, 74 percent of manufacturing workers participate in a medical plan, compared to 53 percent of all private sector workers. The weekly wages for the utilities and wholesale sectors are also significantly above the private sector averages, with more workers participating in medical plans than the average private sector worker.

Looking at Baltimore's economy in late 2002, there are positive signs that the City is returning to growth. According to Maryland Department of Labor, Licensing and Regulation data, Baltimore City added nearly 5,000 jobs between 1996 and 2000, with employment gains in 1999–2000 offsetting losses in 1996–1998.<sup>iii</sup> As presented in **Table 6**, the top 10 job-gaining private sector industries in the 1996–2000 period in Baltimore City were concentrated in the City's important business and professional services sector (Business Services and Engineering and Management Services), the financial sector (Security and Commodity Brokers), Educational Services (including private colleges and universities), and tourism sector (Eating and Drinking Places). These top 10 job-creating industries accounted for 88 percent of the net job growth occurring in the City.

Job losses were concentrated in the City's manufacturing (Transportation Equipment, Apparel & Other Finished Products), wholesale, and retail (Automotive Dealers & Service Stations, Miscellaneous Retail, Food Stores) sectors. The City also lost jobs in its important Health Care cluster (a loss of 1,834 jobs) and core financial sector

(Insurance Carriers and Depository Institutions—which together lost 3,241 jobs). As will be described below, these two clusters are key components of the City's economic base, and their employment losses are troubling. These 10 job-losing industries accounted for 70 percent of the total job losses occurring in the City.

The growth in annual employment levels occurring in 1999–2000 was a positive sign for the City's economy. However, the City has been hard hit by the current economic slowdown. Average annual employment levels in Baltimore City fell by 6,700 in 2001, giving up all of the (1999–2000) employment gains. In 2001 the employment rate in Baltimore City was lower than in 1996.

There are still untapped opportunities for growth. Baltimore City is home to two major research universities and two major teaching hospitals, with a total of over \$1 billion annually in research activities support. While the City has not yet seen the development of major biotechnology or other high technology companies linked to these institutions, this should change as the biotechnology park north of the Johns Hopkins medical campus is developed on the City's East Side and the University of Maryland—Baltimore pursues development of a research park in west Baltimore. These two developments could fuel significant job increases in the City's high technology sector.

Baltimore City also has a high concentration<sup>iv</sup> of employment in Museums, Botanical, Zoological Gardens, Educational Services (including colleges and primary/secondary schools), Financial Services (Security and Commodity Brokers, Insurance Carriers, and Banking), Port-related activities (Water Transportation), Legal Services, Health Services, and Chemical Manufacturing. These industries form the current economic base of the City

TABLE 6

**Top 10 Job-Gaining and Job-Losing Private Sector Industries  
In Baltimore City—1996–2000**

	Employment 2000	Net Change (1996–2000)	Average Annual Wages, 2000
<b>Job Gaining Industries</b>			
Business Services	28,907	5,254	\$25,674
Educational Services	21,265	4,754	\$40,054
Engineering & Management Services	11,214	3,301	\$55,638
Security & Commodity Brokers	8,220	2,415	\$131,631
Eating & Drinking Places	17,745	1,787	\$13,111
Special Trade Contractors	9,621	1,327	\$37,526
Social Services	10,021	942	\$23,784
Communications	5,054	682	\$55,433
Auto Repair, Services & Parking	4,120	616	\$26,701
Trucking & Warehousing	4,394	421	\$36,022
<b>Job Losing Industries</b>			
Insurance Carriers	6,033	(2,339)	\$62,596
Health Services	52,389	(1,854)	\$36,233
Apparel & Other Finished Products	842	(1,355)	\$24,523
Wholesale Trade-Nondurable Goods	7,939	(1,156)	\$43,796
Transportation Equipment	2,396	(1,126)	\$60,579
Wholesale Trade-Durable Goods	9,215	(1,033)	\$57,798
Auto. Dealers & Service Stations	2,515	(981)	\$31,709
Miscellaneous Retail	6,908	(966)	\$22,736
Depository Institutions	7,961	(902)	\$43,484
Food Stores	8,098	(598)	\$16,898

Source: Maryland Dept. of Labor Licensing and Regulation

and should provide the basis for the City's growth in the future. Despite the concentrations of jobs in these sectors, several of the industries are experiencing a decline in total employment. The City needs to determine the causes of recent declines in its important Health Services and finance, insurance and real estate (Security and Commodity Brokers, Insurance Carriers, Depository Institutions) sectors to reverse the trends.

### The Importance of Workforce Development

For Baltimore City to build its economy, it must upgrade the skills of its workforce to meet the needs of employers and, by preparing low-skill, low-wage men and women for higher wage jobs, provide a means of raising people out of poverty. While the attractiveness of an area for the start-up, expansion, and recruitment of businesses is determined by a number of



factors, including real estate costs, taxes, quality of life, crime, infrastructure and other factors, the availability of a skilled and educated workforce is a chief determinant of economic development success. Nearly every study of business location decisions and economic development ranks labor market issues among the most important factors in evaluating a state's business climate. Labor availability was ranked as the second most important factor out of a total of 22 site selection factors (after real estate costs) in an Ernst & Young survey of corporate real estate executives.<sup>v</sup> As presented in **Table 7**, 61 percent of Baltimore City firms and

62 percent of Baltimore suburban firms reported difficulty in finding workers in 2001. Fifty-three percent of Baltimore City businesses experiencing worker shortages had trouble filling manufacturing/skilled trades positions, 37 percent reported difficulty in finding unskilled labor, and 23 percent reported difficulty filling sales or marketing personnel. Even after the economic slowdown, 55 percent of Maryland businesses surveyed in the University of Baltimore's *Maryland Business Climate Survey* reported difficulty in finding workers in the third quarter of 2002.

**TABLE 7**

**Percentage of Firms Reporting Difficulty Finding Workers and Key Occupations in Demand**

2001 Annual	Maryland Total	Percent of Total	Baltimore City	Percent of Total	Baltimore Metro	Percent of Total
In the past year, has your company experienced difficulties in obtaining workers with the skills necessary to fill specific job requirements?						
<b>Total Respondents</b>	<b>1,000</b>		<b>149</b>		<b>329</b>	
No Response	25	3%	2	1%	7	2%
<b>Total Classifiable Responses</b>	<b>975</b>		<b>147</b>		<b>322</b>	
Yes	599	61%	90	61%	201	62%
No	376	39%	57	39%	121	38%
If Yes, for what types of positions did your company experience difficulties in recruiting?						
<b>Total Classifiable Responses</b>	<b>599</b>		<b>57</b>		<b>121</b>	
Manufacturing workers/skilled trades	157	26%	30	53%	55	45%
Unskilled workers or laborers	97	16%	21	37%	30	25%
Sales or marketing personnel	89	15%	13	23%	35	29%
Clerical, administrative, or secretarial	73	12%	7	12%	27	22%
Engineers or scientists	61	10%	4	7%	23	19%
Supervisory or managerial personnel	53	9%	5	9%	16	13%
Computer programmers or analysts	37	6%	4	7%	10	8%
Laboratory or technical personnel	25	4%	1	2%	11	9%
Computer technicians or operators	15	3%	1	2%	6	5%
Other	114	19%	19	33%	41	34%

Source: Maryland Business Climate Survey

## Chapter One

Despite the large share of firms reporting workforce shortages in Baltimore City, the City's unemployment rate<sup>vi</sup> remains much higher than the State and regional average. As of September 2002, the Baltimore City unemployment rate was 7.5 percent compared to the metropolitan area average of 4.5 percent and State average of 3.9 percent. As presented in **Table 8**, a high unemployment rate persisted in Baltimore City during the period of rapid State employment growth in the late-1990s and has generally been nearly twice the State average.

**Table 9** presents the labor force participation rate in the metropolitan area. Labor force participation refers to individuals 16 years of age and older who are employed or are actively looking for work. Persons not in the labor force are 16 years of age or older who are not employed, not actively looking for work, or are not available for work. There are many reasons why individuals are not in the labor force, such as attending school, caring for children, retirement, disability, incarceration, substance abuse, or discouragement based on extremely low-skill or education levels.

As presented in **Table 9**, 57 percent of

Baltimore City residents reporting being in the civilian labor force or armed services, compared to 68 percent of Maryland residents. Workforce participation rates were significantly higher in the counties, ranging from 76 percent in Howard County to 67 percent in Baltimore County.

Baltimore City residents have lower levels of educational attainment than the Maryland and regional populations. As presented in **Table 10**, 32 percent of Baltimore City residents 25 and older did not complete high school, compared to 16 percent of Maryland residents. Nineteen percent of Baltimore City residents have earned a bachelors degree or above, compared to 31 percent of Maryland residents. As shown in **Table 11**, Baltimore City has a higher percent of its own residents employed in lower paying occupations such as services and production, transportation, and material moving, and the lowest percentage of residents employed in higher paying management, professional, and related occupations.

High unemployment, low labor force participation rates, low levels of education, and a concentration of employment in low-

**TABLE 8**

	1998 Annual	1999 Annual	2000 Annual	2001 Annual	2002 September
Maryland	4.6%	3.5%	3.9%	4.1%	3.9%
Baltimore Metropolitan Area	5.1%	4.0%	4.4%	4.6%	4.5%
Anne Arundel County	3.5%	2.8%	2.9%	3.2%	3.2%
Baltimore City	9.2%	7.3%	8.1%	7.9%	7.5%
Baltimore County	4.7%	3.8%	4.3%	4.4%	4.4%
Carroll County	3.2%	2.5%	2.8%	2.8%	2.6%
Harford County	4.6%	3.2%	3.6%	3.9%	3.7%
Howard County	2.5%	1.8%	1.9%	2.6%	2.8%

Source: Maryland Dept. of Labor Licensing and Regulation

TABLE 9

**Labor Force Participation**

	Maryland	Anne Arundel County	Baltimore City	Baltimore County	Carroll County	Harford County	Howard County
Population 16 and Over	4,085,942	379,394	507,534	595,770	113,461	164,126	164,126
In Labor Force	2,769,525	269,772	287,159	396,897	80,767	116,981	116,981
Civilian Labor Force	2,737,359	258,331	286,735	396,226	80,624	115,314	138,861
Employed	2,608,457	250,254	256,036	379,705	78,444	111,792	135,504
Unemployed	128,902	8,077	30,699	16,521	2,180	3,522	3,357
Armed Forces	32,166	11,441	424	671	143	1,667	1,024
Not in Labor Force	1,316,417	109,622	220,375	198,873	32,694	47,145	45,496
Percent of Population 16 and Over							
In Labor Force	68%	71%	57%	67%	71%	71%	76%
Civilian Labor Force	67%	68%	56%	67%	71%	70%	75%
Employed	64%	66%	50%	64%	69%	68%	73%
Unemployed	3%	2%	6%	3%	2%	2%	2%
Armed Forces	1%	3%	0%	0%	0%	1%	1%
Not in Labor Force	32%	29%	43%	33%	29%	29%	25%

Source: U.S. Bureau of the Census

TABLE 10

**Highest Educational Attainment, 1999  
(Percent of Population 25 years and Over)**

	Maryland	Anne Arundel County	Baltimore City	Baltimore County	Carroll County	Harford County	Howard County
Less than High School	16%	14%	32%	16%	15%	13%	7%
High School Graduate	27%	28%	28%	28%	33%	28%	16%
Some College, No Degree	20%	22%	18%	21%	21%	24%	18%
Associate Degree	5%	6%	4%	6%	6%	7%	6%
Bachelor's Degree	18%	19%	10%	18%	16%	18%	30%
Graduate or Professional Degree	13%	12%	9%	13%	9%	9%	23%

Source: U.S. Bureau of the Census

wage occupations have taken their toll on the City's economy. As presented in **Table 12**, household and per capita income in the City are both much lower than the State average and surrounding suburbs. The family poverty rate in Baltimore City is three times the State average. Using Census data, nearly 23 percent of all persons in Baltimore lived below the 1999 federal poverty lines of \$10,869 for a family of two, \$13,290 for a family of three, and \$17,029 for a family of four. (Both median incomes and the federal poverty thresholds have increased since 1999.)

For Baltimore City to reverse the job losses of the past, provide the skilled local workforce that employers need, and take advantage of planned high technology developments, improving the education and skill levels of the City residents is essential. Otherwise, the City's economic vitality will be limited and many of its residents will remain trapped in low-wage work and underemployment.

## Opportunities for the Future

Baltimore City does have opportunities for renewed growth. The O'Malley Administration has prepared an economic growth strategy. Government and private sectors are investing in new office, technology, tourism, and downtown residential facilities. A partial list of major recent developments includes:

- In 2000, Baltimore-based company Struever Brothers, Eccles & Rouse, Inc. purchased the waterfront property of Tide Point (formerly the Procter & Gamble soap factory) and successfully converted it into 400,000 square feet of mixed-use office space. Now fully developed, this site supports approximately 1,200 jobs. Current occupants include advertising firms, technology companies, law firms, and health care companies.
- The American Can Company, a longtime landmark along Canton's revitalized waterfront, has undergone a \$19 million renovation into a 300,000 square feet retail and office center. This site is estimated to have created a total of 800 jobs.

**TABLE 11**

**Occupational Employment, 1999  
(Percent of Population 25 years and Over)**

	Maryland	Anne Arundel County	Baltimore City	Baltimore County	Carroll County	Harford County	Howard County
Management, Professional, and Related Occupations	41%	41%	32%	40%	37%	38%	57%
Service Occupations	14%	13%	20%	13%	13%	13%	9%
Sales and Office Occupations	26%	28%	27%	29%	26%	27%	24%
Construction, Extraction, and Maintenance Occupations	9%	10%	7%	8%	13%	10%	5%
Production, Transportation, and Material Moving Occupations	10%	9%	13%	10%	10%	11%	5%

Source: U.S. Bureau of the Census

TABLE 12

**Income and Poverty in Baltimore, 1999  
(Percent of Population)**

	Maryland	Anne Arundel County	Baltimore City	Baltimore County	Carroll County	Harford County	Howard County
Median Household Income	\$52,868	\$61,768	\$30,078	\$50,667	\$60,021	\$57,234	\$74,167
Per Capita Income	\$25,614	\$27,578	\$16,978	\$26,167	\$23,829	\$24,232	\$32,402
Families in Poverty	6.1%	3.6%	18.8%	4.5%	2.7%	3.6%	2.5%
Individuals in Poverty	8.5%	5.1%	22.9%	6.5%	3.8%	4.9%	3.9%

Source: U.S. Bureau of the Census

- The Montgomery Park Business Center is a large-scale adaptive reuse project of the 1925 Montgomery Ward Catalog Building. This development has a total potential size of 1.3 million square feet and can support 3,500 to 5,000 jobs. The Maryland Department of the Environment has leased 260,000 square feet.
- A new 750 room waterfront Marriott opened in 2001 with 600 new jobs.
- Major new developments are being planned by Baltimore's leading universities on the east and west borders of downtown. A biotech park is planned for the east side, north of the Johns Hopkins medical campus, and on the west side a university research park is planned west of Martin Luther King Boulevard near the University of Maryland—Baltimore.
- The Baltimore Fund is a new \$15 million community development venture capital fund that will invest in growth-oriented business in the region and create new skilled jobs for City residents. The Open Society Institute and the Casey Foundation co-sponsored the Fund and brought together a team of 15 investors, including 10 local foundations, the Johns Hopkins Institutions, and Deutsche Bank.

This partial list is indicative of the high level of investments that will add good jobs to the City. Increasing the number of jobs, especially

jobs that support a decent standard of living, and improving the education and skill levels of the City's workforce to meet the requirements of these higher wage jobs, will answer the needs of employers, raise workers' incomes, and increase consumer spending and tax revenues. These efforts will contribute to the economic vitality of the City and the region.

**Endnotes**

- i. Voith, Richard. "Do Suburbs Need Cities?" *Journal of Regional Science*. V. 38, No. 3 (1998). 445-464.
- ii. Part of the change in Baltimore City TCPU may be due to changes in how employment is reported. Some utility employers changed from reporting all employment in the City to more accurate worksite reporting of the County in which an employee works.
- iii. Annual 2001 employment data are not comparable at the industry level analyzed here because of the transition from Standard Industrial Classification codes (SICs) to the North American Industrial Classification System (NAICS)
- iv. Industries with a high concentration of employment were identified using location quotients (LQs). Location quotients measure the relative concentration of employment in a region compared to other regions. In this analysis, LQs were used to identify the level of specialization in key industries in the City. LQs were prepared for 75 two-digit standard industrial code (SIC) industries for the City compared to the nation and to Maryland.
- v. Evans, Michael and Barovick, Barry. *The Ernst & Young Almanac and Guide to U.S. Business Cities*. n.p.: John Wiley & Sons, 1994: 296-306.
- vi. The unemployment rate is the number of 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, divided by the number of people in the labor force.



## Preparing Workers for Better Jobs

Joe Jones' own story is one of pain, tenacity, and remarkable recovery. But his perspective—shaped by the trajectory of an inner-city heroine addict turned husband, father and entrepreneur—casts in even starker terms the shortfalls of workforce development policies today.

Jones runs the Center for Fathers, Families and Workforce Development, providing supports to fathers of children with mothers in social services programs. The center's cornerstone is STRIVE, a program modeled after its namesake in East Harlem that is "very intense, very confrontational, and deals with obstacles to employment, namely behavioral obstacles," Jones says. It also partners with corporations to create on-the-job training, apprenticeships, and opportunities for wage growth. "You cannot have folks in this city, be they male or female, with a sense of, *Minimum wage or slightly above is all I'm ever gonna earn*," Jones says. "People

are so deeply nurtured in abject poverty and so deeply rooted in hopelessness, they cannot expect [to survive] without supports."

As for the underemployed father, "you continually force him underground. If he is to have any relationship with his child, his child is exposed to the underground. If there is no relationship, the child grows up with anger and animosity toward society in general." Jones notes the supports that often exist for broken, middle-class families. "As part of a divorce, parents *have* to develop a parenting plan. For poor families, who the hell helps them figure out all of this stuff? So you get poor young women raising these children by themselves. It's a formula that is so misguided. It leads to a population of unemployed, under-skilled parents...who can't make it, and are forced to accept a low standard." ■

# Jobs, Skills, Wages, and Workers

*“We can’t have unskilled workers and a healthy economy. It won’t work. We can’t compete with unskilled workers. We know what we have to do.”*

—Michael E. Porter, Professor, Harvard University Business School,  
author of *The Competitive Advantage of the Inner City*.

Chapter One focused on the changing economy of the Baltimore region and the accompanying shifts in the labor market. It pointed in particular to the decline of high-wage manufacturing jobs that do not require post-secondary education and the rise in their place of high-skill new economy jobs that do. This expansion in the proportion of high-skill, high-wage jobs is good news for many workers now and for the entire economy in the long run. In the short-run, however, many adults and some youth will not have the education and training needed for high-skill jobs and may have to settle for low-skill ones.

This raises some fundamental questions: Are there enough jobs to provide employment for lower skill job seekers, or is there a “job gap”? Are these jobs accessible to the job seekers, or is there a “spatial mismatch”? Are there enough higher skill jobs for workers who move up from low-skill? If there are skills or numbers gaps, what can and should be done about them? And for workers who are employed in low-wage jobs and are the main providers for families, what can be done to assure an adequate family income?

This chapter focuses on the “gaps” that affect low-skill workers and job seekers. In the process, it presents a detailed picture of

the Baltimore region’s total labor market, examining it in terms of occupations, jobs (including skill requirements and wages), job openings, the skills of today’s and tomorrow’s workforce, and the distribution of jobs in the region. This analysis builds on the 1999 *Baltimore Area Jobs and Low-Skill Job Seekers: Assessing the Gaps* report prepared by the Job Opportunities Task Force.

A major finding of that report was that nearly half of all the jobs in the region were both low-skill and low-wage paying below \$8.50 per hour which is less than \$17,000 per year for full-time work.

Estimating gaps between the number of persons seeking employment and the number of low-skill jobs they might enter consists of three steps:

- Step 1:** Job openings are estimated using data provided by the Maryland Department of Labor, Licensing and Regulation (DLLR).
- Step 2:** The number of job seekers is estimated using State of Maryland and national data.
- Step 3:** The number of projected job openings is compared to the potential pool of applicants.

TABLE 1

**U.S. Bureau of Labor Statistics—Job Gap Study  
Occupational Education Level Classification**

BLS Education Level Description	BLS Education Level Code	Job Gap Study Education/Training Level
First Professional Degree	1	
Doctoral degree	2	
Master's degree	3	Baccalaureate and Above
Degree plus work experience	4	
Bachelor's degree	5	
Associate degree	6	Associate Degree
Post-secondary vocational award	7	Vocational/Post Secondary Training
Work experience in a related occupation	8	
Long-term on-the-job training	9	Low-Skill
Moderate-term on-the-job training	10	
Short-term on-the-job training	11	

Source: U.S. Bureau of Labor Statistics and the Jacob France Institute

### Occupational Employment and Job Openings

The first step is to estimate the current number of job openings. To do so, this report uses net job openings, which includes job 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). In order to understand the overall employment situation and prospects for low-skill workers, it is necessary to know both the current distribution of low-skill employment by jurisdiction and by occupation as well as the number of job openings.

This analysis is based on U.S. Bureau of Labor Statistics (BLS) definitions of occupational educational levels, which rank job requirements based on the level of formal education or training required for the occupation. These BLS definitions were matched to the same four major

education/training categories used in the past report (See **Table 1**).<sup>i</sup> Occupations requiring *Short-term on-the-job training*, *Moderate-term on-the-job training*, *Long-term on-the-job training*, and *Work experience in a related occupation* (BLS Codes 8–11) are considered low-skill occupations for this analysis.<sup>ii</sup> It is important to note that many of the occupations within this definition require work experience, specific job skills, and/or basic training. Thus not all occupations within this classification, especially those requiring work experience in a related occupation or long-term on-the-job training, are immediately open to the low-skill populations.

### Regional Distributions

The geographic region analyzed in this report differs slightly from the prior report in that Cecil County is included in this report. This analysis is based on five Local Workforce Investment Board areas—Anne



Arundel County, Baltimore City, Baltimore County, Mid-Maryland (Carroll and Howard Counties) and Susquehanna (Cecil and Harford Counties). The prior report focused on the Baltimore Metropolitan Area (Baltimore City and Anne Arundel, Baltimore, Carroll, Harford and Howard Counties). The current regional distribution of employment, by education-training-experience levels, is presented in **Table 2**. Note the small number of mid-skill jobs

(requiring vocational/post secondary training or associate degree) compared to the number of low-skill jobs in each jurisdiction.

Both a higher concentration and higher total number of low-skill jobs are located outside of Baltimore City. Sixty-six percent of employment in Baltimore City is classified as low-skill, compared to between 69 to 72 percent in the suburban counties. Low-skill jobs are highly dispersed in the

TABLE 2

**Baltimore Region Employment by Education, Training and Experience Requirements, 2000**

Education Level	Total Region	Anne Arundel	Baltimore City	Baltimore County	Carroll & Howard Co.	Cecil & Harford Co.
Low-Skill	845,264	139,362	257,495	259,574	124,942	63,891
Vocational/Post Secondary Training	51,066	7,458	14,230	16,552	8,382	4,444
Associate Degree	56,326	6,537	24,697	13,954	7,926	3,212
Baccalaureate and Above	254,772	40,104	91,250	68,050	34,125	21,243
<b>Total of Above</b>	<b>1,207,428</b>	<b>193,460</b>	<b>387,672</b>	<b>358,129</b>	<b>175,376</b>	<b>92,791</b>
Low-Skill as a Percent of Total	70%	72%	66%	72%	71%	69%

Source: DLLR Data analyzed by the Jacob France Institute

TABLE 3

**Regional Distribution of Low-Skill and Beyond Low-Skill Jobs, 2000**

Item	Low-Skill Jobs	Percent of Total	Beyond Low-Skill Jobs	Percent of Total
Anne Arundel	139,362	16%	54,098	15%
Baltimore City	257,495	30%	130,177	36%
Baltimore County	259,574	31%	98,555	27%
Carroll and Howard Co.	124,942	15%	50,434	14%
Cecil and Harford Co.	63,891	8%	28,900	8%
<b>Total Low-Skill Jobs</b>	<b>845,264</b>	<b>100%</b>	<b>362,164</b>	<b>100%</b>

Source: DLLR Data analyzed by the Jacob France Institute

## Chapter Two

Baltimore region. Baltimore City accounts for only 30 percent of the region's low-skill employment. Fully 70 percent of the low-skill jobs are in the suburbs, and 39 percent of low-skill jobs are in the outer suburbs. Low-skill workers are concentrated in Baltimore City, which in 2001 was home to 80 percent of the region's welfare recipients and 39 percent of persons over 25 years of age with less than a high school education.<sup>iii</sup> Low-skill jobs in suburban counties, especially in the fast growing outer suburban counties (Carroll, Harford and Howard), are difficult, often impossible, to reach with public transportation.

Recent research conducted by the Jacob France Institute quantified the spatial mismatch in the Baltimore Metropolitan Area. The France Institute's *Job Accessibility for Recipients of Temporary Cash Assistance in Baltimore City—A Spatial Analysis (2001)* report prepared for the Maryland Department of Human Resources found that:

- Nearly every Temporary Cash Assistance (TCA) recipient household in Baltimore City was within reasonable distance (1/4 mile or less) to a bus route. Fewer TCA households, however, were within close proximity to Express or Limited bus or rail transportation.
- 35 percent of employer locations and 37 percent of job transactions (completed hiring decisions) in industries likely to employ TCA recipients<sup>iv</sup> occur in the outer-suburban jurisdictions of Anne Arundel, Carroll, Harford, and Howard Counties.<sup>v</sup>
- 55 percent of employer locations and 58 percent of job transactions in the industries likely to employ TCA recipients were within reasonable commuting distance (1/4 mile or less) to a bus route. Fewer employer locations and employment transactions, however, were within close proximity to time-

saving Express or Limited buses or rail transportation.

The Jacob France Institute extended this analysis in its *Job Accessibility in Baltimore City: A Spatial Analysis (2001)* report prepared for the Baltimore Urban League to find that:

- Nearly all minority, poor, and lower income Baltimore City residents reside within reasonable distance (1/4 mile or less) to a bus route.
- There is much less accessibility to high frequency (15 minute service level) routes and to service on non-rush hour times and weekends.

Thus the mass transit system reaches most persons and jobs in Baltimore City and the inner-suburban areas, but does not reach the outer suburban employment centers where employment growth is most rapid and job opportunities the greatest. Furthermore, the existing transportation system is structured and scheduled for traditional rush hour commuters, and service is substantially reduced during the non-rush hour, evening, and weekend times required for many low-skill jobs. It is important to note that these analyses are focused on transportation options for Baltimore City residents, and do not address the issues facing low-skill workers in suburban counties, where access to mass transit is much more limited.

The concentration of higher-skill jobs in Baltimore City demonstrates a clear need for job training and skills upgrading to prepare low-skill workers to meet the needs of the City's employer community. The rapid growth (see Chapter One) and high concentration of low-skill jobs in the suburbs, especially in the fast growing outer suburban counties of Carroll, Harford and Howard, indicate a need for a transportation strategy that better meets the current city-to-suburb commuting needs of many Baltimore City residents—

TABLE 4

**Leading Baltimore Region Low-Skill Occupations and Associated Earnings Total  
Employment and Percentage of Workers Earning Below Key Income Thresholds, 2000**

Occupation	Employment	Percent of Total		Percent of Workers Earning Below			
		Low-Skill Employment		\$5.75/hr	\$8.50/hr	\$10.00/hr	\$11.25/hr
<b>Total Low-Skill Employment</b>	<b>845,264</b>			<b>2%</b>	<b>28%</b>	<b>40%</b>	<b>49%</b>
Top 20 Low-Skill Occupations	355,872	42%					
Retail Salespersons	39,053	5%		5%	52%	66%	76%
Cashiers	27,340	3%		7%	67%	79%	83%
Office Clerks, General	25,771	3%		1%	19%	34%	48%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	22,454	3%		4%	60%	79%	86%
Truck Drivers, Light or Delivery Services	20,908	2%		1%	19%	32%	46%
Laborers and Freight, Stock, and Material Movers, Hand	19,680	2%		5%	48%	64%	76%
Managers, All Other	19,354	2%		1%	1%	2%	3%
Stock Clerks and Order Fillers	18,888	2%		2%	35%	53%	61%
Waiters and Waitresses	17,739	2%		8%	91%	93%	94%
First-Line Supervisors/Managers of Office and Administrative Support Workers	17,509	2%		1%	5%	8%	12%
Security Guards	16,723	2%		2%	47%	64%	76%
Bookkeeping, Accounting, and Auditing Clerks	16,107	2%		1%	10%	19%	27%
Secretaries, Except Legal, Medical, and Executive	15,186	2%		1%	12%	25%	40%
Combined Food Preparation and Serving Workers, Including Fast Food	14,088	2%		5%	69%	86%	91%
First-Line Supervisors/Managers of Retail Sales Workers	13,438	2%		1%	9%	20%	29%
Nursing Aides, Orderlies, and Attendants	12,723	2%		1%	25%	53%	75%
Receptionists and Information Clerks	12,609	1%		1%	25%	46%	59%
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	11,554	1%		1%	7%	11%	15%
Maintenance and Repair Workers, General	11,497	1%		1%	12%	22%	30%
Business Operations Specialists, All Other	11,193	1%		1%	4%	6%	8%

Source: DLLR Data analyzed by the Jacob France Institute

## Chapter Two

as well as the suburb-to-suburb needs of county residents.

### Leading Low-Skill Occupations and Earnings

It is helpful to look more closely at the low-skill jobs being discussed. Twenty low-skill level occupations (of the total of 442) account for 42 percent of all low-skill employment in the Baltimore region. The top five low-skill occupations—Retail Salespersons; Cashiers; General Office Clerks; Janitors; and Truck Drivers—account for 16 percent of total low-skill employment.

**Table 4** presents these 20 largest low-skill occupations with the percentage of jobs at four earnings thresholds—\$5.75, \$8.50, \$10.00 and \$11.25 per hour. These earnings thresholds are the same as in the 1999 report and are not adjusted for inflation. Thus these earnings levels are worth somewhat less than in the previous report. Full-time work is defined as working 40 hours, 50 weeks a year. As presented in Table 4:

- 2 percent of low-skill workers earn less than \$5.75 per hour or \$11,500 per year;
- 28 percent of low-skill workers earn less than \$8.50 per hour or \$17,000 per year;
- 40 percent of low-skill workers earn less than \$10.00 per hour or \$20,000 per year; and
- 49 percent of low-skill workers earn less than \$11.25 per hour or \$22,500 per year.

Conversely, **Table 4** reveals that 51 percent of low-skill workers earn \$11.25 per hour or more. For some of the occupations listed, the figures are much higher: 97 percent for “all other managers,” 88 percent for “front-line supervisors/managers of office and administrative support workers,” and 73 percent for “bookkeeping, accounting, and auditing clerks.” At \$11.25 an hour, a full-time worker earns \$22,500 a year. It is

important to keep in mind that many of retail and service workers do not work full time, though they would like to.

There is no widely accepted estimate of the income that is required to support a family’s basic living requirements. The federal poverty threshold in 2002 for a family of three (one adult and two children) is \$15,020 or \$7.51 per hour (assuming one person working 2000 hours per year). However, there is substantial debate about whether the federal poverty line is an adequate measure of the cost of living at a decent level. Advocacy groups and researchers have long called for alternative criteria for determining the basic cost of a minimum decent living level. In Maryland, several government agencies and community organizations have developed formulas. Some examples include:

- The Maryland Department of Human Resources annually computes an “estimated minimum living level”, defined as the basic level of income required to support a one-parent family of three. In fiscal 2002 this was \$1,356 a month or \$7.88 per hour.<sup>vi</sup>
- In 1994 Baltimore City enacted a law that requires its contract partners and their sub-contractors to pay their non-professional employees a minimum hourly wage determined annually by the Board of Estimates. In fiscal 2003 this minimum wage is \$8.49 per hour.
- In December of 2001, Advocates for Children and Youth and The Center for Poverty Solutions published a report on the self-sufficiency standard for Maryland. The self-sufficiency standard measures how much income is needed for a family of a given composition in a given place to adequately meet its basic needs, not including public or private assistance. According to this report, the level of income required to support a family of three (one adult, one

preschool child, and one school age child) in Baltimore City is \$36,767 or \$17.41 per hour.<sup>vii</sup>

While the earnings of low-skill workers in the Baltimore region have improved slightly since the 1999 report, it is clear that the earnings of many low-skill workers are less than the level needed to support a family, and many of the low skilled occupations with higher wage levels require work experience, a license, or bonding. Many of the region's poor, who often lack work histories or who face other employment barriers such as inadequate transportation, race discrimination, or a criminal record, are unable to compete for these jobs. At the same time, several health care occupations that require only basic training are in chronic short supply in the region's hospitals and health facilities, and several health sector employers offer tuition reimbursement or training for movement into these occupations.

### Projected Total Annual Job Openings

Projected regional annual job openings through 2006 are presented in **Table 5**. These projections are based on the favorable economic conditions existing when the projections were made and do not reflect the current economic downturn.

Employment in low-skill occupations is highly sensitive to overall economic conditions. Thus, when new base year 2000 projections become available, annual low-skill job opening figures could be lower. Job openings from net replacement demand are presented in **Table 6**. Job openings from growth are presented in **Table 7**.

Compared to openings that result from economic growth, more low-skill job openings result from replacement demand for workers retiring or leaving the occupation.

The relative shares of growth and replacement job openings for each of the education levels used is shown in **Table 8**.

**TABLE 5**

#### Projected Baltimore Region Annual Job Openings Through 2006 by Education Level

Education Level	Total Region	Anne Arundel	Baltimore City	Baltimore County	Carroll & Howard Co.	Cecil & Harford Co.
Low-Skill	29,931	5,038	9,593	9,580	3,998	1,722
Vocational/Post Secondary Training	1,767	250	494	637	273	113
Associate Degree and Above	1,959	195	894	535	266	69
Baccalaureate and Above	9,163	1,391	3,473	2,585	1,170	544
<b>Total of Above</b>	<b>42,820</b>	<b>6,874</b>	<b>14,454</b>	<b>13,337</b>	<b>5,707</b>	<b>2,448</b>
Low-Skill as a Percent of Total	70%	73%	66%	72%	70%	70%

Source: DLLR Data analyzed by the Jacob France Institute

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TABLE 6

**Projected Baltimore Region Annual Job Openings Due to Replacement Through 2006 by Education Level**

Education Level	Total Region	Anne Arundel	Baltimore City	Baltimore County	Carroll & Howard Co.	Cecil & Harford Co.
Low-Skill	18,535	3,121	5,905	5,946	2,460	1,103
Vocational/Post Secondary Training	963	133	296	329	140	65
Associate Degree and Above	804	89	361	204	109	41
Baccalaureate and Above	4,476	746	1,744	1,177	522	287
<b>Total of Above</b>	<b>24,778</b>	<b>4,089</b>	<b>8,306</b>	<b>7,656</b>	<b>3,231</b>	<b>1,496</b>
Low-Skill as a Percent of Total	75%	76%	71%	78%	76%	74%

Source: DLLR Data analyzed by the Jacob France Institute

TABLE 7

**Projected Baltimore Region Annual Job Openings Due to Growth Through 2006 by Education Level**

Education Level	Total Region	Anne Arundel	Baltimore City	Baltimore County	Carroll & Howard Co.	Cecil & Harford Co.
Low-Skill	11,396	1,917	3,688	3,634	1,538	619
Vocational/Post Secondary Training	804	117	198	308	133	48
Associate Degree and Above	1,155	106	533	331	157	28
Baccalaureate and Above	4,687	645	1,729	1,408	648	257
<b>Total of Above</b>	<b>18,042</b>	<b>2,785</b>	<b>6,148</b>	<b>5,681</b>	<b>2,476</b>	<b>952</b>
Low-Skill as a Percent of Total	63%	69%	60%	64%	62%	65%

Source: DLLR Data analyzed by the Jacob France Institute

TABLE 8

	Annual Openings	Low-Skill	Vocational/Post Secondary Training	Associate Degree and Above	Baccalaureate Degree and Above
Replacement	24,778	18,535	963	804	4,476
Growth	18,042	11,396	804	1,155	4,687
<b>Total</b>	<b>42,820</b>	<b>29,931</b>	<b>1,767</b>	<b>1,959</b>	<b>9,163</b>
Replacement	58%	62%	54%	41%	49%
Growth	42%	38%	46%	59%	51%

Source: DLLR Data analyzed by the Jacob France Institute

Job openings from economic growth account for 42 percent of overall annual job openings in the region. Job openings from growth are lowest for low-skill jobs, where they represent 38 percent of total openings. In contrast, although small in actual numbers, job openings from growth account for 46 percent of openings in occupations requiring Vocational/Post Secondary Training, and 59 percent in occupations requiring an Associate Degree. In occupations requiring a Baccalaureate Degree and above, openings from growth are 51 percent of total openings. Projected 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.

#### Leading Job-Creating Low-Skill Occupations

Projected low-skill openings, like low-skill employment, are concentrated in relatively few occupations. As shown in **Table 9**, the 20 low-skill occupations with the most job openings (out of the total of 442 low-skill occupations) account for 47 percent of total low-skill job openings. These five

occupations—Retail Salespersons; Cashiers; Waiters & Waitresses; Combined Food Preparation and Serving Workers, Including Fast Food and Laborers and Freight, Stock, and Materials Movers—account for 20 percent of total low-skill job openings.

Currently, the 20 low-skill occupations with the most openings have lower earnings levels than low-skill occupations in general, with 33 percent paying less than \$8.50 per hour—compared to 28 percent of all low-skill jobs paying less than \$8.50. Forty-six percent of these top 20 occupations pay less than \$10.00 per hour—compared to 40 percent of all low-skill jobs. Fifty-four percent of the top 20 pay less than \$11.25 per hour—compared to 49 percent of all low-skill jobs. Thus low-skill workers face limited opportunities for wage growth.

#### Beyond Low-Skill: Jobs Requiring Vocational/Post Secondary Training

The next level of occupations, those requiring vocational/post secondary training, is also relevant to the issue of job prospects for the less skilled in the region. These occupations, as well as those requiring an Associates degree,

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TABLE 9

**Low-Skill Baltimore Region Occupations with the Most Annual Job Openings and Percentage of Workers Earning Below Key Wage Thresholds Projected Through 2006**

Occupation	Openings	Percent of Total Low-Skill Openings Earning Below				
		\$5.75/hr	\$8.50/hr	\$10.00/hr	\$11.25/hr	
<b>Total Low-Skill Openings</b>	<b>29,931</b>		<b>3%</b>	<b>33%</b>	<b>46%</b>	<b>54%</b>
Top 20 Low-Skill Occupations	14,199	47%				
Retail Salespersons	1,721	6%	5%	52%	66%	76%
Cashiers	1,549	5%	7%	67%	79%	83%
Waiters and Waitresses	1,040	3%	8%	91%	93%	94%
Combined Food Preparation and Serving Workers, Including Fast Food	878	3%	5%	69%	86%	91%
Laborers and Freight, Stock, and Material Movers, Hand	872	3%	5%	48%	64%	76%
Security Guards	801	3%	2%	47%	64%	76%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	758	3%	4%	60%	79%	86%
Office Clerks, General	755	3%	1%	19%	34%	48%
Managers, All Other	738	2%	1%	1%	2%	3%
First-Line Supervisors/Managers of Office and Administrative Support Workers	671	2%	1%	5%	8%	12%
Truck Drivers, Light or Delivery Services	604	2%	1%	19%	32%	46%
Receptionists and Information Clerks	482	2%	1%	25%	46%	59%
Packers and Packagers, Hand	474	2%	2%	50%	75%	81%
Food Preparation Workers	457	2%	5%	48%	71%	90%
Stock Clerks and Order Fillers	439	1%	2%	35%	53%	61%
Customer Service Representatives	407	1%	1%	17%	28%	41%
Counter Attendants, Cafeteria, Food Concession, and Coffee Shop	401	1%	6%	67%	83%	91%
Maintenance and Repair Workers, General	395	1%	1%	12%	22%	30%
Sales and Related Workers, All Other	379	1%	1%	14%	24%	30%
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Product	378	1%	1%	7%	11%	15%

Source: DLLR Data analyzed by the Jacob France Institute



TABLE 10

**Baltimore Region Employment, Openings, and the Percentage of Workers Earning Below Key Wage Thresholds in Occupations Requiring Vocational/Post Secondary Training**

Occupation	Total Employment	Openings	Percent of Workers Earning Below			
			\$5.75/hr	\$8.50/hr	\$10.00/hr	\$11.25/hr
Baltimore Region Occupational Employment/Openings	1,207,428	42,820				
Vocational Post/Sec. As a Percent of Total Region	4%	4%				
Jobs Requiring Vocational/Post Secondary Training	51,066	1,767	5%	15%	22%	28%
Top Ten as a Percent of Total	70%	66%				
Top Ten Vocational/Post Sec. Training Occupations	35,689	1,167				
Automotive Service Technicians and Mechanics	5,768	199	1%	5%	9%	14%
Licensed Practical and Licensed Vocational Nurses	5,281	162	1%	1%	2%	6%
Fitness Trainers and Aerobics Instructors	5,080	193	4%	29%	36%	43%
Hairdressers, Hairstylists, and Cosmetologists	3,745	141	7%	52%	60%	67%
Medical Secretaries	3,615	117	1%	11%	27%	40%
Bus and Truck Mechanics and Diesel Engine Specialists	2,765	82	1%	4%	6%	9%
Legal Secretaries	2,580	49	1%	6%	20%	31%
Respiratory Therapy Technicians	2,445	105	1%	1%	1%	1%
Computer, Automated Teller, and Office Machine Repairers	2,220	84	1%	1%	7%	14%
Telecommunications Equipment Installers and Repairers, Except Line Installers	2,189	35	1%	4%	9%	13%

Source: DLLR Data analyzed by the Jacob France Institute

are accessible with moderate training and education, and tend to offer more stable employment opportunities, higher wages, and a higher probability of benefits. The combination of improved employment possibilities with moderate training requirements makes these occupations an important target for low-skill job seekers. However, these occupations are currently only a small share of total regional employment and openings.

**Table 10** presents total employment, job openings, and the percentage of workers earning less than the four selected earnings thresholds for this group of occupations and for the leading (in terms of current employment) occupations requiring vocational/post secondary training. Workers in these occupations have higher incomes than those in low-skill occupations. Nearly 80 percent of workers in occupations requiring vocational/post

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secondary training earn more than \$10.00 per hour, and 72 percent earn more than \$11.25 per hour. Employment in these occupations is highly concentrated in 10 leading occupations (out of a total of 56 occupations) that account for 70 percent of total employment in this category.

### Baltimore Area Job Seekers

The second step in determining the existence of a job gap affecting low-skill job seekers is to estimate the size of the potential pool of applicants for low-skill jobs.

#### The Officially Unemployed

The starting point for estimating the potential pool of low-skill job seekers in the region is the number of “officially” unemployed workers in the region. This data is available from the Maryland Department of Labor, Licensing and Regulation’s (DLLR) *Employment and Earnings Report*.

As noted in Chapter One, unemployed persons are individuals who are currently not working, would like to work, are able to work and have actively sought work within the past four weeks through means such as visiting a potential employer or responding to an advertisement. To estimate the number of unemployed workers seeking full-time low-skill employment, two subsets of unemployed workers are excluded.

- Unemployed persons on temporary layoff are excluded because these workers will presumably return to work with their current employer.
- Unemployed persons seeking only part-time employment are excluded.

Excluding these two subsets of workers provides a conservative estimate of job seekers. Based on 1999 Maryland state-level data from the U.S. Bureau of Labor Statistics (BLS),<sup>viii</sup> approximately 32 percent

of unemployed workers are on temporary layoff or are seeking only part-time employment. Thus a conversion factor of 68 percent is used to estimate the number of unemployed seeking full-time employment and not on temporary layoff.

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 1999 Current Population Survey indicated that 66 percent of the officially unemployed have no post-secondary education, 32 percent lack a high school diploma, and 34 percent have a high school diploma or GED certificate.<sup>ix</sup> We use this 66 percent figure to estimate the low-skill component of the unemployed. Multiplying the number of persons seeking full time employment by this 66 percent low-skill conversion multiplier yields the estimated number of the officially unemployed persons seeking full-time, low-skill employment.

#### Marginally Attached and Involuntary Part-time Workers

In addition to estimates of the 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. Using national data we can estimate the number of marginally attached workers, and using state-level data we can estimate the number of involuntary part-time workers.

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 want a job, are available to take a job, and who had looked for work within the past year but not within the prior four weeks because they believed their search would be futile.”<sup>x</sup> The Bureau of Labor Statistics estimates that one-tenth of one percent of 1999 Current Population Survey respondents should be defined as discouraged workers. Applying this percentage to the region’s 2000 population of 2.6 million results in an estimate of 2,600 discouraged workers. These figures

must be further adjusted to exclude discouraged workers unlikely to seek low-skill employment. According to Current Populations Survey data, 88 percent of discouraged workers have less than an associate degree and 89 percent are between the ages of 18 and 64. Thus, it was assumed that 78 percent (88 percent x 89 percent = 77 percent) of discouraged workers are within the low-skill job seeking population. This yields an estimate of 1,869 discouraged workers in the Baltimore region, with 468 in Baltimore City, 543 in Baltimore County, and 858 in the Outer Suburban Counties (see **Table 11**). It is important to note that there is considerable reason to believe that using a national average to estimate the discouraged worker population in an urban area will

TABLE 11

Baltimore Region Low-Skill Job Seekers, 2000						
	Total Region	Anne Arundel	Baltimore City	Baltimore County	Carroll & Howard Co.	Cecil & Harford Co.
<b>The Unemployed</b>						
Average Number of Officially Unemployed	60,031	7,469	23,773	17,249	5,069	6,471
Layoff/Part-time Conversion Factor	68%	68%	68%	68%	68%	68%
Est. Unemployed Looking for Full-time Employment	41,082	5,111	16,269	11,804	3,469	4,428
Low-skill Conversion Factor	66%	66%	66%	66%	66%	66%
Est. Unemployed Seeking Full-time Low-Skill Employment	27,010	3,361	10,696	7,761	2,281	2,912
<b>Marginally Attached Workers</b>						
Discouraged Workers	1,869	352	468	543	287	219
Additional Marginally Attached Workers	6,393	1,205	1,602	1,856	981	749
Involuntary Part-time Workers	18,012	3,546	3,801	5,383	3,149	2,133
<b>Total Low-Skill Job Seekers</b>	<b>53,284</b>	<b>8,463</b>	<b>16,568</b>	<b>15,542</b>	<b>6,698</b>	<b>6,013</b>

Source: BLS and DLLR Data analyzed by the Jacob France Institute

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underestimate the actual number of discouraged workers. However, no additional data exist.

In addition to the discouraged workers, we need to add other marginally attached workers. As of December of 1999, there were approximately 3.4 additional marginally attached workers for every discouraged worker.<sup>xi</sup> Applying this ratio to the 1,869 discouraged workers in the region yields an estimate of 6,393 marginally attached workers in addition to the number of discouraged workers. For estimation purposes, we assume that these marginally attached workers are distributed across the region in proportion to the number of employed persons. However, this is likely to underestimate the number of marginally attached workers in Baltimore City and overestimate the number in suburban counties.

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.<sup>xii</sup> According to the Maryland Department of Labor,

Licensing and Regulation, there were 1,274,534 employed persons residing in the region in 2000.<sup>xiii</sup> According to the U.S. Bureau of Labor Statistics, approximately 15 percent of Maryland's workforce are employed part-time and of these, approximately nine percent can be classified as involuntary part-time workers.<sup>xiv</sup> This yields an estimate of 18,012 involuntary part-time workers in the area.<sup>xv</sup>

### Excluded Populations

The low-skill job seeker population described above can be estimated based on national, state, or regional data. However, since this estimate of job seekers is based on officially unemployed persons, it may partially exclude certain populations, such as welfare recipients, persons leaving the corrections system, high school dropouts, the handicapped, and persons not in the labor force. These persons are excluded because, while estimates of each population are available, it is not possible to know how these estimates overlap with the number of officially unemployed or with each other. As in the 1999 report, the partial exclusion of these populations results in an underestimate of the true extent of the job gap.

**TABLE 12**

**The Regional Job Gap: Estimated Number of Low-Skill Job Seekers Compared to Projected Low-Skill Job Openings**

	Total Region	Anne Arundel	Baltimore City	Baltimore County	Carroll & Howard Co.	Cecil & Harford Co.
Total Low-Skill Job Seekers	53,284	8,463	16,568	15,542	6,698	6,013
Total Low-Skill Job Openings	29,931	5,038	9,593	9,580	3,998	1,722
Low-Skill Job Gap	23,353	3,425	6,975	5,962	2,700	4,291
<b>Ratio of Job Seekers to Net Openings</b>	<b>1.8</b>	<b>1.7</b>	<b>1.7</b>	<b>1.6</b>	<b>1.7</b>	<b>3.5</b>

Source: DLLR Data analyzed by the Jacob France Institute

TABLE 13

The Regional Job Gap: Estimated Number of Low-Skill Job Seekers Compared to Projected Low-Skill Job Openings by Wages

	Total	\$5.75/hr	Openings Paying More Than		
			\$8.50/hr	\$10.00/hr	\$11.25/hr
Total Low-Skill Job Seekers	53,284	53,284	53,284	53,284	53,284
Total Low-Skill Job Openings	29,931	29,077	19,999	16,184	13,627
Low-Skill Job Gap	23,353	24,206	33,285	37,100	39,656
<b>Ratio of Job Seekers to Net Openings</b>	<b>1.8</b>	<b>1.8</b>	<b>2.7</b>	<b>3.3</b>	<b>3.9</b>

Source: DLLR Data analyzed by the Jacob France Institute

### Low-Skill Job Seekers

As presented in **Table 11**, the total number of low-skill job seekers in the region is estimated at 53,284. Baltimore City has the largest number, 16,568, of the region's low-skill job seekers. Baltimore County has 15,542 low-skill job seekers of the total and the outer suburbs have 21,174.

### The Baltimore Area Job Gap

The final step in the job gap estimate methodology is to compare the projected number of low-skill job openings to the estimated number of low-skill job seekers. As presented in **Table 12**, there are 1.8 low-skill job seekers for every low-skill job opening in the region. There is a shortfall of 23,353 jobs in the region. The job gap ratio for the area declined from 2.9 low-skill job seekers per job in 1997 to 1.8 in 2000. Thus, the strong economy of the late 1990s appears to have improved employment opportunities for low-skill workers. However, even with the strong economic growth that occurred in the late-1990s, the region still did not create sufficient employment opportunities for low-skill workers

The regional job gap increases as the projected job openings are restricted by key

earnings levels.<sup>xvi</sup> As presented in **Table 13**, the job gap increases to:

- 2.7 low-skill workers per job for low-skill jobs paying \$8.50 an hour or above or a total of 33,285 jobs;
- 3.3 low-skill workers per job for low-skill jobs paying \$10.00 an hour or above or a total of 37,100 jobs; and
- 3.9 low-skill workers per job for low-skill jobs paying \$11.25 an hour or above or a total of 39,656 jobs.

Thus there continues to be a critical shortfall of jobs with wages sufficient to meet the basic living needs of low-skill workers and their families.

### Conclusion

Many of us see the numerous job openings advertised in the newspaper and conclude that anyone who really wants a job can find one. This chapter shows just how untrue that is for low-skill individuals. The job gap demonstrated here exists even under the conservative procedures employed in the analysis. It is probably much higher in Baltimore City than the data here indicate.

Some say it is the fault of low-skill workers and job seekers that they do not have more

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education and job skills. Yet it is not their fault that so many low-skill but good-paying manufacturing jobs have moved away or simply no longer exist, due to productivity gains. Ideally, they can go back to school and learn new skills, but that will not happen unless someone else pays for the training and provides an income stream in the meantime. Under current federal policies we have moved in the other direction—to “work first.” There are strong arguments for and against the work-first approach, but if we require it for people leaving the welfare rolls and for other job seekers as well, we have an obligation to ensure a sufficient number of jobs.

Both in the past and currently, programs using public funds to create wage-paying jobs have been implemented in the U.S. when unemployment rates were unacceptably high and the private sector was not adding jobs to the economy. These job programs provide multiple social and economic benefits to workers and their families and communities. In times of recession, in areas of chronic joblessness, or to increase the employability of low-skill, hard-to-employ individuals, job creation programs provide needed work opportunities and a bridge to unsubsidized employment.

Baltimore suffers from all of these causes of unemployment and joblessness. We have several publicly funded transitional job programs targeted for specific populations such as ex-prisoners and youth, but they reach a very small number of the individuals who need help. We need to explore how to expand these work opportunities.

Finally, we need to make sure that all who work full-time can live at a decent living level on their earnings. For workers earning wages that do not support a decent living level, there are publicly funded income supports such as Earned Income Tax Credits and food stamps. The point here

is that at present we are falling grievously short of these goals. There are not enough jobs for all those who could work, and many full-time workers and their families remain poor.

## Endnotes

- i. The Maryland Department of Labor, Licensing, & Regulation (DLLR) provided information on the occupational employment levels, job openings, and educational levels for 767 occupations. Where educational level information was not available for an occupation, it was estimated using either the lowest educational level for similar occupations or the best judgment of the Jacob France Institute. In 1999 the Bureau of Labor Statistics' Occupational Employment Statistics (OES) program survey began using the Office of Management and Budget's occupational classification system—the Standard Occupational Classification System (SOC). The occupational information in this report is different than in the prior job gap analysis.
- ii. Some readers may question the inclusion of the last or even the last two levels, which result in 70 percent of the region's jobs being defined as low-skill, but the available data do not permit greater refinements.
- iii. Jacob France Institute calculation based on 2000 U.S. Bureau of the Census Data.
- iv. The Jacob France Institute report analyzed job transactions or completed hiring decisions in a selected group of industries identified in prior research that are most likely to employ TCA recipients. These were: business services (excluding personnel supply services), health services, social services, personal services, hotels and lodging places, retail trade (eating and drinking places, miscellaneous retail food stores, and general merchandise stores), manufacturing, wholesale trade, public administration/human resource programs, and non-classifiable establishments. These industries are also likely to account for a significant portion of low-skill job openings.
- v. The geographic area in the Jacob France Institute report was the Metropolitan Area, which excludes Cecil County.
- vi. The monthly figure of \$1,356 was divided by 40 hours per week and 4.3 weeks per month to yield \$7.88.
- vii. Pearce, Diana, and Brooks, Jennifer. *The Self-Sufficiency Standard for Maryland*, n.p.: Advocates for Children and Youth and Center for Poverty Solutions, 2001.
- viii. These estimates are based on the 1999 edition of the *Geographic Profile of Employment and Unemployment*. At the time of this report these were the most recent data available. Thus, 1999 data were

used to adjust the 2000 unemployment figures. This report further applies state-level data to the Baltimore region.

ix. Unpublished table of unemployed persons aged 16 and older by educational attainment from U.S. Bureau of Labor Statistics.

x. Bureau of Labor Statistics, Glossary, <http://www.bls.gov/bls/glossary.htm#D>

xi. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment*, 1999. At the time of this report 1999 data were the most recent available data. Thus, 1999 data were used to adjust the 2000 population figures. This report further applies national data to the Baltimore region.

xii. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment*. At the time of this report 1999 data were the most recent available data. Thus, 1999 data were used to adjust the 2000 employment figures. This report further applies state-level data to the Baltimore region.

xiii. Maryland Department of Labor, Licensing and Regulation, *Civilian Labor Force, Employment and Unemployment, 2000*.

xiv. Bureau of Labor Statistics, *Geographic Profile of Employment and Unemployment* (see note 8).

xv. It is important to note that including all involuntary part-time workers in the estimated number of job seekers overstates the job gap because unlike persons who are without a job, part-time workers need only a fraction of a job to obtain full-time employment. However, no data exists on the number of hours these persons work or the number of additional hours they seek. For estimation purposes, it was assumed that involuntary part-time workers were distributed across the region in proportion to total employed persons. There is reason to believe that applying a national average to an urban area will underestimate the actual number of involuntary part-time workers. However no additional data exists.

xvi. It is important to note that the earnings thresholds used in this report were not adjusted for inflation.



## Overcoming Barriers to Employment

With a high school diploma and seven credits shy of an Associate degree, Michael Pyatt abruptly changed course in the late 1970s and spent the next decade in and out of trouble, addiction, and jail. And strong as his will was in the 1990s to turn things around, it was a difficult past to overcome.

“People have preconceived notions about ex-offenders. My biggest problem was coming out and trying to get a job. I couldn’t survive on the minimum wage they were paying” to work in a deli or clean streets, Pyatt says. “I was like, ‘I’m doing what I’m supposed to be doing.’” But the jobs neither lasted nor paid well. “I had an education so I did have skills; I lacked the information on how to apply them. I was also thinking my criminal background would stop me because it had stopped me before—when I was

a residential counselor [at a mental health institution], they did a background check and didn’t need me anymore.”

Through Narcotics Anonymous, Pyatt “developed a network of people that really cared,” and taught him humility. He began to view minimum wage jobs, and those that paid slightly more, as the start of a progression that in late 2001 landed him an outreach counselor’s position at Project PLASE—complete with office and \$24,000 salary.

“I don’t think I’ve overcome these barriers because they still exist—people don’t take the time to listen instead of making judgment calls,” Pyatt, now 45, says. “I’ve just learned to deal with them. I just endure. Persevere.” ■



# Race and Employment

*"Many white Americans of good will have never connected bigotry with economic exploitation. They have deplored prejudice but tolerated or ignored economic injustice."*

—Martin Luther King, Jr. (1929–1968).

The color of one's skin matters greatly in the workplace, despite federal, state, and local laws that prohibit employment-related discrimination based on race and color. Real and imagined differences affect a job seeker's choice of which jobs to apply for, who is hired, how racially diverse employees are welcomed in the workplace, which employees are offered training and are groomed for advancement, and who is promoted. Perceptions related to race are woven into everyday life, through daily interactions or by the lack of interactions among different racial groups.

This chapter is intended to call attention to the fact that employment challenges are experienced more acutely and to a greater extent by people of color than by population in general. It focuses on black job seekers and workers. It describes how race impacts employment at every step, from job application to advancement and retention, and presents data about the impact of race on workers' wages and household wealth. Race has been a significant factor in the development of the status quo, and race must be considered when crafting effective remedies.

Employment trends influenced by race are long term and systemic, entrenched in policy, habit, tradition, and culture. They are exacerbated by deeply felt beliefs and emotions held by whites and by people of

color. There are few consultants to help employers address and correct practices that limit access for people of color. There is almost no support for people of color who seek employment or obtain employment in racially biased companies. Many who are hired perform below their potential as a result of a sometimes hostile, and often unsupportive workplace.

A wide range of opinions exists among political and community leaders regarding the advisability and appropriateness of addressing race discrimination and disparities in the workplace. Some believe that aggressive legal action is required. Some think that employers who discriminate should be identified and avoided by job seekers of color. Others believe that no improvements will be obtained by addressing race directly, but that education, skills development, experience, communication, workplace professionalism, and work habits should be enhanced and the disparities will decrease. Finally, some are not convinced that race is a factor at all, except that it sometimes correlates with disparate levels of education, skills, and experiences.

As a start, to be better informed of the nature of the problem, we need to know the role that race plays at every stage of the employment experience. We need an inventory of promising practices from

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across the country that have been successful in mitigating discriminatory practices and the negative impact of race discrimination in the workplace. We must give more visibility to the experiences of real people seeking employment and a stable income, and show the disparities in treatment and access to opportunities in the workplace.

A recent study shows race discrimination beginning early in the job search process. The test, entitled *Are Emily and Brendan More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination*, drew upon the results of nearly 5,000 job applications sent to employers in Chicago and Boston. The employers, after receiving the applications, offered far fewer interviews to applicants with first names that are particularly common among blacks, compared to applicants with white-sounding names. The 50 percent interview advantage for white-sounding names was true for both males and females.<sup>i</sup>

Employment testing was also performed by the Fair Employment Council of Greater Washington in a series of live tests from 1990–1992. The findings of these tests, conducted with African-American and white testers, were summarized in a 2001 report of the Annie E. Casey Foundation, *Taking the Initiative on Jobs and Race*. The testers presented virtually identical backgrounds so that the only noticeable difference was race.

- Roughly one in four employers treated African-American applicants less favorably than white applicants.
- In the Washington DC metro area, 48.3% of white tester job applicants were interviewed by prospective employers, compared with 39.6% of their African-American partners.
- Of white testers who were interviewed, 46.9% received job offers, compared with 11.3% of the African-American interviewees.<sup>ii</sup>

The workforce development community needs to work harder at not allowing perceptions related to race to become employment barriers. Retention and advancement strategies must include appropriate training for both workers and managers with regard to issues of race. Cultural competency training for managers helps them understand the value of diversity in the workplace.

### Income and Wealth Disparities

In the United States, wealth is distributed very unevenly by race. **Table 1** presents wealth data separately for blacks and whites. In 1998, the latest year for which data is available, the median net worth of black households was \$10,000, compared to \$81,700 for white households. Since the median figure is so low for blacks, relatively small dollar changes have a large impact on the ratio of black median to white median. The 12 percent figure in 1998 was far better than the three percent ratio in 1989, but below the 17 percent figure in 1992. Almost twice as many black households had zero or negative net worth as white households.<sup>iii</sup>

**Table 2** shows annual median and mean household income by race in 1983–98. In calculating household income, the Census considers all sources of income, including: wages and salary; self-employment income; interest, dividend, net rental or royalty income; Social Security; retirement income; public assistance or welfare income; disability income; and all other income. In 1998, the median income of black households was \$25,351 compared to \$40,912 for white households.

The Russell Sage Foundation conducted a Multi-City Study of Urban Inequality, surveying over 8,600 African-American, Hispanic, Asian, and white household members and 3,200 employers in four major metropolitan areas: Atlanta, Boston,

TABLE 1

**Wealth\* by Race, 1983–98**  
(1998 dollars)

	1983	1989	1992	1995	1998
<b>Median Wealth</b>					
Black	\$4,800	\$2,200	\$12,000	\$7,900	\$10,000
White	\$71,500	\$84,900	\$71,300	\$65,200	\$81,700
Ratio	.07	.03	.17	.12	.12
<b>Median Financial Wealth</b>					
Black	\$0	\$0	\$200	\$200	\$1,200
White	\$19,900	\$26,900	\$21,900	\$19,300	\$37,600
Ratio	.00	.00	.01	.01	.03
<b>Households with Zero or Negative Net Wealth (%)</b>					
Black	34%	41%	32%	31%	27%
White	11%	12%	14%	15%	15%
Ratio	3.1	3.4	2.3	2.1	2.1

\*Wealth is defined as net worth (household assets minus debt).

Source: Unpublished analysis of Survey of Consumer Finance data by Edward N. Wolff, New York University.

TABLE 2

**Household Income by Race, 1983–98**  
(1998 dollars)

	1983	1989	1992	1995	1998
<b>Median Household Income</b>					
Black	\$20,341	\$23,770	\$21,789	\$23,951	\$25,351
White	\$35,844	\$39,969	\$37,420	\$38,254	\$40,912
Ratio	.57	.59	.58	.58	.62
<b>Mean Household Income</b>					
Black	\$27,054	\$31,542	\$29,568	\$32,514	\$34,139
White	\$43,295	\$50,006	\$47,162	\$49,979	\$54,207
Ratio	.63	.63	.63	.65	.63

Source: Current Population Survey, U.S. Bureau of the Census

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Detroit, and Los Angeles from 1992 to 1996. The preliminary findings include:<sup>iv</sup>

- Racial inequality is surprisingly resistant to economic growth.
- Gender exacerbates the labor market disadvantages of race.
- Our de-industrialized economy rewards skills and education, but the rewards are not the same for everyone.
- Skill and educational prerequisites work to exclude black and Hispanic men.
- Residential segregation mirrors and reinforces labor market inequality.
- Informal methods of recruiting are often discriminatory.
- Employer attitudes toward black neighborhoods may influence where they choose to locate their business.
- Residential segregation by race is both a product of discrimination and an expression of neighborhood preferences.
- Beliefs and attitudes exacerbate the racial divide.
- Urban inequality must be tackled on several fronts.

Although incomes and wealth have increased for blacks over time, significant disparities between blacks and whites continue to exist. In Baltimore, with a population that is 64 percent black, we must not ignore the fact that race has a major impact on employment and economic opportunities.

### Promising Strategies

Although there are few studies of race and employment in the Baltimore region, in other parts of the United States research has been conducted and programs are being implemented to help employers and workers address discrimination in employment.

Minority-owned businesses are a good source of jobs for black job seekers. Nationwide and in Baltimore, minority-owned business, whether located in non-minority areas or in minority neighborhoods, are more likely to hire minority employees than white-owned businesses.<sup>v</sup> However, the vast majority of minority-owned businesses are small to mid-sized and often lack access to growth expertise and growth capital. Programs that help them succeed and grow also increase the number of job opportunities for minority job seekers.

The Casey Foundation report, *Taking the Initiative on Jobs and Race*, offers recommendations gained from the six Casey Foundation Jobs Initiative sites and other research. The report finds that several other issues quickly become part of discussions of race and jobs: cultural differences, job readiness, communication, and workplace expectations. These are included in the recommendations:

- Design workforce development programs that address both discrimination on the part of employers and the lack of job confidence and job readiness of job seekers;
- Expand cultural awareness within the workforce development continuum. The lack of cultural competency skills from intake to job retention is a central employment issue;
- Because this is new territory for many workforce development providers, new approaches and tools must be developed;
- Knowledge gained by individuals and organizations that have successfully addressed barriers of race, ethnicity, and gender should be shared, and collaboration among stakeholders promoted; and
- Vigilance is needed to detect and remedy discriminatory attitudes and behavior. Past progress should not blind us to new ways that low skilled workers are disadvantaged because of race, gender and ethnicity.

## Maryland's Anti-Discrimination Law

The core provision of Maryland's statute that outlaws race-based employment discrimination prohibits the failure or refusal "to hire or to discharge any individual, or otherwise to discriminate against any individual with respect to his compensation, terms, conditions, or privileges of employment."<sup>vi</sup> Of the specific categories that this law protects from employment discrimination, race is the one most frequently cited.

Remedies provided in the law include cease and desist orders, affirmative action orders, hiring or reinstatement of an employee, and back pay with interest. Punitive and compensatory damages are not provided. Enforcement is the responsibility of the Maryland Commission on Human Relations. In Fiscal Year 2002, of the 815 charges filed alleging employment discrimination, 392 were based on race. Of all charges filed with the Commission concerning housing, public accommodations, and employment, more than one-third allege race discrimination.

## Conclusion

Despite the significance of race issues in the U.S., and despite daily reminders and shelves of research studies, the impact of race on employment opportunities is rarely discussed in public. Race must be on the agenda of any discussion about jobs and the economy. We must break the silence, and we must act to implement fair access and a work environment that welcomes and values diverse participants. Anti-discrimination laws play a role in deterring and remedying abuses, but every individual also has a part.

The Baltimore community has yet to undertake a public discussion about the impact of race on employment opportunities. We can begin by:

- Increasing public awareness by holding forums and workshops on race and employment issues in the region;
- Determining the help needed by minority companies for greater stability and growth;
- Spurring service providers and employers to implement good practices so that job seekers have fair access to jobs and advancement; and
- Determining whether the penalties for violation of laws that prohibit employment discrimination should be strengthened by additional penalties similar to those provided for violation of other anti-discrimination laws.

## Endnotes

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## Changing a Life

"Just getting my life straightened out is like one big life goal." Considering the distance Jonathan Wadsworth has come so far, he's a 17-year-old well on his way.

Kicked out of high school in the 9th grade for what he calls "chronic misbehavior," Wadsworth fell into a series of low-wage jobs until his family situation forced the state Department of Social Services to intervene in spring 2002 and send him to a home for resident teens. "It is really strict, but it has helped me. It's not exactly a fun place to be," Wadsworth muses. But the alternative—being "locked up," he says—is worse. "I'm staying out of trouble. I'm staying out of the streets."

From the cook at the home Wadsworth learned about Youth Opportunities, a program that steers

out-of-school, at-risk youth toward employment. He says the program is keeping him on the straight-and-narrow. "It set me up with my GED. It set me up with a job. And it will set me up with an apprenticeship when I turn 18," Wadsworth says.

As a landscaping intern making \$6.10 an hour, Wadsworth has his sights set on an electrician's apprenticeship and wages of \$12 to \$15. Then maybe a real job and some college... "I'm seeing that everybody that comes here is leaving with jobs," he says from across the kitchen table at Youth Opportunities. "They're leaving with their GED. You are learning something here. You are leaving with something." ■

# Disconnected Youth and Ex-Prisoners: Turning Liabilities into Assets

*He who opens a school door, closes a prison.*

—Victor Hugo (1802–1885), French dramatist, novelist, and poet.

In Baltimore and across the United States, two population groups have chronically low employment rates and low life-long earnings levels: young people aged 16–24 who are both out of school and out of work (“disconnected youth”) and prison inmates who return to the community. Individuals in these groups often have multiple barriers to employment and self-sufficiency, including low literacy levels, lack of skills, and substance addictions.

Of the total population with low employment rates and low earnings, we highlight disconnected youth and ex-prisoners in this report because: 1) distinct and large numbers of individuals continue to be added to these groups each year in Baltimore and the region; 2) high social and economic costs are imposed on their families, communities, and the region; and 3) we do not yet implement adequate preventive and remedial measures to help them become productive workers and citizens.

## Disconnected Youth

Each year in the Baltimore region, approximately 6,000 high school students leave school in grades 9–12 and do not enroll in another school or other educational program. More than half of these students live in Baltimore City.

Compared to high school graduates and adults with post-high school education, these youth have a higher probability of being substance abusers, unmarried parents, or coming under the jurisdiction of the criminal justice system. Their path to dropping out often begins at birth.

## The Youngest Children

The foundation of a person’s social, intellectual, and emotional development is laid in early childhood, beginning at birth. Because of this, it is important for children to have a stable, nurturing environment. Recent research by the National Institute of Child Health and Human Development shows that while the family is the most important factor in shaping a young child’s development, the quality of child care also has a major effect on children’s language, learning, and social capabilities. Good child care prepares youngsters to enter school ready to learn. It also results in increased workplace productivity among working parents who face fewer absences and on-the-job disruptions as a result of fewer child care problems.<sup>1</sup>

For Baltimore’s poorest families, however, finding adequate and affordable child care is difficult. Good child care is expensive—costing from \$6,000 to \$8,000 per year for

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a three-year old, and more for babies and toddlers. Low-income parents cannot afford to pay for this, even with the help of child care subsidies from the state or federal governments. Good quality child care is difficult to find, and few caregivers provide weekend or off-hours care. Gaps in public transportation and the distance between home and work add to the challenge, since many working parents in the City face long commutes to jobs in the counties, and child care facilities may not be near either work or home. Many of these families are headed by single adults who struggle to keep a job and provide care for their children.

Differences in children's lives in the early years, notably in the quality and quantity of interaction and conversation between children and their parents and caregivers, affect the size of children's vocabulary, their use of language, and their performance in school. The lack of a stimulating environment for developing young minds results in five-year olds who enter kindergarten with vocabularies of a few hundred words compared to vocabularies of 1,000–1,500 words of children who have had enriched learning environments. This in turn affects their elementary and secondary school success in their ability to gain the basic skills and education they need as a foundation for adulthood.<sup>ii</sup>

### Early School Years

Elementary schools have always played a contributing role in raising children. For children in troubled neighborhoods, elementary schools often provide an oasis of stability. Teachers charged with educating these children find themselves having to nurture them in other ways as well. With limited resources at their disposal, schools try to help children overcome major socioeconomic hurdles so teachers can teach and children can learn. Successes are largely confined to the

classroom, since when the school day ends, students return to dangerous streets and often difficult home environments.

It is important to continue strong academic programs throughout the school years. While the City administers a number of promising dropout recovery programs, remediation after the fact is expensive, and youngsters who fall behind find it hard to catch up.

Reforms under the City-State partnership that governs Baltimore's public schools are beginning to show positive results. Throughout most of the 1990s, school performance was measured by the Maryland School Performance Assessment Program (MSPAP), with standardized tests administered in the third, fifth and eighth grades. Many elementary and middle schools improved their test scores. During 1999–2002, several City schools made significant gains in reading, language, and mathematics.

In addition to efforts within the public school system, collaborative programs of public schools and community organizations address educational and social deficits and provide cultural enrichment. The community schools model brings together parents, children, and community resources for social, educational, and recreational programs such as drama, art, and music programs, both during and after the school day.

A local example of a community school is the Tench Tilghman Elementary School. Its community program provides children and their family caregivers with a variety of services, including an eight-week family nurturing program, monthly family-building dinners, and a substance abuse prevention course. Partners in this project include the Johns Hopkins University School of Nursing, Amazing Grace Lutheran Church, and two civic



organizations, Banner Neighborhoods and the Julie Community Center.

Another model, that provides a year-round, intensive, high quality, educational program, is exemplified by the St. Ignatius Loyola Academy. St. Ignatius is an independent Jesuit middle school, grades 6–8, that prepares inner-city boys for college preparatory high schools. Twenty-five percent of the students are Roman Catholic. All students receive scholarship aid. St. Ignatius has a high school completion rate of 100 percent, which includes several students who earned a Graduate Equivalency Diploma (GED). Seventy-five percent of graduates go directly to college after high school, 10 percent enter military service, and the rest gain employment. Acceptance into the Academy is highly competitive, and all students who are admitted must qualify for the federal free lunch program.

#### Out of School, Out of Work: Teens and Older

Recent research by Andrew Sum of the Center for Labor Market Studies at Northeastern University shows that during any given month in 1999 and 2000, 72,500 young people in Maryland between the ages of 16 and 24 were out of school and out of work, a number representing 13 percent of the state's youth population. Describing these "disconnected youth" in Maryland, Sum found that approximately half lived in the Baltimore region. Forty two percent did not graduate from high school or earn a GED; 43 percent graduated from high school; and 15 percent completed one or more years of post-secondary education.<sup>iii</sup>

In Baltimore, the public high schools enroll approximately 28,000 students each year. Slightly more than half of these students attend the nine neighborhood high schools that serve defined geographic areas. The remaining students attend the competitive

citywide academic, arts, or vocational/technical high schools, or other schools that serve special needs.

In the school system overall, the high schools lose about 45 percent of their students between 9th and 12th grades, but in the neighborhood high schools, the dropout rate is 71 percent, according to Baltimore City Public School System's (BCPSS) 2001 *Blueprint for Baltimore's High Schools*. An entering 9th grade class with 700 students will drop to 200 graduates at the end of the 12th grade. This has major implications, not just for individual students, but for the socio-economic health of the City as a whole. Compared to a male high school dropout, a male who completes high school has an additional \$400,000 in lifetime earnings.

The *Blueprint* is a framework for transforming the nine neighborhood high schools into smaller units with higher academic standards and a supportive environment that includes students, teachers, staff, families, the community, and employers. The success of these efforts is crucial to the City. The neighborhood high schools have high dropout rates, absenteeism, and discipline problems, their student performance on Maryland's Functional Tests (reading, math, and writing at the 6th grade level) is below both State and City averages, and their graduates have low rates of enrollment at two or four year colleges. However, while higher standards are clearly needed, research from other jurisdictions across the nation indicates that more rigorous standards for graduation, without additional supports for struggling students, will lead to higher dropout rates.

In early 2002, a group of local and national foundations invested more than \$20 million to help the BCPSS redesign the nine neighborhood high schools and create six to eight new "Innovation High Schools". These schools will have the added challenge of meeting the needs of entering 9th graders

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who perform, on average, two and one-half years below their grade level. The Fund for Educational Excellence and BCPSS have issued a Request for Proposals to begin the Innovation High Schools. The first four planning grants have been awarded, and the next round will be awarded before the end of 2002. Several of the Innovation High Schools will open in the fall of 2003 and more will open in the fall of 2004.

Three neighborhood high schools, Northern, Lake Clifton-Eastern, and Southwestern, are now beginning the planning process of dividing into small, supportive learning communities. "Requests for Participants" will be issued to solicit community members to work with School Executive Committees to redesign these schools. The remaining neighborhood high schools will begin their redesign process over the course of the next two years.

These innovations are promising, and provide evidence of conviction within the school system and throughout the City that changes are needed in the schools.

## Education and Earnings

A strong correlation exists between education and earnings (see **Charts 1 and 2**). National research conducted in 1998–1999 shows that the lifetime earnings of males who hold Master's degrees range as high as \$3.1 million, compared to \$769,000 for men who lack high school degrees; women's comparable lifetime earnings decrease from \$1.6 million to \$293,750.

Employment statistics for high school dropouts reflect particularly discouraging prospects for young black men who have no more than a high school education. A Brookings Institution report shows that during 1979–2000, the employment rate of less educated black men ages 16–24 declined from 62 percent to 52 percent, while the employment rates of comparable white and Hispanic males remained steady at approximately 80 percent, and employment among less educated young black women rose from 40 percent to over 50 percent.<sup>iv</sup> In an effort to account for the decline among black men, the authors suggest that the increase in vigorous enforcement of child support programs may

CHART 1

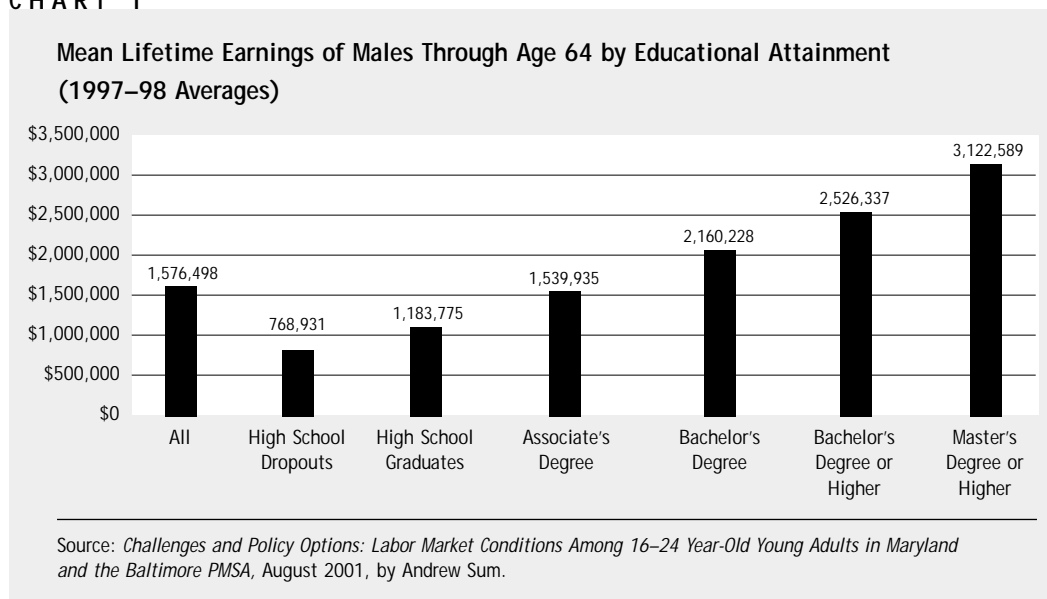
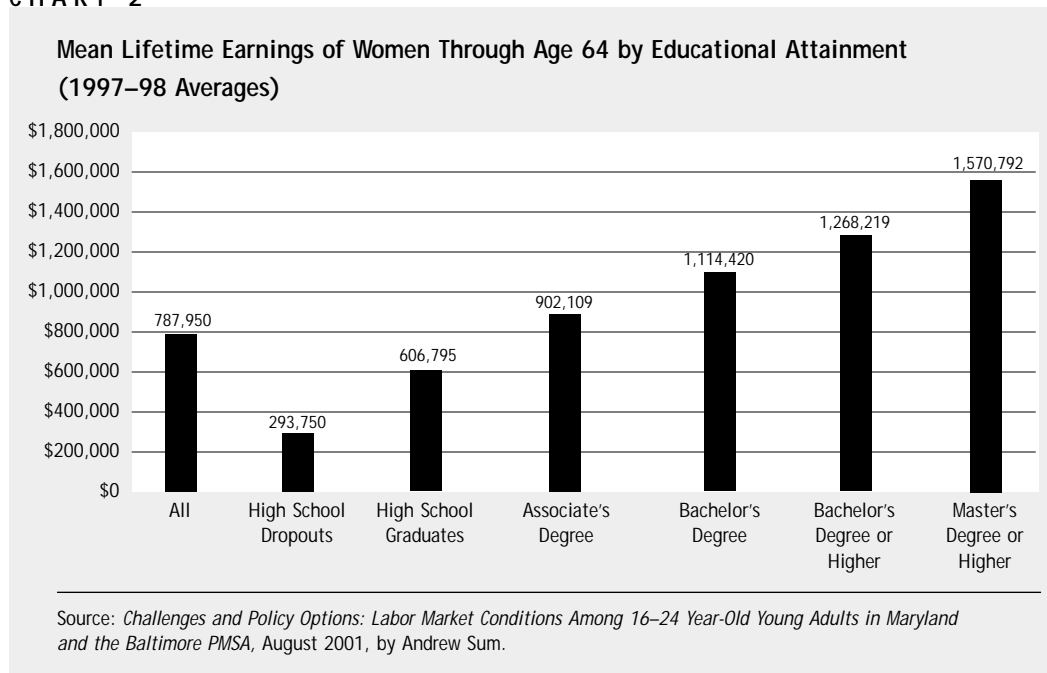


CHART 2



deter mainstream employment and encourage some non-custodial fathers to work “off the books.” They also cite research that suggests that employers are reluctant to hire young black males because they assume they are likely to engage in criminal behavior, even in the absence of a criminal record.

### Local Programs

Recognizing the important connection of education, employment, and lifetime earnings, a number of local public and private institutions have developed special programs that provide remedial education, job readiness, and skills training for youth who dropped out or are at risk of leaving prior to earning a diploma. Among these programs are:

- **Baltimore City Career Academy (BCCA):** An alternative education center administered by the Mayor’s Office of Employment Development, BCCA provides GED preparation

coursework, job search assistance, and employment readiness training. Upon successful completion of the GED test, students are placed in subsidized 250-hour paid internships in their areas of vocational interest.

- **Civic Works:** Baltimore’s non-profit service corps, Civic Works provides young people ages 17–25 with a modest stipend and an education award that can be used for college or vocational education in exchange for 1700 hours of community service. Over 80 percent of participants complete the program with a GED, a job, or college enrollment.
- **Credit Recovery Program:** This program provides ninth grade repeaters and students ages 16–21 with remedial education, guidance counseling, and behavioral interventions through partnerships between public schools and private vendors. Enrollment priority is given to dropouts, seniors, and residents of Baltimore’s Empowerment Zone.
- **Futures:** This is the City’s implementation of a statewide dropout

prevention program administered by the Maryland State Department of Education. The program prepares youth for employment through skills remediation, tutoring, and work opportunities. Futures is housed in six zoned high schools and serves 1,200 students who have poor academic histories coming out of middle school. The dropout rate among Futures students is about half that of other City public high school students, attendance is higher, and roughly three-fourths go to work or college right after they graduate.

- **Harbor City High School (HCHS):** Founded in 1976, HCHS is Baltimore's largest non-traditional public high school. HCHS provides students ages 16–21 with vocational training in computer technology, health occupations, child development, public safety, construction technology, and office careers. It also offers college preparatory programs and participation in the Junior Reserve Officers Training Corps.
- **Twilight School Program:** A high school diploma program for current or returning students ages 17 and older, Twilight School operates in the nine zoned high schools and in the four alternative/non-traditional high schools, four days per week, three hours a day. Each school site has at least one counselor or social worker, and some have child care programs.
- **YouthBuild:** As part of a nationwide network, Youthbuild receives funding from the U.S. Department of Housing and Urban Development. Local agencies provide youths ages 16–24 with remedial education and construction skills while engaging them in building affordable housing for homeless and low-income families in their communities.

## Inmates and Ex-Prisoners

### Education, Employment, and Crime

The connection of education, employment, and crime is clear. Approximately 75 percent of inmates in Maryland's correctional institutions are high school dropouts, and 20 percent of inmates were at or below the third grade reading level when they entered prison. The majority had little or no mainstream work experience.

The numbers pose a huge challenge to the Baltimore region. In July 2002, the Maryland Department of Public Safety and Correctional Services housed 24,116 inmates in 26 state prison facilities. Ninety-five percent were male, and about half were from Baltimore City. Except for those who are incarcerated for life, every inmate will return to the community. (The average prison sentence in Maryland is 160 months, and the average prison stay is 59 months, almost 5 years.)

In Fiscal Year 2002, 15,124 inmates were released from prison statewide, with approximately 9,000 returning to Baltimore, most with very limited education, employment-related skills, or job readiness.

These ex-prisoners face a range of problems as they make the transition from incarceration back into society. Many struggle to reconnect and adjust to family and friends, find adequate housing, and access treatment for health and substance addiction problems. They face significant difficulty in finding and retaining a job. Furthermore, for ex-prisoners who are responsible for the support of a child, the child support arrearages accumulated during their time in prison deter them from seeking mainstream employment. Often as much as \$20–30,000 must be repaid through payroll deductions. Even when ex-prisoners have the necessary skills and want to work, they often find that employers are

reluctant to hire them because of their criminal backgrounds. The accumulation of difficulties experienced by this population tends to spill over and impact negatively on their families and neighborhoods.

### Correctional Education

The value of correctional education to reduce recidivism and improve employment was documented in a study of inmates in Maryland, Minnesota, and Ohio. The study was prepared by the Correctional Education Association and the U. S. Department of Education Office of Correctional Education in 2001. The findings show that while employment rates of education participants and non-participants were similar, participants have higher wages and are more likely to enroll in substance abuse treatment and counseling, are more likely to continue education and training, and, in Maryland, are 23 percent less likely to return to prison.

In Maryland, education programs in the state prisons are administered by the state's Department of Education (MSDE). Programs include: Adult Basic Education, Special Education, Graduate Equivalency Diploma (GED) coursework, and occupational and employment readiness. In addition, MSDE partners with community colleges to provide a variety of post-secondary programs. In Fiscal Year 2001, the Correctional Education Program reported a 63 percent GED completion rate, the highest of any educational agency in the state.

However, MSDE reported in 2001 that only one in five Maryland inmates participates in schooling on a regular basis. State law requires that inmates without high school diplomas enroll in school while incarcerated, yet of the 19,800 inmates found eligible in 2000, only 9,300 (47 percent) received any educational services. Only 2,000 of those inmates were in a GED program. As of January 2002, 1,800 inmates were on education waiting lists.

The major reason for this lack of capacity is insufficient federal and state funding. According to MSDE, the state currently invests about \$11.7 million per year in correctional education programs, which supports the salaries of teachers, librarians, principals, and support staff, plus an allowance for basic supplies such as pencils and papers. Statewide, there are approximately 140 full-time teachers in the Correctional Education Program. Repeated MSDE requests for additional funds in the State budget have not been granted.

During a period of exploding growth in the prison population, the number of educational positions remained stagnant, resulting in a smaller percent of the incarcerated population participating in educational programs. In its FY 2000 report to the Governor, the Maryland Educational Coordinating Council for Correctional Institutions documented the decline in the number of inmates enrolled in correctional education programs between May 1990 and May 1999. During that period, the percentage of enrollments in correctional education programs dropped from approximately 34 percent to approximately 20 percent. This decline is attributable to two major factors: 1) the loss of federal funding for post-secondary education programs in the early 1990's, and 2) the growth of the prison population throughout the decade.

**Table 1** shows the population growth at the 13 institutions where educational services are offered and compares the number of inmates enrolled in education programs in 1990 with those enrolled in 1999.

While Maryland's prison population increased by 54 percent between 1990 and 2000, the number of correctional education staff increased by only four percent. **Table 2** shows the change in the ratio of inmates to correctional education authorized staff positions between July 1990 and July 2000.

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This minimal growth in staffing for education positions has resulted in a decreasing percentage of the incarcerated population participating in educational programs.

In addition to the full-time teaching staff, the Correctional Education Program relies on a number of part-time contractual teachers. These positions are supported in large part by the Division of Correction's Inmate Welfare Fund. Due to recent reductions in that fund, many contractual positions have been frozen (no replacements, no new positions) and all evening academic and employment readiness courses have been eliminated.

### Skills Training and Job Readiness

The Department of Public Safety and Correctional Services administers several programs to increase inmates' job readiness

and provide them with occupational training. For prisoners housed in the Baltimore City Correctional Center and the Baltimore Pre-Release Unit for Women, the Occupational Skills Training Center offers training in automotive services, graphic arts, warehousing, and other skills that match employer needs in the community. Through the Correctional Education Program, MSDE conducts mock job fairs and provides career preparation services to inmates in a growing number of correctional facilities throughout the state. Programs such as Work Release and State Use Industries also offer occupational training and/or work experience.

However, inmates' needs are far greater than the capacity of these programs. Intake and other data show that few inmates have any job skills upon arrival in prison. Many

**TABLE 1**

Institution <sup>v</sup>	May 1990 Population	Number of Inmates Enrolled	Percent of Population Enrolled	May 1999 Population	Number of Inmates Enrolled	Percent of Population Enrolled	Percent Change in Enrollment, 1990-1999
ECI-E	1,203	492	41%	1,828	285	15%	(42%)
ECI-W	1,233	509	41%	1,424	326	23%	(36%)
MCI-H	1,651	569	34%	1,944	510	26%	(10%)
MHC-J	1,377	599	44%	1,156	135	12%	(77%)
MCI-W	725	273	38%	842	351	42%	29%
MCI-J	1,079	421	39%	1,128	340	30%	(19%)
MCTC	2,524	756	30%	2,871	528	18%	(30%)
MP/MTC	1,129	553	49%	1,521	191	13%	(65%)
RCI	1,466	513	35%	1,627	482	26%	(6%)
MCPR	2,568	465	18%	3,264	621	26%	34%
PAX	N/A <sup>vi</sup>	N/A	N/A	684	144	21%	N/A
MHC-A	N/A <sup>vii</sup>	N/A	N/A	1,201	170	14%	N/A
WCI	N/A <sup>viii</sup>	N/A	N/A	1,627	231	14%	N/A
<b>Totals</b>	<b>14,955</b>	<b>5,150</b>	<b>37%</b>	<b>21,117</b>	<b>4,314</b>	<b>22%</b>	<b>(16%)</b>

Source: *Fiscal Year 2000 Report of the Educational Coordinating Council for Correctional Institutions*. Prepared by the Maryland State Department of Education, January 2001.

TABLE 2

**Ratio of Inmates to Education Positions, 1990–2000**

Fiscal Year	July Inmate Total	Correctional Education Authorized Positions	Number of Inmates per Education Position
2000	22,918	176	130
1999	22,338	177	126
1998	22,194	179	124
1997	21,906	178	123
1996	20,937	181	116
1995	20,496	171	120
1994	19,654	156	126
1993	19,286	170	113
1992	18,238	150	122
1991	17,048	191.5	89
1990	15,035	168.5	89

Source: *Fiscal Year 2000 Report* of the Educational Coordinating Council for Correctional Institutions.  
Prepared by the Maryland State Department of Education, January 2001.

earned income through illegal means prior to incarceration: Twenty-four percent of convictions are for drug-related crimes and 29 percent are for theft. Only a fraction of Maryland inmates leave prison with the necessary skills for mainstream employment.

These education and job skill deficits among ex-prisoners are the tip of an iceberg. In addition to the 15,000-plus inmates released each year in Maryland, 43,000 individuals who were arrested but not sentenced to long-term incarceration are released annually from short-term detention facilities into the community. Their education and work history are similar to those of inmates. Research shows that many of them will return to prison again and again.

Still, there are encouraging departmental changes and pilot programs:

- In 1999, The Department of Public Safety and Correctional Services created Partnerships for Re-Entry Programming (PREP), a pilot program designed to provide inmates with training,

employment readiness, career development, community resource information, and victim/offender impact and awareness. However, at the end of 2002, funding for the PREP program was on hold due to Maryland’s budget situation.

- The Division of Parole and Probation has instituted Proactive Community Supervision (PCS), a program that gives parole agents smaller caseloads and greater responsibility for working with community agencies to help parolees find housing, employment, and other services they need. Funding for PCS is similarly on hold.
- The Your Employment Success (YES) Network is a collaborative initiative of several state agencies and a private foundation. Established in 2001, YES seeks to provide 250 recently released prisoners per year with a job readiness curriculum, followed by connections to volunteer business mentors in the community.

## Chapter Four

All of these initiatives are promising. However, to be effective in the long term, they need to be well implemented, adequately funded, and expanded throughout the correctional system. Forty-five to 65 percent of ex-prisoners return to prison within three years of their release, and the annual cost of housing one inmate in a Maryland state prison is approximately \$25,339 per year<sup>ix</sup>. It makes good fiscal and social sense to use the time spent in prison to equip inmates with the educational and vocational skills and job readiness they will need to find employment and build productive lives in the community.

### Legal Restrictions and Barriers to Employment

For former inmates seeking employment, their criminal history is often an obstacle. Maryland law prohibits hiring ex-offenders for certain occupations and mandates background checks for other occupations. Employment prohibitions include the following:<sup>x</sup>

- Individuals convicted of sex offenses or violent crimes are barred from all jobs at schools;
- Individuals convicted of felonies or crimes involving “moral turpitude” or theft are barred from respite care or personal care attendant jobs; and
- Individuals with criminal histories indicating potentially harmful behavior are barred from jobs in the dependent care field.

Background checks are required for individuals who apply for:

- Jobs at facilities that care for or supervise children;
- Jobs at health care facilities;
- Taxi driver jobs, or driver jobs at government and non-profit agencies;
- Jobs with Maryland’s Department of Juvenile Justice; and
- Jobs as security system technicians.

Several counties in the region have additional restrictions.

In addition, Maryland courts have adopted the Negligent Hiring Doctrine, which imposes a duty on employers to make reasonable efforts to find out if an employee or prospective employee is potentially dangerous. An employer may be held liable for injuries caused by an employee if the employer failed “to use due care in selecting and retaining only competent and careful employees,” according to Section 11.8.1 of the Maryland Tort Law Handbook. Many employers now routinely conduct criminal background checks, even when not explicitly required.

Inquiries about conviction records are permitted on job applications in Maryland, but federal laws prohibit employers from asking applicants about their arrest records where there was no subsequent conviction and there is no proof of a business necessity for the information. However, employers can easily acquire applicants’ entire criminal histories, including arrests. This can lead to an applicant being turned down for a job on the basis of his or her criminal history record information, even if the person has never been convicted of a crime.

### Conclusion

Baltimore’s high dropout rate and the high rate of offender re-incarceration carry high social and economic costs. Our economy suffers from the lost productivity of these populations and the community suffers the loss of the development of their human capital. In this chapter we have outlined several promising trends: some well into implementation, some just getting started, and some promising plans that have not yet left paper.

We need to do more to prevent youngsters from dropping out of school. To improve



## Disconnected Youth and Ex-Prisoners: Turning Liabilities into Assets

the retention and graduation rate of students in school and to re-engage those who have dropped out, we must:

- Inform students of the connection between education and lifetime earnings by giving them a realistic view of employment prospects with and without basic education skills;
- Provide a menu of learning and earning options, including credit recovery programs and flexible education schedules to retain or recapture the students; and
- Establish a pipeline between GED and community college programs.

For the inmate and ex-prisoner populations, we must make every effort to provide the tools needed for mainstream employment when they re-enter society. We must:

- Provide greater access to GED, basic education and job training programs for offenders while in prison;
- Increase employment opportunities for ex-prisoners by limiting employer liability under the Negligent Hiring Document;
- Reduce the deterrent effect of child support on mainstream employment for ex-prisoners; and
- Implement sustained strategies to meet the multiple needs of ex-prisoners by providing comprehensive community-based services.

For both ex-prisoners and disconnected youth we need transitional jobs programs to give them work experience to develop good job behavior and marketable skills. As concerned citizens, we must monitor efforts underway, and support and advocate expansion of effective programs.

These two special populations contain untapped resources. We can either see them as liabilities or provide them with the tools to become assets.

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- vi. The Patuxent Institution school was not within the Department of Education in 1990.
- vii. The MD House of Correction Annex did not exist in 1990.
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## Working Toward a Future

The day she graduated high school in 1996, Edwina Mayo learned she was pregnant. It didn't stop her from attempting a community college degree in early childhood education, but with the baby came financial obligations, followed by a \$30,000-a-year telemarketing job at MCI Telecommunications Corp. Quickly, the importance Mayo had placed on education faded from the picture.

"It was more important to make money. I wanted my own apartment. I had to pay bills. Then three-and-a-half years later I was pregnant again," Mayo says. When a friend told her about the Caroline Center, a career center for women run by School Sisters of Notre Dame, Mayo was forced to wonder, *Should I go ahead and fight this out for the long run so I can work with kids, or should I work and go back to school later when I can afford to?*

The Caroline Center program was short-term and free of charge. It also offered job placement and rental assistance, and Mayo couldn't refuse. To cover bills she took another night-time telemarketing job, and within 15 weeks she received her certificate in early childhood education and an \$8-an-hour job at St. Jerome's Head Start. She's since been bumped up to \$9 an hour, and plans to resume her quest for an Associate degree—online—and eventually attend a four-year college.

"I wanted to be independent when I wasn't ready to be independent," Mayo says. "If it weren't for the Caroline Center, there is nothing I would have been able to do but go back to MCI, because I didn't have any training or anything. The money is good. But without an education to back it up, it isn't anything." ■

# Workforce Development in Baltimore City

*“The best social welfare program is a job, especially a job that pays a decent wage.”*

—Barbara Mikulski, U. S. Senator from Maryland.

While much of the movement into and within the labor market occurs without any formal intervention, there are a number of public and private programs that help people find jobs, acquire skills, and advance into better jobs. These programs—which include job search and job placement, job readiness training, literacy and GED preparation, occupational skills training, career progression support, and retention help—are critically important for individuals who are unable to find and maintain employment and move up the career ladder.

The foundation of workforce development is a good education, an education that provides the tools to enable people to move into careers. However, when the education system fails to adequately prepare people for work, or other life factors impinge upon employment success, additional programs—sometimes called “second chance” programs—are necessary. Workforce development programs help meet this need. Historically, these programs have been targeted to individuals who are most in need (usually measured economically) and who have multiple barriers, including child care, substance abuse, limited work experience, limited skills, limited linkages to employment opportunities, and are thus unlikely to get a job without some assistance. More recently, however, public

policy has shifted the focus of some publicly funded employment-related programs to be accessible to everyone rather than targeted only to specific populations. This policy shift, which reflects the intent to create a more “market driven” workforce system, has major implications for job seekers with the most serious barriers to work, including the ex-prisoners and out-of-school youth who were discussed in the previous chapter. In the new workforce development arena, it is important to insure that the needs of these populations are adequately addressed.

This chapter describes the City agencies and private organizations involved in workforce development, what they do, how they are funded, and whom they serve. It estimates the overall numbers of people served, the gaps in services, and challenges to meeting the City’s needs. The chapter also outlines current efforts underway to create a more effective system.

## Workforce Development Defined

Workforce development includes programs that upgrade people’s education levels, employment skills, and job-readiness. It includes the following:

- **Education programs:** The largest education program is the publicly funded

K–12 system. Education programs also include agencies that provide primary and secondary education to adults. At the post-secondary level we include community colleges since the bulk of education provided there is vocational in nature, but we exclude from the discussion academic programs at four-year colleges and universities. Our reason for doing this is to maintain a focus on low-skill/low-income individuals, most of whom need supports (financial and otherwise) to enroll in a four-year academic institution. Other education-related programs important for Baltimore City residents are literacy programs, GED preparation, and English as a Second Language.

- **Job readiness, job search, job placement and retention services:** Job readiness programs teach general workplace behavior, communication skills, career planning, life management skills as well as job search skills. They may also assess participants' skills, interests, and aptitudes. Typically, job readiness programs aim to assist people in successfully competing in the labor market and retaining employment. In addition, there are self-directed and staff-assisted programs that help individuals search for jobs. Programs that provide job placement assistance typically employ job developers who identify job openings by contacting employers. Retention services are designed to help people stay in jobs.
- **Skills training programs:** Numerous agencies provide vocational training in general occupational skills and/or customized training where employers participate in designing the training and guarantee a job for each participant who successfully completes training. Many skills training programs also provide life skills and other job readiness skills such as those discussed above.

- **Sectoral Employment:** This approach engages groups of employers in like industries to promote upward mobility of low-wage workers. Developing common curricula for upgrade skills training among several companies within an industry sector encourages employer “investment” and expands the opportunities for entry level workers to move up the career ladder.

In addition to the above programs, there are financial aid programs that assist students in postsecondary training, and tax credits and subsidies for employers who hire targeted populations.

This chapter focuses on programs in Baltimore City that primarily help low-skill men and women find jobs, increase their skill levels, and improve their employment and income opportunities. A person's ability to maintain employment and increase his or her skills and income is affected by access to essential services such as health care, housing, child care, and mental health, and substance abuse treatment. This report does not include a detailed account of the adequacy of these resources in Baltimore.

## Workforce Development Policies: Background

Two major federal laws—the welfare reform law known as the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) and the 1998 Workforce Investment Act (WIA)—have shaped the workforce development environment during the past few years. There is a substantial body of research about the outcomes of the welfare reform law, but only a few studies have been conducted so far on WIA, which was enacted in Maryland in July 2000; more research on its implementation is underway.

### The Workforce Investment Act

The Workforce Investment Act of 1998 (WIA) revised federal statutes governing job training, vocational rehabilitation, adult education and literacy, and established a new model for local workforce development systems. Under WIA, the goal is to meet businesses' needs for skilled workers and to meet the employment, education, and training needs of individuals. The Act's key mandates are: to provide customers (both employers and job seekers) with easy access to information and services through a "One-Stop" system, to enable adults to obtain their choice of training through Individual Training Accounts, and to increase the accountability of states, local areas, and training providers for meeting customers' needs. The Act requires each state to establish business-led, business-majority state and local workforce investment boards. Local boards oversee the local systems.

WIA replaced the Job Training Partnership Act as the primary vehicle for helping the unemployed and dislocated workers to find jobs or become employable through training and other services. Whereas JTPA focused on serving the economically disadvantaged, WIA requires that basic employment services be available to anyone, shifting the focus away from serving primarily disadvantaged individuals and toward serving the entire population. Another policy change brought about by WIA is that, rather than focusing on the job seeker as the sole customer, WIA has a dual-customer orientation: it aims to meet employers' needs for skilled workers, and to meet the employment, education, and training needs of job seekers.

The "One-Stop" requirement calls for each local area to establish at least one full-service one-stop center where customers have access to an array of services offered by the mandated partners: Job Service,

Unemployment Insurance, Welfare-to-Work, Veterans' Services, vocational rehabilitation, adult literacy, and other programs. Any adult may receive Core Services, which include the following: outreach, intake, and orientation to the information and services available through the one-stop system; initial assessment of skills, aptitudes, and supportive service needs; labor market information, job search and placement assistance; and follow-up after placement into unsubsidized employment.

Other services beyond Core are available at One-Stops. Individuals who are unable to obtain employment leading to "self-sufficiency"<sup>i</sup> through Core Services may access Intensive Services, which include comprehensive assessments, career planning, and pre-vocational training. A third level, Training Services, may be available for those individuals who still cannot find adequate employment through Intensive Services, although the availability of training is severely limited by funding constraints.

### The Personal Responsibility and Work Opportunity Reconciliation Act

PRWORA is the welfare reform plan that Congress adopted to change the country's welfare system. The Act gives states substantial flexibility in meeting the four goals of the law: to provide assistance to needy families so that children may be cared for in their homes or the homes of relatives; to end the dependence of needy parents on government by promoting job preparation, work, and marriage; to prevent and reduce out-of-wedlock pregnancies; and to encourage the formation and maintenance of two-parent families.<sup>ii</sup> Maryland's welfare program is called the Family Investment Program (FIP). It includes Temporary Cash Assistance (TCA) and an employment and training component, the Work Opportunities Program.

Nationwide, evidence shows that Temporary Assistance to Needy Families, or TANF, the block grant program created under PRWORA, has to a large extent achieved its primary goal of encouraging work by adult welfare recipients. However, research suggests several areas of concern. Major findings are as follows:<sup>iii</sup>

- Employment has increased: employment rates among former welfare recipients average 60 to 75 percent nationally.
- Incomes of welfare leavers are only slightly above what they were when on welfare, signaling problems with finding full-time work and/or jobs paying decent wages and with sustaining employment.
- Most welfare leavers (nearly two-thirds) do not work for four quarters in a row, signaling a problem with retention and employment stability.
- A significant group of welfare leavers is not working (25 percent to 40 percent) and some are returning to the welfare rolls.

In Maryland, most welfare leavers find employment, but the work is often part-time and unstable, and incomes remain very low. Research conducted at the University of Maryland School of Social Work found that just over half of welfare leavers work in the first quarter after leaving welfare. Less than one-third of the welfare leavers work in all four quarters the year after they stopped receiving cash assistance.<sup>iv</sup> These findings show that many welfare leavers do not work steadily, although most work at some point.

Data on earnings of former recipients indicate a need for income supports and training, as well as comprehensive services that include transportation and child care. The research suggests that most of the increases in earnings are the result of working more hours. Because earnings remain very low even four years after

leaving cash assistance, workers' skills need to be improved to enable them to hold better-paying jobs.

## Government Agencies Involved in Workforce Development

Workforce development funding is a moving target. The level changes from year to year as some grants end without being renewed, while funding for new programs begins. Since many programs are federally funded, annual allocations are determined by Congressional appropriations. Contracts can also change from year to year, altering the assortment of agencies playing a part. That being said, the following government agencies with major workforce development responsibilities are key players:

- **The Mayor's Office of Employment Development (MOED)** is the city's primary workforce development agency. Its workforce development expenditures in Fiscal Year 2001 were approximately \$30.8 million.<sup>v</sup> It operates the One-Stop Career Center Network, which offers job seekers, workers, and employers access to employment and skills training resources. The centers are open to everyone. There are four One-Stop Career Centers in Baltimore City; MOED runs two of the centers and contracts out the other two. Each year, more than 15,000 individuals visit the centers, which are funded primarily by federal WIA Adult and Dislocated Worker funds.<sup>vi</sup> Annually, MOED's goal for the four centers is to place 3,500 people into full-time, unsubsidized employment.

MOED also administers several federal and state grants that it has successfully competed for in order to deliver workforce development services targeted to specific populations. One is Welfare-to-Work, which provides employment and training services to the most disadvantaged welfare

recipients. This grant program is due to run out in 2004. Another temporarily funded program is the Youth Opportunity (YO) program, which targets youths ages 14–21 residing in the Empowerment Zone. YO offers a variety of services including career planning, job readiness, computer literacy, and basic skills training. In Fiscal Year 2001, the first year of operation for YO, 1,470 youth were served. A smaller initiative administered by MOED is the state funded Skills-Based Training for Employment Promotion (STEP), which provides opportunities for low-wage working parents to access upgrade skills training that leads to better jobs in the health services industry. MOED contracts out most of its training services to public and community-based organizations and some private for-profit providers.

MOED also administers Employ Baltimore, which engages the employer community in the City's workforce efforts. Using WIA funded resources from MetroTech,<sup>vii</sup> Employ Baltimore assists businesses in crafting customized training programs that build job-specific skills for new and/or incumbent workers.

MOED administers WIA Youth funds, which serve low-income Baltimore City youth ages 14–21 who face at least one of the following challenges:

- Deficient in basic literacy skills (reading at or below 7.9 grade level),
- School dropout,
- Homeless, runaway, or foster child,
- Pregnant or parenting,
- Offender, or
- Reside in high poverty census tract.

MOED is using the WIA funds to expand the sorts of services that are offered to EZ youth through the YO grant to other City youth. WIA also supports the Career Academy, an alternative learning center for high school dropouts ages 16–21. It serves approximately 100 students per year and

includes GED-preparation classes, career-based math and reading programs, internships, and life skills training.

In Fiscal Year 2002, MOED placed 6,055 people at an average \$8.84 per hour, with 72 percent of the jobs offering benefits. MOED reports to the mayor, and it is accountable to the state and federal governments for its performance. The Baltimore Workforce Investment Board (BWIB), a mayor-appointed, private sector-led board, is charged by the mayor to guide workforce development policy in the City of Baltimore and to be the voice of business for this effort.

- **The Baltimore City Department of Social Services (DSS)** is primarily responsible for the Family Investment Program, Maryland's TANF-funded welfare program for poor families with children. The program includes an employment and training component called Work Opportunities that offers services such as life skills, work readiness, work experience, basic education, vocational training, retention, and support services. Work Opportunities served approximately 8,700 people in Fiscal Year 2001. DSS workforce development expenditures in the same year were approximately \$22.2 million.<sup>viii</sup> Unlike the programs operated by MOED, participation in workforce programs is mandatory for most Temporary Cash Assistance recipients. DSS contracts out most of its employment and training services primarily to public and community-based organizations (including MOED). It is accountable to the state and its employees are state employees. The governor and mayor appoint the director of the agency jointly. DSS also operates several other programs for the state, including the federally funded Food Stamp Employment and Training Program.

- **The Baltimore City Community College (BCCC)** is a state-owned institution offering credit and continuing education programs to Maryland residents. Ninety percent of the students are from Baltimore City. BCCC provides a wide range of programs such as vocational training leading to an associate degree, customized training for businesses, and adult education and literacy for adults lacking adequate reading and math skills. Approximately 60 percent of the college's students are continuing education students not enrolled in a degree program. Included in continuing education are numerous certificate and professional development programs. In the fall of 2001, there were more than 18,000 credit and continuing education students enrolled. Expenditures were roughly \$35.6 million.<sup>ix</sup> Recent research conducted by the Jacob France Institute at the University of Baltimore indicates that students who enter the workforce after obtaining a two-year degree or certificate at BCCC often improve their earnings significantly. According to the Abell Foundation, BCCC students graduating in the years 1998-2001 experienced a \$6,000 increase in earnings in the year following graduation and a doubled salary within seven years of graduation.
- **The Maryland State Department of Education (MSDE)** administers several workforce development programs that are targeted to particular groups. Correctional Education programs, for example, provide academic programs, skills training, and library services to Maryland prison inmates. MSDE administers Adult Education and Literacy funds to serve individuals 16 years or older who lack a high school diploma or its equivalent and are not enrolled in a secondary school. In FY 2000, the programs served 4,563 people in Baltimore City. Literacy services are contracted out to local vendors. MSDE also administers vocational rehabilitation funds that come from the U.S. Department of Education to promote the employment and self-sufficiency of individuals with physical or mental disabilities. Expenditures for these programs are approximately \$14.2 million in Baltimore City.<sup>x</sup> According to a report issued by MSDE, Maryland ranks 48th in the nation in spending for adult education.
- **The Housing Authority of Baltimore City (HABC)** administers employment and training programs for public housing residents. Services administered by the Division of Employment and Empowerment include job readiness, placement, retention, customized training, apprenticeship, subsidized work, and business development. One example is Jobs Plus, a demonstration project that offers training, support, and employment services. It includes work incentives, employment and training services, and supportive services. HABC reported serving 435 people in Jobs Plus in Fiscal Year 2001. In all, HABC's employment and training-related expenditures in Fiscal Year 2001 were approximately \$3.9 million.<sup>xi</sup> Most of the services are contracted out.
- **The Maryland Department of Labor, Licensing, and Regulation (DLLR)** is the state agency that passes the U.S. Department of Labor, WIA and Welfare-to-Work funds to MOED. It also administers several programs directly, including Unemployment Insurance, employer tax credits, and job service programs. The Job Service program, for which all adults are eligible (although priority is given to veterans), provides self-service and staff-assisted job search, career information, and other employment services. DLLR also administers Veterans' Services, including job placement, career counseling, case



management, and training, and it is responsible for the registration and certification of apprenticeship programs in the state. Furthermore, DLLR oversees MetroTech, a temporary project, providing customized training for high-tech workers. Approximate expenditures in Baltimore City, in Fiscal Year 2001 were \$3.8 million.<sup>xii</sup>

- **The Maryland Department of Business and Economic Development (DBED)** administers several programs that provide grants to targeted businesses to encourage training. This state agency targets businesses that have strategic importance to Maryland's economy, including manufacturing and technology firms. Businesses are encouraged to invest in skills upgrading, although there is no specific incentive to invest in employees at lower-skill level. In one year, expenditures for Baltimore City totaled \$1.2 million.<sup>xiii</sup>
- **The Baltimore City Public School System (BCPSS)** plays a major role in the City's workforce development landscape providing children and youth with the foundation necessary for more advanced education and/or employment. Primary funding for the schools comes from the State of Maryland. BCPSS expenditures in Fiscal Year 2001 were roughly \$850 million,<sup>xiv</sup> and the schools enrolled nearly 98,000 individuals, about 25,000 of whom were high school students. Several school-based programs address high dropout and poor attendance rates in the public schools.

## Nongovernmental Agencies

**Empower Baltimore Management Corporation (EBMC)** is the non-profit organization created in 1994 to manage \$100 million in federal funds that Baltimore received as one of 23 cities

awarded special Empowerment Zone Block Grants. EBMC has focused significant resources on both job creation and workforce development. As a direct result, approximately 4,000 people residing in the specific EBMC geographic area have been assisted in job placement and/or career upgrades. Wage record tracking reveals that persons assisted have had an increase in wages, with the increase based upon the specific "workforce tool" utilized.

The "workforce tools" designed by the Empowerment Zone includes several community based "career centers" that provide job placement help and connect job seekers to other services such as workplace literacy, substance abuse treatment, family counseling, and in some instances, health screening. Other EBMC "tools" are specialized occupational and employer customized skills training. EBMC training programs provide a weekly stipend for transportation and food.

The highest wage increases have occurred with persons who utilized customized and/or occupational training. With customized training, the employer signs a "commitment to hire" after the person has successfully completed the training. Generally the employer participates in the design and implementation of the training. EBMC incubated a number of successful training strategies now in place, including the Biotech Institute of Maryland and a surgical technician-training program for an area hospital. For occupational training, a significant portion of the payment to the training provider depends on successful placement of the person into employment for which they are trained.

In 2002, EBMC incubated an on-site employee retention and upgrade system for employees in entry-level positions with the Johns Hopkins Medical System. This includes attitude and motivational training for employees and their supervisors. Several

other hospitals have asked EBMC to provide this same service for City residents employed in but not residing in the Zone.

**Many other private nonprofit and for-profit organizations** deliver workforce development services. No comprehensive list of service providers yet exists. However, the Baltimore Workforce Investment Board is currently creating a catalogue of workforce development related services for job seekers and employers in Baltimore. It is first surveying the agencies represented on the BWIB, and will then survey the others. Another source of information about service providers in the Baltimore area is a survey funded by the Open Society Institute-Baltimore, the Annie E. Casey Foundation, and the Abell Foundation, *Workforce Development in Baltimore: A Survey of Vendors/Providers* (2001). Although the response rate to the survey was low, the list of vendors and providers in the report is a valuable resource for identifying the many providers of workforce development services.<sup>xv</sup>

### Strengths and Weaknesses of Workforce Development in Baltimore

It is difficult to determine the sufficiency and effectiveness of the City's workforce development programs. Programs have different objectives, serve different populations, and have different standards for measuring performance, often determined by the source of funds. For instance, "job retention" may be defined by one program as staying in the same job for a period of time, whereas another program may define job retention as staying in any job for a period of time. If one program serves high school dropouts with criminal backgrounds, that program is likely to have different expectations and outcomes than a program that serves high school graduates

with strong basic skills. While the diversity in services can benefit the broad array of clients, it makes assessing the effectiveness of these programs more difficult. Because accountability is scattered across numerous agencies, it is a challenge to determine how well the overall system is working.

### Overall Sufficiency of Services

It is important but also difficult to determine whether employment-related services in the City meet the needs. Because individuals are often served by multiple programs, simply adding the number of service slots overestimates the number served. Nevertheless, it gives us a rough estimate of the capacity of publicly funded workforce development programs in the City. Adding up the service slots in Fiscal Year 2001 across all programs receiving public dollars for which we have data, excluding the public school system, the total number was approximately 82,800.<sup>xvi</sup>

The next step is to estimate how many people are in need of workforce development services in the City. Research shows education and skills to be the most important determinant of earnings. Having basic skills competence upon entering the workforce is linked to modestly higher lifetime earnings, while education beyond high school is linked to substantially higher lifetime earnings.<sup>xvii</sup> Low-skill, low-wage jobs with the fewest opportunities for wage growth are most likely to be held by individuals without a high school diploma and/or those with low literacy skills. Many of these jobs lack benefits, steady hours, and opportunities for upward mobility. 2000 Census data tell us that more than 30 percent of Baltimore City adults 25 years and over lack a high school diploma or its equivalent and nearly three-quarters of the adult population is at National Adult Literacy Survey (NALS) Level 1 or Level 2, which is the grade level equivalent of 9th

grade or lower. Given these findings, one important goal for Baltimore should be to increase the skills and education of its low-wage workforce.

A large number of Baltimore City residents would benefit from further education and training. A report of the Center for Law and Social Policy states that “vocational training and postsecondary education and training can produce substantial employment and earnings gains, even for those with lower skills, if basic education and training are closely linked.”<sup>xviii</sup> However, the availability of training services is limited by funding constraints and by the “work-first” philosophy underlying welfare reform and other policies at the federal level. Those individuals most likely to qualify for postsecondary education and training already have a high school diploma and at least moderate basic skills. This means that the people who are most in need of such services to increase their earnings and improve their jobs—namely, individuals with low skills and without much education—are less likely than others to receive those services.

Also critical to workforce development are supportive services like substance abuse treatment, health care, child care and transportation assistance. We do not know how effective the various providers are at assessing the comprehensive needs of clients, making the necessary referrals, or tracking their clients once referrals are made. Nor do we know whether there are sufficient resources for such supports. An important next step would be for Baltimore City policymakers to examine the linkages between workforce development and support services and to assess whether adequate supports exist.

### Effectiveness of Services

Although individual service providers report their outcomes to their funders, the City

does not have a complete inventory of outcomes or a way to measure the relative effectiveness of agencies. The fact that there are many agencies with overlapping services and target populations may be an advantage for city residents. It is possible that more individuals are served because there are multiple access points to workforce development services. But an important question is whether people and/or families are able to navigate the array of agencies and services available to them. At present there is no single mechanism in place for directing all City residents to where their needs will best be met.

### Current Efforts to Develop Linkages

Several recent changes in Baltimore have elevated the profile of workforce development in the City and have given it a larger role in the City’s economic development strategy. Soon after taking office, Mayor O’Malley appointed the Director of MOED to all three of his mayoral cabinets. As a result, MOED is involved in policy decisions spanning general services, human services, and economic development.

In addition, in compliance with WIA, Mayor Martin O’Malley appointed a new 51-member Baltimore Workforce Investment Board (BWIB) in the fall of 2000 to be “the coordinator, convener, and independent broker of a unified workforce system,” (*BWIB Bylaws, Article III*). The BWIB is examining the effectiveness of local workforce development services, and is making plans for the growth of the bioscience industries in the City, insuring that City residents will be prepared to fill the jobs that will come with this development.

Another promising development was the creation of a “workforce specialist” position

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at the Baltimore Development Corporation (BDC), the City's economic development agent. This position, funded by the MOED and housed at the BDC, supports Baltimore's efforts to meet the needs of existing employers, recruit new businesses, and ensure the availability of appropriate workers.

The City understands the importance of creating a skilled workforce and the retention of family-friendly companies. Mayor O'Malley's 2002 Economic Growth Strategy identifies workforce development and expansion of employment opportunities as key factors in building the City's economy:

"Perhaps the single most important indicator of an area's economic well being is its ability to both generate and fill substantial employment opportunities. Labor market and economic trends point to an economy driven by technology and reliant on a very different set of workforce skills than those of the past. Baltimore's ability to build a workforce that is responsive to the challenges and demands of the knowledge-based economy will be crucial for our economic growth." <sup>xix</sup>

### Conclusion

More can and must be done to achieve a healthy economy. Change needs to focus on the accountability of publicly-funded programs and on the challenge of developing a workforce that meets the needs of employers while addressing the needs of workers to achieve self-sustaining wages. Recommendations include:

- Develop performance measurements with common definitions and reporting requirements for organizations using public sector funds for job training/job readiness programs;
- Increase coordination of the education system, employers, and workforce development services;

- Engage employers to understand the new workforce and find strategies for improving wages, retention, and advancement opportunities;
- Expand current efforts to create career ladders and opportunities for education and training for low-skill workers;
- Expand the STEP model of upgrading skills training to other occupational areas; and
- Identify low-skill populations that are underserved by employment-related programs; develop ways to reach them.

### Endnotes

- i. In Baltimore, self-sufficiency is defined by the federal lower living level, which for a family of three is \$26,571 in 2002.
- ii. Poverty reduction is not a goal of PRWORA.
- iii. Summarized from: Moffitt, Robert A. "From Welfare to Work: What the Evidence Shows." *The Brookings Institution Policy Brief* No. 13, January 2002.
- iv. Born, Catherine, et. al. *Life After Welfare: Sixth Report*. Baltimore: University of Maryland School of Social Work, 2001.
- v. Includes expenditures of WIA, Welfare-to-Work, Youth Opportunity Grant, Futures, and Career Connections.
- vi. WIA funds are dedicated largely to staffing and operating the services available at the four One-Stop Career Centers. The average annual cost to operate each center and deliver all Core and Intensive Services is approximately \$900,000.
- vii. MetroTech is a 3-region multimillion-dollar federal grant that enables dislocated workers and new entrants to access training leading directly to jobs in information technology and biotechnology businesses.
- viii. Includes TANF Work Opportunities funds and Food Stamps Employment and Training.
- ix. Includes State Cade formula grant, federal post-secondary education Perkins/Tech Prep funds, and student Pell grants.
- x. Includes Correctional Education expenditures in FY2000, FY2001 Adult Education and Literacy, and FY2001 Rehabilitation Services.
- xi. Includes funds that support employment and training activities, which come from U.S. Department of Housing and Urban Development, TANF funds from DSS, a Welfare-to-Work Competitive Grant from DOL that comes through MOED, and U.S. Department of Transportation.
- xii. Includes Job Service, Veterans' Services (both FY 2001), Baltimore's approximate share of statewide funding for Registered Apprenticeship and Other

## Workforce Development in Baltimore City

Training (FY 2000), and approximate MetroTech expenditures (\$2 million, which is one-third of the expected \$6 million to be spent in the City over three years).

xiii. Includes expenditures in Baltimore City from two programs: Maryland Industrial Training Program and Partnership for Workforce Quality.

xiv. Includes state funds, federal and state secondary education Perkins/Tech Prep funds, and local funds.

xv. The report is online at <http://www.soros.org/baltimore/WFDVendorSurvey2.pdf>.

xvi. Includes the following programs: WIA, Welfare-to-Work, Youth Opportunity Grant, Futures, Wagner-Peyser/Job Service, Veterans Services, Apprenticeship

Programs, Correctional Education, Rehabilitation Services, TANF Work Opportunities, HABC (PACE, customized training, Jobs Plus, Workforce Transportation and Referral Center, Work Matters), EBMC (Career Centers, customized training, occupational skills training), Job Corps, and BCCC credit and non-credit programs (enrollment in Fall of 2001).

xvii. Martinson, Karin and Strawn, Julie. *Built to Last: Why Skills Matter for Long-Run Success in Welfare Reform*. Washington, D.C.: Center for Law and Social Policy, May 2002.

xviii. Ibid.

xix. *Economic Growth Strategy for Baltimore City: Building on Strengths*: 6.



## Champion of At-Risk Youth

Whether as mayoral cabinet member and advisor or a senior fellow at Johns Hopkins University's Institute for Policy Studies, Marion Pines has always championed the potential of Baltimore City's youth. To do otherwise, she says, is to overlook a vital city resource and deny community responsibility.

"There are 72,000 youth between the ages 16 and 24 in Maryland, and half are in Baltimore City. And you're going to ignore these 36,000 that are out of school and out of work?" Too often education reforms go through third grade, but "never get to high school," Pines says.

"Early intervention is not an immunization shot. You've got to keep it going." She praises the reforms that Baltimore's high schools have committed to, but adds that improving the skills of those who work with youth and creating jobs are also vital intervention components.

As head of the Mayor's Office of Manpower Resources in the 1970s, Pines put 3,000 people to work—cutting curbs, working as home health aids, weatherizing poor people's houses. "Maybe we should just invest in subsidized jobs," she says. "God knows there's lots of work that can be done—in libraries, schools, neighborhoods. There are so many public needs that could be addressed. It seems to me we can't just turn the other cheek and let people sit around idle. And if the private sector isn't going to pick them up, we should," she says, referencing public programs and government. "They don't have to be five-year jobs, they can be for six months. And you know what will happen? People will begin to see added value." ■

## Findings and Recommendations: Strategies for a Healthy Regional Economy

*“(L)ively, diverse, intense cities contain the seeds of their own regeneration...”*

—Jane Jacobs, *The Death and Life of Great American Cities*.

Baltimore has major choices to make that affect the future of the entire region and the quality of life of many of its residents. For an economy to be healthy, it needs good jobs, growing industries, and a skilled, competitive workforce. For individuals to develop their talents and contribute to the community they need incomes sufficient to maintain a decent standard of living for themselves and their families, with government providing the foundation of good public education, transportation, a safe, healthy living environment, and a safety net for those who need help.

For many years, Baltimore’s unemployment rate, average family income, literacy level, and crime, have placed us near the bottom of the nation’s major cities.

These problems are being addressed. Thousands of people in the Baltimore region are working to bring about positive change for others and for themselves. Their determination and their successes are contagious. They prove that today’s low-skill worker can be tomorrow’s higher-skill worker, and that many barriers to employment can be reduced. A competitive, skilled labor force will help local businesses grow, and will help attract good new jobs to the region.

But the numbers of job seekers compared to the numbers of job openings show that education and training alone are not enough. The region needs more jobs, and we need adequate income supplements and subsidies for low-wage workers and their families.

The key *long-term strategy* to reduce unemployment and poverty is to create more medium and high skill jobs throughout the region, combined with strong programs ensuring that job seekers have the education and training needed for these jobs. An *immediate strategy* is to create enough jobs to increase the labor force participation rate<sup>1</sup> in Baltimore City, and to insure that income supplements such as earned income tax credits, food stamps, health care, and child care subsidies, are adequate and are fully utilized by low-income men and women.

Today’s efforts need to be vastly expanded and intensified. These actions are essential:

We, as a community, must invest the effort and allocate the resources to build an accessible, comprehensive, effective workforce development pipeline that offers lifelong learning opportunities for all residents and produces the skilled workforce that employers need. This requires the integration of workforce development,

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economic development, and the education system. To assure that our public dollars are being well spent, we must develop common definitions of “success” in order to effectively evaluate our workforce development programs.

We must open the workplace doors and welcome the abilities and energies of individuals of all backgrounds and descriptions, all races and cultures, to tap the value of a diverse population in both economic and human terms.

We must support the creation of jobs that pay self-sustaining wages to reduce the numbers of poor families and jobless men and women.

We must have the will to do this.

### Major Findings

#### 1. Shift in People and Jobs Creates a Geographic Mismatch

Changes in the economic structure of the Baltimore Metropolitan Area have resulted in a more dispersed population and a shift in the location and type of employment. In 1970, the City was home to 23 percent of Maryland’s population and 32 percent of its jobs. By 2000, it was home to 12 percent of the State’s population and 15 percent of its jobs.

Deconcentration of employment and economic restructuring have reduced the number of jobs in the City. Retail and personal services industries followed middle class residents to the suburbs. These jobs are located far from the urban concentrations of lower skill workers, leading to a *geographic mismatch* between urban residents and suburban job opportunities.

Key challenges include providing access to employment opportunities through public transportation and improving the education

and skill levels of City residents to assure they are prepared for employment in the job sectors that pay family-supporting wages. As the City works to attract and create good jobs, those jobs will be filled by suburban residents if City residents do not have skills needed by employers. Meanwhile, many suburban jobs remain inaccessible to City residents.

#### 2. Mismatch Exists Between Skills of City Residents and Skills Needed by Employers

Today’s higher wage jobs require higher levels of education and training than the manufacturing jobs they replaced, leading to a *skills mismatch* between job opportunities and low-skill workers, a gap that is filled by high-skill workers commuting into the City from the suburbs. Despite high unemployment rates in the City, 61 percent of Baltimore City firms and 62 percent of Baltimore suburban firms reported difficulty in finding workers in 2001.

The current mismatch could grow larger as new economic ventures such as the East Baltimore biotech park and the University of Maryland research park proceed. For these projects to benefit the City’s low-skill residents, residents must be linked to training programs that provide the required education and occupational skills.

#### 3. Low Levels of Education and Labor Force Participation Hurt Baltimore’s Economic Health

Baltimore City residents have lower levels of educational attainment than the populations of the region and State. Thirty two percent of Baltimore City residents 25 years and older did not complete high school, compared to 16 percent of Maryland residents. Nineteen percent of Baltimore City residents have earned a bachelors degree or above, compared to 31 percent of Maryland residents.

Fifty-seven percent of Baltimore City residents report being in the labor force,



compared to 68 percent of Maryland residents. Workforce participation rates are significantly higher in the surrounding counties, ranging from 76 percent in Howard County to 67 percent in Baltimore County. Baltimore City's low workforce participation rate is due in part to high unemployment and jobless levels. In September 2002, the City's official unemployment rate was 7.5 percent compared to the State's 3.9 percent. However, the total jobless population includes many more people such as those who have not actively looked for work in the past four weeks because of a problem with transportation or child care, or those who have given up the search.

High unemployment, low labor force participation, low levels of education, and a concentration of employment in low-wage occupations have taken their toll on the City's economy. Household and per capita incomes in the City are both much lower than the State average and surrounding suburbs. The family poverty rate in Baltimore City is three times the State average.

#### **4. Skills and Educational Levels Impact the Business Climate**

The availability of a skilled and educated workforce is a chief determinant of a region's economic development success. While the attractiveness of an area for the start-up, expansion, and recruitment of businesses is determined by a number of factors, labor availability is ranked as the second most important factor (after real estate costs) in evaluating an area's business climate. Recently, almost two thirds of the employers in Baltimore City and surrounding counties reported difficulty in finding skilled workers.

#### **5. Projected Job Openings Will Not Meet Residents' Financial Needs**

Projected low-skill openings are concentrated in relatively few occupations in the Baltimore region. The fastest growing low-skill occupations have lower overall

earnings levels than low-skill occupations in general, with 33 percent of the occupations with the most openings paying less than \$8.50 per hour, compared to 28 percent of all low-skill jobs paying less than \$8.50. Thus low-skill workers face limited opportunities for wage growth.

The level of occupations that requires vocational/post secondary training is relevant in light of job prospects for the less skilled in the region. These occupations are accessible with moderate training and education, and tend to offer more stable employment opportunities, higher wages, and a higher probability of benefits. Nearly 80 percent of workers in occupations requiring vocational/post secondary training earn more than \$10.00 per hour, and 72 percent earn more than \$11.25 per hour. However, these occupations are projected as a small share, four percent, of regional employment and openings. Less than half of these jobs are from growth. The next rung on the job classification scale, jobs requiring an Associate degree, also provides wage advancement, but comprises less than five percent of employment and job openings in the region. Almost 60 percent of projected openings at this level are from growth.

#### **6. The Region Needs More Jobs, Especially Good Wage Jobs**

Even with the strong economic growth that occurred in the late-1990s, the region did not create sufficient employment opportunities for low-skill workers. On an average day in the Baltimore metropolitan region, there are 27,000 officially unemployed individuals seeking full-time low-skill jobs, and an additional estimated 26,000 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, there are approximately 30,000 low-skill job openings, resulting in nearly two low-skill job seekers for every low-skill job

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in the region. The regional job gap increases as the earnings levels increase. The job gap increases to three workers per job opening paying \$10.00 an hour and four workers per job opening paying \$11.25 per hour.

A critical shortfall continues of jobs with wages sufficient to meet the basic living needs of low-skill workers and their families.

### **7. Race Impacts Hiring and Income**

Few studies have been done on the impact of race and employment in the Baltimore region. However, national data point to major disparities in income and wealth between white and black populations. In 1998, the latest year for which data is available, the median net worth of black households was \$10,000, compared to \$81,700 for white households. Almost twice as many black households had zero or negative net worth as white households. In 1998, the median income of black households was about \$25,000, compared to \$41,000 for white households.

Minority-owned businesses offer a good opportunity for employment for minorities. Whether minority businesses are located in non-minority areas or in minority neighborhoods, they are more likely to hire minority employees than white-owned businesses.

### **8. Dropouts and Ex-prisoners Require Special Attention**

Each year in the Baltimore region, approximately 6,000 high school students leave school in grades 9 to 12 and do not enroll in another school or other educational program. More than half of these students live in Baltimore City. A strong correlation exists between education, employment opportunities, and lifetime earnings. Compared to a male high school dropout, a male who completes high school has an additional \$400,000 in lifetime earnings.

Approximately 75 percent of inmates in Maryland's correctional institutions are high school dropouts, and 20 percent of inmates were at or below the third grade reading level when they entered prison. The majority had little or no mainstream work experience. Current education and employment-related programs in Maryland's correctional institutions reach a small portion of the inmate population. Research shows that prisoners who participate in education and occupational skills training programs while in prison have higher wages and are more likely to enroll in substance abuse treatment and counseling, are more likely to continue education and training, and are 23 percent less likely to return to prison.

In Fiscal Year 2002, 15,000 inmates were released statewide, including approximately 9,000 to Baltimore, most with very limited education, employment-related skills, or job readiness. Sixty five percent of the ex-prisoners were re-incarcerated within three years of release in 2000. The average cost of incarceration is approximately \$25,000 per inmate per year.

### **9. Workforce Development Programs Meet an Important Need, but No Comprehensive Performance Measures Exist**

The foundation of workforce development is a good education, an education that provides the tools to enable people to move into careers. However, when the education system fails to adequately prepare people for work, or other life factors impinge upon employment success, additional programs—sometimes called “second chance” programs—are necessary. Workforce development programs help meet this need.

Workforce development programs are funded and structured by multiple federal, state, local, and private sources, each with specific objectives and outcome measures. While the City has begun to develop an inventory and assessment of services

provided, no comprehensive evaluation yet exists to determine how well those services meet the needs of City employers and the job seekers.

#### **10. Income Supports Sustain Families and Increase Employment Retention**

Not all jobs pay enough to keep people out of poverty. Many workers employed full-time do not earn enough to provide a minimum decent living level for themselves and their families. One example is the former welfare population. While welfare rolls have decreased dramatically in Maryland, most welfare leavers remain poor. Research conducted at the University of Maryland School of Social Work found that welfare leavers find employment, but the work is often part-time and unstable, and incomes remain very low.

Both low-wage workers and individuals not connected to the workforce need income supports such as earned income tax credits, food stamps, and health care and child care subsidies. These work supports help assure families a decent standard of living.

### **Major Recommendations**

We offer these recommendations to the region's public, private, and nonprofit sectors as action steps that can bring about concrete improvements for job seekers, workers, and employers.

#### **1. *Spur the creation of jobs with better earning opportunities* by attracting and retaining businesses that provide career advancement.**

- Require all recipients of public sector economic development subsidies to create jobs with family-supporting wages and benefits. Priority should be given to jobs that require vocational/post secondary training and associate degrees, which are employment tiers within reach of low-skill workers.

- Require recipients of state and local economic development subsidies to hire and provide skills training for local residents.
- Include enforcement provisions in state and local economic development subsidy agreements; monitor performance for compliance.
- Increase partnerships between employers and training providers for the hiring, training, and advancement of workers from lower skill levels to higher skill levels.
- Support minority-owned business development and expansion.
- Monitor and enforce Baltimore's "living wage" law that requires the City's contract partners and sub-contractors to pay non-professional employees the hourly minimum wage determined annually by the Board of Estimates.

#### **2. *Link education, job training, and job readiness programs* to increase the skills and career advancement potential of Baltimore's workforce.**

- Reserve a greater portion of Workforce Investment Act funds for education, skills upgrading, and training.
- Require state and local job centers to provide evening hours.
- Create a mobile career van program for neighborhoods with low labor force participation rates.

#### **3. *Increase public transportation routes from City locations* to suburban job centers to provide City residents with access to jobs.**

- Dedicate a portion of Maryland Transportation Administration resources to job access routes.

#### **4. *Invest in youth* to prepare them for successful careers.**

- Increase support for effective dropout prevention strategies, such as work-study programs, vocational-technical

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programs, increased remediation, and flexible schedules.

- Expand dropout recovery programs with high standards to include a menu of learning options in non-traditional educational settings and encourage co-enrollment with community colleges.
- Educate all young people about the importance of education in improving employment opportunities and lifelong earnings.

### **5. Increase access to educational, vocational, and transitional programs for inmates and ex-prisoners to assure that released prisoners can get and retain jobs.**

- Develop and fund a multi-year Waiting List Initiative to reduce the number of inmates on GED, basic education, and job training waiting lists.
- Increase employment opportunities for ex-prisoners by expanding access to the record expungement process and reducing employer liability under the Negligent Hiring Doctrine.
- Reduce the deterrent effect of child support on mainstream employment by temporarily suspending or reducing child support orders when non-custodial parents are incarcerated (if no other assets exist); and expand programs that include reduction of child support arrearages for ex-prisoners.

### **6. Simplify access procedures and increase the utilization of wage supplements such as the earned income tax credit, unemployment insurance, food stamps, health care, and child care subsidies to benefit families and increase the amount of money that comes into Baltimore's economy.**

- Require the Maryland Department of Human Resources to simplify the forms for income support programs and make the qualification process user-friendly.

- Increase outreach to eligible populations about the availability of these programs.
- Expand access to unemployment insurance benefits and increase the allowance for dependents.

### **7. Develop a common set of performance measurements, definitions, and reporting requirements for organizations using public sector funds for workforce development programs. Performance measures should focus on educational competence, certification, and acquisition of skills that lead to higher earnings.**

- Develop a performance measurement system that improves local accountability by documenting employment-related needs of job seekers, workers and employers, cataloguing existing services, determining target populations, and tracking outcomes of service providers.

## The Challenge

These recommendations are intended to spur development of policies and programs that will improve employment opportunities for low-skill workers, provide businesses with a skilled workforce, and increase the region's economic strength.

We as a community can do this. It is Baltimore's choice.

## Endnotes

- i. The Labor Force Participation rate refers to the percent of the population 16 years and older who are actively looking for work or are employed. Those not in the labor force are individuals 16 years and older who are not employed and are either not actively looking for work or are not available for work.

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## Statement of Mission

The *Job Opportunities Task Force* works in the Baltimore region to develop and advocate policies and programs, forge partnerships, and leverage investments that increase the marketable skills, income and economic opportunities of low-skill, low-income workers and job seekers.

# The Job Opportunities Task Force

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