

Appendix A

Summary of previous reports

1. The Job Opportunities Task Force "jobs gap" study:

In 1999, the Job Opportunities Task Force, with support from the Abell Foundation, commissioned a path-breaking study of the low-skill jobless and the jobs they might obtain.¹ The study examined in great statistical detail the size and characteristics of the pool of low-skill jobs, how these jobs are distributed spatially across the Baltimore metropolitan area, and their wage ranges and skills requirements. It then compared these to the size and characteristics of people looking for low-skill jobs, and estimated the dimensions of any mismatch.

The report found that 62% of the metropolitan region's jobs are low-skill, but that two out of every three of these were located outside the city. Almost half the low-skill workers earned less than \$8.50 per hour. The ratio of low-skill job seekers to low-skill jobs in the region was almost 3:1. This job gap increases with higher wage levels: at the \$11.25 per hour level, the job gap is 9.6:1, or a shortfall of more than 68,000 jobs in a region of slow employment growth. The report concludes with the need for greater job training and skills, for more jobs, and for especially "bridge" jobs enabling people to climb up as they get more training and experience.

2. The Jobs for the Future "alignment" study:

'Jobs for the Future' – a non-profit Boston-based think-tank -- produced a research report on aligning economic and workforce development activities in Baltimore, in November 2000.² JFF

Baltimore believes in... *innovation*

Some Baltimore innovations cited by *Jobs For the Future* include –

- Living wage campaign
- Bridges-to-Work initiative
- UMMS/EMBC/OED surgical tech career ladder program
- BioTechnical Institute
- Greater Baltimore Advanced Technology Center
- Emerging Technology Center
- Maryland Center for Arts and Technology
- Greater Baltimore Technology Council
- American Can Company Building
- Tide Point Office Complex

examined practices in seven cities, and interviewed representatives of leading Baltimore and national firms. Among Baltimore employers, JFF found a general sense of dissatisfaction with the public workforce system, believing it needed to adopt a more business-oriented approach with clear goals and performance measures. That time period was in the early days of Workforce Investment Act implementation, and performance measures have since been put in place for the local public workforce system by the U.S. Dept. of Labor and the Maryland Governor's Workforce Investment Board. (*Performance measures are addressed in more detail in sections 2.6 and 3.2*). Employers also perceived "the workforce problem" as a *skill* shortage and not a *labor* shortage, but they nevertheless expressed general

¹ *Baltimore Area Jobs and Low-Skill Job Seekers: Assessing the Gaps*, a report for the Job Opportunities Task Force, by Michael Bell, David Stevens, Burt Barnow, and Richard Clinch, 1999; JOTF, 2 E. Reed St., Baltimore; http://www.jotf.org/policy_research.html.

² *Aligning Economic and Workforce Development Activities in Baltimore: Research Findings*, by Lisa Hicks, Alexandra Olins, and Heath Prince, Jobs for the Future, Boston, Mass, Nov 2000.

satisfaction with city-sponsored customized training programs they have used. JFF also noted many “innovative” strategies and programs in Baltimore (*see sidebar*), and concluded with several “guideposts for decision-making” (*see sidebar below*).

Jobs for the Future's “guideposts for decision-making”:

- Mobilize key participants, including employer organizations to act as intermediaries
- Utilize employment linkage programs, such as first-source agreements or job training trust funds.
- Define the role of the Mayor in leading a demand-driven partnership.
- Organize around economic *sectors*, to allow targeting of education and training programs, better focus on skill requirements, and integrate residents at all skill levels into a “skills supply chain”.

3. The *State of the Workforce, 2001* report:

The Towson Regional Economic Studies Institute (RESI) and Maryland's state-level WIB entity, the Governor's Workforce Investment Board (GWIB), produced a *State of the Workforce Report* for 2001³ to guide the state Board's policy decisions about strategic priorities, to provide a frame of

Findings for Maryland, in the State of the Workforce, 2001 report:

- Workforce development is a critical factor in economic development.
- High wage, high skill sectors are driving diverse growth in Maryland.
- Despite recent economic slowdown, long-term labor shortages will worsen.
- Entry into the workforce is mode dependent than ever on basic skills.
- Investment in education and training programs is the key to building career mobility.

reference for local areas, and to assist with the provision of skills information necessary for workforce professionals to perform their jobs. It includes economic context and analyses for the state's 12 local workforce areas, list of skills for the top 25 occupations most in demand according

Findings for Baltimore in the State of the Workforce 2001 report:

- Between 1990 and 1998, the city lost over 12% of its population, while statewide, population grew by 7.4%.
- The city is experiencing growth in per capita income.
- The city is poised to add jobs in critical areas, such as financial services, construction, legal services, architectural services, tourism, and Internet applications.
- A major challenge is to instill low-wage workers with the advanced skills that will be demanded by these new jobs.
- In 1999, only one-third of Baltimore City public school classrooms had Internet access, compared to 72% statewide.
- 23.7% of Baltimore City residents live in poverty, compared to 9.5% statewide.

³ *State of the Workforce Report 2001*, RESI Research and Consulting and the Governor's Workforce Investment Board, Baltimore, MD.

to the state's Department of Labor, Licensing, and Regulation (DLLR), and tables of key workforce indicators. Key findings for the state and the city are shown in the sidebars.

4. BWIB's Year in Review and Look Ahead:

The Baltimore Workforce Investment Board (BWIB) is the entity with strategic oversight responsibility for the Baltimore "Local Workforce Investment Area", which designated to be the City of Baltimore. BWIB is one of over 630 such bodies around the nation set up under the 1998 Workforce Investment Act (WIA). BWIB has a majority of private sector employers, and meets quarterly to review progress on its annual Strategic Plan.⁴

The Strategic Plan for 2002 reviewed the recent accomplishments of setting up the Board and outlining its challenges and opportunities, and presented the strategies followed the previous year, namely, upgrading the skills of incumbent workers and building sectoral employment pipelines. It also laid out the vision and mission of the Board, and set out five major goals for the coming year (*see sidebar*). Each goal also had a priority list, and relevant sub-committees for approaching the necessary work.

BWIB's 2002 Strategic Plan Goals

- Goal 1:* Create a workforce development system that provides the system partners and customers, both job seekers and employers, with information and services to prepare for careers.
- Goal 2:* Develop a workforce system that improves the skills of Baltimore's current and emerging workforce to be prepared for careers of the future.
- Goal 3:* Coordinate and promote a delivery system that provides easy access to training and support for individuals and special populations in need of developing or upgrading their skill set and job readiness to be competitive.
- Goal 4:* Implement a workforce system that promotes unified planning, continuous improvement and accountability for performance of the system.
- Goal 5:* Recognition of Baltimore's system as a model for continuous improvement of the workforce development system that would lead to universal recognition.

5. The Mayor's Economic Growth Strategy for Baltimore City:

In this "blueprint report", the Mayor outlined in July 2002 a bold vision for economic growth in Baltimore City, together with a course for achieving that vision through a prioritized economic development strategy.⁵ The vision is of a three-legged stool founded on legs of "economic development," "workforce development and education" and improving "crime and grime". Together these support the growth and prosperity needed for Baltimore to become one of America's "most thriving cities."

⁴ Baltimore Workforce Investment Board, *Year in Review and Look Ahead*. December 2001.

⁵ *Economic Growth Strategy for Baltimore City: Building on Strengths*, Mayor Martin O'Malley, City of Baltimore.

The strategy has six underlying core principles meant to guide implementation (*see sidebar*). Implementation itself then consists of leveraging Baltimore's unique assets, targeting quality of life and infrastructure improvements, and organizing government for economic development.

The Mayor's *Strategy* argues that "Baltimore's ability to build a workforce that is responsive to the challenges and the demands of a knowledge-based economy" is "crucial" for promoting this economic growth. He recommends "tremendous expansion and increased access to adult basic educational opportunities", an "intensive focus on infusing stronger secondary school retention efforts and targeted dropout prevention initiatives", promoting math, science, and technology education, public school computer courses, digital learning labs, school to work programs, and Youth Opportunity programs to reconnect youth. Specifically with regards to the local public workforce system, he notes "providing businesses and job seekers with easy access to the full and diverse array of workforce services will be an important feature of making the workforce system function efficiently and effectively".

Core Principles of the Mayor's Economic Growth Strategy:

- Create wealth for residents and businesses
- Improve quality of life
- Build upon strengths
- Risk greatness
- Set high expectations
- Embrace change
- Set priorities

Perhaps the most important statement made in the Mayor's *Strategy*, though, from the point of view of the present report, is the recognition of, and emphasis on, the fact that "building the skills of our most critical asset – our human capital – must be at the heart of Baltimore's economic growth strategy."

6. The Baltimore Bioscience Initiative:

The Baltimore Bioscience Coalition (BBC) of the Baltimore Workforce Investment Board commissioned a *Bioscience Sectoral Employment Strategic Plan* from consultants, with funding from the U.S. Dept. of Labor's Sectoral Employment Demonstration Formation grant program. The resulting report, released in August 2002,⁶ contained a variety of trend analyses, a survey of employers, and interviews of HR directors. It also examined best practices for similar training initiatives elsewhere in the country, and announced the formation of a consortium of stakeholders.

The consultants found there is a sizable *employment* base in the bioscience sector in the Baltimore region, with approximately 11,000 employees – 12-15% of these low skilled -- located primarily in hospitals, university medical schools, and NIH labs. However, the *employer* base is more constrained, with only 78 different companies and a median size of 15 employees – a size where the "technician level" of workers is not in

Bioscience Strategic Plan Recommendations

Strategy I: Grow the industry through commercialization, entrepreneurship, capital, and lab space.

Strategy II: Serve as an extension of bioscience employers' own HR departments.

Strategy III: Seamlessly integrate education from secondary through graduate schools, to develop the bioscience workforce of tomorrow.

⁶ *Baltimore Bioscience Initiative*, by Duc Duong and Robert Snyder, for the BWIB Baltimore Bioscience Coalition, August 30, 2002.

great demand. They nevertheless predicted a “very promising” outlook, and overall growth of 40% by 2007. What they suggested was still lacking, though, was more vigorous technology commercialization efforts from the research-rich base, better entrepreneurial support services, greater access to investment capital, a larger stock of laboratory space, and a stronger leadership base in the bioscience community. The consultants concluded with three overarching Strategic Plan recommendations (*see sidebar above*).

7. The *Good Jobs First* Report:

In September 2002, a report⁷ by the *Good Jobs First* organization, a DC-based advocacy group, addressed the link between public subsidies for real estate development activity, retailing, and tourism, and the conditions of resulting employment in the favored enterprises.

It suggested that Baltimore's impressive downtown and harbor revitalization was not accompanied by a sufficient focus on the wages, benefits, and quality of the jobs there, and that the public sector did not demand enough back in return for the “payments in lieu of taxes” (PILOTS) and “tax incremental financing” (TIF) arrangements it had given out. The report recommended making that link explicit in future, and monitoring returns through a more transparent accounting it suggested be required of recipient companies (*see sidebar*).

Recommendations for avoiding the “low road”

1. Ensure public participation and community input.
2. Require annual reports from subsidized companies to promote accountability.
3. Produce annual cost/benefit reports for all programs funded by the city.
4. Allow public access to BDC decisions.
5. Require job quality standards as a condition for subsidy receipt.
6. Impose a two year limits for private companies to adopt quality standards and recapture lost revenue.
7. Place caps on tax incremental financing and payments in lieu of property taxes, at 1 or 2%, to protect tax base and public services.

8. The *Baltimore's Choice* report:

The Job Opportunity Task Force followed its 1999 “jobs gap” study with another Report in late 2002 that revisited the problems, and reviewed steps taken since the first report to realize Baltimore's untapped economic and human potential (*see sidebar*). It concluded the 1999 problems and gaps had “not changed substantially” and that “much remains to be done”.⁸ Nevertheless, it

⁷ *Subsidizing the Low Road: Economic Development in Baltimore*, by Davis, K and Brocht, C, Good Jobs First, Washington DC, September 2002.

⁸ *Baltimore's Choice: Workers and Jobs for a Thriving Economy*, The Job Opportunities Task Force, Baltimore, MD, January 2003.

Major Findings of the *Baltimore's Choice* Report

1. The shift in people and jobs has created a geographic mismatch.
2. There is a skills gap between what city residents have and what city employers need.
3. Low levels of education and labor force participation hurt the city's economic health
4. Skills and educational levels impact the business climate.
5. Projected job openings will not meet residents' financial needs.
6. The region needs more good wage jobs.
7. Race impacts hiring and income.
8. Drop-outs and ex-prisoners require special attention.
9. Workforce development programs meet important needs, but lack comprehensive performance measures.
10. Income supports sustain families and increase employment retention.

also made a series of positive recommendations to spur development (*see sidebar*), and concluded optimistically that: "We as a community can do this. *It is Baltimore's choice.*" (emphasis added).

Major Recommendations of the *Baltimore's Choice* Report:

1. Spur the creation of jobs with better earning opportunities by attracting and retaining businesses that provide career advancement.
2. Link education, job training, and job readiness programs to increase the skills and career advancement potential of the workforce
3. Increase public transportation routes from city locations to suburban job centers to provide city residents with access to jobs.
4. Invest in youth to prepare them for successful careers.
5. Increase access to educational, vocational, and transitional programs, for inmates and ex-prisoners to assure that released prisoner can get and retain jobs.
6. Simplify access procedures and increase the utilization of wage supplements to benefit families and increase the money coming into Baltimore's economy
7. Develop a common set of performance measures, 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.

9. MOED's PY '01 Industry Analysis:

In April 2003, the Mayor's Office of Employment Development looked at the local public workforce system's activities from July 2001 through June 2002, in terms of placements, employers, and wages, by adult and youth client groups.⁹ In this period, MOED connected 2,231 employers with employees. The largest number of *adult* placements by industry was in the "employment services" industry, which took 782 placements. This industry and five others – health care, food service, retail trade, and government – accounted for just over half of the total

⁹ *PY '01 Industry Analysis*, by Donna Safley and Leslie Ayers, Mayor's Office of Employment Development, 4/14/03.

5,468 adult placements. The largest number of *youth* placements was in the food service industry, which took 254. This industry, plus health care and retail trade accounted for over half of all the 587 youth placements in PY '01. (*Some other statistical highlights are shown in the sidebar*). Other findings included that health care emerged as the most promising target industry, while the communications/ utilities industry was identified as a potential new market.

Baltimore's local public workforce system: the box scores for PY '01

- 2,231 employers were connected with employees;
- 6,055 placements were made, which is 22% higher than the year before;
- wages were up 5% for adults and 11% for youth, compared to the 3.1% national average;
- the average adult placement wage was \$9.02 per hour, compared to \$8.55 in PY '00.
- 29% of employers were repeat customers.

10. Job Opportunities Task Force's *Connecting Low-Income Families to Good Jobs: A Policy Road Map for Maryland:*

This January 2004 study was part of a multi-state initiative, supported by the Annie E. Casey Foundation, the Ford Foundation, The Open Society Institute-Baltimore, and the France-Merrick Foundation, to assess state efforts to assist low-income working families in becoming self-sufficient.¹⁰

The Job Opportunities Task Force (JOTF) found that despite Maryland's relative affluence, the state has a large population of families who work in jobs with low wages, insufficient benefits, and few opportunities for advancement. In fact, the state has 117,974 working families out of a total of 667,591 (i.e. 17.6%) who are struggling to make ends meet. In 2002, more than 384,000 Maryland residents made less than \$8.61 per hour -- the poverty level wage for a family of four.

This report provides demographic information about those low-income working families, and examines three major subjects: education and training, economic and workforce development, and policies to foster financial independence. One of its key recommendations was to invest more in adult education so more low-income workers can improve their basic education. JOTF also recommended re-orienting current programs to get better results for low-wage families from existing funding. It urged the state to ensure that economic development funds are used to create or retain family-supporting jobs for low-income workers, as well as to allocate a larger share of higher education financial aid to need-based aid and to invest more of the discretionary workforce development funds in training low-wage individuals.

¹⁰ *Connecting Low-Income Families to Good Jobs: A Policy Road Map for Maryland*, Job Opportunities Task Force, Baltimore, MD, January 2004.