



MOVING BEYOND ALICE: RECOMMENDATIONS FROM THE FIELD

EXECUTIVE SUMMARY

ALICE is an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, and more than one-third of households in the United States either live in poverty or are ALICE workers. The United Way's ALICE report provides a framework, language and tools to measure and understand the challenges of the growing number of households in our communities that do not earn enough money to afford basic necessities. Born out of a pilot project that began in Morris County, New Jersey in 2009, 18 states are now participating in the United Way ALICE Project.

In 2014, the Maryland State Association of United Ways commissioned its own ALICE report to understand the number of households that are struggling to afford their basic needs in Maryland. The ensuing results revealed a harsh reality – more than one third of our state is struggling to survive and, if left unaddressed, the economic viability of the state is at risk.

According to the original ALICE report released in January 2017, in Maryland, 35% of households are at the poverty level¹ (10%) and ALICE (25%). In Baltimore City, that number increased to 47% and in Somerset County, it increases again to 53%. Disaggregating this data shows an even starker picture. Of Maryland's 2,166,102 households, 59% were headed by someone white, as are 50% of ALICE households and 48% of households in poverty. Households of color made up 41% of Maryland's households but half of all poverty and ALICE households. Forty two percent of households of color were at or below ALICE (Asians – 3%; Latino – 43%; Black-54%). Families headed by single women accounted for 25% of all Maryland families with children but for 52% of households with children below the ALICE threshold. Fourteen percent of single male-headed families had income below the ALICE threshold. These statistics show that even though Maryland has some of the richest counties in the country, there are still major rates of poverty and income disparities across our 23 counties and Baltimore City - and those disparities are exacerbated for households of color.

In September 2018, an updated ALICE report was released and revealed that the economic conditions for many Marylanders are worsening. The percentage of households that could not afford basic needs increased from 35% to 38%. In addition to the increase of ALICE households, the basic costs of living also increased with the 'survival' budget for a family of four (two adults with one infant and one preschooler) reaching \$69,672 and \$26,300 for a single adult. This bare-minimum Household Survival Budget increased by 22% for a single adult and 30% for a family. (Despite its modest allocations, this budget is still significantly more than the Federal Poverty Level (FPL) of \$11,880 for a single adult and \$24,300 for a family of four.) This new data reveals that the most immediate challenge to financial stability for Maryland's ALICE households is employment – finding accessible jobs with wages and numbers of hours that can support a basic household budget, as well as basic work protections such as employment security, paid sick days and access to healthcare².

This isn't the only challenge, however. Having to navigate an uncoordinated workforce development system that mostly focuses on and provides services for the unemployed and not the underemployed compounds the challenges for ALICE and makes it even harder for them to seek and get help. This isn't an individual issue; it's a systemic and economic issue. Changes for these families will only happen if we take intentional steps to understand the barriers, advocate for and promote the progression of families out of ALICE using a transactional and a transformative approach undergirded with an equity lens and targeting the field of workforce development as the linchpin to the success of ALICE households.

(Amadeo, 2019)¹ The federal poverty level is an income level established by the Department of Health and Human Services in 1963 with minimal cost of living increases over the years.

(Amadeo, 2019) (United Way of Central Maryland, 2018)²

INTRODUCTION

According to the USDA, Baltimore is a persistent-poverty city where 20% or more of the population has lived in poverty over the last 30 years. (United Way of Central Maryland, 2016)³ Of the 56 neighborhoods that encompass Baltimore City, 16 have ALICE and poverty rates above 40% and six have ALICE and poverty rates above 50%.

Financial hardship has increased across all Baltimore neighborhoods from 2014 to 2016. Households with income below the ALICE threshold range from 16% in South Baltimore to 77% in Poppleton/The Terraces/Hollins Market and Upton/Druid Heights. Many of Baltimore's lowest-income neighborhoods are predominantly black and have been struggling for decades. (United Way of Central Maryland, 2018)⁴

A report released by the Associated Black Charities in April 2018 found that 63% of black workers in Baltimore City were concentrated in four sectors: *Retail Trade, Transportation and Warehousing, Healthcare and Social Services, and Administrative Support and Waste Management*.⁵ Within these sectors, black workers were also concentrated in low-wage/low-skilled, predominantly entry-level jobs, making it extremely difficult to move out of ALICE without any additional supports in place.

More than any demographic feature, ALICE households are defined by their jobs and their savings accounts⁶. The ability to afford household necessities is a function of income, but ALICE workers have low-paying jobs. Similarly, the ability to be financially stable is a function of savings, but ALICE households have few or no assets and little opportunity to amass liquid assets. With low income, low savings and low assets, ALICE workers live in a state of perpetual poverty. If, as a community, we are not investing in our ALICE workers and preparing them for true financial stability (as outlined by the household stability budget), we are failing, and the implications of this failure will extend beyond these families.

Table 1 highlights the implications for ALICE in six critical domains if we maintain the status quo.

| TABLE 1 | | |
|---|---|--|
| Domains | Impact on ALICE | Impact on Community |
| Housing <ul style="list-style-type: none"> Move farther away from job | Longer commute, costs increase, severe weather affects commuter safety, less time for other activities | More traffic on road, workers late to job, absenteeism due to severe weather affects community access to local businesses and amenities |
| Child care and Education <ul style="list-style-type: none"> No child care | One parent cannot work, forgoing immediate income and future promotions | Future need for education and social services |
| Food <ul style="list-style-type: none"> Less healthy | Poor health, obesity | Less productive worker/student, increased future demand for health care |
| Transportation <ul style="list-style-type: none"> No car Old car | Limited employment opportunities and access to health care/child care Unreliable transportation, risk of accidents, increased maintenance cost | Reduced economic productivity, higher taxes for specialized public transportation, greater stress on emergency vehicles Worker stressed, late or absent from job, less productive |
| Health care <ul style="list-style-type: none"> No insurance | Forgo preventative health care, use of emergency room for non-emergency care | Higher premiums for all to fill the gap, more expensive health costs, risk of health crisis |
| Income <ul style="list-style-type: none"> Low wages No Wages | Longer work hours, pressure on other family members to work (drop out of school), no savings, use of high-interest payday loans Cost of looking for work and finding social services, risk of depression | Worker stressed, late or absent from job, less productive, higher taxes to fill gap Less productive society, higher taxes to fill gap |

³(United Way of Central Maryland, 2016)

⁴(United Way of Central Maryland, 2018)

⁵(Associated Black Charities , 2018)

⁶(United Way of Central Maryland, 2016)

METHODOLOGY

United Way of Central Maryland along with Associated Black Charities convened an ALICE Workforce Development Symposium in December 2017. Activities included an introduction to ALICE, a platform for a panel of experts to answer questions pertaining to ALICE and an interactive exercise used to stimulate thought and discussion focused on addressing ALICE households. The event involved approximately 80 participating workforce professionals representing various training, workforce agencies, community colleges and foundations in the region. Using the organizations (or agencies) information garnered from discussion groups, an ALICE Workforce Advisory Committee was formed to identify the local challenges and opportunities to support and move ALICE out of poverty. The ALICE Workforce Advisory Committee collaborative met monthly to develop three recommendations to guide workforce stakeholders in increasing resources and pathways to greater economic opportunities for ALICE workers. Through this process, the group identified gaps and themes in services and support for the ALICE population:

- The focus on community colleges and four-year colleges vs. trade schools
- Lack of long-term support for jobseekers and workers
- Lack of career-pathing discussions among workforce practitioners
- Lack of mentors for new employees
- Lack of clearly defined measurement standards across the field of workforce
- Insufficient employer support for an ALICE population
- Limited funding for incumbent workers (a need to redefine what is/is not funded)
- Lack of financial literacy services
- Lack of a customer-focused system
- Lack of understanding the employer return on investment
- Lack of a common vocabulary across the field
- Absence of a local convener
- Lack of an employer toolkit

After a series of discussions, the group identified three priority gaps for ALICE workers:

1. **Jobseeker supports** – supports that can be put in place while ALICE is still engaged and connected with a workforce training provider; and
2. **Incumbent worker supports** – supports that can be put in place at ALICE's place of employment; and
3. **The need to ensure success for ALICE** – requires a coordinated effort with racial equity at its core

These recommendations were created with four key stakeholders in mind: employers, philanthropist (or philanthropic organizations), legislators/policy makers and workforce practitioners. Our hope is that these recommendations will be accepted and endorsed by these stakeholders as the way to improve the lives of ALICE households.

RECOMMENDATION # 1

JOBSEEKER SUPPORT & LONG-TERM SUPPORT FOR ALICE WORKERS

Target Stakeholder group: Practitioners and Funders

As the data above demonstrates, ALICE workers may have greater earnings potential, but remain in low-wage jobs without a clear path to move beyond daily survival. While unstable employment and low wages contribute to persistent poverty, most workforce and job training programs place a heavy emphasis on entry into the workforce and have the resources to remain connected to individuals once they are employed to provide support for challenges, longer-term career navigation or additional training and upskilling.

Across the country, little evidence exists about what works for ALICE in terms of long-term support, although financial incentives have been shown to contribute to more stable employment. While individual training programs can affect employment placements and stability, a systematic approach to support ALICE workers is necessary. The urgency and severity of the challenges to mere survival facing ALICE mandates that we explore and fully implement system-wide solutions to create change for the region's low-wage workers.

The three subcategories needed to assist ALICE families include:

Financial Stability

Through the network of workforce development programs and workforce support services, workforce development programs need an expanded focus on helping workers establish and build financial stability. Ideally, workforce programs would be available beyond the initial stage of preparing for financial stability to provide coaching on financial assets after job placement. Due to the historical discriminatory practices of financial institutions in our region and across the country, applying a racial equity lens in the development of financial stability programming is especially critical. This support can be broken down into three phases to ensure optimal success for each individual:

PHASE 1

Stability and preparation (Workforce Development Program Component) covers the basics of financial stability including managing/paying debt, budgeting, evaluating spending habits and eliminating debt

PHASE 2

Asset building (Post-Placement Workforce Development Program) includes continued debt elimination, establishing a savings/spending plan, improving credit and continuing education/training

PHASE 3

Wealth creation and accumulation - (Post-Placement Workforce Development in partnership with community organizations or financial institutions well-versed in racial equity and inclusion practices) includes exploring investment and wealth-building opportunities such as home ownership and business creation

Career Advancement Coaching - (Workforce organizations, Employers, Educational institutions)

At the entry point into workforce development programs (and even after) programs should develop a focused service to promote career advancement for ALICE workers to build financial assets and improve wages. Sometimes coined as post-placement, this specific service should be a focus for all workforce development organizations with a staff dedicated to ensuring that every client has a career advancement plan before securing their initial placement. This plan is then revisited and revised after initial placement and every three to six months after.

- **Planning for retiring workers:** As the region and programs evaluate an aging workforce, workforce development programming should focus on training and skills for industry advancement to ensure that the emerging workforce is receiving appropriate training and pathways to career advancement are clear and developed and ensure that interpersonal skills and “soft skills” development are included in addition to industry-specific skills.
- **Career ladders and lattices** - Within the workforce system and the region, job-seekers and ALICE workers should have access to career mapping for trainings, including skills/education needed for advancement, as well as a timeframe for advancement. These career maps should include a focus on every major industry in our region and should also include a clearly defined path for workers to transition across sectors (known as a career lattice⁷).
- **Future steps:** Design career maps and seek local/regional employer input to ensure that national models fit with local hiring and training need, similar to the work that was done by Baltimore Metropolitan Council in the Opportunity Collaborative report, which outlined career maps for high-growing industries in Greater Baltimore.

Financial Incentives for ALICE - Retention Services and Workforce Alumni Engagement

The current structure of workforce development programs and job training programs does not truly support retention or alumni engagement post-placement services. Despite having an interest in maintaining a long-term connection with those served, many organizations are not positioned or funded to provide intentional, long-term follow-up support. Data from the ALICE report tells us that a re-structure needs to take place if we are serious about moving beyond ALICE. Outlined below are three options for prioritizing this critical service:

- **Incentivize retention** - Find ways for individuals to continue education and learning incentives for work retention and/or advancement while being mindful of the varying work schedules of ALICE (workforce development programs)
- **Alumni engagement** - Develop a robust workforce alumni network to keep graduates engaged at least two years post-placement. Develop a plan for hosting regular alumni events to encourage long-term relationships and opportunities for workers who have come through workforce development programs to remain connected to each other and to a network of providers to help them advance. This could be part of the Baltimore workforce system efforts (workforce development programs; workforce system)
- **Focusing on the unemployed and the underemployed** - Explore opportunities for ALICE workers to engage with upskilling, training or retention services even if they did not initially become employed through a job training program (workforce development programs; workforce system)

(Cleaver, 2012)⁷ According to Cleaver’s book, a **career lattice** is a diagonal framework that braids lateral experiences, adjacent skill acquisition, and peer networking to move employees to any of a variety of positions for which they have become qualified.

RECOMMENDATION # 2

INCUMBENT WORKER SUPPORT: Examining the ROI for Investing in Incumbent workers

Target Stakeholder Group: Employers

Incumbent Workers and Their Training Needs

According to the Fall 2016 United Way of Central Maryland ALICE Report, 35% of Maryland's population are struggling to secure basic necessities. Of this number, 534,801 households qualify as ALICE and are employed but fall below the threshold of a survivable income or of attaining financial stability. As such, over two-thirds of the people under the ALICE threshold consist of workers who face chronic under-employment or are paid wages too low to cover the costs of housing, child care, food, health care, and transportation. This is concerning as the growth of low-skilled jobs in the market is forecasted to outpace that of medium- and high-skilled jobs over the next decade. Combined with the rising cost of basic household necessities, this perpetuates low-skill, low-investment patterns in the labor market that continue to systemically undermine ALICE workers.⁸ It is critical to target and support incumbent workers in developing long-term solutions to uplift them above the ALICE threshold.

This section will focus on solutions that support ALICE by recommending greater investments in incumbent workers that will upskill employees and provide a strong return of investment to employers. This includes cross-training opportunities, promotion and advancement support up the career ladder, educational and tuition assistance programs, greater flexibility and autonomy for frontline workers, comprehensive talent managing resources and support and other employee benefits that would reduce the barriers incumbent ALICE workers face for maintaining employment.

Cost of Not Investing

The costs of not investing in incumbent ALICE workers are great and lead to higher rates of turnover, increased hiring costs, reduced productivity and overall profit loss.⁹ Specifically, these are common impacts and associated costs of dysfunctional turnover—circumstances in which employees in good standing within the organization leave due to avoidable or unavoidable circumstances.¹⁰ Even as company and industry needs vary, most employers seek to reduce dysfunctional turnover for their businesses. Dysfunctional turnover leads to:

1. Direct cost increases necessary for the recruitment and training process; and
2. Indirect cost increases coming from productivity loss, lower work morale, and reduced workplace unity and coherence; and
3. Potential direct impact on a company's bottom line, especially when dysfunctional turnover occurs at scale

As ALICE workers struggle to afford basic household necessities to survive, they are often unable to build financial resilience. The inability of their current employment to provide wages or benefits that meet the survival budget of employees, especially in low-wage, high-stress and emotionally draining jobs, leads to high rates of dysfunctional turnover.¹¹ This exacerbates the costs associated with turnover, hiring and training new personnel.

Reducing turnover has the potential to unlock significant business value. A 2012 study showed that the average cost for businesses to replace workers who make less than \$75,000 a year is 20% of the employee's salary.¹² Under the assumption that an ALICE employee works at least 25 hours part-time and earns approximately \$10/hour, the average cost of turnover for businesses to fill an entry-level position is \$2,080 or more.¹³ For every worker who leaves a company and must be replaced, businesses lose more than \$2,080 per turnover. Compounded with the high turnover rate of 64% for employees in the retail, food service and accommodation service sector¹⁴, companies that hire over 100,000 employees annually lose \$133,000,000 by not deepening their investment in incumbent employees and strengthening their retention strategies.¹⁵

⁸ Maryland State Association of United Way, "ALICE: A Study of Financial Hardship." 2016, p.7.
http://www.uwcm.org/main/wp-content/uploads/2017/01/16UW-ALICE-Report_MD_1.6.17_Hires1.pdf

⁹ Facility Solutions Group, "Best in Class Strategies for Entry-Level Employee Retention." October 2016.

¹⁰ Allen, David, PhD. "Retaining Talent: A Guide to Analyzing and Managing Employee Turnover," Society of Human Resources Foundation, 2008

¹¹ Maryland State Association of United Way, "ALICE: A Study of Financial Hardship." 2016, p.95
http://www.uwcm.org/main/wp-content/uploads/2017/01/16UW-ALICE-Report_MD_1.6.17_Hires1.pdf

¹² Boushey and Glenn, "There are Significant Costs to Replacing Employees," Center for American Progress. 2012.

¹³ Ibid.

¹⁴ U.S. Bureau of Labor Statistics, "2015 Turnover Data." 2015

¹⁵ Facility Solutions Group, "Best in Class Strategies for Entry-Level Employee Retention." October 2016.

Reasons to Invest: Benefits and Considerations

Investing in incumbent workers yields significant benefits for both employers and ALICE workers, as well as the overall economic well-being of the City and State. Research from our partners has indicated that investing in incumbent workers increases revenue, reduces employee turnover and hiring costs, improves productivity and bolsters customer loyalty.¹⁶ Incumbent ALICE workers benefit from greater job and financial security, as well as job quality improvements that help reduce barriers to maintaining employment. Table 2 details further benefits that investing in incumbent workers provides to employers and ALICE.

| TABLE 2 | |
|--|---|
| Reasons to Invest: Benefits and Considerations | |
| Employers | ALICE Incumbent Workers |
| Improved retention, resulting in reduction in recruitment, hiring and onboarding costs | Wage gains and financial sustainability |
| Reduction in hiring costs by promoting internally | Job security |
| Reduction in errors (quality of work) | Paid leave, health benefits, predictable hours, ownership of work |
| Improved productivity and efficiency | |
| Improved customer satisfaction and sales | |
| Strengthen continuous improvement culture | |

Furthermore, studies conducted to evaluate the impacts of investing in incumbent worker supports have shown that there is a positive return on investment. The Department of Labor, Licensing and Regulation's EARN Maryland Program found that for every \$1 invested into pre-employment and incumbent worker training, \$18.97 of economic activity was returned. This investment contributes to a sustainable solution that closes the gap between current household incomes and the ALICE threshold, of which many households continue to fall 15.4% short of despite public and private assistance.¹⁸

¹⁶ United Way of Central Maryland ALICE Workforce Advisory Group, "Incumbent Worker ROI." Accessed September 10, 2018

¹⁷ Maryland Department of Labor, Licensing, & Regulation, "EARN Maryland Annual Report Reveals Extremely High Return on Investment." February 28, 2018. <https://www.dllr.state.md.us/whatsnews/earnannrep.shtml>

¹⁸ Maryland State Association of United Way, "ALICE: A Study of Financial Hardship." 2016, p.56 http://www.uwcm.org/main/wp-content/uploads/2017/01/16UW-ALICE-Report_MD_1.6.17_Hires1.pdf

RECOMMENDATION # 2 (continued)

Case Studies

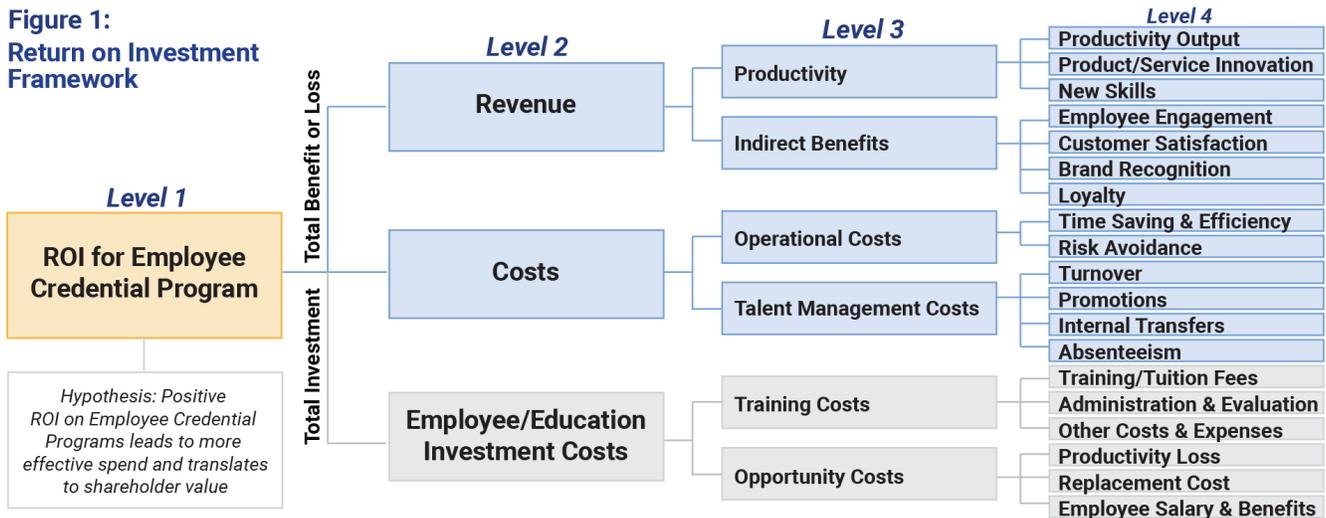
The following case studies highlight individual businesses that have successfully implemented incumbent workers supports to address gaps that ALICE households face in attaining family sustaining employment. These case studies illustrate the actions that employers took to support and upskill incumbent workers, the return on investment, benefits, and the potential long-term results.

1. Cigna: Talent Investments Pay Off

In order to better connect hiring needs and talent, Cigna, a global health service leader, offered a tuition assistance program to their employees, the Education Reimbursement Program (ERP). The ERP reimbursed employees' tuition expenses up to \$8,000 for graduate courses and \$5,250 for undergraduate courses or certificates each year. Cigna also covered associated costs, including application, registration, examination and graduation fees. An objective third-party organization analyzed the results of the program from 2012-2014 and measured the value of the ERP by quantifying the return of investments from the program.

Cigna reviewed promotion, transfers and turnover rates to categorize and measure the success of the program in providing benefits to workers and the company. Cigna hypothesized that higher rates of promotion, transfers and retentions increased revenue and cut down on costs. The evaluation then weighed these benefits against the total investment costs, including the cost of training, staff salary, and tuition reimbursement, and the opportunity cost of investing the money elsewhere. The evaluation of this program was conducted under a comprehensive framework that calculated the total benefit of the program from two perspectives: revenue and cost. Specifically, it measured whether the ERP was beneficial due to increased revenue through direct (quality of work gains, productivity gains) and indirect factors (positive branding, customer satisfaction), and whether the program was beneficial due to cutting down operational (time loss, risk-taking) and talent management (turnover, hiring) cost factors¹⁹ framework that was used to calculate this:²⁰

Figure 1:
Return on Investment Framework



The results of the evaluation showed that Cigna's ERP is a valuable business investment with a high return on investment. The ERP produced a return on investment of 129%. For every dollar that Cigna invested in ERP, the company earned back another \$1.29.²¹ Moreover, the three factors that Cigna used to indicate beneficial impact (promotions, transfers and retention) were all observed to increase as a result of employees participating in ERP. ERP participants were 10% more likely to be promoted, 7.5% more likely to receive a transfer and 8% more likely to be retained in employment.²² By supporting incumbent workers, Cigna reduced the cost needed to fill new positions from external sources and, as a result generated benefits by saving on talent management costs. From the ERP's results from 2012-2014, Cigna's tuition assistance program assisted over 2,200 employees in accessing career advancement and training opportunities and proved itself to be a valuable talent management strategy to upskill incumbent workers.

¹⁹ Lumina Foundation, "Talent Investments Pay Off White Paper: Cigna Realizes Return on Investment from Tuition Benefits." Accessed September 10, 2018. p5. <https://www.luminafoundation.org/files/resources/talent-investments-pay-off-cigna-full.pdf>

²⁰ Ibid.

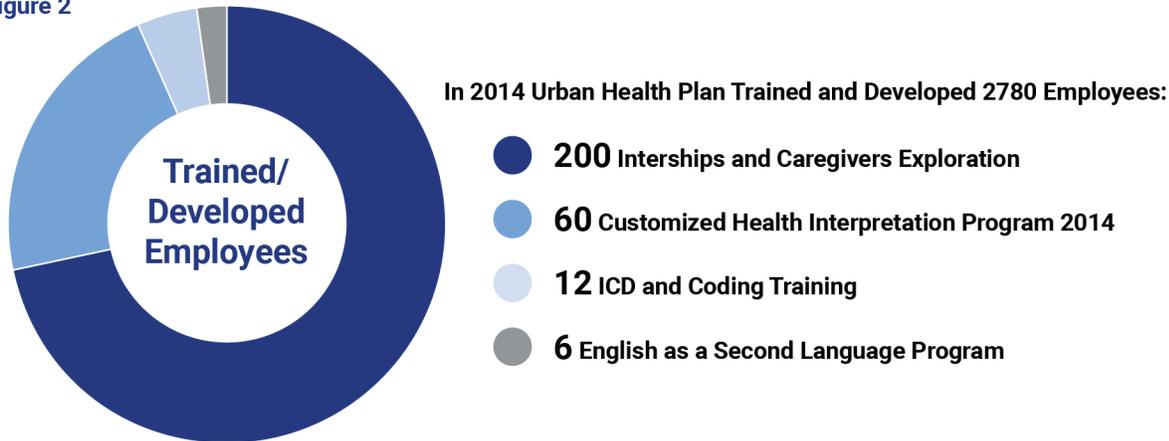
²¹ Ibid.

²² Ibid.

2. Urban Health Plan: Providing Opportunities for Advancement

Urban Health Plan has been recognized as one of the healthcare leader champions for workers advancement by the National Fund for Workforce Solutions due to its dedication to fair and local hiring, strong career pathways and development opportunities for incumbent workers.²³ This includes jobseeker support, including entry-level training, and incumbent worker support, such as a tuition assistance program, a career guidance strategy and connections to career and technical schools. In 2014, 278 employees—or 66% of Urban Health Plan’s workers—participated in development programs. Two hundred participated in internships and career exploration, 60 in the Customized Health Interpretation Program, another 12 in the International Classification of Diseases training and six employees used the opportunity to strengthen their English speaking and writing skills, as Figure 2 shows:²⁴

Figure 2



Urban Health Plan’s successful investment in their workers has yielded significant results. Not only did more than half of the employees participate in one of the development programs in 2014, but feedback collected showed that 95% of new employees felt satisfied or very satisfied with their training, and that 97% felt satisfied or very satisfied with their current position. Ninety-four percent of incumbent workers believed that Urban Health Plan offered opportunities for professional growth, and almost 100% considered Urban Health Plan a good place to work.²⁵ Furthermore, more than 150 employees in professional roles in the company started off in entry-level or low-skill positions.²⁶ This demonstrates the effectiveness of Urban Health Plan’s promotional support for incumbent workers and the strong retention rates of the company.

In 2014, Urban Health Plan’s turnover rate was 11%, almost half of the 20.4% national average for employees in the healthcare sector. The company had an 86% retention rate.²⁷ By investing in jobseeker support and incumbent worker supports, UHP has created a workplace environment that helps employees feel valued and supports ALICE workers with opportunities to grow their skills and advance their careers within the organization. Investing in their workers has also benefited the company by avoiding the heavy cost of dysfunctional turnover and by yielding high promotion rates. Urban Health Plan has invested in a workplace that helps ALICE workers advance to a career with family sustaining wages.

In 2015, Quest Diagnostic launched a Good Jobs Transformation strategy under its quality and systems management consulting firm to address one of the biggest challenges they had identified in the National Customer Service organization. The organization was experiencing extremely high turnover rates in the company: 60% of call center representatives left within a year, leading to customer dissatisfaction, frustrated staff, and poor morale. Furthermore, dysfunctional turnover continued to cost the company up to \$10.5 million annually.²⁸

²⁴ Ibid

²⁵ Ibid

²⁶ Ibid

²⁷ Ibid

²⁸ Good Jobs Institute, “Good Jobs Institute at Quest Diagnostics.” 2017. <http://goodjobsinstitute.org/portfolio/good-job-strategy-at-quest-diagnostics/>

RECOMMENDATION # 2 (continued)

National Customer Service had more than 850 call center representatives and more than 50 supervisors, with more than 250 of the representatives working remotely. The organization had consolidated from their original 20 locations to just two.²⁹ Quest Diagnostics worked with National Customer Service to identify how best to address the heavy cost of dysfunctional turnover within the company under these conditions and came to the conclusion that it was critical to stabilize the operations by investing in the organizations workers. Good Jobs Transformation was implemented in two phases, with the first focused on jobseeker supports and the second targeted towards incumbent workers.

Phase 1 of the Good Jobs Transformation stabilized the organization by bringing in more long-term representatives with higher starting wages, clear step-based pay and preparing a career path. Phase 2 centered on improving conditions for existing employees. National Customer Service committed to making operational changes that would leverage the investment in workers to create a culture of continuous improvement within the company. This included standardizing workplace expectations, empowering workers to make decisions and find solutions without approval from a supervisor and cross training workers.

The impact of these investments is significant. National Customer Service witnessed higher retention rates, three times the increase of promotion rates, stronger cross-functional coordination, reduction in call volume through operational improvements and improved customer satisfaction by empowering call center representatives with more autonomy.³⁰ By investing in jobseeker supports and incumbent worker supports, Quest Diagnostics helped National Customer Service yield a strong return on investment, lower the prohibitive cost of dysfunctional turnover and create a workplace that could better support ALICE workers in advancing to a career with family-sustaining wages.

²⁹ Ibid

³⁰ Ibid

RECOMMENDATION # 3

ENSURING SUCCESS FOR ALICE: Coordinating efforts, ensuring equity and legislative changes

Target stakeholder group: Practitioners, Funders, Employers and Legislators

Coordinated Efforts

One of the systemic barriers identified by the group was the lack of coordination across all stakeholders in the workforce and workforce ecosystems preventing large-scale change, which leads to population-level outcomes needed for the percentage of ALICE households to decrease.

According to an article published by the *Stanford Social Innovation Review*, a coordinated system is not just about collective impact; it's about results at scale. Results at scale requires member organizations to set higher standards and not just meet around a new vision; partnerships agree on shared results, set measurable targets and disaggregated and track outcomes data at least annually to share accountability for improving population level results³¹. This is a new way of working together that will require transparency and trust across multiple stakeholder groups in order to achieve the desired outcomes.

The ALICE report confirms that, despite the fact that people are working, they still aren't making enough to make ends meet. More than one third of the people in our State (825,433 households) and almost half of the people in Baltimore City (47%) are at ALICE or below. As shown by the ALICE threshold refresh, these numbers will continue to increase if we are not able to find a way to coordinate our efforts, align our practices, and leverage existing resources to support one another in a way that moves us to population level changes.

Ensuring Equity

Equity is the condition and the process that would be achieved if the identities assigned to historically oppressed groups no longer acted as the most powerful predictor of how one fares.³² The root causes of their inequities, not just their manifestations, would be eliminated. This includes eliminations of policies, practices, attitudes, and cultural messages that reinforce or fail to eliminate disproportionate outcomes (economic, health, criminal justice, etc.) by group identity. Specifically, racial equity is the condition that would be achieved if one's racial identity no longer predicted, in a statistical sense, how one fares.³³

The economic outcomes that we see in the ALICE report (and in many other reports that are disaggregated by race) are more often exacerbated for groups of color and further marginalize these populations. In Maryland, the number of black, Hispanic and Asian households grew while the number of white households fell from 2010 to 2016. Black households increased by 5% to 645,099, Hispanic households increased by 24% to 136,726 households and Asian households increased by 18% to 116,144 households.³⁴

With our country and our state rapidly becoming a majority people of color, it is even more critical now than ever that our legislators create policies using an equity lens, that our practitioners create and design programs using an equity lens, that our employers and business owners implement operational and hiring policies using an equity framework, and our funders embed an equity lens in all of their grantmaking practices, policies, and operational frameworks.

In practice, this involves analyzing data and information about race and ethnicity, understanding disparities and learning why they exist, looking at problems and their root causes from a structural standpoint, and naming race explicitly when talking about problems and solutions. It requires an intentional effort on the part of each individual, entity and organization if we hope to see change in the ALICE population. True financial stability for all ALICE households will not happen without the application of an equity lens.

³¹ "It's about results at scale, not collective impact". *Stanford Social Innovation Review* (2017). https://ssir.org/articles/entry/its_about_results_at_scale_not_collective_impact

³² Baltimore Racial Justice Action, 2016 - <https://www.bmoreantiracist.org/resources/our-definitions>

³³ Racial Equity Tools, <http://www.racialequitytools.org/glossary#racial-equity>

³⁴ ALICE Report, Fall 2018, p.8

RECOMMENDATION #3 (continued)

Legislative Opportunities

The Job Opportunities Task Force advocates for legislative and budget proposals that improve the economic opportunities of Maryland's low-skill, low-income workers and their families. Job Opportunities Task Force's public policy advocacy efforts recognize that a healthy Maryland economy requires laws and policies that meet the workforce needs of employers and promotes fair and equitable access to economic opportunities for low-income Marylanders. Job Opportunities Task Force's public policy priorities focus on adult education; postsecondary access and affordability wages, benefits and supports; reducing the impact of incarceration on workers; skills training; and transportation.

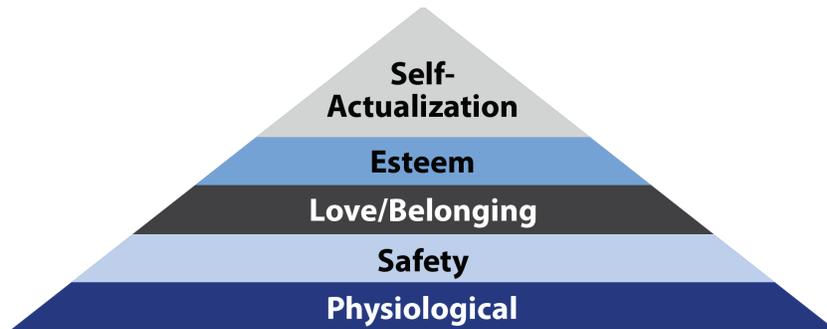
Given the growing national attention and local concern around the impact of incarceration on working families, the Job Opportunities Task Force sought to define and determine the extent to which the criminalization of poverty is occurring in Maryland. The goal of this report is to identify the key laws, policies and practices in Maryland that are either unnecessarily arrested, charged with a crime or imprisoned because they are poor and therefore unable to satisfy the demands of the law. The investigation revealed that the criminalization of poverty is occurring in Maryland, with disproportionate impact on people of color. The findings are organized in three themes: 1) Common Pathways Through the Poor are Criminalized; 2) The Criminal Justice System's Disparate Impact on the Poor; 3) Collateral Consequences of a Criminal Record. More information on this report can be found at <https://jotf.org/reports/>.

Additional legislative solutions to systematic barriers and challenges faced by ALICE include:

- **Support and expand state investment in training for incumbent workers, such as EARN**
Promote legislation to increase training opportunities and create career pathways through programs like EARN that focus not only on entry-level workers but also invests in education and training for incumbent workers to advance in their careers
- **Increase educational access by removing barriers to higher education and job skills training**
The cost to attend post-secondary education programs remains a barrier for many low-income workers while attaining some level of college education is highly correlated with attaining higher-paying jobs and moving out of poverty. State investments in education through need-based aid programs often help pay the cost of tuition, books and fees; however, the state should consider legislation to allocate need-based funds for wraparound supports including emergency child care, career advising, transportation and tutoring. In 2019, JOTF is supporting legislation to eliminate barriers to college programs (free community college) to address gaps in how the scholarship can be utilized (SB0260/SB88).
- **Reduce barriers to occupational licensing**
Maryland has the most burdensome occupational licensing structure in the country, including increased fees, number of exams, education requirements and required days of training. In 2019, JOTF will reintroduce legislation that would allow for a seven year review period into an applicant's background to ensure that erroneous, outdated or irrelevant records are not considered in the obtaining of an occupational license (HB22).
- **Re-evaluate income levels for public assistance to help navigate the benefits cliff**
Recent legislation increased the annual allowable income for Maryland to apply for State's child care subsidy. The State should examine other public assistance programs to ensure that individuals do not lose access to critical public assistance programs if income exceeds the maximum allowable.
- **Increase transportation access and public transit options**
Eliminate the use of non-driving factors (such as zip code, age, education level, credit history) from automobile insurance rate consideration (SB235/HB351/SB233/HB329). Ensure public transit options are accessible and cost-effective for individuals to get to job and training locations
- **Increase protection for housing/renters**
Increase renters' rights and remove background checks for housing applications; increase flexibility of rental payment due dates and more time before fees are assessed (particularly if renters can demonstrate that rent is late because of a voucher/subsidy is late); demand more notice time for court and evictions proceedings so that individuals have sufficient notice and time to seek representation
- **Increase access to paid benefits for workers such as state minimum wage increase, paid family leave and defending sick leave for Maryland workers** (HB166 state minimum wage increase; SB500/HB341 paid family leave)

The Voice of ALICE

Steps to move beyond ALICE would not be complete without input from ALICE workers themselves. The AWAC commissioned a group of Towson University students to conduct a series of focus groups with ALICE workers. A key point the students noted was the relationship between the condition of ALICE workers and Maslow's Hierarchy of Needs:



- Before individuals can reach higher levels of the pyramid, they are faced with the challenges of the lower levels.
- The inability to meet their physiological needs because of lack of income kept the participants from reaching self-actualization.
- The participants mentioned that struggle for income can lead to crime or lack of safety and keep them from spending time with family, which provides a sense of love and belonging and leads to all other levels of the pyramid.

Through the focus groups, we learned:

There have been rising rates in the minimum wage which the participants said was necessary, but this increase has not helped many people. The Maryland minimum wage is currently \$10.10.

"I think minimum wage should be about \$17, \$18 an hour to think about supporting a family because you can only really support yourself on that, to be realistic, to meet you bills, your needs, your expectations."

-Focus group participant

With the minimum wage being at a non-livable rate, many Maryland residents must work more than one job to meet their basic needs.

"That's the reality of America now, where you have individuals having two, three jobs so that they can actually live, and unfortunately that takes away from the family. That's why you see the deterioration in family, because they are out there trying to make sure that they keep a roof over their head by having two to three jobs and there's no time for family."

-Focus group participant

Maryland residents cannot sustain housing with the current minimum wage.

"Unfortunately, the reality of some of us that are going back to the workplace is that we need housing. The rate of pay may not cover that; you may not be able to sustain housing based on the pay that you are receiving."

-Focus group participant

RECOMMENDATION #3 (continued)

CONCLUSION

Since the original ALICE Report release in early 2017, the Maryland State Association of United Ways have presented the findings to a broad body of community members including, but not limited to, elected officials, corporate leaders, workforce boards and practitioners. This report has amplified the need to remedy many long-standing beliefs, practices and perceived solutions. ALICE is embedded in the very fabric of our daily lives. Lifting ALICE families creates a more productive, vibrant and healthy state, workplace and community.

The ALICE report documents that in 2014, a single adult would need an annual salary of \$23,568 to survive on just the basic necessities. Fast forward to 2016 and that salary increases to \$26,052, an 11% increase in just two years. For that same time period in Baltimore, the survival figures increased from \$19,032 to \$21,756, a 14% increase in just two years. Compounding this dilemma is the fact that the types of jobs available for ALICE workers without some post-secondary education or credentialed skill will not earn a salary to move beyond their limited resources and are most vulnerable to staying in poverty. In addition, the likelihood of those jobs being replaced by technology are highest. For example, between 2014 and 2024, it is projected that 97% of cashiers, 92% of retail salespersons and 96% of secretaries and administrative assistants will be replaced by technology.

We need a paradigm shift in how we prepare, onboard and retain the future workforce. No one can accurately predict when the next economic boom will take place, but when it does come, will Central Maryland have the workforce ready to take on the employers demands for workers?

It is hard to find a job and many workers lack resources to get a job—but they want to work. Traditional outreach tactics will not reach those who want and need jobs. One ALICE worker shared that, were it not for a friend's referral to a pre-apprenticeship program, he may have ended his life. No single organization, government agency, employer, funder or program can resolve the barriers and challenges ALICE faces on its own. Working collaboratively will ensure a more prepared and robust workforce.

It is the hope of the ALICE Workforce Advisory Committee that Central Maryland launches a national movement to ensure that ALICE workers realize an optimal level of employment and become the model for workforce development stakeholders.

About Associated Black Charities

Associated Black Charities works across Maryland as an educator, advocate and supporter to eliminate race-based structural barriers and advance long-term solutions that create new opportunities for African Americans to thrive financially and build a stronger economy for all. Associated Black Charities focuses on providing services and support to advance economic equity for African Americans in the workplace today, maintaining a transformational vision for ending longstanding structural racism and building an economy that is fair and open to all.

We focus on creating an equitable workforce system that gives people of color a fair opportunity to find jobs, advance in careers and in life and build wealth. As a foundation, we raise funds and provide financial support to nonprofits in the community. We also serve as a catalyst for change in three main ways:

- We educate workers, employers and civic leaders about the impact of race-based barriers in the workplace and how they can create policies that are more equitable.
- We work with employers, workforce development organizations and community-based groups to advocate for stronger hiring and advancement practices so people of color have equitable opportunities to succeed.
- We provide workers, employers and equity-focused organizations with tools, services and support to overcome race-based barriers and foster economic opportunity for all.

About United Way of Central Maryland

United Way of Central Maryland fights for the education, financial stability and health of every person in every community across our region: Baltimore City and Anne Arundel, Baltimore, Carroll, Harford and Howard Counties. We encourage giving, volunteering and advocacy to tackle our most daunting social crises.

We work for safe and secure housing, for kids to do better in school and for easier access to the resources that make our lives and neighborhoods healthier. Learn more at www.uwcm.org.

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