

## WHEN HARD WORK ISN'T ENOUGH: FOSTERING OPPORTUNITY FOR MAINE'S WORKING FAMILIES

by Frank O'Hara and Connie Zhu

Maine is famous for its work ethic. Who are the people responsible for Maine's reputation? Many are people who work hard at jobs and get paid very little in return. These include the people who bathe our seniors in nursing homes, look after our toddlers, vacuum our offices, greet our tourists, stock our shelves and serve meals in our restaurants. They work long hours with no paid vacation, sometimes juggling two or three jobs at a time. They usually don't receive health insurance from their employers and can't risk taking sick leave. They spend more than one-third of their paycheck to keep a roof over their heads. They are often one pink slip, one car breakdown, one health problem, one fuel price spike, one eviction or foreclosure notice, away from financial disaster.

Clearly, these hard working families deserve better economic opportunities. They need more support and tools to be able to grow and thrive in the future economy. This *Choices* presents several key efforts that can improve the prospect of quality jobs in Maine and the ability of Maine's workers to take advantage of these jobs. A full-length report by MECEP on building a future for Maine's working families is forthcoming.

### One in Four Maine Families Trapped in Low-Wage Jobs

In 2008, 9,635 working families in Maine lived under the federal poverty line, about \$21,724 for a family of four. More alarmingly, 37,830 working families—more than one in every four families—did not earn enough money to cover their basic needs, measured at 200% of the poverty level, \$43,448 for a family of four (the “low-income” threshold as defined by the Working Poor Families Project).<sup>1</sup>



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Building a future  
Maine economy with  
good-paying jobs  
demands that we  
provide workers the  
educational tools they  
need for these jobs.

**Maine Working Families Face High Hurdles to Livable Income  
(2 full-time working adults & 2 dependents)**



Source: MECEP Analysis of Data from Maine Department of Labor, US Census Bureau and WFPF.

Contrary to the misperception that families are poor because they don't work, 70% of low-income families had at least one wage earner in 2008. But too many Maine workers are trapped in low-wage jobs. In fact, 76% of Maine jobs did not pay enough for a family of four to cross the "low-income" threshold in 2008, 7 percentage points higher than the national average and the highest in New England.

**Increasing Share of Low-Wage Jobs Intensifies Need for Better Jobs and Better Pathways**

While Maine has made progress in the last few decades raising per capita income, this income growth has not benefited workers at all levels, especially low-wage workers. Maine ranked 45<sup>th</sup> for earnings per employee<sup>2</sup> with an increasing share of low-wage jobs. Some of the largest sectors in Maine, including food services and retail, pay very low wages. Jobs that paid below \$30,000 on average in 2008 accounted for one-third of overall employment.

How do we enable Maine workers to move out of low wage jobs and make a better living? The answer is clear: better jobs that pay livable wages and benefits and better pathways to those jobs.

**Too Many Maine Jobs Do Not Pay a Livable Wage**

Industry Description	Average Employment	Average Wages
<b>Total</b>	<b>602,196</b>	<b>\$36,308</b>
Food services and drinking places	40,637	\$14,207
Food and beverage stores	19,042	\$18,323
Accommodation	11,168	\$19,205
General merchandise stores	12,855	\$19,264
Social assistance	18,423	\$21,515
Nursing and residential care facilities	22,907	\$23,926
Administrative and support services	23,416	\$28,122

Source: Maine Department of Labor Quarterly Census of Employment and Wages

**The Green Economy: A Path to Prosperity**

In 2009, the Maine Department of Labor identified over 400 Maine businesses with 13,000 employees active in the "green economy." Generally defined as economic activity related to reducing fossil fuel use, decreasing greenhouse gas emissions, increasing energy efficiency, recycling materials, and developing and adopting renewable sources of energy, Maine's "green economy" is centered in two types of businesses—

those involved with energy efficiency like insulation and those engaged in developing alternative energy sources like off-shore wind power. Currently, most Maine "green" workers are in the efficiency sector, but the promise clearly exists for significant growth in the alternative energy sector.

Starting pay in the energy efficiency sector is expected to be well above minimum wage, and its median wage could be between 30 to 250% above Maine's current median. Conservative estimates suggest that every \$1 million of public investment in the energy efficiency sector, will directly create 8 to 11 jobs and indirectly stimulate another 9 to 11 jobs.<sup>3</sup> Increased energy efficiency also helps reduce energy expenditures for low-income households with disproportionately high energy cost to income ratio. Spending less on energy will free up more resources for health care, child care and other necessities.

Maine's community colleges have received various federal grants to retrofit their facilities for energy efficiency and to offer green technology-related courses. Maine voters have also passed bonds to fund off-shore wind energy research through the University system. The State should continue to leverage funding and foster collaboration between government, business, and R&D institutions, and to promote livable wage and benefits through its contracting and hiring practices.

**Expanding Maine's Information Infrastructure**

Access to high speed internet is a requirement of doing business in the 21<sup>st</sup> century. The internet offers great promise for rural Maine economic development by removing geographic hurdles, encouraging entrepreneurship and boosting competitiveness in the global market. Unfortunately, high quality internet service remains unavailable in many parts of rural

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Maine. The ConnectME Authority has taken full advantage of American Recovery and Reinvestment Act (ARRA) funding to expand broadband access to rural areas and to increase digital literacy. Maine's "Three Ring Binder" project plans to complete and lease an 1,100 mile high-speed internet network within two years, connecting business, education, healthcare and other vital services to rural Maine.

This initiative can also significantly improve access to higher education for working adults in remote communities, where unemployment and underemployment are high. Web-based learning helps ease the distance, transportation, childcare and other obstacles hindering working adults from pursuing higher education, potentially cutting costs for both students and educational institutions. We must make sure that quality internet access is available *and* affordable to low-income Maine families.

## Improving Access to Post-Secondary Education

Between 2008 and 2018, new jobs in Maine requiring post-secondary education and training will grow by an estimated 15,000, while jobs for high school graduates and dropouts will only grow by 2,200. In 2018, nearly 60% of all jobs in Maine (396,000) will require some post-secondary training beyond high school.<sup>4</sup> According to the Maine Department of Labor, the State's fastest growing occupations include biomedical engineer, network systems and data analyst, home health aide, personal and home care aide, financial examiner, medical scientist and physician assistant, all of which require education beyond high school.

In Maine and the U.S., there is a direct correlation between years of education and annual income. Income grows with educational attainment. At the same time, people

without a college degree are more likely to lose their jobs than those with a degree.

Much attention has been paid to high school graduation and transition to college. But for Maine to be truly competitive in the global economy, our existing workforce must keep pace with the educational requirements for the new generation of jobs. Maine's labor force is not growing. Matching or surpassing our competitors will require that our existing workers have affordable access to education and training.

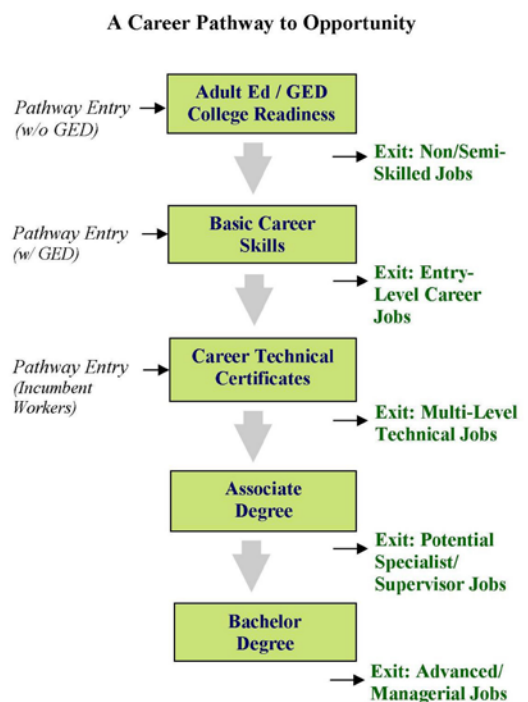
There is great potential as well as serious challenge to achieving this goal. In 2008, in nearly half of Maine's low-income households, no parent had any education beyond high school. Among adults 25-54, 34% had only a high school diploma and only 7% were enrolled in any post-secondary institutions.

Keeping College Affordable To help these working adults—many holding down multiple low-wage jobs to support a family—Maine must continue to make college affordable. Between 1998 and 2005, the Maine Community College System (MCCS) made a remarkable effort to bring costs closer to the national average by *not* raising tuition for seven academic years. This helped boost enrollment at MCCS, making it the nation's second fastest growing community college system. An October 2010 Portland Press Herald poll found that a majority of Mainers support more state spending on higher education, essential to tuition cost containment and to lowering the financial barriers for working adults to return to school.

Career Pathway Program In addition, Maine colleges and Maine Adult Education must work together to develop career-oriented programs to prepare adults for college and stay on track to acquire credentials that lead

to better paid jobs. Many working adults lack knowledge of the changing labor markets and of available education or training options. In addition, costs and time commitments needed to complete traditional college course loads discourage them from effectively pursuing post-secondary education. They too often "step in and drop out."

Maine Adult Education's planned Career Pathway program will teach basic skills within the context of career goals, such as nursing, early education, or business administration.



This will enable students to transition from adult education to college classes more smoothly and with continuous, coordinated guidance and support. This could also reduce the cost of remedial college programs.

Maine community colleges must actively seek business support and government funding for Career Pathway programs that customize curricula with a career goal and a practical schedule. Students can enter these program at various

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points based on their skill levels and exit at various stages with different levels of credentials. Following Washington and Wisconsin, more states are experimenting with Career Pathway programs that make college education accessible and achievable for working adults.

**Scholarship Programs** Maine has a small but successful model for providing access to higher education for Mainers with the least resources. **Parents As Scholars** funds low-income parents receiving Temporary Aid to Needy Families to attend college full time. Evidence from the program's first decade<sup>5</sup> indicates that it has lifted many Mainers—especially women—from poverty through jobs that support their families. The State should continue to support this program and make it more flexible for more people to participate and benefit from it.

**The Competitive Skills Scholarship Program** provides tuition, supplies, and child care assistance to unemployed workers, enabling them to go to school and train for high-wage jobs in Maine's growth sectors. This program received a timely boost from ARRA funding in the latest recession.

During a slow economic recovery, we need continued funding to aid unemployed workers still waiting for a chance to get in the door.

## Conclusion

Working families are the foundation of Maine's reputation for a strong work ethic, but they face tough challenges. Building a future Maine economy with good-paying jobs demands that workers have access to the educational tools they need for these jobs. There is no more effective way to reward our famed work ethic.

To achieve this goal, we need more funding to make higher education affordable to more Maine people; we need innovation and collaboration from educational institutions to make higher education a reality for working adults; and we need continued investment in public infrastructure and coordinated job development to bring quality jobs to Maine.

Mainers are not afraid of hard work. Maine's future prosperity depends upon providing workers with the support they need to secure better jobs, get better pay, and achieve a better life.

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## Endnotes

- 1 Unless noted otherwise, all the data in this article is provided by the Working Poor Families Project (WPPF). "Working Family" is defined as married-couple or single-parent family with at least one child under 18, where all family members age 15 and over have a combined work effort of 39 or more weeks in the last 12 months or all family members age 15 and over have a combined work effort of 26 or more weeks in the last 12 months and one currently unemployed parent looked for work in the previous four weeks. Family income does not include non-cash benefits. [www.workingpoorfamilies.org/indicators.html](http://www.workingpoorfamilies.org/indicators.html)
- 2 [www.thepewcenteronthestates.org](http://www.thepewcenteronthestates.org).
- 3 Robert E. Brown II and Clifford M. Ginn. "Workforce Investment in Maine's New Energy Economy." *Maine Policy Review*, Fall/Winter 2008.
- 4 Center on Education and the Workforce, Georgetown University, *Help Wanted: Projections of Jobs and Education Requirements through 2018*.
- 5 Sandra S. Butler and Luisa S. Deprez. "The Parents as Scholars Program: A Maine Success Story." *Maine Policy Review*, Summer 2008.



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