

THE NETWORKER

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In this issue:

- **Georgetown Report Illustrates the Need for a Skilled Workforce**
- **Middle-Skill Jobs Continue to be a Vital and Growing Portion of the U.S. Economy**
- **FSSA Changes Controversial SNAP Policy**
- **Stateline Reports on Debt Concerns for State Unemployment Insurance Programs**
- **CBPP Explains Property Tax Caps with Senior Advisor Iris Lav**

Georgetown report Illustrates the Need for a Skilled Workforce

In June, the Georgetown Center on Education and the Workforce issued an extensive report, *Help Wanted: Projections of Jobs and Education Requirements Through 2018*, which highlights the intense need for a skilled and educated workforce moving forward. While the report has a great deal of important national data on this subject, it also includes state-by-state analyses.

The report shows that "... by 2018, we will need 22 million new workers with college degrees— but will fall short of that number by at least 3 million postsecondary degrees... At a time when every job is precious, this shortfall will mean lost economic opportunity for millions of American workers." In addition, the country will need at least 4.7 million postsecondary certificates. According to their data, this equates to a deficit of 300,000 credentials *each* year from 2008 to 2018, nationwide.

Nationally, the number of jobs requiring postsecondary education has increased greatly. From 1973 to 2008, these jobs increased from 28 percent to 59 percent. Jobs requiring postsecondary education are expected to increase again, from 59 percent in 2008 to 63 percent in 2018. According to the state-by-state analysis, Indiana will see increases as well. From 2008 to 2018, jobs requiring a postsecondary education will increase by 79,000 jobs. In 2018, the percent of all jobs requiring postsecondary education will be 55 percent. For the many Hoosiers attempting to gain employment over the next decade, a postsecondary credential will be vital. The study shows that for this period an estimated 506,000 job vacancies in Indiana will be for workers that have a postsecondary credential.

The study also explains how postsecondary education has become the "gatekeeper" to the middle and upper classes. In 1970, only 26 percent of the middle class had a postsecondary education. By 2007 that

percent had climbed to 61 percent. This increase is also reflected in the upper class. In 1970, 44 percent of the upper class had a postsecondary education. In 2007 the figure climbed to 81 percent.

It is clear from this study that more Americans and certainly more Hoosiers must attain a postsecondary credential. Postsecondary certificates and Associate's degrees will be increasingly vital in Indiana, as this study shows that an estimated 987,000 jobs in Indiana will require a certificate or an Associate's degree. As a result of the information presented in this report, Indiana, and the nation as a whole must make educating adult workers a top priority.

For more information about the Georgetown study, visit: <http://cew.georgetown.edu/JOBS2018/>.

To read the Institute's report about educating Indiana's adult workers, visit: <http://www.incap.org/iwrfRandP.html>.

Middle-Skill Jobs Continue to be a Vital and Growing Portion of the U.S. Economy

The Institute has worked to show the need for middle-skill jobs training for several years. Ensuring that Indiana's workers are trained and prepared to compete in the workforce of tomorrow has been and continues to be a vital part of our mission. As a result, a recent article published in the *Wall Street Journal* ("Some Firms Struggle to Hire Despite High Unemployment,") published on August 9, 2010, has the Institute very concerned. The article describes a situation in which employers are unable to fill job openings because they are trying to fill either high-skill or low-skill openings. In addition, middle-skill workers are unable or unwilling to take these positions. The article goes on to state that middle skill jobs are in decline. Based on our vast research in this area, the Institute does not find these statements to be accurate.

A skills gap does in fact exist. Employers are having trouble finding the skilled workforce for which they are looking. However, there seems to be a big difference in how "middle skill jobs" are categorized. The article describes "high-skill" job openings at a machine shop; unable to fill the job opening, the machine shop created their own ten week training program and were able to fill the job openings. According to the definition that we use, this is *not* a high-skill job, but rather a middle-skill job.

Our definition of middle-skill jobs comes from the report, "America's Middle Skill Jobs: Education and Training Requirements in the Next Decade and Beyond," by Harry Holzer and Robert Lerman, (the Middle-Skill Jobs report). This report defines middle-skill jobs as those that require education and training beyond a high school diploma but less than a four-year postsecondary degree. By contrast, the *Wall Street Journal* article cites, David Autor's "Polarization Hypothesis." This hypothesis argues that the U.S. economy is an hourglass, in which high-skill and low-skill jobs are growing, while middle-skill jobs are shrinking. However, when using our definition of "middle-skill jobs," the data shows that employment in many middle-skill job categories continue to have growing demand.

Mr. Holzer, one of the authors of the Middle-Skill Jobs report, has commented on David Autor's "Polarization Hypothesis," in a recent memo, "Is the Middle of the U.S. Job Market Really Disappearing." This memo compares the report by Autor, to many of the recent papers and reports that Holzer has

written on the subject, which contrast the findings of Mr. Autor's report. He posits that perhaps the differences in the papers lie in how the jobs are defined and categorized.

As stated earlier, the Middle-Skill Jobs report defines middle skill jobs as those that require education and training beyond high school but short of a four-year degree. Holzer and Lerman also looked at wage and employment growth data for broad job categories, as well as job projections from the Bureau of Labor Statistics (BLS). By contrast, Autor put jobs into occupational categories and then using average or median wages from 1980, ranked the categories from highest to lowest skill level. He also looked at employment trends for broad categories and looked at whether jobs involved routine tasks or not.

Holzer acknowledges that when using Autor's definition of a middle-skill job, the data does show shrinkage in employment and wage growth. However, he goes on to say that, there is debate as to whether occupational wages in 1980 are the correct method for categorizing middle skill jobs. In addition, there is no firm data to suggest that middle skill jobs must involve routine tasks, as suggested by Autor's paper.

The memo goes on to give a detailed description of the various differences in running data analysis and different interpretations of those analyses between the two papers. In the end, however, Holzer reaffirms the findings of his and Lerman's paper, that there is a need for more skilled workers in the workforce and there is a growing demand for those workers in middle-skill jobs.

To read the *Wall Street Journal* article, visit:

http://online.wsj.com/article_email/SB10001424052748704895004575395491314812452-1MyQjAxMTAwMDAwODEwNDgyWj.html.

To read Harry Holzer's memo, "Is the Middle of the U.S. job Market Really Disappearing?" visit:

http://www.americanprogress.org/issues/2010/05/pdf/Holzer_memo.pdf.

To read Holzer's and Lerman's report, "America's Middle-Skill Jobs: Education and Training Requirements in the Next Decade and Beyond, visit:

http://www.urban.org/UploadedPDF/411633_forgottenjobs.pdf.

To read David Autor's paper, "The Polarization of the U.S. Labor Market," visit:

http://www.americanprogress.org/issues/2010/04/pdf/job_polarization.pdf.

FSSA Changes Controversial SNAP Policy

In July, a lawsuit was brought against the State of Indiana by the American Civil Liberties Union, because of a controversial Supplemental Nutrition Assistance Program (SNAP) benefit allocation process. The policy affected Hoosiers with developmental disabilities who need state assistance to live on their own. These adults were seeing reductions in their state supplemental aid payments if they also received SNAP benefits. Under this benefit calculation formula, when SNAP benefits increased the state grocery allowance was reduced so that the total amount of benefits for food did not exceed \$200 per month.

However, federal law explicitly bars states from counting SNAP as income or using SNAP to reduce other public benefits.

The state has since rescinded the policy that brought about the lawsuit and has vowed to ensure state aid benefit calculations are made correctly in the future. The state supplemental aid grocery allowance will remain \$200 per month, but SNAP will no longer factor into that equation. It is unclear at this time if any retroactive supplemental aid benefits would be paid. However, Gov. Daniels vowed to take a closer look at the state's SNAP practices.

SNAP is a vital resource during an economic downturn. It is extremely important that individuals and families are able to receive the benefits for which they are eligible. SNAP policy has been irregular in recent years, prompting federal sanctions earlier this year. We applaud the state for rectifying this benefit problem so quickly. However, we urge all of you who work with this population to be aware of this policy change and to ensure that your clients SNAP benefits are being calculated correctly.

To read Indiana news articles related to this story, visit:

<http://heraldbulletin.com/breakingnews/x854234688/Indiana-accused-of-cutting-aid-to-food-stamp-users>.

http://www.google.com/hostednews/ap/article/ALeqM5iMpFOJoLNpIP9_ugUUV0xnVqfkPAD9H3N4P80.

Stateline Reports on Debt Concerns for State Unemployment Insurance Programs

Stateline.org, a nonprofit, nonpartisan online news site that reports on trends and issues in state policy and politics, has published an article outlining the status of many state unemployment insurance programs, which during this recession, have been forced to borrow from the federal government in order to meet their unemployment insurance obligations.

Since the start of the current recession, 31 states have borrowed almost \$40 billion dollars from the Federal Unemployment Relief Fund. States have been enjoying a moratorium on federal interest rates thus far. However, the stimulus provision that created this moratorium will expire at the end of December 2010. Many states must find a way to repay their debt, or be prepared to pay interest rates that could be as high as 4 or 5 percent. This could cause states to have to pay millions and even billions in some cases, in interest alone. To date Indiana has borrowed \$1.7 billion from the federal government.

Many states are negotiating with stakeholders to come to a solution that will keep business taxes low, provide adequate benefits, promote solvency, and pay back debt to the federal government, a tall order to say the least. In fact, negotiations broke down in Pennsylvania, when the business community walked out over a proposed business tax hike. According to the National Association of State Workforce Agencies (NASWA), 35 states have increased business taxes to improve the situation with their unemployment insurance funds. However, even with many states desperate to repay the federal government, these decisions have not been easy. The article goes on to highlight that both Florida and Indiana increased business taxes, but then later Indiana delayed the increases for one year and Florida repealed them.

The article gives examples of how two states have maintained their unemployment insurance funds. Washington State, which has not needed to borrow from the federal government since the 1980s, as taken

the approach of filling the fund as much as possible during good times, in preparation for the bad times. As a result, Washington State, as of June, could afford to pay its current unemployment benefit obligations, for an additional 13 months. By contrast, Texas uses a “pay-as-you-go” system. Texas’s method keeps taxes low when times are good in an attempt to allow business to invest more in the state’s economy. Then when times are bad they raise taxes and cut benefits. This approach was sufficient in good times or during smaller economic bumps. However, during this recession, Texas has borrowed \$1.4 billion. There are many approaches to funding unemployment insurance and promoting solvencies, each state will have to choose the best approach for its fund and its economy. However, states only have a few more months to establish new practices for their unemployment trust funds, if they are to have any hope of paying off these debts before the interest rate moratorium expires at the end of 2010.

If you would like to read the Stateline Article, visit:

<http://www.stateline.org/live/details/story?contentId=503104>

CBPP Explains Property Tax Caps with Senior Advisor Iris Lav

As part of our continuing educational efforts regarding the upcoming property tax cap referendum this November, we’d like to share with you some information regarding property tax caps that recently appeared on the Center on Budget and Policy Priorities’ (CBPP’s) blog: “off the charts.”

Property Taxes provide most of the funding for public safety, schools, roads, libraries and other services in the majority of US communities. The discussion on the CBPP blog explains that many communities have been concerned over rising property taxes and have attempted various mechanisms to lower this burden. The blog acknowledges that supporters of property tax caps, one such mechanism to reduce property taxes, argue that these taxing restrictions can lower property taxes without depriving residents of needed services. According to CBPP Senior Advisor Iris Lav, this is not the case. “California adopted a tight property tax cap called Proposition 13 in 1978. Public services have declined dramatically since then. California’s school system formerly one of the best in the country, became one of the worst. Similarly, some Massachusetts towns have had to close libraries and senior centers, and lay off teachers, fire fighters, and police officers in order to comply with the state’s severe property tax caps.”

To see the full blog post visit: <http://www.offthechartsblog.org/q-a-with-iris-lav-on-property-taxes/>.

For more information about Property Taxes from CBPP, visit:

<http://www.cbpp.org/cms/index.cfm?fa=view&id=2522>.

For more information about Property Taxes from the Institute, visit: <http://www.incap.org/iiwfRandP.html>.

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