



The Poor We Will Always Have:



A look at the new knowledge-based economy, and its effect
on low to middle income individuals

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Dear Friends,

I am proud to present this report which represents a significant development in the customer relationships we have built over six years of administering the Volunteer Income Tax Assistance (VITA) Program in the Omaha metropolitan area.

When a customer enters one of our sites, they bring with them every document of their financial life in order to file a tax return. We realized long ago that we could do more to maximize this moment and help transform people's financial lives by empowering them to understand their finances. The customer first meets a trained and certified Site Navigator who guides them through the intake process and then builds a relationship with our customers through our survey and additional services we offer like bank accounts, credit reports, public benefit screenings, financial education and financial coaching, among many other opportunities. The relationship with the customer is reinforced by a certified Tax Advisor who will not only expertly prepare the tax return, but also encourage and advise on situations that the customer could improve by adjusting withholding, contributing to certain tax-favored savings plans, and maintaining better records.

It's not easy for people when there is too much month (and bills!) at the end of their paychecks. Most of our customers are low income, with little formal education and low financial literacy; still, they are dedicated heads of families, involved in their churches and communities and hard-working.

The economic shift which the paper details quite well has presented our customers with both new challenges and new opportunities. We believe that to close the ever-growing income gap, we must support programs that accelerate the employability of low to middle income people by documenting their skills and job readiness. We are fortunate to have both a decent political climate in which to advance these issues and numerous community job training programs that form the foundation to weather the impending shifts to come. Adjusting to the knowledge economy will not be easy for policy-makers, program directors or individual workers, but the innovative approaches and recommendations found in this paper will help to ensure the success for the neediest in our community.

We are grateful to the many customers, Coalition members, and community experts who contributed ideas to this report. There are too many to name individually, but as we say in VITA, "We did that." Thank you for being a part of us.

A handwritten signature in black ink that reads "Edward W. Leahy". The signature is written in a cursive style with a large, prominent "E" and "L".

Edward W. Leahy
Director

The job market normally shifts with the economy, but the pace of change over the last 30 years indicates an emerging pattern far different than the service-based economy that has been in operation since Ronald Reagan was President of the United States. While there will always be a diversity of jobs in this country's economy, especially in the Heartland, the better jobs that are available are requiring formally educated or highly certified employees who perform more duties and must have more skills to get the job in the first place.

Middle wage jobs are slowly disappearing. Factory jobs are moving overseas, with five million disappearing since 2000, accounting for 32% of all manufacturing jobs in the United States (Ruff, 2010). Although some of these factory jobs are slowly coming back to the United States, they have changed drastically. The field is increasingly focused on producing more with less labor. Job compensation is also decreasing. Jobs that once paid \$20 an hour are now paying significantly less (Newman & Knapp, 2011).

Many economists are calling the emerging economic shift the "knowledge economy." This model has several characteristics which are being implemented in everything from the marketplace to the public policy arena over the last several years and seem to center around the following factors:

- A marketplace demand requiring employees to demonstrate a variety of skills and document the training and education level necessary to meet the job description before an employment offer is made.
- A degree of acceptance that long-term unemployment will be a feature of the next few years of transition into the full implementation of the knowledge economy model which indicates a shift from government-driven economics to market-driven reliance on necessary public policy changes.
- An emerging battle against traditional economic protections that have been a hallmark of the labor market including, but not limited to: (1) the suppression of unionism, (2) easing of

environmental regulations, and (3) favorable tax laws to allow for large-scale business development.

- A demand for quality amenities in public spaces funded by local governments such as recreation areas (lakes, trails, and parks), sporting venues (stadiums, national affiliate competitions, and university sponsored venues), and quality restaurants, clubs, and entertainment venues.

Many of these features have already been developed in the Omaha metropolitan area over the last few years, beginning with construction of our city's convention center and continuing through to the development of three major sports and entertainment facilities in the larger community. The battle against unions can not only be seen in the recent struggles Wisconsin has endured, but here in the metro area. Many union members are currently out of work, but face a stigma because they are not out applying for jobs. As union members, they rely on the collective bargaining of the union to locate employment

opportunities. This guarantees that they will receive a fair wage and reasonable protections from unsafe work environments. With the middle class shrinking, unions are the fastest way of out of poverty.

Although this paper is only a brief examination of the variety of issues the new economy raises, it provides a peek into the increasing struggles of the middle and lower income populations that form the customer base of the Omaha Earned Income Tax Credit (EITC) Coalition.

The current restructuring of the job market greatly affects middle income families. Middle wage workers were, in fact, the most highly affected by the recent recession and its after effects. Job losses

"[I] am part of the electrician's union, so I did not interview anywhere [in 2010], I just call the union hall daily to check for any new jobs."

-Omaha EITC Coalition Focus
Group Participant

during the recession were mainly middle wage jobs, and subsequent job growth was mainly concentrated in low-wage jobs (Damme, 2011). So not only did the middle class lose their jobs more than any other group during the recession, but when the recession eased, the available jobs were at a significantly lower wage, putting families in an unfortunate position of choosing whether or not to have income or to wait for a better opportunity to present itself. Many individuals do not have the luxury of that choice as they have a family to support. They also lack the experience of navigating other support systems to relieve the economic stress placed on their families when traditional benefits like their unemployment compensation end.

The impact on lower-wage workers, immigrants and refugees has also been significant. Many of the available jobs require more stringent compliance with immigration laws, such as E-verify, that have excluded some workers. Increasingly, applicants are being required to be more flexible in the hours offered and the job duties expected. Many conventional low-wage positions remain unfilled or have witnessed a greater transition of workers in a shorter time frame than previously experienced.

Job training outside of the formal education venue is not only essential, but must reflect some of the priorities of the knowledge economy to give middle to low wage earners the best opportunities to succeed. While some are comfortable repeating the Scriptural phrase, *“The poor you will always have;”* we are not. Instead, this paper will demonstrate that as jobs begin demanding more skills, closing the resulting economic gap will increasingly require employees to provide documentation of quality multi-skills.

Dilemmas Presented by Unemployment

Unemployment has been a continuous problem for the United States since the beginning of the recent recession. The

“I have an engineering degree but one of the many barriers I face is that I recently graduated into a suffering economy. I’m not saying it’s impossible, but it’s definitely much harder to get a job right after you graduate.”

-Omaha EITC Coalition Focus

Group participant

unemployment rate has remained alarmingly elevated for a significant amount of time. Historically, the average rate of unemployment has been 5.5% (Associated Press, 2010). As of September 2011 it was 9.1%, and has remained above 8.0% since February 2009 (U.S. Department of Labor, 2011). It is considered common for a country to endure a period of high unemployment after a recession, but 27 months is extensive. Normally, after the start of a recession, unemployment peaks at an average of 15 months, or about 4 months, after the recession ends (Tasci, 2011). This uncharacteristically long period has impacted many individuals and families whose benefits have long since expired. Omaha EITC Coalition customers have experienced the challenge first hand. One customer, who will be referred to as Leslie for the sake of privacy, has been unemployed for three years. At the time of our interview, her unemployment compensation had long since expired, and she has been left without any income for over a year. Leslie and her mother are currently managing through her mother's retirement and the selling of cherished heirlooms.

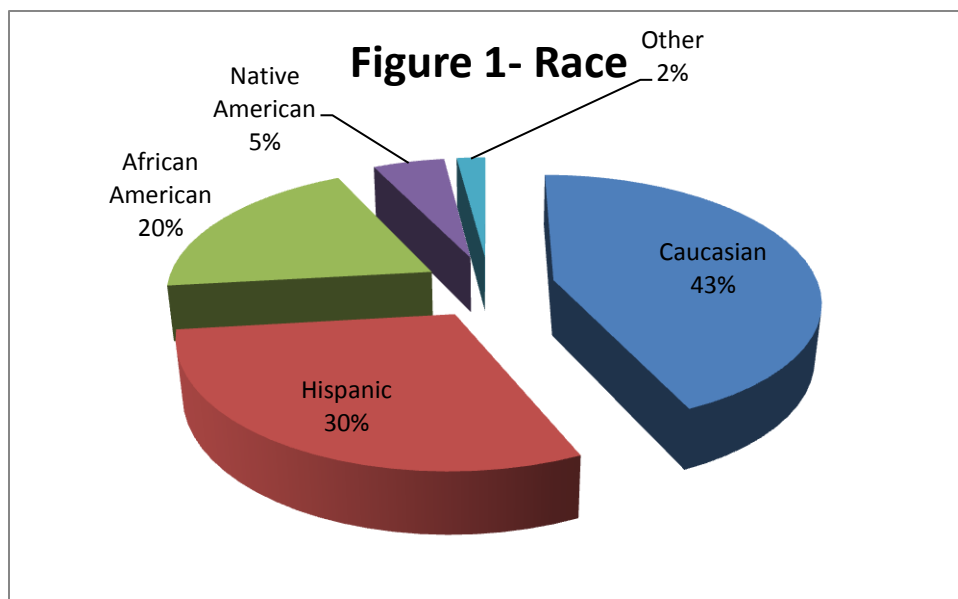
Some say that the reality is even worse than it looks. Unemployment rates do not include individuals who have dropped out of the job market. As of August 2011, an estimated 6.6 million people wanted to work but left the job force, the highest in 17 years (Isidore, 2011). For the first time in decades the unemployed are more likely to drop out of the job force than to get a job ("The ravages of," 2011). This trend is predicted to continue. Experts predict employment will not reach its average rate again until at least 2018 (Associated Press, 2010).

Long-term unemployment, defined as being out of work for six months or more, has been an increasing problem in this post recession economy. Federal Reserve Chairman, Ben Bernanke, recently called it a "national crisis." Of those currently unemployed, 45% of have been out of work for at least six months (Crutsinger, 2011). The majority of this 45% have been out of work for over a year. This is beyond compare to any post-war period ("The ravages of," 2011).

A survey of customers at the Omaha EITC Coalition during tax season 2011 that covered a variety of topics including: race, ethnicity and types of health care coverage discovered an alarming 9% of the customer base of over 5,000 individuals have experienced long-term unemployment.

The longer an individual is out of a job the harder it becomes to get another. People who are out of work for fewer than five weeks are three times more likely to find a job than those who have been unemployed for over a year (The New York Times, 2010). These long-term unemployed suffer from the stigma of a deterioration of skills, so much so in fact, that President Obama recently banned the practice of discriminating against the long-term unemployed ("The ravages of," 2011).

The EITC Coalition's long-term unemployed customers come from a variety of different backgrounds, as shown through further information gathered by the EITC Customer Survey in Figure 1.



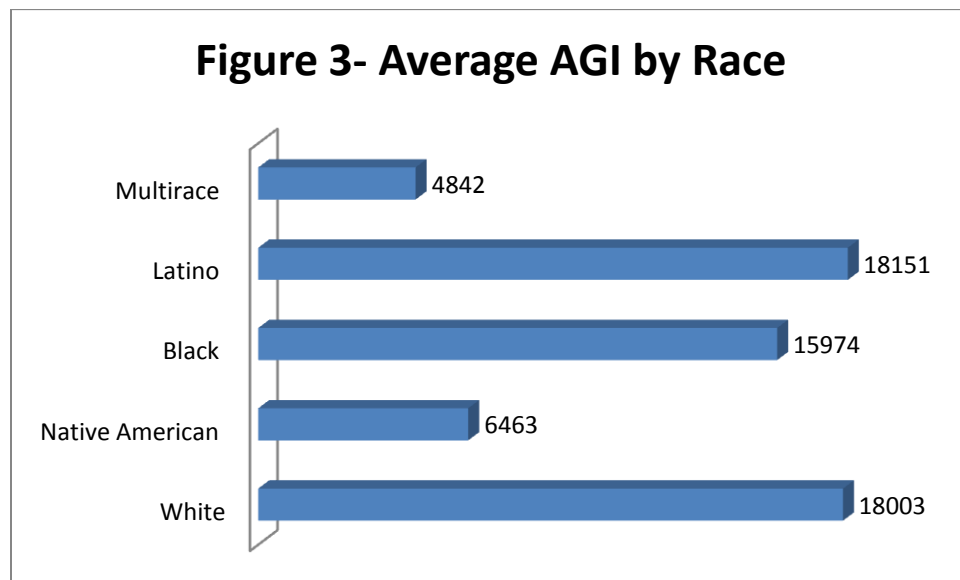
As Figure 1 illustrates, 57% of EITC customers who are long-term unemployed are minorities. This minority status can unfortunately affect their income, according to the U.S. Bureau of Labor Statistics

"When I apply [for a job] they look at me and think, 'Why have you been out of work so long?' I think it puts a flag by my name"

-Leslie, EITC Customer

2010 fourth quarter report. This report shows that the median weekly earnings of full time White workers is \$850, however, African Americans make a median of \$633, Asians \$936, and Latinos \$560. Women also make an average of \$669 to a man's \$824 ("Highlights of women's," 2011). As these statistics indicate, although people of all races are long-term unemployed the minorities are likely to have had a smaller income, resulting in less ability to save for hard times such as their unemployment.

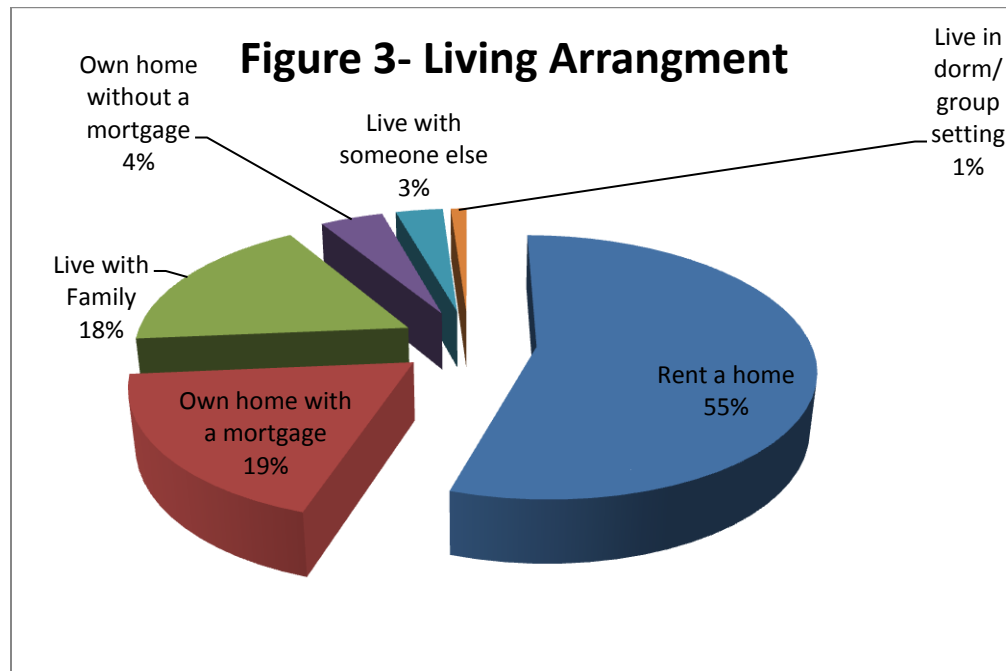
The Omaha EITC Coalition customer survey shows similar results. The average Adjusted Growth Income (AGI) of EITC customers is \$20,805, while the average of those suffering from long-term unemployment is \$16,279. This shows that initially those going through long-term unemployment have already lost an average of \$4,000. If their income is further broken down by race a greater discrepancy appears.



While individuals across the board are suffering from long-term unemployment, the effects are not equal. Minorities experience an even greater loss of wages, as Figure 2 and the U.S. Department of Labor Statistics Fourth Quarter Report demonstrate.

Many of those suffering from long-term unemployment also suffer from a loss of asset opportunities to better their future. Figure 3 shows that only 23% of EITC's customers suffering from long-term unemployment own their own home compared to 28% of all EITC customers in 2010.

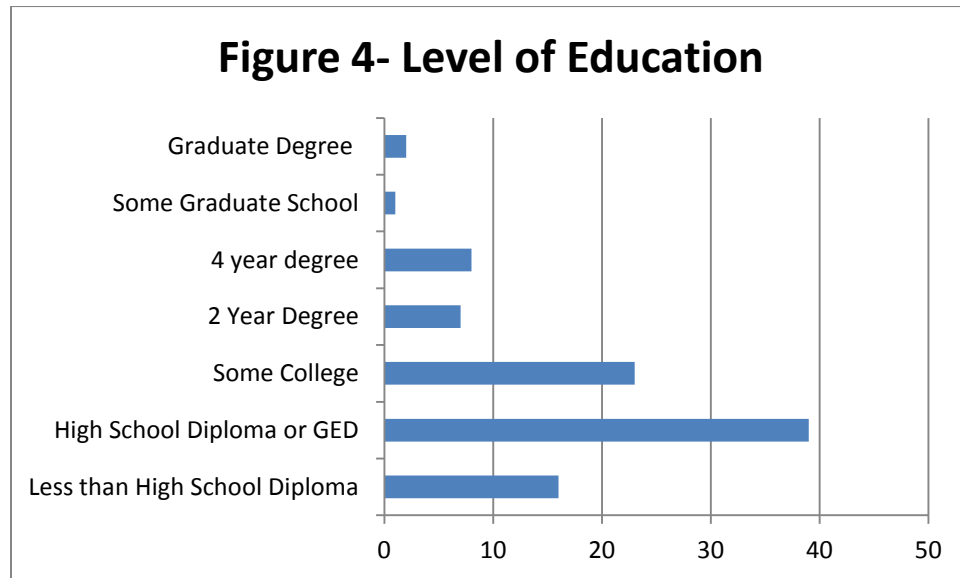
Although this is a small percentage the resulting loss of assets is substantial. The percentage of those who do own their own home is likely to further decrease among this population over time.



While suffering from long-term unemployment, home owners are likely to face foreclosure due to late mortgage payments and inability to pay property taxes. If they are able to make mortgage payments, they likely will be unable to save any significant amount for inevitable house repairs and upkeep. This may lead to using other investments to maintain the household such as making early withdrawals from retirement plans, pensions, and stocks. Our customer, Leslie, has experienced this. When she lost her job, she was forced to move in with her mother to save money. Quickly she depleted all of her savings, and was forced to cash out her retirement. Her mother was put in the position to take out a mortgage on her house, which had been previously paid off, to pay bills. They are currently facing foreclosure due to several missed payments. After three years of unemployment, Leslie says that she now owns next to nothing. Leslie's story is an example of how quickly long-term unemployment can deplete one's resources. This situation may not happen to each long-term unemployed homeowner, but is meant as an illustration of how quickly one may deplete his/her assets due to long-term unemployment.

The Knowledge Gap

The middle and low wage workers are disproportionately apparent among the long-term unemployed (Pew Social Trends Staff, 2010). This group is defined as workers with a high school diploma or less. This can be easily illustrated by looking at the education levels of EITC customers suffering from long-term unemployment shown in figure 5.



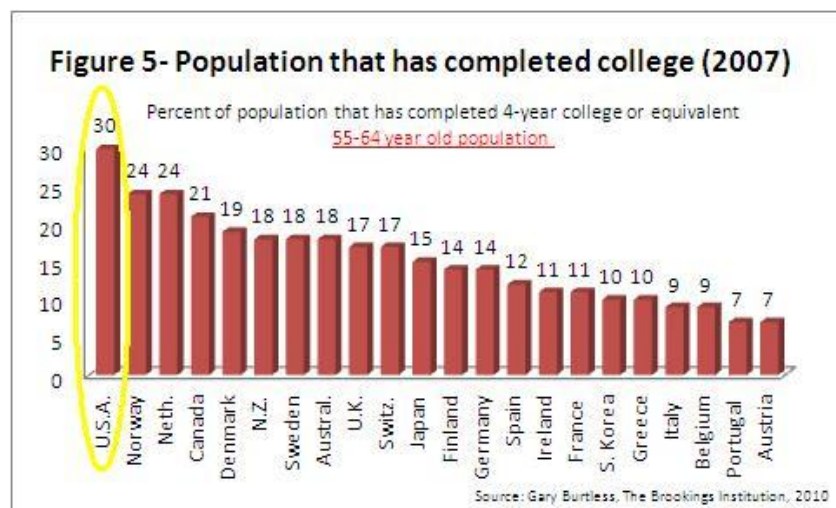
As months and even years go by with the middle and lower income individuals still suffering from unemployment and underemployment, the poverty rate continues to grow. One in six Americans is currently living in poverty. This is a record of 46.2 million people, the highest of any industrialized nation (Crary, 2011). One explanation for this is the increasing knowledge gap that has been occurring over the last 30 years. Jobs increasingly require more skills, and want employees to have degrees or certifications. In the past, individuals were able to make a decent wage with a high school diploma and no post secondary education; this is simply not the case anymore.

In 2010, the average wage of an employed high school graduate was \$14 dollars an hour, while the average college graduate made \$26 (Osterman, 2011). The impact of education in this day and age is vast. The unemployment rate of individuals based on their education is very telling. In October 2011, the unemployment rate for those without a high school diploma was 14.9 while those with a Bachelor's

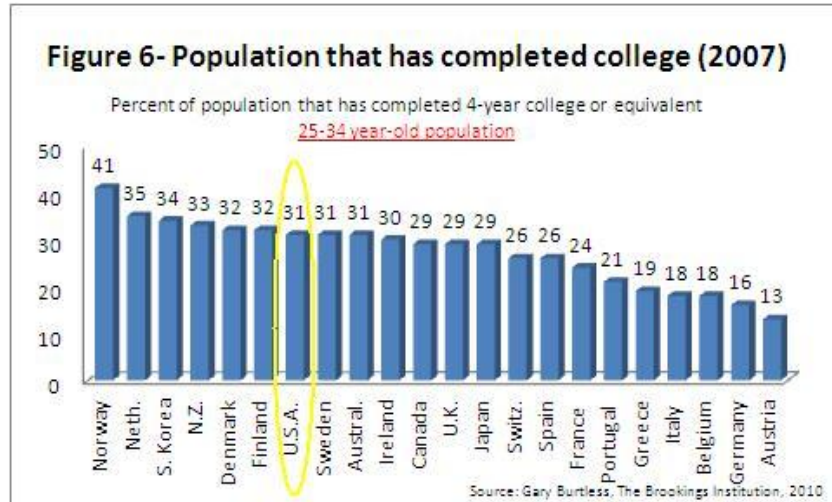
degree have an unemployment rate of 4.7 (Bureau of Labor Statistics, 2010). These statistics demonstrate the importance of education. The more education an individual has the less likely they are to suffer from unemployment. The income level of those with post-secondary education is also higher, which gives individuals the ability to save for unexpected hardships, such as unemployment. Individuals with post-secondary education, therefore, are not only less likely to suffer from long-term unemployment, but if they do, they are more likely to have savings available to support them through periods of decreased income.

Formal education is not the the only available avenue to better one's financial situation and decrease the likelihood of long-term unemployment. Certifications, apprenticeships, and Associates Degrees are becoming increasingly beneficial as well.

On a global scale, the United States is lagging behind in the number of college-educated workers in the job market. Figure 5 is a look at the percent of the population who have completed 4 year college degrees or equivalent among the 55-64 year-old population.



Among this age range the U.S. has the highest percentage of 4 year graduates among these 22 countries by a significant percentage. When looking at the younger generations this picture quickly changes.



Between these two generations the United States has fallen behind 6 countries. It is important to note that the U.S. percentage of those with degrees did not decrease; other countries have just increased at a more accelerated rate. It is evident that countries around the world are becoming aware that there is a higher need for college educated individuals, and are making changes to reflect this, while the U.S. has remained relatively stagnant.

Nebraska's job market is following this national trend. Currently only 36.5% of Nebraska residents have an associate's degree or higher. By 2018, two-thirds of jobs will require an education beyond a high school diploma (Ruff, 2010). This means that, currently, Nebraska only has half of the individuals with a sufficient education needed.

While the Nebraska economy has been spared the worst of the recession due to a great diversity of jobs in the agricultural, industrial, and technology fields, and while Nebraska will continue to have these diverse jobs, it has not been immune to the stresses of the economic conversion to the knowledge economy. In Nebraska, small business is big business, with over 83% of our workforce involved in micro-enterprises and entrepreneurial ventures ("Nebraska Enterprise Fund," 2011).

The Role of Public Policy

The new economic model known as the knowledge economy has garnered some support in the public policy sector as cities and states struggle to attract the best jobs to a local area. While much of

the change witnessed in the Omaha metro area has been innocently pursued to create a modern, energized city center and numerous attractions throughout the metro area, some of these battles have been more destructive in other cities and states. As Omaha dealt with runaway public employee pensions, the state legislature has faced a number of bills to weaken union membership even beyond the public employee sector. The Omaha metro area, in the last 10 years, has constructed a convention center and hotel (city owned and taxpayer funded), three stadiums (owned by cities in the area and taxpayer funded), an arena/convention center in Council Bluffs, Iowa, and several neighborhood revitalization projects in downtown, midtown, north and south Omaha with varying degrees of private-public partnerships.

Elected officials are more than the sideline cheerleaders of the recent past to attract new business and maintain an educated workforce; they are often the frontline direct negotiators. While this shift may seem appropriate to the office, it does commit taxpayers to footing the bill for massive projects that will take years to retire the debt. Many times, a new organization to represent the taxpayers, but without public oversight, develops to administer the projects. In Omaha, this is the Metropolitan Entertainment & Convention Authority (MECA). The ones who benefit the most are its officers and directors, not the taxpayers funding the amenity.

Labor laws and conventional commissions to deal with grievances have also faced new proposals to weaken their authority. Beginning in Wisconsin in the summer of 2010 and continuing in several states since, battles between governors and legislatures, between elected officials and union officials, and between employers and all of the above have left many communities riling from the hostilities.

Again, Nebraska and Omaha, in particular, not only survived these battles, but in many ways demonstrated a more rational approach to their resolution. Many can debate the various sides of these public issues, which is not our intention here, but the presence of the battles and the initiative to create

a meaningful space of amenities for the workers (and jobs) that are envisioned in the knowledge economy will direct public policy dialogue for the next decade.

To avoid greater casualties among the low to middle class workers, the Omaha EITC Coalition advocates for a robust examination of and public support for new programs designed to increase employability that will equip the long-term unemployed, newcomer and minority communities to benefit from the new economy as well. While creating place is part of public policy, local communities and governments ought to invest more in small businesses and self employment. This investment would be of extreme benefit to Nebraska's job market, as small businesses with fewer than 5 employees create 95% of new jobs in Nebraska (Omaha Directory of, 2005).

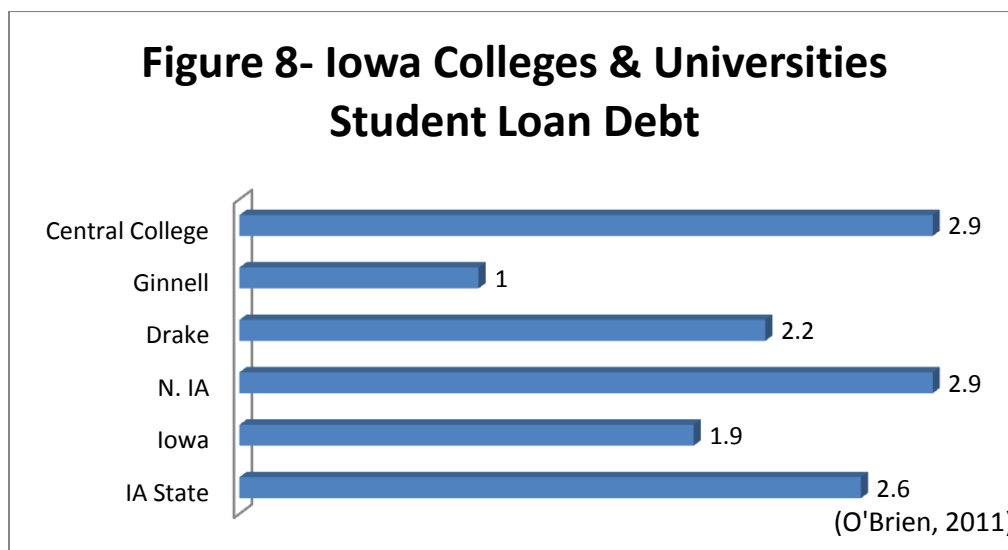
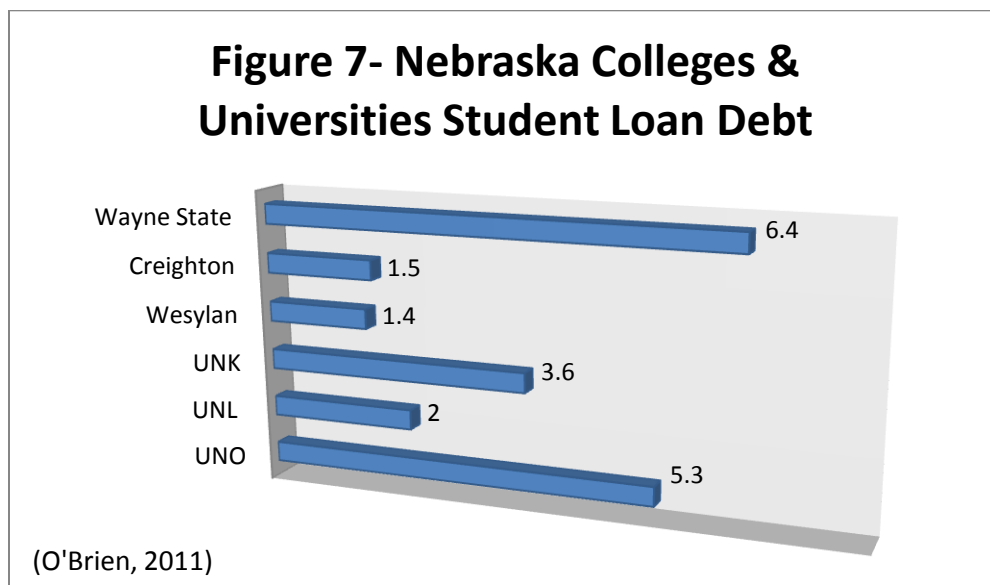
Innovative Responses to the Knowledge Economy

The solution to the increasing skills gap is job training that fits the emerging model of the knowledge economy. As mentioned this training should include apprenticeships, certifications, and incentives to complete formal post-secondary education to equip workers for the evolving marketplace. Technical jobs that once provided a decent wage for workers currently are now closer to minimum wage. The production of goods can still, however, be profitable. Other industrialized countries have shown that it can still provide workers with a middle wage job. Germany is an example of one of these countries. Germany has invested in technical education and apprenticeships, in particular, to increase workers' job skills. They provide vocational high schools like aviation, technology, or automotive (Newman & Knapp, 2011). Germany's investments in these trainings have proven beneficial, providing citizens with the tools to raise themselves to a higher wage.

One way that the U.S. could improve its approach is by reevaluating the high price of formal education. The technical colleges that America does have offer a decent training but leave graduates with an immense amount of debt. These "for-profit schools" account for nearly half of all federal student loan defaults despite the schools having only 10% of higher education students. An

investigation also shows that nearly one-fourth of students at a for-profit college will default on their loans within three years of leaving school, most of which without a degree (Cauchon, 2011). Nationally, the default rate on student loans in 2009 was 8.8%.

Nebraska is not immune from this. In 2009, the default rate for student loans in Nebraska was 5.6%, although lower than the national average it is quite a jump from 3.9% in 2007. In Iowa, the default rate is 11.5% (O'Brien, 2011). Figures 7 and 8 illustrate the default rate for several major post-secondary education institutions in Nebraska and Iowa.



The total national student debt has now passed \$1 trillion, surpassing credit card debt, and just behind mortgage debt (O'Brien, 2011). If these technical colleges are made more affordable, Americans will greatly benefit, and those who invest in their training will not be punished with a life time of debt.

For the past two years, the Omaha EITC Coalition has collaborated with civic organizations providing assistance to families needing to apply for financial aid for advanced studies. The Avenue Scholars program of the Bright Futures Foundation and the TRIO program at Creighton University housed in the Educational Opportunity Center have hosted mobile tax preparation sites and Free Application for Federal Student Aid (FAFSA) events to steer families into responsible programs of studies with scholarships and federal grants to limit the amount of debt incurred. Each mobile site also provided the full range of services at our Neighborhood Financial Stability Centers including credit reports, bank accounts, debit cards and financial education opportunities.

More events of this type must accompany not only graduating high schools seniors into their college career, but also adult learners looking to retool for today's job market.

It is essential that a variety of programs around the country integrate assisting the long-term unemployed into their mission during this hard economic time. One venue that could have a lasting effect on the long-term unemployed if these changes were incorporated into their mission are community colleges. These colleges already have access to many unemployed and low-income individuals, but unfortunately rarely address the work supports many students need. One exception to this is Central New Mexico Community College (CNM) in Albuquerque. The college has opened the Center for Working Families (CWF). This center offers a variety of services to adults looking to better prepare themselves for college level courses. The CWF offers programs to assist students with employment, education, work supports, and financial services. The CWF recently expanded their services to provide personal "achievement coaches" to provide one-on-one attention to students. As of 2009, 890 students had received CWF services (Quinterno, 2011). CNM not only shows us what

community colleges can do to assist their students, but also shows that there is a need for these services and that students want to be a part of them.

Community colleges in Omaha also provide a needed service to our community through job training. Omaha Metropolitan Community College offers an affordable training in many industrial fields. One such program is the Utility Line Technician Program. This program trains students to work in a utility line. Classes cover topics such as pole climbing, underground distribution systems, and overhead distribution systems. Classes are offered in a traditional option or “hybrid.” Traditional classes meet throughout the week while hybrid classes are done online at the student’s leisure only meeting on Saturdays to practice hands-on skills. The program lasts 1 year and has a 90% hire rate. Students say that this program is becoming necessary in the field. Most contractors require these associates programs before hiring an apprentice now (“Plumbing apprenticeship programs,” 2004).

Community colleges are not the only venue that can provide training for the long-term unemployed to become better prepared for the job market. Organizations of all sorts should highly consider integrating “bridge programs.” Bridge programs are initiatives that seek to help adult learners gain basic skills and improve their English so that they can be more successful in the job market. The programs’ goal is to prepare adults for ventures in higher education (Bolz, 2011). Pathways Out of Poverty in Lincoln, Nebraska offers a local example of these bridge programs. The Center for People and Need (a non-profit organization seeking to assist low-income individuals become economically self-sufficient) has partnered with Southeast Community College to create the Pathways out of Poverty Green Jobs Program (Bolz, 2011). The program is designed to educate and train low-income and low-skilled individuals in the rapidly growing “green” construction industry. Students take eight construction courses to build the core knowledge required in this field. Upon completion of these courses, students may choose to seek an entry-level position or continue in the program, participating in more advance training such as apprenticeships. The Pathways Out of Poverty Green Jobs Program works with a variety

of employers seeking employees with these skills (Bolz, 2011). The program is still in its beginning stages, so its effects on the low-income participants cannot be yet realized, but the model is promising and can offer an example of how these bridge programs can be designed to help individuals in rough economic times.

Goodwill's *Customer Connect* program is another program offered in Omaha to increase individuals' employability. The *Customer Connect* program provides formal and non-formal training to those seeking a job in the customer service field in connection with Metropolitan Community College (MCC). The program trains students to work in call centers of insurance and banking businesses. It provides classes with a focus on customer service and life skills. After the completion of these classes, students receive a Customer Service Diploma and will receive college credit for classes at MCC. After graduation Goodwill's *Customer Connect* program assists students in acquiring a job in the customer service field ("Goodwill: Customer Connect," 2010).

Integrating the changes necessary to participate in the knowledge economy can be incorporated at a younger age as well. The Council Bluffs public school system has recently integrated a innovative new grading system to do just that. The school district will begin grading middle and high school students not only on the traditional class grade of A through F, but also on employability. Students will be provided two grades for each course they participate in. First, the traditional grade, and second, an employability grade of 0-4. This grade will illustrate whether or not the students are demonstrating important 21st Century skills in each classroom which may help or hinder his/her performance in the workplace, according the the district website ("Council bluffs community," 2012). The score will be based on four attributes:

1. Participation
2. Work completion
3. Behavior

4. Working with others

Students who receive a 4 have demonstrated that he/she has mastered the skill, while those receiving a 0 have not met the minimum requirements of the skills area. Although the employability grades will not be integrated into the student's overall Grade Point Average (GPA) it will provide important feedback to students and parents on the student's ability to demonstrate the skills today's workforce requires ("Council bluffs community," 2012).

Integrating Financial Literacy & Employability

These fine programs and others like them in the community offer training that is greatly needed in our community as well as nationally. One aspect that is missing from these programs, however, is financial education. This is an important factor that should be included in any program designed to increase one's employability. Studies have shown that improved financial literacy effectively helps individuals move closer to their goals. Financial literacy has been shown to help raise individuals out of poverty. In the workplace, financial literacy can also mean lower incidents of garnishments, loans from 401ks and other employer-frustrating issues caused by uninformed workers (Edmiston, Gillett-Fisher, & McGrath, 2009). Unfortunately, although financial literacy is becoming more available, those who need it the most are the least likely to receive it. In the United States 43% of adults at the lowest level of financial literacy live in poverty, compared to only 4% of those at the highest level of financial literacy. Additionally, 20% of families earning \$50,000 a year spend nearly half of their income on debt payments ("Facts on financial," 2011). It is essential that agencies acknowledge the necessity of financial education and integrate it into all ventures related to increasing individuals' employability.

Another topic that programs meant to increase one's employability should integrate into their curriculum is technological education. This should not only include training on how to navigate a computer including typing skills, and software training but education about protection of personal

information. This should include protection of personal information from hackers as well as potential employers. It is becoming increasingly common for potential employers to scan social networking sites such as Facebook. It is important for students to be aware of this and not share pictures or other media that may be detrimental to their job search. It is also important for students to be aware of the potential of their personal information being exposed online. Students should know to not share banking account information, or social security numbers on questionable sites. This could lead to identity theft which could potentially hurt an individual's finances as well as their credit score. There are numerous resources available, including the IRS website, which offer tips for how to avoid identity theft. To protect themselves from identity theft, students should be made aware of the importance of checking their credit reports. Employers are starting to check these credit scores as well, so being aware of the information provided is essential.

Several other important steps need to be taken to better help individuals prepare for the job market. Job training agencies should explore options for accreditation of their programs, as to provide students with certificates to put on their resume. Reducing other barriers will also be necessary, such as E-verify and the variety of obstacles felons face. Cross-training between programs would also be beneficial. This cross-training can come in many forms. It would be beneficial for programs to expand curriculum to focus on more than one skill, and integrate a more comprehensive job training, that covers a variety of skills to help increase employability. Cross-training can also happen between job training programs and public benefit programs, to provide income to participants during the job training period. This will provide an incentive to participate and in turn increase members' employability.

The 2009 American Recovery and Reinvestment Act (ARRA) temporarily provided an example of an effective cross-training program. The act distributed funding to states from the Temporary Assistance to Needy Families (TANF) to assist those negatively affected by the troubled economy. Many states used the TANF funding to create subsidized job opportunities. These programs worked primarily

with private-sector jobs to create new temporary positions within the company. Participants were paid an hourly wage from TANF. This program expired on September 30, 2010. Due to the loss of ARRA funding many of these programs has since expired, or have significantly scaled back. While it was in effect, this program had several positive outcomes for both the participants and the businesses who participated. Many employers noted that the experience was an overall success and they would be willing to participate in future, similar programs. Participants were eager to obtain a paying job, to not only increase their income temporarily but also gain experience. Many participants noted an increase in self-esteem due to employment (Pavetti, Schott & Lower-Basch, 2011). This program provides an example of the benefits of cross-training to the long-term unemployed. Many more programs such as this will be necessary to assist the long-term unemployed prepare for the job market.

Recommendations

The Omaha EITC Coalition feels that as the United States transitions in this new knowledge economy, it is essential for employment programs, policy-makers and individuals, who will need to not only increase their skills, but also provide documentation of these skills through apprenticeships, certifications, and degrees, to focus on increasing an individual's employability.

Program Suggestions

Programs will need to integrate change to augment and ensure their participants employability. Programs should also integrate core financial education curriculum of budgeting, credit use, savings, taxes, and job-related finances such as participating in retirement programs into their traditional job training programs.

Un- and underemployed people will need to enhance their computer skills to meet the needs of the emerging economy. Basic skills like navigating email and internet sites, saving documents and filing them in folders, and fundamental software navigation in Microsoft and/or Macintosh systems would go a long way in helping people meet baseline skills in today's marketplace

Cross-training opportunities integrate diverse workplace skills and may require greater collaboration among programs than conventionally focusing on one set of skills for a particular employment field. Part of the certification for successful completion of a program could involve two or more agencies teaching specialty sections of a broader curriculum.

While a formal degree may not be necessary to get a good job, we strongly encourage programs to seek independent accreditation of their programming to give participants documentation of their skills.

Policy Suggestions

However, in order for programs to be successful, there must be support from policy-makers. When government at all levels collaborates with constituents and develops best practices in the field, the potential for resolution of problems greatly increases. The Coalition feels the following policy changes are necessary to support individuals affected by the new economy:

- Extending unemployment benefits for those experiencing long-term unemployment
- Support the creation of and funding for a variety of Bridge Programs in Nebraska
- Expansion of the Nebraska Earned Income Credit from 10% of the federal credit to 15% of the federal credit
- Increased support for the Nebraska Enterprise Fund and similar programs to spur entrepreneurship and innovation of job creation in Nebraska
- Expansion of asset limits in public benefits programs to allow for more educational opportunities for recipients and support during job training

Conclusion

The changing economy offers many new challenges. Low to middle income individuals need assistance to learn how to navigate these changes. Many programs already in place offer a good start but changes are necessary to effectively help our community during this time. The Omaha EITC

Coalition is doing its part through individual financial coaching, computer skill courses, and Spanish courses. The coalition hopes to partner with other agencies in the future to increase the number of customers served, and possible expand these services. If the suggestions outlines in this report were considered it would greatly assist those in need become more successful. Yes, the poor we may always have, but the increasing amount of people struggling to make ends meet is unacceptable. An overhaul of the job training process and education about the new necessity of documentation of multi-skills is essential to help families raise themselves out of poverty and become more financially independent.

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