

The State of Working Maryland

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Executive Summary

At the end of 2007, the weak, national economic expansion that began in 2001 sputtered to a halt. Nationally, the 2001-2007 expansion did not bring significant increases in wages after adjusting for inflation. Poverty nationwide has increased over the last seven years, and the number of people without health insurance has increased, both nationally and in Maryland.

Compared with national averages, Maryland has high incomes and low poverty rates. However, when viewed on its own and through time, the state's economy has failed to produce much positive change for working families in the past seven years, and deterioration in some measures.

- The median wage in Maryland in 2007 grew by 2.5% over 2006. At \$18.25 it is only 4.4% above the 1999 level, adjusted for inflation.
- Maryland now enjoys the highest median household income among the 50 states, at \$68,080. The increase seems to have been driven mostly by income growth among affluent and upper-middle class Marylanders, not middle-class and blue-collar workers. Moreover, Maryland's high median family income masks great disparities among Maryland's localities. Maryland includes two of the nation's wealthiest 10 jurisdictions over 250,000 population (Montgomery and Howard Counties), while Baltimore City has the eighth lowest median income of any jurisdiction over 250,000 population.
- The gap between high- and low-earning workers in Maryland remains persistently high, mirroring national trends.
- Unemployment rates in Maryland remained at historically low levels in 2007. But in 2008 both the unemployment rate and the number of unemployed has increased markedly. The preliminary unemployment rate for July, 2008 is 4.4%, the highest level since August 2004.
- 454,000 Marylanders have incomes under the federal poverty level (e.g. under \$21,027 for a family of four with two children). This is 8.3% of Marylanders, a statistically insignificant increase over 2006's state poverty rate of 7.8%. Maryland's poverty rate is essentially unchanged since 2001.
- Since 2001, 251,000 fewer Marylanders have health coverage. 762,000 Marylanders -- or 14% of the population -- lack health insurance. In 2008, Maryland has expanded

health coverage to an estimated 31,000 previously uninsured and intends to cover another 70,000 in the near future. This expansion will mitigate somewhat the increase in uninsured residents, but the effects are not yet reflected in the census data.

- In the second quarter of 2008, mortgage foreclosures were 130% above the previous year. In addition to the foreclosures, the housing crisis is making housing more expensive for owners and renters alike, and putting home ownership out of reach for many families.
- Union membership as a percentage of workers continues its long-term decline.

In sum, in the period 2001-2007, strong productivity growth produced robust overall economic growth in Maryland, but the fruits of this expansion did not trickle down to most Marylanders. Instead, the evidence strongly suggests that most of those fruits went to top and upper-middle earners, whose income growth was so strong that it hoisted Maryland's median family income to the highest in the country.

Since 2006, Maryland policymakers have taken first steps to direct more of the benefits of economic growth to middle- and low-income wage earners. But lawmakers need to do more. In the Conclusion of this report, they can find specific policy recommendations that reward work, build the middle class, and create more opportunity for upward social mobility.