

The State of Working Maryland

2009

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The Progressive Maryland Education Fund
The Maryland Budget and Tax Policy Institute



The Maryland Budget and Tax Policy Institute provides independent, nonpartisan research and analysis of state budget and tax policy priorities. Our particular focus is how policy decisions affect low- and moderate-income families, vulnerable populations, and the important community programs that serve them.

In addition to producing accurate, timely, and accessible research, staff provide briefings on budget and tax policy issues around the state for nonprofit sector advocates and staff members and other entities. The Institute is a project of the [Maryland Association of Nonprofit Organizations](#), or "Maryland Nonprofits."

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The Progressive Maryland Education Fund (PMEF) is a nonprofit organization that researches and reports on public policy issues of concern to working families, engages in non-partisan leadership training focusing on developing young, low-income and of-color leaders, and performs non-partisan voter registration of historically disenfranchised minorities.

Executive Summary

The findings of this year's *State of Working Maryland* mark a sharp departure from findings in prior years. In the past few years, we found that the overall living standard of blue- and pink-collar Marylanders was stagnating. But this year, as a result of the worst recession since the early 1980s and perhaps since the Great Depression, we find that their overall economic living standard has actually deteriorated.

This year's edition also echoes some of the findings of prior years. Above all, compared with national averages, Maryland has high median family income and a low poverty rate. Nevertheless, the state's economy has failed to produce much positive change for working families over the past several years. Indeed, the statistics below show deterioration in some measures – and, despite its affluence, Maryland actually scores worse than national averages in some key areas. Clearly, not nearly enough of our state's high median family income is trickling down to blue- and pink-collar Marylanders.

Here are the major specific findings of this year's *State of Working Maryland*:

- The national **productivity rate** continued its long-term upward climb in 2008, though the factor driving it was less technological innovation and more a recession-induced shrinkage in hours worked.
- But **income** statistics reveal that not enough of rising productivity is trickling down into the hands of wage-earners. Maryland continues to rank number one among the states in real median family income at \$70,600. But that figure remained stagnant in Maryland from 2007 to 2008 -- the first time since the early 1980s when it failed to climb – and there are wide variations among Maryland's localities. Moreover, and of central importance, the more narrow metric of “real hourly wages” (the main form of compensation of the blue- and pink-collar workers who make up “Working Maryland”) actually *declined* during that time period, indicating that the recession is hurting manual and non-supervisory workers in Maryland much more than white-collar, salaried employees. For a number of years, inflation-adjusted wages have contracted as the productivity rate has grown, calling into question the long-held tenet of the economics profession that growing productivity guarantees a broadly shared improvement in living standards.
- Further eating into family income has been a recession-induced, skyrocketing **unemployment rate** in Maryland that jumped sharply up to 7.2% by September 2009, a rate albeit significantly lower than the national rate of 10.2%.
- Maryland's relatively high **credit card debt rate** seems to indicate that many residents might be taking on too much debt in order to offset declining wages.
- Maryland's **poverty rate** of 8.1 percent remained essentially unchanged between 2007 and 2008. The Maryland rate is significantly lower than the national average of

13.2 percent, which likewise remained essentially unchanged during this period. As with income and unemployment, the poverty rate varied widely within Maryland by jurisdiction and the 2009 figures – which will reflect the full brunt of the recession – are expected to be worse.

- Despite being the richest state in the nation, Maryland scores below average on the most important **health** statistics, such as low birth-weight, infant mortality, and death rate. But these tragic and embarrassing numbers might improve in the future thanks to a Medicaid expansion passed by the General Assembly in 2007, which moved up Maryland's health care coverage ranking from a dismal 44th among states to a still unacceptable 21st.
- Low-income renters pay 45% of their income for **housing**, which far exceeds the maximum economists recommend a family should pay. And Maryland suffers from a relatively high home foreclosure rate, which recent state-level (but not federal) policies have succeeded in at least stabilizing.
- Pricey Maryland also imposes high **energy** and **child care** costs on working families, both of which are eating into shrinking wages.

For the full report, go to www.Pmef.org At the end of the full report, the authors make policy recommendations to improve the statistics above and create more economic opportunity for Maryland's working families.

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