

# ALICE<sup>®</sup>

ASSET LIMITED, INCOME CONSTRAINED, EMPLOYED



## MARYLAND

ALABAMA, ALASKA, ARIZONA, ARKANSAS, CALIFORNIA, COLORADO, **CONNECTICUT**, DELAWARE, **FLORIDA**, GEORGIA, HAWAII, **IDAHO**, ILLINOIS, **INDIANA**, **IOWA**, KANSAS, KENTUCKY, **LOUISIANA**, MAINE, **MARYLAND**, MASSACHUSETTS, **MICHIGAN**, MINNESOTA, MISSISSIPPI, MISSOURI, MONTANA, NEBRASKA, NEVADA, NEW HAMPSHIRE, **NEW JERSEY**, NEW MEXICO, **NEW YORK**, NORTH CAROLINA, NORTH DAKOTA, **OHIO**, OKLAHOMA, **OREGON**, PENNSYLVANIA, RHODE ISLAND, SOUTH CAROLINA, SOUTH DAKOTA, TENNESSEE, TEXAS, UTAH, VERMONT, **VIRGINIA**, **WASHINGTON**, WEST VIRGINIA, **WISCONSIN**, WYOMING



Fall 2016

## STUDY OF FINANCIAL HARDSHIP

GIVE. ADVOCATE. VOLUNTEER.

Maryland State Association  
of United Ways

[UnitedWayALICE.org/Maryland](http://UnitedWayALICE.org/Maryland)



# THE UNITED WAY ALICE PROJECT

The United Way *ALICE Project* provides a framework, language, and tools to measure and understand the struggles of the growing number of households in our communities that do not earn enough to afford basic necessities, a population called ALICE. This research initiative partners with state United Way organizations, such as those in Maryland, to deliver research-based reports that can stimulate meaningful discussion, attract new partners, and ultimately inform strategies that affect positive change.

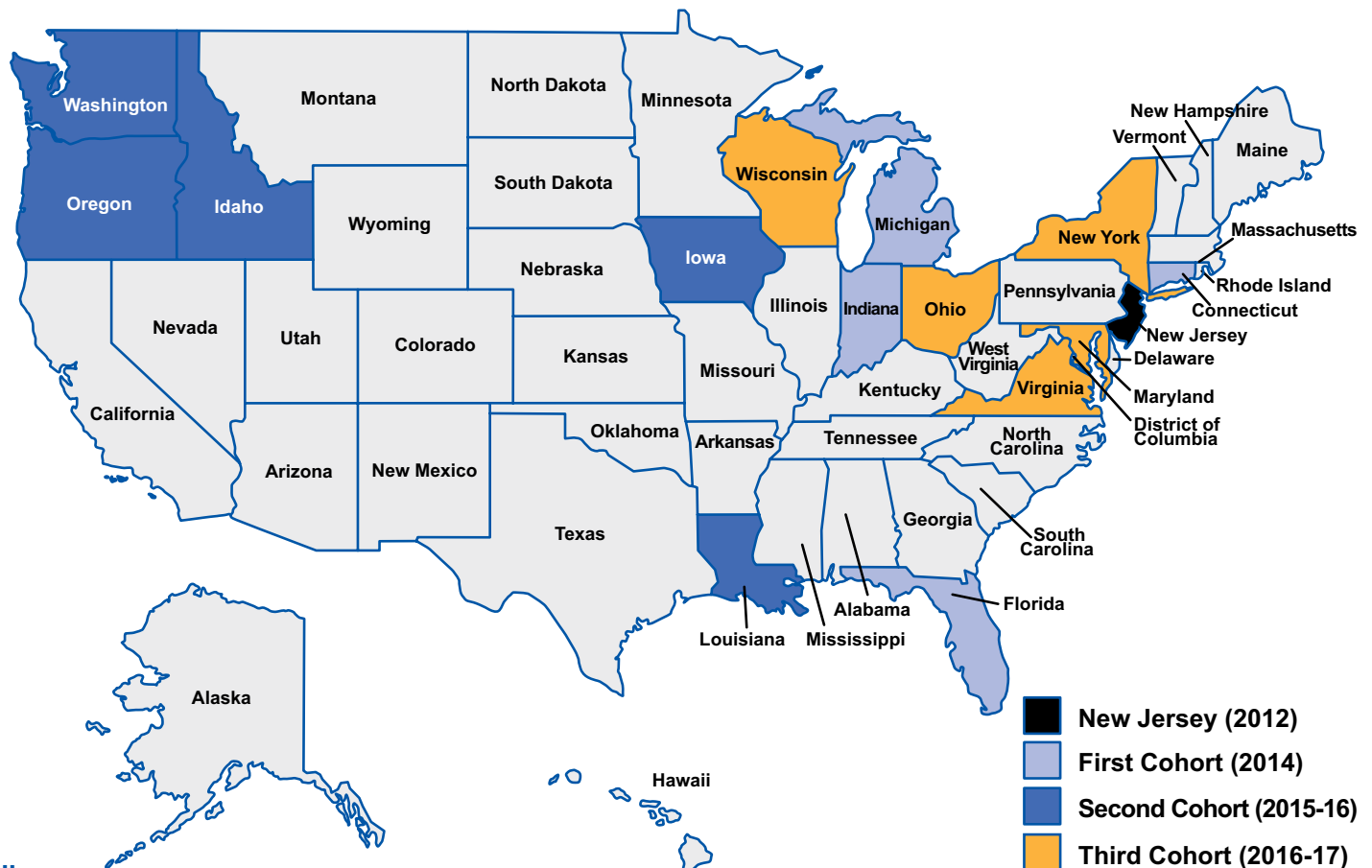
Based on the overwhelming success of this research in identifying and articulating the needs of this vulnerable population, the United Way *ALICE Project* has grown from a pilot in Morris County, New Jersey in 2009, to the entire state of New Jersey in 2012, and now to the national level with 15 states participating in the United Way *ALICE Project*.

More than one-third of households in the United States either live in poverty or are ALICE. Maryland's United Way organizations are proud to join some 450 United Ways from the participating states to better understand the struggles of ALICE. The result is that ALICE is rapidly becoming part of the common vernacular, appearing in grant applications, in the media, and in public forums discussing financial hardship in communities across the country.

Together, United Ways, government agencies, nonprofits, and corporations have the opportunity to evaluate the current solutions and discover innovative approaches to give ALICE a voice, and to create changes that improve life for ALICE and the wider community.

To access reports from all states, visit [UnitedWayALICE.org](http://UnitedWayALICE.org)

## States with United Way ALICE Reports



# THE ALICE RESEARCH TEAM

The United Way *ALICE Project* provides high quality, research-based analysis to foster a better understanding of who is struggling in our communities. To produce the United Way ALICE Report for Maryland, a team of researchers collaborated with a Research Advisory Committee, composed of 20 representatives from across the state, who advised and contributed to our United Way ALICE Report. This collaborative model, practiced in each state, ensures each United Way ALICE Report presents unbiased data that is replicable, easily updated on a regular basis, and sensitive to local context. Working closely with United Ways, the United Way *ALICE Project* seeks to equip communities with information to create innovative solutions.

## Lead Researcher

**Stephanie Hoopes, Ph.D.** is the lead researcher and director of the United Way *ALICE Project*.

Dr. Hoopes' work focuses on the political economy of the United States and specifically on the circumstances of low-income households. Her research has garnered both state and national media attention. She began the United Way *ALICE Project* as a pilot study of the low-income community in affluent Morris County, New Jersey in 2009, and has overseen its expansion into a broad-based initiative to more accurately measure financial hardship in states across the country. In 2015, Dr. Hoopes joined the staff at United Way of Northern New Jersey in order to grow this work in new and innovative ways as more and more states become involved.

Dr. Hoopes was an assistant professor at the School of Public Affairs and Administration (SPAA), Rutgers University-Newark, from 2011 to 2015, and director of Rutgers-Newark's New Jersey DataBank, which makes data available to citizens and policymakers on current issues in 20 policy areas, from 2011 to 2012. SPAA continues to support the United Way *ALICE Project* with access to research resources.

Dr. Hoopes has a Ph.D. from the London School of Economics, a master's degree from the University of North Carolina at Chapel Hill, and a bachelor's degree from Wellesley College.

## Research Support Team

**Andrew Abrahamson**

**Helen McGinnis**

**Dan Treglia, Ph.D.**

## ALICE Research Advisory Committee for Maryland

**Charles Betley, M.A.**

*The Hilltop Institute at University of Maryland Baltimore County*

**David Bishai, M.P.H., M.D., Ph.D.**

*Johns Hopkins Bloomberg School of Public Health*

**Susan Bradley, M.A.**

*State of Maryland Department of Health and Mental Hygiene Behavioral Health Administration*

**Richard Clinch, Ph.,D.**

*Jacob France Institute, University of Baltimore*

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**Patrick Hain, M.P.P.A.**

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**Natalie Holmes, M.P.P.**

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**James F. Kercheval**

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*Green & Healthy Homes Initiative*

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**Robin McKinney, M.S.W.**

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*Charles County Department of Health*

**Dawn Thurman, M.S.W., Ph.D.**

*Morgan State University School of Social Work*

**Kasey Wiedrich, M.P.A.**

*Corporation for Enterprise Development*

**Margaret Williams**

*Maryland Family Network*

# EXECUTIVE SUMMARY

In Maryland, 743,738 households – fully 35 percent – struggled to afford basic household necessities in 2014.

## MAJOR FINDINGS

### Who is ALICE?

With the cost of living higher than what most people earn, **ALICE** families – an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed – have income above the Federal Poverty Level (FPL), but not high enough to afford a basic household budget that includes housing, child care, food, transportation, and health care. ALICE households live in every county in Maryland – urban, suburban, and rural – and they include women and men, young and old, and all races and ethnicities.

### Who is struggling?

While the Federal Poverty Level reports that only 10 percent of Maryland households face financial hardship, an additional 25 percent (534,801 households) qualify as ALICE.

### Why are there so many ALICE households in Maryland?

**Low wage jobs dominate the local economy:** More than 53 percent of all jobs in Maryland pay less than \$20 per hour, with most paying between \$10 and \$15 per hour (\$15 per hour full time = \$30,000 per year). These jobs – especially service jobs that pay wages below \$20 per hour and require a high school education or less – will grow far faster than higher-wage jobs over the next decade.

**The basic cost of living outpaces wages:** The cost of basic household expenses in Maryland is more than most of the state's jobs can support. The average annual Household Survival Budget for a Maryland family of four (two adults with one infant and one preschooler) is \$61,224 – more than double the U.S. family poverty level of \$23,850.

**Jobs are not located near housing that is affordable:** The Great Recession caused economic hardship throughout Maryland: Housing affordability fell by 17 percent, and job opportunities fell by 14 percent. From 2010 to 2014, housing affordability improved by 8 percent; job opportunities and community resources fluctuated during this period, only to return to their 2010 levels. ALICE households in many parts of Maryland continue to struggle with finding both housing that is affordable and jobs that can support them in the same area.

**Public and private assistance helps, but doesn't provide financial stability:** The income of ALICE and poverty-level households in Maryland is supplemented with \$15.2 billion in government, nonprofit, and health care resources. Presuming that the benefits are distributed evenly and allocated according to need, there is still a 15 percent Unfilled Gap for all households to meet the ALICE Threshold for economic survival. In addition, because government expenditure is increasingly composed of health care spending, which consists of services and cannot be transferred to meet other needs, there are actually larger gaps in other areas, such as housing (45 percent) and child care (54 percent).

# What are the consequences, and what would improve the economic situation for ALICE households?

**Consequences:** When ALICE households cannot make ends meet, they are forced to make difficult choices such as forgoing health care, accredited child care, healthy food, or car insurance. These “savings” threaten their health, safety, and future – and they reduce productivity and raise insurance premiums and taxes for everyone. The costs are high for both ALICE families and the wider community.

**Long-term change:** While short-term strategies can make conditions less severe, only structural economic changes will significantly improve the prospects for ALICE and enable hardworking households to support themselves. Strengthening the Maryland economy and meeting ALICE’s challenges are linked: Improvement for one would directly benefit the other. The ALICE tools can help policymakers, community leaders, and business leaders to better understand the magnitude and variety of households facing financial hardship, and to create more effective change.

## GLOSSARY

**ALICE** is an acronym that stands for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, comprising households with income above the Federal Poverty Level but below the basic cost of living.

**Household Survival Budget** calculates the actual costs of basic necessities (housing, child care, food, health care, and transportation) in Maryland adjusted for different counties and household types.

**ALICE Threshold** is the average level of income that a household needs to afford the basics defined by the Household Survival Budget for each county in Maryland. (Please note that unless otherwise noted in this Report, households earning less than the ALICE Threshold include both ALICE and poverty-level households.)

**Household Stability Budget** is greater than the basic Household Survival Budget and reflects the cost for household necessities at a modest but sustainable level. It adds a savings category, and is adjusted for different counties and household types.

**ALICE Income Assessment** is the calculation of all sources of income, resources, and assistance for ALICE and poverty-level households. Even with assistance, the Assessment reveals a significant shortfall, or Unfilled Gap, between what these households bring in and what is needed for them to reach the ALICE Threshold.

**Economic Viability Dashboard** is comprised of three Indices that evaluate the economic conditions that matter most to ALICE households – Housing Affordability, Job Opportunities, and Community Resources. A Dashboard is provided for each county in the state.



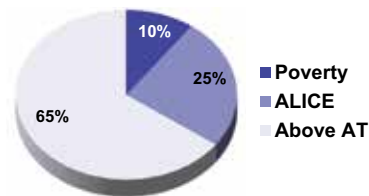
# AT-A-GLANCE: MARYLAND

2014 Point-in-Time Data

**Population:** 5,976,407 | **Number of Counties:** 24 | **Number of Households:** 2,166,102  
**Median Household Income (state average):** \$73,971 (national average: \$53,657)  
**Unemployment Rate (state average):** 7.2% (national average: 7.2%)  
**Gini Coefficient (zero = equality; one = inequality):** 0.45 (national average: 0.48)

## How many households are struggling?

**ALICE**, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, are households that earn more than the U.S. poverty level, but less than the basic cost of living for the state (the ALICE Threshold, or AT). Combined, the number of poverty and ALICE households (35 percent) equals the total Maryland population struggling to afford basic needs.



## Income Assessment for Maryland

The total annual income of poverty-level and ALICE households in Maryland in 2014 was \$17.1 billion, which includes wages and Social Security. This is only 45 percent of the amount needed just to reach the ALICE Threshold of \$38.2 billion statewide. Government and nonprofit assistance made up an additional 40 percent, or \$15.2 billion, but that still leaves an Unfilled Gap of 15 percent, or \$5.9 billion.

<b>ALICE Threshold</b>	–	<b>Income and Assistance</b>	=	<b>Unfilled Gap</b>
<b>\$38.2 billion</b>	–	<b>\$32.3 billion</b>	=	<b>\$5.9 billion</b>

## What does it cost to afford the basic necessities?

This bare-minimum Household Survival Budget does not allow for any savings, leaving a household vulnerable to unexpected expenses. Affording only a very modest living in each community, this budget is still significantly more than the U.S. poverty level of \$11,670 for a single adult and \$23,850 for a family of four.

Monthly Costs – Maryland Average – 2014			
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER	PERCENT CHANGE, 2007–2014
Housing	\$807	\$1,123	25%
Child Care	\$-	\$1,214	19%
Food	\$202	\$612	20%
Transportation	\$364	\$722	27%
Health Care	\$138	\$552	58%
Miscellaneous	\$179	\$464	26%
Taxes	\$274	\$415	31%
<b>Monthly Total</b>	<b>\$1,964</b>	<b>\$5,102</b>	<b>26%</b>
<b>ANNUAL TOTAL</b>	<b>\$23,568</b>	<b>\$61,224</b>	<b>26%</b>
<i>Hourly Wage</i>	<i>\$11.78</i>	<i>\$30.61</i>	<i>26%</i>

Note: Percent increases are an average of the increases in each category for a single-adult and a four-person family.  
 Source: See Appendix C

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Maryland Counties, 2014		
COUNTY	TOTAL HH	% ALICE & POVERTY
Allegany	29,348	39%
Anne Arundel	203,775	28%
Baltimore City	238,897	45%
Baltimore County	311,099	40%
Calvert	31,200	34%
Caroline	11,842	38%
Carroll	59,430	28%
Cecil	36,857	35%
Charles	54,600	32%
Dorchester	13,419	43%
Frederick	89,084	32%
Garrett	11,851	35%
Harford	92,304	34%
Howard	109,651	22%
Kent	7,448	40%
Montgomery	364,854	27%
Prince George's	307,022	38%
Queen Anne's	17,354	29%
Somerset	8,498	53%
St. Mary's	39,179	32%
Talbot	16,140	39%
Washington	54,722	42%
Wicomico	37,036	35%
Worcester	20,492	31%

Sources: **2014 Point-in-Time Data:** American Community Survey, 2014. **ALICE Demographics:** American Community Survey, 2014, and the ALICE Threshold, 2014. **Income Assessment:** Office of Management and Budget, 2015; Department of Treasury, 2016; U.S. Department of Agriculture (USDA), 2016; American Community Survey, 2014; National Association of State Budget Officers, 2015; NCCS Data Web Report Builder, 2012; see Appendix E. **Budget:** U.S. Department of Housing and Urban Development (HUD); USDA; Bureau of Labor Statistics (BLS); Internal Revenue Service (IRS) and Comptroller of Maryland; Maryland Family Network, 2014.