ALICE: A STUDY OF FINANCIAL HARDSHIP IN MARYLAND

LIVE UNITED®

2018
REPORT

ALICE® is an acronym for Asset Limited, Income Constrained, Employed.

The United Way *ALICE Project* is a collaboration of United Ways in Connecticut, Florida, Hawai'i, Idaho, Indiana, Iowa, Louisiana, Maryland, Michigan, New Jersey, New York, Ohio, Oregon, Texas, Virginia, Washington, and Wisconsin.

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Note: In addition to the corporate sponsorships, this report was made possible by the United Ways noted above in bold.

Learn more here: http://www.uwcm.org/main/alice/

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UNITED WAY FIGHTS FOR ALICE

Dear Marylanders,

"The Free State." It's a slogan used to describe Maryland — a place where we are free to make choices that will improve our lives and neighborhoods. But our world is changing in unprecedented and unexpected ways. What if we were forced to make choices that had dire consequences for our families and communities?

Every day, an alarming *38 percent* of Maryland residents must make financial decisions, often with life-changing consequences — for them and for their communities. This group includes the **ALICE** population — an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed.

Each of us knows ALICE. Some of us have been ALICE. They are people who operate and maintain the foundation of our daily lives. ALICE is our daycare provider, the home health nurse that cares for our father, the attendant at our parking garage, the waiter at our favorite restaurant, the construction worker helping to remodel our bathroom.

When ALICE is at risk, we are *all* at risk.

Financially stressed, ALICE is forced to make risky choices, many of which carry long-term, life-changing implications: Will my seven-year-old be safe at home alone if I take the night job I need to pay the rent? Should we get auto insurance or buy school clothes for the kids? Do we pay the utility bill, so our power stays on, or get a critical prescription filled?

These difficult choices threaten their health, their safety, and their future — and that of our region. Our local economy is at risk when so many families are struggling to make ends meet. And the cost of these perilous decisions is one that none of us can afford.

In early 2017, we released the first United Way ALICE Report for Maryland, which revealed that 35 percent of our citizens struggled to afford the very basic necessities of life: food, transportation, housing, health care, child care, and taxes.

Unfortunately, the situation is not improving for ALICE and those experiencing poverty. Since the release of the first report, the number of those who can't afford a basic, monthly survival budget has jumped to 38 percent, far outpacing the rate of inflation nationwide. It is imperative to accelerate efforts to address the challenges faced by ALICE.

This report would not be possible without the generous support of OneMain Financial, our corporate sponsor, and those who contribute to the work of United Way organizations throughout the state. With their help, we are strengthening our fight for ALICE. Please join our fight.

United for ALICE,

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THE UNITED WAY ALICE PROJECT

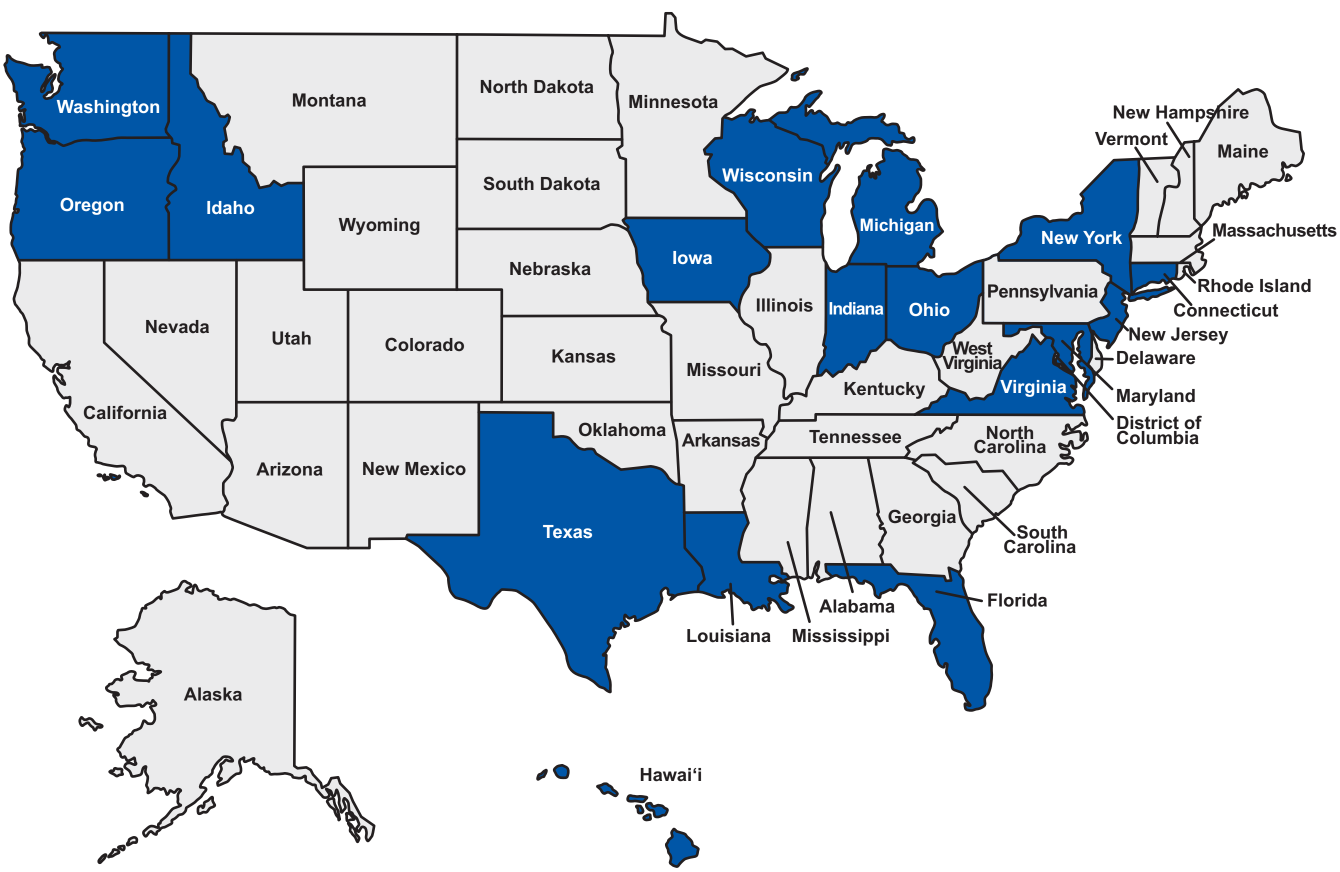
The United Way *ALICE Project* provides a framework, language, and tools to measure and understand the struggles of a population called **ALICE** — an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. ALICE is the growing number of households in our communities that do not earn enough to afford basic necessities. This research initiative partners with state United Way organizations to present data that can stimulate meaningful discussion, attract new partners, and ultimately inform strategies for 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 18 states participating. The Maryland United Ways are proud to join the more than 540 United Ways in these states that are working to better understand ALICE's struggles. Organizations across the country are also using this data to address the challenges and needs of their employees, customers, and communities. The result is that ALICE is rapidly becoming part of the common vernacular, appearing in the media and in public forums discussing financial hardship in communities nationwide.

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

To access reports from all states, visit UnitedWayALICE.org

States With United Way ALICE Reports



THE ALICE RESEARCH TEAM

The United Way *ALICE Project* provides high-quality, research-based information 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 16 representatives from across Maryland, who advised and contributed to the report. This collaborative model, practiced in each state, ensures each 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 began this effort with a pilot study of a more accurate way to measure financial hardship in Morris County, New Jersey in 2009. Since then, she has overseen its expansion into a broad-based, state-by-state research initiative now spanning 18 states across the country. Her research on the ALICE population has garnered both state and national media attention.

Before joining United Way full time in 2015, Dr. Hoopes taught at Rutgers University and Columbia University. Dr. Hoopes has a doctorate 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.

Dr. Hoopes is on the board of directors of the McGraw-Hill Federal Credit Union, and she received a resolution from the New Jersey General Assembly for her work on ALICE in 2016.

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EXECUTIVE SUMMARY

In Maryland, 825,433 households — 38 percent — could not afford basic needs such as housing, child care, food, transportation, health care, and technology in 2016.

This update of the United Way ALICE Report for Maryland provides the most comprehensive look at the population called **ALICE** — an acronym for **A**sset Limited, **I**ncome **C**onstrained, **E**mployed. ALICE households have incomes above the Federal Poverty Level (FPL) but struggle to afford basic household necessities.

The Report describes the cost of basic needs for each county in Maryland, as well as the number of households earning below this amount — the ALICE Threshold — and focuses on how households have fared since the Great Recession ended in 2010.

Despite overall improvement in employment and gains in median income, the economic recovery in Maryland has been uneven. Many ALICE households continue to face challenges from low wages, reduced work hours, depleted savings, and increasing costs. For the many households that earned just above the ALICE Threshold in the past, the increases in the cost of living have pushed them below the Threshold and into financial hardship. The total number of Maryland households that cannot afford basic needs increased 22 percent from 2010 to 2016.

This Report focuses on trends in Maryland that led to more families becoming unable to make ends meet. Key findings include:

- **Households continue to struggle:** Of Maryland's 2,192,996 households, 10 percent lived in poverty in 2016 and another 28 percent were ALICE. Combined, 38 percent (825,433 households) had income below the ALICE Threshold, an increase of 22 percent since 2010.

- **Basic cost of living still on the rise:** The cost of basic household expenses increased steadily in Maryland since 2010, reaching $69,672 for a family of four (two adults with one infant and one preschooler) and $26,052 for a single adult. These bare-minimum budgets are significantly higher than the 2016 Federal Poverty Level of $24,300 for a family and $11,880 for a single adult. The cost of the family budget increased by 27 percent from 2010 to 2016.

- **Changes in the workforce:** Although unemployment rates are falling, ALICE workers are still struggling. Low-wage jobs dominate the employment landscape, with 50 percent of all jobs paying less than $20 per hour, and an increase in contract jobs and on-demand jobs has created less stability. Gaps in wages persist and vary depending on the type of employer as well as the gender, education, race, and ethnicity of workers.

- **Emerging trends:** Several trends could impact the economic landscape for ALICE families:

    - *The Changing American Household* — Baby boomers are aging, millennials are making different lifestyle and work choices than previous generations, and patterns of domestic and foreign migration are shifting. These trends are changing both household composition and demands for goods and services.

    - *Market Instability* — A globally connected economy means that economic disruptions and natural disasters in one part of the world will increasingly have an impact on U.S. ALICE workers, contributing to employment instability, a shifting supply and demand, and disruption in traditional modes of operation.

    - *Health Inequality* — As advances in medical care outpace the ability of many households to afford them, there will be increasing disparities in health and longevity based on income.

The United Way ALICE Report for Maryland offers an enhanced set of tools for stakeholders to measure the real challenges ALICE households face in trying to make ends meet. This information is presented to enable communities to move beyond stereotypes of "the poor" and an outdated FPL, and instead use more accurate data to inform programmatic and policy solutions for ALICE and communities, now and for the future.

RESEARCH FRAMEWORK

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. A household consists of all the people who occupy a housing unit but does not include those living in group quarters such as a dorm, nursing home, or prison.

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

The ALICE Threshold is the average income that a household needs to afford the basic necessities defined by the Household Survival Budget for each county in Maryland. (Households earning below the ALICE Threshold include both ALICE and poverty-level households.)

WHAT'S NEW

Every two years, the United Way *ALICE Project* engages a national Research Advisory Committee of external experts to scrutinize the ALICE methodology and sources. This rigorous process results in enhancements to the methodology and new ways to more accurately measure and present data on financial hardship. While these changes impact specific calculations, the overall trends have remained the same. For this Report, the following improvements have been incorporated:

- **The Household Survival Budget now includes the cost of smartphones for each adult:** Technology has become a regular part of life, and smartphones in particular are an expectation for employment.

- **The source for state taxes has been updated:** To provide greater consistency across states and reduce the complexity of calculations while maintaining accuracy, the Report uses the Tax Foundation's individual income tax rates and deductions for Maryland instead of state-level tax sources. Maryland's *Individual Income Tax Forms and Instructions* are used to confirm state tax deductions and exemptions, such as the Personal Tax Credit.

- **Change over time:** The first United Way ALICE Report measured change before and after the Great Recession, in 2007 and 2010. This Report focuses on the recovery, measuring change from the baseline of 2010, followed by the even years since — 2012, 2014, and 2016. To ensure consistency in change-over-time comparisons, the data for previous years — 2010, 2012, and 2014 — has been recalculated and is presented in this Report. For example, the old Report stated that 743,738 households (35 percent) had income below the ALICE Threshold in 2014; the new Report states that 769,713 households (36 percent) had income below the ALICE Threshold in 2014.

- **Additional geographic data available:** More ALICE data is available at the local level on our website including by: subcounty, place, zip code, Public Use Microdata Area (PUMA), and congressional district.

METHODOLOGY NOTES

This Report remains focused on the county level because state averages can mask significant differences between counties. For example, the percentage of households below the ALICE Threshold ranges from 26 percent in Howard County to 56 percent in Somerset County. The Report examines issues surrounding ALICE households from different angles to draw the clearest picture with the range of data available. Sources include the American Community Survey, the U.S. Department of Housing and Urban Development, the U.S. Department of Agriculture, the Bureau of Labor Statistics at the U.S. Department of Labor, the Internal Revenue Service, the Tax Foundation, and Maryland Family Network. State, county, and municipal data is used to provide different lenses on ALICE households. The data are estimates; some are geographic averages, others are one- or five-year averages depending on population size.

Due to different rounding conventions in different data sources, total percentages may vary by +/-1 percent from 100 percent for a group. Typically, we present rounded numbers to make the ALICE data as clear as possible to a general audience.

The United Way ALICE Reports follow the U.S. Census classifications for the largest non-White populations: Black, Asian, Hispanic, and American Indian/Alaska Native, as well as people identifying as two or more races. Because people of any race, including Whites, can also be of Hispanic ethnicity, the ALICE data looks at White, Black, Asian, and American Indian/Alaska Native categories "alone" (i.e., not also Hispanic), as well as at Hispanic populations.

In Maryland, ALICE data is only available for White, Black, Hispanic, and Asian populations; the American Community Survey does not provide income data on other race/ethnicity categories, because they have small samples, so ALICE statistics are not available. Less than 1 percent of households in Maryland identify themselves as American Indian/Alaskan Native, another 2 percent identify as "Some Other Race," and 2 percent also identify as being of "Two or More Races" (American Community Survey, 2016).

For a more detailed description of the methodology and sources, see the *Methodology Overview* on our website, UnitedWayALICE.org. For a breakdown of the data by county and municipality, see the County Pages and Data File on the website (under "Downloads" for Maryland).

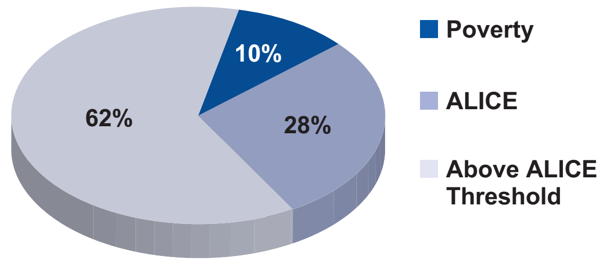
AT-A-GLANCE: MARYLAND

2016 Point-in-Time Data

Population: 6,016,447 | **Number of Counties:** 24 | **Number of Households:** 2,192,996

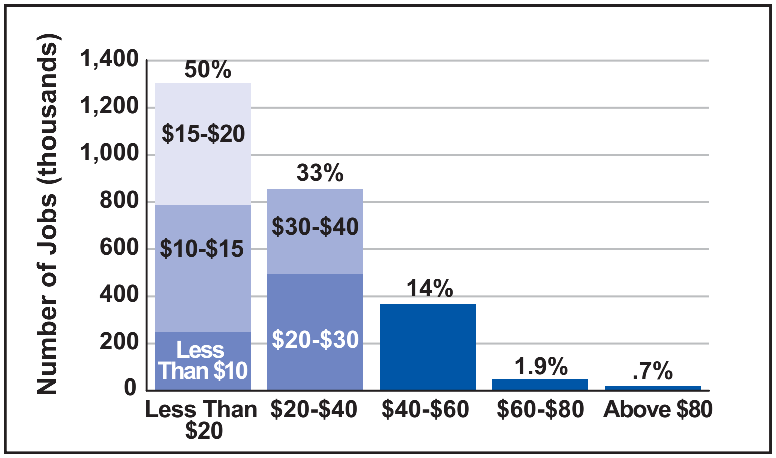
How many households are struggling?

ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, comprises households that earn more than the Federal Poverty Level (FPL) but less than the basic cost of living for the state (the ALICE Threshold). Of Maryland's 2,192,996 households, 209,035 earn below the FPL (10 percent) and another 616,398 (28 percent) are ALICE.



How much does ALICE earn?

In Maryland, 50 percent of jobs pay less than $20 per hour, with 60 percent of those jobs paying less than $15 per hour. Another 33 percent of jobs pay from $20 to $40 per hour. Only 14 percent of jobs pay from $40 to $60 per hour, and less than 3 percent pay more than $60 per hour.



What does it cost to afford the basic necessities?

Despite a low rate of inflation nationwide (9 percent from 2010 to 2016) the bare-minimum Household Survival Budget increased by 22 percent for a single adult and 30 percent for a family. Affording only a very modest living, this budget is still significantly more than the FPL of $11,880 for a single adult and $24,300 for a family of four.

Household Survival Budget, Maryland Average, 2016

	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Monthly Costs		
Housing	$827	$1,165
Child Care	$-	$1,252
Food	$182	$603
Transportation	$337	$667
Health Care	$217	$811
Technology	$55	$75
Miscellaneous	$197	$528
Taxes	$356	$705
Monthly Total	$2,171	$5,806
ANNUAL TOTAL	$26,052	$69,672
Hourly Wage*	*$13.03*	*$34.84*

**Full-time wage required to support this budget*

Maryland Counties, 2016		
COUNTY	TOTAL HOUSEHOLDS	% ALICE & POVERTY
Allegany	27,608	41%
Anne Arundel	206,956	33%
Baltimore City	240,761	47%
Baltimore County	312,921	38%
Calvert	32,434	32%
Caroline	12,010	41%
Carroll	61,661	27%
Cecil	37,296	39%
Charles	55,929	36%
Dorchester	13,206	46%
Frederick	89,800	39%
Garrett	11,644	38%
Harford	91,813	33%
Howard	112,542	26%
Kent	7,683	40%
Montgomery	373,346	34%
Prince George's	307,816	43%
Queen Anne's	17,785	32%
Somerset	8,328	56%
St. Mary's	41,368	36%
Talbot	16,481	39%
Washington	55,824	41%
Wicomico	36,774	45%
Worcester	21,010	38%

*Sources: **Point-in-Time Data:** American Community Survey, 2016. **ALICE Demographics:** American Community Survey and the ALICE Threshold, 2016. **Wages:** Bureau of Labor Statistics, 2016. **Budget:** U.S. Department of Housing and Urban Development; U.S. Department of Agriculture; Bureau of Labor Statistics; Internal Revenue Service; Tax Foundation; and Maryland Family Network, 2016.*

AT-A-GLANCE: MARYLAND

ALICE BY THE NUMBERS

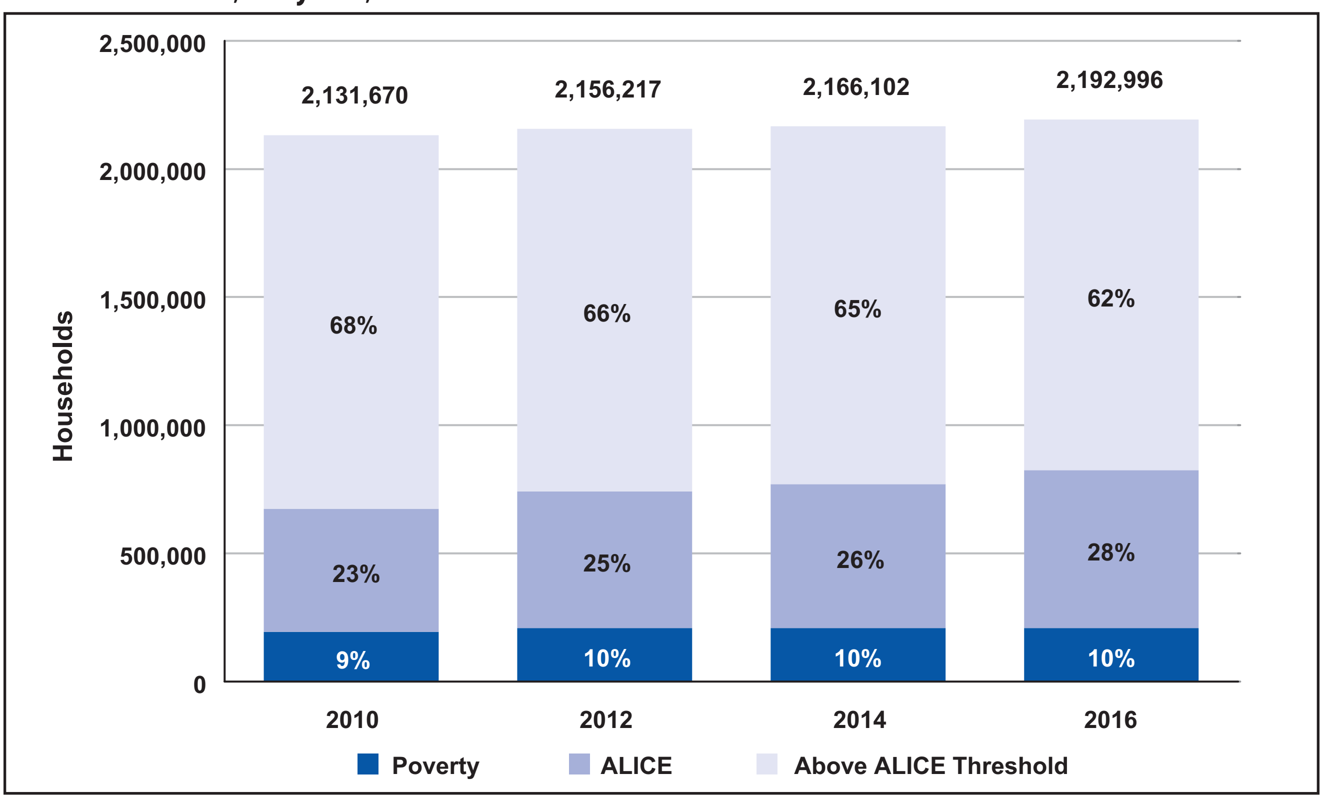
In Maryland, ALICE households exist in all age groups, across all races and ethnicities, in single and two-parent families and with or without children. They exist in all parts of the state, from urban Baltimore to suburban Washington DC, to rural western and coastal communities. This section drills down to reveal demographic differences of ALICE and poverty-level households by age, race/ethnicity, and household type over time. It also reports on important local variations that are often masked by state averages.

Overall population changes: In Maryland, the total number of households increased by 3 percent between 2010 and 2016 to 2,192,996. But the number of ALICE and poverty-level households increased even more, from 674,359 in 2010 to 825,433 in 2016, a 22 percent increase (Figure 1).

- **Poverty:** The number of households in poverty — defined in 2016 as those earning $11,880 for a single adult and $24,300 for a family of four — rose from 193,809 in 2010 to 209,035 in 2016, an 8 percent increase. The proportion of all households that were in poverty rose slightly from 9.1 percent to 10 percent during that period.

- **ALICE:** The number of ALICE households increased from 480,550 in 2010 to 616,398 in 2016, a 28 percent increase. The proportion of all households that were ALICE rose from 22.5 percent to 28 percent during that period.

Figure 1.
Household Income, Maryland, 2010 to 2016



Source: American Community Survey, 2010-2016, and the ALICE Threshold, 2010-2016; for additional data and ALICE Methodology, see UnitedWayALICE.org

HOUSEHOLDS BY AGE

Two major population bubbles are changing communities across Maryland: The baby boomers are the largest generation, and as they age, their needs and preferences change. The second largest group is the millennials (adults born between 1981 and 1996 according to the Pew Research Center), who are making different lifestyle and work choices than previous generations. Between the two population bubbles is the smaller Generation X, made up of adults born between 1964 and 1980. To analyze general trends, the ALICE data is presented by household in more precise Census age breaks: under-25, 25-44, 45-64, and 65 and older. Millennials are covered by the youngest two brackets and baby boomers by the oldest two (Dimock, 2018).

Aging Population

The increase in the number of ALICE households in Maryland is driven by older households, both seniors and those 45 to 64 years old. The number of senior households (65 years and older) increased from 432,940 in 2010 to 530,150 in 2016, a 22 percent increase (Figure 2). At the same time, the number of senior households with income below the ALICE Threshold grew by 16 percent, so that by 2016, 41 percent of senior households had income below the ALICE Threshold.

The next oldest age group, households headed by 45- to 64-year-olds, grew only 2 percent, yet the number of these households with income below the ALICE Threshold increased by 31 percent, a surprising drop in wealth for those in their prime earning years (American Community Survey, 2010 and 2016).

Younger Households

Even though the population of millennials is increasing, the number of households headed by them is decreasing. The youngest segment of the millennials, households headed by under-25-year-olds, fell by 18 percent, from 68,637 households in 2010 to 56,280 in 2016, and the number with income below the ALICE Threshold decreased by 1 percent. The older and larger segment of millennials, households headed by 25- to 44- year-olds, decreased by 5 percent overall, yet the number with income below the ALICE Threshold increased by 24 percent. Unlike previous generations of young Americans, many millennials cannot afford to live on their own. Instead, they are more likely to live with their parents or with roommates. And for the first time in more than a century, they are less likely to be living with a romantic partner. These patterns vary among some millennials from immigrant families. Overall, the youngest householders who remain on their own are far less likely to be able to afford basic necessities, with 76 percent of them living below the ALICE Threshold (American Community Survey, 2010 and 2016; Cilluffo & Cohn, 2017; Frey W. H., 2018).

Figure 2.
Household Income by Age of Head of Household, Maryland, 2010 to 2016

Source: American Community Survey, 2016, and the ALICE Threshold, 2016

HOUSEHOLDS BY RACE AND ETHNICITY

Overall changes in statewide wealth are driven by changes in the wealth of White (non-Hispanic) households, because they make up the largest racial group by far, but these trends often mask important changes in other ethnic groups. In Maryland, the number of, Black, Hispanic, and Asian households grew while the number of White households fell from 2010 to 2016. Black households increased by 5 percent to 645,099, Hispanic households increased by 24 percent to 136,726 households, and Asian households increased by 18 percent to 116,144 households. In comparison, the number of White households decreased by 3 percent to 1,240,594 households (see the note on race/ethnicity in the Research Framework Box on p. 3).

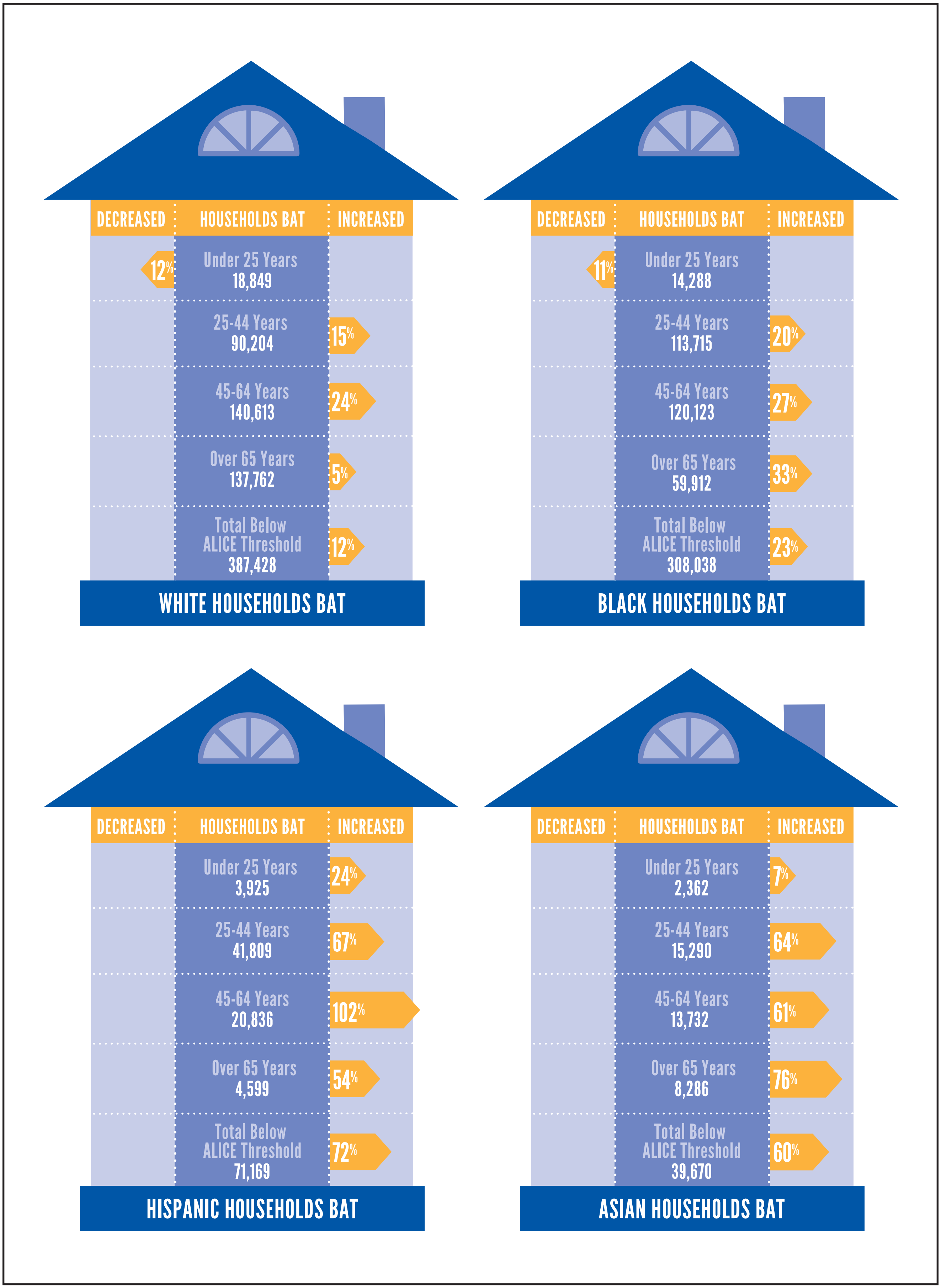
A breakdown by race and age shows other important trends:

Young households are decreasing overall: The number of White under-25-year-old households fell by 27 percent from 2010 to 2016. In addition, Black under-25-year-old households decreased by 21 percent and Hispanic households in this age group decreased by 11 percent. Young Asian households were the only group to see an increase, growing by 3 percent. Households headed by the next older age group followed a similar trajectory with White 25- to 44-year-old households decreasing by 8 percent, and Black 25- to 44-year-old households decreasing by 7 percent. Hispanic and Asian 25- to 44-year-old households increased by 12 percent and 8 percent respectively.

Senior households of all race and ethnic groups are increasing: White senior households are driving the overall growth in the senior population, increasing by 15 percent from 2010 to 2016. Yet other senior groups are experiencing significant growth as well: Black senior households increased by 36 percent, Hispanic senior households by 58 percent, and Asian senior households by 39 percent. This trend held for 45- to 64-year-old households of color, but the number of White 45- to 64-year-old households fell by 7 percent.

Below ALICE Threshold households increased across most groups (Figure 3): The number of households below the ALICE Threshold increased in all age, race, and ethnic groups from 2010 to 2016, except the youngest White and Black households. The largest increases of households below the ALICE Threshold were among Hispanic and Asian households 25 and older, with Asian 45- to 64-year-old households below the ALICE Threshold more than doubling. White and Black under-25-year-old households, the only groups that saw a decrease in ALICE households, also experienced a decrease in total households.

Figure 3.
Households Below ALICE Threshold (BAT), by Age and Race/Ethnicity, Maryland, 2010 to 2016



Source: American Community Survey, 2010–2016 and the ALICE Threshold, 2010–2016

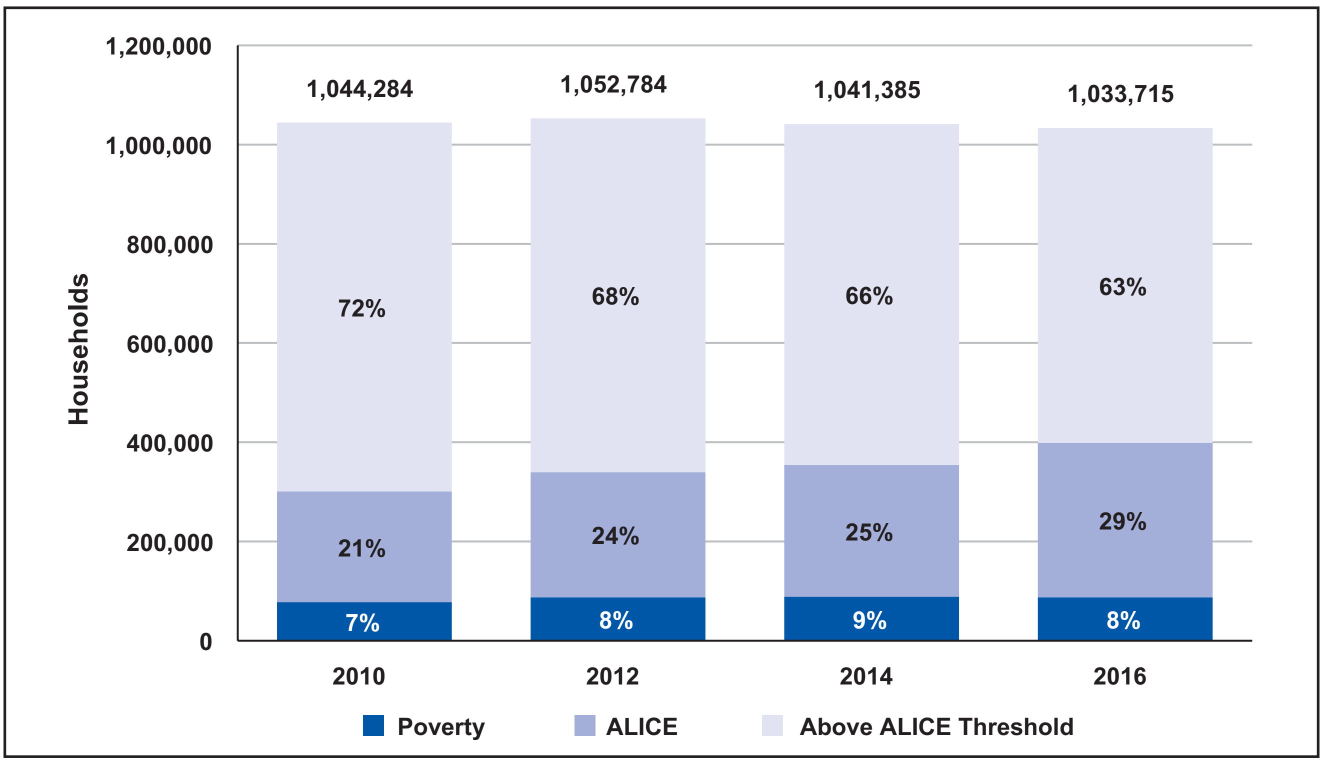
HOUSEHOLDS BY FAMILY TYPE

There are longstanding preconceptions about what types of families tend to be low-income — for example, homes headed by single mothers. Yet ALICE and poverty-level families exist in all configurations. In fact, there have been such dramatic changes in the living arrangements of Americans that it is important to re-evaluate these old stereotypes.

After decades of declining marriage rates along with rising levels of divorce, remarriage, and cohabitation, the household made up of a married couple with two children is no longer typical. Since the 1970s, American households have become smaller for a number of reasons: Fewer households have children, there are fewer married-couple households, and more people are living alone, especially at older ages. People are living in a wider variety of arrangements, including singles living alone or with roommates, and grown children living with parents. The share of American adults who have never been married is at a historic high. In Maryland, there are 1,033,715 households composed of single or cohabiting adults under the age of 65 with no children under 18 years old. They make up the largest group in Maryland, accounting for 47 percent of all households (Figure 4).

These single or cohabiting households without children under age 18 are also the group with the largest number of households below the ALICE Threshold in Maryland. In 2016, 37 percent of these households (386,245) had income below the ALICE Threshold, increasing from 28 percent in 2010.

Figure 4.
Single or Cohabiting (Under 65) Households, No Children, by Income, Maryland, 2010 to 2016



Source: American Community Survey, 2016, and the ALICE Threshold, 2016

Families With Children

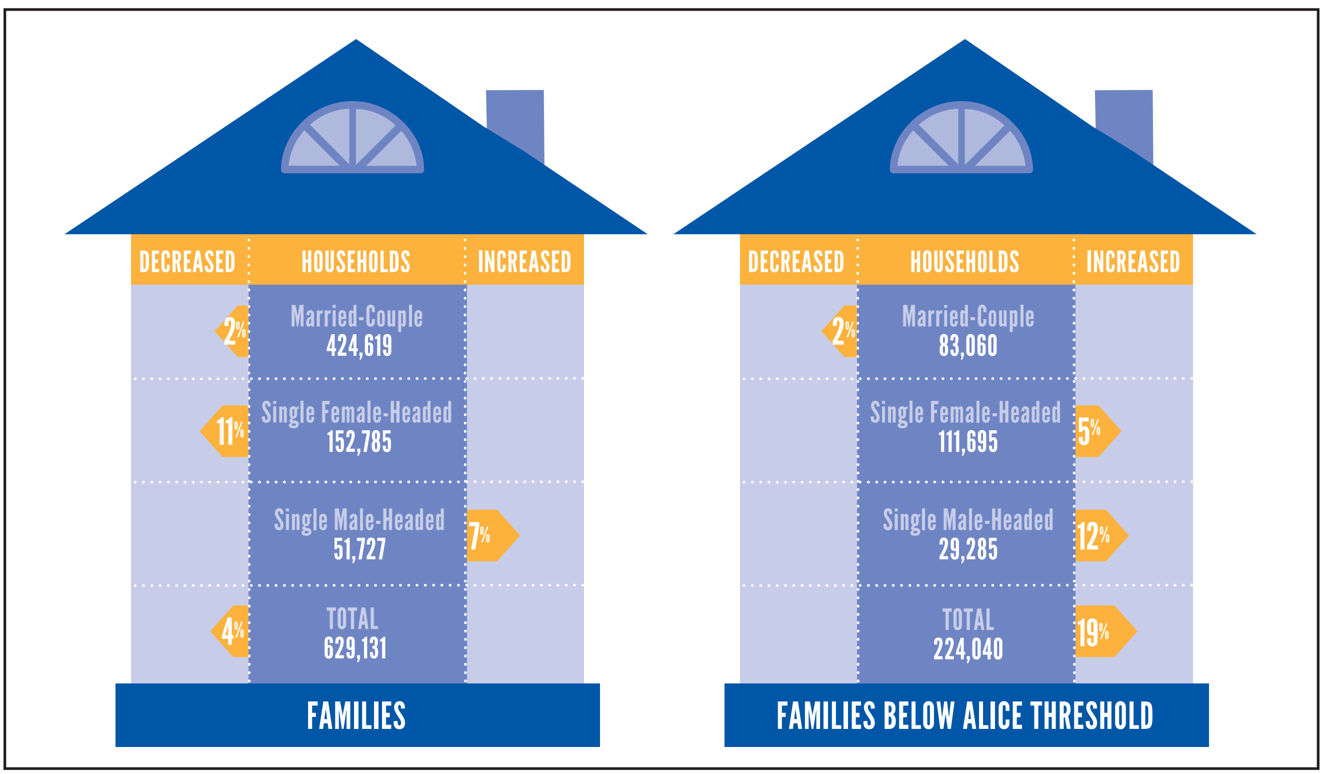
Families with children are also changing, with mothers doing more paid work outside the home as the cost of living continues to rise. Nationally in 2015, 42 percent of mothers were sole or primary breadwinners, bringing in 50 percent or more of family earnings, and another 22 percent were co-breadwinners, earning 25 percent to 49 percent of earnings in 2015. Gender roles are changing as well, with fathers doing more housework and child care. Over the last 30 years, the number of stay-at-home fathers has doubled to 2.2 million, and the amount of housework fathers report doing has also doubled to an average of nine hours a week (Glynn, 2016; Cohn & Caumont, 2016; Parker & Livingston, 2017; Livingston, 2014).

The composition of families is also changing. There are increasing numbers of other types of families, including those with several cohabiting generations and those with lesbian, gay, bisexual, and transgender (LGBT) parents. Households with combined children from parents' prior relationships are also on the rise. Almost one in six children under the age of 18 now lives in a family with parents and their children from previous relationships. More than a quarter of married LGBT couples are now raising children, and the number of same-sex marriages more than doubled nationally from just before the Supreme Court ruling in 2013, which required the federal government to recognize state-sanctioned marriages of same-sex couples, to the 2015 ruling that enabled same-sex marriage nationwide (Cohn & Caumont, 2016; Gates & Brown, 2015; Pew Research Center, 2015).

Maryland families saw the following changes from 2010 to 2016:

- **Below ALICE Threshold:** Of all Maryland families with children, there were 224,040 with income below the ALICE Threshold — 37 percent in married-parent families, 50 percent in single-female-parent families, and 13 percent in single-male-parent families.
- **Married-parent families:** The number of married-parent families with children fell by 2 percent from 2010 to 2016, and the number below the ALICE Threshold decreased by the same amount (Figure 5).
- **Single-female-headed families:** The number of single-female-headed families with children fell by 11 percent, but the number below the ALICE Threshold increased by 5 percent. As a result, the percent of single-female-headed families below the ALICE Threshold increased.
- **Single-male-headed families:** This smallest share of family types increased by 7 percent; the number with income below the ALICE Threshold increased by 12 percent.

Figure 5.
Families With Children by Income, Maryland, 2010 to 2016

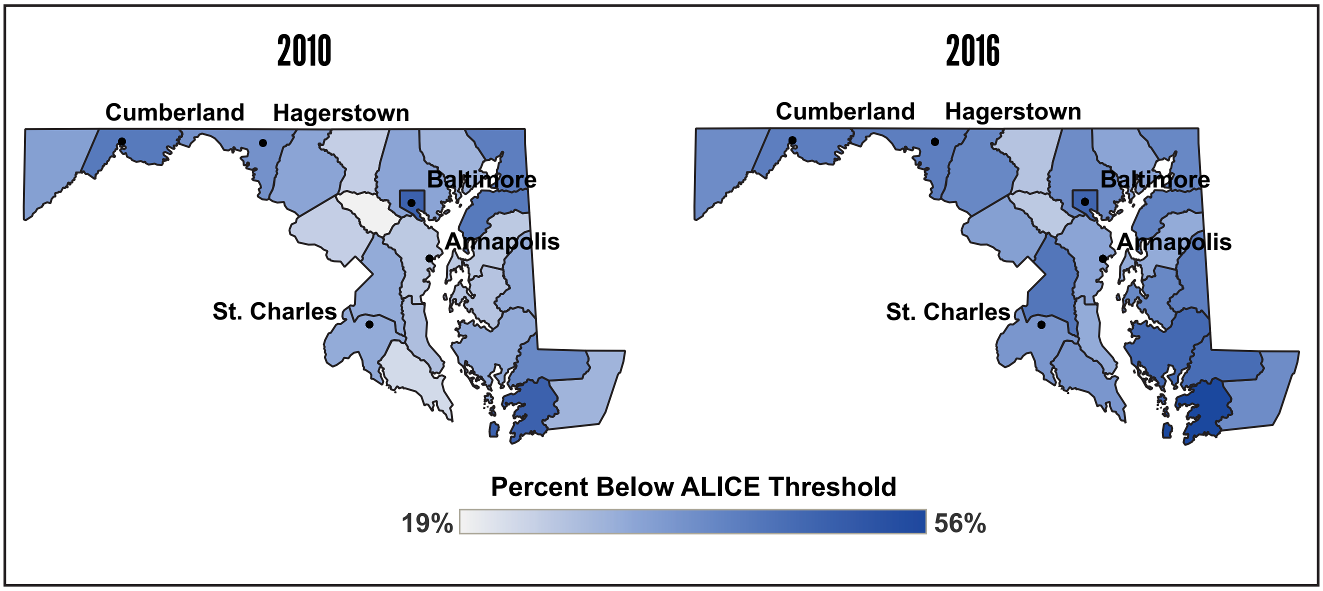


Source: American Community Survey, 2010-2016, and the ALICE Threshold, 2010-2016

ALICE BY COUNTY

Contrary to stereotypes that suggest financial hardship only exists in inner cities, ALICE households live in urban, suburban, and rural areas and in every county in Maryland. Though the cost of living and wages differ across the state, the number of households with income below the ALICE Threshold increased across most counties from 2010 to 2016. But there is enormous variation among counties; the percent of households below the ALICE Threshold ranges from 26 percent in Howard County to 56 percent in Somerset County (Figure 6).

Figure 6.
Percent of Households Below the ALICE Threshold by County, Maryland, 2010 and 2016

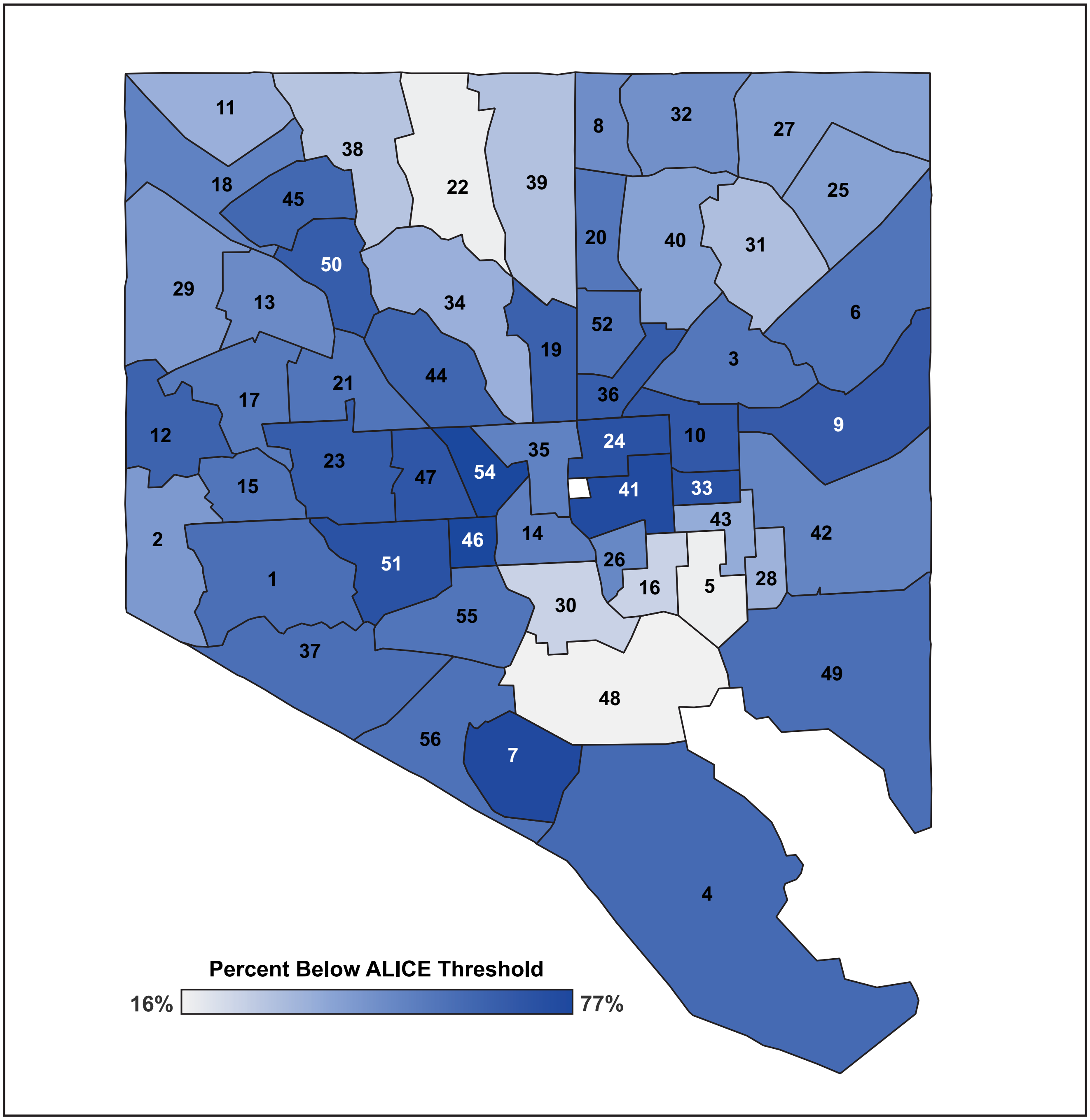


Source: American Community Survey, 2010 and 2016, and the ALICE Threshold, 2010 and 2016. Details on each county's household income and ALICE demographics, as well as further breakdown by municipality, are listed in the ALICE County Pages and Data File at UnitedWayALICE.org

ALICE IN BALTIMORE

Financial hardship has increased across all Baltimore neighborhoods from 2014 to 2016. The map of Baltimore (Figure 7) shows that financial hardship varies greatly among neighborhoods across the city. Households with income below the ALICE Threshold range from 16 percent in South Baltimore to 77 percent in Poppleton/ The Terraces/Hollins Market and Upton/Druid Heights. Many of Baltimore's lowest-income neighborhoods are predominantly Black and have been struggling for decades. These findings reinforce the reports by Baltimore Neighborhoods Indicators Alliance, which also show significant variation in poverty and income levels across Baltimore neighborhoods (Baltimore Neighborhoods Indicators Alliance, 2018).

Figure 7.
Percent of Households Below the ALICE Threshold by Neighborhood, Baltimore, 2016



Source: American Community Survey, 2010 and 2016, the ALICE Threshold, 2010 and 2016; Baltimore Neighborhood Indicator Alliance, 2016

Key to Map: Baltimore Neighborhoods	
1	Allendale/Irvington/S. Hilton
2	Beechfield/Ten Hills/West Hills
3	Belair-Edison
4	Brooklyn/Curtis Bay/Hawkins Point
5	Canton
6	Cedonia/Frankford
7	Cherry Hill
8	Chinquapin Park/Belvedere
9	Claremont/Armistead
10	Clifton, Berea
11	Cross-Country/Cheswolde
12	Dickeyville/Franklintown
13	Dorchester/Ashburton
14	Downtown/Seton Hill
15	Edmondson Village
16	Fells Point
17	Forest Park/Walbrook
18	Glen-Fallstaff
19	Greater Charles Village/Barclay
20	Greater Govans
21	Greater Mondawmin
22	Greater Roland Park/Poplar Hill
23	Greater Rosemont
24	Greenmount East
25	Hamilton
26	Harbor East/Little Italy
27	Harford/Echodale
28	Highlandtown
29	Howard Park/West Arlington

Key to Map: Baltimore Neighborhoods	
30	Inner Harbor/Federal Hill
31	Lauraville
32	Loch Raven
33	Madison/East End
34	Med-field/Hampden/Woodberry/ Remington
35	Midtown
36	Midway/Coldstream
37	Morrell Park/Violetville
38	Mount Washington/Coldspring
39	North Baltimore/ Guilford/Homeland
40	Northwood
41	Oldtown/Middle East
42	Orangeville/East Highlandtown
43	Patterson Park North & East
44	Penn North, Reservoir Hill
45	Pimlico/Arlington/Hilltop
46	Poppleton/The Terraces/Hollins Market
47	Sandtown-Winchester/Harlem Park
48	South Baltimore
49	Southeastern
50	Southern Park Heights
51	Southwest Baltimore
52	The Waverlies
53	Unassigned — Jail
54	Upton/Druid Heights
55	Washington Village
56	Westport/Mt. Winans/Lakeland

THE HOUSEHOLD SURVIVAL BUDGET

The Household Survival Budget reflects the bare minimum cost to live and work in the modern economy. In Maryland, the average Household Survival Budget was $69,672 for a four-person family and $26,052 for a single adult in 2016 (Figure 8). The hourly wage necessary to support a family budget is $34.84 for one parent working 40 hours per week for 50 weeks per year (or $17.42 per hour each, if two parents work), and $13.03 per hour full time for a single adult. These costs continue to increase faster than the rate of inflation.

Figure 8.
Household Survival Budget, Maryland Average, 2016

	Household Survival Budget, Maryland Average, 2016		Percent Change from 2010-2016	
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Monthly Costs				
Housing	$827	$1,165	2%	9%
Child Care	$0	$1,252	N/A	10%
Food	$182	$603	1%	10%
Transportation	$337	$667	23%	22%
Health Care	$217	$811	109%	95%
Technology*	$55	$75	N/A	N/A
Miscellaneous	$197	$528	19%	27%
Taxes	$356	$705	24%	64%
Monthly Total	$2,171	$5,806	19%	27%
ANNUAL TOTAL	$26,052	$69,672	19%	27%
Hourly Wage*	*$13.03*	*$34.84*	*19%*	*27%*

** New to budget in 2016*
*** Wage working full time required to support this budget*

Source: U.S. Department of Housing and Urban Development, 2016; U.S. Department of Agriculture, 2016; Bureau of Labor Statistics, 2016; Internal Revenue Service; Tax Foundation, and Maryland Family Network, 2016. For the Methodology Overview and additional data, see our website: UnitedWayALICE.org

The cost of household basics in the Household Survival Budget — housing, child care, food, transportation, health care, technology, and taxes — increased by 19 percent for a single adult and 27 percent for a family of four from 2010 to 2016. At the same time, median earnings only increased 9 percent in Maryland, and 11 percent nationwide, putting greater strain on households. It is important to note that the national rate of inflation — which covers many budget items that change at varying rates — during this time period was 9 percent, significantly lower than the increase in Maryland's Household Survival Budget. The rise in the Household Survival Budget in Maryland was driven primarily by the addition of technology (a smartphone); a 22 percent increase in transportation costs; and a 95 percent increase in the cost of health care, stemming primarily from the increase in out-of-pocket health-care costs and a small portion from the addition of the Affordable Care Act penalty (for more details on health care costs, see the Methodology Overview on the UnitedWayALICE.org website) (American Community Survey, 2010 and 2016; Bureau of Labor Statistics, 2018).

The big increase in taxes can largely be explained by the increase in all other budget items. As the cost of these items increased, the earnings needed to cover the expenses increased, and higher earnings resulted in a larger tax bill. Changes in tax rates were minimal from 2010 to 2016; both federal and state tax rates remained flat though tax brackets shifted.

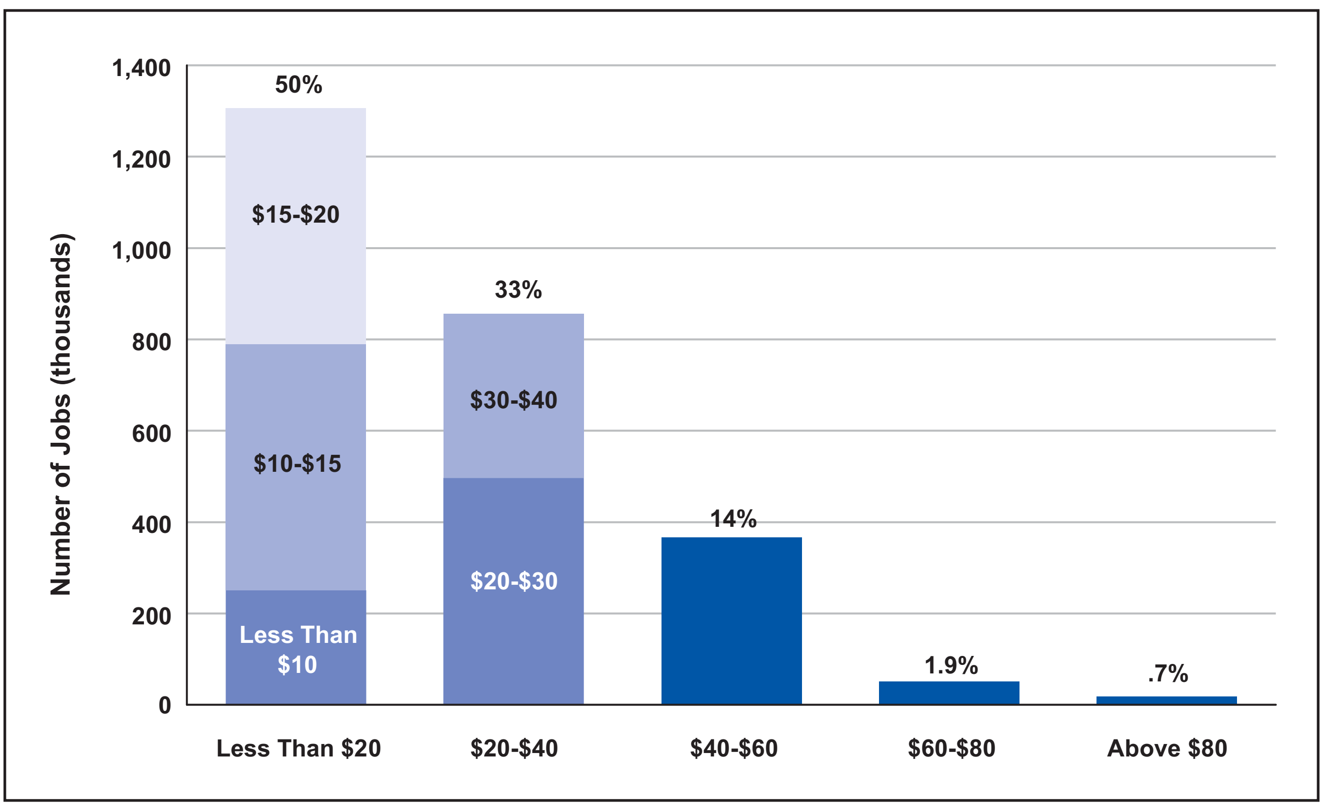
ALICE IN THE WORKFORCE

Overall economic conditions in Maryland continued to improve: Unemployment was down from a high of 8 percent in 2010 to less than 5 percent in 2016, though rates varied across the state, and many businesses have increased their productivity. The core segments of the Maryland economy — health and education as well as federal employment — have continued to be large and steady employers. However, many workers in Maryland still don't earn enough to cover a basic household budget. The health and education sectors, though growing, are big employers of low-wage jobs, while government jobs, once a guarantee for economic security, have been cut back and no longer uniformly offer middle wage jobs with benefits. For a range of reasons — including low wages, lack of full-time work, and a reduced share of profits going to workers — ALICE households are not benefiting financially from seemingly positive economic trends (Federal Reserve Bank of Richmond, 2018; Cohen & Gebeloff, 2018; Maryland.gov, 2018; Sage Policy Group, 2018).

LOW-WAGE JOBS

Low-wage jobs continue to dominate the Maryland economy, making it more challenging for workers to find jobs with wages that can support even a basic household budget. With 2.6 million total jobs in Maryland recorded by the Bureau of Labor Statistics in 2016, the job market has shown improvement since 2010. But 50 percent of jobs paid less than $20 per hour, with 60 percent of those jobs paying less than $15 per hour (Figure 9). A full-time job that pays $15 per hour grosses $30,000 per year, which is less than half of the Household Survival Budget for a family of four in Maryland (Figure 8). The largest increase in the number of jobs were among jobs that paid under $20 per hour, while the largest wage increases were in occupations with wages over $60 per hour (Bureau of Labor Statistics, 2016).

Figure 9.
Number of Jobs by Hourly Wage, Maryland, 2016



Source: Bureau of Labor Statistics, Occupational Employment Statistics Wage Survey — All Industries Combined, 2016

Many ALICE workers are employed in the service sector, but they also work in occupations that build and repair our infrastructure, as well as in jobs that educate and care for the workforce. Together, these workers were aptly described as “maintainers” by technology scholars Lee Vinsel and Andrew Russel in 2016 (Frey & Osborne, 2013; Vinsel & Russell, 2016).

The top 20 occupations employing the most people in Maryland are predominantly maintainer jobs, which are more likely to pay low wages. In 2016, only three of the top 20 occupations paid enough to support the Household Survival Budget for a family, a minimum of $34.84 per hour — general and operations managers, accountants and auditors, and nurses (Figure 10).

Cashiers are the most common occupation in Maryland and are paid a wage that is well below what is needed to make ends meet. The state’s more than 77,000 cashiers make an average of $9.45 per hour, or $18,900 if working full-time year-round. These jobs fall short of meeting the family Household Survival Budget by more than $50,000 per year. Even if both parents worked full-time at this wage, they would fall short of the Household Survival Budget by almost $32,000 per year.

Figure 10.
Top 20 Occupations by Employment and Wage, Maryland, 2016

2016			Percent Change 2010-2016	
OCCUPATION	NUMBER OF JOBS	MEDIAN HOURLY WAGE	NUMBER OF JOBS	MEDIAN HOURLY WAGE
Cashiers	77,520	$9.45	11%	4%
Retail Salespersons	69,470	$10.69	-7%	8%
Secretaries and Administrative Assistants	61,760	$18.56	63%	6%
Registered Nurses	53,330	$35.31	6%	-2%
Food Prep, Including Fast Food	48,940	$9.38	14%	9%
General and Operations Managers	47,850	$56.20	-8%	12%
Customer Service Representatives	46,910	$16.38	31%	1%
Office Clerks	46,300	$15.01	-28%	10%
Waiters and Waitresses	42,360	$9.38	-3%	8%
Janitors and Cleaners	41,550	$11.55	-5%	5%
Laborers and Movers, Hand	40,360	$12.70	21%	4%
Stock Clerks and Order Fillers	39,610	$11.20	20%	7%
First-Line Supervisors of Office Workers	38,060	$28.03	47%	17%
Nursing Assistants	29,180	$13.91	-8%	7%
Security Guards	27,720	$14.03	11%	8%
Sales Representatives	27,320	$28.85	31%	5%
First-Line Supervisors of Retail Sales Workers	26,820	$19.93	13%	7%
Accountants and Auditors	26,510	$35.59	19%	9%
Elementary School Teachers	24,960	$31.57	-7%	9%
Bookkeeping and Auditing Clerks	23,570	$21.04	-10%	11%

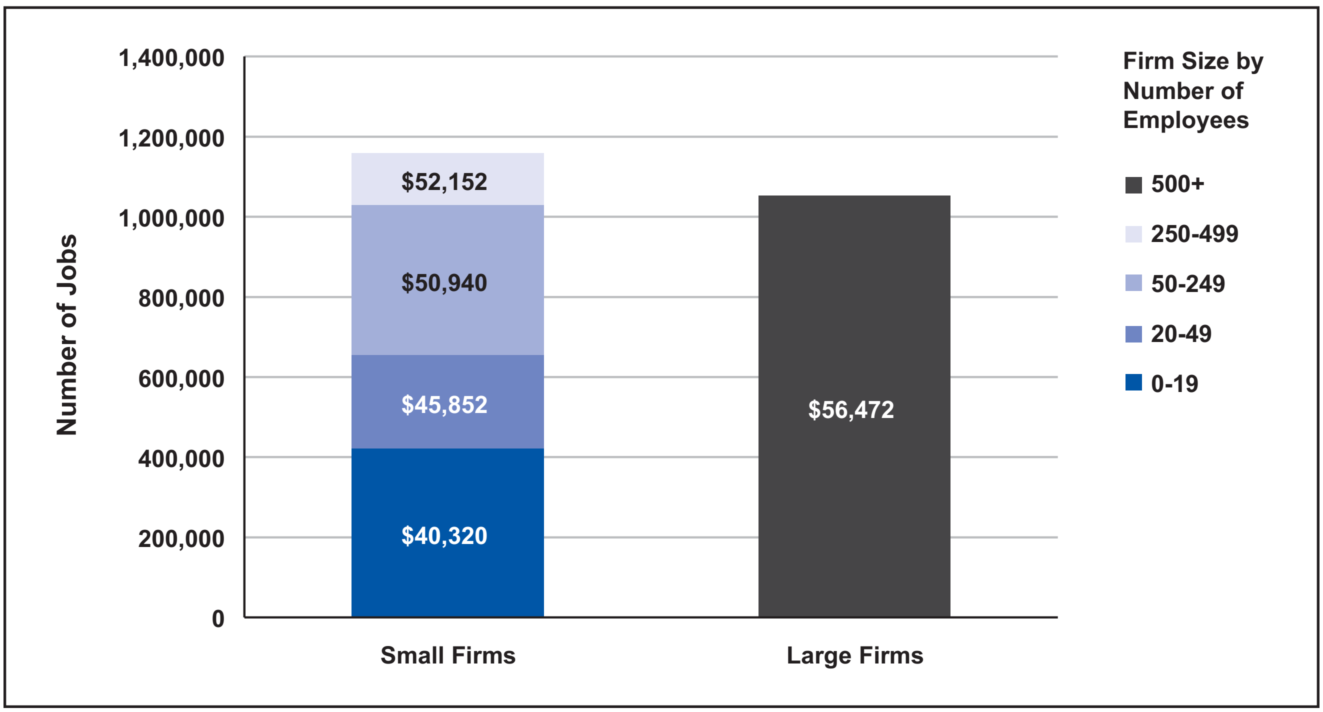
Source: Bureau of Labor Statistics, Occupational Employment Statistics Wage Survey -- All Industries Combined, 2010 and 2016

SMALL BUSINESSES

One of the key determinants of ALICE workers' wages, benefits, and job stability is the size of their employer. Generally, large companies have greater resources to offer career-growth opportunities, continuous employment, and better benefits. Small businesses, defined by the Bureau of Labor Statistics as firms with fewer than 500 employees, have been an important engine for growth in the Maryland and U.S. economies, driving job creation, innovation, and wealth — and have traditionally grown to become medium or large employers. However, small businesses are more vulnerable to changes in demand, price of materials, and transportation costs, as well as to cyberattacks and natural disasters. As a result, their employees face more instability, reduced wages, and a greater risk of job loss. These past two decades have been particularly tough for small businesses, with entrepreneurial growth in the U.S. and Maryland largely down from the levels experienced in the 1980s and 1990s (Ewing Marion Kauffman Foundation, 2017; Haltiwanger & et., 2017).

Despite these struggles, small businesses employed more than half of the private-sector workforce in 2016 in Maryland (Figure 11). The very smallest firms — those with fewer than 20 people — accounted for the largest share of small-business employment. Yet because small firms experience the greatest employee turnover of any size firm, workers in small firms move in and out of employment more often, which can lead to periods of no wages (U.S. Census Bureau, 2016).

Figure 11.
Private-Sector Employment by Firm Size, With Average Annual Wages, Maryland, 2016



Source: U.S. Census Bureau; Quarterly Workforce Indicators, 2016

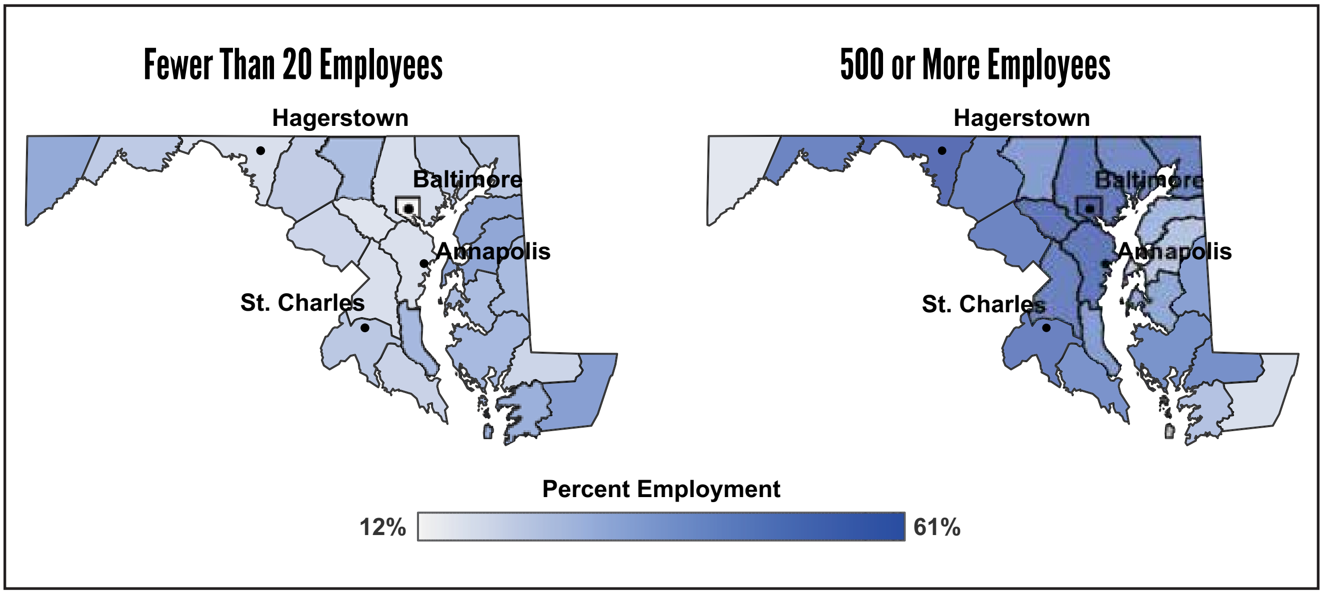
The wages of employees in the smallest firms are significantly lower than wages in larger firms (Figure 11). While average wages have been increasing faster than the 9 percent national rate of inflation, for many employees, wages have not kept pace with the 30 percent increase in the cost of the family Household Survival Budget. From 2010 to 2016, workers in firms with fewer than 20 employees and firms with 20 to 49 employees saw their wages rise by 11 percent to an average of $40,320 and $45,852 (if full time year-round) respectively. Wages of workers in companies with 50 to 250 employees increased by 13 percent to $50,940.

Employees in the largest firms started with higher wages and also saw an increase in their wages: Those working in firms with 250 to 499 employees saw their wages increase by 13 percent to $52,152 (if full time year-round), and wages of those working in firms with 500 or more employees increased by 10 percent to $56,472.

Another measure reveals that new-hire wages are lower than wages of workers in stable employment (working more than one quarter). Since job instability is often a threat to an ALICE household's stability, it's important to note the difference between new wages and stable wages. For all firm sizes, newly hired wages were at least 26 percent lower than stable wages, and in firms with 20 to 49 employees, newly hired wages were as much as 34 percent less.

Wages vary widely by location and by sector; areas dominated by small companies tend to have lower wages and less job stability. Figure 12 shows the percent of firms in each county that are the smallest (fewer than 20) and the largest (500 or more), with lighter areas representing a lower percentage of firms and the darker areas representing a higher percentage. Rural counties, such as Garrett and Worchester, have a higher concentration of employment in small firms, while companies with 500 or more employees are more concentrated in urban areas around Washington D.C. and Baltimore. Large companies in rural areas are often large retail chains, which tend to have lower wages, explaining the lower median wage for firms with more than 500 employees in rural areas compared to firms with 250 to 499 employees in those areas (U.S. Census Bureau, 2016).

Figure 12.
Percent Employment by Firm Size, Maryland, 2016



Source: U.S. Census Bureau; Quarterly Workforce Indicators, 2016

GIG ECONOMY

As the economy approached full employment (generally defined as an unemployment rate of less than 5 percent) in many areas of Maryland and across the country in 2016, ALICE workers were less likely to be unemployed. But their income still lagged behind the cost of living in most areas. In some cases, the problem is just low wages. But there is also the challenge of finding full-time, continuous employment. During the past decade there has been a shift away from traditional full-time, full-benefit jobs. In 2016, 15 to 33 percent of the workforce worked as a consultant or contingent worker, temp, freelancer, or contractor within the so-called gig economy. According to a National Bureau of Economic Research report, as much as 94 percent of U.S. net employment growth in the last decade has come from alternative or contingent labor. As a result, more workers are experiencing gaps in employment and less regular schedules and they are forgoing retirement plans, health insurance, and worker safety protections. Many gig-economy workers struggle to afford ongoing monthly expenses and often don't qualify for loans or other financial products that require regular income (Abraham, Haltiwanger, Sandusky, & Spletzer, 2016; Freelancers Union & Elance-oDesk, 2016; Eden & Gaggl, 2015; U.S. Government Accountability Office, 2015; Fehr, 2017; Katz & Krueger, 2016).

EMERGING TRENDS

While ALICE households differ in their composition, challenges, and level of need, three broad trends will impact the conditions they face and their opportunities to change their financial status over the next decade: the changing American household, increasing market instability, and growing inequality of health. These trends will also have significant implications for local communities and the state as a whole.

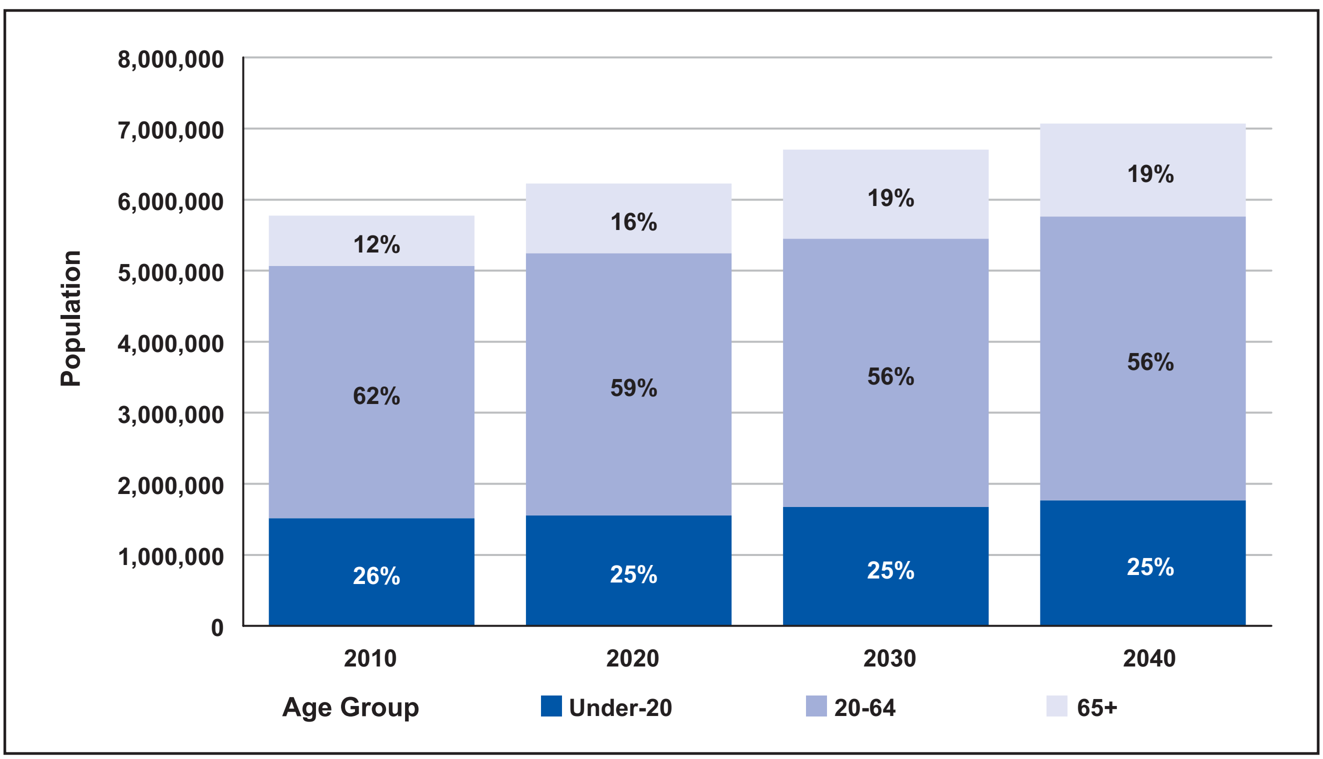
THE CHANGING AMERICAN HOUSEHOLD

Decades of shifting demographic trends have created changes in demand for housing, health care, transportation, and community services. These changes have implications for which households become ALICE households and where they live and work.

Growing Populations: Millennials, Baby Boomers, and Immigrants

Generational shifts: Both millennials and baby boomers are powerful demographic forces. Millennials have different lifestyle preferences than past generations, including choosing to live in urban areas, and delaying both marriage and having children. The large boomer cohort encompasses a group that is working longer, involved in a wide array of activities, and generally healthier than previous generations. Maryland's elderly population is projected to grow from 707,642 (12 percent) in 2010 to 1.3 million (19 percent) by 2040, an 85 percent increase (Figure 13). In contrast, demographers predict that the rest of the population will increase in numbers, but their percent of the overall population will actually decline. For example, the number of 0- to 19-year-olds will grow from 1.5 million (26 percent) in 2010 to 1.8 million (25 percent) by 2040 and 20- to 64-year-olds will grow from 3.5 million (62 percent) in 2010 to 4 million (56 percent) by 2040 (Weldon Cooper Center for Public Service, 2016).

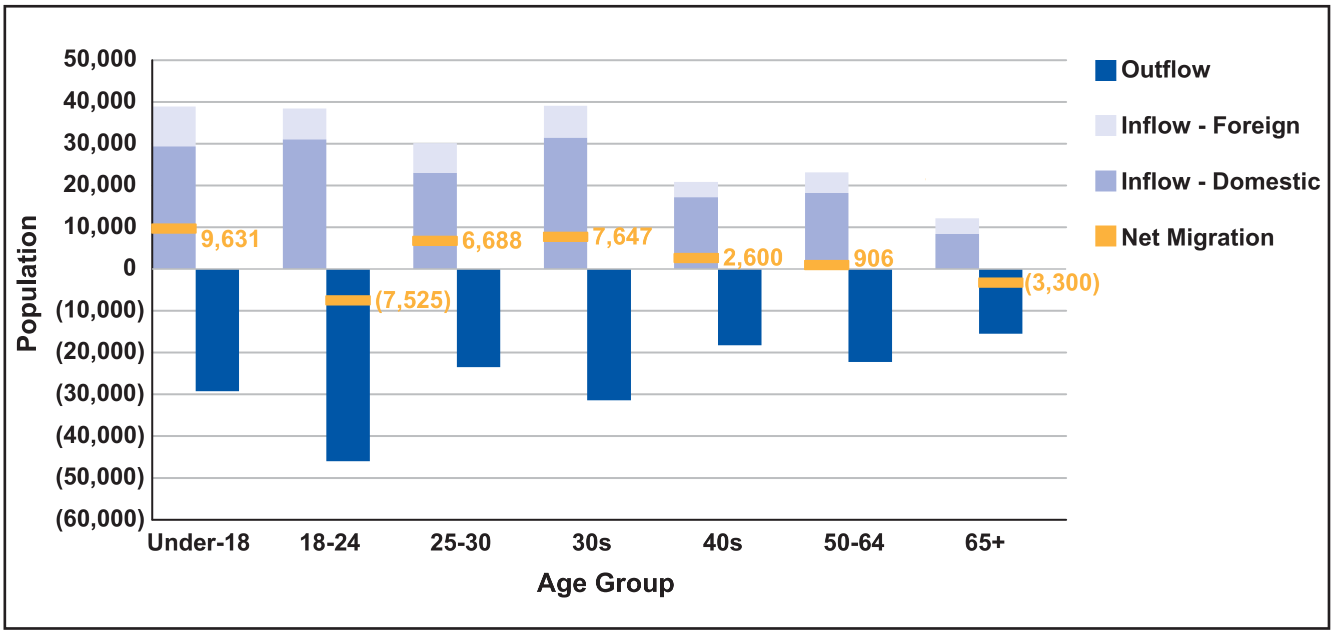
Figure 13.
Population Projection, Maryland, 2010 to 2040



Source: Weldon Cooper Center for Public Service, 2016

Migration and immigration: The primary driver behind Maryland's population growth is the migration of people from other states, mainly mid-Atlantic neighbors, as well as immigration from abroad. Though people moved in and out of the state, more people across all age groups moved into Maryland than left in 2016, a trend that has been increasing over the last decade. The largest inflows and outflows were among 18- to 24-year-olds and people in their 30s. There was a strong positive inflow of those in their late 20s and those in their 30s, while there was a net outflow of 18- to 24-year-olds and seniors (Figure 14). For all groups there was a significant number of foreign-born immigrants moving into the state. In fact, the number of foreign-born immigrants is almost the same as the net migration; in other words, without immigration, Maryland migration would be almost neutral (Aisch, Gebeloff, & Quealy, 2014; American Community Survey, 2016).

Figure 14.
Population Inflows and Outflows, Maryland, 2016



Source: American Community Survey, 2016

An ethnically diverse workforce: International migration plays a role in Maryland's racial and ethnic composition as well as its changing workforce. The immigration inflow has remained fairly flat at around 45,000 people per year since 2007. The largest number of immigrants are of working age (25-64), followed by those under 18 years old, and a much smaller number of seniors (American Community Survey, 2010, 2016).

Because of this steady flow of immigrants, the foreign-born population made up 15 percent of Maryland's total population by 2016, up from 10 percent in 2000. By 2016, roughly half had become citizens, 22 percent were legal permanent residents, and 27 percent were undocumented. Current immigrants in Maryland come from Latin America (40 percent), followed by Asia (33 percent), but they also hail from Africa, Europe, and the Middle East (Migration Policy Institute, 2014; Migration Policy Institute, 2016; American Community Survey, 2016).

- **Impact on the labor force:** Though state data is not available, nationally, the portion of the labor force that is foreign-born has risen over the last 20 years, from about 11 percent to just over 16 percent. Because the number of immigrants and their children are increasing faster than the domestic population, they will become a significant portion of the future workforce (National Academies of Sciences, Engineering, and Medicine, 2017).

- **Immigrants work in all sectors:** Across the country, large numbers of immigrants work as private household workers (45 percent) and in farming, fishing, and forestry occupations (46 percent), but they also work across all industry and occupational groups (Cilluffo & Cohn, 2017).

- **Immigrants vary widely in education:** Among adults age 25 and older, 24 percent of Maryland's foreign-born population has less than a high school education, compared with 7 percent of the native population. However, a much higher percentage of the foreign-born population has a graduate or professional degree (16 percent) compared to the native-born population (9 percent) (American Community Survey, 2016).

Implications of Demographic Trends

Changing infrastructure needs: Millennials tend to prefer to live near urban centers with amenities and public transportation; seniors want to be near family, health care, and other services; and immigrants want to live near good schools, public transportation, and jobs. These trends are increasing the demand for smaller, low-cost housing units, and expanded public transportation in Maryland. The demand has pushed down the vacancy rate of rental units to less than 6 percent across the state in 2016, though it is slightly higher in Baltimore (7 percent, which is down from a high of 16 percent in 2010). Because of the increased demand, rental prices have been increasing, making it harder for ALICE households of all ages to find and afford basic housing (U.S. Census Bureau, 2017; Department of Numbers, 2017; U.S. Department of Housing and Urban Development, 2016; Federal Reserve Bank of Richmond, 2018).

Increased need for caregiving: The aging population will increase demand for geriatric health services, including caregiving, assisted living facilities, nursing homes, and home health care. The challenges to ensure seniors get the care they need include a shortage of paid and unpaid caregivers, lack of training among caregivers, and the financial and emotional burden of caregiving on family members.

- **The caregiver-support ratio:** With the number of seniors increasing and the number of potential caregivers (aged 45 to 64) decreasing, there will be fewer people available to care for each senior. The ratio of working age people to seniors (80 years old and older) was 7.2 to 1 in 2010 nationally, and is projected to fall to 4.1 to 1 by 2030, and then to 2.9 to 1 in 2050 (AARP Public Policy Institute, 2015; Redfoot, Feinberg, & Houser, 2013).

- **Health aides are ALICE:** Personal care and home health aide occupations do not require much training, are not well regulated, and are not well paid. These workers are largely women, with one in four being immigrants, and earning a median annual income of $19,000 (Bureau of Labor Statistics, 2016; Espinoza, 2017).

- **Elder abuse:** Low pay, poor training, and lack of oversight may lead to poor-quality care, including physical, mental, and financial abuse and neglect, an issue that is on the rise in Maryland and across the country (MetLife Mature Market Institute, 2011; U.S. Bureau of Justice Statistics, 2015).

- **Caregiving takes a toll:** There are currently more than 771,000 family caregivers in Maryland. While families of all income levels may choose to care for family members themselves, many ALICE caregivers are forced into the role because they cannot afford to hire outside care. Half of caregivers reported household income of less than $50,000 per year and said they had no choice in taking on caregiving responsibilities. Caregiving also adds direct costs to a household budget and can reduce income due to hours away from work or the loss of a job. And the responsibility of making medical decisions as well as the amount of care required can mean further mental and physical strain for caregivers (Dixon, 2017; MetLife Mature Market Institute, 2011; AARP Public Policy Institute, 2015; Rainville, Skufca, & Mehegan, 2016; Ramchand, Tanielian, & et., 2014; Edwards, 2016).

MARKET INSTABILITY

In a complex, integrated global economy, ALICE workers will experience even greater fluctuations in employment and changes in job requirements. Economic disruptions and natural disasters in one part of the world will increasingly have an impact on ALICE workers in the U.S., contributing to employment instability, a shifting supply and demand, and disruption in traditional modes of operation. ALICE households, with few resources to weather these fluctuations, will suffer the most.

Shifting Risk to Workers

As businesses seek new ways to improve productivity and reduce costs, they have increasingly shifted to a contingent workforce that enables them to scale up or down as needed. Yet, workers bear the brunt of this strategy, by experiencing unexpected gains or losses in work hours, which makes it difficult for ALICE households to pay bills regularly, make short term family plans (e.g., child care), or make long-term financial plans such as qualifying for a mortgage. In addition, shorter working hours make it uneconomic for those who have to travel long distances to jobs. These arrangements also reduce the responsibility of employers to provide benefits, such as health insurance and retirement plans. This increases costs to ALICE households and makes them more vulnerable if they have a health crisis or have to retire early. In some cases, employer or government benefits (including paid and unpaid time off, health insurance, unemployment insurance, public assistance, and work supports) are tied to number of hours worked, and unpredictable scheduling means workers could at times fall short of eligibility. For example, low-wage workers are two and a half times more likely to be out of work than other workers but they are only half as likely to receive unemployment insurance (Garfield, Damico, Stephens, & Rouhani, 2015; Watson, Frohlich, & Johnston, 2014; U.S. Government Accountability Office, 2007; U.S. Government Accountability Office, 2015).

Changing Job Market

Maryland's economic landscape is changing. Despite media attention on innovation, the workforce in Maryland is projected to be largely low-paying jobs requiring few educational credentials. From 2018 to 2025, 57 percent of the fastest-growing jobs in Maryland will pay less than $20 per hour, and half (53 percent) will not require more than a high school diploma (Figure 15) (Projections Central, 2016; Bureau of Labor Statistics, 2016).

Many of these jobs are also at the greatest risk of being replaced by technology. In fact, in Maryland almost two-thirds (59 percent) of jobs in the top-20 fastest-growing occupations could be replaced by technology in the next two decades. In addition to automating existing jobs, technology is creating new on-demand jobs and services, with the most attention going to gig economy jobs such as TaskRabbit work and Uber and Lyft driving (Frey & Osborne, 2013).

It is easy to identify the jobs that are likely to disappear due to automation, but it is more difficult to predict the many new jobs that will be created to build and repair the newly mechanized parts of this infrastructure. Workers filling these maintainer roles will be required to develop new sets of skills. In the face of rapidly increasing computing power, an ability to work with data and work alongside machines will be necessary. The pace of change may be faster than anticipated. By one estimate, 50 percent of subject knowledge acquired during the first year of a four-year technical degree will be outdated by the time students graduate. Types of jobs that are predicted to emerge in the next 20 to 30 years include augmented reality architects, alternative currency bankers, waste data managers, 3-D printing engineers, privacy managers, wind turbine repair techs, nano-medics, drone dispatchers, robotic earthworm drivers, body part and limb makers, memory augmentation therapists, mass energy storage developers, and self-driving car mechanics (Frey T. , 2011; Mejia, 2017; Kaiser Family Foundation, 2016; OECD, 2016; World Economic Forum, 2016).

Figure 15.
New Job Growth by Occupation, Maryland, 2014 to 2024

Occupation	2014 Employment	Average Annual Openings	Hourly Wage	Education or Training	Likelihood of Being Replaced by Tech
Registered Nurses	83,090	3,250	$34.30	Bachelor's degree	1%
Retail Salespersons	71,940	3,150	$10.12	No formal educational credential	92%
Secretaries and Administrative Assistants	71,930	2,130	$18.01	High school diploma or equivalent	96%
Cashiers	67,810	3,250	$9.06	No formal educational credential	97%
Customer Service Representatives	48,500	2,210	$16.03	High school diploma or equivalent	55%
Elementary School Teachers	48,210	2,510	$31.53	Bachelor's degree	0%
General and Operations Managers	47,910	1,770	$54.54	Bachelor's degree	16%
Janitors and Cleaners	47,610	1,920	$11.24	No formal educational credential	66%
Office Clerks	46,560	1,420	$14.41	High school diploma or equivalent	96%
First-Line Supervisors of Office Workers	39,350	1,590	$26.92	High school diploma or equivalent	1%
Stock Clerks and Order Fillers	38,080	1,210	$10.72	High school diploma or equivalent	64%
Secondary School Teachers	37,540	1,850	$31.70	Bachelor's degree	1%
Laborers and Movers, Hand	36,890	1,760	$11.91	No formal educational credential	85%
Nursing Assistants	32,840	1,640	$13.25	Postsecondary nondegree award	30%
Teachers and Instructors	32,090	1,330	$33.71	Bachelor's degree	1%
Security Guards	29,890	1,060	$13.83	High school diploma or equivalent	84%
Accountants and Auditors	28,950	1,490	$34.59	Bachelor's degree	94%
Teacher Assistants	28,030	1,350	$13.64	Some college, no degree	56%
Middle School Teachers	27,010	1,410	$32.64	Bachelor's degree	17%
Bookkeeping and Auditing Clerks	26,130	730	$20.29	Some college, no degree	98%

Source: Projections Management Partnership, 2016; Bureau of Labor Statistics, 2014; Bureau of Labor Statistics, 2017

Increasing Exposure to Environmental Hazards

The impact of natural and man-made disasters is often felt more by ALICE workers and low-income communities. More affordable homes are often located in vulnerable areas. Droughts, floods, crop failures, violent weather, rising sea levels, and ocean acidification directly threaten the homes of ALICE families and jobs where ALICE works. The most common natural disasters to hit Maryland are floods, coastal hazards, winter storms, high winds, and thunderstorms. But there are also man-made disasters; for example, there are more than 900 industrial facilities with toxic runoff from their operations that put local communities and waterways at risk. ALICE families are more likely to live near these areas, and ALICE workers are more likely to work in these industrial sites, which include auto salvage yards, scrap metal recycling facilities, and landfills (van Paasschen, 2017; Steinzor, Lam, Flores, Isaacson, & Bernhardt, 2017; Maryland Emergency Management Agency, 2016; NASA, 2018).

Lacking Assets

What makes market instability especially difficult for ALICE households is their lack of financial resilience. Without adequate assets, families have little to no savings and few opportunities to improve their situation. When families can invest in education, new technology, a small business, or their own home, they can improve their circumstances socially and economically. They can also finance a secure retirement. These are opportunities for creating financial security that are often unavailable to ALICE, increasing the vulnerability of hard-working people.

More than three-quarters of U.S. workers live paycheck to paycheck at least some of the time, and nearly as many are in debt. They do not have savings or access to credit that might sustain them through a low period of income or an unexpected disaster. In 2015, 50 percent of Maryland residents did not have money set aside to cover expenses for three months to protect them against an emergency such as illness or the loss of a job. The wealth divide disproportionately affects households of color, which have fewer assets than White households. Nationally (state data is not available), the median wealth of White households was eight times the median wealth of Black households in 2010 and grew to 13 times in 2013 (the most recent data available) (Prosperity Now, 2018; CareerBuilder, 2017; Kochhar & Cilluffo, 2017; McKernan, Ratcliffe, & Shanks, 2011; FINRA Investor Education Foundation, 2016).

While data on wealth is minimal, there is data on three of the most common assets in Maryland — vehicles, homes, and investments — which can provide insight into resources families have for emergencies and to accumulate wealth. Most Maryland households (91 percent) have at least one vehicle. Although cars are a necessity for work in Maryland and offer other benefits beyond their cash value, they are not an effective means of accumulating wealth. The second most common asset is a home, which has traditionally provided financial stability and the primary means for low-income families to accumulate wealth. In 2016, 64 percent of Maryland households owned a home and three-quarters of those had a mortgage. Renting a home has become less affordable in Maryland as the cost of rentals has continued to rise, while demand for low-cost and multi-family housing has outpaced the supply. Maryland renters devote a high percentage of their household income to rent — the fifth highest percentage in the nation (National Low Income Housing Coalition, 2016; American Community Survey, 2016).

The most effective resource to weather an emergency is an income-producing investment, which can range from a savings account to a 401K retirement plan to a rental property. In 2016, 23 percent of households in Maryland had interest and dividends or rental income, above the national average of 21 percent, but down from 30 percent in 2010. And only 21 percent of Maryland households had retirement income (American Community Survey, 2014 and 2016; CareerBuilder, 2017; McKernan, Ratcliffe, & Shanks, 2011).

When families do not have savings or access to traditional financial services, they are often forced to use alternative lending products with high interest rates and greater risks of predatory lending practices and default. Yet in some cases, the consequence of not taking out these loans are worse than the risk of taking them. It may be more costly to forgo heat or necessary medical care, for example, than the financial cost of predatory lending. In many cases, borrowing costs are cheaper than fees for missing payments, such as heat-reinstatement fees (Mayer & Jencks, 1989; McKernan, Ratcliffe, & Shanks, 2011; McKernan, Ratcliffe, & Vinopal, 2009; Mills & Amick, 2011).

THE WEALTH-HEALTH GAP

There has long been a real and significant divide in health outcomes by socio-economic status, largely because of differences in living conditions, but also because of disparities in levels of quality health care access. With advances in technology and medical care, that gap is projected to grow. It is well documented that people in lower-income groups do not live as long as those in higher income groups. The National Academies of Sciences, Engineering, and Medicine projects that of people born in 1960, those in the lowest-income quintile have a shorter life expectancy than those in the highest-income quintile: 13 years shorter for men (76 years compared to 89 years) and 14 years shorter for women (78 years compared to 92 years) (National Academies of Sciences, Engineering, and Medicine, 2015; Chetty, Stepner, Abraham, & al, 2016; Komlos & Kelly, 2016).

The wealth-health gap is projected to increase further in two ways. First, there is a rise in precision medicine, or the ability to personalize medical treatments, products, and interventions, especially for cancer and rare disease treatments. Precision medicine can be expensive and not always covered by insurance. Second, biotechnology and genetic engineering may soon make it possible to upgrade health, beyond mere treatment of injury and disease. There are medical advances, for example, that will enable families who can afford it to repair genes that cause diseases like cystic fibrosis or insert genes that offer lifelong protection against infections and Alzheimer's disease. Still in the testing stages, none are covered by health insurance, and all are extremely expensive (Harari, 2014; Komlos & Kelly, 2016; Regalado, 2015).

Furthermore, the health-wealth divide is exacerbated by the differences in the environments where families live. Those with the fewest resources live in areas with unhealthy living conditions, such as contaminated water and polluted air, because these homes are less expensive. The impact of pollution, toxic exposure, and disease compounds over time.

Institutionalized racism and ongoing discrimination also factor into disproportionate exposure to adverse health conditions, as people of color have typically had less mobility and choice around where they live and in job opportunities. A 30-year analysis of 319 commercial hazardous waste treatment and storage sites in the U.S. found a consistent pattern of placing hazardous waste facilities in low-income neighborhoods, which are often disproportionately populated by Black and Hispanic families. A variety of large studies have also revealed an association between low socio-economic status and greater harm from air pollution. A comprehensive review from Harvard University researchers revealed that Black, Asian, Hispanic, and Medicaid-eligible individuals of any race/ethnicity had a higher likelihood of death from any pollution-related cause compared to the rest of the population, with Black people almost three times as likely to die from exposure to air pollutants than other groups (Di, Wang, Zanobetti, & Wang, 2017; Mohai & Saha, 2015).

THE DENTAL HEALTH DIVIDE

Nowhere is the wealth-health divide starker than in the disparity in dental care. The wealthiest families have full access to care that helps prevent tooth decay and breakage, and promotes jaw comfort, clear speech, and easier maintenance — all of which lead to better overall health. They often spend thousands of dollars on supplemental dental care to achieve whiter, straighter, stronger smiles, which leads to more social and job opportunities.

Those with the lowest income rarely have dental insurance and therefore forego preventative care. As a result, more low-income individuals suffer from tooth decay and gum infection, which increases the risk of cancer and cardiovascular diseases, and can affect speech and communication, eating and dietary nutrition, sleeping, learning, playing, and overall quality of life. In addition, crooked or yellow teeth can stigmatize people in social settings and reduce job prospects, and they are associated with low educational achievement and social mobility. In fact, 29 percent of low-income respondents to a 2015 American Dental Association survey reported that the appearance of their mouth and teeth affected their ability to interview for a job.

Dental services for low-income children and other vulnerable populations in Maryland have improved significantly over the last 15 years. Maryland's Healthy Smiles Dental Program, under Maryland Children's Health Insurance Program (MCHIP), provides coverage for children and those under the age of 21, former foster care recipients under the age of 26, pregnant women 21 years of age and older, and adults enrolled in the Rare and Expensive Case Management program. From 2005 to 2013, the dental utilization gap between privately-insured children and those enrolled in Healthy Smiles narrowed by over 80 percent, exceeding the national gap decrease of 53 percent.

Even with these improvements, there are still significant barriers to access to dental care for many adults in Maryland. Dental services, including those provided by Healthy Smiles, often require a co-pay that makes them unaffordable for many ALICE families. For seniors, Medicare does not cover routine oral health and dental care, but Maryland provides limited supplemental services for low-income seniors. Unable to afford expensive root canals and crowns, many adults simply have their teeth pulled. As a result, nearly one in five Americans older than 65 do not have a single real tooth.

Having dental insurance does not guarantee access to treatment. Even those with dental coverage have difficulty accessing care in Maryland because there are 49 Dental Care Health Professional Shortage Areas, in both rural areas and urban areas, meaning that only 23 percent of need is being met. According to the Maryland Rural Health Association, 36 percent of Maryland children did not receive dental care in 2015, and in counties with the worst coverage, that rate is as high as 49 percent.

Source: Jordan & Sullivan, 2017; Frakt, 2018; Otto, 2017; Health Policy Institute, 2015; Kaiser Family Foundation, 2016; Center for Health Care Strategies, 2018; Maryland Health Connection, 2017; Maryland Rural Health Association, 2018; Maryland Department of Health, 2017; Maryland Health Connection, 2018

NEXT STEPS

There is a basic belief in America that if you work hard, you can support yourself and your family. Yet the data presented in this Report shows that for more than 825,000 households in Maryland, this is not the case. Working households are still struggling due to the mismatch between the basic cost of living and the wages of many jobs across the state, exacerbated by systemic inequalities in opportunity and wealth. By making this clear, the ALICE data challenges persistent assumptions and stereotypes about people who can't afford to pay their bills or are forced to visit a food bank — that they are primarily people of color, live only in cities, are unemployed, or are struggling as the result of some moral failing. The data on ALICE households shows that hardship in Maryland exists across boundaries of race/ethnicity, age, and geography.

With projected demographic changes and persistent barriers to stability, many ALICE and poverty-level families will continue to face hardship. In particular:

- At least 50 percent of Maryland residents do not have money set aside to cover expenses for three months in case of an emergency such as illness or the loss of a job (FINRA Investor Education Foundation, 2016).
- The majority of residents under age 25 are unable to afford to live on their own, and for both economic and cultural reasons are delaying getting married, having children, or moving for new job opportunities.
- More seniors are aging without saving for retirement.
- There are fewer workers to meet the growing demand for senior caregiving.
- Income and wealth disparities persist by race/ethnicity, sex, gender identity, and sexual orientation.

PRIORITY ISSUES FOR CONSIDERATION

Economic conditions will continue to evolve, and these changes will both provide opportunity and inflict costs. The distribution of opportunity and cost is not usually even or equitable. For change to have a positive impact on ALICE households, communities need to consider a range of system changes that would both help ALICE weather downturns in the short term and become more financially secure in the long term. Policy makers, academics, and advocates in the field have proposed a range of broad ideas that could be adapted on a local, statewide, or national front. The following are a sample of these ideas for consideration.

Education

1

Incorporate technology training into basic public education throughout a person's lifetime. Going forward, most jobs will require digital skills, from basic use of computers and smartphones to managing automation and robots. Since 2004, the share of occupations that required high levels of digital skills more than doubled, from 10 to 22 percent. For ALICE workers to maintain employment over time, they will need technology training that is accessible and of high quality throughout their lifetime. Public K-12 schools can incorporate digital skills into all aspects of the curriculum for students, higher education can offer more focused programs, and companies can invest in training for their employees (Liu, 2017).

Financial Stability

2

Create programs and infrastructure to help workers weather fluctuations in the modern economy. The issue of fluctuating income for families is one of the biggest problems for individuals, families, and the macro economy. The solutions will have to be big as well. Here are several approaches for policy makers to consider:

- **Access to credit:** For those with low incomes, saving for emergencies is nearly impossible. Access to credit at low rates has proven to be effective to help ALICE workers and employers, especially small businesses, weather an emergency. ALICE families do not always qualify for low rates, but when they do they still need to have enough income to repay the loan or they risk greater long-term financial crises (Collins & Gjertson, 2013; Mayer & Jencks, 1989).

- **Private and public financial instruments:** These range from new types of financial products to a guaranteed income or allowance. Employers could make wages more immediately available (rather than wait two weeks until payday), and banks could do the same for deposited funds. Financial institutions as well as the government could offer insurance or credit to protect workers against dips in income. Going even further, economists, theologians, and policymakers have proposed a minimum guaranteed income for all families for centuries, though proposals run the gamut of approaches. The idea has received more bipartisan attention lately as more workers face periods of low wages or unemployment (Murray, 2016; Schiller, 2017; Van Parijs & Vanderborght, 2017; Shaefer, Collyer, & et, 2018; Farrell & Greig, 2015).

Employment

3

Remove barriers to employment. Barriers to employment for ALICE workers include family-care responsibilities, physical and mental health problems (including substance abuse), limited language skills, lack of reliable transportation, and lack of job skills. There are several evidence-based solutions such as work programs that provide direct connections to employment (including apprenticeships), an individualized training approach (that can address a wide range of challenges from soft skills to housing), and the development of career pathways over time through work and education. Successful outcomes require employers, government agencies, and nonprofits to weave together programs and resources that provide a wide-reaching web of support (Van Horn, Edwards, & Greene; Yellen, 2017; Tessler, 2013; U.S. Department of Health and Human Services, 2012).

Consider portable benefits: Benefits such as health insurance, retirement plans like a 401(k), or paid leave, could move with the worker from job to job, and across multiple jobs at once. These can be delivered in multiple forms, through programs that are not connected to work or the employer at all, or through programs that involve employers. Some examples of this approach can be found in the construction industry and business associations, and legislators in New York and Washington are considering benefit management systems so that employers could pay into workers' benefit funds (Foster, Nelson, & Reder, 2016; Strom & Schmitt, 2016; Guillot, 2017; Quinton, 2017; Maxim & Muro, 2018).

Lifetime employment: Considering examples from other countries can expand thinking on this topic. For example, guaranteed employment is an innovative policy that has been utilized in Germany and Japan. Companies guarantee employment for large numbers of workers. To avoid layoffs, the practice allows for transfers and defined reductions in hours and wages in lean times (Noorderhaven, Sorge, & Koen, 2015).

Equity

4 **Level the playing field for all.** Biases against marginalized groups persist in the workplace and the housing market despite positive shifts in public opinion and attitudes regarding differences in race and ethnicity, sex, sexual orientation, gender identity, and disability.

Racial bias is among the most persistent, despite research confirming that the gaps in education, income, and wealth that now exist along racial lines in Maryland and across the U.S. have little to do with individual behaviors. Instead, these gaps reflect systemic policies and institutional practices that create different opportunities for people of differing races and ethnicities. This divide is especially apparent in Baltimore, manifested through gentrification and concentrated poverty in communities of color. Discriminatory practices have been embedded in our social structures and legal system, especially in terms of housing policies, immigration practices, voting rights, school funding, and health care programs. To make a difference for ALICE households of color, changes need to be made within institutions that impede equity in areas including the legal system, health care, housing, education, and jobs (Mishel, Bivens, Gould, & Shierholz, 2012; Shapiro, Meschede, & Osoro, 2013; Agency for Healthcare Research and Quality, 2015; Goldrick-Rab, Kelchen, & Houle, 2014; Racial Wealth Divide Initiative, 2017; Anti-Poverty Network of New Jersey, 2017).

For solutions to be effective, they must be as comprehensive and as interconnected as the problems are. Siloed solutions do not work. Because conditions vary across counties and states, the solutions to the challenges that ALICE and poverty-level households face will vary as well. Stakeholders — family, friends, nonprofits, businesses, and the government — will need to work together with innovation and vision to bring structural change, beginning at the highest levels of economic policy and extending deep into the fabric of our communities.

Ultimately, if ALICE households can become financially stable, Maryland's economy will be stronger and its communities more vibrant — improving life not just for ALICE, but for everyone. The data detailed in this report can be a jumping-off point for new and better ideas that can help working families move toward this goal. There is no one solution: A host of strategies will be needed to build and fortify a nation where working people and their families aren't left behind.