Facts and Figures on the Middle-Class Squeeze in Maryland

For hard-working, middle-class families all over the country, life during the Bush presidency has grown less affordable and less secure. President Bush's record of fiscal incompetence and mismanagement and Republicans' close ties with special interests have helped lead to both lower wages and skyrocketing costs for basic necessities like gas, health care, and college tuition. Unfortunately, instead of addressing the problems facing the middle class, Bush Republicans have either ignored them or enacted measures that have made matters even worse.

Middle-Class Families in Maryland Squeezed By Skyrocketing Costs

Health care premiums have increased for Maryland's families. Nationally, the cost of family health insurance has skyrocketed 78 percent since 2001.[1] In 2005, the average inflation-adjusted health care premium for family coverage in Maryland was $10,528, an increase of 34.67 percent since 2001, while the average premium for individual coverage was $3,834, a 32.78 percent increase from 2001.[2]

Meanwhile, the number of uninsured Americans has increased every year since President Bush took office, from 41.2 million in 2001 to a record high of 47 million in 2006.[3] In 2001, 9.8 percent of Marylanders had no health insurance.[4] In 2006, 13.8 percent of Marylanders had no health insurance, an increase of of 4 percent.[5] Over half of low income children in Maryland do not have health insurance. In Maryland, 76,932 children living in families below 200 percent of the federal poverty level (or 57.4 percent) do not have health insurance.[6]

Gas prices have more than doubled in Maryland. In Maryland, the price of regular gas has jumped 106 percent from $1.43 the week President Bush took office in January 2001[7] to $2.94 in February 2008.[8] In 2008, the average Maryland household with children will spend about $4,951 on transportation fuel costs, an increase of 105.59 percent over 2001 costs.[9]

College education costs in Maryland continue to rise. Nationally, average tuition, fees, room, and board costs at four-year public universities have increased by $4,357 from $8,439 in the 2000-2001 academic year to $12,796 in the 2006-2007 academic year, an increase of 51.6 percent.[10] In just the past school year in Maryland, average tuition and fees at four-year private universities have increased by 7 percent from $26,497 in the 2006-2007 academic year to $28,247 in the 2007-2008 academic year, and have increased from $7,216 to $7,304 (or 1 percent) at four-year public colleges.[11]

In 2006, 32 percent of family income was needed to pay for one year at a four-year public college in Maryland, after financial aid.[12] In Maryland, 53 percent of students graduating from four-year institutions in the 2004-2005 school year graduated with debt.

The average student graduating from a four-year college in Maryland that year owed $14,822 in student loan debt.[13]

The subprime mortgage crisis is impacting Maryland homeowners. Subprime mortgages once helped millions of Americans, many with limited or imperfect credit, achieve the American dream of homeownership. Unfortunately, under the Bush Administration's watch, unregulated mortgage originators engaged in abusive and predatory lending practices, deceiving vulnerable borrowers into adjustable rate mortgages (ARMs) they could never afford, charging excess fees, and trapping them in high-cost loans with costly pre-payment penalties. As interest rates on these adjustable rate loans reset and move sharply higher, many American families will lose their home to foreclosure.

An estimated two million American households may lose their homes to foreclosure this year and next, and no state has been immune. In Maryland, more and more people are facing mortgage delinquencies and foreclosures: there were 25,109 foreclosures in 2007 in Maryland, with 3,079 foreclosures filed in December 2007. [14] According to a recent Joint Economic Committee report, there are an estimated 168,438 outstanding subprime loans in Maryland and the number of subprime foreclosures is estimated to total 25,057 between the third quarter of 2007 and the end of 2009.[15]

In addition, the high rates of foreclosure are bringing bring down neighboring property and household wealth. The Joint Economic Committee found that the expected economic costs of forecast foreclosures total nearly $104 billion. In Maryland, subprime mortgage-related foreclosures will cost $2,732,661,008 in lost property value and $19,055,963 in lost property taxes over the second half of 2007 through the end of 2009.[16]

Middle-Class Families in Maryland Squeezed By Declining Incomes and Fewer Job Opportunities

While families work harder, their real wages continue to decline. Nationwide, median household income, adjusted for inflation, has declined $962 between 2000 and 2006.[17] In Maryland, after adjusting for inflation, people are earning less than they were in 2000. In 2000, the median income in Maryland was $63,851.[18] In 2006, the median income in Maryland was $63,668***,*** a drop of $183, or 0.29 percent.[19]

Job creation during the Bush Presidency is among the worst since the Hoover Administration.[20] Private sector job creation has been especially poor during the Bush presidency, with an average annual job growth rate of only 0.5 percent per year since 2001.[21] Just 3.8 million private sector jobs have been created during since 2001, compared with over 20 million private sector jobs created during the Clinton presidency.[22] In Maryland over the same period, the number of non-farm employees rose only by 166,550, an increase of only 4.12 percent between January 2001 and December 2007.[23]

The U.S. manufacturing sector, often the source of jobs with good pay and benefits, has lost over three million jobs since the start of the Bush Administration.[24] In December 2007, there were 133,800 manufacturing jobs in Maryland, representing a 21.89 percent drop in manufacturing employment since January 2001.[25]

Nationwide, unemployment has increased by 19 percent. In part because of this failure to create a sufficient number of jobs, the national unemployment rate stands at 4.9 percent,[26] 0.7 percentage points higher than the 4.2 percent rate when President Bush took office. This represents 7.6 million people who are officially counted as unemployed – over 1.6 million more people than were unemployed in January 2001. The unemployment rate in Maryland increased 8.33 percent between 2000 and 2006.[27] In December 2007, there were 114,800 unemployed individuals in Maryland.[28]

The Bush Administration has presided over the second largest average annual rise in the poverty rate.[29] In 2006, 36.5 million Americans were living in poverty in the United States, an increase of over 4.9 million since 2000.[30] In Maryland, the poverty rate increased from 7.4 percent in 2000 to 8.4 percent in 2006.[31]

Middle-Class Families in Maryland Squeezed By Record Levels of Republican-Created Debt

In addition to tightening the squeeze on America's families, Republican policies have made our entire nation less financially secure. Republicans increased our national debt to nearly $9 trillion and have insisted on spending billions of dollars every year on budget-busting tax breaks for special interests and multi-millionaires. The Bush Administration also continues to compromise our economic security by increasing our reliance on foreign investment from China, Japan, and Dubai.

Bush Republicans turned record budget surpluses into record deficits. When President Bush took office in January 2001, he inherited a unified budget surplus of $236 billion from President Clinton, the largest surplus in American history.[32] Budget surpluses were expected to continue for another ten years when President Bush took office in January 2001.[33] By 2002, however, the unified federal budget had returned to a deficit of $160 billion and has since reached historic highs.[34] Last year, the budget deficit was $163 billion, or 1.2 percent of GDP.[35]

An enormous trade deficit is undermining U.S. competitiveness. In 2006, the U.S. trade deficit was $765.26 billion – a record high and twice the size of the trade deficit in 2001.[36]

Debt owed to foreigners climbs to record levels. In order to finance record budget deficits, the United States has had to borrow at unprecedented rates from foreigners. As of September 2007, the United States had accumulated $1.33 trillion more in debt to foreigners than this country had accumulated in its first 224 years.[37] By contrast, during the last three years of the Clinton Administration, the United States paid off more than $200 billion in debt to foreigners.[38]

Bush Republicans, addicted to borrowing, increased the national debt by over $3 trillion. President Bush is the most fiscally irresponsible American president, having presided over the largest explosion of debt in our nation's history. Every year since taking office, President Bush requested that Congress increase the statutory debt limit, resulting in a $3.2 trillion, or 57 percent, increase.[39] At the end of 2007, the federal debt was $8.9 trillion,[40] or roughly $30,000 for every man, woman, and child in America.[41]

Record federal deficits and debt create record interest costs for Maryland's taxpayers. Record federal deficits and debt create record interest costs for Americans. In 2006, interest costs on the federal debt amounted to $405.9 billion and this figure will grow to $645 billion by 2017.[42] Moreover, the Bush tax cuts, which disproportionately benefit the wealthiest Americans, have resulted in an increased national debt that will have to paid off in the future, which is a burden that falls disproportionately upon the middle class.

Between 2001 and 2006, Maryland residents in the top one percent income bracket (earning an average income of $1,326,100 in 2006) received an average of $81,731 tax cut per family member, which exceeds their added debt and interest burden per person for a *net benefit* of $28,691. By contrast, Maryland residents in the middle 20 percent income group (earning an average income of $48,800 in 2006) received an average $2,336 in tax cuts, but their share of the added debt and interest totaled an average $9,886, resulting in a *net loss* of $7,551 over the six-year period. The *net loss* for a middle class family of four is estimated to be $30,203 over that period.[43]

Endnotes

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