



Regional Perspectives: Economic woes bring diminished cheer for many this Labor Day

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With the approach of Labor Day, these are not happy days for the American work force or for local working men and women. At the national level, we are still in the situation where the wizards up in Cambridge, Mass. (the self-appointed Business Cycle Dating Committee at the National Bureau of Economic Research) have not declared an official economic recession.

And while one measure of national economic growth, the Gross Domestic Product, continues to move up just barely, the number of people employed in the country has declined every month this year.

The Baltimore region, with our proximity and economic ties to the Washington region, has been thought recently to be almost recession-proof. Some think this happy condition might even be reinforced with the anticipated job growth associated with the military base realignment in the years ahead.

Of course, this area is not immune to the consequences of the business cycle. Referring to the latest numbers available from the state, we do see an uptick in unemployment in the region over the last year.

The number of those unemployed in the Baltimore region has risen from 58,600 in July 2007 to 70,400 in July 2008, with a rise in the unemployment rate from 4.1 percent to 4.9 percent. By historic standards, the rate is not very high and is still lower than the national figure of 5.5 percent.

There is a harsher picture in Baltimore City, with an increase in the number unemployed from 17,600 to 20,700 and a one-point rise in the unemployment rate from 6.3 percent to 7.3 percent.

Still, these numbers do not tell the whole story of the impact of the current economic woes. Concerns about the economy are compounded by the turmoil in the housing and credit markets and the foreclosure crisis. Many of those who still have their homes are struggling to make their mortgage payments while dealing with the rising prices of food and fuel.

This is also the first extended period of economic slowdown since the passage of welfare reform in 1996 (the 2001 recession was followed by a relatively quick recovery), and current conditions may be particularly difficult for those who were required to move from welfare to work.

To understand how the current economic malaise might be impacting workers, particularly low-wage workers, I contacted Cathy Born at the University of Maryland School of Social Work, where

she specializes in studies of the impact of welfare reform and prepares an annual report, "Life After Welfare."

While Professor Born indicated that we might still be at too early a stage to see the consequences in rising welfare rolls, she suggested that changes in those using food stamps could be a leading indicator.

Indeed, I learned that the Maryland Department of Human Resources (DHR) has just compiled numbers showing that food-stamp participation had reached a historic level. From July 2007 to July 2008, food-stamp participants grew by nearly 50,000, with the Baltimore region accounting for roughly half of that. As of July 2008, nearly 372,700 individuals were participating in the food-stamp program, up more than 100,000 from four years ago.

DHR acknowledges that it has worked with the federal Food and Nutrition Service, the Maryland Food Bank and other community organizations to make it easier for people in need to apply for food stamps. But those efforts were yielding modest results. The department attributes the latest double-digit spike in participation to the struggling economy.

This serves as a reminder that many low-income workers with full-time jobs do not earn enough to put an adequate amount of food on the table for themselves and their families without help. Jason Perkins-Cohen, executive director of the Job Opportunities Task Force (JOTF), reinforces this message. He notes that many in our region work full time at their jobs — as childcare workers, security guards, food servers — and still live below the poverty level.

Perkins-Cohen also notes that Maryland's laws do not always recognize the changing workplace and the needs of its workers. For example, if a worker here loses a job and applies for unemployment insurance, he will be denied benefits if he indicates his availability only for part-time employment.

Most states, recognizing that many jobs in today's economy are part time, do not impose this restriction. As part of its legislative agenda last year, JOTF sought to change this law but failed. The task force will try again to make the change in 2009.

If the group succeeds, there will be a little bit more to cheer about next Labor Day. Of course, an improving economy would be cause for a major celebration.

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