



# MORE IN THE MIDDLE

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## INITIATIVE



# DASHBOARD REPORT:

## ANALYSIS AND METRICS OF BALTIMORE CITY'S AFRICAN AMERICAN MIDDLE CLASS

An Overview of Economic Gaps in Black and White



ABC Associated  
Black Charities



Strategic Collaborative

# **DASHBOARD REPORT:**

## **ANALYSIS AND METRICS OF BALTIMORE CITY'S AFRICAN AMERICAN MIDDLE CLASS**

An Overview of Economic Gaps in Black and White

### **EXECUTIVE SUMMARY**

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# INTRODUCTION

**THERE IS A SERIOUS “LEAKAGE” OF ASSETS LEAVING OUR CITY: GROWING FAMILIES AND COLLEGE GRADUATES.** THIS NEW GENERATION OF LEADERS COULD REPLENISH A TALENT PIPELINE FOR THE CITY; A GENERATION OF EXISTING AND POTENTIAL WORKERS AND ENTREPRENEURS THAT COULD CONTRIBUTE TO A REBIRTH OF THE CITY AND THE REGION. IN ADDITION, THERE IS A HOST OF UNTAPPED TALENT CURRENTLY EXISTING IN NEIGHBORHOODS THROUGHOUT THE CITY; FRIENDS AND NEIGHBORS WHOSE PRESENCE STRENGTHEN THE SOCIAL FABRIC AND POTENTIAL OF BALTIMORE AS ONE OF THE GREATEST PLACES TO LIVE, WORK, AND GROW A FAMILY.

As they leave our city, and if we have failed to tap into the potential of existing residents, the result with which we are all left, is a socially and economically poorer Baltimore and Baltimore region.

Yet Baltimore remains – at its core – a city of promise. We can build upon the history of generations before who have fought for their piece of the American dream. Using our willingness to roll up our sleeves and do what needs to be done, we can pull together for the good of the city and region.

In the following Executive Summary of the Dashboard Report – to be released in its entirety later this month – you will find a summary analysis of the economic gaps which afflict the city and – by extension – the region. This Baltimore City Gap Analysis Report – a Dashboard Report – provides stark visuals of the economic affliction that separates us.

It concentrates on the gaps between African American and white middle class<sup>1</sup> communities in key educational, economic, housing and other critical areas that impact the economic and quality-of-life realities faced by all who live, work, play, and raise families in both Baltimore City and the region.

We have been asked two pertinent questions about the **More in the Middle** Initiative: why focus on the African American middle class and why an economic focus as opposed to a moral and or social justice agenda?

Our answers to the questions are simple and strategic: the moral and social justice agendas are equally important and efforts on those fronts have been and are currently being undertaken by a host of partners throughout the region, with the support and participation of Associated Black Charities.

The **More in the Middle** Initiative is a strategic intervention meant to explore the economic opportunities inherent in the demographic make-up of Baltimore City for the benefit of the City and region as a whole.

According to the 2000 Census, African Americans make up two-thirds of Baltimore’s population. More recent population (2003) Census estimates confirm that this ratio has remained constant. By focusing on a strategic economic intervention of **retaining, growing, and attracting** an African American middle class, we can intentionally build upon a population that has been and remains critical to the economic growth of Baltimore and its region.

The following report shows the primary impact felt by the city and the region is an economic one, experienced by its majority African American population and seen by all populations in:

- the devastating number of home foreclosures;
- lack of viable labor force opportunities;
- a statistically depressed graduation rate from colleges and universities;
- stagnant entrepreneurial job-providing business growth; and
- a history of segregation that continues to limit the social networks that are so important in providing access to opportunity that translates into shared wealth building and well-being for all of our citizens.

We acknowledge the critical role of paying attention to the basic fabric of any city: reduction of crime and improving the educational outcomes for children in public schools – K-12. These are just that – the basics – and we will continue to lend our energies and investments to addressing these

<sup>1</sup>Middle class is a term that can have both culture and income-based meanings. In this report, we use an income-based definition of middle class for two primary reasons. The first reason is that culture or values-based definitions require multiple assumptions and generalizations about individual’s behavior and beliefs. More importantly, a non-income based definition of middle class is more difficult to measure and subject to numerous opinions and interpretations and a primary goal of this report is to quantify the gaps between racial groups. In examining the gaps between African Americans and white, we define middle class as incomes of \$35,000 to \$75,000. While this definition may be more restrictive than other analyses, it was chosen for ease of comparability using Census and other data sets.

critical issues. But we recognize that we cannot wait until the basics have been successfully addressed in order to take action to stop the asset leakage from Baltimore City.

At the Associated Black Charities, we know that action has to be taken from an economic framework – the source of the problem – in order to address the corresponding symptoms that negatively affect the economic and quality-of-life issues in our city and region and to work toward results benefitting each population group that resides here.

Although the gaps are stark and there is much work to be accomplished, the opportunity for doing so has never been brighter.

**The “More in the Middle” Initiative is an economically focused strategic intervention of Associated Black Charities and its Collaborative Partners to retain, grow, and attract “More in the Middle”** – more middle income African Americans in Baltimore City who will help grow the economy of Baltimore City and spread their economic gains across the state and region.

This initiative is not another program; it is a collaborative that builds upon existing resources and avenues – social networks, current programs addressing key areas, public policy – and existing current and potential collaborators from businesses, the philanthropic communities, city and state governments, and those in our communities – in order to close the gaps that enable wealth leakages.

Baltimore remains – at its core – a city of promise and just like generations before who have fought for their piece of the American dream before us; we have a solid history upon which to build.

***I hope that, as you read the following executive summary, you will not be discouraged but will be galvanized to take action by joining “More in the Middle” collaborative partners committed to working to fulfill the promise.***

A greater African American economic middle class in Baltimore will result in increased levels of educational attainment, homeownership, business development opportunities, and employment of low and high-skilled workers. Additionally, a larger African-American economic middle class will enhance economic activity, expand the tax base, increase consumer spending, and lower the cost of City services to the poor and allow for additional resources to be spent on improved City services. The conclusion is straightforward: a healthy Baltimore city and region is a

promise that can be fulfilled through the retention, growing the assets and opportunities of Baltimore’s poor, and attraction of a larger African American economic middle class. It is not ok to only pay attention to the existing African American economic middle class, it is imperative to also pay attention to Baltimore’s underdeveloped talent. Often found in many of our communities and sometimes written off, they play an equally important role in attracting a greater African American economic middle class. All the dots need to be connected to make an impact.

There are a number of programs already in place focusing on increasing the assets of low-wage earners; increasing the opportunity for ex-offenders to gain skills, earned income tax credits expanded use in the City, and asset building strategies to name a few. The question may be – are there enough opportunities available? What other strategies, public policies and programs can be focused on this agenda?

- For Baltimore's existing African American middle income citizens, what opportunities are available to them to learn how to prevent foreclosures? Are there opportunities for them to increase their skills to advance their incomes and increase access to greater wealth? Are young adults ready to go to college and once there, are they ready to stay and succeed?
- Are there intentional strategies to grow and expand businesses in the African American community? Are those opportunities significant enough to grow the business to grow greater number of employees?
- Are there intentional strategies targeted to African American middle income citizens looking for a corporate home in the Baltimore area? Are there intentional strategies targeted to African American middle income earners to consider Baltimore as their future home?
- Are there public policies at the State or City level that are supportive or not supportive of retaining, growing or attracting a greater African American middle income?
- What role do social networks play in expanding these opportunities and helping to connect the dots to achieve the goal of increasing Baltimore's economic health?

And, one of the most important questions of all:

### **How will YOU be involved?**

Diane Bell McKoy  
President/CEO  
Associated Black Charities

## EXECUTIVE SUMMARY

MIDDLE INCOME HOUSEHOLDS ARE A CRITICAL PART OF BALTIMORE CITY'S FISCAL BASE. THESE HOUSEHOLDS PROVIDE REVENUES THAT POORER HOUSEHOLDS AND INDIVIDUALS CANNOT. IN ADDITION, THEY ALSO HELP SUPPRESS TAX RATES ON WEALTHIER HOUSEHOLDS AND INDIVIDUALS. AND A LARGER NUMBER OF PERSONS WITH MIDDLE CLASS INCOMES AND ASSETS WILL INCREASE THE CITY'S TAX BASE AND THUS ENRICH THE REGION.

With 64% of Baltimore's population represented by African Americans, efforts that target the largest racial group will have the most impact on the City. Expanding the size of the African American middle class through a strategy of retaining, growing, and attracting more potential middle income residents to the City will improve its fiscal and economic health.

### The Need to Retain, Grow and Attract the African-American Middle Class

The need to retain, grow, and attract the African-American middle class has received attention in Baltimore City. With leadership and funding from the Annie E. Casey Foundation, a number of civic leaders began to ponder this issue and analyze the data. Within the past year, Associated Black Charities, along with other civic leaders articulated why this agenda is important to the City's long term fiscal health. It is not just about improving the lives and outcomes of African Americans in Baltimore City, but also about improving the overall quality of life within the City for all of its citizens. While there is an existing African American middle class in Baltimore, this group is small when compared to the overall African American population. Therefore any efforts to enlarge this population group will benefit not only the Black residents in the City, but the City overall.

Currently, more than one in four African-American City residents live in poverty. Through reducing poverty the tax base increases and the cost of providing services – especially those that address poverty – decreases. Recently, there have been challenges to efforts to increase our tax base. Baltimore's current middle class population has experienced foreclosures and thus a significant loss of their economic assets. Then, there are the African American students who do go to college from Baltimore City but still end up dropping out prior to obtaining a degree. If successful in increasing the assets but also preventing loss of assets, an increased tax base from these efforts would also allow Baltimore City to provide improved City services, which could contribute to its attractiveness as a location for new residents. Finally, an increase to City's tax base creates a larger number of consumers with greater purchasing power to positively impact the City and region.

### An African American Middle Class Renaissance

Through the retention, growth, and attraction of an African American middle class, Baltimore City would experience a renaissance – an economic renaissance – that would significantly alter its economy, workforce, and socioeconomic conditions.

The Sage Policy Group found that an African American middle class renaissance would “utterly transform the city's economic, social and government landscape”. A renaissance of middle class African Americans would produce several impacts:

- Total income for all City residents would increase by over a quarter;
- Over 30,000 new jobs would be created;
- Housing values in the City would significantly increase; and
- City tax collections from income and property taxes would increase by over \$270 million.





## A Skilled Workforce

In today's knowledge-based and global economy, a skilled workforce is a region's greatest asset. The City's ability to retain and attract a larger Black middle class will improve the quality of the future workforce. In so doing, this enhances the global competitiveness of Baltimore's corporate community and strengthens the non-profit sector in the region.

For those who remain poor, increasing their access to skills and education is an essential part of breaking the cycle of poverty. Basic skills influence wages. Research demonstrates that Black-owned businesses are more likely to hire low-skilled African American employees, which in turn will raise Black employment within the City. With more opportunities for employment, wages for African Americans will rise and lower the number of persons in poverty and increase educational attainment levels.

## Forces Impacting the Size and Condition of Baltimore's Black Middle Class

Several forces have impacted the size and condition of the Black middle class in Baltimore City:

- Historical, including racism and segregation;
- Educational, such as low attainment levels and poor educational;
- Economic, such as industrial and occupational changes; and
- Social, as in the example of crime rates.

All of the above have been instrumental in shaping the size and condition of African American residents of Baltimore City.

In order to build a larger African American middle class, it is important to know the current size and composition of the African American middle class residing in Baltimore City. The primary goal of the Dashboard Report is not only to be able to describe their characteristics, but also to compare them to White residents in order to create benchmarks that illustrate the "gaps" that exist between the groups. This is not intended to be a divisive discussion. Our focus is on closing the wealth gap among the City's largest population group as a means to improve the economic outcomes for the entire City and region.

The full Dashboard Report describes these "gaps" – the differences – between Baltimore City's African-American middle class and its white middle class.

## Gaps between the African-American and White Middle Class

Benchmark indicators were compiled for several topics. These topics can be tracked over time to measure the change between the groups. Listed below are key findings from the analysis of the "gaps" as they exist in Baltimore City.

### DEMOGRAPHICS

- Sixty four percent (64%) of Baltimore City residents are African American and 11% of Baltimore City residents are middle class African Americans.
- Fifty nine percent (59%) of Baltimore households are African American and 29% are middle class African American households.
- One percent (1%) of African Americans and 5% of whites earn more than \$75,000 in Baltimore City.
- Sixty two percent (62%) of African American households and 47% of white households in Baltimore City earn less than \$35,000.
- While 9% of African American households earn more than \$75,000, 20% of white households earn more than \$75,000.

### INCOME

- The per capita income of an African American in Baltimore City was \$13,123 and the per capita income of a white resident was \$25,139.
- Twenty seven percent (27%) of African Americans in Baltimore City live in poverty.

### EMPLOYMENT

- Forty five percent (45%) of African Americans and 41% of whites are not in the labor force in Baltimore City.
- Fourteen percent (14%) of Baltimore City's African Americans and 5% of whites are unemployed.
- The greatest percentages of African Americans are employed as Administrative support workers (21%), Service workers (21%), and Sales workers (9%). The top occupations of African American middle class residents are Elementary and Middle school teachers (4%), Driver/Sales workers (3%), Registered nurses (3%), and Managers of office and administrative support workers (3%). The greatest percentages of white City residents are employed as Other Professional workers (18%), Administrative support workers (16%), Management, Business, and Financial workers (12%), and Service workers (10%).

## HOUSING

- Fifty percent (50%) of African Americans in Baltimore City own their home.
- Sixty six percent (66%) of African American middle class residents own their home and 73% of middle class whites own their home.
- The median value of a home owned by an African American is \$63,700 and the average value of a home owned by a white resident is \$78,300.
- The average home loan for an African American was \$69,900 and the average loan for a white resident was \$122,600 in 2003.

## TRANSIT

- Twenty eight percent (28%) of African Americans use public transit and 12% of middle class African Americans use public transit to commute to work.
- Both African Americans and middle class African Americans have longer commutes to their jobs than whites in Baltimore City.

## HEALTH INSURANCE

- Fourteen percent (14%) of African Americans in Baltimore City lacked health insurance as of 2006.
- Ten percent (10%) of both middle class African Americans and whites lacked health insurance in 2006.

## EDUCATION

- Nearly three times the percentage of whites have a Bachelor's degree than African Americans and four times the percentage of whites have a Graduate or Professional degree than African Americans in Baltimore City.
- African American middle class residents have higher levels of educational attainment than African Americans in Baltimore City, but still lag behind white middle class residents.

- Seventeen percent (17%) of middle class African Americans have Bachelor's degrees and 14% have Graduate or Professional degrees.
- Graduation rates of African Americans at local colleges and universities are lower than the graduation rates of whites after four and five years.

## MINORITY-OWNED BUSINESS

- Twenty eight percent (28%) of the firms in Baltimore City are owned by African Americans, but only 7% of the firms with paid employees are owned by African Americans.
- The average number of employees of an African American owned firm in Baltimore City is slightly less than 11 persons.

Baltimore City is primed to develop and implement strategies to retain, grow and attract an African American middle class. The City possesses several assets, including a significant number of African American institutions, including churches and non-profits such as Associated Black Charities, which can help foster and support policies to build the City's Black middle class. Baltimore City has gained momentum to develop and implement policies to retain, grow, and attract the Black middle class. The City has already begun comprehensive strategies to reduce crime and improve public schools. These are the basics for all of Baltimore's citizens.

Focusing on specific strategies that retain, grow and attract the African American middle class in Baltimore City will support existing policies to further enhance the economic strength and competitiveness of Baltimore and the region.



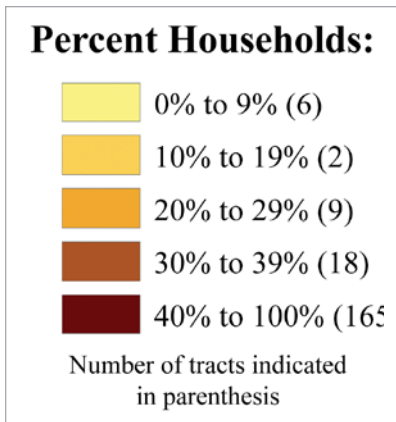
**MORE IN THE MIDDLE**  
**INITIATIVE**



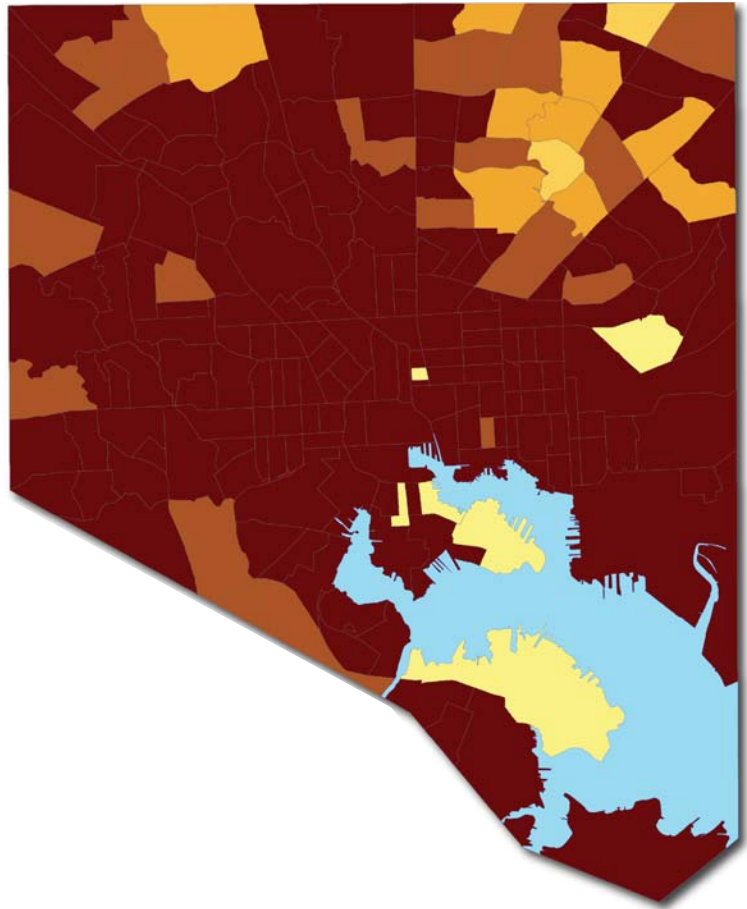
## RESIDENTS BY INCOME LEVEL BY CENSUS TRACT, 2000

- **Percent Households Earning Less than \$35,000**  
(African-American, White)
- **Percent Households Earning Between \$35,000-\$75,000**  
(African-American, White)
- **Percent Households Earning More Than \$75,000**  
(African-American, White)

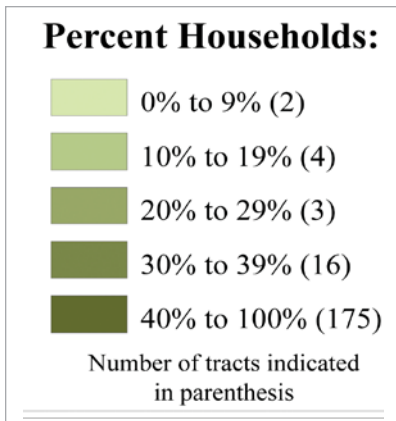
## Percent African-American Households Earning Less Than \$35,000 by Census Tract, 2000



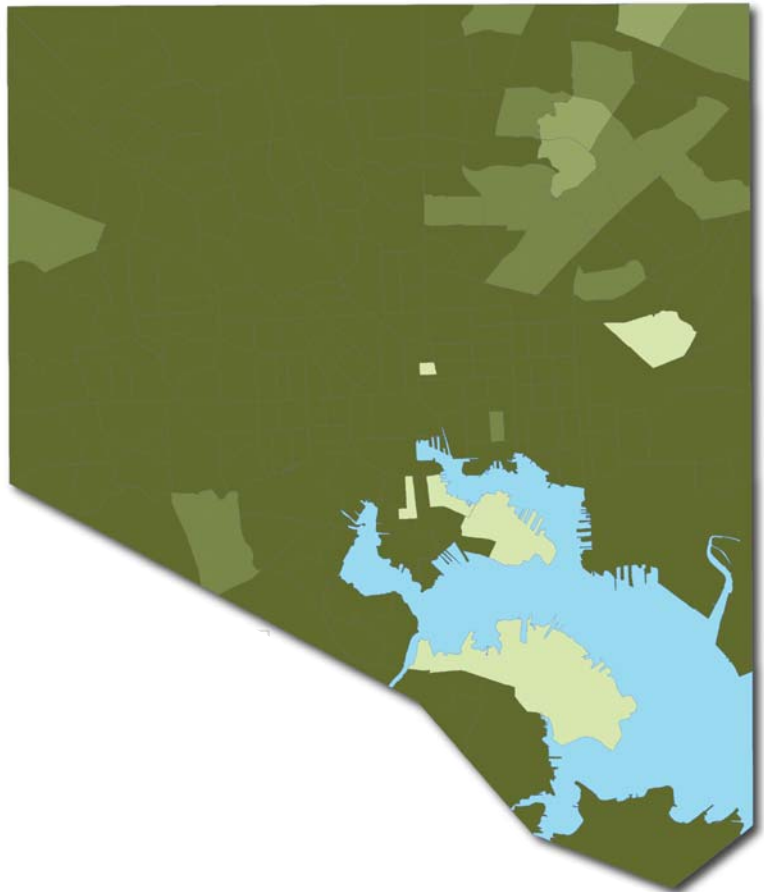
SOURCE: 2000 U.S. CENSUS      CREATED BY BNIA-JFL, 2007



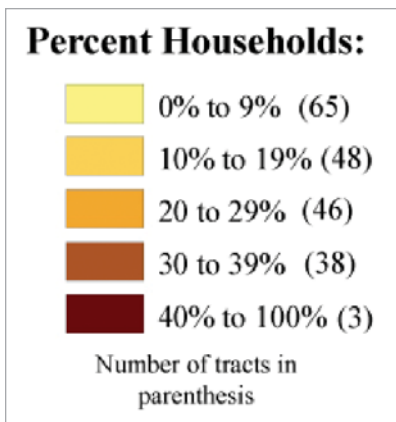
## Percent White Households Earning Less Than \$35,000 by Census Tract, 2000



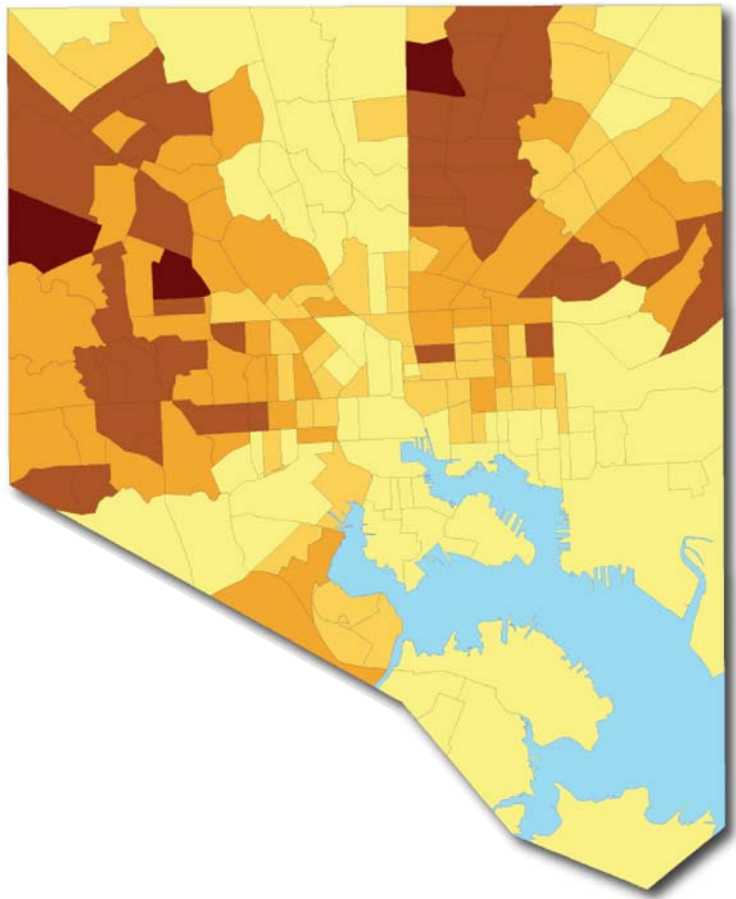
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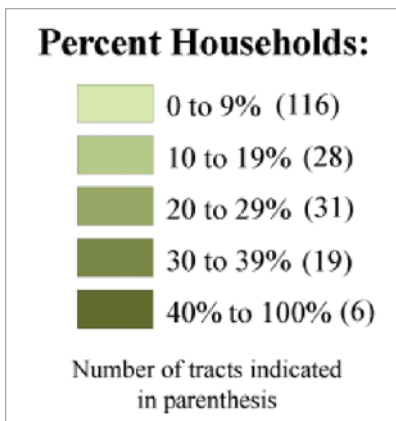
## Percent African-American Households Earning Between \$35,000-\$75,000 by Census Tract, 2000



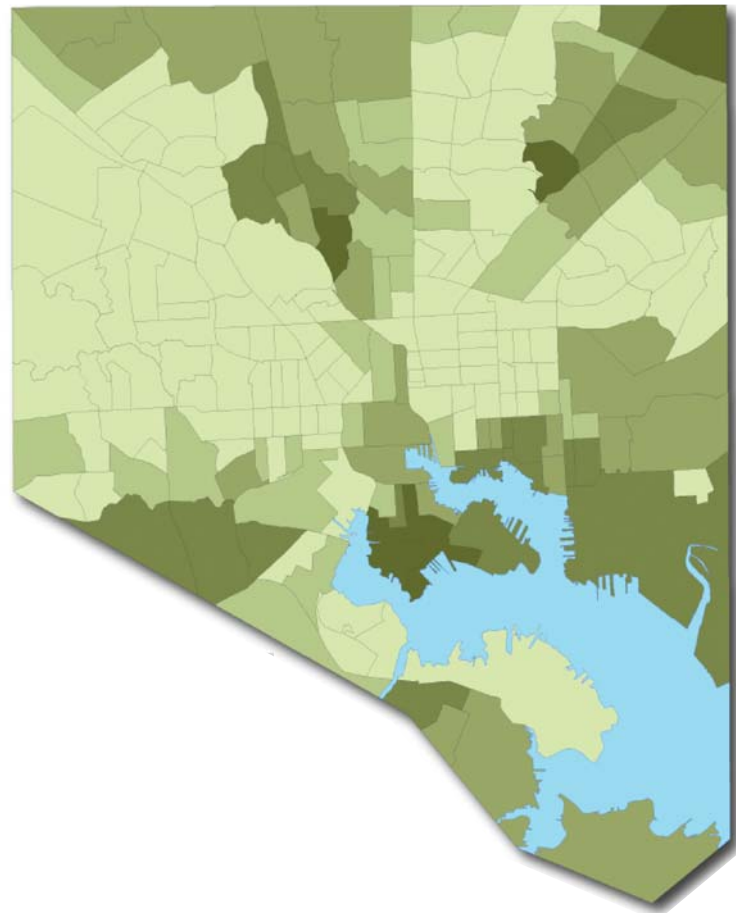
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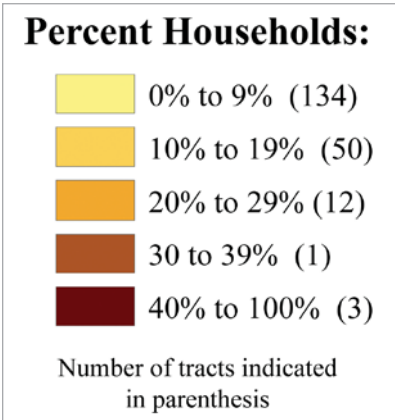
## Percent White Households Earning Between \$35,000-\$75,000 by Census Tract, 2000



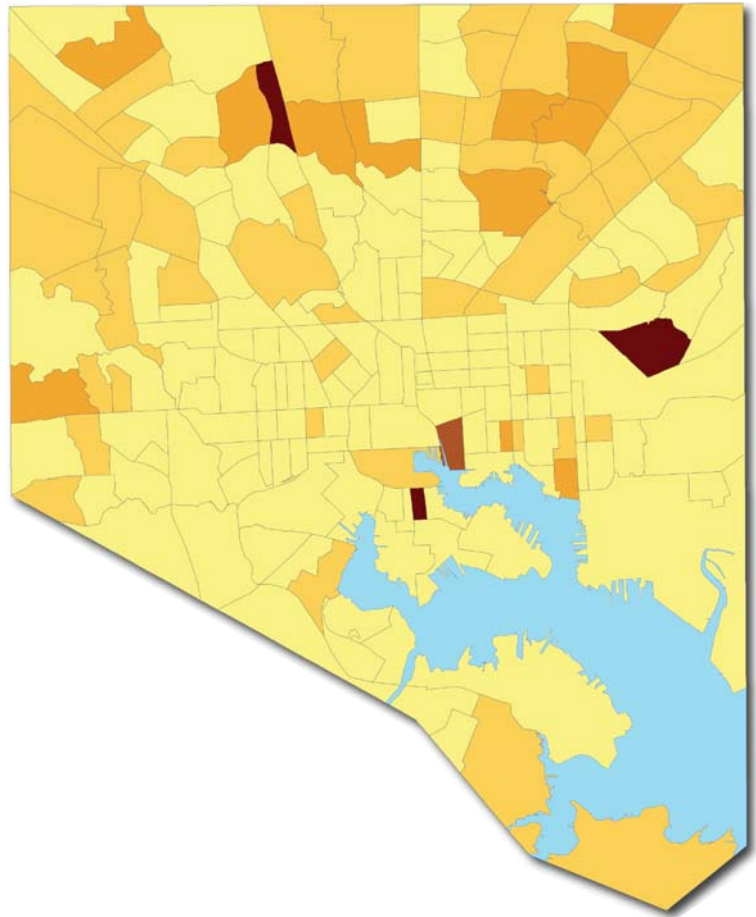
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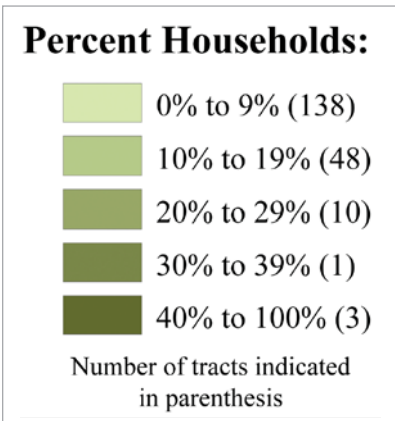
## Percent African-American Households Earning More Than \$75,000 by Census Tract, 2000



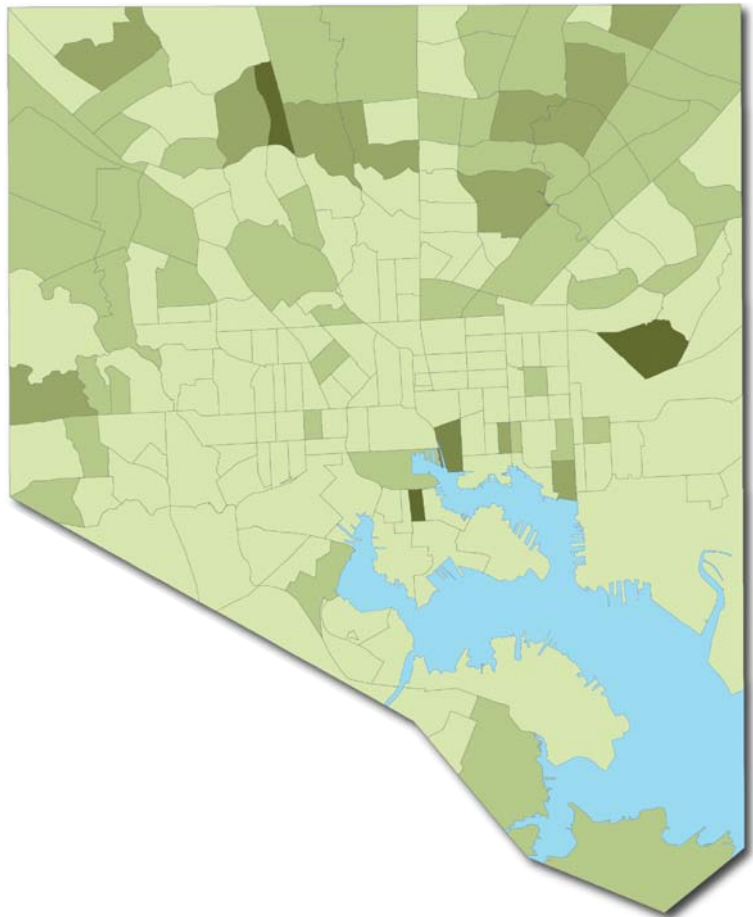
SOURCE: 2000 U.S. CENSUS      CREATED BY BNIA-JFL, 2007



## Percent White Households Earning More Than \$75,000 by Census Tract, 2000



SOURCE: 2000 U.S. CENSUS      CREATED BY BNIA-JFL, 2007



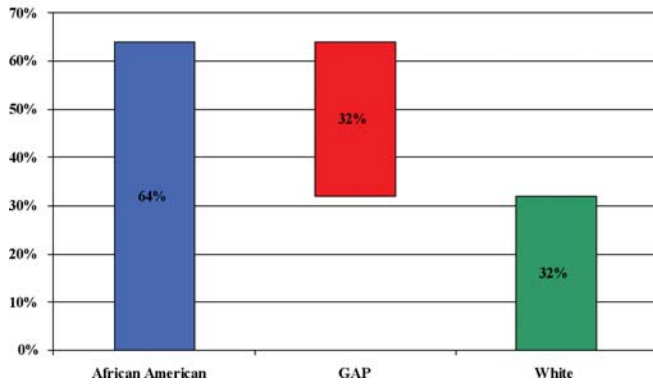


### BALTIMORE CITY AFRICAN AMERICAN METRICS (Difference between African Americans and Whites)

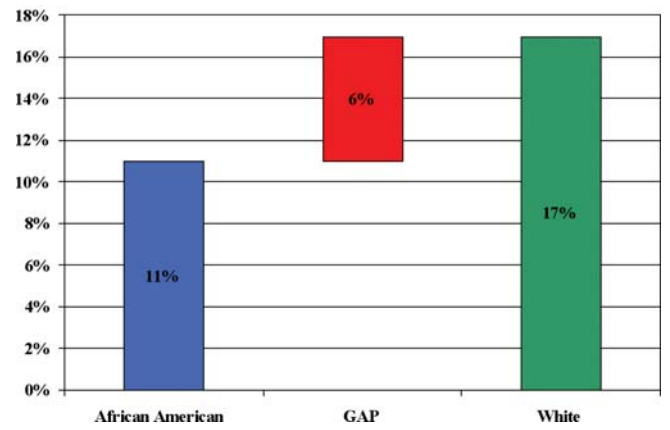
- **Demographics**
- **Income**
- **Employment**
- **Housing**
- **Transit**
- **Health Insurance**
- **Education**
- **Minority-Owned Business**

# Demographic Metrics

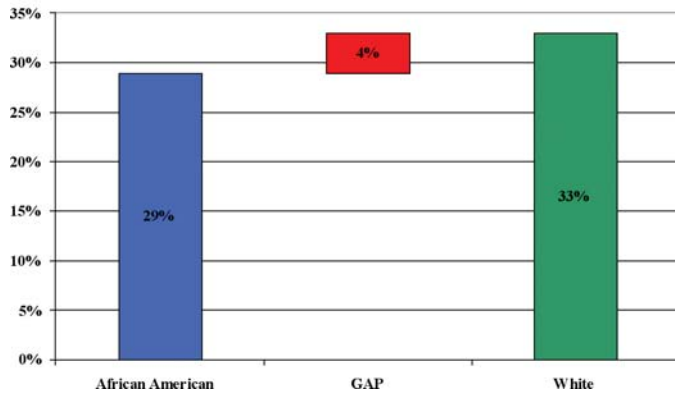
Percent of Population - Total



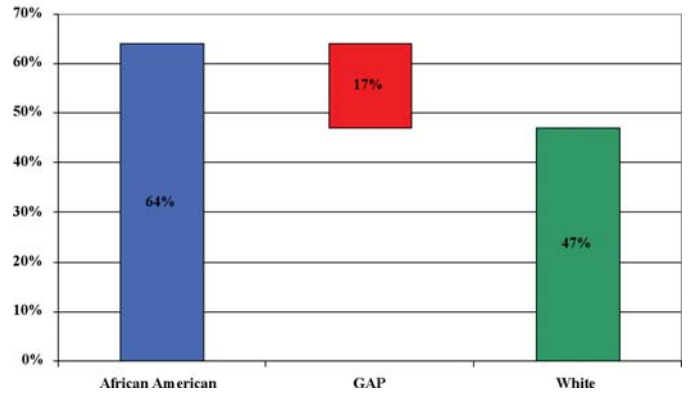
Percent of Population - Middle Class



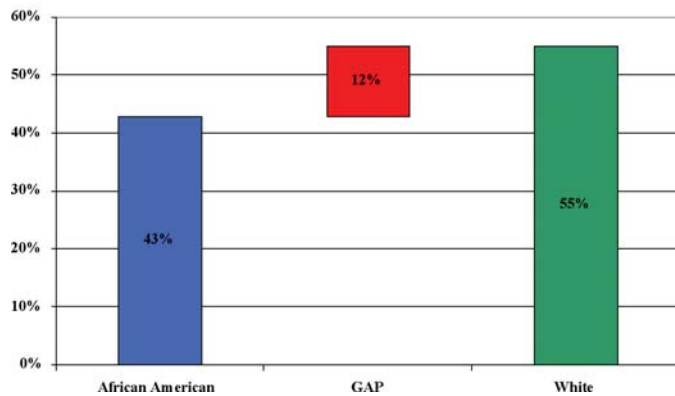
Percent of Households - Middle Class



Percent of Family Households - Total

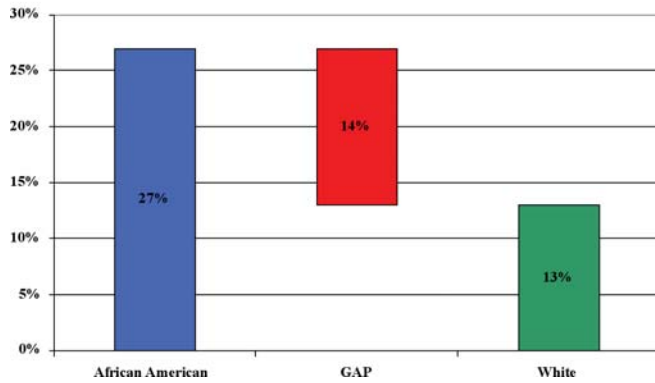


Percent of Family Households - Middle Class

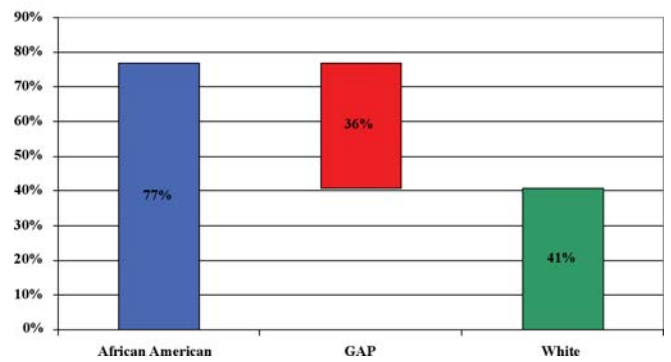


# Income Metrics

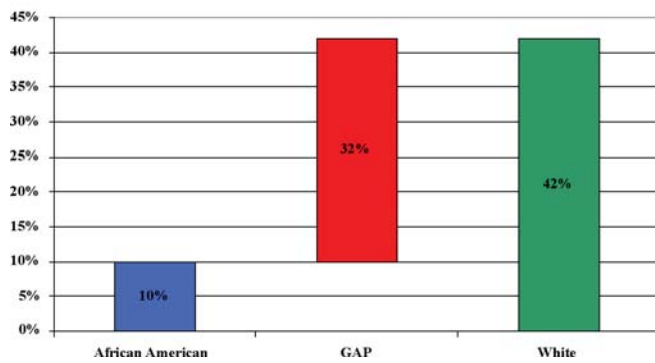
Percent of Persons Below Poverty - Total



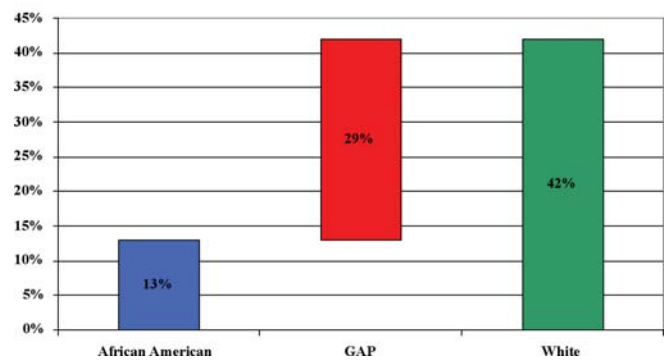
Percent of Families Below Poverty - Total



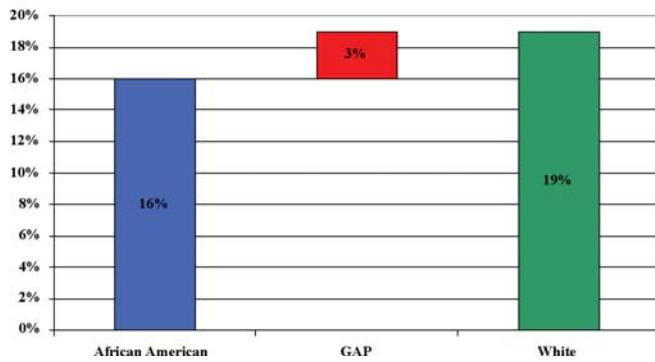
Percentage of Persons Receiving Income from Interest/Dividends - Total



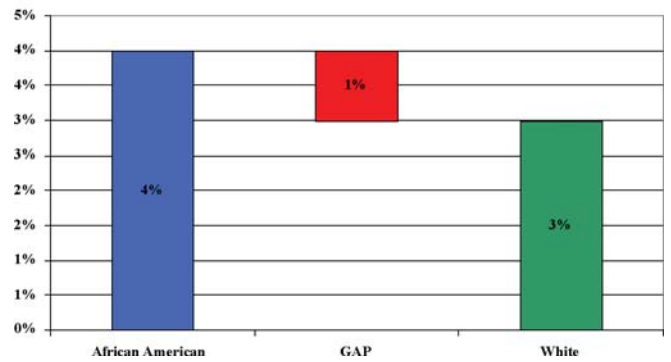
Percentage of Persons Receiving Income from Interest/Dividends - Middle Class



Percentage of Persons Receiving Income from Retirement - Total

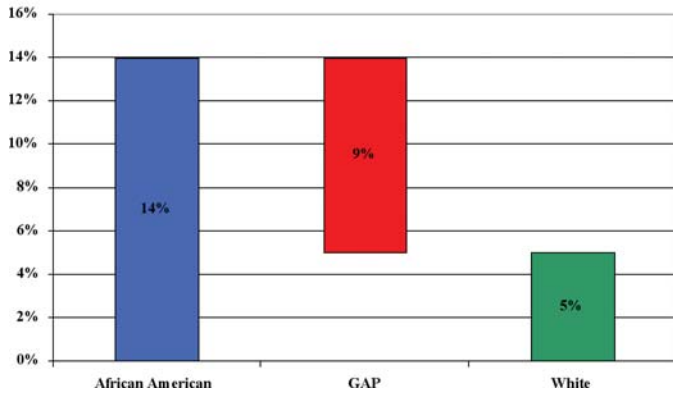


Percentage of Persons Receiving Income from Retirement - Middle Class

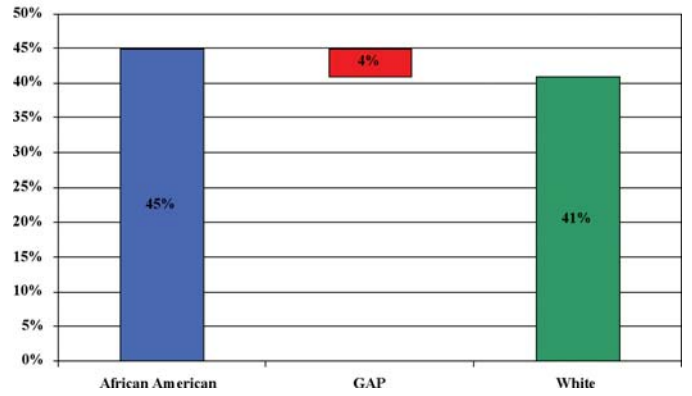


# Employment Metrics

Percent Unemployed - Total

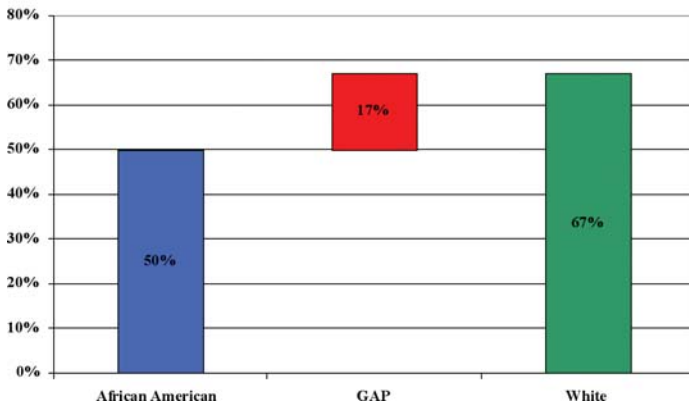


Percent Not in Labor Force - Total

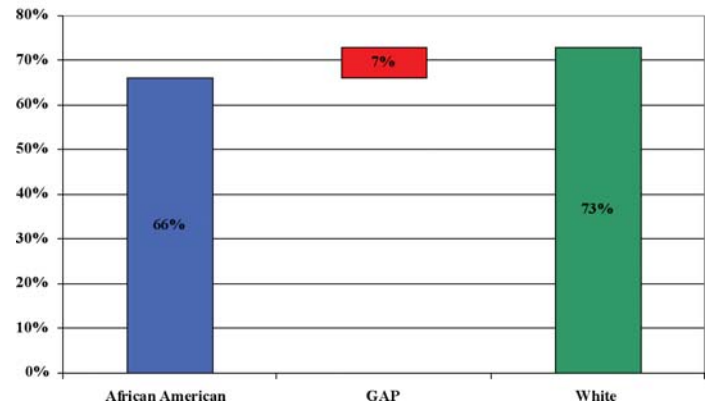


# Housing Metrics

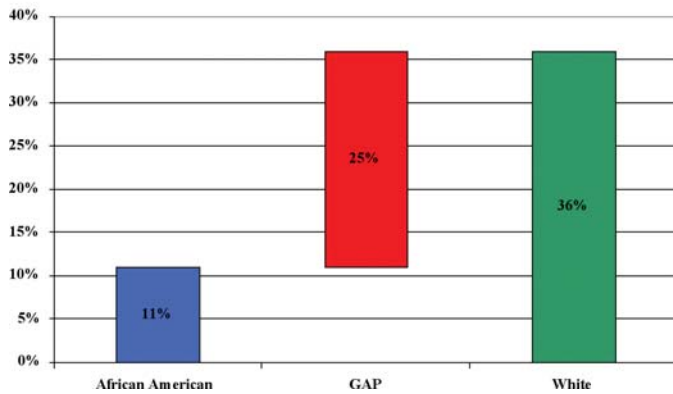
Homeownership - Total



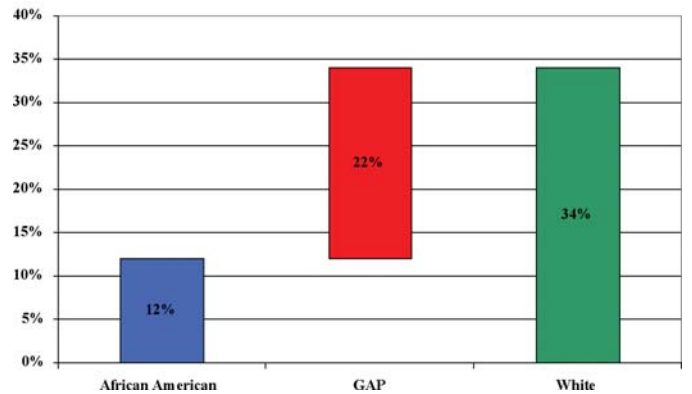
Homeownership - Middle Class



Percent of Homes Valued Over \$90,000 - Total

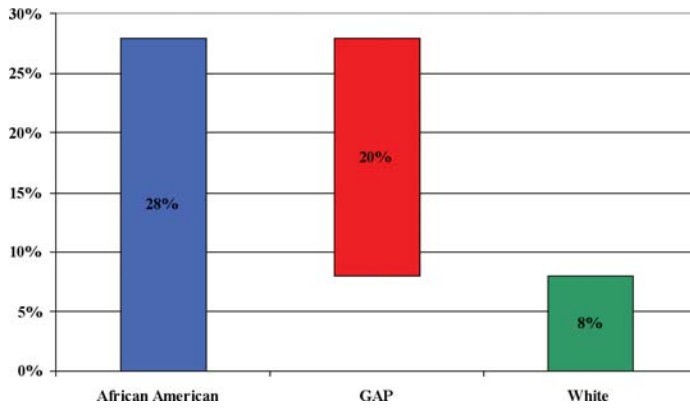


Percent of Homes Valued Over \$90,000 - Middle Class

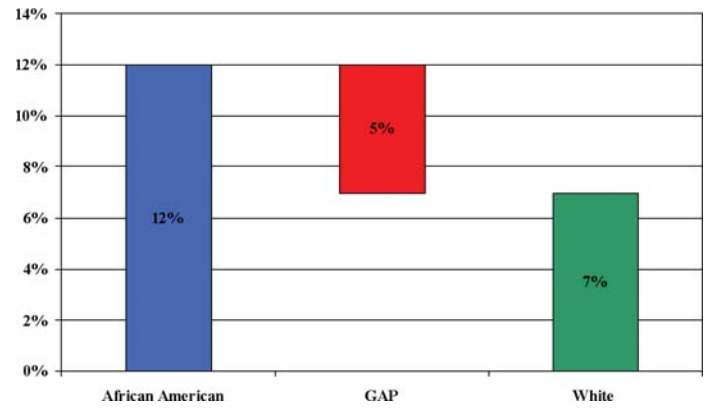


## Transit Metrics

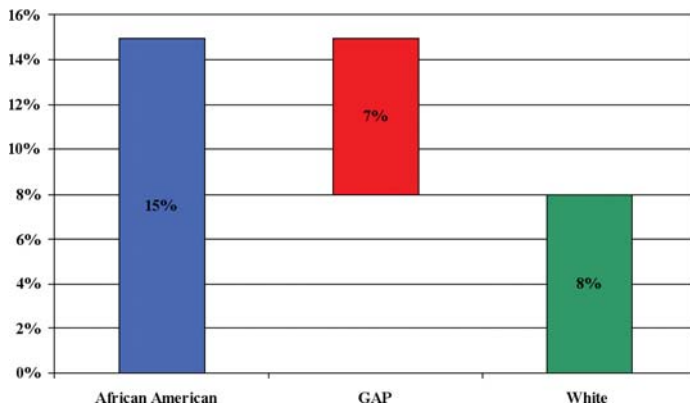
Percent of Persons Using Public Transit - Total



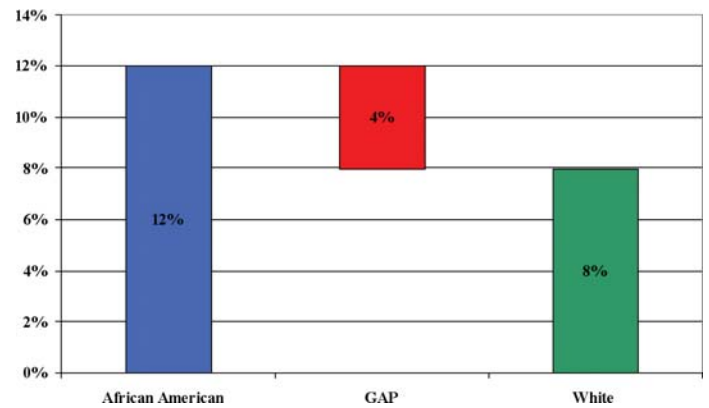
Percent of Persons Using Public Transit - Middle Class



Travel Time to Work Over One Hour - Total

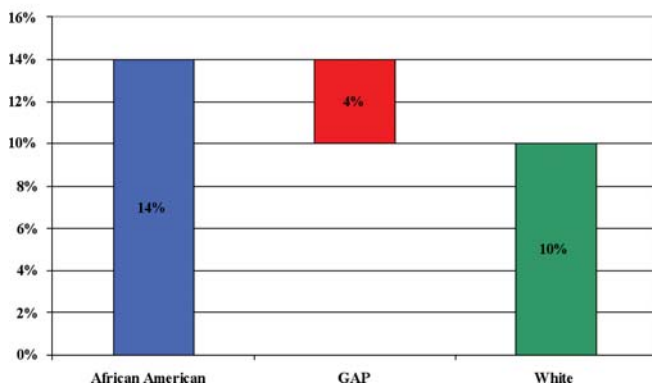


Travel Time to Work Over One Hour - Middle Class

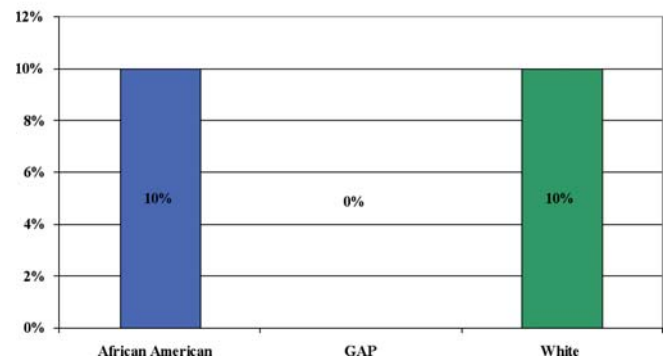


## Health Insurance Metrics

Percentage of Persons without Health Insurance - Total

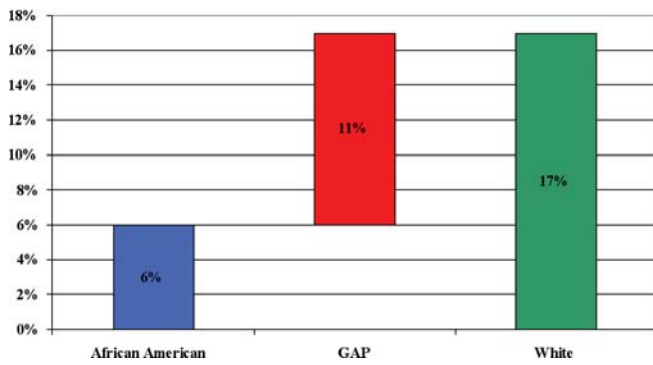


Percentage of Persons without Health Insurance - Middle Class

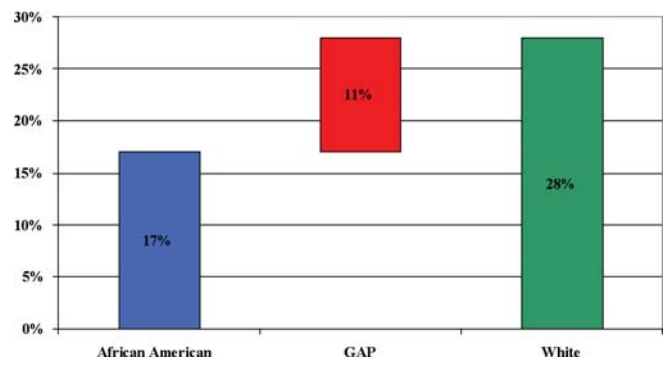


# Education Metrics

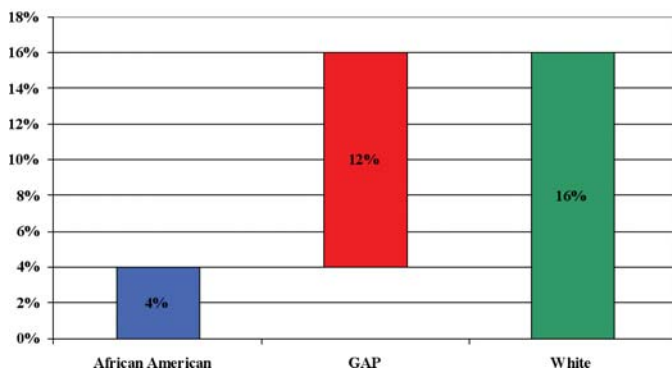
Percentage of Persons with a Bachelor's Degree - Total



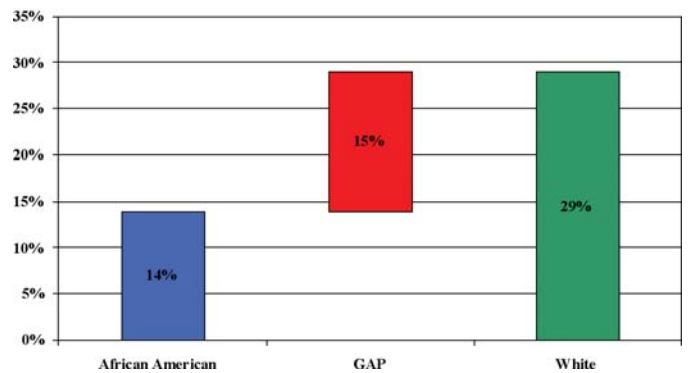
Percentage of Persons with a Bachelor's Degree - Middle Class



Percentage of Persons with a Graduate/Professional Degree - Total

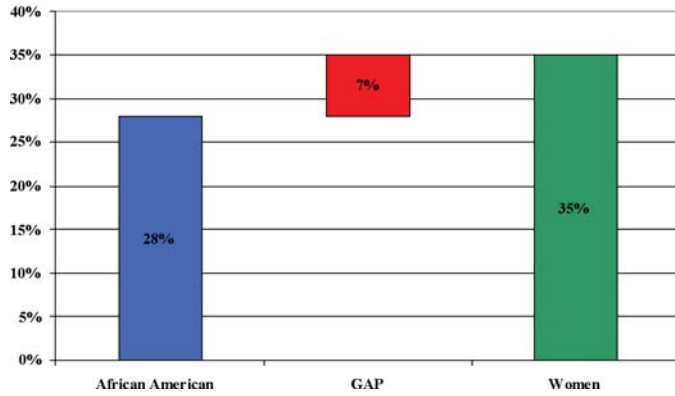


Percentage of Persons with a Graduate/Professional Degree - Middle Class

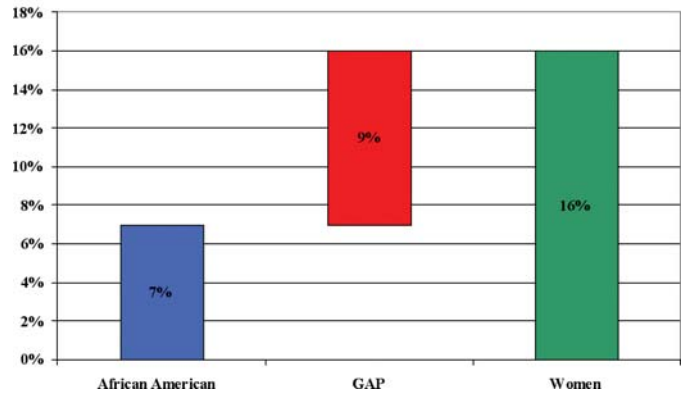


# Minority-Owned Business Metrics (Comparison of Minority and Women-Owned Businesses)

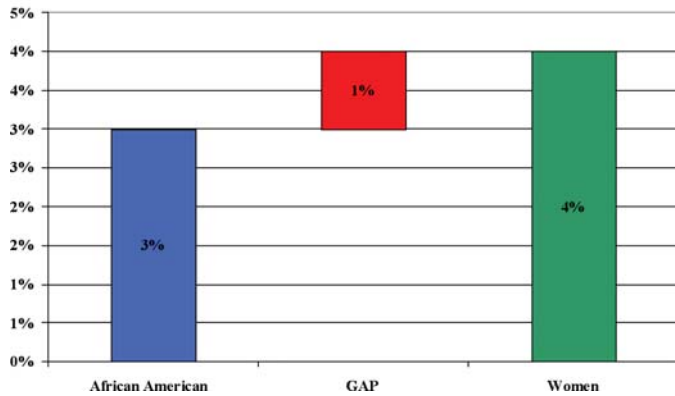
### Total Number of Firms



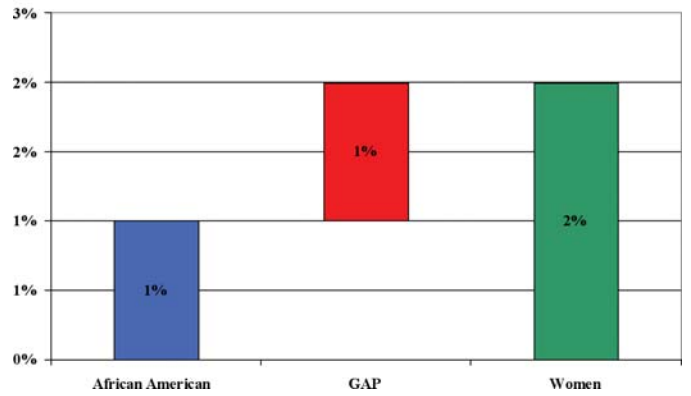
### Total Number of Employer Firms

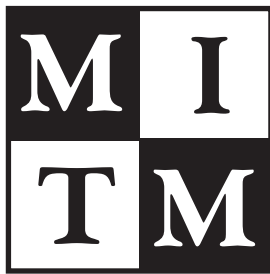


### Percentage of Employees



### Total Sales





**MORE IN THE MIDDLE**  

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**INITIATIVE**



**ABC** Associated  
Black Charities

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Baltimore, MD 21201