



## Michigan by the Numbers: Hard Times Continue

As the rest of the country appears to be in the early stages of emerging from the recession that officially began in December 2007, Michigan has yet to see the beginnings of a recovery.<sup>1</sup> Families in Michigan are still losing ground as personal incomes continue to fall or stagnate, unemployment remains the highest in the nation, and the poverty rate continues to climb. People of color in Michigan are suffering greater consequences from the economic downturn, as evidenced by higher rates of unemployment and incomes falling faster than those of their white counterparts. Recent data show:<sup>2</sup>

- The overall poverty rate in Michigan in 2008 was 14.4 percent, representing approximately 1.4 million individuals. This is well above the national poverty rate of 13.2 percent;
- Michigan's overall poverty rate is 17th highest in the nation, up from 23rd in 2005;
- Michigan's family poverty rate for 2008 was 10.5 percent (264,514 families), which represents a significant increase from the 2006 rate of 9.6 percent, or 248,142 families;
- Michigan's inflation-adjusted median household income has declined 10.3 percent since 2001;
- Inflation-adjusted median household income declined 16.3 percent for African Americans and

13.6 percent for Hispanic/Latino households between 2001 and 2008. For white, non-Hispanic/Latino households, the decline was 9.3 percent.

Michigan continues to have one of the highest unemployment rates in the nation<sup>3</sup>:

- The seasonally adjusted unemployment rate in November 2008 was 9.6 percent; by November 2009 it was 14.7 percent, representing approximately 713,000 people;
- The seasonally adjusted unemployment rate in November 2009 represents a slight decline over the October 2009 unemployment rate of 15.1 percent and over the September 2009 rate 15.3 percent, the highest it had been since 1983;
- Michigan's unemployment rate in the 2nd quarter of 2009 was 14.1 percent. For whites it was 12.9 percent, but for African Americans it was 22.8 percent;
- Since 2003, Michigan has consistently ranked between 48th and 51st (United States and the District of Columbia, with 51st being the highest unemployment) in the country in unemployment. In 2008, the average national unemployment rate was 5.8 percent; Michigan had the highest annual average unemployment rate at 8.4 percent, and it is expected to dramatically increase in 2009.

<sup>1</sup> The dates for the beginning and ends of a nationwide recession are defined by the Business Cycle Dating Committee of the National Bureau of Economic Research. This group defines recession as "a significant decline in economic activity spread across the economy, lasting more than a few months, normally visible in production, employment, real income, and other indicators." This is in contrast to commonly held definition being as two consecutive quarters of decline in real Gross Domestic Product. Further information may be found at: <http://www.nber.org/cycles/dec2008.html>

<sup>2</sup> Data sources include the data obtained from the U.S. Department of Labor, Bureau of Labor Statistics, the United States Bureau's Current Population Survey (CPS) and American Community Survey (ACS). All data from the ACS are 1-Year Estimates which include data from geographies of 65,000 or more.

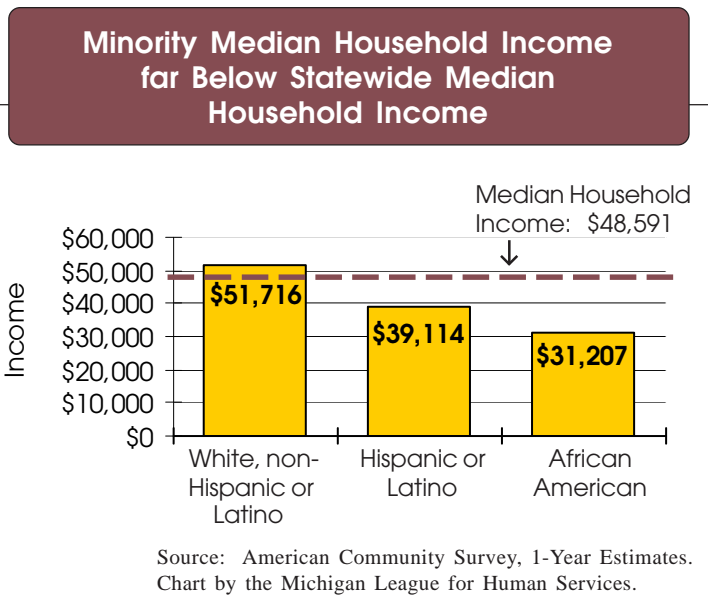
<sup>3</sup> U.S. Department of Labor, Bureau of Labor Statistics. Retrieved December 4, 2009 from <http://www.bls.gov/Lau>, Michigan Labor Market Information, November 2009. Retrieved December 16, 2009 from <http://www.milmi.org/>.

## Median Household Income Continues to Decline

Michigan's median household income has historically been above that of the national median household income. When adjusted for inflation, Michigan's median household income was \$54,140 in 2001, just over 5 percent above the national median of \$51,464. However as Michigan's unemployment rate began to climb, the state's median household income fell below the national median and has continued to fall.

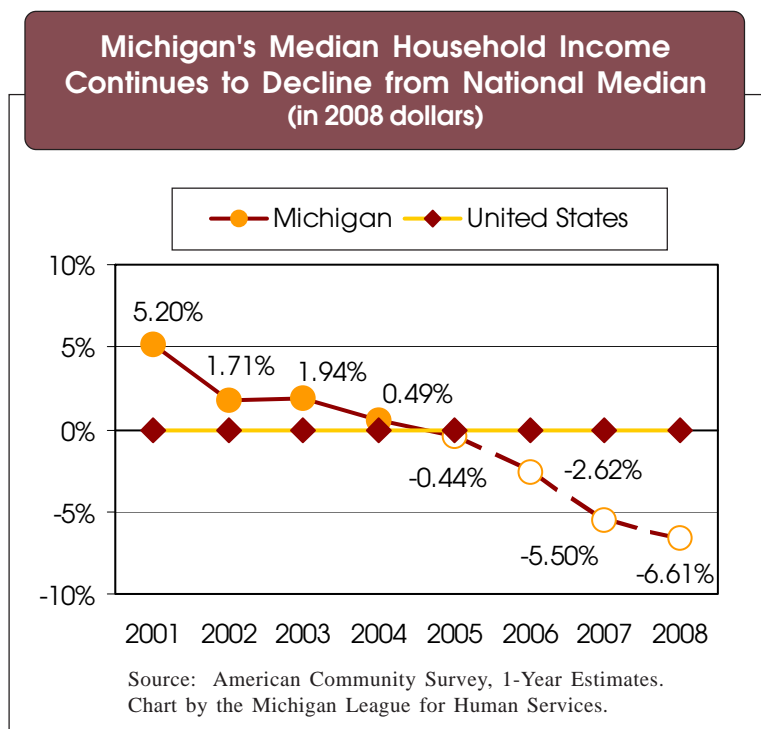
In 2005, Michigan's median household income was nearly half a percent below the national median; however, in 2008 it was 6.6 percent below the national median. In addition, over the same time period, Michigan's median household income declined 4.3 percent, whereas the national median household income increased 2 percent. (Please see Appendix B for a detailed median household income chart).

While median household incomes across the state are lower than that of the national median, incomes of minority households are significantly below the state median. In 2008, in households in which the



heads of the household were Hispanic/Latino or African American, incomes were far below that of the state median. While householders who identified themselves as white, not Hispanic or Latino had incomes 6.4 percent above the state's median household income, incomes for Hispanic/Latino householders were 19.5 percent below the state median and for African Americans, 35.8 percent below.

chart 1



Additionally, while incomes for all three groups were lower than the national medians for their respective races, it should be noted that median household income for African Americans in Michigan was nearly 12 percent lower than that of the national African American median household income. For whites, the median household income in Michigan was 9 percent below the national median, and for Hispanic or Latino households, the median household income in Michigan was only 5.7 percent below the national median.

## More People and Families Slipping Into Poverty

As Michigan continues to lead the country in unemployment, and household incomes continue to decline, more and more individuals and families are sinking into poverty.<sup>4</sup> In 2008,

<sup>4</sup> The official poverty threshold in 2008 as calculated by the US Census Bureau was just over \$17,000 for a family of three and about \$22,000 for a family of four.

Michigan's overall poverty rate of 14.4 percent was the 17th highest in the nation, up from 23rd in 2005. (see chart 3)

While Michigan's total poverty rate was 14.4 percent in 2008, the poverty rate for people of color was far higher. The poverty rate for African Americans was 30.3 percent and the rate for

individuals of Hispanic or Latino origin was 26.0 percent in 2008. In contrast, the rate for whites, non-Hispanic or Latino was 10.8 percent.<sup>5</sup>

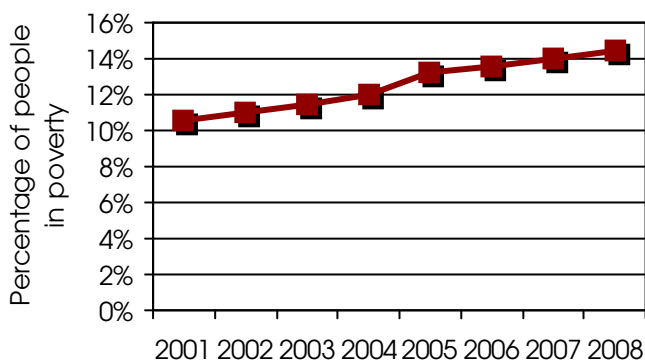
As Michigan's overall poverty rate increases, Michigan's children and families are suffering as well. In 2008, 10.5 percent of Michigan's families lived in poverty, a figure that is expected to rise when 2009 poverty data is released in summer 2010. (see chart 4)

As the family poverty rate continues to increase, the poverty rate for single mother families remains significantly above that of the family poverty rate. In 2008, 40.7 percent of single mothers with children under 18 and 47.6 percent of single mothers with children under 5 lived below the poverty level. (see chart 4)

As 2009 numbers become available, they are likely to reveal deepening poverty in Michigan because the recession worsened in late 2008. Some studies suggest, however, that the impact would have been far worse without federal spending to soften the blow. The American Recovery and Reinvestment Act, the \$787 billion recovery plan signed into law in February 2009, is responsible for keeping some 215,000 in Michigan from slipping into poverty in 2009, a study by the Washington, D.C.-based Center on Budget and Policy Priorities concludes. That study also projected that 994,000

chart 3

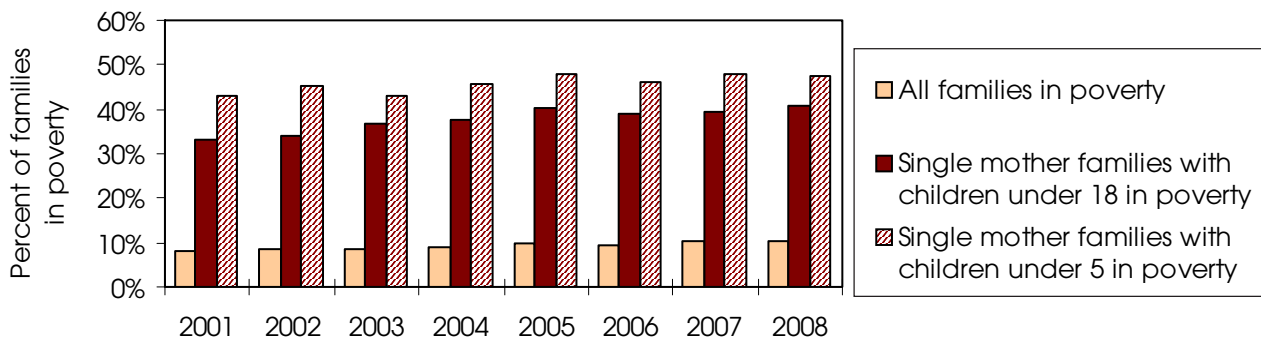
### Michigan's Poverty Rate Continues to Increase



Source: American Community Survey, 1-Year Estimates. Chart by the Michigan League for Human Services.

chart 4

### Single Mothers with Young Children More Likely to Live in Poverty



Source: American Community Survey, 1-Year Estimates. Chart by the Michigan League for Human Services.

<sup>5</sup> It should be noted the poverty rate for African Americans showed a slight decline in 2008, down from 31.4 percent in 2007.

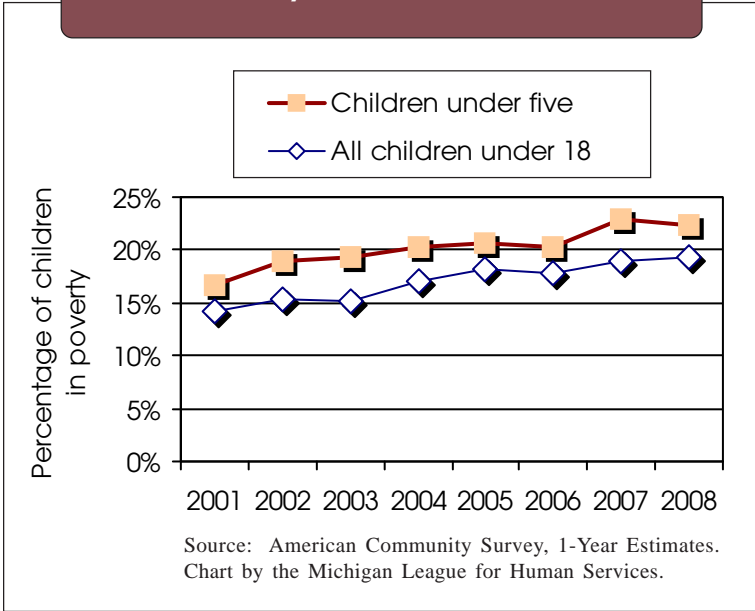
people in Michigan who remain poor in 2009 will have their incomes lifted by Recovery Act benefits.<sup>6,7</sup>

### Poverty's Disproportionate Impact on Children

Michigan's 2008 child poverty rate of 19 percent, representing 446,339 children under the age of 18, ranked 17th highest in the country, up from 22nd in 2005. However, the poverty rate for young children remains higher than that of all children with 22.4 percent of children under 5 living below the poverty level. As high as this is, it represents a slight decline over 2007 when the poverty rate for young children was 23 percent.

As more children overall live in poverty, minority children are disproportionately impacted. While almost one in every five children in Michigan live in poverty, two out of every five African American children, and nearly one in every three Hispanic or Latino children live in poverty. In contrast, nearly one out of every eight white children lives in poverty.

### Child Poverty Continues to Increase

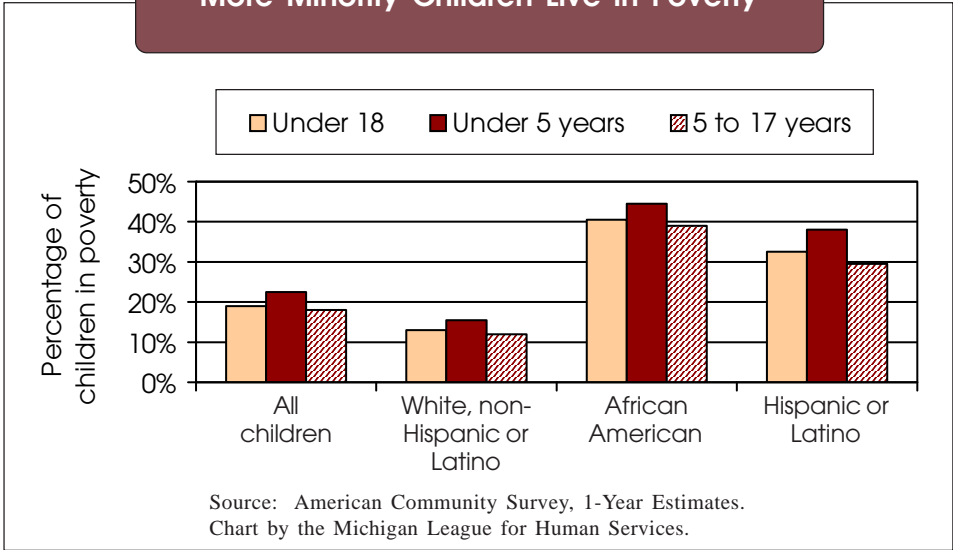


The racial disparity is even more apparent among young children, those under age 5. The poverty rate for

all young children regardless of race is 22.4 percent, but the percentage of young white children living in poverty is far below that at 15.4 percent. However, nearly 45 percent of African American children under 5 and 38 percent of young Hispanic or Latino children under 5 live in poverty in the state.

chart 6

### More Minority Children Live in Poverty



### Housing

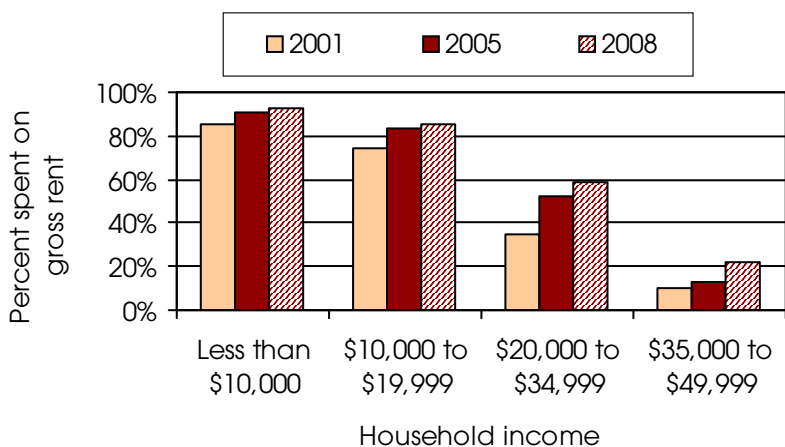
It is generally accepted that affordable housing should consume no more than 30 percent of a household's annual income. As more people in Michigan find themselves sliding to poverty, the number of

<sup>6</sup> For more information, please see the Center on Budget and Policy Priorities' report *State level data: Recovery act protecting millions from poverty* at <http://www.cbpp.org/cms/index.cfm?fa=view&id=3035>

<sup>7</sup> 2009 poverty estimates for this study were obtained from the Current Population Survey (CPS) by using data from the March 2004, 2005, and 2006 CPS. More information on methodologies may be found in the Center on Budget and Policy Priorities' report *Stimulus keeping 6 million Americans out of poverty in 2009, estimates show*, available at: <http://www.cbpp.org/files/9-9-09pov2.pdf>. The poverty measure used for this study is not the official poverty measure as calculated by the US Census Bureau.

chart 7

**More Renters Spending 30 Percent or More of Their Household Income On Housing Costs**



Source: American Community Survey, 1-Year Estimates.  
Chart by the Michigan League for Human Services.

households spending a higher percentage of their income on housing costs continues to increase. In 2008, the median gross rent of \$706 represented 31.6 percent of the household income of the average renter.<sup>8</sup> The 2001 inflation-adjusted median gross rent was \$694, representing 25.8 percent of the average renter's household income.

More renters across income levels are spending 30 percent or more of their income on housing costs, with lower income households spending significantly more of their income on housing costs. Households with less than \$10,000 in income are spending 92 percent of their income on housing and utilities. Falling or stagnating incomes are also having an impact on middle-income households. Approximately 22 percent of renters with income between \$35,000 and \$49,999 are spending at least 30 percent of their income on housing costs, up from just over 10 percent in 2001. Overall, 53 percent of renters across the state are spending at least 30 percent of their income on housing, up from 51.6 percent in 2005 and almost 40 percent in 2001.

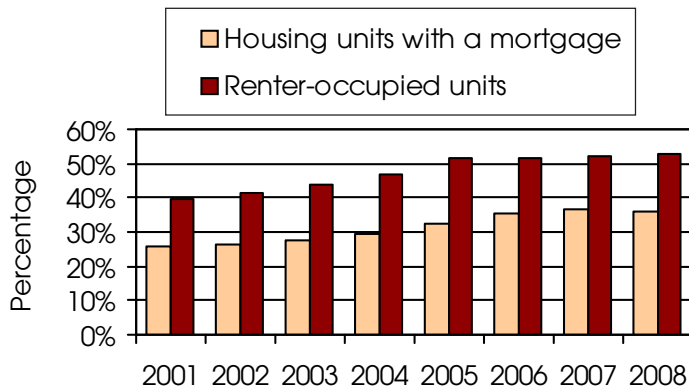
The same holds true for households with a mortgage. Between 2001 and 2008, when adjusted for inflation, selected housing costs for households with a mortgage rose 7.8 percent.<sup>9</sup> However, the percentage of households spending 30 percent or more on housing costs increased from 26 percent to 36 percent.<sup>10</sup> (see chart 8)

**Changes in Michigan's Foreclosure Laws Delay Impact**

As Michigan continues to feel the fallout of high unemployment and the impact of subprime mortgages, the state's foreclosure rate continues to be one of the highest in the country. In light of this, the Michigan Legislature in 2009 approved a package of bills addressing the foreclosure problem. The governor signed the legislation in May and it took effect in July. The new law requires mortgage lenders to work with borrowers before engaging in foreclosure proceedings. A key component of the legislation

chart 8

**Percent of Households Spending 30 Percent or More of Income On Housing Costs**



Source: American Community Survey, 1-Year Estimates.  
Chart by the Michigan League for Human Services.

<sup>8</sup> Gross rent includes monthly rent and utilities.

<sup>7</sup> Selected monthly housing costs are the total of payment for mortgages, taxes, insurance, utilities, fuel, mobile home costs, and condominium fees. As with gross rent costs, it is considered unaffordable if these costs combined are more than 30 percent of household income.

<sup>10</sup> A chart detailing median housing costs since 2001 can be found in Appendix C.



requires lenders to wait at least 90 days after a notice of foreclosure is mailed to start proceedings, if the borrower requests a meeting with the lender to discuss mortgage modification options.<sup>11</sup>

After the bills were signed, foreclosure rates in Michigan began to decline, even as unemployment increased. Despite the change in law and declining foreclosure rates, Michigan still ranked 6th in the country in the number of foreclosures in November 2009 with 15,988 properties in foreclosure, or one in every 283 households.<sup>12,13</sup> This is a 2.9 percent decline over October 2009, but still well above the national average of one in every 417 households.<sup>14</sup>

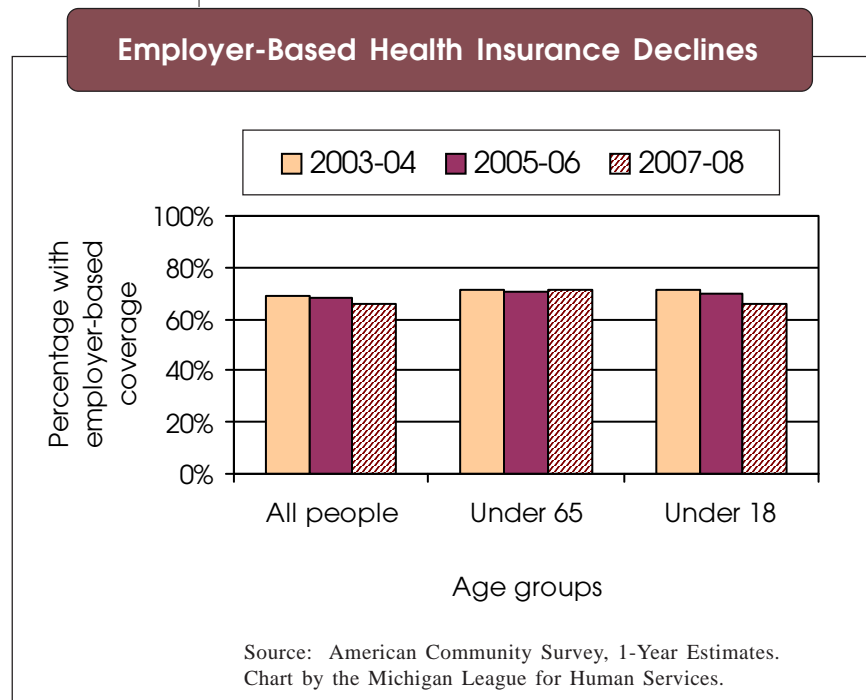
Foreclosures not only impact the household involved in the foreclosure, but the neighborhoods in areas in which there are a high number of foreclosures. The Center for Responsible Lending projects that, even with the change in Michigan's foreclosure law, over 3 million homes will experience a loss of equity due to foreclosures in their area between 2009 and 2012. In addition, they estimate families will lose over \$20 million in equity in the same time period, with the average loss per home being \$6,302.<sup>15</sup>

### Fewer People Covered By Employer-Based Health Insurance

While 11.5 percent (1.1 million people) of all Michigan residents lack health insurance coverage, this is far below the national average of 15.1 percent. Michigan also fares better than the national average with only 5.2 percent of children without health insurance, compared

to nearly 10 percent nationally. However, fewer and fewer Michigan residents are being covered by employer-based health insurance. In 2001, 76 percent of all Michigan residents were covered by their employer's health insurance. By 2008, this figure had declined to 67 percent. Over seven years, 90,100 people lost employer-based health insurance coverage.

chart 9



### Personal Bankruptcy Rates Rebound

With high unemployment rates, falling incomes, and fewer people having access to employer-based health insurance coverage, bankruptcy rates have begun to rise again. In 2005, there were a total of 88,402 personal bankruptcies, falling in 2006 to 32,746—a 63 percent decline. In the fall of 2005, bankruptcy laws changed, making it more difficult for individuals to have

<sup>11</sup> A full list of requirements may be found in the Senate Fiscal Agency's analysis, located here: <http://www.legislature.mi.gov/documents/2009-2010/billanalysis/Senate/pdf/2009-SFA-4453-B.pdf>

<sup>12</sup> RealtyTrac. Foreclosure activity slows for third straight month. <http://www.realtytrac.com/contentmanagement/pressrelease.aspx?channelid=9&acct=0&itemid=8116>. Retrieved December 16, 2009.

<sup>13</sup> The stages of foreclosure are: Default, Auction, and Real Estate Owned.

<sup>14</sup> Due to the change in Michigan's foreclosure law, comparisons between November 2009 and previous years are not made.

<sup>15</sup> Center for Responsible Lending. (September 2009). *Financial crisis in Michigan and the need for a consumer financial protection agency*.

their debts fully erased, which may have caused more people to file in the second and third quarters of 2005. In 2008, however, 53,565 people filed for bankruptcy. That number will rise in 2009 as over 51,000 people filed in the first three quarters of this year alone.

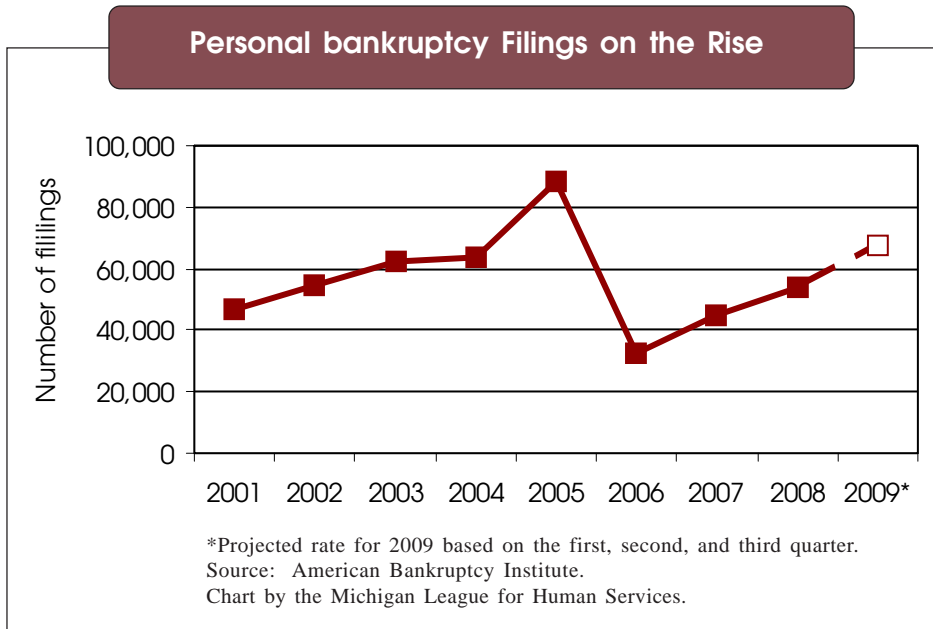
## Conclusion

The data clearly show that many Michigan children and families, especially minorities, are suffering. As unemployment remains high, a record number of people

are struggling with poverty, lack of health insurance, or foreclosures. Meeting basic needs such as putting food on the table and making housing payments are a challenge for many, and it's not clear that things will improve anytime soon. Economic projections indicate that Michigan is not likely to pull out of this recession in the next year and so the increased need for assistance will continue. The federal American Recovery and Reinvestment Act package has helped many families in Michigan by providing additional food stamp benefits, extending unemployment benefits and creating jobs. However, most

of those benefits are scheduled to run out in the next year, creating an even greater hardship for some families. Congress and the Administration have the opportunity to extend these benefits and assistance programs to minimize the ongoing impact of the recession on children and families. The Michigan Legislature also has a responsibility to ensure that safety net programs are properly funded and staffed to help those in need.

chart 10



## High Rates of Unemployment Force More Families to Turn to Public Support

While Michigan families continue to struggle with job losses and long-term unemployment, more are turning to public assistance programs to meet basic needs such as food and housing. Food assistance caseloads in Michigan have been steadily increasing since the fourth quarter of 2000 when nearly a quarter of a million people were receiving assistance. By the third quarter of 2009, this number rose to more than 760,000 people, a 204 percent increase in nine years. In contrast, caseloads for Michigan's cash assistance program, the Family Independence Program (FIP), have not risen nearly as sharply. Between the fourth quarter of 2000 and the third quarter of 2009, FIP caseloads rose only 6.6 percent. The fact that during these very difficult times FIP caseloads have increased far less than food assistance caseloads is troubling and likely a result of low eligibility standards and tougher sanctions of the FIP program.

# Appendix A

## Economic Status of Michigan and Its Urban Counties\*

Geographical Area	TOTAL POVERTY		CHILD POVERTY		MEDIAN HOUSEHOLD INCOME			UNEMPLOYMENT		UNINSURED
	2005	2008	2005	2008	2005 (adjusted to 2008 \$)	2008	Percent Change	2008	2005	2008
<b>U. S.</b>	<b>13.3%</b>	<b>13.2%</b>	<b>18.2%</b>	<b>17.8%</b>	<b>\$51,001</b>	<b>\$52,029</b>	<b>2.0%</b>	<b>5.1%</b>	<b>5.8%</b>	<b>15.1%</b>
<b>Michigan</b>	<b>13.2%</b>	<b>14.4%</b>	<b>18.1%</b>	<b>19.0%</b>	<b>\$50,776</b>	<b>\$48,591</b>	<b>-4.3%</b>	<b>6.8%</b>	<b>8.4%</b>	<b>11.5%</b>
<b>Counties</b>										
Allegan	9.7%	13.0%	9.0%	14.9%	\$51,474	\$49,201	-4.4%	6.2%	7.7%	12.1%
Bay	10.2%	12.1%	14.1%	17.2%	\$45,642	\$45,913	0.6%	7.0%	7.9%	9.7%
Berrien	18.9%	17.5%	30.3%	29.0%	\$43,475	\$42,512	-2.2%	6.8%	8.1%	14.0%
Calhoun	14.2%	16.0%	20.5%	21.4%	\$44,362	\$41,181	-7.2%	6.6%	7.7%	13.2%
Clinton	9.1%	9.8%	6.1%	10.4%	\$65,617	\$50,808	-22.6%	5.3%	6.1%	7.6%
Eaton	10.9%	7.9%	16.7%	9.0%	\$52,206	\$57,335	9.8%	5.4%	6.4%	6.9%
Genesee	15.9%	16.3%	22.9%	22.0%	\$46,843	\$44,611	-4.8%	7.8%	10.6%	9.7%
Grand Traverse	8.0%	9.4%	N/A	7.0%	\$52,467	\$48,509	-7.5%	5.9%	7.6%	11.0%
Ingham	18.8%	18.3%	22.0%	18.4%	\$46,875	\$45,287	-3.4%	6.3%	7.2%	10.3%
Isabella	24.2%	32.0%	18.6%	24.2%	\$39,648	\$34,946	-11.9%	4.9%	6.0%	13.4%
Jackson	13.9%	12.2%	20.0%	17.3%	\$51,895	\$46,896	-9.6%	6.7%	8.7%	9.6%
Kalamazoo	15.6%	16.0%	16.3%	16.5%	\$48,710	\$46,432	-4.7%	5.2%	6.4%	10.7%
Kent	12.1%	14.9%	16.3%	19.0%	\$51,236	\$50,530	-1.4%	5.7%	6.9%	11.3%
Lapeer	6.6%	11.9%	9.0%	17.7%	\$55,920	\$52,470	-6.2%	7.9%	10.1%	12.0%
Lenawee	9.0%	14.6%	12.0%	15.7%	\$53,241	\$50,369	-5.4%	7.0%	10.2%	12.1%
Livingston	4.4%	7.6%	5.2%	8.8%	\$78,908	\$71,486	-9.4%	5.4%	6.7%	9.2%
Macomb	8.6%	9.3%	11.5%	11.9%	\$58,807	\$55,399	-5.8%	6.9%	8.8%	10.7%
Marquette	N/A	14.3%	N/A	16.5%	N/A	\$43,098	N/A	5.7%	7.1%	9.8%
Midland	13.7%	8.5%	16.9%	5.1%	\$50,636	\$49,239	-2.8%	5.8%	6.3%	9.2%
Monroe	10.0%	10.6%	15.6%	16.9%	\$61,390	\$57,157	-6.9%	6.1%	8.9%	7.7%
Muskegon	14.9%	18.1%	19.7%	24.1%	\$46,223	\$40,827	-11.7%	6.9%	8.8%	11.2%
Oakland	6.6%	8.5%	8.2%	10.4%	\$70,610	\$67,518	-4.4%	5.7%	7.1%	9.5%
Ottawa	6.7%	7.9%	6.5%	8.7%	\$62,847	\$55,459	-11.8%	5.2%	7.0%	7.3%
Saginaw	17.5%	19.2%	24.4%	25.8%	\$44,068	\$41,441	-6.0%	7.9%	8.6%	10.8%
Shiawassee	8.2%	14.1%	10.8%	21.2%	\$47,437	\$45,568	-3.9%	7.8%	10.1%	10.7%
St. Clair	9.0%	10.5%	12.8%	13.6%	\$54,823	\$51,573	-5.9%	8.1%	10.4%	8.6%
Van Buren	17.3%	14.7%	25.1%	17.8%	\$43,876	\$42,430	-3.3%	6.9%	8.4%	15.9%
Washtenaw	13.9%	14.6%	13.5%	14.1%	\$58,999	\$57,848	-2.0%	4.4%	5.9%	8.0%
Wayne	19.5%	20.1%	28.9%	28.8%	\$45,087	\$42,376	-6.0%	8.7%	9.9%	14.8%

\*These counties have a population of at least 65,000. Data for counties with populations between 20,000 and 64,999 are also available from the United States Census Bureau, American Community Survey 3-Year Estimates. However, the largest counties are only listed here as all data from this report are from the United States Census Bureau, American Community Survey 1-Year Estimates.

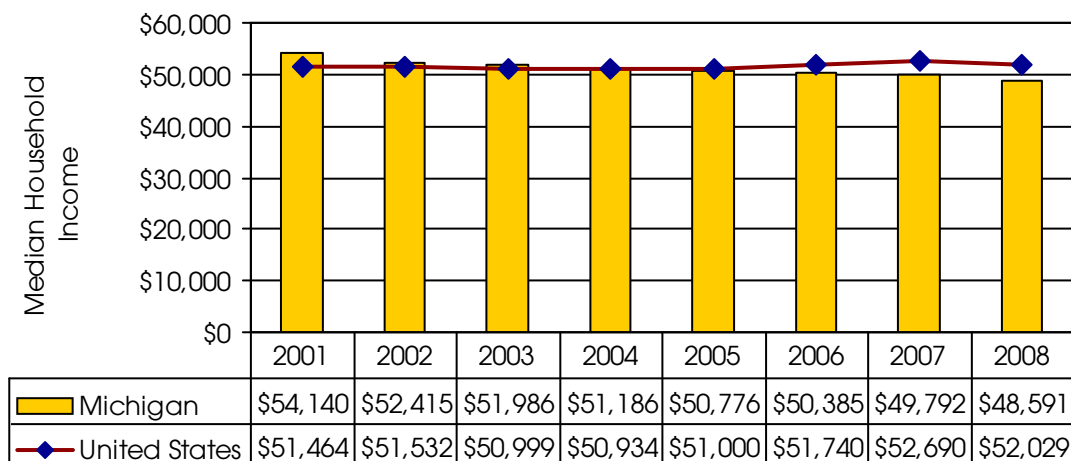
Sources: United States Census Bureau, American Community Survey, 2005, 2008. Michigan Labor Market Information, 2005, 2008.

N/A indicates data not available for the county for that measure or time period.



## Appendix B

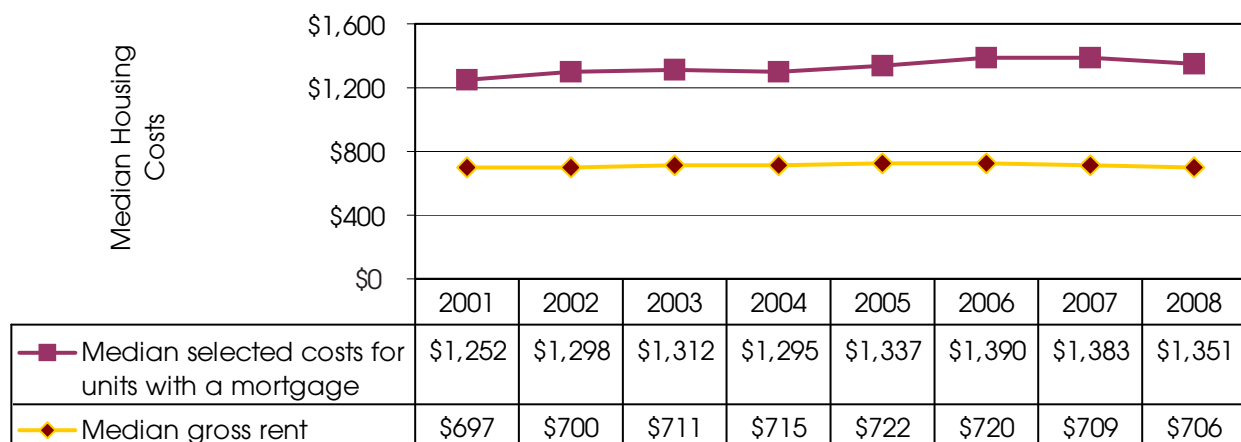
### Michigan's Median Household Income Continues to Decline (in 2008 dollars)



Source: American Community Survey, 1-Year Estimates.  
Chart by the Michigan League for Human Services.

## Appendix C

### Median Gross Rent Remains Flat as Mortgage Costs Fluctuate (in 2008 dollars)



Source: American Community Survey, 1-Year Estimates.

Chart by the Michigan League for Human Services.

Gross rent is defined as contract rent plus the estimated average monthly cost of utilities.

Selected housing costs are the total of payment for mortgages, taxes, insurance, utilities, fuel, mobile home costs, and condominium fees. As with gross rent costs, it is considered unaffordable if these costs combined are more than 30 percent of household income.