



Michigan League FOR Human Services

December 2011

## TIES THAT BIND: POVERTY AND MICHIGAN'S ECONOMIC RECOVERY

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Poverty has a huge impact on the ability of Michigan's economy to recover. When people have less disposable income, consumer spending goes down, forcing businesses to lay off workers or shut down entirely. Poverty in Michigan was 16.8 percent in 2010 and child poverty was 23.5 percent. Total poverty and child poverty have grown by over 50 percent over the past 10 years and Michigan's family poverty rate is the third fastest growing in the nation. Few have been immune to the economic downturn. The number of Michigan households making less than \$25,000 a year has grown by 17.5 percent while those making over \$100,000 or more a year have declined by 16.1 percent.

One of the most alarming statistics is the increase in child homelessness, which grew by 40 percent between the 2009–2010 school year and the 2010–2011 school year. It is unfathomable, but more than 31,000 children in Michigan are homeless and more than 700,000 are on food assistance. One in every 282 houses in the state is in foreclosure while the cost of rent has increased by more than 25 percent.

Government assistance programs can play a key role in helping many of the families impacted by the recession to sustain themselves until the economy

recovers and job growth is sufficient to provide employment for the almost 500,000 Michiganders without jobs. Despite the growing need, policies have been implemented to further limit access to government assistance programs that many Michiganders need to survive. New legislation passed in the summer of 2011 tightened the time limits for cash assistance amid claims that people lived off the program for many years. However, the average number of months that a family receives cash assistance in Michigan is 14.9, and 65 percent of recipients will receive assistance for 12 months or less.

Though the state budget has struggled for several years, revenue has started trending up, providing an opportunity for the state to invest in the people that need help to weather the current slowdown until the economy recovers. Programs such as cash assistance, food assistance, unemployment insurance and homelessness prevention can help provide the temporary relief needed by so many families in Michigan. Investments in education and health care will help to grow a strong labor force that will be ready to take on the pending growth in the state's economy. Now is the time for Michigan to make critical budget decisions focused on creating an economy that works for everyone.

Figure 1

## Poverty in Michigan

In 2010, 16.8 percent of Michiganians lived in poverty.<sup>1</sup> This is the highest poverty rate Michigan has had since 1984 (Figure 1). Though poverty rates were higher in

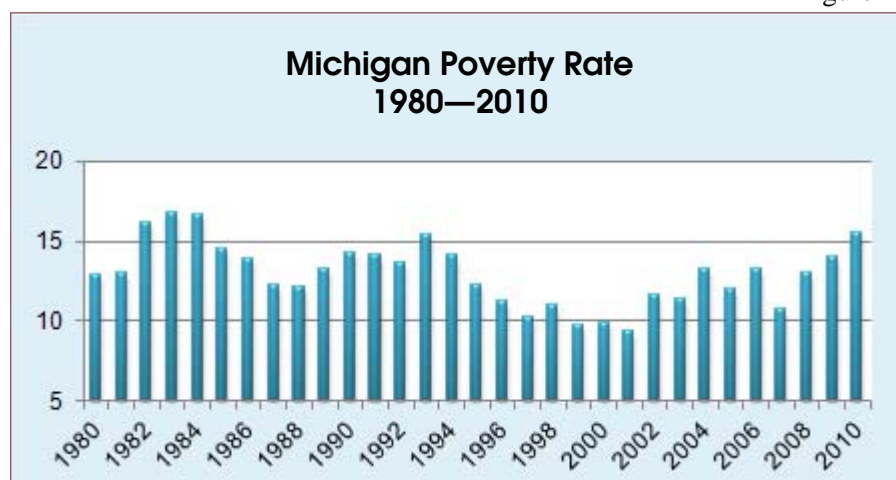
16.8 percent of Michiganians lived in poverty in 2010

Michigan in the early 1980s, poverty has grown 56.6 percent in the last decade, a significant growth over prior decades (Figure 2).<sup>2</sup> Poverty in the United States is measured by the U.S. Census Bureau's Annual Poverty Thresholds. In 2010, a family of four with two children was considered to be in poverty if their annual income was less than \$22,113, or \$1,843 a month.

## Child Poverty

In 2010, 23.5 percent of Michigan children lived in poverty and Michigan's child poverty rate has increased by more than 50 percent since 2000 (Figure 3).<sup>3</sup> Child poverty in Michigan has grown

23.5 percent of Michigan children were in poverty in 2010

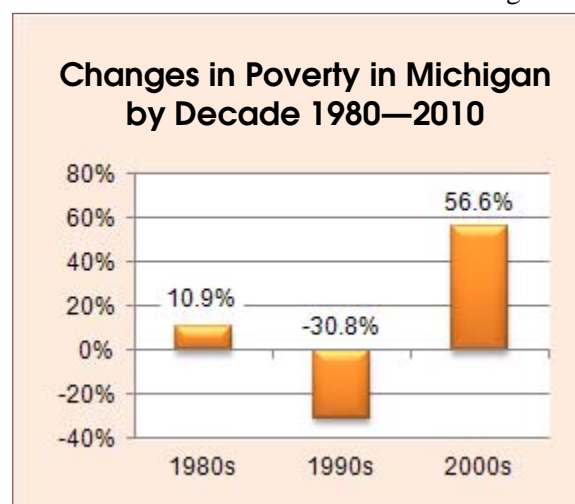


Source: U.S. Census Bureau Current Population Survey, 2010 Annual Social and Economic Supplement.

Note: Trends are calculated using the Current Population Survey, 1 year estimates rely on the American Community Society.

Chart created by the Michigan League for Human Services.

Figure 2



Source: U.S. Census Bureau Current Population Survey, 2010 Annual Social and Economic Supplement.

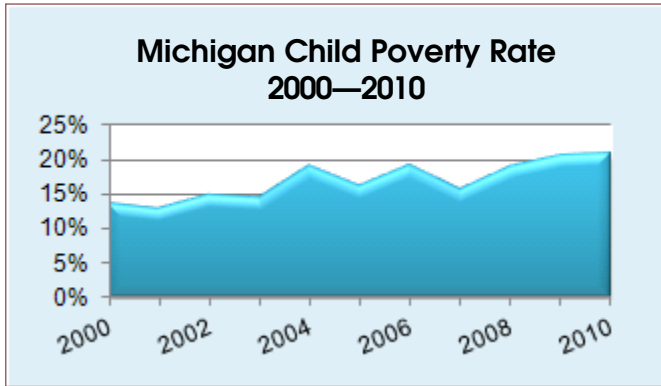
Chart created by the Michigan League for Human Services.

<sup>1</sup> U.S. Census Bureau, 2010 American Community Survey.

<sup>2</sup> U.S. Census Bureau, Current Population Survey, 2010 Annual Social and Economic Supplement.

<sup>3</sup> Id.; U.S. Census Bureau, 2010 American Community Survey.

Figure 3



Source: U.S. Census Bureau Current Population Survey, 2010 Annual Social and Economic Supplement.  
 Note: Trends are calculated using the Current Population Survey, 1-year estimates rely on the American Community Society.  
 Chart created by the Michigan League for Human Services.

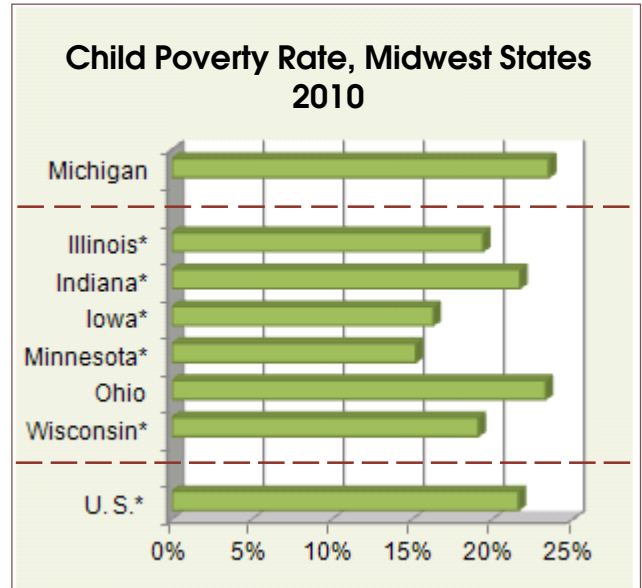
faster than the national average and is the highest in the Midwest (Figure 4).<sup>4</sup>

Fourteen Michigan counties had more than one-third of children in the county living in poverty (Figure 5).<sup>5</sup> In Lake County, 45 percent of children were in poverty in 2010. Livingston County’s child poverty rate of 8.4 percent was the only county with a child poverty rate under 10 percent. Charlevoix, Macomb, Monroe, Oakland and Ottawa counties have had their child poverty rate grow by at least 50 percent since 2006 (Figure 6).<sup>6</sup>

**Race and Ethnicity**

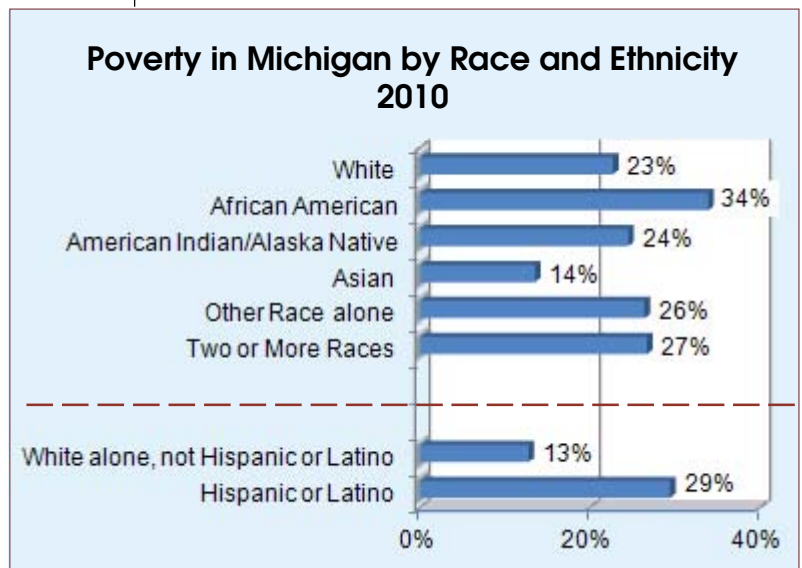
African American Michiganians were more likely to live in poverty in 2010 than people of other races (Figure 7).<sup>7</sup> Almost all races and ethnicities in Michigan experienced an increase in poverty between 2006 and 2010. Poverty grew 27.6 percent for white Michiganians, 34 percent for African Americans, 58.9 percent for Michiganians with two or more races and approximately 37 percent for both Latino and non-Latino people (Figure 8).<sup>8</sup>

Figure 4



\*statistically significant from Michigan  
 Source: Macartney, Suzanne. Child Poverty in the United States 2009 and 2010: Selected Groups and Hispanic Origin. American Community Survey Briefs, November 2011, ACSBR/10-05.  
 Chart created by the Michigan League for Human Services.

Figure 7



Source: U.S. Census Bureau, 2010 American Community Survey.  
 Chart created by the Michigan League for Human Services.

<sup>4</sup> Macartney, Suzanne. Child Poverty in the United States 2009 and 2010: Selected Groups and Hispanic Origin. American Community Survey Briefs, November 2011, ACSBR/10-05.

<sup>5</sup> U.S. Census Bureau, 2010 Small Area Income and Poverty Estimates.

<sup>6</sup> Id.

<sup>7</sup> U.S. Census Bureau, 2010 American Community Survey.

<sup>8</sup> Id.

Figure 5

## Percent of Children in Michigan, Under Age 18, in Poverty (2010)

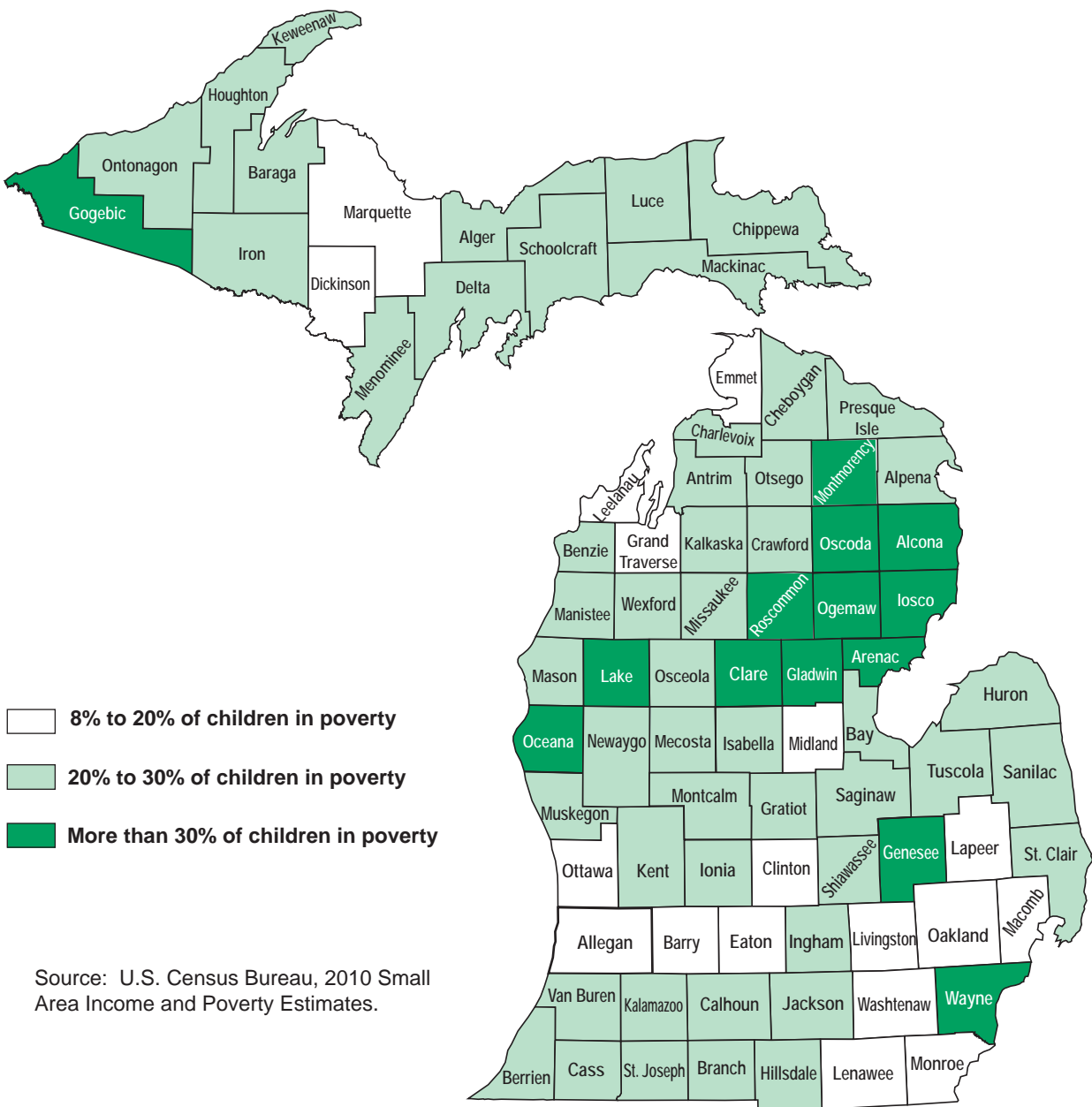
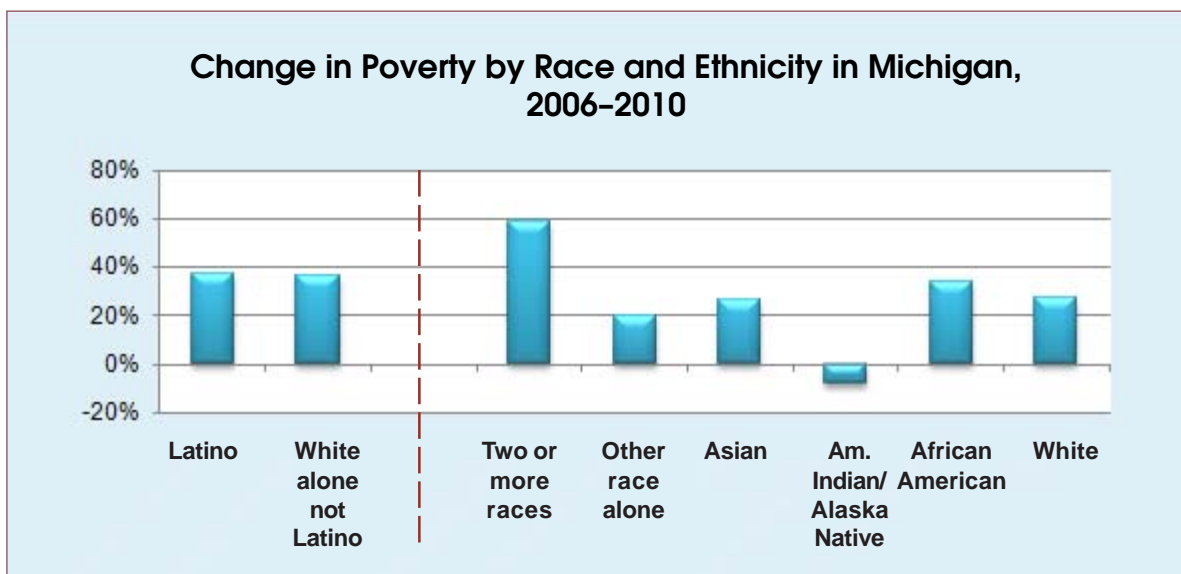




Figure 8



Source: U.S. Census Bureau, 2010 American Community Survey.  
Chart created by the Michigan League for Human Services.

## Regional Poverty

Fourteen of Michigan's counties had more than 20 percent of their population living in poverty in 2010 (Figure 9). Isabella County had the highest poverty rate at 32.5 percent and Livingston County had a 7.2 percent poverty rate, the lowest in the state. More than half of Michigan's counties had poverty rates of at least 15 percent.<sup>9</sup>

Allegan, Clinton, Macomb, Monroe and Ottawa counties experienced more than a 50 percent growth in poverty between 2006 and 2010 (Figure 10).<sup>10</sup> The growth in poverty in Clinton and Ottawa counties was approximately 80 percent. An additional 28 counties had poverty rates increase 25 percent or more over the same time period.

Michigan had the seventh-highest growth in poverty nationally as poverty in the state grew 2.9 percent over the past two years (Figure 11).<sup>11</sup> Regionally, Michigan's poverty rate of 16.8 percent was the highest in the Midwest and has grown more rapidly than other Midwestern states (Figure 12).<sup>12</sup>

Figure 11



Source: U.S. Census Bureau, Current Population Survey, 2008-2010 Annual Social and Economic Supplements; the change in poverty in Arkansas is not statistically significant at the 90 percent confidence interval.  
Chart created by the Michigan League for Human Services.

<sup>9</sup> U.S. Census Bureau, 2010 Small Area Income and Poverty Estimates.

<sup>10</sup> Id.

<sup>11</sup> U.S. Census Bureau, Current Population Survey, 2008 to 2010 Annual Social and Economic Supplements

<sup>12</sup> Id.



Figure 10

## 5 Year Change in Poverty, 2006 - 2010

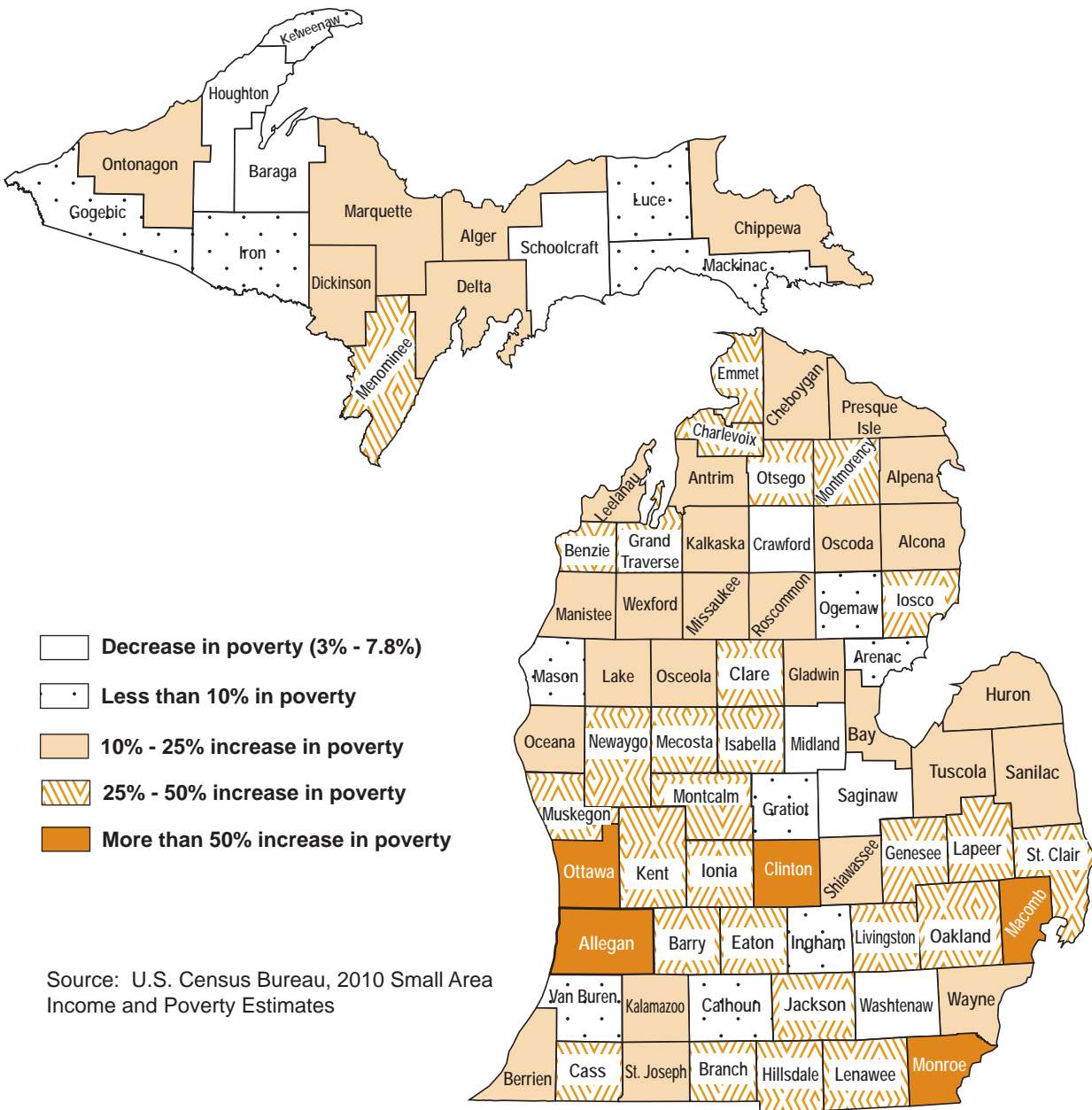
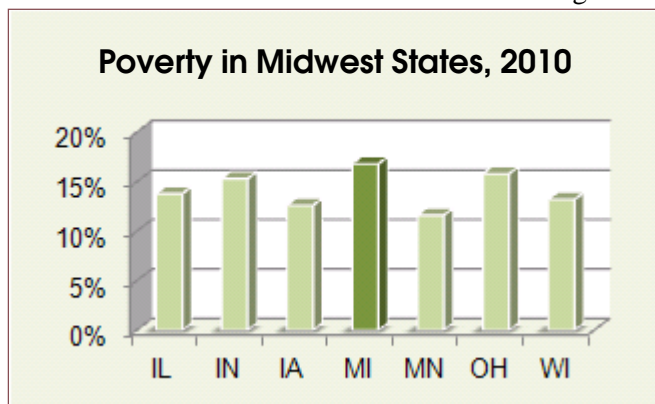
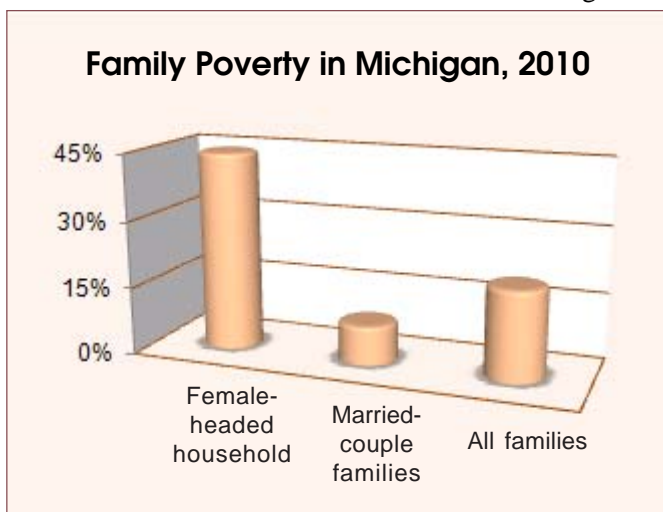


Figure 12



Source: U.S. Census Bureau Current Population Survey, 2010 Annual Social and Economic Supplement.  
 Chart created by the Michigan League for Human Services.

Figure 13



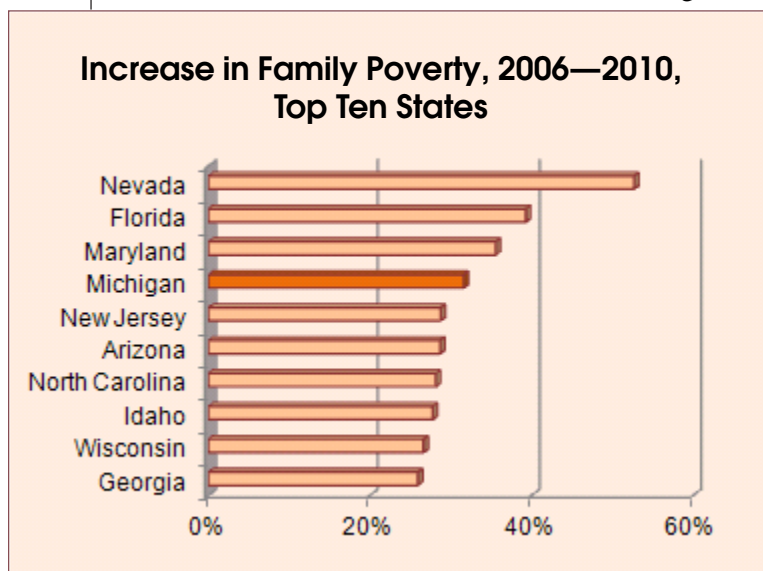
Source: U.S. Census Bureau, 2010 American Community Survey.  
 Chart created by the Michigan League for Human Services.

### Family Poverty

Almost 45 percent of female-headed households lived in poverty in 2010, as compared with a 20 percent poverty rate for all families with children (Figure 13).<sup>13</sup> Michigan had the fourth-highest growth in family poverty in the nation over the last five years, as the poverty rate for families with children has increased in the state by 32 percent (Figure 14).<sup>14</sup>

Almost 45 percent of female-headed households lived in poverty in 2010

Figure 14



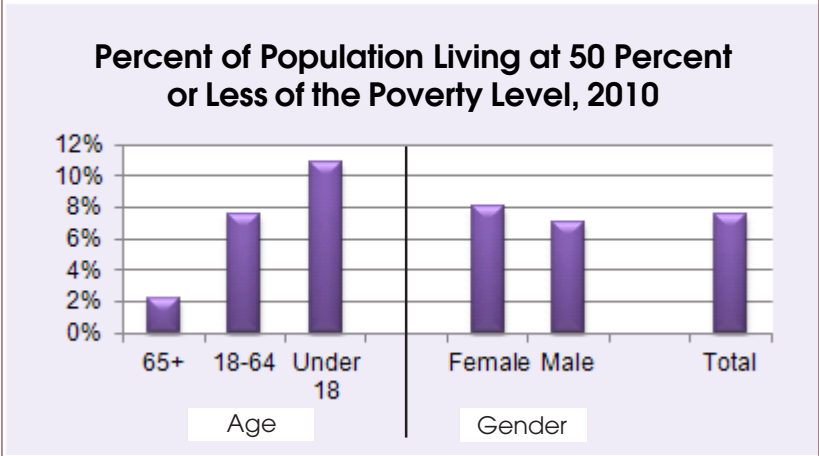
Source: U.S. Census Bureau, 2010 American Community Survey.  
 Chart created by the Michigan League for Human Services.

<sup>13</sup> U.S. Census Bureau, 2010 American Community Survey.

<sup>14</sup> Id.

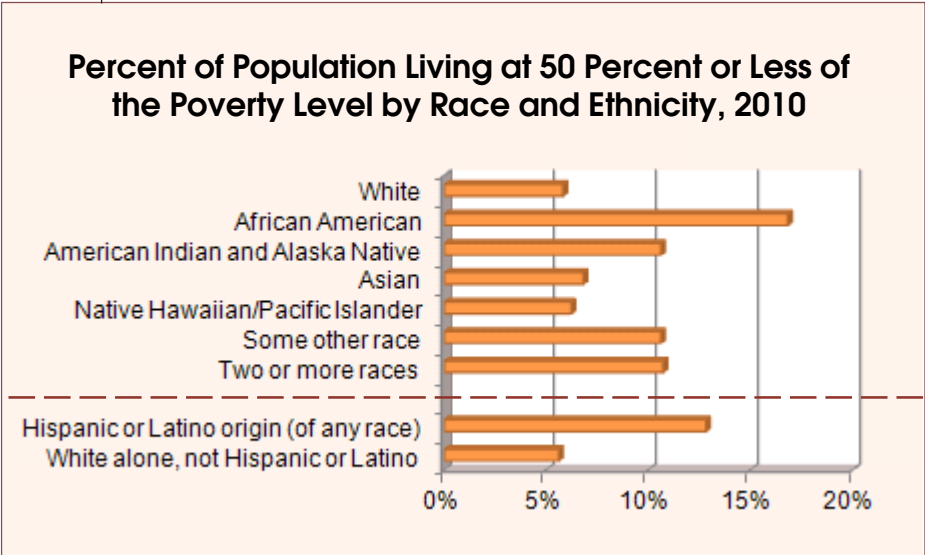
10 percent of children lived in households of extreme poverty in 2010

Figure 15



Source: U.S. Census Bureau, 2010 American Community Survey. Chart created by the Michigan League for Human Services.

Figure 16



Source: U.S. Census Bureau, 2010 American Community Survey. Chart created by the Michigan League for Human Services.

**Extreme Poverty**

A person is considered to live in extreme poverty if their income is less than 50 percent of the poverty threshold. A family of four with two children would be in extreme poverty if they had an annual income of less than \$11,057, or \$921 a month. Some 7.6 percent of Michigianians and more than 10 percent of children lived in households of extreme poverty in 2010 (Figure 15).<sup>15</sup> More than 15 percent of African American Michigianians were in extreme poverty in 2010 (Figure 16).

**Supplemental Poverty Measure**

The federal poverty thresholds have received a lot of criticism over the years and 2010 marks the first year that the Census Bureau has published an official supplemental poverty measure.<sup>16</sup> This new measure tries to account for much of the criticism of the original by developing thresholds that take into account the dollar amount spent on basic costs such as food and shelter, adjusts for geographic

differences in housing costs and counts family resources other than just income—such as in-kind benefits like nutritional and utility assistance. The measure also excludes expenses such as income tax, child support, and work-related expenses as well as the cost of medical care and health insurance.

<sup>15</sup> Id.  
<sup>16</sup> Fisher, Gordon. The Development and History of the U.S. Poverty Thresholds: A Brief Overview. Department of Health and Human Services (<http://aspe.hhs.gov/poverty/papers/hptgssiv.htm>).

The Supplemental Poverty Measure reports a higher monetary threshold under which people would be considered to be living in poverty. In 2010, the official poverty threshold for a family of four (two children, two adults) was \$22,113. The Supplement Measure would set the threshold at \$24,343 and result in another 2.5 million people considered to be living in poverty nationally (Figure 17).<sup>17</sup> Individual state poverty numbers were not calculated as part of the new measure.

Figure 17

2010 Poverty Rates Percentage of People in Poverty		
	OFFICIAL	SUPPLEMENTAL
Threshold	\$22,113	\$24,343
All People	15.2	16.0
Under 18	22.5	18.2
18-64	13.7	15.2
65+	9.0	15.9
Urban	15.0	16.6
Rural	16.6	12.8

Source: Short, Kathleen. The Research Supplemental Poverty Measure: 2010, Consumer Income, U.S. Census Bureau, November 2011. P60-241

The Supplemental Poverty Measure not only gives a more realistic view of who is living in poverty, but it also provides data to see if programs aimed at helping low-income people actually work. One of the most interesting results was the affirmation of the effectiveness of the Earned Income Tax Credit. When the EITC was removed from the calculation of family resources, the poverty rate jumped from 16 to 18 percent. Food assistance, the school lunch program,

Figure 18

Percentage of People in Poverty Excluding Various Assistance Programs		
	ALL PEOPLE	UNDER AGE 18
Supplemental Poverty Rate	16.0	18.2
EITC	18.0	22.4
Food Assistance	17.7	21.2
Housing Subsidy	16.9	19.5
School Lunch	16.4	19.0

Source: Short, Kathleen. The Research Supplemental Poverty Measure: 2010, Consumer Income, U.S. Census Bureau, November 2011. P60-241

housing subsidies and WIC also helped keep families out of poverty (Figure 18).<sup>18</sup>

While the poverty thresholds establish the official line for determining if a household lives in poverty, they fail to capture the thousands of households that still struggle to make ends meet. Another way to measure poverty is to look at a household's assets. Asset poverty is the lack of economic resources available to support a household in the absence of income. A household is considered asset poor if they do not have sufficient assets to live at the federal poverty level for three months without income.<sup>19</sup>

### Asset Poverty

Asset poverty continually exceeds the poverty rate. Though Michigan's poverty rate was 16.8 percent in 2010, nearly 20 percent of Michigianians were asset poor (Figure 19).<sup>20</sup>

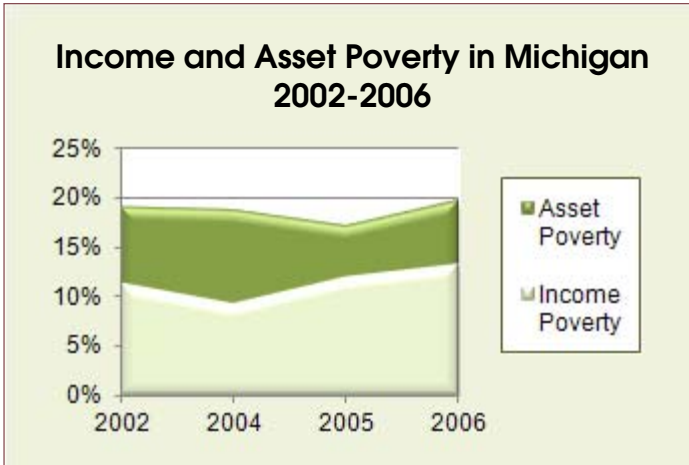
<sup>17</sup> Short, Kathleen. The Research Supplemental Poverty Measure: 2010, Consumer Income, U.S. Census Bureau, November 2011. P60-241.

<sup>18</sup> Id.

<sup>19</sup> Helping Working Families Achieve Financial Security: A Report of the Michigan Asset Building Coalition, 2nd Edition. Community Economic Development Association of Michigan. 2010.

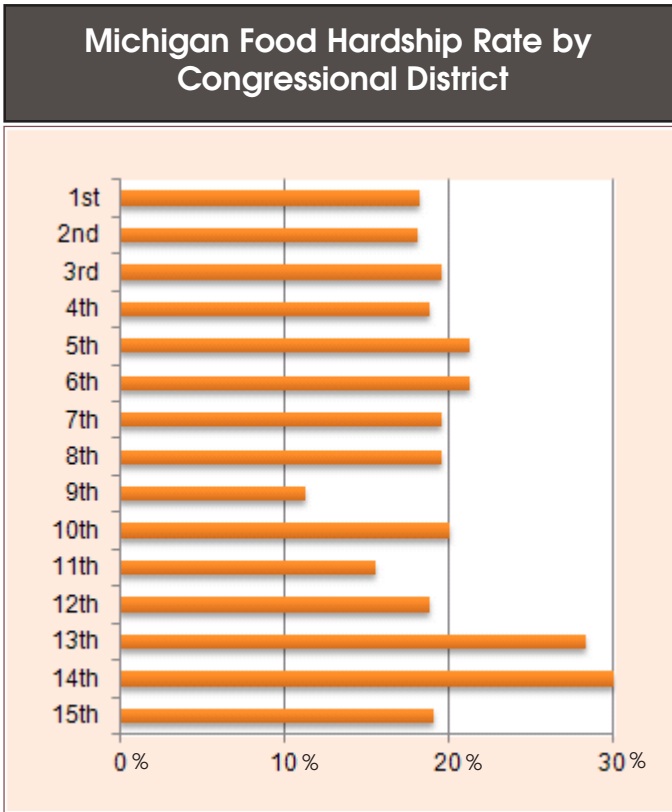
<sup>20</sup> CFED 2009-2010 Assets and Opportunity Scorecard - Asset Poverty Profile: Michigan based on the Survey of Income and Program Participation. (2004 Panel, Wave 6). Washington, DC: U.S. Department of Commerce, Census Bureau. Calculations by Beacon Economics.

Figure 19



Source: CFED Assets and Opportunity Scorecard—Asset Poverty Profile: Michigan based on the Survey of Income and Program Participation. Chart created by the Michigan League for Human Services.

Figure 20



Source: Food Hardship in America - 2010: Data for the Nation, States, 100 MSAs, and Every Congressional District, Food Research and Action Center, March 2011. Chart created by the Michigan League for Human Services.

## Hunger

Hunger is measured by the U.S. Department of Agriculture as food security. A household is considered food insecure if they lacked adequate resources to buy food during the last year. The USDA conducts an annual survey to monitor food security. Food insecure households report being worried that food would run out, that they could not afford a balanced meal, that they had to cut the size of a meal or skip it altogether and that they were hungry but did not eat. In 2010, 14.7 percent of Michiganians reported being food insecure.<sup>21</sup> A similar measure by the Food Research and Action Center found that nearly one-quarter of households with children experienced food hardship in 2010 as compared to 16.9 percent of households without children.<sup>22</sup> Two of Michigan’s Congressional Districts had almost one-third of people experiencing food hardship in 2010 (Figure 20).

14.7 percent of Michigan households were food insecure between 2008 and 2010

## Income

Consumer spending plays a key role in determining the health of a state’s economy. With high long-term unemployment in Michigan, many Michiganians have had drops in their income, thus impacting their ability to spend. Between 2006 and 2010, the number of Michigan households making less than \$25,000 a year grew by 17.5 percent while those making over \$100,000 or more a year have declined by 16.1 percent (Figure 21). Almost half of the aggregate income in Michigan in 2010 was held by the top 20 percent of earners in the state (Figure 22).<sup>23</sup>

<sup>21</sup> Coleman-Jensen, Alisha, et al. Household Food Security in the United States in 2010, U.S. Department of Agriculture, Economic Research Report Number 125, September 2011.

<sup>22</sup> Food Hardship in America - 2010: Data for the Nation, States, 100 MSAs, and Every Congressional District, Food Research and Action Center, March 2011.

<sup>23</sup> U.S. Census Bureau, 2010 American Community Survey.

Figure 21

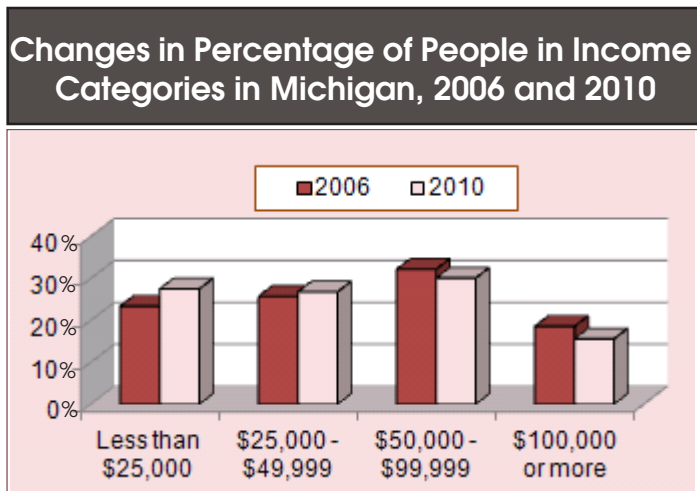
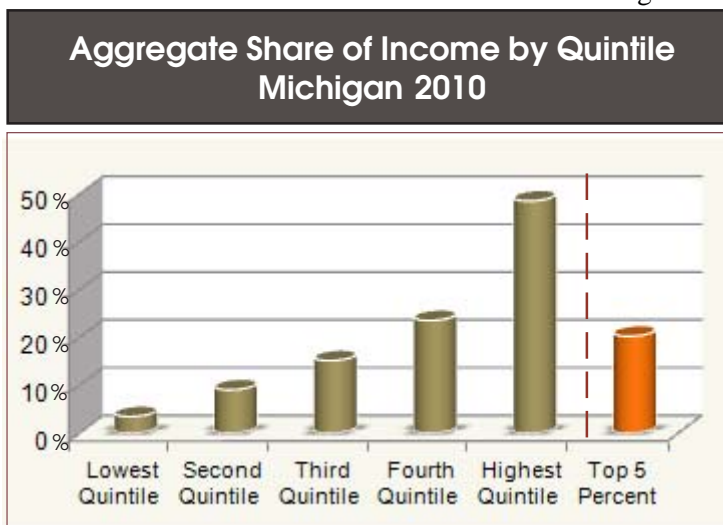


Figure 22

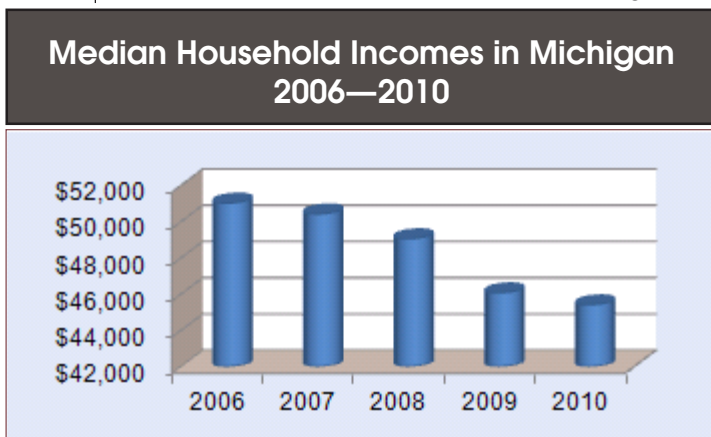


Source for charts 21 and 22: U.S. Census Bureau, 2010 American Community Survey.  
Chart created by the Michigan League for Human Services.

Dramatic decreases are seen in all measures of income in Michigan. Michigan's median household income of \$45,413 dropped by 11 percent over the past five years, the second-highest drop in the U.S. (Figure 23).<sup>24</sup> Median income is the middle value of income in Michigan. It is just as likely that an individual's income would be above or below the median. Asian Michiganians had a median income of \$70,081 in 2010 as compared with African American Michiganians with a median income of \$28,718 (Figure 24).<sup>25</sup>

Michigan's Median Household Income has decreased by 11 percent over the past five years, the second highest drop in the nation

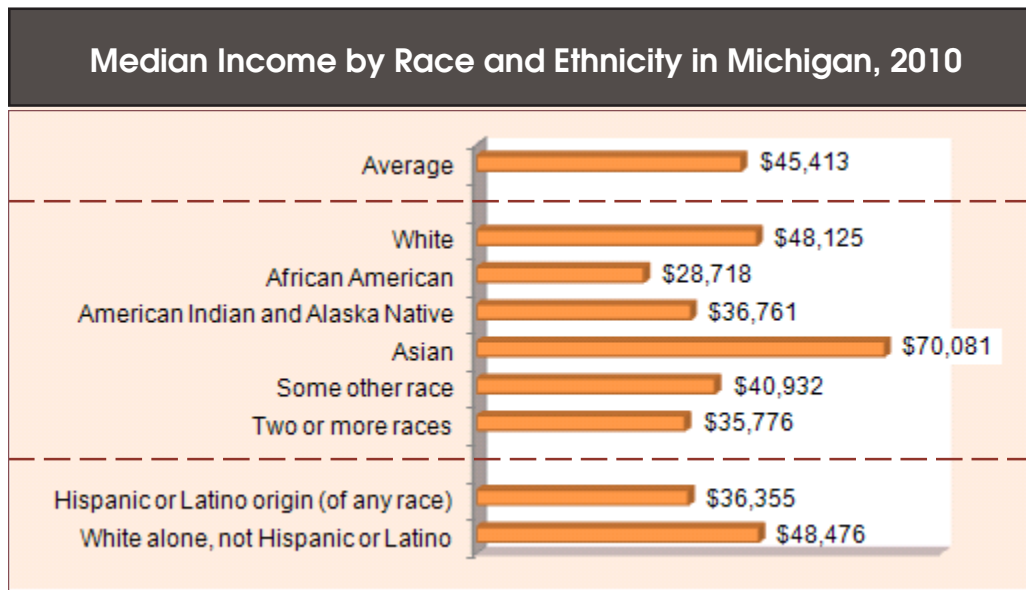
Figure 23



Source: U.S. Census Bureau, 2010 American Community Survey—table does not begin at zero.  
Chart created by the Michigan League for Human Services.

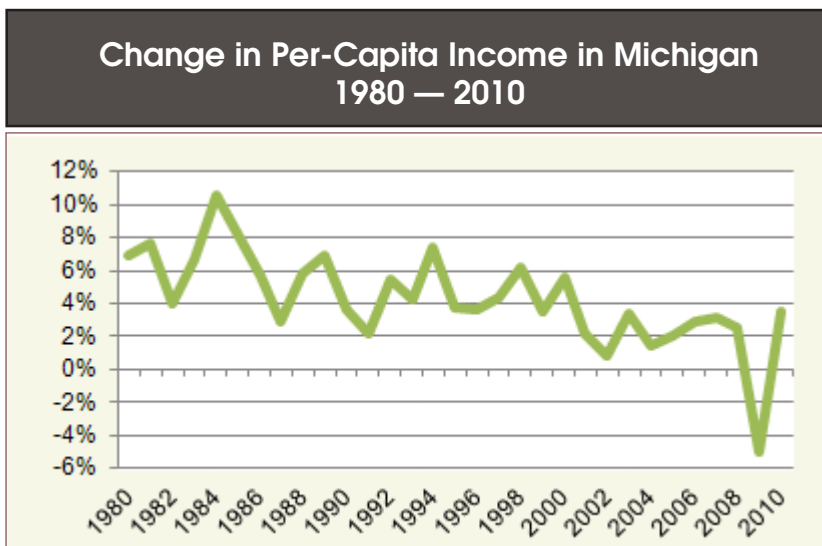
<sup>24</sup> Id.  
<sup>25</sup> Id.

Figure 24



Source: U.S. Census Bureau, 2010 American Community Survey.  
 Chart created by the Michigan League for Human Services.

Figure 25



Source: U.S. Department of Commerce, Bureau of Economic Analysis, Annual State Personal Income and Employment.  
 Chart created by the Michigan League for Human Services.

Per-capita income is the average personal income per year divided by the entire population. Per-capita income in Michigan was \$34,691 in 2010 and has decreased by 36.6 percent since 2000 (Figures 25).<sup>26</sup> While income has been falling, prices for goods and services have continued to climb, most notably in the 20.5 percent increase in the cost of motor fuel over the past year (Figure 26).<sup>27</sup>

### Homelessness

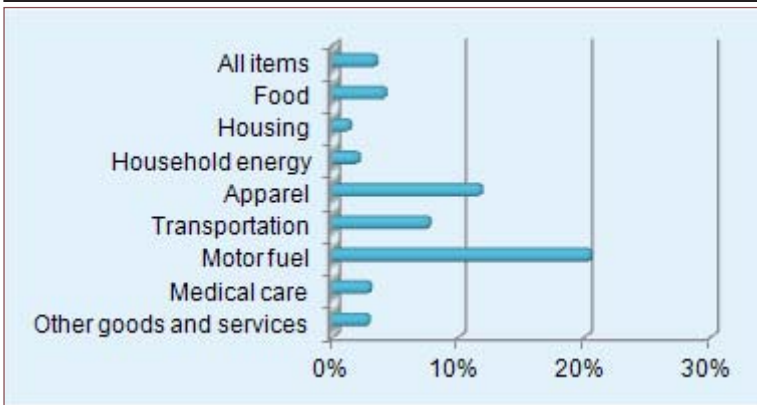
For many people living in poverty, homelessness is a constant threat. Individuals who move frequently, have a history of evictions, have transportation problems, experience

<sup>26</sup> U.S. Department of Commerce, Bureau of Economic Analysis, Annual State Personal Income and Employment.

<sup>27</sup> Midwest Consumer Price Index Summary, U.S. Bureau of Labor Statistics, U.S. Department of Labor.

Figure 26

### Increase in Consumer Price Index for Detroit-Ann Arbor-Flint, Oct. 2010 — Oct. 2011



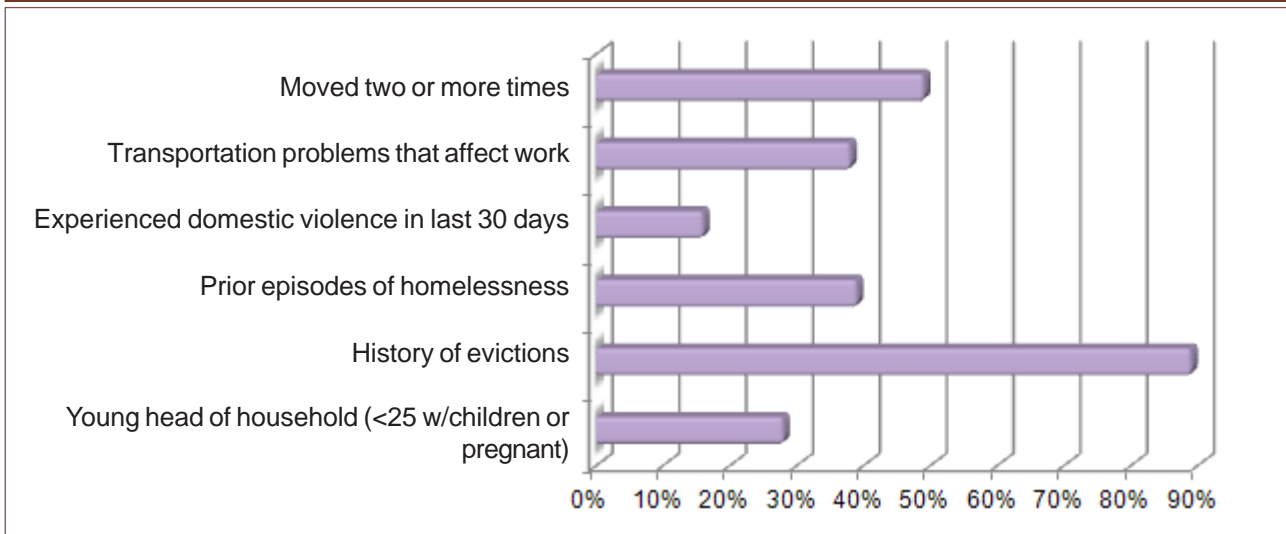
Source: Midwest Consumer Price Index Summary, U.S. Bureau of Labor Statistics, U.S. Department of Labor.  
 Chart created by the Michigan League for Human Services.

domestic violence or are young parents are at the highest risk for becoming homeless (Figure 27).<sup>28</sup> In contrast to common stereotypes of homeless people, almost half of those that were homeless in 2010 were homeless for the first time (Figure 28).<sup>29</sup>

Almost half of those that were homeless in 2010 were homeless for the first time

Figure 27

### Homelessness Risk Factors

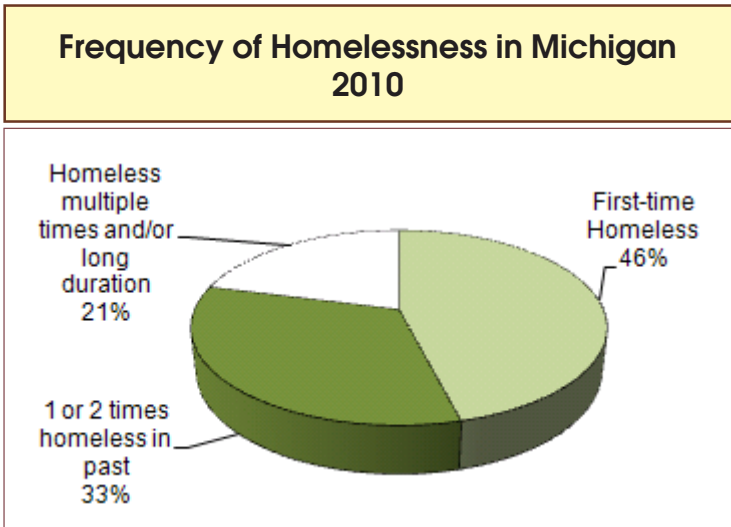


Source: Michigan's Campaign to End Homelessness, 2010 Annual Summary, 2010 Data Summary Table, Michigan State Housing Development Authority.  
 Chart created by the Michigan League for Human Services.

<sup>28</sup> Michigan's Campaign to End Homelessness, 2010 Annual Summary, 2010 Data Summary Table, Michigan State Housing Development Authority.

<sup>29</sup> Id.

Figure 28

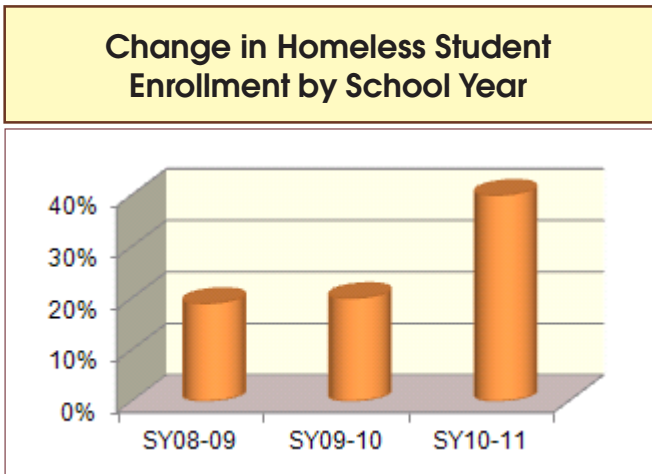


Source: Michigan’s Campaign to End Homelessness, 2010 Annual Summary, 2010 Data Summary Table, Michigan State Housing Development Authority.  
 Chart created by the Michigan League for Human Services.

More troubling is the huge increase in child homelessness over the past school year. In school year 2010–2011, 31,133 children were homeless, a 40 percent increase over the prior school year (Figure 29). A child is considered to be homeless if his or her living situation is doubled up and sharing housing with another family, living in a shelter, unsheltered or living in a hotel/motel. Some 70 percent of homeless children are in doubled up housing situations and 23 percent of homeless children live in shelters (Figure 30).<sup>30</sup>

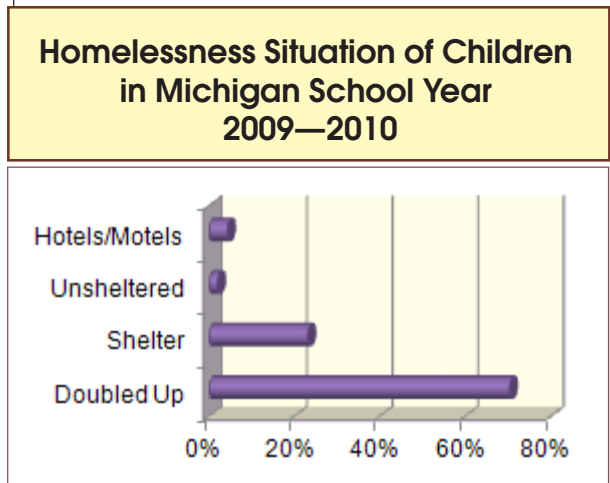
Child homelessness increased 40 percent in School Year 2010–2011 over the prior school year

Figure 29



Source: Michigan’s Campaign to End Homelessness, 2010 Annual Summary, 2010 Data Summary Table, Michigan State Housing Development Authority.  
 Chart created by the Michigan League for Human Services.

Figure 30



Source: Michigan’s Campaign to End Homelessness, 2010 Annual Summary, 2010 Data Summary Table, Michigan State Housing Development Authority.  
 Chart created by the Michigan League for Human Services.

<sup>30</sup> Id.

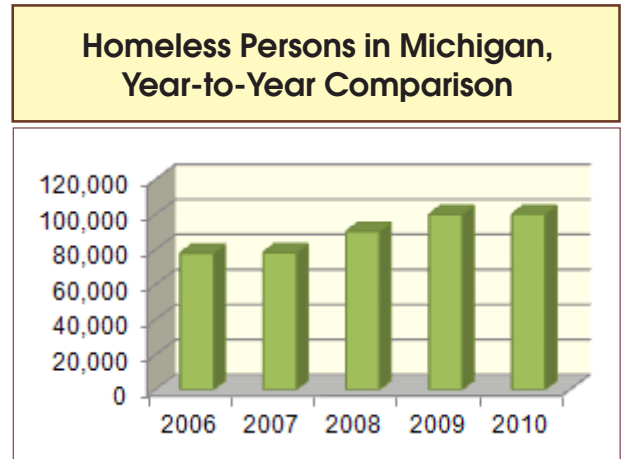
Michigan’s homeless population has increased by 28 percent over the past five years, despite aggressive policies designed to end homelessness in the state (Figure 31).<sup>31</sup> More than 100,000 people were homeless in 2010, more than half of which were families. Homelessness can be aggressively combated by good preventative programming. Michigan has the third-highest number of permanent supportive housing units in the nation, though it falls far behind the two leaders (Figure 32).<sup>32</sup>

### Housing

Housing affordability is measured by fair market rent, which defines housing affordability as the ability of a tenant to have enough money for rent and utilities without paying more than 30 percent of their income on these housing expenses. In Michigan, the fair market rent for a two-bedroom apartment was \$745 in 2010. A household must earn \$29,786 annually or \$2,482 a month to afford fair market rent. Assuming an individual works full-time year round, the level of income necessary to afford this level of housing is \$14.32 an hour. A family of four that lives in poverty would need an additional \$7,673 a year to afford fair market rent in the state. Statewide, and in 64 of Michigan’s counties, more than half of the population cannot afford fair market rent (Figures 33 and 34). The cost of renting an apartment has grown by over 25 percent over the past decade, even though jobs and income have fallen (Figure 35).<sup>33</sup>

The fair market rent for a two-bedroom apartment was \$745 in 2010

Figure 31



Source: Michigan’s Campaign to End Homelessness, 2010 Annual Summary, 2010 Data Summary Table, Michigan State Housing Development Authority. Chart created by the Michigan League for Human Services.

Figure 32

Distribution of Permanent Supportive Housing Beds by State		
STATE	BEDS	RANK
California	39,772	1
New York	35,514	2
<b>Michigan</b>	<b>11,987</b>	<b>3</b>
Ohio	11,489	4
Illinois	10,773	5

Source: 2010 Annual Homeless Assessment Report to Congress, U.S. Department of Housing and Urban Development.

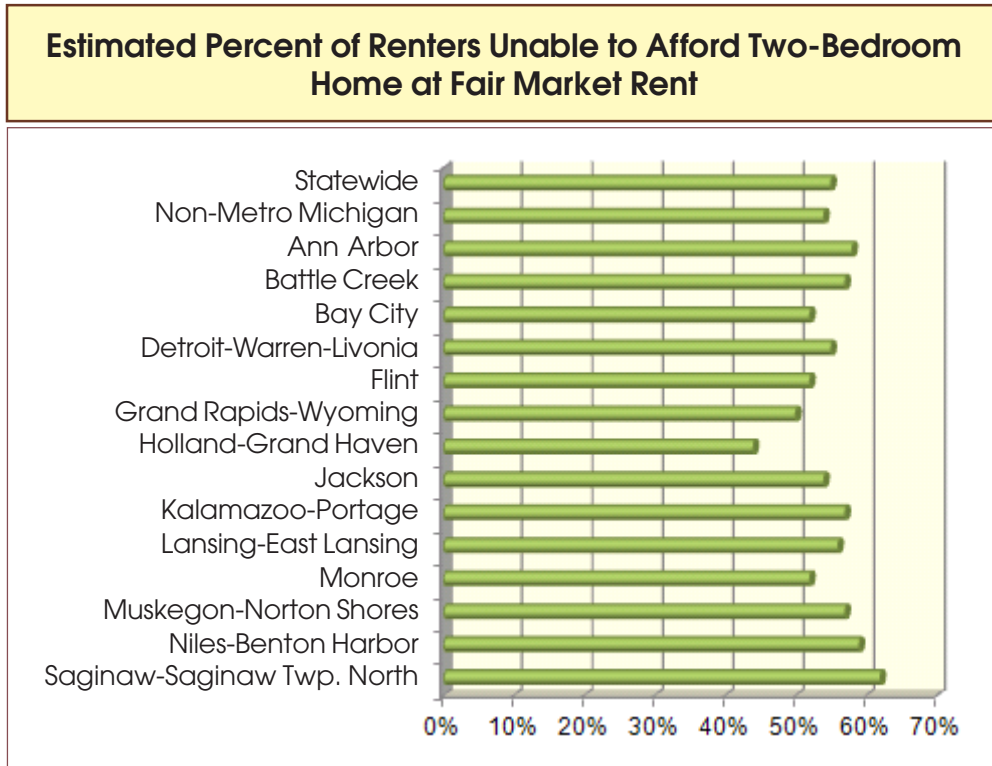
<sup>31</sup> Id.

<sup>32</sup> 2010 Annual Homeless Assessment Report to Congress, U.S. Department of Housing and Urban Development.

<sup>33</sup> Out of Reach, 2010, National Low Income Housing Coalition.

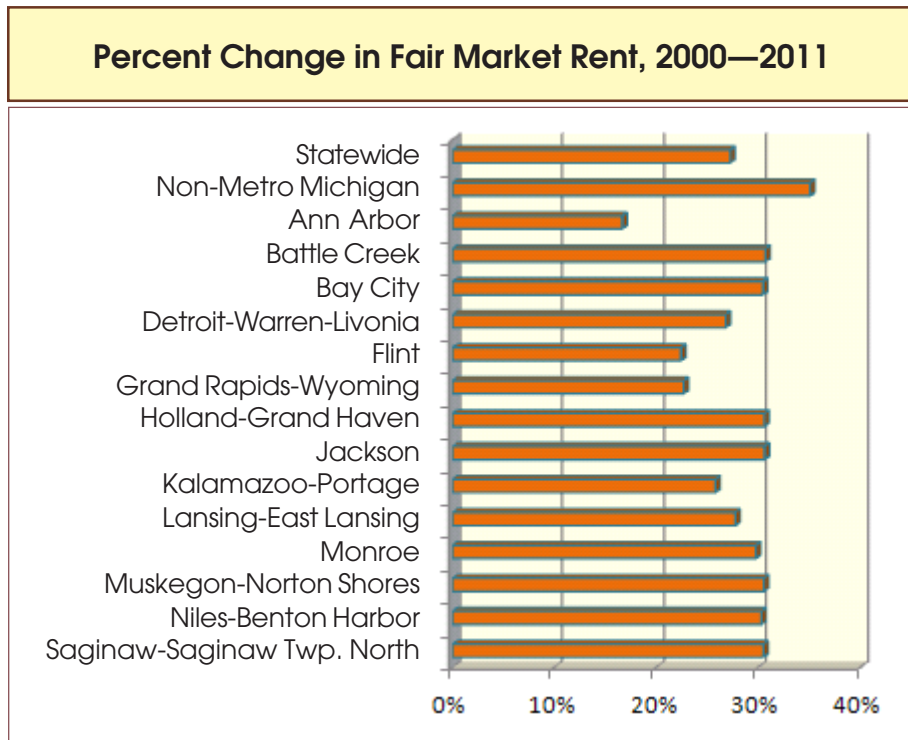


Figure 34



Source: Out of Reach, 2010, National Low Income Housing Coalition.  
 Chart created by the Michigan League for Human Services.

Figure 35



Source: Out of Reach, 2010, National Low Income Housing Coalition.  
 Chart created by the Michigan League for Human Services.

Figure 36

Full-time Jobs at Minimum Wage Needed to Afford a Two-Bedroom Home at a Fair Market Rent	
Statewide	1.9
Non-Metro Michigan	1.6
Ann Arbor	2.3
Battle Creek	1.8
Bay City	1.6
Detroit-Warren-Livonia	2.1
Flint	1.6
Grand Rapids-Wyoming	1.9
Holland-Grand Haven	1.9
Jackson	1.8
Kalamazoo-Portage	1.8
Lansing-East Lansing	1.9
Monroe	2.0
Muskegon-Norton Shores	1.6
Niles-Benton Harbor	1.7
Saginaw-Saginaw Twp. North	1.8

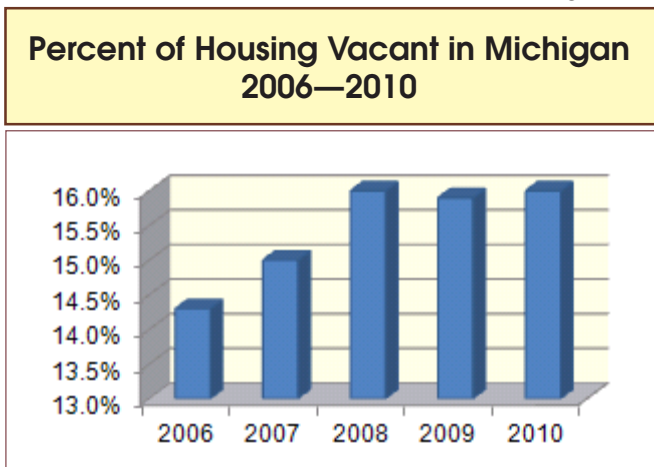
Source: Out of Reach, 2010, National Low Income Housing Coalition.

For an individual earning minimum wage to be able to afford a two-bedroom apartment at fair market rent they must work 77 hours per week, 52 weeks per year (Figure 36). The estimated mean (average) wage for a renter in the state is \$10.95 an hour. A worker making the mean wage would need to work 52 hours per week, 52 weeks per year to afford fair market rent.<sup>34</sup>

Michigan had the third most foreclosures nationally in October 2011 (the most recent data available at the time of publishing this report) and 16 percent of Michigan’s housing stock was vacant in 2010, a 12 percent increase over five years ago (Figure 37).<sup>35</sup> One in every 282 units in foreclosure in Michigan, excessively higher than the national rate of one in every 563 units in foreclosure (Figure 38). In October 2011, 3,735 houses were foreclosed upon in Wayne County and one in every 174 houses in Saginaw County was in foreclosure (Figure 39).<sup>36</sup>

Figure 38

Figure 37



Source: U.S. Census Bureau, 2010 American Community Survey. Chart created by the Michigan League for Human Services.

**Top Foreclosure States (Highest amount of new foreclosure activity), October 2011**

Rank	State	Number of Foreclosure Filings	Foreclosure Rate
1	California	55,312	243
2	Florida	33,073	268
<b>3</b>	<b>Michigan</b>	<b>16,106</b>	<b>282</b>
4	Illinois	12,522	423
5	Arizona	10,626	259
6	Georgia	10,010	406
7	Texas	9,845	988
8	Ohio	8,691	586
9	Nevada	6,307	180
10	Colorado	4,729	458

**National Average: 1 in every 563**

Source: RealtyTrac Foreclosure Data, National Real Estate Trends, October 2011.

<sup>34</sup> Id.

<sup>35</sup> U.S. Census Bureau, 2010 American Community Survey.

<sup>36</sup> RealtyTrac Foreclosure Data, National Real Estate Trends, October 2011.

Figure 39

County Foreclosure Activity Counts October 2011			
Rank	County	Number of Foreclosure Filings	Foreclosure Rate
1	Wayne	3,735	224
2	Oakland	2,511	209
3	Macomb	1,762	201
4	Genessee	891	222
5	Kent	755	324
6	Saginaw	511	174
7	Washtenaw	401	368
8	Muskegon	334	221
9	Saint Clair	330	222
10	Ottawa	309	329

Source: RealtyTrac Foreclosure Data, National Real Estate Trends, October 2011.

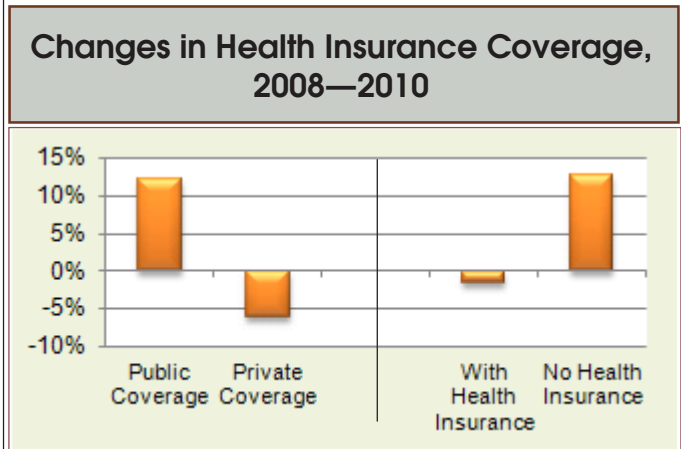
### Health Insurance Coverage

As people have been losing their jobs and businesses are cutting costs, there has been a shift in health insurance coverage. Many Michigianians have moved to public coverage, if they qualify. Public health insurance coverage increased 12.2 percent between 2008 and 2010 and 12.7 percent of people lost health insurance coverage altogether (Figure 40).<sup>37</sup> For those with jobs, almost 13 percent lost their health insurance coverage between 2008 and 2010 (Figure 41).<sup>38</sup>

More than 15 percent of Michigan households with annual incomes less than \$50,000 do not have health insurance (Figure 42). Michigan’s uninsured grew by 12.7 percent between 2008 and 2010. Some good news is that health insurance for children actually increased by 14.6 percent over this same period. Michigan was ranked No. 6 nationally for

growth in health insurance coverage for children. Of Michigianians between 18 and 64 years old, 18.6 percent lost their health insurance between 2008 and 2010 as did 14.3 percent of males (Figure 43).<sup>39</sup> Statewide, 41 counties had more than 15 percent of their population uninsured in 2009, the latest data available (Figure 44).<sup>40</sup>

Figure 40



Source: U.S. Census Bureau, 2008, 2009 and 2010 American Community Survey, 1-year estimates.

Chart created by the Michigan League for Human Services.

12.4 percent of Michigianians were uninsured in 2009

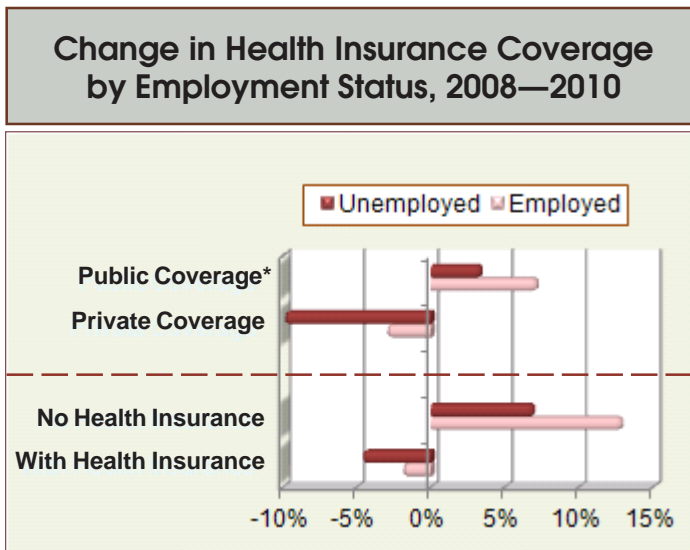
<sup>37</sup> U.S. Census Bureau, 2008, 2009 and 2010 American Community Survey.

<sup>38</sup> Id.

<sup>39</sup> Id.

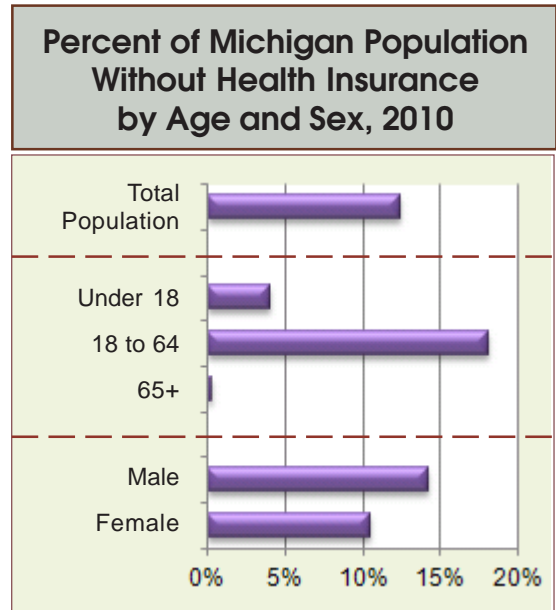
<sup>40</sup> 2009 Small Area Health Insurance Estimates, U.S. Census Bureau.

Figure 41



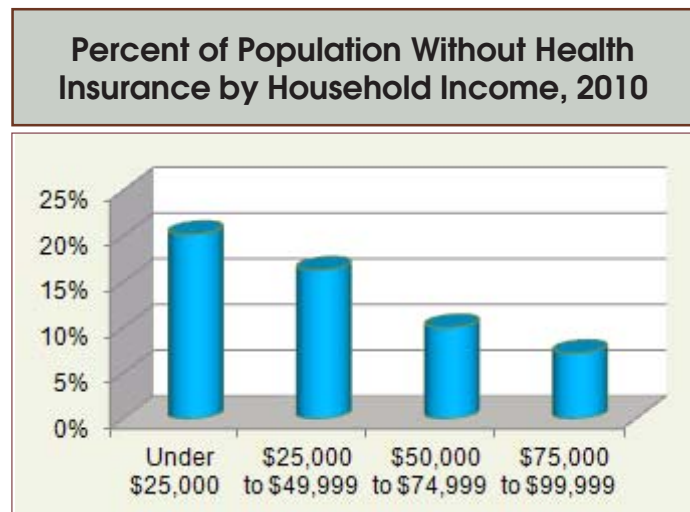
Source: U.S. Census Bureau, 2008, 2009 and 2010 American Community Survey. Change in public coverage for unemployed is not statistically significant.  
 Chart created by the Michigan League for Human Services.

Figure 43



Source: U.S. Census Bureau, 2010 American Community Survey.  
 Chart created by the Michigan League for Human Services.

Figure 42

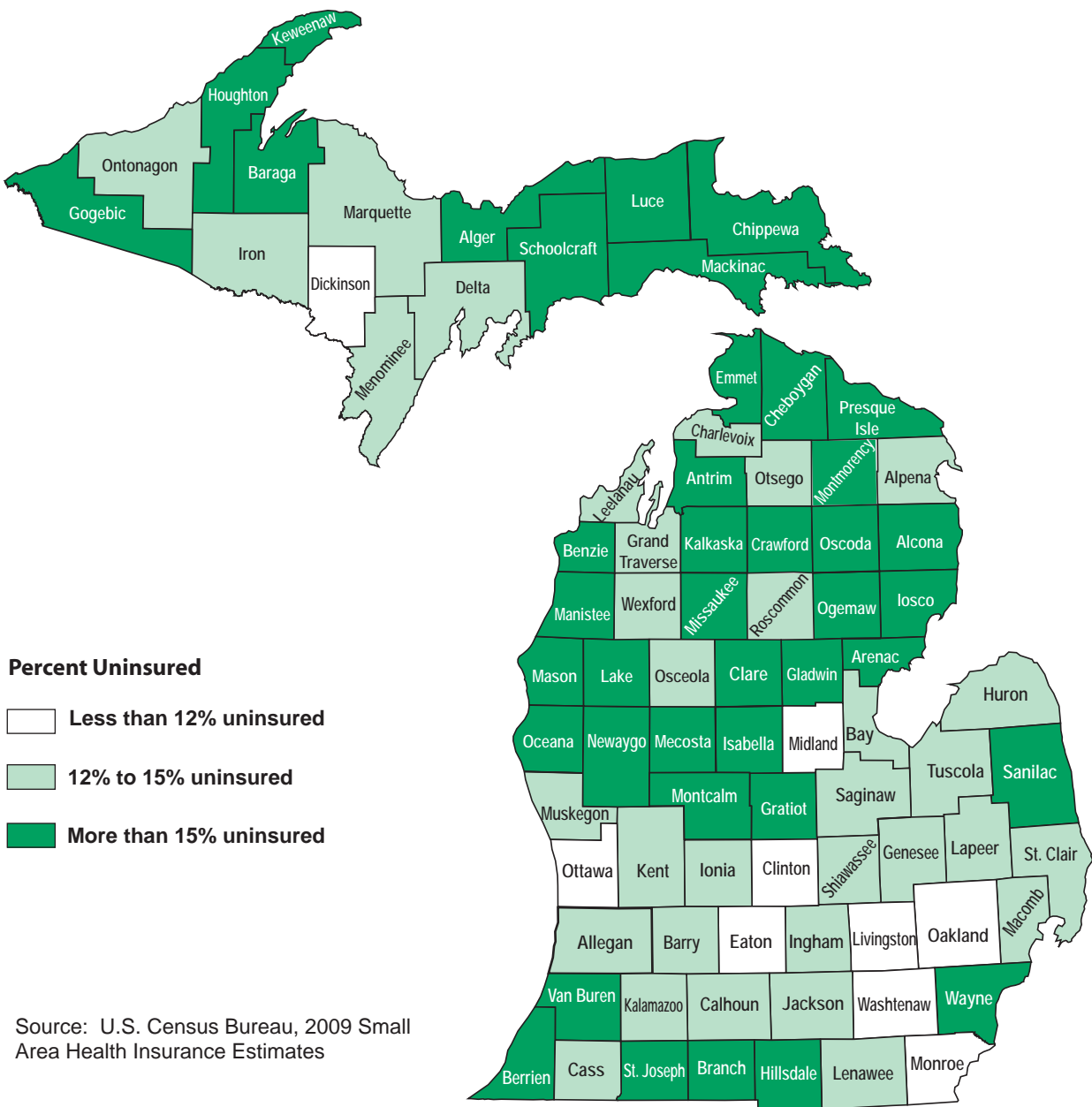


Source: U.S. Census Bureau, 2010 American Community Survey.  
 Chart created by the Michigan League for Human Services.

13 percent of employed Michigianians lost their health care coverage between 2008 and 2010

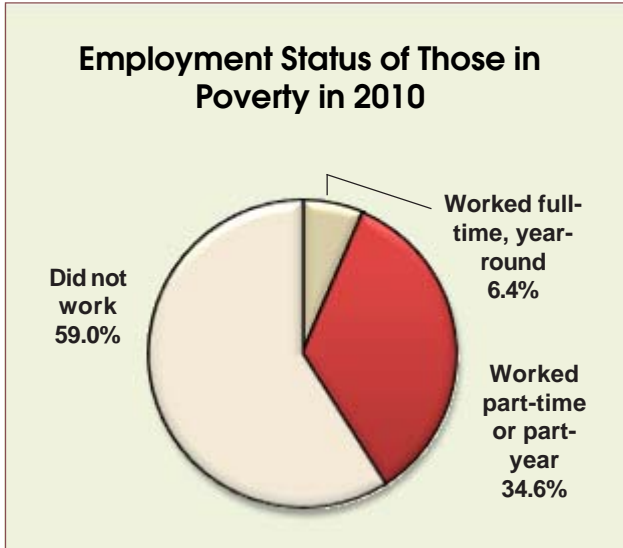
Figure 44

## Percent of Uninsured People in Michigan, 2009



Source: U.S. Census Bureau, 2009 Small Area Health Insurance Estimates

Figure 45



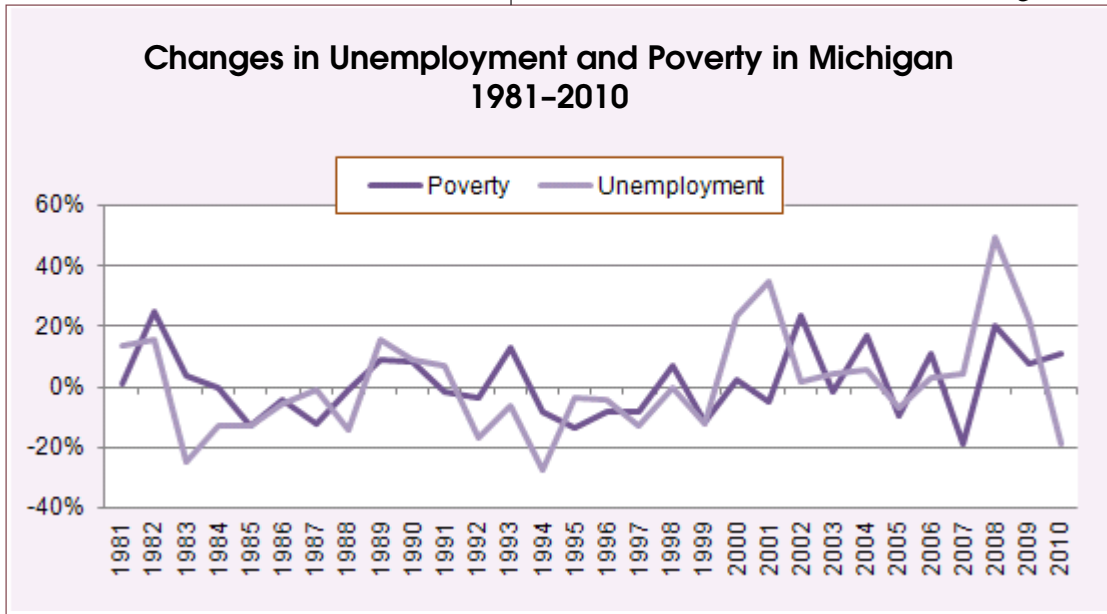
Source: U.S. Census Bureau, 2010 American Community Survey. Chart created by the Michigan League for Human Services.

## Employment

Forty-one percent of those living in poverty worked during 2010 (Figure 45).<sup>41</sup> Poverty is tightly linked with unemployment, as is evidenced by the long-term trends in changes in poverty and unemployment (Figure 46).<sup>42</sup> The loss of jobs since 1998 has been dramatic. While Michigan is starting to experience job growth, it is expected to take at least a decade to have the job market return to its pre-recession numbers (Figure 47).<sup>43</sup>

41 percent of Michiganians in poverty worked in 2010

Figure 46



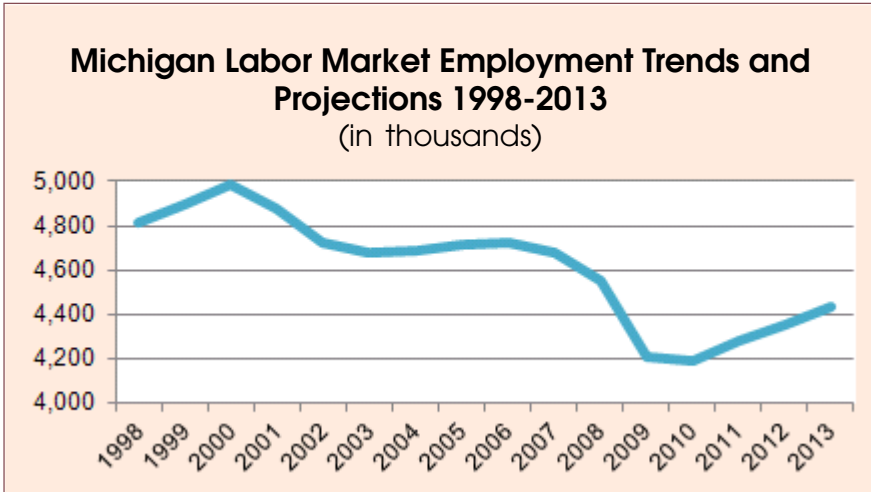
Source: U.S. Census Bureau Current Population Survey, Annual Social and Economic Supplement, 2010; U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics. Chart created by the Michigan League for Human Services.

<sup>41</sup> U.S. Census Bureau, 2010 American Community Survey.

<sup>42</sup> U.S. Census Bureau Current Population Survey, 2010 Annual Social and Economic Supplement; U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics.

<sup>43</sup> Information Packet, DHS Budget Division, Michigan Department of Human Services, DHS-PUB-0790, August 2011.

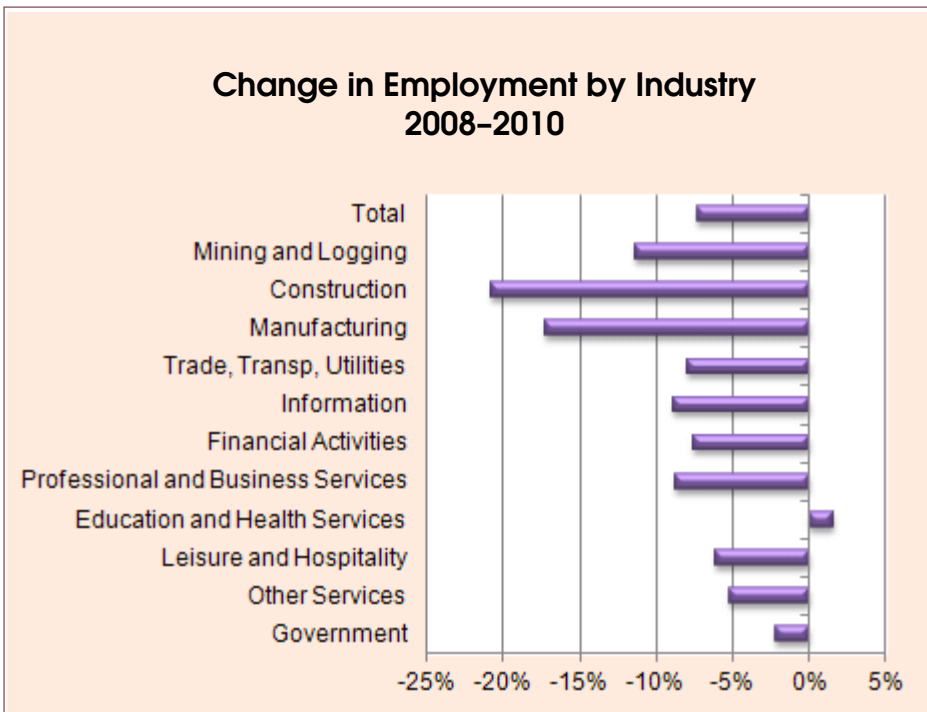
Figure 47



Source: Information Packet, DHS Budget Division, Michigan Department of Human Services, DHS-PUB-0790, August 2011.  
 Chart created by the Michigan League for Human Services.

Michigan's unemployment rate has grown by more than 200 percent since 2000

Figure 48



Source: Establishment Data, State and Area Employment, Annual Averages, Quarterly Census of Employment and Wages, Bureau of Labor Statistics.  
 Chart created by the Michigan League for Human Services.

Job losses were experienced by all industry sectors except education and health services between 2008 and 2010. Construction and manufacturing experienced the biggest losses at 20.7 percent and 17.3 percent respectively (Figure 48).<sup>44</sup>

Michigan led the nation in unemployment between 2006–2009. The state has not experienced the current level of unemployment since the early 1980s (Figure 49). A decade-by-decade comparison of unemployment rates shows that aggregate unemployment decreased in the prior two decades (Figure 50). The changes over the last decade have been extreme, with unemployment growing by more than 200 percent (Figure 51).<sup>45</sup>

A person is considered unemployed if they are jobless, looking for and available for work.<sup>46</sup> The unemployment rate fails to capture people that are underemployed or have just

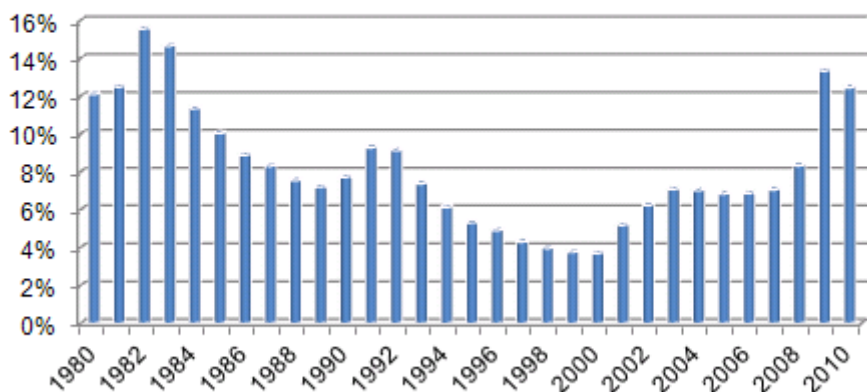
<sup>44</sup> Establishment Data, State and Area Employment, Annual Averages, Quarterly Census of Employment and Wages, Bureau of Labor Statistics.

<sup>45</sup> U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics.

<sup>46</sup> How the Government Measures Unemployment. U.S. Bureau of Labor Statistics, February 2009. ([http://www.bls.gov/cps/cps\\_htgm.pdf](http://www.bls.gov/cps/cps_htgm.pdf))

Figure 49

### Michigan Annual Unemployment Rate, 1980-2010



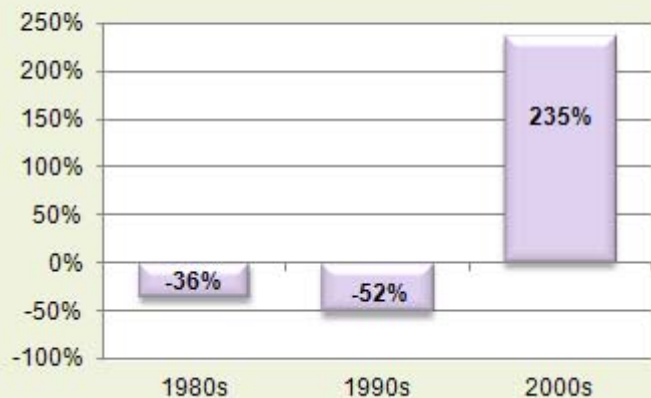
Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics.  
 Chart created by the Michigan League for Human Services.

stopped looking for work due to the lack of jobs. Those who are no longer looking for work are not considered to be “in the labor force” when calculating the unemployment rate. Information about discouraged workers can be captured by looking at changes in labor force participation. The number of Michiganders not in the labor force has increased by almost 5 percent and the state labor force has decreased by 2.7 percent over the past five years (Figure 52).<sup>47</sup>

While Michigan has led the nation in unemployment for most of this decade, the state experienced an 8.6 percent drop in unemployment between October 2010 and October 2011. This

Figure 50

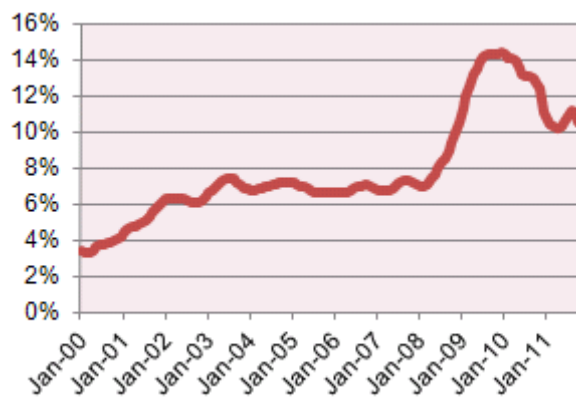
### Changes in Unemployment in Michigan by Decade



Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics.  
 Chart created by the Michigan League for Human Services.

Figure 51

### Michigan Unemployment Rate, 2000-2011



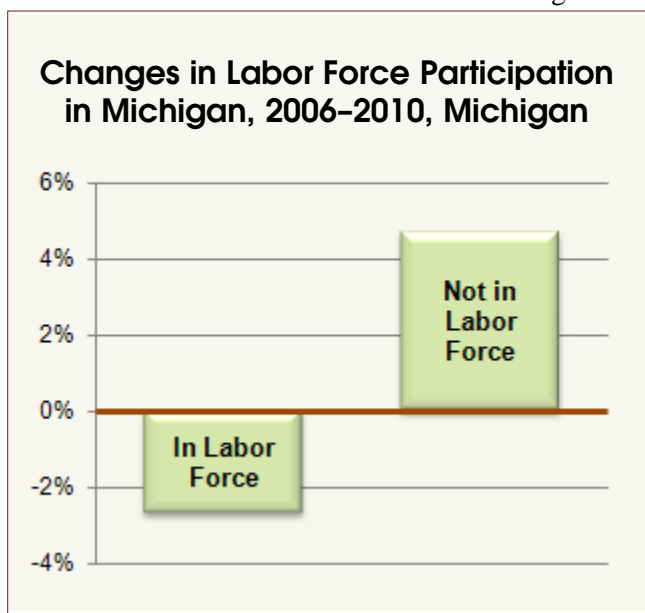
Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics.  
 Chart created by the Michigan League for Human Services.

<sup>47</sup> U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics.

resulted in Michigan ranking 14th nationally in the reduction of unemployment. In late 2011, Michigan was ranked as having the fourth-highest unemployment rate nationally, taking it back to its rank in 2005 (Figure 53).<sup>48</sup>

Seventeen counties had unemployment rates of 15 percent or greater in 2010. Baraga County had the highest unemployment rate—23.3 percent of the county was jobless. Washtenaw County had the lowest unemployment rate at 8.1 percent in 2010 (Figure 54).<sup>49</sup> All but three counties had unemployment double over the past decade. Allegan, Livingston, Oakland, and Ottawa counties all had unemployment rates that tripled over the past decade. Forty Michigan counties had at least a doubling of unemployment since 2000. (Figure 55).

Figure 52



Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics.  
Chart created by the Michigan League for Human Services.

Figure 53

Michigan Annual Unemployment Rate National Ranking	
Year	National Rank
2010	2
2009	1
2008	1
2007	1
2006	1
2005	4
2004	4
2003	4
2002	11
2001	13
2000	29
1=highest unemployment rate	

Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics.

In late 2011, Michigan was ranked as having the fourth-highest unemployment rate nationally

<sup>48</sup> Id.

<sup>49</sup> Id.

<sup>50</sup> Sandoval, Daniel A., et. al., The Increasing Risk of Poverty Across the American Life Course, *Demography*, Volume 46 - 4, November 2009.

<sup>51</sup> Id.; Caroline Ratcliffe and Signe-Mary McKernan. *Childhood Poverty Persistence: Facts and Consequences*. Washington D.C.: The Urban Institute. Brief 14. June 2010..

<sup>52</sup> U.S. Census Bureau, 2010 American Community Survey.



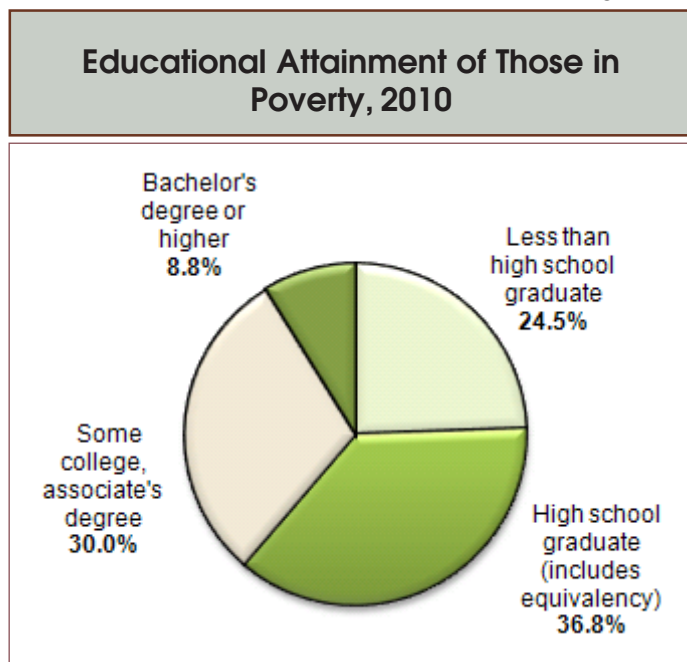


## Education

Most low-income families are not in perpetual poverty; rather they will cycle in and out of poverty over the course of their lifetime.<sup>50</sup> Fifty-eight percent of Americans between ages 20 and 75 will experience at least one year of poverty during their life and 37 percent of all children will live in poverty at some point during their childhood.<sup>51</sup> Investing in education is a key way to reduce cyclical poverty. Of those in poverty, 61.3 percent either did not graduate from high school or achieved only a high school diploma (Figure 56). Twenty-seven percent of Michigianians with less than a high school diploma lived in poverty in 2010 (Figure 57). About 20 percent of preschool and school-aged children lived in poverty in 2010 (Figure 58).<sup>52</sup>

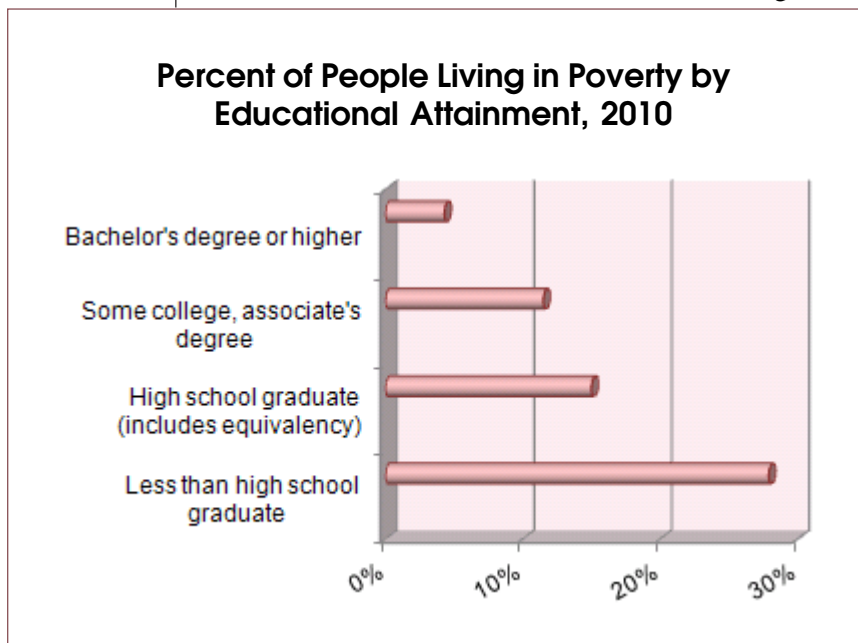
58 percent of Americans will experience at least one year of poverty during their life

Figure 56



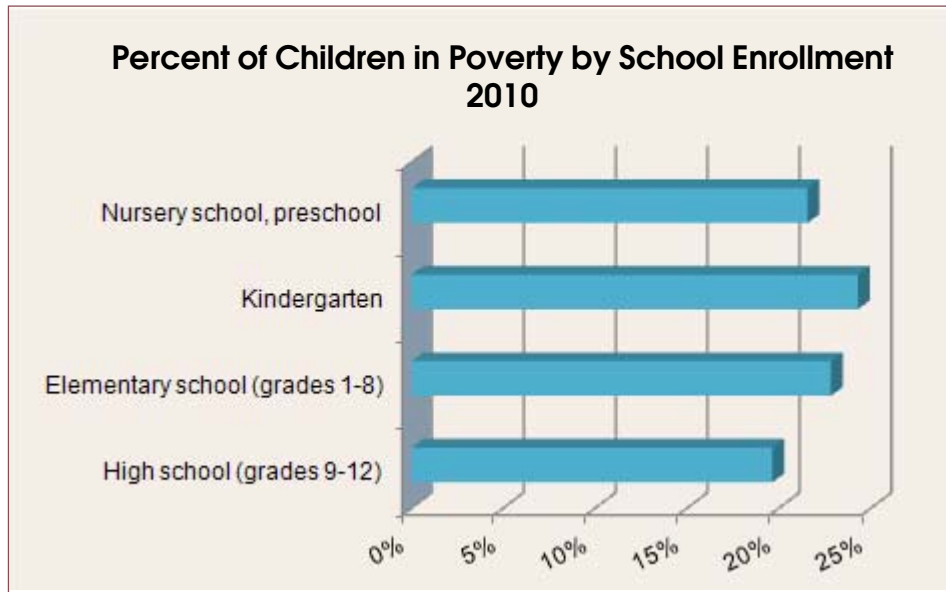
Source: U.S. Census Bureau, 2010 American Community Survey. Chart created by the Michigan League for Human Services.

Figure 57



Source: U.S. Census Bureau, 2010 American Community Survey. Chart created by the Michigan League for Human Services.

Figure 58



Source: U.S. Census Bureau, 2010 American Community Survey.  
Chart created by the Michigan League for Human Services.

### Government Assistance

While many stereotypes abound about those receiving government assistance, two-thirds of American adults will rely on a means-tested government safety net program during their life and 40 percent of Americans will use the program for at least five separate years during their life.<sup>53</sup> The recession has forced many Michigianians to lose their financial cushion and have to rely on government assistance until the economy stabilizes and they are able to find work.

While government assistance programs are designed to keep families out of poverty, they often fall short. Households that receive food assistance and cash assistance still do not have enough money to pay for average shelter costs (Figure 59).<sup>54</sup> Households that have earnings and receive both food assistance and

cash assistance still are at about 90 percent of the poverty threshold, making \$1,314 a month for a family of three (Figure 60).<sup>55</sup> A family of three is considered to be in poverty if they have a monthly income of less than \$1,448.

Two-thirds of American adults will rely on a means-tested government safety net program during their life

<sup>53</sup> Sandoval, Daniel A., et. al., The Increasing Risk of Poverty Across the American Life Course, *Demography*, Volume 46 - 4, November 2009.

<sup>54</sup> Information Packet, DHS Budget Division, Michigan Department of Human Services, DHS-PUB-0790, August 2011, table available on page 22.

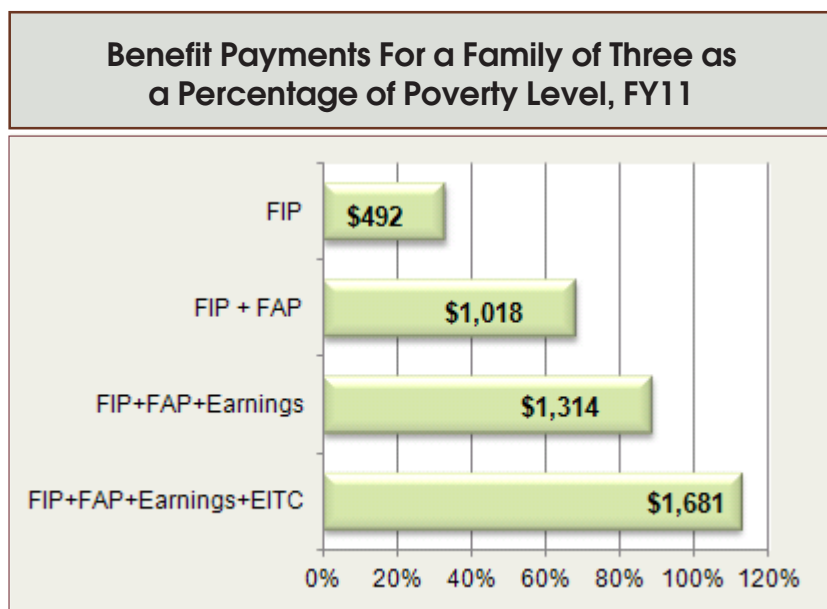
<sup>55</sup> Id.

Figure 59

<b>FIP Typical Monthly Budget For a Family of Three, Fiscal Year 2011</b>			
	<b>Expected to Work No Income</b>	<b>Expected to Work Earned Income (\$7.40 x 24 x 4.3)</b>	<b>Deferred From Work No Income</b>
<b>GRANT AMOUNT</b> - This amount is intended to cover shelter costs (including heat and utilities) and all personal needs.	<b>\$492</b>	<b>\$ 41 (with \$763 in Earned Income)</b>	<b>\$492</b>
<b>FOOD ASSISTANCE BENEFITS</b>	<b>\$526</b>	<b>\$510</b>	<b>\$526</b>
<b>DISPOSABLE INCOME</b>			
Grant Amount	\$492	\$41	\$492
Earned Income	\$0	\$763	\$0
<i>Less: Average Shelter Costs</i>	-\$650	-\$650	-\$650
<b>Disposable Income</b>	<b>-\$158</b>	<b>-\$154</b>	<b>-\$158</b>

Source: Information Packet, DHS Budget Division, Michigan Department of Human Services, DHS-PUB-0790, August 2011, table available on page 22. Households with earnings have their cash assistance and food assistance grant reduced.

Figure 60



Source: Information Packet, DHS Budget Division, Michigan Department of Human Services, DHS-PUB-0790, August 2011.

Chart created by the Michigan League for Human Services.

More than 25 percent of Michigianians were receiving some sort of government assistance in 2011. This includes cash assistance, food assistance, state emergency relief, Supplemental Security Income, Medicaid, State Disability Assistance and child care assistance (Figure 61).<sup>56</sup>

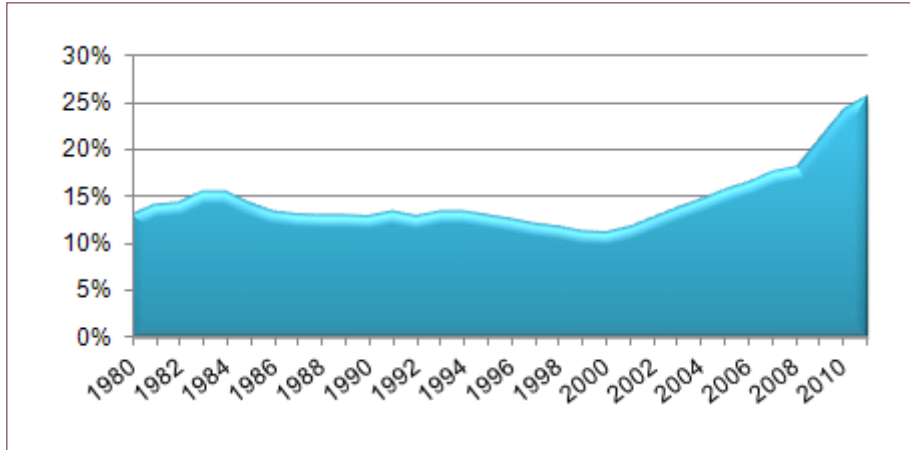
The Supplemental Nutrition Assistance Program, called the Food Assistance Program in Michigan, is designed to expand with unemployment so that families are able to meet the most basic need of sustenance. Unemployment is the No. 1 predictor of caseload growth in food assistance programs (Figure 62).<sup>57</sup>

<sup>56</sup> Id.

<sup>57</sup> Id.

Figure 61

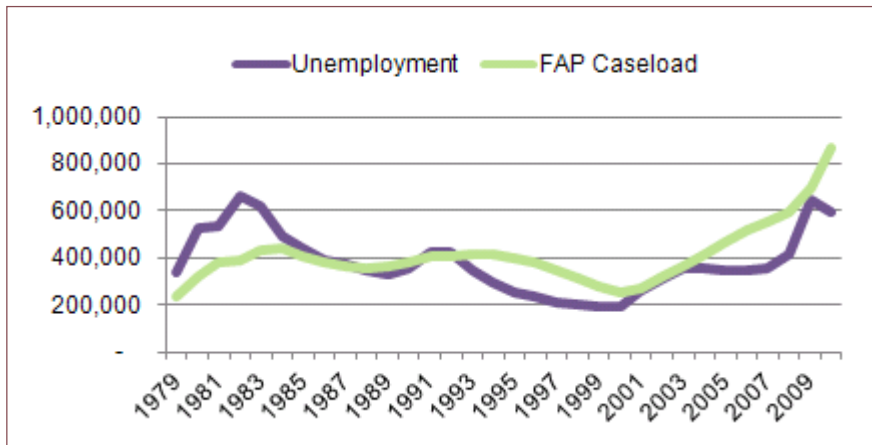
### Percent of Michigan Population Receiving Government Assistance, Unduplicated Case Count, 1980 - 2011



Source: Information Packet, DHS Budget Division, Michigan Department of Human Services, DHS-PUB-0790, August 2011.  
Chart created by the Michigan League for Human Services.

Figure 62

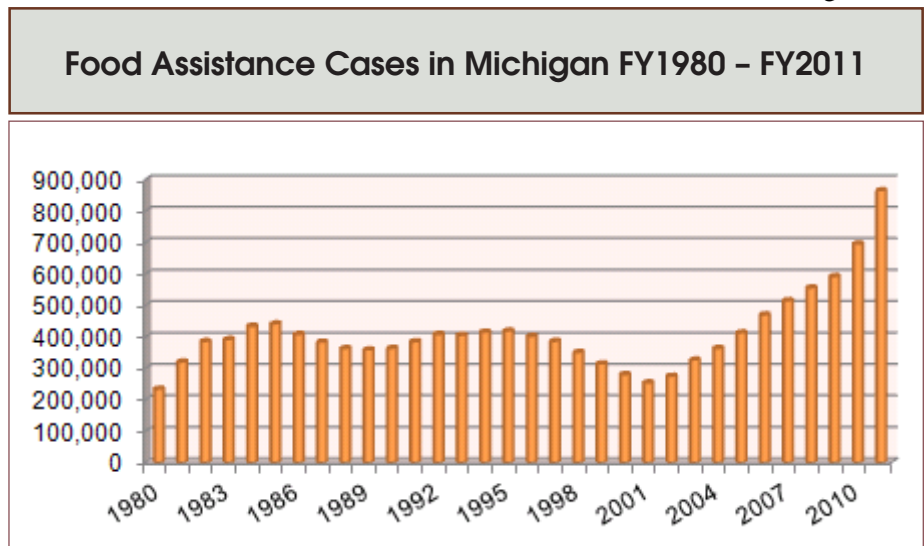
### Comparison of Number of Unemployed and Food Assistance Cases in Michigan, 1979-2010



Source: Green Book Report of Key Program Statistics, Trend Report, Michigan Department of Human Services; U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics.  
Chart created by the Michigan League for Human Services.

Figure 63

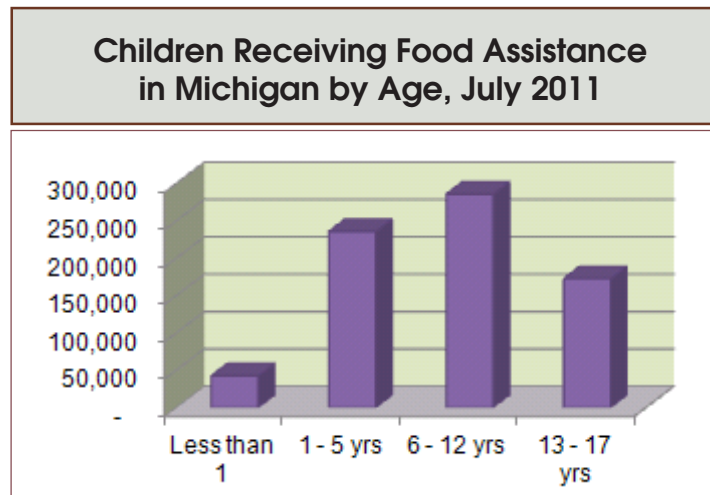
Seventeen percent of Michigan households received food assistance in 2010 though only 58.5 percent of households in poverty received food assistance in 2010.<sup>58</sup> On average, 2 million Michiganians and more than 700,000 kids received food assistance monthly in 2011 (Figures 63 and 64).<sup>59</sup>



Source: Green Book Report of Key Program Statistics, Trend Report, Michigan Department of Human Services.

Chart created by the Michigan League for Human Services.

Figure 64



Source: Green Book Report of Key Program Statistics, Trend Report, Michigan Department of Human Services.

Chart created by the Michigan League for Human Services.

<sup>58</sup> U.S. Census Bureau, 2010 American Community Survey.

<sup>59</sup> Green Book Report of Key Program Statistics, Trend Report, Michigan Department of Human Services. Estimates of earned income presumes monthly earnings of \$763, which reduces the cash assistance grant to \$41 a month.

Figure 65

The Family Independence Program is Michigan’s version of the federal Temporary Assistance to Needy Families program. Though 25 percent of Michiganians are receiving some sort of government assistance, the number of cash assistance cases has steadily declined over the past four decades (Figure 65). In fact, the cash assistance caseload has remained remarkably stable over the last decade despite the rise in poverty and unemployment. (Figure 66).<sup>60</sup>

Although recent legislation was passed to reduce the amount of time that Michiganians receive cash assistance, the average number of months that a household is on cash assistance had already been falling consistently over the past decade (Figure 67). There has been a 42 percent drop in the average amount of time that a household received cash assistance since 2001.<sup>61</sup>

There has been a 42 percent drop in the average amount of time that a household receives cash assistance since 2001

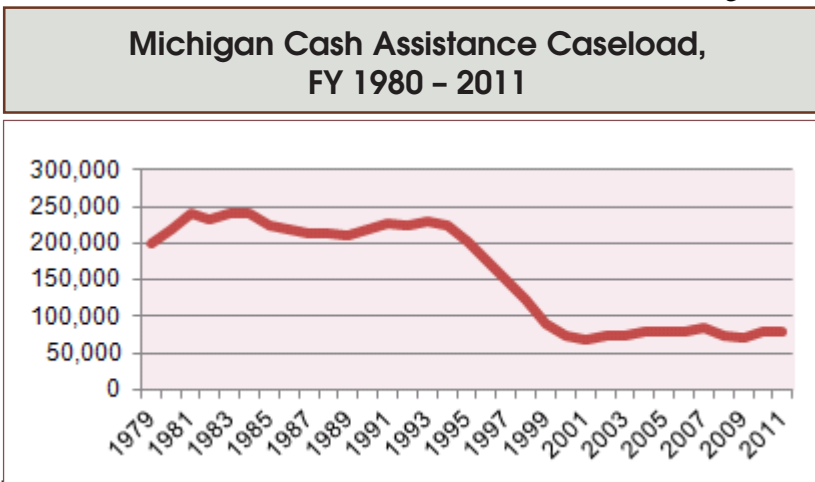


Figure 66

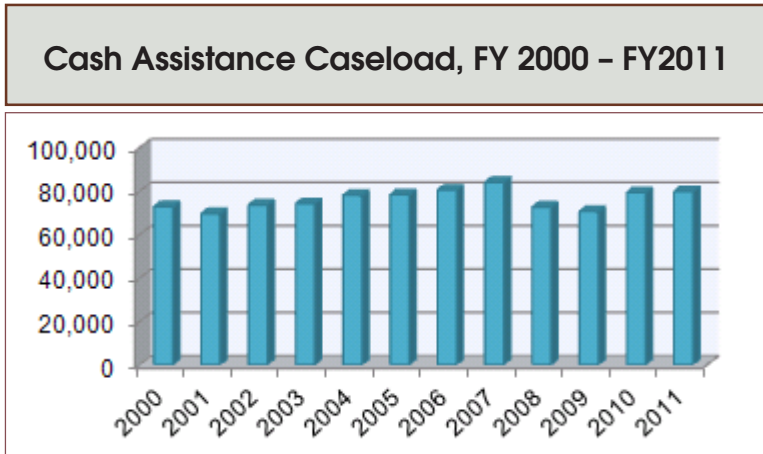
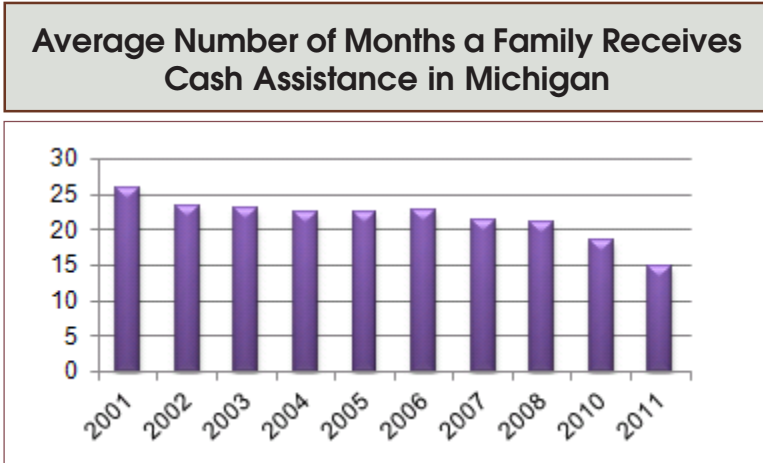


Figure 67



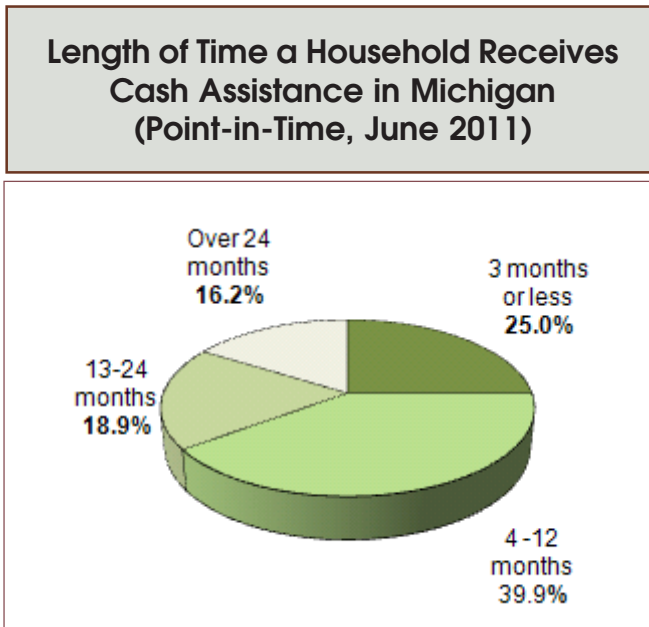
Source for charts 65, 66, and 27: Green Book Report of Key Program Statistics, Trend Report, Michigan Department of Human Services. Chart created by the Michigan League for Human Services.

<sup>60</sup> Id.

<sup>61</sup> Information Packet, DHS Budget Division, Michigan Department of Human Services, DHS-PUB-0790, August 2011.

Sixty-five percent of Michiganians getting cash assistance receive benefits for 12 months or less. One-quarter of recipients are on cash assistance for 3 months or less. These numbers are from before the 48-month time limit changes were made. In 2011, the average number of months a household received cash assistance was 14.9 (Figure 68).<sup>62</sup>

Figure 68



Source: Information Packet, DHS Budget Division, Michigan Department of Human Services, DHS-PUB-0790, August 2011. Chart created by the Michigan League for Human Services.

### Policy Recommendations

In order for Michigan’s economy to recover, investments must be made in the people of the state. An economy that works for everyone will help build a competitive and productive workforce, increase consumer spending and support local businesses. Gov. Snyder recognized this when he used child poverty as one of his MiDashboard indicators of economic strength. Consumer spending plays an essential role in creating a healthy economy. Policies that seek to undermine programs that keep families stable and people spending money into the economy will only slow the state’s recovery.

Government assistance programs help stabilize consumer spending and speed up economic recovery. Food assistance programs support retail, agriculture and food production businesses. Cash assistance pays for rent and household goods. Education and job training ensure higher pay and more disposable income. Homelessness prevention programs help people stay in their homes. For businesses to hire, people need to buy things. Recent policy decisions reducing access to cash assistance and food assistance should be reviewed. Now is not the time to remove these important economic supports. Furthermore, the Legislature should not put even more obstacles in the way of families in need.

One of the most effective tools for ending poverty is the Earned Income Tax Credit which provides a refundable tax credit for working families. The Michigan EITC should be returned to 20 percent of the federal EITC. The credit was reduced 70 percent resulting in an average \$294 loss for the almost 800,000 families that receive the refundable credit annually. The EITC helps families develop assets that can later be used to pay for education, buy a house or purchase a car that allows them to get to work. Assets can help families weather the loss of a job or a long-term illness and the state should invest in asset development programs to help people shelter themselves from a fickle economy and reduce the need to rely on government assistance.

Quality education is the No. 1 predictor of future success for Michigan’s children. Investing in education is investing in Michigan’s future workforce and helps build a citizenry and state that is economically secure. As more children are moving into poverty and homelessness, now is the time for the state to invest in educational and other support programs that will help guarantee the futures of our children and our economy.

A well-prepared workforce will give Michigan an edge when the economy recovers and businesses start expanding again. Businesses are more motivated to relocate to a state with a skilled workforce and good structural supports than the business tax structure of the state. Investments in skilled job training and

<sup>62</sup> Id.

financial supports while workers become ready for employment will pay off in the future.

Reducing the amount of time a person can receive unemployment benefits runs counter to the goal of recovery from the recession. The Legislature should reverse its decision to reduce unemployment benefits from 26 weeks to 20 weeks. Unemployment Insurance is an insurance program for the economy. It helps to stabilize consumer spending while supporting unemployed workers so they will be ready for the economy to rebound. Michigan's unemployment remains high and there are simply not enough jobs for those who want them.

Instead of focusing on making government assistance programs more punitive, now is the time to expand these short-term support programs. For Michigan to be truly competitive in the future, it must have the people and infrastructure that will attract investment in the state. For economic recovery to be possible in the state, the state must invest in its people. Michigan's financial future will be greater if its economy is designed to make sure all people in the state are able to maintain stability and economic balance. Michigan's economy must work for everyone, and not just those at the top of the income scale.

## Appendix A

### Poverty Thresholds for 2010 by Size of Family and Number of Related Children Under 18 Years

Size of family unit	Weighted Avgs	Related children under 18 years								
		None	One	Two	Three	Four	Five	Six	Seven	Eight or more
One person(unrelated individual)	\$ 11,139									
Under 65 years	\$ 11,344									
65 years and over	\$ 10,458									
Two people	\$ 14,218									
Householder under 65 years	\$ 14,676	\$14,602	\$15,030							
Householder 65 years and over	\$ 13,194	\$13,180	\$14,973							
Three people	\$ 17,374	\$17,057	\$17,552	\$17,568						
Four people	\$ 22,314	\$22,491	\$22,859	\$22,113	\$22,190					
Five people	\$ 26,439	\$27,123	\$27,518	\$26,675	\$26,023	\$ 25,625				
Six people	\$ 29,897	\$31,197	\$31,320	\$30,675	\$30,056	\$ 29,137	\$ 28,591			
Seven people.	\$ 34,009	\$35,896	\$36,120	\$35,347	\$34,809	\$ 33,805	\$ 32,635	\$ 31,351		
Eight people	\$ 37,934	\$40,146	\$40,501	\$39,772	\$39,133	\$ 38,227	\$ 37,076	\$ 35,879	\$35,575	
Nine people or more	\$ 45,220	\$48,293	\$48,527	\$47,882	\$47,340	\$ 46,451	\$ 45,227	\$ 44,120	\$43,845	\$42,156

Source: U.S. Census Bureau

## Appendix B

### Michigan Statistics

	2010 Estimate	2009 Estimate	2009-2010 Change	2006 Estimate	2006-2010 Change
Poverty	16.8%	16.2%	3.7%	13.5%	24.4%
Family poverty (families with children)	20.0%	18.8%	6.4%	15.2%	31.6%
Child poverty	23.5%	22.5%	4.4%	18.3%	28.4%
18-64 years	16.1%	15.4%	4.5%	12.6%	27.8%
65 years +	8.0%	8.5%	-5.9%	8.7%	-8.0%
Male	15.6%	15.00%	4.0%	12.40%	25.8%
Female	17.9%	17.40%	2.9%	14.60%	22.6%
Median household income	\$45,413	\$46,078	-1.4%	\$51,028	-11.0%
White	13.40%	12.50%	7.2%	10.30%	30.1%
African American	33.90%	34.60%	-2.0%	29.90%	13.4%
American Indian and Alaska Native	24.50%	29.80%	-17.8%	21.90%	11.9%
Asian	13.50%	16.30%	-17.2%	11.20%	20.5%
Some other race	26.40%	28.60%	-7.7%	23.20%	13.8%
Two or more races	26.70%	26.80%	-0.4%	22.70%	17.6%
Hispanic or Latino origin (of any race)	29.40%	28.80%	2.1%	23.20%	26.7%
White alone, not Hispanic or Latino	12.80%	12.00%	6.7%	10.00%	28.0%
Unemployment rate	12.5	13.4	-6.6%	6.9	81.1%
Number unemployed	647,084	597,075	8.4%	349,220	85.3%