

## Recession scars linger - no group unscathed

The latest census data shows that, over the past 10 years, poverty in Michigan has grown by 66%, the fastest growth in the nation. With nearly 1.7 million people living in poverty in 2011 in the state, no group has remained unscathed by the recession. In making decisions about public structures, policymakers need to understand that even as the economy turns around, the division between those who will benefit from growth and those left behind is vast to say nothing of the hundreds of thousands who lived in poverty before the Great Recession.

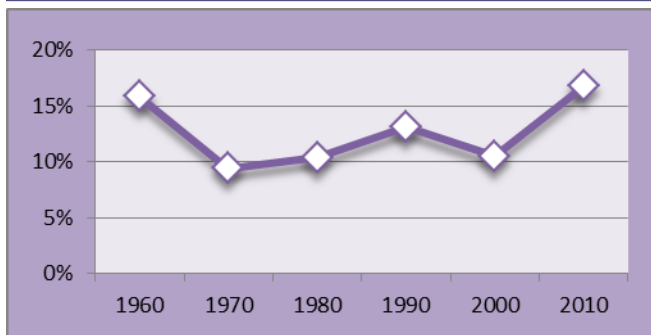
Despite forecasts of an improved economy, the extremity of the recession means that recovery will be neither fast nor easy. Data continually shows that the middle class is decreasing and that poverty and economic insecurity are growing.

### Consider:

- A larger share of households make less than \$35,000, while fewer households earn more than \$50,000.
- Males, traditionally buffered from harsh downturns, saw a 30% rise in poverty during the recession.
- Married-couple families experienced a 50% jump in poverty.

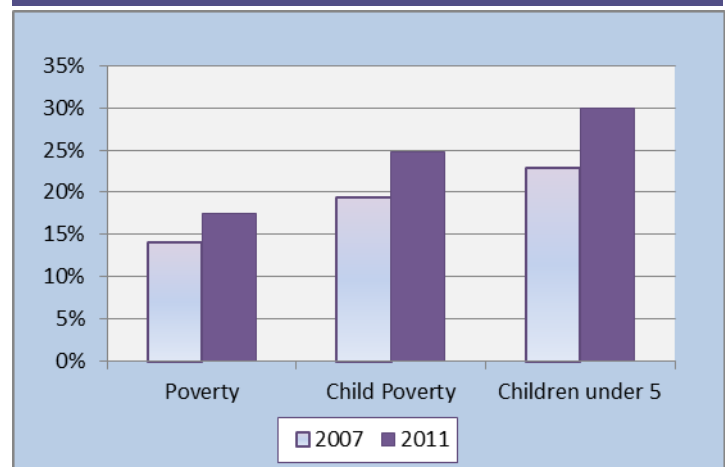
Michigan's poverty rate of 17.5% is higher than it was in 1960. One in every four children in Michigan and one in every five Michigan families with children lived in poverty in 2011.

Michigan's Poverty Rate in 2011 was the highest In the state for decades.



Source: MLPP analysis of the U.S. Decennial Census

Poverty in Michigan



Source: MLPP analysis of the American Community Survey

Unfortunately, Michigan has been struggling with a bad economy for much longer than other states. Not only has its poverty growth been the highest in the nation over the past decade, but it has also experienced the third-biggest growth nationally in child poverty over last 10 years and the largest drop in median income in the nation over the past decade, a loss of almost 20%.

## POVERTY

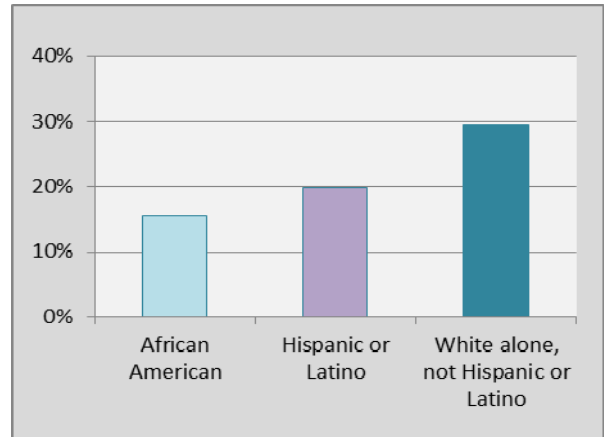
A family of four is considered to be in poverty if their annual income is less than \$23,021, or less than \$443 a week. Poverty has grown across the board and no demographic has been immune.

The recession has pushed many people into poverty. The largest growths are among groups that have generally been more immune to poverty due to the social and economic structures in our society.

- *Poverty for married-couple families with children has increased by 50%*
- *White, non-Latino Michiganians have experienced a 29% growth in poverty*
- *Men have experienced a 30% growth in poverty during the recession*

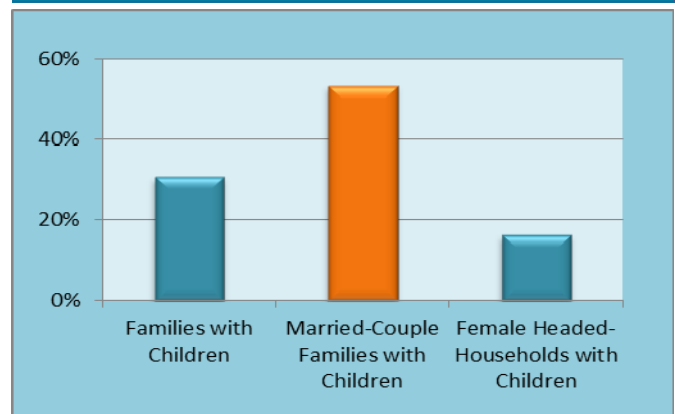
However, poverty remains higher in groups that traditionally have been left behind. Almost half of all female-headed households lived in poverty in Michigan in 2011 as did more than one in every three African American Michiganians. And, women make up more than half of all of those in poverty in Michigan. In 2011, 18.5% of women and 16.5% of men lived in poverty.

### Change in Poverty by Race/Ethnicity, 2007-2011



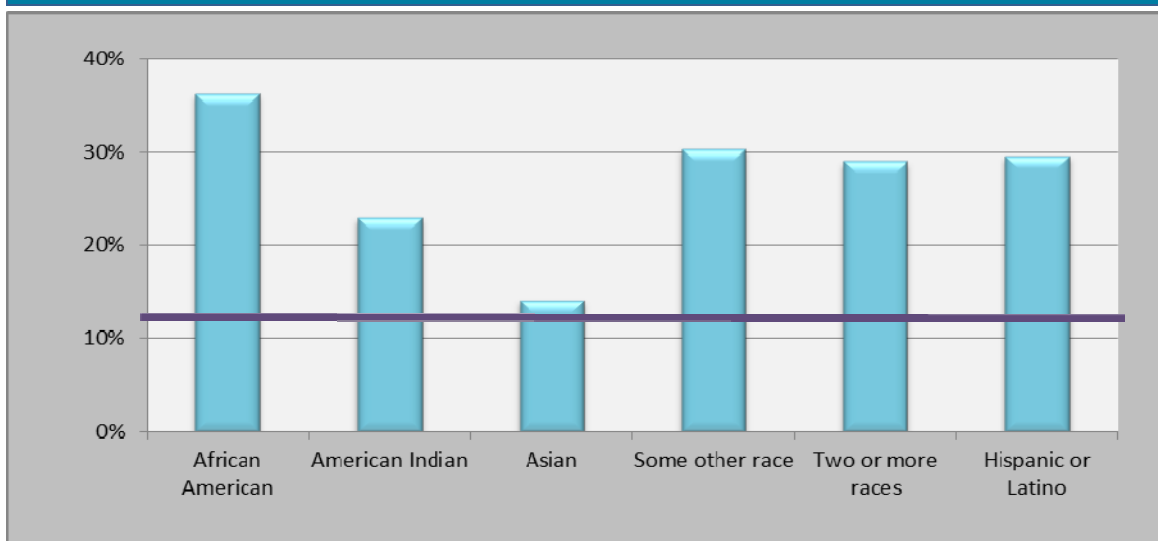
Source: MLPP analysis of the American Community Survey

### Change in Family Poverty, 2007 and 2011



Source: MLPP analysis of the American Community Survey

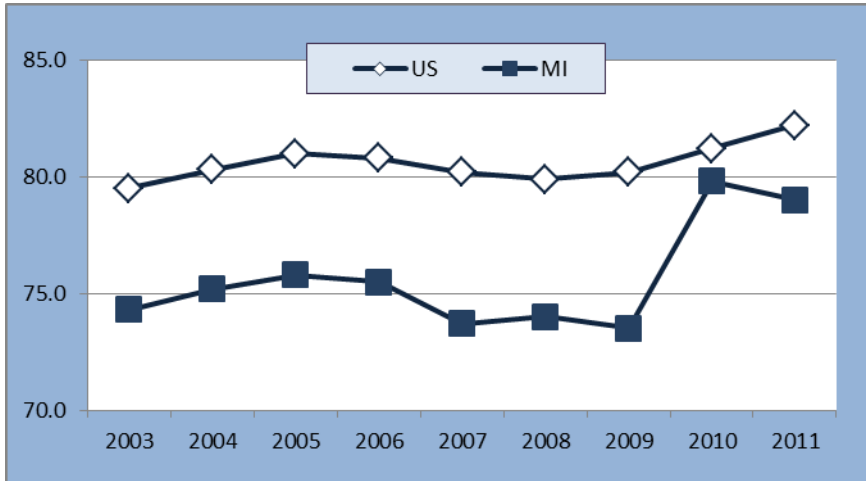
### Poverty by Race/Ethnicity, 2011



Source: MLPP analysis of the American Community Survey

13.3% white, not Latino

### Women's Earnings as a Percent of Men's, 2003-2011



Source: Highlights of Women's Earnings Bureau of Labor Statistics

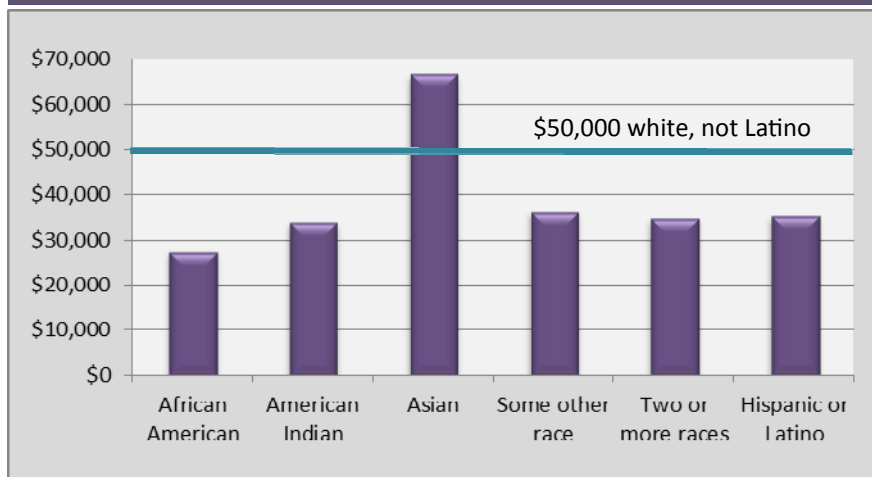
Michigan is one of the worst states in the nation for pay equity, with women making, on average, less than 80 cents to every dollar that men make. This disparity in pay will make it even more difficult for women to rise out of poverty.

### INCOME

Not only are more people in poverty, but there is less money to go around to help drive our economy. Michigan's median income dropped almost 20% over the past decade when adjusted for inflation, the largest drop in the nation, and it continues fall. In 2011, the median income in Michigan was \$45,981, significantly less than it was in 2007, prior to the recession, when it was \$51,982.

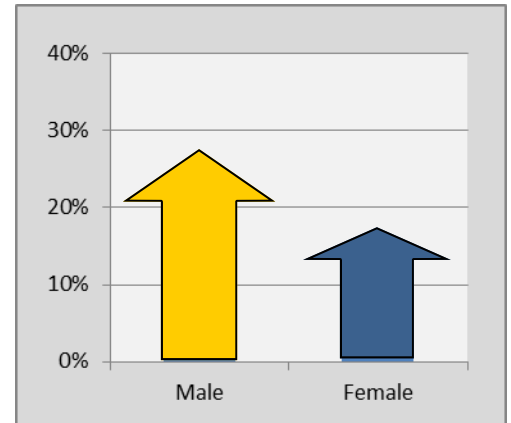
More disturbing, however, is the huge disparity in median household income by race and ethnicity. Lower incomes will make it extremely difficult for families to get into, and stay in, the middle class.

### Median-Household Income, 2011



Source: MLPP analysis of the American Community Survey

### Change in Poverty by Sex, 2007-2011

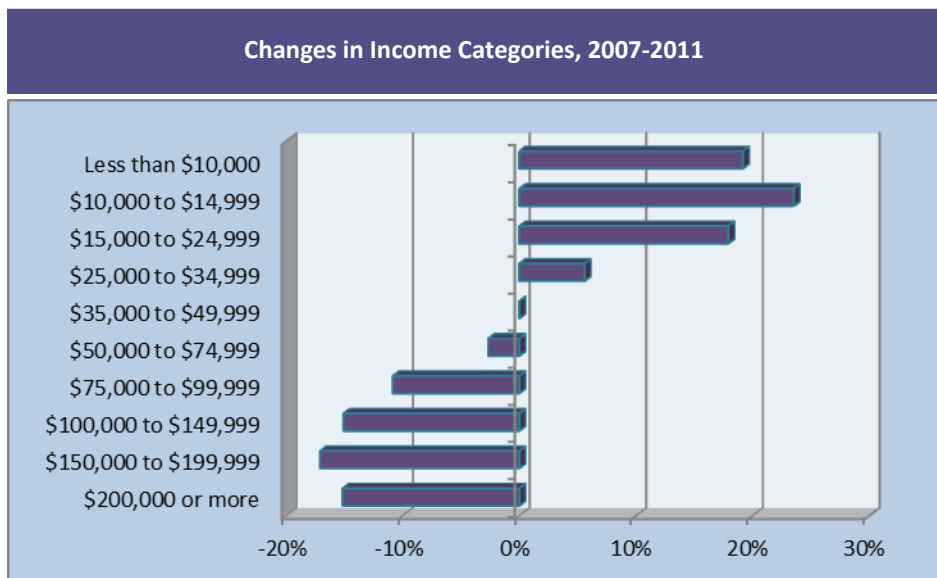


Source: MLPP analysis of the American Community Survey

The drop in Michigan's median income over the past decade

has been the largest in the nation.

While a smaller share of households make more than \$50,000 a year, the percent of households that make less than \$35,000 a year has been growing significantly since the recession began. This is yet another indication that the middle class is shrinking.

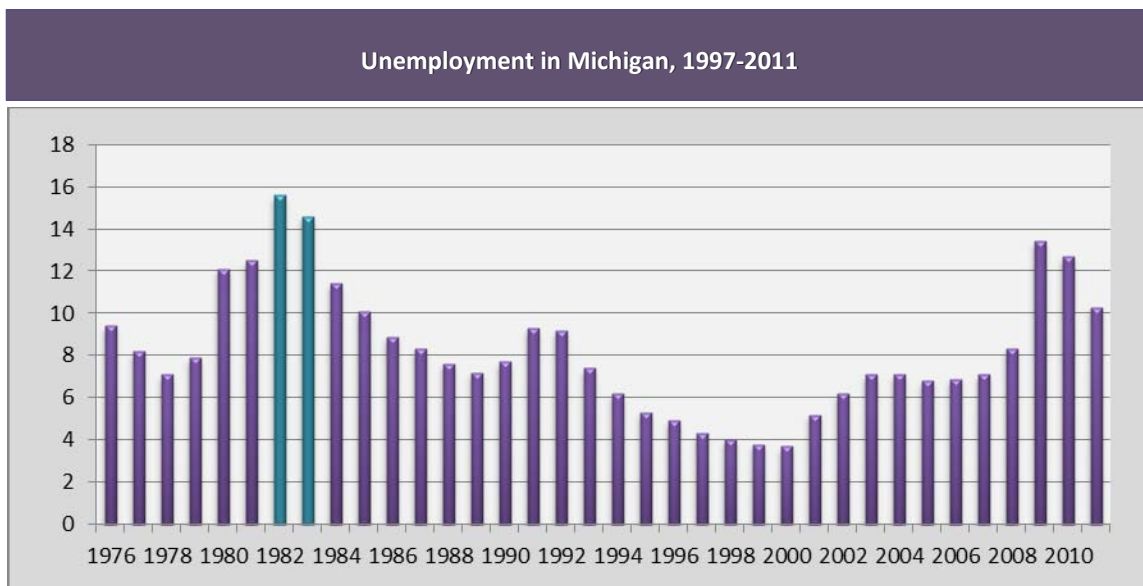


Source: MLPP analysis of the American Community Survey

**More than  
400,000  
Michiganians are  
still  
unemployed.**

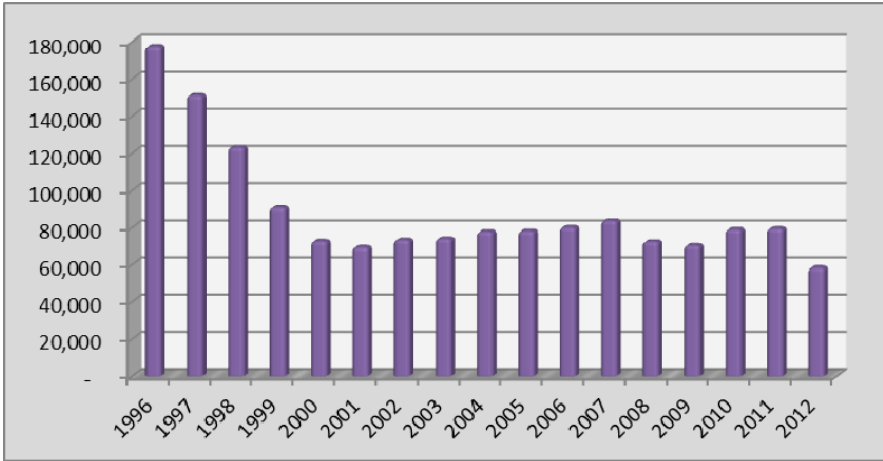
## UNEMPLOYMENT

Unemployment has been, in large part, the driving force behind the increase in poverty in Michigan. Not only did Michigan have the highest unemployment rate in the nation for several years, it continues to rank in the top 10 nationally for the number of people without jobs. Michigan has not experienced this level of unemployment since the early 1980s. Fortunately, this is starting to change. While Michigan's unemployment rate has dropped from its high in 2009 of 13.4%, there are still more than 400,000 unemployed Michiganians.



Source: MLPP analysis of Local Area Unemployment Statistics, BLS

## Michigan Cash Assistance Caseload Since Welfare Reform



Source: MLPP analysis of the Michigan Department of Human Services' Green Book

Michigan's cash assistance caseload has remained remarkably stable over time.

## GOVERNMENT ASSISTANCE

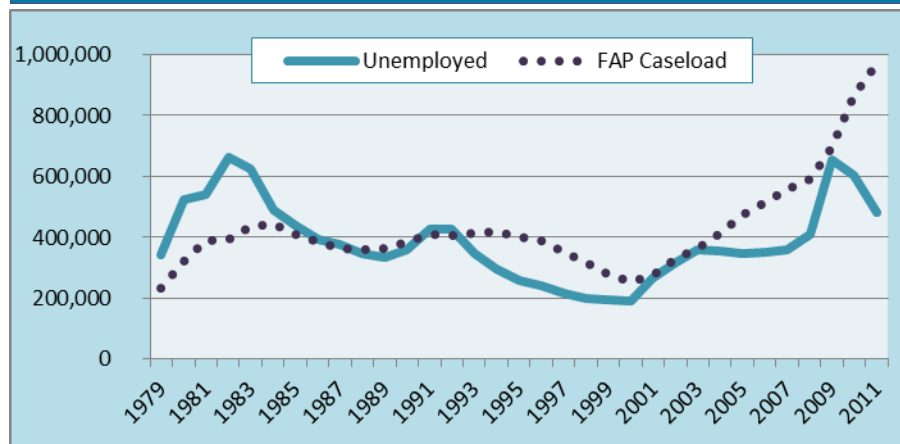
Although the economy is beginning to turn around, we cannot ignore the cold, hard reality that, for nearly 1.7 million people in this state (and probably more, as many families live just over the poverty line), things are not improving, and they may not be for quite some time. Policymakers need to remember this as they make decisions that can either grow the middle class or increase poverty. During the last legislative session, new laws and policies have left large gaps in the public structures designed to help people achieve economic security.

Those who rely on these temporary programs have, unfortunately, often been cast as lazy and fraudulent. Much attention has been given to the supposed huge number of long-

term "takers" on cash-assistance, though there is no evidence to support these claims. In fact, even before Michigan enacted tighter time limits on cash assistance in the summer of 2011, caseloads have remained at approximately the same level for more than a decade.

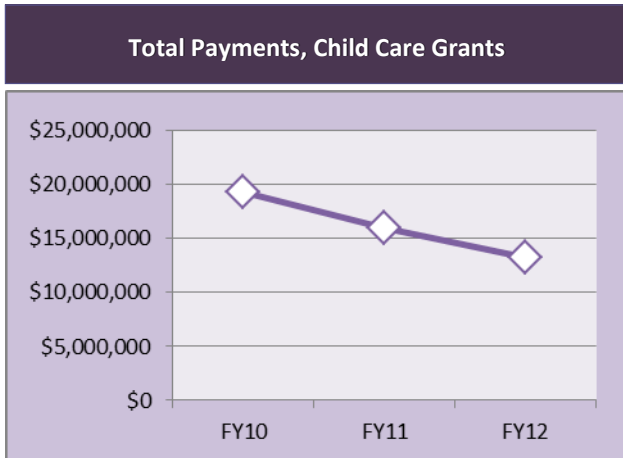
There have been more than a dozen bills introduced to limit access to food assistance, despite the fact that the increase in food assistance is directly linked to downturns in the economy and will expand and contract in turn. Any legislation that tries to limit the ability of those in need to get help feeding their families is unnecessary as the growth is not due to an increase in laziness, but rather an increase in unemployment. In fact, Michigan's food assistance caseload dropped by 5% between 2011 and 2012.

## Comparison of Number of Unemployed and Food Assistance Program Cases, in Michigan, 1979-2011



Sources: MLPP analysis of Local Area Unemployment Statistics and Michigan Department of Human Services' Green Book

Not only are we reducing cash and food assistance, but the state is giving less money to families for child care. Michigan already has the fourth-lowest eligibility cutoff for assistance and the state has seriously reduced the total payments they are making and the average amount of money that a family gets, despite the fact that child care costs continue to soar.



Source: MLPP analysis of the Michigan Department of Human Services' Green Book

## POLICY RECOMMENDATIONS

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 state credit was reduced 70% resulting in an average \$294 loss for the almost 800,000 families that receive the refundable credit annually. The EITC should be restored to at least 10% of the federal EITC and Congress should extend the expiring federal EITC and Child Tax Credit improvements.

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 and the Legislature should not put even more obstacles in the way of families in need.

Investments in skilled job training and financial supports while workers become ready for work will pay off in the future. A priority should be placed on creating and supporting jobs that provide flexibility for single mothers. The state should increase eligibility for child care, as Michigan has the fourth-lowest eligibility cutoff in the nation and child care should be made available to parents while they look for work.

The Legislature should reverse its decision to reduce unemployment benefits from 26 weeks to 20 weeks and Congress needs to pass more Extended Unemployment Compensation benefits. Michigan's unemployment rate is still high and there are simply not enough jobs for those who want them.

The Earned Income Tax Credit  
is the No. 1  
tool to reduce  
poverty.

**APPENDIX A**

**Poverty Thresholds for 2011 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)	11,484										
• Under 65 years.....	11,702	11,702									
• 65 years and over.....	10,788	10,788									
Two people.....	14,657										
• Householder under 65 years.....	15,139	15,063	15,504								
• Householder 65 years and over.....	13,609	13,596	15,446								
Three people.....	17,916	17,595	18,106	18,123							
Four people.....	23,021	23,201	23,581	22,811	22,891						
Five people.....	27,251	27,979	28,386	27,517	26,844	26,434					
Six people.....	30,847	32,181	32,309	31,643	31,005	30,056	29,494				
Seven people.....	35,085	37,029	37,260	36,463	35,907	34,872	33,665	32,340			
Eight people.....	39,064	41,414	41,779	41,027	40,368	39,433	38,247	37,011	36,697		
Nine people or more.....	46,572	49,818	50,059	49,393	48,835	47,917	46,654	45,512	45,229	43,487	

Source: U.S. Census Bureau

**APPENDIX B**

**Michigan Statistics**

<b>Poverty Rate</b>	<b>2011 Estimate</b>	<b>2007 Estimate</b>	<b>2007-2011 Change</b>
All people	17.5%	14.0%	25.0%
Families with children	20.9%	16.0%	30.6%
Children	24.8%	19.4%	27.8%
18-64 years	16.9%	13.1%	29.0%
65 years +	8.2%	8.0%	2.5%
Male	16.5%	12.5%	32.0%
Female	18.5%	15.4%	20.1%
African American	36.3%	31.4%	15.6%
American Indian and Alaska Native	23.0%	20.1%	14.4%
Asian	14.1%	11.8%	19.5%
Some other race	30.4%	25.0%	21.6%
Two or more races	29.0%	23.8%	21.8%
Hispanic or Latino origin (of any race)	29.6%	24.7%	19.8%
White alone, not Hispanic or Latino	13.2%	10.2%	29.4%
Median household income	\$45,981	\$51,982	-11.5%
Unemployment rate	10.3%	7.1%	45.1%
Number unemployed	479,987	356,401	34.7%



**APPENDIX C**

**County Data, 2011**

<b>County</b>	<b>Poverty Rate</b>	<b>2007-2011 Change</b>	<b>Child Poverty Rate</b>	<b>2007-2011 Change</b>	<b>Unemployment Rate</b>	<b>2007-2011 Change</b>	<b>Median Household Income</b>
Alcona	17.9	33%	32.6	27%	13.6	36%	\$35,407
Alger	16.3	30%	22.7	34%	11.4	39%	\$39,486
Allegan	12.7	19%	18.3	48%	8.7	40%	\$50,559
Alpena	18.6	20%	27.4	20%	10.5	28%	\$37,270
Antrim	16.6	38%	30.0	74%	12.3	56%	\$41,679
Arenac	18.7	8%	31.9	14%	13.2	38%	\$38,008
Baraga	17.2	12%	24.9	17%	18.7	50%	\$38,119
Barry	11.3	35%	16.3	43%	7.3	38%	\$50,051
Bay	13.5	15%	21.5	20%	9.7	45%	\$43,068
Benzie	12.2	26%	20.6	36%	12	52%	\$45,998
Berrien	17.6	14%	28.2	31%	10.1	49%	\$40,946
Branch	18.2	30%	26.0	29%	9.9	38%	\$40,462
Calhoun	19.6	17%	29.2	15%	8.9	31%	\$39,694
Cass	12.9	1%	22.1	21%	8.8	57%	\$44,626
Charlevoix	12.1	25%	19.1	34%	12	40%	\$44,061
Cheboygan	18.9	27%	31.0	30%	10.9	8%	\$37,133
Chippewa	18.6	13%	24.9	23%	11.5	32%	\$39,520
Clare	27.0	34%	40.0	23%	12.9	24%	\$31,443
Clinton	10.3	45%	12.7	65%	6.9	28%	\$58,286
Crawford	17.6	20%	29.6	15%	11.2	44%	\$37,874
Delta	16.8	37%	21.0	27%	10	33%	\$40,982
Dickinson	12.0	8%	18.5	29%	8.9	51%	\$44,262
Eaton	11.8	40%	17.2	52%	7.3	43%	\$51,428
Emmet	13.1	39%	19.2	44%	12.6	43%	\$48,285
Genesee	20.7	23%	30.9	26%	10.9	33%	\$40,854
Gladwin	22.1	26%	35.9	32%	13.7	38%	\$34,747
Gogebic	20.5	23%	30.8	30%	11.2	47%	\$33,382
Gr. Traverse	13.6	55%	18.8	72%	9.6	48%	\$46,786
Gratiot	19.5	28%	27.5	27%	10.3	21%	\$40,359
Hillsdale	18.4	34%	28.5	36%	11	28%	\$41,030
Houghton	20.1	6%	21.0	10%	9.4	32%	\$35,425
Huron	14.4	13%	22.8	27%	10	28%	\$39,726
Ingham	22.6	25%	24.2	32%	8.7	43%	\$42,371
Ionia	16.6	14%	22.8	37%	10	35%	\$46,072
Iosco	22.1	41%	36.5	32%	13	33%	\$33,487
Iron	15.1	4%	26.6	27%	9.7	33%	\$34,384
Isabella	30.0	26%	23.5	37%	7.5	47%	\$38,154
Jackson	16.2	13%	24.6	22%	9.9	32%	\$42,379
Kalamazoo	19.3	19%	21.8	31%	8.2	58%	\$45,798
Kalkaska	18.7	34%	29.6	26%	11.3	43%	\$38,053
Kent	14.7	12%	20.2	14%	8	38%	\$50,651
Keweenaw	13.5	3%	22.6	23%	13.2	23%	\$38,207
Lake	26.9	33%	48.3	36%	12.9	26%	\$28,971
Lapeer	12.6	45%	19.4	73%	13.1	56%	\$50,232
Leelanau	11.9	59%	18.3	65%	8.5	57%	\$51,267
Lenawee	13.2	25%	18.0	26%	10.9	40%	\$45,512
Livingston	6.9	25%	8.8	44%	9.5	70%	\$68,895
Luce	21.0	12%	29.9	22%	12.3	38%	\$36,515

**County Data, 2011**

<b>County</b>	<b>Poverty Rate</b>	<b>2007-2011 Change</b>	<b>Child Poverty Rate</b>	<b>2007-2011 Change</b>	<b>Unemployment Rate</b>	<b>2007-2011 Change</b>	<b>Median Household Income</b>
Mackinac	14.5	20%	23.8	21%	11.7	18%	\$36,393
Macomb	14.1	70%	20.6	89%	11.5	55%	\$50,958
Manistee	16.8	19%	27.4	27%	11.2	35%	\$39,347
Marquette	18.0	32%	20.6	30%	8.5	39%	\$41,663
Mason	18.1	20%	26.7	18%	10.5	38%	\$39,101
Mecosta	25.6	16%	36.1	34%	10.6	43%	\$38,634
Menominee	15.8	13%	26.2	41%	8	40%	\$39,292
Midland	13.0	25%	17.6	28%	7.7	43%	\$53,764
Missaukee	19.0	40%	29.0	39%	12.5	51%	\$37,616
Monroe	12.1	55%	18.0	73%	9.7	47%	\$54,174
Montcalm	17.7	-1%	26.5	3%	12.2	7%	\$41,023
Montmorency	18.9	19%	35.3	23%	17.4	35%	\$32,241
Muskegon	20.0	27%	28.4	42%	10.2	44%	\$38,482
Newaygo	17.9	17%	26.9	22%	10.3	32%	\$41,674
Oakland	11.2	30%	14.9	33%	10	64%	\$61,961
Oceana	20.7	10%	31.5	10%	12.6	54%	\$39,670
Ogemaw	22.1	36%	37.5	35%	11.4	37%	\$33,222
Ontonagon	15.7	23%	27.0	36%	16	95%	\$34,352
Osceola	17.6	7%	27.9	13%	11.8	49%	\$38,404
Oscoda	19.2	-11%	33.2	12%	16.7	62%	\$31,579
Otsego	13.6	5%	22.5	24%	12.4	36%	\$44,129
Ottawa	11.4	61%	12.4	59%	8.3	48%	\$54,461
Presque Isle	15.5	12%	25.5	16%	16	29%	\$39,483
Roscommon	21.2	3%	35.8	6%	12.7	32%	\$32,742
Saginaw	19.9	17%	31.1	21%	9.6	35%	\$40,411
Sanilac	15.7	32%	22.1	38%	13.1	47%	\$45,858
Schoolcraft	20.3	39%	30.5	45%	10.2	65%	\$40,796
Shiawassee	17.0	29%	27.4	39%	11.8	33%	\$37,465
St. Clair	14.8	2%	25.2	16%	12.9	21%	\$38,366
St. Joseph	14.5	7%	21.5	22%	10.6	31%	\$46,811
Tuscola	14.5	11%	24.5	29%	11.3	36%	\$42,808
Van Buren	21.5	28%	31.7	36%	11	62%	\$41,600
Washtenaw	16.7	31%	17.5	68%	6.5	35%	\$56,789
Wayne	26.1	25%	37.9	22%	12.6	47%	\$38,479
Wexford	15.2	-3%	24.8	6%	12.7	49%	\$43,873