



Policy Brief

#33, November 2012

The National Poverty Center's Policy Brief series summarizes key academic research findings, highlighting implications for policy.

The NPC encourages the dissemination of this publication and grants full reproduction right to any party so long as proper credit is granted the NPC. Sample citation: "Title, National Poverty Center Policy Brief #x".

Introduction

The Great Recession, which lasted from December 2007 through June 2009, was the most severe recession in recent decades. It lasted longer and resulted in more job losses than previous recessions and was accompanied by a collapse in housing values and stock prices that negatively affected most families. Although the recession officially ended in June 2009, three years later the national unemployment rate remains about 8 percent. In the Detroit metropolitan area, the unemployment rate reached 16.9% in July 2009 and has exceeded 9 percent for most of the past four years. Thus, it is not surprising that we find that most working age Detroit area residents were experiencing high levels of economic instability and material hardships in spring/summer 2011.

We document how most working age adults in the Michigan and Recession and Recovery Study were negatively affected by the Great Recession in one of these five domains: employment instability, financial problems, housing instability, food insecurity, and foregone medical care. As

Persisting Hardships In Southeast Michigan After The Great Recession

Sarah A. Burgard, Sheldon Danziger, Kristin S. Seefeldt, Scott Allard, Sandra K. Danziger, Tedi Engler, Alix Gould-Werth, Lucie Kalousova, Shawn M. Pelak, and Maria Wathen, University of Michigan

is usual during recessions, disadvantaged groups—such as African Americans and those with less than a college degree—were hardest hit. However, no group was immune. Although we find some progress over the study period, Detroit area residents still have a long way to go before their recovery is complete.

The Michigan Recession and Recovery Study (MRRS)

The MRRS is following a stratified random sample of English-speaking adults who lived in Southeastern Michigan (Macomb, Oakland, and Wayne counties) and were ages 19 to 64 in late 2009/early 2010, at the first interview. The MRRS oversampled African Americans and includes mainly African American and non-Hispanic white respondents, reflecting the residential composition of the area.¹ To date, respondents have been interviewed twice; the second time in spring/summer 2011. In this brief, we use data from the 847 respondents who participated in both waves of in-person survey interviews.² The MRRS survey instrument is unique in its depth and breadth, covering many

domains, including employment and the labor market, housing instability, material hardships, income, assets, financial problems, credit and debt, health and mental health, demographic characteristics, and use of public programs and private charities. More information about the study and related papers and policy briefs can be found at: www.npc.umich.edu/research/recessionsurvey/index.php.

In this brief, we discuss how our respondents were faring in 2011 (which we refer to as “wave 2”) and what happened to them over the study period. In some tables, we classify respondents into four categories: those who did not have a problem in a given domain at either interview, those who were having problems when we first interviewed them in late 2009/early 2010 but were no longer having problems in spring/summer 2011, individuals who did not have a problem at the first interview (“wave 1”), but reported one at the second interview, and those who had problems at both interviews. Our results are the first available panel estimates that cover so many ways in which individuals were affected by the

Great Recession. They document that most adults have been negatively affected in at least one of the five domains we examine and that many adults experienced persisting hardships at both interviews.

Employment Instability

The most visible consequence of the Great Recession was the extent of employment instability. Respondents reported their monthly employment status for each month between January 2007 and the spring/summer 2011 interview (a period of more than 50 months). We tallied the number of months of employment and unemployment for each respondent. Those who were employed at each interview were also asked about employment problems they might have experienced. These included a wage reduction, a reduction in work hours, a layoff or a furlough.

Table 1 shows that only 26.4% of all respondents were working at wave 2 and had not been negatively affected during or soon after the Great Recession. Another 21.8% were working at the second interview but had experienced at least a month of unemployment since January 2007, and an additional 18.1% were working at wave 2 and had experienced some employment problem other than unemployment over the study period. About 16% were unemployed, with 9.3% having experienced at least 12 months of unemployment since January 2007. In all, 38.2% of adults had experienced at least one month of unemployment over the study period. About 17% of all wave 2 respondents were not in the labor force (in school, keeping house, retired, or other).

Employment instability varied greatly by race and educational attainment. Among those with a bachelor's degree or more, 79.6% were employed at wave 2, though 40.8% were employed but had experienced

	Overall	Non-Black	Black	< BA	BA+
EMPLOYED AT WAVE 2					
No Employment Problems since January 2007	26.4%	30.0%	13.3%	20.6%	38.8%
Any Unemployment since January 2007	21.8%	21.5%	22.6%	23.2%	18.5%
An Employment Problem, but No Unemployment since January 2007	18.1%	19.9%	12.9%	16.6%	22.3%
UNEMPLOYED AT WAVE 2					
Less than 12 Months of Unemployment	7.1%	6.8%	8.1%	8.8%	3.2%
12+ Months of Unemployment since January 2007	9.3%	6.7%	18.0%	11.7%	3.7%
NOT IN THE LABOR FORCE AT WAVE 2					
	17.4%	15.1%	25.2%	19.1%	13.5%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
P-value test for difference		<.001		0.007	

	Overall	Non-Black	Black	< BA	BA+
No Problems at Either Wave	54.6%	60.7%	33.5%	46.3%	73.1%
Financial Problem at Wave 1	13.7%	13.5%	14.0%	15.1%	10.4%
Financial Problem at Wave 2	13.1%	11.6%	18.0%	16.0%	6.6%
Financial Problem at Both Waves	18.7%	14.1%	34.4%	22.6%	9.9%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
P-value test for difference		<.001		<.001	

unemployment or another employment problem. However, only 6.9% of college graduates were unemployed at their second interview, and only 3.7% had experienced at least 12 months of unemployment. By contrast, only 48.8% of African American respondents were employed at their second interview, with 26.1% unemployed and with

18% having experienced 12 months or more of unemployment since January 2007.³

Financial Problems

Employment instability contributes to financial problems. Many respondents experienced one or more these four types of financial problems:

Table 3: Housing Instability Patterns Overall and By Race and Educational Attainment, N = 847

	Overall	Non-Black	Black	< BA	BA+
No Housing Instability at Either Wave	68.0%	75.2%	44.2%	60.5%	85.5%
Housing Instability at Wave 1	14.3%	12.2%	21.3%	18.0%	8.2%
Housing Instability at Wave 2	7.4%	5.9%	12.2%	8.8%	4.1%
Housing Instability at Both Waves	10.2%	6.7%	22.3%	13.7%	2.3%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
P-value test for difference		<.001		<.001	

Table 4: Food Insecurity Patterns Overall and By Race and Educational Attainment, N = 847

	Overall	Non-Black	Black	< BA	BA+
Not Food Insecure at Either Wave	71.6%	79.7%	48.2%	59.4%	90.9%
Insecure at Wave 1	5.1%	2.6%	12.5%	7.2%	1.8%
Insecure at Wave 2	8.6%	6.6%	14.5%	13.0%	1.7%
Food Insecure at Both Waves	14.6%	11.1%	24.8%	20.3%	5.6%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
P-value test for difference		<.001		<.001	

- Recently behind on utility bills
- Recently used payday loans
- Recently had a credit card cancelled
- Recently went through bankruptcy

Table 2 shows that only 54.6% of respondents avoided all four financial problems during the study period. At the other extreme, 18.7% reported financial problems at both waves. Only 26.9% of college graduates experienced a financial problem, about half the rate of those with less education (53.7%). African Americans

were more likely to report a financial problem (66.5%) than non-Blacks (39.3%).

Housing Instability

The collapse in housing prices that precipitated the Great Recession focused public attention on foreclosures. However, the recession also contributed to other housing problems for both homeowners and renters. MRRS captured housing instability using measures of severe problems like homelessness and other problems that have not yet led to housing

loss but indicate stressful conditions. The types of housing instability considered are:

- Recently behind on rent
- Recently behind on mortgage payments or in the foreclosure process
- Moved for cost reasons recently
- Moved in with others to share expenses recently
- Evicted recently
- Experienced homelessness recently

Table 3 shows that 32% of all respondents experienced housing instability during the survey period; 10.2% reported instability at both waves. The situation was more precarious among African Americans, among whom 22.3% reported housing instability at both waves and another 33.5% reported problems at one wave. College graduates were least affected, but 14.5% reported housing instability during the study period, compared with 39.5% of those with less education.

Food Insecurity

Many respondents experienced “food insecurity,” a concept that reflects concerns about running out of food, changing one’s diet for financial reasons, and actual disruptions in eating habits caused by lack of resources. ⁴ MRRS adapted the USDA’s short form food security module, which consists of six items that ask about an individual’s ability to purchase and consume adequate and acceptable food.

Table 4 shows that 28.3% of all respondents were food insecure at some point during the study period, with large differences by race and education. About 5% of respondents transitioned from food insecurity to security across waves, and about 8.6% went from secure at wave 1 to food insecure at wave 2. The fraction transitioning—whether recovering or entering—was highest among African Americans and those with less than a

bachelor's degree. African Americans (24.8%) and less educated respondents (20.3%) were also more likely to be food insecure at both waves than non-Blacks (11.1%) and college graduates (5.6%).

Foregone Medical Care

The fifth hardship we consider here is foregone needed medical care. Not attending to medical problems can lead to worse health outcomes and to increased medical costs for individuals who put off needed care. Missed medical care also imposes costs on society by increasing emergency room admissions and hospitalizations. We asked respondents whether they had needed to see a doctor or dentist in the year prior to each interview but could not afford to go.

Table 5 shows that 26.6% of respondents had foregone medical or dental visits for cost reasons at some point. This number was even greater for African Americans (42.7%) and for those with less than a bachelor's degree (33.4%). Among all respondents, 11.8% reported foregoing care at both interviews. Transitions away from foregoing care, having to start foregoing care, and stable hardship conditions were all more common for Black or less-educated respondents than for their non-Black or bachelor's degree-holding counterparts.

Who Avoided Problems and Who Had Multiple Problems?

To capture the overall recession-related problems among working-aged adults, we assess the total burden across the five domains: employment instability, financial problems, housing instability, food insecurity, and foregone medical care. We assigned one point for each domain if the respondent had experienced a problem during the study period (that is, at wave

	Overall	Non-Black	Black	< BA	BA+
Did not Forego Care at Either Wave	73.4%	78.1%	57.3%	66.6%	89.0%
Foregone Care at Wave 1	8.1%	6.9%	12.2%	9.2%	5.7%
Foregone Care at Wave 2	6.7%	5.7%	10.0%	9.0%	1.4%
Foregone Care at Both Waves	11.8%	9.2%	20.6%	15.3%	3.9%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
P-value test for difference		<.001		<.001	

	Overall	Non-Black	Black	< BA	BA+
No Problems	20.5%	24.7%	6.1%	14.7%	33.5%
One Domain	28.5%	32.5%	14.9%	22.6%	41.8%
Two Domains	15.8%	15.5%	16.8%	17.2%	12.7%
Three Domains	15.9%	13.4%	24.2%	20.7%	4.8%
Four Domains	10.5%	7.6%	20.7%	12.8%	5.3%
Problems in All 5 Domains	8.8%	6.3%	17.4%	11.9%	1.8%
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%
P-value test for difference		<.001		<.001	

one, wave two, or both waves in that domain). These tallies identify how many respondents escaped all five problems, as well as the total burdens and their variation by race and educational attainment.

Table 6 shows that only 20.5% of all respondents did not experience problems in any of these domains in the wake of the Great Recession. At the other

extreme, 19.3% reported problems in four or five of the domains. These numbers vary dramatically by demographic group, repeating the patterns shown above for each individual domain. Only 6.1% of African Americans and 14.7% of those without a college degree avoided all problems. Nonetheless, hardships were common even among those with a bachelor's degree—only 33.5% of all college

graduates reported no problem in any domain. Multiple problems were more common among African Americans (38.1% had problems in four or five domains) than among non-black respondents (13.9% had four or five problems).

Conclusion

Like many working aged adults in the United States, MRRS respondents were hard hit by recession-related problems including employment instability, financial problems, housing instability, food insecurity and postponement of needed medical care. This is not surprising, given the depth of the recession in Southeast Michigan, where the unemployment rate reached 16.9% in July 2009. Even college graduates were not immune from hardship experiences. We did find a considerable amount of transition into and out of various problems, with wave 1 problems for some respondents being resolved by wave 2, but with problems emerging at wave 2 for some respondents who did not have them at wave 1. Variation in each of the problems is apparent across traditional social divides like race and socioeconomic status.

Even though the national economy was two years into the recovery at the time of our 2011 MRRS interviews, we found that the extent of problems across multiple domains in Southeast Michigan remained high. Among respondents overall, 16.4% were unemployed, 31.8% percent had experienced a financial problem in the prior 12 to 18 months, 17.6% had experienced housing

instability, 23.2% had been food insecure, and 18.5% had foregone needed medical care. The major lesson we draw is that the Great Recession negatively affected most adults to an extent that is not evident when these hardships are examined individually.

Funding Sources

The Michigan Recession and Recovery Study was supported in part by grants from the Ford Foundation, the John D. and Catherine T. MacArthur Foundation, the Vice President for Research at the University of Michigan and the Office of the Assistant Secretary for Planning and Evaluation at the U.S. Department of Health and Human Services. For additional information, contact Sarah Burgard (burgards@umich.edu), Sheldon Danziger (sheldond@umich.edu) or Kristin Seefeldt (kseef@umich.edu)

NPC activities are currently supported with funding from the Ford Foundation, John D. and Catherine T. MacArthur Foundation, Russell Sage Foundation, U.S. Department of Agriculture, as well as generous support from units within the University of Michigan, including the Gerald R. Ford School of Public Policy, Office of the Vice President for Research, the Rackham Graduate School, and the Institute for Social Research.

1. Survey weights are used in all analyses reported here to make our results representative of the population 19 to 64 in the study area.
2. A total of 914 respondents were interviewed at wave one, with a survey response rate of 82.8%; 847 of these respondents were re-interviewed in spring/summer 2011, for a wave two response rate of 93.9%.
3. When we restrict our sample to those ages 25 to 54, people who are most likely to have high levels of labor force engagement, results are similar. Even among these workers, though, unemployment at wave two was high (16%) and recent employment problems were common even among those who were currently employed (42%).
4. For more information, see <http://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-us/measurement.aspx>.
5. Survey items for these separate components changed slightly between Waves 1 and 2 but we recoded them to make a comparable indicator for the Wave 1 and Wave 2 interviews.



National Poverty Center
Gerald R. Ford School of Public Policy
University of Michigan
735 S. State Street
Ann Arbor, MI 48109-3091
734-615-5312
npcinfo@umich.edu