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Young Adults in Southeast Michigan after the Great Recession: Results from the Michigan Recession and Recovery Study[1]

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Key Findings

+ In the summer of 2009, after the official end of the Great Recession, more than 25% of young adults in the Detroit metro area reported being unemployed. In March 2011, about 20% of young adults were employed.

+ Almost 60% of young adults were unemployed at some time during the study period, compared to about 30% of prime-age adults.

+ 45.4% of all respondents reported experiencing at least one type of financial instability at one or both waves. Young adults and mature adults were less likely to report financial instability compared to prime-age adults, though this difference is not statistically significant.

+ Young adults were approximately twice as likely to have experienced housing instability at either or both waves of the survey, compared to the adults in other age groups.

+ Approximately 37% of young adults were food insecure at one or both waves, compared to 30% of prime-age adults and 17% of mature adults.

+ In our sample of working-aged adults, we find that young adults were the group most likely to have foregone medical care.

Introduction

The Great Recession, which officially lasted from December 2007 to June 2009, was triggered by a collapse in housing and stock prices and resulted in very high unemployment rates and the destruction of housing and financial wealth, increasing hardships for many families. The Detroit metropolitan area was one of the regions hit the hardest. The automotive industry, the region's primary industry, was further damaged after decades of struggle, and the area's already high unemployment rate reached 16 percent. Even previously economically-secure individuals and families found themselves struggling to meet essential needs, such as housing, medical care and adequate food. However, the negative effects of the Great Recession were unevenly distributed across socio-demographic groups. This brief focuses on young adults, a group that experiences substantial economic instability even in prosperous times. We show that they were significantly more likely to have experienced prolonged periods of unemployment, housing and food insecurity and to have foregone medical care, when compared with prime age adults and mature adults living in the Detroit metro area.

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.[2] To date, respondents have been interviewed twice. We use data from the 847 respondents who participated in both waves of in-person survey interviews.[3]

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,

Table 1: Weighted Characteristics of Michigan Recession and Recovery Study respondents in 2010 by Age Cohort at Baseline, N = 847

	OVERALL	YOUNG ADULTS	PRIME ADULTS	MATURE ADULTS	P FOR DIFFERENCE
Median Household Income 2010	$67,500	$49,765	$84,000	$68,000	<0.001
Mean Age in Years	43.77	27.94	43.65	57.71	<0.001
% Married	58.39%	37.16%	67.55%	68.01%	<0.001
% Male	49.17%	50.29%	47.55%	49.76%	0.840
% African American	22.64%	24.85%	25.81%	17.61%	0.117
% Bachelor's Degree or More	30.76%	24.86%	36.04%	30.77%	0.080
N	847	281	289	277	

interviews. Detailed information on the construction of all measures can be found in the Appendix to this brief.

Young Adults in Southeastern Michigan

In Table 1, we present some demographic characteristics of the three age groups, each of whom represents roughly one-third of all respondents. As expected, young adults who have not completed their schooling and/or settled into their careers had significantly lower household incomes in 2010 than their older counterparts. They were also much less likely to be married and somewhat less likely to have earned a bachelor's degree, likely reflecting the fact that many were not yet old enough to have completed college. We find no statistically significant difference in the proportion of people in each age group who were male or African American.

Employment Instability

An important indicator of hardship is whether or not a respondent who is in the labor force has a stable job. Respondents reported their employment status (working; unemployed, that is, looking for work, but

and use of public programs and private charities. More information about the study and related papers and policy briefs can be found at: http://www.npc.umich.edu/research/recessionsurvey/index.php.

In this brief, we discuss how respondents are faring at their second interview in spring/summer 2011 (which we refer to as "wave 2") and what happened to them over the study period. We divided the respondents into three groups based on the age reported at the first interview: Young Adults, aged 19

to 34; Prime Age Adults, aged 35 to 54; and Mature Adults, who were ages 55-64. In some tables, we classify respondents into four categories with respect to the hardships analyzed: 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; those 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

Figure 1: MRRS Unemployment Rate by Age Cohorts Between January 2007 and March 2011[5]

Legend: Young Adult — Prime Adult — Mature Adult — National Overall

without a job; not looking for work) for each month between January 2007 and the spring/summer 2011 interview (a period of more than 50 months). Based on the monthly reports, we calculated the percentage of respondents who were unemployed in each month (the unemployment rate). Figure 1 maps the unemployment rate in the sample for each age group through the study period and shows the national unemployment rate as well. There are very large differences between young adults and other age groups. In the summer of 2009, after the official end of the Great Recession, more than 25% of young adults in Detroit metro area reported being unemployed. In March 2011, about 20% of young adults were employed. The unemployment rates for prime-age and mature adults were about 10 percentage points below those of young adults in most of the months in the survey period.

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. In Table 2, we show that only 26.4% of all respondents were employed at the second wave interview and did not experience a disruption of employment or other employment problem during the study period. Furthermore, only 18.1% of young adults reported being employed and having had no employment disruption or problem. Among those respondents who were unemployed at the second wave, 9.3% had experienced twelve or more months of unemployment since January 2007. Unemployed young adults were about three times more likely to have experienced long term unemployment, with 17.8% reporting twelve or more months, compared to less than 6 percent for prime-age and mature adults. Almost 60% of young adults were unemployed at some time during the study period (the sum of rows 2, 4 and 5 in Table 2), compared to about 30% of prime-age adults.

Table 2: Employment Status, Unemployment and Employment Problems Patterns Overall and by Age Cohort, N = 847

	OVERALL	YOUNG ADULTS	PRIME ADULTS	MATURE ADULTS
EMPLOYED AT WAVE 2				
No Employment Problems since January 2007	26.40%	18.10%	36.00%	23.60%
Any Unemployment since January 2007	21.80%	34.90%	19.40%	12.50%
An Employment Problem, but No Unemployment since Jan 2007	18.10%	15.70%	23.30%	15.80%
UNEMPLOYED AT WAVE 2				
Less Than 12 Months of Unemployment	7.10%	5.20%	6.10%	9.80%
12+ Months of Unemployment since January 2007	9.30%	17.80%	5.90%	5.20%
NOT IN THE LABOR FORCE AT WAVE 2	17.40%	8.30%	9.30%	33.10%
Total	100.00%	100.00%	100.00%	100.00%
P-value Test for Independence				<.001

Table 3: Financial Problems Patterns Overall and by Age Cohort, N =847

	OVERALL	YOUNG ADULTS	PRIME ADULTS	MATURE ADULTS
No Problems at Either Wave	54.60%	55.40%	44.20%	64.00%
Financial Problem at Wave 1 only	13.70%	12.80%	13.50%	14.60%
Financial Problem at Wave 2 only	13.10%	13.70%	16.50%	9.30%
Financial Problem at Both Waves	18.70%	18.10%	25.80%	12.10%
Total	100.00%	100.00%	100.00%	100.00%
P-value Test for Independence				0.173

Financial Instability

Respondents were also asked about financial problems they might have experienced, and many experienced one or more of these four types of financial problems:

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

In Table 3, we see that 45.4% of all respondents reported experiencing at least one type of financial instability at one or both waves. Young adults and mature adults were less likely to report financial instability compared to prime-age adults. However, the difference among the three groups is not statistically significant, and age category does not appear to be a key dimension of stratification of financial instability on these dimensions.

Housing Instability

The collapse of the "housing bubble" that contributed to the severity of the Great Recession focused public attention on foreclosures and predatory lending practices among mortgage providers.

Table 4: Housing Instability Patterns Overall and by Age Cohort, N = 847

	OVERALL	YOUNG ADULTS	PRIME ADULTS	MATURE ADULTS
No Housing Instability at Either Wave	68.00%	54.10%	66.30%	82.30%
Housing Instability at Wave 1	14.30%	19.20%	17.80%	6.40%
Housing Instability at Wave 2	7.40%	11.20%	7.00%	4.30%
Housing Instability at Both Waves	10.20%	15.50%	8.90%	7.00%
Total	100.00%	100.00%	100.00%	100.00%
P-value Test for Independence				*0.003*

Table 5: Food Insecurity Patterns Overall and by Age Cohort, N = 847

	OVERALL	YOUNG ADULTS	PRIME ADULTS	MATURE ADULTS
Not Food Insecure at Either Wave	71.60%	62.70%	69.50%	82.80%
Insecure at Wave 1	5.10%	6.20%	3.70%	3.10%
Insecure at Wave 2	8.60%	13.60%	10.40%	4.40%
Food Insecure at Both Waves	14.60%	17.50%	16.40%	9.70%
Total	100.00%	100.00%	100.00%	100.00%
P-value Test for Independence				*0.008*

However, the widespread financial and employment instability also contributed to other housing problems for both homeowners and renters. MRRS measured 6 types of housing instability:

- 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 4 shows that young adults were approximately twice as likely to have experienced housing instability at either or both waves of the survey, compared to the adults in other age groups: 15.5% of them experienced housing instability at both waves, compared to 8.9% of prime-age adults and 7.0% of mature adults.

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 caused by lack of resources.[7] MRRS used the U. S. Department of Agriculture'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. In Table 5, we show that young adults were the age group most likely to experience food insecurity. Approximately 37% of them were food insecure at one or both waves, compared to 30% of prime-age adults and 17% of mature adults.

Foregone Medical or Dental Care

The last hardship we consider is medical care that respondents did not obtain, even though they thought it was needed. Not attending to medical problems can lead to worse health outcomes and to increased medical costs for individuals who put off needed care. 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.

Previous research indicates that the need for medical care varies with age. Older people often require more medical care and therefore are at greater risk of having to forego care in hard times. In our sample of working-aged adults, we find that young adults were the group most likely to have foregone medical care. Approximately 35% of young adults had foregone care at either the first, second or both survey waves, compared to 27% of prime-age adults and 17% of mature adults.

Results in Multivariate Regression Framework

We analyze age-group differences in a multivariate regression framework to assess the likelihood that age category is associated with these hardships when other attributes are held constant. These attributes include race (Black or not), gender, health (poor or fair health or not), and education (less than high school, high school, some college, college and more). Using the regression coefficients on the age variables, we generate predicted

probabilities of material hardships. Figure 2 presents predicted probabilities of selected problems occurring for white male high school graduates whose health is good, very good or excellent. We find that these young adults were more likely to experience each of the hardships, with the exception of financial problems, than prime-age or mature white males with the same attributes. The predicted probabilities of young adults experiencing housing instability and food insecurity were 0.28 and 0.23, respectively, compared to 0.20 on both hardships for prime-age adults. The predicted probability of foregoing medical care for young adults was 0.24 and of experiencing twelve or more months of unemployment was 0.11, compared to 0.17 and 0.04, respectively, for mature adults. Even though the age group most at risk of experiencing financial insecurity was prime-age adults with predicted probability of 0.48, the predicted probability for young adults was still very high at 0.33.

Conclusion

Residents of southeast Michigan were hard hit by the Great Recession. While the population levels of employment instability, financial problems, housing instability, food insecurity and foregone medical care have been high for people of all ages, we found that young adults fared worse than others in most of these domains. Over the course of the study period, from January 2007 through March 2011, only 36% of prime-age adults reported stable, uninterrupted employment. Only 18% of young adults reported this favorable employment history, in part because they have much higher employment rates and in part, because some of them are still in school. About 16% of young adults reported housing instability at both waves, compared to only 9% of prime-age adults and 7% of mature adults. Young adults were also more likely to report food insecurity—18% were

Table 6: Foregone Care Patterns Overall and by Age Cohort, N = 847				
	OVERALL	YOUNG ADULTS	PRIME ADULTS	MATURE ADULTS
No Foregone Care at Either Wave	73.40%	64.90%	72.50%	81.70%
Foregone Care at Wave 1	8.10%	11.40%	6.90%	6.40%
Foregone Care at Wave 2	6.70%	9.60%	7.60%	3.30%
Foregone Care at Both Waves	11.80%	14.10%	13.00%	8.60%
Total	100.00%	100.00%	100.00%	100.00%
P-value Test for Independence				*0.078*

Figure 2: Predicted Probabilities of Problems by Age Category*

* For a white male with HS education, in good, very good or excellent health.
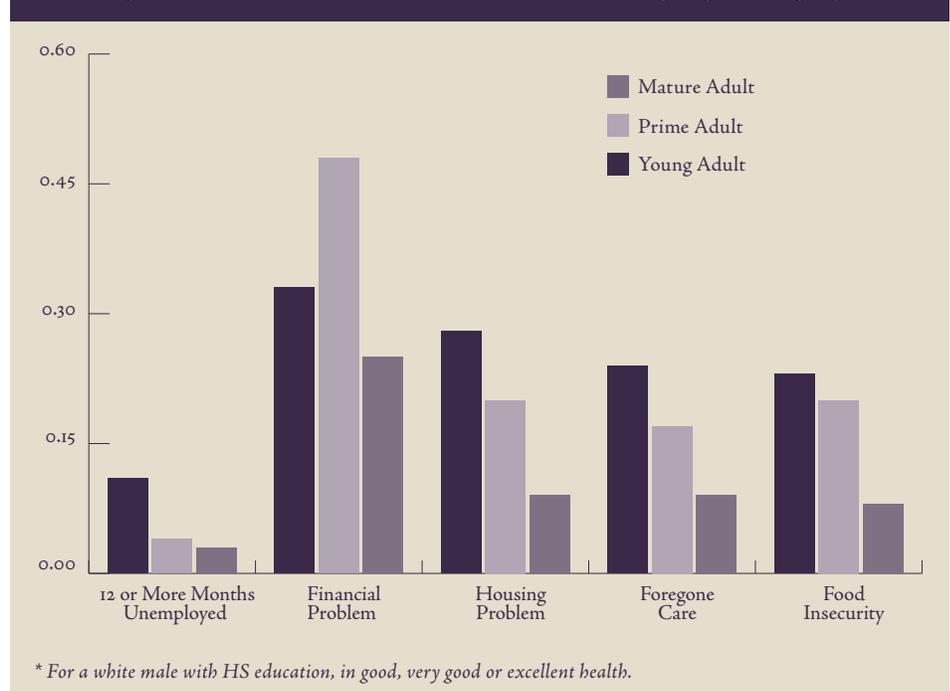
food insecure at both waves, compared to 16% of prime-age adults and 10% of mature adults. Finally, young adults were more likely to have foregone needed medical or dental care—35% reported foregoing care at either wave or at both waves, while only 27% of prime-age adults and 18% of mature adults did the same. The age differences in these descriptive results were confirmed by multivariate regression models.

Young adults were particularly vulnerable to the economic shocks of the Great Recession because they are often burdened by both student loans and new mortgages, and they seek entry-level positions that have become more difficult to secure. Researchers and the media have begun calling those weathering the Great Recession in their twenties and early thirties the 'lost generation.'[8] Our brief indicates that young adults residing in

the Detroit metropolitan area have been severely affected by the economic downturn and we see little evidence of recovery by spring/summer 2011. Prior research suggests that such adverse economic circumstances are likely to adversely impact the economic prospects of this age group over the course of their life-cycle.[9]

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Appendix: Measures Used in This Brief

MEASURE	SURVEY ITEM	WAVE 1 TIMEFRAME	WAVE 2 TIMEFRAME
Demographic Characteristics			
Age/Cohort	How old are you? Young adult: 19 – 34 Prime age adult: 35 – 54 Mature adult: 55+	Measured at Wave 1	
Employment Instability			
Currently Unemployed, Employed, or Not in the Labor Force at Wave 2	Was unemployed at the time of the survey and was currently seeking work or had sought work in the last 30 days (or was employed or not in the labor force)	N/A	At the time of the interview
Wage Reduction, Hours Reduction, Furlough, or Layoff[10]	(In timeframe) has your wage or salary been reduced? Have your hours at work been reduced? Have you had to take unpaid furlough days or layoff days?	Past 12 months	Since the last time we interviewed you
Any Unemployment, Amount of Unemployment Since January 2007	For each month in the employment calendar starting in January 2007, respondents reported being employed full time, employed part time, unemployed, or not in the labor force for each month.	Unemployed months were summed from January 2007 through the month before the Wave 2 interview	
Financial Problems			
Behind on Utilities	In (timeframe), have you gotten behind on your utility bills for electricity, gas, or water and sewer?	Past 12 months	Since the last time we talked to you
Payday Loans	In (timeframe), have you taken out a loan or cash advance from a payday lender or check casher?	Past 12 months	Since the last time we talked to you
Credit Card Cancellation	In (timeframe), has a credit card company cancelled any of your credit cards?	Past 12 months	Since the last time we talked to you
Bankruptcy	In (timeframe), have you filed for personal bankruptcy? (At Wave 2, this variable was coded "1" if the respondent reported being in bankruptcy at Wave 1.)	Past 12 months	Since the last time we talked to you (including status at Wave 1)

1. 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) or Sheldon Danziger (sheldond@umich.edu).

2. Survey weights are used in all analyses reported here to make our results representative of the population 19 to 64 in the study area.

3. 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%.

4. The lower prevalence of college education among the young adults can be probably accounted for by their younger age. When we limit our analysis to those who are 25 and older, we find that 30% of them report having a bachelor's degree.

5. National unemployment rate for the study period obtained from the website of the National Bureau for Labor Statistics based on the Current Population Survey, available here: http://www.bls.gov/cps/cpsatabs.htm

6. The P-values in all tables were generated by using the Pearson's chi-squared test. They refer to the probability that the rows and columns in a table are independent of each other, given the observed distribution of hardship in each age group.

7. For more information, see http://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in- the-us/measurement.aspx.

8. Park, Sangyoub. 2012. "America's Lost Generation." *Contexts*, pp. 72.

9. Kahn, Lisa B., 2010. "The long-term labor market consequences of graduating from college in a bad economy," *Labour Economics*, Elsevier, vol. 17(2), pages 303-316.

10. 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.

MEASURE	SURVEY ITEM	WAVE 1 TIMEFRAME	WAVE 2 TIMEFRAME
Housing Instability			
Behind on Rent	In (timeframe), have you ever gotten behind on your rent?	Past 12 months	Since the last time we talked to you
Behind on Mortgage or in the Foreclosure Process	Are you paying off this (mortgage) loan ahead of schedule, behind schedule, or are your payments about on schedule? Has your lender or bank started the process of foreclosing on your home? If so, in what month and year did the foreclosure start?	At the time of interview or since January 2007	At the time of the interview or since the last time we talked to you
Moved in with Others to Share Expenses	Have you moved in with anyone in (timeframe) to share household expenses?	Past 12 months	Since the last time we talked to you
Moved for Cost	Did you move because you could no longer afford that home?	Past 12 months	Since the last time we talked to you
Evicted	Have you been evicted at any time in (timeframe)?	Past 12 months	Since the last time we talked to you
Experienced Homelessness	Have you ever been homeless at any time in (timeframe)?	Past 12 months	Since the last time we talked to you
Food Insecurity			
Food Insecurity	The USDA's six-item food insecurity scale. At Wave 1, the single item measure (Which of the following best describes the food eaten in your household in the previous 12 months? Always enough to eat, sometimes not enough to eat, often not enough to eat) was used in place of the sixth question (How often did this happen (skipped meals)—almost every month, some months but not every month, or in only 1 or 2 months?).	Past 12 months	Past 12 months
Foregone Medical or Dental Care			
Foregone medical care	Was there any time (in timeframe) that you needed to see a doctor or dentist but could not afford to go?	Past 12 months	Since the last time we talked to you

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