



PERSISTING HARDSHIPS IN SOUTHEAST MICHIGAN AFTER THE GREAT RECESSION¹

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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 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.² 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.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, 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 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. Detailed definitions of these and all measures reported here can be found in the Appendix at the end of this brief.

Table 1. Employment Status, Unemployment and Employment Problems Patterns Overall and By Race and Educational Attainment, N = 847.

	Overall	Non-Black	Black	< BA	BA+
Employed at Wave 2:					
No Employment Problems since Jan 2007	26.4%	30.0%	13.3%	20.6%	38.8%
Any Unemployment Since Jan 2007	21.8%	21.5%	22.6%	23.2%	18.5%
An Employment Problem, But No Unemployment since Jan 2007	18.1%	19.9%	12.9%	16.6%	22.3%
Unemployed at Wave 2:					
Less Than 12 Mo. of Unemployment	7.1%	6.8%	8.1%	8.8%	3.2%
12+ Mo. of Unemployment since Jan 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	

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 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 2007.⁴

FINANCIAL PROBLEMS

Employment instability contributes to financial problems. Many respondents experienced one or more 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

Table 2. Financial Problems Patterns Overall and By Race and Educational Attainment, N =847

	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	

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. 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 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.⁵ 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. 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	

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 foregoing 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. Foregone Care Patterns Overall and By Race and Educational Attainment, N = 847

	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	

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 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).

Table 6. Total Number of Domains in Which Respondent Had a Problem, Overall and By Race and Educational Attainment, N=847

	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	

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.

APPENDIX: MEASURES USED IN THIS BRIEF

Measure	Survey item	Wave 1 Timeframe	Wave 2 Timeframe
Demographic Characteristics			
BA/No BA	What is the highest grade in school you completed or the highest degree you have received?		Used wave 2 report
Black/Non-Black	What is your race?		Race is categorized as Black and non-Black. If a respondent self-identified as either Black or Black in combination with other race choices, the respondent is classified as Black. All other respondents are classified as non-Black. Used wave 1 and wave 2 reports.
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 ⁶	(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)
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 three years	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 Care			
Foregone medical care	Was there any time (in	Past 12 months	Since the last

	timeframe) that you needed to see a doctor or dentist but could not afford to go?	time we talked to you
Total Domains with Problems		
Total Number of Problems Across Domains	The total number of domains in which respondents experienced instability either at Wave 1 or Wave 2: any of the problems subsumed under employment instability, financial problems, housing instability, food insecurity, foregone medical care.	Sum across period from January 2007 through wave 2 interview

NOTES

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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 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%).

⁵ For more information, see <http://www.ers.usda.gov/topics/food-nutrition-assistance/food-security-in-the-us/measurement.aspx>.

⁶ 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.