

Poverty rises dramatically in Michigan

Debra Watson
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Poverty in Michigan has increased a staggering 66 percent since 2001 according to the US Census Bureau's American Community Survey (ACS) released in September. This is the largest increase in poverty in any state in the country. Three-fourths of this rise occurred before the recession began in 2008.

Michigan's poverty rate continued to rise sharply through 2011, to 17.5 percent up from 16.8 percent just a year earlier, and well above the national average of fifteen percent. The climb in the poverty rate only partially measures growing social distress because state and federal governments are at the same time cutting safety net programs once available to the most economically vulnerable populations.

Almost 1 in 4 children in Michigan lives in poverty. Child poverty rose to 24.4 percent in 2011, up from 23.1 percent in 2010 and 14.2 percent level in 2001. Michigan is in the worst third of the nation for child poverty.

Thirteen other states, all in the US south or southwest and the District of Columbia, had child poverty rates even higher. Mississippi continues to have the highest child poverty rate in the nation at 32 percent. North Carolina recorded 25.6 percent, and West Virginia had 25.8 percent.

The city of Detroit has a child poverty rate of 57.3 percent. Partly this reflects the abandonment of the older, disabled and otherwise vulnerable population that makes up a growing part of the population. The proportion grew when factories closed and families left the city over the past decades.

Household poverty in Detroit is now 41 percent. Partly this is a symptom of decades of lost jobs in the industrial state and across the Midwest as a whole. Nine other Michigan cities with populations over 65,000 saw increases in poverty. A decline in median income and growing income inequality were exacerbated by the onset of the recession in 2008.

The state's median household income fell to \$45,981 in 2011, a nearly 20 percent drop in inflation-adjusted dollars—that is, a \$7,000 decline over the decade. Median income fell 1.5 percent between 2010 and 2011 alone.

Michigan lost over 400,000 manufacturing jobs between 2000 and 2010. The continuing decline in median income attests to the fact that most of the jobs opening up in the past few years have been in traditionally low-paying sectors such as retail.

Though manufacturing jobs in the state now comprise 17 percent of the state civilian workforce, up from 16 percent in 2009, there has been a decline in manufacturing wage packages. New hires in auto and related industries confront jobs paying only \$9-\$14 an hour.

The unemployment rate remains over 9 percent, even though the state has lost half a million residents over ten years and the labor force participation rate has declined from 69 percent to just 60 percent.

Income inequality continues to grow, and while the percentage of households making \$150,000 or more increased by 5 percent over the decade, middle-income households declined. Low-income households making less than \$35,000 a year increased by well over 10 percent, confirming the downward spiral in the living standards of working class families.

The largest increases were in the lowest income cohort, households with income under \$15,000, according to an analysis by the Michigan League for Human Services (MLHS), an advocacy group for low-income households. This is well below the official poverty threshold for a family of four of \$23,000 per year. Charities and social service researchers regularly consider income adequate for basic needs to actually be closer to two times the official poverty level.

Along with falling wages for those who do find work, one source of growing poverty is the army of long term

unemployed in the US. According to the National Employment Law Project, close to 6 million people have exhausted their unemployment benefits since the onset of the recession in 2008.

“While unemployment insurance kept 2.3 million Americans from falling into poverty last year, it kept 3.2 million from falling into poverty the year before,” they note. “[T]wo million unemployed job seekers will be stripped of unemployment insurance between Christmas and New Year’s. That number is expected to climb to three million by April 2013.”

But help for these unemployed workers is being cut at the state level too. Last year Michigan cut state unemployment benefits from 26 weeks to 20 weeks.

In the face of expanding social distress, Michigan is gutting, not expanding, other last-resort safety net programs. As more and more states cut assistance programs, the official poverty rate, though climbing, misses declines in real income that result from budget cuts. This is because certain assistance to low income households, or transfers, are not considered income for purposes of the Census counts.

Thus the official poverty level fails to reflect the growing distress that low-income families are experiencing as benefits like food stamps (the Supplemental Nutrition Assistance Program, SNAP) and housing and utility assistance are cut.

States are throwing whole categories of people off of these benefits. In Michigan the Michigan Earned Income Tax Credit has been cut by 70 percent, which will lower real income for the low-income families with jobs. Asset limits for SNAP, along with more difficult application procedures, has eliminated this program for thousands of recipients in the state over the past year.

Cash welfare assistance is also under assault. By imposing absolute time limits for children and their parents under both federal guidelines and state law, tens of thousands of families with children who are unable to work or who cannot find jobs are being barred from help in Michigan.

Though some families who lost cash welfare in the initial wave of cuts imposed last September have been temporarily re-instated, the Michigan Supreme Court is expected to rule soon on a reversal of the lawsuit that got them back. Ten thousand families who were exempted from federal time limits because of the most

difficult personal circumstances could abruptly lose income support once again, perhaps before the end of the year.

Also starting immediately in October, families on welfare must prove their children did not miss more than ten days in a school year. If documentation is lacking, they lose their benefit. They cannot be reinstated until they prove 21 consecutive days of school attendance.

This will force welfare recipients into an humiliating process to get paperwork from the child’s school addressed to the welfare office. It has nothing to do with truancy and everything to do with finding ways to disqualify recipients, further shredding the social safety net.



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