

The economic impact of the pandemic on young workers in Wayne County, Michigan

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“I waited seven weeks to receive the unemployment benefits entitled to me. Michigan has done a terribly poor job of processing unemployment claims,” said Karissa, 27, who lost her automotive-related job during the first weeks of the pandemic.

Karissa’s situation is not uncommon. The unemployment insurance agency in Michigan was unprepared for the surge of applications that began in the third week of March and have grown steadily over the last two months. According to one report, the number of calls to Michigan’s unemployment offices went from a typical 2,000 per day to 175,000 overnight.

While Democratic Michigan Governor Gretchen Whitmer has boasted that over 1.5 million people have received unemployment benefits, the state’s own estimates show at least another 200,000 people who applied have yet to receive any money. When factoring in the number of people who have given up trying to apply because of the backlog, large numbers of people across the state and especially in the Detroit Metropolitan area have gone two months without any income.

Karissa explained her situation, “Instead of expediting claims on the front, they decided to largely process claims as they typically would when we are not under a state of emergency.”

Rather than immediately granting workers the benefits they urgently need, Michigan kept in place its “dragnet computer system” designed to “catch instances of fraud.” Many users of the online system have been locked out of their accounts because of discrepancies in their personal information and login difficulties.

Bureaucratic procedures in the state system blocked Karissa’s application from being processed for weeks. “Anyone who has a ‘nonmonetary issue’ associated with their claim will require a real person to communicate with their employer and manually provide approval. A nonmonetary issue may be because the employer has contested the claim, or you are in need of residency proof or other claim mismanagement issues.

“When I spoke with the unemployment office on April 28, I was informed that the nonmonetary issue resolutions are queue-based. There are other claimants who have been waiting as many as three weeks longer than myself for payment.”

Karissa lives in the town of Redford, located on the western

border of Detroit in Wayne County, which has suffered among the most devastating public health and economic impacts from the coronavirus pandemic of any community in the United States. From the city of Detroit to the suburban towns of Westland, Wayne, Inkster, Garden City, Livonia and Redford, Wayne County has by far the most people in the state who have confirmed cases or have died from COVID-19.

Of the 53,510 cases and 5,129 deaths in the state of Michigan from the coronavirus, 19,538 or 36.5 percent and 2,313 or 45 percent are from Wayne County, respectively. With a population of approximately 1.75 million, this means that the death rate from the pandemic in Wayne County, 132 per 100,000 people, is more than 250 percent higher than the statewide average.

In the Detroit area, the brunt of the economic shock from the pandemic is falling on workers in the automotive-related industries. Many corporations are using the pandemic as a means of taking aggressive measures, especially against the younger workforce, in order to cut costs and eliminate positions.

In Karissa’s case, the company she was working for moved very quickly to eliminate her entire team as soon as the downturn hit: “My employer essentially created sales lead sources for original equipment manufacturers in addition to managing internet leads for auto dealerships. Despite showing a net profit of fifty million dollars in 2019, my company chose to discontinue the business development work we had been doing and, in that, they separated nearly forty employees when the crisis began.”

She went on to explain how the crisis affected her life: “My fiancé worked in a management position for a national car rental company. He has been placed on an ‘indefinite furlough.’ As confusing as that term sounds, the actual status of his employment was made clear when he was stripped of his benefits and was asked to sign a noncompete clause in order to receive a small severance that does not even cover a month of pay. His company also experienced a record-breaking year for profits in 2019.”

With the loss of both their jobs, Karissa and her fiancé have had to rearrange their plans: “My fiancé and I were planning to get married on August 1. Weddings are typically very stressful,

but with the introduction of the coronavirus, wedding planning has become nearly impossible. With our COVID-related separation from our jobs, organizing the financial part of life, let alone wedding planning, is very stressful.”

The couple is facing losing the money they have already put down on their planned wedding or going ahead with the event at great risk. “Our wedding venue, who we had paid in full for services, is refusing to return money if we have to cancel our event. And we’re also very worried for the health and safety of our family and friends.”

This extreme disruption of life is being faced by many workers of Karissa’s generation who were already living on the edge. “The conditions prior to the coronavirus were severely lacking. My friends and I have student debt burdens that range between \$20,000 and \$70,000. Many of us are low to middle income, making \$30,000 to \$50,000 per year.”

In addition to the student loan burden, young workers are facing many other rising living expenses: “Our healthcare expenses are high. Our housing expenses have been prohibitive as the market peaks. Even rent costs have taken incremental increases and rarely provide much of a net savings on a monthly basis compared to purchased housing. Insurance costs are astronomical. The cost of transportation in Metro Detroit is a large burden in itself.”

For the workers who entered the job market during the Great Recession of 2008, many had not established economic stability before the pandemic struck, making it impossible to start a family or make any long-term plans. “Many of my friends entered the job market between 2007 and 2011 either in mid-recession or shortly after recovery began. Ten years later we are still impacted by those low-wage jobs produced post-recession.

“Cost of living wage adjustments are rare in the workplace. The prospects of beginning our own families has been a bit of a stretch when considering the additional costs that children incur concerning healthcare, food, housing and daycare. Few of us are saving for retirement.”

Karissa explained in more detail the economic devastation of the latest crisis: “The majority of my friends have either altogether lost their jobs, or they have been indefinitely furloughed by their companies. They have lost their employer healthcare coverage during a health crisis. Those who know that they might qualify for Medicaid have applied, but many others have opted for COBRA, taking on another great expense while they are under great financial duress.”

These young workers are now faced with stark choices since, even if they do receive unemployment benefits, there may not be a job for them to return to when businesses reopen. “My friends who have some savings and have been fortunate enough to buy their own homes now face a difficulty as they expend their meager savings on their mortgage payment while waiting for stimulus or unemployment relief. Many of my friends are still unsure if they will have jobs to return to when this crisis is over, and these government benefits will only provide help

until the end of July.”

Karissa is well aware that the employers are planning to use the explosion of unemployment and a mass of workers facing desperate conditions to their advantage: “My greatest fear is for what is to come. This mass elimination of jobs and workforce reduction will undoubtedly cause an increase in unemployment. An increase in unemployment will cause greater job competition. Greater job competition will allow employers to pay lower wages. My friends cannot afford less pay.”

Turning to the government’s response, Karissa expressed widely held views about the Trump administration’s callous inaction and deflection of responsibility for the number of cases and deaths in the US from the pandemic: “I wish that we had only suffered benign neglect, but the lacking response from our federal government borders on maliciousness. While I was glad, and frankly somewhat surprised that additional stimulus was added to the unemployment benefits and payments on student loans were temporarily halted, it was not enough.

“This COVID crisis laid bare the difficulties relating to the shortcomings of our economy and political institutions. This would have been the perfect opportunity to extend Medicare to all citizens, implement some form of UBI, and begin student debt reform.”

On the role of the administration of Democratic Governor Gretchen Whitmer in Lansing, Michigan, she said: “I think that we need to be much more critical of how Michigan is distributing unemployment and how they are processing claims. I am lucky despite my slow receipt of benefits as my fiancé and I had thousands of dollars tucked away for our wedding day that was not yet spent. I know others who are unable to pay rent and are currently restricting their nutrition/grocery purchases because they have not received income. The governor should answer directly for this painfully slow response. I have personally called her office five times and have not received a response from her.”



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