

Poverty rises and real income falls in Michigan as state now ranks 12th worst in US poverty

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The percentage of Michigan residents living below the official poverty rate increased in 2022 to 13.4 percent, 1.3 million people, meaning the state, a center of US auto production, is now ranked 12th, tied with Ohio, in terms of the percentage of its population living in poverty.

Michigan's median household income now stands at 37th nationally, down from 32nd in 2019. In terms of real buying power, median household income is down 2.6 percent since 2019, probably an underestimate of the real state of affairs. The US Census Bureau reports that real median household income in the state fell in 2022 from 2021 due to the impact of inflation.

With the ending of social support programs implemented during the pandemic, every indicator of social distress is on the rise. This includes Michigan, where the election of the Democratic administration of Governor Gretchen Whitmer in 2018 and reelection in 2022 have done nothing to improve the social position of workers. Since taking office Whitmer has prioritized spending on massive handouts to the auto industry over spending on education, health care and social assistance programs. This included a \$1.7 billion handout to Ford for a battery plant in western Michigan, whose future is uncertain.

Further underlining the dire situation facing wide layers of the population in Michigan, there was a huge increase in the Supplemental Poverty Measure (SPM), which includes cash income, government assistance and other resources such as tax credits.

The SPM soared from 7.8 percent in 2021 to 12.4 percent in 2022, an increase of more than half, due largely to the ending of pandemic supports. The SPM is now 0.6 percentage points higher than the 2019 level of

11.8 percent.

Poverty increased despite the fact that the official unemployment rate has remained relatively stable. This testifies to the policies of the unions, which have held pay gains since the start of the pandemic well below the rate of inflation. From 2021 to 2022, average weekly wages in the state rose by just 3.2 percent. For 2022 the official US inflation rate was 8 percent.

The lowering of real incomes in Michigan is not simply the result of impersonal economic forces but reflects the deliberate wage suppression carried out by the UAW and other unions in alliance with both big business parties. Added to that has been the relentless slashing of social support programs. The goal is to attract investment, particularly in the auto industry, by offering Michigan as a low-wage destination.

The recent contract agreement signed by the UAW with the Detroit Three auto companies maintains the tier system in which a large section of the workforce are employed as temps earning near poverty wages. The union will do nothing to reverse this trend. The contract does not protect autoworkers' jobs against the impending mass layoffs as the auto industry transitions to electric vehicle production.

As it stands, workers' incomes are at one of their lowest levels compared to the average US income. According to *Michigan Bridge*, the average Michigan resident earns just 87 cents on the dollar of the US average.

US Census figures show Michigan's roughly 10 million residents in 2022 had an average household income of \$57,038, compared to a national average of \$65,470. In Detroit, the former Motor City, median household income dropped by 7 percent to \$36,453.

Median income in Flint, once the center of the General Motors empire, fell 18 percent to \$33,036. Michigan was above the US average income for most of the 20th century but has now fallen to 37th.

According to a report this week in the *Detroit Free Press*, in Flint, the child poverty rate rose to 69.4 percent in 2022, more than double the rate of 34.2 percent in 2021. The jump is largely attributable to the ending of the child tax credit, which the Biden administration allowed to expire in the face of of Republican opposition.

As a result, Michigan's poverty rate is higher than most states outside the US South. The state's child poverty rate of 18 percent also ranks 12th in the US. Twenty-seven percent of African Americans and 18 percent of Hispanic residents are in poverty. The poverty rate increased in 49 of 83 Michigan counties.

The terrible human toll this has exacted is spelled out in the State of Michigan 2022 Poverty Task Force report, which notes that life expectancy in the 48236 zip code, a wealthy suburb in Grosse Pointe, is 13 years longer than the life expectancy in the low income 48201 zip code in Detroit, just a few miles away.

Poverty is spreading throughout the state, with both urban areas such as Detroit and Flint impacted as well as rural northern counties. Lake (22.9 percent), Clare (17.2 percent) and Isabella (19.4 percent) counties in the central Lower Peninsula have some of the state's highest poverty rates, as does Wayne County (21.2 percent), which encompasses the city of Detroit, and Genesee County (16.4 percent), home of Flint (US Census Bureau statistics).

The poverty rate in the City of Detroit, despite its touted revival under Democratic Mayor Mike Duggan, stands at 33.8 percent. According to the Detroit Food Policy Council, 69 percent of households in the city were food insecure in 2021.

Largely as a result of the rollback earlier this year of the pandemic increase in Supplement Nutrition Assistance Program (SNAP) benefits, food insecurity is also increasing in Michigan and nationally. According to the US Department of Agriculture between 2020–2022 11.9 percent of Michigan residents went without food at some point due to lack of resources. In 2021 69 percent of Detroit residents were food insecure. (Detroit Food Policy Council)

Lisa Chapman, the director of public policy for the

Michigan Coalition Against Homelessness, told Bridge Michigan of the rise in poverty, "It's not surprising."

According to Chapman, inflation led to rising rents (up to \$1,367 for a one-bedroom apartment, from \$1,100 in 2020) and other increases. The organization saw an 8 percent increase in homeless people, she said, rising to over 32,400 in 2022.

She noted that food pantries have reported increased demand as inflation—though falling—has kept prices far higher than they were three years ago.

"People don't have a lot of cushion," Chapman said, adding that families have to choose what bill to pay. "It's tragic."



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