

The Need for a Safety Net



Mark Skidmore
**Morris Chair in State and Local
Government Finance and Policy**
Michigan State University

April 14, 2010

Bringing Knowledge to Life!

Outline

- **Literacy, Poverty, Unemployment**
- **Declines in Manufacturing**
- **The Current Recession**
- **Poverty Nationwide**

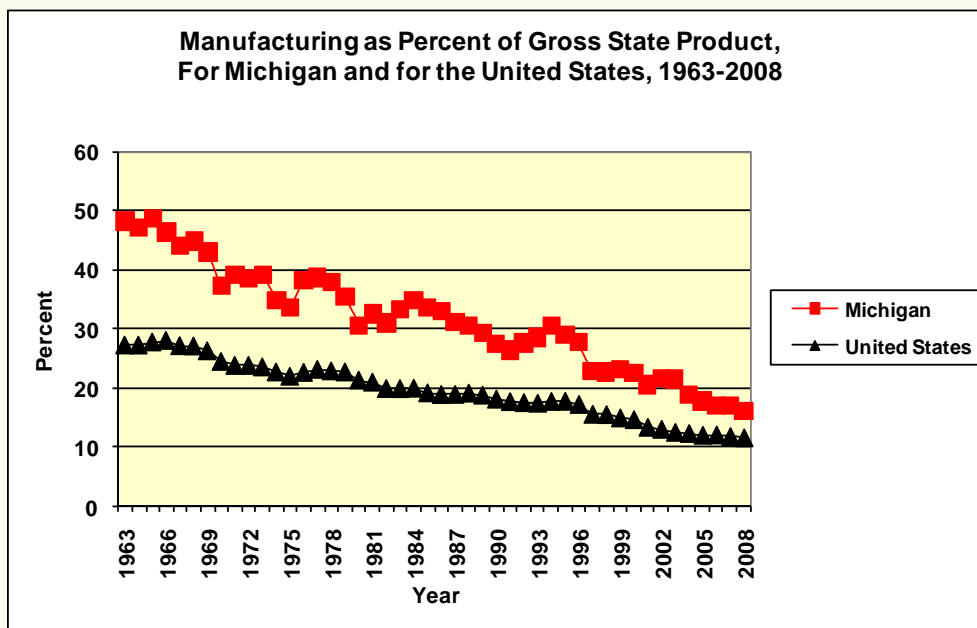
Literacy, Poverty, and Unemployment: The Need for a Safety Net

	Functional <u>Illiteracy</u>	<u>Poverty</u>	<u>Unemployment</u>
U.S	21%	14%,	9.7%
Michigan	18%	15%	14.1%
Detroit	47%	29%	30+%

- Poverty Threshold: a federal government estimate of the point below which a household of a given size has cash income insufficient to meet minimal food and other basic needs.

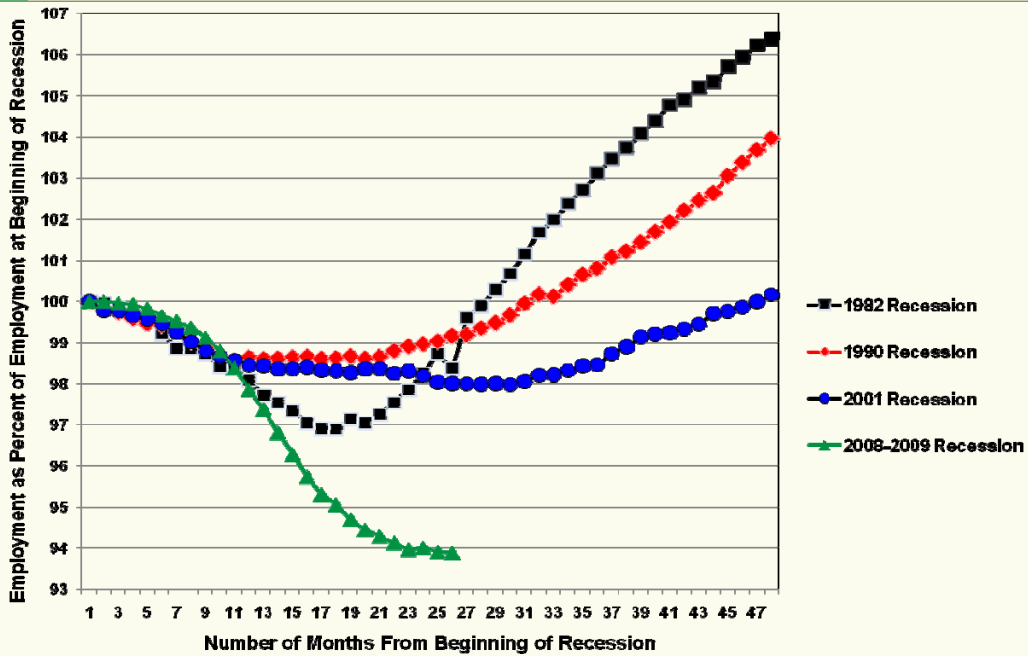
State and Local Government Program, MSU Extension

Manufacturing's Share of the Economy Has Shrunk Dramatically



State and Local Government Program, MSU Extension

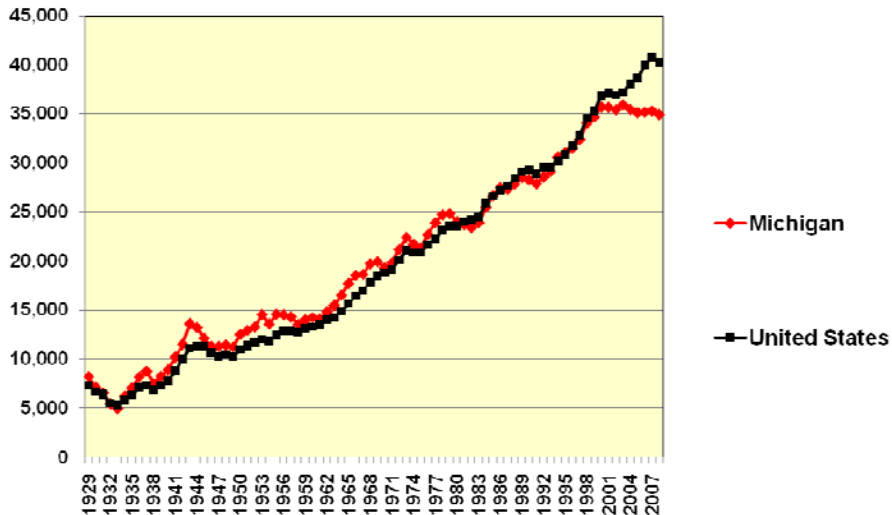
Changes in U.S. Employment, During and After the Four Most Recent Recessions



State and Local Government Program, MSU Extension

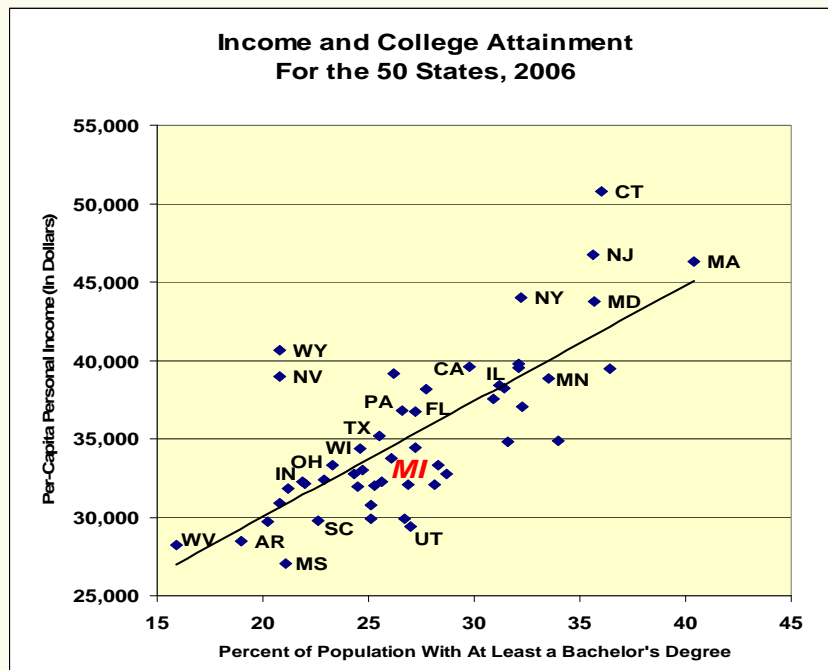
Incomes Have Grown (Until Recently), In Michigan and in the Rest of the U.S.

Inflation-Adjusted Per-Capita Personal Income, In Michigan and the United States, 1929-2008



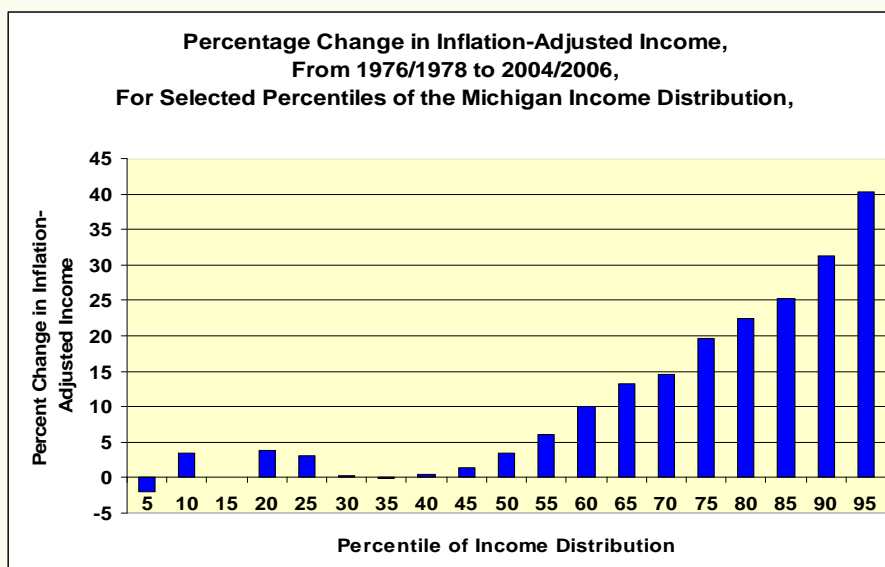
State and Local Government Program, MSU Extension

College Attainment Has a Decisive Influence on Per-Capita Income



State and Local Government Program, MSU Extension

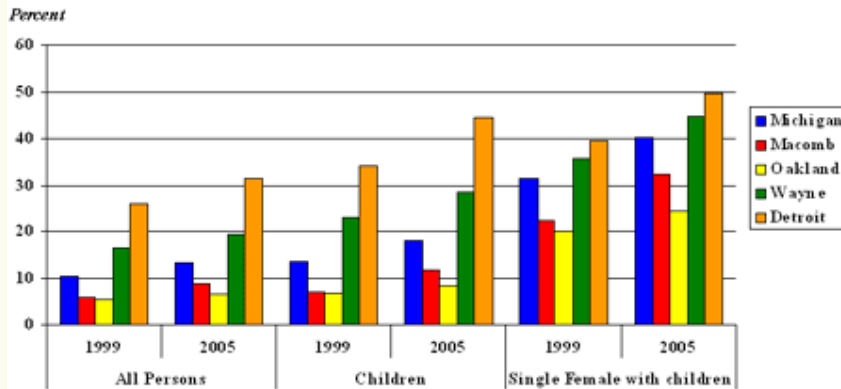
Incomes Have Stagnated for the Bottom Half of the Michigan Income Distribution



Source: Ballard and Menchik, 2010

State and Local Government Program, MSU Extension

Selected Poverty Rates, 1999 and 2005, for Michigan and the Detroit Area

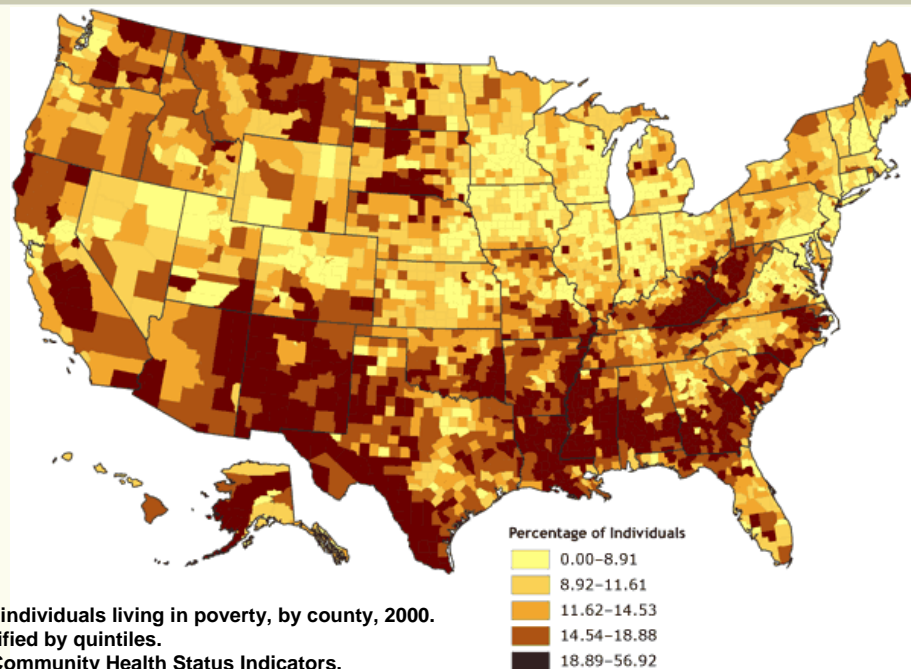


		Michigan	Macomb	Oakland	Wayne	Detroit
All Persons	1999	10.5	5.7	5.5	16.4	26.1
	2005	13.2	8.6	6.6	19.5	31.4
Children	1999	13.6	7.2	6.7	22.9	33.9
	2005	18.3	11.8	8.4	28.7	44.3
Single Female with children	1999	31.5	22.3	20.1	35.8	39.5
	2005	40.3	32.3	24.2	44.6	49.6

Source: Data taken from the United Way Web Site

State and Local Government Program, MSU Extension

Percentage Living in Poverty

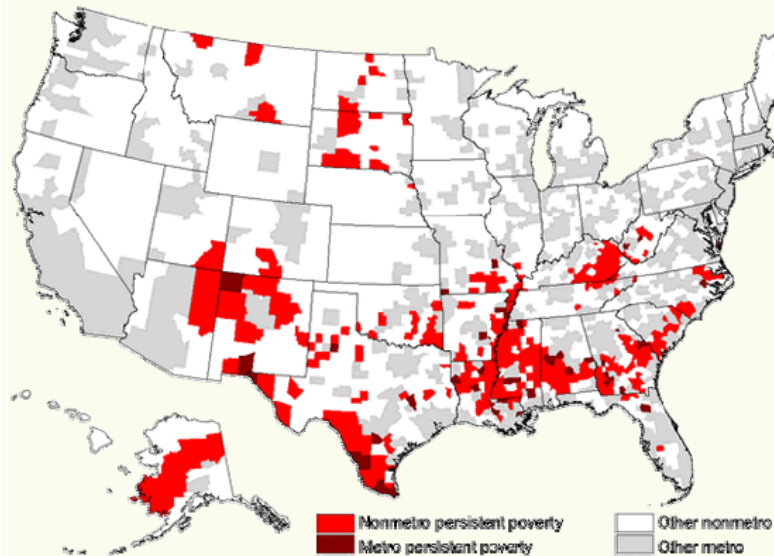


Percentage of individuals living in poverty, by county, 2000.
Data are classified by quintiles.
Data source: Community Health Status Indicators.

State and Local Government Program, MSU Extension

Persistent Poverty in Rural Areas

Persistent Poverty Counties, 1970-2000



Persistent poverty counties—20 percent or more residents were poor as measured by each of the last four censuses, 1970, 1980, 1990, and 2000.

Source: Economic Research Service, USDA.

Snapshot: Quitman County MS, 2000

Population: 10,177 (68.6% black, 30.3% white)

High school graduates over 24 years old: 27%

College graduates over 24 years old: 5%

Births to single mothers: 75%

Children living in poverty (ages 0-17) in 1999: 43.2%

Source: Adapted from America's Forgotten Children: Children in Rural America, 2002. The William and Flora Hewlett Foundation and the David and Lucile Packard Foundation.

State and Local Government Program, MSU Extension