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Census report shows recession hammers Michigan; incomes, housing values, health coverage fall

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Associated Press

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Michigan's already dire economic plight only worsened as the recession kicked in, with incomes and home values plunging while fewer people had health insurance coverage, according to new U.S. census data.

The report, for release on Tuesday, offers little hope for a quick turnaround in the state, even if the nationwide situation improves over the next year as some economists predict, demographic experts said.

"The numbers are pretty frightening," said Don Grimes, senior research specialist at the University of Michigan's Institute for Research on Labor, Employment and the Economy. "And they don't reflect what's happened this year, when unemployment has jumped so high with all the job losses in the auto industry."

Michigan was among five states where real median household income dropped between 2007 and 2008, the Census Bureau said in its annual American Community Survey of 3 million households nationwide.

The median was \$48,591 last year, 31st among the states and down from 2007's inflation-adjusted median of \$49,807. Michigan's 2008 median was just ahead of neighboring Ohio's \$47,988 and \$47,966 in Indiana.

Income numbers are unlikely to rebound until the employment picture improves, Grimes said. The jobless rate in Michigan — 15.2 percent as of July — is the nation's worst.

Hammered by unemployment and the home mortgage crisis, housing values in Michigan have fallen especially hard. The median value for owner-occupied dwellings was \$163,700 in 2006. It dropped from \$159,000 in 2007 to \$151,300 last year, a 7.6 percent decline in two years.

Another grim statistic: 1.3 million people in Michigan — 11.7 percent of state residents — lacked health insurance coverage last year, up from 10.4 percent in 2007. The jump in Michigan's uninsured rate trailed only those of Alaska and New Mexico.

Policymakers can do little to improve matters in the short term, but a long-range turnaround will require diversifying Michigan's economy and sending more residents to college, Grimes said.

"We'll have to be something other than just an auto-manufacturing state," he said. "The big question is whether we'll follow a high-wage or low-wage path — and that will depend on how well we educate our people."

The census report offers glimmers of hope on education, said Kurt Metzger, director of the Detroit Area Community Information System, a think tank.


The percentage of Michigan adults ages 25 and older with at least a bachelor's degree was 24.7 last year — unchanged from 2007. The lack of improvement was disappointing and left Michigan tied for 35th nationally, Metzger said.

But the trend among younger adults is more promising, he said. Nearly 42 percent of those ages 18 to 24 reported having some college attendance but no degree. Many undoubtedly are still enrolled, he said.

"We can assume people in Michigan are at least starting college at a higher rate than before," Metzger said. "We need to reach them and make sure we do what we can to keep them in school or get them back."

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