

Michigan mired in poverty, with 41 percent living paycheck to paycheck

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An estimated 41 percent of Michigan households, 1.7 million, are living paycheck to paycheck and lack enough income to cover basic household expenses, according to a 2024 report issued by the Michigan Association of United Ways and United for ALICE.

These statistics are even worse in 11 Michigan counties, including Detroit's Wayne County, in which more than half of households are struggling to maintain a "survival budget." In Detroit, 69 percent of households live paycheck to paycheck, in River Rouge, 79 percent; Benton Harbor, 78 percent; Highland Park, 76 percent; and Pontiac, 66 percent. The updated report is based on data surveys from 2022 and 2023.

The study focused on a broader definition of poverty than the notoriously inaccurate Federal Poverty Level by including those who are "ALICE," Asset Limited, Income Constrained, and Employed.

It sheds light on the vast numbers of working poor who do not qualify for federal assistance but nevertheless must choose between quality childcare or paying the rent, taking their medications or buying nutritious food, or some other impossible trade-off. The plight of these millions of low-paid workers are routinely concealed in the official claims of low unemployment.

Michigan's poverty rate remained at 13 percent between 2021 and 2022. This is defined as less than an annual income of \$13,590 for an individual or \$27,750 for a family of four. Such obviously unsustainably low incomes mean living with insecure housing or doubling up with others, relying on family members and food pantries, and constant anxiety.

While official poverty numbers flatlined, however, by 2022, 41 percent of all households in the state—1,671,196—fell below the ALICE threshold. As shocking as these enormous numbers are, they are mirrored across the US, where 42 percent of all households qualify as ALICE.

The recent dramatic rise in the percentage of working poor has resulted from double-digit rises in the cost of many

staple foods, higher rents and stagnating poverty-level wages. This terrible squeeze on budgets has been coupled with the Biden administration's decision to end minimal pandemic aid programs. These included the expanded Child Tax Credit, the Child and Dependent Care Tax Credit, extended unemployment benefits, waivers for food stamps, a pause in student loan repayments, and Medicaid expansion.

The latest ALICE report cites the enormous economic hit created by the termination of these programs for impoverished families with young children, "In 2022, a family of four with an infant and a preschooler in Michigan was eligible for approximately \$15,000 less in maximum federal tax credits and stimulus payments than in 2021."

Rochelle, a member of the Michigan Educators Rank and File Committee, emphasized this reality in an interview with the WSWS:

Families have no vehicles and no reliable transportation. Any assistance for daycare is hard to get and not very much help with the cost going so high. Many parents are working and unable to get their kids off to school. They're relying on others to do that for them. In many low-income families, the older children end up staying home to look after kids who are too young to go to school. Daycare itself is just too expensive.

When I was young, I was basically working for nothing but my pension. Most of my check went to pay for daycare. Now, there are people who are working all these weird shifts, and there is an extra burden with that! They have to rest, but it may not be when their children are sleeping. What can they do?

According to the ALICE report, the cost of "essentials," including daycare, in the US Midwest rose 10.3 percent between 2021 and 2022, with another 5.8 percent rise in 2023—substantially faster than the official rise in the cost of

living, used as a benchmark for federal assistance.

Median rent in Michigan also rose nearly 9 percent in 2022—the ninth-highest increase among all states. MLive reports that median rent for a one-bedroom apartment in Michigan jumped by \$251 from \$1,116 in May 2020 to \$1,367 in May 2023. Protesters at the state Capitol in Lansing last September held a “Rent is Too Darn High” rally with signs that included, “I Pay \$1,314 a Month for Cockroaches & Blackmold.”

In another measure of the destitution of large swaths of Michigan, the *Detroit News* recently reported on the skyrocketing of pregnancy-related deaths in the state. From 2019 to 2020, maternal deaths rose 33.6 percent, while a separate study showed these were overwhelmingly preventable, i.e., the result of poverty.

Poverty rates increased in 49 of 83 Michigan counties in 2022, and the state is among 16 that experienced two years of increases. The overall rate is now 13th among states, up from 18th in 2021.

“It’s not surprising,” Lisa Chapman, director of public policy for the Michigan Coalition Against Homelessness told Bridge Michigan. In 2022, homelessness rose by 8 percent to over 32,400, she explained. “People don’t have a lot of cushion,” Chapman said, adding that families have to choose what bill to pay. “It’s tragic.”

While tragic, the escalation of poverty in Michigan has been the result of bipartisan political decision-making. While terminating relief for workers, the Democratic Biden administration allocated a record military budget of \$1 trillion, with repeated additional packages of tens of billions for Israel’s genocide and the NATO war against Russia. Workers are suffering not because there is “no money,” but because US imperialism prioritizes war and profit-taking.

As for Michigan politics, the state has been controlled by a Democratic Party trifecta: the governorship under Gretchen Whitmer and a Democratic majority in both state houses. Whitmer, now being considered as a possible vice presidential candidate, has handed billions to the automakers in the form of tax cuts and grants while terminating assistance programs.

A significant turning point in the well-being of the state’s population, however, occurred in 2009 when the Obama administration carried out a government restructuring of the auto industry to bail out investors. They imposed a 50 percent cut in the wages of about 90,000 autoworkers and plunged workers into crisis almost overnight. Since that time, wages have been hammered by all employers, and the number of working poor in the state has grown by a staggering 20 percent.

Obama and the Democratic Party utilized the bankruptcy of GM to effect a transfer of billions of dollars of surplus

value created by the working class from workers’ paychecks into Wall Street. In 2023 alone, Stellantis made \$20 billion, GM \$10.1 billion and Ford \$10.41 billion. Meanwhile, young autoworkers who have managed to hang onto their jobs amid mass layoffs are no longer making a living wage and cannot buy homes or start families.

The United Auto Workers (UAW) bureaucracy gave its blessing to this vast social theft, which the union bureaucracy imposed with one hand while stuffing their pockets with kickbacks from the automakers with the other. Nothing has changed in this regard with Shawn Fain’s installation as UAW president and his fraudulent “stand-up” strike. On the contrary, thousands more workers have been laid off.

Michigan residents’ personal incomes reached their peak in 1953 when American cars dominated the world market, and autoworkers mounted powerful strikes to secure a decent living standard. The gains of US autoworkers were the envy of the world. These achievements have been reversed. By 2022, however, personal incomes in the state hit their lowest level in history compared to the national average.

This dire crisis amidst massive profit-taking by Michigan businesses is an indictment of the UAW, the AFL-CIO, and the Democrats and Republicans. For good reason, over 20,000 Michigan residents have signed petitions to put Socialist Equality Party candidates Joe Kishore and Jerry White on the ballot for US president in 2024. The fight for a socialist and internationalist program against war and austerity won thousands of supporters at plant gates, schools, workplaces and grocery stores across the state and is a clear sign that workers are drawing political conclusions from these experiences.



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