



ISSUE BRIEF

COVID-19 RAPID RESPONSE SURVEY UNEMPLOYMENT DYNAMICS IN DETROIT DURING THE COVID-19 PANDEMIC

OVERVIEW

This report is part of a series of reports highlighting findings from the most recent survey of the Detroit Metro Area Communities Study (DMACS). The survey was fielded between June 2nd and July 9th, 2021 and captures the views of a representative sample of 1,898 Detroiters. Previous reports presented results on COVID-19 vaccination rates, reasons for avoiding vaccination, intentions to vaccinate among the unvaccinated, willingness among parents to vaccinate children, and support for vaccine requirements. This report focuses on how the pandemic has affected employment trends in Detroit, reasons for unemployment, and residents' perceived likelihood of returning to work.

[See full results from DMACS surveys here.](#)



KEY FINDINGS

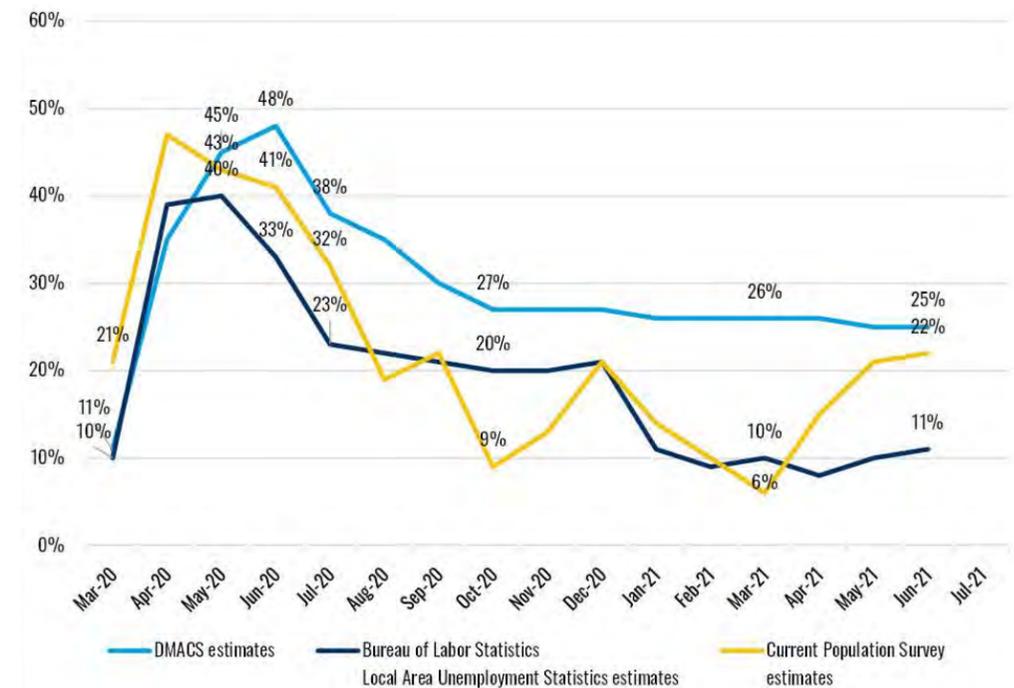
- Detroit's unemployment rate—the proportion of working-age adults in the labor force but not currently employed—has held steady around 25% since fall of 2020. While the current unemployment rate is more than twice what it was prior to the pandemic (11%), it has fallen considerably from its peak of nearly 48% in June of 2020.
- Among those currently in the labor force and unemployed, just 20% are recently unemployed (out of work for five months or fewer) while 33% have been out of work for six to 11 months. Nearly half (47%) of Detroiters who are in the labor force and unemployed report being out of work for more than a year.
- Black and Latino Detroiters, low-wage earners, residents without college degrees, and adults in households with kids were more likely to be in the labor force and unemployed than other Detroit residents.
- Among the multiple explanations that each respondent who is in the labor force could offer for their unemployment, 49% say their place of work has closed and 50% say they were laid off due to the pandemic.
- Forty percent of women who are in the labor force and unemployed report they are not working in part due to family obligations, compared to only 12% of unemployed men.

UNEMPLOYMENT RATE REMAINS HIGH AND SOME RESIDENTS ARE EXITING THE LABOR FORCE¹

- As of July 2021, DMACS estimates that Detroit's unemployment rate—the proportion of adults in the labor force but not currently employed—sits at 25%.^{2,3}
 - While the current unemployment rate is more than twice what it was prior to the pandemic (11%), the city's unemployment rate has fallen considerably from its peak of nearly 48% in June 2020.

FIGURE 1

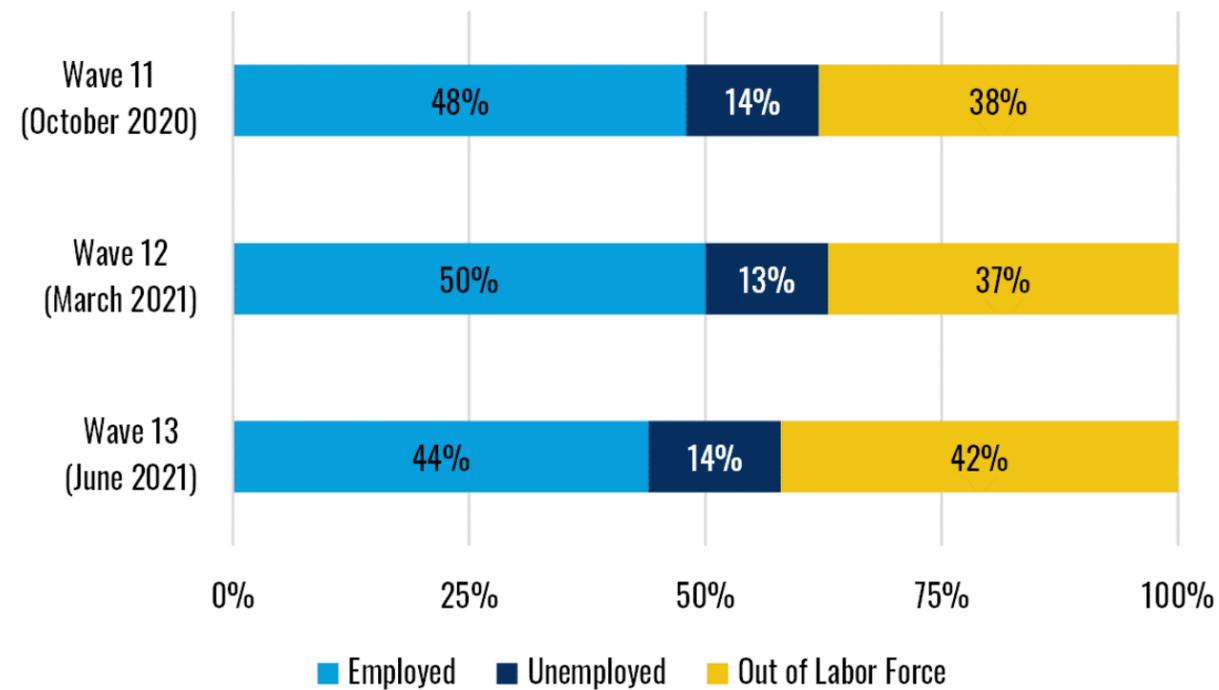
DETROIT CITY UNEMPLOYMENT RATE ESTIMATES



- Within the city, 44% of adults say they were employed in the last month, while 14% were in the labor force and unemployed and 42% were out of the labor force.
 - Findings from the past three DMACS survey waves suggest that the percentage of Detroiters who are in the labor force and unemployed has remained fairly constant over the past eight months.
 - By contrast, there have been small but significant shifts in labor force participation, suggesting some residents have opted out of the labor force over the course of the pandemic.
 - Both men and women saw significant shifts in their labor force participation over this period, with the proportion of women out of the labor force shifting from 40% in March to 46% in June and the proportion of men out of the labor force shifting from 34% in March to 38% in June.

FIGURE 2

DETROITERS' LABOR FORCE PARTICIPATION OVER TIME

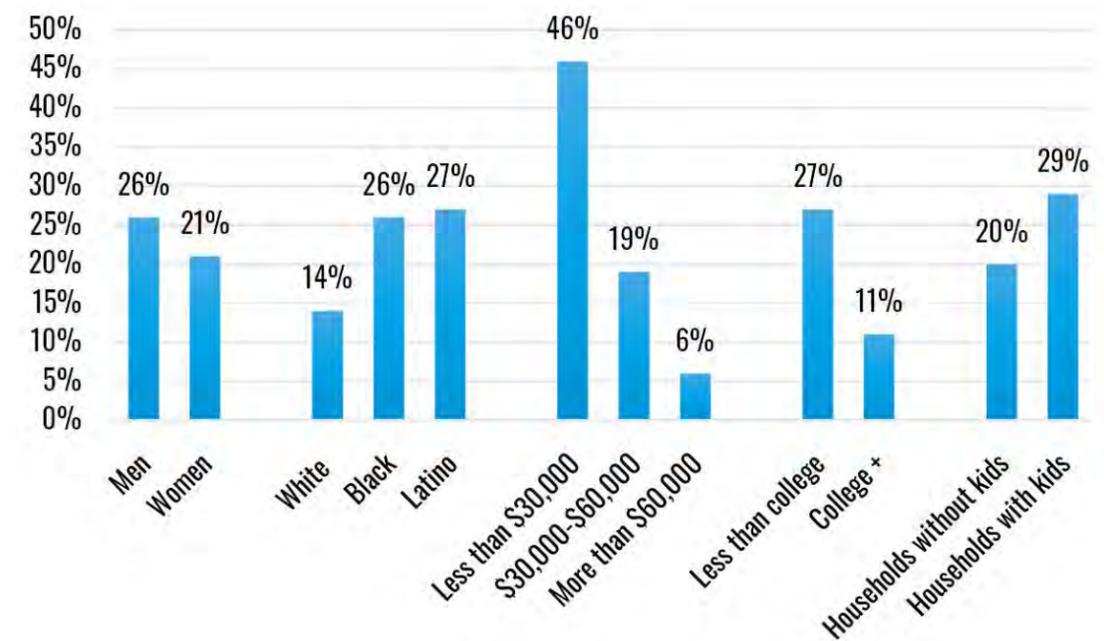


UNEMPLOYMENT IS ENDURING AND IS ESPECIALLY SEVERE AMONG LOW-INCOME HOUSEHOLDS AND RESIDENTS OF COLOR

- Job loss and unemployment have been felt unequally by Detroiters. Among those in the labor force, people of color, low-wage earners, residents without college degrees, and households with kids were more likely to be unemployed than other residents.

FIGURE 3

DETROITERS' UNEMPLOYMENT RATE BY DEMOGRAPHIC GROUP



- We do not find significant gender differences among the unemployment rate. Roughly one-quarter (26%) of men and 21% of women in the labor force were unemployed as of July 2021.
- Black and Latino Detroiters in the labor force are twice as likely to be unemployed as White Detroiters in the labor force.⁴
- Nearly half of Detroit residents in the labor force with household incomes under \$30,000 a year are unemployed compared to 6% of those with household incomes of \$60,000 or more.

- Detroiters without a college degree are more than twice as likely to be in the labor force and unemployed as residents with a college degree.
- 3 in 10 households with kids have an adult who is in the labor force but currently unemployed.
- Among Detroit residents who are currently in the labor force and unemployed, just 20% are recently unemployed (out of work for five months or fewer) while 33% have been out of work for six to 11 months. Nearly half (47%) of Detroiters who are in the labor force and unemployed report being out of work for more than a year.

FIGURE 4

DETROITERS' LENGTH OF TIME UNEMPLOYED AMONG DETROITERS IN LABOR FORCE

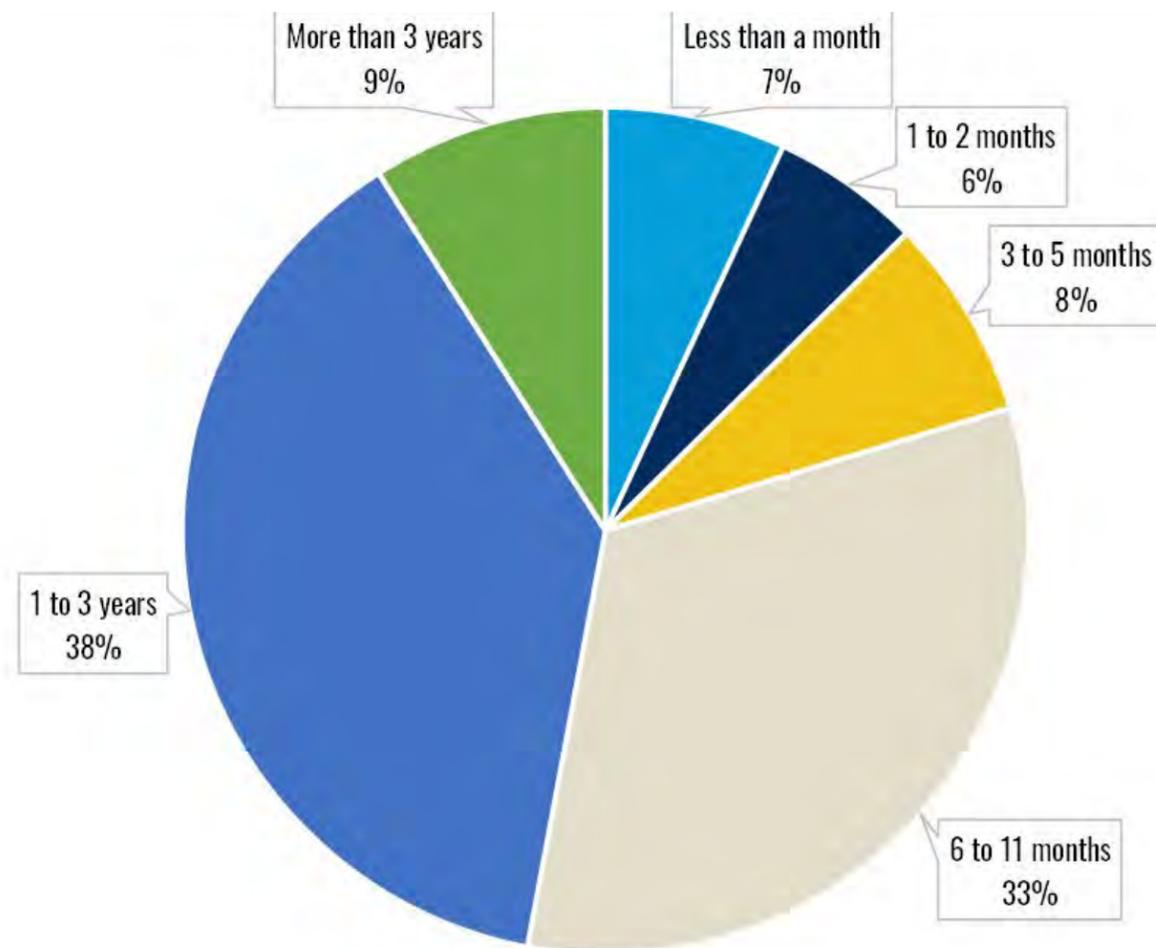
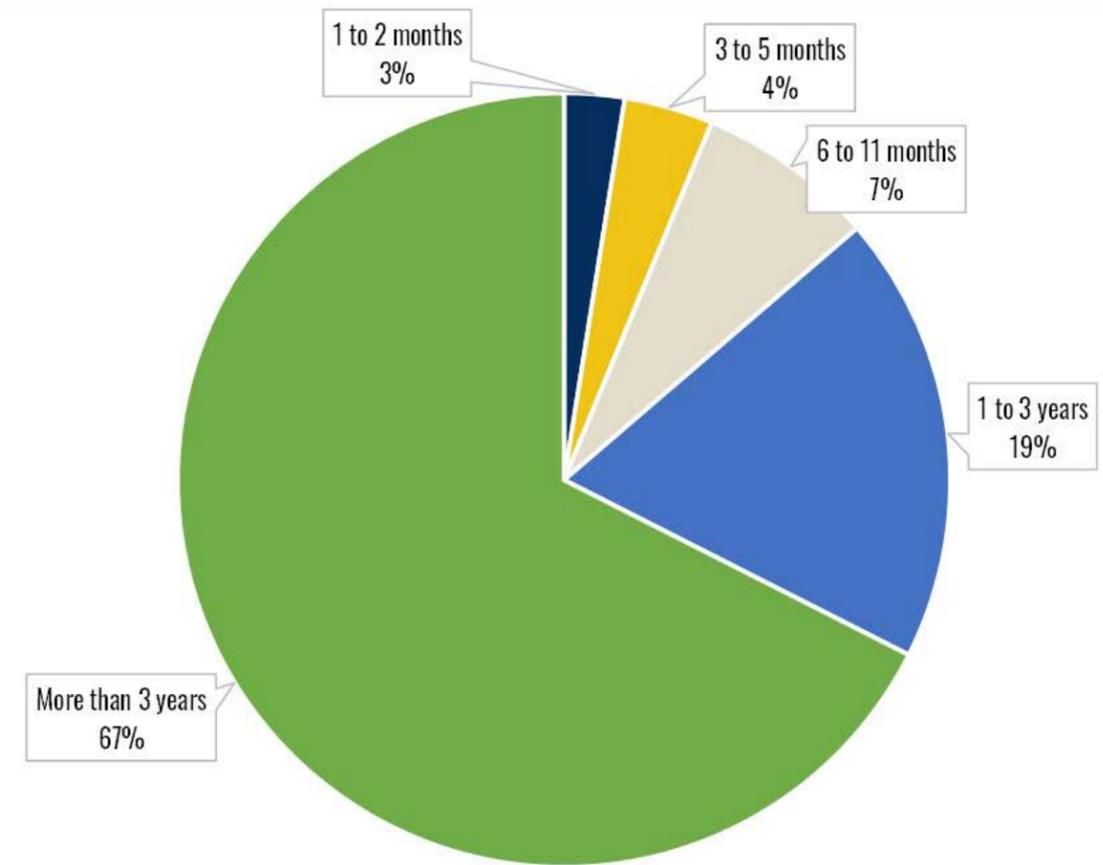


FIGURE 5

DETROITERS' LENGTH OF TIME OUT OF LABOR FORCE



- Though the majority (67%) of Detroiters out of the labor force have not worked in many years, 14% report their exit has been within the last year and 19% report their exit has been in the last one to three years.

REASONS DRIVING UNEMPLOYMENT⁵

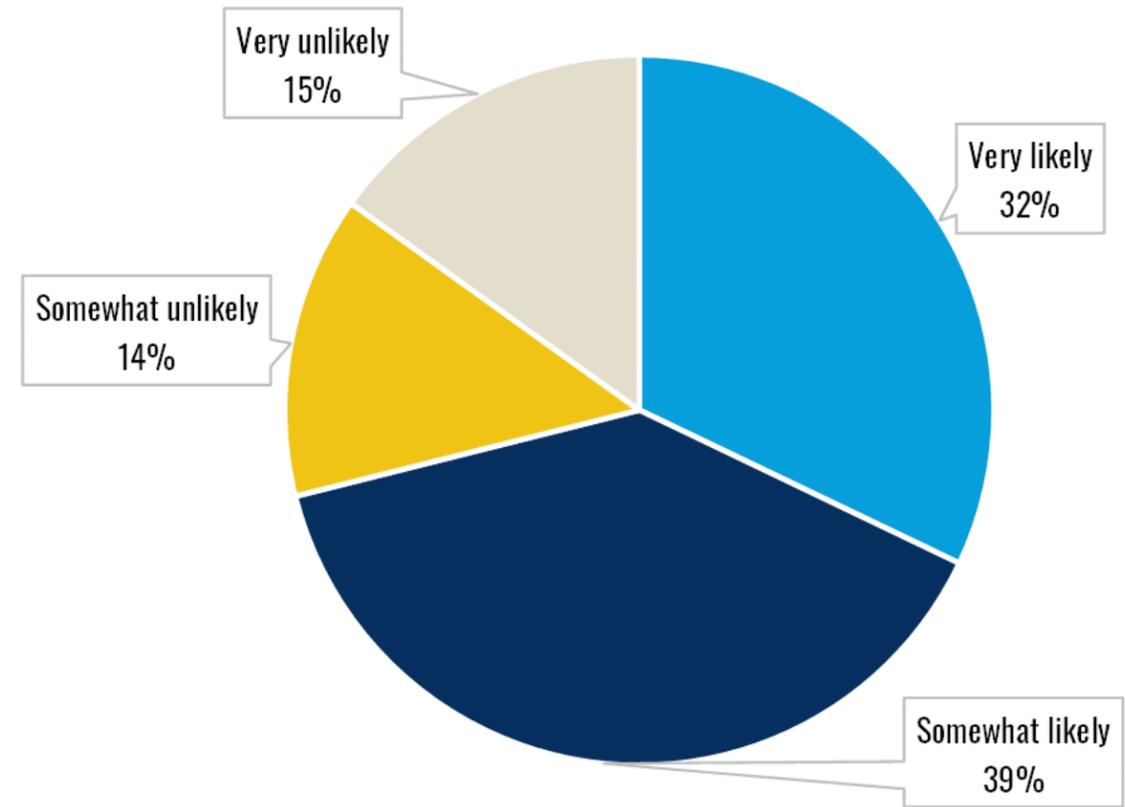
- Most unemployed Detroiters who are in the labor force and have lost their jobs attribute their unemployment to the COVID-19 pandemic: 49% say their place of employment has closed and 50% say that they were laid off due to the pandemic.
- Additionally, 10% of residents currently in the labor force and out of work say that being sick with or caring for someone with COVID-19 contributed to their unemployment.
 - Eleven percent of women in the labor force who are unemployed compared to 2% of men who are in the labor force and unemployed say they have stopped working to care for someone sick with COVID-19.
- One-quarter (26%) of Detroit residents who are in the labor force and unemployed—particularly women—report they had to stop working due to family and personal obligations resulting from the pandemic; 40% of women who are in the labor force and unemployed and 12% of men who are in the labor force and unemployed report they are not working in part due to family obligations.

DETROITERS ARE ACTIVELY LOOKING FOR WORK

- The majority (71%) of Detroiters who are in the labor force and unemployed report that they think it is likely they will return to work in the next month. However, 15% say they think it is very unlikely they will return to work so quickly.
- Overall, 39% of Detroiters who are not retired or disabled report looking for work in the last year.
- Among Detroiters who are currently unemployed, 77% say they have been looking for work.
- Many of those currently employed say they are also looking for other work opportunities; 40% of Detroiters who are currently employed say they have searched for a new job in the past year.
- Detroiters of different genders and races are searching for work at roughly equal rates.
- Among younger residents (those under 40), 57% say they have searched for a job in the past year.
- Nearly half (47%) of adults in households with children are looking for new jobs, compared to 34% of those who do not live with kids.

FIGURE 6

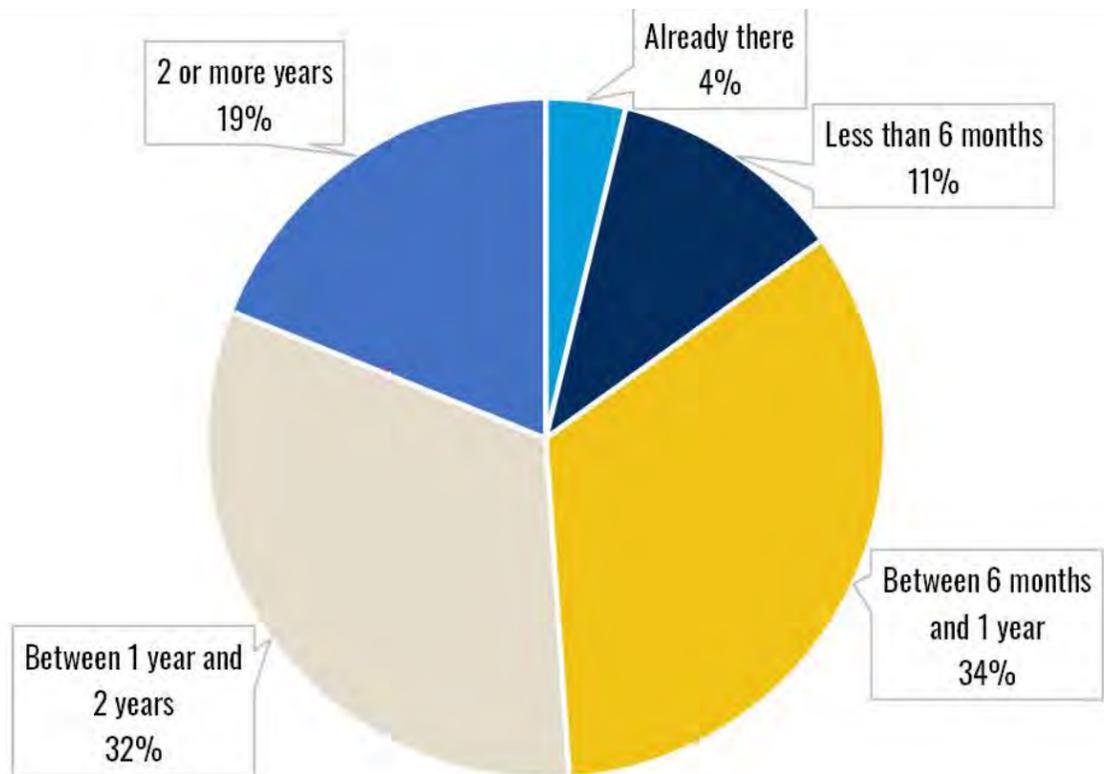
LIKELIHOOD OF RETURNING TO WORK IN THE NEXT MONTH AMONG DETROITERS WHO ARE IN THE LABOR FORCE AND UNEMPLOYED



DETROITERS THINK ECONOMIC RECOVERY IS STILL A LONG WAY OFF

- When asked, “How long do you think it will be before the job situation in the U.S. recovers to about where it was before the pandemic?” a majority (51%) of Detroiters believe that recovery is still more than a year away.
- 34% of Detroiters believe that it will be at least six months to one year before the job situation in the U.S. returns to pre-pandemic levels.
- Younger residents (those under 40), those currently in the labor force and unemployed, and lower-income earners anticipate faster economic recovery than older, employed, and higher-income residents.

FIGURE 7
DETROITERS' PREDICTIONS FOR JOB SITUATION "RETURN TO NORMAL"



METHODOLOGICAL NOTE

DMACS derives respondents' labor force participation and employment status using a multi-step approach that is similar to the approach used by the Current Population Survey (CPS). First, we identify respondents' who are in the labor force and currently employed based on their affirmative response to the question, "In the past month, did you do any work for either pay or profit?" Second, for those respondents who say they have not been actively employed for the past month, we use responses to the question "Did any of the following contribute to your not working?" to determine if the respondent should be coded as in or out of the labor force. Because respondents could select multiple reasons to explain why they are not currently working, we ask respondents to specify the main reason they were out of work if they selected more than one reason. Reasons respondents could select for being out of the labor force were: [1] I am retired; [2] I am going to school or training; [3] I have a health/medical limitations or am disabled; [4] I did not want to work for pay at this time; [5] I am a homemaker or don't work due to family/personal obligations; [6] I have lost my job, been laid off, or am otherwise out of work; [7] Other (specify). Based on their main reason for not working, we code respondents who are retired, who are students, who are disabled or otherwise unfit to work, who are homemakers or caretakers, and who choose not to work as out of the labor force. Respondents who say they are out of work because they have been laid off, lost their job, or are otherwise out of work are coded as in the labor force. Finally, for respondents who skipped the employment questions or who selected "other" as the reason they have not worked, we use three indicators of recent work or intention to return to work to try to fill in their labor force information. We code respondents who were otherwise unable to place in or out of the labor force as in the labor force if they received unemployment insurance in the past month, if they think it is very or somewhat likely they will return to work in the next month, or if they have searched for work in the past year.

In summary, we identify labor force participants as any respondent who:

1. Is currently working (i.e. employed)
2. Is out of work and identified that the main reason they are not currently working is because they "have lost [their] job, been laid off, or [are] otherwise out of work"
3. Is not otherwise coded as in or out of the labor force and has received unemployment insurance in the last month
4. Is not otherwise coded as in or out of the labor force and thinks it is somewhat likely or very likely they will be working in the next month
5. Is not otherwise coded as in or out of the labor force and says they searched for work in the last year.

We identify as out of the labor force any respondent who:

1. Is not currently working and told us the primary reason they were out of work is because they are:
 - a. retired;
 - b. a student;
 - c. disabled or otherwise unfit to work;
 - d. choosing not to work; or
 - e. a homemaker or caretaker

ENDNOTES

- 1 Throughout this report, we use the following definitions in defining the labor force:
 - In the labor force - Includes all respondents ages 18 and older classified as either employed or unemployed.
 - Employed - Includes all respondents who reported working for pay or profit in the past month.
 - Unemployed - Includes all respondents who had no employment in the last month but were in the labor force (see above).
 - Unemployment rate - The unemployed percent of the labor force [i.e., $100 * (\text{unemployed}/\text{labor force})$].
 - Out of labor force - Includes all respondents who are retired, disabled, students, homemaker or caretakers, or otherwise chose not to work.

These definitions match as closely as possible the [federal definitions of labor force components](#) used by the Bureau of Labor Statistics and Current Population Survey.
- 2 Figure 1 shows the month by month trend estimates for the city of Detroit from the [Bureau of Labor Statistics Local Area Unemployment Statistics](#) and the Current Population Survey. BLS LAUS employment and unemployment estimates are produced from statistical models based on time-series employment data from the Current Population Survey, payroll data from the Current Employment Statistics, and unemployment insurance claims from state workforce agencies. LAUS estimates for cities with populations greater than 25,000 are produced through a disaggregation technique using Census Bureau employment and population data and unemployment insurance claims counts. [More information on BLS LAUS employment estimate methodology is available here](#). Current Population Survey employment and unemployment estimates are produced from monthly survey data based on a nationwide sample of 60,000 occupied households per month. The CPS uses a series of 16 questions to classify an individual's (age 16+) employment status; including questions about self-employment, job tenure, work status, unpaid family work, hours worked, layoff, active and passive methods of job search, and availability for work. Within Detroit, roughly 100 households are sampled to participate in the CPS every month. [More information on CPS employment estimate methodology is available here](#). Estimates produced by DMACS, BLS LAUS, and CPS may differ based on their different methods of estimation and different sample sizes. DMACS is based on an address-based sample of more than 1000 Detroit households, including 1,898 household participants in July 2021.
- 3 In interpreting Figure 1, it should be noted that DMACS data was only collected in March 2020, May 2020, June 2020, July 2020, October 2020, March 2021, and July 2021. The trendline between those time periods has been smoothed to connect observations. Readers should take caution in interpreting unlabeled points. For clarity, only months where all three data sources reported estimates are labeled in the graph.
- 4 This report uses the following ethnoracial categories: "Latino" refers to any respondent who identifies as being of "Hispanic, Latino, or Spanish origin." "White" and "Black" refer to respondents who selected only those respective categories (and no other ethnoracial categories) and who do not identify as Latino. Respondents who identified using other ethnoracial categories, who did not identify with any of the ethnoracial categories, or who identified using multiple ethnoracial categories were coded as "Other" (omitted).
- 5 The survey asked "Did any of the following contribute to your job loss/lay off/unemployment?" Responses options included "I am sick with COVID-19 symptoms"; "I am caring for someone with COVID-19 symptoms"; "I am/was laid off due to the COVID-19 pandemic"; "My place of employment closed due to the COVID-19 pandemic"; "I could not work because my job was seasonal"; and "I stopped working due to family/personal obligations resulting from the pandemic (e.g. childcare)." Respondents could select multiple reasons that contributed to their unemployment.

ACKNOWLEDGEMENTS

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Support for DMACS comes from the Knight Foundation, The Ballmer Group, Poverty Solutions at the University of Michigan, and Michigan CEAL: Communities Conquering COVID (MICEAL).

Learn more at www.detroiturvey.umich.edu