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ISSUE BRIEF
COVID-19 RAPID RESPONSE SURVEY FINDINGS

EMPLOYMENT DYNAMICS IN DETROIT DURING THE COVID-19 PANDEMIC

FEBRUARY 2022

M | DETROIT METRO AREA
COMMUNITIES STUDY

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 November 3 and December 15, 2021, and captures the views of a representative sample of 1,900 Detroit residents. This report extends the [findings from earlier data waves](#) on how the pandemic has affected employment trends in Detroit, including Detroiters' expectations for returning to work, job searching, and resignations or career changes.

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

KEY FINDINGS

- Detroit's unemployment rate remains at 20%, virtually unchanged over the course of 2021. This is less than half the unemployment rate observed when unemployment peaked at 43% in June 2020, but twice the pre-pandemic unemployment rate of about 10%.
- Among those in the labor force, people of color, low-wage earners, and residents without four-year college degrees are more likely to be unemployed than other residents.
- Approximately 38,600 Detroiters in the labor force said they had quit, resigned, or voluntarily left a job in the last year. When asked why they left their job, the most common reason was to take a better employment opportunity.
- Nearly 1 out of every 4 parents who are not in the labor force (23%) reported that they left the labor force within the past year – three times the rate of other Detroiters who are out of the labor force.



ONE IN FIVE DETROITERS IN THE LABOR FORCE IS UNEMPLOYED¹

- As of November 2021, DMACS estimates that Detroit’s unemployment rate—the proportion of adults who are in the labor force and actively seeking work or believe they are likely to return to work but are not currently employed—sits at 20%.^{2,3}
- While the current unemployment rate suggests 1 in 5 residents in the labor market are not currently working, this is less than half the unemployment rate observed in June 2020, when 43% of residents in the labor market were not working.

UNEMPLOYMENT 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, and residents without bachelor’s degrees are more likely to be unemployed than other residents.
- Black and Latino Detroiters in the labor force are nearly four times as likely to be unemployed as White Detroiters in the labor force.⁴
 - The unemployment rate among White residents fell from 14% between July and November 2021, whereas the unemployment rate among Black residents and Latino residents remained stable at roughly 23%. This suggests that White Detroiters are experiencing faster employment recovery than residents of color.
- Low-income Detroiters in the labor force are four times as likely as middle-income Detroiters to be unemployed. Forty-three percent of Detroit residents in households earning less than \$30,000 annually are unemployed compared to 10% earning \$30,000-\$60,000 and 5% of those with household incomes of \$60,000 or more.
- Detroiters without a four-year college degree are more than three times as likely to be unemployed as residents with a bachelor’s degree.
 - The unemployment rate among residents without a bachelor’s degree fell from 27% in July 2021 to 23% in November 2021, whereas the unemployment rate among those with a bachelor’s degree or more fell from 11% to 7% over the same period.

FIGURE 1

DETROIT CITY UNEMPLOYMENT RATE ESTIMATES

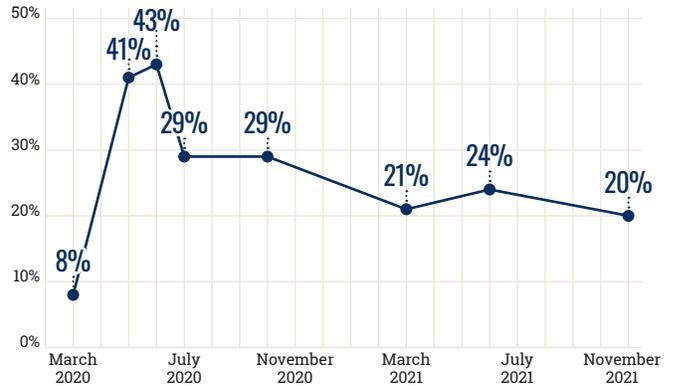
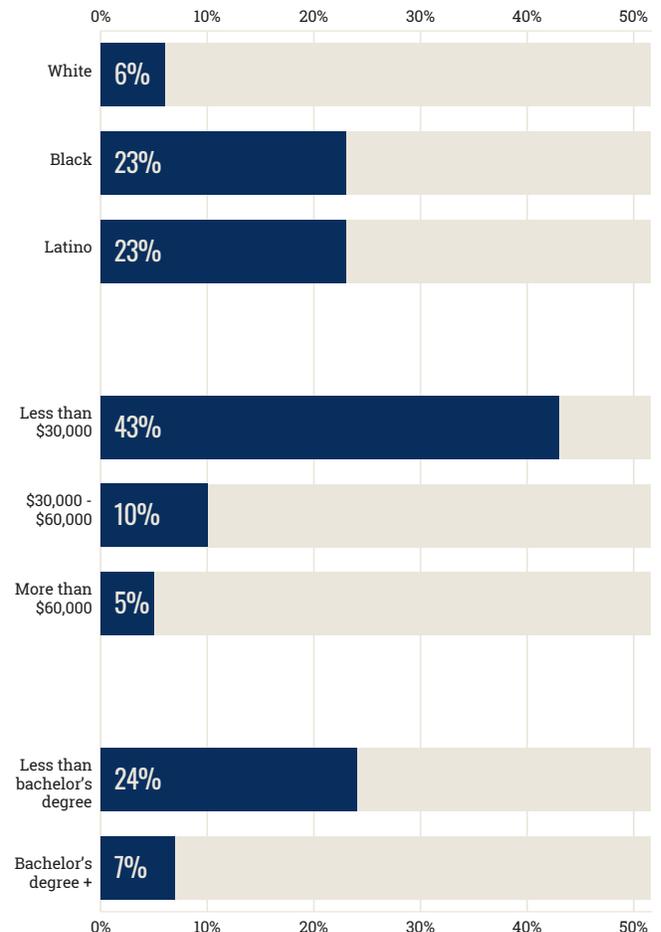


FIGURE 2

UNEMPLOYMENT AMONG DETROITERS IN THE LABOR FORCE

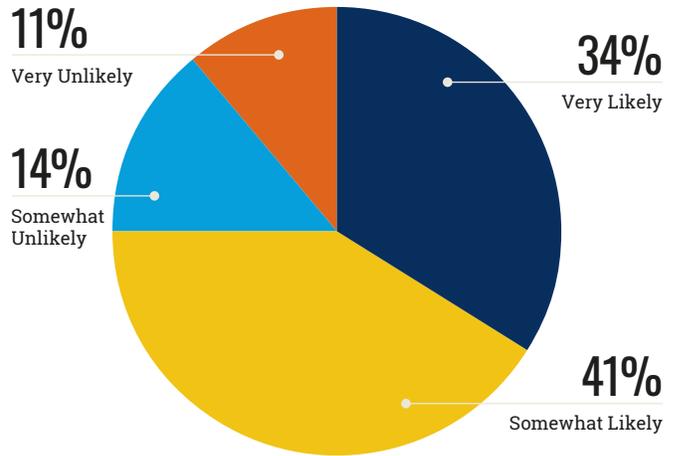


THE MAJORITY OF UNEMPLOYED DETROITERS EXPECT TO BE BACK TO WORK SOON

- The majority (75%) of Detroiters who are unemployed but in the labor force think it is likely they will return to work in the next month. However, 11% think it is very unlikely they will return to work so quickly.
- Unemployed Black (78%) and Latino (76%) Detroiters are three times as likely to say they expect to return to work in the next month compared to unemployed White Detroiters (27%).
- Unemployed parents also are more likely (86%) than other unemployed Detroiters (67%) to say they think it is likely they will return to work in the coming month.
- Among Detroit residents who are in the labor force but unemployed, half (53%) report they have been out of work for less than a year while 41% say they have been out of work for one to three years.

FIGURE 3

UNEMPLOYED DETROITERS' LIKELIHOOD OF RETURNING TO WORK IN THE NEXT MONTH

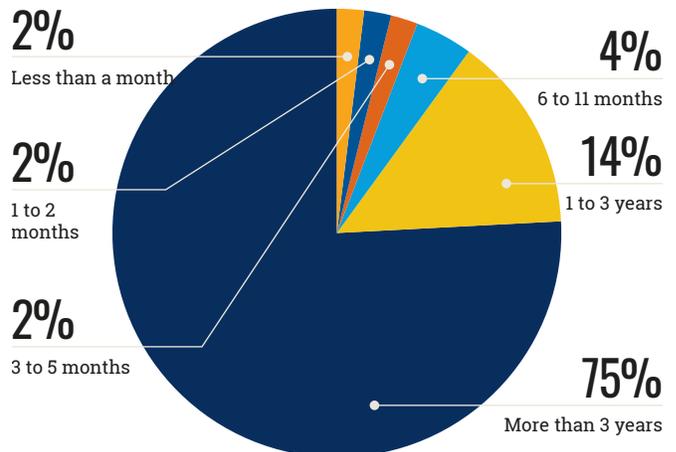


ONE IN 10 DETROITERS OUT OF THE LABOR FORCE EXITED IN THE PAST YEAR

- The majority (75%) of Detroiters out of the labor force report they exited the labor market more than three years ago. One-quarter (25%) of those out of the labor force report exiting the workforce in the past three years, including 11% who say they exited in the past year.
- Of those out of the labor force, Latino residents, younger adults, and parents are more likely to have left the labor force in the past year.
- Nearly one-third (29%) of Latino Detroiters who are out of the labor force report they exited in the past year. By comparison, 9% of White Detroiters and 8% of Black Detroiters out of the labor force similarly report recently exiting the workforce.
- Forty-one percent of younger residents (those under 40) who are out of the labor force report exiting in the past year, compared to 7% of residents between 40 and 64 years old who are out of the labor force and 3% of older adults who are out of the labor force.
- Parents who are out of the labor force are three times as likely (23%) to report they have exited the labor force in the last year compared to other Detroiters (8%) who are out of the labor force.
- We do not find that women are more likely to report exiting the labor force in the last year than men.

FIGURE 4

DETROITERS' LENGTH OF TIME OUT OF THE LABOR FORCE

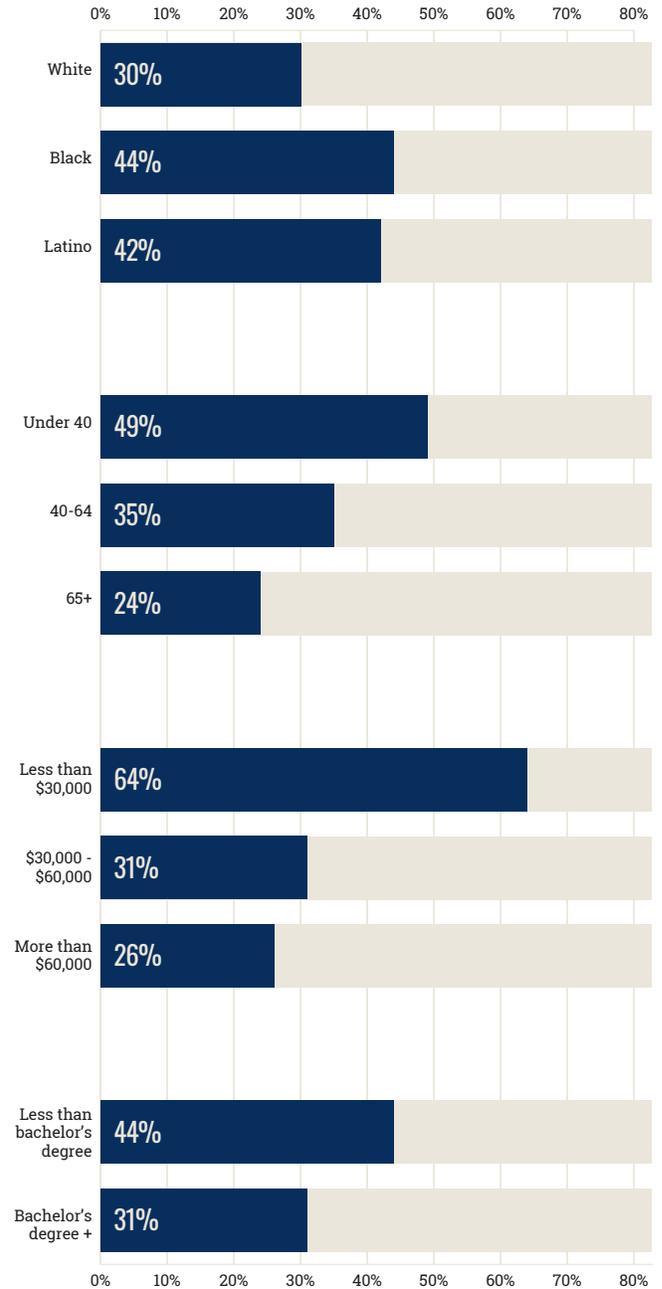


EMPLOYED AND UNEMPLOYED DETROITERS ARE ACTIVELY LOOKING FOR WORK

- Forty-one percent of Detroiters in the labor force—including 32% of those currently employed and 80% of those unemployed—report actively looking for work in the past month.
- Nearly all (91%) unemployed residents who have been out of work for a year or less say they are actively seeking work, compared to 70% of longer-term unemployed residents.
- Among Detroiters in the labor force, younger residents, those with low incomes, and residents who lack a bachelor’s degree are more likely to be actively seeking employment opportunities than older, higher-income, bachelor’s degree-holding Detroiters.
- Forty-nine percent of younger residents (those under 40) in the labor force say they have searched for a job in the past month compared to 35% of residents between 40 and 64 years old and 24% of older adults.
- Low-income residents (those in households earning less than \$30,000 annually) in the labor force are twice as likely to be searching for jobs than higher-income residents.
- Among those in the labor force, 44% of Detroiters without a four-year college degree report they are actively seeking work compared to 31% of residents with at least a bachelor’s degree. However, among those unemployed, 95% of bachelor’s degree holders say they are actively seeking employment.
- Black Detroiters in the labor force are significantly more likely than White residents to report they have searched for a job in the past month.

FIGURE 5

JOB SEARCH AMONG DETROITERS IN THE LABOR FORCE



38,600 DETROITERS PARTICIPATED IN THE GREAT RESIGNATION IN 2021⁵

- Sixteen percent of Detroiters in the labor force report that they have quit, resigned, or voluntarily left a job in the last year, suggesting that as many as 38,600 Detroiters have been part of the trend of labor market churn during the COVID-19 pandemic known as “the Great Resignation.”
- The majority of Detroiters who quit a job in the last year are currently working, suggesting that many quit to take new positions. Of those who quit in the past 12 months, 76% report working in the past month while 24% have not worked.
- Young people are more likely to have quit a job. Of those in the labor force, 23% of younger Detroiters (those under 40) say they quit a job in the last year, compared to 9% of Detroiters between 40 and 64 years old and 8% of older adults.
- When asked why they had left their job, the most common reason offered by Detroiters was they left to take a better employment opportunity.
 - One resident described this opportunity upgrading, saying they quit for a “better position within the same industry.”

“[IT] OFFERED BETTER PAY, BENEFITS AND WORK ENVIRONMENT. [IT’S ALSO] PERMANENTLY REMOTE SO I DON’T HAVE TO WORRY ABOUT EVENTUALLY GOING BACK TO AN OFFICE.”

- Many Detroiters also cited the pandemic as a reason they had left work, including unsafe working conditions, unvaccinated colleagues, and uncertain work schedules.

HALF OF DETROIT’S WORKFORCE—ESPECIALLY YOUNG WORKERS—ARE CONSIDERING CHANGING OCCUPATIONS

- Half (50%) of Detroiters in the labor force report they have considered changing their occupation or field of work in the past year.
 - Forty-nine percent of employed Detroiters and 57% of unemployed Detroiters report they have seriously considered changing their occupation or field of work in the past year.
- Three-quarters (75%) of Detroiters in the labor force (both currently employed and unemployed) who are actively searching for a new job report they have considered changing fields.
- Similarly, 74% of Detroiters in the labor force who have quit a job in the past year report considering changing career fields.
- Roughly 1 in 6 Detroiters (18%) in the labor force report they have pursued job retraining or other education opportunities in the last 12 months.
 - Twenty-one percent of unemployed residents in the labor force say they have pursued workforce education opportunities in the past year.
 - Twenty-six percent of residents in the labor force who are actively searching for jobs and 28% of those who have quit a job in the last year say they have sought out job retraining programs.
- Young Detroiters are especially likely to consider changing fields and to pursue workforce education opportunities.
 - The majority (57%) of Detroiters under 40 years old in the labor force report they have considered changing fields in the past year, compared to 46% of those between 40 and 64 years old and 17% of older adults.
 - Nearly one-quarter (23%) of Detroiters under 40 years old in the labor force report pursuing job retraining opportunities in the last year, making them almost twice as likely as those between 40 and 64 years old (14%) and four times as likely as older workers (6%) to seek out work education programs.

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. We also consider any respondent who reports that they have actively searched for a job in the last month, regardless of if they are working or not,

as in the labor force. For respondents whose labor force status remains unclassified based on this coding approach, we use two indicators of recent work or intention to return to work to try to fill in their labor force information. We code respondents who we 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 or if they think it is very or somewhat likely they will return to work in the next month.

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. Reports having actively searched for a job in the past month
4. Is not otherwise coded as in or out of the labor force and has received unemployment insurance in the last month
5. 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

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

1. Is not currently working or searching for work 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; (E) a homemaker or caretaker.

ACKNOWLEDGMENTS

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Communities Conquering COVID (MICEAL) (NIH grant 1 OT2 HL 156812). For more on Michigan CEAL, please visit www.michiganceal.org. This report was written by Lydia Wileden and is a collaborative effort of numerous colleagues.

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 classified as in the labor force (see above methodological note).
 - *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 (BLS LAUS) and Current Population Survey (CPS).

- 2 Figure 1 shows the month by month trend estimates from DMACS. Estimates produced by DMACS may differ from employment estimates produced by the BLS LAUS and the CPS due to their different methods of estimation and different sample sizes. DMACS is based on a large, address-based sample of Detroit households, including 1,900 household participants in December 2021. [BLS LAUS](#) employment and unemployment estimates are produced from statistical models based on time-series employment data from the CPS, 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.](#) CPS 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. This small sample means CPS estimates for the city of Detroit are highly volatile month to month. [More information on CPS employment estimate methodology is available here.](#)
- 3 In interpreting Figure 1, it should be noted that DMACS data were only collected in March 2020, May 2020, June 2020, July 2020, October 2020, March 2021, July 2021, and December 2021. The trendline between those time periods has been smoothed to connect observations. Readers should take caution in interpreting unlabeled points.
- 4 This report uses the following ethn racial 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 ethn racial categories) and who do not identify as Latino. Respondents who identified using other ethn racial categories, who did not identify with any of the ethn racial categories, or who identified using multiple ethn racial categories were coded as "Other" (omitted).
- 5 The BLS LAUS estimates that 241,269 Detroiters over the age of 16 are in the labor force. Based on this population estimate, a 16% resignation rate equates to 38,603 resignations in the past year. This estimate may undercount the number of residents who have left a job in the past year if they have left the labor force or if a respondent left multiple positions.

FOR MORE INFORMATION

Please contact Sharon Sand, DMACS project manager,
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Learn more at www.detroitssurvey.umich.edu