



ISSUE BRIEF

EMPLOYMENT DYNAMICS IN DETROIT

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BY LYDIA WILEDEN

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 16 and August 26, 2022, and captures the views of a representative sample of 2,339 Detroit residents. This report extends the [findings from earlier data waves](#) on employment trends in Detroit, including Detroiters' expectations for returning to work, job searching, and engagement with the gig economy.

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

KEY FINDINGS

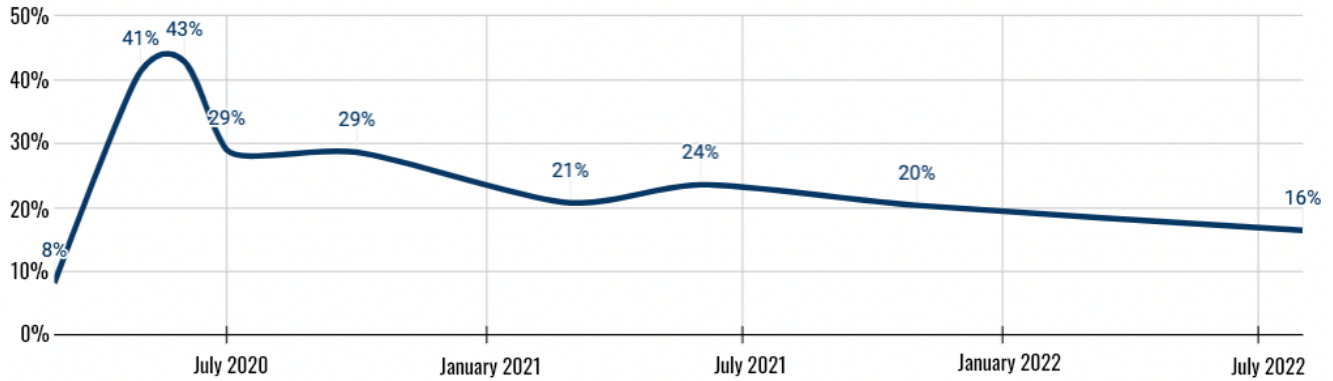
- Detroit's unemployment rate fell to 16% in August 2022, a significant drop from DMACS's previous estimate of 20%. Despite the drop in unemployment, the unemployment rate remains twice the pre-pandemic unemployment rate of 8%.
- Since November 2021, the greatest declines in unemployment were among residents of color and low-income Detroiters.
- Confidence in the job market remains strong: unemployed residents expect to return to work quickly and many employed Detroiters are actively seeking other employment opportunities.
- One in 10 Detroiters—especially younger residents—engage in gig work to make ends meet.

UNEMPLOYMENT CONTINUES TO TREND DOWNWARDS FOR DETROITERS¹

- As of August, DMACS estimates that Detroit's unemployment rate—the proportion of adults in the labor force who are not working but are actively seeking work or who believe they are likely to return to work soon—sits at 16%.^{2,3}
 - Although a relatively large number of Detroiters in the labor force (1 in 6) are unemployed, this is a significant drop in unemployment from the previous DMACS estimate of 20% in November 2021.
 - Despite the downward trend, the unemployment rate in Detroit remains twice as high as the estimated pre-pandemic rate of 8%.



Figure 1: Detroit City Unemployment Rate Estimates



DROPS IN UNEMPLOYMENT FELT BY LOW-INCOME HOUSEHOLDS AND RESIDENTS OF COLOR, THOUGH LEVELS REMAIN HIGH

- Among those in the labor force, people of color, women, parents, young adults, low-wage earners, and residents without college degrees are more likely to be unemployed than other residents.
- Black and Latino Detroiters in the labor force are twice as likely to be unemployed as White Detroiters in the labor force.⁴
 - The unemployment rate among Black and Latino residents fell to roughly 17% from 23% between November 2021 and August 2022, whereas the unemployment rate among White residents remained stable at 8%.
- Women are significantly more likely to be unemployed compared to men. Nearly 1 in 5 (19%) women in the labor force are unemployed compared to 13% of men. This gender gap in unemployment is relatively new in Detroit, as there was no significant gender gap in our [earlier surveys](#) conducted during the pandemic.
- Parents are more likely to be unemployed compared to adults without children.
- Young adults—those under the age of 40—are twice as likely to be unemployed compared to middle-aged and older residents.
- Roughly one third (32%) of low-income Detroiters in the labor force are unemployed, making them nearly four times as likely as middle-income Detroiters (9%) to be unemployed.
 - This high rate reflects considerable improvement in employment among low-income Detroiters, falling from 43% in November 2021.
- Detroiters without a college degree (20%) are four times as likely to be unemployed as residents with a college degree (5%).

Figure 2: Unemployment Among Detroiters in the Labor Force

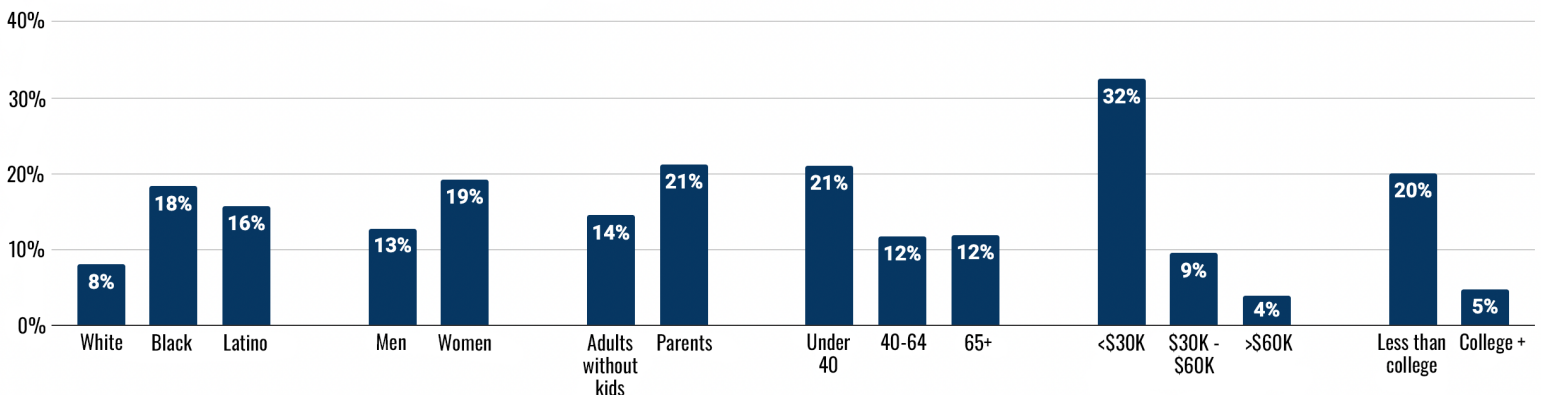
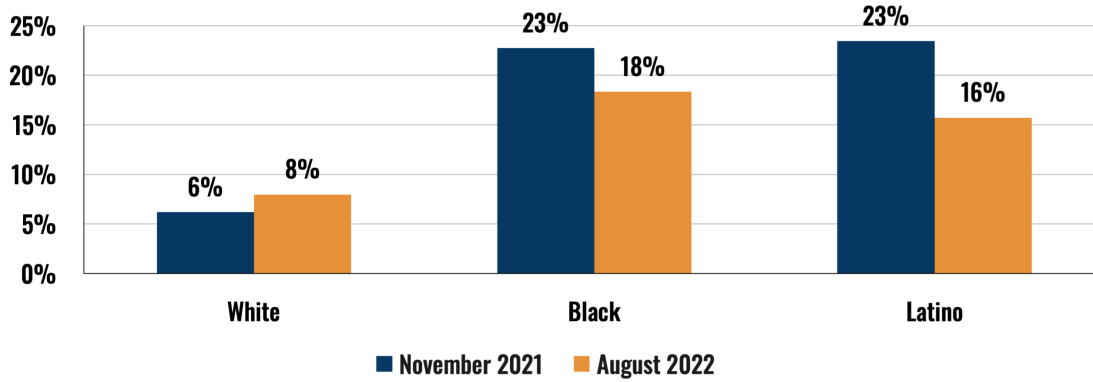


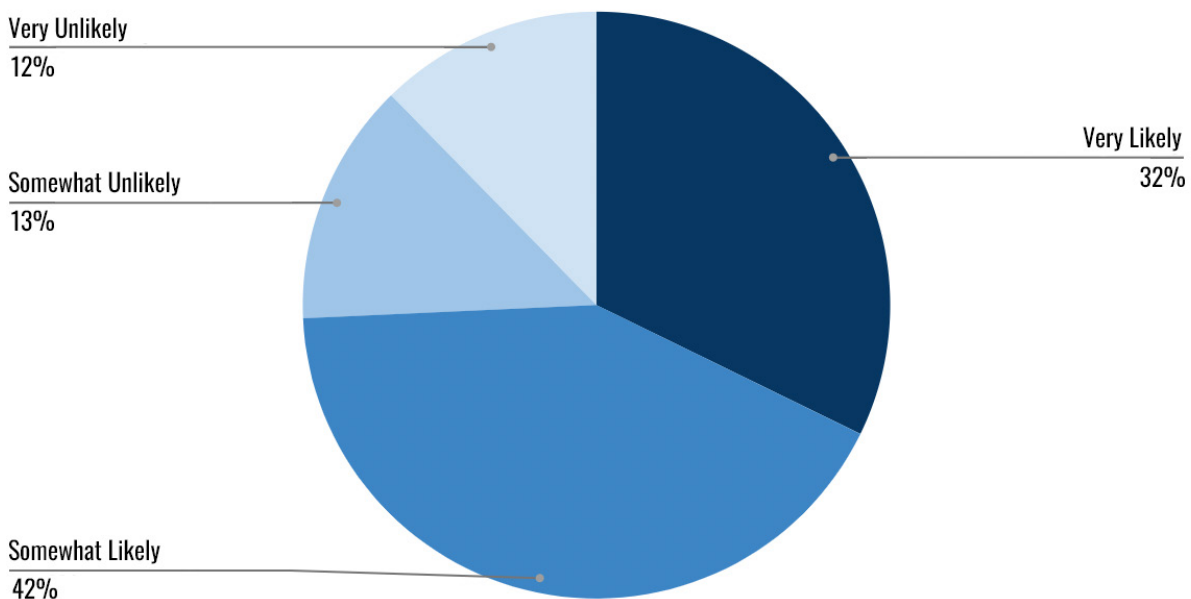
Figure 3. Unemployment Rate by Race, November 2021 and August 2022



UNEMPLOYED DETROITERS REMAIN CONFIDENT THEY WILL RETURN TO WORK QUICKLY

- The majority (75%) of Detroiters who are unemployed but in the labor force think it is very or somewhat likely they will return to work in the next month. This is in keeping with [DMACS findings from November 2021](#) when a similar proportion of unemployed Detroiters expected to quickly return to work, suggesting continued confidence in the availability of jobs.
- Among Detroit residents who are in the labor force but unemployed, half (57%) report they have been out of work for less than a year, while 27% say they have been out of work for one to three years.

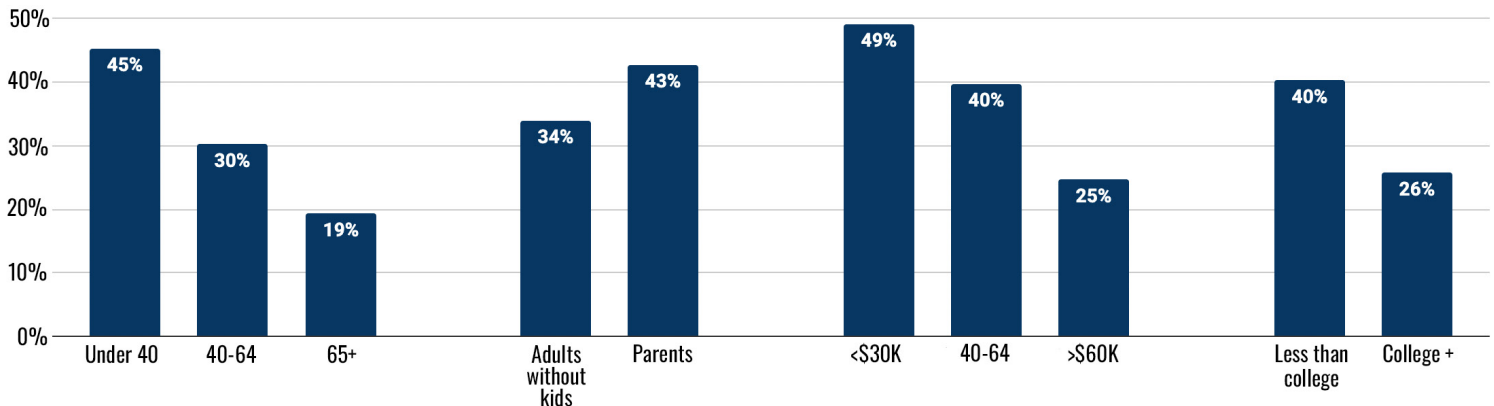
Figure 4: Unemployed Detroiters' Likelihood of Returning to Work in the Next Month



EMPLOYED AND UNEMPLOYED DETROITERS CONTINUE TO ACTIVELY LOOK FOR WORK

- Forty-five percent of Detroiters in the labor force—including 36% of those currently employed and 87% of those unemployed—report actively looking for work in the past month. This is roughly equivalent to job searching behavior found in late 2021.
- Among currently employed Detroiters, younger residents, parents, those with low incomes, and residents who lack a college degree are more likely to actively be seeking alternative employment opportunities.
 - Employed Detroiters under age 40 are 1.5 times as likely to be seeking other work compared to those age 40-64. Forty-five percent of employed Detroiters under age 40 say they are actively searching for jobs.
 - Forty-three percent of parents who are currently employed say they have actively searched for a job in the last month, compared to 34% of adults without children.
 - Half (49%) of low-income residents (those in households earning less than \$30,000 annually) who are currently employed say they are actively seeking alternative employment, compared to 25% of employed residents earning \$60,000 or more.
 - Among those currently employed, 40% of Detroiters without a college degree report they are actively seeking work compared to 26% of residents with at least a bachelor's degree.

Figure 5: Job Search Among Employed Detroiters



ONE IN 10 DETROIT RESIDENTS ARE ACTIVELY ENGAGED IN GIG WORK TO MAKE ENDS MEET

- More than one-quarter of Detroiters (29%) report that they have ever earned money through the gig economy, including driving for a ride-hailing app, delivering groceries or restaurant food, and performing household tasks.
- One in 10 Detroiters (10%) report they currently earn money through gig work.
 - Thirteen percent of Detroiters who are unemployed report that they are currently earning money through gig work. Similarly, 15% of employed Detroiters and 2% of those out of the labor force report they currently earn income through gig work.
 - Young adults are especially likely to engage in gig work as a source of income. One in 6 (17%) Detroiters under the age of 40 report they currently earn income through gig work, compared to 8% of those 40-64 and 2% of Detroiters 65 and over.

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 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

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 2,339 household participants in August 2022. [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, December 2021, and August 2022. 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 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).

ACKNOWLEDGEMENTS

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FOR MORE INFORMATION

For more information on DMACS, please contact
Sharon Sand, DMACS project manager, at
slsand@umich.edu.

Learn more at www.detroiturvey.umich.edu

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