



# Poverty in Michigan

## *Grief, Anxiety and Suffering on the Rise*

*The existence of such widespread poverty amidst such enormous wealth is a moral and social wound in the soul of this country.*

—Catholic Charities USA

The principles of Catholic social teaching address a number of issues that exemplify the mission of the Church. From Life and Dignity of the Human Person to Care for God's Creation; from the Dignity of Work and the Rights of Workers to the Call to Family, Community and Participation; there exists within Catholic teaching an extensive collection of writings that focus on the concern for all persons, especially the poor and vulnerable. *Populorum Progressio* (On the Development of Peoples), composed by Pope Paul VI in 1967, and its 20-year anniversary encyclical *Sollicitudo Rei Socialis*, penned by John Paul II, are just two examples of the exceptional attention paid by the universal Church to the poor and underdeveloped nations of the world.

In a society marred by deepening divisions between rich and poor, Catholic tradition recalls the story of the Last Judgment and instructs society to put the needs of the poor and vulnerable first. Unfortunately, the principle of Catholic social teaching that is often

overlooked or circumvented by a materialistic-driven society is Options for the Poor and Vulnerable. As the State of Michigan continues to witness an alarming number of mortgage foreclosures, an increase in the number of families living without health insurance, high unemployment rates and job loss, the time is now for a more focused public policy attention to the plight of Michigan's poor and suffering population.

It is with deep hope that elected officials and policymakers discover the courage and desire to ignite Michigan's option for the poor and vulnerable. Since 2003, for example, Michigan has consistently ranked between 48<sup>th</sup> and 51<sup>st</sup> (including the District of Columbia) in the country in unemployment. Today, Michigan's unemployment rate stands at the highest in the nation. This issue of FOCUS seeks to highlight the state of poverty in Michigan, which by all accounts indicate that grief, anxiety and suffering are on the rise.

# Analyzing Poverty in Michigan: 2001–2006

An analysis of the poverty rate from 2001 to 2006 illustrates the increased suffering that is taking place across the state. Data provided by the Michigan League for Human Services in its December 2007 report *The Changing Face of Poverty* indicates that single mothers, children, minorities and those families earning less than \$35,000 per year are hardest hit by the difficult economic times confronting Michigan.

witnessed a staggering one foreclosure for every 102 homes. This number represents a 78.6 percent increase from the third quarter of 2006.

A decline in health care coverage and employee availability has paralleled skyrocketing home foreclosure rates. As many know, a lack of health insurance forces individuals and families to make the tough choice between securing health

The Church has long advocated that health care is a basic human right, and genuine health care reform, recognizing the dignity of persons and the unique needs of the poor, is a matter of fundamental justice. Based on this understanding, Michigan Catholic Conference each legislative session advocates for an expansion of health coverage for low- and moderate-income uninsured individuals and families, and also for the protection of adequate Medicaid funding in the Department of Community Health budget. Such funding must be preserved for those who find themselves in need as the state continues to work its way out of a dismal economic condition.

	2001	2006
Family poverty rate	7.9%	9.6%
Homes earning between \$10,000 and \$19,999 spending more than 30 percent of income on housing	74.6%	84%
Homes earning between \$20,000 and \$34,999 spending more than 30 percent of income on housing	34.5%	54.3%
Single-mother families living in poverty	33%	39%
Michigan children in poverty	14.2%	17.8%
Children under 18 in poverty by race	White	18%
	Hispanic	30%
	African-American	41%

Source: Michigan League for Human Services, 2007

In October 2007 the national unemployment rate was 4.7, three full percentage points lower than Michigan's seasonally adjusted unemployment rate of 7.7, the highest rate the state has seen in 15 years. Along with job loss, the nationwide epidemic of housing foreclosures has more than taken its toll on Michigan residents. At the end of the third quarter of 2007, Michigan ranked fourth in the country in the number of foreclosures, with a total of 29,655 properties in one of the three stages of foreclosure. While the national percentage of foreclosure is one for every 196 households, Michigan has

care or making utility payments, or buying enough groceries for the month. According to *The Changing Face of Poverty*, there were 450,000 fewer people covered by private health insurance plans in 2005–2006 than in 2000–2001—the third largest loss in the country. Additionally, there has been a decrease in the number of companies offering their employees health care coverage. In 1995, nearly 75 percent of employers offered health care coverage. That number dropped to 69 percent in 2000, then even further to 60 percent in 2005.

***From 2006–2007 there has been a 78.6 percent increase in housing foreclosures in Michigan.***

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# Eradicating Poverty: A Call to Action

A workable approach to addressing poverty is to replace the root causes with good public policy. In this sense, the state has an obligation to create an infrastructure that works to diminish the economic burdens that afflict the poor. Positive tax policy can be implemented in a way that assists those who are working their way out of the threshold of poverty.

In its 2006 paper *Poverty in America: A Threat to the Common Good*, Catholic Charities USA cites the success of the federal Earned Income Tax Credit (EITC) as a tool that has prevented millions from joining the poverty ranks. It then called for an improvement to the EITC to be more inclusive in an effort to achieve an overall goal of cutting in half the nation's poverty rate. Implemented in 1975, the federal EITC has found support among conservatives and liberals alike who believe the tax policy benefits the economy, gives low-income workers an incentive to work, and offsets the burden of disproportionate federal taxes. In fact, the tax credit has proven to lift more children out of poverty than any other federal tax policy in existence.

The EITC has found support at the state level as well. In September 2006, with broad bipartisan support, the Michigan Legislature passed and the governor signed an Earned Income Tax Credit with immediate effect, joining at least 20 other states that already offer the credit. The legislation allows taxpayers who qualify for the federal EITC, beginning after December 31, 2007, to claim a state credit worth 10 percent of the

federal credit. Beginning December 31, 2008 and beyond, the taxpayer will be eligible to claim an additional 10 percent of the federal credit, making the final state Earned Income Tax Credit worth a total of 20 percent of the federal credit. Michigan Catholic Conference heralded the passage of this legislation and deemed the bill "the best piece of legislation passed this year" due to the tax policy's positive affect on the working poor of the state.

Following its 2006 document, Catholic Charities USA in January 2008 released *Poverty and Racism: Overlapping Threats to the Common*

*Good*, which identified several policy proposals that seek to address the poverty that is racially caused or aggravated. According to Rev. Larry Snyder, President of CCUSA: "Poverty and racial injustice betray our national ideals of liberty and justice for all. This document, born out of our Campaign to Reduce Poverty in America, is intended to start, enrich, and inform a conversation throughout our country, compelling each of us to serve, educate, and advocate for programs and policies that will foster unity in all of our communities, eliminate racism, and significantly reduce poverty in our lifetime."

Among those federal policy proposals called for by Catholic Charities USA to conquer racially charged poverty are:

**Improved Fair Housing Laws:**

Greater accountability and transparency in the mortgage industry to ensure equal access to the funding necessary to obtain housing financing.

**Increased Federal Funding for Affordable Housing:**

Increased federal support to build more affordable housing and expanding other opportunities for people of color to purchase their own homes. Just as the government provided benefits to white America in the 1940s and 50s, so should the government provide basic fairness and inclusion today.

**Stronger Laws to Punish Predatory Lenders:**

Capping the interest that can be charged for short-term loans,

and requiring greater transparency for those who may have limited education or English proficiency.

**Comprehensive Criminal Justice Reform:**

The number of incarcerated Americans has risen significantly in recent decades. Assistance is needed for recently released individuals so they can make the transition back into the community and become economically productive.

**Comprehensive Immigration Reform:**

Comprehensive immigration policies that not only promote the security of our nation, but also place undocumented workers and their families on a path to lawful permanent residence and citizenship.

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# Catholic Charities: Providing Help, Creating Hope

In his first papal encyclical, *Deus Caritas Est*, Pope Benedict XVI draws an important parallel between the issue of charity and that of justice. “For the Church, charity is not a kind of welfare activity which could equally well be left to others, but is a part of her nature, an indispensable expression of her very being,” the Holy Father wrote. Forbidding society to become complacent in its works of charity, the Supreme Pontiff advances the Church’s teaching by calling on the world to blend charity with a commitment to justice. “Instead of contributing through individual works of charity to maintaining the *status quo*, we need to build a just social order in which all receive their share of the world’s goods and no longer have to depend on charity.” It is in the spirit of *Deus Caritas Est*

that Catholic Charities USA has made a commitment to cut poverty in half by 2020, and has proposed an aggressive public policy agenda to address race and poverty.

While Catholic Charities and the advocacy work of the Michigan Catholic Conference exhibit the Church’s commitment to justice every day, charity agencies in Michigan continue to maintain an open door and hearts policy for those residents that have fallen behind due to the state’s economic troubles. Listed below by diocese are agencies and contact numbers for individuals and families who are seeking the assistance that Catholic Charities agencies and diocesan offices are able to provide:

Diocese	Agency	Phone Number
Archdiocese of Detroit	Office of Catholic Social Action	(313) 237-5905
Diocese of Gaylord	Catholic Human Services	(231) 947-8110
Diocese of Grand Rapids	Catholic Charities West Michigan	(616) 456-1443
Diocese of Kalamazoo	Catholic Family Services	(269) 381-9800
Diocese of Lansing	Department of Catholic Charities	(517) 342-2465
Diocese of Marquette	Catholic Charities of the U.P.	(906) 227-9116
Diocese of Saginaw	Office of Christian Service	(989) 797-6650

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Staff Contact: David Maluchnik, Director of Communications  
[dmaluchnik@micatholicconference.org](mailto:dmaluchnik@micatholicconference.org)

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Division at (517) 372-9310 or FAX at (517) 372-3940

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