



Economic Well-being in the Great Recession: *A Cross-State Analysis of Trends over Time in Poverty, Hunger, Housing Costs, and Labor Market Participation*

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Report to the Washington State Department of Social and Health Services (DSHS) Economic Services Administration, Troy A. Hutson, JD, Assistant Secretary, Babs Roberts, Interim Director of Community Services Division, and Dori Shoji, MSW, Senior Policy Advisor

THE RECENT ECONOMIC DOWNTURN, which has come to be known as the Great Recession, officially began in December 2007 and ended in June 2009.¹ Individuals who experienced unemployment in and around the most recent recession have spent a historically unprecedented amount of time out of work.² Set against this tough economic backdrop, and given the state budget constraints that accompany it, policymakers and administrators must make difficult decisions. They can look to other states as they consider various policy options, but this requires an understanding of economic conditions in those other states. Therefore, the Economic Services Administration (ESA) asked the Research and Data Analysis (RDA) division to compare Washington State to eight similar states on indicators of economic well-being over the past decade. *See the Technical Notes on page 13 for details on how comparison states were selected.*

Key Findings

Rates of child poverty and hunger rose most sharply in Washington State during the recession. Poverty and food insecurity rates rose across all nine states over the past decade. Of these states, Washington experienced the biggest increase in child poverty between 2008 and 2009, with 37 percent of the state's children in poverty in 2009. During the recession, Washington (along with Oregon) also experienced the biggest increase in the rate of very low food security. One likely contributing factor was the cost of housing, as Washington had the third highest fair market rental cost for a 2-bedroom apartment.

Job growth and employment rates in Washington point to a relatively robust and resilient state economy. Although rates of private sector job growth declined in all nine states over the past decade, Washington's rate of growth started out highest and remained highest. Similarly, though employment rates fell in all nine states during the recession, Washington's rate was fourth highest in 2009, with 62.2 percent of the working-age population employed. The state also experienced the fourth smallest decline in the rate of employment from 2008 to 2009.

However, Washington's high underemployment and long-term unemployment rates, in the context of a relatively strong state economy, suggest a potential "structural" mismatch between some groups of workers and available jobs in the new economy. Long-term unemployment rates rose in eight of the nine states. In 2009, Washington's long-term unemployment rate almost doubled from the prior year, from 6.5 to 11.7 percent, and was third highest among the nine states. Similarly, the duration of unemployment rose in all states, but Washington experienced the second highest increase from 13.6 weeks in 2008 to 21.2 weeks in 2009. At 7.6 percent, Washington also had the third highest rate of underemployment—the percent of those employed who were working part-time but desired full-time work—in 2010.

1 Sum, Andrew and Ishwar Khatiwada (2010). "The Nation's underemployed in the "Great Recession" of 2007-09," *Monthly Labor Review*, pp. 3-15.

2 Allegretto, Sylvia and Devon Lynch (2010). "The composition of the unemployed and long-term unemployed in tough labor markets," *Monthly Labor Review*, pp. 3-18.

IMPACT OF THE GREAT RECESSION | Trends in Poverty, Hunger, and Housing Costs

The following section provides population-level measures that are likely to reflect and contribute to the ways in which the economic downturn and tough labor market climate translate into individual and family level need and vulnerability. Specifically, we show trends over the past decade in poverty, food insecurity, and rental costs in nine states: Arizona, Colorado, Delaware, Minnesota, Nevada, Oregon, Pennsylvania, South Dakota, and Washington. Using the most recent data available to us, we also show one-year changes in these measures to help illustrate the impact of the Great Recession on each measure being observed.

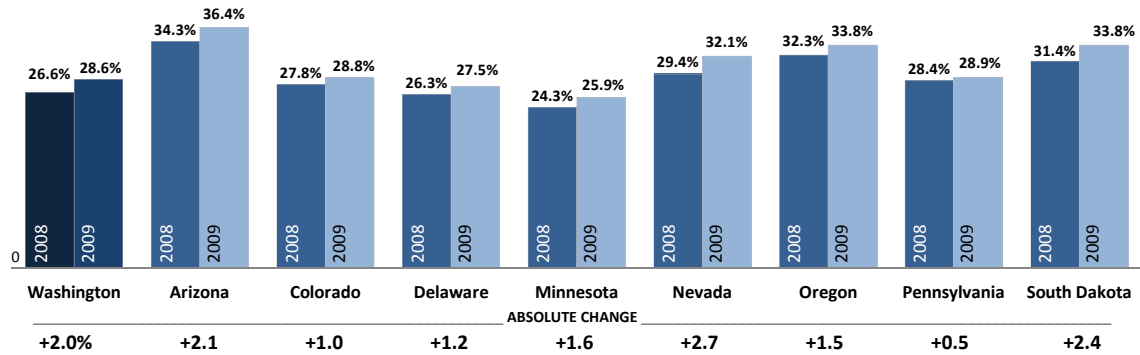
Key Findings

- **Poverty rates rose in all nine states over the past decade, but Washington experienced the biggest increase in child poverty during the recession.** Perhaps the most telling indicator of economic well-being is the proportion of a state's population that is in poverty. Almost 37 percent of Washington's children and 29 percent of all Washington residents had household incomes at or below 200 percent of the Federal Poverty Level in 2009. Perhaps most strikingly, we find that out of all nine states, Washington experienced the biggest increase in child poverty between 2008 and 2009 (+3.1 percentage points). (See overall poverty and child poverty charts on pp. 3 and 4.)
- **Rates of food insecurity rose in all nine states over the past decade, but Washington and Oregon experienced the biggest increase in very low food security during the recent recession.** During the 2007-09 period, the United States Department of Agriculture (USDA) reported that almost 6 percent of Washington residents experienced very low food security, meaning they had multiple indications of disrupted eating patterns, reduced food intake, and hunger. Including those who experienced very low food security, 14 percent of Washington residents experienced low food security during the same period, meaning they at least experienced reductions in the quality, variety, or desirability of their household's diet. Both measures of food insecurity increased in each of the nine states between 2004-06 and 2007-09, but Washington and Oregon experienced the greatest increase in very low food security over that period (+2.2 percentage points for both states). (See food insecurity charts on p.5.)
- **Fair market rental costs rose in all nine states over the past decade, but Washington's growth between 2009 and 2010 was the fourth highest.** A USDA study has shown that high rental costs for housing in a state are associated with a state's food insecurity rate.³ Despite the national recession, fair market rental costs for 2-bedroom units rose in each of the nine states between 2009 and 2010. Washington was one of four states in which the one-year increase was over five percent. In addition, in 2010, only two of the nine states had fair market rents higher than Washington's. Putting this in local perspective, the Fair Market Rent for a 2-bedroom rental unit in Washington State was \$919 in 2010, while the Temporary Assistance for Needy Families (TANF) cash grant amount for a family of three with no income was \$562. This means the TANF cash grant, which is intended to cover more than just housing, covered only 61 percent of the fair market rental cost. (See rental cost charts on p.6.)

³ Bartfeld, Judi, Rachel Dunifon, Mark Nord, and Steven Carlson (2006). "What Factors Account for State-to-State Differences in Food Security?" Washington, D.C.: United States Department of Agriculture, Economic Research Service.

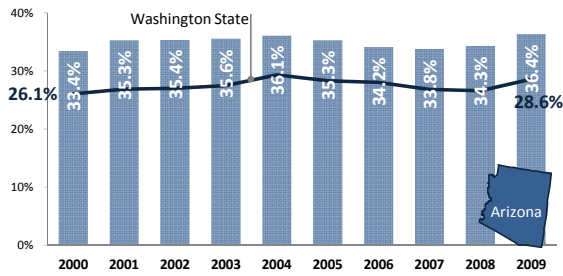
POVERTY | All individuals at or below 200 Percent of Federal Poverty Level (FPL)

One-Year Change in Poverty Rate for All Individuals at or below 200 Percent of FPL, 2008 to 2009

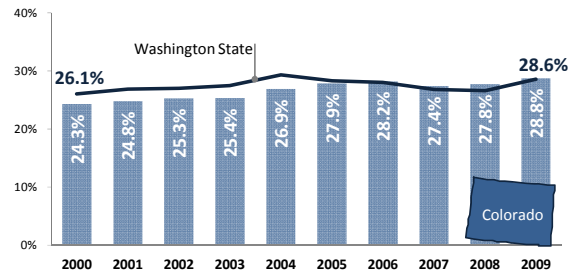


Trends in Poverty Rate for Individuals at or below 200 Percent of the Federal Poverty Level

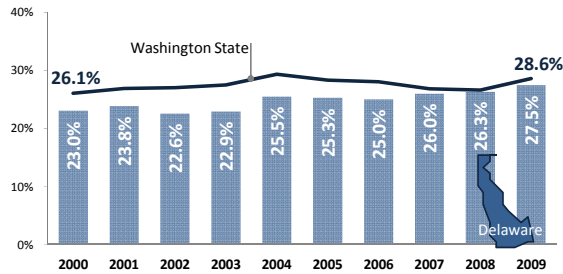
ARIZONA COMPARED TO WASHINGTON STATE



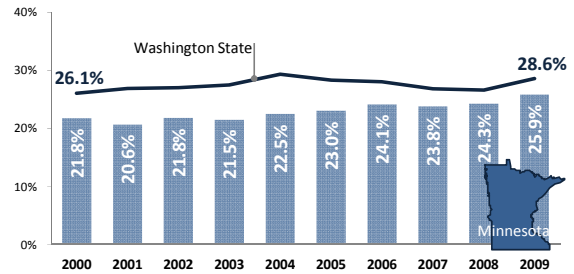
COLORADO COMPARED TO WASHINGTON STATE



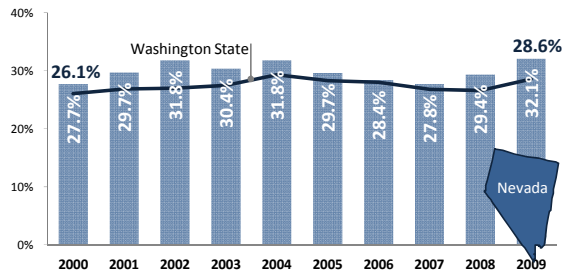
DELAWARE COMPARED TO WASHINGTON STATE



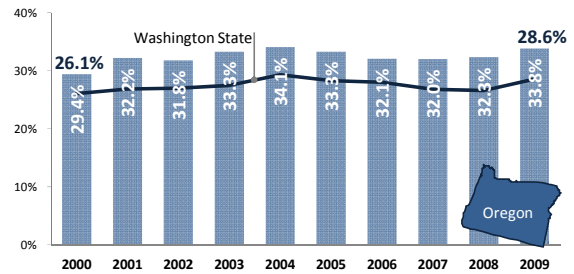
MINNESOTA COMPARED TO WASHINGTON STATE



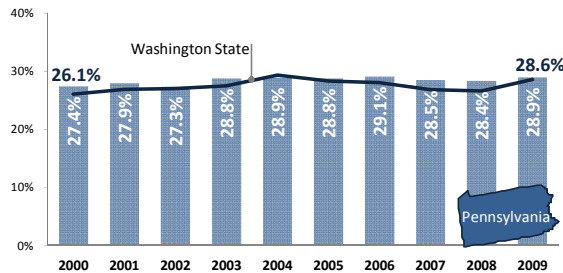
NEVADA COMPARED TO WASHINGTON STATE



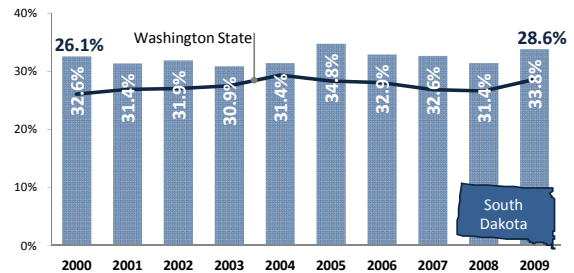
OREGON COMPARED TO WASHINGTON STATE



PENNSYLVANIA COMPARED TO WASHINGTON STATE



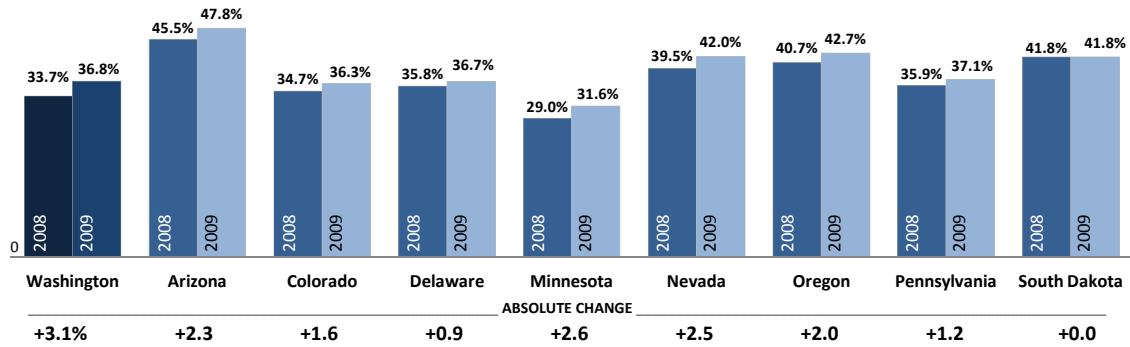
SOUTH DAKOTA COMPARED TO WASHINGTON STATE



SOURCE: U.S. Census Bureau, Decennial Census and American Community Survey (ACS), 2000-2009.

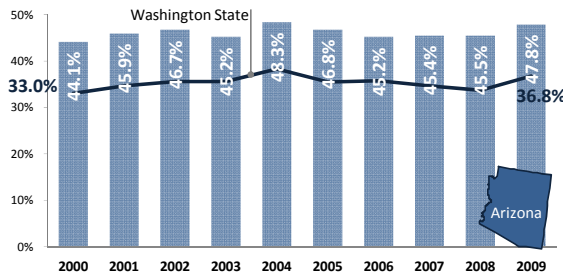
CHILD POVERTY | Children at or below 200 Percent of Federal Poverty Level (FPL)

One-Year Change in Poverty Rate for Children at or below 200 Percent of FPL, 2008 to 2009

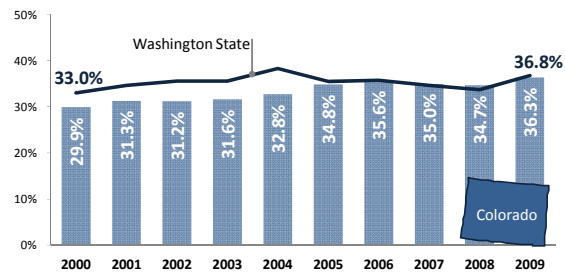


Trends in Poverty Rate for Children at or below 200 Percent of the Federal Poverty Level

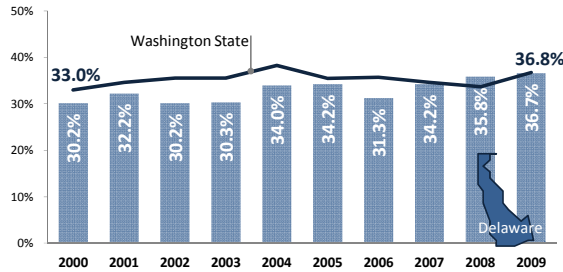
ARIZONA COMPARED TO WASHINGTON STATE



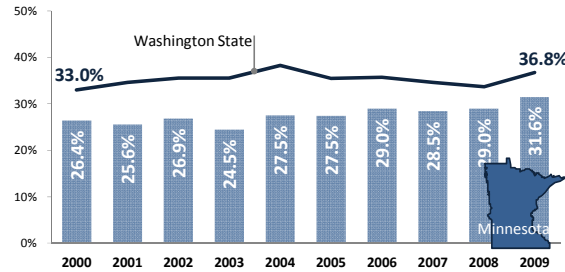
COLORADO COMPARED TO WASHINGTON STATE



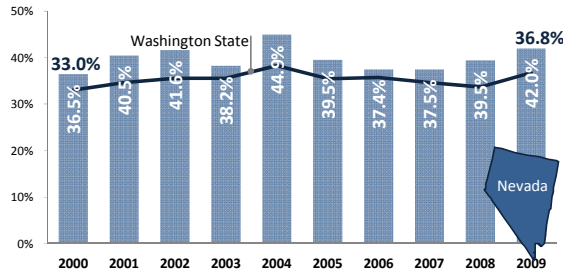
DELAWARE COMPARED TO WASHINGTON STATE



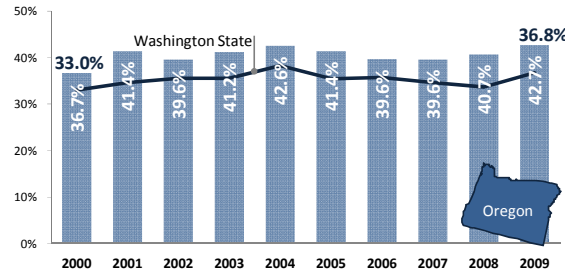
MINNESOTA COMPARED TO WASHINGTON STATE



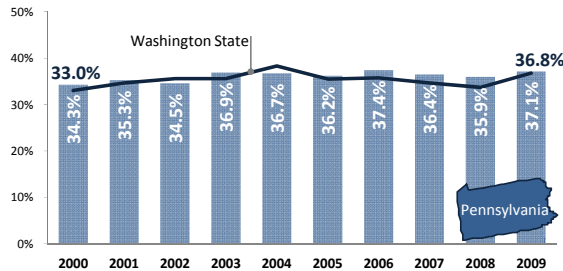
NEVADA COMPARED TO WASHINGTON STATE



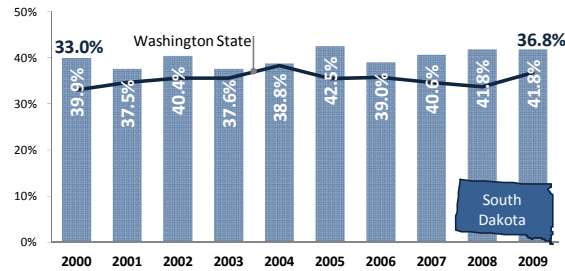
OREGON COMPARED TO WASHINGTON STATE



PENNSYLVANIA COMPARED TO WASHINGTON STATE



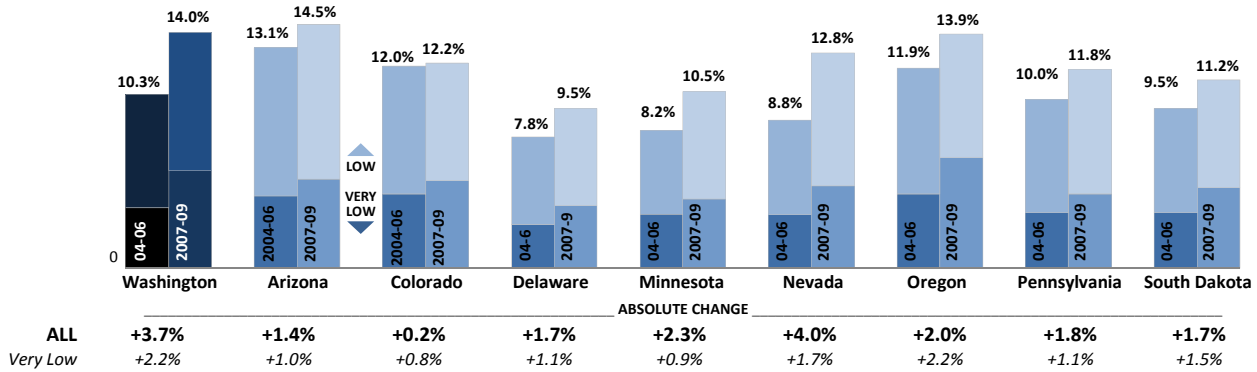
SOUTH DAKOTA COMPARED TO WASHINGTON STATE



SOURCE: U.S. Census Bureau, Decennial Census and American Community Survey (ACS), 2000-2009.

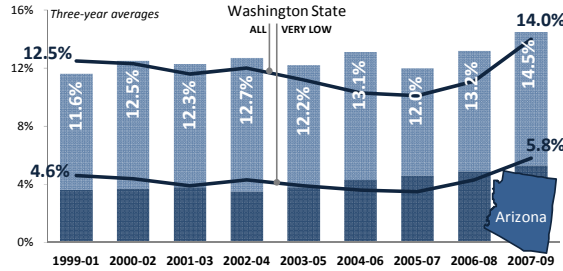
FOOD INSECURITY | Percent Experiencing Low or Very Low Food Security

Change in Three-Year Rolling Averages for Low or Very Low Food Security, 2004-06 to 2007-09

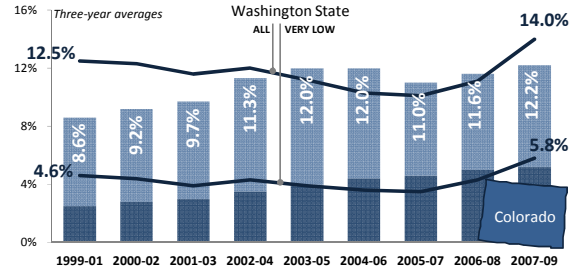


Trends in Low or Very Low Food Security

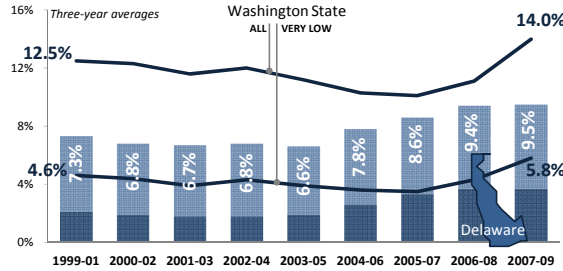
ARIZONA COMPARED TO WASHINGTON STATE



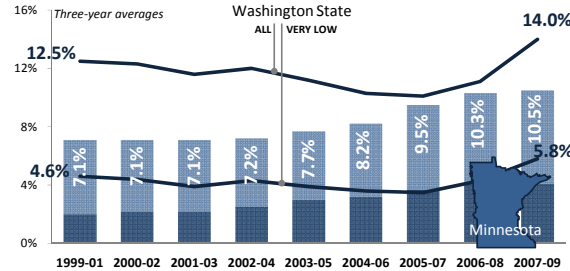
COLORADO COMPARED TO WASHINGTON STATE



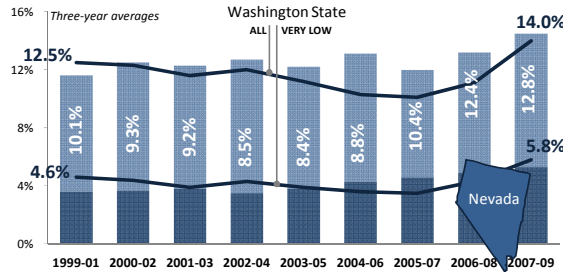
DELAWARE COMPARED TO WASHINGTON STATE



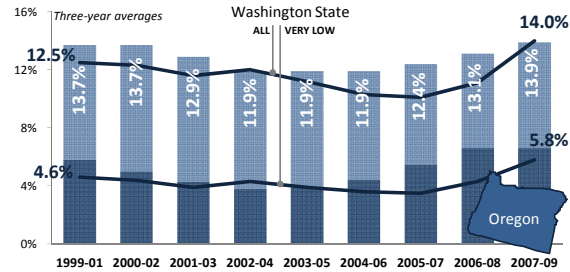
MINNESOTA COMPARED TO WASHINGTON STATE



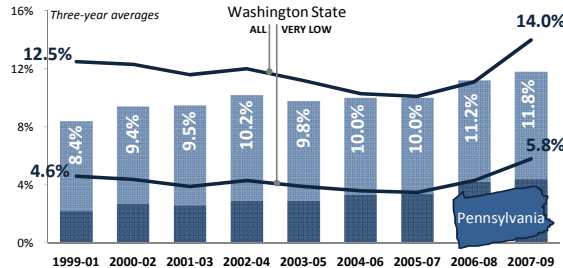
NEVADA COMPARED TO WASHINGTON STATE



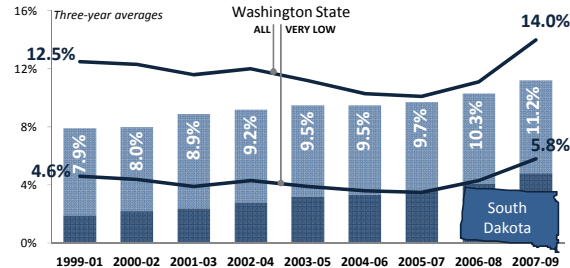
OREGON COMPARED TO WASHINGTON STATE



PENNSYLVANIA COMPARED TO WASHINGTON STATE



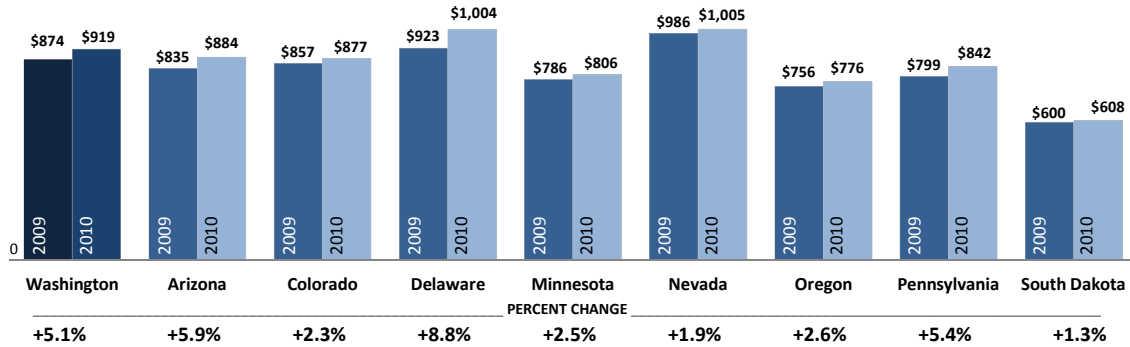
SOUTH DAKOTA COMPARED TO WASHINGTON STATE



SOURCE: U.S. Dept. of Agriculture, Household Food Security report series, <http://www.ers.usda.gov/briefing/foodsecurity/readings.htm>.

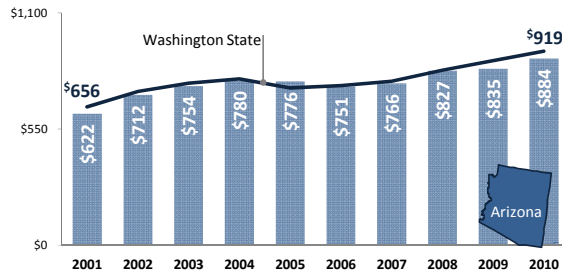
RENTAL COSTS | Fair Market Rent for a 2-Bedroom Apartment

One-Year Change in Fair Market Rent for 2-Bedroom Rental Unit, 2009 to 2010

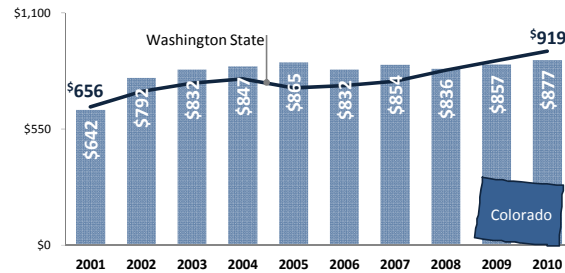


Trends in Fair Market Rent for 2-Bedroom Rental Units

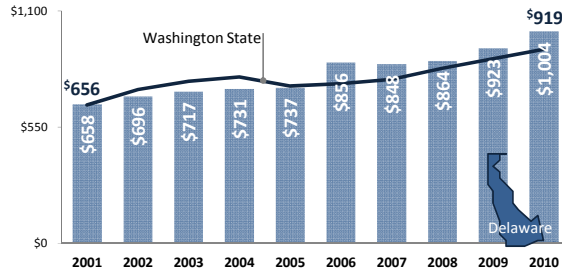
ARIZONA COMPARED TO WASHINGTON STATE



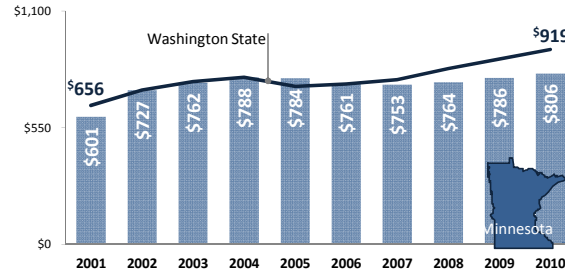
COLORADO COMPARED TO WASHINGTON STATE



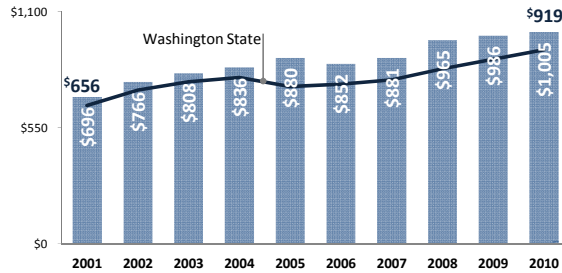
DELAWARE COMPARED TO WASHINGTON STATE



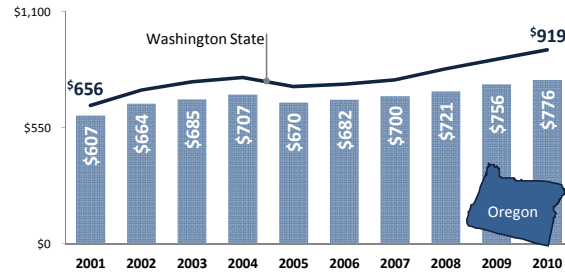
MINNESOTA COMPARED TO WASHINGTON STATE



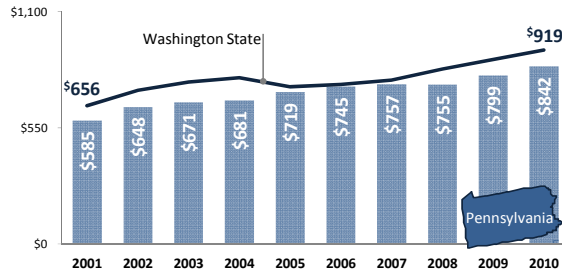
NEVADA COMPARED TO WASHINGTON STATE



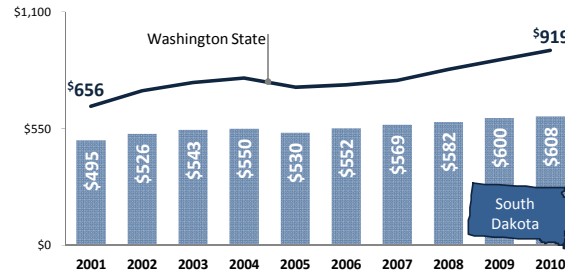
OREGON COMPARED TO WASHINGTON STATE



PENNSYLVANIA COMPARED TO WASHINGTON STATE



SOUTH DAKOTA COMPARED TO WASHINGTON STATE



SOURCE: U.S. Department of Housing and Urban Development (HUD) Fair Market Rent, 2-Bedroom Rental Units, 2001 to 2010.

IMPACT OF THE GREAT RECESSION | Labor Market Trends

The following section provides population-level measures of trends in labor market participation. Specifically, we show trends over the past decade in private sector job growth, employment, underemployment, and long-term unemployment, once more highlighting the most recent one-year change to illustrate the impact of the Great Recession.

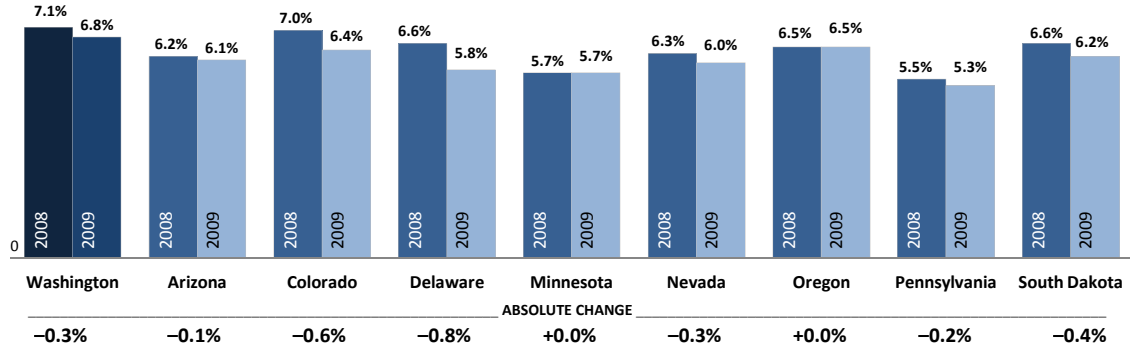
Key Findings

- **Although rates of private sector job growth declined in all nine states over the past decade, Washington's rate of job growth started out highest and remained highest.** Across all of the nine states, the rate of seasonally-adjusted private sector job growth has been declining over the past decade from 2000 to 2009. However, the rate of growth did not decline by more than 1% in any of the nine states between 2008 and 2009. Compared to all of the other states, Washington experienced a slightly higher rate of job growth in the private sector in each year over the past decade, though the growth rate dropped by .3 percent from 2008 to 2009. (See private sector job growth rate charts on p.8.)
- **Although employment rates fell in all nine states during the recession, Washington's employment rate was fourth highest at 62.2 percent in 2009.** Seasonally-adjusted employment rates across the nine states declined by about 2 to 4 percentage points between 2008 and 2009, with Washington's employment rate falling by 2.5 percent over that period. (See employment rate charts on p.9.)
- **All nine states experienced an increase in underemployment rates during the recession, but Washington had the third highest rate among these states by 2010.** After the official recession ended, Washington continued to experience an increase in the underemployment rate such that 7.6 percent of the state's employed population was working part-time but desired full-time work by 2010. In contrast to many of the other states, where there appeared to be a leveling off in the underemployment rate between 2009 and 2010, Washington had the second highest increase (next to Nevada) of .9 percent over that period. Putting this in perspective, analysts have shown that the national underemployment rate during the Great Recession was higher than it has been in 30 years. Moreover, those who experienced underemployment in the Great Recession were more likely to be less-educated and low-income.⁴ In other words, underemployment is likely to be a problem for many of the clients DSHS currently serves, as well as for individuals the agency may come to serve in the future. (See underemployment rate charts on p.10.)
- **Long-term unemployment rates rose in eight of the nine states, but Washington's rate doubled during the recession so that it was the third highest among these states by 2009.** Between 2008 and 2009, eight of the nine states experienced an increase in the long-term unemployment rate, defined as the proportion of unemployed persons who were out of work for 52 weeks or longer. In 2009, Washington's long-term unemployment rate almost doubled from the prior year, from 6.5 to 11.7 percent. The increase ranged from 1.1 percent in Minnesota to 8.9 percent in Arizona. South Dakota actually experienced a 3.2 percentage point decline in the long-term unemployment rate between 2008 and 2009. (See long-term unemployment rate charts on p.11.)
- **The average duration of unemployment rose in all nine states during the recession, but Washington's rate of increase was second highest among these states.** The mean number of weeks individuals spent unemployed increased in each of the nine states between 2008 and 2009, with the increase ranging from 2.2 weeks in Minnesota to 9.7 weeks in Arizona. In Washington State, the average duration of unemployment increased from 13.6 weeks in 2008 to 21.2 weeks in 2009. (See duration of employment charts on p.12.)

⁴ Sum, Andrew and Ishwar Khatiwada (2010). "The Nation's underemployed in the "Great Recession" of 2007-09," *Monthly Labor Review*, pp. 3-15.

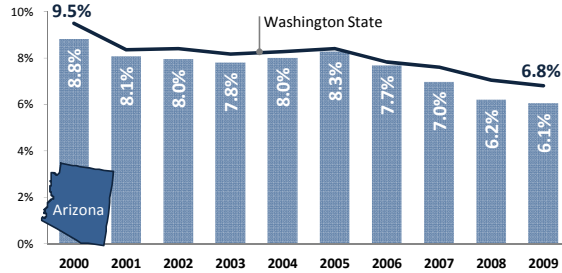
JOBS | Private Sector Job Growth Rate

One-Year Change in Private Sector Job Growth Rate (seasonally adjusted), 2008 to 2009

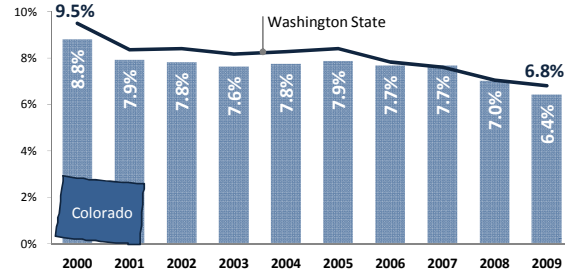


Trends in Private Sector Job Growth Rate (seasonally adjusted)

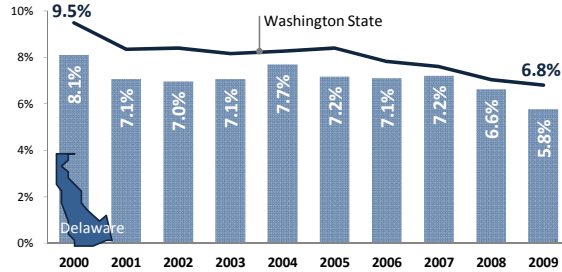
ARIZONA COMPARED TO WASHINGTON STATE



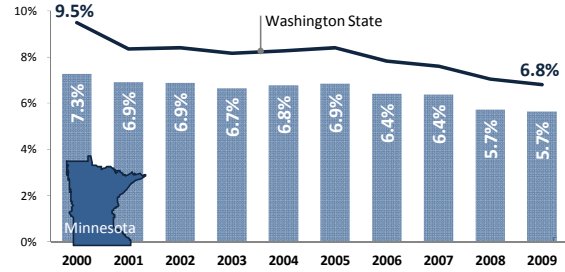
COLORADO COMPARED TO WASHINGTON STATE



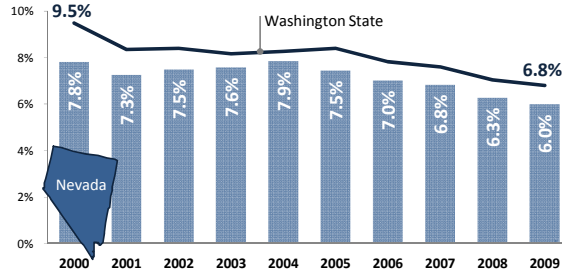
DELAWARE COMPARED TO WASHINGTON STATE



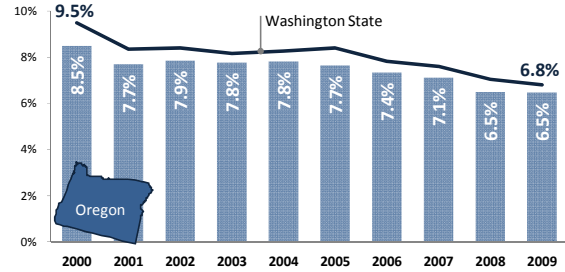
MINNESOTA COMPARED TO WASHINGTON STATE



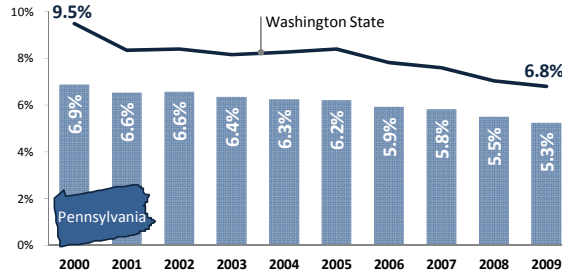
NEVADA COMPARED TO WASHINGTON STATE



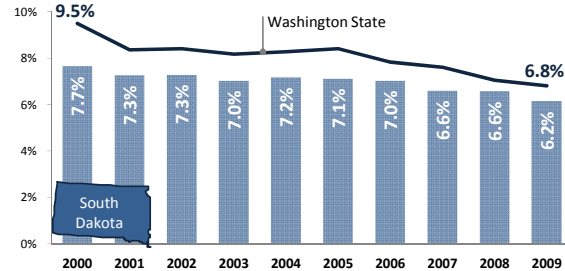
OREGON COMPARED TO WASHINGTON STATE



PENNSYLVANIA COMPARED TO WASHINGTON STATE



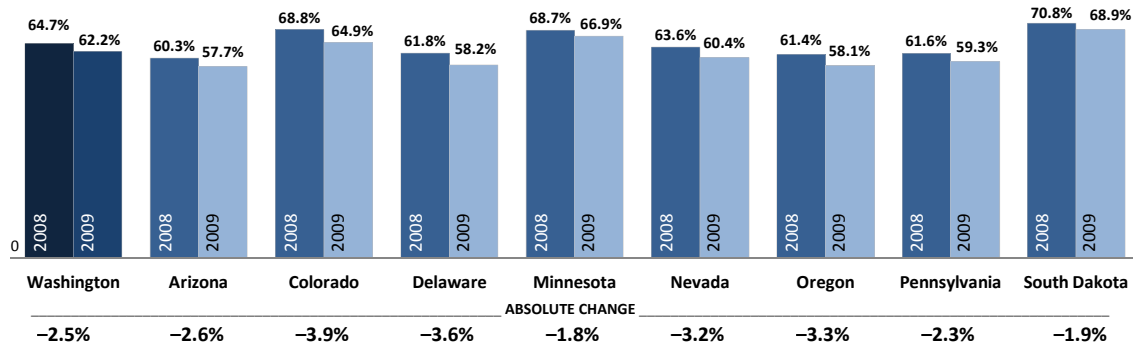
SOUTH DAKOTA COMPARED TO WASHINGTON STATE



SOURCE: U.S. Dept. of Labor, Bureau of Labor Statistics, Business Employment Dynamics, 2000-2009, <http://www.bls.gov/bdm/>.

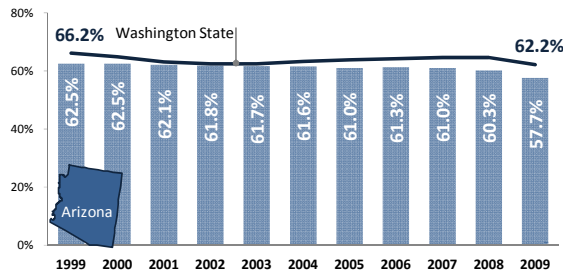
EMPLOYMENT RATE | Percent of working-age population with employment

One-Year Decline in Seasonally-Adjusted Employment Rate, 2008 to 2009

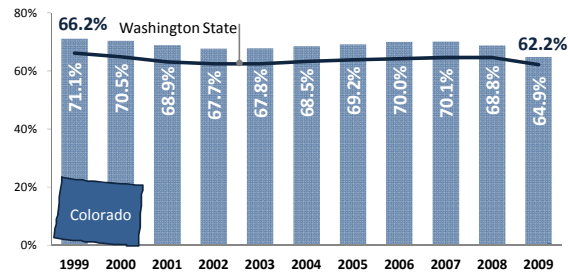


Trends in Seasonally-Adjusted Employment Rate

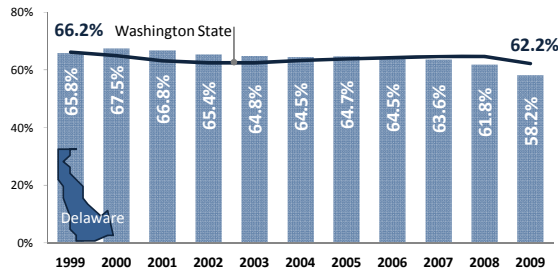
ARIZONA COMPARED TO WASHINGTON STATE



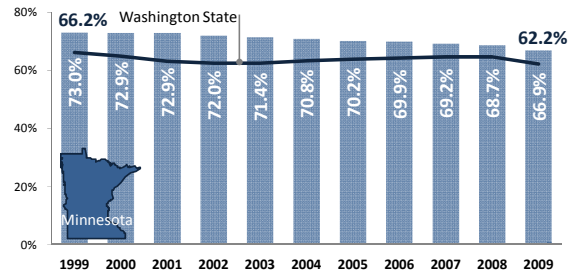
COLORADO COMPARED TO WASHINGTON STATE



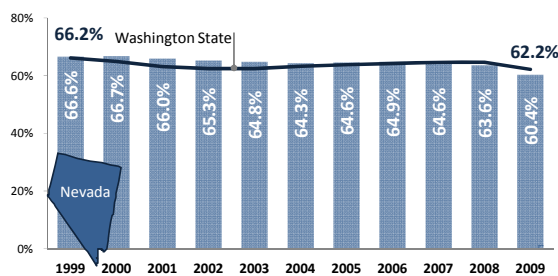
DELAWARE COMPARED TO WASHINGTON STATE



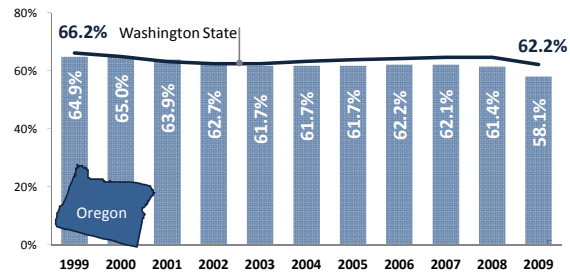
MINNESOTA COMPARED TO WASHINGTON STATE



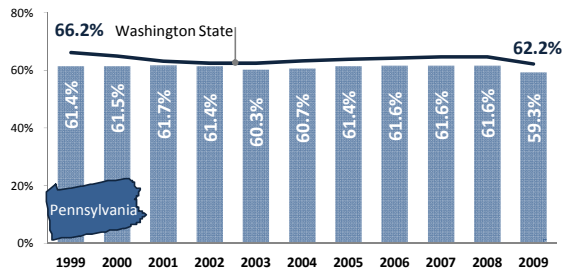
NEVADA COMPARED TO WASHINGTON STATE



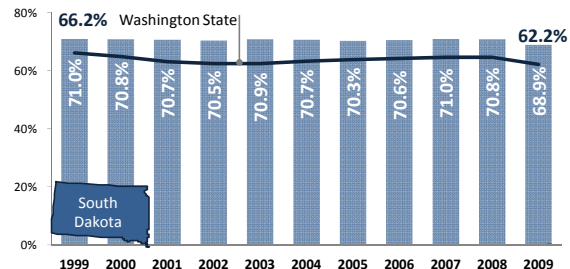
OREGON COMPARED TO WASHINGTON STATE



PENNSYLVANIA COMPARED TO WASHINGTON STATE



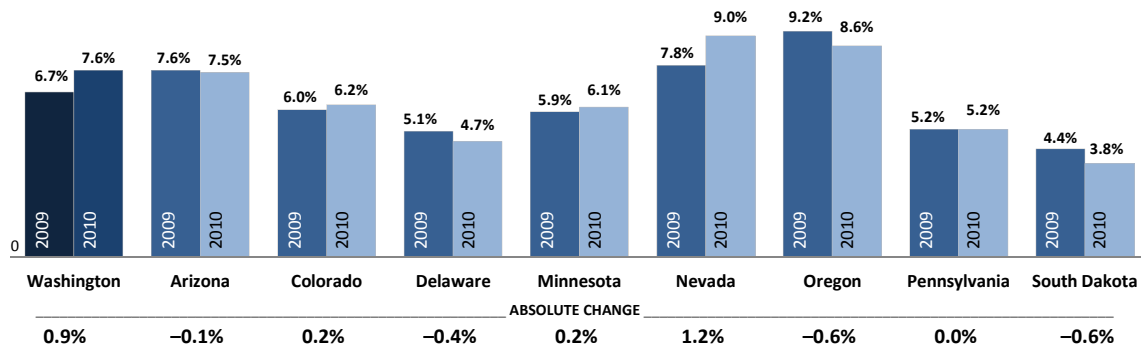
SOUTH DAKOTA COMPARED TO WASHINGTON STATE



SOURCE: U.S. Dept. of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics, 1999-2009, <http://www.bls.gov/lau/rdsncnp16.htm>.

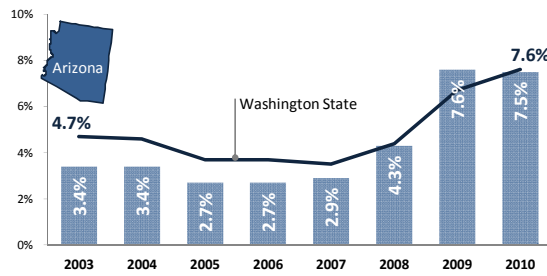
UNDEREMPLOYMENT | Percent of employed who are involuntarily working part-time

One-Year Decline in Underemployment Rate, 2009 to 2010

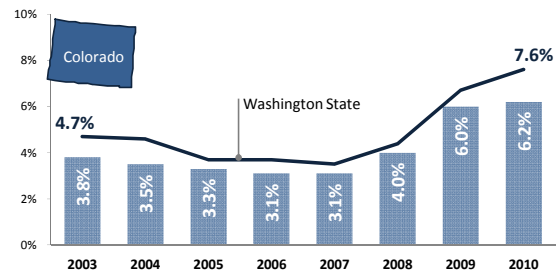


Trends in Underemployment Rate

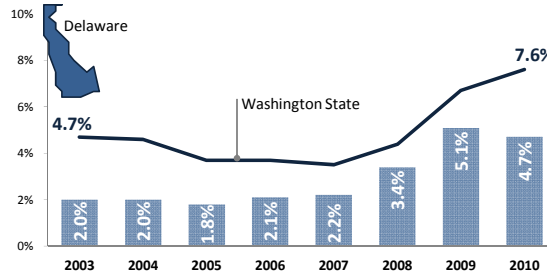
ARIZONA COMPARED TO WASHINGTON STATE



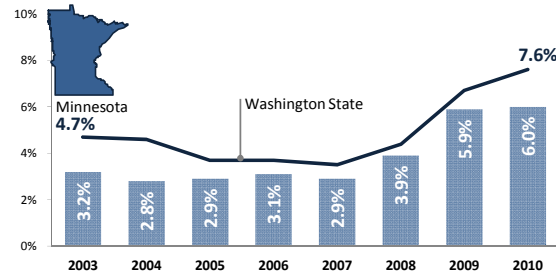
COLORADO COMPARED TO WASHINGTON STATE



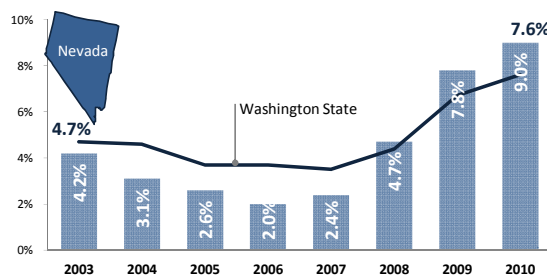
DELAWARE COMPARED TO WASHINGTON STATE



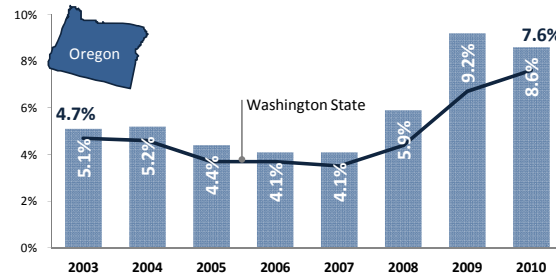
MINNESOTA COMPARED TO WASHINGTON STATE



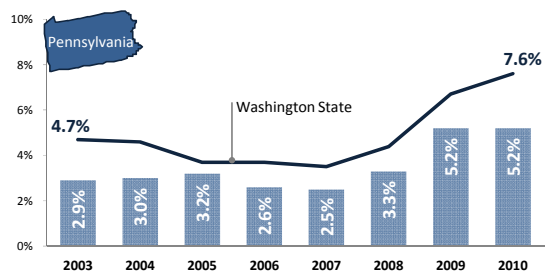
NEVADA COMPARED TO WASHINGTON STATE



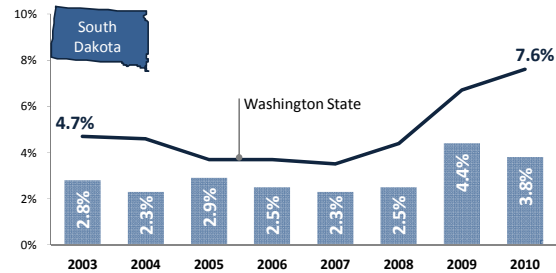
OREGON COMPARED TO WASHINGTON STATE



PENNSYLVANIA COMPARED TO WASHINGTON STATE



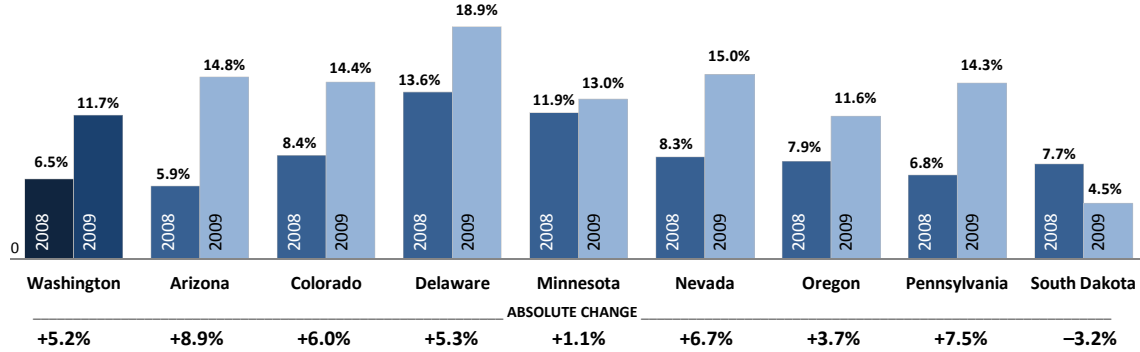
SOUTH DAKOTA COMPARED TO WASHINGTON STATE



SOURCE: U.S. Dept. of Labor, Bureau of Labor Statistics, Current Population Survey, 2003-2010.

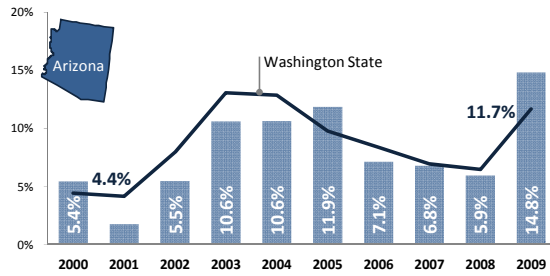
LONG-TERM UNEMPLOYMENT RATE | Unemployed for 52 Weeks or More

One-Year Change in Long-Term Unemployment Rate, 2008 to 2009

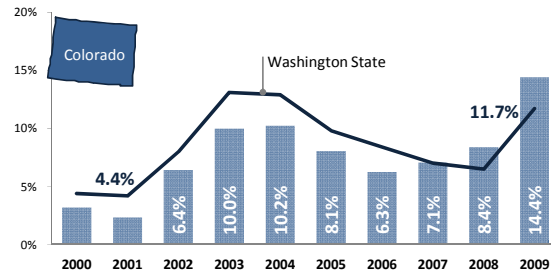


Trends in Long-Term Unemployment Rate

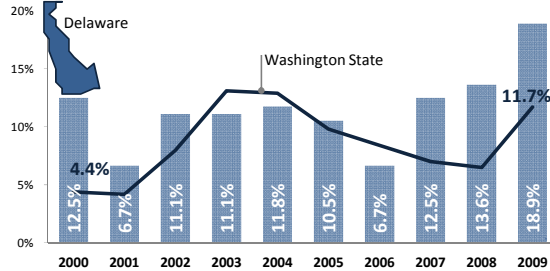
ARIZONA COMPARED TO WASHINGTON STATE



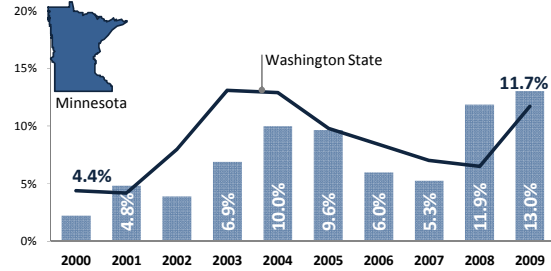
COLORADO COMPARED TO WASHINGTON STATE



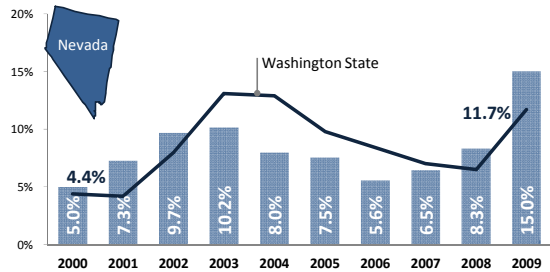
DELAWARE COMPARED TO WASHINGTON STATE



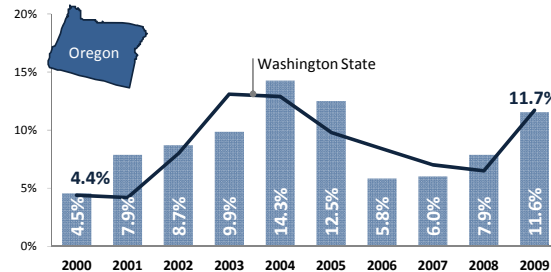
MINNESOTA COMPARED TO WASHINGTON STATE



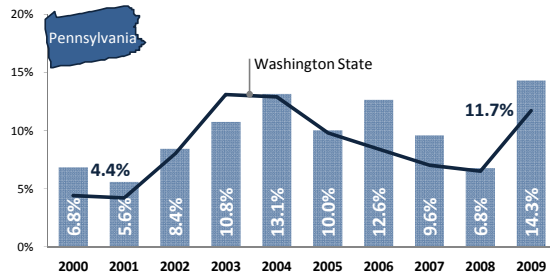
NEVADA COMPARED TO WASHINGTON STATE



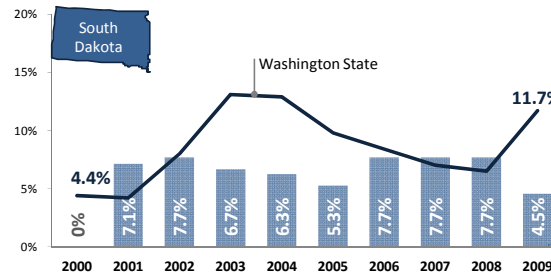
OREGON COMPARED TO WASHINGTON STATE



PENNSYLVANIA COMPARED TO WASHINGTON STATE



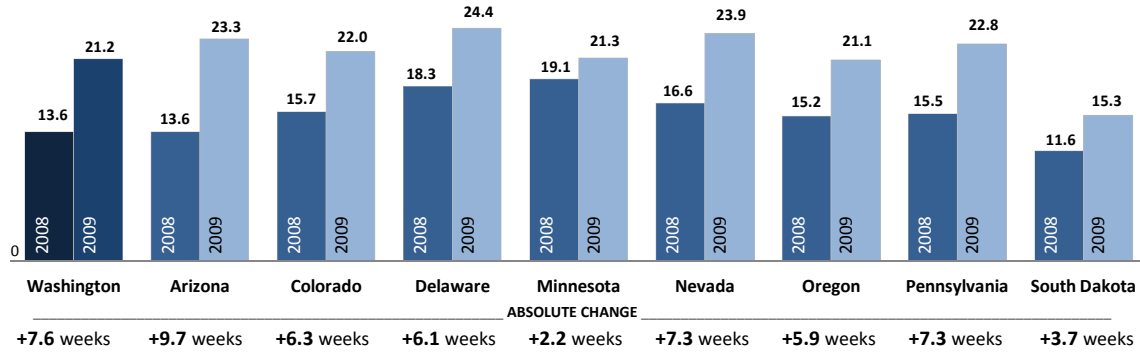
SOUTH DAKOTA COMPARED TO WASHINGTON STATE



SOURCE: U.S. Dept. of Labor, Bureau of Labor Statistics, Current Population Survey, 2000-2009.

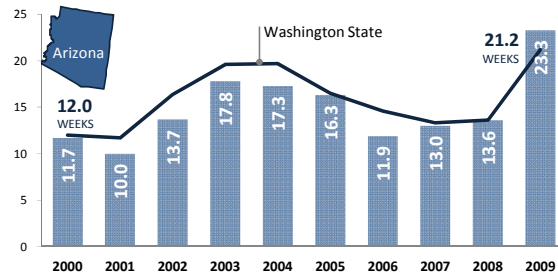
DURATION OF UNEMPLOYMENT | Mean Number of Weeks Unemployed

One-Year Change in Duration of Unemployment, 2008 to 2009

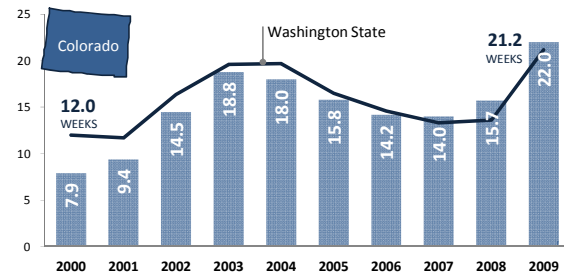


Trends in Duration of Unemployment

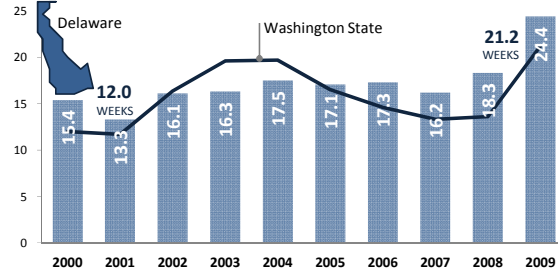
ARIZONA COMPARED TO WASHINGTON STATE



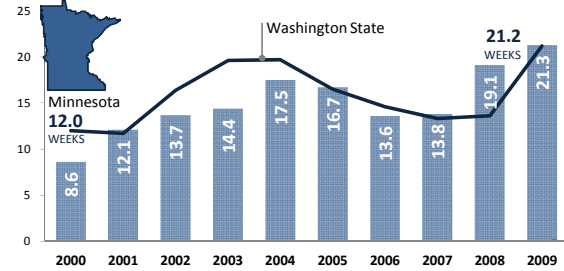
COLORADO COMPARED TO WASHINGTON STATE



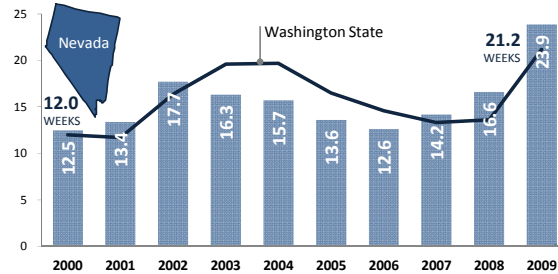
DELAWARE COMPARED TO WASHINGTON STATE



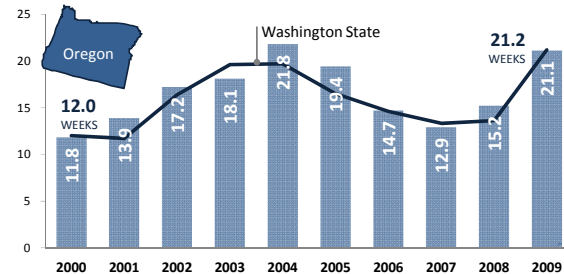
MINNESOTA COMPARED TO WASHINGTON STATE



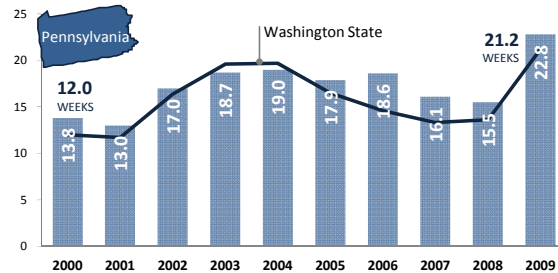
NEVADA COMPARED TO WASHINGTON STATE



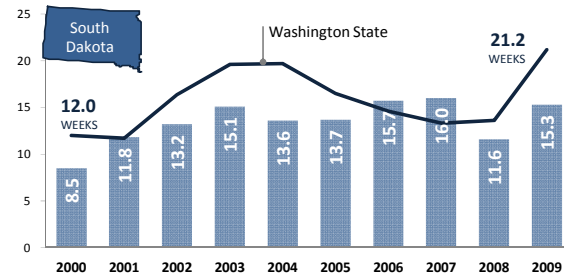
OREGON COMPARED TO WASHINGTON STATE



PENNSYLVANIA COMPARED TO WASHINGTON STATE



SOUTH DAKOTA COMPARED TO WASHINGTON STATE



SOURCE: U.S. Dept. of Labor, Bureau of Labor Statistics, Current Population Survey, 2000-2009.

METHOD

The analyses presented in this report compare Washington State to eight other states with comparable cost of living indices on the following population-level measures of economic well-being: poverty, food insecurity, rental costs, private sector job growth, employment status, underemployment, long-term unemployment, and average duration of unemployment spells.

Data Sources

- Data on the employment status of states’ civilian, non-institutionalized populations ages 16 and older (seasonally adjusted) came from the U.S. Bureau of Labor Statistics’ Local Area Unemployment Statistics (LAUS) program, 1999-2009, <http://www.bls.gov/lau/rdscnp16.htm>.
- Data on long-term unemployment, average length of unemployment spells, and underemployment was provided by the U.S. Bureau of Labor Statistics and derived from the Current Population Survey, 2000-2009 (2003-2010 for underemployment).
- Data on private sector job growth (seasonally adjusted) came from the U.S. Dept. of Labor, Bureau of Labor Statistics Business Employment Dynamics, 2000-2009, <http://www.bls.gov/bdm/>.
- Data on food insecurity came from the U.S. Department of Agriculture’s annual reports on household food security in the U.S., 3-year rolling averages from 1999-01 to 2007-09, <http://www.ers.usda.gov/briefing/foodsecurity/readings.htm>.
- Data on fair market rents for 2-bedroom rental units came from the U.S. Department of Housing and Urban Development (HUD), 2001 to 2010.
- Data on the proportion of a state’s population at or below 200 percent of the Federal Poverty Level came from the U.S. Census Bureau, Decennial Census and American Community Survey (ACS), 2000-2009.

State Selection

The DSHS Economic Services Administration selected states for comparison because they fell within 5 points of Washington’s cost of living index (COLI) at the time of selection. At that time, South Dakota had a COLI of 101.2 and was closer to Washington than it is now (as the table below demonstrates, South Dakota’s cost of living index had dropped to 98.53 as of the 4th quarter of 2010). Similarly, Oregon’s COLI is now slightly more than 5 points above Washington’s.

4 th Quarter 2010 ⁵	Cost of Living Index (COLI)	Rank by COLI	Grocery Items	Housing	Utilities	Transportation	Health Care	Misc. Goods and Services
South Dakota	98.5	26	100.2	93.8	99.1	93.9	102.3	102.8
Pennsylvania	100.7	31	103.2	99.0	106.1	101.0	94.6	100.2
Nevada	101.4	32	106.1	97.6	94.7	106.1	105.2	103.1
Colorado	102.2	33	102.1	113.0	88.5	99.1	102.4	97.9
Minnesota	102.2	34	100.7	95.3	109.7	103.3	105.4	105.9
Delaware	102.4	35	109.2	96.2	112.4	98.1	105.7	103.0
Arizona	103.7	36	102.5	111.9	96.3	103.1	100.9	100.0
Washington	104.0	37	104.5	106.8	86.1	110.4	116.6	103.3
Oregon	110.5	38	99.8	131.2	86.4	107.9	115.7	104.0

ACKNOWLEDGMENTS



A more complete set of Population Metrics specific to Washington State is located on the DSHS website at <http://www.dshs.wa.gov/ppa/coremetrics.shtml>. Our appreciation to Nancy Raiha, PhD for directing the department-wide Core Metrics project.

We also extend our gratitude to Elina Bravve at the National Low Income Housing Coalition, Thomas Krolik at the U.S. Bureau of Labor Statistics, and Mark Nord at the Economic Research Service, U.S. Department of Agriculture for supplying data used in this analysis. Any errors of omission or commission in presenting these data are those of the report authors at DSHS/RDA.

⁵ The Fourth Quarter 2010 Cost of Living Index information is from the Missouri Economic Research and Information Center (MERIC), which derives the cost of living index for each state by averaging the indices of cities and metropolitan areas in each state that participates in ACCRA’s voluntary survey. From MERIC January 25, 2011: http://www.missourieconomy.org/indicators/cost_of_living/index.stm.



Economic Well-being in the Great Recession:
A Cross-State Analysis of Trends over Time in Poverty, Hunger, Housing Costs, and Labor Market Participation

MARCH 2011

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Copies of this paper may be obtained at www.dshs.wa.gov/rda/
or by calling DSHS' Research and Data Analysis Division at 360.902.0701.
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