

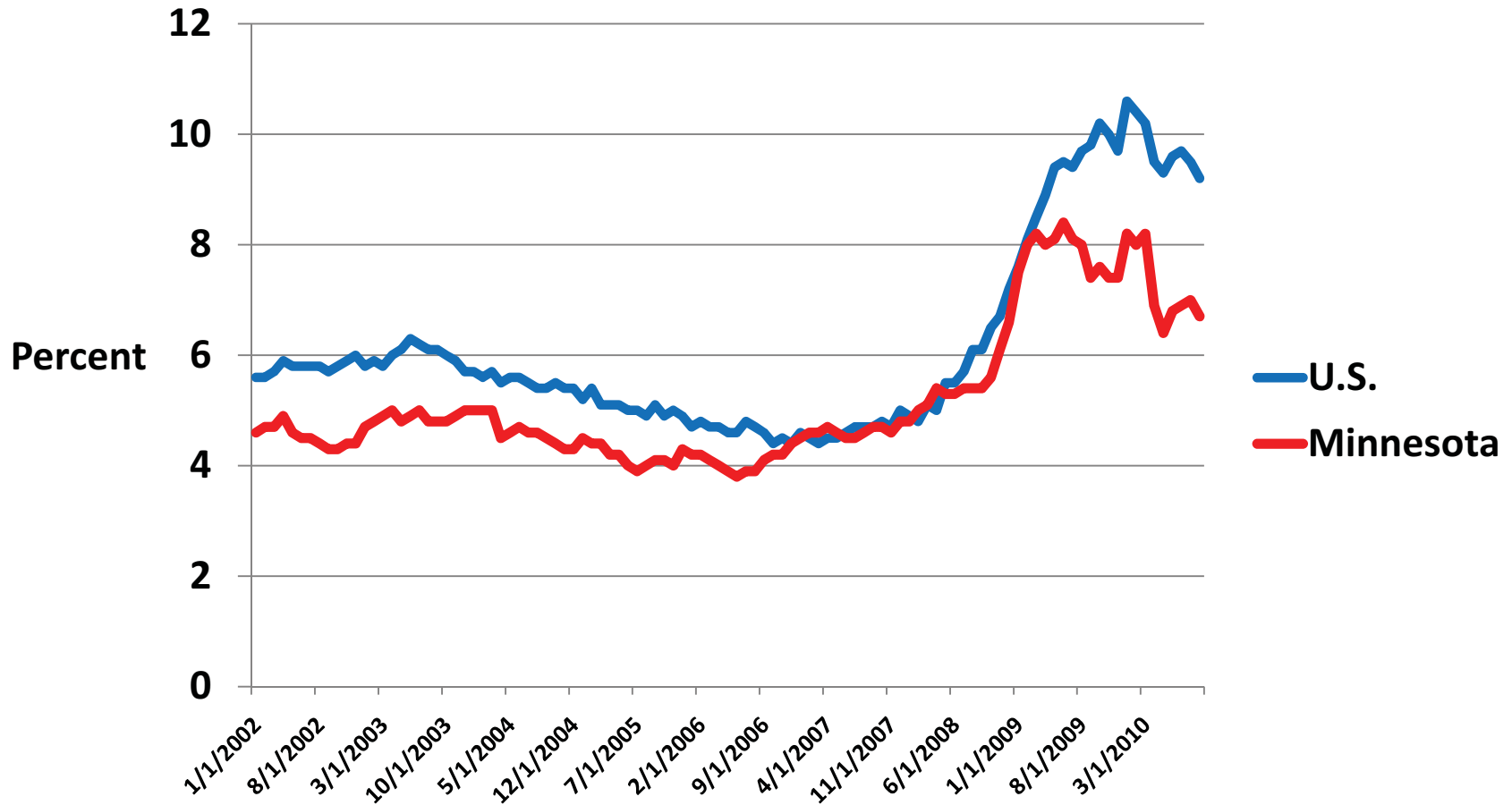
# **What Recession? Social and Economic Indicators in the 2009 American Community Survey**

**Martha McMurry  
Minnesota State Demographic Center  
Demography Brown Bag  
November 18, 2010**

# Recession dates

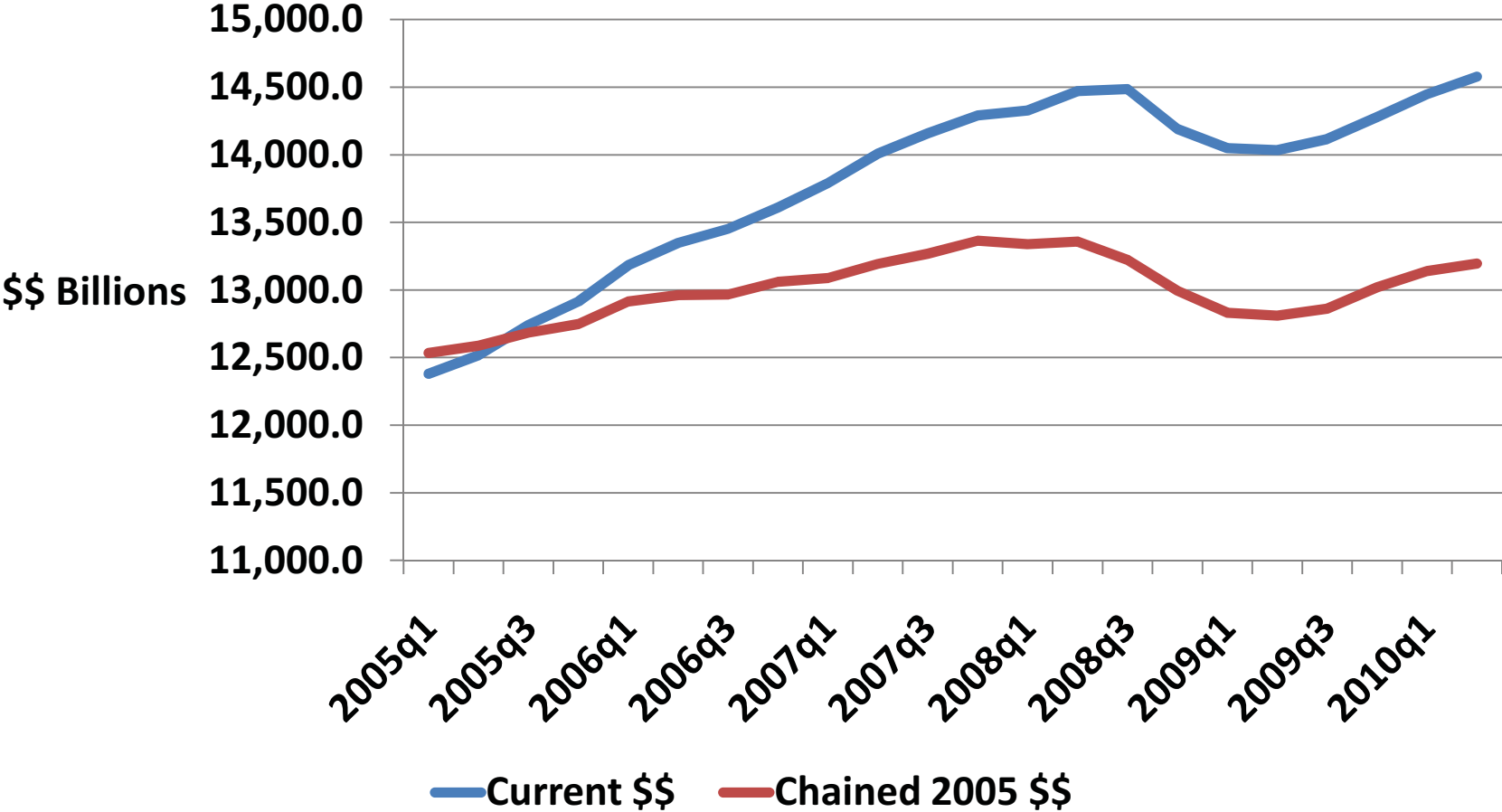
- **NBER dates the recession from December 2007 through June 2009.**
- **Evaluation of recession dates is based on GDP, income, employment, industrial production and wholesale-retail sales.**
- **Slow job creation and high unemployment causes many to feel we are still in a recession.**

# Unemployment rates in Minnesota and U.S.



MN Department of Employment and Economic Development

# U.S. Gross Domestic Product



U.S. Bureau of Economic Analysis

# **Expected Recession Economic Effects**

- **Lower household income**
- **Higher unemployment**
- **Higher poverty rates**
- **Lower labor force participation**
- **More use of Food Stamps and public health insurance**
- **Fewer people with health insurance**

# Expected Recession Social Effects

- **Lower birth rates**
- **More young adults living with parents**
- **More young adults attending college**
- **More doubling up in housing**

# Expected Recession Housing Effects

- **Lower housing values**
- **Lower home ownership rates**
- **Higher housing vacancy rates**
- **More households spending a high % of income on housing**
- **Note: ACS does not collect data on foreclosures, mortgage delinquencies, etc.**

# **Our Data Source: The American Community Survey**

- **Conducted by the U.S. Census Bureau**
- **A large-scale, ongoing survey that provides data every year.**
- **Data for areas with smaller populations are averaged over several years.**
- **In 2009, 77,381 Minnesota households were sampled; final interviews with 56,199.**
- **Also 3,591 people in group quarters were sampled; final interviews with 2,591.**

## Keep in Mind

- **All of 2008 and some 2009 data was collected during the official recession period.**
- **Some items (e.g. income, fertility) are based on events in the 12 months before the survey was taken, so could apply to a wide range of time periods.**
- **Employment often lags other economic changes.**

**“Census reveals ‘new poor’ in  
many Twin Cities suburbs”**

*Star Tribune*, Sept. 29, 2010

# Our Approach

- **We selected 8 indicators that would be expected to change in a recession.**
- **We looked at the trends in Minnesota and in the 12 counties for which annual data is available.**

# Did Unemployment Rate Grow between 2008 and 2009?

	Predicted Direction?	Significant?
Minnesota	Yes	*
Anoka	Yes	*
Carver	Yes	*
Dakota	Yes	*
Hennepin	Yes	*
Olmsted	Yes	*
Ramsey	Yes	*
Scott	Yes	*
Sherburne	Yes	*
St. Louis	Yes	*
Stearns	Yes	*
Washington	Yes	*
Wright	Yes	*

# Did Median Household Income Decline between 2008 and 2009?

	Predicted Direction?	Significant?
Minnesota	Yes	*
Anoka	Yes	
Carver	Yes	*
Dakota	Yes	
Hennepin	Yes	*
Olmsted	Yes	
Ramsey	Yes	*
Scott	NO	
Sherburne	NO	
St. Louis	Yes	
Stearns	Yes	*
Washington	Yes	*
Wright	NO	

# Did Poverty Rate Grow between 2008 and 2009?

	Predicted Direction?	Significant?
Minnesota	Yes	*
Anoka	Yes	
Carver	Yes	
Dakota	Yes	*
Hennepin	Yes	
Olmsted	NO	
Ramsey	Yes	*
Scott	Yes	
Sherburne	Yes	
St. Louis	Yes	
Stearns	Yes	*
Washington	Yes	
Wright	Yes	

# Did % of People without Health Insurance Grow between 2008 and 2009?

	Predicted Direction?	Significant?
Minnesota	Yes	*
Anoka	Yes	
Carver	Yes	
Dakota	Yes	*
Hennepin	NO	
Olmsted	Yes	
Ramsey	Yes	
Scott	Yes	*
Sherburne	NO	
St. Louis	Yes	
Stearns	Yes	
Washington	Yes	*
Wright	Yes	

# Did Home Ownership Rate Drop between 2008 and 2009?

	Predicted Direction?	Significant?
Minnesota	Yes	*
Anoka	NO	
Carver	Yes	
Dakota	Yes	
Hennepin	Yes	
Olmsted	NO	
Ramsey	Yes	*
Scott	Yes	
Sherburne	NO	
St. Louis	Yes	
Stearns	Yes	
Washington	Yes	
Wright	Yes	

# Did Median Housing Value Fall between 2008 and 2009?

	Predicted Direction?	Significant?
Minnesota	Yes	*
Anoka	Yes	*
Carver	Yes	
Dakota	Yes	*
Hennepin	Yes	*
Olmsted	Yes	
Ramsey	Yes	*
Scott	Yes	*
Sherburne	Yes	*
St. Louis	Yes	*
Stearns	Yes	
Washington	Yes	
Wright	Yes	*

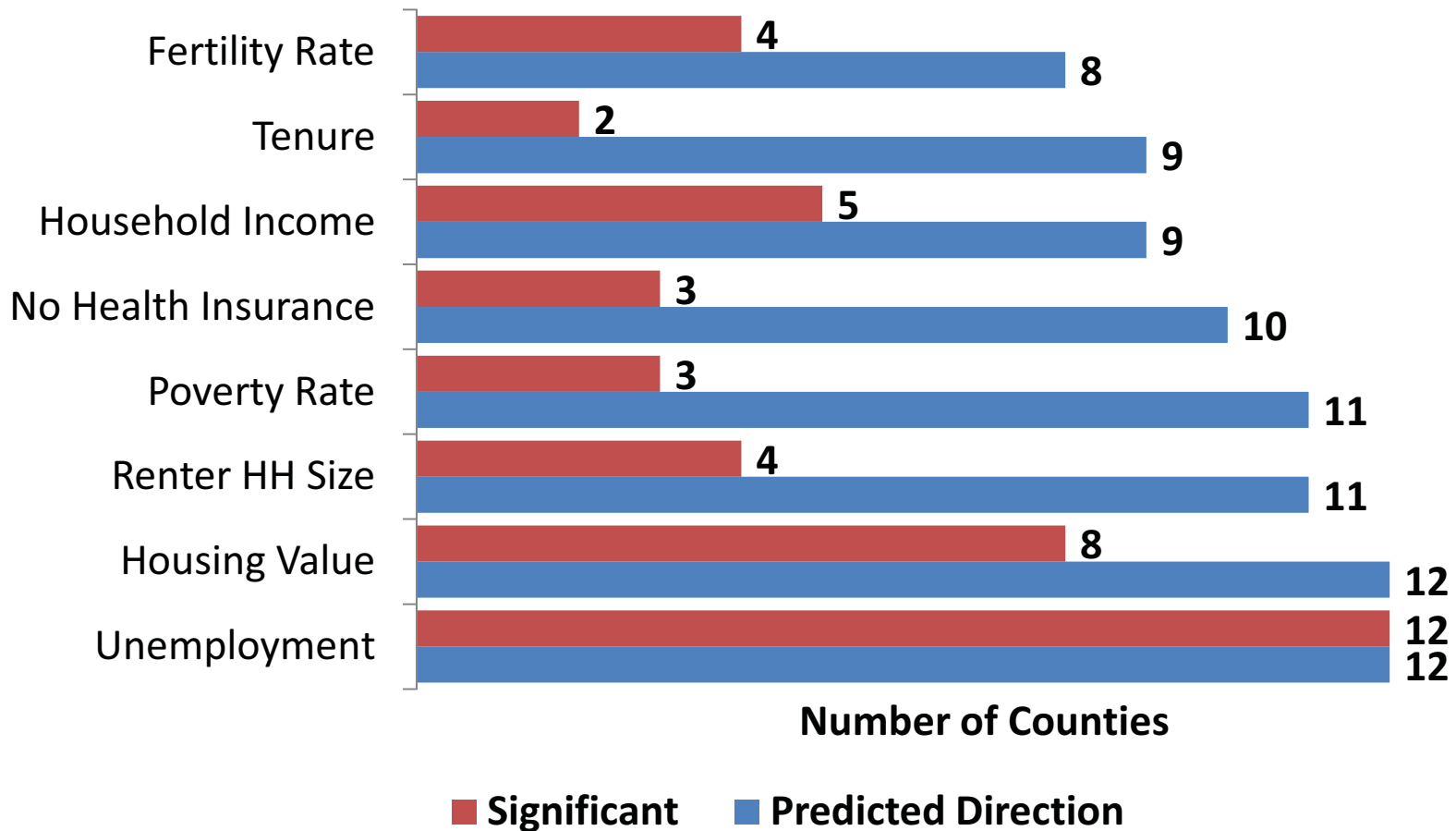
# Did Renter Average Household Size Grow between 2008 and 2009?

	Predicted Direction?	Significant?
Minnesota	Yes	*
Anoka	Yes	
Carver	Yes	*
Dakota	Yes	*
Hennepin	Yes	
Olmsted	Yes	*
Ramsey	Yes	
Scott	Yes	*
Sherburne	Yes	
St. Louis	Yes	
Stearns	NO	
Washington	Yes	
Wright	Yes	

# Did Fertility Rate for Women 15 to 50 Decline between 2008 and 2009?

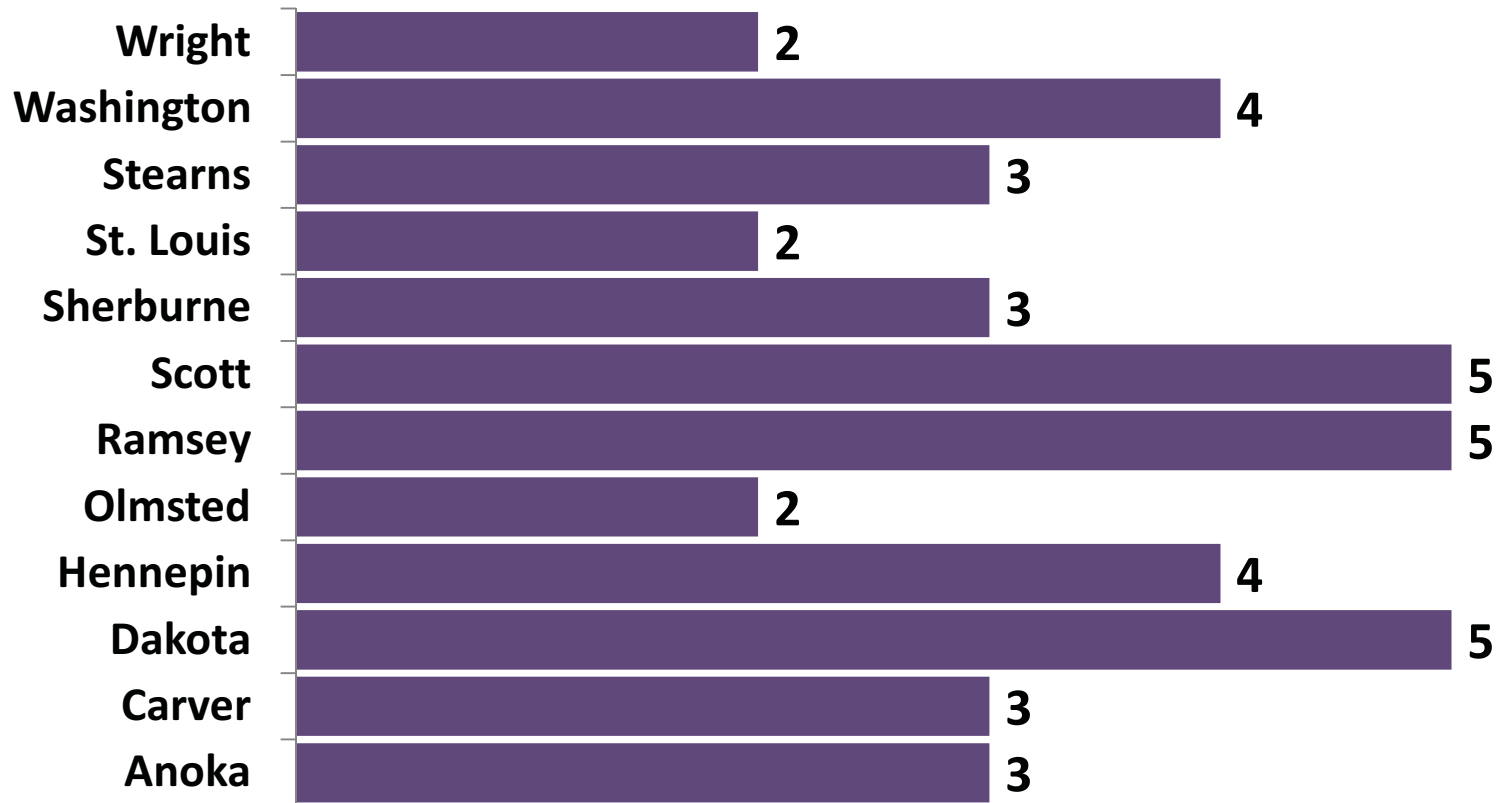
	Predicted Direction?	Significant?
Minnesota	Yes	*
Anoka	Yes	*
Carver	NO	
Dakota	NO	
Hennepin	Yes	*
Olmsted	Yes	
Ramsey	NO	
Scott	NO	
Sherburne	Yes	*
St. Louis	Yes	
Stearns	Yes	
Washington	Yes	*
Wright	Yes	

## Out of 12 counties, how many changed in predicted direction, and how often was it significant? (2008-2009)



# Out of 8 recession-related variables, how many changed significantly?

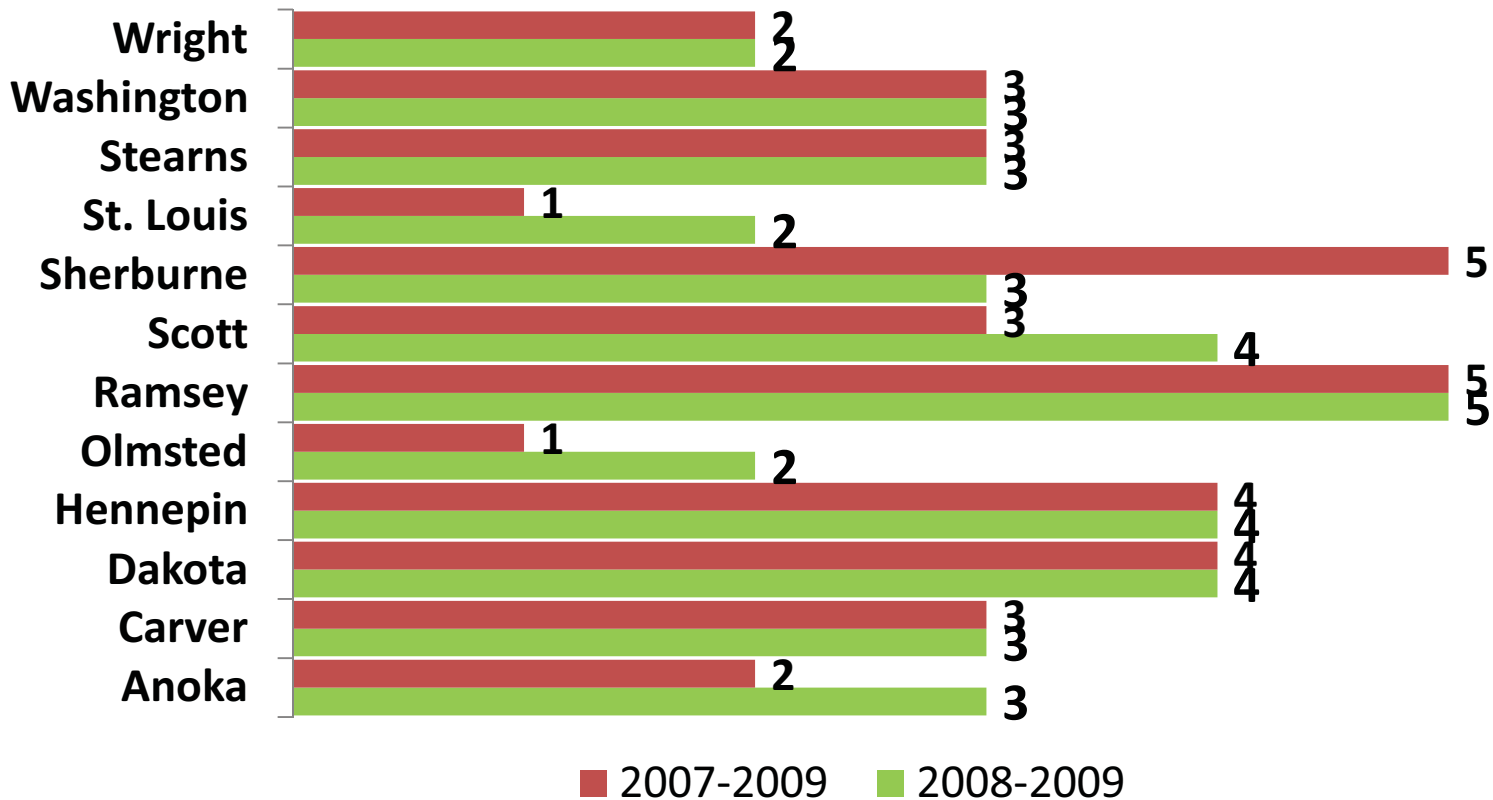
ACS, 2008 to 2009



**Should we compare 2007 to 2009 instead of 2008 to 2009? By 2008, recession was already underway.**

# Out of 7 recession-related variables, how many changed significantly?

ACS, 2007-2009 vs. 2008-2009



# Number of significant changes in 7 recession-related variables

	ACS, 2008-2009	ACS, 2007-2009
Anoka	3	2
Carver	3	3
Dakota	4	4
Hennepin	4	4
Olmsted	2	1
Ramsey	5	5
Scott	4	3
Sherburne	3	5
St. Louis	2	1
Stearns	3	3
Washington	3	3
Wright	2	2
<b>TOTAL</b>	<b>38</b>	<b>36</b>

# **Why are county changes often not significant?**

- **Differences must be large to achieve statistical significance.**
- **Harder to achieve statistical significance if the indicator is relatively uncommon.**
- **Timing issues may be a factor because the survey is conducted continuously.**

# So what about the recession?

- **State *as a whole* shows strong recession effects on most variables examined.**
- **In cities and counties, changes tend to be in predicted direction but are often not significant.**
- **Unemployment increases are significant in almost all areas.**
- **Housing value changes are significant in most areas.**
- **Changing time period of comparisons (2008-2009 vs. 2007-2009) seems to have little effect.**
- **No evidence for a disproportionate recession effect in the suburbs.**

## **How should policy makers/ local officials use this data?**

- **Don't ignore margin of error**
- **Don't focus on a single indicator**
- **Looking at trends in a range of indicators may provide more confidence (not statistical)**
- **For smaller areas, ACS is probably not ideal for showing annual changes, much as we would like it to.**

# How to access American Community Survey data

- ACS data can be found on American FactFinder

<http://factfinder.census.gov/home/saff/main.html>

- Tests of statistical significance are shown for some but not all variables.
- Census Bureau site provides more detail about calculating standard errors etc.

*Questions?*

