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AFR Briefing Paper

COST OF THE CRISIS

The cumulative economic damage caused by the financial crisis and Great Recession (updated May 2015)

The financial crisis of 2007-09 caused deep and lasting harm. Millions of Americans lost jobs or homes; many millions more suffered sharp declines in property values, retirement savings, income, and overall prosperity.

The crisis triggered the nation's longest and most severe recession since the Great Depression. The economy is still recovering, but at a painfully slow pace – a pattern in line with past financial meltdowns both here and around the world. Today, almost six years after the recession officially ended in June 2009, some parts of the economy, such as the stock market and corporate profits, have fully recovered, but many others have not. The recovery has also come more quickly to those who were already financially well off, exacerbating the decades-long trend of widening inequality.

This document reviews some of the quantifiable costs of the crisis.

Diminished Economic Output

- The total U.S. economic output loss from the financial crisis and its aftermath **will eventually be $6 trillion to $14 trillion, or $50,000 to $120,000 for every U.S. household,** according to an estimate from the Dallas Federal Reserve. If economic output never completely returns to the pre-crisis trend, they estimate the crisis cost will exceed their **$14 trillion** high-end estimate of output loss. They also estimate that extraordinary government support to stop the financial implosion will cost **an additional $12-13 trillion** and the cost of the trauma to the American people and the lost opportunity of unemployed workers could be as much as **$14 trillion more**.

- The Dallas Federal Reserve also noted that **output per person as of mid-2013 stood 12 percent below the average of U.S. economic recoveries over the past half-century**, consistent with a large body of research suggesting that recoveries from financial crises are slower than rebounds from typical recessions.

- The Congressional Budget Office estimated in late 2011 that between 2008 and 2012, the U.S. economy would produce **$2.6 trillion** less than it was on track toward producing before the crisis. By 2018, when CBO projected output would climb back to its potential, they projected the shortfall in economic output would reach an estimated **$5.7 trillion**.

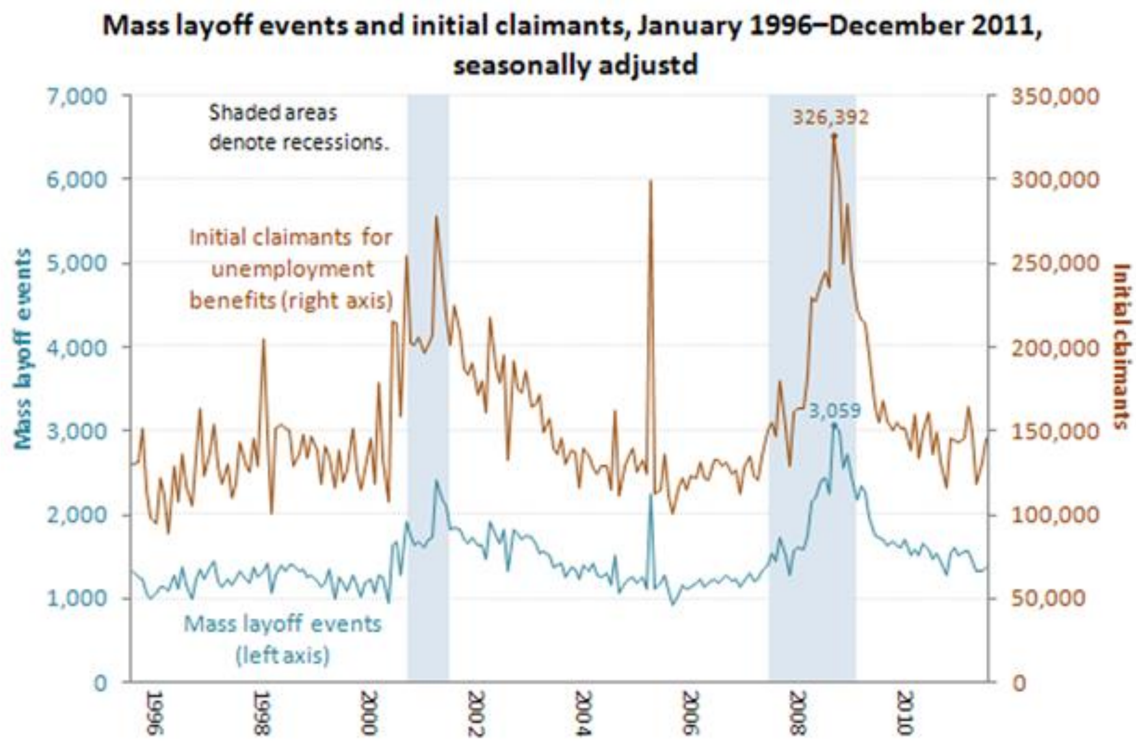
- The Great Recession officially lasted for about 18 months, from December 2007 to June 2009. During that interval, **"U.S. real gross domestic product (GDP) fell from $13.3 trillion to $12.7 trillion (in 2005 dollars), or by nearly 5 percent."** GDP did not climb back to its pre-recession level until the third quarter of 2011. GAO, January 2013, p. 12.

- As the GAO report goes on to note, the International Monetary Fund (IMF) has analyzed the results of banking crises over time from around the world, finding a median 23 percent loss of output in trend-level GDP, compared to an estimated 31 percent loss of output in the case of the 2007-09 crisis (p. 16). Other researchers, projecting very long-term effects, have estimated the cumulative output losses of some past financial crises at 100 percent or more. **Based on that yardstick, the losses in output from the 2007-09 crisis could exceed $13 trillion in the United States alone** (GAO, p. 17).

- The Great Recession might result in a cumulative overall loss of one to five times annual GDP or **$60-200 trillion in global economic output** according to Andrew Haldane of the Bank of England, based on past experience with financial crises which suggests that their impacts on economic growth are long-lasting, and that some of the losses are never fully recouped.

Mass Layoffs

- There were **3,059 mass layoff actions** in February 2009 involving 326,392 workers, the highest rate since these measures were first recorded in 1995. BLS.



Unemployment and Job Loss

- **8.7 million Americans (almost 1 in 15 workers**) lost their jobs during or immediately following the recession, which officially ran from December 2007 through June 2009. This is by far the most severe job loss associated with any recession since the Great Depression – for comparison, in the 1981-82 recession, 2.7 million workers (or one out of every 33 workers) lost their jobs. Bureau of Labor Statistics (BLS).

- This recession was unique in being the first on record to have **erased all of the jobs gained in the previous economic expansion**. This resulted not only from the sharp decline in employment, but also from the relatively tepid job growth in the preceding expansion. Bureau of Labor Statistics (BLS).

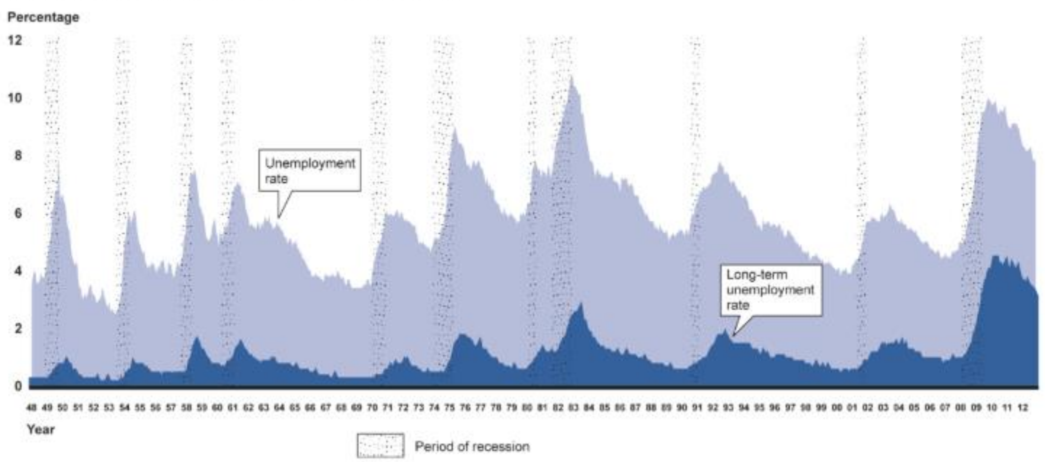
- The official unemployment rate (U-3) reached **10 percent** in October 2009, over twice its level in the months of 2007 (4.4%-5.0%). Bureau of Labor Statistics.

- The number of unemployed persons per job opening grew from 1.8 at the beginning of the recession (December 2007) to **6.2** at end of the recession (June 2009). BLS Chart 1.

- The impact of the recession on the **severity** of unemployment was at least as great as its impact on the **level** of unemployment. By 2010, the typical (median) unemployed worker took almost six months to find a new job, more than twice as long as had ever been observed in any other period since World War II. BLS.

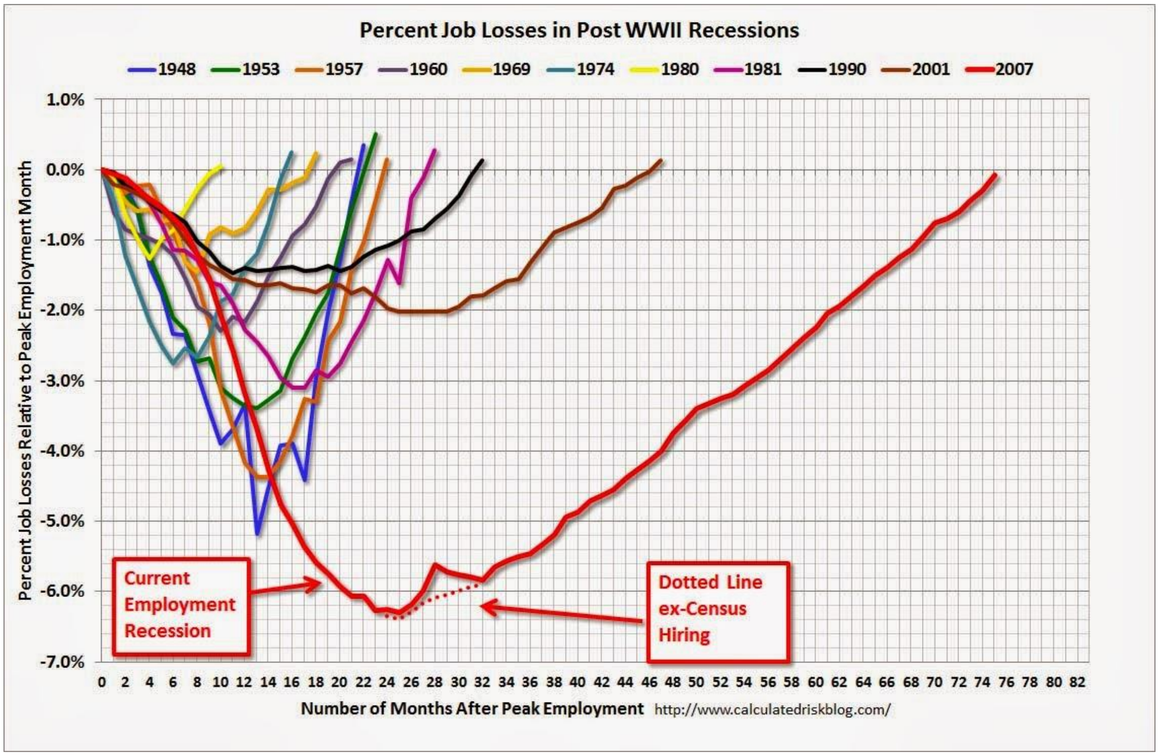
- The percent of those unemployed long-term soared to historic heights. As a share of all unemployed Americans, those looking for work for more than 6 months remained above **40 percent** for nearly 3 years, from December 2009 until November 2012. General Accounting Office, January 2013, p 18.

Figure 3: National Unemployment Rate and Long-Term Unemployed as a Percentage of Labor Force, Seasonally Adjusted, and Recession Periods, 1948 through November 2012



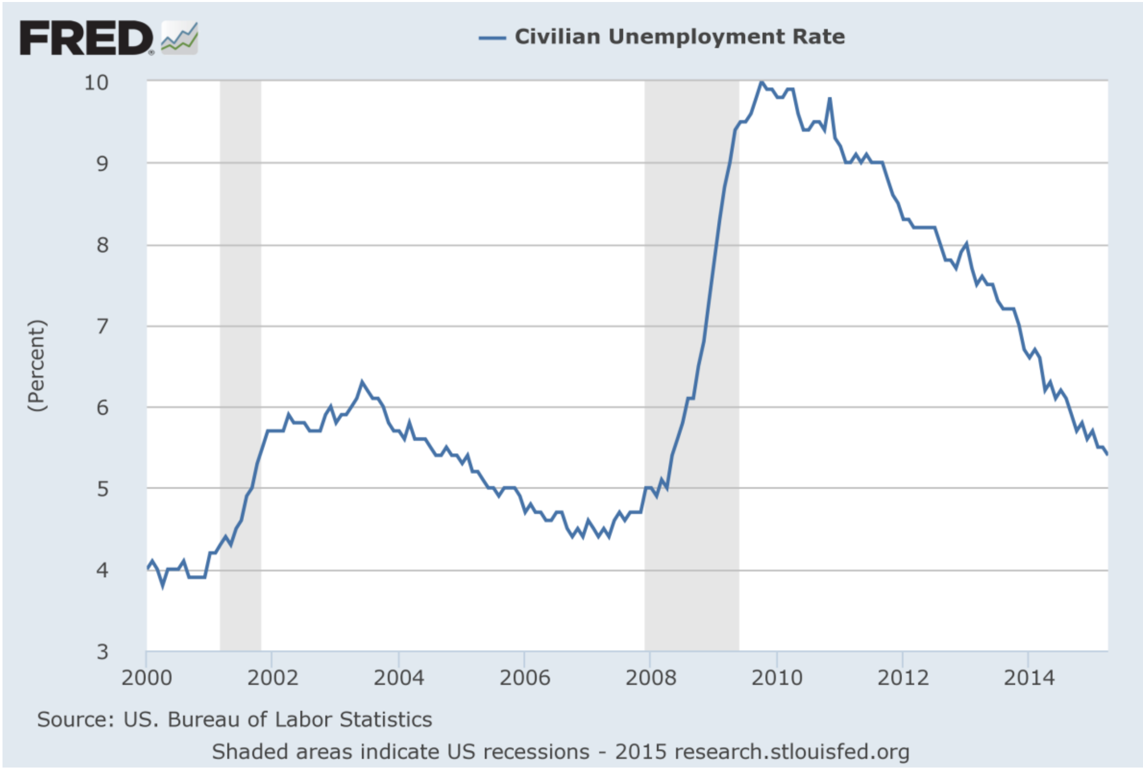
Source: GAO presentation of Bureau of Labor Statistics data.

- The decline in employment experienced during the December 2007–June 2009 recession was greater than that of any recession of recent decades. As the chart below shows, it took 76 months for employment to return to its pre-recession level. Calculated Risk blog, May 2, 2014.



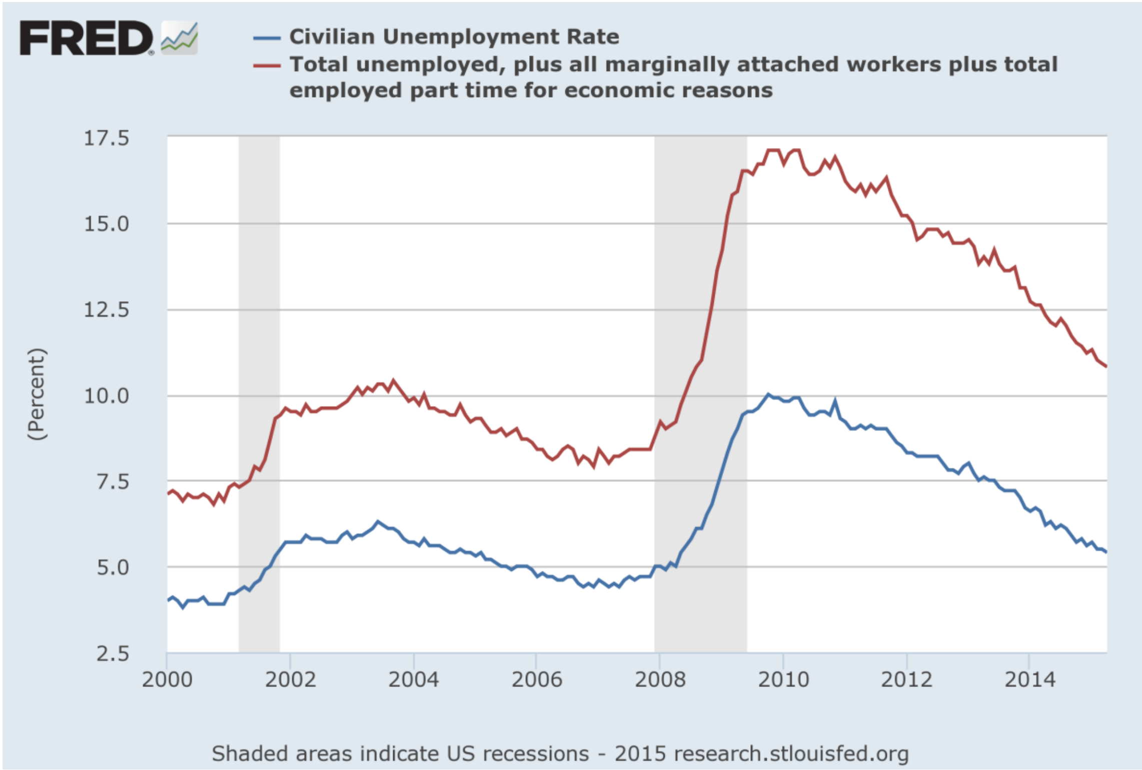
Almost Six Years Later, the Labor Market Has Still not Recovered

- The official unemployment rate (U-3) still remains at **5.4 percent** in April 2015, almost six years after the recession officially ended, up from a pre-crisis rate of 4.7 percent (in November 2007). This means **8.5 million** people are still officially unemployed (seasonally adjusted) in April 2015, **1.3 million** more than the 7.2 million who were officially unemployed in November 2007. Bureau of Labor Statistics.

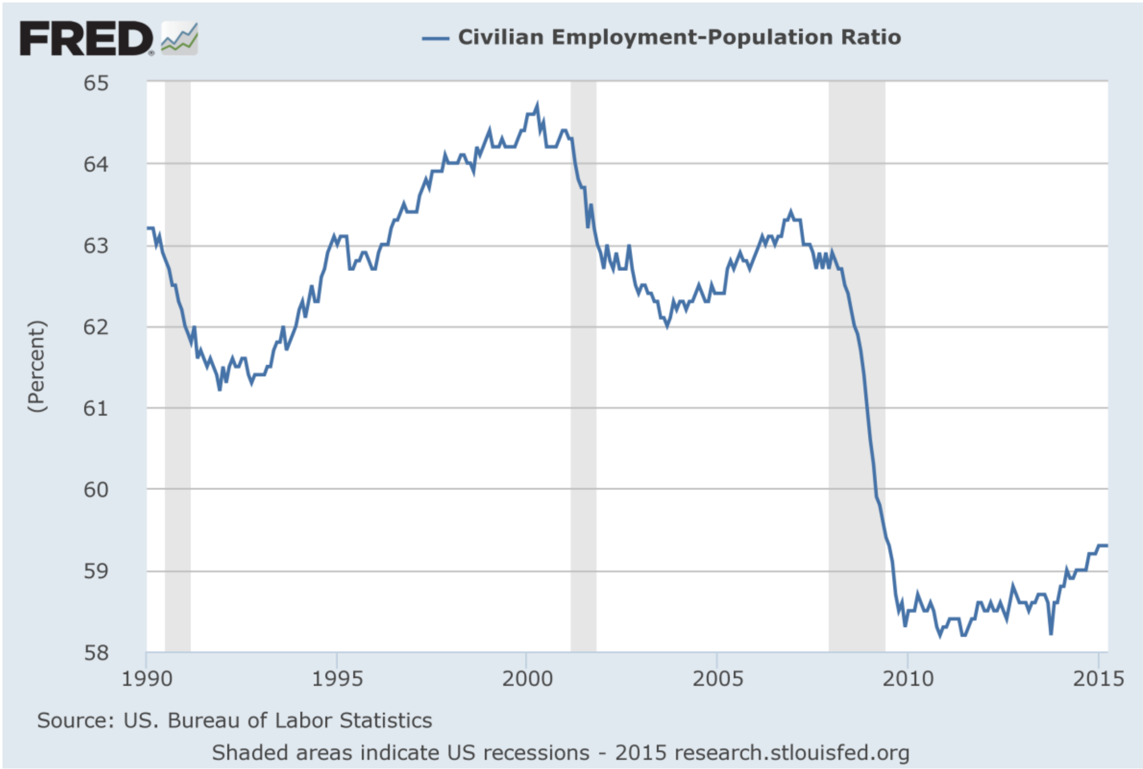


- There are still **1.7 times** as many active job seekers as job openings (as of March 2015). BLS JOLTS Chart 1.

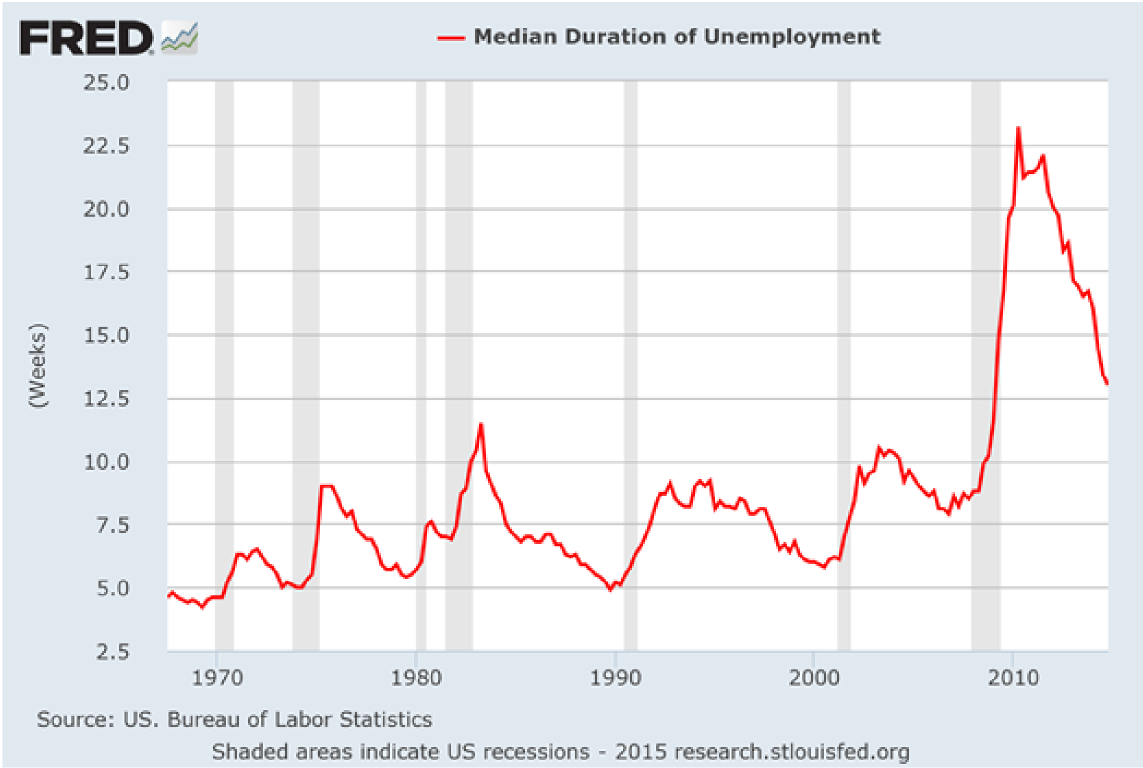
- The U-6 unemployment rate was **10.8 percent** in April 2015 (seasonally adjusted) representing **17.2 million** Americans. This broader measure of unemployment includes those unemployed (8.5 million), those under-employed (6.6 million) who are working part-time for economic reasons, and those (2.1 million) marginally connected to the workforce (including discouraged workers and those who recently looked for a job but are now attending school or raising children). U-6 peaked at **17.2 percent** in April 2010. BLS (Table A-15) BLS (Summary Table A and our calculations).



- EPI estimates the unemployment rate would be **7.3 percent** in April 2015 if the 3,140,000 "missing workers" were included. "Missing workers" are those discouraged from even looking for work because of the poor job market.
- The overall employment-population ratio was **59.3 percent** in April 2015, down from a high of 63 percent in 2007. This ratio, which measures the number of employed people compared to the entire population, plunged in 2008-2009 to about 58.3 percent and has just barely climbed since then. This is an indication that many people have dropped out of the workforce because of the poor job market. BLS.



- In April 2015, after several years of technical recovery, the typical (median) unemployed worker still takes 11.7 weeks – almost three months – to exit unemployment – a longer period of unemployment than has ever been observed during any *recession* period since WWII. BLS.



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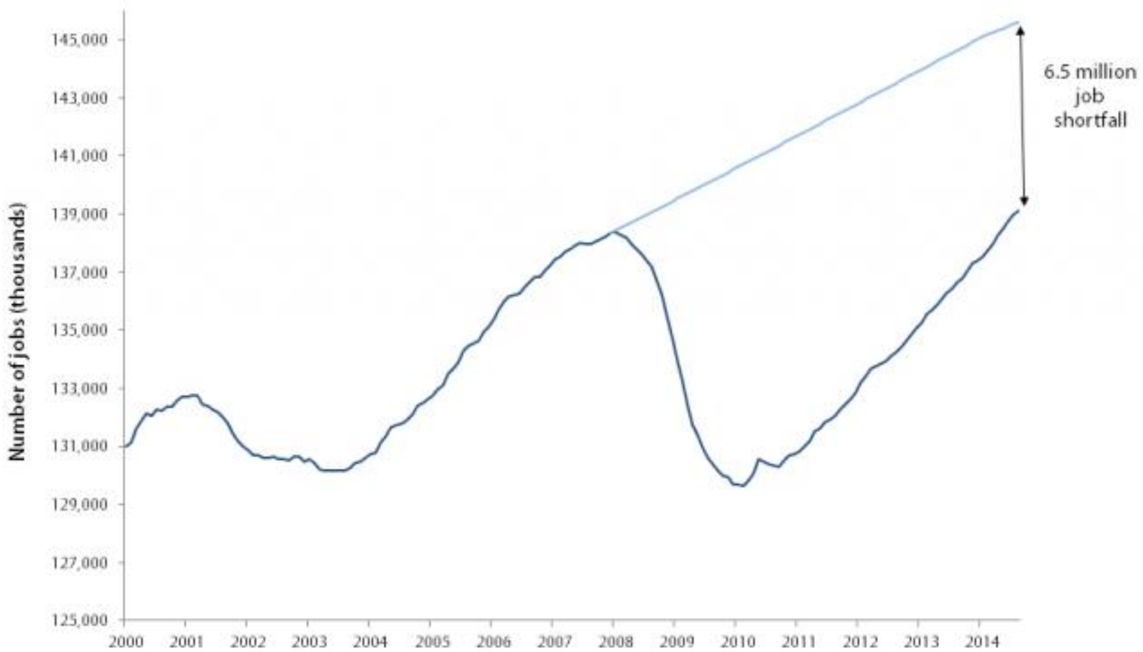
- In April 2015, about **2.5 million people** or **29.0 percent** of the unemployed had been out of work for more than six months. BLS. Before the crisis started, just 0.7 percent of the whole labor force was unemployed long-term. That rate jumped to 4.4 percent by the spring of 2010, and has since dropped to **1.6 percent** in April 2015 – still twice as high as before the recession began. Federal Reserve Economic Data. In addition, many of the long-term unemployed are no longer counted since they have given up looking for work. EPI.

- The long-term **unemployment rate was between 2.9 and 4.3 times as high in 2013** as it was in 2007 for all age, racial, and ethnic groups and in every occupation, in every industry, and at all levels of education. Such broad-based elevated long-term unemployment indicates there is nothing wrong with these workers, their skills, or their location. Rather, demand for goods and services is just so low that businesses of all kinds across the country simply have not needed to significantly increase hiring. Economic Policy Institute (EPI).

- Many employed workers remain locked in their jobs, unable or unwilling to quit their current job because other job opportunities remain so scarce. In 2006, nearly 3 million workers voluntarily quit their jobs each month. The rate fell dramatically in the Great Recession to a low of 1.6 million in August 2009 and has improved to **2.8 million** as of March 2015 (still 7% below its prerecession level). BLS, Chart 6.

- As of August 2014, the total “jobs gap” – the number of jobs needed to return the U.S. economy to the pre-recession (December 2007) level of employment – was **6.5 million**. EPI, September 5, 2014.

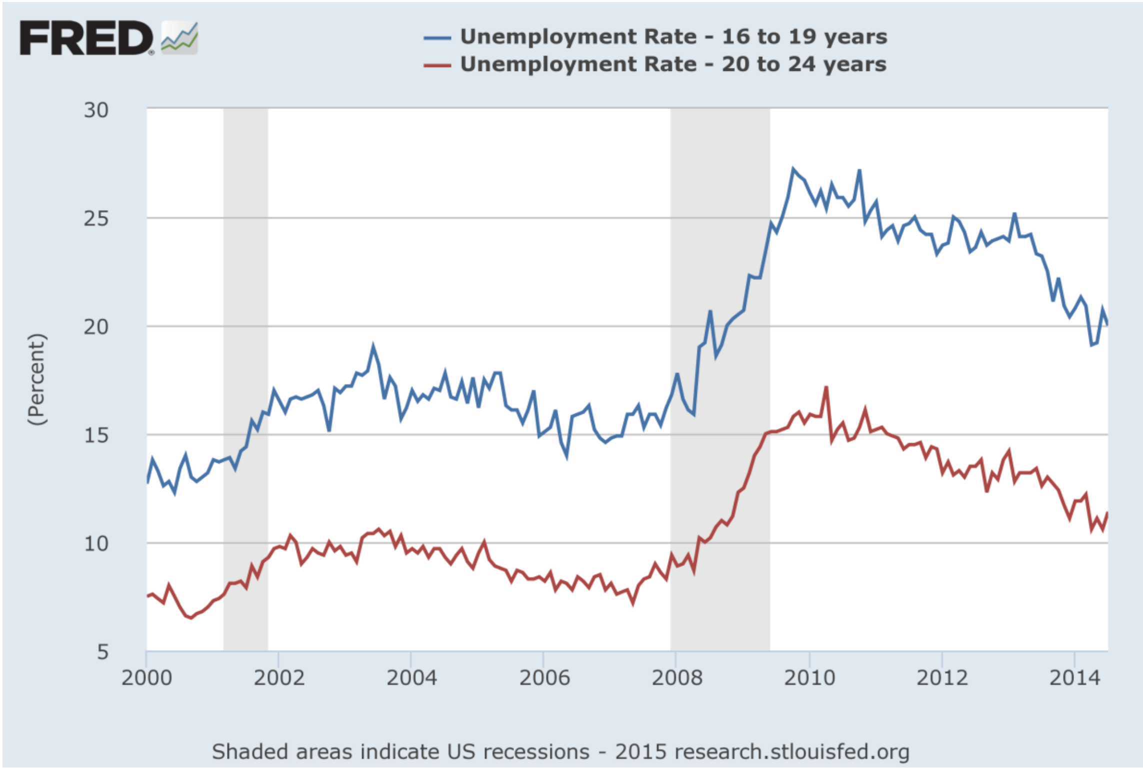


Note: The potential labor force is the actual labor force plus the "missing worker," potential workers who, because of weak job opportunities, are neither employed nor actively seeking a job. How EPI calculates missing workers can be found here: http://www.epi.org/publication/missing-workers/.
Source: EPI analysis of Bureau of Labor Statistics' Current Employment Statistics public data series and Current population Survey public data series

Disproportionate Impact on Young People

- In April 2015, the **official unemployment rate for those aged 16-19 was 17.1%.** Unemployment for this cohort peaked in October 2010 at 27.2% and was above 20% for 66 months from October 2008 through March 2014. BLS.

- **For those aged 20-24, the unemployment rate in April 2015 was 9.6%.** Unemployment for this age cohort peaked in April 2010 at 17.2% and was above 10% for 80 months from May 2008 through December 2014. BLS.



- Not only have young people missed out on years of pay and benefits, but studies have shown that those who are unemployed as young adults earn lower wages for many years following their period of unemployment due to forgone work experience and missed opportunities to develop skills. A report from the Center for American Progress (CAP) estimated "In April 2010 the number of people ages 20–24 who were unemployed for more than six months had reached an all-time high of 967,000 people. We estimate that these **young Americans will lose a total of $21.4 billion in earnings over the next 10 years**." "This equates to about **$22,000 per person**."

- In 2012, **37 percent of U.S. college graduates** were in occupations requiring no more than a high-school diploma, up from 27 percent in 2007. Center for Labor Market Studies at Northwestern University.

Income and Wealth

- The income of the typical American household fell by **8.0 percent** between 2007 and 2013, to a level of $ 51,758 (in inflation-adjusted 2013 dollars). This is easily the largest sustained decline in income seen since WWII. Today, typical household incomes are lower than they were 17 years ago, in 1996. Census Bureau data (Table H-09).

- **The recession destroyed primarily high-wage and middle-wage jobs, but the strongest employment growth in the recovery has been in low-wage work.** Higher-wage industries – like accounting, legal work, and software engineering – shed 3.6 million positions during the recession (from January 2008 to February 2010) and have added only 2.6 million positions during the recovery (from February 2010 to February 2014). But lower-wage industries – like retailers and fast-food restaurants – lost two million jobs, then added 3.8 million. In April 2014, there were nearly two million fewer jobs in mid- and higher-wage industries than there were before the recession, while there were 1.85 million more jobs in lower-wage industries. Service industries, which pay relatively low wages, accounted for 39 percent of the private sector employment increase over the past four years. National Employment Law Project, New York Times.

- Twenty-three percent of Americans surveyed by the John J. Heldrich Center for Workforce Development at Rutgers University in January 2013 reported being laid off from either a full- or part-time job during or after the recession. **Forty-eight percent of those who were laid off and fortunate enough to find new employment said their new job is a step down from the one they held before the recession, and 54% reported lower pay.** Of those reporting lower pay, a third said their pay had been cut by more than 30%. Twenty-three percent believed they would get back to where they were before the recession and 16% said they were already back. But most (61%) believed they would never fully recover from the recession. Sixty percent of Americans said they believe the Great Recession had permanently changed the economy and that it is a major step down.

- Between 2007 and 2011, **more than half of all families lost at least 25 percent of their wealth** and one-fourth of American families lost at least 75 percent of their wealth according to University of Michigan researchers Fabian T. Pfeffer, Sheldon Danziger, and Robert F. Schoeni analyzing Panel Study of Income Dynamics (PSID) data.

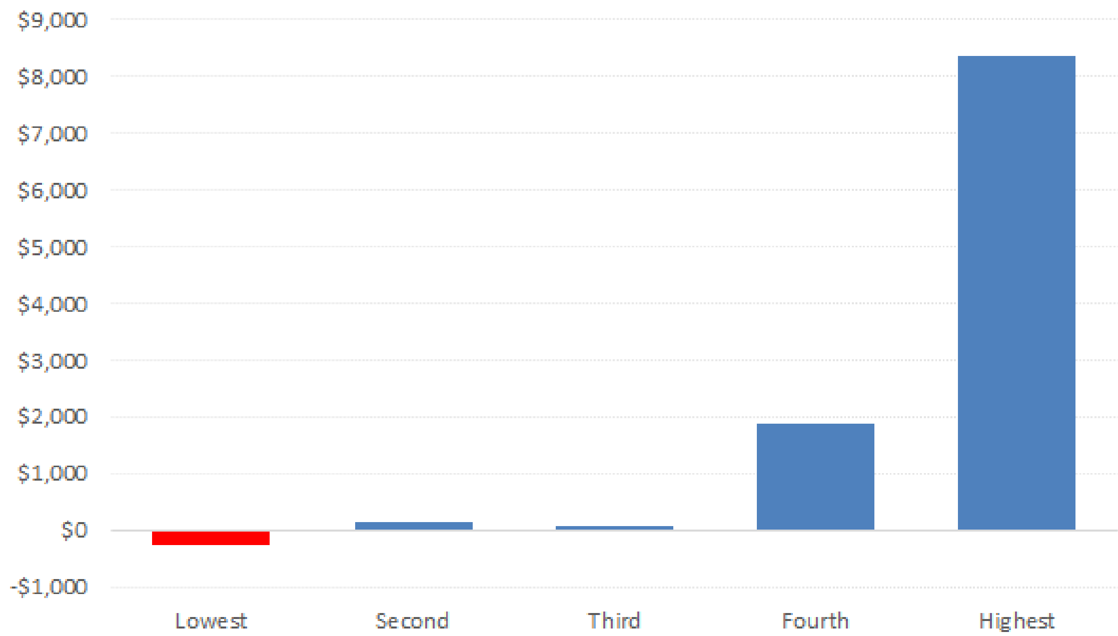
- Median household wealth in 2013 was $81,200, **down 40.0%** from $135,400 in 2007 before the financial crisis began (numbers in inflation-adjusted, 2013 dollars). Federal Reserve 2013 Survey of Consumer Finances, Table 4.

Income and Wealth Inequality

- Since the recovery began in 2009 to the end of 2013, **wage rates decreased for the bottom 90 percent of workers**, despite productivity growth of 4.8 percent over that period. With job opportunities tight, employers do not have to pay substantial wage increases to get and keep the workers they need. On the other hand, the stock market and corporate profits (adjusted for inflation) have both surpassed their pre-recession peak. EPI.

- The **top 20% of earners accounted for more than 80% of the rise in household income** from 2008-2012. Their annual earnings went up by $8,358. In stark contrast, annual income fell for the bottom 20% by $275. Bureau of Labor Statistics Spotlight on Statistics.

Average annual income changes by income quintile between 2008 and 2012



Source: U.S. Bureau of Labor Statistics.

- From 2009 to 2012, **the top 1% of incomes grew by 34.7% (capturing 91 percent of the gains) while the bottom 99% of incomes shrank by only 0.8%,** magnifying the on-going growth of inequality. This disparity continued a longer-term trend: from 1993 to 2013, through a boom and two recessions, average real incomes of the bottom 99% grew a total of only 7.3% while the top 1 percent incomes grew by 62.4%. Study by UC Berkeley economist Emmanuel Saez.

- The top 1% of earners in the United States more than doubled their share of pre-tax income over the past two decades: from 8.2% in 1980 to 19.3% in 2012. In 2012, U.S. income inequality, measured by the Gini coefficient, was the 4th highest among the OECD countries. Only Chile, Mexico and Turkey had worse income inequality outcomes. OECD.

- Since 2009, housing wealth, stock wealth, and job income have improved, but at different rates. By mid-2013, the stock market had rebounded to pre-recession levels but home prices were still below their mid-2007 values, and employment and wage levels were still quite low (leading many people to draw down their savings). Since affluent households generally have large stock portfolios, those at the 95th percentile in wealth saw their wealth grow a substantial 14.4% from 2003 to mid-2013 (from $1,192,639 to $1,364,834). Those less affluent, whose home value and job income comprise more of their wealth, saw decreases in net wealth: for example, those at the median (50th percentile) had lost 36.0% (from $87,992 to $56,335), and those at the 25th wealth percentile had lost more than two-thirds of their wealth (-68.4% loss from $10,129 to $3,200). University of Michigan researchers Fabian T. Pfeffer, Sheldon Danziger, and Robert F. Schoeni analyzing Panel Study of Income Dynamics (PSID) data.

Poverty

- An Urban Institute study found that U.S. families who were asset-poor (having net wealth less than necessary to cover the cost of living at the federal poverty level for three months) rose from 16.1 percent in 2007 to **19.6 percent in 2010**. This 3.5 percentage point (or 22 percent) increase represented over 4 million additional asset-poor families in 2010.

- The number of Americans reporting instances of not being able to afford enough food for their families rose by more than half from 13.4% before the crisis to **21.1%** in 2012. OECD.

- From a pre-recession level of **12.5 percent**, the proportion of Americans living in poverty increased to 15 percent in 2012 and then decreased slightly to **14.5 percent** in 2013 (the most recent year polled). Census Bureau.

- Roughly **45.3 million** Americans (**1/6th** of the adult population) were officially considered poor in 2013 (the most recent figures), up from **37.3 million** in 2007. Census Bureau.

- In a 2013 poll, **61 percent** of Americans said their family's income was falling behind the cost of living, compared to just 8 percent who felt they were getting ahead and 29 percent who felt they were staying even. The situation was much worse for many: 25 percent to 34 percent reported serious problems falling behind in rent, mortgage, or utilities payments or being unable to buy enough food, afford necessary medical care, or keep up with minimum credit card payments. Center for American Progress poll, 2013.

- The number of Americans receiving food stamps, now called SNAP benefits (Supplemental Nutrition Assistance Program), soared from 26.3 million in 2007 to **47.6 million** in 2013. This represented about 15% of the total US population.

US Department of Agriculture. The number has decreased slightly to 45.7 million in February 2015. US Department of Agriculture.

Housing

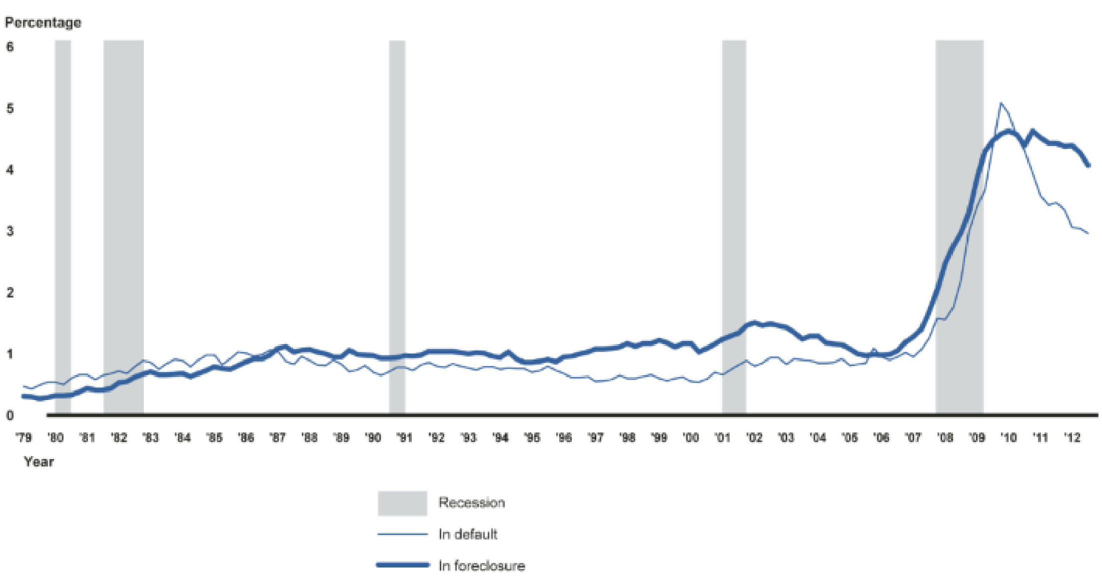
- From when the financial crisis began in September 2008 through March 2014, approximately **4.9 million families lost their homes to foreclosure**. Between 2010 and 2013, **another 1.3 million families lost their homes to short sales**. CoreLogic Haas Institute for a Fair and Inclusive Society.

- Foreclosures averaged about **75,000 per month** for the 64-month period from September 2008 through the end of 2013 (4.8 million total). In comparison, in the years before the crisis, from 2000 to 2006, completed foreclosures averaged only 21,000 per month nationwide. CoreLogic via CalculatedRisk blog.

- In March 2015, foreclosure completions were still elevated, with **41,000 foreclosures** completed that month (up from an average of 21,000 per month in the years before the crisis, from 2000 to 2006). The seriously delinquent rate was down to 3.9 percent, far below the peak of 8.6 percent in early 2010, but still represented 1,477,000 properties . CoreLogic.

- The percentage of loans in foreclosure increased rapidly from about 1 percent in 2007 to over 4 percent in 2010 as Figure 7 below shows, and still have not dropped nearly as far as they should have this far into the recovery. GAO report, p. 25.

Figure 7: Percentage of Loans in Default 90 Days or More or in Foreclosure and Recession Periods, March 1979 through September 2012



Source: Mortgage Bankers Association; National Bureau of Economic Research.

- At its worst in early 2012, almost **16 million** Americans owed more on their mortgage than the market value of their home. In some of the hardest hit neighborhoods in cities like Las Vegas, Phoenix, and Detroit, 70 percent of homeowners were underwater. Newsweek.

- Despite home prices rising in many parts of the country, at the end of the fourth quarter of 2014, **16.9 percent of households were still underwater** on their mortgages. This rate is down from the 31.4 percent peak in the first quarter of 2012, but seems to be flattening out to an elevated "new normal" level. In most markets across the country, the largest part of the negative equity is in the bottom tier – 27.3 percent of the least expensive third of homes by home value were underwater compared to 15 percent of homes in the middle tier and 9.1 percent in the top tier. Still, the majority of underwater homeowners continue to make regular payments on their mortgages, with only 6.3 percent of underwater homeowners being delinquent. Zillow.

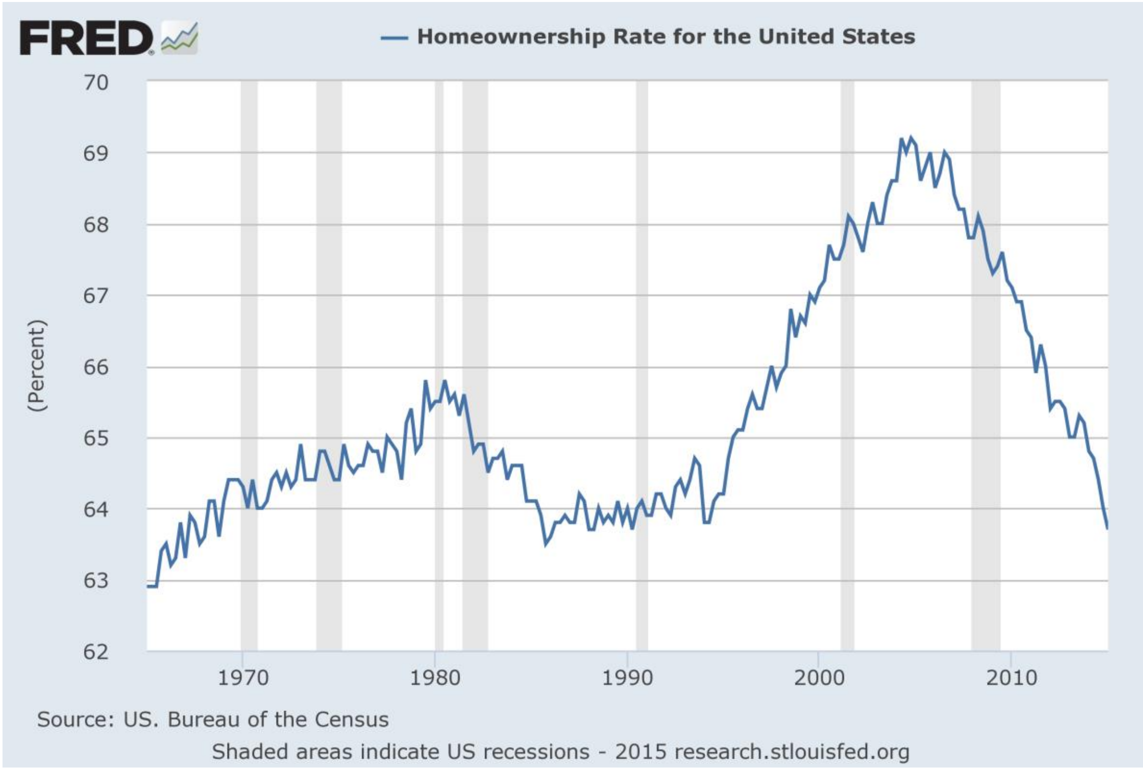
- As of 2014 Q4, hard hit cities for underwater homes included Virginia Beach (28.3 percent), Jacksonville (27.0 percent), Las Vegas (26.4 percent), and Atlanta (26.1 percent). The rate for the least expensive third of homes was far higher with the highest rates in Detroit (50%), Atlanta (49%), Kansas City (43%), Cleveland (43%), Chicago (42%), and St. Louis (42%). Zillow.

- Home values dropped **33.7 percent** from the peak in 2004 to 2009 according to Wells Fargo. As the 2012 Economic Report of the President (p.102) observed, the decline was much sharper than during the Great Depression.

- In December 2011, total mortgage debt exceeded total home equity by **$3.7 trillion**. This was the first time since the collection of such data began in 1945 that total national home equity fell below total national mortgage debt. GAO report, p. 21.

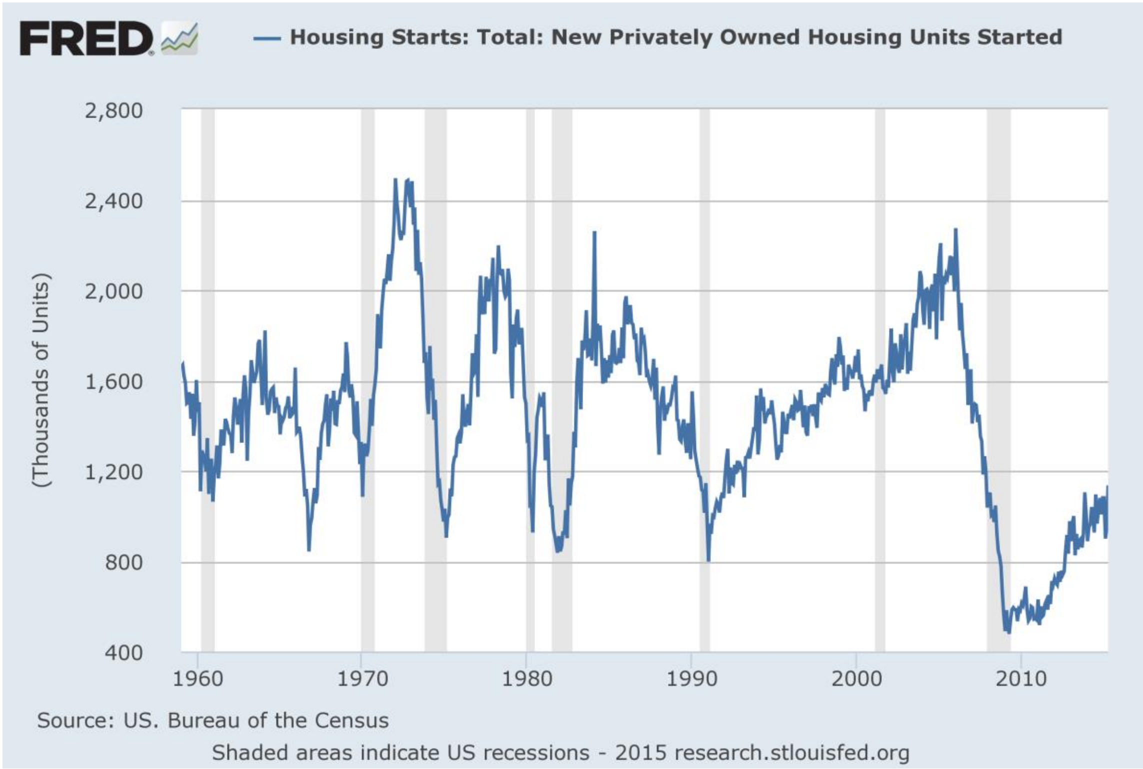
- The median value of Americans' net equity in their homes fell by **42 percent** between 2007 and 2010, to $55,000, according to Federal Reserve data.

- The overall homeownership rate, which peaked at **69.2 percent** in the second quarter of 2004, fell to **63.7 percent** (seasonally adjusted) by the first quarter of 2015. Census Bureau Table 14.



Housing Construction and Purchase

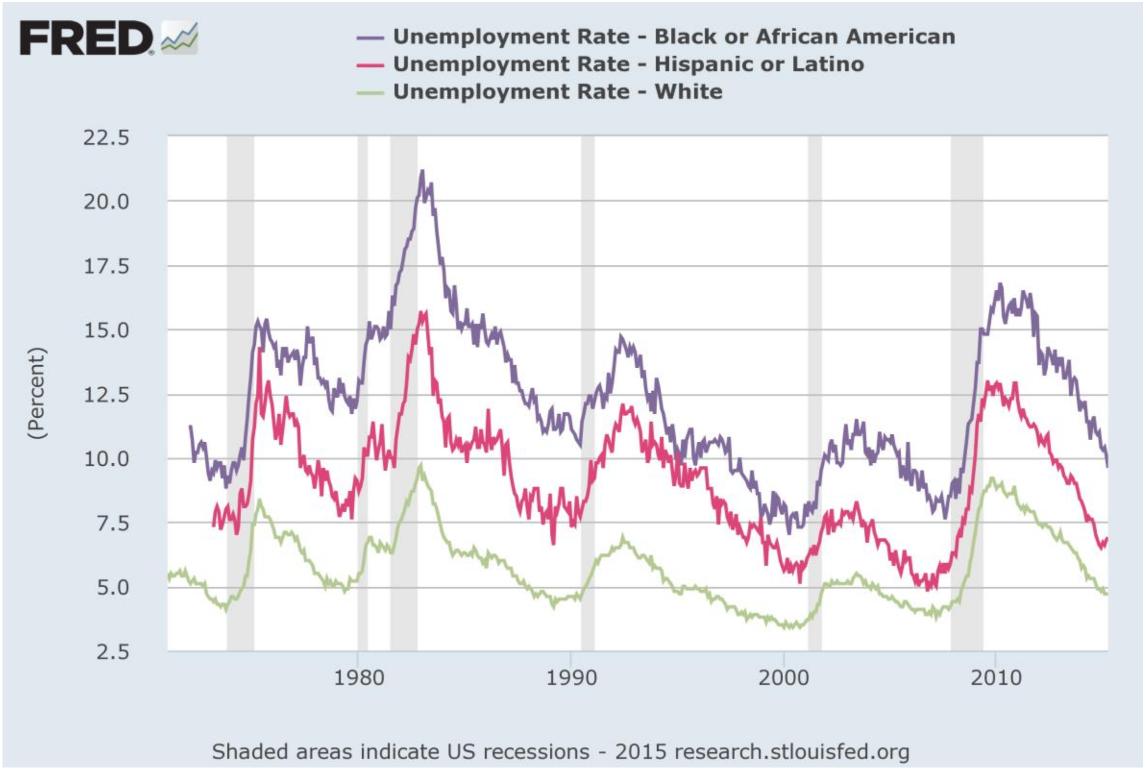
- The construction industry was devastated by the housing and financial crash. Housing starts fell to 478,000 (seasonally adjusted, annualized rate) in April 2009. This was the lowest level since data was first kept in 1959. In Arpil 2015, the level had grown back to 1,135,000, still about 22 percent below the historical average of 1.46 million. Census Bureau, Joint Center for Housing Studies of Harvard University.



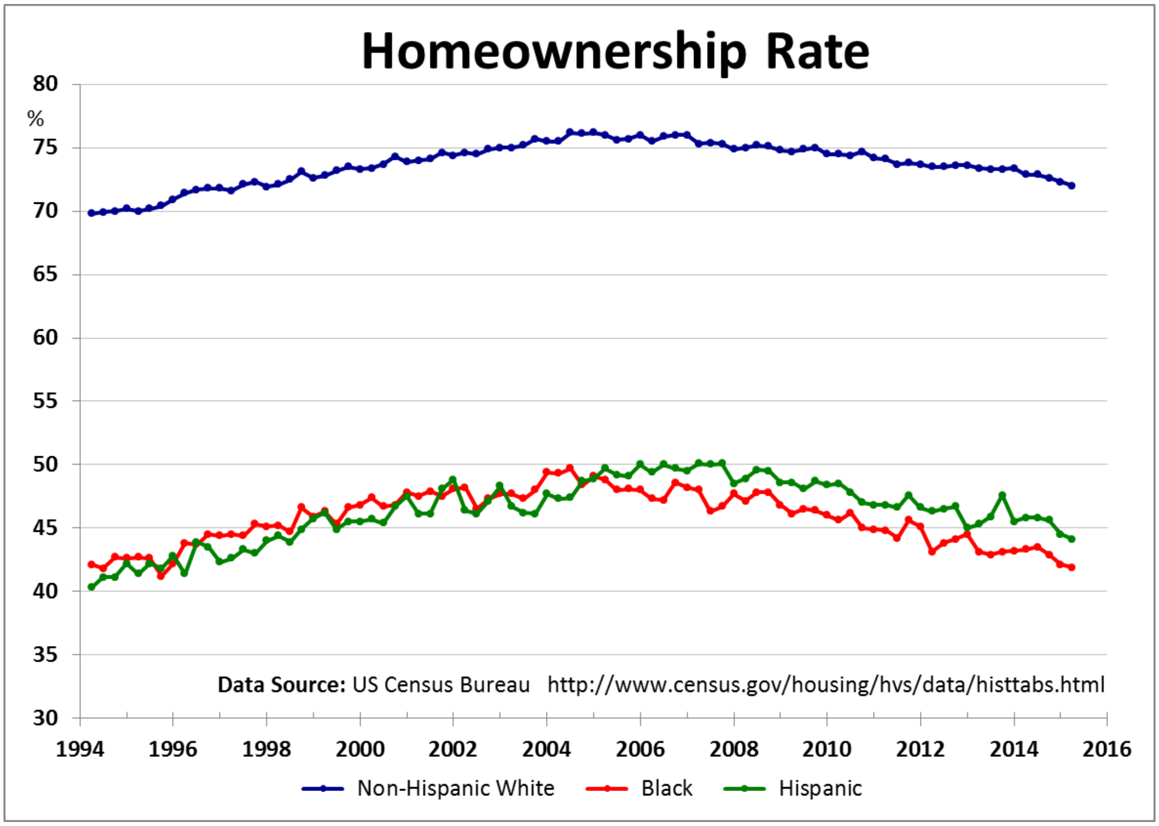
- Despite relatively low mortgage interest rates and large numbers of distressed homes now on the market, purchase of homes has been sluggish, largely because of high unemployment rates and because of lower incomes among young people. Between 2007 and 2012, real median household incomes dropped **8 percent** among 25–34 year olds and **7 percent** among 35–44 year olds. About 2.1 million more adults in their 20s and 300,000 more adults in their 30s lived with their parents in 2013 than would be the case if the share of these age cohorts living at home had remained at 2007 levels. Joint Center for Housing Studies of Harvard University. As a result homeownership for Americans 35 and under declined to **36.8 percent in 2013**, the lowest rate since the Census Bureau's Housing Vacancy Survey began tabulating homeownership by age in 1982.

Disproportionate Impact on Communities of Color

- The official unemployment rate continued to be much higher for many people of color. In April 2015, the U-3 rate for Blacks or African Americans was **9.6 percent** and for Hispanics or Latinos was **6.9 percent**. The rate for non-Hispanic whites was **4.7 percent**. The rate peaked for Blacks or African Americans at 16.9 percent (in March 2010), at 13.1 percent for Hispanics or Latinos (in August 2009), and at 9.2 percent for whites (In October and November 2009). BLS.



- Minority homeownership rates continued to lag far behind white homeownership rates in the years leading up to the crisis, but from 1995 through 2004, minority homeownership gains outpaced white homeownership gains. When the housing bubble began to burst, however, homeownership fell among all groups, but more steeply among minorities, according to a study by [Pew](). Between the first quarter of 2007 and the first quarter of 2015, the homeownership rate for African Americans dropped from **48.0 percent** to **41.9 percent;** for Hispanics/Latinos, the rate fell from **50.1 percent** to **44.1 percent**. For Non-Hispanic Whites, the rate fell from 75.3 percent to 72.0 percent. [US Census Bureau Table 16]().



- Between 2005 and 2009, African Americans experienced a decline in household wealth of **53 percent** and Latinos lost **66 percent of household wealth**, compared to a 16 percent decline for whites. The Pew study also showed record-high disparities between the household wealth of non-Hispanic whites ($113,149) and that of blacks ($5,677) and Hispanics ($6,325) as a result of the crisis.

Disproportionate Impact on Poor Neighborhoods

- In high-poverty neighborhoods the percent of working-age men who were employed dropped from 73.5 percent in 2007 to 65.0 percent in 2009 according to a 2012 Urban Institute study of a detailed University of Michigan dataset (the Panel Study of Income Dynamics).

- The same Urban Institute study found that residents of high-poverty neighborhoods were more likely to experience wealth losses and, among those with wealth, a higher percentage loss in family net worth. More than one in five homeowners with mortgages in high-poverty neighborhoods faced foreclosure or an inability to meet future mortgages payments as of 2009, a rate more than twice a great as in wealthier neighborhoods. Fewer than 5 percent of families in poor neighborhoods took advantage of low home prices and became homeowners, compared to over eleven percent in all other areas.

- The Urban Institute's Making Connections surveys of about 2,500 families living in low-income neighborhoods in seven cities in 2005–2007 and again in 2008–2011 found that average household debt among these residents increased significantly by $3,500, with average debt (mostly mortgages) reaching $35,400 in 2008/2009. Even within these neighborhoods, low-income families disproportionately lost equity during the financial crisis.

Increased Mortality and Impaired Health

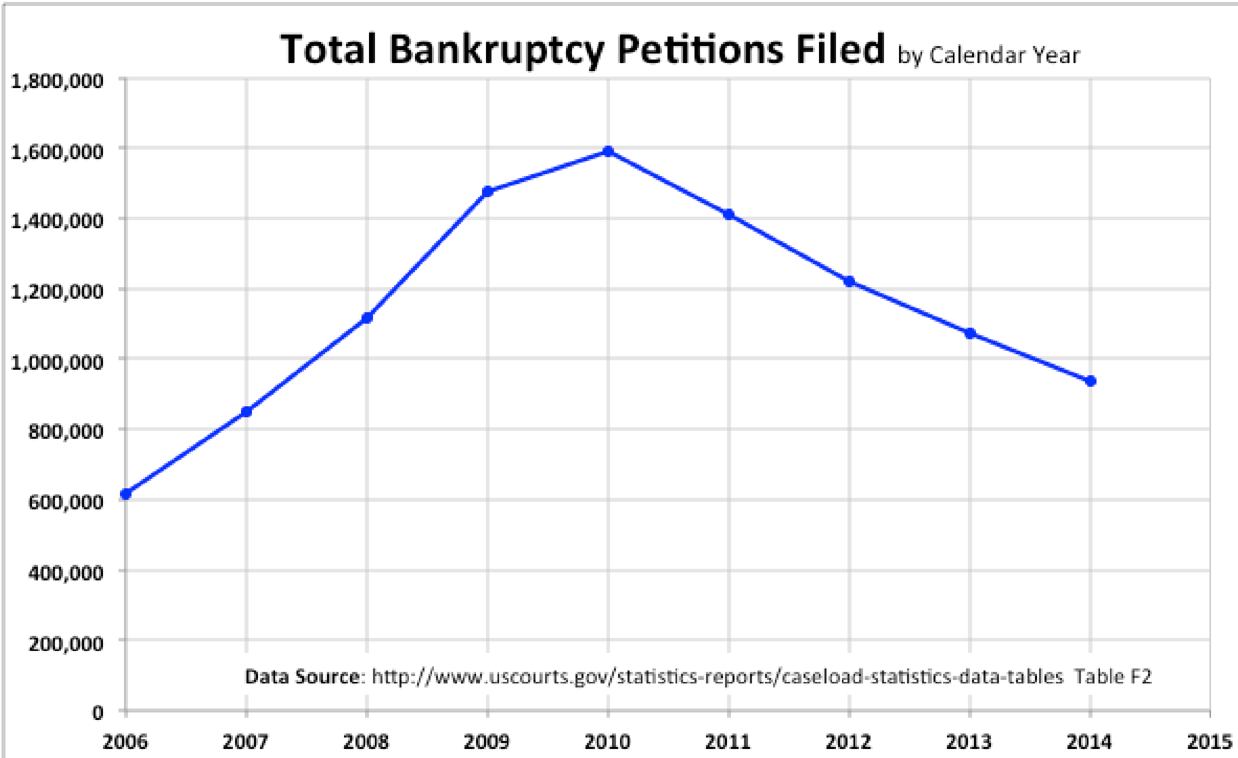
- **Prolonged unemployment is a devastating experience.** Men who get laid off before retirement age experience a significant increase in mortality – a spike of **50-100 percent** in the years immediately following job loss, according to a 2011 study by economists Daniel Sullivan and Till von Wachter. Their children, as reporter Binyamin Applebaum noted in the New York Times, eat less well, do less well in school, and earn less over their lifetimes. And the longer the unemployment lasts, "the deeper the damage appears to be."

- There were at least **10,000 additional economic suicides in Europe and North America** between 2008 and 2010 associated with the Great Recession according to a study by British researchers. British Journal of Psychiatry.

- The suicide rate rose **28.4 percent for Americans 35 to 64 years old** between 1999 and 2010 and **40.4 percent among whites** in this age group, according to the federal Centers for Disease Control and Prevention. The recession is probably an important factor contributing to this rise since suicide rates historically tend to correlate with business cycles. Centers for Disease Control.

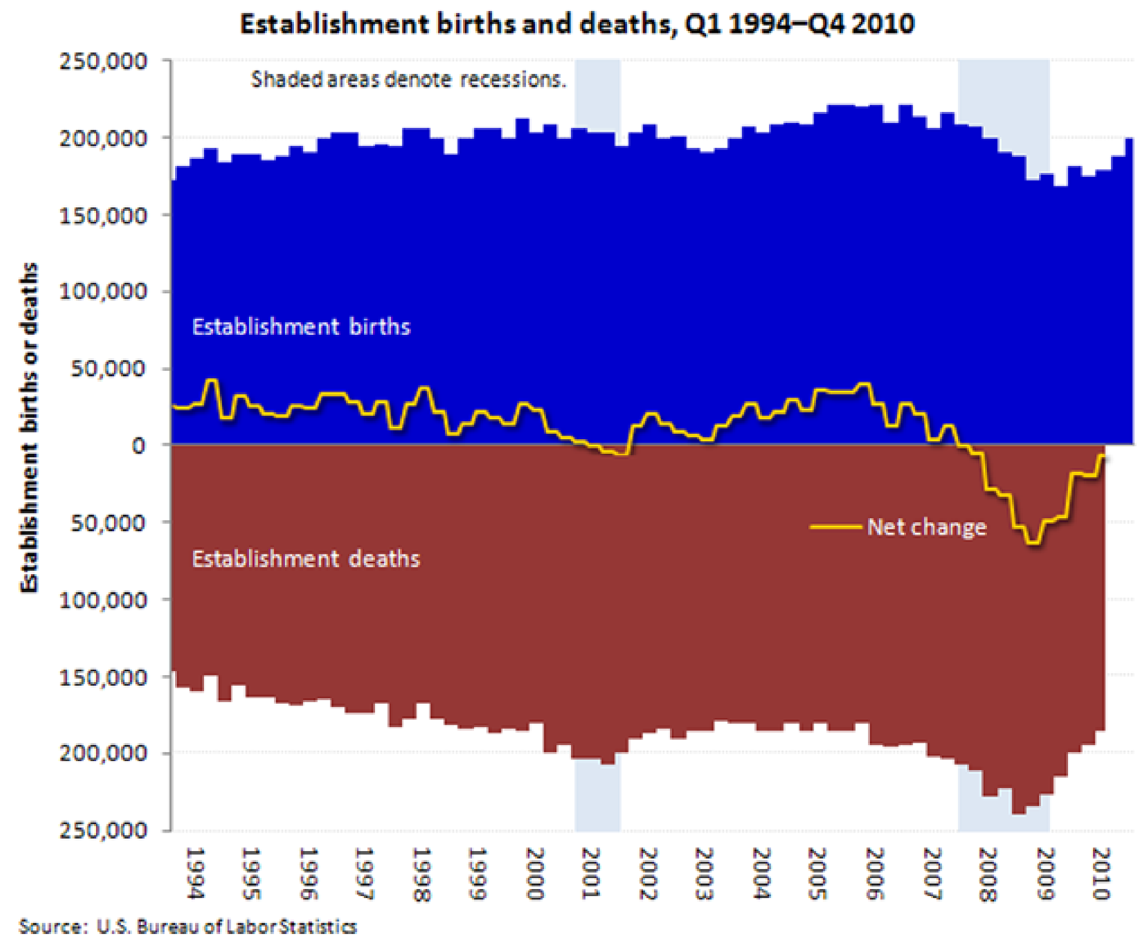
Bankruptcies

- The number of **bankruptcy petition filings soared from 617,660 in 2006 to a peak of 1,593,081 in 2010**. The number declined only to 936,795 by 2014 – still 51.7% higher than in 2006. US Bankruptcy Court System.



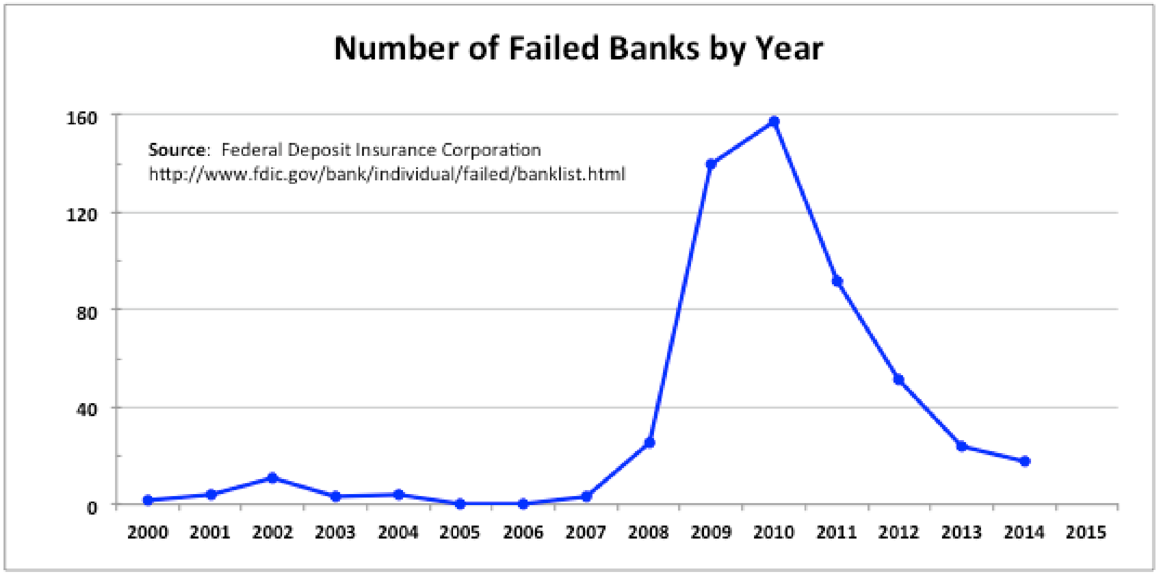
Business Failures

- There was a **net decline of 63,000 private sector businesses** at the worst point in the recession. For the 3 months ending in March 2009, the private sector experienced a total of 235,000 establishment deaths and only 172,000 establishment births (the biggest net decrease ever for this data series, which began in 1992). BLS.



Bank Failures

- The number of **banks failing each year peaked at 157 in 2010**, up from 140 in 2009 and none in 2005 and 2006. The number dropped to 18 in 2014. FDIC



Additional Government Spending and Revenue Losses

- The total budgetary impact of the crisis caused by diminished tax revenues and higher outlays for unemployment insurance, food stamps, other safety-net programs, and debt service is projected to be **$3.5 trillion** between 2009 and 2018. Center on Budget and Policy Priorities (CBPP).

- The combined cost of government spending and diminished home and stock values was **$108,000** per U.S. household during the acute stage of the financial crisis from September 2008 through the end of 2009. Pew.

- The Great Recession caused federal government spending to rise sharply for unemployment and other safety net and stimulus programs while greatly reducing tax revenues. That spending, along with federal assistance to the financial sector, increased the federal debt held by the public from about 36 percent of GDP at the end of 2007 to roughly **62 percent** at the end of 2010 (GAO, p. 26). At the end of 2013, federal debt stood at 101.5% of GDP.