



# ALICE REPORT FAST FACTS

Every two years, the Michigan Association of United Ways, with support from local United Ways statewide, and Consumers Energy, release a report on the state of Michigan's Asset Limited, Income Constrained, Employed (ALICE) population. This report provides the most comprehensive look at Michigan residents who are struggling financially.

ALICE represents Michiganders who work hard, but still can't seem to make ends meet. These residents have an income above the Federal Poverty Level, but still struggle to afford the basic household necessities - housing, child care, food, health care, technology, and transportation. This year's ALICE report, to be released on March 20, finds that low wages, reduced work hours, and depleted savings, combined with increased cost of living, have made for an uneven economic recovery in Michigan following the 2008 recession.

**1,664,606 HOUSEHOLDS – 43% OF MICHIGAN'S POPULATION – CANNOT AFFORD BASIC HOUSEHOLD NECESSITIES. THE NUMBER OF ALICE HOUSEHOLDS INCREASED 6% FROM 2010 TO 2017.**

#### **What this means:**

A large proportion of households across Michigan – comprised of all races and ages - have income below the ALICE Threshold, an income that includes the actual costs of housing, child care, food, health care, technology and transportation. Despite signs of an improving economy, the cost of living continues to exceed what most wages paid. When households face difficult economic conditions and cannot afford basic necessities, they are forced to make difficult choices and take risks. These problems have consequences not just for ALICE households, but for their broader communities as well.

**THE BASIC COST OF HOUSEHOLD EXPENSES HAS INCREASED BY 27% BETWEEN 2010 AND 2017 FOR A FAMILY OF FOUR AND 26% FOR A SINGLE ADULT, DESPITE A LOW RATE OF INFLATION NATIONWIDE - 12% FROM 2010 TO 2017.**

**What this means:** The Household Survival Budget reflects the bare minimum costs to live and work in a modern economy. Single adults need an annual salary of just over \$21,036 (\$10.52/hour), while a family of four needs an annual salary of over \$61,272 (\$30,64/hour), just to cover the cost of necessities.

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These bare-minimum budgets are significantly higher than the 2017 Federal Poverty Level (FPL) of \$24,600 for a family of four and \$12,060 for a single adult.

**61% OF ALL JOBS IN MICHIGAN PAY LESS THAN \$20 PER HOUR. WAGES NEEDED TO SUPPORT THE ALICE HOUSEHOLD SURVIVAL BUDGET ARE \$10.52 PER HOUR FOR A SINGLE ADULT AND \$30.64 FOR A FAMILY OF FOUR.**

**What this means:** Although unemployment rates are falling, ALICE workers are still struggling. Low-wage jobs dominate the employment landscape. At the same time, an increase in contract jobs and on-demand jobs is leading to less financial stability. Despite overall improvement in employment and gains in median income, the economic recovery in Michigan has been uneven. For many households that earned slightly above the ALICE Threshold in the past, increases in the cost of living and flat wages have pushed them below the Threshold and into financial hardship.

**EMERGING TRENDS, INCLUDING AN AGING POPULATION, MARKET INSTABILITY AND HEALTH INEQUALITY COULD CHANGE THE LANDSCAPE FOR ALICE FAMILIES.**

**What this means:** Several fundamental changes to our economic climate could affect Michigan's economic landscape.

- **The Changing American Household** — Baby boomers are aging; millennials are making different lifestyle and work choices than previous generations; and patterns of domestic and foreign migration are shifting. These trends are changing both household composition and demands for goods and services.
- **Market Instability** — A globally connected economy means economic disruptions and natural disasters in one part of the world will increasingly have an impact on U.S. ALICE workers, contributing to employment instability, a shifting supply and demand and a disruption in traditional modes of operation.
- **Health Inequality** — As health costs rise, there will be increasing disparities according to income and other social determinants of health, such as access to health care, educational opportunities and safe neighborhoods. Expensive medical advances that are out of reach of lower-income households will only further this divide.

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## FAST FACTS FOR ALICE ADVOCACY

United Way is shining a light on the magnitude of ALICE - a complex challenge that no single organization can solve. We are bringing people together to help address community conditions and advocating for public policy that can help give households a chance to move above the ALICE Threshold.

### MICHIGAN 2-1-1

In 2018, Michigan 2-1-1 responded to 346,158 requests for assistance for a range of resources, from workforce development to health, housing, and utility assistance. The statewide 2-1-1 database provides individuals and families access to nearly 40,000 services through 7,000 local, state, and national agencies. Largely supported by United Way, 2-1-1 is Michigan's only comprehensive community resource information system. It's innovative and synergistic approach response to the needs of individuals and communities in crisis 24/7/365.

**GIVE ALICE AN EFFECTIVE, NON-BUREAUCRATIC CONNECTION TO FAITH-BASED, NONPROFIT, AND PUBLIC RESOURCES BEFORE THEIR NEEDS BECOME COSTLY EMERGENCIES - SUPPORT 2-1-1.**

### CHILDCARE

Accessible and affordable childcare is a barrier faced by families across the state of Michigan. Today, the least expensive licensed child care for an infant and preschooler is \$13,464 annually, exceeding the annual cost of housing, food, or transportation. While the cost is great, the need is still greater, with just under 86,000 licensed child care slots available for more than 185,000 children in need of care.

**REMOVE THE CHILD CARE BARRIER FOR ALICE - ENSURE ACCESS THROUGH INCREASED CHILD CARE PROVIDER PAYMENTS AND AFFORDABILITY BY RAISING THE SUBSIDY CAP TO INCLUDE ALICE FAMILIES.**

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### EARLY LITERACY

In 2017, Michigan United Ways invested more than \$14 million in childhood success, including initiatives around early literacy. We know this is a critical issue - according to the 2017-28 M-STEP less than 45% of students statewide were proficient readers by the end of the third grade, and Michigan schools are showing the largest decline in third-grade reading levels among key states. Research shows that students who are unable to read by the third grade are more likely than their peers to drop out of school, have behavioral problems, less academic success, end up in the criminal justice system, and live in poverty.

**IMPLEMENT THE NECESSARY SUPPORTS FOR ALL CHILDREN TO READ BY THIRD GRADE - PROVIDE BIRTH TO AGE EIGHT RESOURCES NEEDED, ESPECIALLY BY ALICE CHILDREN, TO ACHIEVE EARLY LITERACY.**

### EARNED INCOME TAX CREDIT

The EITC is a broadly supported, proven-effective tool for working people with low to moderate incomes to gain financial stability. On average, increasing the credit to 20% puts nearly \$500 of the income earned back into a working family's pocket. EITC is more than a quick fix - it has lasting positive impacts on the lives of children. Research shows that it improves infant and maternal health, school success, college enrollment, and increased work earnings as adults. United Ways are already working to increase the financial stability of Michiganders, investing over \$10 million in 2017 alone.

**STRENGTHEN THE STATE EARNED INCOME TAX CREDIT SO THAT ALICE CAN KEEP WORKING AND PUT MONEY BACK INTO LOCAL COMMUNITIES - UPDATE STATE CREDIT FOR TODAY'S ECONOMY TO 20% OF THE FEDERAL CREDIT.**