ALICE - Asset Limited, Income Constrained, Employed
Connecticut Forum Held March 10, 2015
Follow-Up and Next Steps

BACKGROUND:

In Fall 2014, Connecticut's United Ways, in partnership with five other states, released the ALICE (Asset Limited, Income Constrained, Employed) report, identifying and giving voice to people in communities who work hard, yet still struggle to make ends meet. ALICE household incomes exceed the federal poverty level yet do not reach the ALICE threshold — which is based on the cost of household necessities where they live. This description applies to an estimated 332,817 Connecticut households, or 25% of households. The demographic characteristics of ALICE households mirror the demographics of the state as a whole, and include people of all races, ethnicities, and ages who live in every Connecticut municipality.

The premise of the ALICE report is that a flourishing community starts with healthy, secure families. Individually and collectively, we rely on ALICE every day. ALICE is our co-workers, friends, neighbors, and families. ALICE watches our children, cares for our parents, assists in our schools, repairs our cars and homes, and works in our retailers and restaurants. ALICE keeps Connecticut's small businesses, corporations, and nonprofit employers running and thriving.

Their research illustrates the depth and breadth of ALICE in our own communities. ALICE households and households in poverty comprise more than one-third (35%) of Connecticut households. In other words, more than 1-in-3 households do not earn enough to afford the basics included in a Household Survival Budget[1] that uses conservative estimates of monthly expenses for housing, child care, food,

CT ALICE Facts

- All counties in Connecticut have more than 25 percent of their households living below the ALICE threshold.
- 70 percent of Connecticut towns and cities have more than 20 percent pf their households living below the threshold.
- 74 percent of the state's ALICE households are white, though female-headed households, blacks, Hispanics, the disabled, and unskilled recent immigrants are still overrepresented.
- The largest segment of ALICE households is the one headed by someone in their prime earning years, 25 to 64 years old.

[1] As described in the ALICE Report, the Household Survival Budget follows the original intent of the U.S. poverty rate as a standard for temporary sustainability and identifies the minimum cost option for each of the five basic household necessities. A statewide average Household Survival Budget for Connecticut is presented in the report in two variations, one for a single adult and the other for a family with two adults, a preschooler, and an infant. It is worth noting that these budgets are even lower than the Connecticut Working Poor Families Project budget, which is based on 200 percent of the Federal Poverty Level (FPL), and the Economic Policy Institute's "Family Budget Calculator" (Roberts, Povich and Mather, 2013; EPI, 2013). The average annual Household Survival Budget for a four-person family in Connecticut is $64,689. This translates to an hourly wage of $32.34, 40 hours per week, 50 weeks per year for one parent (or $16.17 per hour each, if two parents work). The annual Household Survival Budget for a single adult is $21,944. The single-adult budget translates to an hourly wage of $10.97. The rate of inflation over that period was 7%.

transportation, health care, and taxes.

How different would Connecticut be if every working family earned enough to get ahead financially? What if families could meet not only their basic needs but also save for emergencies and their family's future? Thriving families support local businesses and make our community stronger.

Three critical questions:

1. Why are so many hard working people still struggling to get by?

2. How does this struggle limit their opportunities and choices?

3. How is this financial hardship felt by so many families impacting our wider community as a whole?

Household Survival Budget in Connecticut

MONTHLY EXPENSES	SINGLE ADULT	FAMILY OF FOUR*
Housing	$786	$1,143
Child Care	$0	$1,518
Food	$196	$592
Transportation	$315	$624
Health Care	$117	$467
Miscellaneous	$166	$490
Taxes	$249	$556
Monthly Total	$1,829	$5,391
Annual Total	**$21,944**	**$64,689**
Hourly Wage	**$10.97**	**$32.34**

**A family of four is two adults, one toddler and one infant.*

FORUM:

On March 10, 2015, ALICE families, legislators, employers, community and business leaders, and policy experts came together for a forum entitled: "Do You Know ALICE? A Legislative Forum on Strategies to Help More Families Achieve the American Dream."

> "I went from a single career woman to a mother and a divorced person without a job and without a full education…it wasn't one thing it was a group of unexpected things that I couldn't prepare for."
> *– Judi Ambruoso, ALICE Family Messenger, Branford, CT*

Panel discussions on needs and long-term strategies with these key stakeholders provided a unique opportunity to collaborate on recommendations and policy strategies. Recommended strategies were proposed through a two-generational lens, which focuses on solutions for the family as a unit, rather than on parents or children in isolation.[2]

The following is a summary of the critical issues and recommendations that emerged from this discussion. Contributors to these recommendations included parents, business leaders, community stakeholders, legislators, poverty experts, and scholars and researchers in two-generational planning.

[2] In December 2014, the Commission on Children issued a report entitled, "A Two-Generational Approach Helping Parents Work and Children Thrive." The report was submitted by the Executive Director of the Commission on Children to the Connecticut General Assembly, as required by Section 198 of Public Act 14-297. The goal of two-generational policy is family economic stability through quality learning for the child, pathways to work for the parent, and related support services. Under an optimal two-generational structure, bureaucracy is scaled back and the parent and child receive direct services and support as a family. As such, where families often feel the pressure of state budget cuts first, a two-for-one asset building strategy strikes a chord. Several of the two-generational policy recommendations in the 2GEN report would directly impact ALICE families.

CHILD CARE

Issue: For families with young children, child care costs can consume a large part of the household budget. The cost of child care in Connecticut has risen by 14% from 2007 to 2012 (ALICE report, 2014). (A link to an ALICE Update on Child Care Costs in Connecticut is provided here: http://alice.ctunitedway.org/childcare.)

Recommendations:

- Increase Care 4 Kids income eligibility and/or amount of child care subsidy. Reinstate an earnings disregard in Care 4 Kids to allow eligible families to maintain eligibility while earning more income for a time-limited period.
- Ensure that child care services to ALICE families are provided statewide; there are ALICE families living in every Connecticut community.
- Consider models which combine child care or after school care with a two-generational lens; e.g. Lincoln Basset Elementary School in New Haven, CT includes an adult component with career counseling, literacy training, along with children's afterschool program.
- Care 4 Kids should be extended to those who are going to college, not only those who are employed. The cost and results of this expansion should be analyzed to fully understand return on investment.
- Investigate the adoption of a dependent exemption or a dependent care tax credit in Connecticut Tax Code.
- Many child care providers are actually ALICE families, so there is a need to ensure they are being paid a livable wage.
- Ensure child care facilities are located along existing public transportation routes so families are able to access the care.

HOUSING

Issue: There is a serious lack of affordable housing for families. The National Low Income Housing Coalition reports that Connecticut is the 7th most expensive state in the country for housing (NLIHC, 2014).

Recommendations:

- Housing zoning for young professional and working families should be encouraged in order to help them move into a community where they can grow.

- Mixed income housing options should be utilized in more towns, since ALICE families live in every city and town in the state.

- Utility costs can comprise a substantial part of housing costs; and when households accrue large arrearages it threatens livability and financial and housing security. Additional supports and resources are needed to help ALICE households avoid falling behind on utility payments.

- All efforts should be taken when creating affordable housing to ensure they are located along transit lines.

- Invest state capital financing and subsidies to encourage more affordable housing in towns with housing shortages. Streamline the affordable housing permitting and development process.

FOOD/NUTRITION

Issue: Food costs have increased in Connecticut by more than double the rate of inflation from 2007-2012 (ALICE report, 2014). In addition, the ability to include fresh fruits and vegetables and create a balanced nutrition plan for families tight on budgets and time is increasingly an issue, resulting in health disparity issues, obesity and hunger problems.

Recommendations:

- Need to simplify and streamline the SNAP food stamp enrollment process.

- Need to improve the system for SNAP enrollments in rural areas, where there are often very small number of staff available to help with enrollment.

- Encourage food pantries and other emergency food resources to include evening hours in order to allow working, needy families to access these resources. Consider placing food pantries in more spaces for easy and private access, e.g. college campus at Three Rivers.

WORK SUPPORTS AND FINANCIAL SECURITY

Issue: Although Connecticut's income taxes are more progressive than in other states, the state's sales and property taxes are regressive and impact middle- and low-income residents more than the wealthiest residents (Institute on Taxation and Economic Policy, 2013; Gibson, 2013). Tools for becoming financially literate are important and should be shared with young adults and adults alike.

Recommendations:

- Earned Income Tax Credit (EITC) should be restored to 30 percent of federal EITC and expanded in CT to cover more families. The Connecticut Earned Income Tax Credit (or CT EITC) is a refundable state income tax credit for low to moderate income working individuals and families. The state credit mirrors the federal Earned Income Tax Credit, which is designed to encourage and reward work, offset federal payroll and income taxes, and raise living standards. To claim the credit, a taxpayer must have earnings from a job.

- Address "benefit cliffs" for ALICE households when they earn more income so that the reduction of benefits and work supports is more gradual and does not undermine their financial progress.

- More financial literacy training and budget coaching should be made available in schools and for adults who need such help.

- Small bank fees add up, including penalties and fees on electronic transfers. Exceptions or forgiveness on these fees might be considered.

EDUCATIONAL & JOB TRAINING OPPORTUNITIES

Issue: Opportunities for further education and job training are often difficult to access due to expense, time commitments, and the need to work or provide child care while in school. There is a need for more access and training for people beyond high school that is relevant and connected to the protection and growth of middle income jobs and supports ALICE family efforts to move up the ladder.

Recommendations:

- Involve employers in the construction of curriculum to ensure alignment with skills needed in available jobs, creating a coordinated system of contextualized learning. Career Pathways may be a recommended model for Connecticut; they partner with employers in order to identify growing jobs and creating programs with the skills needed in order to succeed in these jobs.[3]

- Provide systems of stackable credits and courses for career advancement. Stackable course credits are industry or discipline-specific flexible course credits which may be accumulated or "stacked" to allow a student to more quickly achieve an industry certification that leads directly to employment or promotion.

[3] Nearly ½ of the jobs don't require a 4-year college degree, rather a set of skills and career training in order to enter the employment.

- Build on the strong base of managerial, trade, and manufacturing jobs in Connecticut by offering relevant programs of study, which deliver the simplest possible path to qualifying.

- Offer opportunities for high school students to be able to have job shadowing, apprenticeships, and internship experience, including entrepreneurship examples, mentors and soft skills development.

- Offer child care facilities on college campuses to allow parents to study while their children are being appropriately cared for.

- Increase access to the Workpath Fund.[4]

OTHER RECOMMENDATIONS/LEARNINGS

- Consider the needs of families living in intergenerational situations, for example, where household needs are met from a working family member and a family member receiving social security benefits.

- Boston Federal Reserve study: "Can economic opportunities flourish when communities do not?" examined the critical question of what attributes exist in communities that have been able to escape poverty and reinvent themselves. The shared vision of three groups collaborating effectively together is necessary: effective government and school districts; non-profits; and engaged business leaders.

> "We are not statistics, we are people.
> We are people with real problems."
> – *ALICE Forum Participant*

[4] The WorkPath Fund was created to assist Connecticut parents with dependent children (18 and under, living in their household) to obtain or maintain employment. Working through CTWorks Career Centers, WorkPath is designed to provide a small, one-time payment, up to $1,000, directly to a reputable vendor to cover job-related costs, such as uniforms, transportation, childcare, licensing fees, or other expenses that may cause barriers to employment.