

Report: Quarter Of State Residents Without Federal Assistance Still Struggling To Get By

Anjane Wright talks about how she learned to save money from her United Way Volunteer Budgeting class.



By **Mara Lee**

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At 10.5 percent, Connecticut has one of the lowest poverty rates in the country, and it has not gotten any worse in the last five years, according to the 2015 Census.

But the **United Way** has issued its second report — the first came out two years ago — to remind people that there are a substantial number of families with earnings or retirement income above federal poverty level, but barely enough to meet basic necessities.

About a quarter of Connecticut households fall into that category, which the United Way calls ALICE, or Asset Limited, Income Constrained, Employed.

A single person earning up to \$22,656 could be in that category, while a family of four, including two children in need of full-time day care, would need \$70,788 for a "survival budget," the report said.

Since the census showed the median income for a single mother in Connecticut in 2015 was \$41,014, there are plenty of families in this paycheck-to-paycheck life.

Connecticut also has the lowest proportion of people in ALICE of any of the states United Way has done reports for, because jobs here pay more than in most places, and because the state has a more highly educated population than most other places have.

United Way of Connecticut CEO Rick Porth said, "We have a chance to help people climb the ladder in ways other states don't."

One of those chances is the Earned Income Tax Credit available at the state and federal level, which helps parents with modest incomes by giving them all the money they paid in state and federal income taxes, and then some. The average amount of the federal EITC — not included in these budget estimates — was \$2,184 in 2013.

The United Way has many programs that help those who are struggling, and those programs, plus state and federal aid, make up part of the gap. But the report says even after including assistance, the gap between resources and the ALICE threshold in Connecticut is 12 percent. That's the smallest gap measured, the report says.

Nonprofits supported by the United Way help struggling families and individuals in many ways — at food pantries, with temporary housing or home repair, with utility assistance or subsidized child care, and with free tax preparation and financial counseling.

Even families above the ALICE threshold can benefit from financial counseling, since 35 percent of people don't have enough savings, even including a retirement account, to cover three months of basic expenses if they didn't have unemployment benefits or Social Security.

For many years, that described Anjanee and Carl Wright Jr. They have had good income for many years — she's a public school teacher, and he's a direct care worker in a state group home — but except for right after they got their tax returns, they never had money in the bank.

"Everything was paycheck to paycheck," said Anjanee, now 42.

The Wrights bought a three-bedroom, one-bath house in Windsor for \$143,000 in 2003, with no money down, and spent just a few thousand dollars on the closing costs.

They didn't realize the \$1,100 monthly payment at 8.7 percent interest didn't cover property taxes, which were about \$300 a month, or homeowner's insurance, and they didn't keep up with the taxes.

Plus they bought a -year-old minivan the year after they bought the house, which came with a \$500-a-month car payment.

"Looking back now, I just didn't understand how to spend," Anjanee said. "Now I would never do that."

Both Carl and Anjanee had student loans — Carl has one more quarter before he can get his bachelor's degree — and Anjanee was always putting hers in forbearance, because she couldn't afford to pay them.

By 2010, they had \$1,565 a month in day care payment for three sons young enough to still need it, and the mortgage had climbed to \$1,676 at an interest rate above 9 percent. They also refinanced once to borrow money to pay off their tax debt.

Their combined income of \$80,000 wasn't stretching that far, but it was too much for them to qualify for a day care discount, much less a grant for utilities or groceries.

Finally, after years of being late on and off with payments, and ultimately going five months without paying the mortgage, the couple decided to sign the deed over to the bank, and move to the smaller three-bedroom rental house in Simsbury where they now live.

"It was more stress trying to save the house, trying to hold onto it. I felt like a weight was lifted off of me. Other people were sad for me," she said, but she told them: "Please don't be sad for me. I'm so glad not to have that pressure."

Their rent is about \$1,660, but now that their youngest son is 9, their after school care bill is much smaller than full-time care was. And their income has increased over the years, so that now they're in the top half of married couples. In 2015, the median household income for married couples in the state was \$110,346.

Anjanee decided to do United Way's financial counseling two years ago, after a friend told her about it. She has since gotten another friend to go.

Now she's saving almost 13 percent of her after-tax income, and has about \$6,000 in the bank. She said it was hard, saving all her receipts and tracking where all her money went for a few months. Her mentor, whom she saw once a month but talked to frequently, would ask her at times: "Is that the best decision you can make?"

"She wasn't judgmental," Anjanee said. "I liked that accountability."

The family now has all its bills deducted automatically, and savings, too, are sent to another account so Anjanee doesn't see "extra" money in her checking account for a pair of shoes for a son, or a splurge for herself.

If she hadn't taken the class, she says, "I think I would still be frustrated and trying to figure out what our next steps were. I definitely wouldn't have any money in the bank."

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