

MEET ALICE

The Daily Struggle of Financial Hardship

NEW REPORT- *The Consequences of Insufficient Household Income*: What happens when people work hard but still struggle to make ends meet? Many families have to make difficult choices about what to pay for and what to forgo. These choices are daunting and they have both immediate and long-term consequences for low-income households and their communities.

United Ways are working to call attention to families facing hardship -ALICE families (**A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed). The ALICE Household Survival Budget, is a barebones budget that covers just the essentials- food, housing, child care, transportation and health care. The 2016 Connecticut ALICE Report revealed that 38% of Connecticut Households are unable to afford this frugal budget.

The following excerpts from the new national ALICE Report on [*Consequences of Insufficient Household Income*](#) helps tell the ALICE story. It invites you to walk in ALICE's shoes to understand the struggle of thousands of your friends, neighbors and family members.



What do ALICE households do when they cannot afford basic housing?



In Connecticut, 50% of renters and 32% of homeowners are considered housing burdened which means they spend 30% or more of their income on housing. The National Low Income Housing Coalition reports that in order to afford a modest 2-bedroom apartment in Connecticut without being housing burdened, a household must earn \$24.72 per hour. Yet 49% of jobs in Connecticut pay less than \$20 per hour.

Strategy 1: Pay more for housing than their budget allows

- Less money available for other basic needs
- Less money devoted to saving for an emergency or making investments for the future, such as higher education or retirement
- More evictions and foreclosures

Strategy 2: Rent or buy in less desirable locations

- Increased transportation costs
- Longer commutes
- Concentrated financial hardship in neighborhoods

Strategy 3: Seek rental assistance

- Forgoing work or work advancement to avoid eligibility cutoffs (benefit cliffs)

Strategy 4: Rent or buy substandard apartments or homes

- Pay higher maintenance costs
- Physical and behavioral health risks such as asthma, infections, and exposure to toxins such as lead
- Long-term effects on the mental and physical health of adults and children

Strategy 5: Borrow at high rates to buy a home

- Settle for a mortgage that charges higher interest rates and has less favorable terms for borrowers

Strategy 6: Lose a home to foreclosure

- Long-term financial instability and poor credit
- Homelessness

What do ALICE households do when they cannot afford child care?

A quality education is one of the best predictors of professional and financial success in the U.S., and one of the few ways ALICE families can get ahead in the long run. For many children, especially those whose parents need to work, that path begins with quality, affordable child care. For ALICE families in Connecticut and across the nation it is difficult to afford high quality child care for their children. Child care accounts for 28% of ALICE's survival budget. Many families earning below the ALICE threshold spend an even higher percent of their income on child care.



Strategy 1: Choose Less Expensive Child Care Options

- Often results in sacrificing quality in early care and education

Strategy 2: Pay more for care than the family budget allows

- Less money available for other necessities
- Inability to save for their child's future – for higher education, or an unforeseen emergency
- Go into debt or increased debt

Strategy 3: Access Child Care Assistance

- Forgo a promotion at work or higher paying job to avoid being ineligible for child care subsidy (benefit cliffs)

Strategy 4: Go without child care

- Loss of family income resulting from need to stay home with child

Strategy 5: Modify work schedule

- Reduced income
- Nonstandard work schedules make finding work more difficult
- Added family stress which can have a negative impact on relationships and create less stable home environments
- Loss of work-related child care benefit

What do ALICE households do when they cannot afford enough nutritious food?



Nearly half a million Connecticut residents struggle with hunger and are considered food insecure. The US Department of Agriculture defines food insecurity as a, "lack of access, at times, to enough food for an active, healthy life for all household members and limited or uncertain availability of nutritionally adequate foods." 42% of the 437,530 individuals in Connecticut that are food insecure earn too much to be eligible for SNAP or other public nutrition programs requiring them to make trade-offs between important basic needs, such as housing or medical bills, and purchasing nutritionally adequate foods.

Strategy 1: Eat Less food and less healthy food

- Negative effects on the development, success and overall health of children, working adults and seniors
- Linked with obesity, chronic disease, cognitive impairment and poor performance at school and in the workplace

Strategy 2: Seek food assistance (SNAP, WIC, Food Pantries)

- Assistance not easily accessible
- Despite real need, many families using public food assistance feel stigmatized.

- Eligibility limits prevent many ALICE families from accessing food assistance

Strategy 3: Forgo other essentials

- The Feeding America *Hunger In America* 2014 study that surveyed food pantry and soup kitchen clients in Connecticut revealed that: 73% had to choose between food or utilities; 63% had to choose between food or rent; and 68% had to choose between food or medical care.
- Less money is available to save for higher education or retirement and emergencies savings putting ALICE at risk of financial shock.

What do ALICE households do when they cannot afford transportation?

There is limited public transportation in Connecticut making it essential for most households to have a car. Without one, it's difficult to get to work, shop for food or transport kids to child care, school or other activities. Less than 5% of Connecticut workers reported using public transportation to get to work in 2015. Owning a car is essential and another major expense for most ALICE households.



Strategy 1: Forgo Other Expenses to Buy and Maintain a Car

- Less money available for other necessities

Strategy 2: Minimize Car Expenses

- Disruption of work schedules due to unreliable vehicles
- Limited school choice, when there is no family vehicle
- Limited food choices without a family vehicle

Strategy 3: Avoid Insurance, Registration, and Paying Motor Vehicle Fines

- Disruptions in day-to-day transportation due to unpaid fines or suspensions resulting from expired license, registration or insurance.

Strategy 4: Use Public Transportation

- Longer commutes - nationally, the average travel time for commuters using public transit is twice as long as the average commute for those who drive to work.
- Limited job opportunities/ less access to suburban and rural jobs

What do ALICE households do when they cannot afford health care?



ALICE families face a range of circumstances that make it difficult for them to achieve and maintain good health. Recent research shows that unmet basic needs – problems such as not having enough food, living in a dilapidated or unheated apartment, or being unemployed and not having the means to support one's family – lead to poor health. ALICE households have difficulty affording health insurance premiums, deductibles, copays and other out of pocket expenses and many are uninsured or underinsured.

Strategy 1: Forgo Health Care

- Additional and more serious health problems can develop when health issues go untreated
- Living without dental care can lead to serious health problems

Strategy 2: Seek Subsidized Insurance Coverage

- Difficulty finding employer-sponsored health insurance coverage at low-wage jobs

Strategy 3: Go Without Insurance Coverage or buy Minimal Insurance

- Reduced health care and poor health outcomes
- Less health care/ less dental care
- Medical debt and vulnerability to financial shock

Strategy 4: Provide Family Caregiving

- Added direct costs
- Lost income due to decreased work hours or loss of a job
- Mental and physical strain on the caregiver

WALK IN ALICE'S SHOES

Can you survive 30 days on the ALICE household Survival Budget?

www.MakingToughChoices.org

How does financial instability impact our communities?



What Can You Do To Help ALICE?

GIVE

Last year, Connecticut United Ways invested more than 40 million dollars in important programs. Consider donating to your local United Way.

ADVOCATE

United Way advocates for long-term policy solutions that can lead to more financial security for ALICE. [Download the 2018 Connecticut United Ways Policy](#)

VOLUNTEER

Connecticut United Ways engage thousands of volunteers in their communities. Visit ctunitedway.org/ctuways to locate a United Way in your community.

In Connecticut, more than 1 in 4 households (over 360,000 households) are ALICE households with earnings above the Federal Poverty Level but below a basic cost of living.

The consequences of insufficient income are not isolated to ALICE households. ALICE workers are an integral part of our communities and essential to the vitality of our state. **ALICE cares for our children and aging parents, fixes our cars and works in our local grocery stores, retail stores, and restaurants.** We depend on ALICE and when ALICE struggles, it affects us all.

Yet, ALICE households in Connecticut do struggle and many ALICE families are just one financial emergency away from losing their homes, not being able to afford transportation to work and falling into crippling medical

debt. With limited assets and savings, ALICE households are vulnerable to financial shocks and at risk of spiraling into poverty. This instability jeopardizes the success of our communities and puts greater pressure on health care and social services.

Connecticut United Ways are committed to supporting ALICE and fighting for the health, education and financial security of all Connecticut residents. We advocate for good jobs, fair wages, access to good schools, affordable housing, and quality child care that families can afford. Moreover, we invest in child care, early learning, basic needs, diverse housing options, job training, asset development and financial education. **When ALICE succeeds, we all succeed.**

ALICE in Connecticut



33% of families (128, 254 households) with children live below the ALICE threshold.



40% of 65+ households live below the ALICE threshold.



64% of Hispanic households and 58% of Black households live below the ALICE threshold.

Learn More About ALICE In Connecticut

Visit alice.ctunitedway.org to download the [Connecticut ALICE Report](#) and the complete [ALICE: The Consequences of Insufficient Household Income Report](#).

