

WE STAND WITH ALICE®

A Legislative Forum on Financial Hardship and Strategies to Help Families Achieve Financial Security

On February 25, 2019, Connecticut United Ways, the Connecticut Commission on Women, Children, and Seniors and the Commission on Equity and Opportunity co-sponsored a legislative forum on “Financial Hardship and Strategies to Help Families Achieve Financial Security”. The forum’s theme was “We Stand With ALICE” and drew more than 110 participants – legislators and their staff, community leaders, employers, policy experts, and hard-working people struggling to make ends meet –ALICE (Asset Limited, Income Constrained, Employed). (Download the We Stand With ALICE Forum Agenda [HERE](#).)

“As I began to earn more, I lost our subsidy for Care 4 Kids, and stopped receiving WIC, food stamps and energy assistance... that is part of what makes it so challenging for ALICE to overcome their circumstances. When we talk about making decisions legislatively we need to look at those kinds of family supports and how we can create more holistic support systems to help ALICE.”
Karen Perham Lippman

Steven Hernández, Executive Director of the Commission on Women, Children and Seniors and the Commission on Equity and Opportunity framed the forum by asking people to take the ALICE challenge – “to walk in ALICE’s shoes” – by using the online ALICE simulator at www.makingtoughchoices.org. Hernández asked forum participants to work together to develop and carry out strategies to help ALICE households achieve financial security.

Karen Perham-Lippman spoke powerfully about the challenges she faced as ALICE raising her family and how she was ultimately able to achieve financial security through her own hard work and help from various resources, including 2-1-1. Perham-Lippman also called attention to ways that the system of services and supports need to be strengthened to help ALICE families achieve financial security.

Robert Kosior, Senior Vice President and Chief Operating Officer for ConnectiCare, spoke about the importance of affordable health insurance and access to good health care in the lives of ALICE families and all households. Kosior talked about his own company’s strategy for recruiting and retaining high-quality employees with attractive and competitive compensation, benefits, and workplace culture – the elements of a “good job”.

Steven Hernández and Melvette Hill (Commission on Women, Children, and Seniors) then facilitated a rich and informative discussion and brainstorming session – first from the forum response panel and then from all forum participants.

The forum response panel, comprised of policy experts, elected officials and community leaders, articulated some of the barriers and systemic issues that present the greatest challenges to ALICE. Forum participants commented on the need for policy changes to address ALICE’s biggest hurdles to financial security. The recommendations in this report are drawn from the discussion at the ALICE Forum and from the [Connecticut United Ways Policy 2019 Agenda](#) and are intended to support ALICE households as they work to achieve financial security.

“When we think about ALICE and food pantries and the things that we do to scotch tape together lives for people, I would like us to think more deeply about the structures that keep people where they are” **Dr. Wendy Waithe Simmons, CT Voices for Children**

Watch the We Stand With ALICE Legislative Forum: <http://bit.ly/WeStandWithALICE>

DO YOU KNOW ALICE?

With the release of the third ALICE report, Connecticut United Ways continue to call attention to ALICE® (Asset Limited, Income Constrained, Employed) households by identifying barriers preventing ALICE from making ends meet and working towards solutions to address the needs of ALICE families.

ALICE is our friend, neighbor, coworker and family member. ALICE cares for our children and aging parents, fixes our cars and works in our local grocery stores, retail stores and restaurants. ALICE lives in every town and city in Connecticut. In fact, in Connecticut more than 400,000 households are ALICE households with income above the Federal Poverty Level but below the state's basic cost-of-living threshold as defined in the 2018 ALICE Report.



Combined with those in poverty, 40% of Connecticut households cannot afford the basics of housing, food, health care, child care, and transportation (538,529 households). It now costs nearly \$78,000/year for a family of four with 1 infant and 1 toddler to pay for the basic needs in the ALICE Household Survival Budget.

ALICE workers are retail salespersons, nursing assistants, child care workers, home health aides, car mechanics, security guards, teacher assistants – workers essential to every community's success. We lean on ALICE for support, and ALICE contributes to the prosperity and vitality of our communities.

In Connecticut, almost half of households do not have the savings to cover three months of living expenses, risking a real financial spiral in the event of a typical family emergency (illness, car breakdown, appliance replacement, etc.).

Household Survival Budget in Connecticut		
Monthly Expenses	Single Adult	Family of Four*
Housing	\$803	\$1,231
Child Care	\$0	\$1,691
Food	\$182	\$603
Transportation	\$308	\$613
Health Care	\$213	\$792
Technology	\$55	\$75
Miscellaneous	\$187	\$590
Taxes	\$308	\$891
Monthly Total	\$2,056	\$6,486
Annual Total	\$24,672	\$77,832
Hourly Wage	\$12.34	\$38.92

* 2 ADULTS, 1 INFANT, 1 PRESCHOOLER

CHILD CARE

Child care is often the single-largest expense for families with young children, with limited options for affordable infant and toddler care posing a significant challenge. This is especially true for ALICE families. Child care subsidies are available for working families, but some ALICE families have earnings that exceed the eligibility threshold, and others struggle to cover the difference between the subsidy and the provider fee. There are limited child care options that are available during evening, night, or weekend shifts. Second shift, third shift, and weekend hours are more common among low- to moderate-income ALICE workers. When work schedules are unpredictable, and vary from week to week, it can be hard for ALICE families to find child care when they need it.



RECOMMENDATIONS:

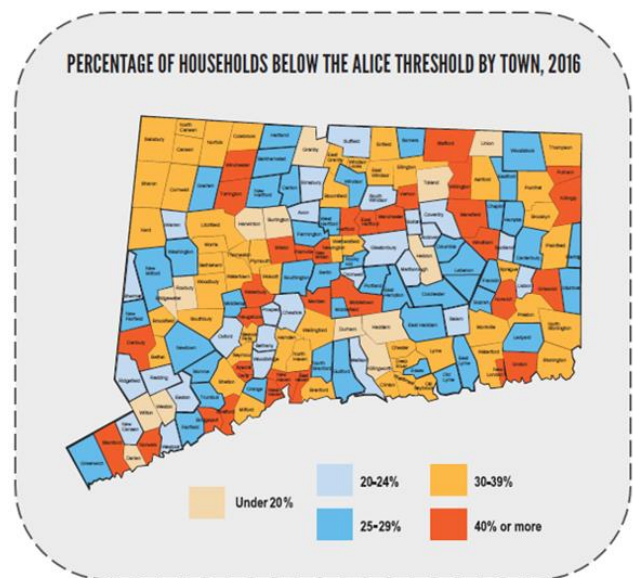
- Use a “whole family” approach to coordinate child care and employment supports for each family –Two-Gen strategies.
- Support more funding for early care and education to help more families (Care 4 Kids) and improve access to reliable, affordable and quality child care (Care 4 Kids).
- Many child care providers are actually ALICE and deserve to be paid a livable wage.
- Address Benefit or Success Cliffs by allowing for more gradual benefit reductions as families earn more.
- Expand supports available to family child care providers that may help them better meet the cultural, scheduling (more second shift and weekend hours) and financial needs of working parents.
- Expand eligibility for Connecticut’s child care subsidy program to allow more ALICE households to qualify for and maintain the subsidies they need to go to work confident that their children are receiving quality, affordable care.

HOUSING

Housing is a universal need, and affordable options for ALICE families are often limited. Throughout much of Connecticut, the cost of available housing is too high relative to the actual incomes of ALICE households. 50% of all renters and 32% of all homeowners in Connecticut – many who are ALICE families – are burdened by their housing costs. They are spending more than 30% of their income on housing, which makes it difficult to pay for other necessities. 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 nearly \$25 per hour. Yet 45% of jobs in Connecticut pay less than \$20 per hour. When households are overburdened by housing costs, they are faced with making tough choices, including living in substandard housing, moving farther away from their job, and even falling into homelessness.

RECOMMENDATIONS:

- Continue recent progress to increase the supply of affordable housing with government financing and subsidies so that ALICE households, especially young families, can afford to make their homes in Connecticut.
- Promote development incentives in towns with a shortage of affordable housing and streamline the permitting and development process.
- Provide more stopgap supports to keep ALICE families in their homes when a financial emergency causes them to fall behind in their rent (e.g. emergency rental assistance, foreclosure prevention, etc.).
- Promote more mixed income housing options in more towns – ALICE lives in every city and town in Connecticut.



Good Jobs and Education/Training

The Federal Reserve Bank of Boston describes the elements of a “good” job as: 1) living wage and income stability; 2) basic benefits (paid leave, health insurance, retirement savings); 3) opportunity for training and advancement; 4) opportunity to build assets and savings; and 5) fair workplace (predictable scheduling, equal treatment). The proportion of technical, professional, and managerial jobs in Connecticut is higher than all but a few states. We need to protect good jobs and educate/train ALICE workers to fill these positions which are so important to our state’s economy.

RECOMMENDATIONS:

- Support workforce development that aligns with the needs of leading and emerging industries and addresses employee skills gaps.
- Invest in non-degree technical courses that lead to industry-recognized credentials.
- Establish and expand work- based learning opportunities such as apprenticeships and pre-apprenticeships which provide onsite training for entry level employees.
- Advocate for the protection and growth of middle-skill and high-skill jobs in Connecticut and support career advancement into these jobs.
- Advocate for supports and services that help ALICE overcome short-term challenges to working (i.e. car repairs, equipment/tools, work clothes, and licensing/certification costs).
- Support affordable and sustainable Paid Family Medical Leave.
- Support an increase in the minimum wage.

“ALICE wants a hand-up not a handout. ALICE typically avoids asking for help and it can be a challenge to serve their needs because they are quietly struggling.” Kevin Wilhelm, Middlesex United Way

FINANCIAL SECURITY

Asset limited is a defining characteristic of ALICE. 40% of ALICE families struggle to make ends meet, limiting their ability to save and build assets. Survey data from the Pew Charitable Trusts indicates that 60% of families nationwide experienced a financial shock in 2014. Last year, 37% of Connecticut households reported that they did not put money aside to prepare for an emergency. Many ALICE households are one emergency away from a financial crisis impacting their ability to feed their family, heat their home, maintain their housing, and ensure their medical care. Data from the Urban Institute shows that households with a modest \$250 – \$749 in savings are less likely to be evicted or miss a housing or utility payment.



36% of families with children live below the ALICE threshold.



43% of 65+ households live below ALICE threshold.



63% of Black households and 66% Hispanic households live below the ALICE threshold.

RECOMMENDATIONS:

- Support funding for programs that enable families to meet basic needs and succeed including Care 4 Kids child care subsidies, and HUSKY health care.
- Connect families to financial coaching and education, asset-building supports, and credit counseling to help build emergency savings (ALICE Saves CTALICESaves.org).
- Help ALICE families secure available tax credits (such as the Earned Income Tax Credit and Child Tax Credits). Make work pay by increasing the amount of the Earned Income Tax Credit.
- Support community efforts aimed at helping ALICE households file their tax returns for free-VITA (Volunteer Income Tax Assistance).

BENEFIT CLIFFS OR SUCCESS CLIFFS

Benefit or success cliffs describe the situation when a family's income increases above the income eligibility limits established for a particular public benefit or support. When this occurs, a family loses that benefit/support, the value of which is often greater than the additional household income. Recently, some states have begun to investigate strategies to create a gradual reduction in benefits, rather than a sudden drop off or loss of all support. These strategies can help ALICE families to achieve financial security by enabling them to work additional hours or take promotions without fear of a net loss in family resources. Good for families, good for employers and good for our economy.

“Often, 2-1-1 gets calls from people who have a chance to get a promotion or extra hours at work but they’re worried about losing a benefit. Sometimes taking a promotion costs you more money.” Richard Porth, United Way of Connecticut

RECOMMENDATIONS:

- Investigate solutions that phase out benefits slowly or use sliding fee scales (e.g. earnings disregard).
- Investigate solutions that raise the eligibility limits to enable workers to keep benefits (child care, SNAP, etc.) while working up to an income threshold, such as the ALICE Household Survival Budget.
- Encourage frontline government and nonprofit staff to work with or coach clients to maximize opportunities, not maximize benefits.
- Increase asset limits to enable families to save and build a cushion for financial emergencies.
- Develop a Connecticut benefits calculator designed to fully engage and empower families to proactively plan for their future, understanding how current and future income will impact benefits/supports.