

ALICE

Asset Limited, Income Constrained, Employed – a household with income above the Federal Poverty Level but below a basic cost-of-living threshold. United Ways in Connecticut, along with United Ways in twenty other states have released state reports to shed light on the growing number of working families who struggle financially.

ALICE HOUSEHOLD SURVIVAL BUDGET

The bare minimum cost of household basics necessary to live and work in the modern economy. These basic budget items include housing, child care, food, transportation, technology, and health care, plus taxes and a contingency fund (miscellaneous) equal to 10% of the household budget. The budget is calculated separately for each county and for different household types and is updated as costs and household needs change over time.

UNITED FOR ALICE

- United Ways in twenty-one states across the country from Florida to the Pacific Northwest, from Louisiana to Wisconsin have joined the ALICE initiative.
- Currently, there are a number of reports and studies that investigate different aspects of growing financial insecurity across the nation. The ALICE initiative is unique in three ways:
 1. We work to “put a face on ALICE” – because ALICE works in many jobs that our communities rely on and ALICE can be our neighbor, our friend, our co-worker, or our family.
 2. We are engaging people from all walks of life to understand better what it’s like to walk in ALICE’s shoes, having to make tough choices every day. (We developed an online simulator available to anyone to experience the tough decisions families in Connecticut are making every day, www.MakingToughChoices.org).
 3. United Ways are identifying and executing solutions which can lead to financial security for ALICE families.

WHAT IS NEW IN THE 2020 ALICE REPORT?

The updated 2020 ALICE Methodology provides

- **More variations by household size:** the Household Survival Budgets are presented in new variations, including a Senior Survival Budget. The United For ALICE website provides data to create budgets for households with any combination of adults and children. The ALICE Threshold has also been adjusted to incorporate the most common modern household compositions.
- **More local variation:** The ALICE budgets for housing, food, transportation, health care, and taxes incorporate more local data.
- **Better reflection of household composition:** Transportation and health care budgets now better reflect costs for different household members.

COVID-19 HAS IMPACTED ALICE

ALICE families are particularly vulnerable to hardship from both illness and economic disruption. The 2020 ALICE Report indicates that more and more households are financially insecure with the majority of these households earning above the FPL but below the ALICE threshold. The existing safety net in Connecticut and across the country does not adequately support ALICE households that live paycheck to paycheck with minimal or no emergency savings. The COVID-19 Pandemic and resulting economic crisis has disproportionately affected household living below the ALICE threshold. Thirty-nine percent of people working in February with a household income below \$40,000 reported a job loss in March (Survey of Household Economics and Decision-making (SHED). May 14, 2020). Learn more at <https://www.unitedforalice.org/covid2019>

CORE STATISTICS IN THE 2020 ALICE REPORT

- The number of ALICE households in Connecticut increased **40% from 2007 to 2018 from nearly 260,000 to more than 360,000 households.**
- ALICE households are as diverse as the general population, composed of people of all ages, genders, races, and ethnicities, living in rural, urban, and suburban areas.
- In **148 of Connecticut's 169** towns and cities, at least **1 in 5** households are below the ALICE Threshold.
- Despite working hard, **27%** of Connecticut households (367,175) have earnings above the federal poverty line but below a basic cost-of-living threshold. United Way calls these households ALICE.
- Combined with those in poverty, **38%** of Connecticut households cannot afford the basics of housing, food, health care, child care, and transportation (513,727 households).
- It now costs more than **\$90,000/year for a family of four** with 1 infant and 1 toddler to pay for the basic needs in the ALICE Household Survival Budget.
- The 2020 ALICE Report includes a Senior Household Survival Budget which more accurately represents household costs for people age 65 and over.
- Black and Hispanic households have a disproportionately high percentage of families below the ALICE Threshold
 - **57% of Black households** and **63% of Hispanic Households** in Connecticut live below the ALICE Threshold.
- **55% of jobs in Connecticut pay \$20/hour or more**, which is among the highest in the country, but only two of the top 20 occupations in Connecticut (in terms of number of jobs) pays enough to support the ALICE Household Survival Budget for a family of four.
- **52% of workers in Connecticut are paid hourly.** These workers are more likely to have fluctuations in income, with frequent schedule changes and variation in the number of hours available for work each week/month. They are also less likely to receive benefits, such as health insurance, paid time off, family leave, or retirement benefits, especially if they work fewer than 30 hours per week at a single job.
- In Connecticut, **more than one-third of households are without any financial cushion** and do not have enough income to cover current and unexpected expenses. This prevents ALICE households from saving for future expenses like education, retirement, a down payment on a house or an emergency.
- In Connecticut, **44% of families live in a child care desert**, defined as having no child care providers at all, or so few options that there are three times as many children for each available licensed child care slot.
 - **55%** of low-income families, **52%** of Hispanic families, and **48%** of families in rural areas live in areas without enough licensed child care providers

WHAT CAN WE LEARN FROM THE 2020 ALICE REPORT?

- More families continue to struggle to make ends meet in Connecticut.
- Black and Hispanic households have a disproportionately high percentage of families below the ALICE Threshold.
- The Household Survival Budget in Connecticut continues to increase. A big part of ALICE's story in Connecticut is our high cost of living compared to many other places.
- Access to affordable child care is a big issue for ALICE.
- Inequality in income and wealth will continue to rise as wage growth and job stability in high-wage jobs greatly outpace growth and stability in low wage jobs.

TRENDS HIGHLIGHTED IN THE 2020 ALICE REPORT

- A growing number of households live on the edge of the ALICE Threshold. In Connecticut, 13% of households were on the cusp of the ALICE Threshold, with earnings just above or below it.
- Differences in financial security by age, race and ethnicity persist, creating challenges for ALICE families.
- Worker vulnerability is increasing while wages stagnate in ALICE jobs. Three trends that expose ALICE workers to greater risk:
 - growth in the number of low-wage jobs,
 - minimal increases in wages, and

- more fluctuations in job hours, schedules, and benefits that make it harder to budget and plan due to the growth in the “gig” economy and on-demand employment that shifts more financial risk to workers and ALICE households.
- Low wage jobs held by ALICE workers have a higher risk of becoming automated.
- Many jobs will require an increasing ability to incorporate new technologies, work with data and make data-based decisions which means that ALICE workers need more access to upskilling, on-the-job training and work based training opportunities, consistent with the direction the Governor’s Workforce Council is taking.
- ALICE families are more vulnerable to an unexpected emergency, because it is becoming more difficult to save and build assets.

WHAT ARE CONNECTICUT UNITED WAYS DOING FOR ALICE?

Local United Ways invest in programs and services that help provide financial security and new opportunities to ALICE now and in the long run.

- Connecticut United Ways launched the COVID-19 Response Fund at the beginning of the COVID-19 Pandemic. The fund is working in tandem with other philanthropic efforts being coordinated statewide and is rapidly deploying financial resources to ALICE households who have been economically affected by the pandemic, including those who are out of work or have reduced work hours.
- Connecticut’s United Ways have joined together to promote financial stability for working families statewide by launching ALICE Saves, an initiative designed to help families develop a lifelong habit of saving and other positive financial behaviors.
- Connecticut’s United Ways are working to help ALICE families build their assets and savings by supporting tax preparation at VITA sites where eligible families can secure tax credits (EITC, CTC) and begin saving, and through financial education and budget coaching.
- United Ways in Connecticut engage thousands of volunteers in their communities bringing people together to help improve grade level reading and financial literacy, reduce homelessness and hunger, and advocate for quality, affordable child care.
- United Ways advocate for long-term policy solutions that can lead to more financial security for ALICE.
- United Ways engage with businesses, government agencies, other nonprofits, the faith-based community, civic leaders and all people who want to work toward individual and communitywide solutions that lead to more financial security for ALICE households.