



## Meet ALICE in the EMCOG Region

### A Summary Report Prepared by the East Michigan Council of Governments

ALICE (Asset Limited, Income Constrained Employed) lives in every community. In the **East Michigan Council of Governments (EMCOG)**<sup>1</sup> 1 out of every 2.2 households (45%) are earning less than what is needed (the ALICE Threshold) to afford the basics, such as housing, child care, food, transportation, health care and technology. The numbers vary by county from a low in Midland County of 34% to a high in Clare County of 55%. The number of households within the EMCOG Region not earning enough to afford the basics has increased since the 2017 report (1 out of every 2.4 households or 42% as reported in 2017). Statewide the number of households as reported in the 2019 report, amounts to 43% with income below the ALICE Threshold.

The 2019 Michigan Report “ALICE In Michigan: A Financial Hardship Study” was released in March of 2019. It is the third report produced by the Michigan Association of United Ways. The first report was released in 2015, and an update was released in 2017. The following are quotes from the executive summaries of each of the three reports which briefly summarize the findings and trends in quantifying how Michigan households are doing.

**2015 Report:** *“ALICE households are working households; they hold jobs and provide services that are vital to the Michigan economy in positions like retail salespeople, team assemblers, truck drivers, nursing assistants and paramedics. The core of the problem is that these jobs do not pay enough to afford the basics of housing, child care, food, health care and transportation. The growth of low-skilled jobs is projected to outpace that of medium and high skilled jobs into the next decade. At the same time, the cost of basic household necessities continues to rise. (Source: ALICE Michigan, Executive Summary, September, 2014)*

**2017 Report:** *“ALICE households have incomes above the Federal Poverty Level, but still struggle to afford basic household necessities. Although evidence is emerging that jobs and wages are improving, the percent of households struggling has only improved (statewide) from 41% in 2010 to 40% in 2012 and has remained flat since.” (Source: ALICE Michigan, Executive Summary, Winter, 2017)*

**2019 Report:** *“Despite overall improvement in employment and gains in median income, the economic recovery in Michigan has been uneven. Many ALICE households continue to face challenges from low wages, reduced work hours, depleted savings, and increasing costs. For many households that earned slightly above the ALICE Threshold in the past, increases in the cost of living and flat wages have pushed them below the Threshold and into financial hardship. The total number of Michigan households that cannot afford basic needs increased 6 percent from 2010 to 2017”. (ALICE In Michigan, Executive Summary, March, 2019)*

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<sup>1</sup> EMCOG consists of Arenac, Bay, Clare, Gladwin, Gratiot, Huron, Iosco, Isabella, Midland, Ogemaw, Roscommon, Saginaw, Sanilac and Tuscola counties.



On June 15, 2015 an Empowering ALICE Conference was held at Saginaw Valley State University. Conference (partners included the United Way of Michigan, United Way of Saginaw County, SVSU and EMCOG). This was the first regional ALICE Conference in the country:

Key issues identified at the conference: housing near the jobs; affordable quality child care options and transportation options other than needing a car to get to work. Many agencies including EMCOG are working on addressing the needs relating to these issues. As indicated in the 2019 report, these issues remain.

The original Michigan ALICE study was based on 2012 data. The Winter 2017 study is based on 2014 data and includes the impact of the Affordable Care Act. The 2019 report is based on 2017 data. The tables within this summary report for the EMCOG region include a comparison of household costs from each of the three ALICE reports.

While each household has its own set of unique circumstances, the following emerging trends are identified in the 2019 Michigan ALICE Report Executive Summary, pages 1-2:

1. ***The Changing American Household*** – *Baby boomers are aging, millennials are making different lifestyle and work choices than previous generations, and patterns of domestic and foreign migration are shifting. These trends are changing both household composition and demands for goods and services.*
2. ***Market Instability*** – *A globally connected economy means that economic disruptions and natural disasters in one part of the world will increasingly have an impact on U.S. ALICE workers, contributing to employment instability, a shifting supply and demand, and a disruption in traditional modes of operation.*
3. ***Health Inequality*** – *As health care costs rise, there will be increasing disparities in health according to income and other social determinants of health, such as access to health care, educational opportunities, and safe neighborhoods. Expensive medical advances that are out of reach of lower-income households will only further this divide.*
4. ***Technology*** *is changing the workplace, adding some jobs, replacing many others, while also changing where people work, the hours they work, and the skills that are required, creating both opportunities and challenges for ALICE workers.*



The following four tables illustrate the cost of living for a single person and four person household at the bare minimum ALICE income threshold, or “survival” income and an improved “stable” income for EMCOG Region. The data represents the average of the costs of each of the 14 counties. For comparison purposes each table includes the data from the March 2019 report alongside the data from both the 2017 and the 2015 report. The tables also include the annual income and hourly wages needed for a household to both “just survive” and to be sustainable.

As the comparative data shows the cost to just survive has increased since the original report was published. Overall for the EMCOG region, a single adult household annual survival cost increased by 22% since the 2015 report came out. For a four person household, the annual cost increased by 20%. Note: the 2015 report was based on data as of 2012 and the 2019 report is based on data as of 2017.



## EMCOG Region: Single Adult Household \*

**Survival Budget:** a bare-minimum budget, not a “get-ahead: budget. *“This budget does not allow for any savings, leaving a family vulnerable to any unexpected expense, such as a costly car repair, natural disaster or health issue. For this reason, a household on a Household Survival Budget is described as just surviving”.* (Source: United Way ALICE Report – Michigan).

Expense	Expense Definition	Monthly Cost (2019 Report)	Monthly Cost (2017 Report)	Monthly Cost (2015 Report)
<b>Housing</b>	HUD’s Fair Market rent for an efficiency apartment plus utilities except phone. Does not cover a security deposit	476	450	467
<b>Childcare</b>	None (no children in the household)	0	0	0
<b>Food</b>	USDA Thrifty Level Food Plan which is the basis for SNAP & WIC benefits. No costs for eating out.	199	202	196
<b>Transportation</b>	Average annual cost by car & by public transit from the BLS Consumer Expenditure Survey <sup>2</sup> . No car insurance costs are included.	340	351	341
<b>Health Care</b>	Nominal out-of-pocket spending on health insurance, medical services & supplies, prescriptions plus the ACA “shared responsibility payment” (2017 & 2019)	236	155	130
<b>Technology</b>	Basic smart phone plan (no internet)	55	0	0
<b>Miscellaneous</b>	10% of total monthly cost to cover overruns and other costs such as car insurance, clothing, and internet.	154	132	126
<b>Savings</b>	None	0	0	0
<b>Taxes</b>	Applicable federal & state taxes, Social Security and Medicare; assumes standard deductions	234	165	129
	Monthly Total Cost	1,694	1,456	1,389
	Annual Cost	20,327	17,467	16,664
<b>Hourly Income Required to Cover Costs</b>	If working 40 hours per week for 50 weeks	10.16	8.73	8.33
	If working 35 hours per week for 50 weeks	11.62	9.98	9.52
	If working 30 hours per week for 50 weeks	13.55	11.64	11.11

\* One person household; no children or other dependents

<sup>2</sup> The survey is reported by regions/MSAs; the counties are matched with the most local level possible.



## EMCOG Region: Single Adult Household \*

**Stability Budget:** This budget is greater than the basic survival budget and reflects the cost for household necessities at a modest but sustainable level. It adds a savings category. The costs are those that can be maintained over time. The ability to be financially stable is a function of savings.

Expense	Expense Definition	Monthly Cost (2019 Report)	Monthly Cost (2017 Report)	Monthly Cost (2015 Report)
<b>Housing</b>	HUD Median rent for a 1 bedroom apartment plus utilities; does not include deposit, phone or internet	687	648	614
<b>Childcare</b>	None (no children in the household)	0	0	0
<b>Food</b>	USDA Moderate Level Food Plan (2 <sup>nd</sup> of 4 levels) adjusted for regional variation plus one meal out per month.	377	373	359
<b>Transportation</b>	Includes leasing a car. No car insurance costs are included.	354	352	330
<b>Health Care</b>	Employer sponsored health plan	316	279	218
<b>Technology</b>	Basic smart phone plan; internet added in 2019	109	64	0
<b>Miscellaneous</b>	10% of total monthly cost of the preceding 6 basic necessities and other expenses such as car insurance and clothing.	184	165	152
<b>Savings</b>	10% cushion for emergencies & possible investment in education, retirement, house, health, student debt as needed.	184	165	152
<b>Taxes</b>	Applicable federal & state taxes, Social Security and Medicare; assumes standard & mortgage deduction.	494	349	146
	Monthly Total Cost	2,705	2,396	1,971
	Annual Cost	32,465	28,749	23,649
<b>Hourly Income Required to Cover Costs</b>	If working 40 hours per week for 50 weeks	16.23	14.37	11.82
	If working 35 hours per week for 50 weeks	18.55	16.43	13.51
	If working 30 hours per week for 50 weeks	21.64	19.17	15.77

\* One person household; no children or other dependents.



## EMCOG Region: Family of Four Household \*

**Survival Budget:** a bare-minimum budget, not a “get-ahead: budget. *“This budget does not allow for any savings, leaving a family vulnerable to any unexpected expense, such as a costly car repair, natural disaster or health issue. For this reason, a household on a Household Survival Budget is described as just surviving”.* (Source: United Way ALICE Report – Michigan).

Expense	Expense Definition	Monthly Cost (2019 Report)	Monthly Cost (2017 Report)	Monthly Cost (2015 Report)
<b>Housing</b>	HUD’s Fair Market rent for a 2-bedroom apartment plus utilities; does not include phone, internet or a security deposit	695	655	600
<b>Childcare</b>	Average cost for 1 infant & 1 pre-K in registered family child care homes.	1,047	1,087	1,074
<b>Food</b>	USDA Thrifty Level Food Plan which is the basis for SNAP & WIC benefits. No costs for eating out.	604	611	518
<b>Transportation</b>	Average annual cost by car & by public transit from the BLS Consumer Expenditure Survey. No car insurance costs are included.	679	702	681
<b>Health Care</b>	Nominal out-of-pocket spending on health insurance, medical services & supplies, prescriptions	888	611	518
<b>Technology</b>	Basic smart phone plan per adult (no internet)	75	0	0
<b>Miscellaneous</b>	10% of total monthly cost to cover overruns and other costs such as car insurance, clothing, and internet.	446	394	371
<b>Savings</b>	None	0	0	0
<b>Taxes</b>	Applicable federal & state taxes, social security and Medicare; assumes standard deductions	473	268	248
	Monthly Total Cost	4,907	4,329	4,085
	Annual Cost	58,881	51,950	49,016
<b>Hourly Income Required to Cover Costs **</b>	If working 40 hours per week for 50 weeks	29.44	25.97	24.51
	If working 35 hours per week for 50 weeks	33.65	29.69	28.01
	If working 30 hours per week for 50 weeks	39.25	34.63	32.68

\* Two adults, one infant and one Pre-K

\*\* Total hourly income for the household. This would be the total hourly income of either one or a combination of two adults.



## EMCOG Region: Family of Four Household \*

**Stability Budget:** This budget is greater than the basic survival budget and reflects the cost for household necessities at a modest but sustainable level. It adds a savings category. The costs are those that can be maintained over time. The ability to be financially stable is a function of savings.

Expense	Expense Definition	Monthly Cost (2019 Report)	Monthly Cost (2017 Report)	Monthly Cost (2015 Report)
<b>Housing</b>	Safer housing that needs fewer repairs, reflected in the median rent for single parents & a moderate house w/mortgage for a 2-parent household	863	894	894
<b>Childcare</b>	Cost of a fully licensed & accredited child care center	1,570	1,392	1,455
<b>Food</b>	USDA Moderate Level Food Plan (2 <sup>nd</sup> of 4 levels) adjusted for regional variation plus one meal out per month.	1,169	1,146	1,100
<b>Transportation</b>	Includes leasing a car. No car insurance costs are included.	1,181	1,174	1,100
<b>Health Care</b>	Employer sponsored health plan	1,138	950	959
<b>Technology</b>	Basic smart phone plan for each adult; internet added in 2019	129	99	0
<b>Miscellaneous</b>	10% of total monthly cost of the preceding 6 basic necessities and other expenses such as car insurance and clothing.	605	556	551
<b>Savings</b>	10% for a cushion for emergencies & possible investment in education, retirement, house, health, student debt as needed.	605	556	551
<b>Taxes</b>	Applicable federal & state taxes, social security and Medicare; assumes standard & Mortgage deduction.	1,587	1,458	895
<b>Monthly Total Cost</b>		<b>8,847</b>	<b>8,224</b>	<b>7,505</b>
<b>Annual Cost</b>		<b>106,164</b>	<b>98,685</b>	<b>90,059</b>
<b>Hourly Income</b>	If working 40 hours per week for 50 weeks	53.08	49.34	45.03
<b>Required to</b>	If working 35 hours per week for 50 weeks	60.67	56.39	51.46
<b>Cover Costs</b>	If working 30 hours per week for 50 weeks	70.78	65.79	60.04

\* Two adults, one infant and one Pre-K

\*\* Total hourly income for the household. This would be the total hourly income of either one or a combination of two adults.



## NEXT STEPS FOR ALICE in the East MI Council of Governments (EMCOG)

The steps to moving families out of a survival mode to a stability mode are not a singular solution. Strategies such as raising the minimum wage would certainly help but ALICE (and poverty) is a multifaceted challenge that needs comprehensive solutions.

Numerous stakeholders within the EMCOG region are working on many initiatives such as access to quality certified pre-school education, employee resource networks and transit availability to make it easier and less costly for ALICE to work and to move ALICE from survival mode to sustainable mode. Everyone benefits...our employers, our employees, our families, our communities and our economy. We continue to work on numerous initiatives to move the ALICE Threshold households into Sustainability.

Get the full report for the State of Michigan at [www.MichiganALICE.org](http://www.MichiganALICE.org)

ALICE data is available at the county, sub-county level at [www.UnitedForALICE.org/Michigan](http://www.UnitedForALICE.org/Michigan)

EMCOG ALICE reports can be found at [www.emcog.org](http://www.emcog.org)

Further reports will be prepared over the next few weeks. (April, 2019). Reports such as this one for individual counties within EMCOG will be prepared for our participating EMCOG members by request.

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