



## Meet ALICE: ASSET LIMITED, INCOME CONSTRAINED, EMPLOYED

ALICE lives in every community. In the EMCOG region 42% of households are earning less than what is needed to afford the basics. (17% poverty; 25% ALICE, 2012) While each family has its own set of unique circumstances, two primary factors contribute to these numbers:

1. High Cost of Living and Working
2. Lack of Jobs that Pay a Sustainable Wage

ALICE is a study of financial hardship. Studies have been done in 6 states: California, Florida, Indiana, Michigan (September 2014) and New Jersey.

“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.

There are serious consequences for both ALICE households and their communities when these households cannot afford the basic necessities. ALICE households are forced to make difficult choices such as skipping preventative health care, accredited child care, healthy food, or car insurance. These “savings” threaten their health, safety, and future – and they reduce Michigan’s economic productivity and raise insurance premiums (health, vehicle, etc) and taxes for everyone. The costs are high for both ALICE families and the wider community.” (Source: ALICE Michigan, Executive Summary, September, 2014)

Twenty-five percent of EMCOG households are ALICE (in addition to the 17% of households at the poverty level). “The total public and private spending on Michigan households below the ALICE threshold, which includes families in poverty, is \$30.6 billion or 8 percent of Michigan’s \$400 billion Gross Domestic Product. Yet even the total amount of this assistance is not enough to fill the gap between earned income and the ALICE Threshold. It would require approximately \$8.5 billion in additional wages or public resources for all Michigan households to have income at the ALICE Threshold” (stability level) (Source: ALICE Michigan, Appendix IV).

EMCOG Region: Arenac, Bay, Clare, Gladwin, Gratiot, Huron, Iosco, Isabella, Midland, Ogemaw, Roscommon, Saginaw, Sanilac and Tuscola counties.

November, 2015

## 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, pages 29-30).

Expense	Expense Definition	Monthly Cost
<b>Housing</b>	HUD’s Fair Market rent for an efficiency apartment plus utilities except phone & internet	467
<b>Childcare</b>	None (no children in the household)	0
<b>Food</b>	USDA Food Plan Thrifty Level (lowest level) adjusted for regional price variation. No costs for eating out.	196
<b>Transportation</b>	Average annual transportation costs by car and public transportation if at least 8% of the county population uses public transportation; if less than 8% transportation costs are based on private vehicle only. Car costs include gas & oil, other vehicle maintenance but not major repairs, car lease or loan payments	341
<b>Health Care</b>	Pre Affordable Care Act: Nominal out-of-pocket spending on medical services & supplies, prescriptions. It does not include health insurance.	130
<b>Miscellaneous</b>	10% of total monthly cost to cover overruns	126
<b>Savings</b>	None	0
<b>Taxes</b>	Applicable federal & state taxes, social security and Medicare; assumes standard deductions per household type.	129
	Monthly Total Cost	1,389
	Annual Cost	16,664
<b>Hourly Rate Required to Cover Costs</b>	If working 40 hours per week for 52 weeks	8.01
	If working 35 hours per week for 52 weeks	9.16
	If working 30 hours per week for 52 weeks	10.68

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

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November, 2015

## 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
<b>Housing</b>	HUD's median rent for a one bedroom apartment	614
<b>Childcare</b>	None (no children in the household)	0
<b>Food</b>	USDA Food Plan Moderate Level (2 <sup>nd</sup> of 4 levels) adjusted for regional price variation plus some costs for eating out.	359
<b>Transportation</b>	Average annual transportation costs by car and public transportation (50/50) if at least 8% of the county population uses public transportation; if less than 8% transportation costs are based on private vehicle only. Car costs include leasing gas & maintenance of 1 car.	330
<b>Health Care</b>	Pre Affordable Care Act: Employer sponsored health insurance at low-wage firm as well as out-of-pocket spending.	218
<b>Miscellaneous</b>	10% of total monthly cost (excluding taxes or savings) to cover overruns	152
<b>Savings</b>	10% for a cushion for emergencies and possibly investment for education, house, car and health as needed.	152
<b>Taxes</b>	Applicable federal & state taxes, social security and Medicare; assumes standard deductions per household type including a mortgage deduction for homeowners.	146
	Monthly Total Cost	1,971
	Annual Cost	23,649
<b>Hourly Rate</b>	If working 40 hours per week for 52 weeks	11.37
<b>Required to</b>	If working 35 hours per week for 52 weeks	12.99
<b>Cover Costs</b>	If working 30 hours per week for 52 weeks	15.16

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November, 2015

## 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, pages 29-30).

Expense	Expense Definition	Monthly Cost
<b>Housing</b>	HUD’s Fair Market rent for a two bedroom apartment for a family of 3 or more plus utilities except phone & internet	600
<b>Childcare</b>	Average cost for one infant and one preschooler in Registered Family Child Care Homes (the least expensive childcare).	1,074
<b>Food</b>	USDA Food Plan Thrifty Level (lowest of 4 levels) adjusted for regional price variation. No costs for eating out.	592
<b>Transportation</b>	Average annual transportation costs by car and public transportation if at least 8% of the county population uses public transportation; if less than 8% transportation costs are based on private vehicle only. Car costs include gas & oil, other vehicle maintenance but not major repairs, car lease or loan payments	681
<b>Health Care</b>	Pre Affordable Care Act: Nominal out-of-pocket spending on medical services & supplies, prescriptions. It does not include health insurance.	518
<b>Miscellaneous</b>	10% of total monthly cost to cover overruns	371
<b>Savings</b>	None	0
<b>Taxes</b>	Applicable federal & state taxes, social security and Medicare; assumes standard deductions per household type.	248
	Monthly Total Cost	4,085
	Annual Cost	49,016
<b>Hourly Rate Required to Cover Costs **</b>	If working 40 hours per week for 52 weeks	23.57
	If working 35 hours per week for 52 weeks	26.93
	If working 30 hours per week for 52 weeks	31.42

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

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

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**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
<b>Housing</b>	American Community Survey median monthly owner costs for a mortgage for a family of 3 or more.	894
<b>Childcare</b>	Cost of a fully licensed and accredited child care center; typically 30% higher than the cost of registered home-based child care costs in the Survival budget.	1,455
<b>Food</b>	USDA Food Plan Moderate Level (2 <sup>nd</sup> of 4 levels) adjusted for regional price variation plus some costs for eating out.	1,100
<b>Transportation</b>	Average annual transportation costs by car and public transportation (50/50) if at least 8% of the county population uses public transportation; if less than 8% transportation costs are based on leasing 1 car and gas and maintenance on 2 cars.	1,100
<b>Health Care</b>	Pre Affordable Care Act: Employer sponsored health insurance at low-wage firm as well as out-of-pocket spending.	959
<b>Miscellaneous</b>	10% of total monthly cost (excluding taxes or savings) to cover overruns	551
<b>Savings</b>	10% for a cushion for emergencies and possibly investment for education, house, car and health as needed.	551
<b>Taxes</b>	Applicable federal & state taxes, social security and Medicare; assumes standard deductions per household type including a mortgage deduction for homeowners.	895
	Monthly Total Cost	7,505
	Annual Cost	90,059
<b>Hourly Rate Required to Cover Costs**</b>	If working 40 hours per week for 52 weeks	43.30
	If working 35 hours per week for 52 weeks	49.48
	If working 30 hours per week for 52 weeks	57.73

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## NEXT STEPS FOR ALICE in the EMCOG Region

June 15, 2015: Empowering ALICE Conference at SVSU (United Way of Michigan, United Way of Saginaw County, EMCOG). 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.

The Michigan ALICE study is based on 2012 data. The study will be updated in two years in order to include the impact of the Affordable Care Act. EMCOG has requested that the update also factor in student debt as an ALICE cost as many ALICE families have accrued debt in order to get the education they need to be qualified for jobs that require a certification or two year or higher degree.

The answer to moving families out of a survival mode to a sustainable mode is not a singular solution such as raising the minimum wage. This would certainly help but ALICE (and poverty) is a comprehensive problem that needs comprehensive solutions.

Transportation: Transportation options are part of the solution. In the EMCOG region you must have a vehicle in order to work and/or to attend adult education and college classes. There are no other options for most residents. ALICE have been described in our region as being “one flat tire away from losing their job”.

Broadband: You must have internet access in order to seek work, apply for jobs, etc. The Survival budget shown on the previous pages does not include these costs as part of monthly expenses.

Housing: this region describes the low traffic congestion and good roadway network as an asset: a minute a mile for commuting back and forth to work. Many workers commute up to 60 miles one way and although it is a “fast” commute, it is a long and expensive commute for many. Housing closer to the employment centers would greatly assist ALICE and their employers.

Childcare: access to affordable certified child care is very lacking in many areas.

Health Care Availability: The benefit to ALICE and their employers is obvious.

And more..... stakeholders within the EMCOG Region are working on many initiatives 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.

Get the full report at [www.UnitedWayALICE.org/Michigan](http://www.UnitedWayALICE.org/Michigan)

EMCOG: Jane Fitzpatrick: [jfitzpatrick@emcog.org](mailto:jfitzpatrick@emcog.org) or 989 797-0800

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