ALICE®

ASSET LIMITED, INCOME CONSTRAINED, EMPLOYED

MICHIGAN

ALABAMA, ALASKA, ARIZONA, ARKANSAS, CALIFORNIA, COLORADO, **CONNECTICUT**, DELAWARE, **FLORIDA**, GEORGIA, HAWAII, **IDAHO**, ILLINOIS, **INDIANA**, **IOWA**, KANSAS, KENTUCKY, **LOUISIANA**, MAINE, **MARYLAND**, MASSACHUSETTS, **MICHIGAN**, MINNESOTA, MISSISSIPPI, MISSOURI, MONTANA, NEBRASKA, NEVADA, NEW HAMPSHIRE, **NEW JERSEY**, NEW MEXICO, **NEW YORK**, NORTH CAROLINA, NORTH DAKOTA, **OHIO**, OKLAHOMA, **OREGON**, PENNSYLVANIA, RHODE ISLAND, SOUTH CAROLINA, SOUTH DAKOTA, TENNESSEE, TEXAS, UTAH, VERMONT, **VIRGINIA**, **WASHINGTON**, WEST VIRGINIA, **WISCONSIN**, WYOMING

2017 UPDATE

Winter 2017

STUDY OF FINANCIAL HARDSHIP

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United Ways of Michigan

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EXECUTIVE SUMMARY

This United Way ALICE Report provides the most comprehensive look at Michigan residents who are struggling financially: 40 percent of households in Michigan could not afford basic needs such as housing, child care, food, health care, and transportation in 2015. Many households are living below the Federal Poverty Level (FPL), but an even greater number of households are what United Way calls **ALICE** – an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. ALICE households have incomes above the FPL, 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 from 41 percent in 2010 to 40 percent in 2012 and has remained flat since.

This Report focuses on what has changed in Michigan since the first United Way ALICE Report was published three years ago. It updates the cost of basic needs in the **Household Survival Budget** for each county in Michigan, and the number of households earning below this amount – **the ALICE Threshold**. It delves deeper into county and municipal data as well as ALICE and poverty-level households by race, ethnicity, age, and household type to reveal variations in hardship that are often masked by state averages. Finally this Report highlights emerging trends that will be important to ALICE in the future.

The data reveals an ongoing struggle for ALICE households and the obstacles to achieving financial stability:

- **Struggling Households:** Of Michigan's 3.86 million households, 15 percent lived in poverty in 2015 and another 25 percent were ALICE. Combined, 40 percent (1.53 million households) had income below the ALICE Threshold, an improvement since 2010, but still above the level in 2007.
- **Basic Cost of Living:** The cost of basic household expenses increased steadily in every county in Michigan between 2007 and 2015. The average budget rose by 18 percent, which was above the national rate of inflation of 14 percent during that time period. In 2015, the average annual Household Survival Budget for a Michigan family of four (two adults with one infant and one preschooler) ranged from $43,920 in Osceola County to $64,320 in Macomb County – well above the family FPL of $ 24,250.
- **Low-wage Jobs:** Low-wage jobs continued to dominate the landscape in Michigan, with 62 percent of all jobs in the state paying less than $20 per hour. At this wage, a family of four falls far short of the Household Survival Budget of $56,064. And, more than two-thirds of these jobs pay less than $15 per hour.
- **Assistance for ALICE:** Since 2012, the amount needed to bring all ALICE households to financial stability has grown faster than government spending. Health care spending increased by 23 percent, accounting for two-thirds of all public and nonprofit spending on ALICE and poverty-level households. Because services and funds are not typically transferable from one area of need to another, there are large gaps between spending and need in many categories. For example, the gap to meet housing needs is 44 percent and the gap to meet child care is 50 percent.
- **Emerging trends:** Several trends could change the economic landscape for ALICE families:
    - The Michigan population is aging, and many seniors do not have the resources they need to support themselves.
    - Differences by race and ethnicity persist, creating challenges for many ALICE families as well as for immigrants in Michigan.
    - Low-wage jobs are projected to grow faster than higher-wage jobs over the next decade.
    - 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. Technology creates opportunities as well as challenges for ALICE workers.

Using the best available information on those who are struggling, this Report offers an enhanced set of tools for stakeholders to measure the real challenges ALICE households face in trying to make ends meet. This information is presented to inform the discussion around programmatic and policy solutions for these households and their communities now and for the future. The lack of accurate information about the number of people who are "poor" and struggling distorts the identification of problems related to poverty, misguides policy solutions, and raises questions of equity, transparency, and fairness in the allocation of resources based on an outdated FPL.

GLOSSARY

ALICE is an acronym that stands for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, comprising households with income above the Federal Poverty Level but below the basic cost of living.

The Household Survival Budget calculates the actual costs of basic necessities (housing, child care, food, health care, and transportation) in Michigan, adjusted for different counties and household types.

The ALICE Threshold is the average income that a household needs to afford the basic necessities defined by the Household Survival Budget for each county in Michigan. (Unless otherwise noted in this Report, households earning less than the ALICE Threshold include both ALICE and poverty-level households.)

The Household Stability Budget is greater than the basic Household Survival Budget and reflects the cost for household necessities at a modest but sustainable level. It adds a savings category and a cell phone category, and is adjusted for different counties and household types.

The ALICE Income Assessment is the calculation of all sources of income, resources, and assistance for ALICE and poverty-level households. Even with assistance, the Assessment reveals a shortfall, or Unfilled Gap, between what these households bring in and what is needed for them to reach the ALICE Threshold.

The Economic Viability Dashboard is comprised of three Indices that evaluate the economic conditions that matter most to ALICE households – Housing Affordability, Job Opportunities, and Community Resources. A Dashboard is provided for each county in the state.

AT-A-GLANCE: MICHIGAN

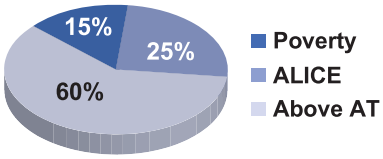
AT-A-GLANCE: MICHIGAN, 2015

Point-in-Time Data

Population: 9,922,576 | Number of Counties: 83 | Number of Households: 3,857,706

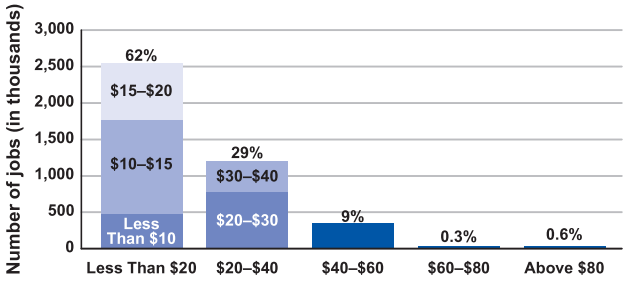
How many households are struggling?

ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, are households that earn more than the Federal Poverty Level (FPL), but less than the basic cost of living for the state (the ALICE Threshold). Of Michigan's 3.86 million households, 15 percent earn below the FPL and another 25 percent are ALICE, down slightly from 2010 but still above the 2007 level.



How much does ALICE earn?

In Michigan, 62 percent of jobs pay less than $20 per hour, with two-thirds of those paying less than $15 per hour. Another 29 percent of jobs pay between $20 and $40 per hour. Only 9 percent of jobs pay between $40 and $60 per hour.



What does it cost to afford the basic necessities?

This bare-minimum Household Survival Budget increased by 18 percent from 2007 to 2015, while the rate of inflation was 14 percent. Affording only a very modest living, this budget is still significantly more than the Federal Poverty Level of $11,770 for a single adult and $24,250 for a family of four.

Monthly Costs, Michigan Average, 2015

	SINGLE ADULT	2 ADULTS, 1 CHILD, 1 PRESCHOOLER	2007 – 2015 PERCENT INCREASE
Monthly Costs			
Housing	$478	$696	14%
Child Care	$–	$1,108	8%
Food	$184	$609	14%
Transportation	$359	$718	8%
Health Care	$183	$702	77%
Miscellaneous	$138	$425	18%
Taxes	$174	$414	19%
Monthly Total	$1,516	$4,672	18%
ANNUAL TOTAL	**$18,192**	**$56,064**	**18%**
Hourly Wage	*$9.10*	*$28.04*	*18%*

**Wage working full time required to support this budget*

Note: Percent increases are an average of the increases in each category for a single-adult and for a four-person family

Source: American Community Survey; U.S. Department of Housing and Urban Development (HUD); U.S. Department of Agriculture (USDA); Bureau of Labor Statistics (BLS); Internal Revenue Service (IRS) and Michigan Department of Treasury; and Michigan Office of Great Start, 2015

AT-A-GLANCE: MICHIGAN, 2015

Point-in-Time Data

Population: 9,922,576 | Number of Counties: 83 | Number of Households: 3,857,706

Michigan Counties, 2015		
County	Total HH	% ALICE & Poverty
Alcona	5,001	42%
Alger	3,470	50%
Allegan	42,079	37%
Alpena	12,722	39%
Antrim	9,689	41%
Arenac	6,447	46%
Baraga	2,974	52%
Barry	22,836	36%
Bay	42,799	37%
Benzie	7,225	37%
Berrien	64,279	37%
Branch	16,022	46%
Calhoun	53,076	41%
Cass	20,101	42%
Charlevoix	10,794	39%
Cheboygan	11,223	41%
Chippewa	13,997	48%
Clare	13,255	53%
Clinton	29,072	30%
Crawford	5,954	38%
Delta	15,685	44%
Dickinson	11,059	39%
Eaton	43,551	29%
Emmet	13,948	37%
Genesee	163,488	40%
Gladwin	10,960	47%
Gogebic	6,741	48%
Grand Traverse	36,952	35%
Gratiot	14,716	48%
Hillsdale	17,810	41%
Houghton	13,765	51%
Huron	13,805	42%
Ingham	111,265	43%
Ionia	22,092	45%
Iosco	11,343	47%
Iron	5,392	49%
Isabella	24,246	50%
Jackson	59,292	36%
Kalamazoo	101,228	36%
Kalkaska	7,185	43%
Kent	237,259	38%
Keweenaw	1,040	47%

Michigan Counties, 2015		
County	Total HH	% ALICE & Poverty
Lake	4,365	59%
Lapeer	32,708	37%
Leelanau	9,234	28%
Lenawee	37,016	43%
Livingston	71,100	27%
Luce	2,377	55%
Mackinac	5,209	33%
Macomb	341,532	38%
Manistee	10,142	39%
Marquette	25,498	41%
Mason	12,248	40%
Mecosta	15,478	47%
Menominee	10,679	39%
Midland	32,977	34%
Missaukee	5,866	44%
Monroe	58,886	33%
Montcalm	23,284	48%
Montmorency	4,070	48%
Muskegon	63,215	40%
Newaygo	18,339	41%
Oakland	497,819	30%
Oceana	9,822	47%
Ogemaw	9,434	46%
Ontonagon	3,084	47%
Osceola	8,757	47%
Oscoda	3,686	47%
Otsego	9,956	36%
Ottawa	98,598	36%
Presque Isle	5,999	37%
Roscommon	11,543	43%
Saginaw	77,211	39%
St Clair	63,571	40%
St Joseph	23,270	40%
Sanilac	16,280	47%
Schoolcraft	3,419	52%
Shiawassee	27,036	31%
Tuscola	21,304	37%
Van Buren	28,564	40%
Washtenaw	138,099	37%
Wayne	667,521	52%
Wexford	12,673	44%

ALICE IN CALHOUN COUNTY

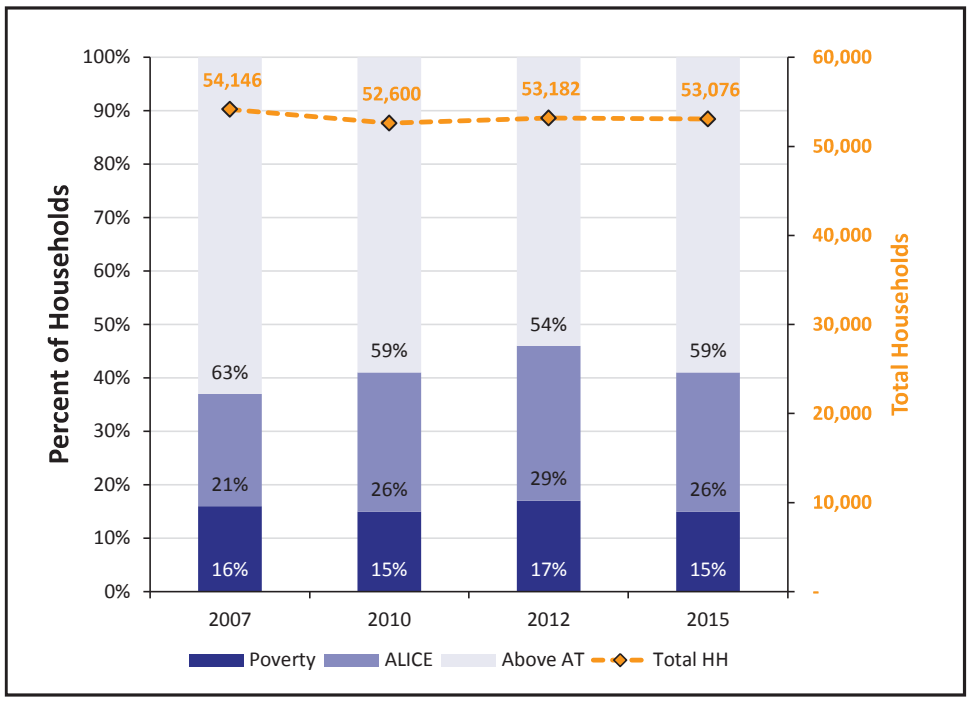
2015 Point-in-Time Data

Population: 134,314 | **Number of Households:** 53,076
Median Household Income: $43,084 (state average: $51,084)
Unemployment Rate: 8.4% (state average: 7.2%)
ALICE Households: 26% (state average: 25%); **Poverty Households:** 15% (state average: 15%)

How many households are struggling?

ALICE is an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed – households that earn more than the Federal Poverty Level, but less than the basic cost of living for the county (the ALICE Threshold, or AT). Combined, the number of poverty and ALICE households equals the total population struggling to afford basic needs. The number of households below the ALICE Threshold changes over time; households move in and out of poverty and ALICE as circumstances improve or worsen. The Great Recession, from 2007 to 2010, caused hardship for many families. Conditions started to improve in 2010 and 2012 for some, but not for all.

Households by Income, 2007 to 2015



What does it cost to afford the basic necessities?

The bare-minimum Household Survival Budget does not include any savings, leaving a household vulnerable to unexpected expenses. ALICE households typically earn above the Federal Poverty Level of $11,770 for a single adult and $24,250 for a family of four, but less than the Household Survival Budget.

Household Survival Budget, Calhoun County

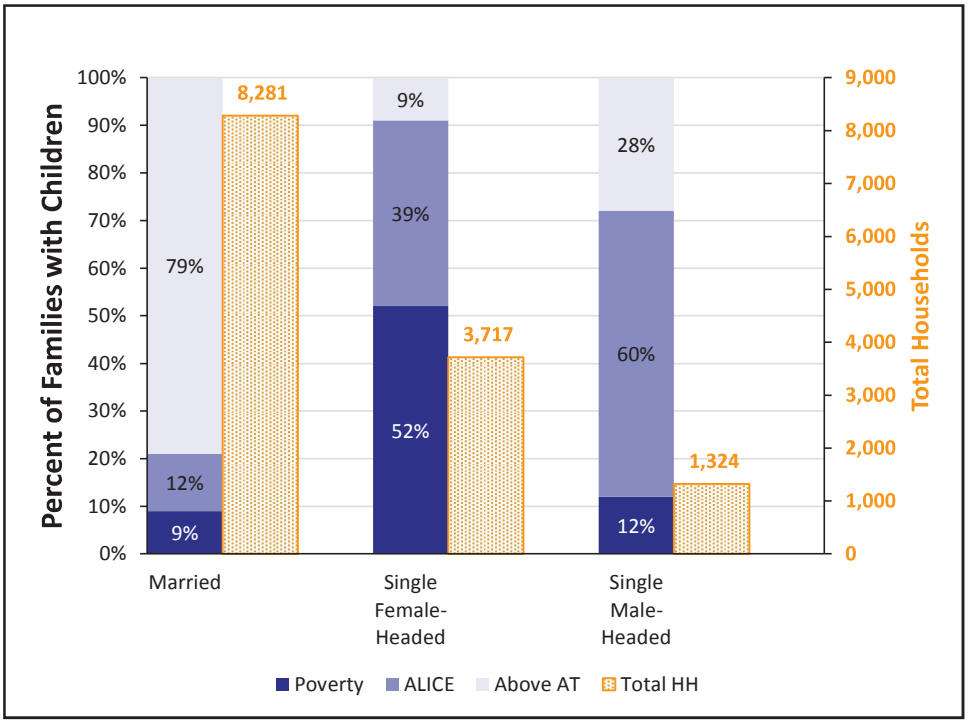
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Monthly Costs		
Housing	$418	$689
Child Care	$–	$1,044
Food	$184	$609
Transportation	$349	$697
Health Care	$184	$707
Miscellaneous	$129	$403
Taxes	$158	$285
Monthly Total	$1,422	$4,434
ANNUAL TOTAL	$17,064	$53,208
Hourly Wage	*$8.53*	*$26.60*

Sources: ***2015 Point-in-Time Data****: American Community Survey.* ***ALICE Demographics:*** *American Community Survey; the ALICE Threshold.* ***Budget:*** *U.S. Department of Housing and Urban Development (HUD); U.S. Department of Agriculture (USDA); Bureau of Labor Statistics (BLS); Internal Revenue Service (IRS); Michigan Department of Treasury; Early Childhood Investment Corporation.*

How many families with children are struggling?

Children add significant expense to a family budget, so it is not surprising that many Calhoun County families with children live below the ALICE Threshold. Though more Calhoun County families are headed by married parents, those families with a single parent are more likely to have income below the ALICE Threshold.

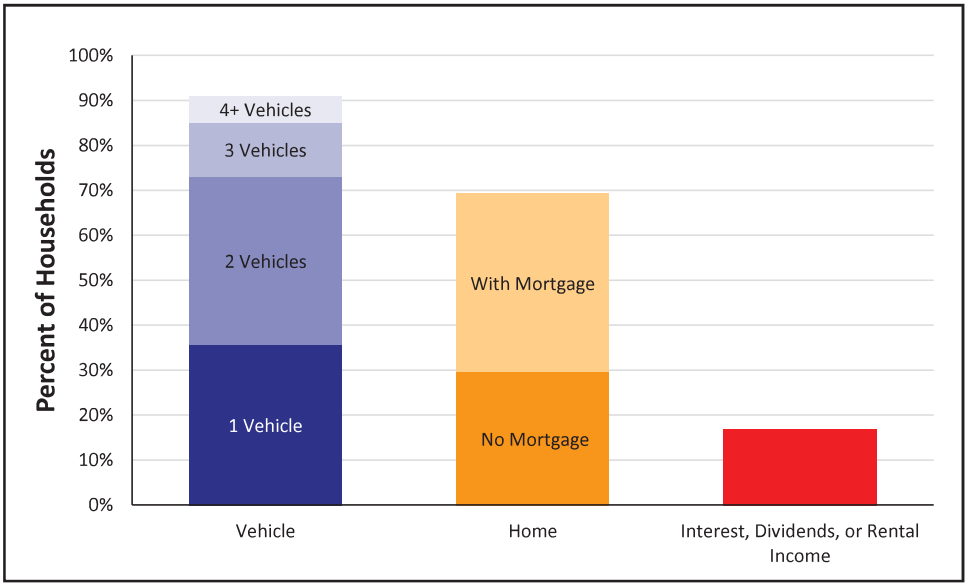
Families with Children by Income, 2015



What assets do households have?

Ownership of assets can contribute to stability of households. Yet few families in Calhoun County own liquid assets, such as a savings account, 401(k) plan, or rental income, that are readily available to cover emergency expenses. Vehicles, the most common asset, depreciate over time. Homeownership, the next most common asset, can build wealth, but is not a liquid asset.

Assets, All Households, 2015



Calhoun County, 2015

Town	Total HH	% ALICE & Poverty
Albion City	2,894	61%
Albion Township	373	43%
Athens Township	911	31%
Battle Creek City	20,629	47%
Bedford Charter Township	3,736	32%
Burlington Township	687	28%
Clarence Township	822	31%
Clarendon Township	400	31%
Convis Township	607	34%
Eckford Township	525	27%
Emmett Charter Township	4,704	35%
Fredonia Township	615	31%
Homer Township	1,086	46%
Lee Township	356	30%
Leroy Township	1,438	23%
Marengo Township	863	29%
Marshall City	3,074	35%
Marshall Township	1,204	22%
Newton Township	914	26%
Pennfield Charter Township	3,686	40%
Sheridan Township	723	42%
Springfield City	1,994	52%
Tekonsha Township	609	36%

Note: Municipal-level data on this page is for Places and County Subdivisions, which include Census Designated Places (CDP). These are overlapping geographies so totals will not match county-level data. Municipal-level data often relies on 5-year averages and is not available for the smallest towns that do not report income.

ALICE IN KALAMAZOO COUNTY

2015 Point-in-Time Data

Population: 260,263 | **Number of Households:** 101,228
Median Household Income: $52,164 (state average: $51,084)
Unemployment Rate: 7.3% (state average: 7.2%)
ALICE Households: 21% (state average: 25%); **Poverty Households:** 15% (state average: 15%)

How many households are struggling?

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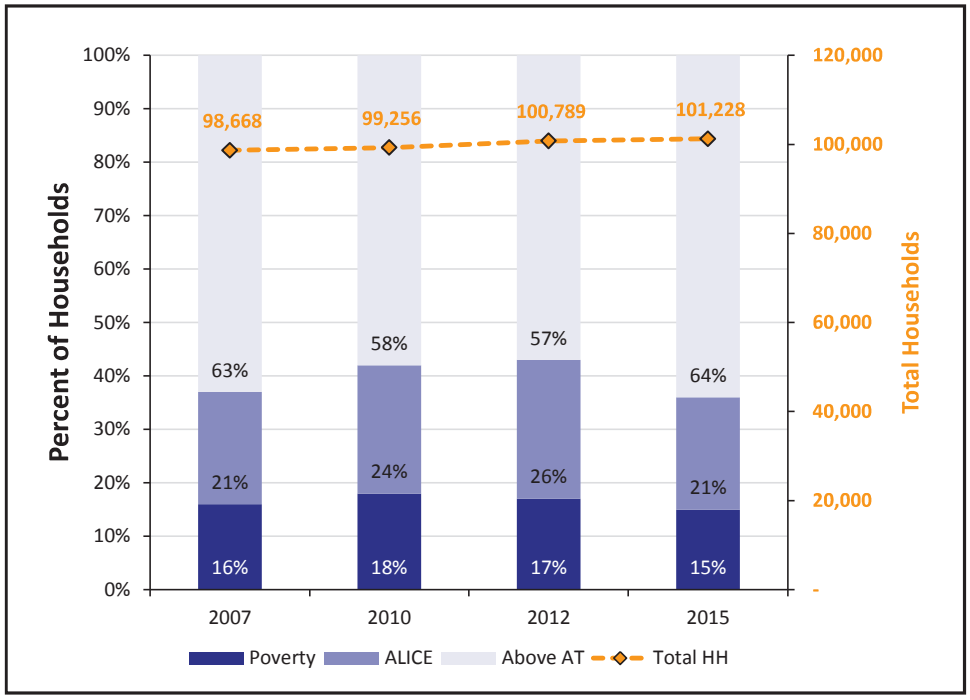

What does it cost to afford the basic necessities?

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Household Survival Budget, Kalamazoo County

	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Monthly Costs		
Housing	$472	$728
Child Care	$–	$1,255
Food	$184	$609
Transportation	$349	$697
Health Care	$184	$707
Miscellaneous	$136	$436
Taxes	$170	$361
Monthly Total	$1,495	$4,793
ANNUAL TOTAL	$17,940	$57,516
Hourly Wage	*$8.97*	*$28.76*

Sources: ***2015 Point-in-Time Data****: American Community Survey.* ***ALICE Demographics:*** *American Community Survey; the ALICE Threshold.* ***Budget:*** *U.S. Department of Housing and Urban Development (HUD); U.S. Department of Agriculture (USDA); Bureau of Labor Statistics (BLS); Internal Revenue Service (IRS); Michigan Department of Treasury; Early Childhood Investment Corporation.*

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Children add significant expense to a family budget, so it is not surprising that many Kalamazoo County families with children live below the ALICE Threshold. Though more Kalamazoo County families are headed by married parents, those families with a single parent are more likely to have income below the ALICE Threshold.

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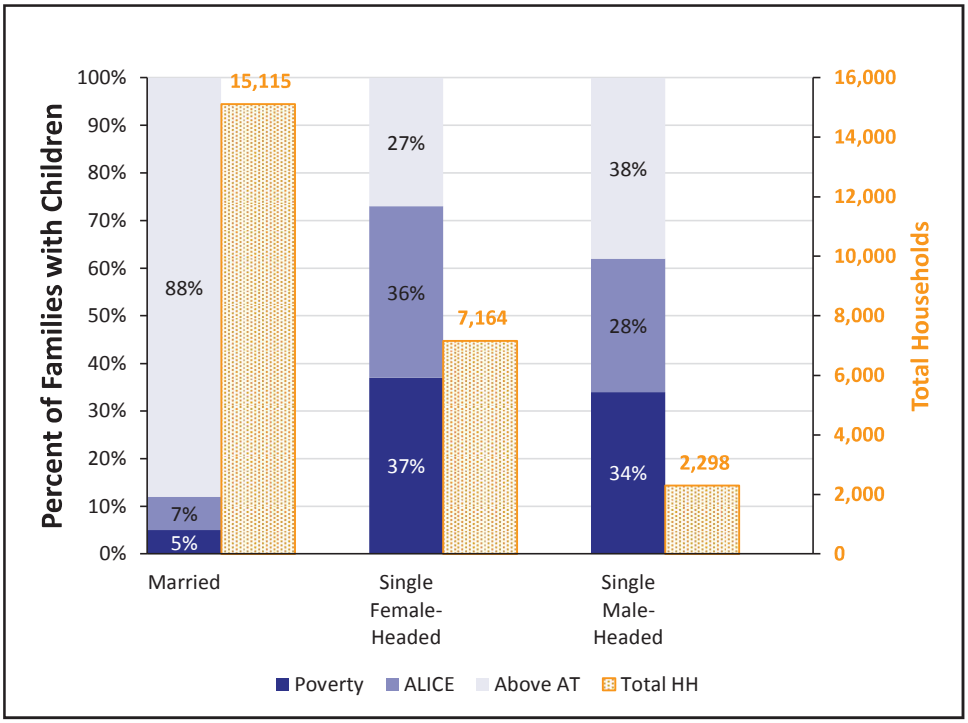

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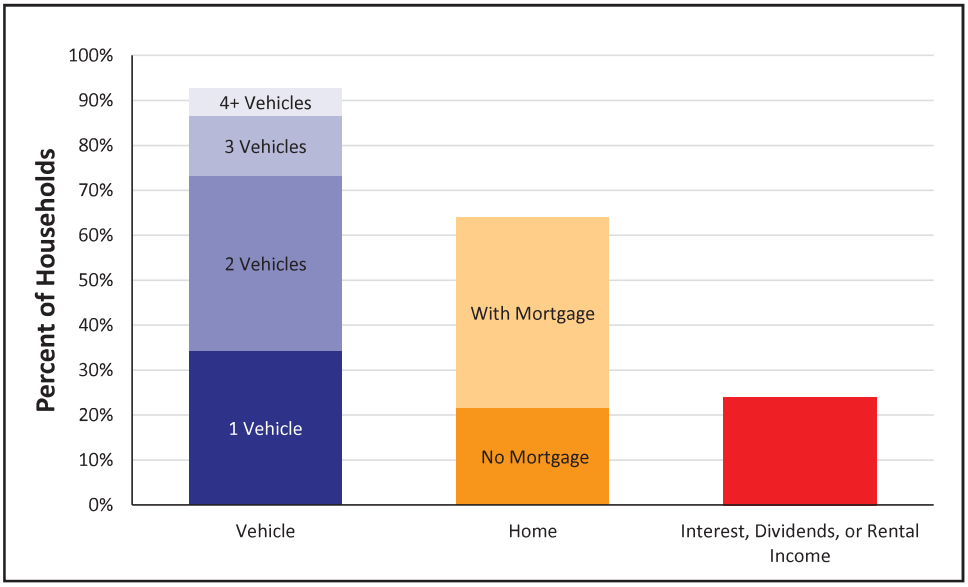

Kalamazoo County, 2015

Town	Total HH	% ALICE & Poverty
Alamo Township	1,474	30%
Brady Township	1,606	30%
Charleston Township	747	30%
Climax Township	918	24%
Comstock Charter Township	6,312	37%
Cooper Charter Township	3,831	30%
Galesburg City	748	61%
Kalamazoo Charter Township	9,370	45%
Kalamazoo City	28,025	59%
Oshtemo Charter Township	9,948	45%
Parchment City	847	51%
Pavilion Township	2,295	36%
Portage City	19,492	36%
Prairie Ronde Township	848	21%
Richland Township	2,873	21%
Ross Township	1,874	21%
Schoolcraft Township	3,239	32%
Texas Charter Township	5,385	16%
Wakeshma Township	509	33%

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