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## **NEW STUDY: 2 IN 5 HOUSEHOLDS IN JACKSON COUNTY STRUGGLE TO AFFORD BASICS**

*Scope of Financial Hardship Detailed in United Way ALICE Report*

- Study by Rutgers University measures number, conditions of struggling households
- ALICE: Asset Limited, Income Constrained, Employed population
- 1.54 million households (40 percent) in Michigan struggle to support themselves

JACKSON, Michigan [Aug. 31, 2014] – Nearly 25,000 households in Jackson County, including more than 14,000 households earning above the federal poverty level, are struggling to make ends meet, according to a new report conducted by Rutgers University and released today through United Way of Jackson County.

The report, “ALICE – Asset Limited, Income Constrained, Employed; Study of Financial Hardship” spotlights a large population of hard-working residents in Michigan who are struggling financially, and why.

Some 14,162 households in Jackson County, or 23 percent of all households, meet the definition of ALICE, earning more than the U.S. poverty level but less than the basic cost of living (i.e., \$17,278 per year for a single adult, \$50,280 for a family with two preschool children). Another 10,607 households land below the federal poverty level. In all, 24,769 Jackson County households, or 41 percent, fall short of the ALICE threshold.

“These are people who are working hard yet are one emergency from falling behind financially,” said Ken Toll, President and CEO of United Way of Jackson County (UWJC).

Examples of ALICE are diverse, Toll said, ranging from working college graduates who can’t afford to live on their own to young families strapped by child care costs and mid-career professionals who are under-employed. ALICEs may be forced to make choices that compromise health and safety in order to make ends meet, putting both them and the wider community at risk of long-term societal and economic repercussions.

“The more people who struggle to become financially stable, the harder it is for our community and our state to regain its economic strength,” said Toll.

Statewide, 40 percent of working Michigan households don't make enough to reach the basic survival threshold, according to the ALICE report. Michigan has nearly 930,503 ALICE households. When those living below the poverty line are added, Michigan has 1.54 million households unable to make ends meet. Nearly two-thirds (63 percent) of all jobs in Michigan pay less than \$20 an hour, and the jobs forecast shows low-paying jobs will dominate the state economy well into the future, holding back ALICE households. Despite working and receiving financial supports, Michigan's ALICE households still fall 18 percent short of having enough money to reach the basic survival threshold.

Toll stressed that the ALICE Report isn't intended as a political platform, but rather as a starting point for community dialogue to develop effective, long-lasting solutions.

"Now we know the scope of the challenge and the many factors that feed into it," he said. "There's no single answer. We need a broad discussion and shared commitment across every aspect of our community—policymakers, academics, businesses, social services and citizens—to create meaningful change. At United Way, we're determined to do our part to provide long-term solutions."

### **About the ALICE Report**

United Ways in six states commissioned Rutgers University-Newark, School of Public Affairs and Administration, to conduct the ALICE research. The reports build on a United Way study first developed in New Jersey. United Way ALICE Reports provide county-by-county and town-level data, and analysis of how many households are struggling, including the obstacles ALICE households face on the road to financial independence. The United Way ALICE Report was funded by grants from Consumers Energy, AT&T, Atlantic Health System, Deloitte, FamilyWize, Novartis, Post Foods and The UPS Foundation. More information and data are available at [www.UnitedWayALICE.org](http://www.UnitedWayALICE.org).

### **About United Way of Jackson County**

United Way of Jackson County mobilizes the caring power of the community to provide opportunities for a better life for all Jackson County residents by focusing on helping children succeed in school, making sure families are financially stable, and helping people achieve and maintain good health.

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# EXECUTIVE SUMMARY

**Across Michigan, 40 percent of households struggle to afford the basic necessities of housing, child care, food, health care, and transportation.**

While it is well recognized that Michigan has faced daunting economic times with the decline of the auto industry and the Great Recession, the official poverty rate of 16 percent obscures the true magnitude of the financial instability in the state. The official U.S. poverty rate was developed in 1965, has not been updated since 1974, and is not adjusted to reflect cost of living differences across the U.S. A lack of accurate measurements and even language to frame a discussion has made it difficult for states – including Michigan – to identify the extent of the economic challenges that so many of their residents face.

This Report presents four groundbreaking instruments that measure the size and condition of households struggling financially, and it introduces the term **ALICE** – **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. The Report includes findings on households that earn below the ALICE Threshold, a level based on the actual cost of basic household necessities in each county in Michigan. It outlines the role of ALICE households in the state economy, the public resources spent on households in crisis, and the implications of struggling households for the wider community.

Using realistic measures of the financial survival threshold for each county in Michigan, the Report reveals a far larger problem than previously identified. Michigan has 605,210 households below the Federal Poverty Level (FPL) but also has 930,503 ALICE households, which have income above the FPL but below the ALICE Threshold. These numbers are staggering: **in total, 1.54 million households in Michigan – fully 40 percent, and more than double the number previously thought – are struggling to support themselves.**

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, and nursing assistants. 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 and taxes for everyone. The costs are high for both ALICE families and the wider community.

*“ALICE households are forced to make difficult choices... These “savings” threaten their health, safety, and future – and they reduce Michigan’s economic productivity and raise insurance premiums and taxes for everyone.”*

# ALICE IN JACKSON COUNTY

## Jackson County, 2012

Town	Total HH	% ALICE & Poverty
Blackman Charter Township	8,186	44%
Columbia Township	2,916	30%
Concord Township	988	28%
Grass Lake Charter Township	2,159	22%
Hanover Township	1,301	25%
Henrietta Township	1,610	28%
Jackson City	13,052	58%
Leoni Township	5,574	36%
Liberty Township	1,110	20%
Napoleon Township	2,578	25%
Norvell Township	1,211	38%
Parma Township	963	37%
Pulaski Township	795	33%
Rives Township	1,650	26%
Sandstone Township	1,460	24%
Spring Arbor Township	2,586	22%
Springport Township	851	45%
Summit Township	8,795	29%
Tompkins Township	1,055	29%
Waterloo Township	1,109	24%

**Population:** 160,309 | **Number of Households:** 60,420  
**Median Household Income:** \$42,653 (state average: \$46,859)  
**Unemployment Rate:** 8.7% (state average: 9.1%)  
**Gini Coefficient** (zero = equality; one = inequality): 0.44 (state average: 0.46)

## 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 U.S. poverty level, but less than the basic cost of living for the county. Combined, the number of poverty and ALICE households equals the total population struggling to afford basic needs.

Poverty	ALICE	STRAINING	Above ALICE
10,607 HH 18%	14,162 HH 23%		35,651 HH 59%

## What are the economic conditions?

The **Economic Viability Dashboard** evaluates community conditions for ALICE in three core areas. Each is an index with a scale of 1 (worst) to 100 (best).

**Housing Affordability**  
fair (54)

**Job Opportunities**  
fair (59)

**Community Support**  
fair (56)

## What does it cost to afford the basic necessities?

This bare-minimum budget does not allow for any savings, leaving a household vulnerable to unexpected expenses. Affording only a very modest living in each community, this budget is still significantly more than the U.S. poverty rate of \$11,170 for a single adult and \$23,050 for a family of four.

## Household Survival Budget, Jackson County

	SINGLE ADULT	FAMILY (INFANT AND PRE-K)
Housing	\$511	\$680
Child care	\$-	\$1,045
Food	\$196	\$592
Transportation	\$341	\$681
Health care	\$130	\$518
Miscellaneous	\$131	\$381
Taxes	\$132	\$292
Monthly total	\$1,440	\$4,190
<b>ANNUAL TOTAL</b>	<b>\$17,278</b>	<b>\$50,280</b>
Hourly wage	\$8.64	\$25.14

Source: 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 state Treasury, and ChildCare Aware, 2012; American Community Survey, 1 year estimate.

NOTE: Municipal-level data may not match county-level data; municipal-level data often relies on 3- and 5-year averages, is not available for the smallest towns that don't report income, and may overlap with Census Designated Places (CDP).