

2019 ALICE PROJECT

OTTAWA COUNTY, MI

www.OttawaUnitedWay.org



TABLE OF CONTENTS

Introduction Letter 3

MICHIGAN DATA

At-A-Glance: Michigan 4-5

ALICE by County 6

ALICE in the Workforce 7-10

ALICE: Other Factors 10-12

OTTAWA COUNTY DATA

ALICE in Ottawa County 13-14

NEXT STEPS

Overcoming the Obstacles 15-17

Widening Skills Gap

Employment Challenges

Lack of Savings & Assets

Systemic Bias

PUBLIC POLICY PRIORITIES

Public Policy Priorities for MI 18-19

Additional Resources 20



Greater Ottawa County
United Way



Dear Friends,

For more than 25 years, I have had the honor and pleasure of living and working in West Michigan, and have seen first hand what an amazing set of communities we have here. From our golden beaches to our thriving downtowns, we have so much to be thankful for. When we do identify problems, the members of our community come together to solve them and work to ensure that all people can enjoy our communities. That's why I want to make sure you know **ALICE**.



Patrick Moran

Asset-Limited, Income-Constrained, Employed – it's a complex term for a population we know all too well. ALICE is the person who works hard to make a living, but still can't seem to make ends meet. ALICE has an income above the Federal Poverty Level (FPL), but struggles to afford basic household necessities. ALICE is a mother, struggling to raise her children while also caring for an aging parent; a college student, attending classes by day and waiting tables by night; a senior citizen, choosing between prescription medications and groceries. **Currently, 31% of the people in Ottawa County are living below the ALICE threshold.**

In the five years since the **Michigan Association of United Ways** released its first **ALICE Report**, our residents have started to get a clearer picture of their neighbors, loved ones, friends and acquaintances than ever before. Through the ALICE Report, Michigan and local policymakers, journalists, business leaders and charitable organizations have begun to put a finger on the pulse of the needs of our residents. We've identified the disparity on the balance sheet of local households and have a strong indication of the issues that plague many hardworking Ottawa County families.

But there is more work to do. As you will read in the pages to follow, there are obstacles for ALICE families that we can overcome together. In releasing our third ALICE Report, the Michigan Association of United Ways and Greater Ottawa County United Way aims to continue to inform the conversation about the real and present needs of our residents.

We remain committed to serving ALICE, and all those in need, through programs that strive to improve the health, education, and financial security of all of our residents. At the same time, we call on our state's policymakers and business leaders to use the information in the pages to follow to work toward a West Michigan we can all enjoy. **We also invite YOU to join us in becoming an advocate for ALICE.**

Sincerely,

Patrick Moran

President, Greater Ottawa County United Way
Michigan ALICE Chairperson

The Michigan ALICE Report is supported by Consumers Energy, and is available online: www.unitedforalice.org/michigan.



NATIONAL ALICE ADVISORY COUNCIL

The following companies are major funders and supporters of the United Way *ALICE Project*.

**Aetna Foundation ■ Alliant Energy ■ AT&T ■ Atlantic Health System ■ Deloitte ■ Entergy
Johnson & Johnson ■ KeyBank ■ Novartis Pharmaceuticals Corporation ■ OneMain Financial
RWJBarnabas Health ■ Thrivent Financial Foundation ■ Union Bank & Trust ■ UPS ■ U.S. Venture**

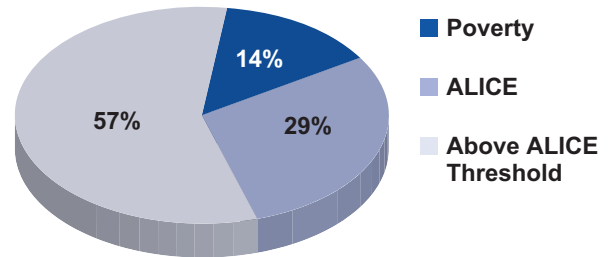
AT-A-GLANCE: MICHIGAN

2017 Point-in-Time Data

Population: 9,962,311 | Number of Counties: 83 | Number of Households: 3,935,132

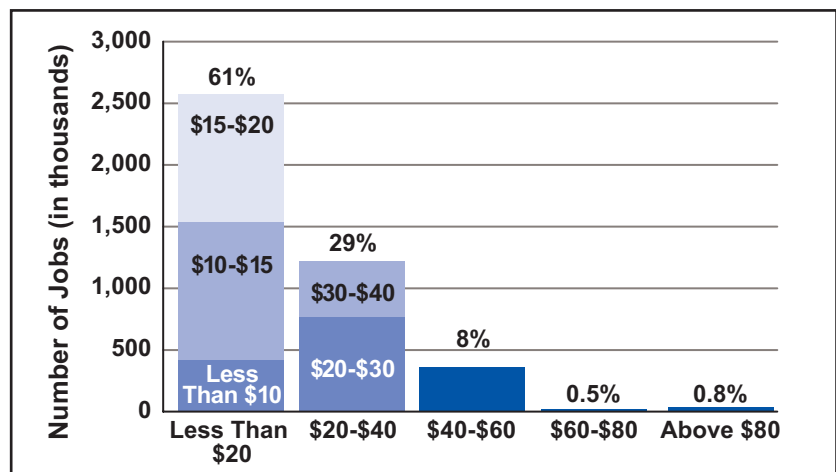
How many households are struggling?

ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, comprises households that earn more than the Federal Poverty Level but less than the basic cost of living for the state (the ALICE Threshold). Of Michigan's 3,935,132 households, 536,594 earn below the Federal Poverty Level (14 percent) and another 1,128,012 (29 percent) are ALICE.



How much does ALICE earn?

In Michigan, 61 percent of jobs pay less than \$20 per hour, with almost two-thirds of those jobs paying less than \$15 per hour. Another 29 percent of jobs pay from \$20 to \$40 per hour. Only 8 percent of jobs pay from \$40 to \$60 per hour.



What does it cost to afford the basic necessities?

Despite a low rate of inflation nationwide — 12 percent from 2010 to 2017 — the bare-minimum Household Survival Budget increased by 26 percent for a single adult and 27 percent for a family. Affording only a very modest living, this budget is still significantly more than the Federal Poverty Level of \$12,060 for a single adult and \$24,600 for a family of four.

| Household Survival Budget, Michigan Average, 2017 | | |
|---|-----------------|-----------------------------------|
| | SINGLE ADULT | 2 ADULTS, 1 INFANT, 1 PRESCHOOLER |
| Monthly Costs | | |
| Housing | \$509 | \$739 |
| Child Care | \$- | \$1,122 |
| Food | \$199 | \$604 |
| Transportation | \$347 | \$693 |
| Health Care | \$236 | \$887 |
| Technology* | \$55 | \$75 |
| Miscellaneous | \$159 | \$464 |
| Taxes | \$248 | \$522 |
| Monthly Total | \$1,753 | \$5,106 |
| ANNUAL TOTAL | \$21,036 | \$61,272 |
| Hourly Wage** | \$10.52 | \$30.64 |

* New to budget in 2017

** Full-time wage needed to support this budget

AT-A-GLANCE: MICHIGAN

#1

| Michigan Counties, 2017 | | |
|-------------------------|------------------|---------------------|
| COUNTY | TOTAL HOUSEHOLDS | % ALICE + % POVERTY |
| Alcona | 4,979 | 43% |
| Alger | 3,244 | 54% |
| Allegan | 44,766 | 36% |
| Alpena | 12,789 | 44% |
| Antrim | 9,732 | 36% |
| Arenac | 6,663 | 48% |
| Baraga | 3,009 | 58% |
| Barry | 23,539 | 37% |
| Bay | 44,907 | 45% |
| Benzie | 6,911 | 42% |
| Berrien | 64,166 | 42% |
| Branch | 16,415 | 47% |
| Calhoun | 54,556 | 45% |
| Cass | 20,686 | 40% |
| Charlevoix | 11,234 | 37% |
| Cheboygan | 11,348 | 42% |
| Chippewa | 14,004 | 48% |
| Clare | 12,726 | 55% |
| Clinton | 29,959 | 34% |
| Crawford | 6,025 | 48% |
| Delta | 15,920 | 40% |
| Dickinson | 11,269 | 46% |
| Eaton | 44,329 | 30% |
| Emmet | 14,496 | 42% |
| Genesee | 165,719 | 46% |
| Gladwin | 10,990 | 47% |
| Gogebic | 6,660 | 51% |
| Grand Traverse | 38,211 | 34% |
| Gratiot | 14,736 | 51% |
| Hillsdale | 17,896 | 45% |
| Houghton | 13,157 | 50% |
| Huron | 13,880 | 41% |
| Ingham | 111,915 | 44% |
| Ionia | 22,625 | 43% |
| Iosco | 11,457 | 46% |
| Iron | 5,315 | 49% |
| Isabella | 25,000 | 51% |
| Jackson | 62,220 | 42% |
| Kalamazoo | 104,075 | 38% |
| Kalkaska | 7,019 | 46% |
| Kent | 240,678 | 37% |
| Keweenaw | 1,013 | 41% |
| Lake | 4,555 | 61% |
| Lapeer | 34,271 | 39% |
| Leelanau | 9,022 | 33% |

| Michigan Counties, 2017 | | |
|-------------------------|------------------|---------------------|
| COUNTY | TOTAL HOUSEHOLDS | % ALICE + % POVERTY |
| Lenawee | 38,559 | 37% |
| Livingston | 72,726 | 31% |
| Luce | 2,253 | 57% |
| Mackinac | 5,132 | 39% |
| Macomb | 346,457 | 39% |
| Manistee | 9,810 | 49% |
| Marquette | 25,725 | 46% |
| Mason | 12,186 | 45% |
| Mecosta | 15,641 | 51% |
| Menominee | 10,593 | 41% |
| Midland | 34,096 | 34% |
| Missaukee | 5,941 | 48% |
| Monroe | 59,528 | 36% |
| Montcalm | 23,556 | 49% |
| Montmorency | 4,074 | 52% |
| Muskegon | 64,581 | 45% |
| Newaygo | 18,772 | 45% |
| Oakland | 504,944 | 32% |
| Oceana | 10,176 | 47% |
| Ogemaw | 9,325 | 47% |
| Ontonagon | 2,945 | 48% |
| Osceola | 9,010 | 51% |
| Oscoda | 3,728 | 52% |
| Otsego | 9,880 | 42% |
| Ottawa | 104,281 | 31% |
| Presque Isle | 5,929 | 43% |
| Roscommon | 11,131 | 50% |
| Saginaw | 80,958 | 44% |
| Sanilac | 17,121 | 45% |
| Schoolcraft | 3,282 | 54% |
| Shiawassee | 27,277 | 39% |
| St. Clair | 65,117 | 40% |
| St. Joseph | 23,831 | 47% |
| Tuscola | 21,624 | 43% |
| Van Buren | 29,037 | 44% |
| Washtenaw | 140,729 | 39% |
| Wayne | 683,986 | 56% |
| Wexford | 13,105 | 48% |

#2

#2

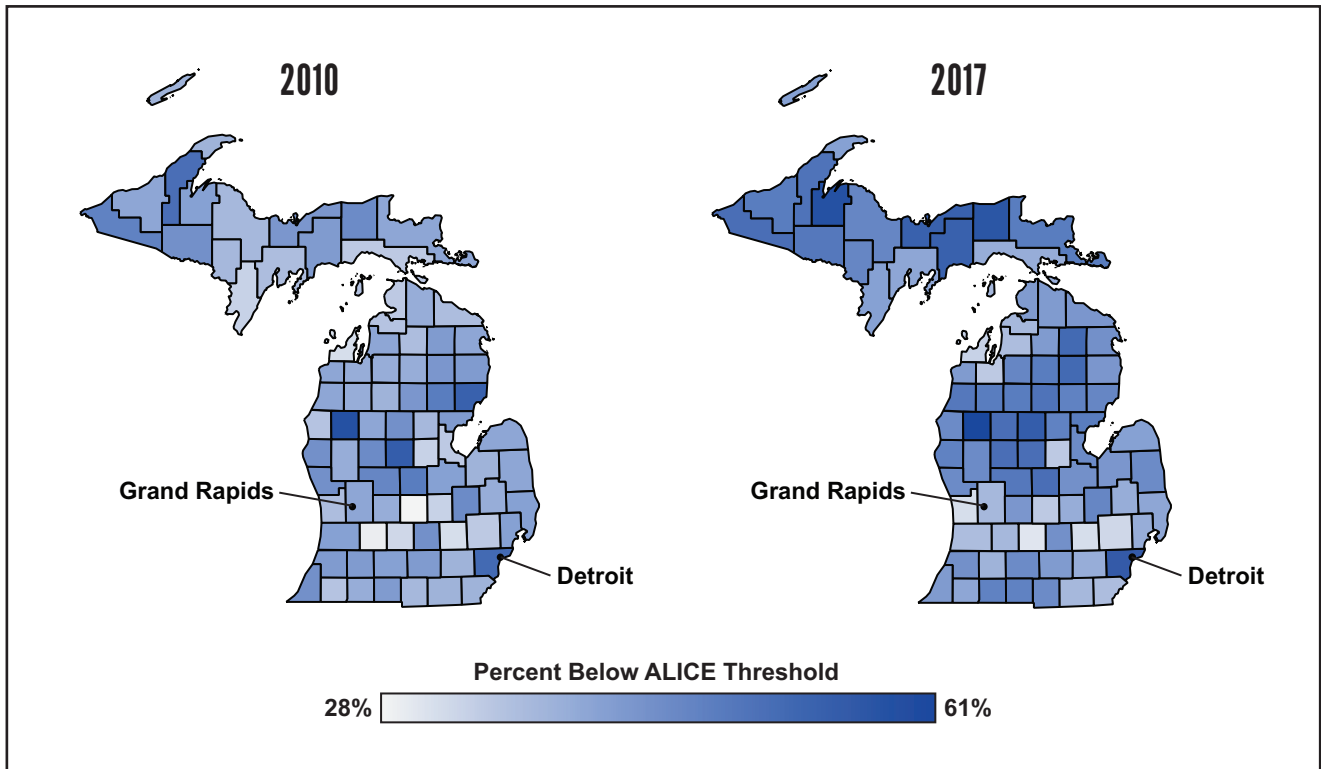
Sources: Point-in-Time Data: American Community Survey, 2017. ALICE Demographics: American Community Survey; the ALICE Threshold, 2017. Wages: BLS, 2017 — Occupational Employment Statistics. Budget: BLS, 2017 — Consumer Expenditure Surveys; Consumer Reports, 2017; HUD, 2017 — Fair Market Rents; IRS, 2016 — Individual Income; IRS, 2017 — SOS Tax Stats; Michigan Department of Education Office of Great Start, 2018; Tax Foundation 2017, 2018; USDA, 2017 — Official USDA Food Plans.

Rankings reflect counties with the lowest ALICE levels in the state of Michigan.

ALICE BY COUNTY

ALICE households live in urban, suburban, and rural areas, and in every county in Michigan. Although the cost of living and wages differ across the state, the number of households with income below the ALICE Threshold increased across most counties from 2010 to 2017. But there is enormous variation among counties. The percentage of households below the ALICE Threshold ranges from 30 percent in Eaton County to 61 percent in Lake County (Figure 6).

Figure 6.
Percent of Households Below the ALICE Threshold by County, Michigan, 2010 and 2017



Sources: American Community Survey, 2010, 2017; the ALICE Threshold, 2010, 2017. Details on each county's household income and ALICE demographics, as well as further breakdown by municipality, are listed in the ALICE County Pages and Data File at UnitedForALICE.org/Michigan

WHO IS ALICE?

ASSET LIMITED



ALICE has no safety net
in times of crisis

INCOME CONSTRAINED



ALICE's income falls
short of essentials

EMPLOYED



ALICE is working, yet
not earning enough

ALICE IN THE WORKFORCE

Overall economic conditions in Michigan continued to improve during the recovery: Unemployment was down from 12.2 percent in 2009 to 4.7 percent in 2017,* although rates varied across the state. Since 2010, Michigan has also led the Great Lakes Region in average growth in Gross Domestic Product (GDP). Heavily dependent on the manufacturing industry (19 percent of the state economy, compared to 12 percent nationally), the state's economy was boosted by the growth of new advanced manufacturing jobs — especially in the automobile industry. At the same time, the state has continued to diversify into professional and business services, with the finance, insurance, and real estate sectors becoming the largest contributors to Detroit's GDP. Michigan was also one of the top states for the creation of private-sector jobs overall (resulting, in part, from a resurgence in the agriculture, tourism, and manufacturing sectors).

However, many of the new and transformed jobs in Michigan are low-wage jobs in the education, health care, and retail sectors, where workers don't earn enough to cover a basic household budget. For a range of reasons — including low wages; lack of full-time work; and income disparities by gender and sexual orientation, education, and race/ethnicity — ALICE households are not benefitting financially from seemingly positive economic trends (BLS, 2017 — Local Area Unemployment Statistics; Michigan Chamber Foundation, 2016; Senate Fiscal Agency, 2016; Wilkinson, 2018).

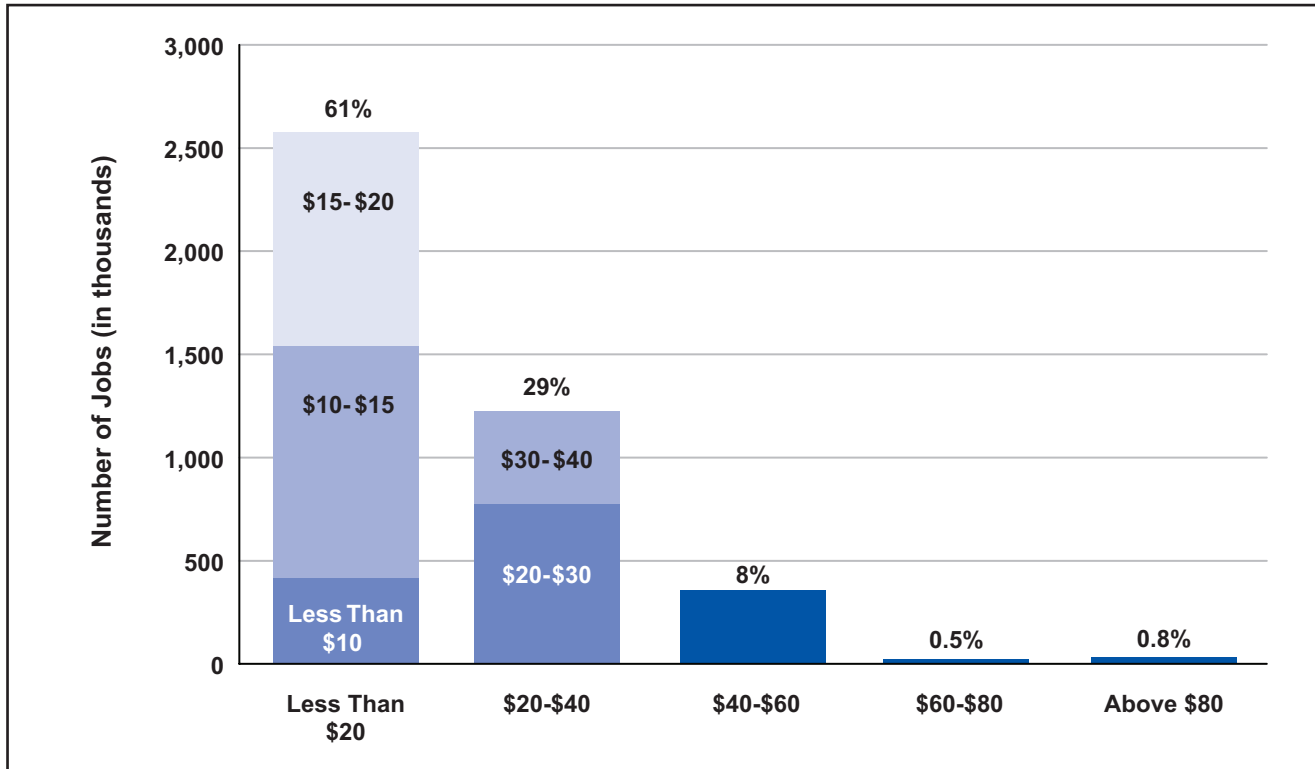
INCOME-CONSTRAINED EMPLOYMENT

Jobs at all income levels are an important part of or local companies ability to remain competitive in the global market. For all people to fully participate in the amazing communities we have here in Ottawa County, we need to ensure that all income levels have the ability to make ends meet. Our community structure and opportunities must match our pay structures. Affordable childcare, affordable housing, and transportation, just to mention a few items, are important components of this life that are frequently missing for some income levels.

Although the job market has shown marked improvement since 2010, 61 percent of jobs in Michigan pay less than \$20 per hour, with nearly two-thirds of those jobs paying less than \$15 per hour (Figure 9). Job gains were greatest in occupations that paid between \$9.43 and \$15.91 per hour (Figure 10). A full-time job that pays \$15 per hour earns just over \$31,000 per year, which is less than half of the Household Survival Budget for a family of four in Ottawa County (BLS, 2010 and 2017 — Occupational Employment Statistics).

** Michigan state average unemployment rate for 2010 and 2017 from the Bureau of Labor Statistics (BLS, 2017 — Local Area Unemployment Statistics). Note that the Michigan County Pages that accompany this Report use the 2017 Michigan state average unemployment rate from the American Community Survey, which was 5.9 percent, and the national average of 5.3 percent.*

Figure 9.
Number of Jobs by Hourly Wage, Michigan, 2017



Source: Bureau of Labor Statistics, 2017 — Occupational Employment Statistics

While the unemployment rate in Michigan was 4.7 percent in 2017, the *underemployment* rate was much higher, at 9.1 percent. During 2017, there was an average of 182,475 underemployed Michiganders who were working less than 35 hours per week despite wanting to work full time and being available to work. These individuals, often called involuntary part-time workers, cited economic reasons, such as a cutback in hours or an inability to find full-time work, as the reason for their underemployment. Nationally in 2017, 22 percent of part-time workers reported that they would prefer to be working full time (BLS, 2017 — Local Area Unemployment Statistics; BLS, 2018 — Employed Involuntary Part-Time).

To compensate for low wages, many workers take on a second job. Nationally, 29 percent of workers have a second job. This trend is expected to increase because millennials are more likely than other age groups to have a second job: About 39 percent of workers aged 18–24 and 44 percent of workers aged 25–34 reported taking on a second job to earn more money. And workers are taking on second jobs even in professional occupations traditionally seen as providing adequate wages. For example, the National Center for Education Statistics found that in 2016, 18 percent of full-time public school teachers reported working a second job to make ends meet (CareerBuilder, 2016; National Center for Education Statistics, 2018).

Many ALICE workers are employed in the service sector, but they also work in occupations that build and repair the nation’s infrastructure, as well as in jobs that educate and care for the workforce. Together, these workers were aptly described as “maintainers” by technology scholars Lee Vinsel and Andrew Russell. With much credit for economic growth given to “innovators” — disruptors and inventors — it is important to recognize that the majority of jobs are focused on ensuring a strong and functioning infrastructure and a healthy and educated workforce. These maintainer jobs are not only vital to a smoothly running economy but are the foundation for successful innovation. Yet despite how essential these workers are to the economy, improvements in employment and productivity still have not enabled many of them to earn enough to afford a basic household budget (Frey & Osborne, 2013; Vinsel & Russell, 2016).

The top 20 occupations employing the most people in Michigan are predominantly maintainer jobs, which are more likely to pay low wages. In 2017, only three of the top 20 occupations — registered nurses, general and operations managers, and mechanical engineers — paid enough to support the Household Survival Budget for a family, a minimum of \$30.64 per hour (Figure 10).

The most common occupation in Michigan, retail sales, pays a wage that is well below what is needed to make ends meet. The more than 142,000 retail salespeople make an average of \$10.55 per hour, or \$21,100 if working full time, year-round. These jobs fall short of meeting the family Household Survival Budget by approximately \$40,000 per year. Even if both parents worked full time at this wage, they would fall short of the Household Survival Budget by \$19,072 per year.

Figure 10.
Top 20 Occupations by Employment and Wage, Michigan, 2010 to 2017

| OCCUPATION | 2017 | | Percent Change 2010–2017 | |
|--|----------------|--------------------|--------------------------|--------------------|
| | NUMBER OF JOBS | MEDIAN HOURLY WAGE | NUMBER OF JOBS | MEDIAN HOURLY WAGE |
| Retail Salespersons | 142,870 | \$10.55 | 12% | 5% |
| Combined Food Preparation and Serving Workers, Including Fast Food | 121,630 | \$9.43 | 73% | 9% |
| Assemblers and Fabricators, All Other, Including Team Assemblers | 106,070 | \$15.91 | 64% | -1% |
| Office Clerks, General | 98,420 | \$15.54 | -9% | 22% |
| Registered Nurses | 94,090 | \$32.87 | 9% | 9% |
| Cashiers | 92,210 | \$9.59 | -9% | 9% |
| Customer Service Representatives | 88,760 | \$15.55 | 47% | 4% |
| Waiters and Waitresses | 81,030 | \$9.41 | 12% | 11% |
| Laborers and Freight, Stock, and Material Movers | 70,090 | \$13.30 | 15% | 13% |
| Stock Clerks and Order Fillers | 61,040 | \$11.24 | -1% | 9% |
| Secretaries and Administrative Assistants, Except Legal, Medical, and Executive | 58,590 | \$16.70 | 17% | 9% |
| Janitors and Cleaners, Except Maids and Housekeeping Cleaners | 58,480 | \$11.39 | -9% | 1% |
| Heavy and Tractor-Trailer Truck Drivers | 55,560 | \$19.24 | 21% | 7% |
| General and Operations Managers | 55,480 | \$49.15 | 51% | 11% |
| Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products | 52,440 | \$28.70 | 15% | 13% |
| Nursing Assistants | 50,070 | \$13.91 | 1% | 13% |
| Mechanical Engineers | 44,680 | \$42.47 | 48% | 4% |
| Maintenance and Repair Workers | 40,660 | \$16.92 | 18% | 7% |
| Personal Care Aides | 38,950 | \$10.61 | 243% | 11% |
| Bookkeeping, Accounting, and Auditing Clerks | 38,440 | \$17.97 | -11% | 9% |

Figure 15.
Job Projections, Michigan, 2016 to 2026

| Occupation | 2016 Employment | Annual Openings | Hourly Wage | Education or Training | Likelihood of Being Replaced by Technology |
|---|-----------------|-----------------|-------------|-----------------------------------|--|
| Retail Salespersons | 146,620 | 21,200 | \$10.23 | None | 92% |
| Food Prep, Including Fast Food | 112,610 | 23,820 | \$9.20 | None | 92% |
| Office Clerks, General | 106,840 | 12,110 | \$15.17 | High school diploma or equivalent | 96% |
| Team Assemblers | 103,190 | 10,380 | \$14.38 | High school diploma or equivalent | 97% |
| Registered Nurses | 98,810 | 6,650 | \$32.43 | Bachelor's degree | 1% |
| Cashiers | 95,390 | 17,260 | \$9.47 | None | 97% |
| Customer Service Representatives | 89,830 | 11,980 | \$15.32 | High school diploma or equivalent | 55% |
| Waiters and Waitresses | 78,830 | 15,760 | \$9.22 | None | 94% |
| Laborers and Movers, Hand | 72,760 | 10,690 | \$12.76 | None | 85% |
| Secretaries and Administrative Assistants | 65,890 | 6,280 | \$16.11 | High school diploma or equivalent | 96% |
| Janitors and Cleaners | 65,120 | 9,400 | \$11.25 | None | 66% |
| General and Operations Managers | 62,070 | 5,760 | \$47.40 | Bachelor's degree | 16% |
| Stock Clerks and Order Fillers | 58,850 | 7,830 | \$10.95 | High school diploma or equivalent | 64% |
| Heavy and Tractor-Trailer Truck Drivers | 57,170 | 6,870 | \$19.07 | Postsecondary non-degree award | 79% |
| Sales Representatives | 54,370 | 5,680 | \$28.21 | High school diploma or equivalent | 85% |
| Nursing Assistants | 50,450 | 6,480 | \$13.71 | Postsecondary non-degree award | 6% |
| Personal Care Aides | 42,580 | 8,600 | \$10.78 | High school diploma or equivalent | 74% |
| Landscaping and Groundskeeping Workers | 38,240 | 5,170 | \$12.61 | None | 95% |
| Cooks, Restaurant | 35,940 | 5,670 | \$11.29 | None | 96% |
| Home Health Aides | 29,540 | 5,310 | \$11.95 | High school diploma or equivalent | 39% |

Sources: Bureau of Labor Statistics, 2016 — Employed Involuntary Part-Time; Projections Management Partnership, 2016

Increasing Exposure to Environmental Hazards

The impact of natural and man-made disasters is often felt more by ALICE workers and low-income communities. More affordable homes are often located in vulnerable areas. In Michigan, floods, violent weather, and human-made hazards — for example, water contamination due to lead pipes and chemicals used in manufacturing, such as PFAS (perfluoroalkyl and polyfluoroalkyl substances) — directly threaten the homes and health of ALICE families. For example, ALICE families who live in flood-prone areas may suffer the financial cost of flooding damage, and older homes — more often rented or owned by lower-income families — are more likely to have lead pipes and to be located in communities with contaminated water, like Flint (Malewitz, 2018; NASA, 2018; State of Michigan, 2016; Van Paasschen, 2017).

Households that have their own resources (like flood insurance) to put toward disaster recovery can often bounce back more quickly than households that rely on government assistance following a natural disaster. There is evidence that people with lower incomes face substantial barriers in obtaining aid following disasters, including difficulty getting to disaster assistance centers (due to transportation and child care issues) and a lack of knowledge of and comfort with governmental procedures. Even with assistance, many families are still not able to recover fully, especially in terms of lost and lower wages (Fothergill & Peek, 2004).

Maintainer jobs commonly held by ALICE workers — those that build and repair infrastructure and support the workforce — are also key to recovery following natural and man-made disasters. As a result, communities rely on ALICE to rebuild and recover. However, when ALICE can't work during these periods of recovery because of relocation, injury, or caregiving responsibilities (e.g., due to closed schools or senior centers), ALICE households suffer lost wages and community resilience is negatively impacted overall.

Natural disasters impact low-income families' work and living situations. As a result, these families are more likely to suffer from mental and physical health issues, including depression, stress, and post-traumatic stress disorder. Children and those with pre-existing mental and physical health conditions are at increased risk (SAMHSA, 2017).

Lack of Assets

Market instability is especially difficult for ALICE households, who lack financial resilience — the ability to bounce back after financial crisis or hardship. Without adequate assets, families have little to no savings to withstand an unexpected expense or loss of employment, and few opportunities to improve their situation. When, on the other hand, families have assets to invest in education, new technology, a small business, or their own home, they can improve their socioeconomic circumstances. They can also finance a secure retirement. These are opportunities for creating financial security that are often unavailable to ALICE, increasing the vulnerability of hard-working people.

More than three-quarters of U.S. workers live paycheck to paycheck at least some of the time, and nearly as many are in debt. They do not have savings or access to credit that might sustain them through a period of low income or an unexpected disaster. In 2015, 49 percent of Michigan residents did not have money set aside to cover expenses for three months to protect them against an emergency such as illness or the loss of a job. The wealth divide disproportionately affects households of color, which have fewer assets than White households. Nationally (state data is not available), the median wealth of White households was eight times the median wealth of Black households in 2010 and grew to 13 times in 2013 (the most recent data available) (CareerBuilder, 2017; FINRA Investor Education Foundation, 2016; Kochhar & Cilluffo, 2017; McKernan, Ratcliffe, & Shanks, 2011; Prosperity Now, 2018).

While data on wealth is minimal, there is data on three of the most common assets in Michigan — vehicles, homes, and investments — which can provide insight into resources families have for emergencies and to accumulate wealth. Most Michigan households (92 percent) have at least one vehicle. Although cars are a necessity for work in Michigan and offer other benefits beyond their cash value, they are not an effective means of accumulating wealth. The second most common asset is a home, which has traditionally provided financial stability and the primary means for low-income families to accumulate wealth. In 2017, 71 percent of Michigan households owned a home and slightly under half of those (43 percent) had a mortgage. Renting a home has become less affordable in Michigan as the cost of rentals has continued to rise, while demand for low-cost and multi-family housing has outpaced the supply. Michigan renters devote a high percentage of their household income to rent; the state ranks 28th in the nation for housing affordability, with an average wage of \$16.81 an hour needed to afford a two-bedroom rental unit (American Community Survey, 2017; National Low Income Housing Coalition, 2018).

The most effective resource to make it through an emergency is an income-producing investment, which can range from a savings account to a 401(k) retirement plan to a rental property. In 2017, 20 percent of households in Michigan had interest and dividends or rental income, similar to the national average of 21 percent, but down from 31 percent in 2010. Only 17 percent of Michigan households had retirement income (American Community Survey, 2014, 2017; CareerBuilder, 2017; McKernan, et al., 2011).

When families do not have savings or access to traditional financial services, they are often forced to go without critical necessities (such as heat or medical care) or to borrow money through alternative lending products, which have high interest rates and greater risks of predatory lending practices and default. In some cases, the consequence of not taking out these loans are worse than the financial risk of taking them. However, when caught in a cycle of high-rate lending and borrowing, households can spiral into a debt trap with long-term financial consequences (Consumer Financial Protection Bureau, 2017; Mayer & Jencks, 1989; McKernan, et al., 2011; McKernan, Ratcliffe, & Vinopal, 2009; Mills & Amick, 2011).

THE WEALTH–HEALTH GAP

There has long been a real and significant divide in health outcomes by socioeconomic status, largely because of differences in living conditions, but also because of disparities in levels of quality health care access. With advances in technology and medical care, such as personalized medicine, biotechnology, and genetic engineering, that gap is projected to grow. It is well-documented that people in lower-income groups do not live as long as those in higher-income groups. The National Academies of Sciences, Engineering, and Medicine projects that, of people born in 1960, those in the lowest-income quintile have a shorter life expectancy than those in the highest-income quintile: 13 years shorter for men (76 years compared to 89 years) and 14 years shorter for women (78 years compared to 92 years) (Chetty, Stepner, Abraham, et al., 2016; Harari, 2015; Komlos & Kelly, 2016; National Academies of Sciences, Engineering, and Medicine, 2015; Regalado, 2015).

The wealth–health divide is also exacerbated by the differences in the environments where families live. Those with the fewest resources live in areas with unhealthy living conditions, such as contaminated water and polluted air, because these homes are less expensive (as is the case with contaminated water in Flint and other relatively low-income communities in Michigan and nationwide). The impact of pollution, toxic exposure, and disease compounds over time.

Institutionalized racism and ongoing discrimination also factor into disproportionate exposure to adverse health conditions, as people of color have typically had less mobility and choice in where they live and in job opportunities. A 30-year analysis of 319 commercial hazardous-waste treatment and storage sites in the U.S. found a consistent pattern of placing hazardous-waste facilities in low-income neighborhoods, which are often disproportionately populated by Black and Hispanic families. A variety of large studies have also revealed an association between low socioeconomic status and greater harm from air pollution. A comprehensive review from Harvard University researchers revealed that Black, Asian, Hispanic, and Medicaid-eligible individuals of any race/ethnicity had a higher likelihood of death from any pollution-related cause compared to the rest of the population, with Black people almost three times as likely to die from exposure to air pollutants as other groups (Di, et al., 2017; Mohai & Saha, 2015).

ALICE IN OTTAWA COUNTY

2017 Point-in-Time Data

Population: 286,383 • **Number of Households:** 104,281

Median Household Income: \$68,543 (state average: \$54,909)

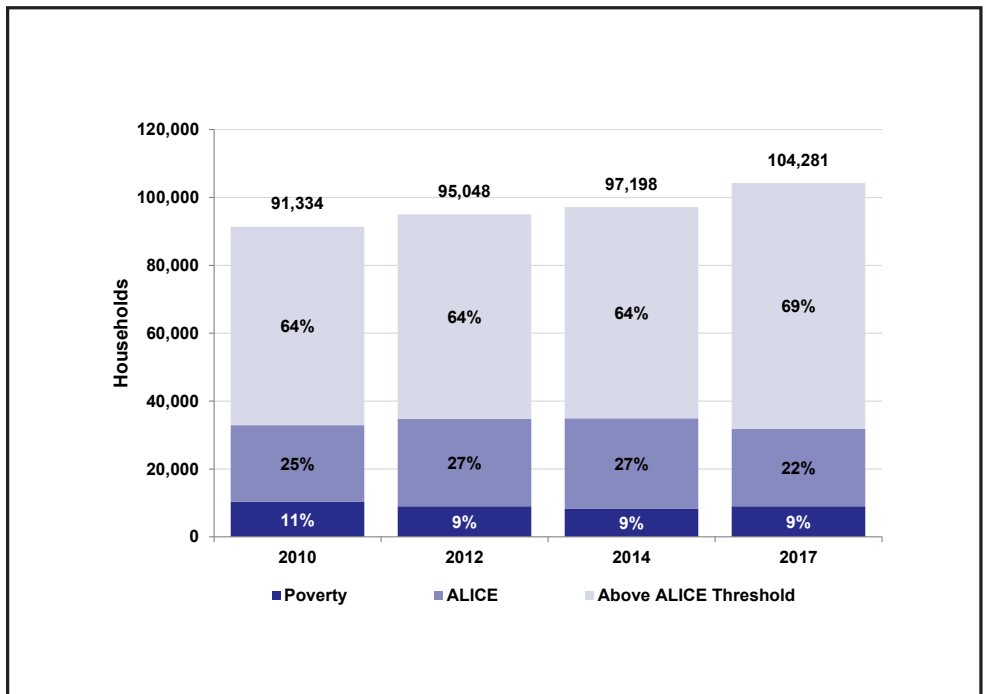
Unemployment Rate: 3.3% (state average: 5.9%)

ALICE Households: 22% (state average: 29%) • **Households in Poverty:** 9% (state average: 14%)

How has the number of ALICE households changed over time?

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). Combined, the number of ALICE and poverty-level 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 status as their circumstances improve or worsen. The recovery, which started in 2010, has been uneven across the state. Conditions have improved for some families, but with rising costs, many still find themselves struggling.

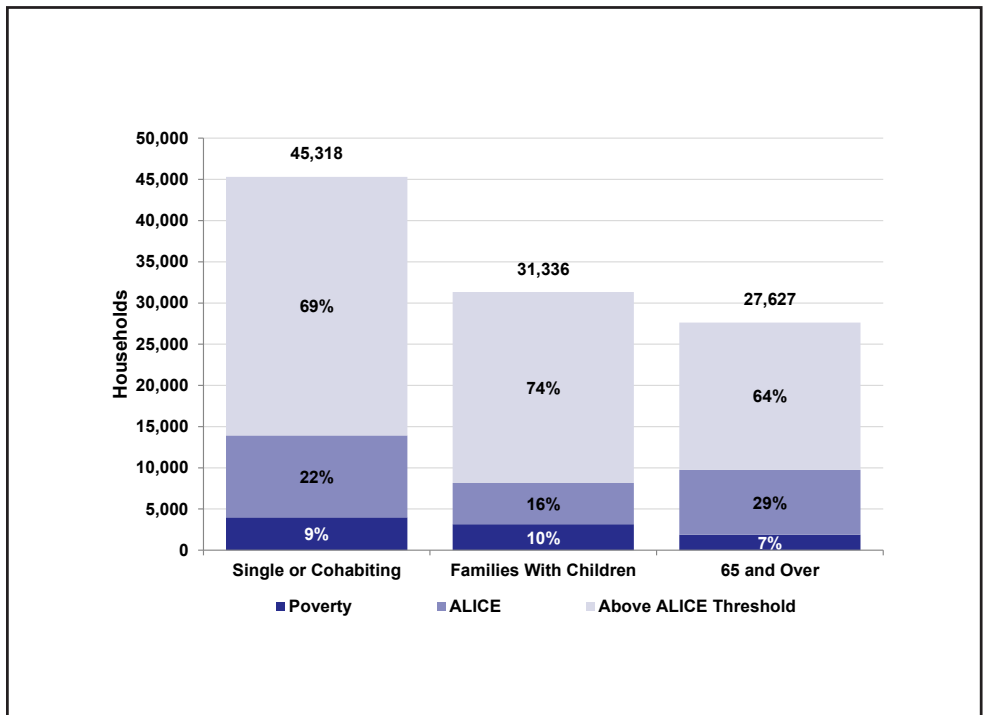
Households by Income, 2010 to 2017



What types of households are struggling?

The way Americans live is changing. There are more different family and living combinations than ever before, including more adults living alone, with roommates, or with their parents. Families with children are changing: There are more non-married cohabiting parents, same-sex parents, and blended families with remarried parents. The number of senior households is also increasing. Yet all types of households continue to struggle: ALICE and poverty-level households exist across all of these living arrangements.

Household Types by Income, 2017



Why do so many households struggle?

The cost of living continues to increase...

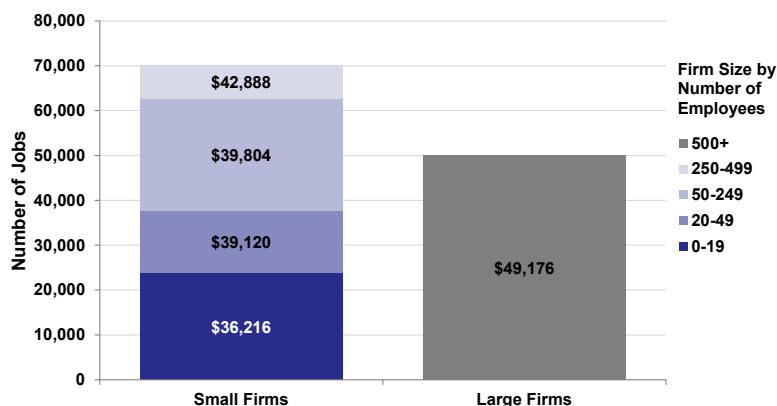
The Household Survival Budget reflects the bare minimum that a household needs to live and work today. It does not include savings for emergencies or future goals like college. In 2017, costs were well above the Federal Poverty Level of \$12,060 for a single adult and \$24,600 for a family of four. Family costs increased by 26 percent statewide from 2010 to 2017, compared to 12 percent inflation nationally.

| Household Survival Budget, Ottawa County | | |
|--|-----------------|--------------------------------------|
| | SINGLE ADULT | 2 ADULTS, 1 INFANT, 1 PRESCHOOLER |
| Monthly Costs | | |
| Housing | \$526 | \$773 |
| Child Care | \$- | \$1,175 |
| Food | \$199 | \$604 |
| Transportation | \$340 | \$679 |
| Health Care | \$236 | \$888 |
| Technology | \$55 | \$75 |
| Miscellaneous | \$161 | \$474 |
| Taxes | \$251 | \$550 |
| Monthly Total | \$1,768 | \$5,218 |
| ANNUAL TOTAL | \$21,216 | \$62,616 |
| Hourly Wage | \$10.61 | \$31.31 |

...and wages lag behind

Employment and wages vary by location; firms generally pay higher wages in areas with a higher cost of living, although those wages still do not always cover basic needs. Employment and wages also vary by firm size: Large firms tend to offer higher wages and more job stability; smaller businesses can account for more jobs overall, especially in rural areas, but may pay less and offer less stability. Medium-size firms pay more but typically employ the fewest workers.

Private-Sector Employment by Firm Size With Average Annual Wages, 2017



Sources: 2017 Point-in-Time Data: American Community Survey, 2017. ALICE Demographics: American Community Survey and the ALICE Threshold, 2017. Wages: BLS, 2017. Budget: BLS, 2017; Consumer Reports, 2017; HUD, 2017; IRS, 2016, 2017; Michigan Department of Education Office of Great Start, 2018; Tax Foundation 2017, 2018; USDA, 2017.

| Ottawa County, 2017 | | |
|------------------------------|----------|-------------------|
| Town | Total HH | % ALICE & Poverty |
| Allendale Charter Township | 6,420 | 49% |
| Blendon Township | 2,118 | 26% |
| Chester Township | 754 | 28% |
| Coopersville City | 1,615 | 44% |
| Crockery Township | 1,617 | 36% |
| Ferrysburg City | 1,317 | 25% |
| Georgetown Charter Township | 17,934 | 26% |
| Grand Haven Charter Township | 6,018 | 24% |
| Grand Haven City | 4,936 | 42% |
| Holland Charter Township | 13,477 | 35% |
| Holland City | 9,041 | 40% |
| Hudsonville City | 2,546 | 38% |
| Jamestown Charter Township | 2,576 | 15% |
| Olive Township | 1,777 | 33% |
| Park Township | 6,951 | 22% |
| Polkton Charter Township | 938 | 25% |
| Port Sheldon Township | 1,779 | 32% |
| Robinson Township | 2,106 | 22% |
| Spring Lake Township | 5,961 | 33% |
| Tallmadge Charter Township | 2,897 | 28% |
| Wright Township | 1,063 | 32% |
| Zeeland Charter Township | 3,491 | 24% |
| Zeeland City | 2,389 | 51% |

Rankings reflect municipalities with the lowest ALICE levels in the county.

NEXT STEPS

There is a basic belief in America that if you work hard, you can support yourself and your family. Yet the data presented in this Report shows that for more than 1,600,000 households in Michigan — representing 43 percent of the state’s population — this is not the case. Working households are still struggling due to the mismatch between the basic cost of living and the wages of many jobs across the state, exacerbated by systemic inequalities in opportunity and wealth. The ALICE data challenges persistent stereotypes about people who can’t afford to pay their bills or are forced to visit a food bank — assumptions that they are primarily people of color, live only in cities, are unemployed, or are struggling as the result of some moral failing. The data on ALICE households shows that hardship in Michigan exists across boundaries of race/ethnicity, age, geography, and employment status.

With projected demographic changes and persistent barriers to stability, many ALICE and poverty-level families will continue to face hardship. In particular:

- At least 49 percent of Michigan residents do not have money set aside to cover expenses for three months in case of an emergency such as illness or the loss of a job (FINRA Investor Education Foundation, 2016).
- The majority of residents under age 25 are unable to afford to live on their own, and for both economic and cultural reasons, they are delaying getting married, having children, or moving for new job opportunities.
- More seniors are aging without saving for retirement.
- There are fewer workers to meet the growing demand for senior caregiving.
- Income and wealth disparities persist by race/ethnicity, sex, gender identity, and sexual orientation.

OVERCOMING THE OBSTACLES: IDEAS BEING DEBATED, CONSIDERED, AND PILOTED

Economic change will continue, and these changes will both provide opportunity and inflict costs. Yet the distribution of opportunity and cost is not usually even or equitable. To have a positive impact on ALICE families, communities need to consider a range of system changes that would help ALICE weather downturns in the short term and become more financially secure in the long term. Policymakers, academics, and advocates have proposed a range of broad ideas that could be adapted on a local, statewide, or national front. The following are four of the biggest obstacles to financial stability for ALICE families, and a sample of ideas and pilot programs being debated and considered across the country.

Widening Skills Gap

1

Accessible, high-quality early childhood and K–12 education is key to both individual prosperity and economic growth, especially for disadvantaged families and communities. In Michigan, K–12 test scores are in the bottom third of all states and gaps in test scores by socioeconomic status persist across grade levels. Proposed strategies for improving education in the state include increased investment in teacher training, intentional focus on the needs of low-income students and English language learners, additional opportunities for college and career prep, and greater emphasis on early childhood education (French, 2018; French & Wilkinson, 2018; Heckman, 2011).

In addition, most future jobs (especially higher-paying jobs) will require digital skills. Since 2004, the share of occupations that require high levels of digital skills has more than doubled, from 10 to 22 percent (Liu, 2017). For ALICE to maintain employment over time, workers will need accessible, high-quality technology training throughout their lifetime. Public K–12 schools can incorporate digital skills into all aspects of the curriculum for students, higher education can offer more focused programs, and companies can invest in training for their employees.

Lack of Stable and Viable Employment

2

For ALICE, finding well-paying jobs with security and financial stability is becoming harder as low-wage and gig-economy jobs continue to dominate the landscape. Fluctuating income — through unpredictable schedules and on-demand work — is one of the biggest problems ALICE workers face. At the same time, employers are also trying to navigate a changing business environment, remain competitive, and offer comprehensive benefit packages. The following are several possible solutions that address these challenges:

- **Fewer barriers to employment:** Barriers for ALICE can include lack of job skills, family care responsibilities, physical and mental health problems (including substance abuse), limited English proficiency, and lack of reliable transportation. In Michigan, child care costs are of particular concern as the state has the second-lowest income limit for child care subsidy eligibility in the nation. There are several evidence-based solutions, such as work programs that provide direct connections to employment (including apprenticeships); an individualized approach (to address a wide range of challenges, from soft skills to housing); financial support and flexible schedules to accommodate child care needs; and the development of career pathways over time through work and education. Successful outcomes require employers, government agencies, and nonprofits to weave together larger webs of connected programs and resources (Schulman & Blank, 2016; Tessler, 2013; U.S. Department of Health & Human Services, 2012; Van Horn, Edwards, & Greene, 2015; Yellen, 2017).
- **Portable benefits:** Benefits such as health insurance, retirement plans like a 401(k), or paid leave could move with the worker from job to job, and across multiple jobs at once. These can be delivered in many forms — through programs that are not connected to work or the employer at all, or through programs that involve employers but establish benefits that can be provided across employers. Some examples of this approach already exist in the construction industry and business associations, and legislators in New York and Washington are considering benefit management systems that would allow employers to pay into workers' benefit funds (Foster, Nelson, & Reder, 2016; Guillot, 2017; Maxim & Muro, 2018; Quinton, 2017; Small Business Majority, 2017a; Strom & Schmitt, 2016).
- **Small business support:** Because of the less stable nature of many small businesses, their employees would benefit from measures that helped them weather fluctuations in their schedule and long-term employment, such as establishing portable benefits. In addition, small business entrepreneurs and their employees need more support to help them overcome common barriers, including limited resources to invest in skill development; student debt, which limits an owner's ability to invest in their business; and lack of access to affordable child care, which increases absenteeism and decreases productivity (Beesley, 2016; Small Business Majority, 2016, 2017b).
- **Lifetime employment:** Considering lifetime employment models from other countries can expand thinking on this topic. For example, guaranteed employment is an innovative policy that has been utilized in Germany and Japan, in which companies guarantee employment for large numbers of workers. To avoid layoffs, the practice allows for transfers and defined reductions in hours and wages in lean times (Noorderhaven, Koen, & Sorge, 2015).

Lack of Savings and Assets

3

Without enough money for even current expenses, ALICE families find it nearly impossible to save for emergencies or invest in future goals like education or retirement. A lack of savings is one of the biggest problems facing low-income families. Programs and infrastructure are needed to help them weather emergencies and periods of low income. Here are two approaches for policymakers to consider:

- **Access to credit:** For those with low incomes, saving for emergencies is nearly impossible. Access to credit at low rates has proven to be effective to help ALICE workers and employers — especially small businesses — weather an emergency. However, ALICE families still need to have enough income to repay the loan or they risk greater long-term financial crises (Collins & Gjertson, 2013; Mayer & Jencks, 1989).
- **Private and public financial instruments:** These range from new types of financial products to a guaranteed income or allowance. Employers could make wages more immediately available (rather than wait two weeks until payday), and banks could do the same for deposited funds. Financial institutions and the government could offer insurance or credit, as well as tax credits and savings incentives, to protect workers against dips in income. Going even further, for centuries economists, theologians, and policymakers have proposed a minimum guaranteed income for all families, although proposals run the gamut of approaches. The idea has received more bipartisan attention recently as more workers face periods of low-wages or unemployment (Murray, 2016; Schiller, 2017; Shaefer & Edin, 2013; Van Parijs & Vanderborght, 2017).

Systemic Bias

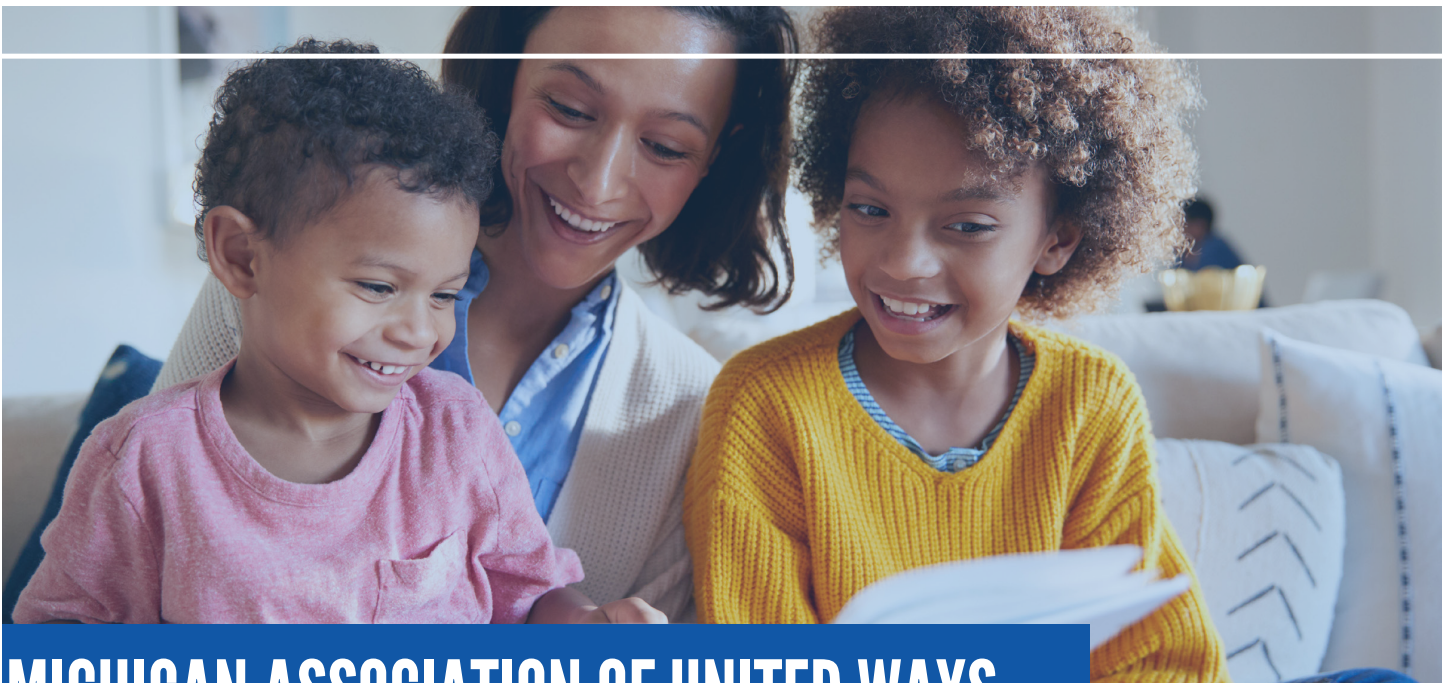
4

Bias against marginalized groups persists in the workplace, the housing market, education, health care, and the law, despite positive shifts in public opinion and attitudes regarding differences in race and ethnicity, age, sex, gender identity, sexual orientation, and disability.

Racial bias is among the most persistent, despite research confirming that the gaps in education, income, and wealth that now exist along racial lines in the U.S. have little to do with individual behaviors. Instead, these gaps reflect systemic policies and institutional practices that create different opportunities for people of different races and ethnicities. Discriminatory practices have been embedded in our social structures and legal system, especially in terms of housing policies, immigration practices, voting rights, school funding, and health care programs. To make a difference for ALICE households, changes need to be made within institutions that impede equity in the legal system, health care, housing, education, and jobs (Agency for Healthcare Research and Quality, 2015; Cramer, 2012; Goldrick-Rab, Kelchen, & Houle, 2014; Shapiro, Meschede, & Osoro, 2013; The Sentencing Project, 2018).

For solutions to be effective, they must be as comprehensive and as interconnected as the problems are. Siloed solutions do not work. Because conditions vary across counties and states, the solutions to the challenges that ALICE and poverty-level households face will vary as well. Stakeholders — family, friends, nonprofits, businesses, policymakers, academics, and the government — will need to work together with innovation and vision and be willing to change the structure of the local and national economy — and even the fabric of their communities.

Ultimately, if ALICE households can become financially stable, Michigan's economy will be stronger and its communities more vibrant — improving life not just for ALICE, but for everyone. The data detailed in this Report can be a jumping-off point to create new and better ideas that can help working families move toward this goal. There is no one solution: A range of strategies will be needed to ensure that working people and their families aren't left behind.



MICHIGAN ASSOCIATION OF UNITED WAYS

2019 PUBLIC POLICY PRIORITIES

Our 2019 Public Policy Priorities is designed to help **ALICE** - Asset Limited, Income Constrained, Employed - households, Michigan residents who work and pay taxes, but still struggle to make ends meet.

HOW MANY HOUSEHOLDS ARE STRUGGLING?

In Michigan, 43% of households struggle to make ends meet. ALICE comprises households that earn more than the Federal Poverty Level but less than the basic cost of living for the state (the ALICE Threshold). Of Michigan's 3,935,132 households, 536,594 earn below the federal poverty level (14%) and another 1,128,012 (29%) are ALICE. ALICE households exist in all age groups, across all races and ethnicities, in single and two-parent families, and households with or without children. ALICE households exist in every corner of the state - from urban Detroit, to the suburbs of Grand Rapids, and the rural communities of Northern Michigan.

WHAT DOES IT COST TO AFFORD THE BASIC NECESSITIES?

Despite the low rate of inflation nationwide, only 12% from 2010 - 2017, the bare-minimum Household Survival Budget increased by 26% for a single adult and 27% for a family. Affording only a very modest living, this budget is still significantly more than the Federal Poverty Level of \$12,060 for a single adult, and \$24,600 for a family of four.

| Household Survival Budget, Michigan Average, 2017 | | |
|---|--------------|-----------------------------------|
| | SINGLE ADULT | 2 ADULTS, 1 INFANT, 1 PRESCHOOLER |
| Monthly Costs | | |
| Housing | \$509 | \$739 |
| Child Care | \$- | \$1,122 |
| Food | \$199 | \$604 |
| Transportation | \$347 | \$693 |
| Health Care | \$236 | \$887 |
| Technology* | \$55 | \$75 |
| Miscellaneous | \$159 | \$464 |
| Taxes | \$248 | \$522 |
| Monthly Total | \$1,753 | \$5,106 |
| ANNUAL TOTAL | \$21,036 | \$61,272 |
| Hourly Wage** | \$10.52 | \$30.64 |

* New to budget in 2017
 ** Full-time wage needed to support this budget

MICHIGAN 2-1-1

In 2018, Michigan 2-1-1 responded to 346,158 requests for assistance for a range of resources, from workforce development to health, housing, and utility assistance. The statewide 2-1-1 database provides individuals and families access to nearly 40,000 services through 7,000 local, state, and national agencies. Largely supported by United Way, 2-1-1 is Michigan's only comprehensive community resource information system. It's innovative and synergistic approach responds to the needs of individuals and communities in crisis 24/7/365.

GIVE ALICE AN EFFECTIVE, NON-BUREAUCRATIC CONNECTION TO FAITH-BASED, NONPROFIT, AND PUBLIC RESOURCES BEFORE THEIR NEEDS BECOME COSTLY EMERGENCIES - SUPPORT 2-1-1.

CHILDCARE

Accessible and affordable childcare is a barrier faced by families across the state of Michigan. Today, the least expensive licensed child care for an infant and preschooler is \$13,464 annually, exceeding the annual cost of housing, food, or transportation. While the cost is great, the need is still greater, with just under 86,000 licensed child care slots available for more than 185,000 children in need of care.

REMOVE THE CHILD CARE BARRIER FOR ALICE - ENSURE ACCESS THROUGH INCREASED CHILD CARE PROVIDER PAYMENTS AND AFFORDABILITY BY RAISING THE SUBSIDY CAP TO INCLUDE ALICE FAMILIES.

EARLY LITERACY

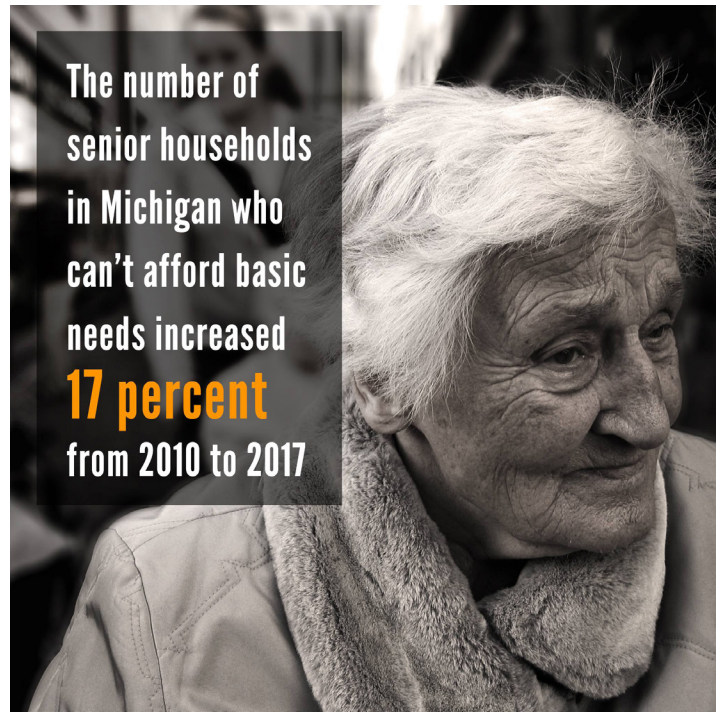
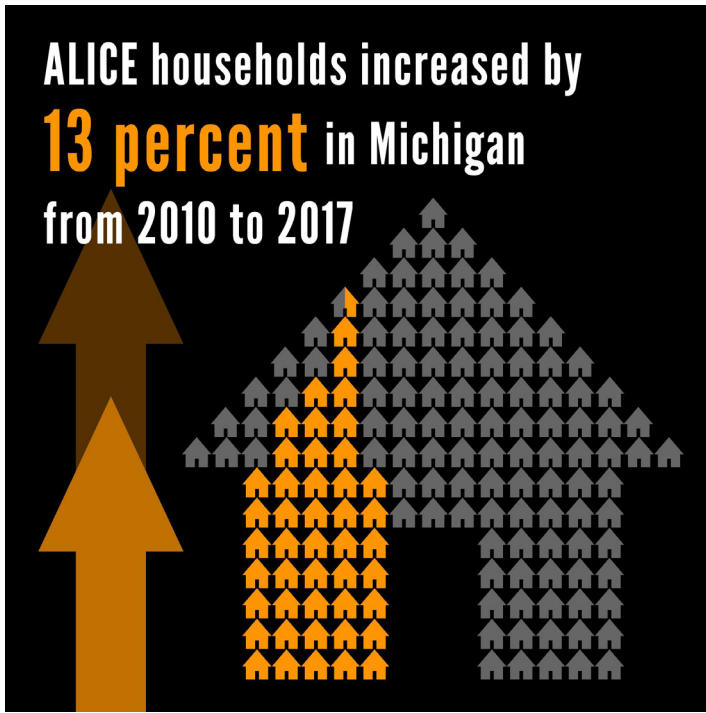
In 2017, Michigan United Ways invested more than \$14 million in childhood success, including initiatives around early literacy. We know this is a critical issue - according to the 2017-18 M-STEP less than 45% of students statewide were proficient readers by the end of the third grade, and Michigan schools are showing the largest decline in third-grade reading levels among key states. Research shows that students who are unable to read by the third grade are more likely than their peers to drop out of school, have behavioral problems, less academic success, end up in the criminal justice system, and live in poverty.

IMPLEMENT THE NECESSARY SUPPORTS FOR ALL CHILDREN TO READ BY THIRD GRADE - PROVIDE BIRTH TO AGE EIGHT RESOURCES NEEDED, ESPECIALLY BY ALICE CHILDREN, TO ACHIEVE EARLY LITERACY.

EARNED INCOME TAX CREDIT

The EITC is a broadly supported, proven-effective tool for working people with low to moderate incomes to gain financial stability. On average, increasing the credit to 20% puts nearly \$500 of the income earned back into a working family's pocket. EITC is more than a quick fix - it has lasting positive impacts on the lives of children. Research shows that it improves infant and maternal health, school success, college enrollment, and increased work earnings as adults. United Ways are already working to increase the financial stability of Michiganders, investing over \$10 million in 2017 alone.

STRENGTHEN THE STATE EARNED INCOME TAX CREDIT SO THAT ALICE CAN KEEP WORKING AND PUT MONEY BACK INTO LOCAL COMMUNITIES - UPDATE STATE CREDIT FOR TODAY'S ECONOMY TO 20% OF THE FEDERAL CREDIT.



ADDITIONAL RESOURCES

Online ALICE Resources:

Interactive ALICE Website (MI): www.unitedforalice.org/michigan (Local data available)

ALICE Project Site (MI): www.uwmich.org/alice

ALICE Videos:

An ALICE Overview: www.youtube.com/watch?v=Oyqkk2yatQ4 (2 min 30 sec)

A Business Case for ALICE How can business lift up ALICE? 4 Practical Answers: www.youtube.com/watch?v=DCrGXS3IAoQ (3 min 30 sec)

Charlene's ALICE Story:

<https://youtu.be/r-Vljg4QecQ> (1 min version)

<https://www.youtube.com/watch?v=72iheXNyKZM&t=58s> (full version, 4 min 7 sec)

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