

# ALICE<sup>®</sup>

ASSET LIMITED, INCOME CONSTRAINED, EMPLOYED



## CONNECTICUT

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

2016  
UPDATE



Summer 2016

## STUDY OF FINANCIAL HARDSHIP

GIVE. ADVOCATE. VOLUNTEER.

Connecticut United Ways

[UnitedWayALICE.org/Connecticut](http://UnitedWayALICE.org/Connecticut)



# THE UNITED WAYS OF CONNECTICUT

Middlesex United Way

United Way of Central and Northeastern Connecticut

United Way of Coastal Fairfield County

United Way of Connecticut

United Way of Greater New Haven

United Way of Greater Waterbury

United Way of Greenwich

United Way of Meriden and Wallingford

United Way of Milford

United Way of Naugatuck and Beacon Falls

United Way of Northwest Connecticut

United Way of Southeastern Connecticut

United Way of Southington

United Way of West Central Connecticut

United Way of Western Connecticut

Valley United Way

## NATIONAL ALICE ADVISORY COUNCIL

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

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KeyBank | Novartis Pharmaceuticals Corporation | OneMain Financial  
Thrivent Financial Foundation | UPS | U.S. Venture**

# LETTER TO THE COMMUNITY

**ALICE** stands for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. United Ways use this acronym to “put a face on” working families who still struggle financially. Connecticut’s United Ways were among the first to introduce this way of understanding the financial struggles of many working people when we released the ALICE Study of Financial Hardship in November, 2014. Now, United Ways in 15 states are releasing ALICE Reports for their states.

ALICE families are working families that live above the poverty line but earn less than the Household Survival Budget – a bare bones budget for basic needs – developed for the 2016 ALICE Update Report.

In releasing the ALICE Update Report, we seek to help explain why more families are struggling financially, and to understand what is underneath this challenge, what are the root causes, and what strategies can work to help ALICE families move toward financial security.

We also seek to shine a light on ALICE and help other people walk in ALICE’s shoes. The ALICE Report shows that this challenge affects many more people than you might think. More than one-third of all households in Connecticut are not earning enough to get by based on the Household Survival Budget, which uses conservative estimates of monthly expenses for housing, child care, food, transportation, health care, and taxes.

United Ways have worked hard since the release of the initial ALICE report two years ago to call attention to the financial hardships faced by many of our neighbors, friends, and co-workers.

Much of United Ways’ own community impact work is geared toward supporting ALICE families, whether it’s responding to basic needs during a family financial crisis or to invest in education, training, child care and other supports aimed at helping ALICE families move toward financial security.

In addition, United Way advocates for solutions that address the high cost of housing and child care in Connecticut, and promotes work supports, which help ALICE workers to move up the ladder.

In the coming months, United Ways will share the stories of ALICE families throughout Connecticut. We will engage people in communities across the state in discussions about the ALICE Update Report and activities around creating more opportunities for ALICE families.

United Ways will continue to provide leadership and support, working with many great community partners to pursue big picture solutions in the areas of Education, Financial Security, Health, and Basic Needs so that ALICE families – real families in our communities – can succeed.

Please join us in this work that is so important to thousands of Connecticut families and to all of our communities. To learn more about how you can help and to read the 2016 ALICE Update Report, go to <http://ALICE.ctunitedway.org>

Sincerely,  
Chief Professional Officers of Connecticut’s United Ways



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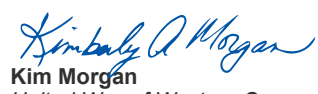
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# THE UNITED WAY *ALICE PROJECT*

The United Way *ALICE Project* provides a framework, language, and tools to measure and understand the struggles of the growing number of households in our communities who do not earn enough to afford basic necessities, a population called ALICE. This research initiative partners with state United Way organizations, such as Connecticut United Ways, to deliver research-based data that can stimulate meaningful discussion, attract new partners, and ultimately inform strategies that affect positive change.

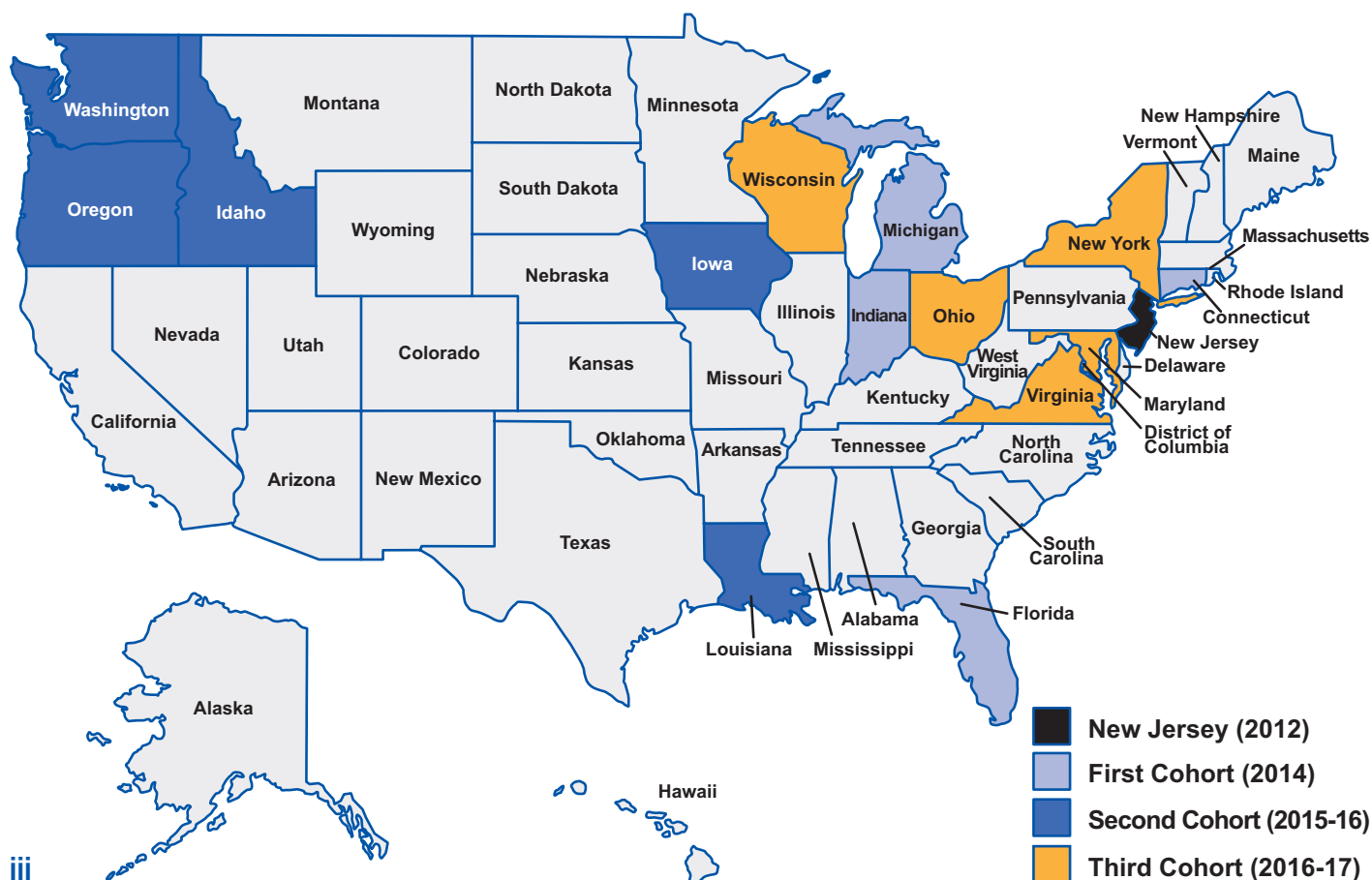
Based on the overwhelming success of this research in identifying and articulating the needs of this vulnerable population, the United Way *ALICE Project* has grown from a pilot in Morris County, New Jersey in 2009, to the entire state of New Jersey in 2012, and now to the national level with 15 states participating in the United Way *ALICE Project*.

As much as one-third of population of the United States lives in an ALICE household. Connecticut United Ways are proud to join some 250 United Ways from the participating states to better understand the struggles of ALICE. The result is that ALICE is rapidly becoming part of the common vernacular, appearing in grant applications, in the media, and in public forums discussing financial hardship in communities across the country.

Together, United Ways, government agencies, nonprofits, and corporations have the opportunity to evaluate the current solutions and discover innovative approaches to give ALICE a voice, and to create changes that improve life for ALICE and the wider community.

To access reports from all states, visit [UnitedWayALICE.org](http://UnitedWayALICE.org)

## States with United Way ALICE Reports



# THE ALICE RESEARCH TEAM

The United Way *ALICE Project* provides high quality, research-based information to foster a better understanding of who is struggling in our communities. To produce the United Way ALICE Report for Connecticut, a team of researchers collaborated with a Research Advisory Committee, composed of 16 representatives from across the state, who advised and contributed to our United Way ALICE Report. This collaborative model, practiced in each state, ensures each United Way ALICE Report presents unbiased data that is replicable, easily updated on a regular basis, and sensitive to local context. Working closely with United Ways, the United Way *ALICE Project* seeks to equip communities with information to create innovative solutions.

## Lead Researcher

**Stephanie Hoopes, Ph.D.** is the lead researcher and director of the United Way *ALICE Project*.

Dr. Hoopes' work focuses on the political economy of the United States and specifically on the circumstances of low-income households. Her research has garnered both state and national media attention. She began the United Way *ALICE Project* as a pilot study of the low-income community in affluent Morris County, New Jersey in 2009, and has overseen its expansion into a broad-based initiative to more accurately measure financial hardship in states across the country. In 2015, Dr. Hoopes joined the staff at United Way of Northern New Jersey in order to grow this work in new and innovative ways as more and more states become involved.

Dr. Hoopes was an assistant professor at the School of Public Affairs and Administration (SPAA), Rutgers University-Newark, from 2011 to 2015, and director of Rutgers-Newark's New Jersey DataBank, which makes data available to citizens and policymakers on current issues in 20 policy areas, from 2011 to 2012. SPAA continues to support the United Way *ALICE Project* with access to research resources.

Dr. Hoopes has a Ph.D. from the London School of Economics, a master's degree from the University of North Carolina at Chapel Hill, and a bachelor's degree from Wellesley College.

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# EXECUTIVE SUMMARY

This United Way ALICE Report provides the most current look at households in Connecticut that are struggling financially: 38 percent could not afford basic needs such as housing, child care, food, health care, and transportation in 2014. This includes both households living below the Federal Poverty Level (FPL) and those living above that level but who still struggle to afford basic household necessities, a group called **ALICE** – for **A**sset Limited, **I**ncome **C**onstrained, **E**mployed. Though Connecticut is known for its wealth, like other states, it was hit hard by the Great Recession, which started in the winter of 2007 and lasted through 2009. Recovery has been slow and has not reached all groups. Despite signs of recovery, the percent of households below the ALICE Threshold increased from 2012 to 2014.

This Report focuses on what has changed in Connecticut since the first United Way ALICE Report was published two years ago. It describes the cost of basic needs, reflected in the Household Survival Budget, for each county in Connecticut, as well as the number of households earning below this amount – the ALICE Threshold. It also delves deeper into county and municipal data to reveal variations in hardship that are often masked by state averages. This Report more fully describes ALICE and poverty households by race, ethnicity, age, and household type over time. And finally this Report highlights emerging trends that will be important to ALICE in the future.

Key highlights demonstrate the ongoing struggles of ALICE households and their obstacles to achieving financial stability.

- **Struggling Households:** Using FPL criteria, 11 percent (143,172) of Connecticut's 1.36 million households lived in poverty in 2014. Another 27 percent (361,521) were ALICE. Combined, more than one-third of Connecticut's households were ALICE or in poverty.
- **Basic Cost of Living:** The cost of basic household expenses increased steadily in every county in Connecticut between 2007 and 2014, on average increasing by 14 percent, the same as the national rate of inflation. The average annual Household Survival Budget for a Connecticut family of four (two adults with one infant and one preschooler) ranges from \$66,168 to \$73,716 – more than triple the U.S. family poverty rate of \$23,850.
- **Low-wage Jobs:** Almost half of all jobs in the state paid less than \$20 per hour – a wage that is not quite enough to afford the family Household Survival Budget. Two thirds of these jobs paid between \$10 and \$15 per hour.
- **Public Assistance for ALICE:** Government and nonprofit programs provide resources that supplement the income earned by ALICE and poverty-level households in Connecticut. Public and private assistance supplied 11.9 percent of the income needed for all households to reach the ALICE Threshold. The biggest change between 2012 and 2014 was a significant drop in spending for health care, which still equaled three-quarters of all government and nonprofit spending.
- **Emerging Trends:** Several trends could change the economic landscape for ALICE families:
  - The Connecticut 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 Connecticut.
  - 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 skills 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 challenges ALICE households and their communities face and the implications of these challenges now and for the future. This information is presented to better inform the discussion about the real challenges people face in trying to make ends meet. The lack of accurate information about the number of people who are “poor” distorts the identification of problems related to poverty, misguides policy solutions, and raises questions of equality, transparency, and fairness in the allocation of resources based on an outdated Federal Poverty Level.

*\*Additional data, methodology, and ALICE reports are available at [www.UnitedWayALICE.org](http://www.UnitedWayALICE.org).*

## DATA & METHODOLOGY— WHAT'S NEW

The ALICE methodology is reviewed every two years to ensure that the measures continue to accurately define who is struggling in each county in a state, and to provide a useful understanding of the economic hardships ALICE households face. The core measures – the ALICE Threshold, the Household Survival Budget, the ALICE Income Assessment, and the Economic Viability Dashboard – remain the same. Change over time continues to be measured with the years before and after the Great Recession – 2007 and 2010 – and then every two years – 2012 and 2014.

Data sources remain a variety of publicly available sources, including state, county, and municipal. The data are estimates; some are geographic averages, while others are 1- or 5-year averages, depending on population size. One change is that the American Community Survey no longer provides 3-year estimates.

There were a few changes to the methodology since the last report. In order for the Household Budgets to fully reflect the current cost of living and working in the modern economy, there were two additions this year: costs for the Affordable Care Act (ACA) and technology.

- **The ACA:** The Household Survival Budget's health care costs now include the cost of the penalty for not buying health insurance in the budget for nominal out-of-pocket health care spending (medical services, prescription drugs, and medical supplies), using the average annual health expenditure reported in the Bureau of Labor Statistics' Consumer Expenditure Survey (CES). Because ALICE does not qualify for Medicaid but in many cases cannot afford even the Bronze Marketplace premiums and deductibles, the penalty for not having coverage is added to the current out-of-pocket health care cost. The penalty for 2014 was \$95 per adult and \$47.50 per child under 18, for a maximum of \$285 per family.
- **Technology:** The Household Stability Budget was updated to reflect the fact that most jobs now require access to the internet and a smartphone. These are necessary to receive work schedules, changes in start time or location, access to work support services, and customer follow-up. In 2015, nearly two-thirds (64 percent) of U.S. adults owned a smartphone, up from 35 percent in 2011. However, because nearly one-quarter (23 percent) of smartphone owners have canceled or suspended their cell phone service because the cost was too expensive, a cell phone was not added to the basic Household Survival Budget this year (Smith, 2015).

In addition to these changes, the Economic Viability Dashboard updated the variables in the Community Resources Index to focus on items that vary more by county. The indicator for Education Resources is now 3- and 4-year-olds enrolled in preschool; the indicator for Health Resources remains the percent of the population under 65 years old with health insurance; and the indicator for Social Capital is the percent of the population 18 and older who voted in the most recent election.

The Income Assessment includes two changes. First, the public assistance measure only includes programs specifically for low-income households that directly help them meet the basic Household Survival Budget, such as TANF and Medicaid. It does not include programs that assist low-income households in broader ways, such as to attend college, or that assist communities, like community policing. Second, the source for state spending now comes from the National Association of State Budget Officers (NASBO) instead of individual state budgets. The assessment only documents funds spent, and is not an evaluation of the efficacy of the programs or of meeting household needs.

Lastly, the ALICE Threshold now uses the average household size for each county rather than the statewide average household size. These changes had a small impact on the ALICE numbers. In last ALICE Report for Connecticut, the percent of ALICE households was calculated as 25 percent; with the changes in the methodology, the percent is recalculated to 26 percent.

A full overview of the methodology is available at [UnitedWayALICE.org](http://UnitedWayALICE.org)

## 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 average actual costs of basic necessities (housing, child care, food, health care, and transportation) in Connecticut, 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 town in Connecticut. (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 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.

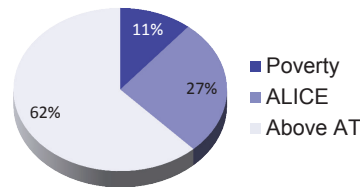
# AT-A-GLANCE: CONNECTICUT, 2014

## Point-in-Time Data

Population: 3,596,677 | Number of Counties: 8 | Number of Households: 1,355,817

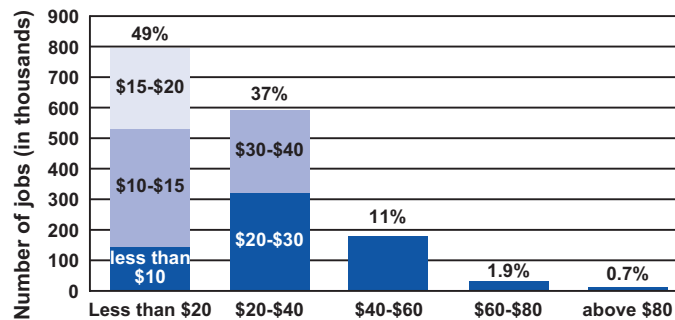
## How many households are struggling?

**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 state (the ALICE Threshold). From 2007 to 2010, the number of households in poverty and in ALICE increased; that trend continued from 2012 to 2014, so that in 2014, 11 percent of households were in poverty and 27 percent were ALICE.



## How much does ALICE earn?

In Connecticut, 49 percent of jobs paid less than \$20 per hour, with two-thirds of those paying less than \$15 per hour. Another 37 percent of jobs paid between \$20 and \$40 per hour. Only 11 percent of jobs paid between \$40 and \$60 per hour. Only 1.9 percent of jobs paid between \$60 and \$80 per hour. Only 0.7 percent of jobs paid above \$80 per hour.



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

This bare-minimum Household Survival Budget increased by 14 percent from 2007 to 2014, the same as the national rate of inflation. Affording a very modest living, this budget is still significantly more than the Federal Poverty Level of \$11,670 for a single adult and \$23,850 for a family of four.

Average Monthly Costs, Connecticut, 2014			
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER	PERCENT CHANGE, 2007-2014
Housing	\$776	\$1,156	15%
Child Care	-	\$1,629	24%
Food	\$202	\$612	20%
Transportation	\$332	\$661	13%
Health Care	\$143	\$573	57%
Miscellaneous	\$172	\$536	14%
Taxes	\$263	\$732	+
Monthly Total	\$1,888	\$5,899	14%
<b>ANNUAL TOTAL</b>	<b>\$22,656</b>	<b>\$70,788</b>	<b>14%</b>
Hourly Wage*	\$11.33	\$35.39	14%

Source: See Exhibit VIII: Methodology Overview & Rationale

\* Wage working full-time required to support/fund this budget

+ Federal and Connecticut tax rates were on average flat; however, as the household budget increased, families had to earn more, and those higher earnings led to a larger tax bill.

# AT-A-GLANCE: CONNECTICUT, 2014

## Point-in-Time Data

Population: 3,596,677 | Number of Counties: 8 | Number of Households: 1,355,817

Connecticut Towns (HH>10K), 2014		
County	Total HH	% ALICE & Poverty
Bridgeport	50,034	63%
New Haven	49,945	65%
Stamford	46,418	35%
Hartford	45,801	74%
Waterbury	40,960	63%
Norwalk	35,450	36%
Danbury	29,046	42%
New Britain	27,820	63%
Bristol	25,194	45%
West Hartford	24,910	31%
Meriden	24,018	52%
Manchester	24,005	42%
Hamden	23,374	39%
Greenwich	21,994	20%
Milford	21,199	32%
West Haven	20,463	53%
Stratford	20,330	39%
Fairfield	20,194	21%
East Hartford	20,157	54%
Middletown	19,419	36%
Wallingford	17,169	34%
Southington	17,115	29%
Norwich	16,331	47%
Groton	16,283	35%
Enfield	16,192	37%
Shelton	15,186	27%
Torrington	14,820	43%
Vernon	13,167	45%
Glastonbury	13,152	20%
Newington	12,634	32%
Branford	12,410	37%
Trumbull	12,205	21%
Naugatuck	12,157	47%
East Haven	11,215	44%
Wethersfield	10,853	30%
Windsor	10,796	28%
New Milford	10,642	28%
Farmington	10,400	26%
New London	10,224	55%

Source: **2014 Point-in-Time Data:** American Community Survey, 2014. **ALICE Demographics:** American Community Survey, 2014, and the ALICE Threshold, 2014. **Income Assessment:** Office of Management and Budget, 2015; Department of Treasury, 2016; American Community Survey, 2014; National Association of State Budget Officers, 2015; NCCS Data Web Report Builder, 2012; **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) and State of Connecticut Department of Revenue Services; and Connecticut 211Childcare, 2014.

# I. WHO IS STRUGGLING IN CONNECTICUT?

Connecticut is known for its wealth and prosperity, but a significant portion of the state's population continues to struggle financially. Connecticut's economy saw only incremental growth in recent years, making it difficult for many households to improve their financial status. The economy showed signs of improvement starting in 2012, yet the cost of living continued to exceed what most wages pay. In 2014, 38 percent of Connecticut's 1,355,817 households could not afford basic needs such as housing, child care, food, health care, and transportation. Some of these households are living in poverty. An even greater number are households with incomes above the federal definition of poverty, but not earning enough to afford a basic Household Survival Budget. They are **ALICE** – **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed.

This section reviews the demographic trends of ALICE and poverty households by race, ethnicity, age, and household type from 2007 to 2014. While many expected the economic climate to improve in 2010, the technical end of the recession, evidence of recovery only starts to emerge in 2012, and not always everywhere in the state. This section delves into county and municipal data to reveal local variations that are often masked by state averages.

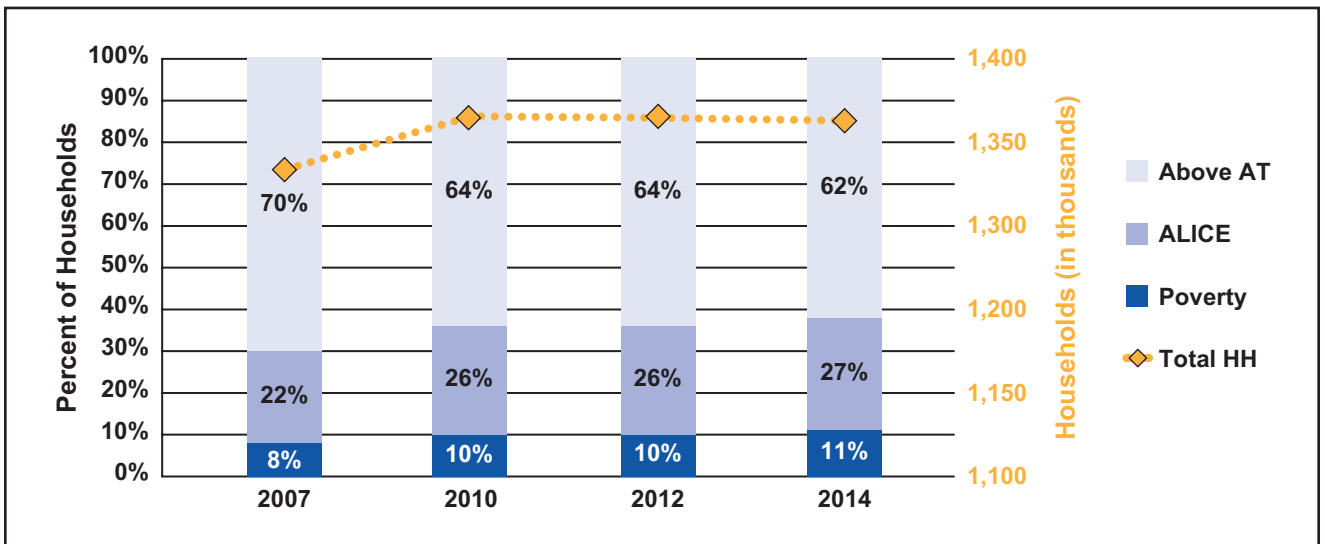
## ALL HOUSEHOLDS

The total population in Connecticut increased by 3 percent from 2007 to 2010 and then remained at 1.36 million through 2014. But the proportion of ALICE and poverty households increased through the Great Recession, plateaued from 2010 to 2012, and then increased again from 2012 to 2014. The percentage of households in poverty increased from 8 percent in 2007 to 10 percent in 2010 and then 11 percent in 2014. Similarly, the portion of ALICE households increased from 22 percent in 2007 to 26 percent in 2010 and 27 percent in 2014 (Figure 1).

With the growth in population, the number of households who are struggling to meet their basic needs has grown more significantly:

- **Poverty:** Households in poverty increased from 107,596 households in 2007 to 143,172 in 2014, a 32 percent increase from 2007 to 2012, and then a one percent increase from 2012 to 2014.
- **ALICE:** ALICE households increased from 293,822 in 2007 to 361,521 in 2014, a 20 percent increase from 2007 to 2012, and then a two percent increase from 2012 to 2014.
- **Above ALICE Threshold:** Households above the ALICE Threshold decreased from 919,296 in 2007 to 862,808 households in 2014, a 7 percent decrease from 2007 to 2014.

Figure 1.  
Household Income, Connecticut, 2007 to 2014

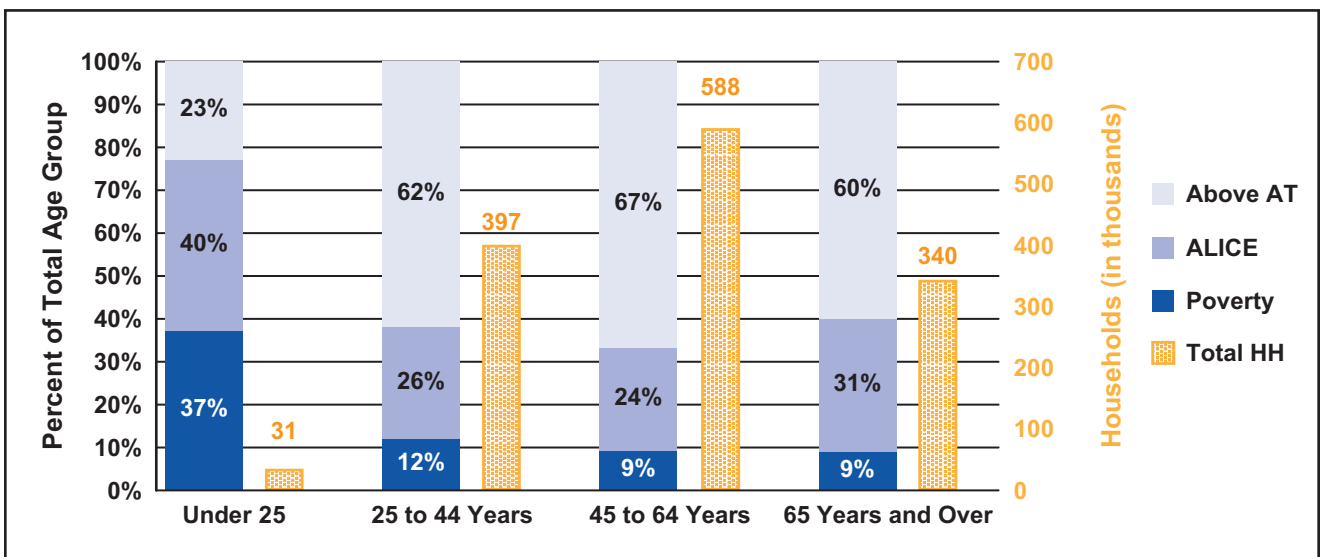


Source: American Community Survey, 2007-2014, and the ALICE Threshold, 2007-2014; see Exhibits and ALICE Methodology for details, especially for 2007 data.

## AGE

With some exceptions, the age distribution of ALICE households and households in poverty roughly reflects their proportion of the overall population, and that has been relatively consistent over time. In 2014, households headed by someone under the age of 25 were by far the most likely to be in poverty (37 percent), with a poverty rate more than three times that of the other household groups (Figure 2). An additional 40 percent in this age group are ALICE. Households 65 and older have the lowest poverty rate (9 percent), but have a higher ALICE rate (31 percent) than all age groups except 25-and-under households. Even groups in their prime earning years struggle to support their families: 38 percent of households headed by 25- to 44-year-olds and 33 percent of households headed by 45- to 64-year-olds earn below the ALICE Threshold.

Figure 2.  
Household Income by Age of Head of Household, Connecticut, 2014



Source: American Community Survey, 2014, and the ALICE Threshold, 2014

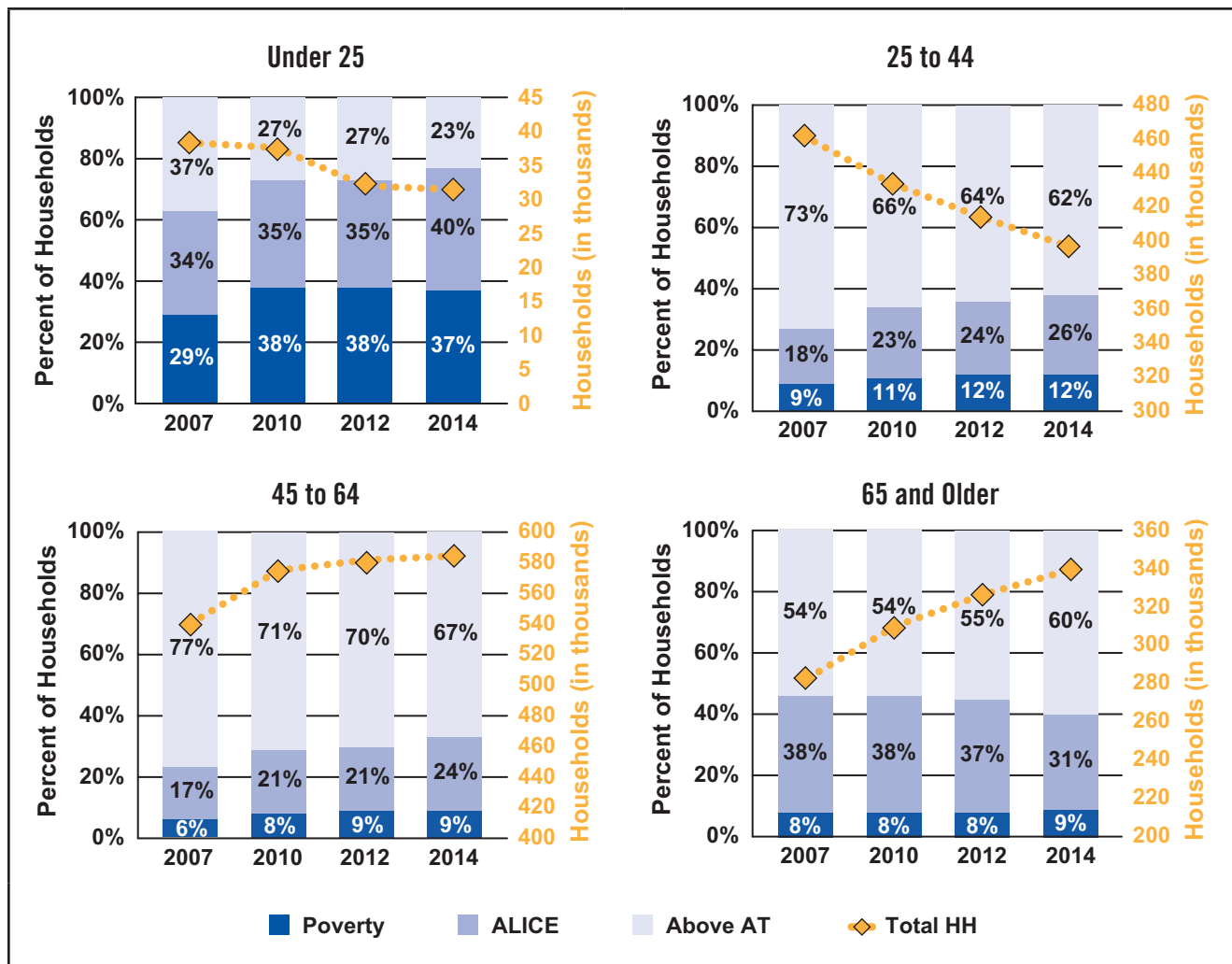


Figure 3 shows changes in the population size as well as poverty and ALICE rates for each age group from 2007 to 2014. Most notably, each age group, except for those 65 and older, saw a decline in financial stability during this period. The gap between older households and those headed by younger adults also grew from 2007 to 2014. The number and proportion of households headed by someone 45 or older increased, while those headed by someone younger than 45 decreased. Those headed by someone 25 or younger saw the biggest decline, dropping 18 percent, while those 25- to 44-years old dropped by 14 percent.

A quarter of households in Connecticut are headed by a senior citizen – a higher percentage than two thirds of states. The number of households aged 65 or older grew steadily every year, increasing by 15 percent from 2007 to 2012, and then another 4 percent from 2012 to 2014 (American Community Survey, 2007, 2010, 2012, and 2014).

Most distinct is the economic resilience of senior households, which saw no increases in the percent in poverty and ALICE through the Great Recession. But as the total number of senior households increased steadily throughout the period, so did the number in poverty and ALICE. That trend reversed in 2012, when the number of senior ALICE households dropped from 120,888 households in 2012 to 105,294 households in 2014, a 12 percent decline. All age groups have a higher percent of households in poverty in 2014 than they did in 2007, and all but senior households have seen the number of ALICE households rise steadily since 2007, with a fairly large increase between 2012 and 2014.

**Figure 3.**  
**Trends in Households by Income by Age, Connecticut, 2007 to 2014**

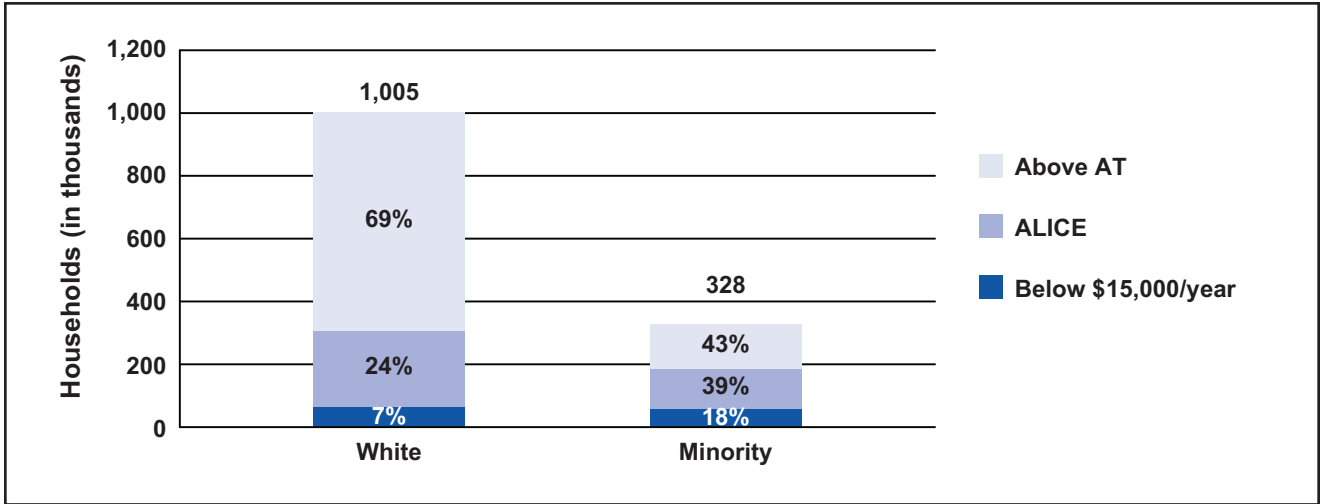


Source: American Community Survey, 2014, and the ALICE Threshold, 2014

# RACE AND ETHNICITY

Poverty and ALICE households exist in every racial and ethnic group in Connecticut, but the largest numbers are among White non-Hispanic households. There were about one million White households in 2014, compared to 328,000 households of color (Figure 4 shows the populations of color for whom there is income data: Hispanic, Black and Asian). However, these groups made up a proportionally larger share of households both in poverty and ALICE: 64 percent of Hispanic households, 58 percent of Black households, and 30 percent of Asian households had income below the ALICE Threshold in 2014, compared to 31 percent of White households.

Figure 4.  
Households by Race/Ethnicity and Income, Connecticut, 2014



Source: American Community Survey, 2014, and the ALICE Threshold, 2014

Note: Because household poverty data is not available for the American Community Survey's Race/Ethnicity categories, annual income below \$15,000 is used as a proxy.

The change in the number of households by race and ethnicity reveals some emerging trends in Connecticut (Figure 5). The largest population of color in Connecticut, Hispanics, has been growing since 2007, totaling 156,837 households in 2014, a 25 percent increase. As the number of Hispanic households increased, so did the number and proportion of Hispanics living below the ALICE Threshold. The percentage of Hispanic ALICE households rose from 34 percent in 2007 to 39 percent in 2010 and then to 43 percent in 2014. Together Hispanic households in poverty and ALICE made up more than two-thirds of Hispanic households in 2014.

Black households are the next largest population of color, with their numbers increasing significantly from 2007 to 2012, and then decreasing slightly to 126,187 households in 2014. With the changes in population, the percentage of Black households in poverty increased from 18 percent in 2007 to 21 percent in 2012. In 2012, the trend started to reverse, and by 2014, the proportion of Black households in poverty dropped down to 18 percent. The percentage of Black ALICE households rose steadily from 33 percent in 2007 to 40 percent in 2014, with no improvement from 2012 to 2014.

The total number of Asian households rose steadily from 2007 to 2014 to 45,399 households, a 12 percent increase. Due to the small number of Asian households in Connecticut in 2007, the U.S. Census did not report data on their income levels so comparative data for that time period are not available. Between 2010 and 2014, with the increase in number of Asian households, the percent of Asian households in poverty remained steady at 7 percent, but the percent of Asian ALICE households increased from 19 percent in 2010 to 23 percent in 2014.

Figure 5.  
Households by Race/Ethnicity and Income, Connecticut, 2007 to 2014



Source: American Community Survey, 2014, and the ALICE Threshold, 2014

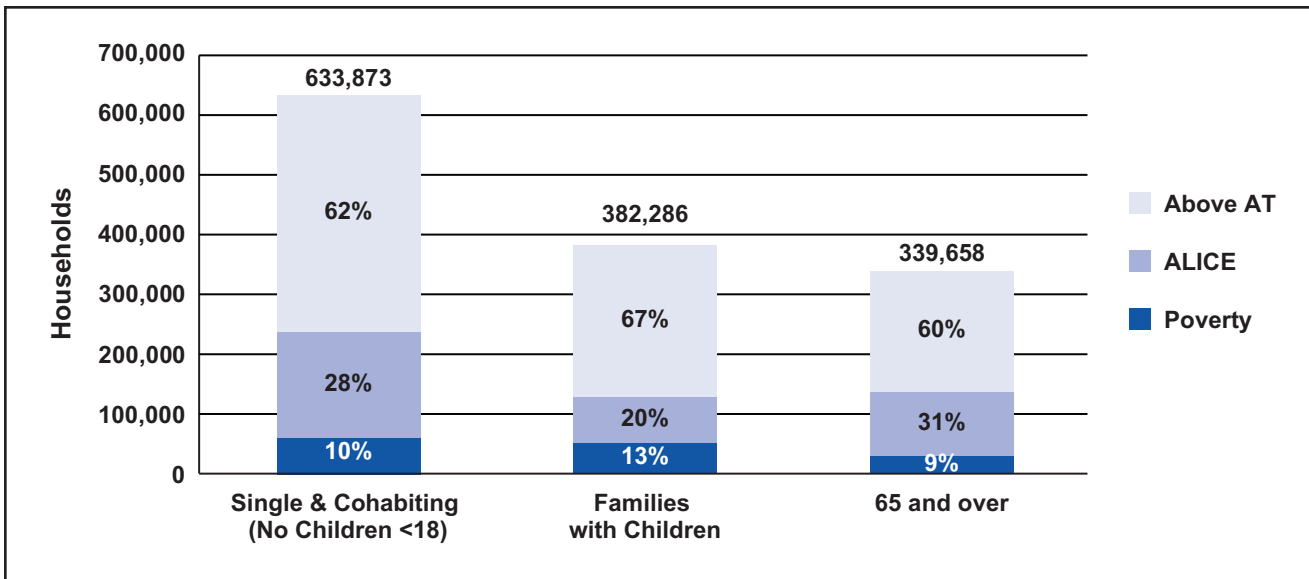
Note: Because household poverty data is not available for the American Community Survey's Race/Ethnicity categories, annual income below \$15,000 is used as a proxy.

Following a slightly different trajectory, the total number of White (non-Hispanic) households decreased by 2 percent from 2007 to 2014, to 1 million households. The percentage of White households living below the ALICE Threshold increased since the Great Recession to 31 percent, with most of that increase seen in ALICE households. These percentages held steady through 2014, with a slight increase in ALICE households from 23 percent in 2012 to 24 percent in 2014, and a slight decrease in White households in poverty.

## HOUSEHOLD TYPE

Households are changing across the U.S. The number of families with children is decreasing, and households are aging. People are increasingly living in a wider variety of arrangements, including singles living alone or with roommates, and grown children living with parents. Since the 1970s, U.S. households have followed a trend of smaller households, fewer households with children, fewer married-couple households, and more people living alone, especially at older ages. Today, single and cohabiting adults with no children under 18 years old make up the largest group in Connecticut, accounting for 47 percent of households (Figure 6). Nationally, approximately 37 percent are single-adult households younger than 65 (Vespa, Lewis, & Kreider, 2013).

Figure 6.  
Household Types by Income, Connecticut, 2014

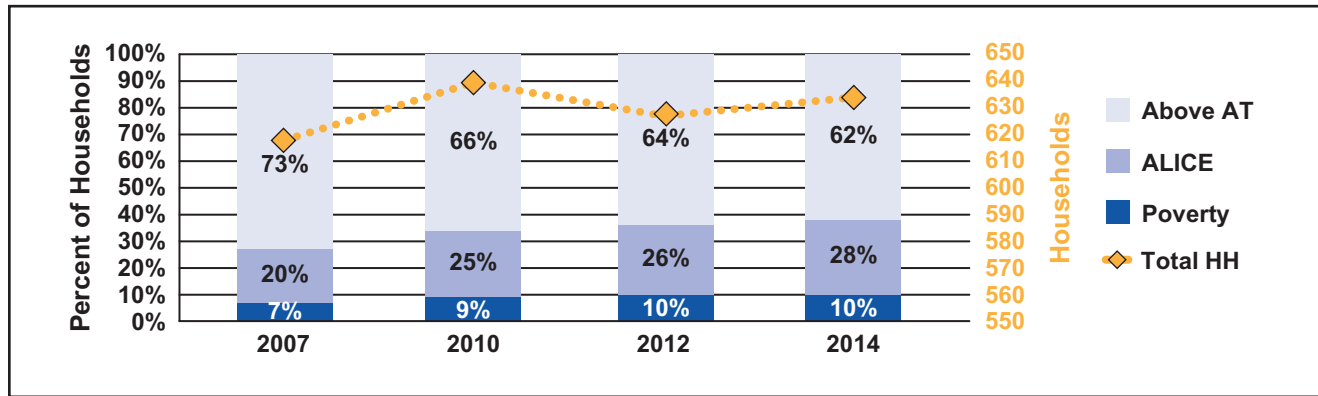


Source: American Community Survey, 2014, and the ALICE Threshold, 2014

Like all households, ALICE households come in all sizes and demographic pairings. Among single and cohabiting adults with no children under 18, 38 percent had income below the ALICE Threshold in 2014 (Figure 7). Because of their large share of the total population, this group also has the largest number of households with income below the ALICE Threshold. The percentage of this group in poverty and ALICE increased during the Great Recession and continued to rise during the recovery. In 2014, 10 percent of this group was in poverty and 28 percent were ALICE. Since 2012, the number living above the ALICE Threshold dropped by 3 percent.

Figure 7.

### Single & Cohabiting (no children <18) Households by Income, Connecticut, 2014



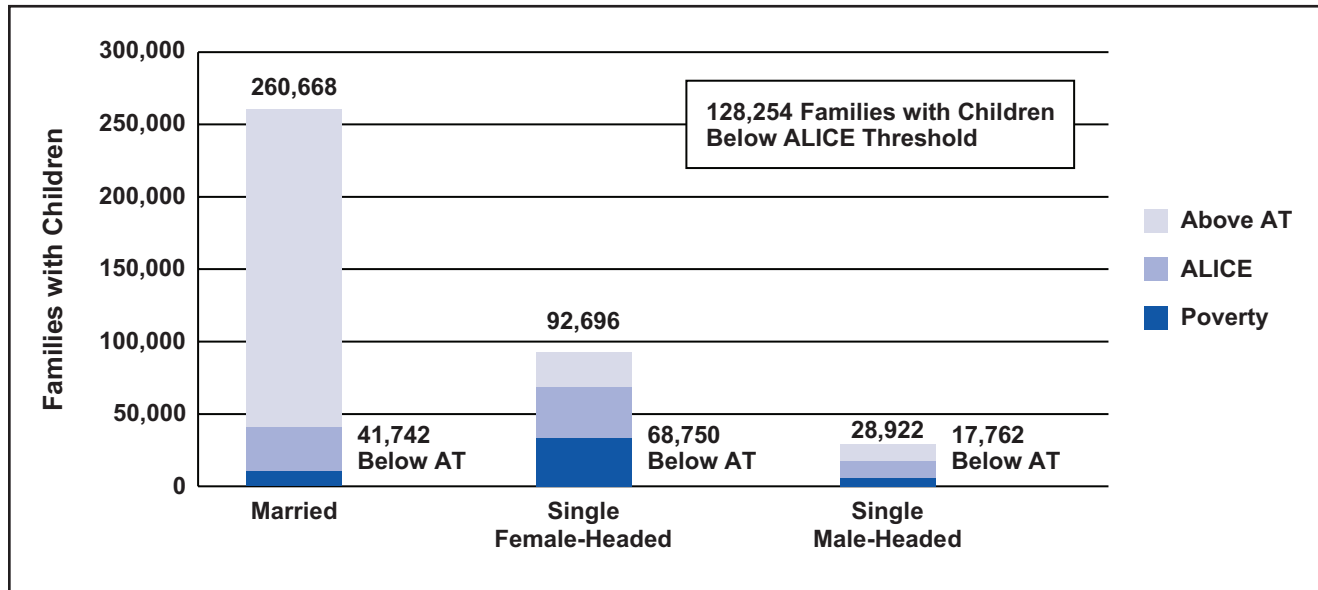
Source: American Community Survey, 2014, and the ALICE Threshold, 2014.

## Families with Children

Not surprisingly, households with young children have the most expensive Household Survival Budget of all household types. Not only are these households larger, they also have to pay for child care, preschool, and after-school care. The biggest factors determining the economic stability of a household with children are the number of wage earners, the gender of the wage earners, and the number of children.

Figure 8.

### Families with Children by Income, Connecticut, 2014



Source: American Community Survey, 2014, and the ALICE Threshold, 2014

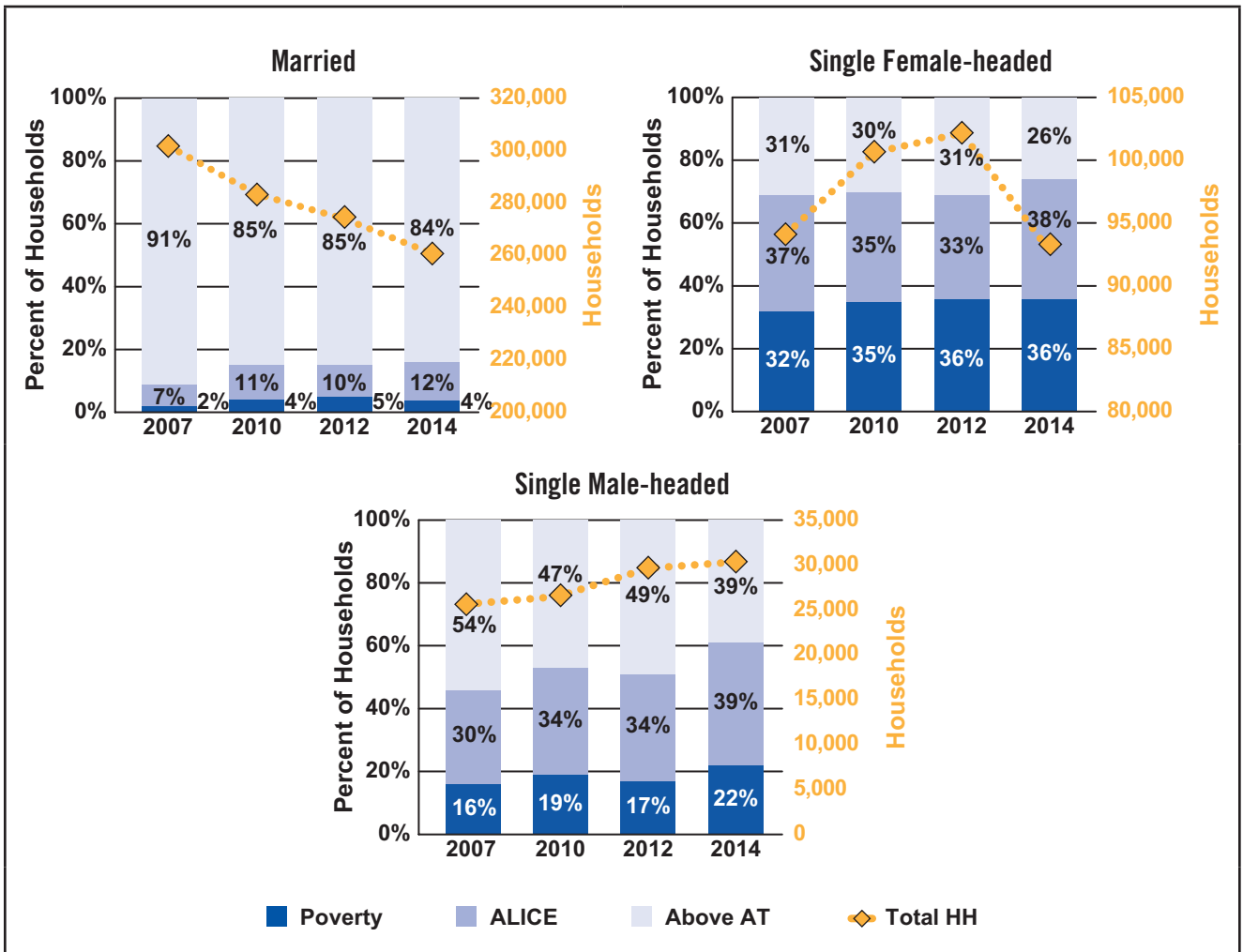
The number of families with children in Connecticut decreased by 4 percent from 2007 to 2014. Those with married parents had the biggest decline, falling by 14 percent from 2007 to 2014, while the number of single female-headed families decreased by 9 percent and single male-headed families increased by 3 percent. There are large differences in the economic conditions, however, between married and single-parent families.

Most children under 18 in Connecticut (68 percent) live in married-parent families. In the majority of these families, both parents are working (Working Poor Families Project (WFPF), 2016). Dual-income couples typically have a higher household income than single-parent families and tend to be better able to pay their expenses. This explains why 84 percent of married-couple families with children in Connecticut have income above the ALICE Threshold (Figure 9). Yet because their numbers are so large, married-couple families with children still account for 22 percent of families with children that live in poverty and 40 percent of ALICE families.

It's also important to note that the reality of a single-parent family is changing. According to the U.S. Census, "single-parent" homes include one parent as the sole adult (37 percent nationally), or a parent with a cohabiting partner (11 percent), or a parent with another adult age 18 or older who lives in the home, such as a grown child, grandparent, or boyfriend (52 percent). In other words, even in most single-parent families, there are at least two adults in the home who may be contributing financially to the household (Vespa, Lewis, & Kreider, 2013). Nonetheless, single-parent families are more likely to have income below the ALICE Threshold.

In 2014, 74 percent of single female-headed households and 61 percent of single male-headed households lived below the ALICE Threshold. Female-headed families have received greater attention from the media and the community, but they only account for a small percentage of all struggling households in Connecticut. Female-headed families account for 24 percent of all Connecticut families with children, and 54 percent of households with children below the ALICE Threshold. Yet because the number of households with children is declining overall, single female-headed families account for only 19 percent of all working-age households with income below the ALICE Threshold.

Figure 9.  
Families with Children by Income, Connecticut, 2007 to 2014



# ALICE BY COUNTY

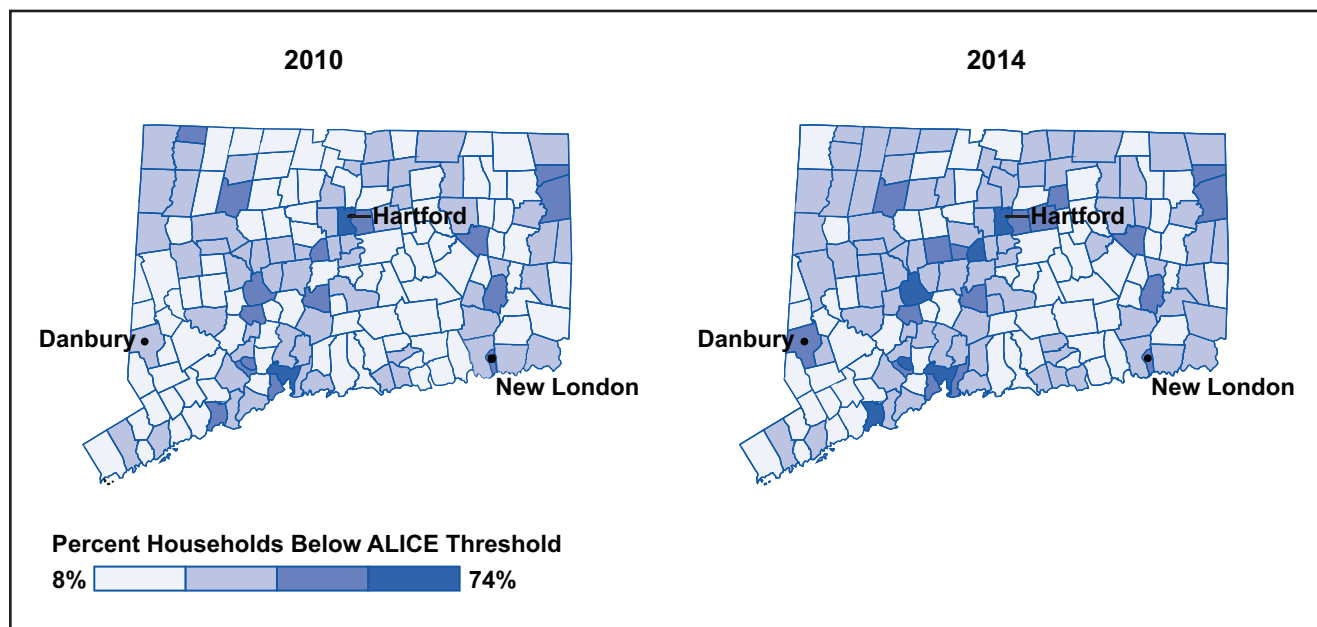
Where ALICE families live matters: The Harvard Equality of Opportunity Project has demonstrated the importance of where we live, and especially where we grow up, in determining the directions that our lives take (Chetty & Hendren, 2015). Local economic conditions largely determine the number of households in a town, county, or state that struggle financially. These conditions indicate how difficult it is to survive without adequate income and assets to afford basic household necessities.

ALICE households live in every county and every town across Connecticut (see Figure 10). Contrary to stereotypes that suggest poverty only exists in inner cities, ALICE households live in rural, urban, and suburban areas. Households living below the ALICE Threshold constitute a significant percentage of households in all of Connecticut's counties, though the proportion and number of these households vary among counties. These variations change over time as households move geographically (discussed further below) and as their economic conditions change. The data provides a useful lens for change over time from 2007 and 2014. Overall, more counties have a higher percentage of households with income below the ALICE Threshold in 2014 than in 2007.

The percent of households with income below the ALICE Threshold (including households in poverty) increased across all counties in the state from 2007 to 2014. Though there is a range of hardship, analysis of counties shows that the average percent of households living below the ALICE Threshold for a county increased from 31 percent in 2007 to 34 percent in 2014.

Figure 10.

## Percentage of Households below the ALICE Threshold, Connecticut Municipalities, 2010 and 2014



Source: American Community Survey, 2007 and 2014, and the ALICE Threshold, 2007 and 2014

Details on each county's household income and ALICE demographics, as well as further breakdown by municipality, are listed in the ALICE County Pages (see Exhibits).

# CHANGES AT THE LOCAL LEVEL

In 2014, ALICE and poverty households represented 53 percent of households in the majority of towns and cities that report households with income. While it is more difficult to measure change over time at the local level due to small populations and data limited to 5-year estimates, there is reliable data for the largest towns in Connecticut.

Connecticut's largest cities, those with more than 20,000 households, vary greatly in their proportion of households living below the ALICE Threshold, which ranges from 30 percent in Stamford to 75 percent in Hartford in 2014 (Figure 11). From 2007 to 2014, two cities, Danbury and Waterbury, saw their total household population decrease, by 7 and 9 percent respectively, while the rest experienced an increase in households, with the largest increase of 8 percent in Stamford. The number of household below the ALICE Threshold increased in every one of the nine largest cities and towns with Norwalk seeing the largest percent increase (38 percent).

Figure 11.

## Households below the ALICE Threshold, Largest Cities and Towns in Connecticut, 2014

Largest Cities and Towns (above 20,000 Households)	Number of Households	Percentage of Households below ALICE Threshold	Percent Change 2007-2014	
			HOUSEHOLDS	BELOW AT
	2014	2014		
<b>Bridgeport</b>	49,779	59%	7%	23%
<b>Stamford</b>	49,377	30%	8%	15%
<b>New Haven</b>	49,281	63%	5%	16%
<b>Hartford</b>	44,740	75%	3%	13%
<b>Waterbury</b>	39,608	66%	-9%	23%
<b>Norwalk</b>	33,461	36%	2%	38%
<b>Danbury</b>	28,524	38%	-7%	2%
<b>New Britain</b>	27,764	64%	6%	17%
<b>Milford</b>	20,536	32%	1%	15%

Source: American Community Survey, 2007-2014, and the ALICE Threshold, 2007-2014; see Exhibits and ALICE Methodology for details



# II. WHAT DOES IT COST TO FUNCTION IN TODAY'S ECONOMY?

## HOUSEHOLD SURVIVAL BUDGET

The cost of living in Connecticut is high, making it difficult for working people to afford basic needs. The average Household Survival Budget was \$70,788 for a four-person family and \$22,656 for a single adult in Connecticut in 2014. The hourly wage necessary to support a family budget was \$35.39, 40 hours per week for 50 weeks per year for one parent (or \$17.70 per hour each, if two parents work), and \$11.33 per hour full-time for a single adult.

Figure 12.  
Household Survival Budget, Connecticut Average, 2014

Average Monthly Costs, Connecticut, 2014			
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER	2007 – 2014 PERCENT INCREASE
<b>Monthly Costs</b>			
Housing	\$776	\$1,156	15%
Child care	-	\$1,629	24%
Food	\$202	\$612	20%
Transportation	\$332	\$661	13%
Health care	\$143	\$573	57%
Miscellaneous	\$172	\$536	14%
Taxes	\$263	\$732	+
<b>Monthly Total</b>	<b>\$1,888</b>	<b>\$5,899</b>	<b>14%</b>
<b>ANNUAL TOTAL</b>	<b>\$22,656</b>	<b>\$70,788</b>	<b>14%</b>
<b>Hourly Wage*</b>	<b>\$11.33</b>	<b>\$35.39</b>	<b>14%</b>

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 of Connecticut Department of Revenue Services; and Connecticut 211Childcare, 2014.

Note: Percent increases in Figure 12 are an average of the increases in each category for a single-adult and for a four-person family.

\* Wage working full-time required to support/fund this budget

+ Federal and Connecticut tax rates were on average flat; however, as the household budget increased, families had to earn more, and those higher earnings led to a larger tax bill.

The cost of household basics – housing, child care, food, transportation, health care, taxes, and other miscellaneous essentials – increased by 14 percent from 2007 to 2014, the same as the national rate of inflation. In comparison, over the same period, the average monthly wage in Connecticut increased from \$1,150 in 2007 to \$1,279 in 2014, an 11 percent increase (Bureau of Labor Statistics (BLS), 2015). The rise in the Household Survival Budget was driven primarily by a 57 percent increase in health care costs.

The increase in health care costs was largely due to the required costs of the Affordable Care Act (ACA). Since ALICE does not qualify for Medicaid but cannot afford the Silver Plan (depending on eligibility for subsidies) or even the premiums for the high-deductible Bronze Marketplace plan through the ACA, the cost of the “shared responsibility payment” – the penalty for not having coverage – is added to the current out-of-pocket health care spending. The penalty for 2014 is \$95 per adult and \$47.50 per child under 18, for a maximum of \$285 (Centers for Medicare and Medicaid Services (CMS), 2016). These costs may change in the future as insurance plans change and the ACA is amended over time in Connecticut and across the country.

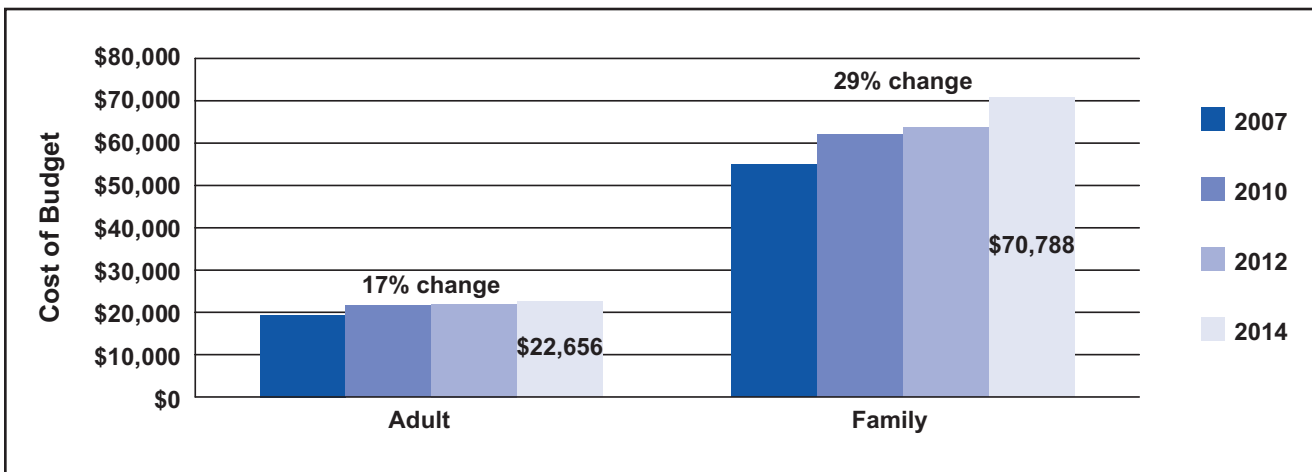
In addition, there was a 24 percent increase in child care for those with young children, and a 20 percent increase in the cost of food, a problem across the U.S. and even globally, as demand increases and drought and industry consolidation impact the food supply (Schnepf, September 13, 2013).

Connecticut households paid significantly more taxes in 2014 than in 2007. The bulk of this increase can be explained by the fact that the basic budget increased, so the income needed to cover it increased, and higher income results in a larger tax bill. A single adult’s income tax increased from an average of \$147 in 2007 to \$263 in 2014, while a family of four’s income tax increased from \$416 in 2007 to \$732 in 2014.

Changes in tax rates were minimal from 2007 to 2014; federal tax rates fell by 11 percent for a single adult, and increased by 9 percent for a family of four. Connecticut’s tax rates changed only modestly, and account for a small portion of the total - 6 percent of a single adult’s total tax bill and 17 percent of taxes for a family of four.

Two additional tax considerations are also relevant for many ALICE households: the Earned Income Tax Credit (EITC), a credit for low- to moderate-income working families, and Connecticut sales tax. Because the Household Survival Budget is above the eligibility limit for the EITC, the tax line does not include either the federal EITC or the state EITC enacted in 2011. However, many households further below the ALICE Threshold do benefit from the EITC. In terms of Connecticut sales tax, there is none on most items in the Basic Household Survival Budget (housing, food, child care, health care, for example). ALICE pays the state sales tax of 6.35 percent on goods outside the budget.

**Figure 13.**  
**Household Survival Budget, Connecticut Average, 2007 to 2014**



*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); State of Connecticut Department of Revenue Services; Connecticut 211Childcare, 2014.*

Figure 13 presents the statewide average costs, but the Household Survival Budget varies across Connecticut counties. The basic essentials were least expensive in Windham County, at \$66,168 per year for a family of four and \$19,476 for a single adult. They were most expensive in New Haven County, at \$73,716 for a family of four and \$26,088 for a single adult. A Household Survival Budget for each county in Connecticut is presented in the attached County Pages, and additional family variations are available at <http://spaa.newark.rutgers.edu/united-way-alice>. Sources and methodology for the budgets are presented in the Exhibit.

# HOUSEHOLD SURVIVAL BUDGET COMPONENTS

**Housing:** U.S. Department of Housing and Urban Development (HUD)'s Fair Market Rent (FMR) for an efficiency apartment for a single adult and a two-bedroom apartment for a family. The cost includes utilities but not telephone service, and it does not include a security deposit.

**Child Care:** The cost of registered home-based child care for an infant and for a four-year-old. Home-based child care has only voluntary licensing, so the quality of care that it provides is not regulated and may vary widely between locations (NACCRRA, 2008). However, licensed and accredited child care centers, which are fully regulated to meet standards of quality care, are significantly more expensive.

**Food:** U.S. Department of Agriculture's (USDA) Thrifty Food Plan, which is also the basis for the Supplemental Nutrition Assistance Program (SNAP), and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) benefits. Like the original Economy Food Plan, the Thrifty Food Plan was designed to meet the nutritional requirements of a healthy diet, but it includes foods that need a lot of home preparation time with little waste, plus skill in both buying and preparing food. The cost of the Thrifty Food Plan takes into account broad regional variation across the country but not localized variation, which can be even greater, especially for fruit and vegetables (Hanson, 2008; Leibtag, Ephraim, and Kumcu, 2011).

**Transportation:** The transportation budget is calculated using average annual expenditures for transportation by car and by public transportation from the Bureau of Labor Statistics' Consumer Expenditure Survey (CES). Since the CES is reported by metropolitan statistical areas and regions, counties are matched with the most local level possible.

**Health Care:** The health care budget includes nominal out-of-pocket health care spending, medical services, prescription drugs, and medical supplies using the average annual health expenditure reported in the CES plus a penalty for not purchasing insurance as mandated by the Affordable Care Act (ACA). Because ALICE does not qualify for Medicaid and most cannot afford even the Bronze Marketplace premiums and deductibles, we add the cost of the "shared responsibility payment" – the penalty for not having coverage – to the current out-of-pocket health care spending. The penalty for 2014 was \$95 per adult and \$47.50 per child under 18, for a maximum of \$285.

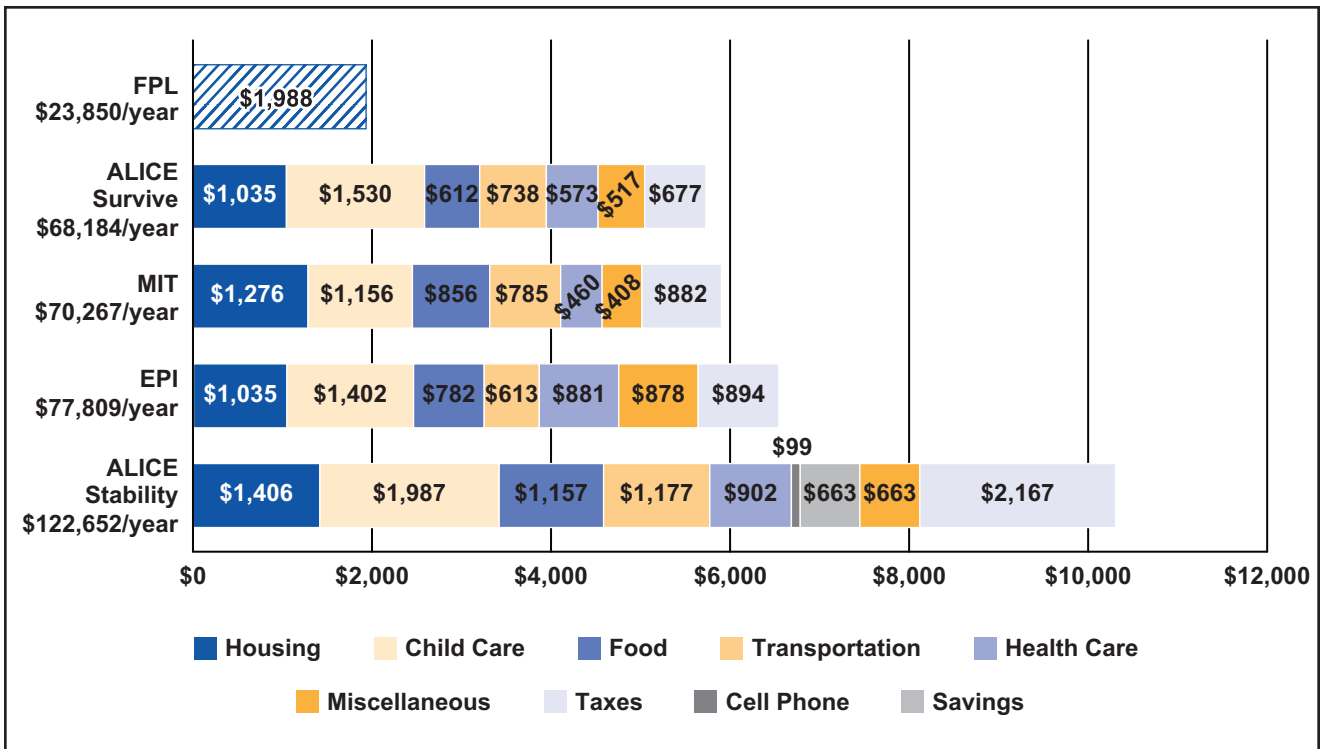
**Taxes:** The tax budget includes both federal and state income taxes where applicable, as well as Social Security and Medicare taxes. These rates include standard federal and state deductions and exemptions, as well as the federal Child Tax Credit and the Child and Dependent Care Credit as defined in the Internal Revenue Service 1040: Individual Income Tax, Forms and Instructions. They also include state tax deductions and exemptions such as the Personal Tax Credit and renter's credit as defined in each state Department of Revenue's 1040: Individual Income Tax, Forms and Instructions. In most cases, ALICE households do not qualify for the EITC eligibility limit.

**Miscellaneous:** The miscellaneous category includes 10 percent of the budget total (including taxes) to cover cost overruns. It could be used for items many consider additional essentials, such as toiletries, diapers, cleaning supplies, or work clothes.

# HOW DOES THE SURVIVAL BUDGET COMPARE?

The Household Survival Budget is a very specific measure that is used to recognize the bare minimal costs for a household to live and work in the modern economy, calculated on actual household expenditures. By comparison, other existing budgets provide different ways to view local economies, ranging from the very lowest measure, the Federal Poverty Level (FPL), to the highest, the Household Stability Budget (Figure 14).

Figure 14.  
**Comparison of Household Budgets (family of 4), New London, Connecticut, 2014**



Source: American Community Survey, 2014; The ALICE Threshold, 2014; Glasmeier, 2015; Economic Policy Institute, 2015

## Budget Comparisons

The Household Survival Budget is a measure of the bare minimal costs of households to live and work in the modern economy, calculated on actual household expenditures. The Household Survival Budget is significantly higher than the FPL of \$23,850 per year for a family of four and \$11,670 per year for a single adult in 2014 (American Community Survey, 2014). However, it is lower than the Massachusetts Institute of Technology (MIT) Living Wage Calculator’s budget for Norwich/New London by 3 percent, and the Economic Policy Institute’s Family Budget Calculator for Norwich/New London metro area by 14 percent. Though these alternative budgets are slightly more comfortable, including higher quality housing and child care, more nutritious food, more reliable transportation, and employer-sponsored health insurance, they would be difficult to sustain for long periods of time (Figure 15) (Massachusetts Institute of Technology (MIT), 2015; Economic Policy Institute, 2014).

Figure 15.  
**Comparison of Household Budgets by Category, 2014**

	Household Survival Budget	MIT Living Wage Budget	EPI Family Budget Calculator
<b>Housing</b>	HUD's 40th rent percentile, for a two-bedroom apartment (which includes all utilities whether paid by the landlord/owner or by the renter).	HUD's 40th rent percentile for a two-bedroom apartment plus additional utilities to HUD's estimate.	HUD's 40th rent percentile for a two-bedroom apartment plus additional utilities to HUD's estimate.
<b>Child Care</b>	Home-based child care for an infant and a preschooler.	Lowest-cost child care option available (usually home-based care), for a 4-year-old and a school-age child, whose costs are generally lower than an infant.	Licensed and accredited child care centers, which have significantly higher costs than home-based centers for a "young child" and a "child" (no ages specified), whose costs are generally lower than an infant.
<b>Food</b>	USDA's Thrifty Food Plan for a family of four.	USDA's Low-Cost Food Plan for a family of four.	USDA's Low-Cost Food Plan estimates the cost of food for each person in the family and totals those numbers.
<b>Transportation</b>	Includes only the operating costs for a car, or public transportation where available.	Includes operating costs for a car, the cost of vehicle financing, and car insurance.	Includes operating costs for a car.
<b>Health Care</b>	Out-of-pocket health care expenses plus the Affordable Care Act (ACA) penalty.	Employer-sponsored health insurance, medical services and supplies, and drugs.	ACA's least expensive Bronze plan.
<b>Miscellaneous</b>	Includes 10 percent of the budget for cost overruns.	Includes essential clothing and household expenses.	Includes apparel, personal care, and household supplies.

## Household Stability Budget

Because the alternative budgets only cover the bare essentials, it is helpful to calculate a budget that provides for stability over time – as well as a reasonable quality of life, and peace of mind. The ALICE Household Stability Budget is meant to fill this gap; it is an estimate of the cost of household expenses at the level needed to support and sustain an economically viable household; it is significantly higher than the other measures.

The Household Stability Budget includes safer housing that needs fewer repairs, reflected in the median rent for single adults and single parents, and a moderate house with a mortgage for a two-parent family. Child care is upgraded to licensed and accredited care where quality is regulated. Food is elevated to the USDA's Moderate Food Plan, which provides more variety than the Thrifty Food Plan and requires less skill and time for shopping and cooking, plus one meal out per month. For transportation, the Stability Budget includes leasing a car, allowing drivers to more easily maintain a basic level of safety and reliability. For health care, health insurance is represented by the cost of an employer-sponsored health plan. Cell phone ownership, increasingly necessary to work in the modern economy, is also added into the Stability Budget. The Miscellaneous category represents 10 percent of the five basic necessities.

Because savings are crucial to achieving stability, the Household Stability Budget also includes a savings category of 10 percent of the budget, which is typically enough to invest in education and retirement, cover monthly payments on a student loan, or put towards a down payment on a house. However, in many cases, savings are used for emergencies and never accumulate.

In New London, the Household Stability Budget is \$122,652 per year for a family of four – 80 percent higher than the Household Survival Budget (Figure 14).

# III. ACHIEVING STABILITY: INCOME, SAVINGS AND PUBLIC ASSISTANCE

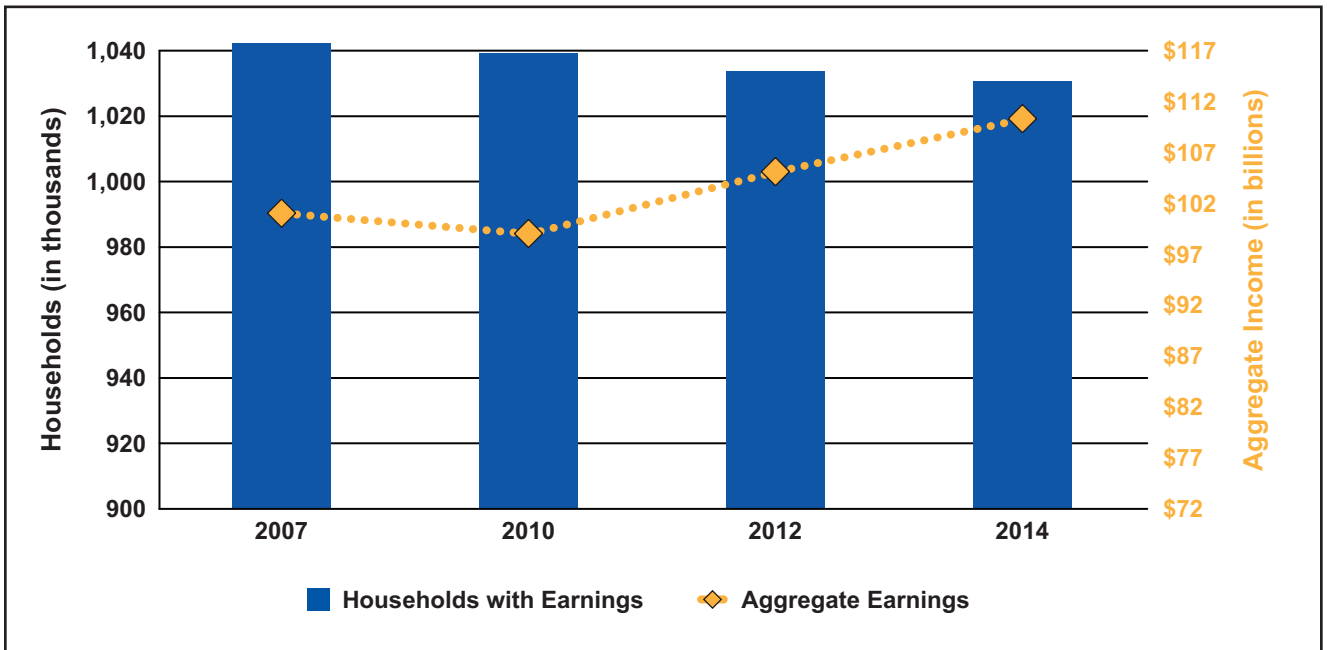
It is often assumed that ALICE households have savings to draw upon in an emergency or have access to public assistance as a last resort. However, most ALICE households have little or no savings, and resources available for ALICE households are limited. This section reports on the income, savings, and public assistance of households in Connecticut, as well as how resources have changed over time.

## SHIFTS IN SOURCES OF INCOME

Changes in the sources of income for Connecticut households during the period between 2007 and 2014 provide insight into the way the economy’s downturn and recovery impacted different families (Figure 16). The toughest economic years were from 2007 to 2010, when most of these income changes occurred. Some of those trends have since been reversed, but not for all families.

More than three-quarters of households have wage or salary income, the most common sources of income for households in Connecticut. The number of households with wage or salary income declined slightly from 2007 to 2014, but total earnings have risen steadily since 2010 (gold line in Figure 16), increasing by 11 percent from 2010 to 2014. With total earnings rising, but 49 percent of all jobs paying less than \$20 an hour, it suggests that workers earning higher wages are responsible for the increase in total earnings, while low-wage workers’ earnings have remained flat (American Community Survey, 2007, 2010, 2012, and 2014).

Figure 16.  
Earnings by Number of Households and Aggregate Total, Connecticut, 2007 to 2014

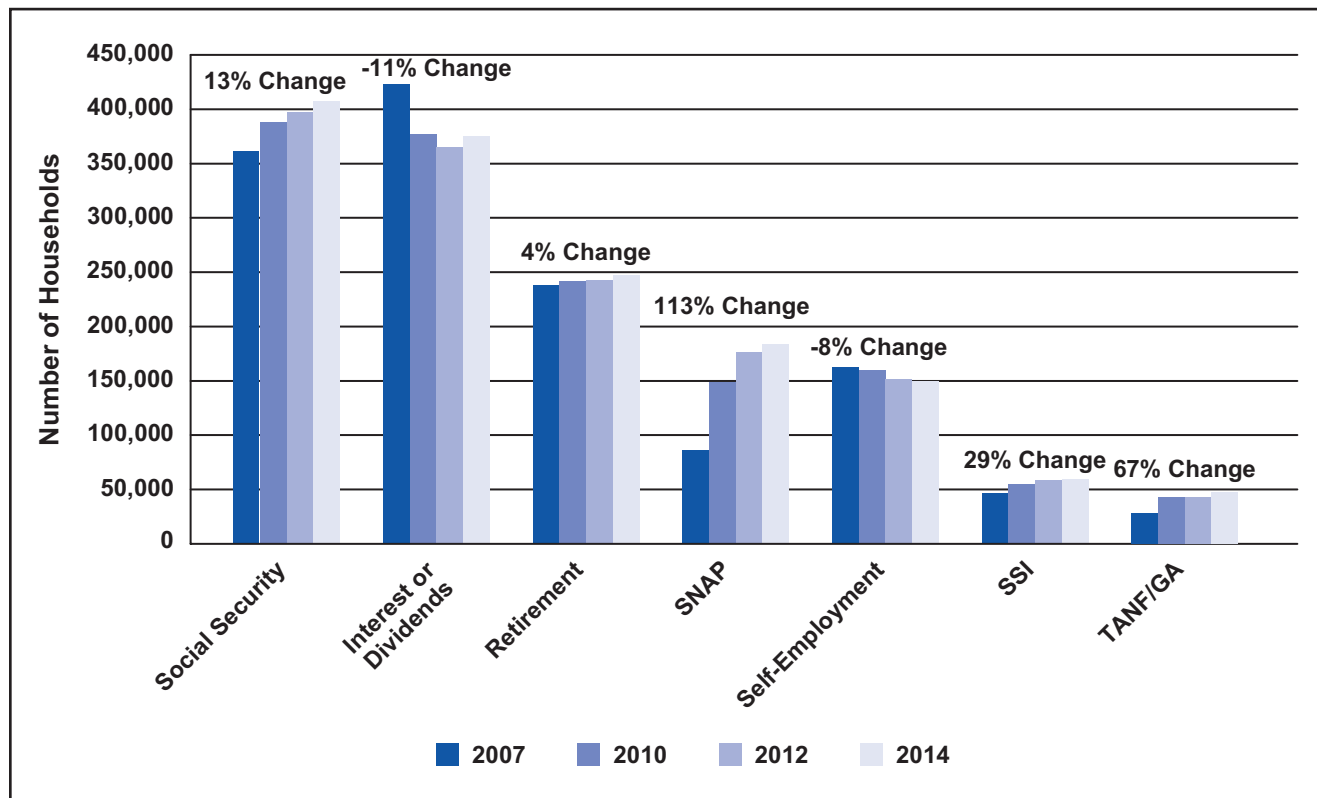


Source: American Community Survey, 2014

Households in Connecticut receive several other types of income as well (Figure 17). Although much has been written about the “gig” economy (also known as the contract or non-traditional economy), only a small number of households in Connecticut list self-employment as a source of income. Just 11 percent of households received self-employment income in 2014. Self employment took a hit during the Great Recession, as the number of households with self-employment decreased by 2 percent from 2007 to 2010, and then declined another 6 percent from 2010 to 2014. The average income for the self-employed decreased from \$46,251 in 2007 to \$39,850 in 2012, and then increased steadily to \$46,357 in 2014 (American Community Survey, 2007, 2010, 2012, and 2014).

Figure 17.

### Percent Change in Household Sources of Income, Connecticut, 2007 to 2014



Source: American Community Survey, 2014

After wage income, the most common source of income is Social Security. The impact of the aging population is evident in the 4 percent increase in the number of households receiving retirement income and the 13 percent increase in households receiving Social Security income from 2007 to 2014.

The financial downturn’s impact on households during this time period was also evident in the striking increase in the number of Connecticut households receiving income from government sources other than Social Security. While not all ALICE households qualified for government support between 2007 and 2014, many with one or more members who lost a job during this period began receiving government assistance for the first time. The number of households receiving SNAP, the Supplemental Nutrition Assistance Program formerly known as food stamps, increased by more than 113 percent. At the same time, the number of households receiving government aid through Temporary Assistance for Needy Families (TANF) or General Assistance (other payments from state or local welfare offices), increased by 67 percent. The number of households receiving Supplemental Security Income (SSI), which includes payments to low-income people who are 65 and older and to people of any age who are blind or disabled, rose by 29 percent (American Community Survey, 2007, 2010, 2012, and 2014).

# SAVINGS AND ASSETS

Given the mismatch between the cost of living and the large number of low-wage jobs, it is difficult for many households in Connecticut to accumulate assets. The cost of unexpected emergencies, ranging from natural disasters to personal health crises, can lead to depleted savings. Job losses have forced people to tap into their retirement savings. Having minimal or no assets makes ALICE households more vulnerable to emergencies. It also can increase their overall costs when they have to use alternative financing with fees and high interest rates that make it difficult or impossible to amass more assets.

The most recent U.S. Census Net Worth and Asset Ownership of Households survey revealed that in 2011, about 30 percent of Connecticut households were considered to be “asset poor,” defined as not having enough net worth to subsist at the poverty level for three months without income. In other words, an asset poor family of three in that year had less than \$4,632 in savings and other assets. The percentage of households without sufficient “liquid assets,” which include cash or a savings account, but not a vehicle or home, was even higher, at 39 percent (Corporation for Enterprise Development (CFED), 2012). Many more households would be considered “asset poor” if the criterion was an inability to subsist without income for three months at the ALICE Threshold instead of at the Federal Poverty Level (FPL).

A more recent national poll from the Pew Research Center reports that almost half of Americans say that they often do not have enough money to make ends meet (Pew Research Center, 2012).

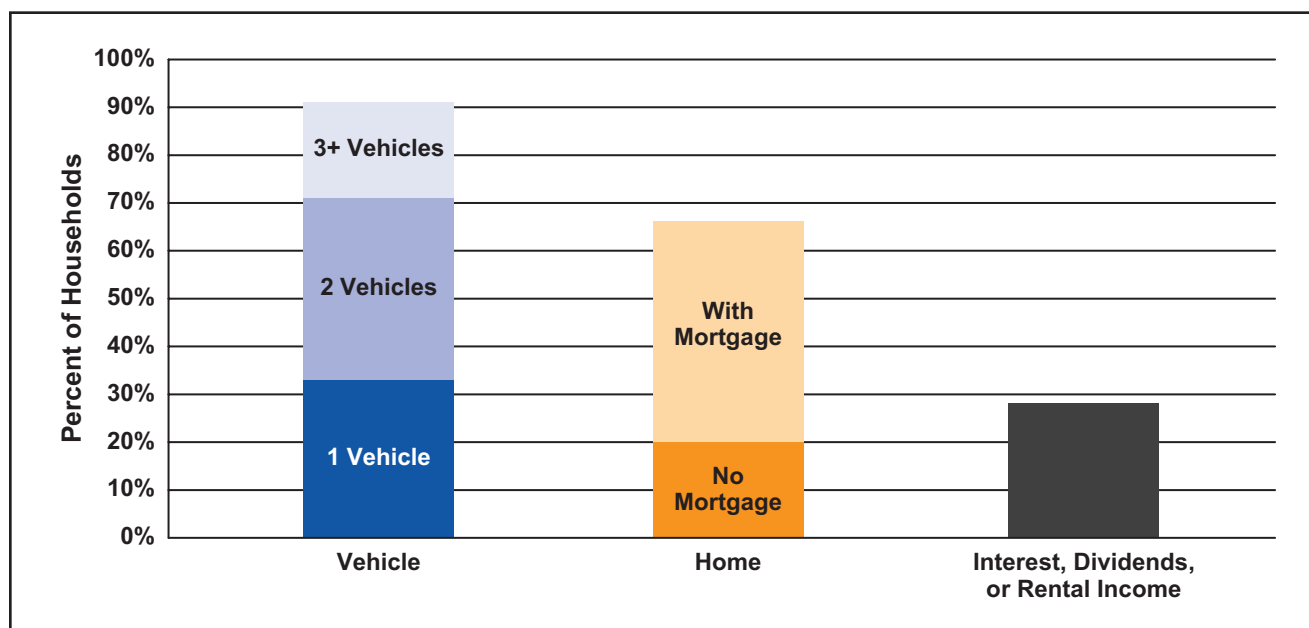
While data on wealth is minimal, levels of ownership of three of the most common assets in Connecticut – vehicles, homes, and investments – provide insight into resources families have for emergencies and to accumulate wealth (Figure 18). Most Connecticut households have at least one vehicle, a necessity for work. In 2014, 33 of all households had one vehicle, 38 percent had two, and 20 percent had three or more. While cars offer benefits beyond their cash value, they are not an effective means of accumulating wealth because the value of a car normally depreciates over time. In addition, many ALICE households need to borrow money in order to buy a vehicle (Jones, 2014; Center for Responsible Lending, 2014; Zabritski, 2015; Kiernan, 2016).

The second most common asset is a home, an asset that has traditionally provided financial stability and the primary means for low-income families to accumulate wealth. In 2014, 66 percent of Connecticut households owned a home, virtually unchanged since 2007. As homeownership is a primary asset for many families, they are significantly affected by changes in home prices. This is especially important for the two-thirds of Connecticut homeowners with a mortgage (American Community Survey, 2007, 2010, 2012, and 2014; Federal Reserve Bank of St. Louis, 2015; Herbert, McCue, & Sanchez-Moyano, September 2013; Federal Reserve, 2014).

The most effective resource to weather an emergency is an investment that produces income, which can range from a savings account to a 401K retirement plan to a rental property. In 2014, 28 percent of households in Connecticut had interest and dividends or rental income, well above the national average of 21 percent. However, the number of households with investment income dropped by 11 percent between 2007 and 2010, largely because of the stock market crash, and remained flat in the subsequent four years. When combined with an emergency, the loss of these assets forced many households below the ALICE Threshold (Bricker, et al., 2014; American Community Survey, 2007, 2010, 2012, and 2014; Federal Reserve, 2014).



Figure 18.  
Households with Assets, Connecticut, 2014



Source: American Community Survey, 2014

## DOES PUBLIC ASSISTANCE BRING FINANCIAL STABILITY?

The persistence of low wages, underemployment, periods of unemployment, and loss of employer-sponsored benefits have led to financial insecurity for many ALICE households. As a result, many working ALICE households have turned to government supports and services, often for the first time, to make ends meet. When workers do not earn enough to pay for basic necessities, they may be forced to turn to public support to feed their families, secure health insurance, or pay rent and other basic needs.

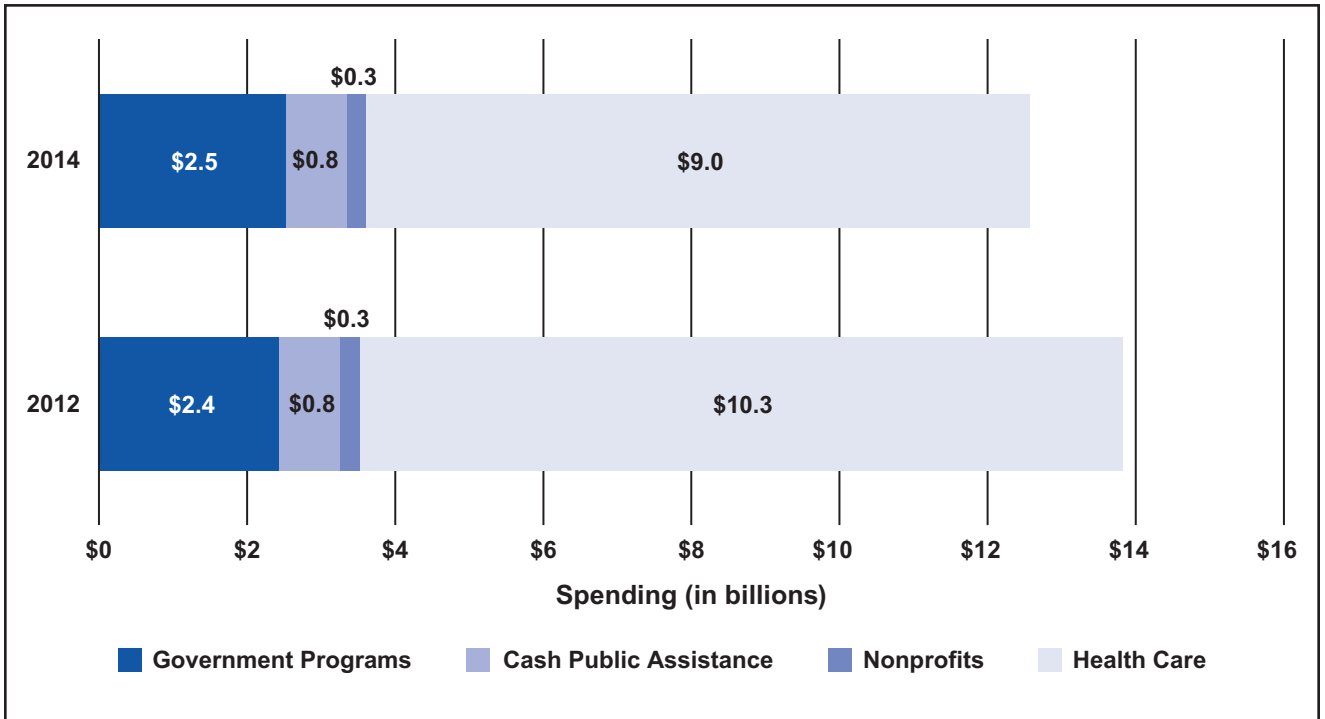
The ALICE Income Assessment seeks to quantify this assistance and compare it to how much is needed to bring all households to the ALICE Threshold. The Assessment measures how much income households earn and how much public and nonprofit assistance is spent on low-income households. In 2014, federal and state government and private charities spent more than \$12 billion in Connecticut on health care, TANF, food stamps, housing vouchers, and other supports. Many of these crucial resources are targeted to households near or below the FPL. As a result, even though struggling, many ALICE households are not eligible for assistance. In other cases, benefits are structured to end before a family reaches stability, known as the “cliff effect” (National Conference of State Legislatures, October 2011).

The methodology for the Income Assessment has been slightly revised since the last Connecticut ALICE Report. Applying those revisions to 2012 and 2014 data, the Assessment reveals that government and charitable assistance in 2012 could conceivably have filled the gap between earnings and what was needed to reach financial stability – if it were targeted, efficacious, and timely.

Yet, between 2012 and 2014, as the basic cost of living increased and more households fell below the ALICE Threshold, the total financial need increased by \$2.3 billion, while income increased by only \$1.2 billion. At the same time, government and charitable assistance fell by over \$1 billion. This increased the size of the Unfilled Gap – the difference between the Household Survival Budget and the sum of income and assistance – to \$1 billion. In other words, it would require approximately \$1 billion in additional wages or public resources for all Connecticut households to have income at the ALICE Threshold.

Figure 19.

**Public and Private Assistance, Connecticut, 2012 to 2014**



Source: Office of Management and Budget, 2014; U.S. Department of Agriculture, 2014; Internal Revenue Service, 2014; Department of Treasury, 2015; American Community Survey, 2013; National Association of State Budget Officers, 2014; NCCS Data Web Report Builder, 2012.

The overall decrease in assistance provided to households below the ALICE threshold masks diverging trends between specific types of assistance (Figure 19):

- Health care, the largest source of assistance, was the only item to decrease between 2012 and 2014. Spending dropped by 13 percent to almost \$9 billion, and its share of total assistance decreased by about three percentage points. Health care spending includes federal grants for Medicaid, CHIP, and Hospital Charity Care; state matching grants for Medicaid, CHIP, and Medicare Part D Clawback Payments; and community benefits provided by Connecticut hospitals.
- Assistance provided through TANF and other cash assistance rose by 2 percent to \$831 million.
- Federal and state expenditures on non-cash programs increased by 3 percent to \$2.5 billion in 2014. As a result, the share of assistance provided through these programs increased from 18 percent to 20 percent between 2012 and 2014. The funds are spent on a number of non-cash programs: the School Breakfast Program, National School Lunch Program, Special Supplemental Nutrition Program For Women, Infants, and Children (WIC), Child And Adult Care Food Program, Supplemental Nutrition Assistance Program (SNAP), Head Start, Low Income Home Energy Assistance Program, Public Housing Operating Fund, Section 8 Housing Choice Vouchers, Community Development Block Grants, and Social Security disability benefits.

On a per capita basis, assistance to ALICE and poverty households decreased by 11 percent to \$24,903 in 2014. Non-health care spending rose by 1 percent, totaling \$7,162 per capita in 2014, while health care spending dropped by 15 percent to \$17,741 per capita. With the continued, though less steep, rise in health care costs nationally and the implementation of the ACA, public spending on health care accounted for a large portion of government and non-profit spending on households below the ALICE Threshold. Most of this assistance is for households below the FPL. This assistance is earmarked for specific programs and cannot be transferred to other financial needs. So even if health care spending increases, many other needs go unmet.

Despite the seemingly large amounts of welfare and health care spending nationwide, this spending in fact makes up a small percentage of the gross domestic product (GDP), and it falls well short of what is necessary to provide financial stability for a family (Weaver, 2009). A single-parent three-person family earning federal minimum wage and relying on a basic assistance package falls 50 percent short for basic household expenses in almost every state, according to Wider Opportunities for Women (WOW), a Washington, D.C.-based research organization. In addition, a worker earning slightly more than the federal minimum wage may not be much closer to economic security than those earning below it, as those who earn above minimum wage lose eligibility for many benefits (WOW, 2011).

In Connecticut, benefits are targeted towards the poorest families, and as earnings rise, many families are no longer eligible even though they are struggling. For example, SNAP benefits cease once income reaches 185 percent of the FPL, the limit for HUSKY health benefits is 155 percent of the FPL depending on household type, and the limit for Head Start is 100 percent (Connecticut 211, 2016; Connecticut Department of Social Services, 2015, and 2016).

Without public assistance, some ALICE households would face even greater hardship, and many more would be in poverty. However, the nature of government and charitable assistance limits its ability to produce financially sustainable households. The majority of government programs are intended to fill short-term needs, such as basic housing, food, clothing, health care, and education. By design, their goal is not long-term financial stability (Haskins, 2011; Shaefer & Edin, 2013).

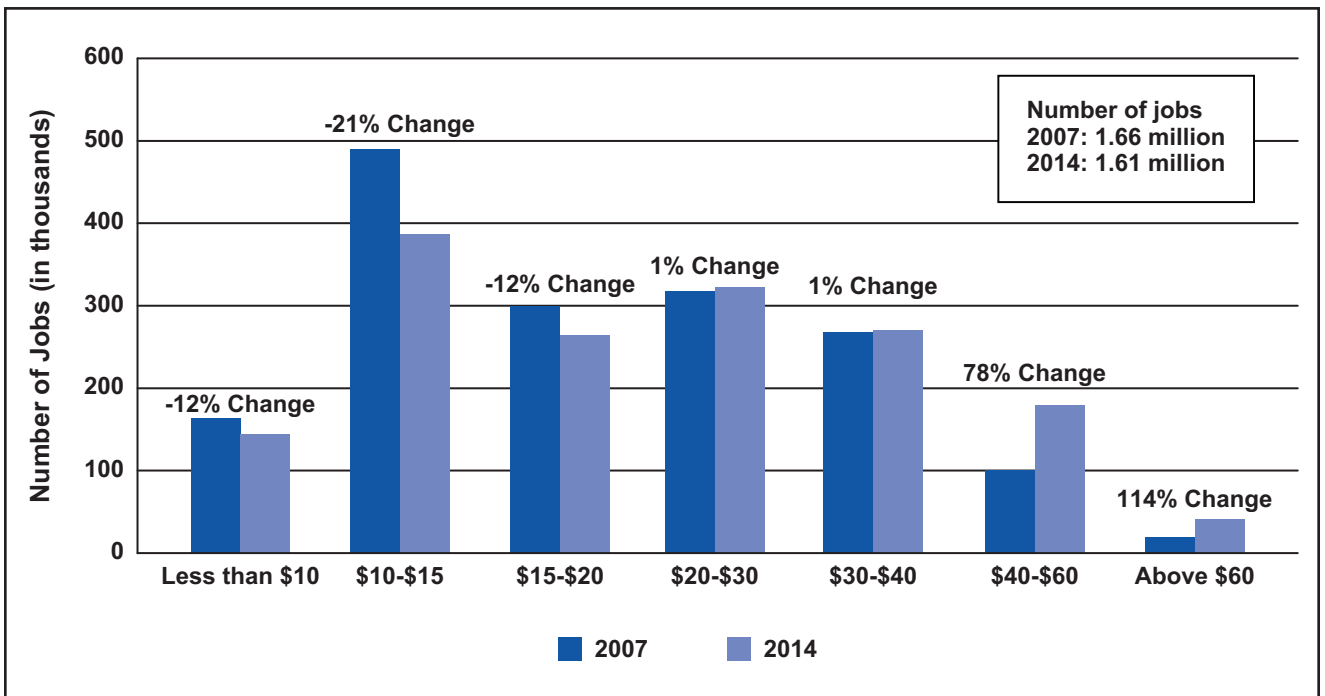
# IV. HOW HAVE ECONOMIC CONDITIONS CHANGED FOR ALICE FAMILIES?

More than any demographic feature, employment defines ALICE households. The financial stability of ALICE workers depends on local job opportunities, as well as the cost and condition of housing, and the availability of community resources. The updated Economic Viability Dashboard presented in this section describes changes in these economic factors throughout Connecticut.

## CONNECTICUT JOBS

Connecticut continues to rank highly in many indicators of economic strength, including worker productivity, foreign direct investment, educated workforce, manufacturing productivity, and per capita exports. While the prevalence of low-wage jobs still defines Connecticut's economy for ALICE, **for the first time in the past decade, the percent of jobs paying less than \$20 per hour fell below 50 percent of all jobs.** In 2014 in Connecticut, 49 percent of jobs paid less than \$20 per hour. However, 67 percent of those paid less than \$15 per hour (Figure 20). Another 37 percent of jobs paid between \$20 and \$40 per hour, with the number holding steady between 2007 and 2014. At the higher end, while only 11 percent of jobs paid between \$40 and \$60 per hour, and 3 percent paid more than \$60 per hour, their numbers almost doubled during the period. A full-time job that paid about \$20 per hour, grosses about \$40,000 per year, which is 60 percent of the Household Survival Budget for a family of four in Connecticut (Bureau of Labor Statistics (BLS), 2007 and 2014; Commission on Connecticut's Future, 2014).

Figure 20.  
Number of Jobs by Hourly Wage, Connecticut, 2007 to 2014



Source: Bureau of Labor Statistics, Occupational Employment Statistics (OES) Wage Survey – All Industries Combined, 2007-2014

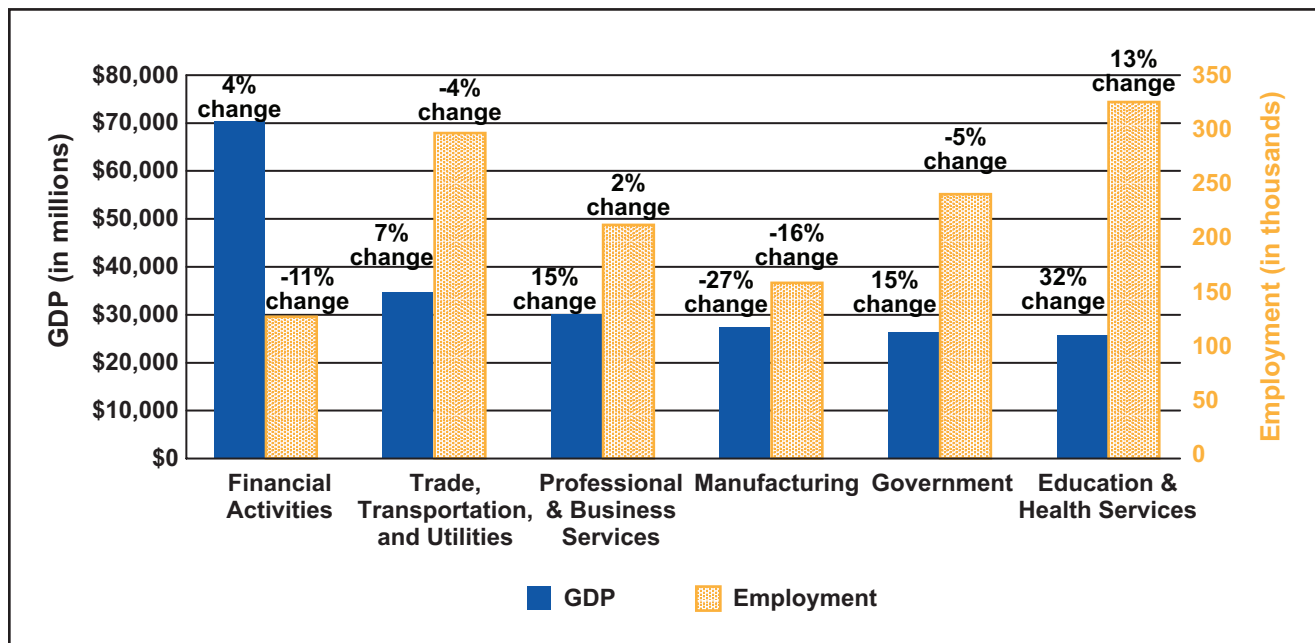
Since 2012, Connecticut's gross domestic product (GDP) has shown modest but positive growth. The largest industries, those whose GDP contribution is greater than \$25 billion, vary in their contributions to employment. The industries with large GDP contributions but low employment tend to pay higher wages to employees, while those with smaller GDP contributions but higher employment have more people to pay. ALICE workers tend to be concentrated in the latter industries in Connecticut (Prisloe, 2016).

The financial industry has long been the largest contributor to GDP in Connecticut, worth \$70 billion in 2014 or 28 percent of total GDP, twice as large as the next sector. But employment in the industry was 7 percent of the workforce, down 11 percent from 2007. The few ALICE workers in this field work primarily in administration support roles.

The largest contributor to employment, the Education & Health Services industry, employed 324 thousand people (or 17 percent of the workforce) in Connecticut in 2014, an increase of 13 percent since 2007. With predominantly service jobs, there are many ALICE occupations in this industry. Similarly, the Trade, Transportation, and Utilities industry makes a much larger contribution to employment than GDP, though its share of employment declined by 4 percent between 2007 and 2014 while GDP increased by 7 percent.

The biggest drop occurred in the Manufacturing industry: With the Great Recession and automation, its share of employment fell 16 percent between 2007 and 2014 and its share of GDP fell 27 percent. The industry accounted for 159,000 jobs (8 percent) and \$27 billion in GDP (11 percent) in 2014. Many manufacturing workers lost their jobs in the Great Recession, and while some have since been rehired, their wages are lower ALICE (Bureau of Labor Statistics (BLS), 2014).

**Figure 21.**  
**Employment and GDP, Percent Change, Connecticut, 2007 to 2014; Industries > \$25 billion**



Source: BLS, 2014, and U.S. Department of Commerce, Bureau of Economic Analysis, 2014

Two characteristics of the service-sector economy are that these jobs pay low wages and require workers to be physically on-site. In 2014, only three of the 20 most common service-sector jobs paid enough to support the Household Survival Budget, a minimum of \$35.39 per hour for a family of four (Figure 22). That's slightly better than in 2012, when none of the top jobs paid a median wage to support the budget. The most common occupation in Connecticut, retail sales, is well below the wage needed to make ends meet. The more than 54,000 retail salespeople make an average of \$10.91 per hour, or \$21,820 if full-time year round. These jobs fall short of meeting the family Household Survival Budget by almost \$49,000 per year, or more than two-thirds.

Most of these top 20 occupations are in the service sector. Not only do these jobs offer low-wages, but they can put financial stress on ALICE families, because they tend to be located in areas with high housing costs, and low-wage workers cannot afford to live near where they work. In addition, many of these jobs have unpredictable or nontraditional work schedules, making it harder to plan around public transportation and child care.

Figure 22.

### Top 20 Occupations by Employment and Wage, Connecticut, 2014

OCCUPATION	2014		Percent Change 2007-2014	
	NUMBER OF JOBS	MEDIAN HOURLY WAGE	NUMBER OF JOBS	MEDIAN HOURLY WAGE
Retail Salespersons	54,210	\$10.91	-3%	0%
Cashiers	38,800	\$9.75	-16%	7%
Registered Nurses	33,780	\$36.19	-3%	13%
Secretaries and Admin Assistants	31,990	\$18.74	28%	16%
General and Operations Managers	31,660	\$57.71	17%	16%
Office Clerks, General	30,350	\$16.40	-1%	16%
Food Prep, including Fast Food	29,290	\$9.41	56%	7%
Janitors and Cleaners	29,190	\$12.88	-7%	9%
Customer Service Representatives	28,350	\$17.96	-2%	4%
Waiters and Waitresses	26,330	\$9.20	-2%	7%
First-Line Supervisors of Admin workers	26,170	\$27.65	13%	33%
Laborers and Material Movers, Hand	22,720	\$13.51	11%	11%
Nursing Assistants	21,670	\$14.86	-10%	6%
Teacher Assistants	20,520	\$14.06	-23%	12%
Stock Clerks and Order Fillers	20,460	\$11.43	1%	3%
Personal Care Aides	19,960	\$11.89	*	
Bookkeeping and Auditing Clerks	19,140	\$20.54	-25%	12%
Elementary School Teachers	16,510	\$35.80	-16%	16%
First-Line Supervisors of Retail Sales	15,970	\$20.58	*	
Accountants and Auditors	15,020	\$34.45	-19%	14%

Source: Bureau of Labor Statistics, Occupational Employment Statistics (OES) Wage Survey – All Industries Combined, 2007 and 2014

\*New to top 20 list

# SHIFTING TOWARDS THE “GIG ECONOMY”

## NEW ECONOMY TERMS

**Gig** – also referred to as **contract** or **freelance** work – one-time project and compensation

**Contingent** – work arrangements without traditional employers or regular, full-time schedules

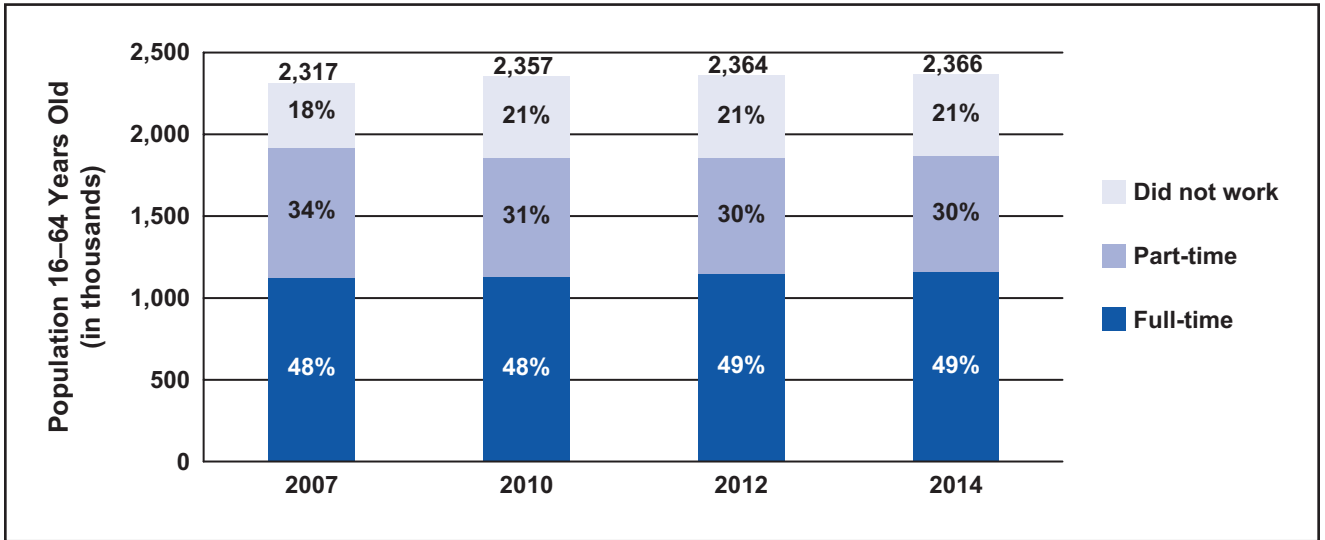
**On-demand** – also referred to as **on-call** – work with schedule variability according to customer activity

**Shadow economy** – also referred to as the **grey or underground**. Unreported activity and income from the production of legal goods and services.

The nature of work in Connecticut is changing dramatically, and these changes impact ALICE workers disproportionately. The most significant change is that low-wage jobs, especially those in the service sector, are increasingly shifting away from traditional full-time employment with benefits towards part-time, on-demand, or contingent employment with fluctuating hours and few benefits. At the same time, workers are replacing or supplementing their traditional jobs with a new gig-to-gig, project-to-project work life. Freelance and contingent (on-call) labor has more than doubled its share of the national labor force over the last 20 years, from 7 percent in 1993 to 15 percent in 2014, and is expected to grow to nearly 20 percent by 2020.

These positions may help ALICE households who need to fill short-term gaps in standard employment, and may provide more lucrative opportunities than exist in the traditional employment market. Companies have also come to value the new hiring model since it provides flexibility to scale up or down on demand, and often can be cheaper than hiring a part-time or full-time employee on staff when considering health insurance and other benefits (Wald, 2014). The non-traditional nature of this work is not captured in the American Community Survey, which only asks about number of weeks and hours worked, not number of jobs or quality of relationships with the employers. In fact, the American Community Survey statistics show a decline in part-time work and self-employment, whereas recent national surveys focusing on changes in the labor market report an increase in part-time work and self-employment (U.S. Census Bureau, 2014; American Community Survey, 2007, 2010, 2012, and 2014).

Figure 23.  
**Work Status, Connecticut, 2007 to 2014**



Source: American Community Survey, 2007-2014

Likewise, declining unemployment rates do not account for the changing numbers of underemployed workers – defined as those who are employed part time (either in the traditional or gig economy), those who have accepted a lower income than they had in the past, or those who have stopped looking for work but would like to work. For example, Connecticut’s unemployment rate was 6.6 percent in 2014, up from 4.5 percent in 2007. But the underemployment rate was more than 12 percent (Bureau of Labor Statistics (BLS), 2015; Bureau of Labor Statistics (BLS), 2014).

While information specific to Connecticut was not available, two national surveys provide greater insight on the growing prevalence of alternative work arrangements in primary and supplementary jobs. Nationally, the percentage of workers employed as temporary help agency workers, on-call workers, contract workers, independent contractors, or freelancers as their main job rose from 10.1 percent in 2005 to 15.8 percent in 2015, according to the RAND-Princeton Contingent Worker Survey (RPCWS).

By a broader measure, one-third of all workers in the U.S. have engaged in supplemental, temporary, or contract-based work in addition to their main job in the past 12 months, according to an independent survey by Freelancers Union and Elance-oDesk (Freelancers Union and Elance-oDesk, 2014; American Community Survey, 2007 and 2014). These findings are reinforced by IRS data showing a steady increase in nonemployee compensation (1099 form), as well as sole proprietorship business, and self-employment (Abraham, Haltiwanger, Sandusky, & Spletzer, 2016; Katz & Krueger, 2016; Freelancers Union & Elance-oDesk; Wald, 2014). Because low-wage jobs continue to dominate the employment landscape, income earned through alternative and supplemental employment is increasingly critical for many ALICE families that struggle to afford basic household expenses.

The characteristics and experiences of non-traditional, contingent workers differ from those of standard, full-time workers in a number of ways. The U.S. Government Accountability Office’s report on the contingent workforce found that core contingent workers are less likely to have a high school degree and more likely to have low family income. They are more likely to experience job instability, have worker-safety issues, and feel less satisfied with their benefits and employment arrangements than standard full-time workers. In addition, contingent work tends to yield lower earnings with fewer benefits (such as retirement plans and health insurance), which results in greater reliance on public assistance (U.S. Government Accountability Office (U.S. GAO), 2015).

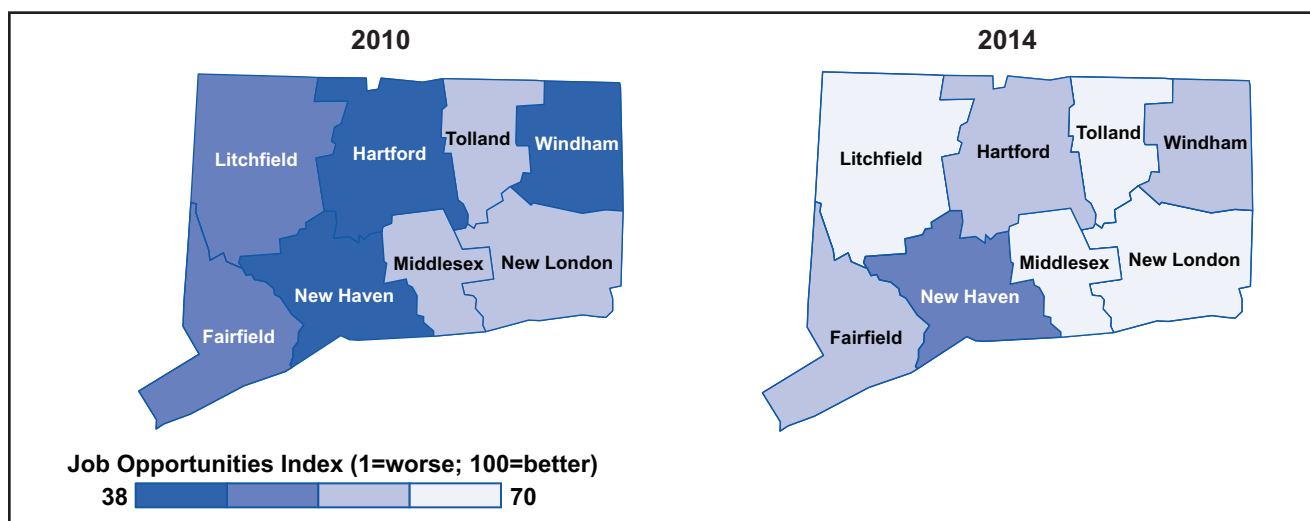


# CONNECTICUT'S ECONOMY AND LOCAL CONDITIONS

In addition to shifting labor market conditions, the financial stability of ALICE households depends on local conditions. The Economic Viability Dashboard is composed of three indices that evaluate the local economic conditions that matter most to ALICE households – the Housing Affordability Index, the Job Opportunities Index, and the Community Resources Index. Index scores range from 1 to 100, with higher scores reflecting better conditions. Each county's score is relative to other counties in Connecticut and compared to prior years. A score of 100 does not necessarily mean that conditions are very good; it means that they are better than in other counties in the state. These indices are used only for comparison within the state, not for comparison to other states.

Updates to the Economic Viability Dashboard indicate that improvement emerging in 2012 has continued to 2014, but conditions vary across the state. The most striking change in the Economic Viability Dashboard was in job opportunities (Figure 24). As job opportunities scores improved from 2010 to 2014, counties shift from darker blues (lower scores) to lighter blues (higher scores).

Figure 24.  
Job Opportunities Index, Connecticut, 2010 to 2014



Though job opportunities declined in every region of Connecticut during the Great Recession, all counties experienced improvement in job opportunities since 2010, and Windham County saw the greatest gain of 55 percent. These gains were universal across cities and rural counties. Still, it remained difficult to find job opportunities in locations that also had affordable housing.

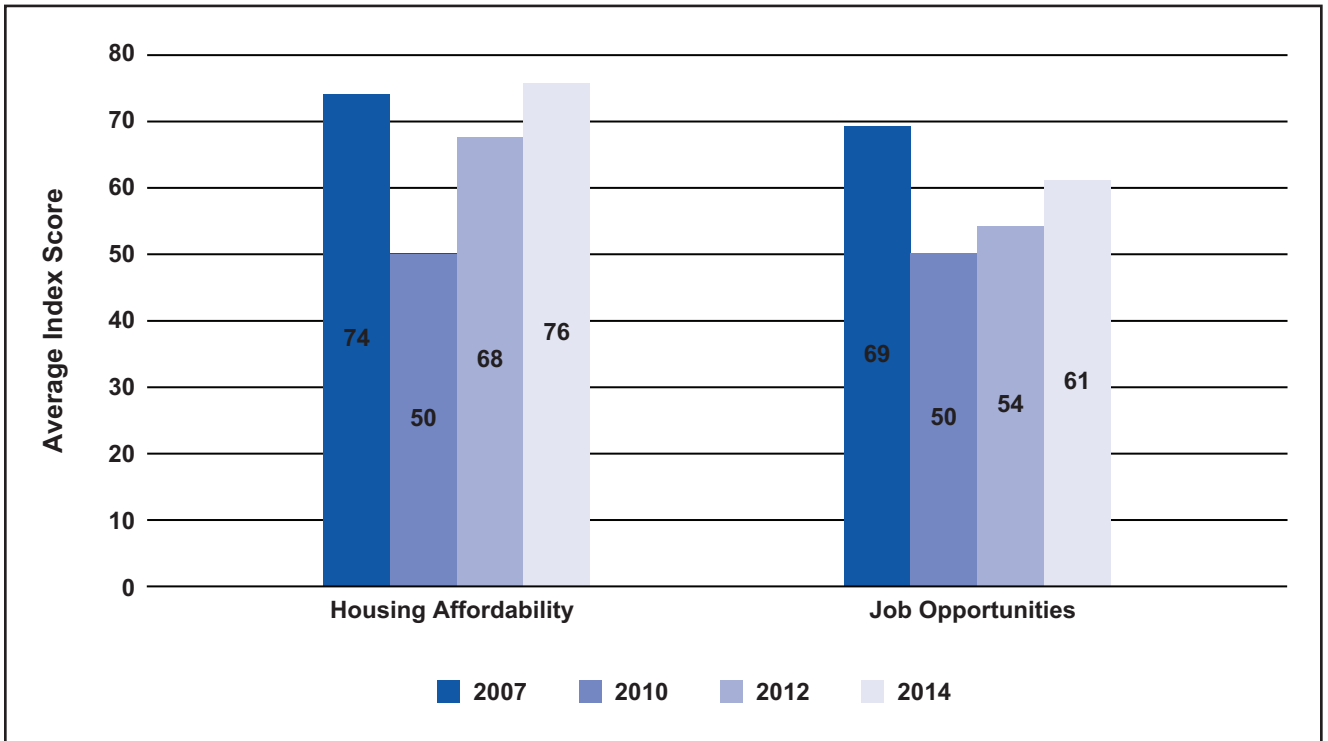
The change in statewide Dashboard scores from 2007 to 2014 provides a picture of the Great Recession and the recovery in Connecticut (Figure 25). Between 2007 and 2010, scores for housing affordability plummeted 33 percent and job opportunities fell by 28 percent. But in the four years since the recession ended in 2010, housing affordability improved by 52 percent, and job opportunities increased by 22 percent. While housing affordability is slightly better in 2014 than in 2007, job opportunities have not returned to 2007 levels, despite steady improvement since 2010.

On average, housing affordability improved steadily from 2010 to 2014. That was partly due to a decrease in the number of ALICE renters in some areas, which reduced pressure on the rental stock. But there was great variation among counties. Overall affordability declined in five counties from 2007 to 2014. Middlesex County had the largest drop, falling by 36 percent from 2007 to 2014. Connecticut would still need to add more than 90,000 lower-cost rental and owner units to meet the demand of all renters and owners below the ALICE Threshold, and this may be a low estimate of those in need of low-cost housing. This figure assumes that all ALICE and poverty households are currently living in units they can afford, but the number of households that are housing burdened reveals that this is often not the case in Connecticut. In fact half (54 percent) of renters and 31 percent of owners pay more than 30 percent of their income on housing.

For the third Index, Community Resources, detailed data was not available for all counties in all years so is not included. The detailed index results can be found in the Exhibit section of this Report.

Figure 25.

## Economic Viability Dashboard, Connecticut, 2007 to 2014



Source: American Community Survey; Bureau of Labor Statistics (BLS); U.S. Department of Housing and Urban Development (HUD); U.S. Election Assistance Commission; 2007-2014

# ECONOMIC VIABILITY DASHBOARD

## The Housing Affordability Index

**Key Indicators: Affordable Housing Gap + Housing Burden + Real Estate Taxes**

The more affordable a county, the easier it is for a household to be financially stable. The three key indicators for the Housing Affordability Index are the affordable housing gap, the housing burden, and real estate taxes.

## The Job Opportunities Index

**Key Indicators: Income Distribution + Unemployment Rate + New Hire**

The more job opportunities there are in a county, the more likely a household is to be financially stable. The three key indicators for the Job Opportunities Index are income distribution as measured by the share of income for the lowest two quintiles, the unemployment rate, and the average wage for new hires.

# V. WHAT CHALLENGES LIE AHEAD?

While ALICE families differ in their composition, challenges, and magnitude of need, there are three broad trends that will impact the conditions these households face in the next decade as well as the opportunities that may exist to change their financial status. These are:

1. **Population Changes – Migration and an Aging Population**
2. **Jobs and Technology**
3. **Education and Income Gap**

## POPULATION CHANGES

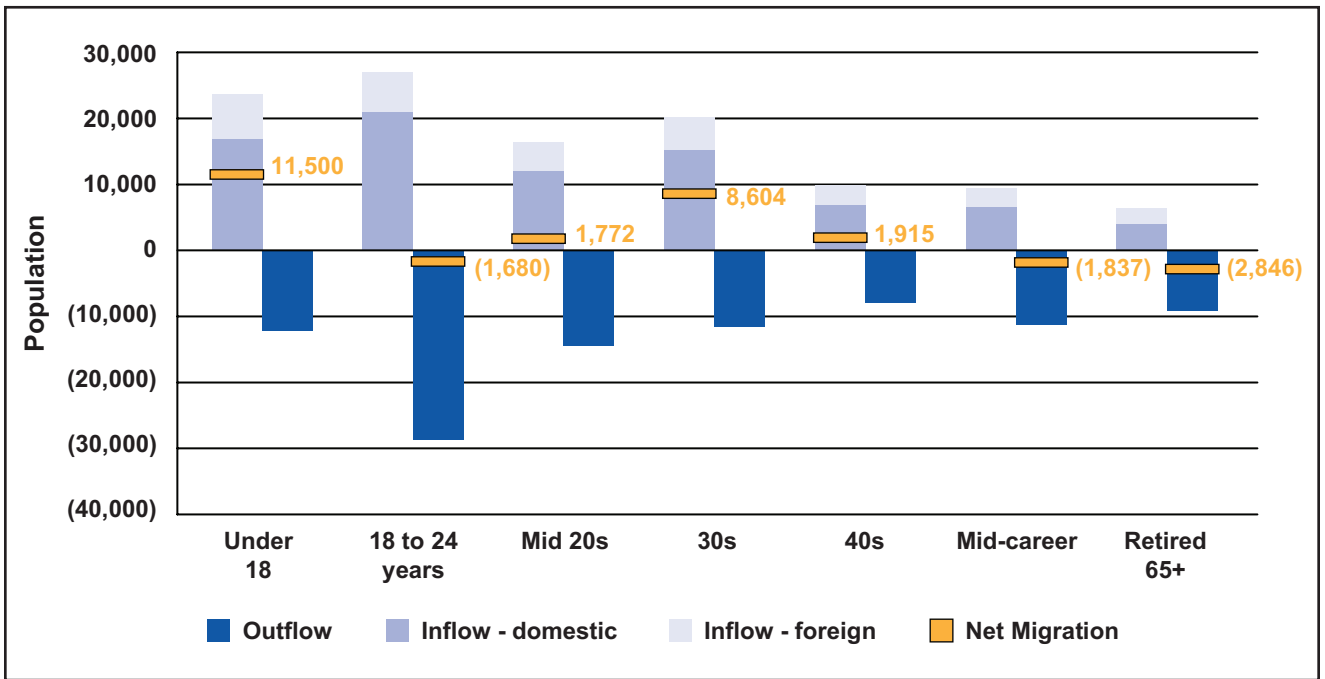
Connecticut is undergoing a population change similar to what is happening across the country. With the nation's seventh oldest population – a median age of 40.5 in 2014 – Connecticut saw its older residents begin to retire during and immediately after the Great Recession, with some of them moving to other states. At the same time, there is increased movement by people of all ages; more than 100,000 people moved in and out of state between 2007 and 2014. As births outpaced deaths, overall there was a net population increase of more than 10,000 a year. These population flows present opportunities and challenges for ALICE (American Community Survey, 2007, 2010, 2012, and 2014; U.S. Census Bureau, 2010, 2015).

Migration has increased since 2010, and when broken down by age group, migration trends provide insight to the changing landscape across the state (Figure 26). The largest movement of people into and out of Connecticut in 2014 was by 20- to 24-year-olds. Between 2013 and 2014, more than 27,000 people ages 18 to 24 moved to Connecticut. Almost 10,000 of these were students going to the University of Connecticut at Storrs, Yale University in New Haven, and other colleges with sizable out-of-state student bodies. At the same time, nearly 29,000 18- to 24-year-olds (including 15,000 students) moved out of the state in 2014 for a net outmigration of almost 1,700 (American Community Survey, 2007, 2010, 2012, and 2014; National Center for Education Statistics, 2012). While students typically have little income, they contribute to the local economy by paying tuition, and as they graduate, they're more likely to be higher wage earners. Connecticut has a dual challenge, attracting back the Connecticut residents who leave the state for college and finding productive employment for the large number of youth who are not enrolled in college.

The next largest movement of people was among those under age 18 years old. With a decline in the natural birth rate through 2015, migration is the one variable that will impact the number of young people in the state. Between 2013 and 2014, 24,000 children and teens moved to Connecticut; of those, 28 percent came from outside the U.S. As minors, most came with their families, fueling inflows of 20-, 30-, and 40-somethings as well (Batt, 2016).

Population movement slowed significantly for residents 40 years and older. According to a 2014 Gallup poll, 49 percent of Connecticut residents responded that if they had the opportunity, they would like to move to another state; however, only 16 percent said it was likely that they would move. The poll found that several other states in the region had rates of 40 percent or higher for those who would leave their states. The number one reason that Connecticut residents said they wanted to move was work/business related (21 percent), while 12 percent said it was quality of life, and 12 percent cited cost of living. As in most other states, population movement slows significantly with age. In Connecticut, for those in their 40s, there was a small positive net inflow, for those in their 50s, there was a negative outflow of 1,800, and for those 65 years and older, there was a negative outflow of 2,800 in 2014 (American Community Survey, 2007, 2010, 2012, and 2014; Saad, 2014).

Figure 26.  
**Population Inflows and Outflows, Connecticut, 2014**



Source: American Community Survey, 2014

## Implications for the Community

When unemployment rates are low, a large college-age population is a potential engine for a state’s future economic growth. Connecticut’s challenge is to have job opportunities and affordable living available to these young residents. Debt for unemployed or underemployed college graduates can cause them to become ALICE. Connecticut’s college loan default rate was 8.6 percent, slightly lower than the national rate of 11.8 percent in 2012. With a large student loan payment or a default on their records, young adults are less able to buy a home and start a family. This is reflected in the decline in the number of households headed by someone under 25 years old in Connecticut, and in the high rate of poverty and ALICE among young people living alone.

On a national level, the number of new homes being built is an important economic indicator, because it has extensive spillover benefits for other sectors of the economy, such as retail, manufacturing, and utilities. With fewer young people choosing to strike out on their own, not only has the housing construction sector suffered, but there has also been a reduction in furniture and appliance manufacturing (Keely, van Ark, Levanon, & Burbank, May 2012; American Community Survey, 2007, 2010, 2012, and 2014; U.S. Department of Education, 2012).

## Foreign-born Residents

International migration plays an increasing role in Connecticut’s racial and ethnic composition. The foreign-born population represented close to 14 percent of the state total in 2014, up from 11 percent in 2000. The light blue portion of the inflow bars in Figure 26 represents the number of people moving to Connecticut from outside the U.S. Almost 492,000 foreign-born residents live in Connecticut, with many settling in Fairfield and Hartford counties, according to 2014 U.S. Census estimates. Almost half have become citizens, about 4 percent are undocumented, and the rest are legal permanent residents. The 2014 immigrant population in Connecticut came mostly from Latin America (42 percent), and Europe and Asia (25 percent each), but they also hail from Africa and the Middle East (American Immigration Council, 2015).

Immigrants vary widely in language, education, age, and skills – as well as in their financial stability. Among adults ages 25 and older, the proportion of the foreign-born population with a graduate or professional degree almost equals that of the native-born population (16 percent for immigrants vs. 17 percent for the native-born). As a result, there are many well-educated and financially successful immigrants in Connecticut. However, 21 percent of Connecticut’s foreign-born population has less than a high school education, compared to 8 percent of the native population. Low levels of education, minimal English proficiency, and a lack of access to support services for the undocumented, make many immigrants more likely to be unemployed or in struggling ALICE households.

As both workers and entrepreneurs, immigrants are an important source of economic growth in Connecticut, making up 17 percent of the state’s workforce (298,000 workers) in 2014, according to the U.S. Census Bureau. Across the state there were close to 38,000 Latino- and Asian-owned businesses, which had combined sales receipts totaling \$7.8 billion in 2012, and employed more than 41,000 people, according to the U.S. Census Bureau’s survey of business owners. As consumers, the state’s Asians and Latinos had a combined purchasing power of about \$22 billion in 2014 (Migration Policy Institute, 2014; U.S. Census Bureau, 2012).

## Implications for the Community

Undocumented workers are important to Connecticut’s economy and tax base. In 2012, undocumented immigrants paid \$137 million in sales, income, and property taxes in Connecticut, according to the Institute for Taxation and Economic Policy. The Perryman Group found that if all unauthorized immigrants were removed from the state, Connecticut would lose \$5.6 million in economic activity, \$2.5 billion in gross state product, and approximately 24,000 jobs (Perryman Group, 2008; Gardner, et al, 2015).

Undocumented workers are often underpaid and are among the most vulnerable to living in poverty and ALICE households.

The availability of low-skilled immigrant workers, such as child care providers and housecleaners, has enabled higher-income American women to work more and to pursue careers while having children (Furman & Gray, 2012). Both job opportunities and wages need to be sufficient in order to continue to attract these workers and prevent them from being ALICE.

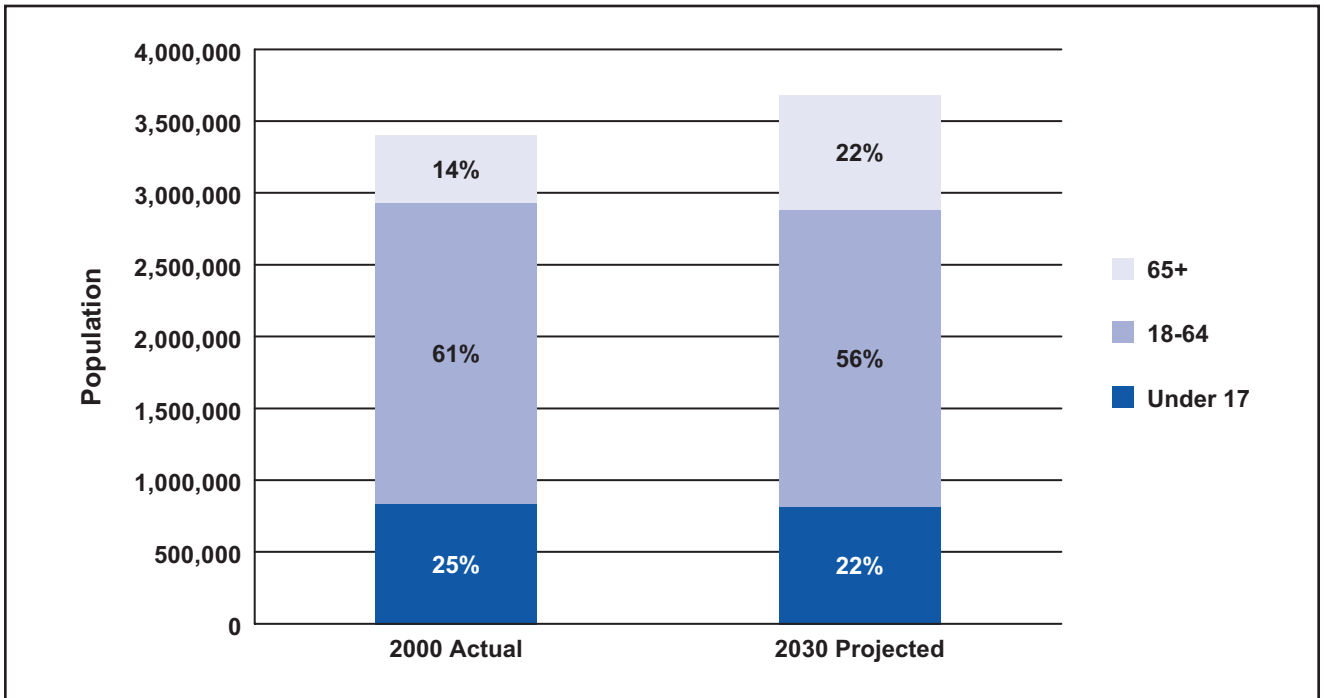
## An Aging Population

By 2030, when all baby boomers are 65 or older, the senior share of the population is projected to increase in nearly every country in the world. Because this shift will tend to lower both labor force participation and savings rates, there are well-founded concerns about a potential slowing in future economic growth (Bloom, Canning, & Fink, 2011).

Connecticut’s elderly population is projected to grow from 14 percent in 2010 to 22 percent by 2030, an increase of 8 percent (Figure 27). Over the next 30 years, the elderly are expected to grow by more than the total population, making up for population losses in several other age groups. More recent estimates by the Connecticut State Data Center predict the senior population to grow by more than a third between 2015 and 2025, while those of college age and younger will decline by between 5 and 6 percent (Batt, 2016; Connecticut State Data Center, 2012; U.S. Census Bureau, 2010, 2015).

Figure 27.

## Population Projections by Age, Connecticut, 2000 to 2030



Source: U.S. Census, 2005

This demographic shift has implications for the financial stability of households as well as for the economic stability of the state, as 200,000 residents of Connecticut will age into retirement over the next decade. In Connecticut, and nationally, these trends will likely produce increases in the number of ALICE households. In general, retirement plan participation has continued to decrease since the Great Recession for families in the bottom half of the income distribution. Participation rebounded slightly from 2010 to 2014, but only for upper-middle income families, and it did not return to the level observed in 2007 (Bricker, et al., 2014).

Compared to the rest of the U.S., Connecticut residents are doing well planning for retirement, with 58 percent of workers participating in an employer-sponsored retirement plan, ranking 5th nationally (The Pew Charitable Trusts, 2016). Those working part-time fare less well, with only 36 percent of part-time workers in the Hartford-West Hartford-East Hartford metropolitan area having access to a retirement plan, compared to 66 percent of full-time workers (The Pew Charitable Trusts, May 2016). However, many of those on the brink of retirement are finding that they cannot afford to fully leave the workforce.

Some 90,000 Connecticut seniors, or about 18 percent of all those age 65 and older, were working at the start of the decade (U.S. Census Bureau American Community Survey Public Use Microdata Sample 2009-11). Of working seniors, 43 percent worked 40 hours or more each week, while 35 percent worked between 20 and 39 hours. Data from multiple surveys suggests that at least half of people nearing 65 plan to continue working beyond retirement age (AARP, 2012; Bricker, et al., 2014).

More of the ALICE seniors will be women because they are likely to live longer than their generation of men and have fewer resources on which to draw. Generally, women have worked less and earned less than men, and therefore have lower or no pensions and lower Social Security retirement benefits. Since women live longer than men, they are more likely to be single and depend on one income at older ages. Nationally in 2012, only 46 percent of women aged 65 and older were married, compared to 73 percent of men (Waid, 2013; Hounsell, 2008; American Community Survey, 2007, 2010, 2012, and 2014; Brown, Rhee, Saad-Lessler, & Oakley, March 2016).

## Implications for the Community

The aging of the population in Connecticut presents new challenges. First, there will be greater pressure on the state's infrastructure, especially the housing market for smaller, affordable rental units. These units need to be near family, health care, and other services. Likewise, transportation services need to be expanded for older adults who cannot drive, especially those in rural areas. Unless changes are made to Connecticut's housing stock, the current shortage will increase, pushing up prices for low-cost units and making it harder for ALICE households of all ages to find and afford basic housing. In addition, homeowners trying to downsize may have difficulty selling their homes at the prices they had estimated in better times, a source of income they were relying on to support their retirement plans (U.S. Department of Transportation, 2015). As a result of the financial hardships of home ownership for seniors, increasing numbers are actually living together, in rented and owned homes, to maintain independence while minimizing the economic burden (Abrahms, 2013).

The aging population will increase demand for geriatric health services, including assisted living and nursing facilities and home health care. In addition to the traditional increase in physical health problems, seniors often face mental health issues. In Connecticut, however, the rate is lower than many states. In 2014, 6.7 percent of Connecticut seniors reported frequent mental distress, meaning they suffered from poor mental health for at least 14 of the previous 30 days, well below the national average of 12.8 percent. Seniors reporting mental distress are also more likely to report poor or fair physical health (Substance Abuse and Mental Health Services Administration in partnership with the U.S. Administration on Aging, 2012; United Health Foundation, 2016).

Without sufficient savings, many families will not be able to afford the health care they need. A collaborative project of AARP, the Commonwealth Fund, and The SCAN Foundation suggests that the state has challenges, but is better prepared to support seniors than most states. "The Longterm Scorecard" project ranks Connecticut 12th among all states in its long-term support and services for older adults on a scale including affordability, access, and quality of life. However, the cost of a private nursing home was almost four times the median income for a senior household in 2013, and there's inadequate assistance to fill the gap between financial resources and financial need (Reinhard, Kassner, Houser, Ujvari, Mollica, & Hendrickson, 2014).

Shifting demographics also have implications for caring for the growing number of seniors. The Caregiver Support Ratio, the number of potential caregivers aged 45 to 64 for each person aged 80 and older, was 6.3 in 2010, and is projected to fall to 3.9 by 2030, and then to 2.8 in 2050. In fact, The Longterm Scorecard ranked Connecticut 30th in its support for family caregivers (Reinhard, Kassner, Houser, Ujvari, Mollica, & Hendrickson, 2014; AARP Public Policy Institute, 2015; Redfoot, Feinberg, & Houser, 2013).

A number of additional consequences are emerging, ranging from job implications to elder abuse. With the increased demand for caregivers, there is a growing need for more paid home health aides, who are themselves likely to be ALICE. Personal care aides, the fastest growing occupation in Connecticut, are paid \$12.05 per hour, and require reliable transportation, which can consume a significant portion of the worker's wage. These jobs do not require much training and are not well regulated, yet they involve substantial responsibility for the health of vulnerable clients. Similarly, home health aides, who have slightly more health training, are growing quickly and their pay ranges from \$12.89 per hour in New Haven to \$16.90 in Danielson. Together these factors may lead to poor quality caregiving. There are significant downsides to poor quality caregiving, including abuse and neglect – physical, mental and financial – an issue that is on the rise in Connecticut and across the country (Pilipaitis, 2014; Villers, 2014; MetLife Mature Market Institute, June 2011; U.S. Bureau of Justice Statistics, 2015).

## JOBS AND TECHNOLOGY

The technology sector is an important one in Connecticut, employing 68,000 people (5 percent of the workforce) in 2014, and ranking 8th nationally in the State New Economy Index. Yet technology is also changing the nature of work in most sectors and will likely have a large impact on the future of both low-wage and high-wage jobs across industries (CBRE Research, 2015; Commission on Connecticut's Future, 2014; Information Technology & Innovation Foundation, 2014). While technology has been changing jobs for centuries

as businesses weigh the costs of capital versus wages, the latest wave comes as technology has decreased the costs of the automation of manufacturing and many services. Wendy's, for example, recently announced plans to replace front-line staff with computer kiosks. Figure 28 shows the likelihood that Connecticut's top 20 occupations will be replaced by technology over the next two decades. While some of the changes are likely to be positive and offer new opportunities, there are many new risks associated that will negatively impact ALICE workers (Frey & Osborne, September 2013).

**New jobs:** Technology has created new opportunities in types of jobs as well as the availability of jobs. Most commonly, technology is changing the scope of jobs. For example, at Vanguard Plastics in Connecticut many tasks have been replaced by a machine called Baxter; workers now spend less time on menial tasks and more time overseeing Baxter and moving him to the next task. Technology is also creating new services, and has ushered in a "gig" economy, creating new jobs such as TaskRabbit workers and Uber drivers. Gig positions may help ALICE households fill short-term gaps in standard employment and may be more lucrative than jobs in the traditional employment market (Knight, 2012; Wald, 2014).

**Transaction Costs:** Changes in the job market, even when higher paying jobs are created, have transaction costs, most severely for those who are unqualified for the new jobs, but also for those who incur costs associated with moving and retraining. Transaction costs will affect millions of U.S. workers, as more than 60 percent of jobs have a higher than 50 percent chance of being replaced by technology by 2020. Low-wage workers, especially those with lower levels of education, are among those most at-risk of not benefiting from new technology-based jobs. For example, a hard-working cashier does not necessarily have the skills to repair digital checkout kiosks. The jobs that remain will be service jobs that cannot be automated and are often low paying, such as health aides, janitors, sales representatives and movers (Brynjolfsson & McAfee, 2014; Frey & Osborne, September 2013).

**Risks to job security:** A contingent workforce provides flexibility for companies to scale up or down on demand, subjecting workers to unexpected gains or losses in work hours, making it difficult for ALICE households to pay bills regularly or to make long-term financial plans, especially qualifying for a mortgage. In the gig economy, there are no benefits, such as health insurance and retirement plans. This increases costs to ALICE families and makes them more vulnerable should they have a health crisis or have to retire early. In addition, unpredictable wages can put employer or government benefits that are tied to work hours in jeopardy, including paid and unpaid time off, health insurance, unemployment insurance, public assistance, and work supports. For example, low-wage workers are 2.5 times more likely to be out of work than other workers, but only half as likely to receive unemployment insurance (Garfield, Damico, Stephens, & Rouhani, 2015; Watson, Frohlich, & Johnston, 2014; U.S. Government Accountability Office (U.S. GAO), 2007).

**Fewer standard workplace protections:** Independent contractors lack other standard workplace protections. Namely, they do not have recourse under the Fair Labor Standards Act (FLSA), which mandates that eligible workers be compensated for hours worked in excess of 40 per workweek, or the Family and Medical Leave Act (FMLA), which entitles eligible workers to unpaid, job-protected leave depending on their work history with a company. Without workforce protections, ALICE workers are vulnerable to exploitation, legal bills, and poor working conditions (Donovan, Bradley, & Shimabukuro, 2016).

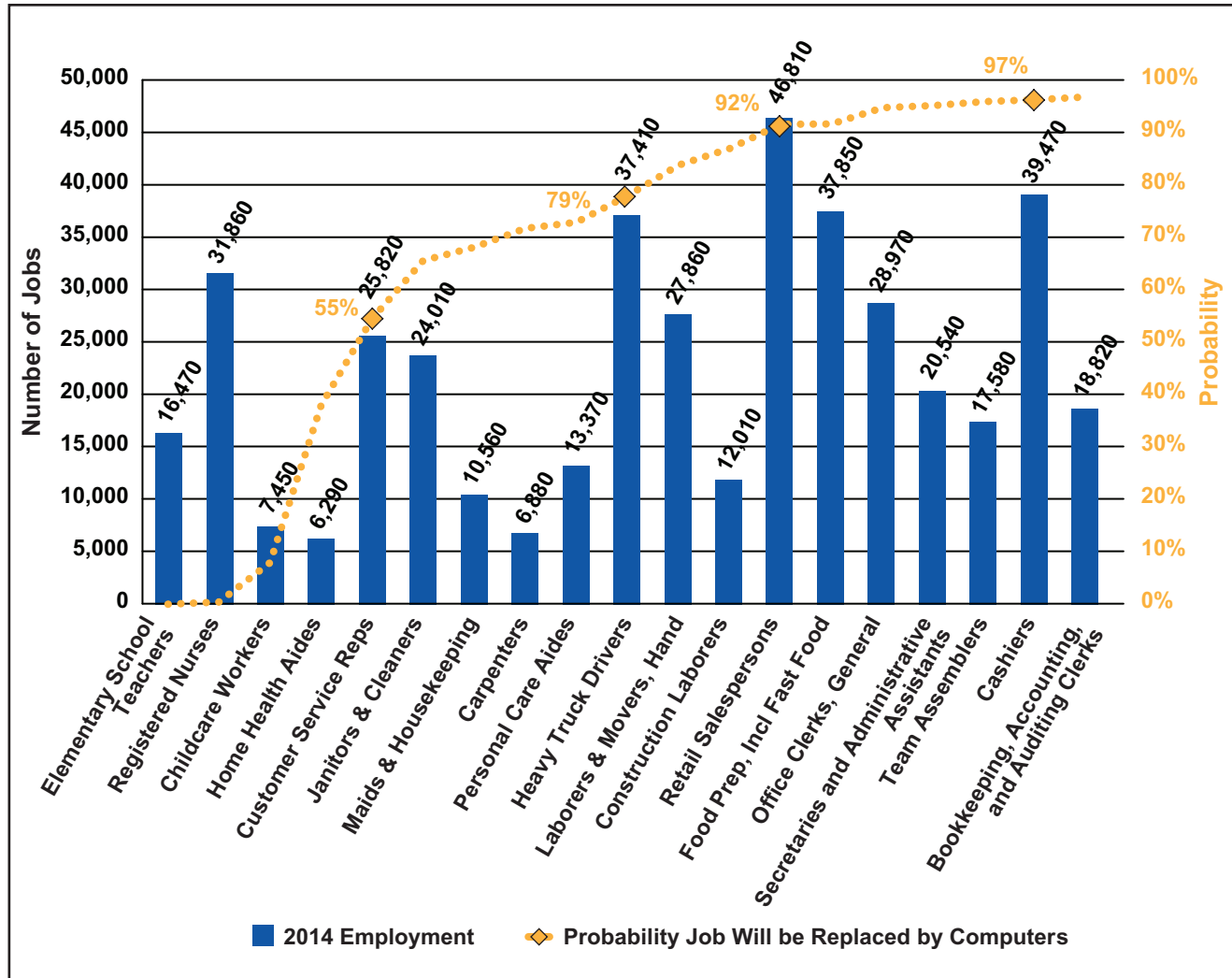
**The impact of technology on education:** Technology – and increasingly affordable technology – will enable more online education options and could change the recent trajectory of poor returns on education. Colleges are embracing online courses for matriculated students and Massive Open Online Courses (MOOCs) for the wider community. These can lower the cost of education and enable many more avenues to gain and update skills. However, they are still new, are not regulated, and range in quality. To date, there is little evidence that they increase access to jobs, but there are already many cases involving fraudulent educational credentials and money-making education schemes (Cohen, 2015; West, 2015).



The current employment outlook, especially the increase in low-wage jobs, suggests that the number of ALICE households will increase. Technology innovation has the potential to change opportunities for ALICE workers. But the timing and the extent of technology changes depend on a host of economic factors. The extent that ALICE workers can benefit may depend on their access to jobs with “upskilling” opportunities – increasing skill requirements within occupations, a growing trend in Connecticut and across the country (Flaherty, 2015; WhiteHouse.gov, 2015; Cappelli, 2015).

Figure 28.

### Employment by Occupation and Impact of Technology, Connecticut, 2014



Source: BLS, OES wages, 2014, and Frey and Osborne, 2013.

# EDUCATION AND INCOME GAP

There are many compounding factors to being ALICE or in poverty. Being a person of color, being an unauthorized or unskilled recent immigrant, or being language-isolated make a household more likely to be ALICE. Likewise, having a household headed by a female, having a low level of education, or living with a disability predispose a household to being ALICE. Groups with more than one of these factors – younger combat veterans or ex-offenders, for example, who may have both a disability and a low level of education – are even more likely to fall below the ALICE Threshold. While awareness of these challenges has increased, along with some economic recovery, these risk factors persist in Connecticut, especially for people of color.

## The Education Gap

There are some signs of improvement in the education gap among racial and ethnic groups, suggesting that some structural changes are occurring in Connecticut. In K-12 education, the Education Equality Index (EEI) shows that the achievement gap – the disparity in educational measures between socioeconomic and racial or ethnic groups – narrowed slightly between 2011 and 2014 in Connecticut. The achievement gap for students from low-income families and families of color in Connecticut is larger than the national average. Connecticut posted some of the nation's largest gaps between low-income students and non-low-income students on National Assessment of Educational Progress (NAEP) tests for 4th and 8th grade math and reading tests. There are similar gaps for all race and ethnicities in Connecticut except Asians (Connecticut Council for Education Reform, 2011; Kara, 2016; Thomas, 2015).

Achievement gaps impact graduation rates and college performance. Among the Class of 2013, 64 percent of Black students and 59 percent of Hispanic students in the state went on to college within a year after graduating from high school, compared to 78 percent of White students. They also had lower 6-year college graduation rates: While 54 percent of White students got a college degree within 6 years, only 24 percent of Black students and 21 percent of Hispanic students did the same (Connecticut State Department of Education, 2015).

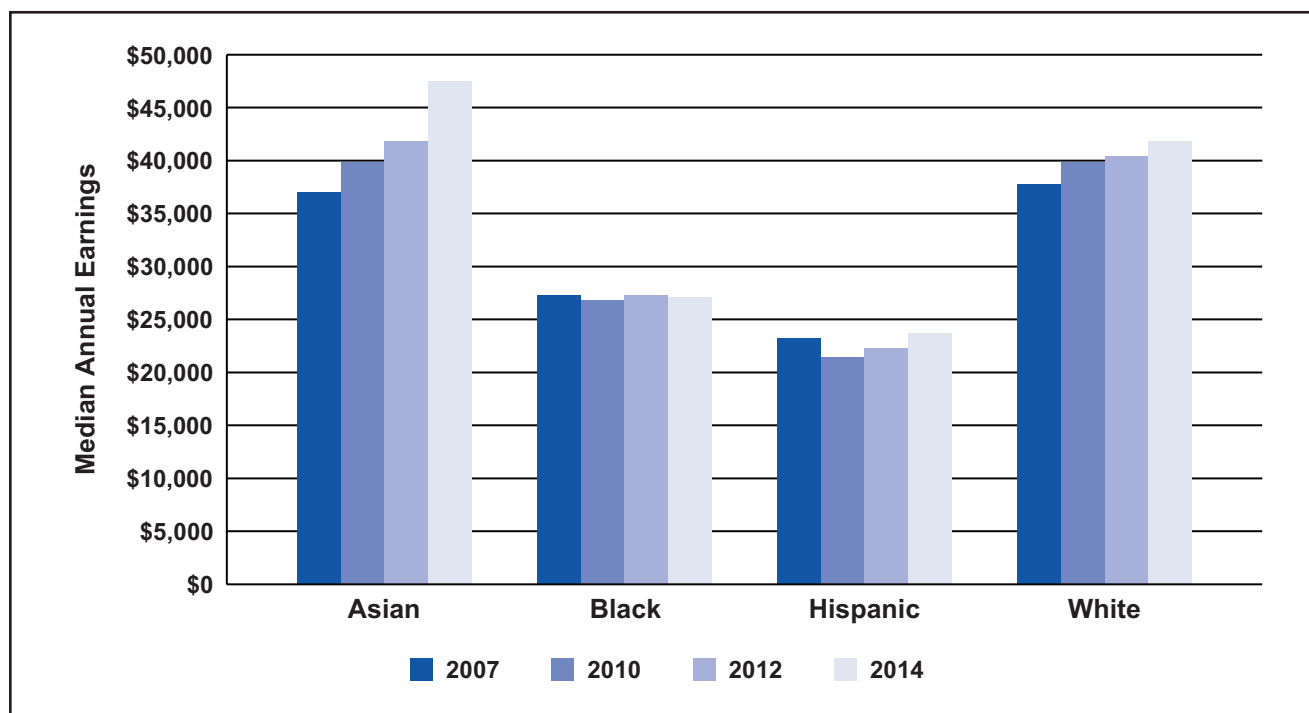
## Income Trends among Ethnic and Racial Groups

The differences between racial and ethnic groups are also apparent in earnings and employment. Blacks and Hispanics experienced a decline in earnings during the Great Recession, as noted in the drop from 2007 to 2010 in Figure 29. Neither White workers, nor Asians, experienced a loss in median earnings during the recession. Median earnings for Whites were 11 percent higher in 2014 than in 2007, while Asian earnings rose by 28 percent. Hispanic earnings rebounded and were 2 percent higher in 2014 than in 2007. Black earnings still have not recovered, though, and were 1 percent less in 2014 than in 2007. As a result of the uneven recovery, the differences in the median earnings among groups have become greater. The difference between the median earnings of Black and White workers increased from 38 percent in 2007 to 55 percent in 2014. Between Hispanic and White workers, the difference increased from 62 percent in 2007 to 86 percent in 2010 and then down to 76 percent in 2014. Asian workers earned 2 percent more than White workers in 2007, but 12 percent more in 2014 (American Community Survey, 2007, 2010, 2012, and 2014).

In addition to having lower earnings, Black and Hispanic households have substantially less wealth than White households, a gap that has been widening in recent years. Nationally (wealth data is not available at the state level), the median wealth of White households was 13 times the median wealth of Black households in 2013, compared with eight times the wealth in 2010, according to the Pew Research Center (Kochhar & Fry, 2014).

Figure 29.

### Median Earnings Asian, Black, Hispanic and White Workers, Connecticut, 2007 to 2014

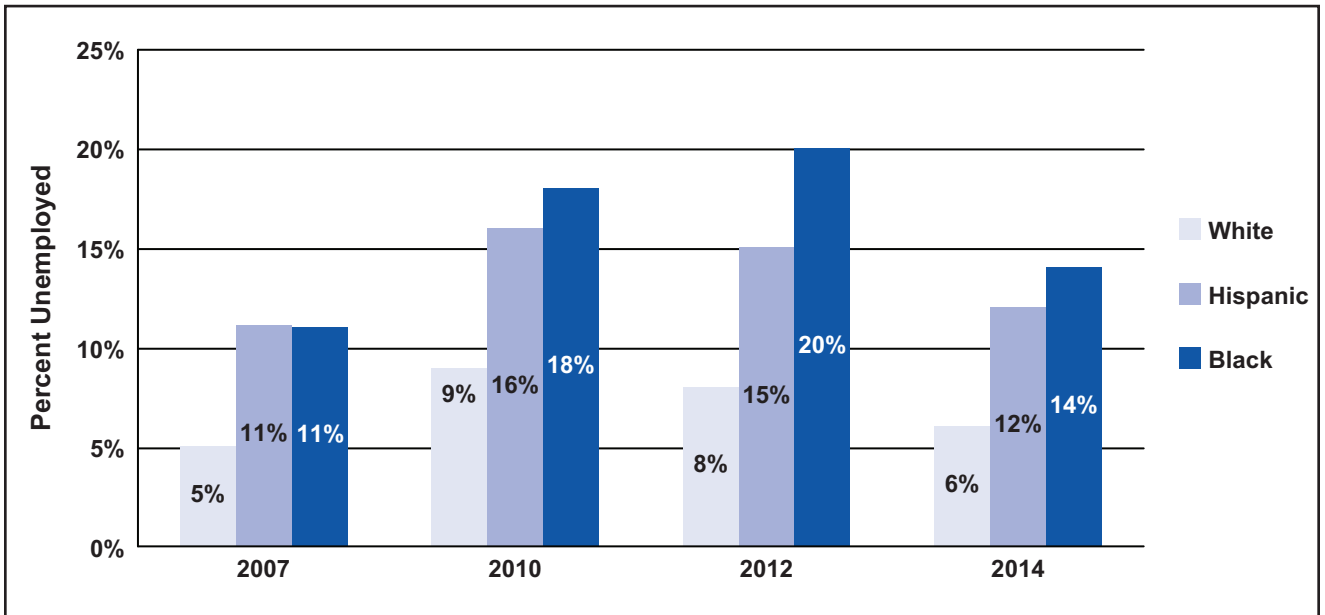


Source: American Community Survey, 2007-2014

Black workers also face higher rates of unemployment in Connecticut. Though all groups lost jobs through the Great Recession, Blacks had the highest rate of unemployment than any group between 2007 and 2014 – peaking at 20 percent in 2012, according to U.S. Census (Figure 30). The unemployment rate increased more for Blacks and Hispanics and has recovered at a slower rate than for Whites. By 2014, the unemployment rate for Whites was 6 percent compared to 5 percent in 2007. The Hispanic unemployment rate is double that of Whites at 12 percent and the unemployment rate for Blacks was 14 percent in 2014.

Figure 30.

## Unemployment for White, Black, and Hispanic Workers, Connecticut, 2007 to 2014



Source: American Community Survey, 2007-2014

## Implications for the Community

The importance of high-quality child care and public education remains a fundamental American value, but ALICE households are challenged to find quality, affordable education at all levels in Connecticut. With inadequate educational opportunities, the state economy loses talent and suffers from lower productivity from less-skilled workers. In order for Connecticut's economy to continue to grow and sustain an aging population, the state must also then continue to attract workers from other states and abroad. An education system that works for all residents would be an important draw.

Education is also important for communities; people with lower levels of education are often less engaged in their communities and less able to improve conditions for their families. Nationally, more than half of those without a high school diploma report not understanding political issues, while 89 percent of those with a bachelor's degree have at least some understanding of political issues. Similarly, having a college degree significantly increases the likelihood of volunteering, even controlling for other demographic characteristics (Baum, Ma, & Payea, 2013; Campbell, 2006; Mitra, 2011).

Ultimately, basic secondary education remains essential for any job. According to the Alliance for Excellent Education, if all students graduated from high school in Connecticut, their aggregate increased income would be \$86 million, and increased federal and state tax revenues would total \$29 million (Alliance for Excellent Education (AEE), 2013).

# CONCLUSION.

## IMPROVING LIFE FOR ALICE: SHORT-, MEDIUM-, AND LONG-TERM STRATEGIES

ALICE households remain vulnerable in Connecticut, even after recovery from the Great Recession is underway in many parts of the economy. Unemployment persists for some groups, and the total number of households with wage or salary income is 1 percent lower in 2014 than 2007. As a result, the percent of households in poverty has increased from 8 percent in 2007 to 11 percent in 2014; and the percent of ALICE households increased from 22 percent of households in 2007 to 27 percent in 2014.

Many younger workers struggle to find jobs that support independent living or repay college debt. Families with young children struggle to find childcare – and to afford it. Families who encounter an emergency – health, natural disaster, accident – have little or no savings to help them cope. And seniors, especially those who used their savings to weather unemployment or underemployment, are struggling to supplement their Social Security and regain stability above the ALICE Threshold.

This Report assesses Connecticut's economic conditions and their impact on ALICE households in each county for 2014. The report provides insight on the recent shifts and developing trends influencing Connecticut's economy at the municipality, county, state, and national levels so that policymakers and stakeholders in Connecticut can better understand financial hardship in the state.

ALICE households face an array of obstacles, including low-wage jobs, increased commuting costs due to jobs located far from affordable homes, a reduction in community resources, and limited savings. Some households become ALICE after an emergency, while others have been struggling near the poverty line since the Great Recession. As the **ALICE Income Assessment** shows, the \$12.6 billion spent by the government, nonprofits, and hospitals makes a difference for many poverty households and to a lesser extent, ALICE households, but it does not fill all basic needs. Effective solutions need to reflect this reality.

What will it take to make a difference for ALICE families and expand the options that they have? The **Economic Viability Dashboard** allows stakeholders to better identify where there is affordable housing for local wages, where there are job opportunities for ALICE households, and where there are gaps.

The United Way ALICE Report provides a set of strategies that can help poverty and ALICE families now and in the future by either increasing their income or reducing their expenses. Short-term strategies are those that help a family cope with an emergency and prevent spiraling into poverty. Long-term strategies are harder, but can help a family maintain financial stability and support their family over time. Depending on how far below the ALICE Threshold a family's income is, different strategies may be required. But all strategies play an important role; there is no one solution. Many stakeholders have a role, including friends and family, nonprofits, employers, and government. The strategies presented here are a starting point (Figure 31).

There are two basic changes that would make a great difference in Connecticut: Increase ALICE's income and reduce household expenses. This section reviews the short-term interventions that can help sustain ALICE households through an emergency, as well as medium-term strategies that can ease the hardship of those struggling to achieve economic stability in Connecticut. Finally, this section considers the long-term, large-scale economic and social changes that would significantly reduce the number of households living below the ALICE Threshold.

# IMPROVE JOB OPPORTUNITIES

An improvement in job opportunities, through either an increase in the wages of current low-paying jobs or an increase in the number of higher-paying jobs, would enable ALICE households to afford to live near their work, build assets, and become financially independent. The biggest impact on income opportunity would come through a substantial increase in the number of medium- and high-skilled jobs in both the public and private sectors in Connecticut. Such a shift would require an influx of new businesses and possibly new industries, as well as increased education and training.

Not only does the kind of job matter, but the kind of employer can make a big difference as well. Even within occupations, there is wide variation in wage level, job security, predictability of schedule, opportunities for advancement, and benefits. Strategies that attract employers who understand the importance of providing well-structured jobs would make a difference for ALICE households in Connecticut. New, gig-focused job opportunities may also help ALICE households who need to fill short-term gaps in standard employment and may provide more lucrative opportunities than exist in the traditional employment market. But the risks inherent in this kind of employment put additional burdens on ALICE families and create new challenges for community stakeholders.

To improve job opportunities, Connecticut's community stakeholders have three distinct challenges. The first is to make sure that current low-wage workers have the opportunity to improve both skills and wages as technology creates new jobs, so they will not be left behind without a job. The second is to ensure the value of service jobs, from teachers to health care workers, by recognizing them and rewarding them economically. And third, as the burden of economic risks, such as health insurance coverage or flexible hours, shift from companies to workers, there need to be appropriate safety measures in place.

# REDUCE HOUSEHOLD EXPENSES

Efforts that reduced the costs of basic household goods – housing, child care, food, transportation, and health care – would also enable ALICE families to better support themselves. Such structural changes will take the combined efforts of all community stakeholders. There is a role for families, nonprofits, employers, and government (Figure 31). The ALICE measures in this Report are tools to help policy makers, community leaders, and business leaders better understand the number and variety of households facing financial hardship and make changes to help ameliorate the barriers to financial stability.

Figure 31.

## Short-, Medium-, and Long-Term Strategies to Assist Households with Income below the ALICE Threshold

Strategies to Assist ALICE Families		
	SHORT-TERM	MEDIUM- AND LONG-TERM
<b>Friends and family</b>	<ul style="list-style-type: none"> <li>• Temporary housing</li> <li>• Meals and food</li> <li>• Rides to work and errands</li> <li>• Child care</li> <li>• Caregiving for ill/elderly relatives</li> <li>• Tool and trade sharing</li> </ul>	<ul style="list-style-type: none"> <li>• Loans</li> <li>• Access to good employers</li> </ul>
<b>Nonprofits</b>	<ul style="list-style-type: none"> <li>• Temporary housing</li> <li>• Food pantries</li> <li>• Utility assistance</li> <li>• Home repair</li> <li>• Tax preparation</li> <li>• Caregiver respite</li> <li>• Subsidized child care</li> <li>• Tool and trade sharing</li> <li>• Financial counseling, debt repair and credit building</li> </ul>	<ul style="list-style-type: none"> <li>• Loans and affordable financial products</li> <li>• Support to find good employers</li> <li>• Job training and educational assistance</li> </ul>
<b>Employers</b>	<ul style="list-style-type: none"> <li>• Paid days off</li> <li>• Transportation assistance</li> <li>• Flex-time</li> <li>• Telecommuting options</li> </ul>	<ul style="list-style-type: none"> <li>• Regular work schedules</li> <li>• Full-time opportunities</li> <li>• Higher wages</li> <li>• Benefits</li> <li>• HR resources for caregivers</li> <li>• On-site health services, wellness incentives</li> <li>• Career paths</li> <li>• Mentoring</li> </ul>
<b>Government</b>	<ul style="list-style-type: none"> <li>• Child care vouchers</li> <li>• Housing subsidies</li> <li>• Educational vouchers and charter school options</li> <li>• Social Security credit for caregivers</li> <li>• Tax credit for caregivers, workers, parents and students</li> <li>• Financial counseling, debt repair and credit building</li> </ul>	<ul style="list-style-type: none"> <li>• Quality, affordable housing, child care, education, health care, transportation, and financial products</li> <li>• Reduced student loan burden</li> <li>• Attract higher-skilled jobs</li> <li>• Strengthen infrastructure</li> <li>• Job training and educational assistance</li> </ul>

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# EXHIBITS

The following Exhibits present key data for better understanding ALICE households in Connecticut from a variety of geographic and demographic perspectives. Exhibit VIII describes an overview of the methodology used in the ALICE Reports.

**EXHIBIT I: COUNTY PAGES**

**EXHIBIT II: ALICE HOUSING DATA BY COUNTY**

**EXHIBIT III: ALICE THRESHOLD AND DEMOGRAPHICS, CONNECTICUT, 2014**

**EXHIBIT IV: KEY FACTS AND ALICE STATISTICS FOR CONNECTICUT LEGISLATIVE DISTRICTS**

**EXHIBIT V: THE ECONOMIC VIABILITY DASHBOARD**

**EXHIBIT VI: KEY FACTS AND ALICE STATISTICS FOR CONNECTICUT MUNICIPALITIES**

**EXHIBIT VII: ALICE HOUSEHOLDS BY INCOME, 2007 TO 2014**

**EXHIBIT VIII: METHODOLOGY OVERVIEW & RATIONALE**

# ALICE COUNTY PAGES

The following section presents a snapshot of ALICE in each of Connecticut's eight counties, including the number and percent of households by income, Economic Viability Dashboard scores, Household Survival Budget, key economic indicators, and data for each municipality in the county (where available).

Because state averages often smooth over local variation, these county pages are crucial to understanding the unique combination of demographic and economic circumstances in each county in Connecticut. Building on American Community Survey data, for counties with populations over 65,000, the data are 1-year estimates; for populations below 65,000, data are 5-year estimates (starting in 2014, there are no 3-year estimates).

# ALICE IN FAIRFIELD COUNTY

## 2014 Point-in-Time Data

**Population:** 945,438 | **Number of Households:** 338,421

**Median Household Income:** 85,925 (state average: 70,048)

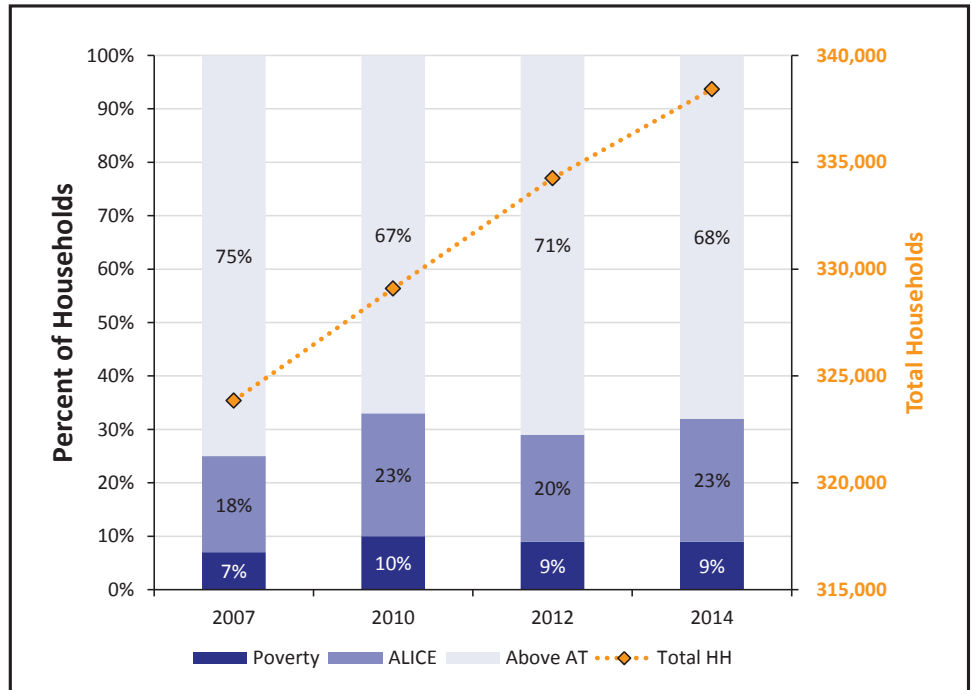
**Unemployment Rate:** 7.9% (state average: 7.9%; 2015 state average: 5.6%)

**ALICE Households:** 23% (state average: 27%); **Poverty Households:** 9% (state average: 11%)

## How many households are struggling?

**ALICE** is an acronym for **A**sset Limited, **I**ncome **C**onstrained, **E**mloyed – households that earn more than the U.S. 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, 2007-2014



## 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 U.S. poverty level of \$11,670 for a single adult and \$23,850 for a family of four, but less than the Household Survival Budget.

## Household Survival Budget, Fairfield County

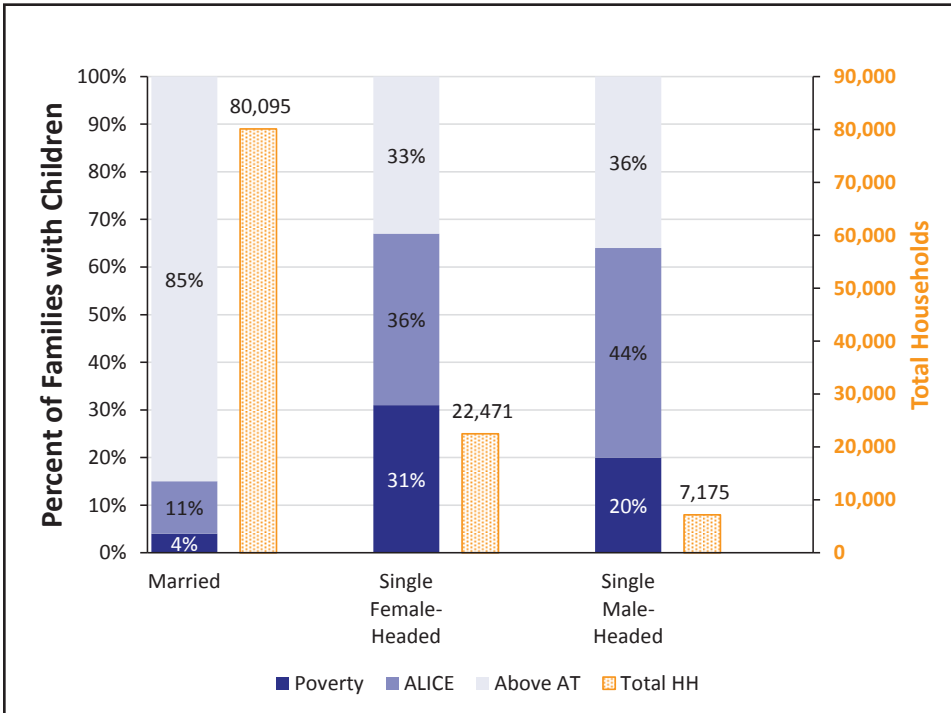
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
<b>Monthly Costs</b>		
Housing	\$1,022	\$1,576
Child Care	\$-	\$1,777
Food	\$202	\$612
Transportation	\$72	\$120
Health Care	\$143	\$573
Miscellaneous	\$170	\$540
Taxes	\$258	\$743
<b>Monthly Total</b>	<b>\$1,867</b>	<b>\$5,941</b>
<b>ANNUAL TOTAL</b>	<b>\$22,404</b>	<b>\$71,292</b>
<b>Hourly Wage</b>	<b>\$11.20</b>	<b>\$35.65</b>

Sources: 2014 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); State of Connecticut Department of Revenue Services; Connecticut 211Childcare.

## How many families with children are struggling?

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

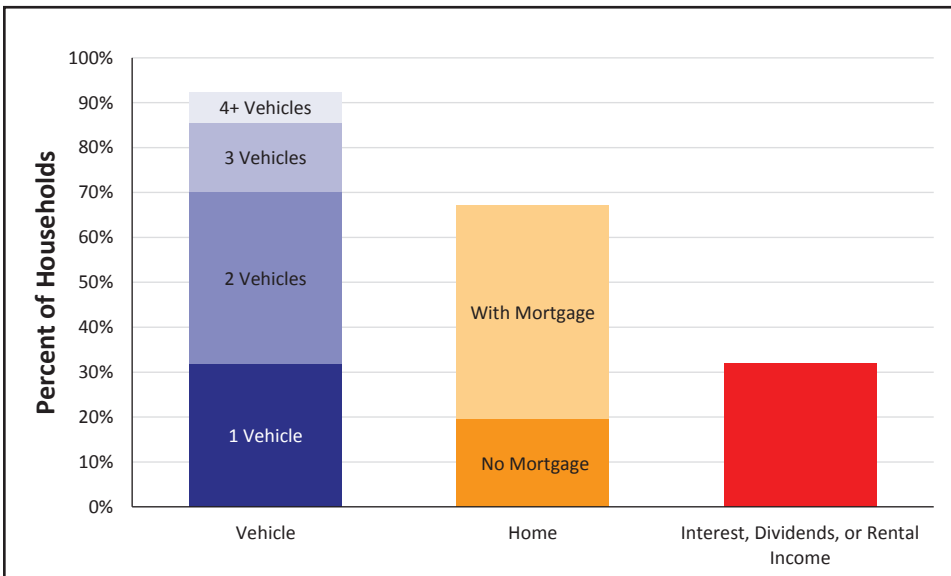
### Families with Children by Income, 2014



## What assets do households have?

Ownership of assets can contribute to stability of households. Yet, few families in Fairfield 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, 2014



Fairfield County, 2014		
Town	Total HH	% ALICE & Poverty
Bethel	7,071	30%
Bridgeport	50,034	63%
Brookfield	6,010	23%
Danbury	29,046	42%
Darien	6,556	16%
Easton	2,598	15%
Fairfield	20,194	21%
Greenwich	21,994	20%
Monroe	6,602	19%
New Canaan	6,833	14%
New Fairfield	4,815	19%
Newtown	9,624	21%
Norwalk	35,450	36%
Redding	3,548	19%
Ridgefield	8,801	17%
Shelton	15,186	27%
Sherman	1,381	14%
Stamford	46,418	35%
Stratford	20,330	39%
Trumbull	12,205	21%
Weston	3,285	11%
Westport	9,558	16%
Wilton	5,963	12%

*Note: Municipal-level data on this page is for Places and County Sub-divisions, 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 HARTFORD COUNTY

## 2014 Point-in-Time Data

**Population:** 897,985 | **Number of Households:** 346,525

**Median Household Income:** 65,894 (state average: 70,048)

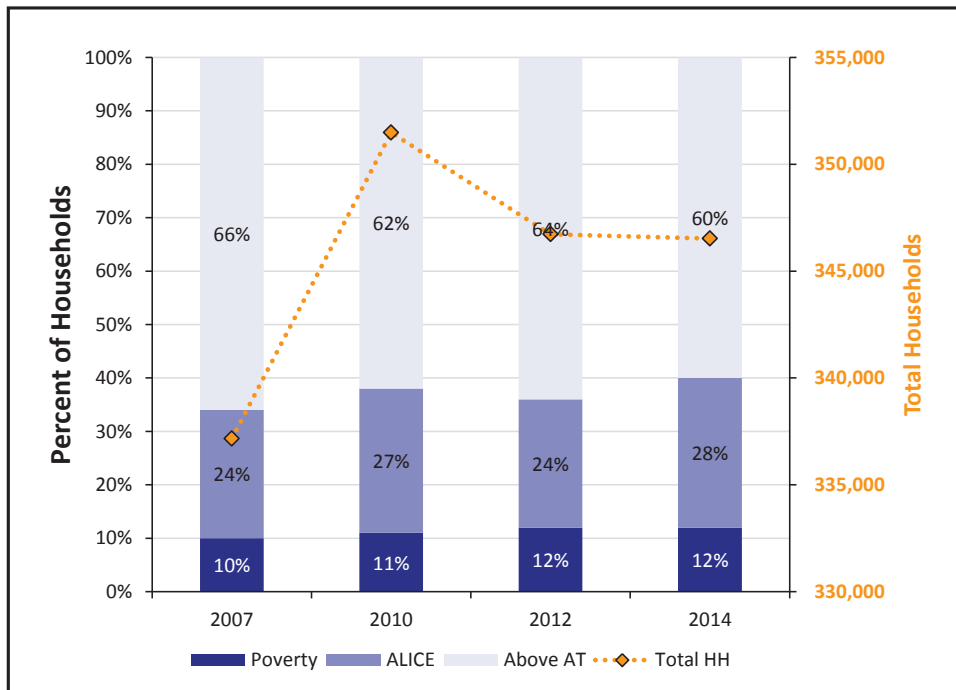
**Unemployment Rate:** 8.5% (state average: 7.9%; 2015 state average: 5.6%)

**ALICE Households:** 28% (state average: 27%); **Poverty Households:** 12% (state average: 11%)

## How many households are struggling?

**ALICE** is an acronym for **A**sset Limited, **I**ncome **C**onstrained, **E**mloyed – households that earn more than the U.S. 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, 2007-2014



## 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 U.S. poverty level of \$11,670 for a single adult and \$23,850 for a family of four, but less than the Household Survival Budget.

## Household Survival Budget, Hartford County

	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
<b>Monthly Costs</b>		
Housing	\$749	\$1,170
Child Care	\$-	\$1,644
Food	\$202	\$612
Transportation	\$369	\$738
Health Care	\$143	\$573
Miscellaneous	\$173	\$551
Taxes	\$266	\$773
<b>Monthly Total</b>	<b>\$1,902</b>	<b>\$6,061</b>
<b>ANNUAL TOTAL</b>	<b>\$22,824</b>	<b>\$72,732</b>
<b>Hourly Wage</b>	<b>\$11.41</b>	<b>\$36.37</b>

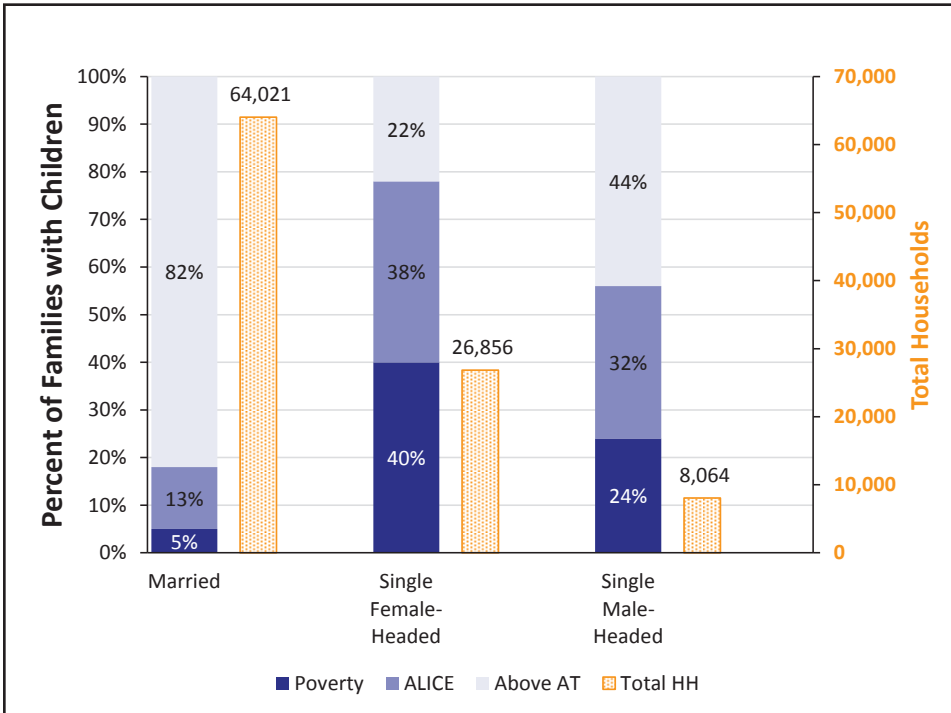
Sources: 2014 Point-in-Time Data: American Community Survey. ALICE Demographics: American Community Survey; the ALICE Threshold. Budget: U.S. Department of Housing and Urban Development (HUD); U.S. Department of Agriculture (USDA); Bureau of Labor Statistics (BLS); Internal Revenue Service (IRS); State of Connecticut Department of Revenue Services; Connecticut 211Childcare.



## How many families with children are struggling?

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

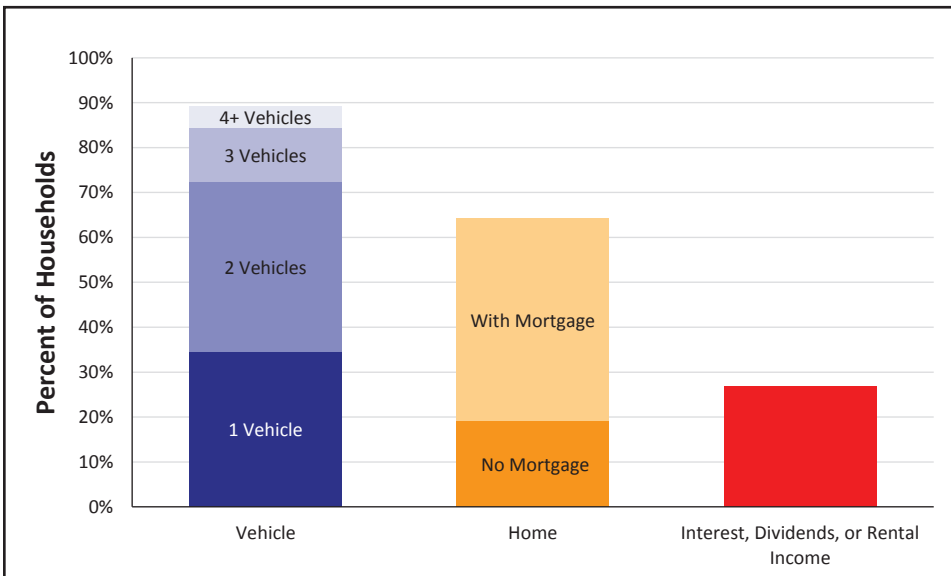
### Families with Children by Income, 2014



## What assets do households have?

Ownership of assets can contribute to stability of households. Yet, few families in Hartford 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, 2014



Hartford County, 2014		
Town	Total HH	% ALICE & Poverty
Avon	7,207	20%
Berlin	7,822	27%
Bloomfield	8,417	31%
Bristol	25,194	45%
Burlington	3,381	22%
Canton	4,023	30%
East Granby	2,131	35%
East Hartford	20,157	54%
East Windsor	4,556	32%
Enfield	16,192	37%
Farmington	10,400	26%
Glastonbury	13,152	20%
Granby	4,409	18%
Hartford	45,801	74%
Hartland	761	25%
Manchester	24,005	42%
Marlborough	2,259	14%
New Britain	27,820	63%
Newington	12,634	32%
Plainville	7,699	48%
Rocky Hill	8,127	33%
Simsbury	8,731	20%
South Windsor	9,606	23%
Southington	17,115	29%
Suffield	4,822	24%
West Hartford	24,910	31%
Wethersfield	10,853	30%
Windsor	10,796	28%
Windsor Locks	5,224	38%

*Note: Municipal-level data on this page is for Places and County Sub-divisions, 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 LITCHFIELD COUNTY

## 2014 Point-in-Time Data

**Population:** 184,993 | **Number of Households:** 73,572

**Median Household Income:** 73,756 (state average: 70,048)

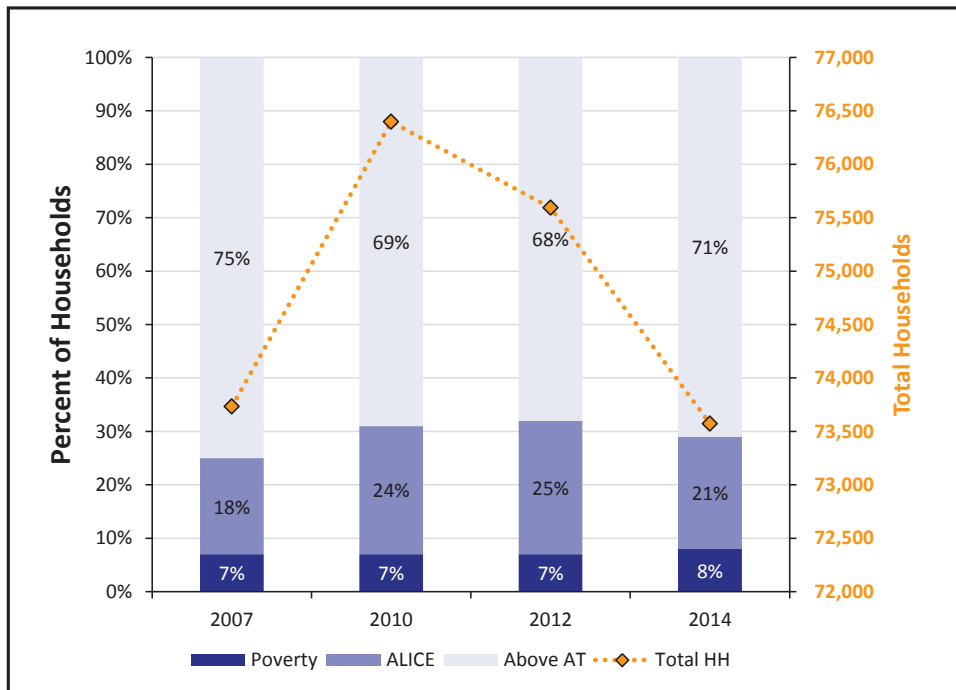
**Unemployment Rate:** 6.1% (state average: 7.9%; 2015 state average: 5.6%)

**ALICE Households:** 21% (state average: 27%); **Poverty Households:** 8% (state average: 11%)

## How many households are struggling?

**ALICE** is an acronym for **A**sset Limited, **I**ncome **C**onstrained, **E**mloyed – households that earn more than the U.S. 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, 2007-2014



## 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 U.S. poverty level of \$11,670 for a single adult and \$23,850 for a family of four, but less than the Household Survival Budget.

## Household Survival Budget, Litchfield County

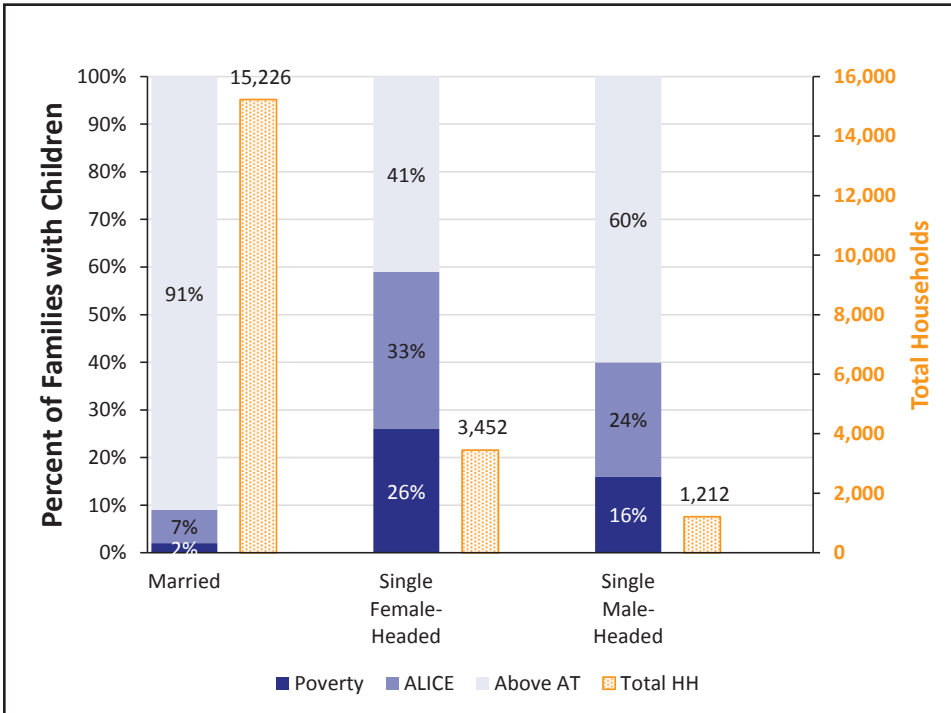
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
<b>Monthly Costs</b>		
Housing	\$750	\$978
Child Care	\$-	\$1,656
Food	\$202	\$612
Transportation	\$369	\$738
Health Care	\$143	\$573
Miscellaneous	\$173	\$526
Taxes	\$267	\$704
<b>Monthly Total</b>	<b>\$1,904</b>	<b>\$5,787</b>
<b>ANNUAL TOTAL</b>	<b>\$22,848</b>	<b>\$69,444</b>
<b>Hourly Wage</b>	<b>\$11.42</b>	<b>\$34.72</b>

Sources: 2014 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); State of Connecticut Department of Revenue Services; Connecticut 211Childcare.

## How many families with children are struggling?

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

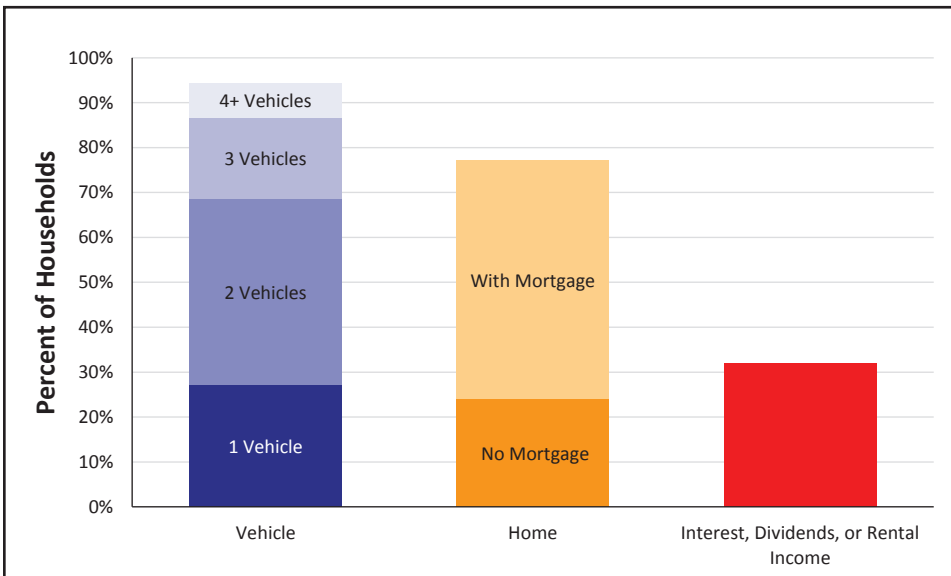
### Families with Children by Income, 2014



## What assets do households have?

Ownership of assets can contribute to stability of households. Yet, few families in Litchfield 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, 2014



Litchfield County, 2014		
Town	Total HH	% ALICE & Poverty
Barkhamsted	1,475	21%
Bethlehem	1,353	25%
Bridgewater	765	20%
Canaan	575	36%
Colebrook	615	29%
Cornwall	621	28%
Goshen	1,225	30%
Harwinton	2,072	16%
Kent	1,125	32%
Litchfield	3,454	29%
Morris	925	30%
New Hartford	2,702	32%
New Milford	10,642	28%
Norfolk	635	31%
North Canaan	1,298	35%
Plymouth	4,711	30%
Roxbury	945	23%
Salisbury	1,499	24%
Sharon	1,261	35%
Thomaston	3,000	28%
Torrington	14,820	43%
Warren	575	23%
Washington	1,545	31%
Watertown	8,476	29%
Winchester	4,819	40%
Woodbury	4,096	28%

*Note: Municipal-level data on this page is for Places and County Sub-divisions, 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 MIDDLESEX COUNTY

## 2014 Point-in-Time Data

**Population:** 164,943 | **Number of Households:** 67,106

**Median Household Income:** 75,876 (state average: 70,048)

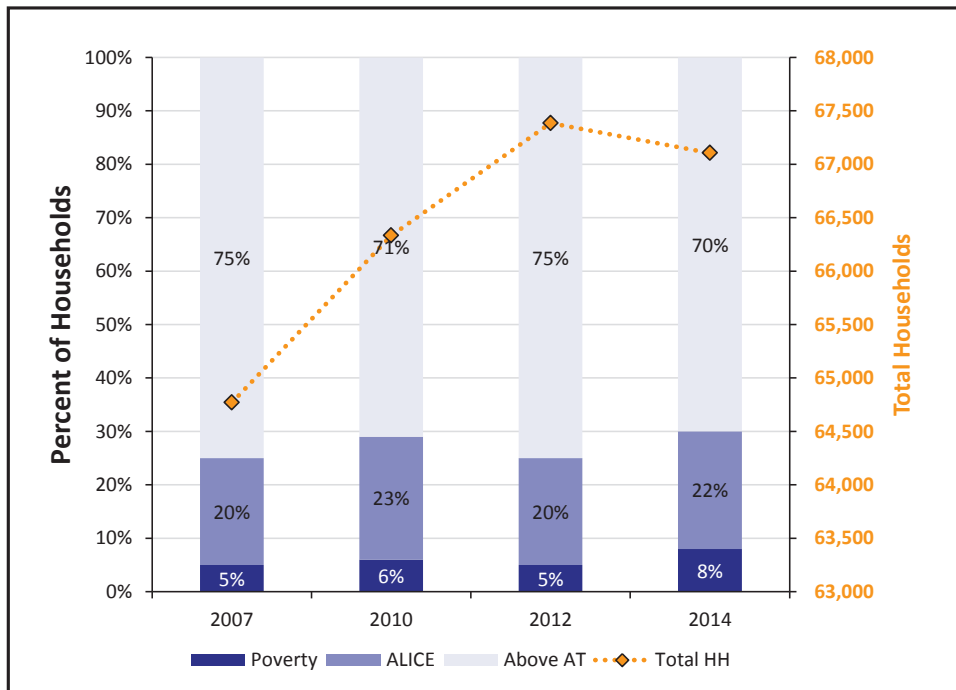
**Unemployment Rate:** 5.8% (state average: 7.9%; 2015 state average: 5.6%)

**ALICE Households:** 22% (state average: 27%); **Poverty Households:** 8% (state average: 11%)

## How many households are struggling?

**ALICE** is an acronym for **A**sset Limited, **I**ncome **C**onstrained, **E**mloyed – households that earn more than the U.S. 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, 2007-2014



## 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 U.S. poverty level of \$11,670 for a single adult and \$23,850 for a family of four, but less than the Household Survival Budget.

### Household Survival Budget, Middlesex County

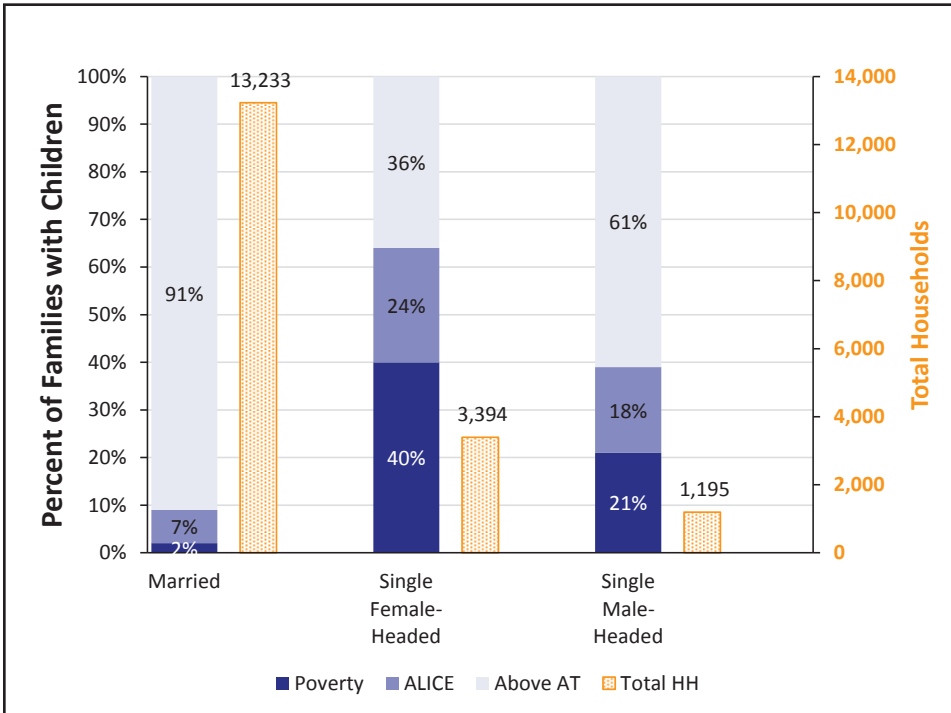
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
<b>Monthly Costs</b>		
<b>Housing</b>	\$749	\$1,170
<b>Child Care</b>	\$-	\$1,655
<b>Food</b>	\$202	\$612
<b>Transportation</b>	\$369	\$738
<b>Health Care</b>	\$143	\$573
<b>Miscellaneous</b>	\$173	\$553
<b>Taxes</b>	\$266	\$778
<b>Monthly Total</b>	\$1,902	\$6,079
<b>ANNUAL TOTAL</b>	\$22,824	\$72,948
<b>Hourly Wage</b>	\$11.41	\$36.47

Sources: 2014 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); State of Connecticut Department of Revenue Services; Connecticut 211Childcare.

## How many families with children are struggling?

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

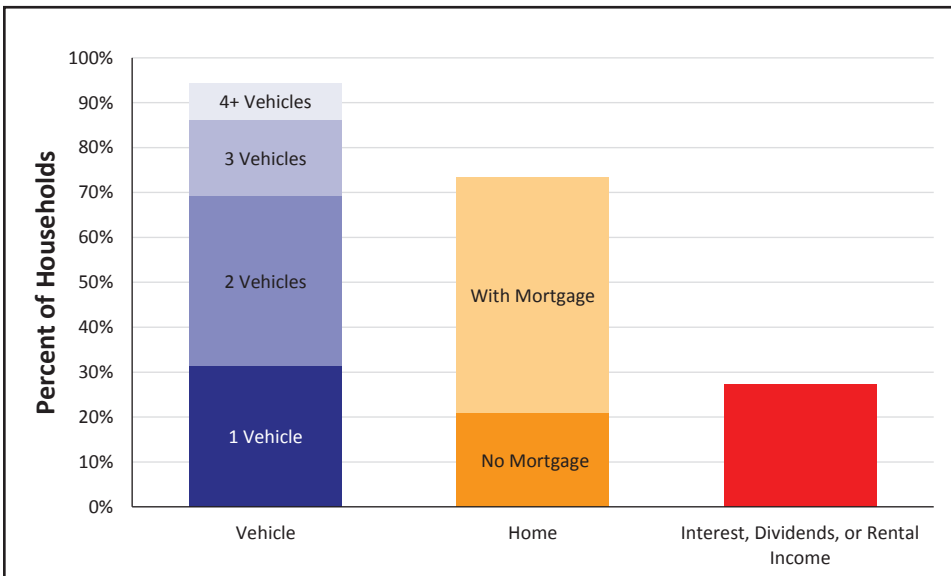
### Families with Children by Income, 2014



## What assets do households have?

Ownership of assets can contribute to stability of households. Yet, few families in Middlesex 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, 2014



### Middlesex County, 2014

Town	Total HH	% ALICE & Poverty
Chester	1,853	30%
Clinton	5,313	29%
Cromwell	5,501	23%
Deep River	1,882	32%
Durham	2,582	11%
East Haddam	3,500	21%
East Hampton	4,990	19%
Essex	2,916	23%
Haddam	3,192	17%
Killingworth	2,590	16%
Middlefield	1,729	26%
Middletown	19,419	36%
Old Saybrook	4,217	29%
Portland	3,955	23%
Westbrook	2,733	37%

*Note: Municipal-level data on this page is for Places and County Sub-divisions, 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 NEW HAVEN COUNTY

## 2014 Point-in-Time Data

**Population:** 861,277 | **Number of Households:** 326,050

**Median Household Income:** 60,391 (state average: 70,048)

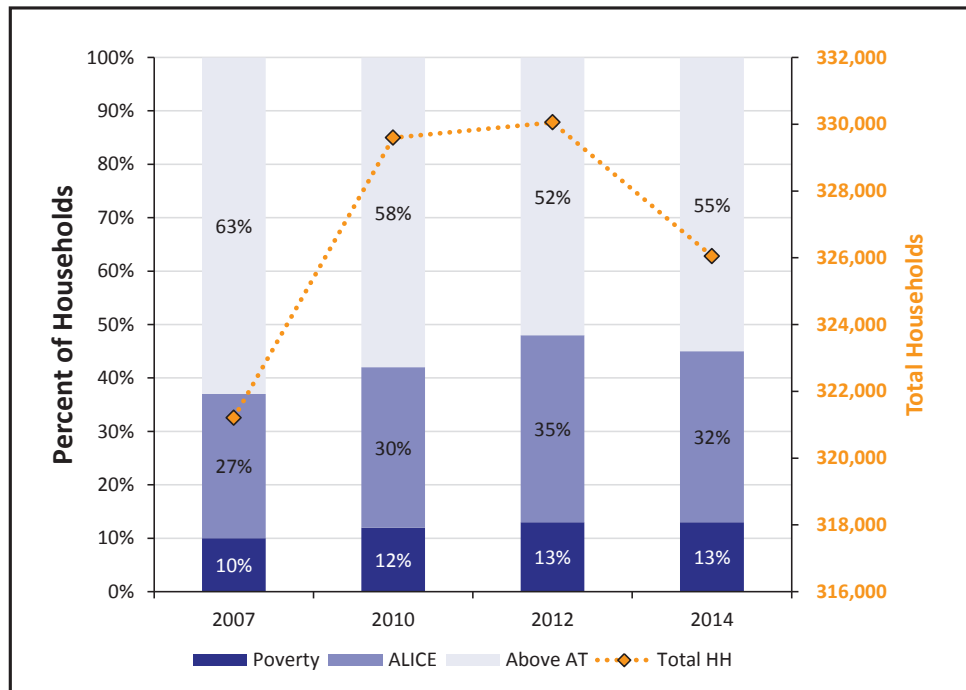
**Unemployment Rate:** 8.8% (state average: 7.9%; 2015 state average: 5.6%)

**ALICE Households:** 32% (state average: 27%); **Poverty Households:** 13% (state average: 11%)

## How many households are struggling?

**ALICE** is an acronym for **A**sset Limited, **I**ncome **C**onstrained, **E**mloyed – households that earn more than the U.S. 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, 2007-2014



## 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 U.S. poverty level of \$11,670 for a single adult and \$23,850 for a family of four, but less than the Household Survival Budget.

### Household Survival Budget, New Haven County

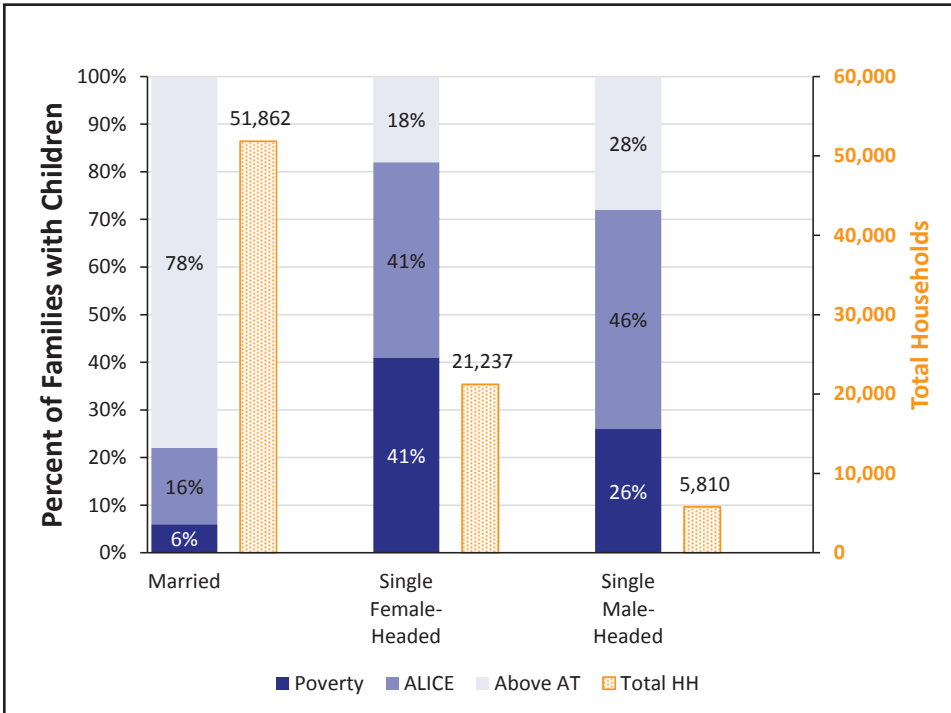
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
<b>Monthly Costs</b>		
<b>Housing</b>	\$931	\$1,214
<b>Child Care</b>	\$-	\$1,654
<b>Food</b>	\$202	\$612
<b>Transportation</b>	\$369	\$738
<b>Health Care</b>	\$143	\$573
<b>Miscellaneous</b>	\$198	\$558
<b>Taxes</b>	\$331	\$794
<b>Monthly Total</b>	\$2,174	\$6,143
<b>ANNUAL TOTAL</b>	\$26,088	\$73,716
<b>Hourly Wage</b>	\$13.04	\$36.86

Sources: 2014 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); State of Connecticut Department of Revenue Services; Connecticut 211Childcare.

## How many families with children are struggling?

Children add significant expense to a family budget, so it is not surprising that many New Haven County families with children live below the ALICE Threshold. Though more New Haven 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, 2014

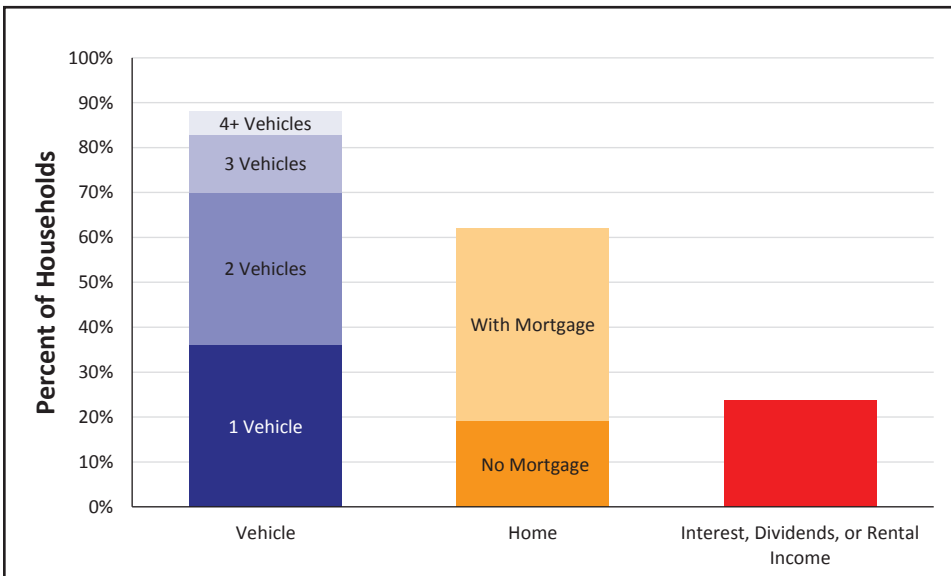


New Haven County, 2014		
Town	Total HH	% ALICE & Poverty
Ansonia	7,240	58%
Beacon Falls	2,334	31%
Bethany	2,034	21%
Branford	12,410	37%
Cheshire	9,799	20%
Derby	4,972	49%
East Haven	11,215	44%
Guilford	8,814	24%
Hamden	23,374	39%
Madison	6,727	24%
Meriden	24,018	52%
Middlebury	2,761	27%
Milford	21,199	32%
Naugatuck	12,157	47%
New Haven	49,945	65%
North Branford	5,549	26%
North Haven	8,590	28%
Orange	4,841	24%
Oxford	4,411	20%
Prospect	3,256	23%
Seymour	6,090	35%
Southbury	7,841	31%
Wallingford	17,169	34%
Waterbury	40,960	63%
West Haven	20,463	53%
Wolcott	5,827	29%
Woodbridge	3,090	22%

## What assets do households have?

Ownership of assets can contribute to stability of households. Yet, few families in New Haven 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, 2014



*Note: Municipal-level data on this page is for Places and County Sub-divisions, 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 NEW LONDON COUNTY

## 2014 Point-in-Time Data

**Population:** 273,676 | **Number of Households:** 105,504

**Median Household Income:** 66,148 (state average: 70,048)

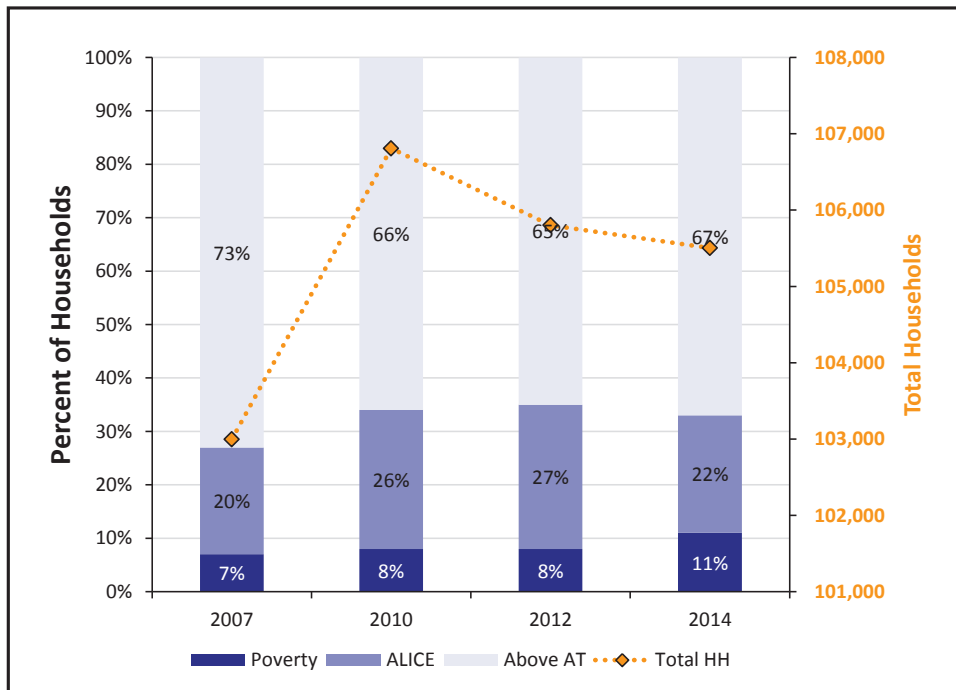
**Unemployment Rate:** 6.4% (state average: 7.9%; 2015 state average: 5.6%)

**ALICE Households:** 22% (state average: 27%); **Poverty Households:** 11% (state average: 11%)

## 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 U.S. 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, 2007-2014



## 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 U.S. poverty level of \$11,670 for a single adult and \$23,850 for a family of four, but less than the Household Survival Budget.

## Household Survival Budget, New London County

	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
<b>Monthly Costs</b>		
Housing	\$701	\$1,035
Child Care	\$-	\$1,530
Food	\$202	\$612
Transportation	\$369	\$738
Health Care	\$143	\$573
Miscellaneous	\$167	\$517
Taxes	\$250	\$677
<b>Monthly Total</b>	<b>\$1,832</b>	<b>\$5,682</b>
<b>ANNUAL TOTAL</b>	<b>\$21,984</b>	<b>\$68,184</b>
<b>Hourly Wage</b>	<b>\$10.99</b>	<b>\$34.09</b>

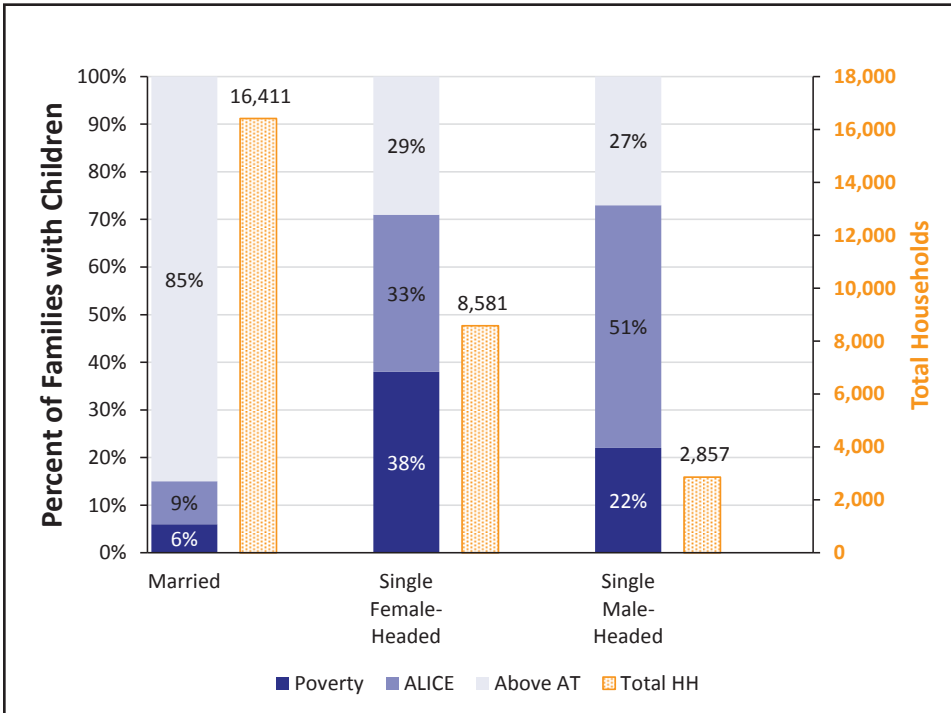
Sources: 2014 Point-in-Time Data: American Community Survey. ALICE Demographics: American Community Survey; the ALICE Threshold. Budget: U.S. Department of Housing and Urban Development (HUD); U.S. Department of Agriculture (USDA); Bureau of Labor Statistics (BLS); Internal Revenue Service (IRS); State of Connecticut Department of Revenue Services; Connecticut 211Childcare.



## How many families with children are struggling?

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

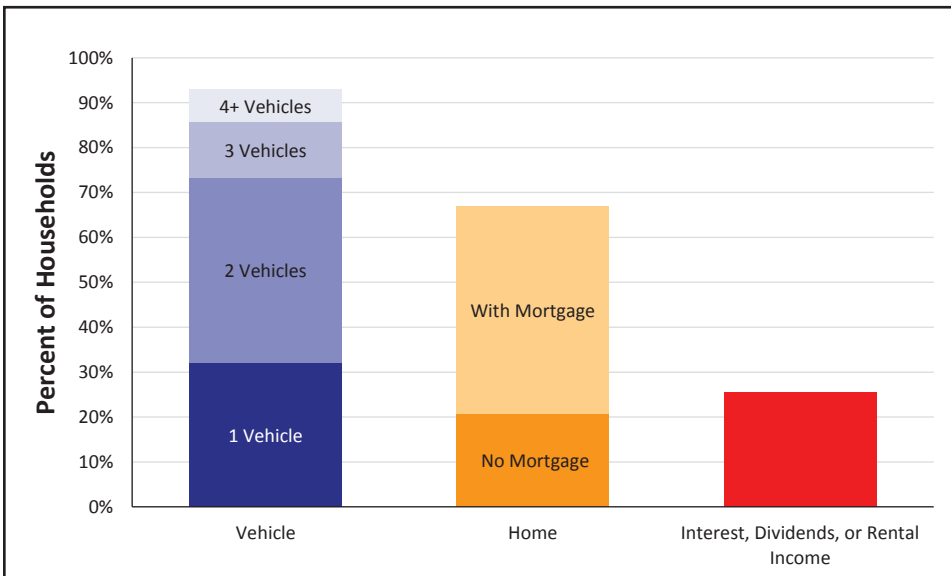
### Families with Children by Income, 2014



## What assets do households have?

Ownership of assets can contribute to stability of households. Yet, few families in New London 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, 2014



New London County, 2014		
Town	Total HH	% ALICE & Poverty
Bozrah	1,049	23%
Colchester	5,785	19%
East Lyme	7,263	22%
Franklin	740	21%
Griswold	4,404	37%
Groton	16,283	35%
Lebanon	2,733	19%
Ledyard	5,669	18%
Lisbon	1,635	24%
Lyme	1,060	18%
Montville	6,846	26%
New London	10,224	55%
North Stonington	2,036	33%
Norwich	16,331	47%
Old Lyme	3,216	21%
Preston	1,978	32%
Salem	1,493	24%
Sprague	1,287	36%
Stonington	7,881	28%
Voluntown	1,038	23%
Waterford	7,931	28%

*Note: Municipal-level data on this page is for Places and County Sub-divisions, 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 TOLLAND COUNTY

## 2014 Point-in-Time Data

**Population:** 151,367 | **Number of Households:** 53,984

**Median Household Income:** 78,786 (state average: 70,048)

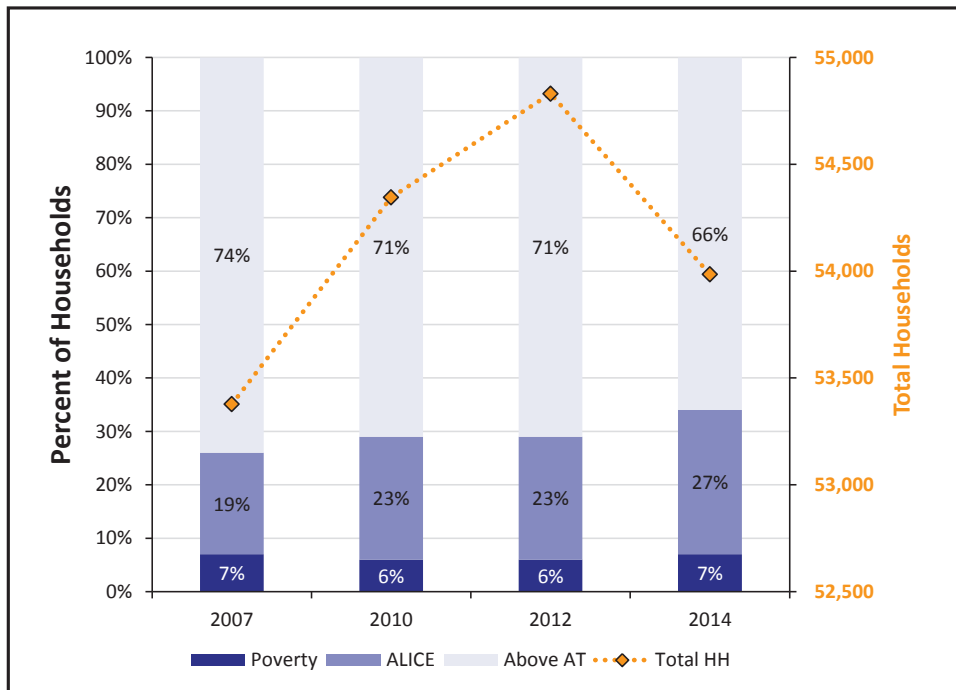
**Unemployment Rate:** 6.2% (state average: 7.9%; 2015 state average: 5.6%)

**ALICE Households:** 27% (state average: 27%); **Poverty Households:** 7% (state average: 11%)

## How many households are struggling?

**ALICE** is an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mloyed – households that earn more than the U.S. 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, 2007-2014



## 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 U.S. poverty level of \$11,670 for a single adult and \$23,850 for a family of four, but less than the Household Survival Budget.

### Household Survival Budget, Tolland County

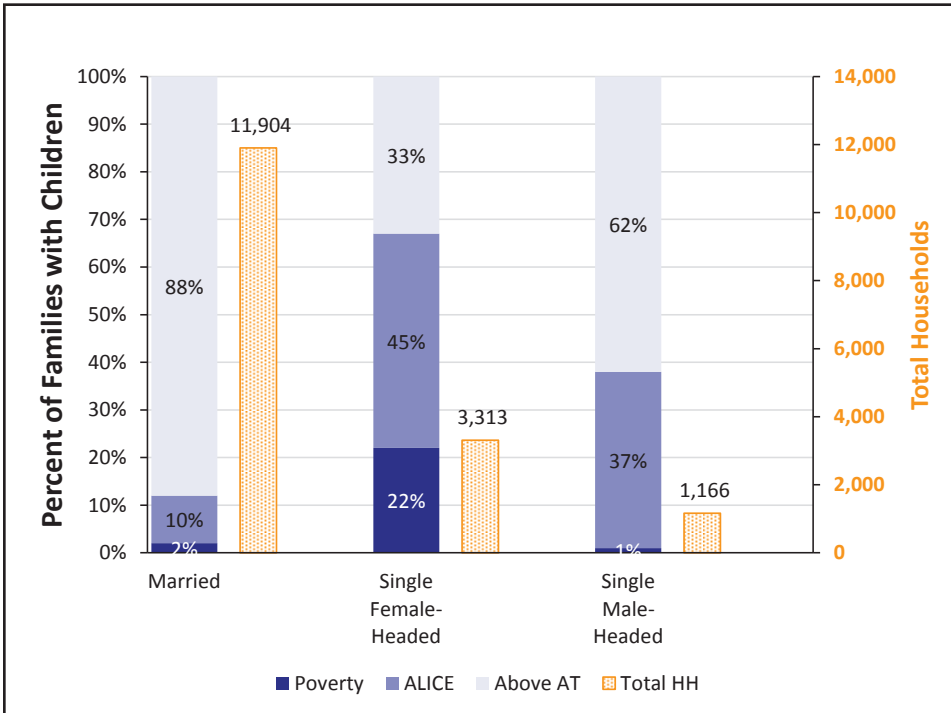
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
<b>Monthly Costs</b>		
<b>Housing</b>	\$749	\$1,170
<b>Child Care</b>	\$-	\$1,595
<b>Food</b>	\$202	\$612
<b>Transportation</b>	\$369	\$738
<b>Health Care</b>	\$143	\$573
<b>Miscellaneous</b>	\$173	\$544
<b>Taxes</b>	\$266	\$754
<b>Monthly Total</b>	\$1,902	\$5,986
<b>ANNUAL TOTAL</b>	\$22,824	\$71,832
<b>Hourly Wage</b>	\$11.41	\$35.92

Sources: 2014 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); State of Connecticut Department of Revenue Services; Connecticut 211Childcare.

## How many families with children are struggling?

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

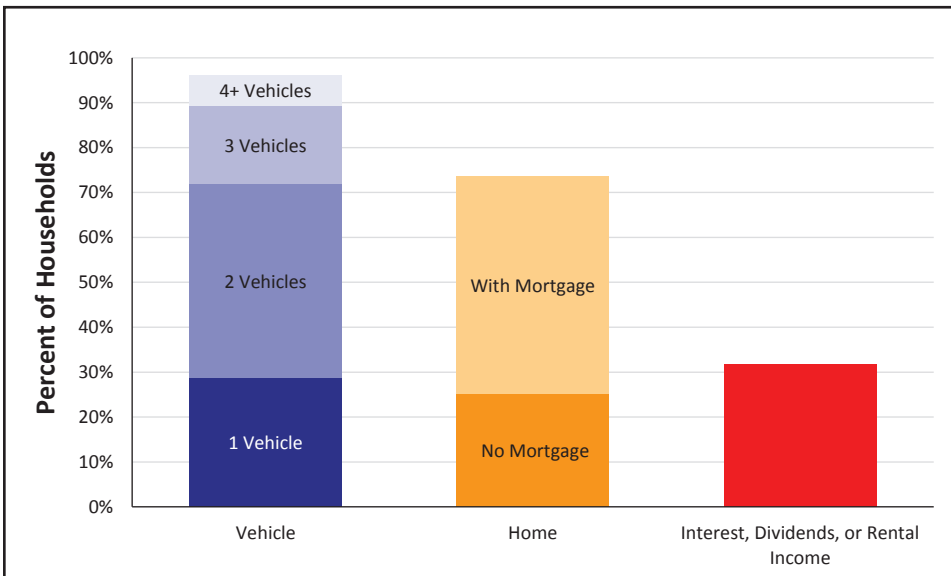
### Families with Children by Income, 2014



## What assets do households have?

Ownership of assets can contribute to stability of households. Yet, few families in Tolland 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, 2014



Town	Total HH	% ALICE & Poverty
Andover	1,145	24%
Bolton	1,985	24%
Columbia	2,079	26%
Coventry	4,781	22%
Ellington	6,318	29%
Hebron	3,356	18%
Mansfield	5,489	40%
Somers	3,326	26%
Stafford	4,721	40%
Tolland	5,427	16%
Union	338	21%
Vernon	13,167	45%
Willington	2,312	39%

*Note: Municipal-level data on this page is for Places and County Sub-divisions, 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 WINDHAM COUNTY

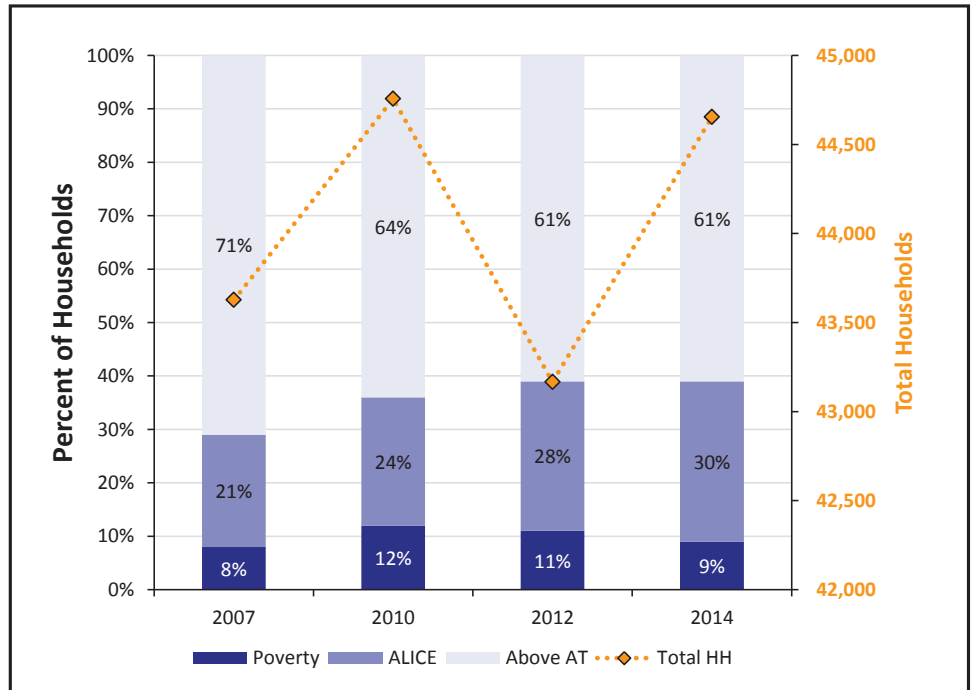
## 2014 Point-in-Time Data

**Population:** 116,998 | **Number of Households:** 44,655  
**Median Household Income:** 59,195 (state average: 70,048)  
**Unemployment Rate:** 8% (state average: 7.9%; 2015 state average: 5.6%)  
**ALICE Households:** 30% (state average: 27%); **Poverty Households:** 9% (state average: 11%)

## How many households are struggling?

**ALICE** is an acronym for **A**sset Limited, **I**ncome **C**onstrained, **E**mloyed – households that earn more than the U.S. 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, 2007-2014



## 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 U.S. poverty level of \$11,670 for a single adult and \$23,850 for a family of four, but less than the Household Survival Budget.

### Household Survival Budget, Windham County

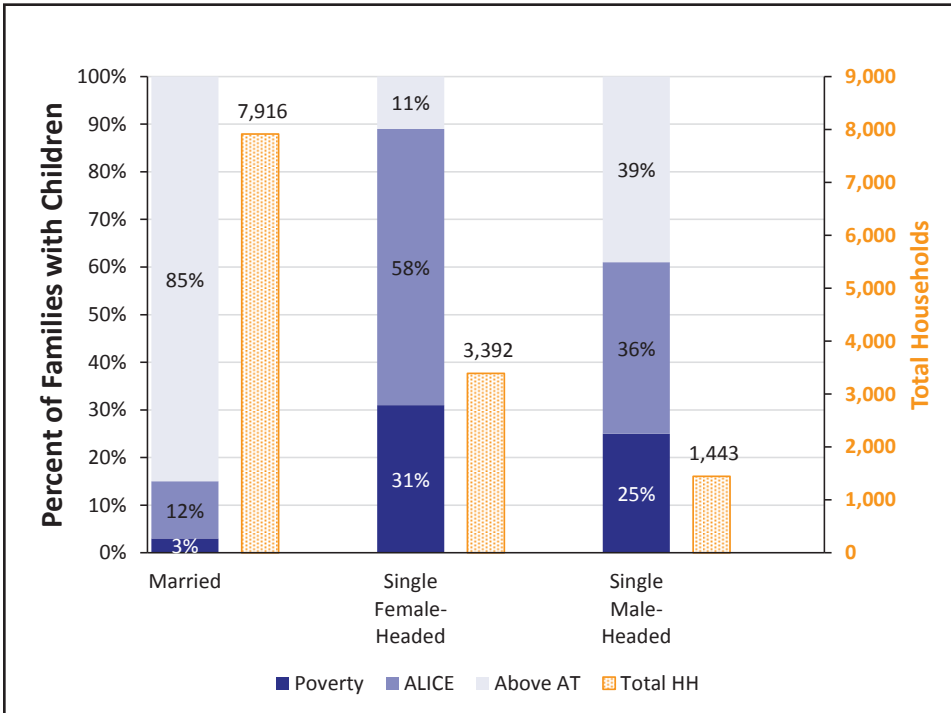
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
<b>Monthly Costs</b>		
Housing	\$558	\$938
Child Care	\$-	\$1,517
Food	\$202	\$612
Transportation	\$369	\$738
Health Care	\$143	\$573
Miscellaneous	\$148	\$501
Taxes	\$203	\$635
<b>Monthly Total</b>	<b>\$1,623</b>	<b>\$5,514</b>
<b>ANNUAL TOTAL</b>	<b>\$19,476</b>	<b>\$66,168</b>
<b>Hourly Wage</b>	<b>\$9.74</b>	<b>\$33.08</b>

Sources: 2014 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); State of Connecticut Department of Revenue Services; Connecticut 211Childcare.

## How many families with children are struggling?

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

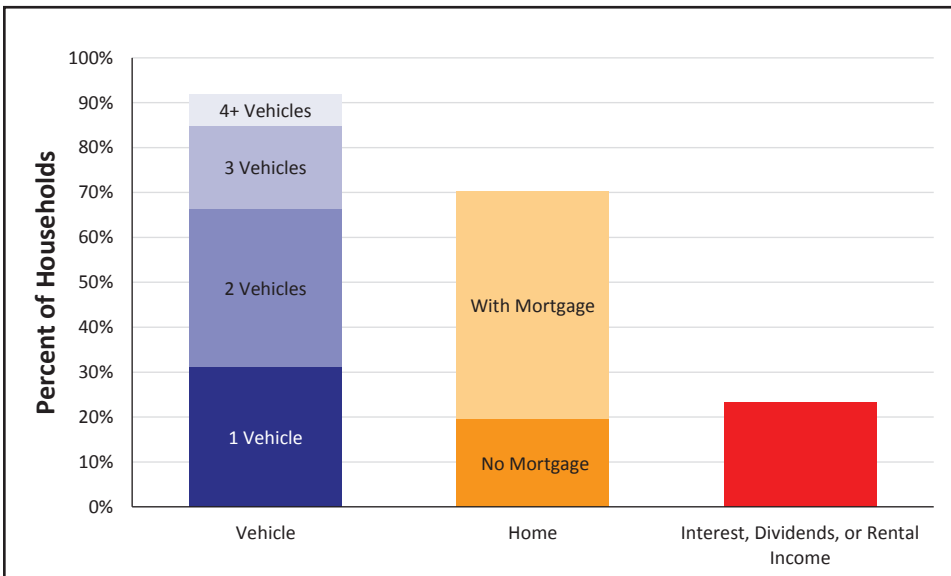
### Families with Children by Income, 2014



## What assets do households have?

Ownership of assets can contribute to stability of households. Yet, few families in Windham 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, 2014



Windham County, 2014		
Town	Total HH	% ALICE & Poverty
Ashford	1,707	29%
Brooklyn	2,918	34%
Canterbury	1,931	23%
Chaplin	865	27%
Eastford	689	24%
Hampton	746	24%
Killingly	6,959	43%
Plainfield	5,730	36%
Pomfret	1,513	24%
Putnam	3,870	49%
Scotland	589	20%
Sterling	1,208	25%
Thompson	3,673	32%
Windham	8,920	55%
Woodstock	3,169	32%

*Note: Municipal-level data on this page is for Places and County Sub-divisions, 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 HOUSING DATA BY COUNTY

**ALICE**, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, represents the growing number of individuals and families who are working, but are unable to afford the basic necessities of housing, food, child care, health care, and transportation.

The United Way ALICE Report uses standardized measurements to quantify the cost of a basic household budget in each county in Connecticut, and the magnitude of households that are struggling to afford it.

This table presents key housing data for each county in Connecticut in 2014 for owner-occupied and renter-occupied units.

The Gap in Rental and Owner Units is an average of the high and low estimates for the number of rental and owner units necessary to enable all households below the ALICE Threshold to spend less than one-third of their income on housing.

*Source: American Community Survey, 2014; counties with populations over 65,000 use 1-year estimates; populations under 65,000 use 5-year estimates. Starting in 2014, there are no 3-year estimates.*

## Housing Data by County, Connecticut, 2014

County	Owner-Occupied Units			All Units				Source
	Owner-Occupied	Percent Owned by HHs Below ALICE Threshold	Housing Burden: Percent Owners Pay more than 30% of Income	Renter-Occupied	Percent Rented by HHs Below ALICE Threshold	Housing Burden: Percent Renters Pay more than 30% of Income	Gap in Rental and Owner Units Affordable for All HHs Below ALICE Threshold	
Fairfield	227,523	20%	34%	110,898	54%	56%	29,845	1-Year
Hartford	222,597	24%	28%	123,928	65%	51%	13,029	1-Year
Litchfield	56,654	24%	29%	16,918	57%	44%	6,402	1-Year
Middlesex	49,323	25%	29%	17,783	62%	51%	11,312	1-Year
New Haven	202,343	27%	34%	123,707	68%	57%	13,688	1-Year
New London	70,479	25%	28%	35,025	60%	47%	11,873	1-Year
Tolland	39,694	20%	23%	14,290	63%	51%	2,185	1-Year
Windham	31,426	29%	26%	13,229	76%	60%	4,011	1-Year

# ALICE THRESHOLD AND DEMOGRAPHICS, CONNECTICUT, 2014

**ALICE**, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, represents the growing number of individuals and families who are working, but are unable to afford the basic necessities of housing, food, child care, health care, and transportation.

The United Way ALICE Report uses standardized measurements to quantify the cost of a Household Survival Budget in each county in Connecticut, and the magnitude of households that are struggling to afford it.

The table presents ALICE demographics for each county broken down by race/ethnicity and age. Note that percentages of race/ethnicity and age can mask size of the population. The ALICE Thresholds for households under and over 65 years old for each county are presented.

For details of the methodology, see the Methodology Overview.

*Source: American Community Survey, 2014; counties with populations over 65,000 use 1-year estimates; populations under 65,000 use 5-year estimates. Starting in 2014, there are no 3-year estimates.*

## ALICE Threshold and ALICE Households by Race/Ethnicity and Age, Connecticut, 2014

County	Total HHs	HHs below ALICE Threshold	Percent HH below AT – Race/Ethnicity				Percent HH below AT – Age	ALICE Threshold	
			Asian	Black	Hispanic	White		Seniors	ALICE Threshold – HH under 65 years
Fairfield	338,421	32%	24%	53%	54%	24%	35%	\$60,000	\$35,000
Hartford	346,525	40%	29%	59%	70%	31%	42%	\$60,000	\$35,000
Litchfield	73,572	29%	27%	34%	48%	28%	38%	\$50,000	\$40,000
Middlesex	67,106	30%	33%	48%	41%	27%	30%	\$50,000	\$35,000
New Haven	326,050	45%	37%	66%	70%	38%	50%	\$60,000	\$40,000
New London	105,504	33%	25%	54%	55%	30%	34%	\$50,000	\$35,000
Tolland	53,984	34%	35%	46%	62%	32%	33%	\$60,000	\$40,000
Windham	44,655	39%	44%	47%	67%	37%	42%	\$50,000	\$35,000

# KEY FACTS AND ALICE STATISTICS FOR CONNECTICUT CONGRESSIONAL DISTRICTS

**ALICE**, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mloyed, represents the growing number of individuals and families who are working, but are unable to afford the basic necessities of housing, food, child care, health care, and transportation.

The United Way ALICE Report uses standardized measurements to quantify the cost of a basic household budget in each county in Connecticut, and the magnitude of households that are struggling to afford it.

Key data and ALICE statistics for the state’s five congressional districts (114th Congress) are presented below.

*Note: The unemployment rate has dropped since 2014, when data for this report was collected. The average state unemployment rate dropped from 7.9 percent in 2014 to 5.6 percent in 2015.*

*Source: American Community Survey, 2014, 1-year estimates.*

Districts for the 114th Congress	Population	Households	Poverty %	ALICE %	Above ALICE Threshold %	Unemployment Rate	Health Insurance Coverage %	Housing Burden: % Owner over 30%	Housing Burden: % Renter over 30%	Source, American Community Survey estimate
Congressional District 1	711,205	279,974	11%	29%	60%	9%	94%	29%	49%	1-year
Congressional District 2	710,798	267,479	9%	22%	69%	6%	95%	27%	46%	1-year
Congressional District 3	720,986	278,098	13%	32%	55%	8%	94%	36%	53%	1-year
Congressional District 4	740,215	262,907	9%	22%	69%	9%	90%	34%	52%	1-year
Congressional District 5	713,473	267,359	11%	24%	65%	7%	92%	29%	48%	1-year



# THE ECONOMIC VIABILITY DASHBOARD

**ALICE**, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mloyed, represents the growing number of individuals and families who are working, but are unable to afford the basic necessities of housing, food, child care, health care, and transportation.

The United Way ALICE Report uses standardized measurements to quantify the cost of a basic household budget in each county in Connecticut, and the magnitude of households that are struggling to afford it.

The Economic Viability Dashboard is composed of three indices that evaluate the local economic conditions that matter most to ALICE households – the Housing Affordability Index, the Job Opportunities Index, and the Community Resources Index. Index scores range from 1 to 100, with higher scores reflecting better conditions. Each county's score is relative to other counties in Connecticut and compared to prior years. A score of 100 does not necessarily mean that conditions are very good; it means that they are better than in other counties in the state. These indices are used only for comparison within the state, not for comparison to other states. Scores are presented for 2010 and 2014.

*Source: American Community Survey, U.S. Census, and Bureau of Labor Statistics (BLS), 2014.*

## ECONOMIC VIABILITY DASHBOARD

### The Housing Affordability Index

**Key Indicators: Affordable Housing Gap + Housing Burden + Real Estate Taxes**

The more affordable a county, the easier it is for a household to be financially stable. The three key indicators for the Housing Affordability Index are the affordable housing gap, the housing burden, and real estate taxes.

### The Job Opportunities Index

**Key Indicators: Income Distribution + Unemployment Rate + New Hire**

The more job opportunities there are in a county, the more likely a household is to be financially stable. The three key indicators for the Job Opportunities Index are income distribution as measured by the share of income for the lowest two quintiles, the unemployment rate, and the average wage for new hires.

### The Community Resources Index

**Key Indicators: Education Resources + Health Resources + Social Capital**

Collective resources in a location can also make a difference in the financial stability of ALICE households in both the short and long terms. The three key indicators for the Community Resources Index are the percent of 3- and 4-year-olds enrolled in preschool, health insurance coverage rate, and percent of the adult population who voted. Since detailed data was not available for all Connecticut counties in all years, community resources was not included in the dashboard for Connecticut.

## Economic Viability Dashboard, Connecticut, 2010 to 2014

1 = worse, 100 = better

County	Housing Affordability		Job Opportunities		Community Resources	
	2014	2010	2014	2010	2014	2010
Fairfield	62	25	55	50	N/A	N/A
Hartford	99	55	56	45	N/A	N/A
Litchfield	86	55	70	51	N/A	N/A
Middlesex	47	51	67	58	N/A	N/A
New Haven	80	40	49	42	N/A	N/A
New London	82	59	64	59	N/A	N/A
Tolland	61	47	69	58	N/A	N/A
Windham	89	67	59	38	N/A	N/A

# KEY FACTS AND ALICE STATISTICS FOR CONNECTICUT MUNICIPALITIES

**ALICE**, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, represents the growing number of individuals and families who are working, but are unable to afford the basic necessities of housing, food, child care, health care, and transportation.

The United Way ALICE Report uses standardized measurements to quantify the cost of a basic household budget in each county in Connecticut, and the magnitude of households that are struggling to afford it. Knowing the extent of local variation is an important aspect of understanding the challenges facing households earning below the ALICE Threshold in Connecticut.

Key data and ALICE statistics for the state's municipalities are presented here.

*Source: American Community Survey, 2014; towns with populations over 65,000 use 1-year estimates; populations under 65,000 use 5-year estimates. Starting in 2014, there are no 3-year estimates.*

## Key Facts and ALICE Statistics for Connecticut Municipalities

Town	Population	Households	Poverty %	ALICE %	Above ALICE Threshold %	Unemployment Rate	Health Insurance Coverage %	Housing Burden: % Owner over 30%	Housing Burden: % Renter over 30%	Source, American Community Survey Estimate
Andover, Tolland	3,181	1,145	2%	22%	76%	5.6%	95.7%	22%	56%	5-year
Ansonia, New Haven	19,128	7,240	20%	38%	42%	13.1%	90.2%	45%	61%	5-year
Ashford, Windham	4,297	1,707	6%	23%	71%	7.5%	94.6%	37%	55%	5-year
Avon, Hartford	18,298	7,207	5%	15%	80%	6.5%	97.6%	27%	39%	5-year
Barkhamsted, Litchfield	3,749	1,475	3%	18%	79%	8.5%	96.4%	28%	31%	5-year
Beacon Falls, New Haven	6,065	2,334	2%	29%	69%	7.4%	95.3%	25%	32%	5-year
Berlin, Hartford	20,352	7,822	4%	23%	73%	6.9%	96.2%	28%	62%	5-year
Bethany, New Haven	5,546	2,034	6%	15%	79%	7.8%	96.8%	34%	43%	5-year
Bethel, Fairfield	19,078	7,071	5%	25%	70%	9.5%	93.8%	35%	44%	5-year
Bethlehem, Litchfield	3,551	1,353	7%	18%	75%	6.3%	94.8%	41%	27%	5-year
Bloomfield, Hartford	20,626	8,417	7%	24%	69%	12.1%	93.2%	33%	44%	5-year
Bolton, Tolland	4,963	1,985	3%	21%	76%	5.6%	94.0%	32%	38%	5-year
Bozrah, New London	2,631	1,049	3%	20%	77%	7.6%	95.9%	27%	46%	5-year
Branford, New Haven	28,066	12,410	8%	29%	63%	10.5%	92.8%	35%	45%	5-year
Bridgeport, Fairfield	146,680	50,034	23%	40%	37%	16.6%	79.7%	48%	58%	5-year
Bridgewater, Litchfield	1,747	765	3%	17%	80%	5.8%	97.0%	37%	23%	5-year
Bristol, Hartford	60,556	25,194	10%	35%	55%	10.6%	91.7%	33%	44%	5-year
Brookfield, Fairfield	16,774	6,010	3%	20%	77%	5.3%	94.5%	35%	47%	5-year
Brooklyn, Windham	8,240	2,918	12%	22%	66%	9.4%	95.4%	31%	51%	5-year
Burlington, Hartford	9,443	3,381	4%	18%	78%	5.5%	95.1%	31%	62%	5-year
Canaan, Litchfield	1,240	575	7%	29%	64%	6.5%	90.4%	35%	47%	5-year
Canterbury, Windham	5,110	1,931	5%	18%	77%	10.1%	87.4%	29%	46%	5-year
Canton, Hartford	10,334	4,023	4%	26%	70%	6.1%	96.2%	28%	40%	5-year
Chaplin, Windham	2,256	865	6%	21%	73%	10.1%	91.6%	23%	27%	5-year
Cheshire, New Haven	29,272	9,799	3%	17%	80%	4.4%	94.3%	25%	31%	5-year
Chester, Middlesex	4,223	1,853	4%	26%	70%	7.4%	90.4%	29%	38%	5-year

# Key Facts and ALICE Statistics for Connecticut Municipalities

Town	Population	Households	Poverty %	ALICE %	Above ALICE Threshold %	Unemployment Rate	Health Insurance Coverage %	Housing Burden: % Owner over 30%	Housing Burden: % Renter over 30%	Source, American Community Survey Estimate
Clinton, Middlesex	13,188	5,313	8%	21%	71%	7.3%	89.9%	41%	47%	5-year
Colchester, New London	16,143	5,785	4%	15%	81%	5.4%	95.8%	26%	27%	5-year
Colebrook, Litchfield	1,594	615	4%	25%	71%	7.8%	92.1%	33%	22%	5-year
Columbia, Tolland	5,472	2,079	5%	21%	74%	6.7%	96.1%	22%	52%	5-year
Cornwall, Litchfield	1,505	621	8%	20%	72%	5.9%	94.9%	43%	24%	5-year
Coventry, Tolland	12,434	4,781	2%	20%	78%	4.8%	95.5%	27%	48%	5-year
Cromwell, Middlesex	14,077	5,501	3%	20%	77%	7.8%	90.7%	31%	45%	5-year
Danbury, Fairfield	82,781	29,046	11%	31%	58%	8.5%	81.0%	40%	51%	5-year
Darien, Fairfield	21,190	6,556	6%	10%	84%	7.5%	96.6%	32%	47%	5-year
Deep River, Middlesex	4,611	1,882	5%	27%	68%	3.7%	89.6%	39%	64%	5-year
Derby, New Haven	12,837	4,972	12%	37%	51%	11.6%	88.4%	42%	60%	5-year
Durham, Middlesex	7,371	2,582	2%	9%	89%	4.7%	94.1%	24%	54%	5-year
East Granby, Hartford	5,098	2,131	3%	32%	65%	4.8%	95.0%	25%	54%	5-year
East Haddam, Middlesex	9,142	3,500	4%	17%	79%	8.7%	95.0%	30%	37%	5-year
East Hampton, Middlesex	12,936	4,990	5%	14%	81%	5.4%	97.5%	27%	29%	5-year
East Hartford, Hartford	51,211	20,157	15%	39%	46%	13.6%	89.0%	39%	50%	5-year
East Haven, New Haven	29,139	11,215	9%	35%	56%	8.6%	91.6%	40%	52%	5-year
East Lyme, New London	19,118	7,263	4%	18%	78%	6.3%	96.0%	30%	33%	5-year
East Windsor, Hartford	11,353	4,556	5%	27%	68%	10.4%	92.9%	32%	35%	5-year
Eastford, Windham	1,726	689	3%	21%	76%	10.1%	95.2%	26%	44%	5-year
Easton, Fairfield	7,593	2,598	4%	11%	85%	5.6%	96.4%	49%	19%	5-year
Ellington, Tolland	15,725	6,318	3%	26%	71%	5.9%	96.6%	27%	32%	5-year
Enfield, Hartford	44,713	16,192	8%	29%	63%	8.7%	92.7%	27%	41%	5-year
Essex, Middlesex	6,643	2,916	6%	17%	77%	4.8%	94.0%	31%	47%	5-year
Fairfield, Fairfield	60,678	20,194	5%	16%	79%	7.5%	95.8%	33%	43%	5-year
Farmington, Hartford	25,515	10,400	6%	20%	74%	4.8%	97.2%	26%	42%	5-year
Franklin, New London	1,993	740	5%	16%	79%	7.3%	97.7%	22%	28%	5-year
Glastonbury, Hartford	34,661	13,152	4%	16%	80%	6.2%	95.5%	23%	37%	5-year
Goshen, Litchfield	2,956	1,225	15%	15%	70%	3.6%	96.7%	43%	37%	5-year
Granby, Hartford	11,310	4,409	2%	16%	82%	5.5%	96.6%	29%	29%	5-year
Greenwich, Fairfield	62,141	21,994	5%	15%	80%	7.7%	93.9%	33%	42%	5-year
Griswold, New London	11,952	4,404	10%	27%	63%	9.6%	96.0%	34%	48%	5-year
Groton, New London	40,136	16,283	10%	25%	65%	6.7%	92.8%	34%	41%	5-year
Guilford, New Haven	22,405	8,814	6%	18%	76%	5.6%	96.3%	34%	48%	5-year
Haddam, Middlesex	8,356	3,192	4%	13%	83%	4.1%	96.6%	27%	29%	5-year
Hamden, New Haven	61,605	23,374	9%	30%	61%	8.5%	93.9%	35%	52%	5-year
Hampton, Windham	1,912	746	6%	18%	76%	5.3%	92.7%	28%	43%	5-year
Hartford, Hartford	125,211	45,801	32%	42%	26%	20.2%	84.5%	45%	58%	5-year
Hartland, Hartford	2,211	761	5%	20%	75%	7.1%	96.1%	23%	22%	5-year
Harwinton, Litchfield	5,592	2,072	5%	11%	84%	6.0%	93.8%	27%	28%	5-year
Hebron, Tolland	9,627	3,356	2%	16%	82%	4.5%	96.3%	29%	26%	5-year
Kent, Litchfield	2,951	1,125	8%	24%	68%	8.3%	89.4%	36%	58%	5-year
Killingly, Windham	17,281	6,959	11%	32%	57%	9.1%	91.8%	36%	45%	5-year
Killingworth, Middlesex	6,516	2,590	2%	14%	84%	4.7%	97.1%	29%	27%	5-year

Town	Population	Households	Poverty %	ALICE %	Above ALICE Threshold %	Unemployment Rate	Health Insurance Coverage %	Housing Burden: % Owner over 30%	Housing Burden: % Renter over 30%	Source, American Community Survey Estimate
Lebanon, New London	7,314	2,733	4%	15%	81%	6.8%	93.5%	32%	62%	5-year
Ledyard, New London	15,090	5,669	5%	13%	82%	6.3%	95.7%	26%	28%	5-year
Lisbon, New London	4,340	1,635	2%	22%	76%	8.6%	95.3%	26%	51%	5-year
Litchfield, Litchfield	8,365	3,454	6%	23%	71%	5.8%	93.4%	35%	39%	5-year
Lyme, New London	2,367	1,060	3%	15%	82%	6.1%	95.7%	36%	63%	5-year
Madison, New Haven	18,284	6,727	4%	20%	76%	4.6%	97.2%	30%	57%	5-year
Manchester, Hartford	58,270	24,005	10%	32%	58%	10.2%	91.2%	31%	45%	5-year
Mansfield, Tolland	26,328	5,489	15%	25%	60%	7.5%	97.0%	25%	53%	5-year
Marlborough, Hartford	6,428	2,259	1%	13%	86%	9.7%	97.4%	28%	42%	5-year
Meriden, New Haven	60,616	24,018	12%	40%	48%	11.9%	90.1%	36%	51%	5-year
Middlebury, New Haven	7,575	2,761	7%	20%	73%	12.1%	93.6%	36%	36%	5-year
Middlefield, Middlesex	4,426	1,729	6%	20%	74%	4.8%	97.9%	28%	34%	5-year
Middletown, Middlesex	47,424	19,419	11%	25%	64%	7.4%	92.6%	30%	45%	5-year
Milford, New Haven	53,039	21,199	6%	26%	68%	8.0%	94.7%	36%	52%	5-year
Monroe, Fairfield	19,744	6,602	4%	15%	81%	5.7%	97.2%	34%	46%	5-year
Montville, New London	19,649	6,846	5%	21%	74%	7.4%	94.3%	33%	47%	5-year
Morris, Litchfield	2,289	925	4%	26%	70%	7.1%	91.2%	42%	21%	5-year
Naugatuck, New Haven	31,790	12,157	10%	37%	53%	11.5%	92.3%	35%	47%	5-year
New Britain, Hartford	73,095	27,820	22%	41%	37%	14.1%	88.8%	38%	50%	5-year
New Canaan, Fairfield	20,073	6,833	4%	10%	86%	6.4%	96.4%	32%	40%	5-year
New Fairfield, Fairfield	14,079	4,815	2%	17%	81%	8.2%	94.5%	34%	54%	5-year
New Hartford, Litchfield	6,910	2,702	2%	30%	68%	4.3%	96.0%	35%	17%	5-year
New Haven, New Haven	130,553	49,945	25%	40%	35%	13.7%	87.7%	41%	58%	5-year
New London, New London	27,536	10,224	23%	32%	45%	15.5%	87.2%	37%	53%	5-year
New Milford, Litchfield	27,821	10,642	6%	22%	72%	9.3%	91.1%	37%	53%	5-year
Newington, Hartford	30,652	12,634	5%	27%	68%	7.3%	94.6%	31%	33%	5-year
Newtown, Fairfield	27,960	9,624	4%	17%	79%	6.8%	96.3%	35%	58%	1-year
Norfolk, Litchfield	1,486	635	8%	23%	69%	5.8%	89.9%	35%	43%	5-year
North Branford, New Haven	14,387	5,549	5%	21%	74%	5.7%	97.6%	33%	38%	5-year
North Canaan, Litchfield	3,262	1,298	7%	28%	65%	7.7%	94.5%	33%	68%	5-year
North Haven, New Haven	23,997	8,590	4%	24%	72%	8.6%	95.8%	36%	49%	5-year
North Stonington, New London	5,293	2,036	6%	27%	67%	7.8%	91.3%	33%	30%	5-year
Norwalk, Fairfield	87,214	35,450	9%	27%	64%	9.3%	83.0%	43%	49%	5-year
Norwich, New London	40,378	16,331	13%	34%	53%	11.4%	91.6%	32%	49%	5-year
Old Lyme, New London	7,587	3,216	1%	20%	79%	4.1%	95.1%	28%	55%	5-year
Old Saybrook, Middlesex	10,222	4,217	6%	23%	71%	4.9%	96.2%	36%	65%	5-year
Orange, New Haven	13,947	4,841	5%	19%	76%	8.5%	96.7%	34%	53%	5-year
Oxford, New Haven	12,831	4,411	2%	18%	80%	10.8%	94.1%	30%	18%	5-year
Plainfield, Windham	15,270	5,730	8%	28%	64%	11.5%	92.0%	31%	52%	5-year
Plainville, Hartford	17,791	7,699	9%	39%	52%	9.0%	92.2%	30%	43%	5-year
Plymouth, Litchfield	12,085	4,711	9%	21%	70%	8.1%	92.8%	33%	36%	5-year
Pomfret, Windham	4,216	1,513	4%	20%	76%	8.7%	97.8%	21%	26%	5-year
Portland, Middlesex	9,483	3,955	6%	17%	77%	7.4%	94.5%	27%	48%	5-year
Preston, New London	4,735	1,978	9%	23%	68%	8.9%	93.4%	25%	65%	5-year
Prospect, New Haven	9,615	3,256	4%	19%	77%	8.9%	94.8%	21%	42%	5-year
Putnam, Windham	9,515	3,870	11%	38%	51%	14.1%	88.5%	36%	46%	5-year

# Key Facts and ALICE Statistics for Connecticut Municipalities

Town	Population	Households	Poverty %	ALICE %	Above ALICE Threshold %	Unemployment Rate	Health Insurance Coverage %	Housing Burden: % Owner over 30%	Housing Burden: % Renter over 30%	Source, American Community Survey Estimate
Redding, Fairfield	9,267	3,548	5%	14%	81%	7.0%	95.2%	41%	42%	5-year
Ridgefield, Fairfield	25,025	8,801	4%	13%	83%	5.3%	96.0%	31%	47%	5-year
Rocky Hill, Hartford	19,838	8,127	7%	26%	67%	8.3%	96.4%	33%	34%	5-year
Roxbury, Litchfield	2,273	945	6%	17%	77%	6.0%	92.3%	34%	45%	5-year
Salem, New London	4,176	1,493	4%	20%	76%	7.6%	94.9%	31%	46%	5-year
Salisbury, Litchfield	3,708	1,499	1%	23%	76%	2.2%	90.6%	34%	24%	5-year
Scotland, Windham	1,709	589	2%	18%	80%	8.5%	91.2%	36%	26%	5-year
Seymour, New Haven	16,551	6,090	5%	30%	65%	10.8%	92.9%	38%	39%	5-year
Sharon, Litchfield	2,746	1,261	6%	29%	65%	4.5%	94.0%	36%	13%	5-year
Shelton, Fairfield	40,472	15,186	5%	22%	73%	8.6%	95.3%	35%	35%	5-year
Sherman, Fairfield	3,636	1,381	1%	13%	86%	8.6%	96.5%	33%	16%	5-year
Simsbury, Hartford	23,681	8,731	3%	17%	80%	5.8%	97.0%	25%	42%	5-year
Somers, Tolland	11,431	3,326	5%	21%	74%	8.1%	93.0%	23%	61%	5-year
South Windsor, Hartford	25,795	9,606	4%	19%	77%	6.9%	97.9%	28%	47%	5-year
Southbury, New Haven	19,876	7,841	5%	26%	69%	8.2%	96.2%	42%	55%	5-year
Southington, Hartford	43,509	17,115	5%	24%	71%	6.3%	95.4%	25%	42%	5-year
Sprague, New London	2,993	1,287	7%	29%	64%	9.2%	91.7%	26%	38%	5-year
Stafford, Tolland	12,013	4,721	11%	29%	60%	9.8%	92.1%	32%	53%	5-year
Stamford, Fairfield	125,401	46,418	10%	25%	65%	10.2%	82.7%	41%	53%	5-year
Sterling, Windham	3,809	1,208	8%	17%	75%	13.2%	89.3%	37%	33%	5-year
Stonington, New London	18,539	7,881	6%	22%	72%	5.8%	94.1%	30%	43%	5-year
Stratford, Fairfield	52,092	20,330	9%	30%	61%	10.5%	91.7%	42%	54%	5-year
Suffield, Hartford	15,764	4,822	5%	19%	76%	5.9%	96.3%	26%	51%	5-year
Thomaston, Litchfield	7,793	3,000	5%	23%	72%	7.8%	95.8%	30%	42%	5-year
Thompson, Windham	9,390	3,673	6%	26%	68%	10.1%	93.1%	24%	45%	5-year
Tolland, Tolland	14,971	5,427	2%	14%	84%	5.7%	98.0%	22%	45%	5-year
Torrington, Litchfield	35,774	14,820	12%	31%	57%	9.5%	89.1%	36%	45%	5-year
Trumbull, Fairfield	36,444	12,205	5%	16%	79%	7.0%	95.7%	37%	62%	5-year
Union, Tolland	950	338	1%	20%	79%	7.7%	94.1%	29%	0%	5-year
Vernon, Tolland	29,162	13,167	9%	36%	55%	10.5%	92.2%	28%	45%	5-year
Voluntown, New London	2,602	1,038	3%	20%	77%	11.2%	91.9%	32%	11%	5-year
Wallingford, New Haven	45,154	17,169	5%	29%	66%	7.3%	94.5%	26%	44%	5-year
Warren, Litchfield	1,390	575	9%	14%	77%	6.3%	95.3%	38%	31%	5-year
Washington, Litchfield	3,529	1,545	5%	26%	69%	5.7%	91.2%	45%	41%	5-year
Waterbury, New Haven	109,887	40,960	24%	39%	37%	13.7%	87.4%	41%	56%	5-year
Waterford, New London	19,499	7,931	7%	21%	72%	7.3%	94.6%	32%	42%	5-year
Watertown, Litchfield	22,286	8,476	5%	24%	71%	7.1%	96.9%	30%	35%	5-year
West Hartford, Hartford	63,396	24,910	10%	21%	69%	6.8%	95.0%	27%	45%	5-year
West Haven, New Haven	55,290	20,463	13%	40%	47%	13.1%	89.1%	48%	60%	5-year
Westbrook, Middlesex	6,916	2,733	4%	33%	63%	10.0%	86.9%	31%	53%	5-year
Weston, Fairfield	10,319	3,285	2%	9%	89%	5.5%	98.6%	35%	36%	5-year
Westport, Fairfield	27,055	9,558	5%	11%	84%	7.5%	96.0%	34%	41%	5-year
Wethersfield, Hartford	26,579	10,853	6%	24%	70%	7.4%	94.8%	31%	36%	5-year
Willington, Tolland	5,994	2,312	10%	29%	61%	8.8%	88.5%	25%	62%	5-year

Town	Population	Households	Poverty %	ALICE %	Above ALICE Threshold %	Unemployment Rate	Health Insurance Coverage %	Housing Burden: % Owner over 30%	Housing Burden: % Renter over 30%	Source, American Community Survey Estimate
Wilton, Fairfield	18,519	5,963	2%	10%	88%	4.5%	96.7%	32%	37%	5-year
Winchester, Litchfield	11,089	4,819	10%	30%	60%	8.1%	91.8%	29%	49%	5-year
Windham, Windham	25,271	8,920	24%	31%	45%	12.3%	91.2%	34%	59%	5-year
Windsor Locks, Hartford	12,554	5,224	6%	32%	62%	8.2%	94.0%	30%	35%	5-year
Windsor, Hartford	29,130	10,796	5%	23%	72%	9.5%	94.2%	30%	42%	5-year
Wolcott, New Haven	16,724	5,827	3%	26%	71%	8.5%	95.0%	27%	43%	5-year
Woodbridge, New Haven	8,969	3,090	2%	20%	78%	5.1%	92.2%	36%	79%	5-year
Woodbury, Litchfield	9,851	4,096	5%	23%	72%	6.9%	95.6%	35%	54%	5-year
Woodstock, Windham	7,916	3,169	4%	28%	68%	8.3%	94.8%	30%	45%	5-year

# ALICE HOUSEHOLDS BY INCOME, 2007 TO 2014

**ALICE**, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mloyed, represents the growing number of individuals and families who are working, but are unable to afford the basic necessities of housing, food, child care, health care, and transportation.

The United Way ALICE Report uses standardized measurements to quantify the cost of a basic household budget in each county in Connecticut, and the magnitude of households that are struggling to afford it.

This table presents the total number of households in each county in 2014, 2012, 2010, and 2007, as well as the percent of households in poverty and ALICE.

*Source: American Community Survey, 2007-2014; Missing data for 2007 is due to the fact that in that year the American Community Survey did not report data for counties with populations of less than 20,000.*

## ALICE Households, Connecticut, 2007 to 2014

County	2014			2012			2010			2007			Source, American Community Survey Estimate
	Total Households	Poverty %	ALICE %	Total Households	Poverty %	ALICE %	Total Households	Poverty %	ALICE %	Total Households	Poverty %	ALICE %	
<b>Fairfield</b>	338,421	9%	23%	334,255	9%	20%	329,091	10%	23%	323,848	7%	18%	1-Year
<b>Hartford</b>	346,525	12%	28%	346,726	12%	24%	351,483	11%	27%	337,162	10%	24%	1-Year
<b>Litchfield</b>	73,572	8%	21%	75,593	7%	25%	76,398	7%	24%	73,732	7%	18%	1-Year
<b>Middlesex</b>	67,106	8%	22%	67,386	5%	20%	66,333	6%	23%	64,770	5%	20%	1-Year
<b>New Haven</b>	326,050	13%	32%	330,054	13%	35%	329,595	12%	30%	321,203	10%	27%	1-Year
<b>New London</b>	105,504	11%	22%	105,801	8%	27%	106,808	8%	26%	102,995	7%	20%	1-Year
<b>Tolland</b>	53,984	7%	27%	54,830	6%	23%	54,345	6%	23%	53,377	7%	19%	1-Year
<b>Windham</b>	44,655	9%	30%	43,167	11%	28%	44,756	12%	24%	43,627	8%	21%	1-Year



# METHODOLOGY OVERVIEW & RATIONALE

LAST UPDATED JUNE 2016

**ALICE**, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, represents the growing number of individuals and families who are working, but are unable to afford the basic necessities of housing, food, child care, health care, and transportation.

The United Way ALICE Report uses standardized measurements to quantify the cost of a basic household budget in each county in Connecticut, and the magnitude of households that are struggling to afford it.

This methodology overview describes the rationale for developing ALICE, an alternative to the Federal Poverty Level; the guiding parameters for development of new measures; four resultant measures; and the methodology and data sources used for each.

## BACKGROUND: SHORTCOMINGS OF THE FEDERAL POVERTY LEVEL

An accurate and comprehensive measure of the scope, causes, and consequences of poverty forms the basis for identifying problems, planning policy solutions, and allocating resources. Since the War on Poverty began in 1965, the Federal Poverty Level (FPL) has provided a standard by which to determine the number and proportion of people living in poverty in the U.S. Despite the FPL's benefit of providing a nationally recognized income threshold for determining who is poor, its shortcomings are well documented (Citro & Michael, 1995; O'Brien & Pedulla, 2010; Uchitelle, 2001).

Primarily, the measure is not based on the current cost of basic contemporary household necessities, and except for Alaska and Hawaii, it is not adjusted to reflect cost of living differences across the U.S. The net effect is an undercount of households living in economic hardship. The official poverty level is so understated that many government and nonprofit agencies use multiples of the FPL to determine eligibility for assistance programs. For example, New Jersey's Low Income Home Energy Assistance Program (LIHEAP) uses 200 percent of the FPL and Louisiana's Women, Infants & Children Program (WIC) uses 185 percent of the FPL (New Jersey Energy Assistance Programs, 2013; U.S. Department of Agriculture, 2015). Even Medicaid and the Children's Health Insurance Program (CHIP) use multiples of the FPL to determine eligibility across the country (National Conference of State Legislatures, 2014; Roberts, Povich, & Mather, 2012).

In light of the FPL's weaknesses, other measures of financial hardship have been developed. The federal government produces two alternatives to the FPL: the Supplemental Poverty Measure (SPM) from the U.S. Census at the state level, and the Area Median Income (AMI) from the Department of Housing and Urban Development (HUD) for sub-state geographies. Other sub-state geography alternatives to the FPL include Kids Count (Annie E. Casey Foundation), the Self-Sufficiency Standard (Center for Women's Welfare, School of Social Work, University of Washington), the Basic Needs Budget (National Center for Children in Poverty), the Family Budget Calculator (Economic Policy Institute), the Economic Security Index (Institution for Social and Policy Studies), the Living Wage Calculator (MIT), and the Assets and Opportunity Scorecard (Corporation for Enterprise Development). While the plethora of alternatives demonstrates the lack of satisfaction with the FPL, none comprehensively measure the number of households who are struggling in each county in a state and describe the conditions they face.

Beyond measurement concerns, the FPL suffers from language issues common to assessments of poverty. For one, the term “poverty” is vague, lacking any measure of the depth, duration, or household and societal consequences of financial hardship. In addition, the term has gained negative connotations and is often and inaccurately associated only with a lack of employment.

## ALICE DATA PARAMETERS

To meet the United Way *ALICE Project* goals that new measures be transparent and provide data that is easily updated on a regular basis and replicable across all states, the ALICE tools were developed based on the following parameters:

- 1. Make a household the unit of analysis:** Because people live in a variety of economic units (families, roommates, etc.), the ALICE tools measure households. ALICE households do not include those living in institutional group quarters, such as college dorms, nursing homes, homeless shelters, or prisons.
- 2. Define the basic cost of living:** The goal is to define the basic elements needed to participate in the modern economy. Other measures are either unrealistically low, where a household earning the Threshold still cannot afford basic necessities, or they create an income benchmark that is too high and financially unsustainable. The ALICE measures provide a conservative estimate for the costs of five essentials: housing, child care, food, transportation, and health care, plus miscellaneous expenses and taxes.
- 3. Measure the number of households unable to afford the basic cost of living:** In addition to capturing the basic cost of living, it is important to know the number and proportion of households unable to afford it. Where possible, it is also important to understand their demographic characteristics and geographic distribution.
- 4. Provide data at the local level:** Counties serve as the base geographic unit of analysis because they are the smallest geography for which we can obtain reliable data across the country. Where possible, we also measure ALICE indicators at the Census Bureau’s municipal, county subdivision, and Public Use Microdata Area (PUMA) level. State-level data, while available for a broader set of economic indicators, masks significant inter-county variation.
- 5. Make new measures transparent and easy to understand:** To ensure that measures are transparent and easily understandable, all data come from official and publicly available sources, including the U.S. Census Bureau, the Department of Housing and Urban Development (HUD), the U. S. Department of Agriculture (USDA), and the Bureau of Labor Statistics (BLS). In particular, using readily available data from the American Community Survey’s tabulated data as the basis for estimates ensures that calculations are transparent and easily verifiable.
- 6. Ensure that measures can be easily updated on a regular basis:** ALICE measures are standardized using regularly collected, publicly available data to ensure that they can be applied across every county and updated regularly.
- 7. Make new measures replicable across all states:** The ALICE measures quantify financial hardship across geographic jurisdictions and over time. The standard measures enable comparison and common understanding.
- 8. Identify important contextual conditions:** Because economic hardship does not occur in a vacuum, the ALICE tools provide the means to understand the conditions that struggling households face (such as few job opportunities), as well as the consequences of those struggles for the wider community (such as more traffic and longer commutes as workers find lower cost homes further away, or stress on emergency rooms overused for primary care).

9. **Use neutral language:** Because the term “poverty” carries negative connotations, a more neutral descriptive acronym is offered. The term “**ALICE**” describes a household that is **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed.

## THE ALICE MEASURES

The United Way *ALICE Project* developed the four ALICE measures, described below, to identify and assess financial hardship at a local level and to enhance existing local, state, and national poverty measures.

**Household Survival Budget:** The Household Survival Budget is a minimal estimate of the total cost of five household essentials – housing, child care, food, transportation, and health care, plus taxes and a 10 percent contingency. It is calculated separately for each county, and for different household types. The budget can be updated as costs and the items considered necessary change over time. For comparison, a Household Stability Budget provides an estimate of a more sustainable budget, including a 10 percent savings category.

**ALICE Threshold:** The ALICE Threshold represents the minimum income level necessary for survival for a household. Derived from the Household Survival Budget, the Threshold is rounded to American Community Survey income category and adjusted for household size and composition for each county, as described below.

**ALICE Income Assessment:** The ALICE Income Assessment is a tool that measures: 1) how much income households need to reach the ALICE Threshold; 2) how much they actually earn; 3) how much public and nonprofit assistance is provided to help these households meet their basic needs; and 4) the Unfilled Gap – how far these households remain from reaching the ALICE Threshold despite both income and assistance.

**Economic Viability Dashboard:** The Economic Viability Dashboard is an Index designed to measure the economic conditions that ALICE households face in each county in a given state. The Dashboard measures three indicators of local economic conditions: Housing Affordability, Job Opportunities, and Community Resources. The Index score for each county ranges from 1 to 100, where 1 indicates the worst economic conditions for ALICE and 100 indicates the best conditions.

**Additional Analysis: ALICE Housing Stock Assessment:** Each United Way ALICE Report includes the ALICE Housing Stock assessment, an analysis that measures the number of housing units in a county that ALICE and poverty households can afford compared with the demand for affordable units. These include rental and owner-occupied units, both government subsidized and market rate.

## METHODOLOGY: HOUSEHOLD SURVIVAL AND STABILITY BUDGETS

The Household Budgets are a means to understand the cost of living on a local scale. To evaluate the minimal amount needed to survive in a particular geographic area, the Household Survival Budget includes the cost of five household essentials – housing, child care, food, transportation, and health care, plus taxes and a 10 percent contingency – priced at the most basic level for each county in a state. The Household Survival Budget is calculated for different household types, including a single adult and a family of four (two adults, one infant, and one preschooler). For comparison, the Household Stability Budget provides an estimate of a more sustainable budget for the same household types.

# Household Survival Budget

The Household Survival Budget is comprised of conservative estimates of the cost of five household essentials – housing, child care, food, transportation, and health care, plus taxes and a 10 percent contingency – in each county. The data definitions and sources are as follows:

- 1. Housing:** The housing budget is based on HUD's Fair Market Rent (40th percentile of gross rents) for an efficiency apartment for a single person, a one-bedroom apartment for a head of household with a child, and a two-bedroom apartment for a family of three or more. The rent includes the sum of the rent paid to the owner plus any utility costs incurred by the tenant. Utilities include electricity, gas, water/sewer, and trash removal services, but not telephone service. If the owner pays for all utilities, then the gross rent equals the rent paid to the owner.  
*Source:* <http://www.huduser.org/portal/datasets/fmr.html>
- 2. Child Care:** The child care budget is based on the average annual cost of care for one infant and one preschooler in registered family child care homes (the least expensive child care option). Data are compiled by local child care resource and referral agencies and reported to the national organization, Child Care Aware. When data are missing, state averages are used, though missing data may mean that child care facilities are not available in those counties and residents may be forced to use facilities in neighboring counties. The source for county breakdowns varies by state.  
*Source:* *State totals* <http://www.usa.childcareaware.org/costofcare>
- 3. Food:** The food budget is based on the Thrifty Level (lowest of four levels) of the USDA Food Plans. The household food budget is adjusted for six select household compositions including: single adult male 19-50 years old; family of two adults (male and female) 19-50 years old; one adult female and one child 2-3 years old; one adult female and one child 9-11 years old; family of four with two adults (male and female) and children 2-3 and 4-5 years old; and family of four with two adults (male and female as specified by the USDA) and children 6-8 and 9-11 years old. Data for June is used as that is considered by USDA to be the annual average.  
*Source:* [http://www.cnpp.usda.gov/sites/default/files/usda\\_food\\_plans\\_cost\\_of\\_food/CostofFoodJun2014.pdf](http://www.cnpp.usda.gov/sites/default/files/usda_food_plans_cost_of_food/CostofFoodJun2014.pdf) *State food budget numbers are adjusted for regional price variation.*  
*Source:* <http://www.ers.usda.gov/media/176139/page19.pdf>
- 4. Transportation:** The transportation budget is calculated using average annual expenditures for transportation by car and by public transportation from the Bureau of Labor Statistics' Consumer Expenditure Survey (CES). Since the CES is reported by metropolitan statistical areas and regions, counties are matched with the most local level possible. Costs are adjusted for household size (divided by CES household size except for single-adult households, which are divided by two). Building on work by the Institute of Urban and Regional Development, we suggest that in counties where 8 percent or more of the population uses public transportation, the cost for public transportation is used; in those counties where less than 8 percent of the population uses public transportation, the cost for auto transportation is used instead (Porter & Deakin, 1995; Pearce, 2015). Public transportation includes bus, trolley, subway, elevated train, railroad, and ferryboat. Car expenses include gas, oil, and other vehicle maintenance expenses, but not lease payments, car loan payments, or major repairs.  
*Sources:*  
*Bureau of Labor Statistics (CES):* <http://www.bls.gov/cex/csxmsa.htm#y1112>  
*CES Region definitions:* <http://www.bls.gov/cex/csxgloss.htm>  
*American Community Survey:* <http://www.census.gov/acs/www/>
- 5. Health Care:** The health care budget includes the nominal out-of-pocket health care spending, medical services, prescription drugs, and medical supplies using the average annual health expenditure reported in the CES. Since the CES is reported by metropolitan areas and regions, counties were matched with the most local level possible. Costs are adjusted for household size (divided by CES household size except for single-adult households, which are divided by two). The health care budget does not include the cost of health insurance. Starting with the 2016 ALICE Reports, the health care

cost will incorporate changes from the Affordable Care Act (ACA). Because ALICE does not qualify for Medicaid but in many cases cannot afford even the Bronze Marketplace premiums and deductibles, we add the cost of the “shared responsibility payment” – the penalty for not having coverage – to the current out-of-pocket health care spending. The penalty for 2014 was the higher of these: 1 percent of household income, yearly premium for the national average price of a Bronze plan sold through the Marketplace, or \$95 per adult and \$47.50 per child under 18, for a maximum of \$285.

Sources:

Bureau of Labor Statistics (CES): <http://www.bls.gov/cex/csxmsa.htm#y1112>

CES Region definitions: <http://www.bls.gov/cex/csxgloss.htm>

Shared responsibility payment: <https://www.healthcare.gov/fees/fee-for-not-being-covered/>

- 6. Taxes:** The tax budget includes both federal and state income taxes where applicable, as well as Social Security and Medicare taxes. These rates include standard federal and state deductions and exemptions, as well as the federal Child Tax Credit and the Child and Dependent Care Credit as defined in the Internal Revenue Service 1040: Individual Income Tax, Forms and Instructions. They also include state tax deductions and exemptions such as the Personal Tax Credit and renter’s credit as defined in each state Treasury’s 1040: Individual Income Tax, Forms and Instructions. Local taxes are incorporated as applicable.

Sources:

Internal Revenue Service 1040: Individual Income Tax, Forms and Instructions for relevant years, such as: <http://www.irs.gov/pub/irs-prior/i1040--2012.pdf>

State Income Tax, Forms and Instructions for relevant years, such as:

[http://www.state.nj.us/treasury/taxation/pdf/other\\_forms/tgi-ee/2010/10\\_1040i.pdf](http://www.state.nj.us/treasury/taxation/pdf/other_forms/tgi-ee/2010/10_1040i.pdf)

- 7. Miscellaneous:** The Miscellaneous category includes 10 percent of the budget total (including taxes) to cover cost overruns.

## Household Stability Budget

The Household Stability Budget represents a more financially stable, less austere standard of living compared to the Household Survival Budget. The Household Stability Budget is comprised of the actual cost of five household essentials plus a 10 percent savings item and a 10 percent contingency item, as well as taxes for each county. The data builds on the sources from the Household Survival Budget; differences are outlined below.

- 1. Housing:** The housing budget for a single adult is based on HUD’s median rent for a one-bedroom apartment, rather than an efficiency at the Fair Market Rent of 40th percentile; for a head of household with children, the basis is a two-bedroom apartment at the median rent; and housing for a family is based on the American Community Survey’s median monthly owner costs for those with a mortgage, instead of rent for a two-bedroom apartment at the 40th percentile. Real estate taxes are included in the tax category below for households with a mortgage.
- 2. Child Care:** The child care budget is based on the cost of a fully licensed and accredited child care center. These costs are typically more than 30 percent higher than the cost of registered home-based child care used in the Household Survival Budget. Data is compiled by local child care resource and referral agencies and reported to the national organization, Child Care Aware.
- 3. Food:** The food budget is based on the USDA’s Moderate Level Food Plan for cost of food at home (second of four levels), adjusted for regional variation, plus the average cost of food away from home as reported by the CES.
- 4. Transportation:** Where there is public transportation, family transportation expenses include public transportation for one adult and gas and maintenance for one car; costs for a single adult include public transportation for one, and half the cost of gas and maintenance for one car. Where there is no public transportation, family expenses include costs for leasing one car and for gas and maintenance for two cars, and single-adult costs are for leasing, gas and maintenance for one car as reported by the CES.

5. **Health Care:** The health care costs are based on employer-sponsored health insurance at a low-wage firm as reported by the U.S. Department of Health and Human Services in the Medical Expenditure Panel Survey (MEPS). Also included is out-of-pocket health care spending as reported in the CES.  
Sources:  
*U.S. Department of Health and Human Services in the Medical Expenditure Panel Survey (MEPS) for relevant years (note: 2007 data not available, 2008 was used instead). For example:*  
*Table II.C.2 Average total employee contribution*  
[http://meps.ahrq.gov/mepsweb/data\\_stats/summ\\_tables/insr/state/series\\_2/2014/tiic2.htm](http://meps.ahrq.gov/mepsweb/data_stats/summ_tables/insr/state/series_2/2014/tiic2.htm)  
*Table VII.C.2. Average total employee contribution (in dollars) per enrolled employee for single coverage at establishments that offer health insurance*  
[http://meps.ahrq.gov/mepsweb/data\\_stats/summ\\_tables/insr/state/series\\_7/2014/tviic2.htm](http://meps.ahrq.gov/mepsweb/data_stats/summ_tables/insr/state/series_7/2014/tviic2.htm)  
*Table VII.D.2. Average total employee contribution (in dollars) per enrolled employee for family coverage at establishments that offer health insurance where percent of low-wage employee contribution is 50 percent or more*  
[http://meps.ahrq.gov/mepsweb/data\\_stats/summ\\_tables/insr/state/series\\_7/2014/tviid2.htm](http://meps.ahrq.gov/mepsweb/data_stats/summ_tables/insr/state/series_7/2014/tviid2.htm)
6. **Technology:** Most jobs now require access to the internet and a smartphone. These are necessary to receive work schedules, changes in start time or location, access to work support services, and customer follow-up. The Stability Budget includes the cost of a smartphone for each adult in the family.  
Source: *Consumer Reports, Cell Phone Plan Comparison, 2014*  
<http://www.consumerreports.org/cro/news/2014/01/best-phone-plans-for-your-family-save-money/index.htm>
7. **Miscellaneous and Savings:** As in the Household Survival Budget, there is a miscellaneous category to cover cost overruns. In addition, there is a savings category. They are each 10 percent of the budget total (not including taxes).
8. **Taxes:** Taxes are calculated in the same manner as the Household Survival Budget, but the amounts are much larger as the size of credits and exemptions does not increase with income.

## METHODOLOGY: THE ALICE THRESHOLD

In addition to understanding the basic cost of living, it is important to know the number and proportion of households not able to afford it and, where possible, their demographic features and geographic distribution. To do so, we calculate ALICE Thresholds for each county based on the Household Survival Budget to match the American Community Survey income categories allowing analysis of American Community Survey demographics. Data are from the American Community Survey: <http://www.census.gov/acs/www/>

1. **Two Thresholds:** Because there are significant differences between households by age, there are two separate ALICE Thresholds: one for households headed by someone under 65 years old, and another for households headed by someone 65 years and older. They are calculated separately for each county in a state.
  - *Threshold for under 65:* The Threshold for households headed by someone under 65 years old is based on the average of the least expensive Household Survival Budget (Single Adult) and the most expensive Household Survival Budget (Family of Four), reflecting the wide range of types of households in this age group. The average budget is then adjusted to the average household size of the location.  
(HHSB Single Adult + HHSB Family of 4)/5 \* Ave HH size under65
  - *Threshold for 65 and over:* Households headed by someone 65 years and older are less likely to include children. Therefore, the Threshold is based on the Household Survival Budget for a Single Adult.  
HHSB Single Adult \* Ave HH size 65over

- 2. Household Income:** The average budgets are rounded to the tabulated American Community Survey estimates for household income in the following categories: \$30,000, \$35,000, \$40,000, \$45,000, \$50,000, \$60,000, or \$75,000.
- 3. Average Household Size:** The average household size for households headed by someone under 65 is calculated as: the number of households headed by someone under 65 divided by the total population under 65. The average household size for households headed by someone 65 and older is calculated as: the number of households headed by someone 65 and older divided by the population 65 and older. To ensure that results reflect local conditions as closely as possible, averages are calculated at the county level.

## METHODOLOGY: ALICE INCOME ASSESSMENT

The ALICE Income Assessment looks at the impact of public and nonprofit resources on the needs of ALICE households. The tool measures the “Unfilled Gap” between the total amount that households receive in income, cash government assistance, and in-kind public assistance and the total needed to reach the ALICE Threshold. Household income includes wages, dividends, and Social Security.

There are many resources available to low-income families. Public assistance used in this analysis includes only programs directed specifically at low-income households that directly help them meet the basic Household Survival Budget, such as TANF and Medicaid. It does not include programs that assist low-income households in broader ways, such as to attend college, or that assist communities, like community policing. The analysis is only of funds spent, not an evaluation of the efficacy of the programs or efficacy of meeting household needs.

- 1. Federal Spending:** This figure includes a wide array of programs:
  - *Social Services:* Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), and Social Services Block Grant (SSBG).
  - *Child Care and Education:* Only programs that help children meet their basic needs or are necessary to enable their parents to work are included. They are Head Start, Neglected and Delinquent Children and Youth Education, Rural and Low-Income Schools Program, and Homeless Children and Youth Education. Though post-secondary education is vital to future economic success, it is not a component of the basic Household Survival Budget, so programs such as Pell grants are not included.
  - *Food:* Supplemental Nutrition Assistance Program (SNAP), School Lunch Program, School Breakfast Program, Child and Adult Care Food Program (CACFP), and Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).
  - *Housing:* Section 8 Housing Choice Vouchers (including Fair Share Vouchers and Welfare-to-Work Vouchers, the Section 8 Rental Voucher program (14.855), or the former Section 8 Certificate program (14.857)), Low-Income Home Energy Assistance Program (LIHEAP), and Community Development Block Grants (CDBG).
  - *EITC:* Earned Income Tax Credit
- 2. Health Care:** This figure includes:
  - *Medicaid:* Provides money to states, which they must match, to offer health insurance for low-income residents. Also known as the Medical Assistance Program.
  - *Children’s Health Insurance Program (CHIP):* Provides funds to states to enable them to maintain and expand child health assistance to uninsured, low-income children and, at a state’s discretion, to low-income pregnant women and authorized immigrants.

- *Community Health Benefits*: Spending by hospitals on low-income patients that includes charity care and means-tested expenses, including Unreimbursed Medicaid minus direct offsetting revenue as reported on the 990 c3 Report.
3. **State and Local Government Spending**: This figure includes funds from state and local government, not pass-throughs from the federal government, in the areas of health, social services, transportation, and workforce development. Spending on ALICE was estimated from the National Association of State Budget Officers (NASBO), “State Expenditure Report: Examining Fiscal 2012-2014 State Spending,” 2014.
  4. **Nonprofit Assistance**: This figure includes spending by nonprofit organizations identified as Human Services organizations. Human Services nonprofit programs are those reported on Form 990EZc3 and 990c3 minus program service revenue, dues, and government grants as reported to the Internal Revenue Service.

*Sources:*

*Community Health Benefits – NCCS Data Web Report Builder, Statistics of Income 990 c3 Report for 2012, Urban Institute.*

*Department of Treasury, “USAspending.gov Data Download,” Bureau of the Fiscal Service, accessed 9/1/15. <https://www.usaspending.gov/DownloadCenter/Pages/DataDownload.aspx>*

*Federal spending data was gathered from Office of Management and Budget, “Fiscal Year 2016 Analytical Perspectives Budget of the U.S. Government,” U.S. Government Printing Office, Washington, DC. 2016. <https://www.gpo.gov/fdsys/browse/collectionGPO.action?collectionCode=BUDGET>*

*Non-Profit Revenue for Human Services, registered charity – NCCS Data Web Report Builder, Statistics of Income 990EZc3 Report and 990 c3 Report, Urban Institute, 2012*

*State spending data was gathered from: National Association of State Budget Officers (NASBO), “State Expenditure Report: Examining Fiscal 2012-2014 State Spending,” 2014. <https://www.nasbo.org/sites/default/files/State%20Expenditure%20Report%20%28Fiscal%202012-2014%29S.pdf>*

*Supplemental Social Insurance, B19066 – Aggregate Supplemental Security Income (SSI) in the Past 12 Months For Households, American Community Survey, 2014.*

*Earned income Tax Credit – Federal spending retrieved from <https://www.eitc.irs.gov/EITC-Central/eitcstats>*

## METHODOLOGY: ECONOMIC VIABILITY DASHBOARD

While there are many measures of general economic conditions, there is a gap in the understanding of the conditions that most affect ALICE households. The Economic Viability Dashboard presents the conditions that underlie the economic hardship faced by ALICE households at the local level: Housing Affordability, Job Opportunities, and Community Resources. Each of these sets of conditions is reflected in an Index that allows comparison across different kinds of measures.

1. **Index**: Each Index in the Dashboard creates a common scale across rates, percentages, and other scores by measuring from the average. Raw indicator scores are converted to “z-scores”, which measure how far any value falls from the mean of the set, measured in standard deviations. The general formula for normalizing indicator scores is:

$$z = (x - \mu) / \sigma$$

where  $x$  is the indicator’s value,  $\mu$  is the unweighted average,  $\sigma$  the standard deviation for that indicator and  $z$  is the resulting z-score. All scores must move in a positive direction, so for variables with an inverse relationship, i.e., the violent crime rate, the scores are multiplied by -1. In order to make the resulting scores more accessible, they are translated from a scale of -3 to 3 to 1 to 100. Data from 2010 is used as the baseline for comparison over time.



2. **Dashboard:** The conditions are displayed as a dashboard reflecting the economic reality of an area. This format ensures that poor conditions are not concealed by better results in another category, thus enabling the identification of gaps.
3. **Local Conditions:** The Index variables reflect the locality, rather than resources or conditions that are the same in all communities across the country. Economic conditions are reported for each county in a state for 2007, 2010, 2012, and the most current year available.
4. **Data Definitions and Sources:** The variables noted below for each index are the best proxies for the indicators that are available in all counties and updated on a regular basis:

- *Housing Affordability Index:*

- Affordable Housing Gap – The number of available units ALICE and poverty households can afford while spending no more than one-third of their income on housing (ALICE Housing Stock assessment) compared to the number of renter and owner households below the ALICE Threshold.  
*Source: American Community Survey and ALICE Threshold calculations*
- Housing Burden – Households spending more than 30 percent of income on housing.  
*Source: American Community Survey, Table PD04*
- Real Estate Taxes – Median real estate taxes.  
*Source: American Community Survey*

- *Job Opportunities Index:*

- Income Distribution – Share of Income in the Lowest Two Quintiles  
*Source: American Community Survey, Table B19082*
- Unemployment Rate – Employment Status  
*Source: American Community Survey, Table S2301*
- New Hire Wages (4th quarter) – Quarterly Workforce Indicators (QWI), U.S. Census  
*Source: LED Extraction Tool: <http://ledextract.ces.census.gov/>*

- *Community Resources Index:*

- Education Resources – 3- and 4-year-olds enrolled in preschool  
*Source: American Community Survey, Table S2301*
- Health Resources – Percent of population under 65 years old with health insurance. For consistency with data sets, for 2007 we used 2008 data. Prior to 2008, data was only available through the SAHIE Estimates using the Current Population Survey (CPS) which does not match the American Community Survey, where data from 2008 to date has been collected.  
*Source: American Community Survey, Table S2701 for 2010 and 2013; and B27001 for 2008*
- Social Capital – Percent of population 18 and older who voted in the most recent election. To match the election cycle, for 2013 we used 2014 data, for 2010 we used 2010 data, and for 2007 we used 2006 data.  
*Sources:*  
*Election Administration and Voting Survey and Data Sets, Section F, 2014 and 2010.*  
[http://www.eac.gov/research/election\\_administration\\_and\\_voting\\_survey.aspx](http://www.eac.gov/research/election_administration_and_voting_survey.aspx)  
*Election Administration and Voting Survey and Data Sets, Appendix C: 2006 Election Administration and Voting Survey.*  
[http://www.eac.gov/research/uocava\\_survey.aspx#2006eavdata](http://www.eac.gov/research/uocava_survey.aspx#2006eavdata)

# ADDITIONAL ANALYSIS: ALICE HOUSING STOCK ASSESSMENT

One of the most difficult conditions that most ALICE households face is the high cost of housing. Ultimately, housing cost is determined by what someone is willing to pay. However, the housing stock in an area can become out of sync when it is slow to adjust to demographic and economic changes. A mismatch occurs when the types of housing units residents want at certain price levels do not match the types of housing that exist, and a limited supply pushes up prices for all units.

An analysis of the number of units that are affordable for ALICE families reveals that there is indeed a mismatch between the number of households with income below the ALICE Threshold and the number of housing units in a given county that they can afford. Because there has been no accurate assessment of the number of rental and owner-occupied units that includes both government subsidized and market rate housing that ALICE families can afford, we developed the ALICE Housing Stock assessment.

The demographic and economic changes discussed above are causing significant shifts in housing demand. At the same time, there are many constraints on the housing market that prevent it from adjusting quickly. They include limited land availability for new housing, zoning regulations on the type of housing that can be built, and the cost of construction.

The ALICE Housing Stock assessment relies on the actual cost of housing and a county-level, cost-based threshold, whereas other mismatch approaches use either the Area Median Income (which takes into account county variation but does not necessarily have a relation to the actual cost in the area) or the bottom quintile or a flat rate (such as \$500) across all areas (Apgar, 1990; Goodman, 2001; Quigley & Raphael, 2001; U.S. Department of Housing and Urban Development, 2015). Also, these other approaches do not take into account the distribution of income below their thresholds, while the ALICE Housing Stock assessment does so along the Census breaks.

- 1. Housing Affordability:** Defined as spending no more than one-third of income on housing.
  - *Rental Affordability:* Based on the cost of rent.
  - *Ownership Affordability:* Based on the cost of mortgage payments plus real estate taxes.
- 2. Number of Affordable Units:** The number of affordable units is calculated by totaling the number of units where the housing cost is below one-third of the ALICE Threshold.
  - *Renter-occupied:* Based on the gross rent as reported in the tabulated American Community Survey estimates in the following categories: Less than \$200, \$200 to \$299, \$300 to \$499, \$500-\$749, \$750 to \$999, \$1,000 to \$1,499, and \$1,500 or more.
  - *Owner-occupied:* Based on the real estate taxes and mortgage of housing value as reported in the tabulated American Community Survey estimates in the following categories: Less than \$50,000, \$50,000 to \$99,999, \$100,000 to \$149,999, \$150,000 to \$199,999, \$200,000 to \$299,999, \$300,000 to \$499,999, \$500,000 to \$999,999, and \$1,000,000 and over.
- 3. Comparison:** Comparison between the number of affordable units and the number of ALICE households provides some insight into the additional number of units needed to house all ALICE households affordably. Such a comparison is bound to underestimate the need, as it assumes that all ALICE and poverty households are currently living in units that they can afford. The number of households that are housing burdened reveals that existing units are not perfectly allocated by income.

# ADDITIONAL INFORMATION

For questions, contact Stephanie Hoopes, national director, United Way *ALICE Project*.  
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