ALICE: A STUDY OF FINANCIAL HARDSHIP IN CONNECTICUT

LIVE UNITED®

2018 REPORT

ALICE® is an acronym for Asset Limited, Income Constrained, Employed.

The United Way *ALICE Project* is a collaboration of United Ways in Connecticut, Florida, Hawai'i, Idaho, Indiana, Iowa, Louisiana, Maryland, Michigan, New Jersey, New York, Ohio, Oregon, Texas, Virginia, Washington, and Wisconsin.

United Way

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United Way of Naugatuck and Beacon Falls

United Way of Northwest Connecticut

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Valley United Way

Learn more here: http://www.ctunitedway.org/

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

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LETTER TO THE COMMUNITY

For struggling households in Connecticut, low wages, tight budgets and limited savings often mean making tough financial choices. Working parents choose between quality child care and healthy food for their children. Young adults juggling multiple jobs with inconsistent schedules choose between expensive rent and a long commute to work. Aging adults approaching retirement weigh whether to ignore a car repair or forgo a needed trip to the doctor.

Six years ago, Connecticut United Ways committed to shining a light on households that, despite working hard, live paycheck to paycheck and are unable to afford life's most basic necessities such as housing, food, child care, transportation, and health care.

Connecticut United Ways, along with United Ways in 17 other states, call this demographic ALICE, an acronym that stands for Asset Limited, Income Constrained, Employed. Since the release of our first United Way ALICE Report, we have learned that ALICE lives in every town and city in Connecticut and is essential to the vitality of our communities.

ALICE cares for our children and aging parents, fixes our cars and works in our local grocery stores, retail stores, and restaurants. ALICE is our friend, neighbor, co-worker, and family member. We lean on ALICE for support; yet many ALICE households are one emergency away from a financial crisis impacting their ability to feed their family, heat their home, maintain their housing, and ensure their medical care.

With the release of our third Report, Connecticut United Ways continue to call attention to ALICE households by identifying barriers preventing ALICE from making ends meet. United Ways continue to work toward short- and long-term solutions that help ALICE families achieve financial stability.

Connecticut United Ways remain committed to supporting ALICE and fighting for the health, education, and financial security of all Connecticut residents. We invest in child care, early learning, basic needs, diverse housing options, job training, asset development, and financial education. We advocate for good jobs, fair wages, access to good schools, affordable housing, and quality child care that families can afford. We ask that you join us in this work so that ALICE families in Connecticut can secure a brighter future and Connecticut can look forward to a strong and prosperous future. To learn more about ALICE in Connecticut and walk in ALICE's shoes visit alice.ctunitedway.org.

Sincerely,

The Chief Professional Officers of Connecticut's United Ways

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THE UNITED WAY ALICE PROJECT

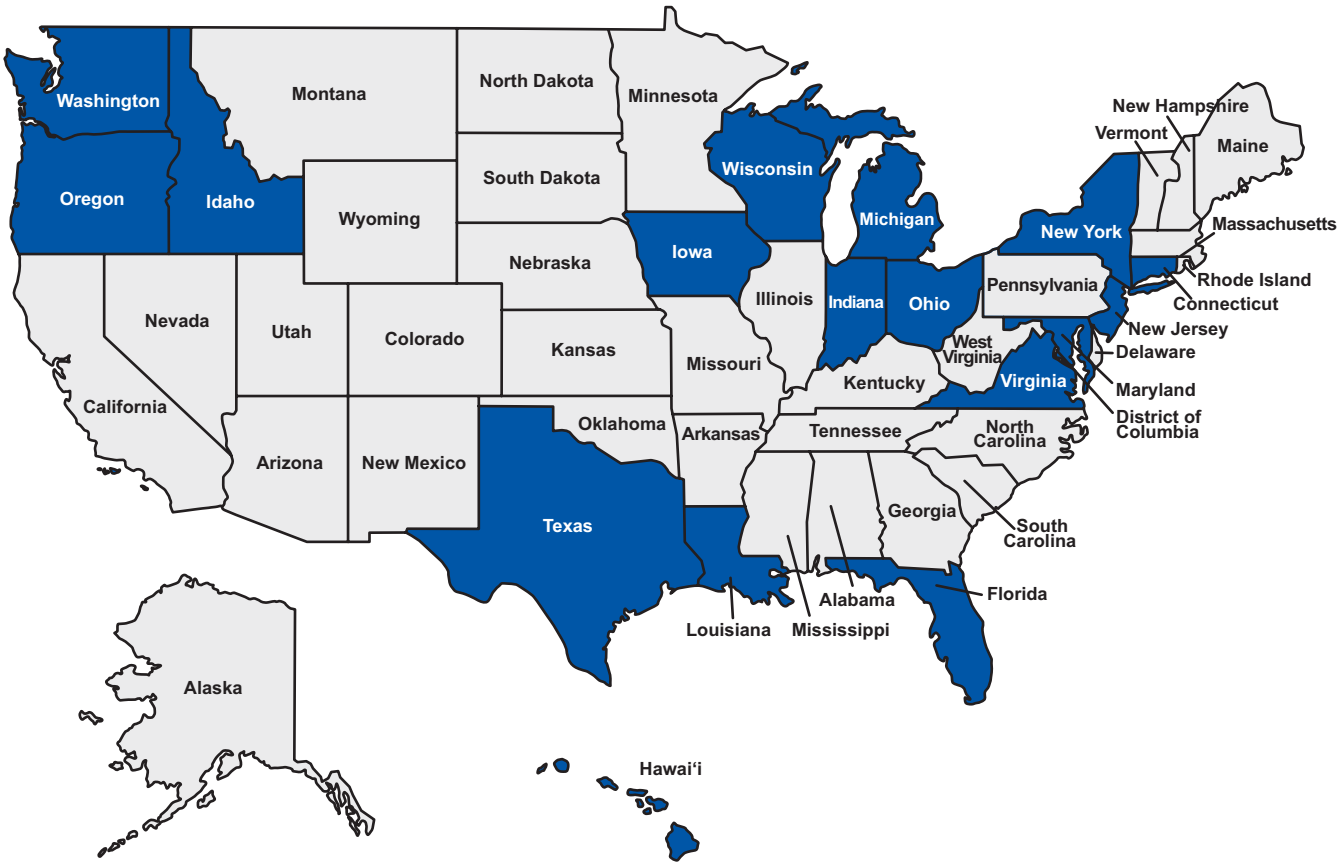
The United Way *ALICE Project* provides a framework, language, and tools to measure and understand the struggles of a population called **ALICE** — an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. ALICE is the growing number of households in our communities that do not earn enough to afford basic necessities. This research initiative partners with state United Way organizations to present data that can stimulate meaningful discussion, attract new partners, and ultimately inform strategies for 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 18 states participating. The Connecticut United Ways are proud to join the more than 540 United Ways in these states that are working to better understand ALICE's struggles. Organizations across the country are also using this data to address the challenges and needs of their employees, customers, and communities. The result is that ALICE is rapidly becoming part of the common vernacular, appearing in the media and in public forums discussing financial hardship in communities nationwide.

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

To access reports from all states, visit 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 12 representatives from across Connecticut, who advised and contributed to the Report. This collaborative model, practiced in each state, ensures each 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 began this effort with a pilot study of a more accurate way to measure financial hardship in Morris County, New Jersey in 2009. Since then, she has overseen its expansion into a broad-based, state-by-state research initiative now spanning 18 states across the country. Her research on the ALICE population has garnered both state and national media attention.

Before joining United Way full time in 2015, Dr. Hoopes taught at Rutgers University and Columbia University. Dr. Hoopes has a doctorate 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.

Dr. Hoopes is on the board of directors of the McGraw-Hill Federal Credit Union, and she received a resolution from the New Jersey General Assembly for her work on ALICE in 2016.

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EXECUTIVE SUMMARY

In Connecticut, 538,529 households — 40 percent — could not afford basic needs such as housing, child care, food, transportation, health care, and technology in 2016.

This update of the United Way ALICE Report for Connecticut provides the most comprehensive look at the population called **ALICE** — an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. ALICE households have incomes above the Federal Poverty Level (FPL) but struggle to afford basic household necessities.

The Report describes the cost of basic needs for each city and town in Connecticut, as well as the number of households earning below this amount — the ALICE Threshold — and focuses on how households have fared since the Great Recession ended in 2010.

Despite overall improvement in employment and gains in median income, the economic recovery in Connecticut has been uneven. Many ALICE households continue to face challenges from low wages, reduced work hours, depleted savings, and increasing costs. For the many households who earned just above the ALICE Threshold in the past, the increases in the cost of living have pushed them below the Threshold and into financial hardship. The total number of Connecticut households that cannot afford basic needs increased 11 percent from 2010 to 2016.

This Report focuses on trends in Connecticut that led to more families becoming unable to make ends meet. Key findings include:

- **Households continue to struggle:** Of Connecticut's 1,357,269 households, 10 percent lived in poverty in 2016 and another 30 percent were ALICE. Combined, 40 percent (538,529 households) had income below the ALICE Threshold, an increase of 10 percent since 2010.

- **Basic cost of living still on the rise:** The cost of basic household expenses increased steadily in Connecticut to $77,832 for a family of four (two adults with one infant and one preschooler) and $24,672 for a single adult, significantly higher than the 2016 FPL of $24,300 for a family and $11,880 for a single adult. The cost of the family budget increased by 23 percent from 2010 to 2016.

- **Changes in the workforce:** Unemployment rates are falling and some wages are improving. In Connecticut, 45 percent of jobs paid less than $20 per hour in 2016, a significant improvement from 54 percent in 2010. At the same time, many ALICE workers are still struggling. An increase in contract jobs and on-demand jobs has created less stability. Gaps in wages persist and vary, depending on the type of employer as well as the gender, education, race, and ethnicity of workers.

- **Emerging trends:** Several trends could change the economic landscape for ALICE families:

    - *The Changing American Household* — Baby boomers are aging, millennials are making different lifestyle and work choices than previous generations, and patterns of domestic and foreign migration are shifting. These trends are changing both household composition and demands for goods and services, and will have the biggest impact on the infrastructure and on caring for the elderly.

    - *Market Instability* — A globally connected economy means that economic disruptions and natural disasters in one part of the world will increasingly have an impact on U.S. ALICE workers, contributing to employment instability, shifting supply and demand, and disrupting traditional modes of operation.

    - *Health Inequality* — As advances in medical care outpace the ability of many households to afford them, there will be increasing disparities in health and longevity based on income.

The United Way ALICE Report for Connecticut offers an enhanced set of tools for stakeholders to measure the real challenges ALICE households face in trying to make ends meet. This information is presented to enable communities to move beyond stereotypes of "the poor" and an outdated FPL, and instead use unbiased data to inform programmatic and policy solutions for ALICE and communities, now and for the future.

RESEARCH FRAMEWORK

GLOSSARY

ALICE is an acronym that stands for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed — households with income above the Federal Poverty Level but below the basic cost of living. A household consists of all the people who occupy a housing unit, but does not include those living in group quarters such as a dorm, nursing home, or prison.

The Household Survival Budget calculates the actual costs of basic necessities (housing, child care, food, transportation, health care, technology, and taxes) 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 county in Connecticut. (Households earning below the ALICE Threshold include both ALICE and poverty-level households.)

WHAT'S NEW

Every two years, the United Way *ALICE Project* engages a national Research Advisory Committee of external experts to scrutinize the ALICE methodology and sources. This rigorous process results in enhancements to the methodology and new ideas for how to more accurately measure and present data on financial hardship. While these changes impact specific calculations, the overall trends have remained the same. For this Report, the following improvements have been incorporated:

- **The Household Survival Budget now includes the cost of smartphones for each adult:** Technology has become a regular part of life, and smartphones in particular are an expectation for employment.
- **The source for state taxes has been updated:** To provide greater consistency across states and reduce the complexity of calculations while maintaining accuracy, the Report uses the Tax Foundation's individual income tax rates and deductions for each state instead of state-level tax sources. Connecticut's *Individual Income Tax Forms and Instructions* are used to confirm state tax deductions and exemptions, such as the Personal Tax Credit. This change resulted in slight changes in tax amounts; budgets have been recalculated for 2010, 2012, and 2014.
- **Change over time:** The first United Way ALICE Report measured change before and after the Great Recession, in 2007 and 2010. This Report focuses on the recovery, measuring change from the baseline of 2010, followed by the even years since — 2012, 2014, and 2016. To ensure consistency in change-over-time comparisons, the data for previous years — 2010, 2012, and 2014 — has been recalculated and is presented in this Report. For example, the old Report stated that in 2014, 504,693 households (38 percent) had income below the ALICE Threshold. The new Report states that 541,096 households (40 percent) had income below the ALICE Threshold in 2014.
- **Additional detail at the sub-county level:** More ALICE data is available at the local level on our website including by: sub-county, place, zip code, Public Use Microdata Area (PUMA), and Congressional district.

METHODOLOGY NOTES

This Report remains focused on the local level, because state averages can mask significant differences between counties. For example, the percentage of households below the ALICE Threshold ranges by county from 32 percent in Middlesex County to 44 percent in New Haven County, and by town from less than 15 percent in Darien and Wilton to more than 70 percent in Bridgeport and Hartford. The Report examines issues surrounding ALICE households from different angles to draw the clearest picture with the range of data available. Sources include the American Community Survey, the U.S. Department of Housing and Urban Development, the U.S. Department of Agriculture, the Bureau of Labor Statistics at the U.S. Department of Labor, the Internal Revenue Service, the Tax Foundation, and Connecticut 211 Childcare. State, county, and municipal data is used to provide different lenses on ALICE households. The data are estimates; some are geographic averages, others are one- or five-year averages depending on population size.

The United Way ALICE Reports follow the U.S. Census classifications for the largest non-White populations: Black, Asian, Hispanic, and American Indian/Alaska Native, as well as people identifying as two or more races. Because people of any race, including Whites, can also be of Hispanic ethnicity, the ALICE data looks at White, Black, Asian, and American Indian/Alaska Native categories “alone” (i.e., not also Hispanic), as well as at Hispanic populations

In Connecticut, ALICE data is only available for White, Black, Hispanic, and Asian populations; other race/ethnicity categories have small samples and do not report income, so ALICE data is not available. Less than 1 percent of households in Connecticut identify themselves as American Indian/Alaskan Native, another 4 percent identify as “Some Other Race,” and 2 percent also identify as being of “Two or More Races”) (American Community Survey, 2016).

For a more detailed description of the methodology and sources, see the *Methodology Overview* on our website, UnitedWayALICE.org. For a breakdown of the data by county and municipality, see the County Pages and Data File on the website (under “Downloads” for Connecticut).

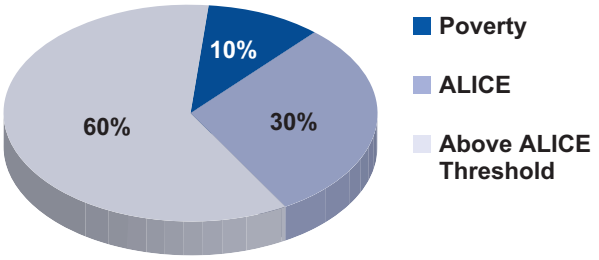
AT-A-GLANCE: CONNECTICUT

2016 Point-in-Time Data

Population: 3,576,452 | **Number of Counties:** 8 | **Number of Households:** 1,357,269

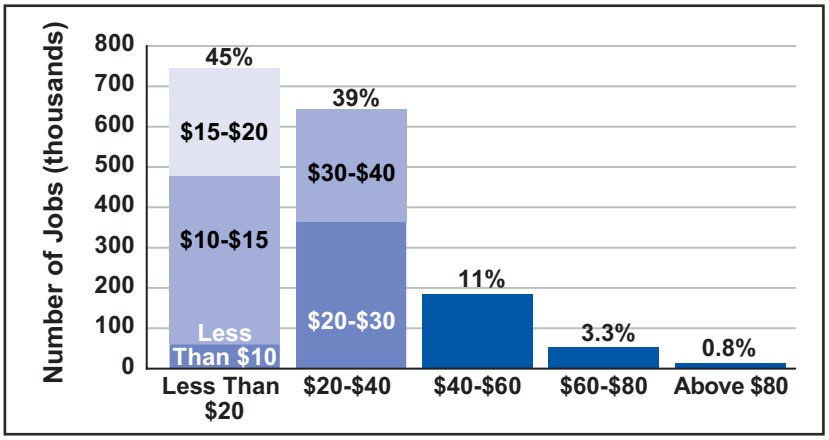
How many households are struggling?

ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, comprises households that earn more than the Federal Poverty Level (FPL) but less than the basic cost of living for the state (the ALICE Threshold). Of Connecticut's 1,357,269 households, 134,494 earn below the FPL (10 percent) and another 404,035 (30 percent) are ALICE.



How much does ALICE earn?

In Connecticut, 45 percent of jobs pay less than $20 per hour, with two-thirds of those paying less than $15 per hour. Another 39 percent of jobs pay from $20 to $40 per hour and 11 percent pay between $40 and $60 per hour. Less than 5 percent of jobs pay more than $60 per hour.



What does it cost to afford the basic necessities?

Despite a low rate of inflation nationwide (9 percent from 2010 to 2016), the bare-minimum Household Survival Budget increased by 16 percent for a single adult and 23 percent for a family. Affording only a very modest standard of living, this budget is still significantly more than the Federal Poverty Level of $11,880 for a single adult and $24,300 for a family of four.

Household Survival Budget, Connecticut Average, 2016

	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Monthly Costs		
Housing	$803	$1,231
Child Care	$-	$1,691
Food	$182	$603
Transportation	$308	$613
Health Care	$213	$792
Technology	$55	$75
Miscellaneous	$187	$590
Taxes	$308	$891
Monthly Total	$2,056	$6,486
ANNUAL TOTAL	$24,672	$77,832
Hourly Wage*	*$12.34*	*$38.92*

**Full-time wage required to support this budget*

Note: Additional budgets for different family variations are available at UnitedWayALICE.org/Connecticut under "downloads"

Connecticut Cities, 2016		
ABOVE 25,000 HOUSEHOLDS	TOTAL HOUSEHOLDS	% ALICE & POVERTY
Bridgeport	50,476	72%
Danbury	30,831	50%
Hartford	47,033	70%
Meriden	25,180	51%
New Britain	29,825	65%
New Haven	48,909	66%
Norwalk	33,989	39%
Stamford	47,330	40%
Waterbury	38,372	64%

Note: Connecticut cities are reported here as Census Places; they are reported slightly differently as county subdivisions in Figure 7 and on the Connecticut County Pages.

Connecticut Counties, 2016		
COUNTY	TOTAL HOUSEHOLDS	% ALICE & POVERTY
Fairfield	335,318	39%
Hartford	350,369	40%
Litchfield	74,105	33%
Middlesex	66,002	32%
New Haven	327,560	44%
New London	105,113	39%
Tolland	54,068	33%
Windham	44,734	38%

Sources: Point-in-Time Data: *American Community Survey, 2016.* ***ALICE Demographics:*** *American Community Survey and the ALICE Threshold, 2016.* ***Wages:*** *Bureau of Labor Statistics, 2016.* ***Budget:*** *U.S. Department of Housing and Urban Development; U.S. Department of Agriculture; Bureau of Labor Statistics; Internal Revenue Service; Tax Foundation; and Connecticut 211 Childcare, 2016.*

ALICE BY THE NUMBERS

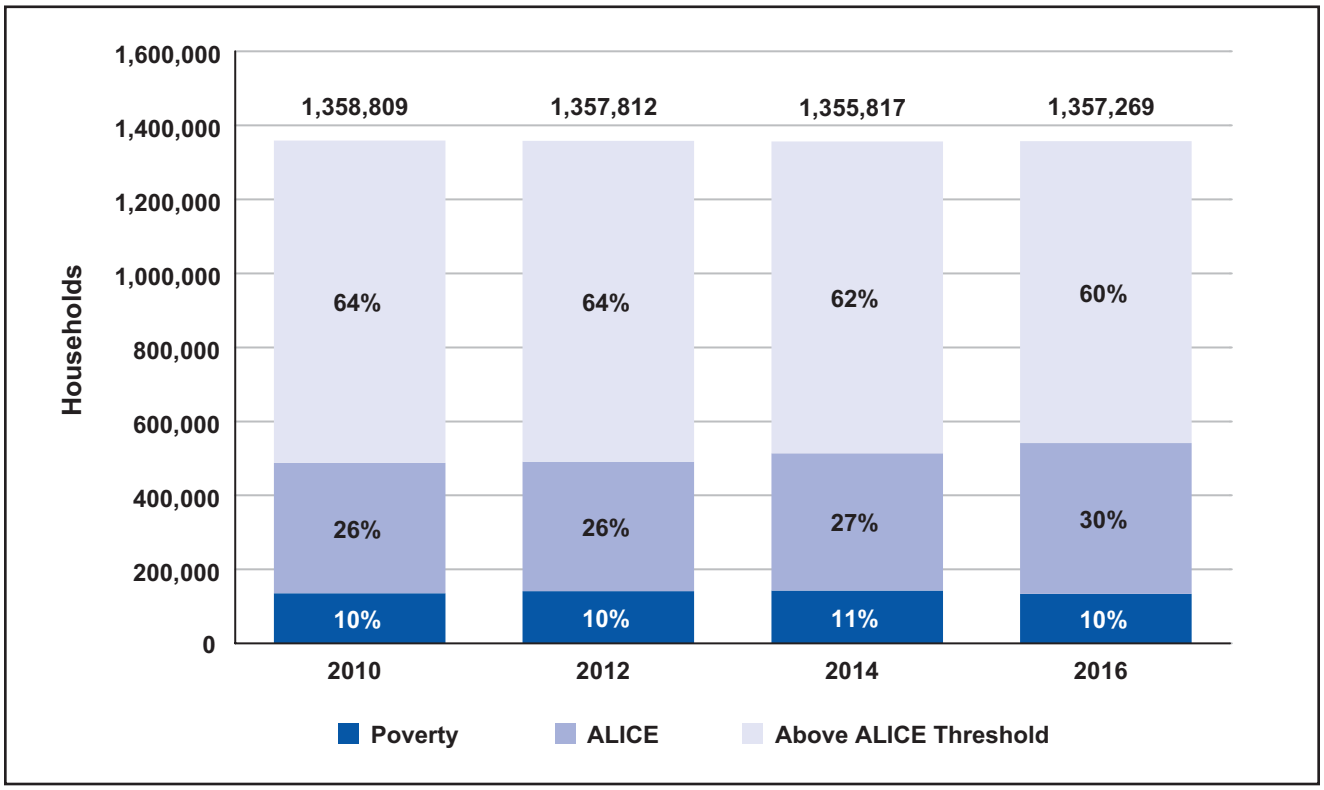
In Connecticut, ALICE exists in all age groups, across all races and ethnicities, in single and two-parent families with or without children, and in urban, suburban, and rural communities. This section drills down to reveal demographic differences of ALICE and poverty-level households by age, race and ethnicity, and household-type over time. It also reports on important local variations that are often masked by state averages.

Overall population changes: In Connecticut, the total number of households in 2016 was 1,357,269, showing very little change since 2010. But the number of ALICE and poverty-level households increased from 488,073 in 2010 to 538,529 households in 2016, a 10 percent increase (Figure 1).

- **Poverty:** The number of households in poverty — defined in 2016 as those earning $11,880 for a single adult and $24,300 for a family of four — fell slightly from 135,374 in 2010 to 134,494 in 2016, a 1 percent decrease. The proportion of all households that were in poverty remained flat at 10 percent during that period.

- **ALICE:** The number of ALICE households increased from 352,699 in 2010 to 404,035 in 2016, a 15 percent increase. The proportion of all ALICE households rose from 26 percent to 30 percent during that period.

Figure 1.
Household Income, Connecticut, 2010 to 2016



Source: American Community Survey, 2010-2016, and the ALICE Threshold, 2010-2016; for additional data and ALICE Methodology, see UnitedWayALICE.org

HOUSEHOLDS BY AGE

Two major population bubbles are changing communities across Connecticut: The baby boomers are the largest generation, and as they age, their needs and preferences change. The second largest group is the millennials (adults born between 1981 and 1996), who are making different lifestyle and work choices than previous generations. Between the two population bubbles is the smaller Generation X, made up of adults born between 1964 and 1980. To analyze general trends, the ALICE data is presented by household in more precise Census age breaks: under-25, 25–44, 45–64, and 65 and older. Millennials are covered by the youngest two brackets and baby boomers by the oldest two (Dimock, 2018).

Aging Population

The increase in the number of ALICE households in Connecticut is driven by older households, both seniors and those 45 to 64 years old. The number of senior households (65 years and older) increased from 310,337 in 2010 to 347,683 in 2016, a 12 percent increase (Figure 2). Yet the number of senior households with income below the ALICE Threshold grew at a slower rate of 3 percent, so that by 2016, 44 percent of senior households had income below the ALICE Threshold.

The next oldest age group, households headed by 45- to 64-year-olds, grew only 1 percent, yet the number of these households with income below the ALICE Threshold increased by 21 percent, a surprising drop in wealth for those in their prime earning years (American Community Survey, 2010 and 2016).

Younger Households

Even though the population of millennials is increasing, the number of households headed by them is decreasing. The youngest segment of the millennials, households headed by under-25-year-olds, fell by 9 percent, from 37,626 households in 2010 to 34,175 in 2016, and the number with income below the ALICE Threshold fell by 8 percent. The older and larger segment of millennials, households headed by 25- to 44-year-olds, also decreased by 9 percent overall, yet the number with income below the ALICE Threshold increased by 9 percent.

Unlike previous generations of young Americans, many millennials cannot afford to live on their own. Instead, they are more likely to live with their parents or with roommates. And for the first time in more than a century, they are less likely to be living with a romantic partner, though these patterns vary among some millennials from immigrant families. Overall, young householders who remain on their own are far less likely to be able to afford basic necessities, with 74 percent of them living below the ALICE Threshold (American Community Survey, 2010 and 2016; Cilluffo & Cohn, 2017; Frey W. H., 2018).

Figure 2.
Household Income by Head-of-Household Age, Connecticut, 2010 to 2016

Source: American Community Survey, 2016, and the ALICE Threshold, 2016

HOUSEHOLDS BY RACE AND ETHNICITY

Because White (non-Hispanic) households are the largest racial group, changes in their income drive statewide numbers, yet these trends often mask important changes in other ethnic groups. For example, in Connecticut, the number of White households is declining while Black, Hispanic, and Asian households increased from 2010 to 2016 (Figure 3). Hispanic households increased by 22 percent to 168,544 households, Black households increased by 10 percent to 132,726 households, and Asian households increased by 15 percent to 48,371. In comparison, the number of White households decreased by 6 percent to 984,713 households (see the note on race/ethnicity in the Research Framework Box on p. 3).

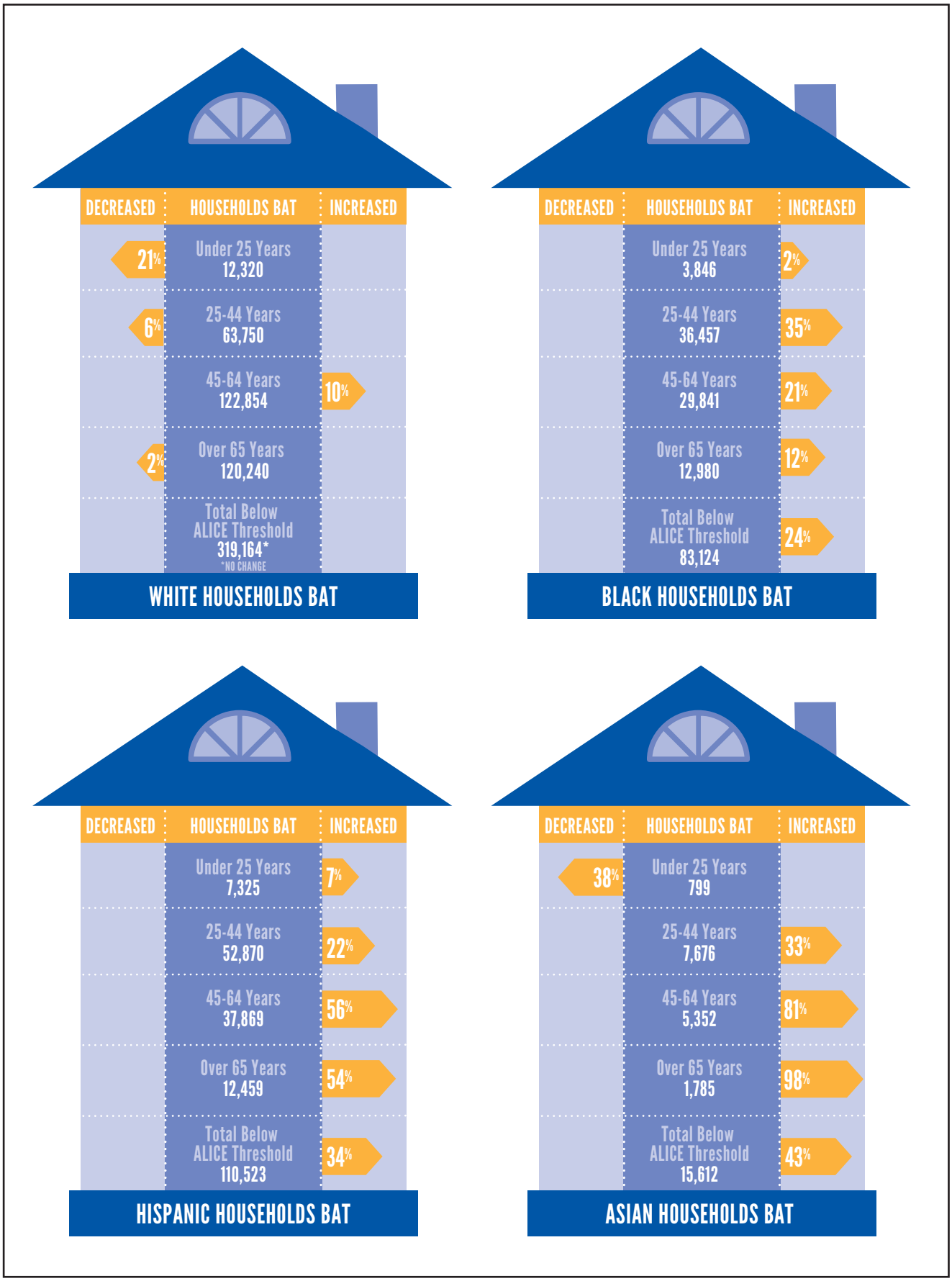
A breakdown by race and age shows other important trends:

Young households have decreased overall: The number of White under-25-year-old households fell by 26 percent from 2010 to 2016. Because White households make up the largest group of under-25-year-old households, this drop caused a decrease in the overall number of young households in Connecticut. In addition, the number of Asian under-25-year-old households also decreased by 43 percent. However, the number of Hispanic and Black under-25-year-old households increased by 7 percent and 8 percent respectively. Households headed by 25- to 44-year-olds followed the same trajectory with smaller changes.

Senior households of all race and ethnic groups are increasing: White senior households are driving the overall growth in the senior population, increasing by 8 percent from 2010 to 2016, but other senior groups are experiencing significant growth as well: Hispanic senior households increased by 50 percent, Black senior households by 25 percent, and Asian senior households by 80 percent. In contrast, among 45- to-64-year-old households, White households decreased by 11 percent, while Hispanic households increased by 37 percent, Black households increased by 9 percent, and Asian households increased by 28 percent.

Below ALICE Threshold households increased across most groups (Figure 3): The number of households below the ALICE Threshold increased in almost all age and racial/ethnic groups from 2010 to 2016. The largest increases were among Hispanic and Asian households 45 years old and older. The only groups that saw a decrease in households below the ALICE Threshold were White and Asian under-25-year-old households, White 25- to 44-year-old households, and White senior households.

Figure 3.
Households Below ALICE Threshold (BAT), by Age and Race/Ethnicity, Connecticut, 2010 to 2016



Source: American Community Survey, 2010–2016 and the ALICE Threshold, 2010–2016

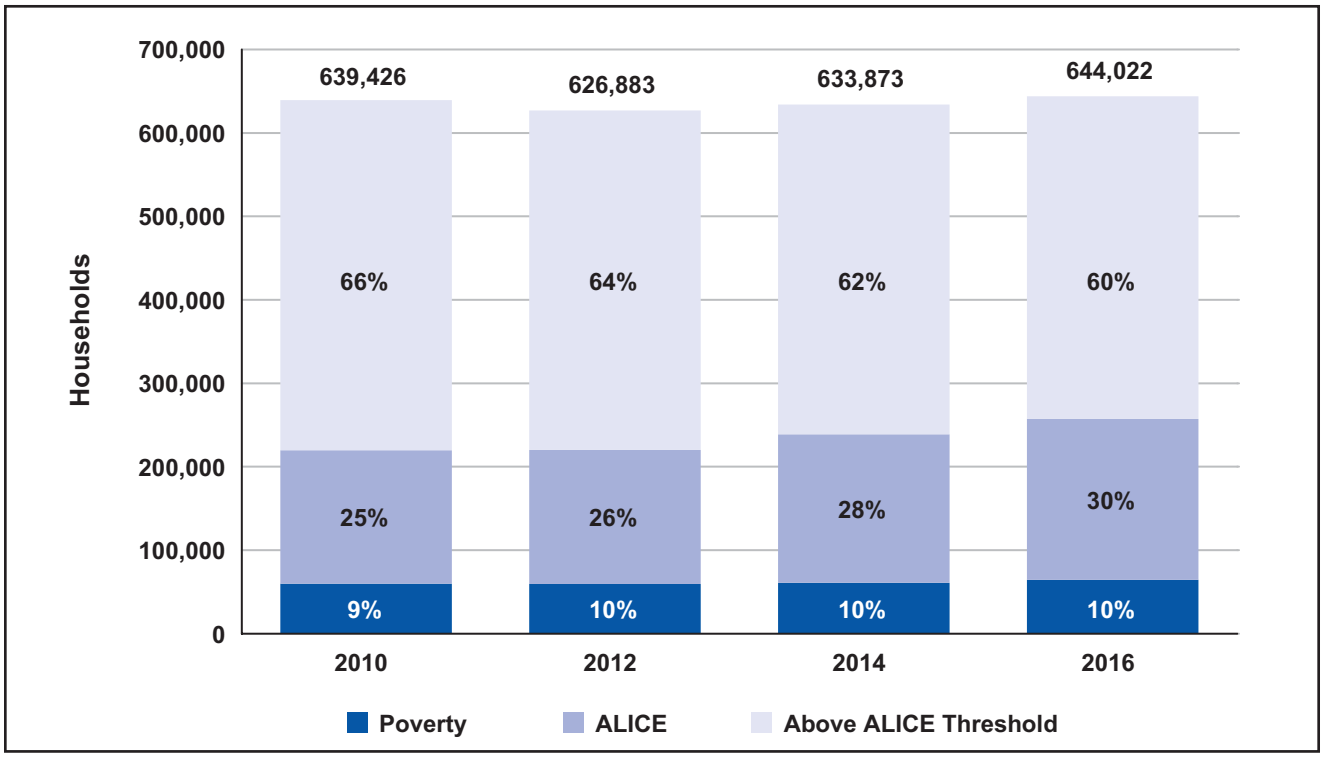
HOUSEHOLDS BY FAMILY TYPE

There are longstanding preconceptions about what types of families tend to be low-income – for example, homes headed by single mothers. Yet ALICE and poverty-level families exist in all configurations. In fact, there have been such dramatic changes in the living arrangements of Americans that it is important to re-evaluate these old stereotypes.

After decades of declining marriage rates, along with rising levels of divorce, remarriage, and cohabitation, the household made up of a married couple with two children is no longer typical. Since the 1970s, American households have become smaller for a number of reasons: Fewer households have children, there are fewer married-couple households, and more people are living alone, especially at older ages. People are living in a wider variety of arrangements, including singles living alone or with roommates, and grown children living with parents. The share of American adults who have never been married is at a historic high. In Connecticut, there are 644,022 households composed of single or cohabiting adults under the age of 65 with no children under 18 years old. They make up the largest group in Connecticut, accounting for 47 percent of all households (Figure 4).

These single or cohabiting households without children under age 18 are also the group with the largest number of households below the ALICE Threshold in Connecticut. In 2016, 40 percent of these households (257,183) had income below the ALICE Threshold, increasing from 34 percent in 2010.

Figure 4.
Single or Cohabiting (Under 65) Households, No Children, by Income, Connecticut, 2010 to 2016



Source: American Community Survey, 2016, and the ALICE Threshold, 2016

Families With Children

Families with children are also changing, with mothers doing more paid work outside the home as the cost of living continues to rise. Nationally, 42 percent of mothers were sole or primary breadwinners, bringing in 50 percent or more of family earnings, and another 22 percent were co-breadwinners, earning 25 percent to 49 percent of earnings in 2015. Gender roles are changing as well, with fathers doing more housework and child care. Over the last 30 years, the number of stay-at-home fathers has doubled to 2.2 million, and the amount of

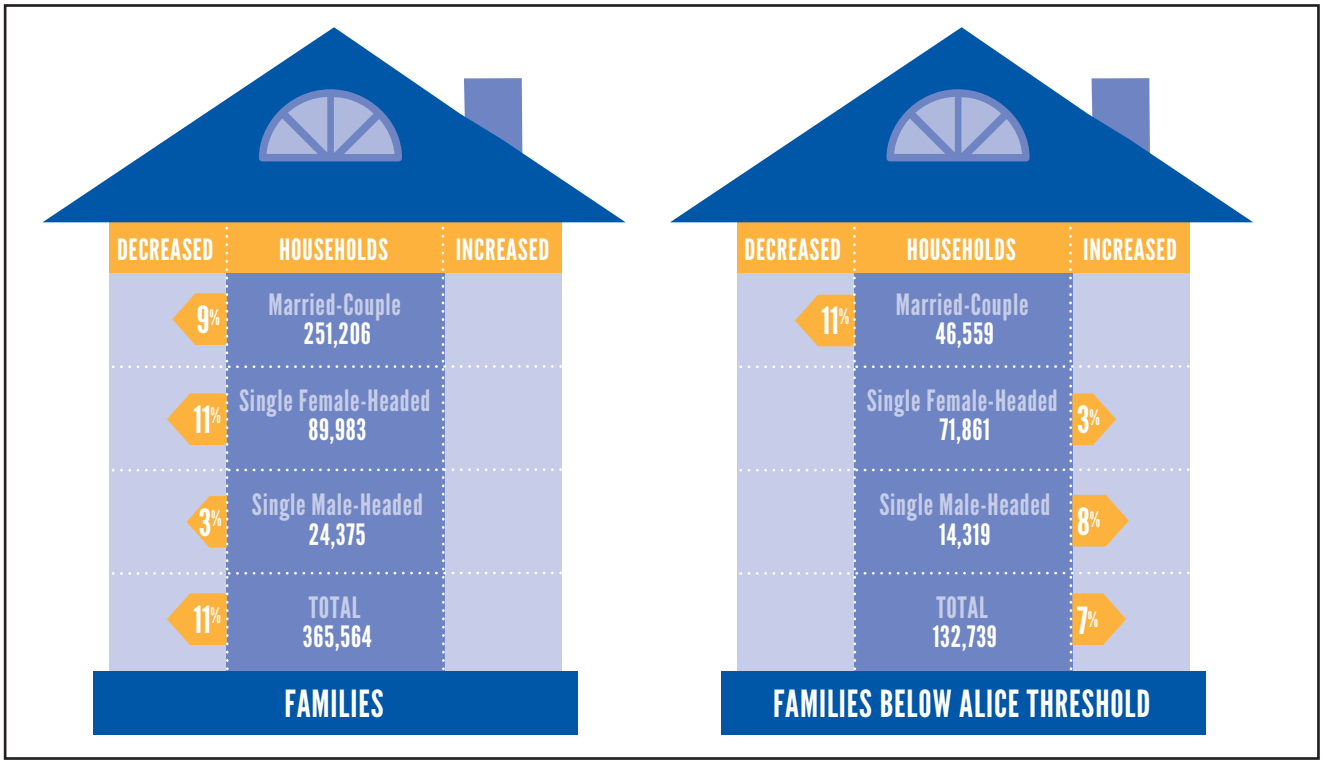
housework fathers report doing has also doubled, to an average of nine hours a week (Glynn, 2016; Cohn & Caumont, 2016; Parker & Livingston, 2017; Livingston, 2014).

The composition of families is also changing. There are increasing numbers of other types of families, including those with several cohabiting generations and those with lesbian, gay, bisexual, and transgender (LGBT) parents. Households with combined children from parents' prior relationships are also on the rise. Almost one in six children under the age of 18 now lives in a family with parents and their children from previous relationships. More than a quarter of married LGBT couples are now raising children, and the number of same-sex marriages more than doubled nationally from just before the Supreme Court ruling in 2013, which required the federal government to recognize state-sanctioned marriages of same-sex couples, to the 2015 ruling that enabled same-sex marriage nationwide (Gates & Brown, 2015; Cohn & Caumont, 2016; Pew Research Center, 2015).

Connecticut families saw the following changes from 2010 to 2016:

- **Below ALICE Threshold:** Of all Connecticut families with children, there were 132,739 with income below the ALICE Threshold -- 35 percent in married-parent families, 54 percent in single-female-parent families, and 11 percent in single-male-parent families.
- **Married-parent families:** The number of married-parent families with children fell by 9 percent from 2010 to 2016, while the number below the ALICE Threshold decreased slightly more, by 11 percent (Figure 5).
- **Single-female-headed families:** The number of single-female-headed families with children decreased by 11 percent, but the number below the ALICE Threshold increased by 3 percent.
- **Single-male-headed families:** This smallest share of family types decreased by 3 percent, but the number with income below the ALICE Threshold increased by 8 percent.

Figure 5.
Families With Children by Income, Connecticut, 2010 to 2016

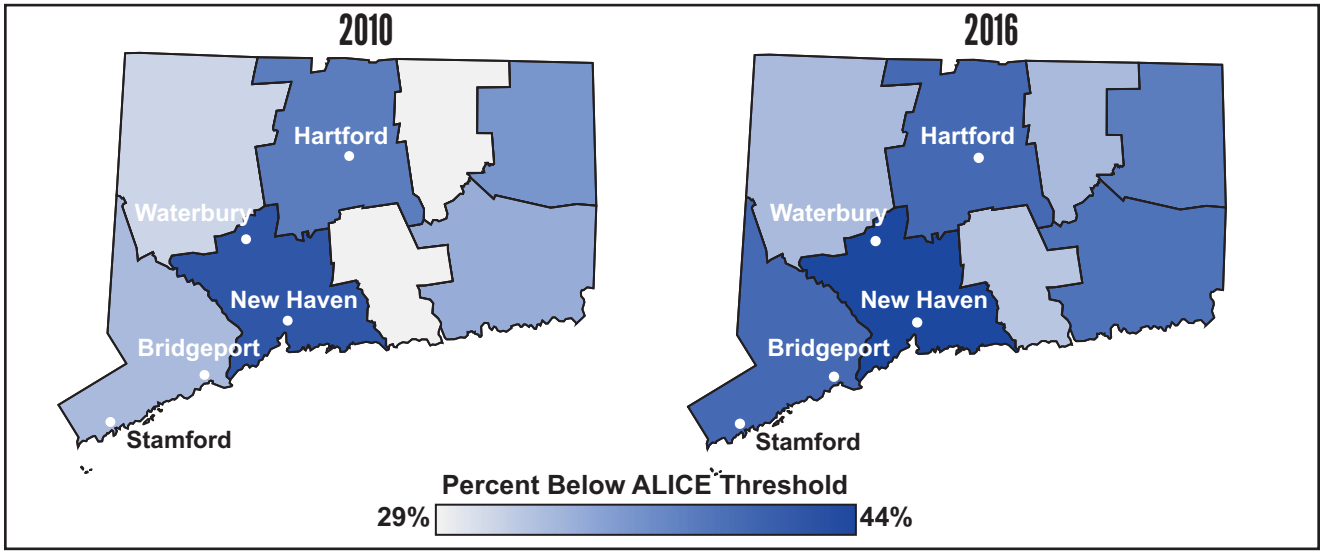


Source: American Community Survey, 2010-2016, and the ALICE Threshold, 2010-2016

ALICE AT THE LOCAL LEVEL

Contrary to stereotypes that suggest financial hardship only exists in inner cities, ALICE households live in urban, suburban, and rural areas, and in every county in Connecticut. The percent of households with income below the ALICE Threshold increased across most counties from 2010 to 2016. But there is enormous variation among counties; the percentage of households below the ALICE Threshold ranges from 32 percent in Middlesex County to 44 percent in New Haven County (Figure 6).

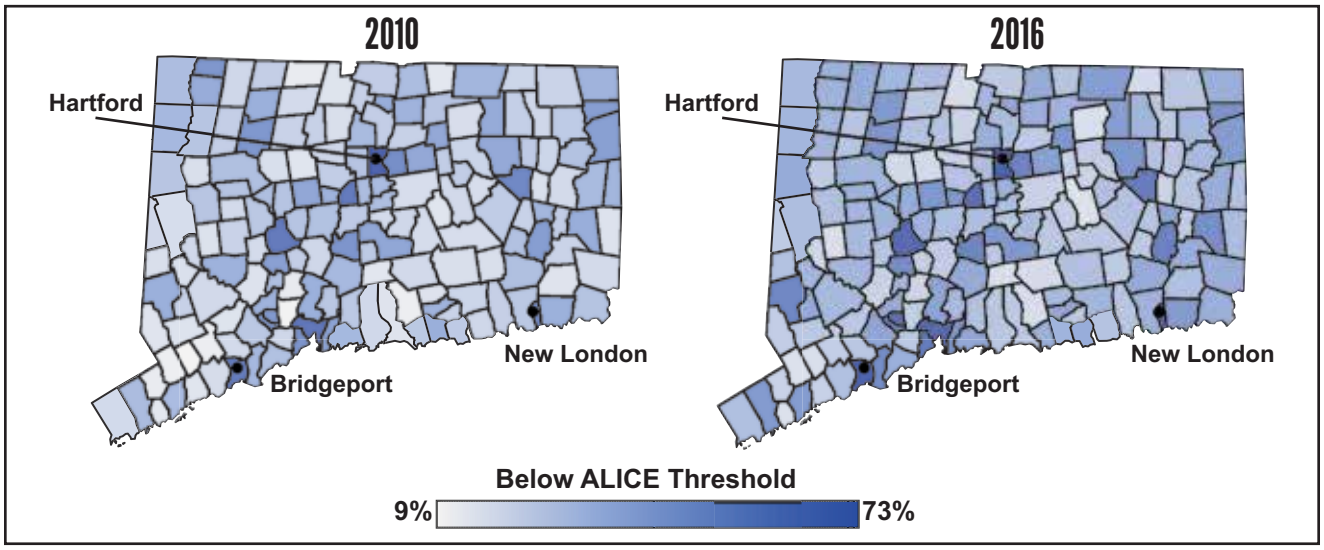
Figure 6.
Percent of Households Below the ALICE Threshold by County, Connecticut, 2010 and 2016



Source: American Community Survey, 2010 and 2016, and the ALICE Threshold, 2010 and 2016. Details on each county's household income and ALICE demographics, as well as further breakdown by municipality, are listed in the ALICE County Pages and Data File at UnitedWayALICE.org

The percentage of households with income below the ALICE Threshold increased in most towns from 2010 to 2016 as well. And there is even more variation across towns than there is across counties. In 2016, the percentage of households below the ALICE Threshold ranged from less than 15 percent in Darien and Wilton to more than 70 percent in Bridgeport and Hartford (Figure 7).

Figure 7.
Percent of Households Below the ALICE Threshold by Town, Connecticut, 2010 and 2016



Source: American Community Survey, 2016, and the ALICE Threshold, 2016

THE HOUSEHOLD SURVIVAL BUDGET

The Household Survival Budget reflects the bare-minimum cost to live and work in the modern economy. In Connecticut, the average Household Survival Budget was $77,832 for a four-person family and $24,672 for a single adult in 2016 (Figure 8). The hourly wage necessary to support a family budget is $38.92 for one parent working 40 hours per week for 50 weeks per year (or $19.46 per hour each, if two parents work), and $12.34 per hour, full time, for a single adult. These costs continue to increase faster than the rate of inflation.

Figure 8.
Household Survival Budget, Connecticut Average, 2016

Household Survival Budget, Connecticut Average, 2016			Percent Change from 2010-2016	
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Monthly Costs				
Housing	$803	$1,231	3%	9%
Child Care	-	$1,691	N/A	13%
Food	$182	$603	1%	10%
Transportation	$308	$613	5%	6%
Health Care	$213	$792	95%	82%
Technology*	$55	$75	N/A	N/A
Miscellaneous	$187	$590	16%	23%
Taxes	$308	$891	+	+
Monthly Total	$2,056	$6,486	16%	23%
ANNUAL TOTAL	$24,672	$77,832	16%	23%
Hourly Wage*	*$12.34*	*$38.92*	*16%*	*23%*

** New to budget in 2016*
*** Wage working full-time required to support 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.

Source: U.S. Department of Housing and Urban Development, 2016; U.S. Department of Agriculture, 2016; Bureau of Labor Statistics, 2016; Internal Revenue Service; Tax Foundation, 2017; Connecticut 211 Childcare, 2016. For the Methodology Overview and additional data, see our website: UnitedWayALICE.org

The cost of the bare minimum to live and work in the modern economy, captured in the Household Survival Budget — housing, child care, food, transportation, health care, technology, and taxes — increased by 16 percent for a single adult and 23 percent for a family of four from 2010 to 2016. At the same time, median earnings increased by only 12 percent in Connecticut and 11 percent nationally, putting greater strain on households. It is important to note that the national rate of inflation, which covers many budget items that change at varying rates, was 9 percent during this period, significantly lower than the increase in Connecticut's Household Survival Budget.

The rise in the Household Survival Budget in Connecticut between 2010 and 2016 was driven primarily by an 82 percent increase in health care costs. Because each budget item reflects the bare minimum cost, health care costs do not include health insurance, but only out-of-pocket health care expenses plus, starting in 2014 with the enactment of the Affordable Care Act, the penalty for not purchasing health insurance. This penalty represents the bare minimum cost families are required to pay, and is much less expensive than the marketplace premium plus deductibles (for more details on health care costs, see the Methodology Overview). In addition, the 2016 budget now includes the cost of a basic smartphone (technology), which is a necessity of modern-day life. The big increase in taxes can largely be explained by the increase in all other budget items. As the cost of these items increased, the earnings needed to cover the expenses increased, and higher earnings resulted in a larger tax bill. Changes in tax rates were minimal from 2010 to 2016; both federal and state tax rates remained flat though tax brackets shifted. Connecticut state tax accounts for a small portion of the total — 15 percent of a single adult's total tax bill and 20 percent of taxes for a family of four (Bureau of Labor Statistics, 2018; American Community Survey, 2010 and 2016).

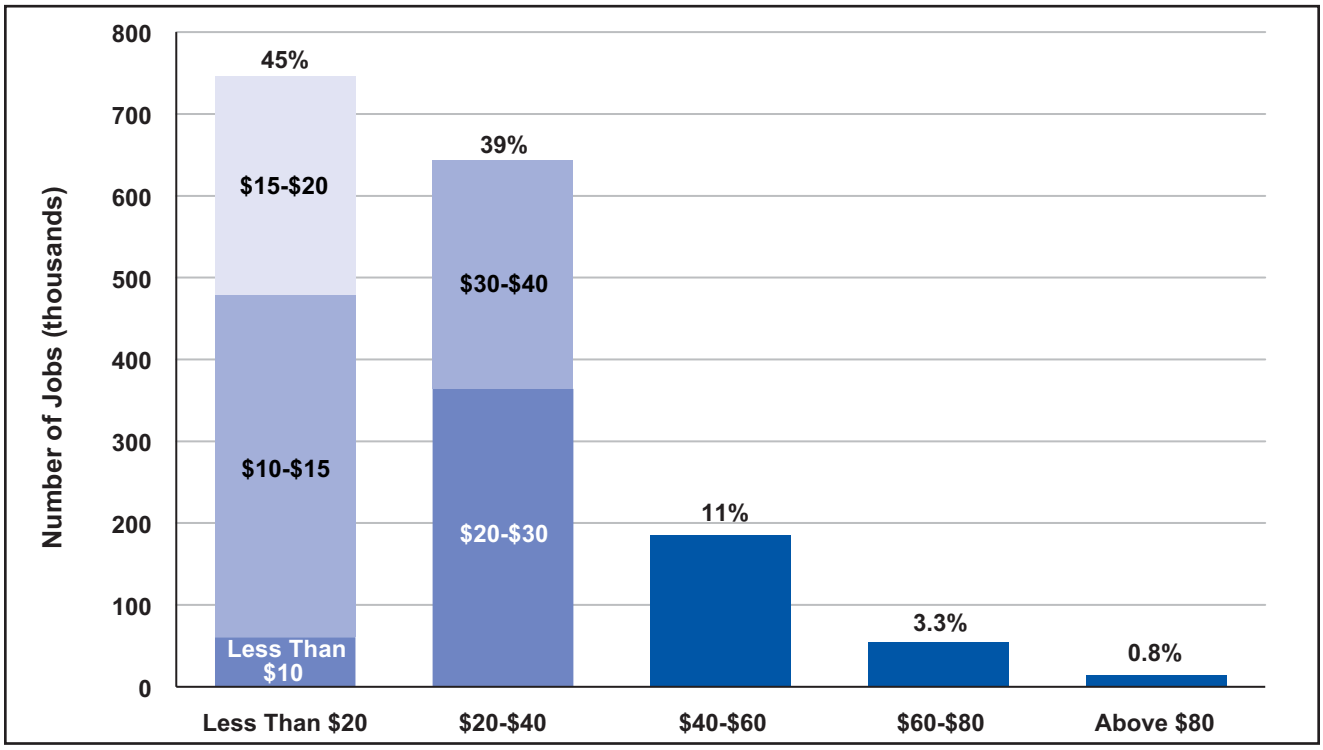
ALICE IN THE WORKFORCE

Connecticut remains the most productive state in the country (Gross Domestic Product per worker), seventh in the nation in the number of S&P 500 headquarters, and eighth in research and development. Changes in the state economy have created a new normal, with the finance and insurance industries replacing manufacturing as the largest contributors to Connecticut's GDP. The new configuration leaves service industries, including educational services, accommodation and food services, and health care and social assistance as the largest employers. These growth sectors have lower average wages than industries with shrinking employment (manufacturing, information, and construction). As a result, many workers in the state still don't earn enough to cover a basic household budget. For a range of reasons — including low wages, lack of full-time work, and a reduced share of profits going to workers — ALICE is not benefitting financially from seemingly positive economic trends (Connecticut Center for Economic Analysis, 2016; Connecticut Commission on Fiscal Stability and Economic Growth, 2018).

LOW-WAGE JOBS

With the Connecticut economy rebounding from the Great Recession, the job market has improved and unemployment is low. More than 75,000 jobs have been created since 2010, bringing the total number of jobs to 1.6 million in 2016. Wage levels have increased for many jobs: In 2016, 45 percent of jobs paid less than $20 per hour, down from 54 percent in 2010 (Figure 9). This is a significant shift in wages, but even with these improvements, wages have not kept pace with the increase in the cost of living in Connecticut. Many of those earning between $20 and $30 per hour are still struggling. The increase in the Household Survival Budget has made it even harder for the 45 percent of workers in Connecticut who earned less than $20 per hour. Of those jobs paying less than $20 per hour, two-thirds paid less than $15 per hour. A full-time job that pays $15 per hour grosses $30,000 per year, which is less than half of the Household Survival Budget for a family of four in Connecticut. The lower-wage sectors saw the biggest job gains, with occupations paying between $10 and $19 showing the greatest job gains (Bureau of Labor Statistics, 2016).

Figure 9.
Number of Jobs by Hourly Wage, Connecticut, 2016



Source: Bureau of Labor Statistics, Occupational Employment Statistics Wage Survey — All Industries Combined, 2016

ALICE the Maintainer

Many ALICE workers are employed in the service sector, but they also work in occupations that build and repair our infrastructure, as well as in jobs that educate and care for the workforce. Together, these workers were aptly described as "maintainers" by technology scholars Lee Vinsel and Andrew Russel in 2016 (Frey & Osborne, 2013; Vinsel & Russell, 2016).

The top 20 occupations employing the most people in Connecticut are predominantly maintainer jobs, which are more likely to pay low wages. In 2016, only one of the top 20 occupations — general and operations managers — paid enough to support the Household Survival Budget for a family, a minimum of $38.92 per hour, with elementary school teachers and registered nurses coming close at $38.13 and $37.33 per hour respectively (Figure 10).

Retail sales, the most common occupation in Connecticut, pays a wage that is well below what is needed to make ends meet. The more than 51,540 retail salespeople in the state make an average of $11.58 per hour, or $23,160 if working full-time year-round. These jobs fall short of meeting the family Household Survival Budget by nearly $55,000 per year. Even if both parents worked full-time at this wage, they would fall short of the Household Survival Budget by $31,512 per year.

Figure 10.
Top 20 Occupations by Employment and Wage, Connecticut, 2016

2016			Percent Change 2010-2016	
OCCUPATION	NUMBER OF JOBS	MEDIAN HOURLY WAGE	NUMBER OF JOBS	MEDIAN HOURLY WAGE
Retail Salespersons	51,540	$11.58	4%	8%
Cashiers	38,800	$10.68	-5%	14%
General and Operations Managers	33,280	$57.71	14%	0%
Registered Nurses	32,930	$37.33	-7%	8%
Office Clerks	32,340	$17.51	17%	17%
Secretaries and Administrative Assistants	31,850	$20.25	8%	12%
Customer-Service Representatives	31,790	$18.59	17%	6%
Janitors and Cleaners	30,550	$13.95	2%	11%
Food Prep, Including Fast Food	29,790	$10.58	37%	16%
Waiters and Waitresses	28,430	$9.68	9%	6%
First-Line Supervisors of Office Workers	24,280	$29.36	6%	16%
Laborers and Movers, Hand	23,580	$14.12	8%	14%
Personal-Care Aides	23,510	$12.67	149%	22%
Stock Clerks and Order Fillers	23,150	$11.83	17%	9%
Teacher Assistants	22,140	$14.98	-12%	6%
Nursing Assistants	21,180	$14.84	-11%	2%
Bookkeeping and Auditing Clerks	18,140	$21.35	-7%	13%
Elementary School Teachers	17,960	$38.13	1%	15%
Accountants and Auditors	15,480	$35.62	4%	11%
First-Line Supervisors of Retail-Sales Workers	15,300	$21.99	-2%	15%

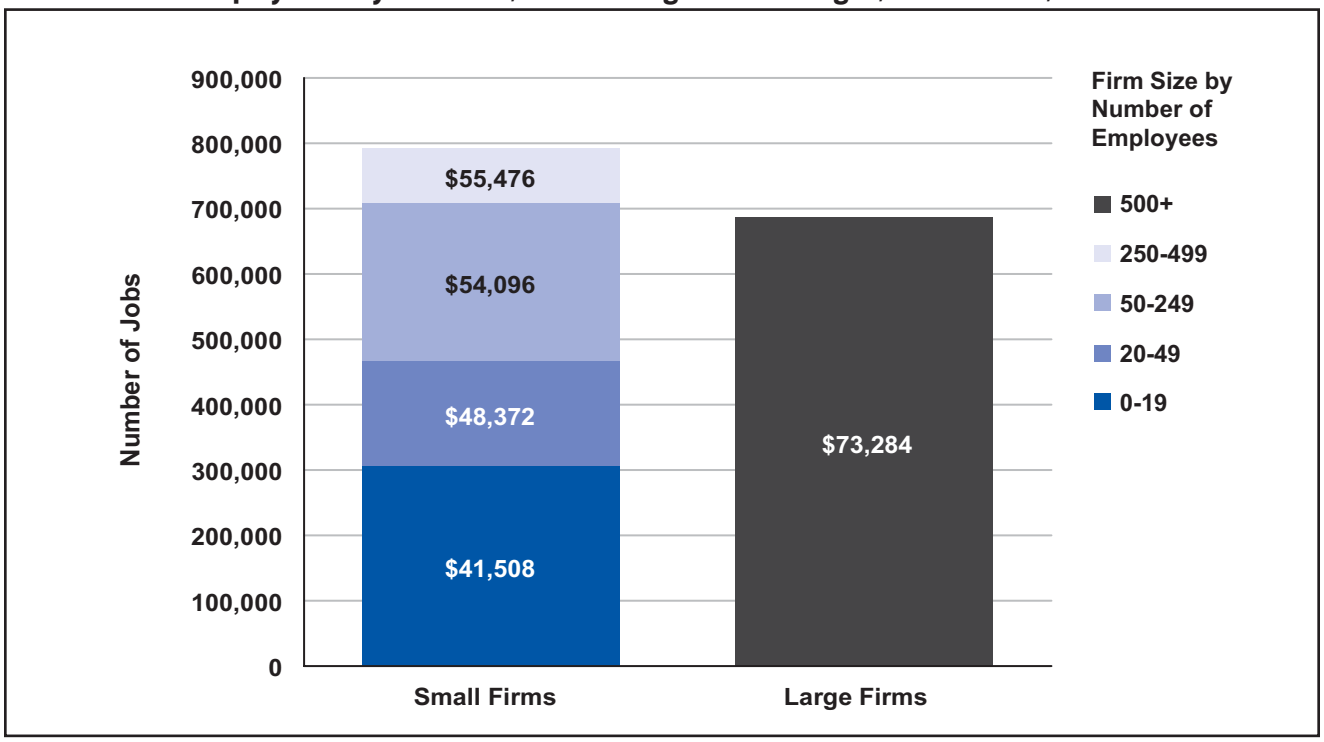
Source: Bureau of Labor Statistics, Occupational Employment Statistics Wage Survey — All Industries Combined, 2010 and 2016

SMALL BUSINESSES

One of the key determinants of ALICE workers' wage, benefits, and job stability is the size of their employer. Generally, large companies have greater resources to offer career-growth opportunities, continuous employment, and better benefits. Small businesses, defined by the Bureau of Labor Statistics as firms with fewer than 500 workers, have been an important engine for growth in the U.S. and Connecticut economies — driving job creation, innovation, and wealth — and have traditionally grown to become medium or large employers. However, small businesses are more vulnerable to changes in demand, price of materials, and transportation costs, as well as to cyberattacks and natural disasters. As a result, their employees face more instability, reduced wages, and a greater risk of job loss. These past two decades have been particularly tough for small businesses, with entrepreneurial growth in the U.S. and Connecticut largely down from the levels experienced in the 1980s and 1990s (Ewing Marion Kauffman Foundation, 2017; Haltiwanger & et., 2017; Connecticut Center for Economic Analysis, 2016).

Despite these struggles, small businesses employed more than half of the private-sector workforce in 2016 in Connecticut (Figure 11). The very smallest firms — those with fewer than 20 people — accounted for the largest share of small-business employment. Yet because small firms experience the greatest employee turnover of any size firm, workers in small firms move in and out of employment more often, which makes them more likely to experience periods of no wages (Connecticut Center for Economic Analysis, 2016; U.S. Census Bureau, 2016).

Figure 11.
Private-Sector Employment by Firm Size, With Average Annual Wages, Connecticut, 2016



Source: U.S. Census Bureau; Quarterly Workforce Indicators, 2016

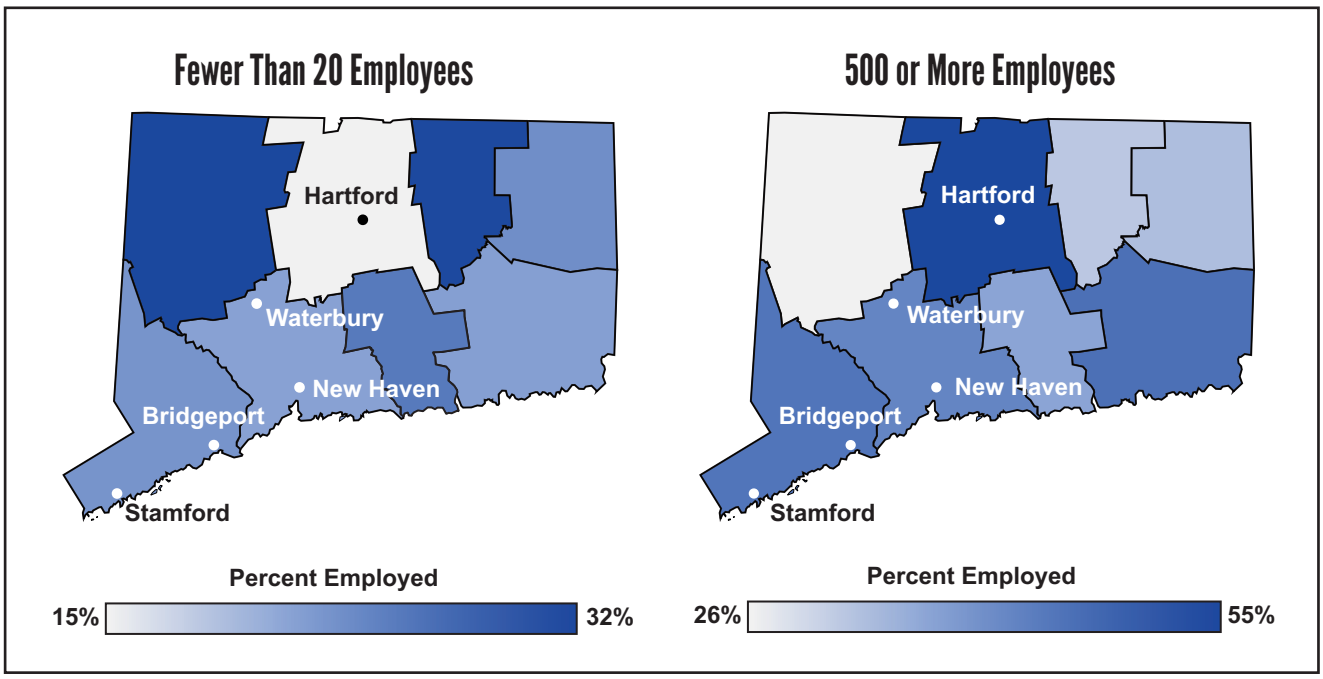
The wages of employees in the smallest firms are significantly lower than wages in larger firms (Figure 11). For many employees, wages have not kept pace with the 23 percent increase in the cost of the family Household Survival Budget. From 2010 to 2016, full-time workers in firms with fewer than 20 employees and those with 20 to 49 employees saw their annual wages rise by 7 percent, to $41,508 and $48,372 respectively; wages in companies with 50 to 250 rose by 19 percent to $54,096; while wages for those in firms with 250 to 499 employees fell by 4 percent to $55,476.

Full-time employees in firms with the highest annual wage-levels also experienced large increases in their wages: Those working in firms with 500 or more employees saw these wages increase by 13 percent, to $73,284.

Another measure — wages for new hires — shows that new-hire wages are lower than wages of workers in stable employment (working more than one quarter). Since job instability is often a threat to an ALICE household's economic stability, it's important to note that when ALICE workers have to change jobs, they often end up moving to new jobs with lower wages. For all firm sizes, newly hired wages were at least 20 percent lower than stable wages, and as much as 50 percent less for those in firms with 20 to 49 employes.

Wages vary widely by location and by sector; areas dominated by small companies tend to have lower wages and less job stability. In Figure 12, the map on the left shows the percentage of workers in each county who are employed by the smallest firms (fewer than 20) and the map on the right shows the percentage of workers in each county employed by the largest firms (500 or more), with lighter areas representing a lower percentage of workers employed, and the darker areas representing a higher percentage. Rural counties, such as Litchfield and Tolland, have a higher concentration of employment in firms with fewer than 20 employees, while companies with 500 or more employees are more concentrated around Hartford County (U.S. Census Bureau, 2016).

Figure 12.
Percent Employment by Firm Size, Connecticut, 2016



Source: U.S. Census Bureau; Quarterly Workforce Indicators, 2016

GIG ECONOMY

As the economy approached full employment (generally defined as an unemployment rate of less than 5 percent) in many areas of Connecticut and across the country in 2016, ALICE workers were less likely to be unemployed. But their income still lagged behind the cost of living in most areas. In some cases, the problem is just low wages. But there is also the challenge of finding full-time, continuous employment. During the past decade there has been a shift away from traditional full-time, full-benefit jobs. In 2016, 15 to 33 percent of the workforce worked as a consultant or contingent worker, temp, freelancer, or contractor within the so-called gig economy. According to some estimates, 100 percent of U.S. net employment growth in the last decade has come from alternative or contingent labor. As a result, more workers are experiencing gaps in employment and less regular schedules, and they are forgoing retirement plans, health insurance, and worker safety protections. Many gig-economy workers struggle to afford ongoing monthly expenses and often don't qualify for loans or other financial products that require regular income (Katz & Krueger, 2016; Freelancers Union & Elance-oDesk, 2016; Wald, 2014; Gaggl & Eden, 2015; U.S. Government Accountability Office, 2015).

EMERGING TRENDS

While ALICE households differ in their composition, challenges, and level of need, three broad trends will impact the conditions they face and their opportunities to change their financial status over the next decade: the changing American household, increasing market instability, both in the U.S. and globally, and growing inequality of health. These trends will also have significant implications for local communities and the state as a whole.

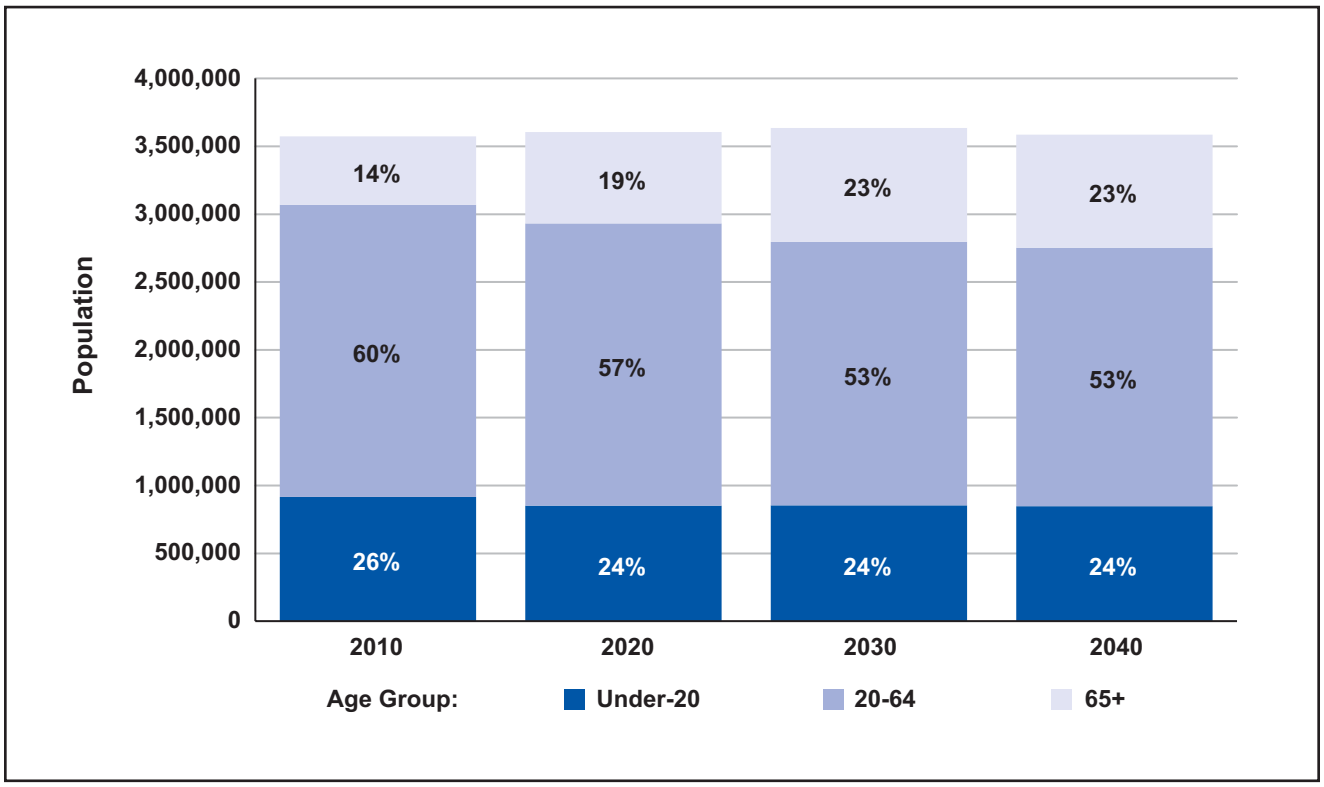
THE CHANGING AMERICAN HOUSEHOLD

Decades of shifting demographic trends have created changes in demand for housing, health care, transportation, and community services. These changes have implications for which families become ALICE households and where they live and work.

Growing Populations: Millennials, Baby Boomers, and Immigrants

Generational Shifts: Both millennials and baby boomers are powerful demographic forces. Millennials have different lifestyle preferences than past generations, including choosing to live in urban areas, and delaying both marriage and having children. The large boomer cohort encompasses a group that is working longer, involved in a wide array of activities, and is generally healthier than senior populations from previous generations. Connecticut's elderly population is projected to grow from 506,559 (14 percent) in 2010 to 832,290 (23 percent) by 2040, a 64 percent increase (Figure 13). In contrast, demographers predict that the rest of the population will decline in numbers, and their percent of the overall population will fall: The number of 0- to 19-year-olds will fall from 915,776 (26 percent) in 2010 to 846,951 (24 percent) by 2040, and 20- to 64-year-olds will decline from 2.2 million (60 percent) in 2010 to 1.9 million (53 percent) by 2040 (Weldon Cooper Center for Public Service, 2016).

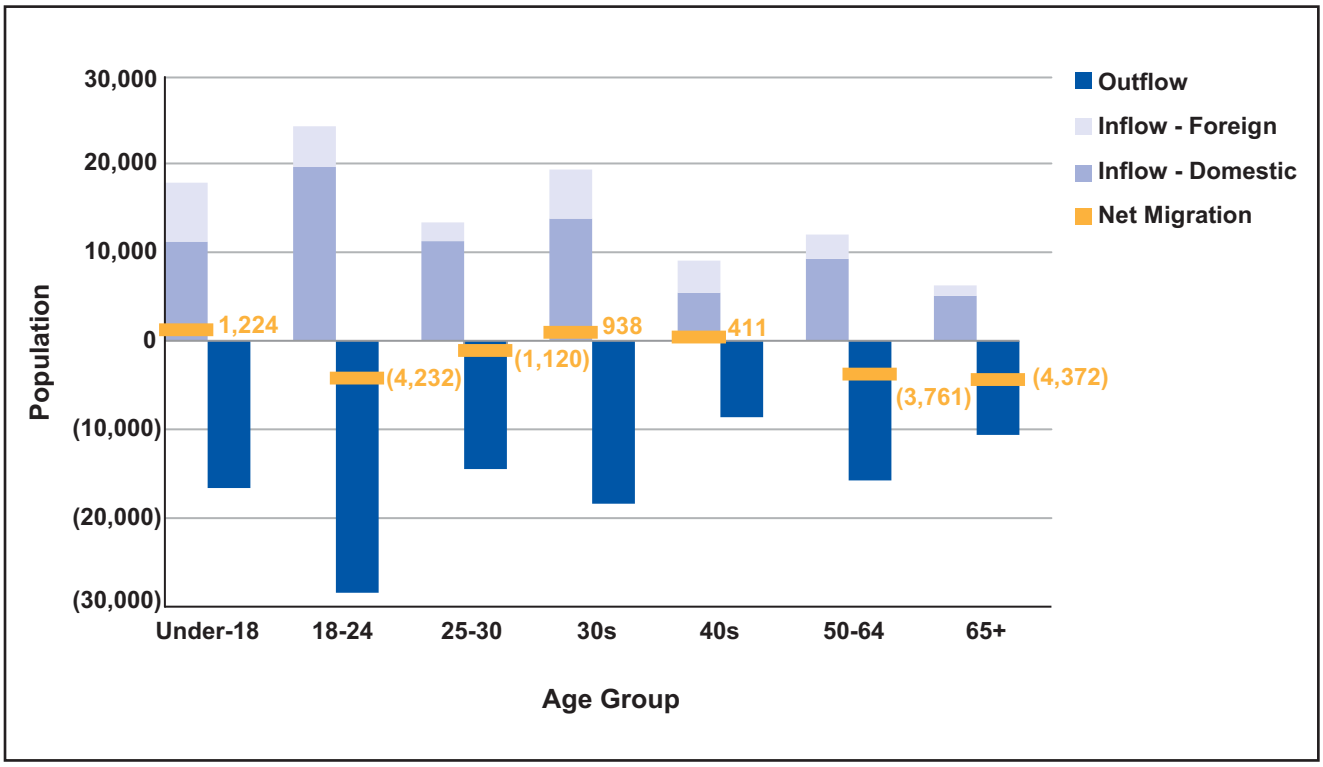
Figure 13.
Population Projection, Connecticut, 2010 to 2040



Source: Weldon Cooper Center for Public Service, 2016

Migration and immigration: The primary driver behind Connecticut's population growth is the migration of people from neighboring states, mainly from New York and Massachusetts, as well as immigration from abroad. The total number of people moving into Connecticut increased from 97,500 in 2010 to 102,002 in 2016, a 5 percent increase. However, there was an even greater increase in the number of people across all age groups moving out of the state, rising from 89,360 in 2010 to 112,914 in 2016, a 26 percent increase. The largest inflows and outflows are among college-age students, 18- to 24-year-olds, followed by those children under the age of 18 and their parents in their 30s. The flows were smaller for all other age groups. The groups with the greatest net flow out of the state were retirees, followed by 18- to 24-year-olds, and then 50- to 64-year-olds. There was a small net positive for those under 18, and those in their 30s and 40s. Foreign-born immigrants contribute greatly to population growth in Connecticut. In fact, without immigration, Connecticut population change would be negative overall in 2016 (Figure 14) (Aisch, Gebeloff, & Quealy, 2014; Connecticut Center for Economic Analysis, 2016; American Community Survey, 2007-2016).

Figure 14.
Population Inflows and Outflows, Connecticut, 2016



Source: American Community Survey, 2016

An ethnically diverse workforce: International migration plays an increasing role in Connecticut's racial and ethnic composition, as well as its changing workforce. The rate at which people migrate into Connecticut has grown over time, with the total number of immigrants increasing from 20,167 in 2010 to 26,416 in 2016, a 31 percent increase. The largest number of immigrants are college-age (18-24), followed by those in their 30s, and then by those under 18 years old (American Community Survey, 2010, 2016; Connecticut Center for Economic Analysis, 2016).

As a result, the foreign-born population made up 14 percent of Connecticut's total population in 2016, up from 11 percent in 2000. By 2016, 53 percent had become citizens, 27 percent were legal permanent residents, and 20 percent were undocumented. Current immigrants in Connecticut come from Latin America (43 percent), followed by Asia (25 percent), and Europe (24 percent), but they also hail from Africa and the Middle East (Migration Policy Institute, 2016; American Community Survey, 2016; Migration Policy Institute, 2014).

- **Impact on the labor force:** Nationally, the portion of the labor force that is foreign-born has risen from about 11 percent to just over 16 percent in the last 20 years. Because the number of immigrants and their children are increasing faster than the domestic population, they will become a significant portion of the future workforce (National Academies of Sciences, Engineering, and Medicine, 2017).

- **Immigrants work in all sectors:** Across the country, large numbers of immigrants work as private household workers (45 percent) and in farming, fishing, and forestry occupations (46 percent), but they also work across all industry and occupational groups (Cilluffo & Cohn, 2017).

- **Immigrants vary widely in education:** Among adults age 25 and older, 19 percent of Connecticut's foreign-born population has less than a high-school education, compared with 6 percent of the native population. However, a much higher percentage of the foreign-born population has a graduate or professional degree (17 percent) compared to the native-born population (12 percent) (American Community Survey, 2016).

Implications of Demographic Trends

Changing infrastructure needs: Millennials prefer to live near urban centers with amenities and public transportation; seniors want to be near family, health care, and other services; and immigrants want to live near good schools, public transportation, and jobs. These trends are increasing the demand for smaller, lower-cost housing units and expanded public transportation in Connecticut. The demand has pushed down the vacancy rate of rental units to 7 percent (from 11 percent in 2010), while increasing their prices, making it harder for ALICE households of all ages to find and afford basic housing (U.S. Census, 2017)

Increased need for caregiving: The aging population will increase demand for geriatric health services, including assisted-living facilities, nursing homes, and home health care. The challenges to ensure seniors get the care they need include a shortage of paid and unpaid caregivers, lack of training among caregivers, and the financial and emotional burden of caregiving on family members.

- **The caregiver-support ratio:** With the number of seniors increasing and the number of potential caregivers (aged 45 to 64) decreasing, there will be fewer people available to care for each senior. The ratio of working age people to seniors (80 years old and older) was 7 to 1 in 2010 nationally, and is projected to fall to 4 to 1 by 2030, and then to 3 to 1 in 2050 (AARP Public Policy Institute, 2015; Redfoot, Feinberg, & Houser, 2013).

- **Health aides are ALICE:** Personal-care and home-health-aide occupations do not require much training, are not well-regulated, and are not well-paid. These workers are largely women, with one in four being immigrants, earning a median annual income of $19,000 (Bureau of Labor Statistics, 2016; Espinoza, 2017).

- **Elder abuse:** With fewer resources, some ALICE seniors may be end up the victims of physical, mental, and financial abuse or neglect. This problem is on the rise in Connecticut and across the country (MetLife Mature Market Institute, 2011; National Center on Elder Abuse, 2018).

- **Caregiving takes a toll:** While families of all income levels may choose to care for family members themselves, many ALICE caregivers are forced into the role because they cannot afford to hire outside care. Half of caregivers reported household income of less than $50,000 per year and said they had no choice in taking on caregiving responsibilities. Caregiving also adds direct costs to a household budget and can reduce income, due to hours away from work or the loss of a job. And the responsibility of making medical decisions, as well as the amount of care required can mean further mental and physical strain for caregivers (Dixon, 2017; MetLife Mature Market Institute, 2011; AARP Public Policy Institute, 2015; Rainville, Skufca, & Mehegan, 2016; Ramchand, Tanielian, & et., 2014).

MARKET INSTABILITY

In a complex, integrated global economy, ALICE workers will experience even greater fluctuations in employment and changes in job requirements. Economic disruptions and natural disasters in one part of the world will increasingly have an impact on U.S. ALICE workers — contributing to employment instability, shifting supply and demand, and disrupting traditional modes of operation. ALICE households, with few resources to weather these fluctuations, will suffer the most.

Shifting Risk to Workers

As businesses seek new ways to improve productivity and reduce costs, they have increasingly shifted to a contingent workforce that enables them to scale up or down as needed. Yet workers bear the brunt of this strategy by experiencing unexpected gains or losses in work hours, which makes it difficult for ALICE households to pay bills regularly, make short-term family plans (e.g., child care), or make long-term financial plans, such as qualifying for a mortgage. It also reduces the responsibility of employers to provide benefits such as health insurance and retirement plans. In some cases, employer or government benefits (including paid and unpaid time off, health insurance, unemployment insurance, public assistance, and work supports) are tied to number of hours worked, and unpredictable scheduling means workers could at times fall short of eligibility. For example, low-wage workers are two and a half 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, 2007).

Changing Job Market

Connecticut's economic landscape is changing. Despite media attention on innovation, much of the workplace growth in Connecticut is projected to be low-paying jobs requiring few educational credentials. Although high-paying jobs still require a high school degree, college degree, and/or formal training, 65 percent of the fastest-growing jobs from 2018 to 2025 will pay less than $20 per hour, and 64 percent will not require more than a high school diploma. More than half of new jobs (54 percent) will not require any formal educational credential (Figure 15) (Projections Central, 2016; Bureau of Labor Statistics, 2016; Connecticut Department of Labor, 2017).

Many of these jobs are also at the greatest risk of being replaced by technology. In fact, almost two-thirds (61 percent) of jobs in the top-20 fastest-growing occupations could be replaced by technology in the next two decades. In addition to automating existing jobs, technology is creating new on-demand jobs and services, with the most attention going to gig economy jobs such as TaskRabbit work and Uber and Lyft driving (Frey & Osborne, 2013).

It is easy to identify the redundant ALICE jobs that are likely to disappear due to automation, but it is more difficult to predict the many new jobs that will be created to build and repair the newly mechanized parts of this infrastructure. Workers filling these maintainer roles will be required to develop new sets of skills. In the face of rapidly increasing computing power, an ability to work with data and work alongside machines will be necessary. The pace of change may be faster than anticipated. By one estimate, 50 percent of subject knowledge acquired during the first year of a four-year technical degree will be outdated by the time students graduate. Types of jobs that are predicted to emerge in the next 20 to 30 years include augmented reality architects, alternative currency bankers, waste data managers, 3-D printing engineers, privacy managers, wind turbine repair techs, nano-medics, drone dispatchers, robotic earthworm drivers, body part and limb makers, memory augmentation therapists, mass energy storage developers, and self-driving car mechanics (Frey T. , 2011; Mejia, 2017; Kaiser Family Foundation, 2016; OECD, 2016; World Economic Forum, 2016).

Figure 15.
New Job Growth by Occupation, Connecticut, 2014 to 2024

Occupation	2014 Employment	Annual New Growth	Hourly Wage	Education or Training	Likelihood of Being Replaced by Tech
Retail Salespersons	54,243	182	$11.19	None	92%
General and Operations Managers	35,083	265	$57.22	Bachelor's degree	16%
Registered Nurses	33,567	202	$37.29	Bachelor's degree	1%
Janitors and Cleaners	31,669	152	$13.66	None	66%
Customer Service Representatives	29,776	247	$18.51	High school diploma or equivalent	55%
Food Prep, Including Fast Food	28,478	316	$10.28	None	92%
Personal Care Aides	27,084	642	$12.48	None	74%
First-Line Supervisors of Office and Administrative Support Workers	25,482	156	$29.17	High school diploma or equivalent	1%
Laborers and Movers, Hand	22,797	173	$13.91	None	85%
Maids and Housekeeping Cleaners	19,659	291	$11.55	None	69%
Accountants and Auditors	18,359	182	$35.85	Bachelor's degree	94%
Child Care Workers	17,986	222	$10.98	High school diploma or equivalent	8%
Landscaping and Groundskeeping Workers	17,372	129	$14.96	None	95%
Cooks, Restaurant	13,056	192	$12.75	None	96%
Management Analysts	11,991	186	$43.81	Bachelor's degree	13%
Software Developers, Applications	8,832	197	$45.64	Bachelor's degree	4%
Home Health Aides	8,709	206	$13.15	None	39%
Computer Systems Analysts	7,892	188	$44.36	Bachelor's degree	1%
Market Research Analysts and Marketing Specialists	7,171	133	$30.32	Bachelor's degree	61%
Computer and Information Systems Managers	6,907	154	$63.52	Bachelor's degree	2%

Source: Frey & Osborne, 2013; Connecticut Department of Labor, 2017

Increasing Exposure to Environmental Hazards

The impact of natural and man-made disasters is often felt more by ALICE workers and low-income communities. More affordable homes are often located in vulnerable areas. Droughts, floods, crop failures, violent weather, rising sea levels, and ocean acidification directly threaten the homes of ALICE families and jobs where ALICE works. For example, ALICE households who live in flood-prone areas may suffer the financial cost of flooding damage, and an ALICE worker suffers lost wages when crops fail and there is less work. Connecticut had 11 major disasters (designated by the Federal Emergency Management Agency) from 2010 to 2016, including severe winter storms, floods, and Hurricane Sandy (NASA, 2018; Federal Emergency Management Agency, 2018; van Paasschen, 2017).

Lacking Assets

What makes market instability especially difficult for ALICE households is their lack of financial resilience. Because ALICE families are struggling to cover current expenses, it is nearly impossible for them to save and build assets. Without adequate assets, families have little to no savings and few opportunities to improve their situation. When families can invest in education, new technology, a small business, or their own home, they can improve their circumstances socially and economically. They can also finance a secure retirement. These are opportunities for creating financial security that are often unavailable to ALICE, increasing the vulnerability of hard-working people.

More than three-quarters of U.S. workers live paycheck to paycheck at least some of the time, and nearly as many are in debt. They do not have savings or access to credit that might sustain them through a low period of income or an unexpected disaster. In 2015, 48 percent of Connecticut residents did not have money set aside to cover expenses for three months to protect them against an emergency such as illness or the loss of a job. The wealth divide disproportionately affects households of color, which have fewer assets than White households. Nationally (state data is not available), the median wealth of White households was eight times the median wealth of Black households in 2010 and grew to 13 times in 2013 (the most recent data available) (FINRA Investor Education Foundation, 2016; Prosperity Now, 2018; CareerBuilder, 2017; Kochhar & Cilluffo, 2017; McKernan, Ratcliffe, & Shanks, 2011).

While data on wealth is minimal, there is data on three of the most common assets in Connecticut — vehicles, homes, and investments — which can provide insight into resources families have for emergencies and to accumulate wealth. Most Connecticut households (93 percent) have at least one vehicle. Although cars are a necessity for work in Connecticut and offer other benefits beyond their cash value, they are not an effective means of accumulating wealth. The second most common asset is a home, which has traditionally provided financial stability and the primary means for low-income and moderate-income families to accumulate wealth. In 2016, 67 percent of Connecticut households owned a home and half of those had a mortgage. Renting a home has become less affordable in Connecticut as the cost of rentals has continued to rise, while demand for low-cost and multi-family housing has outpaced the supply. Connecticut renters devote a high percentage of their household income to rent — the eighth highest percentage in the nation (American Community Survey, 2016; Partnership for Strong Communities, 2017).

The most effective resource to weather an emergency is an income-producing investment, which can range from a savings account to a 401(k) retirement plan to a rental property. In 2016, 25 percent of households in Connecticut had interest and dividends or rental income, well above the national average of 21 percent, but down from 28 percent in 2014. And only 19 percent of Connecticut households had retirement income. Since 2000, the state of Connecticut has funded 424 Individual Development Accounts (matched savings accounts), one of the few ways low- and moderate-income families can build assets (American Community Survey, 2014 and 2016; CareerBuilder, 2017; McKernan, Ratcliffe, & Shanks, 2011; Connecticut Department of Labor, 2018).

When families do not have savings or access to traditional financial services, they are often forced to use alternative lending products with high interest rates and greater risks of predatory lending practices and default. Yet in some cases, the consequence of not taking out these loans are worse than the risk of taking them. It may be more costly to forgo heat or necessary medical care, for example, than the financial cost of predatory lending. In many cases, borrowing costs are cheaper than fees for missing payments, such as heat-reinstatement fees (Mayer & Jencks, 1989; McKernan, Ratcliffe, & Shanks, 2011; McKernan, Ratcliffe, & Vinopal, 2009; Mills & Amick, 2011).

THE WEALTH-HEALTH GAP

There have been some important gains in health care recently in Connecticut: The uninsured rate fell by almost half since 2013, reaching 4.9 percent in 2016. In addition, the Agency for Healthcare Quality and Research noted improvement in Connecticut's overall health care quality on 140 measures since 2000 (American Community Survey, 2013 and 2016; Dorn, Buettgens, & Wa, 2017; Agency for Healthcare Quality and Research, 2017).

At the same time, the cost of health care is increasing for all Connecticut residents, as well as for government and businesses. Because this trend is not sustainable, it will most likely result in less access to quality health care for ALICE families, more costly health emergencies, and poorer health overall.

In Connecticut, overall health is highly correlated with income, with those earning less than $30,000 far more likely to report poor or fair health than those with income above $75,000. With advances in technology and medical care, such as personalized medicine, biotechnology, and genetic engineering, that gap is projected to grow (Chetty, Stepner, Abraham, & al, 2016; Komlos & Kelly, 2016; DataHaven, 2015; Harari, 2014; Regalado, 2015).

The health-wealth divide is also exacerbated by differences in the environments where families live. Those with the fewest resources live in areas with unhealthy living conditions, such as contaminated water and polluted air, because these homes are less expensive. The impact of pollution, toxic exposure, poor nutrition, and disease compounds over time.

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

THE DENTAL HEALTH DIVIDE

Nowhere is the wealth-health divide starker than in the disparity in dental care. The wealthiest families have full access to care that helps prevent tooth decay and breakage, and promotes jaw comfort, clear speech, and easier maintenance — all of which lead to better overall health. They often spend thousands of dollars on supplemental dental care to achieve whiter, straighter, stronger smiles, which leads to more social and job opportunities.

Those with the lowest income rarely have dental insurance and therefore forgo preventative care. They suffer from tooth decay and gum infection, which increase the risk of cancer and cardiovascular diseases, and can affect speech and communication, eating and dietary nutrition, sleeping, learning, playing, and overall quality of life. In addition, crooked or yellow teeth can stigmatize people in social settings and reduce job prospects, and they are associated with low educational achievement and social mobility. In fact, 29 percent of low-income respondents to a 2015 American Dental Association survey reported that the appearance of their mouth and teeth affected their ability to interview for a job.

Dental services for low-income children in Connecticut have improved significantly over the last decade. Connecticut's Husky Healthcare B plan (Children's Health Insurance Program) provides more dental services for children under age 19 compared to plans in many other states. As a result, dental visits have increased and use of preventative services more than doubled; by 2013 more than 92 percent of children visited a dentist for a routine check-up.

Care for adults is more limited; many dental services require a co-pay that makes them unaffordable for many ALICE households, and services provided by the Connecticut Dental Health Partnership network have even more fees. Medicare does not cover routine oral health and dental care, but Connecticut provides limited supplemental services for low-income seniors. Unable to afford expensive root canals and crowns, many adults simply have their teeth pulled. As a result, nearly one in five Americans older than 65 do not have a single real tooth.

Having dental insurance does not guarantee access to treatment. The cost for co-pays, deductibles, and services not covered continues to be a barrier to treatment, especially for low-income households. In Connecticut, dental treatment is highly correlated with income; for example, more than 22 percent of those earning less than $30,000 had not been to the dentist in the last two years, compared to less than 12 percent of those with income above $75,000. Even those with dental coverage have difficulty accessing care in Connecticut because there are 41 Health Professional Shortage Areas, in both rural areas and urban areas, where there is a shortage of dentists.

Source: Abedi, 2017; Connecticut Dental Health Partnership, 2017; Connecticut Dental Health Partnership, 2018; Connecticut State Office of Rural Health, 2015; Center for Health Care Strategies, 2018; Frakt, 2018; DataHaven, 2015; Health Policy Institute, 2015; Jordan & Sullivan, 2017; Otto, 2017; Kaiser Family Foundation, 2016

NEXT STEPS

There is a basic belief in America that if you work hard, you can support yourself and your family. Yet the data presented in this report shows that for more than 500,000 households in Connecticut, this is not the case. Working households are still struggling due to the mismatch between the basic cost of living and the wages of many jobs across the state, exacerbated by systemic inequalities in opportunity and wealth. By making this clear, the ALICE data challenges persistent assumptions and stereotypes about people who can't afford to pay their bills or are forced to visit a food bank — that they are primarily people of color, live only in cities, are unemployed, or are struggling as the result of some moral failing. The data on ALICE households shows that hardship in Connecticut exists across boundaries of race/ethnicity, age, and geography.

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

- At least 46 percent of Connecticut residents do not have money set aside to cover expenses for three months in case of an emergency such as illness or the loss of a job (Prosperity Now, 2018; FINRA Investor Education Foundation, 2016).
- The majority of residents under age 25 are unable to afford to live on their own, and for both economic and cultural reasons are delaying getting married, having children, or moving for new job opportunities.
- More seniors are aging without saving for retirement.
- There are fewer workers to meet the growing demand for senior caregiving.
- Income and wealth disparities persist by race/ethnicity, gender, and sexual orientation.

PRIORITY ISSUES FOR CONSIDERATION

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

Education

1 **Incorporate technology training into basic public education throughout a person's lifetime.** Going forward, most jobs will require digital skills, from basic use of computers and smartphones to managing automation and robots. Since 2004, the share of occupations that required high levels of digital skills more than doubled, from 10 to 22 percent. For ALICE workers to maintain employment over time, they will need technology training that is accessible and of high quality throughout their lifetime. Public K-12 schools can incorporate digital skills into all aspects of the curriculum for students, higher education can offer more focused programs, and companies can invest in training for their employees (Liu, 2017).

Financial Stability

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

- **Access to credit:** For those with low incomes, saving for emergencies is nearly impossible. Access to credit at low rates has proven to be effective to help ALICE workers and employers, especially small businesses, weather an emergency. Yet ALICE families do not always qualify for low rates, but when they do they still need to have enough income to repay the loan or they risk greater long-term financial crises (Collins & Gjertson, 2013; Mayer & Jencks, 1989).

- **Private and public financial instruments:** These range from new types of financial products to a guaranteed income or allowance. Employers could make wages more immediately available (rather than wait two weeks until payday), and banks could do the same for deposited funds. Financial institutions as well as the government could offer insurance or tax credits and other credits to protect workers against dips in income. Going even further, economists, theologians, and policymakers have proposed a minimum guaranteed income for all families for centuries, though proposals run the gamut of approaches. The idea has received more attention recently from the political left and the right as more workers face periods of low wages or unemployment (Murray, 2016; Schiller, 2017; Parijs & Vanderborght, 2017; Shaefer, Collyer, & et, 2018; Farrell & Greig, 2015).

Employment

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

- **Remove barriers to employment:** Barriers to employment for ALICE workers include family-care responsibilities, physical and mental-health problems (including substance use disorder), limited language skills, lack of reliable transportation, and lack of job skills. There are several evidence-based solutions, such as work programs that provide direct connections to employment (including apprenticeships), an individualized training approach (that can address a wide range of challenges, from soft skills to housing), and the development of definitive career pathways over time through work and education. Successful outcomes require employers, government agencies, and nonprofits to weave together programs and resources that provide a wide-reaching web of support (Van Horn, Edwards, & Greene; Yellen, 2017; Tessler, 2013; Office of Planning, Research & Evaluation, 2012).

- **Make benefits portable:** Benefits such as health insurance, retirement plans like a 401(k), or paid leave could move with the worker from job to job, and across multiple jobs at once. These can be delivered in many forms, through programs that are not connected to work or the employer at all, or through programs that involve employers. Some examples of this approach can be found in the construction industry and business associations, and legislators in New York and Washington are considering benefit management systems so that employers could pay into workers' benefit funds (Foster, Nelson, & Reder, 2016; Strom & Schmitt, 2016; Guillot, 2017; Quinton, 2017; Maxim & Muro, 2018).

- **Reduce risk for employees in small businesses:** Because of the less stable nature of many small businesses, their employees would benefit from measures that help them weather fluctuations in their schedules and long-term employment. Portable benefits, mentioned above, is one solution. In addition, small business entrepreneurs and employees need more support to help them overcome common barriers they face, such as a lack of resources to invest in skill development; student debt, which makes it hard to invest in their businesses; and lack of affordable child care, which increases absenteeism and decreases their productivity (Small Business Majority, 2017; Small Business Majority, 2016; Beelsley, 2016).

- **Offer lifetime employment:** Considering examples from other countries can expand thinking on this topic. For example, guaranteed employment is an innovative policy that has been employed in Germany and Japan. Companies guarantee employment for large numbers of workers. To avoid layoffs, the practice allows for transfers and defined reductions in hours and wages in lean times (Noorderhaven, Sorge, & Koen, 2015).

Equity

4

Level the playing field for all. Biases against marginalized groups persist in the workplace and the housing market despite positive shifts in public opinion and attitudes regarding differences in race and ethnicity, sex, sexual orientation, gender identity, and disability.

Racial bias is among the most persistent, despite research confirming that the gaps in education, income, and wealth that continue to exist along racial lines in the U.S. have little to do with individual behaviors. Instead, these gaps reflect systemic policies and institutional practices that create different opportunities for people of different races and ethnicities. Discriminatory practices have been embedded in our social structures and legal system, especially in terms of housing policies, immigration practices, voting rights, school funding, and health care programs, and most recently documented in Connecticut in traffic stops. To make a difference for ALICE households of color, changes need to be made within institutions that impede equity in areas including the legal system, health care, housing, education, and jobs (Mishel, Bivens, Gould, & Shierholz, 2012; Shapiro, Meschede, & Osoro, 2013; Oliver & Shapiro, 2006; Leadership Conference on Civil Rights, 2000; Agency for Healthcare Research and Quality, 2015; Goldrick-Rab, Kelchen, & Houle, 2014; Sum & Khatiwada, 2010; Anti-Poverty Network of New Jersey, 2017; Connecticut Racial Profiling Prohibition Project, 2017).

For solutions to be effective, they must be as comprehensive and as interconnected as the problems are. Siloed solutions do not work. Because conditions vary across counties and states, the solutions to the challenges that ALICE and poverty-level households face will vary as well. Stakeholders — family, friends, nonprofits, and the government — will need to work together with innovation and vision to bring structural change, beginning at the highest levels of economic policy and extending deep into the fabric of our communities.

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