

**ALICE:
A STUDY OF
FINANCIAL HARDSHIP
IN WASHINGTON**

**2018
REPORT**

LIVE UNITED



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.



THE UNITED WAYS OF WASHINGTON

Twin County United Way

United Good Neighbors Jefferson County

United Way of Benton & Franklin Counties

United Way of Central Washington

United Way of Clallam County

United Way of Cowlitz County

United Way of Grant County

United Way of Grays Harbor

United Way of Island County

United Way of King County

United Way of Kitsap County

United Way of Lewis County

United Way of Mason County

United Way of North Central Washington

United Way of North Idaho

United Way of Pierce County

United Way of Pullman

United Way of San Juan County

United Way of Skagit County

United Way of Snohomish County

United Way of Spokane County

United Way of the Columbia-Willamette

United Way of Thurston County

United Way of Walla Walla County

United Way of Whatcom County

Note: In addition to the corporate sponsorships, this Report was made possible by the United Ways noted above in bold.

Learn more here: https://www.uwpnw.org/alice_in_pnw

NATIONAL ALICE ADVISORY COUNCIL

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

Aetna Foundation ■ AT&T ■ Atlantic Health System ■ Deloitte ■ Entergy

Johnson & Johnson ■ KeyBank ■ Novartis Pharmaceuticals Corporation ■ OneMain Financial

RWJBarnabas Health ■ Thrivent Financial Foundation ■ Union Bank & Trust ■ UPS ■ U.S. Venture

LETTER TO THE COMMUNITY



Dear Pacific Northwesterners,

Just three years ago, our region was first introduced to a population that many of us were aware of, if not part of: ALICE. ALICE households work hard, sometimes in two or three jobs, but still cannot afford to make ends meet. The first United Way ALICE Report helped identify and highlight the struggles of ALICE in the Pacific Northwest. But awareness is only the first step. We need to do more to help ALICE families achieve financial stability, which in turn strengthens our communities.

However, this won't be an easy task. This Report shows that the percentage of people who are ALICE or living in poverty in the Pacific Northwest has increased in the past few years: up to 42 percent in Oregon, 40 percent in Idaho, and 39 percent in Washington. The truth is, nobody in these three states should be that surprised. Most of us, especially those living in urban areas, see people on a daily basis huddled in doorways or living in encampments under the freeways, and it's hard not to notice the longer lines at local food banks. Yet what we see is just the tip of the iceberg. As this report shows, there are hundreds of thousands more who are one unexpected expense away from losing their home, or not being able to pay for heat, for food, or medical bills.

As upsetting as it is to see ALICE in front of us in our daily lives, in greater and greater numbers, I'm also hopeful that these experiences – backed up by the data in this Report – will motivate more of us to take action.

We must do more. And many of us have. Nonprofit organizations have been using these ALICE reports to help tell their stories and to get funding for programs that can positively impact this population. We have made strides in improving access to early education and reducing the burden of health care costs, which translates into improved situations for ALICE. Thanks to the Report, our member United Ways are more relevant in the conversation to end poverty. In fact, several have been appointed to serve on state or local government task forces, where they are in a position to influence policy.

Significant changes in our region are also a sign of hope; our cities are growing, communities are building, medium to large businesses are growing, and all these changes create jobs. We have also seen an increase in minimum wage in two of the three states. But as this report demonstrates, this progress hasn't kept pace with the rising cost of the average household budget.

We have to do more. Whether as individuals or as part of an organization or government agency, we all need to figure out what part we can play. There are many ways to help, such as engaging with United Ways, volunteering with your faith community, working at a food bank, writing letters to your local, state, and federal legislators, or simply becoming more engaged and involved in your own neighborhood.

I hope that you'll join me in rolling up our sleeves to get some work done to improve life for the people and communities of the Pacific Northwest.

Sincerely,

A handwritten signature in blue ink that reads "Jim Cooper". The signature is fluid and cursive, written in a professional but personal style.

Jim Cooper, *President & CEO, United Way of Pacific Northwest*

THE UNITED WAY ALICE PROJECT

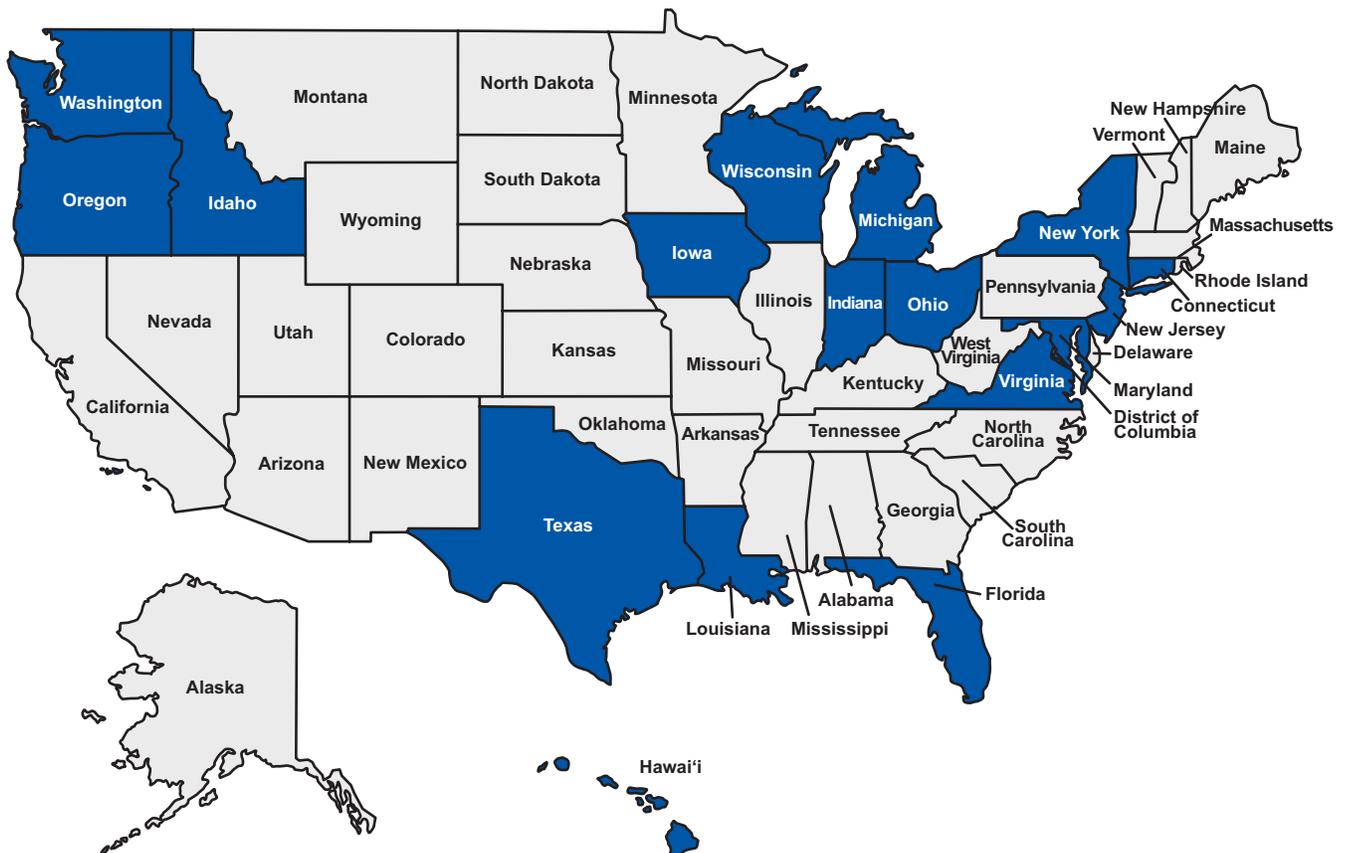
The United Way *ALICE Project* provides a framework, language, and tools to measure and understand the struggles of a population called **ALICE** – an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. ALICE is the growing number of households in our communities that do not 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 Pacific Northwest 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 the Pacific Northwest, a team of researchers collaborated with a Research Advisory Committee, composed of 14 representatives from across the Pacific Northwest, 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 Assembly for her work on ALICE in 2016.

Research Support Team

Andrew Abrahamson

Madeline Leonard

Dan Treglia, Ph.D.

ALICE Research Advisory Committee for the Pacific Northwest

Fred Abousleman, M.P.A.

*Oregon Cascades West Council
of Governments*

Charity Bergman

*United Way of North Central
Washington*

Mark Edwards, Ph.D.

*Oregon State University, School
of Public Policy*

Katie Fitzpatrick, Ph.D.

*Seattle University, Albers School
of Business and Economics*

Larry Geri, M.P.A.

*The Evergreen State College,
Master of Public Administration
Program*

Patrick Jones, Ph.D.

*Eastern Washington University,
Institute for Public Policy &
Economic Analysis*

Kim Matson

*Idaho Department of Health and
Welfare*

Jennifer McKinney, Ph.D.

*Seattle Pacific University,
Sociology Department*

Alivia Metts, B.S.

The Metts Group

Ali Modarres, Ph.D.

*University of Washington,
Tacoma, Urban Studies*

Will Summers, B.S.

Oregon Employment Department

Kathryn Tacke, M.A.

Idaho Department of Labor

Aimee White, M.Ed.

Custom Evaluation Services

.....

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	1
ALICE BY THE NUMBERS	5
THE HOUSEHOLD SURVIVAL BUDGET	12
ALICE IN THE WORKFORCE.....	13
EMERGING TRENDS	17
NEXT STEPS.....	23

INDEX OF FIGURES

Figure 1. Household Income, Washington, 2010 to 2016.....	5
Figure 2. Household Income by Age of Head of Household, Washington, 2010 to 2016	6
Figure 3. Households Below the ALICE Threshold, by Age and Race/Ethnicity, Washington, 2010 to 2016	8
Figure 4. Single or Cohabiting (Under 65) Households, No Children, by Income, Washington, 2010 to 2016	9
Figure 5. Families With Children by Income, Washington, 2010 to 2016	10
Figure 6. Percent of Households Below the ALICE Threshold by County, Washington, 2010 and 2016	11
Figure 7. Household Survival Budget, Washington Average, 2016	12
Figure 8. Number of Jobs by Hourly Wage, Washington, 2016.....	13
Figure 9. Top 20 Occupations by Employment and Wage, Washington, 2016	14
Figure 10. Employment by Firm Size With Average Annual Wages, Washington, 2016	15
Figure 11. Percent Employment by Firm Size, Washington, 2016	16
Figure 12. Population Projection, Washington, 2010 to 2040	17
Figure 13. Population Inflows and Outflows, Washington, 2016	18

EXECUTIVE SUMMARY

In Washington, 1 million households – 39 percent – could not afford basic needs such as housing, child care, food, health care, and transportation in 2016.

This update of the United Way ALICE Report for Washington 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 county in Washington, 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 incomes, the economic recovery in Washington has been uneven. Many ALICE families continue to face challenges from low wages, reduced work hours, depleted savings, and increasing costs. For the many families 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. In fact, the total number of Washington households that cannot afford basic needs increased 22 percent from 2010 to 2016.

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

- **Households continue to struggle:** Of Washington's 2,767,682 households, 11 percent lived in poverty in 2016 and another 28 percent were ALICE. Combined, 39 percent (1,068,246 households) had income below the ALICE Threshold, an increase of 22 percent since 2010.
- **Basic cost of living still on the rise:** The cost of basic household expenses increased steadily in Washington to \$62,472 for a family of four (two adults with one infant and one preschooler) and \$21,252 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 28 percent from 2010 to 2016, much higher than the 9 percent national rate of inflation during that time period.
- **Changes in the workforce:** Although unemployment rates are falling, ALICE workers are still struggling. Low-wage jobs dominate the landscape, with 50 percent of all jobs paying less than \$20 per hour, while an increase in contract jobs and on-demand jobs has created less stability. Gaps in wages persist and vary based 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* – The aging of baby boomers; the millennials, who are making different lifestyle and work choices than previous generations; and the shifting patterns of domestic and foreign migration are all changing the household composition. These trends change 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 ALICE workers in the U.S., contributing to employment instability, shifting supply and demand, and disruption in 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 Washington 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**mloyed, comprising 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, a smartphone, and taxes) in Washington, 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 Washington. (Households earning below the ALICE Threshold include both ALICE and poverty-level households.)

DATA PARAMETERS

The ALICE measures presented in the United Way ALICE Report for Washington are calculated for each county. Because Washington is economically, racially, ethnically, and geographically diverse, state averages conceal significant differences between counties and within them, between municipalities. For example, the percent of households below the ALICE Threshold ranges from 31 percent in Kitsap County to 55 percent in Adams County.

The first United Way ALICE report measured change before and after the Great Recession, 2007 and 2010. This report focuses on the recovery, and measures change from the baseline of 2010 followed by the even years since – 2012, 2014, and 2016 – and highlights trends since the end of the Recession.

Using a variety of sources, this report examines issues surrounding ALICE households from different angles. 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, and Washington Childcare Aware. State, county, and municipal data is used to provide different lenses on ALICE households. The data are estimates; some are geographic averages, others are 1-, 3-, or 5-year averages depending on population size. Starting in 2014, 3-year averages were no longer produced by the American Community Survey, so data after that year for communities with populations of less than 65,000 are 5-year averages.

The ALICE methodology is reviewed every two years to accommodate changes in cost of living, sources, and best practices. This year, the primary change is the addition of the cost of a smartphone to the Household Survival Budget, labeled technology in the budget, because smartphones have become a regular part of life and essential for U.S. workers (Pew Research Center, 2017).

A full documentation of the sources and methodology for the report is provided in the *Methodology Overview* on the website: UnitedWayALICE.org. 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.

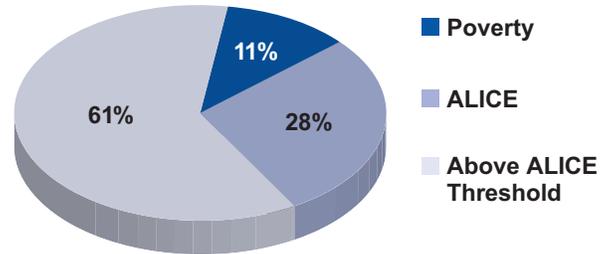
AT-A-GLANCE: WASHINGTON

2016 Point-in-Time Data

Population: 7,288,000 | Number of Counties: 39 | Number of Households: 2,767,682

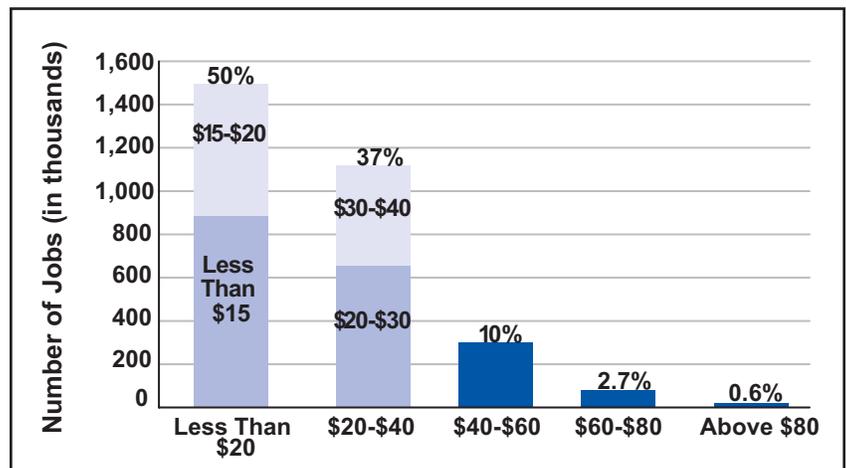
How many households are struggling?

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 Washington's 2,767,682 households, 301,493 earn below the FPL (11 percent) and another 766,753 (28 percent) are ALICE.



How much does ALICE earn?

In Washington, 50 percent of jobs pay less than \$20 per hour, with almost 60 percent of those paying less than \$15 per hour. Another 37 percent of jobs pay between \$20 and \$40 per hour. Only about 13 percent of jobs pay above \$40 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 27 percent for a single adult and 28 percent for a family of four. Affording only a very modest 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.

Washington Average – 2016		
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Monthly Costs		
Housing	\$592	\$871
Child Care	\$-	\$1,278
Food	\$177	\$586
Transportation	\$361	\$721
Health Care	\$203	\$755
Technology	\$55	\$75
Miscellaneous	\$161	\$473
Taxes	\$222	\$447
Monthly Total	\$1,771	\$5,206
ANNUAL TOTAL	\$21,252	\$62,472
Hourly Wage*	\$10.63	\$31.24

*Full-time wage required to support this budget

Source: American Community Survey; U.S. Department of Housing and Urban Development; U.S. Department of Agriculture; Bureau of Labor Statistics; Internal Revenue Service, and Washington Childcare Aware, 2016

Washington Counties, 2016

COUNTY	TOTAL HOUSEHOLDS	% ALICE & POVERTY
Adams	5,733	55%
Asotin	9,297	43%
Benton	70,434	34%
Chelan	28,353	40%
Clallam	31,837	38%
Clark	169,997	38%
Columbia	1,689	44%
Cowlitz	40,170	41%
Douglas	14,348	40%
Ferry	3,039	53%
Franklin	25,903	48%
Garfield	952	34%
Grant	28,351	52%
Grays Harbor	27,330	43%
Island	33,365	36%
Jefferson	13,561	40%
King	861,154	34%
Kitsap	101,995	31%
Kittitas	17,164	45%
Klickitat	8,069	47%
Lewis	29,509	47%
Lincoln	4,337	36%
Mason	22,454	51%
Okanogan	16,804	46%
Pacific	8,986	50%
Pend Oreille	5,409	43%
Pierce	317,671	42%
San Juan	7,623	39%
Skagit	46,423	42%
Skamania	4,577	44%
Snohomish	286,116	43%
Spokane	195,807	38%
Stevens	17,442	44%
Thurston	105,863	36%
Wahkiakum	1,789	34%
Walla Walla	21,851	46%
Whatcom	84,011	39%
Whitman	17,185	52%
Yakima	81,084	47%

AT-A-GLANCE: WASHINGTON

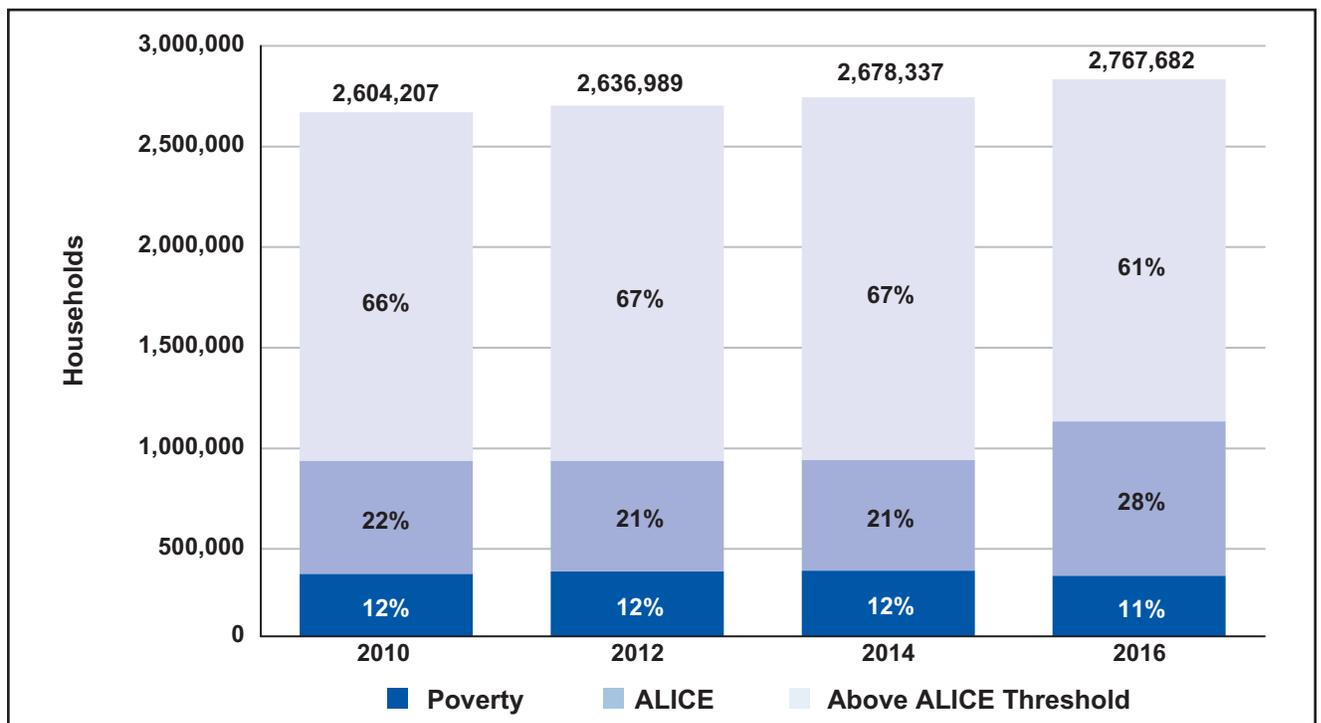
ALICE BY THE NUMBERS

Washingtonians of all ages, races and ethnicities, urban or rural, single or married with children, can be ALICE or in poverty. 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 Washington, the total number of households increased by 6 percent between 2010 and 2016 to 2,767,682. But the number of ALICE and poverty-level households increased even more, from 873,291 in 2010 to 1,068,246 in 2016, a 22 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 – actually fell slightly from 309,724 in 2010 to 301,493 in 2016, a 3 percent decrease. The proportion of all households that were in poverty fell from 12 percent to 11 percent during that period.
- **ALICE:** The number of ALICE households increased dramatically from 563,567 in 2010 to 766,753 in 2016, a 36 percent increase. The proportion of all ALICE households rose from 22 percent to 28 percent during that period.

Figure 1.
Household Income, Washington, 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 Washington: 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 1980 and 1996, also known as Generation Y), 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 to 44 years, 45 to 64 years, and 65 and older. Millennials are covered by the youngest two brackets and baby boomers by the oldest two.

Aging Population

The increase in the number of ALICE households in Washington is driven by older households. The number of senior households (65 years and older) increased dramatically from 514,402 in 2010 to 656,014 in 2016, a 28 percent increase (Figure 2). Yet the number of senior households with income below the ALICE Threshold grew at an even faster rate of 44 percent, so that by 2016, 42 percent of senior households had income below the ALICE Threshold.

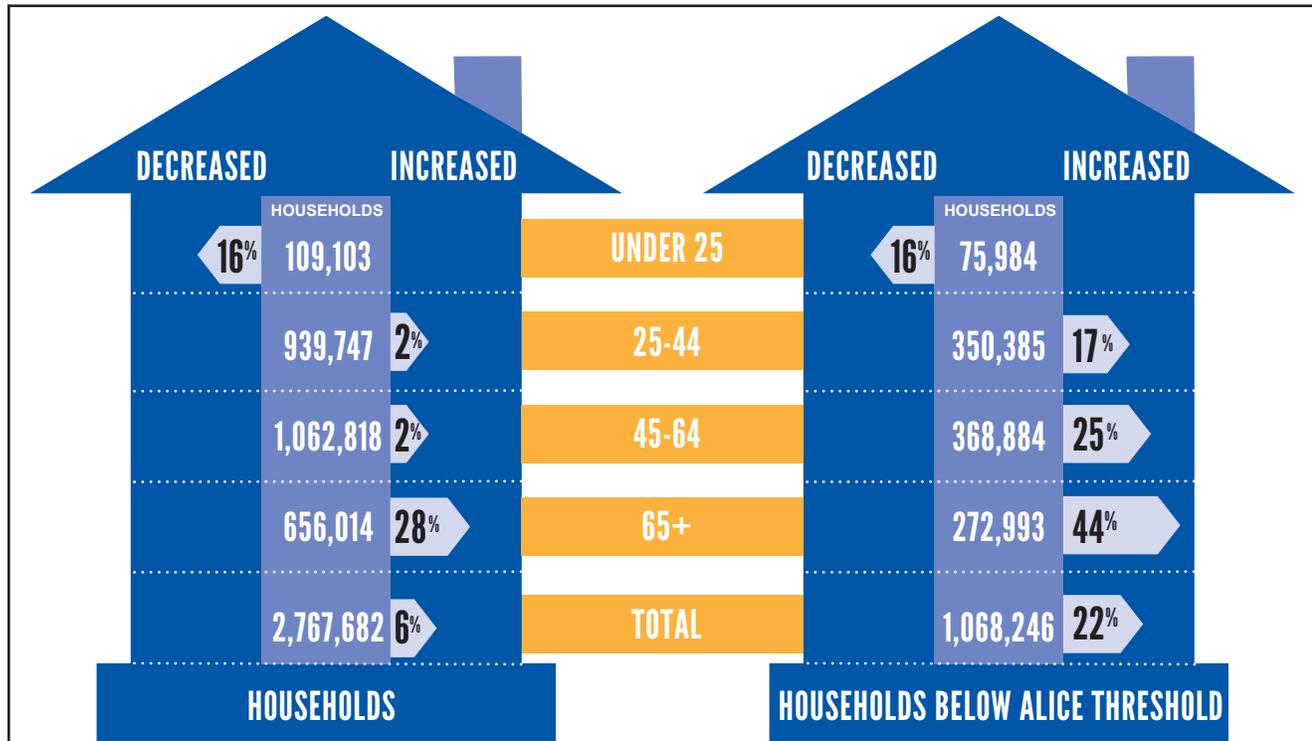
The next oldest age group, households headed by 45- to 64-year-olds, grew only 2 percent, yet the number of these households with income below the ALICE Threshold increased by 25 percent, a surprising drop in wealth for those in their prime earning years (American Community Survey, 2010 and 2016).

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 those under 25, decreased 16 percent, from 129,464 households in 2010 to 109,103 in 2016, and the number with income below the ALICE Threshold fell at the same rate. The older and larger segment of millennials, households headed by 25- to 44-year-olds, increased by only 2 percent overall, yet the number with income below the ALICE Threshold increased by 17 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 70 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 Age of Head of Household, Washington, 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 Washington, the number of Hispanic and Asian households grew faster than White and Black households from 2010 to 2016. Hispanic households increased by 20 percent to 221,647 households and Asian households increased by 27 percent to 199,397. In comparison, the number of White households increased by only 2 percent to 2,117,010 households, and Black households increased by 5 percent to 92,813 households.

The United Way ALICE Reports follow the primary U.S. Census classifications – White, Black, and Asian. In addition, people of any race can also be of Hispanic ethnicity; because these are two separate questions on the Census, race and ethnicity are overlapping categories. 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 Washington identify themselves as American Indian/Alaska Native, another 3 percent identify as “Some Other Race,” and 4 percent also identify as being of “Two or More Races” (American Community Survey, 2016).

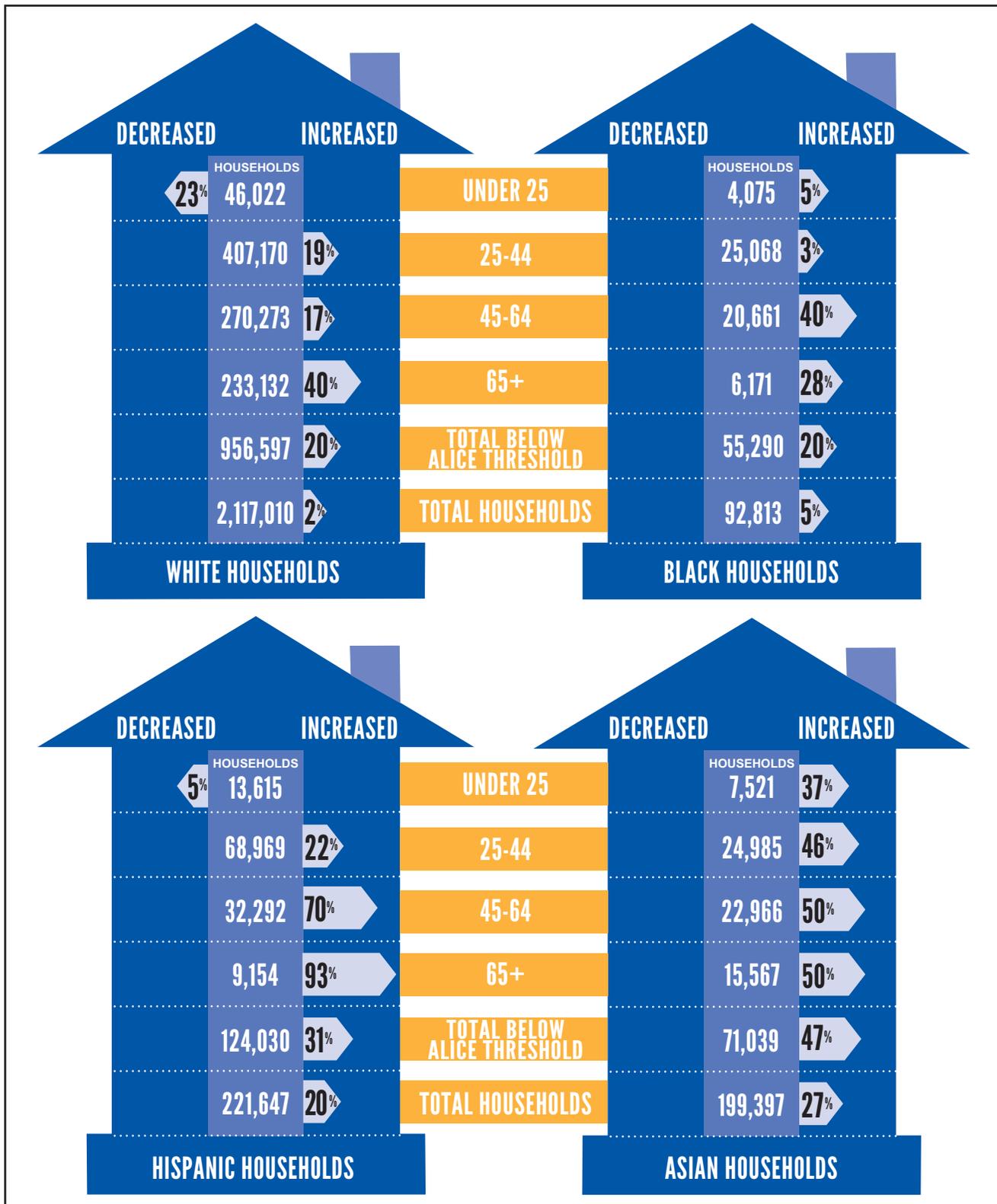
A breakdown by race and age shows other important trends:

Young White and Hispanic households are decreasing. The number of White under-25 households fell by 21 percent from 2010 to 2016, causing a decrease in the overall number of young households in Washington. Adding to the decline, the number of under-25 Hispanic households fell by 10 percent. However, under-25 Asian and Black households saw an increase – a 23 percent increase for Asian households and a 2 percent increase for Black households – but because their overall numbers are small, the increases did not offset the loss of households in this age group. Among households headed by 25- to 44-year-olds, White households declined by 3 percent, while all other groups increased; Hispanic households increased by 12 percent, Asian households by 25 percent, and Black households by 3 percent.

Senior households of all race and ethnic groups are increasing. White senior households are driving the overall growth in the senior population, increasing by 25 percent from 2010 to 2016, but other senior groups are experiencing significant growth as well: Senior Hispanic households increased by 62 percent, Asian households by 54 percent, and Black households by 23 percent. On a slightly different trajectory, White 45- to 64-year-old households fell by 1 percent, yet all other ethnicities in this age group increased: Hispanic households by 42 percent, Asian households by 18 percent, and Black households by 3 percent.

Below ALICE Threshold households increased across the board. The number of households living below the ALICE Threshold increased in almost all race and ethnic groups across ages from 2010 to 2016 (Figure 3). The largest increases were among households 65 years and older, with White senior households below the ALICE Threshold increasing by 40 percent, Hispanic senior households by 93 percent, Asian senior households by 50 percent, and Black senior households by 28 percent. White and Hispanic under-25 households, the only groups that saw a decrease in ALICE households, also experienced a decrease in total households.

Figure 3.
Households Below the ALICE Threshold, by Age and Race/Ethnicity, Washington, 2010 to 2016

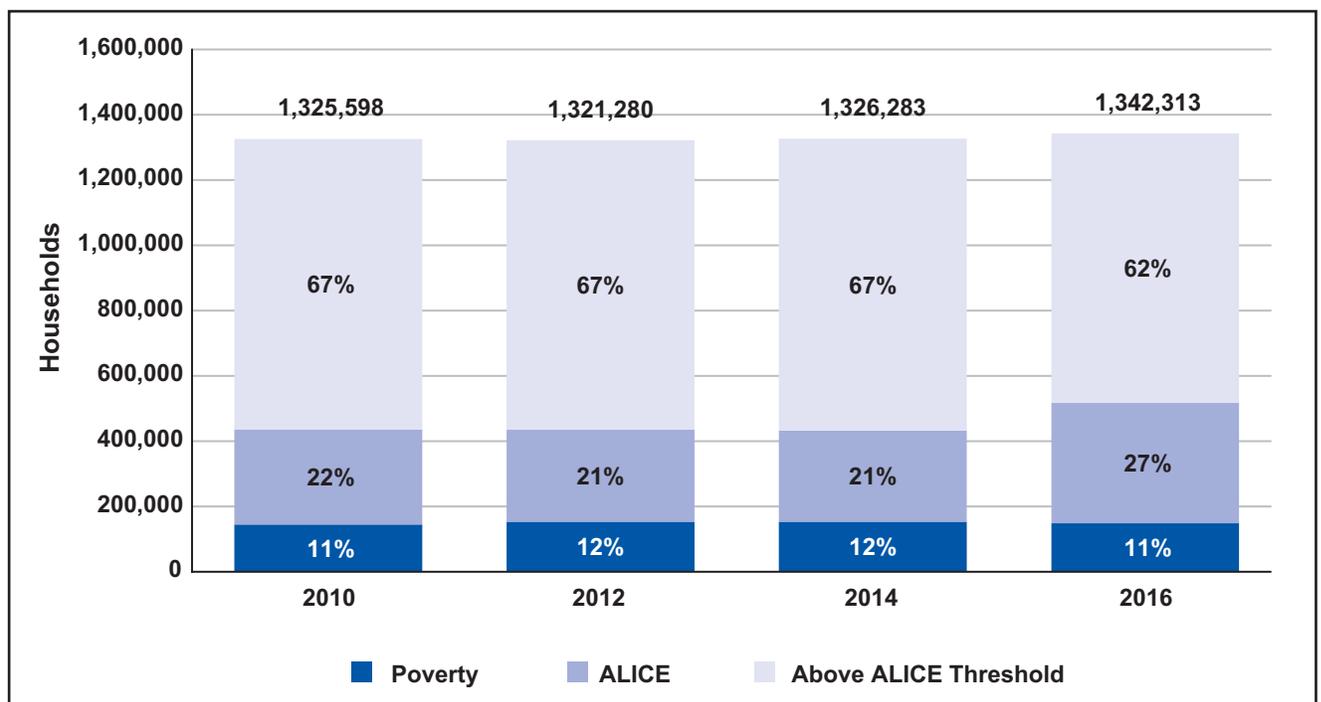


Source: American Community Survey, 2010-2016, and the ALICE Threshold, 2010-2016

HOUSEHOLDS BY FAMILY TYPE

Dramatic changes are occurring in the living arrangements of Americans. After decades of declining marriage rates, along with rising levels of divorce, remarriage, and cohabitation, the married couple with two children family 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 Washington, there are 1,342,313 households composed of single or cohabiting adults under the age of 65 with no children under age 18. They make up the largest group in Washington, accounting for 48 percent of all households (Figure 4).

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



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

These single or cohabiting households without children under 18 are also the group with the largest number of households below the ALICE Threshold. In 2016, 516,463 of these households, 38 percent, had income below the ALICE Threshold (Figure 4), increasing from 33 percent in 2010.

Families With Children

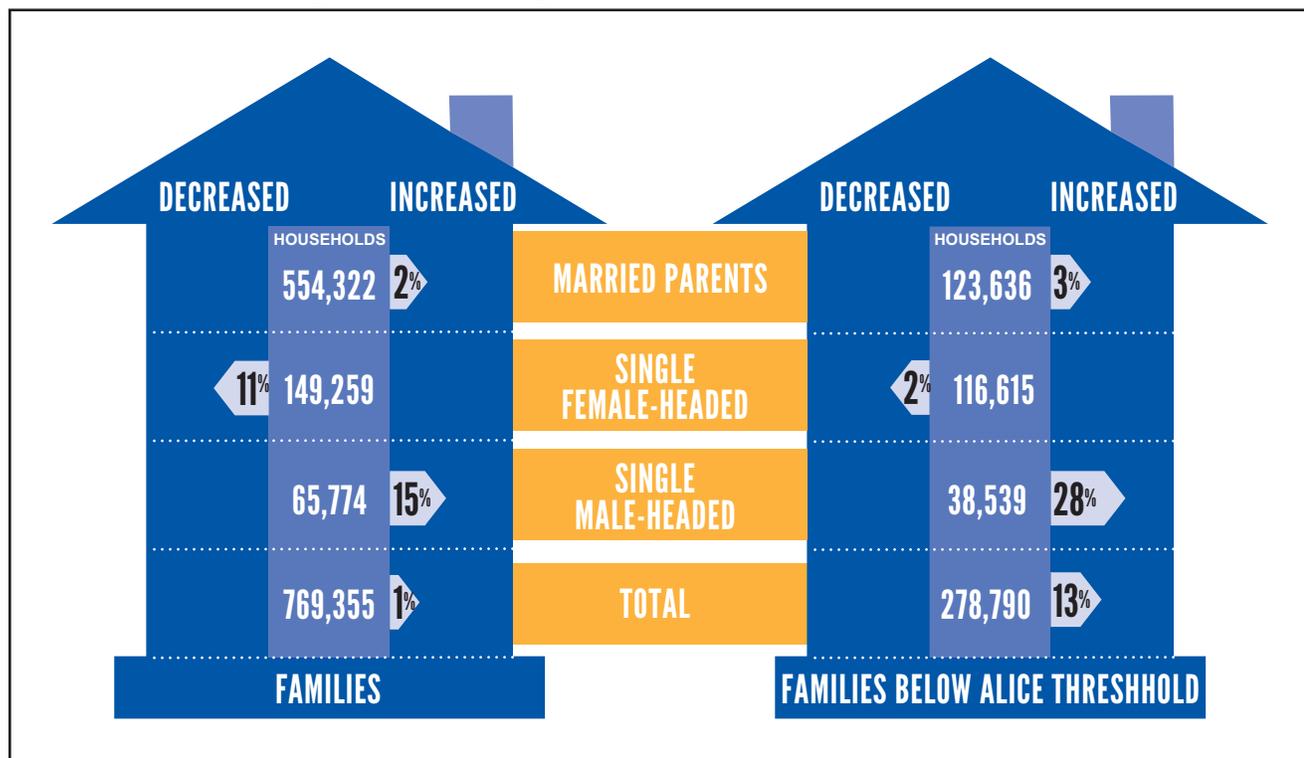
Among families with children, the roles of parents are changing, as fathers are doing more housework and child care, and mothers are doing more paid work outside the home. Nationally, 42 percent of mothers were sole or primary breadwinners, bringing in 50 percent or more of family earnings, and another 22 percent were co-breadwinners, earning 25 percent to 49 percent of earnings in 2015. 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 nine hours a week (Glynn, 2016; Cohn & Caumont, 2016; Parker & Livingston, 2017; Livingston, 2014).

The composition of families with children 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. In fact, almost one in six children under the age of 18 now lives in a family with parents and 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).

Washington families saw the following changes from 2010 to 2016:

- **Below ALICE Threshold:** Of all Washington families with children, there were 278,790 with income below the ALICE Threshold – 44 percent were married parent families, 42 percent were single-female parent families, and 14 percent were single-male parent families.
- **Married families:** The number of married parent families with children increased slightly, by 2 percent, from 2010 to 2016, while the number below the ALICE Threshold increased slightly more, by 3 percent (Figure 5).
- **Single female-headed families:** The number of single female-headed families with children fell by 11 percent, but the number below the ALICE Threshold fell at a much lower rate of 2 percent. As a result, the percent of single female-headed families below the ALICE Threshold increased.
- **Single male-headed families:** This smallest share of family types increased by 15 percent; the number with income below the ALICE Threshold increased even more, by 28 percent.

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

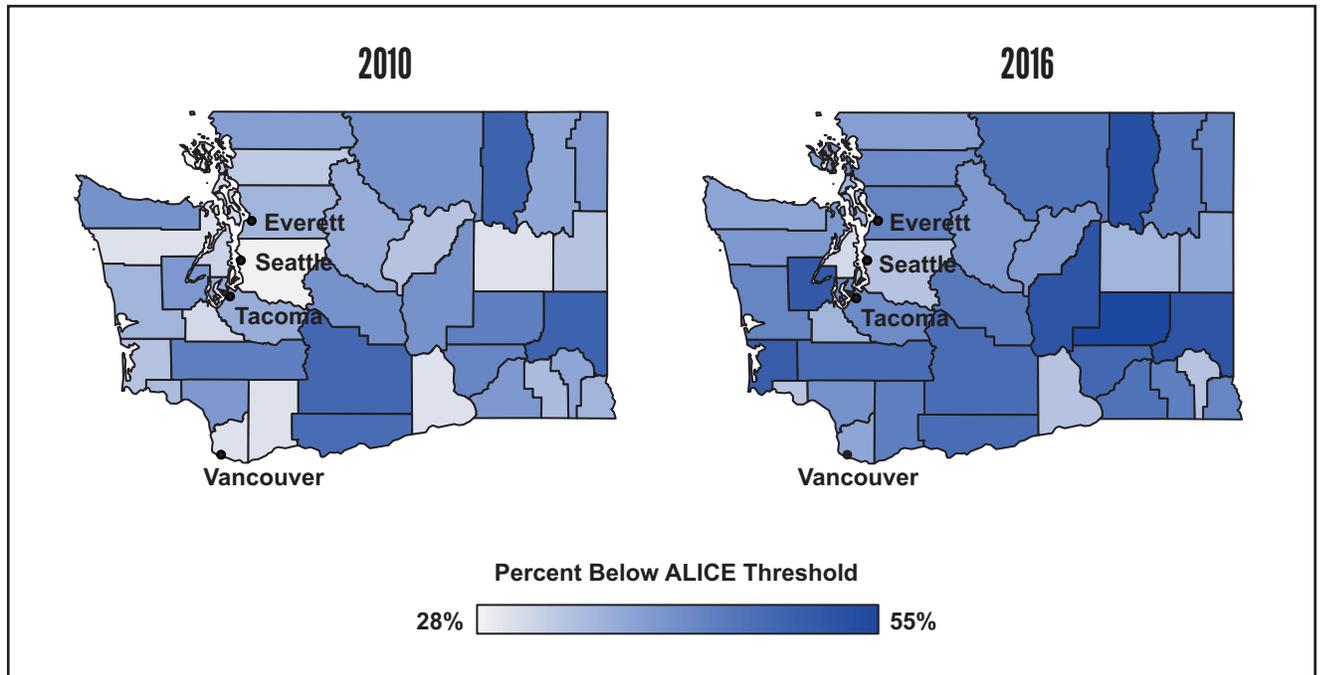


Source: American Community Survey, 2010-2016, and the ALICE Threshold, 2010-2016

ALICE BY COUNTY

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 Washington. The number of households with income below the ALICE Threshold increased across most counties from 2010 to 2016. But there is enormous variation among counties; the percent of households below the ALICE Threshold ranges from 31 percent in Kitsap County to 55 percent in Adams County (Figure 6).

Figure 6.
Percent of Households Below the ALICE Threshold by County, Washington, 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 HOUSEHOLD SURVIVAL BUDGET

The Household Survival Budget reflects the bare minimum cost to live and work in the modern economy. In Washington, the average Household Survival Budget was \$62,472 for a four-person family and \$21,252 for a single adult in 2016 (Figure 7). The hourly wage necessary to support a family budget is \$31.24 for one parent working 40 hours per week, 50 weeks per year (or \$15.62 per hour each, if two parents work), and \$10.63 per hour, full time, for a single adult. These costs continue to increase faster than the rate of inflation.

Figure 7.
Household Survival Budget, Washington Average, 2016

Washington 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	\$592	\$871	13%	16%
Child Care	\$-	\$1,278	N/A	11%
Food	\$177	\$586	1%	10%
Transportation	\$361	\$721	20%	20%
Health Care	\$203	\$755	93%	79%
Technology*	\$55	\$75	N/A	N/A
Miscellaneous	\$161	\$473	27%	28%
Taxes	\$222	\$447	37%	95%
Monthly Total	\$1,771	\$5,206	27%	28%
ANNUAL TOTAL	\$21,252	\$62,472	27%	28%
Hourly Wage**	\$10.63	\$31.24	27%	28%

*New to budget in 2016

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

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; and Washington Childcare Aware, 2016. For the Methodology Overview and additional data, see our website: UnitedWayALICE.org

The cost of household basics in the Household Survival Budget – housing, child care, food, transportation, health care, technology, and taxes – increased by 27 percent for a single adult and 28 percent for a family of four from 2010 to 2016. In comparison, the rate of inflation nationally was 9 percent, while median earnings increased by 11 percent nationally, and 16 percent in Washington. The rise in the Household Survival Budget in Washington was driven primarily by the addition of technology, which includes a smartphone; a 20 percent increase in the cost of transportation; and an 80 percent increase in the cost of health care, stemming primarily from the increase in out-of-pocket health care costs and a small portion from the addition of the Affordable Care Act penalty (for more details on health care costs, see the Methodology Overview) (American Community Survey, 2010 and 2016; Bureau of Labor Statistics, 2018).

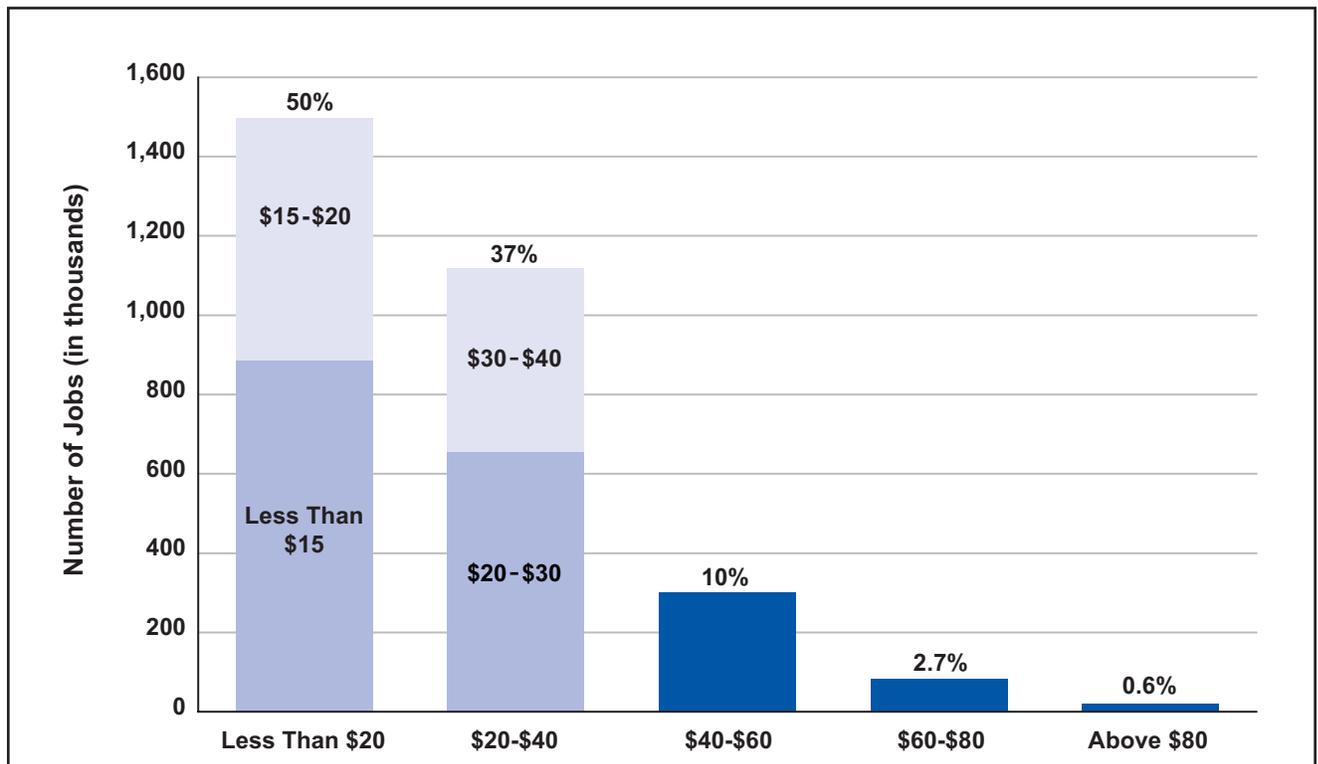
ALICE IN THE WORKFORCE

While improvements in employment and productivity in Washington outpaced those in the U.S. overall, 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.

LOW-WAGE JOBS

Low-wage jobs continue to dominate the Washington economy, making it more challenging for workers to find jobs with wages that can support even a basic household budget. With 3 million total jobs in Washington recorded by the Bureau of Labor Statistics in 2016, the job market has shown improvement since 2010. But job gains were greatest in occupations that paid between \$12.00 and \$17.99 per hour. Moreover, 50 percent of jobs in Washington pay less than \$20 per hour, with 59 percent of those paying between Washington's minimum wage (\$9.47 in 2016) and \$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 Washington (Figure 8) (Bureau of Labor Statistics, 2016; Washington State Employment Security Department, 2017).

Figure 8.
Number of Jobs by Hourly Wage, Washington, 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, September 2013; Vinsel & Russell, 2016).

The top 20 occupations employing the most people in Washington are predominantly maintainer jobs, which are more likely to pay low wages. In 2016, only two of the top 20 occupations – registered nurses and general and operations managers – paid enough to support the Household Survival Budget for a family, a minimum of \$31.24 per hour (Figure 9).

The most common occupation in Washington, retail sales, pays a wage that is well below what is needed to make ends meet. The more than 85,100 retail salespeople make an average of \$10.13 per hour, or \$20,260 if working full time year round. These jobs fall just short of meeting the single-person Household Survival Budget, and are below the four-person family Household Survival Budget by more than \$42,000 per year. Even if two parents worked full time at this wage, they would fall short of the Household Survival Budget by almost \$22,000 per year.

Figure 9.
Top 20 Occupations by Employment and Wage, Washington, 2016

2016			Percent Change 2010-2016	
OCCUPATION	NUMBER OF JOBS	MEDIAN HOURLY WAGE	NUMBER OF JOBS	MEDIAN HOURLY WAGE
Retail Salespersons	85,100	\$10.13	12%	7%
Office Clerks	84,250	\$15.71	34%	17%
Food Prep, Including Fast Food	71,230	\$8.84	12%	5%
Cashiers	61,290	\$9.18	-15%	6%
Customer Service Representatives	60,650	\$16.64	31%	11%
Personal Care Aides	59,690	\$10.78	N/A	N/A
Registered Nurses	55,410	\$31.94	5%	6%
Laborers and Movers	52,690	\$14.43	23%	18%
Heavy and Tractor-Trailer Truck Drivers	49,140	\$19.50	13%	8%
Waiters and Waitresses	43,190	\$9.06	-1%	6%
Janitors and Cleaners	42,760	\$11.37	-1%	3%
Team Assemblers	41,480	\$14.38	26%	4%
Sales Representatives	38,650	\$28.56	16%	8%
Stock Clerks and Order Fillers	35,190	\$10.45	7%	7%
Bookkeeping and Accounting Clerks	32,880	\$17.12	2%	10%
Nursing Assistants	32,380	\$13.22	-14%	10%
General and Operations Managers	32,350	\$45.66	26%	3%
Maintenance and Repair Workers	30,430	\$18.40	26%	3%
Elementary School Teachers	29,160	\$18.40	4%	-29%
Bartenders	28,120	\$9.18	13%	5%

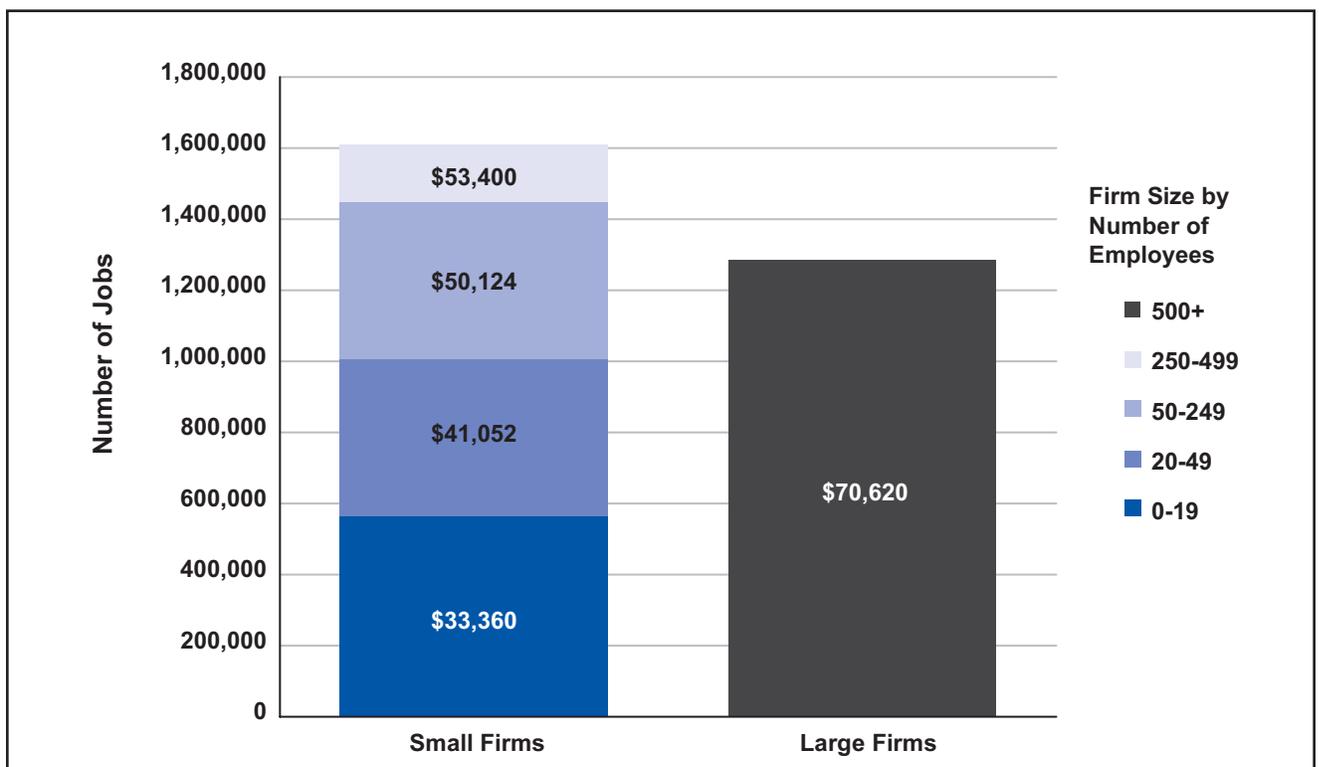
Source: Bureau of Labor Statistics, Occupational Employment Statistics Wage Survey – All Industries Combined, 2010 and 2016

SMALL BUSINESSES

One of the key determinants of ALICE workers' wages, 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. economy, 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. The past decade has been particularly tough for small businesses, with entrepreneurial growth in the U.S. largely down from the levels experienced in the 1980s and 1990s (Ewing Marion Kauffman Foundation, 2017; Haltiwanger & et., 2017).

Despite these struggles, small businesses employed more than half of the private sector workforce in 2016 in Washington (Figure 10). 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 turnover of employees of any size firm, workers move in and out of employment, which can lead to periods of no wages.

Figure 10.
Employment by Firm Size With Average Annual Wages, Washington, 2016



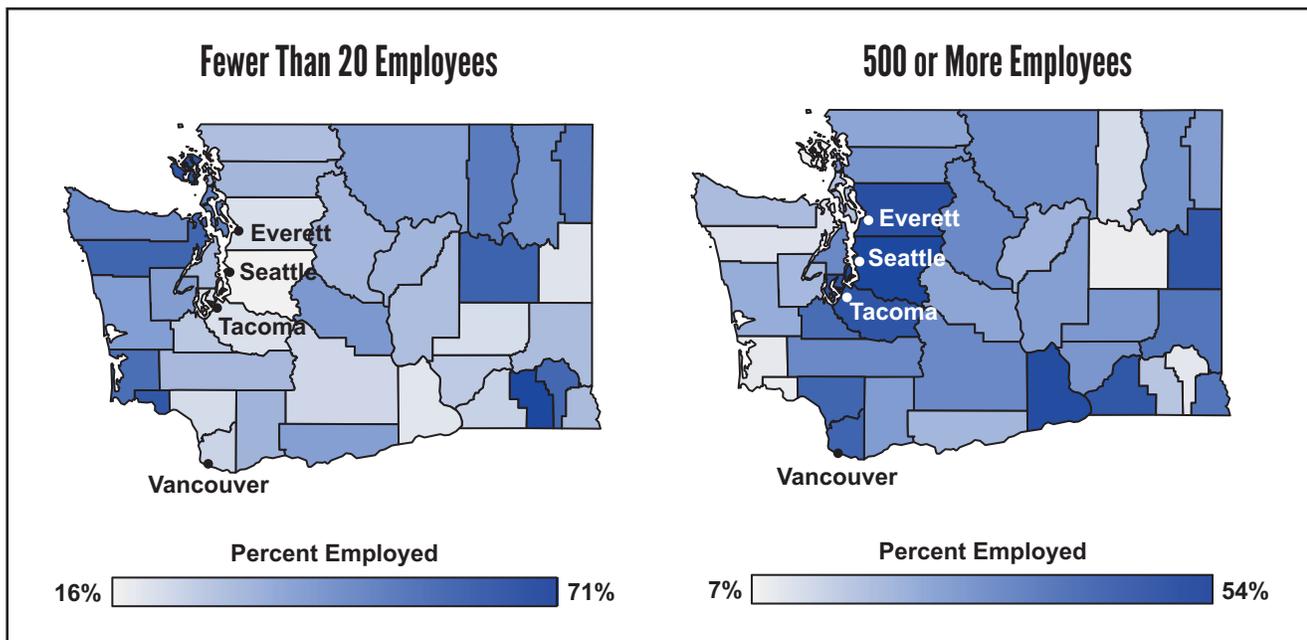
Source: U.S. Census; Quarterly Workforce Indicators, 2016

The wages of employees in the smallest firms are significantly lower than wages in larger firms (Figure 10). While wages have been increasing faster than the 9 percent national rate of inflation, wages have not kept pace with the 28 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 saw their wages rise by 20 percent to \$33,360; workers in companies with 20 to 49 employees saw their wages rise by only 14 percent to \$41,052; and workers in companies with 50 to 249 employees saw their wages rise by 18 percent to \$50,124.

Full-time employees in firms with the highest wage levels also experienced increases in their wages. Those working in firms with 250 to 499 employees saw their wages rise by 20 percent to \$53,400, and those working in firms with 500 or more employees saw these wages increase by 26 percent to \$70,620.

Wages vary widely by location and by sector; areas dominated by small companies tend to have lower wages and less job stability. In Figure 11, the map on the left shows the percent of workers in each county who are employed by the smallest firms (fewer than 20) and the map on the right shows the percent of workers in each county employed by the largest firms (500 or more), with lighter areas representing a lower percent of workers employed, and the darker areas representing a higher percentage. Rural counties in Washington have a higher concentration of employment in companies with fewer than 20 employees, while large companies – those with 500 or more employees – are more concentrated in urban areas around Seattle, Portland, and Spokane. Wages in King County in particular outpace those in the rest of the state. Large companies in rural areas are often large retail chains, which tend to have lower wages, explaining the lower median wage for firms with more than 500 employees compared to firms with 250 to 499 employees in those counties (U.S. Census, 2016; Washington State Employment Security Department, 2017).

Figure 11.
Percent Employment by Firm Size, Washington, 2016



Source: U.S. Census; 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 Washington 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 (Abraham, Haltiwanger, Sandusky, & Spletzer, Measuring the Gig Economy, 2016; Katz & Krueger, 2016; Freelancers Union & Elance-oDesk, 2016; Wald, 2014; Gaggl & Eden, 2015; U.S. Government Accountability Office, 2015; Caza, Vough, & Moss, 2017).

EMERGING TRENDS

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

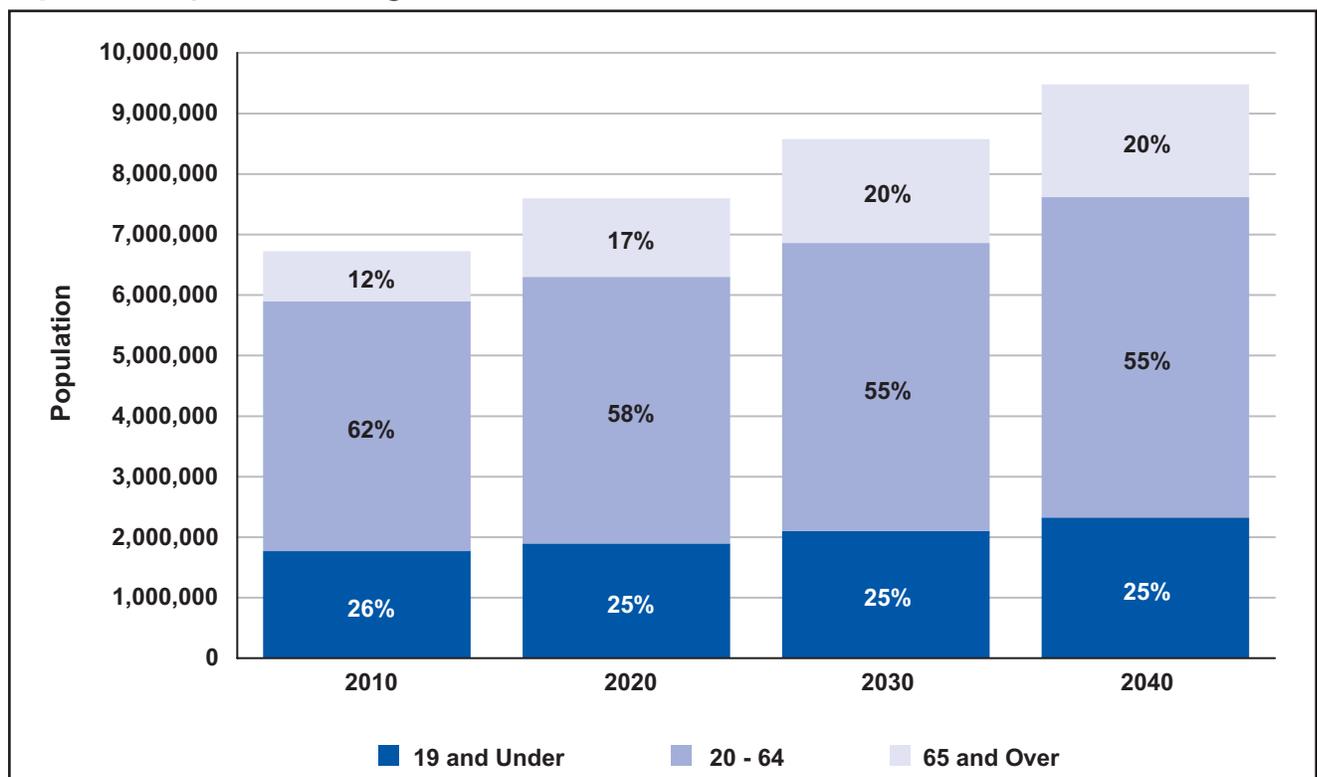
THE CHANGING AMERICAN HOUSEHOLD

Decades of shifting demographic trends have created changes in demand for housing, healthcare, 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

Population Growth: Both millennials and baby boomers are powerful demographic forces. Millennials have different lifestyle preferences than past generations, including living in urban areas, and delaying 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 previous generations. Washington's elderly population is projected to grow from 827,677 (13 percent) in 2010 to 1.9 million (19 percent) by 2040, a 125 percent increase (Figure 12). In contrast, demographers predict that the rest of the population will increase in numbers, but their percent of the overall population will actually decline. For example, 0- to 19-year-olds will grow from 1.8 million (26 percent) in 2010 to 2.3 million (25 percent) by 2040 and 20- to 64-year-olds will each grow from 4.1 million (61 percent) in 2010 to 5.3 million (56 percent) by 2040 (Weldon Cooper Center for Public Service, 2016; Lampkin & Barrett, 2015; Frey W. H., 2018).

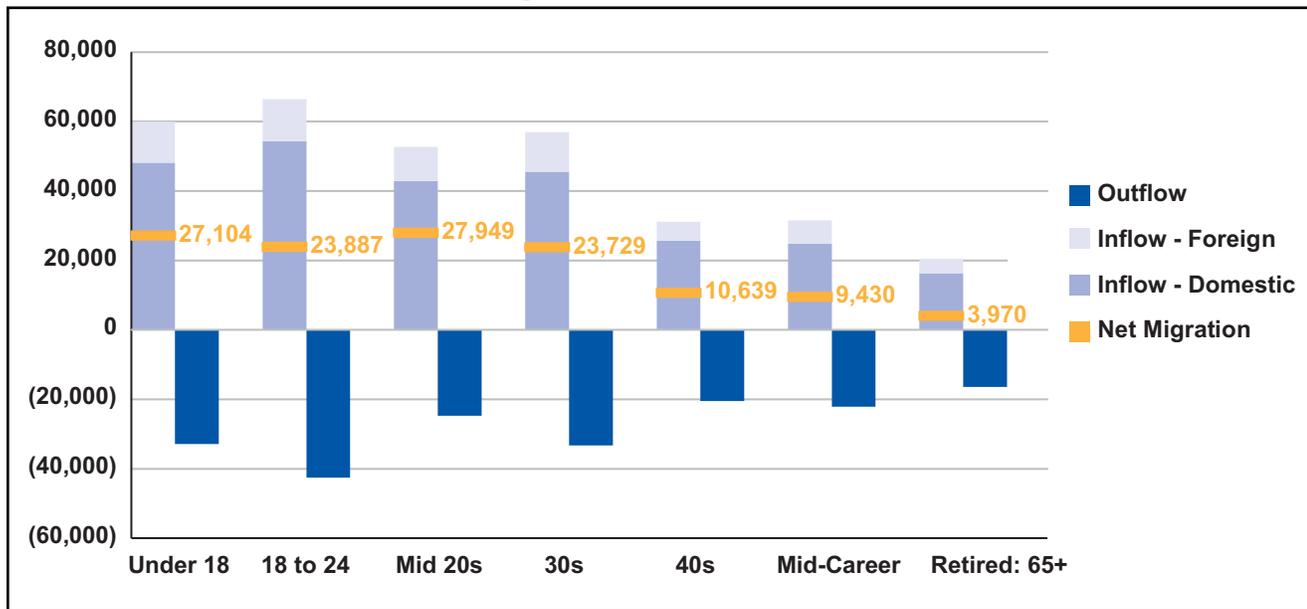
Figure 12.
Population Projection, Washington, 2010 to 2040



Source: Weldon Cooper Center for Public Service, 2016

Migration: The primary driver behind Washington’s population growth is the migration of people from other states and from abroad. Though people moved in and out of the state, more people across all age groups moved into Washington than left in 2016, a trend that has been increasing over the last decade. The largest inflows and outflows are among college age students, followed by children. There is also a strong positive inflow of working age people (25 to 64), and a small net inflow of seniors. The largest increases have been in the counties around Seattle as well as in Clark and Spokane counties (Figure 13) (Washington State Office of Financial Management, 2017; American Community Survey, 2016).

Figure 13.
Population Inflows and Outflows, Washington, 2016



Source: American Community Survey, 2016

Immigration: International migration plays an increasing role in Washington’s racial and ethnic composition. The rate of immigration has increased over time, with the total number of immigrants arriving in Washington each year increasing from 57,629 in 2010 to 61,342 in 2016, a 6 percent increase. The largest number of immigrants are of working age (25-64), followed by those under 18 years, and a much smaller number of seniors (American Community Survey, 2010, 2016).

As a result, the foreign-born population was more than 1 million people, 14 percent of Washington’s total population in 2016, up from 10 percent in 2000. Almost half (47 percent) had become citizens, 31 percent were legal permanent residents, and 22 percent were undocumented. Recent immigrants in Washington have come largely from Asia (43 percent), followed by Latin America (30 percent), but they also have migrated from Africa, Europe, and Canada (Migration Policy Institute, 2014; Migration Policy Institute, 2016; American Community Survey, 2016; Aisch, Gebeloff, & Quealy, 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, 24 percent of Washington's foreign-born population has less than a high school education, compared to 7 percent of the native population. However, a much higher percentage of the foreign-born population has a graduate or professional degree (16 percent) compared to the native-born population (9 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, for example, are increasing the demand for smaller, lower cost housing units. The demand has pushed down the vacancy rate of these units to 3.2 percent, while increasing their prices, making it harder for ALICE households of all ages to find and afford basic housing (Eastern Washington University, 2016; American Community Survey, 2016).

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. Washington State's Aging and Long-Term Support Administration has recognized many of these issues and has created initiatives to address some of them (Washington State Department of Social and Health Services, 2018).

- **The caregiver support ratio:** The number of potential caregivers aged 45 to 64 for each person aged 80 and older, was 7.2 in 2010 nationally, and is projected to fall to 4.1 by 2030, and then to 2.9 in 2050 (AARP Public Policy Institute, 2015; Redfoot, Feinberg, & Houser, 2013).
- **Health aides are ALICE:** Personal care and home health aide occupations often do not require much training, are not well regulated, and are not well paid. As part of Washington's initiatives, long-term care workers must complete 75 hours of training and a certification examination. 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; Washington State Department of Health, 2018).
- **Elder abuse:** Low pay, poor training, and lack of oversight may lead to poor quality caregiving, including abuse and neglect – physical, mental, and financial – an issue that is on the rise in Washington and across the country (MetLife Mature Market Institute, June 2011; U.S. Bureau of Justice Statistics, 2015).
- **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 even the loss of a job. Due to the responsibility of making medical decisions as well as the amount of care required, caregivers also experience mental and physical strain (Dixon, 2017; MetLife Mature Market Institute, June 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 ALICE workers in the U.S., contributing to employment instability, shifting supply and demand, and disruption in traditional modes of operation. ALICE families, 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. This increases costs to ALICE families and makes them more vulnerable if 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, 2007).

Changing Job Market

Many ALICE jobs are repetitive and will disappear due to automation – a widely-covered topic in the media. Less often discussed is that many new jobs will be created to build and repair the newly mechanized parts of this infrastructure; however, workers filling these maintainer roles will be required to develop new sets of skills. In the face of rapidly rising 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, 3D 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; Manyika, et al., 2016; OECD, 2016; World Economic Forum, 2016).

Increasing Exposure to Environmental Hazards

The impact of natural and man-made disasters is often felt more by ALICE families, where they work and where they live. More affordable homes are often located in vulnerable areas. In Washington, earthquakes, droughts, floods, and landslides have caused residents to be relocated and businesses to close for days or weeks, directly threatening the homes of ALICE families and jobs where ALICE works (van Paasschen, 2017; NASA, 2018; Johnson K. , 2018; Washington State Emergency Management Division, 2018).

Lacking Financial Reserves

What makes market instability especially difficult for ALICE families is their lack of financial resilience. 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. The 2011 Corporation for Enterprise Development survey found that 26 percent of Washington households were “asset poor,” defined as not having enough net worth to subsist at the poverty level for three months without income. With no savings, an emergency can quickly spiral into a crisis with devastating consequences (CareerBuilder, 2017; McKernan, Ratcliffe, & Shanks, 2011; Corporation for Enterprise Development, 2012).

Growing Wealth Divide

Wealth inequality is increasing faster than income inequality. 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 develop socially and economically. They can also finance a secure retirement. Conversely, families with low incomes and no assets cannot even access traditional loans. Alternatives exist in high risk markets where interest rates are higher, yet there are greater risks of predatory lending practices – and default. 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. Households of color 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) (Kochhar & Cilluffo, 2017; Mayer & Jencks, 1989; McKernan, Ratcliffe, & Shanks, 2011; McKernan, Ratcliffe, & Vinopal, 2009; Mills & Amick, 2011; CareerBuilder, 2017).

THE WEALTH-HEALTH GAP

There has long been a real and significant divide in health by socio-economic status, largely because of differences in living conditions, but also because of disparities in the quality of health care. With advances in technology and medical care, that gap is projected to grow. It is well documented that people in lower-income groups do not live as long as those in higher-income groups. For example, the National Academies of Sciences, Engineering, and Medicine projects that of men born in 1960, the life expectancy of those in the lowest-income quintile will be 13 years shorter than for those in the highest-income quintile (76 years compared to 89 years). For women born in 1960, the life expectancy for those in the lowest-income group will be 14 years shorter than for those in the highest-income group (78 years compared to 92 years) (National Academies of Sciences, Engineering, and Medicine, 2015; Chetty, Stepner, Abraham, & al, 2016; Komlos & Kelly, 2016).

This gap is projected to increase further in two ways. First, there is a rise in precision medicine, or the ability to personalize medical treatments, products, and interventions, especially for cancer and rare disease treatments. Precision medicine can be expensive and not always covered by insurance. Second, biotechnology and genetic engineering may soon make it possible to upgrade health, beyond treatment of injury and disease. For example, there are medical advances that will enable families who can afford it to repair genes that cause diseases like cystic fibrosis or insert genes that offer lifelong protection against infections and Alzheimer’s disease. Still in the testing stages, none are covered by health insurance and all are extremely expensive (Harari, 2014; Komlos & Kelly, 2016; Regalado, 2015).

Furthermore, the health-wealth divide is exacerbated by the differences in the environments where families live. Those with the fewest resources live in areas with unhealthy living conditions, such as contaminated water

and polluted air because these homes are less expensive. The impact of pollution, toxic exposure, and disease compounds over time.

Institutionalized racism and ongoing discrimination also factor into disproportionate exposure to adverse health conditions, as people of color have typically had less mobility and choice 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 and neighborhoods

with Black and Hispanic families (Mohai & Saha, 2015). 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 people almost three times as likely to die from exposure to air pollutants than other groups (Di, Wang, Zanobetti, & Wang, 2017).

DENTAL HEALTH DIVIDE

Nowhere is the wealth-health divide starker than in the disparity in dental care. The wealthy have dental insurance (most often separate from health insurance) and access to care that provides resistance to tooth decay and breakage, jaw comfort, clear speech, and easier maintenance – all of which lead to better overall health. The wealthiest families spend thousands of dollars on supplemental dental care to achieve whiter, straighter, stronger smiles, which leads to more social and job opportunities (Jordan & Sullivan, 2017; Frakt, 2018; Otto, 2017).

Those with the lowest income rarely have dental insurance and generally forgo preventative care. They suffer from tooth decay and gum infection, which increases the risk of cancer and cardiovascular diseases, and can affect speech and communication, eating and 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 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 (Jordan & Sullivan, 2017; Frakt, 2018; Otto, 2017; Health Policy Institute, 2015).

Apple Health (Washington Medicaid) provides dental services for children under 20 years old. But more serious (and expensive) treatments such as bridges or crowns, treatment of jaw joint problems (TMJ), or emergency room services provided by a dentist are not covered. Care for adults is even more limited; Apple Health provides more coverage than many other state Medicaid plans, but only provides basic dental care for adults, which does not include bridges, implants or crowns. Medicare (Parts A and B), the federal health insurance for seniors, does not cover routine oral health and dental care, so Washington provides some 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 (Jordan & Sullivan, 2017; Frakt, 2018; Otto, 2017; Center for Health Care Strategies, 2018; Washington State Health Care Authority, 2018).

Even those with dental coverage have difficulty accessing care in Washington because there are 114 Health Professional Shortage Areas (HPSA), where there is a shortage of dentists. The U.S. Department of Health and Human Services estimates that only 30 percent of dental needs are met in Washington (Kaiser Family Foundation, 2016).

NEXT STEPS

This report shows that working families are still struggling due to the mismatch between the basic cost of living and the wages of many jobs across the state. 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 Washington exists across boundaries of race, 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 26 percent of households are asset poor, and do not earn enough to save for emergencies or for the future.
- The majority of residents under 25 are unable to afford to live on their own, get married, have children, or move 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 gender and race/ethnicity.

PRIORITY ISSUES FOR CONSIDERATION

Economic change will 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. While some of these are broad ideas that need to happen on a state-wide or national front, some can be considered in a local context.

Education

1

Incorporate technology training into basic public education throughout a person's lifetime. Going forward, most jobs will require digital skills. 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

Create programs and infrastructure to help workers to weather fluctuations in the modern economy. The problem of fluctuating income for families is one of the biggest problems – for individuals, families, and the macro economy. The solutions will have to be big as well. Here are several approaches for policy makers to consider:

- **Access to credit:** For those with low incomes, saving for emergencies is nearly impossible. Access to credit at low rates has proven to be effective to help ALICE workers and employers, especially small businesses, weather an emergency. 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).
- **Guaranteed income or allowance:** Economists, theologians, and policy makers 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).

Employment

3

Remove barriers to employment. Barriers to employment for ALICE workers include family-care responsibilities, physical and mental health problems (including substance abuse), limited language skills, lack of reliable transportation, and lack of job skills. The research clearly points to effective solutions such as work programs that provide direct connections to employment (including apprenticeships), an individualized training approach (to address a wide range of challenges from soft skills to housing), and the development of 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).

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

Lifetime employment: Germany and Japan have long employed systems in which companies guarantee employment for large numbers of workers. To avoid layoffs, the practice allows for transfers and defined reductions in hours and wages in lean times (Noorderhaven, Sorge, & Koen, 2015).

Equity

4

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

Racial bias is among the most persistent. In the 2017 Seattle Race and Social Justice Initiative survey, more than half (53 percent) of all Black respondents said they are not experiencing economic opportunities, and 34 percent of those surveyed said that they or someone in their family have moved out of Seattle in the past two years due to the rising cost of housing. People of color also said they do not feel they experience equal treatment by the city's criminal justice system, and were more likely to say their neighborhoods are unhealthy places to live (Race and Social Justice Community Survey Steering Committee, 2017).

National research shows that the gaps in education, income, and wealth that now exist along racial lines in the U.S. have little to do with individual behaviors. Instead, these gaps reflect systemic policies and institutional practices that create different opportunities for people of different races and ethnicities. Discriminatory practices have been embedded in our social structures and legal system, especially in terms of housing policies, immigration practices, voting rights, school funding, and health care programs. To make a difference for ALICE families 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).

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 families 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, Washington’s economy will be stronger and its communities more vibrant – improving life not just for ALICE, but for everyone. The strategies detailed in this report address these interconnected consequences and provide a jumping-off point for new and better ideas that will serve working families across the state.

ALICE is a registered trademark of the United Way of Northern New Jersey.

© Copyright 2009–2018 United Way of Northern New Jersey. All rights reserved.

No further use, copying, dissemination, distribution, or publication is permitted without the express written permission of United Way of Northern New Jersey.