ALICE

ASSET LIMITED, INCOME CONSTRAINED, EMPLOYED

CONNECTICUT

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Fall 2014

STUDY OF FINANCIAL HARDSHIP

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United Way of Meriden and Wallingford

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United Way of Naugatuck and Beacon Falls

United Way of Northwest Connecticut

United Way of Southeastern Connecticut

United Way of Southington

United Way of West Central Connecticut

United Way of Western Connecticut

Valley United Way

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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

A flourishing community starts with healthy, secure families. How different would Connecticut be if every working family earned enough to get ahead financially? What if families could meet not only their basic needs but also save for emergencies and their family's future? Thriving families support local businesses and make our community stronger.

Connecticut's United Ways are working in collaboration with United Ways in five other states to give an identity and voice to people in our communities who work hard yet still struggle to make ends meet; people who we call **ALICE** – **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. Individually and collectively, we rely on ALICE every day. ALICE is our co-workers, friends, neighbors and families. ALICE keeps Connecticut's small businesses, corporations and nonprofit employers running and thriving.

Our research illustrates the depth and breadth of ALICE in our own communities. About one-third of Connecticut residents are not earning enough to "get by" based on a Household Survival Budget that uses conservative estimates of monthly expenses for housing, child care, food, transportation, health care and taxes.

With the release of the United Way ALICE Report, we hope to shine a light on the challenges faced by many and help identify solutions that make it easier for ALICE to become more financially secure. In the coming months we will share the stories of ALICE families throughout Connecticut. We will engage in discussions with people in communities across the state about how we can work together to create more opportunities for ALICE.

And United Ways will continue to work to create opportunities through leadership, partnerships and supporting big picture solutions in the key areas of Education, Income and Health so that ALICE families – real families in our communities – can succeed.

You can start to help now by reading and sharing this report and by connecting with your local United Way. The Report and other information and activities related to ALICE can be found online at http://ALICE.ctunitedway.org.

Sincerely,
The Chief Professional Officers of Connecticut's United Ways

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THE ALICE PROJECT

ALICE

Asset Limited, Income Constrained, Employed

Though we have chosen a woman's name, this population is comprised of households with men and women alike, and includes children and seniors.

United Way is committed to ensuring that our communities are viable places to live and work. To do that, we promote current research, community dialogue, and data-driven policy solutions. These elements form the basis of one of United Way's broadest and fastest-growing initiatives – the *ALICE Project*.

ALICE was coined by United Way in 2009 after a pilot research project looked at the low-income population in affluent Morris County, one of the five founding communities which merged in 2011 to become United Way of Northern New Jersey. The original study focused primarily on data from 2007, largely before the effects of the economic downturn, known as the Great Recession, were widespread.

The value of this research was immediately evident: ALICE became a part of the common vernacular in Morris County, helping define a need and a focus for United Way's work. ALICE also began to appear in many grant applications, in the media, and in public forums discussing need in this "wealthy" community.

It quickly became clear that ALICE extended far beyond the borders of Morris County. In 2011 United Way commissioned a second ALICE study looking at all counties in New Jersey. That Report relied primarily on data collected in 2007 and 2010, measuring the impact of the Great Recession and offering a broader illustration of the challenges ALICE households face.

The Report's findings were stark: ***fully 30 percent of New Jersey households earned too little to provide basic necessities, and more than half the state's jobs paid less than $20 an hour.***

With the forecast for low-wage jobs to continue to dominate the job market, the reality is that ALICE will continue to play an integral role in our communities for the foreseeable future. That is why ALICE has become a central part of all aspects of United Way's work.

Now the *ALICE Project* has expanded to five additional states, with ALICE Reports being released in California, Connecticut, Florida, Indiana, Michigan and New Jersey. The baseline information established in New Jersey's 2012 study allows these new Reports to compare our progress as the country's economic conditions continue to change and, in some cases, improve.

We challenge stakeholders in every state to consider the ALICE Reports and their measures as an opportunity for a new dialogue around how to make our communities more viable places to live and work. As more and more states embrace ALICE, our hope is that this Report and its companions can serve as a model for the nation.

ALICE RESEARCH

About Rutgers University-Newark's School of Public Affairs and Administration (SPAA)

In developing the *ALICE Project*, United Way has partnered with Rutgers University-Newark's School of Public Affairs and Administration (SPAA), an educational leader in government and non-profit management and governance. Ranked 10th nationally in public management and administration, SPAA promotes an ethics-based performance approach to effective, equitable, and accountable policy implementation through its innovative and comprehensive undergraduate, professional and graduate degrees and certificate programs. The school's faculty generates knowledge and best practices in public service and administration, and collaborates with public and nonprofit sector organizations and professionals throughout the U.S. and the world. Guided by the principles of knowledge, competence, diversity, and service – with an emphasis on public service values and competencies for effective performance – SPAA promotes accountability, transparency, and performance in the public and nonprofit sectors.

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ALICE Research Advisory Council for Connecticut

The Council provides local insight and context for data points revealed by the ALICE Project.

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EXECUTIVE SUMMARY

Across Connecticut, 35 percent of households struggle to afford the basic necessities of housing, child care, food, health care, and transportation.

"Connecticut, like many states, has faced difficult economic times during the Great Recession. Yet the official poverty rate of 10 percent obscures the true magnitude of financial instability in the state."

It is well recognized that despite its wealthy towns and major corporations, Connecticut, like many states, has faced difficult economic times during the Great Recession. The official poverty rate of 10 percent reflects only part of the story of financial instability in the state. The official U.S. poverty rate, which was developed in 1965, has not been updated since 1974, and is not adjusted to reflect cost of living differences across the U.S. A lack of accurate measurements and even language to frame a discussion has made it difficult for states – including Connecticut – to identify the full extent of the economic challenges that so many of their residents face.

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

Using the realistic measures of the financial survival threshold for each county in Connecticut, the Report reveals a far larger problem than previously identified. Connecticut has 141,628 households with income below the Federal Poverty Level (FPL) but also has 332,817 ALICE households, which have income above the FPL but below the ALICE Threshold. These numbers are eye-opening: **in total, 474,445 households in Connecticut – fully 35 percent – are struggling to support themselves.**

ALICE households are working households; they hold jobs and provide services that are vital to the Connecticut economy in a variety of positions such as retail salespeople, customer service representatives, laborers and movers, and personal care aides. The core issue is that these jobs do not pay enough to afford the basics of housing, child care, food, health care, and transportation. Moreover, the growth of low-skilled jobs is projected to outpace that of medium- and high-skilled jobs in Connecticut and across the country into the next decade. At the same time, the cost of basic household necessities continues to rise.

There are serious consequences for both ALICE households and their communities when these households cannot afford the basic necessities. ALICE households are forced to make difficult choices such as forgoing preventative health care, accredited child care, healthy food, or car insurance. These "savings" threaten their health, safety, and future – and they reduce Connecticut's economic productivity and raise insurance premiums and taxes for everyone. The costs are high for both ALICE households and the wider community.

MAJOR FINDINGS

Who is ALICE?

Thirty five percent of households in Connecticut struggle to afford basic household necessities. Based on the most recent data from 2012, 141,628 households live in poverty and another 332,817 are ALICE households. Between the two categories, 474,445 households in Connecticut have income below the ALICE Threshold.

ALICE households exist in all age groups. ALICE exists even in households headed by someone in their prime earning years, 25 to 64 years old. In fact, this age group represents the largest segment of ALICE households, underscoring the fact that many jobs in Connecticut and across the country do not pay enough to allow families to afford the most basic household budget.

ALICE and poverty-level households are spread across all cities and towns in Connecticut. All counties in Connecticut have more than 25 percent of households living below the ALICE Threshold. In addition, most cities or towns (70 percent) have more than 20 percent of households living below the ALICE Threshold. In four of Connecticut's six largest cities – New Haven, Bridgeport, Hartford, and Waterbury – more than 50 percent of households have income below the ALICE Threshold.

"Most cities or towns (70 percent) have more than 20 percent of households living below the ALICE Threshold."

ALICE households represent a cross-section of Connecticut's population. Contrary to some stereotypes, ALICE households have a wide range of demographic compositions. As in Connecticut's overall population, more than 74 percent of the state's ALICE households are White (U.S. Census classification). However, due to wage discrepancies that disproportionately affect certain groups, it is not surprising to find female-headed households, Blacks, Hispanics, people living with a disability, and unskilled recent immigrants over-represented in the population living below the ALICE Threshold.

What is the gap between ALICE's household income and the cost of basic expenses?

ALICE households are working or have worked. However, ALICE and poverty-level households earn only 41 percent of the income needed to reach the ALICE Threshold for basic economic survival.

Public and private assistance is not enough to lift ALICE households to economic stability. The income of ALICE and poverty-level households in Connecticut is supplemented by government, nonprofit, and health care resources that provide a range of mostly in-kind assistance worth $10.6 billion. Despite this assistance, ALICE and poverty households remain 12 percent short of the income needed to reach the ALICE Threshold.

What causes the prevalence of ALICE households?

The cost of basic household expenses in Connecticut is more than most jobs can support. Connecticut's high cost of living is beyond what most jobs in the state can provide to working households. The annual Household Survival Budget for the average Connecticut family of four is $64,689 and for a single adult is $21,944. These numbers highlight how inadequate the U.S. poverty rate is as a measure of economic viability, at $23,050 for a family and $11,170 for a single adult. The annual Household Stability Budget – one that

enables not just survival, but self-sufficiency in Connecticut – is almost double the cost of the Household Survival Budget for a family of four – $111,632 – and $30,118 for a single adult.

"Housing affordability, job opportunities, and community support worsened in all counties in Connecticut through the Great Recession."

The cost of living continues to increase in Connecticut. Despite the Great Recession and the low rate of inflation, the cost of basic housing, child care, transportation, food, and health care in Connecticut increased by 13 percent during this 5-year period.

Economic conditions worsened for ALICE households from 2007 to 2010 and have not fully recovered. Housing affordability, job opportunities, and community support worsened in Connecticut through the Great Recession as measured by the Economic Viability Dashboard, a new index that tracks these three economic measures. Two years after the end of the Recession, conditions have improved but have not returned to 2007 levels. Finding both housing affordability and job opportunities in the same location remains a challenge for ALICE households.

Connecticut's housing stock does not match current needs. Across the state, there are not enough rental units that are affordable: there are over 50 percent more ALICE and poverty renters than there are rental units that they can afford. In addition, while there may be housing units where ALICE households can afford the mortgage, these households often lack sufficient resources for a down payment or do not qualify for a mortgage.

What are the consequences of insufficient income for ALICE households and their communities?

To manage their day-to-day survival, ALICE households often utilize short-term strategies that are detrimental in the long run. When ALICE households do not have enough income, they have to make difficult choices to reduce their expenses. For example, if a family cannot afford child care in an accredited or licensed facility, they may substitute with a neighbor or relative, which could limit their child's access to learning and school readiness opportunities. Other short-term strategies such as skipping preventative health care, home maintenance, or a bill payment may have long-term consequences such as poor health, fines, and larger bills in the future.

There are fewer families with children in Connecticut. Higher income is especially important for families with children because of their greater budget costs. Without job opportunities in the state, some families may have moved, and others may have delayed having children altogether. From 2007 to 2012, the number of married-couple families with children in Connecticut fell by 10 percent, a trend occurring across the country.

ALICE households pay more for goods and services. ALICE households face higher expenses from both basic cost of living increases and the use of alternative financial products to finance routine and extraordinary expenses. Through the Great Recession, despite the low inflation and the decrease in cost of most goods and services, the cost of basic household necessities continued to rise. Without access to mainstream borrowing, many ALICE households in Connecticut resort to using riskier, more expensive financial options, such as "Buy Here Pay Here" car loans.

The whole community suffers when ALICE has insufficient income. When ALICE children are not ready for school, they add a burden to the educational system. When ALICE households cannot afford preventative health care, they are more likely to place future burdens on the health care system, increasing insurance premiums for all. When ALICE

workers cannot afford an emergency, let alone invest in their neighborhood, communities may experience instability, higher taxes, or a decline in economic growth.

What challenges do ALICE households face in the future?

In line with the national trend, the growth of low-income jobs in Connecticut has surpassed that of higher-income jobs. Connecticut ranks fourth in the U.S. for highest median hourly wage, but as a result of changes in the job market over the last three decades, fifty-one percent of all jobs in the state still pay less than $20 per hour ($40,000 per year if full-time).

Most occupations with projected job growth have low wages and require minimal education. While professional and technical jobs are growing, most projected openings are in service jobs with wages below $20 per hour and requiring a high school education or less. These jobs – including retail salespeople, personal and home care aides, laborers and movers, food preparation workers, and motor vehicle operators – are projected to grow at double or triple the rate of medium- and high-skilled jobs over the next decade across Connecticut.

More seniors will become ALICE households. With an aging population that is slightly ahead of the national curve, Connecticut will have a higher percentage of seniors before many other states do. And as they become seniors, many of Connecticut's residents who used their savings and retirement to weather the economic downturn will also fall below the ALICE Threshold.

More ALICE households will become family caregivers. At least one-third of Connecticut's ALICE households currently include caregivers – family members caring for ill or elderly relatives. That number will increase as the population ages, adding additional burdens to their household budget in both direct costs and lost wages, and reducing future employment opportunities.

"At least one-third of all ALICE households currently include caregivers – family members caring for ill or elderly relatives. That number will increase as the population ages."

What would improve the economic situation for ALICE households?

Public and private intervention can provide short-term financial stability. Short-term intervention by family, employers, nonprofits, and government can mitigate crises for financially unstable households and possibly prevent an economic spiral downward. For example, providing a month's worth of food for a family may enable a father to repair a car transmission and get to work. If a family's primary earner cannot get to work, he might lose wages or even his job. Without regular income, the family cannot afford rent or mortgage payments and risks becoming homeless.

Increasing the amount of housing that ALICE can afford without being housing burdened would provide stability for many Connecticut families. The cost of housing is especially high in Connecticut, and the units that are affordable to ALICE households are often far from jobs or older and in disrepair. Structural changes that make quality affordable housing more available would ease the housing burden on many Connecticut families.

"Connecticut's long-term economic vitality is linked with the economic progress of ALICE households."

An improvement in income opportunities would enable ALICE households to afford basic necessities, build savings, and become financially independent. Reducing the number of ALICE households requires a significant increase in the wages of current jobs or in the number of medium- and high-skilled jobs in both the public and private sectors in Connecticut. Structural economic changes would significantly improve the prospects for ALICE and enable hardworking households to support themselves.

Connecticut's long-term economic vitality is linked with the economic progress of ALICE households. The tools presented in this Report provide the means for Connecticut stakeholders – policy makers, community leaders, and business leaders – to better understand the magnitude and variety of households facing financial hardship. These tools, and the enhanced understanding that they provide, can make more effective change possible.

GLOSSARY

ALICE is an acronym that stands for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, comprising households with income above the Federal Poverty Level but below the basic cost of living.

The **Household Survival Budget** calculates the actual costs of basic necessities (housing, child care, food, health care, and transportation) in Connecticut, adjusted for different counties and household types.

The **ALICE Threshold** is the average level of income that a household needs to afford the basics defined by the Household Survival Budget for each county in Connecticut. (Please note that unless otherwise noted in this Report, households earning less than the ALICE Threshold include both ALICE and poverty-level households.)

The **Household Stability Budget** is greater than the basic Household Survival Budget and reflects the cost for household necessities at a modest but sustainable level. It adds a savings category, and is adjusted for different counties and household types.

The **ALICE Income Assessment** is the calculation of all sources of income, resources, and assistance for ALICE and poverty-level households. Even with assistance, the Assessment reveals a significant shortfall, or unfilled gap, between what these households bring in and what is needed for them to reach the ALICE Threshold.

Lastly, the **Economic Viability Dashboard** is comprised of three indices that evaluate the economic conditions that matter most to ALICE households – housing affordability, job opportunities, and community support. A Dashboard is provided for each county.

INTRODUCTION

A small New England state with both cultural and economic diversity, Connecticut is home to leaders in the manufacturing, technology, defense, finance, and insurance industries. These strengths, combined with proximity to Boston and New York, have traditionally lifted the state's per capita income, so Connecticut is rarely associated with significant poverty. The state's poverty rate of 10 percent is well below the U.S. average of 15 percent, and the median household income of $67,276 is 24 percent above the U.S. median of $51,371.

Yet Connecticut's overall economic situation is more complex. As in much of the Northeast, Connecticut's rate of growth coming out of the Recession has been slower than in the rest of the country (Bureau of Economic Analysis, 2013). None of the economic measures traditionally used to calculate the financial status of Connecticut's households, such as the Federal Poverty Level (FPL), consider the actual cost of living in each county or the wage rate of jobs in the state. For that reason, those indices do not fully capture the number of households facing economic hardship across Connecticut's eight counties.

Current measures hide the reality that 35 percent of households in Connecticut struggle to support themselves. Because income is distributed unequally in Connecticut, there is both great wealth and significant economic hardship. That inequality increased by 22 percent from 1979 to 1999; now, the top 20 percent of Connecticut's population earns 53 percent of all income earned in the state, while the bottom 20 percent earns only 3 percent (see Appendix A).

Until now, there have not been appropriate measures or even language to describe the sector of Connecticut's population that struggles to afford basic necessities. It has been difficult to obtain a true and accurate picture of the economic reality in the state, especially regarding the number of households that are severely economically challenged. This Report fills that gap with new language and four new measures.

This Report uses the term "ALICE" to describe a household that is Asset Limited, Income Constrained, Employed. As originally defined in the 2012 New Jersey ALICE Report, ALICE is a household with income above the FPL but below a basic survival threshold, defined here as the ALICE Threshold. ALICE households are composed of women and men, young and old, of all races and ethnicities.

The Report applies these ALICE measures to a state that is facing multiple economic challenges, in order to better understand how and why so many families are struggling financially. Some of these challenges are unique to Connecticut, while others are trends that have been unfolding nationally for at least three decades.

REPORT OVERVIEW

Who is struggling in Connecticut?

Section I introduces **the ALICE Threshold**: a realistic measure for income inadequacy in Connecticut that takes into account the current cost of basic necessities and geographic variation. In Connecticut there are 474,445 households – 35 percent of the state's total – with income below the realistic cost of basic necessities; 141,628 of those households are living below the FPL and another 332,817 are ALICE households. This section provides a statistical

"In Connecticut there are 474,445 households – 35 percent of the state's total – with income below the realistic cost of basic necessities."

picture of ALICE household demographics, including race/ethnicity, age, geography, gender, family type, disability, language, education, and immigrant status. Except for a few notable exceptions, ALICE households generally reflect the demographics of the overall state population.

How costly is it to live in Connecticut?

"The cost of living in Connecticut is rising faster than the state's average wages, posing real challenges for ALICE households."

Section II details the average minimum costs for households in Connecticut simply to survive – not to save or otherwise "get ahead". The cost of living in Connecticut is rising faster than the state's average wages, posing real challenges for ALICE households. The annual **Household Survival Budget** quantifies the costs of the five basic essentials of housing, child care, food, health care, and transportation. Using the thriftiest official standards, including those used by the U.S. Department of Agriculture (USDA) and the U.S. Department of Housing and Urban Development (HUD), the average annual Household Survival Budget for a Connecticut family of four (two adults with one infant and one preschooler) is $64,689, and for a single adult it is $21,944. These numbers vary by county, but all highlight the inadequacy of the 2012 U.S. poverty designation of $23,050 for a family and $11,170 for a single adult as an economic survival standard in Connecticut. The Household Survival Budget is the basis for the ALICE Threshold, which redefines the basic economic survival standard for Connecticut households. Section II also details a **Household Stability Budget**, which reaches beyond survival to budget for savings and stability at a modest level. It is almost double the Household Survival Budget for a family of four.

Where does ALICE work? How much does ALICE earn and save?

Section III examines where members of ALICE households work, as well as the amount and types of assets these households have been able to accumulate. While Connecticut's median hourly wage is among the highest in the nation, 51 percent of jobs in Connecticut pay less than $20 per hour, which places many households below the ALICE Threshold. In addition, the housing and stock market crash associated with the Great Recession (2007 – 2010), as well as high unemployment, took a toll on household savings in Connecticut. Thirty percent of Connecticut households are asset poor, and 39 percent do not have sufficient liquid net worth to subsist at the FPL for three months without income.

How much income and assistance are necessary to reach the ALICE Threshold?

Section IV examines how much income is needed to enable Connecticut families to afford the Household Survival Budget. This section also compares that level of income to how much families actually earn as well as the amount of public and private assistance they receive. The **ALICE Income Assessment** estimates that ALICE and poverty-level households in Connecticut earn 41 percent of what is required to reach the ALICE Threshold. Resources from hospitals, nonprofits, and federal, state, and local governments contribute another 47 percent. What remains is a gap of 12 percent for families below the ALICE Threshold to reach the basic economic survival standard that the Threshold represents.

What are the economic conditions for ALICE households in Connecticut?

Section V presents the **Economic Viability Dashboard**, a measure of the conditions that Connecticut's ALICE households actually face. The Dashboard compares housing affordability, job opportunities, and community support across the state's eight counties. These conditions worsened significantly from 2007 to 2010 in all counties and have improved only slightly since. It remains difficult for ALICE households to find both housing affordability and job opportunities in the same area/county.

What are the consequences of insufficient household income?

Section VI focuses on how households without sufficient income and assets to meet the ALICE Threshold survive. It outlines the strategies they employ and the risks and consequences that result both for themselves and for the rest of the community. As in many states, the forecast for Connecticut's economy projects more low-wage jobs and continued high costs for basic necessities, which, in turn, means that ALICE households will continue to make up a significant percentage of households in the state.

"As in many states, the forecast for Connecticut's economy projects more low-wage jobs and continued high costs for basic necessities, which, in turn, means that ALICE households will continue to make up a significant percentage of households in the state."

Conclusion – Future prospects for ALICE households.

The Report concludes by considering the implications of current trends – Connecticut's aging population, and the projected growth of low-wage and low-skilled jobs across the state – for ALICE households. This section also identifies a range of general strategies that would reduce the number of Connecticut households living below the ALICE Threshold.

DATA PARAMETERS

The ALICE measures presented in this Report are calculated for each county. Because Connecticut is economically, racially, ethnically, and geographically diverse, state averages mask significant differences between municipalities and counties. For example, the percent of households below the ALICE Threshold ranges from 25 percent in Middlesex County to 45 percent in New Haven County.

The ALICE measures are calculated for 2007, 2010, and 2012 in order to compare the beginning and the end of the economic downturn known as the Great Recession and any progress made in the two years since the technical end of the Recession. The 2012 results will also serve as an important baseline from which to measure both the continuing recovery and the impact of the Affordable Care Act in the years ahead.

This Report uses data from a variety of sources, including the American Community Survey, the U.S. Department of Housing and Urban Development (HUD), the U.S. Department of Agriculture (USDA), the Bureau of Labor Statistics at the U.S. Department of Labor (BLS), the Internal Revenue Service (IRS), Child Care Aware (formerly NACCRRA), their Connecticut state counterparts and local survey data from DataHaven. 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. The Report examines issues surrounding ALICE households from different angles, trying to draw the clearest picture with the range of data available.

For purposes of this Report, percentages are rounded to whole numbers. In some cases, this may result in percentages totaling 99 or 101 percent instead of 100 percent.

I. WHO IS STRUGGLING IN CONNECTICUT?

Measure 1 – The ALICE Threshold

According to the 2012 Census, the federal poverty rate in Connecticut is 10 percent, or 141,628 of the state's 1.36 million households. However, increased demand for public and private welfare services over the last five years suggests that many more of the state's households struggle to support themselves.

"Until now, there has been no realistic measure to define the level of financial hardship in households across each county in the U.S."

Until now, there has been no realistic measure to define the level of financial hardship in households across each county in the U.S. The Federal Poverty Level (FPL) was developed in 1965, and its methodology has not been updated since 1974. In addition, it is not adjusted to reflect cost of living differences across the U.S.

There have been extensive critiques of the FPL and arguments for better poverty measures (O'Brien and Pedulla, 2010; Uchitelle, 2001). The official poverty rate is so understated that many government and nonprofit agencies use multiples of the FPL to determine eligibility for assistance programs. For example, Connecticut's Low Income Home Energy Assistance Program (LIHEAP) uses 200 percent of the FPL to determine program eligibility (LIHEAP, 2014). Even Medicaid and the Children's Health Insurance Program (CHIP) use multiples of the FPL to determine eligibility across the country (NCSL, 2014; Roberts, Povich and Mather, 2012).

Recognizing the shortcomings of the FPL, the U.S. Census Bureau has developed an alternative metric, the Supplemental Poverty Measure (SPM), which is based on expenditures reported in the Consumer Expenditure Survey and adjusted for geographic differences in the cost of housing. However, the SPM, though more complex than the FPL, is still too low to capture the extent of financial hardship at the county level. The 3-year average SPM for Connecticut is 12.5 percent, 3 percentage points higher than the official Connecticut poverty rate of 10 percent (Short, 2013; U.S. Census Bureau, 2010 and 2011).

This is not merely an academic issue, but a practical one. The lack of accurate information underreports the number of people who are "poor", which in turn distorts the identification of problems related to poverty, misguides policy solutions, and raises questions of equality, fairness, and transparency.

INTRODUCING ALICE

Despite being employed, many individuals and families do not earn enough to afford the five basic household necessities of housing, child care, food, transportation, and heath care in Connecticut. Even though they are working, their income does not cover the cost of living in the state and they often require public assistance to survive.

Until now, this group of people has been loosely referred to as the working poor, or technically, as the lowest two income quintiles. This Report introduces a more precise term to define these households: "**ALICE**" – **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed.

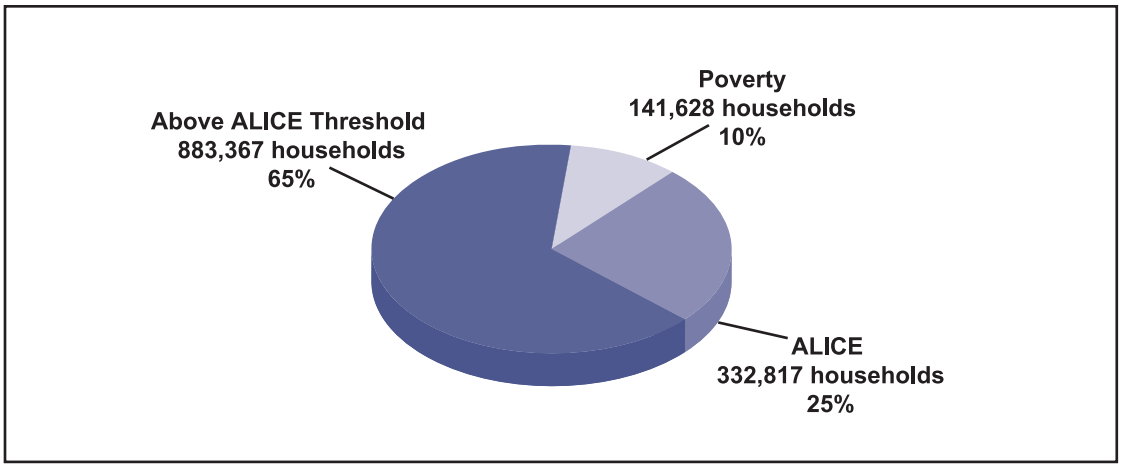
ALICE is a household with income above the official FPL but below a newly defined basic survival income level. In Connecticut, ALICE households are as diverse as the general population, composed of women and men, young and old, of all races and ethnicities.

"ALICE is a household with income above the official FPL but below a newly defined basic survival income level."

THE ALICE THRESHOLD

In a state where the cost of living is high, it is especially important to have a current and realistic standard that reflects the true cost of economic survival and compares it to household incomes across each county. **The ALICE Threshold**, a new measure, is a realistic standard developed from the **Household Survival Budget**, a second measure that estimates the minimal cost of the five basic household necessities – housing, child care, food, transportation, and health care. (The Household Survival Budget is discussed fully in Section II). **Based on calculations from the American Community Survey and the ALICE Threshold, 474,445 households in Connecticut – 35 percent – are either in poverty or qualify as ALICE** (Figure 1).

Figure 1.
Household Income, Connecticut, 2012

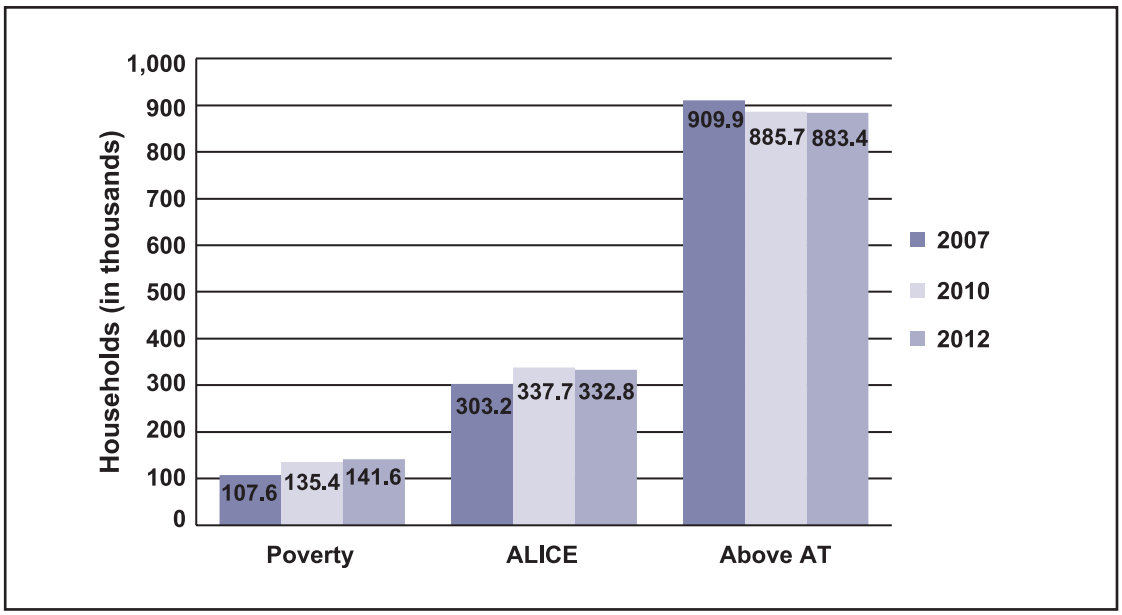


Source: American Community Survey, 2012, and the ALICE Threshold

The ALICE Threshold is calculated for each of the eight counties in the state and adjusted for age by reflecting different household sizes; specifically, 3.05 people for households headed by someone younger than 65 years old, and 1.44 people for households headed by someone 65 years or older. The ALICE Threshold for Connecticut households headed by someone under 65 years old ranges from $50,000 to $60,000 per year. The upper range is still below the median state household income of $67,276 per year. For older households, the ALICE Threshold ranges from $30,000 to $35,000 per year. ALICE Thresholds and the median income for each county are listed in Appendix J, ALICE County Pages.

Household demographics have been significantly shaped by the impact of the Great Recession on Connecticut's economy. During the Recession, the total number of households in Connecticut increased by 3 percent, from 1.32 million in 2007 to 1.36 million in 2010, and then remained flat. At the same time, from 2007 to 2010, the percentage of households in poverty increased from 8 percent to 10 percent, and the percentage of ALICE households increased from 23 percent to 25 percent, while the percentage above the ALICE Threshold fell from 69 percent to 65 percent. These percentages remained the same from 2010 to 2012. With the number of households above the ALICE Threshold decreasing slightly, it is possible that many ALICE households in Connecticut fell into poverty during the Great Recession and the two years following.

Figure 2.
Households by Income, Connecticut, 2007 to 2012



Source: American Community Survey, 2012, and the ALICE Threshold

"It is important to note that households move above and below the ALICE Threshold over time as economic and personal circumstances change. ALICE households may be alternately in poverty or more financially secure at different points during the year."

Though fluidity is not fully captured in these statistics, it is important to note that households move above and below the ALICE Threshold over time as economic and personal circumstances change. Nationally, the U.S. Census reports that from January 2009 to December 2011, 31.6 percent of the U.S. population was in poverty for at least two months. By comparison, the national poverty rate for 2010 was 15 percent (Edwards, 2014). Household income is fluid, and ALICE households may be alternately in poverty or more financially secure at different points during the year.

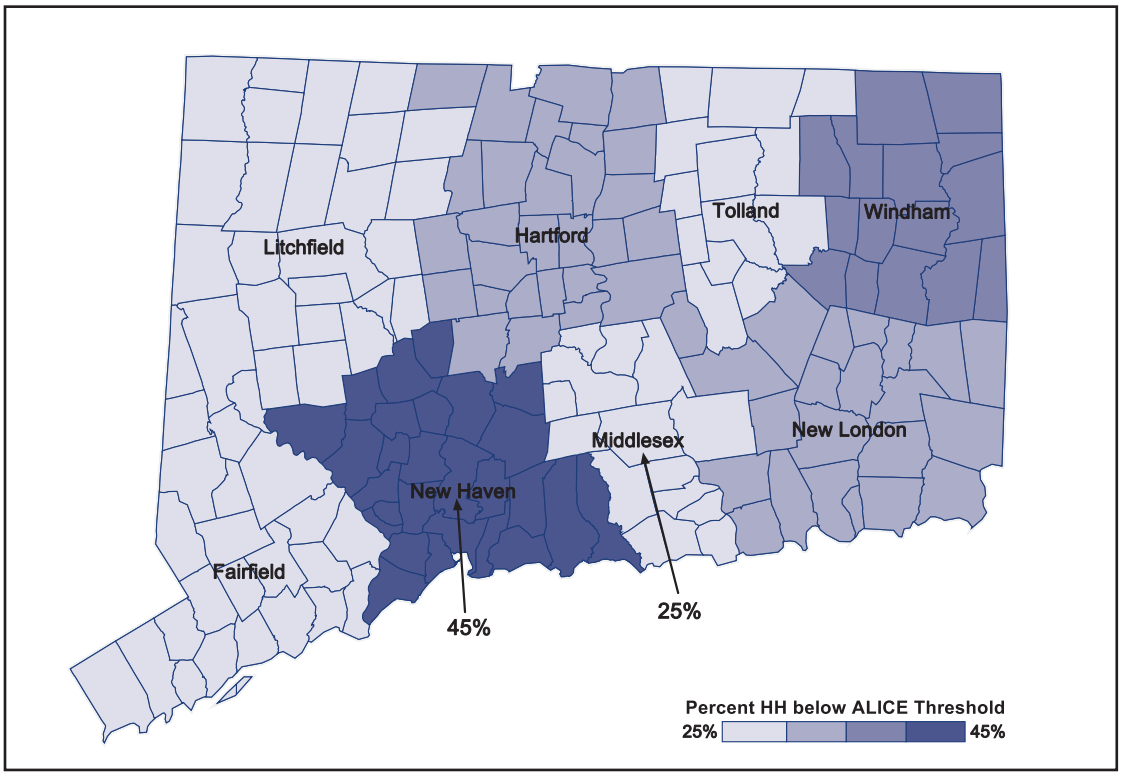
ALICE BY COUNTY

The total number of households and the number of households living below the ALICE Threshold vary greatly across Connecticut's eight counties. For example, Windham County is the smallest county in the state, with 43,167 households, and Hartford County is the largest, with 346,726 households. Tolland County has the smallest number of households below the ALICE Threshold with 15,608, while New Haven County has the largest number of households below the ALICE Threshold with 149,094.

Households living below the ALICE Threshold constitute a significant percentage of households in all Connecticut counties (Figure 3). However, there is variation between counties in terms of overall magnitude as well as share of poverty and ALICE households:

- **Below the ALICE Threshold (including households in poverty)**: Percentages range from 25 percent in Middlesex County to 45 percent in New Haven County
- **Poverty:** Percentages ranges from 5 percent in Middlesex County to 13 percent in New Haven County
- **ALICE:** Percentages range from 19 percent in Fairfield County to 32 percent in New Haven County

Figure 3.
Percent of Households below the ALICE Threshold by County, Connecticut, 2012



Source: American Community Survey, 2012, and the ALICE Threshold

"ALICE households vary in size and makeup; there is no typical configuration. In fact, the composition of ALICE households mirrors that of the population in general."

DEMOGRAPHICS

ALICE households vary in size and makeup; there is no typical configuration. In fact, the composition of ALICE households mirrors that of the population in general. There are young and old ALICE households, those with children, and those with a family member who has a disability. They vary in educational level attained, race and ethnicity, and geographic location. These households move in and out of being ALICE over time. For instance, a young ALICE household may capitalize on their education and move above the ALICE Threshold. An older ALICE household may experience a health emergency, lose a job, or suffer from a disaster and move below the ALICE Threshold into poverty.

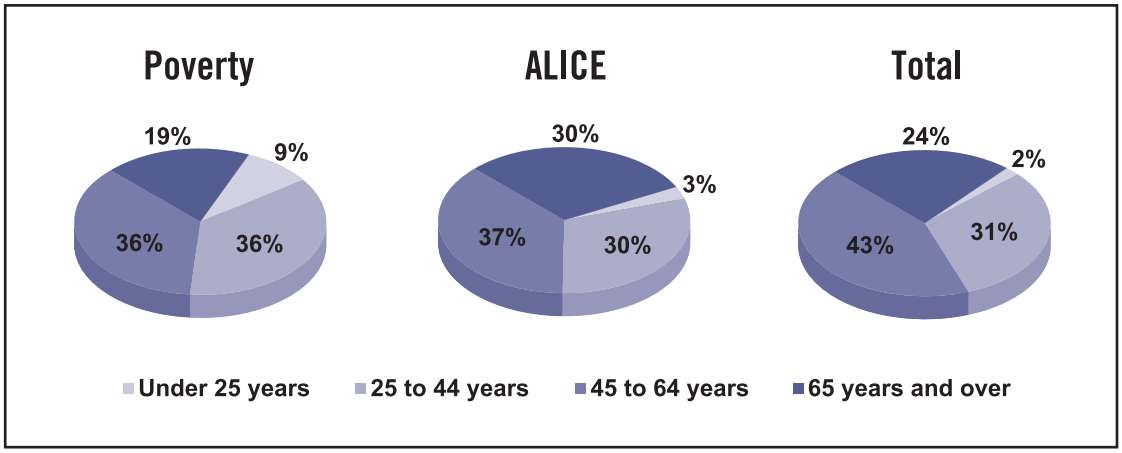
While the demographic characteristics of households in poverty are captured in U.S. Census reports, the demographic characteristics of ALICE households are not as well known. This section provides an overview of the demographics of ALICE households and compares them to households in poverty as well as to the total population. Except for a few notable exceptions, ALICE households generally reflect the demographics of the overall state population. Differences are most striking for those groups who traditionally have the lowest wages: women, racial/ethnic minorities, those with a disability, veterans, and unskilled recent immigrants. County statistics for race/ethnicity and age are presented in Appendix B.

Age

There are ALICE households in every age bracket in Connecticut. The number of ALICE households and households in poverty generally reflect their proportion of the overall population, with the youngest households slightly overrepresented and the oldest underrepresented (Figure 4). Of Connecticut's 1.36 million households:

- Those headed by someone under the age of 25 account for 2 percent of all households, 9 percent of households in poverty, and 3 percent of ALICE households
- Those headed by a 25- to 44-year-old represent 31 percent of all households, 36 percent of households in poverty, and 30 percent of ALICE households
- Those headed by a 45- to 64-year-old represent 43 percent of the total, 36 percent of households in poverty, and 37 percent of ALICE households
- Those headed by someone 65 or older represent 24 percent of the total, 19 percent of households in poverty, and 30 percent of ALICE households

Figure 4.
Household Income by Age, Connecticut, 2012



Source: American Community Survey, 2012, and the ALICE Threshold

"The small cohort of younger Connecticut households is more likely to have income below the ALICE Threshold."

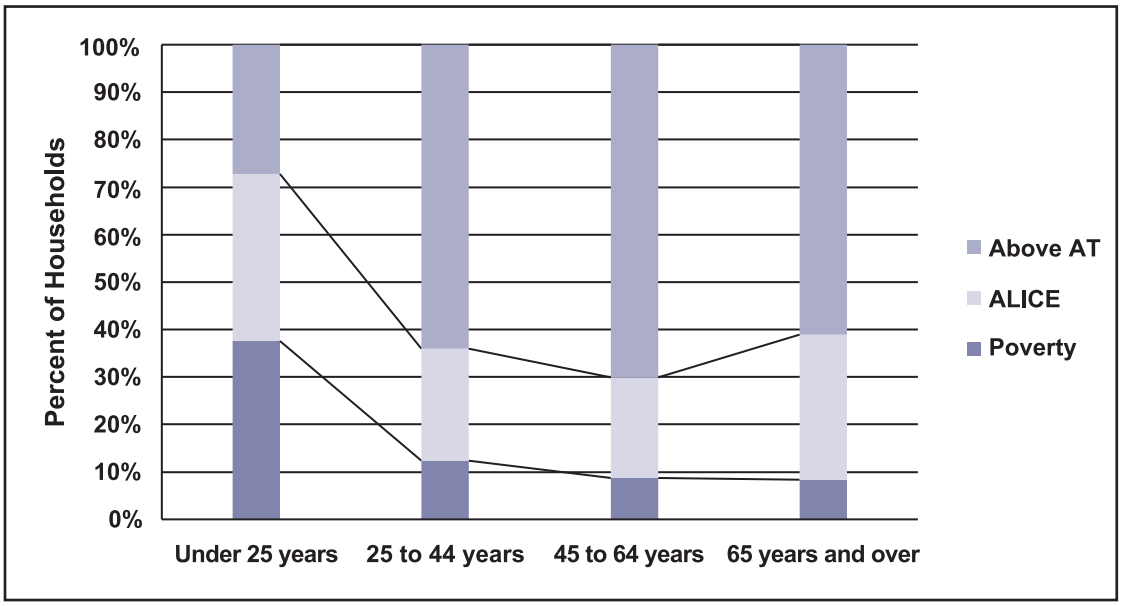
When looking at income levels within each age group, younger Connecticut households is more likely to have income below the ALICE Threshold (Figure 5):

- For households headed by someone under the age of 25, 38 percent are in poverty and another 35 percent are ALICE households
- For households headed by a 25- to 44-year-old, 12 percent are in poverty and another 24 percent are ALICE households

While older households are less likely to be in poverty, they are just as likely to be ALICE (Figure 5):

- For households headed by a 45- to 64-year-old, 9 percent are in poverty and another 21 percent are ALICE households
- For households headed by someone 65 years or older, 8 percent are in poverty and another 31 percent are ALICE households

Figure 5.
Age by Household Income, Connecticut, 2012



Source: American Community Survey, 2012, and the ALICE Threshold

ALICE households in Connecticut face specific challenges depending on age. Many senior households continue to work, some by choice and others because of low income. In Connecticut's 65- to 69-year-old age group, 39 percent are in the labor force, as are 21 percent of Connecticut residents aged 70–74, and 7 percent of those 75 years and over. These rates are among the highest in the country (American Community Survey, 2012).

The comparatively low rate of senior households in poverty (8 percent) provides evidence that government benefits, including Social Security, are effective at reducing poverty among seniors (Haskins, 2011). But the fact that 31 percent of senior households qualify as ALICE highlights the reality that these same benefits often do not enable financial stability. This is especially true in Connecticut, where the cost of living is high.

"Many senior households continue to work, some by choice and others because of low income."

Earning enough income to reach the ALICE Threshold is especially challenging for young households in Connecticut. As a result, households in this already small age bracket decreased by 17 percent from 2007 to 2012. Two main factors drove that decrease: some young workers moved in with their parents to save money, and others left Connecticut to look for other opportunities (Vespa, Lewis and Kreider, 2013; Joseph and Rodriguez, 2013; American Community Survey, 2012).

Race/Ethnicity

While differences in race/ethnicity are often highlighted between households in poverty and the total population, less is known about those who are struggling to afford the basics but earn more than the FPL. In fact, the race/ethnicity of ALICE households fairly closely mirrors that of the Connecticut population as a whole (Figure 6).

Eighty-two percent of Connecticut's 1.36 million households are headed by someone who is White (U.S. Census classification), as are 74 percent of ALICE households. In fact, White households remain the majority in all income categories, while the distribution is mixed for minority households. Because race and ethnicity are overlapping categories, Connecticut residents of any race can also be ethnically Hispanic.

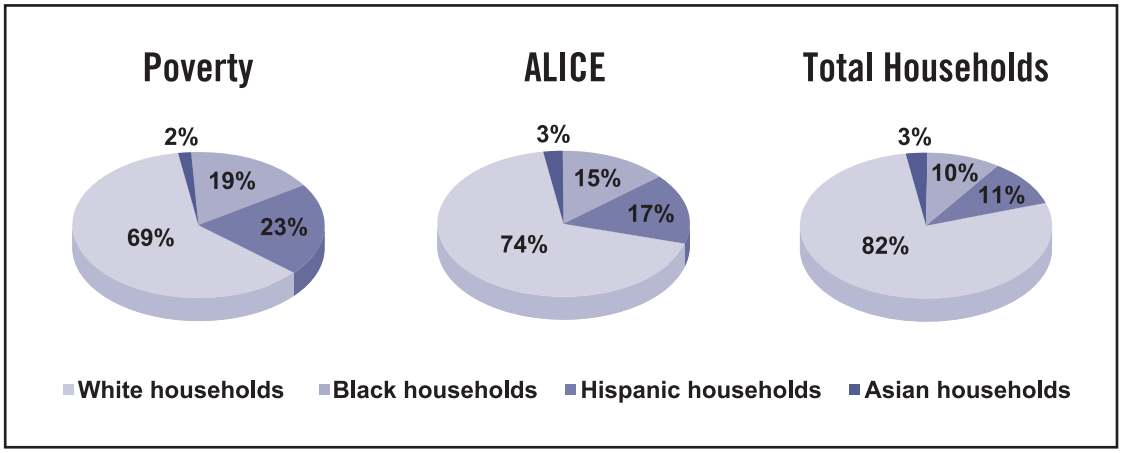
"The race/ethnicity of ALICE households fairly closely mirrors that of the Connecticut population as a whole."

In Connecticut:

- Asians account for 3 percent of total households, 3 percent of ALICE households, and 2 percent of poverty households
- Blacks account for 10 percent of total households, 15 percent of ALICE households, and 19 percent of poverty households
- Hispanics account for 11 percent of total households, 17 percent of ALICE households, and 23 percent of poverty households
- Native Americans account for only 0.2 percent of households; there is insufficient data to accurately calculate their household income status

Because race and ethnicity are overlapping categories, the totals for each income category may be greater than 100 percent.

Figure 6.
Households by Race/Ethnicity and Income, Connecticut, 2012



Source: American Community Survey, 2012, and the ALICE Threshold

NOTE: This data is for households; because household size varies for different racial/ethnic groups, population percentages may differ from household percentages.

The heritage of the White population (U.S. Census classification) in Connecticut includes Italian, Irish, British, German, and Polish ancestry. Most of these immigrants are clustered in the cities of New Haven, Hartford, Bridgeport, and New London (American Community Survey, 2012).

The largest minority populations in Connecticut are Hispanic; their share of the population grew from 6.5 percent in 1990 to 13 percent in 2012. The majority of Connecticut's Hispanic population, 53 percent, has Puerto Rican origin. Other major groups include immigrants from South America at 15 percent, followed by 11 percent from Mexico, 6 percent from Central America and 1.8 percent from Cuba (American Community Survey, 2012). Interestingly, Puerto Ricans continue to be the largest international source of migration inflows to Connecticut (Krzyzek, 2013).

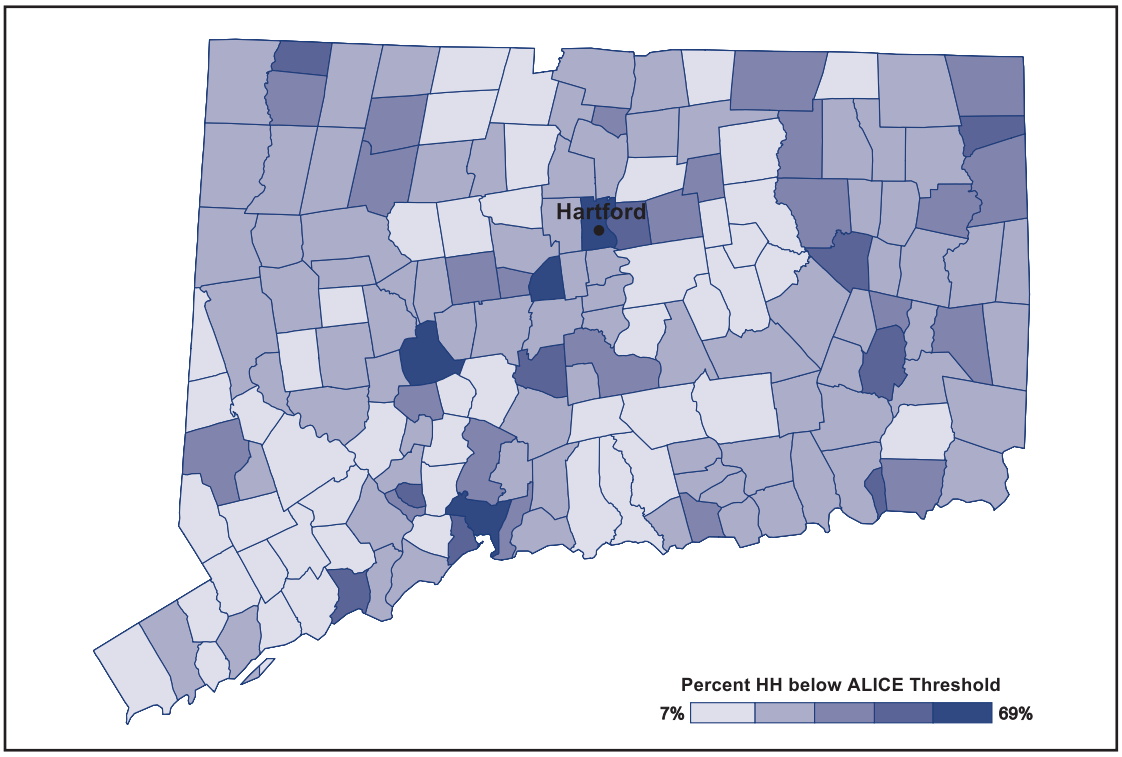
Blacks are Connecticut's second largest minority group, comprising 10 percent of the population, though that number has increased only 1 percent since 1990.The vast majority of the state's Black population lives in the cities of Hartford, Stamford, New Haven, Bridgeport, and Waterbury. More recently, there has been migration of Blacks from the inner cities to the suburbs (U.S. Census, 2012; Brookings, 2012).

The Asian share of Connecticut's population doubled from 1.5 percent in 1990 to 3 percent in 2012 (American Community Survey, 2012; Immigration Policy Center, 2014).

Geography

ALICE and poverty households represent more than 7 percent of the population in each of the 169 municipalities reporting households with income in Connecticut. The wide distribution of ALICE and poverty-level households is clear from the municipal map of Connecticut, presented in Figure 7. Municipalities with more than 50 percent of households below the ALICE Threshold are shaded darkest blue; those with less than 10 percent are shaded lightest blue. Because some areas have small populations, the American Community Survey estimates of household income for those areas are often based on 3- and 5-year averages.

Figure 7.
Percent of Households below the ALICE Threshold by Municipality, Connecticut, 2012



Source: American Community Survey, 2012, and the ALICE Threshold

More than two-thirds of Connecticut's municipalities have more than 20 percent of households living on an income below the ALICE Threshold. A further breakdown shows that:

- 30 percent (51 towns) have 5 to 19 percent of households below the ALICE Threshold
- 41 percent (70 towns) have 20 to 29 percent of households below the ALICE Threshold
- 18 percent (30 towns) have 30 to 39 percent of households below the ALICE Threshold
- 5 percent (9 towns) have 40 to 49 percent of households below the ALICE Threshold
- 5 percent (9 towns) have more than 50 percent of households below the ALICE Threshold

"More than two-thirds of Connecticut's municipalities have more than 20 percent of households living on an income below the ALICE Threshold."

The municipal map shows that there is a large concentration of households with income below the ALICE Threshold in Connecticut's largest cities. More than 50 percent of households in New Haven, Bridgeport, Hartford, Waterbury, and New Britain have income below the ALICE Threshold. The other largest cities also have a significant portion of households with income below the ALICE Threshold – 29 percent each in Stamford and Norwalk, 35 percent in Danbury, and 38 percent in Bristol (Figure 8).

Figure 8.
Households below the ALICE Threshold, Largest Cities and Towns in Connecticut, 2012

Largest Cities and Towns (above 20,000 Households)	Number of Households	Percent Households below ALICE Threshold
New Haven	51,078	58%
Bridgeport	49,887	56%
Stamford	46,599	29%
Hartford	43,345	69%
Waterbury	40,992	57%
Norwalk	34,957	29%
Danbury	29,671	35%
New Britain	26,577	59%
Bristol	25,087	38%
West Hartford	24,960	26%
Manchester	24,399	35%
Meriden	23,361	46%
Hamden	23,079	33%
Greenwich	21,711	17%
West Haven	21,341	48%
Milford	21,061	27%
Fairfield	20,216	18%
East Hartford	20,085	48%

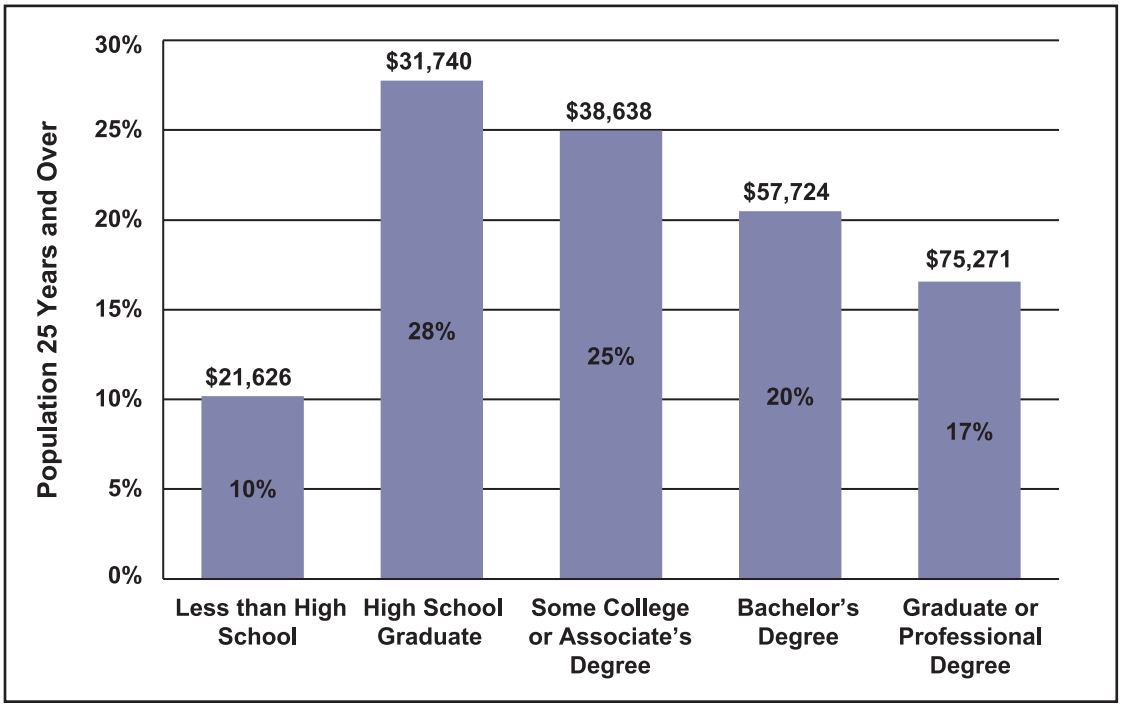
Source: American Community Survey, 2012, and the ALICE Threshold

"Individuals with the least education are more likely to have income below the ALICE Threshold. "

Education

Income continues to be highly correlated with education. Connecticut has the third highest percentage in the nation of residents with a bachelor's or advanced degree, yet that figure is still only 37 percent of residents 25 years and older, while 90 percent of the state's population has a high school diploma. Median earnings increase significantly for those with higher levels of education (Figure 9).

Figure 9.
Education Attainment and Median Annual Earnings, Connecticut, 2012



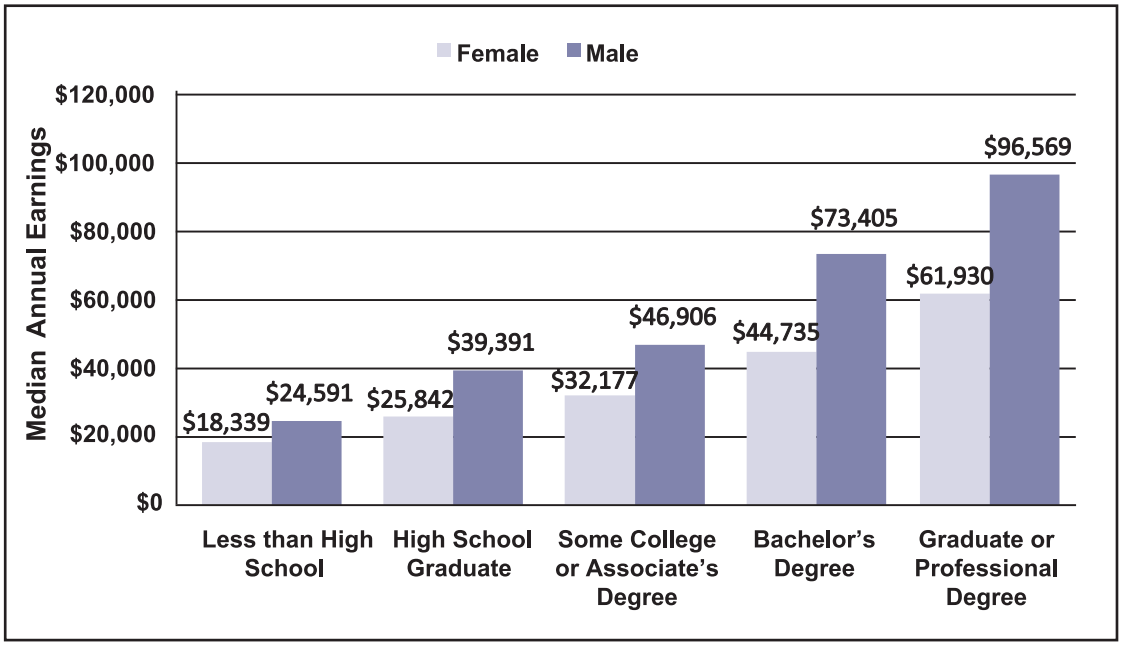
Source: American Community Survey, 2012

Those individuals with the least education are more likely to have earnings below the ALICE Threshold. The median annual earnings for Connecticut residents with less than a high school diploma are $21,626, and they account for 10 percent of the population 25 years and over. Those with a high school diploma account for 28 percent of the population and have median annual earnings of $31,740. Those with some college or a two-year associate's degree account for 25 percent of the population and have median annual earnings of $38,638. Those with a bachelor's degree account for 20 percent of the population and have median annual earnings of $57,724. And those with a graduate or professional degree account for 17 percent of the population and have median annual earnings of $75,271 (American Community Survey, 2012).

Within the state, there is a striking difference in earnings between men and women at all educational levels (Figure 10). **Men earn at least a third more than women across all educational levels; the highest earnings gap is 64 percent for those with a bachelor's degree** (American Community Survey, 2012). This, in part, helps explain why so many of Connecticut's single-female-headed households have incomes below the ALICE Threshold.

"Within the state, there is a striking difference in earnings between men and women at all educational levels. This, in part, helps explain why so many of Connecticut's single-female-headed households have incomes below the ALICE Threshold.

Figure 10.
Median Annual Earnings by Education and Gender, Connecticut, 2012



Source: American Community Survey, 2012

With the increasing cost of education over the last decade, college has become unaffordable for many and a huge source of debt for others. Connecticut colleges and universities received more than $208 million in federal Pell Grants in 2012 (National Priorities Project, 2012). Yet in Connecticut's Class of 2012, 61 percent still graduated with an average of $27,816 in student debt (Project on Student Debt, 2012).

"Economically disadvantaged students, students with limited English proficiency, and students with disabilities have graduation rates below the state and national averages for all students. It is not surprising that these same groups also earn lower wages later in life."

ALICE households are more likely to have less education than households above the ALICE Threshold, but higher education alone is no longer a guarantee of a self-sufficient income. Many demographic factors are interrelated and impact a household's ability to meet the ALICE Threshold. For example, according to the National Center for Education Statistics, economically disadvantaged students, students with limited English proficiency, and students with disabilities have graduation rates below the state and national averages for all students.

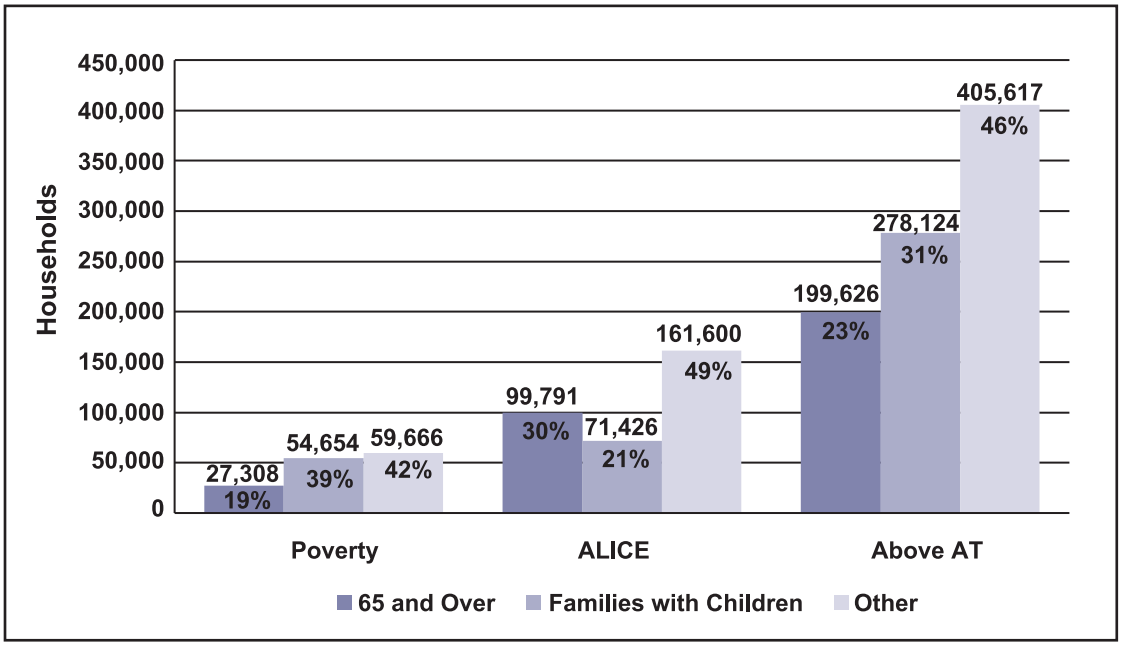
Connecticut's public high school graduation rate is 83 percent for all students, the 12th highest in the country, but significantly lower for economically disadvantaged students (63 percent), those with limited English proficiency (59 percent), and those with disabilities (62 percent), for whom the state has lower rankings (37th, 24th, and 22nd, respectively) (Stetser and Stillwell, 2014). It is not surprising that these groups also earn lower wages later in life.

Household Type

While ALICE households come in all sizes and demographic configurations, two of the most common ALICE household types are seniors and households with children. This is not surprising as these demographics are associated with higher costs, especially in health care for seniors and child care for families with children. Senior ALICE households were discussed earlier in this section; ALICE households with children are examined further below.

In addition to these two categories, there are a number of "other" household types that have continued to increase, and they now make up the largest proportion not just of ALICE households, but of all income categories in Connecticut (Figure 11). "Other" households include families with at least two members related by birth, marriage, or adoption, or people who share a housing unit with nonrelatives – for example, boarders or roommates. Across the country, between 1970 and 2012, the share of households comprised of married couples with children under 18 decreased by half from 40 percent to 20 percent, while the proportion of single-adult households increased from 17 percent to 27 percent (Vespa, Lewis, and Kreider, 2013).

Figure 11.
Household Types by Income, Connecticut, 2012



Source: American Community Survey, 2012, and the ALICE Threshold

Families with Children

Not surprisingly, the most expensive household budget is for a household with young children, due not only to these households' larger size but also to the cost of child care, preschool, and after-school care (discussed further in Section II). While most children under 18 in Connecticut live in married-parent families (68 percent), children in families with income below the ALICE Threshold are more likely to live in single-parent families. Most single-parent families are headed by mothers, but single-father families account for 7 percent of families with children in Connecticut.

The biggest factors determining the economic stability of a household with children are the number of wage earners, the gender of the wage earners, and the number (and cost) of children. Variations of these are discussed below.

Married-Couple Households with Children: With two income earners, married couples with children have greater means to provide a higher household income than households with one adult. For this reason, 85 percent of married-couple families in Connecticut have income above the ALICE Threshold. However,

"While most children under 18 in Connecticut live in married-parent families (68 percent), children in families with income below the ALICE Threshold are more likely to live in single-parent families."

married-couple families are a large demographic in Connecticut and comprise one-third of the state's families with income below the ALICE Threshold.

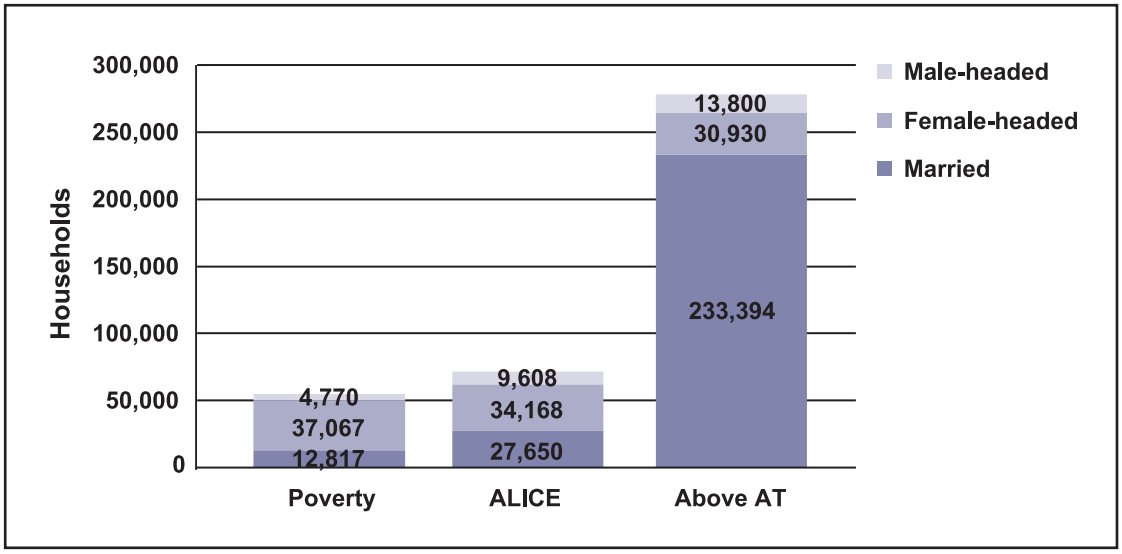
For married-couple families with children, the Great Recession was a particularly difficult time. In Connecticut, the number of these families with at least one parent unemployed increased by 65 percent, greater than the national average increase of 33 percent (Vespa, Lewis, and Kreider, 2013). As a result, the number of these families living in poverty increased by 84 percent, from 6,957 households (2.2 percent) in 2007 to 12,817 households (4.5 percent) in 2012. At the same time, the number of ALICE households fell by 1 percent and the number above the ALICE Threshold fell by 10 percent.

"Between 2005 and 2011, the number of households with children (under 18) that owned a home fell by 15 percent across the country, and Connecticut was near that national average."

A subset of this group, families who owned their own homes, faced an even greater decrease. Between 2005 and 2011, the number of households with children (under 18) that owned a home fell by 15 percent across the country, and Connecticut was near that national average (Vespa, Lewis, and Kreider, 2013).

One of the largest demographic changes in Connecticut from 2007 to 2012 was the decrease in the number of married-couple families with children; their numbers fell by 10 percent, compared to 6 percent nationally (American Community Survey, 2012).

Figure 12.
Households with Children by Income, Connecticut, 2012



Source: American Community Survey, 2012, and the ALICE Threshold

Female-headed Households with Children: Female-headed households with children account for 25 percent of Connecticut families with children but 56 percent of those families below the ALICE Threshold. This rate is slightly higher than the rough estimate by the Working Poor Families Project that in 2012, 50 percent of low-income working families in Connecticut were headed by women – a significantly higher percentage than the national rate of 39 percent (Povich, Roberts and Mather, 2014).

From 2007 to 2012, the number of female-headed households with children increased by 8 percent in Connecticut. Although the number of these households that are ALICE decreased by 13 percent during the same period, the number in poverty increased by 21 percent. With only one wage earner, single-parent households are at an economic disadvantage. For women, this is compounded by the fact that they still earn significantly less than men, as detailed in Figure 10.

"With only one wage earner, single-parent households are at an economic disadvantage. For women, this is compounded by the fact that they still earn significantly less than men."

Male-headed Households with Children: Households headed by single men with children account for 7 percent of all Connecticut families with children and 11 percent of families with income below the ALICE Threshold. From 2007 to 2012, the number of single-male-headed households with children increased by 17 percent in Connecticut. During the same period, the number of these households living in poverty increased by 25 percent, the number who qualified as ALICE increased by 18 percent, and those above the ALICE Threshold decreased by 13 percent.

Other Households

With so much of the focus on households with seniors (27 percent of households below the ALICE Threshold) and those with children (27 percent), the many other kinds of households that make up the ALICE population are often overlooked. These households account for 46 percent of all Connecticut households and 47 percent of the state's households with income below the ALICE Threshold. This category includes married-couple households with children older than 18, couples with no children, single-adult households younger than 65 years and non-married adult households.

Disability

Households with a member who is living with a disability often have increased health care expenses and reduced earning power. The national median income for households where one adult is living with a disability is generally 60 percent less than for those without disabilities (American Community Survey, 2006).

A total of 12 percent of people in Connecticut have a lasting physical, mental, or emotional disability that impedes them from being independent or able to work. Approximately 18 percent of Connecticut residents aged 16 and over with a severe disability live in poverty, compared with 8.4 percent of residents with no disability. Disability is also disproportionately associated with age: more than one-third (36 percent) of Connecticut residents 65 years or older are living with a disability (American Community Survey, 2010).

Those with a disability are more likely to experience financial hardship. Most notably, they are far less likely to be employed. Only 24.5 percent of people of working age (18–64 years old) with a disability are employed in Connecticut, compared to 67.3 percent of those with no disability. And for those who are working, they earn less. The median annual earnings for a Connecticut resident with a disability are $21,054, 82 percent less than the $38,242 median earnings for someone 16 and older without a disability. Households with a member who has a disability are twice as likely to be in poverty or to be ALICE (American Community Survey, 2012).

The Connecticut numbers fit with national findings from the National Bureau of Economic Research, which estimates that 36 percent of Americans under age 50 have been disabled at least temporarily, and 9 percent have a chronic and severe disability. The economic consequences of disability are profound: 79 percent of Americans with a disability experience a decline in earnings, 35 percent in after-tax income, 24 percent in housing value, and 22 percent in food consumption. The economic hardship experienced by the chronically and severely disabled is often more than twice as great as that of the average household (Meyer and Mok, 2013). In addition, those with a disability are more likely to live in severely substandard conditions and pay more than one-half of their household income for rent (U.S. Department of Housing and Urban Development, March 2011).

Immigrants

Immigrant workers are an important part of the Connecticut economy, contributing at least $28 billion to the state economy in 2010. Immigrants comprised 13.4 percent of the state's population and 16.7 percent of the state's workforce in 2011 (Immigration Policy Center, 2013). Unauthorized immigrants comprised roughly an additional 3.4 percent of the state's population and 4.5 percent of the state's workforce in 2010, according to a report by the Pew Hispanic Center (Pew, 2011). For a state with near-stagnant overall population growth, immigration is an important source of workers and younger residents. The Hartford region ranked third in the nation among metro regions that have less than 1 percent overall population growth but strong international migration. The New Haven-Milford and Norwich-New London regions also ranked in the top 20 nationally (Maciag, 2014).

"Nationally, immigrants are only slightly more likely to be poverty-level or ALICE households than non-immigrants. However, for some subsets of immigrant groups, such as non-citizens, more recent immigrants, and those who are language-isolated, the likelihood increases."

Immigrant groups vary widely in language, education, age, and skills. Nationally, immigrants are only slightly more likely to be poverty-level or ALICE households than non-immigrants. However, for some subsets of immigrant groups, such as non-citizens, more recent immigrants, and those who are language-isolated, the likelihood increases (Suro, Wilson and Singer, 2012).

Unlike in many other states, foreign-born residents in Connecticut have a wider range of education attainment than the total population. For foreign-born residents in Connecticut age 25 and older, 19 percent have not graduated from high school, compared to 10 percent for all residents. However, attainment of advanced degrees more closely mirrors the general population: 18 percent of foreign-born residents have a bachelor's degree and 17 percent have a graduate or professional degree, compared to 20 and 17 percent, respectively, for all Connecticut residents. Interestingly, Connecticut residents born in other states are better educated than the total population, with 26 percent earning a bachelor's degree and 24 percent earning a graduate or professional degree (American Community Survey, 2012).

The median annual income is lowest for residents born outside of the U.S., who earn just $19,153, while the median annual income for Connecticut-born residents is $32,071. However, the median income for residents born in another state is $40,779 (American Community Survey, 2012). This category most likely includes highly educated Americans moving to Connecticut for good jobs who can earn sufficient wages to cover the high cost of living in the state.

There are more than 39 different foreign languages spoken in Connecticut, with Spanish being the most common at 11.2 percent, followed by other Indo-European languages at 7.7 percent. Of the population over five years old, 4 percent are linguistically isolated, meaning that no one in the household age 14 or older speaks English only or speaks English "very well" (American Community Survey, 2012). These households face significant challenges to employment and use of social services, and are therefore more likely to be ALICE households.

When immigrants have less education and the challenge of language barriers, they are more likely to earn less than native-born Connecticut residents and are therefore more likely to have income below the ALICE Threshold.

Veterans

Local data about veterans in Connecticut is difficult to obtain, but local reports of unemployed and homeless veterans suggest that many veterans live below the ALICE Threshold. National data show that unemployment among post-9/11 veterans was significantly higher than for other veteran cohorts and worsened at an increased rate compared to other veterans and non-veterans throughout the Great Recession, peaking at 12 percent in 2011. That figure declined to 9 percent in 2013 but remains above the rate of 6.6 percent for veterans from all other service periods and is on par with the 9 percent rate for the total population. The rates are somewhat difficult to compare because 19 percent of Gulf War II-era veterans are not in the labor force – not a surprising number since 29 percent reported having a service-connected disability in August 2013, compared with 15 percent of all veterans (BLS, 2013).

"Local reports of unemployed and homeless veterans suggest that many veterans live below the ALICE Threshold."

The root causes of higher unemployment of veterans from recent deployments are uncertain, but the Federal Reserve Bank of Chicago suggests two possibilities. First, wartime deployments may affect the physical or psychological abilities of new veterans or restrict the amount of training they receive that would be transferable to the civilian labor market. Second, deployments may also be a time of lax recruiting standards for the military, and the high unemployment rates may simply reflect the reentry into the labor force of individuals who would have had trouble finding work regardless of military service (Faberman and Foster, 2013; BLS, 2013).

Of Connecticut's 216,311 veterans, 81 percent are in the labor force (including those looking for work). Of those in the labor force, 11 percent are unemployed (American Community Survey, 2012). But these averages mask large differences between age groups. While 94 percent of Connecticut veterans are 35 years or older (Figure 13), the state's most recent veterans, and therefore the youngest – the 11,885 veterans aged 18 to 34 years – are those most likely to be unemployed or in struggling ALICE households. Nationally, veterans aged 18 to 34 years old are almost twice as likely to be unemployed (11 percent in 2012) as those 35 years and older (6 percent) (BLS, 2013).The veterans most at risk of being in poverty or living in ALICE households are those who are unemployed, especially when they have exhausted their temporary health benefits and their unemployment benefits eventually expire. In addition to typically being younger, these veterans are more likely to have less education and training or to have a disability.

Figure 13.
Veterans by Age, Connecticut, 2012

Age	Number of Veterans (CT)	Percent of Total Vets (CT)	Percent of Veterans Unemployed (US)
18 to 34 years	11,885	5%	11%
35 to 54 years	44,732	21%	6%
55 to 64 years	42,787	20%	6%
65 years and over	116,907	54%	6%

Source: American Community Survey, 2012; Bureau of Labor Statistics, 2013

Since 2009, there has been a 38 percent decrease in the number of homeless veterans statewide, the most significant reduction in number of any population in the state. The 2014 Point in Time homeless count found 221 homeless veterans in Connecticut (Connecticut Coalition to End Homelessness, 2014).

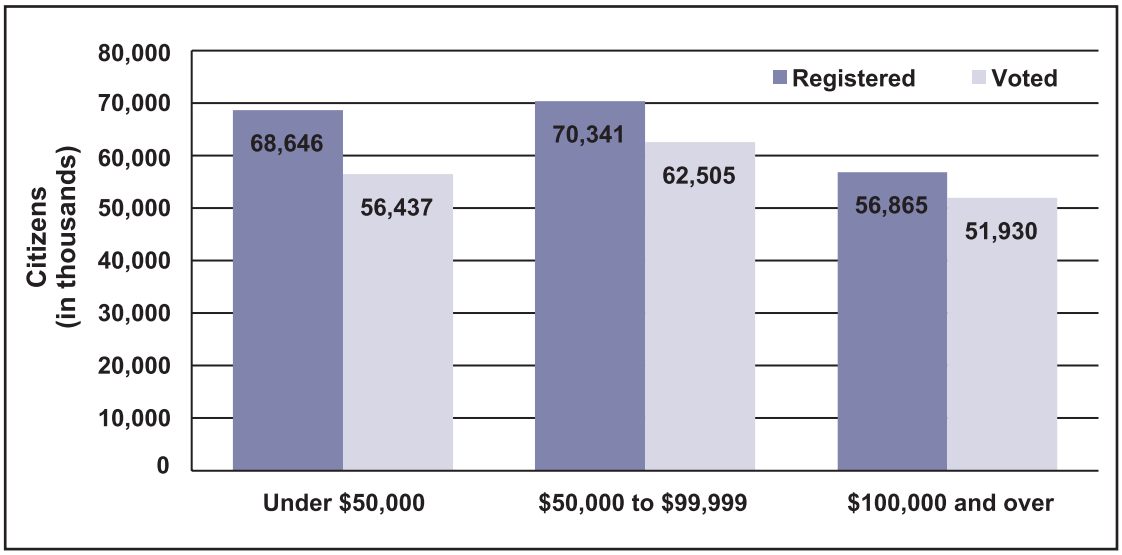
Voters

"ALICE households represent a substantial block of the electorate, accounting for 30 percent of those registered and 28 percent of the vote in the 2012 presidential election."

Contrary to many headlines about the voting rates of households in poverty, such as "Rich Americans are Nearly Twice as Likely to Vote as the Poor" (Kavoussi, 2013), the majority of ALICE households vote. While minimal data is available specifically for Connecticut, national figures show that those living in households with income below $50,000 per year (near the average ALICE Threshold) vote at only slightly lower rates than wealthier households: 68 percent were registered to vote compared to 76 percent of households with income above $50,000, and 56 percent reported voting compared to 67 percent of households with income above $50,000 (U.S. Census, 2012).

Nationally, voters with household income below $50,000 are almost as plentiful as those with annual incomes between $50,000 and $99,999 and exceed voters with household incomes above $100,000. Therefore, ALICE households represent a substantial block of the electorate, accounting for 30 percent of those registered and 28 percent of the vote in the 2012 presidential election (Figure 14).

Figure 14.
Vote by Annual Income, U.S., 2012 Presidential Election



Source: U.S. Census, November 2012

In Greater New Haven, 69 percent of residents with very low income (less than $30,000 per year) voted in the November 2012 election. Eighty-two percent of voters with income from $30,000 to $50,000 voted, and this group was just as likely to vote as those with income between $50,000 and $75,000 and more likely to vote than those with income $75,000 to $100,000. Ninety percent of residents earning more than $100,000 voted and were therefore the mostly likely group to vote (DataHaven, 2012).

II. HOW COSTLY IS IT TO LIVE IN CONNECTICUT?

Measure 2 – The Household Budget: Survival vs. Stability

The cost of basic household necessities increased in Connecticut from 2007 to 2012, outpacing low inflation during the Great Recession. As a result, more than one in three households in Connecticut is challenged to afford the basic necessities. This section presents **the Household Survival Budget**, a realistic measure estimating what it costs to afford the five basic household necessities: housing, child care, food, transportation, and health care.

THE HOUSEHOLD SURVIVAL BUDGET

The Household Survival Budget follows the original intent of the U.S. poverty rate as a standard for temporary sustainability (Blank, 2008). This budget identifies the minimum cost option for each of the five basic household necessities. A statewide average Household Survival Budget for Connecticut is presented in Figure 15 in two variations, one for a single adult and the other for a family with two adults, a preschooler, and an infant. A Household Survival Budget for each county in Connecticut is presented in Appendix J and additional family variations are presented in Appendix C. As a frame of reference, it is worth noting that these budgets are even lower than the Connecticut Working Poor Families Project budget, which is based on 200 percent of the Federal Poverty Level (FPL), and the Economic Policy Institute's "Family Budget Calculator" (Roberts, Povich and Mather, 2013; EPI, 2013)

"More than one in three households in Connecticut is challenged to afford the basic necessities."

The average annual Household Survival Budget for a four-person family in Connecticut is $64,689, an increase of 13 percent from the start of the Great Recession in 2007. This translates to an hourly wage of $32.34, 40 hours per week, 50 weeks per year for one parent (or $16.17 per hour each, if two parents work). The annual Household Survival Budget for a single adult is $21,944, also an increase of 13 percent since 2007. The single-adult budget translates to an hourly wage of $10.97. The rate of inflation over that period was 7 percent.

Figure 15.
Household Survival Budget, Connecticut Average, 2012

Monthly Costs – Connecticut Average – 2012			
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER	2007 – 2012 PERCENT INCREASE
Housing	$786	$1,143	13%
Child care	$0	$1,518	14%
Food	$196	$592	14%
Transportation	$315	$624	6%
Health care	$117	$467	23%
Miscellaneous	$166	$490	13%
Taxes	$249	$556	15%
Monthly Total	$1,829	$5,391	13%
ANNUAL TOTAL	$21,944	$64,689	13%
Hourly Wage	$10.97/hour	$32.34/hour	

Source: See Appendix C.

Line items are rounded to dollars; monthly and annual totals are calculated including cents. As a result, line items may not add up precisely to the totals.

In comparison to the annual Household Survival Budget, the U.S. poverty rate was $23,050 per year for a family of four and $11,170 per year for a single adult in 2012, and the Connecticut median family income was $67,276 per year.

Increased costs occurred primarily from 2007 to 2010, but increases continued through 2012. The 13 percent increase in housing is particularly surprising because it happened during a downturn in the housing market and in a period with low inflation of 7 percent. However, it is understandable when seen against the backdrop of the foreclosure crisis that occurred at the top and middle of the housing market during the Great Recession. As those foreclosed homeowners moved into lower-cost housing, there was increased demand for an already limited housing supply, and housing prices rose accordingly.

The Household Survival Budget varies across Connecticut counties. The basic essentials are least expensive in Windham County, at $61,624 per year for a family and $20,671 for a single adult. They were most expensive in New Haven County, where the cost was $66,899 per year for a family and $24,181 for a single adult (more expensive than Fairfield County, primarily due to differences in the availability of public transportation). For each county's Survival Budget, see Appendix J.

Housing

The cost of housing for the Household Survival Budget is based on HUD's Fair Market Rent (FMR) for an efficiency apartment for a single adult and a two-bedroom apartment for a family. The cost includes utilities but not telephone service nor a security deposit.

"For a single adult in Connecticut, an efficiency apartment accounts for 43 percent of the Household Survival Budget and the renter would be considered 'housing burdened.'"

Housing costs vary by county in Connecticut. Rental housing is least expensive in Windham County at $998 per month for a two-bedroom apartment and $685 for an efficiency apartment. Rental housing is most expensive in Fairfield County at $1,530 for a two-bedroom apartment and $998 per month for an efficiency apartment. The National Low Income Housing Coalition (NLIHC) reports that Connecticut is the seventh most expensive state in the country for housing (NLIHC, 2014).

In the Household Survival Budget, housing for a family accounts for 21 percent of the budget, well under the U.S. Department of Housing and Urban Development's (HUD) affordability guidelines of 30 percent (HUD, 2012). However, for a single adult in Connecticut, an efficiency apartment accounts for 43 percent of the Household Survival Budget and the renter would be considered "housing burdened." The availability of such housing units is addressed in Section V.

Child Care

In Connecticut, income inadequacy rates are higher for households with children at least in part because of the cost of child care. The Household Survival Budget includes the cost of licensed home-based child care at an average rate of $1,518 per month ($777 per month for an infant and $741 per month for a four-year-old). However, licensed and accredited child care centers, which are regulated to meet standards of quality care, are significantly more expensive with an average cost of $1,893 per month ($1,038 per month for an infant and $855 per month for a four-year-old). The cost of child care in Connecticut was calculated using the Child Care Aware annual survey.

Child care for two children accounts for 28 percent of the Household Survival Budget, by far the greatest expense. The cost of child care in Connecticut increased by 14 percent from 2007 to 2012. Costs vary across counties: the least expensive home-based child care for two children, an infant and a preschooler, is found in Windham County at $1,414 per month, and the most expensive home-based child care is in Fairfield County at $1,657 per month.

Food

The original U.S. poverty rate was based in part on the 1962 Economy Food Plan, which recognized food as a most basic element of economic well-being. The minimal food budget for the Household Survival Budget is based on the U.S. Department of Agriculture's (USDA) Thrifty Food Plan, which is also the basis for Supplemental Nutrition Assistance Program (SNAP) benefits. The cost for a family of two adults and two young children in Connecticut is $592 per month and for a single adult is $196 per month. Like the original Economy Food Plan, the Thrifty Food Plan was designed to meet the nutritional requirements of a healthy diet but includes foods that require a considerable amount of home preparation with little waste, plus skill in food shopping (Hanson, 2008).

Within the Household Survival Budget, the food category increased in Connecticut by 14 percent from 2007 to 2012, more than double the rate of inflation. The original FPL was based on the premise that food accounts for one-third of a household budget. Yet with the large increases in the cost of other parts of the household budget, food now accounts for only 11 percent of the budget for a family or for a single adult in Connecticut.

Transportation

The fourth item in the Household Survival Budget is transportation costs, a prerequisite for most employment in Connecticut. The average cost of transportation by car is more than five times as high as by public transport. According to the Consumer Expenditure Survey, the average cost in the New York metropolitan area is $418 per month for gasoline and motor oil and other vehicle expenses, and slightly less in the rest of Connecticut at $405 per month. By comparison, the average cost for public transportation is $73 per month. The Household Survival Budget in Figure 15 shows the average of the two, adjusted for household size. Actual county costs are shown in Appendix J.

Transportation costs in the Household Survival Budget represent 12 percent of the family budget and 17 percent of the single adult budget. According to the Housing and Transportation Affordability Index (Center for Neighborhood Technology, 2011), transportation costs are more than 15 percent for low-income households, and increase to 25 percent in the western and northern parts of Connecticut – another indicator that the Household Survival Budget represents minimal costs.

Public transportation is typically the cheapest form of transportation, but it is not widely available in Connecticut outside urban areas; only in Fairfield County does 9 percent of the population use public transportation as their primary means of getting to work. For the rest of the counties, less than 5 percent of the population uses public transportation (American Community Survey, 2012). Most households must have a car to get to work, which is a significant additional cost for ALICE households.

"Public transportation is typically the cheapest form of transportation, but it is not widely available in Connecticut outside urban areas."

Health Care

The fifth item in the Household Survival Budget is health care costs. The average health care cost in Connecticut is $117 per month for a single adult (6 percent of the budget) and $467 per month for a family (9 percent of the budget), which represents an increase of 23 percent from 2007 to 2012. The health care budget includes the nominal out-of-pocket health care spending indicated in the Consumer Expenditure Survey. Since it does not include the cost of health insurance, such a low health care budget is not sustainable, especially if any household member has a serious illness or a medical emergency.

"Seniors have many additional health care costs beyond what is covered by Medicare. The Household Survival Budget does not cover these additional necessities, many of which can be a substantial additional budget expense."

Seniors have many additional health care costs beyond what is covered by Medicare. The Household Survival Budget does not cover these additional necessities, many of which can be a substantial additional budget expense. For example, in Connecticut, according to the Elder Economic Security Standard, poor health can add from $7,500 per year for 6 hours of long-term care a week to $38,790 per year for 36 hours of long-term care and adult day care per week (Wider Opportunities for Women, 2009).

Taxes

While not typically considered essential to survival, taxes are nonetheless a legal requirement of earning income in Connecticut, even for low-income households. Taxes represent 10 to 14 percent of the average Household Survival Budget. A single adult in Connecticut earning $21,900 per year pays on average $2,986 in federal and state taxes, and a family earning around $65,000 per year pays approximately $6,672. These rates account for standard federal and state deductions and exemptions, as well as the federal Child Tax Credit and the Child and Dependent Care Credit. The Connecticut income tax rate increased only slightly from 2007 to 2012. The largest portion of the tax bill is for payroll deduction taxes for Social Security and Medicare. Even with the reduced payroll tax rates in 2012, the average tax bill increased by 15 percent from 2007 to 2012 (IRS and Connecticut Department of the Treasury, 2007, 2010 and 2012). For tax details, see Appendix C.

The Earned Income Tax Credit (EITC) is not factored into the tax calculation because the gross income threshold for EITC is below the ALICE Threshold, $41,952 vs. $64,689 for a family of four and $13,980 vs. $21,944 for a working adult. However, many ALICE households at the lower end of the income scale are eligible for EITC. Connecticut Voices for Children (CVC) estimates that the state EITC, which is 30 percent of the federal, helps more than 180,000 families (CVC, 2013). Although Connecticut's income taxes are slightly progressive, the state's sales and property taxes are regressive and impact middle- and low-income residents more than the wealthiest residents (Institute on Taxation and Economic Policy, 2013; Gibson, 2013).

What is Missing from the Household Survival Budget?

The Household Survival Budget is a bare-minimum budget, not a "get-ahead" budget. The small Miscellaneous category, 10 percent of all costs including taxes, covers overflow from the five basic categories. It could be used for essentials such as toiletries, cleaning supplies, or work clothes; it could also be used for phone service (which is not included in rent) or for a cell phone, which is increasingly used as a home phone. It is not enough to purchase cable service, or automotive or appliance repairs. It does not allow for dinner at a restaurant, tickets to the movies, or travel. There is no room in the budget for a financial indulgence such as holiday gifts, a new television, a bedspread – something that many households take for granted.

This budget also does not allow for any savings, leaving a family vulnerable to any unexpected expense, such as a costly car repair, natural disaster, or health issue. For this reason, a household on a Household Survival Budget is described as just surviving. The consequences of this – for households, and the wider community – are discussed in Section VI.

"This budget also does not allow for any savings, leaving a family vulnerable to any unexpected expense, such as a costly car repair, natural disaster, or health issue."

THE HOUSEHOLD STABILITY BUDGET

Reaching beyond the Household Survival Budget, **the Household Stability Budget** is a measure of how much income is needed to support and sustain an economically viable household. **In Connecticut, the Household Stability Budget is $111,632 per year for a family of four – 73 percent higher than the Household Survival Budget** (Figure 16). That comparison highlights how minimal the expenses are in the Household Survival Budget.

Figure 16.
Average Household Stability Budget vs. Household Survival Budget, Connecticut, 2012

Monthly Costs – Connecticut Average - 2012			
2 ADULTS, 1 INFANT, 1 PRESCHOOLER			
	Stability	Survival	Percent Difference
Housing	$1,566	$1,143	37%
Child care	$1,893	$1,518	25%
Food	$1,126	$592	90%
Transportation	$1,026	$624	64%
Health care	$829	$467	77%
Miscellaneous	$644	$490	31%
Savings	$644	$0	
Taxes	$1,575	$556	183%
Monthly Total	$9,303	$5,391	73%
ANNUAL TOTAL	$111,632	$64,689	73%
Hourly Wage	$ 55.81/hour	$32.34/hour	

Source: See Appendix D.

Line items are rounded to dollars; monthly and annual totals are calculated including cents. As a result, line items may not add up precisely to the totals.

The spending amounts in the Household Stability Budget are those that can be maintained over time and include median rent and housing prices, licensed and accredited child care, the USDA's Moderate Food Plan plus one meal out per month, leasing a car, and participating in an employer-sponsored health plan. The Miscellaneous category represents 10 percent of the five basic necessities; it does not include a contingency for taxes, as in the Household Survival Budget. Full details and sources are listed in Appendix D, as are the Household Stability Budget figures for a single adult.

"The Household Stability Budget for a Connecticut family with two children is moderate, not extravagant, yet still totals almost double the Household Survival Budget and the Connecticut median family income."

Because savings are a crucial component of self-sufficiency, the Household Stability Budget also includes a 10 percent savings category. Savings of $644 per month for a family is probably enough to invest in education and retirement, while $188 per month for a single adult might be enough to cover the monthly payments on a student loan or build towards the down payment on a house. However, in many cases, the reality is that savings are used for an emergency and never accumulated for further investment.

The Household Stability Budget for a Connecticut family with two children is moderate, not extravagant, yet still totals $111,632 per year. This is almost double the Household Survival Budget of $64,689 and the Connecticut median family income of $67,276 per year. To afford the Household Stability Budget for a two-parent family, each parent must earn $27.91 an hour or one parent must earn $55.81 an hour.

The Household Stability Budget for a single adult totals $30,118 per year, 37 percent higher than the Household Survival Budget, but below the Connecticut median income for a single adult of $31,807. To afford the Household Stability Budget, a single adult must earn $15.06 an hour.

III. WHERE DOES ALICE WORK? HOW MUCH DOES ALICE EARN AND SAVE?

More than any demographic feature, ALICE households are defined by their jobs and their savings accounts. The ability to afford household needs is a function of income, but ALICE workers have low-paying jobs. Similarly, the ability to be financially stable is a function of savings, but ALICE households have few or no assets and little opportunity to amass liquid assets. As a consequence, these households are more likely to use costly alternative financial services and to experience household dislocation in the event of an unforeseen emergency or health issue. This section examines the declining job opportunities and savings trends for ALICE households in Connecticut over the past few decades.

Changes in the labor market over the past thirty-five years, including labor-saving technological advances, the decline of manufacturing, growth of the service sector, increased globalization, declining unionization, and the failure of the minimum wage to keep up with inflation, have reshaped the U.S. economy. Most notable has been the contraction of middle-wage, middle-skill jobs and the expansion of lower-paying service occupations. These changes have greatly impacted the Connecticut economy as well, and they accelerated during the years of the Great Recession (2007 to 2010) and the two years following (Autor, 2010; National Employment Law Project, 2014).

The historic economic high point for Connecticut was 1992, when the labor force was at its peak of 1.8 million, with a participation rate of 71.4 percent of the population. Unemployment reached its historic low in 2000, at 2.3 percent, but the labor force also fell to 1.7 million. Since then, Connecticut has lost jobs and even sectors. By 2012, the labor force had grown to 1.9 million but the participation rate was only 66 percent and the unemployment rate remained high at 8.3 percent, though down from its peak of 9.5 percent in 2010 (Bureau of Labor Statistics (BLS), 2012a; Jaimovich and Henry Siu, 2012). These changes to Connecticut's economy have had a significant downward effect on both the income and the assets of ALICE households.

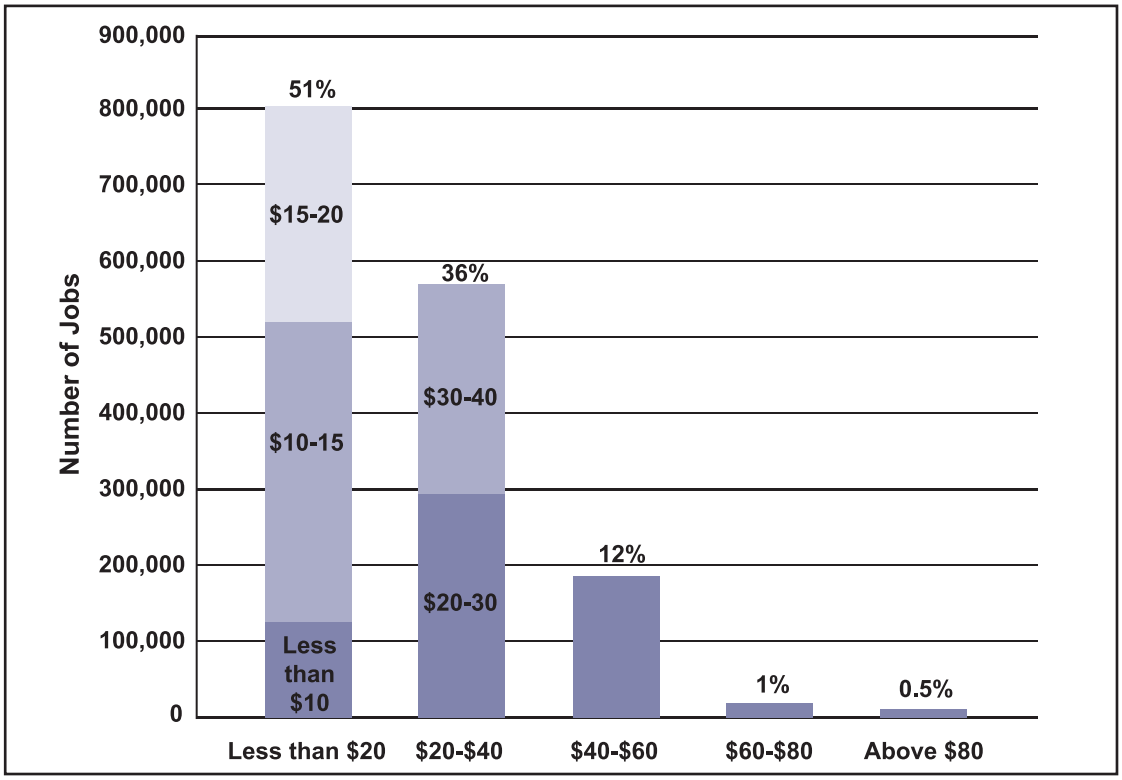
INCOME CONSTRAINED

One of the essential characteristics of ALICE households is that they are "Income Constrained". Long-term changes in the economy at the state and national levels have reduced the job opportunities for ALICE households. The number of jobs available, as well as the types of jobs and the corresponding wage levels, have all declined. From 2007 to 2012, the total number of jobs in Connecticut declined 3 percent, from 1.66 million to 1.60 million. As a result, the participation rate in the labor force has declined and the unemployment rate has increased. In 2007, 65 percent of Connecticut residents were employed; in 2012, that figure was only 61 percent (BLS, 2012a; BLS, 2007 and 2012).

Although Connecticut has one of the highest median hourly wages in the country, **51 percent of jobs pay less than $20 per hour, with the majority of those paying between $10 and $15 per hour** (Figure 17). Another 36 percent of jobs pay between $20 and $40 per hour, with more than half paying between $20 and $30 per hour. Only 12 percent of jobs pay between $40 and $60 per hour; 1 percent pay between $60 and $80 per hour, and another 0.5 percent pay above $80 per hour. A full-time job that pays $20 per hour grosses $40,000 per year, which is less than the Household Survival Budget for a family of four in Connecticut.

"Although Connecticut has one of the highest median hourly wages in the country, 51 percent of jobs pay less than $20 per hour, with the majority of those paying between $10 and $15 per hour."

Figure 17.
Number of Jobs by Hourly Wage, Connecticut, 2012

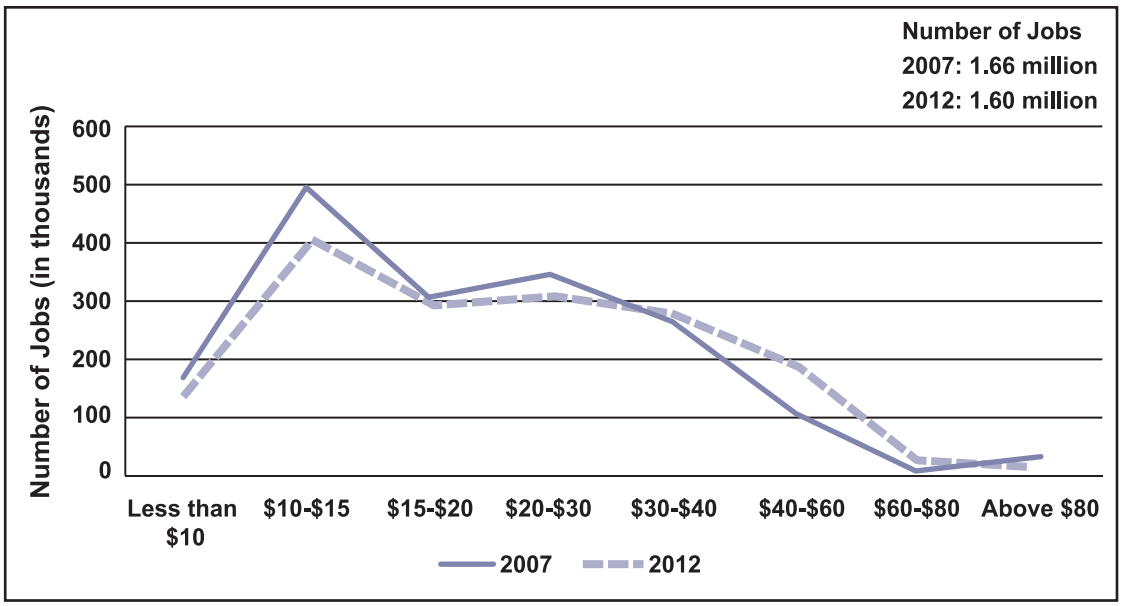


Source: Bureau of Labor Statistics, 2012

"The Connecticut economy has experienced a major shift from the 1960s, when manufacturers provided nearly half of the state's total nonfarm employment. Today, there are more jobs in the lower-paying service sector."

The Connecticut economy has experienced a major shift from the 1960s, when manufacturers provided nearly half of the state's total nonfarm employment. Today, there are more jobs in the lower-paying service sector, primarily in education and health services. The trend accelerated over the last decade. Manufacturing, which was the primary source of mid-level, skilled jobs, lost significant numbers of workers; from 2001 to 2013, employment in Connecticut's manufacturing sector fell by 75,000 jobs, mostly offset by gains in jobs in health care and social assistance, as well as education, accommodation, and food services (Palmer, Condon and Flaherty, 2013) (Figure 18).

Figure 18.
Number of Jobs by Hourly Wage, Connecticut, 2007 to 2012



Source: Bureau of Labor Statistics, 2012

Service sector jobs have become an essential and substantial component of Connecticut's economy, with most of the occupations employing the largest number of workers now concentrated in this sector (Figure 19). Two hallmarks of the service sector economy are that these jobs pay low wages and workers must be physically on-site; cashiers, nurses' aides, and security guards cannot telecommute or be outsourced. In fact, all of the occupations listed in Figure 19 require the worker to be there in person, and all pay less than $20 per hour. This means that Connecticut's economy is dependent on jobs whose wages are so low that workers cannot afford to live near their jobs even though they are required to work on-site.

Low-paid, service-sector workers also cannot afford the Household Survival Budget. By way of example, there are more than 50,000 retail sales jobs in the state, paying on average $10.83 per hour. **These jobs fall short of meeting the family Household Survival Budget by more than $40,000 per year.**

"Connecticut's economy is dependent on jobs whose wages are so low that workers cannot afford to live near their jobs even though they are required to work on-site."

Figure 19.
Occupations by Employment and Wage, Connecticut, 2012

Occupation	Number of Jobs	Median Hourly Wage
Retail Salespersons	50,070	$10.83
Cashiers	39,050	$9.52
Secretaries and Administrative Assistants	32,270	$18.60
Customer Service Representatives	28,520	$17.72
Waiters and Waitresses	27,380	$9.15
Janitors and Cleaners	27,220	$12.56
Food Prep, Including Fast Food	27,080	$9.19
Office Clerks	26,830	$15.80
Laborers and Movers	21,420	$12.98
Nursing Assistants	21,380	$14.85
Stock Clerks	20,440	$11.34
Bookkeeping Clerks	20,200	$19.92
Teacher Assistants	20,040	$14.11
First-Line Supervisors of Retail Sales Workers	16,680	$19.42
Personal Care Aides	14,460	$11.30
Landscaping	14,190	$13.76
Food Preparation Workers	13,640	$10.73
Receptionists and Information Clerks	12,600	$15.06
Security Guards	11,330	$13.09
Maids and Housekeeping Cleaners	11,200	$10.68

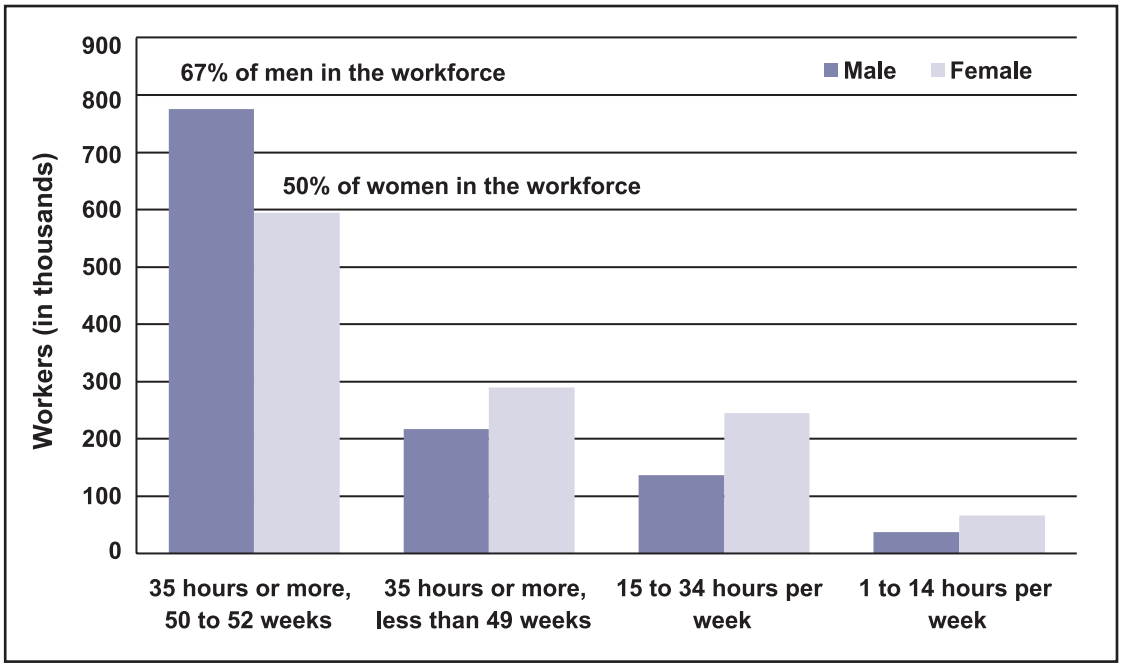
Source: Bureau of Labor Statistics, Occupational Employment Statistics (OES) Wage Survey - All Industries Combined, 2012

"There are many underemployed Connecticut residents – those who are employed part time for economic reasons or who have stopped looking for work but would like to work."

In addition to those who are unemployed (8.3 percent) as defined by the official unemployment rate in 2012, there are many underemployed Connecticut residents – those who are employed part time for economic reasons or who have stopped looking for work but would like to work (14.7 percent). While unemployment started to improve in 2011, the underemployment rate has continued to rise since 2003, when the rate was 10 percent (BLS, 2012b). Interestingly, the underemployment rate is significantly higher for low-income households, especially in Greater New Haven, where the underemployment rate is 34 percent for those earning less than $15,000 per year, 18 percent for those earning $15,000 to $50,000 per year, and only 7 percent for those earning above $100,000 (DataHaven, 2012).

In terms of full- and part-time employment, 67 percent of men and 50 percent of women work full time (defined as more than 35 hours per week, 50 to 52 weeks per year). However, almost one-third of men and one-half of women work part time (Figure 20). Jobs paying less than $20 per hour are less likely to be full time. With women working more part-time jobs, their income is correspondingly lower than that of their male counterparts.

Figure 20.
Full-Time and Part-Time Employment by Gender, Connecticut, 2012

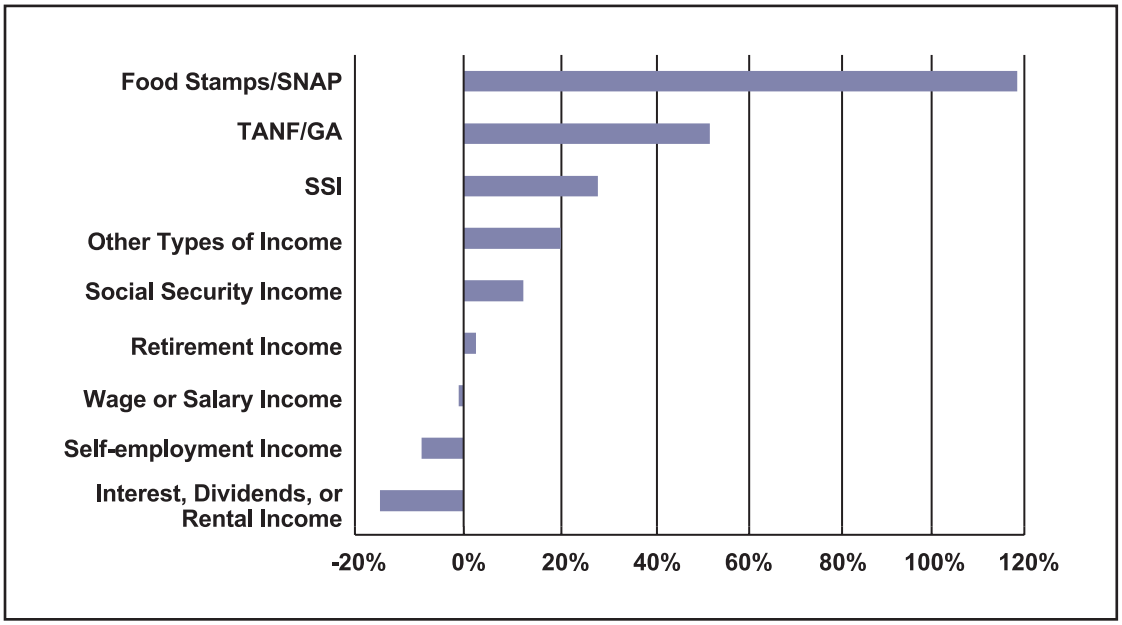


Source: American Community Survey, 2012

Shifts in Sources of Income

The sources of income for Connecticut households shifted during the period from 2007 to 2012. Overall, the number of households earning a wage or salary income decreased by 1 percent and the number of households with self-employment income decreased by 7 percent (Figure 21). Interest, dividend, and rental income decreased by 14 percent. The impact of both the aging population and the declining economy was evident in a 2 percent increase in the number of households receiving retirement income and a 10 percent increase in households receiving Social Security income. Other types of income increased by 20 percent, including child support, government unemployment compensation, and payments to veterans, which are discussed further in the next section (American Community Survey, 2012).

Figure 21.
Percent Change in Household Sources of Income, Connecticut, 2007 to 2012



Source: American Community Survey, 2012

"The impact of the financial downturn on households was also evident in the striking increase in the number of households receiving income from government sources."

The impact of the financial downturn on households was also evident in the striking increases in the number of households receiving income from government sources. While not all ALICE households qualified for government support, many that became unemployed during this period began receiving government assistance for the first time. The number of households receiving Food Stamps (SNAP) increased by 118 percent, from 86,019 in 2007 to 175,794 in 2012, and those receiving Temporary Assistance for Needy Families (TANF) or General Assistance (GA), programs that provide income support to adults without dependents, increased by 52 percent, from 28,085 to 42,755 households. The number receiving Supplemental Security Income (SSI) increased by 26 percent, from 28,085 to 42,755 households; SSI includes welfare payments to low-income people who are 65 and older and to people of any age who are blind or disabled.

ASSET LIMITED

The second defining feature of ALICE households is their lack of savings. Given the combination of the cost of living and the fact that many ALICE households hold low-wage jobs, accumulating assets is difficult in Connecticut. The lack of assets makes ALICE households more vulnerable to emergencies, but it also increases their costs, such as alternative financing fees and high interest rates, and limits efforts to build more assets.

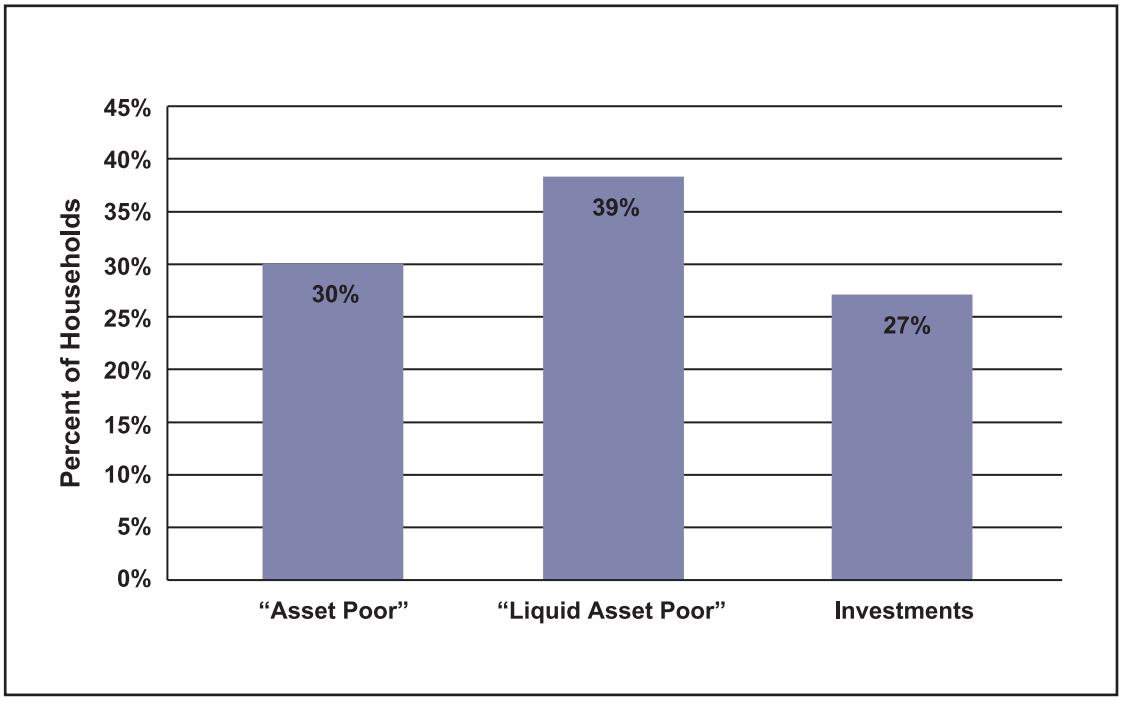
In 2011, 30 percent of Connecticut households were considered to be "asset poor", defined by the Corporation for Enterprise Development (CFED) as not having sufficient net worth to subsist at the poverty level for three months without income. In other words, an asset poor family of three has less than $4,632 in savings or other assets. The percentage of households without sufficient "liquid assets" was even higher at 39 percent. "Liquid assets" include cash or a savings account, but not a vehicle or home (CFED, 2012) (Figure 22).

"Many more households would be considered "asset poor" if the criterion were lack of three months of subsistence at the ALICE Threshold instead of at the outdated Federal Poverty Level."

Many more households would be considered "asset poor" if the criterion were lack of three months of subsistence at the ALICE Threshold instead of at the outdated Federal Poverty Level. For example, the Pew Research Center reports that almost half of Americans, 48 percent of survey respondents, state that they often do not have enough money to make ends meet (Pew Research Center, 2012).

A further breakdown by income for the Greater New Haven area from a DataHaven survey reveals that 52 percent of residents, including a majority of those earning up to $75,000 per year, say they could not continue to live as they do today for six months if they lost all current income (DataHaven, 2012).

Figure 22.
Households by Wealth, Connecticut, 2012



Source: American Community Survey, 2012; Corporation for Enterprise Development, 2012

Only 27 percent of Connecticut households have an investment that produces income, such as stocks or rental properties in 2012. The number of households with investments decreased by 14 percent during the Great Recession, a clear impact of the stock market crash. The aggregate numbers suggest that many Connecticut households divested from the stock market all together. This large reduction in investment income fits with the national trend of reduced assets for households of all income types. When combined with an emergency, the loss of these assets forced many households below the ALICE Threshold (American Community Survey, 2007 and 2012).

Data on wealth at the state level is limited, but the national information available suggests that Connecticut fits within national trends of a decline in wealth for low-income households. From 1983 to 2010, middle-wealth families experienced an increase in wealth of 13 percent, compared to an increase of 120 percent for the highest-wealth families. At the other end of the spectrum, the lowest-wealth families – those in the bottom 20 percent – saw their

wealth fall well below zero, meaning that their average debts exceeded their assets (Pfeffer, Danzngert, and Schoeni, 2013).

According to the Urban Institute, the racial wealth gap was even larger (McKernan, Ratcliffe, Steuerle and Zhang, 2013). The collapse of the labor, housing, and stock markets beginning in 2007 impacted the wealth holdings of all socio-economic groups, but in percentage terms, the declines were greater for less-advantaged groups as defined by minority status, education, and pre-recession income and wealth (Pfeffer, Danziger, and Schoeni, 2013).

A drop in wealth is also the reason many households become ALICE households. Drawing on financial assets that can be liquidated or leveraged, such as savings accounts, retirement accounts, home equity, and stocks, is often the first step households will take in the face of unemployment. Once these assets are used up, financial instability increases (Pew Economic Mobility Project, 2013).

"Drawing on financial assets that can be liquidated or leveraged is often the first step households will take in the face of unemployment. Once these assets are used up, financial instability increases."

Once assets have been depleted, the cost of doing business increases for ALICE households. Generally, access to credit can provide a valuable source of financial stability and, in some cases, does as much to reduce hardship as tripling family income (Mayer and Jencks, 1989; Barr and Blank, 2008). Just having a bank account lowers financial delinquency and increases credit scores (Shtauber, 2013). But many households in Connecticut do not have basic banking access. According to CFED, 5.3 percent of households in Connecticut are unbanked, and 15.2 percent are under-banked (i.e., households that have a mainstream account but use alternative and often costly financial services for basic transaction and credit needs) (CFED, 2014).

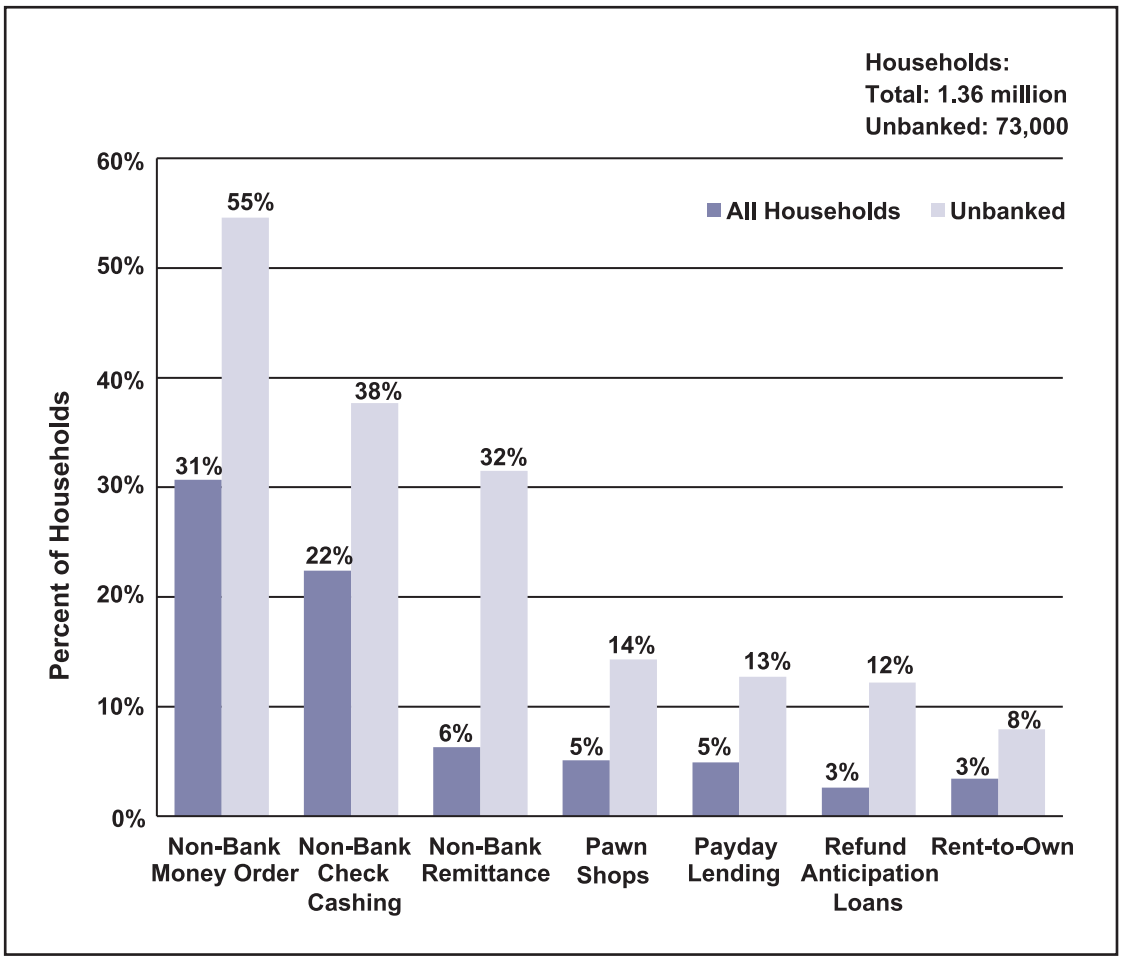
Because the banking needs of low- to moderate-income individuals and small businesses are often not filled by community banks and credit unions, Alternative Financial Products (AFPs) establishments have expanded to fill the unmet need for small financial transactions (Flores, 2012).

AFPs provide a range of services including non-bank check cashing, non-bank money orders, non-bank remittances, payday lending, pawnshops, rent-to-own agreements, and tax refund anticipation loans. In 2011, 41 percent of Connecticut households with an annual income below $30,000 had used an AFP. In contrast, for households with an annual income above $75,000, that figure was 26 percent (Federal Deposit Insurance Corporation (FDIC), 2013).

The most commonly used AFPs in Connecticut are non-bank money orders, with 31 percent of all households and 55 percent of unbanked households having used a non-bank money order in 2011. The next most commonly used AFP is non-bank check cashing, used by 22 percent of all households and 38 percent of unbanked households. The use of other AFPs by the total population is less than 6 percent. However, unbanked households make use of a range of other AFPs: 32 percent have used non-bank remittances, 14 percent have used a pawn shop, 12 percent have used refund anticipation loans, and 8 percent have used rent-to-own agreements. Interestingly, despite its being prohibited in Connecticut, 13 percent report using payday lending (Figure 23) (FDIC, 2013).

Figure 23.

Use of Alternative Financial Products by Banking Status, Connecticut, 2011



Source: Federal Deposit Insurance Corporation, 2013

"Low incomes and declining home values have made it financially difficult for ALICE homeowners to maintain their homes."

In Connecticut, 43 percent of households with income below the ALICE Threshold own their home, an asset that has traditionally provided financial stability. However, low incomes and declining home values have made it financially difficult for ALICE homeowners to maintain their homes. The aging housing stock in Connecticut has exacerbated this problem, and consequently, the number of abandoned or derelict homes has increased across the state. For some who want to own a home but do not have funds for a down payment or cannot qualify for a mortgage, risky and expensive lease or rent-to-own options are used (Partnership for Strong Communities, 2013; FDIC, 2013).

And for those households that stretched to buy a home in the mid-2000s, the drop in the housing market caused serious problems. From 2007 to 2012, housing values dropped by 22 percent in Connecticut according to the Federal Reserve's Housing Price Index. This decline, combined with unemployment, underemployment, and reduced wages, meant that many households could not keep up their mortgage payments. The drop in homeownership was especially steep in Connecticut, falling from 73 percent in 2003 to 68.8 percent in 2012 (Federal Reserve Bank of St. Louis, 2012). Many who sold their homes lost money, with some owing more than the sale price. Though not as hard hit as some states, Connecticut was 32nd in the country for number of completed foreclosures (3,700) in 2012 to 2013. Due to a slow processing provision, overall, the 2012 mortgage foreclosure rate in Connecticut was 4.2 percent, the seventh highest in the country (CoreLogic, 2013).

IV. HOW MUCH INCOME AND ASSISTANCE IS NEEDED TO REACH THE ALICE THRESHOLD?

Measure 3 – The ALICE Income Assessment

More than one-third (35 percent) of Connecticut households do not have enough income to reach the ALICE Threshold for financial stability. But how far below the ALICE Threshold are their earnings? How much does the government spend in an attempt to help fill the gap? And is it enough?

Until now, the amount of public and private social services spent on households below ALICE Threshold has never been totaled for Connecticut. Recent national studies have quantified the cost of public services needed to support low-wage workers, specifically at big box retail chain stores and fast food restaurants (Allegretto et al., 2013; Dube and Jacobs, 2004; Wider Opportunities for Women, 2011). But to date the amount of assistance provided by government, nonprofit, and health care organizations has not been tallied on a state-by-state basis. The ALICE Income Assessment provides this information for Connecticut.

"To date the amount of assistance provided by government, nonprofit, and health care organizations has not been tallied on a state-by-state basis. The ALICE Income Assessment provides this information for Connecticut."

THE ALICE INCOME ASSESSMENT

ALICE Threshold	–	Earned Income and Assistance	=	Unfilled Gap
$22.5 billion	–	$19.9 billion	=	$2.6 billion

The ALICE Income Assessment is a tool to measure how much income a household needs to reach the ALICE Threshold compared to how much they actually earn. The ALICE Income Assessment is calculated by totaling the income needed to reach the ALICE Threshold (see the Household Survival Budget in Section II), then subtracting earned income, as well as government and nonprofit assistance. The remainder is the Unfilled Gap, highlighted in Figure 24.

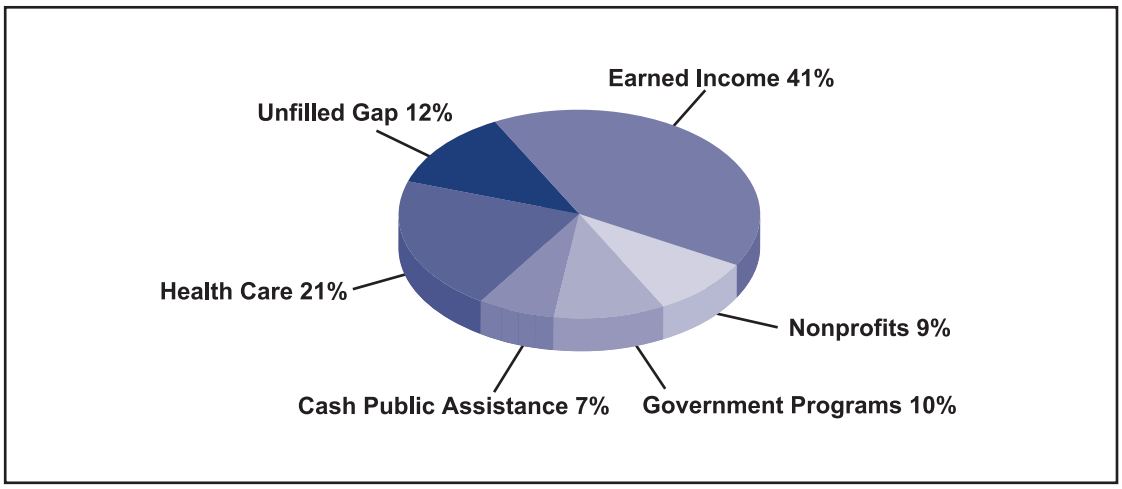
The total annual income of poverty-level and ALICE households in Connecticut is $9.3 billion, which includes wages and Social Security. This is only 41 percent of the amount needed to reach the ALICE Threshold of $22.5 billion statewide; government and nonprofit assistance makes up an additional 47 percent. But an Unfilled Gap remains of 12 percent, or $2.6 billion, between the combined earned income and assistance for poverty and ALICE households in Connecticut and the ALICE Threshold. The consequences of the Unfilled Gap for ALICE households are discussed in Section VI.

The total annual public and private spending on Connecticut households below the ALICE Threshold, which includes families in poverty, is $10.6 billion (Figure 24) or 5 percent of Connecticut's $232 billion Gross Domestic Product (Bureau of Labor Statistics (BLS), 2012c). That spending includes several types of assistance:

- Connecticut nonprofits in the human services area provide $2.1 billion, or 9 percent of the total required for ALICE families to reach the ALICE Threshold
- Government programs spend $2.3 billion, or 10 percent
- Cash public assistance delivers $1.6 billion, adding another 7 percent
- Health care spending is $4.6 billion, the largest single category, and adds another 21 percent

Yet even the total amount of this assistance is not enough to fill the gap between earned income and the ALICE Threshold. The remaining 12 percent is the Unfilled Gap (additional details in Appendix E). **In other words, it would require approximately $2.6 billion in additional wages or public resources for all Connecticut households to have income at the ALICE Threshold.**

Figure 24.
Categories of Income and Assistance for Households Below the ALICE Threshold, Connecticut, 2012



Source: National Priorities Project's Federal Priorities Database, NCCS Data Web Report Builder, Fiscal Year 2012 Connecticut State Budget; see Appendix E.

Definitions

- **Earned Income** = Wages, dividends, Social Security
- **Nonprofits** = Human services revenue not from the government or user fees
- **Cash Public Assistance** = Supplemental Security Income (SSI) and Temporary Assistance for Needy Families (TANF)
- **Government Programs** = Head Start, Supplemental Nutrition Assistance Program (SNAP, formerly Food Stamps), Special Supplemental Nutrition Program for Women, Infants and Children (WIC), housing, and human services, federal and state
- **Health Care** = Medicaid, Children's Health Insurance Program (CHIP), community health benefits
- **Unfilled Gap** = Shortfall to ALICE Threshold

"Federally funded programs for Connecticut households below the ALICE Threshold total $3.4 billion and are the largest source of government funding."

Details for Spending Categories in Connecticut

Federally funded programs for Connecticut households below the ALICE Threshold total $3.4 billion and are the largest source of assistance. These programs account for 32 percent of spending on low-income households in the state. The programs can be broken into four categories:

- **Social services** is the largest category, spending $1.6 billion on Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), and Social Services Block Grant.
- **Education spending** is $444 million, which includes Pell grants, adult education, Title I grants to local educational agencies, and child care programs, including Head Start.

- **Food programs** provide $841 million in assistance, including the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), school breakfast and lunch programs, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC).
- **Housing programs** account for $538 million, including Section 8 Housing Vouchers, the Low-Income Home Energy Assistance Program, and Community Development Block Grants (CDBG).

State and local government assistance for households below the ALICE Threshold in Connecticut totals $502 million, accounting for 5 percent of spending. This includes funding for a wide array of community health and human services programs for child care, youth, veterans, seniors, and people with disabilities.

Nonprofit support from human services organizations in Connecticut is more than $2.1 billion, or 20 percent of assistance to households below the ALICE Threshold. Although many nonprofits also receive government funding to deliver programs, the $2.1 billion figure does not include government grants or user fees. Most of the $2.1 billion is raised by the nonprofits from corporations, foundations, and individuals. Human services nonprofits provide a wide array of services for households below the ALICE Threshold including job training, temporary housing, and child care.

Health care accounts for the largest single amount of assistance to low-income households in Connecticut: $4.6 billion, or 43 percent of all spending. This figure includes Medicaid, Hospital Charity Care, and community benefits provided by Connecticut hospitals.

"Despite the seemingly large amounts of welfare and health care spending nationwide, they in fact make up a small percentage of GDP, and they fall well short of what is necessary to provide financial stability for a family."

Figure 25.
Sources of Public and Private Assistance to Households below the ALICE Threshold, Connecticut, 2012

Source of Assistance	Spending in Millions
Federal	
Social Services	$1,605
Education	$444
Food	$841
Housing	$538
State and Local Government	$502
Nonprofits	$2,081
Health care	$4,632
TOTAL	$10,643

Source: National Priorities Project's Federal Priorities Database, 2012

Public and Nonprofit Spending Per Household

When looking at each household (not individuals) below the ALICE Threshold in Connecticut, the average benefit from federal, state and local government and nonprofit sources (excluding health care) is $12,669 per household. On average, each household also receives $9,762 in health care resources from government and hospitals. In total, the average household below the ALICE Threshold receives a total of $22,431 in cash and services, shared between all members of the household and spread throughout the year.

Despite the seemingly large amounts of welfare and health care spending nationwide, they make up a small percentage of GDP, and they fall well short of what is necessary to provide financial stability for a family (Weaver, 2009). According to Wider Opportunities for Women (WOW), a Washington, D.C.-based research organization, relying on a basic assistance package means that a three-person family earns minimum wage, leaving them 50 percent short for basic household expenses in almost every state. WOW also notes that a worker earning slightly more than the federal minimum wage may not be much closer to economic security than those earning below it, as those who earn above minimum wage lose eligibility for many benefits (WOW, 2011).

Without public and nonprofit spending, however, ALICE households would face great hardship; many more would be qualified as living below the FPL, particularly in the wake of the Great Recession. Nationally, federal spending per capita grew significantly during the Recession, especially in SNAP, EITC, Unemployment Insurance, and Medicaid programs. These programs were widely shared across demographic groups, including families with and without children, single-parent families and two-parent families (Moffitt, 2013).

Health Care Considerations

Health care assistance to households requires special consideration. Many studies have found that a few people use a disproportionately large share of health care, while the rest use small amounts (U.S. Department of Housing and Urban Development, 2010; Silletti, 2005; Culhane, Park and Metraux, 2011). So while Connecticut households below the ALICE Threshold receive an average of $9,762 in health care assistance, it is likely that many ALICE and poverty households actually receive far less. A very few probably receive much larger amounts of health care assistance, as in Malcolm Gladwell's famous anecdote about the homeless man who cost the system a million dollars a year at the emergency room (Gladwell, 2006). For those households that do not receive health care assistance, however, the Unfilled Gap goes up to 33 percent – the average Unfilled Gap of 12 percent plus 21 percent from the health care assistance they did not receive.

Earned Income Tax Credit

"Without public and nonprofit spending, however, ALICE households would face great hardship; many more would be qualified as living below the FPL, particularly in the wake of the Great Recession."

Another source of relief for many ALICE households is the Earned Income Tax Credit (EITC). In fact, ALICE and poverty-level households in Connecticut received an aggregate $436 million to reduce their taxes through the EITC in 2012 (Brookings, 2012). While some households actually receive a refund, most benefit from a reduction in taxes owed. Since the refund amounts are not separated from the total credits provided, the EITC contribution to the ALICE Unfilled Gap is not included in the calculations above.

Nonetheless, Connecticut Voices for Children and the Connecticut Association for Human Services estimate that the Connecticut EITC, which is 30 percent of the federal, benefits 180,000 households. On average, these households have gross annual incomes of about $14,000, significantly less than the ALICE Household Survival Budget of $64,689 for a family and $21,944 for a single adult. The average state credit among these households is about $600, on top of a federal credit of about $2,000 (Connecticut Voices for Children, 2013; Brookings, 2012).

EITC filing data provides another window into households with income below the ALICE Threshold. In 2012, 13 percent of tax filers in Connecticut were eligible for EITC. In terms of household type, 19 percent were married households, 54 percent were single heads of households, and 27 percent were single adults. The median Adjusted Gross Income was $14,143. In terms of industries that employ EITC-eligible workers, the most common was

health care, followed by retail trade, accommodation and food service, and administrative services (Brookings, 2012).

The National Context

While government and nonprofit spending on households with income below the ALICE Threshold is not enough to lift all households into financial stability, it makes a significant difference to many ALICE families. In fact, without it, their situation would be much worse. The Pew Economic Mobility Project, a national survey of working-age families from 1999 to 2012, found that families facing unemployment and other financial hardship during the Great Recession turned to government, nonprofit, and private institutional resources as a safety net. More than two of every three families interviewed drew on one or more of these institutional resources, receiving help in categories as varied as income, food, health care, education and training, housing and utility assistance, and counseling. Many had never depended on social welfare programs before and were surprised to find themselves in need.

"Families facing unemployment and other financial hardship during the Great Recession turned to government, nonprofit, and private institutional resources as a safety net."

Unemployment insurance was the most common form of assistance; 20 percent of families surveyed used it to make ends meet. However, many part-time, temporary, and self-employed workers had not paid into the unemployment insurance program and did not have access to other types of collective insurance programs. Even for those eligible, unemployment insurance was not always sufficient; these households often needed other safety net programs as well (Pew Economic Mobility Project, 2013).

V. WHAT ARE THE ECONOMIC CONDITIONS FOR ALICE HOUSEHOLDS IN CONNECTICUT?

Measure 4 – The Economic Viability Dashboard

"In order to understand the challenges that the ALICE population faces in Connecticut, it is essential to recognize that economic conditions do not impact all socio-economic and geographic groups in the same way."

Local economic conditions largely determine how many households in a county or state fall below the ALICE Threshold. These conditions also determine how difficult it is to survive without sufficient income and assets to afford basic household necessities.

In order to understand the challenges that the ALICE population faces in Connecticut, however, it is essential to recognize that economic conditions do not impact all socio-economic and geographic groups in the same way. For example, Connecticut's GDP obscures the fact that the number of high-skilled jobs varies widely across different counties.

By contrast, the unemployment rate clearly reveals differences in the number of unemployed by county, as well as by job sector. Yet having a job is only part of the economic landscape for ALICE households. The full picture requires an understanding of the types of jobs available and their wages, as well as the cost of basic living expenses and the level of community support in each county.

The Economic Viability Dashboard is a new instrument developed to present three indices – Housing Affordability, Job Opportunities, and Community Support – for each county in Connecticut. The Dashboard builds on the work of earlier indices and fills a gap in understanding economic conditions for ALICE households in particular.

EXISTING INDICES

The Human Development Index, a project of the Social Science Research Council, measures health (life expectancy), education (school enrollment and the highest educational degree attained), and income (median personal earnings) for each state in the U.S. **Of all the states, Connecticut has the highest score for social and economic development, driven primarily by the state's high education attainment, long life expectancy, and high median earnings** (Lewis and Burd-Sharps, 2014).

Be the Change's Opportunity Index measures the degree of opportunity – now and in the future – available to residents of each state based on measurements of that state's economic, educational, and community health. Connecticut ranks 13 overall and scores slightly above average on the economic, educational, and community scores. This Index also breaks opportunity scores down by county (Opportunity Nation, 2013).

The Institution for Social and Policy Studies' Economic Security Index measures not conditions, but changes – the size of drops in income or spikes in medical spending and the

corresponding "financial insecurity" level in each state. **Connecticut residents face slightly less financial insecurity than the national average, and like the national average, Connecticut's insecurity scores have improved since 2010** (Hacker, Huber, Nichols, Rehm and Craig, 2012).

The Gallup-Healthways Well-Being Index provides a view of life in Connecticut at the state level in terms of overall well-being, life evaluation, emotional health, physical health, healthy behavior, work environment, and feeling safe, satisfied, and optimistic within a community. Overall, Connecticut scored below the national average in 2012 and fell from average in 2008 to second to the last in terms of work environment. However, Connecticut continues to score near the top in healthy behaviors (Gallup-Healthways, 2013).

The National Association of Home Builders (NAHB)/Wells Fargo Housing Opportunity Index measures the share of homes sold in a given area that would have been affordable to a family earning the local median income, based on standard mortgage underwriting criteria. Connecticut's four metro areas rank from the 44th most affordable areas in the nation to the 202nd, out of 225 metro areas (NAHB/Wells Fargo, 2014).

ECONOMIC VIABILITY DASHBOARD

Because they focus on the median, each of the above indices conceals economic conditions for low-income households. By contrast, the Economic Viability Dashboard provides a window directly into the economic conditions that matter most to ALICE households. The Dashboard offers the means to better understand why so many households struggle to achieve basic economic stability throughout Connecticut, and why that struggle is harder in some parts of the state than in others.

The Economic Viability Dashboard reports how counties perform on three dimensions: Housing Affordability, Job Opportunities, and Community Support. Each is an Index with scores presented on a scale from 1 (worst economic conditions for ALICE) to 100 (best economic conditions). The Indices also provide the means to compare counties in Connecticut and to see changes over time.

"The Economic Viability Dashboard provides a window directly into the economic conditions that matter most to ALICE households."

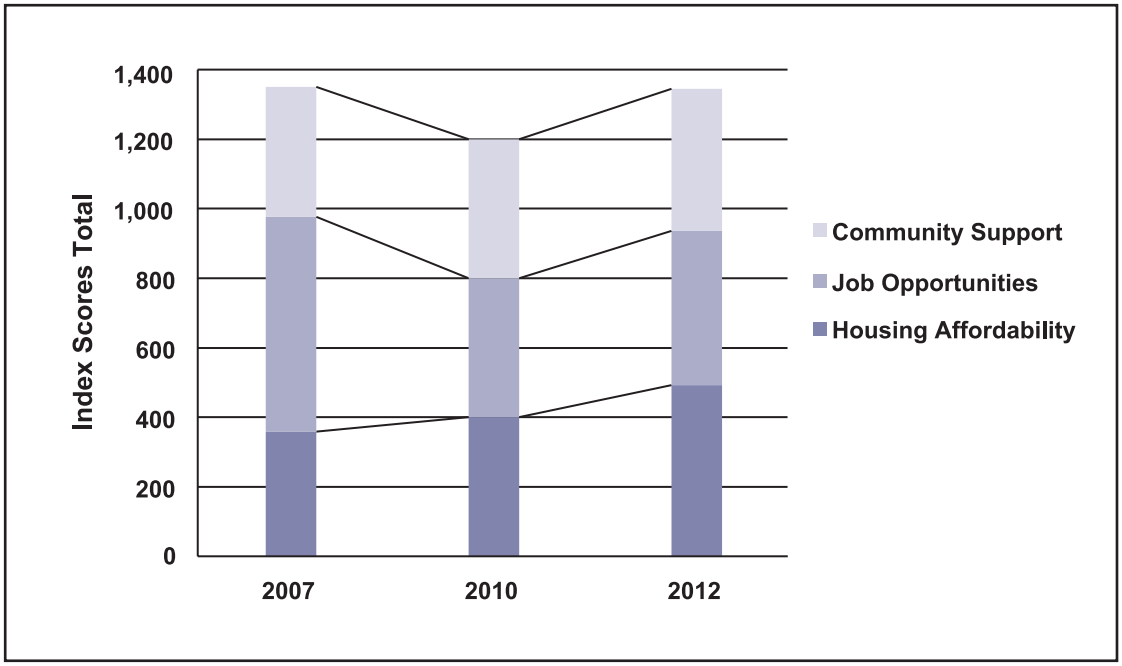
The results for each Index are presented in the following maps in summary format (Figures 27, 28, and 29); they are color coded by thirds into "poor", "fair", and "good" scores for each county. The full scores between 1 and 100 are in the table at the end of this section (Figure 30), and the methodology and sources are in Appendix F.

ALICE households have to navigate a range of variables, and The Economic Viability Dashboard shows them clearly. A common challenge is to find job opportunities in the same counties that are affordable for ALICE households as places to live. In addition, many affordable counties do not have much community support. **Thus, the ideal locations are those that are affordable and have high levels of both job opportunities and community support**.

The Economic Viability Dashboard also enables comparison over time for the three dimensions that it measures. To visualize the change over time, the scores for all counties are added together and presented in Figure 26. The change in Dashboard scores from 2007 to 2012 provides a striking picture of conditions worsening in every Connecticut county over the course of the Great Recession. From 2007 to 2010, scores worsened on average 11 percent, and New Haven County fell by more than 20 percent. Conditions improved in most counties from 2010 to 2012, but did not return to 2007 levels. (See Appendix J for score results for each county, and Appendix F for sources and calculations.)

Each of the indices also performed differently over time. Although Connecticut is still one of the most expensive states for housing, Housing Affordability actually improved on average by 10 percent from 2007 to 2012, which is not surprising given the impact of the Great Recession on housing prices. Overall, Job Opportunities fell by 20 percent from 2007 to 2010 and then almost recovered by 2012. Similarly, Community Support fell by 7 percent through the Great Recession and almost returned to its earlier level by 2012.

Figure 26.
Economic Viability Dashboard, Connecticut, 2007–2012



Source: See Appendix F.

"On Housing Affordability scores the area near metro New York City is the least affordable, while counties further north and west are more affordable. Hartford and New Haven counties are moderate."

The three Indices are reviewed below. Each Index is comprised of three indicators.

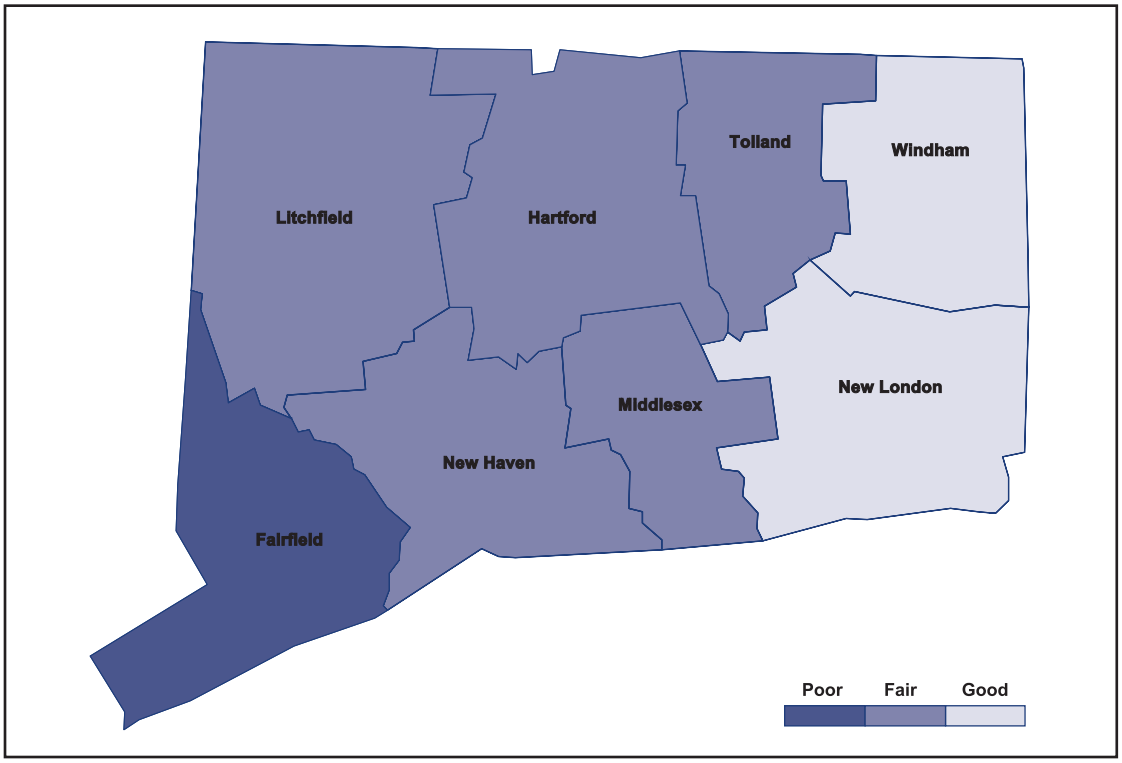
The Housing Affordability Index

Key Indicators: Affordable Housing Stock + Housing Burden + Real Estate Taxes

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

In Connecticut, there is wide variation between counties on Housing Affordability scores (Figure 27). The least affordable county is Fairfield, with a score of 34 out of 100; the most affordable is Windham County, with a score of 71. Even the most affordable counties are well below the possible 100 points. In terms of regions, the area near metro New York City is the least affordable, while counties further north and east are more affordable. Hartford and New Haven counties are moderate.

Figure 27.
Housing Affordability by County, Connecticut, 2012



Source: American Community Survey, 2012 and the ALICE Threshold

The Housing Affordability Index: Affordable Housing Stock Indicator

The first key indicator in the Housing Affordability Index is the amount of the local housing stock that is affordable for households with income below the ALICE Threshold. To measure this, the Index includes the number of ALICE households minus the number of rental and owner units that ALICE can afford, controlled for size by the percent of the overall housing stock. The higher the percent, the harder it is for ALICE households to find affordable housing, and for this Index, the lower the score. The average affordable housing gap in Connecticut is 13 percent of the housing stock. New Haven County has the lowest gap with 6 percent and Fairfield County has the highest with 19 percent.

The Housing Affordability Index: Housing Burden Indicator

The second key indicator in the Housing Affordability Index is the extreme housing burden, defined as housing costs that exceed 35 percent of income. This is even higher than the threshold for housing burden defined by the U.S. Department of Housing and Urban Development (HUD) as housing costs that exceed 30 percent of income. That standard is based on the premise established in the United States Housing Act of 1937 that 30 percent of income was the most a family could spend on housing and still afford other household necessities (Schwartz and Wilson, 2008).

Connecticut metro areas rank among the least affordable areas in the country (NAHB/Wells Fargo, 2014), so it is not surprising that many Connecticut households are housing burdened. In fact, 42 percent of renters pay more than 35 percent of their household income on rent, and 26 percent of owners pay more than 35 percent of their income on monthly owner costs, which include their mortgage. More than

"Connecticut metro areas rank among the least affordable areas in the country, so it is not surprising that many Connecticut households are housing burdened."

20 percent of households face extreme housing burdens across the state, with the highest rate being 29 percent in Fairfield County (American Community Survey, 2012). For the Housing Affordability Index, the housing burden is inversely related so that the greater the housing burden, the less affordable the cost of living and, therefore, the lower the Index score.

The Housing Affordability Index: Real Estate Taxes Indicator

The third key indicator in the Housing Affordability Index is real estate taxes. While related to housing cost, they also reflect a county's standard of living. The average annual real estate tax in Connecticut is $4,796, but there is huge variation across counties. According to the American Community Survey, average annual real estate taxes are lowest in Windham County at $3,459 and highest in Fairfield County at $6,663. For the Housing Affordability Index, property taxes are inversely related so that the higher the taxes, the harder it is to support a household and, therefore, the lower the Index score.

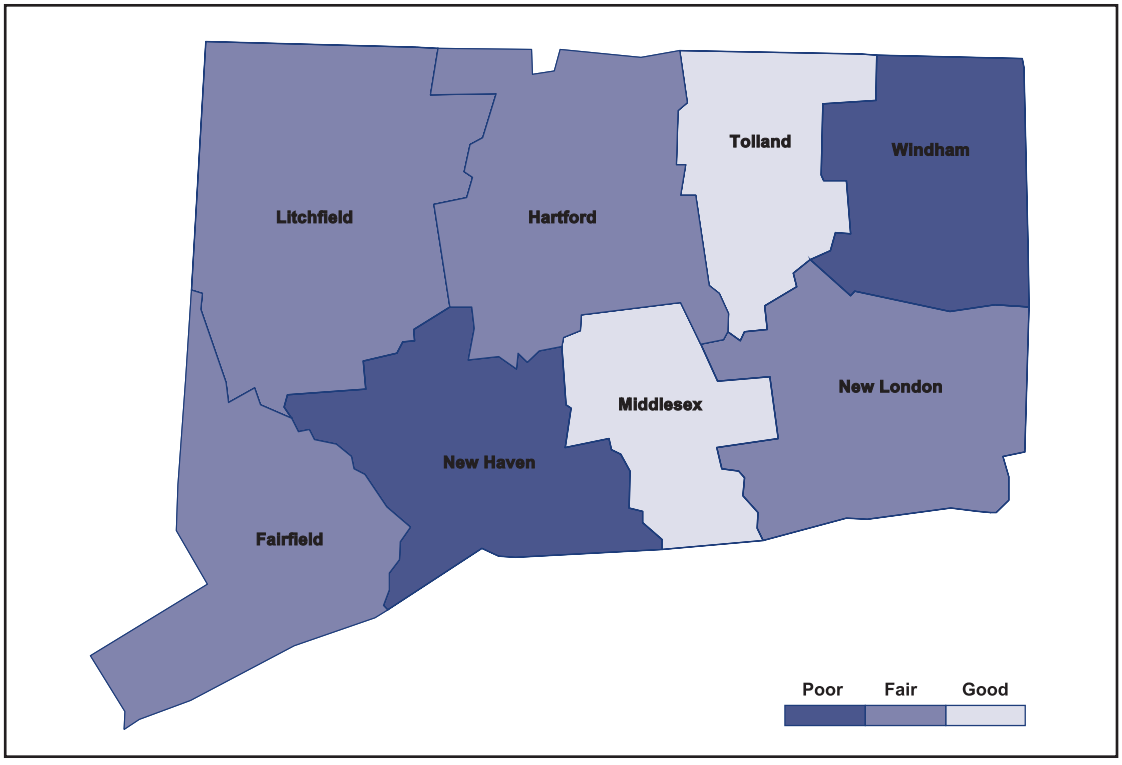
The Job Opportunities Index

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

"The Job Opportunities Index focuses on job opportunities for the population in general and for households living below the ALICE Threshold in particular. The more job opportunities there are in a county, the more likely a household is to be financially stable."

The Job Opportunities Index focuses on job opportunities for the population in general and for households living below the ALICE Threshold in particular. The key indicators for job opportunities are income distribution, the unemployment rate, and new hire wages. The more job opportunities there are in a county, the more likely a household is to be financially stable. There is less variation across Connecticut counties in Job Opportunities than in Housing Affordability. The fewest job opportunities are in New Haven County with a score of 45, and the most are in Tolland County with a score of 63.

Figure 28.
Job Opportunities by County, Connecticut, 2012



Source: American Community Survey, 2012 and the ALICE Threshold

The Job Opportunities Index: Income Distribution Indicator

The first indicator in the Job Opportunities Index is income distribution as measured by the share of income for the lowest two quintiles. The more evenly income is distributed across the quintiles, the greater the possibility ALICE households have to achieve the county's median income, and therefore the higher the Index score. In Connecticut, income is most unequal in Fairfield County, where the lowest two quintiles earn only 9 percent of the income each. The highest percentage these two quintiles earn is 15 percent in Tolland County (American Community Survey, 2012).

"The more evenly income is distributed across the quintiles, the greater the possibility ALICE households have to achieve the county's median income."

The Job Opportunities Index: Unemployment Rate Indicator

The second indicator in the Job Opportunities Index is the unemployment rate. Having a job is obviously crucial to income and financial stability; the higher the unemployment level in a given region, the fewer opportunities there are for earning income, therefore the lower the Index score. Connecticut's unemployment rate is near the national average of 8 percent in all counties. The lowest rate is in Middlesex County, at 7 percent, and the highest is in Windham County, with a rate of 9 percent.

The Job Opportunities Index: New Hire Wages Indicator

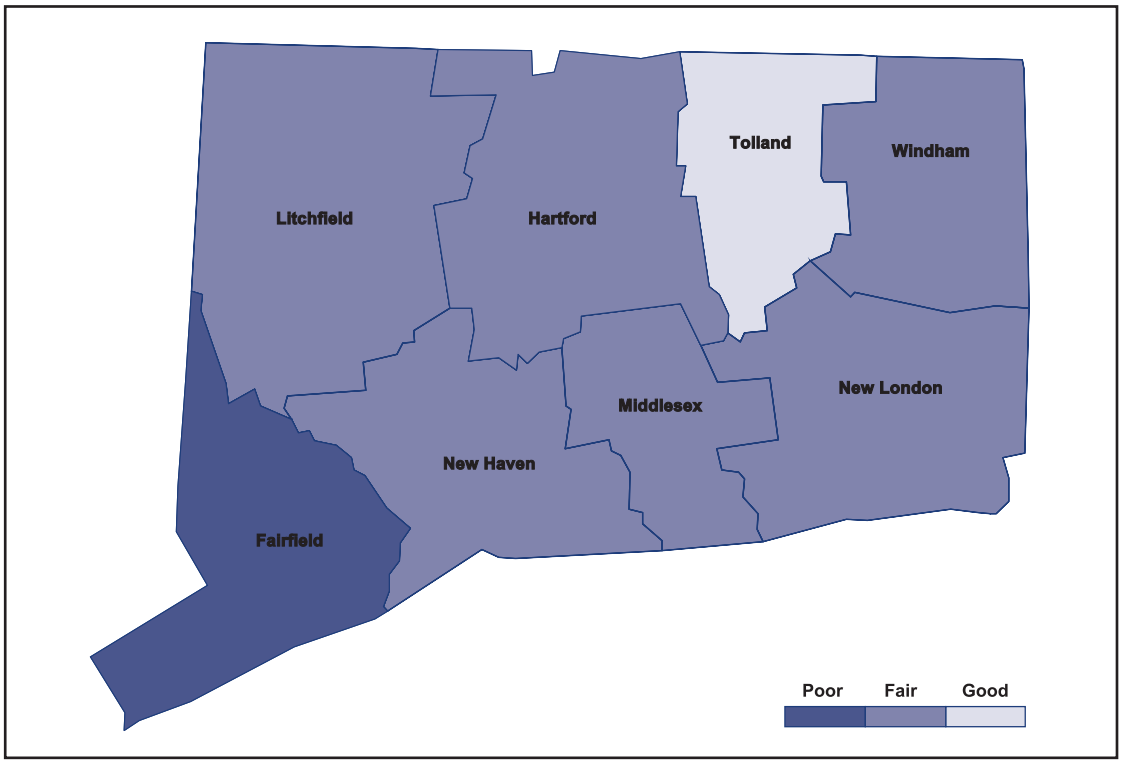
The third indicator in the Job Opportunities Index is the "average wage for new hires" as reported by the Bureau of Labor Statistics (BLS). While having a job is essential, having a job with a salary high enough to afford the cost of living is also important. This indicator seeks to capture the types of jobs that are available in each county. The higher the wage for new hires, the greater the contribution employment can make to household income and, therefore, the higher the Index score. The average wage for a new hire in Connecticut is $2,730 per month, but there is huge variation between counties; new hires in Windham County earn $2,218 per month while new hires in Fairfield County earn almost double that, with $4,242. This significant variation indicates that there are very different kinds of jobs and/or wage levels available in different locations.

The Community Support Index

Key Indicators: Violent Crime Rate + Nonprofits + Access to Health Care

Community support provides stability and resources that enable a household to function more efficiently. The key indicators for the Community Support Index are the violent crime rate, the size of the human services nonprofit sector, and access to health care. In Connecticut, there was less variation across counties in Community Support than in Housing Affordability. The county scores for Community Support range from a low of 44 in Fairfield County to a high of 61 in Tolland County.

Figure 29.
Community Support by County, Connecticut, 2012



Source: American Community Survey, 2012 and the ALICE Threshold

"Living in an area where one feels unsafe makes it difficult to meet daily living requirements easily, including working, food shopping, accessing child care, or even trying to maintain better health by walking outdoors."

The Community Support Index: Violent Crime Indicator

There is nothing more basic to economic prosperity than personal safety. The first indicator of Community Support is how well the population is protected and able to live and work in safety. The indicator used to assess safety is the Violent Crime Rate per 1,000 residents as reported in the FBI's Uniform Crime Report. Higher crime rates make it literally harder to survive and also depress the availability of good jobs nearby; therefore, a high crime rate lowers the Index score. In Connecticut, Tolland County has the lowest rate at 0.79 violent crimes per 1,000 residents, while New Haven County has the highest at 3.89 violent crimes per 1,000 residents, an improvement from 4.35 per 1,000 residents in 2007 (Federal Bureau of Investigation, 2012).

High crime rates drive down rent and property values, so the housing stock that low-income households can afford is often in less safe neighborhoods (Shapiro and Hassett, 2012; Ihlanfeldt and Mayock, 2010; Lynch and Rasmussen, 2001; Gibbons, 2004). While there is much debate on the cause and effect, it is clear that living in an area where one feels unsafe makes it difficult to meet daily living requirements easily, including working, food shopping, accessing child care, or even trying to maintain better health by walking outdoors.

The Community Support Index: Nonprofits Indicator

The second indicator in the Community Support Index is the impact of human service organizations in a given area, as measured by the annual payroll of human services nonprofits per capita (not including hospitals, universities, or houses of worship).

For the Index, nonprofits with higher payroll per capita are assumed to have more community impact and provide more support to local households living below the ALICE Threshold, resulting in a higher Index score.

In Connecticut, the average size of the nonprofit sector, as measured by the nonprofit payroll per capita per year, is $6,851, but there is enormous variation in nonprofit sector activity across counties. The smallest nonprofit sector is in Tolland County, where the nonprofit payroll is $2,604 per capita. The largest is in New Haven County, with $13,336 per capita, followed by Fairfield County at $11,615. Interestingly, Hartford County, the home of the state capital, is below the state average with $3,255 per year – whereas nonprofits in other state capitals generally have a higher impact because of the associated higher concentration of nonprofit head offices in those locations.

Another sign of the impact of the Great Recession is the fact that nonprofit revenues in Connecticut in 2010 were down 14 percent from 2007. Unfortunately, this was the same time period when demand for services increased in these areas. However, by 2012 they had almost returned to their 2007 levels.

The Community Support Index: Health Care Indicator

The third indicator in Community Support, and fundamental to economic opportunity, is access to health care. Because health insurance is a vital part of access to health care in the U.S., coverage is used as a proxy here for access to health care. With funding for coverage of the uninsured provided at the federal and state levels, the extent of coverage is an indicator of the effectiveness of local health outreach. For community health, the higher the rate of health insurance coverage, the higher the Index score.

"Health insurance is especially important for households living below the ALICE Threshold, who do not have the resources to pay for a health emergency. "

Health insurance alone (especially Medicaid) is not a guarantee of access to basic health care, but it is especially useful to note the level of coverage in 2012 as a baseline from which to measure change from the Affordable Care Act going forward.

The level of health insurance coverage improved from 89 to 90 percent in Connecticut from 2007 to 2012, and a small range persists across counties. The county with the lowest health insurance coverage rate is Fairfield with 88 percent, and the highest is Tolland County with 93 percent (U.S. Census Bureau, Small Area Health Insurance Estimates, 2012).

Health insurance is especially important for households living below the ALICE Threshold, who do not have the resources to pay for a health emergency. Even with eligibility for Medicaid and CHIP, low-income households are less likely than high-income households to have insurance in Connecticut. In fact, 19 percent of the population under the age of 64 with annual income under 200 percent of the Federal Poverty Level did not have health insurance in Connecticut in 2012, compared to 10 percent of the total non-elderly population (Kaiser Family Foundation, 2012).

"For ALICE households, locations where there are job opportunities near affordable living and community support are both most needed and hardest to find."

OVERVIEW OF ECONOMIC VIABILITY FOR ALICE HOUSEHOLDS IN CONNECTICUT'S COUNTIES

For ALICE households, locations where there are job opportunities near affordable living and community support are both most needed and hardest to find. The Economic Viability Dashboard shows that there are no counties in Connecticut that score in the highest third in all three indices, and only Tolland County scores highly on two out of three indices. At the other end of the spectrum, Fairfield County scored in the bottom third in two of the three and in the middle in the third (Figure 30).

Figure 30.
Economic Viability Dashboard, Connecticut, 2012

- Index scores are from a possible 1 (worst) to 100 (best)
- The scores are color coded by thirds: poor = bottom third; fair = middle third; good = top third of scores for each index

County	Housing Affordability (scores range from 34 to 71)	Job Opportunities (scores range from 45 to 63)	Community Support (scores range from 44 to 61)
Fairfield	poor (34)	fair (58)	poor (44)
Hartford	fair (58)	fair (52)	fair (47)
Litchfield	fair (68)	fair (60)	fair (55)
Middlesex	fair (66)	good (62)	fair (58)
New Haven	fair (65)	poor (45)	fair (46)
New London	good (70)	fair (53)	fair (47)
Tolland	fair (61)	good (63)	good (61)
Windham	good (71)	poor (50)	fair (48)

Sources and Methodology: See Appendix F.

VI. THE CONSEQUENCES OF INSUFFICIENT HOUSEHOLD INCOME

When households face difficult economic conditions and cannot afford basic necessities, they are forced to make difficult choices and take risks. When the overall economic climate worsens, as it did from 2007 to 2012 during and after the Great Recession, more households are forced to make even harder trade-offs. How do these households survive?

For ALICE households, difficult economic conditions create specific problems in the areas of housing, child care and education, food, health and health care, and transportation, as well as income and savings. **Yet what is not always acknowledged is that these problems have consequences not just for ALICE households, but for their broader communities as well** (Figure 31).

"For ALICE households, difficult economic conditions create specific problems in the areas of housing, child care and education, food, health and health care, and transportation, as well as income and savings."

Figure 31.
Consequences of Households Living Below the ALICE Threshold in Connecticut

	Impact on ALICE	Impact on Community
HOUSING		
Live in substandard housing	Inconvenience; health and safety risks; increased maintenance and utility costs	Stressed worker; absenteeism
Move farther away from job	Longer commute; costs increase; less time for other activities	More traffic on road; workers late to job
Homeless	Disruption to job, family, education, etc.	Costs for homeless shelters, foster care system, health care
CHILD CARE AND EDUCATION		
Substandard	Safety and learning risks; health risks; limited future employment opportunity	Future burden on education system and other social services; less productive worker
None	One parent cannot work; forgoing immediate income and future promotions	Further burden on education system and other social services
FOOD		
Less healthy	Poor health; obesity	Less productive worker/student; future burden on health care system
Not enough	Poor daily functioning	Even less productive, future burden on social services

"Homelessness is the worst possible outcome for households below the ALICE Threshold, but there are lesser consequences that still take a toll, including excessive spending on housing, living far from work, or living in substandard units."

	Impact on ALICE	Impact on Community
TRANSPORTATION		
Old car	Unreliable transportation; risk accidents; increased maintenance costs	Worker late/absent from job
No insurance/registration	Risk of fine; accident liability; license revoked	Higher insurance premiums; unsafe vehicles on the road
Long commute	Less time for other activities; more costly	More traffic on road; workers late to job; burden on social services
No car	Limited employment opportunities and access to health care/child care	Reduced economic productivity; higher taxes for special transportation; greater burden on emergency vehicles
HEALTH AND HEALTH CARE		
Underinsured	Forgo preventative health care; more out-of-pocket expenses	Workers report to job sick; spread illness; less productive; absenteeism
No insurance	Forgo preventative health care; use Emergency Room for non-emergency care	Higher premiums for all; more expensive health costs
INCOME		
Low wages	Longer work hours; pressure on other family members to work (drop out of school); no savings	Tired or stressed worker; higher taxes to fill the gap
No wages	Cost of looking for work and finding social services	Less productive society; higher taxes to fill the gap
SAVINGS		
Minimal Savings	Mental stress; crises; risk taking; use costly alternative financial systems to bridge gaps	More workers facing crisis; unstable workforce; community disruption
No savings	Crises spiral quickly, leading to homelessness, hunger, illness	Costs for homeless shelters, foster care system, emergency health care

Suggested reference: United Way ALICE Report – Connecticut, 2014

HOUSING

Housing is the cornerstone of financial stability, so the cost of housing plays a critical role in an ALICE household's budget. Homelessness is the worst possible outcome for households below the ALICE Threshold, but there are lesser consequences that still take a toll, including excessive spending on housing, living far from work, or living in substandard units. For these households, housing is challenging in Connecticut due to the lack of available low-cost units.

Among ALICE homeowners, the drop in the housing market and Connecticut's aging housing stock has forced many into foreclosure.

The rankings of Connecticut's metro areas vary from moderately affordable to among the least affordable housing markets in the country (National Association of Home Builders (NAHB)/Wells Fargo, 2014). The NAHB/Wells Fargo Housing Opportunity Index measures the share of homes sold in a given area that would be affordable to a family earning the local median income, based on standard mortgage underwriting criteria. Connecticut's Norwich-New London and New Haven-Milford metro areas rank as the 44th and 45th most affordable areas in the nation (out of 225) and among the top 11 in the Northeast (out of 44). The Hartford-West Hartford-East Hartford metro area ranks 66th nationally and 17th in the region. The Bridgeport-Stamford-Norwalk metro area is one of the least affordable metro areas in the nation, ranked at 202 out of 225 (NAHB/Wells Fargo, 2014) (Figure 32).

With a statewide vacancy rate of 8.7 percent, Connecticut sees problems of price reductions, poor housing conditions, and abandoned properties (American Community Survey, 2012; Metzger, 2012).

Figure 32.
NAHB/Wells Fargo Housing Opportunity Index for Connecticut Metro Areas, 2014

Affordability Rank		
METRO AREA	REGIONAL RANKING	NATIONAL RANKING
Norwich-New London	10	44
New Haven-Milford	11	45
Hartford-West Hartford-East Hartford	17	66
Bridgeport-Stamford-Norwalk	40	202

Source: NAHB/Wells Fargo, 2014

Another indicator of the lack of housing affordability in Connecticut is the extent to which households are housing burdened. As discussed in Section V, 42 percent of renters pay more than 35 percent of their household income on rent, and 26 percent of owners pay more than 35 percent of their income on monthly owner costs. According to the American Community Survey, owners and renters with lower incomes are more likely to be housing burdened than those with higher incomes (American Community Survey, 2012). When households with income below the ALICE Threshold spend more than 35 percent of income on rent and utility costs, they are often forced to forgo other basics such as food, medicine, child care, or heat (National Low Income Housing Coalition (NLIHC), 2012).

"When households with income below the ALICE Threshold spend more than 35 percent of income on rent and utility costs, they are often forced to forgo other basics such as food, medicine, child care, or heat."

Renters

ALICE households are more likely to be renters than owners; in Connecticut, 57 percent of households with income below the ALICE Threshold are renters, occupying 62 percent of all rental units. Renting allows for greater mobility; people can move more easily for work. In fact, renters are more likely than homeowners to have moved in the last few years (American Community Survey, 2012). However, any change in housing location has a range of associated costs, from financial transition costs and reduced wages due to time off from work to social start-up costs for new schools and the process of becoming invested in a new community.

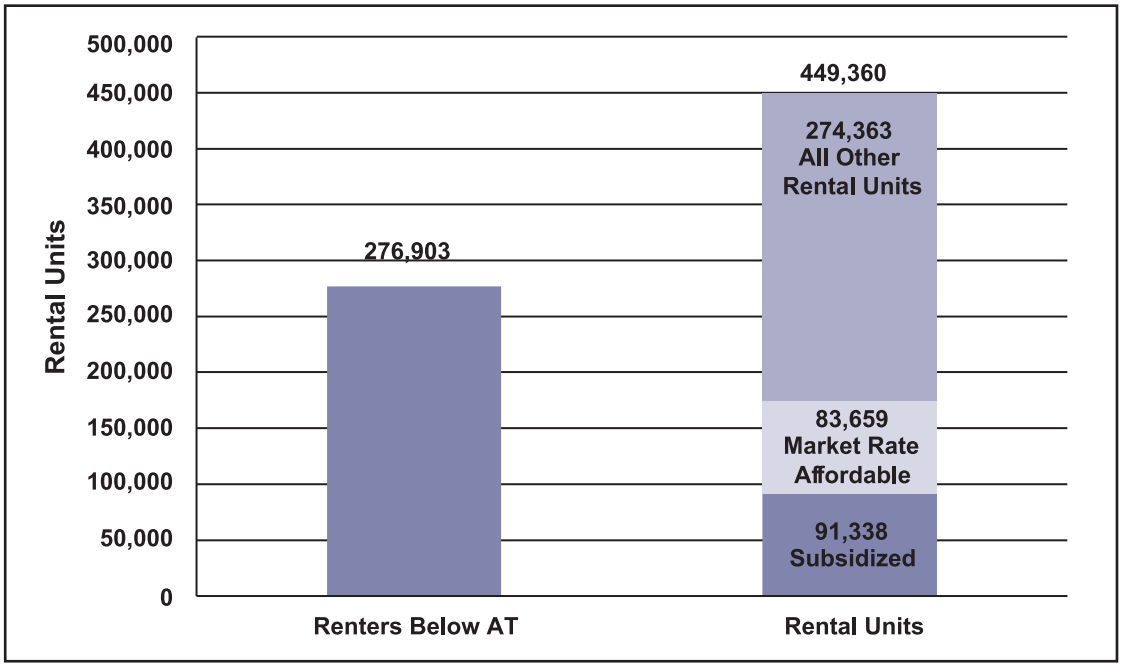
"The rental stock in Connecticut does not match current needs. Analysis of each county in Connecticut reveals that there are approximately 276,903 renters with income below the ALICE Threshold, yet there are only 174,997 rental units that ALICE and poverty households can afford."

The housing bubble and subsequent housing crisis led to an increase in the demand for rental housing in Connecticut. The percent of households renting increased from 30 percent in 2007 to 33.1 percent in 2012 (American Community Survey, 2012).

The rental stock in Connecticut does not match current needs. Analysis of each county in Connecticut reveals that there are approximately 276,903 renters with income below the ALICE Threshold, yet there are only 174,997 rental units that ALICE and poverty households can afford, assuming the household spends no more than one-third of its income on rent (Figure 33). Connecticut would need at least 101,906 more lower-cost rental units to meet the demand of renters below the ALICE Threshold. This assumes that all ALICE and poverty households are currently living in rental units they can afford, but the number of households that are housing burdened reveals that this is often not the case in Connecticut, and that the gap figure of 101,906 low-cost rental units needed is in fact a low estimate.

The ALICE rental housing deficit is slightly higher than NLIHC's statewide estimate of 90,918 for the shortage of affordable and available units for extremely low-income renters, based on affordability to residents earning less than 30 percent of the median income (NLIHC, 2013). Nevertheless, both indices confirm the significant shortage of affordable housing in Connecticut.

Figure 33.
Rental Stock, Affordable Units vs. Renters Below the ALICE Threshold, Connecticut, 2012



Source: American Community Survey, 2012 and the ALICE Threshold

Of the 174,997 rental units that households with income below the ALICE Threshold can afford, more than half are subsidized. Connecticut's affordable rental housing programs reached 91,338 households across the state in 2010 (HUD, 2013). Because the cost of housing is so high in Connecticut, market rate housing fails to provide enough rental units that ALICE households can afford. The extent of Connecticut's affordable rental housing programs, and the gap in low-cost units that still remains, reveal the burden that the high cost of housing imposes on the entire state.

In this market, most Connecticut renters continue to spend larger portions of their income on housing. The estimated mean wage for a Connecticut renter in 2013 was $15.71 per hour. At this wage, according to NLIHC, in order to afford the Fair Market Rate (FMR) for a two-bedroom apartment ($1,208 per month) without becoming housing burdened, a renter must work 59 hours per week, 52 weeks per year (NLIHC, 2014).

Problems with Low-cost Housing Units

Many housing units cost less because they are in undesirable locations, lack basic kitchen or bath facilities, or are in need of repair. Low-cost housing units are often in areas with high crime rates, run-down infrastructure, no public transportation, or long distances from grocery stores and other necessities. This is especially a problem for Connecticut's cities, where there continue to be neighborhoods with housing stocks characterized by vacancies, structural deficiencies, and lagging upkeep (Connecticut Policy Institute, 2014).

Connecticut's housing stock is somewhat older than the national average with 45.6 percent of housing units built before 1960, compared to the U.S. average of 30 percent. Additionally, 23 percent of Connecticut units were built before 1940, while nationally, fewer than one in five units (18.7 percent) are this old (American Community Survey, 2012).

"Low-cost housing units are often in areas with high crime rates, run-down infrastructure, no public transportation, or long distances from grocery stores and other necessities."

In Connecticut's low-cost housing stock, 2,754 units lack complete plumbing facilities and 7,719 lack complete kitchen facilities (American Community Survey, 2012). Older housing units also need maintenance. ALICE households living in older units face both the cost of upkeep and the safety risks of do-it-yourself repairs, or possibly greater risks when repairs are not made. A costly repair can threaten the safety or livelihood of an ALICE household.

Rental housing stock is also especially vulnerable to removal. Nationally, 5.6 percent of the rental stock was demolished between 2001 and 2011, but the loss rate for units with rent under $400 per month (i.e., those most affordable for ALICE households) was more than twice as high, at 12.8 percent (Joint Center for Housing Studies, 2013).

Homeowners

In Connecticut, there are 205,554 homeowners with income below the ALICE Threshold yet only 125,243 owner units are affordable to them (i.e., do not consume more than one-third of their income). Market rate affordability assumes a 30-year mortgage at 4 percent for 90 percent of the value of the house, plus real estate taxes. This assumes that all ALICE and poverty households are currently living in units that they can afford, but the number of households that are housing burdened reveals that owner units are not perfectly allocated by income in Connecticut and that the 80,311 additional low-cost owner units needed is in fact a low estimate.

When ALICE households are homeowners, they are more likely to have a sub-prime mortgage. Almost by definition, most sub-prime mortgages are sold to low-income households, and now these households make up the majority of foreclosures. Connecticut initially had fewer foreclosures than many states during the Great Recession, but as the economy continued to worsen, foreclosures increased. In 2013, Connecticut ranked 32 in the nation with 3,700 completed foreclosures. Its current foreclosure inventory rate of 4.2 percent is still high; the percentage of delinquent borrowers across the U.S. has historically been 1.1 percent (Partnerships for Strong Communities, 2013; CoreLogic, 2013; Demarco, 2011).

For an ALICE household, a foreclosure not only results in the loss of a stable place to live and an owner's primary asset but also reduces the owner's credit rating, creating barriers to

future home purchases and rentals. With few or no other assets to cushion the impact, ALICE households recovering from foreclosure often have difficulty finding new housing (Federal Reserve Board, 2008; Kingsley, Smith, and Price, 2009; Frame, 2010).

In addition, with the tightening of mortgage regulations, those who do not qualify look for alternatives, leading to an increased interest in the use of "contract for deed" or "rent-to-own" mortgages (Popoff, 2013).

Homelessness

Ultimately, if an ALICE household cannot afford their home or it becomes too unsafe, they can become homeless. This starts a downward spiral of bad credit and destabilized work, school, and family life. Some households move in with relatives, threatening the stability of another household. Others move to public assistance housing and homeless services. In Connecticut in 2014, there are 3,571 homeless people, down from 4,448 in 2010. Less than one-half are families, and 63 percent are homeless singles. These figures include 221 homeless veterans, down from 341 in 2010 (Connecticut Coalition to End Homelessness, 2014; U.S. Interagency Council on Homelessness, 2011).

The evidence is clear that the cost of preventing homelessness is significantly less than the cost of caring for a homeless family or returning them to a home – one-sixth the cost, according to the Office of the Inspector General of the U.S. Department of Health and Human Services (National Alliance to End Homelessness, 2005). The National Alliance to End Homelessness (NAEH) estimates that the cost to help a household recover from a homeless episode is $11,439, including shelter, transitional housing, counseling, and other services (NAEH, 2005). And Philip Mangano, former executive director of the U.S. Interagency Council on Homelessness, reports that the cost of keeping people on the street ranges between $35,000 and $150,000 per person per year, while the cost of keeping formerly homeless people housed ranges from $13,000 to $25,000 per person per year, based on data from 65 U.S. cities (Mangano, 2008).

CHILD CARE AND EDUCATION

"Early learning experiences that help build both social skills and pre-learning skills have social and economic benefits for children, parents, employers, and society as a whole, both now and in the future."

The consequences for a family of not having child care are twofold: the child may not gain pre-learning skills necessary for success in kindergarten and beyond, and one parent has to forgo work, limiting future earning potential. As discussed in the Household Survival Budget, child care in Connecticut is often the most expensive item in a family's budget. The average cost of licensed home-based child care in Connecticut is $777 per month for an infant and $741 per month for a four-year-old. By comparison, licensed, accredited child care centers cost 34 percent more for an infant at $1,038 per month and 15 percent more for a four-yearold at $855 per month (CT 2-1-1, 2013a).

In an attempt to save money, or because they lack other available child care options, ALICE parents may use unlicensed home-based or even informal child care. In Greater New Haven, 56 percent of households earning less than $50,000 are satisfied with the availability of child care in their area, whereas 78 percent of those earning more than $100,000 are satisfied (DataHaven, 2012).

The value of good child care – for children, their families, and the wider community – is well documented. Early learning experiences that help build both social skills and pre-learning skills have social and economic benefits for children, parents, employers, and society as a whole, both now and in the future. Alternatively, poor quality child care can slow intellectual

and social development, and low standards of hygiene and safety can lead to injury and illness for children. Inadequate child care negatively affects parents and employers as well, resulting in absenteeism, tardiness, and low productivity (Alliance for Excellent Education, 2011 and 2013; Haskins, 2011; Childhood Trends, 2011; McCartney, 2008).

Some child care needs can be covered by publicly subsidized preschools, which provide great savings to ALICE families. State-funded child care programs including Connecticut School Readiness and Head Start provided funding for just over 18,000 preschool children in 2012, and an additional 25,000 child care slots were subsidized by the state. Connecticut spends the second highest amount per student on preschool subsidies ($9,356) of all states. In terms of quality, these programs scored 6 out of 10 in the National Institute for Early Education Research (NIEER)'s Quality Standards Checklist (NIEER, 2013; American Community Survey, 2012; Connecticut Department of Social Services, 2013). In addition, due to changes in the funding of Connecticut public schools, 70 percent of districts now provide full-day kindergarten, which is crucial for working ALICE parents (Sullivan, 2013).

One impact of the Great Recession has been the decrease in demand for child care as unemployed parents save money by caring for preschool-age children at home. The average vacancy rate at Connecticut child care centers is 13 percent and at family-child-care homes is 25 percent (CT 2-1-1, 2013a). The empty spaces create economic problems for child care centers. In some cases, centers raise rates for remaining children, but that is often not possible for government-subsidized spots. In other cases, centers are forced to close. In fact, 51 child care programs closed in Connecticut in 2013 because they were not profitable (CT 2-1-1, 2013b).

One area of particular concern for Connecticut's ALICE households is the achievement gap in Connecticut's public schools. When compared to low-income students from other states, Connecticut's low-income students score in the bottom third on key assessments, according to the Connecticut Commission on Educational Achievement. The achievement gap exists in every part of Connecticut – urban, suburban, and rural. In fact, some of the state's wealthiest towns have achievement gaps larger than those of the Hartford and New Haven school districts (CCEA, 2012). Connecticut's State Department of Education data show that more than 20 percent of the class of 2009 failed to graduate in four years, and that figure jumped to 62.7 percent for low-income students and 64 percent for Hispanic students (Cotto, 2012).

"The achievement gap exists in every part of Connecticut – urban, suburban, and rural. In fact, some of the state's wealthiest towns have achievement gaps larger than those of the Hartford and New Haven school districts."

The persistence of the achievement gap has driven many families to seek alternatives, primarily the creation of 69 magnet and 18 charter schools. Magnet schools grew from 11,000 to 27,000 students from 2001 to 2012, and charter schools grew from 2,500 to 6,000. These are predominantly minority students, approximately 72 percent compared to the state average of 39 percent. Despite the growth, these schools are unable to keep up with demand (Connecticut State Department of Education, 2014; Cotto and Feder, 2014).

The difference in the net fiscal contributions of a high school graduate versus a high school dropout in Connecticut is $518,000 over that person's lifetime, according to a 2009 estimate by the Center for Labor Market Studies at Northeastern University. Further, the gap between high school graduates and those who hold a bachelor's degree is $681,000. Closing the achievement gap would improve Connecticut's economy for everyone (Sum, 2009; CCEA, 2012). The evidence is clear on the importance of needing, at a minimum, a solid high school education in order to achieve economic success. The lack of a basic education has other repercussions for the wider society, including lower tax revenues, greater public spending on public assistance and health care, and higher crime rates (Tyler and Lofstrom, 2009; Center for Labor Market Studies, 2009 and 2009a).

Another problem for ALICE households is the cost of college and the burden of college loans. Because college graduates have greater earning power, more Americans than ever before are attending college, but at the same time, more are dropping out and defaulting on their loans. In Connecticut, 25 percent of workers have some college or an associate degree, but not a bachelor's degree. These residents are more likely to have debt that they cannot repay. Nationally, 58 percent of borrowers whose student loans came due in 2005 hadn't received a degree, according to the Institute for Higher Education Policy. Of those, 59 percent were delinquent on their loans or had already defaulted, compared with 38 percent of college graduates (Cunningham and Kienzl, 2011).

FOOD

Having enough food is a basic challenge for ALICE households. Between 2010 and 2012, 13.4 percent of Connecticut households experienced food hardship (U.S. Department of Agriculture (USDA), 2012). Feeding America estimates that 13.9 percent of the overall Connecticut population and 19.6 percent of children are food insecure, according to the USDA's measure of lack of access, at times, to enough food for an active, healthy life for all household members and limited or uncertain availability of nutritionally adequate foods (Feeding America, 2014).

The need for food assistance has increased over time as well. **From 2007 to 2012, the total number of Connecticut households receiving federal food stamps (SNAP) increased by 118 percent** (American Community Survey, 2007 and 2012). In addition, the Connecticut Food Bank increased the number of people served in Connecticut during the Great Recession and more recent hurricanes with its 700 local food assistance programs. Distribution increased from 13.8 million pounds of food in 2008–09 to 21 million pounds in 2013–14 (CFB, 2014; Helin, 2014).

"In Connecticut, 32 percent of adults and 35 percent of adolescents do not eat fruit or vegetables daily. Only 67 percent of Connecticut neighborhoods have a healthy food retailer within a half-mile."

Access to healthy food options is another challenge for the ALICE population. Many low-income households work long hours at low-paying jobs and are faced with higher prices for and often minimal access to fresh food, which often makes healthy cooking at home difficult and unaffordable. More convenient options like fast food, however, are usually far less healthy. In Connecticut, 32 percent of adults and 35 percent of adolescents do not eat fruit or vegetables daily. This may be explained in part by the fact that only 67 percent of Connecticut neighborhoods have a healthy food retailer within a half-mile, slightly less than the national average of 70 percent (Centers for Disease Control and Prevention (CDC), 2013).

Not having enough income to afford healthy food has consequences not only for ALICE's health, but also for the strength of the local economy and the future health care costs of the community. Numerous studies have shown associations between food insecurity and adverse health outcomes such as coronary heart disease, cancer, stroke, diabetes, hypertension, and osteoporosis (Seligman, Laraia and Kushel, 2010; Kendall, Olson and Frongillo, 1996). The USDA argues that healthier diets would prevent excessive medical costs, lost productivity, and premature deaths associated with these conditions (Frazão, 1999).

Households facing food insecurity are also more vulnerable to obesity. ALICE households often lack access to healthy, affordable food or time to prepare it, and they have fewer opportunities for physical activity because of long hours at work and poor access to recreational spaces and facilities. In addition, stress often contributes to weight gain, and ALICE households face significant stress from food insecurity and other financial pressures (Hartline-Grafton, 2011). In Connecticut, 26 percent of adults are overweight or obese, slightly lower than the national average of 28 percent (CDC, 2013). These rates have increased slightly over time in Connecticut, from 25 percent in 2001 to 26 percent in 2012 (CDC, 2012).

TRANSPORTATION AND COMMUTING

With limited public transportation in Connecticut, having a car is essential in order to live and work in most parts of the state. Only in Fairfield County do 9 percent of workers use public transportation to get to work (American Community Survey, 2012). Without a car in Connecticut, ALICE households have difficulty getting to their jobs, grocery stores, schools, and health care centers. Also, because many ALICE households work in the service sector, they are required to be on the job in person, making vehicles essential for employment.

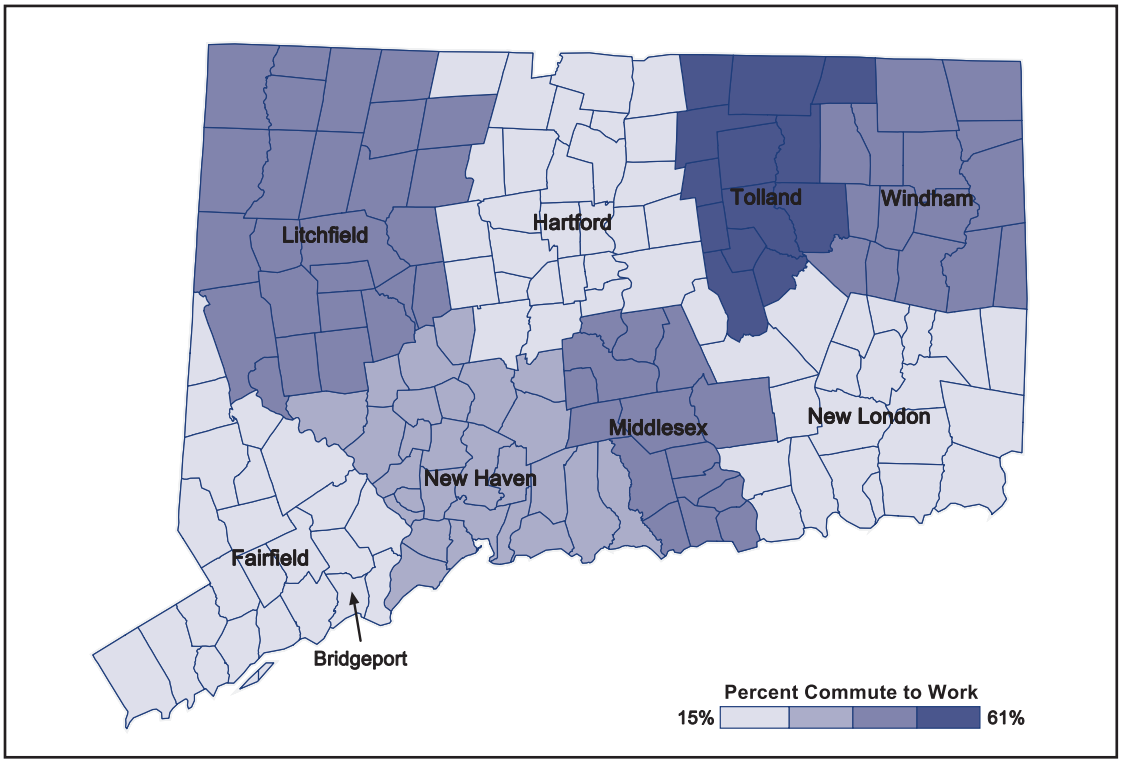
"Because many ALICE households work in the service sector, they are required to be on the job in person, making vehicles essential for employment."

Nationally, families with a car are more likely to live in neighborhoods with greater environmental quality, safety, and social quality than the neighborhoods of households without cars (Pendall, Hayes, George, and McDade, 2014). There are consequences for the wider community when households do not have access to a car and cannot get to work or to health care facilities, including reduced economic productivity and a greater burden on health services, particularly emergency vehicles.

Commuting impacts most workers in Connecticut; 36 percent commute to work outside their home county (Figure 34). Tolland County has the largest percentage of residents commuting outside the county with 61 percent, and Hartford County has the lowest, with 15 percent. The mean commute time for Connecticut workers is 25 minutes to work, slightly less than the national average of 26 minutes (American Community Survey, 2012).

Long commutes add costs (car, gas, child care) that ALICE households cannot afford. Long commutes also reduce time for other activities, such as exercise, shopping for and cooking healthy food, and community and family involvement. This is another instance in which ALICE workers use short-term cost saving measures that impose long-term risks.

Figure 34.
Percent of Workers Commuting Outside Home County, Connecticut, 2012



Source: American Community Survey, 2012

"Because owning a car is essential for work, many ALICE households need to borrow money in order to buy a vehicle. Low-income families are twice as likely to have a vehicle loan as all families."

Because owning a car is essential for work, many ALICE households need to borrow money in order to buy a vehicle. Low-income families are twice as likely to have a vehicle loan as all families. Many workers cannot qualify for traditional loans and are forced to resort to non-traditional means, such as "Buy Here Pay Here" used car dealerships and Car-Title loans (Center for Responsible Lending, 2011).

In 2010, approximately 33 percent of ALICE households nationally bought a new vehicle through installment debt, a drop from 44 percent in 2007, reflecting the national decrease in the purchase of new vehicles. With that national decrease, the average value of vehicles dropped across the country. Nationally, for low-income families, the median car value is $4,000, or about one-third of the $12,000 median value of cars owned by middle-income families (Bricker, Bucks, Kennickell, Mach, and Moore, 2011).

One way low-income households try to close the income gap is by skimping on expenses, and those expenses often include car insurance. Despite the fact that driving without insurance is a violation in nearly every state, 10 percent of Connecticut motorists were uninsured in 2009, up from 9 percent in 2007 (latest figures available from the Insurance Research Council, 2009 and 2011). Vehicles without insurance increase costs for all motorists; uninsured and under-insured motorists adds roughly 8 percent to an average auto premium for the rest of the community (McQueen, 2008).

Another cost-saving strategy is not registering a vehicle, saving the annual fee and possibly the repairs needed for it to pass inspection. These strategies may provide short-term savings, but they have long-term consequences such as fines, towing and storage fees, points on a driver's license that increase the cost of car insurance, and even impounding of the vehicle. Low-income households also often defer car maintenance. Again, this short-term cost saving measure creates hazards for the wider community as older and poorly maintained vehicles on the roads pose safety and environmental risks to all drivers.

These strategies all have risks for ALICE households as well as for the wider community. Older cars that may need repairs make driving less safe and increase pollution for all. When ALICE workers cannot get to work on time, productivity suffers. And when there is an emergency such as a child being sick or injured, if an ALICE household does not have reliable transportation, their options are poor – forgo treatment and risk the child's health, rely on friends or neighbors for transportation, or call an ambulance, increasing costs for all taxpayers.

HEALTH AND HEALTH CARE

Quality of health directly correlates to income. Low-income households are more likely than higher-income households to be obese and to have poorer health in general (CDC, 2011; CDC, Behavioral Risk Factor Surveillance System, 2010). There is a two-way connection: having a health problem can reduce income and increase expenses, often moving a family below the ALICE Threshold or even into poverty. But trying to maintain a household with a low income and few assets can also cause poor health and certainly mental stress (Choi, 2009; Currie and Tekin, 2011; Federal Reserve, 2013; Zurlo, Yoon, and Kim, 2014).

A 2011 survey of U.S. physicians by the Robert Wood Johnson Foundation concluded that "medical care alone cannot help people achieve and maintain good health if they do not have enough to eat, live in a dilapidated apartment without heat, or are unemployed." Physicians report that their patients frequently express health concerns caused by unmet social needs, including the conditions in which people are born, grow, live, work, and age.

Four in five physicians surveyed say unmet social needs are directly leading to poor health. The top social needs include: fitness programs (75 percent), nutritious food (64 percent), transportation assistance (47 percent), employment assistance (52 percent), adult education (49 percent), and housing assistance (43 percent) (Robert Wood Johnson Foundation, December 2011).

A contributing factor to poor health in Connecticut is a shortage of health care professionals. According to the Kaiser Family Foundation, there are 37 Primary Care Health Professional Shortage Areas (HPSA) in Connecticut, with only 15 percent of need being met, compared to a 60 percent rate for HPSAs nationally. Similarly, there are approximately 37 Dental Care HPSAs in Connecticut, with only 11 percent of need being met, and 28 Mental HPSAs in Connecticut, with 32 percent of need being met (Kaiser Family Foundation, 2012).

ALICE households try to save on health care in many ways. Unfortunately, most have downside risks, many of them significant.

Preventative Health Care

A common way to save on health care costs is to forgo preventative health care, which typically includes seeing a doctor, taking regular medication, and maintaining a healthy lifestyle. For many ALICE households, visits to doctors are often seen as too expensive. According to a National Center for Health Statistics survey, 15 percent of adults nationally reported not seeing a doctor in 2012 because of cost. Similarly, 20 percent of adults asked their doctor for a lower-cost medication and 12 percent went without their medication to save money (Cohen, Kirzinger, and Gindi, 2013).

Forgoing preventative dental care is even more common, and nationally low-income adults are almost twice as likely as higher-income adults to have gone without a dental check-up in the previous year. Yet poor oral health impacts overall health and increases the risk for diabetes, heart disease, and poor birth outcomes (U.S. Senate Committee on Health, Education, Labor & Pensions, 2012).

Untreated mental health issues are also a pressing problem. Across the U.S., funding has been cut for mental health services while demand has increased. According to the Center for Behavioral Health Statistics and Quality, nationally, only 38 percent of individuals with mental health issues have received appropriate services. The result has been longer waiting lists for care, less money to help patients find housing and jobs, and more people visiting emergency rooms for psychiatric care (Glover, Miller and Sadowski, 2012). Untreated mental health issues shift problems to other areas: they increase emergency department costs, increase acute care costs, and add to caseloads in the criminal, juvenile justice, and corrections systems, as well as increasing costs to assist the homeless and the unemployed. It should be noted that nationally, each dollar spent on substance abuse treatment saves seven dollars in future health care spending (Glover, Miller, and Sadowski, 2012).

One of the primary reasons that people do not seek mental health treatment is cost. In recent national surveys, over 65 percent of respondents cited money-related issues as the primary reason for not pursuing treatment, and over half of individuals with private insurance said that the number one reason they do not seek mental health treatment is because they are worried about the cost. For those without comprehensive mental health coverage, treatment is often prohibitively expensive (Center for Behavioral Health Statistics and Quality, 2012; Parity Project, 2003).

"Across the U.S., funding has been cut for mental health services while demand has increased. According to the Center for Behavioral Health Statistics and Quality, nationally, only 38 percent of individuals with mental health issues have received appropriate services."

"Nationally, 44 percent of youth with mental health problems drop out of school; 50 percent of children in the child welfare system have mental health problems; and 67 to 70 percent of youth in the juvenile justice system have a diagnosable mental health disorder."

Lack of treatment for mental health issues is particularly serious for children and young adults, an issue brought to light by the Sandy Hook Elementary School tragedy and the subsequent Task Force to Study the Provision of Behavioral Health Services for Young Adults (2014).

About 160,000 children and adolescents in Connecticut need mental health care, according to the Child Health and Development Institute of Connecticut. Of those children, only about 20 percent are able to access the care they need, leaving approximately 125,000 Connecticut youth struggling with untreated mental health concerns (Bracey, Arzubi, Vanderploeg, and Franks, 2013). The implications, according to the National Center for Children in Poverty, are that nationally, 44 percent of youth with mental health problems drop out of school; 50 percent of children in the child welfare system have mental health problems; and 67 to 70 percent of youth in the juvenile justice system have a diagnosable mental health disorder (Stagman and Cooper, 2010). National research also shows that consistent with other areas of health, children in low-income households (such as ALICE) and minority children who have special health care needs have higher rates of mental health problems than their White or higher-income counterparts, yet are less likely to receive mental health services (VanLandeghem and Brach, 2009).

In addition to the high costs of health care, low-income and minority families across the country may experience other barriers to care, including language and cultural barriers, transportation challenges, and difficulty making work and child care arrangements (U.S. Senate Committee on Health, Education, Labor & Pensions, 2012). When care is hard to access, a health problem worsens, and the cost of treatment increases significantly for the patient or, if the patient cannot pay, for the state.

Health problems also cost employees lost wages for absenteeism, and their companies feel that cost in decreased productivity. A National Alliance on Mental Illness study estimated that the annual cost to employers for mental-health absenteeism ranged from $10,000 for small organizations to over $3 million for large organizations (Harvard Mental Health Letter, 2010; Parity Project, 2003).

Insurance Coverage

Another way to save on health care costs is to forgo health insurance. While 10 percent of the total Connecticut population under 65 years old did not have health insurance in 2012, 19 percent of those roughly under the ALICE Threshold were without insurance (Kaiser Family Foundation, 2012). In general, the national rate of health insurance coverage for low-wage workers has fallen steadily over the last three decades. In particular, health insurance coverage has fallen by more than 14 percent for the lowest two quintiles (Schmitt, 2012). In Connecticut, those without health insurance are less likely to access care when they need it, according to the Connecticut Center for Economic Analysis, and they consequently have worse health outcomes and lower quality of life than the insured (McMillen, Parr, and Sharma, 2004).

Forgoing dental insurance is even more common, as it is often not included in private health insurance packages. Forty-five percent of Americans do not have dental coverage. Dental care has restrictive coverage through Medicaid in most states, including Connecticut. As a result, only 76 percent of adults in Connecticut visited a dentist in the past year (Kaiser Commission on Medicaid and the Uninsured, June 2012; Kaiser Family Foundation, 2012), and only 60 percent of lower-income adults in Greater New Haven had seen a dentist in the past 12 months (DataHaven, 2012).

Emergency Room Use

The consequences of forgoing preventative care and health insurance include poorer health status and increases in emergency room use, hospitalizations, and cardiovascular events (Heisler, Langa, Eby, Fendrick, Kabeto, and Piette, 2004; Piette, Rosland, Silveira, Hayward, and McHorney, 2011). The number of emergency room visits is high in Connecticut with 458 per 1,000 people in 2011, compared to 415 per 1,000 for the U.S. overall (Kaiser Family Foundation, 2012). Data for the greater New Haven area provides even more insight: the percent of higher-income households who visited the emergency room in the past year was 22 percent, while the percent of lower-income households was almost double that, at 40 percent (DataHaven, 2012).

When health care is expensive, many ALICE families only seek care when the illness is advanced and pain is unbearable. It is at that point that many people go to the more expensive emergency room for help because their condition has reached a crisis point and they have no other option. The wider community feels the consequences of emergency room use in increases in health insurance premiums, charity care, Medicare, and hospital community assistance (Bureau of Labor Statistics, 2010; Kaiser Family Foundation, 2011).

"When health care is expensive, many ALICE families only seek care when the illness is advanced and pain is unbearable. It is at that point that many people go to the more expensive emergency room for help because their condition has reached a crisis point and they have no other option."

Caregiving

Another hidden health care cost is that of caring for a sick or elderly family member or someone living with a disability. The AARP estimates that there were more than 486,000 family caregivers in Connecticut in 2009 (AARP, 2011). With 1.36 million households, that means that **more than one in three households in Connecticut have a caregiver. Because of the cost constraints under which ALICE households operate, more than one in three ALICE households also has a caregiver.**

Caregiving for a family member is costly for families both in the time devoted to care and in the time taken away from employment. Many caregivers are forced into the role because they cannot afford outside care. However, families of all income levels may choose to care for family members themselves.

In 2009, Connecticut caregivers donated 465 million hours to care for elderly parents or family members who were sick or had a disability. At the hourly wage of $12.50 for a typical home health aide, **that totals more than $5.8 billion in unrealized income provided by family caregivers (AARP, 2011) – 30 percent more than Connecticut's total Medicaid spending of $4 billion in 2012.**

A 2010 MetLife Mature Market Institute study quantifies the opportunity cost for adult children caring for their elderly parents. For women, who are more likely to provide basic care, the total per-person amount of lost wages due to leaving the labor force early and/or reduced hours of work because of caregiving responsibilities was on average $142,693 over the care period. The estimated impact of caregiving in lost Social Security benefits was $131,351, and a very conservative estimate for reduced pensions was approximately $50,000. In total, nationally, the cost impact of caregiving on an individual female caregiver in terms of lost wages and Social Security benefits was $324,044 (MetLife, 2010).

INCOME

As discussed in Section III, low wages for ALICE households make it more difficult to meet their basic budget, and in many instances they also face higher costs. A reduction in income has forced many to turn to government assistance for the first time. ALICE households use many strategies to increase their income, including working longer hours or taking an additional job. Despite a high unemployment rate, 5.8 percent of workers in Connecticut were multiple jobholders in 2012 (Bureau of Labor Statistics, 2013).

Insufficient household income can also put pressure on other family members to work, sometimes forcing young adults to drop out of school. However, in several areas of Connecticut – especially Bridgeport, Waterbury, and New Haven – the graduation rate is low but there are few job opportunities for young adults (Joseph and Rodriguez, 2013).

Without sufficient income, many ALICE households do not qualify for traditional financial products. The alternatives carry higher fees and interest rates and more associated risks.

Ultimately, low wages also mean that ALICE households cannot afford to save, and the loss of a job means that any savings accumulated in better times are used. ALICE families have both the greatest risk of job loss and the least access to resources to soften the blow. The Pew Economic Mobility Project found that families that experienced unemployment suffered not only lost income during their period of not working, but also longer-term wealth losses, compromising their economic security and mobility (Pew Economic Mobility Project, 2013).

Taxes

The conventional view may be of low-income households receiving government assistance, but from this Report it is clear that ALICE households contribute to the economy by working, buying goods and services, and paying taxes. While there is some relief for the elderly and the lowest-income earners, most ALICE households pay about 12 percent of their income in taxes. Only very low-income households, earning less than $20,000 per year for a couple or $10,000 per year for a single individual (below the poverty rate), are not required to file taxes (IRS, Form 1040, 2012). However, when households cannot afford to pay their taxes, they increase the cost to those who do. They also incur the risk of being audited and paying fines and interest in addition to the original amount due.

"Without savings, it is impossible for a household to become economically independent. Without asset building stakeholders, communities may experience instability and a decline in economic growth."

SAVINGS

Without assets, ALICE households risk greater economic instability, both in the present through an unexpected emergency as discussed above, and in the future because they lack the means to invest in education, home ownership, or a retirement account. Without savings, it is impossible for a household to become economically independent. Without asset building stakeholders, communities may experience instability and a decline in economic growth.

The assets of an ALICE household are especially vulnerable when workers lose their jobs. According to the Pew Economic Mobility Project, during unemployment, a common strategy is to draw down retirement accounts. Penalties are charged for early withdrawals, and retirement savings are diminished, putting future financial stability at risk (Pew Economic Mobility Project, 2013).

Few assets and a weak credit record mean that many ALICE families are forced to use alternative financial products, as discussed in Section III. They are also vulnerable to predatory lending practices. This was especially true during the housing boom, which in part led to so many foreclosures in Connecticut (McKernan, Ratcliffe, and Shank, 2011).

High-interest, unsecured debt from credit cards and payday loans can be a useful alternative to even higher-cost borrowing or the failure to pay mortgage, rent, and utility bills. For example, the cost of restoring utilities is often greater than a payday loan fee. But the repeated use of payday loans and credit card debt increases the fees and interest rates and decreases the chance that they can be repaid. Repeated use of payday loans is linked to a higher rate of moving out of one's home, delaying medical care or prescription drug purchases, and even filing for Chapter 13 bankruptcy (CRSA, 2006; Campbell, Jackson, Madrian, and Tufano, 2011; Boguslaw, 2013).

For military personnel, payday loans are associated with declines in overall job performance and lower levels of retention. Indeed, to discourage payday loans to military personnel, the 2007 National Defense Authorization Act caps rates on payday loans to service members at a 36 percent annual percentage rate (Campbell, Jackson, Madrian, and Tufano, 2011).

"Few assets and a weak credit record mean that many ALICE families are forced to use alternative financial products. They are also vulnerable to predatory lending practices."

CONCLUSION – FUTURE PROSPECTS FOR ALICE HOUSEHOLDS

"The majority of government programs are intended to help the poor obtain basic housing, food, clothing, health care, and education, not to enable economic stability."

As this Report has documented, despite aggregate ALICE household earnings of more than $9.3 billion, and despite another $10.6 billion in spending by government, nonprofits, and hospitals, there are still 474,445 households in Connecticut struggling financially. Without public assistance, ALICE households would face even greater hardship, and many more would be in poverty. However, the majority of government programs are intended to help the poor obtain basic housing, food, clothing, health care, and education (Haskins, 2011), not to enable economic stability. Accordingly, these efforts have not solved the problem of economic insecurity among ALICE households. This is clearest with Social Security spending: senior households are largely above the Federal Poverty Level (FPL) but still below the ALICE Threshold for economic survival.

This section of the Report identifies the future obstacles to economic stability in Connecticut for ALICE households as the state faces the dual challenge of the impact of the Great Recession and an aging population. The most immediate impediment is the stubbornly high rate of unemployment; while the rate improved to 7.8 percent in 2013 and continued to improve in early 2014 from the 2010 peak of 9.5 percent, it remains significantly higher than the pre-Recession rate of 2.3 percent in 2000. Long-term structural changes to the job market, including underemployment and the dominance of the service sector, are also challenges for Connecticut. In addition, the state's ALICE households face problems such as the lack of supply of low-cost housing, the high cost of quality child care, longer commutes, and declining health.

This section reviews the short-term interventions that can help sustain ALICE households through an emergency, as well as medium-term strategies that can ease the consequences and hardship of those struggling to achieve economic stability in Connecticut.

Finally, this section also considers the long-term, large-scale economic and social changes that would significantly reduce the number of households with income below the ALICE Threshold.

AGING POPULATION

Between 2005 and 2050, the share of the population aged 60 and over is projected to increase in nearly every country in the world. Insofar as this shift will tend to lower both labor force participation and savings rates, it raises bona fide concerns about a future slowing of economic growth (Bloom, Canning, and Fink, 2011). Connecticut's aging population is slightly ahead of the national trend. Connecticut currently has a disproportionately large share of baby boomers, 14.4 percent, and this cohort is about to move into senior citizen status. This means that Connecticut will age more dramatically than the nation as a whole. By 2030, 21.5 percent of Connecticut's population will be 65 or older, compared with 19.7 percent nationwide (American Community Survey, 2012; Palmer, Condon, and Flaherty, 2012; U.S. Census, 2005).

The aging trend will be acutely felt in Connecticut and will have direct implications for ALICE households. Because so many households have seen the value of their houses decline, their retirement assets go toward emergencies, and their wages decrease so that they cannot save. Connecticut's aging householders face becoming ALICE in the near future.

With shifts in population, there will also be fewer workers to support the greater numbers of households in need. While there has been international migration into Connecticut, it has been offset by the number of Connecticut residents leaving the state (Palmer, Condon, and Flaherty, 2012; and Gunther, Waite, and Carstensen, 2012).

Population aging and economic decline have significant consequences for ALICE households and the wider community. First, there will be increased pressure in the housing market for smaller rental units. Unless changes are made to the housing stock, the current shortage will increase, pushing up prices for low-cost units and making it harder for ALICE households to find and afford basic housing. In addition, homeowners trying to downsize may have difficulty realizing home values they had estimated in better times, and which they had thought would support their retirement plans. The reduced value of housing assets may increase the number of senior ALICE households (New England Economic Partnership, 2013).

Second, there will be a need for even more caregivers in the future. Currently, more than one-third of Connecticut households have a caregiver. The number of ALICE caregivers will increase as they cannot afford outside care or residential facilities, adding cost to these families – both in the time devoted to care and in the time taken away from employment. Not only do households with caregivers risk future financial instability due to reduced work opportunities, but they will also suffer lost Social Security benefits and reduced pensions.

"Population aging and economic decline have significant consequences for ALICE households and the wider community."

Changes in the overall economy would impact senior ALICE households as well. An upturn in the economy would increase wages for those close to retirement and improve their pension amounts as well as raise housing prices before senior ALICE households downsize. An increase in immigration could provide additional taxpayers, as well as health care workers to care for the aging population. Conversely, continued economic downturn, population decline, and falling housing prices would cause additional hardship for senior ALICE households, and likely increase the number of ALICE households in this age group.

EMPLOYMENT

Future income opportunities will be limited for ALICE households if high underemployment and continued growth of low-paying jobs continues. With a 2013 unemployment rate of 7.8 percent and an underemployment rate of 13.9 percent (Bureau of Labor Statistics (BLS), 2014), it will take significant job growth in Connecticut to absorb both the unemployed and the underemployed. Long-term unemployment continues to be a problem. As former Federal Reserve Chairman Ben Bernanke explained, "Because of its negative effects on workers' skills and attachment to the labor force, long-term unemployment may ultimately reduce the productive capacity of our economy" (Bernanke, 2012).

In addition, there is the challenge of finding jobs that cover the basic cost of living. With the structural shift to service sector jobs, the wage rate has declined. According to the BLS, looking ahead, of the occupations with the most projected job openings in Connecticut from 2010 to 2020, low-skilled jobs have the largest share (Figure 35) (BLS, 2012).

The majority of the top 20 job openings in Connecticut, as well as 51 percent of existing jobs, pay less than $20 per hour, which equates to an annual full-time salary of less than $40,000. In fact, only 18 percent of job openings have an annual salary of more than $40,000.

"The majority of the top 20 job openings in Connecticut, as well as 51 percent of existing jobs, pay less than $20 per hour, which equates to an annual full-time salary of less than $40,000."

Figure 35.

Projected Occupational Demand by Wage, Education, and Work Experience, Connecticut, 2010–2020

Occupations	Current Employment #	Annual Openings due to Growth, 2010 – 2020	Annual Wage	Typical Education Needed for Entry	Work Experience Required
Retail Salespersons	51,662	1,936	$27,453	Less than high school	None
Waiters & Waitresses	25,714	1,479	$22,671	Less than high school	None
Customer Service Representatives	28,111	987	$39,341	High school diploma	None
Combined Food Prep, Including Fast Food	24,557	978	$20,950	Less than high school	None
Personal and Home Care Aides	15,794	962	$25,069	Less than high school	None
Hand Laborers & Movers	22,287	935	$30,167	Less than high school	None
First-Line Supervisors of Office Workers	23,975	849	$58,712	High school diploma	None
Child Care Workers	15,534	834	$23,086	High school diploma	None
Janitors & Cleaners	31,416	812	$29,573	Less than high school	None
Teacher Assistants	22,587	802	$29,842	Some college, no degree	None
Office Clerks, General	27,633	778	$34,242	High school diploma	None
Receptionists	13,299	639	$32,316	High school diploma	None
Landscaping Workers	16,664	609	$31,284	Less than high school	None
Elementary School Teachers	15,779	600	$67,986	Bachelor's degree	None
Food Preparation Workers	13,238	589	$24,472	Less than high school	None
Counter Food Attendants	7,315	569	$20,333	Less than high school	None
General & Operations Managers	29,624	560	$144,430	Bachelor's degree	Less than 5 years
First-Line Supervisors of Retail Sales Workers	22,041	544	$44,795	High school diploma	Less than 5 years
Accountants and Auditors	16,690	528	$75,185	Bachelor's degree	None
Home Health Aides	10,533	517	$29,300	Less than high school	None

Source: Bureau of Labor Statistics, 2012

The future path of employment in Connecticut is, of course, the net result of the outlook for the industries that make up the state economy. Over the period of 2010 to 2020, the forecast is for total employment to grow slowly, but there is a wide variation in the performance of different industries. The strongest growth is in health care and social services, a category that is projected to produce almost 60,000 jobs. This industry has been the most robust over the past difficult decade, and will continue with the surge in the number of people reaching retirement age. While there is demand for these jobs, it is not clear whether there will be people willing to work in them for wages that do not pay enough to support an ALICE household (Palmer, Condon and Flaherty, 2012).

Small areas of employment growth are projected in other occupations that employ ALICE workers as well. Growth in educational services leads with 23,000 jobs. In addition, there is smaller growth in administrative and support services, construction, retail sales, and accommodation and food services (Palmer, Condon, and Flaherty, 2012; PwC, 2013).

While Connecticut ranks among the top five states in managerial, professional, and technical jobs, the modest gains projected for these jobs through 2020 are not enough to counter the growth in lower-skilled industries. The insurance industry has seen a shift in jobs due to structural changes, including retraction. The long-term decline of the manufacturing sector is expected to continue with the loss of defense jobs at Sikorsky Aircraft and Pratt & Whitney following the downsizing of the wars in Iraq and Afghanistan (New England Economic Partnership, 2012; Palmer, Condon, & Flaherty, 2012; PwC, 2013).

With job growth concentrated in areas with low wages, investment in education will have little payoff, reducing the means by which ALICE families can raise their income to a more financially stable level. Of the projected openings in the top 20 jobs, a bachelor's degree is the highest education requirement and is needed for only 10 percent of job openings. Most job openings, 58 percent, require less than a high school degree. Only 5 percent require some college and 24 percent require a high school diploma (BLS, 2012d). With this employment outlook, the number of ALICE households will increase, as will demand for resources to fill the gap to financial stability.

These projections fit with the research on national trends. According to the Economic Policy Institute, the education and training levels necessary for the labor force of 2020 will not require a significantly greater level of education than workers currently possess (Thiess, 2012). And the experience of recent college graduates shows that they are less likely to be gainfully employed than previous generations (Stone, Van Horn, and Zukin, 2012).

IMMIGRANTS

Given a declining workforce as well as an aging population, immigration will continue to be important to economic growth in Connecticut, as a source of both workers and entrepreneurs. Depending on their income opportunities, however, it may be a source of new ALICE households as well. Without international migration, Connecticut's population will shrink at an accelerated pace over the next thirty years (Palmer, Condon, and Flaherty, 2012).

Immigrants have been an important part of Connecticut's economy for the last decade. Connecticut's 14,081 Latino-owned businesses had sales and receipts of $2.5 billion and employed 11,872 people in 2007, the last year for which data is available, according to the U.S. Census Bureau's Survey of Business Owners. In addition, the state's 11,081 Asian-owned businesses had sales and receipts of $3.3 billion and employed 18,838 people (Immigration Policy Center, 2014).The availability of low-skilled immigrant workers, such as

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child care providers and housecleaners, has enabled American women to work more and to pursue careers while having children (Furman and Gray, 2012). However, job opportunities need to be sufficient to attract these workers.

Even undocumented workers remain important to Connecticut's economy. According to an estimate by the Perryman Group, if all unauthorized immigrants were removed from Connecticut, the state would lose $5.6 billion in economic activity, $2.5 billion in gross state product, and approximately 24,119 jobs (Perryman Group, 2008). Workers in these jobs are notoriously underpaid, and are among the most vulnerable to living in ALICE and poverty households.

RACE/ETHNICITY

While ALICE households consist of all races and ethnicities, economic disparities in race and ethnicity continue to be marked in Connecticut. The employment and wage differences between Whites, Hispanics, and Blacks are especially pronounced. The unemployment rate for Whites is 7.8 percent, for Hispanics is 16.1 percent, and for Blacks is 12.2 percent.

The wages of Black and Hispanic workers in Connecticut also continue to be lower than those of Whites; the median hourly wage for Blacks was 71.8 percent of wages for Whites in 2011, and wages for Hispanics were 59.3 percent of wages for Whites. In contrast, nationally the median hourly wages for Blacks were 76.9 percent of wages for Whites, and wages for Hispanics were 68.7 percent of wages for Whites (Feder and Rodriguez, 2012).

In addition, the urban centers where most minorities have lived in Connecticut have changed. Many Connecticut cities have declined economically over the last two decades. For Bridgeport, New Haven, and Hartford, the total population is less than before World War II. Many of the wealthier families have moved out of cities to the suburbs, but at the same time, poverty has increased in these suburbs as well (Brookings, 2012).

The 2012 results of the National Assessment of Education Progress (NAEP) show that Connecticut consistently has one of the top 10 largest gaps in the nation between Hispanic and White students and between Black and White students in both math and English (Cotto, 2012).

"Unless the housing stock changes, there will be more households competing for the same number of small and low-cost housing units in Connecticut."

HOUSING

The high cost of housing will continue to be the biggest drain on the Household Survival Budget. Unless the housing stock changes, there will be more households competing for the same number of small and low-cost housing units in Connecticut.

With the aging of baby boomers, there will be additional demand for lower-cost and smaller units as workers retire and downsize their homes. Compounding the situation is the fact that the state's aging housing stock will continue to deteriorate, further reducing the number of small or low-cost housing units available. Current zoning laws in Connecticut limit the potential for new small or low-cost housing units to be built in economically prosperous areas. Given this combination of factors, unless the price for single-family homes on large lots decreases substantially or zoning laws are changed, many ALICE households will continue to live farther away from their jobs (Prevost, 2013).

With the projected increase in senior residents, there will be an increase in demand for assisted living facilities and nursing homes in Connecticut. The cost of these facilities will

be a major concern for senior ALICE households. In addition, the average household size in Connecticut is projected to decline from 2.56 in 2010 to 2.48 in 2030 (American Community Survey, 2012).

CHILD CARE AND EDUCATION

There are challenges for ALICE households to find quality affordable education at all levels in Connecticut. Starting with child care but moving through high school, the state's current facilities do not match the existing need.

Even some 18,000 publicly funded preschool slots and an additional 25,000 statesubsidized slots don't reach all of the 126,000 families with children with income below the ALICE Threshold. As a result, many ALICE families either pay more than they can afford for preschool or are forced to rely on friends and family for child care.

In terms of K–12 and higher education, the state faces three major challenges: reduction in jobs requiring higher education, job training, and the achievement gap. Education has traditionally been the best guarantee of higher income and the two are strongly correlated. Short- and long-term factors, however, may be changing the equation, especially for ALICE households. First, longer-term structural changes have limited the growth of medium- and high-skilled jobs, changing the need for education as well as incentives to pursue higher education and take on student debt. Second, tuition has increased beyond the means of many ALICE households and burdened many others.

"The evidence is clear on the importance of a solid high school education for economic success. The lack of a basic education also has repercussions for the wider society"

At the same time, there has been significant national public attention on the importance of job training and surveys that show the number of jobs unfilled due to lack of qualified candidates (Manpower, 2012). Further research has found that many of these jobs were not filled because the wage being offered was too low or because applicants did not have the experience (rather than skills) required. The lack of technical skills therefore accounted for only one-third of the increase in unemployment during the Great Recession (Altig and Robertson, 2012). And there was no evidence that jobs remained open because of geographic location. The National Bureau of Economic Research concludes that labor demand shortfalls, more than skill mismatches, are the primary determinant of the current labor market performance (Rothstein, 2012).

However, there is huge disparity in employment and earnings among young workers based on their level of education and also among college graduates based on their major. The unemployment rate for young workers without a college degree is significantly higher than for those with a degree. Degree majors that provide technical training (such as engineering, math, or computer science), or majors that are geared toward growing parts of the economy (such as education and health), have done relatively well. At the other end of the spectrum, those with majors that provide less technical and more general training, such as leisure and hospitality, communications, the liberal arts, and even the social sciences and business, have not tended to fare particularly well in recent years; hence the increase in well-educated ALICE households. For example, the mid-career annual median salary for those with a social work degree is less than $47,000, while those with a petroleum engineering degree earn $160,000 (PayScale, 2014; Abel, Deitz and Su, 2014).

Nevertheless, basic secondary education remains essential for any job. One area of particular concern for Connecticut's ALICE households is the performance and graduation rates of Connecticut's public schools, especially for low-income and minority students. The evidence is clear on the importance of a solid high school education for economic success. The lack of a basic education also has repercussions for the wider society, as discussed in Section VI.

TRANSPORTATION

Transportation costs vary between and within regions in Connecticut depending on neighborhood characteristics. According to the Center for Neighborhood Technology's (CNT) Housing and Transportation Affordability Index, most people who live in location-efficient neighborhoods – compact, mixed-use, and with convenient access to jobs, services, transit, and amenities – have lower transportation costs. Many Connecticut workers live in location-inefficient areas, which require automobiles for most trips and are more likely to have high transportation costs (CNT, 2011).

Without widely available public transportation, most ALICE workers drive to work, adding additional expense. Connecticut's aging road and bridge infrastructure adds to household costs by increasing vehicle repairs and costs created by transportation delays (American Society of Civil Engineers, 2013. **Commuting long distances will only increase as lack of affordable housing persists and pushes people away from employment centers.**

HEALTH CARE

The trend for low-income households to have poor health will increase as health costs rise and the Connecticut population ages. Poor health is a common reason why many households face a reduction in income and become ALICE households in the first place, and without sufficient income, it is even harder to stay healthy or improve health. Low-income households are more likely to be obese and have poor health status, both long-term drivers which will increase health care needs as well as costs in the future.

"Poor health is a common reason why many households face a reduction in income and become ALICE households in the first place, and without sufficient income, it is even harder to stay healthy or improve health."

The situation may be reversed or at least slowed by the Affordable Care Act (ACA), though its impact is not yet clear. New research from the Harvard School of Public Health shows that health insurance coverage not only makes a difference in health outcomes but also decreases financial strain (Baicker and Finkelstein, 2011). Expanded health insurance coverage and more efficient health care delivery would improve conditions for all households below the ALICE Threshold.

However, Connecticut currently has 37 Primary Care Health Professional Shortage Areas (HPSA). Going forward, there will be increased demand resulting from an aging population, and one that is increasingly insured due to the ACA. To maintain current rates of utilization, Connecticut will need an additional 404 primary care physicians by 2030, a 15 percent increase compared to the state's current (as of 2010) 2,580-person primary care physician workforce (Robert Graham Center, 2012).

TAXES

ALICE households pay income, property, and wage taxes. While federal tax credits have made a difference for many ALICE households nationally, they have not matched those received by higher-income households. Taxes paid after federal deductions result in the lowest income quintile paying more than 10 percent in income tax while the highest income quintile pays less than 8 percent. In addition, the lowest income group pays more than 8 percent of their income in payroll taxes, while those at the highest income quintile pay less than 6 percent. On average, the lowest income group pays almost 8 percent of their income in state sales and excise taxes, while those at the highest income quintile pay less than 3 percent. Connecticut rates for sales and excise taxes are slightly lower, 6 percent versus 2 percent (Marr and Huang, 2012; Springer, 2005).

ALTERNATIVE SERVICES

Because ALICE households have low incomes, they often do not qualify for traditional financial or banking services. In Connecticut, there are numerous examples of ALICE households turning to alternatives to cope with their economic situation. In housing, there is an increase in the use of "contract for deed" mortgages. In early education, with limited preschool funding, many ALICE families are forced to rely on friends and family for child care. In K–12 education, in districts where the public education system has produced poor results, there has been a shift towards options such as magnet schools and public school choice initiatives. And in terms of banking, without access to traditional banks, many ALICE households use non-bank financial products such as "Buy Here, Pay Here" auto loans.

These systems fill a need. Some are helpful; some cause additional problems. However, they all represent additional challenges to Connecticut in terms of regulation, oversight, and greater inequality in the state.

SHORT-, MEDIUM-, AND LONG-TERM STRATEGIES

Efforts to assist ALICE and poverty households in supporting themselves can be broken down into short-, medium-, and long-term actions. Short-term intervention by family, employers, nonprofits, and government can be essential to supporting a household through a crisis and preventing a downward spiral to homelessness. The chief value of short-term measures is in the stability that they provide; food pantries, TANF, utility assistance, emergency housing repairs, and child care subsidies all help stabilize ALICE households, potentially preventing much larger future costs.

"Short-term intervention by family, employers, nonprofits, and government can be essential to supporting a household through a crisis and preventing a downward spiral to homelessness."

To permanently reduce the number of ALICE households, broader and more strategic action is needed. For ALICE households to be able to support themselves, structural economic changes are required to make Connecticut more affordable and provide better income opportunities. The costs of basic necessities – housing, child care, transportation, food, and health care – are high in Connecticut relative to the income currently available to ALICE households. Broad improvement in financial stability is dependent upon changes to the housing market and the health care delivery system. Investments in transportation infrastructure, affordable quality child care, and healthy living would also help.

An improvement in job opportunities, in the form of either an increase in the wages of current low-wage jobs or an increase in the number of higher paying jobs, would enable ALICE households to afford to live near their work, build assets, and become financially independent. To increase the wages of low-income workers in Connecticut so that they can afford the Household Survival Budget for a single person would mean increasing the wages of 235,630 (out of 1.6 million) jobs to $10.97 per hour. Allowing low-income workers to afford the Household Survival Budget for a family would mean increasing the wages of 616,020 jobs to $16.17 per hour (for two working parents).These wages are higher than the state's current minimum wage of $8.70 per hour and its planned increase to $10.10 in 2017, the highest level of any state.

The biggest impact on income opportunity would be made through a substantial increase in the number of medium- and high-skilled jobs in both the public and private sectors. Such a shift would require an influx of new businesses and possibly new industries, as well as education and training.

Not only does the kind of job matter, but the kind of employer can make a big difference as well. Even within occupations, there is large variation in wage level, job security, predictability of schedule, opportunities for advancement, and benefits. Strategies to attract employers who understand the importance of providing well-structured jobs would make a difference for ALICE households. Research shows that these employers make a particular difference for workers with a disability (Ton, 2012; Schur, Kruse, Blasi and Blanck, 2009).

The extensive use of alternative financial services also suggests that more cost-effective financial resources, such as better access to savings, auto loans, and sound microloans, would also help ALICE households become more financially stable.

SUMMARY

This Report on **A**sset **L**imited, **I**ncome **C**onstrained, and **E**mployed (**ALICE**) households across Connecticut offers a new set of tools – on both the state and (for the first time) the county level – that policymakers and stakeholders in Connecticut's future can use to understand more completely the families that are struggling to make ends meet in Connecticut and the specific obstacles they face.

Remedies for Connecticut will benefit from addressing the fact that 35 percent of Connecticut families do not earn enough to meet the basic **Household Survival Budget**, and that these families take risks in order to get by, such as forgoing health insurance and medical care, that can be harmful to the family as well as costly to the wider community.

"Some households become ALICE after an emergency, while others have been struggling near the poverty line since the Great Recession. Any effective policy solutions will need to reflect this reality."

ALICE families differ in their composition, obstacles, and magnitude of need. **ALICE** households range from young families with children to senior citizens, and face challenges ranging from low-wage jobs located far from their homes and the associated increased cost of commuting, to financial barriers which limit access to low-cost community banking services, to having few or no assets to cushion the cost of an unexpected health emergency or caregiving. Some households become **ALICE** after an emergency, while others have been struggling near the poverty line since the Great Recession. Effective policy solutions will need to reflect this reality.

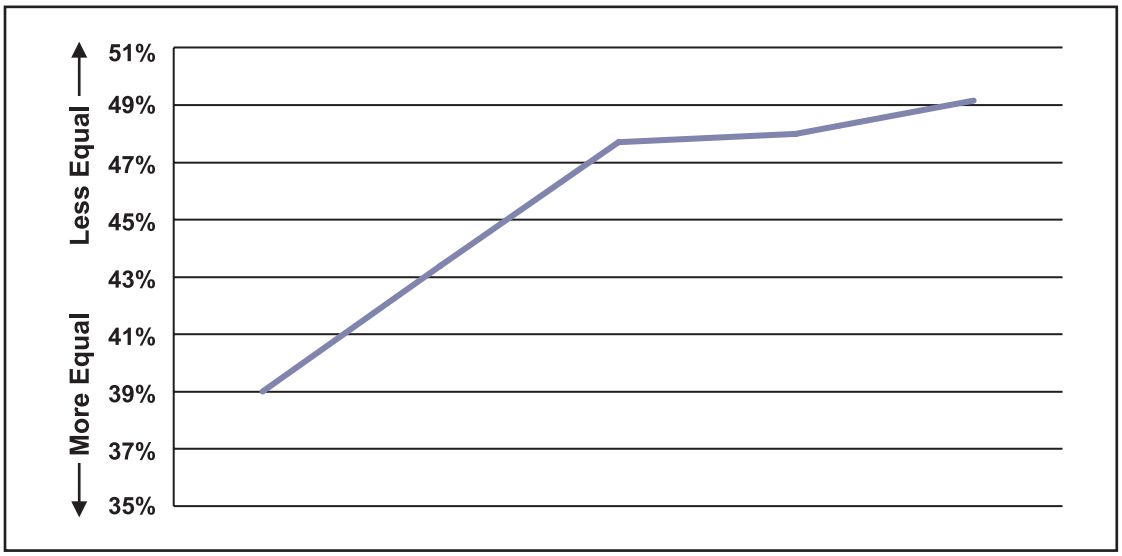
The **ALICE Economic Viability Dashboard**, a tool presented in the Report, provides insight into the economic challenges ALICE households face across Connecticut. With this tool, policymakers can better identify where housing is affordable for local wages, where there are job opportunities, where there is community support for ALICE households – and where there are gaps.

The **ALICE Income Assessment** tool demonstrates that significant government and nonprofit assistance is already being spent on ALICE households across Connecticut, but it also quantifies a gap of $2.6 billion. Quantifying the problem can help stakeholders best decide whether to fill that gap through efforts to increase income for ALICE households or decrease expenses for basic household necessities.

Improving Connecticut's economy and meeting ALICE's challenges are linked. Improvement for one would directly benefit the other. Ultimately, if ALICE households earned more income, they would be financially stable and would no longer require assistance from government and nonprofits. Greater household stability would also lead to a reduction in risk taking, and greater stability for all of Connecticut's stakeholders.

APPENDIX A – INCOME INEQUALITY IN CONNECTICUT

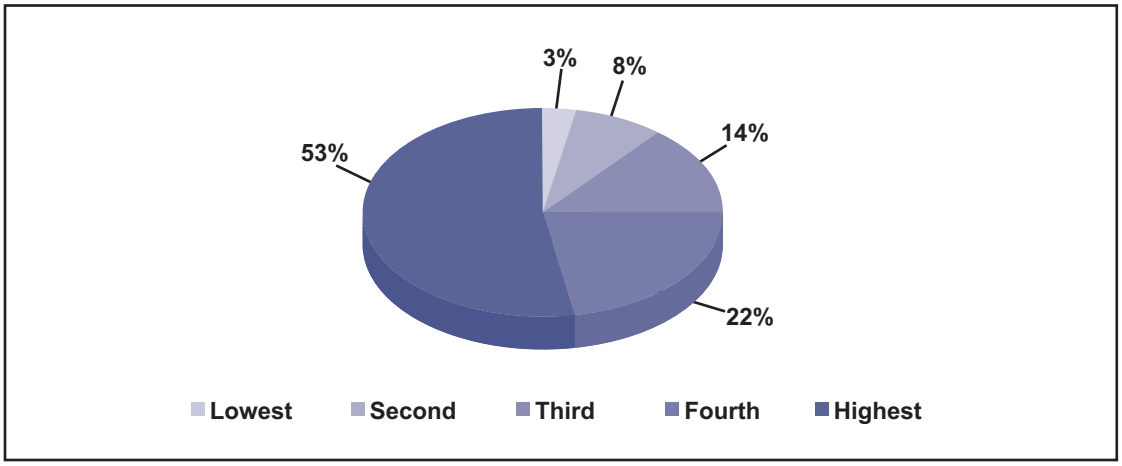
Income Inequality in Connecticut, 1979–2012



Source: American Community Survey, 1979–2012

The Gini index is a measure of income inequality. It varies from 0 to 100 percent, where 0 indicates perfect equality and 100 indicates perfect inequality (when one person has all the income). The distribution of income in Connecticut has grown more unequal over time.

Income Distribution by Quintile in Connecticut, 2012



Source: American Community Survey, 2012

Income distribution is a tool to measure how income is divided within a population. In this case, the population is divided into five groups or quintiles. In Connecticut, the top 20 percent of the population – the highest quintile – receives 53 percent of all income, while the bottom quintile earns only 3 percent. If five Connecticut residents divided $100 according to the current distribution of income, the first person would get $53, the second would get $22, the third, $14, the fourth, $8, and the last $3.

APPENDIX B – THE ALICE THRESHOLD: METHODOLOGY

The ALICE Threshold determines how many households are struggling in a county based upon the Household Survival Budget. Using the Household Survival Budgets for different household combinations, a pair of ALICE Thresholds is developed for each county, one for households headed by someone younger than 65 years old and one for households headed by someone 65 years and older.

- For households headed by someone under 65 years old, the ALICE Threshold is calculated by adding the Household Survival Budget for a family of four plus the Household Survival Budget for a single adult, dividing by 5, and then multiplying by 3.05, the average household size for Connecticut households headed by someone under 65 years old.
- The ALICE Threshold for households headed by someone 65 years old and over is calculated by multiplying the Household Survival Budget for a single adult by 1.44, the average senior household size.
- The results are rounded to the nearest Census break ($30,000, $35,000, $40,000, $45,000, $50,000, $60,000 or $75,000).

The number of ALICE households is calculated by subtracting the number of households in poverty as reported by the American Community Survey (ACS), 2007–2012, from the total number of households below the ALICE Threshold. The number of households in poverty by racial/ethnic categories is not reported by the ACS, so when determining the number of ALICE households by race/ethnicity, the number of households earning less than $15,000 per year is used as an approximation for households in poverty.

NOTE: ACS data for Connecticut counties with populations over 65,000 are 1-year estimates; for populations between 20,000 and 65,000, data are 3-year estimates; and for populations below 20,000, data are 5-year estimates.

ALICE Threshold and ALICE Households by Race/Ethnicity and Age, Connecticut, 2012

County	Total HHs	HHs below ALICE Threshold	Percent HH below AT – Race/Ethnicity				Percent HH below AT – Age	ALICE Threshold	
			Asian	Black	Hispanic	White	Seniors	ALICE Threshold – HH under 65 years	ALICE Threshold – HH 65 years and over
Fairfield County	334,255	94,082	3%	21%	24%	65%	26%	$50,000	$30,000
Hartford County	346,726	123,202	3%	20%	25%	67%	28%	$50,000	$30,000
Litchfield County	75,593	22,370	1%	1%	4%	95%	32%	$50,000	$30,000
Middlesex County	67,386	16,920	2%	6%	5%	89%	39%	$50,000	$30,000
New Haven County	330,054	149,094	2%	18%	20%	71%	26%	$60,000	$35,000
New London County	105,801	36,681	3%	7%	10%	78%	27%	$50,000	$35,000
Tolland County	54,830	15,608	2%	2%	5%	90%	22%	$50,000	$30,000
Windham County	43,167	16,488	1%	2%	12%	92%	20%	$50,000	$30,000

Source: American Community Survey, 2012. Estimates depend on population size: population above 65,000, 1-year estimate; population between 20,000 and 65,000, 3-year estimate; population below 20,000 people, 5-year estimate.

APPENDIX C – THE HOUSEHOLD SURVIVAL BUDGET: METHODOLOGY AND SOURCES

The Household Survival Budget provides the foundation for a threshold for economic survival in each county. The Budget is comprised of the actual cost of five household essentials plus taxes and a 10 percent contingency for each county. The minimum level is used in each category for 2007, 2010, and 2012. The line items and sources are reviewed below.

HOUSING

The housing budget is based on HUD's Fair Market Rent (40th percentile of gross rents) for an efficiency apartment for a single person, a one-bedroom apartment for a head of household with a child, and a two-bedroom apartment for a family of three or more. The rent includes the sum of the rent paid to the owner plus any utility costs incurred by the tenant. Utilities include electricity, gas, water/sewer, and trash removal services, but not telephone service. If the owner pays for all utilities, then the gross rent equals the rent paid to the owner.
Source: U.S. Department of Housing and Urban Development (HUD)

CHILD CARE

The child care budget is based on the average annual cost of care for one infant and one preschooler in Registered Family Child Care Homes (the least expensive childcare option). Data are compiled by Connecticut 2-1-1 Child Care and reported to Child Care Aware (formerly the National Association of Child Care Resource and Referral Agencies, NACCRRA). Because 2010 data were not available, this report uses 2011 data. County-level data was not available for 2007, so the cost of child care for the state, as reported by USA Today, was adjusted by the same county variation as reported in 2013.
Sources:
http://resources.211childcare.org/files/2013/11/2-1-1CC_Affordability-Availability_Report_2013.pdf
http://www.ctunitedway.org/media/Barometer/June2012.pdf
http://naccrrapps.naccrra.org/map/publications/2012/connecticut_sfs_2012_preliminary_3_20_12.pdf
http://www.naccrra.org/sites/default/files/default_site_pages/2011/childcareinamericafacts_full_report-2011.pdf
http://usatoday30.usatoday.com/news/nation/2007-06-20-day-care-table_N.htm

FOOD

The food budget is based on the Thrifty Level (lowest of four levels) of the U.S. Department of Agriculture (USDA) Food Plans: Cost of Food at Home, U.S. Average, June 2007. State food budget numbers are adjusted for regional price variation, "Regional Variation Nearly Double Inflation Rate for Food Prices," Food CPI, Price, and Expenditures, USDA, 2009.
Sources:
http://www.cnpp.usda.gov/USDAFoodCost-Home.htm
http://www.cnpp.usda.gov/Publications/FoodPlans/2007/CostofFoodJun07.pdf

TRANSPORTATION

The transportation budget is calculated using average annual expenditures for transportation by car and by public transportation from the Bureau of Labor Statistics' Consumer Expenditure Survey (CES). Since the CES is reported by metropolitan areas and states, Connecticut's counties were matched with the most local level. Costs are adjusted for household size (divided by CES household size except for single-adult households, which are divided by two). In the counties where 8 percent or more of the population uses public transportation, the cost for public transportation is used; in those counties where less than 8 percent of the population uses public transportation, the cost for auto transportation is used instead. Public transportation includes bus, trolley, subway, elevated train, railroad, and ferryboat. Car expenses include gas and motor oil and other vehicle maintenance expenses, but not lease payments, car loan payments, or major repairs.
Source: http://www.bls.gov/cex/csxmsa.htm#y0607

HEALTH CARE

The health care budget includes the nominal out-of-pocket health care spending, medical services, prescription drugs, and medical supplies using the average annual health expenditure reported in the CES. Since the CES is reported by metropolitan areas and states, Connecticut's counties were matched with the most local level. Costs are adjusted for household size (divided by CES household size except for single-adult households, which are divided by two). The health budget does not include the cost of health insurance.
Source: http://www.bls.gov/cex/csxmsa.htm#y0607

MISCELLANEOUS

The Miscellaneous category includes 10 percent of the total (including taxes) to cover cost overruns.

TAXES

The tax budget includes both federal and state income taxes where applicable, as well as Social Security and Medicare taxes. These rates include standard federal and state deductions and exemptions, as well as the federal Child Tax Credit and the Child and Dependent Care Credit. Connecticut tax brackets increased slightly from 2007 to 2010 to 2012, though rates stayed the same. Connecticut tax calculations also include the Personal Tax Credit.

Federal taxes include income tax using standard deductions and exemptions for each household type. The federal tax brackets increased slightly from 2007 to 2010 to 2012, though rates stayed the same. Federal taxes also include the employee portions of Social Security and Medicare at 6.2 and 1.45 percent respectively. The employee Social Security tax holiday rate of 4.2 percent was incorporated for 2012.
Source: Connecticut Department of Revenue Services 1040: Individual Income Tax, Forms and Instructions, 2007, 2010 and 2012.
http://www.ct.gov/drs/lib/drs/forms/2012forms/incometax/ct-1040booklet.pdf
http://www.ct.gov/drs/lib/drs/forms/2010forms/incometax/ct-1040tcs.pdf
http://www.ct.gov/drs/lib/drs/forms/2007forms/incometax/ct-1040tcs.pdf
Internal Revenue Service 1040: Individual Income Tax, Forms and Instructions, 2007, 2010 and 2012.
http://www.irs.gov/pub/irs-prior/i1040--2012.pdf
http://www.irs.gov/pub/irs-prior/i1040--2010.pdf
http://www.irs.gov/pub/irs-prior/i1040--2007.pdf

HOUSEHOLD SURVIVAL BUDGET

The Household Survival Budget for all household variations by county can be found at:
http://spaa.newark.rutgers.edu/united-way-alice

APPENDIX D – THE HOUSEHOLD STABILITY BUDGET: METHODOLOGY AND SOURCES

The Household Stability Budget represents the cost of living in each county at a modest but sustainable level, in contrast to the basic level of the Household Survival Budget. The Household Stability Budget is comprised of the actual cost of five household essentials plus a 10 percent savings item and a 10 percent contingency item, as well as taxes for each county. The data builds on the sources from the Household Survival Budget; differences are reviewed below.

HOUSING

The housing budget is based on HUD's median rent for a one-bedroom apartment, rather than an efficiency, at the Fair Market Rent of 40th percentile, for a single adult; the basis is a two-bedroom apartment for a head of household with children; and housing for a family is based on the American Community Survey's median monthly owner costs for those with a mortgage, instead of the Household Survival Budget's rent for a two-bedroom apartment at the 40th percentile. Real estate taxes are included in the tax category below.

CHILD CARE

The child care budget is based on the cost of a fully licensed and accredited child care center. These costs are typically more than 30 percent higher than the cost of registered home-based child care used in the Household Survival Budget. Data is compiled by local child care resource and referral agencies and reported to Child Care Aware (formerly the National Association of Child Care Resource and Referral Agencies, or NACCRRA).

FOOD

The food budget is based on the USDA's Moderate Level Food Plans for cost of food at home (second of four levels), adjusted for regional variation, plus the average cost of food away from home as reported by the Consumer Expenditure Survey (CES).

TRANSPORTATION

Where there is public transportation, family transportation expenses include public transportation for one adult and gas and maintenance for one car; costs for a single adult include public transportation for one, and half the cost of gas and maintenance for one car. Where there is no public transportation, family expenses include costs for leasing one car and for gas and maintenance for two cars, and single-adult costs are for leasing, gas and maintenance for one car as reported by the CES.

HEALTH CARE

The health care costs are based on employer-sponsored health insurance at a low-wage firm as reported by the U.S. Department of Health and Human Services in the Medical Expenditure Panel Survey (MEPS). Also included is out-of-pocket health care spending as reported in the CES.
Sources: *http://meps.ahrq.gov/mepsweb/data_stats/summ_tables/insr/state/series_2/2012/tiic2.htm*
http://meps.ahrq.gov/mepsweb/data_stats/summ_tables/insr/state/series_7/2012/tviid2.htm

MISCELLANEOUS

The Miscellaneous category includes 10 percent of the total (not including taxes or savings) to cover cost overruns.

SAVINGS

The Household Stability Budget also includes a 10 percent line item for savings, a category that is essential for sustainability. This provides a cushion for emergencies and possibly allows a household to invest in their education, house, car, and health as needed.

TAXES

Taxes increase for the Household Stability Budget, but the methodology is the same as in the Household Survival Budget. The one difference is that a mortgage deduction is included for families who are now homeowners. In addition, while real estate taxes were included in rent in the Household Survival Budget, they are added to the tax bill here for homeowners.

HOUSEHOLD STABILITY BUDGET

Average Household Stability Budget, Connecticut, 2012

Monthly Costs – Connecticut Average – 2012		
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Housing	$982	$1,566
Child care	$0	$1,893
Food	$365	$1,126
Transportation	$310	$1,026
Health care	$227	$829
Miscellaneous	$188	$644
Savings	$188	$644
Taxes	$249	$1,575
Monthly Total	$2,510	$9,303
ANNUAL TOTAL	$30,118	$111,632
Hourly Wage	$15.06/hour	$55.81/hour

Line items are rounded to dollars; monthly and annual totals are calculated including cents. As a result, line items may not add up precisely to the totals.

The Household Stability Budget for all household variations by county can be found at:
http://spaa.newark.rutgers.edu/united-way-alice

APPENDIX E – THE ALICE INCOME ASSESSMENT: METHODOLOGY AND SOURCES

The ALICE Income Assessment is a tool to measure how much households need to reach the ALICE Threshold compared to their actual income, which includes earned income as well as cash government assistance and in-kind public assistance. The Unfilled Gap is calculated by totaling the income needed to reach the Threshold, then subtracting earned income and all government and nonprofit spending. Household Earnings include wages, dividends, and Social Security.

There are many resources available to low-income families. The ones included here are those that benefit households below the ALICE Threshold, not resources that benefit society in general. For example, spending on free and reduced-price school lunches is included; public education budgets are not. Data is for 2012 unless otherwise noted.

Sources:
Federal spending data was gathered from the National Priorities Project's Federal Priorities Database. http://nationalpriorities.org/interactive-data/database/search/

Supplemental Nutrition Assistance Program (SNAP) data from U.S. Department of Agriculture (USDA), Data and Statistics website. http://www.fns.usda.gov/pd/supplemental-nutrition-assistance-program-snap

Title I Grants to Local Educational Agencies data from the U.S. Department of Education, ESEA Title I LEA Allocations, FY 2012. http://www2.ed.gov/about/overview/budget/titlei/fy12/index.html

FEDERAL SPENDING

Social Services

- Temporary Assistance for Needy Families (TANF) – Provides cash assistance to low-income families.
- Social Security Disability Insurance – Provides funds to offset the living costs of disabled workers who formerly contributed to Social Security but are not old enough to draw it.
- Social Services Block Grant - Funds programs that allow communities to achieve or maintain economic self-sufficiency to prevent, reduce, or eliminate dependency on social services.

Child Care and Education

- Head Start – Provides money for agencies to promote school readiness for low-income children by providing health, education, nutritional, and social services to the children and their parents.
- Supplemental Education Opportunity Grants – Provide grants to financially needy undergraduate students.
- Vocational Education Basic Grants to States – Provide money to states to offset the costs of running vocational programs for secondary and postsecondary students.

- Pell Grants – Provide grants to undergraduate students with demonstrated financial need.
- College Work Study Program – Funds part-time jobs for undergraduate students with demonstrated financial need.
- Adult Education – Funds local programs for adult education and literacy services as authorized by the Title II Workforce Investment Act of 1998. Programs include workplace literacy services, family literacy services, and English literacy and integrated English literacy-civics education programs.
- Title I Grants to Local Educational Agencies – Provide funds to school districts and schools with high numbers or high percentages of children who are disadvantaged to support a variety of services.

Food

- Food Stamps – Provide money to low-income households to supplement their food budgets. Also known as the Supplemental Nutrition Assistance Program or SNAP.
- School Lunch Program – Subsidizes lunches for low-income children in schools or residential institutions.
- School Breakfast Program – Provides funds to schools to offset the costs of providing a nutritious breakfast and reimburses the costs of free and reduced-price meals.
- Child and Adult Care Food Program – Provides grants to non-residential care centers, after-school programs, and emergency shelters to provide nutritious meals and snacks.
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) – Provides pregnant women and children through age five with money for nutritious foods and referrals to health services.

Housing

- Section 8 Housing Choice Vouchers – Tenant-based rental assistance for low-income families; includes Fair Share Vouchers and Welfare-to-Work Vouchers, the Section 8 Rental Voucher program (14.855), or the former Section 8 Certificate program (14.857).
- Low-Income Home Energy Assistance Program (LIHEAP) – Provides funds to nonprofits to help low-income homeowners afford heating and cooling costs. The program may give money directly to a homeowner or give to an energy supplier on the homeowner's behalf.
- Community Development Block Grants (CDBG) – Provide annual grants to develop decent housing and a suitable living environment and to expand economic opportunities, principally for low- and moderate-income people.

HEALTH CARE

- Medicaid – Provides money to states, which they must match, to offer health insurance for low-income residents. Also known as the Medical Assistance Program.
- Children's Health Insurance Program (CHIP) – Provides funds to states to enable them to maintain and expand child health assistance to uninsured, low-income children and, at a state's discretion, to low-income pregnant women and legal immigrants.

STATE AND LOCAL GOVERNMENT SPENDING

Spending on ALICE was estimated from the Connecticut state budget in the Department of Health, Department of Developmental Services, Department of Mental Health and Addiction Services, Department of Transportation, Department of Social Services and the Labor Department as presented in the Connecticut State Budget FY12 & FY13 Biennium Part I: Agency Detail.
Source: http://www.osc.ct.gov/openCT/docs/FY%2012%20and%20FY%2013%20-%20Connecticut%20Budget%20-%20FULL.pdf

NONPROFIT ASSISTANCE

- Non-Profit Revenue for Human Services – Nonprofits as reported on Form 990EZc3 and 990 c3 minus program service revenue, dues, and government grants as reported to the Internal Revenue Service. Most current data is for 2010. Data retrieved from the NCCS Data Web Report Builder, Statistics of Income 990EZc3 Report and 990 c3 Report, Urban Institute.
  Source: http://nccsdataweb.urban.org/dw/index.php?page=CHome&s=1

- Community Health Benefit – Spending by hospitals on low-income patients that includes charity care and means-tested expenses, including Unreimbursed Medicaid minus direct offsetting revenue as reported on the 990 c3 Report. Most current data is for 2010. Data retrieved from the NCCS Data Web Report Builder, Statistics of Income 990 c3 Report for 2010, Urban Institute.
  Source: http://nccsdataweb.urban.org/dw/index.php?page=CHome&s=1

APPENDIX F – THE ECONOMIC VIABILITY DASHBOARD: METHODOLOGY AND SOURCES

The Economic Viability Dashboard is composed of three indices: The Housing Affordability Index, the Job Opportunities Index, and the Community Support Index. The methodology and sources for each are presented below.

INDEX METHODOLOGY

Each index in the Dashboard is composed of different kinds of measures. The first step is therefore to create a common scale across rates, percentages, and other scores by measuring from the average. Raw indicator scores are converted to "z-scores", which measure how far any value falls from the mean of the set, measured in standard deviations. The general formula for normalizing indicator scores is:

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

where x is the indicator's value, μ is the unweighted average, σ the standard deviation for that indicator and z is the resulting z-score. All scores must move in a positive direction, so for variables with an inverse relationship, i.e., the violent crime rate, the scores are multiplied by -1. In order to make the resulting scores more accessible, they are translated from a scale of -3 to 3 to 1 to 100.

INDICATORS AND THEIR SOURCES

Housing Affordability Index

- Affordable Housing Stock – Measures the number of units needed to house all ALICE and poverty households spending no more than one-third of their income on housing, controlled for size by the percent of total housing stock. A gap is calculated as the number of ALICE and poverty households minus the number of rental and owner-occupied housing units that these households can afford.
  Source: American Community Survey (ACS) and ALICE Threshold calculations
- Extreme Housing Burden – Households spending more than 35 percent of income on housing.
  Source: American Community Survey
- Real Estate Taxes – Median real estate taxes.
  Source: American Community Survey

Job Opportunities Index

- Income Distribution – Share of Income of the Lowest Two Quintiles.
  Source: American Community Survey.
- Unemployment Rate – U.S. Department of Labor, Bureau of Labor Statistics
  Source: http://www.bls.gov/lau/#tables
- New Hire Wages – Quarterly Workforce Indicators (QWI), U.S. Census
  Source: LED Extraction Tool: http://ledextract.ces.census.gov/

Community Support Index

- Violent Crime Rate per 1,000 Residents
  Source: Uniform Crime Reports, FBI

- Nonprofits – Revenue of human services nonprofits per capita, as reported on Form 990EZc3 and 990 c3 minus program service revenue, dues, and government grants as reported to the Internal Revenue Service. Does not include hospitals, universities, or houses of worship. Most current data is for 2010.
  Source: Data retrieved from the NCCS Data Web Report Builder, Statistics of Income 990EZc3 Report and 990 c3 Report, Urban Institute. http://nccsdataweb.urban.org/dw/index.php?page=CHome&s=1

- Health Care – Percent of population under 65 years old with health insurance.
  Source: U.S. Bureau of the Census, Small Area Health Insurance Estimates, American Community Survey

APPENDIX G – HOUSING DATA BY COUNTY

Rental and Owner Gaps – The number of additional rental and owner units needed that are affordable to households with income below the ALICE Threshold so that all of these households would pay less than 35 percent of income on housing.

Housing Data by County, Connecticut, 2012

County	Owner Occupied Units			Renter Occupied Units				Source
	Owner Occupied	Percent Owned by HHs Below ALICE Threshold	Extreme Housing Burden: Percent Owners Pay more than 35% of Income	Renter Occupied	Percent Rented by HHs Below ALICE Threshold	Extreme Housing Burden: Percent Renters Pay more than 35% of Income	Gap in Rental Stock Affordable for All HHs Below ALICE Threshold	American Community Survey
Fairfield County	228,219	20%	32%	106,036	53%	45%	34,789	1 year estimate
Hartford County	221,397	23%	23%	125,329	65%	43%	37,212	1 year estimate
Litchfield County	58,274	26%	28%	17,319	57%	36%	3,603	1 year estimate
Middlesex County	50,565	20%	22%	16,821	53%	40%	3,275	1 year estimate
New Haven County	209,129	26%	29%	120,925	67%	48%	5,298	1 year estimate
New London County	69,260	22%	20%	36,541	61%	40%	8,639	1 year estimate
Tolland County	40,774	18%	20%	14,056	68%	45%	5,528	1 year estimate
Windham County	30,834	26%	25%	12,333	69%	42%	3,563	1 year estimate

APPENDIX H – KEY FACTS AND ALICE STATISTICS FOR CONNECTICUT MUNICIPALITIES

Knowing the extent of local variation is an important aspect of understanding the challenges facing households earning below the ALICE Threshold in Connecticut. Key data and ALICE statistics for the state's municipalities are presented here. Because they build on American Community Survey data, for most towns with populations over 65,000, the data are 1-year estimates; for populations between 20,000 and 65,000, data are 3-year estimates; and for populations below 20,000, data are 5-year estimates.

Key Facts and ALICE Statistics by Municipality, Connecticut, 2012

Municipality	Population	Households	Poverty %	ALICE %	Above ALICE Theshold %	Gini Coefficient	Unemployment Rate	Health Insurance Coverage %	Housing Burden: Owner over 30%	Housing Burden: Renter over 30%	Source, American Community Survey
Andover, Tolland County	3,185	1,135	4%	14%	83%	0.34	4%	96%	23%	61%	5 year estimate
Ansonia, New Haven County	19,188	7,380	14%	36%	50%	0.42	10%	86%	46%	56%	5 year estimate
Ashford, Windham County	4,306	1,650	5%	18%	77%	0.39	8%	93%	32%	56%	5 year estimate
Avon, Hartford County	18,049	7,115	5%	10%	85%	0.46	6%	97%	28%	31%	5 year estimate
Barkhamsted, Litchfield County	3,791	1,424	1%	14%	84%	0.32	5%	96%	19%	34%	5 year estimate
Beacon Falls, New Haven County	6,015	2,244	5%	21%	74%	0.35	9%	97%	30%	43%	5 year estimate
Berlin, Hartford County	20,186	7,619	6%	19%	75%	0.38	8%	97%	NA	NA	3 year estimate
Bethany, New Haven County	5,524	1,915	5%	12%	83%	0.39	8%	95%	36%	41%	5 year estimate
Bethel, Fairfield County	18,704	6,838	4%	18%	79%	0.37	9%	93%	38%	44%	5 year estimate
Bethlehem, Litchfield County	3,594	1,409	3%	14%	83%	0.38	8%	96%	40%	40%	5 year estimate
Bloomfield, Hartford County	20,541	8,477	8%	21%	72%	0.45	15%	91%	32%	51%	3 year estimate
Bolton, Tolland County	4,990	1,996	3%	15%	81%	0.39	7%	94%	34%	35%	5 year estimate
Bozrah, New London County	2,605	1,015	3%	21%	76%	0.32	6%	94%	30%	40%	5 year estimate
Branford, New Haven County	28,018	12,592	6%	24%	70%	0.45	11%	92%	38%	42%	3 year estimate
Bridgeport, Fairfield County	146,434	49,887	23%	32%	44%	0.48	19%	76%	50%	56%	1 year estimate
Bridgewater, Litchfield County	1,704	746	2%	20%	78%	0.50	6%	96%	45%	15%	5 year estimate
Bristol, Hartford County	60,560	25,087	10%	28%	62%	0.42	11%	91%	36%	44%	3 year estimate
Brookfield, Fairfield County	16,487	5,833	2%	14%	84%	0.41	5%	95%	34%	49%	5 year estimate
Brooklyn, Windham County	8,180	2,758	10%	23%	67%	0.39	10%	95%	32%	42%	5 year estimate
Burlington, Hartford County	9,293	3,496	4%	10%	86%	0.36	5%	96%	34%	55%	5 year estimate
Canaan, Litchfield County	1,195	613	7%	33%	60%	0.42	7%	90%	38%	47%	5 year estimate
Canterbury, Windham County	5,111	2,122	3%	28%	69%	0.33	9%	92%	34%	48%	5 year estimate

Key Facts and ALICE Statistics by Municipality, Connecticut, 2012

Municipality	Population	Households	Poverty %	ALICE %	Above ALICE Theshold %	Gini Coefficient	Unemployment Rate	Health Insurance Coverage %	Housing Burden: Owner over 30%	Housing Burden: Renter over 30%	Source, American Community Survey
Canton, Hartford County	10,243	4,006	4%	20%	76%	0.43	6%	97%	28%	44%	5 year estimate
Chaplin, Windham County	2,412	884	3%	19%	78%	0.36	10%	89%	24%	37%	5 year estimate
Cheshire, New Haven County	29,279	9,641	3%	12%	85%	0.37	6%	95%	24%	31%	3 year estimate
Chester, Middlesex County	4,090	1,697	5%	21%	74%	0.44	9%	89%	32%	46%	5 year estimate
Clinton, Middlesex County	13,259	5,443	5%	23%	72%	0.44	7%	89%	42%	44%	5 year estimate
Colchester, New London County	16,044	5,923	3%	19%	78%	0.34	6%	95%	24%	40%	5 year estimate
Colebrook, Litchfield County	1,493	591	6%	17%	77%	0.44	8%	92%	31%	6%	5 year estimate
Columbia, Tolland County	5,464	2,083	4%	14%	82%	0.34	7%	97%	22%	58%	5 year estimate
Cornwall, Litchfield County	1,393	599	9%	22%	69%	0.52	4%	92%	38%	43%	5 year estimate
Coventry, Tolland County	12,445	4,653	3%	13%	84%	0.31	5%	93%	30%	42%	5 year estimate
Cromwell, Middlesex County	14,059	5,544	2%	19%	78%	0.44	6%	92%	32%	49%	5 year estimate
Danbury, Fairfield County	82,783	29,671	11%	24%	65%	0.42	7%	82%	40%	49%	1 year estimate
Darien, Fairfield County	20,948	6,627	5%	8%	88%	0.52	8%	97%	NA	NA	3 year estimate
Deep River, Middlesex County	4,636	1,881	2%	24%	74%	0.44	7%	90%	32%	53%	5 year estimate
Derby, New Haven County	12,858	5,195	12%	30%	58%	0.40	11%	89%	42%	51%	5 year estimate
Durham, Middlesex County	7,368	2,589	2%	11%	87%	0.38	5%	96%	32%	47%	5 year estimate
East Granby, Hartford County	5,055	2,129	4%	22%	75%	0.44	5%	92%	31%	48%	5 year estimate
East Haddam, Middlesex County	9,120	3,580	3%	15%	82%	0.36	8%	95%	32%	18%	5 year estimate
East Hampton, Middlesex County	12,953	4,933	4%	16%	80%	0.38	6%	95%	32%	42%	5 year estimate
East Hartford, Hartford County	51,284	20,085	17%	30%	52%	0.45	14%	88%	39%	51%	3 year estimate
East Haven, New Haven County	29,215	11,300	9%	27%	64%	0.39	11%	92%	40%	48%	3 year estimate
East Lyme, New London County	19,168	6,959	4%	18%	78%	0.41	7%	94%	30%	44%	5 year estimate
East Windsor, Hartford County	11,196	4,534	5%	23%	72%	0.37	12%	94%	34%	40%	5 year estimate
Eastford, Windham County	1,690	644	3%	19%	78%	0.37	7%	95%	26%	37%	5 year estimate
Easton, Fairfield County	7,501	2,527	2%	6%	92%	0.42	4%	98%	47%	21%	5 year estimate
Ellington, Tolland County	15,549	6,094	2%	18%	79%	0.37	6%	97%	26%	39%	5 year estimate
Enfield, Hartford County	44,687	16,153	8%	21%	70%	0.37	9%	92%	28%	50%	3 year estimate
Essex, Middlesex County	6,682	2,876	6%	14%	79%	0.51	4%	90%	30%	52%	5 year estimate

Municipality	Population	Households	Poverty %	ALICE %	Above ALICE Theshold %	Gini Coefficient	Unemployment Rate	Health Insurance Coverage %	Housing Burden: Owner over 30%	Housing Burden: Renter over 30%	Source, American Community Survey
Fairfield, Fairfield County	60,014	20,216	5%	13%	82%	0.50	8%	96%	35%	40%	3 year estimate
Farmington, Hartford County	25,450	10,427	5%	17%	78%	0.48	6%	98%	30%	44%	3 year estimate
Franklin, New London County	1,984	746	4%	18%	78%	0.33	5%	96%	28%	17%	5 year estimate
Glastonbury, Hartford County	34,582	13,025	3%	13%	84%	0.42	6%	95%	24%	39%	3 year estimate
Goshen, Litchfield County	2,957	1,288	10%	17%	74%	0.44	5%	95%	42%	48%	5 year estimate
Granby, Hartford County	11,243	4,439	1%	11%	88%	0.44	5%	97%	32%	39%	5 year estimate
Greenwich, Fairfield County	61,802	21,711	5%	12%	83%	0.58	9%	94%	35%	39%	3 year estimate
Griswold, New London County	11,907	4,725	11%	26%	63%	0.40	9%	95%	34%	47%	5 year estimate
Groton, New London County	39,914	16,009	9%	29%	62%	0.44	7%	92%	35%	47%	3 year estimate
Guilford, New Haven County	22,383	8,619	5%	14%	82%	0.45	7%	97%	35%	48%	3 year estimate
Haddam, Middlesex County	8,308	3,192	4%	13%	82%	0.37	5%	96%	37%	25%	5 year estimate
Hamden, New Haven County	60,928	23,079	8%	25%	67%	0.43	9%	93%	37%	50%	3 year estimate
Hampton, Windham County	1,799	730	5%	18%	76%	0.40	3%	93%	31%	62%	5 year estimate
Hartford, Hartford County	124,887	43,345	35%	34%	31%	0.52	21%	84%	47%	57%	1 year estimate
Hartland, Hartford County	2,198	769	5%	10%	86%	0.35	5%	95%	27%	16%	5 year estimate
Harwinton, Litchfield County	5,620	2,131	5%	12%	83%	0.43	7%	97%	31%	17%	5 year estimate
Hebron, Tolland County	9,649	3,282	2%	9%	89%	0.34	5%	97%	24%	34%	5 year estimate
Kent, Litchfield County	2,971	1,179	9%	17%	74%	0.51	6%	95%	33%	50%	5 year estimate
Killingly, Windham County	17,345	6,709	10%	33%	58%	0.40	10%	92%	37%	41%	5 year estimate
Killingworth, Middlesex County	6,512	2,518	0%	10%	90%	0.41	5%	97%	32%	NA	5 year estimate
Lebanon, New London County	7,289	2,849	3%	19%	79%	0.33	8%	93%	35%	45%	5 year estimate
Ledyard, New London County	15,046	5,632	4%	11%	85%	0.33	6%	94%	31%	32%	5 year estimate
Lisbon, New London County	4,333	1,651	5%	19%	76%	0.40	7%	90%	32%	44%	5 year estimate
Litchfield, Litchfield County	8,454	3,326	8%	18%	73%	0.47	5%	95%	36%	51%	5 year estimate
Lyme, New London County	2,359	1,047	4%	18%	78%	0.57	6%	91%	33%	60%	5 year estimate
Madison, New Haven County	18,264	6,738	2%	15%	84%	0.44	5%	98%	30%	52%	5 year estimate
Manchester, Hartford County	58,261	24,399	9%	26%	65%	0.41	9%	91%	30%	47%	3 year estimate
Mansfield, Tolland County	26,169	5,479	16%	20%	64%	0.45	6%	95%	27%	57%	3 year estimate
Marlborough, Hartford County	6,382	2,229	0%	7%	92%	0.32	7%	97%	27%	49%	5 year estimate
Meriden, New Haven County	60,733	23,361	14%	32%	54%	0.42	14%	88%	42%	55%	3 year estimate
Middlebury, New Haven County	7,522	2,797	3%	17%	80%	0.41	12%	94%	39%	17%	5 year estimate
Middlefield, Middlesex County	4,426	1,677	5%	20%	76%	0.41	4%	98%	36%	51%	5 year estimate
MiddleTown, Middlesex County	47,583	19,065	10%	26%	64%	0.44	8%	91%	32%	44%	3 year estimate

Key Facts and ALICE Statistics by Municipality, Connecticut, 2012

Municipality	Population	Households	Poverty %	ALICE %	Above ALICE Theshold %	Gini Coefficient	Unemployment Rate	Health Insurance Coverage %	Housing Burden: Owner over 30%	Housing Burden: Renter over 30%	Source, American Community Survey
Milford, New Haven County	52,879	21,061	5%	22%	73%	0.42	9%	94%	39%	45%	3 year estimate
Monroe, Fairfield County	19,529	6,530	4%	12%	84%	0.43	7%	96%	33%	35%	5 year estimate
Montville, New London County	19,587	6,987	6%	24%	70%	0.38	8%	92%	36%	47%	5 year estimate
Morris, Litchfield County	2,469	967	6%	21%	73%	0.38	6%	88%	42%	10%	5 year estimate
Naugatuck, New Haven County	31,830	12,588	10%	30%	61%	0.42	13%	91%	34%	41%	3 year estimate
New Britain, Hartford County	73,148	26,577	26%	33%	41%	0.46	16%	88%	35%	50%	1 year estimate
New Canaan, Fairfield County	19,950	6,770	3%	9%	88%	0.54	7%	98%	NA	NA	3 year estimate
New Fairfield, Fairfield County	13,932	4,781	1%	14%	85%	0.36	8%	94%	31%	36%	5 year estimate
New Hartford, Litchfield County	6,924	2,680	4%	20%	76%	0.37	7%	93%	35%	38%	5 year estimate
New Haven, New Haven County	130,749	51,078	23%	34%	42%	0.51	16%	86%	43%	60%	1 year estimate
New London, New London County	27,668	10,293	18%	39%	44%	0.45	15%	83%	35%	52%	3 year estimate
New Milford, Litchfield County	27,993	10,775	5%	20%	75%	0.44	11%	90%	41%	49%	3 year estimate
Newington, Hartford County	30,576	12,818	5%	22%	73%	0.36	9%	94%	34%	36%	3 year estimate
Newtown, Fairfield County	27,840	9,514	4%	15%	82%	0.43	8%	96%	39%	49%	3 year estimate
Norfolk, Litchfield County	1,492	624	7%	22%	71%	0.47	9%	90%	29%	49%	5 year estimate
North Branford, New Haven County	14,369	5,568	3%	20%	77%	0.38	6%	97%	34%	41%	5 year estimate
North Canaan, Litchfield County	3,301	1,356	9%	39%	52%	0.41	10%	91%	41%	77%	5 year estimate
North Haven, New Haven County	24,055	8,838	4%	20%	76%	0.40	10%	95%	37%	48%	3 year estimate
North Stonington, New London County	5,292	2,087	4%	24%	71%	0.39	7%	92%	32%	52%	5 year estimate
Norwalk, Fairfield County	87,196	34,957	10%	19%	71%	0.51	8%	85%	43%	44%	1 year estimate
Norwich, New London County	40,528	16,930	15%	35%	50%	0.45	12%	90%	34%	52%	3 year estimate
Old Lyme, New London County	7,600	3,149	2%	19%	79%	0.41	2%	95%	29%	59%	5 year estimate
Old Saybrook, Middlesex County	10,268	4,400	7%	18%	75%	0.45	5%	96%	37%	63%	5 year estimate
Orange, New Haven County	13,919	4,844	3%	15%	82%	0.43	9%	96%	32%	49%	5 year estimate
Oxford, New Haven County	12,602	4,420	3%	10%	87%	0.36	9%	95%	30%	34%	5 year estimate
Plainfield, Windham County	15,358	5,592	7%	25%	68%	0.34	10%	91%	34%	40%	5 year estimate
Plainville, Hartford County	17,726	7,591	8%	24%	68%	0.39	9%	94%	33%	45%	5 year estimate
Plymouth, Litchfield County	12,193	4,739	6%	18%	77%	0.33	9%	92%	38%	39%	5 year estimate
Pomfret, Windham County	4,231	1,552	5%	20%	75%	0.42	9%	93%	29%	25%	5 year estimate

Municipality	Population	Households	Poverty %	ALICE %	Above ALICE Theshold %	Gini Coefficient	Unemployment Rate	Health Insurance Coverage %	Housing Burden: Owner over 30%	Housing Burden: Renter over 30%	Source, American Community Survey
Portland, Middlesex County	9,500	3,731	5%	12%	82%	0.38	8%	95%	25%	40%	5 year estimate
Preston, New London County	4,736	1,854	10%	17%	73%	0.39	8%	93%	26%	57%	5 year estimate
Prospect, New Haven County	9,450	3,280	4%	15%	81%	0.34	7%	95%	30%	70%	5 year estimate
Putnam, Windham County	9,562	3,723	13%	33%	54%	0.42	14%	85%	41%	43%	5 year estimate
Redding, Fairfield County	9,148	3,519	6%	10%	84%	0.46	9%	96%	45%	45%	5 year estimate
Ridgefield, Fairfield County	24,877	8,641	4%	11%	85%	0.51	7%	98%	31%	48%	3 year estimate
Rocky Hill, Hartford County	19,631	8,109	5%	20%	75%	0.40	8%	96%	30%	36%	5 year estimate
Roxbury, Litchfield County	2,322	994	4%	13%	82%	0.48	6%	91%	38%	53%	5 year estimate
Salem, New London County	4,151	1,526	2%	18%	81%	0.36	5%	97%	32%	47%	5 year estimate
Salisbury, Litchfield County	3,747	1,498	4%	22%	74%	0.48	6%	95%	39%	26%	5 year estimate
Scotland, Windham County	1,725	619	1%	20%	80%	0.32	7%	91%	41%	30%	5 year estimate
Seymour, New Haven County	16,487	6,313	7%	22%	70%	0.40	9%	93%	39%	49%	5 year estimate
Sharon, Litchfield County	2,789	1,247	5%	20%	75%	0.49	7%	92%	45%	28%	5 year estimate
Shelton, Fairfield County	39,953	14,878	5%	17%	78%	0.40	10%	95%	38%	33%	3 year estimate
Sherman, Fairfield County	3,615	1,350	2%	12%	86%	0.44	8%	96%	29%	16%	5 year estimate
Simsbury, Hartford County	23,573	8,760	3%	12%	85%	0.45	6%	98%	23%	40%	3 year estimate
Somers, Tolland County	11,451	3,354	5%	10%	86%	0.36	8%	93%	22%	57%	5 year estimate
South Windsor, Hartford County	25,787	9,580	4%	15%	82%	0.42	8%	97%	30%	49%	3 year estimate
Southbury, New Haven County	19,841	8,022	5%	26%	69%	0.48	7%	96%	45%	56%	5 year estimate
Southington, Hartford County	43,266	17,231	4%	19%	77%	0.40	8%	95%	27%	43%	3 year estimate
Sprague, New London County	2,982	1,317	7%	29%	64%	0.35	7%	91%	25%	23%	5 year estimate
Stafford, Tolland County	12,058	4,650	8%	24%	68%	0.36	8%	92%	34%	51%	5 year estimate
Stamford, Fairfield County	125,102	46,599	9%	20%	71%	0.50	10%	85%	44%	55%	1 year estimate
Sterling, Windham County	3,786	1,270	9%	18%	73%	0.37	13%	87%	48%	30%	5 year estimate
Stonington, New London County	18,528	7,667	5%	23%	72%	0.45	5%	92%	29%	43%	5 year estimate
Stratford, Fairfield County	51,797	19,942	8%	24%	68%	0.43	12%	89%	45%	54%	3 year estimate
Suffield, Hartford County	15,692	4,984	2%	17%	80%	0.43	7%	97%	24%	39%	5 year estimate
Thomaston, Litchfield County	7,865	3,192	4%	23%	73%	0.36	7%	94%	35%	43%	5 year estimate
Thompson, Windham County	9,429	3,618	9%	26%	65%	0.39	11%	92%	28%	45%	5 year estimate
Tolland, Tolland County	14,980	5,459	4%	10%	86%	0.38	7%	98%	22%	54%	5 year estimate
Torrington, Litchfield County	36,085	15,067	12%	30%	58%	0.43	10%	90%	39%	44%	3 year estimate

Key Facts and ALICE Statistics by Municipality, Connecticut, 2012

Municipality	Population	Households	Poverty %	ALICE %	Above ALICE Theshold %	Gini Coefficient	Unemployment Rate	Health Insurance Coverage %	Housing Burden: Owner over 30%	Housing Burden: Renter over 30%	Source, American Community Survey
Trumbull, Fairfield County	36,297	11,821	4%	14%	82%	0.41	7%	96%	39%	61%	3 year estimate
Union, Tolland County	954	350	1%	11%	87%	0.30	11%	94%	33%	NA	5 year estimate
Vernon, Tolland County	29,168	13,320	9%	30%	61%	0.41	10%	93%	29%	45%	3 year estimate
Voluntown, New London County	2,599	1,004	1%	20%	79%	0.30	11%	92%	32%	10%	5 year estimate
Wallingford, New Haven County	45,180	17,075	5%	22%	73%	0.41	7%	94%	26%	47%	3 year estimate
Warren, Litchfield County	1,560	604	6%	14%	80%	0.47	7%	94%	40%	33%	5 year estimate
Washington, Litchfield County	3,574	1,483	6%	24%	70%	0.55	4%	89%	43%	52%	5 year estimate
Waterbury, New Haven County	109,915	40,992	23%	34%	43%	0.45	13%	86%	42%	60%	1 year estimate
Waterford, New London County	19,499	7,989	6%	19%	75%	0.41	6%	96%	31%	44%	5 year estimate
Watertown, Litchfield County	22,396	8,270	5%	20%	76%	0.41	9%	96%	33%	39%	3 year estimate
West Hartford, Hartford County	63,243	24,960	10%	17%	74%	0.48	7%	94%	30%	44%	3 year estimate
West Haven, New Haven County	55,475	21,341	12%	35%	52%	0.43	13%	89%	47%	58%	3 year estimate
Westbrook, Middlesex County	6,928	2,875	3%	31%	66%	0.49	10%	86%	37%	38%	5 year estimate
Weston, Fairfield County	10,203	3,213	3%	4%	93%	0.47	6%	99%	34%	36%	5 year estimate
Westport, Fairfield County	26,777	9,309	4%	8%	88%	0.51	9%	97%	38%	36%	3 year estimate
Wethersfield, Hartford County	26,707	10,919	7%	19%	74%	0.41	7%	95%	32%	38%	3 year estimate
Willington, Tolland County	6,042	2,337	17%	22%	62%	0.44	6%	95%	26%	78%	5 year estimate
Wilton, Fairfield County	18,201	6,005	1%	8%	90%	0.48	5%	98%	34%	33%	5 year estimate
Winchester, Litchfield County	11,189	4,620	7%	30%	63%	0.38	8%	92%	34%	50%	5 year estimate
Windham, Windham County	25,189	8,744	25%	28%	47%	0.45	12%	88%	39%	55%	3 year estimate
Windsor Locks, Hartford County	12,500	5,298	9%	26%	66%	0.41	7%	93%	34%	44%	5 year estimate
Windsor, Hartford County	29,131	10,651	5%	17%	78%	0.37	9%	94%	30%	48%	3 year estimate
Wolcott, New Haven County	16,638	5,947	3%	20%	76%	0.38	7%	96%	33%	34%	5 year estimate
Woodbridge, New Haven County	8,990	3,364	2%	10%	87%	0.45	5%	97%	33%	69%	5 year estimate
Woodbury, Litchfield County	9,925	4,204	4%	20%	76%	0.42	6%	94%	38%	58%	5 year estimate
Woodstock, Windham County	7,934	3,081	4%	20%	76%	0.39	8%	95%	32%	20%	5 year estimate

APPENDIX I – CONNECTICUT REGIONS BY INCOME

With only eight counties and no county government, for some government and economic purposes, Connecticut is divided into the following regions. Household income data is presented to better understand each region. Because the data is based on a compilation of municipal 1-, 3-, and 5-year estimates, they are not as precise as county estimates.

Connecticut Regions by Income, 2012

Region	Total Households	Poverty %	ALICE %
CAPITOL	295,732	11%	22%
CENTRAL CT	92,340	13%	25%
CENTRAL NAUGATUCK VALLEY	107,006	12%	26%
CT RIVER ESTUARY	25,886	4%	20%
GREATER BRIDGEPORT	110,923	14%	23%
HOUSATONIC VALLEY	81,668	6%	19%
LITCHFIELD HILLS	33,487	9%	25%
MIDSTATE	44,311	6%	20%
NORTHEASTERN CT	33,069	8%	26%
NORTHWESTERN CT	9,573	6%	23%
SOUTH CENTRAL	220,773	11%	27%
SOUTH WESTERN	135,191	7%	16%
SOUTHEASTERN CT	100,314	9%	26%
THE VALLEY	33,766	8%	24%
WINDHAM	28,378	13%	21%
MIN	9,573	4%	16%
MAX	295,493	14%	27%

APPENDIX J – ALICE COUNTY PAGES

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

Because state averages often smooth over local variation, these county pages are crucial to understanding the unique combination of demographic and economic circumstances in each county in Connecticut.

Building on American Community Survey data, for counties with populations over 65,000, the data are 1-year estimates; for populations between 20,000 and 65,000, data are 3-year estimates; and for populations below 20,000, data are 5-year estimates.

Line items in the Household Survival Budget are rounded to dollars; monthly and annual totals are calculated including cents. As a result, line items may not add up precisely to the totals.

ALICE IN FAIRFIELD COUNTY

Population: 933,835 | **Number of Households:** 334,255
Median Household Income: $79,841 (state average: $67,276)
Unemployment Rate: 7.5% (state average: 9.7%)
Gini Coefficient (zero = equality; one = inequality): 0.55 (state average: 0.49)

How many households are struggling?

ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, are households that earn more than the U.S. poverty level, but less than the basic cost of living for the county. Combined, the number of poverty and ALICE households equals the total population struggling to afford basic needs.

Poverty	ALICE	STRUGGLING	Above ALICE
30,753 HH	63,329 HH		240,173 HH
9%	19%		72%

What are the economic conditions?

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

Housing Affordability	Job Opportunities	Community Support
poor (34)	fair (58)	poor (44)

What does it cost to afford the basic necessities?

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

Household Survival Budget, Fairfield County

	SINGLE ADULT	FAMILY (INFANT AND PRE-K)
Housing	$998	$1,530
Child care	$0	$1,657
Food	$196	$592
Transportation	$95	$146
Health care	$106	$422
Miscellaneous	$164	$491
Taxes	$245	$560
Monthly total	$1,803	$5,398
ANNUAL TOTAL	$21,639	$64,775
Hourly wage	$10.82	$32.39

Source: U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture (USDA), Bureau of Labor Statistics (BLS), Internal Revenue Service (IRS) and state Treasury, and ChildCare Aware, 2012; American Community Survey, 1 year estimate.

Fairfield County, 2012

Town	Total HH	% ALICE & Poverty
Bethel	6,838	22%
Bridgeport	49,887	55%
Brookfield	5,833	16%
Danbury	29,671	35%
Darien	6,627	13%
Easton	2,527	8%
Fairfield	20,216	18%
Greenwich	21,711	17%
Monroe	6,530	16%
New Canaan	6,770	12%
New Fairfield	4,781	15%
Newtown	9,514	19%
Norwalk	34,957	29%
Redding	3,519	16%
Ridgefield	8,641	15%
Shelton	14,878	22%
Sherman	1,350	14%
Stamford	46,599	29%
Stratford	19,942	32%
Trumbull	11,821	18%
Weston	3,213	7%
Westport	9,309	12%
Wilton	6,005	9%

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

ALICE IN HARTFORD COUNTY

Population: 897,259 | **Number of Households:** 346,726
Median Household Income: $63,536 (state average: $67,276)
Unemployment Rate: 8.6% (state average: 9.7%)
Gini Coefficient (zero = equality; one = inequality): 0.47 (state average: 0.49)

How many households are struggling?

ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, are households that earn more than the U.S. poverty level, but less than the basic cost of living for the county. Combined, the number of poverty and ALICE households equals the total population struggling to afford basic needs.

Poverty	ALICE	STRUGGLING	Above ALICE
43,109 HH	80,093 HH		223,524 HH
12%	23%		64%

What are the economic conditions?

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

Housing Affordability	Job Opportunities	Community Support
fair (58)	fair (52)	fair (47)

What does it cost to afford the basic necessities?

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

Household Survival Budget, Hartford County

	SINGLE ADULT	FAMILY (INFANT AND PRE-K)
Housing	$709	$1,038
Child care	$0	$1,533
Food	$196	$592
Transportation	$352	$704
Health care	$120	$482
Miscellaneous	$162	$491
Taxes	$238	$561
Monthly total	$1,777	$5,400
ANNUAL TOTAL	$21,327	$64,805
Hourly wage	$10.66	$32.40

Source: U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture (USDA), Bureau of Labor Statistics (BLS), Internal Revenue Service (IRS) and state Treasury, and ChildCare Aware, 2012; American Community Survey, 1 year estimate.

Hartford County, 2012

Town	Total HH	% ALICE & Poverty
Avon	7,115	15%
Berlin	7,619	25%
Bloomfield	8,477	29%
Bristol	25,087	38%
Burlington	3,496	14%
Canton	4,006	24%
East Granby	2,129	26%
East Hartford	20,085	47%
East Windsor	4,534	28%
Enfield	16,153	29%
Farmington	10,427	22%
Glastonbury	13,025	16%
Granby	4,439	12%
Hartford	43,345	69%
Hartland	769	15%
Manchester	24,399	35%
Marlborough	2,229	7%
New Britain	26,577	59%
Newington	12,818	27%
Plainville	7,591	32%
Rocky Hill	8,109	25%
Simsbury	8,760	15%
South Windsor	9,580	19%
Southington	17,231	23%
Suffield	4,984	19%
West Hartford	24,960	27%
Wethersfield	10,919	26%
Windsor Locks	5,298	35%
Windsor	10,651	22%

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

ALICE IN LITCHFIELD COUNTY

Population: 187,530 | **Number of Households:** 75,593
Median Household Income: $67,658 (state average: $67,276)
Unemployment Rate: 7.7% (state average: 9.7%)
Gini Coefficient (zero = equality; one = inequality): 0.42 (state average: 0.49)

How many households are struggling?

ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, are households that earn more than the U.S. poverty level, but less than the basic cost of living for the county. Combined, the number of poverty and ALICE households equals the total population struggling to afford basic needs.

Poverty	ALICE	STRUGGLING	Above ALICE
4,915 HH	17,455 HH		53,223 HH
7%	23%		70%

What are the economic conditions?

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

Housing Affordability	Job Opportunities	Community Support
fair (68)	fair (60)	fair (55)

What does it cost to afford the basic necessities?

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

Household Survival Budget, Litchfield County

	SINGLE ADULT	FAMILY (INFANT AND PRE-K)
Housing	$691	$1,063
Child care	$0	$1,544
Food	$196	$592
Transportation	$352	$704
Health care	$120	$482
Miscellaneous	$159	$496
Taxes	$234	$574
Monthly total	$1,753	$5,455
ANNUAL TOTAL	$21,034	$65,459
Hourly wage	$10.52	$32.73

Source: U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture (USDA), Bureau of Labor Statistics (BLS), Internal Revenue Service (IRS) and state Treasury, and ChildCare Aware, 2012; American Community Survey, 1 year estimate.

Litchfield County, 2012

Town	Total HH	% ALICE & Poverty
Barkhamsted	1,424	15%
Bethlehem	1,409	17%
Bridgewater	746	22%
Canaan	613	40%
Colebrook	591	23%
Cornwall	599	31%
Goshen	1,288	27%
Harwinton	2,131	17%
Kent	1,179	26%
Litchfield	3,326	26%
Morris	967	27%
New Hartford	2,680	24%
New Milford	10,775	25%
Norfolk	624	29%
North Canaan	1,356	48%
Plymouth	4,739	24%
Roxbury	994	17%
Salisbury	1,498	26%
Sharon	1,247	25%
Thomaston	3,192	27%
Torrington	15,067	42%
Warren	604	20%
Washington	1,483	30%
Watertown	8,270	25%
Winchester	4,620	37%
Woodbury	4,204	24%

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

Middlesex County, 2012		
Town	Total HH	% ALICE & Poverty
Chester	1,697	26%
Clinton	5,443	28%
Cromwell	5,544	21%
Deep River	1,881	26%
Durham	2,589	13%
East Haddam	3,580	18%
East Hampton	4,933	20%
Essex	2,876	20%
Haddam	3,192	17%
Killingworth	2,518	10%
Middlefield	1,677	25%
Middletown	19,065	36%
Old Saybrook	4,400	25%
Portland	3,731	17%
Westbrook	2,875	34%

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

ALICE IN MIDDLESEX COUNTY

Population: 165,602 | **Number of Households:** 67,386
Median Household Income: $74,484 (state average: $67,276)
Unemployment Rate: 7.0% (state average: 9.7%)
Gini Coefficient (zero = equality; one = inequality): 0.43 (state average: 0.49)

How many households are struggling?

ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, are households that earn more than the U.S. poverty level, but less than the basic cost of living for the county. Combined, the number of poverty and ALICE households equals the total population struggling to afford basic needs.

Poverty	ALICE	STRUGGLING	Above ALICE
3,585 HH	13,335 HH		50,466 HH
5%	20%		75%

What are the economic conditions?

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

Housing Affordability	Job Opportunities	Community Support
fair (66)	good (62)	fair (58)

What does it cost to afford the basic necessities?

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

Household Survival Budget, Middlesex County		
	SINGLE ADULT	FAMILY (INFANT AND PRE-K)
Housing	$748	$1,055
Child care	$0	$1,543
Food	$196	$592
Transportation	$352	$704
Health care	$120	$482
Miscellaneous	$167	$495
Taxes	$251	$570
Monthly total	$1,834	$5,441
ANNUAL TOTAL	$22,005	$65,297
Hourly wage	$11.00	$32.65

Source: U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture (USDA), Bureau of Labor Statistics (BLS), Internal Revenue Service (IRS) and state Treasury, and ChildCare Aware, 2012; American Community Survey, 1 year estimate.

ALICE IN NEW HAVEN COUNTY

Population: 862,813 | **Number of Households:** 330,054
Median Household Income: $59,271 (state average: $67,276)
Unemployment Rate: 9.1% (state average: 9.7%)
Gini Coefficient (zero = equality; one = inequality): 0.46 (state average: 0.49)

How many households are struggling?

ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, are households that earn more than the U.S. poverty level, but less than the basic cost of living for the county. Combined, the number of poverty and ALICE households equals the total population struggling to afford basic needs.

Poverty	ALICE	STRUGGLING	Above ALICE
42,064 HH	107,030 HH		180,960 HH
13%	32%		55%

What are the economic conditions?

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

Housing Affordability	Job Opportunities	Community Support
fair (65)	poor (45)	fair (46)

What does it cost to afford the basic necessities?

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

Household Survival Budget, New Haven County

	SINGLE ADULT	FAMILY (INFANT AND PRE-K)
Housing	$926	$1,278
Child care	$0	$1,542
Food	$196	$592
Transportation	$311	$623
Health care	$106	$422
Miscellaneous	$183	$507
Taxes	$293	$611
Monthly total	$2,015	$5,575
ANNUAL TOTAL	$24,181	$66,899
Hourly wage	$12.09	$33.45

Source: U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture (USDA), Bureau of Labor Statistics (BLS), Internal Revenue Service (IRS) and state Treasury, and ChildCare Aware, 2012; American Community Survey, 1 year estimate.

New Haven County, 2012

Town	Total HH	% ALICE & Poverty
Ansonia	7,380	50%
Beacon Falls	2,244	26%
Bethany	1,915	17%
Branford	12,592	30%
Cheshire	9,641	15%
Derby	5,195	42%
East Haven	11,300	36%
Guilford	8,619	19%
Hamden	23,079	33%
Madison	6,738	17%
Meriden	23,361	46%
Middlebury	2,797	20%
Milford	21,061	27%
Naugatuck	12,588	40%
New Haven	51,078	57%
North Branford	5,568	23%
North Haven	8,838	24%
Orange	4,844	18%
Oxford	4,420	13%
Prospect	3,280	19%
Seymour	6,313	29%
Southbury	8,022	31%
Wallingford	17,075	27%
Waterbury	40,992	57%
West Haven	21,341	47%
Wolcott	5,947	23%
Woodbridge	3,364	12%

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

New London County, 2012		
Town	Total HH	% ALICE & Poverty
Bozrah	1,015	24%
Colchester	5,923	22%
East Lyme	6,959	22%
Franklin	746	22%
Griswold	4,725	37%
Groton	16,009	38%
Lebanon	2,849	22%
Ledyard	5,632	15%
Lisbon	1,651	24%
Lyme	1,047	22%
Montville	6,987	30%
New London	10,293	57%
North Stonington	2,087	28%
Norwich	16,930	50%
Old Lyme	3,149	21%
Preston	1,854	27%
Salem	1,526	20%
Sprague	1,317	36%
Stonington	7,667	28%
Voluntown	1,004	21%
Waterford	7,989	25%

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

ALICE IN NEW LONDON COUNTY

Population: 274,170 | **Number of Households:** 105,801
Median Household Income: $66,603 (state average: $67,276)
Unemployment Rate: 8.4% (state average: 9.7%)
Gini Coefficient (zero = equality; one = inequality): 0.43 (state average: 0.49)

How many households are struggling?

ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, are households that earn more than the U.S. poverty level, but less than the basic cost of living for the county. Combined, the number of poverty and ALICE households equals the total population struggling to afford basic needs.

Poverty	ALICE	STRUGGLING	Above ALICE
8,889 HH	27,792 HH		69,120 HH
8%	26%		65%

What are the economic conditions?

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

Housing Affordability	Job Opportunities	Community Support
good (70)	fair (53)	fair (47)

What does it cost to afford the basic necessities?

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

Household Survival Budget, New London County		
	SINGLE ADULT	FAMILY (INFANT AND PRE-K)
Housing	$824	$1,143
Child care	$0	$1,426
Food	$196	$592
Transportation	$352	$704
Health care	$120	$482
Miscellaneous	$177	$491
Taxes	$278	$560
Monthly total	$1,947	$5,399
ANNUAL TOTAL	$23,369	$64,784
Hourly wage	$11.68	$32.39

Source: U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture (USDA), Bureau of Labor Statistics (BLS), Internal Revenue Service (IRS) and state Treasury, and ChildCare Aware, 2012; American Community Survey, 1 year estimate.

ALICE IN TOLLAND COUNTY

Population: 151,539 | **Number of Households:** 54,830
Median Household Income: $75,238 (state average: $67,276)
Unemployment Rate: 7.2% (state average: 9.7%)
Gini Coefficient (zero = equality; one = inequality): 0.40 (state average: 0.49)

How many households are struggling?

ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, are households that earn more than the U.S. poverty level, but less than the basic cost of living for the county. Combined, the number of poverty and ALICE households equals the total population struggling to afford basic needs.

Poverty	ALICE	STRUGGLING	Above ALICE
3,521 HH	12,087 HH		39,222 HH
6%	22%		72%

What are the economic conditions?

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

Housing Affordability	Job Opportunities	Community Support
fair (61)	good (63)	good (61)

What does it cost to afford the basic necessities?

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

Household Survival Budget, Tolland County

	SINGLE ADULT	FAMILY (INFANT AND PRE-K)
Housing	$709	$1,038
Child care	$0	$1,487
Food	$196	$592
Transportation	$352	$704
Health care	$120	$482
Miscellaneous	$162	$484
Taxes	$238	$535
Monthly total	$1,777	$5,322
ANNUAL TOTAL	$21,327	$63,866
Hourly wage	$10.66	$31.93

Source: U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture (USDA), Bureau of Labor Statistics (BLS), Internal Revenue Service (IRS) and state Treasury, and ChildCare Aware, 2012; American Community Survey, 1 year estimate.

Tolland County, 2012

Town	Total HH	% ALICE & Poverty
Andover	1,135	18%
Bolton	1,996	18%
Columbia	2,083	18%
Coventry	4,653	16%
Ellington	6,094	20%
Hebron	3,282	11%
Mansfield	5,479	36%
Somers	3,354	15%
Stafford	4,650	32%
Tolland	5,459	14%
Union	350	12%
Vernon	13,320	39%
Willington	2,337	39%

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

Windham County, 2012		
Town	Total HH	% ALICE & Poverty
Ashford	1,650	23%
Brooklyn	2,758	33%
Canterbury	2,122	31%
Chaplin	884	22%
Eastford	644	22%
Hampton	730	23%
Killingly	6,709	43%
Plainfield	5,592	32%
Pomfret	1,552	25%
Putnam	3,723	46%
Scotland	619	21%
Sterling	1,270	27%
Thompson	3,618	35%
Windham	8,744	53%
Woodstock	3,081	24%

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

ALICE IN WINDHAM COUNTY

Population: 117,599 | **Number of Households:** 43,167
Median Household Income: $54,098 (state average: $67,276)
Unemployment Rate: 9.3% (state average: 9.7%)
Gini Coefficient (zero = equality; one = inequality): 0.41 (state average: 0.49)

How many households are struggling?

ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, are households that earn more than the U.S. poverty level, but less than the basic cost of living for the county. Combined, the number of poverty and ALICE households equals the total population struggling to afford basic needs.

Poverty	ALICE	STRUGGLING	Above ALICE
4,792 HH	11,696 HH		26,679 HH
11%	27%		62%

What are the economic conditions?

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

Housing Affordability	Job Opportunities	Community Support
good (71)	poor (50)	fair (48)

What does it cost to afford the basic necessities?

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

Household Survival Budget, Windham County		
	SINGLE ADULT	FAMILY (INFANT AND PRE-K)
Housing	$685	$998
Child care	$0	$1,414
Food	$196	$592
Transportation	$352	$704
Health care	$120	$482
Miscellaneous	$157	$467
Taxes	$213	$478
Monthly total	$1,723	$5,135
ANNUAL TOTAL	$20,671	$61,624
Hourly wage	$10.34	$30.81

Source: U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture (USDA), Bureau of Labor Statistics (BLS), Internal Revenue Service (IRS) and state Treasury, and ChildCare Aware, 2012; American Community Survey, 1 year estimate.

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