



# UNITED WAY ALICE® PROJECT

LIVE UNITED

## STUDY OF FINANCIAL HARDSHIP IN THE U.S. FREQUENTLY ASKED QUESTIONS: FOR INTERNAL USE ONLY

### WHY DID UNITED WAY UNDERTAKE THE ALICE STUDY?

- The federal poverty rate is commonly regarded as inadequate for measuring the true scope of financial need in the country.
- As a result, many government and social service agencies have relied on an inflated percentage of federal poverty (125%, 150%, 200%) as thresholds for establishing need.
- United Way sought a research-based model in order to fully understand and best respond to the needs of our communities. The ALICE methodology was conceived to develop real-time data on income and expenses, establishing a more comprehensive analysis of the state of financial instability in our communities.
- United Way also sought to understand the barriers that prevent residents from achieving their potential and financial stability – not just the end result.
- We sought to provide objective, comprehensive data that can be used for policy planning.

### WHAT/WHO IS ALICE?

- ALICE is a population that has a difficult time affording the basics of housing, food, health care, child care, and transportation, despite working.
- ALICE is an opportunity to remove the stigmas/stereotypes that are attached to other terms, such as the working poor, and see these individuals as our family members, neighbors and friends.
- In addition, it's a way to remind us that ALICE plays a significant role in keeping our local economies humming. We are all interconnected – ALICE helps make it possible for all of us to continue to be productive members of our communities by making sure our cars run smoothly or by caring for our aging parents or our toddlers and preschoolers.
- While it is true that ALICE has existed long before this study, it was not until the release of this Report that there was an objective way to both quantify and discuss their financial challenges.

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## What is the most effective way to talk about ALICE?

- ALICE represents the hardworking, tax-paying individuals who get up every day to go to work like the rest of us, but who aren't sure how they will make ends meet.
- ALICE represents workers who provide invaluable services we all rely on in our daily lives.
- ALICE is living paycheck to paycheck, unable to set aside savings for an emergency and forced to make short-term choices that can result in long-term consequences. Do I get a payday loan to get the kids ready for school? Do I pay the utilities or pay rent? Do I buy my medications or put dinner on the table? Do I pay for car insurance? Do I live farther away from my job?
- ALICE is vulnerable to just one emergency – one health emergency, one car repair, one harsh storm. When that emergency occurs, ALICE may not be able to get to work, which has a domino effect. ALICE can quickly spiral into poverty. Meanwhile, our child loses that teacher who's built a rapport in the preschool class, our parent loses that home health aide who made sure they took their proper medications, and we lose the mechanic who made sure our cars run smoothly.
- When ALICE suffers, we all suffer and our local economies suffer. If ALICE can't afford the basics, that household cannot help to stimulate the economy with purchasing power. If ALICE falls into poverty, that puts a greater strain on local services. If ALICE cannot save for the future, we will all bear the cost.

## What are some of the terms used by others that signal they are talking about ALICE (e.g. working poor, paycheck-to-paycheck, etc.)?

- Working poor
- Paycheck-to-paycheck
- Walking a financial tightrope
- Hand-to-mouth
- Barely making ends meet
- Scraping by
- Meager existence
- Needy
- 150% of poverty; 200% of poverty

## WHY ALICE?

- ALICE is a real and significant population that we ignore at the peril of the future well-being of all our communities and our economy.

## The data contained in the United Way ALICE Report is generally available from other public sources. Why are United Ways using this data to publish this Report?

- United Way is committed to understanding the communities we serve. For us to create long-lasting community change, we need to address the underlying causes of the most significant local issues.
- The ALICE data analyzes existing sources and presents the data in a comprehensive way, for the first time offering a complete and clear picture of the struggles of so many in our communities.
- This data helps us understand our communities in new ways, helping us address root causes, and ultimately measure results.
- We want to understand the causes of problems, so that we can have greater impact. We aim to provide objective, comprehensive data that can be used for serious policy planning in every arena.

## What's different about the United Way ALICE Report from other data reports?

- True, the United Way ALICE Report does pull data from existing sources; however nowhere else is this data combined in such a way to provide a full picture and analysis of need in our communities.
  - Since the United Way ALICE Report is based on credible sources, it will have credibility in our communities.
  - We bring together national, regional, and local data for a macro and micro picture of our communities.
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## SO WHAT?

- Today marks a watershed moment in our country's history. Far too many families are walking the financial tightrope, unable to afford life's basic necessities, one emergency from falling into poverty.
- All of us are at risk if we fail to acknowledge the realities of our ALICE population.
- We can change the story for some of the hardest working community members by responding to their need for a hand up not a hand out.

### **"They are takers not givers... they are a drain"**

- These individuals have jobs; many do not qualify for social services or support.
- Despite working, ALICE is not earning enough to make ends meet. This is not only demoralizing for ALICE, but destabilizing for our economy.
- ALICE holds jobs that are critical to the success of our communities – child care workers, home health aides, and office assistants – yet, they aren't sure if they'll be able to cover their basic needs.
- Many ALICE are forced to work multiple jobs to care for themselves and those they love.

### **"If they just knew how to manage their money better..."**

- The household survival budget is a bare-minimum budget, not a get-ahead budget. Every line item in the budget is the most conservative estimate based on the cost of living in each county.
- The small miscellaneous category, 10 percent of all costs, covers overflow from the five basic categories; it is not enough to provide for clothes, cell phone, cable, 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 this budget for financial indulgences – holiday gifts, a vacation, new television, or a bedspread – something 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 or health issue.
- As such, the household survival budget is just surviving.
- Getting by is one thing, falling behind and moving ahead are where the real challenges lie.

### **"They're too poor to make a difference in the economy..."**

- As such a large portion of the population, they have incredible buying power. They feed the local economy by paying for even the basics – food, housing, transportation, child care, health care, and taxes.
- While there is some relief for the elderly and lowest income earners, most ALICE households pay about 15 percent of their income in taxes.
- The conventional view may be of low-income households receiving government assistance, but from the United Way ALICE Report, it is clear that ALICE contributes to the economy by working in jobs essential to the local economy.

### **What the United Way ALICE Report is NOT...:**

- Simply an income problem.
  - A political position, but a body of data that helps us understand the economic realities of this population.
  - A stance on raising the minimum wage. This alone would not help ALICE rise above challenging circumstances
  - A finger pointing – or finger wagging – to area businesses. The engine of local economics knows that in order for their business to thrive, their community has to as well.
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## Is more education a potential solution for ALICE?

- Traditionally, education has been the best guarantee of higher income. The two are certainly correlated. However, short- and long-term factors may be changing the equation.
- For many ALICE households, going back for additional education means having to reduce hours or quit a part time job. Reducing income while adding tuition, books, transportation and additional child care costs is a daunting and often unmanageable situation for any of us and especially ALICE.
- Tuition has increased beyond the means of many Americans and the amount of student debt rose significantly over the last decade.
- In addition, post-recession, the majority of new jobs are in the low-skill, low-wage arena. There is limited growth of medium- and high-skilled jobs. So, more education doesn't necessarily translate into better job opportunities.
- For those with college degrees, there is huge disparity in earning potential. Salaries for college graduates in the U.S. depend heavily on their major. For example, the mid-career median salary for those with a social work degree is below the ALICE Threshold. This holds true for other occupations which earn less than the ALICE Threshold, such as child care workers and home health aides.
- Bottom line, 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.

## WHAT CAN WE LEARN FROM THE ALICE STUDY?

- There is significantly greater need than the typical portrait painted by the federal poverty rates.
- ALICE is a vital part of our community. We are all interconnected and our success depends on ALICE's ability to reach his or her potential. ALICE is not going away; he/she is here to stay.
- There is a systemic problem that will not be solved with 1 magic bullet – policymakers, academics, business and social service agencies need to work together to address long-term systemic change.

## WHAT IS UNITED WAY DOING FOR ALICE?

- United Ways across the country are joining forces to bring this issue out of the shadows and ignite a grassroots movement to give ALICE a chance to thrive.
- We are raising awareness that ALICE exists and that we need to address ALICE for the economic well-being of all.
- Shedding light on the underlying causes keeping ALICE from succeeding.
- Advocating for wide-ranging and long-term policy solutions that get beyond the traditional partisan debates and considers how we can work together, nonprofits, government, business to create solutions for our residents and stronger country.
- Engaging corporations, faith-based organizations, government entities, and concerned citizens in a dialogue about how to help change the course for ALICE.

## How is ALICE integrated into United Way community impact work?

- ALICE is changing the way that we think about our community.
  - It is informing our Community Impact strategies; it is validating our work and helping us articulate it.
  - The data will serve as a means to measure change and determine effectiveness of our strategies.
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## How can ALICE be integrated into United Way annual campaigns?

- The ALICE data provides a framework for donors to understand local need, and the potential impact of their investment in United Way.
- No longer can need be thought of as a population that exists elsewhere. ALICE is everywhere – your mom, uncle, sister, nephew, neighbor, or colleague. Everyone knows and depends on ALICE.
- When a donor sees that ALICE represents people you care about and people you need, their compassion grows.

## What strategies do United Ways and their partners expect to implement to address the needs of the ALICE population in each community?

- In the short-term, minimal intervention - by family, employers, nonprofits, and government - can prevent a household from becoming ALICE, or sliding from ALICE to poverty.
- However, only large-scale economic and social changes will significantly reduce the number of households below the ALICE Threshold, or ease the consequences and hardship of those struggling to achieve economic stability.
- United Way, as a system of some 1,300 local chapters across the U.S., is uniquely positioned to ignite a social movement so that this growing population can no longer be ignored.
- Also, United Way, in our role as community convener, is poised to attract leaders from every sector to engage in a dialogue about collective ownership of this issue.
- Small changes will add up to broad-scale differences to this vulnerable population. Together, we can envision a better future for ALICE.

## How might United Way work collaboratively with employers to help ALICE in our communities?

- Helping ALICE makes good business sense. By removing some of the major financial pressures ALICE faces - stable and affordable child care options, paid time off, and training opportunities for career advancement - ALICE employees would also be able to focus on their work.
- Ultimately, if ALICE households were better able to climb the ladder of success, they would be financially stable and no longer require assistance from government and nonprofits, nor would they take risks that have negative consequences on the community.
- Small subsidies could go a long way to helping ALICE's budget meet her needs. (Ie- financial assistance to help ALICE afford quality child care pays off for both ALICE and ALICE's children)

## Are the strategies different for small employers and large employers?

- Bottom line, there is only room for improvement for ALICE.
- If every organization, in every sector did something, the collective change would be significant.

## WHAT CAN ALL OF US DO ABOUT/FOR ALICE?

- First, we need to recognize that ALICE is a real and significant population in our community. It is only once we see ALICE that we can come together to have an open dialogue about how, together, we can remove the barriers keeping ALICE from achieving financial security. United Way doesn't profess to have all the answers, there is no one magic bullet. United Way is uniquely positioned to engage all sectors in a non-partisan manner to bring about long-term change for ALICE. No one entity can change this dynamic on its own.
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## **The United Way ALICE Report seems to be all about what we need to do to help ALICE. Does it also provide data that can be used by ALICE to help themselves?**

- The Report brings to light that there are systemic barriers outside of ALICE's control that prevent him/her from achieving financial security. ALICE could be doing everything right, but if the reality is that our economy is producing a glut of low-skilled jobs, outpacing the creation of medium- and high-skilled jobs, ALICE neither has the financial nor the social clout to address this societal imbalance.
- Some short-term solutions are to offer debt reduction and budgeting workshops, free tax preparation, affordable child care, and increased options for affordable housing.

## **Why are United Ways around the country interested in knowing more about what the report describes as the "ALICE population?"**

- United Way values a research-based approach to understanding the needs of the communities it serves. ALICE both quantifies the need and the root causes that have led to this need.
- ALICE provides an objective look at the state of our communities, allowing United Ways to zero-in on how and where we can have the greatest impact in improving the lives of those who struggle to make ends meet.
- Armed with the Report's objective facts, we can dispel faulty stereotypes about the ALICE population and work with our partners to maximize donor's dollars for the greatest results.
- The Report shows us that for the health and vitality of our communities – and country – we cannot ignore ALICE.

## **The ALICE population includes a lot of people. How can United Ways, or any of us, expect to impact so many people with such limited resources?**

- As an organization committed to changing social norms, few of the issues United Way is tackling can be done by us alone. Improving graduation rate and reducing childhood obesity are equally important - and equally massive - as alleviating the financial burden on ALICE households.
- That does not mean that we should shy away from the issue and hope that someone else will come along and lead the change.
- We all have to first care about ALICE. This is not about stretching limited social service or government resources; instead this is about systemic changes. United Way is mobilizing the community to collectively own this issue – only then will any solutions be possible.
- United Way is an organization dedicated to leading the large-scale social changes to improve our communities for all.

## **If I'm "ALICE," what help can I expect from my local United Way?**

- We are acknowledging ALICE.
  - ALICE has a name and no longer must live in the shadows, embarrassed by the daily struggles.
  - In United Way, ALICE has a voice, and the support of an organization that is banding together to ignite a movement dedicated to changing the status quo.
  - ALICE also has a new understanding of options available to help make ends meet in the short term, and the comfort that there is an organization that cares about this situation and ultimately wants ALICE to be self-sufficient.
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