

# Report: Many families living one emergency away from poverty

Published October 09, 2016 12:01AM | Updated October 09, 2016 9:15PM

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Close your eyes for a moment and imagine yourself in someone else's shoes: You're a mom or a dad of two children, and you've just unexpectedly been laid off.

You manage to quickly find a job that nets you about \$450 a month, but it's nothing compared to what you and your partner used to pull in. Still, you're managing to scrape by, in part by giving up the fresh food you used to purchase.

Then your car's brakes give out. If you get them fixed, you'll be out of money for the month, and it's only the 12th.

It's just one of many scenarios a new online tool created by Connecticut United Ways (<http://www.makingtoughchoices.org/>) presents in an attempt to make more people aware of the tough choices those in such situations have to make.

The tool complements a United Way report released Sunday that shows hundreds of thousands of people who aren't below the federal poverty line still struggle to make ends meet.

One unexpected emergency, the 2016 ALICE (Asset Limited, Income Constrained, Employed) Update stresses, can send many of them over the edge and into poverty.

"Because of a lack of savings, health emergencies, a reduction in hours at work or car repairs can send ALICE families into a tailspin," said Richard J. Porth, chief executive officer of United Way of Connecticut. "The reason United Way is doing this (report) is to demonstrate the financial insecurity that impacts many more than those below the federal poverty rate. That rate is not an adequate measure of financial hardship across the country."

Connecticut has a high cost of living, making it difficult for many residents to afford basic needs.

The average annual Household Survival Budget is defined in the report as the calculation of how much money a family needs to cover basic needs — housing, child care, food, transportation, health care and taxes — adjusted for different counties and household types. ALICE households bring in less money than the ALICE Threshold, which the report sets at the average Household Survival Budget in a given municipality.

For a Connecticut family of four (two adults with one infant and one preschooler), that ranges from \$66,168 to \$73,716 — more than triple the U.S. family poverty rate of \$23,850.

In 2014, the average Household Survival Budget was \$70,788 for a four-person family and \$22,656 for a single adult in the state. The hourly wage necessary to support a family budget was \$35.39, 40 hours per week for 50 weeks per year for one parent — or \$17.70 per hour each, if both parents work — and \$11.33 per hour full time for a single

adult.

In 2012, the report shows, 10 percent of Connecticut households were in poverty and 26 percent were considered ALICE.

In 2014, those numbers were 11 and 27, respectively. For perspective, that means about 515,210 of the state's 1,335,817 households struggled in 2014.

"There was a big increase (in ALICE and poverty households) from 2007 to 2010, and a little uptick from '10 to '12," said Stephanie Hoopes Halpin, director of the United Way ALICE Project. "We would've expected things to be getting better (in 2014), but we didn't see that."

She said factors such as an aging population trying to sustain itself on Social Security and an ever-growing Hispanic population trying to thrive possibly contributed to the rise.

According to the report, New London County's numbers vary from those seen statewide. While the number of households in poverty increased by 3 percent, the number of those that are considered ALICE decreased by 5 percent.

Both Porth and Kim Morgan, the chief executive officer of United Way of Western Connecticut, wagered educated guesses as to why that could be.

The decrease in ALICE households, Porth said, could be in part because people who snagged new jobs at General Dynamics Electric Boat were lifted out of ALICE status.

The company announced in fall 2014 that it would add up to 200 jobs (<http://www.theday.com/article/20141029/NWS09/141029759/0/Search>) in a \$31.5 million expansion project, and the growth has only increased since then: EB is expected to add a total of 600 jobs (<http://www.theday.com/military/20160125/geiger-continues-to-predict-positive-outlook-for-electric-boat>) in Groton this year alone.

But other households, Morgan said, are no longer considered ALICE because they fell into poverty.

"There's a lot of factors that go into this," she said. "But (poverty) is what happens when your job shifted from a higher to a lower salary and you haven't been able to rebuild and run out of savings. That unfortunately is still happening in Connecticut and other states."

In New London County, the percentage of households in either ALICE or poverty varied widely by town, with Ledyard and Lyme on the low end at 18 percent and New London by far the highest at 55 percent.

Despite the overall increase in struggling families, Porth and Hoopes Halpin said this year's report brings some good news.

The cost of the state's "Household Survival Budget" — United Way's estimate of what it costs to purchase basics — increased with inflation this time around, rather than faster than inflation, Hoopes Halpin said.

And, she said, only 49 percent of the state's jobs now pay under \$20 an hour. In most of the states the ALICE report analyzes, that number is well above 50 percent.

Porth said Connecticut's number likely is so low because the state has a high proportion of financial, technology and managerial jobs, thanks in part to its defense and insurance/financial industries.

"We have the chance in a way some other states don't to help educate and train ALICE workers so they can move up the ladder," he said. "That's got to be a big part of the discussion involving the state's future and helping ALICE families."

He said United Ways across the country already are working to provide such job training, and cited Workforce Solutions Collaborative (<http://workforce-solutions.org/aboutus/>) in the Hartford area as an example. Partners of that program invest in industries that seem likely to allow career advancement for lower-wage workers and then help such workers get where they need to be.

Other branches of United Way are working to subsidize child care, improve literacy, reduce homelessness and take other steps that the organization hopes soon will put ALICE and poverty numbers on the decline.

In the meantime, United Way representatives are urging people to think of the “Alices” behind the numbers — the single moms working two part-time jobs to provide for their children, or the dads who’ve had to find lower-paying jobs after being laid off from positions they held for 15 or more years.

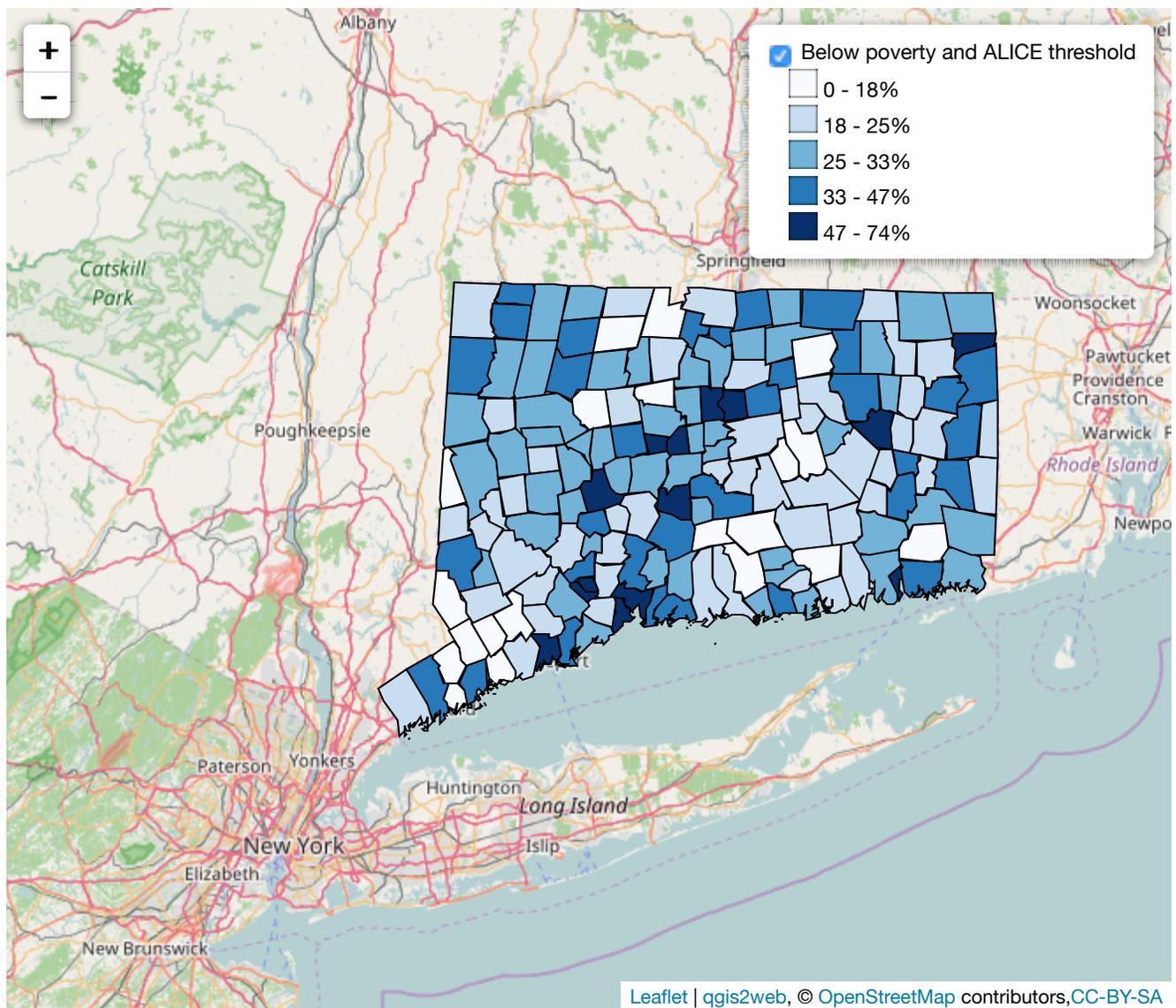
“We depend on Alice,” Porth said. “You’ve probably bumped into her three, four, six times today. Alice is an important part of the community.”

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## Connecticut households below the poverty level and the ALICE threshold

All Connecticut towns

New London County



Built with Iframe Scaffolder (<http://pirhoo.github.io/iframe-scaffolder/>)

Data from Connecticut United Way ALICE report (<http://alice.ctunitedway.org/>)