



Report: 4 in 10 Michigan households struggle to make ends meet

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Jessie Robinson got her paycheck last week, and started the process of deciding which bills to pay.

"I am constantly going through all of the bills and figuring which stuff is going to be turned off first and paying those bills first," Robinson said.

Her family is one of 40 percent of households in the state that despite working, doesn't have enough money to pay for basic needs according to a new report from United Way.

The report measures the state's 2012 "ALICE" households; an acronym for those that are Asset Limited, Income Constrained and Employed.

The United Way created a new measure, the ALICE Threshold, based on the estimated minimal costs of five basic necessities; housing, child care, food, transportation and health care. The ALICE Threshold was calculated by county and community to reflect more detailed cost of living data.

All told, 40 percent of households – 1.54 million across the state – struggle to afford those five basic needs.

When it comes to measuring poverty in Michigan communities, the federal poverty line just isn't cutting it, said Michigan Association of United Ways CEO Scott Dzurka. While 605,210 households in Michigan live under the federal poverty line, another 930,503 are under the ALICE Threshold.

"We've traditionally focused in on that federal poverty level as an indicator, and what we've found is that is somewhat outdated," Dzurka said.

From 2007 to 2012, the cost of housing, child care, transportation, food and health care in Michigan increased by 9 percent. At the same time, housing affordability, job opportunities and community support worsened.

In 2012, the U.S. poverty rate was \$23,050 per year for a family of four and \$11,170 per year for a single

adult.

According to the report, the annual Household Survival Budget for the average Michigan family of four is \$50,345 and for a single adult is \$16,818. The Household Stability Budget, which enables Michigan families to be self-sufficient, is \$22,849 for a single adult and \$92,409 for a family of four.

By county, the least expensive Household Survival Budget for a family was under \$47,000 a year in Lake, Arenac and Osceola counties. The most expensive counties, where a survival budget was above \$62,000 per year, were Livingston, Oakland and Washtenaw counties. For a single adult, it is least expensive to live in Mackinac and Dickson counties, where the cost is under \$15,000 per year. The most expensive for a single adult is Livingston County at \$20,014.

But wages don't keep up with these costs of living, according to the report.

"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 both in the public and private sectors in Michigan," notes the report.

Two significant costs in the state are housing and childcare. The Michigan average for childcare is \$1,098 per month. Single adults have to pay an average of \$474 per month for housing and families pay an average of \$643.

From 2007 to 2012 there was a 9 percent increase in housing costs, even as the housing market dipped. The report speculates that foreclosures drove more people to seek lower-end housing, upping demand and the prices.

The report found that ALICE households are wide-ranging in terms of demographics. More than 77 percent of these households are white. However, female-headed households, African Americans, Hispanics, people living with a disability and recent unskilled immigrants are over-represented in the ALICE population.

ALICE households headed by those in their prime earning years, between 25 and 64, are the largest segment of ALICE households.

Geographically, ALICE households are everywhere. Each of Michigan's 83 counties have more than 27 percent of households living below the ALICE Threshold.

BY THE NUMBERS

- In Michigan, 63 percent of jobs pay less than \$20 per hour.
- In 73 percent of towns, more than 30 percent of households cannot afford basic necessities.
- Despite working and receiving financial support, ALICE households are 13 percent short of having enough money to reach the basic survival threshold in Michigan.

Source: United Way

People with the least education are more likely to have earnings below the ALICE Threshold. The median earnings for Michiganders 25 years or older with less than a high school diploma (11 percent of the population) is \$17,366. The median earnings for those with a high school diploma (31 percent of the population) is \$25,128. Those with some college or an associate's degree (33 percent of the population) have media earnings for \$30,784 and those with a bachelor's degree (16 percent of the population) \$46,688. Those with graduate or professional degrees (10 percent of the population) are at \$65,045.

The report is based mainly off data from federal agencies including the U.S. Census Bureau and U.S. Department of Housing and Urban Development. It's been done in a handful of states, and the goal is to revisit Michigan's report in two years, Dzurka said.

While the acronym is a female name, Dzurka said it doesn't just apply to women. You may know "ALICE" as a neighbor, somebody who's worked on your car, somebody who has poured your coffee or greeted you when you've walked into a local business, he said.

For Robinson, who has a bachelor's degree and works as an office administrator at a Lansing non-profit, her income is supporting herself, her husband who is disabled and unable to work full-time, and her 21-year-old daughter. Last winter the water got shut off. She makes too much money to qualify for state assistance, but not enough to pay all of her bills on time.

She wears suits to work, and says while those close to her know about her financial situation it's nothing someone would guess at a glance.

"If you were to look at me in line at a grocery store. . . you wouldn't know," Robinson said.

She said she sees hope that her family will be able to complete the process of qualifying her husband for disability. She also says she's one of the "lucky" people in this financial situation, because her landlord has been willing to work with her on spacing payments out or paying rent late. But she, like many people in Michigan, worries she's on the brink of financial disaster.

"I'm literally one emergency away," she said.

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