



## Michigan struggles to boost lives of the working poor

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on May 12, 2015 at 8:30 AM, updated May 12, 2015 at 8:59 AM

Today's Michigan is home to a vast population of people who have a job, yet are still struggling to survive.

A **report by the United Ways of Michigan** concludes that 40 percent of Michigan households are either in poverty or holding down jobs yet are barely able to cover the basic costs of housing, food, childcare and transportation.

Employed people who can't afford necessities have been called the "working poor," but the report uses the acronym ALICE – "Asset Limited, Income Constrained, Employed." ALICE refers to the 24 percent of Michigan workers who earn more the federal definition of of poverty, and so don't qualify for many forms of public assistance. And yet these ALICE families are often living paycheck to paycheck, one unexpected expense away from the welfare line.

Since last fall, Scott Dzurka, president and CEO of the Michigan United Ways, has been pressing the 242-page ALICE report into the hands of legislators, the media and community groups to help counter the narrative that Michigan's declining unemployment rate means that the hardships facing working families are over.

There are 930,503 households that fall into the ALICE classification in Michigan, according to the report, which suggests a softer economic recovery than job numbers alone would indicate, with many seeing little or no wage growth.

Dzurka argues that when ALICE households can't afford preventative health care, transportation or other modern necessities, everyone in Michigan is impacted, with higher insurance costs, higher taxes and a decline in economic growth as a result.

"We talk about working poor, but we've never really had a concrete measure," Dzurka said. "ALICE works, ALICE pays taxes ... but (these workers are) running into barriers. We want to understand those barriers."

## **The face of ALICE**

Amanda Suttle, 30, is one of 3,800 people living in the small city of Plainwell, about 15 miles north of Kalamazoo. In Plainwell, 38 percent of residents are ALICE, while another 11 percent live in poverty, United Way research shows. Until recently, Suttle was a cake decorator at a Walmart. Then she had to take off work, eventually quitting, from carpal tunnel and ligament pain in her wrist.

"It was getting to the point where I was completely suffering," she said. "I would get home from work and my kids would hug me and I'd cry. The doctors told me if I kept doing cakes, I'd need surgery."

Suttle has three daughters, one with special needs. While her live-in boyfriend has a job and is paying the bills, Suttle, a high school graduate with a cosmetology license, had to seek public assistance after her injury.

About a year and a half ago she got a life coach through Goodwill Industries, a nonprofit that provides job training. The coach helped her set goals, get books for her kids, as well as offer information on fitness and healthy foods.

More needs to be done to help ALICE households help themselves, Suttle said.

"It seems like there's not a middle (class) anymore. Either you're at the top or you're at the bottom," she said.

## **Losing ground**

Average wages in Michigan are, in fact, nowhere near the top.

Michigan wages are below the national average with Michigan workers adding only 3 percent to their wages since 1990, when adjusted for inflation, while workers across the nation added 18 percent. More than 60 percent of all jobs Michigan pay less than \$40,000 a year, the ALICE report states.

The United Way ALICE study was first performed in New Jersey in 2007. Last year, Michigan, California, Connecticut, Florida and Indiana were added to the research, which is conducted in conjunction with Rutgers University.

The report first identifies what size household budget is needed to survive in Michigan, and the specific gaps that may exist in various communities in affordable housing, child care, education, food, transportation, health care and income. The report found, for example, that there are over 700,000 renters in Michigan with incomes below the ALICE threshold, yet only about 400,000 rental units these households can afford.

Chances are, everyone knows or is related to a person or family that falls into this category, said Rep. Kathy Crawford, R-Novi.

Crawford said she has given financial help to her daughter, a single mother with a son with a chronic asthma condition requiring expensive medical equipment, resulting in some unexpected bills.

That's an ALICE situation.

Crawford, who sits on three legislative committees that help shape policy for struggling residents, said it's too late for the ALICE report to influence this year's state budget talks. But as the ALICE data gets around the state, it could influence future policy discussions on issues such as job training.

ALICE "is huge," Crawford said. "Either we're not doing something or not doing enough. Is it jobs? Is it realignment of resources? Something needs to be done."

### **Struggles across regions**

In Muskegon Heights, only 28 percent of the population lives above the ALICE threshold. In Muskegon City, it's 37 percent.

Rep. Marcia Hovey-Wright, D-Muskegon, says those numbers show the state needs to continue to increase the minimum wage.

Child care credits, earned income tax credits, affordable college tuition and affordable healthcare are also policy issues that must be addressed to ease the burden for workers scraping to survive, she said.

"When ALICE is 75 percent of the population like in the case of Muskegon Heights, you can't just blame the person for being poor. It's a systemic problem," Hovey-Wright said.

Government and nonprofits already offer some help to ALICE families – through food banks and publicly-subsidized preschool, for example – but there is still a gap of \$8.5 billion to help ALICE households afford the basics, the United Way report states.

That's a lot of money considering the state's entire budget is about \$52 billion, said Rep. Crawford.

"We need more money for (ALICE). Well, for what? There's a lot of different layers to this problem,"

Crawford said. "It's a little early to go talk about the budget because there's no plan for how to use this information."

That's what Dzurka is hoping the ALICE report will lead to: plans and solutions.

"We hope to generate conversation about all our resources," he said.

### **How are folks doing in your community?**

Researchers for the Michigan Association of United Ways have compiled a community-by-community look at how many households struggle to meet basic survival needs of housing, food, childcare and transportation. Using Census data, the United Way estimates that 24 percent of Michigan households are "asset limited, income constrained, employed," (ALICE) what many used to consider the "working poor." You can see how many fall into the ALICE category in your community or county.

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