By **ROBERT HENNELLY** / **MONEYWATCH** / *March 31, 2016, 9:03 AM*

# Getting closer to the roots of economic insecurity

At a recent press conference, Federal Reserve Chair Janet Yellen was asked to reconcile the steady stream of positive U.S. economic data, like the declining unemployment rate, with 2016 polls showing Americans remain highly concerned about the economy -- some seven years after the end of the Great Recession.

"Why do you think there is such a disparity between the economy and its progress, and how voters feel?" the reporter asked.

Yellen said she felt the economy was improving and that "most groups were seeing benefits." But she was somewhat vague in explaining why voters felt such insecurity, attributing it to perhaps a "downward pressure on real wage gains" or "technological change and globalization."

But Emilia Istrate, director of research and outreach for the National Association of Counties (NACO), told CBS MoneyWatch voter concerns are totally understandable if one drills down deeper into county-by-county data.

"We're finding these national economic numbers actually mask the facts on the ground," Istrate said. "You have to look at the county level because that's where people actually live. Each county has its own economic narrative."

NACO has been tracking the economic performance of all 3,069 U.S. counties using four criteria to measure the quality of their recovery from the Great Recession. NACO monitors each county's unemployment rate, job creation, GDP and the median home price.

"Only 214, or 7 percent, of the counties have experienced a recovery based on all four criteria," said Istrate. "And 16 percent of counties have not recovered on any of the four criteria."

"Of the 126 largest counties, with more than a half-million residents, only 17 have recovered by all four indicators," Istrate said.

But even aggregate county data alone won't give you an accurate read on the level of economic hardship Americans are actually encountering locally, according to Stephanie Hoopes, national director of the United Way's ALICE (asset limited, income constrained, employed) project. ALICE tracks the growing number of Americans in several states who live above the poverty line, are working but still struggle to cover the basics.

Hoopes said the ALICE initiative started in 2007 in Morris County, New Jersey, one of the nation's wealthiest counties, with one of the lowest official poverty rates. But it was also seeing an uptick in struggling families requesting assistance. (ALICE was created as an acronym that would suggest a person's name to help personalize the statistics the analysis generates.)

"So, why was there so much need? It was only after we measured what it actually cost to live in this high-cost-of-living county that we realized it was effecting a much higher percentage of the population than what the poverty level showed," Hoopes told CBS MoneyWatch.

"What your seeing in the counties across the country is that some are doing very poorly compared to their neighbors, but even within some of those wealthy counties a significant portion of families are also struggling," Hoopes said.

ALICE researchers identified 837,764 New Jersey households that fell into the category of living above the poverty line but struggling to cover the basics, spread throughout the state. Adding in the 312,762 families living below the poverty line, some 37 percent of the Garden State's households were facing economic distress on a weekly basis.

The ALICE research found that more than half the jobs in New Jersey paid less than $20 an hour.

Hoopes said the existing decades-old federal poverty formula is outdated, failing to account for basics like child care or the dramatic increase in housing and the wide disparity in costs between regions.

In contrast to the federal definition of poverty, the ALICE matrix includes what it costs locally to find housing, buy food, use transportation, provide child care, access health care and pay taxes. These numbers can vary widely, even within the same state. The United Way-sponsored project has now conducted comprehensive research in California, Connecticut, Florida, Indiana, Michigan, New Jersey, Idaho, Oregon and Washington. Studies are pending for Iowa and New York.

Hoopes said since the technical end of the Great Recession, ALICE households felt no recovery, although the most recent data suggest some signs of improvement.

In ALICE's first cycle of states, which included California, Connecticut, Florida, Indiana, Michigan and New Jersey, the cost of housing was diverged widely, with housing for a family of four costing $913 a month in Indiana versus $1,518 in Connecticut.

In California, 46 percent of families fell below the ALICE affordability threshold, followed by Florida at 45 percent, Michigan's 40 percent, Indiana's 37 percent and Connecticut's 35 percent.

According to the six state comparative analysis, "the growth of lower-skill jobs is projected to outpace that of medium- and high- skilled jobs into the next decade in all six states" even as "at the same time cost of basic household necessities continues to rise."

The United Way uses the results of ALICE surveys to identify initiatives it can fund that will make a difference in the lives of economically struggling households.

"We are looking short-term, midterm and long-term solutions. For example, one of our focus areas is child care," said John Franklin, CEO of the Northern New Jersey United Way and the president of the National ALICE Project.

Franklin said one of the most successful initiatives was free tax preparation for ALICE households in northern New Jersey. "We did 5,000 free tax preparations that brought in $6 million (in refunds) for the ALICE population," Franklin told CBS MoneyWatch. "We have had a single mother with a couple of kids go back three years and get $5,000 in a year from the earned income tax credit. That's a big deal for someone working at a job that pays $15 an hour."