

The struggle is real

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If you feel like you're working your fingers to the bone just to make ends meet, you're not alone: According to a new study from the United Ways of the Pacific Northwest, one of every three households in the region is struggling just to afford basic necessities such as food, rent and transportation.

The 366-page study, which covers the states of Oregon, Washington and Idaho, is being released today. It focuses on a segment of the population that the authors refer to as ALICE, which stands for asset limited, income constrained, employed – in other words, families and individuals who have jobs but earn barely enough to stay above the poverty line.

The acronym is an effort to avoid the term “working poor.” The authors claim that label carries negative connotations that make it too easy to ignore the plight of this economically marginalized group.

The ALICE Report “is an opportunity to put a face on families who are working hard, getting up every day and going to work, but ... they're just barely getting by,” said Donna Ponepinto, president and CEO of the United Way of Pierce County, Washington, and vice chair of the United Ways of the Pacific Northwest. “Many of our families are just teetering above the poverty level. They're not quite in crisis, but just barely making it.”

Eligibility for most public assistance programs is based on the federal poverty level. But the formula for calculating the basic cost of subsistence has changed little since the 1970s, when low-income families typically spent roughly one-third of their income on food. Since then, other costs — such as the price of housing, health care and transportation — have risen sharply, prompting social justice advocates to argue that the measures are badly out of date.

ALICE represents an effort to grapple with those changing economic realities and focus attention on a group of struggling Americans who have been largely overlooked by policymakers at all levels of government, according to Ali Modarres, director of urban studies at the University of Washington-Tacoma and a member of the research advisory committee for the new study.

“We can easily point to five decades of poverty research,” he said. “Public policy needs very much to engage with a population that's always in danger of falling into poverty.”

That's what the United Way is attempting to do with its ALICE Project, which grew out of 2009 pilot in Morris County, New Jersey. The first statewide ALICE study was conducted in New Jersey in 2012, and the Pacific Northwest report brings to 10 the number of states that have been analyzed.

In addition to compiling state-by-state snapshots of low-wage working families, the reports

contain county-specific data based on local income levels. The Pacific Northwest report used point-in-time data from 2013, when the federal poverty level was defined as annual income of \$11,490 for an individual and \$23,550 for a family of four. (Those numbers have since been adjusted to \$11,770 a year for individuals and \$24,250 for a four-person family.)

According to the Northwest report, 1.6 million households in the three-state area are failing to keep pace with the region's higher-than-average cost of living. More than half of those households — 982,835 — earn more than the poverty level but not enough to achieve financial stability. Together, ALICE and poverty households account for 38 percent of all households in Oregon, 37 percent in Idaho and 32 percent in Washington, the report estimates.

The numbers are even higher here in the mid-Willamette Valley, with 41 percent of Benton County households and 44 percent of Linn County households living below the stability threshold.

In an effort to provide a more realistic picture of how low-income families live, researchers produced what they call a household survival budget, which includes minimal amounts for housing, child care (families only), food, transportation, health care, miscellaneous expenses and taxes.

For Benton County, that amounts to \$17,640 a year for an individual or \$53,268 for a family of four. In Linn, the numbers are \$17,964 for a single person or \$51,408 for a four-person household. According to the report, local residents earning those income levels have nothing left over after paying for basic monthly necessities to begin building a savings account, a key element for achieving financial stability.

The report cites several reasons why so many Northwest residents struggle to survive from paycheck to paycheck:

- **Low wages:** More than half of all jobs in the Northwest pay less than \$20 an hour, with most of those paying between \$10 and \$15 an hour (for purposes of comparison, a person working full time at \$15 an hour earns \$30,000 a year).
- **High cost of living:** Basic household expenses add up to more than most jobs can support. For Oregon, the basic household stability budget is estimated at \$50,796 for a family of four, more than twice the federal poverty level.
- **Lack of affordable housing:** Both job opportunities and the availability of affordable housing fell throughout the region during the Great Recession. Where jobs are available, housing costs are high, the report found, while jobs are scarce in areas that have affordable housing.
- **Public and private assistance fall short:** Government agencies and private nonprofits help fill the gap, but there isn't enough aid available to help households achieve stability. In Oregon, families in ALICE and poverty households bring in \$16.3 billion in wages and assistance payments, but that's an estimated \$5.9 billion below what's needed to achieve financial stability.

There are no specific policy recommendations in the report, but that was intentional, according

to former Rutgers University-Newark professor Stephanie Hoopes, the lead researcher and national director of the United Way's ALICE Project.

"We want everyone to use the information in this report as a starting point to better understand what's going on," Hoopes said.

"Unfortunately, in our political environment, once you put a particular policy recommendation on one side of the aisle, everybody on the other side doesn't read the report."

Alan Searle, development director for the United Ways of Benton and Lincoln Counties, was one of several mid-valley residents who served on the research advisory committee for the ALICE report. He said the information could be helpful to his organization and others in their efforts to craft regional approaches to issues such as jobs, housing and transportation.

"We can use the data to really get some macro-level conversations going, as well as the micro-level conversations we really need to have," he said.

Editor's note

The original version of this story contained an error. It has now been corrected.