ALICE: A STUDY OF FINANCIAL HARDSHIP IN FLORIDA

ALICE® is an acronym for Asset Limited, Income Constrained, Employed.

EXECUTIVE SUMMARY

In Florida, 3,480,886 households — 46 percent — could not afford basic needs such as housing, child care, food, transportation, health care, and technology in 2016.

This update of the United Way ALICE Report for Florida provides the most comprehensive look at the population called ALICE — an acronym for Asset Limited, Income Constrained, Employed. ALICE households have incomes above the Federal Poverty Level (FPL) but struggle to afford basic household necessities.

The Report describes the cost of basic needs for each county in Florida, as well as the number of households earning below this amount — the ALICE Threshold — and focuses on how households have fared since the Great Recession ended in 2010.

Despite overall improvement in employment and gains in median income, the economic recovery in Florida has been uneven. Many ALICE households continue to face challenges from low wages, reduced work hours, depleted savings, and increasing costs. For the many households that earned just above the ALICE Threshold in the past, the increases in the cost of living have pushed them below the Threshold and into financial hardship. The total number of Florida households that cannot afford basic needs increased 10 percent from 2010 to 2016.

This Report focuses on trends in Florida that led to more families becoming unable to make ends meet. Key findings include:

- **Households continue to struggle**: Of Florida’s 7,574,766 households, 14 percent lived in poverty in 2016 and another 32 percent were ALICE. Combined, 46 percent (3,480,886 households) had income below the ALICE Threshold, an increase of 10 percent since 2010.

- **Basic cost of living still on the rise**: The cost of basic household expenses increased steadily in Florida to $55,164 for a family of four (two adults with one infant and one preschooler) and $20,712 for a single adult. These bare-minimum budgets are significantly higher than the 2016 FPL of $24,300 for a family and $11,880 for a single adult. The cost of the family budget increased by 20 percent from 2010 to 2016.

- **Changes in the workforce**: Although unemployment rates are falling, ALICE workers are still struggling. Low-wage jobs dominate the employment landscape, with 67 percent of all jobs paying less than $20 per hour. At the same time, an increase in contract jobs and on-demand jobs is leading to less financial stability. Gaps in wages are growing wider and vary depending on the size and location of employers as well as on the gender, education, race, and ethnicity of workers.

- **Emerging trends**: Several trends could impact the economic landscape for ALICE families:
  - **The Changing American Household** — Baby boomers are aging, millennials are making different lifestyle and work choices than previous generations, and patterns of domestic and foreign migration are shifting. These trends are changing both household composition and demands for goods and services.
  - **Market Instability** — A globally connected economy means that economic disruptions and natural disasters in one part of the world will increasingly have an impact on ALICE workers in the U.S., contributing to employment instability, a shifting supply and demand, and a disruption in traditional modes of operation.
• Health Inequality — As health costs rise, there will be increasing disparities in health based on income. Expensive medical advances that are out of reach of lower-income households will only further this divide.

The United Way ALICE Report for Florida offers an enhanced set of tools for stakeholders to measure the real challenges ALICE households face in trying to make ends meet. This information is presented to enable communities to move beyond stereotypes of “the poor” and an outdated FPL, and instead use data to inform programmatic and policy solutions for ALICE and communities, now and for the future.

**GLOSSARY**

**ALICE** is an acronym that stands for Asset Limited, Income Constrained, Employed, comprising households with income above the Federal Poverty Level but below the basic cost of living. A household consists of all the people who occupy a housing unit but does not include those living in group quarters such as a dorm, nursing home, or prison.

**The Household Survival Budget** calculates the actual costs of basic necessities (housing, child care, food, transportation, health care, a smartphone, and taxes) in Florida, adjusted for different counties and household types.

**The ALICE Threshold** is the average income that a household needs to afford the basic necessities defined by the Household Survival Budget for each county in Florida. Households earning below the ALICE Threshold include both ALICE and poverty-level households.

**WHAT’S NEW**

Every two years, the United Way ALICE Project engages a national Research Advisory Committee of external experts to scrutinize the ALICE methodology and sources. This rigorous process results in enhancements to the methodology that ensure the best local data is presented. While these changes impact specific calculations, the overall trends have remained the same.

For this Report, the following changes have been incorporated:

- **The inclusion of technology**: Technology has become a regular part of life, and smartphones in particular are an expectation for employment. The Household Survival Budget now includes the cost of a smartphone plan for each adult.

- **The source for state taxes has been updated and the child care methodology has been standardized**: To provide greater consistency across states and reduce the complexity of calculations while maintaining accuracy, the Report uses the Tax Foundation’s individual income tax rates and deductions for each state instead of state-level tax sources. This change resulted in slight changes in tax amounts. In addition, to improve consistency in year-to-year comparisons, the methodology used for child care calculations has been updated. Budgets have been recalculated for 2010, 2012, and 2014. To ensure consistency in change-over-time comparisons the data for previous years — 2010, 2012, and 2014 — has been recalculated and is presented in this Report.
For example, the 2014 Report stated that 3,230,688 households (45 percent) had income below the ALICE Threshold in 2012, and this Report presents that 3,187,432 (44 percent) had income below the ALICE Threshold in 2012.

**Change over time ranges have shifted:** The first United Way ALICE Report measured change before and after the Great Recession, in 2007 and 2010. This Report focuses on the recovery, measuring change from the baseline of 2010, followed by the even years since — 2012, 2014, and 2016.

**Additional detail at the sub-county level:** More ALICE data is available at the local level on our website including by: subcounty, place, zip code, Public Use Microdata Area, and congressional district.

**METHODOLOGY NOTES**

This Report remains focused on the county level because state averages can mask significant differences between counties. For example, the percentage of households below the ALICE Threshold ranges from 26 percent in St. Johns County to 70 percent in Glades County. The Report examines issues surrounding ALICE households from different angles to draw the clearest picture with the range of data available. Sources include the American Community Survey, the U.S. Department of Housing and Urban Development, the U.S. Department of Agriculture, the Bureau of Labor Statistics at the U.S. Department of Labor, the Internal Revenue Service, the Tax Foundation, and the Florida Department of Education. State, county, and municipal data is used to provide different lenses on ALICE households. The data are estimates; some are geographic averages, others are one- or five-year averages depending on population size.

Due to different rounding conventions in different data sources, total percentages may vary by +/-1 percent from 100 percent for a group. Typically, we present rounded numbers to make the ALICE data as clear as possible to a general audience.

The United Way ALICE Reports follow the U.S. Census classifications for the largest non-White populations: Black, Asian, Hispanic, and American Indian/Alaska Native, as well as people identifying as two or more races. Because people of any race, including Whites, can also be of Hispanic ethnicity, the ALICE data looks at White, Black, Asian, and American Indian/Alaska Native categories “alone” (i.e., not also Hispanic), as well as at Hispanic populations.

In Florida, ALICE data is only available for White, Black, Hispanic, and Asian populations. The American Community Survey does not provide income data on other race/ethnicity categories because they have small samples, so ALICE statistics are not available. Less than 1 percent of households in Florida identify themselves as American Indian/Alaskan Native, another 2 percent identify as “Some Other Race,” and 2 percent also identify as being of “Two or More Races” (American Community Survey, 2016).

For a more detailed description of the methodology and sources, see the Methodology Overview on our website, UnitedWayALICE.org. For a breakdown of the data by county and municipality, see the County Pages and Data File at UnitedWayALICE.org/Florida (under “Downloads”).
How has the number of ALICE households changed over time?

ALICE is an acronym for Asset Limited, Income Constrained, Employed – households that earn more than the Federal Poverty Level, but less than the basic cost of living for the county (the ALICE Threshold). Combined, the number of ALICE and poverty-level households equals the total population struggling to afford basic needs. The number of households below the ALICE Threshold changes over time; households move in and out of poverty and ALICE status as their circumstances improve or worsen. The recovery, which started in 2010, has been uneven across the state. Conditions have improved for some families, but with rising costs, many still find themselves struggling.

What types of households are struggling?

The way Americans live is changing. There are more different family and living combinations than ever before, including more adults living alone, with roommates, or with their parents. Families with children are changing: There are more non-married cohabiting parents, same-sex parents, and blended families with remarried parents. The number of senior households is also increasing. Yet all types of households continue to struggle: ALICE and poverty-level households exist across all of these living arrangements.
Why do so many households struggle?
The cost of living continues to increase…
The Household Survival Budget reflects the bare minimum that a household needs to live and work today. It does not include savings for emergencies or future goals like college. In 2016, costs were well above the Federal Poverty Level of $11,880 for a single adult and $24,300 for a family of four. Family costs increased by 15 percent statewide from 2010 to 2016, compared to 9 percent inflation nationally.

...and wages lag behind
Employment and wages vary by location; firms generally pay higher wages in areas with a higher cost of living, although those wages still do not always cover basic needs. Employment and wages also vary by firm size: Large firms tend to offer higher wages and more job stability; smaller businesses can account for more jobs overall, especially in rural areas, but may pay less and offer less stability. Medium-size firms pay more but typically employ the fewest workers.

Private-Sector Employment by Firm Size With Average Annual Wages, 2016

ALICE IN DESOTO COUNTY

2016 Point-in-Time Data

Population: 35,134 • Number of Households: 11,419
Median Household Income: $35,513 (state average: $50,860)
Unemployment Rate: 8.3% (state average: 6.0%)
ALICE Households: 39% (state average: 32%) • Households in Poverty: 21% (state average: 14%)

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<th>Single Adult</th>
<th>2 Adults, 1 Infant, 1 Preschooler</th>
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