

# EXECUTIVE SUMMARY

**Across Florida, 45 percent of households struggle to afford the basic necessities of housing, child care, food, health care, and transportation.**

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It is well recognized that despite its growing economy, internationally renowned tourism, and wealthy retirees, Florida faced difficult economic times during the Great Recession. Yet the official poverty rate of 15 percent obscures the true magnitude of financial instability in the state. The official U.S. poverty rate, which was developed in 1965, has not been updated since 1974, and is not adjusted to reflect cost of living differences across the U.S. A lack of accurate measurements and even language to frame a discussion has made it difficult for states – including Florida – to identify the full extent of the economic challenges that so many of their residents face.

This Report presents four groundbreaking instruments that measure the size and condition of households struggling financially, and it introduces the term **ALICE** – **A**sset **L**imited, **I**ncome **C**onstrained, **E**mloyed. The Report includes findings on households that earn below the ALICE Threshold, a level based on the actual cost of basic household necessities in each county in Florida. It outlines the role of ALICE households in the state economy, the public resources spent on households in crisis, and the implications of struggling households for the wider community.

Using the realistic measures of the financial survival threshold for each county in Florida, the Report reveals a far larger problem than previously identified. Florida has 1.1 million households with income below the Federal Poverty Level (FPL) but also has 2.1 million ALICE households, which have income above the FPL but below the ALICE Threshold. These numbers are staggering: **in total, 3.2 million households in Florida – fully 45 percent, triple the number previously thought – are struggling to support themselves.**

ALICE households are working households; they hold jobs, pay taxes, and provide services that are vital to the Florida economy in a variety of positions such as retail salespeople, customer service representatives, laborers and movers, and health care aides. The core issue is that these jobs do not pay enough to afford the basics of housing, child care, food, health care, and transportation. Moreover, the growth of low-skilled jobs is projected to outpace that of medium- and high-skilled jobs into the next decade. At the same time, the cost of basic household necessities continues to rise.

There are serious consequences for both ALICE households and their communities when these households cannot afford the basic necessities. ALICE households are forced to make difficult choices such as skipping preventative health care, accredited child care, healthy food, or car insurance. These “savings” threaten their health, safety, and future – and they reduce Florida’s economic productivity and raise insurance premiums and taxes for everyone. The costs are high for both ALICE families and the wider community.

# MAJOR FINDINGS

## Who is ALICE?

**Forty-five percent of households in Florida struggle to afford basic household necessities.** Based on the most recent data from 2012, 1.1 million households live in poverty and another 2.1 million are ALICE households. Between the two categories, 3.2 million households in Florida have income below the ALICE Threshold.

**ALICE households exist in all age groups.** ALICE exists even in households headed by someone in their prime earning years, 25 to 64 years old. In fact, this age group represents the largest segment of ALICE households, underscoring the fact that most jobs in Florida do not pay enough to allow families to afford the most basic household budget.

**ALICE and poverty-level households are spread across all counties in Florida.** All counties in Florida have more than 20 percent of households living below the ALICE Threshold. In addition, most cities or towns (87 percent) have more than 30 percent of households living below the ALICE Threshold. Florida's 12 largest cities – including Jacksonville, Miami, and Tampa – each have more than 37 percent of households with income below the ALICE Threshold.

**ALICE households represent a cross-section of Florida's population.** Contrary to some stereotypes, ALICE households have a wide range of demographic compositions. As in Florida's overall population, more than 79 percent of the state's ALICE households are White (U.S. Census terminology). However, due to wage discrepancies that disproportionately affect certain groups, it is not surprising to find female-headed households, Blacks, Hispanics, people living with a disability, and unskilled recent immigrants over-represented in the population living below the ALICE Threshold.

*"All counties in Florida have more than 20 percent of households living below the ALICE Threshold."*

## What is the gap between ALICE's household income and the cost of basic expenses?

**ALICE households are working or have worked.** However, ALICE and poverty-level households earn only 40 percent of the income needed to reach the ALICE Threshold for basic economic survival.

**Public and private assistance is not enough to lift ALICE households to economic stability.** The income of ALICE and poverty-level households in Florida is supplemented with \$39.5 billion in government, nonprofit, and health care resources. Despite this assistance, ALICE and poverty-level households remain 30 percent short of the income needed to reach the ALICE Threshold.

## What causes the prevalence of ALICE households?

**The cost of basic household expenses in Florida is more than most jobs can support.** Florida's cost of living is beyond what most jobs in the state can provide to working households. The annual Household Survival Budget for the average Florida family of four is \$47,484 and for a single adult is \$18,624. These numbers highlight the inadequacy of the U.S. poverty rate as a measure of economic viability, at \$23,050 for a family and \$11,170 for

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a single adult. The annual Household Stability Budget – one that enables not just survival, but self-sufficiency in Florida – is almost double the Household Survival Budget for a family of four at \$81,972 per year, and \$24,764 for a single adult.

**Florida became less affordable from 2007 to 2012.** Despite the Great Recession and the low rate of inflation, the cost of basic housing, child care, transportation, food, and health care in Florida increased by 13 percent during this 5-year period.

**Economic conditions worsened for ALICE households from 2007 to 2012.** The slight improvement in housing affordability and community support through the Great Recession was not enough to offset the huge decline in job opportunities as measured by the Economic Viability Dashboard, a new index that tracks these three economic measures. Two years after the end of the Recession, conditions have improved slightly but job opportunities have not nearly returned to 2007 levels. Finding both housing affordability and job opportunities in the same location remains a challenge for ALICE households.

**Florida’s housing stock does not match current needs.** Across the state, there are not enough rental units that are affordable: there are more than twice as many ALICE and poverty renters as there are rental units that they can afford. In addition, while there may be housing units where ALICE households can afford the mortgage, these households often lack sufficient resources for a down payment or do not qualify for a mortgage.

## **What are the consequences of insufficient income for ALICE families and their communities?**

**To manage their day-to-day survival, ALICE households often utilize short-term strategies that are detrimental in the long run.** When ALICE households do not have enough income, they have to make difficult choices to reduce their expenses. For example, if a family cannot afford child care in an accredited facility, they may substitute with an overworked neighbor or an inexperienced relative, jeopardizing their child’s safety and learning opportunities. Other short-term strategies such as skipping preventative health care, home maintenance, or a bill payment may have long-term consequences such as poor health, fines, and larger bills in the future.

**There are fewer families with children in Florida.** Higher income is especially important for families with children because of their greater budget costs. Without job opportunities in the state, some families have moved, and others have delayed having children altogether. From 2007 to 2012, the number of married-couple families with children in Florida fell by 10 percent.

**ALICE households pay more for goods and services.** ALICE households face higher expenses from both basic cost of living increases and the use of alternative financial products to finance routine and extraordinary expenses. Through the Great Recession, despite the low inflation and the decrease in cost of most goods and services, the cost of basic household necessities continued to rise. Without access to mainstream borrowing, many ALICE households in Florida resort to using riskier, more expensive financial options, such as “Buy Here Pay Here” car loans.

**The whole community suffers when ALICE has insufficient income.** When ALICE children are not ready for school, they add a burden to the educational system. When ALICE households cannot afford preventative health care, they are more likely to place future burdens on the health care system, increasing insurance premiums for all. When ALICE workers cannot afford an emergency, let alone invest in their neighborhood, communities may experience instability, higher taxes, or a decline in economic growth.

## What challenges do ALICE households face in the future?

In line with the national trend, low-income jobs dominate the economy in Florida now and will continue to dominate in the future. As a result of changes in the job market over the last three decades, the Florida economy is now more dependent on low-paying service jobs than on higher-skilled and higher-paying jobs. Sixty-nine percent of all jobs in Florida pay less than \$20 per hour (\$40,000 per year if full time), and more than half (54 percent) pay less than \$15 per hour.

**Occupations with projected job growth have low wages and require minimal education.** The most projected new job openings are in service jobs with wages below \$20 per hour and requiring a high school education or less. These jobs – including retail salespeople, customer service representatives, food preparation workers, home care aides, laborers and movers, janitors, and groundskeepers – are projected to grow at double or triple the rate of medium- and high-skilled jobs over the next decade across Florida.

**More seniors will become ALICE households.** With an aging population that is ahead of the national curve, Florida already has a high percentage of seniors. And as more Floridians become seniors, many who used their savings and retirement to weather the economic downturn will also fall below the ALICE Threshold.

**More ALICE households will become family caregivers.** More than one-third of Florida's ALICE households currently include caregivers – family members caring for ill or elderly relatives. That number will increase as the population ages, adding additional burdens to their household budget in both direct costs and lost wages, and reducing future employment opportunities.

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## What would improve the economic situation for ALICE households?

**Public and private intervention can provide short-term financial stability.**

Short-term intervention by family, employers, nonprofits, and government can mitigate crises for financially unstable households and possibly prevent an economic spiral downward. For example, providing a month's worth of food for a family may enable a father to repair a car transmission and get to work. If a family's primary earner cannot get to work, he might lose wages or even his job. Without regular income, the family cannot afford rent or mortgage payments and risks becoming homeless.

**Increasing the amount of housing that ALICE can afford without being housing burdened would provide stability for many Florida families.** The cost of housing is high in many parts of Florida, and the units that are affordable to ALICE households are often far from jobs or in disrepair. Structural changes that make quality affordable housing more available or locate it closer to job opportunities would ease the housing burden on many Florida families.

**An improvement in income opportunities would enable ALICE households to afford basic necessities, build savings, and become financially independent.** 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 in both the public and private sectors in Florida. Structural economic changes would significantly improve the prospects for ALICE and enable hardworking households to support themselves.

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Improving Florida’s economy and meeting ALICE’s challenges are linked: improvement for one would directly benefit the other. The tools presented in this Report provide the means for Florida stakeholders – policy makers, community leaders, and business leaders – to better understand the magnitude and variety of households facing financial hardship. These tools, and the enhanced understanding that they provide, can make more effective change possible.

**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.

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

The **ALICE Threshold** is the average level of income that a household needs to afford the basics defined by the Household Survival Budget for each county in Florida. (Please note that unless otherwise noted in this Report, households earning less than the ALICE Threshold include both ALICE and poverty-level households.)

The **Household Stability Budget** is greater than the basic Household Survival Budget and reflects the cost for household necessities at a modest but sustainable level. It adds a savings category, and is adjusted for different counties and household types.

The **ALICE Income Assessment** is the calculation of all sources of income, resources, and assistance for ALICE and poverty-level households. Even with assistance, the Assessment reveals a significant shortfall, or unfilled gap, between what these households bring in and what is needed for them to reach the ALICE Threshold.

Lastly, the **Economic Viability Dashboard** is comprised of three indices that evaluate the economic conditions that matter most to ALICE households – housing affordability, job opportunities, and community support. A Dashboard is provided for each county.

Town	Total HH	% ALICE & Poverty
Big Coppitt Key CDP	833	47%
Big Pine Key CDP	1,619	44%
Key Largo CDP	4,517	53%
Key West	9,322	52%
Lower Keys CCD	4,314	38%
Marathon	3,371	55%
Middle Keys CCD	4,068	53%
North Key Largo CDP	510	31%
Stock Island CDP	1,111	78%
Tavernier CDP	953	52%
Upper Keys CCD	8,633	50%

# ALICE IN MONROE COUNTY

**Population:** 74,809 | **Number of Households:** 29,241  
**Median Household Income:** \$53,637 (state average: \$45,040)  
**Florida Underemployment Rate for 2012:** 16%  
**Gini Coefficient** (zero = equality; one = inequality): 0.53 (state average: 0.48)

## How many households are struggling?

**ALICE**, an acronym for Asset Limited, Income Constrained, Employed, are households that earn more than the U.S. poverty level, but less than the basic cost of living for the county. Combined, the number of poverty and ALICE households equals the total population struggling to afford basic needs.

<b>Poverty</b> 3,557 HH 12%	<b>ALICE</b> 10,664 HH 36%	<b>Above ALICE</b> 15,020 HH 51%
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## What are the economic conditions?

The **Economic Viability Dashboard** evaluates community conditions for ALICE in three core areas. Each is an index with a scale of 1 (worst) to 100 (best).

<b>Housing Affordability</b> poor (14)	<b>Job Opportunities</b> good (67)	<b>Community Support</b> poor (48)
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## What does it cost to afford the basic necessities?

This bare-minimum budget does not allow for any savings, leaving a household vulnerable to unexpected expenses. Affording only a very modest living in each community, this budget is still significantly more than the U.S. poverty rate of \$11,170 for a single adult and \$23,050 for a family of four.

### Household Survival Budget, Monroe County

	SINGLE ADULT	FAMILY (INFANT AND PRE-K)
<b>Housing</b>	\$946	\$1,419
<b>Child care</b>	\$0	\$1,250
<b>Food</b>	\$176	\$531
<b>Transportation</b>	\$350	\$426
<b>Health care</b>	\$107	\$699
<b>Miscellaneous</b>	\$182	\$469
<b>Taxes</b>	\$242	\$368
<b>Monthly total</b>	\$2,002	\$5,163
<b>ANNUAL TOTAL</b>	\$24,020	\$61,962
<b>POVERTY ANNUAL TOTAL</b>	\$11,170	\$23,050

Source: U.S. Department of Housing and Urban Development (HUD), U.S. Department of Agriculture (USDA), Bureau of Labor Statistics (BLS), Internal Revenue Service (IRS) and state Treasury, and ChildCare Aware, 2012; American Community Survey, 1 year estimate.

*NOTE: Municipal-level data may not match county-level data; municipal-level data often relies on 3- and 5-year averages, is not available for the smallest towns that don't report income, and may overlap with Census Designated Places (CDP).*