

ALICE IN MICHIGAN: A FINANCIAL HARDSHIP STUDY

LIVE UNITED®



2019 MICHIGAN REPORT



Michigan Association of
United Ways

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Note: In addition to the corporate sponsorships, this Report was made possible by the United Ways noted above in bold.

LETTER TO THE COMMUNITY

Dear Michiganders,

Asset Limited, Income Constrained, Employed — it's a complex term for a population we know all too well. **ALICE** is the person who works hard to make a living, but still can't seem to make ends meet. ALICE has an income above the Federal Poverty Level (FPL), but struggles to afford basic household necessities.



ALICE is a mother, struggling to raise her children while also caring for an aging parent; a college student, attending classes by day and waiting tables by night; a senior citizen, choosing between prescription medications and groceries.

In the five years since the Michigan Association of United Ways released its first ALICE Report, Michigan residents have started to get a clearer picture of their neighbors, loved ones, friends, and acquaintances than ever before.

Through the ALICE Report, Michigan policymakers, journalists, business leaders, and charitable organizations have begun to put a finger on the pulse of the needs of Michiganders. We've identified the disparity on the balance sheet of Michigan households and have a strong indication of the issues that plague many hardworking Michigan families.

But there is more work to do. As you will read in the pages to follow, low wages, reduced work hours, and depleted savings, combined with increased costs of living, have made for uneven economic recovery in Michigan.

In releasing our third ALICE Report, the Michigan Association of United Ways aims to continue to inform the conversation about the real and present needs of our residents — the people that local United Ways and our volunteers serve every day.

We remain committed to serving ALICE, and all those in need, through programs that strive to improve the health, education, and financial security of all Michigan residents. At the same time, we call on our state's policymakers and business leaders to use the information in the pages to follow to work toward a Michigan we can all be proud to call home.

Sincerely,

A blue ink handwritten signature, which appears to read "Mike Larson", written in a cursive style.

Mike Larson, *President and CEO, Michigan Association of United Ways*

ALICE: A GRASSROOTS MOVEMENT

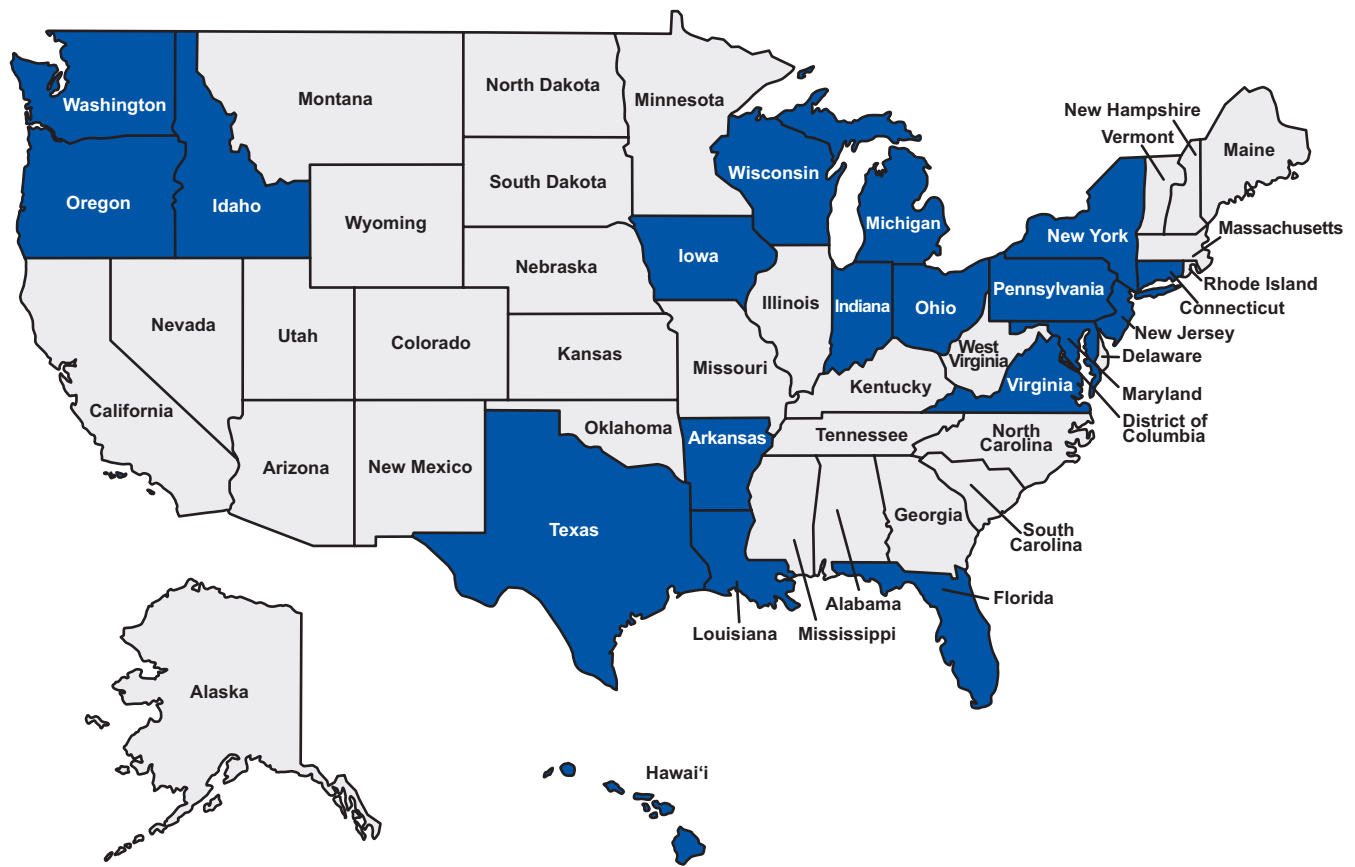
This body of research provides a framework, language, and tools to measure and understand the struggles of a population called **ALICE** — an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. ALICE represents the growing number of households in our communities that do not earn enough to afford basic necessities. This research initiative partners with United Ways, foundations, academic institutions, corporations, and other state organizations to present data that can stimulate meaningful discussion, attract new partners, and ultimately inform strategies for positive change.

Based on the overwhelming success of this research in identifying and articulating the needs of this vulnerable population, this work has grown from a pilot in Morris County, New Jersey in 2009, to the entire state of New Jersey in 2012, and now to 19 states. United Ways of Michigan are proud to join the more than 600 United Ways in these states that are working to better understand ALICE's struggles.

Together, United Ways, government agencies, nonprofits, and corporations have the opportunity to evaluate current initiatives and discover innovative approaches that give ALICE a voice, and create changes that improve life for ALICE and the wider community.

To access reports from all states, visit UnitedForALICE.org

States With ALICE Reports



THE ALICE RESEARCH TEAM

ALICE Reports provide high-quality, research-based information to foster a better understanding of who is struggling in our communities. To produce the ALICE Report for Michigan, a team of researchers collaborated with a Research Advisory Committee, composed of 11 representatives from across Michigan, who advised and contributed to the report. This collaborative model, practiced in each state, ensures each report presents unbiased data that is replicable, easily updated on a regular basis, and sensitive to local context. Working closely with United Ways, this research initiative seeks to equip communities with information to create innovative solutions.

Lead Researcher

Stephanie Hoopes, Ph.D., is the lead researcher, director, and author of the ALICE Reports. Dr. Hoopes began this effort with a pilot study of a more accurate way to measure financial hardship in Morris County, New Jersey in 2009. Since then, she has overseen its expansion into a broad-based, state-by-state research initiative now spanning 19 states across the country. Her research on the ALICE population has garnered both state and national media attention.

Before joining United Way full time in 2015, Dr. Hoopes taught at Rutgers University and Columbia University. Dr. Hoopes has a doctorate from the London School of Economics, a master's degree from the University of North Carolina at Chapel Hill, and a bachelor's degree from Wellesley College.

Dr. Hoopes is on the board of directors of the McGraw-Hill Federal Credit Union, and she received a resolution from the New Jersey General Assembly for her work on ALICE in 2016.

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EXECUTIVE SUMMARY

In Michigan, 1,664,606 households — 43 percent — could not afford basic needs such as housing, child care, food, transportation, health care, and technology in 2017.

This update of the ALICE Report for Michigan provides the most comprehensive look at the population called **ALICE** — an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. 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 Michigan — **the ALICE Threshold** — as well as the number of households earning below this amount 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 Michigan 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 slightly above the ALICE Threshold in the past, increases in the cost of living and flat wages have pushed them below the Threshold and into financial hardship. The total number of Michigan households that cannot afford basic needs increased 6 percent from 2010 to 2017.

This Report focuses on trends that have moved more Michigan families below the ALICE Threshold. Key findings include:

- **Households continue to struggle:** Of Michigan's 3,935,132 households, 14 percent lived in poverty in 2017 and another 29 percent were ALICE. Combined, 43 percent (1,664,606 households) had income below the ALICE Threshold.
- **Basic cost of living still on the rise:** The cost of basic household expenses in the ALICE Household Survival Budget has increased steadily in Michigan, to \$61,272 for a family of four (two adults with one infant and one preschooler) and \$21,036 for a single adult. These bare-minimum budgets are significantly higher than the 2017 FPL of \$24,600 for a family of four and \$12,060 for a single adult. The cost of the average Michigan family budget increased by 27 percent from 2010 to 2017.
- **Changes in the workforce:** Although unemployment rates are falling, ALICE workers are still struggling. Low-wage jobs dominate the employment landscape, with 61 percent of all jobs in Michigan paying less than \$20 per hour. At the same time, an increase in contract 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 the sex, gender, education, sexual orientation, and race/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 U.S. ALICE workers, contributing to employment instability, a shifting supply and demand, and a disruption in traditional modes of operation.

- **Health Inequality** — As health care costs rise, there will be increasing disparities in health according to income and other social determinants of health, such as access to health care, educational opportunities, and safe neighborhoods. Expensive medical advances that are out of reach of lower-income households will only further this divide.

The ALICE Report for Michigan 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 this data to inform programmatic and policy solutions for ALICE households and their communities, now and in the future.

RESEARCH FRAMEWORK

GLOSSARY

ALICE is an acronym that stands for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, 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 Michigan, 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 Michigan. Households earning below the ALICE Threshold include both ALICE and poverty-level households.

WHAT'S NEW

Every two years, a national Research Advisory Committee of external experts scrutinizes 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 Household Survival Budget includes 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 basic smartphone plan for each adult.

The source for state taxes has been updated: To provide greater consistency across states and to 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. Michigan's *Individual Income Tax Forms and Instructions* are used to confirm state tax deductions and exemptions, such as the Personal Tax Credit. This change resulted in slight changes in tax amounts. To ensure consistency in change-over-time comparisons, the data for previous years — 2010, 2012, and 2015 — has been recalculated and is presented in this Report. For example, the 2017 Report stated that 1,531,650 households (40 percent) had income below the ALICE Threshold in 2015, and this Report presents that 1,582,810 (41 percent) had income below the ALICE Threshold in 2015.

Change over time ranges have shifted: The first 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 2012, 2015, and 2017.

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

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 30 percent in Eaton County to 61 percent in Lake 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 Michigan Department of Education Office of Great Start. State, county, and municipal data is used to provide different lenses on ALICE households. These data points 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 percentage point from 100 percent for a given group. Typically, we present rounded numbers to make the ALICE data as clear as possible to a general audience.

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 Michigan, ALICE data is only available for White, Black, Hispanic, and Asian populations; the American Community Survey does not provide income data on other race/ethnic categories due to the small sample size of these groups, so ALICE statistics are not available. In Michigan, less than 1 percent of households identify themselves as American Indian/Alaskan Native or “Some Other Race,” and 2 percent identify as being of “Two or More Races” (American Community Survey, 2017).

For a more detailed description of the methodology and sources, see the Methodology Overview at UnitedForALICE.org/methodology. For a breakdown of the data by county and municipality, see the County Pages and Data File on the Michigan page (UnitedForALICE.org/Michigan).

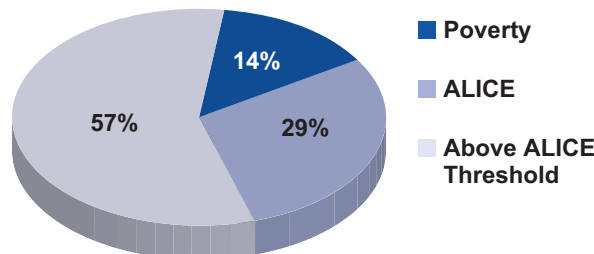
AT-A-GLANCE: MICHIGAN

2017 Point-in-Time Data

Population: 9,962,311 | Number of Counties: 83 | Number of Households: 3,935,132

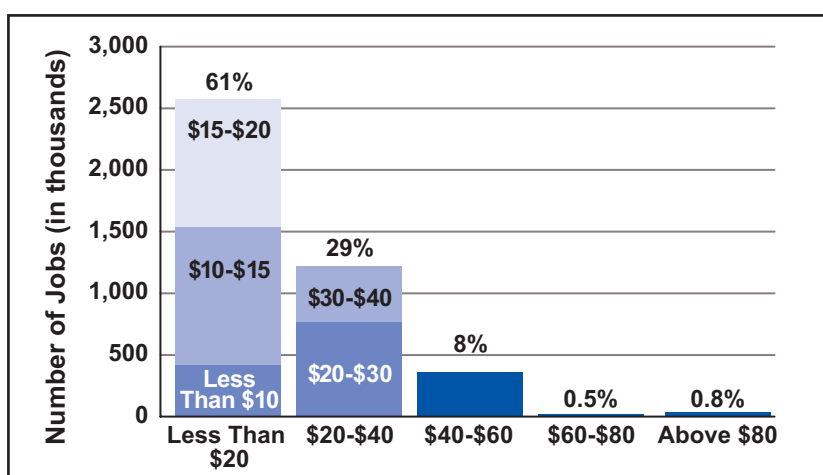
How many households are struggling?

ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, comprises households that earn more than the Federal Poverty Level but less than the basic cost of living for the state (the ALICE Threshold). Of Michigan's 3,935,132 households, 536,594 earn below the Federal Poverty Level (14 percent) and another 1,128,012 (29 percent) are ALICE.



How much does ALICE earn?

In Michigan, 61 percent of jobs pay less than \$20 per hour, with almost two-thirds of those jobs paying less than \$15 per hour. Another 29 percent of jobs pay from \$20 to \$40 per hour. Only 8 percent of jobs pay from \$40 to \$60 per hour.



What does it cost to afford the basic necessities?

Despite a low rate of inflation nationwide — 12 percent from 2010 to 2017 — the bare-minimum Household Survival Budget increased by 26 percent for a single adult and 27 percent for a family. Affording only a very modest living, this budget is still significantly more than the Federal Poverty Level of \$12,060 for a single adult and \$24,600 for a family of four.

Household Survival Budget, Michigan Average, 2017

	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Monthly Costs		
Housing	\$509	\$739
Child Care	\$-	\$1,122
Food	\$199	\$604
Transportation	\$347	\$693
Health Care	\$236	\$887
Technology*	\$55	\$75
Miscellaneous	\$159	\$464
Taxes	\$248	\$522
Monthly Total	\$1,753	\$5,106
ANNUAL TOTAL	\$21,036	\$61,272
Hourly Wage**	\$10.52	\$30.64

* New to budget in 2017

** Full-time wage needed to support this budget

AT-A-GLANCE: MICHIGAN

Michigan Counties, 2017

COUNTY	TOTAL HOUSEHOLDS	% ALICE + % POVERTY
Alcona	4,979	43%
Alger	3,244	54%
Allegan	44,766	36%
Alpena	12,789	44%
Antrim	9,732	36%
Arenac	6,663	48%
Baraga	3,009	58%
Barry	23,539	37%
Bay	44,907	45%
Benzie	6,911	42%
Berrien	64,166	42%
Branch	16,415	47%
Calhoun	54,556	45%
Cass	20,686	40%
Charlevoix	11,234	37%
Cheboygan	11,348	42%
Chippewa	14,004	48%
Clare	12,726	55%
Clinton	29,959	34%
Crawford	6,025	48%
Delta	15,920	40%
Dickinson	11,269	46%
Eaton	44,329	30%
Emmet	14,496	42%
Genesee	165,719	46%
Gladwin	10,990	47%
Gogebic	6,660	51%
Grand Traverse	38,211	34%
Gratiot	14,736	51%
Hillsdale	17,896	45%
Houghton	13,157	50%
Huron	13,880	41%
Ingham	111,915	44%
Ionia	22,625	43%
Iosco	11,457	46%
Iron	5,315	49%
Isabella	25,000	51%
Jackson	62,220	42%
Kalamazoo	104,075	38%
Kalkaska	7,019	46%
Kent	240,678	37%
Keweenaw	1,013	41%
Lake	4,555	61%
Lapeer	34,271	39%
Leelanau	9,022	33%

Michigan Counties, 2017

COUNTY	TOTAL HOUSEHOLDS	% ALICE + % POVERTY
Lenawee	38,559	37%
Livingston	72,726	31%
Luce	2,253	57%
Mackinac	5,132	39%
Macomb	346,457	39%
Manistee	9,810	49%
Marquette	25,725	46%
Mason	12,186	45%
Mecosta	15,641	51%
Menominee	10,593	41%
Midland	34,096	34%
Missaukee	5,941	48%
Monroe	59,528	36%
Montcalm	23,556	49%
Montmorency	4,074	52%
Muskegon	64,581	45%
Newaygo	18,772	45%
Oakland	504,944	32%
Oceana	10,176	47%
Ogemaw	9,325	47%
Ontonagon	2,945	48%
Osceola	9,010	51%
Oscoda	3,728	52%
Otsego	9,880	42%
Ottawa	104,281	31%
Presque Isle	5,929	43%
Roscommon	11,131	50%
Saginaw	80,958	44%
Sanilac	17,121	45%
Schoolcraft	3,282	54%
Shiawassee	27,277	39%
St. Clair	65,117	40%
St. Joseph	23,831	47%
Tuscola	21,624	43%
Van Buren	29,037	44%
Washtenaw	140,729	39%
Wayne	683,986	56%
Wexford	13,105	48%

Sources: Point-in-Time Data: American Community Survey, 2017. **ALICE Demographics:** American Community Survey; the ALICE Threshold, 2017. **Wages:** BLS, 2017 — Occupational Employment Statistics. **Budget:** BLS, 2017 — Consumer Expenditure Surveys; Consumer Reports, 2017; HUD, 2017 — Fair Market Rents; IRS, 2016 — Individual Income; IRS, 2017 — SOS Tax Stats; Michigan Department of Education Office of Great Start, 2018; Tax Foundation 2017, 2018; USDA, 2017 — Official USDA Food Plans.

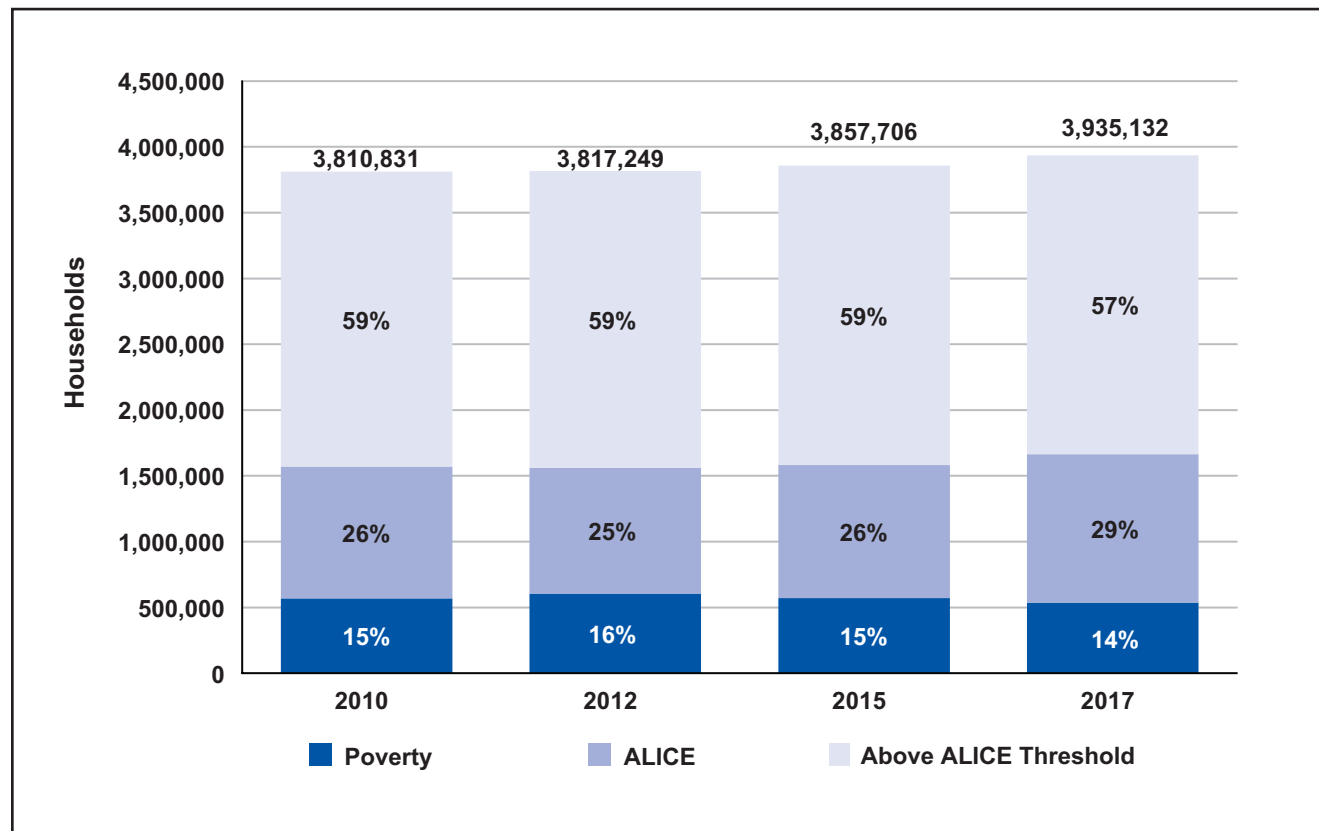
ALICE BY THE NUMBERS

In Michigan, ALICE households exist in all age groups, across all races and ethnicities, in single and two-parent families, and in households with or without children. They exist in all parts of the state, from urban Detroit to the suburbs of Grand Rapids, to rural communities across the northern regions of the state. This section drills down to reveal demographic characteristics of ALICE and poverty-level households by age, race/ethnicity, and household type over time. It also reports on important local variations that are often masked by state averages.

Overall population changes: In Michigan, the total number of households increased by 3 percent between 2010 and 2017, to 3,935,132. The number of ALICE and poverty-level households increased more, from 1,569,992 in 2010 to 1,664,606 in 2017, a 6 percent increase.

- **Poverty:** The number of households in poverty — defined in 2017 as those earning \$12,060 for a single adult and \$24,600 for a family of four — fell from 570,417 (15 percent of the total household population) in 2010 to 536,594 (14 percent of the total household population) in 2017, reflecting a 6 percent decrease.
- **ALICE:** The number of ALICE households grew from 999,575 in 2010 to 1,128,012 in 2017, a 13 percent increase. The proportion of all households that were ALICE rose from 26 percent to 29 percent during that period (Figure 1).

Figure 1.
Household Income, Michigan, 2010 to 2017



Sources: American Community Survey, 2010–2017; the ALICE Threshold, 2010–2017; for additional data and ALICE Methodology, see [UnitedForALICE.org](https://www.unitedforalice.org)

HOUSEHOLDS BY AGE

Two major population bubbles are changing communities across Michigan. The baby boomers (born between 1946 and 1964) are the largest generation, and as they age, their needs and preferences change. The second largest group is the millennials (adults born between 1981 and 1996, according to the Pew Research Center), who are making different lifestyle and work choices than previous generations. Between the two population bubbles is the smaller Generation X, made up of adults born between 1964 and 1980. To analyze general trends, the ALICE data is presented by household in more precise Census age breaks: under-25, 25–44, 45–64, and 65 and older. Millennials are covered by the youngest two brackets and baby boomers by the oldest two (Colby & Ortman, 2014; Dimock, 2019).

Aging Population

The increase in the number of ALICE households in Michigan is driven by senior households (65 years and older). The number of senior households increased 20 percent, from 870,656 in 2010 to 1,045,272 in 2017 (Figure 2). The number of senior households with income below the ALICE Threshold grew by 17 percent between 2010 and 2017. By 2017, 41 percent of senior households had income below the ALICE Threshold.

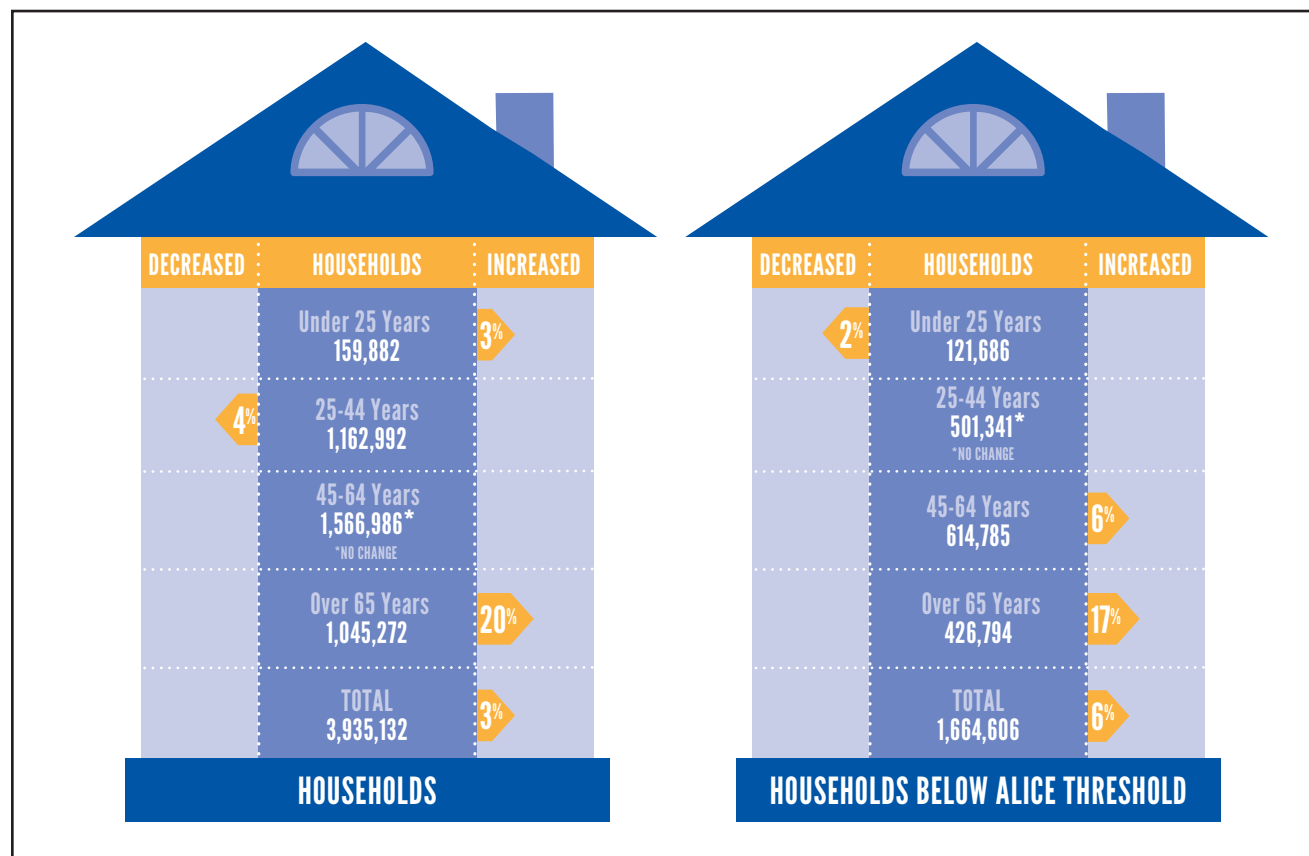
The next oldest age group, households headed by 45- to 64-year-olds, remained flat between 2010 and 2017, yet the number of these households with income below the ALICE Threshold increased by 6 percent — a surprising drop in income for those in their prime earning years (American Community Survey, 2010, 2017).

Younger Households

Even though the total population of millennials is increasing, the number of households headed by them is not growing at the same rate. The youngest segment of millennials, households headed by those under 25 years old, increased by 3 percent, from 154,879 households in 2010 to 159,882 in 2017, and the number with income below the ALICE Threshold fell by 2 percent during that time period. The older and larger segment of millennials, households headed by 25- to 44-year-olds, decreased by 4 percent overall, and the number with income below the ALICE Threshold remained nearly unchanged.

Unlike previous generations of young Americans, many millennials cannot afford to live on their own. Instead, they are more likely to live with their parents or with roommates. And for the first time in more than a century, they are less likely to be living with a romantic partner compared to previous generations. These patterns vary among some millennials from immigrant families. Yet overall, in Michigan, people under the age of 25 who are the head of their household (i.e., don't live with parents, older relatives, or older roommates/partners) are far less likely to be able to afford basic necessities, with 76 percent of them living below the ALICE Threshold in 2017 (American Community Survey, 2010, 2017; Cilluffo & Cohn, 2017; W. H. Frey, 2018).

Figure 2.
Household Income by Age of Head of Household, Michigan, 2010 to 2017



Sources: American Community Survey, 2017; the ALICE Threshold, 2017

HOUSEHOLDS BY RACE AND ETHNICITY

Statewide changes in financial stability are driven by changes in the income of White (non-Hispanic) households because they make up the largest racial group by far in Michigan, but these trends often mask important changes in other ethnic groups. For example, in Michigan, the number of Asian and Hispanic households grew faster than Black and White households from 2010 to 2017. Asian households increased by 28 percent to 95,899, and Hispanic households increased by 20 percent to 133,124. In comparison, the number of Black households increased by 3 percent to 527,029, while White households grew by only 1 percent to 3,086,693 (see the note on race/ethnicity in the Research Framework box in the Executive Summary).

A breakdown by race and age shows other important trends:

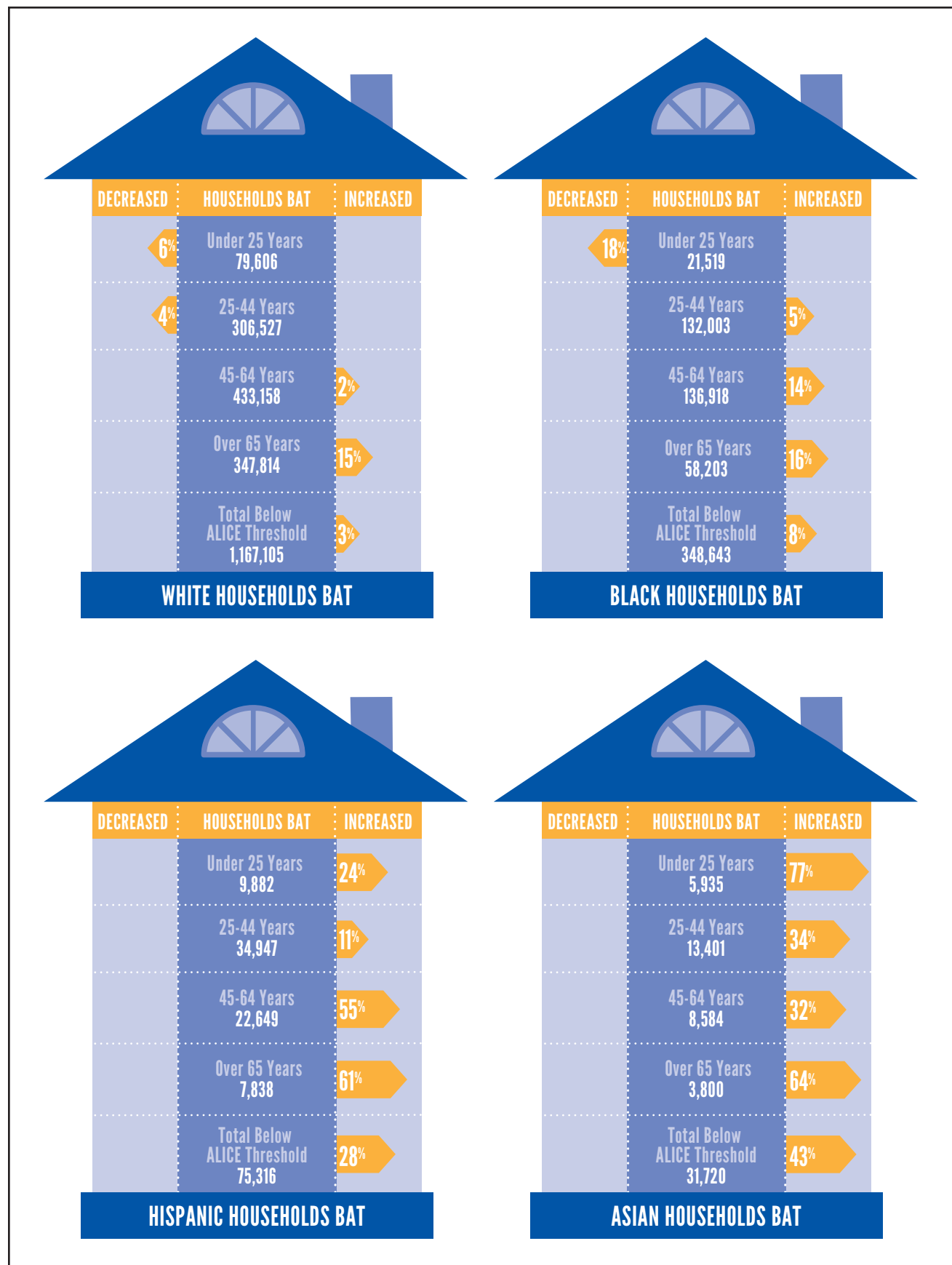
Among young households, population change varies by race/ethnicity: The number of White under-25-year-old households remained stable between 2010 to 2017. Black households in this age group saw a decline of 16 percent. However, this trend was reversed for under-25-year-old Asian and Hispanic households, which increased by 63 percent and 18 percent, respectively. Population change for households headed by the next oldest age group, 25- to 44-year-olds, also varied by race/ethnicity, with slight declines in Black and White households, and increases in Asian and Hispanic households.

Older households of all racial and ethnic groups are increasing: Due to the size of Michigan's White population, White senior households are driving the overall growth in the state's senior population. White senior households increased by 18 percent from 2010 to 2017. Other senior groups are experiencing significant growth as well: Asian senior households increased by 53 percent, Hispanic senior households by 50 percent, and Black senior households by 25 percent. Similarly, there was growth among households headed by 45- to 64-year-olds for most racial/ethnic groups (33 percent for Hispanic households, 31 percent for Asian households, and 4 percent for Black households). White 45- to 64-year-old households were the exception to this trend, decreasing by 3 percent during this time period.

Households below the ALICE Threshold increased across most groups (Figure 3): The number of households below the ALICE Threshold in Michigan increased in most age and racial/ethnic groups from 2010 to 2017, with a few notable exceptions. The number of Black and White under-25-year-old households below the ALICE Threshold decreased during this time period, by 18 and 6 percent, respectively. The number of White households below the ALICE Threshold headed by 25- to 44-year-olds also decreased, by 4 percent.

Among all other age and racial/ethnic groups, the number of households below the ALICE Threshold increased. The largest increase across all ages and racial/ethnic groups was among Asian households headed by under-25-year-olds (up 77 percent). Senior households also saw large increases in households below the ALICE Threshold, with Asian senior households experiencing the greatest increase, at 64 percent, followed by Hispanic senior households at 61 percent. Similarly, households headed by 45- to 64-year-olds also increased across all racial/ethnic groups, with Hispanic households in this age bracket seeing the largest increase, at 55 percent.

Figure 3.
Households Below ALICE Threshold (BAT), by Age and Race/Ethnicity, Michigan, 2010 to 2017



Sources: American Community Survey, 2010–2017; the ALICE Threshold, 2010–2017

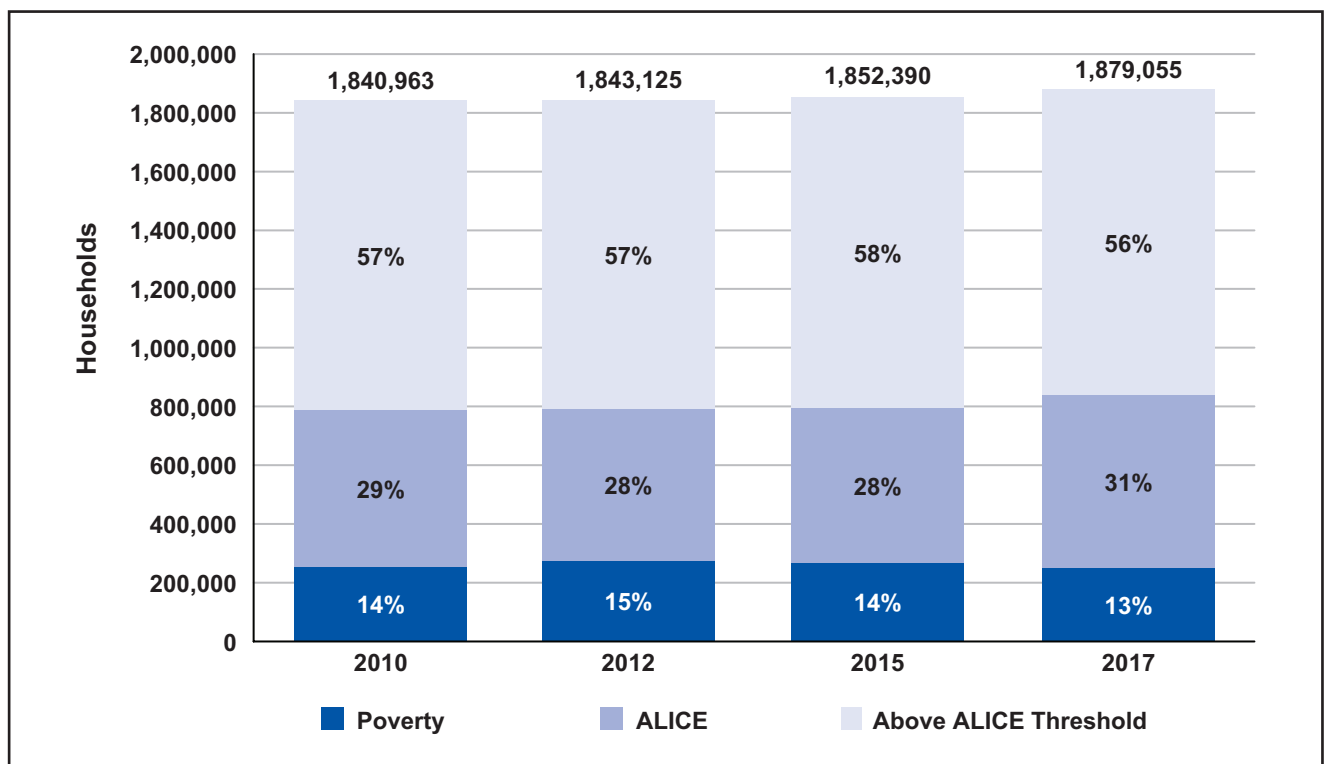
HOUSEHOLDS BY FAMILY TYPE

There are longstanding preconceptions about what types of families tend to be low-income — for example, homes headed by single mothers. Yet ALICE and poverty-level families exist in all configurations. There have been such dramatic changes in the living arrangements of Americans that it is important to re-evaluate these old stereotypes.

After decades of declining marriage rates along with rising levels of divorce, remarriage, and cohabitation, the household made up of a married couple with two children is no longer typical. Since the 1970s, American households have become smaller for a number of reasons: Fewer households have children, there are fewer married-couple households, and more people are living alone, especially at older ages. People are living in a wider variety of arrangements, including singles living alone or with roommates and grown children living with parents. The share of American adults who have never been married is at a historic high.

In Michigan in 2017, there were 1,879,055 households composed of single or cohabiting adults under the age of 65 with no children under 18 years old. They make up the largest household type in Michigan, accounting for 48 percent of all households, and have the largest number of households below the ALICE Threshold. In 2017, 44 percent of these households had income below the ALICE Threshold, increasing from 43 percent in 2010 (Figure 4).

Figure 4.
Single or Cohabiting (Under 65) Households, No Children Under 18, by Income, Michigan, 2010 to 2017



Sources: American Community Survey, 2010–2017; the ALICE Threshold, 2010–2017

Families With Children

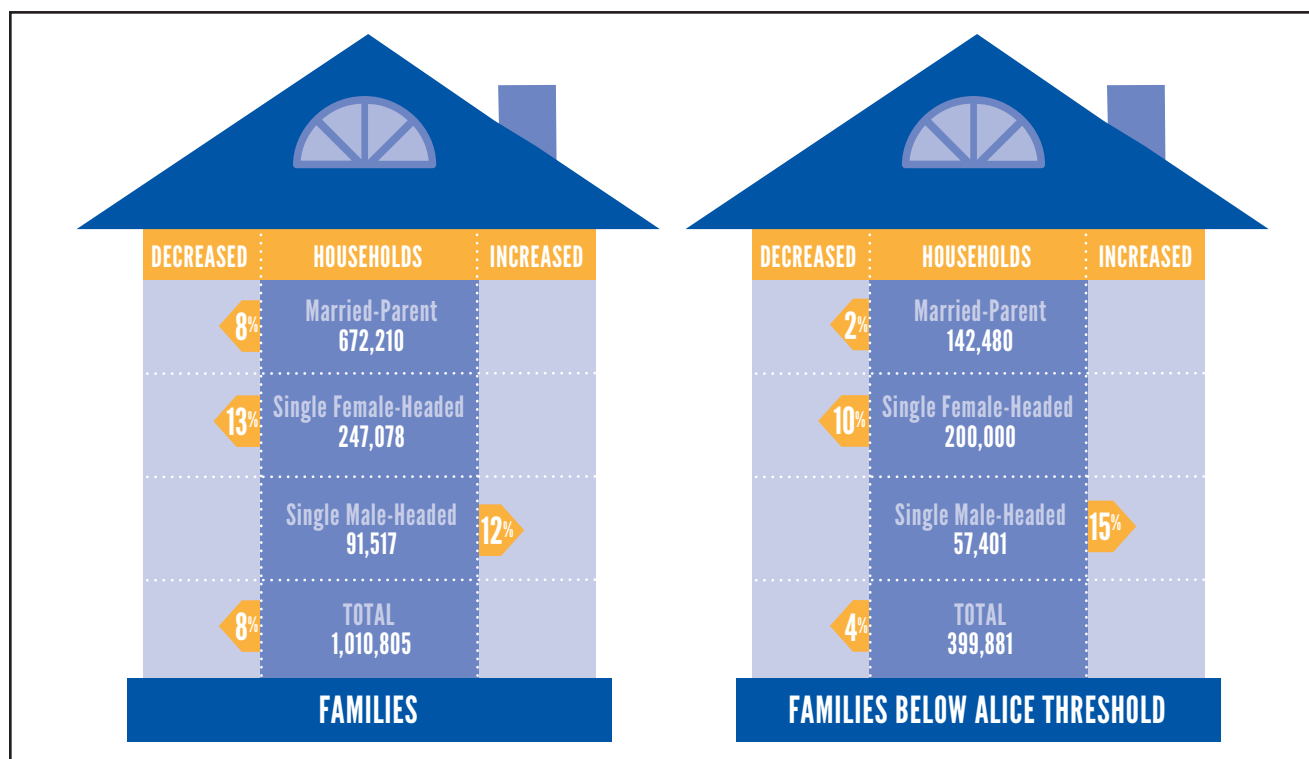
Families with children are also changing, with mothers doing more paid work outside the home than in previous years. Nationally in 2015, 42 percent of mothers were sole or primary breadwinners, bringing in 50 percent or more of family earnings, and another 22 percent were co-breadwinners, earning 25 to 49 percent of earnings. Gender roles are changing as well, with fathers doing more housework and child care. Over the last 30 years, the number of stay-at-home fathers has doubled to 2.2 million, and the amount of housework fathers report doing has also doubled to an average of nine hours a week (Cohn & Caumont, 2016; Glynn, 2016; Livingston, 2014; Parker & Livingston, 2018).

The composition of families with children is changing as well. There are increasing numbers of various types of families, including those with several cohabiting generations and those with lesbian, gay, bisexual, and transgender (LGBT) parents. More than a quarter of married LGBT couples are now raising children, and the number of same-sex marriages more than doubled nationally from 2012 to 2015. During that time, in 2013, the U.S. Supreme Court ruled that the federal government must recognize state-sanctioned same-sex marriages, and then in 2015, it ruled that all states must allow same-sex marriages. Households with combined children from parents' prior relationships are also on the rise. Almost one in six children under the age of 18 now lives in a family with parents and their children from previous relationships (Cohn & Caumont, 2016; Gates & Brown, 2015; Pew Research Center, 2015).

Of all Michigan families with children, there were 399,881, or 40 percent, with income below the ALICE Threshold in 2017, a decrease of 4 percent since 2010. Michigan families with children saw the following changes from 2010 to 2017 (Figure 5):

- **Married-parent families:** The number of married-parent families with children fell by 8 percent from 2010 to 2017 and the number below the ALICE Threshold decreased by 2 percent. In 2017, 36 percent of families living below the ALICE Threshold were married-parent households.
- **Single-female-headed families:** The number of single female-headed families with children decreased by 13 percent, and the number below the ALICE Threshold decreased at a similar rate of 10 percent. In 2017, 50 percent of families living below the ALICE Threshold were single-female-headed households.
- **Single-male-headed families:** This smallest share of family types was the only group to see an increase in both total families and families below the ALICE Threshold. Single-male-headed families increased by 12 percent overall; the number with income below the ALICE Threshold increased by 15 percent. In 2017, 14 percent of families living below the ALICE Threshold were single-male-headed households.

Figure 5.
Families With Children by Income, Michigan, 2010 to 2017

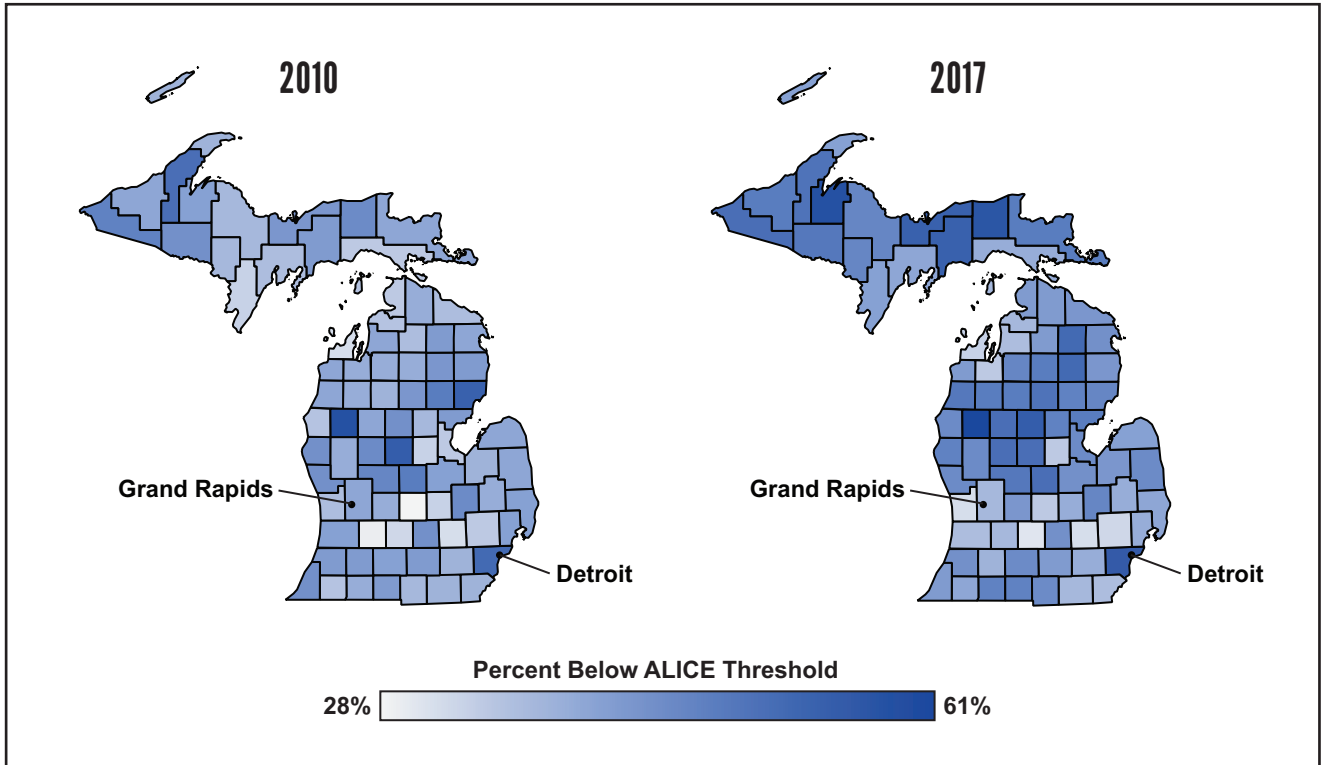


Sources: American Community Survey, 2010–2017; the ALICE Threshold, 2010–2017

ALICE BY COUNTY

ALICE households live in urban, suburban, and rural areas, and in every county in Michigan. Although the cost of living and wages differ across the state, the number of households with income below the ALICE Threshold increased across most counties from 2010 to 2017. But there is enormous variation among counties. The percentage of households below the ALICE Threshold ranges from 30 percent in Eaton County to 61 percent in Lake County (Figure 6).

Figure 6.
Percent of Households Below the ALICE Threshold by County, Michigan, 2010 and 2017



Sources: American Community Survey, 2010, 2017; the ALICE Threshold, 2010, 2017. Details on each county's household income and ALICE demographics, as well as further breakdown by municipality, are listed in the ALICE County Pages and Data File at [UnitedForALICE.org/Michigan](https://www.unitedforalice.org/michigan)

THE HOUSEHOLD SURVIVAL BUDGET

The Household Survival Budget reflects the bare-minimum cost to live and work in the modern economy. In Michigan in 2017, the average Household Survival Budget was \$61,272 for a four-person family and \$21,036 for a single adult (Figure 7). The hourly wage necessary to support a family budget was \$30.64 for one parent working 40 hours per week for 50 weeks per year (or \$15.32 per hour each, if two parents work), and \$10.52 per hour, full time for a single adult. These costs continue to increase faster than the rate of inflation.

Figure 7.
Household Survival Budget, Michigan Average, 2017

Household Survival Budget, Michigan Average, 2017			Percent Change 2010–2017	
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Monthly Costs				
Housing	\$509	\$739	6%	14%
Child Care	\$-	\$1,122	N/A	2%
Food	\$199	\$604	10%	10%
Transportation	\$347	\$693	13%	13%
Health Care	\$236	\$887	111%	98%
Technology*	\$55	\$75	N/A	N/A
Miscellaneous	\$159	\$464	26%	27%
Taxes	\$248	\$522	36%	83%
Monthly Total	\$1,753	\$5,106	26%	27%
ANNUAL TOTAL	\$21,036	\$61,272	26%	27%
Hourly Wage**	\$10.52	\$30.64	26%	27%

* New to budget in 2017

** Full-time wage needed to support this budget

Sources: BLS, 2017 — Consumer Expenditure Surveys; Consumer Reports, 2017; HUD, 2017 — Fair Market Rents; IRS, 2016 — Individual Income; IRS, 2017 — SOS Tax Stats; Michigan Department of Education Office of Great Start, 2018; Tax Foundation 2017, 2018; USDA, 2017 — Official USDA Food Plans. For the Methodology Overview and additional data, see UnitedForALICE.org

The cost of household basics in the Household Survival Budget — housing, child care, food, transportation, health care, technology, and taxes — increased by 26 percent for a single adult and 27 percent for a family of four from 2010 to 2017. At the same time, median earnings only increased by 21 percent in Michigan and 16 percent nationwide, putting greater strain on families. It is important to note that the national rate of inflation — which covers many budget items that change at varying rates — was 12 percent during this time period, much lower than the increase in Michigan’s Household Survival Budget.

The rise in the Household Survival Budget in Michigan between 2010 and 2017 was driven primarily by a 111 percent increase in health care costs for a single adult and a 98 percent increase for a family of four. These increases are due to an average 59 percent increase in out-of-pocket costs, as well as the addition of the Affordable Care Act shared responsibility penalty for not purchasing health insurance. Michigan expanded Medicaid coverage in April of 2014, which greatly increased the percentage of low-income Michiganders with

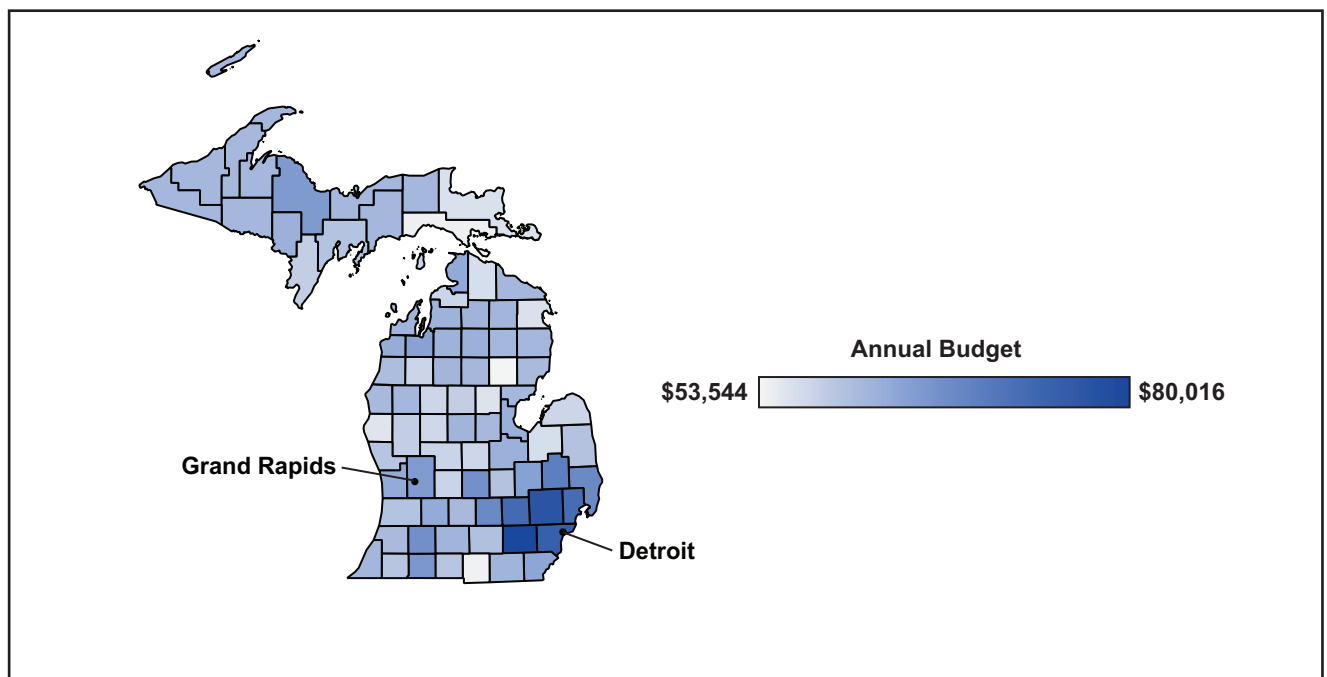
insurance and reduced costly out-of-pocket expenses for these households. However, because the Medicaid eligibility cutoff is 138 percent of the Federal Poverty Level (\$33,948 for a family of four), many ALICE families do not qualify (Kaiser Family Foundation, 2016).

Since the Household Survival Budget only includes the bare minimum for each item, the lowest-cost option in 2016 was not even the least expensive Bronze Marketplace plan, which carries premiums and deductibles, but rather the penalty families were required to pay for not having health insurance. While seniors have Medicare for health insurance, they have out-of-pocket expenses, which include services and items not covered by Medicare (such as vision and dental care). For more details on health care costs, see the Methodology Overview at UnitedForALICE.org/methodology.

The 2017 budget also includes the cost of a basic smartphone plan (technology), which is a necessity in the modern economy. The big increase in taxes can largely be explained by the increase in all other budget items. As the cost of these items increased, the earnings needed to cover the expenses increased, and higher earnings result in a larger tax bill. Changes in tax rates were minimal from 2010 to 2017. Both federal and Michigan tax rates were flat, on average, though tax brackets shifted (American Community Survey, 2010, 2017; Tax Foundation, 2017, 2018).

The cost of the Household Survival Budget varies across the state, with the highest-cost counties located around Detroit. The lowest costs are in the more rural counties (Figure 8).

Figure 8.
Household Survival Budget, Family of Four, Michigan Counties, 2017



Sources: American Community Survey, 2010–2017; the ALICE Threshold, 2010–2017

ALICE IN THE WORKFORCE

Overall economic conditions in Michigan continued to improve during the recovery: Unemployment was down from 12.2 percent in 2009 to 4.7 percent in 2017,* although rates varied across the state. Since 2010, Michigan has also led the Great Lakes Region in average growth in Gross Domestic Product (GDP). Heavily dependent on the manufacturing industry (19 percent of the state economy, compared to 12 percent nationally), the state's economy was boosted by the growth of new advanced manufacturing jobs — especially in the automobile industry. At the same time, the state has continued to diversify into professional and business services, with the finance, insurance, and real estate sectors becoming the largest contributors to Detroit's GDP. Michigan was also one of the top states for the creation of private-sector jobs overall (resulting, in part, from a resurgence in the agriculture, tourism, and manufacturing sectors).

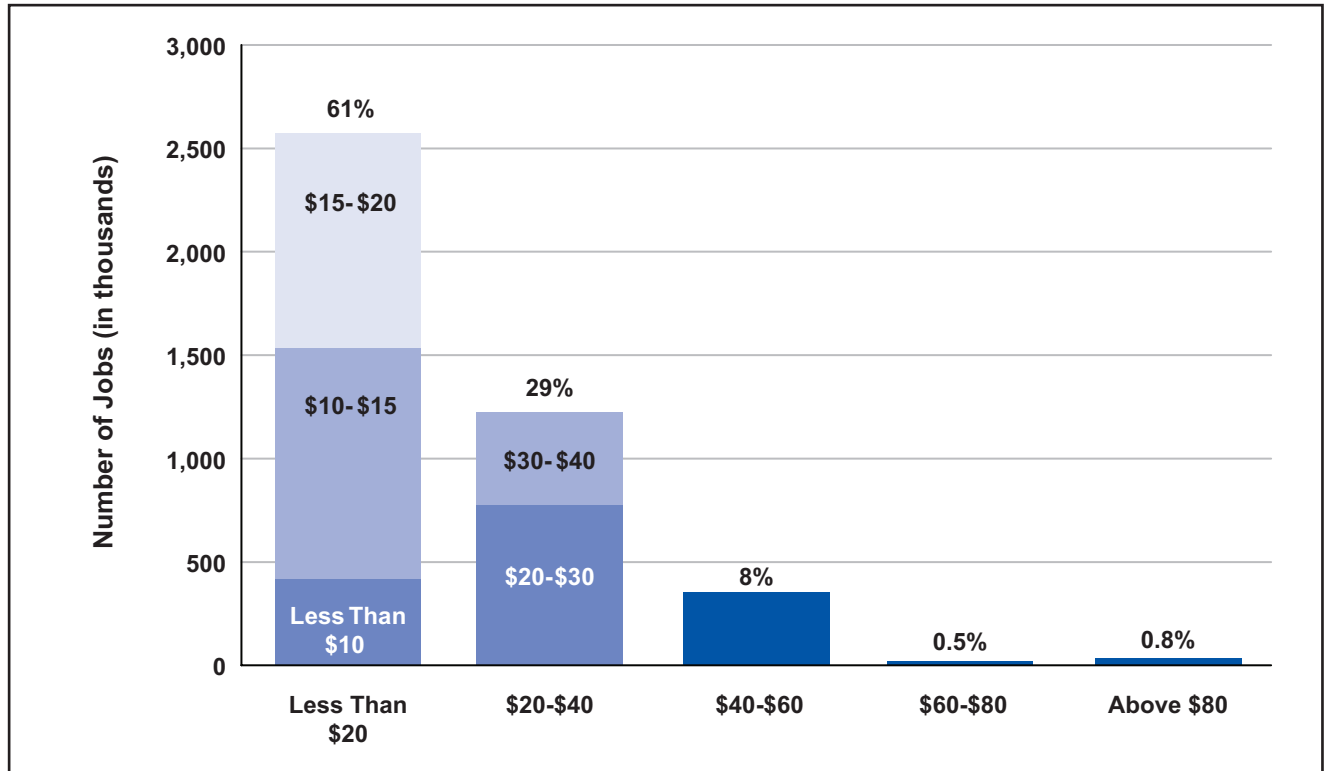
However, many of the new and transformed jobs in Michigan are low-wage jobs in the education, health care, and retail sectors, where workers don't earn enough to cover a basic household budget. For a range of reasons — including low wages; lack of full-time work; and income disparities by gender and sexual orientation, education, and race/ethnicity — ALICE households are not benefitting financially from seemingly positive economic trends (BLS, 2017 — Local Area Unemployment Statistics; Michigan Chamber Foundation, 2016; Senate Fiscal Agency, 2016; Wilkinson, 2018).

LOW-WAGE JOBS

Low-wage jobs continue to dominate the Michigan economy, making it more challenging for workers to find jobs with wages that can support even a basic household budget. With 4.2 million total jobs in Michigan recorded by the Bureau of Labor Statistics in 2017, the job market has shown improvement since 2010. But 61 percent of jobs in Michigan pay less than \$20 per hour, with nearly two-thirds of those jobs paying less than \$15 per hour (Figure 9). Job gains were greatest in occupations that paid between \$9.43 and \$15.91 per hour (Figure 10). A full-time job that pays \$15 per hour grosses \$30,000 per year, which is less than half of the Household Survival Budget for a family of four in Michigan (BLS, 2010 and 2017 — Occupational Employment Statistics).

** Michigan state average unemployment rate for 2010 and 2017 from the Bureau of Labor Statistics (BLS, 2017 — Local Area Unemployment Statistics). Note that the Michigan County Pages that accompany this Report use the 2017 Michigan state average unemployment rate from the American Community Survey, which was 5.9 percent, and the national average of 5.3 percent.*

Figure 9.
Number of Jobs by Hourly Wage, Michigan, 2017



Source: Bureau of Labor Statistics, 2017 — Occupational Employment Statistics

While the unemployment rate in Michigan was 4.7 percent in 2017, the *underemployment* rate was much higher, at 9.1 percent. During 2017, there was an average of 182,475 underemployed Michiganders who were working less than 35 hours per week despite wanting to work full time and being available to work. These individuals, often called involuntary part-time workers, cited economic reasons, such as a cutback in hours or an inability to find full-time work, as the reason for their underemployment. Nationally in 2017, 22 percent of part-time workers reported that they would prefer to be working full time (BLS, 2017 — Local Area Unemployment Statistics; BLS, 2018 — Employed Involuntary Part-Time).

To compensate for low wages, many workers take on a second job. Nationally, 29 percent of workers have a second job. This trend is expected to increase because millennials are more likely than other age groups to have a second job: About 39 percent of workers aged 18–24 and 44 percent of workers aged 25–34 reported taking on a second job to earn more money. And workers are taking on second jobs even in professional occupations traditionally seen as providing adequate wages. For example, the National Center for Education Statistics found that in 2016, 18 percent of full-time public school teachers reported working a second job to make ends meet (CareerBuilder, 2016; National Center for Education Statistics, 2018).

Many ALICE workers are employed in the service sector, but they also work in occupations that build and repair the nation’s infrastructure, as well as in jobs that educate and care for the workforce. Together, these workers were aptly described as “maintainers” by technology scholars Lee Vinsel and Andrew Russell. With much credit for economic growth given to “innovators” — disruptors and inventors — it is important to recognize that the majority of jobs are focused on ensuring a strong and functioning infrastructure and a healthy and educated workforce. These maintainer jobs are not only vital to a smoothly running economy but are the foundation for successful innovation. Yet despite how essential these workers are to the economy, improvements in employment and productivity still have not enabled many of them to earn enough to afford a basic household budget (Frey & Osborne, 2013; Vinsel & Russell, 2016).

The top 20 occupations employing the most people in Michigan are predominantly maintainer jobs, which are more likely to pay low wages. In 2017, only three of the top 20 occupations — registered nurses, general and operations managers, and mechanical engineers — paid enough to support the Household Survival Budget for a family, a minimum of \$30.64 per hour (Figure 10).

The most common occupation in Michigan, retail sales, pays a wage that is well below what is needed to make ends meet. The more than 142,000 retail salespeople make an average of \$10.55 per hour, or \$21,100 if working full time, year-round. These jobs fall short of meeting the family Household Survival Budget by approximately \$40,000 per year. Even if both parents worked full time at this wage, they would fall short of the Household Survival Budget by \$19,072 per year.

Figure 10.
Top 20 Occupations by Employment and Wage, Michigan, 2010 to 2017

OCCUPATION	2017		Percent Change 2010–2017	
	NUMBER OF JOBS	MEDIAN HOURLY WAGE	NUMBER OF JOBS	MEDIAN HOURLY WAGE
Retail Salespersons	142,870	\$10.55	12%	5%
Combined Food Preparation and Serving Workers, Including Fast Food	121,630	\$9.43	73%	9%
Assemblers and Fabricators, All Other, Including Team Assemblers	106,070	\$15.91	64%	-1%
Office Clerks, General	98,420	\$15.54	-9%	22%
Registered Nurses	94,090	\$32.87	9%	9%
Cashiers	92,210	\$9.59	-9%	9%
Customer Service Representatives	88,760	\$15.55	47%	4%
Waiters and Waitresses	81,030	\$9.41	12%	11%
Laborers and Freight, Stock, and Material Movers	70,090	\$13.30	15%	13%
Stock Clerks and Order Fillers	61,040	\$11.24	-1%	9%
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	58,590	\$16.70	17%	9%
Janitors and Cleaners, Except Maids and Housekeeping Cleaners	58,480	\$11.39	-9%	1%
Heavy and Tractor-Trailer Truck Drivers	55,560	\$19.24	21%	7%
General and Operations Managers	55,480	\$49.15	51%	11%
Sales Representatives, Wholesale and Manufacturing, Except Technical and Scientific Products	52,440	\$28.70	15%	13%
Nursing Assistants	50,070	\$13.91	1%	13%
Mechanical Engineers	44,680	\$42.47	48%	4%
Maintenance and Repair Workers	40,660	\$16.92	18%	7%
Personal Care Aides	38,950	\$10.61	243%	11%
Bookkeeping, Accounting, and Auditing Clerks	38,440	\$17.97	-11%	9%

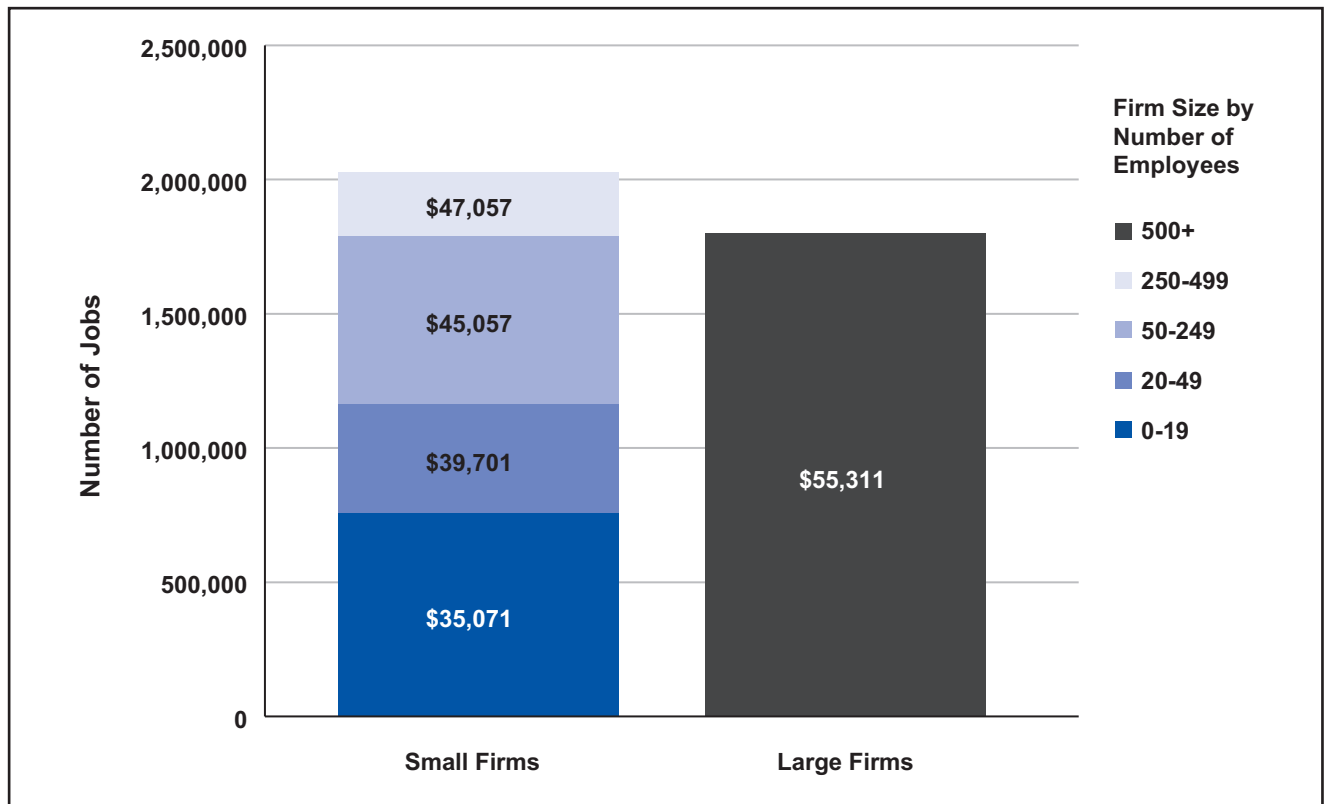
Source: Bureau of Labor Statistics, 2010, 2017 — Occupational Employment Statistics

SMALL BUSINESSES

One of the key determinants of ALICE workers' wages, benefits, and job stability is the size of their employer. Generally, large companies have greater resources to offer career-growth opportunities, continuous employment, and better benefits. Small businesses are defined by the Bureau of Labor Statistics as firms with fewer than 500 employees. These companies have been an important engine for growth in the U.S. and Michigan economies, driving job creation, innovation, and wealth, and they have traditionally grown to become medium or large employers. However, small businesses are more vulnerable to changes in demand, price of materials, and transportation costs, as well as to cyberattacks and natural disasters. As a result, their employees face more instability, reduced wages, and a greater risk of job loss. These past two decades have been particularly tough for small businesses, with entrepreneurial growth in the U.S. and Michigan largely down from the levels experienced in the 1980s and 1990s (Ewing Marion Kauffman Foundation, 2017; Haltiwanger, Jarmin, Kulick, & Miranda, 2017).

Despite these struggles, in 2017, small businesses employed just over half of the private-sector workforce in Michigan (Figure 11). The smallest firms — those with fewer than 20 people — accounted for the largest share of small-business employment. Yet small firms experience the greatest employee turnover of any size firm, and workers in small firms move in and out of employment more often, which can lead to periods of no wages (U.S. Census Bureau, 2017 — Quarterly Workforce Indicators).

Figure 11.
Private-Sector Employment by Firm Size, With Average Annual Wages, Michigan, 2017



Source: U.S. Census Bureau, 2017 — Quarterly Workforce Indicators

The wages of employees in the smallest firms are significantly lower than wages in larger firms (Figure 11). While average wages in Michigan have been increasing faster than the 12 percent national rate of inflation, for many employees, wages in the state have not kept pace with the 27 percent increase in the cost of the family

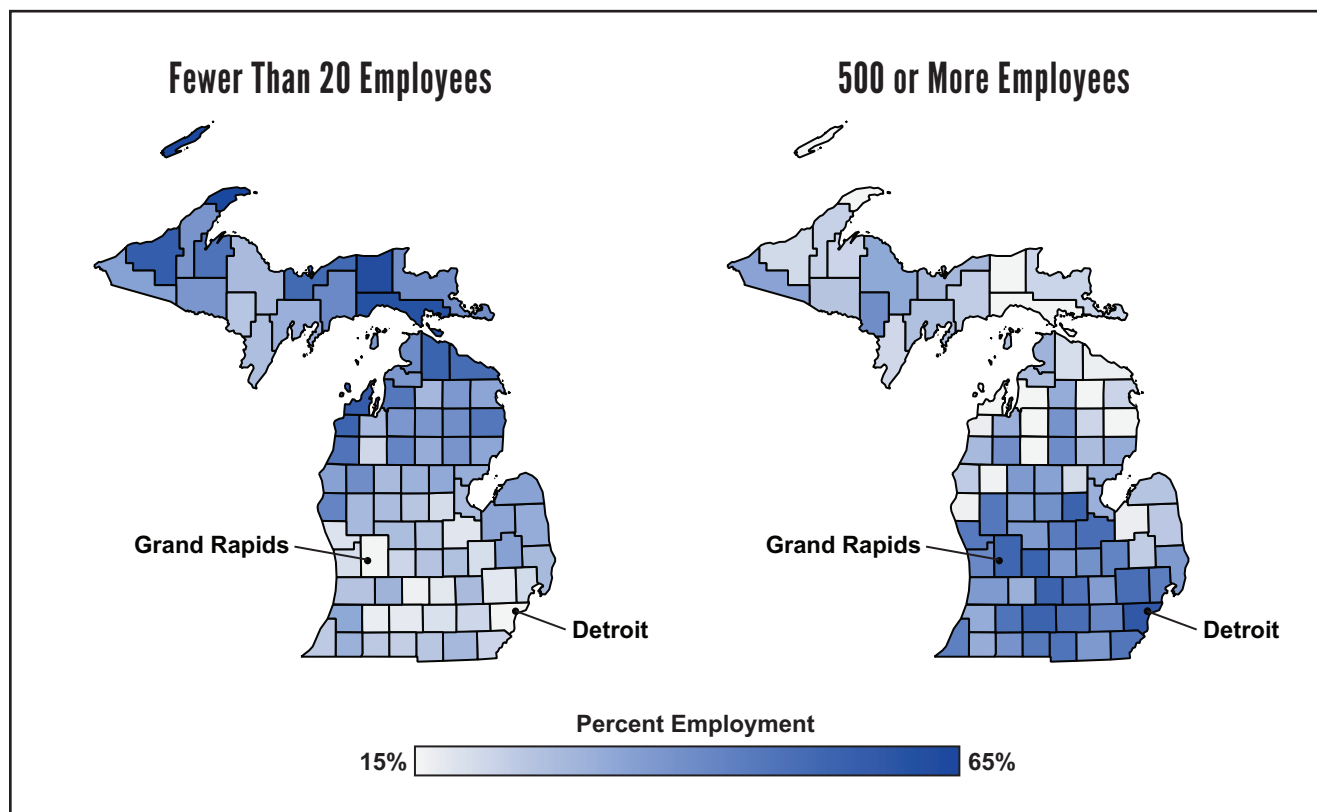
Household Survival Budget. From 2010 to 2017, workers in Michigan firms with fewer than 20 employees saw their wages rise by 16 percent to \$35,071 (if full time, year-round). Workers in companies with 20 to 49 employees saw their annual wages increase by 14 percent to \$39,701, and wages for workers in companies with 50 to 249 employees increased by 16 percent to \$45,057.

Employees in the largest firms started with higher wages and saw an increase in wages: Those working in firms with 250 to 499 employees saw their wages increase by 13 percent to \$47,057, and the wages of those working in firms with 500 or more employees increased by 19 percent to \$55,311.

Another measure reveals that new-hire wages are lower than wages of workers in stable employment (working more than one quarter). Since job instability is often a threat to an ALICE household's stability, it's important to note the difference between new wages and stable wages. For all firm sizes in Michigan, new-hire wages were at least 34 percent lower than stable wages, and as much as 47 percent less for those in firms with 20 to 49 employees (U.S. Census Bureau, 2017 — Quarterly Workforce Indicators).

Wages in Michigan also vary widely by location, with areas dominated by small companies having lower wages and less job stability. Figure 12 shows the percentage of employment in each county by the firms that are the smallest (fewer than 20 employees) and the largest (500 or more), with lighter areas on each map representing a lower percentage of firms and the darker areas representing a higher percentage. Rural counties, such as Ontonagon and Mackinac, have a higher concentration of employment in small firms, while companies with 500 or more employees are more concentrated in urban areas around Grand Rapids, Lansing, and Detroit. Large companies in rural areas are often large retail chains, which tend to have lower wages, explaining the lower median wage for firms with more than 500 employees in rural areas (U.S. Census Bureau, 2017 — Quarterly Workforce Indicators).

Figure 12.
Percent Employment by Firm Size, Michigan, 2017



Source: U.S. Census, 2017 — Quarterly Workforce Indicators

THE GIG ECONOMY

As the economy approached full employment (defined as an unemployment rate of less than 5 percent) in many areas of Michigan and across the country in 2017, ALICE workers were more likely to be employed. But their income still did not support the cost of living in most areas. In some cases, the problem is low wages. But workers are also having difficulty finding full-time, continuous work.

Over the last decade, there has been a shift away from traditional full-time, full-benefit jobs. In 2016, 15 to 33 percent of the workforce nationally was working as a consultant or contingent worker, temp, freelancer, or contractor (often referred to as the gig economy). According to a National Bureau of Economic Research report, as much as 94 percent of U.S. net employment growth in the last decade has come from alternative or contingent labor (Abraham, Haltiwanger, Sandusky, & Spletzer, 2016; Hathaway & Muro, 2016; Katz & Krueger, 2016).

Yet many gig-economy workers are struggling financially. Some evidence of this hardship comes from data on a subset of the gig economy called non-employer firms, defined in most cases as a self-employed individual operating a very small, unincorporated business with no paid employees. Nationally, non-employer firms are growing at a greater rate than firms with employees; there were 25 million businesses classified as “non-employers” in 2016. Average annual sales for these firms were \$46,978, and approximately 45 percent of non-employer firms had total revenue of less than \$25,000 per year (Economic Policy Institute, 2018; Federal Reserve Banks, 2015; U.S. Census Bureau, 2016 — Geographic Area Series).

Michigan had over 700,000 non-employer firms in 2016 (the latest data year), primarily concentrated in professional, scientific, and technical services (85,451 firms); real estate, rental, and leasing (78,528 firms); construction (77,549 firms); health care and social assistance (61,639 firms); and a large category (“other services”) that encompasses a range of other service occupations, such as equipment and machinery repair, grantmaking, advocacy, personal care, dry cleaning and laundry, and pet care (119,989 firms). In 2016, sales receipts from non-employer firms made a significant contribution to the Michigan economy, totaling more than \$30 billion. Yet the median income for self-employed individuals with an incorporated business was \$45,005; for those self-employed with an unincorporated firm, the median income was only \$20,580 (U.S. Census Bureau, 2016 — Geographic Area Series; U.S. Small Business Administration, 2018).

Although non-employer firms and contingent jobs contribute to job growth, many gig-economy workers are experiencing gaps in employment and less regular schedules, and they do not have retirement plans, employer-sponsored health insurance, and worker safety protections. In addition, these workers often have difficulty qualifying for loans or other financial products that require regular income, making it challenging to pay for monthly expenses during gaps in employment or during times of crisis (Economic Policy Institute, 2018; Federal Reserve Banks, 2015; Freelancers Union & Elance-oDesk, 2016; U.S. Government Accountability Office, 2015; Wald, 2014).

EMERGING TRENDS

While ALICE households differ in their composition, challenges, and level of need, three broad trends will impact the conditions they face and their opportunities to change their financial status in the next decade: the changing American household, increasing market instability, and growing inequality of health. These trends will also have significant implications for local communities and Michigan as a whole.

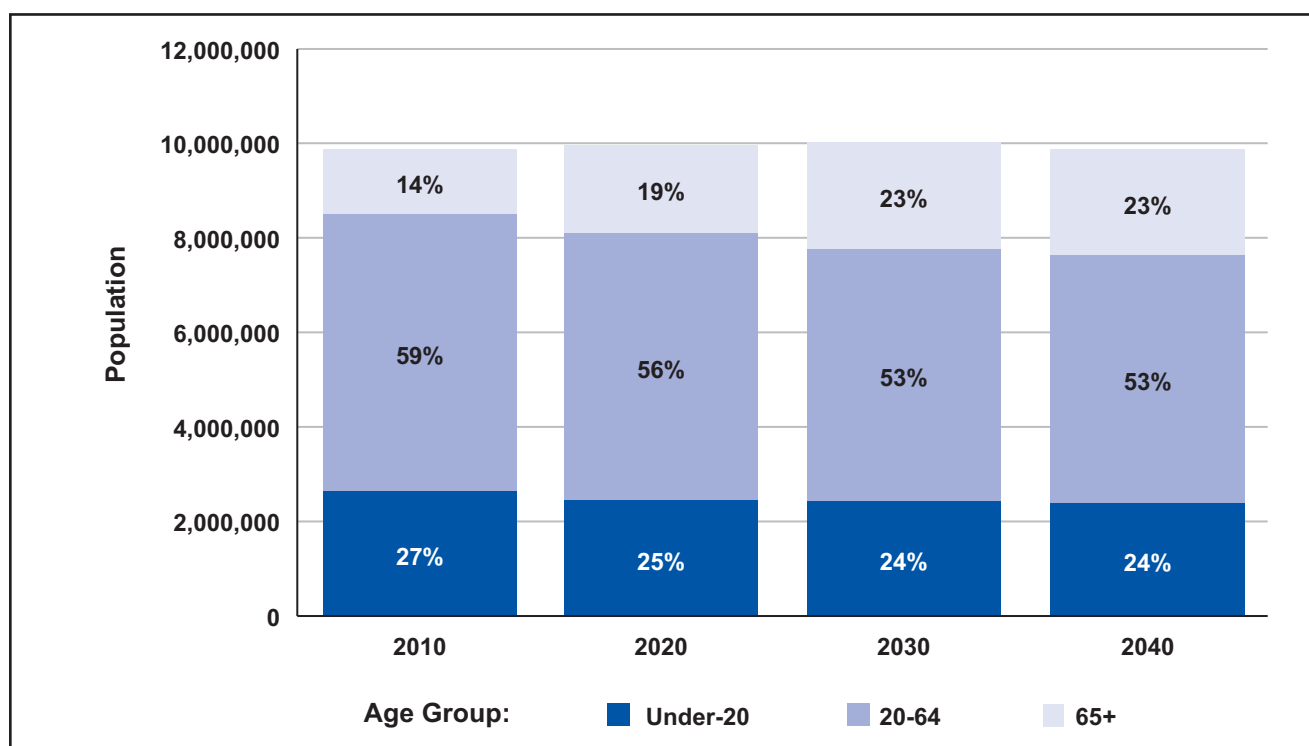
THE CHANGING AMERICAN HOUSEHOLD

Decades of shifting demographic trends have created changes in demand for housing, health care, transportation, and community services. These changes have implications for which households become ALICE households and where they live and work.

Growing Populations: Millennials, Baby Boomers, and Immigrants

Generational shifts: Both millennials and baby boomers are powerful demographic forces. Millennials tend to have different lifestyle preferences than past generations, including choosing to live in urban areas, and getting married and having children later in life. The large boomer cohort encompasses a group that is working longer, is involved in a wide array of activities, and is generally healthier than previous generations. Michigan's elderly population is projected to grow from 1,361,530 (14 percent) in 2010 to 2,233,648 (23 percent) by 2040, a 64 percent increase (Figure 13). In contrast, demographers predict that the rest of the population will decline in numbers, and their percentage of the overall population will decline as well. For example, the number of under-20-year-olds will decrease from 2,648,885 (27 percent) in 2010 to 2,405,090 (24 percent) by 2040, and the number of 20- to 64-year-olds will decline from 5,873,225 (59 percent) in 2010 to 5,234,496 (53 percent) by 2040 (Weldon Cooper Center for Public Service, 2016).

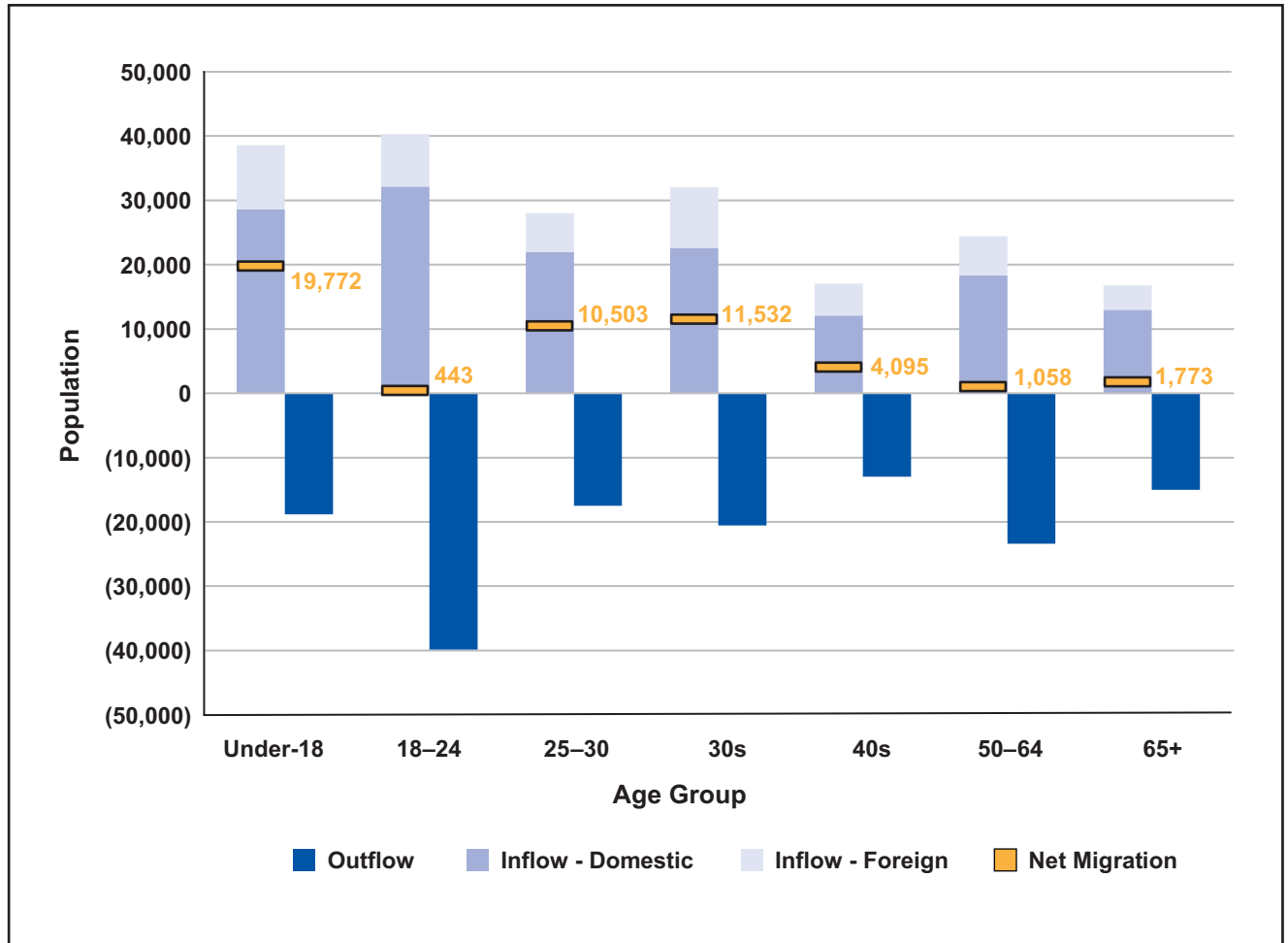
Figure 13.
Population Projection, Michigan, 2010 to 2040



Source: Weldon Cooper Center for Public Service, 2016

Migration and immigration: Michigan has seen an influx of people migrating from other states — particularly from southern and midwestern states — and immigrating from abroad. More people moved into Michigan than left in 2017. Although people moved in and out of the state across all age groups, the largest inflows and outflows were among under-18-year-olds and people in their mid-20s and 30s (Figure 14). For all age groups, there was a significant number of foreign-born immigrants moving into Michigan, and the inflows of foreign-born immigrants have increasingly outpaced the outflows of this group over the last decade. The number of foreign-born migrants was almost the same as the state’s net migration; in other words, without immigration, Michigan migration would be almost neutral (Aisch, Gebeloff, & Quealy, 2014; American Community Survey, 2017).

Figure 14.
Population Inflows and Outflows, Michigan, 2017



Source: American Community Survey, 2017

An ethnically diverse workforce: International migration (foreign inflow in Figure 14) plays an increasing role in Michigan’s racial and ethnic composition as well as its changing workforce. The total number of immigrants entering the state increased from 43,979 in 2010 to 48,421 in 2017, a 10 percent increase. The largest number of immigrants in 2017 were youth under 18, followed by people in their 30s. The smallest group of immigrants were seniors (American Community Survey, 2010, 2017).

Because of this steady flow of immigrants, the foreign-born population made up 7 percent of Michigan's total population in 2017, up slightly from 6 percent in 2010. In 2017, slightly more than half of the foreign-born people living in Michigan were naturalized citizens. The most recent data (from 2016) estimates that approximately 19 percent of the foreign-born population, or 1 percent of the total population in Michigan, is undocumented. Immigrants in Michigan come primarily from Asia (51 percent), Europe (20 percent), and Latin America (19 percent), but they also hail from Africa, Canada, and the Middle East (American Community Survey, 2016; Migration Policy Institute, 2014, 2016).

- **Immigrants impact the labor force:** In Michigan, a little over half (55 percent) of foreign-born residents participated in the labor force in 2017. The unemployment rate for this population was slightly lower than the Michigan average during this period (by less than 1 percentage point). However, this rate varied by length of residency, with long-time, foreign-born Michiganders having a lower unemployment rate than more recent immigrants. Nationally, the portion of the labor force that is foreign-born has risen over the last 20 years, from about 11 percent to just over 16 percent. Because the number of immigrants and their children are increasing faster than the domestic population, they will become an even bigger portion of the future workforce (American Community Survey, 2017; National Academies of Sciences, Engineering, and Medicine, 2017; State of Michigan, Department of Technology, Management and Budget, 2017).
- **Immigrants work in all sectors:** The foreign-born population in Michigan has an occupational and industrial distribution that is very similar to the native-born and overall state distributions. The largest differences in terms of industry of employment are in manufacturing (25 percent foreign-born vs. 18 percent native-born) and professional, scientific, and management industries (11 percent foreign-born vs. 9 percent native-born). For all other industry categories, there is less than 1 percent difference between foreign-born and native-born workers (American Community Survey, 2017).
- **Immigrants vary widely in education:** Among adults age 25 and older, 21 percent of Michigan's foreign-born population has not completed a high school education, compared with 8 percent of the native population. However, a much higher percentage of the foreign-born population has a graduate or professional degree (21 percent) compared to the rate of graduate or professional degrees in the native-born population (11 percent) (American Community Survey, 2017).

Implications of Demographic Trends

Changing infrastructure needs: There will be greater pressure on the state's infrastructure, especially the housing market, with demand for smaller, affordable rental units. Different groups prioritize different amenities for these units: Many young millennials prefer housing near compact, mixed-use, walkable centers with shopping, restaurants, and public transportation; seniors generally want housing that is accessible to family, health care, and other services; and many immigrants want locations close to schools, jobs, and public transportation. In addition, millennials are burdened by more student debt than previous generations, which has led to reduced rates of homeownership in this population. These trends are increasing the demand for smaller, low-cost housing units in Michigan. The demand has pushed down the vacancy rate of all rental units to 8 percent in 2017 (from 13 percent in 2010), while increasing their prices, making it harder for ALICE households of all ages to find and afford basic housing (Bleemer, Brown, Lee, Strair, & van der Klaauw, 2017; U.S. Census, 2017 — Housing Vacancies and Homeownership).

Increased need for caregiving: The aging population will increase demand for geriatric health services, including caregiving, assisted living facilities, nursing homes, and home health care. The challenges of ensuring seniors get the care they need include a shortage of paid and unpaid caregivers, lack of training among caregivers, and the financial and emotional burden of caregiving on family members.

- **The caregiver-support ratio is falling:** With the number of seniors increasing and the number of potential caregivers (aged 45 to 64) decreasing, there will be fewer people available to care for each senior. The ratio of working-age people to older seniors (80+) was 7 to 1 in 2010 nationally, and is projected to fall to 4 to 1 by 2030, and then to 3 to 1 in 2050. This will be a growing issue across Michigan in the coming years, but it is already a problem in some rural counties. In 2015 (the latest data year available), two Michigan counties — Huron and Delta — were among the top 100 counties in the U.S. with care ratios of less than 5.4 to 1 and a population of residents 80 and older that is greater than 2,200. Huron County had 2,227 residents over 80 years old and a care ratio of 4.6 to 1. Delta County had 2,218 residents over 80 years old and a care ratio of 5.3 to 1 (AARP Public Policy Institute, 2015; Orlov, 2015; Redfoot, Feinberg, & Houser, 2013).
- **Health aides are ALICE:** With the increased demand for caregivers, there is a growing need for more paid direct-care workers (home health aides, personal care aides, and nursing assistants), who are themselves likely to be ALICE. These jobs do not require extensive training and are not well-regulated, yet they involve substantial responsibility for the health of vulnerable clients. Together, these factors may lead to poor-quality caregiving and the risk of physical, mental, and financial abuse and neglect — an issue that is on the rise in Michigan and across the country (Espinoza, 2017; MetLife Mature Market Institute, 2011; U.S. Bureau of Justice Statistics, 2015).
- **Caregiving takes a toll:** In Michigan, there are currently more than 990,000 family caregivers (approximately 10 percent of the state population), whose unpaid care totals are estimated at more than 1 billion hours of caregiving valued at more than \$10 billion annually. While families of all income levels may choose to care for family members themselves, many ALICE caregivers are forced into the role because they cannot afford to hire outside care. Nationwide, half of caregivers reported household income of less than \$50,000 per year and said they had no choice in whether they took on caregiving responsibilities.

Caregiving also adds direct costs to a household budget and can reduce income due to hours away from work or the loss of a job. And the responsibility of making medical decisions as well as the amount of care required can mean further mental and physical strain for caregivers. Caregivers rely on community resources, and unfortunately, in Michigan, many caregivers aren't getting the support they need. The Long-Term Services and Supports scorecard ranked Michigan 36th worst among the 50 states when it comes to serving family caregivers, older adults, and people with disabilities (AARP Foundation, 2017; AARP Public Policy Institute, 2015; Dixon, 2017; Family Caregiving Alliance, 2014; MetLife Mature Market Institute, 2011; Rainville, Skufca, & Mehegan, 2016; Ramchand, et al., 2014).

MARKET INSTABILITY

In a complex, integrated global economy, ALICE workers will experience even greater fluctuations in employment and changes in job requirements. 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, shifting supply and demand, and disruption in traditional modes of operation. ALICE households, with few resources to weather these fluctuations, will suffer the most.

Shifting Risk to Workers

As businesses seek new ways to improve productivity and reduce costs, they have increasingly shifted to a contingent workforce and developed more flexible, short-term staffing models that enable them to scale up or down as needed. Yet workers bear the brunt of this strategy in the form of unexpected gains or losses in work hours, which makes it difficult for ALICE households to pay bills regularly, make short-term family plans (e.g., child care), or make long-term financial plans such as qualifying for a mortgage. In many cases, shorter working

hours make working uneconomical for those who have to travel long distances to jobs. Irregular work schedules for families with children have also been shown to increase parenting stress (Browne, 2014; Watson, Frohlich, & Johnston, 2014).

Shifting to contractors or part-time workers also reduces the responsibility of employers to provide benefits, such as health insurance and retirement plans. This increases costs to ALICE households and makes them more vulnerable if they have a health crisis or have to retire early. In some cases, employer or government benefits (including paid and unpaid time off, health insurance, unemployment insurance, public assistance, and work supports) are tied to the number of hours worked, and unpredictable scheduling means workers could at times fall short of eligibility. For example, low-wage workers are two and a half times more likely to be out of work than other workers, but they are only half as likely to receive unemployment insurance (Garfield, Damico, Stephens, & Rouhani, 2018; U.S. Government Accountability Office, 2017).

The Changing Job Market

Michigan's job market is changing. Despite national media attention on innovation, the economic landscape in Michigan is projected to be largely comprised of low-paying jobs requiring few educational credentials. Of the total jobs in industries that are projected to be the fastest-growing in the next decade, 65 percent currently pay less than \$15 per hour, and 80 percent do not require more than a high school diploma, a trend that is also seen nationwide. While education and training has been shown to improve job prospects and wages for individuals, for the economy to accommodate a more educated population, job opportunities and wages would also need to shift (Figure 15) (Bureau of Labor Statistics, 2016 — Employed Involuntary Part-Time; Projections Management Partnership, 2016; Sola, 2016; Torpey, 2018).

Many of these jobs are also at the greatest risk of being replaced by technology. In Michigan, 80 percent of jobs in the top 20 fastest-growing occupations could be replaced by technology in the next two decades. In addition to automating existing jobs, technology is creating new on-demand jobs and services, with the most attention going to gig economy jobs, such as Airbnb rentals and Uber and Lyft driving (Frey & Osborne, 2013).

Michigan has long been at the center of economic transformation, especially in the manufacturing sector, as a creator of assembly line manufacturing, and home to industry-leading firms producing cars, chemicals, cereals, machinery, furniture, and appliances. However, with increased reliance on automation in many industries, related jobs have disappeared or changed (Austin, 2018). And while it is easy to identify jobs that are likely to disappear due to automation, it is more difficult to predict the many new jobs that will be created to build and repair the newly mechanized parts of this infrastructure. Workers filling maintainer roles in the past had to develop new sets of skills on the assembly line and in manufacturing industries, while workers today, in the face of rapidly increasing computing power, will need to learn to work with data and alongside new machines. The pace of change may be faster than anticipated. By one estimate, 50 percent of subject knowledge acquired during the first year of a four-year technical degree in the U.S. will be outdated by the time students graduate. Types of jobs that are predicted to emerge in the next 20 to 30 years are, in many cases, unrecognizable to today's workforce. These jobs include augmented reality architects, alternative currency bankers, waste data managers, 3-D printing engineers, privacy managers, wind turbine repair techs, nano-medics, drone dispatchers, body part and limb makers, memory augmentation therapists, mass energy storage developers, and self-driving car mechanics (Austin, Good, & Kolluri, 2017; T. Frey, 2011; Mejia, 2017; OECD, 2016; World Economic Forum, 2016).

Figure 15.
Job Projections, Michigan, 2016 to 2026

Occupation	2016 Employment	Annual Openings	Hourly Wage	Education or Training	Likelihood of Being Replaced by Technology
Retail Salespersons	146,620	21,200	\$10.23	None	92%
Food Prep, Including Fast Food	112,610	23,820	\$9.20	None	92%
Office Clerks, General	106,840	12,110	\$15.17	High school diploma or equivalent	96%
Team Assemblers	103,190	10,380	\$14.38	High school diploma or equivalent	97%
Registered Nurses	98,810	6,650	\$32.43	Bachelor's degree	1%
Cashiers	95,390	17,260	\$9.47	None	97%
Customer Service Representatives	89,830	11,980	\$15.32	High school diploma or equivalent	55%
Waiters and Waitresses	78,830	15,760	\$9.22	None	94%
Laborers and Movers, Hand	72,760	10,690	\$12.76	None	85%
Secretaries and Administrative Assistants	65,890	6,280	\$16.11	High school diploma or equivalent	96%
Janitors and Cleaners	65,120	9,400	\$11.25	None	66%
General and Operations Managers	62,070	5,760	\$47.40	Bachelor's degree	16%
Stock Clerks and Order Fillers	58,850	7,830	\$10.95	High school diploma or equivalent	64%
Heavy and Tractor-Trailer Truck Drivers	57,170	6,870	\$19.07	Postsecondary non-degree award	79%
Sales Representatives	54,370	5,680	\$28.21	High school diploma or equivalent	85%
Nursing Assistants	50,450	6,480	\$13.71	Postsecondary non-degree award	6%
Personal Care Aides	42,580	8,600	\$10.78	High school diploma or equivalent	74%
Landscaping and Groundskeeping Workers	38,240	5,170	\$12.61	None	95%
Cooks, Restaurant	35,940	5,670	\$11.29	None	96%
Home Health Aides	29,540	5,310	\$11.95	High school diploma or equivalent	39%

Sources: Bureau of Labor Statistics, 2016 — Employed Involuntary Part-Time; Projections Management Partnership, 2016

Increasing Exposure to Environmental Hazards

The impact of natural and man-made disasters is often felt more by ALICE workers and low-income communities. More affordable homes are often located in vulnerable areas. In Michigan, floods, violent weather, and human-made hazards — for example, water contamination due to lead pipes and chemicals used in manufacturing, such as PFAS (perfluoroalkyl and polyfluoroalkyl substances) — directly threaten the homes and health of ALICE families. For example, ALICE families who live in flood-prone areas may suffer the financial cost of flooding damage, and older homes — more often rented or owned by lower-income families — are more likely to have lead pipes and to be located in communities with contaminated water, like Flint (Malewitz, 2018; NASA, 2018; State of Michigan, 2016; Van Paasschen, 2017).

Households that have their own resources (like flood insurance) to put toward disaster recovery can often bounce back more quickly than households that rely on government assistance following a natural disaster. There is evidence that people with lower incomes face substantial barriers in obtaining aid following disasters, including difficulty getting to disaster assistance centers (due to transportation and child care issues) and a lack of knowledge of and comfort with governmental procedures. Even with assistance, many families are still not able to recover fully, especially in terms of lost and lower wages (Fothergill & Peek, 2004).

Maintainer jobs commonly held by ALICE workers — those that build and repair infrastructure and support the workforce — are also key to recovery following natural and man-made disasters. As a result, communities rely on ALICE to rebuild and recover. However, when ALICE can't work during these periods of recovery because of relocation, injury, or caregiving responsibilities (e.g., due to closed schools or senior centers), ALICE households suffer lost wages and community resilience is negatively impacted overall.

Natural disasters impact low-income families' work and living situations. As a result, these families are more likely to suffer from mental and physical health issues, including depression, stress, and post-traumatic stress disorder. Children and those with pre-existing mental and physical health conditions are at increased risk (SAMHSA, 2017).

Lack of Assets

Market instability is especially difficult for ALICE households, who lack financial resilience — the ability to bounce back after financial crisis or hardship. Without adequate assets, families have little to no savings to withstand an unexpected expense or loss of employment, and few opportunities to improve their situation. When, on the other hand, families have assets to invest in education, new technology, a small business, or their own home, they can improve their socioeconomic circumstances. They can also finance a secure retirement. These are opportunities for creating financial security that are often unavailable to ALICE, increasing the vulnerability of hard-working people.

More than three-quarters of U.S. workers live paycheck to paycheck at least some of the time, and nearly as many are in debt. They do not have savings or access to credit that might sustain them through a period of low income or an unexpected disaster. In 2015, 49 percent of Michigan residents did not have money set aside to cover expenses for three months to protect them against an emergency such as illness or the loss of a job. The wealth divide disproportionately affects households of color, which have fewer assets than White households. Nationally (state data is not available), the median wealth of White households was eight times the median wealth of Black households in 2010 and grew to 13 times in 2013 (the most recent data available) (CareerBuilder, 2017; FINRA Investor Education Foundation, 2016; Kochhar & Cilluffo, 2017; McKernan, Ratcliffe, & Shanks, 2011; Prosperity Now, 2018).

While data on wealth is minimal, there is data on three of the most common assets in Michigan — vehicles, homes, and investments — which can provide insight into resources families have for emergencies and to accumulate wealth. Most Michigan households (92 percent) have at least one vehicle. Although cars are a necessity for work in Michigan and offer other benefits beyond their cash value, they are not an effective means of accumulating wealth. The second most common asset is a home, which has traditionally provided financial stability and the primary means for low-income families to accumulate wealth. In 2017, 71 percent of Michigan households owned a home and slightly under half of those (43 percent) had a mortgage. Renting a home has become less affordable in Michigan as the cost of rentals has continued to rise, while demand for low-cost and multi-family housing has outpaced the supply. Michigan renters devote a high percentage of their household income to rent; the state ranks 28th in the nation for housing affordability, with an average wage of \$16.81 an hour needed to afford a two-bedroom rental unit (American Community Survey, 2017; National Low Income Housing Coalition, 2018).

The most effective resource to make it through an emergency is an income-producing investment, which can range from a savings account to a 401(k) retirement plan to a rental property. In 2017, 20 percent of households in Michigan had interest and dividends or rental income, similar to the national average of 21 percent, but down from 31 percent in 2010. Only 17 percent of Michigan households had retirement income (American Community Survey, 2014, 2017; CareerBuilder, 2017; McKernan, et al., 2011).

When families do not have savings or access to traditional financial services, they are often forced to go without critical necessities (such as heat or medical care) or to borrow money through alternative lending products, which have high interest rates and greater risks of predatory lending practices and default. In some cases, the consequence of not taking out these loans are worse than the financial risk of taking them. However, when caught in a cycle of high-rate lending and borrowing, households can spiral into a debt trap with long-term financial consequences (Consumer Financial Protection Bureau, 2017; Mayer & Jencks, 1989; McKernan, et al., 2011; McKernan, Ratcliffe, & Vinopal, 2009; Mills & Amick, 2011).

THE WEALTH–HEALTH GAP

There has long been a real and significant divide in health outcomes by socioeconomic status, largely because of differences in living conditions, but also because of disparities in levels of quality health care access. With advances in technology and medical care, such as personalized medicine, biotechnology, and genetic engineering, that gap is projected to grow. It is well-documented that people in lower-income groups do not live as long as those in higher-income groups. The National Academies of Sciences, Engineering, and Medicine projects that, of people born in 1960, those in the lowest-income quintile have a shorter life expectancy than those in the highest-income quintile: 13 years shorter for men (76 years compared to 89 years) and 14 years shorter for women (78 years compared to 92 years) (Chetty, Stepner, Abraham, et al., 2016; Harari, 2015; Komlos & Kelly, 2016; National Academies of Sciences, Engineering, and Medicine, 2015; Regalado, 2015).

The wealth–health divide is also exacerbated by the differences in the environments where families live. Those with the fewest resources live in areas with unhealthy living conditions, such as contaminated water and polluted air, because these homes are less expensive (as is the case with contaminated water in Flint and other relatively low-income communities in Michigan and nationwide). The impact of pollution, toxic exposure, and disease compounds over time.

Institutionalized racism and ongoing discrimination also factor into disproportionate exposure to adverse health conditions, as people of color have typically had less mobility and choice in where they live and in job opportunities. A 30-year analysis of 319 commercial hazardous-waste treatment and storage sites in the U.S. found a consistent pattern of placing hazardous-waste facilities in low-income neighborhoods, which are often disproportionately populated by Black and Hispanic families. A variety of large studies have also revealed an association between low socioeconomic status and greater harm from air pollution. A comprehensive review from Harvard University researchers revealed that Black, Asian, Hispanic, and Medicaid-eligible individuals of any race/ethnicity had a higher likelihood of death from any pollution-related cause compared to the rest of the population, with Black people almost three times as likely to die from exposure to air pollutants as other groups (Di, et al., 2017; Mohai & Saha, 2015).

THE DENTAL HEALTH DIVIDE

Nowhere is the wealth–health divide starker than in the disparity in dental care. Higher-income Americans have dental health insurance (most often separate from health insurance) and access to care that helps prevent tooth decay and breakage, and promotes jaw comfort, clear speech, and easier maintenance — all of which lead to better overall health. They often spend thousands of dollars on supplemental dental care to achieve whiter, straighter, stronger smiles, which leads to more social and job opportunities.

Those with the lowest incomes rarely have dental insurance and Medicaid’s dental coverage varies from state to state, so these families often forgo preventative care. They are far more likely to suffer from tooth decay and gum infection, which can increase the risk of cancer and cardiovascular diseases, and can affect speech and communication, eating and nutrition, sleeping, learning, playing, and quality of life. In addition, crooked or yellow teeth can stigmatize people in social settings and reduce job prospects, and they are associated with low educational achievement and social mobility. According to a 2015 American Dental Association survey, 29 percent of low-income respondents reported that the appearance of their mouth and teeth affected their ability to interview for a job.

Dental services for low-income Michiganders have improved significantly over the last decade. The Healthy Michigan Dental Plan provides coverage for residents who are between 19 and 64 years old, have income at or below 133 percent of the Federal Poverty Level, and do not qualify for or are not enrolled in Medicaid. Although the plan covers a variety of dental services — including two yearly oral exams, x-rays, cavity filling, and limited oral surgery — it does not cover wisdom tooth removal, crown procedures, braces, or implants. Those under the age of 21 with Medicaid or CHIP are covered by the Healthy Kids Dental Plan, which covers teeth cleanings, root canals, x-rays, emergency treatment, and other services. Most recently, in 2018, the Michigan Legislature passed a bill authorizing the creation of dental therapists. These trained clinicians provide preventative and restorative dental procedures under the supervision of a dentist and are expected to improve access to care for Michigan residents.

Even with these improvements, there are still gaps in dental health in Michigan by income and insurance type. A 2015 report by the American Dental Association’s Health Policy Institute found that Michigan has a gap of almost 30 percent in dental utilization between privately insured children and those enrolled in Medicaid. This gap is larger than the 16 percent average gap nationally and is the fourth largest gap in coverage among all states. Though the gap has diminished over time (narrowing by nearly 50 percent between 2005 and 2013), the rate of improvement is still less than the national average decrease of 53 percent.

Many dental services for adults require co-pays that ALICE families cannot afford. Even if the covered services are provided through the Healthy Michigan Dental Plan, there are associated costs. For seniors, Medicare does not cover routine oral health and dental care, but the State of Michigan provides limited supplemental services for low-income seniors. Unable to afford expensive services, many adults have their teeth pulled; nearly 1 in 5 Americans older than 65 do not have a single real tooth.

In addition, dental coverage does not guarantee access to treatment. Michigan has 61.5 practicing dentists per 100,000 people, ranking 17th nationally. However, even with a relatively high number of practicing dentists, there are 283 Dental Care Health Professional Shortage Areas (HPSAs) across the state, with an estimated 321 additional practitioners needed, in both rural and more populated areas. The impact of resource inequities must be addressed throughout the state to improve dental outcomes in Michigan.

Sources: Center for Health Care Strategies, 2018; Center for Health Workforce Studies, 2015; Dimensions of Dental Hygiene, 2018; Frakt, 2018; Health Policy Institute, 2015; Healthy Michigan Plan, n.d.; Jordan & Sullivan, 2017; Kaiser Family Foundation, 2017; Michigan Department of Health & Human Services, 2018 — Healthy Kids Dental; Michigan Department of Health & Human Services, 2018 — Michigan State Oral Health Plan; Michigan Department of Health & Human Services, 2018 — Services for Seniors; Otto, 2017; Robert Wood Johnson Foundation and University of Wisconsin Population Institute, 2018; United Health Foundation, 2017; Vujicic & Nasseh, 2015

NEXT STEPS

There is a basic belief in America that if you work hard, you can support yourself and your family. Yet the data presented in this Report shows that for more than 1,600,000 households in Michigan — representing 43 percent of the state's population — this is not the case. Working households are still struggling due to the mismatch between the basic cost of living and the wages of many jobs across the state, exacerbated by systemic inequalities in opportunity and wealth. The ALICE data challenges persistent stereotypes about people who can't afford to pay their bills or are forced to visit a food bank — assumptions that they are primarily people of color, live only in cities, are unemployed, or are struggling as the result of some moral failing. The data on ALICE households shows that hardship in Michigan exists across boundaries of race/ethnicity, age, geography, and employment status.

With projected demographic changes and persistent barriers to stability, many ALICE and poverty-level families will continue to face hardship. In particular:

- At least 49 percent of Michigan residents do not have money set aside to cover expenses for three months in case of an emergency such as illness or the loss of a job (FINRA Investor Education Foundation, 2016).
- The majority of residents under age 25 are unable to afford to live on their own, and for both economic and cultural reasons, they are delaying getting married, having children, or moving for new job opportunities.
- More seniors are aging without saving for retirement.
- There are fewer workers to meet the growing demand for senior caregiving.
- Income and wealth disparities persist by race/ethnicity, sex, gender identity, and sexual orientation.

OVERCOMING THE OBSTACLES: IDEAS BEING DEBATED, CONSIDERED, AND PILOTED

Economic change will continue, and these changes will both provide opportunity and inflict costs. Yet the distribution of opportunity and cost is not usually even or equitable. To have a positive impact on ALICE families, communities need to consider a range of system changes that would help ALICE weather downturns in the short term and become more financially secure in the long term. Policymakers, academics, and advocates have proposed a range of broad ideas that could be adapted on a local, statewide, or national front. The following are four of the biggest obstacles to financial stability for ALICE families, and a sample of ideas and pilot programs being debated and considered across the country.

Widening Skills Gap

1

Accessible, high-quality early childhood and K–12 education is key to both individual prosperity and economic growth, especially for disadvantaged families and communities. In Michigan, K–12 test scores are in the bottom third of all states and gaps in test scores by socioeconomic status persist across grade levels. Proposed strategies for improving education in the state include increased investment in teacher training, intentional focus on the needs of low-income students and English language learners, additional opportunities for college and career prep, and greater emphasis on early childhood education (French, 2018; French & Wilkinson, 2018; Heckman, 2011).

In addition, most future jobs (especially higher-paying jobs) will require digital skills. Since 2004, the share of occupations that require high levels of digital skills has more than doubled, from 10 to 22 percent (Liu, 2017). For ALICE to maintain employment over time, workers will need accessible, high-quality technology training throughout their lifetime. Public K–12 schools can incorporate digital skills into all aspects of the curriculum for students, higher education can offer more focused programs, and companies can invest in training for their employees.

Lack of Stable and Viable Employment

2

For ALICE, finding well-paying jobs with security and financial stability is becoming harder as low-wage and gig-economy jobs continue to dominate the landscape. Fluctuating income — through unpredictable schedules and on-demand work — is one of the biggest problems ALICE workers face. At the same time, employers are also trying to navigate a changing business environment, remain competitive, and offer comprehensive benefit packages. The following are several possible solutions that address these challenges:

- **Fewer barriers to employment:** Barriers for ALICE can include lack of job skills, family care responsibilities, physical and mental health problems (including substance abuse), limited English proficiency, and lack of reliable transportation. In Michigan, child care costs are of particular concern as the state has the second-lowest income limit for child care subsidy eligibility in the nation. There are several evidence-based solutions, such as work programs that provide direct connections to employment (including apprenticeships); an individualized approach (to address a wide range of challenges, from soft skills to housing); financial support and flexible schedules to accommodate child care needs; and the development of career pathways over time through work and education. Successful outcomes require employers, government agencies, and nonprofits to weave together larger webs of connected programs and resources (Schulman & Blank, 2016; Tessler, 2013; U.S. Department of Health & Human Services, 2012; Van Horn, Edwards, & Greene, 2015; Yellen, 2017).
- **Portable benefits:** Benefits such as health insurance, retirement plans like a 401(k), or paid leave could move with the worker from job to job, and across multiple jobs at once. These can be delivered in many forms — through programs that are not connected to work or the employer at all, or through programs that involve employers but establish benefits that can be provided across employers. Some examples of this approach already exist in the construction industry and business associations, and legislators in New York and Washington are considering benefit management systems that would allow employers to pay into workers' benefit funds (Foster, Nelson, & Reder, 2016; Guillot, 2017; Maxim & Muro, 2018; Quinton, 2017; Small Business Majority, 2017a; Strom & Schmitt, 2016).
- **Small business support:** Because of the less stable nature of many small businesses, their employees would benefit from measures that helped them weather fluctuations in their schedule and long-term employment, such as establishing portable benefits. In addition, small business entrepreneurs and their employees need more support to help them overcome common barriers, including limited resources to invest in skill development; student debt, which limits an owner's ability to invest in their business; and lack of access to affordable child care, which increases absenteeism and decreases productivity (Beesley, 2016; Small Business Majority, 2016, 2017b).
- **Lifetime employment:** Considering lifetime employment models from other countries can expand thinking on this topic. For example, guaranteed employment is an innovative policy that has been utilized in Germany and Japan, in which companies guarantee employment for large numbers of workers. To avoid layoffs, the practice allows for transfers and defined reductions in hours and wages in lean times (Noorderhaven, Koen, & Sorge, 2015).

Lack of Savings and Assets

3

Without enough money for even current expenses, ALICE families find it nearly impossible to save for emergencies or invest in future goals like education or retirement. A lack of savings is one of the biggest problems facing low-income families. Programs and infrastructure are needed to help them weather emergencies and periods of low income. Here are two approaches for policymakers to consider:

- **Access to credit:** For those with low incomes, saving for emergencies is nearly impossible. Access to credit at low rates has proven to be effective to help ALICE workers and employers — especially small businesses — weather an emergency. However, ALICE families still need to have enough income to repay the loan or they risk greater long-term financial crises (Collins & Gjerston, 2013; Mayer & Jencks, 1989).
- **Private and public financial instruments:** These range from new types of financial products to a guaranteed income or allowance. Employers could make wages more immediately available (rather than wait two weeks until payday), and banks could do the same for deposited funds. Financial institutions and the government could offer insurance or credit, as well as tax credits and savings incentives, to protect workers against dips in income. Going even further, for centuries economists, theologians, and policymakers have proposed a minimum guaranteed income for all families, although proposals run the gamut of approaches. The idea has received more bipartisan attention recently as more workers face periods of low-wages or unemployment (Murray, 2016; Schiller, 2017; Shaefer & Edin, 2013; Van Parijs & Vanderborght, 2017).

Systemic Bias

4

Bias against marginalized groups persists in the workplace, the housing market, education, health care, and the law, despite positive shifts in public opinion and attitudes regarding differences in race and ethnicity, age, sex, gender identity, sexual orientation, and disability.

Racial bias is among the most persistent, despite research confirming that the gaps in education, income, and wealth that now exist along racial lines in the U.S. have little to do with individual behaviors. Instead, these gaps reflect systemic policies and institutional practices that create different opportunities for people of different races and ethnicities. Discriminatory practices have been embedded in our social structures and legal system, especially in terms of housing policies, immigration practices, voting rights, school funding, and health care programs. To make a difference for ALICE households, changes need to be made within institutions that impede equity in the legal system, health care, housing, education, and jobs (Agency for Healthcare Research and Quality, 2015; Cramer, 2012; Goldrick-Rab, Kelchen, & Houle, 2014; Shapiro, Meschede, & Osoro, 2013; The Sentencing Project, 2018).

For solutions to be effective, they must be as comprehensive and as interconnected as the problems are.

Siloed solutions do not work. Because conditions vary across counties and states, the solutions to the challenges that ALICE and poverty-level households face will vary as well. Stakeholders — family, friends, nonprofits, businesses, policymakers, academics, and the government — will need to work together with innovation and vision and be willing to change the structure of the local and national economy — and even the fabric of their communities.

Ultimately, if ALICE households can become financially stable, Michigan's economy will be stronger and its communities more vibrant — improving life not just for ALICE, but for everyone. The data detailed in this Report can be a jumping-off point to create new and better ideas that can help working families move toward this goal. There is no one solution: A range of strategies will be needed to ensure that working people and their families aren't left behind.

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