

# EXECUTIVE SUMMARY

**In 2016, 872,561 households in Wisconsin — 37.5 percent — could not afford basic needs such as housing, child care, food, transportation, and health care.**

This United Way ALICE Report for Wisconsin 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. Since it is well established that economic conditions worsened during the Great Recession, this Report focuses on the recovery that started in 2010 and looks at how households have fared since.

Despite recent reports of overall improvement in employment and gains in median incomes, the economic recovery in Wisconsin has been uneven. Many families continue to face challenges from low wages, depleted savings, and the increasing cost of basic household goods. The total number of Wisconsin households that cannot afford basic needs increased 5 percent between 2010 and 2016.

This Report also shows what has changed in Wisconsin since the first United Way ALICE Report for Wisconsin was published two years ago. It updates the cost of basic needs in the **Household Survival Budget** for each county in Wisconsin, and the number of households earning below the amount needed to afford that budget (**the ALICE Threshold**). The Report delves deeper into county and municipal data and looks at the demographics of ALICE and poverty-level households by race/ethnicity, age, and household type to reveal variations in hardship that are often masked by state averages. Finally, the Report highlights emerging trends that will affect ALICE households in the future.

For the period of 2010 to 2016, the data reveals an ongoing struggle for ALICE households and a range of obstacles to achieving financial stability:

- **The extent of hardship:** Of Wisconsin's 2,326,846 households, 11.7 percent lived in poverty in 2016 and another 25.8 percent were ALICE households. Combined, 37.5 percent (872,561 households) had income below the ALICE Threshold, an increase of 5 percent since 2010.
- **The basic cost of living:** The cost of basic household expenses in Wisconsin increased steadily to \$61,620 for a family of four (two adults with one infant and one preschooler) and \$19,848 for a single adult — significantly higher than the FPL of \$24,300 for a family of four and \$11,880 for a single adult. The cost of the family budget increased by 18 percent from 2010 to 2016 — higher than the national rate of inflation of 9 percent during those years.
- **Jobs:** Low-wage jobs continued to dominate the employment landscape in Wisconsin, with 62 percent of all jobs paying less than \$20 per hour. Although unemployment rates fell, wages remained low for many occupations. With more contract work and on-demand jobs, job instability also increased, making it difficult for ALICE workers to meet regular monthly expenses or to save.
- **The role of public assistance:** Public and private assistance continued to provide support to many living in poverty or earning slightly above the FPL, but it provided less support to ALICE households whose income is above eligibility levels. Spending on health care and health insurance outpaced spending in other budget areas; there remained large gaps in assistance, especially in housing and child care.
- **Emerging trends:** Going forward, several trends could change the economic landscape for ALICE families:

- *The Changing American Household* — Shifting demographics, including the rise of the millennials, the aging of the baby boomers, and domestic and foreign migration patterns, are having an impact on who is living together in households and where and how people work. These changes, in turn, influence the demand for goods and services, ranging from the location of housing to the provision of caregiving.
- *Market Instability* — Within a global economy, economic disruptions, natural disasters, and technological advances in other parts of the world trigger rapid change across U.S. industries and cause shifts in supply and demand. This will increasingly destabilize employment opportunities for ALICE workers.
- *Growing Health Inequality* — With the cost of health care outpacing the ability of many households to afford it, there will be increasing disparities in health according to income. The societal costs of having large numbers of U.S. residents in poor health will also grow.

Using the best available information on those who are struggling, this Report offers an enhanced set of tools for stakeholders to measure the real challenges ALICE households face in trying to make ends meet. The FPL gives an outdated calculation of the number of people struggling; that in turn distorts the identification of problems related to poverty, misguides policy solutions, and raises questions of equity, transparency, and fairness in the allocation of resources. The United Way *ALICE Project* has developed new resources in order to move beyond stereotypes and judgments of “the poor,” and to instead encourage the use of more accurate data to inform programmatic and policy solutions for these households and their communities.

## GLOSSARY

**ALICE** is an acronym that stands for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mloyed — 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. In this report, households do 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, and a smartphone) in Wisconsin, 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 Wisconsin. (Unless otherwise noted in this Report, households earning below the ALICE Threshold include both ALICE and poverty-level households.)

**The Household Stability Budget** is greater than the basic Household Survival Budget and reflects the cost for household necessities at a modest but sustainable level. It adds a savings category and an expanded technology category (smartphone and basic home internet), and it is adjusted for different counties and household types.

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

# DATA & METHODOLOGY

## WHAT'S NEW

Every two years, the United Way *ALICE Project* engages a national Research Advisory Committee of external experts to scrutinize the ALICE methodology and sources and ensure that the best local data is presented. The focus remains on the county level because state averages mask significant differences between counties. For example, the percent of households below the ALICE Threshold in Wisconsin ranges from 27 percent in Ozaukee County to 62 percent in Menominee County.

This rigorous process results in enhancements to the methodology and new ideas for how to more accurately measure and present data on financial hardship. While these changes impact specific calculations, the overall trends have remained the same: ALICE represents a large percentage of our population, and these households are struggling to meet their basic needs. To ensure consistency and accuracy in change-over-time comparisons in this Report, data has been recalculated for previous years (2010–2014). **For a more detailed description of the methodology and sources, see the Methodology Overview on our website, [UnitedWayALICE.org](http://UnitedWayALICE.org).**

For this Report, the following improvements have been incorporated:

**The cost of a smartphone has been added to the Household Survival Budget:** Technology is increasingly essential to live and work in the modern economy, and smartphone use in particular has become an expectation for employment in many contexts. Therefore, the cost of a basic smartphone plan for each adult in the household has been added to the Household Survival Budget. The Household Stability Budget, which already included the cost of a smartphone for each adult in the family, now includes basic home internet service as well.

**The source for state taxes has been updated:** In order to provide greater consistency across states and reduce the complexity of calculations while maintaining accuracy, the Tax Foundation's individual income tax rates and deductions for each state are used instead of state-level tax sources. Each state treasury's *1040: Individual Income Tax, Forms and Instructions* is still used to confirm state tax deductions and exemptions, such as the Personal Tax Credit and Renter's Credit.

**Change-over-time ranges have shifted:** The first United Way ALICE Reports measured change before and after the Great Recession, in 2007 and 2010. This update focuses on the recovery, measuring change from the baseline of 2010 followed by the even years since — 2012, 2014, and 2016 — and highlighting trends since the end of the Recession. The 2016 results will also serve as an important baseline from which to measure the effects of the rollout of the Affordable Care Act (ACA) in 2014, as well as new policies implemented under the Trump administration.

**Additional detail is provided at the sub-county level:** With the development of our website, there is more ALICE data available at the local level, including subcounty, place, zip code, Public Use Microdata Area (PUMA), and Congressional District.

**What remains the same:** This 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 these agencies' Wisconsin state counterparts, as well as Supporting Families Together Association (the state's umbrella organization for child care resource and referral agencies) and the Wisconsin Department of Children and Families. State, county, and municipal data is used to provide different lenses on ALICE households. The data are estimates; some are geographic averages, others are one- or five-year averages depending on population size. In this Report, many percentages are rounded to whole numbers for ease of reading. In some cases, this may result in percentages totaling 99 or 101 percent instead of 100 percent.

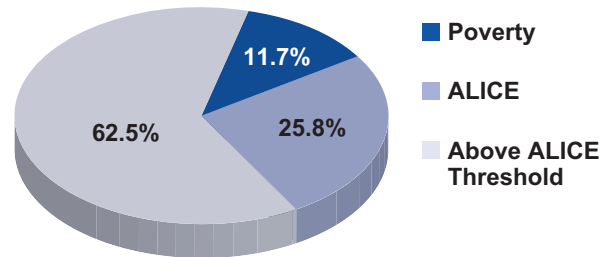
# AT-A-GLANCE: WISCONSIN

2016 Point-in-Time Data

Population: 5,778,709 | Number of Counties: 72 | Number of Households: 2,326,846

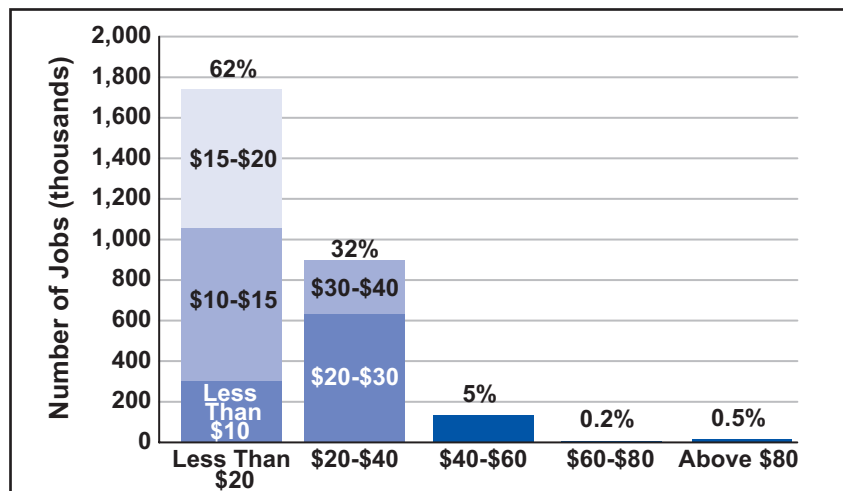
## How many households are struggling?

**ALICE**, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, are households that earn more than the Federal Poverty Level (FPL), but less than the basic cost of living for the state (the ALICE Threshold). Of Wisconsin's 2,326,846 households, 271,935 earn below the FPL (11.7 percent) and another 600,626 (25.8 percent) are ALICE households.



## How much does ALICE earn?

In Wisconsin, 62 percent of jobs pay less than \$20 per hour, with more than half of those paying less than \$15 per hour. Another 32 percent of jobs pay between \$20 and \$40 per hour. Less than 6 percent of jobs pay more than \$40 per hour.



## What does it cost to afford the basic necessities?

Despite low national inflation during the recovery (9 percent from 2010 to 2016), the bare-minimum Household Survival Budget increased by 18 percent for a family and 24 percent for a single adult. Affording only a very modest living, this budget is still significantly more than the Federal Poverty Level of \$11,880 for a single adult and \$24,300 for a family of four.

Household Survival Budget, Wisconsin Average, 2016		
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
<b>Monthly Costs</b>		
Housing	\$492	\$735
Child Care	\$-	\$1,231
Food	\$158	\$525
Transportation	\$349	\$698
Health Care	\$215	\$802
Technology*	\$55	\$75
Miscellaneous	\$150	\$467
Taxes	\$235	\$602
<b>Monthly Total</b>	<b>\$1,654</b>	<b>\$5,135</b>
<b>ANNUAL TOTAL</b>	<b>\$19,848</b>	<b>\$61,620</b>
<b>Hourly Wage**</b>	<b>\$9.92</b>	<b>\$30.81</b>

\*New to budget in 2016

\*\*Full-time wage required to support this budget

## AT-A-GLANCE: WISCONSIN

Wisconsin Counties, 2016		
COUNTY	TOTAL HOUSEHOLDS	% ALICE & POVERTY
Adams	7,950	45%
Ashland	6,670	46%
Barron	19,017	43%
Bayfield	6,798	37%
Brown	104,804	34%
Buffalo	5,707	35%
Burnett	7,308	42%
Calumet	18,839	29%
Chippewa	24,973	36%
Clark	12,732	42%
Columbia	23,019	30%
Crawford	6,652	42%
Dane	217,506	31%
Dodge	34,648	39%
Door	13,023	32%
Douglas	18,538	43%
Dunn	16,445	42%
Eau Claire	41,312	42%
Florence	1,958	38%
Fond du Lac	40,815	31%
Forest	3,940	43%
Grant	19,353	43%
Green	14,772	34%
Green Lake	7,939	41%
Iowa	9,692	34%
Iron	2,954	41%
Jackson	8,066	42%
Jefferson	32,378	37%
Juneau	9,978	45%
Kenosha	64,386	38%
Kewaunee	8,211	32%
La Crosse	47,086	35%
Lafayette	6,692	37%
Langlade	8,521	42%
Lincoln	12,546	34%
Manitowoc	34,234	34%
Marathon	55,147	35%
Marinette	18,380	41%

Wisconsin Counties, 2016		
COUNTY	TOTAL HOUSEHOLDS	% ALICE & POVERTY
Marquette	6,328	38%
Menominee	1,215	62%
Milwaukee	381,318	48%
Monroe	17,813	38%
Oconto	15,440	36%
Oneida	14,965	41%
Outagamie	72,994	30%
Ozaukee	35,417	27%
Pepin	2,948	40%
Pierce	15,101	42%
Polk	18,188	34%
Portage	28,009	34%
Price	6,676	36%
Racine	75,921	40%
Richland	7,506	38%
Rock	63,222	42%
Rusk	6,245	45%
Sauk	25,293	42%
Sawyer	7,488	42%
Shawano	16,940	40%
Sheboygan	47,652	34%
St. Croix	33,460	31%
Taylor	8,751	38%
Trempealeau	11,840	37%
Vernon	11,843	39%
Vilas	10,648	39%
Walworth	40,039	39%
Washburn	7,151	39%
Washington	53,090	29%
Waukesha	156,503	31%
Waupaca	21,412	36%
Waushara	9,749	41%
Winnebago	69,943	32%
Wood	32,749	34%

Sources: **Point-in-Time Data:** American Community Survey, 2016. **ALICE Demographics:** American Community Survey and the ALICE Threshold, 2016. **Wages:** Bureau of Labor Statistics, 2016. **Budget:** U.S. Department of Housing and Urban Development; U.S. Department of Agriculture; Bureau of Labor Statistics; Internal Revenue Service; Tax Foundation; and Wisconsin Department of Children and Families, 2016.