

**ALICE:
A STUDY OF
FINANCIAL HARDSHIP
IN WISCONSIN**

LIVE UNITED

2018
REPORT



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

The United Way ALICE Project is a collaboration of United Ways in Connecticut, Florida, Hawai'i, Idaho, Indiana, Iowa, Louisiana, Maryland, Michigan, New Jersey, New York, Ohio, Oregon, Texas, Virginia, Washington, and Wisconsin.



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Learn more here: unitedwaywi.site-ym.com/page/ALICE

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LETTER TO THE COMMUNITY

Dear Wisconsinites,

A flourishing community starts with healthy, secure families. How different would Wisconsin be if every working family earned enough to get ahead financially? What if families could not only meet their basic needs but also save for emergencies and their family's future? Thriving families support local businesses and make our community stronger.

In 2016, United Ways in Wisconsin brought awareness and a voice to people in our communities who work hard yet still struggle to make ends meet; people who we call **ALICE** — **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. In 2018, we are reviewing the progress and continuing status of ALICE in Wisconsin.

You've likely become aware of ALICE all around you. We see ALICE every day — hard workers who keep our economy running, but who aren't always sure that they can put food on their own tables. We find ALICE each day working behind cash registers, fixing our cars, serving us in restaurants and retail stores, and caring for our young and our elderly.

This report updates the research that illustrates the depth and breadth of ALICE in Wisconsin — county by county. Nearly 38 percent of Wisconsin residents are still not earning enough to “get by” based on the ALICE Household Survival Budget. These families are working hard, but are one small emergency away from a major financial crisis.

Wisconsin United Ways are dedicated to understanding and supporting ALICE. In this latest report, we have revisited all data points to refine, clarify, and update as we continue to develop our understanding of the challenges so many face and to identify solutions that make it easier for ALICE to become more financially secure. We ask that you read and share this report to raise awareness about ALICE.

United Way's goal is to create long-lasting changes by addressing the underlying causes of our communities' problems. We will continue to fight for the health, education, and financial stability of every person in every community through leadership, partnerships and supporting big-picture solutions so that ALICE families — real families in our communities — can succeed.

Our complete United Way ALICE Report with county-level information is available online at www.unitedwaywi.org. We invite you to join us today by contacting your local United Way, and together we will build a stronger and more prosperous Wisconsin.

Sincerely,



A blue ink handwritten signature of Charlene Mouille.

Charlene Mouille
Executive Director, United Way of Wisconsin



A blue ink handwritten signature of Rodney Prunty.

Rodney Prunty
*President, United Way of Wisconsin
Board of Directors*

THE UNITED WAY ALICE PROJECT

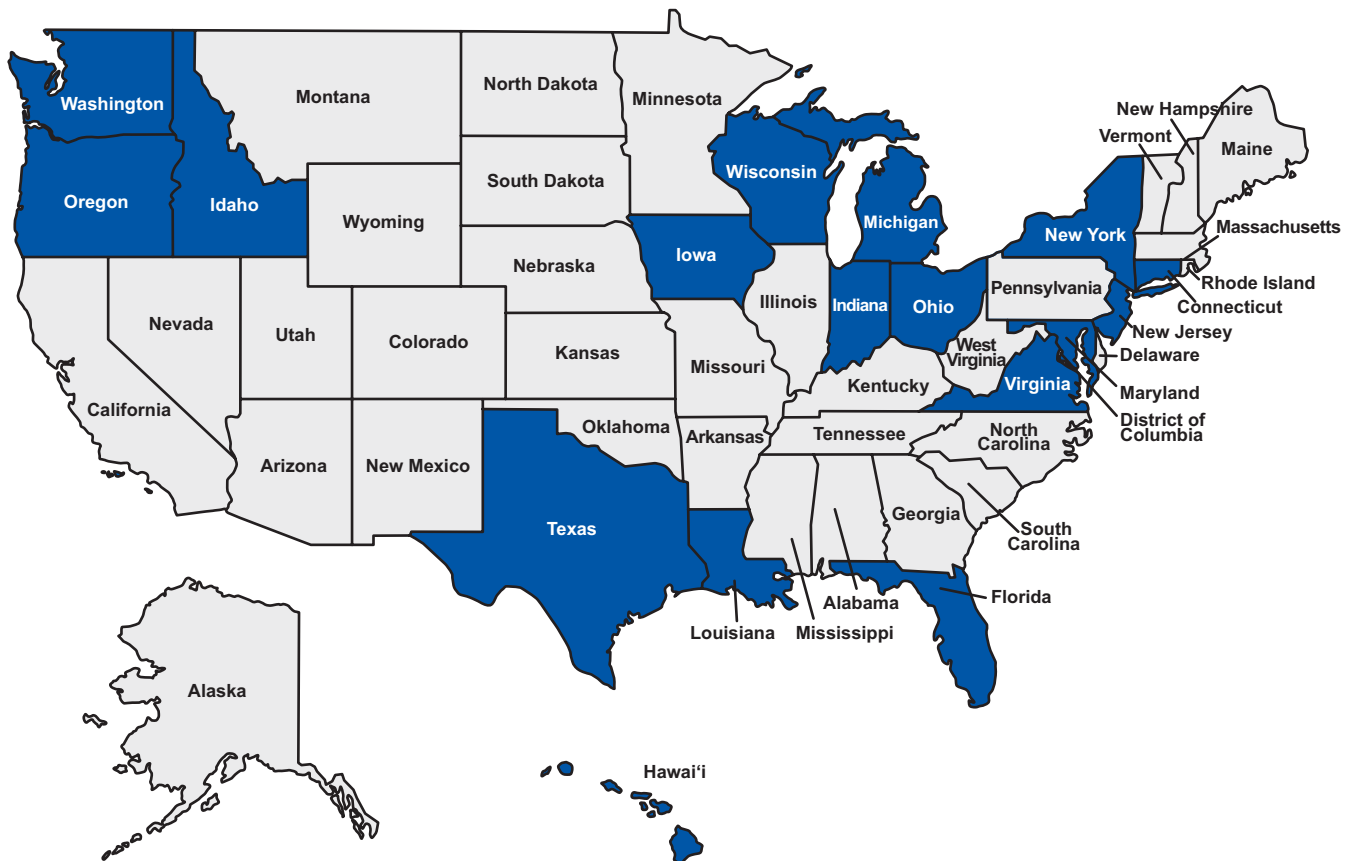
The United Way *ALICE Project* provides a framework, language, and tools to measure and understand the struggles of a population called **ALICE** — an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. ALICE is the growing number of households in our communities that do not earn enough to afford basic necessities. This research initiative partners with state United Way 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, the United Way *ALICE Project* has grown from a pilot in Morris County, New Jersey in 2009, to the entire state of New Jersey in 2012, and now to the national level with 18 states participating. United Way of Wisconsin is proud to join the more than 540 United Ways in these states that are working to better understand ALICE's struggles. Organizations across the country are also using this data to address the challenges and needs of their employees, customers, and communities. The result is that ALICE is rapidly becoming part of the common vernacular, appearing in the media and in public forums discussing financial hardship in communities nationwide.

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 UnitedWayALICE.org

States With United Way ALICE Reports



THE ALICE RESEARCH TEAM

The United Way *ALICE Project* provides high-quality, research-based information to foster a better understanding of who is struggling in our communities. To produce the United Way ALICE Report for Wisconsin, a team of researchers collaborated with a Research Advisory Committee, composed of 12 representatives from across Wisconsin, 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, the United Way *ALICE Project* seeks to equip communities with information to create innovative solutions.

Lead Researcher

Stephanie Hoopes, Ph.D. is the lead researcher and director of the United Way *ALICE Project*. 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 18 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 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**mloyed. 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.

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 or sub-county level, including, 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.

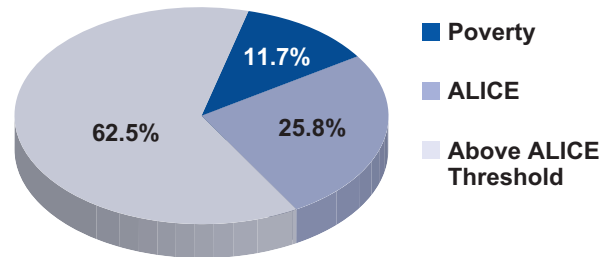
AT-A-GLANCE: WISCONSIN

2016 Point-in-Time Data

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

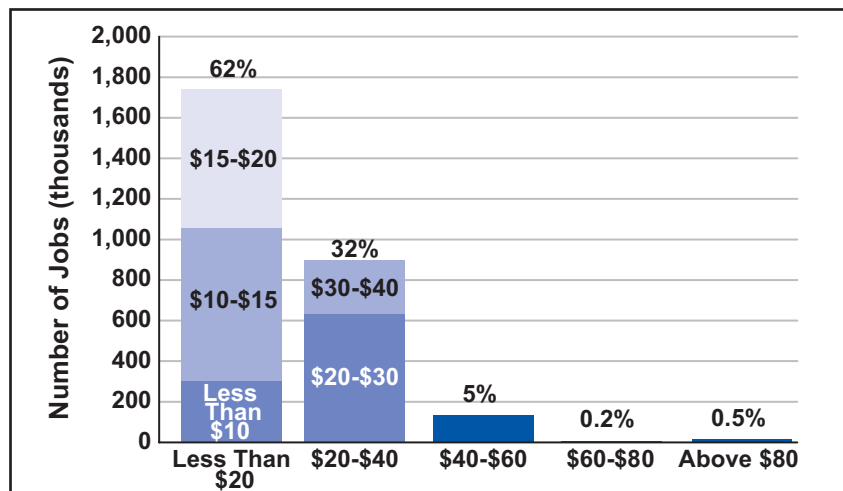
How many households are struggling?

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
Monthly Costs		
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
Monthly Total	\$1,654	\$5,135
ANNUAL TOTAL	\$19,848	\$61,620
Hourly Wage**	\$9.92	\$30.81

*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.

I. ALICE BY THE NUMBERS

In 2016, six years after the end of the Great Recession, many households in Wisconsin were still struggling to find jobs with high enough wages and long enough hours to cover their basic monthly household expenses. More than one in three households in Wisconsin (37.5 percent) could not afford basic needs such as housing, child care, food, transportation, health care, and a smartphone. While many of Wisconsin's households were living below the Federal Poverty Level (FPL), an even greater number were households with incomes above the FPL, but not high enough to afford basic necessities. These households are **ALICE: Asset Limited, Income Constrained, Employed**.

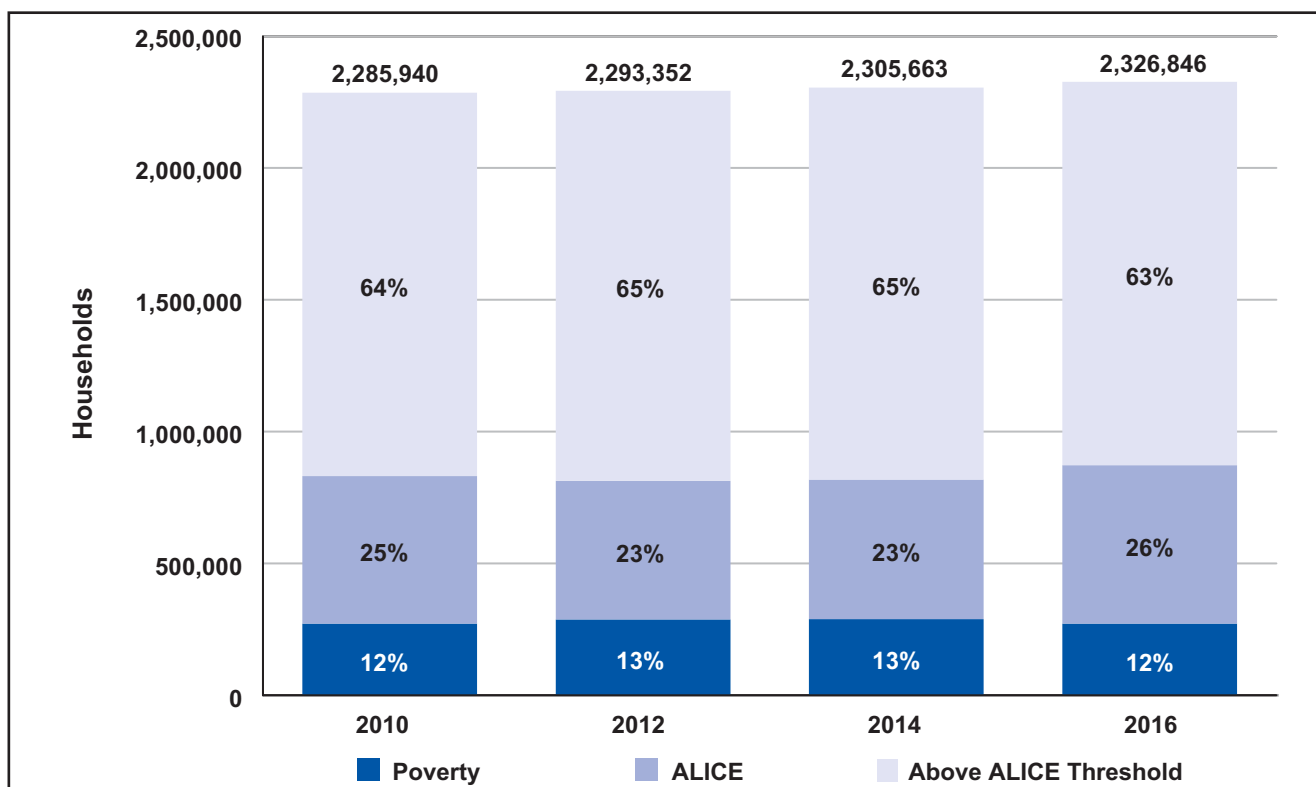
This section drills down further to reveal the demographics of ALICE and poverty-level households by age, race/ethnicity, and household type over time. Also reported are important local variations that are often masked by state averages. The first United Way ALICE Report for Wisconsin, published in 2016 with 2014 data, showed that during the Recession there was an increase in the number of households with income below the ALICE Threshold, increasing from 35 percent in 2007 to 36 percent in 2010. This Report focuses on how Wisconsin residents fared post-Recession, from 2010 to 2016. While the overall economic climate has improved since 2010, the number of ALICE and poverty-level households rose to 37.5 percent of all Wisconsin households by 2016.

OVERVIEW

In Wisconsin, the total number of households increased by 2 percent between 2010 and 2016 to 2,326,846. But the number of ALICE and poverty-level households increased by even more (5 percent) (Figure 1):

- **Poverty:** The number of households in poverty — defined as those earning at or below \$11,880 for a single adult and \$24,300 for a family of four — rose very slightly from 271,832 in 2010 to 271,935 in 2016. The proportion of poverty-level households fluctuated between 11.7 and 12.5 percent during the period.
- **ALICE:** The number of ALICE households rose from 559,808 in 2010 to 600,626 in 2016, a 7 percent increase. The proportion of ALICE households rose from 24.5 percent to 25.8 percent during that period.

Figure 1.
Household Income, Wisconsin, 2010 to 2016



Source: American Community Survey, 2007-2016, and the ALICE Threshold, 2007-2016. For the Methodology Overview and additional data, visit our website: UnitedWayALICE.org

ALICE DEMOGRAPHICS

The number of households living below the ALICE Threshold in Wisconsin increased in almost all age and racial/ethnic groups from 2010 to 2016. Yet two age groups are changing the overall demographics in Wisconsin: the baby boomers and the millennials.

Households by Age

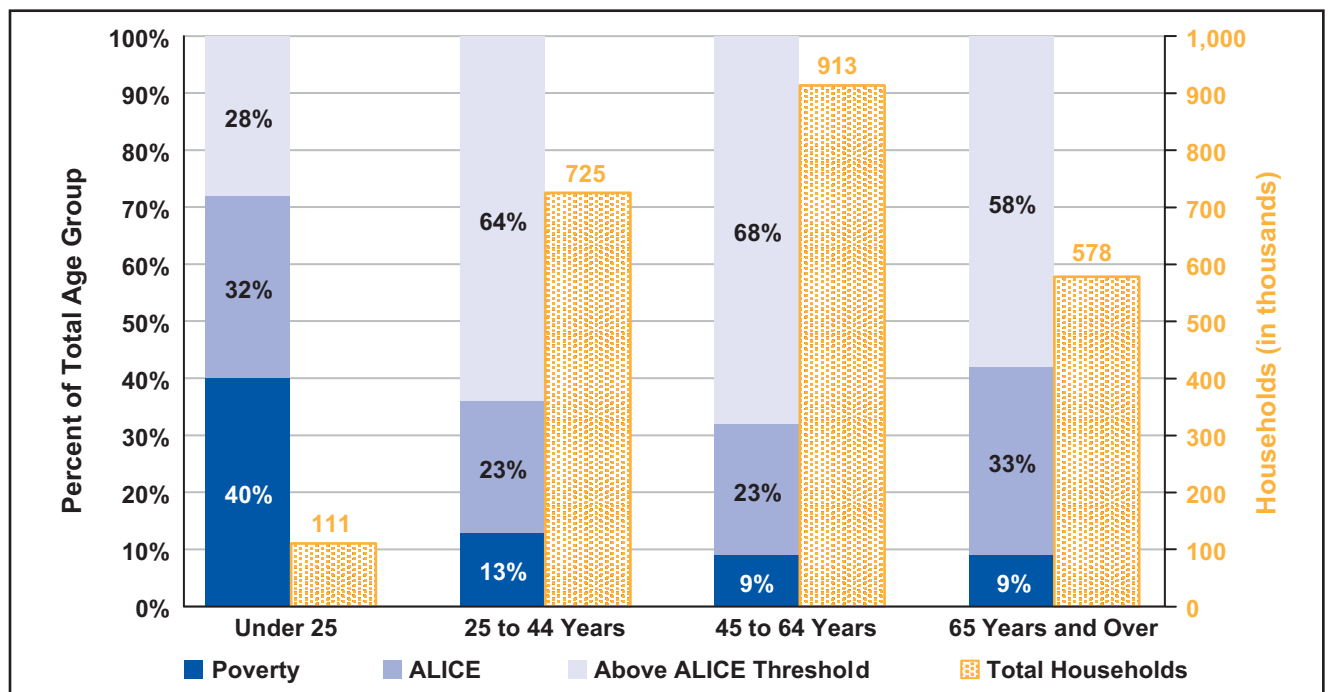
The baby boomers are the largest generation in the U.S., and as they age, their needs and preferences change. The second largest group is the millennials (adults born between 1981 and 1996, according to the Pew Research Center), who are making different lifestyle and working choices than previous generations. Between the two population bubbles is the smaller Generation X, made up of adults born between 1965 and 1980. To analyze general trends, the ALICE data on age is presented by household in more precise Census breaks: under-25, 25–44, 45–64, and 65+. Millennials are covered by the youngest two brackets and baby boomers by the oldest two (Dimock, 2018).

Millennials: Even though the population of millennials is increasing, the number of households headed by them is decreasing in Wisconsin. The youngest segment of the millennials, households headed by under-25-year-olds, decreased 8 percent, from 119,838 households in 2010 to 110,598 in 2016, and the number with income below the ALICE Threshold fell at almost the same rate. The older segment of millennials, households headed by 25- to 44-year-olds, fell by 5 percent overall, and the number with income below the ALICE Threshold decreased by 4 percent (American Community Survey, 2010 and 2016).

In many ways, millennials differ from previous generations. First, they are more racially and ethnically diverse: Nationally, compared to previous generations, a much smaller percentage of millennials are White (56 percent), and a larger percentage (nearly 30 percent) are Hispanic, Asian, or people identifying as two or more races. The share of Black millennials resembles that of previous generations. In Wisconsin, racial and ethnic diversity ranges widely across the state, with Black, Hispanic, and Asian Wisconsinites concentrated primarily in Milwaukee and in Dane, Racine, and Kenosha counties.

Second, many millennials cannot afford to live on their own. Instead, they are more likely than previous generations 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. Of the youngest householders in Wisconsin who live on their own, 72 percent have income below the ALICE Threshold (Cilluffo & Cohn, 2017; Cohn & Caumont, 2016; Frey W. H., 2018) (Figure 2).

Figure 2.
Household Income by Age of Head of Household, Wisconsin, 2016



Source: American Community Survey, 2016, and the ALICE Threshold, 2016

Aging Population: The increase in the number of ALICE households in Wisconsin is driven by older households, both seniors and those aged 45 to 64. From 2010 to 2016, the number of senior households (65+) increased by 16 percent to 577,718 households (Figure 3). Yet senior households with income below the ALICE Threshold grew even faster, increasing by 23 percent. Even with Social Security benefits, 42 percent of Wisconsin seniors have income below the ALICE Threshold (American Community Survey, 2010 and 2016).

The number of households headed by those aged 45 to 64 remained flat from 2010 to 2016, but the number of households in this age group with income below the ALICE Threshold jumped 5 percent. For a group in their prime earning years, it is surprising to see 32 percent with income below the ALICE Threshold (American Community Survey, 2010 and 2016).

Figure 3.
Household Income by Age of Head of Household, Wisconsin, 2010 to 2016



Source: American Community Survey, 2016, and the ALICE Threshold, 2016

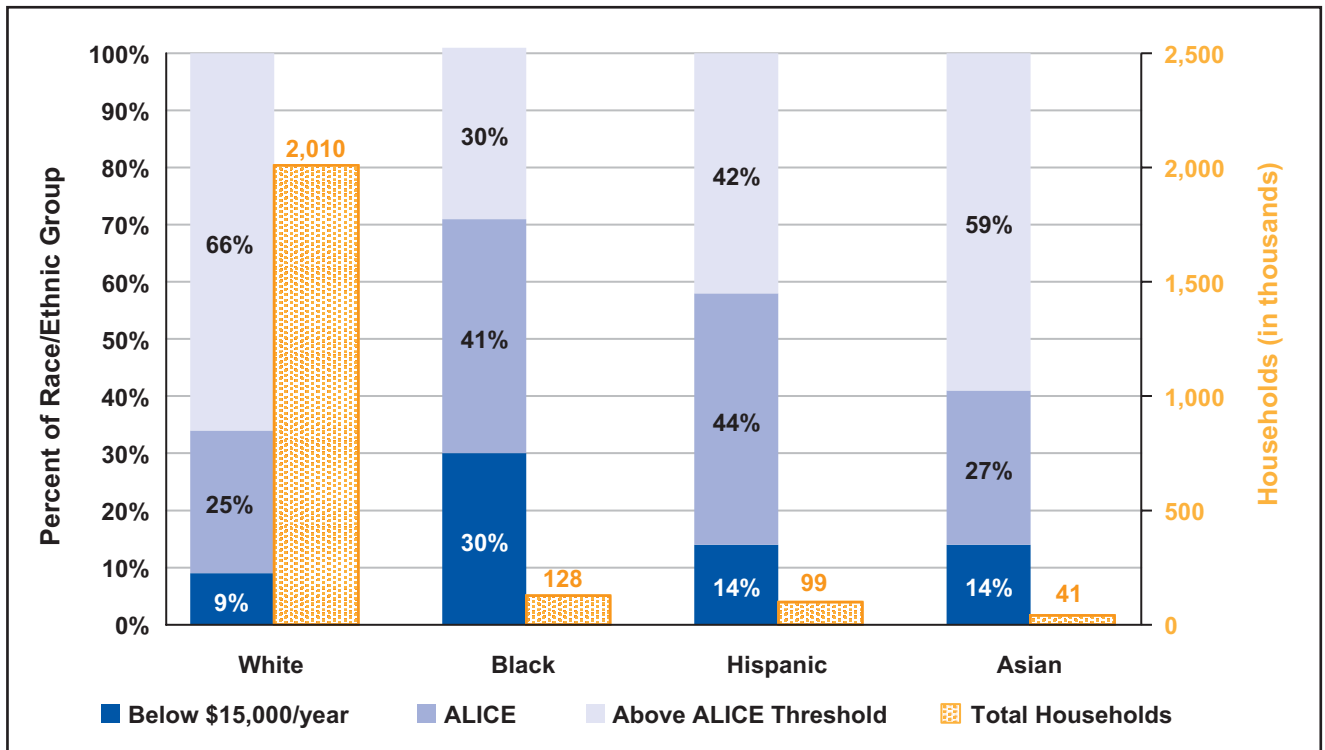
Households by Race and Ethnicity

The United Way ALICE Reports follow 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 (Figure 4).

In 2016, White households were the largest racial group in Wisconsin with 2,010,175 households, compared to 127,682 Black households, 99,231 Hispanic households, and 41,403 Asian households. Statewide numbers, however, often mask important changes in smaller racial and ethnic groups. For example, the number of Black, Hispanic, and Asian households grew faster from 2010 to 2016 than the state average, while the number of White households did not grow at all. Hispanic and Asian households each increased by 23 percent, and Black households increased by 5 percent.

Some racial and ethnic groups in Wisconsin are extremely small and the Census does not report their income, so ALICE data is not available for them. Less than 1 percent of households in Wisconsin identify themselves as American Indian/Alaska Native (18,895 households); another 1.2 percent identify as being of “Two or More Races” (27,356 households); and 1.5 percent identify as “Some Other Race” (34,775 households) (American Community Survey, 2016).

Figure 4.
Households by Race/Ethnicity and Income, Wisconsin, 2016



Note: Because household poverty data is not available for the American Community Survey’s Race/Ethnicity categories, annual income below \$15,000 is used as a proxy for poverty.

Source: American Community Survey, 2016, and the ALICE Threshold, 2016

White households are the largest racial group in Wisconsin. They account for a majority of households, but their percentage of total households has been declining, falling from 88 percent in 2010 to 86 percent in 2016.

Black households make up the largest population of color in Wisconsin, which has become more diverse over time. In addition to African-Americans who have lived in Wisconsin for generations or who migrated from other parts of the country, there is an increasing number of African immigrants, who now account for 6 percent of Wisconsin’s foreign-born residents. This population includes recent African refugees, many from the Democratic Republic of the Congo and Sudan. Nationally, African immigrants are among the most recent immigrants to the U.S.; almost two-thirds (63 percent) arrived in the U.S. in 2000 or later. Nineteen percent of African immigrants have settled in the Midwest. Wisconsin’s Black residents live predominantly in six southeastern counties: Dane, Kenosha, Milwaukee, Racine, Rock, and Waukesha (Anderson, 2015; Wisconsin Department of Health Services, 2016; Migration Policy Institute, 2016).

Hispanic households are the next largest population of color in Wisconsin, nearly doubling in size since 2000, with the largest concentrations in Milwaukee County, but also in Brown, Dane, and Kenosha counties. The fastest growth in the state’s Hispanic population has occurred in Iron, Lafayette, and Trempealeau counties. The Hispanic population is increasingly diverse due to waves of immigration over the last seven decades.

Nationally, Mexico has historically sent the largest numbers of migrants to the U.S., starting in the late 1800s. More recent waves include Puerto Rican immigrants in the 1940s and 1950s, Cuban immigrants in the 1960s and early 1970s, immigrants from the Central American nations of El Salvador, Guatemala, Honduras, and Nicaragua in the 1970s and 1980s, and immigrants from Argentina, Chile, Colombia, Peru, and Ecuador between 2000 and 2010. For immigrant populations, date of entry impacts income: Hispanic immigrants who have lived in the U.S. the longest earn higher incomes than those who immigrated more recently (Gutiérrez, 2013; Wisconsin Department of Health Services, 2016; Flores A. , 2017).

In 2016, Hispanic immigrants from Latin America accounted for 38 percent of foreign-born residents in Wisconsin, with the largest numbers by country coming from Mexico. However, since 2000, the primary source of growth of the Hispanic population in Wisconsin has been U.S. births (American Community Survey, 2010 and 2016; Migration Policy Institute, 2016).

Asian households in Wisconsin account for 33 percent of the foreign-born population, and nationally Asians are the fastest growing racial/ethnic group, increasing 72 percent since 2000. Approximately one-third of Wisconsin's Asian population was born in the U.S., slightly higher than the U.S. average of one-quarter. The largest Asian groups in Wisconsin are Hmong, Indian, and Chinese. Most Asians live in Brown, Dane, Marathon, Milwaukee, Sheboygan, and Waukesha counties (Pew Research Center, 2017; Migration Policy Institute, 2016; Wisconsin Department of Health Services, 2018).

Nationally, 15 percent of Asian residents identify as two or more races — much higher than the comparable mixed-race share of Blacks (7 percent), Hispanics (6 percent), or Whites (3 percent). Unlike most immigrant groups, Asian households vary less in income status by year of entry to the U.S. and more by country of origin. For example, Indian-Americans lead all other groups by a significant margin in their levels of income and education. Immigrants from India are more likely to have a college degree, followed by those from the Philippines and Japan. Immigrants from Vietnam are more likely to have higher rates of poverty than the overall U.S. population. Interestingly, there is also a wide range of immigrants from Korea and China, including some of the best educated but also some with the lowest incomes (Pew Research Center, 2017).

Trends in Race and Ethnicity in Wisconsin

Immigration to Wisconsin includes refugee resettlement. Wisconsin has the third largest Hmong population in the U.S., accounting for 38 percent of Asians in the state. More than 100,000 Hmong came primarily as political refugees from 1975 through the 1990s (American Community Survey, 2014; American Immigration Council, 2015; Grey, Woodrick, Yehieli, and Hoelscher, 2003; Wisconsin Department of Health Services, 2018).

The number of the youngest millennial households is decreasing. The number of White under-25-year-old households fell by 10 percent from 2010 to 2016, driving a decrease in the overall number of young households in Wisconsin. Adding to the decline, the number of under-25-year-old Black households fell by 17 percent, under-25-year-old Asian households fell by 10 percent, and under-25-year-old Hispanic households fell by 2 percent.

Among households headed by 25- to 44-year-olds, however, White households declined by only 1 percent and all other groups increased: Asian households by 57 percent, Hispanic households by 18 percent, and Black households by 1 percent.

Seniors of all races and ethnic groups are increasing. White senior households (65+ years) are driving the overall growth in the senior population in Wisconsin, increasing by 15 percent from 2010 to 2016, but other senior groups are experiencing significant growth as well. Senior Hispanic households increased by 59 percent, Asian households by 48 percent, and Black households by 27 percent.

On a slightly different trajectory, White 45- to 64-year-old households actually fell by 4 percent, yet all other ethnicities increased in this age group: Hispanic households by 42 percent, Asian households by 28 percent, and Black households by 27 percent.

Households earning below the ALICE Threshold increased across the board. While the number of households earning below the ALICE Threshold in Wisconsin increased across almost all age and racial/ethnic groups from 2010 to 2016, the largest increases were among older Hispanic and Asian households. Hispanic 45- to 64-year-old households earning below the ALICE Threshold increased by 55 percent and senior Hispanic households by 83 percent, while Asian 45- to 64-year-old households earning below the ALICE Threshold increased by 29 percent and senior Asian households by 42 percent (Figure 5).

Groups that saw a decrease in total households — White, Black, and Asian under-25-year-old households — also experienced a decrease in households below the ALICE Threshold.

Figure 5.
Households Below ALICE Threshold (BAT), by Age and Race/Ethnicity, Wisconsin, 2010 to 2016

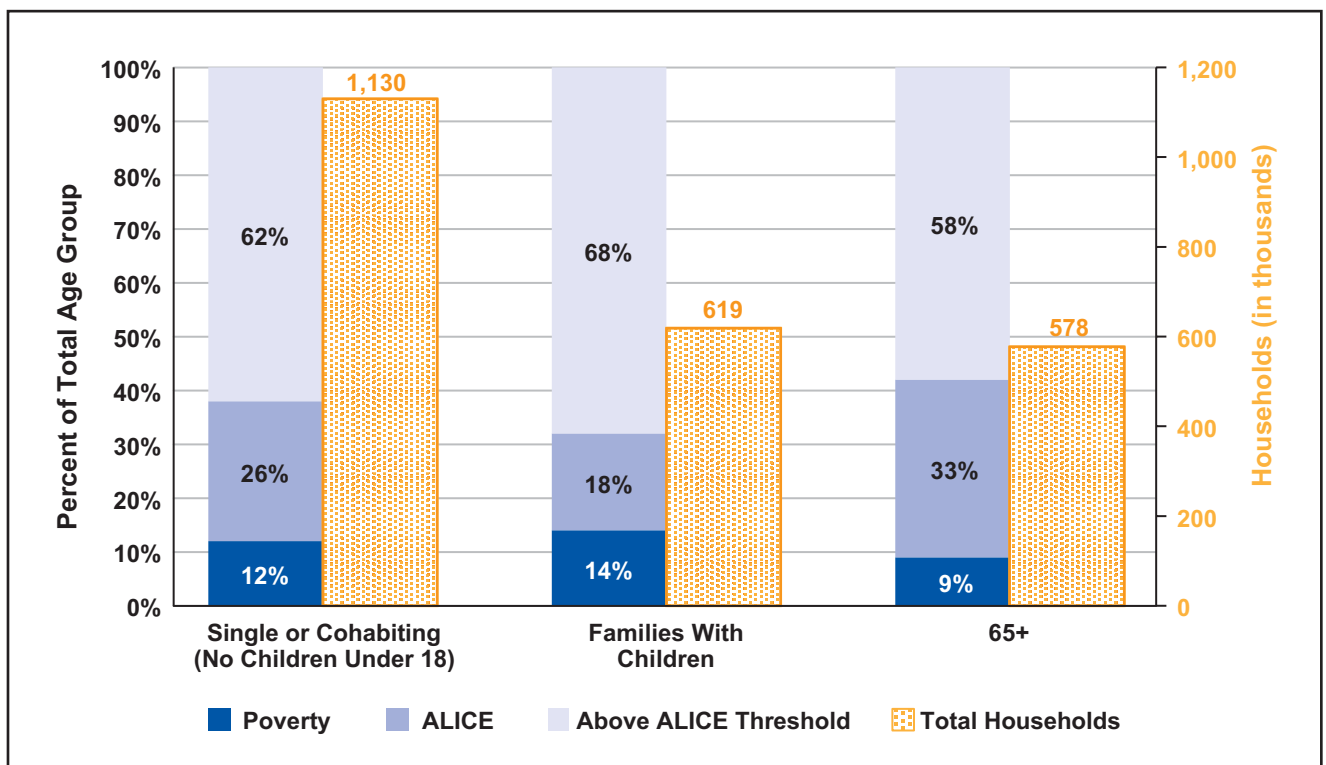


Source: American Community Survey, 2010-2016, and the ALICE Threshold, 2010-2016

THE AMERICAN HOUSEHOLD IS CHANGING

There have been significant changes in Americans' living arrangements, and these changes partly explain the increasing number of ALICE households. After decades of declining marriage rates and 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, U.S. households have trended toward smaller households, fewer households with children, and fewer married-couple households. There are also more people living alone, especially at older ages. People are increasingly 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. Single or cohabiting adults under age 65 with no children under age 18 make up the largest household type in Wisconsin, accounting for 49 percent of households (Figure 6). Nationally, approximately 27 percent of all households are single-adult households younger than age 65 (Vespa, Lewis, & Kreider, 2013; Cohn & Caumont, 2016).

Figure 6.
Household Types by Income, Wisconsin, 2016



Source: American Community Survey, 2016, and the ALICE Threshold, 2016

These single or cohabiting households without children under age 18 are also the group with the largest number of households below the ALICE Threshold in Wisconsin. In 2016, 430,178 of these households, 38 percent, had income below the ALICE Threshold (Figure 6), the same as in 2010 (American Community Survey, 2010 and 2016).

Families With Children

Families with children are also changing, with mothers doing more paid work outside the home as the cost of living continues to rise. 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, bringing home 25 to 49 percent of earnings. Traditional gender roles are changing for men 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 (Glynn, 2016; Cohn & Caumont, 2016; Parker & Livingston, 2017; Livingston, 2014).

The composition of families with children is also changing. There is increasing variety in the structure 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 just before the *Windsor v. United States* Supreme Court ruling in 2013, which required the federal government to recognize state-sanctioned marriages of same-sex couples, to the 2015 Obergefell ruling that enabled same-sex marriage nationwide. Finally, the fluidity of the family has increased, with more children growing up amid changes including non-marital cohabitation, divorce, and remarriage. Households with combined children from parents' prior relationships are also on the rise (Cohn & Caumont, 2016; Pew Research Center, 2015; Gates & Brown, 2015).

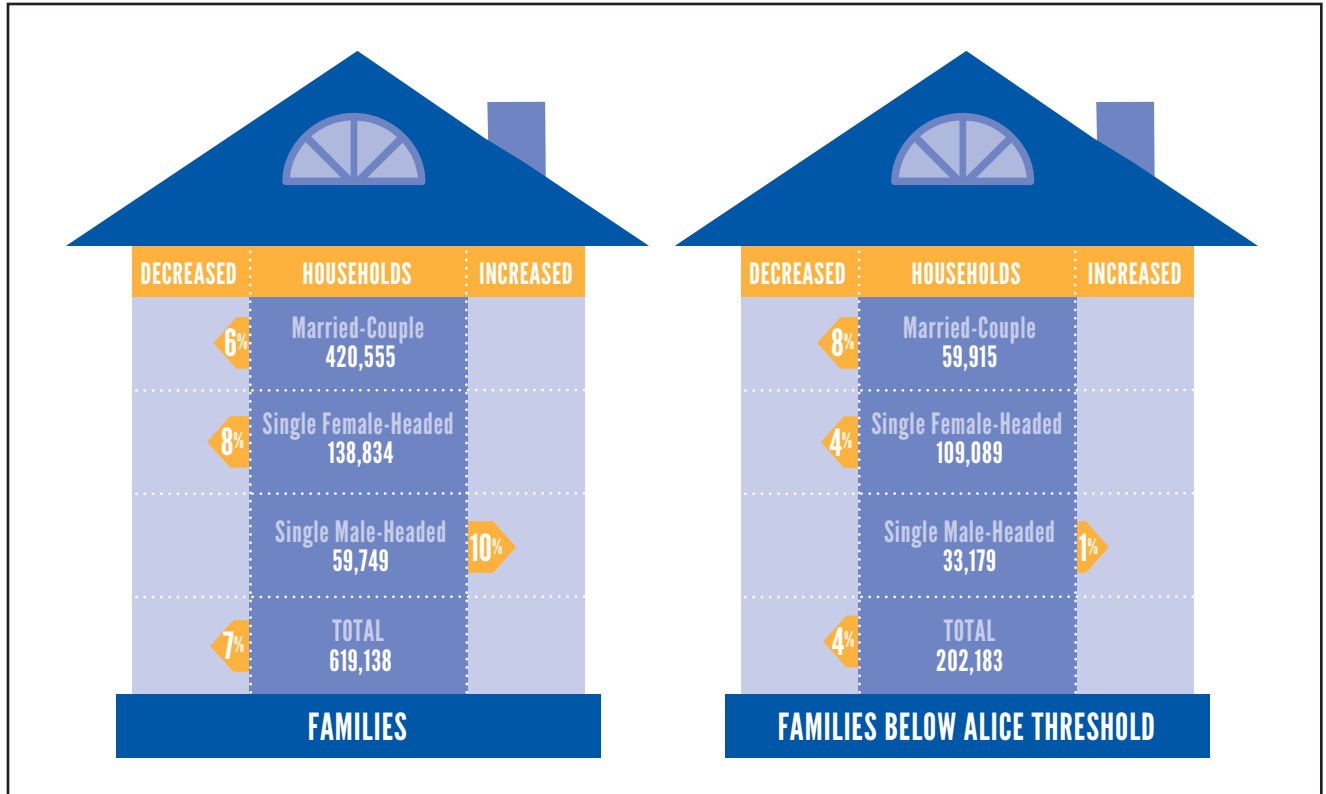
From 2010 to 2016, the number of Wisconsin families with children fell by 7 percent, while the number below the ALICE Threshold decreased by 4 percent. **By 2016, almost one-third (32 percent) of all Wisconsin families with children had income below the ALICE Threshold.**

In particular:

- **Married-parent families** decreased by 6 percent, as did the number below the ALICE Threshold (by 8 percent). This group made up nearly one-third of Wisconsin families with children below the ALICE Threshold in 2016.
- **Single-female-headed families** decreased by 8 percent, and the number below the ALICE Threshold fell by 4 percent. This group made up more than half of Wisconsin families with children below the ALICE Threshold in 2016.
- **Single-male-headed families**, the smallest group, was the only group to increase, rising by 10 percent, and the number below the ALICE Threshold increased as well, by 1 percent. This group made up 16 percent of Wisconsin families with children below the ALICE Threshold in 2016 (Figure 7).

The increase in the number of single-parent families may in part be due to how that arrangement is defined, and to people becoming more comfortable self-identifying as single parents. According to the U.S. Census, the category of single-parent households includes one parent as the sole adult (37 percent), or a parent with a cohabiting partner (11 percent), or a parent with another adult age 18 or older who lives in the home, such as a grown child or grandparent (52 percent). In other words, in most single-parent families, there are nonetheless two adults in the home, and therefore potentially two income-earners (Vespa, Lewis, & Kreider, 2013).

Figure 7.
Families With Children by Income, Wisconsin, 2010 to 2016



Source: American Community Survey, 2010–2016, and the ALICE Threshold, 2010–2016

CHANGES AT THE LOCAL LEVEL

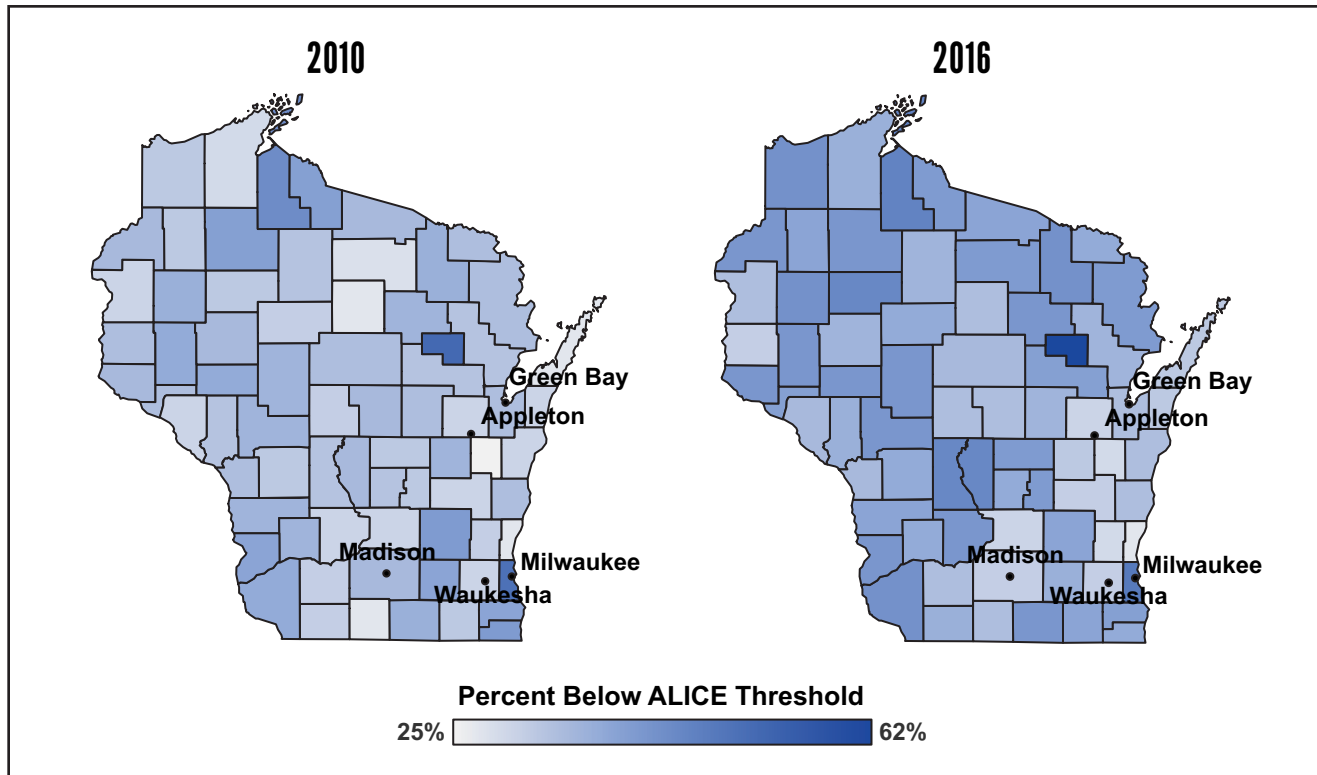
The importance of where we live — particularly where we grow up — in determining the directions that our lives take has been well demonstrated by the Harvard Equality of Opportunity Project (Chetty & Hendren, 2015). Local economic conditions largely determine the number of households that struggle financially in a given county or state. Examining these conditions gives a clearer, localized picture of the minimum income families need to afford basic household necessities.

ALICE by County

Counties are small enough to reveal regional variation and large enough to provide reliable, consistent data. Behind the Wisconsin state average, there is enormous variation among counties in the percentage of ALICE and poverty-level households, ranging from 28 percent of households with income below the ALICE Threshold in Calumet and Ozaukee counties to 62 percent in Menominee County. Contrary to stereotypes that suggest financial hardship only exists in inner cities, ALICE families live in every county in Wisconsin, across rural, urban, and suburban areas (Figure 8).

County data also provides a useful lens on changes in financial hardship from 2010 and 2016. Overall, more Wisconsin counties had a higher percentage of households with income below the ALICE Threshold in 2016 than in 2010.

Figure 8.
Percentage of Households With Income Below the ALICE Threshold by County, Wisconsin, 2010 and 2016



Source: American Community Survey, 2010 and 2016, and the ALICE Threshold, 2010 and 2016. 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 UnitedWayALICE.org

ALICE by Towns and Cities

Looking at household income by towns and cities provides another view of financial hardship in Wisconsin. In 2016, ALICE and poverty-level households represented more than 35 percent of households in most Wisconsin towns and cities. Data from Wisconsin's smaller towns and cities is limited to five-year estimates, making it more difficult to track. However, there is reliable data on change over time for the state's largest cities and towns.

Wisconsin's largest cities — those with more than 20,000 households — are leading many of the demographic changes in the state, and this is reflected in their changing numbers of households and the proportion of those households earning below the ALICE Threshold. From 2010 to 2016, several cities experienced significant growth in total population (by 7 percent or more in Eau Claire, Oshkosh, and Madison) and others experienced a significant increase in the percentage of households below the ALICE Threshold (by more than 20 percent in Eau Claire and Janesville). Only two cities had negative population growth (La Crosse and Sheboygan), and three saw a decrease in the percentage of households below the ALICE Threshold (Milwaukee, Madison, and Kenosha, each by 7 percent or less) (Figure 9).

Figure 9.
Households Below the ALICE Threshold, Largest Cities and Towns in Wisconsin, 2016

Largest Cities and Towns (Above 20,000 Households)	Number of Households 2016	Percentage of Households Below ALICE Threshold 2016	Percent Change 2010–2016	
			TOTAL HOUSEHOLDS	HOUSEHOLDS BELOW ALICE THRESHOLD
Milwaukee	228,283	58%	0%	-3%
Madison	109,549	38%	9%	-5%
Green Bay	43,285	45%	3%	8%
Kenosha	38,531	44%	1%	-7%
Racine	30,599	60%	1%	9%
Waukesha	29,102	48%	2%	13%
Appleton	28,852	36%	0%	5%
Eau Claire	27,912	47%	7%	24%
West Allis	27,604	50%	2%	9%
Oshkosh	26,655	43%	8%	4%
Janesville	26,098	43%	3%	21%
La Crosse	20,882	52%	-2%	14%
Wauwatosa	20,623	31%	2%	11%
Sheboygan	20,574	46%	-1%	10%

Source: American Community Survey, 2010–2016, and the ALICE Threshold, 2010-2016; For additional data, visit our website: UnitedWayALICE.org

COMPOUNDING FACTORS

This Report highlights the great variations among ALICE households by age, race and ethnicity, and location — variations often masked by state and national averages. As discussed in the 2016 United Way ALICE Report for Wisconsin, other factors can also make households more likely to be ALICE or to be in poverty. These include being a household headed by a recent immigrant, especially those who are undocumented or unskilled; by someone with low proficiency in English; by an LGBT individual (though gay men, particularly those in married couples, are less likely to be low-income than other LGBT groups); by someone with a low level of education; or by someone living with a disability. Groups with more than one of these factors — younger combat veterans, for example, who may have both a disability and a low level of education, or ex-offenders, many of whom are Black and may have a low level of formal education — are even more likely to fall below the ALICE Threshold. Awareness of these challenges has increased within the culture, and this Report highlights some examples of structural change in the workplace designed to increase opportunity for these groups. However, these systemic trends persist in Wisconsin, as they do across the country (Bui, 2016).

II. WHAT DOES IT COST TO LIVE IN TODAY'S ECONOMY?

THE HOUSEHOLD SURVIVAL BUDGET

The Household Survival Budget reflects the bare minimum cost to live and work in the modern economy. In 2016, the average Household Survival Budget in Wisconsin was \$61,620 for a four-person family and \$19,848 for a single adult (Figure 10). These costs continue to outpace the rate of inflation. The hourly wage necessary to support a family budget is \$30.81 for one parent working 40 hours per week, 50 weeks per year (or \$15.41 per hour each, if two parents work), and \$9.92 per hour, full time, for a single adult (Figure 10).

Figure 10.
Household Survival Budget, Wisconsin Average, 2016

Household Survival Budget, Wisconsin Average, 2016			Percent Change 2010-2016	
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Monthly Costs				
Housing	\$492	\$735	6%	12%
Child Care	\$-	\$1,231	N/A	-9%
Food	\$158	\$525	0%	10%
Transportation	\$349	\$698	15%	15%
Health Care	\$215	\$802	90%	76%
Technology*	\$55	\$75	N/A	N/A
Miscellaneous	\$150	\$467	24%	18%
Taxes	\$235	\$602	38%	43%
Monthly Total	\$1,654	\$5,135	24%	18%
ANNUAL TOTAL	\$19,848	\$61,620	24%	18%
Hourly Wage**	\$9.92	\$30.81	24%	18%

*New to budget in 2016

**Full-time wage required to support this budget

Source: U.S. Department of Housing and Urban Development, 2016; U.S. Department of Agriculture, 2016; Bureau of Labor Statistics, 2016; Internal Revenue Service; Tax Foundation; and Wisconsin Department of Children and Families, 2016. For the Methodology Overview and additional data, visit our website: UnitedWayALICE.org

The cost of household basics in the Household Survival Budget — housing, child care, food, transportation, health care, technology, and taxes — increased by 24 percent for a single adult and 18 percent for a family of four from 2010 to 2016 in Wisconsin. These higher costs outpaced the 9 percent national rate of inflation during that period. National median earnings increased by 11 percent, compared to a 14 percent increase in Wisconsin. The rise in the Household Survival Budget in Wisconsin was driven primarily by the addition of a smartphone and substantial increases in the cost of transportation and health care. Higher health care costs stem primarily from an increase in out-of-pocket health care costs and to a lesser degree from the addition of the Affordable Care Act penalty, both of which our methodology assumes ALICE households pay because they are uninsured (for more details on health care costs, see the Methodology Overview on our website: UnitedWayALICE.org) (Bradley, 2017).

SURVIVAL BUDGET COMPONENTS

Housing: The housing budget uses the U.S. Department of Housing and Urban Development’s Fair Market Rent for an efficiency apartment for a single adult and a two-bedroom apartment for a family. The cost includes utilities but not telephone service, and it does not include a security deposit.

Child Care: The child care budget represents the cost of home-based child care for an infant and a 4-year-old. Home-based child care sites are not regulated by state law and the YoungStar quality rating system is used only by some sites, so the quality of care may vary widely between locations. Licensed child care centers, which are fully regulated to meet standards of quality care, are significantly more expensive.

Food: The food budget is based on the U.S. Department of Agriculture’s Thrifty Food Plan, which is also the basis for benefits from the Supplemental Nutrition Assistance Program and Special Supplemental Nutrition Program for Women, Infants, and Children.

Like the USDA’s original Economy Food Plan, the Thrifty Food Plan was designed to meet the nutritional requirements of a healthy diet, but it includes foods that need a lot of home preparation time with little waste, plus skill in both buying and preparing food. The cost of the Thrifty Food Plan takes into account broad regional variation across the country but not localized variation, which can be even greater, especially for fruits and vegetables (Hanson, 2008; Leibtag & Kumcu, 2011).

Transportation: The transportation budget is calculated using average annual expenditures for transportation by car and by public transportation from the Bureau of Labor Statistics’ Consumer Expenditure Survey (CES). Since the CES is reported by metropolitan statistical areas and regions, counties are matched with the most local level possible.

Health Care: The health care budget includes nominal out-of-pocket health care spending, medical services, prescription drugs, and medical supplies using the average annual health expenditure reported in the CES, plus a penalty for not purchasing insurance as mandated by the Affordable Care Act. Because ALICE households do not qualify for Medicaid or for Silver Marketplace subsidies and yet cannot afford even the lowest-cost Bronze Plan premiums and deductibles, the budget uses the cost of the “shared responsibility payment” — the penalty for not having coverage that was required of households in 2016. That year, the penalty was \$695 annually for a single adult and \$2,085 for a family of four.

Technology: Because cell phones have become essential for workers, the cost of a smartphone is added to the Household Survival Budget for each adult in the household. The cost is based on the cheapest available as reported by Consumer Reports. While there are government subsidies for low-income residents, the income eligibility threshold (135 percent of the FPL) is significantly less than the ALICE Threshold, so these subsidies are excluded.

Miscellaneous: The miscellaneous category includes 10 percent of the budget total (including taxes) to cover cost overruns. This category can also cover additional essentials such as toiletries, diapers, cleaning supplies, or work clothes.

Taxes: The tax budget includes both federal and state income taxes where applicable, as well as Social Security and Medicare taxes. These rates include standard federal and state deductions and exemptions, as well as the federal Child Tax Credit and the Child and Dependent Care Credit as defined in the Internal Revenue Service’s *Form 1040: Individual Income Tax, Forms and Instructions*. They also include state tax deductions and exemptions such as the Personal Tax Credit and renter’s credit as defined in each state Department of Revenue’s *Form 1040: Individual Income Tax, Forms and Instructions*. In most cases, ALICE households do not qualify for the Earned Income Tax Credit.

Across the country, the cost of basic necessities has risen faster than the cost of the wider range of goods included in the Consumer Price Index over the last 30 years. While steady increases are difficult for ALICE families, volatility presents another set of challenges, especially for budgeting. Of all expenses, food and energy costs have been the most volatile (Church, 2015; Church & Stewart, 2013).

The Household Survival Budget varies across Wisconsin's counties. In 2016, the basic essentials were least expensive for a family in Price County at \$55,392 per year, and for a single adult in Iron, Pepin, and Taylor counties at \$18,324. They were most expensive for a family in Dane County at \$77,616, and for a single adult in Pierce County at \$24,600. A Household Survival Budget for each county in Wisconsin is presented in the County Pages available on our website: UnitedWayALICE.org.

COST OF LIVING FOR SENIORS

It is particularly important to understand the financial challenges seniors, the largest population in the U.S., face. As people age, health issues increase along with associated costs of care. Even with Social Security and Medicare, many seniors struggle financially. As Figure 11 illustrates, Social Security provides, on average, sufficient funds for seniors to live above the FPL. According to a study by the Pew Foundation, without Social Security, the poverty rate among seniors in the U.S. would have been more than 50 percent in 2014 — more than triple the actual rate of 15 percent. Yet Social Security is not enough to cover a basic household budget, and the gap between benefits and expenses is getting wider. The purchasing power of Social Security payments dropped by 30 percent from 2000 to 2015, according to a study by the nonpartisan Senior Citizens League (Johnson, 2017; Grovum, 2014).

While Medicare provides crucial health care coverage and many seniors would be far worse off without it, the benefit does not cover all health care. It notably omits most dental and foot care, eye exams and glasses, home health aides, and most health care equipment. Nor does it cover short-term custodial care or long-term care (Centers for Medicare & Medicaid Services, 2016; Foster A. C., 2016; Centers for Medicare & Medicaid Services, 2018).

The Household Survival Budget does not take into account different spending patterns for some seniors; its costs for housing, food, and transportation are on target for seniors who are healthy and working. However, many seniors face additional health care-related expenses, including in-home health care, residential assisted living care, and residential nursing care. These are compared in Figure 11.

The Elder Economic Security Standard™ Index (the Elder Index), a budget tool from the Gerontology Institute at the University of Massachusetts Boston and the National Council on Aging, includes additional expenses that older people often incur, primarily in health care. The Elder Index is a measure of how much money seniors require in order to meet basic needs and age in place with dignity. As a basic budget, it does not include the cost of auto or home repairs, housekeeping services such as cooking or cleaning, home health aide services for personal care such as bathing and dressing, or adult day health care. Yet in Wisconsin, even at this basic level, the Index's budget calculation for a senior renter in 2016 is still 11 percent higher than the Household Survival Budget (National Council on Aging, 2017; Genworth, 2016).

As more health care is required, basic budget costs for seniors increase:

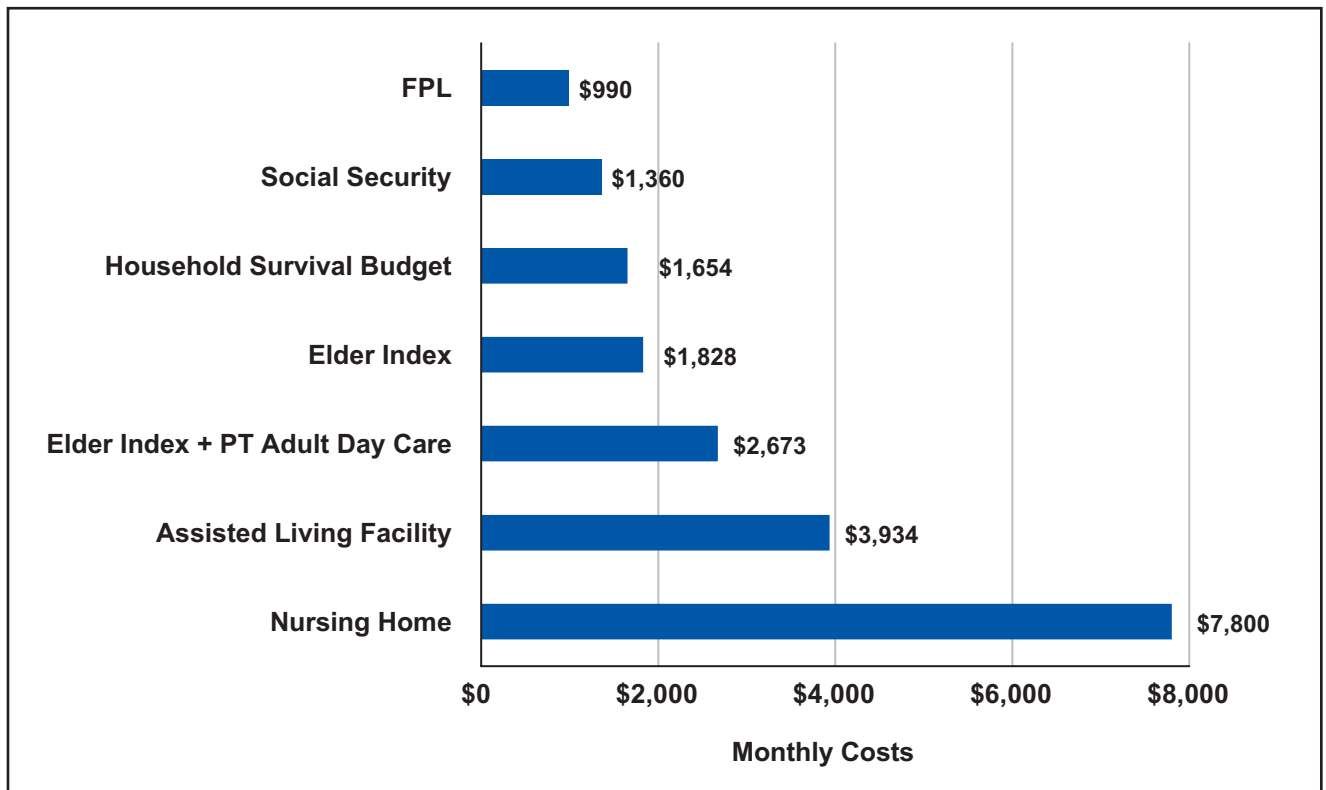
Adult day care: Adding three days per week of adult day care to the Elder Index budget increases that budget by 46 percent, an additional expense almost as large as a mortgage. If a senior is injured, Medicare covers skilled nursing care necessary for recovery — 100 percent of the cost for the first 20 days and 80 percent afterward up to the 100-day mark — but it does not cover care for longer-term conditions (Genworth, 2016).

Assisted living: The cost of assisted living arrangements adds even more expense — and the number of seniors needing these arrangements is increasing rapidly, in part due to higher rates of debilitating chronic conditions such as diabetes, cancer, high cholesterol, and high blood pressure. The national median monthly rate for an assisted living facility with personal care and health services was \$3,934 per month (\$47,208 annually) in 2016 — 138 percent higher than the Household Survival Budget for a single adult in Wisconsin and 115 percent higher than the Elder Index budget.

Nursing home care: A nursing home with 24-hour, on-site nursing care is even more expensive, at \$7,800 per month (\$93,600 annually) for a semi-private room — 372 percent higher than the Household Survival Budget in Wisconsin and 327 percent higher than the Elder Index budget.

Medicare covers the cost of medically necessary care during short-term stays in a nursing facility, but not custodial care (such as help with bathing and dressing) or long-term care (Genworth, 2016). Medicaid pays for an estimated half of total nursing home costs in the U.S. annually and is the largest payer of nursing home care. Yet it has strict eligibility guidelines: 100 percent of costs are covered only for those who make less than \$26,460 annually and have less than \$2,000 in assets, though requirements vary depending on age, marital status, veteran status, and state of residence (Genworth, 2016; Bradley, 2017).

Figure 11.
Comparison of Senior Budgets for a Single Adult, Wisconsin, 2016



Source: Household Survival Budget, 2016; Genworth, 2016; Mutchler, Li, & Xu, 2016; Social Security Administration, 2017; U.S. Department of Health and Human Services, 2016

HOW DOES THE SURVIVAL BUDGET COMPARE?

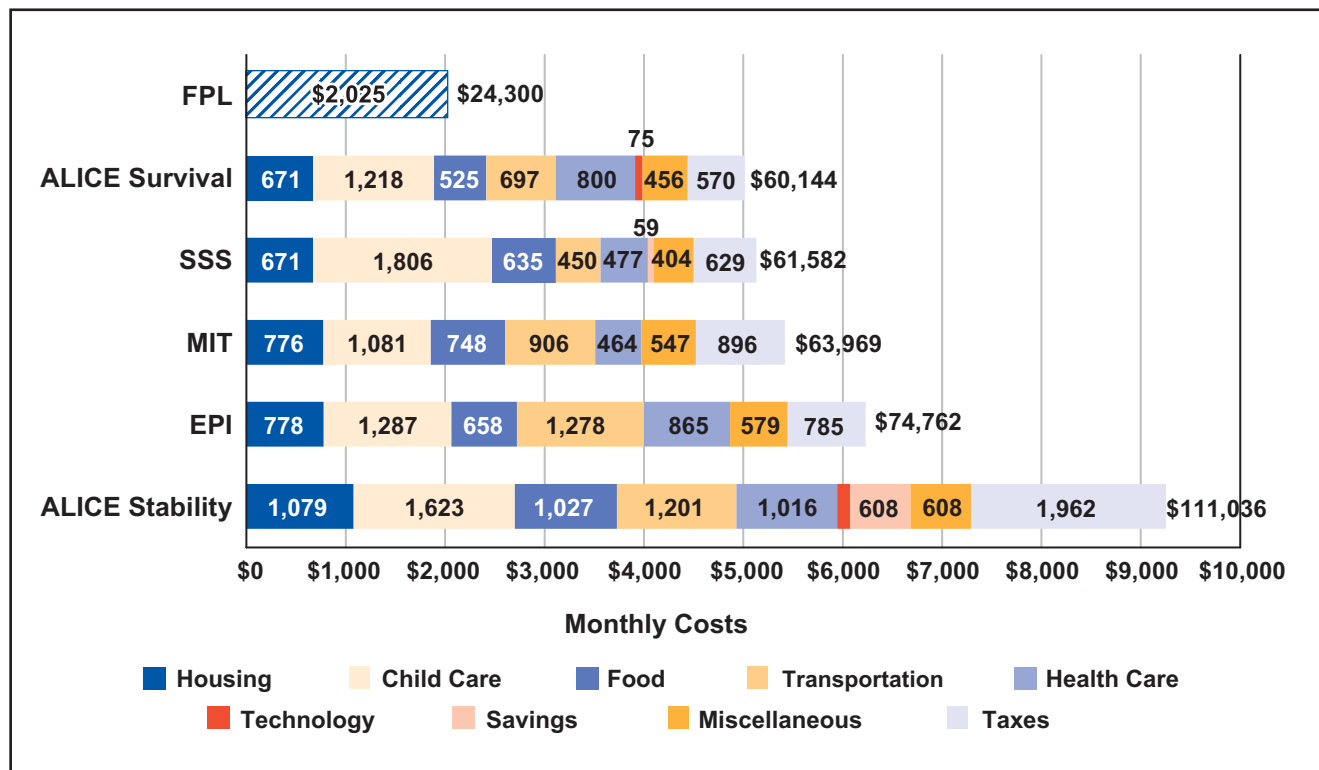
The Household Survival Budget measures the bare-minimum costs for a household to live and work in the modern economy, calculated for actual household expenditures. Here it is compared to less modest budgets created by other organizations, which use different sets of measures. The Self-Sufficiency Standard measures the income necessary to meet a family’s basic needs without assistance. The Massachusetts Institute of Technology (MIT) Living Wage Calculator measures the minimum employment earnings necessary to meet a family’s basic needs while also maintaining self-sufficiency. The Economic Policy Institute’s (EPI) Family Budget Calculator measures the cost to provide a reasonably secure yet modest standard of living.

In addition, this Report presents another budget, the Household Stability Budget, which provides for stability over time, a reasonable quality of life, and a measure of future financial security. It is the most expensive of the budgets because it estimates what it costs to support and sustain a secure, economically viable household; this budget highlights how far short of that level an ALICE family’s earnings fall. The statewide average Wisconsin Household Stability Budget for a four-person family is moderate in what it includes, yet it still totals \$110,196 per year — almost double both the Household Survival Budget of \$61,620 and the Wisconsin median family income of \$56,811 per year. To afford the Household Stability Budget for a two-parent family, each parent must earn \$27.55 per hour or one parent must earn \$55.10 per hour.

The statewide average Household Stability Budget for a single adult totals \$32,700 per year, 65 percent higher than the single-adult Household Survival Budget, but less than the Wisconsin median earnings for a single adult of \$35,803. To afford the Household Stability Budget, a single adult must earn \$16.35 per hour. The Stability Budget for various household types is available at UnitedWayALICE.org/Wisconsin.

Comparing these four budgets and the FPL for Green County helps put these different tools in perspective (Figure 12).

Figure 12.
Comparison of Household Budgets (Family of Four), Green County, Wisconsin, 2016



Source: American Community Survey, 2016; ALICE Household Survival Budget, 2016; Pearce, 2016; MIT, 2016; Economic Policy Institute, 2018

Using the example of Green County, the FPL provides the lowest measure — \$24,300 per year for a family of four (U.S. Department of Health and Human Services, 2016). After the FPL, the Household Survival Budget has the lowest costs. The Self-Sufficiency Standard is 2 percent higher than the Household Survival Budget. The MIT budget is 6 percent higher (using 2015 costs, the latest provided); the EPI budget is 24 percent higher (in 2017 costs). The Household Stability Budget is the most expensive, at 85 percent higher. A detailed comparison of the budgets is outlined below (Economic Policy Institute, 2015; Glasmeier A. K., 2018; Pearce, 2016) (Figure 13).

The budgets all use similar calculations for taxes, but as each total budget increases, the income needed to cover the expenses also increases, and higher income results in a larger tax bill (U.S. Department of Health and Human Services, 2016; Gould, Cooke, Kimball, & Davis, 2015; Glasmeier & Nadeau, 2017).

Figure 13.
Comparison of Household Budgets by Category, Wisconsin, 2016

	Household Survival Budget	Self-Sufficiency Standard	MIT Living Wage Calculator	EPI Family Budget Calculator	Household Stability Budget
Objective	Calculate the bare minimum needed to live and work in the modern economy	Make ends meet without public or private assistance	Meet a family's basic needs while also maintaining self-sufficiency	Provide a reasonably secure yet modest standard of living	Support and sustain a secure and economically viable household
Housing	HUD's 40 th rent percentile for a two-bedroom apartment (which includes all utilities whether paid by landlord/owner or by renter)	HUD's 40 th rent percentile for a two-bedroom apartment	HUD's 40 th rent percentile for a two-bedroom apartment, plus additional utilities above HUD's estimate	HUD's 40 th rent percentile for a two-bedroom apartment, plus additional utilities above HUD's estimate	Median rent for single adults and single parents, and a moderate house with a mortgage for a two-parent family
Child Care	Home-based child care for an infant and a preschooler	Full-time care for infants and preschoolers and part-time before- and after-school care for school-age children using weighted average of family child care and center child care	Lowest-cost child care option available (usually home-based care) for a 4-year-old and a school-age child, whose care is generally less costly than infant care	Lowest-cost child care option available (center care in metro area or family care in non-metro area) for a 4-year-old; after-school and summer care for an 8-year-old; all generally less costly than infant care	Licensed and accredited center for an infant and a preschooler
Food	USDA's Thrifty Food Plan for a family of four	USDA's Low-Cost Food Plan, varying food costs by the number and ages of children and the number and gender of adults	USDA's Low-Cost Food Plan for a family of four	USDA's Low-Cost Food Plan national average for a family of four, adjusted for county-level variation	USDA's Moderate Food Plan, plus one meal out per month
Transportation	Operating costs for a car, or public transportation where available	Operating and ownership costs for one car per adult, or public transportation where available	Operating costs for a car, vehicle expenses and financing, and public transportation	Operating costs for a car based on county-level data	Operating costs for a car, plus cost for leasing one car
Health Care	Out-of-pocket health care expenses, plus the Affordable Care Act (ACA) penalty	Employer-sponsored health insurance plus out-of-pocket health-care costs	Employer-sponsored health insurance, medical services and supplies, and prescription drugs	ACA's least expensive plan, plus out-of-pocket health care costs	Employer-sponsored health insurance, plus out-of-pocket health care costs
Technology	Lowest-cost smartphone plan for each adult in household	Included in Miscellaneous	None	Included in Miscellaneous	Cost of smartphone for each adult in household and basic home internet service
Miscellaneous	Cost overruns, estimated at 10 percent of budget	All other essentials including clothing, shoes, paper products, diapers, nonprescription medicines, cleaning products, household items, personal hygiene items, and telephone service; estimated at 10 percent of budget	Includes essential clothing and household expenses	"Other Necessities" includes apparel, entertainment, personal care expenses, household supplies, telephone services, and school supplies	Cost overruns contingency as well as savings; each is 10 percent of budget
Savings	None	Amount needed to cover living expenses minus unemployment benefits.	None	None	To ensure stability over time, monthly savings set at 10 percent of budget
Latest Year Data Available	2016	2016	2015	2017	2016

Source: Economic Policy Institute, March 2018; Gould, Cooke, Kimball, & Davis, 2015; Glasmeier & Nadeau, 2017; Pearce, 2016; and ALICE Methodology Overview, 2018 available at UnitedWayALICE.org

III. ALICE IN THE WORKFORCE

Today, ALICE workers primarily hold jobs in occupations that build and repair our infrastructure and educate and care for the workforce. This range of jobs is broader than the service sector, and it ensures that the economy runs smoothly. These workers were aptly described as “maintainers” by technology scholars Lee Vinsel and Andrew Russel in 2016. Yet despite ALICE workers’ importance to the economy, improvements in employment and productivity still have not enabled many of them to earn enough to afford a basic household budget (Vinsel & Russell, 2016; Frey & Osborne, September 2013).

ALICE workers across the U.S. are still struggling for several reasons:

- **The structure of the new economy** has shifted more risk and fewer gains to workers and added more technological disruption.
- **The persistence of low wages** and increasingly unstable work schedules makes it harder to earn a viable annual income.
- **Barriers to finding stable employment and being promoted can be rooted in discrimination**, such as by race/ethnicity, sex, gender identity, sexual orientation, and immigration status. Other barriers include level of education as well as the location and size of businesses.

THE NEW ECONOMY: NATIONAL TRENDS

While discussion of the economy today often focuses on novel jobs (such as Uber drivers) and automation, there are some larger, underlying national trends that are reshaping the financial landscape for families as well as businesses. These include the shift of risk from employers to workers, technological disruption of processes and services, and the increasing importance of short-term productivity gains.

Workers at Risk

In 2016, as the economy approached full employment (defined as less than 5 percent unemployment) in many parts of Wisconsin, ALICE workers were more likely to be employed, but their income still lagged behind the cost of living in most areas. In some cases, the problem is simply low wages. But there is also the challenge of finding full-time, continuous work.

Over the last decade there has been a shift away from traditional full-time, full-benefit jobs. In 2017, up to one-third of the workforce nationally was working as a consultant or contingent worker, temp, freelancer, or contractor within the so-called gig economy. As a result, more and more workers are experiencing gaps in employment and less regular schedules, and going without retirement plans, health insurance, and worker safety protections. Many gig-economy workers struggle to pay ongoing monthly expenses or to qualify for loans or other financial products that require regular income. In addition, they are significantly more likely to report economic anxiety than regular full-time workers (Gaggl & Eden, 2015; Abraham, Haltiwanger, Sandusky, & Spletzer, 2016; Katz & Krueger, 2016; Freelancers Union & Elance-oDesk, 2016; Wald, 2014; U.S. Government Accountability Office, 2015; Edison Research, 2018).

Declining unemployment rates also do not reflect the larger number of people outside the traditional labor force (defined as people aged 16 to 64 years old). There are significant numbers of potential workers who are currently not participating in the workforce: After rising for more than three decades, the overall U.S. labor-force participation rate peaked in early 2000 at 67 percent, and subsequently trended down to 63 percent in 2016. There are workers who are underemployed (working fewer hours than they want, in either the traditional or the gig economy), and those who have accepted a lower income than they had in the past (Hipple, 2015; Bureau of Labor Statistics, 2016).

In addition, workers older than 65 years are a huge labor reserve, as many want — or need — to work beyond the traditional retirement age of 65. The average retirement age rose from 62 in the mid-1990s to 64 in 2015 for men, and from 60 to 62 for women. The proportion of the population age 65 and older in the labor force increased from 12 percent in 1990 to 18 percent in 2016. The increase in working senior women was one of the main drivers of this trend (Kromer & Howard, 2013; Desilver, 2016; Munnell, 2011; Munnell, 2015).

Automation

The automation of many jobs has improved safety, reducing the risk of injury for workers such as coal miners, and increasing quality control in services such as pharmaceutical dispensing. The regularity of these processes reduces room for human error and will continue to improve public safety through real-time monitoring and reaction in occupations such as long-distance driving and emergency response (MWES Engineered Systems, 2018; McKinsey Global Institute, 2017).

Many are predicting the demise of ALICE workers' maintainer jobs due to automation; recent research and media coverage often focus on innovations that automate jobs, such as self-checkout lines at the grocery store. Yet jobs that repair the physical infrastructure and care for the workforce are actually predicted to grow faster than all other types of occupations in the coming decades. And many innovations, like online customer service, have created new maintainer jobs rather than replacing them with automation (as discussed further in Section VI). It is more realistic to acknowledge that ALICE workers' maintainer jobs, in one form or another, are here to stay (Vinsel & Russell, 2016; Frey & Osborne, September 2013).

Productivity

Gains in productivity have traditionally been shared across the economy with workers, management, and even communities. In the last few decades, there has been a shift away from this shared prosperity. Compensation for most workers, especially in maintainer jobs, has not increased with the cost of living, even in cases where there have been significant gains in productivity. Instead of sharing gains with employees, companies have chosen to spend more on capital, and more recently on profits and dividends to increase stock prices. Since most corporate leaders' compensation is directly linked to stock prices, they have benefited hugely from this practice; the compensation of top U.S. executives has doubled or tripled since the first half of the 1990s, while workers' wages have remained flat. Investment in capital can have long-term benefits, but the shift in strategy to focus on short-term stock prices reduces prosperity — for wages and stock prices alike — in the long term (Economic Policy Institute, 2017; Sprague & Giandrea, 2017; Lazonick, 2014).

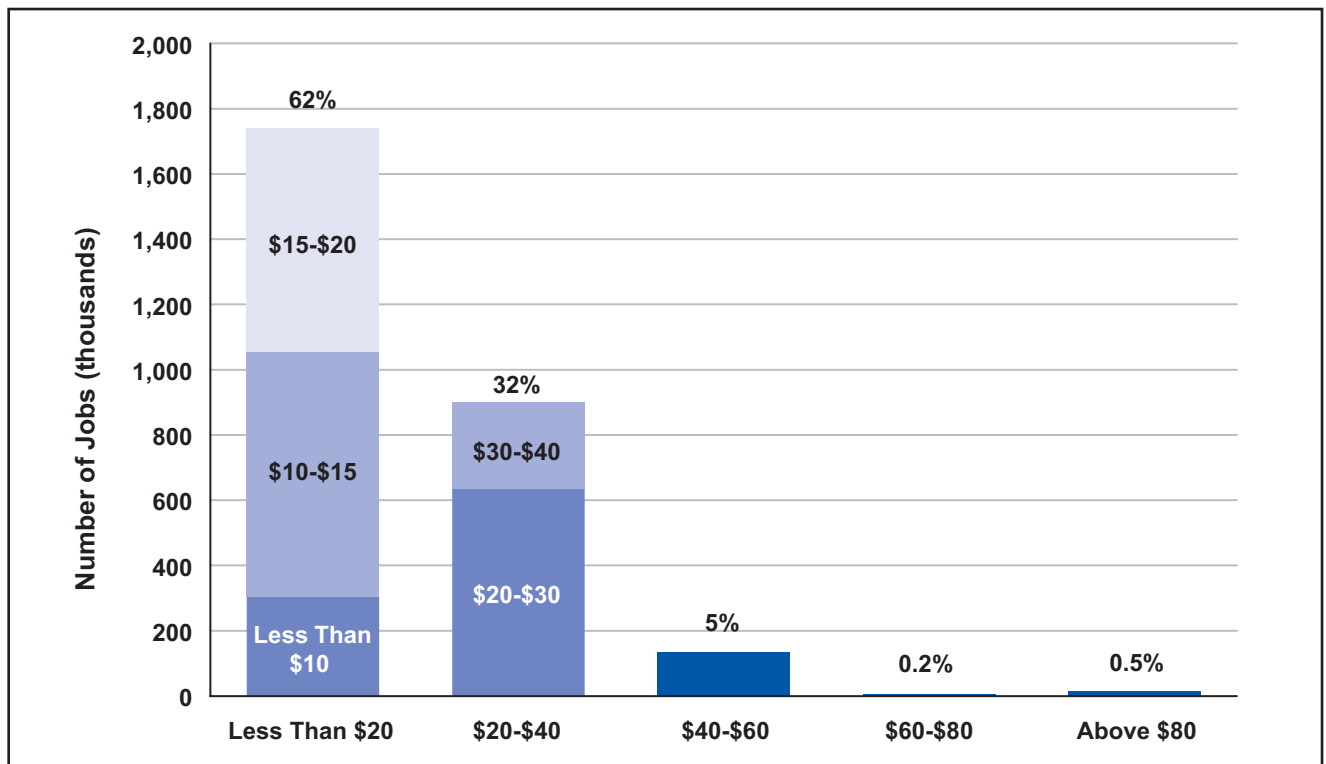
THE WISCONSIN ECONOMY: LOW WAGES

The Wisconsin economy has grown since the economic recovery began in 2010, and the unemployment rate is low. Yet overall, real wages declined from 2010 to 2015 in Wisconsin, then started to increase. Though the Wisconsin economy is diversifying, it is still reliant on the manufacturing sector, where productivity has been flat since 2010 (Guo & Williams, 2018; Nunley, 2018).

Low-wage jobs continue to dominate the Wisconsin economy. The continued decline in the share of income going to workers, and the fact that medium-wage jobs have not returned, make it more challenging for workers to find jobs with wages that can support even a basic household budget.

With 2.8 million total jobs in Wisconsin recorded by the Bureau of Labor Statistics in 2016, the job market has shown improvement since 2010, but it has not returned to its 2007 size. **In addition, 62 percent of Wisconsin’s jobs pay less than \$20 per hour, with 61 percent of those jobs paying less than \$15 per hour** (Figure 14). 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 Wisconsin (Bureau of Labor Statistics, 2007 and 2016).

Figure 14.
Number of Jobs by Hourly Wage, Wisconsin, 2016



Source: Bureau of Labor Statistics, Occupational Employment Statistics (OES) Wage Survey – All Industries Combined, 2016

The top 20 occupations in Wisconsin in terms of total employment are predominantly maintainer jobs, which are more likely to pay low wages. Of these occupations, only two — general and operations managers and registered nurses — paid enough in 2016 to support the family Household Survival Budget, a minimum of \$30.81 per hour (Figure 15).

Retail sales, the most common occupation in Wisconsin, pays a wage that is well below what is needed to make ends meet. The state’s more than 85,000 retail salespeople make an average of \$10.13 per hour, or

\$20,260 if working full-time, year-round. These jobs fall short of meeting the family Household Survival Budget by more than \$41,000 per year. Even if both parents in a two-parent family worked full time at this wage, they would fall short of the Household Survival Budget by \$21,000 per year.

The changing economic landscape is also apparent in the decrease in the number of traditional jobs such as cashiers and nursing assistants. Jobs that are increasing the most — personal care aides (which nearly quadrupled since 2010), office clerks, and customer service representatives — have wages of less than \$20 per hour. There has also been growth in median hourly wages, with wages in six occupations — office clerks, bookkeeping and accounting clerks, customer service representatives, laborers and movers, personal care aides, and nursing assistants — growing faster than the rate of inflation. But only one group — laborers and movers — saw wages increase at the same rate as the cost of the Household Survival Budget (Bureau of Labor Statistics, 2010 and 2016).

Figure 15.
Top 20 Occupations by Employment and Wage, Wisconsin, 2016

OCCUPATION	2016		Percent Change 2010-2016	
	NUMBER OF JOBS	MEDIAN HOURLY WAGE	NUMBER OF JOBS	MEDIAN HOURLY WAGE
Retail Salespersons	85,100	\$10.13	12%	7%
Office Clerks	84,250	\$15.71	34%	17%
Food Prep, Including Fast Food	71,230	\$8.84	12%	5%
Cashiers	61,290	\$9.18	-15%	6%
Customer Service Representatives	60,650	\$16.64	31%	11%
Personal Care Aides	59,690	\$10.78	395%	15%
Registered Nurses	55,410	\$31.94	5%	6%
Laborers and Movers	52,690	\$14.43	23%	18%
Heavy and Tractor-Trailer Truck Drivers	49,140	\$19.50	13%	8%
Waiters and Waitresses	43,190	\$9.06	-1%	6%
Janitors and Cleaners	42,760	\$11.37	-1%	3%
Team Assemblers	41,480	\$14.38	26%	4%
Sales Representatives	38,650	\$28.56	16%	8%
Stock Clerks and Order Fillers	35,190	\$10.45	7%	7%
Bookkeeping and Accounting Clerks	32,880	\$17.12	2%	10%
Nursing Assistants	32,380	\$13.22	-14%	10%
General and Operations Managers	32,350	\$45.66	26%	3%
Maintenance and Repair Workers	30,430	\$18.40	26%	3%
Elementary School Teachers	29,160	\$18.40	4%	-29%
Bartenders	28,120	\$9.18	13%	5%

Source: Bureau of Labor Statistics, Occupational Employment Statistics (OES) Wage Survey – All Industries Combined, 2010 and 2016.

THE WISCONSIN ECONOMY: JOB OPPORTUNITIES

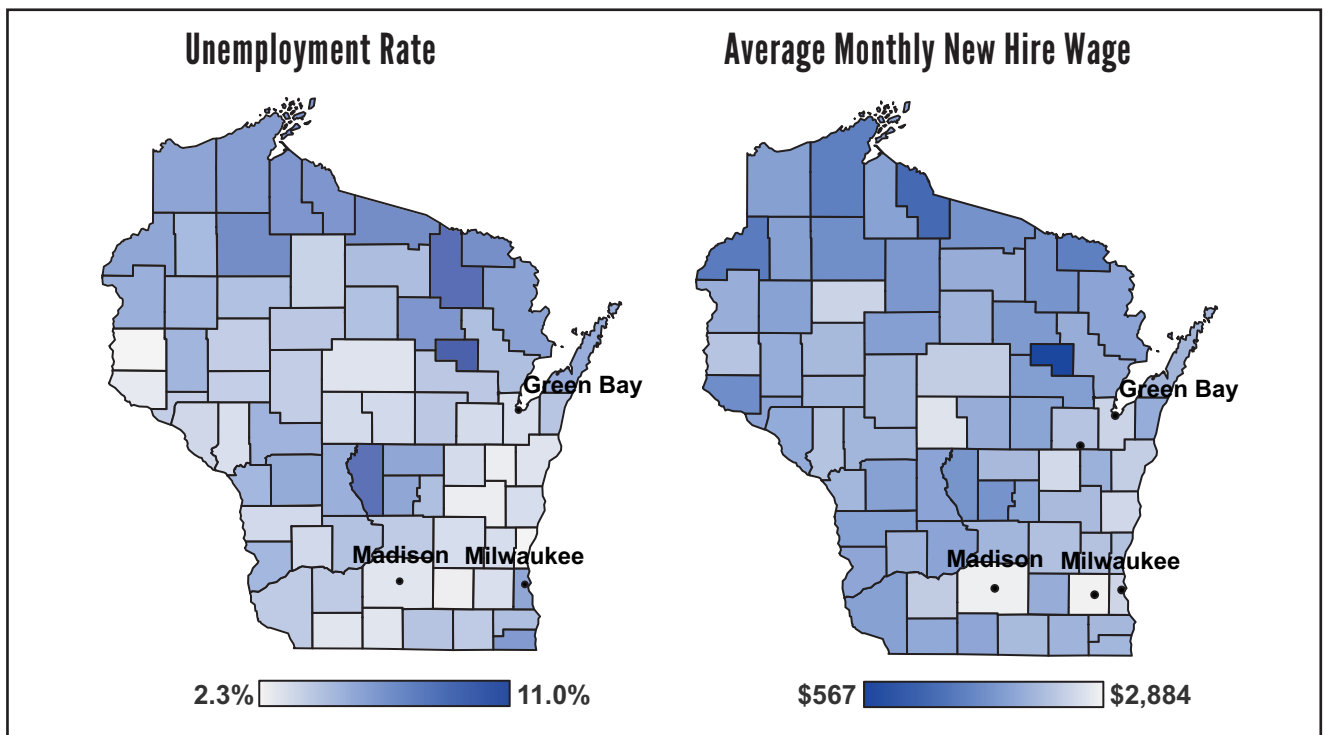
Technology is often said to be at the root of the split between “high-skill, high-wage” and “low-skill, low-wage” jobs. Yet there are other factors that better explain job inequality in Wisconsin, including job location, company size, and discrimination faced by women, LGBT people, people of color, and people with low levels of education (Schmitt, Shierholz, & Mishel, 2013).

Job Location

Location often determines the availability of jobs and wages. Across Wisconsin, there is wide variation in both wages and unemployment rates.

In 2016, the unemployment rate in Wisconsin was 4.1 percent, compared to the U.S. rate of 5.8 percent. But within Wisconsin there is wide variation by county, with unemployment ranging from 2 percent in Ozaukee and St. Croix counties to more than 10 percent in Menominee, Forest, and Adams counties. Rates also vary by region across the state (Figure 16).

Figure 16.
Unemployment and Average New-Hire Wage by County, Wisconsin, 2016



Source: American Community Survey, 2016; Bureau of Labor Statistics, Occupational Employment Survey, 2016

Location also impacts wages, with the average monthly wage for a newly hired employee ranging from \$567 in Menominee County to \$2,884 in Waukesha County (Figure 16). Wages and employment rates are often inversely correlated: Workers in the areas around Madison and Milwaukee, where unemployment rates are low, tend to earn more, while those in rural areas with higher rates of unemployment tend to have lower wages. In addition, wages are affected by an employer’s firm size, as discussed later in this section.

Income Disparities: Women, LGBT Communities, People of Color, and People With Low Levels of Education

Beginning in the 1970s, income disparities began to widen across the country. The average income for the top 0.01 percent of households grew 322 percent, to \$6.7 million, between 1980 and 2015, whereas the average income of the bottom 90 percent increased only 0.03 percent. By 2015, half of all U.S. income went to the top 10 percent of earners. Though there have been some recent improvements in median wages, the most striking trend is that disparities continue to grow not only between income groups, but also within them, divided by knowledge and education; sex, gender identity, and sexual orientation; and race and ethnicity. This is true both nationally and in Wisconsin (Gould, 2016; Stone, Trisi, Sherman, & Horton, 2017; Saez, 2017; Gilson & Rios, 2016).

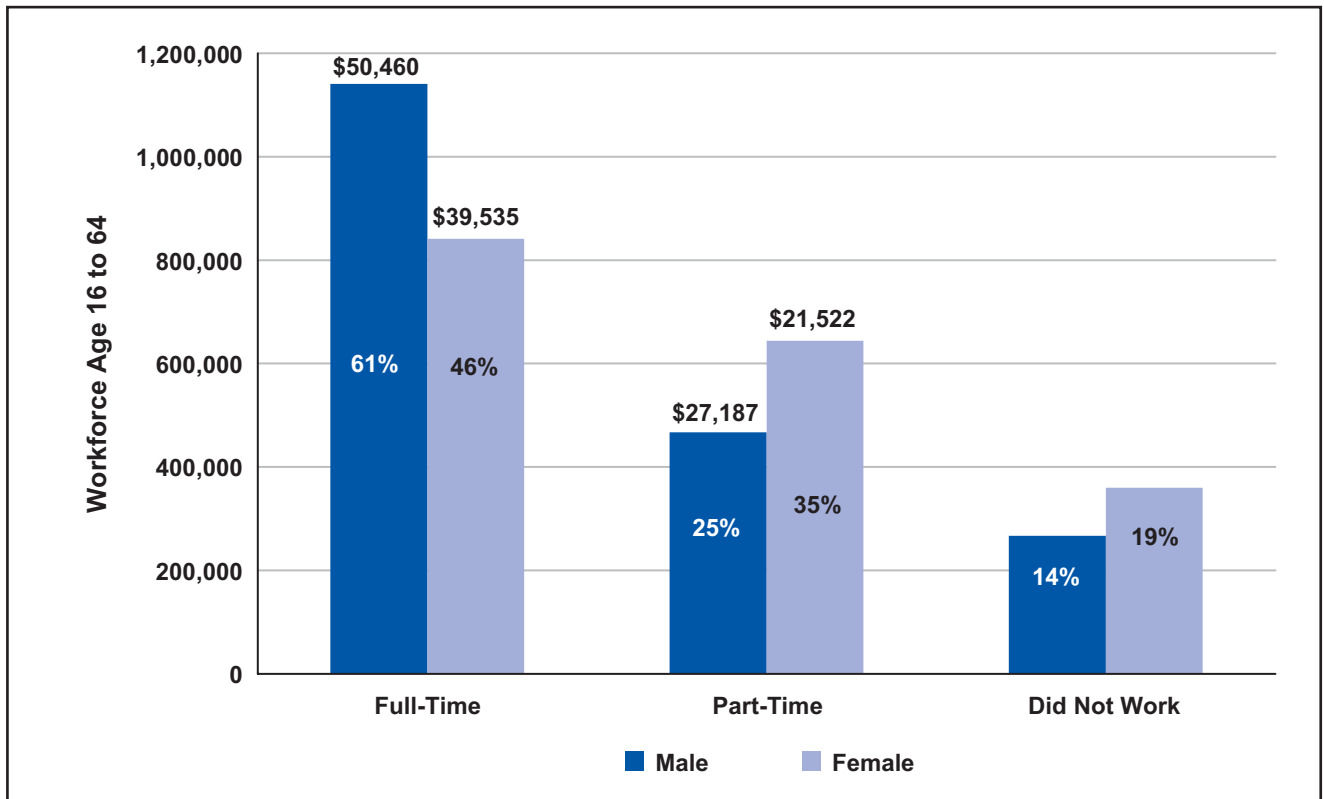
Sex: In general, women's wages are lower than men's in Wisconsin (Figure 17); men earn 26 percent more in both full-time and part-time jobs. However, there appears to be some slow but consistent closing of the gender wage gap for all but the highest earners. Nationally from 2000 to 2015, the gender wage gap at the median fell, with median women's wages rising from 78 percent to 83 percent of median men's wages. Unfortunately, the primary reason for this narrowing has been falling men's wages. For the bottom 70 percent of male workers, wages have stagnated or declined since 2007 (Gould, 2016; Gould & Davis, 2015).

Among the college-educated, men's wages grew more than twice as fast as women's wages nationally between 2000 and 2015. While gender wage gaps narrowed during those years for people without a college degree, they grew among people with an advanced degree.

Lack of opportunity can be an even more stubborn barrier than lack of equal pay for equal work. According to the research website PayScale.com, men and women tend to work at similar job levels, most starting in similar entry-level positions. Over the course of their careers, both men and women move into manager- or supervisor-level roles, and eventually to director- and executive-level roles. But men tend to move into these roles more often and more quickly than women (PayScale, 2016).

Since 2010, unemployment rates in Wisconsin have improved, but underemployment, or not consistently working enough hours, remains an issue for many workers. A greater percentage of women work part time (35 percent, compared to 25 percent of men). Perhaps more important is the percentage by gender who are out of the workforce in Wisconsin — 19 percent of women and 14 percent of men in 2016 (American Community Survey, 2016). Nationally, for women 25 to 54 years old, the most common reason for not working was in-home responsibilities. According to a 2016 survey by the Brookings Institution and The Hamilton Project, the primary reason for women not working was caregiving for a relative or friend (36 percent of respondents); men were far less likely to be caregivers (only 3 percent of respondents) (Hipple, 2015; McCarthy, 2017).

Figure 17.
Full- and Part-Time Employment and Wages for Men and Women, Wisconsin, 2016

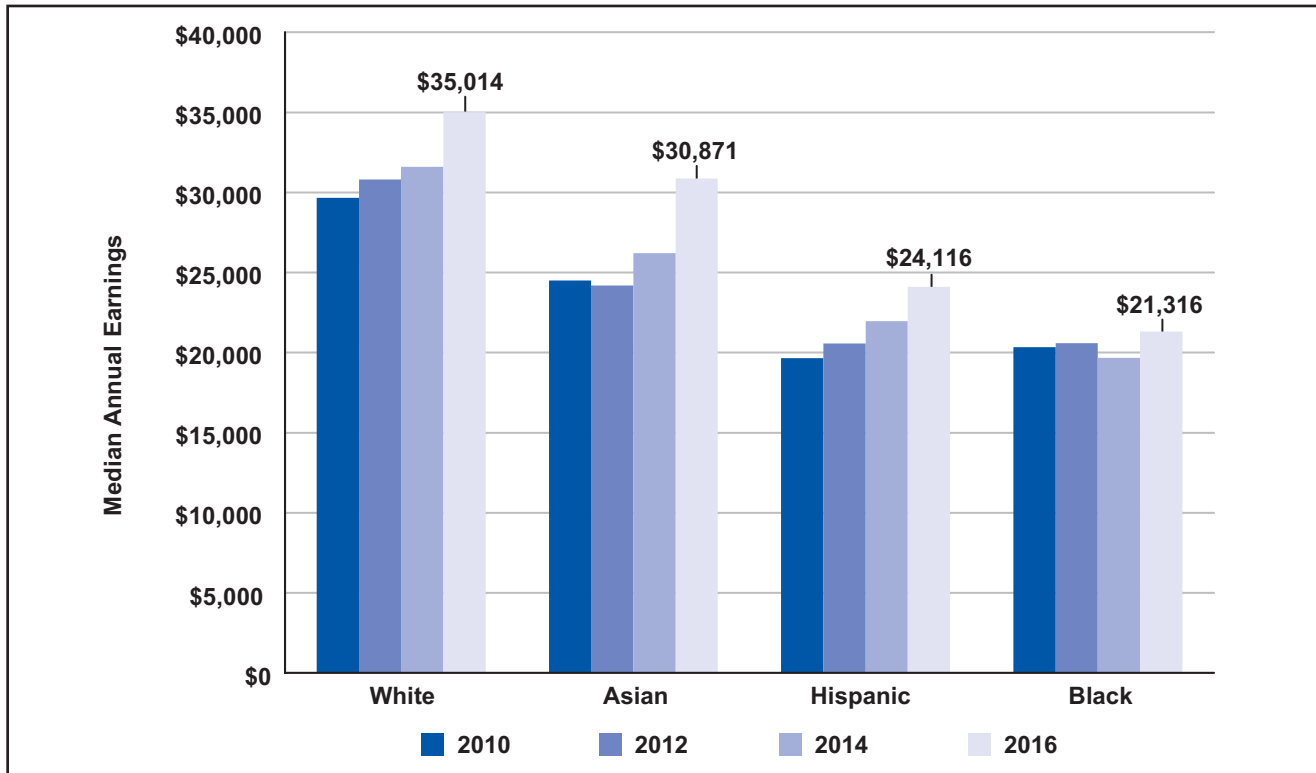


Source: American Community Survey, 2016

Gender identity and sexual orientation: Differences in employment and wages are even greater for the more than 4 percent of the U.S. workforce who identify as lesbian, gay, bisexual, or transgender (LGBT). Despite having more education than the general population, these workers are more likely to earn less than their non-LGBT counterparts, and more likely to experience financial hardship, such as poverty and food insecurity, as a result (Brown, Romero, & Gates, 2016; Flores, Herman, Gates, & Brown, 2016; The Williams Institute, 2015; Badgett, Durso, & Schneebaum, 2013).

Race and ethnicity: In both earnings and employment, the differences between racial and ethnic groups in Wisconsin are stark. Since 2010, White workers have had the highest median earnings and they have increased steadily, to \$35,014 in 2016. Asian workers have the next highest earnings, which fell slightly from 2010 to 2012 but then increased to \$30,871 in 2016. Hispanic workers have seen steady increases in median earnings, but since they started from a lower wage, those earnings still lag behind those of White and Asian workers, reaching \$24,116 in 2016. Black workers have the lowest median earnings and have not experienced much improvement since 2010, reaching only \$21,316 in 2016 (American Community Survey, 2007, 2010, 2012, 2014 and 2016; COWS, 2017) (Figure 18).

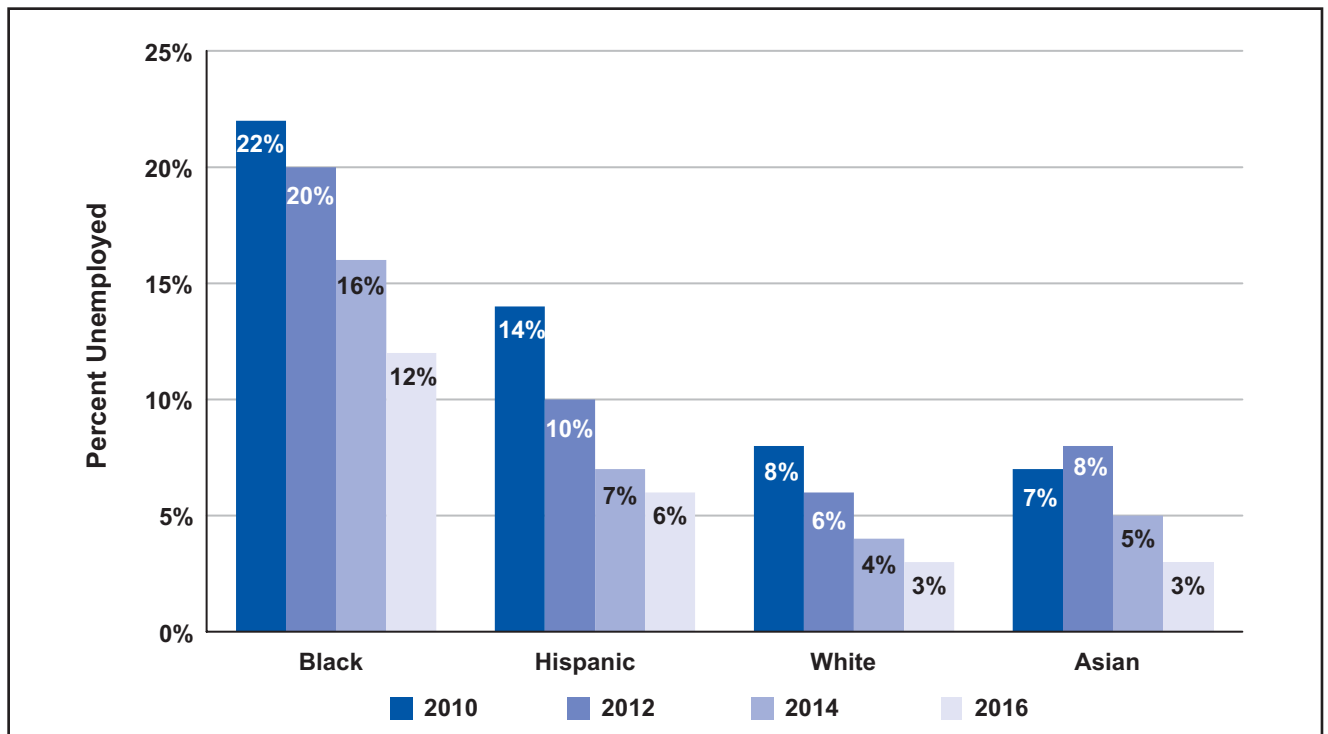
Figure 18.
Median Earnings for White, Asian, Hispanic, and Black Workers, Wisconsin, 2010 to 2016



Source: American Community Survey, 2010–2016.

Black and Hispanic workers in Wisconsin, both men and women, are also more likely to be unemployed than Asian and White workers (Figure 19). Unemployment has improved for White and Asian workers, reaching a low of 3 percent in 2016. Unemployment for Hispanic workers improved significantly, falling from 14 percent in 2010 to 6 percent in 2016. The unemployment rate for Black workers also fell dramatically, but from a high of 22 percent in 2010 to 12 percent in 2016 — still twice the rate for Hispanic workers, and four times the rate for White and Asian workers. In addition, despite vast gains from 2007 to 2012, more than 10 percent of the overall Wisconsin population was self-employed (proxy for business ownership) in 2015, but less than 5 percent of workers of color were self-employed (Small Business Administration, 2017; Small Business Administration, 2016; Applied Population Laboratory, 2014).

Figure 19.
Unemployment Rates for Black, Hispanic, Asian, and White Workers, Wisconsin, 2010 to 2016



Source: American Community Survey, 2010–2016

In addition to differences between racial and ethnic groups, there is significant and growing variation within these groups. Most notably, wages for the lowest earning 60 percent of Black workers in the U.S. were still lower in 2015 than in 2000, while wages for Blacks as a whole have increased slightly. For both Asian and White workers, there has been increased variation within each group, primarily due to stronger growth at the top of the income distribution than at the bottom. For Hispanic workers, wages have increased slightly across all earners, so the gap between higher and lower earners has not widened (Gould, 2016).

Education: As the complexity of a job (and the knowledge required) rises, average hourly pay also rises. Nationally, the average hourly wage for workers in lower-skilled jobs such as cashiers or stock clerks is \$9.16 (\$9.18 and \$10.45, respectively, in Wisconsin). Wages steadily rise with each skill level, reaching \$20.14 for bookkeeping clerks and customer service representatives (\$17.12 and \$16.64, respectively, in Wisconsin), \$37.44 for registered nurses (\$31.94 in Wisconsin), and \$74.80 per hour for architects and engineers (\$54.15 in Wisconsin) in 2016. Access to medical and retirement benefits, paid sick leave, paid vacation, and holidays is also significantly higher in jobs with higher wages (Monaco, 2017). These wage differences have increased over time: Real wages for those without a college degree dropped from 2007 to 2013, started to improve in 2014, but have not yet rebounded to their 2007 levels (Gould, 2016; U.S. Census, 2016).

In terms of K–12 education, the evidence is clear on the importance of needing, at a minimum, a solid high school education to achieve economic success. Wisconsinites with more education earn more: Those with a high school diploma earned an average of \$31,233 in 2016, while those with an associate’s degree earned \$36,035, and those with a bachelor’s degree earned \$50,323. Nationally, the difference in lifetime earnings between high school graduates and those who hold a bachelor’s degree is estimated to be \$830,800. The difference in earnings between high school graduates and those with an associate’s degree is estimated at \$259,000. And estimates of the difference in the net earnings of a high school graduate versus a high school

dropout range from \$260,000 to \$400,000 (when including income from tax payments, and minus the cost of government assistance, institutionalization, and incarceration) (Center for Labor Market Studies, 2009; Daly & Benagli, 2014; Klor de Alva & Schneider, 2013; Tyler & Lofstrom, 2009; Carnevale, Rose, & Cheah, 2011).

Employer Size

One of the key determinants of an ALICE worker’s wages, benefits, and job stability is the size of their employer. Large companies have greater resources to offer career growth opportunities, continuous employment, and better benefits. Small businesses, defined by the Bureau of Labor Statistics as firms with fewer than 500 workers nationally, have been an important engine for growth in the U.S. economy — driving job creation, innovation, and wealth — and traditionally have 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. The past two decades have been particularly tough for small businesses, with entrepreneurial growth in the U.S. largely down from the levels experienced in the 1980s and 1990s (Ewing Marion Kauffman Foundation, 2017; Haltiwanger, Jarmin, Kulick, & Miranda, 2017).

Small firms employed more than half of the private-sector workforce in Wisconsin in 2016 (Figure 20). The very smallest firms — those with fewer than 20 people — account for the largest share of small-business employment.

Figure 20.
Private-Sector Employment by Firm Size With Average Annual Wage, Wisconsin, 2016

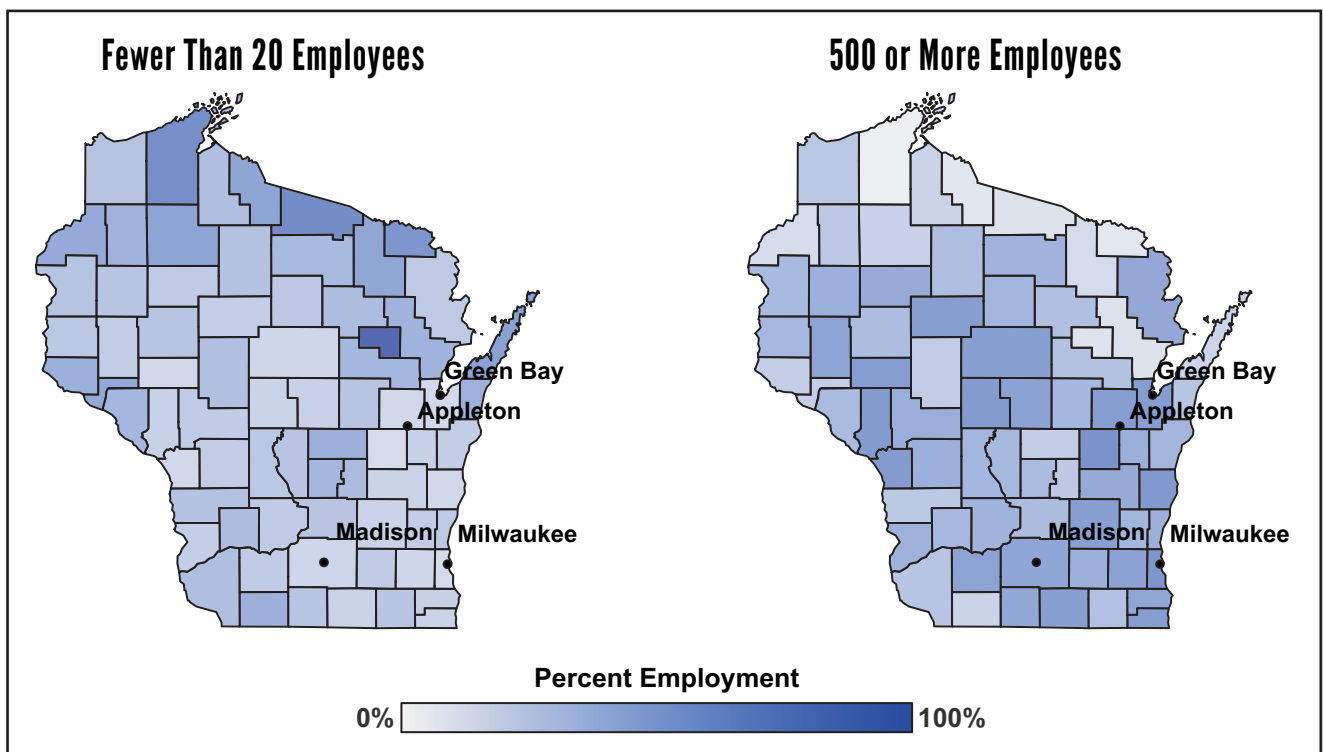


Source: U.S. Census Bureau, Quarterly Workforce Indicators, 2016

The wages of employees in the smallest firms increased from 2010 to 2016: by 14 percent for employees in firms with fewer than 20 employees, 12 percent in firms with 20 to 49 employees, and 15 percent for those in firms with 50 to 249 employees. Those in larger firms started with higher wages and those wages increased even more over the time period. While higher than the 9 percent national inflation rate, these increases were still below the 18 percent increase in the cost of the family Household Survival Budget. Workers in firms with 250 to 499 employees saw their wages increase by 14 percent, and wages for those in companies with 500 or more employees increased by 15 percent.

Firm size in Wisconsin varies widely by location and by sector. Small businesses operate across the state, and areas dominated by small firms tend to have lower wages and less job stability. This is particularly the case in many rural counties, where more than half of employment is in firms with fewer than 20 employees (Figure 21). Large companies — those with 500 or more employees — are more concentrated around Wisconsin’s largest cities.

Figure 21.
Employment Percentage by Firm Size and Location, Wisconsin, 2016



Source: U.S. Census Bureau, Quarterly Workforce Indicators, 2016. Further breakdown by county is included on the ALICE County Pages at UnitedWayALICE.org

Small businesses and their employees experienced the largest shifts during the Great Recession, a trend that continued through 2016. In the second quarter of 2015, for example, 3,417 small businesses started up in Wisconsin and 3,227 exited (i.e., closed, moved to another state, or merged with another company). Small-business startups generated 11,484 new jobs while exits caused 9,911 job losses (Bureau of Labor Statistics, 2016; U.S. Small Business Administration, 2016).

These changes affect the wages of workers moving in and out of employment. Workers who are newly hired or who have recently lost their jobs tend to have lower wages than long-term, stable employees. Because new-hire wages are slightly higher than the wages of those losing their jobs, some losing jobs may be workers leaving a low-paying job for a higher-wage job. New employees and those losing jobs typically have the least seniority or the lowest-level positions — and they are the least likely to have resources to weather a period of unemployment (Figure 22).

In terms of sectors, small businesses in Wisconsin are most concentrated in services industries (where 89 percent of employees work in small businesses), real estate and construction (82 percent), agriculture and forestry (81 percent), and arts and entertainment (76 percent) (Figure 23). Some of the largest small-business sectors — services industries, accommodation and food service, and construction — tend to have less stability in daily and weekly schedules and in job security. They also tend to have lower wages.

For many small businesses, there is a dual challenge when ALICE workers are both the employee and the customer. This is true in child care centers, where more than 90 percent of operators are sole proprietors. On the one hand, child care workers are ALICE; according to the Bureau of Labor Statistics, there are 7,170 child care workers in Wisconsin, earning an average wage of \$9.78 per hour (\$19,560 annually if full-time). A University of Wisconsin survey found over 22,000 child care teaching staff, including child care, preschool, and kindergarten teachers and assistants. Family providers earn even less on average at \$7.50 per hour, with most relying on another source of income to support their family. On the other hand, ALICE families use child care so that parents can work, and it is often the most expensive item in an ALICE family budget, even more expensive than housing. The conundrum is that if these small businesses increase the wages of their employees (who are ALICE workers), those expenses are passed on to customers (who are also ALICE workers). Certain ALICE workers will earn more money, but child care will become more expensive for ALICE families overall (U.S. Small Business Administration, 2016; SBDCNet, 2014; U.S. Census Bureau, 2016; Dresser, Rodriguez, & Meder, 2015).

Figure 22.
Earnings by Duration of Employment, Wisconsin, 2016

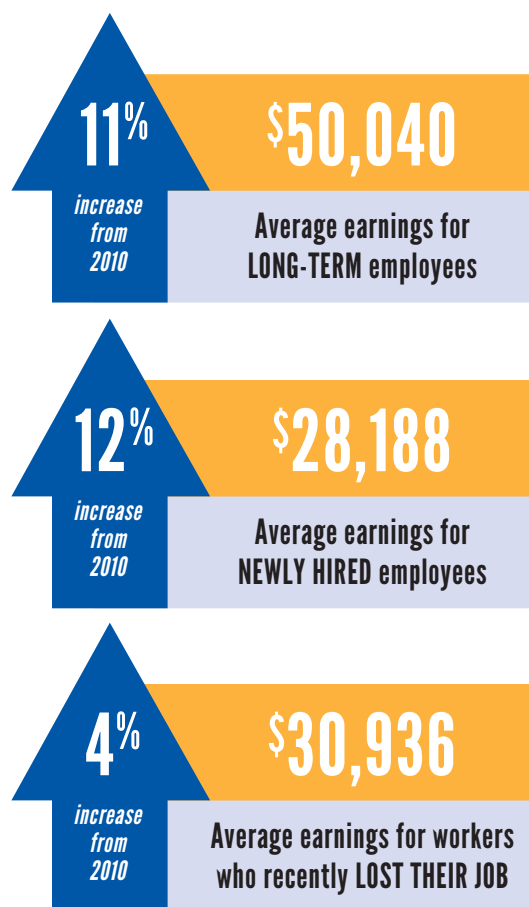


Figure 23.
Small Business Employment by Sector, Wisconsin, 2015

	Small Business Employment Share of Sector	Total Employment (excluding government positions)
Other Services (except Public Administration)	89%	95,172
Real Estate and Rental and Leasing	82%	20,644
Construction	82%	83,336
Agriculture, Forestry, and Fishing and Hunting	81%	2,572
Arts, Entertainment, and Recreation	76%	32,385
Accommodation and Food Services	70%	163,571
Professional, Scientific, and Technical Services	70%	75,488
Wholesale Trade	63%	73,962
Mining, Quarrying, and Oil and Gas Extraction	63%	1,969
Total for All Sectors	74%	549,099

Source: U.S. Small Business Administration, 2018

IV. BEYOND INCOME: ASSETS, CREDIT, AND ASSISTANCE

When families do not have enough income to cover current expenses, they cannot save, and without savings, they cannot generate returns that improve a household's well-being over time. The lack of savings limits an ALICE family's ability to make a down payment on a house, for example, even if the monthly mortgage payments would be cheaper than renting. It limits their ability to invest in the future, such as in higher education or retirement savings. The lack of savings also leaves ALICE households vulnerable to unexpected economic events and emergencies. Savings and other assets are at least as powerful as income in reducing material hardship after an involuntary job loss or other negative event. Without them, families with income below the ALICE Threshold often find themselves in a vicious cycle of financial instability (Lerman & McKernan, 2008; Hendey, McKernan, & Woo, 2012; McKernan, Ratcliffe, & Vinopal, 2009).

While savings and assets are a crucial aspect of an ALICE family's financial status, little information on household savings, assets, income, and wealth is collected at the state or local level. For this reason, we rely on national data for overall trends and cross-check it with the few state-level data points available.

Overall, American household wealth has not fully recovered from the Great Recession. In 2016, the median wealth of all U.S. households was \$97,300, well below median wealth levels from before the Recession began in late 2007 (\$139,700 in 2016 dollars). Wealth is much more concentrated than income, and as a result, disparities in wealth are even greater than those in income. The recovery has been uneven for different income groups, and despite gains in wealth in recent years for lower- and middle-income families, differences in wealth have actually grown. The median household net worth for lower-income families was \$10,800 in 2016, 42 percent lower than in 2007; for middle-income families it was \$110,000, 33 percent lower than in 2007; and for upper-income families it was \$810,800, *10 percent higher than in 2007*. As a result, wealth inequality between upper-income families and lower- and middle-income families is currently at the highest levels ever recorded (Kochhar & Cilluffo, 2017).

This inequality is exacerbated by race and ethnicity, explaining why some groups are more likely to be part of the ALICE population. Black and Hispanic households have substantially less wealth than White households, a gap that has been widening in recent years.

Nationally (wealth data is not available at the state level), the median wealth of White households was 13 times the median wealth of Black households in 2013, compared with eight times the wealth in 2010, according to the Pew Research Center (Kochhar & Fry, 2014).

Disparities by race and ethnicity also exist within income groups. Among lower- and middle-income households, White families have four times as much wealth as Black families and three times as much as Hispanic families. These gaps have narrowed since 2007, primarily because lower-income White families lost roughly half of their wealth during the Great Recession, while losses for lower-income Black and Hispanic households were less than 5 percent. The larger losses for lower-income White families predominately stem from their greater exposure to the housing market crash. In 2007, the homeownership rate for lower-income White households was 56 percent, compared to 32 percent for lower-income Black and Hispanic households. The homeownership rate among lower-income White households fell to 49 percent in 2016, while the rate for Black and Hispanic households remained the same (Kochhar & Cilluffo, 2017).

Finally, there is a common misconception that working families do not need public or charitable assistance, but many ALICE families do turn to government and private sources for assistance with income and basic household necessities. This section looks at how much assistance is available, how close it brings families to the ALICE Threshold, and what gaps remain in specific budget areas.

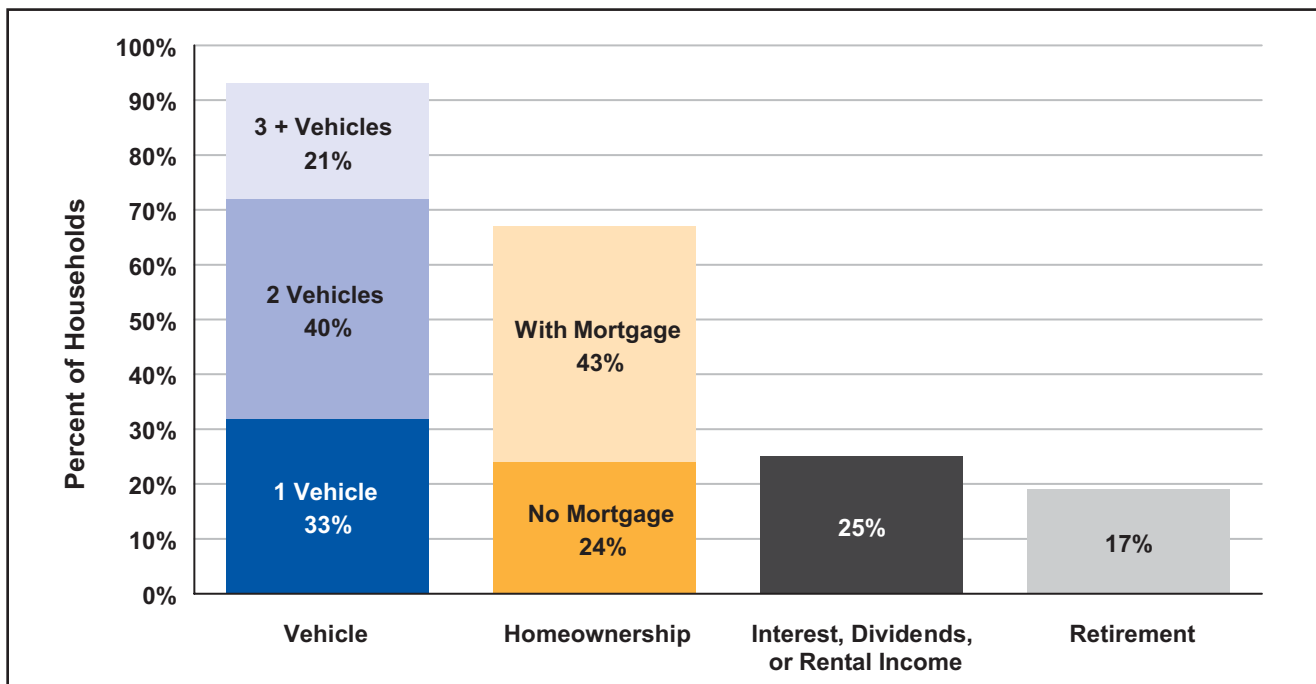
ASSETS

With so many ALICE families not able to keep up with the cost of living, accumulating assets is difficult in Wisconsin. The cost of unexpected emergencies, ranging from natural disasters to personal health crises, can deplete savings. Job losses have forced people to tap into their retirement savings, or to take out second mortgages or home equity lines of credit. Having few or no assets can also increase overall costs for ALICE households when they have to use alternative financing, with fees and high interest rates that make it difficult or impossible to save money or amass more assets.

Having savings can help families navigate job loss, pay unexpected bills, buy a home, start a business, or work toward a secure retirement. Yet in 2015, 51 percent of Wisconsin residents did not have money set aside to cover expenses for three months as protection against an emergency such as illness or the loss of a job (Prosperity Now, 2018; McKernan, Ratcliffe, & Shanks, 2011; FINRA Investor Education Foundation, 2016).

While data on savings and investments is minimal, levels of ownership of three of the most common assets in Wisconsin —vehicles, homes, and investments — show what resources families have to cope with emergencies and to accumulate wealth (Figure 24).

Figure 24.
Households With Assets, Wisconsin, 2016



Source: American Community Survey, 2016

Car Ownership

Most Wisconsin households have at least one vehicle, often a necessity to get to work. In 2016, 32 percent of all households had one vehicle, 40 percent had two, and 21 percent had three or more. Car ownership has been found to be linked to positive employment outcomes. Yet while cars offer benefits beyond their cash value, they are not an effective means of accumulating wealth, because the value of a car normally depreciates over time. In addition, many ALICE households need to borrow money in order to buy a vehicle (Jones, 2014; Center for Responsible Lending, 2014; Kiernan, 2016; Zabritski, 2016; McKernan, Ratcliffe, & Shanks, 2011).

Homeownership

The second most common asset is a home, an asset that has traditionally provided financial stability and the primary means for low-income families to accumulate wealth. Homeownership can increase both financial and social stability for families: Children whose parents own their home tend to have higher educational attainment and lower rates of teen pregnancy. But not all families can ride out housing market downturns. Since the subprime housing crisis in 2007 and a slower rate of increase in housing prices, homeownership has become a less reliable way of building assets. In Wisconsin at the peak of homeownership in 2004, 73 percent of households owned a home, but that rate dropped to just under 68 percent by 2016 (McKernan, Ratcliffe, & Shanks, 2011; Federal Reserve Bank of St. Louis, 2016).

In many locations, it would be more economical for ALICE households to buy a home than rent, but they often cannot save enough for a down payment and cannot qualify for a traditional low-rate mortgage. Many ALICE families have chosen non-traditional mortgage products as the availability and outreach of such products have expanded. But the higher borrowing costs of these products reduce the borrower's overall investment opportunity (Acolin, Bostic, An, & Wachter, 2016; McKernan, Ratcliffe, & Shanks, 2011; Federal Reserve Bank of St. Louis, 2016; Herbert, McCue, & Sanchez-Moyano, September 2013; Federal Reserve, 2014; FINRA Investor Education Foundation, 2016).

Black and Hispanic households are significantly less likely than White households to own their own home in Wisconsin. While 72 percent of White households owned their homes, less than half of all households of color owned their homes in 2010 (latest data available): 48 percent of Asian households, 41 percent of Hispanic households, and 31 percent of Black households (Applied Population Laboratory, 2014).

Investment and Retirement Assets

Income from an investment provides families with an effective resource to weather an emergency. Yet in 2016, only 25 percent of households in Wisconsin (still above the national average of 21 percent) received income from an investment, which can range from a checking account to a rental property to a stock or bond. In addition, there is likely large overlap between households receiving investment income and those receiving retirement income. In 2016, 17 percent of Wisconsin households received retirement, survivor, or disability income from a former employer, a labor union, the government, or the U.S. military, or regular income from IRA and Keogh plans (above the national average of 19 percent) (FINRA Investor Education Foundation, 2016; American Community Survey, 2016).

Investment assets also provide the means to accumulate more assets. By investing money in a small business or by owning a home, for example, families can increase their resources over time. Assets also enable families to improve their social and economic situation through education and new technology, and allow them to finance a secure retirement (McKernan, Ratcliffe, & Shanks, 2011).

The number of households with investment income dropped during the Great Recession, as the assets lost value in the stock market crash or were used to cover emergencies and periods of unemployment and underemployment. These events led many households to become part of the ALICE population and made things harder for those who were already struggling. The recovery of investment value has been slow: Nationally, the number of households with interest or dividend income decreased from 34 percent in 2010 to 24 percent in 2016. Interestingly, the number of households with retirement, survivor, or disability income increased from 2010 to 2016, but as a percentage of total households, they fell from 21 percent in 2010 to 17 percent in 2016 (though a recent Census report suggests that retirement income is underreported) (Bricker, et al., 2014; Federal Reserve, 2014; Bee & Mitchell, 2017; American Community Survey, 2016).

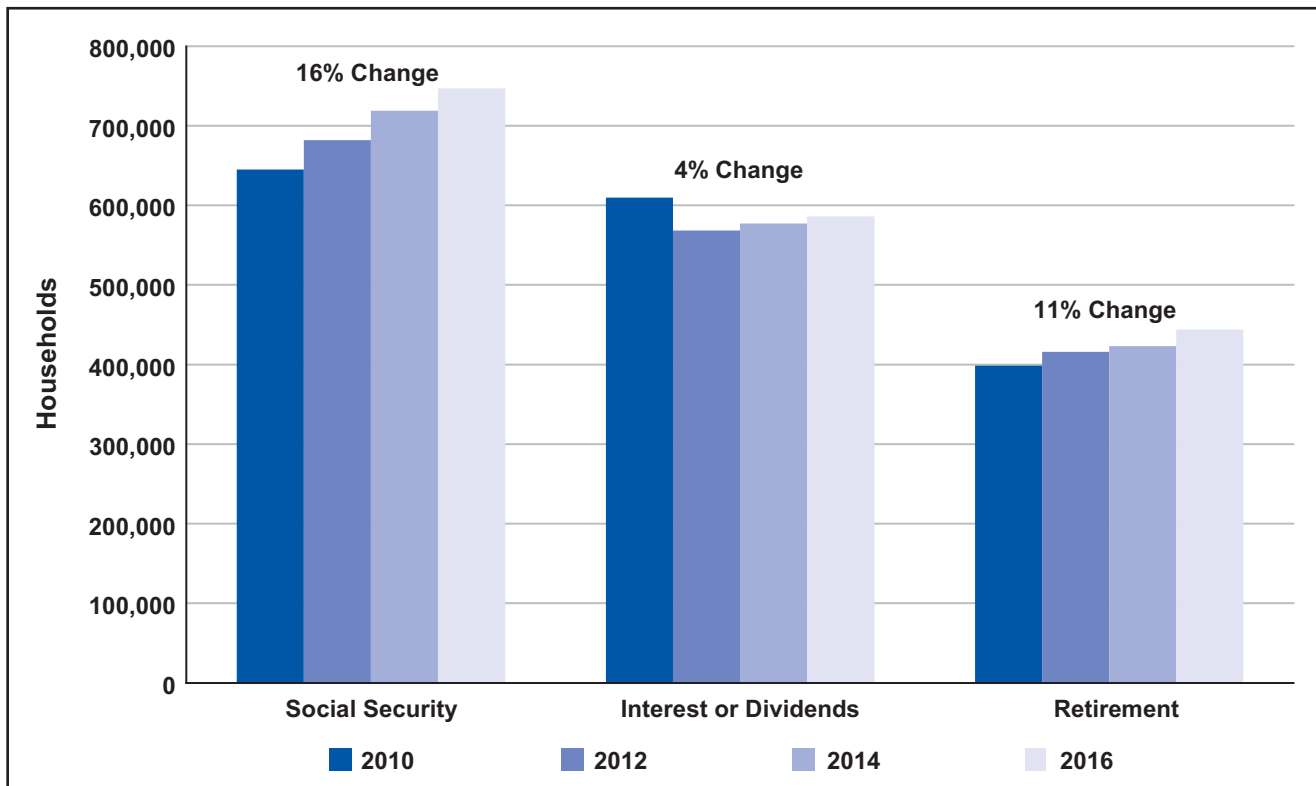
In terms of retirement assets, several indicators show that Americans are not financially prepared to maintain their standard of living in retirement:

- According to the National Retirement Risk Index, 52 percent of Americans are at risk of being unable to maintain their standard of living in retirement, even if households work to age 65 and annuitize all their financial assets, including the receipts from reverse mortgages on their homes (Munnell, Hou, & Sanzenbacher, 2017; Board of Governors of the Federal Reserve System, 2017).
- The National Institute on Retirement Security has found that the median retirement account balance is \$3,000 for all working-age households and \$12,000 for near-retirement households (Oakley & Kenneally, 2017).

The makeup of retirement plans has shifted since the 1970s, from defined benefit plans — traditional pensions that provide benefits for the lifespan of the participant — to defined contribution plans, such as a 401(k). By 2000, defined contribution plans accounted for more than 90 percent of retirement plans nationally. In 2016, 34 percent of private-sector workers had no employer-sponsored plan, 44 percent had employee-managed defined contribution plans, and 15 percent had employer-funded defined benefit plans (U.S. Government Accountability Office, 2017).

The most common source of income for retirement, however, is Social Security. The aging of the U.S. population is evident in the 16 percent increase in the number of Wisconsin households receiving Social Security between 2010 and 2016 — larger than the 11 percent increase in the number of Wisconsin households receiving retirement income. In contrast, the number receiving investment income fell by 4 percent (American Community Survey, 2010 and 2016) (Figure 25).

Figure 25.
Retirement and Investment Income, Wisconsin, 2010 to 2016



Source: American Community Survey, 2010–2016

ACCESS TO CREDIT

An additional tool for weathering a financial emergency or investing in the future is borrowing. The ability to borrow varies greatly by income and assets: The higher the income and greater the assets, the more borrowing options a family has, and at better rates. Families with low incomes and no assets are often unable to borrow; as a result, in the face of an emergency, they buy less, and household hardship increases (McKernan, Ratcliffe, & Shanks, 2011).

When these families do borrow, it is often in high-risk markets, at high interest rates and at an increased risk of predatory lending practices. Yet in some cases, the need for these loans outweighs the risks they pose. It may cost more to forgo heat or necessary medical care, for example, than to pay the higher rates of predatory loans. The continued use of high-risk lending, despite these higher costs, underlines the degree of hardship that these families are experiencing (McKernan, Ratcliffe, & Shanks, 2011; McKernan, Ratcliffe, & Vinopal, 2009; Mills & Amick, 2011).

The most common way to access credit is borrowing from a bank. But not all adults have access to traditional banking, due to low income, location, immigration status, or, in some cases, community or cultural norms. In Wisconsin, 8 percent of adults do not have access to credit because they do not have a credit file or even a credit score (better than the national average of 11 percent), and 23 percent of adults have a subprime credit score (better than the national average of 32 percent). Nationally, 7 percent of the overall adult population is unbanked, meaning they do not have a checking, savings, or money market account, and 19 percent are underbanked, defined as having a depository account but also having used at least one alternative financial service in the prior year (Federal Reserve Bank of New York, 2017).

Another common way to access credit, especially in the short term, is with a credit card. Nationally, there is wide variation in credit card usage by income level; for example, the share of families with at least one credit card was 65 percent for families with income below \$40,000 in 2016 but more than 90 percent for families with income above that level. In addition, location matters: Families living in low-income neighborhoods often find only high-cost lending options are available to them. In these neighborhoods, there is less saving and borrowing (Hendey, McKernan, & Woo, 2012; Board of Governors of the Federal Reserve System, 2018).

Without access to quality financial products, lower-income families (including many Black and Hispanic families, who are disproportionately lower-income) are more likely to use alternative financial services, which charge higher interest rates. In Wisconsin, where there is no cap on high-interest loans, the average annual interest rate on payday loans was 565 percent in 2015. The impact is cumulative, with high rates leading to greater need and a vicious cycle of high-risk borrowing. Conversely, lower rates lead to greater savings and a better chance to pay off a loan. Such savings make an enormous difference in a family's budget and can also help them build equity and wealth (Lerman and Hendey 2011; Hendey, McKernan, & Woo, 2012; Board of Governors of the Federal Reserve System, 2017; Bowden, 2016).

PUBLIC AND PRIVATE ASSISTANCE

There is a common misconception that working families do not need public or charitable assistance. In addition to the wage and budget data presented here, national studies and surveys show that working families make up a majority of households facing the greatest need. As a result, many ALICE households have turned to government and charitable supports and services for assistance with income, food, health care, education and training, housing and utility assistance, and counseling. More than half of government spending on public assistance goes to working families (Allegretto et al., 2013; Dube and Jacobs, 2004; Wider Opportunities for

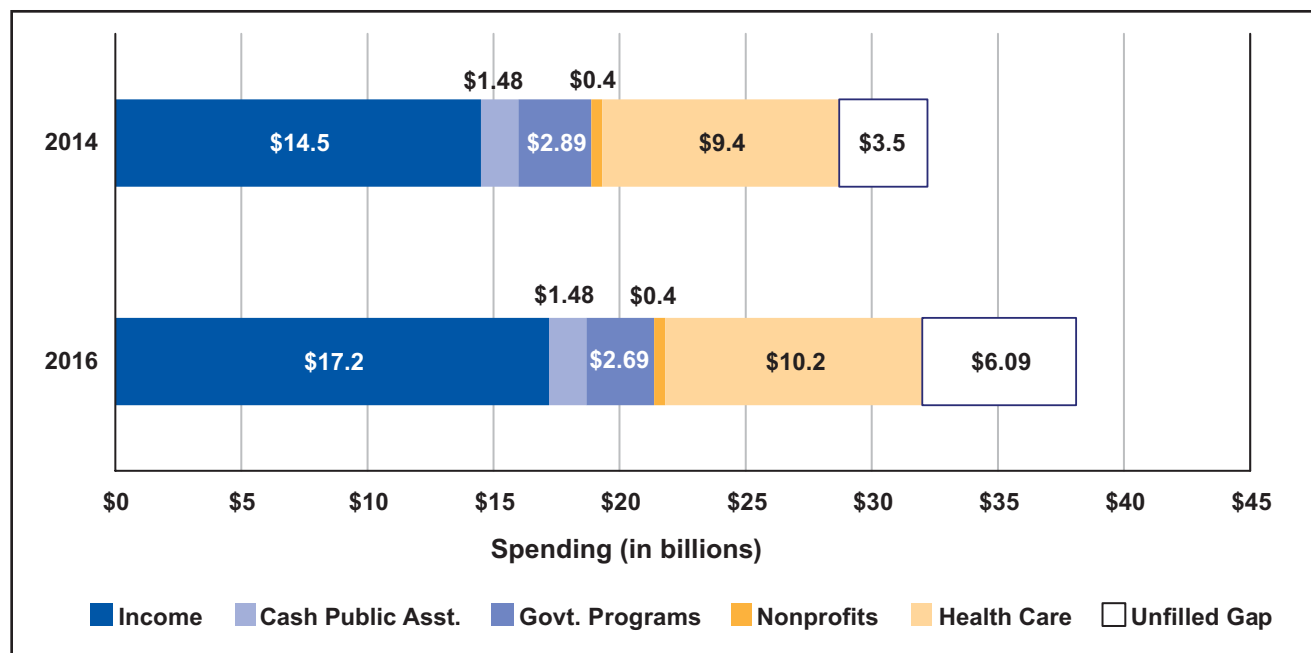
Women, 2011; Jacobs, Perry, and MacGillvary, 2016; The Pew Charitable Trusts, 2013; Feeding America, 2014; U.S. Department of Agriculture, 2016). But even with this assistance added to their income, many working families cannot cobble enough together to make ends meet.

The ALICE Income Assessment quantifies the total need of all households below the ALICE Threshold and then compares it to their income and to the amount of public and nonprofit assistance directed toward low-income households. Despite the fact that assistance makes a significant contribution to financial stability for many families, there has not been enough assistance to bring all families above the ALICE Threshold in any state where the Income Assessment has been applied.

The picture in Wisconsin did not improve from 2014 to 2016. The average amount of assistance each Wisconsin household received in 2016 was \$17,024 in federal, state, and local government and nonprofit assistance, a 15 percent increase from 2014. From 2014 to 2016, the number of households below the ALICE Threshold increased, and the earnings of these households also increased, from \$14.5 billion to \$17.2 billion. But the cost of basic necessities grew as well, from \$32 billion to \$38 billion. This created an even larger gap in the amount of need after government and nonprofit assistance, which jumped from \$3.5 to \$6.1 billion during those years.

Federal and state government spending on cash public assistance (excluding health care) remained the same from 2014 to 2016, at \$1.48 billion. Spending by government programs (also excluding health care) had the largest decrease, declining by 7 percent to \$2.69 billion. Health care spending increased by 9 percent to \$10.2 billion. As a result, the size of the Unfilled Gap — the amount still needed, after income and assistance, to bring all households to the ALICE Threshold — increased by 74 percent (Figure 26) (Office of Management and Budget, 2017; Urban Institute 2012; U.S. Department of Agriculture, 2017; National Association of State Budget Officers, 2017; American Community Survey, 2017) (Figure 26).

Figure 26.
Public and Private Assistance, Wisconsin, 2014 to 2016

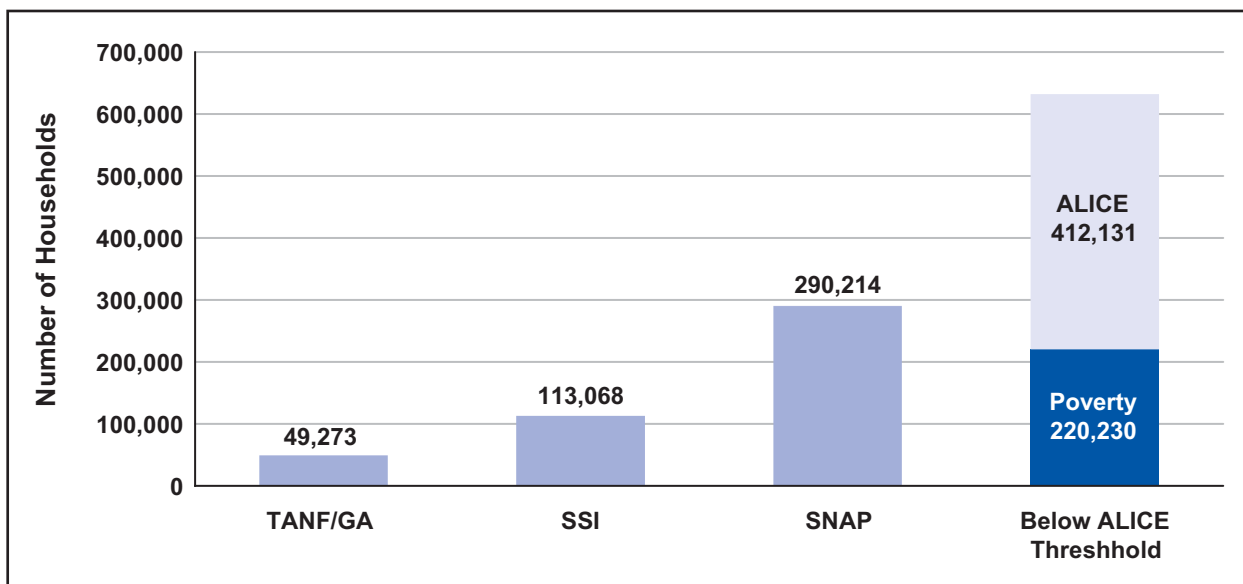


Source: Office of Management and Budget, 2017; American Community Survey, 2017; National Association of State Budget Officers, 2017; Urban Institute, 2012; U.S. Department of Agriculture, 2017; for more details, see the Methodology Overview on our website: UnitedWayALICE.org

Programs like the Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp Program, the Earned Income Tax Credit (EITC) and Child Tax Credit, Medicaid, and food banks provide a critical safety net for basic household well-being, and enable many households to work (Sherman, Trisi, & Parrott, 2013; Dowd & Horowitz, 2011; Grogger, 2003; Coleman-Jensen, Rabbitt, Gregory, & Singh, September 2015; Rosenbaum, 2013; Feeding America, 2014). While this assistance is critical in keeping ALICE households functioning, there are four significant barriers to this assistance meeting basic needs:

1. **Duration of benefits:** The majority of government programs are intended to fill short-term needs, such as basic housing, food, clothing, health care, and child care. By design, their goal is not to help households achieve long-term financial stability but to fill short-term gaps and alleviate immediate poverty. Benefits are often structured to end before a family reaches stability, known as the “cliff effect.” In Wisconsin, SNAP benefits disappear once income reaches 200 percent of the Federal Poverty Level (FPL), or just \$49,200 for a family of four — about \$12,420 less than the Household Survival Budget (Shaefer & Edin, 2013; O’Dea, 2016; Ben-Shalom, Moffitt, & Scholz, 2012; Kaiser Family Foundation, 2015; Wisconsin Department of Health Services, 2017) (Figure 27).

Figure 27.
Households (Under 65) by Benefits and Income Status, Wisconsin, 2016



Source: American Community Survey, 2016; ALICE Threshold, 2016

2. **Eligibility thresholds:** Crucial resources are often targeted to households near or below the FPL, meaning that many struggling ALICE households are not eligible for assistance (Figure 27). Federal public assistance programs do not have enough resources to reach all those in need. SNAP, the government’s largest program, reached 290,214 households in Wisconsin in 2016, falling short of providing resources to almost all ALICE households. Other programs cover even fewer households: Temporary Assistance for Needy Families (TANF) or General Assistance (GA) — which provide payments from state or local welfare offices — reached about 49,273 families in 2016, just 6 percent of those below the ALICE Threshold. And Supplemental Security Income (SSI), which includes welfare payments to low-income people who are 65 and older and to people of any age who are blind or disabled, supported 113,068 households — only 13 percent of those below the ALICE Threshold (U.S. Department of Health and Human Services, 2009, 2014; Kaiser Family Foundation, 2015).

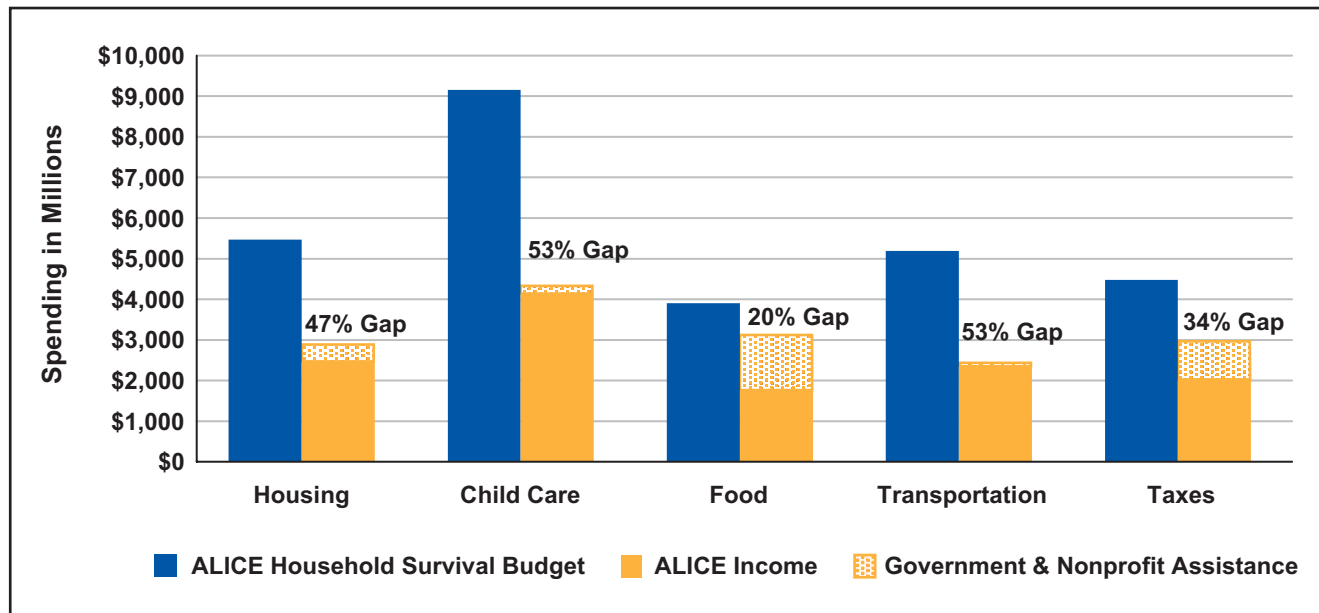
- 3. Uneven funding or distribution of assistance:** Resources may not be available where they are needed, either because there are geographic disparities in distribution across Wisconsin — such as food pantries in some locations but not all — or because there is not enough funding for a program. For example, recent budget cuts lowered the average household SNAP benefit in Wisconsin by 9 percent, from \$116.57 per month in 2010 to \$105.63 in 2016 (Kaiser Family Foundation, 2015).
- 4. Targeted assistance and services:** Because public and nonprofit assistance is allocated for specific purposes and often delivered as services, it can only be used for specific parts of the household budget. Only 10 percent of the assistance provided in Wisconsin is done through cash transfers, which households can use toward any of their most pressing needs. The remainder is earmarked for specific items, like food assistance or health care. This means that not all households benefit equally from assistance. For example, a household that only visits a doctor for an annual checkup does not receive its share of the spending put toward health care assistance in Wisconsin, while a household that experiences a medical emergency receives far more than the average.

Spending by Category

As outlined above, public and nonprofit assistance is often distributed to households in specific forms and for intended purposes, as opposed to cash assistance that can be used by households to cover needs as appropriate. Therefore, we analyze public and nonprofit assistance for families with children by spending category, to assess a household’s ability to meet each necessity.

This analysis reveals large gaps in key areas, particularly housing, child care, and transportation. Figure 28 compares the budget amounts for each category of the Household Survival Budget for a family of four with income from households below the ALICE Threshold, plus the public and nonprofit spending in each category. Program funding sources are assigned to their respective categories, earned income is appropriated based on its proportion of the Household Survival Budget, and nonprofit and cash assistance are evenly distributed across spending needs.

Figure 28.
Comparing Basic Need With Assistance by Category for Households Below the ALICE Threshold, Wisconsin, 2016



Note: Excludes health care and miscellaneous expense categories.

Source: Office of Management and Budget, 2017; U.S. Department of Agriculture, 2016; Internal Revenue Service, 2016; American Community Survey, 2016; National Association of State Budget Officers, 2017; Urban Institute, 2012; ALICE Household Survival Budget, 2016; and the ALICE Threshold, 2016.

Housing

In the Household Survival Budget for a Wisconsin family of four, housing accounts for 14 percent of the family budget. Yet if ALICE households spend 14 percent of their income on housing, they are left far short of what is needed to afford rent at the U.S. Department of Housing and Urban Development's 40th percentile. To make up the gap, federal housing programs, including Section 8 Housing Choice Vouchers, the Low Income Home Energy Assistance Program, the Public Housing Operating Fund, and the Community Development Block Grant Program, provide \$329.5 million in assistance. In addition, we estimate that nonprofits in Wisconsin spend \$87.2 million on housing assistance. Despite this assistance, the state's households below the ALICE Threshold still fell \$2.58 billion — 47 percent — shy of their total need in 2016.

Child Care

In the Household Survival Budget, child care accounts for 24 percent of the Wisconsin family budget, well above the 10 percent affordability threshold established by the U.S. Department of Health and Human Services. Yet for many ALICE households, 24 percent of earned income is not enough to pay for even home-based child care, the least expensive organized care option (and regulated child care centers, which are more expensive, could use 35 percent or more of an ALICE household's income). There are additional child care resources available to Wisconsin families, including \$108 million from the U.S. Department of Health and Human Services' Head Start program and Wisconsin's early-education program. Nonprofits provide additional child care assistance, including vouchers and child care services estimated at \$87.2 million. Yet even with these resources combined with income, Wisconsin's households below the ALICE Threshold still had less than half of what they needed to afford basic child care in 2016: This gap was 53 percent of what was required to meet their needs (Gould & Cooke, 2015; U.S. Government Accountability Office, 2016).

Food

In the Household Survival Budget, food accounts for 10 percent of the Wisconsin family budget, yet for many ALICE households, 10 percent of what they actually earn is insufficient to afford even the U.S. Department of Agriculture's Thrifty Food Plan. Food assistance for Wisconsin households includes \$1.3 billion of federal spending on food programs — primarily SNAP, school breakfast and lunch programs, and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). Nonprofits also provide approximately \$87.2 million in food assistance, including food pantries, food banks, and soup kitchens, based on the Urban Institute's nonprofit database. That number may be slightly higher, as Feeding Wisconsin estimates that Wisconsin citizens and businesses donated \$90 million of food investments in 2016. Yet even with this assistance combined with income, Wisconsin's households below the ALICE Threshold still fell 20 percent short of what they required to meet their most basic food needs in 2016 (Lee, 2018; Feeding Wisconsin, 2018).

Transportation

In the Household Survival Budget, transportation accounts for 14 percent of the Wisconsin family budget. Yet for many ALICE households, 14 percent of what they actually earn is not enough to afford even the running costs of a car. While Wisconsin's public transportation systems are state-funded, there is no government spending on transportation specifically for ALICE and poverty-level families. Nonprofits provide some assistance, spending an estimated \$87.2 million on programming. Yet even with income and nonprofit assistance combined, there was still a 53 percent gap in resources for all of Wisconsin's households below the ALICE Threshold to meet the basic cost for transportation in 2016.

Taxes

In the Household Survival Budget, taxes account for 12 percent of the Wisconsin family budget. Though earning enough to afford the Household Survival Budget would put some ALICE households above the eligibility level for the EITC, many households below the ALICE Threshold benefit from the EITC; the average income for households receiving EITC in Wisconsin in 2016 was \$15,126. The federal EITC provided \$844 million in tax credits and refunds for Wisconsin's working families in 2016. Eligible households collected an average federal tax refund of \$2,170, which helped 389,000 ALICE and poverty-level households in Wisconsin that year. Wisconsin's EITC provided an additional \$99.7 million in 2015 (National Conference of State Legislatures, 2016; Brookings, 2016). The per-household tax burden depends on a recipient's income; for every additional dollar families with children earned above \$17,830 (\$23,260 for married families), the amount of credit they received decreased. Yet with income, government credits, and refunds combined, there remained a 34 percent gap in resources for all of Wisconsin's households below the ALICE Threshold to meet the basic cost of taxes in 2016.

The Special Case of Health Care

Health care resources are separated from other government and nonprofit spending because they account for the largest single source of assistance to low-income households (both ALICE households and those in poverty): \$10.2 billion, or 27 percent of all spending in Wisconsin. Health care spending includes federal grants (along with state-matching grants) for Medicaid and the Children's Health Insurance Program (CHIP), as well as those for hospital Charity Care programs; state-matching grants for Medicaid, CHIP, and Medicare Part D "clawback" payments; and the cost of unreimbursed or unpaid services provided by Wisconsin hospitals (Office of Management and Budget, 2017; Internal Revenue Service, 2007, 2010 and 2012; National Association of State Budget Officers, 2017). Between 2014 and 2016, this spending increased by 9 percent.

With the increasing cost of health care and the implementation of the Affordable Care Act, spending on health care has increased in Wisconsin, but it's important to note that the percentage of residents who are insured has also increased, across all income groups. In 2016, spending on health care in Wisconsin surpassed the amount needed for each household below the ALICE Threshold to afford basic out-of-pocket health care expenses.

While this overall spending seems like good news for ALICE and poverty-level households, it does not necessarily guarantee good or improved health to low-income Wisconsin households. Because there is greater variation in the amount of money families need for health care than there is in any other single category of budget spending, it is difficult to estimate the average health care needs and costs per household, and even more difficult to deliver health care efficiently to ALICE families or those living in poverty. An uninsured (or even an insured) household with a severe and sudden illness could be burdened with hundreds of thousands of dollars in medical bills in a single year, while a healthy household would have few expenses. National research has shown that a small proportion of households facing severe illness or injury account for more than half of all health care expenses, and those expenses can vary greatly from year to year (U.S. Department of Housing and Urban Development, 2010; Stanton, 2006; Kaiser Family Foundation, 2012).

V. LOCAL CONDITIONS: HOUSING AND COMMUNITY RESOURCES

According to the Harvard Equality of Opportunity Project, our lives are profoundly influenced by where we live, and especially where we grow up (Chetty & Hendren, 2015). This is particularly true for ALICE households; local economic conditions largely determine how many households in a county or state struggle financially.

To understand the challenges that the ALICE population faces in Wisconsin, it is important to recognize that local conditions do not impact all socioeconomic and geographic groups in the same way. For example, focusing only on Wisconsin's cost of living obscures the problem of the lack of high-skilled jobs in many counties. Likewise, while county unemployment statistics clearly reveal where there are not enough jobs, having a job is only part of the economic picture for ALICE households.

The full picture requires an understanding of the local conditions that matter most to ALICE households, in addition to the job opportunities, local wages, and public and private assistance discussed in Sections III and IV. The most important local conditions are housing affordability and the level of community resources in the areas of education, health, and social capital (represented here by preschool enrollment, health insurance coverage, and voter turnout) in each county. While the ideal is to do well in each of these areas, the reality is that these conditions vary across Wisconsin's counties. This section reviews several indicators that help explain why so many households struggle to achieve basic economic stability throughout Wisconsin, and why that struggle is harder in some parts of the state than in others.

HOUSING AFFORDABILITY

The more affordable housing there is in a county, the easier it is for a household in that county to be financially stable. In Wisconsin, housing is generally less expensive than in most other states, and affordability generally improved from 2010 to 2016. Yet there is variation between counties, and a common challenge is to find job opportunities in the same counties that are affordable places for ALICE households to live.

The three key indicators of housing affordability for ALICE households in a given county are the affordable housing gap, the housing burden, and real estate taxes. These indicators, described below, show which counties offer an adequate supply of units that ALICE households can afford, a relatively low percentage of households that spend more than 30 percent of their income on housing, and low real estate taxes.

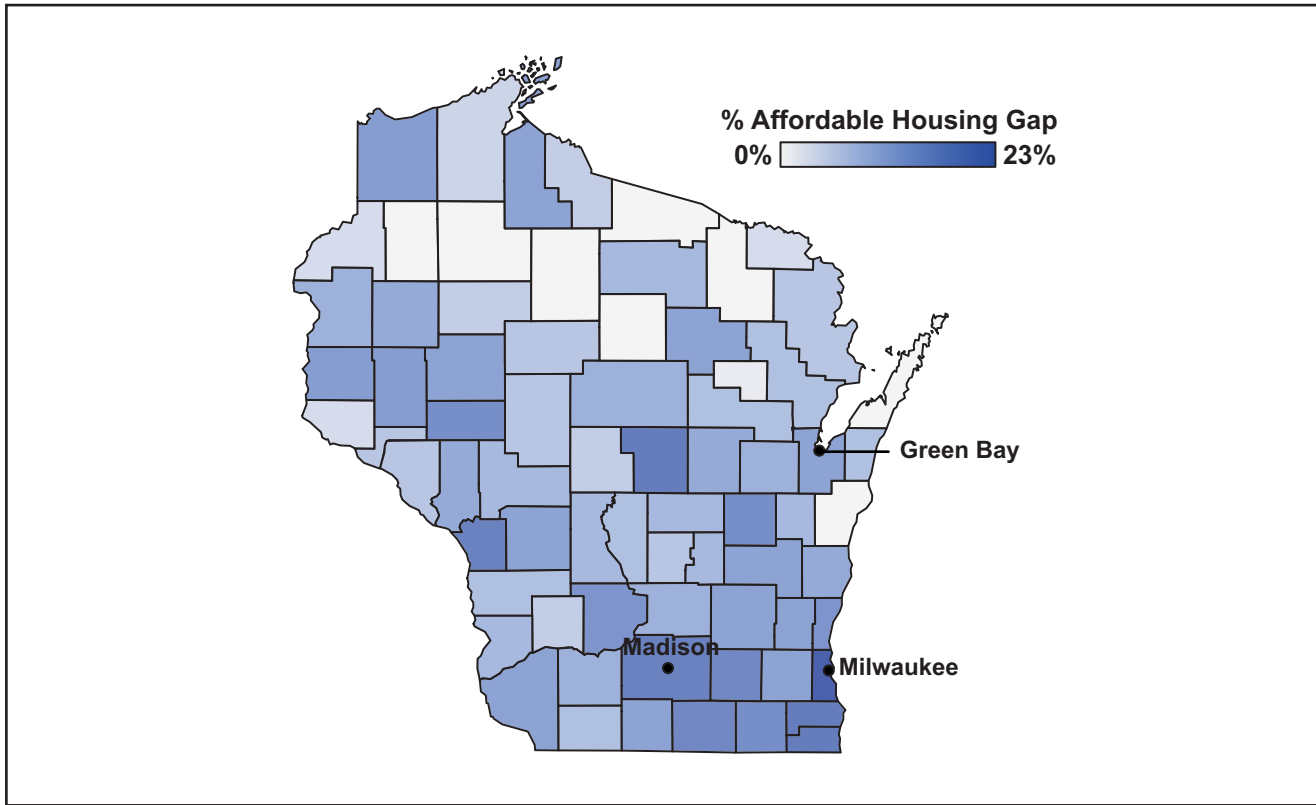
The Affordable Housing Gap

In Wisconsin, housing is generally affordable, but it continues to be a strain for those at the low end of the market. Ownership can be more affordable than renting in many areas of Wisconsin, but that is only an option for those who can afford a down payment and real estate taxes and who qualify for a mortgage. For these households, homeownership is typically within reach in all counties across the state.

Finding low-cost housing, however, is a challenge in Wisconsin, especially in urban areas. The lack of supply is apparent when examining the affordable housing gap measure — an estimate of the difference between the total number of ALICE households (renters and owners) in a county and the number of available housing units those households can afford while spending no more than one-third of their income on housing. This measure assesses the total housing stock in a county and includes subsidized as well as market-rate units affordable to both ALICE and poverty-level households. The larger the gap, the harder it is for households below the ALICE Threshold to find affordable housing. From county to county, Wisconsin's affordable housing gap varies. The gap was larger than 15 percent in Dane, Jefferson, Kenosha, La Crosse, Portage, Racine, and Rock counties,

and reached 23 percent in Milwaukee County in 2016; by contrast, there was no housing gap in Door, Forest, Lincoln, Manitowoc, Price, Sawyer, Vilas, and Washburn counties (Figure 29). From 2010 to 2016, the housing gap more than doubled in Dane, Kenosha, La Crosse, Racine, Sauk, Walworth, and Washington counties.

Figure 29.
Affordable Housing Gap by County, Wisconsin, 2016



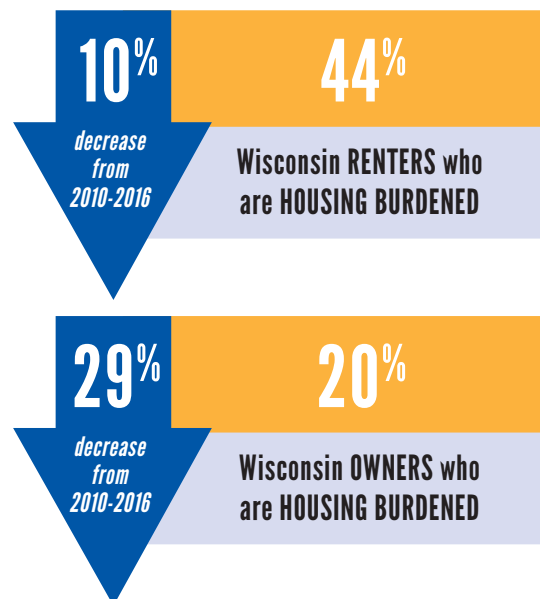
Source: American Community Survey, 2016, and the ALICE Threshold, 2016

Housing Burden

The second key indicator of housing affordability in a county is housing burden — housing costs that exceed 30 percent of household income, as defined by the Department of Housing and Urban Development. That standard evolved from the United States Housing Act of 1937; while rent thresholds shifted over the ensuing decades, since 1981, the standard has been that 30 percent of income is the most a family can spend on housing and still afford other household necessities (Schwartz & Wilson, 2008).

The rate of housing burden in Wisconsin is generally low for owners but remains much higher for renters, despite the fact that rates for both groups fell slightly from 2010 to 2016. In 2016, 44 percent of Wisconsin renters paid more than 30 percent of their household income on rent, down from 49 percent in 2010. Among owners, 20 percent paid more than 30 percent of their income on monthly owner costs (which included their mortgage) in 2016, down from 28 percent in 2010 (American Community Survey, 2010 and 2016) (Figure 30).

Figure 30.
Housing Burden, Renters and Owners, Wisconsin, 2016

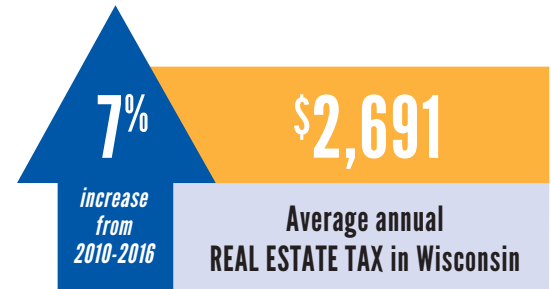


Rates vary across the state. In 2016, the highest rates of housing burden across both renters and owners were in Milwaukee County (36 percent) and Walworth County (34 percent). Manitowoc County had the lowest rate of housing burden at 19 percent (American Community Survey, 2016).

Real Estate Taxes

While related to housing cost, real estate taxes also reflect a county's standard of living. Even for renters, real estate taxes raise the cost of housing. The average annual real estate tax in Wisconsin was \$2,691 in 2016 (a 7 percent increase from \$2,513 in 2010) (Figure 31). There is wide variation across counties, ranging from \$1,577 in Iron County to more than three times that in Dane County, at \$4,915. From 2010 to 2016, real estate taxes increased by more than 10 percent in one-third of Wisconsin's counties. The largest increase was in Menominee County, where taxes rose by 27 percent (American Community Survey, 2010 and 2016).

Figure 31.
Real Estate Taxes, Wisconsin, 2016



COMMUNITY RESOURCES

Community resources in the areas of education, health, and social capital provide a fundamental support structure for working families. In both the short and long term, these resources can make a difference in the financial stability of ALICE households. Yet it is a challenge across all Wisconsin counties to find adequate key community resources, such as access to quality schools, high rates of health insurance coverage, and the types of community engagement that create social capital.

Overall, Wisconsin is on par with the rest of the country in providing education resources (represented by preschool enrollment rates), health resources (represented by rates of health insurance coverage), and social capital (represented by rates of voter participation), although there are concerns about educational achievement gaps by race and ethnicity. While some community resources are fairly evenly spread across Wisconsin, others vary widely by county, suggesting that availability of these resources is determined by a combination of state-level factors and local policies.

Education Resources

The provision of public education has long been a fundamental American value, and education is widely regarded as a means to achieve economic success. Quality learning experiences have social and economic benefits for children, parents, employers, and society as a whole.

Education is also important for the health of communities: People with lower levels of education are often less engaged in their communities and less able to improve conditions for their families. Over half of people without a high school diploma report not understanding political issues, while 89 percent of those with a bachelor's degree have at least some understanding of political issues. Similarly, having a college degree significantly increases the likelihood of volunteering, even controlling for other demographic characteristics (Baum, Ma, & Payea, 2013; Campbell, 2006; Mitra, 2011).

Figure 32.
Preschool Enrollment, Wisconsin, 2016

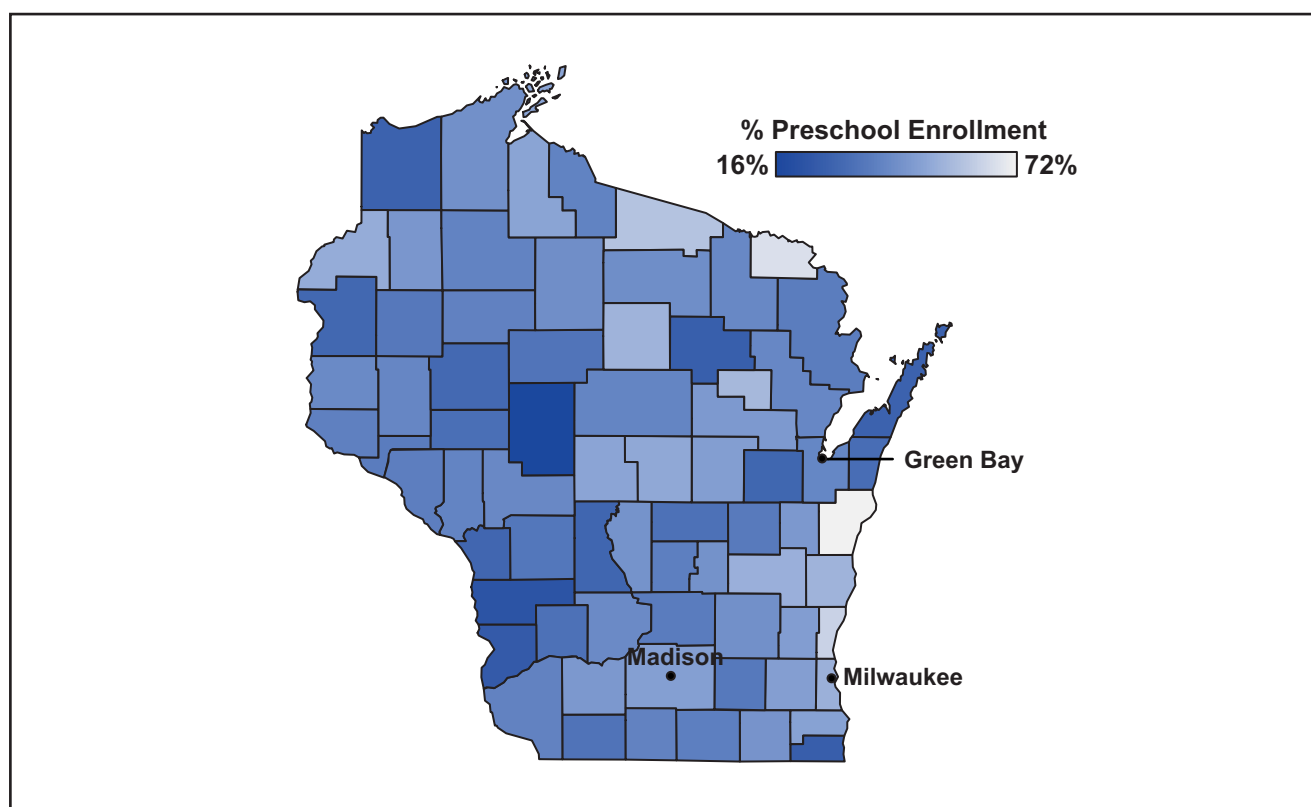


Early learning in particular enables young children to gain skills necessary for success in kindergarten and beyond, with 85 percent of brain development occurring by age 3 and 90 percent by age 5. Early

education also enables parents to work, which enhances the family's current and future earning potential. For these reasons, the quality of education available to low-income children could be one of the most important determinants of their future. In our analysis, the percentage of 3- and 4-year-olds enrolled in preschool is a proxy for the level of education resources in a county. The average share of 3- and 4-year-olds enrolled in preschool (all public and private combined) in Wisconsin was 48 percent in 2016 (Figure 32). Both in the number of 3- and 4-year-olds in child care programs with high YoungStar ratings, and in its universally available 4K programs, Wisconsin has made great progress in preschool education. In 2002, just 4 percent of 4-year-olds were enrolled in state preschools. By 2016, 78 percent of 4-year-olds were served through the state's 4K and Head Start programs (American Community Survey, 2016) (National Institute for Early Education Research, 2016).

Within Wisconsin, preschool enrollment varies widely among counties. In 2016, 67 percent of 3- and 4-year-olds were enrolled in preschool in Ozaukee County, while only 20 percent were enrolled in Clark and Vernon counties. This indicates that there are very different policies and resources devoted to early childhood education across the state (Figure 33).

Figure 33.
Preschool Enrollment by County, Wisconsin, 2016



Source: American Community Survey, 2016, and the ALICE Threshold, 2016

From early learning through post-secondary studies, ALICE households are challenged to find quality, affordable education at all levels in Wisconsin. Secondary and higher education resources, including high school, two- and four-year colleges, and skills training, are important to the functioning of the state economy. Ultimately, basic secondary education remains essential for any job. According to the Alliance for Excellent Education, if only 5 percent more male students graduated from high school in Wisconsin, annual earnings for that graduating class would increase by \$21 million, and annual crime-related savings across the state would be \$192 million (Alliance for Excellent Education, 2013).

Although Wisconsin's Black, Hispanic, and Asian populations are relatively small, the state's education system still does not produce equal results for all residents, as demonstrated by the educational achievement gap affecting students from low-income families and families of color. The Education Equality Index shows that the state's K–12 achievement gap increased between 2011 and 2014, suggesting that necessary changes are not occurring. And the gap remains higher than the national average, with Wisconsin ranking 27th out of 34 states for which data is available. Madison and Milwaukee, the cities with the state's largest non-White populations, rank almost last — 99th and 98th — out of the nation's 100 largest cities on this measure (Education Equality Index, 2016).

These systemic differences affect both high school graduation rates and college performance. Among teenagers in Wisconsin, 64 percent of Black students, 78 percent of Hispanic students, and 77 percent of economically disadvantaged students (qualifying for free or reduced-price lunch) go on to college after high school, compared to 93 percent of White students. That effect persists in college; students who are Black or Hispanic are more likely to need remediation and have lower grade point averages than students who are White. And the gap extends beyond education: The Annie E. Casey Foundation found that across 12 indices, Wisconsin had the largest disparity in well-being between Black and White children (National Center for Education Statistics, 2016; Kids Count, 2017; Becker, 2015).

Health Resources

For people living below the ALICE Threshold, poor health is both a cause and a consequence of being low-income. Access to quality, affordable health care is essential, and a strong predictor of receiving good care is having health insurance. Many ALICE families fall into a critical gap in health-insurance coverage because they often earn more than Medicaid eligibility levels, but not enough to afford the high deductibles of the lowest-cost Affordable Care Act plans.

The overall level of health insurance coverage in Wisconsin remained flat over two decades at around 91 percent, then improved to 95 percent from 2013 to 2016 (U.S. Census Bureau, 1995; Barnett & Berchick, 2017). With BadgerCare Plus (Wisconsin's Medicaid/CHIP program for parents, children, and pregnant women), and the introduction of the Affordable Care Act in 2014, low-income households have had more access to health insurance, though they are still slightly less likely to have coverage than higher-income households. Of Wisconsin residents under age 65 with annual income below 200 percent of the FPL, 88 percent had health insurance in 2016, compared to 92 percent of residents under age 65 at all income levels (Kaiser Family Foundation, 2016; Gates & Rudowitz, 2014) (Figure 34).

Coverage rates vary across Wisconsin, but as rates have improved, differences across counties have decreased. The lowest rate is 71 percent in Menominee County, and the highest is 98 percent in Ozaukee County (American Community Survey, 2016) (Figure 35).

Figure 34.
Health Insurance Coverage,
Wisconsin, 2016

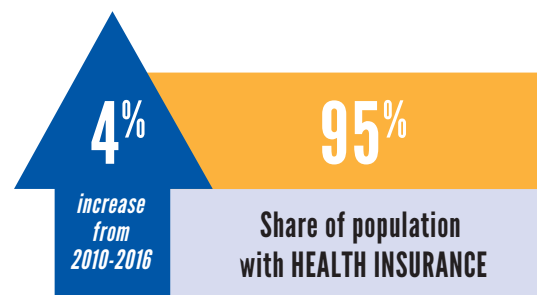
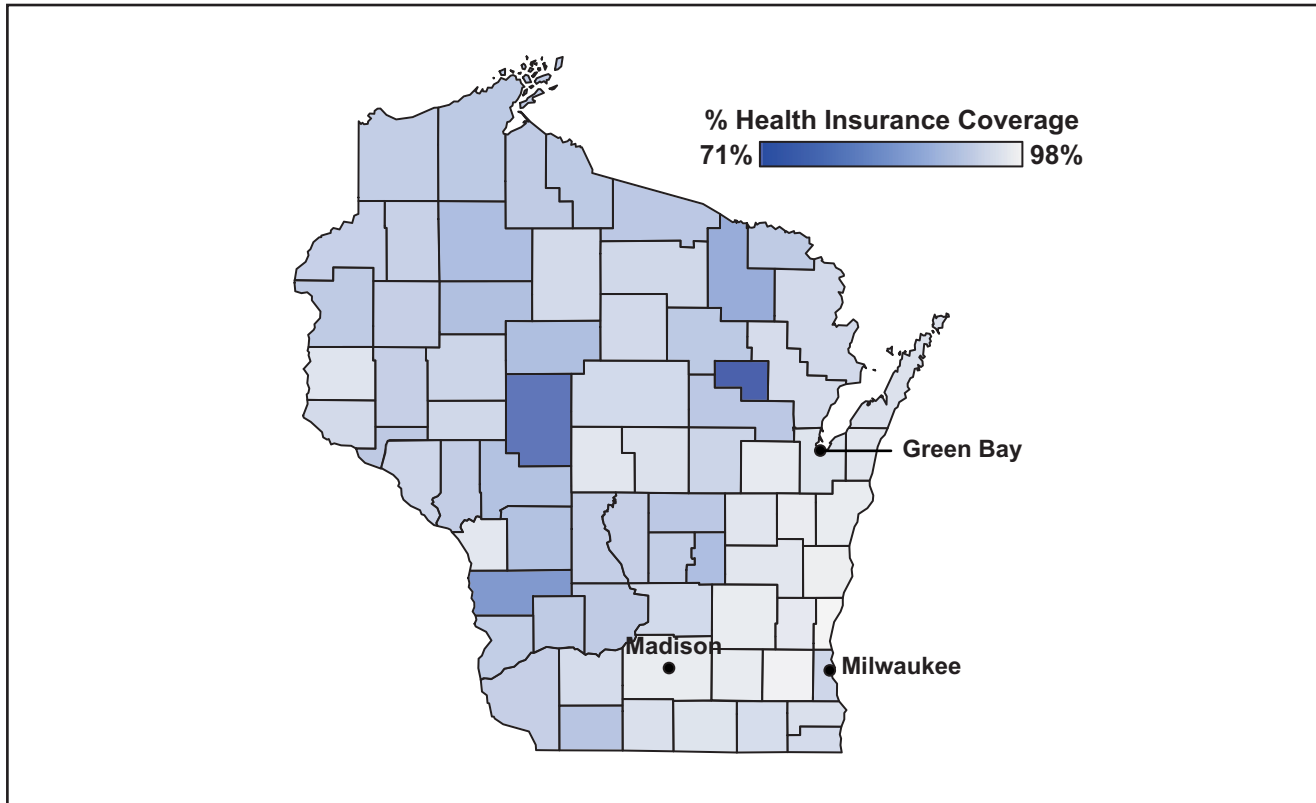


Figure 35.
Health Insurance by County, Wisconsin, 2016



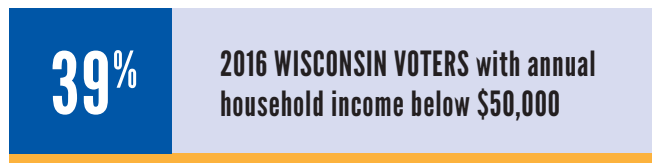
Source: American Community Survey, 2016, and the ALICE Threshold, 2016

Wisconsin was one of the top-20 healthiest states in the country in 2016, as measured by America’s Health Rankings. Rankings are based on measures of behaviors, community and environment, policy, clinical care, and health outcomes. Wisconsin’s primary strengths were high rates of high school graduation and health insurance coverage, and a low prevalence of diabetes. The state still struggles, however, with a high prevalence of excessive drinking and high rates of pertussis, as well as low per-capita public health funding (United Health Foundation, 2016).

Social Capital

In our analysis, voter turnout is used as a proxy for social capital — activities that reflect community engagement. The share of voting-age Wisconsin residents who voted in the presidential election (when turnout is traditionally highest) was 69 percent in 2016, well above the national average of 60 percent. According to Wisconsin exit polls, ALICE residents accounted for more than one-third of the voting electorate: 39 percent of voters had household income below \$50,000, 34 percent had income between \$50,000 and \$100,000, and 27 percent had income above \$100,000 (U.S.

Figure 36.
Voter Turnout, 2016 Presidential Election, Wisconsin, 2016



Election Assistance Commission, 2016; United States Elections Project, 2016; CNN Politics, 2016) (Figure 36).

VI. EMERGING TRENDS

While ALICE families differ in their composition, challenges, and level of need, there are three broad trends that will impact the conditions they will face and the opportunities they will have to change their financial status over the next decade: the changing American household; increasing market instability, both in the U.S. and globally; and growing inequality of health. These trends will have significant implications for both local communities and Wisconsin as a whole.

THE CHANGING AMERICAN HOUSEHOLD

Decades of shifting demographic trends have created new household configurations, many of them in ALICE families. In the U.S., Wisconsin ranks 39th in population growth, at only a fraction of a percent (0.35) annually since 2010. Demographics within the state are shifting: Baby boomers are aging, millennials are driving social change with lifestyles that differ from their parents and grandparents, and immigration trends are changing the racial and ethnic composition of communities. These changes impact the demand for housing, health care, transportation, and community services. That demand, in turn, shapes Wisconsin's communities, with many implications for who ALICE households are and where they live and work (World Population Review, 2018).

Growing Populations: Millennials and Baby Boomers

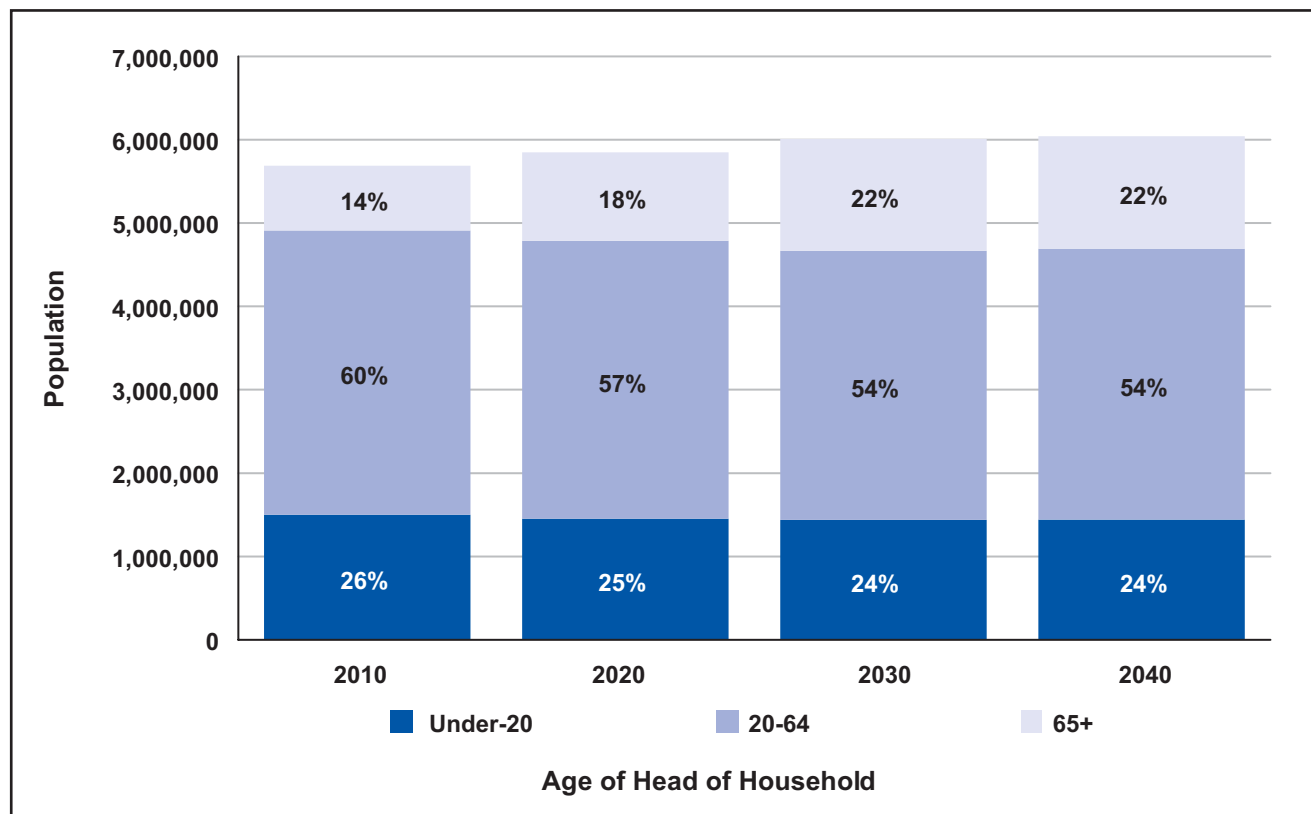
The growth of certain age groups is changing the landscape in Wisconsin and across the country. Both millennials and baby boomers are powerful demographic forces. Millennials tend to have different lifestyle preferences than past generations, including choosing to live in urban areas and delaying both marriage and having children. The large boomer cohort encompasses a group that is working longer, remains involved in a wide array of activities, and is generally healthier than previous generations.

Seniors (65 years and over) are currently Wisconsin's smallest population cohort by age, but this population is projected to grow from 777,314 (14 percent) in 2010 to 1.35 million (22 percent) by 2040, a 74 percent increase (Figure 37). In contrast, demographers predict that by 2040, the rest of the population will decrease in numbers. The number of 0- to 19-year-olds will fall from 1.5 million to 1.4 million, and their share of the state population will decline from 26 to 24 percent. The number of 20- to 64-year-olds will fall from 3.4 million to 3.2 million, and their share will decline from 60 to 54 percent.

Wisconsin's overall growth in population also masks differences across the state. Wisconsin's rural areas are experiencing declines in population, especially among younger residents, which is part of a national trend, while the state's metropolitan areas are seeing growth among people of all ages (Weldon Cooper Center for Public Service, 2016; Egan-Robertson, 2013; Wisconsin Hospital Association, 2017; Milewski, 2016).

Another change in American households by age group is the record number of Americans (nearly 61 million in 2014) living in multigenerational households — those that include two or more adult generations, or those with grandparents and grandchildren. Growing racial and ethnic diversity in the U.S. helps explain some of the rise in multigenerational living. The Asian and Hispanic populations overall are growing more rapidly than the White population, and these groups are more likely than Whites to live in multigenerational family households (Cilluffo & Cohn, 2017).

Figure 37.
Population Projection, Wisconsin, 2010 to 2040



Source: Weldon Cooper Center for Public Service, 2016

Millennials: Millennials are the most racially diverse generation in American history: 43 percent of millennials are non-White, the highest share of any generation. They are also on track to be the most educated generation. Yet at the same time, they are more likely than previous generations to be in debt and living in their parents' homes (Cilluffo & Cohn, 2017; Cohn & Caumont, 2016).

Young workers are a state's future economic growth, but college debt, low wages, and underemployment limit their economic contribution and may cause them to become part of the ALICE population. Wisconsin's college loan default rate was 10 percent in 2014, slightly lower than the national rate of 12 percent. As a result, many recent graduates and young workers have delayed living on their own, getting married, and having children. This is reflected in the decline in the number of Wisconsin households headed by a younger millennial (someone under 25 years old), in the high rate of poverty-level and ALICE households among young people living alone, and in millennials having the lowest geographic mobility among young adults in 50 years. The financial constraints of the under-25 population have a ripple effect on the wider economy as well: Housing construction slows, as do furniture and appliance manufacturing, and there are indirect effects on retail and utilities, which all dampen economic growth (Cilluffo & Cohn, 2017; U.S. Department of Education, 2017; Keely, van Ark, Levanon, & Burbank, May 2012).

Baby Boomers: On the other end of the population spectrum, the senior population (those 65 and over — the older baby boomers) is growing even faster than the millennials. This senior generation faces additional financial challenges: the added expenses of living longer, the increasing cost of health care, and minimal retirement savings. Because of these age-specific issues and the difficulties of working and saving as we age,

the situation of the baby boomers raises well-founded concerns that extend beyond individual seniors to the potential slowing of the entire economy (Bloom, Canning, & Fink, 2011).

Workforce challenges have been especially severe for baby boomers. Because the demands of the labor market have changed — with job loss, lower-wage jobs, and less available work overall — many seniors do not have the retirement savings they need. In 2014, 18 percent of those over age 55 had no savings for retirement and 35 percent had less than \$10,000 (though this did not include the value of a primary residence or defined benefit plan) (Employee Benefit Research Institute and Greenwald & Associates, 2014).

As a result, those on the brink of retirement are finding that they often cannot afford to fully leave the workforce. Even younger baby boomers feel these pressures: Nationally, those aged 55 and over are expected to make up a larger share of the labor force in the next decade. The over-55 age group steadily increased its share of the U.S. labor force from 12 percent in 1992 to 14 percent in 2002, and further to 21 percent in 2012; it is projected to increase to 26 percent by 2022. In Wisconsin, within the 65- to 74-year-old population, 22 percent of women and 28 percent of men were still in the workforce in 2016 (Bricker, et al., 2014; Bureau of Labor Statistics, 2014; Wisconsin Department of Health Services, 2017).

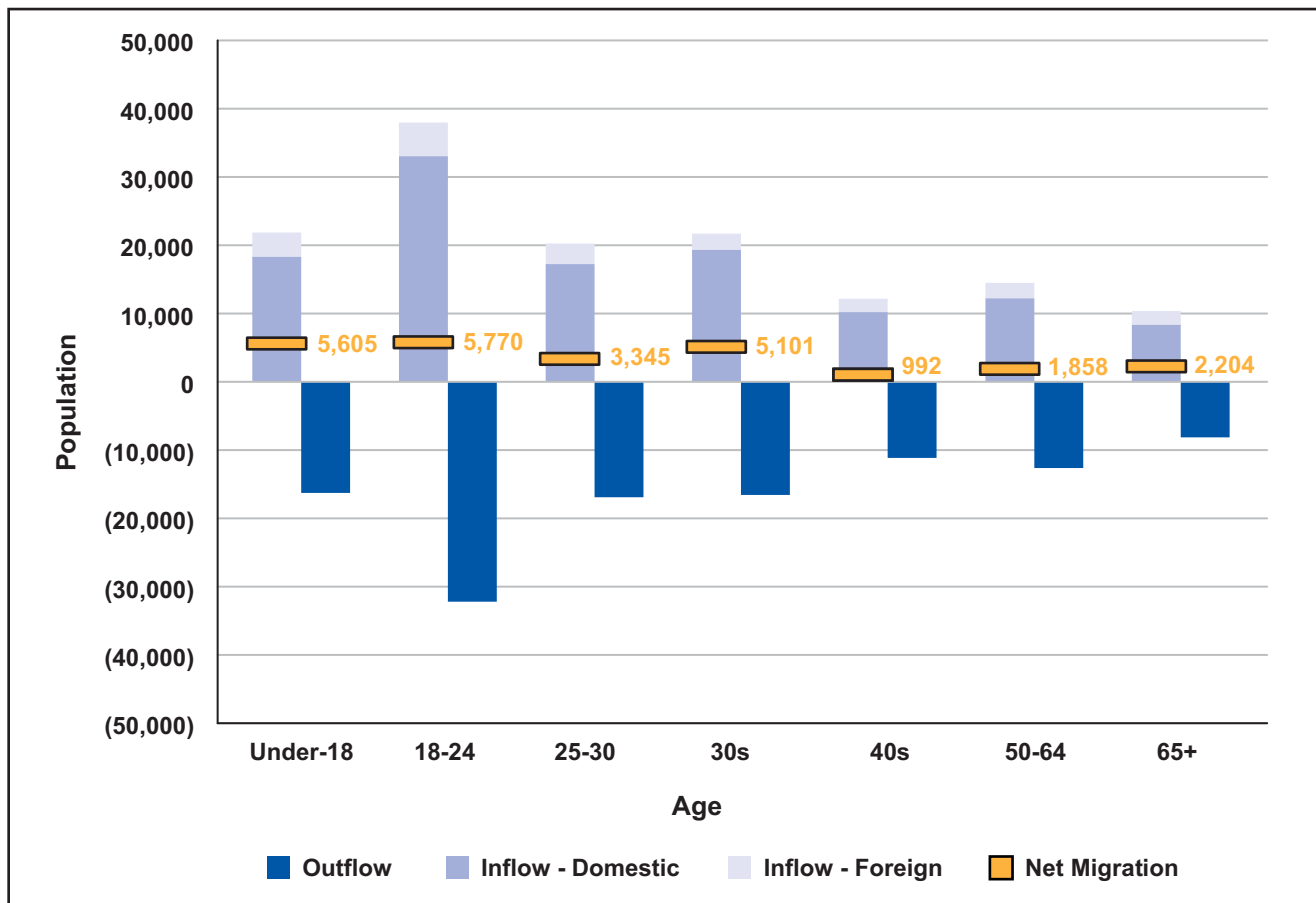
Many ALICE seniors are healthy and continue to work. But for those whose health has declined, the costs of managing their health conditions are often prohibitive. Health care expenses rise considerably for seniors; 80 percent of adults 65 and older have at least one chronic condition, and 68 percent have at least two conditions and account for three-fourths of U.S. health care spending. Costs for seniors and their families rise especially sharply for those who need residential health care, which can become essential for those with debilitating illnesses such as diabetes, cancer, or heart disease. The most expensive conditions, however, are Alzheimer's disease and other dementias, costing more than cancer and heart disease combined. The average Medicare spending for seniors with Alzheimer's is almost three times higher than average per-person spending for all other seniors. Today, there are about 5.2 million individuals treated for this disease in the U.S., and by 2050, the number is expected to triple (Bradley, 2017; Alzheimer's Association, 2017; National Council on Aging, 2017; Centers for Disease Control and Prevention, 2017).

As U.S. seniors age and need more care, that demand will take a toll on younger ALICE workers who will struggle to continue working while providing caregiving to family members. Because the number of seniors is projected to increase faster than the workforce, there will be more pressure on current workers to provide caregiving. There will also be pressure on the government for additional revenue both to sustain Medicare and to accommodate the new infrastructure demands that seniors will make, which are discussed later in this section.

Growing Populations: Migration and Immigration

In addition to internal growth and aging, Wisconsin's population is changing through both domestic migration (primarily from Illinois, Minnesota, and other Midwestern states) and immigration. In Wisconsin, there was significant variation in migration by age group in 2016, with the largest movement being a net gain of more than 5,770 college-aged students. But all age groups experienced at least a slight net inflow. Blacks, Hispanics, Asians, and immigrants are more common in the younger age groups, making those groups more diverse than the older cohort (Aisch, Gebeloff, & Quealy, 2014) (Figure 38).

Figure 38.
Population Inflows and Outflows, Wisconsin, 2016

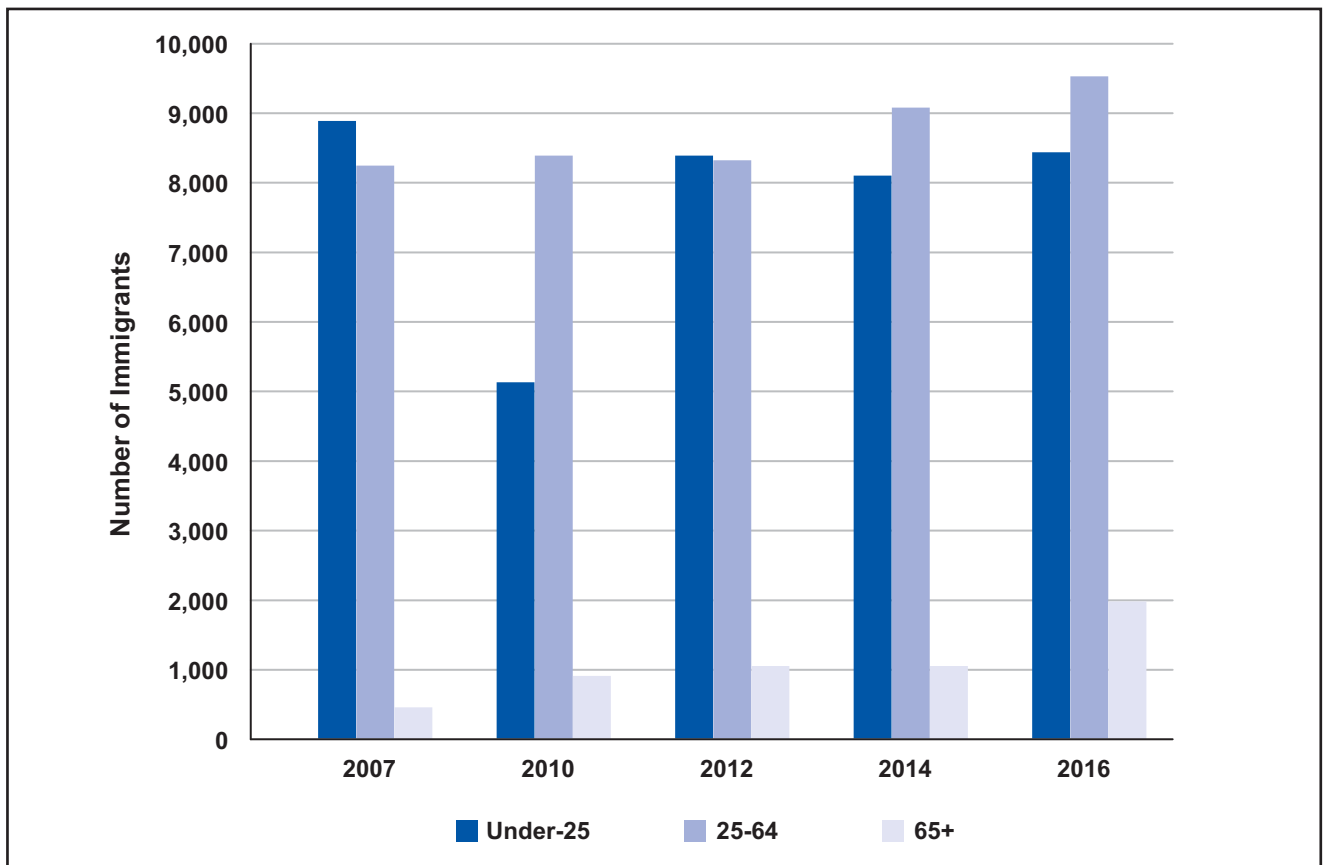


Source: American Community Survey, 2016

Immigration: Immigration plays an increasing role in Wisconsin’s racial and ethnic composition. The number of immigrants has risen over time, from 17,675 in 2007 to 19,943 in 2016 (Figure 39). In 2016, the largest group was college-aged young adults (18–24 years old), followed by children and teens under 18 years old, and then by their parents — working-age people (25–64 years old) — and a smaller number of seniors (American Community Survey, 2007, 2010, 2012, 2014 and 2016; U.S. Census Bureau, 2010, 2015).

Because of this increase, the foreign-born population rose to 5 percent of Wisconsin’s total population in 2016, up from 3.6 percent in 2000. Almost half (46 percent) have become citizens, 30 percent are legal permanent residents, and 25 percent are undocumented. Current immigrants in Wisconsin have come primarily from Mexico and Central American countries (38 percent) and Asia (37 percent), but they also hail from Africa, Eastern Europe, and Canada (Migration Policy Institute, 2016; American Community Survey, 2016; Aisch, Gebeloff, & Quealy, 2014; Migration Policy Institute, 2014).

Figure 39.
Immigration by Age, Wisconsin, 2007 to 2016



Source: American Community Survey, 2016

Immigrants in Wisconsin vary widely in language, education, age, and skills, as well as in their financial stability. Within Wisconsin’s foreign-born population aged 25 and older, 25 percent have less than a high school education, compared to 6 percent of the native-born population. However, 18 percent of the foreign-born population has a graduate or professional degree, compared to 8 percent of the native-born population (American Community Survey, 2016; Cilluffo & Cohn, 2017).

There are many well-educated and financially successful immigrants in Wisconsin. Yet there are also immigrant families with distinct challenges that make them more likely to be unemployed or in a struggling ALICE household. These challenges can include lower levels of education, minimal English proficiency, and lack of access to support services if their citizenship status is undocumented (American Community Survey, 2016; Aspen Institute, 2013).

Immigration has had a particular impact on Wisconsin’s workforce; the state’s civilian labor force would have declined slightly by 2016 if not for immigrants, a trend across the Midwest. Immigrants in the state make up a majority of workers in manufacturing (27 percent) and a significant portion of workers in other industry groups, including education, health care and social assistance (18 percent); arts, entertainment, recreation, hotel and food services (13 percent); and farming (5 percent overall, but up to 40 percent in dairy farming) (Haynes, 2018; Jones M. , 2017; Chappell, 2017).

As both workers and entrepreneurs, immigrants are an important source of economic growth in Wisconsin, making up 6 percent of the state's workforce (186,626 workers) in 2015, according to the U.S. Census. Across the state, there were more than 14,500 immigrant-owned businesses with combined sales receipts totaling \$250 million in 2015, according to the U.S. Census Survey of Business Owners. As consumers, the state's immigrants had a combined purchasing power of about \$5.5 billion in 2014 (New American Economy, 2017; New American Economy, 2017a; American Immigration Council, 2015).

The state's undocumented workers make up a small part of the overall immigrant population — about 25 percent of the foreign-born population — and come primarily from Mexico and Guatemala. Nationally, the estimated number of undocumented immigrants in the U.S. roughly doubled from about 5.7 million in 1995 to about 11.1 million in 2014. In terms of race and ethnicity, Hispanic immigrants make up the largest share of the U.S. undocumented population — almost three-quarters — and Asian immigrants account for about 10 to 11 percent (National Academies of Sciences, Engineering, and Medicine, 2017; Gee, Gardner, Hill, & Wiehe, 2017; Pew Research Center, 2017; American Immigration Council, 2015).

Though undocumented residents make up a small subgroup of Wisconsin's immigrants, their fiscal impact is hotly debated. On one hand, undocumented workers contribute to the state's economy and tax base; in 2014 they paid \$72 million in taxes in Wisconsin, according to the Institute for Taxation and Economic Policy. In addition, they are responsible for both economic activity and jobs: The Perryman Group estimates that if all undocumented workers were removed from the state, Wisconsin would lose \$3 billion in economic activity and approximately 41,000 jobs. According to the U.S. Chamber of Commerce, removing undocumented workers nationwide would not lead to the same number of job openings for unemployed Americans for two reasons: first, because it would remove millions of entrepreneurs, consumers, and taxpayers from the U.S. economy; and second, because immigrants and native-born workers typically do not compete for the same jobs (U.S. Chamber of Commerce, 2013; Perryman Group, 2008; Colombo, 2016; American Immigration Council, 2015).

On the other hand, undocumented workers use community resources. However, these are primarily local government services such as K–12 education, parks, and highways — services available to all Wisconsin residents. For specific state benefits such as FoodShare, WisconsinWorks, or BadgerCare Plus, eligibility is restricted to legal immigrants with a minimum of five years of qualified status (The Pew Charitable Trusts, 2014; Pereira, et al., 2012; Hall, 2017).

The fiscal impact of undocumented residents also shifts as the children of immigrants become adults. They are among the strongest economic and fiscal contributors within the U.S. population, contributing more in taxes than either their parents or the native-born population (National Academies of Sciences, Engineering, and Medicine, 2017).

Overall, immigrants have a positive impact on long-term U.S. economic growth. Immigrant workers run businesses and pay taxes, contribute to a range of fields from engineering and science to the service sector, and in 2012 were 30 percent more likely to start their own businesses than native-born residents. One-quarter of public U.S. companies backed by venture capital have been founded by immigrants — companies including Google, Intel, and eBay. At the other end of the occupational spectrum, in service jobs, lower-skilled immigrant workers such as child care providers or caregivers form the foundation that enables higher-income parents to pursue full-time careers while having children. All of these disparate factors contribute to economic growth and the tax base (National Academies of Sciences, Engineering, and Medicine, 2017; Furman & Gray, 2012).

Immigrants and their children will account for the vast majority of current and future U.S. workforce growth. Nationally, the portion of the labor force that is foreign-born has risen from about 11 percent to just over 16 percent in the last 20 years. Without immigrants, there would be an estimated 18 million fewer working-age adults in the country in 2035, and U.S. population growth would be less than 1 percent annually, slow by historical standards (National Academies of Sciences, Engineering, and Medicine, 2017). The full size of the next wave of immigrant workers and their children is not yet clear and could impact the growth trajectories of all age groups in Wisconsin.

Implications of Demographic Trends

The growth of Wisconsin's millennial, baby boomer, and immigrant populations will have an impact both on the wider economy and on the communities where ALICE lives and works. As these changes unfold, there will be opportunities to improve financial stability for ALICE families in Wisconsin. But there will also be additional pressures, particularly in two areas: infrastructure and elder care.

Infrastructure

There will be greater pressure on the state's infrastructure, especially the housing market for smaller, affordable rental units. Different groups prioritize different amenities in these units: Many young millennials want to rent near urban 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, public transportation, and jobs. However, unless changes are made to Wisconsin's infrastructure or housing stock, the current shortage of affordable housing units will increase, pushing up prices for low-cost units and making it harder for ALICE households to find and afford basic housing (U.S. Census Bureau, 2017; Department of Numbers, 2017; U.S. Department of Housing and Urban Development, 2016).

Changes in modes of transportation may offer Wisconsin residents more options in the future. With the rise of new forms of transportation, from ride-sharing companies like Uber to the prospect of self-driving cars, there are more ways to be mobile than owning a car or using public transportation. With many millennials preferring not to own cars and many older adults no longer driving, these services will be desirable. For example, self-driving cars could help seniors in rural areas who are no longer able to drive to get to doctor's appointments, family, and grocery stores. While we have yet to see the definitive shift toward automation predicted to happen in the next decade, self-driving technology is already being used in the long-haul trucking industry, enabling more goods to be transferred to and from rural areas. Ride-sharing companies have already altered the urban transportation landscape, providing new options for passengers but also impinging on the traditional taxi and livery industries, where many drivers are ALICE workers (Schmidt, 2017; Securing America's Future Energy, 2017).

The changing transportation dynamic could also impact the delivery of social services and health care. For example, Uber is currently working with Meals on Wheels to provide rides to volunteers doing food deliveries. In the future, fleets of publicly owned self-driving cars could provide transportation for seniors and those with disabilities to doctor's visits and social services at a fraction of the cost of building a new and easily accessible public transportation system (Cakebread, 2017; Arcadis, HR&A Advisors, and Sam Schwartz, 2017; Zimmer, 2016).

Housing could also be impacted by the evolution of self-driving cars. If this technology can offer lower-cost transportation and more productive commuting time, the proximity of housing to work and amenities might become less important, thereby increasing the range of locations for affordable housing. In addition, a reduced need for car ownership will change the demand for houses with garages and for on-street parking (Jiao, Miró, & McGrath, 2017).

Elder Care

The aging population will increase demand for geriatric health services, including assisted living and nursing facilities, and home health care. Seniors will face a number of challenges in getting the care they need, including a lack of savings and fewer available caregivers.

Numbers of available caregivers: In Wisconsin, the caregiver support ratio — the number of potential caregivers aged 45 to 64 for each person aged 80 and older — was 6.7 to 1 in 2010 and is projected to fall to 4 to 1 by 2030, and then to 2.9 to 1 by 2050. Out of the 50 states, the Long-Term Services and Supports State Scorecard ranked Wisconsin 14th in 2014 in its support for family caregivers and 8th overall in its long-term support and services for older adults on a scale that measures affordability, access, and quality of life (Reinhard, et al., 2014; AARP Public Policy Institute, 2015; Redfoot, Feinberg, & Houser, 2013).

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 workers. Personal care aides, one of the fastest-growing jobs in Wisconsin, are paid \$10.74 per hour and require reliable transportation, which can consume a significant portion of the worker's wage. 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 Wisconsin and across the country (MetLife Mature Market Institute, June 2011; U.S. Bureau of Justice Statistics, 2015; Wisconsin Department of Workforce Development, 2018).

Immigrants in the caregiving workforce: Immigrants make up a large share of employees at the nation's nursing homes, assisted living facilities, and home care agencies. A recent study found that one in four direct-care workers is foreign-born, and that share is probably much higher among "gray market" workers — home care workers hired directly by families and often paid under the table (Espinoza, 2017).

The immigrant direct-care workforce is economically and politically vulnerable. These workers are largely women who work mostly part-time or part-year jobs with a median annual income of \$19,000. This is despite the fact that immigrant direct-care workers are more likely to have higher-education degrees than U.S.-born direct-care workers. Fewer immigrant direct-care workers are nursing assistants, who earn a higher income and more often have employer-sponsored health insurance. A large majority of immigrant direct-care workers come from Central American, Caribbean, and Southeast Asian countries, all regions targeted by recent immigration restrictions. Losing direct-care workers from these populations at a time when the U.S. senior population is growing would both increase the cost and reduce the quality of care, adding pressure to families to provide their own care. (Espinoza, 2017).

Unpaid family caregivers: 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. Half of all family caregivers report that they had no choice in taking on their caregiving responsibilities, and almost half (47 percent) report household income of less than \$50,000 per year (AARP Public Policy Institute, 2015).

Family caregiving has significant value; the presence of an informal caregiver can improve well-being and recovery and defray medical care and institutionalization costs. Yet caregiving is also costly for families in several ways: direct costs, such as those for supplies; lost income due to decreased hours or job loss, which also impact future earnings; and mental and physical strain on the caregiver (Dixon, 2017; MetLife Mature Market Institute, 2010; AARP Public Policy Institute, 2015; Ramchand, et al., 2014; Tanielian, et al., 2013; Rainville, Skufca, & Mehegan, 2016).

MARKET INSTABILITY

There are a few trends converging to destabilize markets and reshape the American — if not global — workforce: the ripple effects of natural and human-made disasters through a connected global economy, the shifting of risk from companies to workers and from high- to low-wage jobs, and the often disruptive effects of technology on jobs and workplaces.

Each of these trends is likely to become more prevalent going forward, and these changes will impact ALICE workers disproportionately because they have the fewest resources to weather instability and risk. According to a recent workforce survey, more than three-quarters of U.S. workers live paycheck-to-paycheck at least some of the time, and nearly that many are in debt. What makes market instability especially difficult for ALICE families is their lack of financial resilience: They do not have savings or other resources that might sustain them through a low period of income or an unexpected disaster. Instead, an emergency can quickly spiral into a crisis, with devastating consequences for households (CareerBuilder, 2017).

Disasters Felt Globally

While some Americans may not think much about the global economy, our new economic reality is a complex, integrated system that features both technological advances as well as disruptions. Technology has expanded international connections and increased the speed of these interactions; but that connectedness can function both for better and for worse. When an earthquake and tsunami pummeled Japan in 2011, the global supply chain of semiconductor equipment and materials was disrupted. With Japan responsible for 20 percent of the global semiconductor market, the cost of the world's semiconductor products increased, including those made for Apple's iPad. And there is no global governing body to help moderate the effects of cycles of disaster, inflation, or industry bubbles, as the U.S. has, for example, with the Federal Reserve (World Economic Forum, 2017; van Paasschen, 2017; Morgenstern, 2011; Amadeo, 2011)..

Workers at Risk

The changing economy has put pressure on businesses to seek new ways to improve productivity and reduce costs. A common practice has been to shift the risk of market fluctuations in supply and demand from the business to the worker. For example, when crops are reduced after a drought, there are lower wages for field hands due to less work even if farm owners can charge more for limited output; and when demand for vacations falls after a hurricane in a tourist destination, hotels and restaurants can cut their losses by sending workers home. Risks from environmental hazards, natural and human-made, are also often pushed onto workers and low-income communities. Lower-income workers are particularly likely to be exposed to hazards such as pollutants in factory work, chemicals and pesticides in farming and manufacturing, and injuries in nursing and construction.

Since these costs are often cumulative, intensifying as the volume of risk increases, years of such practices are being more harshly felt today, such as with the global effects of pollution and climate change. ALICE families are especially vulnerable to events that directly threaten their homes and their jobs: droughts, floods, crop failures, violent weather, rising sea levels, and ocean acidification (van Paasschen, 2017; NASA, 2018).

The growing use of a contingent workforce — another recent structural shift among U.S. businesses — enables companies to scale up or down more nimbly, but it subjects workers to unexpected gains or losses in work hours, making it difficult for ALICE households to pay bills regularly or to make long-term financial plans. Contingent work also reduces the responsibility of employers to provide benefits, such as health insurance and retirement plans. This passes on costs to ALICE families and leaves them more vulnerable should they have a

health crisis or have to retire early. And because some employer or government benefits — including paid and unpaid time off, health insurance, unemployment insurance, public assistance, and work supports — are tied to number of hours worked, unpredictable scheduling can put those benefits in jeopardy. For example, low-wage workers are two and a half times more likely to be out of work than other workers, but half as likely to receive unemployment insurance (Garfield, Damico, Stephens, & Rouhani, 2015; Watson, Frohlich, & Johnston, 2014; U.S. Government Accountability Office, 2007).

Disruptive Technologies and Job Turnover

The cost of disruption is often borne disproportionately by ALICE workers. For example, a technological innovation increases productivity, eliminates some jobs, and creates new ones. The business that invested in the innovation increases profits and the economy benefits from greater productivity. The employee with the new job benefits only if wages are sufficient to cover the cost of training to gain the skills needed for the job, as well as the transaction costs of getting a new job (e.g., job search, relocation, new clothes). The employee in the old job, who may have been excellent in that role, may not have the skills for the new job and/or may be unable to relocate and therefore loses her job, which has huge and immediate costs for herself and her family.

One of the clearest examples of the impact that job turnover has on workers and the economy comes from the North American Free Trade Agreement. Included in the agreement are funds to help workers whose manufacturing jobs move abroad as a result of foreign trade. In 2014, this involved over 62,000 workers, and the cost to help them search for reemployment was just above \$300 million, including funds for job training, job search and relocation allowances, income support, and assistance with health care premium costs. That was a cost of more than \$4,800 per worker to secure new employment — funds that most ALICE workers who lose their jobs do not have (U.S. Department of Labor, 2014).

Turnover is also costly for businesses. From a human-resources perspective, experts estimates that turnover costs account for 20 to 30 percent of the annual salary of workers making less than \$50,000, a cost that includes recruiting, interviewing, hiring, orientation and training, lost productivity, potential customer dissatisfaction, reduced or lost business, administrative costs, and lost expertise (Boushey & Glynn, 2012; Merhar, 2016; Bersin, 2013; Bolden-Barrett, 2017).

Finally, there are the costs of disruptive technologies to consumers, including the time it takes to learn about a new product or process, the actual cost of the item, cancellation fees, and the time and effort to implement and incorporate it into their lives. ALICE families especially do not have the time or funds to adapt, and the ongoing stress of insufficient income is exacerbated by their inability to upgrade to new technologies that ostensibly make everyday life easier (Klemperer, 1987; Zhang, Chen, Zhao, & Yao, 2014).

Future Jobs

Wisconsin's workforce faces a future dominated by low-paying jobs requiring few advanced educational credentials. From 2018 to 2025, three-quarters of the fastest-growing jobs in Wisconsin will pay less than \$20 per hour. In terms of education, only 19 percent of new jobs will require a bachelor's degree, and only 13 percent will require some college or post-secondary non-degree award. More than half of new jobs (54 percent) will not require a formal educational credential at all, and another 15 percent will require only a high school diploma (Projections Central, 2016; Bureau of Labor Statistics, 2016; Wisconsin Department of Workforce Development, 2018) (Figure 40).

Furthermore, many of these jobs are also at the greatest risk of being replaced by technology. Three-quarters (76 percent) of jobs in Wisconsin's 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 TaskRabbit work and Uber and Lyft driving (Frey & Osborne, September 2013).

Predicting new occupations: Moving beyond TaskRabbit and Uber, there are a wide array of new jobs predicted to arise in the next 20 to 30 years, including augmented reality architects, alternative currency bankers, waste data managers, 3-D printing engineers, privacy managers, wind-turbine repair techs, nano-medics, drone dispatchers, robotic earthworm drivers, body part and limb makers, memory augmentation therapists, mass-energy-storage developers, and self-driving-car mechanics (Frey T. , 2011; Mejia, 2017; World Economic Forum, 2016; Hagan, 2017).

While these jobs seem a long way from today's mechanics and personal care providers, most are still maintainer jobs, largely filled by ALICE workers who care for the infrastructure and the workforce, in occupations that ensure the economy runs smoothly. In other words, our physical infrastructure may change, but it will still need maintenance, and the maintainer workforce will still need to be educated and cared for (Vinsel & Russell, 2016).

The new jobs, however, will not necessarily be filled by the same workers who held the jobs that these new titles replace. For example, a cashier does not necessarily have the skills to repair digital-checkout kiosks. Jobs that remain, especially those that require lower levels of education, will be service jobs that cannot be automated and will continue to be the lowest-paid, such as health aides, janitors, sales representatives, and movers. Yet even these jobs will increasingly require digital skills (Brynjolfsson & McAfee, 2014; Frey & Osborne, September 2013).

Ability to work with technology: In the face of rapidly rising computing power, an ability to work with data and make data-based decisions will become an increasingly vital skill even within maintainer jobs, so ALICE workers will need new skill sets. The ability to work with technology will be increasingly important for jobs at all levels, from retail assistants to more senior positions. With the increasing amount of digital information being generated and stored, there will be more value placed on utilizing data to improve business productivity. And with increased mechanization, many jobs will require working alongside machines as well as building and repairing them. In Wisconsin, this dynamic is already a big part of agriculture and manufacturing.

The McKinsey Global Institute estimates that in 60 percent of all occupations, an average of 30 percent of work activities are automatable, and therefore more workers will be required to work alongside machines (Manyika J. , 2017). For example, at Ford's Chicago Assembly Plant, operators used to spend 70 percent of their time scanning and 30 percent repairing defects. Now they spend 10 percent of their time scanning and 90 percent of their time finessing the final assembly of a vehicle (Pete, 2013) (Hagan, 2017).

In addition, the pace of these changes may have to be faster than anticipated. By one estimate, 50 percent of subject knowledge acquired during the first year of a four-year technical degree in 2016 will be outdated by the time students graduate (World Economic Forum, 2016; Organisation for Economic Co-operation and Development, 2016; Carnevale, Smith, Gullish, & Hanson, 2015).

More consultants, more risk: Initially, the gig economy was seen as a way for many ALICE households to fill short-term gaps in standard employment, with work that might be more lucrative than jobs in the traditional employment market. However, the size of the contingent workforce has increased to up to one-third of the overall workforce, with estimates that it could reach 40 to 50 percent by 2020. With more and more workers solely reliant on contract work, the number of people experiencing gaps in income and going without benefits is also rising, and this trend is expected to increase (Gaggl & Eden, 2015; Abraham, Haltiwanger, Sandusky, & Spletzer, 2016; Katz & Krueger, 2016; Freelancers Union & Elance-oDesk, 2016; U.S. Government Accountability Office, 2015; Edison Research, 2018; Smith, 2016; Manyika, et al., 2016; Intuit, 2017).

Figure 40.
New Job Growth by Occupation, Wisconsin, 2017 to 2025

Occupation	2017 Employment	Annual New Growth	Hourly Wage	Education or Training	Likelihood of Being Replaced by Tech
Retail Salespersons	89,387	290	\$10.27	None	74%
Food Prep, Including Fast Food	63,141	861	\$9.05	None	92%
Personal Care Aides	62,452	1,793	\$10.74	None	79%
Customer Service Representatives	57,816	462	\$16.99	High school diploma or equivalent	1%
Registered Nurses	56,212	533	\$32.58	Bachelor's degree	85%
Laborers and Movers, Hand	55,335	271	\$13.99	None	55%
Heavy and Tractor-Trailer Truck Drivers	52,132	687	\$19.61	Postsecondary non-degree award	6%
Janitors and Cleaners	49,003	395	\$11.54	None	6%
Waiters and Waitresses	43,448	233	\$9.17	None	66%
Sales Representatives	40,562	474	\$28.69	High school diploma or equivalent	96%
General and Operations Managers	35,434	282	\$44.15	Bachelor's degree	92%
Nursing Assistants	34,239	458	\$13.47	Postsecondary non-degree award	16%
First-Line Supervisors of Office and Administrative Support Workers	29,254	214	\$24.84	High school diploma or equivalent	85%
Bartenders	26,732	266	\$9.23	None	77%
Maids and Housekeeping Cleaners	26,284	217	\$10.09	None	94%
Accountants and Auditors	23,026	264	\$30.86	Bachelor's degree	95%
Landscaping and Groundskeeping Workers	21,242	239	\$12.62	None	94%
Cooks, Restaurant	19,639	338	\$11.19	None	86%
Computer Systems Analysts	14,628	405	\$36.46	Bachelor's degree	61%
Market Research Analysts and Marketing Specialists	11,571	219	\$25.63	Bachelor's degree	69%
Computer-Controlled Machine Tool Operators	10,751	229	\$19.15	High school diploma or equivalent	1%

Source: Frey & Osborne, September 2013; Wisconsin Department of Workforce Development, 2018

GROWING INEQUALITY OF HEALTH

The third trend that will affect ALICE households throughout Wisconsin is an increasing level of inequality in health. The state has made some important recent gains in health care; the uninsured rate has been cut nearly in half since 2013, falling to 5 percent by 2016. In addition, the Agency for Healthcare Quality and Research ranked Wisconsin's health care first in the country for having the highest-quality rural hospitals, being one of the best states for physicians and the best state for nurses, and having the best provider-owned health plans in the country (American Community Survey, 2013 and 2016) (Borgerding, 2018).

At the same time, the cost burden of health care is increasing for all but the healthiest Wisconsin residents. That cost burden is also increasing for government and businesses — a trend that is not sustainable, and that will most likely result in less access to quality health care for ALICE families, more costly health emergencies, and poorer health overall.

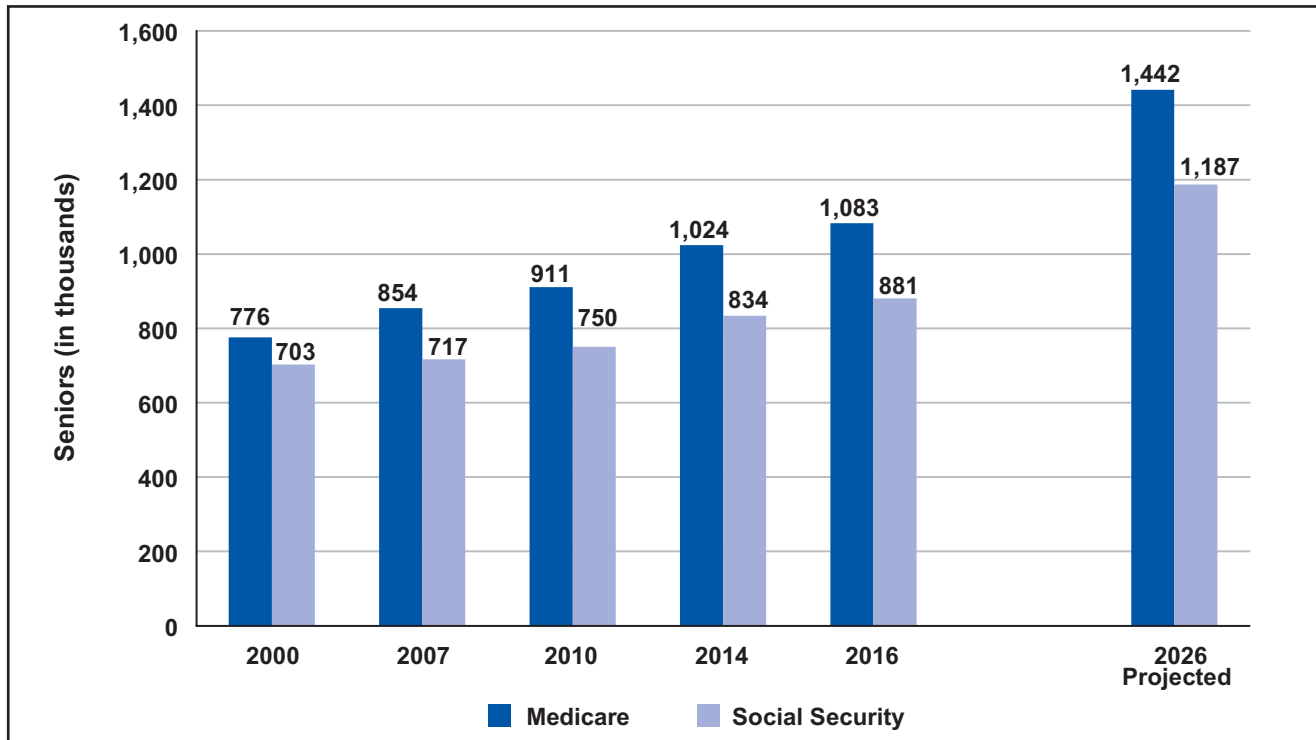
Cost of and Access to Health Insurance

The dwindling power of Medicare and Medicaid: As the ratio of workers to both Medicaid recipients and seniors falls in Wisconsin, there will be growing demand for care and decreasing sources of revenue.

Aging in particular adds significant costs to health care. While many seniors are active and healthy, as they live longer they require more health care than their younger counterparts. Chronic conditions such as cancer, dementia, and diabetes increase with age, and older bodies are more prone to injury. As a result, health care costs for seniors are higher than for other age groups. For example, in 2010, health care spending amounted to \$18,424 per person for people aged 65 and older, tripling the \$6,125 that was spent on working-age individuals. And that spending gap widens as seniors reach 80 and 90 years old (Neuman, Cubanski, Huang, & Damico, 2015; De Nardi, French, Jones, & McCauley, 2015; Leatherby, 2016).

An aging population and increasing health care costs will impact the effectiveness of Medicare and Medicaid and the demands on health care providers, beneficiaries, and taxpayers. As the Wisconsin population ages, the number of Wisconsinites enrolled in Medicare and receiving Social Security payouts has increased steadily and is projected to increase even more. Medicare enrollment increased from 775,700 Wisconsin residents in 2000 to 1.1 million in 2016 and is projected to rise to 1.4 million by 2026 (a 33 percent increase from 2016 to 2026). The number of Wisconsinites collecting Social Security increased from 703,000 in 2000 to 880,840 in 2016 and is projected to reach 1.2 million in 2026 (a 35 percent increase from 2016 to 2026) (Figure 41).

Figure 41.
Enrollment in Medicare and Social Security, Wisconsin, 2000 to 2026

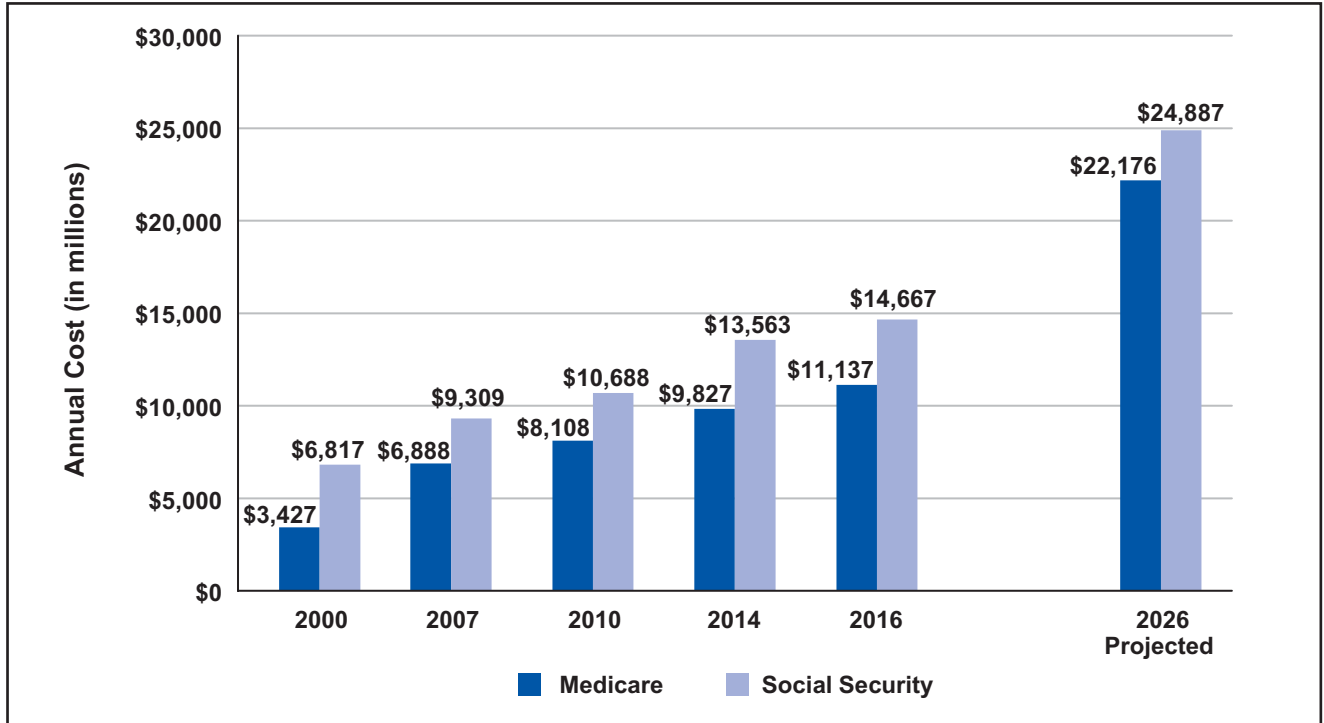


Source: Centers for Medicare & Medicaid Services, 2000, 2007, 2010, 2014; Centers for Medicare & Medicaid Services, 2017; Social Security Administration, 2000, 2007, 2010, 2014, 2016

Medicare provides health care coverage primarily to adults ages 65 and over, but also to younger adults with permanent disabilities. It has different sources of funding for different services, such as hospital care, physician care, and prescription drugs. Medicaid, which provides health coverage for low-income Americans, is often used by seniors to cover the long-term cost of nursing home facilities (Centers for Medicare & Medicaid Services, 2017).

Nationally, Medicare spending is growing at a faster rate than the growth in the senior population, Social Security, or the overall economy. In Wisconsin, both Medicare and Social Security spending are growing faster than either their rates of enrollment or the state economy. From 2000 to 2016, Medicare spending increased by an average of 7.4 percent each year, while Social Security increased by an average of 4.8 percent each year. Spending is expected to rise from 2016 to 2026, Medicare by 6.9 percent per year and Social Security by 5.3 percent each year, which translates to almost a doubling of spending: a 99 percent increase in Medicare spending and a 70 percent increase in Social Security spending over the decade (Centers for Medicare & Medicaid Services, 2017; Van de Water, 2017; Cubanski & Neuman, 2017) (Figure 42).

Figure 42.
Cost of Medicare and Social Security, Wisconsin, 2000 to 2026



Source: Centers for Medicare & Medicaid Services, 2000, 2007, 2010, 2014; Centers for Medicare & Medicaid Services, 2017; Social Security Administration, 2000, 2007, 2010, 2014, 2016.

Seniors will bear additional costs because Medicare does not cover all of their health care. Excluded are long-term services and supports as well as dental care, plus premiums, deductibles, and cost-sharing for Medicare-covered services. These costs are increasing to the point at which out-of-pocket health care costs are likely to use up half of a Medicare beneficiary’s average Social Security income by 2030 (Cubanski, Neuman, Damico, & Smith, 2018).

Decreased availability of employer-sponsored health insurance: ALICE households also face the challenge of declining rates of employer-sponsored health insurance. Insurance through large employers has remained steady or even grown in some places, but some small employers have dropped insurance benefits. Nationally, while 96 percent of employers with 50+ employees offered health benefits in 2016 (up from 95 percent in 2014), the share of businesses with fewer than 50 employees offering coverage dropped from 32 percent in 2014 to 29 percent in 2016 (Stearns, 2017). Furthermore, there is an increasing proportion of workers who rely on contingent work, which typically offers no insurance coverage (Noguchi, 2017). And the repeal of the ACA’s individual mandate in the 2017 tax bill means that younger, healthier people will be more likely to forgo health insurance going forward, making insurance more expensive for those remaining in the market (Pear, 2017).

The Wealth-Health Gap

Socioeconomic status has long been a powerful determinant of health. The National Academies of Sciences, Engineering, and Medicine project 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) (National Academies of Science, 2015).

The health-wealth divide is exacerbated by differences in the safety of both living and working environments depending on income. Those with the fewest resources often live and work in areas with unhealthy conditions, such as contaminated water and polluted air, because those areas are less expensive. The impact of pollution, toxic exposure, and disease compounds over time, and without resources, these families cannot afford to move to safer areas, mitigate these hazards, or avoid risky workplaces.

Race and ethnicity are also tied to the level of adverse environmental exposure people face in their neighborhoods and at their jobs. Several large studies have revealed an association between low socioeconomic status and greater harm from air pollution. A comprehensive review from Harvard University researchers revealed that, compared to the rest of the population, Black, Asian, Hispanic, and Medicaid-eligible individuals across all races and ethnicities had a higher likelihood of death from any pollution-related cause, with Black people almost three times as likely to die from exposure to air pollutants than other groups (Di, Wang, Zanobetti, & Wang, 2017). Moreover, 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 and primarily Black and Hispanic neighborhoods (Mohai & Saha, 2015).

These differences are projected to grow wider as the compound impact of unsafe living and working environments produces even poorer health outcomes for those with the fewest resources, and technical advances in medical care offer even better health outcomes to those with the most (Komlos & Kelly, 2016; National Academies of Sciences, Engineering, and Medicine, 2015; Chetty, Stepner, Abraham, & al, 2016).

The health care gap could increase in two ways. First, precision medicine — the ability to personalize medical treatments, products, and intervention — is increasingly effective, but costly and therefore out of reach for many patients. This is especially the case when it comes to treatments for cancer and rare diseases. Second, biotechnology and genetic engineering has made it possible to go beyond treatment of a specific injury and disease and upgrade to preventative health treatments. Researchers are, for example, experimenting with procedures that could enable families to correct genes that cause illnesses like cystic fibrosis, or add genes that protect against infection or dementia, and pass those improvements on to future generations. Yet these types of innovations would all be extremely expensive if and when they hit the marketplace (Harari, 2014; Komlos & Kelly, 2016; Regalado, 2015).

THE DENTAL HEALTH DIVIDE

Nowhere are wealth-health disparities starker than in the divide in dental care. Higher-income Americans have dental insurance (most often separate from medical insurance) and access to care that provides resistance to tooth decay and breakage, jaw comfort, clear speech, and easier maintenance — all of which lead to better overall health. The wealthiest families 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, nutrition, sleeping, learning, playing, and overall quality of life. In addition, crooked or yellow teeth can stigmatize people in social settings and reduce job prospects, as they are associated with low educational achievement and social mobility. In 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.

Wisconsin's public health care plan, BadgerCare Plus (WI Medicaid), provides dental coverage for children under the age of 18, former foster care recipients, pregnant women, certain farmers, and other self-employed parents and caretaker relatives. Despite the coverage the plan provides for children, discrepancies in coverage and dental health issues persist, varying by income level and race. In 2013, 67 percent of Wisconsin children enrolled in a commercial plan visited the dentist, compared to just 28 percent of children covered through Medicaid — the lowest rate in the nation, and an increase from 22 percent in 2005. This difference in utilization represented the largest gap in the United States.

Within these disparities by income, differences by race are present as well. One in five children ages 3 to 5 in Wisconsin Head Start programs have early childhood tooth decay, with Asian children almost three times as likely as White children to have it. Likewise, Black ninth graders are twice as likely as White adolescents to have five or more dental sealants. Nationally, even though states are required to provide dental benefits to children covered by Medicaid and the Children's Health Insurance Program (CHIP), one-third of White children and one-half of Black and Hispanic children still go without dental care.

Dental care for adults is limited by the fact that many dental services require a co-pay that can make them unaffordable for many ALICE families, and if the covered services are provided out of Wisconsin's BadgerCare Plus Program, there are even more charges. For adults 65 years and older in Wisconsin and across the country, Medicare does not cover routine oral health and dental care. Many seniors with severe needs such as root canals and crowns who are unable to afford additional expenses simply have their teeth pulled. As a result, nearly one in five Americans older than 65 do not have a single real tooth.

Making matters worse, dental coverage does not guarantee access to treatment in Wisconsin. Even those with dental coverage have difficulty accessing care because the state has 137 Dental Care Health Professional Shortage Areas (HPSAs), in both rural areas and urban areas, meaning that only 34 percent of need for care is met (Kaiser Family Foundation, 2016). According to the Wisconsin Office of Rural Health, there is one dentist per 1,920 individuals in rural areas of the state compared to one per 1,470 individuals in urban areas. While 28 percent of residents in rural areas do not visit the dentist, the rate in urban areas is 25 percent.

Sources: Paradise, 2014; Center for Health Care Strategies, 2018; Otto, 2017; Frakt, 2018; Jordan & Sullivan, 2017; Health Policy Institute, 2015; Health Policy Institute, 2018; Wisconsin Department of Health and Family Services, 2007; Olson, Moss, & Voelker, 2014; Wisconsin Department of Health Services, 2012; Wisconsin Department of Health Services, 2015)

LOOKING AHEAD

There is a basic belief in America that if you work hard, you can support your family. Yet the data presented in this Report shows that for nearly 873,000 households in Wisconsin, this is not the case: Working families 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 inequities in opportunity and wealth. The ALICE data challenges persistent assumptions and stereotypes about people who can't afford to pay their bills or are forced to use social services like food banks— 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 clearly shows that hardship in Wisconsin exists across boundaries of race, age, and geography.

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

- At least 51 percent of Wisconsin households do not have enough money set aside to cover expenses for three months, let alone enough to save for emergencies or for the future.
- The majority of adults aged under-25 across the country are unable to afford to live on their own, get married, have children, or move to 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.

IMPROVING LIFE FOR ALICE

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 to weather downturns in the short term and become more financially secure in the long term. Policymakers, academics, and advocates in the field have proposed a range of broad ideas that could be adapted on a local, statewide, or national front.

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, Wisconsin'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. And 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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