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COVID-19 Hit as Record Number of ALICE Families Were Priced Out of Survival

ALICE Report: A crisis in the making with a 76% increase in Washington's ALICE households over 10 years, fueled by high-priced basics and stagnant wages.

To read a copy of the report and find county-by-county and town-level data on the size and demographics of ALICE as well as the community conditions and costs faced by ALICE households, visit www.UnitedForALICE.org/Washington

OLYMPIA, WASHINGTON — When COVID-19 hit, just over 670,000 Washington households were already one emergency away from financial ruin — a 10-year record high — setting the stage for the unprecedented economic impact of the crisis, according to the state's latest ALICE Report, released today by United Ways of the Pacific Northwest, in partnership with United For ALICE.

Over the last decade, Washington's low-income families systematically lost buying power and financial stability as the high cost of essentials outpaced wages, driving the number of ALICE households to rise 76% by 2018, the report shows.

"We've known that our economy was increasingly reliant on these families we call ALICE, who are financially vulnerable to one emergency," said Jim Cooper, President & CEO of United Ways of the Pacific Northwest. "COVID-19 became that one universal emergency. ALICE families are facing the greatest health and financial risks today, as they are the workers who don't have health insurance, have no paid sick days, and whose children receive daily meals at school."

In 2018, of Washington's 2.9 million households, just over 670,000 were ALICE (Asset Limited, Income Constrained, Employed) a record number that were unable to afford the basics for survival, despite working. That's in addition to the 285,000 families that were in poverty. While wages for ALICE workers remained largely stagnant, the cost of six essentials grew on average 3.4% annually over the past decade. That's in contrast to a rate of inflation of 1.8%.

As a result, ALICE households grew to account for 23% of Washington's households in 2018, up from 15% in 2007. In contrast, poverty levels remained largely flat at about 11%. The report shows ALICE households were locked out of the boom economy and unable to establish savings due to meager pay raises and inconsistent job hours, schedules, and benefits.

"No matter how hard ALICE families worked, the gap between their wages and the cost of basics just kept widening," said Cooper. "These already fragile ALICE households are now facing an even deeper financial hole due to the state of emergency created by COVID-19."

ALICE in Washington: A Financial Hardship Study shows that in 2018, the cost of survival ranged annually from \$22,524 for a single adult, to \$25,848 for a senior citizen and \$72,600 for a family of four with an infant and a preschooler. Putting this in perspective, the median hourly

wage for a retail salesperson, the most common occupation in Washington, was \$13.96, or \$27,920 per year.

The mismatch between wages and costs is revealed by a new measurement debuting in this report, called the ALICE Essentials Index. This Index chronicles how the cost of housing, child care, food, transportation, health care and a smartphone plan rose at nearly twice the rate of inflation, as measured by the Consumer Price Index. The result is that in 2018, two parents working full time needed to earn \$18.15 an hour in order to afford the Household Survival Budget for a family of four. That's up from a wage of \$12.50 an hour affording that budget in 2007. During the same period, the number of low-wage jobs grew by a substantial 149%.

“The ALICE Essentials Index shows that, through no fault of their own, ALICE families have been priced out of economic stability, setting the stage for the scope of this crisis,” said United For ALICE National Director Stephanie Hoopes, Ph.D. “Using the Consumer Price Index alone to measure inflation provides an incomplete picture of the cost of living, severely underestimating the mounting financial pressures on ALICE families.”

Cooper said the report's findings should be put in play immediately to identify state and local supports that address the unique challenges the COVID-19 pandemic has inflicted on ALICE families as businesses and schools remain closed indefinitely.

The report calls for stakeholders across all sectors to use its findings to remove obstacles to financial stability, identify gaps in community resources and build data-driven solutions to help ALICE families achieve economic stability, bolstering the state's economy overall.

The ALICE Report for Washington was funded in part by AVISTA, The Ford Family Foundation, Idaho Community Foundation, Idaho Nonprofit Center, Providence Health Care, WaFdBank, & WSECU; and is a project of United For ALICE, a grassroots movement of some 650 United Ways in 21 states, corporations and foundations, all using the same methodology to document financial need. ALICE Reports provide county-by-county and town-level data, and analysis of how many households are struggling, including the obstacles ALICE households face on the road to financial independence.

For more information or to find data about ALICE in local communities, visit www.UnitedForALICE.org/Washington

ABOUT UNITED WAYS OF PACIFIC NORTHWEST

United Ways of the Pacific Northwest (UWPNW) is the regional trade association for 27 local United Ways in Washington, Oregon and Idaho. United Ways in the Pacific Northwest are committed to improving lives by mobilizing the caring power of communities to advance the common good in the areas of education, income and health. Our mission is to advance the common good throughout the Pacific Northwest by enhancing the individual and collective ability of member United Ways to impact their communities and collaborate on regional and statewide issues.

About United For ALICE

United For ALICE is a driver of innovation, shining a light on the challenges ALICE (Asset Limited, Income Constrained, Employed) households face and finding collaborative solutions. Through a standardized methodology that assesses the cost of living in every county, this project provides a comprehensive measure of financial hardship across the U.S. Equipped with this data, ALICE partners convene, advocate, and innovate in their local communities to highlight the issues faced by ALICE households and to generate solutions that promote financial stability. The grassroots movement represents United Ways, corporations, nonprofits and foundations in Arkansas, Connecticut, Florida, Hawai'i, Idaho, Illinois, Indiana, Iowa, Louisiana, Maryland, Michigan, New Jersey, New York, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Virginia, Washington and Wisconsin; we are United For ALICE. For more information, visit: UnitedForALICE.org.