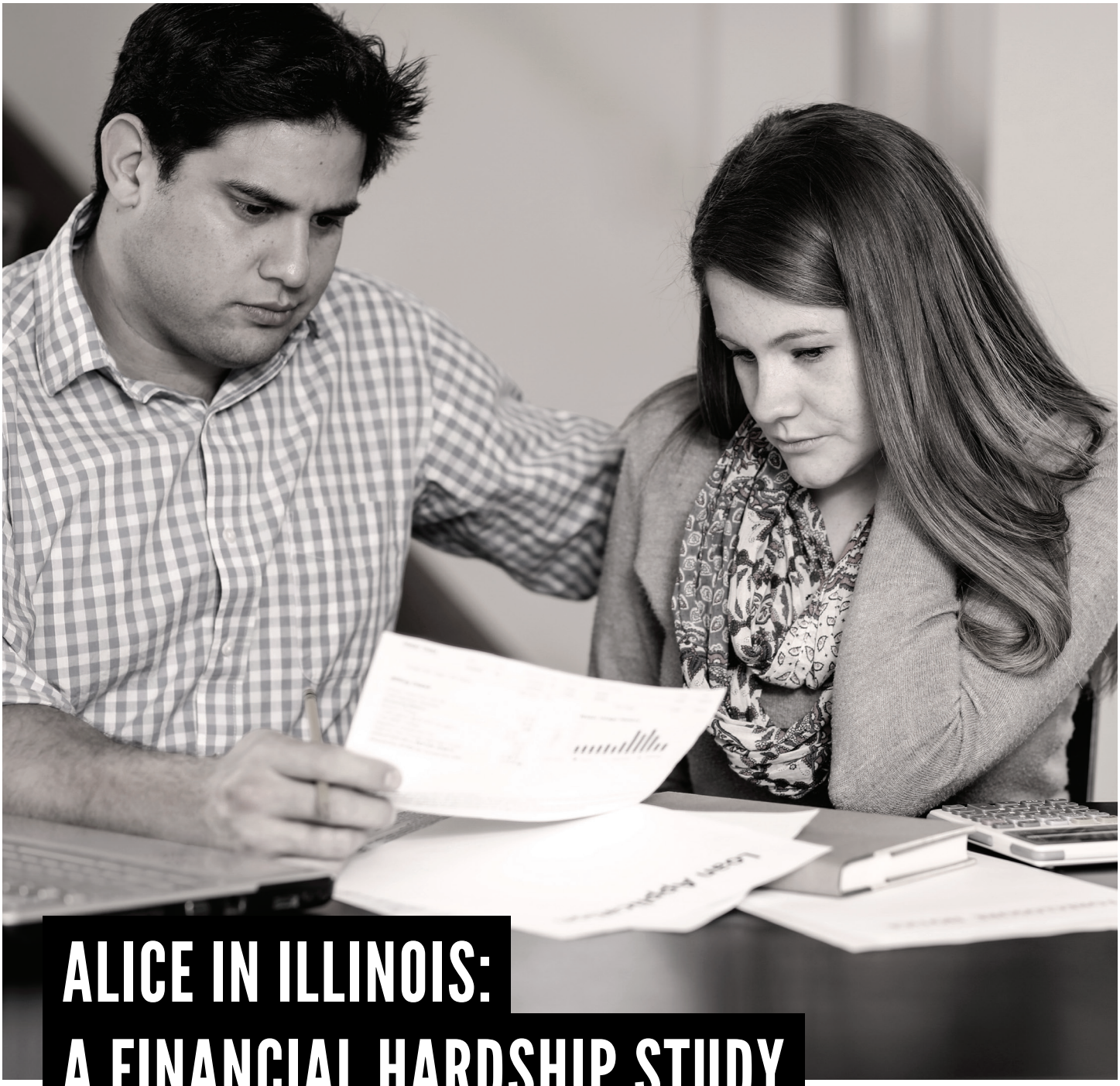

ALICE IN ILLINOIS: A FINANCIAL HARDSHIP STUDY

LIVE UNITED®

UNITED FOR ALICE®

2019 ILLINOIS REPORT

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United Way of Illinois

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

Learn more about ALICE in Illinois:
UnitedWayIllinois.org

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ALICE: A GRASSROOTS MOVEMENT

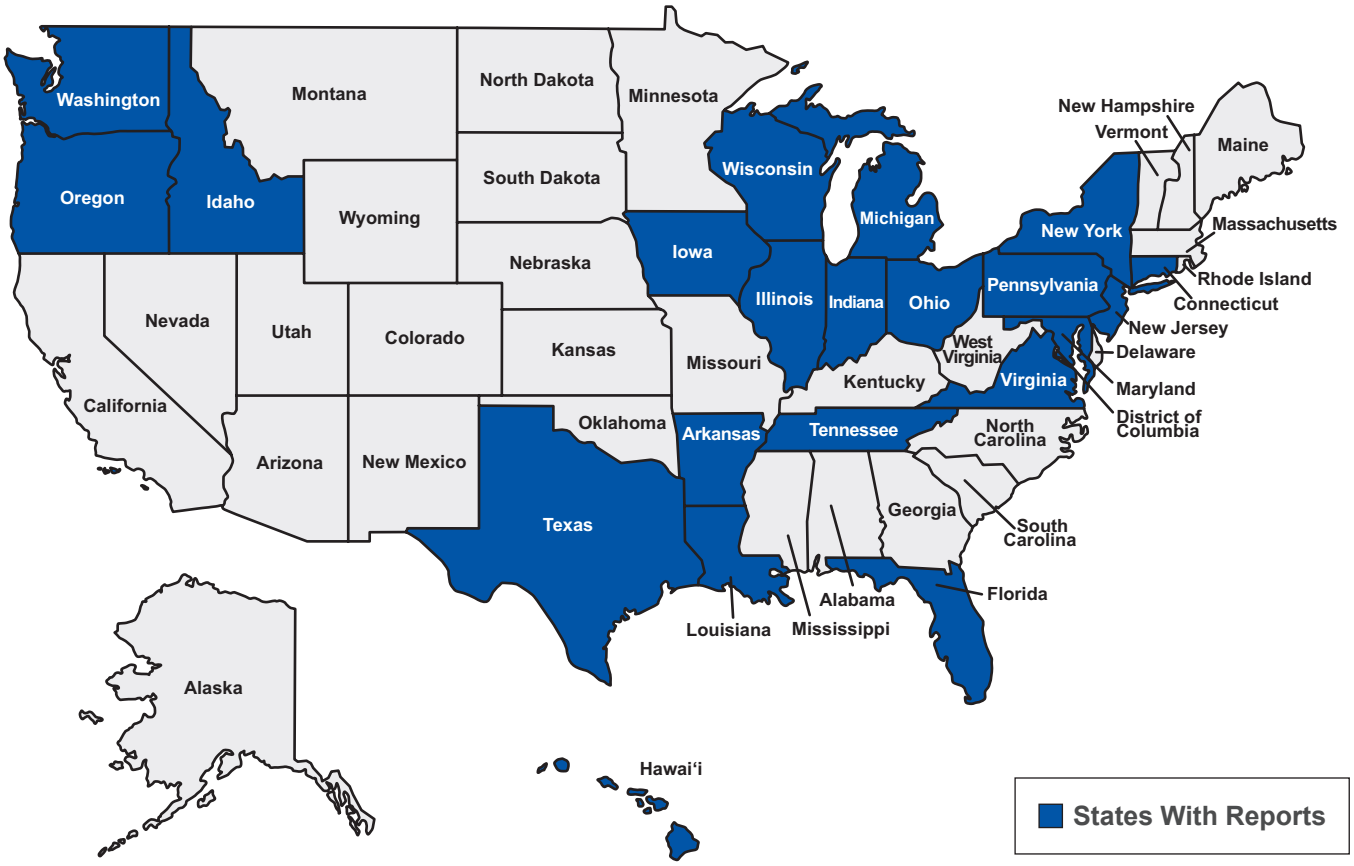
This body of research provides a framework, language, and tools to measure and understand the struggles of a population called **ALICE** — an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. ALICE represents the growing number of households in our communities that do not earn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

Based on the overwhelming success of this research in identifying and articulating the needs of this vulnerable population, this work has grown from a pilot in Morris County, New Jersey in 2009, to the entire state of New Jersey in 2012, and now to 21 states. United Ways in Illinois are proud to join the more than 648 United Ways in these states, along with organizations across the country, that are working to better understand ALICE's struggles.

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

To access reports from all states, visit UnitedForALICE.org

ALICE Reports in the United States



THE ALICE RESEARCH TEAM

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

Lead Researcher

Stephanie Hoopes, Ph.D., is the lead researcher, director, and author of the ALICE Reports. Dr. Hoopes began this effort with a pilot study of a more accurate way to measure financial hardship in Morris County, New Jersey in 2009. Since then, she has overseen its expansion into a broad-based, state-by-state research initiative now spanning 21 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.

Research Support Team

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Institute for Housing Studies, DePaul University

LETTER TO THE COMMUNITY

Dear Illinoisans,

We are so excited to launch the ALICE Report for Illinois. **ALICE** — shorthand for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed — refers to Illinois residents who work at one or more jobs, but who cannot afford their household's basic needs. In Illinois, 36 percent of households cannot afford basic necessities, including housing, food, child care, health care and transportation.

This ALICE report is a key resource for bringing evidence-based, data-driven, social service funding to all corners of our state. It focuses on our neighbors, both individuals and families, who struggle to pay the bills despite being employed.

Who is ALICE in our communities? ALICE is the home health care worker who helps seniors stay in their home and live independently. ALICE is the daycare worker who looks after our children so we can go to work each day. ALICE fixes our cars, works in our local grocery and retails stores, and serves dinner at our favorite restaurants.

Across Illinois, ALICE is the backbone of our communities, working hard but often not having health insurance, vacation, or paid sick leave. Due to low wages, limited work hours, and a lack of savings, ALICE lives on the edge financially, struggling to meet basic needs and unable to save for the future, let alone weather a financial setback, such as an unexpected medical bill or car repair.

The strength and vitality of our state is dependent on all its residents having what they need to support their families and plan for the future. United Way of Illinois and its members across the state work with local social service providers, business and faith leaders, and our partners in state and local government to address the needs of ALICE. An investment of time, energy, and resources in ALICE is an investment in our communities.

With 44 local United Ways across the state, we are uniquely situated to take the detailed, local data in this Report and translate it into action that will engage stakeholders at every level. Human service providers, philanthropists, and corporate, government, and faith leaders all have a role to play in addressing ALICE's struggles. Let's get to work!

Sincerely,

Susan Grey,
Board Chair, United Way of Illinois
President and CEO, United Way of Champaign County

Eithne McMenamin,
Director of Public Policy and Advocacy, United Way of Metro Chicago
United Way of Illinois

TABLE OF CONTENTS

EXECUTIVE SUMMARY 1

INTRODUCTION 5

I. WHO IS STRUGGLING IN ILLINOIS? 9

Measure 1 – The ALICE Threshold

II. HOW COSTLY IS IT TO LIVE IN ILLINOIS? 27

Measure 2 – The Household Budget: Survival vs. Stability

III. ALICE IN THE WORKFORCE 41

IV. BEYOND INCOME: SAVINGS, ASSETS, AND ACCESS TO CREDIT 61

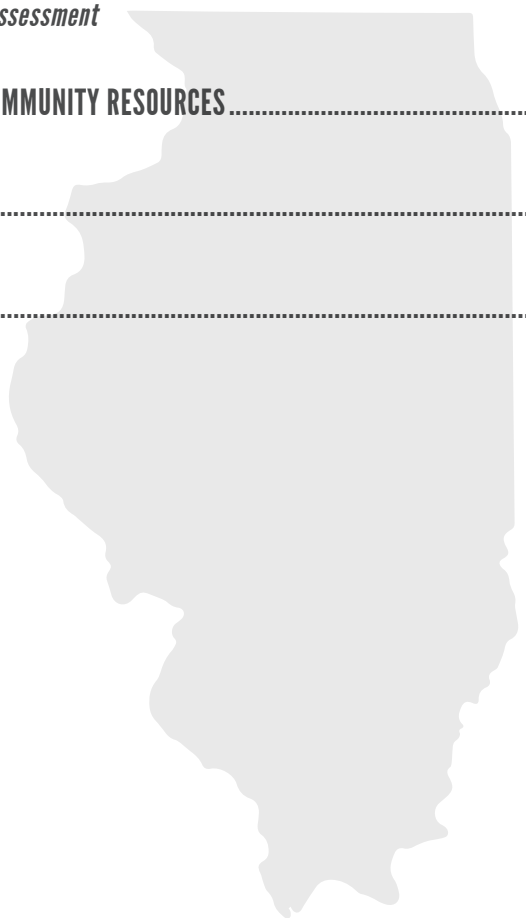
V. THE IMPACT OF PUBLIC AND PRIVATE ASSISTANCE 71

Measure 3 – The ALICE Income Assessment

VI. LOCAL CONDITIONS: HOUSING AND COMMUNITY RESOURCES 79

CONCLUSION 89

NEXT STEPS 104



EXECUTIVE SUMMARY

In 2017, 1,758,032 households in Illinois — 36 percent — could not afford basic needs such as housing, child care, food, transportation, health care, and technology.

This ALICE Report for Illinois describes the population called **ALICE**, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed — families with income above the Federal Poverty Level (FPL), but not high enough to afford basic household necessities or save for the future. These working households contribute to Illinois' economy by earning, spending, and paying taxes, yet they still struggle to make ends meet. With the cost of living higher than what most people earn, ALICE households live in every county in Illinois — urban, suburban, and rural — and they include women and men, young and old, of all races and ethnicities.

Despite recent reports of overall improvement in employment and gains in median incomes, the economic recovery in Illinois since the end of the Great Recession in 2010 has been uneven. Many families continue to face challenges because of low wages, little to no savings, and the increasing cost of basic household goods. The total number of Illinois households that cannot afford basic needs increased 20 percent between 2007 and 2017.

This Report shows the actual cost of basic needs (housing, child care, food, transportation, health care, technology, and taxes) in the **Household Survival Budget** for each county in Illinois, and the number of households earning below the amount needed to afford that bare-minimum budget (**the ALICE Threshold**). The Report delves 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. The Report asks where ALICE households work; how assets, credit, and assistance supplement their incomes; and how local conditions like affordable housing and community resources affect their financial stability and quality of life. Finally, the Report highlights emerging trends that will impact ALICE families in the future.

The data reveals an ongoing struggle for ALICE households in Illinois, and a range of obstacles to achieving financial stability:

- **The extent of hardship:** Of Illinois' 4.8 million households, 12 percent lived in poverty in 2017 and twice as many — another 24 percent — were ALICE households. Combined, 36 percent (1,758,032 households) had income below the ALICE Threshold, an increase of 20 percent since 2007.

- **The basic cost of living:** The cost of basic household expenses in Illinois increased steadily to $57,144 for a family of four (two adults with one infant and one preschooler) and $19,212 for a single adult — significantly higher than the FPL of $24,600 for a family of four and $12,060 for a single adult. The cost of the family budget increased by 38 percent from 2007 to 2017, driven primarily by increases in the cost of housing, health care, and child care, and by the addition of a basic smartphone plan to the budget.

- **Low wages:** Low-wage jobs continued to dominate the landscape in Illinois, with 56 percent of all jobs paying less than $20 per hour. Although unemployment rates fell during this period, 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. In addition, gaps in wages varied based on the type of employer as well as the gender, education, and race/ethnicity of workers.

- **The role of public assistance:** Public and private assistance continued to provide support to many households living in poverty or earning slightly above the FPL, but it provided less support to ALICE households whose income was above eligibility levels. Spending on health care and health insurance outpaced spending in other budget areas; there remained large gaps in other types of assistance, especially in housing and child care.

- **Emerging trends**: Several trends are changing the economic landscape for ALICE families:

    - *The changing American household* — Shifting demographics, including the rise of millennials, the aging of 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.

    - *Increasing vulnerability of workers* — Within a global economy, economic disruptions, natural disasters, and technological advances in other parts of the world trigger rapid change in supply and demand for U.S. industries. Increasingly, this risk has been shifted from companies to workers. In addition to the often-disruptive effects of technology on jobs and the workplace, ALICE workers have low wages and increasingly face income volatility.

    - *Growing health inequality* — As health costs rise, disparities in health increase, especially according to income. Expensive medical and technological advances that are out of reach of lower-income households will only further this divide. 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. United for ALICE develops these resources in order to move beyond stereotypes and judgments of "the poor," and instead encourages the use of data to inform programmatic and policy solutions for these households and their communities. The Methodology Overview and additional data are available online at UnitedForALICE.org.

GLOSSARY

ALICE is an acronym that stands for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed — 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 is the bare-minimum cost to live and work in the modern economy. It calculates the actual costs of basic necessities (housing, child care, food, transportation, health care, and a basic smartphone plan) in Illinois, 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 Illinois. 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.

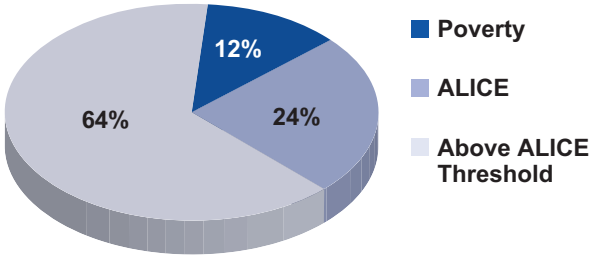
AT-A-GLANCE: ILLINOIS

2017 Point-in-Time Data

Population: 12,802,023 | **Number of Counties:** 102 | **Number of Households:** 4,817,547

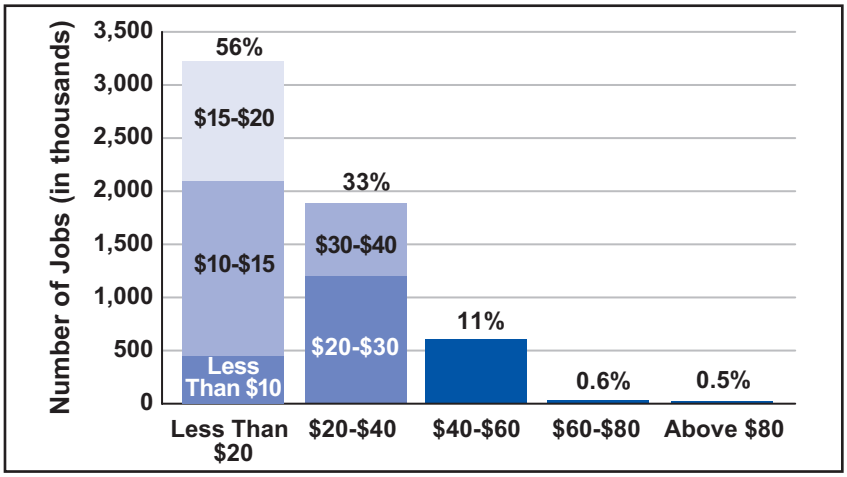
How many households are struggling?

ALICE, an acronym for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, are households that earn more than the Federal Poverty Level, but less than the basic cost of living for the state (the ALICE Threshold). Of Illinois' 4,817,547 households, 12 percent earn below the Federal Poverty Level and another 24 percent are ALICE households.



How much does ALICE earn?

In Illinois, 56 percent of jobs pay less than $20 per hour, with more than half of those paying less than $15 per hour. Another 33 percent of jobs pay between $20 and $40 per hour. Only 12 percent of jobs pay more than $40 per hour.



What does it cost to afford the basic necessities?

Despite low national inflation (22 percent from 2007 to 2017), the bare-minimum Household Survival Budget in Illinois increased by 38 percent for a family and 27 percent for a single adult. Affording only a very modest living, this budget is still significantly more than the Federal Poverty Level of $24,600 for a family of four and $12,060 for a single adult.

Household Survival Budget, Illinois Average, 2017

	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Monthly Costs		
Housing	$515	$752
Child Care	$–	$1,183
Food	$174	$526
Transportation	$331	$660
Health Care	$162	$684
Technology	$55	$75
Miscellaneous	$146	$433
Taxes	$218	$449
Monthly Total	$1,601	$4,762
ANNUAL TOTAL	$19,212	$57,144
Hourly Wage*	*$9.61*	*$28.57*

**Full-time wage needed to support this budget*

Illinois Counties, 2017		
COUNTY	TOTAL HOUSEHOLDS	PERCENT ALICE & POVERTY
Adams	27,160	37%
Alexander	2,432	62%
Bond	6,132	38%
Boone	18,709	34%
Brown	2,066	44%
Bureau	13,816	32%
Calhoun	1,881	39%
Carroll	6,573	35%
Cass	5,160	37%
Champaign	83,080	44%
Christian	13,892	37%
Clark	6,809	32%
Clay	5,624	34%
Clinton	14,183	31%
Coles	21,006	44%
Cook	1,948,373	39%
Crawford	7,665	40%
Cumberland	4,287	38%
DeKalb	38,324	36%
DeWitt	6,704	31%
Douglas	7,580	38%
DuPage	341,845	30%
Edgar	7,669	35%
Edwards	2,810	36%
Effingham	13,450	30%
Fayette	7,659	49%
Ford	5,684	34%
Franklin	16,346	43%
Fulton	14,069	40%
Gallatin	2,272	41%
Greene	5,087	44%
Grundy	19,006	31%
Hamilton	3,413	34%
Hancock	7,523	32%
Hardin	1,452	50%
Henderson	3,019	31%
Henry	19,991	35%
Iroquois	11,845	37%
Jackson	23,942	52%
Jasper	3,723	32%
Jefferson	15,244	40%
Jersey	8,831	38%
Jo Daviess	9,795	28%
Johnson	4,486	45%
Kane	180,787	36%
Kankakee	39,628	36%
Kendall	39,882	29%
Knox	20,981	41%
Lake	247,720	32%
LaSalle	44,625	30%
Lawrence	6,271	45%

Illinois Counties, 2017		
COUNTY	TOTAL HOUSEHOLDS	PERCENT ALICE & POVERTY
Lee	13,416	34%
Livingston	14,379	35%
Logan	11,011	31%
Macon	42,977	36%
Macoupin	18,663	34%
Madison	107,212	39%
Marion	16,001	41%
Marshall	4,900	33%
Mason	6,034	39%
Massac	6,084	44%
McDonough	11,481	47%
McHenry	112,193	29%
McLean	65,146	36%
Menard	5,230	27%
Mercer	6,620	29%
Monroe	13,227	29%
Montgomery	11,234	42%
Morgan	13,894	38%
Moultrie	5,856	38%
Ogle	20,830	34%
Peoria	71,371	37%
Perry	8,223	40%
Piatt	6,676	27%
Pike	6,629	43%
Pope	1,639	50%
Pulaski	2,246	55%
Putnam	2,438	26%
Randolph	12,060	39%
Richland	6,460	40%
Rock Island	60,438	36%
Saline	9,938	45%
Sangamon	84,583	32%
Schuyler	2,856	32%
Scott	2,111	37%
Shelby	9,183	36%
St. Clair	102,793	42%
Stark	2,330	37%
Stephenson	196,604	40%
Tazewell	54,253	30%
Union	6,686	39%
Vermilion	30,241	45%
Wabash	4,915	36%
Warren	6,802	42%
Washington	5,897	33%
Wayne	7,117	31%
White	6,144	38%
Whiteside	23,468	37%
Will	228,366	33%
Williamson	26,845	40%
Winnebago	113,789	37%
Woodford	14,547	27%

*Sources: **Point-in-Time Data:** American Community Survey, 2017. **ALICE Demographics:** ALICE Threshold, 2017; American Community Survey, 2017. **Wages:** BLS, 2017—Occupational Employment Statistics. **Budget:** BLS, 2017—Consumer Expenditure Surveys; Consumer Reports, 2017—Best Low-Cost Cell-Phone; HUD, 2017—Fair Market Rents; Illinois Department of Human Services, 2018—Market Rate Survey; IRS, 2017—About Form 1040; Tax Foundation, 2017; USDA, 2017—Official USDA Food Plans. For the Methodology Overview and additional data, visit our website: UnitedForALICE.org*