

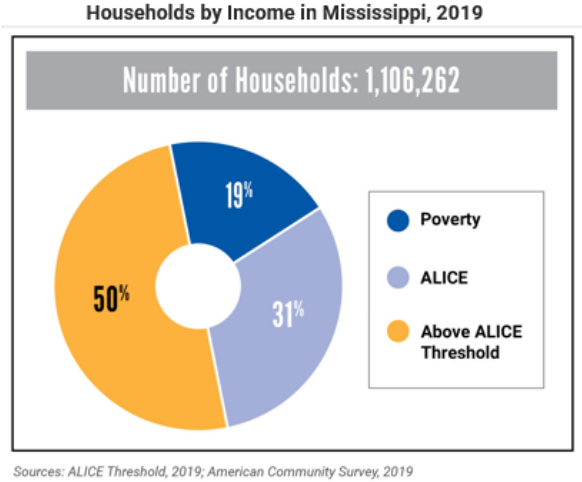


Testimony to the Mississippi Senate Labor Committee Hearing, September 30, 2021

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Good morning. I'm Stephanie Hoopes, National Director of United for ALICE, a center of research and innovation around financial hardship. Thank you for inviting me to this Senate Labor Committee Hearing. I'm delighted to introduce you to someone who will be very helpful to this conversation. Someone you all know, but maybe not by name. **ALICE: Asset Limited, Income Constrained, Employed** households struggle paycheck to paycheck and have little or no savings, but often make too much to qualify for public assistance.

Who is ALICE? Technically, ALICE households earn above the FPL (Federal Poverty Level) but below a bare minimum household budget - ALICE Household Survival Budget. In Mississippi, 19% of households earn below the FPL. Another 31% are ALICE. Combined, 50% of households in MS fall below the ALICE Threshold.



We all know ALICE – the cashier at your local grocery, your child care worker, caretaker for your elderly parent, security guard at the mall – to name just a few. ALICE is your neighbor, your grown child, your parents. Many of us have been ALICE. ALICE households come in all ages, race/ethnicities, and household combinations. And they live in all counties in MS – urban, suburban, and rural. In fact, they live in all counties across the US.

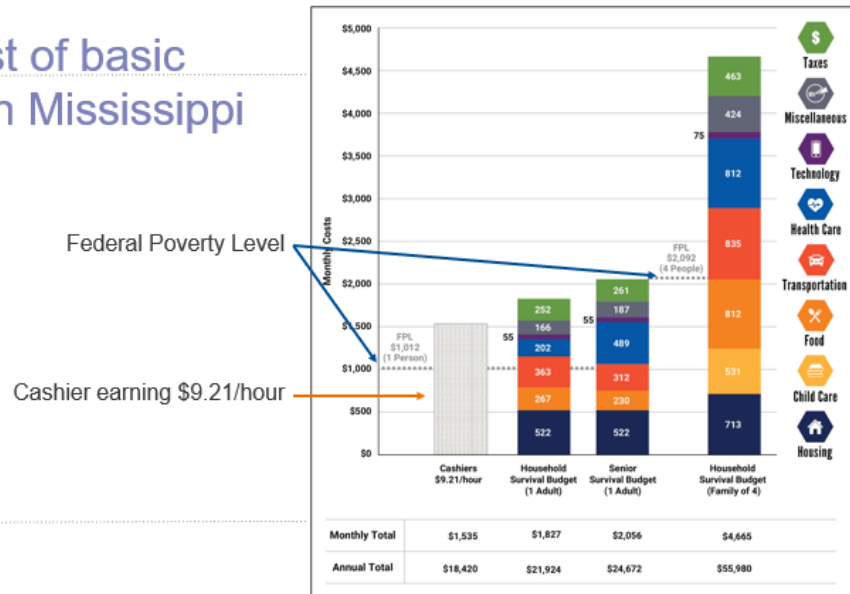
Why are there so many ALICE households? The key is the match – or mismatch – between wages and the basic cost of living.

United For ALICE has built a series of metrics to better understand financial hardship at the local level. Over the last 10 years, the project expanded from one county in NJ to more than 3,000 counties across the U.S. I And in our 24 partner states, United Ways, corporations, nonprofits and government entities are using our data to create positive change for ALICE households. Measures have been built by a stellar research team with input from Research Advisory Committees in each partner state, including more than 300 external experts. If you'd like to learn more about our methodology, visit our website at UnitedForALICE.org.

The ALICE metrics provide insight into the variation in cost of living across and within states, and how these costs compare to the income of different household compositions. The ALICE Household Survival

Budget calculates the bare minimum needed to live and work in the modern economy (the lowest-cost options for housing, child care, food, transportation, health care, and a smartphone plan) for all 3,000+ counties across the country. It is important to note that this no frills budget does not include – savings, vacation, or even a child’s birthday present. This is not a sustainable budget, just the minimum to get by.

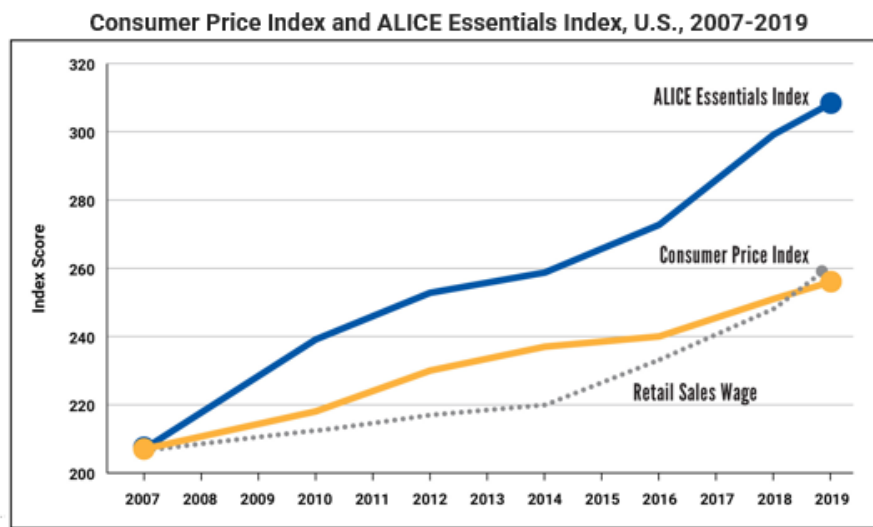
The cost of basic needs in Mississippi



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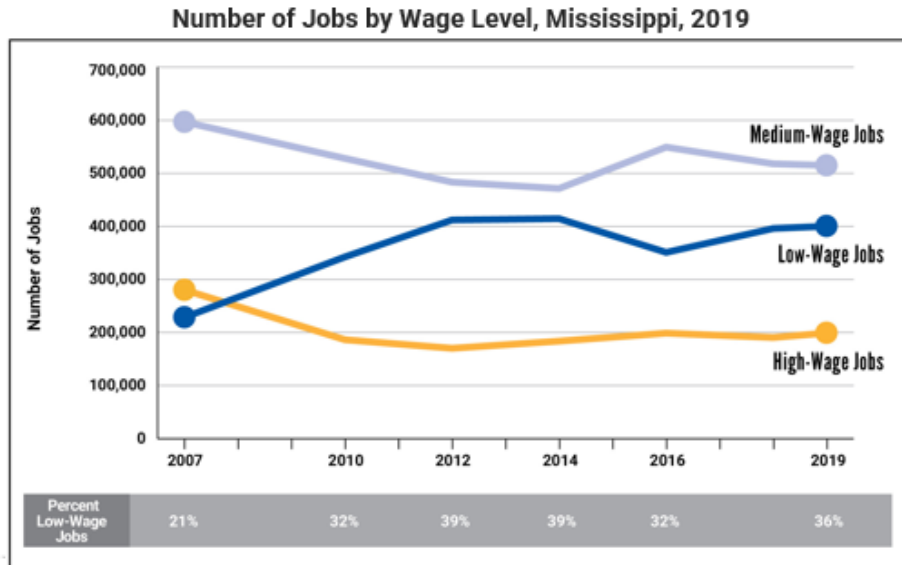
Lessons learned: We’ve been tracking ALICE since 2007. There are some lessons learned over the last decade that may help you with planning for the next decade.

1. **Cost of basics is increasing faster than the overall rate of inflation.** The ALICE Essentials Index tracks the items in the Household Survival Budget (blue line). They are increasing (3/4% annually) almost twice as fast as the overall rate of inflation (1.8%) (yellow line). CPI tracks all good and services that all people buy. For many ALICE workers, costs are increasing faster than wages. As an example, the average wage of a retail sales worker is not keeping pace with increasing costs of essentials or the CPI (black dotted line)



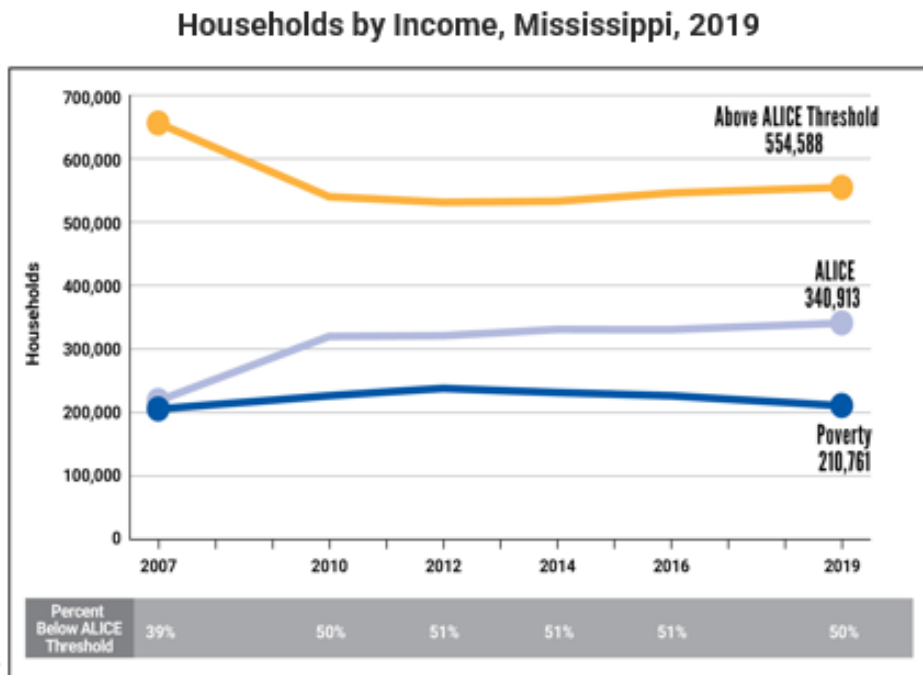
Sources: ALICE Essentials Index, 2007- 2019; Bureau of Labor Statistics—Consumer Price Index, 2007-2019

2. **Much of the employment growth over the last decade has been in low wage jobs.** The number of low-wage jobs (dark blue line) has increased since 2007, with some bumps, while the number of medium (light blue line) and high wage jobs (yellow line) have decreased. We define these jobs by their ability to support the Household Survival Budget. Low wage jobs are those where even with 2 workers they cannot afford the HHSB for a family of 4.



Sources: ALICE Survival Budget, 2007-2019; Bureau of Labor Statistics, 2007-2019 – Occupational Employment Statistics

3. **ALICE never recovered from the Great Recession.** It is not surprising that the number of ALICE households has increased, even during the “recovery” from the Great Recession. While poverty (dark blue line) remained relatively flat between 2007 and 2019, ALICE households (light blue line) continued to increase.



Sources: ALICE Threshold 2019; American Community Survey, 2019

Households below and just above the ALICE Threshold are most vulnerable during periods of economic disruption:

In 2007, 39% of households were below the ALICE threshold, with 6% one income bracket above. By the end of the Recession, 50% of households were below the Threshold. If the same thing were to happen through the pandemic, the 66,000 households (6%) that sat just above the Threshold in 2019 could become ALICE, meaning 56% of HHs would be below the Threshold.

This is not only concerning for these families, but also for the state. When half of the households in a state can't participate in the economy, it's difficult for an economy to grow and thrive. ALICE households are just buying the basics, they are not buying additional goods and services that companies need to grow.

ALICE Workers: ALICE workers play essential roles in the state economy, building and repairing our infrastructure and educating and caring for our past, current, and future workforce. Many have been in the trenches caring for COVID-19 patients. Yet don't earn enough to support their own family.

- Though the majority of adults in MSi were working in 2019 and most households had at least one worker, only 23% of working-age adults had the security of a full-time job with a salary. The rest were paid hourly and/or worked part time.
- Low unemployment, masks underemployment (10% in 2019 in MS).
- In addition, 44% of adults were outside the labor force (gold bars). Retired and other reasons which creates a large reserve of potential workers.

Significant Disparities

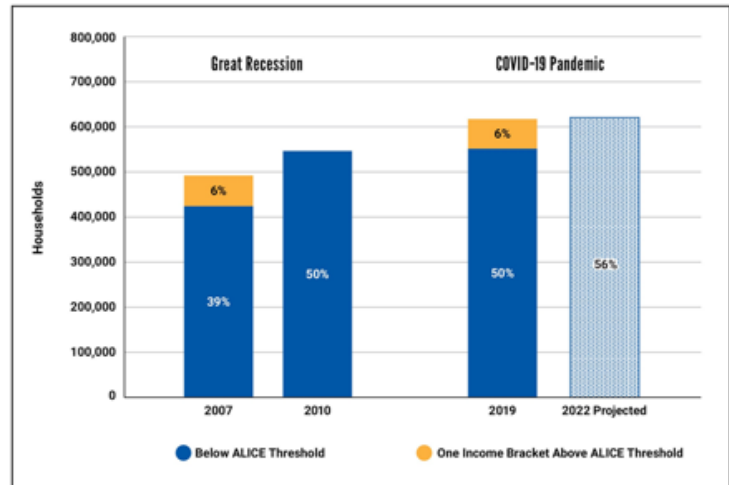
- Race/ethnicity: In 2019, Black and Hispanic workers in MSi earned 46% and 35% less, respectively, than White workers.
- Gender: In 2019, women working full time, year-round earned 77 cents for every dollar White men earned. The gap is even wider for Black and Hispanic women in MS, who made 56 cents and 55 cents, respectively, for every dollar that White men earned.
- Workers with disabilities: Nationally in 2017, full-time, year-round workers with disabilities earned 13% less than those without disabilities.

The strength of the Mississippi economy is inextricably tied to the financial stability of its residents. When more people participate in a state's economy, there is more consumer spending, greater tax revenue, and reduced demand for public services. The more people who participate in a state's economy, the stronger it will be.

There are additional data and tools on our website: The ALICE in Mississippi Report and data is our website at: UnitedForALICE.org/Mississippi

The ALICE Wage Tool identifies the counties where a certain hourly wage can support the Household Survival Budget for a selected household type: UnitedForALICE.org/wage-tool

Households Below the ALICE Threshold and One Income Bracket Above, Mississippi, 2007–2010 and 2019–2022



Sources: ALICE Threshold 2007-2019; American Community Survey, 2007-2019