

ALICE 2020 Local Update

for Elkhart, La Porte, Marshall, and St. Joseph Counties

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1. Overview

This report updates the United Way’s ALICE Household Survival and Stability Budget calculations, and threshold analyses for Elkhart, LaPorte, Marshall, and St. Joseph, IN counties. The rationale for this report is to estimate the budgets and thresholds using the most up-to-date data instead of relying on the national ALICE reports that include a 2-year lag. For example, ALICE’s 2020 report uses data from 2018. Trying to capture the *now* is critically important due the effects of the COVID-19 pandemic on all aspects of life and specifically the economy. While this report includes the latest data and utilizes more accurate local data for some measures, the reliance on secondary data often means a time-lag exists; thus, the reason for ALICE’s 2-year lag.¹

In this report, we calculate eight *survival budgets* for different family compositions for each county. These include:

1. Single adult
2. Married couple
3. Single parent with a 3 year-old child
4. Single parent with a 11 year-old child
5. Family of Four: married couple with a 3 and 5 year-old child
6. Family of Four: married couple with a 8 and 11 year-old child
7. Single senior (65+ years-old)
8. Married senior couple (both 65+ years-old)

We calculate six *stability budgets* for different family compositions for each county.² These include:

1. Single adult
2. Married couple
3. Single parent with a 3 year-old child
4. Single parent with a 11 year-old child
5. Family of Four: married couple with a 3 and 5 year-old child
6. Family of Four: married couple with a 8 and 11 year-old child

Finally, we calculate the ALICE thresholds for each county for households headed by someone under 65 years old and households headed by someone 65+ years old. We also examine how the ALICE thresholds have changed from 2010 to 2020.

1.1. Important Methodological Note

Although we replicate the ALICE methodology, there are several budget categories where we diverge in how the costs are calculated. These categories are childcare, taxes, and transportation costs. We believe our approach provides more accurate local estimates in these budget categories. Therefore, we urge caution in comparing our estimates to estimates in prior years.³

¹See the appendix for details on the methodology.

²ALICE does not calculate senior stability budgets.

³See the appendix for details on the methodology.

2. 2020 ALICE Household Survival Budgets

The ALICE Household Survival Budget estimates the “minimal cost of household essentials” for different family compositions for each county. The ALICE Senior Household Survival Budget adjusts the Household Survival Budget to reflect that seniors have lower costs in some areas (e.g., transportation) and higher costs in other areas (e.g., health care). The goal of the survival budgets is to provide a more accurate estimate of the cost of “getting by” than other measures including the federal poverty level.

In this section, we provide visualizations of the yearly and monthly survival budgets for the eight family compositions, mentioned previously, for each county. The yearly survival budget plots contain the yearly total budget, the hourly wage (per person) required to reach the yearly total, and the Federal Poverty Level (FPL) for household sizes of 1, 2, and 4 people. The monthly survival budget plots breakdown the yearly total budget by the monthly total budget and cost of each budget item.

Key Findings:

- The survival budgets are 2 to 3 times higher than the Federal Poverty Level (FPL) for every family composition in every county.
- The hourly wage per person needed to reach the survival budgets are all above, and often well-above, the federal and Indiana minimum wage of \$7.25 an hour.
- The budget item with the largest variation between counties is childcare costs.
- Childcare, food, and housing costs tend to be the three largest monthly budget items.
- Except for one family type, St. Joseph county has the highest survival budgets among the four counties.
- Marshall county has the lowest survival budgets among the four counties.

Figure 1. Elkhart County Survival Budget Yearly Costs

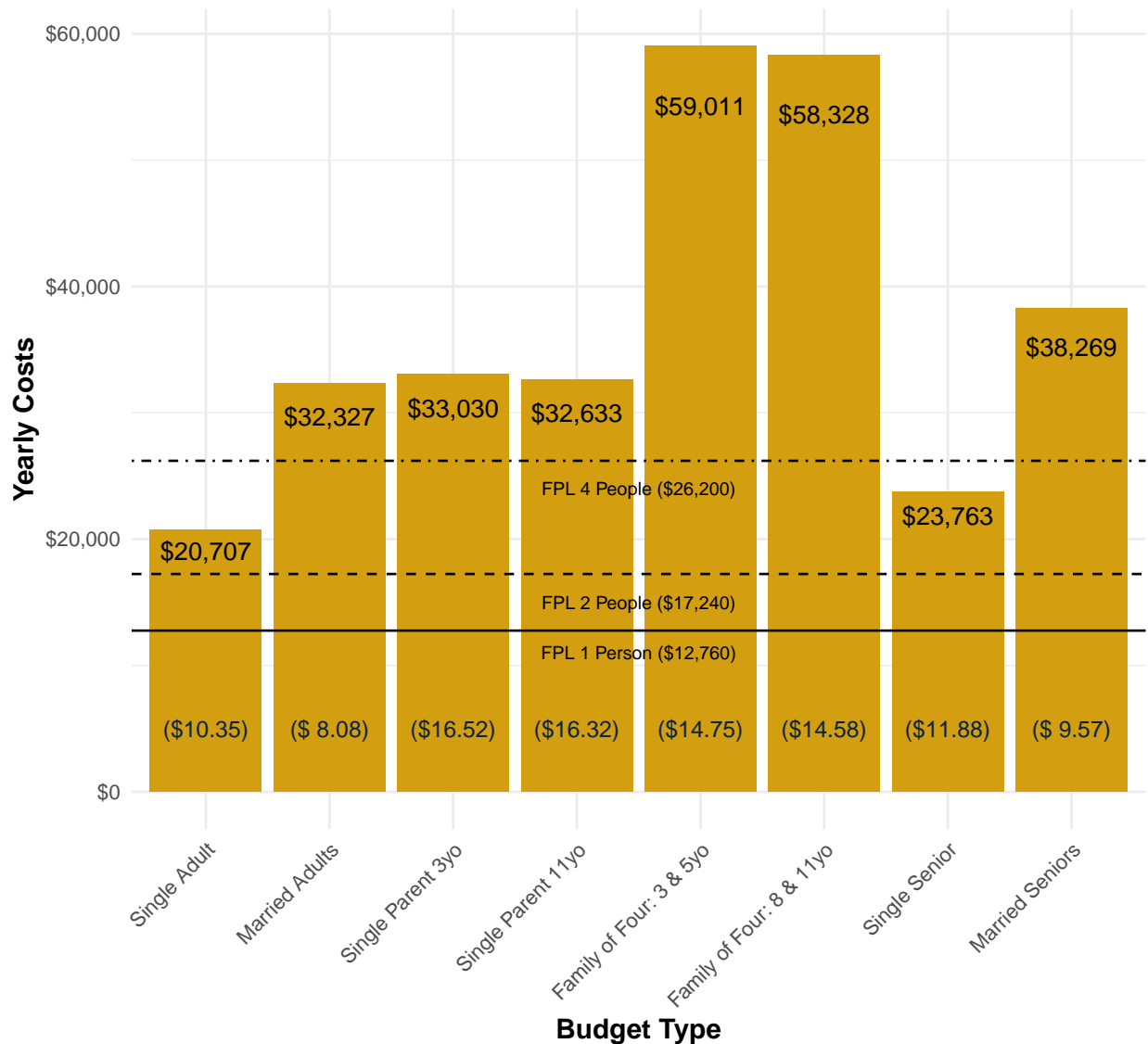
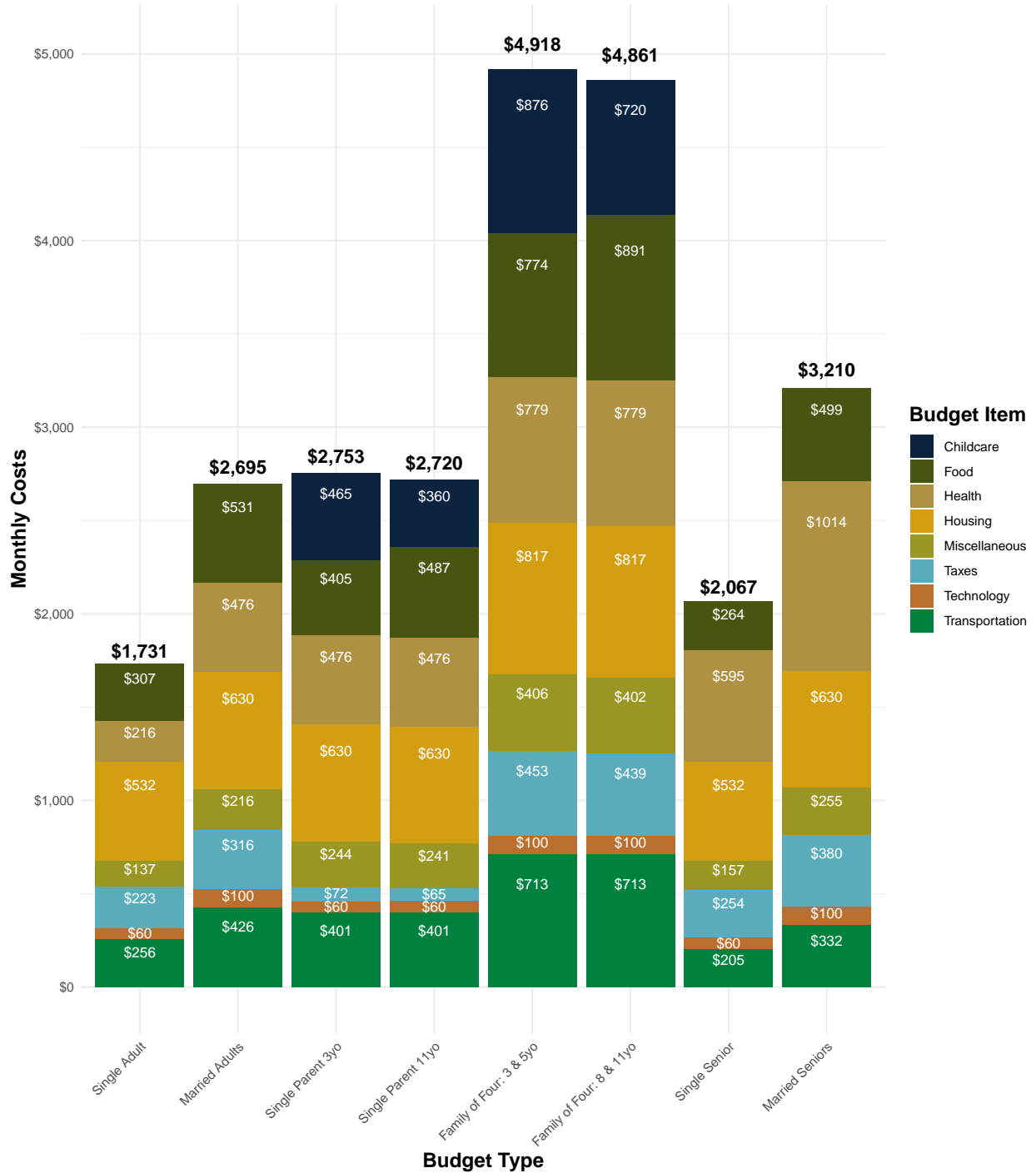
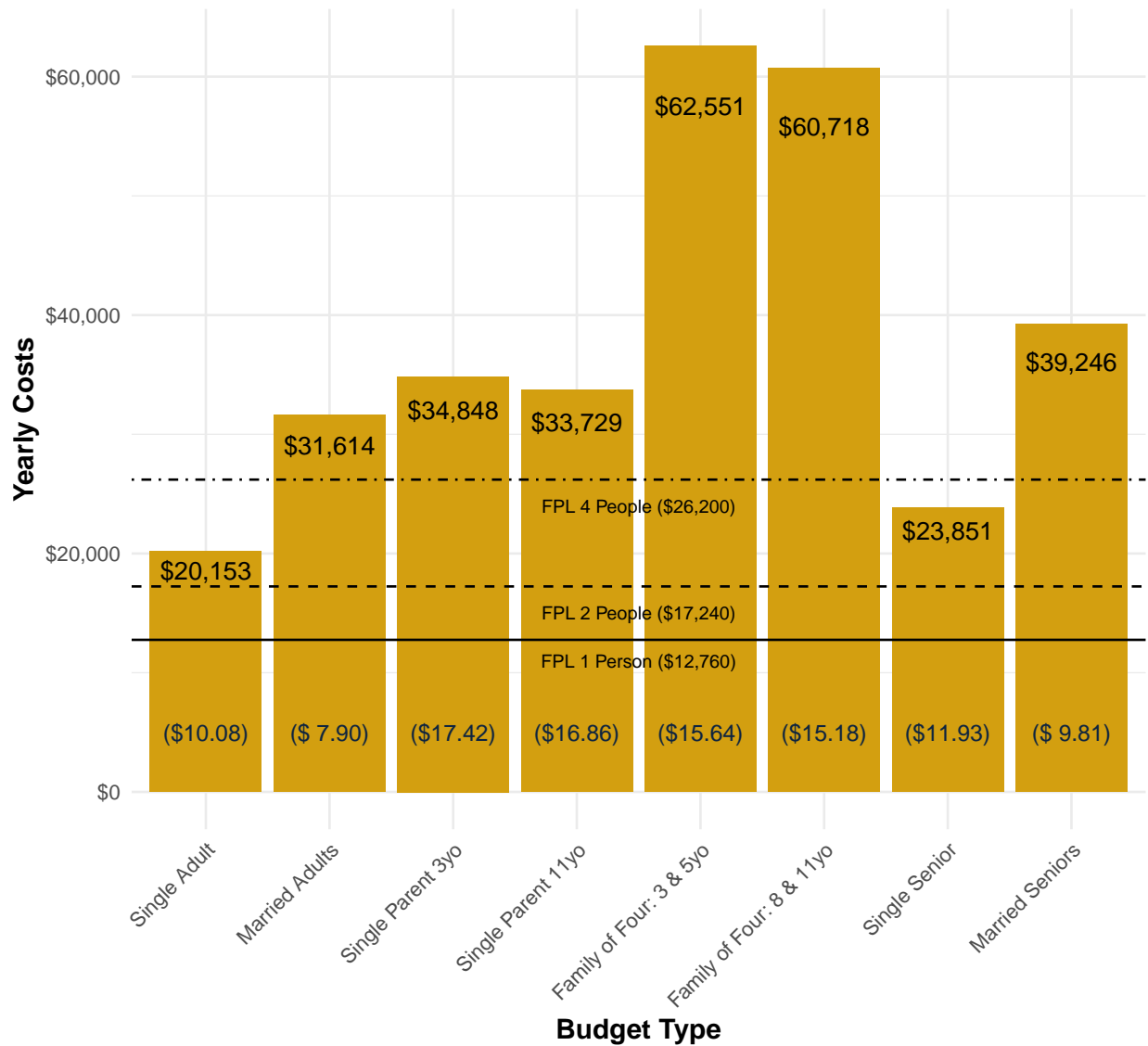


Figure 2. Elkhart County Survival Budget Monthly Costs



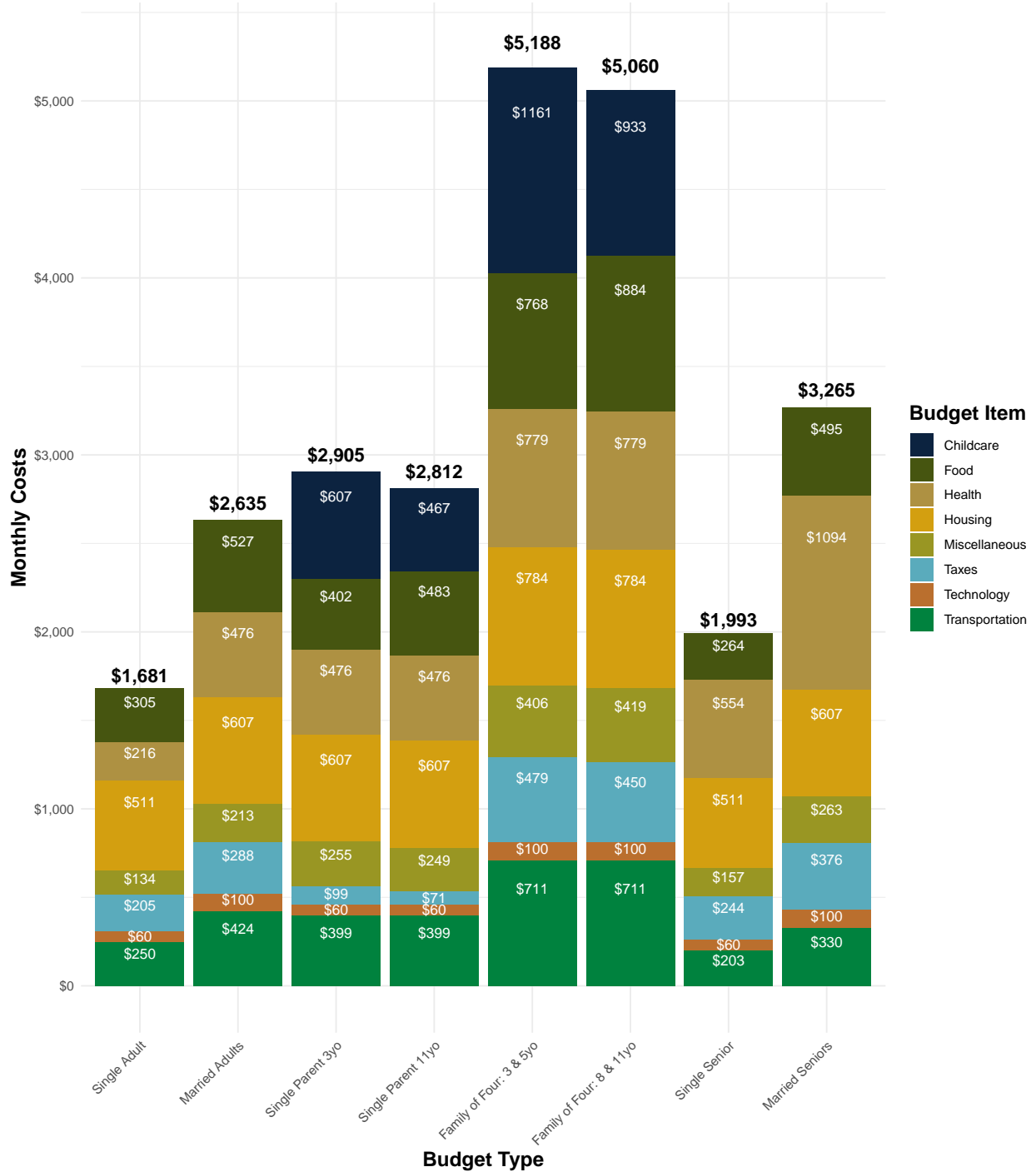
Bar segments provide the monthly cost for each budget item.
The monthly total appears on top of each bar.

Figure 3. LaPorte County Survival Budget Yearly Costs



FPL = Federal Poverty Level.
 Hourly wage per person in parentheses.

Figure 4. LaPorte County Survival Budget Monthly Costs



Bar segments provide the monthly cost for each budget item.
The monthly total appears on top of each bar.

Figure 5. Marshall County Survival Budget Yearly Costs

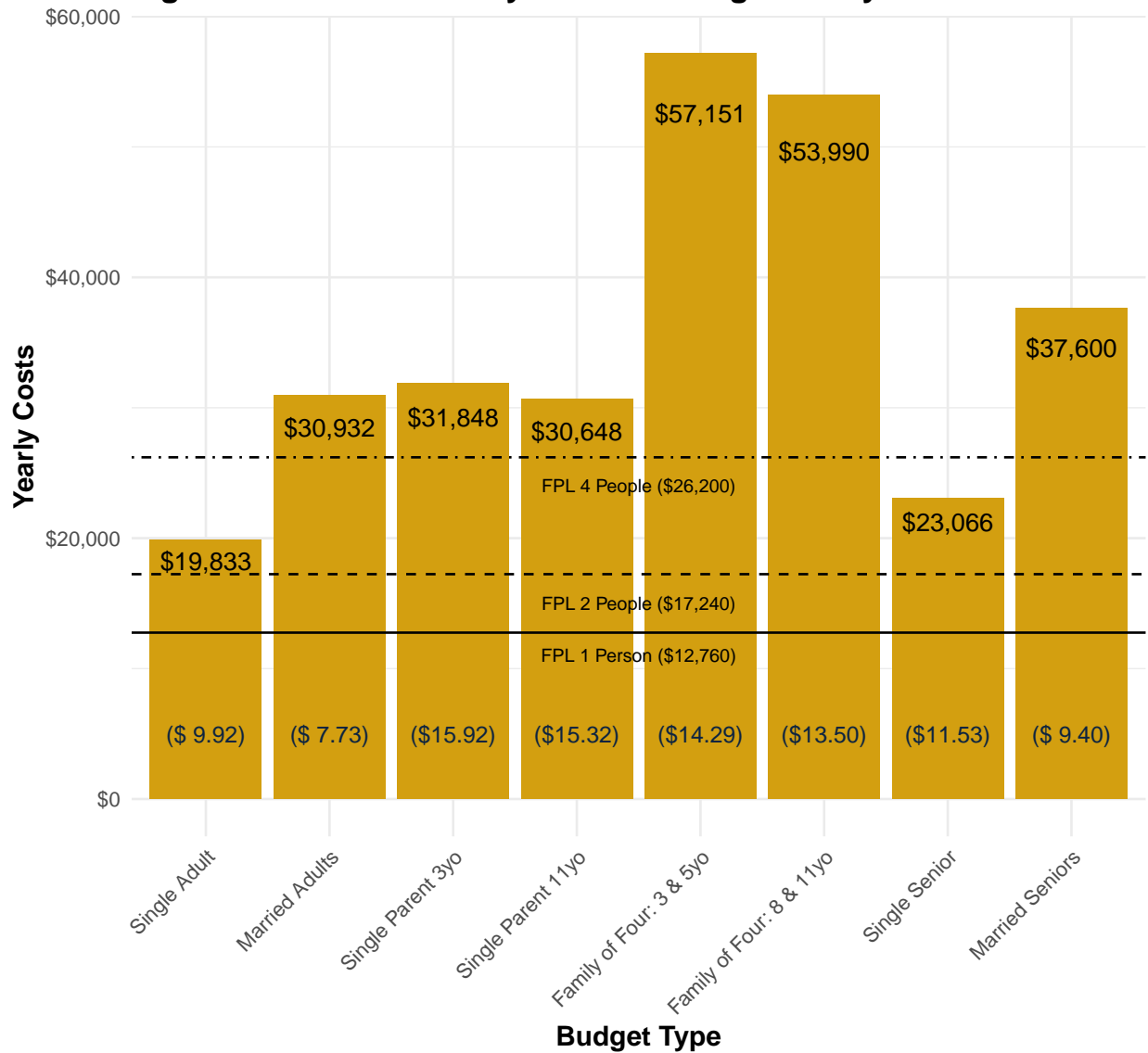
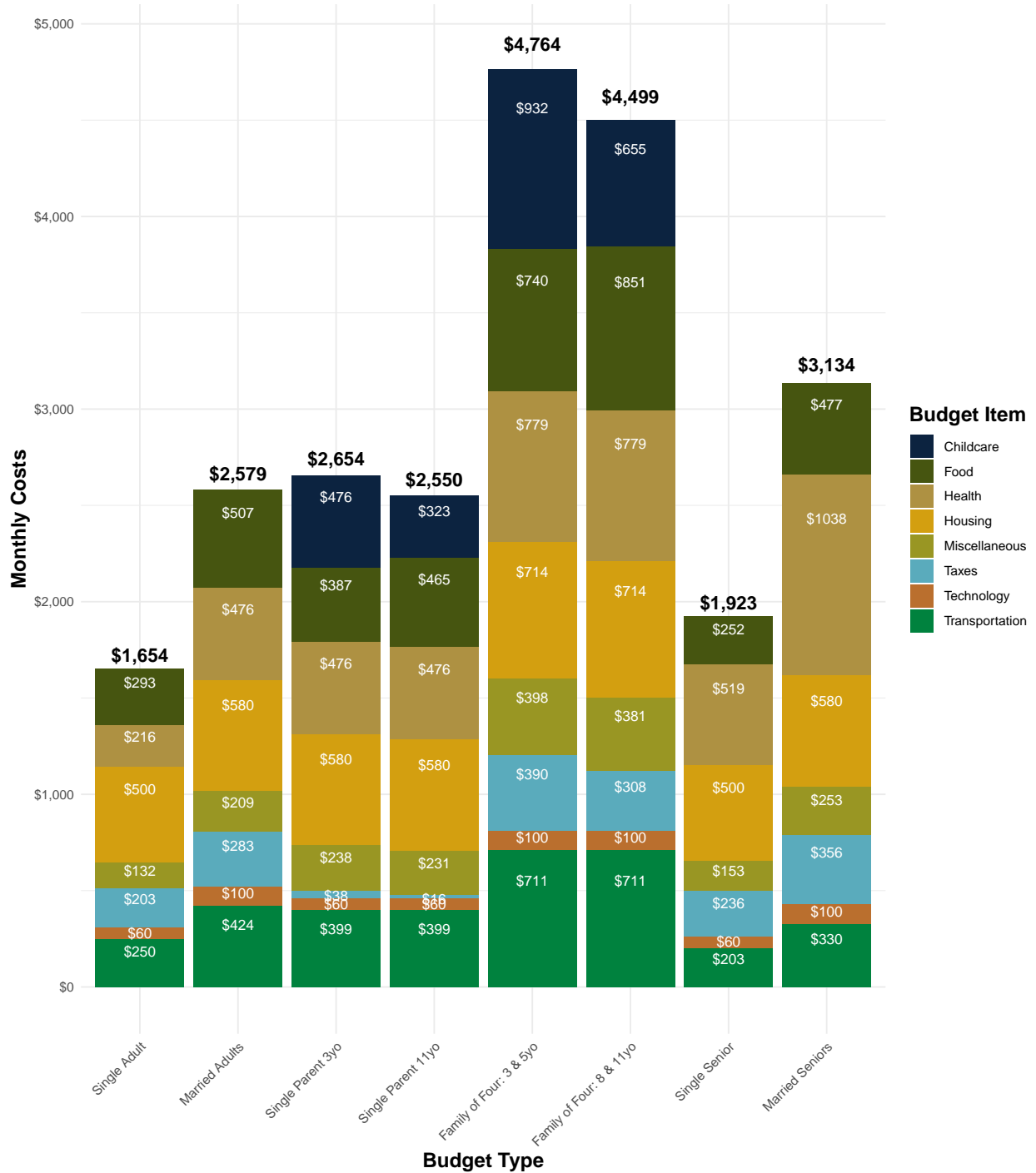


Figure 6. Marshall County Survival Budget Monthly Costs



Bar segments provide the monthly cost for each budget item.
The monthly total appears on top of each bar.

Figure 7. St. Joseph County Survival Budget Yearly Costs

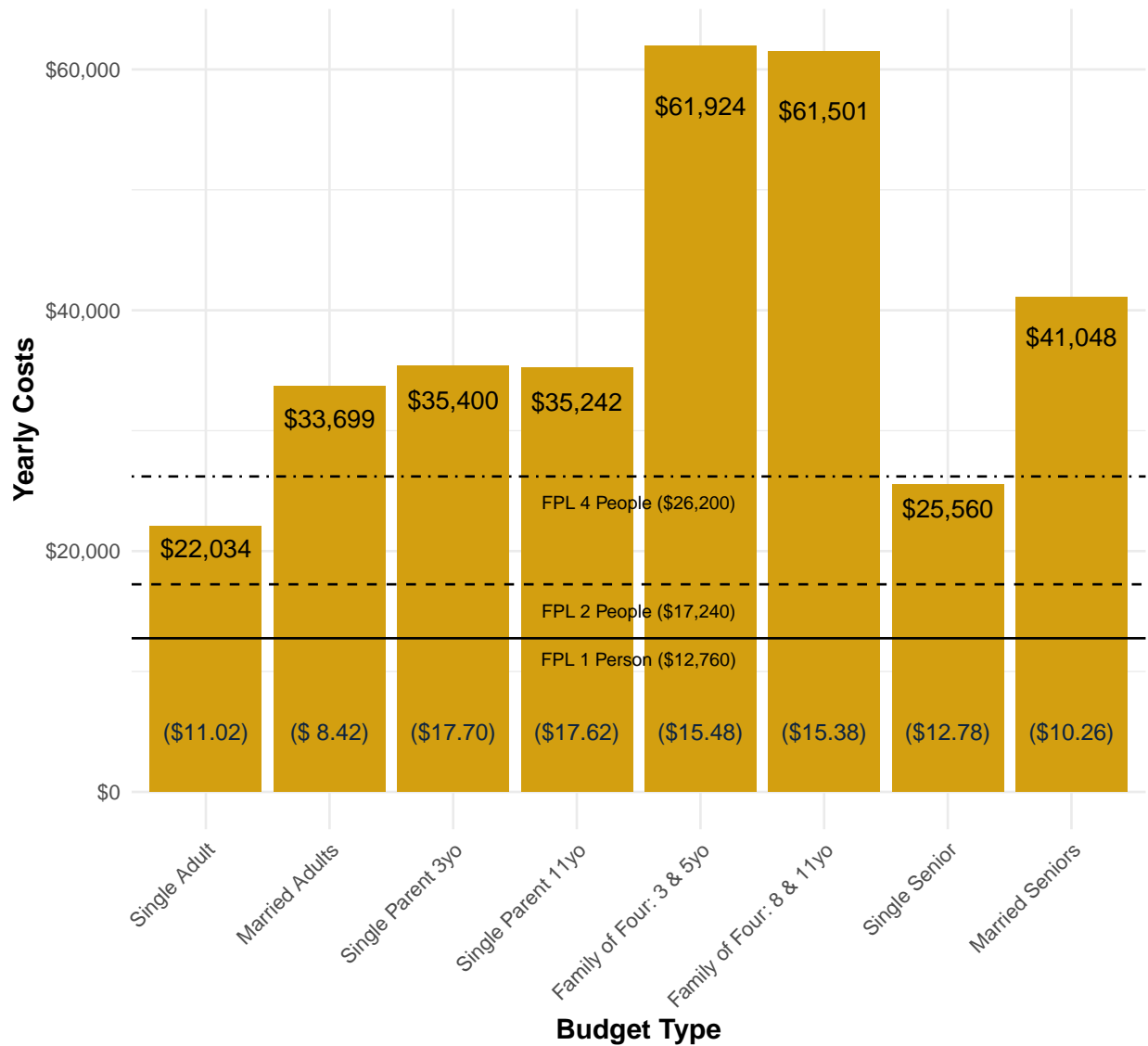
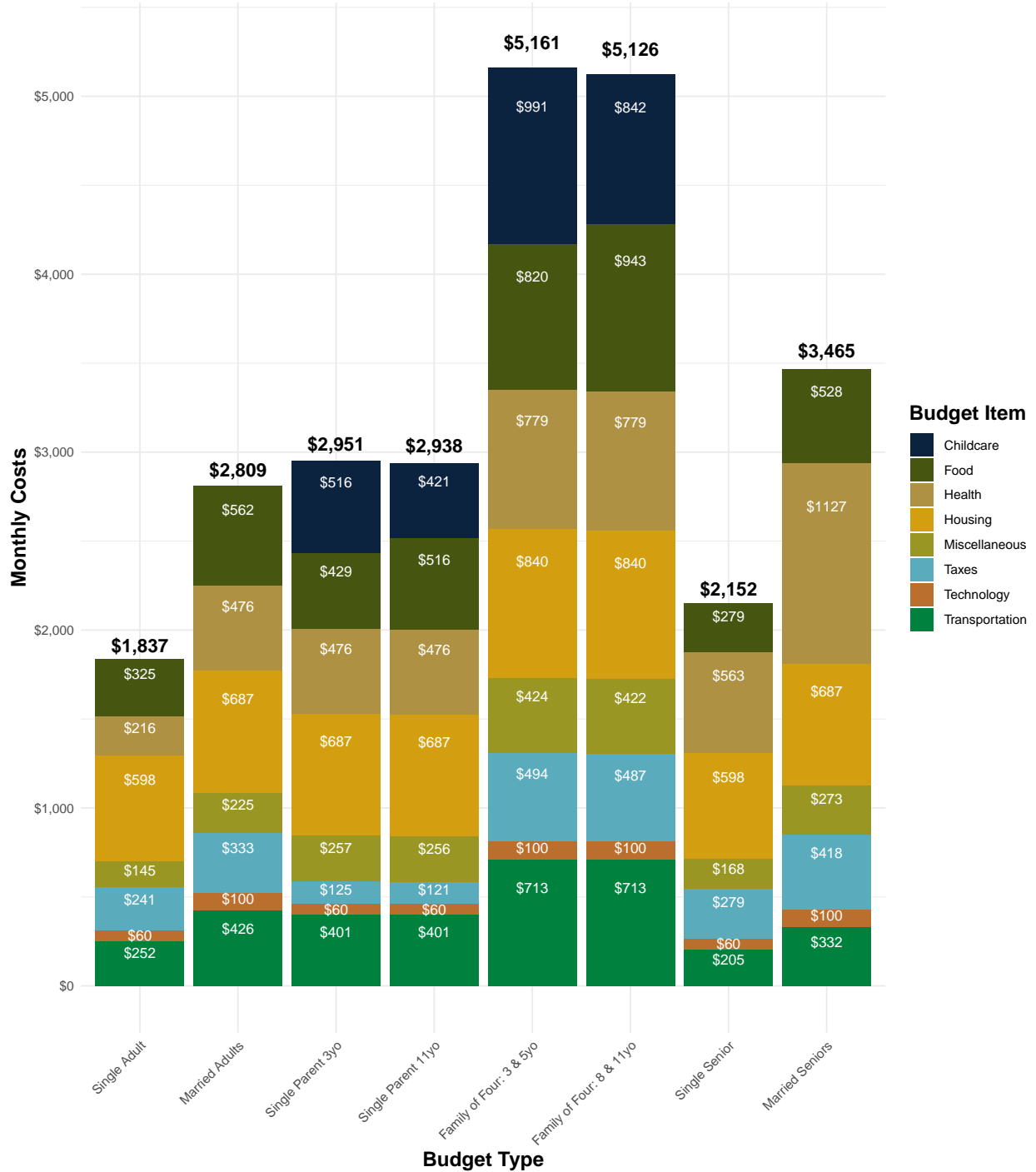


Figure 8. St. Joseph County Survival Budget Monthly Costs



Bar segments provide the monthly cost for each budget item.
The monthly total appears on top of each bar.

3. 2020 ALICE Household Stability Budgets

The ALICE Household Stability Budget “represents a more financially stable, less austere standard of living compared to the Household Survival Budget.”⁴ The goal of the stability budgets is to provide an estimate of the cost of living comfortably, though not extravagantly, for different family compositions in each county. The stability budgets include the same budget categories as the survival budgets as well as 10% savings category (included in the miscellaneous category).

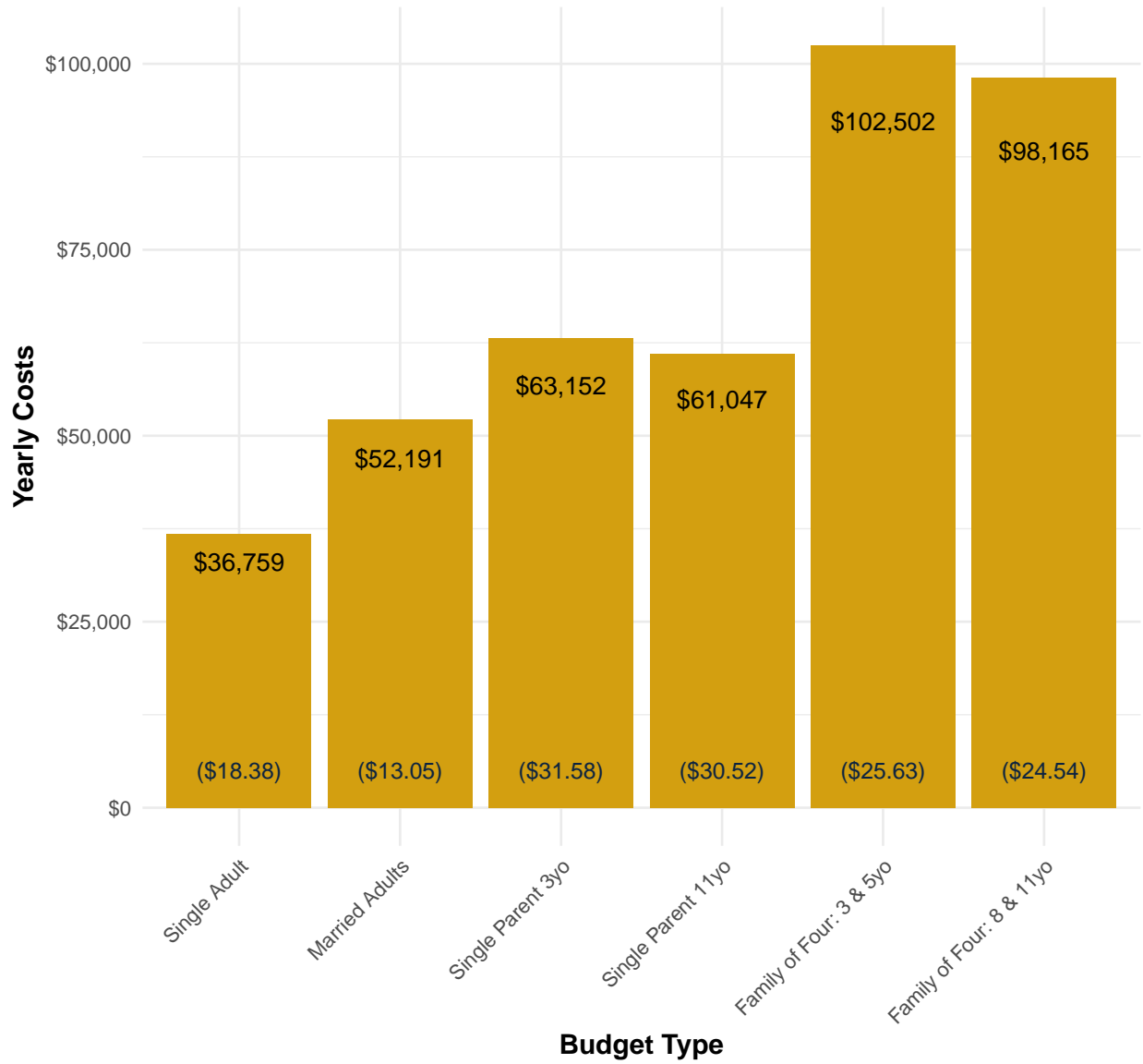
In this section, we provide visualizations of the yearly and monthly stability budgets for the six family compositions, mentioned previously, for each county. The yearly survival budget plots contain the yearly total budget and the hourly wage (per person) required to reach the yearly total. The monthly survival budget plots breakdown the yearly total budget by the monthly total budget and cost of each budget item.

Key Findings:

- The hourly wage per person needed to reach the stability budgets are 2 to 5 times higher than the federal and Indiana minimum wage of \$7.25 an hour.
- As with the survival budgets, the budget item with the largest variation between counties is childcare costs.
- The stability budgets for families of four with children are near or above six figures.
- Childcare, food, and housing costs tend to be the three largest monthly budget items.
- St. Joseph county has the highest stability budgets among the four counties.
- Marshall county has the lowest stability budgets among the four counties.

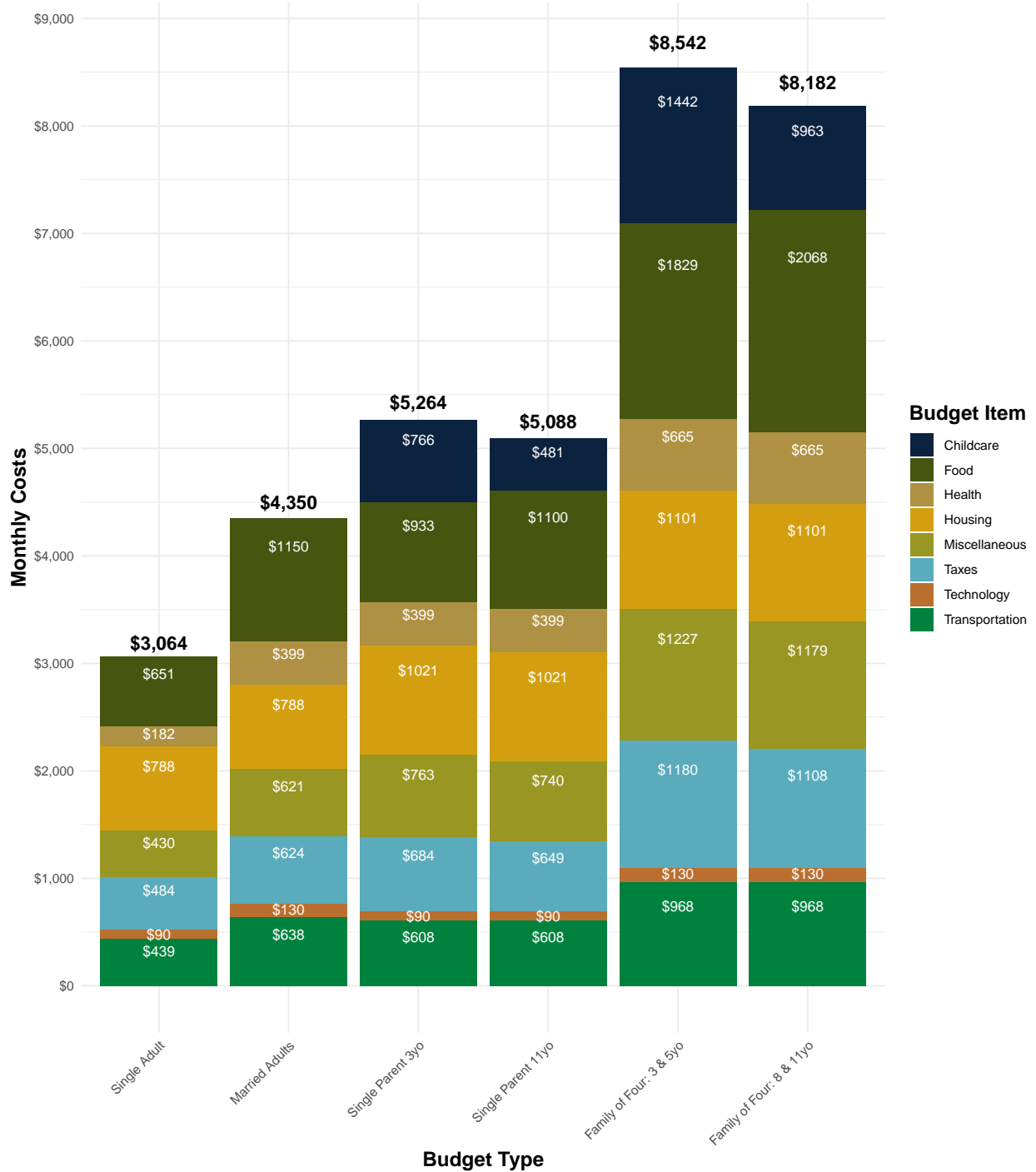
⁴Again, ALICE does not calculate a senior stability budget.

Figure 9. Elkhart County Survival Budget Yearly Costs



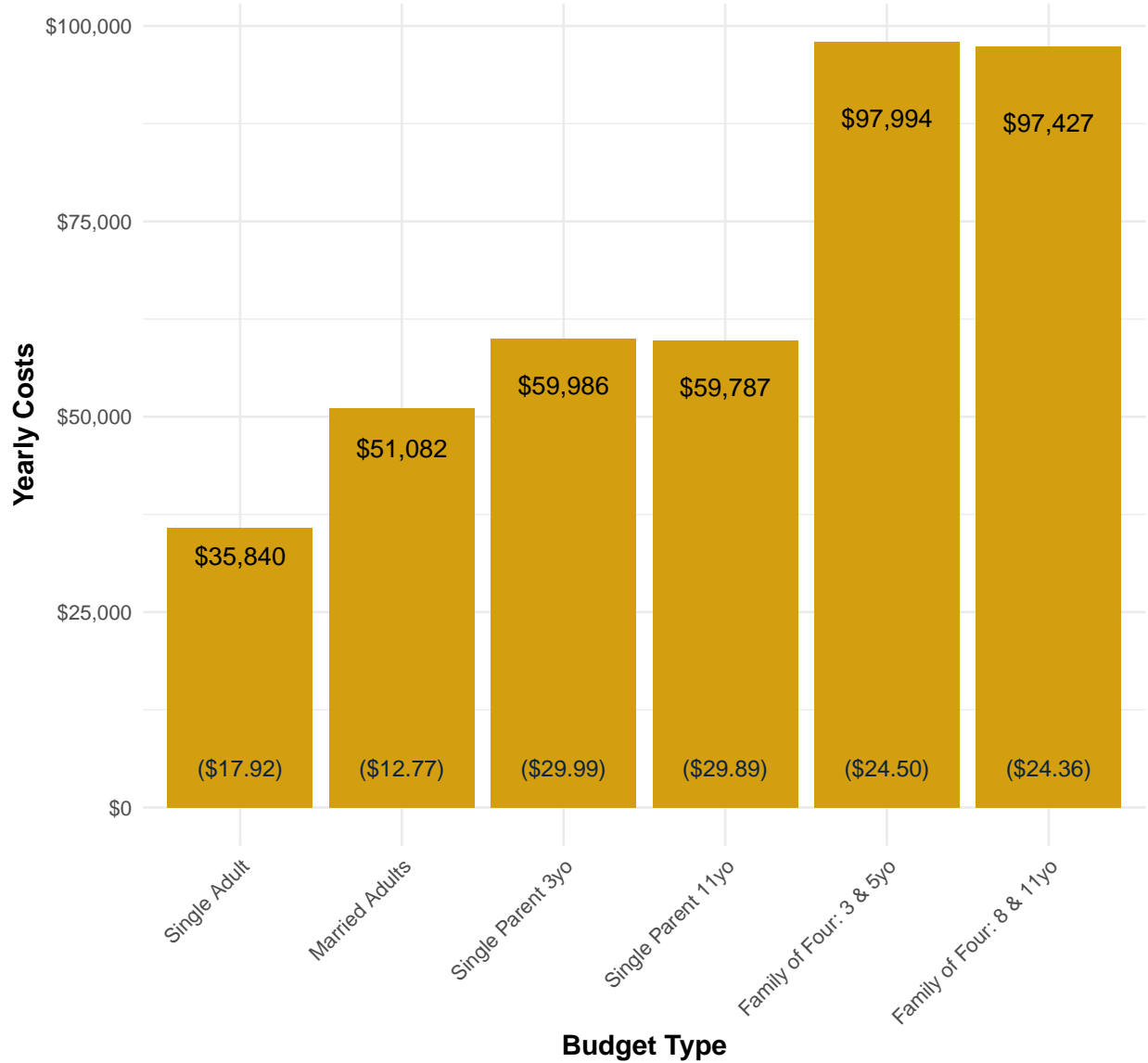
Hourly wage per person in parentheses.

Figure 10. Elkhart County Stability Budget Monthly Costs



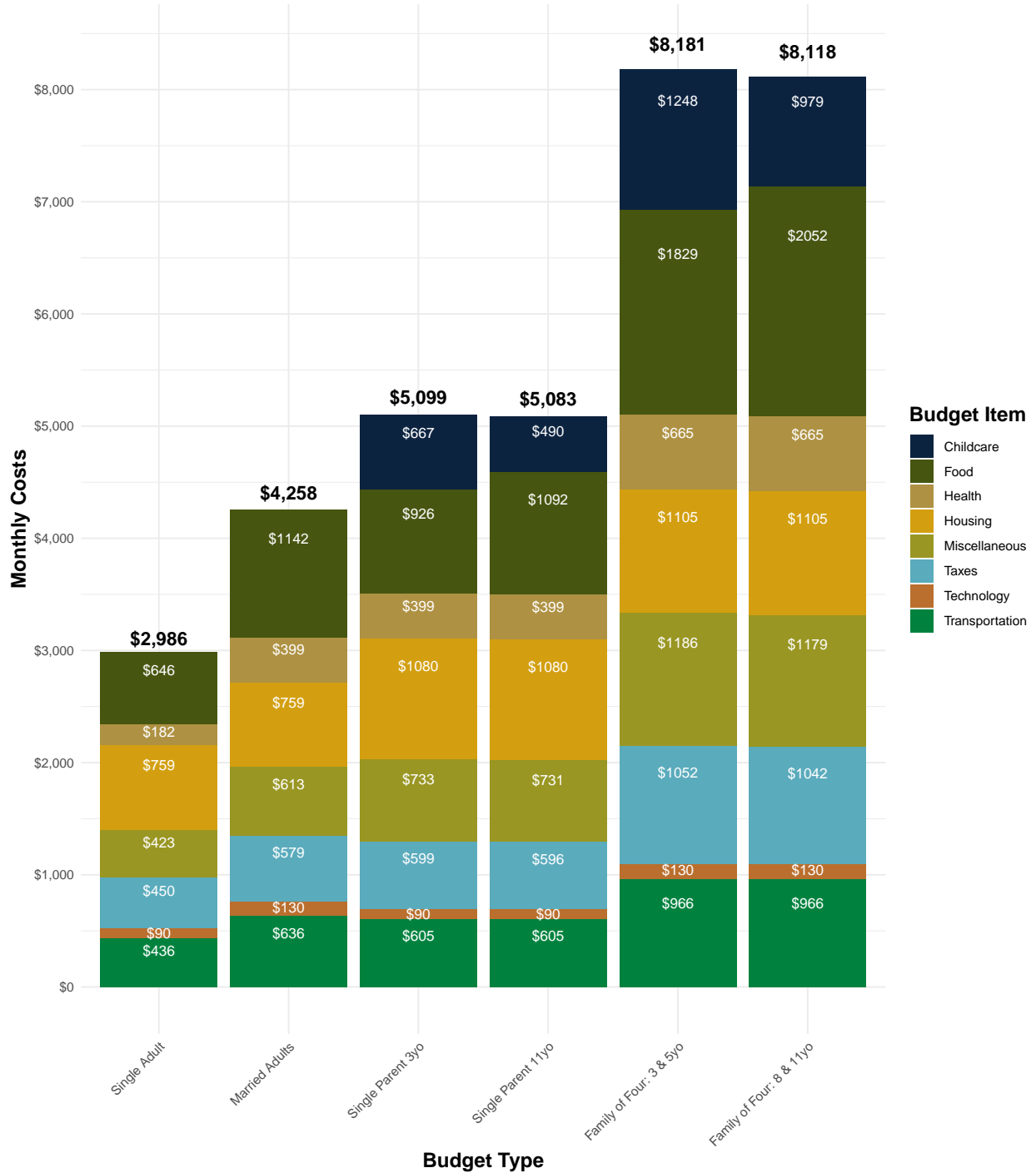
Bar segments provide the monthly cost for each budget item.
The monthly total appears on top of each bar.

Figure 11. LaPorte County Stability Budget Yearly Costs



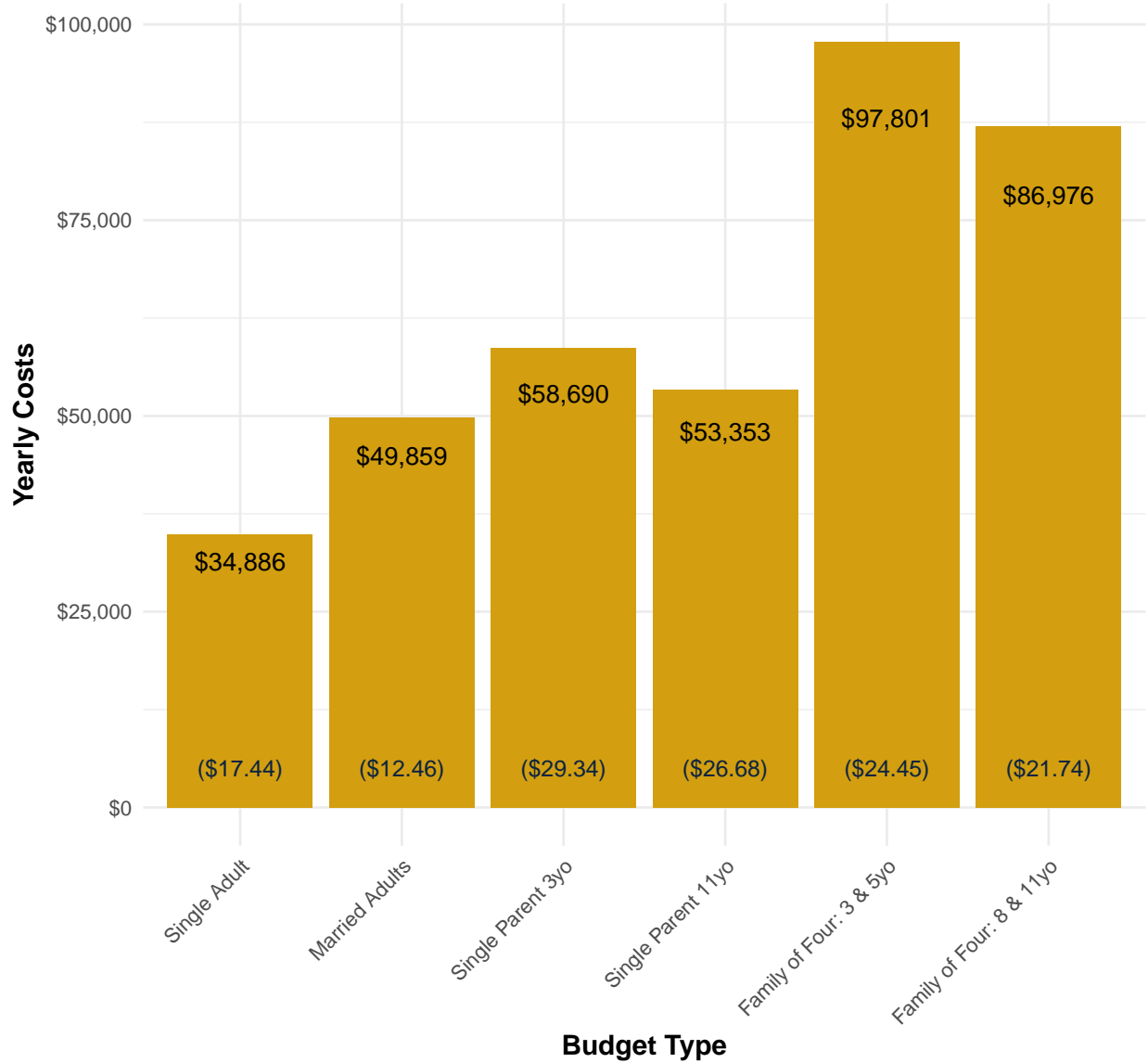
Hourly wage per person in parentheses.

Figure 12. LaPorte County Stability Budget Monthly Costs



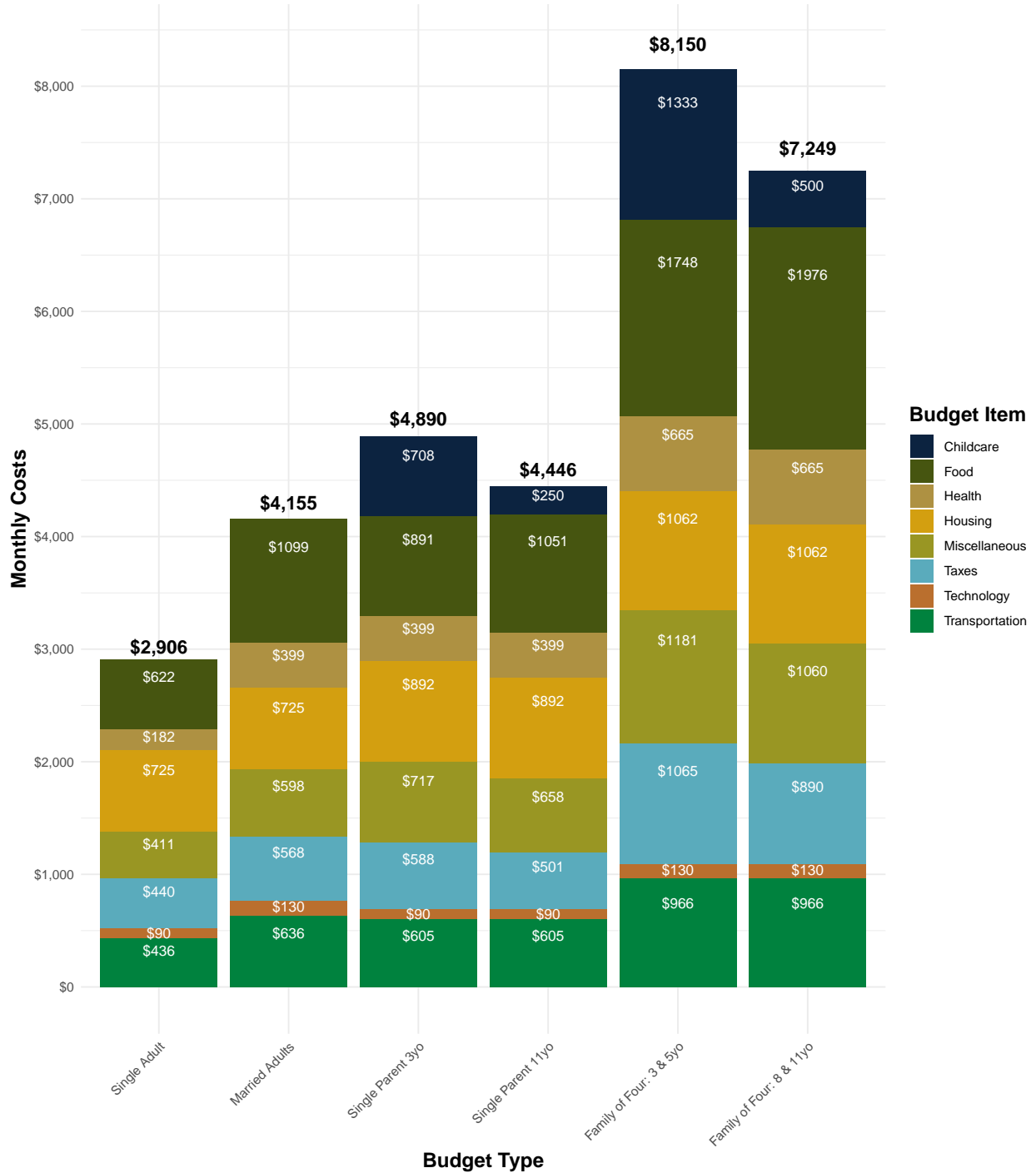
Bar segments provide the monthly cost for each budget item.
The monthly total appears on top of each bar.

Figure 13. Marshall County Stability Budget Yearly Costs



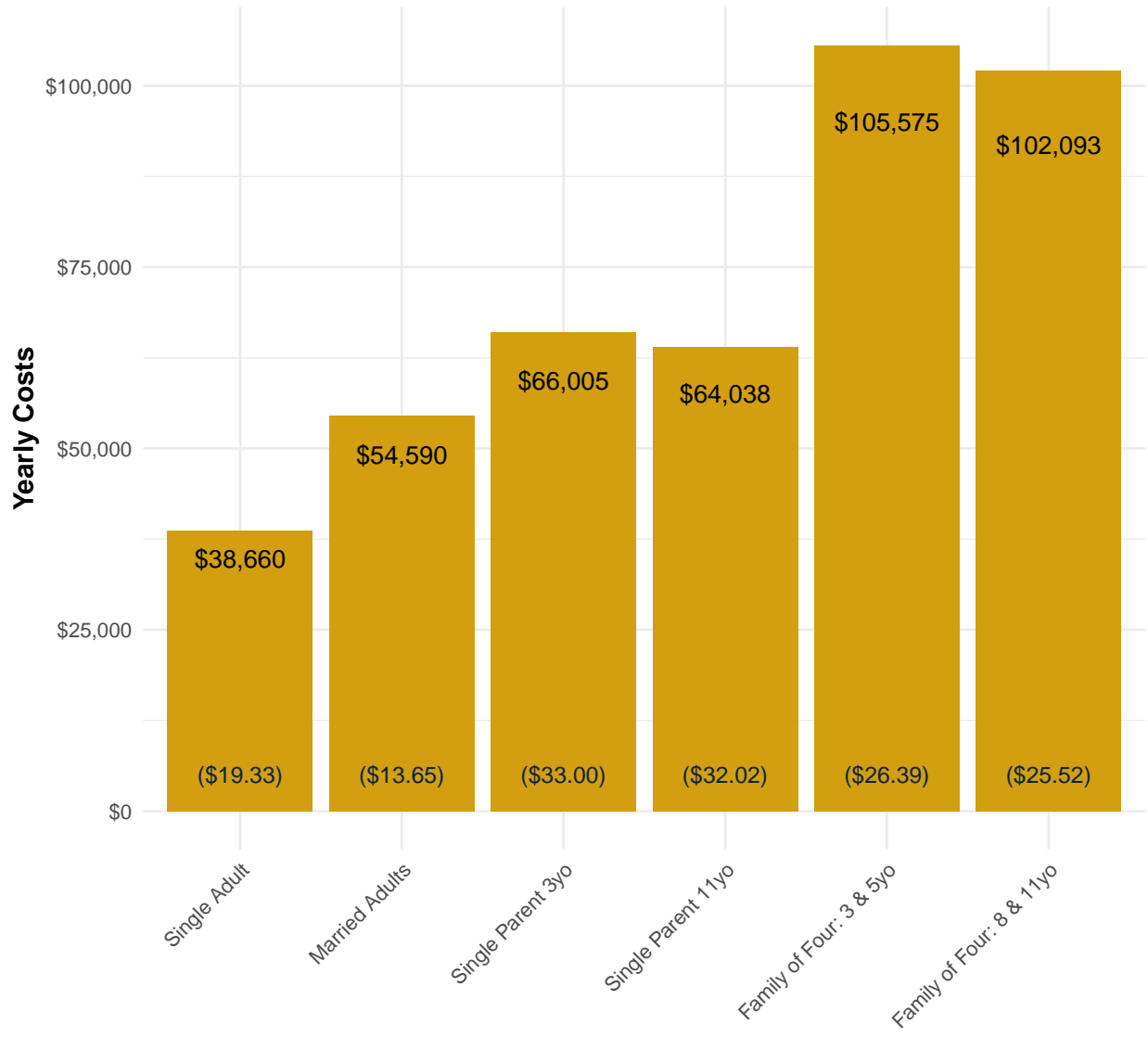
Hourly wage per person in parentheses.

Figure 14. Marshall County Stability Budget Monthly Costs



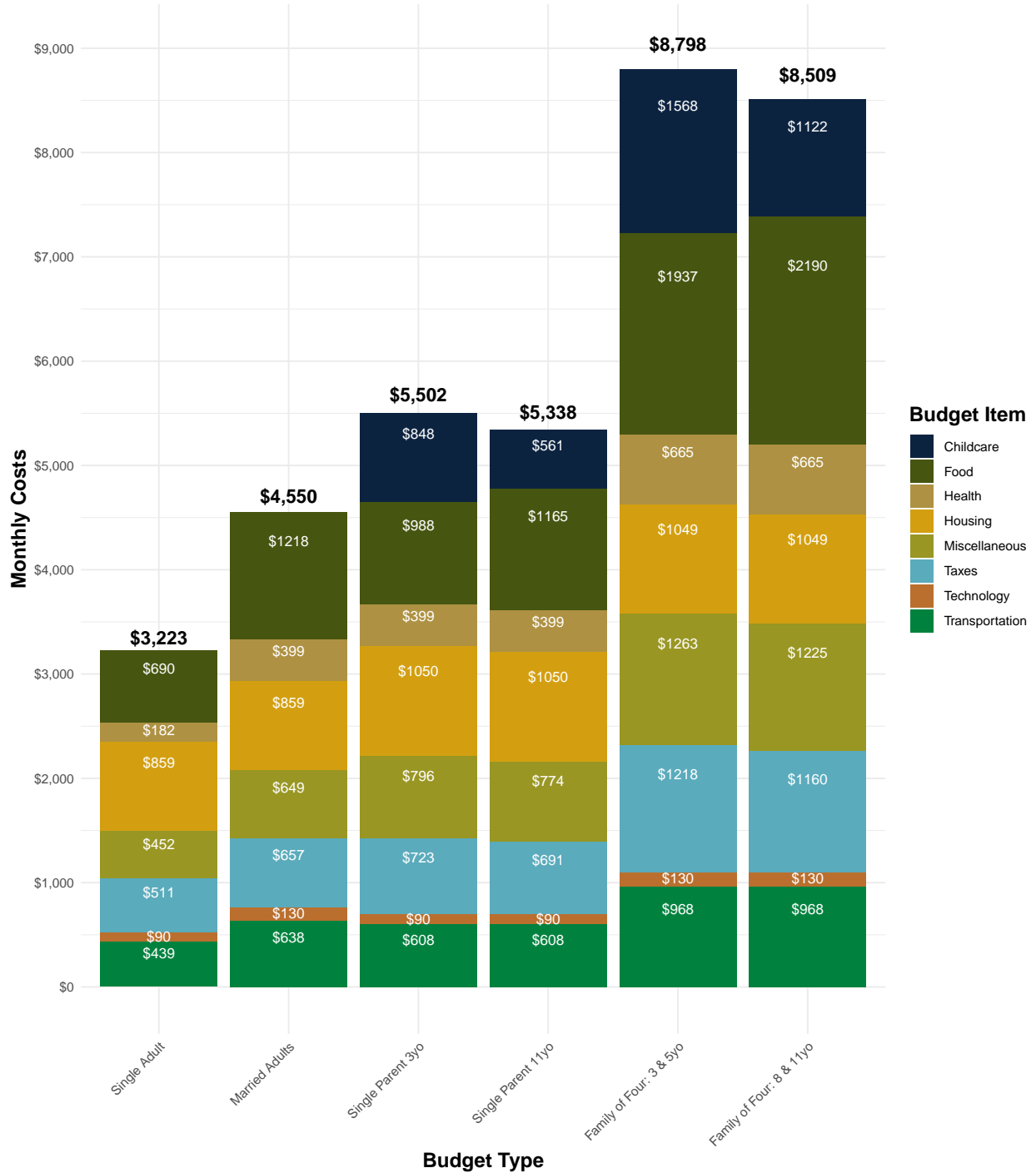
Bar segments provide the monthly cost for each budget item.
The monthly total appears on top of each bar.

Figure 15. St. Joseph County Stability Budget Yearly Costs



Hourly wage per person in parentheses.

Figure 16. St. Joseph County Stability Budget Monthly Costs



Bar segments provide the monthly cost for each budget item.
The monthly total appears on top of each bar.

4. 2020 ALICE Thresholds

The ALICE Thresholds analyses estimate the number and percentage of households that are below the federal poverty line, between the federal poverty line and the ALICE threshold, and above the ALICE threshold for each county. The thresholds are based on the estimated survival budgets adjusted for the average household size for each county. The thresholds provide an aggregate-level understanding of how households are doing on average in reaching the survival budget in each county.

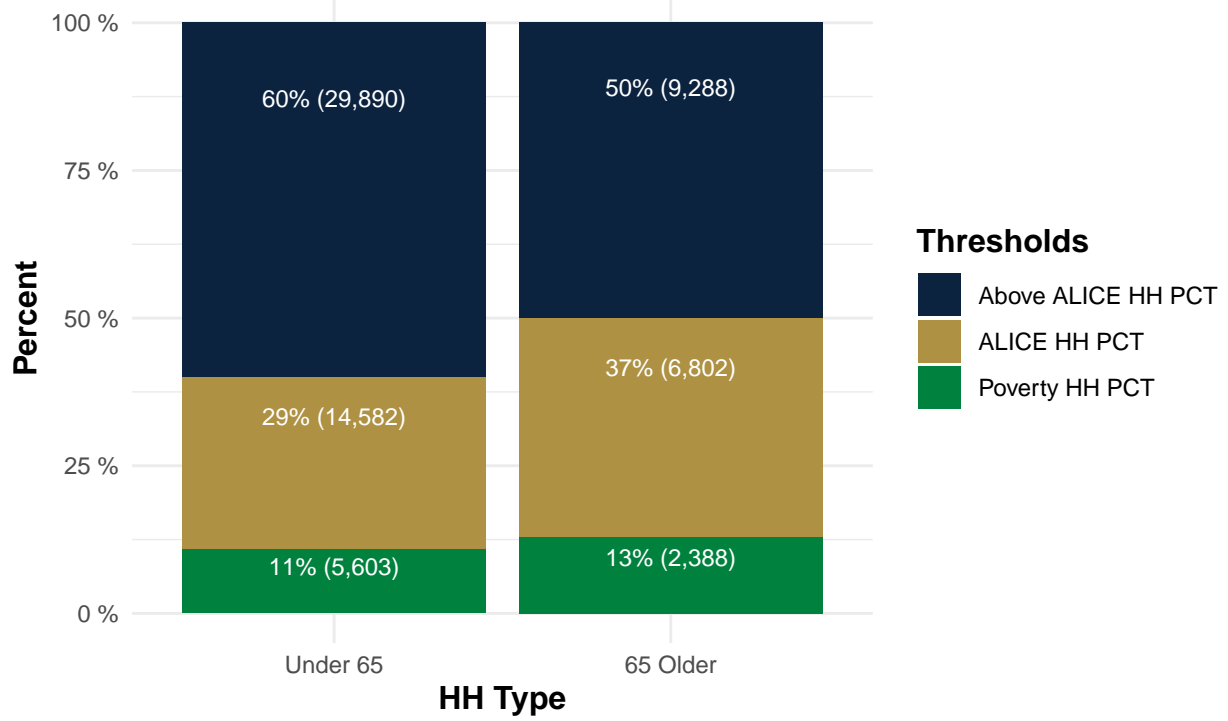
In this section, we provide visualizations of the 2020 thresholds for households headed by someone under 65 years old and households headed by someone 65+ years old, and how the percentage of households reaching the thresholds have changed from 2010 to 2020 for each county. The 2020 threshold plots include the percentage and number of households for each threshold level. The overtime plots contain the percentage of households at each threshold level from 2010 to 2020. The overtime plots combine households headed by someone under 65 years old and households headed by someone 65+ years old. For the 2010 to 2018 estimates, we use the ALICE threshold analyses for each county provided in the Indiana report.

Important note on comparing 2020 thresholds to prior years' thresholds: Since our budget calculations utilize more precise local estimates for childcare, taxes, and transportation costs, caution is recommended when comparing threshold percentages in 2020 to prior years. In particular, except for the Marshall county's thresholds and Elkhart county's senior threshold, our threshold cut-off values are higher than those in the most recent ALICE report.

Key Findings:

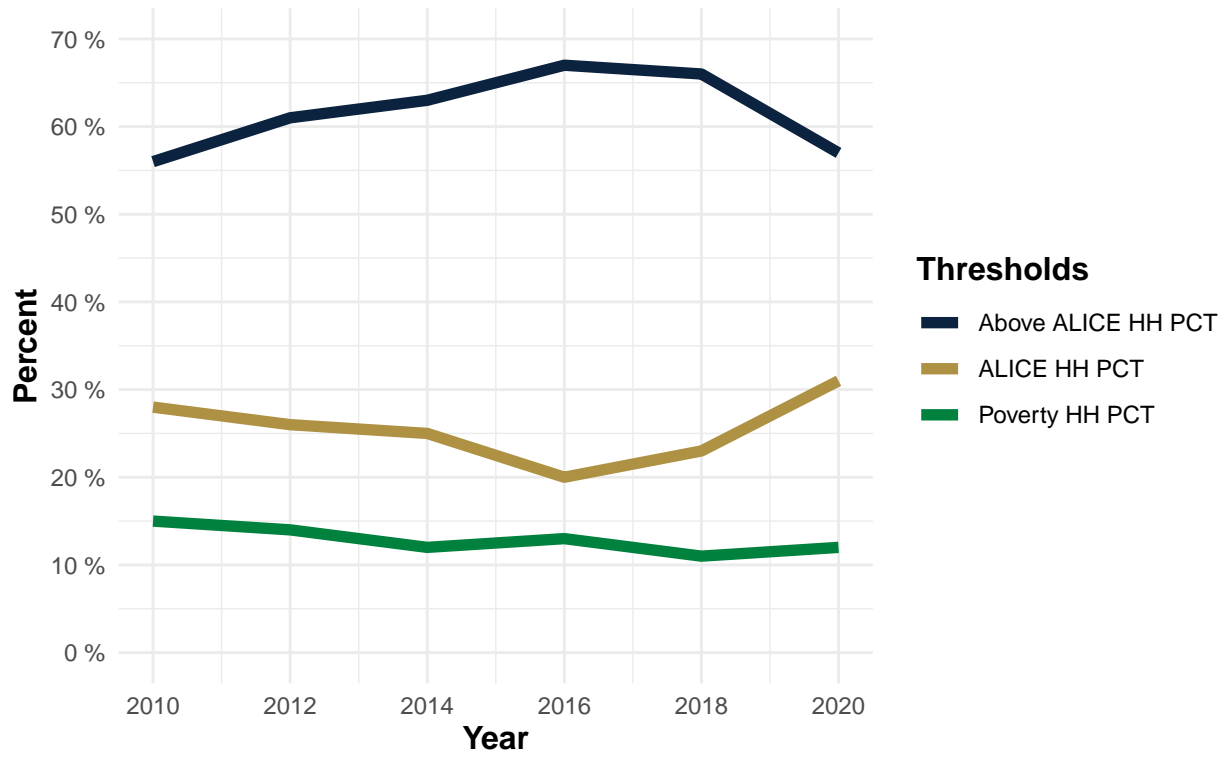
- Between 22-29% of households headed by someone under 65 were between the Federal Poverty Level and the 2020 ALICE threshold across the four counties. Elkhart county had the highest percentage at 29% and Marshall county had the lowest percentage at 22%.
- Between 59-64% of households headed by someone under 65 were above the 2020 ALICE threshold across the four counties. Marshall county had the highest percentage at 64% and St. Joseph county had the lowest percentage at 59%.
- There was high county-level variation in the percentage of households headed by seniors below (and above) the ALICE threshold. For example, 49% of senior households in St. Joseph County were above the ALICE threshold in 2020, while 60% of senior households in LaPorte County were above the threshold.
- With the caveat mentioned previously, Elkhart, LaPorte, and St. Joseph counties saw an increase in the percentage of households below the ALICE threshold in 2020; even as the percentage of households below the Federal Poverty Level remained relatively stable. Marshall county had a slight decrease in the percentage of households below the ALICE threshold in 2020. The difference between Marshall county and the other three counties may be partially attributed to differences in thresholds.
- Elkhart County had the largest increase from 2018 in households below the 2020 ALICE threshold at 8%.

Figure 17. Elkhart County Thresholds



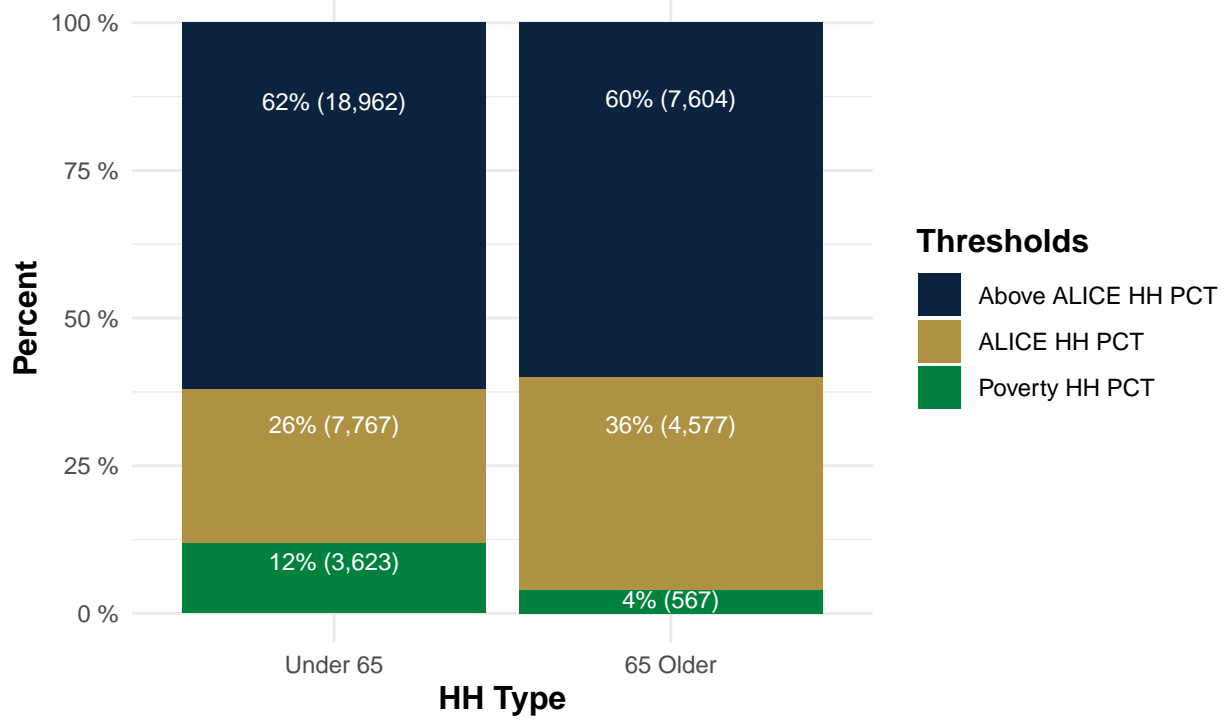
Number of households in parentheses.
 Under 65 Threshold=\$50,000 & 65+ Threshold=\$40,000.

Figure 18. Elkhart County Thresholds Overtime



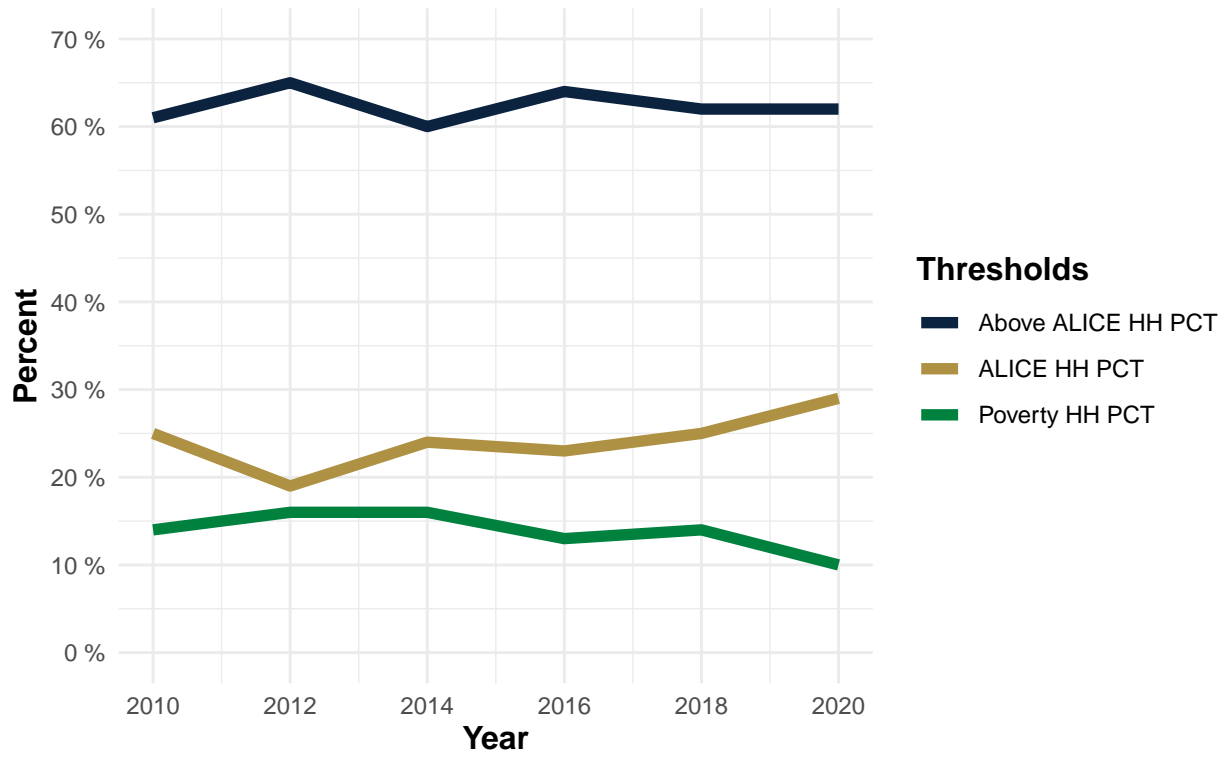
The HH percentages combine Under 65 and 65+ households.

Figure 19. Laporte County Thresholds



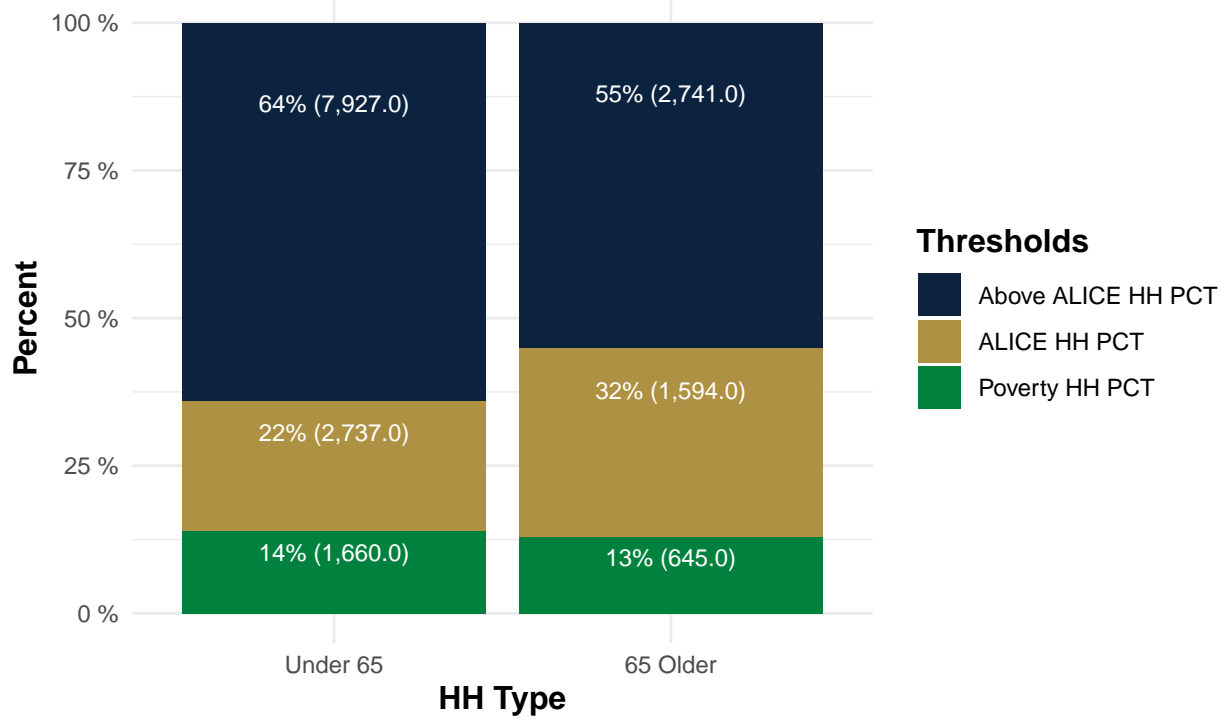
Number of households in parentheses.
Under 65 Threshold=\$50,000 & 65+ Threshold=\$35,000.

Figure 20. LaPorte County Thresholds Overtime



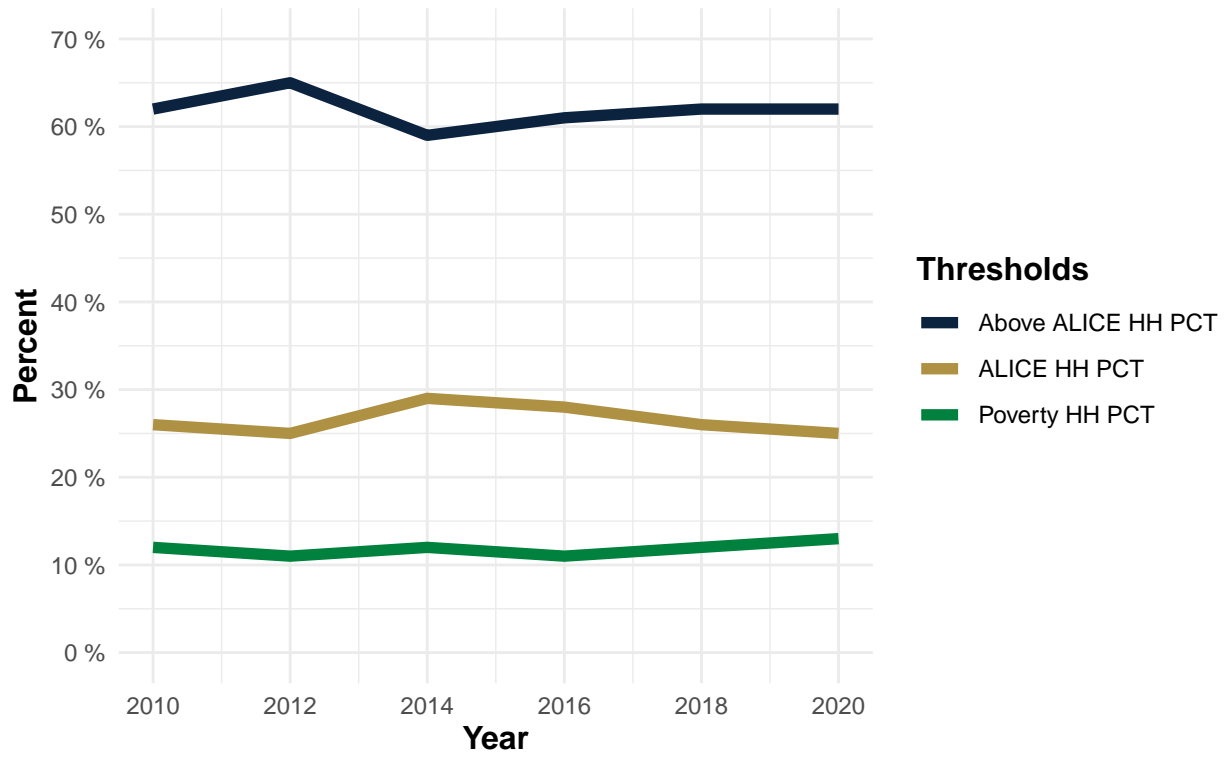
The HH percentages combine Under 65 and 65+ households.

Figure 21. Marshall County Thresholds



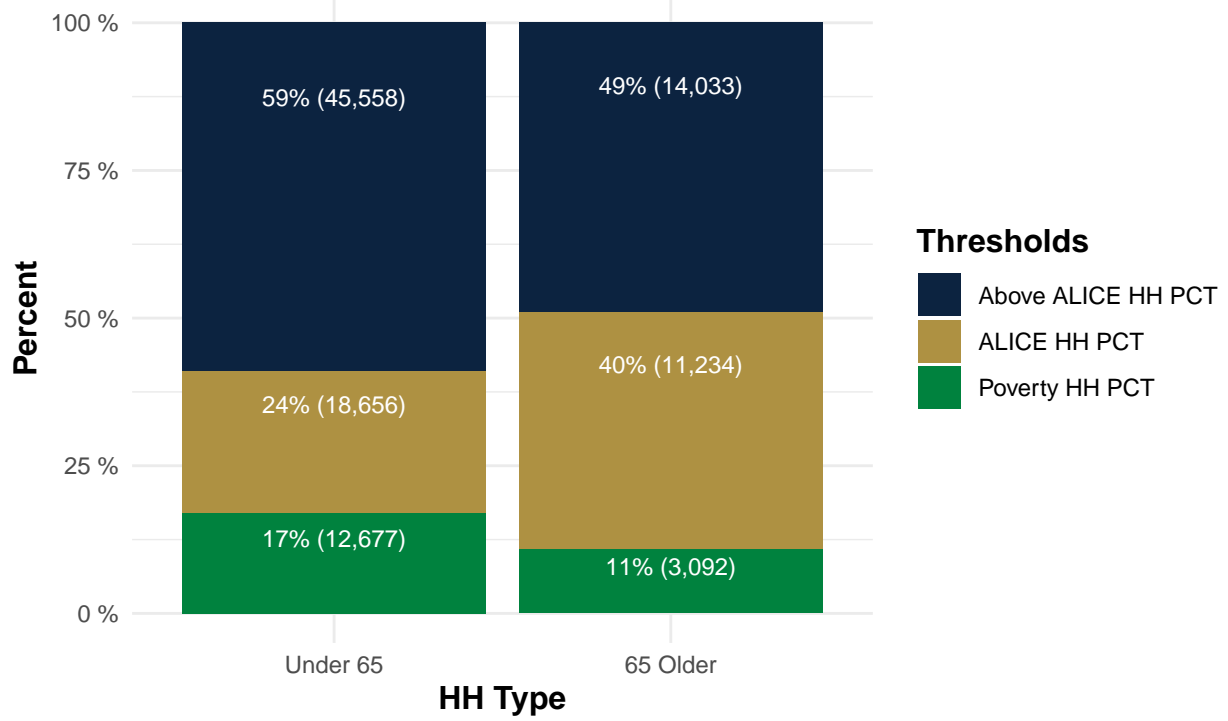
Number of households in parentheses.
 Under 65 Threshold=\$45,000 & 65+ Threshold=\$35,000.

Figure 22. Marshall County Thresholds Overtime



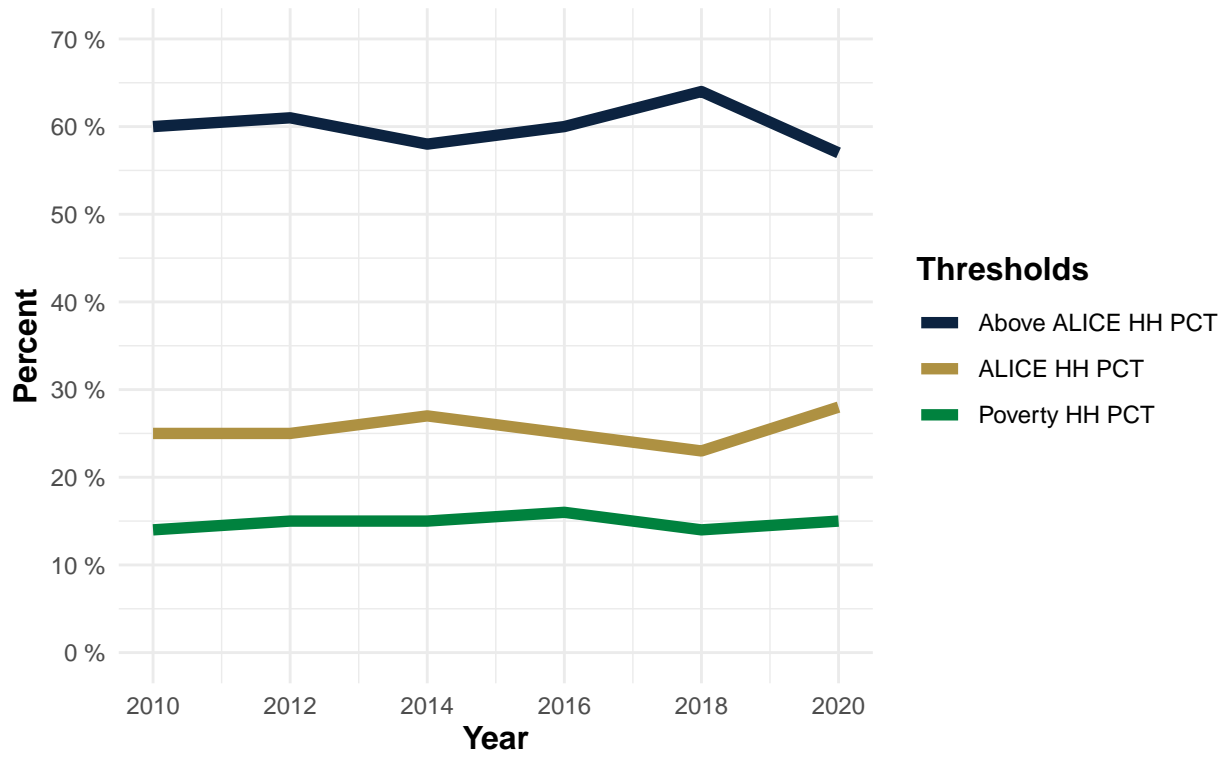
The HH percentages combine Under 65 and 65+ households.

Figure 23. St. Joseph County Thresholds



Number of households in parentheses.
 Under 65 Threshold=\$50,000 & 65+ Threshold=\$40,000.

Figure 24. St. Joseph County Thresholds Overtime



The HH percentages combine Under 65 and 65+ households.

5. Conclusion

This report updates and adds to the most recent (2020) ALICE report for Elkhart, LaPorte, Marshall, and St. Joseph, IN counties. Based on our ALICE budget estimates, we come to many of the same conclusions as the official ALICE reports. For example, the federal poverty levels and federal minimum wage do not reflect the costs to families for surviving in 2020. While costs vary across the U.S., there is no question that the federal poverty levels and federal minimum wage need to be substantially increased.

Using the most up-to-date available data, we find that household costs have increased and the percentage of households reaching the ALICE survival threshold has decreased in 2020. Although many of the data sources we used in this report are from 2020, we do not have a complete picture, yet, of the effect of the COVID-19 pandemic on households. In particular, to calculate the number of household above and below the ALICE threshold, we used the 2019 American Community Survey estimates (the most recent data available). Until we have data for the 2020 calendar year, we are likely underestimating the number and percentage of households reaching the survival threshold.

One significant contribution this report makes to previous ALICE estimates is a more precise measurement of childcare, taxes, and transportation costs for these four counties. For example, using data from the 2017-2018 Indiana Family and Social Services Administration market rate survey (the most up-to-date data), our estimates offer a better reflection of the true cost of childcare to families. Since childcare costs make up a substantial proportion of families' budgets, increasing the precision and accuracy of these costs goes a long way in improving the total budget estimates. However, the data we use is from 2017-2018 and thus current childcare costs are likely higher than our estimates. The FSSA has recently fielded a new childcare market rate survey for 2021 and the data is expected to be available later in the year.

Finally, we strongly encourage the United Way to increase the transparency and clarity of calculating the ALICE measures. ALICE is an enormously valuable resource and the ability to perform more frequent updates on a local-level is critical for non-profit organizations (including local United Way organizations) to support their communities. The ALICE Methodology document states "all ALICE measures are transparent, replicable, current..." and while certainly informative, the details for calculating many of the measures are not provided. Hence, completing the estimates in this report was a non-trivial undertaking that would have not been possible without direct support from the United Way of New Jersey.