Report debunks myths about poverty

By Jamey Rootes and Anna Babin

We all like to think of Houston as the city of opportunity, but a new economic study shows that the opportunity is not shared by all. The United Way ALICE Report, a groundbreaking research study that compares area household incomes against basic survival expenses, presents a sobering reality. More than 27 percent of working households – that’s 550,000 homes – in the Greater Houston area struggle monthly to cover necessities.

ALICE stands for Asset Limited, Income Constrained, Employed. These are hardworking members of our community whose household income is above the federal poverty level, but insufficient to cover basic needs such as housing, child care, food, transportation, health care and a basic smartphone – which we can all agree is a necessity, not a luxury. The report uses real-world cost of living data to calculate a Houston-area ALICE household survival budget, without any savings or frills.

You encounter ALICE everywhere in Houston – and probably did today. ALICE could be your child care worker, supermarket cashier, restaurant waiter or an administrative assistant or security guard at your office building. ALICE is often working multiple jobs, trying to cobble together enough income to cover the monthly bills.

Life is stressful for ALICE families and full of tough choices. Because their income doesn’t cover basic needs, they have nothing left for savings and often live on the financial edge, one major disaster, like a car accident or illness, from plunging deeper into financial hardship.

Even more alarming, when you combine Greater Houston’s ALICE population with those at or below the federal poverty level – 13 percent of households – you quickly see that 40 percent of combined households from Ft. Bend, Harris, Montgomery and Waller counties – more than 820,000 homes – are living in serious economic distress.

One of the biggest takeaways from the ALICE Report is that it debunks the myth of the lazy, undeserving poor living off the labors of others. It illustrates how notions of poverty are outdated – or worse, simply not based in reality. It reminds us that ALICE incomes fall outside the eligibility for federal programs and nonprofits must strain to fill the burgeoning gap.

ALICE Report data also verifies what United Way of Greater Houston leaders intuitively recognized 10 years ago – that financial instability is a widespread issue affecting our community’s working families and has repercussions on nearly every aspect of family life, from health to education to generational success.

Back then, United Way began building a collaborative to lift these families up by giving them education, skills, support and hope. United Way THRIVE, now a decade strong, combines 20 nonprofit partners, plus businesses, government and community colleges, all working together to address the financial obstacles ALICE families face and to help them find a pathway to increase income, build savings and acquire assets.

United Way THRIVE services include job training, financial coaching, soft skills training, savings incentives, homeownership courses and much more.

The results speak for themselves. In United Way THRIVE’s first decade, more than 49,000 people received workforce development services, resulting in $370 million in new wages. Some 47,000 families sharpened their budgeting skills with financial education and coaching. THRIVE families socked away $214 million in savings and eliminated $6 million in unsecured debt.

Free tax preparation services through Neighborhood Tax Centers helped 8,000 families, returning more than $468 million to our local economy. In total, we’ve helped 28,208 families and generated $1 billion in value for THRIVE families through increased wages, assets, savings and reduced debt.

The ALICE Report shows there are still plenty of hardworking local families in economic distress, which is why United Way is exploring ways to expand our THRIVE capacity with the support of generous donors. We also know that initiatives like United Way THRIVE are just one facet of the solutions needed for a problem of this magnitude.

Our hope is that the ALICE Report data will ignite community conversations and collaboration among the business community, nonprofit leaders, elected officials, faith leaders and others to join in creating change for the better for ALICE families in our community and beyond. Working together, we can do something about it.

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