

ASPA

PA

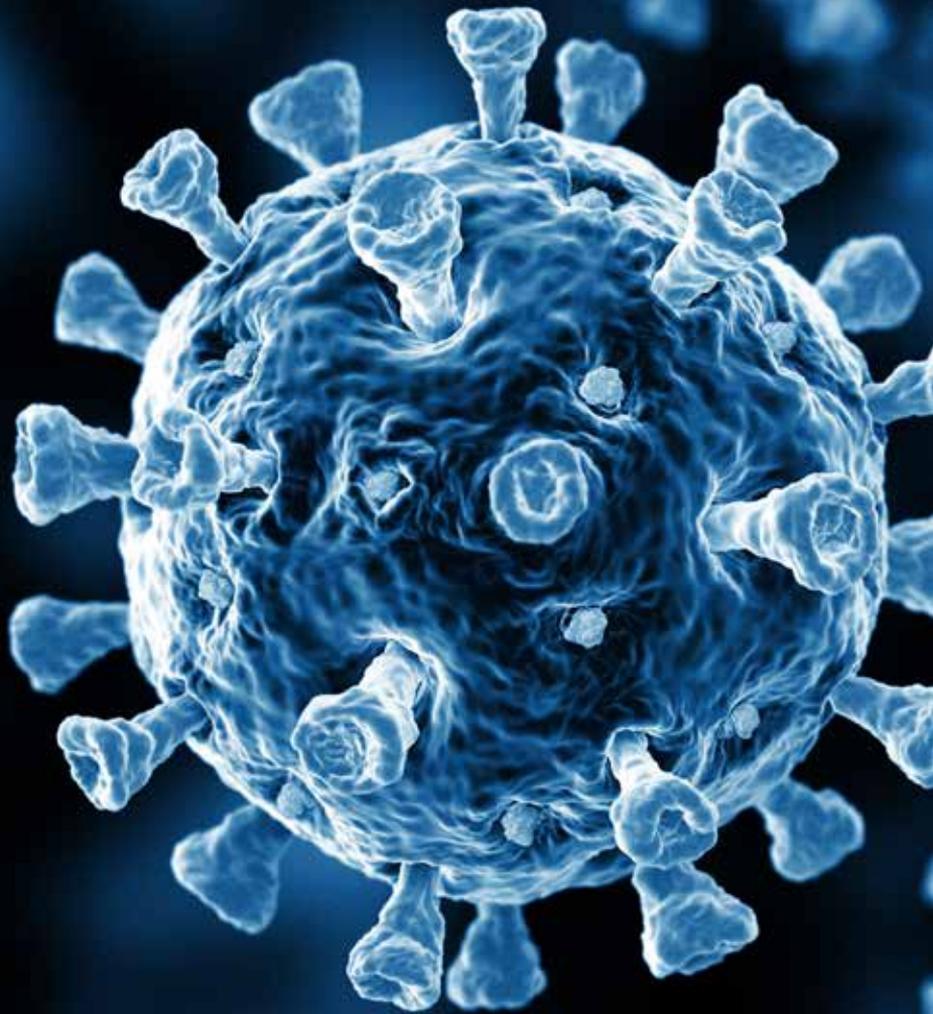
Fall 2020 | Vol 6 | Issue 2

*A powerful voice for public service...*  
**Times**

AMERICAN SOCIETY FOR PUBLIC ADMINISTRATION

# COVID-19

## Public Service During a Pandemic



PAGE 9

**Managing a City in a  
Pandemic**

PAGE 22

**Can ALICE Households  
Survive the COVID-19  
Pandemic?**

PAGE 39

**The Response to  
COVID-19 in Mexico**

# Can ALICE Households Survive the COVID-19 Pandemic?

By Stephanie Hoopes and Dan Treglia

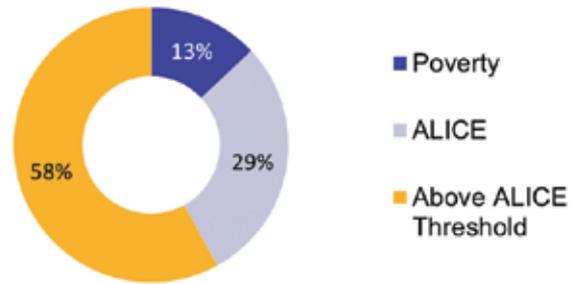
The coronavirus pandemic has exposed critical shortcomings in our economy and systems of health care and education. At the center of these crises is ALICE: households that are asset limited, income constrained and employed, with income above the Federal Poverty Level (FPL) but not high enough to afford essentials in the communities in which they live. In 2018, of the 121 million households in the United States, 15.6 million (13 percent) earned below the FPL, while another 35 million (29 percent) were ALICE (Figure 1). In total, 42 percent of U.S. households lived below the ALICE threshold—that is, they could not afford the cost of household basics.

The events of 2020—the COVID-19 pandemic layered with natural disasters like hurricanes, derechos, tornadoes and unprecedented wildfires—have amplified the financial hardship ALICE households and those in poverty already felt so acutely. The crises also have exacerbated longstanding inequities in our society.

Economic insecurity and COVID-19 are widespread across the United States. As displayed in Figure 2,

Figure 1. U.S. Households by Income 2018

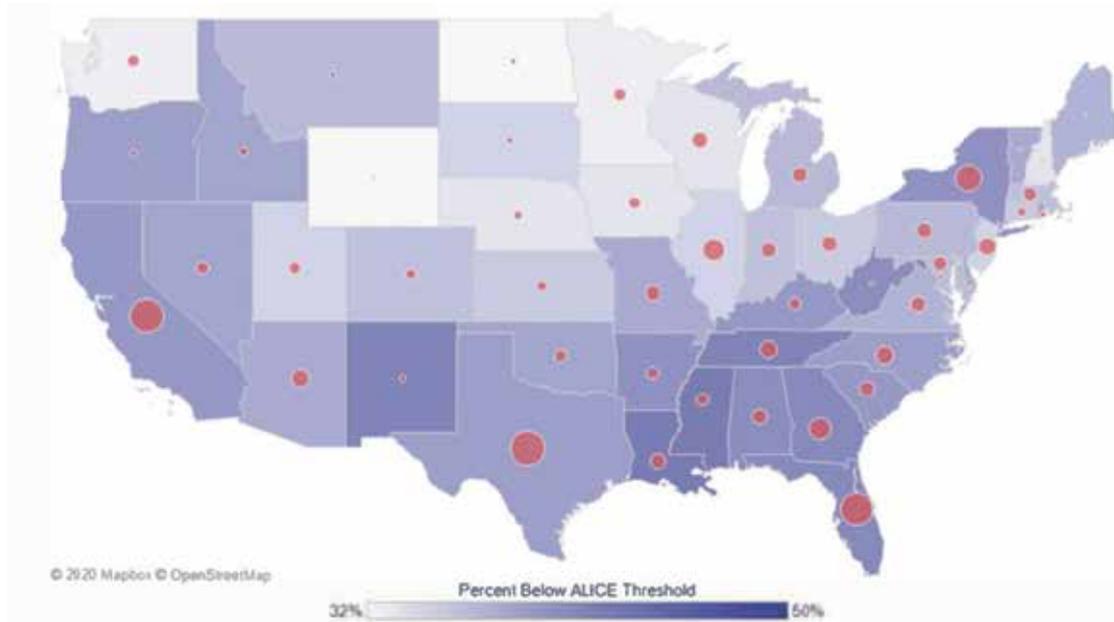
Total U.S. Households in 2018: 121 million



Source: ALICE Threshold, 2018; American Community Survey, 2018

the darker the blue, the higher the percentage of households below the ALICE threshold, a bare-minimum budget level. The larger the red dot, the higher the per capita COVID-19 death rate. An interactive map with more detail is available on [www.UnitedForALICE.org/covid2019](http://www.UnitedForALICE.org/covid2019).

Figure 2. U.S. Households by Income (2018) and COVID-19 Deaths per Capita (October 2020)



Source: ALICE Threshold, 2018; American Community Survey, 2018; European Centre for Disease Prevention and Control, 2020; New York Times COVID-19 Data Hub, 2020

ALICE households are among those most impacted by the economic slowdown and health consequences of COVID-19. These disparities especially are apparent among ALICE workers, Black and Hispanic households and families with children or seniors.

### ALICE Workers Are More Vulnerable

Many ALICE workers are “maintainers,” working in occupations that build and repair the infrastructure and educate and care for the past, current and future workforce; largely, the jobs cannot be done remotely. The pandemic has created two groups of ALICE workers: those who are essential and still working, typically on site, and those who are non-essential, who are now working far fewer hours or not at all.

“Essential” ALICE workers are the pandemic “heroes.” They care for COVID-19 patients and keep the economy running by working in grocery stores or warehouse and fulfillment centers, but they receive little or no personal protection equipment to keep them and their families safe. As a result, they are more likely to contract COVID-19 while on the job, raising questions about whether they are not essential, but expendable. These low-wage workers have little or no savings and are more likely to be paid by the hour rather than have a salary and benefits. They cannot afford to miss work or pay for medical care.

“Non-essential” ALICE workers also are struggling, living paycheck to paycheck before the pandemic and their industries, including food, hospitality and retail, have been more likely to remain closed since.

ALICE populations also work disproportionately for small businesses, offering lower wages and fewer benefits and have been hit hardest by the economic slowdown. Small businesses fell by 44 percent from January to April 2020 and were still down by 24 percent in September 2020.

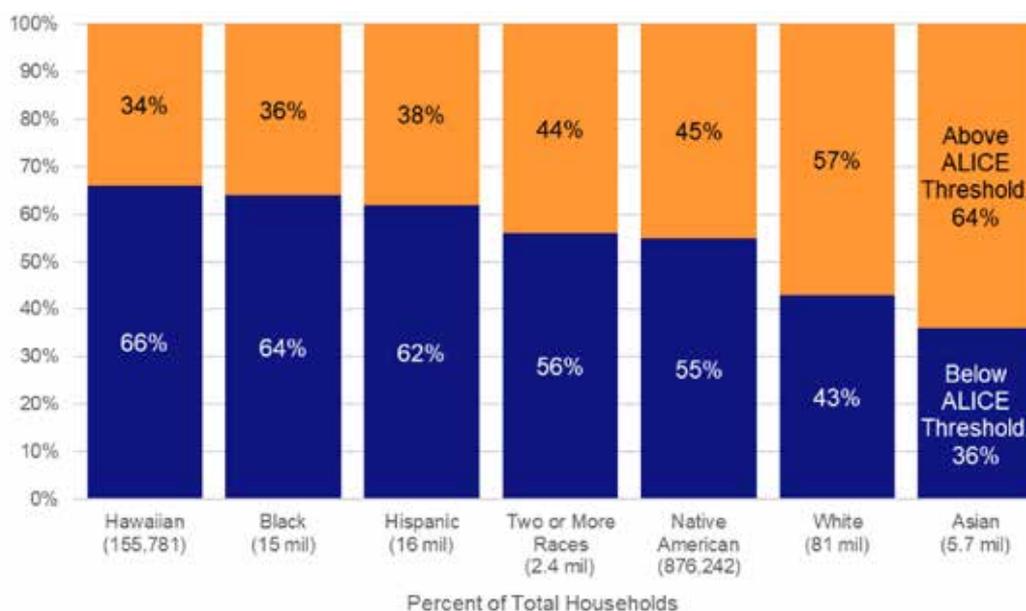
In addition, the pandemic is exposing the digital divide among workers. ALICE workers are less likely to have broadband internet, computers and tablets than their higher income counterparts. They also are less likely to have digital skills, restricting their access to work now and future career possibilities. Further, they are more exposed to COVID-19; low wage workers are six times less likely to be able to work from home than higher-wage workers.

### Black and Hispanic ALICE Households at Greater Risk

The largest share of the 51 million U.S. households below the ALICE Threshold in 2018 were White (29 million), but other racial and ethnic groups were disproportionately represented. Sixty percent of Black households, 57 percent of Native American households and 56 percent of Hispanic households were below the ALICE threshold, compared to 36 percent of White and Asian households.

These income disparities stem from differences in work opportunities, housing and health. Black, Hispanic and indigenous workers are least likely to be able to work from home, meaning they are working in jobs that increase their risk of contracting COVID-19 or facing pandemic-related job losses and reduced wages that reduce their ability to

Figure 3: Percent of U.S. Households Below the ALICE Threshold by Race and Ethnicity, 2018



Source: ALICE Threshold, 2018; American Community Survey, 2018

afford critical necessities essential to good health. These communities also have faced longstanding institutional barriers to quality health care. As of October 2020, the age-adjusted death rate of Blacks and Hispanics from COVID-19 was 3.2 times higher than Whites’.

## Families with Children Face Additional Hardships

The 38 percent of families with children living below the ALICE threshold are especially vulnerable to COVID-related disruptions that have become the norm in child care, school and university settings. They are four times as likely as their higher income counterparts to lack home internet, severely limiting their participation in online learning. In rural areas, often not covered by broadband, 41 percent of households below the ALICE threshold do not have an internet subscription. This translates directly to reduced job and educational opportunities and access to health care and financial tools.

ALICE families also have lost access to necessary supports like subsidized meals available through schools or child care centers, typically providing up to two-thirds of children’s daily nutritional needs and saving families at least \$30 per week per child. Many ALICE households have turned to food pantries and food banks, one of the few social services that do not require income verification; ALICE families often earn too much to qualify for SNAP benefits.

## ALICE Seniors Face Greater Risks

Half of households headed by someone 65 years old or older had income below the ALICE threshold in 2018. Even before the pandemic, they lacked extra income and had little or no savings to cover extra health care costs. This age group is most susceptible to serious illness from COVID-19.

More than 40 percent of U.S. COVID-19 deaths are linked to nursing homes, which puts both ALICE seniors and ALICE health care workers at high risk. Increased social distancing for this vulnerable group is leading to other health problems, especially loneliness and isolation, and increasingly senior food insecurity, up almost 60 percent from the pre-COVID rate. Cutbacks in non-essential health procedures and preventative care—out of caution, as well as financial constraints—have led to an increase in non-COVID-19 health problems, too. With senior centers closing and concern for levels of care in nursing homes rising, many ALICE families face challenges providing care for aging parents, including juggling work and caregiving responsibilities, and covering for the loss of supports like hot meals and social activity.

Returning to a pre-COVID economy will not put financial stability within reach for many ALICE

families. Even before this year’s pandemic and natural disasters, more than two in five American households struggled to make ends meet. Now, they will not have the means to catch up on past rent, repay credit cards or invest in digital training or devices to prepare for new jobs. They are falling into poverty at an astonishing rate.

Compounding the challenges ahead is that there now are more households on the edge of financial hardship—on the cusp of becoming ALICE. In addition to the 51 million households below the ALICE threshold in 2018, another 9.5 million households were just above it. Without substantial intervention, it is very possible that these vulnerable households will become ALICE. Put another way, half of all U.S. households could be in poverty or be ALICE by the end of 2020.

An economy where half of all households cannot afford household necessities cannot sustain economic growth. The pre-COVID status quo was not working for millions of households and the pandemic has pushed our communities and economy to a tipping point. Intervention is needed across the board—in business, government, nonprofit and educational institutions—not just to recover, but to set the groundwork for a more equitable future.

*Stephanie Hoopes is national director of United For ALICE, a center of innovation around ALICE households working with United Ways across the country to inform policy and promote positive change (UnitedForALICE.org). Her research has garnered state and national media attention. She has a Ph.D. 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. Hoopes serves on the board of the Delaware Art Museum, has served on the board of the McGraw-Hill Federal Credit Union and the NJ Public Broadcasting Association, and received a resolution from the New Jersey Assembly for her work on ALICE in 2016. She can be reached at [stephanie.hoopes@unitedwaynj.org](mailto:stephanie.hoopes@unitedwaynj.org).*

*Dan Treglia is associate professor of practice at the University of Pennsylvania, associate director of the Partnership for Effective Public Administration and Leadership Ethics (PEPALE) and senior research fellow at United For ALICE. His research focuses on homelessness, housing instability and income insecurity, and his work on aging homelessness and COVID-19’s impact on homelessness has driven national media attention and policymaking. Prior to joining Penn, he managed research and evaluation for New York City’s Department of Homeless Services. Treglia received his Ph.D. from the University of Pennsylvania and his MPP from Harvard’s Kennedy School of Government. He can be reached at [dtreglia@unitedwaynnj.org](mailto:dtreglia@unitedwaynnj.org).*