

Instructions & Talking Points for ALICE “Making Choices” Game



The game/discussion takes about 40 minutes.

Prep:

- Make color copies of the legal-size Making Choices game sheet (one copy per 2-3 participants).
- Make one copy of the What Does it Take to Make Ends Meet? handout per participant.
- Optional: Bring a few copies of the spiral-bound ALICE report and a few copies of the 3-page summary document for those who may want more information. Both documents are at <http://www.unitedwaypbc.org/alice>.
- Bring a roll of Smarties (each has 15 candies) for each pair or team. If using M&Ms or Skittles, pre-count portions of 15 and place in small cups, or place them in the center column of the gameboards before participants arrive.
- Display the ALICE Game PowerPoint and get ready to show slides when referenced throughout the presentation. If you are not able to show the PowerPoint, create four Post-It easel pages in advance. The gray-shaded boxes provide the content for these four pages.

Instructions/Discussion Points

Give one Making Choices game sheet to each pair/team. Do not yet distribute the “What Does it Take to Make Ends Meet?” Handout.

Provide each pair/team with 15 candies. Give a reminder: The candies are symbolic of a family’s household budget and should not be eaten until the end of the game.

Explain that each pair or team represents two adults in a family of four with two children (infant and 3-year-old).

[Show slide 2 in the PowerPoint or display the contents of the following box on a Post-It easel page.]

Adult 1

- Associate’s degree
- Full-time veterinary assistant
- \$26,500 per year or \$13.25 per hour

Adult 2

- High school diploma
- Full-time maintenance worker at condo complex
- \$35,000 per year or \$17.50 per hour

Total Household Income = \$61,500 per year

- These are the adults’ jobs and earnings. Both are skilled positions that are hourly, not salaried. Both adults are lucky that they consistently work 40 hours per week. However, they work for small employers who are not required by law to provide health insurance for full-time employees.
- **Do these jobs pay more than Florida minimum wage?**
ANSWER: Yes. Minimum wage is \$8.10/hour.
- Since they both make less than \$20 per hour, these spouses are very typical Florida residents. **What actual percentage of Florida jobs pay less than \$20/hour?**
ANSWER: 67% (two-thirds), and of those, 75% (three quarters) pay less than \$15/hour.

- **Is the family below federal poverty level? Are they above or below median household income for PBC?**
ANSWER: Above poverty level (which is about \$24,000 for family of four), and just below PBC median household income for a family (which is about \$65,000).
- **Does this seem like a family that would be making ends meet in Palm Beach County?**
Let's decide at the end of the game.

The 15 candies represent the family's income. They are exactly enough to afford the expenses listed in the MIDDLE column. Use your candies to cover all the circles in the MIDDLE column. You don't have to make any decisions at this point, because you have exactly enough to cover all these expenses.

Let's look at some of the expenses in the MIDDLE column and how they differ from the expenses in the column to the RIGHT, which represents a higher standard of living, and the expenses to the LEFT, which represent a lower standard of living. Here are four examples (use as few or as many as time permits):

What is meant by **health care**? It does not mean health insurance, since the family makes too much to qualify for Medicaid, yet cannot afford even the Bronze Marketplace plan under the Affordable Care Act. The children could sign up for Florida KidCare but would be full-pay with no subsidy (\$230 premium). Instead, the family chooses to pay for "minimal" medical services and prescriptions, plus the penalty for not purchasing a marketplace plan. This family would probably use walk-in clinic services if someone was sick, and would be hoping and praying no one needed an expensive prescription or developed any serious medical needs that required hospitalization. In the LEFT column, a family would be dependent upon free clinics or might be eligible for Medicaid or Health Care District, and in the RIGHT column the family would have employer-sponsored health and dental coverage for all family members.

What kind of **child care** can the family afford? The family earns too much to qualify for state child care assistance or Head Start, and the 3-year-old is not yet old enough for Voluntary Pre-Kindergarten (VPK), which starts at age 4. Because they can't afford an accredited center, they would have to find a relative (unlicensed) to provide care. If they can find a reasonably priced one, a non-relative home-based provider would be licensed and would have received some training, as required by Palm Beach County ordinance. In the LEFT column is an even lower-cost, unlicensed relative. In the RIGHT column is the option of a licensed and accredited child care center.

What is a **thrifty food budget**? It means the bare minimum for a low-cost, nutritious diet. It means a lot of bargain shopping, store/generic brands, planning ahead, no food waste, avoiding prepared foods or small-portion packaging, and cooking everything at home (no eating out). The household has too much income to qualify for SNAP (food stamps). In the LEFT column, a household would need to visit a food pantry and would probably also be receiving SNAP (food stamps) benefits. For most families combining pantry food and SNAP would still not meet their full monthly food needs, so there would still be some expense. In the RIGHT column is a bit more generous meal plan and one meal out, but it is not luxurious by any means.

What does the **Miscellaneous** category include? It represents about 10% of the total budget, and could cover some but not all of the following: clothing, household goods, toiletries, diapers, cleaning supplies, cell phones, cable, internet. This category would also not include large or unexpected expenses such as car repairs or hospital stays. There would also not be enough for holiday gifts, vacations, birthday parties, toys, children's activities or classes, etc. In the LEFT column, there would be even less for miscellaneous items, and in the RIGHT column the household might be able to cover internet, cell phone, cable and some other small expenses.

- What ONE ADJECTIVE would you use to describe the budget in the middle column? POSSIBLE ANSWERS: Thrifty, tight, basic, minimum, etc. Some might say "moderate."

Now that we have a good sense of this household's budget, let's see how they do when inevitably, life happens. The adult who was making \$35,000 gets his work hours cut. This is the equivalent of losing 2 candies, so please remove those from your game board.

Shortly after, Grandma has a stroke and needs 24-hour care. Her Social Security and insurance only partially cover the expenses, so the family must cover the rest. Lose one more candy.

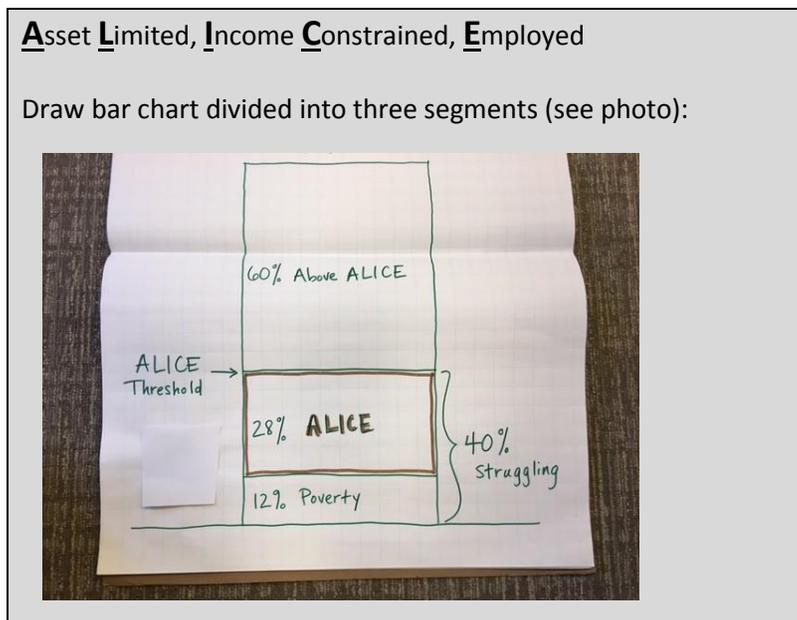
With 3 fewer candies (about \$12,000 less per year, for a total of \$49,500 annual income), the family can no longer afford some of the things in the middle column. Notice that there are no savings available to cushion the blow of these financial emergencies. You will have to shuffle candies around, moving some over to the LEFT and reducing your standard of living on some items. However, please do not touch your one candy under Taxes, since taxes are less negotiable.

(Give a few minutes for pairs/teams to discuss and decide how they will move their candies.)

- **Would the family actually have all choices available to them?** For example, if they give up their car, is there a nearby bus route that can get them both to work and get the kids to childcare? Is there a nearby childcare provider willing to work for little to nothing? Does the closest food pantry have evening hours so they can pick up food after work? Can the whole family fit in a one-bedroom apartment? Is a distressed neighborhood safe?
- **When you lost three candies, what expenses did you cut?**
- **How did you feel having to make those choices? Was it stressful?**
- **What percentage of actual Palm Beach County households are living in exactly this kind of financial situation?**
ANSWER: 28% -- these households are employed and living above poverty level, but do not qualify for many (if any) benefits and have difficulty making ends meet.

We call these households ALICE, which is an acronym.

[Show slide 3 in the PowerPoint or display the contents of the following box on a Post-It easel page.]



The ALICE acronym stands for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed.

Our family of four had an income just below the ALICE Threshold, a dollar amount determined by the average cost of basic necessities in Palm Beach County. The middle-column budget we were working from is actually called the "Survival Budget" for our county, and the expenses for this budget total that ALICE Threshold amount for a family of four. In a moment we'll look at exactly what that dollar amount is. Please write the word "Survival" over that middle column.

If we add the 28% of ALICE households to the 12% of households living below poverty level, we have a total of 40% of Palm Beach County households that are not making ends meet. This 40% has remained steady since 2007 (past 8 years). Notice that more households are ALICE than are in poverty. If we just looked at the 12% in poverty, we would not have an accurate sense of how many are actually struggling.

While our scenario involved a household with two adults, not surprisingly, single-parent households are more likely to financially struggle. The poverty-plus-ALICE percentage is 74% for single female-headed households and 62% for single male-headed households (compared to 40% for all households).

Many ALICE households, when faced with financial emergencies, have to access food pantries, give up medical care and medications, or cut other items out of their budget. This puts them at risk for predatory loans, significant credit-card debt, utility shutoff, eviction and a variety of other negative outcomes. It is common for households to move from ALICE to below the poverty line and back again, as their income fluctuates.

Now distribute the “What Does it Take to Make Ends Meet?” handout (one per participant).

We’ll look at the Palm Beach County budget in a moment, but first, let’s look at Florida as a whole. Notice in the two righthand columns the difference between the Survival and Stability Budgets based on actual cost of living in our state. The Stability budget is moderate, not extravagant, yet still totals \$7,670 per month for a family, 71% more than the Survival Budget. Only the Stability budget allows for savings which could buffer the impact of a financial emergency such as the job loss and medical event experienced by our family.

If you look back at your Making Choices game sheet, the righthand column with the most circles roughly represents a Stability Budget. Write the word *Stability* above that righthand column. The lefthand column represented a Poverty budget. Write *Poverty* over that column.

Coming back to the “What Does it Take to Make Ends Meet?” handout, now let’s look at the Palm Beach County Survival budget on the left, and compare it to the Florida Survival budget just to the right of that.

➤ **Are there any budget items that you notice are more expensive in Palm Beach County than they are in Florida as a whole?**

ANSWER: Housing, childcare, transportation and health care are all more expensive in Palm Beach County than they are in Florida as a whole. Look also at the difference in the total budget amounts: \$4,488 per month for Survival in Florida vs. \$5,148 per month (15% more) for Survival in Palm Beach County.

➤ **What did our fictional Palm Beach County family earn annually before the cut in work hours and Grandma’s stroke?**

ANSWER: \$61,500, so the family was definitely ALICE and just a hair under the \$61,776 annual Survival Budget needed in Palm Beach County. If they lived elsewhere in Florida they may not be ALICE.

It’s important to note that this family does not qualify for most benefits or programs, even after losing income.

- **Food stamps – No, both before and after the financial emergencies.** For food stamps (SNAP), the monthly income limit is \$2,665 for a family of four, and our family earned about \$5,000 a month before the financial emergencies and about \$4,125 a month after.
- **EITC – No before the emergencies, but possibly yes after the emergencies.** For the EITC, the income limit for a couple—married filing jointly—with two children would be \$50,198 annually. Before the emergencies, they earned \$10,000 more than that limit, so they lost what would have been a credit of up to \$5,572. After the emergencies, they may have qualified for EITC if their income remained lower for the whole tax year.
- **State childcare assistance – No, both before and after the emergencies.** The income limit would be \$36,900 for this family (150% of federal poverty level).
- **Medicaid – No, both before and after the emergencies.** The Medicaid income limit for this family is \$32,319.
- **Taxes Filed Free -- Yes, both before and after the emergencies.** This program is key for ALICE, which is why there is a big advertisement for it on the game sheet!

There are really no programs exclusively for ALICE, although they may cover some in the ALICE income range. Program income limits would have to be increased quite a bit to include all ALICE households, and this is challenging because nonprofits have limited funding.

As we saw from the Making Choices exercise, even with two full-time jobs paying well above minimum wage, the family was very vulnerable to financial emergencies. They were not eligible for most benefits even after a \$12,000 income loss brought their income from \$61,500 down to \$49,500.

All over Palm Beach County, 28% of households are living this reality. Remember, if we add the 28% that are ALICE households to the 12% of households living below poverty level, we have a total of 40% of Palm Beach County households that are financially struggling.

There is, however, wide disparity between individual communities in Palm Beach County. For example, ALICE + Poverty = 21% in town of Palm Beach and 72% in Belle Glade.

[Show slide 4 in the PowerPoint or display the contents of the following box on a Post-It easel page.]

How Do We Help ALICE?

- Rental assistance
- Food pantries
- Utility assistance
- Free tax preparation
- Subsidized child care
- Financial coaching, credit building, debt counseling
- Job placement assistance

These strategies have been identified to help ALICE households. United Way of Palm Beach County funds programs in many of these areas, with the exception of child care. For free tax preparation, we provide major volunteer support rather than funding. Whenever possible, we strive to permanently improve ALICE's situation. Are there services here that you would say have the potential to permanently improve their situation?

[Show slide 5 in the PowerPoint or display the contents of the following box on a Post-It easel page.]

What Else Can We Do?

- Remain aware of their situation, increase their visibility, and give ALICE a voice
- Be aware of how existing policies affect them
- Design or tweak programs with them in mind; raise income limits for assistance
- Work on household-level solutions that facilitate "getting ahead" (college tuition assistance, career pathways that increase access to better-paying jobs)
- Work on community-level solutions to ensure that "hard work pays off" (increase affordable housing, eliminate "benefits cliff")

United Way of Florida, our statewide organization, does advocate for policies including preserving funding for free tax preparation and protecting funds for enrollment services that help children get health insurance. United Way Worldwide, our national and international organization, also advocates for numerous policies including expanding tax credits, increasing college access and protecting funds for affordable housing.

Let's close with a personal story of an ALICE household helped by the Prosperity Centers, a United Way-funded program that provides services to increase households' financial stability.

Brenda's Story

Agency: Housing Partnership

United Way-Funded Program: Prosperity Centers

I am the mom of a 24-year-old daughter and have been steadily employed as a phlebotomist. My dream of owning a home seemed impossible until the Housing Authority referred me to the West Palm Beach Prosperity Center. Staff worked very patiently with me for several years as I increased my credit score, decreased debt and increased savings. I enrolled in the Individual Development Account (IDA) program, a matched savings program for first-time home buyers, where \$2,000 of my savings would be matched with \$4,000 and then used toward a down payment and/or closing costs. I began saving the required \$50 per month. At one point during the process, a paid tax preparer made an error that resulted in me having to pay back taxes, plus interest. I was crushed when this delayed my home-buying plans for nearly a year. I would have given up if not for the Prosperity Center staff, who amended my tax return and got me back on track. I can honestly say their assistance changed my life. I am proud to share that I finally closed on my first home.

Description of Prosperity Centers:

Centers (locations in West Palm Beach and Belle Glade) promote financial stability through budgeting and money management assistance, credit counseling, free tax preparation, educational and vocational counseling, housing counseling, a matched-savings program, financial case management, and benefits screening/enrollment.