



2020 ALICE Report for Virginia

COVID-19 Impact Talking Points

The release of this ALICE Report for Virginia comes during an unprecedented crisis — the COVID-19 pandemic. The impact of this global, dual health and economic crisis reveals the vulnerability of both ALICE families and our wider economy. ALICE remains central to the story: The problems and challenges facing ALICE households now are the same ones we have been measuring, analyzing, and highlighting over the last decade. United For ALICE and our partners have a lot to contribute to the COVID-19 response and recovery.

This crisis is fast-moving and quickly evolving. To stay abreast of the impact of COVID-19 on ALICE households and their communities, visit our website at UnitedforALICE.org/COVID19 for updates. And follow [@United4ALICE](https://twitter.com/United4ALICE) on Twitter to stay up to date on ALICE-related topics in the news.

The ALICE Report for Virginia

The Report presents the latest ALICE data available — a point-in-time snapshot of economic conditions across the state in 2018. By showing how many Virginia households were struggling then, the ALICE data provides the backstory for why the COVID-19 crisis is having such a devastating economic impact now.

This ALICE research can help stakeholders identify the most vulnerable in their communities and direct programming and resources to assist them throughout the pandemic and the recovery that follows. As Virginia moves forward, this data can be used to estimate the impact of the crisis over time, providing an important baseline for changes to come.

The following talking points are intended to help frame and provide context to the release of the ALICE Report for Virginia. You are encouraged to add local context and data, wherever they apply.

Who Is ALICE?

In 2018, 1,261,609 Virginia households (39%) had income below the ALICE Threshold, meaning that they were unable to afford even the most basic budget. Yet since ALICE households earn above the Federal Poverty Level, they were not eligible for assistance. The large number of households struggling before the COVID-19 crisis helps explain why the dual impact of the current health crisis and economic disruption is so severe.

- **The number of ALICE households will increase** with the economic disruption caused by COVID-19.
 - Rising unemployment, closed businesses, and halted production of many goods and services has already reduced the income of millions of families. The 16% of Virginia households that were on the cusp of the ALICE Threshold in 2018 are especially vulnerable.
 - The number of households unable to afford household essentials had been growing over time before the pandemic began. The percentage of households below the ALICE Threshold increased from 29% in 2007 to 39% by 2018 (Figure 1 in the 2020 ALICE Report for Virginia).
- **Inequalities are exacerbated by the pandemic.** Households of all ages, genders, races, and ethnicities, living in rural, urban, and suburban areas, are impacted by the COVID-19 pandemic. But isolating in place is a luxury that many ALICE families cannot afford. Differences in income and savings determine who can stay home, buy protective gear and essential items, take time off work when sick, and access quality health care.
 - ALICE families without savings and working hourly paid jobs are more likely to fall into debt and may not be able to protect themselves or afford treatment if they get sick.
 - Groups that are disproportionately ALICE (Figures 2 & 3 in the Report) will be impacted even more severely. Many ALICE families have been skimping on basic essentials for years, from healthy food to routine health care. Along with the added stress of living paycheck to paycheck, these factors increase the risk for chronic health conditions, making ALICE even more vulnerable during a public health crisis (see United For ALICE's 2019 Report, [The Consequences of Insufficient Household Income](#)). Initial data shows that groups who have underlying health conditions, face persistent discrimination in health care services, or live in areas with fewer support services (health care deserts and rural areas) make up a higher proportion of COVID-19 deaths.
- **Seniors are a high-risk group** in terms of both health and finances. In 2018, 380,959 senior households (49%) in Virginia had income below the ALICE Threshold. Due to age, underlying conditions, and often living in group quarters such as assisted living facilities or nursing homes, those over age 65 are more susceptible to getting and dying from COVID-19 than the general population. This increased vulnerability, as well as the closing of senior centers, houses of worship, and other community organizations, has heightened anxiety and isolation among the senior population. The rapid decline in the stock market has drastically reduced income and resources for many seniors. In addition, some supply chains have been disrupted impacting the availability of generic prescription drugs and other necessities.

The Cost of Living in Virginia

With reduced income, it will be even harder for ALICE families to afford the basics in the Household Survival Budget (Figure 4). There are particular short-term concerns for each budget category. In addition, the broader costs of financial instability are cumulative and intensify over time.

The Household Survival Budget

- **Housing:** The cost and quality of housing are more important than ever now that families are being asked to reduce contact with the outside world. To afford housing, many ALICE families live in substandard units that raise health and safety concerns. Sheltering in place in tight quarters can increase the risk of infection with COVID-19 and can exacerbate mental illness or domestic abuse. And while rent and mortgage freezes will provide important temporary relief, those with lost income may not be able to catch up once those freezes are lifted, and could risk losing their homes.
- **Child care:** In 2018, well before the pandemic began, 35% of Virginia families with children had income below the ALICE Threshold. These families are especially vulnerable to the disruptions that accompany child care, school, and university closures. Essential workers with children rely on child care; with closures, they often have to put themselves and their children at greater risk. Closures also profoundly affect the child care industry, whose workers themselves are primarily ALICE. School closures mean that children lose their daily routine, including meals and socialization as well as education. For ALICE families without internet access or home computers, digital learning may leave their children behind.
- **Food:** Many ALICE households cannot afford to buy food in bulk or have groceries delivered and do not have a place to safely store large quantities, leading to more trips to the store and greater risk of exposure. Families who relied on meals at school, work, or adult day care will now have higher food costs.
- **Transportation:** Social distancing orders have disrupted travel in many states. People are traveling less, but essential workers (many of whom are ALICE) still need to commute to their jobs, which can be riskier and more time-consuming with closures or reduced service on public transportation.
- **Health care:** The health care costs in the Survival Budget provide for bare-minimum insurance coverage, so contracting COVID-19 would pose a significant additional burden for many ALICE families due to both unforeseen medical bills and lost income. For workers who have insurance through their employer (the most common form of insurance in 2018), losing their job also means losing their health coverage. In addition, the extraordinary burden of COVID-19 on the health care system also means that there are fewer resources available for preventative care or the treatment of chronic conditions, which could lead to more serious illness later.
- **Technology:** From remote work and distance learning to telemedicine and social connectivity, the critical importance of access to high-speed internet has been revealed by this crisis — as has the persistent “digital divide” by income. In Virginia, 30% of households with income below the ALICE Threshold did not have an internet subscription in 2018, compared with only 7% for households above the ALICE Threshold. With less access to the internet and to computers, ALICE workers will have difficulty working from home even if offered the option. This can include teachers asked to teach online during school closures.
- **Savings:** In 2017, only 66% of Virginia households had set aside any money in the prior 12 months that could be used for unexpected expenses or emergencies such as illness or the loss of a job — realities that many households are now facing.

The ALICE Essentials Index

Government intervention will be needed to help address the widespread impacts the pandemic is having and will continue to have on our economy. Now more than ever, we need an awareness of the differential growth in the cost of the essential items purchased by ALICE households (captured by the ALICE Essentials Index), compared with the wider basket of goods and services measured by the Consumer Price Index (Figure 5). Because most benefits and government programs — including core programs such as SNAP and Social Security — are tied to CPI, they have not kept pace with the cost of basic necessities. Those who rely on these programs find that they are not sufficient to cover their household needs.

The Changing Landscape of Work

Employment growth in Virginia has been largely driven by growth in low-wage jobs, which grew by 34% from 2007 to 2018 (Figure 6). Workers in these low-wage jobs now face new and greater risks. On the one hand, many of these jobs are now deemed “essential,” and employees are asked to report to work despite risk to their health, often without adequate protective gear. On the other hand, many of these jobs are seen as “dispensable,” and workers have their hours cut or are laid off, losing wages as well as benefits (if they had them to begin with).

ALICE Jobs: Maintaining the Economy

- **Essential workers:** The pandemic has shown that many ALICE workers are essential, frontline employees. It has become exceedingly clear that we need ALICE to keep the economy running and to keep us all safe and healthy.
- **ALICE workers at risk:** Many ALICE workers do not have basic safety gear to do their jobs safely without risk of contracting or spreading the new coronavirus. For example, ALICE workers care for our aging and ailing seniors. Yet despite doing physically and mentally demanding work, many ALICE health care workers do not have masks or other Personal Protective Equipment (PPE), placing them, and the families many return to at the end of their shift, at greater risk of exposure.
- **No safety net, no choice but to work:** To avoid losing their jobs, ALICE workers may feel pressured to go to work even if sick, which could contribute to the spread of COVID-19.
- **School and college closures:** Closures impact ALICE workers disproportionately. Many education workers are ALICE — including child care workers and school and college support staff — and they are paid hourly, often without benefits. As adults, these school workers are more susceptible to serious cases of COVID-19 than are children and teens. And as education institutions close, these workers lose wages and struggle to support their own children.
- **Digital/technical skills:** Technological ability (especially related to remote work) is becoming more important in the pandemic economy; workers and businesses who can quickly adapt are more likely to withstand this crisis.

Hourly and Gig Workers

- **Increased worker vulnerability:** More than half of workers in Virginia are paid hourly (Figure 7). Even in the best of times, these workers are more likely to have fluctuations in income, with frequent schedule changes and variation in the number of hours available for work each week or month.
- **Basic employee protections:** Many ALICE workers do not have employee protections — such as annual salary, adequate health care coverage, paid time off, family leave, workers’ compensation, or retirement benefits — that would help them financially withstand the COVID-19 crisis.
- **Side hustles:** In 2019, nearly half (45%) of working adults in the U.S. reported having a side gig outside of their primary job. Many of these opportunities, such as rideshare driving, have all but disappeared with social distancing, and most were not covered by unemployment insurance. With an increase in the number of people out of work, there will be more competition on internet job platforms, making it harder for gig workers to find and maintain earnings.
- **Businesses in disrupted industries:** Both large and small businesses are laying off or furloughing workers, and many may not be able to restart once state economies reopen. Small businesses — and their workers — are especially vulnerable to economic fluctuations. But with tight margins, many are not able to withstand even short periods of closure.
- **ALICE college students:** College closures disproportionately impact ALICE students. Many of these students work and are still food insecure; those without access to housing or their meal plan will be

further exposed. Potential delays in education credentials will add to and prolong student debt and further push out better employment options. And high unemployment will make it difficult for new graduates to find stable work with good pay.

Next Steps: Data for Action

Identifying Gaps/Understanding ALICE: Health, Education, and Social Factors

- **Gaps in community resources:** Many ALICE families rely on community institutions — from school lunches to internet access at libraries — that are no longer available due to social distancing.
- **New frontiers for resource delivery:** COVID-19 requires new systems for public assistance, from food distribution to housing the homeless.

Benefits of Moving Toward Equity

- The Benefits of Moving Toward Equity analysis quantifies the financial contribution of ALICE and poverty-level households to the state economy. If all households earned enough to meet their basic needs in Virginia, not only would each family's hardship be eased, but the state economy would grow by 20% (Figure 11).
- The impact of the COVID-19 pandemic is revealing the converse: When the number of households that cannot meet their basic needs increases substantially, economic hardship increases across the board and state economies start to contract.