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TO: The Honorable Detroit City Council

FROM: David Whitaker, Director 
Legislative Policy Division Staff

DATE: March 10, 2023

RE: **RESOLUTION TO SET A TARGET OF ALICE FOR CITY SUPPORTED JOB
DRIVEN DEVELOPMENT SUBSIDIES**

Council Member Scott Benson requested that the Legislative Policy Division (LPD) draft a RESOLUTION TO SET A TARGET OF ALICE FOR CITY SUPPORTED JOB DRIVEN DEVELOPMENT SUBSIDIES.

Please contact us if we can be of any further assistance.

RESOLUTION TO SET A TARGET OF ALICE FOR CITY SUPPORTED JOB DRIVEN DEVELOPMENT SUBSIDIES

- WHEREAS,** The mission of the Detroit City Council is to promote the economic, cultural and physical welfare of Detroit’s citizens and residents through Charter-mandated legislative functions; and
- WHEREAS,** United Way uses a measurement called Asset Limited, Income Constrained, Employed (ALICE), to describe households where individuals are employed and above the poverty line, but cannot afford to meet their basic needs; and
- WHEREAS** Minimum wage in Michigan is currently \$10.10 per hour, and a full-time worker earning minimum wage makes roughly \$21,000 per year, which is below the ALICE threshold; and
- WHEREAS,** According to a report from the Michigan Association of United Ways released in 2021, 69 percent of Detroit households had incomes below the ALICE threshold¹ in 2019, meaning that the majority of Detroit households cannot afford basic necessities, even with income from employment²; and
- WHEREAS,** The report also found that 10 percent of Michigan households were on the cusp of the ALICE threshold, which creates circumstances where any unexpected household cost such as a rent increase, car repair, home repair, or medical bill will destabilize households and put them below the ALICE threshold; and
- WHEREAS,** Data from the Bureau of Labor Statistics (BLS) shows that, for the vast majority of full-time employees and hourly wage workers in the US, wages have not risen since the 1970s when adjusted to account for inflation and purchasing power, despite the fact that worker productivity has consistently increased during that time period; and
- WHEREAS,** The rising level of inflation following the COVID-19 pandemic has reduced the purchasing power of workers even further, putting more pressure on households to stretch their incomes to cover basic living costs; and
- WHEREAS,** Low-wage jobs in Michigan, meaning jobs that pay less than the wage needed for two workers with two children to afford household costs, increased by 90 percent between 2007 and 2019, while the number of medium and high-wage jobs decreased during that time period; and
- WHEREAS,** During the same decades where most employees have seen no real increase in wages, individuals in the top one percent of income earners have seen drastic wage increases. For example, Michigan families in the top one percent of income earners take home 17.8 percent of all income in Michigan and earn about 21 times more income than the average worker³; and

¹ The average ALICE household survival budget in Michigan was \$23,400 per year for a single adult and \$64,116 for a family of four in 2019.

² ALICE in Michigan: A Financial Hardship Study. 2021 Michigan Report found at [2021ALICEReport_MI_FINAL-3-15-21.pdf \(squarespace.com\)](https://www.squarespace.com/2021ALICEReport_MI_FINAL-3-15-21.pdf)

³ <https://www.epi.org/multimedia/unequal-states-of-america/#/Michigan>

WHEREAS, Employers have increasingly adopted a preference for hiring hourly workers, independent contractors, and freelance “gig-economy” jobs that do not provide benefits. In 2019, only 25 percent of working-age adults in Michigan had a full-time job with a reliable salary; and

WHEREAS, There is a drastic racial wealth gap in the United States, where White households have 8 times more wealth on average than Black households⁴. Detroit has a majority Black population, and without an effort to raise wages for Detroit households above the ALICE threshold, many Black families will be unable to save money and build assets to create the generational wealth that is necessary to close the racial wealth gap; and

WHEREAS, Detroit has a vested interest in ensuring that public and private workers earn a living wage in order to increase the attraction and retention of talented workers who live, work, and pay taxes in Detroit; and

WHEREAS, The City has had difficulty retaining employees such as police officers and bus drivers, because the wages for those positions have not been competitive with other municipalities. Although Detroit Department of Transportation (DDOT) drivers start at \$15 per hour, which is above the ALICE threshold, DDOT continues to have a persistent shortage of drivers; and

WHEREAS, It is a priority of the Council to ensure that City-supported development projects provide wages to workers that will raise families above the ALICE threshold, for example Ford recently announced that the average pay at its Marshall battery plant will be \$45,000 per year; **NOW THEREFORE BE IT**

RESOLVED, That the Detroit City Council strongly urges the administration to ensure that all City-supported job driven development subsidies go toward projects that pay wages that will move families above the ALICE threshold; **THEREFORE, BE IT FINALLY**

RESOLVED, That the Detroit City Clerk is directed to send this resolution to Mayor Mike Duggan.

⁴ Board of Governors of the Federal Reserve. (2020, September 28). Disparities in wealth by race and ethnicity in the 2019 Survey of Consumer Finances. Retrieved from <https://www.federalreserve.gov/econres/notes/feds-notes/disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances-20200928.html>