ALICE IN THE CROSSCURRENTS

COVID AND FINANCIAL HARDSHIP IN
THE UNITED STATES

2023 Report | UnitedForALICE.org

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ABOUT UNITED FOR ALICE AND OUR PARTNERS

ALICE in the Crosscurrents: COVID and Financial Hardship in the United States is brought to you by United For ALICE, a driver of innovative research and action around financial hardship for **ALICE** (**A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed) households. With a commitment to racial and economic justice, United For ALICE shares this work with foundations, government, corporations, United Ways, and other nonprofits to inform policy and promote positive change for ALICE households. The grassroots ALICE movement, created and led by United Way of Northern New Jersey, has spread to 27 states and the District of Columbia. Learn more about the ALICE Movement here.

To create this Report, our team of researchers, designers, and editors works with Research Advisory Committees composed of experts from our partner states. This work is guided by our rigorous methodology, which is updated biennially with experts from across our Research Advisory Committees.

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To access interactive ALICE data and resources for all states and counties, go to UnitedForALICE.org/National-Overview.

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ALICE RESEARCH IN A TIME OF CHANGE

This ALICE Report provides the first look at the extent of financial hardship in the U.S. using ALICE metrics since the COVID-19 pandemic began. The pandemic has disrupted longstanding patterns in how and where people live, work, study, save, and spend their time. And the story of ALICE and the pandemic is still unfolding as this Report is being written, amid an ongoing health crisis and an economic and public policy landscape that continues to shift. In a time of change, United For ALICE remains committed to providing the most up-to-date local data possible on financial hardship across the U.S.

Two pillars of the ALICE measures are household costs and income. The **Household Survival Budget** calculates the cost of household essentials for each county in the U.S. and relies on a wide range of sources for the budget items of housing, child care, food, transportation, health care, and a smartphone plan, plus taxes.

For household income, the ALICE measures rely on the U.S. Census Bureau's American Community Survey (ACS). The ACS experienced such significant disruption in data collection in 2020 that the Census Bureau released only experimental estimates, which are not included in our analysis. By 2021, standard Census data collection had resumed.

Household costs are compared to household income to determine if households are **below the ALICE Threshold**. This includes both households in **Poverty**, with income below the Federal Poverty Level (FPL), and those that are **ALICE**, with income above the FPL but below the cost of basics.

Our standard ALICE data is based on the ACS — both household tabulated data and individual data from the Public Use Microdata Sample (PUMS) records. In addition, this Report includes our analysis of two surveys that capture the experiences of a nationally representative sample of households during the pandemic:

- Federal Reserve Board's Survey of Household Economics and Decisionmaking (SHED), October, 2019; November, 2020; and November, 2021
- U.S. Census Bureau's COVID-19 Household Pulse Survey (Household Pulse Survey), August 19–August 31, 2020; September 14–November 14, 2022; and December 9–December 19, 2022

Learn more about our methodology at: UnitedForALICE.org/Methodology

Data Notes: The income data used in this Report are estimates as reported by ACS. The national ALICE numbers are a summation of county-level data (one- or five-year averages depending on population size), and therefore ALICE household totals may differ slightly from reported national-level household totals.

Percentages are rounded to whole numbers, sometimes resulting in percentages totaling 99% or 101%.

ALICE analysis includes all households, regardless of work status, as employment is fluid and most households have members who are working, have worked, or are looking for work.

THE ALICE HOUSEHOLD SURVIVAL BUDGET

The ALICE Household Survival Budget is the foundation of the ALICE research. This budget calculates the bare-minimum cost of the basics needed to live and work in the modern economy by household composition, in every county.

When compared to the more accurate cost of living included in the Household Survival Budget, the Federal Poverty Level (FPL) is drastically inadequate. Unlike the ALICE budgets, the FPL is not based on the cost of contemporary household necessities, and except for Alaska and Hawai'i, it is not adjusted to reflect cost-of-living differences across the U.S. Nor does it adjust for different ages of household members. The FPL is increased annually based on the Bureau of Labor Statistics' (BLS) Consumer Price Index (CPI), and those increases are the same for all U.S. households of a given size. By contrast, the actual household costs in the Survival Budget have increased at different rates depending on location, household size, and household composition. For example, the FPL was $26,500 for a family of four anywhere in the continental U.S. in 2021, while the Survival Budget for a family of four ranged from a low of $50,664 in Obion County, TN to a high of $173,136 in Marin County, CA.

Yet despite its inadequacies, the FPL continues to be the standard for determining the number and proportion of people living in poverty in the U.S. **With the FPL as the primary way for policymakers and local stakeholders to gauge the extent of financial hardship in their communities, a huge portion of struggling U.S. households go unrecognized.**

KEY TERMS

- **ALICE: A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed — households that earn above the Federal Poverty Level (FPL) but cannot afford the basic cost of living in their county. Despite struggling to make ends meet, ALICE households often do not qualify for public assistance.
- **ALICE Threshold of Financial Survival:** Derived from the Household Survival Budget, the minimum average income that a household needs to afford housing, child care, food, transportation, health care, and a smartphone plan, plus taxes. Calculated for all U.S. states and counties.
- **Below ALICE Threshold:** Includes people in poverty-level and ALICE households combined.

Figure 1 compares the FPL for a single adult and a family of four with the Household Survival Budget in three counties. These counties were chosen to illustrate the cost of basics below the national average (Lake County, IN), near the average (Spokane County, WA), and above the average (Montgomery County, MD). In all three locations, the Household Survival Budget was considerably higher than the FPL. Cost increases in the Survival Budget were driven by housing, food, and health care. Increases were mitigated by child tax credits in 2021 for families with children.

Figure 1. ALICE Household Survival Budget and Federal Poverty Level, Lake County, IN, Spokane County, WA, and Montgomery County, MD, 2021

	Federal Poverty Level Census income thresholds that vary by household size but not geography to determine who is in poverty	ALICE Household Survival Budget The cost of the essentials needed to live and work in the modern economy, by household type and location		
	Same in all Counties	Lake County, IN	Spokane County, WA	Montgomery County, MD
Family of Four				
Monthly Total	$2,208	$5,491	$6,122	$9,191
Annual Total	$26,500	$65,892	$73,464	$110,292
Percent Change, 2019–2021	3%	5%	20%	8%
Single Adult				
Monthly Total	$1,073	$2,262	$2,119	$4,252
Annual Total	$12,880	$27,144	$25,428	$51,024
Percent Change, 2019–2021	3%	7%	20%	3%

Note: Percent change is pre-tax.

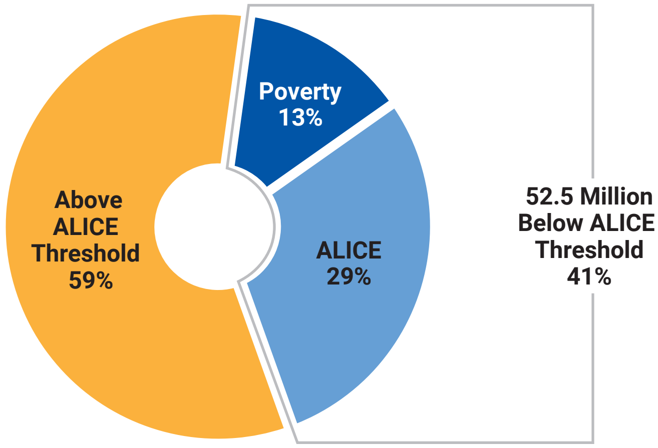
Sources: ALICE Household Survival Budget, 2021; Assistant Secretary for Planning and Evaluation (ASPE), HHS poverty guidelines for 2021, U.S. Department of Health and Human Services

	ALICE Household Survival Budget	Average Monthly Costs, Spokane County, WA, 2021	
	Description, Update, and Sources	**One Adult**	**Family of Four**
Housing	**Rent:** Fair Market Rent (40th percentile) for an efficiency, one-bedroom, or two-bedroom apartment (based on family size), adjusted in metro areas using the American Community Survey (ACS) — minus utilities **Utilities:** As captured by the Community Expenditure Survey (CEX) **Update:** Costs of rent and utilities are now shown separately. ***Sources:*** *ACS metro housing costs and U.S. Department of Housing and Urban Development (rent); CEX (utilities)*	\$520 rent + \$154 utilities	\$715 rent + \$292 utilities
Child Care	Cost for registered Family Child Care Homes for infants (0–2 years), preschool-age (3–4), and school-age children (5–12) ***Source:*** *By state (e.g., Child Care Aware of Washington, 2022 in WA, Child Care Aware of America, 2018 in IN, and Maryland Family Network, 2021 in MD)*	\$ -	\$1,843
Food	USDA Thrifty Food Plan by age with county variation from Feeding America **Update:** A change in legislation requires the USDA Thrifty Food Plans to reflect the cost for resource-constrained households to purchase a healthy, practical diet, starting in 2021, increasing costs from prior years. ***Sources:*** *Feeding America; U.S. Department of Agriculture (USDA)*	\$444	\$1,212
Transportation	Operating costs for a car (average daily miles by age, cost per mile, license, fees, and insurance), or public transportation where viable **Update:** The decline in public transportation use during the pandemic reduced the average expenditure, yet the cost for workers who had to use it to commute remained the same. To reflect this, the budget uses 2019 average CEX spending. ***Sources:*** *AAA, Federal Highway Administration, The Zebra (car); CEX (public transportation)*	\$340	\$816
Health Care	Health insurance premiums based on employer-sponsored plans plus out-of-pocket costs for households with \$40,000–\$69,000 annual income by age, weighted with the poor-health multiplier. For the senior budget, cost of Medicare Part A and B, out-of-pocket costs, plus average out-of-pocket spending for the top five chronic diseases as reported by CMS. ***Sources:*** *Centers for Medicare and Medicaid Services (CMS); CEX (health); Medical Expenditure Panel Survey (MEPS)*	\$183	\$839
Technology	Smartphone plan with 10GB of data for each adult in a household **Update:** Costs were upgraded from a 5GB to a 10GB monthly data plan to reflect the increased need for internet access. ***Source:*** *Consumer Reports*	\$75	\$110
Miscellaneous	Cost overruns estimated at 10% of the budget, excluding taxes, to cover one-time unanticipated costs within the other categories	\$172	\$583
Taxes	Federal, state, and local taxes owed on the amount of income to cover the Survival Budget, as well as tax credits, including the Child Tax Credit (CTC) and the Child and Dependent Care Tax Credit (CDCTC) **Update:** Due to the significant effect of the expanded tax credits in 2021, total taxes before credits and the credits are both listed. ***Sources:*** *Internal Revenue Service; Tax Foundation*	\$231	\$979 Tax before CTC and CDCTC -\$1,267 CTC and CDCTC
	Monthly Total	**\$2,119**	**\$6,122**

To see the Household Survival Budget for other household compositions at the state and county levels for ALICE Partner States, go to UnitedForALICE.org/National-Overview.

ALICE IN THE U.S.: EXECUTIVE SUMMARY

The number of households in financial hardship in the U.S. continues to be undercounted in official measures. According to the FPL, 13% of U.S. households (16.2 million) were in poverty in 2021. Yet United For ALICE data shows that another 29% (36.3 million households) — more than twice as many — were **ALICE** (**A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed). ALICE households earn above the FPL, but not enough to afford the basics in the communities where they live.



** In the U.S., out of 127 million households, there were 16.2 million (12.8%) in poverty plus 36.3 million (28.6%) that were ALICE, which totals to 52.5 million (41.4%) below the ALICE Threshold and rounds to 41% in this Report.*

The reality is that of the 127 million households in the U.S., 41%* (52.5 million) had income below the ALICE Threshold of Financial Survival in 2021. These included both households in poverty and ALICE households.

The crux of the problem is a mismatch between earnings and the cost of basics. For example, 49% of cashiers (one of the most common occupations in the U.S.) were below the ALICE Threshold in 2021. These workers earned a median hourly wage of $13.11 ($26,220 annually if full time) — not even enough to cover the ALICE Household Survival Budget for most household types in most locations. According to the FPL, the cost of basics for a family of four in 2021 was $26,500, while the **ALICE Household Survival Budget** was considerably higher and differed by location — for example, from $65,892 in Lake County, IN to $110,292 in Montgomery County, MD. But in all counties in the U.S., the actual cost of basics was well above the FPL.

ALICE Household Survival Budget, Lake County, IN and Montgomery County, MD, 2021

	Lake County, IN		Montgomery County, MD	
	Single Adult	2 Adults, 1 Infant, 1 Preschooler	Single Adult	2 Adults, 1 Infant, 1 Preschooler
Monthly Costs				
Housing – Rent	$556	$784	$1,989	$2,207
Housing – Utilities	$154	$292	$154	$292
Child Care	-	$1,183	$	$2,432
Food	$411	$1,120	$534	$1,456
Transportation	$331	$808	$166	$332
Health Care	$229	$793	$221	$853
Technology	$75	$110	$75	$110
Miscellaneous	$176	$509	$314	$768
Tax Before Credits	$330	$1,084	$799	$2,029
Monthly Total	$2,262	$6,683	$4,252	$10,479
ANNUAL TOTAL Before Credits	$27,144	$80,196	$51,024	$125,748
Tax Credits (CTC and CDCTC)	-	($14,304)	-	($15,456)
ANNUAL TOTAL with Credits	**$27,144**	**$65,892**	**$51,024**	**$110,292**

Note: CTC = Child Tax Credit, CDCTC = Child and Dependent Care Tax Credit. Percent change is pre-tax. Full-time hourly wage represents the wage needed at 40 hours per week to support the annual total, with credits. For the family of four, this represents the combined wage needed for two workers. Many households incur higher costs, especially for housing, as units may not be available at Fair Market Rent. See previous page for sources. Visit UnitedForALICE.org to see budgets at the state and county levels.

This Report details the impact of competing economic forces and public policy interventions — job disruption, inflation, wage increases, pandemic assistance, and migration — on ALICE households in the U.S. in 2021. It also presents research showing the disproportionate hardships ALICE and poverty-level households faced during the pandemic.

Key findings include:

- **Financial hardship across the U.S.:** As ALICE households were battered by health challenges, high inflation, and work disruptions and simultaneously buttressed by rising wages and temporary pandemic assistance, the number of households below the Threshold increased from 49.8 million in 2019 to 52.5 million in 2021. However, the rate of financial hardship remained flat at 41% from 2019 to 2021, below the high of 43% of households in 2014. And compared to the sharp increase in the rate of financial hardship during the Great Recession (from 32% of households in 2007 to 41% in 2010), the impact of the pandemic on the rate of financial hardship was more muted.

- **Geographic variation:** Rates of financial hardship varied across the country, from less than 35% of households below the ALICE Threshold in Alaska, New Hampshire, North Dakota, Utah, Washington, Wisconsin, and Wyoming to more than half in Louisiana and Mississippi. There were also differences by region: The share of households below the Threshold was lowest in the Midwest (37%) and highest in the South (45%), with rates at 39% in the Northeast and 40% in the West.

- **Equity:** There are households below the ALICE Threshold across all demographic groups. However, disparities exist in rates of financial hardship due to persistent racism, ageism, gender discrimination, and geographic barriers that limit many families' access to resources and opportunities for financial stability. For example, by race/ethnicity, more than half of Hispanic (51%) and Black (59%) households in the U.S. were below the ALICE Threshold in 2021, compared to 36% of White households.

- **Change over time in household demographics:** In the U.S. between 2019 and 2021:
  - **Senior households**, who accounted for more than one-quarter (27%) of U.S. households in 2021, experienced an increase in the rate of hardship, from 48% to 51% below the ALICE Threshold.
  - **Married-parent and single-parent families**, who made up over one-quarter (26%) of U.S. households in 2021, were the only groups to experience decreases in rates of financial hardship, albeit slight and from very different starting points: The percentage of single-female-headed households with children below the Threshold fell from 76% to 75%, single-male headed households from 57% to 56%, and married-parent households from 21% to 20%.
  - **Households in predominantly rural counties** accounted for only 15% of U.S. households in 2021 but experienced an increase in the percentage of households below the Threshold, from 43% to 45%.

- **Work and wages:** Of the 20 most common occupations in the U.S. in 2021, 60% paid less than $20 per hour. All of these jobs saw an increase in the median wage; however, given that wages had stagnated for a decade, many top jobs still had a substantial percentage of workers who struggled to make ends meet. For example, for the most common occupation in the U.S., a retail salesperson, the median wage increased by 15% to $14 per hour in 2021, but 33% of the 3.7 million retail workers were still below the ALICE Threshold.

- **Pandemic assistance:** Public assistance programs were temporarily expanded in 2021, but not enough to bring most households below the ALICE Threshold to financial stability. In all but six states, a family of four with two parents working full time in two of the most common occupations (retail salesperson and cashier) could not afford the Household Survival Budget in 2021, even with the expanded Child Tax Credit, the Child and Dependent Care Tax Credit, and the Economic Impact Payments.

- **Savings and assets:** While emergency savings rates were increasing on average in the U.S., rates differed by income. According to SHED, only 34% of households below the ALICE Threshold had emergency savings or rainy day funds in October 2019, compared to 69% of households above the Threshold. By November 2021, the rate for households below the Threshold had increased to 40%, and the rate for households above the Threshold had increased to 75%.

- **Beyond 2021:** With pandemic assistance waning while significant challenges remain, there are warning signs that the economic situation for households below the ALICE Threshold has worsened since 2021, including sustained high levels of food insufficiency, continued difficulty paying bills, medical debt, and feelings of anxiety and depression.

THE LIMITS OF TEMPORARY PANDEMIC ASSISTANCE

While pandemic assistance programs — including the expanded Child Tax Credit, the Child and Dependent Care Tax Credit, and the Economic Impact Payments — bolstered struggling households, across most of the U.S., they weren't enough to bring those households to financial stability. In 2021, a family of four with two parents working full time in two of the most common occupations (retail salesperson and cashier), and receiving pandemic assistance, could afford the Household Survival Budget in only six states: Arkansas, Kansas, Michigan, Minnesota, North Dakota, and South Dakota.

THE COMPETING FORCES OF THE COVID ECONOMY

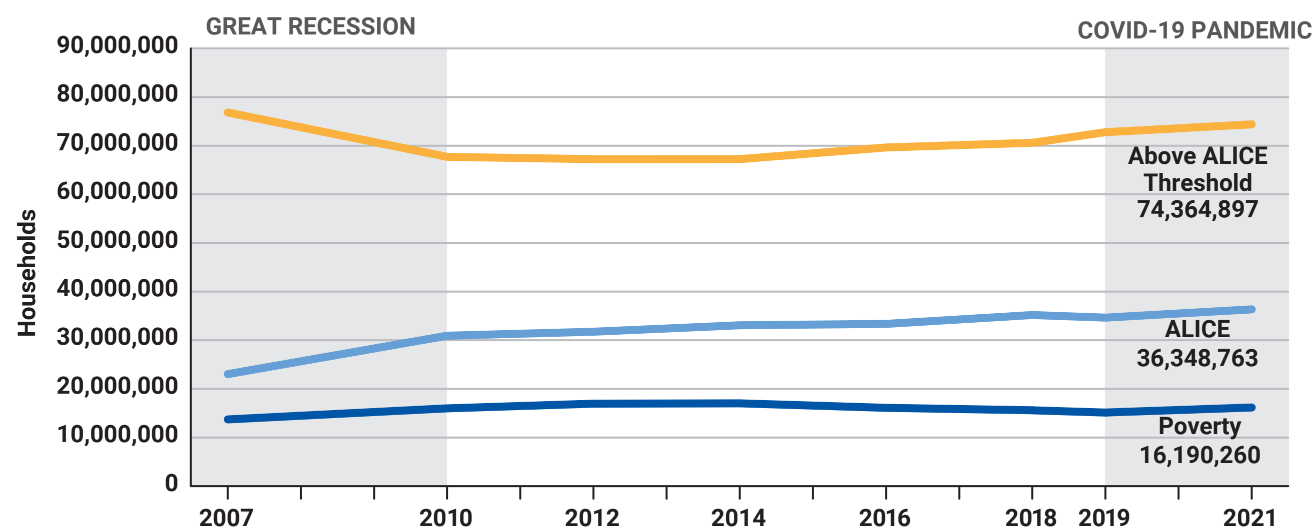
Competing forces have made it difficult to predict the net impact of the COVID-19 pandemic on financial stability. When the pandemic hit, businesses, child care providers, schools, and community services closed, some permanently. The loss of jobs and wages was not experienced equally; those who could work remotely fared better than those who were required to be on-site. Initially, costs for many basics declined, but disruptions to the supply chain and higher wages to retain workers then pushed prices up — by 7.5% annually across the U.S. in 2021, compared to less than 3% annually in the prior 10 years — straining ALICE households even more.

Yet other forces provided economic benefits for many households. In 2021, average weekly wages across all industries were up 5.6% nationally — the second-fastest national increase in the past two decades. In addition, emergency pandemic measures and economic policies provided critical support for ALICE families, including housing assistance, expanded unemployment insurance, stimulus checks, enhanced tax credits, and a nationwide eviction moratorium. Those measures made a difference — helping to mitigate, though not prevent, the economic impact of the pandemic.

Rates of financial hardship in the U.S. have shifted over time (Figure 2). During the last major economic disruption — the Great Recession — the percentage of U.S. households below the ALICE Threshold increased substantially, rising from 32% in 2007 to 41% in 2010. During the recovery from the Recession, the number of poverty-level households started to decline after 2014, while the number of ALICE households continued to increase through 2018. The number of households in both groups declined between 2018 and 2019 — and then the pandemic hit.

From 2019 to 2021, the number of households experiencing financial hardship increased by 6% (from 49,791,793 to 52,539,023), with 1.1 million more households living in poverty and 1.7 million additional ALICE households. Total households in the U.S. increased by 4% during this period. In the midst of the COVID crosscurrents (job loss, a public health emergency, and high inflation, countered by rising wages and substantial pandemic assistance), the share of households below the Threshold remained flat, at 41%.

Figure 2. Households by Income, U.S., 2007–2021



Percent Below ALICE Threshold	2007	2010	2012	2014	2016	2018	2019	2021
	32%	41%	42%	43%	42%	42%	41%	41%

Sources: ALICE Threshold, 2007–2021; U.S. Census Bureau, American Community Survey, 2007–2021

THE IMPACT OF THE COVID ECONOMY ON… ALICE DEMOGRAPHICS AND EQUITY

While the overall number of U.S. households that were struggling financially increased from 2019 to 2021, the impact of competing forces played out differently across demographic groups (Figure 3). In many cases, the pandemic exposed and exacerbated disparities and vulnerabilities that have long existed in our society, with substantial differences in rates of hardship by race/ethnicity, age, and household composition.

In the U.S. in 2021, Black households, young households, and single-parent households had the highest rates below the ALICE Threshold. White households, working-age households, and married-parent households had the lowest rates below the Threshold.

Rates of financial hardship differed substantially across demographic groups, a result of multiple factors including persistent racism, ageism, gender discrimination, and geographic barriers that limit many families' access to resources and opportunities for financial stability. And while specific rates varied by state and county, the disparities between groups remained consistent across most locations:

- In 2021, the largest number of households below the ALICE Threshold in the U.S. were White (30 million), making up 36% of White households. Yet by percentage, rates were higher for other groups (except for Asian households). More than half of Hispanic households (51%, 9.2 million), American Indian/Alaska Native households (55%, 491,574), and Black households (59%, 9 million) were below the Threshold. In addition, 45% of Native Hawaiian/Pacific Islander households (76,587) and 48% of households headed by someone of two or more races (4.5 million) were below the Threshold.

- By age of householder, the youngest and the oldest households had the highest rates of hardship, with 69% of households headed by someone under age 25 and 51% of senior households (headed by someone age 65+) living below the ALICE Threshold in 2021. By comparison, 37% of households headed by people age 25–44 and 35% of households headed by those age 45–64 were below the Threshold.

- By household composition, households with children headed by single parents were most likely to be below the ALICE Threshold, with 56% of single-male-headed households and 75% of single-female-headed households struggling to make ends meet. Rates of financial hardship were lower for married-parent households (20%) and single/cohabiting households without children (39%). Rates of hardship for these households also varied across the country: For married-parent households, rates were above 25% in California, Hawaii, Idaho, Nevada, and New Mexico, and 10% or less in North Dakota, Wisconsin, and Wyoming. For single-female-headed households, rates were above 80% in Louisiana and Mississippi and below 68% in Alaska and Wisconsin. And for single-male-headed households, rates were above 65% in Georgia and Mississippi, and below 40% in the District of Columbia and Wyoming.

Overall, rates of financial hardship varied by state, from less than 35% of households below the ALICE Threshold in Alaska, New Hampshire, North Dakota, Utah, Washington, Wisconsin, and Wyoming, to more than half in Louisiana and Mississippi. There were also differences by region of the country: The share of households below the ALICE Threshold on average was 37% in the Midwest, 39% in the Northeast, 40% in the West, and 45% in the South. Rates of hardship also varied between urban and rural geographies: 45% of households in predominantly rural counties were below the ALICE Threshold, compared to 41% in predominantly urban counties.

Figure 3 paints a clear picture of the rates of hardship for different demographic groups compared to the U.S. average. Overall, out of 127 million households, there were 16.2 million (12.8%) in poverty plus 36.3 million (28.6%) that were ALICE, which totals to 52.5 million (41.4%) below the ALICE Threshold and rounds to 41% in this Report.

Figure 3. Household Financial Status and Key Demographics, U.S., 2021

	Total	Below ALICE Threshold	Poverty	ALICE	Above ALICE Theshold
ALL HOUSEHOLDS	**126,903,920**	**52,539,023**	13%	29%	59%
AGE					
Under 25 Years	4,723,799	3,273,471	33%	36%	31%
25 to 44 Years	41,612,399	15,472,597	13%	24%	63%
45 to 64 Years	46,659,484	16,507,508	11%	24%	65%
Seniors (65+)	33,908,238	17,285,447	12%	39%	49%
RACE/ETHNICITY					
American Indian/ Alaska Native	888,700	491,574	16%	39%	45%
Asian	6,318,164	2,190,053	9%	26%	65%
Black	15,321,213	9,002,797	18%	41%	41%
Hispanic	17,828,367	9,161,279	11%	41%	49%
Native Hawaiian/ Pacific Islander	168,880	76,587	9%	36%	55%
Two or More Races	9,524,814	4,527,707	11%	37%	52%
White	82,050,421	29,906,009	8%	28%	64%
HOUSEHOLD TYPE					
Married With Children	22,811,604	4,562,132	7%	13%	80%
Single-Female-Headed With Children	7,849,436	5,897,362	40%	35%	25%
Single-Male-Headed With Children	2,858,526	1,605,610	20%	36%	44%
Single or Cohabiting, Under 65, no Children	59,476,116	23,188,472	12%	27%	61%
URBAN/RURAL					
Rural	18,678,247	8,365,995	15%	30%	55%
Urban	108,225,673	44,173,028	12%	28%	59%

Note: The groups shown in this figure overlap across categories. Within the race/ethnicity category, all racial categories except Two or More Races are for one race alone. Race and ethnicity are overlapping categories; in this Report, the American Indian/Alaska Native, Asian, Black, Native Hawaiian (includes other Pacific Islanders), and Two or More Races groups may include Hispanic households. The White group includes only White, non-Hispanic households. The Hispanic group may include households of any race. Because household poverty data is not available for the American Community Survey's race/ethnicity categories, annual income below $15,000 is used as a proxy. Counties are defined as rural or urban based on the USDA's designation of metropolitan or non-metropolitan at the census tract level. Counties with 50% or more of the population in metropolitan tracts are designated as urban; those with 50% or more of the population in non-metropolitan tracts are designated as rural.

In the U.S., out of 127 million households, there were 16.2 million (12.8%) in poverty plus 36.3 million (28.6%) that were ALICE, which totals to 52.5 million (41.4%) below the ALICE Threshold and rounds to 41% in this Report.

Sources: ALICE Threshold, 2019 and 2021; American Community Survey, 2019 and 2021

Changes in Population and Financial Hardship (2019–2021)

In the decade preceding the pandemic, population growth in the U.S. had started to slow due to a decrease in the number of births and international migration, and an increase in deaths associated with the aging population. The pandemic exacerbated the national slowdown, and in 2021 population growth in the U.S. reached a historic low due to a sharp increase in COVID-related deaths, postponement of having children, and more restrictive policies on immigration.

The pandemic also affected domestic migration, which contributed to population shifts across the U.S. Between 2020 and 2021, the percentage of the population that moved from one residence to another within the U.S. dropped from 9.3% to 8.4%. People moved for a variety of reasons, which included relocating to places where the cost of living was lower (especially for housing and taxes), and/or to less densely populated locations.

Location: Changes in the rate of financial hardship were small in most states, with a few exceptions. There was a large decrease in New Hampshire, where the percentage of households below the ALICE Threshold fell from 37% in 2019 to 33% in 2021. In addition, four states experienced a substantial increase: Idaho from 39% to 43%, Montana from 36% to 41%, Nebraska from 35% to 39%, and Nevada from 38% to 45%. (Additional state and county-level data is available on the ALICE website.)

The total number of households in predominantly rural counties in the U.S. stayed relatively unchanged from 2019 to 2021, while the number of households below the ALICE Threshold in these counties increased by 3%. In predominantly urban counties, the total number of households grew by 4%, and the number of households below the ALICE Threshold rose 6%. Overall, the rate of financial hardship was higher in rural counties (45%) than in urban counties (41%) in 2021.

Age: The total number of households increased for all age groups, as did the number of households below the ALICE Threshold. Households headed by seniors (age 65+) had the largest increase in households below the Threshold. Continuing the trend of the last decade, the number of senior households overall increased by 4% from 2019 to 2021, and the rate of hardship grew from 48% below the Threshold in 2019 to 51% in 2021.

Household composition: Families with children in married-parent and single-parent households experienced decreases in the rate of financial hardship, albeit slight and from very different starting points: The share of families with married parents below the Threshold in the U.S. fell from 21% in 2019 to 20% in 2021, while the percentage among families headed by a single male fell from 57% to 56%, and the percentage among families headed by a single female fell from 76% to 75%. These improvements happened in many states across the country: The share of married-parent families below the Threshold fell or stayed the same in 33 states; the share of single-female-headed families below the Threshold fell in 29 states; and the share of single-male-headed families below the Threshold fell in 34 states.

Of all household types, single/cohabiting households without children headed by those in their prime working years (under age 65) had the largest increase in the number of households below the ALICE Threshold, growing by 5% from 2019 to 2021.

URBAN AND RURAL CHANGE IN THE U.S. (2019–2021)

- <1% decrease in total number of households in rural counties
- 4% increase in total number of households in urban counties

Race/ethnicity: This Report is not able to accurately capture change over time by race/ethnicity in the total number or share of households below the ALICE Threshold. Starting in 2020, the U.S. Census Bureau changed how it asks about and codes data on race and Hispanic origin. These changes help the Census and ACS provide a more complete picture of the U.S. population, especially for people who self-identify as multiracial or multiethnic. But as a result, the Census urges caution when comparing race data between years before and after 2020. For example, in the U.S., the huge increase in the Census count of people of Two or More Races (also referred to now as Multiracial) — an increase of 277% from 2019 to 2021 — is a combination of actual growth in this population and improvements to Census questions and coding. (Note: The number of Multiracial households below the ALICE Threshold in the U.S. increased at almost the same rate, by 278%.)

Immigration: The pandemic not only imposed new barriers to international migration but also had a significant impact on immigrant communities across the U.S. According to the Migration Policy Institute, as a result of immigration center processing delays and bans on international travel, the number of visas issued in the U.S. dropped by half between 2019 and 2020. Nationwide in 2021, 14% of the population were immigrants, the same as in 2019, with the largest number of immigrants originating from China, India, and Mexico. The county with the largest number of immigrants was Los Angeles County (CA), followed by Miami-Dade County (FL), Harris County (TX), Queens County (NY), and Cook County (IL).

ALICE DATA ONLINE

Visit UnitedForALICE.org/National-Overview to see interactive maps and data on:

- Financial hardship at the national, state, and county levels
- State rankings
- National demographics
- Additional detailed data (including ALICE Budgets) for state partners

THE IMPACT OF THE COVID ECONOMY ON… WORK AND WAGES

Overall, in 2021, the labor market was rebounding from the record-breaking unemployment and drop in total employment that occurred at the start of the pandemic. The unemployment rate was 5.3% in the U.S. in 2021, a stark contrast to unemployment at the height of the pandemic (14.7% in April 2020). In addition, average weekly wages across all industries in the U.S. increased 5.6% from 2020 to 2021. This was driven by state-level minimum wage increases and increased demand for essential workers, as well as by "The Great Resignation" — while some workers left the labor force, over time many more changed jobs to find better pay as well as work-life balance.

It was also a unique year for low-wage jobs and workers. In 2021, low-wage workers across the country experienced faster wage growth than middle- and high-wage workers, although from a much lower starting point. Research from Opportunity Insights shows that the number of low-wage jobs fell in the U.S.: In December 2021, there were 22.2% fewer jobs paying less than $29,000 per year than at the start of the pandemic — some became higher-paying jobs, others went away altogether.

State Unemployment Insurance (UI) helps individuals who lost jobs — before, during, and after the pandemic. In 2021, $44.3 billion was paid to individuals through regular state unemployment insurance programs, and an additional $8.5 billion was paid in Extended Unemployment Benefits, available during periods of specified high unemployment.

During the pandemic, these standard UI benefits were expanded by the Cares Act, the American Rescue Plan, and the Continued Assistance Act, which included four temporary programs. The most utilized was the Federal Pandemic Unemployment Compensation (FPUC) program, which provided a $300 weekly supplement to all UI benefits (down from the $600 weekly supplement included in the original 2020 authorization). Additional programs extended the weeks of eligibility for people who exhausted regular UI benefits, and they expanded eligibility to people who were not otherwise eligible for UI benefits (including workers who were self-employed, independent contractors, or gig economy workers). Temporary UI measures enacted in response to the COVID-19 pandemic ended nationally in September 2021, although some states opted out early.

For low-wage workers, the increases in wages and UI benefits were important developments during the pandemic. But they are only part of the story; ALICE workers still faced significant challenges:

- Better pay and work opportunities were helpful, but not enough to recoup years of being squeezed by the increasing cost of basics, especially for those who struggled to secure full-time employment. As documented in the ALICE Essentials Index, the cost

THE ALICE ECONOMIC VIABILITY DASHBOARD – COMING FALL 2023

The Economic Viability Dashboard (EVD) will provide key data on the local economic conditions that matter most to ALICE households: Housing Affordability, Job Opportunities, and Community Resources. The EVD mapping, profile, and comparison features will help stakeholders identify the gaps that ALICE workers and families face in reaching financial stability. Then, the Action Toolkit puts that data to use by quantifying gaps and pairing them with promising solutions.

of essential goods had already been outpacing wages for more than a decade, stretching ALICE workers' household income even further.

- Many frontline and essential jobs became hazardous and difficult during the pandemic. In addition to increased exposure to COVID-19, many workers were required to work more days and hours, skip lunch and breaks, stand for hours, and work while sick. Others were gig workers, forced to work more hours to fill income gaps. Without protective gear, health insurance, or even sick days, there were increases in mortality compared with previous years, especially for food- and agriculture-sector workers.

- Underemployment became an increasing problem. Many workers were unable to work full time due to family responsibilities, being in school or training, illness, disability, or child care problems. Others were working part time because their hours had been reduced; still others were unable to find full-time jobs. In 2021 in the U.S. the underemployment rate that captures these workers was 9.4%, well above the traditional unemployment rate (5.3%), and higher than before the pandemic (7.2% in 2019).

- Many older workers were also forced to retire earlier than planned. Nationally, according to SHED in November 2021, 25% of adults who retired within the year prior to the survey, and 15% of those who reported that they retired one to two years earlier, said factors related to COVID-19 contributed to when they retired.

- Nationally, those most impacted by unemployment, job disruption, and hazardous and difficult working conditions were immigrants and workers who were American Indian/Alaska Native, Black, Hispanic, Native Hawaiian/Pacific Islander, or of Two or More Races.

Wages for the Most Common Occupations

In 2021, the impact of the pandemic on workers' wages and wage gains did not translate uniformly across all jobs and sectors in terms of the share of households that were still left below the ALICE Threshold.

Of the 20 most common occupations in the U.S. in 2021, 60% paid less than $20 per hour. All of these saw an increase in the median wage; but given that wages had stagnated for the previous decade, many top jobs still had a substantial percentage of workers who struggled to make ends meet (Figure 4). For example, for the most common occupation in the U.S., a retail salesperson, the median wage increased by 15%, to $14 per hour in 2021, but 33% of retail sales workers were still below the ALICE Threshold.

While there were ALICE workers in all sectors, of these top U.S. occupations, those with the highest percentage of workers below the ALICE Threshold in 2021 were janitors and cleaners, home health and personal care aides, cashiers, waiters and waitresses, and fast food and counter workers.

CHILD CARE WORKERS

The pandemic brought to the forefront the crisis in child care availability and cost. For families with two children in care, child care is often the most expensive item in their budget, even more expensive than housing. Child care workers are the workforce behind the workforce, yet many struggle to make ends meet for their own families: With a median hourly wage of $13.22 in the U.S. in 2021, 43% were below the ALICE Threshold. And with staffing and demand fluctuations, many child care providers went out of business during the pandemic. Lack of care remains an obstacle for working parents.

Figure 4. Top Occupations, Employment, Wages, and Percentage Below ALICE Threshold, U.S., 2021

Occupation	Total Employment (BLS)	Median Hourly Wage (BLS)	Percent Median Wage Change From 2019 (BLS)	Percent Workers Below ALICE Threshold (ACS PUMS)
Retail Salespersons	3,693,490	$14.00	15%	33%
Home Health and Personal Care Aides	3,366,480	$14.15	16%	52%
Cashiers	3,318,020	$13.11	15%	49%
Fast Food and Counter Workers	3,095,120	$12.07	10%	43%
Registered Nurses	3,047,530	$37.31	6%	9%
General and Operations Managers	2,984,920	$47.10	-3%	11%
Customer Service Representatives	2,787,070	$17.75	6%	33%
Laborers and Material Movers, Hand	2,729,010	$15.02	6%	38%
Office Clerks, General	2,578,180	$17.81	9%	29%
Stockers and Order Fillers	2,451,430	$14.48	10%	40%
Janitors and Cleaners	2,036,680	$14.31	8%	61%
Heavy and Tractor-Trailer Truck Drivers	1,903,420	$23.23	7%	31%
Secretaries and Administrative Assistants	1,825,980	$18.21	1%	22%
Waiters and Waitresses	1,804,030	$12.50	14%	45%
Bookkeeping and Auditing Clerks	1,509,370	$21.90	11%	21%
First-Line Supervisors of Office and Administrative Support Workers	1,443,630	$29.13	7%	15%
Maintenance and Repair Workers	1,416,740	$20.76	10%	24%
Software Developers	1,364,180	$58.05	N/A	5%
Elementary School Teachers	1,329,280	$29.52	3%	12%
Assemblers and Fabricators	1,328,550	$17.59	13%	33%

Sources: ALICE Threshold, 2021; Bureau of Labor Statistics—Occupational Employment Statistics, 2021; U.S. Census Bureau, American Community Survey, PUMS, 2019 and 2021

To see more data on jobs by hourly wages and full-time, part-time, and hourly work schedules, select an ALICE partner state at UnitedForALICE.org/National-Overview

THE IMPACT OF THE COVID ECONOMY ON… PANDEMIC ASSISTANCE

A prominent feature of the federal government's response to the COVID-19 pandemic was a range of direct assistance programs, including:

- Economic Impact Payments (stimulus payments)
- The expanded Child Tax Credit (CTC) and Child and Dependent Care Tax Credit (CDCTC)
- Pandemic-specific unemployment insurance
- Emergency rental assistance

While ALICE households generally earn too much to qualify for traditional forms of public assistance like the Supplemental Nutrition Assistance Program (SNAP) or Temporary Assistance for Needy Families (TANF), almost all ALICE households qualified for the Economic Impact Payments, and ALICE families with children were eligible for CTC and CDCTC.

Figure 5 shows an example of the impact of pandemic assistance on a household's ability to meet the cost of basics in 2021. This example from Spokane County, WA shows a family of four with two parents working full time in two of the most common occupations, retail salesperson and cashier (median wages of $14.00 and $13.11 per hour, respectively). This family could almost afford the Household Survival Budget in 2021 with the temporarily increased credits and payments available to them: the CTC ($3,600 for each child under age 6), the CDCTC ($4,000 per child in child care), and the Economic Impact Payments ($2,800 for married couples plus $1,400 for each child). With both parents working full time, they were not eligible for Treasury Emergency Rental Assistance (ERA). This family's annual income fell short of the Survival Budget by $3,208, or 4%.

Spokane County was typical in this regard: A family of four with two parents working in these two jobs, with these credits and payments, could not afford the Survival Budget in 2021 in all but six U.S. states (Arkansas, Kansas, Michigan, Minnesota, North Dakota, and South Dakota).

Pandemic Timeline

2020 Annual COVID-19 Deaths: 351,386

March 2020 — National Emergency Declared

Emergency Pandemic Unemployment Insurance (UI) benefits (including PUA, PEUC, FPUC, and MEUC)

States required to keep Medicaid beneficiaries enrolled

April 2020 — Economic Impact Payments of up to $1,200 per adult for eligible individuals and $500 per qualifying child

December 2020 — First COVID-19 vaccinations receive emergency use authorization from FDA

Economic Impact Payments of up to $600 per adult for eligible individuals and up to $600 per qualifying child

2021 Annual COVID-19 Deaths: 473,344

January to November 2021 — Emergency rental assistance provided on average $4,345 to low-income households to pay rent or utility bills

March 2021 — Economic Impact Payments of up to $1,400 for eligible individuals

July to December 2021 — Child Tax Credit payments (up to $300 month per child); temporary expansion of CTC ended nationally in December

September 2021 — National end of all Emergency Pandemic UI benefits

October 2021 — End of CDC's eviction moratorium

CDC approves vaccinations for children age 5-11

2022 Annual COVID-19 Deaths: 263,859

June 2022 – CDC approves vaccinations for children under 5 years old

July 2022 — Federal rental assistance funds depleted in many states

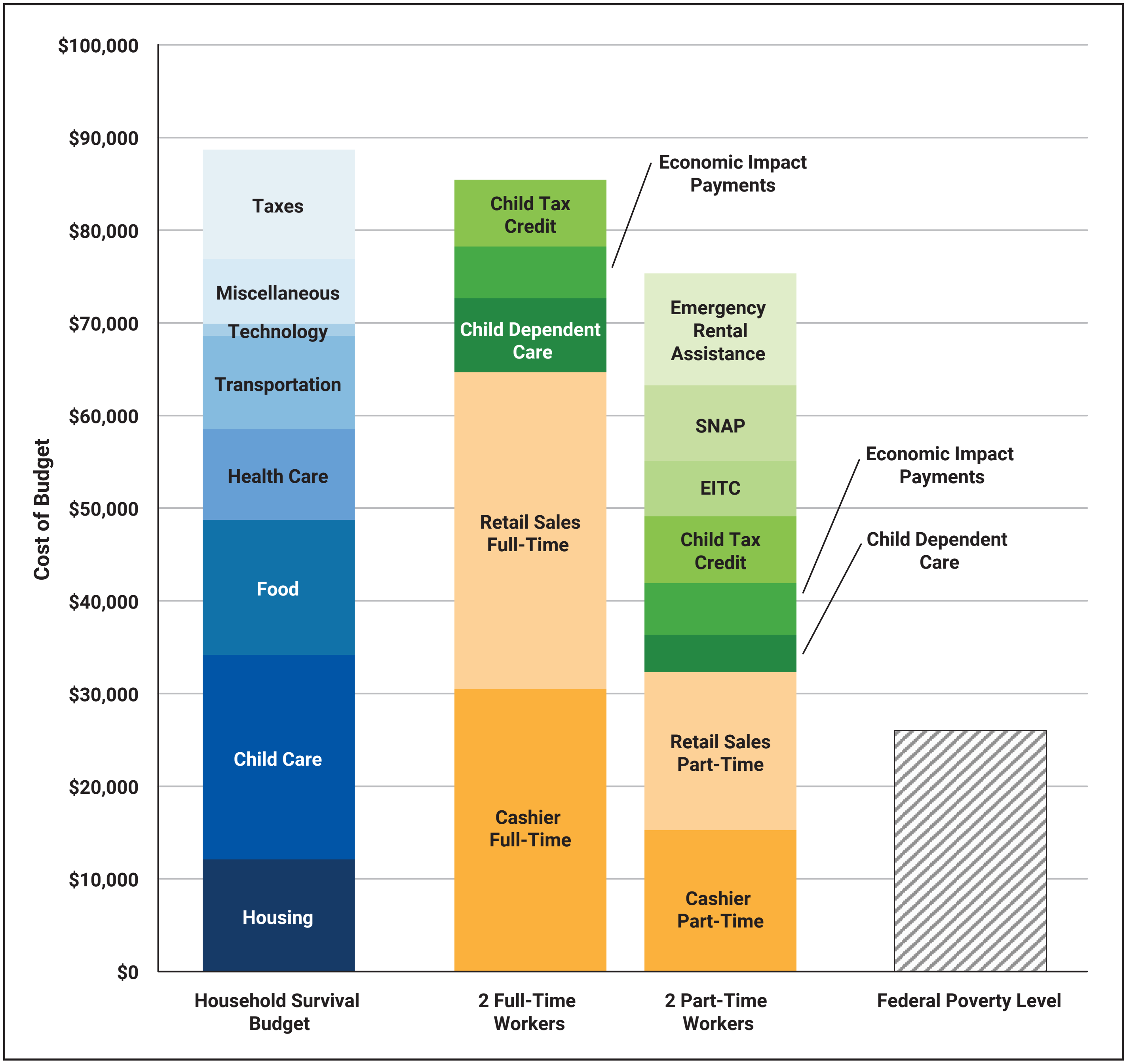
December 2022 — Federal rental assistance funds depleted in most states

2023

May 11, 2023 *— Scheduled end of the national emergency and public health emergency*

If both parents in Spokane County worked part time (20 hours per week), they could receive ERA to cover their rent, as well as SNAP and the Earned Income Tax Credit (EITC), but they would still fall short in meeting the Survival Budget by $13,314, or 18%. In other U.S. counties, benefits for families with part-time workers were greater than for families with full-time workers and made their total income higher, raising concerns about whether this assistance created a benefits cliff.

Figure 5. Income and Expenses, Family of Four, Spokane County, Washington, 2021



Note: Full-time income is calculated based on 40 hours per week; part-time income is based on 20 hours per week.

Note: Additional actions taken by states in response to the pandemic can be found in the National Conference of State Legislatures' State Action on Coronavirus Database.

Sources: ALICE Threshold, 2021; Bureau of Labor Statistics—Occupational Employment Statistics, 2021; Internal Revenue Service, tax credits – CTC, CDCTC, EITC, 2021; USDA, SNAP, 2021; U.S. Treasury, 2022

Participation in Assistance Programs

Traditional public assistance does not reach all people in households that are struggling financially. Due to income and assets limits, most ALICE households are not able to participate in public assistance; and additional barriers, strict program requirements, and stigma prevent even households in poverty from participating. In addition, income and asset limits for public assistance can create "benefits cliffs" that limit economic mobility. In the U.S. in 2021:

- With increased food insecurity during the pandemic, the federal SNAP provided an emergency allotments option starting in 2020, increasing the amount of SNAP by about $90 per month per household. Because the income eligibility threshold for SNAP was 138% to 200% of the FPL across the U.S., the reach of emergency and regular SNAP benefits was limited: 40% of households in poverty and 19% of ALICE households participated in 2021, based on ACS PUMS data. However, it is important to note that while not all financially insecure households are eligible for SNAP, the program reached approximately 82% of eligible households in the U.S.

- The percentage of households below the ALICE Threshold receiving direct cash assistance from programs like TANF or General Assistance was even smaller (7% of households in poverty and 4% of ALICE households).

- Participation in SSI — an assistance program only available for people with disabilities and seniors with limited financial resources — was also minimal, with 9% of all households below the ALICE Threshold and 17% of households with a member with a disability below the Threshold participating.

- To address the increased demands for health care during the pandemic, the federal government provided additional funding to states for Medicare and prohibited states from adding eligibility restrictions or terminating Medicaid coverage during the public health emergency. In 2021, 46% of all households below the ALICE Threshold in the U.S. participated in CHIP or Medicaid. Rates ranged from less than 33% in North Dakota, Utah, and Wyoming to more than 56% in Alaska, Kentucky, Louisiana, and New Mexico. The average percentage of households below the Threshold participating in Medicaid expansion states was 47%, compared to 40% in states that had not expanded Medicaid as of 2021.

- Paying for housing expenses was the top concern of households below the ALICE Threshold, as reported in the 2021 ALICE Report, *The Pandemic Divide*. The federal Emergency Rental Assistance Program was critical in stabilizing millions of households by paying for rent, utilities, and home energy costs. Yet because of the strict requirements to qualify, many households struggling to afford rent were not eligible. Requirements included qualifying for unemployment benefits, experiencing a reduction in income, and one or more household members being at risk of homelessness. It is not surprising then that in the fall of 2022, 13% of adult renters in the U.S. were not caught up on rent, according to the Household Pulse Survey.

In contrast, eligibility limits for the well-publicized stimulus payments (Economic Impact Payments, CTC, and CDCTC) were well above those for traditional public assistance programs, making them available to most poverty-level and ALICE households.

However, even qualified households experienced difficulties getting their payments, especially those who were filing taxes for the first time, those without bank accounts or internet access, and families with mixed immigrant status or who were experiencing homelessness.

THE IMPACT OF THE COVID ECONOMY ON… SAVINGS AND ASSETS

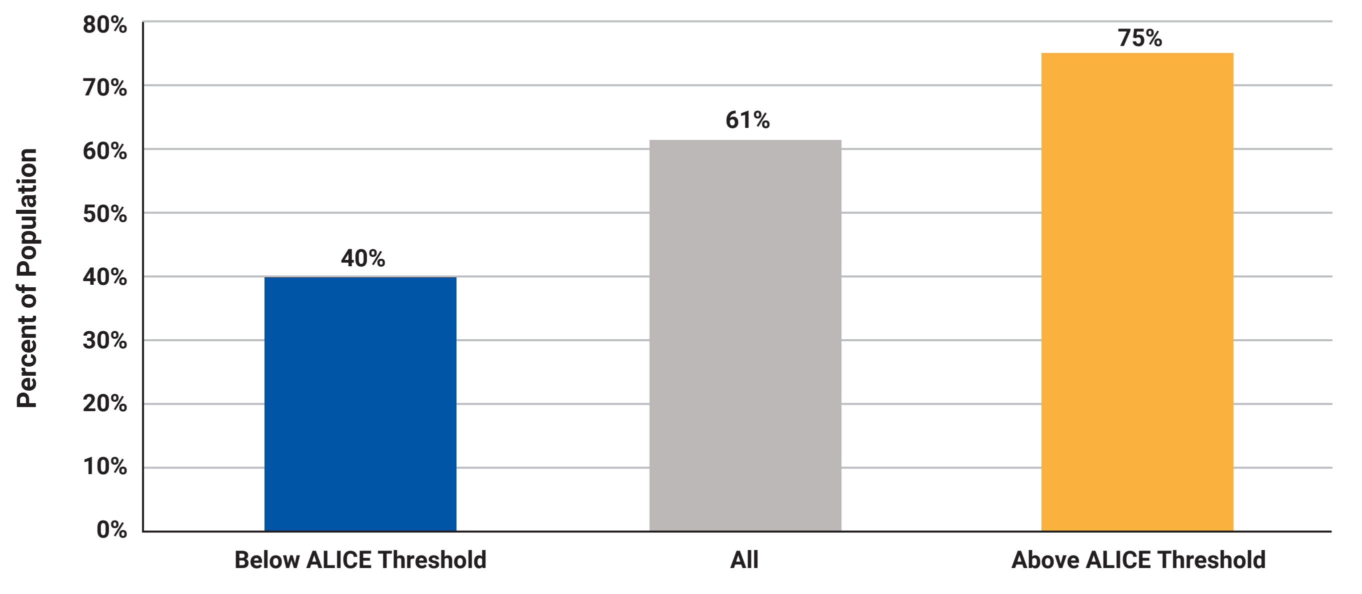
It has been widely reported that U.S. household savings increased during the pandemic. Yet analysis of the data from the Federal Reserve SHED reveals that the national average conceals different experiences by state and even more so by income level in terms of rainy day funds and retirement assets.

Rainy Day Funds

One of the best-known questions in the SHED survey asks whether respondents had set aside emergency savings or "rainy day funds" that would cover their expenses for three months in case of sickness, job loss, economic downturn, or other emergencies. In October 2019, 55% of U.S. respondents reported having these funds; by November 2020, that share had increased to 57%, and by November 2021 it was 61% (Figure 6).

Yet only 34% of respondents below the Threshold in the U.S. reported having rainy day funds in October 2019. This rate remained steady through November 2020 before increasing to 40% by November 2021. In contrast, 69% of those above the Threshold had rainy day funds in October 2019, and that share increased to 72% in November 2020 and to 75% in November 2021.

Figure 6. Funds to Cover Three Months' Expenses by the ALICE Threshold, U.S., 2021



Question: Have you set aside emergency or rainy day funds that would cover your expenses for three months in the case of sickness, job loss, economic downturn, or other emergencies?

Sources: ALICE Threshold, 2021; Federal Reserve Board, Survey of Household Economics and Decisionmaking (SHED), November 2021

Nationally, there were also substantial gaps by income and race/ethnicity in rainy day funds. In 2021, White and Hispanic respondents below the ALICE Threshold had higher rates of emergency savings (42% and 41%, respectively) than Black respondents below the Threshold (32%). Rates were higher overall for respondents above the Threshold, yet gaps remained (77% for White, 71% for Hispanic, and 64% for Black respondents). Each of these racial/ethnic groups made gains during the pandemic, with Hispanic respondents both above and below the Threshold showing the largest increase in emergency savings. From October 2019 to November 2021, the percentage of Hispanic respondents below the Threshold with rainy day funds increased from 28% to 41%, and the percentage of Hispanic respondents above the Threshold with these funds increased from 57% to 71%.

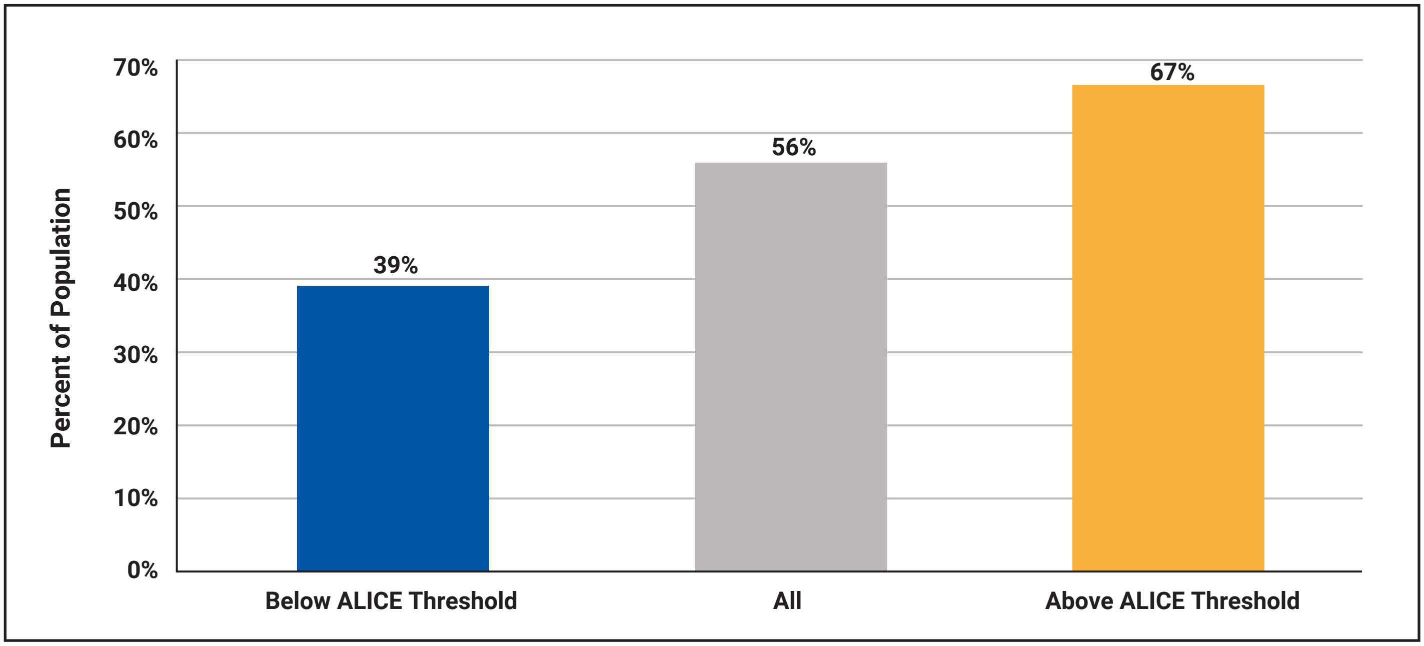
Retirement Assets

Nationwide, having retirement assets was less common than having emergency savings. Retirement assets include 401(k)s, IRAs, pensions, or business or real estate holdings that provide income in retirement. Overall, 56% of U.S. respondents reported having these funds in October 2019, and that rate remained unchanged through November 2021. Yet these averages conceal a widening disparity in retirement assets between households above and below the ALICE Threshold (Figure 7).

Prior to the pandemic, in October 2019, 41% of respondents below the Threshold in the U.S. had retirement assets, according to SHED; that rate dropped to 39% by November 2021. Yet 66% of respondents above the Threshold had retirement assets in October 2019, and that rate increased slightly to 67% by November 2021.

The CARES Act reduced penalties for early withdrawals from retirement accounts, thus making it easier for households to access retirement funds. Overall, 8% of non-retired adults in the U.S. tapped into their retirement savings in 2021, according to SHED. And according to a national retirement survey, the majority of loans or hardship withdrawals in 2022 were taken by low-income households.

Figure 7. Retirement Assets by the ALICE Threshold, U.S., 2021



Question: Do you currently have each of the following types of retirement savings? Selected at least one: 401(k); IRA; pension; savings outside a retirement account, business, or real estate holding that will provide income in retirement; other retirement savings

Sources: ALICE Threshold, 2021; Federal Reserve Board, Survey of Household Economics and Decisionmaking (SHED), November 2021

BEYOND 2021: ECONOMIC CHALLENGES AHEAD FOR ALICE

The pandemic timeline shows a contracting economy in 2020 followed by a strong policy response in 2021. The government's broad pandemic response was effective in preventing the kind of surge in financial hardship that was experienced during the Great Recession.

But 41% of households were still living below the ALICE Threshold in the U.S. in 2021. With COVID-19 continuing but pandemic relief benefits expiring, initial data from 2022 suggests that the economic situation has in fact gotten worse for ALICE, which in turn puts the wider economy at risk.

An analysis of recent surveys reveals that households below the ALICE Threshold are still facing food insufficiency, difficulty paying bills, reduced savings, and feelings of anxiety and depression. These challenges were first reported in *The Pandemic Divide*, and they are updated here with the most recent data from SHED (through November 2021) and the Household Pulse Survey (through December 2022).

These surveys also provide an alarming look at the breakdown of pandemic experiences by race/ethnicity, sex, sexual orientation and gender identity, and disability status. The differences here are even starker than when looking at income alone, giving credence to concerns that the pandemic is exacerbating racial and other inequities across all facets of life. The analysis reveals that, in particular, Black and Hispanic respondents, lesbian, gay, bisexual, and transgender (LGBT) respondents, and respondents with disabilities have been disproportionately impacted by the pandemic.

Warning signs:

- **Food insufficiency:** ALICE families experiencing food insufficiency are a canary in the coal mine, indicating larger problems beyond food. Rates of food insufficiency have remained elevated since the beginning of the pandemic. In the August 2020 Household Pulse Survey, respondents below the ALICE Threshold in the U.S. were far more likely to report that their household sometimes or often did not have enough food in the prior seven days than respondents above the Threshold (19% vs. 3%); by November 2022, the rates increased slightly

Figure 8. Food Insufficiency, Above and Below the ALICE Threshold, U.S., 2022

Food Insufficiency			
	Below ALICE Threshold	Above ALICE Threshold	State Average
Black	27%	5%	11%
Hispanic	22%	5%	
Female	21%	3%	
With a Disability	31%	10%	
LGBT	24%	5%	

Question: In the last seven days, which of these statements best describes the food eaten in your household? Selected: Sometimes or often not enough

Note: Black respondents are non-Hispanic; the Hispanic group includes respondents of Hispanic, Latino, or Spanish origin of any race; the "With a Disability" group includes respondents who have one or more vision, hearing, cognitive, mobility, or self-care difficulties; the "LGBT" group includes respondents who identify as gay or lesbian, bisexual, and/or transgender.

Sources: ALICE Threshold, 2021; U.S. Census Bureau, Household Pulse Survey, September 14, 2022–November 14, 2022, Phase 3.6

(20% vs. 4%). Some demographic groups experienced higher than average food insufficiency (Figure 8). For example, 27% of Black respondents below the Threshold and 31% of respondents with disabilities below the Threshold reported not having enough food, compared to 11% of all U.S. respondents.

For U.S. households with children, respondents below the ALICE Threshold were five times more likely to report experiencing food insufficiency than those above the Threshold throughout the pandemic. In August 2020, 21% of respondents below the ALICE Threshold reported that often or sometimes their children were not eating enough because they couldn't afford enough food (compared to 4% for those above). In November 2022, those rates remained relatively unchanged at 22% and 4%, respectively.

With changes to the emergency pandemic food measures, including the ending of SNAP emergency allotments, many families will need to rely on the charitable food system that was designed for emergencies, but is increasingly an ongoing necessity.

Learning loss: Following a year of widespread school closings and disrupted education, most students returned to in-person learning in the fall of 2021. The learning loss that accompanied remote learning has been widely reported. Not surprisingly, students in lower-income districts with fewer resources were hardest hit. Nationally, in 2021, 71% of parents below the Threshold said that their child was prepared for the academic year ahead, compared to 81% of parents above the Threshold. The National Center for Education Statistics (NCES) reported that nationally in 2022, scores for 9-year-old students declined five points in reading and seven points in mathematics compared to 2020 — the largest average score decline in reading since 1990, and the first-ever score decline in mathematics. Drops were even larger for low-income students as well as for Black and Hispanic students.

Behind on rent payments: According to the Household Pulse Survey, renter households below the ALICE Threshold in the U.S. were more likely than those above the Threshold to report that they were not caught up on rent payments. In August 2020, 20% of renters below the Threshold and 7% of renters above the Threshold were not caught up; by November 2022, those rates improved to 17% for renters below the Threshold and 6% above the Threshold. Renters who fall behind on rent are at greater risk for eviction, especially since the federal moratorium on evictions and foreclosures and state-level bans have now expired, and funding for rental assistance is running out. As a result, eviction filings are on the rise and are likely to increase in the near term.

Struggling to pay bills: During the height of the pandemic, in August 2020, 50% of U.S. households below the ALICE Threshold said it was somewhat or very difficult to pay for usual items such as food, rent or mortgage, car payments, and medical expenses, according to the Household Pulse Survey. That rate increased to 58% by November 2022. At both timepoints, these rates were substantially higher than for respondents above the Threshold (17% in August 2020 and 25% in November 2022).

Lack of savings and medical debt: While many families were able to save during the pandemic, many ALICE families were not. By the end of 2021, 40% of households below the ALICE Threshold in the U.S. had set aside emergency savings or rainy day funds that would cover their expenses for three months in the event of sickness, job loss, economic downturn, or another emergency, according to SHED, meaning 60% did not have these funds. In addition, 20% of respondents below the Threshold had incurred an unexpected major medical expense that they had to pay for out of pocket because it was not completely paid for by insurance. Medical debt is associated with poorer health and health care coverage, and can lead to lower credit scores and additional financial hardship.

Physical health: With government support for expanded health services ending in the wake of two years of reduced preventive care, health concerns are increasing for families across the U.S. Two key programs that increased access to health care and services during the pandemic are ending in 2023: One made tests and vaccinations for COVID-19 free and widely available, and the other allowed people to stay on Medicaid during the public health emergency.

A September 2020 national survey found that 36% of adults (age 18 to 64) delayed or missed health care services, including dental care, primary care, or specialist visits; preventive health screenings; and medical tests. For those with one or more chronic conditions, a mental health condition, or a lower income, the likelihood of postponing or forgoing care was even higher. Parents also postponed care for their children. In the fall of 2021, U.S. households below the ALICE Threshold were far more likely to report that they missed, delayed, or skipped their child's preventive check-up in the prior 12 months than households above the Threshold (43% vs. 27%). These delays, especially when coupled with preexisting conditions, can contribute to more serious conditions in the future.

In addition, according to the November 2022 Household Pulse Survey, U.S. respondents below the ALICE Threshold were more likely to report having symptoms of long COVID (such as fatigue, "brain fog," difficulty breathing, heart palpitations, dizziness, or changes to taste/smell) lasting three months or longer that they did not have prior to having COVID-19 than respondents above the Threshold (36% vs. 24%).

Mental health: With these sustained challenges, it's not surprising that people below the ALICE Threshold in the U.S. were more likely to report feeling depressed or anxious than those above the Threshold. According to the Household Pulse Survey, in August 2020, 22% of respondents below the Threshold and 15% above the Threshold reported feeling nervous, anxious, or on edge nearly every day over the prior two weeks. These rates were slightly higher for those below the Threshold and slightly lower for those above by November 2022 (23% vs. 13%). Respondents below the Threshold were also more likely to report feeling down, depressed, or hopeless at both timepoints (14% in 2020 and 16% in 2022) than respondents above the Threshold (8% in 2020 and 7% in 2022). Some demographic groups experienced substantially higher rates of feeling anxious than the state average (Figure 9).

The lack of mental health resources during the pandemic has been widely recognized, and awareness is increasing, especially with the launch of the Nationwide Suicide and Crisis Lifeline (988). But there remains a severe shortage of mental health resources, especially for low-income families, and mental health providers struggle to meet increased demand.

Figure 9. Feeling Anxious, Above and Below the ALICE Threshold, U.S., 2022

Feeling Nervous, Anxious, or on Edge			
	Below ALICE Threshold	Above ALICE Threshold	State Average
Black	20%	10%	17%
Hispanic	21%	14%	
Female	24%	14%	
With a Disability	43%	32%	
LGBT	38%	24%	

Question: Over the last two weeks, how often have you been bothered by feeling nervous, anxious, or on edge? Selected: Nearly every day

Note: Black respondents are non-Hispanic; the Hispanic group includes respondents of Hispanic, Latino, or Spanish origin of any race; the "With a Disability" group includes respondents who have one or more vision, hearing, cognitive, mobility, or self-care difficulties; the "LGBT" group includes respondents who identify as gay or lesbian, bisexual, and/or transgender.

Sources: ALICE Threshold, 2021; U.S. Census Bureau, Household Pulse Survey, September 14, 2022–November 14, 2022, Phase 3.6

From Warnings to Reality: ALICE Today

The strength of the the U.S. economy is inextricably tied to the financial stability of all residents. As the pandemic has shown, ALICE workers are critical to the smooth running of the economy, during times of crisis and beyond. And, in turn, the stability of ALICE families depends on their being able to fully participate in that economy. Leaving ALICE behind in the recovery sets households and the larger economy up for greater vulnerability to the next economic disruption.

This is already happening, at the same time that the [frequency and severity of natural disasters continue to increase]. In places that experienced natural disasters in 2021 and 2022 — such as Hurricane Ian in Florida; wildfires in California, Idaho, Oregon, Utah, and Washington; flooding in Kentucky, Louisiana, and Missouri; and tornadoes in the southern U.S. — ALICE families faced [higher risks]. A striking example is the aftermath of [Hurricane Ian in September 2022] in Florida: According to the Household Pulse Survey (December 2022), respondents below the ALICE Threshold there were more likely than households above the Threshold to be displaced from their home (9% vs. 6%). One month after the storm, respondents below the Threshold were at least three times more likely to be experiencing a shortage of food (39% vs. 13%) and drinkable water (42% vs. 12%).

The pandemic has highlighted the ability of government policymakers and business managers to respond to changing conditions quickly. The 2021 ALICE data may surprise some readers who were expecting much worse. But 2021 was a unique year — and these warning signs are both a call to action and a challenge to complacency. We ignore our essential workers at our economy's and our communities' peril.

NATIONAL COMPARISON: INCOME STATUS, 2021

STATE	RANK	TOTAL	Household Income Status		
	(1 = lowest % Below ALICE Threshold)	Number of Households	% Households in Poverty	% ALICE Households	% Households Below ALICE Threshold
United States	**–**	**126,903,920**	**13%**	**29%**	**41%**
Alabama	48	1,951,995	16%	32%	48%
Alaska	1	266,391	10%	22%	32%
Arizona	24	2,813,110	12%	28%	40%
Arkansas	46	1,176,614	16%	31%	47%
California	35	13,420,382	12%	31%	43%
Colorado	13	2,297,529	10%	27%	37%
Connecticut	19	1,428,313	10%	28%	39%
Delaware	27	395,656	12%	29%	41%
District of Columbia	31	319,565	15%	28%	42%
Florida	44	8,533,422	13%	32%	45%
Georgia	47	3,954,813	14%	34%	47%
Hawai‘i	29	490,101	12%	30%	41%
Idaho	34	681,926	11%	32%	43%
Illinois	10	4,981,919	12%	24%	36%
Indiana	21	2,656,794	12%	27%	39%
Iowa	9	1,293,028	11%	24%	36%
Kansas	20	1,153,270	12%	27%	39%
Kentucky	38	1,767,504	16%	28%	44%
Louisiana	50	1,776,260	19%	32%	51%
Maine	30	583,562	12%	30%	42%
Maryland	15	2,352,331	10%	28%	38%
Massachusetts	25	2,756,295	11%	28%	40%
Michigan	22	4,029,761	13%	26%	39%
Minnesota	8	2,254,997	10%	26%	35%
Mississippi	51	1,116,509	20%	32%	52%
Missouri	36	2,459,987	13%	30%	43%
Montana	28	443,529	12%	29%	41%
Nebraska	17	781,693	11%	27%	39%
Nevada	42	1,189,085	14%	31%	45%
New Hampshire	2	548,727	8%	25%	33%
New Jersey	12	3,495,628	11%	26%	37%
New Mexico	45	821,310	17%	29%	47%
New York	40	7,635,201	14%	30%	44%
North Carolina	41	4,150,059	13%	31%	44%
North Dakota	6	322,588	11%	23%	34%
Ohio	16	4,820,453	13%	25%	38%
Oklahoma	43	1,536,903	15%	30%	45%
Oregon	39	1,697,608	12%	32%	44%
Pennsylvania	23	5,229,253	12%	27%	39%
Rhode Island	18	435,782	12%	27%	39%
South Carolina	33	2,037,203	15%	29%	43%
South Dakota	11	352,363	11%	26%	36%
Tennessee	37	2,740,302	14%	30%	44%
Texas	32	10,705,476	14%	29%	43%
Utah	5	1,087,978	9%	25%	34%
Vermont	26	265,098	11%	29%	40%
Virginia	14	3,300,111	10%	28%	38%
Washington	4	3,013,644	10%	24%	34%
West Virginia	49	711,392	17%	31%	48%
Wisconsin	7	2,436,961	11%	23%	34%
Wyoming	3	233,539	11%	22%	34%

NEXT STEPS

Capturing the true extent of financial hardship in the U.S. is critical for the appropriate allocation of funds for programs in areas such as education, health care, food access, housing, and employment. There is a lot more to be done to change the trajectory for households struggling to make ends meet. How can you help?

Learn more and help to raise awareness of the struggles ALICE households face with:

- The interactive United For ALICE website, which includes national data as well as state-specific data for ALICE partner states, including:
  - » County Reports
  - » Household budgets
  - » Maps with data for local geographies
  - » Demographics
  - » Labor force data
  - » ALICE data alongside additional Indicators of Well-Being

Connect with stakeholders:

- Contact your local United Way for support and volunteer opportunities.
- Connect with members of the state Research Advisory Committees that support this work.
- Find your state and federal representatives and see ALICE household data by legislative district with our ALICE Legislative District Tool.

Turn the ALICE data into action in your state, county, or community:

- Use the ALICE metrics to highlight the challenges ALICE households face, to inspire action and generate innovative solutions that promote financial stability.
- Armed with the ALICE data, advocate for policy change, apply for grant funding, allocate funding for programs and services targeted to ALICE households, etc.
- Learn more on our ALICE in Action webpage about the programs, practices, and policies to improve access to affordable housing, high quality child care and education, healthy food, health care, transportation, workforce training, and more.
- Demonstrate potential financial challenges that ALICE workers face with interactive tools from the Federal Reserve Bank of Atlanta that incorporate the Household Survival Budget. These tools, which include the Policy Rules Database and the Career Ladder Identifier and Financial Forecaster, map changes in benefits along a career path and identify potential benefits cliffs.

Be an ally and advocate for better data:

- Advocate for more accurate data collection by the U.S. Census Bureau for people who have been historically undercounted, including (but not limited to) people with disabilities, people experiencing homelessness, people of color, individuals who identify as LGBTQ+, and people in low-income and hard-to-count geographic areas.
- Support the implementation of a single combined question for race and ethnicity. Census research shows this change will yield a more accurate portrait of how the U.S. population self-identifies, especially for people who self-identify as multiracial or multiethnic.

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