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United Way
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Pandemic Impact: 2.5 Million More U.S. Households Financially Insecure

New report finds a total of 52.5 million households couldn't afford basics in 2021

Callout Box: United For ALICE is collecting audio testimonials from ALICE individuals about the difficult financial choices they continue to face today given the high cost of essentials and ongoing inflation. Voice messages can be recorded at: ALICEvoices.org.

Note to reporters: To hear a New Jersey ALICE family talk about the difficult choices they experienced during the pandemic, visit: uwnnj.org/GalarzaFamily

MORRISTOWN, N.J. — The ranks of U.S. households unable to afford the basics grew by more than 2.5 million during the first two years of the COVID-19 pandemic, resulting in a total of 52.5 million households or 41% struggling to afford the basics by 2021, according to a new report from United For ALICE, a U.S. research organization driving solutions to financial hardship from headquarters in New Jersey.

That calculation includes the 16.2 million households in poverty as well as another 36.3 million families defined as **ALICE (Asset Limited, Income Constrained, Employed)**, earning above the Federal Poverty Level but less than what's needed to survive in the modern economy. ALICE is the nation's child care workers, home health aides and cashiers heralded during the pandemic — those working low-wage jobs, with little or no savings and one emergency from poverty.

ALICE in the Crosscurrents: COVID and Financial Hardship in the U.S. shows that the number of households experiencing financial hardship continues to be undercounted by official measures. The number of ALICE households living paycheck to paycheck rose by nearly 1.7 million between 2019 and 2021. In contrast, there were 1.1 million more families that fell into poverty during that time.

While job disruptions and inflation delivered significant financial pain, a combination of pandemic supports and rising wages did help to blunt what could have been a deeper financial crisis, the report finds. However, as some benefits are peeled back, and inflation persists, signs of greater financial stress are on the horizon.

“It could have been so much worse for these households, whose struggle to feed their families, afford health care and access quality education was often hidden in plain sight until the pandemic,” said United For ALICE President Kiran Handa Gaudio. “Equipped with the ALICE name and data, we can do even better to develop effective policies and track our progress

toward reducing financial hardship in this country. We have an opportunity to build on what was learned during the pandemic as ALICE continues to face economic uncertainty.”

As leaders across the U.S. talk daily about these low-income workers left behind, United For ALICE has developed the ALICE name and nonpartisan, data-driven measures to help inform policy solutions at all levels of government and in business, academia and nonprofit organizations. This grassroots movement, founded and fueled by United Way of Northern New Jersey, is redefining financial hardship in the U.S with partner United Ways, corporations, nonprofits and foundations in 27 states and the District of Columbia.

While the Federal Poverty Level set the cost of basics for a family of four at \$26,500 in 2021, the ALICE Household Survival Budget, the minimum needed to live and work in today’s economy, ranged from a low of \$50,664 in Obion County, Tennessee, to a high of \$173,136 in Marin County, California.

Even with the variety of temporary pandemic supports available, two-full time workers earning salaries as a cashier and a retail salesperson – two of the most common occupations across the U.S. – fell short of affording the family Survival Budget in all but six states.

“A positive change during the pandemic was that tax credits, stimulus payments and rental assistance were available for ALICE households and provided strong relief,” said Stephanie Hoopes, Ph.D., United For ALICE National Director. “However, as some of these supports come to an end, growing food insufficiency and other indicators reveal continued stress. Ignoring these warning signs places ALICE, our economy and the well-being of our communities at great risk.”

Additional report insights include:

- Nearly one-third of households in every state could not afford the basics in 2021. The percentage of struggling households ranges from a low of 32% in Alaska to a high of 52% in Mississippi.
- There were stark differences by region: The share of households unable to afford basics was lowest in the Midwest at 37% and highest in the South at 45%, with rates of 39% in the Northeast and 40% in the West.
- Racial disparities persist in the rates of financial hardship; 59% of Black and 51% of Hispanic households couldn’t make ends meet in 2021, compared to 36% of white households.
- Seniors had among the highest rates of hardship. More than half – 51% – of the country’s senior households could not afford basics in 2021, up from 48% in 2019.
- One-third of the nation’s 3.7 million retail salespeople in the U.S. – the country’s most common occupation – earn an income that doesn’t allow them to afford the basics, despite the median wage increasing to \$14 per hour in 2021.

To read the report and access online, interactive dashboards that provide data on financial hardship at the state, county and local levels, visit UnitedForALICE.org/National-Overview.

About United For ALICE

United For ALICE is a driver of innovation, research and action to improve life across the country for ALICE (Asset Limited, Income Constrained, Employed) and for all. Through the development of the ALICE measurements, a comprehensive, unbiased picture of financial hardship has emerged. Harnessing this data and research on the mismatch between low-paying jobs and the cost of survival, ALICE partners convene, advocate and collaborate on solutions that promote financial stability at local, state and national levels. This grassroots ALICE movement, led by United Way of Northern New Jersey, has spread to 27 states and includes United Ways, corporations, nonprofits and foundations in Arkansas, Connecticut, Delaware, Florida, Georgia, Hawai'i, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Michigan, Mississippi, New Jersey, New York, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Virginia, Washington, Washington, D.C., West Virginia and Wisconsin; we are United For ALICE. For more information, visit: UnitedForALICE.org.

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