

ALICE IN THE CROSSCURRENTS

2024
UPDATE

AN UPDATE ON FINANCIAL HARDSHIP IN TENNESSEE

In 2022, financial hardship in Tennessee continued to be shaped by the conflicting economic forces of the pandemic, and remained substantially undercounted by official measures.

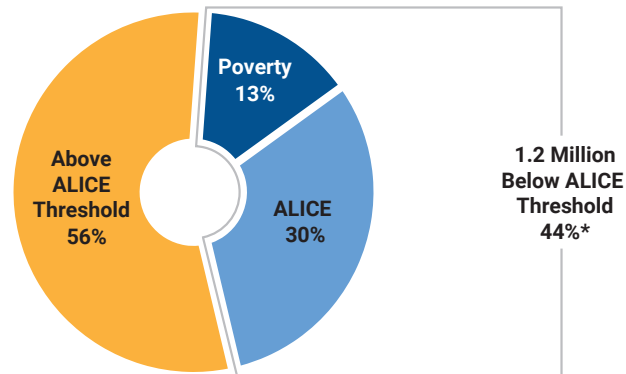
These powerful crosscurrents — COVID-19, inflation, wage growth, and the expansion and expiration of [pandemic public assistance](#) — impacted how many Tennessee households were below the [ALICE Threshold of Financial Survival](#).

Between 2021 and 2022, the number of households in poverty in Tennessee decreased by 4,982 (to 13% of all households) yet the number of ALICE households increased by 34,214 (remaining at 30% of all households), continuing a more than decade-long trend in the growth of the ALICE population. **In 2022, of the 2,805,838 households in Tennessee, 1,226,132 — 44% — were below the ALICE Threshold.**

With the latest data from the [American Community Survey](#) (2022), the [U.S. Census Bureau's Household Pulse Survey](#) (2023), and the [Federal Reserve Board's Survey of Household Economics and Decisionmaking](#) (SHED) (2022), this Update highlights the conflicting forces that continue to present opportunities for, and barriers to, financial stability in Tennessee.

** In Tennessee in 2022, out of 2,805,838 households, there were 375,897 (13.4%) in poverty plus 850,235 (30.3%) ALICE, totaling 1,226,132 (43.6%) below the ALICE Threshold, which is rounded to 44% in this Report*

Total Households in Tennessee = 2.8 Million



KEY TERMS

- **ALICE: Asset Limited, Income Constrained, Employed** — 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 Household Survival Budget:** Reflects the minimum costs of household necessities in Tennessee (housing, child care, food, transportation, health care, and technology) plus taxes, adjusted for different counties and household types
- **ALICE Threshold of Financial Survival:** Derived from the Household Survival Budget, the minimum average income that a household needs to afford basic costs, calculated for all U.S. counties
- **Below ALICE Threshold:** Includes households in poverty and ALICE households combined
- **ALICE Essentials Index:** A measure of the average change over time in the costs of essential goods and services

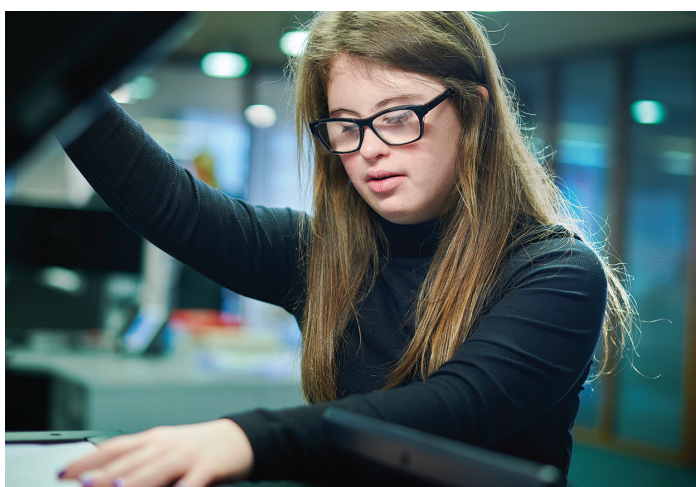


United Ways of Tennessee

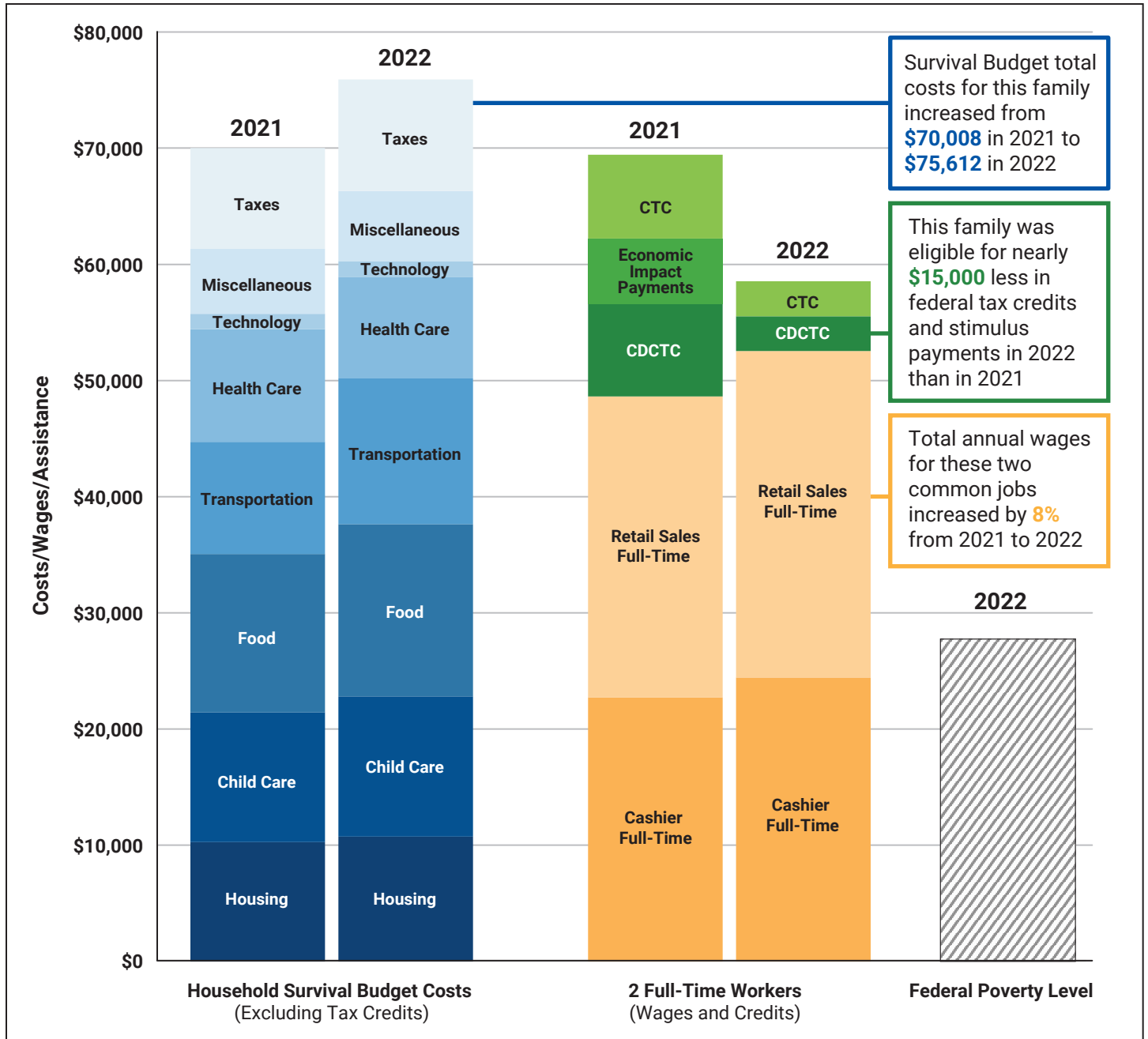
HOUSEHOLD COSTS, PUBLIC ASSISTANCE, AND WAGES

Financial hardship among Tennessee households shifted from 2021 to 2022 based primarily on three factors:

- **Costs:** From 2021 to 2022, the ALICE Household Survival Budget for a single adult in Tennessee increased from \$25,176 to \$26,856, well above the FPL of \$13,590. For a family of four with an infant and a preschooler, the budget (including tax credits) increased from \$57,240 to \$70,416, well above the FPL of \$27,750. Excluding tax credits, costs for a family of four totaled \$75,612 in 2022, up from \$70,008 in 2021. (More data on inflation is available in the [ALICE Essentials Index](#) June 2024 Update.)
- **Public assistance:** Pandemic assistance had the most pronounced effects on families with children. The Economic Impact Payments and the expansions of the Child Tax Credit (CTC) and the Child and Dependent Care Tax Credit (CDCTC) helped many ALICE families through 2021. But this assistance was substantially reduced when the [2021 American Rescue Plan](#) expired, stimulus payments ended, and tax credits reverted to 2020 levels. In 2022, a family of four with an infant and a preschooler in Tennessee was eligible for approximately \$15,000 less in maximum federal tax credits and stimulus payments than in 2021.
- **Wages:** As pandemic assistance wound down, wages increased for most low-wage jobs. For example, median retail sales wages in Tennessee increased from \$12.45 per hour in 2021 to \$13.51 per hour in 2022.



Comparison of Costs, Public Assistance, and Wages, Family of Four, Tennessee, 2021 and 2022



Note: CTC = Child Tax Credit, CDCTC = Child and Dependent Care Tax Credit. Full-time income is calculated based on 40 hours per week.

Sources: ALICE Threshold, 2021 and 2022; Bureau of Labor Statistics—Occupational Employment Statistics, 2021 and 2022; Internal Revenue Service, tax credits—CTC, CDCTC, EITC, 2021 and 2022; U.S. Department of the Treasury, 2022 and 2023.

See page 13 for Household Survival Budget sources and visit UnitedForALICE.org/Household-Budgets/Tennessee to see the Household Survival Budget for all counties and for any household composition.

Across the country, between 2019 and 2022, [wages for the lowest-paid jobs increased](#) at a faster rate than at any point since 1979. This was in part due to a [tighter labor market](#) in which workers reevaluated their employment situation in the wake of the pandemic and inflation, and employers had to offer more competitive wages to attract and retain them. Minimum wage increases in some states also contributed to this effect. However, Tennessee has not adopted a state minimum wage, and the federal minimum wage has been fixed at \$7.25 per hour since 2009.

While wage increases for most low-wage jobs helped fill the gap when pandemic assistance ended, those increases were not enough to make up for years of falling behind. In 2022, of the 20 most common occupations in Tennessee as reported by the Bureau of Labor Statistics (BLS), 70% still paid less than \$20 per hour. And of the workers in these 20 most common occupations, 32% were below the ALICE Threshold in 2022. Occupations with the largest share of ALICE workers included personal care aides, cashiers, cooks, waiters and waitresses, and stocker/order fillers.

Labor Characteristics of Most Common Occupations, Tennessee, 2019–2022

Most Common Occupations	Total Employment, 2022 (BLS)	Percent of Workers Below ALICE Threshold, 2022 (ACS PUMS)	Median Hourly Wage, 2022 (BLS)	Percent Change in Wage, 2019–2022 (BLS)
Driver/Sales Workers and Truck Drivers	104,850	28%	\$18.97	1%
Laborers and Movers, Hand	91,980	35%	\$17.29	23%
Retail Salespersons	82,610	30%	\$13.51	19%
Stocker and Order Fillers	75,050	42%	\$14.87	20%
Customer Service Representatives	72,620	34%	\$17.61	14%
Cooks	72,370	52%	\$13.60	27%
Cashiers	65,440	54%	\$11.75	16%
Registered Nurses	60,840	10%	\$31.63	8%
General and Operations Managers	57,220	14%	\$50.48	17%
Fast Food and Counter Workers	57,150	37%	\$11.03	18%
Waiters and Waitresses	53,540	46%	\$9.78	10%
Office Clerks, General	52,620	27%	\$15.69	5%
First-Line Supervisors of Office and Administrative Support Workers	52,040	20%	\$28.73	17%
Bookkeeping, Accounting, and Auditing Clerks	44,740	20%	\$19.77	5%
Elementary and Middle School Teachers	39,130	17%	\$24.94	0%
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	35,720	25%	\$18.47	8%
Maintenance and Repair Workers, General	34,680	27%	\$19.16	7%
Sales Representatives, Wholesale and Manufacturing	28,570	15%	\$31.96	15%
Retail Sales Supervisors	27,700	29%	\$20.18	8%
Personal Care Aides	27,660	64%	\$12.73	22%

Note: Note: BLS = Bureau of Labor Statistics; ACS PUMS = American Community Survey Public Use Microdata Sample. Occupation titles and percent of workers below the ALICE Threshold come from ACS PUMS. ALICE Threshold status is determined by comparing workers' household income to the Household Survival Budget for their household composition and location. Employment and wage numbers are from BLS and are matched to the closest PUMS occupation title (which are generally broader than those in BLS).

Sources: ALICE Threshold, 2022; Bureau of Labor Statistics—Occupational Employment Statistics, 2022; U.S. Census Bureau, American Community Survey, PUMS, 2019 and 2022

To see the most common occupations for workers below the ALICE Threshold in your community, visit UnitedForALICE.org/ALICE-EVD. For more data on jobs by hourly wages and full-time, part-time, and hourly work schedules, visit UnitedForALICE.org/Labor-Force/Tennessee.

Financial Hardship Over Time

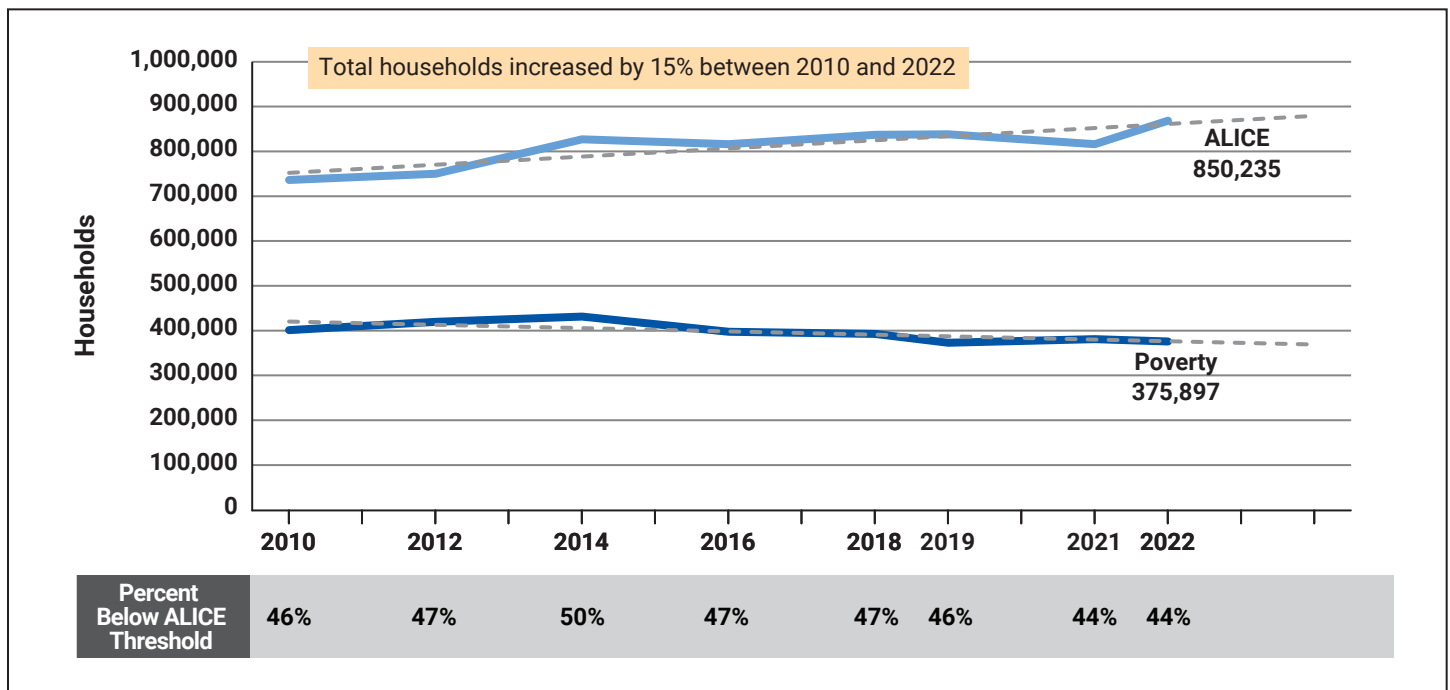
Despite some ups and downs since the end of the Great Recession (2010–2022), the trend is clear: **The number of ALICE households in Tennessee has continued to rise.** During this period, the total number of households in the state increased by 15%, households in poverty decreased by 6%, and the number of ALICE households increased by 15%. By 2022, 13% (375,897) of all households were below the FPL, and 30% (850,235) of all households were ALICE — a combined 44% (1,226,132) of households struggling to make ends meet.

Narrowing in on the period around the COVID-19 pandemic, the rate of financial hardship in Tennessee dropped from

46% of households below the ALICE Threshold in 2019 to 44% in 2022. However, the number of households below the Threshold in 2022 surpassed the 2019 total, increasing by 14,972 households.

This consistent trend — a growing number of households that are struggling financially, often ineligible for public assistance, and undercounted by official measures — represents a major vulnerability in our economic system. It also suggests that overall social and economic policies are falling short in addressing the root causes of financial instability.

Households by Income, Tennessee, 2010–2022



Note: The gray dashed trend lines in this figure highlight the general direction of the point-in-time data for the years shown. These lines indicate whether the numbers of ALICE and Poverty-Level households have been generally increasing, decreasing, or remaining flat. The ALICE and Poverty trend lines are both statistically significant (ALICE at $p=0.01$ and Poverty at $p=0.02$).

Sources: ALICE Threshold, 2010–2022; U.S. Census Bureau, American Community Survey, 2010–2022

To see additional data on financial hardship over time in Tennessee, visit UnitedForALICE.org/Tennessee.

ALICE REMAINS IN THE CROSSCURRENTS

Many ALICE households face [ongoing distress](#) because they have not recovered from the Great Recession, debt accumulation, a job loss, or other major challenges. Many are working hard and still struggling to find safe housing, quality child care, nutritious food, accessible health care, and reliable transportation that they can afford. Rising wages and pandemic assistance mitigated some of the financial impact of business disruptions, a health crisis, and rising inflation that characterized the past few years. Yet 44% of households in Tennessee were still struggling in 2022 — [ranking](#) Tennessee 37th among all states and the District of Columbia in financial hardship (with 1st representing the lowest rate of hardship). Insights from the Federal Reserve SHED and the Household Pulse Survey help explain why:



Inflation is Hitting ALICE Harder

- **The cost of basics** is increasing faster than the overall rate of inflation, as reported by the [ALICE Essentials Index](#). And it has gotten harder for ALICE to keep up with bills than at the height of the pandemic. According to the Household Pulse Survey, 52% of households below the ALICE Threshold in Tennessee reported that it was somewhat or very difficult to pay for usual items such as food, rent or mortgage, car payments, and medical expenses in October 2023, up from 45% in August 2020.
- **Housing costs** are on the rise across the state, and the impact is greater for those who were already struggling financially. According to the SHED, in 2022, 42% of households below the ALICE Threshold in Tennessee reported that their rent or mortgage had increased in the prior 12 months (compared to 26% of households above the Threshold).

Changes in Public Assistance Impact ALICE

- **Food assistance:** Increased need for food assistance was a hallmark of the pandemic. Food pantries experienced a substantial increase in [demand for services](#), and Supplemental Nutrition Assistance Program (SNAP) [eligibility criteria broadened and monthly payments increased](#) (through February 2023). In 2022, the need remained high, with one in six Americans (49 million) [receiving private charitable food assistance](#) — down from the height of the pandemic, but still up markedly from 40 million in 2019. Yet many households struggling to put food on the table were ineligible for public food assistance, largely due to the SNAP income eligibility criteria in Tennessee (130% of the FPL). In 2022, only 38% of all Tennessee households in poverty and 14% of all ALICE households participated in SNAP. Among all eligible people, [SNAP participation rates](#) were higher.
- **Rent:** With rising costs, the expiration of [pandemic rental assistance](#), and the end of both [state](#) and [federal eviction bans](#), many Tennesseans continued to struggle to pay their rent. In 2022, 62% of Tennessee households below the ALICE Threshold were rent burdened (paying more than 30% of their income on rent) and 35% were severely rent burdened (paying more than 50% of their income on rent). According to the Household Pulse Survey, 13% of renter households below the ALICE Threshold in Tennessee were behind on rent payments in October 2023, down from 17% in August 2020.

ALICE is Less Prepared for Crises and Retirement

- **ALICE struggles to save:** According to the SHED, in Tennessee, only 39% of households below the ALICE Threshold had 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 in 2022, compared to 77% of households above the Threshold.
- **ALICE faces unexpected medical expenses:** According to the SHED, 31% of respondents below the ALICE Threshold in Tennessee incurred an unexpected major medical expense that they had to pay for out of pocket because it was not completely paid for by insurance in 2022, up from 25% in 2021. Medical debt generally reflects [poorer health](#) and lower rates of health care coverage, and can lead to [lower credit scores](#) and [additional financial hardship](#). Additionally, the [consequences of medical debt](#) are not experienced equally; those with lower incomes and people of color are more likely than their counterparts to be contacted by collection agencies and denied future care.
- **Financial hardship impedes retirement savings:** According to the SHED, in 2022 while 21% of all non-retired adults and 28% of non-retired adults above

the ALICE Threshold in Tennessee reported that their retirement savings plan was currently on track, only 14% of those below the Threshold reported the same.

- **Financial hardship takes a toll on mental health:** The negative impact of financial stress on mental health has been [well established](#). According to the Household Pulse Survey, 20% of respondents below the ALICE Threshold in Tennessee reported feeling nervous, anxious, or on edge nearly every day over the prior two weeks in October 2023 – down from August 2020 (29%), yet still twice as high as the rate for those above the Threshold (10% in 2023).

This research shows a clear trend in our communities and our economy: Financial hardship is widespread, and it is not going away. The current system is not working for ALICE. The narrative in this Update helps make the case for innovative, cross-sector change in Tennessee and across the U.S. The data, tools, and resources on the [United For ALICE](#) website can equip business, government, education, and nonprofit leaders to make data-informed decisions that address the root causes of financial hardship. Collaborative effort at all levels – local, state, and federal – will be needed to change the trajectory for ALICE households.



ABOUT UNITED FOR ALICE AND OUR PARTNERS

ALICE in the Crosscurrents: An Update on Financial Hardship in Tennessee is brought to you by [United Ways of Tennessee](#) in partnership with [United For ALICE](#), a driver of innovative research and action around financial hardship for ALICE households. With a commitment to [racial and economic justice](#), United For ALICE and United Ways across Tennessee share this work with foundations, government, corporations, and other nonprofits to inform policy and promote positive change for ALICE households. The grassroots ALICE movement, developed by United Way of Northern New Jersey, has spread to 31 states and the District of Columbia. Learn more about the ALICE movement [here](#).

To create the ALICE Reports, our [team of researchers](#) 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.

United For ALICE partners with [United Ways of Tennessee](#) to bring this research to Tennessee, and this work is sponsored by the United Ways of Tennessee and the Tennessee Afterschool Network.



To learn more about how you can get involved in advocating and creating change for ALICE in Tennessee, contact: **Matt Marshall** at mmarshall@unitedway.tn.org

To access interactive ALICE data and resources for Tennessee, go to UnitedForALICE.org/Tennessee.

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