

Connecticut United Ways are pleased to share with you this year's Connecticut ALICE Report, *ALICE in the Crosscurrents* – a data-driven, comprehensive research report that provides a look at financial hardship for households across Connecticut that are ALICE – **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. The 2023 ALICE report offers an important opportunity to understand who is struggling and why and the specific ways COVID-19 has impacted our economy.

## KEY FINDINGS

This fifth Connecticut ALICE report tells a familiar story of sustained struggle for financial security: **39% of Connecticut households continue to live below the ALICE Threshold.** This means that the cost of household essentials remained *out of reach* for more than a third of all Connecticut households, even with wage increases in the private sector. When prices increase faster than wages and other sources of income, as they have in the last few years, purchasing power decreases and households struggle to make ends meet. This is especially challenging for ALICE.

The 2021 Household Survival Budget for a family of four – two working adults, one preschooler and one infant – shows the difference in the Household Survival Budget with pandemic-related enhanced federal benefits, like the temporarily increased federal **Child Tax Credit** and **Child and Dependent Care Tax Credits** included, and with those credits removed. The enhanced federal benefits provided an important boost to the household income of those with dependents. But those important benefit enhancements have expired.

**39% of Connecticut households continue to live below the ALICE Threshold – the income necessary to live and work in the modern economy.**

2021 Connecticut Household Survival Budget		
	Single Adult	2 Adults, 1 Infant, 1 Preschooler
<b>MONTHLY COSTS</b>		
Housing	\$801	\$1,111
Utilities	\$154	\$292
Child Care	-	\$2,188
Food	\$499	\$1,360
Transportation	\$357	\$834
Health Care	\$241	\$815
Technology	\$75	\$110
Miscellaneous	\$213	\$671
Taxes	\$420	\$1,505
<b>MONTHLY TOTAL</b>	<b>\$2,760</b>	<b>\$8,886</b>
<b>ANNUAL TOTAL before credits</b>	<b>\$33,120</b>	<b>\$106,632</b>
<b>Full-Time Hourly Wage*</b>	<b>\$16.56</b>	<b>\$53.32</b>
Tax Credits (CTC and CDCTC)	-	(\$15,204)
MONTHLY TOTAL with Credits	\$2,760	\$7,619
ANNUAL TOTAL with Credits	\$33,120	\$91,428
Full-Time Hourly Wage*	\$16.56	\$45.71

\*Hourly wage needed, for one worker or for two workers, to cover the Household Survival Budget working full-time (40 hours per week, 50 weeks per year).

To more accurately represent true household costs for a family with dependents, given the expiration of these credits, as well as the low uptake rate<sup>i</sup> for these tax benefits and their eligibility exclusions<sup>ii</sup>, Connecticut United Ways rely on the data in the Household Survival Budget that excludes these defunct tax credit.

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## THE COST OF BASICS OUTPACES WAGES

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The ALICE Essentials Index, which measures change over time in the cost of household essentials, **projects an 18.2% increase statewide in basic costs from 2021 to 2023** (before taxes). For the average Connecticut household, depending on available tax credits, basic costs could be as high as **\$39,000** for a single adult and **\$126,000** for a family with two adults and two young children, who bear the costs of child care.

For a single adult, the projected 2023 Household Survival Budget is more than 2 times the 2023 Federal Poverty Level (\$14,580). For a family of four, the projected 2023 Household Survival Budget exceeds four times the Federal Poverty Level (\$30,000).

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## ALICE LIVES IN EVERY COMMUNITY IN OUR STATE

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The [ALICE map](#), based on the 2021 Household Survival Budgets presented in the report, provides the percentage of families who are struggling by-town, by-county or by electoral district.

The 39% of Connecticut households who are working hard to survive below the ALICE Threshold are buffeted by challenging crosscurrents created by economic, health, and climate changes. Improving conditions for ALICE families fuels economic growth, benefiting all households, communities and businesses in the state. Together, we can create communities where ALICE, and all households, thrive in Connecticut.

You can find the ALICE Report for your community and our full resources at [alice.ctunitedway.org](http://alice.ctunitedway.org). Join your local United Way and the ALICE movement in your community at [ctunitedway.org/ctuways](http://ctunitedway.org/ctuways).

For more information, contact **Lisa Tepper Bates, President & CEO, United Way of Connecticut** at 860-389-3495 or [lisa.tepperbates@ctunitedway.org](mailto:lisa.tepperbates@ctunitedway.org).



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i United For ALICE analysis of the Census Household Pulse Survey, 45% of Connecticut households below the ALICE Threshold with children did not receive a Child Tax Credit payment between July and October 2021.

ii Urban Institute and Brookings Institution Tax Policy Center notes that, "Though the child and dependent care tax credit was temporarily expanded and made refundable for 2021, it benefits only a small share of parents because relatively few have formal child care expenses that qualify for the credit." <https://www.taxpolicycenter.org/briefing-book/how-does-tax-system-subsidize-child-care-expenses>.

# ALICE IN THE CROSSCURRENTS



## COVID AND FINANCIAL HARDSHIP IN CONNECTICUT

2023 Report | [UnitedForALICE.org](https://UnitedForALICE.org)



Connecticut United Ways

# ABOUT UNITED FOR ALICE AND OUR PARTNERS

*ALICE in the Crosscurrents: COVID and Financial Hardship in Connecticut* is brought to you by Connecticut United Ways in partnership with [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 and United Ways across Connecticut 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 27 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 Connecticut United Ways to bring this research to Connecticut, and this work is sponsored by Liberty Bank.



Connecticut United Ways



Be Community Kind.™

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To learn more about how you can get involved in advocating and creating change for ALICE in Connecticut, contact: Lisa Tepper Bates at [Lisa.TepperBates@ctunitedway.org](mailto:Lisa.TepperBates@ctunitedway.org)

To access interactive ALICE data and resources for Connecticut, go to [UnitedForALICE.org/Connecticut](https://UnitedForALICE.org/Connecticut)



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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 Connecticut 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 in Connecticut and 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 Connecticut 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

## 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 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.

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](https://UnitedForALICE.org/Methodology)

**Data Notes:** The data used in this Report are estimates; some are geographic averages, others are one- or five-year averages depending on population size. 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 household 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. 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.

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.**

Across Connecticut, for all household sizes and in all locations, the FPL is well below the Household Survival Budget. In 2021, the FPL was \$26,500 for a family of four. In contrast, Figure 1 shows that the average cost of living for a family of four in Connecticut was \$91,428, more than three times higher than the FPL, and average household costs for a single adult were more than twice the FPL. Cost increases were driven largely by housing and food. Increases were mitigated by child tax credits in 2021 for families with children.

**Figure 1. ALICE Household Survival Budget and Federal Poverty Level, Connecticut, 2021**

	<b>Federal Poverty Level</b> <i>Census income thresholds that vary by household size but not geography to determine who is in poverty</i>	<b>ALICE Household Survival Budget</b> <i>The cost of the essentials needed to live and work in the modern economy, by household type and location</i>
<b>Family of Four</b>		
<b>Monthly Total</b>	\$2,208	\$7,619
<b>Annual Total</b>	\$26,500	\$91,428
<b>Percent Change, 2019–2021</b>	3%	13%
<b>Single Adult</b>		
<b>Monthly Total</b>	\$1,073	\$2,760
<b>Annual Total</b>	\$12,880	\$33,120
<b>Percent Change, 2019–2021</b>	3%	14%

*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, Connecticut, 2021	
	Description, Update, and Sources	One Adult	Family of Four
<b>Housing</b> 	<b>Rent:</b> Fair Market Rent (40 <sup>th</sup> 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 <b>Utilities:</b> As captured by the Community Expenditure Survey (CEX) <b>Update:</b> Costs of rent and utilities are now shown separately. <b>Sources:</b> ACS metro housing costs and U.S. Department of Housing and Urban Development (rent); CEX (utilities)	\$801 rent + \$154 utilities	\$1,111 rent + \$292 utilities
<b>Child Care</b> 	Cost for registered Family Child Care Homes for infants (0–2 years), preschool-age (3–4), and school-age children (5–12) <b>Source:</b> Connecticut Office of Early Childhood, 2022	\$ -	\$2,188
<b>Food</b> 	USDA Thrifty Food Plan by age with county variation from Feeding America <b>Update:</b> A <a href="#">change in legislation</a> 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. <b>Sources:</b> Feeding America; U.S. Department of Agriculture (USDA)	\$499	\$1,360
<b>Transportation</b> 	Operating costs for a car (average daily miles by age, cost per mile, license, fees, and insurance), or public transportation where viable <b>Update:</b> The decline in public transportation use during the pandemic <a href="#">reduced the average expenditure</a> , 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. <b>Sources:</b> AAA, Federal Highway Administration, The Zebra (car); CEX (public transportation)	\$357	\$834
<b>Health Care</b> 	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. <b>Sources:</b> Centers for Medicare and Medicaid Services (CMS); CEX (health); Medical Expenditure Panel Survey (MEPS)	\$241	\$815
<b>Technology</b> 	Smartphone plan with 10GB of data for each adult in a household <b>Update:</b> Costs were upgraded from a 5GB to a 10GB monthly data plan to reflect the increased need for internet access. <b>Source:</b> Consumer Reports	\$75	\$110
<b>Miscellaneous</b> 	Cost overruns estimated at 10% of the budget, excluding taxes, to cover one-time unanticipated costs within the other categories	\$213	\$671
<b>Taxes</b> 	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) <b>Update:</b> Due to the significant effect of the expanded tax credits in 2021, total taxes before credits and the credits are both listed. <b>Sources:</b> Internal Revenue Service; Tax Foundation	\$420	\$1,505 Tax before CTC and CDCTC  -\$1,267 CTC and CDCTC
<b>Monthly Total</b>		<b>\$2,760</b>	<b>\$7,619</b>

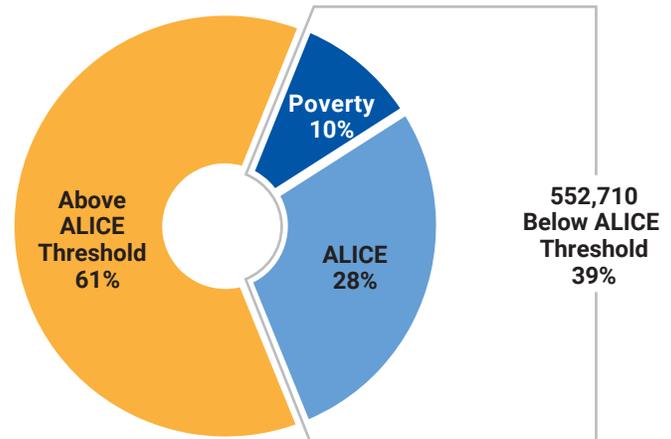
To see the Household Survival Budget for other household compositions at the state and county levels, go to [UnitedForALICE.org/Household-Budgets/Connecticut](https://UnitedForALICE.org/Household-Budgets/Connecticut).

# ALICE IN CONNECTICUT: EXECUTIVE SUMMARY

The number of households in financial hardship in Connecticut continues to be undercounted in official measures. According to the FPL, 10% of households in Connecticut (149,960) were in poverty in 2021. Yet [United For ALICE](#) data shows that another 28% (402,750 households) – more than twice as many – were **ALICE (Asset Limited, Income Constrained, Employed)**. ALICE households earn above the FPL but not enough to afford the basics in the communities where they lived.

The reality is that of the 1.4 million households in Connecticut, **552,710 – 39%\*** – 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, 43% of cashiers (one of the most common occupations in Connecticut) were below the ALICE Threshold in 2021. These workers earned a median hourly wage of \$13.80, not even enough to cover the **ALICE Household Survival Budget** for one worker employed full time (\$16.56 per hour), much less for a family with two children, even with two adults working (combined wage of \$45.71 per hour). Between 2019 and 2021, the cost of basics increased in Connecticut and remained well above the FPL; the average annual costs (excluding taxes) increased 14% for a single adult, 13% for a single senior, and 13% for a family of four. For a family of four in 2021, the FPL was \$26,500, while the ALICE Household Survival Budget was \$91,428.



\* In Connecticut, out of 1,428,313 households, there were 149,960 (10.5%) in poverty plus 402,750 (28.2%) ALICE, which totals 552,710 (38.7%) below the ALICE Threshold and rounds to 39% in this Report.

ALICE Household Survival Budget, Connecticut Average, 2021			
	Single Adult	Single Senior	2 Adults, 1 Infant, 1 Preschooler
<b>Monthly Costs</b>			
Housing – Rent	\$801	\$801	\$1,111
Housing – Utilities	\$154	\$154	\$292
Child Care	-	-	\$2,188
Food	\$499	\$460	\$1,360
Transportation	\$357	\$310	\$834
Health Care	\$241	\$570	\$815
Technology	\$75	\$75	\$110
Miscellaneous	\$213	\$237	\$671
Tax Before Credits	\$420	\$486	\$1,505
<b>Monthly Total</b>	<b>\$2,760</b>	<b>\$3,093</b>	<b>\$8,886</b>
<b>ANNUAL TOTAL Before Credits</b>	<b>\$33,120</b>	<b>\$37,116</b>	<b>\$106,632</b>
Tax Credits (CTC and CDCTC)	-	-	(\$15,204)
<b>ANNUAL TOTAL with Credits</b>	<b>\$33,120</b>	<b>\$37,116</b>	<b>\$91,428</b>
<b>Full-Time Hourly Wage</b>	<b>\$16.56</b>	<b>\$18.56</b>	<b>\$45.71</b>

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. To view ALICE Household Survival Budgets for all counties and for any household composition, visit [UnitedForALICE.org/Household-Budgets/Connecticut](https://UnitedForALICE.org/Household-Budgets/Connecticut)

Sources: AAA, 2021; Agency for Healthcare Research and Quality, 2021; American Community Survey, 2021; Bureau of Labor Statistics, 2021 – Consumer Expenditure Surveys; Bureau of Labor Statistics, 2021 – Occupational Employment Statistics; Centers for Medicare & Medicaid Services, 2021; Centers for Medicare & Medicaid Services, 2021 – Medicare - Chronic Conditions; Centers for Medicare & Medicaid Services, 2021 – Medicare Current Beneficiary Survey; Connecticut Office of Early Childhood, 2022; Federal Highway Administration, 2017; Feeding America, 2022; Fowler, 2021; Internal Revenue Service, 2021; Internal Revenue Service – FICA, 2021; Medicare.gov; Scarborough, 2021; Tax Foundation, 2021; The Zebra, 2022; U.S. Department of Agriculture, 2021 – Official USDA Food Plans; U.S. Department of Housing and Urban Development, 2021 – Fair Market Rents; Walczak, 2021.

**This Report details the impact of competing economic forces and public policy interventions during the pandemic on ALICE households in Connecticut in 2021.** It also presents research showing that the impact of the pandemic on financial security continued beyond 2021.

## Key findings include:

- **Financial hardship over time:** ALICE households are especially vulnerable to national economic disruptions. The number of households below the ALICE Threshold in Connecticut increased dramatically after the Great Recession (2007–2010) and continued to increase through 2014, before trending downward. By 2019, that number reached the lowest point in nearly a decade – and then the pandemic hit. From 2019 to 2021, the total number of households in Connecticut increased by 4%, while the number of households below the ALICE Threshold in Connecticut increased by 11%.
- **Demographics:** There are households below the ALICE Threshold across all demographic groups. However, disparities exist in the 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, 57% of Hispanic and 54% of Black households were below the ALICE Threshold in Connecticut in 2021, compared to 33% of White households. By age of householder, the youngest (under age 25) and oldest (age 65+) households faced the highest rates of hardship. And by household composition, single-parent families with children were more likely to be below the Threshold than married-parent households or single/cohabiting households without children.
- **Work and wages:** Of the 20 most common occupations in Connecticut in 2021, 60% paid less than \$20 per hour. Most of these saw an increase in

the median wage; for example, cashiers increased by 17% from 2019 to 2021, to \$13.80 per hour statewide. But given that wages had stagnated for a decade, many of the most common jobs still had a substantial percentage of workers who lived below the ALICE Threshold in 2021.

- **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 Connecticut, 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:** Emergency savings rates in Connecticut differed by income. According to SHED, 54% of households below the ALICE Threshold had emergency savings or rainy day funds in October 2019, compared to 72% of households above the Threshold. By November 2021, the rate for households below the Threshold had decreased (to 41%), while the rate for households above the Threshold had increased (to 79%). Additionally, 50% of households below the Threshold had retirement assets in November 2021, compared to 69% of those above.
- **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, feelings of anxiety and depression, continued difficulty paying bills, and reduced savings.

# THE COMPETING FORCES OF THE COVID ECONOMY

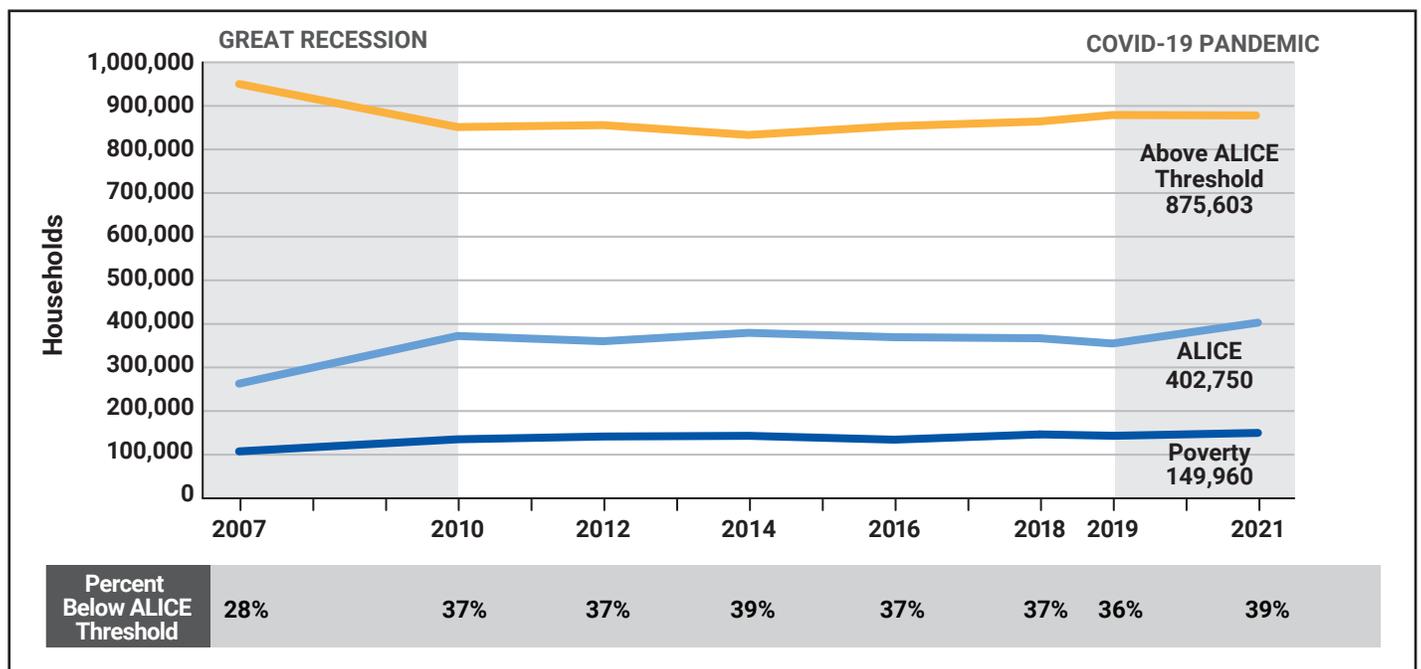
Competing forces have made it difficult to predict the net impact of the pandemic on financial stability. When the pandemic hit, businesses, child care providers, schools, and community services closed, some permanently. The [loss of jobs and wages was not experienced equally](#); those who could work 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 3.4% in Connecticut from 2020, and 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, including housing assistance, expanded unemployment insurance, stimulus checks, enhanced tax credits, and a nationwide eviction moratorium.

Those measures made a difference: Government policies and assistance helped to mitigate the financial impact of the pandemic. Rates of financial hardship in Connecticut shifted over time (Figure 2). During the last major economic disruption – the Great Recession – the percentage of Connecticut households below the ALICE Threshold increased sharply, from 28% in 2007 to 37% in 2010. Recovery from the Recession was slow; the share of households below the Threshold reached a high of 39% in 2014, before beginning to taper down. By 2019, the total number of households below the Threshold reached the lowest point in more than a decade.

During the pandemic, from 2019 to 2021, the increase in the percentage of households living below the Threshold was more muted than during the Recession, rising from 36% to 39%, yet the total number of households living in financial hardship in Connecticut reached new heights in 2021. From 2019 to 2021, the total number of households in Connecticut increased by 4%, but the number of households below the ALICE Threshold increased by 11% (from 498,278 to 552,710).

**Figure 2. Households by Income, Connecticut, 2007–2021**



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 number of Connecticut 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 Connecticut in 2021, Black and Hispanic households, young households, and single-parent households had the highest rates below the ALICE Threshold. White and Asian 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:

- In 2021, the largest number of households below the ALICE Threshold in Connecticut were White (325,767), making up 33% of all White households. And while the number of struggling households was lower for smaller population groups, the percentage of those households was disproportionately higher (except for Asian households). For example, 57% of Hispanic households (116,384), 54% of Black

households, and 49% of households who identify as being of two or more races (56,543) lived below the Threshold in 2021, compared to 29% of Asian households (16,154).

- By age of householder, the youngest and the oldest households had the highest rates of hardship, with 66% of households headed by someone under age 25 and 51% of senior households (age 65+) living below the ALICE Threshold in Connecticut. By comparison, 35% of households headed by people age 25–44 and 31% of households headed by those age 45–64 were below the Threshold.
- By household composition, single parents were most likely to be below the ALICE Threshold, with 68% of single-female-headed households and 50% of single-male-headed households struggling to make ends meet. Rates of financial hardship were lower for married-parent households (16%) and single/cohabiting households without children (35%).

Figure 3 paints a clear picture of the rates of hardship for different demographic groups compared to the Connecticut average. For all households in Connecticut, 10% were in poverty and 28% were ALICE in 2021.

### Figure 3. Household Financial Status and Key Demographics, Connecticut, 2021

	Total	Below ALICE Threshold	<span style="color: #0056b3;">■</span> Poverty <span style="color: #4f81bd;">■</span> ALICE <span style="color: #ffc000;">■</span> Above ALICE Theshold
<b>ALL HOUSEHOLDS</b>	1,428,313	552,710	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>10%</span> <span>28%</span> <span>61%</span> </div>
<b>AGE</b>			
Under 25 Years	36,944	24,368	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>29%</span> <span>37%</span> <span>34%</span> </div>
25 to 44 Years	428,255	149,960	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>12%</span> <span>23%</span> <span>65%</span> </div>
45 to 64 Years	556,729	170,111	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>9%</span> <span>22%</span> <span>69%</span> </div>
Seniors (65+)	406,385	208,271	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>10%</span> <span>41%</span> <span>49%</span> </div>
<b>RACE/ETHNICITY</b>			
American Indian/ Alaska Native	3,146	1,843	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>15%</span> <span>44%</span> <span>41%</span> </div>
Asian	55,638	16,154	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>6%</span> <span>23%</span> <span>71%</span> </div>
Black	142,992	77,770	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>14%</span> <span>40%</span> <span>46%</span> </div>
Hispanic	204,870	116,384	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>15%</span> <span>42%</span> <span>43%</span> </div>
Native Hawaiian/ Pacific Islander	482	361	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>36%</span> <span>39%</span> <span>25%</span> </div>
Two or More Races	114,805	56,543	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>11%</span> <span>38%</span> <span>51%</span> </div>
White	976,539	325,767	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>7%</span> <span>27%</span> <span>67%</span> </div>
<b>HOUSEHOLD TYPE</b>			
Married With Children	251,336	41,231	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>4%</span> <span>12%</span> <span>84%</span> </div>
Single-Female- Headed With Children	92,039	62,730	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>28%</span> <span>40%</span> <span>32%</span> </div>
Single-Male-Headed With Children	27,832	13,911	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>21%</span> <span>29%</span> <span>50%</span> </div>
Single or Cohabiting, Under 65, no Children	650,721	226,567	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>10%</span> <span>25%</span> <span>65%</span> </div>

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. In Connecticut, out of 1,428,313 households, there were 149,960 (10.5%) in poverty plus 402,750 (28.2%) ALICE, which totals 552,710 (38.7%) below the ALICE Threshold and rounds to 39% 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 nationally and in Connecticut. 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.

The pandemic also impacted where people lived in Connecticut, who they lived with, and the demographics of households.

**Location:** In Connecticut from 2019 to 2021, the counties with the largest percentage increases in the total number of households included New Haven County (6%) and Fairfield County (5%); Windham County was the only county that experienced a decrease in total households (-3%). Tolland and Litchfield counties had the highest

percentage increase in financial hardship from 2019 to 2021, while Middlesex County experienced the only decrease in percentage of households below the Threshold. (See additional county-level data [on the ALICE website](#) and in the “County Comparison” section of this Report.)

**Age:** Overall, younger households (under age 25 and age 25–44) experienced the most growth in total number of households, with both groups increasing 7% from 2019 to 2021. Similarly, senior households grew by 5% in the same time period. The number of households headed by those in their upper middle years (age 45–65) showed little growth (1%), and this was the only age group that saw no change in the rate of financial hardship from 2019 to 2021. Senior households experienced the biggest increase in financial hardship, rising from 43% below the ALICE Threshold in 2019 to 51% in 2021. For the youngest households (under age 25), the rate of financial hardship improved slightly, dropping from 68% in 2019 to 66% in 2021, yet it remained higher than for all other age groups.

**Household composition:** Single-female-headed households with children had the biggest increase in total number of households from 2019 to 2021 (up 11%), but they retained the highest rate of financial hardship in 2021 at 68% – down from 73% in 2019. Single-male-headed households with children followed, with 50% of households below the ALICE Threshold in 2021 – unchanged from 2019. Married-parent households with children experienced a slight increase in the rate of financial hardship, rising from 15% in 2019 to 16% in 2021. Similarly, for single or cohabiting households without children, the rate of financial hardship remained relatively unchanged, increasing slightly from 34% below the Threshold in 2019 to 35% in 2021.

**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 those 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 Connecticut, the huge increase in the Census count of people of [Two or More Races](#) (also referred to now as Multiracial) – an increase of 328% from 2019 to 2021 – is a combination of actual growth in this population and improvements to the Census questions and coding. (Note: The number of Multiracial households below the ALICE Threshold increased at a similarly high rate, by 342%.)

**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. In Connecticut in 2021, 15% of the population were immigrants, with the largest number of immigrants originating from India, Jamaica, and Mexico. The counties with the highest number of immigrants include Fairfield, Hartford, and New Haven counties.

## ALICE DATA ONLINE

Visit [UnitedForALICE.org/Connecticut](https://UnitedForALICE.org/Connecticut) to see interactive maps and data on:

- Financial hardship over time at the state and county levels
- State and county ALICE demographics
- ALICE household budgets
- The labor landscape in Connecticut

# 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 in Connecticut was 6.4%, in contrast to the rate at the height of the pandemic (8.0% in April 2020). In addition, [average weekly wages](#) across all industries in Connecticut increased 3.4% from 2020 to 2021. This was driven by the [state-level minimum wage increase](#) and increased demand for [essential workers](#), as well by the "[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 particular. 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 Connecticut: In December 2021, there were 31% 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, \$782 million was paid to individuals under Connecticut's regular unemployment insurance program, and an additional \$338 million 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 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 in Connecticut and nationally in [September 2021](#).

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

## 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.

- 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 Connecticut the [underemployment rate](#) that captures these workers was 10.7%, considerably higher than both the traditional unemployment rate (6.4%), and the underemployment rate before the pandemic (7.9% in 2019). The [2021 DataHaven Community Wellbeing Survey](#) found that underemployment rates differed by race and ethnicity – 13% of White, 22% of Black, and 26% of Hispanic workers reported either being unemployed or working part time but said they would prefer full time.
- 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 jobs in Connecticut in 2021, 60% paid less than \$20 per hour. Most of these jobs saw an increase in the median wage from 2019 to 2021. For example, the median wage for cashiers increased by 17% to \$13.80 per hour in 2021. But given that the wage was low to begin with, even at the increased wage, 43% of cashiers lived below the ALICE Threshold. Many other top 20 jobs, some with even higher wage increases, also had a large percentage of workers living in financial hardship in 2021 (Figure 4). The wage to cover the ALICE Household Survival Budget for a single adult was \$16.56 per hour working full time, or for a family with two adults and two children, a combined wage of \$45.71 per hour.

While there were ALICE workers in all sectors, the occupations with the highest percentage of workers below the ALICE Threshold in Connecticut in 2021 were personal care aide; nursing assistant; waiter/waitress; cook; and fast food and counter worker.

### 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 \$14.04 in Connecticut in 2021, 41% 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, Connecticut, 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	41,520	\$14.16	6%	32%
Personal Care Aides	38,040	\$14.30	12%	58%
Cashiers	37,600	\$13.80	17%	43%
General and Operations Managers	36,620	\$59.68	-7%	10%
Registered Nurses	34,320	\$40.32	3%	11%
Stockers and Order Fillers	30,160	\$17.34	29%	43%
Customer Service Representatives	30,090	\$18.24	1%	35%
Driver/Sales Workers and Truck Drivers	29,060	\$20.53	2%	28%
Secretaries and Administrative Assistants	24,960	\$22.73	-1%	24%
Administrative Support Supervisors	24,670	\$29.87	-2%	9%
Fast Food and Counter Workers	24,500	\$13.73	15%	45%
Elementary and Middle School Teachers	24,240	\$38.04	0%	7%
Laborers and Movers	23,950	\$16.72	14%	44%
Teaching Assistants	23,210	\$19.44	7%	30%
Office Clerks, General	22,980	\$18.84	4%	25%
Nursing Assistants	19,470	\$17.68	9%	53%
Financial Managers	19,340	\$72.81	3%	8%
Waiters and Waitresses	19,190	\$13.73	20%	51%
Cooks	18,930	\$16.56	11%	46%
Secondary School Teachers	16,890	\$37.72	-1%	9%

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, visit [UnitedForALICE.org/Labor-Force/Connecticut](https://UnitedForALICE.org/Labor-Force/Connecticut)

# THE IMPACT OF THE COVID ECONOMY ON... PANDEMIC ASSISTANCE

A prominent feature of the federal government’s response to the 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 the expanded 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. The figure shows a family of four in Connecticut with two parents working full time in two of the most common occupations, retail salesperson and cashier (median wages of \$14.16 and \$13.80 per hour, respectively). This family could not afford the Household Survival Budget in 2021, even with the temporarily increased credits and payments available to them: the CTC (\$3,600 month 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 Household Survival Budget by \$27,682 or 35%.

If both parents 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 \$29,781, or 39%.

Additional actions taken by the state of Connecticut in response to the pandemic can be found in the National Conference of State Legislatures’ [State Action on Coronavirus Database](#).

## Pandemic Timeline

**2020** State Annual [COVID-19 Deaths](#): 5,964

**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** State Annual [COVID-19 Deaths](#): 3,196

**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** State Annual [COVID-19 Deaths](#): 2,606

**June 2022** – CDC approves vaccinations for [children under 5 years old](#)

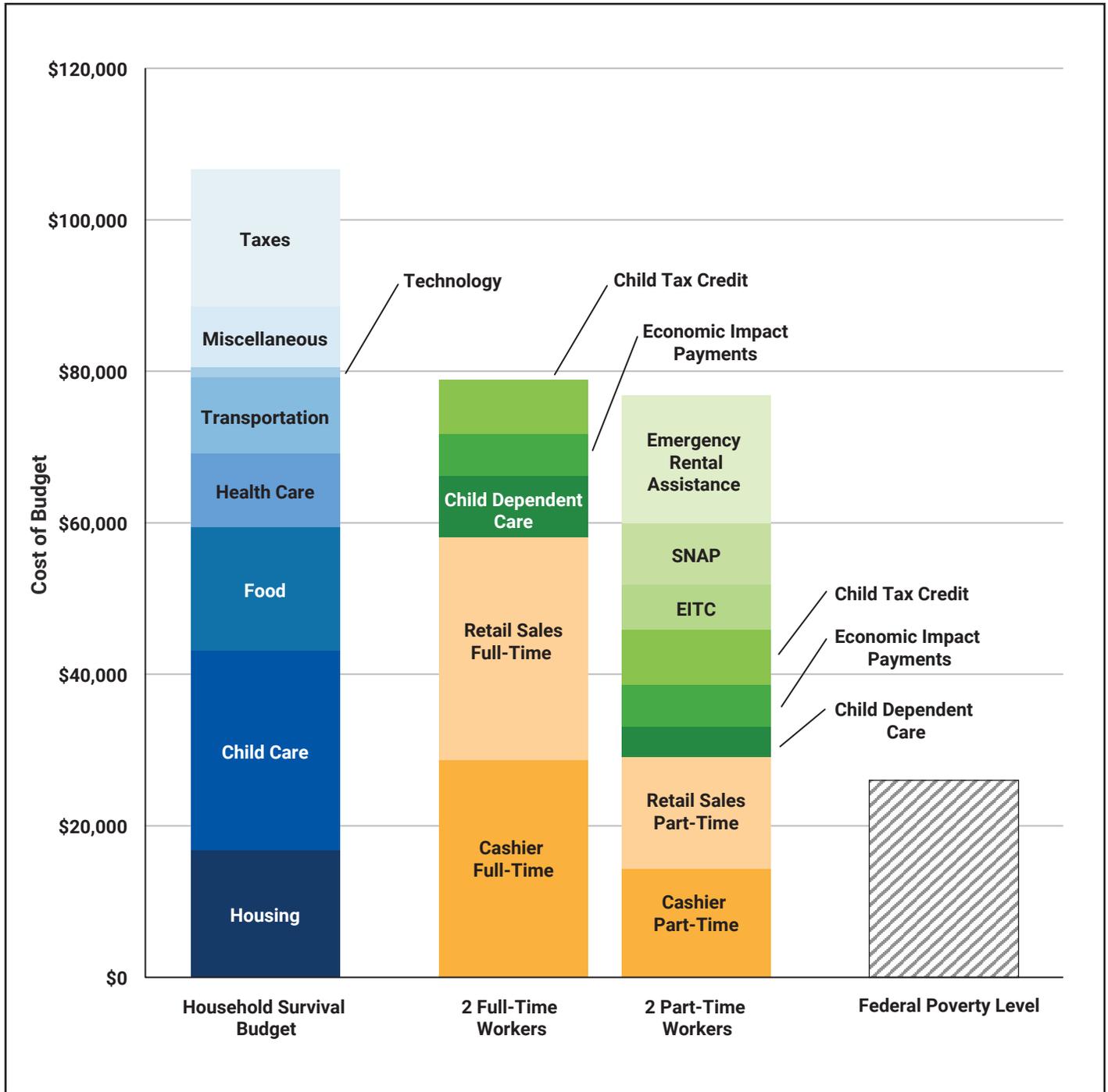
**July 2022** – Federal rental assistance funds depleted in [many states](#)

**December 2022** – Federal rental assistance funds depleted in [most states](#)

**2023**

**May 11, 2023** – [Scheduled end](#) of the national emergency and public health emergency

**Figure 5. Income and Expenses, Family of Four, Connecticut, 2021**



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

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 Connecticut 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 185% of the FPL in Connecticut, the reach of emergency and regular SNAP benefits was limited: 44% of households in poverty and 19% of ALICE households participated, 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 [92% of eligible households](#) in Connecticut.
  - The percentage of households below the ALICE Threshold receiving direct cash assistance from programs like [TANF](#) or [General Assistance](#) was even smaller (8% 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 new eligibility restrictions as well as termination of [Medicaid coverage](#) during the public health emergency. In 2021, 51% of all households below the ALICE Threshold participated in CHIP or Medicaid.
  - 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. Strict requirements to qualify included qualifying for unemployment benefits, experienced a reduction in income, one or more household members being at risk of homelessness. It is not surprising then that in the fall of 2022, 15% adult renters in Connecticut were not caught up on rent, according to the Household Pulse.

**In contrast, eligibility limits for the well-publicized stimulus payments and tax credits (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, including those 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.

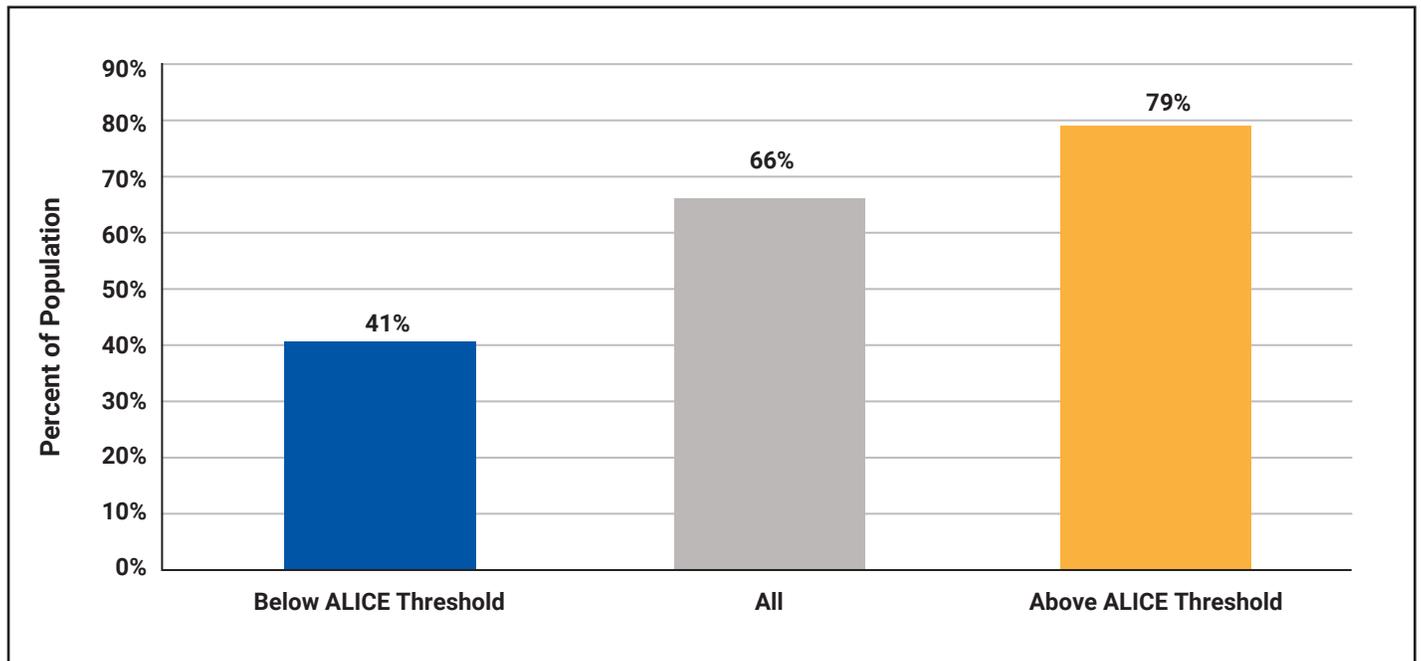
## Rainy Day Funds

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, 66% of Connecticut respondents reported having these funds; by November 2020, that share had decreased to 64%, and then returned to 66% by November 2021 (Figure 6).

Yet only 54% of respondents below the Threshold in Connecticut reported having rainy day funds in October 2019, dropping to 45% by November 2020 and even further to 41% by November 2021. In contrast, 72% of those above the Threshold in Connecticut had rainy day funds in October 2019, increasing to 74% in November 2020 and then to 79% in November 2021.

**Figure 6. Funds to Cover Three Months’ Expenses by the ALICE Threshold, Connecticut, 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 (this data is not available at the state level, but it is likely these disparities were mirrored in Connecticut). 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 share of Hispanic respondents above the Threshold with these funds increased from 57% to 71%.

## Retirement Assets

[Retirement assets](#) include 401(k)s, IRAs, pensions, or business or real estate holdings that will provide income in retirement. Overall, 66% of Connecticut respondents reported having these funds in October 2019. That rate

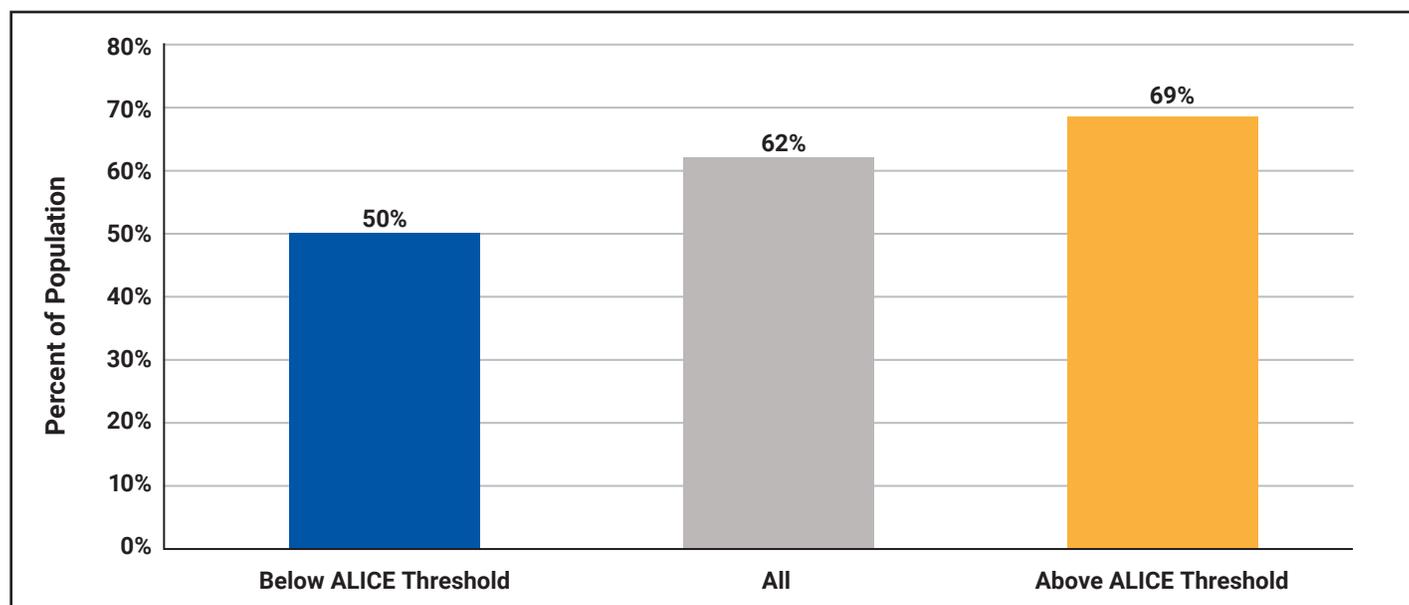
remained unchanged through November 2020, then decreased to 62% by November 2021. Yet these averages conceal a widening disparity in retirement assets between households above and below the ALICE Threshold in Connecticut (Figure 7).

Prior to the pandemic, in October 2019, 49% of respondents below the ALICE Threshold in Connecticut had retirement savings, according to SHED. The rate remained relatively unchanged, with a one percent increase to 50% by November 2021.

In October 2019, 74% of respondents above the ALICE Threshold in Connecticut had retirement assets; that rate dropped to 69% by November 2021, yet still remained considerably higher than for those below the Threshold.

The [CARES Act](#) reduced penalties for early withdrawals from retirement accounts, thus facilitating the ability of households to access retirement funds. Overall, 6% of non-retired adults in Connecticut 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, Connecticut, 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 39% of households were still living below the ALICE Threshold in Connecticut 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, Hispanic, and lesbian, gay, bisexual, and transgender (LGBT) respondents, as well as 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. Shockingly, the 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 Connecticut 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 (20% vs. 1%); by November

**Figure 8. Food Insufficiency, Above and Below the ALICE Threshold, Connecticut, 2022**

Food Insufficiency			
	Below ALICE Threshold	Above ALICE Threshold	State Average
Black	29%	2%	10%
Hispanic	28%	11%	
Female	20%	3%	
With a Disability	24%	8%	
LGBT	11%	1%	

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

2022, the rates remained the same for households below the Threshold, but were slightly higher for those above (20% vs. 3%). Some demographic groups experienced higher than average food insufficiency (Figure 8). For example, 29% of Black respondents and 24% of respondents with disabilities below the Threshold reported not having enough food, compared to 10% of all Connecticut respondents in November 2022.

For households with children in Connecticut, respondents below the ALICE Threshold were more likely than respondents above the Threshold to report that their children often were experiencing food insufficiency. In August 2020, 24% of respondents below the Threshold reported that often or sometimes their children were not eating enough because they couldn't afford food, compared to 1% of respondents with children above the Threshold. By November 2022, rates improved slightly for respondents below the Threshold, while increasing for those above. Yet respondents below the Threshold were still more than four times as likely as those above to report that their children were sometimes or often not eating enough because they couldn't afford food (23% vs. 5%).

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 Connecticut were more likely than those above the Threshold to report that they were not caught up on rent payments. In August 2020, 25% of renters below the Threshold and 7% of renters above the Threshold were not caught up; by November 2022, those rates improved but still remained three times higher for renters below (19%), compared to renters above (5%). 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 pandemic, many ALICE households in Connecticut reported difficulty paying for their usual household expenses. According to the Household Pulse Survey in August 2020, respondents below the ALICE Threshold were more than twice as likely as households above the Threshold to report that they found it somewhat or very difficult to pay for usual items such as food, rent or mortgage, car payments, and medical expenses (50% vs. 19%). These rates continued to increase through November 2022 (57% vs. 23%).

**! Lack of savings:** While many families were able to save during the pandemic, many ALICE families were not. As mentioned earlier, the percentage of families below the ALICE Threshold in Connecticut who 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 decreased from 54% in October 2019 to 41% in November 2021, according to SHED.

**! Physical health:** 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. According to the [2022 DataHaven Community Wellbeing Survey](#) the major reasons adults in Connecticut did not get medical care they needed during the year were cost and transportation barriers, with lower-income respondents more likely to report these barriers.

Parents also postponed care for their children. In the fall of 2021, Connecticut households below the ALICE Threshold were more likely to report that they missed, delayed, or skipped their [child’s preventive check-up](#) in the last 12 months than households above the Threshold (34% vs. 19%). These delays, especially when coupled with preexisting conditions, can contribute to [more serious health issues in the future](#).

In addition, according to the November 2022 Household Pulse Survey, Connecticut 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 (30% vs. 23%).

**! Mental health:** With these sustained challenges, it’s not surprising that people below the ALICE Threshold in Connecticut were more likely to report feeling depressed or anxious than those above the Threshold. According to the Household Pulse Survey, six months into the pandemic (August 2020), 19% of respondents below the Threshold and 16% above the Threshold reported feeling nervous, anxious, or on edge nearly every day over the preceding two weeks. By November 2022, these rates continued to rise for those below the Threshold (from 19% to 22%) while dropping from 16% to 11% for those above the Threshold. In November 2022, respondents below the Threshold were also more likely to report feeling down, depressed or hopeless more than two weeks per month, than respondents above the Threshold (14% vs. 5%). 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, Connecticut, 2022**

Feeling Nervous, Anxious, or on Edge			
	Below ALICE Threshold	Above ALICE Threshold	State Average
<b>Black</b>	26%	5%	16%
<b>Hispanic</b>	28%	19%	
<b>Female</b>	23%	12%	
<b>With a Disability</b>	33%	38%	
<b>LGBT</b>	31%	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 Connecticut 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, and Utah; flooding in

Kentucky and Missouri; and tornadoes in the southern U.S. — ALICE families faced [higher risks](#). For example, following [Hurricane Ian in September 2022 in Florida](#), according to the Household Pulse Survey (December 2022), respondents below the ALICE Threshold were more likely than households above the Threshold to be displaced from their home (9% vs. 6%, for all respondents). One month after the storm, they were also at least two to 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.



# COUNTY COMPARISON: INCOME STATUS, 2021

Connecticut Counties, 2021			Percent Change, 2019–2021	
County	Households	% ALICE + Poverty	# of Households	# ALICE + Poverty
Fairfield	357,271	40%	5%	10%
Hartford	360,140	39%	2%	20%
Litchfield	77,106	35%	4%	33%
Middlesex	69,789	28%	4%	-22%
New Haven	349,089	41%	6%	3%
New London	110,950	37%	1%	21%
Tolland	58,244	40%	3%	32%
Windham	45,724	39%	-3%	3%

# NATIONAL COMPARISON: INCOME STATUS, 2021

STATE	RANK (1 = lowest % Below ALICE Threshold)	TOTAL	Household Income Status		
		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%
<b>Connecticut</b>	<b>19</b>	<b>1,428,313</b>	<b>10%</b>	<b>28%</b>	<b>39%</b>
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 Connecticut is critical for the appropriate allocation of funds for programs in areas such as education, health care, food access, housing, and employment. There is 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 [ALICE in Connecticut webpages](#), to dig deeper into:
  - » [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 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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