

ALICE IN ALABAMA:

» A STUDY ON FINANCIAL HARDSHIP



**ALICE: Asset Limited, Income
Constrained, Employed**
2025 Report | UnitedForALICE.org



ABOUT UNITED FOR ALICE AND OUR PARTNERS

ALICE in Alabama: A Study of Financial Hardship is brought to you by [United Ways of Alabama](#) in partnership with [United For ALICE](#), a driver of innovative research and action to promote financial stability 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 Alabama share this work with foundations, government, corporations, and other nonprofits to inform policy and promote positive change for ALICE households.

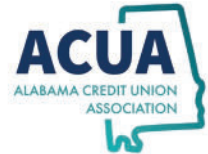
The grassroots ALICE movement, developed by United Way of Northern New Jersey, has spread to 37 states and the District of Columbia. Learn more about the ALICE movement [here](#).

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.

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United For ALICE partners with [United Ways of Alabama](#) to bring this research to Alabama, and this work is sponsored by the Alabama Credit Union Association.



To learn more about how you can get involved in advocating and creating change for ALICE in Alabama, contact: **Alec Hopkins**, the United Ways of Alabama, at ahopkins@unitedwaysal.org.

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LETTER TO THE COMMUNITY

Dear Friends and Neighbors,

Alabama is known for its vibrant culture—think “Sweet Home Alabama,” championship football, rocket science, and warm southern hospitality. But for many Alabamians, life is far from sweet. Meet **ALICE: Asset Limited, Income Constrained, Employed**. These are hardworking individuals and families struggling to make ends meet, living with constant financial uncertainty. ALICE is your neighbor, friend, coworker, or perhaps even you.

Earning above the Federal Poverty Level but not enough to cover basic household needs, ALICE households are often invisible and underserved. They don’t qualify for much, if any, public assistance, leaving them with scarce resources to navigate rising costs in their neighborhoods.

Yet ALICE is the backbone of Alabama. They are our teachers, child care workers, retail staff, health care providers, infrastructure workers, and more—essential roles that keep our communities running. Despite their critical contributions, many ALICE households can’t afford necessities like housing, food, or health care. ALICE supports Alabama every day. So, how can we work together to help ALICE thrive?

This first-ever report reveals that 46% of Alabama households in 2023 fell below the income threshold for basic needs. The report equips the United Ways of Alabama, our nonprofit partners, and community leaders with data and insights to drive economic progress for these households.

The United Ways of Alabama is committed to this research to shine a light on ALICE’s challenges and foster impactful solutions. By understanding and addressing the needs of ALICE, we aim to build stronger, more equitable communities where everyone can thrive.

This report is made possible by the partnership of the United Ways of Alabama, the generosity of the Alabama Credit Union Association, and by the hundreds of volunteers, donors, nonprofit partners, and leaders who contribute to United Way’s community-focused efforts. With their support, we are uniquely positioned to translate this data into meaningful action to strengthen the economic well-being of all Alabamians.

We hope you will join us in this important effort, because United is the Way we improve lives and create lasting change.

Sincerely,



A handwritten signature in black ink that reads "Becky Booker".

Becky Booker
Executive Director
United Ways of Alabama



A handwritten signature in black ink that reads "Shannon Jenkins".

Shannon Jenkins
President & CEO
United Way of East Central Alabama

ALICE ONLINE

Visit UnitedForALICE.org to explore the interactive data and resources that accompany this Report. Click the icons below to get started.

 National Overview National data and state comparison	 ALICE Demographics State, county, and regional demographic data	 ALICE Household Budgets State, county, and regional budgets
 Mapping Tool NEW Explore data for all available geographies (state, county, municipality, ZIP code)	 Income Status Tool NEW Input income, household type, and location to see household ALICE status	 County Reports All available county data in a shareable format
 Legislative District Tool See data by state upper and lower chambers and congressional district	 Economic Viability Dashboard Key data on work, housing, and community resources	 ALICE Essentials Index Data on change over time in the cost of household basics
 Data Sheet State ALICE data over time and by location	 Wage Tool Identify counties where select hourly wages can support basic costs	 ALICE in Focus A closer look at hardship for children, people with disabilities, and veterans
 Methodology Sources and calculations used in the ALICE research	 Research Advisory Committees Learn about the members and roles of these critical groups	 National ALICE Team Meet members of the United For ALICE staff
 ALICE Voices NEW Hear directly from ALICE or share your own ALICE story	 ALICE in Action NEW Programs, practices, and policy changes implemented by the ALICE network	 ALICE Videos Videos that highlight ALICE stories, research, and partner impact

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ALICE RESEARCH & METHODOLOGY

This ALICE Report for Alabama provides the most comprehensive look at the population called **ALICE – households that have income above the [Federal Poverty Level](#) (FPL) but struggle to afford household basics**. This Report includes a detailed point-in-time snapshot of economic conditions across the state in 2023, as well as key data and trends from the Great Recession through the COVID-19 pandemic and beyond.

Two pillars of the ALICE measures are household costs and income. **The ALICE Household Survival Budget** calculates the cost of household essentials for each county in Alabama and relies on a wide range of public data sources for the budget items of housing, child care, food, transportation, health care, and technology, plus taxes and cost overruns estimated at 10% of the budget (see details on page 2). Household Survival Budgets are calculated at the county level, as counties are the smallest jurisdiction for which there is reliable data across the country.

Household costs are compared to income to determine if households are **below the ALICE Threshold**. This category includes both households in **poverty**, with income below the FPL, and those that are **ALICE**, with income above the FPL but below the cost of basics.

Income data is based on estimates from the [U.S. Census Bureau's American Community Survey](#) (ACS) – both [household tabulated data](#) and individual data from the [Public Use Microdata Sample](#) (PUMS) records. In addition, this Report includes our analysis of two surveys that capture the experiences of a nationally representative sample of households:

- [Federal Reserve Board's Survey of Household Economics and Decisionmaking \(SHED\)](#), October 2023
- [U.S. Census Bureau's COVID-19 Household Pulse Survey \(Household Pulse Survey\)](#), part of the Census Experimental Series, which captures short-turnaround results and therefore should be interpreted with some caution. Time periods include August 19–August 31, 2020, and January to October 2024.

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

KEY TERMS

ALICE: Asset Limited, Income Constrained, Employed – households with income above the Federal Poverty Level (FPL) but below 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 Alabama (housing, child care, food, transportation, health care, and technology) plus taxes, adjusted for all U.S. counties and various household compositions

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

Data Notes: The income data used in this Report relies on ACS estimates. The ACS is based on a representative sample of housing units and people; therefore, these estimates have a degree of uncertainty. Some data points are geographic averages; others are one- or five-year averages depending on population size (see the [Data Sheet](#) for details). Percentages are rounded to whole numbers, sometimes resulting in percentages totaling 99% or 101%. ALICE analysis includes households regardless of work status, as employment is fluid and most households have members who are working, have worked, are out on disability, or are looking for work. ALICE analysis does not include people who are unhoused or living in group quarters.

ALICE Household Survival Budget

Description and Sources

Housing	110% of Fair Market Rent (FMR). Unit size and type correspond to the household (i.e., an efficiency apartment for one person, a one-bedroom rental for two people), including utilities, adjusted in metro areas using Small Area FMR. Source: <i>U.S. Department of Housing and Urban Development</i>
Child Care	Cost for registered Family Child Care Homes for infants (0–2 years), preschool-age children (3–4 years), and school-age children (5–12 years) Source: <i>Alabama Cost of Child Care Study, 2024</i>
Food	USDA Thrifty Food Plan by age, with county variation from Feeding America Sources: <i>Feeding America; U.S. Department of Agriculture (USDA)</i>
Transportation	Operating costs for a car (average daily miles by age, cost per mile, license, fees, and insurance), or public transportation where viable Sources: <i>AAA, Federal Highway Administration, National Association of Insurance Commissioners (NAIC) (car); Consumer Expenditure Survey (CEX) (public transportation)</i>
Health Care	Health insurance premiums based on employer-sponsored plans plus out-of-pocket costs for households with \$40,000–\$69,999 annual income by age, weighted with the poor-health multiplier. For the ALICE 65+ Survival Budget, cost of Medicare Parts A and B, out-of-pocket costs, plus average out-of-pocket spending for the top five chronic diseases as reported by CMS. Sources: <i>Centers for Medicare & Medicaid Services (CMS); CEX (health); Medical Expenditure Panel Survey (MEPS)</i>
Technology	Basic broadband internet at home and a smartphone plan with unlimited data for each adult in a household Source: <i>Consumer Reports; USTelecom</i>
Miscellaneous	Cost overruns estimated at 10% of the budget, excluding taxes, to cover one-time unanticipated costs within the other categories
Taxes	Taxes are based on the household income needed to cover the Household Survival Budget. They include federal payroll taxes (Social Security and Medicare) and federal and state income taxes, as well as the federal Child Tax Credit and the Child and Dependent Care Tax Credit. (Some localities in Alabama collect local income taxes; these are not included.) Tax calculations are prepared by the Federal Reserve Bank of Atlanta (FRBA) using their Policy Rules Database . Sources: <i>Internal Revenue Service; Tax Foundation</i>

For more details, see the 2025 [ALICE Research Methodology Overview](#).

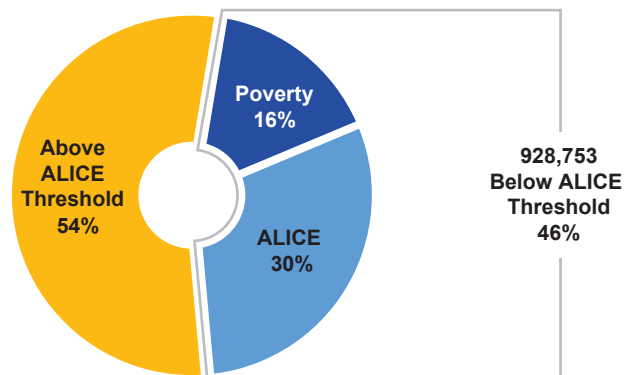
ALICE IN ALABAMA: EXECUTIVE SUMMARY

The number of households in financial hardship in Alabama is undercounted by official measures. According to the Federal Poverty Level (FPL), 16% of households in Alabama (324,705) were in poverty in 2023. Yet United For ALICE data shows that another 30% (604,048 households) – almost twice as many – were **ALICE** (**A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed). ALICE households have income above the FPL, but not enough to afford the basics in the communities where they live.

The reality is that out of the 2,024,236 households in Alabama, 928,753 – 46% – had income below the ALICE Threshold of Financial Survival in 2023. These included both households in poverty and ALICE households.

The crux of the problem is a mismatch between earnings and the cost of basics. The **ALICE Household Survival Budget** for an Alabama family of four in 2023 was \$76,932, well above the FPL of \$30,000 and full-time earnings for most low-wage jobs in the state. For example, retail salespersons (one of the most common occupations in Alabama) earned a median hourly wage of \$13.80 – not enough to cover the ALICE Household

Total Households in Alabama=2,024,236



Survival Budget for one worker employed full time (\$14.30 per hour), much less for a family with children, even with two adults working (combined wage of \$38.47 per hour)

ALICE Household Survival Budget, Alabama, 2023

	Single Adult (Age 18–64)	Single Adult (Age 65+)	2 Adults, 1 Infant, 1 Preschooler
Monthly Costs			
Housing	\$714	\$714	\$940
Child Care	-	-	\$1,264
Food	\$468	\$431	\$1,270
Transportation	\$417	\$347	\$945
Health Care	\$186	\$518	\$731
Technology	\$86	\$86	\$116
Miscellaneous	\$187	\$210	\$527
Taxes	\$325	\$383	\$618
Monthly Total	\$2,383	\$2,689	\$6,411
ANNUAL TOTAL	\$28,596	\$32,268	\$76,932
Full-Time Hourly Wage	\$14.30	\$16.13	\$38.47

Note: Tax Credits include the Child Tax Credit (CTC) and the Child and Dependent Care Tax Credit (CDCTC). Full-time hourly wage represents the wage needed at 40 hours per week to support the annual total, with credits. For a family of four, this represents the combined wage needed for two workers. The Household Survival Budget is a bare-minimum budget. Many households incur higher costs, especially for housing.

Sources: AAA, 2023; Alabama Cost of Child Care Study, 2024; American Community Survey, 2023; Bureau of Labor Statistics, 2023–Consumer Expenditure Surveys; Bureau of Labor Statistics, 2023–Occupational Employment Statistics; Centers for Medicare & Medicaid Services, 2023–Medicare - Chronic Conditions; Centers for Medicare & Medicaid Services, 2020–Medicare Current Beneficiary Survey; Centers for Medicare & Medicaid Services, 2023; Consumer Reports, 2022; Federal Reserve Bank of Atlanta–Policy Rules Database, 2023; Federal Highway Administration, 2022; Feeding America, 2023; Internal Revenue Service, 2023; National Association of Insurance Commissioners, 2024; Tax Foundation, 2023; U.S. Department of Agriculture, 2023–Official USDA Food Plans; U.S. Department of Housing and Urban Development, 2023–Fair Market Rents and Small Area FMR; USTelecom, 2022.

To see the Household Survival Budget for all counties in Alabama, go to UnitedForALICE.org/Household-Budgets/Alabama

Key Findings

- **The cost of basic needs in Alabama:** In 2023, the average cost of household basics (housing, child care, food, transportation, health care, and technology) plus taxes in Alabama was \$28,596 for a single adult (compared to the FPL at \$14,580) and \$76,932 for a family of four with two adults, an infant, and a preschooler (compared to the FPL at \$30,000). The cost of living varied widely across Alabama: The Household Survival Budget for a family of four was lowest at \$66,444 per year in DeKalb County and highest at \$87,876 per year in Madison County.
- **Inflation and household essentials:** The cost of basics is increasing faster than wages in Alabama. The ALICE Essentials Index for Alabama, which tracks change over time in the cost of household basics, rose on average 3.0% annually between 2007 and 2023. For context, the median wage for one of the most common occupations in Alabama, a retail salesperson, increased only 2.7% annually from 2007 to 2023.
- **ALICE demographics:** In 2023 there were households below the ALICE Threshold across all demographic groups in Alabama. However, certain groups were more likely to experience hardship due to [systemic racism](#), [ageism](#), [gender discrimination](#), and [geographic barriers](#) that limit many families' access to resources and opportunities for financial stability. For example:
 - » **By age**, the youngest (under age 25) and oldest (age 65+) households had the highest percentages below the ALICE Threshold (74% and 53%, respectively).
 - » **By race/ethnicity**, 61% of Black and 52% of Hispanic households were below the ALICE Threshold in Alabama due to longstanding systemic barriers, compared to 40% of White households.
 - » **By household type**, single-female-headed families with children were more likely to be below the ALICE Threshold (82%) than single-male-headed (59%) or married-parent households (18%). Among single or cohabiting households without children, nearly half (45%) were below the Threshold.
 - » **By location**, households in predominantly rural counties were slightly more likely to be below the ALICE Threshold (50%) than those in predominantly urban counties (45%).
- **Trends in Alabama:** Between 2010 and 2023, the total number of households in Alabama increased by 11%, the number of households in poverty remained flat, and the number of ALICE households increased by 20%. Behind these overall trends, there were important changes in the numbers of families with children and 65+ households. In addition, housing affordability continued to be a challenge, and basic costs continued to outpace wages in low-wage jobs.
- **Work and wages:** Of the 20 most common occupations in Alabama, 14 paid less than \$20 per hour in 2023. And of the workers in these top 20 occupations, 33% lived in households below the ALICE Threshold. Occupations with the largest share of these workers included nursing assistants, cashiers, fast food and counter workers, waiters and waitresses, and cooks.
- **Savings and assets:** Lack of savings makes it difficult for ALICE households to weather economic disruptions, let alone plan for goals like homeownership or retirement. In 2023, only 25% of SHED respondents below the ALICE Threshold in the [East South Central Census Division](#) (which includes Alabama) had emergency savings or rainy day funds, compared to 68% of respondents above the Threshold.
- **Public assistance:** Most public assistance does not reach all households in need. For example, only 44% of all Alabama households in poverty and 17% of all ALICE households in the state participated in SNAP in 2023.
- **Ongoing hardship for ALICE families:** The latest data from the 2024 Household Pulse Survey shows that more than half (56%) of respondents below the ALICE Threshold in Alabama reported that it was somewhat or very difficult to pay for usual items such as food, rent or mortgage, car payments, and medical expenses. These families are also especially vulnerable to natural disasters, such as tornados, hurricanes, floods, and severe storms.
- **Stable households, stronger communities:** In Alabama in 2023, bringing all households to the ALICE Threshold would have cost \$19.8 billion; the benefits include new spending that spurs economic growth as well as new resources and capacity for long-term community investment and engagement.

The data included in this Report primarily spans the period from 2010 to 2023 (latest data available) and therefore does not reflect policy or funding changes that have occurred since. However, the ALICE research provides an important baseline and context to inform current conversations and decision making.

WHAT DOES IT COST TO LIVE IN ALABAMA?

Traditional economic measures underestimate both the actual cost of basic needs and the number of households that can afford them, concealing important aspects of the local and national economy. Two ALICE tools provide a more accurate estimate of the cost of living and a clearer way to track how many households are struggling in Alabama.

The [ALICE Household Budgets](#) capture the cost of the basics that households need to live and work in the current economy in each county, and the [ALICE Essentials Index](#) provides a measure to track changes in the costs of these basics. This section explores these tools and highlights the challenges ALICE families face in meeting basic needs.

The Cost of Basics

United For ALICE provides two basic budgets: the ALICE Household Survival Budget and the ALICE Household Stability Budget. Both budgets are available for all Alabama counties and can be calculated for various household compositions.

The **ALICE Household Survival Budget** is an estimate of the minimal total cost of household essentials – housing, child care, food, transportation, health care, and technology – plus taxes and a miscellaneous contingency fund equal to 10% of the budget. It does not include savings, auto repairs, cable service, travel, laundry costs, or simple comforts such as holiday gifts or dinner at a restaurant. It's just the essentials.

This budget varies by location due to differences in local costs. In 2023, household basics in Alabama were least expensive for a family of four in DeKalb County (\$66,444 per year), and for a single adult in Marion County (\$25,356). Essentials were most expensive for a family in Madison County (\$87,876) and for a single adult in Shelby County (\$35,892).

By comparison, instead of estimating minimal costs, the **ALICE Household Stability Budget** estimates the costs of a realistic, sustainable budget over time. The cost in each category is higher, reflecting modest improvement in quality and availability, and the budget includes a savings category equal to 10% of the budget total.

THE FEDERAL POVERTY LEVEL (FPL)

The [FPL was formulated in the 1960s](#) based on the cost of a minimum food diet multiplied by three, because food was assumed at the time to make up one-third of a family budget. By [statute](#), the measure is increased each year based on the Consumer Price Index (CPI). However, with broad shifts in society and work requirements, family expenses have changed. Food costs rarely account for one-third of a budget, and percentages vary widely by [income level](#), geography, and ages of household members. As a result, the FPL has become detached from current family economics and is no longer an accurate measure of financial hardship. **The Household Survival Budget corrects these issues and reveals the extent of the FPL's inadequacies.**

Yet despite its shortcomings, 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.**

The actual cost of household basics in every county in Alabama is well above the FPL for all household sizes and compositions (Figure 1). In 2023, the FPL was \$14,580 for a single adult, compared to an average of \$28,596 for the annual ALICE Household Survival Budget across Alabama. The cost differential was even larger for families: The FPL for a four-person family was \$30,000 in 2023, while the Household Survival Budget for a family with two adults, an infant, and a four-year-old in Alabama was \$76,932. And both budgets were substantially lower than the average Household Stability Budget for Alabama, which reached \$47,976 for a single adult and \$117,288 for a family of four.

ALICE BUDGETS FOR ALL COUNTIES AND HOUSEHOLD COMPOSITIONS

Itemized ALICE Household Survival and Stability Budgets for all Alabama counties (and groups of counties) and for numerous household compositions are available at UnitedForALICE.org/Household-Budgets/Alabama.

Figure 1. The Cost of Basic Needs is Well Above the Federal Poverty Level

ALICE Household Budgets and the FPL, Alabama, 2023

	Federal Poverty Level <u>Census poverty thresholds</u> by number of people in a household but not by age or geography	ALICE Household Survival Budget The cost of the essentials needed to live and work in the current economy, by household type and location	ALICE Household Stability Budget The cost of supporting and sustaining an economically viable household over time, including a contingency for savings
Single Adult			
Monthly Total	\$1,215	\$2,383	\$3,998
Annual Total	\$14,580	\$28,596	\$47,976
Family of Four			
Monthly Total	\$2,500	\$6,411	\$10,207
Annual Total	\$30,000	\$76,932	\$117,288

Note: Family of four includes two adults and two children in child care (one infant, one four-year-old).

Sources: ALICE Household Survival Budget, 2023; Assistant Secretary for Planning and Evaluation (ASPE), HHS poverty guidelines for 2023, U.S. Department of Health and Human Services, 2023

Not Enough Income to Cover Basic Costs

When wages cannot cover basic household costs, families struggle to make ends meet. ALICE workers perform jobs that keep Alabama's economy running smoothly, such as cashiers, nursing assistants, office clerks, servers, laborers, and security guards. Yet despite wage increases through the pandemic and into 2023, many ALICE workers still could not cover the increased cost of household basics, and their families continued to struggle to make ends meet.

Figure 2 compares the Household Survival Budget costs for a family of four with two adults, an infant, and a preschooler to the full-time wages of two common Alabama occupations, a personal care aide (earning \$11.45 per hour) and a stock worker/order filler (earning \$15.37 per hour). In 2023, this household's annual income fell short of basic costs by \$21,162, or 28% of their income. (For more data on how basic costs are increasing, see the [ALICE Essentials Index](#).)

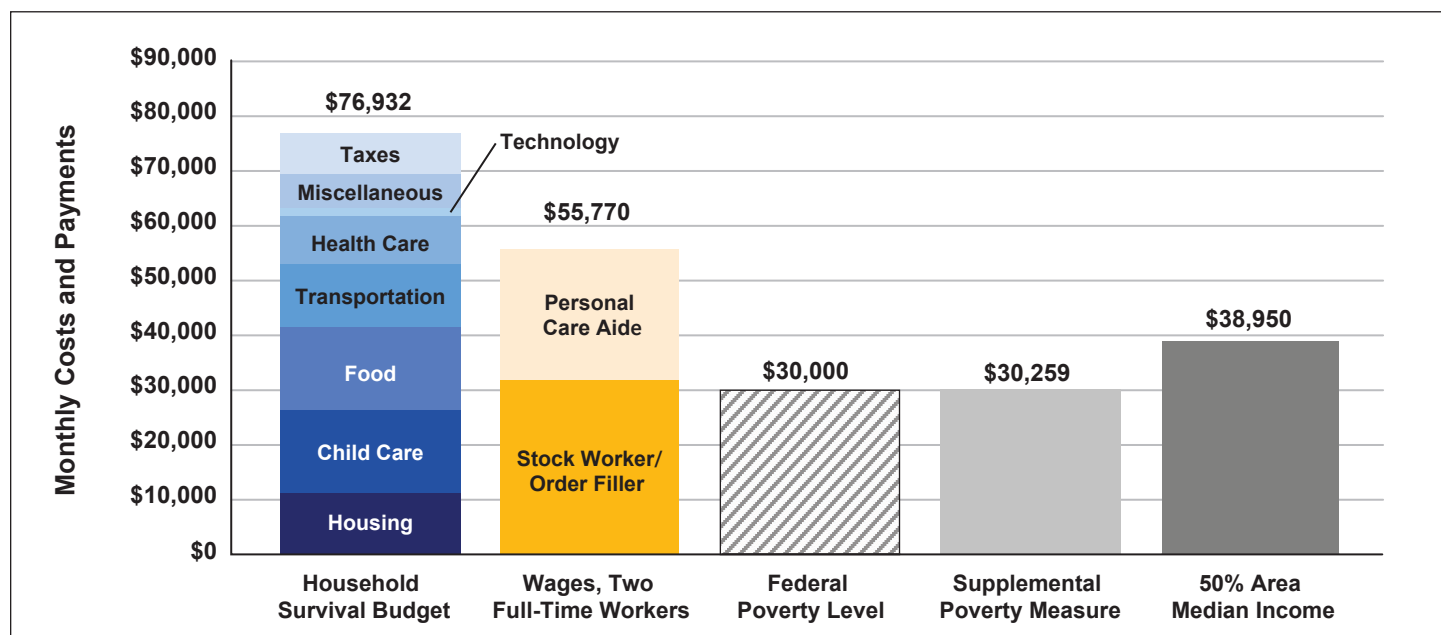
Figure 2 also shows that **government measures underestimate the cost of basics and the number of households facing financial hardship**:

- **The Federal Poverty Level (FPL)**: The FPL relies on an [outdated methodology](#) for household costs; it does not account for cost-of-living differences within and across the continental U.S.; and it is adjusted by the Consumer

Price Index, which underestimates inflation in essential costs. **In 2023, Household Survival Budget costs in every Alabama county were well above the FPL of \$14,580 for a single adult and \$30,000 for a family of four.**

- **The Supplemental Poverty Measure (SPM)**: First published by the U.S. Census Bureau in 2011, the SPM is based on the costs of food, clothing, shelter, and utilities. In 2023, the SPM threshold for a renter household with two adults and two children in Alabama was \$30,259, virtually the same as the FPL.
- **Area Median Income (AMI)**: The AMI is the midpoint of income distribution within a geographic area (half of households earn more, half earn less). Percentages of AMI are used for federal housing assistance; very low-income households earn less than 50% of AMI, the typical threshold for Section 8 eligibility. AMI is based on income, not costs, so it does not capture whether households can afford basic expenses. In Alabama in 2023, for a four-person household, 50% of AMI was \$38,950 – slightly more than the FPL and the SPM, but still well below the Household Survival Budget.

Figure 2. Basic Costs Exceed Wages of Common Jobs and Official Measures of Hardship
Annual Budget, Wages, and Official Measures of Financial Hardship, Family of Four, Alabama, 2023



Note: [Personal care aides](#) monitor the condition of people with disabilities or chronic illnesses and help them with daily living activities. [Stock workers/order fillers](#) receive, store, and issue merchandise, materials, equipment, and other items from stockrooms, warehouses, or storage yards, and may operate power equipment to fill orders.

Sources: ALICE Household Survival Budget, 2023; Bureau of Labor Statistics–Occupational Employment Statistics, 2023; U.S. Census Bureau, Supplemental Poverty Measure, 2023; U.S. Department of Housing and Urban Development, [Area Median Income](#) (Alabama Income Limits), 2023.

See page 2 for Household Survival Budget sources and visit UnitedForALICE.org/Household-Budgets/Alabama to see the Household Survival Budget for all counties and for numerous household compositions.

Increasing Costs: The ALICE Essentials Index

When prices increase faster than wages, people’s purchasing power decreases, and the economy struggles. Inflation is especially challenging for families on a tight budget or a fixed income, like ALICE households.

The increase in the cost of basics is what affects ALICE households the most. Yet that increase is often concealed in the standard measure of inflation, the Bureau of Labor Statistics’ **Consumer Price Index** (CPI), which tracks the change in the retail price of a broad basket of goods and services purchased by consumers in [75 urban areas](#). The CPI is composed of [more than 200 categories](#), including food and beverages, housing, apparel, transportation, medical care, recreation, education, and communication services.

By contrast, the **ALICE Essentials Index** focuses specifically on the budgetary realities that ALICE families face. The Index tracks the change in the cost of only six basic goods and services essential to living and working in the current economy: housing, child care, food, transportation, health care, and basic smartphone and home broadband internet plans. And it shows that the rise in the cost of household basics far outpaces

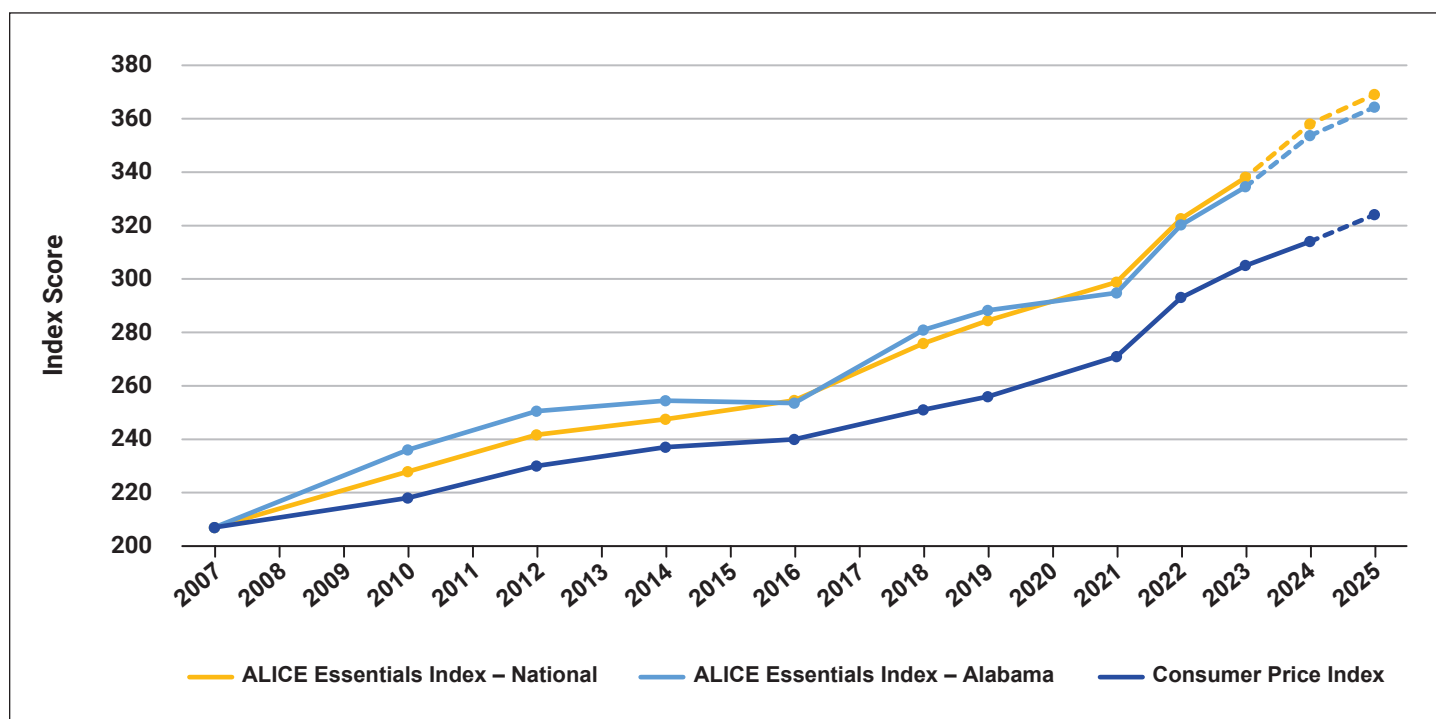
increases in the cost of the CPI’s larger basket of goods and services.

ALICE households have long been disproportionately impacted by inflation. During the economic recovery in the wake of the pandemic, inflation surged, and many consumers had to cut or tighten spending to stay within their budgets. But ALICE households had already been struggling with higher rates of inflation in essential household goods for years. And since they only purchased necessities, they had little to no leeway to cut spending.

In Alabama and across the country, the ALICE Essentials Index has increased faster than the CPI for more than a decade (Figure 3). From 2007 to 2023, the average annual rate of increase for the ALICE Essentials Index was 3.0% in Alabama, very close to the national average of 3.1%. By contrast, CPI (which does not report by state) increased by [2.5% in the South Census Region](#) and [2.5% nationally](#) during the same period, and the median wage for one of the most common occupations in Alabama, a retail salesperson, increased by only 2.7%.

Figure 3. Basic Costs Increase Faster Than the Consumer Price Index

Alabama ALICE Essentials Index, National ALICE Essentials Index, and National CPI, 2007–2023



Note: In this figure, the ALICE Essentials Index was adjusted to the CPI base value of 2007. Inflation comparison is 2007–2023; rates for 2024 and 2025 are projections.

Sources: ALICE Essentials Index, 2007–2023; Bureau of Labor Statistics–Consumer Price Index, 2007–2024. For more information, visit [UnitedForALICE.org/Essentials-Index](https://unitedforalice.org/essentials-index).

In Alabama, the state ALICE Essentials Index outpaced the national ALICE Essentials Index and CPI through 2012, largely in response to the state’s rising housing costs. The change in costs in the Alabama Index have almost matched those of the national Index since 2016.

The increase in the cost of basics makes it difficult for ALICE workers to keep up. [Wages have continued to grow](#) in Alabama, at a [faster rate than nationally](#), but generally starting at a lower point. Wage increases help households cover costs, but they have generally not been enough to keep up with increasing prices or make up for years of falling behind. For example, in 2010, [retail sales workers](#) – selling goods ranging

from clothes to appliances to cars – earned a median wage of \$9.19 per hour (\$19,110 annually for full-time work) in Alabama. This worker’s household fell \$10,730 short of the annual Household Survival Budget for a family with one adult and one school-age child (\$29,840). By 2023, the median wage for this occupation increased by 50%, to \$13.80 per hour (\$28,700 annually, full-time). Yet the annual Household Survival Budget for one adult and one school-age child grew by 40% (to \$41,916), leaving these essential workers \$13,216 short of covering basic costs – in absolute terms, even further behind than they were in 2010.

WHO IS ALICE? DEMOGRAPHICS

Economic changes as well as disasters, including the pandemic, have created ongoing challenges for low-income households and have impacted vulnerable households in Alabama – those below the ALICE Threshold – the most. Disparities and vulnerabilities have long existed in Alabama, with substantial differences in rates of hardship by age, race/ethnicity, household type, and location.

Financial Hardship by Age, Race/Ethnicity, and Household Type

In Alabama in 2023, rates of financial hardship differed substantially between groups, a result of multiple factors including [systemic racism](#), [ageism](#), [gender discrimination](#), and [geographic barriers](#) that limited many families' access to resources and opportunities for financial stability.

- **Age:** By age of householder, the youngest and oldest Alabama households had the highest rates of financial hardship in 2023: 74% of households headed by someone under age 25 and 53% of households headed by someone age 65 and over lived below the ALICE Threshold. By comparison, rates were lower for those in their prime working years, with 42% of households headed by people age 25–44 and 39% of households headed by those age 45–64 living below the Threshold.
- **Race/ethnicity:** Rates of financial hardship differed substantially by race/ethnicity in Alabama. In 2023, the largest number of households below the ALICE Threshold were White (529,722), making up 40% of all White households. Black households were the next largest group below the Threshold (318,417), yet they made up 61% of all Black households. There were also 37,861 Hispanic households below the Threshold, making up 52% of all Hispanic households, and 31,700 households headed by someone of Two or More Races, making up 52% of all households headed by someone of Two or More Races. In addition, 55% of American Indian/Alaska Native households, 50% of Native Hawaiian/Pacific Islander households, and 35% of Asian households in Alabama were below the Threshold.



- **Household type:** In 2023, nearly half (45%) of single or cohabiting households without children headed by someone under age 65 – the most common household type in the state – were below the ALICE Threshold.

Among families with children, most [attention has focused on poverty](#). In Alabama, 21% of households with children were in poverty in 2023. But another 18% lived in ALICE households that were struggling to meet their basic needs. In total, 39% of households with children were below the ALICE Threshold. Notably, there were substantial disparities in financial hardship by family type: 82% of single-female-headed families and 59% of single-male-headed families were below the Threshold in 2023, compared to 18% of married-parent families.

Figure 4 paints a clear picture of the number and share of households in hardship for different demographic groups compared to the state average. For all households in Alabama, 16% were in poverty and 30% were ALICE in 2023.

Figure 4. Financial Hardship Varies Substantially by Demographic Group

Key Demographic Groups, Alabama, 2023

	Total	Below ALICE Threshold	Poverty ALICE Above ALICE Threshold		
ALL HOUSEHOLDS	2,024,236	928,753	16%	30%	54%
AGE					
Under 25 Years	95,787	71,074	37%	37%	26%
25 to 44 Years	625,107	263,653	17%	26%	58%
45 to 64 Years	722,588	283,952	14%	25%	61%
65 Years and Over	580,754	310,074	14%	39%	47%
RACE/ETHNICITY					
American Indian/ Alaska Native	7,795	3,580	11%	34%	54%
Asian	24,989	8,865	9%	27%	65%
Black	526,084	318,417	17%	43%	39%
Hispanic	73,374	37,861	10%	42%	48%
Native Hawaiian/ Pacific Islander	761	382	11%	39%	50%
Two or More Races	65,945	31,700	12%	36%	52%
White	1,328,935	529,722	9%	31%	60%
HOUSEHOLD TYPE					
Married With Children	320,351	58,114	6%	12%	82%
Single-Female-Headed With Children	140,847	114,954	53%	29%	18%
Single-Male-Headed With Children	34,733	20,453	26%	32%	41%
Single or Cohabiting, Under 65, no Children	947,551	425,158	15%	30%	55%
RURAL/URBAN					
Rural	444,979	223,505	19%	31%	50%
Urban	1,579,257	705,248	15%	29%	55%

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

Sources: ALICE Threshold, 2023; U.S. Census Bureau, American Community Survey, 2023.

Financial Hardship by Location

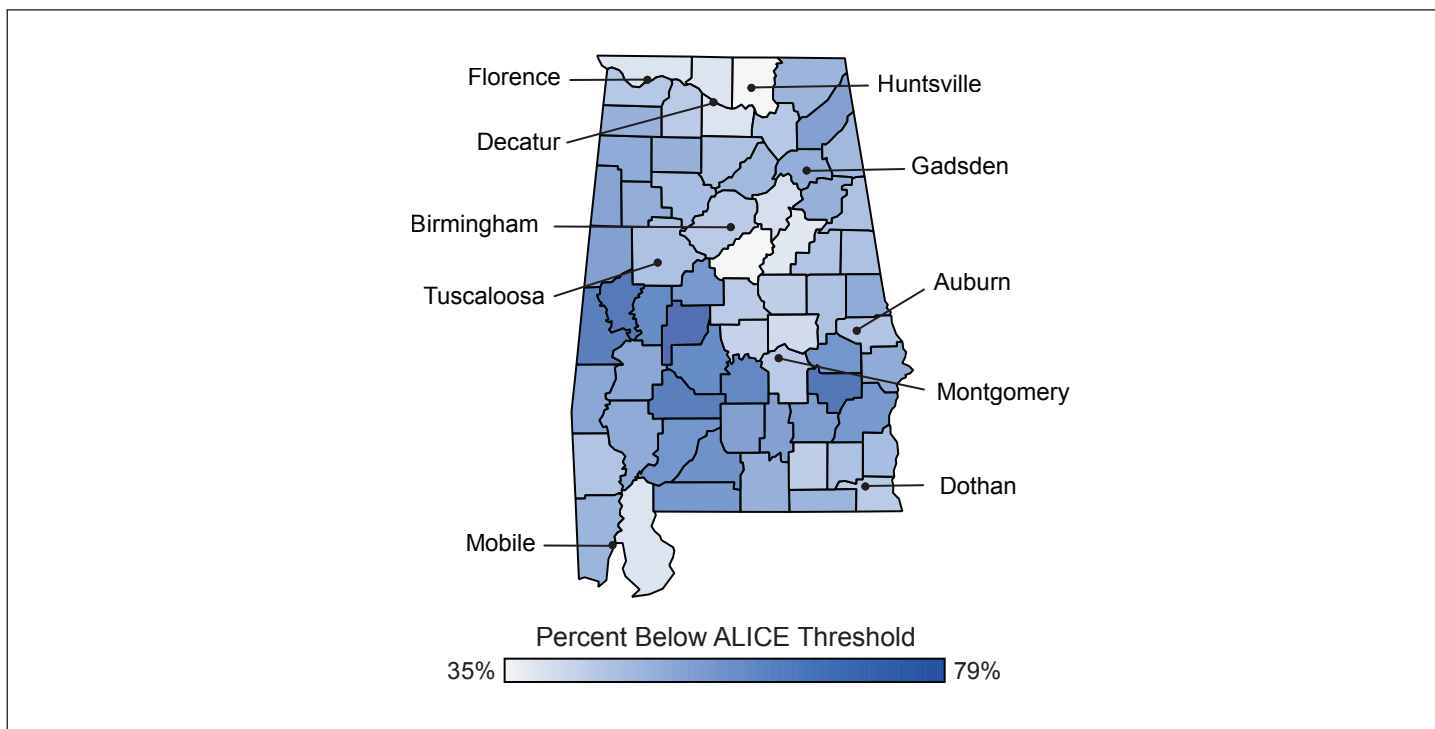
Financial hardship in Alabama varies by location – from region to region, county to county, and even within counties from one ZIP code to the next, depending on opportunities for employment, labor force participation, and the cost of living (Figure 5). In 2023, the percentage of households below the ALICE Threshold ranged from 35% in Madison County to more than 70% in Bullock, Greene, and Perry counties. But even greater variation was found within some counties. For example, in the county with the highest number of total households in the state, Jefferson County, the share of households below the ALICE Threshold ranged from 15% in ZIP code 35213 (including Mountain Brook) to 78% in ZIP code 35204 (including Smithfield), only a few miles away. For more county detail,

visit the County Reports on our website: UnitedForALICE.org/County-Reports/Alabama.

Rates of hardship also differed between rural and urban areas of the state. [Most Alabama residents](#) live in an urban area (though there are different definitions of urban, suburban, and rural). According to the USDA, more than 1.5 million Alabama households lived in predominantly urban counties in 2023, and 45% of these households were below the ALICE Threshold. For the 444,979 Alabama households living in predominantly rural counties, the rate of financial hardship was even higher, at 50% (Figure 4).

Figure 5. ALICE Lives in Every County of the State

Financial Hardship by County, Alabama, 2023



Note: For more details, see the County Comparison: Income Status table at the end of this Report. To see interactive ALICE maps, go to UnitedForALICE.org/Maps/Alabama

Sources: ALICE Threshold, 2023; American Community Survey, 2023

Alabama also has tribal lands, comprising one federal and one state American Indian reservation and six State Designated Tribal Statistical Areas (SDTSAs). While the populations on the two reservations are majority-American Indian/Alaska Native, the ACS reports a range of races and ethnicities among people living on the state's SDTSAs. In 2023, rates of hardship ranged

from 33% in the Echota Cherokee SDTSA, the second-largest tribal area, to 49% in Cher-O-Creek SDTSA, the largest tribal area, to 80% in the smallest tribal area, Poarch Creek Reservation and Off-Reservation Trust Land, which is Alabama's only federal reservation (Figure 6).

Figure 6. Rates of Hardship on Most American Indian Tribal Lands are Disproportionately High

Financial Hardship by American Indian Reservations, Off-Reservation Trust Lands, and Tribal Subdivisions, Alabama, 2023

American Indian Reservations, Off-Reservation Trust Lands, and Tribal Subdivisions	Total Households	% Poverty	% ALICE	% Below ALICE Threshold
Poarch Creek Reservation and Off-Reservation Trust Land (Escambia County)	148	43%	37%	80%
MOWA Choctaw (state) Reservation (Washington County)	Less than 100 households			
Cher-O-Creek SDTSA (Houston County)	34,365	18%	31%	49%
Cherokee Tribe of Northeast Alabama SDTSA (Marshall County)	5,290	17%	32%	49%
Echota Cherokee SDTSA (Madison and Morgan counties)	21,997	9%	24%	33%
Ma-Chis Lower Creek SDTSA (Coffee and Covington counties)	8,549	15%	31%	46%
Southeastern Mvskoke Nation SDTSA (Coffee and Covington counties)	2,393	22%	41%	63%
United Cherokee AniYunWiYa Nation SDTSA (Marshall County)	2,597	19%	28%	46%

Note: SDTSA = State Designated Tribal Statistical Area

Sources: ALICE Threshold, 2023; American Community Survey, 2023; U.S. Census Bureau, [TIGERweb](#), 2023

Demographic Trends

Population change: With the population aging in Alabama and across the U.S, the natural growth rate has slowed, and birth and death rates are becoming closer. At the same time, Alabama’s population has [increased steadily](#) over the last decade, driven by increased domestic migration and a decreasing number of deaths.

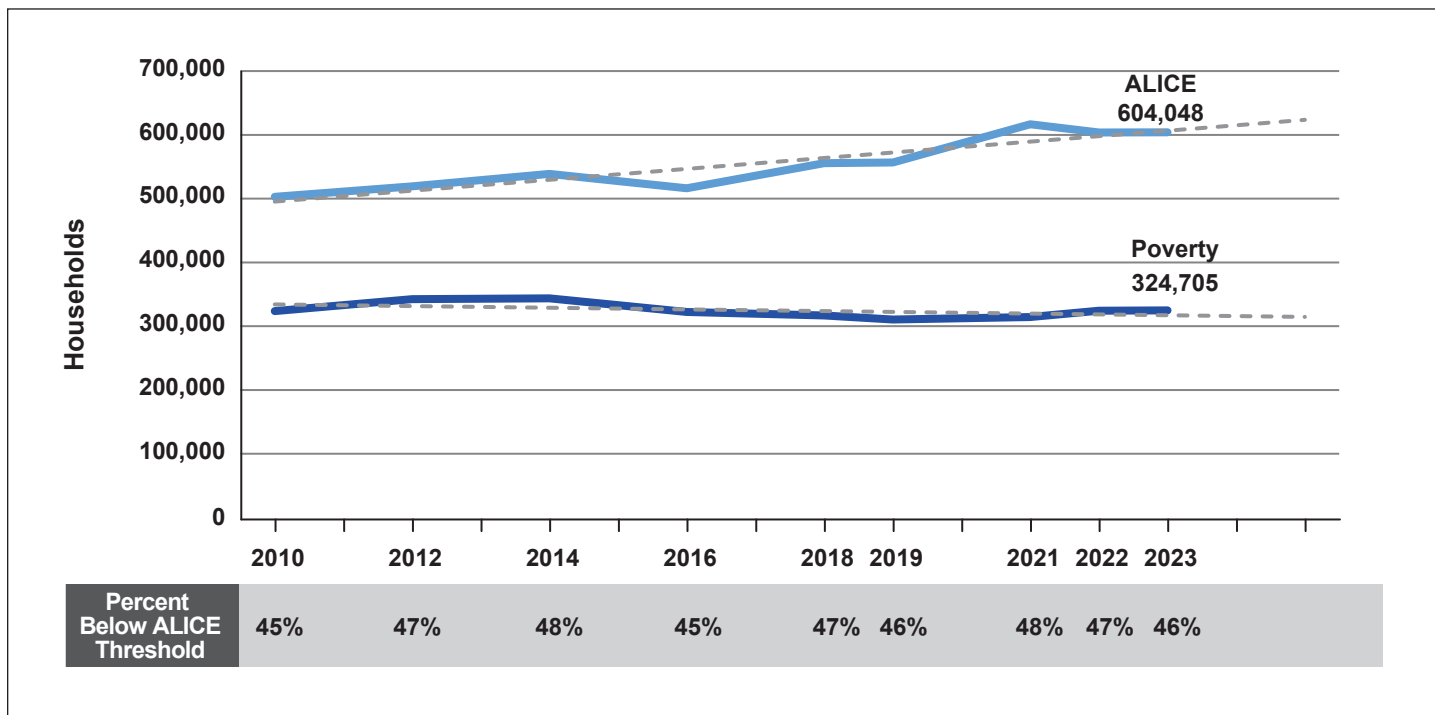
Household income status: Rates of financial hardship in Alabama have shifted over time (Figure 7). During the last major economic disruption – the Great Recession – the percentage of Alabama households below the ALICE Threshold increased from 35% in 2007 to 45% in 2010, and it has never returned to pre-Recession levels.

Since 2010, despite some ups and downs in rates of financial hardship, the trend has been clear: **The number of ALICE households in Alabama has been steadily growing.** From 2010 to 2023, the total number of households in the state increased by 11%, households in poverty remained flat, and the number of ALICE households increased by 20%.

Narrowing the focus to recent years, the rate of financial hardship in Alabama was 46% in 2019, increased to 48% during the peak of the pandemic in 2021, and returned to 46% in 2023.

Figure 7. ALICE Households Continue to Grow, While Households in Poverty Remain Largely Flat

Number of Households by Income, Alabama, 2010–2023



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 trend line is statistically significant at $p < 0.05$; however, the Poverty trend line is not statistically significant, and caution should be used when making predictions.

Sources: ALICE Threshold, 2010–2023; U.S. Census Bureau, American Community Survey, 2010–2023

Families with children: Following the national trend, the total number of Alabama households with children under age 18 declined from 2010 to 2023, falling 5%. This trend was driven by married-parent households, which fell in number from 335,274 in 2010 to 320,351 in 2023 (down 4%), and single-female-headed households, which fell from 152,299 in 2010 to 140,847 in 2023 (down 8%). The number of single-male-headed households decreased only slightly, falling from 34,857 in 2010 to 34,733 in 2023.

At the same time, the rate of financial hardship for these households remained flat, even during the pandemic with extra assistance targeted toward families with children. This was largely due to timing: [Pandemic assistance](#) filled in for lost wages (March 2020, December 2020, and March 2021) and was then phased out when jobs came back at the end of 2021 and 2022.

Older Americans: With the [aging of the Baby Boomer generation](#), households headed by people age 65 and over were the fastest-growing age group in Alabama (up 38% between 2010 and 2023). They were also the age group with the most

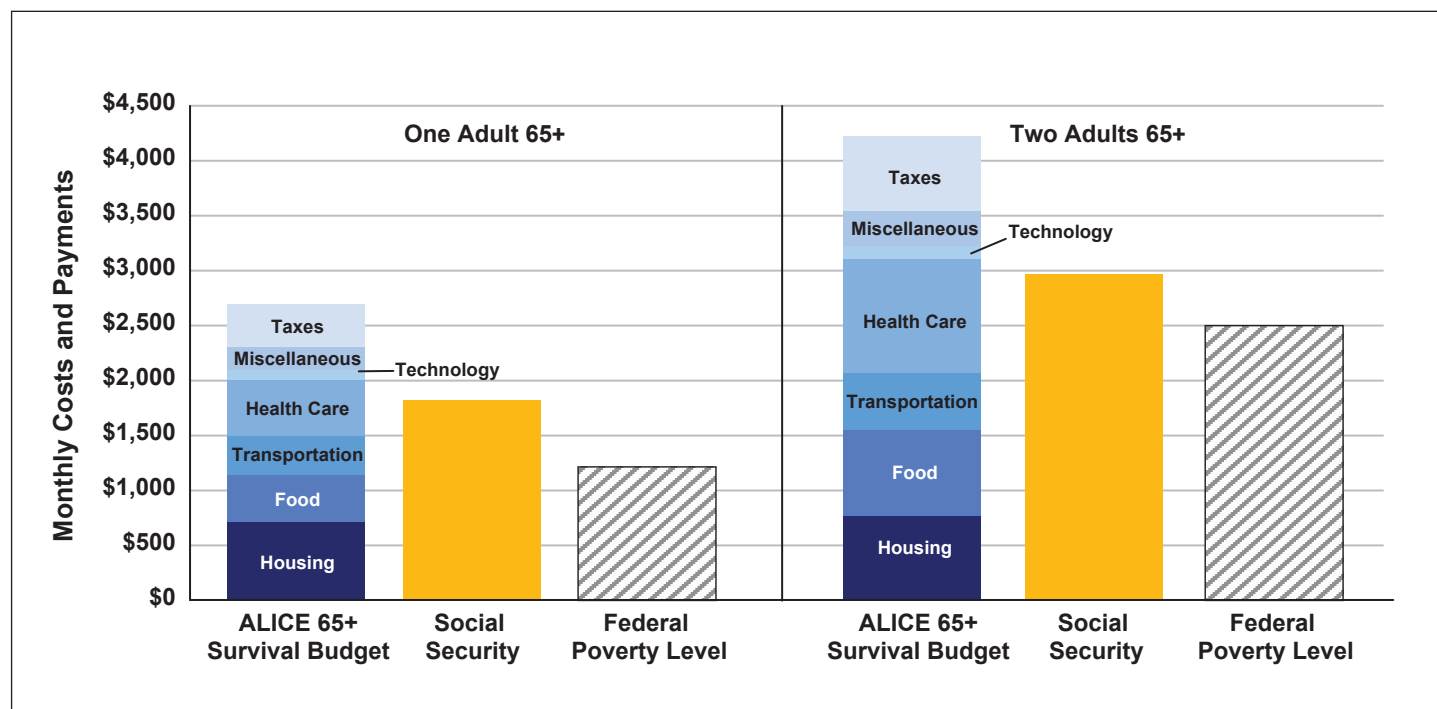
substantial increase in the number of households below the ALICE Threshold (reaching 53% of all 65+ households in 2023).

A key contributing factor to these high levels of hardship is the level of Social Security benefits. While Social Security helps [reduce the poverty rate for households headed by older adults](#) (14% in Alabama in 2023), benefits have not been enough to cover the costs in the ALICE 65+ Survival Budget and bring older adults to financial stability. As a result, for more than a decade, a substantial number of Alabama's 65+ households were ALICE (39% in 2023). In 2023, monthly costs for the ALICE 65+ Survival Budget for one adult were \$2,689. Those costs left a 65+ household with the [average Social Security payment](#) of \$1,827 short of meeting their basic needs by \$862 each month (Figure 8).

And with increasing costs and insufficient retirement savings, many older adults have needed to continue working. In 2023, more than 285,000 people age 65 and over living below the ALICE Threshold in Alabama did not have retirement savings beyond Social Security, and over 28,000 were working, according to ALICE analysis of [Public Use Microdata Sample \(PUMS\)](#) records.

Figure 8. Older Americans Struggle to Afford Basics on Social Security

Monthly ALICE 65+ Survival Budget Total, Average Monthly Social Security Payments, and the Federal Poverty Level, Alabama, 2023



Note: See page 3 for a breakdown of monthly ALICE 65+ Survival Budget costs.

Sources: ALICE 65+ Survival Budget, 2023 (see the ALICE [Methodology](#) for details); Social Security Administration, 2023; U.S. Department of Health and Human Services, 2023

Race/ethnicity: [Research on inequality](#) continues to show significant disparities in hardship by race/ethnicity over time, both in Alabama and across the U.S. Due to a change in the way the Census asked about [race and Hispanic origin](#) starting in 2020, the [Census urges caution](#) when comparing race data between years before and after 2020. State trends show that the [Alabama population is becoming more diverse](#) as the number of non-Hispanic Whites declined from 2010 to 2020 and more Alabamians identified as being of a different race, a mixture of races, or of Hispanic descent.

Migration: Alabama has experienced several types of migration – internally, both within the state and between counties; domestically, between states and regions; and internationally.

Within Alabama:

- The largest counties in Alabama – Jefferson, Madison, and Mobile – had the largest numbers of new residents in 2023. With the increased population, all saw an increase in the number of households below the ALICE Threshold. But as a percentage, Jefferson's rate dropped from 48% in 2010 to 45% in 2023, Madison's rate stayed flat at 34%, and Mobile's increased from 48% to 51%.
- The counties with the largest decrease in total households were mostly counties with smaller populations, and they saw the rate of households below the ALICE Threshold increase. For example, the total number of households in

Fayette, Marengo, and Perry counties fell by more than 13% while the percentage below the ALICE Threshold increased by 10 percentage points (Fayette from 40% to 53%, Marengo from 45% to 55%, and Perry from 65% to 76%).

- The total number of households in predominantly rural counties increased by 3% from 2010 to 2023, and the number of households below the ALICE Threshold increased by 8%.
- In predominantly urban counties, the total number of households increased by 14%, as did the number of households below the Threshold.

In terms of domestic migration, the largest number of [new residents](#) in 2023 came from Georgia, followed by Florida, Tennessee, Texas, and California. [United Van Lines' National Movers Study](#) reports that Dothan, Huntsville, Mobile, and Montgomery were the top cities in Alabama that people moved to in 2023.

Foreign-born residents accounted for 4% of the population in Alabama in 2023, up from 3% in 2010, with the [largest number of immigrants](#) being from Mexico, China, India, and Korea. The [counties](#) with the largest numbers of immigrants included Jefferson, Madison, and Mobile counties.



WHERE DOES ALICE FIT IN THE LABOR LANDSCAPE?

Workers below the ALICE Threshold increasingly bear the brunt of economic change and uncertainty as the workforce is required to incorporate new [technology and automation](#) and as employers increase [reliance on non-standard work arrangements](#) – like [hourly paid work](#), [part-time employment](#), and [gig work](#). These [arrangements](#) make it easier to [reduce work hours or cut employment](#) altogether when the economy ebbs (which happened to a large degree during the COVID-19 pandemic) and expand them when demand increases (which happens seasonally for a range of industries such as hospitality, recreation, and retail sales).

This section provides additional context about who is participating in the labor force; the impact of full-time versus part-time employment, unemployment, and underemployment; and wage growth in Alabama.

Alabama is one of the top states in the U.S. for economic growth. [Alabama's assets](#) – which include favorable tax and incentive programs for business, workforce training programs, energy availability, and access to qualified labor – have attracted global automakers (including Honda, Hyundai, Toyota, Mazda, and Mercedes), NASA, and large health centers and universities, as well as targeted investment from smaller businesses in [Alabama's rural areas](#).

Alabama's population is also growing. Affordability is listed as a [key factor](#) for people relocating to Alabama; new residents report it is less expensive but has comparable amenities to larger metropolitan areas in other states. This is especially important for younger job seekers as well as retirees. Alabama is ranked third by [U.S. News & World Report](#) for states where Social Security benefits go the furthest.

Alabama's top [five industries](#) based on employment are health care and social assistance, manufacturing, retail trade, accommodation and food services, and educational services. The [fastest-growing](#) industries from 2019 to 2023 were transportation and warehousing, professional and scientific services, information, and construction. Those with the biggest decline have been agriculture and mining.

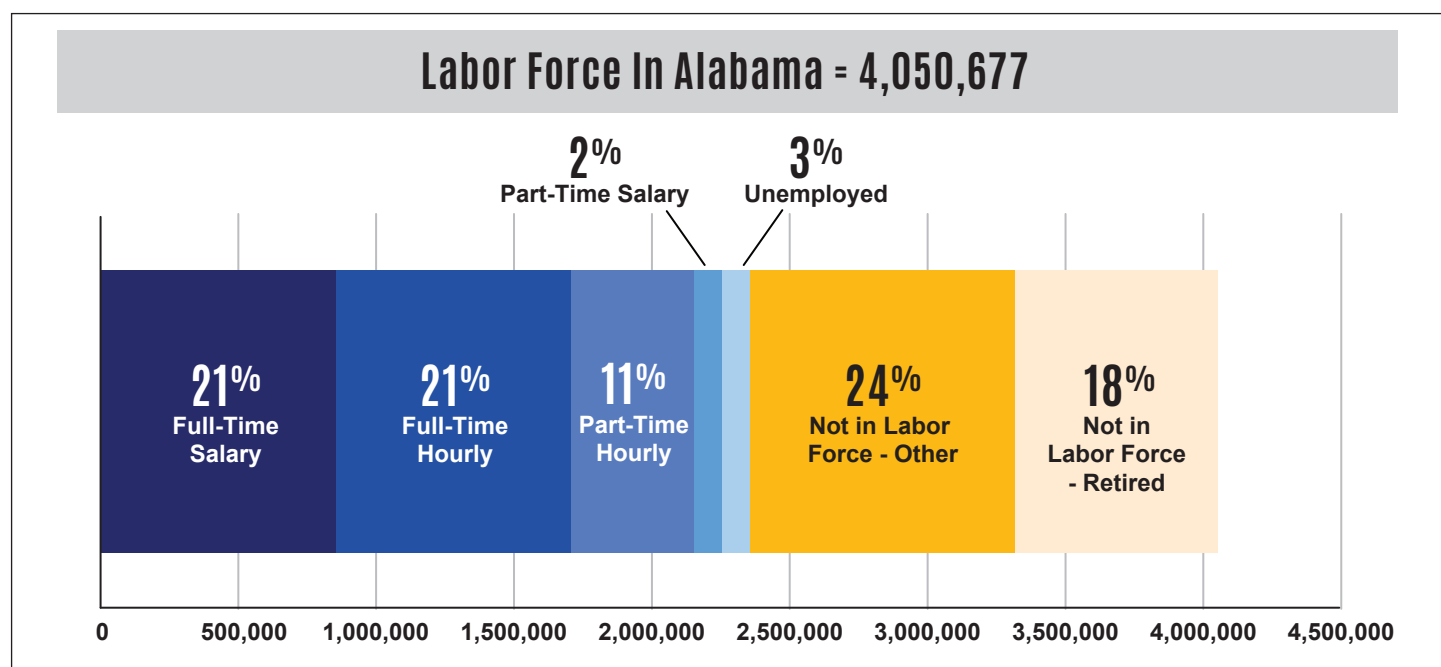
Alabama's job growth may cause challenges for both the state's infrastructure and labor force. Demand for workers is expected to be highest in the health care and manufacturing industry sectors. Job growth is projected to be faster than labor force growth. The [Center for Business and Economic Research](#) at The University of Alabama predicts a worker shortfall of 5.6% by 2030 and 9.2% by 2040.



In the Labor Force

Figure 9 is an overview of the labor status of Alabama's population age 16 and over in 2023. Of these 4 million people, 58% were in the labor force (blue bars in Figure 9, including full-time, part-time, and unemployed) and 42% were out of the labor force (gold bars).

Figure 9. Less Than One-Fourth of People Work Salaried, Full-Time Jobs
Labor Status, Population Age 16+, Alabama, 2023



Note: Data for full- and part-time jobs is only available at the national level; these national rates (approximately 50% of full-time workers and 82% of part-time workers paid hourly) have been applied to the total state workforce to calculate the breakdown shown in this figure. Full-time represents a minimum of 35 hours per week at one or more jobs for 48 weeks per year.

Sources: Federal Reserve Bank of St. Louis, 2023; U.S. Census Bureau, American Community Survey, 2023

Full- and part-time work: In 2023, only 21% of people age 16+ in Alabama had the security of a salaried full-time job; 34% were paid hourly and/or worked part time (Figure 9). When considering only those who were in the [labor force](#) (working or looking for work), the rate was even higher: Over half (59%) were paid hourly and/or worked part time. Workers who are paid by the hour are more likely to have fluctuations in income due to [schedule changes and variable hours](#), and they are [less likely to receive benefits](#), such as health insurance, paid time off, family leave, or retirement plans.

Unemployment: In 2023, 3% of Alabamians age 16 and over were unemployed – not currently working but looking for work in the prior four weeks (light blue bar in Figure 9). The unemployment rate for workers below the ALICE Threshold was notably higher than the overall state rate. To see more data on workers below the Threshold in your community, visit UnitedForALICE.org/ALICE-EVD.



Historically, unemployment rates have also been significantly higher for Black and Hispanic workers than for White workers. [Starting after the pandemic](#), unemployment rates for all workers fell, leading to the smallest-ever gaps in employment by race/ethnicity across the country and in Alabama. As recently as the fourth quarter of 2023, the [BLS unemployment rate](#) among people age 16+ in Alabama was 3% for Black workers and Hispanic workers and 2% for White workers.

Yet these low rates [conceal employment struggles](#), in particular for Black adults. In Alabama between 2018 and 2023, a much smaller share of the 16+ Black population participated in the labor force than did White adults. That comparison may even be underestimated because the population in the labor force does not include those who are incarcerated or discouraged workers, groups that are disproportionately Black in Alabama.

Underemployment: Many workers are unable to work full time due to family responsibilities, being in school or training, or dealing with illness, disability, or child care issues. Others work part time because their hours have been reduced; still others want to work more but struggle to find and secure full-time employment. In 2023 in Alabama, the [BLS underemployment rate](#) that captured these workers was 4%, but an extensive survey of the state's workforce by the [Institute for Social Science Research](#) reports that the underemployment rate could be as high as 22%.

Underemployment was particularly notable among parents: In Alabama, 29% of children lived in families that [lacked secure full-time employment](#) in 2023.

Out of the Labor Force

Another 42% of Alabamians age 16 and over were out of the labor force in 2023 (gold bars in Figure 9). This included those who were retired (18%) and those who were out of the

labor force for other reasons, such as disability, health issues, caregiving responsibilities, or student status (24%).

For more data on the labor landscape and occupations in your state, visit UnitedForALICE.org/Labor-Force/Alabama.

Wages for the Most Common Occupations

Over the last few years, low-wage workers saw the biggest [increase in wages](#) in more than a decade. This was in part due to a [tighter labor market](#) where employers had to offer more competitive wages to attract and retain workers. Minimum wage increases in some states also contributed to this effect. Alabama, however, is one of five states that [does not have a minimum wage](#). It follows the federal minimum wage of \$7.25 per hour, a rate that has not changed since 2009.

Yet wage increases have not been enough to make up for years of falling behind. As documented in the ALICE Essentials Index, wages have not kept pace with the cost of essential goods for more than a decade, stretching ALICE workers' limited household income even further. In 2023, of the 20 most common occupations in Alabama as reported by the BLS, 14 paid less than \$20 per hour. The wage necessary to cover the ALICE Household Survival Budget for a single adult in Alabama was \$14.30 per hour working full time, or for a family with two adults and two children, a combined wage of \$38.47 per hour.

Of the workers in these 20 most common occupations in Alabama, 33% were living in households below the ALICE Threshold in 2023. Among retail sales workers, the most common occupation, 35% were struggling. Occupations with the largest share of workers in households below the Threshold included nursing assistants, cashiers, fast food and counter workers, waiters and waitresses, and cooks (Figure 10).

Figure 10. A Large Share of Workers in the 20 Most Common Occupations are Below the ALICE Threshold

Labor Characteristics, Most Common Occupations, Alabama, 2023

Most Common Occupations	Total Employment (BLS)	Percent of Workers Below ALICE Threshold (ACS PUMS)	Median Hourly Wage (BLS)
Retail Salespersons	60,700	35%	\$13.80
Driver/Sales Workers	58,050	27%	\$19.46
Cooks	51,160	48%	\$13.10
Registered Nurses	50,450	11%	\$31.68
Cashiers	50,150	54%	\$12.04
Stockers and Order Fillers	44,010	45%	\$15.37
Secretaries and Administrative Assistants, Except Legal, Medical, and Executive	43,200	22%	\$18.72
Laborers and Freight, Stock, and Material Movers, Hand	39,750	34%	\$16.64
Fast Food and Counter Workers	36,690	53%	\$11.00
Customer Service Representatives	35,260	41%	\$17.39
Janitors and Building Cleaners	35,000	43%	\$12.89
General and Operations Managers	34,450	14%	\$49.67
Elementary and Middle School Teachers	30,620	14%	\$26.91
Waiters and Waitresses	29,410	50%	\$9.72
Accountants and Auditors	24,930	13%	\$31.70
Orderlies and Psychiatric Aides	23,800	20%	\$14.53
Other Healthcare Support Workers	22,780	31%	\$17.05
Nursing Assistants	22,430	56%	\$14.68
Sales Representatives, Wholesale and Manufacturing	22,190	13%	\$30.69
First-Line Supervisors of Retail Sales Workers	21,500	30%	\$20.81

Note: BLS = Bureau of Labor Statistics; ACS PUMS = American Community Survey Public Use Microdata Sample. This figure includes all workers with income from these occupations (full-time, part-time, and freelance). [ALICE Threshold status](#) is determined by comparing workers' total household income to the ALICE Household Survival Budget for their household composition and location.

Sources: ALICE Threshold, 2023; Bureau of Labor Statistics—Occupational Employment Statistics, 2023; U.S. Census Bureau, American Community Survey, Public Use Microdata Sample, 2023.

Where ALICE Works Matters

Occupations and employers are key determinants of worker opportunity. Some jobs have greater earning potential and pathways for advancement. And even within the same occupation, there can be [differences by employer](#) in terms of wage levels, job security, predictability of schedules, opportunities for advancement, and benefits. Different ways that ALICE works include gig work, multiple jobs, and small businesses:

- **Gig and contract work:** According to McKinsey's 2022 [American Opportunity Survey](#), more than one-third (36%) of U.S. workers identify as a gig, contract, freelance, or temporary worker. While there are benefits to these work arrangements, such as flexibility, work-life balance, and the ability to work remotely, these workers are more likely to receive [lower wages](#) and have [fluctuations in their schedules and income](#). They are also [less likely to](#)

[receive benefits](#) such as health insurance, paid time off, family leave, or retirement benefits (especially if they work fewer than 30 hours per week at a single job). Nationally, companies spent an average of [31% of compensation on benefits](#) in 2022 for civilian workers; not providing these benefits represents significant savings to the employer.

While there is not comparable data for Alabama in the American Opportunity Survey, other research shows an [increase in freelancers and contractors](#) in the state.

- **Multiple jobs:** Many low-income workers rely on multiple jobs to make ends meet. Traditional measures of employment have focused on the number of jobs held by a worker; for example, the BLS estimates that only [5% of workers held two or more jobs](#) in 2023. However, in the current economy, a worker may have many sources of income that are not necessarily considered a “job” by agencies like the BLS. In a [2022 Lending Tree survey](#), 44% of adults reported having a side hustle, with 71% of these workers saying that without this extra income, they weren’t certain they would still be able to pay all their bills.

- **Small business employers:** In 2023, [nearly half \(47%\)](#) of the private-sector workforce in Alabama worked in a small business – defined by the BLS as a firm with fewer than 500 workers. The nearly half a million small businesses in Alabama have been an important engine for growth in the state economy, driving job creation, innovation, and wealth. However, [small businesses are more vulnerable](#) to changes in demand, price of materials, and transportation costs, as well as to cyberattacks and natural disasters. And because they have fewer resources, they are more likely to [pay lower wages](#) overall and [offer fewer benefits](#), meaning that they are more likely to employ ALICE workers.

Small businesses took a hit during the pandemic: Between [March 2020 and March 2021](#), the number of small businesses in Alabama decreased by 500. Yet that number rebounded quickly, increasing by [5,500 the following year](#) and almost 7,000 from [March 2022 to March 2023](#).

CHILD CARE WORKERS IN A CHALLENGING SECTOR

Child care is a critical sector within the U.S. economy, as it provides children with nurture and support for healthy development and enables parents to work. But in Alabama, the full cost of care is often more than most parents can afford. The [child care industry](#) in Alabama is [struggling to adjust](#) to economic changes in the state – to expand where there is development and contract where demand is falling. It is difficult to ramp up child care quickly, especially because the economics of child care often rely on outside public and private support. It is [an industry that is not sustainable within the free market alone](#).

- 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 child care workers struggle to make ends meet for their own families: With a median hourly wage of \$10.36 in Alabama in 2023, 44% were below the ALICE Threshold.
- 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](#).

Alabama’s [First Class Pre-K](#) provides high-quality pre-kindergarten programs to four-year-old children within their communities. During the 2022–23 school year, the program served about [39% of four-year-olds](#) in the state.

Wage Disparities in the Workforce

Disparities in wages exist by sex, race/ethnicity, disability status, sexual orientation and gender identity, and immigration status. While wage gaps have narrowed in some places, they persist across Alabama:

- **Sex:** Among all full-time, year-round Alabama workers, [women earned 74 cents for every dollar paid to men](#), well below the national earnings (83 cents for every dollar paid to men) in 2023.
- **Race/ethnicity:** Nationally, the [wage gap](#) between Black and White workers shrank in both 2022 and 2023. Yet income disparities remain: As recently as the [fourth quarter of 2023](#), among full-time workers, median weekly earnings were \$884 for Hispanic, \$967 for Black, \$1,157 for White, and \$1,528 for Asian workers. This data is not available at the state level, but [research in Alabama](#) on wages in the auto industry shows gaps by race and gender.
- **Disability:** Workers with disabilities earn less overall than those without disabilities (although among people working similar jobs and schedules, the gap is smaller), and people with disabilities are less likely to earn a full-time wage. Eighty percent of respondents to a 2023 [Alabama Workforce Council Statewide Survey of People with Disabilities](#) reported that they were not earning a living wage. Additional disparities were revealed in our [ALICE in Focus: People with Disabilities](#) research: Whether working full or part time, people with disabilities were more likely to be below the ALICE Threshold than people without disabilities. In 2023, 25% of full-time workers with disabilities in the U.S. were below the ALICE Threshold, compared to 23% of full-time workers without disabilities. For people with disabilities who worked part time, the

rate of financial hardship was 51%, compared to 41% for part-time workers without disabilities.

- **Sexual orientation and gender identity:** Nationally, there were substantial gaps in pay for lesbian, gay, bisexual, transgender, and queer (LGBTQ+) workers (this data is not available at the state level, but it is likely these disparities were mirrored in Alabama). LGBTQ+ workers earned 87 cents [for every dollar the average full-time worker earned](#) in 2022 (latest data available). In addition, more than one-third of LGBTQ+ workers say they have [experienced discrimination in the workplace](#).
- **Immigration status:** [Workers born outside of the U.S.](#) accounted for 18.6% of the U.S. civilian labor force in 2023, and their [median usual weekly earnings](#) (for full-time wage and salary workers) were 87% of the earnings of their U.S.-born counterparts (\$987 vs. \$1,140). In a [2023 nationally representative survey](#), immigrants in the U.S. reported experiencing discrimination, hostility, and difficulty making ends meet, as well as being overqualified for their jobs, uninsured, and uncertain about shifting immigration laws.

Wage gaps are even more substantial for workers with multiple marginalized identities. For example, in Alabama, when [factoring in gender](#), Asian women were paid 69 cents for every dollar paid to White, non-Hispanic men in 2023; Black women were paid 57 cents; and Latinas were paid 54 cents. [These differences persist](#) even when controlling for education and work experience. For many LGBTQ+ workers with multiple marginalized identities, [wage gaps are even more substantial](#).

THE ALICE ECONOMIC VIABILITY DASHBOARD

United For ALICE's [Economic Viability Dashboard](#) provides key data on the local economic conditions that matter most to ALICE households: work, housing, and community resources. The Dashboard's mapping, profile, and comparison features can help communities and policymakers identify the gaps that ALICE workers and families face in reaching financial stability. Then, the Action Planner puts that data to use by quantifying gaps and pairing them with promising practices, so that public and corporate policymakers can remove barriers and make structural changes needed to ensure that ALICE households' basic needs are met.



DOES ALICE HAVE SAVINGS AND ASSETS?

One of the key contributing factors to ALICE families' precarious financial situation is the lack of savings and assets, such as rainy day funds, retirement assets, and homeownership. In addition, student loans often increase these families' debt burden.

Savings and assets provide a cushion for workers when there is an emergency – anything from a car repair to a medical crisis – as well as allowing families to save for the future – higher education, homeownership, or retirement. But for ALICE families, saving is difficult, and an emergency can mean having to deplete whatever savings they have. This often leads to difficult choices such as having to forgo some basic needs to pay for others, or relying on credit cards and accumulating debt. And due to persistent gaps in access to assets, financial tools, and credit, lower-income households – and Black and Hispanic borrowers in particular – are more likely to be [targeted by predatory lenders](#) and [incur excessive fees or interest rates on borrowing](#). As a result, ALICE families often do not have the means to build assets, let alone catch up to families who already have assets (especially those who have been building them for generations).

Rainy Day Funds

One of the best-known questions in the [Federal Reserve Board's Survey of Household Economics and Decisionmaking \(SHED\)](#) 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. Overall, 46% of SHED respondents in the [East South Central Census Division](#) (which includes Alabama) had savings that could cover three months of expenses in the event of an emergency in 2023. However, this average conceals significant differences between respondents by income status. Respondents below the ALICE Threshold were far less likely than those above the Threshold to have savings (25% vs. 68%).

The amount of savings in the rainy day fund also provides insights. For most SHED respondents below the ALICE Threshold (80%), the largest emergency expense they could cover was less than \$1,000; by comparison, most respondents above the Threshold (65%) could cover more than \$2,000 (Figure 11).

Nationally, there were also substantial differences 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 Alabama). In 2023, White respondents below the ALICE Threshold in the U.S. had higher rates of emergency savings (37%) than Black and Hispanic respondents below the Threshold (24% and 30%, respectively). Rates were higher overall for respondents above the Threshold, yet racial and ethnic gaps remained (72% for White, 65% for Hispanic, and 63% for Black respondents).

How many respondents have savings to cover three months of expenses?

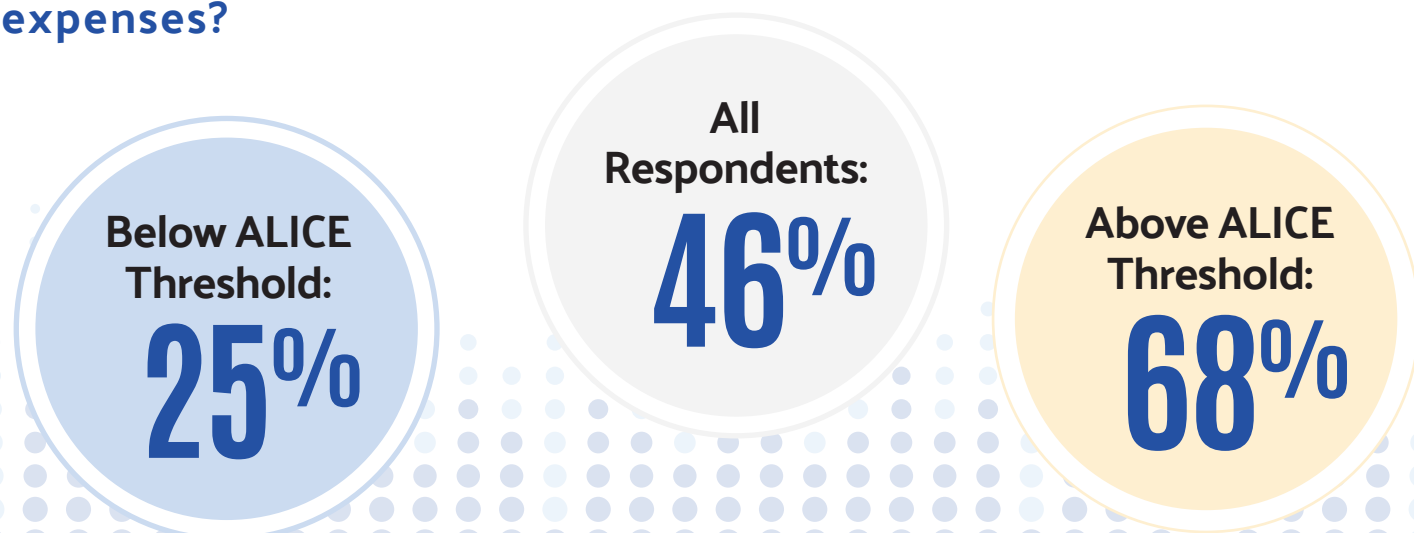
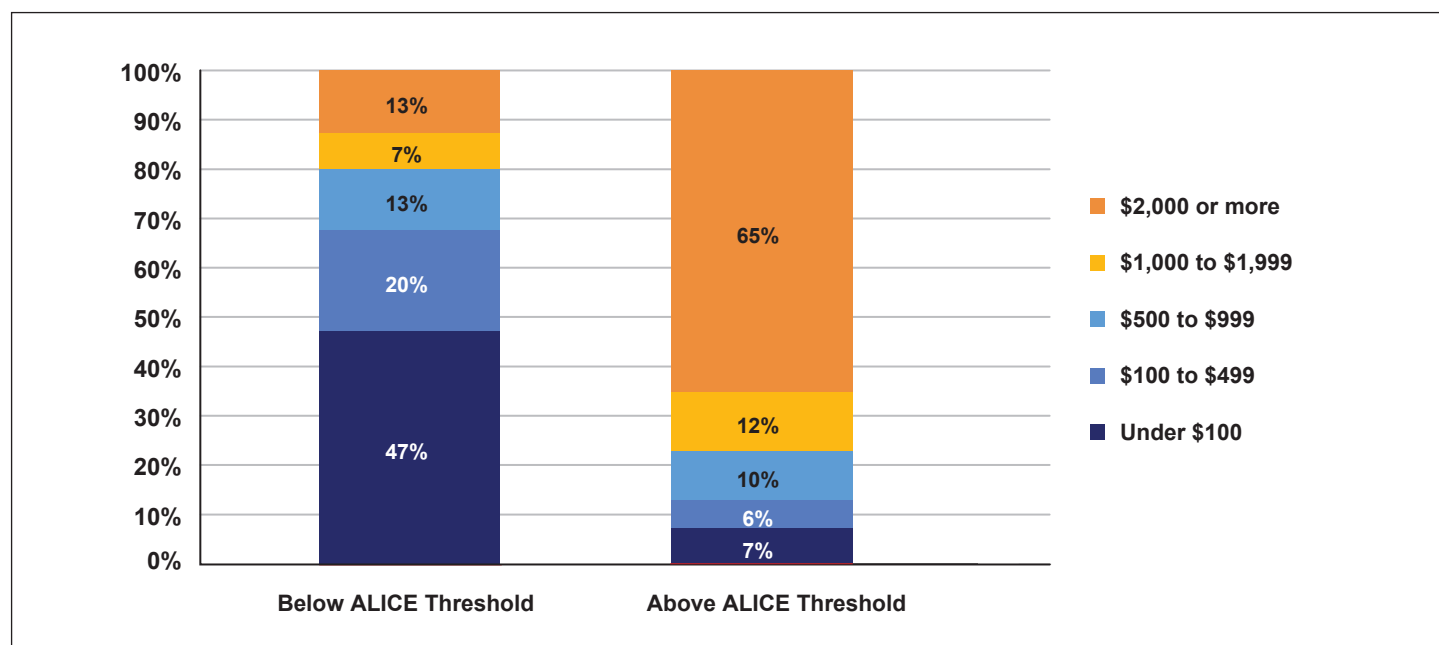


Figure 11. Households Below the ALICE Threshold Struggle to Cover Emergency Expenses
Largest Emergency Expense by ALICE Threshold Status, East South Central Census Division, 2023



Question: Based on your current financial situation, what is the largest emergency expense that you could handle right now using only your savings?

Sources: ALICE Threshold, 2023; Federal Reserve Board, Survey of Household Economics and Decisionmaking (SHED), 2023

Retirement Assets

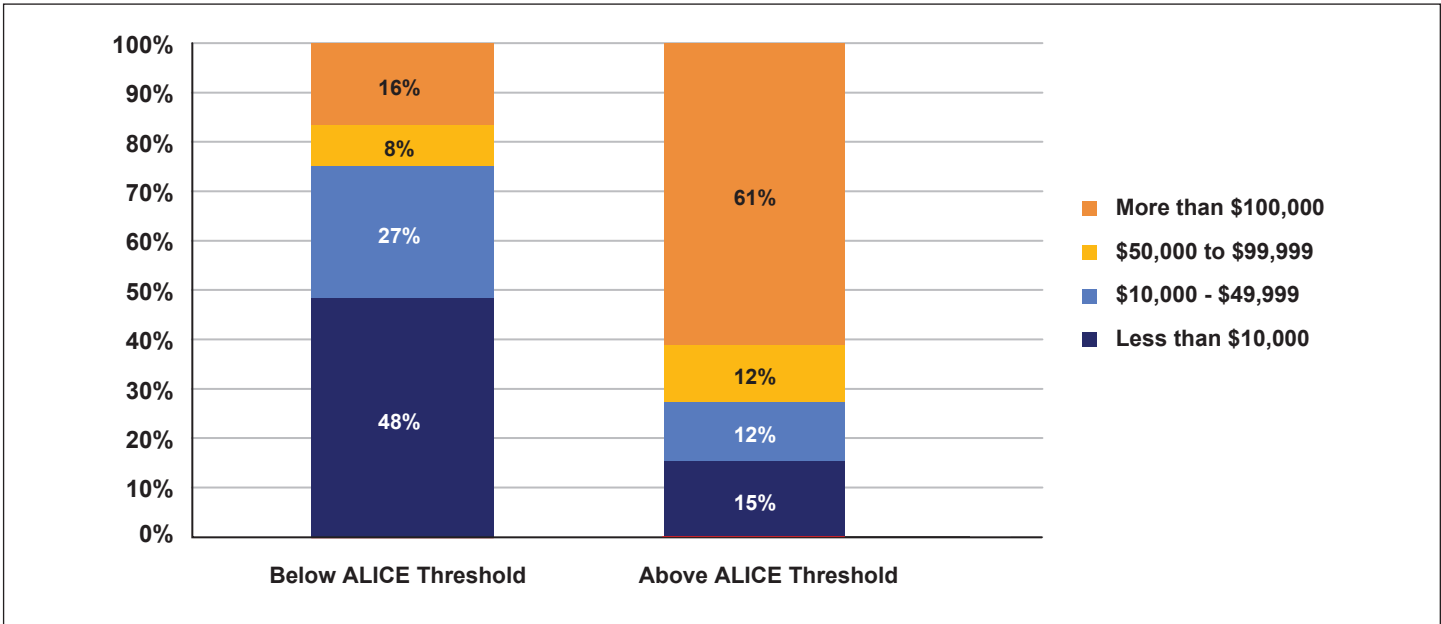
[Retirement assets](#) include 401(k)s, IRAs, pensions, or business or real estate holdings that provide income in retirement. Overall, 58% of respondents to the SHED in the [East South Central Census Division](#) (which includes Alabama) reported having these assets in October 2023.

Yet these averages, again, conceal a disparity in assets between respondents above and below the ALICE Threshold. Respondents below the Threshold in the [East South Central Census Division](#) were far less likely than those above the Threshold to have retirement assets (34% vs. 84%). Additionally,

non-retirees below the Threshold were less likely to say that their retirement savings plan was on track (18%, vs. 55% above the Threshold).

Among those with retirement savings, the amounts varied greatly by ALICE status. The majority of respondents below the ALICE Threshold (75%) reported having less than \$50,000 in 2022 (latest SHED data available), while the majority above the Threshold (61%) reported having more than \$100,000 (Figure 12).

Figure 12. Households Below the ALICE Threshold Have Fewer Retirement Savings
 Amount of Retirement Savings by the ALICE Threshold, East South Central Census Division, 2022



Question: Approximately how much money do you currently have saved for retirement?
 Sources: ALICE Threshold, 2023; Federal Reserve Board, Survey of Household Economics and Decisionmaking (SHED), 2022 (latest data for this question)

How many adults have retirement assets?

Below ALICE
Threshold:

34%

All
Respondents:

58%

Above ALICE
Threshold:

84%

Homeownership

[Homeownership](#) is one of the primary means for families to build wealth in the U.S. Owning a home offers stability that provides a foundation for better school and work performance, as well as improved access to health care and healthy food. Yet high home prices and the associated costs, such as insurance and property taxes, place homeownership out of reach for many.

Slightly more than half (56%) of households below the ALICE Threshold in Alabama owned their own home in 2023, while two-thirds (80%) of those above the Threshold were homeowners. For homeowners below the Threshold, 41% were housing cost burdened (paying 30% or more of their income on homeowner costs, including mortgage payments, utilities, and homeowner's insurance) (Figure 13).

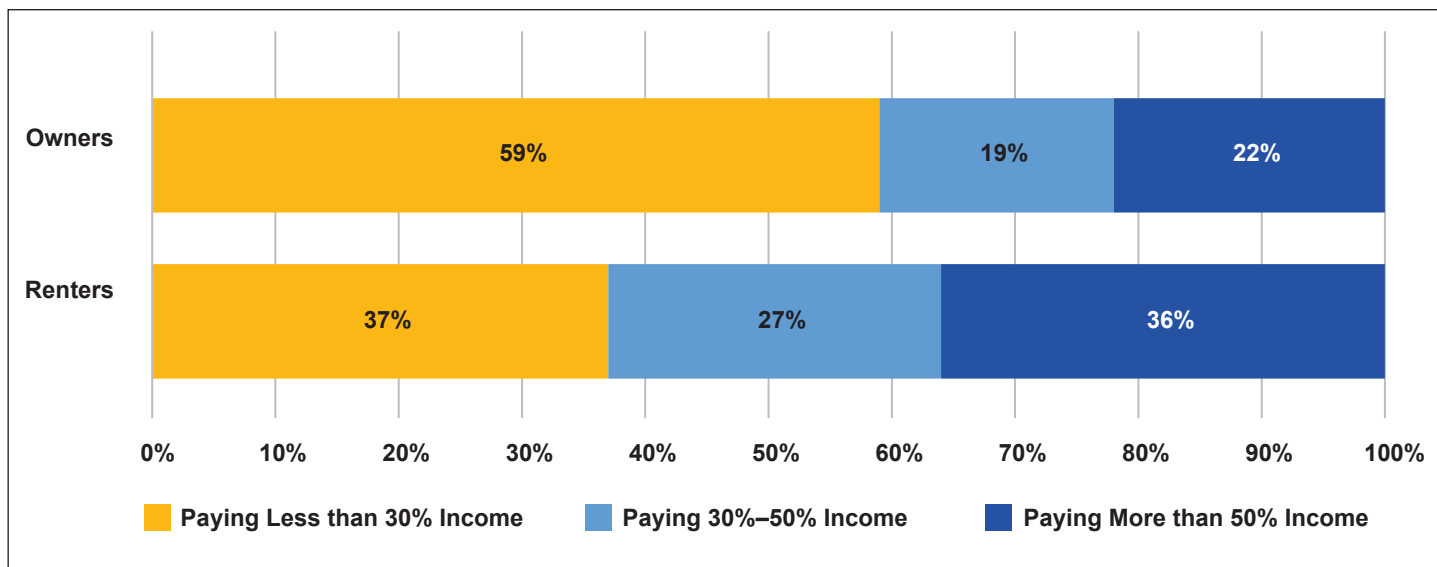
Renters

In 2023, a sizable portion of households below the ALICE Threshold in Alabama were renters (44%). Even for renters, housing is often the most expensive item in their budget. And most renters below the ALICE Threshold struggle to pay the

rent: In 2023, 27% of renter households below the Threshold in Alabama paid 30% to 49% of their income on housing. An additional 36% paid half of their income or more. **Combined, 63% of all renter households below the Threshold in Alabama were rent burdened** (paying 30% or more of their income on rent and utilities).

With the high cost of rent, many renters below the ALICE Threshold in Alabama actually paid more in renter costs than the median cost of homeownership in 2023. But renters often cannot get to homeownership due to barriers like not having enough savings for a down payment, or having a low income or poor credit history, either of which makes it hard to qualify for a low-rate mortgage. These barriers are often even more pronounced for [Black and Hispanic households](#); 50% of Black households and 48% of Hispanic households in Alabama owned their own home in 2023, compared to 77% of White households. This is at least in part the result of centuries of race-based discrimination in housing and lending. To see data for your community, explore the [ALICE Economic Viability Dashboard](#).

Figure 13. Most Renter Households Below the ALICE Threshold are Housing Cost Burdened
Renters and Owners Below the ALICE Threshold by Percentage of Income Spent on Housing, Alabama, 2023



Sources: ALICE Threshold, 2023; American Community Survey, 2023

Student Loans

Student loans are a significant expense for many families. The [average federal student loan](#) in Alabama was \$36,589 in 2023.

There is limited data on debt by household income, but the SHED survey recently added a question that provides some

insight into ALICE households' student debt burden. In 2023, 15% of respondents below the ALICE Threshold nationally (due to sample size, state-level data is not available) reported having student debt, similar to those above the Threshold (12%).

Most respondents below the Threshold (61%) owed less than \$20,000, while the majority of those above the Threshold (62%) owed more (Figure 14).

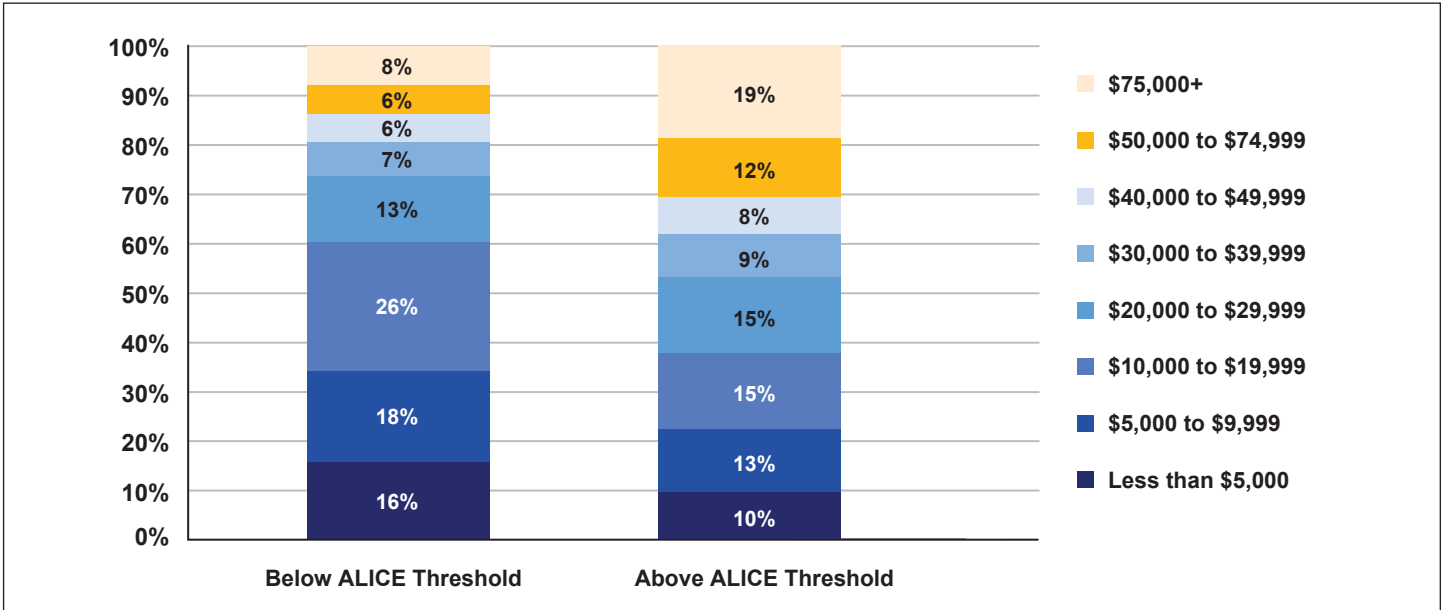
Yet debt was more likely to be a burden for borrowers below the Threshold: For almost two-thirds (62%) of respondents below the Threshold, their debt totaled more than 50% of their

income in 2023 (compared to 47% for all respondents and 31% for those above the Threshold).

It is therefore not surprising that 23% of respondents below the ALICE Threshold reported that they were behind on payments or in collections for one or more student loan, compared to 9% of those above the Threshold.

Figure 14. Households Below the ALICE Threshold Have Lower Amounts of Student Loan Debt

Amount Owed on Student Debt, United States, 2023



Question: How much do you currently owe on student loans for your own education?

Sources: ALICE Threshold, 2023; Federal Reserve Board, Survey of Household Economics and Decisionmaking (SHED), 2023

How many respondents have student debt totaling more than 50% of their annual income?

Below ALICE Threshold:

62%

All Respondents:

47%

Above ALICE Threshold:

31%

DOES PUBLIC ASSISTANCE FILL THE GAPS?

Without public assistance, ALICE households would face even greater hardship and many more would be in poverty, especially during economic downturns. Programs like the Supplemental Nutrition Assistance Program (SNAP), the Earned Income Tax Credit (EITC), Medicaid, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF), and, increasingly, food banks and other community supports provide a critical safety net for the well-being of households below the ALICE Threshold.

Yet traditional public assistance does not reach all people in all households that are struggling financially. Due to income and asset limits, most ALICE households do not meet the eligibility criteria for public assistance programs. Other barriers that prevent participation even for eligible households include a lack of awareness of programs, language barriers, stigma, and the administrative burden of accessing benefits. In addition, income and asset limits for public assistance can create “benefits cliffs” that limit economic mobility.

Food assistance: In part due to the income eligibility level in Alabama (130% of the FPL), public food assistance was not accessible to all households that were struggling financially in 2023: Only 44% of all Alabama households in poverty and 17% of all ALICE households participated in SNAP. Among all eligible people, estimated SNAP participation rates were higher.

Cash assistance: The percentage of Alabama households below the ALICE Threshold receiving direct cash assistance from programs like TANF or General Assistance was even smaller than the share receiving SNAP (4% of households in poverty and 2% of ALICE households).

Participation in SSI: This assistance program serves people with disabilities and those 65 and older with limited financial resources. To be eligible, applicants have to fall within a matrix of [family income and asset limits and criteria](#). For example, they cannot have assets greater than \$2,000 for an individual and \$3,000 for a married couple – a level that has not been updated in nearly 40 years. This often creates a substantial barrier to work, saving, and wealth-building for people with disabilities and their families. In Alabama, only 10% of all people below the ALICE Threshold and 18% of people with a disability living below the Threshold participated in SSI in 2023.

Health insurance: In 2023, 44% of all households below the ALICE Threshold in Alabama participated in CHIP or Medicaid, lower than the national rate of 50%. Alabama is one of ten states that has not adopted Medicaid expansion. Research shows that Medicaid expansion for adults leads to better access to care and improved health outcomes for the adults who obtained coverage as well as for their children. In addition, over 259,036 Alabamians received coverage through Alabama’s [health insurance marketplace](#). Many enrollees received tax credits that reduced their health insurance premiums (97% in 2023).

PUBLIC ASSISTANCE AND INFLATION

The ALICE Essentials Index shows that the cost of household basics increases faster than the cost of the larger basket of goods measured by the Consumer Price Index (CPI). Yet the CPI is used to adjust the amount of the benefit in public assistance programs each year, so that benefit does not increase enough to cover the higher costs of basics. Over time, participants who receive the benefit are not able to buy the same amount of goods they did the previous year. CPI is also used to annually adjust the FPL guidelines that are used for program thresholds, thus reducing access year by year as well.

Together, these two impacts erode the reach and effectiveness of public assistance and other social programs that were originally determined by policymakers. The result is tangible hardship for recipients: For example, only one in four households eligible for [federal housing assistance](#) actually receive it. This is especially true for [those programs most relevant to ALICE households](#), including Social Security and Supplemental Security Income (SSI) benefits, retirement benefits for veterans and civil servants, the Supplemental Nutrition Assistance Program (SNAP), school lunch programs, Medicaid, and tax credits.

ONGOING CHALLENGES AND GREATER RISK FOR ALICE

With little access to resources and credit and few or no savings or assets, households below the ALICE Threshold are more likely to face ongoing hardships – from food insufficiency to a broken-down car. These ongoing challenges, in turn, make households below the Threshold especially vulnerable to the effects of broader crises, from natural disasters to pandemics. The most recent survey data shows that these struggles continue.

Ongoing Challenges

Food insufficiency: In the 2024 Household Pulse Survey, respondents below the ALICE Threshold in Alabama were more than five times as likely to report that their household sometimes or often did not have enough food in the prior

seven days as respondents above the Threshold (20% vs. 4%). Those rates were a gradual improvement from the height of the pandemic (27% vs. 4% in August 2020). It is also important to note that while many respondents below the Threshold got enough food, they were more likely to say it was not always the kinds of food that they wanted to eat (44%, vs. 4% for those above the Threshold in 2024).

Some demographic groups experienced higher than average food insufficiency (Figure 15). For example, in 2024, 32% of respondents with disabilities below the Threshold, 35% of LGBT respondents below the Threshold, and 24% of Black respondents below the Threshold reported not having enough food, compared to 20% of all Alabama residents below the Threshold.

Figure 15. Some Demographic Groups Experience Greater Food Insufficiency

Food Insufficiency by ALICE Status and Demographic Group, Alabama, 2024

Food Insufficiency, Alabama, 2024		
Respondents	Below the ALICE Threshold	Above the ALICE Threshold
All	20%	4%
Black	24%	5%
Hispanic	16%	12%
Female	19%	5%
With a Disability	32%	10%
LGBT	35%	18%

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, 2023; U.S. Census Bureau, Household Pulse Survey, 2024

For households with children in Alabama, in 2024, rates of food insufficiency for those below the Threshold (24%) were almost twice as high as for those above (13%).

Ongoing housing crisis: The 2024 Household Pulse Survey shows that rent continues to be a challenge: 18% of Alabama renters below the ALICE Threshold and 6% of renters above the Threshold were not caught up on their rent payments. However, the number of [people experiencing homelessness](#) in Alabama decreased 12% to 3,304 between 2022 and 2023.

Struggling to pay bills: Even with strong macroeconomic indicators, ALICE families are still struggling to make ends meet: 56% of respondents in households below the ALICE Threshold in Alabama reported that it was somewhat or very difficult to pay for usual items such as food, rent or mortgage, car payments, and medical expenses, according to the 2024 Household Pulse Survey.

Facing lack of savings and medical debt: According to the SHED (2023), nearly one in four respondents below the ALICE

Threshold in the [East South Central Census Division](#) (which includes Alabama) reported that they incurred an unexpected major medical expense that they had to pay for out-of-pocket because it was not entirely paid for by insurance. Medical debt generally reflects [poorer health](#) and lower rates of health care coverage, and can lead to [lower credit scores](#) and [additional financial hardship](#).

Physical health: According to the SHED (2023), in the [East South Central Census Division](#), 41% of respondents below the ALICE Threshold reported that during the previous year they went without health care (prescription medicine, seeing a doctor, mental health care, or dental care) because they couldn't afford it, compared to 17% of respondents above the Threshold.

Mental health: The negative impact of financial stress on mental health has been [well established](#), so it is not surprising that people below the ALICE Threshold in Alabama were more likely to report mental health challenges than those above the Threshold. According to the Household Pulse Survey, in 2024 in the U.S. (sample too small for Alabama data), 11% of respondents below the Threshold and 6% above the Threshold reported feeling nervous, anxious, or on edge nearly every day over the last two weeks.

Some demographic groups experienced higher than average rates of feeling nervous, anxious, or on edge (Figure 16). For example, in 2024, 27% of respondents with disabilities below the Threshold and 24% of LGBT respondents below the Threshold reported feeling nervous, anxious, or on edge nearly every day over the prior two weeks.

The [lack of mental health resources](#) became more apparent during the pandemic and efforts are increasing to meet the need, especially with the launch of the [Nationwide Suicide and Crisis Lifeline](#) (988). This was evident in Alabama; the number of contacts (calls, texts, chats) to the Lifeline had increased to over [45,000 by 2023](#), but with only a [75% response rate](#). There remains a severe [shortage of mental health resources](#), especially for low-income families, and mental health providers struggle to meet [increased demand](#). In Alabama, the number of people treated for mental health and substance use actually decreased from [2020 to 2023](#), and the annual suicide rate increased from 14.7 in 2012 to 16.3 in 2022. And according to [Forbes Advisor](#), more than half of individuals with mental illness in Alabama did not receive the health care they needed due to cost.

Figure 16. Some Demographic Groups Experience Greater Mental Health Impacts
Rates of Feeling Nervous, Anxious, or On Edge by ALICE Status and Demographic Group, United States, 2024

Feeling Nervous, Anxious, or On Edge, Above and Below the ALICE Threshold, United States, 2024		
Respondents	Below the ALICE Threshold	Above the ALICE Threshold
All	11%	6%
Black	9%	4%
Hispanic	10%	7%
Female	11%	6%
With a Disability	27%	20%
LGBT	24%	14%

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, 2023; U.S. Census Bureau, Household Pulse Survey, 2024

Natural Disasters



Because of its location, Alabama is prone to severe weather, including tornadoes, hurricanes, floods, and severe storms. The most recent [FEMA-declared disasters](#) include Hurricane Helene (September 2024); Severe Storms, Straight-line Winds, and Tornadoes (March 2021, March 2023, and January 2023); and Severe Storms and Flooding (October 2021). From 2022 to 2024, Alabama had 17 extreme weather events that cost over [\\$1 billion in direct damages](#).

Environmental disasters can also lead to contamination of air, soil, and groundwater with highly toxic compounds such as [PFAS](#) that have been linked to serious health problems including cancer, hormone disruption, reproductive problems, immune suppression, and decreased vaccine response. As recently as November 2024, 8,865 sites across 50 states and the District of Columbia had [soil or water contaminated with PFAS](#) (a more than threefold rise from the 2,858 sites reported in 2022). In Alabama, there are more than 140 confirmed contaminated sites.

Financially insecure households disproportionately bear the impact of crises and disasters:

- Households below the ALICE Threshold are more likely to live in [housing units and communities that are at increased risk](#) for flooding, fire, and other hazards, primarily because those areas are more affordable, and these households have [fewer resources to prepare for, withstand, or recover from disasters](#). For example, in places that experienced [natural disasters in 2023](#) – such as severe storms and tornadoes in Alabama, Florida, and other southern states; [wildfires](#) in western states; and flooding across Northeastern and Mid-Atlantic states – households below the Threshold faced [higher risks](#). Nationally, according to the Household Pulse Survey (2024), one month after a

natural disaster, among respondents who were displaced, those below the Threshold were almost three times as likely as those above the Threshold to experience a shortage of food (52% vs. 18%) and drinkable water (36% vs. 15%).

- In Alabama and nationwide, as a result of historic and ongoing issues including the legacy of redlining on exposure to air pollution and oil- and gas-related contaminants, Black and low-income communities are more likely to be located near polluting industrial facilities, hazardous chemical facilities, and contaminated waste sites. As a result, they face [greater exposure to toxic pollution and incur greater health risks](#) than residents of wealthier and predominantly White communities.
- If a disaster closes businesses or prevents workers from getting there, those who are paid hourly don't get paid. Yet they still have to pay bills like rent and food, and there may also be new, disaster-related expenses, like fixing damage to their home or car or replacing spoiled food.
- ALICE workers are essential for crisis recovery and rebuilding from natural disasters. Many ALICE workers performed essential jobs during the pandemic – caring for COVID-19 patients, or working in food service, grocery stores, and warehouse and fulfillment centers – despite unsafe working conditions. Similarly, in the aftermath of hurricanes and wildfires, ALICE workers are essential for debris removal, housing repairs, and rebuilding basic infrastructure. Yet these jobs are nearly impossible to do if workers and their families are in crisis themselves.

MAPPING ALICE WITH COMMUNITY RESOURCES AND INDICATORS OF WELL-BEING

Mapping where ALICE lives along with the location of community resources – such as health care facilities or public libraries – can help identify gaps by town, ZIP code, county, or state. View ALICE data by geography along with the locations of key resources at UnitedForALICE.org/Maps/Alabama.

ALICE data can also be mapped alongside other datasets. Visit UnitedForALICE.org/Indicators/Alabama to see relationships between financial hardship and other key indicators of well-being, such as internet access.

STABLE HOUSEHOLDS, STRONGER COMMUNITIES

The Alabama economy relies on ALICE workers to run smoothly, and our communities depend on ALICE family members, neighbors, and volunteers. Yet the 928,753 households below the ALICE Threshold across Alabama did not earn enough to cover basic costs in 2023.

But what if all households had enough income to cover their basic needs? With more income, consumer spending would increase and contributions to the tax base would grow. This investment would spur economic activity, with benefits for the economy and wider community. The amount to bring all Alabama households to the ALICE Threshold would have been \$19.8 billion in 2023.

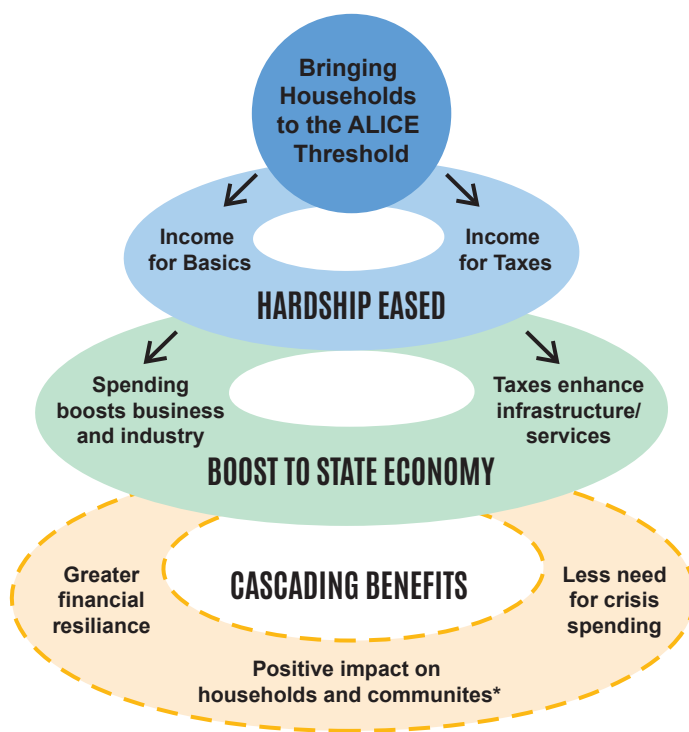
This analysis should spur discussion of how to fill the gap and navigate the difficult trade-offs of scarce resources involved. This would require effort and investment from multiple sectors, including government, nonprofit, business, and philanthropy.

A boost to economic growth: The underlying principle is that increasing income for households below the ALICE Threshold spurs economic growth because these households are more likely to [spend than to save](#) additional income, so this income would largely go back into the economy as households spend to cover costs and pay additional taxes.

Increased spending in the local economy has a [multiplier effect](#). This analysis uses the 2023 economic multipliers from Mark Zandi, Chief Economist at [Moody's Analytics](#) (the [Congressional Budget Office](#) provides similar estimates), for additional household income spending on food (1.57), utilities (1.27), and other necessities (1.42). For instance, every dollar [spent on food](#) spurs an additional 57 cents in business growth in the retail, agriculture, trucking, and rail freight industries.

There are also economic multipliers for the additional taxes that households below the ALICE Threshold would pay. Zandi estimates economic multipliers for tax revenue spent on aid to state and local governments (1.27) and transportation infrastructure (1.23), meaning that every dollar households below the Threshold pay in additional taxes would fuel even more economic growth.

An increase in quality of life: Beyond these economic contributions, there are cascading benefits of meeting basic needs (Figure 17). **If all households are on a more solid financial footing, communities can look beyond crisis spending and poverty alleviation toward broader community well-being.** For example, funding that went toward emergency housing or food assistance could be redirected to create more affordable housing and locally grown food systems for the long term. Funding could also be used to enhance opportunities for civic engagement, arts, and recreation. Together, these investments can improve physical and mental health and overall quality of life – not just for ALICE families, but for entire communities, Alabama, and the nation as a whole.



**See Figure 17 for additional details/sources related to the benefits of meeting basic needs.*

Figure 17. Cascading Benefits of Meeting Basic Needs

If households have sufficient income for...	Benefits for ALICE Households	Benefits for the Wider Community
 Safe, Affordable Housing	Improved physical and mental health through safer environments and reduced stress ; improved educational performance and outcomes for children; greater stability for household members; a means to build wealth and racial equity for homeowners	Expanded and updated housing stock , reduced systemic housing inequities ; lower health care costs ; reduced homelessness ; increased opportunities for jobs and more money spent in local communities
 Quality Child Care and Education	Increased labor force participation , lifetime earnings and retirement security for women ; health benefits for children , school readiness , improved educational attainment and graduation rates ; improved performance in higher education ; higher lifetime earnings	Reduced racial/ethnic inequalities in learning and development ; positive health, education, and economic outcomes for children and families ; stronger community economies ; more homebuyers and higher property values through availability of quality child care
 Adequate Food	Decreased food insecurity; improved health (especially for children and adults age 65 and over); decreased likelihood of developmental delays and behavioral problems in school	Lower health care costs ; improved school and workplace productivity; less spending on emergency food services ; greater equity by gender, race/ethnicity, and immigration status
 Reliable Transportation	Decreased transportation insecurity ; improved access to work/job opportunities , school and child care , health care and social services, food/retail markets , and support systems (friends, family, faith communities)	Improved air quality and reduced gasoline consumption/carbon emissions ; increased economic opportunity through returns on investment ; a more diverse labor market ; decreased income disparities ; more integrated neighborhoods
 Quality Health Care	Better mental and physical health (including increased life expectancy); improved access to preventive care ; fewer missed days of work and school ; decreased need for emergency services ; lower share of income spent on health	Decreased health care spending and strain on emergency services; reduced racial/ethnic disparities in insurance coverage and access to care ; fewer communicable diseases; improved workplace productivity ; decreased wealth-health gap ; better outcomes during health crises
 Reliable Technology	Improved access to job opportunities ; expanded access to health information and telemedicine services ; increased job and academic performance	Closing the “ digital divide ” in access to technology by income; increased economic development ; increased connectivity and social inclusion that helps reduce social, economic, and political disparities
 Savings	Ability to withstand emergencies without impacting long-term financial stability; greater asset accumulation over time (e.g., interest on savings ; ability to invest in education, property, or finance a secure retirement)	Less spending on public services to cover basic needs like health care, food, and housing — especially for unexpected or emergency expenses

We All Have a Role to Play

In Alabama and across the U.S., intervention is needed across the board – in business, government, nonprofit, and educational institutions – to set the groundwork for a more sustainable future for ALICE. The ALICE research and data can be used to generate solutions to these problems, helping ALICE households and creating prosperity across communities.

Capturing the true extent of financial hardship in Alabama is the critical first step.

To learn more, visit the interactive ALICE in Alabama webpages:

- [County Reports](#)
- [Household budgets](#)
- [Maps with data for local geographies](#)
- [Demographics](#)
- [Labor force data](#)
- [ALICE data alongside additional Indicators of Well-Being](#)
- See examples of [policies, practices, and programs](#) United For ALICE partners have implemented using ALICE data

Our vision is a country where ALICE families not only have sufficient income to afford the basics but can also save and invest in their future. This is a vision not only for ALICE, but for the nation as a whole. The information presented in this Report can help stakeholders remove the barriers to financial stability and facilitate economic prosperity for all. We all have a role to play.

Community members:

- Raise awareness of ALICE through ALICE [news](#) and [videos](#), or [share your experiences](#).
- [Connect with your local United Way](#) for advocacy, support, and volunteer opportunities.
- Connect with members of the state [Research Advisory Committees](#) that support this work.

Policymakers and nonprofits:

- Explore ALICE by district using the [Legislative District Tool](#).
- [Map ALICE by location](#) to pinpoint need and identify gaps in community resources.
- Use interactive tools from the Federal Reserve Bank of Atlanta (which use ALICE budgets), including the [Policy Rules Database](#) and the [Career Ladder Identifier and Financial Forecaster](#).

Employers:

- [Implement strategies](#) that support the well-being and retention of ALICE workers while also boosting engagement, productivity, and the bottom line.
- Advocate for actions in your communities that support your employees – from affordable housing to quality child care.

All:

- Advocate for the continuation of current government datasets (e.g., American Community Survey, Fair Market Rents). Consistent data over time is crucial for informed decision making, effective policy implementation, and accountability – enabling governments to address social, economic, and environmental challenges more effectively.

COUNTY COMPARISON: INCOME STATUS, 2023

Alabama Counties, 2023		
County	Households	% ALICE + Poverty
Autauga	22,523	43%
Baldwin	105,698	39%
Barbour	9,080	59%
Bibb	7,571	59%
Blount	21,977	50%
Bullock	3,453	72%
Butler	7,262	57%
Calhoun	46,310	52%
Chambers	13,419	54%
Cherokee	10,477	50%
Chilton	17,554	45%
Choctaw	5,174	55%
Clarke	8,452	54%
Clay	5,765	47%
Cleburne	5,849	48%
Coffee	20,860	44%
Colbert	24,217	46%
Conecuh	4,528	61%
Coosa	4,201	44%
Covington	14,495	52%
Crenshaw	5,075	57%
Cullman	35,961	48%
Dale	19,769	48%
Dallas	15,416	63%
DeKalb	27,182	57%
Elmore	32,529	41%
Escambia	12,781	59%
Etowah	40,027	53%
Fayette	6,051	53%
Franklin	11,593	52%
Geneva	10,550	51%
Greene	3,037	71%
Hale	5,541	63%
Henry	6,684	49%

Alabama Counties, 2023		
County	Households	% ALICE + Poverty
Houston	44,880	45%
Jackson	21,186	51%
Jefferson	272,648	45%
Lamar	4,987	56%
Lauderdale	41,199	39%
Lawrence	13,145	45%
Lee	74,799	47%
Limestone	40,021	39%
Lowndes	4,161	65%
Macon	7,151	60%
Madison	168,996	35%
Marengo	7,615	55%
Marion	10,874	54%
Marshall	36,274	46%
Mobile	163,963	51%
Monroe	7,396	60%
Montgomery	92,816	45%
Morgan	49,759	39%
Perry	3,195	76%
Pickens	6,946	57%
Pike	12,605	58%
Randolph	9,127	48%
Russell	23,784	54%
Shelby	88,270	35%
St. Clair	34,477	40%
Sumter	4,765	68%
Talladega	34,080	38%
Tallapoosa	16,548	48%
Tuscaloosa	93,966	48%
Walker	24,843	49%
Washington	5,678	47%
Wilcox	3,693	68%
Winston	9,328	52%

NATIONAL COMPARISON: INCOME STATUS, 2023

STATE	RANK (1 = lowest % Below ALICE Threshold)	TOTAL Number of Households	HOUSEHOLD INCOME STATUS		
			Households in Poverty	ALICE Households	% Households Below ALICE Threshold
U.S.		130,465,667	16,521,320	38,314,067	42%
Alabama	47	2,024,236	324,705	604,048	46%
Alaska	3	270,644	25,892	64,758	33%
Arizona	39	2,902,613	364,922	918,202	44%
Arkansas	40	1,212,992	192,032	345,062	44%
California	46	13,693,616	1,642,955	4,639,401	46%
Colorado	12	2,402,297	230,499	652,002	37%
Connecticut	27	1,442,969	160,037	420,483	40%
Delaware	25	412,048	43,295	122,269	40%
District of Columbia	2	334,673	44,824	67,156	33%
Florida	48	8,944,469	1,129,685	3,033,439	47%
Georgia	42	4,087,735	561,879	1,282,611	45%
Hawaii	43	493,920	51,115	173,064	45%
Idaho	30	721,351	75,682	221,268	41%
Illinois	13	5,068,029	620,588	1,261,149	37%
Indiana	17	2,730,489	337,484	713,547	38%
Iowa	11	1,320,745	151,884	330,895	37%
Kansas	16	1,174,788	137,344	311,258	38%
Kentucky	38	1,808,144	299,959	498,488	44%
Louisiana	51	1,819,905	351,248	554,557	50%
Maine	28	605,199	67,219	177,879	40%
Maryland	21	2,376,785	236,153	698,562	39%
Massachusetts	35	2,799,709	317,591	876,753	43%
Michigan	29	4,076,984	555,965	1,117,590	41%
Minnesota	6	2,322,755	219,267	584,716	35%
Mississippi	50	1,147,097	221,155	345,210	49%
Missouri	23	2,524,385	320,027	688,622	40%
Montana	14	467,558	57,552	119,941	38%
Nebraska	7	803,424	92,426	188,071	35%
Nevada	36	1,222,034	147,005	385,854	44%
New Hampshire	9	564,142	45,593	151,926	35%
New Jersey	20	3,538,131	359,444	1,018,576	39%
New Mexico	45	842,325	141,634	243,853	46%
New York	49	7,787,200	1,120,465	2,590,349	48%
North Carolina	32	4,352,607	557,477	1,265,052	42%
North Dakota	1	330,139	36,905	72,665	33%
Ohio	18	4,894,153	661,888	1,223,429	39%
Oklahoma	41	1,572,192	244,654	456,798	45%
Oregon	33	1,738,333	208,441	528,716	42%
Pennsylvania	24	5,308,845	660,390	1,465,590	40%
Rhode Island	22	440,675	51,069	122,439	39%
South Carolina	34	2,156,513	306,059	608,829	42%
South Dakota	10	367,063	41,592	91,103	36%
Tennessee	37	2,852,754	396,857	849,126	44%
Texas	31	11,178,972	1,480,119	3,199,414	42%
Utah	4	1,153,293	107,824	279,066	34%
Vermont	26	272,239	28,609	80,780	40%
Virginia	19	3,368,535	351,398	956,236	39%
Washington	15	3,094,073	320,701	854,530	38%
West Virginia	44	726,214	122,054	209,725	46%
Wisconsin	8	2,474,496	270,316	593,843	35%
Wyoming	5	241,180	27,442	55,167	34%

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