ALICE IN THE CROSSCURRENTS

COVID AND FINANCIAL HARDSHIP IN

WASHINGTON, D.C.

2023 Report | UnitedForALICE.org

UNITED FOR ALICE

United Way

United Way of the National Capital Area

ABOUT UNITED FOR ALICE AND OUR PARTNERS

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

To create the ALICE Reports, our team of researchers works with Research Advisory Committees composed of experts from our partner states. This work is guided by our rigorous methodology, which is updated biennially with experts from across our Research Advisory Committees.

Director and Lead Researcher: Stephanie Hoopes, Ph.D.

ALICE Research Team: Andrew Abrahamson; Ashley Anglin, Ph.D.; Catherine Connelly, D.M.H., M.A.; Max Holdsworth, M.A.; Dana Isaac; Dan Treglia, Ph.D. Research Fellows: Daniel Assamah and Kathleen Lopez.

State Research Advisory Committee: D.C. Research Advisory Committee: Rosie Allen-Herring, M.B.A., United Way of the National Capital Area; George L. Askew, M.D., Meyer Foundation; Maisha Douyon Cover, M.P.H., CareFirst BlueCross BlueShield; Matt Erskine, M.B.A., Connected DMV; Anthony Featherstone, M.B.A., WorkSource Montgomery, Inc.; Ayeola Fortune, M.A., United Way Worldwide; Amy Gyau-Moyer, M.S., M.B.A., University of Maryland Medical System; Kecia Hayes, Ph.D., School of Education, American University; Kathy E. Hollinger, M.A., Greater Washington Partnership; Nicole D. Jenkins, Ph.D., Howard University; Shannon R. Mouton, Laurel Advocacy & Referral Services, Inc.; Alex Orfinger, M.S., Washington Business Journal; Harold Pettigrew, Jr., M.U.P., Washington Area Community Investment Fund, Inc.; Rachel Sadlon, M.P.H., The George Washington University Milken Institute School of Public Health; Robert Sheehan, Ph.D., Robert H. Smith School of Business, University of Maryland; Peter Tatian, Metropolitan Housing and Communities Policy Center, Urban Institute - Greater DC; Arthur Toole, III, M.B.A., Veterans Services, Prince George's Community College; Tonia Wellons, M.P.A., Greater Washington Community Foundation; Rachel Wooden Wicks, Kaiser Permanente.

United For ALICE partners with United Way of the National Capital Area to bring this research to Washington, D.C., and this work is sponsored by Kaiser Permanente and the Greater Washington Community Foundation.

United Way of the National Capital Area

To learn more about how you can get involved in advocating and creating change for ALICE in Washington, D.C., contact: Scott Mengebier at smengebier@uwnca.org

To access interactive ALICE data and resources for Washington, D.C., go to UnitedForALICE.org/Washington-DC

TABLE OF CONTENTS

ALICE Research in a Time of Change 1

The ALICE Household Survival Budget 2

ALICE in D.C.: Executive Summary 4

The Competing Forces of the COVID Economy 7

The Impact of the COVID Economy on:

- ALICE Demographics and Equity 9
- Work and Wages 15
- Pandemic Assistance 18
- Savings and Assets 21

Beyond 2021: Economic Challenges Ahead For ALICE 23

Ward Comparison: Income Status, 2021 27

County Comparison: Income Status, 2021 28

National Comparison: Income Status, 2021 29

Next Steps 30

ALICE RESEARCH IN A TIME OF CHANGE

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

Two pillars of the ALICE measures are household costs and income. The **Household Survival Budget** calculates the cost of household essentials for each county in D.C. For household income, the ALICE measures rely on the U.S. Census Bureau's American Community Survey (ACS). The ACS experienced such significant disruption in data collection in 2020 that the Census Bureau released only experimental estimates, which are not included in our analysis. By 2021, standard Census data collection had resumed.

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

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

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

KEY TERMS

- **ALICE: A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed — households that earn above the Federal Poverty Level (FPL) but cannot afford the basic cost of living in their county. Despite struggling to make ends meet, ALICE households often do not qualify for public assistance.
- **ALICE Threshold of Financial Survival:** Derived from the Household Survival Budget, the minimum average income that a household needs to afford housing, child care, food, transportation, health care, and a smartphone plan, plus taxes. Calculated for all U.S. states and counties.
- **Below ALICE Threshold:** Includes people in poverty-level and ALICE households combined.
- **D.C. Metro Area:** Washington-Arlington-Alexandria, D.C.-VA-MD-WV Metropolitan Statistical Area: District of Columbia; Arlington, Clarke, Fairfax, Fauquier, Loudoun, Prince William, Spotsylvania, Stafford, and Warren Counties, and Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park Cities in Virginia; Calvert, Charles, Frederick, Montgomery, and Prince George's Counties in Maryland; and Jefferson County in West Virginia.

Data Notes: The data used in this Report are estimates; some are geographic averages, others are one-or five-year averages depending on population size. Percentages are rounded to whole numbers, sometimes resulting in percentages totaling 99% or 101%. ALICE analysis includes all households, regardless of work status, as employment is fluid and most households have members who are working, have worked, or are looking for work. See our Methodology for more details.

THE ALICE HOUSEHOLD SURVIVAL BUDGET

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

When compared to the more accurate cost of living included in the Household Survival Budget, the Federal Poverty Level (FPL) is drastically inadequate. Unlike the ALICE budgets, the FPL is not based on the cost of contemporary household necessities, and except for Alaska and Hawaiʻi, it is not adjusted to reflect cost-of-living differences across the U.S. Nor does it adjust for different ages of household members. The FPL is increased annually based on the Bureau of Labor Statistics' (BLS) Consumer Price Index (CPI), and those increases are the same for all U.S. households of a given size. By contrast, the actual household costs in the Survival Budget have increased at different rates depending on location, household size, and household composition.

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

In D.C., for all household sizes, the FPL is well below the Household Survival Budget. In 2021, the FPL was $26,500 for a family of four. In contrast, Figure 1 shows that the average cost of living for a family of four in D.C. was $92,736. In neighboring counites in Maryland and Virginia, the cost of basics were also higher than the FPL. Cost increases in the Household Survival Budget were driven by housing, food, and health care. Increases were mitigated by child tax credits in 2021 for families with children.

Figure 1. ALICE Household Survival Budget and Federal Poverty Level, Washington, D.C., 2021

	Federal Poverty Level Census income thresholds that vary by household size but not geography to determine who is in poverty	ALICE Household Survival Budget The cost of the essentials needed to live and work in the modern economy, by household type and location		
	Same for all counties	D.C.	Fairfax County, VA	Prince George's County, MD
Family of Four				
Monthly Total	$2,208	$7,728	$8,976	$7,769
Annual Total	$26,500	$92,736	$107,712	$93,228
Percent Change, 2019–2021	3%	-4%	4%	12%
Single Adult				
Monthly Total	$1,073	$3,940	$4,341	$3,819
Annual Total	$12,880	$47,280	$52,092	$45,828
Percent Change, 2019–2021	3%	12%	4%	8%

Note: Percent change is pre-tax.

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

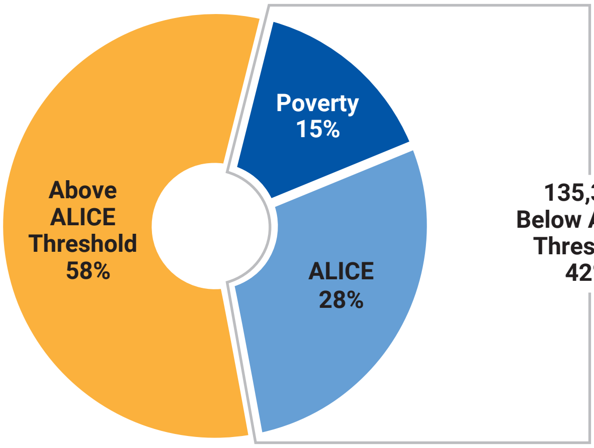
	ALICE Household Survival Budget	Average Monthly Costs, Washington, D.C., 2021	
	Description, Update, and Sources	**One Adult**	**Family of Four**
Housing	**Rent:** Fair Market Rent (40th percentile) for an efficiency, one-bedroom, or two-bedroom apartment (based on family size), adjusted in metro areas using the American Community Survey (ACS) — minus utilities **Utilities:** As captured by the Community Expenditure Survey (CEX) **Update:** Costs of rent and utilities are now shown separately. ***Sources:*** *ACS metro housing costs and U.S. Department of Housing and Urban Development (rent); CEX (utilities)*	$1,833 rent + $154 utilities	$2,025 rent + $292 utilities
Child Care	Cost for registered Family Child Care Homes for infants (0–2 years), preschool-age (3–4), and school-age children (5–12) ***Source:*** *D.C. Office of the State Superintendent of Education, 2021*	$ -	$1,694
Food	USDA Thrifty Food Plan by age with county variation from Feeding America **Update:** A change in legislation requires the USDA Thrifty Food Plans to reflect the cost for resource-constrained households to purchase a healthy, practical diet, starting in 2021, increasing costs from prior years. ***Sources:*** *Feeding America; U.S. Department of Agriculture (USDA)*	$573	$1,562
Transportation	Operating costs for a car (average daily miles by age, cost per mile, license, fees, and insurance), or public transportation where viable **Update:** The decline in public transportation use during the pandemic reduced the average expenditure, yet the cost for workers who had to use it to commute remained the same. To reflect this, the budget uses 2019 average CEX spending. ***Sources:*** *AAA, Federal Highway Administration, The Zebra (car); CEX (public transportation)*	$166	$332
Health Care	Health insurance premiums based on employer-sponsored plans plus out-of-pocket costs for households with $40,000–$69,000 annual income by age, weighted with the poor-health multiplier. For the senior budget, cost of Medicare Part A and B, out-of-pocket costs, plus average out-of-pocket spending for the top five chronic diseases as reported by CMS. ***Sources:*** *Centers for Medicare and Medicaid Services (CMS); CEX (health); Medical Expenditure Panel Survey (MEPS)*	$209	$922
Technology	Smartphone plan with 10GB of data for each adult in a household **Update:** Costs were upgraded from a 5GB to a 10GB monthly data plan to reflect the increased need for internet access. ***Source:*** *Consumer Reports*	$75	$110
Miscellaneous	Cost overruns estimated at 10% of the budget, excluding taxes, to cover one-time unanticipated costs in the other categories	$301	$694
Taxes	Federal, state, and local taxes owed on the amount of income to cover the Survival Budget, as well as tax credits, including the Child Tax Credit (CTC) and the Child and Dependent Care Tax Credit (CDCTC) **Update:** Due to the significant effect of the expanded tax credits in 2021, total taxes before credits and the credits are both listed. ***Sources:*** *Internal Revenue Service; Tax Foundation*	$629	$1,556 Tax before CTC and CDCTC -$1,459 CTC and CDCTC
	Monthly Total	**$3,940**	**$7,728**

To see the Household Survival Budget for all counties in the D.C. Metro Area and for any household compositions, go to UnitedForALICE.org/Household-Budgets/Washington-DC.

ALICE IN D.C.: EXECUTIVE SUMMARY

The number of households in financial hardship in D.C. continues to be undercounted in official measures. According to the FPL, 15% of households in D.C. (46,850) were in poverty in 2021. Yet United For ALICE data shows that another 28% (88,464 households) — almost twice as many — were **ALICE** (**A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed). ALICE households earn above the FPL, but not enough to afford the basics in the communities where they live.

The reality is that of the 319,565 households in D.C., 135,314 — 42%* — had income below the ALICE Threshold of Financial Survival in 2021. These included both households in poverty and ALICE households.



** In D.C, out of 319,565 households, there were 46,850 (14.7%) in poverty plus 88,464 (27.7%) ALICE, which totals 135,314 (42.3%) below the ALICE Threshold and rounds to 42% in this Report.*

The crux of the problem is a mismatch between earnings and the cost of basics. The ALICE Household Survival Budget for a family of four in 2021 was $92,736, well above the FPL at $26,500 and well above the full-time earnings for most low-wage jobs in D.C. For example, retail salespersons (one of the most common occupations in D.C.) earned a median hourly wage of $15.12 — not enough to cover the **ALICE Household Survival Budget** for one worker employed full time ($23.64 per hour), much less for a family with children, even with two adults working (combined wage of $46.37 per hour). As a result, many ALICE workers live outside the District, where housing is less expensive, and commute to work, which adds other costs as well as time. Of the 2.4 million households in the D.C. Metro Area, 33% (781,269) were below the ALICE Threshold in 2021.

ALICE Household Survival Budget, Washington, D.C., Average, 2021

	Single Adult (under 65)	Single Senior (65+)	2 Adults, 1 Infant, 1 Preschooler
Monthly Costs			
Housing – Rent	$1,833	$1,833	$2,025
Housing – Utilities	$154	$154	$292
Child Care	-	-	$1,694
Food	$573	$529	$1,562
Transportation	$166	$166	$332
Health Care	$209	$593	$922
Technology	$75	$75	$110
Miscellaneous	$301	$335	$694
Tax Before Credits	$629	$725	$1,556
Monthly Total	$3,940	$4,410	$9,187
ANNUAL TOTAL Before Credits	$47,280	$52,920	$110,244
Tax Credits (CTC and CDCTC)		-	($17,508)
ANNUAL TOTAL with Credits	**$47,280**	**$52,920**	**$92,736**
Full-Time Hourly Wage	***$23.64***	***$26.46***	***$46.37***

Note: CTC = Child Tax Credit, CDCTC = Child and Dependent Care Tax Credit. Percent change is pre-tax. Full-time hourly wage represents the wage needed at 40 hours per week to support the annual total, with credits. For the family of four, this represents the combined wage needed for two workers. Many households incur higher costs, especially for housing, as units may not be available at Fair Market Rent. To view ALICE Household Survival Budgets for all counties in the D.C. Metro Area and for any household composition, visit UnitedForALICE.org/Household-Budgets/Washington-DC.

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

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

Key findings include:

- **Financial hardship over time:** ALICE households are especially vulnerable to national economic disruptions. The number of households below the ALICE Threshold in D.C. increased dramatically through the Great Recession (2007-2010). The number of households in poverty continued to increase through 2016, and the number of ALICE households increased through 2018. There was some improvement leading up to 2019 — and then the pandemic hit. From 2019 to 2021, the total number of households in D.C. increased by 10% and the number of households below the Threshold increased by 16%. During the same period, the share of households below the Threshold increased from 40% to 42%

- **Demographics:** There are households below the ALICE Threshold across all demographic groups. However, disparities exist in the rates of financial hardship due to persistent racism, ageism, gender discrimination, and geographic barriers that limit many families' access to resources and opportunities for financial stability. For example, by race/ethnicity, 63% of Black and 42% of Hispanic households were below the ALICE Threshold in D.C. in 2021, compared to 22% of White households. By age of householder, the youngest (under age 25) and oldest (age 65+) households faced the highest rates of hardship. And by household composition, single-female headed families with children were more likely to be below the Threshold than single-male headed or married-parent households.

- **Geography:** Within the District, the rate of households below the ALICE Threshold is highest in Wards 7 and 8 (at 62% and 68%, respectively), with rates of financial hardship more than double those in Wards 1, 2, 3, and 6. Located east of the Anacostia River, Wards 7 and 8 are more than 90% Black, the result of being legacy redlined communities.

- **D.C. Metro Area:** Of the 2.4 million households in the D.C. Metro Area, 33% (781,269) were below the ALICE Threshold in 2021. As an economic (and political) hub, almost three times as many workers work in the District as live there, and many of those commuting are ALICE workers. During the pandemic, they were less likely to shift to telework and more likely to move residences and/or seek new jobs at least in part to make their commute easier or less costly.

- **Work and wages:** Wages of the 20 most common occupations in the D.C. Metro Area were bifurcated: 45% paid less than $20 per hour in 2021, and 40% paid more than $45 per hour. All but two of the top jobs saw an increase in the median wage; for example, the median wage for a retail salesperson increased by 1% to $15.12 per hour in D.C. and by 12% in the metro area to $14.24 per hour. However, given that wages had stagnated for a decade, many top jobs still had a substantial percentage of workers who lived below the ALICE Threshold in 2021.

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

Credit, the Child and Dependent Care Tax Credit, and the Economic Impact Payments.

- **Savings and assets:** While emergency savings rates were increasing on average across D.C., Maryland, and Virginia, rates differed by income. According to SHED, only 38% of households below the ALICE Threshold had emergency savings or rainy day funds in October 2019, compared to 71% of households above the Threshold. By November 2021, the rate for households below the Threshold had increased to 47%, and the rate for households above the Threshold had increased to 78%. Similarly, only 52% of households below the Threshold had retirement savings in 2021, compared to 73% of those above.

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

ALICE DATA ONLINE

Visit UnitedForALICE.org/Washington-DC to see interactive maps and data on:

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

THE COMPETING FORCES OF THE COVID ECONOMY

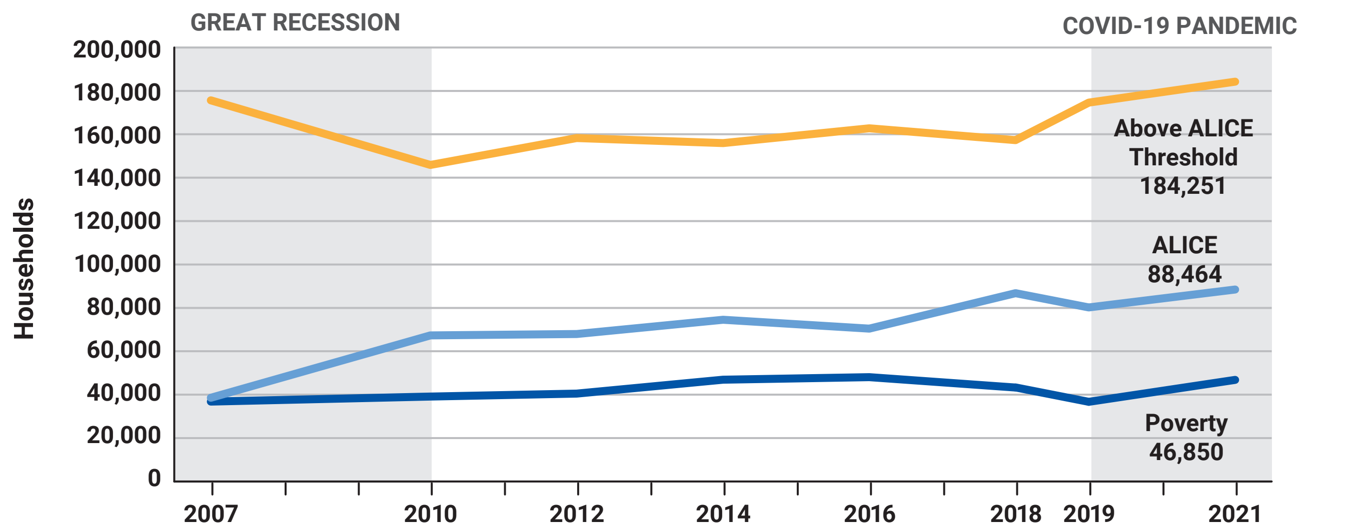
Competing economic forces and public policy interventions have made it difficult to predict the net impact of the pandemic on household financial stability. When the pandemic hit, businesses, child care providers, schools, and community services closed, some permanently. The loss of jobs and wages was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

Yet other forces provided economic benefits for many households. From 2020 to 2021, average weekly wages across all industries were up 4.8% in D.C., and up 5.6% nationally (the second-fastest national increase in the past two decades). Additionally, from 2019 to 2021, average wages and salaries increased 16% in the Washington-Baltimore-Arlington, DC-MD-VA-WV-PA metropolitan area (D.C. Metro Area), one of the highest rates among other metro areas in the country.

Emergency pandemic measures and economic policies provided critical support for ALICE families, including housing assistance, expanded unemployment insurance, stimulus checks, enhanced tax credits, and an eviction moratorium. Those measures made a difference, helping to mitigate, but not prevent, the economic impact of the pandemic.

Rates of financial hardship in D.C. have shifted over time (Figure 2). During the last major economic disruption — the Great Recession — the percentage of D.C. households below the ALICE Threshold increased from 30% in 2007 to 42% in 2010. The number of poverty-level

Figure 2. Households by Income, Washington, D.C., 2007–2021



Percent Below ALICE Threshold	2007	2010	2012	2014	2016	2018	2019	2021
	30%	42%	41%	44%	42%	45%	40%	42%

Sources: ALICE Threshold, 2007–2021; U.S. Census Bureau, American Community Survey, 2007–2021 households continued to increase through 2016 and ALICE households increased through 2018. There was some improvement leading up to 2019 — and then the pandemic hit.

During the pandemic, from 2019 to 2021, the total number of households in D.C. increased by 10% and the number of households below the ALICE Threshold increased by 16% (from 116,939 to 135,314); both rates were among the highest in the country. However, the increase in the share of households below the Threshold was more muted, rising from 40% in 2019 to 42% in 2021.

Neighboring states of Maryland and Virginia also experienced increases from 2019 to 2021, but at slightly lower rates: the total number of households in Maryland increased by 6% and the number of households below the ALICE Threshold increased by 8%, while total households in Virginia increased by 4% and the number of households below the ALICE Threshold increased by 3%.

GREAT RECESSION VS. PANDEMIC: INCREASES IN HARDSHIP

- Through the Great Recession (2007–2010), the increase in the number of D.C. households below the ALICE Threshold was driven by a substantial increase in ALICE households.
- During the pandemic (2019–2021), growth in the number of households below the Threshold was driven by a large increase in both households in poverty and ALICE households.

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

While the overall number of D.C. households that were struggling financially increased from 2019 to 2021, the impact of competing forces played out differently across demographic groups (Figure 3) and by geography (Figures 4 and 5). In many cases, the pandemic exposed and exacerbated disparities and vulnerabilities that have long existed in our society, with substantial differences in rates of hardship by race/ethnicity, age, and household composition.

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

Rates of financial hardship differed significantly between groups, a result of persistent racism, ageism, gender discrimination, and geographic barriers that limit many families' access to resources and opportunities for financial stability:

- In 2021, the largest number of households below the ALICE Threshold in D.C. were Black (83,261) making up 63% of Black households. White households were the next largest group, with 28,654 below the Threshold, yet they made up only 22% of White households. There were also 11,474 Hispanic households below the Threshold, making up 42% of Hispanic households. In contrast, in neighboring Maryland and Virginia, the largest number of households below the ALICE Threshold were White, making up 32% of White households in Maryland and 34% in Virginia. However, in all locations, Hispanic and Black households were disproportionately below the Threshold.
- By age of householder, the youngest and the oldest households had the highest rates of hardship, with 72% of households headed by someone under age 25 and 56% of senior households (headed by someone age 65+) living below the Threshold in D.C.. By comparison, 33% of households headed by people age 25–44 and 44% of households headed by those age 45–64 were below the Threshold.
- Though households headed by someone under age 25 were the smallest age group, they experienced the greatest growth during the pandemic, with the total number increasing by 42% and the number below the ALICE Threshold growing by 63%. By percentage, the share of these households below the Threshold increased from 63% to 72%.
- By household composition, single parents were most likely to be below the ALICE Threshold, but with a big difference between single-male-headed households (34% below the Threshold) and single-female-headed households (78%). Rates of financial hardship were much lower for married-parent households (14%). But the rate for single/cohabiting households without children (39%), the largest group in D.C., was close to the District average (42%).

Figure 3 paints a clear picture of the rates of hardship for different demographic groups compared to the D.C. average. For all households in D.C., 15% were in poverty and 28% were ALICE in 2021.

Figure 3. Household Financial Status and Key Demographics, Washington, D.C., 2021

	Total	Below ALICE Threshold	Poverty	ALICE	Above ALICE Theshold
ALL HOUSEHOLDS	**319,565**	**135,314**	15%	28%	58%
AGE					
Under 25 Years	14,177	10,170	37%	34%	28%
25 to 44 Years	153,895	50,592	11%	22%	67%
45 to 64 Years	87,260	38,280	18%	26%	56%
Seniors (65+)	64,233	36,272	15%	41%	44%
RACE/ETHNICITY					
American Indian/ Alaska Native	1,198	911	26%	50%	24%
Asian	13,048	4,386	10%	23%	66%
Black	132,521	83,261	21%	41%	37%
Hispanic	27,098	11,474	9%	34%	58%
Two or More Races	15,020	5,858	11%	28%	61%
White	129,220	28,654	4%	18%	78%
HOUSEHOLD TYPE					
Married With Children	29,726	4,093	5%	9%	86%
Single-Female-Headed With Children	18,917	14,818	54%	25%	22%
Single-Male-Headed With Children	2,559	861	22%	12%	66%
Single or Cohabiting, Under 65, no Children	204,130	79,270	12%	27%	61%

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.

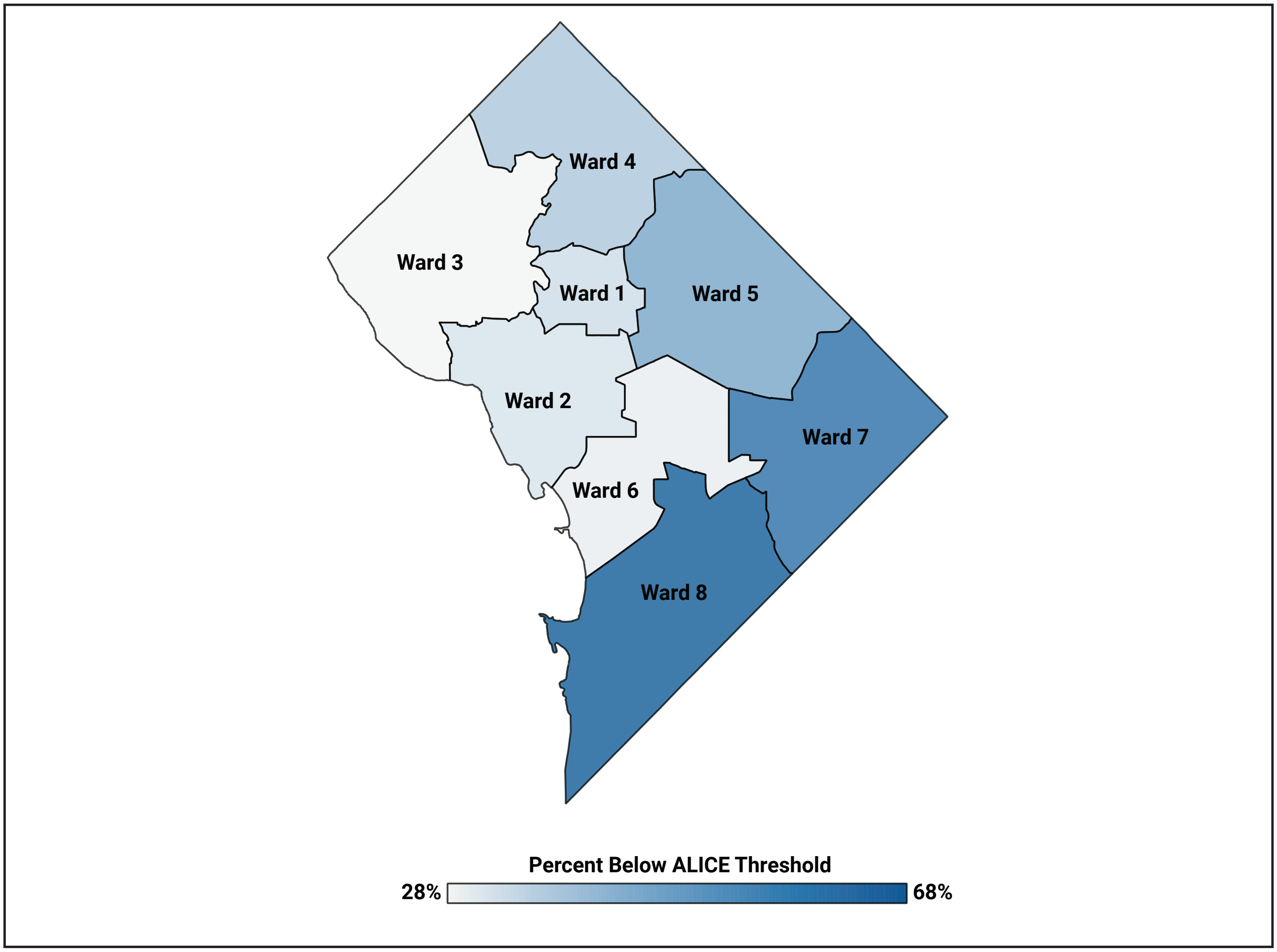
In D.C, out of 319,565 households, there were 46,850 (14.7%) in poverty plus 88,464 (27.7%) ALICE, which totals 135,314 (42.3%) below the ALICE Threshold and rounds to 42% in this Report.

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

Financial Hardship by D.C. Ward

The rates of financial hardship varied across D.C. neighborhoods, which are also the District's legislative districts (Figure 4). With the high cost of living in D.C., it is not surprising that there are relatively low numbers of ALICE and poverty-level households in the District. For those who do live in D.C., households below the ALICE Threshold are concentrated in Wards 7 and 8, where the rate of financial hardship was 62% and 68%, respectively. These rates were more than double those in Wards 1, 2, 3, and 6. Located east of the Anacostia River, Wards 7 and 8 are more than 90% Black, the result of being legacy redlined communities.

Figure 4. Financial Hardship by D.C. Ward, 2021



Note: See the Ward Comparison: Income Status table toward the end of this Report for ALICE data by ward.

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

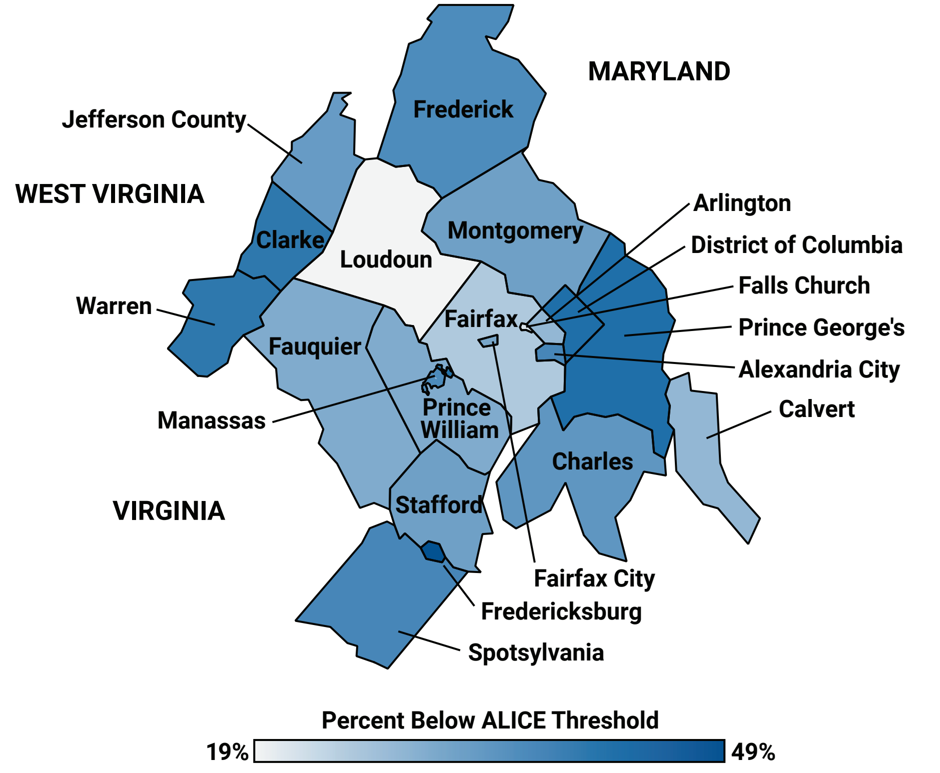
Financial Hardship by D.C. Metro Area

As an economic (and political) hub, almost three times as many workers work in the District as live there, according to the 2022 Metropolitan Washington Council of Governments' State-of-the-Commute (SOC) survey. For this reason, the commuting story is central to understanding the role of ALICE workers in D.C.

D.C. relies on many ALICE workers to keep the city running smoothly, but because the cost of living is so high in D.C., many cannot afford to live there. The cost of living in many surrounding counties is also high, further limiting options for low-wage workers. In 2021, the rates of financial hardship varied substantially across the D.C. Metro Area (Figure 5), from above 45% in Fredericksburg City (VA) and 42% in Prince George's County (MD) to 28% in Calvert County (MD) and 19% in Loudoun County (VA).

Work patterns changed for many during the pandemic, but the changes differed substantially by income. Workers living in D.C. were more likely to shift to telework, with the share of remote workers increasing from 35% to 77%. Yet low-income workers commuting from Maryland and Virginia to D.C. were more likely to continue commuting: Only 19% of workers with incomes below $30,000 and 38% of workers with incomes between $30,000 and $59,999 teleworked in 2021. Adjusting to the pandemic, there was a shift among commuters from using public transit to driving alone, as well as moving residences and/or seeking new jobs at least in part to make the commute easier or less costly. And changes in work and/or home location in the past two years were more common among lower-income respondents: 49% of respondents with incomes below $100,000 reported a change, compared with 33% who had household incomes of $180,000 or more.

Figure 5. Financial Hardship by D.C. Metro Area, 2021



Note: Washington-Arlington-Alexandria, D.C.-Va.-Md.-W.Va. Metropolitan Statistical Area (MSA): District of Columbia; Arlington, Clarke, Fairfax, Fauquier, Loudoun, Prince William, Spotsylvania, Stafford, and Warren Counties, and Alexandria, Fairfax, Falls Church, Fredericksburg, Manassas, and Manassas Park Cities in Virginia; Calvert, Charles, Frederick, Montgomery, and Prince George's Counties in Maryland; and Jefferson County in West Virginia.

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

Changes in Population and Financial Hardship (2019–2021)

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

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

In D.C., the pandemic also impacted where people lived, who they lived with, and the demographics of households:

Location: Prior to the pandemic, D.C.'s population had been growing for a decade and a half. When the pandemic hit in March/April 2020, D.C. experienced an acceleration of people moving out of the city; U.S. Postal Service data show that the District reached a population low in the winter of 2020/2021. But additional analysis shows that these were temporary changes, and the population recovered to a large extent by the fall of 2021. Within the 2019–2021 time frame, the number of households in D.C. increased by 10%, and the D.C. Metro Area, Spotsylvania (VA), Frederick (MD), and Manassas Park (VA) also saw gains of 10% or more. The only county in the metro area with a decrease in the total number of households was Arlington, VA, by 3%.

In terms of financial hardship, many metro counties experienced increases in the number of households below the ALICE Threshold. Appomattox (VA), Stafford (VA), Jefferson County (WVA) and Frederick (MD) saw a percent increase greater than 15%, and Warren (VA) had a 30% increase. At the same time, several of the most expensive counties in Virginia experienced large declines in the number of households below the ALICE Threshold: Manassas Park (down 25%), Arlington (down 14%), Manassas (down 14%), and Falls Church (down 13%). Across the country there was a trend of workers able to work remotely moving to less expensive areas. (See additional county-level data on the ALICE website and in the "Metro County Comparison" section of this Report.)

Age: The D.C. population is one of the youngest in the country, and those in their prime working years have the lowest rates of financial hardship. But rates of hardship increased for households across all age groups from 2019 to 2021. As more young adults started to live on their own again, the number of households headed by someone under age 25 (the smallest age group in D.C.) increased by an astounding 42%, and those below the ALICE Threshold rose by 63%. Increases in neighboring states were not as large: In Maryland, total households in this age group increased by 23% and those below the Threshold by 36%; in Virginia, each rose by 15%.

Because most people move to D.C. for a job and the cost of living makes retirement expensive, D.C. has a relatively small senior population, but that population is growing as seniors are working longer. The number of senior households overall increased by 10% from 2019 to 2021 in D.C., while, the percentage of seniors below the ALICE Threshold grew from 48% to 56%.

In contrast, all other age groups saw very little change in the percentage of households below the Threshold during this period. For those age 25–44, the rate fell from 34% to 33%, and for those age 45–64, the rate increased from 42% to 44%.

Household composition: The share of families with married parents below the Threshold increased from 13% in 2019 to 14% in 2021 in D.C., while the percentage among families headed by a single male fell sharply from 62% to 34%, and the percentage among families headed by a single female increased, and from a high rate, 75% to 78%. Single or cohabiting ouseholds without children headed by those in their prime working years (under 65) also experienced an increase in rate of hardship, from 37% below the Threshold in 2019 to 39% in 2021.

Race/ethnicity: This Report is not able to accurately capture change over time by race/ethnicity in the total number or share of households below the ALICE Threshold. Starting in 2020, the U.S. Census Bureau changed how it asks about and codes data on race and Hispanic origin. These changes help the Census and ACS provide a more complete picture of the U.S. population, especially for people who self-identify as multiracial or multiethnic. But as a result, the Census urges caution when comparing race data between years before and after 2020. For example, in D.C., the huge increase in the Census count of people of Two or More Races (also referred to now as Multiracial) — an increase of 95% from 2019 to 2021 — is a combination of actual growth in this population and improvements to Census questions and coding. (Note: The number of Multiracial households below the ALICE Threshold increased at a slightly higher rate, by 107%).

Immigration: The pandemic not only imposed new barriers to international migration but also had a significant impact on immigrant communities across the U.S. According to the Migration Policy Institute, as a result of immigration center processing delays and bans on international travel, the number of visas issued in the U.S. dropped by half between 2019 and 2020. In D.C. in 2021, 14% of the population were immigrants, the same as in 2019, with the largest number of immigrants originating from El Salvador, Ethiopia, and China.

THE ALICE ECONOMIC VIABILITY DASHBOARD – COMING FALL 2023

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

THE IMPACT OF THE COVID ECONOMY ON... WORK AND WAGES

Overall, in 2021, the labor market was rebounding from the record-breaking unemployment and drop in total employment that occurred at the start of the pandemic. The unemployment rate was 6.1% in D.C. in 2021, a stark contrast to unemployment at the start of the pandemic (11.1% in April 2020). In addition, average weekly wages across all industries in D.C. increased 4.8% from 2020 to 2021, and 16% across the D.C. Metro Area. This was driven by minimum wage increases in the District and increased demand for essential workers, as well as by "The Great Resignation" — while some workers left the labor force, over time many more changed jobs to find better pay as well as work-life balance.

It was also a unique year for low-wage jobs and workers. In 2021, low-wage workers across the country experienced faster wage growth than middle- and high-wage workers, although from a much lower starting point. Research from Opportunity Insights shows that the number of low-wage jobs fell in D.C.: In December 2021, there were 19% fewer jobs paying less than $29,000 per year than at the start of the pandemic — some became higher-paying jobs, others went away altogether. There were also drops in Maryland (28.6%) and Virginia (22.5%).

Unemployment Insurance (UI) helps individuals who lost jobs — before, during, and after the pandemic. In 2021, $190 million was paid to individuals under D.C.'s regular unemployment insurance program, and an additional $9 million was paid in Extended Unemployment Benefits, available during periods of specified high unemployment.

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

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

- Better pay and work opportunities were helpful, but not enough to recoup years of being squeezed by the increasing cost of basics, especially for those who struggled to secure full-time employment. As documented in the ALICE Essentials Index, the cost of essential goods had already been outpacing wages for more than a decade, stretching ALICE workers' household income even further.

- Many frontline and essential jobs became hazardous and difficult during the pandemic. In addition to increased exposure to COVID-19, many workers were required to work more days and hours, skip lunch and breaks, stand for hours, and work while sick. Others were gig workers, forced to work more hours to fill income gaps. Without protective gear, health insurance, or even sick days, there were increases in mortality compared with previous years, especially for food- and agriculture-sector workers. In addition, because so many workers commute from outside the District, there were added health risks of travelling on public transportation, or added costs as many switched to driving to work.

- Workers with school-age children had a difficult time, especially those who were not able to work from home. Challenges reported include lack of ability to support their children's learning, need to reduce work hours, turning down an important work assignment or a promotion, and experiencing fatigue and stress.

- Underemployment became an increasing problem. Many workers were unable to work full time due to family responsibilities, being in school or training, illness, disability, or child care problems. Others were working part time because their hours had been reduced; still others were unable to find full-time jobs. In 2021 in D.C. the underemployment rate that captures these workers was 9.7%, higher than the traditional unemployment rate (6.1%), and higher than before the pandemic (8.6% in 2019). Underemployment rates in 2021 were slightly lower in Maryland (9.3%) and Virginia (8.1%).

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

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

Wages for the Most Common Occupations

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

The 20 most common occupations in the D.C. Metro Area in 2021 were bifurcated in terms of wages: 45% paid less than $20 per hour and 40% paid more than $45 per hour. The D.C. Metro area is unique, the top-paying in the Area, such as financial managers and lawyers, do not appear among the most common occupations in most states.

Of the D.C. Metro Area's lower-paying jobs, all but one saw an increase in the median wage; for example, the median wage for retail salespersons increased by 12% to $14.24 per hour in 2021. But given that wages had stagnated for the previous decade, many top jobs still had a substantial percentage of workers who lived below the ALICE Threshold in 2021 (Figure 6). The wage to cover the ALICE Household Survival Budget for a single adult was $23.64 per hour working full-time, or for a family with two adults and two children, a combined wage of $46.37 per hour.

While there were ALICE workers in all sectors, the occupations with the highest percentage of workers below the ALICE Threshold in the D.C. Metro Area in 2021 were home health and personal care aides; janitors and cleaners; waiters and waitresses; stockers and order fillers; and retail salespersons.

CHILD CARE WORKERS

The pandemic brought to the forefront the crisis in child care availability and cost. For families with two children in care, child care is often the most expensive item in their budget, even more expensive than housing. Child care workers are the workforce behind the workforce, yet many struggle to make ends meet for their own families: With a median hourly wage of $17.47 in D.C. in 2021, 51% were below the ALICE Threshold. And with staffing and demand fluctuations, many child care providers went out of business during the pandemic. Lack of care remains an obstacle for working parents.

Figure 6. Top Occupations, Employment, Wages, and Percentage Below ALICE Threshold, D.C. Metro Area, 2021

Occupation	Total Employment (BLS)	Median Hourly Wage (BLS)	Percent Median Wage Change From 2019 (BLS)	Percent Workers Below ALICE Threshold (ACS PUMS)
General and Operations Managers	84,050	$68.72	2%	13%
Business Operations Specialists	71,350	$47.15	-	13%
Management Analysts	64,320	$50.30	1%	5%
Software Developers	63,360	$61.94	-	6%
Retail Salespersons	62,510	$14.24	12%	47%
Fast Food and Counter Workers	57,440	$13.97	13%	40%
Cashiers	57,300	$13.87	17%	45%
Janitors and Cleaners	49,900	$15.64	9%	50%
Office Clerks, General	45,100	$22.09	19%	24%
Lawyers	44,250	$82.93	5%	4%
Registered Nurses	43,560	$38.37	-2%	12%
Accountants and Auditors	41,850	$46.09	12%	10%
Customer Service Representatives	40,610	$18.25	-2%	29%
Secretaries and Administrative Assistants	37,550	$22.72	1%	26%
Security Guards	37,160	$19.39	1%	25%
Stockers and Order Fillers	37,000	$15.10	11%	48%
Computer Occupations	35,740	$61.24	8%	11%
Home Health and Personal Care Aides	35,250	$14.42	3%	51%
Waiters and Waitresses	31,380	$14.32	21%	49%
Financial Managers	21,190	$77.67	3%	9%

Note: The 2019 median wage for Software Developers and Business Operations Specialists is missing/renamed in the Bureau of Labor Statistics—Occupational Employment Statistics dataset.

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

To see more data on jobs by hourly wages and full-time, part-time, and hourly work schedules, visit UnitedForALICE.org/Labor-Force/Washington-DC

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

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

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

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

Figure 7 shows an example of the impact of pandemic assistance on a household's ability to meet the cost of basics in 2021. The figure shows a family of four in D.C. with two parents working full time in two of the most common occupations, retail salesperson and cashier (median wages of $15.12 and $15.01 per hour, respectively). This family could not afford the Household Survival Budget in 2021, even with the temporarily increased credits and payments available to them: the CTC ($3,600 for each child under age 6), the CDCTC ($4,000 per child in child care), and the Economic Impact Payments ($2,800 for married couples plus $1,400 for each child). With both parents working full time, they were not eligible for Treasury Emergency Rental Assistance (ERA). This family's annual income fell short of the Household Survival Budget by $26,774, or 32%.

If both parents worked part time (20 hours per week), they could receive ERA to cover their rent, as well as SNAP and the Earned Income Tax Credit (EITC). These benefits actually got them closer to the Survival Budget, but they still fell short by $20,165, or 22%. These layers of public assistance raise questions about "benefits cliffs" and public support during times when work is not available or possible.

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

Pandemic Timeline

2020 D.C. Annual COVID-19 Deaths: 780

March 2020 — National Emergency Declared

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

States required to keep Medicaid beneficiaries enrolled

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

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

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

2021 D.C. Annual COVID-19 Deaths: 430

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

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

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

September 2021 — National end of all Emergency Pandemic UI benefits

October 2021 — End of CDC's eviction moratorium

CDC approves vaccinations for children age 5-11

2022 D.C. Annual COVID-19 Deaths: 201

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

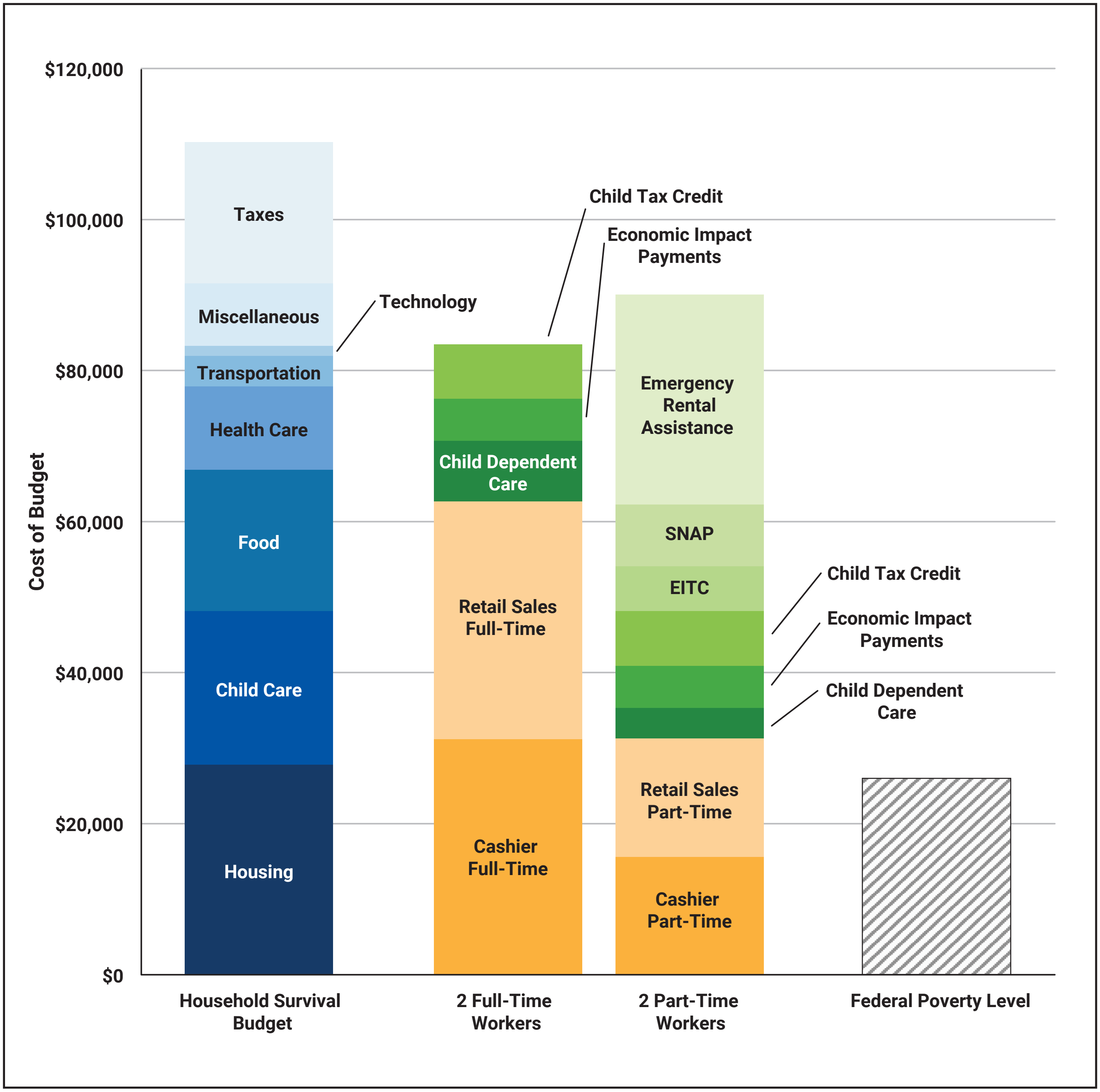
July 2022 — Federal rental assistance funds depleted in many states

December 2022 — Federal rental assistance funds depleted in most states

2023

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

Figure 7. Income and Expenses, Family of Four, Washington, D.C., 2021



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

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

Participation in Assistance Programs

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

- With increased food insecurity during the pandemic, the federal SNAP provided an emergency allotments option starting in 2020, increasing the amount of SNAP by about $90 per month per household. Because the income eligibility threshold for SNAP was 200% of the FPL in D.C., the reach of emergency and regular SNAP benefits was limited: 50% of households in poverty and 24% of ALICE households participated in 2021, based on ACS PUMS data. However, it is important to note that while not all financially insecure households are eligible for SNAP, the program reached approximately 84% of eligible households in D.C.

- The percentage of households below the ALICE Threshold receiving direct cash assistance from programs like TANF or General Assistance was even smaller (15% of households in poverty and 6% of ALICE households).

- Participation in SSI — an assistance program only available for people with disabilities and seniors with limited financial resources — was also minimal, with 11% of all households below the ALICE Threshold and 21% of households with a member with a disability below the Threshold participating.

- To address the increased demands for health care during the pandemic, the federal government provided additional funding to states for Medicare and prohibited states from adding eligibility restrictions or terminating Medicaid coverage during the public health emergency. In 2021, 55% of all households below the ALICE Threshold in D.C. participated in CHIP or Medicaid.

- Paying for housing expenses was the top concern of households below the ALICE Threshold, as reported in the 2021 ALICE Report, *The Pandemic Divide*. The federal Emergency Rental Assistance Program was critical in stabilizing millions of households by paying for rent, utilities, and home energy costs. Yet because of the strict requirements to qualify, many households struggling to afford rent were not eligible. Requirements included qualifying for unemployment benefits, experiencing a reduction in income, and one or more household members being at risk of homelessness. In the fall of 2022, 12% of adult renters in D.C. were not caught up on rent, according to the Household Pulse Survey.

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

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

THE IMPACT OF THE COVID ECONOMY ON… SAVINGS AND ASSETS

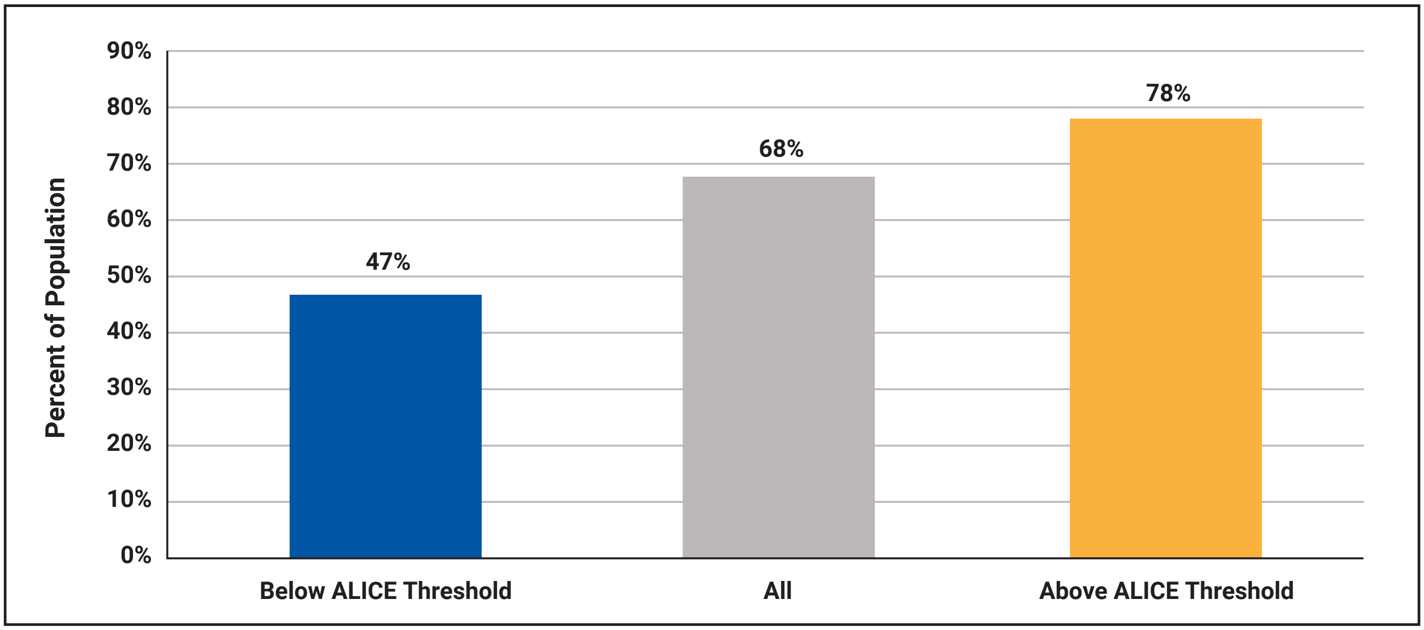
It has been widely reported that U.S. household savings increased during the pandemic. Yet analysis of the data from the Federal Reserve SHED reveals that the national average conceals different experiences by state and even more so by income level in terms of rainy day funds and retirement assets.

Rainy Day Funds

One of the best-known questions in the SHED survey asks whether respondents had set aside emergency savings or "rainy day funds" that would cover their expenses for three months in case of sickness, job loss, economic downturn, or other emergencies. In October 2019, 60% of respondents across D.C., Maryland, and Virginia reported having these funds; by November 2020, that share had increased to 61%, and by November 2021 it was 68% (Figure 8).

Yet only 38% of respondents below the Threshold across D.C., Maryland, and Virginia reported having rainy day funds in October 2019, with the percentage increasing to 39% by November 2020 and to 47% by November 2021. In contrast, 71% of those above the Threshold across D.C., Maryland, and Virginia had rainy day funds in October 2019, and that share increased to 74% in November 2020 and 78% in November 2021.

Figure 8. Funds to Cover Three Months' Expenses by the ALICE Threshold, D.C., Maryland, and Virginia, 2021



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

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

Nationally, there were also substantial gaps by income and race/ethnicity in rainy day funds (this data is not available at the state level, but it is likely these disparities were mirrored in D.C.). In 2021, White and Hispanic respondents below the ALICE Threshold had higher rates of emergency savings (42% and 41%, respectively) than Black respondents below the Threshold (32%). Rates were higher overall for respondents above the Threshold, yet gaps remained (77% for White, 71% for Hispanic, and 64% for Black respondents). Each of these racial/ethnic groups made gains during the pandemic, with Hispanic respondents both above and below the Threshold showing the largest increase in emergency savings. From October 2019 to November 2021, the percentage of Hispanic respondents below the Threshold with rainy day funds increased from 28% to 41%, and the percentage of Hispanic respondents above the Threshold with these funds increased from 57% to 71%.

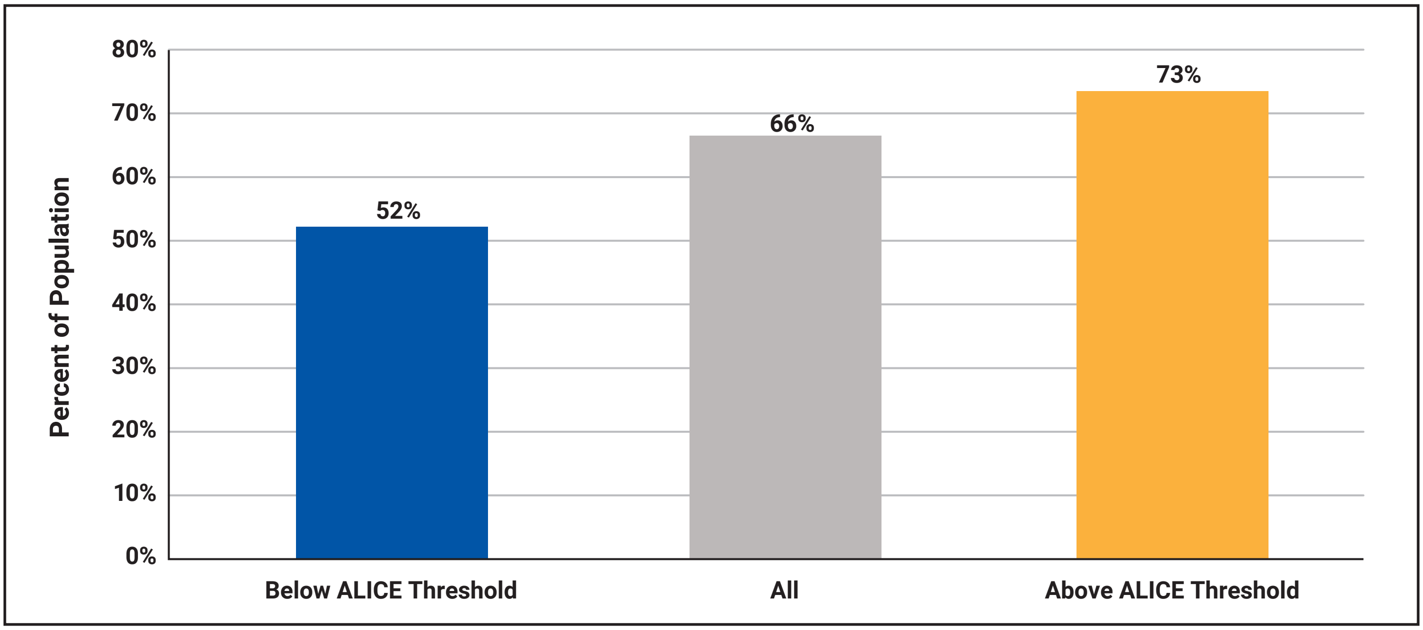
Retirement Assets

Having retirement assets was less common than having emergency savings in D.C. Retirement assets include 401(k)s, IRAs, pensions, or business or real estate holdings that provide income in retirement. Overall, 63% of D.C., Maryland, and Virginia respondents reported having these funds in October 2019. That rate remained unchanged through November 2020, and then increased to 66% by November 2021. Yet these averages conceal gaps in retirement assets between households above and below the ALICE Threshold across D.C., Maryland, and Virginia. (Figure 9).

Prior to the pandemic, in October 2019, 49% of respondents below the Threshold across D.C., Maryland, and Virginia had retirement assets, according to SHED. That rate increased to 52% by November 2021. In October 2019, 70% of respondents above the Threshold across D.C., Maryland, and Virginia had retirement assets; that rate increased to 73% by November 2021.

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

Figure 9. Retirement Assets by the ALICE Threshold, D.C., Maryland, and Virginia, 2021



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

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

BEYOND 2021: ECONOMIC CHALLENGES AHEAD FOR ALICE

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

But 42% of households were still living below the ALICE Threshold in D.C. in 2021. With COVID-19 continuing but pandemic relief benefits expiring, initial data from 2022 suggests that the economic situation has in fact gotten worse for ALICE, which in turn puts the wider economy at risk.

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

These surveys also provide an alarming look at the breakdown of pandemic experiences by race/ethnicity, sex, and disability status. The differences here are even starker than when looking at income alone, giving credence to concerns that the pandemic is exacerbating racial and other inequities across all facets of life. The analysis reveals that, in particular, Black, Hispanic, and female-headed households, and households that include people with disabilities, have been disproportionately impacted by the pandemic.

Warning signs:

- **Food insufficiency:** ALICE families experiencing food insufficiency are a canary in the coal mine, indicating larger problems beyond food. Rates of food insufficiency have remained elevated since the beginning of the pandemic. In the August 2020 Household Pulse Survey, respondents below the ALICE Threshold in D.C. were far more likely to report that their household sometimes or often did not have enough food in the prior seven days than respondents above the Threshold (23% vs. 1%); by November 2022, the rates were lower for those below the Threshold (15% vs. 4%). Rates in 2022 were higher for respondents below the Threshold in neighboring Maryland (20%) and Virginia (16%). Some demographic groups experienced higher than average food insufficiency (Figure 10). For example, 21% of Black respondents below the Threshold and 26% of respondents with disabilities below

Figure 10. Food Insufficiency, Above and Below the ALICE Threshold, Washington, D.C., 2022

Food Insufficiency			
	Below ALICE Threshold	Above ALICE Threshold	State Average
Black	21%	2%	8%
Hispanic	18%	1%	
Female	19%	2%	
With a Disability	26%	5%	

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

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

Sources: ALICE Threshold, 2021; U.S. Census Bureau, Household Pulse Survey, September 14, 2022–November 14, 2022, Phase 3.6 the Threshold reported not having enough food, compared to 8% of all D.C. households.

For households with children in D.C., rates were higher at the beginning of the pandemic but improved substantially. In August 2020, respondents below the ALICE Threshold were more likely than respondents above the Threshold to report that often or sometimes their children were not eating enough because they couldn't afford enough food (30% vs. 1%); in November 2022, those rates remained the same for household below the Threshold and increased sharply for those above the Threshold (30% vs. 15%).

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

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

- **Behind on rent payments:** According to the Household Pulse Survey, renter households below the ALICE Threshold in D.C. were more likely than those above the Threshold to report that they were not caught up on rent payments. In August 2020, 17% of renters below the Threshold and 2% of renters above the Threshold were not caught up; by November 2022, those rates increased to 19% for renters below the Threshold and 6% above the Threshold. Rates for those below the Threshold were slightly higher in Maryland (26%) and lower in Virginia (12%). Renters who fall behind on rent are at greater risk for eviction, especially since the federal moratorium on evictions and foreclosures and state-level bans have now expired, and funding for rental assistance is running out. As a result, eviction filings are on the rise and are likely to increase in the near term.

- **Struggling to pay bills:** During the height of the pandemic, in August 2020, 54% of households below the ALICE Threshold in D.C. said it was somewhat or very difficult to pay for usual items such as food, rent or mortgage, car payments, and medical expenses, according to the Household Pulse Survey. That rate decreased to 47% by November 2022. Yet both these rates are more than four to seven times higher than for respondents above the Threshold (7% in August 2020 and 11% in November 2022).

- **Facing lack of savings and medical debt:** As mentioned earlier, the percentage of families below the ALICE Threshold in D.C., Maryland, and Virginia who had set aside emergency savings or rainy day funds that would cover their expenses for three months in the event of sickness, job loss, economic downturn, or another emergency increased, but from a low starting point — from 38% in October 2019 to 47% in November 2021 according to SHED. In addition, respondents below the Threshold in D.C., Maryland, and Virginia were more likely than those above the Threshold to incur an unexpected major medical expense that they had to pay for out of pocket because it was not completely paid for by insurance (19% vs. 15% in November 2021). Medical debt generally reflects relatively poorer health and health care coverage and causes lower credit scores and additional financial hardship.

Physical health: With government support for expanded health services ending, in the wake of two years of reduced preventative care, health concerns are increasing for families in D.C. and across the U.S. Two key programs that increased access to health care and services during the pandemic are ending in 2023: One made tests and vaccinations for COVID-19 free and widely available, and the other allowed people to stay on Medicaid during the pandemic. In addition, a September 2020 national survey found that 36% of adults (age 18 to 64) delayed or missed health care services, including dental care, primary care, or specialist visits; preventive health screenings; and medical tests. For those with one or more chronic conditions, a mental health condition, or a lower income, the likelihood of postponing or forgoing care was even higher. Urban Institute in-depth interviews with community leaders in D.C. found that missing preventative care was widespread across low-income D.C. residents, especially Black residents. Reasons for missing care included challenges of reduced transportation and overcoming fears of increased risk of disease in clinics and hospitals.

Parents also postponed care for their children. In the fall of 2021, D.C. households below the ALICE Threshold were more likely to report that they missed, delayed, or skipped their child's preventive check-up in the last 12 months than households above the Threshold (39% vs. 11%). These delays, especially when coupled with preexisting conditions, can contribute to more serious conditions in the future.

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

Mental health: With these sustained challenges, it's not surprising that people below the ALICE Threshold in D.C. were somewhat more likely to report feeling depressed or anxious than those above the Threshold. According to the Household Pulse Survey, in August 2020, 22% of respondents below the Threshold and 20% above the Threshold reported feeling nervous, anxious, or on edge nearly every day over the last two weeks. These rates improved as of November 2022 to 11% for both groups. Rates in 2022 were higher for respondents below the Threshold in neighboring Maryland (19%) and Virginia (25%). Respondents below the Threshold were also more likely to report feeling down, depressed, or hopeless at both timepoints (14% in 2020 and 9% in 2022) than respondents above the Threshold (5% in 2020 and 8% in 2022).

The increased need for mental health services in D.C. during the pandemic was mentioned in every Urban Institute in-depth interview; there was an increase in mental health distress, but a decrease in mental health offerings.

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

From Warnings to Reality: ALICE Today

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

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

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

WARD COMPARISON: INCOME STATUS, 2021

D.C. Wards, 2021		
Ward	Households	% ALICE + Poverty
Ward 1	39,016	33%
Ward 2	43,760	32%
Ward 3	39,122	28%
Ward 4	33,484	38%
Ward 5	38,333	46%
Ward 6	41,607	30%
Ward 7	37,190	62%
Ward 8	37,713	68%

Note: Wards are based on 5-year ACS estimates; totals will not match D.C. 1-year estimates.

COUNTY COMPARISON: INCOME STATUS, 2021

D.C. Metro Area Counties, 2021			Percent Change, 2019–2021	
County	Households	% ALICE + Poverty	# of Households	# ALICE + Poverty
Alexandria city (VA)	72,024	37%	1%	11%
Arlington (VA)	108,396	28%	-3%	-14%
Calvert (MD)	32,751	28%	2%	-7%
Charles (MD)	59,481	34%	3%	7%
Clarke (VA)	5,692	40%	1%	1%
District of Columbia	319,565	42%	10%	16%
Fairfax (VA)	410,660	25%	3%	-5%
Fairfax city (VA)	9,090	31%	6%	9%
Falls Church (VA)	5,630	21%	2%	-13%
Fauquier (VA)	25,472	30%	4%	-9%
Frederick (MD)	103,685	36%	11%	24%
Fredericksburg (VA)	11,198	49%	4%	-3%
Jefferson County (WVA)	21,162	33%	1%	22%
Loudoun (VA)	141,935	19%	6%	-2%
Manassas (VA)	13,562	36%	5%	-14%
Manassas Park (VA)	5,155	41%	11%	-25%
Montgomery (MD)	388,396	32%	5%	3%
Prince George's (MD)	346,127	42%	9%	12%
Prince William (VA)	154,619	30%	8%	1%
Spotsylvania (VA)	51,179	37%	10%	6%
Stafford (VA)	51,007	32%	8%	18%
Warren (VA)	15,082	40%	3%	30%

NATIONAL COMPARISON: INCOME STATUS, 2021

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

NEXT STEPS

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

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

The interactive ALICE in Washington, D.C. webpages, to dig deeper into:

- » County Reports
- » Household budgets
- » Maps with data for local geographies
- » Demographics
- » Labor force data
- » ALICE data alongside additional Indicators of Well-Being

Connect with stakeholders:

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

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

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

Be an ally and advocate for better data:

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

Suggested Citation: United For ALICE. (2023). "ALICE in the Crosscurrents: COVID and Financial Hardship in Washington, D.C." https://www.UnitedForALICE.org/Washington-DC