# THE STATE OF ALICE IN » ILLINOIS

## 2025 Update on Financial Hardship

UNITED FOR ALICE®

UNITED WAY Illinois

# INTRODUCING ALICE®

## ALICE Households

In 2023, based on the Federal Poverty Level (FPL), 12% of Illinois households were defined as being in poverty. Yet this measure failed to account for an additional 25% of the state's households – twice as many – that were also experiencing financial hardship. These households are **ALICE**: **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed – earning above the FPL, but not enough to afford basic expenses in the county where they live.

Between ALICE households and households living in poverty, **an estimated 37% of households in Illinois were below the ALICE Threshold in 2023.** This rate placed Illinois 13th among all states and the District of Columbia (with 1st representing the lowest rate of hardship). Households below the Threshold are forced to make impossible choices – like deciding whether to pay for utilities or a car repair, whether to buy food or fill a prescription.

**Households below the ALICE Threshold are in every state and county across the U.S. and represent all demographic groups.** Workers below the ALICE Threshold often perform the jobs that keep our economy functioning smoothly – they are child care providers, food service workers, cashiers, personal care aides, delivery drivers, and more. Their stories capture the systemic and structural barriers to financial stability, and the struggles and resilience of families experiencing financial hardship.

## ALICE Measures

The ALICE measures were developed by United For ALICE to answer the pressing need for a more accurate picture of financial hardship. The FPL does not consider the wide variation in cost of living by location (except for a slightly higher state-level FPL for Alaska and Hawai'i). As a result, official measures based on the FPL sharply underestimate the true extent of financial hardship in the U.S. And because the FPL is the basis for defining eligibility for many types of public assistance, ALICE households often do not qualify.

Two pillars of the ALICE measures are household costs and income. The ALICE Household Survival Budget calculates the cost of household basics for each county in Illinois, relying on a wide range of publicly available sources, outlined on page 5. Change over time in the cost of these household basics is tracked in the ALICE Essentials Index.

Household costs are compared to income to determine if households are **below the ALICE Threshold.** For household income, ALICE measures rely on 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. To provide additional details on household assets, this Report also includes analysis of the Federal Reserve Board's Survey of Household Economics and Decisionmaking (SHED) (2023).

**The data included in this Report spans 2010 to 2023** (latest available). This data does not reflect policy or funding changes that have occurred since, yet it provides an important baseline and context to inform current conversations and decision making.

# United For ALICE

Launched in 2009 with a study of financial hardship in one New Jersey county, the nonpartisan United For ALICE movement has grown to include 35 states and the District of Columbia. With a commitment to racial and economic justice, United For ALICE partners use the ALICE data to give voice to the challenges ALICE households face. Together, they inspire action, strategies, and policies to ensure that all households have enough income for necessities and can save for the future.

In Illinois, this research is brought to you by the United Way of Illinois. Learn more about how the ALICE data is being used to inform strategies and solutions across our partner states in the ALICE in Action Database.

# KEY FINDINGS

**Financial hardship:** In 2023, of Illinois's nearly 5.1 million households, 12% (620,588) were below the Federal Poverty Level (FPL), and another 25% (1,261,149) were ALICE – households with income above the FPL, but not enough to afford the ALICE Household Survival Budget for their household composition and location. **Combining these two groups, 37% (1,881,737) of households in Illinois were below the ALICE Threshold** (Figure 1).

**The cost of basics:** In Illinois in 2023, the ALICE Household Survival Budget was $27,864 for a single adult and $80,568 for a family of four with two adults, an infant, and a preschooler – much higher than the FPL ($14,580 for an individual and $30,000 for a family of four). Basic costs varied substantially by county.

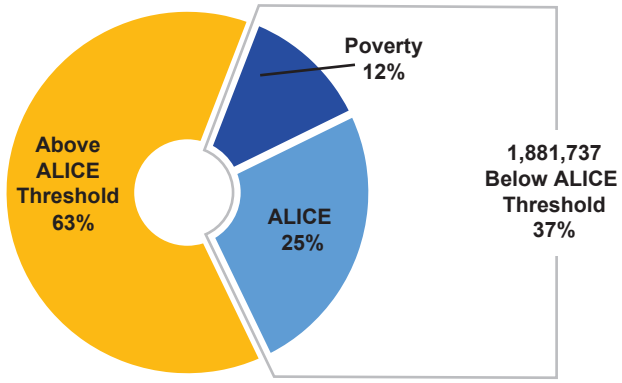
**ALICE demographics:** There were households below the ALICE Threshold across all demographic groups in Illinois. However, due to systemic racism, ageism, gender discrimination, and geographic barriers that limit many families' access to resources and opportunities for financial stability, certain groups were more likely to experience hardship. These groups included Black households (56% below the Threshold) and Hispanic households (40%); households headed by people under age 25 (65%) or age 65 and older (49%); single-parent-headed households (69% single-female-headed, 49% single-male-headed); and households in rural areas (40%).

**ALICE in the labor force:** Of the 20 most common occupations in Illinois in 2023, 10 paid less than $20 per hour. And of all workers in the top 20 occupations, 28% lived in households below the ALICE Threshold, with rates as high as 53% for personal care aides and 46% for cashiers.

**Trends in Illinois:** Between 2010 and 2023, the total number of households in Illinois increased by 7%, the number of households in poverty increased by 3%, and the number of ALICE households increased by 19%. 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.

**Stable households, stronger communities:** If all households in Illinois had enough income to meet their basic needs, not only would households' hardship be eased, but there would be a positive economic impact on the wider community through increased consumer spending and contributions to the tax base.

### Figure 1. Thirty-Seven Percent of Illinois Households Faced Financial Instability in 2023




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

## KEY TERMS

- **ALICE: A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed – households with income above the Federal Poverty Level (FPL) but less than the basic cost of living in their county
- **ALICE Household Survival Budget:** Reflects the minimum costs of household necessities (housing, child care, food, transportation, health care, and technology) plus taxes, adjusted for all U.S. counties and various household compositions
- **ALICE Threshold:** 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

***Data Notes**: The income data used in this Report rely 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 (these are reported in the Data Sheet). 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 includes families and roommates but does not include people who are unhoused or living in group quarters (such as college residence halls, skilled nursing facilities, and military barracks).*

# BASIC COSTS: THE ALICE HOUSEHOLD SURVIVAL BUDGET

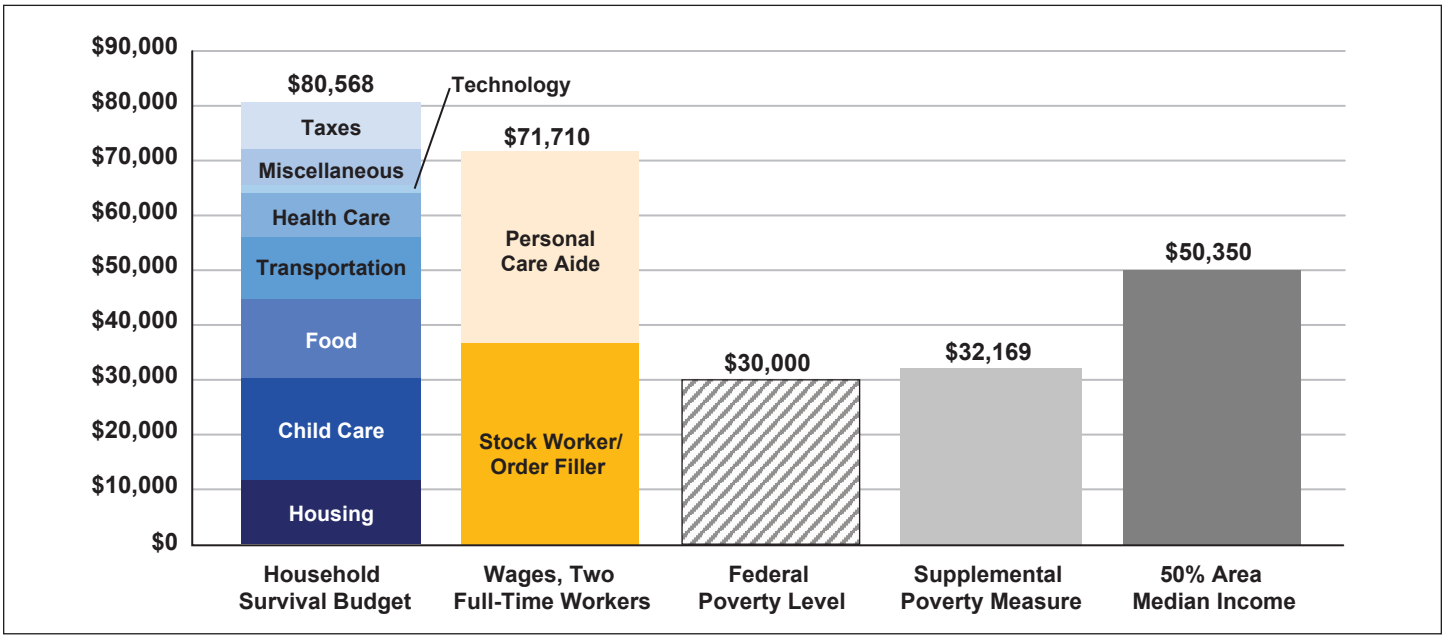
To capture the reality of household costs across Illinois, **the ALICE Household Survival Budget is calculated for all counties and various household compositions.** This budget reflects the minimum cost to live and work in today's economy. (See the Budget Overview on page 5 and use the ALICE Budget and Income Status Tool for custom budgets by household composition and location.)

Figure 2 illustrates the mismatch between costs, wages, and official measures of financial hardship. It includes ALICE Household Survival Budget costs for an Illinois family with two adults, an infant, and a preschooler (totaling $80,568 annually) and the combined full-time wages of two common Illinois occupations – a personal care aide and a stock worker/ order filler (totaling $71,710 annually). Figure 2 also compares costs and income to three governmental measures of 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 across the continental U.S., or within states; and it is adjusted by the Consumer Price Index, which underestimates inflation in essential costs (as demonstrated by the ALICE Essentials Index). In 2023, the FPL was $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 Illinois was $32,169.
- **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 Illinois in 2023, for a four-person household, 50% of AMI was $50,350 – substantially higher than the FPL and SPM, but still well below the Household Survival Budget.

## Figure 2. Basic Costs Exceeded Wages of Common Jobs and Official Measures of Hardship

### Annual Budget, Wages, and Official Measures of Financial Hardship, Family of Four, Illinois, 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 (State Income Limits), 2023*

| ALICE Household Survival Budget, Illinois | | State Average Costs, 2023 | | |
|---|---|---|---|---|
| | **Budget Item Description and Sources** *(See Methodology for more details)* | **Single Adult, Age 18–64** | **Single Adult, Age 65+** | **2 Adults, 1 Infant, 1 Preschooler** |
| **Housing** | 110% of Fair Market Rent (FMR) for an efficiency, one-bedroom, or two-bedroom apartment (based on family size), including utilities, adjusted in metro areas using Small Area FMR<br>***Source***: *U.S. Department of Housing and Urban Development (HUD)*<br>**Update**: As of 2023, based on HUD's new FMR policy, housing costs are calculated using 110% of FMR to more accurately reflect the rental market. Small Area FMR is used in metro areas, where rents are higher than 110% of FMR. In prior years, costs used standard FMR and were adjusted in metro areas using ACS housing costs. To avoid reporting artificial rent decreases, 2022 rents are used if higher than 2023 rents. | $706 | $706 | $982 |
| **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)<br>***Source***: *Illinois Department of Human Services* | $0 | $0 | $1,540 |
| **Food** | USDA Thrifty Food Plan by age, with county variation from Feeding America<br>***Sources***: *Feeding America; U.S. Department of Agriculture (USDA)* | $446 | $411 | $1,212 |
| **Transportation** | Operating costs for a car (average daily miles by age, cost per mile, license, fees, and insurance), or public transportation where viable<br>***Sources***: *AAA, Federal Highway Administration, National Association of Insurance Commissioners (NAIC) (car); Consumer Expenditure Survey (CEX) (public transportation)*<br>**Update**: The source for insurance premiums changed from the Zebra to NAIC in 2023; rates are similar and updated more frequently.<br>**Note**: In 2023, in many counties, transportation costs were lower than in the 2022 budget, largely due to a decrease in both gas prices and average miles traveled. | $394 | $330 | $937 |
| **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.<br>***Sources***: *Centers for Medicare & Medicaid Services (CMS); CEX (health); Medical Expenditure Panel Survey (MEPS)*<br>**Note**: For certain household types, employee contributions to health care plans were slightly lower in 2023 than in 2022, per sources above. | $182 | $538 | $679 |
| **Technology** | Basic broadband internet at home and a smartphone plan with unlimited data for each adult in a household<br>***Sources***: *Consumer Reports; USTelecom* | $86 | $86 | $116 |
| **Miscellaneous** | Cost overruns estimated at 10% of the budget, excluding taxes, to cover one-time unanticipated costs within the other categories | $181 | $207 | $547 |
| **Taxes** | Federal payroll taxes (Social Security and Medicare) and federal, state, and local income taxes owed on household income to cover the Survival Budget, as well as the federal Child Tax Credit and the Child and Dependent Care Tax Credit<br>***Sources***: *Internal Revenue Service; Tax Foundation; calculated for United For ALICE by the Federal Reserve Bank of Atlanta (FRBA)*<br>**Note**: 2022 tax data was revised by FRBA for this update. | $327 | $394 | $701 |
| | **Monthly Total** | $2,322 | $2,672 | $6,714 |
| | **Annual Total** | $27,864 | $32,064 | $80,568 |
| | **Hourly Full-Time Earnings Needed to Support the Household Survival Budget*** | $13.93 | $16.03 | $40.28 |

**Represents the earnings needed at 40 hours/week, 50 weeks/year to support the annual total, including taxes.*

# FINANCIAL HARDSHIP BY DEMOGRAPHIC GROUP

There are households below the ALICE Threshold across Illinois, and they reflect a wide range of demographics and household types (Figure 3). However, some groups had a higher rate of financial hardship in 2023, a result of factors including systemic racism, ageism, gender discrimination, and geographic barriers that limit many families' access to resources and opportunities for financial stability:

- **Age:** In 2023, the youngest and oldest households had the highest rates of financial hardship: 65% of households headed by someone under age 25 and 49% of households headed by someone age 65 and over lived below the ALICE Threshold in Illinois. By comparison, rates were lower for those in their prime working years, with 30% of households headed by people age 25–44 and 31% of households headed by those age 45–64 living below the Threshold.
- **Race/ethnicity:** Rates of financial hardship differed substantially by race/ethnicity in Illinois. In 2023, the largest number of households below the ALICE Threshold were White (1,073,722), making up 33% of all White households. Black households were the next largest group below the Threshold (386,309), yet they made up 56% of all Black households. There were also 277,815 Hispanic households below the Threshold, making up 40% of all Hispanic households. Other, smaller groups also had high rates of hardship: 44% of Native Hawaiian/Pacific Islander households, 42% of American Indian/Alaska Native households, and 38% of households headed by someone of Two or More Races were below the Threshold. Asian households had the lowest rate of financial hardship (30%).
- **Household type:** In 2023, 34% of single or cohabiting households without children headed by someone under age 65 – the most common household type – were below the ALICE Threshold in Illinois. Among families with children, 29% were below the Threshold. And longstanding disparities in financial hardship by household type remained: 69% of single-female-headed families and 49% of single-male-headed families were below the Threshold, compared to 14% of married-parent families.
- **Location:** In 2023, the rate of financial hardship was slightly higher in rural areas of Illinois, where 40% of all households were below the ALICE Threshold, compared to 37% in urban areas. By county, the percentage of households below the Threshold was highest in Alexander County at 59% and lowest in Monroe County at 25%. Hardship varied even within counties: For example, in DeKalb County, the percentage of households below the Threshold ranged from 59% in ZIP code 60115 (Dekalb City) to 25% in ZIP code 60145 (Kingston).

## INTERACTIVE ALICE DATA

ALICE data is available online by race/ethnicity, age of householder, household type, county, county subdivision, census designated place, ZIP code, and legislative district. See all available geographies and more on the ALICE Mapping Tool.

## Figure 3. Financial Hardship Varied Substantially by Demographic Group

### Key Demographic Groups, Illinois, 2023

| | Total | Below ALICE Threshold | Poverty / ALICE / Above ALICE Threshold |
|---|---|---|---|
| **ALL HOUSEHOLDS** | **5,068,029** | **1,881,737** | 12% / 25% / 63% |
| **AGE** | | | |
| **Under 25 Years** | 197,210 | 129,126 | 34% / 31% / 35% |
| **25 to 44 Years** | 1,677,604 | 509,767 | 11% / 19% / 70% |
| **45 to 64 Years** | 1,806,524 | 557,353 | 10% / 20% / 69% |
| **65 Years and Over** | 1,386,691 | 685,491 | 12% / 37% / 51% |
| **RACE/ETHNICITY** | | | |
| **American Indian/ Alaska Native** | 20,611 | 8,744 | 7% / 36% / 58% |
| **Asian** | 276,117 | 82,324 | 9% / 21% / 70% |
| **Black** | 686,430 | 386,309 | 20% / 37% / 44% |
| **Hispanic** | 699,649 | 277,815 | 8% / 32% / 60% |
| **Native Hawaiian/ Pacific Islander** | 2,065 | 918 | 15% / 29% / 56% |
| **Two or More Races** | 365,146 | 137,067 | 8% / 30% / 62% |
| **White** | 3,242,217 | 1,073,722 | 7% / 26% / 67% |
| **HOUSEHOLD TYPE** | | | |
| **Married With Children** | 862,837 | 118,741 | 5% / 9% / 86% |
| **Single-Female-Headed With Children** | 282,868 | 196,269 | 38% / 32% / 31% |
| **Single-Male-Headed With Children** | 111,088 | 54,217 | 17% / 32% / 51% |
| **Single or Cohabiting, Under 65, no Children** | 2,424,545 | 827,019 | 12% / 23% / 66% |
| **RURAL/URBAN** | | | |
| **Rural** | 638,948 | 252,835 | 13% / 26% / 60% |
| **Urban** | 4,429,081 | 1,628,902 | 12% / 25% / 63% |

*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*

# ALICE IN THE LABOR FORCE

Workers below the ALICE Threshold increasingly bear the brunt of economic change and uncertainty as the workforce shifts 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).

In 2023, of the 20 most common occupations in Illinois as reported by the Bureau of Labor Statistics (BLS), 10 still paid less than $20 per hour. And of the workers in these 20 occupations, 28% were living in households below the ALICE Threshold. Occupations with the largest share of workers in households below the Threshold included personal care aides (53%), cashiers (46%), cooks (44%), waiters/waitresses (41%), and fast food and counter workers (40%) (Figure 4).

## Figure 4. A Large Share of Workers in the 20 Most Common Occupations Were Below the ALICE Threshold

### Labor Characteristics, Most Common Occupations, Illinois, 2023

| Most Common Occupations | Total Employment (BLS) | Percent of Workers Below ALICE Threshold (ACS PUMS) | Median Hourly Wage (BLS) |
|---|---|---|---|
| General and Operations Managers | 182,840 | 9% | $48.68 |
| Laborers and Material Movers | 174,350 | 33% | $18.03 |
| Delivery Drivers/Sales Workers | 146,180 | 27% | $22.72 |
| Registered Nurses | 139,910 | 8% | $39.65 |
| Stock Workers and Order Fillers | 136,940 | 35% | $17.64 |
| Retail Salespersons | 128,070 | 28% | $16.39 |
| Janitors and Building Cleaners | 127,440 | 33% | $17.26 |
| Fast Food and Counter Workers | 124,350 | 40% | $14.78 |
| Cashiers | 123,620 | 46% | $16.02 |
| Office Clerks | 109,170 | 22% | $20.06 |
| Customer Service Representatives | 108,290 | 27% | $20.25 |
| Personal Care Aides | 106,710 | 53% | $16.84 |
| Cooks | 89,360 | 44% | $17.34 |
| Waiters and Waitresses | 86,200 | 41% | $13.48 |
| Elementary and Middle School Teachers | 81,340 | 10% | $33.98 |
| Secretaries and Administrative Assistants | 79,010 | 18% | $22.08 |
| Teaching Assistants | 70,150 | 36% | $16.89 |
| Sales Representatives, Wholesale and Manufacturing | 69,920 | 11% | $43.75 |
| Maintenance and Repair Workers | 66,830 | 17% | $24.04 |
| Orderlies and Psychiatric Aides | 65,020 | 13% | $21.12 |

*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, PUMS, 2023*

# The Labor Landscape

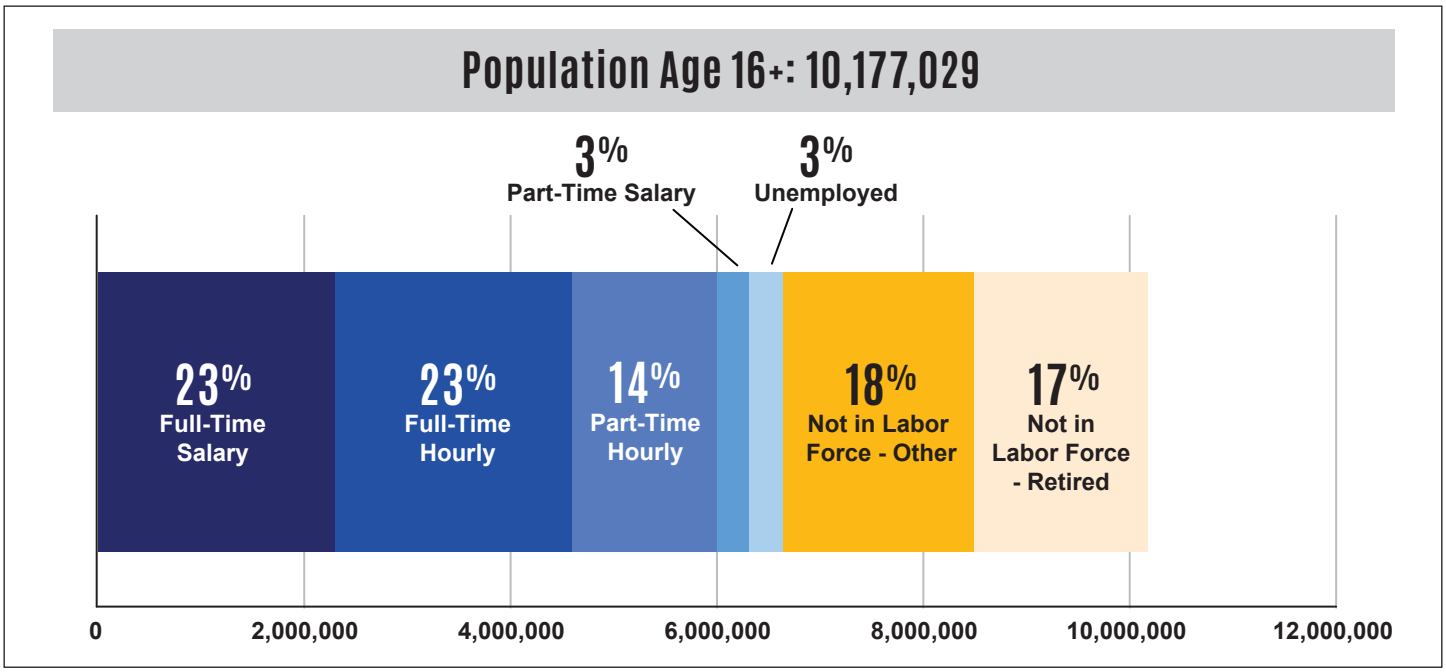
**Full- and part-time work:** Though the majority of adults in Illinois were working in 2023 and most households had at least one worker, only 23% of the population age 16 and over had the security of a full-time job with a salary. Of those in the labor force (blue bars in Figure 5), nearly two-thirds (65%) 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 Illinoisans age 16 and over were unemployed – not currently working but looking for work in the prior four weeks (light blue bar in Figure 5). The unemployment rate for workers below the ALICE Threshold in different parts of the state is often notably higher than the official rate. To see more data on workers below the ALICE Threshold in your community, visit UnitedForALICE.org/ALICE-EVD.

**Out of the labor force:** Another 35% of Illinoisans age 16 and over were out of the labor force in 2023 (gold bars in Figure 5), including those who were retired (17%) and those who were out of the labor force for other reasons, such as disability, health issues, caregiving responsibilities, or student status (18%).

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

## Figure 5. Less Than One-Fourth of People Worked Salaried, Full-Time Jobs




### Labor Status, Population Age 16+, Illinois, 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*

## SPOTLIGHT ON SAVINGS AND ASSETS

When households are not earning enough to cover basic costs, their ability to save for emergencies, retirement, or other future needs is greatly hindered. According to the Federal Reserve Board's Survey of Household Economics and Decisionmaking (SHED), in 2023, respondents below the ALICE Threshold in the Census East North Central Division (which includes Illinois) were far less likely than those above the Threshold to have savings that could cover three months of expenses in the event of an emergency (31% vs. 69%), or to have retirement assets (39% vs. 88%). Additionally, non-retirees below the Threshold were less likely to say that their retirement savings plan was on track (11%, vs. 36% above the Threshold).

# TRENDS IN ILLINOIS

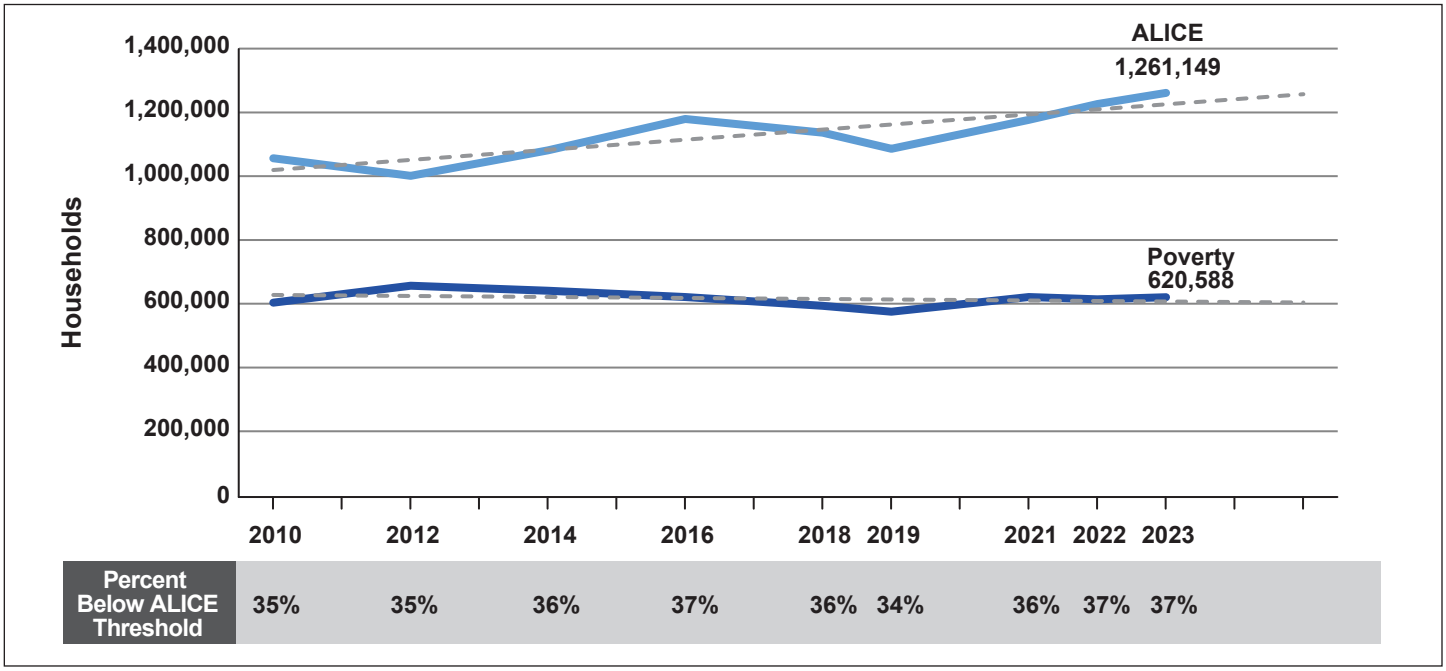
Over the last decade, the number of ALICE households in Illinois has been on the rise as wages have failed to keep up with the cost of household basics. When prices increase faster than wages, purchasing power decreases. This is especially challenging for ALICE households that are already struggling to make ends meet.

Between 2010 and 2023, the total number of households in Illinois increased by 7%, the number of households in poverty increased by 3%, and the number of ALICE households increased substantially more, by 19%.

Despite these increases, the percentage of households below the ALICE Threshold in Illinois has remained relatively stable in recent years, holding at 37% for both 2022 and 2023 (Figure 6). It will be important to track these trends in the coming years to see if they continue or shift direction.

## Figure 6. ALICE Households Grew, While Households in Poverty Remained Largely Flat

### Number of Households by Income, Illinois, 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<0.004; 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:** From 2010 to 2023, the number of Illinois households with children under age 18 fell 13%, far exceeding the national decline of 3%. During the same period, the number of Illinois households with children living below the ALICE Threshold declined even further, down nearly 17%. Yet trends varied by household type: both married-parent and single-female-headed households declined, while single-male-headed households with children living below the Threshold increased.

**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 Illinois (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 49% of all 65+ households in 2023).

**Wages:** Across the country, wages increased from 2018 to 2023, growing fastest in 2022. In 2023, wage growth slowed yet remained above pre-pandemic levels. While wage increases help households cover costs, they have generally not been enough to 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 $9.73 per hour ($20,230 annually for full-time work) in Illinois. This worker's household fell $8,818 short of the annual Household Survival Budget for a family with one adult and one school-age child ($29,048). By 2023, the median wage for this occupation increased by 69%, to $16.39 per hour ($34,100 annually, full-time). Yet the annual Household Survival Budget for one adult and one school-age child also grew (to $41,232), leaving these essential workers $7,132 short of covering basic costs.

**Housing:** Housing costs continued to be a challenge for households below the ALICE Threshold. In 2023, 27% of all renter households below the Threshold in Illinois paid 30% to 49% of their income on housing. An additional 43% paid half of their income or more. **Combined, 70% of all renter households below the Threshold in Illinois were rent burdened** (paying 30% or more of their income on rent and utilities). For homeowners below the Threshold, 58% were housing burdened (paying 30% or more of their income on homeowner costs, including mortgage payments, utilities, and homeowner's insurance), up from 55% in 2021.

**Food Insecurity:** Nationally, as reported by the USDA Household Food Security Report, food insecurity rates were higher in 2023 (13.5% of all households) than in 2021 (10.2%). Additionally, 17.9% of households with children were food insecure at some point during 2023, and of all food insecure households, 22.7% included at least one older adult (age 65+). There were also notable differences in rates of food insecurity by race/ethnicity, with higher rates among Black households (23.3%) and Hispanic households (21.9%) compared to White households (9.9%). At the state level, 12.4% of Illinois households experienced food insecurity between 2021-2023 (three-year average).

## » HEAR ALICE VOICES

ALICE is speaking. Are we listening? Visit ALICEvoices.org to hear firsthand insights from ALICE workers and families – or tell your own story.

# STABLE HOUSEHOLDS, STRONGER COMMUNITIES

Households below the ALICE Threshold play a vital role in their communities – as neighbors, family members, and civic participants. They also contribute to their local economies – as workers, consumers, and taxpayers. Yet these households, nearly 1.9 million in Illinois, did not earn enough to cover basic costs in 2023.

**This is not a new problem.** The share of households below the ALICE Threshold in Illinois has varied only slightly for more than a decade, persisting through shifting economic conditions and the COVID-19 pandemic, and across political administrations.

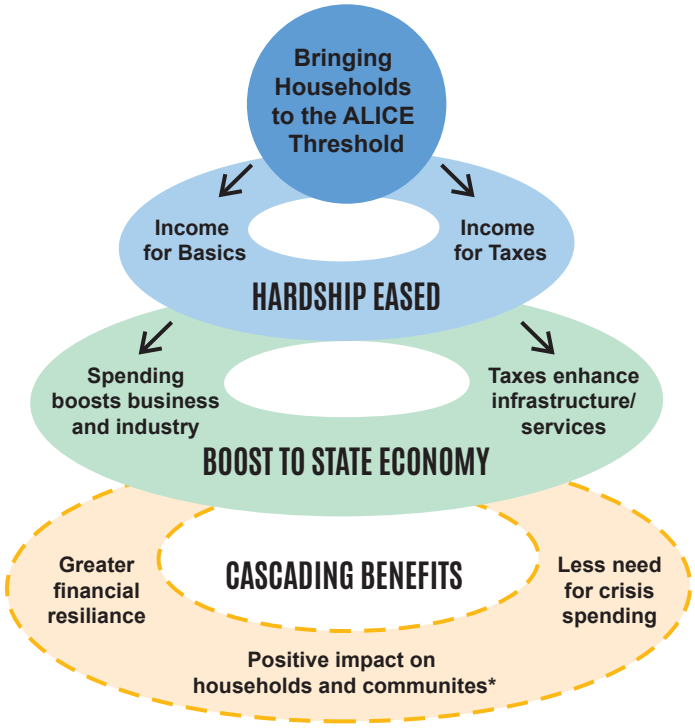
**This is not a small problem.** In Illinois, 37% of all households were below the ALICE Threshold in 2023. These households face day-to-day challenges of trying to make ends meet, while also being more vulnerable to the impacts of crises, both widespread (i.e., natural disasters, public health emergencies) and personal (from unexpected car repairs to major health issues). And while isolated interventions can help ameliorate some of these challenges, the core issue remains: There is a wide gap between households' income and what they need to make ends meet.

But what if all households had enough income to cover their basic needs? In Illinois, bringing all households to the ALICE Threshold would have taken $41.6 billion in 2023. Working to meet this gap through coordinated effort and investment from multiple sectors, including government, nonprofit, business, and philanthropy, would change the trajectory for Illinoisans who are struggling financially – and it would also benefit the state economy.

**This matters for all of us.** Households below the ALICE Threshold 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. Mark Zandi, Chief Economist at Moody's Analytics, estimates economic multipliers 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 income 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 in state and local investments.




** See Figure 7 for additional details/sources related to the benefits of meeting basic needs.*

Beyond these economic contributions, there are cascading benefits of meeting basic needs in Illinois (Figure 7). 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 and the state as a whole.

## Figure 7. 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

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 prioritize 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
- 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.

**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
- See examples of policies, practices, and programs United For ALICE partners have implemented using ALICE data

**Employers:**

- Implement strategies that support the well-being and retention of ALICE workers while also boosting engagement, productivity, and the bottom line
- Advocate for community resources that support your employees – from affordable housing to quality child care

# ALICE ONLINE

Visit UnitedForALICE.org to explore interactive data and resources. 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

NEW

### Mapping Tool
Explore data for all available geographies (state, county, municipality, ZIP code)

NEW

### Income Status Tool
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

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### ALICE Voices
Hear directly from ALICE or share your own ALICE story

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### ALICE in Action
Programs, practices, and policy changes implemented by the ALICE network

### ALICE Videos
Videos that highlight ALICE stories, research, and partner impact

# ABOUT UNITED FOR ALICE AND OUR PARTNERS

*The State of ALICE in Illinois: 2025 Update on Financial Hardship* is brought to you by the United Way of Illinois 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 Illinois 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 35 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 the United Way of Illinois to bring this research to the state.

UNITED WAY
Illinois

To learn more about how you can get involved in advocating and creating change for ALICE in Illinois, contact: **Eithne McMenamin** at Eithne.McMenamin@liveunitedchicago.org

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