

ALICE IN MINNESOTA

A STUDY OF FINANCIAL HARDSHIP



**ALICE: Asset Limited, Income
Constrained, Employed**

2024 Report | UnitedForALICE.org



United Ways
of Minnesota

ABOUT UNITED FOR ALICE AND OUR PARTNERS

ALICE in Minnesota: A Study of Financial Hardship is brought to you by United Ways of Minnesota 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 Minnesota share this work with foundations, government, corporations, and other nonprofits to inform policy and promote positive change for ALICE households.

The grassroots ALICE movement, developed by United Way of Northern New Jersey, has spread to 31 states and the District of Columbia. Learn more about the ALICE movement [here](#).

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

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.

Minnesota Research Advisory Committee:

- | | | |
|---|--|---|
| • Rani Bhattacharyya, M.S.
<i>University of Minnesota,
Community Economics Extension</i> | • Luke Greiner
<i>Minnesota Department of
Employment and Economic
Development</i> | • Tim Roman, M.B.A
<i>Ecotone Analytics GBC</i> |
| • Ken Charles, M.P.A.
<i>Thrivent</i> | • Allison Liuzzi, M.S.
<i>Wilder Foundation</i> | • Sam Savitz, Ph.D.
<i>Mayo Clinic</i> |
| • Liz Corey, M.P.H.
<i>Minnesota Management and Budget</i> | • Joe Munnich, M.P.P.
<i>Generation Next Partnership</i> | • Shelley Carthen Watson, J.D.
<i>YWCA Minneapolis</i> |
| • Jose Diaz, Ph.D., M.P.H.
<i>The Constellation Fund</i> | • LJ Panas, Ph.D., M.P.H.
<i>Minnesota Department of Health,
Minnesota Center for Health
Statistics</i> | |
| • Nate Dorr, M.P.P.
<i>Northwest Minnesota Foundation</i> | | |

United For ALICE partners with the United Ways of Minnesota to bring this research to Minnesota, and this work is made possible thanks to the generous support of sponsors including the United Ways of Minnesota, Northland Foundation, Northwest Minnesota Foundation, and Thrivent.



United Ways
of Minnesota



To learn more about how you can get involved in advocating and creating change for ALICE in Minnesota, contact: Erin Flicker, Ph.D., MSW, LICSW at Erin.Flicker@gtcuw.org.

LETTER TO THE COMMUNITY

Dear Fellow Minnesotans,

While Minnesota is well known for its thousands of lakes, snow, art, and agriculture, a large part of our community often goes unseen. Many hardworking Minnesotans are living paycheck to paycheck, forced to make impossible decisions each month such as choosing between paying rent or buying food, receiving medical care or paying for child care. There's an acronym for those who live this experience every day: ALICE.

ALICE stands for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed. ALICE households earn above the Federal Poverty Level but not enough to afford household basics in the communities where they live. We all know ALICE workers, and rely on them every day: They are our health care or child care providers, teachers, long-term care professionals, retail clerks, those who maintain our infrastructure, and many others. In our most challenging times, we acknowledge ALICE workers as heroes. But who is helping them meet their basic needs?

Starting today, let's talk about ALICE. Let's make ALICE visible so that we can help all Minnesotans achieve financial stability. When we can help improve the lives of others, we improve our own lives and this state we proudly call home.

This inaugural ALICE Report shines a light on the 36% of Minnesota households that work hard but face real hurdles in being able to get ahead. This snapshot of ALICE households in 2022 provides the United Ways of Minnesota, our nonprofit partners, and community leaders with tools and resources to help ALICE households move forward economically. With this Report and the United for ALICE framework, we are expanding our state's ability to reach those in our communities who need our support to gain equitable access to health care, save for an emergency, and give their children the tools and resources needed for a healthy and successful life.

This report is made possible by the United Ways of Minnesota, our presenting sponsor, Thrivent, and the hundreds of volunteers, donors, nonprofit partners, and leaders who contribute to the community-focused efforts of 33 United Ways across the state. With their support, we will continue to make meaningful changes using this data to improve lives and strengthen economic well-being for Minnesotans. Please join us on this important journey!

Sincerely,



Doris Pagelkopf
Executive Director
United Ways of Minnesota



Erin Flicker, Ph.D., MSW, LICSW
Director, Learning and Impact Strategy
Greater Twin Cities United Way

ALICE ONLINE

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
















 Interactive Maps Data at the state, county, municipal, and ZIP-code levels	 ALICE Demographics Information about ALICE households by age, race/ethnicity, household type, and location	 County Reports An in-depth look at ALICE data, county by county
 Data Sheet Excel spreadsheet with ALICE data over time and by location	 ALICE Household Budgets ALICE Household Survival and Stability Budgets for the state and one or more counties	 ALICE Essentials Index Key data on the increase in the cost of household basics over time
 Legislative District Tool ALICE data by legislative district, including state upper and lower chambers and congressional districts	 National Overview National ALICE data and a comparison of financial hardship across U.S. states	 Economic Viability Dashboard Key data on the local economic conditions that matter most to ALICE households: Work, Housing, and Community Resources
 Research Advisory Committees Information about the members and role of these critical groups	 ALICE Methodology Overview of the sources and calculations used in the ALICE research	 Equity for ALICE Creating equity for ALICE by illustrating how structural racism and systemic barriers limit life outcomes, and working to remove those barriers so that all people can participate fully in all aspects of our social and economic systems
 ALICE Voices Are you ALICE? Use the ALICE Voices tool to share your story	 ALICE in Action Programs, practices, and policy changes implemented by partners across the United For ALICE network	 ALICE Videos See videos that highlight the ALICE research and partner network



TABLE OF CONTENTS

ALICE Research & Methodology	1
ALICE in Minnesota: Executive Summary	4
Defining Financial Hardship in Minnesota	7
Who is ALICE? Demographics.	10
Why Are There so Many ALICE Households?	17
Where Does ALICE Fit in the Labor Landscape?	21
Does ALICE Have Savings and Assets?	27
Beyond 2022: What Challenges Does ALICE Face?.	29
Data For Action: A Vision for ALICE in Minnesota	33
County Comparison: Income Status, 2022	35
National Comparison: Income Status, 2022.	37
Next Steps	38

ALICE RESEARCH & METHODOLOGY

This ALICE Report for Minnesota provides the most comprehensive look at the population called **ALICE** — **households that have income above the [Federal Poverty Level](#) (FPL) but struggle to afford household basics**. This Report includes a detailed point-in-time snapshot of economic conditions across the state in 2022, as well as key data and trends from the Great Recession through the COVID-19 pandemic (2007–2022) and beyond. **To help inform program and policy decisions, United For ALICE is committed to providing the most up-to-date local data possible on financial hardship in Minnesota and across the U.S.**

Two pillars of the ALICE measures are household costs and income. The **Household Survival Budget** (see figure on page 3) calculates the cost of household essentials for each county in Minnesota and relies on a wide range of public data sources for the budget items of housing, child care, food, transportation, health care, and technology, plus taxes. These budgets are calculated at the county level as counties are the smallest jurisdiction for which there is reliable data across the country.

Household costs are compared to household income from the [U.S. Census Bureau's American Community Survey](#) (ACS) to determine if households are **below the ALICE Threshold**. This category includes both households in **poverty**, with income below the FPL, and those that are **ALICE**, with income above the FPL but below the cost of basics.

Our standard ALICE income 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:

- [Federal Reserve Board's Survey of Household Economics and Decisionmaking \(SHED\)](#)
- [U.S. Census Bureau's COVID-19 Household Pulse Survey \(Household Pulse Survey\)](#)

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

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, available on UnitedForALICE.org/Minnesota). 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).









KEY TERMS

- **ALICE: Asset Limited, Income Constrained, Employed** – households that earn above the Federal Poverty Level (FPL) but cannot afford the basic cost of living in their county. Despite struggling to make ends meet, ALICE households often do not qualify for public assistance.
- **ALICE Household Survival Budget:** Reflects the minimum costs of household necessities in Minnesota (housing, child care, food, transportation, health care, and technology), plus taxes, adjusted for different counties and household types
- **ALICE Threshold of Financial Survival:** Derived from the Household Survival Budget, the minimum average income that a household needs to afford basic costs, calculated for all U.S. counties
- **Below ALICE Threshold:** Includes households in poverty and ALICE households combined
- **ALICE Essentials Index:** A measure of the average change over time in the costs of essential goods and services



ALICE Household Survival Budget

Description and Sources

	<p>Housing</p> <p>Housing is composed of rent and utilities. To estimate total housing costs, add the rent and utilities budget line items: 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 the cost of utilities. Utilities: As captured by the Consumer Expenditure Survey (CEX), includes natural gas, electricity, fuel oil, and water Sources: ACS metro housing costs and U.S. Department of Housing and Urban Development (rent); CEX (utilities)</p>
	<p>Child Care</p> <p>Cost for registered Family Child Care Homes for infants (0–2 years), preschool-age (3–4 years), and school-age children (5–12 years) Source: Minnesota Department of Human Services, 2021</p>
	<p>Food</p> <p>USDA Thrifty Food Plan by age, with county variation from Feeding America Sources: Feeding America; U.S. Department of Agriculture (USDA)</p>
	<p>Transportation</p> <p>Operating costs for a car (average daily miles by age, cost per mile, license, fees, and insurance), or public transportation where viable Sources: AAA, Federal Highway Administration, The Zebra (car); CEX (public transportation)</p>
	<p>Health Care</p> <p>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+ Budget, cost of Medicare Parts A and B, out-of-pocket costs, plus average out-of-pocket spending for the top five chronic diseases as reported by CMS. Sources: Centers for Medicare & Medicaid Services (CMS); CEX (health); Medical Expenditure Panel Survey (MEPS)</p>
	<p>Technology</p> <p>Basic broadband internet at home and a smartphone plan with unlimited data for each adult in a household Source: Consumer Reports</p>
	<p>Miscellaneous</p> <p>Cost overruns estimated at 10% of the budget, excluding taxes, to cover one-time unanticipated costs within the other categories</p>
	<p>Taxes</p> <p>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) Sources: Internal Revenue Service; Tax Foundation</p>

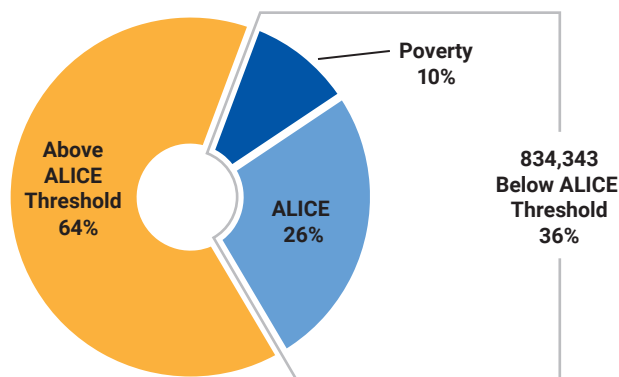
ALICE IN MINNESOTA: EXECUTIVE SUMMARY

The number of households in financial hardship in Minnesota continues to be undercounted by official measures. According to the Federal Poverty Level (FPL), 10% of households in Minnesota (233,779) were in poverty in 2022. Yet United For ALICE data shows that another 26% (600,564 households) — more than twice as many — were ALICE (Asset Limited, Income Constrained, Employed). ALICE households earn above the FPL, but not enough to afford the basics in the communities where they live.

The reality is that out of the 2,303,607 households in Minnesota, 834,343 — 36% — had income below the ALICE Threshold of Financial Survival in 2022. These included both households in poverty and ALICE households.

The crux of the problem is a mismatch between earnings and the cost of basics. The average **ALICE Household Survival Budget** — the minimum costs of household necessities — for a Minnesota family of four in 2022 was \$77,304, well above the FPL (\$27,750) and full-time earnings for most low-wage jobs in the state. For example, retail salespersons (one of the

Total Households in Minnesota = 2,303,607



most common occupations in Minnesota) earned a median hourly wage of \$15.11 — enough to cover the ALICE Household Survival Budget for one worker employed full time (\$13.36 per hour), but not enough for a family with children, even with two adults working (combined wage of \$38.65 per hour).

ALICE Household Survival Budget, Minnesota, 2022

	Single Adult	Single Senior	2 Adults, 1 Infant, 1 Preschooler
Monthly Costs			
Housing – Rent + Utilities	\$643	\$643	\$924
Child Care	-	-	\$1,277
Food	\$459	\$424	\$1,252
Transportation	\$404	\$340	\$1,055
Health Care	\$170	\$571	\$658
Technology	\$86	\$86	\$116
Miscellaneous	\$176	\$206	\$528
Tax Before Credits	\$288	\$370	\$1,065
Monthly Total	\$2,226	\$2,640	\$6,875
ANNUAL TOTAL Before Tax Credits	\$26,712	\$31,680	\$82,500
Tax Credits (CTC and CDCTC)	0	0	(\$5,196)
ANNUAL TOTAL With Tax Credits	\$26,712	\$31,680	\$77,304
Full-Time Hourly Wage	\$13.36	\$15.84	\$38.65

Note: CTC = Child Tax Credit, CDCTC = Child and Dependent Care Tax Credit. Full-time hourly wage represents the wage needed at 40 hours per week to support the annual total, with credits. For a family of four, this represents the combined wage needed for two workers. Many households incur higher costs, especially for housing, as units may not be available at Fair Market Rent.

Sources: AAA, 2022; Agency for Healthcare Research and Quality, 2022; American Community Survey, 2022; Bureau of Labor Statistics, 2022—Consumer Expenditure Surveys; Bureau of Labor Statistics, 2022—Occupational Employment Statistics; Centers for Medicare & Medicaid Services, 2023—Medicare - Chronic Conditions; Centers for Medicare & Medicaid Services, 2020—Medicare Current Beneficiary Survey; Centers for Medicare & Medicaid Services, 2023; Federal Reserve Bank of Atlanta—Policy Rules Database, 2023; Federal Highway Administration, 2017; Feeding America, 2023; Frank, 2022; Internal Revenue Service, 2022; Medicare.gov; Minnesota Department of Human Services, 2021; The Zebra, 2022; U.S. Department of Agriculture, 2022—Official USDA Food Plans; U.S. Department of Housing and Urban Development, 2022—Fair Market Rents; USTelecom, 2022.

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

Key Findings

- **The cost of basic needs in Minnesota:** In 2022, the cost of household basics (housing, child care, food, transportation, health care, and technology) plus taxes, was \$26,712 for a single adult and \$77,304 for a family of four with two adults, an infant, and a preschooler – much higher than the FPL across all Minnesota counties. Costs varied widely by county. For example, the Survival Budget for a family of four was lowest at \$69,636 per year in Wilkin County and highest at \$103,152 per year in Washington County.
- **Crosscurrents of the pandemic:** From 2021 to 2022, the cost of basics increased, as did wages, while pandemic assistance waned. For example, a family of four in Minnesota with two adults working full time in two of the state's most common occupations (retail salesperson and cashier) saw annual costs increase from \$63,444 to \$77,304, combined wages go up by 5%, and total federal assistance decrease by nearly \$15,000. Amid these crosscurrents, this family was not able to afford basic needs in 2021 or 2022.
- **Demographics:** There are households below the ALICE Threshold across all demographic groups in Minnesota. However, certain groups are disproportionately represented due to [systemic racism](#), [ageism](#), [gender discrimination](#), and [geographic barriers](#) that limit many families' access to resources and opportunities for financial stability.
 - » By race/ethnicity, 60% of Black and 45% of Hispanic households were below the ALICE Threshold in Minnesota in 2022, compared to 34% of White households.
 - » By age, the youngest (under age 25) and oldest (age 65+) households faced the highest rates of hardship, at 63% and 50%, respectively.
 - » By household composition, single-female-headed families with children were more likely to be below the Threshold (71%) than single-male-headed (48%) or married-parent households (12%). Among single or cohabiting households without children, one-third (34%) were below the Threshold.
 - » By location, Minnesota households in predominantly rural counties were slightly more likely to be below the ALICE Threshold (37%) than those in predominantly urban counties (36%).
- **ALICE and financial hardship over time:** The number of ALICE households in Minnesota grew steadily from 2007 to 2022. During this period, the total number of households in the state increased by 10%, the number of households in poverty remained flat (increased by 1%), while the number of ALICE households increased by 33%. By 2022, 10% (233,779) of all households were below the FPL and 26% (600,564) of all households were ALICE – a combined 36% (834,343) of households struggling to make ends meet.



- **Inflation and household essentials:** The cost of basics as measured by the ALICE Essentials Index is increasing faster (3.1% annually between 2007 and 2023 in Minnesota) than the Consumer Price Index that measures the increase in cost of a much larger basket of goods and services (2.5%). With this gap, it is impossible for ALICE workers to catch up. For example, the median wage for a retail salesperson was \$9.44 per hour in 2010 (\$19,635 annually), nearly \$9,800 short of the Survival Budget for one adult and one child (\$29,374). By 2022, the wage had increased 60% to \$15.11 per hour (\$31,429 annually), but the Survival Budget had also increased, by 44%, to \$42,324. This worker was nearly \$11,000 short of basic costs in 2022 — further behind than in 2010.
- **Work and wages:** Of the 20 most common occupations in Minnesota, 45% paid less than \$20 per hour in 2022. The majority (85%) of the most common jobs saw an increase in the median wage between 2019 and 2022; for example, the median wage for a retail salesperson in Minnesota increased from \$12.47 to \$15.11 per hour. Yet even with the wage increase, 23% of the state's 66,830 retail sales workers still lived below the ALICE Threshold in 2022.
- **Savings and assets:** During the pandemic, rates of emergency savings increased on average in Minnesota, but those rates differed by income. According to the Federal Reserve SHED, in October 2022, 43% of households below the ALICE Threshold had emergency savings or rainy day funds (to cover expenses for three months in the event of sickness, job loss, economic downturn or another emergency), compared to 78% of households above the Threshold. Similarly, 30% of households below the Threshold had retirement assets in 2022, compared to 73% of those above.
- **Beyond 2022:** Even with the most salient aspects of the pandemic behind us — including the expiration of most pandemic assistance and high unemployment rates — Minnesotans continue to face significant difficulties. Increased employment and raises in wages for low-wage jobs have not resolved many of the challenges ALICE households faced during the pandemic. According to the SHED (through October 2022) and the Household Pulse Survey (through October 2023), there remained sustained high levels of food insufficiency, limited savings and assets, difficulty paying bills, and widespread feelings of anxiety and depression.



DEFINING FINANCIAL HARDSHIP IN MINNESOTA

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

The **ALICE Household Budgets** capture the cost of the basic necessities households need to live and work in the current economy in each county, and the [ALICE Threshold of Financial Survival](#) provides a measure to track ALICE and poverty-level households over time by location. This section explores these tools and highlights the challenges ALICE families face in meeting basic needs.

The Cost of Basics

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

The **ALICE Household Survival Budget** is an estimate of the minimal total cost of household essentials — housing, child care, food, transportation, health care, and technology — plus taxes and a miscellaneous contingency fund equal to 10% of the budget. It does not include savings, auto repairs, cable service, travel, laundry costs, or amenities such as holiday gifts or dinner at a restaurant, which are out of reach for many ALICE families.

This budget varies by location due to differences in local costs. In 2022, household essentials were least expensive in Wilkin County for a family of four (\$69,636 per year) and for a single adult (\$23,592 per year). Essentials were most expensive for a family and for a single adult in Washington County (at \$103,152 per year and \$38,376 per year, respectively). A Household Survival Budget for each county in Minnesota is presented in the County Reports on our website: UnitedForALICE.org/County-Reports/Minnesota.

For comparison to a more sustainable budget, the **ALICE Household Stability Budget** estimates the higher costs of

THE FEDERAL POVERTY LEVEL (FPL)

Compared to the Household Survival Budget, the FPL is drastically inadequate in capturing the true extent of financial hardship. Unlike the ALICE budgets, the FPL is not based on the cost of contemporary household necessities, and except for Alaska and Hawai'i, it is not adjusted to reflect cost-of-living differences. Nor does it adjust for different ages of household members. The FPL is increased annually based on the Bureau of Labor Statistics' (BLS) Consumer Price Index (CPI), and those increases are the same for all U.S. households of a given size. By contrast, the household costs in the Survival Budget are updated annually and reflect differences by location, household size, and household composition.

Yet despite its inadequacies, the FPL continues to be the standard for determining both the number and proportion of people living in poverty in the U.S., and eligibility for most public assistance. **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.**

maintaining a more stable household over time and includes a savings category equal to 10% of the budget.

The actual cost of household basics in every county in Minnesota is well above the FPL for all household sizes and types (Figure 1). In 2022, the FPL was \$13,590 for a single adult, compared to an average of \$26,712 for the Household Survival Budget across Minnesota. The cost differential was even larger for families: The FPL for a four-person family was

ALICE BUDGETS FOR ALL COUNTIES AND HOUSEHOLD TYPES

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

\$27,750 in 2022, while the Household Survival Budget for a family with two adults, an infant, and a four-year-old was \$77,304. And both budgets were substantially lower than the

average Household Stability Budget for Minnesota, which reached \$46,788 for a single adult and \$132,912 for a family of four.

Figure 1. ALICE Household Budgets and Federal Poverty Level, Minnesota, 2022

	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 current economy, by household type and location	ALICE Household Stability Budget The cost of supporting and sustaining an economically viable household over time, including a contingency for savings
Single Adult			
Monthly Total	\$1,133	\$2,226	\$3,899
Annual Total	\$13,590	\$26,712	\$46,788
Family of Four			
Monthly Total	\$2,313	\$6,442	\$11,076
Annual Total	\$27,750	\$77,304	\$132,912

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

Sources: ALICE Household Survival Budget, 2022; Assistant Secretary for Planning and Evaluation (ASPE), HHS poverty guidelines for 2022, U.S. Department of Health and Human Services, 2022

Not Enough Income to Cover Basic Costs

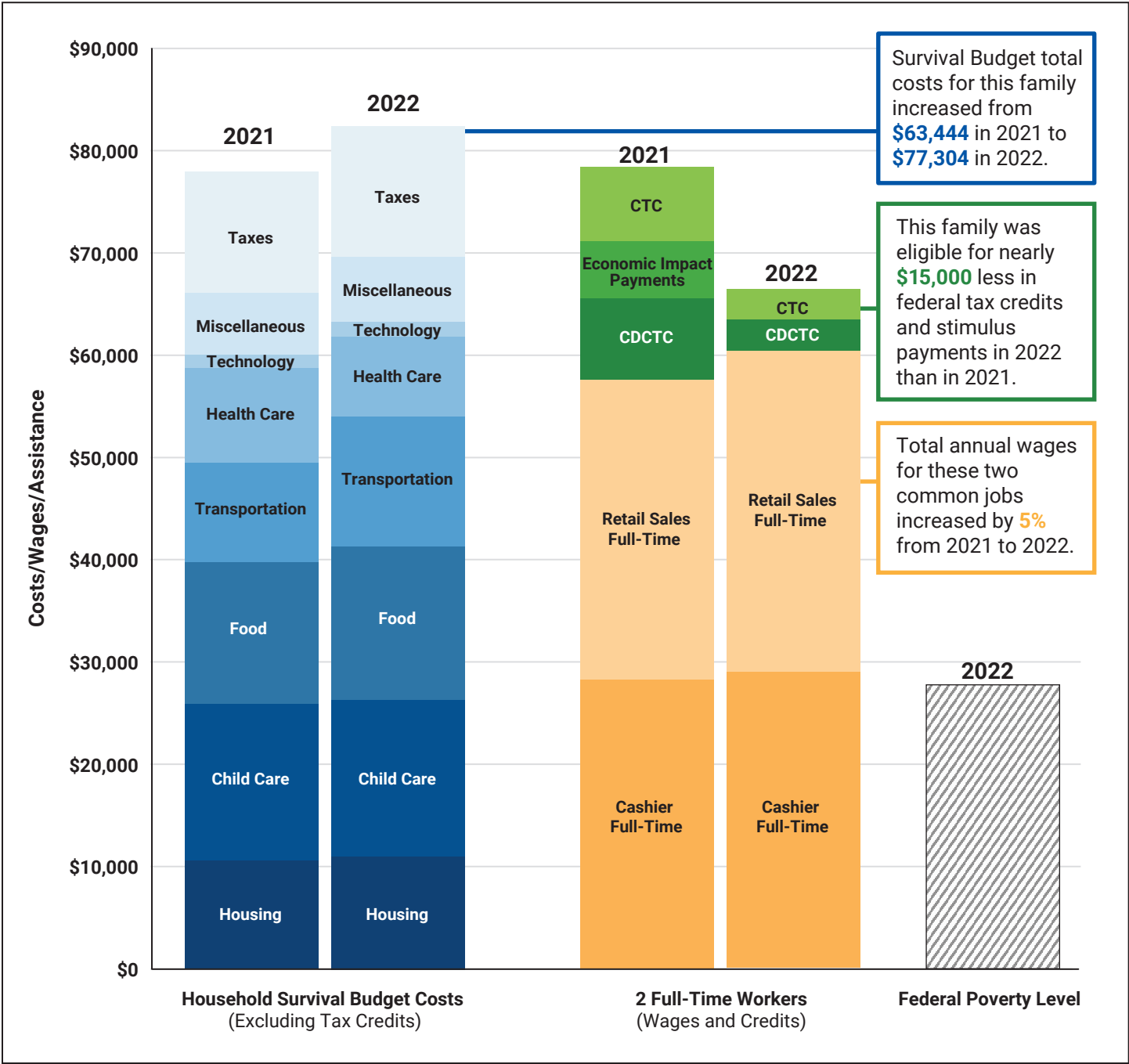
When wages cannot cover basic household costs, families struggle to make ends meet. ALICE workers perform jobs that keep Minnesota’s economy running smoothly, such as cashiers, nursing assistants, office clerks, servers, laborers, and security guards. The pandemic highlighted the importance of these in-person, on-site jobs. Yet despite wage increases through the pandemic and into 2022, many ALICE workers still could not cover the increased cost of household basics, and their families continued to struggle to make ends meet.

Public assistance also shifted during the pandemic, with the most pronounced effects on families with children. The Economic Impact Payments and the expansions of the Child Tax Credit (CTC) and the Child and Dependent Care Tax Credit (CDCTC) helped many ALICE families through 2021.

But this assistance was substantially reduced when the [2021 American Rescue Plan](#) expired, stimulus payments ended, and tax credits reverted to 2020 levels.

Figure 2 shows an example of how these economic forces — costs, wages, and federal public assistance — impacted a family of four in Minnesota in 2021 and 2022. This family with an infant, a preschooler, and two parents working full time in two of the state’s most common occupations (cashier and retail salesperson) saw annual household costs increase from \$63,444 in 2021 to \$77,304 in 2022; combined wages increase from \$28,292 to \$28,980 for cashier and \$29,320 to \$31,430 for retail salesperson (up 5%); and total federal assistance decrease by nearly \$15,000. Amid these crosscurrents, this family was not able to afford household basics in 2021 or 2022.

Figure 2. Comparison of Costs, Public Assistance, and Wages, Family of Four, Minnesota, 2021 and 2022



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

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

Visit UnitedForALICE.org/Household-Budgets/Minnesota to see the Household Survival Budget for all counties and for any household composition.

WHO IS ALICE? DEMOGRAPHICS

The pandemic exposed and exacerbated disparities and vulnerabilities that have long existed in Minnesota, with substantial differences in rates of hardship by race/ethnicity, age, household composition, and location. It also brought ALICE to the forefront, as essential ALICE workers showed up to low-paid, on-site jobs despite the risks to their own and their families' health and safety. Even as we move farther away from the height of the pandemic, its ripple effects continue to impact the most vulnerable households in Minnesota — those below the ALICE Threshold.

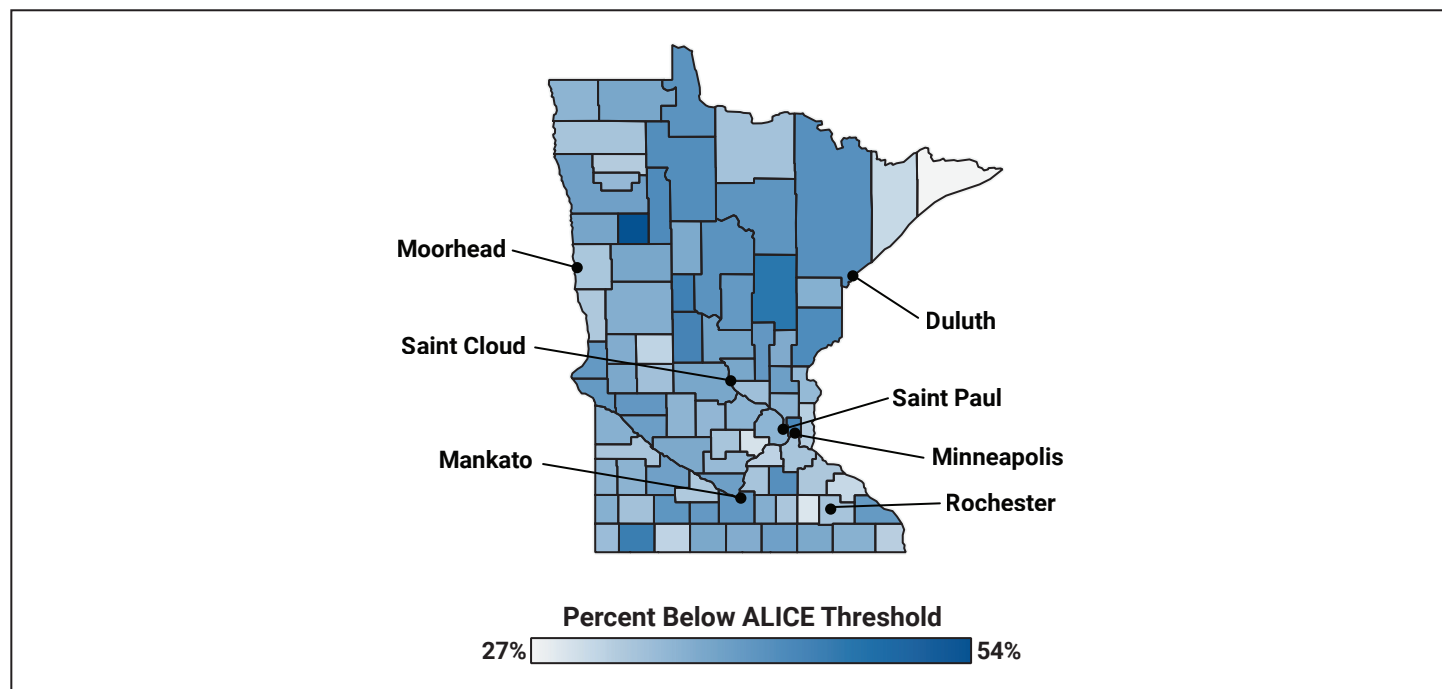
living (Figure 3). In 2022, rates of financial hardship ranged from less than 30% in Carver, Cook, and Dodge counties to more than half (54%) in Mahnommen County. But even greater variation was found within some counties. For example, in the county with the highest number of total households in the state, Hennepin County, the share of households below the ALICE Threshold ranged from 14% in ZIP codes 55424 (Edina) and 55340 (Hamel) to 85% in ZIP code 55454 (Minneapolis). For more county detail, visit the County Reports on our website: UnitedForALICE.org/County-Reports/Minnesota.

Financial Hardship by Location

Financial hardship in Minnesota varies by location — from region to region, county to county, and even within counties from one ZIP code to the next, depending on opportunities for employment, labor force participation, and the cost of

In addition, [most Minnesota residents](#) live in an urban area (though there are different definitions of urban, suburban, and rural). According to the USDA, more than 1.7 million Minnesota households lived in predominantly urban counties in 2022, and 36% of these households were below the ALICE Threshold. For the more than 550,000 households living in predominantly rural counties, the rate of financial hardship was slightly higher, at 37%.

Figure 3. Financial Hardship by County, Minnesota, 2022



Note: For more details, see the County Comparison: Income Status, 2022 table at the end of this Report. To see interactive ALICE maps, go to UnitedForALICE.org/Maps/Minnesota.

Sources: ALICE Threshold, 2022; American Community Survey, 2022

Some of the geographic variation is linked to demographic variation. For example, Minnesota also has a sizable American Indian population, many living on federal and state American Indian reservations. The rate of financial hardship varies across the areas, from 26% in the Shakopee

Mdewakanton Sioux Community and Off-Reservation Trust Land to 66% in the Prairie Island Indian Community and Off-Reservation Trust Land in 2022.

Figure 4. Financial Hardship by American Indian Reservations, Off-Reservation Trust Lands, and Tribal Subdivisions, Minnesota, 2022

American Indian Reservations, Off-Reservation Trust Lands, and Tribal Subdivisions	Total Households	% Poverty	% ALICE	% Below ALICE Threshold
Bois Forte Reservation and Off-Reservation Trust Land	383	22%	32%	54%
Fond du Lac Reservation and Off-Reservation Trust Land	1,470	16%	28%	44%
Grand Portage Reservation and Off-Reservation Trust Land	297	16%	23%	39%
Leech Lake Reservation and Off-Reservation Trust Land	3,996	18%	24%	42%
Lower Sioux Indian Community and Off-Reservation Trust Land	196	12%	37%	48%
Mille Lacs Reservation and Off-Reservation Trust Land	1,864	16%	34%	50%
Prairie Island Indian Community and Off-Reservation Trust Land	105	50%	16%	66%
Red Lake Reservation	1,382	29%	26%	56%
Shakopee Mdewakanton Sioux Community and Off-Reservation Trust Land	204	17%	9%	26%
White Earth Reservation and Off-Reservation Trust Land	3,556	22%	32%	54%

Sources: ALICE Threshold, 2022; American Community Survey, 2022; U.S. Census Bureau, 2022 [TIGERweb](#), 2022

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

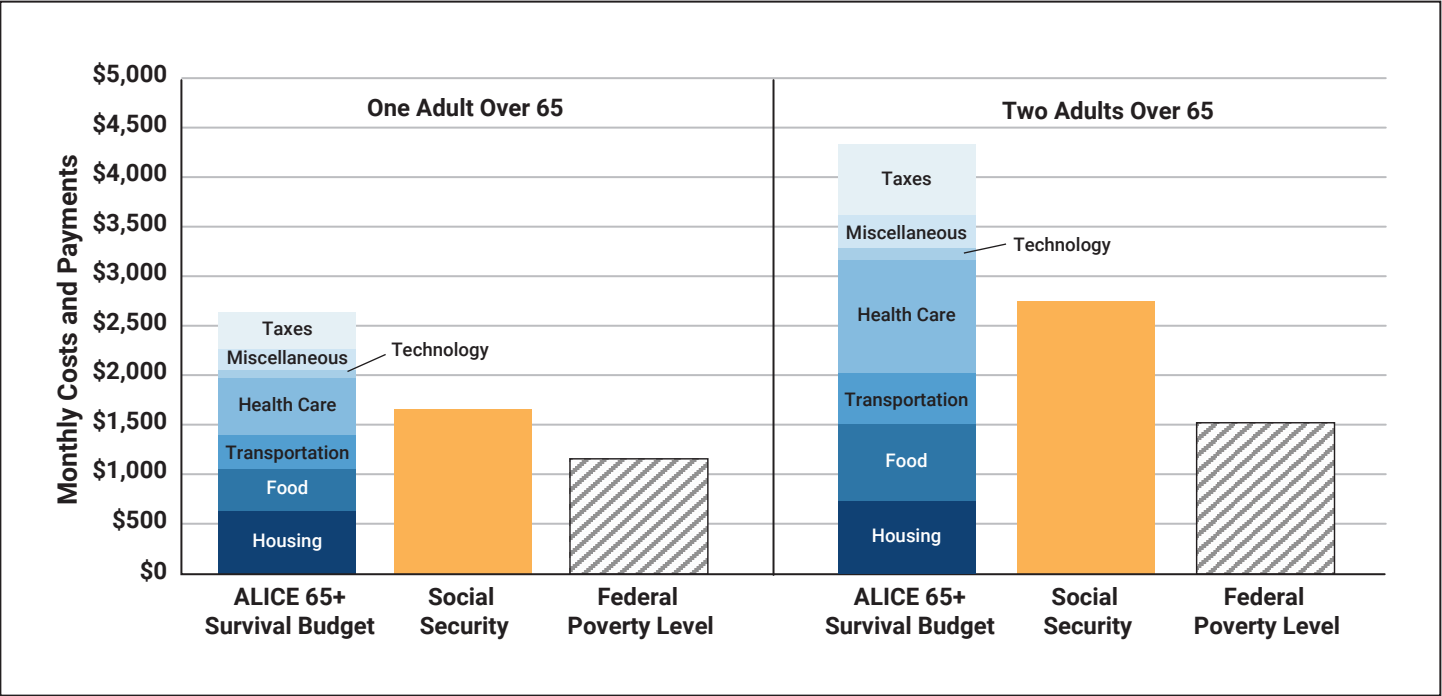
In Minnesota in 2022, rates of financial hardship differed substantially between groups, a result of multiple factors including [systemic racism](#), [ageism](#), [gender discrimination](#), and [geographic barriers](#) that limit many families' access to resources and opportunities for financial stability:

- **Age:** By age of householder, the youngest and oldest (Figure 6) households had the highest rates of financial hardship in 2022: 63% of households headed by someone under age 25 and 50% of households headed by someone age 65 and over, lived below the ALICE Threshold in Minnesota. By comparison, rates were lower for those in their prime working years, with 29% of households headed both by people age 25–44 and those age 45–64 living below the Threshold.
- **Household composition:** In 2022, one-third (34%) of single or cohabiting households without children headed by someone under age 65 — the most common household type in the state — were below the ALICE Threshold. Among families with children, 26% were below the ALICE Threshold. And longstanding disparities in financial hardship by family type remained: 71% of single-female-headed families and 48% of single-male-headed families were below the Threshold in 2022, compared to only 12% of married-parent families.
- **Race/ethnicity:** Rates of financial hardship differ substantially by race/ethnicity in Minnesota. In 2022, the largest number of households below the ALICE Threshold were White (643,693), making up one-third (34%) of all White households. Black households were the next largest group, with 75,590 below the Threshold, yet they made up 60% of all Black households. There were also 40,445 Hispanic households below the Threshold, making up 45% of all Hispanic households. Smaller groups also had high rates of financial hardship including American Indian/Alaskan Native households (58%) and households headed by someone of Two or More Races (42%). Only Asian households had a rate similar to White Households (32%). Minnesota Compass and Minnesota State Demographic Center provide additional details about cultural groups in the state.

HOUSEHOLDS HEADED BY PEOPLE AGE 65+

While Social Security helps [reduce the poverty rate for households headed by older adults](#) (10% in Minnesota in 2022), benefits have not been enough to cover the costs in the ALICE 65+ Survival Budget and bring older adults to financial stability (Figure 5). As a result, for more than a decade, a substantial number of Minnesota's 65+ households have been ALICE (40% in 2022). In 2022, monthly costs for the ALICE 65+ Survival budget for one adult were \$983 more than the [average Social Security payment](#) of \$1,657. And with increasing costs and insufficient retirement savings, many older adults have needed to continue working. In 2022, more than 230,000 people age 65 and over living below the ALICE Threshold in Minnesota did not have retirement savings beyond Social Security, and nearly 40,000 were working.

Figure 5. Monthly ALICE 65+ Survival Budget Total, Average Monthly Social Security Payments, and the Federal Poverty Level, Minnesota, 2022



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

Sources: ALICE 65+ Survival Budget, 2022 (see the ALICE [Methodology](#) for details); Social Security Administration, 2022; U.S. Department of Health and Human Services, 2022

Figure 6 paints a clear picture of the rates of hardship for different demographic groups compared to the Minnesota average. For all households in Minnesota, 10% were in poverty and 26% were ALICE in 2022.

Figure 6. Household Financial Status and Key Demographics, Minnesota, 2022

	Total	Below ALICE Threshold	<div> <div>Poverty</div> <div>ALICE</div> <div>Above ALICE Threshold</div> </div>
ALL HOUSEHOLDS	2,303,607	834,343	<div> <div>10%</div> <div>26%</div> <div>64%</div> </div>
AGE			
Under 25 Years	114,588	72,315	<div> <div>31%</div> <div>33%</div> <div>37%</div> </div>
25 to 44 Years	774,468	223,004	<div> <div>9%</div> <div>20%</div> <div>71%</div> </div>
45 to 64 Years	802,911	232,313	<div> <div>8%</div> <div>21%</div> <div>71%</div> </div>
65 Years and Over	611,640	306,711	<div> <div>10%</div> <div>40%</div> <div>50%</div> </div>
RACE/ETHNICITY			
American Indian/ Alaska Native	16,123	9,421	<div> <div>20%</div> <div>38%</div> <div>42%</div> </div>
Asian	84,154	27,014	<div> <div>6%</div> <div>26%</div> <div>68%</div> </div>
Black	125,932	75,590	<div> <div>16%</div> <div>44%</div> <div>40%</div> </div>
Hispanic	89,136	40,445	<div> <div>7%</div> <div>38%</div> <div>55%</div> </div>
Native Hawaiian/ Pacific Islander	802	445	<div> <div>27%</div> <div>29%</div> <div>45%</div> </div>
Two or More Races	74,237	30,951	<div> <div>9%</div> <div>33%</div> <div>58%</div> </div>
White	1,896,202	643,693	<div> <div>6%</div> <div>28%</div> <div>66%</div> </div>
HOUSEHOLD TYPE			
Married With Children	438,318	51,473	<div> <div>4%</div> <div>8%</div> <div>88%</div> </div>
Single-Female- Headed With Children	116,818	83,248	<div> <div>31%</div> <div>40%</div> <div>29%</div> </div>
Single-Male-Headed With Children	52,975	25,383	<div> <div>13%</div> <div>35%</div> <div>52%</div> </div>
Single or Cohabiting, Under 65, no Children	1,083,856	367,528	<div> <div>10%</div> <div>23%</div> <div>66%</div> </div>
RURAL/URBAN			
Rural	556,302	207,694	<div> <div>11%</div> <div>26%</div> <div>63%</div> </div>
Urban	1,747,305	626,649	<div> <div>10%</div> <div>26%</div> <div>64%</div> </div>

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, 2022; American Community Survey, 2022

Demographic Trends

Population change: Population growth in the U.S. slowed in the years leading up to the pandemic and reached a historic low in 2021 due to COVID-related deaths, postponement of having children, and more restrictive policies on immigration. Yet in Minnesota, the population [grew steadily](#), with the number of households increasing by 10% from 2010 to 2022. The [largest growth](#) occurred in the most populous areas, namely the seven counties surrounding the Twin Cities and the four encompassing St. Cloud. And the number of households facing financial hardship in Minnesota continued to outpace overall growth, rising 22% from 2010 to 2022.

Age: The number of households headed by people under age 25 in Minnesota has grown, and more of these households are experiencing financial hardship. Overall, the number of these households increased by 12% from 2010 to 2022, and their rate of financial hardship increased by 6%. During the pandemic, growth slowed as many young people [lived with their parents](#) or consolidated to save money, but began to rise again starting in 2022. This group experienced the highest rate of financial hardship during the pandemic of any age group.

The number of households headed by those age 25–44 increased by 6% from 2010 to 2022, and their rate of financial hardship increased even faster (11%). The only age group to show a decline in total households were those headed by people age 45–64 (down 3%). Yet, their rate of financial hardship increased by 16% from 2010 to 2022.

With the [aging of the Baby Boomer generation](#), households headed by people age 65 and over are the fastest-growing age group in Minnesota, up 41% between 2010 and 2022. They are also the age group with the most substantial increase in the number of households below the ALICE Threshold (up 44% during the same period).

Household composition: The largest of Minnesota’s household types — under age 65 single or cohabiting households without children — grew in number from 2010 to 2022 (up 5%), and the number of these households below the ALICE Threshold grew even faster (up 19%).

In contrast, the number of households with children under age 18 in Minnesota declined (down 3% from 2010 to 2022).

This trend was driven by married-parent households, which fell in number from 451,552 in 2010 to 438,318 in 2022 (down 3%), and single-female-headed households, which fell from 130,034 in 2010 to 116,818 in 2022 (down 10%). At the same time, the number of single-male-headed households increased from 47,297 in 2010 to 52,975 in 2022 (up 12%).

The overall number of Minnesota households with children decreased, as did the number of these households below the ALICE Threshold, though by much less (down 3% and 1%, respectively, between 2010 and 2022). During the pandemic, even with extra assistance targeted towards families, rates of hardship barely changed (though the starting points differ substantially by family type): The percentage of married-parent households below the ALICE Threshold increased from 11% in 2019 to 12% in 2022; the rate for single-female-headed households fell from 72% to 71%; and the rate for single-male-headed households increased from 47% to 48%.

During the pandemic, much attention was paid to families, with the expansion of the Child Tax Credit and the Child Dependent Care Tax Credit and their subsequent reversal. The fact that the annual rate of hardship for families did not change substantially from 2019 to 2022 suggests that, while these expanded credits and the pandemic-era Economic Impact Payments helped many families with children get through a difficult time, they were not in place long enough to have a long-term impact.

Race/ethnicity: [Research on inequality](#) continues to show significant disparities in hardship by race/ethnicity, in Minnesota and across the U.S. Due to a change in the way the Census asks about race/ethnicity, this Report is not able to accurately capture change over time for this category 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 Minnesota, the

huge increase in the Census count of people of [Two or More Races](#) (also referred to now as Multiracial) — 116% from 2019 to 2022 — 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 the somewhat lower, but still high, rate of 90%).

Migration: Minnesota has experienced migration on several fronts — internally, both within the state and between counties; domestically, between states and regions; and internationally.

Within Minnesota, the total number of households in predominantly rural counties decreased by only 1% from 2010 to 2022, while the number of households below the ALICE Threshold increased by 12%. In predominantly urban counties, the total number of households increased by 14%, and the number of households below the Threshold increased by 26%. The counties in Minnesota with the largest percentage increase in the total number of households included the medium-sized counties (by population) of Carver, Clay, Scott, Washington, and Wright, while some of the smallest counties — Aitkin, Clearwater, Kittson, Renville, and Traverse — had the largest percentage decrease.

The [driver of population increase](#) has come from international migration. From 2010 to 2022, Minnesota experienced an inflow of international migration which has made up for an outflow of [domestic migration](#). While there are large

exchanges (in- and outflows) with Wisconsin and California, the largest net losses are to Florida, Texas, and Arizona.

Foreign-born residents accounted for 9% of the population in Minnesota in 2022, higher than in 2010 (7%); they have added to Minnesota's [racial/ethnic diversity](#) and helped balance the aging population. The largest number of [immigrants](#) are from Mexico, Somalia, and India.

A significant percentage of Minnesota's immigrants are [refugees](#), persons who are forced to flee persecution in their country of origin. Minnesota ranks 9th in the country in [refugees per capita](#). The [largest populations](#) are Hmong, Vietnamese, and Somali.

By [county](#), the largest numbers of immigrants are in the largest population centers of Hennepin and Ramsey counties, but there were also sizable populations in Anoka, Dakota, Olmsted, and Washington counties.



WHY ARE THERE SO MANY ALICE HOUSEHOLDS?

The number of ALICE households has increased as wages have failed to keep up with the rising cost of household basics. Public assistance has filled in some of the gap, especially during the pandemic, but it has never been enough to bring all families to financial stability.

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

below the ALICE Threshold increased from 24% in 2007 to 33% in 2010, and it never returned to pre-Recession levels in the decade that followed.

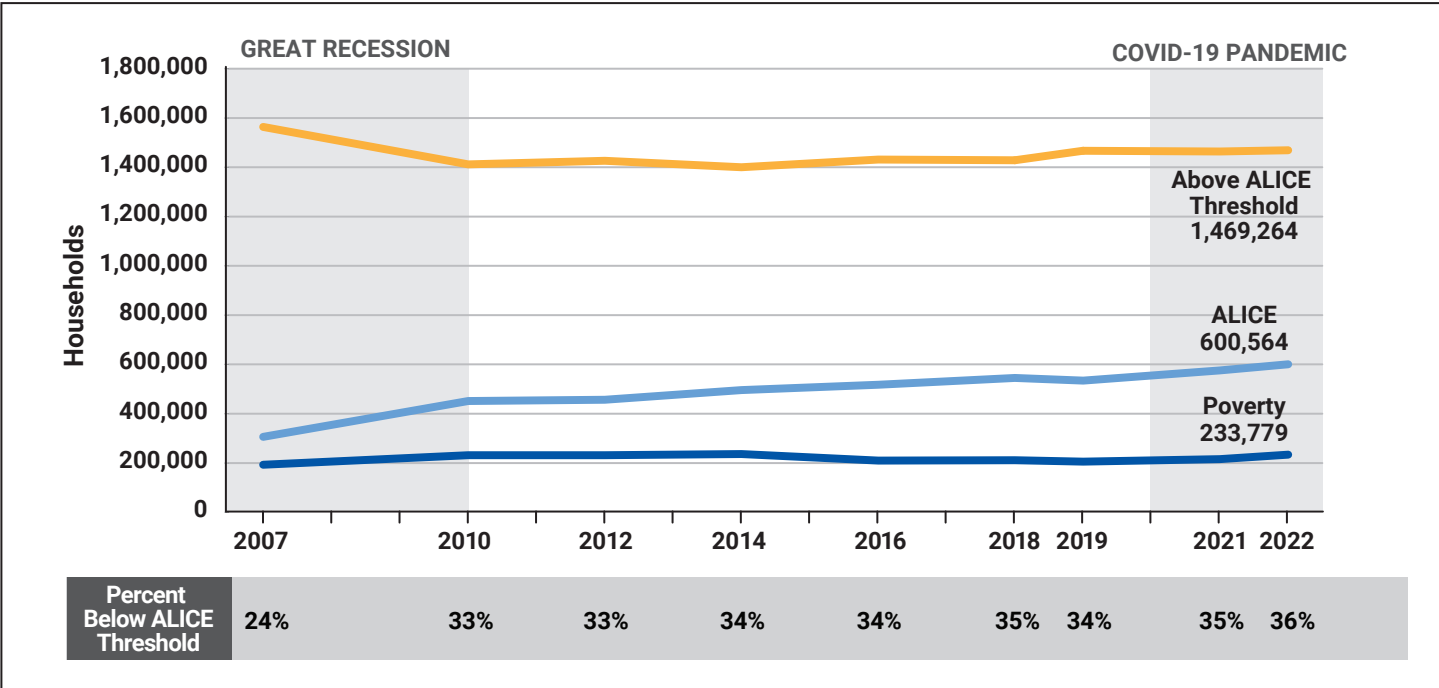
Since 2010, despite some ups and downs in rates of financial hardship, the trend has been clear: The number of ALICE households in Minnesota has been steadily growing. From 2010 to 2022, the total number of households in the state increased by 10%, households in poverty increased by 1%, and the number of ALICE households increased by 33%.

Narrowing the focus to the period around the COVID-19 pandemic, there was an overall increase in the rate of financial hardship in Minnesota (34% of households below the ALICE Threshold in 2019 and 36% in 2022).

Financial Hardship Over Time

Rates of financial hardship in Minnesota have shifted over time (Figure 7). During the last major economic disruption — the Great Recession — the percentage of Minnesota households

Figure 7. Households by Income, Minnesota, 2007–2022



Sources: ALICE Threshold, 2007–2022; U.S. Census Bureau, American Community Survey, 2007–2022

The ALICE Essentials Index

Inflation is one of the most widely utilized indicators of the health of the U.S. economy. When prices increase faster than wages, the stock market, and other sources of income, people’s purchasing power decreases and economies struggle. This is especially challenging for families on a tight budget or a fixed income, like ALICE households.

The standard measure of inflation in the U.S., the Bureau of Labor Statistics’ **Consumer Price Index** (CPI), tracks the retail price of select goods and services purchased by consumers in [75 urban areas](#) and is composed of [more than 200 categories](#), including food and beverages, housing, apparel, transportation, medical care, recreation, education, and communication services.

The CPI is often used as the North Star to guide economic policies, including monetary policy, benchmark increases for Social Security, retirement benefits for veterans and federal civil service retirees, FPL calculations, and eligibility for government assistance programs.

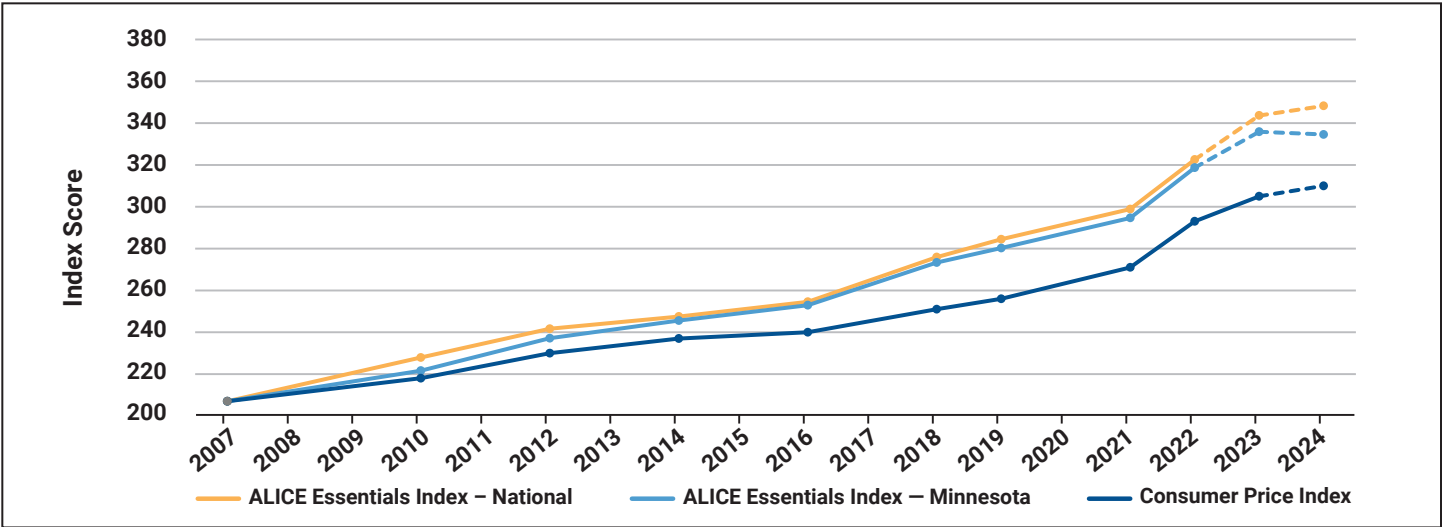
Yet despite being used to guide policy for low-income households, the CPI doesn’t accurately portray rates of inflation for the purchases that these households most often make. CPI measures the change in prices of all the goods

and services that people at all income levels purchase, from haircuts to plane tickets — and by doing so, it conceals the changes in prices of the smaller number of goods and services that are essential to meeting basic needs for households below the ALICE Threshold.

The **ALICE Essentials Index** aims to fill this gap and bring the reality of ALICE household costs to the forefront. The Index tracks only the cost of six categories of basic goods and services essential to living and working in the current economy: housing, child care, food, transportation, health care, and basic smartphone and home broadband internet plans. And it shows that the rise in the cost of household basics far outpaces increases in the cost of the CPI’s larger basket of goods and services.

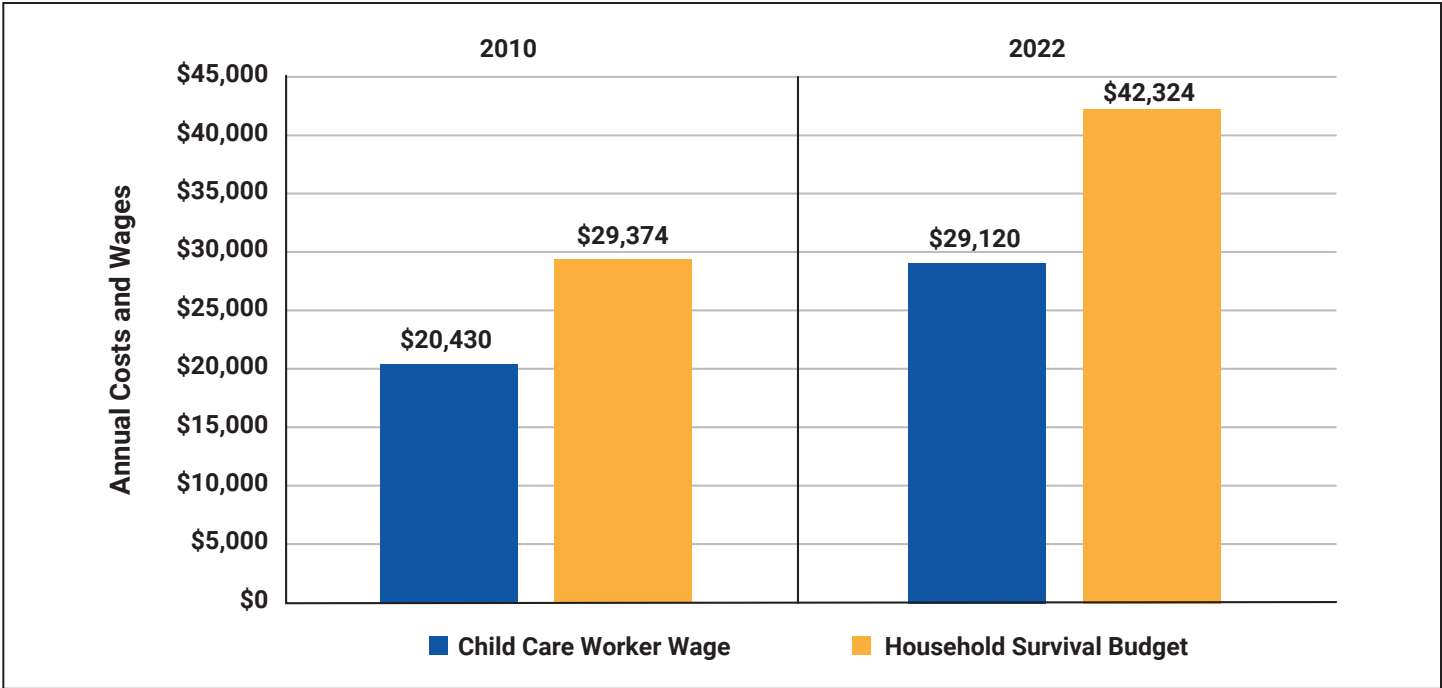
In Minnesota and across the country, the ALICE Essentials Index has increased faster than the CPI almost every year since 2007 (Figure 8). The recent surge in the CPI has put the issue of inflation on everyone’s radar, but ALICE households have been struggling with inflation for a decade and a half. From 2007 through 2019, the CPI reported an annual inflation rate of roughly 2%, followed by a higher annual rate of 2.9% during the period of 2019 to 2021, and then reaching 6.1% during the most recent period (2021 to 2023).

Figure 8. ALICE Essentials Index and CPI by Location, With Minnesota Retail Sales Wage, 2007–2024



Note: In this figure, the ALICE Essentials Index was adjusted to the CPI base value of 2007 in 2007. Inflation Comparison, 2007–2022; Projection 2023–2024
Sources: ALICE Essentials Index, 2007–2022; Bureau of Labor Statistics—Consumer Price Index, 2007–2023. For more information, visit UnitedForALICE.org/Essentials-Index.

Figure 9. Child Care Worker Wages Compared to Household Survival Budget, Minnesota, 2010 and 2022



Note: The Household Survival Budget is for one adult and one school-age child.
Sources: ALICE Household Survival Budget, 2010 and 2022; Bureau of Labor Statistics, 2010 and 2022—Occupational Employment and Wage Statistics

In comparison, the ALICE Essentials Index was higher than the CPI during the Great Recession (3.3% national annual increase and 2.4% in Minnesota from 2007 to 2010). Both measures dropped below 2% nationally during the Early Recovery (2010 to 2016); then the ALICE Essentials Index surged past the CPI again during the Late Recovery (2016 to 2019), with an annual rate of 3.7% nationally and 3.4% in Minnesota. During the last five years, the rate of inflation has been volatile: The ALICE Essentials Index fell to 2.6% nationally and in Minnesota (2019 to 2021) before jumping to an annual rate of 7.3% nationally and 6.7% in Minnesota from 2021 to 2023 (projected).

Workers struggle to keep up: Wages, especially in low-wage jobs, have increased for the first time in over a decade. But with the increase in the cost of basic goods, it is impossible for ALICE workers to catch up. For example, the median wage for a child care worker in Minnesota was \$9.82 per hour in 2010 (\$20,430 annually for full-time work), which was nearly \$9,000 short of the annual Household Survival Budget for one adult and one school-age child (\$29,374). By 2022, the wage had increased by 43% to \$14.00 per hour, reaching \$29,120

annually, full-time; but the Survival Budget had also increased, by 44%, to \$42,324. This worker was just over \$13,000 short of basic costs in 2022 — further behind than in 2010 (Figure 9).

Because the CPI is used to adjust federal tax brackets and is the basis for many public assistance programs, gaps between the CPI and the increasing cost of household basics diminish the reach and effectiveness of social programs, with tangible hardship for recipients. This is especially true for those programs most relevant to ALICE households, including the Federal Reserve inflation strategy, Social Security benefits, retirement benefits for veterans and civil servants, the annual increase of the FPL (with an impact on programs based on the FPL, like the Supplemental Nutrition Assistance Program (SNAP) and Medicaid), and tax brackets and credits. Households that depend on these public assistance programs have seen the value of their benefits erode over time as costs have risen.

Limits of Traditional Public Assistance Programs

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

Yet traditional public assistance does not reach all people in all households that are struggling financially. Due to [income and asset limits](#), most ALICE households are not able to participate in public assistance programs; and additional barriers, strict [program requirements](#), and [stigma](#) prevent even some households in poverty from participating. In addition, income and asset limits for public assistance can create “[benefits cliffs](#)” that limit economic mobility.

In Minnesota in 2022:

- **Food assistance:** Increased need for food assistance was a hallmark of the pandemic. Food pantries experienced a substantial increase in [demand for services](#), and SNAP [eligibility criteria broadened and monthly payments increased](#) (through February 2023). In 2022, the need remained high, with one in six Minnesotans [receiving charitable food assistance](#) (same as the [national rate](#)). In part due to the income eligibility level in Minnesota (200% of the FPL), public food assistance was not accessible to all households that were struggling financially: Only 32% of all Minnesota households in poverty and 13% of all ALICE households participated in SNAP in 2022. Among all eligible people, estimated [SNAP participation rates were higher](#).
- **Cash assistance:** The percentage of Minnesota households below the ALICE Threshold receiving direct cash assistance from programs like [TANF](#) or [General Assistance](#) was even smaller than the share receiving SNAP (13% of households in poverty and 5% of ALICE households).
- **Participation in SSI:** This assistance program serves people with disabilities and those 65 and older with limited

financial resources. In Minnesota, only 4% of all people below the ALICE Threshold and 14% of people with a disability living below the Threshold participated in SSI in 2022.

- **Health insurance:** In 2022, 40% of all households below the ALICE Threshold in Minnesota participated in CHIP or Medicaid, equal to the national rate of 40%. Minnesota adopted [Medicaid expansion in 2014](#). [Research shows](#) that Medicaid expansion for adults leads to better access to care and improved health outcomes for the adults who obtained coverage as well as for their children. In addition, over 134,000 Minnesotans received coverage through [Minnesota’s health insurance marketplace](#), MNsure. Many MNsure enrollees receive [tax credits](#) that reduce their health insurance premiums, about 60% in 2024.
- **Housing assistance:** Paying for housing continued to be a top concern for low-income households, particularly with rising costs, the expiration of [pandemic rental assistance](#), and the end of [state](#) and [federal eviction bans](#). There was a substantial increase in [eviction filings](#) in Minnesota from 2021 to 2022, though this did not translate to an increase in the number of [people experiencing homelessness](#).



At the same time, 70% of Minnesota households below the ALICE Threshold were rent burdened (paying more than 30% of their income on rent) and 43% were severely rent burdened (paying more than 50% of their income on rent). Rent burden not only impacts housing stability, but also has far-reaching health implications, including increased risk for depression, anxiety, chronic diseases, and [mortality](#).

WHERE DOES ALICE FIT IN THE LABOR LANDSCAPE?

Increasingly, ALICE workers serve as the reservoir for the labor force — in Minnesota and across the U.S. — through work arrangements that leave them with more economic risk and fewer job protections. Following the Great Recession, the workplace has increasingly relied on [hourly-paid, part-time, at-will, and project-based employees](#), making it easier for employers to reduce workers’ hours or cut their employment altogether when the economy ebbs — which happened to a large degree when the pandemic hit.

Minnesota’s [economy is diverse](#) both in terms of industry sectors and size of businesses. The industries driving the state economy are health care services and manufacturing, while Minnesota’s abundant natural resources support agriculture, fishing, forestry, and tourism. The manufacturing sector accounts for the largest share of the state’s economic output while health care and education are the largest employers.

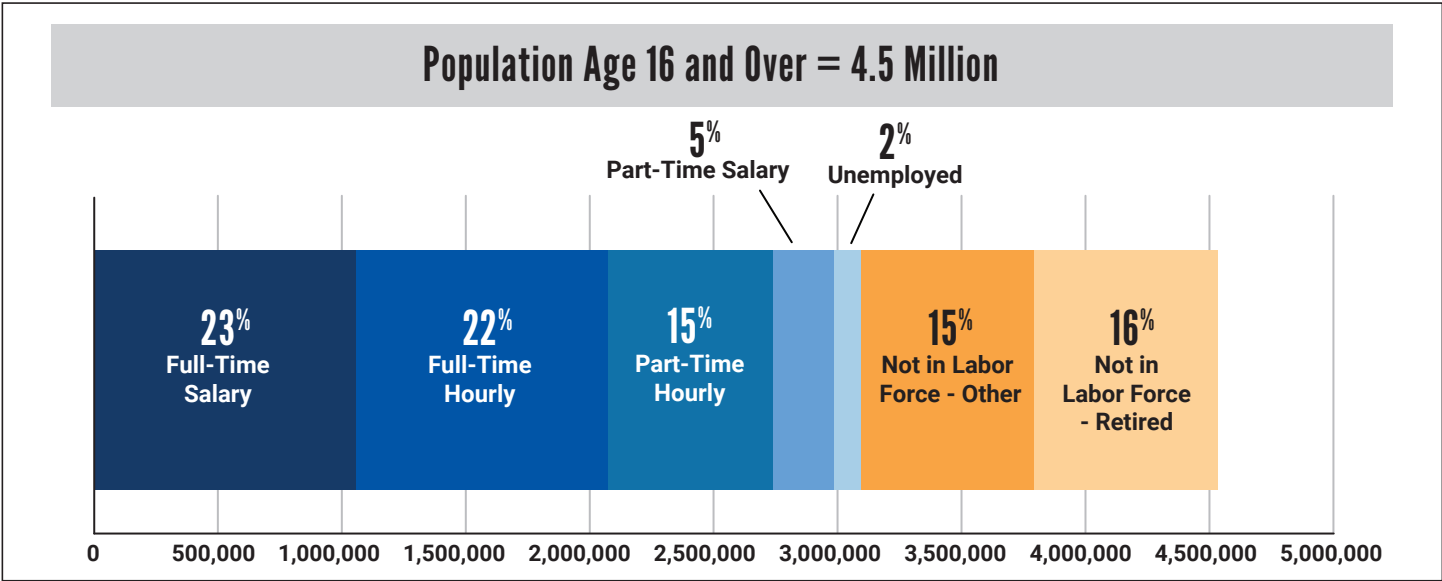
The sizes of businesses varies across the state. Minnesota’s headquarters economy is composed of 16 Fortune 500 companies and an additional 11 companies in the Fortune 1000, mainly located in the Minneapolis-St. Paul metropolitan area. At the other end of the spectrum, the majority of the state’s companies (95%) have [fewer than 100 employees](#), and many of these are in rural areas of the state.

Economic growth was interrupted during the pandemic, but [longstanding trends](#) continued through 2023 — a steep decline in the manufacturing and trade, transportation, and utilities sectors, and, in contrast, a steep rate of growth in the services sector. [Future productivity growth](#) is linked to technological advancements and population dynamics, specifically whether immigration can balance an aging population.

Inside the Labor Force

Figure 10 is an overview of the labor status of Minnesota’s population age 16 and over in 2022. Of these 4.5 million people, 68% were in the labor force (blue bars, including full-time, part-time, and unemployed) and 32% were out of the labor force (gold bars).

Figure 10. Labor Status, Population Age 16 and Over, Minnesota, 2022



Note: Data for full- and part-time jobs is only available at the national level; these national rates (49% of full-time workers and 73% of part-time workers paid hourly) have been applied to the total Minnesota 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: American Community Survey, 2022; Federal Reserve Bank of St. Louis, 2022

Full-time and part-time work: Though the majority of adults in Minnesota were working in 2022, and most households had at least one worker, only 23% of the 16+ population had the security of a full-time job with a salary. Of those in the labor force, most (54%) were paid hourly and/or worked part time. During the pandemic, there was a substantial [dip in the number of full-time workers](#) nationwide; that number has been steadily increasing since the low point in 2020, yet in 2022 still fell short of the pre-pandemic number.

In Minnesota, the most common [reason for “voluntary” part-time work](#) was school (32% of part-time workers) in 2022. Other reasons for part-time work include personal and family obligations (including caretaking for family members), health limitations, limit on earnings constraints, and lack of available child care.

In the future, with more remote and flexible work options as well as new technology, there may be [new opportunities](#) for workers with personal constraints to work full-time hours.

Unemployment: Overall in 2022, the labor market had rebounded from the record-breaking unemployment and [drop in total employment](#) that occurred at the start of the pandemic. The unemployment rate was 2% in Minnesota in 2022, a stark contrast to unemployment at the height of the pandemic (9% in April 2020). Yet the unemployment rate for workers below the ALICE Threshold in Minnesota in 2022 was much higher, at 7%. In addition, [long-term unemployment](#) for all workers nationwide remained stubbornly high; one in five unemployed workers were out of work for more than 27 weeks in 2023, the same rate as in 2019.

Nationally, over the last five years, Black and Hispanic workers experienced a [rise in wages and a drop in unemployment rates](#), a departure from U.S. labor market norms. In 2022, the gaps between Black and White unemployment and labor force participation rates were near historic lows. Yet nationally and in Minnesota, gaps in employment have persisted. As recently as the fourth quarter of 2023, the [unemployment rate](#)

among people age 16+ in Minnesota was higher for Black workers (4.6%) and Hispanic workers (3.9%) than for White workers (2.8%).

Underemployment: Many workers are unable to work full time due to family responsibilities, being in school or training, illness, disability, or child care problems. Others work part



time because their hours have been reduced; still others want to work more but struggle to find and secure full-time employment. In 2022 in Minnesota, the [underemployment rate](#) that captured these workers was 4.8%, almost twice the traditional unemployment rate (2.6%), down from the underemployment rate before the pandemic (5.9% in 2019).

Underemployment was particularly notable among parents: In Minnesota, 20% of children lived in families that [lacked secure, full-time employment](#) in 2022.

Nationally in 2022, 24% of men age 25 to 55 years were [“part-time for economic reasons”](#) (available for full-time work, but working part time), down from 31% in 2021. There were also differences by race/ethnicity: Hispanic men had the highest involuntary part-time rate at 36%, followed by Black men (29%) and White men (24%). Rates were lower for women and with smaller gaps by race/ethnicity: 17% of Hispanic women, 16% of Black women, and 9% of White women were working part time for economic reasons in 2022.

People with disabilities struggle with employment. In Minnesota, there were almost 158,000 [people with disabilities](#) in the labor force in 2021 — a labor force participation rate of 34%, much lower than for adults without disabilities (75%). The unemployment rate for people with disabilities was also far higher (10%) than for people with no disabilities (4%).

Out of the Labor Force

People out of the labor force include those who are retired (16% of the 16+ population in Minnesota in 2022). With an aging population, this percentage continues to increase over time. Many older workers were also forced to [retire earlier than planned](#) during the pandemic. Nationally, according to the Federal Reserve SHED in November 2021, 26% 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. Excess retirements related to the pandemic in the U.S. were experienced across all demographic groups, according to a [2022 Report by the Federal Reserve](#), yet early retirees were more likely to be age 65 and older, White, and college-educated, which may in part be explained by their better financial position prior to the pandemic.

Yet with increasing costs and insufficient retirement savings, many older adults have needed to continue working. In 2022, according to the American Community Survey, more than 230,000 people age 65 and over living below the ALICE Threshold in Minnesota did not have retirement savings beyond Social Security, and nearly 40,000 were working.



Of the 16+ population in Minnesota, 15% were out of the labor force for reasons other than retirement. According to the [2023 Worker Survey](#) by the Federal Reserve Bank of Minnesota, the most significant barriers for job seekers and would-be job seekers was low wages for available jobs, high job requirements, and physical or mental health issues. Respondents also listed loss of government assistance, discrimination (age, gender, race/ethnicity), affordable/available housing, and no advancement prospects.

Wages for the Most Common Occupations

Across the country, between 2019 and 2022, [wages for the lowest-paid jobs increased](#) at a faster rate than at any point since 1979. This was in part due to a [tighter labor market](#) in which workers reevaluated their employment situation in the wake of the pandemic and inflation, and employers had to offer more competitive wages to attract and retain workers. Minimum-wage increases in some states also contributed to this effect. In Minnesota, the [minimum wage](#) increased from \$9.86 per hour in 2019 to \$10.33 per hour in 2022, while the federal minimum wage remained at \$7.25 per hour.

While wage increases helped fill the gap when pandemic assistance ended, they were not enough to make up for years of falling behind. As documented in the ALICE Essentials Index, wages have not kept pace with the cost of essential goods for more than a decade, stretching ALICE workers' household income even further. In 2022, of the 20 most common occupations in Minnesota as reported by the Bureau

of Labor Statistics (BLS), 45% still paid less than \$20 per hour. The wage to cover the ALICE Household Survival Budget for a single adult in Minnesota was \$13.36 per hour working full-time, or for a family with two adults and two children, a combined wage of \$38.65 per hour.

Of the workers in the 20 most common occupations, 26% were below the ALICE Threshold in 2022. Occupations with the largest share of ALICE workers included Personal Care Aides, Nursing Assistants, Cooks, Cashiers, and Stockers and Order Fillers (Figure 11).

Figure 11. Labor Characteristics of Most Common Occupations, Minnesota, 2019–2022

Most Common Occupations	Total Employment, 2022 (BLS)	Percent of Workers Below ALICE Threshold, 2022 (ACS PUMS)	Median Hourly Wage, 2022 (BLS)	Percent Change in Wage, 2019–2022 (BLS)
Personal Care Aides	106,640	49%	\$15.19	13%
General and Operations Managers	73,910	11%	\$42.65	-11%
Retail Salespersons	66,830	23%	\$15.11	21%
Driver/Sales Workers and Truck Drivers	66,420	21%	\$20.74	2%
Registered Nurses	63,800	9%	\$40.41	7%
Customer Service Representatives	58,340	21%	\$21.55	15%
Cashiers	58,180	39%	\$14.65	23%
Office Clerks, General	55,760	14%	\$21.00	15%
Fast Food and Counter Workers	53,640	32%	\$14.10	20%
Laborers and Material Movers, Hand	53,370	37%	\$19.13	15%
Stockers and Order Fillers	41,700	38%	\$16.78	17%
Cooks	41,450	45%	\$16.54	14%
Waiters and Waitresses	37,220	34%	\$11.20	-3%
Software Developers	36,360	3%	\$53.17	N/A
Sales Representatives	35,880	8%	\$37.51	15%
Teaching Assistants	35,070	32%	\$20.75	35%
Elementary and Middle School Teachers	32,810	8%	\$29.81	1%
Secretaries and Administrative Assistants	31,510	19%	\$22.47	14%
Accountants and Auditors	28,730	12%	\$36.63	12%
Nursing Assistants	24,860	46%	\$18.60	11%

Note: BLS = Bureau of Labor Statistics; ACS PUMS = American Community Survey Public Use Microdata Sample. Occupation titles and percent of workers below the ALICE Threshold come from ACS PUMS. ALICE Threshold status is determined by comparing workers' household income to the Household Survival Budget for their household composition and location. Employment and wage numbers are from BLS and are matched to the closest ACS PUMS occupation title (which are generally broader than those in BLS). The 2019 median wages for Software Developers are missing/renamed in the Bureau of Labor Statistics—Occupational Employment Statistics dataset, therefore we cannot calculate the percent change in wage, 2019–2022.

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

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

Where ALICE Works Matters

Occupations and employers matter for workers; some jobs have greater earning potential and pathways for advancement. Even within one occupation, key features of employment can [differ by employer](#), with a wide variation in wage levels, job security, predictability of schedules, opportunities for advancement, and benefits.

Over the last few years, low-wage workers have seen the biggest increase in wages in more than a decade. Yet in the face of inflation, many ALICE workers confront ongoing

challenges, especially when dealing with unreliable work arrangements, juggling multiple jobs, or facing the instability of small businesses, as outlined below.

- **Gig and contract work:** According to McKinsey's 2022 [American Opportunity Survey](#), more than one-third (36%) of U.S. workers identify as a gig, contract, freelance, or temporary worker, and [LendingTree](#) reports that 44% of U.S. workers had a side hustle. While there are benefits to these work arrangements, such as flexibility, work-life

balance, and ability to work remotely, these workers are more likely to receive [lower wages](#) and have [fluctuations in their schedules and income](#). They are also [less likely to receive benefits](#) such as health insurance, paid time off, family leave, or retirement benefits (especially if they work fewer than 30 hours per week at a single job). Nationally, companies spent an average of [31% of compensation on benefits](#) in 2022 for civilian workers; not providing these represents significant savings to the employer.

- **Multiple jobs:** Many low-income workers rely on multiple jobs to make ends meet. Traditional measures of employment have focused on the number of jobs held by a worker; for example, the BLS estimates that only [5% of workers held two or more jobs](#) in 2022. However, in the current economy, a worker may have many sources of income that are not necessarily considered a “job” by agencies like the BLS. According to a 2022 Lending Tree survey, many more working U.S. workers (44%) report they have at least one side job, with 71% of these workers saying that if they were to lose their side gig, they aren’t certain they would still be able to pay all their bills.

Wage Disparities in the Workforce

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

- **Sex:** In 2022, among all full-time wage and salary workers with earnings in Minnesota, [women earned 91 cents](#) for every dollar paid to men, a significant increase from 2021 when the rate was 83 cents, and well above the national rate (83 cents in 2022).
- **Race/ethnicity:** Nationally, the [wage gap](#) between Black and White workers shrank in both 2022 and 2023. Yet income disparities remain, as this improvement follows decades of wage stagnation. As recently as the [fourth quarter of 2023](#), among full-time workers, median weekly earnings were \$884 for Hispanic, \$967 for Black, \$1,157 for White, and \$1,528 for Asian workers.
- **Disability:** Workers with disabilities earn less overall than those without disabilities (although among people working similar jobs and schedules, the gap is smaller), and people with disabilities are less likely to earn a full-time wage. In Minnesota in 2022, people

- **Small business employers:** In 2022, [nearly half \(46%\)](#) of the private-sector workforce in Minnesota worked in a small business — defined by the BLS as a firm with fewer than 500 workers. The nearly 535,000 small businesses in Minnesota have been an important engine for growth in the state economy — driving job creation, innovation, and wealth. However, [small businesses are more vulnerable](#) to changes in demand, price of materials, and transportation costs, as well as to cyberattacks and natural disasters. And because they have fewer resources, they are more likely to [pay lower wages](#) overall and [offer fewer benefits](#), meaning that they are more likely to employ ALICE workers.
- **Small businesses took a hit during the pandemic:** Between March 2020 and March 2021, the number of [small businesses in Minnesota](#) dropped by over 2,000 with a net decrease of 72,683 jobs. Yet that number [rebounded quickly](#), increasing by more than 3,000 from March 2021 to March 2022, contributing a net increase of 64,920 jobs.

with disabilities were [more likely to be working](#) than the national average, but still held only about 4% of leadership positions. Disparities are also revealed in our [ALICE in Focus: People with Disabilities](#) research: In 2019, whether working full or part time, nationally, people with disabilities were more likely to be below the ALICE Threshold than people without disabilities. In 2022, 23% of full-time workers with disabilities in Minnesota were below the ALICE Threshold, compared to 16% of full-time workers without disabilities. For people with disabilities who worked part time, the rate of financial hardship was 50%, compared to 35% for part-time workers without disabilities.

- **Sexual orientation and gender identity:** While data is not available at the state level, Minnesota was the [first state in the country](#) to prohibit sexual orientation and gender identity discrimination in workplaces, housing, government services, education, credit, and businesses (1993). Nationwide in 2021, lesbian, gay, bisexual, transgender, and queer (LGBTQ+) workers earned 90 cents [for every dollar the average full-time worker earned](#). In addition, more than one-third of LGBTQ+ workers say they have [experienced discrimination in the workplace](#).

CHILD CARE WORKERS

The child care sector is [a crucial part of the U.S. economy, but it operates under conflicting pressures](#). There are over 9,000 [child care providers](#) in Minnesota and 40,000 child care workers. Child care provides children with nurture and support for healthy development; it also provides adult workers with jobs, but at persistently low wages; and it enables parents to work, yet it also consumes a sizable part of working parents' budgets.

The pandemic brought to the forefront the crisis in child care availability and cost, in Minnesota and across the U.S.:

- 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 of these workers struggle to make ends meet for their own families: With a median hourly wage of \$14 in Minnesota in 2022, 38% were below the ALICE Threshold.
- With staffing and demand fluctuations, many child care providers went out of business during the pandemic. [Annual turnover](#) is 30% among child care workers and as high as 38% for aides.
- Lack of care remains an [obstacle for working parents](#).

- **Immigration status:** In 2022, [workers born outside of the U.S.](#) accounted for 18% of the U.S. civilian labor force. Median usual weekly earnings of full-time wage and salary workers born outside of the U.S. were 87% of the earnings of their U.S.-born counterparts (\$945 vs. \$1,087). In a [2023 nationally representative survey](#), immigrants in the U.S. reported experiencing discrimination, hostility, difficulty making ends meet, and being overqualified for their jobs, uninsured, and uncertain about shifting immigration laws.

non-Hispanic men in 2022; Black women were paid 60 cents; Latinas were paid 58 cents. [These differences persist](#) even when controlling for education and work experience. For many LGBTQ+ workers with multiple marginalized identities, [wage gaps are more substantial](#). For every dollar a worker earned on average in the U.S. in 2021, women in the LGBTQ+ community earned 87 cents, non-binary workers and transgender men earned 70 cents, and transgender women earned 60 cents.

These disparities are often magnified when intersectional.

For example, in Minnesota, when [factoring in gender](#), Asian women were paid 74 cents for every dollar paid to White,

The ALICE Economic Viability Dashboard

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



DOES ALICE HAVE SAVINGS AND ASSETS?

It has been widely reported that U.S. household [savings increased](#) during the pandemic. Yet analysis of the data from the 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.

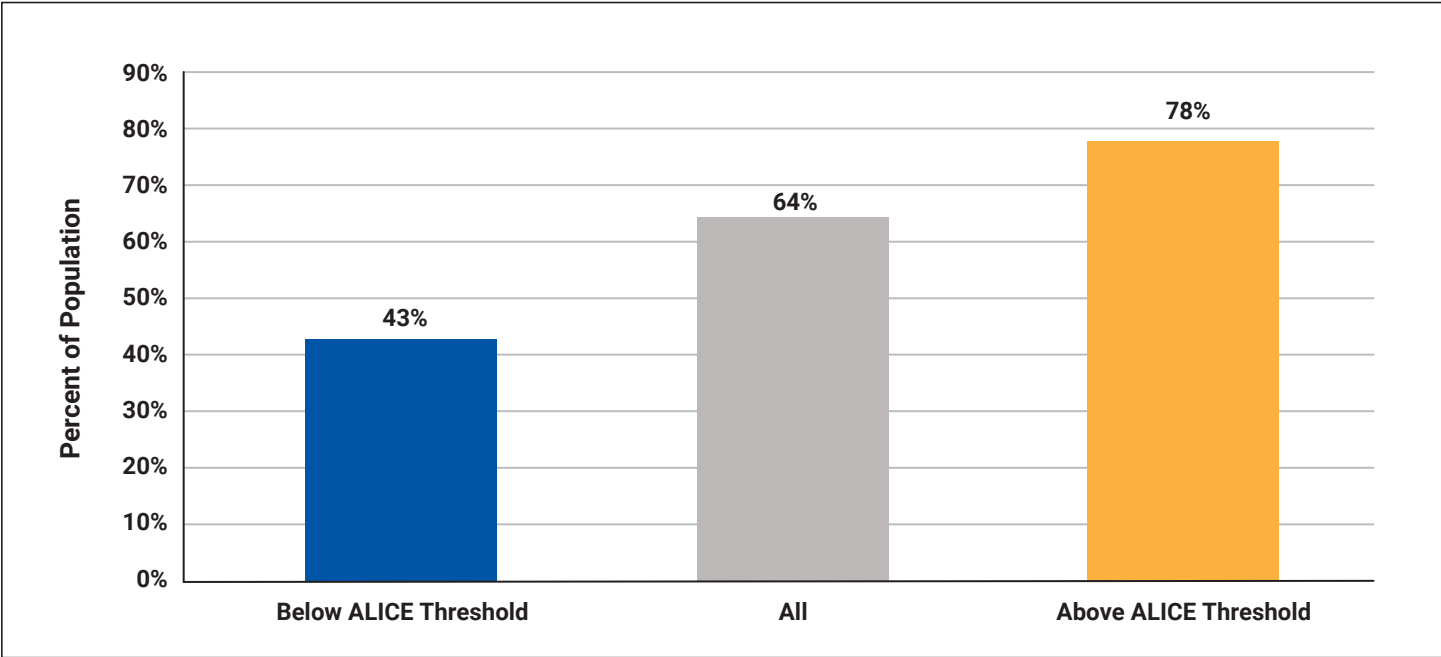
When workers struggle to meet their families’ immediate basic needs, saving for the future is difficult. When ALICE families face unexpected emergencies — anything from a car repair to a medical crisis — they are forced to deplete their savings. And due to persistent gaps in access to assets, financial tools, and credit, lower-income households — and households of color in particular — are more likely to be [targeted by predatory lenders](#) and to [incur excessive fees or interest rates on borrowing](#). As a result, ALICE families often do not have the means to build assets, let alone catch up to families who already have assets (especially those who have been building them for generations).

Rainy Day Funds

One of the best-known questions in the 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. The overall rate in Minnesota, 64% in October 2022, obscures the large difference by income: Only 43% of Minnesota respondents below the ALICE Threshold reported having rainy day funds, compared to 78% of those above the Threshold (Figure 12).

These rates shifted slightly during the pandemic: Savings among respondents above the Threshold in Minnesota increased (from 73% in 2019 to 78% in 2022) while the rate for those below the Threshold also increased but from a much lower starting point (from 34% in 2019 to 43% in 2022).

Figure 12. Funds to Cover Three Months’ Expenses by the ALICE Threshold, Minnesota, 2022



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, 2022; Federal Reserve Board, Survey of Household Economics and Decisionmaking (SHED), October 2022

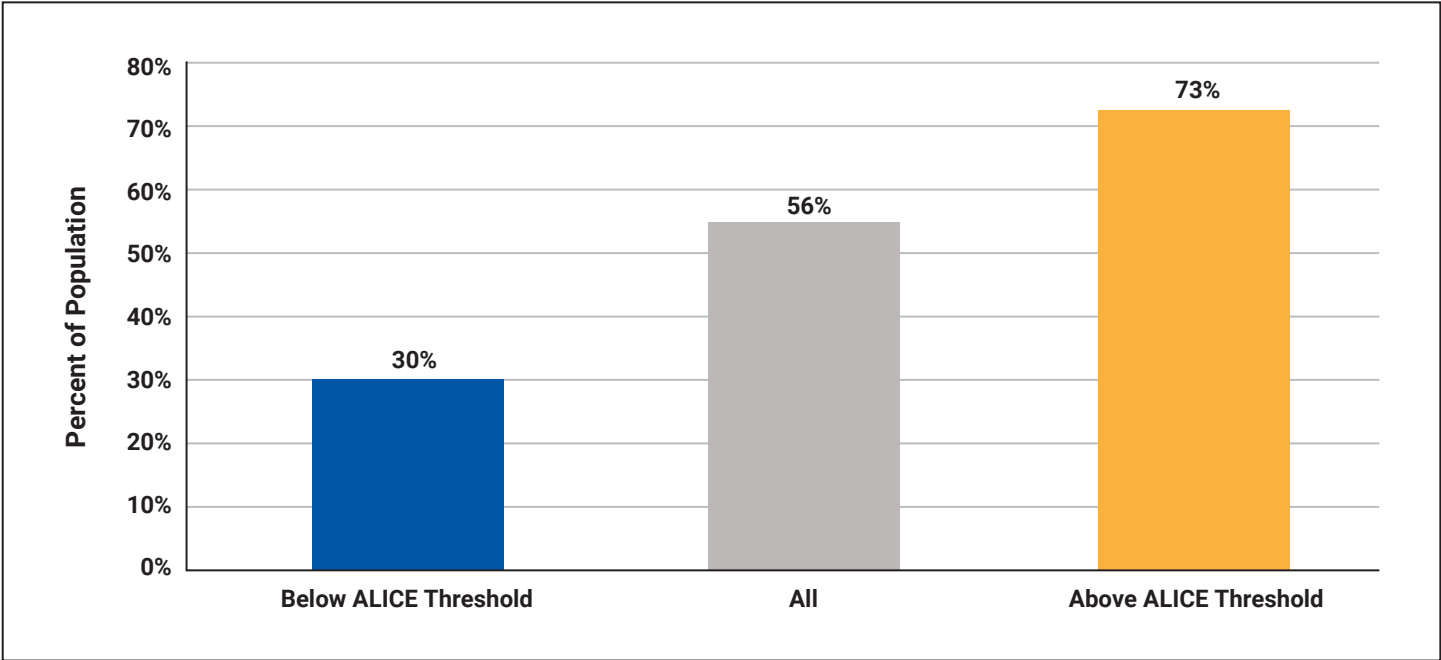
Nationally, there were also substantial differences by income and race/ethnicity in rainy day funds (this data is not available at the state level, but it is likely these disparities were mirrored in Minnesota). In 2022, White and Hispanic respondents below the ALICE Threshold had higher rates of emergency savings (42% and 36%, respectively) than Black respondents below the Threshold (33%). Rates were higher overall for respondents above the Threshold, yet gaps remained (74% for White, 63% for Hispanic, and 60% 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 October 2022, the percentage of Hispanic respondents below the Threshold with rainy day funds increased from 28% to 36%, and the percentage of Hispanic respondents above the Threshold with these funds increased from 57% to 63%.

Retirement Assets

[Retirement assets](#) include 401(k)s, IRAs, pensions, or business or real estate holdings that provide income in retirement. Overall, 56% of Minnesota respondents reported having these funds in October 2022, down from 60% in October 2019. Yet these averages conceal the disparity in retirement assets between households above and below the ALICE Threshold in Minnesota (Figure 13).

Before the pandemic, in October 2019, 48% of respondents below the Threshold in Minnesota had retirement assets, according to the SHED. That rate dropped to 30% by October 2022. In contrast, in October 2019, 66% of respondents above the Threshold in Minnesota had retirement assets; that rate increased to 73% by October 2022 — making the gap even wider.

Figure 13. Retirement Assets by the ALICE Threshold, Minnesota, 2022



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, 2022; Federal Reserve Board, Survey of Household Economics and Decisionmaking (SHED), October 2022


BEYOND 2022: WHAT CHALLENGES DOES ALICE FACE?

Many ALICE households face [ongoing distress](#) because they have not recovered from the Great Recession, debt accumulation, a job loss, or other major challenges. Many are working hard and still struggling to find safe housing, quality child care, accessible health care, and reliable transportation that they can afford. Rising wages and pandemic assistance mitigated some of the financial impact of business disruptions, a health crisis, and rising inflation that characterized the past few years. Yet 36% of households in Minnesota were still struggling in 2022 — [ranking](#) Minnesota 10th among all states and the District of Columbia in financial hardship (with 1st representing the lowest rate of hardship).

The most recent insights from the SHED (through October 2022) and the Household Pulse Survey (through October 2023) help explain the pervasiveness of hardship in Minnesota and across the country, and the risks it poses to ALICE households. These surveys also provide an alarming look at the breakdown of hardship by race/ethnicity, sex, sexual orientation and gender identity, and disability status. The differences here are even starker than when looking at income alone, giving credence to concerns that the pandemic exacerbated inequities across all facets of life. The national analysis reveals that Black, Hispanic, female, and LGBT respondents, as well as those with disabilities, face additional obstacles to achieving financial stability. The gaps in

Minnesota are similar, but due to the small sample size, data are not available for all demographic groups.

Ongoing Risks

 **Food insufficiency:** 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 Minnesota were more than eight times as likely to report that their household sometimes or often did not have enough food in the prior seven days as respondents above the Threshold (17% vs. 2%). By August–October 2023, the rates remained relatively similar (15% vs. 3%).

Some demographic groups experienced higher-than-average food insufficiency nationally (Figure 14). These gaps also exist in Minnesota (data not available for all groups). For example, in 2023 in Minnesota, 16% of female, 20% of LGBT, and 22% of respondents with disabilities below the Threshold reported facing food insufficiency, compared to 7% of all Minnesota respondents. These rates are all lower than the national rates.

Figure 14. Food Insufficiency, Above and Below the ALICE Threshold, U.S., 2023

Food Insufficiency, National			
	Below the ALICE Threshold	Above the ALICE Threshold	National Average
Black	28%	7%	12%
Hispanic	22%	4%	
Female	20%	3%	
With a Disability	34%	10%	
LGBT	24%	6%	

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

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

Sources: ALICE Threshold, 2022; U.S. Census Bureau, Household Pulse Survey, August 23, 2023–October 30, 2023, Phase 3.10

For households with children in Minnesota, in August 2020, respondents below the ALICE Threshold were over five times 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 (16% vs. 3%).

Adding to concerns about Minnesotans experiencing food insufficiency, temporary [pandemic-related SNAP benefits increases](#) ended in September 2021 and [emergency allotments](#) ended in February 2023. Additionally, stricter work rules for participation in SNAP, including the [expansion of work requirements](#) up to age 59, may create additional barriers to access, particularly for [older low-income people](#). With these changes, more families will need to rely on the charitable food system that was designed for emergencies, but is increasingly [an ongoing necessity](#).

! **Ongoing housing crisis:** According to the SHED, in 2022, 32% of households below the ALICE Threshold in Minnesota reported that their rent or mortgage had increased in the prior 12 months (compared to 21% of households above the Threshold).

In addition, according to the Household Pulse Survey, in August–October 2023, 11% of Minnesota renters below the Threshold and 5% of renters above the Threshold were behind on their rent, higher than during the pandemic (at 9% and 4%, respectively, in August 2020). There was a substantial increase in [eviction filings](#) from 2021 to 2022, while the number of [people experiencing homelessness](#) in Minnesota declined slightly, but not to pre-pandemic levels.

! **Struggling to pay bills:** In August–October 2023, 46% of households below the ALICE Threshold in Minnesota 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. This is an increase from the height of the pandemic, August 2020, when the rate was 43%. And both of these rates are more than double the rates for respondents above the Threshold (19% in August–October 2023 and 13% in August 2020).

! **Facing lack of savings and medical debt:** As mentioned earlier, according to the SHED, in 2022, only 43% of families below the ALICE Threshold in Minnesota 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, substantially less than those above the Threshold (78%). In addition, nearly one in four respondents below the ALICE Threshold reported that they incurred an unexpected major medical expense that they had to pay for out of pocket because it was not entirely paid for by insurance. Medical debt generally reflects [poorer health](#) and lower rates of health care coverage, and can lead to [lower credit scores](#) and [additional financial hardship](#).

! **Physical health:** With government support for expanded health services ending, in the wake of three years of reduced preventative care, health concerns are increasing for families in Minnesota and across the U.S. According to the SHED (October 2022), in the [West North Central Census](#) Region (which includes Minnesota), 40% of respondents below the ALICE Threshold reported that during the previous year they went without health care (prescription medicine, seeing a doctor, mental health care, or dental care) because they couldn't afford it, compared to 17% of respondents above the Threshold.

! **Mental health:** The negative impact of financial stress on mental health has been [well established](#), so it is not surprising that people below the ALICE Threshold in Minnesota were more likely to report mental health challenges than those above the Threshold. According to the Household Pulse Survey, in August–October 2023, 16% of respondents below the Threshold and 8% above the Threshold reported feeling nervous, anxious, or on edge nearly every day over the last two weeks. This is slightly better than the rates during the pandemic, August 2020, when the rates were 19% of respondents below the Threshold and 12% above the Threshold.

Nationally, some demographic groups experienced higher-than-average rates of feeling nervous, anxious, or on-edge (Figure 15). These gaps also exist in Minnesota (data not available for all groups). For example, in 2023, 36% of respondents with disabilities below the Threshold and 31% of LGBT respondents below the Threshold reported feeling nervous, anxious, or on edge nearly every day over the prior two weeks, compared to 11% of all Minnesota residents.

In addition, all respondents below the Threshold in Minnesota were more than twice as likely to report feeling down, depressed, or hopeless at both timepoints (10% in 2022 and 12% in 2020) as respondents above the Threshold (4% in 2022 and 6% in 2020).

The lack of mental health providers and funding 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 nationally](#) and in [Minnesota](#), especially for low-income families, and mental health providers struggle to meet [increased demand](#).

Figure 15. Feeling Nervous, Anxious, or On Edge, Above and Below the ALICE Threshold, U.S., 2023

Feeling Nervous, Anxious, or On Edge, National			
	Below the ALICE Threshold	Above the ALICE Threshold	National Average
Black	16%	10%	15%
Hispanic	18%	13%	
Female	20%	12%	
With a Disability	38%	31%	
LGBT	36%	23%	

Question: Over the last two weeks, how often have you been bothered by feeling nervous, anxious, or on edge? Selected: Nearly every day

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

Sources: ALICE Threshold, 2022; U.S. Census Bureau, Household Pulse Survey, August 23, 2023–October 30, 2023, Phase 3.1

ALICE is More Vulnerable in Times of Crisis

With little access to resources and credit, and few or no savings or assets, ALICE households are more vulnerable to the effects of disasters and crises. From natural disasters, to pandemics, to the more common household-level crises like a broken-down car or a sudden health issue, ALICE families feel the economic impact almost immediately. If hourly-paid workers can't work, they lose pay; without insurance, if there is damage to their home or car, there are immediate repair bills; and without a generator, if the power goes out, they need money to replace spoiled food supplies.

Severe weather events have been increasing in Minnesota. Well known for its cold winters, [hailstorms](#) (like the one that hit the Twin Cities in August 2023), [droughts](#) during increasingly

hot and dry summers, as well as [tornadoes, wind damage, and flooding](#) are also on the rise. The financial impact is increasing as well: in Minnesota, extreme events cost a record [\\$30 billion in direct damages](#) in 2023.

Environmental disasters can also lead to contamination of air, soil, and groundwater with highly toxic compounds such as [PFAS](#) that have been linked to serious health problems including cancer, hormone disruption, reproductive problems, immune suppression, and decreased vaccine response. As recently as February 2024, 5,021 locations in 50 states and the District of Columbia have [soil contaminated with PFAS](#) (up from 2,858 in 2022). In Minnesota, there are more than 50 confirmed contaminated sites.

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

- In Minnesota and nationwide, as a result of historic and ongoing issues of [environmental justice](#) — like the legacy of [redlining](#) on [exposure to air pollution](#) and [oil- and gas-related contaminants](#) — Black and low-income communities are [more likely to be located](#) near polluting industrial facilities, hazardous chemical facilities, and contaminated waste sites. As a result, they face [greater exposure to toxic pollution and incur greater health risks](#) than residents of wealthier and predominantly White communities.
- ALICE households are also more likely to live in [housing units and communities that are at increased risk](#) for flooding, fire, poor air quality, and other hazards — primarily because those areas are more affordable, but they have [fewer resources to prepare for, withstand, or recover from these disasters](#). For example, in Minnesota, according to the [Minnesota Department of Health](#), structural inequities and other social and economic stressors “lead to higher levels of heart and lung disease that make residents in marginalized communities more susceptible to the effects of poor air quality.” And nationally, in places that experienced natural disasters in 2021 and 2022 — such as Hurricane Ian in Florida; [wildfires](#) in California, Oregon, Idaho, Utah, and Washington; [flooding](#) in Kentucky and Missouri; and

tornadoes in the southern U.S. — ALICE families faced [higher risks](#). According to the Household Pulse Survey (August–October 2023), one month after a natural disaster, respondents below the Threshold who were displaced were at least twice as likely as those above the Threshold to be experiencing a shortage of food (51% vs. 23%) and drinkable water (31% vs. 15%).

- ALICE workers are essential for crisis recovery and rebuilding from natural disasters. Many ALICE workers performed essential jobs during the pandemic — caring for COVID-19 patients, working in food service, grocery stores, and warehouse and fulfillment centers — despite unsafe working conditions. Similarly, in the aftermath of hurricanes and wildfires, ALICE workers are essential for debris removal, housing repairs, and rebuilding basic infrastructure. Yet these jobs are nearly impossible to do if workers and their families are in crisis themselves.

MAPPING ALICE WITH COMMUNITY RESOURCES AND INDICATORS OF WELL-BEING

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

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

DATA FOR ACTION: A VISION FOR ALICE IN MINNESOTA

The strength of the Minnesota 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.

The pandemic highlighted the ability of government policymakers and business managers to respond to changing conditions quickly. The 2022 ALICE data may surprise some readers who were expecting much worse. But 2022 was a unique year — and the continuing stresses facing ALICE families are both a call to action and a challenge to complacency.

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

To make these decisions, it is important to understand both the barriers to and facilitators of financial stability. The factors that work to widen or close the gap between living below the ALICE Threshold and being financially stable are outlined in Figure 16.

Good data is the essential foundation for effective policy. The measures of cost of living and financial hardship, demographic data, and wage and labor force statistics presented in this Report can help stakeholders identify and track financial hardship over time; provide language to raise awareness about the challenges ALICE households face; frame appropriate questions; and make data-driven decisions. The ALICE data can help policymakers and community organizations identify gaps in community resources. It can also guide employers in finding additional ways to support ALICE workers for increased productivity, both in times of economic growth and in periods of economic recovery.

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. Having enough income for safe and affordable housing, adequate food, reliable transportation, quality child and health care, and sufficient technology not only has the immediate impact of fulfilling essential needs, but also creates a ripple effect: When ALICE households can afford the basics, there is a significant positive impact on local communities and the wider economy. This is a vision not only for ALICE, but for the nation as a whole.



Figure 16. Benefits of Sufficient Income

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	Decreased racial/ethnic and socioeconomic performance gaps; high return on investment from early education to high school and beyond
 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/school ; decreased need for emergency services ; smaller 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 opportunities for civic participation
 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 and 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

COUNTY COMPARISON: INCOME STATUS, 2022

Minnesota Counties, 2022		
County	Households	% ALICE + Poverty
Aitkin	6,797	46%
Anoka	138,032	35%
Becker	14,134	37%
Beltrami	17,870	42%
Benton	16,312	37%
Big Stone	2,242	40%
Blue Earth	28,182	40%
Brown	10,926	32%
Carlton	13,795	36%
Carver	39,293	29%
Cass	12,482	41%
Chippewa	5,206	39%
Chisago	20,911	35%
Clay	27,301	33%
Clearwater	3,196	42%
Cook	2,672	27%
Cottonwood	4,613	40%
Crow Wing	28,475	40%
Dakota	175,139	33%
Dodge	7,827	28%
Douglas	17,252	31%
Faribault	6,006	36%
Fillmore	8,460	36%

Minnesota Counties, 2022		
County	Households	% ALICE + Poverty
Freeborn	12,890	38%
Goodhue	19,633	32%
Grant	2,540	37%
Hennepin	542,072	36%
Houston	8,028	31%
Hubbard	8,778	37%
Isanti	15,572	39%
Itasca	18,121	41%
Jackson	4,391	31%
Kanabec	6,518	37%
Kandiyohi	17,128	35%
Kittson	1,722	35%
Koochiching	5,703	33%
Lac qui Parle	2,838	36%
Lake	5,036	30%
Lake of the Woods	1,632	41%
Le Sueur	11,340	33%
Lincoln	2,433	35%
Lyon	9,924	36%
Mahnomen	1,879	54%
Marshall	3,746	33%
Martin	8,870	37%
McLeod	14,825	33%

Minnesota Counties, 2022

County	Households	% ALICE + Poverty
Meeker	8,975	35%
Mille Lacs	10,546	40%
Morrison	13,718	38%
Mower	15,653	37%
Murray	3,532	33%
Nicollet	12,913	39%
Nobles	7,689	45%
Norman	2,660	38%
Olmsted	68,745	33%
Otter Tail	24,910	36%
Pennington	6,150	32%
Pine	11,380	42%
Pipestone	3,965	36%
Polk	12,472	39%
Pope	4,897	33%
Ramsey	221,871	43%
Red Lake	1,638	35%
Redwood	6,075	39%
Renville	5,876	37%
Rice	23,616	42%
Rock	3,923	34%
Roseau	5,833	37%
Scott	54,671	31%
Sherburne	34,379	34%

Minnesota Counties, 2022

County	Households	% ALICE + Poverty
Sibley	5,882	34%
St. Louis	87,295	41%
Stearns	62,331	38%
Steele	15,011	33%
Stevens	3,798	37%
Swift	4,154	40%
Todd	9,767	44%
Traverse	1,433	40%
Wabasha	9,229	30%
Wadena	5,734	44%
Waseca	7,493	36%
Washington	106,606	31%
Watonwan	4,301	40%
Wilkin	2,667	32%
Winona	20,215	40%
Wright	54,884	36%
Yellow Medicine	3,978	33%

NATIONAL COMPARISON: INCOME STATUS, 2022

STATE	RANK (1 = lowest % Below ALICE Threshold)	TOTAL Number of Households	HOUSEHOLD INCOME STATUS		
			% Households in Poverty	% ALICE Households	% Households Below ALICE Threshold
United States	—	128,946,680	13%	29%	42%
Alabama	46	1,987,602	16%	30%	47%
Alaska	1	269,282	10%	23%	33%
Arizona	26	2,848,273	12%	29%	41%
Arkansas	47	1,201,499	16%	31%	47%
California	42	13,543,043	12%	33%	45%
Colorado	13	2,357,045	9%	28%	37%
Connecticut	20	1,430,904	11%	29%	39%
Delaware	16	402,334	9%	29%	38%
District of Columbia	8	326,970	12%	24%	36%
Florida	44	8,800,279	13%	33%	46%
Georgia	48	4,021,382	13%	35%	48%
Hawaii	35	493,567	11%	33%	44%
Idaho	33	701,293	11%	32%	43%
Illinois	12	5,040,533	12%	24%	37%
Indiana	23	2,701,433	13%	27%	40%
Iowa	14	1,307,751	11%	26%	37%
Kansas	18	1,162,920	12%	27%	39%
Kentucky	41	1,795,489	16%	28%	45%
Louisiana	50	1,799,695	19%	32%	50%
Maine	29	594,358	12%	30%	42%
Maryland	19	2,367,020	10%	29%	39%
Massachusetts	30	2,795,534	12%	30%	42%
Michigan	28	4,056,442	13%	28%	41%
Minnesota	10	2,303,607	10%	26%	36%
Mississippi	51	1,128,883	19%	33%	52%
Missouri	31	2,497,872	14%	29%	42%
Montana	22	458,390	12%	28%	40%
Nebraska	15	790,858	11%	26%	38%
Nevada	36	1,194,930	12%	31%	44%
New Hampshire	7	554,084	8%	28%	36%
New Jersey	9	3,512,465	10%	26%	36%
New Mexico	45	833,912	17%	30%	47%
New York	43	7,758,644	15%	31%	46%
North Carolina	34	4,252,548	13%	31%	43%
North Dakota	2	324,612	12%	23%	34%
Ohio	17	4,857,452	14%	25%	39%
Oklahoma	40	1,552,422	15%	29%	45%
Oregon	39	1,712,073	12%	33%	45%
Pennsylvania	25	5,279,632	12%	28%	41%
Rhode Island	21	444,870	12%	27%	39%
South Carolina	38	2,122,865	14%	30%	44%
South Dakota	11	359,412	11%	25%	36%
Tennessee	37	2,805,838	13%	30%	44%
Texas	32	10,985,596	14%	29%	43%
Utah	6	1,117,344	9%	27%	35%
Vermont	27	268,646	11%	30%	41%
Virginia	24	3,338,674	11%	29%	40%
Washington	3	3,064,367	10%	24%	35%
West Virginia	49	720,668	17%	31%	48%
Wisconsin	5	2,466,060	11%	24%	35%
Wyoming	4	235,308	11%	24%	35%

NEXT STEPS

Capturing the true extent of financial hardship in Minnesota 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 Minnesota web pages:
 - » [County Reports](#)
 - » [Household budgets](#)
 - » [Maps with data for local geographies](#)
 - » [Demographics](#)
 - » [Labor force data](#)
 - » [ALICE data alongside additional Indicators of Well-Being](#)

Connect with stakeholders:

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

Turn the ALICE data into action in your 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](#) web page about 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.
- Make the case for ALICE with interactive tools from the Federal Reserve Bank of Atlanta that are based on the Household Survival Budget, including the [Policy Rules Database](#) to model benefits cliffs, and the [Career Ladder Identifier and Financial Forecaster](#) to map changes in benefits along a career path.

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, people 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. 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. (2024). "ALICE in Minnesota: A Study of Financial Hardship."
<https://www.UnitedForALICE.org/Minnesota>

© Copyright 2009–2024 United Way of Northern New Jersey. All rights reserved.