

ALICE ESSENTIALS INDEX 2025

MEASURING INFLATION
FOR BASIC NEEDS



ABOUT UNITED FOR ALICE

United For ALICE is a national research organization driving solutions to financial hardship. Through the development of the **ALICE®** (**A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed) measures, a comprehensive, unbiased picture of financial hardship has emerged. With a commitment to racial and economic justice, ALICE partners convene, advocate, and collaborate on solutions that promote financial stability at local, state, and national levels. This grassroots ALICE movement, led by United Way of Northern New Jersey, has spread to 37 states and the District of Columbia. Learn more about the [ALICE movement](#) here.

To develop and update the ALICE metrics, our [team of researchers](#) works with a national Methodology Advisory Committee composed of experts from across the country, drawn from the [Research Advisory Committees](#) in ALICE partner states. This collaborative model ensures that all ALICE products and tools are based on unbiased data that is transparent, replicable, current, and sensitive to local context. Learn more about our methodology at [UnitedForALICE.org/ Methodology](https://UnitedForALICE.org/Methodology).

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KEY TERMS

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



ALICE ESSENTIALS INDEX

UNITED STATES

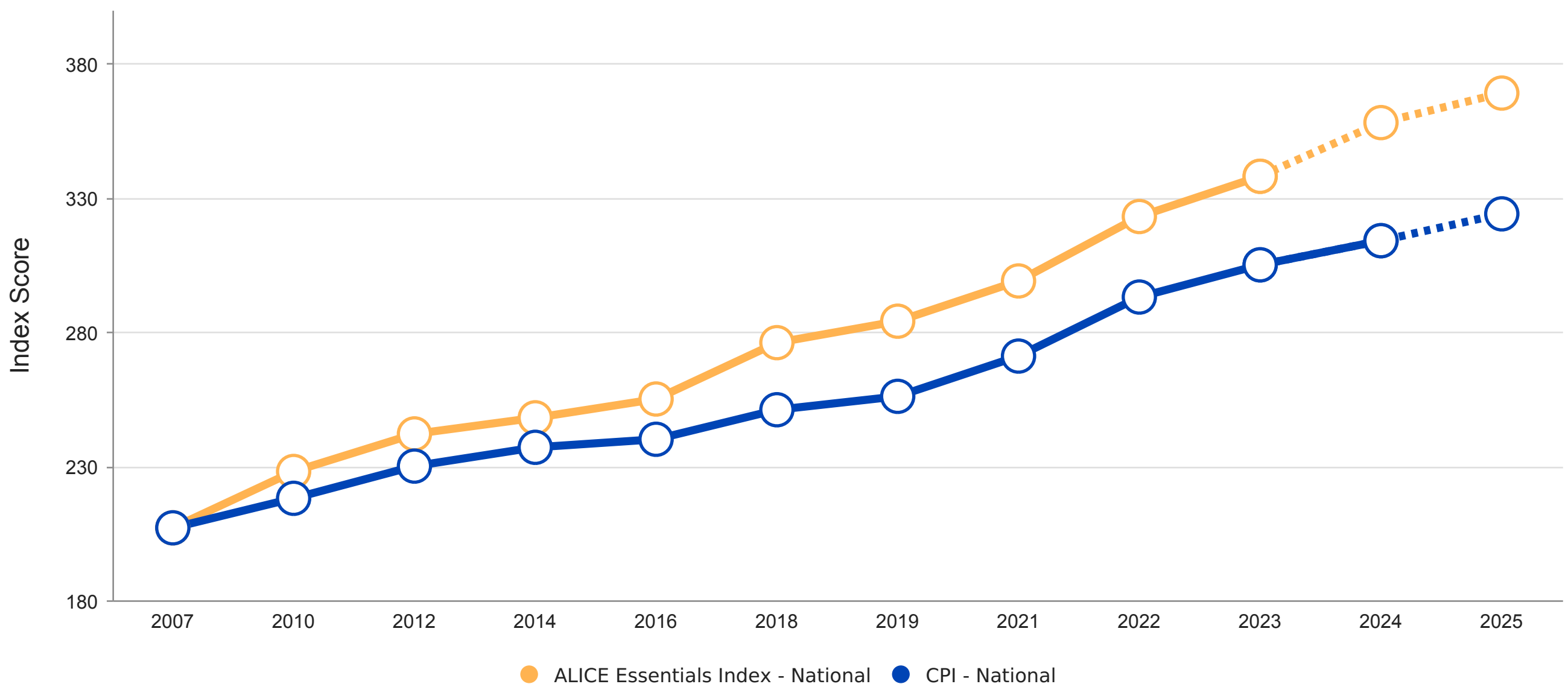
Inflation is one of the most widely utilized indicators of economic health. When prices increase faster than wages and other sources of income, purchasing power decreases and households struggle to make ends meet. This is especially challenging for households that are **ALICE** — **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed, with income above the Federal Poverty Level (FPL) but below the cost of basics included in the [ALICE Household Survival Budget](#).

The ALICE Essentials Index measures changes over time in the costs of the household basics that matter most to ALICE and poverty-level households: housing, child care, food, transportation, health care, and basic technology. The traditional measure of inflation, the Bureau of Labor Statistics' Consumer Price Index (CPI), tracks a much larger basket of over [200 goods and services](#) — items that financially insecure households can't afford on a regular basis, like wine, major appliances, airline tickets, jewelry, and full-service meals at restaurants. Tracking costs over time using this larger basket of consumer goods and services conceals important changes in the costs of basics and fails to capture the disproportionate impact of inflation on lower-income households.

The Cost of Household Basics is Rising

The cost of basics has consistently outpaced the larger basket of goods and services tracked in the CPI. Adjusting the ALICE Essentials Index to the CPI base value of 207 in 2007 provides a common starting point to track change over time. Since 2007, the ALICE Essentials Index (gold line) has increased faster than the CPI (blue line) nationwide.

United States Inflation Indices, 2007–2025

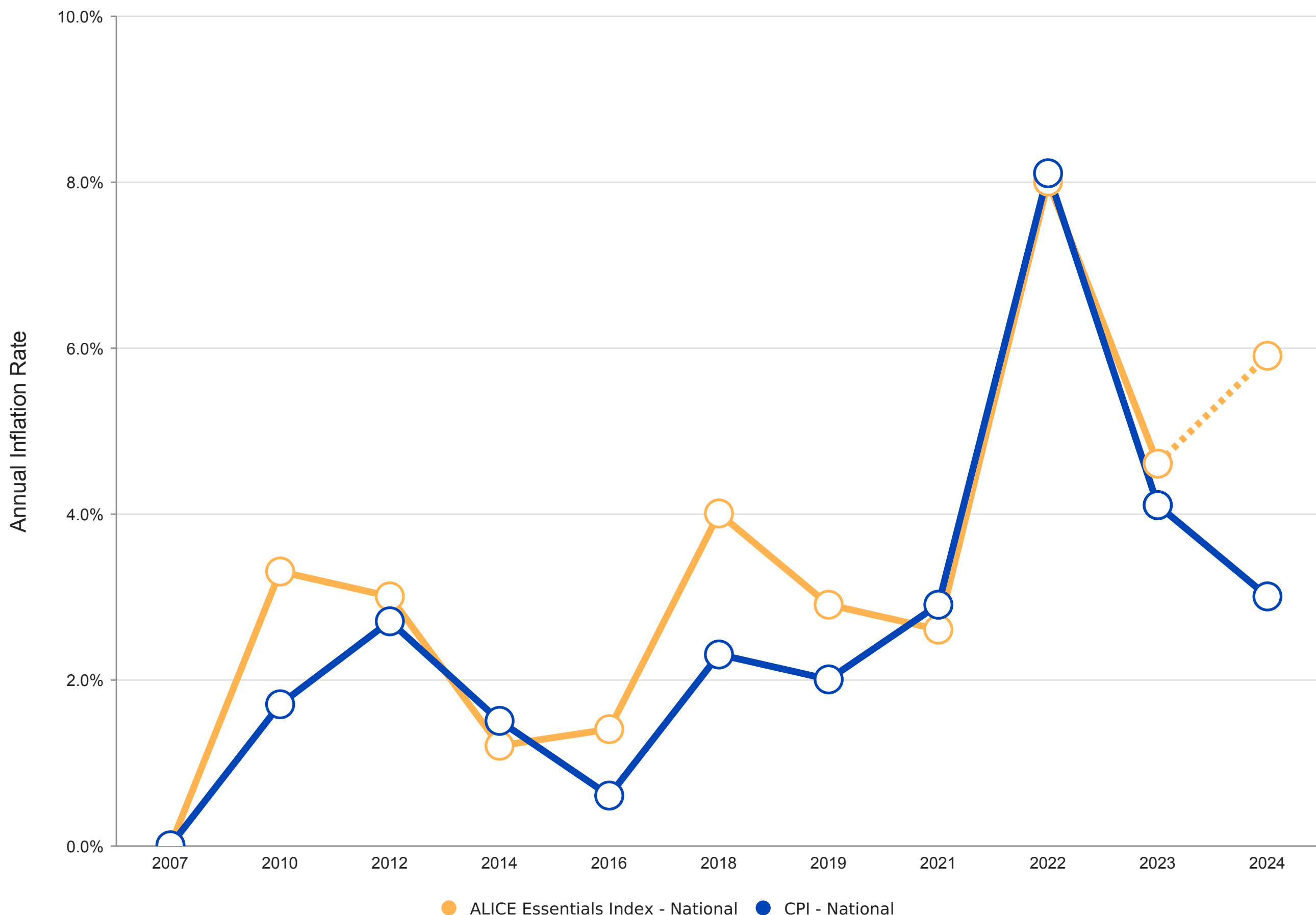


Note: In this figure, the ALICE Essentials Index was adjusted to the CPI base value of 207 in 2007. As shown by the dotted lines, ALICE Essentials Index rates for 2024 and 2025 (based on preliminary d March 2025) are projections.
Sources: ALICE Essentials Index, 2007–2025; Bureau of Labor Statistics—Consumer Price Index, 2007–2024; Bureau of Labor Statistics—Occupational Employment and Wage Statistics, 2007–2023

Comparing Inflation Rates Over Time

Inflation rates have fluctuated over time. Nationally, during the period of 2010–2024, rates were highest for both the ALICE Essentials Index and the broader CPI during the COVID-19 pandemic (each reaching about 8% in 2022). For most other years, the ALICE Essentials Index has generally been higher. Notably, between 2016 and 2019 — the latter part of the economic recovery from the Great Recession — the CPI reached a low of 0.6% and didn't rise above 2%, while the ALICE Essentials Index rates were double that, reaching 4% in 2018. Most recently (2022–2024), rates for both measures were down from the pandemic high, yet in 2024 the CPI had fallen to 3%, while the ALICE Essentials Index is projected to be 5.9%.

Annual Inflation Rate, ALICE Essentials Index and Consumer Price Index, 2010–2024



Note: As shown by the dotted lines, ALICE Essentials Index rates for 2024 are projections.

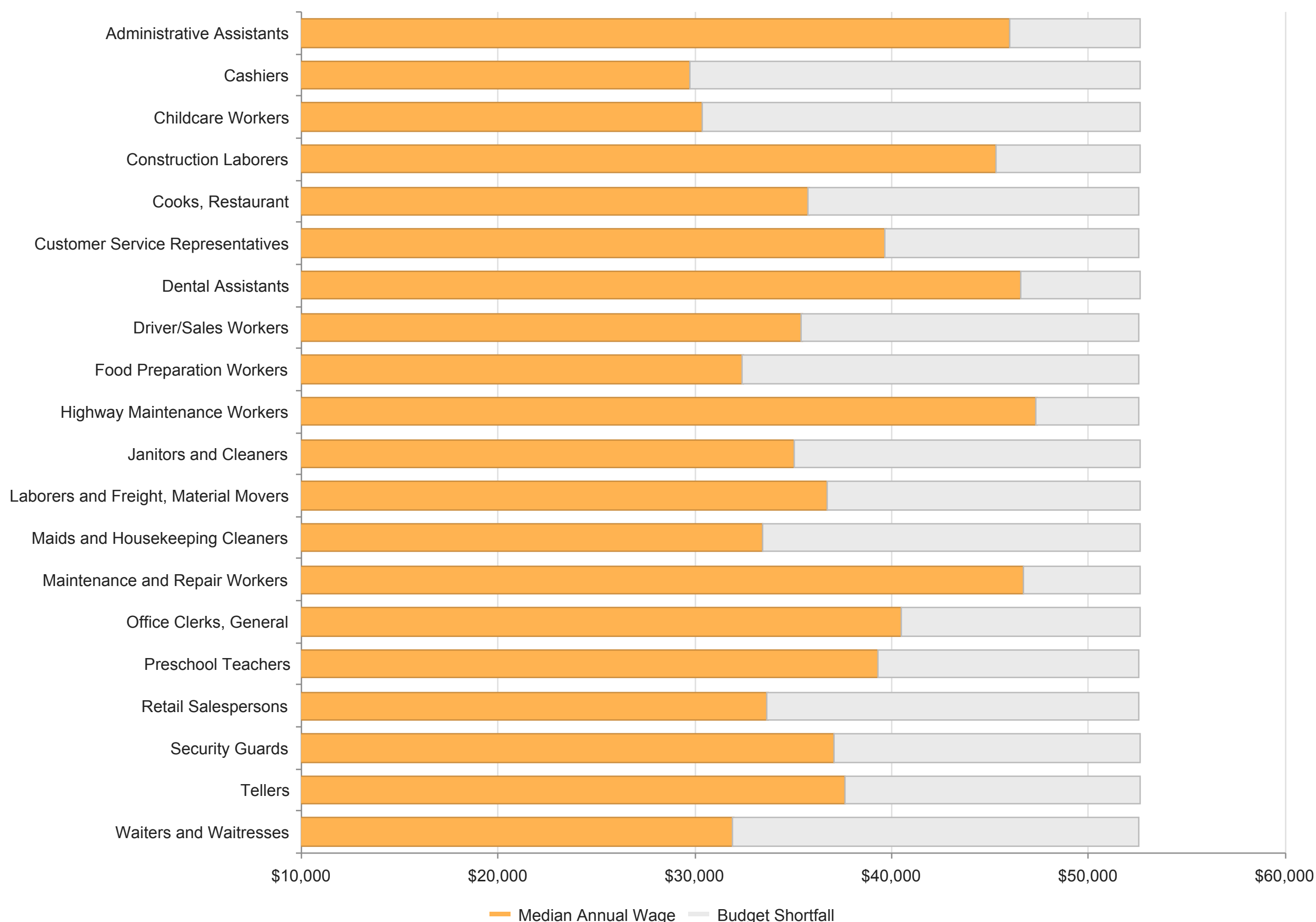
Sources: ALICE Essentials Index, 2007–2025; Bureau of Labor Statistics—Consumer Price Index, 2007–2024; Bureau of Labor Statistics—Occupational Employment and Wage Statistics, 2007–2023

Rising Wages Still Can't Cover Essentials

While wages have risen in recent years, so have costs — and recent wage increases have not been enough to overcome years of falling behind. As a result, many workers still cannot cover household essentials.

For example, in 2010, child care workers in the U.S. earned a median wage of \$9.28 an hour (\$19,300 annually for full-time work), falling \$12,763 short of the annual ALICE Household Survival Budget for a family with one adult and one school-age child (\$32,063). By 2023 (latest cost data available), the median wage for child care workers in the U.S. increased by 57%, to \$14.60 an hour (\$30,370 annually, full-time). Yet the annual Household Survival Budget for one adult and one school-age child in the U.S. also grew (to \$52,620), leaving these essential workers \$22,250 short of basic costs. Workers in many other occupations have also struggled to meet their basic needs over the past decade, as shown in the figure below.

Median Annual Wages of Selected Common Occupations vs. Annual Total ALICE Household Survival Budget (One Adult, One School-Age Child), United States, 2023



Note: Annual total ALICE Household Survival Budget is for one adult and one school-age child. The latest data for the ALICE Threshold is from 2023.

Sources: ALICE Essentials Index, 2007–2023; ALICE Threshold, 2007–2022; American Community Survey, Public Use Microdata Sample (PUMS), 2007–2023; Bureau of Labor Statistics—Occupational Employment and Wage Statistics, 2007–2023

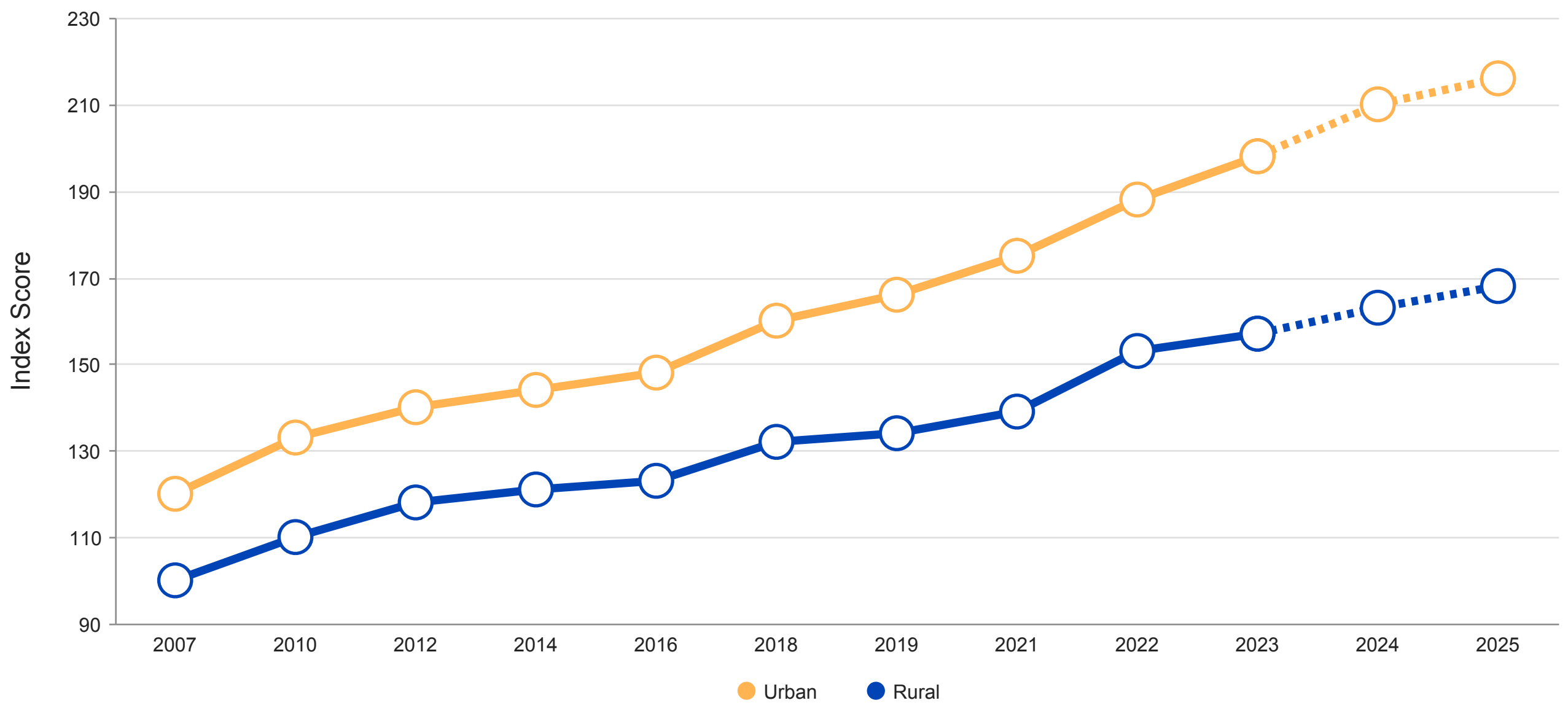
In 2010, there were 240 occupations listed by the U.S. Bureau of Labor Statistics with median annual wages that could not support the median Household Survival Budget for one adult and one school-age child. Yet despite wage increases in all but six of these occupations from 2010 to 2023, none of them could support the median Survival Budget in 2023 either. Farmworkers and laborers; crop, nursery, and greenhouse workers; personal care and service workers; passenger attendants; grounds maintenance workers; and counter and rental clerks had median annual wages that increased by more than 60% since 2010 but still couldn't support the Household Survival Budget in 2023.

In addition, some occupations actually lost ground during this period, even though their wages grew. For example, highway maintenance workers, dental assistants, and medical appliance technicians could afford the median Household Survival Budget for one adult and one school-age child in 2010, but not in 2023.

Inflation in Basic Costs Varies By Location

Between 2007 and 2024, household essentials were 19% to 29% more expensive in urban areas than in rural areas. Costs increased at similar, relatively low rates until 2016, when the cost of essentials began increasing faster in urban areas and continued on that trajectory through 2021. Rates increased substantially in both areas from 2021 to 2025, but the rate in rural areas (4.9%) was lower than in urban areas (5.4%).

ALICE Essentials Index, Urban vs. Rural Counties, United States, 2007–2025



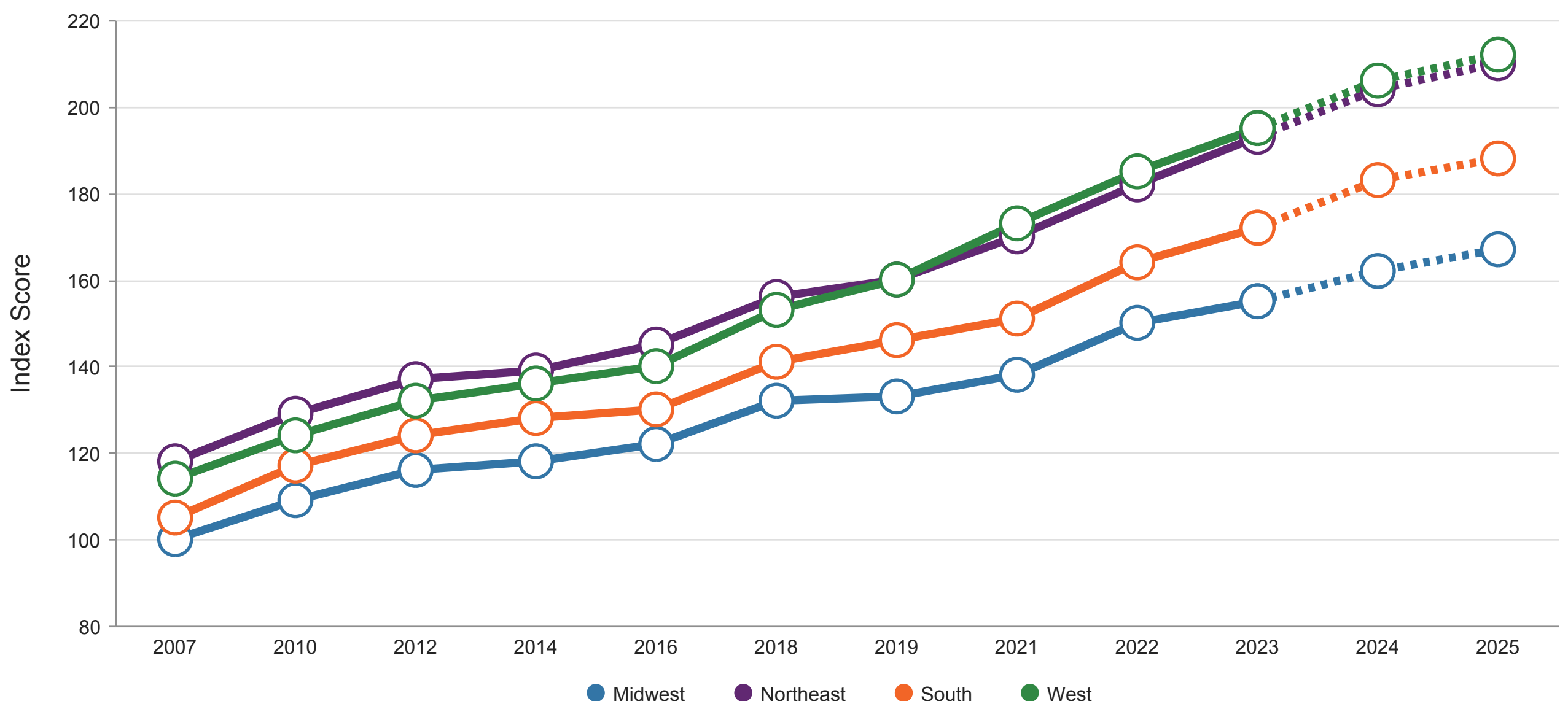
Note: For ease of comparison, ALICE Essentials Index–Rural is set to start at 100. As shown by the dotted lines, ALICE Essentials Index rates for 2024 and 2025 (based on preliminary data through March 2025) are projections.
Source: ALICE Essentials Index, 2007–2025

The ALICE Essentials Index provides comparable measures of inflation for the [four Census Regions of the U.S.](#) By 2025, basic household goods were most expensive in the West and Northeast, less expensive in the South, and least expensive in the Midwest.

Over time, costs and inflation rates for household basics have varied across regions. For example, in the West, inflation was relatively gradual from 2007 to 2016 but then began increasing at a faster rate, eventually surpassing basic costs in the Northeast. In the South and Midwest, inflation had slowed down prior to the pandemic, but then sped up again by 2021.

All regions experienced the most substantial increase in costs during the period of 2021 to 2023, with the ALICE Essentials Index increasing at an average annual rate of 6% in the Midwest, 6.2% in the West, 6.6% in the Northeast, and 6.7% in the South.

ALICE Essentials Index by Region, United States, 2007–2025



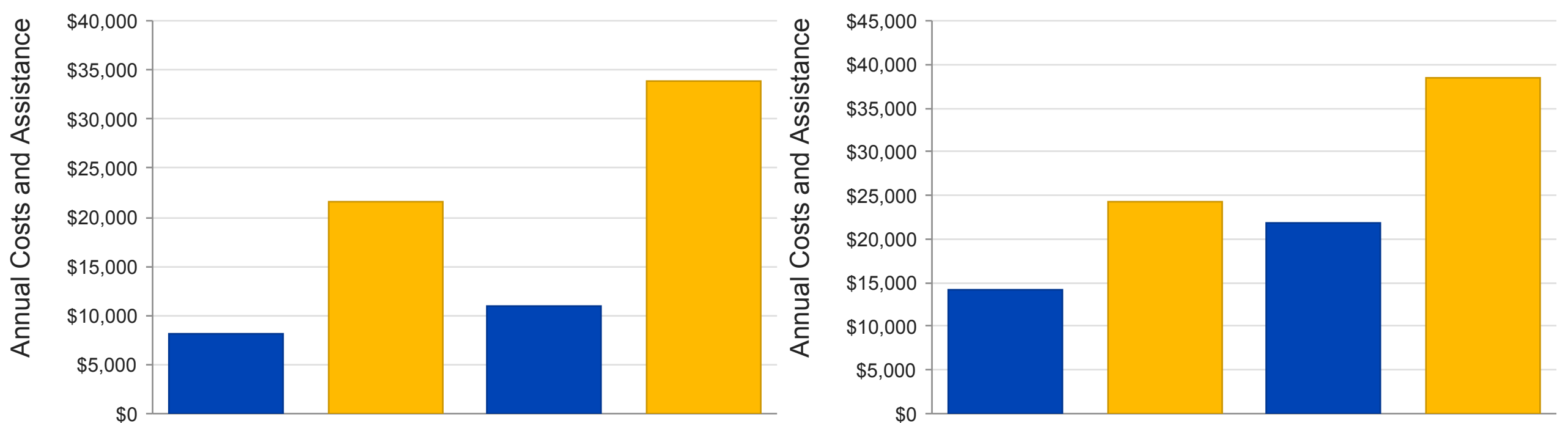
Note: For ease of comparison, regional ALICE Essentials Indices are set to start at 100. As shown by the dotted lines, ALICE Essentials Index rates for 2024 and 2025 (based on preliminary data through March 2025) are projections.
Source: ALICE Essentials Index, 2007–2025

Policy Implications

The CPI is integrated into government policy, informing interest rates, cost-of-living increases for public assistance programs, and more. Yet it does not provide policymakers with a full picture of who is bearing the brunt of inflation, or how the effectiveness of social insurance programs is diminished as benefits continue to fall further behind the cost of basics. As a result, many government policies fall short in their efforts to support workers and reduce hardship. This is especially true for the programs most relevant to ALICE households, including inflation strategy; tax brackets and credits; the annual increase of benefits in a range of programs from Social Security to pensions for veterans and civil servants; and the annual increase of the FPL (as well as programs with eligibility based on the FPL, like the Supplemental Nutrition Assistance Program (SNAP) and Medicaid).

For example, each year, Social Security and Supplemental Security Income (SSI) make a Cost of Living Adjustment (COLA), which is based on the CPI. But the costs of many of the essential goods and services purchased by households headed by someone age 65 and over increase faster than COLA, contributing to financial instability. Nationally, in 2010, the average SSI payment was \$8,088, while the ALICE Household Survival Budget for Duval County, Florida — near the national average — was \$21,528 (a shortfall of \$13,440); in 2023, the average SSI payment increased to \$10,968, while the Household Survival Budget increased even more to \$33,852 (a shortfall of \$22,884).

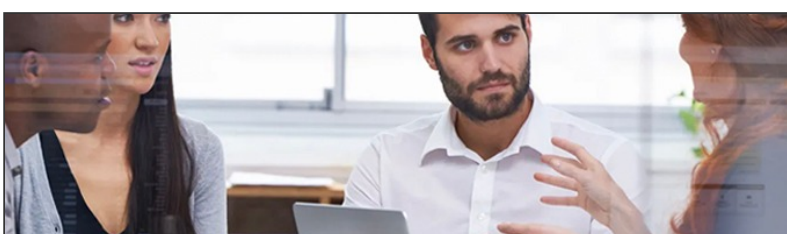
ALICE Household Survival Budget vs. Average SSI and Social Security Payments, United States, 2010 and 2023



Notes: SSI is compared to the Household Survival Budget for a single adult in Duval County (Jacksonville), FL, roughly the median county in the U.S. for income; Social Security is compared to the ALICE 65+ Survival Budget for a single adult age 65+ in Duval County, FL. For more details on the ALICE Household Survival Budget and the 65+ Survival Budget for your state and for various household compositions, visit UnitedForALICE.org/Income-Status-Tool. Sources: ALICE Household Survival Budget, 2010 and 2023; Social Security Administration—Social Security Changes, 2010 and 2023; Social Security Administration—Old-Age and Survivors Insurance (OASI), Table 5A.1, 2010 and 2023

Learn More And Take Action

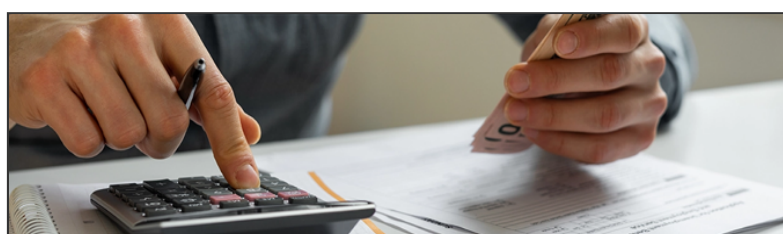
By increasing the accuracy of data on hardship, ALICE measures are designed to help lift all boats. Improving conditions for ALICE families will in turn fuel economic growth, benefiting all households, communities, and businesses across the country.



ALICE In Action

See examples of partners turning data into action to make a difference for ALICE.

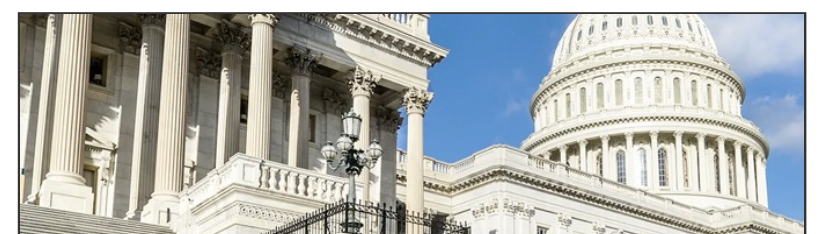
[Learn More ►](#)



ALICE Budget And Income Status Tool

View customized budgets and input household information to see ALICE status.

[Learn More ►](#)



ALICE Legislative District Tool

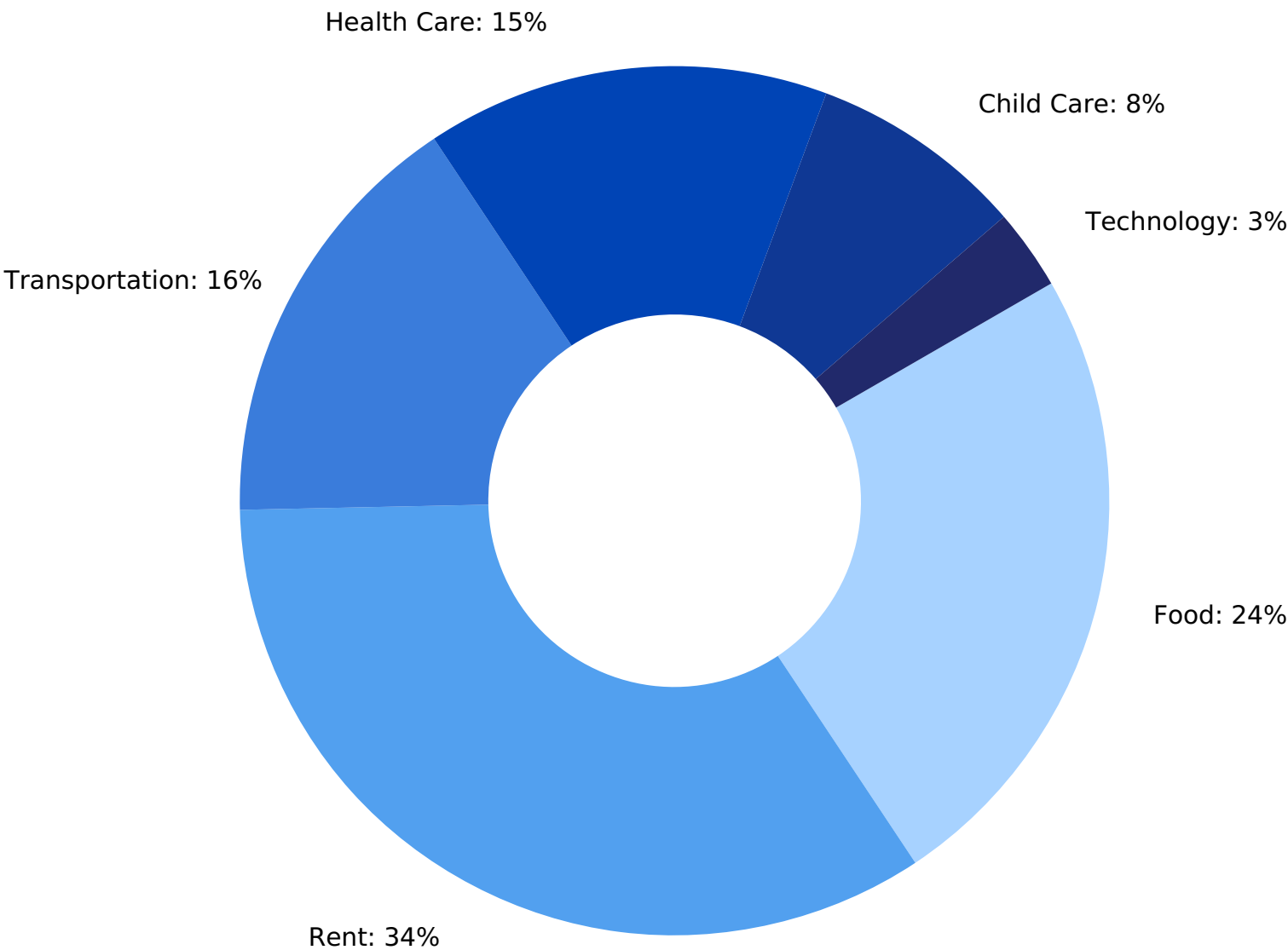
See how financial hardship differs by legislative district at the state and national level.

[Learn More ►](#)

Components of the ALICE Essentials Index

Budget Items Included in the ALICE Essentials Index		
Description and Sources		Percent Change 2007-2023
Housing	110% of Fair Market Rent (FMR). Unit size and type correspond to the household (i.e., an efficiency apartment for one person, a one-bedroom rental for two people), including utilities, adjusted in metro areas using Small Area FMR. Source: U.S. Department of Housing and Urban Development	76%
Child Care	Cost for registered Family Child Care Homes for infants (0–2 years), preschool-age children (3–4 years), and school-age children (5–12 years) Source: State agency responsible for child care reporting (e.g., Child Care Aware of Washington, Maryland Family Network)	63%
Food	USDA Thrifty Food Plan by age, with county variation from Feeding America Source: Feeding America; U.S. Department of Agriculture (USDA)	37%
Transportation	Operating costs for a car (average daily miles by age, cost per mile, license, fees, and insurance), or public transportation where viable Source: AAA, Federal Highway Administration, National Association of Insurance Commissioners (NAIC) (car); Consumer Expenditure Survey (CEX) (public transportation)	51%
Health Care	Health insurance premiums based on employer-sponsored plans plus out-of-pocket costs for households with \$40,000–\$69,999 annual income by age, weighted with the poor-health multiplier. For the ALICE 65+ Survival Budget, cost of Medicare Parts A and B, out-of-pocket costs, plus average out-of-pocket spending for the top five chronic diseases as reported by CMS. Source: Centers for Medicare & Medicaid Services (CMS); CEX (health); Medical Expenditure Panel Survey (MEPS)	37%
Technology	Basic broadband internet at home and a smartphone plan with unlimited data for each adult in a household Source: Consumer Reports; USTelecom	70%

ALICE Essentials Index Budget Items, Share of Total Budget, United States, 2023



State-by-State ALICE Essentials Index Comparison

State	ALICE Essentials Index		Household Income Status	
	Annual Rate of Change 2010–2024	Annual Rate of Change 2021–2024	Number of Households (2023)	% Households Below ALICE Threshold
United States	3.3	6.2	130,465,667	42%
Alabama	2.9	6.3	2,024,236	46%
Alaska	2.7	5.1	270,644	33%
Arizona	3.6	8.1	2,902,613	44%
Arkansas	3.1	6.2	1,212,992	44%
California	3.7	5.2	13,693,616	46%
Colorado	4.3	6.4	2,402,297	37%
Connecticut	2.6	4.9	1,442,969	40%
Delaware	2.8	7.3	412,048	40%
District of Columbia	3.2	4.4	334,673	33%
Florida	3.1	7.9	8,944,469	47%
Georgia	3.9	8.3	4,087,735	45%
Hawaii	2.7	4.2	493,920	45%
Idaho	3.2	6.2	721,351	41%
Illinois	2.9	6.0	5,068,029	37%
Indiana	2.9	6.2	2,730,489	38%
Iowa	2.9	5.7	1,320,745	37%
Kansas	2.9	5.4	1,174,788	38%
Kentucky	3.2	6.9	1,808,144	44%
Louisiana	3.0	5.6	1,819,905	50%
Maine	2.9	5.3	605,199	40%
Maryland	2.8	5.8	2,376,785	39%
Massachusetts	3.7	5.7	2,799,709	43%
Michigan	2.7	5.5	4,076,984	41%
Minnesota	3.3	5.8	2,322,755	35%
Mississippi	2.8	5.6	1,147,097	49%
Missouri	3.0	5.5	2,524,385	40%
Montana	3.1	4.5	467,558	38%
Nebraska	2.8	4.2	803,424	35%
Nevada	3.1	6.9	1,222,034	44%
New Hampshire	2.9	5.3	564,142	35%
New Jersey	3.1	6.2	3,538,131	39%
New Mexico	3.1	5.6	842,325	46%
New York	3.6	6.8	7,787,200	48%
North Carolina	3.6	6.1	4,352,607	42%
North Dakota	3.0	4.4	330,139	33%
Ohio	2.8	5.4	4,894,153	39%
Oklahoma	2.9	5	1,572,192	45%
Oregon	3.8	5.3	1,738,333	42%
Pennsylvania	3.0	5.7	5,308,845	40%
Rhode Island	2.9	7.0	440,675	39%
South Carolina	3.2	6.8	2,156,513	42%
South Dakota	3.1	5.6	367,063	36%
Tennessee	3.6	7.8	2,852,754	44%
Texas	3.3	6.1	11,178,972	42%
Utah	3.3	6.2	1,153,293	34%
Vermont	3.2	6.3	272,239	40%
Virginia	2.7	6.4	3,368,535	39%
Washington	4.5	8.0	3,094,073	38%
West Virginia	2.9	4.6	726,214	46%
Wisconsin	2.5	4.5	2,474,496	35%
Wyoming	2.8	5.4	241,180	34%



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<https://www.UnitedForALICE.org/Essentials-Index>

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