

ALICE IN TENNESSEE: A FINANCIAL HARDSHIP STUDY

LIVE UNITED®



2019 TENNESSEE REPORT



United Ways of Tennessee

THE ALICE RESEARCH TEAM

ALICE Reports provide high-quality, research-based information to foster a better understanding of who is struggling in our communities. To produce the ALICE Report for Tennessee, a team of researchers collaborated with a Research Advisory Committee, composed of 10 representatives from across Tennessee, who advised and contributed to the report. This collaborative model, practiced in each state, ensures each report presents unbiased data that is replicable, easily updated on a regular basis, and sensitive to local context. Working closely with United Ways, this research initiative seeks to equip communities with information to create innovative solutions.

Lead Researcher

Stephanie Hoopes, Ph.D., is the lead researcher, director, and author of the ALICE Reports. Dr. Hoopes began this effort with a pilot study of a more accurate way to measure financial hardship in Morris County, New Jersey in 2009. Since then, she has overseen its expansion into a broad-based, state-by-state research initiative now spanning 20 states across the country. Her research on the ALICE population has garnered both state and national media attention.

Before joining United Way full time in 2015, Dr. Hoopes taught at Rutgers University and Columbia University. Dr. Hoopes has a doctorate from the London School of Economics, a master's degree from the University of North Carolina at Chapel Hill, and a bachelor's degree from Wellesley College.

Dr. Hoopes is on the board of directors of the McGraw-Hill Federal Credit Union, and she received a resolution from the New Jersey General Assembly for her work on ALICE in 2016.

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EXECUTIVE SUMMARY

In 2017, 1,017,504 households in Tennessee — 39 percent — could not afford basic needs such as housing, child care, food, transportation, health care, and technology.

This ALICE Report for Tennessee describes the population called **ALICE**, an acronym for Asset Limited, Income Constrained, Employed — families with income above the Federal Poverty Level (FPL), but not high enough to afford basic household necessities. With the cost of living higher than what most people earn, ALICE households live in every county in Tennessee — urban, suburban, and rural — and they include women and men, young and old, of all races and ethnicities.

Despite recent reports of overall improvement in employment and gains in median incomes, the economic recovery in Tennessee since the end of the Great Recession in 2010 has been uneven. Many families continue to face challenges because of low wages, little to no savings, and the increasing cost of basic household goods. The total number of Tennessee households that cannot afford basic needs increased 25 percent between 2007 and 2017, from 814,393 households to 1,017,504 households.

This Report presents the actual cost of basic needs (housing, child care, food, transportation, health care, technology, and taxes) in the **Household Survival Budget** for each county in Tennessee, and the number of households earning below the amount needed to afford that bare-minimum budget (**the ALICE Threshold**).

The Report delves into county and municipal data and looks at the demographics of ALICE and poverty-level households by race/ethnicity, age, and household type to reveal variations in hardship that are often masked by state averages. The Report asks where ALICE households work; how assets, credit, and assistance supplement their incomes; and how local conditions like affordable housing and community resources affect their financial stability and quality of life. Finally, the Report highlights emerging trends that will impact ALICE families in the future.

The data reveals an ongoing struggle for ALICE households in Tennessee, and a range of obstacles to achieving financial stability:

- **The extent of hardship:** Of Tennessee's 2,589,017 households, 15 percent lived in poverty in 2017 and another 24 percent were ALICE households. Combined, 39 percent (1,017,504 households) had income below the ALICE Threshold, an increase of 25 percent since 2007.
- **The basic cost of living:** The cost of basic household expenses in Tennessee increased steadily to \$50,796 for a family of four (two adults with one infant and one preschooler) and \$19,032 for a single adult — significantly higher than the FPL of \$24,600 for a family of four and \$12,060 for a single adult. The cost of the family budget increased by 31 percent from 2007 to 2017.
- **Jobs:** Low-wage jobs continued to dominate the landscape in Tennessee, with 67 percent of all jobs paying less than \$20 per hour. Although unemployment rates fell during this period, wages remained low for many occupations. With more contract work and on-demand jobs, job instability also increased, making it difficult for ALICE workers to meet regular monthly expenses or to save. In addition, gaps in wages varied based on the type of employer as well as the gender, education, and race/ethnicity of workers.
- **The role of public assistance:** Public and private assistance continued to provide support to many households living in poverty or earning slightly above the FPL, but it provided less support to ALICE households whose income is above eligibility levels. Spending on health care and health insurance outpaced spending in other budget areas; there remained large gaps in assistance, especially in housing and child care.

- **Emerging trends:** Several trends are changing the economic landscape for ALICE families:

- *The changing American household* — Shifting demographics, including millennials reaching adulthood, the aging of the baby boomers, and domestic and foreign migration patterns, are having an impact on who is living together in households and where and how people work. These changes, in turn, influence the demand for goods and services, ranging from the location of housing to the provision of caregiving.
- *Increasing vulnerability of workers* — Within a global economy, economic disruptions, natural disasters, and technological advances in other parts of the world trigger rapid change supply and demand for U.S. industries. Increasingly, this risk has been shifted from companies to workers. Combined with the often-disruptive effects of technology on jobs and the workplace, ALICE workers increasingly face income volatility in addition to low wages.
- *Growing health inequality* — As health costs rise, disparities in health increase, especially according to income. Expensive medical and technological advances that are out of reach of lower-income households will only further this divide. The societal costs of having large numbers of U.S. residents in poor health will also grow.

Using the best available information on those who are struggling, this Report offers an enhanced set of tools for stakeholders to measure the real challenges ALICE households face in trying to make ends meet. The FPL is an outdated calculation, and inaccurate information about the number of people struggling distorts the identification of problems related to poverty, misguides policy solutions, and raises questions of equity, transparency, and fairness in the allocation of resources. United for ALICE develops these resources in order to move beyond stereotypes and judgments of “the poor,” and instead encourages the use of data to inform programmatic and policy solutions for these households and their communities. The Methodology Overview and additional data are available online at UnitedForALICE.org.

GLOSSARY

ALICE is an acronym that stands for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed — households with income above the Federal Poverty Level but below the basic cost of living. A household consists of all the people who occupy a housing unit. In this Report, households do not include those living in group quarters such as a dorm, nursing home, or prison.

The Household Survival Budget is the bare-minimum cost to live and work in the modern economy. It calculates the actual costs of basic necessities (housing, child care, food, transportation, health care, and a basic smartphone plan) in Tennessee, adjusted for different counties and household types.

The ALICE Threshold is the average income that a household needs to afford the basic necessities defined by the Household Survival Budget for each county in Tennessee. Unless otherwise noted in this Report, households earning below the ALICE Threshold include both ALICE and poverty-level households.

The Household Stability Budget is greater than the basic Household Survival Budget and reflects the cost for household necessities at a modest but sustainable level. It adds a savings category and an expanded technology category (smartphone and basic home internet), and it is adjusted for different counties and household types.

The ALICE Income Assessment is the calculation of all sources of income, resources, and assistance for ALICE and poverty-level households. Even with assistance, the Assessment reveals a shortfall, or Unfilled Gap, between what these households bring in and what is needed for them to reach the ALICE Threshold.

AT-A-GLANCE: TENNESSEE

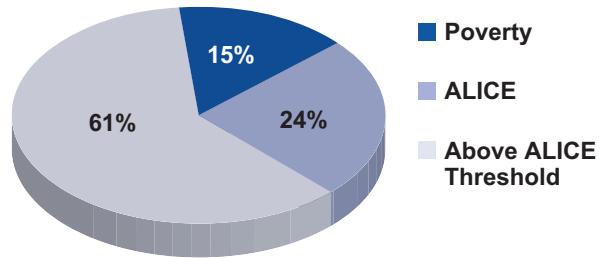
2017 Point-in-Time Data

Population: 6,715,984 | Number of Counties: 95 | Number of Households: 2,589,017

How many households are struggling?

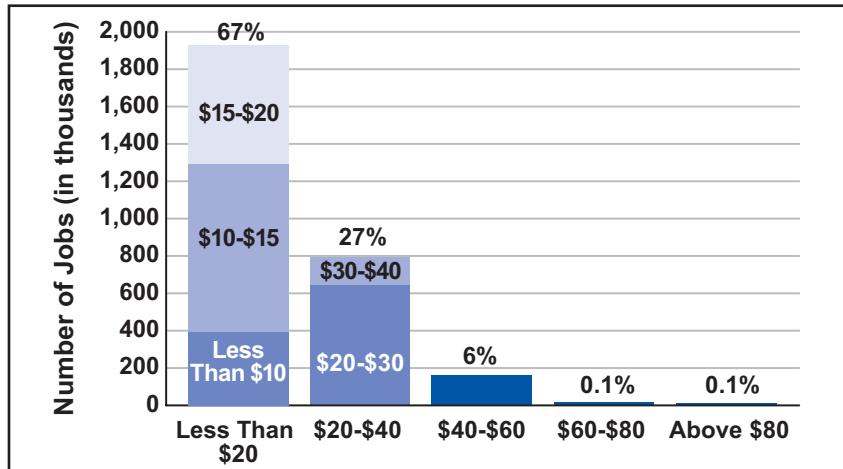
ALICE, an acronym for Asset Limited, Income

Constrained, Employed, are households that earn more than the Federal Poverty Level, but less than the basic cost of living for the state (the ALICE Threshold). Of Tennessee's 2,589,017 households, 15 percent earn below the Federal Poverty Level and another 24 percent are ALICE households.



How much does ALICE earn?

In Tennessee, 67 percent of jobs pay less than \$20 per hour, with two-thirds of those paying less than \$15 per hour. Another 27 percent of jobs pay between \$20 and \$40 per hour. Only 6 percent of jobs pay more than \$40 per hour.



What does it cost to afford the basic necessities?

Despite low national inflation during the recovery (22 percent from 2007 to 2017), the bare-minimum Household Survival Budget in Tennessee increased by 31 percent for a family and 23 percent for a single adult. Affording only a very modest living, this budget is still significantly more than the Federal Poverty Level of \$24,600 for a family of four and \$12,060 for a single adult.

Household Survival Budget, Tennessee Average, 2017		
	SINGLE ADULT	2 ADULTS, 1 INFANT, 1 PRESCHOOLER
Monthly Costs		
Housing	\$497	\$692
Child Care	\$-	\$898
Food	\$179	\$543
Transportation	\$322	\$644
Health Care	\$124	\$539
Technology	\$55	\$75
Miscellaneous	\$144	\$385
Taxes	\$265	\$457
Monthly Total	\$1,586	\$4,233
ANNUAL TOTAL	\$19,032	\$50,796
Hourly Wage*	\$9.52	\$25.40

*Full-time wage required to support this budget

Tennessee Counties, 2017

COUNTY	TOTAL HOUSEHOLDS	PERCENT ALICE & POVERTY
Anderson	29,929	41%
Bedford	17,058	44%
Benton	6,693	53%
Bledsoe	4,664	54%
Blount	50,793	37%
Bradley	40,610	41%
Campbell	15,843	48%
Cannon	5,456	46%
Carroll	11,321	48%
Carter	23,798	49%
Cheatham	14,671	41%
Chester	5,998	45%
Claiborne	12,996	48%
Clay	3,171	53%
Cocke	14,592	51%
Coffee	21,576	39%
Crockett	5,400	46%
Cumberland	25,114	39%
Davidson	283,929	35%
Decatur	4,721	48%
DeKalb	7,362	46%
Dickson	19,032	44%
Dyer	15,327	40%
Fayette	15,084	38%
Fentress	7,385	49%
Franklin	16,325	40%
Gibson	19,280	45%
Giles	11,599	38%
Grainger	9,112	42%
Greene	27,249	50%
Grundy	4,894	59%
Hamblen	24,343	44%
Hamilton	145,071	39%
Hancock	2,704	56%
Hardeman	8,680	55%
Hardin	10,118	47%
Hawkins	23,375	42%
Haywood	7,104	52%
Henderson	10,827	44%
Henry	13,483	41%
Hickman	8,930	52%
Houston	2,999	43%
Humphreys	7,064	44%
Jackson	4,566	55%
Jefferson	20,088	40%
Johnson	6,936	56%
Knox	187,098	33%
Lake	2,164	52%

Tennessee Counties, 2017

COUNTY	TOTAL HOUSEHOLDS	PERCENT ALICE & POVERTY
Lauderdale	9,725	53%
Lawrence	16,101	43%
Lewis	4,663	47%
Lincoln	13,653	38%
Loudon	20,090	34%
Macon	9,158	49%
Madison	36,343	41%
Marion	11,393	40%
Marshall	12,008	37%
Maury	33,900	36%
McMinn	20,352	47%
McNairy	10,095	53%
Meigs	4,818	41%
Monroe	17,416	49%
Montgomery	73,690	33%
Moore	2,613	32%
Morgan	7,384	46%
Obion	12,795	41%
Overton	8,937	46%
Perry	3,295	53%
Pickett	2,180	40%
Polk	7,023	38%
Putnam	30,679	45%
Rhea	12,607	47%
Roane	21,619	41%
Robertson	25,884	36%
Rutherford	112,519	33%
Scott	8,519	55%
Sequatchie	5,505	44%
Sevier	36,444	40%
Shelby	347,221	43%
Smith	7,535	40%
Stewart	5,315	38%
Sullivan	67,685	39%
Sumner	66,063	30%
Tipton	21,445	40%
Trousdale	2,944	51%
Unicoi	7,613	46%
Union	7,268	50%
Van Buren	2,156	43%
Warren	15,755	48%
Washington	53,071	45%
Wayne	5,860	57%
Weakley	13,607	45%
White	9,793	53%
Williamson	77,512	20%
Wilson	50,234	31%

Sources: Point-in-Time Data: American Community Survey, 2017. ALICE Demographics: ALICE Threshold, 2017; American Community Survey, 2017. Wages: BLS, 2017—Occupational Employment Statistics. Budget: BLS, 2017—Consumer Expenditure Surveys; Consumer Reports, 2017—Best Low-Cost Cell-Phone; HUD, 2017—Fair Market Rents; IRS, 2017—About Form 1040; Tax Foundation, 2017; Tennessee Department of Human Services, 2018—Fiscal Year; USDA, 2017—Official USDA Food Plans. For the Methodology Overview and additional data, visit our website: UnitedForALICE.org.