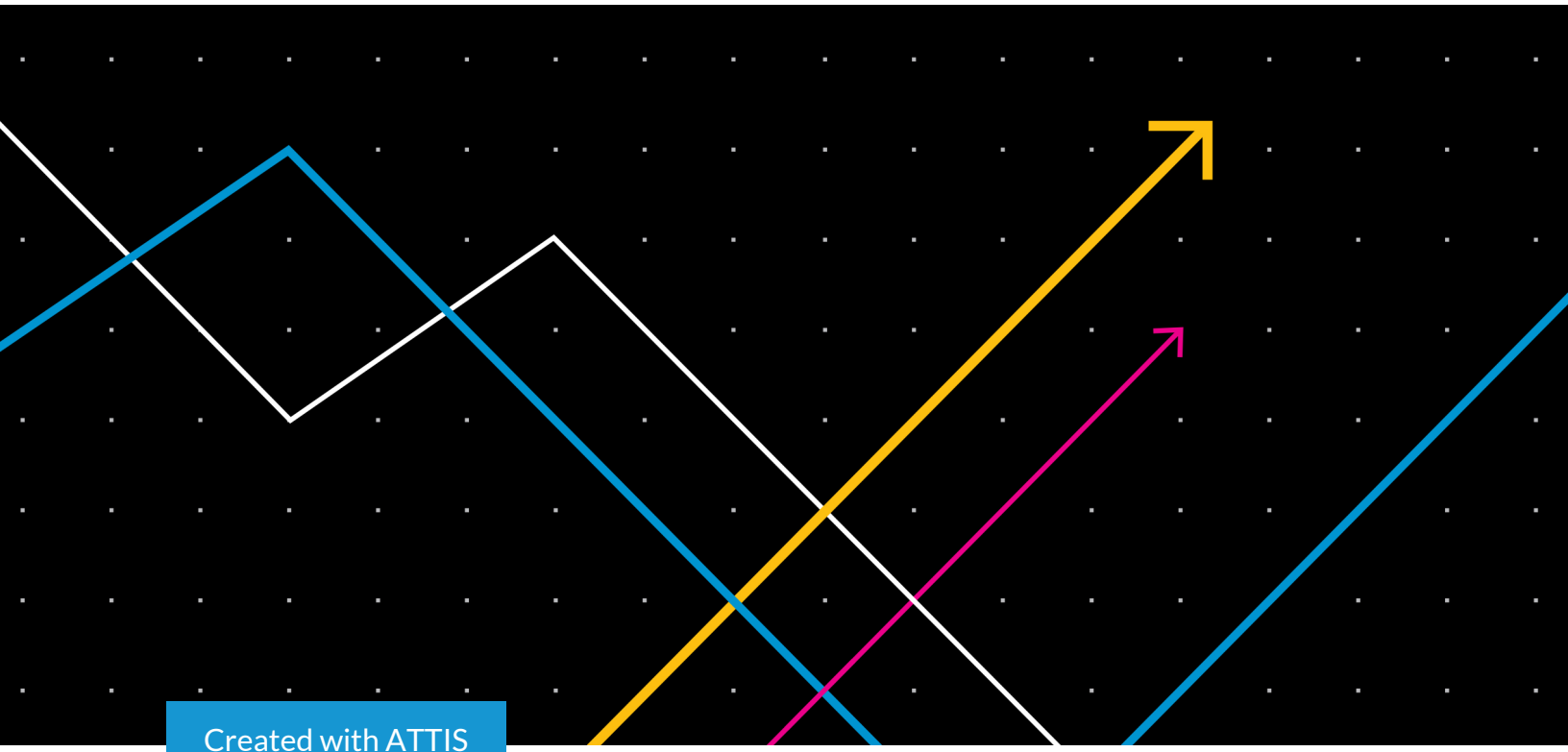

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RESEARCH REPORT

Measuring the True Cost of Economic Security

What Does It Take to Thrive, Not Just Survive, in the US Today?

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Executive Summary

According to the Federal Reserve's 2023 Survey of Household Economics and Decisionmaking, 52 percent of people in the US report that, at best, they are just making ends meet, unable to have saved any of their income in the month before the survey, and only 33 percent report they live comfortably (Board of Governors of the Federal Reserve System 2024). Yet, our conventional measures of economic insecurity, like the poverty rate, only capture acute need and shed no light on the hardships of millions of people who struggle to pay their bills and save for the future—people who are economically insecure and not poised to thrive.

To better understand the circumstances of families, the costs they must meet to fully participate in today's society and economy, and all the resources they have to meet those costs, including their earnings, other private sector income, and government supports, we have developed a true cost of economic security (TCES) measure. We take a comprehensive view of families' costs, including paying for adequate food, clothing, housing, health care, child care, transportation, postsecondary education, debt service, savings for unexpected expenses and retirement, and additional miscellaneous costs. To obtain a complete picture of how many people can thrive, the TCES assessment of family resources is equally comprehensive, accounting for earnings, tax credits, all types of regularly received unearned income (including cash transfers), and the value of in-kind transfers and subsidies. We built on the vast poverty-measurement work and efforts of other organizations to develop self-sufficiency and cost-of-living measures. Our goal was to develop a measure that sets a reasonable bar for being economically secure in the US today—not just getting by. We designed the TCES measure with accuracy and replicability in mind, using high-quality, publicly accessible data collected regularly to capture variations across states and metropolitan and rural areas, allowing us to explore differences by age, family structure, and race and ethnicity.

We find that 52 percent of all people lived in families below the TCES threshold in 2022. We refer to this as the *TCES rate*. Among the people in families below the TCES threshold, over 40 percent have resources between 75 and 100 percent of the threshold. On average, these families are coming close to economic security, largely getting by, and meeting most regular expenses, but they are not primed to thrive. In contrast, more than one in six people who fall below the TCES threshold (and about one in ten overall) have less than half of the resources they need to meet their true cost of economic security.

TCES thresholds vary by family type (e.g., families with and without children present, families with members over age 65), family composition (e.g., number of adults and children), and location, and these same characteristics affect the share of people living in families whose resources fall below the TCES:

- Among people in families with all adults under age 65 and with children present, 58 percent fall below the TCES threshold, compared with 46 percent of people in families with all adults under age 65 but without children, and 48 percent of people in families with at least one adult age 65 and older.
- More than 80 percent of people in single-parent families fall below the TCES threshold, and half of all people living in families with two children and two adults under age 65 have resources that do not cover their costs.
- Three out of five children live in families with resources below the TCES threshold, compared with 49 percent of adults ages 18 to 64 and 47 percent of adults age 65 and older.
- The share of people with resources below the TCES threshold by race and ethnicity ranges from a low of 42 percent for white, non-Hispanic people to a high of 71 percent for Hispanic people.[1] The TCES rate for Black people is 67 percent, while the rate for Asian people and Pacific Islanders is 46 percent. These disparities likely reflect many differences between race and ethnic groups, including family size and composition, geographic concentration, and historic and ongoing challenges affecting certain groups' educational and employment opportunities.
- The chance that an individual falls below the TCES threshold is slightly lower for those living in metro areas than for those in nonmetro areas (51 vs. 54 percent). Across regions of the country, the TCES rate ranges from a low of 47 percent in the Midwest to a high of 57 percent in the West.
- Low resources rather than high costs characterize the places with the highest TCES rates (the highest shares of people with resources falling below the TCES threshold). In places with the highest TCES rates (that is, the highest share of people with resources below the TCES threshold), people face somewhat similar costs in comparison to those in places where more people are thriving, but they have, on average, relatively low resources. The resource differences largely reflect higher earnings and other market income for those living in low TCES rate counties.

These findings reflect circumstances in 2022 and, as such, provide no information on long-term trends or short-term fluctuations in the share of people in the US who are poised to thrive. Broad

macroeconomic trends, such as generally rising levels of income inequality and slow growth in median family income over the past few decades, recent spikes in inflation (which have now eased), and changes in government policy like expanded access to health insurance and health insurance subsidies, all will influence people's ability to thrive and thus how the TCES rate moves over time and varies from year to year.[2] This TCES measure can initially serve as a snapshot showing the costs families must meet to be poised to thrive, the resources they have to meet those costs, and the share of people who are poised to thrive. This measure for 2022 can serve as a benchmark to track the progress or growing challenges facing families in America.

Policymakers, advocates, and the public must make choices on a range of policies affecting taxes, earnings, employment conditions, education, health care, and social insurance and public assistance programs that will all affect people's economic security and ability to thrive. The TCES measure can inform their discussions. That over half of all people in the US are struggling to achieve economic security in 2022 illustrates the need for action, and the solutions will need to be as diverse as the challenges. Our TCES measure and the insights garnered from it can help guide the discussion.

Measuring the True Cost of Economic Security: What Does It Take to Thrive, Not Just Survive, in the US Today?

Myriad poverty measures all have one thing in common: they measure acute need. Meanwhile, tens of millions of Americans earn income above the official poverty line and do not classify themselves as "poor," yet they struggle to pay their bills, fear unexpected expenses, and are ill-prepared to weather job losses, sickness, and hazardous climate and environmental events.[3] These people are too often rendered invisible when narrow or inadequate measures of poverty drive public conversation and policy changes.

To better understand all the costs families must meet to be economically secure and poised to thrive, and the resources they have to meet those costs, we have developed a true cost of economic security (TCES) measure. We take a comprehensive view of families' costs, including paying for adequate food, clothing, housing, health care, child care, transportation, postsecondary education, debt service, savings both for unexpected expenses as well as for retirement, and additional miscellaneous costs. To obtain a complete picture of how many people have the resources to thrive, the TCES assessment of family resources is equally comprehensive and includes earnings, tax credits, all types of regularly received unearned income (including cash transfers), and the value of in-kind transfers and subsidies. We designed the TCES measure with accuracy and replicability in mind, using high-quality, publicly accessible data collected regularly to capture variations across states and metropolitan and rural areas, allowing us to explore differences by age, family structure, and race and ethnicity.

All measures of "need," whether to survive or thrive, are somewhat subjective and influenced by social context. For example, in 1925, fewer than half of residences in the US had electricity, but few people today would argue that families do not "need" electricity (Sablik 2020). With the understanding that needs and supports constantly evolve, we ground our TCES measure in the experiences of US families today. The costs and resources we consider go beyond the minimally adequate costs and cash incomes used to set various measures of poverty and include the costs of technology, civic participation, and savings, as well as the resources provided by noncash benefits.[4] Our TCES measure sets a threshold for economic security for families that would allow them to pay for all the goods and services necessary

to fully participate in today's economy and society without cutting back, as well as save money for emergencies and the future.

In comparison with the 11.5 percent who fall below the official poverty measure in 2022, we find that more than half of all people in the US (52 percent) lack the resources to thrive in today's economy—with their resources falling below the TCES threshold (Schrider and Creamer 2023). Most of these people are not poor, but they are struggling, unable to maintain a sense of financial security for their future and their children's. Despite conventional economic indicators showing low levels of unemployment, abating inflation, and real wage growth, 72 percent of survey respondents rate the economy as fair or poor (Pew Research Center 2024), 52 percent report spending all or more than their incomes in a given month (Board of Governors of the Federal Reserve System 2024), and 46 percent report living paycheck to paycheck and having less than $500 saved for a rainy day (Seven Letter 2024).[5] Our TCES measure sheds light on the disconnect of why so many people are dissatisfied amid an apparently strong economy: after decades of stagnant growth in average wages and growing inequality, the costs required for economic security exceed the resources of half of US residents (Menasce Horowitz, Igielnik, and Kochhar 2020; Mishel, Gould, and Bivens 2015).[6]

The TCES measure explicitly divides costs and resources, making both visible in ways that may be surprising to some—but it emphasizes the importance and instability of both sides of a family's financial picture. For example, people who have employer-sponsored health insurance may only perceive their share of the premium, not the full cost of the insurance and their employers' contributions toward that cost. Similarly, people may only recognize their net taxes, while our measure captures tax liabilities as a cost and tax credits as a resource. As such, both the TCES thresholds we report and the resources available to families that we calculate are higher than those conventionally discussed. Fully appreciating all the costs families face and all the resources they have available to them should inform policymaking discussions about ways to help more families achieve economic security today and in the future.

We compute TCES thresholds and rates (the share of people whose resources are less than the TCES threshold) for 2022. Important insights from our analysis include the following:

- Fifty-two percent of all people fall below the TCES threshold nationwide.
- The national median annual TCES threshold for families with adults under age 65 and children is $134,800, and their median resources are $121,000. Overall, 58 percent of people in these families fall below the TCES threshold. The median TCES threshold for families with adults under age 65 without children is $88,900, and their median resources are $92,400; 46 percent of these people fall below the TCES threshold. For families with at least one adult age 65 or

older, the median TCES threshold is about $105,100 and median resources are about $109,200. Forty-eight percent of people in these families fall below the TCES threshold.

- Costs and the share of individuals with resources that fall below the TCES threshold vary by family structure and age.
  - » The median TCES threshold is $96,000 for a single parent under age 65 with two children and $139,700 for a family with two children and two adults under age 65.
  - » The vast majority of people in single-parent families fall below the TCES threshold, and half of all people living in families with two children and two adults under age 65 have resources that do not cover their costs.
  - » Three out of five children live in families with resources falling below the TCES threshold, compared with 49 percent of adults ages 18 to 64, and 47 percent of adults age 65 and older.

- The share of people with resources below the TCES threshold by race and ethnicity ranges from a low of 42 percent for white, non-Hispanic people to a high of 71 percent for Hispanic people. The TCES rate for Black, non-Hispanic people is 67 percent, and the rate for non-Hispanic people who are Asian or Pacific Islanders is 46 percent. These disparities likely reflect many differences between race and ethnic groups, including family size and composition, geographic concentration, and historic and ongoing challenges differentially affecting the educational and employment opportunities of certain groups of people.

- The chance that an individual falls below the TCES threshold is slightly lower for those living in metro areas than for those in nonmetro areas (51 vs. 54 percent). Across regions of the country, the TCES rate ranges from a low of 47 percent in the Midwest to a high of 57 percent in the West.

- Low resources rather than high costs characterize the places with the highest TCES rates (the highest shares of people with resources falling below the TCES threshold). In places with the highest TCES rates (that is, the highest share of people with resources below the TCES threshold), people face somewhat similar and even somewhat lower overall costs in comparison to those in places where more people are thriving, but they have, on average, relatively low resources. For example, in the five counties (among the 100 most populous counties) with the highest TCES rate, the median TCES threshold for nonelderly adults with children is $139,200, compared with $152,000 for adults in counties with the lowest TCES rates. In contrast, the median resources for those families in the counties with the highest TCES rates are only

$100,600, compared with $172,600 in the counties with the lowest TCES rates. The differences in resources largely reflect higher earnings and other market income for those living in low TCES rate counties.

These findings reflect circumstances in 2022 and, as such, provide no information on long-term trends or short-term fluctuations in the share of people in the US who are poised to thrive. Broad macroeconomic trends, such as generally rising levels of income inequality and slow growth in median family income over the past few decades, recent spikes in inflation (which have now eased), and changes in government policy like expanding access to health insurance and health insurance subsidies, all will influence people's ability to thrive and thus how the TCES rate moves over time and varies from year to year. This TCES measure can initially serve as a snapshot showing the costs families must meet, the resources they have to meet those costs, and the share of people who are poised to thrive. In the future, this 2022 measure can serve as a benchmark to track the progress or growing challenges facing families in America.

In the following sections, we first describe how we developed the TCES measure and then present our findings on TCES thresholds and rates and how they vary between people and places.

Nuts and Bolts: Building a True Cost of Economic Security Measure

The TCES measure requires reliable data on the costs families face as well as data on a large representative sample of families in the US and their available resources. To determine TCES thresholds—the resources families need to be economically secure—we reviewed existing measures of poverty, living wages, and self-sufficiency to ascertain what types of costs they capture and how they assess what a family needs to meet those costs (see table 1 for the sources we consulted). To capture the resources families have across the nation, we use data from the American Community Survey (ACS) enhanced using the Urban Institute's Analysis of Transfers, Taxes, and Income Security (ATTIS) microsimulation model. The ACS provides detailed economic, demographic, and geographic information on US families that allows us to reasonably and reliably approximate the costs families face as well as the resources they have available to meet those costs. The ATTIS model allows us to adjust for resources that are not included in the ACS or that families tend to underreport in surveys like the ACS. Appendix B provides detailed information on the ATTIS model and how we used it to determine the TCES.

TABLE 1

Poverty, Self-Sufficiency, and Cost of Living Measures and Approaches Reviewed

Needs measure	Description	Source
United Way's Asset Limited, Income Constrained, Employed (ALICE) Survival Threshold	ALICE measures the actual cost of the basic household goods that families need by county.	http://unitedforalice.org/Essentials-Index
Economic Policy Institute (EPI) Family Budget Calculator	EPI's Family Budget Calculator measures the income a family needs in order to attain a modest yet adequate standard of living. The budgets estimate costs for 10 family types in all counties and metro areas in the United States.	https://www.epi.org/resources/budget/
Ludwig Institute for Shared Economic Prosperity True Living Cost	The True Living Cost is a cost-of-living metric measuring the economic reality for median- and lower-income families. The measure determines a set of minimal adequate needs that a household requires for a basic standard of living.	https://www.lisep.org/tlc
University of Washington Self Sufficiency Standard	The Self-Sufficiency Standard calculates a threshold for working families to afford basic necessities. The Standard is measured across 719 different family types for each county or area in a state.	https://selfsufficiencystandard.org
MIT Living Wage Calculator	The Living Wage Calculator estimates the local wage rate that covers the full costs of a worker's family's basic needs in the community where they live.	https://livingwage.mit.edu/
Supplemental Poverty Measure (SPM)[a]	The SPM thresholds are based on a basic bundle of necessary expenditures—food, clothing, shelter, utilities, technology, and internet (FCSUti)—and are based on recent, annually updated expenditure data. The SPM thresholds are adjusted geographically to account for differences in the cost of living, and also vary by housing tenure.	https://www.census.gov/topics/income-poverty/supplemental-poverty-measure.html
Council for Community and Economic Research Cost of Living Index (COLI)	The COLI provides city-to-city cost comparisons. The COLI collects data at the local level on over 60 goods and services. Weights are then assigned to these costs for professional and executive households.	https://www.coli.org/

Source: Gathering of resources by the authors.

[a] A recent consensus panel convened by the National Academies of Sciences, Engineering, and Medicine at the request of the Census Bureau evaluated current SPM methods and recommended a modified measure, which they refer to as a Principal Poverty Measure (PPM). See James Ziliak, Christopher Mackie, and Constance Citro, editors, "An Updated Measure of Poverty: (Re)Drawing the Line, "(Washington, DC: National Academies Press, 2023), https://nap.nationalacademies.org/catalog/26825/an-updated-measure-of-poverty-redrawing-the-line.

Setting the TCES Threshold

The cost elements that make up our TCES measure include what families must pay for reasonable levels of housing, food, health care, child care, transportation, technology, and debt service, as well as precautionary savings needs and federal, state, and payroll tax liabilities. Costs of basic utilities like gas, electric, and water, are captured as part of housing costs. Other essential costs like clothing, cleaning products, and spending on civic and social activities are captured in an omnibus "other costs" category. The explicit costs identified and included in the TCES measure reflect the costs included in the cost of living and self-sufficiency measures reviewed above, as well as additional considerations raised by researchers and advocates for economic security.

We assign the costs based on a "family" concept, defining family in the same way as it is defined for the SPM—as all people in a household related by blood, marriage, or adoption, plus cohabiters and their relatives. Most households (people living in one dwelling unit) include a single family for TCES purposes, but some contain more than one family—for example, three unrelated roommates are each their own TCES "family," and two unrelated families sharing the cost of a home are two separate TCES families.

Below, we describe the data we use to measure each of these costs, as well as how we selected the level of each cost consistent with economic security. (See appendix A for a summary of the methods and sources for all the cost elements.)

HOUSING

The TCES measure uses the US Department of Housing and Development's (HUD) 2022 Fair Market Rents (FMRs) to estimate housing costs for metropolitan and nonmetropolitan areas.[7] The FMRs are annual estimates of gross rent for unit sizes ranging from studio apartments to four-bedroom units and include the cost of basic utilities.

HUD calculates FMRs using data from five combined years of ACS data and adjusts rental expenses for inflation using the Consumer Price Index (CPI).[8] FMRs are set at the 40th percentile of gross rents, but no lower than 90 percent of the previous year's FMR for the area.[9] Gross rents include the cost of utilities, excluding broadband, telephone, and cable service. FMRs are defined for metropolitan areas and nonmetropolitan counties, and Small Area FMRs are calculated at the zip-code level for metropolitan counties (although we did not make use of zip-code level data in this work). The sample used by HUD excludes new housing (two years old or less), substandard housing, and public housing. FMR estimates are calculated using the costs associated with two-bedroom units and are adjusted to reflect the rents for smaller and larger units.[10]

To use the FMRs in the context of the TCES, we first determine the number of bedrooms needed by each family.[11] We assume that no more than two people share a bedroom, children do not share a bedroom with their parents, children of opposite genders do not share bedrooms, and a couple without children requires one bedroom. For families with children, we assume one bedroom is needed for every two children of the same gender under age 12 and children age 12 and older require their own bedroom. For example, a family with five children—one girl and three boys under age 12 and one girl age 12 or older—would require four bedrooms for their children, plus one for the parents. (See appendix B for more details on how we implemented this with the ACS data.)

FMRs are set to represent the cost of standard-quality housing, which allows for the TCES measure to estimate a reasonable cost of shelter beyond baseline survival. We use FMRs to capture the costs of housing for all families regardless of whether they own or rent their homes and regardless of their actual rental costs. Nearly all of the measures identified in table 1, aside from the SPM and the COLI, model the cost of housing based on the FMRs.

FOOD

Food expenses under the TCES are based on the June 2022 Food Plans from the US Department of Agriculture (USDA), which estimate the monthly cost of a healthy diet.[12] The USDA calculates the costs for four food plans: the Thrifty, Low-Cost, Moderate-Cost, and Liberal Food Plans. Each plan is designed to estimate the average costs of a healthy diet at various budgets. The Thrifty Food Plan was the original basis of the federal poverty line, while the more generous Low-Cost Food Plan represents the cost of food in the 25th to 50th percentile of food spending, meaning between 50 and 75 percent of food expenditures are higher than the costs reflected in the Low-Cost Food Plan. Food costs are estimated for individuals based on household size and composition; for individuals in each household, food costs vary by 10 age groups and, for people age 12 and over, by sex. USDA assesses the costs of the plans at a single point in time and adjusts them to reflect changes in prices due to inflation on a monthly basis using the CPI.

The TCES estimates costs using the Low-Cost Food Plan, as it provides a step above the baseline Thrifty Food Plan to measure the cost required for food. As such, it represents what a family must spend on food to meet its nutritional requirements without scrimping, and it was used by four of the seven measures analyzed in table 1. These plans factor in the cost of food prepared at home and exclude the cost of take-out, fast food, and restaurant meals, despite the average American family spending around 37 percent of their food budget on food prepared away from the home.[13] Although this may result in an

underestimate of the total food costs for families, additional expenses for families (like meals purchased outside of the home) are factored into the family budget through a miscellaneous cost category.

We make two adjustments to the Low-Cost Food Plan to more accurately reflect differences in food costs across states and counties. First, because only the Thrifty Food Plan (TFP) is available for Alaska and Hawaii, the TCES estimates Low-Cost Food Plan amounts for these states by inflating the Low-Cost Food Plan amounts for the remainder of the country by the ratio of the Alaska and Hawaii TFP amounts to the TFP amounts for the remainder of the country. Second, for all states, the cost estimates are adjusted to the county level using Map the Meal Gap (MMG) data on the cost-per-meal from Feeding America (Hake, Engelhard, and Dewey 2023).[14] Feeding America's MMG calculates the average per-meal costs for food-secure households in all US counties and county equivalents. The county-level meal cost estimates are based on Nielsen's data that measures the prices of Universal Product Code (UPC) barcoded food items in stores across the country (2023). We further adjust the FNS data by calculating the mean food plan costs across males and females and for four age groups: 0–5, 6–11, 12–18, and 19 and older.

The total food costs for a TCES family are the sum of food costs across all individual family members, using the costs for the area where they live, adjusted by the USDA's recommended family-size adjustment factors.[15] (See appendix B for more details on how we implemented this in the ACS data.)

HEALTH CARE

There are two primary considerations when determining health-related expenditures: health insurance premiums and medical out-of-pocket (MOOP) expenses, including the costs of prescription drugs, over-the-counter medical supplies, copayments, and deductibles. The TCES measure estimates health insurance premiums and MOOP costs on an annual basis.

Insurance premiums. The TCES measure assumes that the cost of health insurance premiums is equal to the cost of the second-lowest-cost silver plan available through health insurance marketplaces established under the Affordable Care Act. The second-lowest-cost silver plan provides essential health benefits at a moderate cost and is the standard against which premium subsidies are determined. The TCES varies premium costs by family composition and county using data on premium costs obtained from KFF's Health Insurance Marketplace Calculator.[16]

Health insurance costs also vary by age in nearly all states. In states that adjust premiums for age, the TCES assumes premiums for children ages 0–13 are equal to the cost of the second lowest cost

silver plan for a 13-year-old, premiums for teens ages 14–17 are equal to the cost of a plan for a 17-year-old, and premiums for youth ages 18–20 are equal to the cost of a plan for a 20-year-old. For adults 21 and older, we base health insurance costs on the premiums for adults ages 20, 40, and 60 and adjust costs to reflect the costs at specific ages between those three ages.[17] For older adults, we assume that premiums for adults aged 61 through 74 increase 3.0 percent per year (starting from the age-60 premium), that premiums for adults 75 through 84 increase 2.5 percent per year, and that premiums for adults aged 85 and older are the same as for adults at age 84. The total premium cost for families in these states is the sum of individual-level premium costs across the family members. New York and Vermont do not use age-rated premiums; therefore, the TCES assigns premium costs to families in these states based only on the composition of the family.[18] (See appendix B for more details on implementation in the context of the ACS data.)

Medical out-of-pocket (MOOP) costs. To capture MOOP costs, we use information reported in the Current Population Survey's Annual Social and Economic Supplement (CPS ASEC) to compute median out-of-pocket health spending (excluding medical premiums) by age range and state.[19] These costs are based on people who are not enrolled in Medicaid or CHIP and do not receive marketplace coverage with a subsidy, since those individuals might have lower MOOP (e.g., Medicaid beneficiaries may pay no or very low copays for doctor visits), and the intent is to capture the cost of MOOP prior to subsidies.[20] Thus, at the state level, we produce estimates of the typical MOOP spending for the following age ranges: 0–13, 14–20, 21–39, 40–59, 60–69, 70–79, and 80 years and older. We assign these costs to each person in the family, regardless of the presence or type of health insurance, adding up these amounts across the family unit. To adjust for within-state variation, we compute the median out-of-pocket spending for all families in a Public Use Microdata Area (PUMA) using the ACS research files produced by the Census Bureau (MOOP is imputed by the Census Bureau for the ACS as it is not asked about directly) and take the ratio of the PUMA median to the state median.[21] We multiply the state-level medians for each age group by the PUMA-to-state ratio.

Using median spending levels by age range to establish the true cost of out-of-pocket spending (excluding people with means-tested coverage or a subsidy) implicitly assumes that families need to be spending that much money to adequately meet their health care needs. We believe this is superior to using estimates of families' actual spending, as some families may not purchase all the health items they need because of the high cost, while other families may spend well beyond what a typical family would need. We prefer median to the mean, as high-spending families would skew the mean upward. Note that we implicitly assume that 50 percent of families spend less than they need.

CHILD CARE

The measure includes the cost of child care using the Department of Labor (DOL)'s National Database of Childcare Prices.[22] The price information we obtained from the database reflects the median annual prices of child care for one child at market rate and the database provides data at the county level for most states. In instances for which no data are available for the entire state, data are obtained from state plans submitted under the federally funded child care subsidy program and from state market rate survey data and cost of care survey data.[23] When data are available for only some counties in a state, the TCES assumes the costs for counties with no data are equal to the average child care costs in counties with available data. The most recent substate data available from the database are for 2018. We use the Consumer Price Index for all urban consumers for tuition, other school fees, and child care to adjust the data to 2022 dollars.[24]

The DOL database provides costs for both center-based and home-based care. Nationally, most children (62 percent) age 5 and younger who receive nonparental care are in a center-based care arrangement (Cui and Natzke 2021). Child care quality can substantially impact a child's development and, although the quality of home- and center-based care can vary, some evidence suggests that children receiving formal, center-based care have improved educational outcomes when compared with children receiving informal home-based care (Lowe Vandell and Wolfe 2000; Morrissey 2019). Because center-based care is more widely used and may provide the greatest benefit to children, the TCES assumes all families' expenses include the cost of center-based care.

The TCES measure assumes that families require child care for children age 12 or younger and children ages 13–18 who have a disability.[25] The database (combined with the state-specific sources when needed) provides the estimated annual costs of child care for infants, toddlers, and preschoolers by age group, as well as the cost of care for school-age children of any age.[26] The TCES measure applies the cost of infant care to infants and 1-year-olds, the cost of toddler care to 2-year-olds, and the cost of preschool care for children age 3 or 4. For children age 5 or older who require child care, we assume that child care expenses are equivalent to the cost of care for school-age children. (See appendix B for more details on the implementation within the ACS data.)

TRANSPORTATION

The TCES assigns the cost of transportation based on the Center for Neighborhood Technology's Housing and Transportation (H+T) Affordability Index, which provides data at the national, state, and substate levels.[27] The H+T Index estimates the annual cost of auto ownership, auto use, and transit use for US households. Annual costs are estimated for households earning the national median income,

regional median income, and 80 percent of the area median income. Auto ownership costs include the cost of depreciation, finance charges, insurance, license, registration, and taxes. Auto use costs are those associated with the number of vehicle miles traveled, including the cost of gas, maintenance, and repairs per mile.

Families require reliable access to transportation to maintain employment, travel to school or child care, access health care, and obtain basic necessities; therefore, we assume all families have transportation expenses. The TCES assumes that transportation costs are equal to the average annual costs in the H+T Index for households at 80 percent of the area median income. For each place, the transportation costs reflect a combination of auto ownership costs, auto maintenance costs, and transit costs for households at that income level; for example, the higher the transit usage, the higher the transit portion of the total.[28] The latest H+T data available reflects the costs in 2019. We use the Consumer Price Index for all urban consumers for transportation services to adjust the data to 2022 dollars.[29] (See appendix B for more implementation details.)

TECHNOLOGY

Modern US households rely on cellphones and internet to obtain and maintain employment, pursue education, and create social connections. Cellphones and internet access are critically important for families' social and economic participation; therefore, the TCES measure factors in the costs for both services.

Although internet costs vary across the country, pricing data is extremely limited. No publicly available data source details even the state-level average internet costs for households; therefore, we rely on small sample size, consumer and provider surveys to estimate the cost of internet for US households. The available survey data reveal a wide range of monthly costs; families may pay anywhere between $20 to $300 per month for internet services (Read 2022; Schwantes 2022).[30] Based on a review of these data, the TCES measure sets internet expenses at $60 per month and assumes all families require internet services.

Cellphone expenses are based on the lowest cost plan using data from Consumer Reports (Fowler 2021).[31] In 2021, the lowest-cost plan provided 4 GB of data, costing $65 per month. We estimate the base cost of the cellphone plan is $65, and the cost for each additional cell phone plan is 50 percent of the base cost (e.g., a plan for two people is $97.50, three people is $130). The TCES measure assumes every individual age 13 and older requires a cellphone.

TAXES OWED

Families generally face tax liabilities. The ATTIS model includes a tax calculator that computes federal income tax, state income tax, and payroll tax liabilities based on each ACS family's income. We use this ATTIS feature to assign tax costs (before credits) in constructing the TCES (see appendix B).[32] As income tax liabilities rise with income, tax costs will be higher for higher-income families, elevating their TCES threshold.[33]

DEBT SERVICE

The TCES measure uses the Urban Institute's Debt in America 2022 data to estimate student loan debt for adults (Andre et al. 2023). The data tool provides county-level data on the share of individuals in a county with student loan debt, median total debt, and median monthly payments. The data are further broken down by race and ethnicity (although we do not use the data disaggregated by race and ethnicity). We use these data to impute the median monthly student loan payments onto a portion of individuals ages 19–45 with some college education (they do not need to have obtained a college degree.to be assigned debt payments). The share of adults with monthly payments is equal to the number of student debt holders in a county as a percentage of adults with any college education in the county. All the adults selected randomly from the likely candidate pool considered to have student debt are assigned the median payments for their location. (See appendix B for more implementation details.)

We do not capture other sources of debt in our TCES cost measure. In some cases, those costs are implicitly captured elsewhere. For example, mortgage debt is related to housing, and we do capture housing costs. Similarly, auto loans are captured in transportation costs. However, other types of debt may have been incurred to purchase basic levels of other goods and services in the past and factor into family budgets. As such, we likely underestimate the overall costs of debt service.

SAVINGS TARGETS

Few existing cost-of-living or self-sufficiency measures factor in savings as an expense in the family budget. Savings can provide families with the cushion they need to deal with unexpected expenses; therefore, the TCES measure factors in savings as a basic cost in the family budget.

The TCES calculates savings targets for families based on building up adequate savings to cover all their other costs captured in the TCES measure. We set the savings target at 10 percent of the total of all other costs, when the family includes at least one adult in the age range from 18 to 64. Families in which all adults are age 65 and older are assumed to be dissaving. This means that if a family's TCES for all included costs is $70,000, then their savings target would be $7,000, and their TCES threshold would

be $77,000. If a family could meet this target for five years, they will have built up enough savings to cover six months of their expenses, a target commonly recommended in personal finance. Even families with the recommended level of precautionary savings should save for retirement and their children's education costs. Our target savings rate is somewhat conservative compared with the rule of thumb that families should save about 20 percent of their income.[34]

MISCELLANEOUS

Families face numerous other costs not explicitly captured in any of the previously discussed cost categories. The TCES factors in these expenses using the approach defined by MIT's Living Wage Calculator. Costs for these additional necessities are derived from 2022 Consumer Expenditure data for five separate categories of cost, including apparel and services, food away from home, housekeeping supplies, personal care products and services, and civic engagement.[35] Costs are based on household size and are adjusted for regional differences in expenditures.[36]

Resources for the TCES Measure

To assess whether families can meet the True Cost of Economic Security, we consider the resources available to families. The following resources are obtained from a combination of information reported in the ACS data, information simulated by the ATTIS model, and estimates developed for the TCES calculations:

- annual earnings, which include wages, salary, commissions, bonus, or tips, from all jobs
- positive self-employment income (negative self-employment income represents a business loss and is not included)
- interest, dividends, rent, royalties, and income from estates or trusts
- pension income and distributions from retirement savings accounts
- cash transfers from social insurance and public assistance programs, including Social Security (for retirees, survivors, and people qualifying due to disability), unemployment compensation, income from the Temporary Assistance for Needy Families (TANF) program or from Supplemental Security Income (SSI), and other cash public assistance (in our implementation of the TCES, several underreported benefits are aligned with administrative data using ATTIS; see appendix B)

- cash value of in-kind public supports including nutrition assistance from the Supplemental Nutrition Assistance Program (SNAP) or Women, Infants and Children program (WIC), the value of public housing or housing vouchers, energy assistance, and the value of subsidized child care (these items are simulated by ATTIS for our computations with the ACS data; see appendix B)
- other cash income, including child support received, veterans' benefits, workers, compensation, alimony, and any other regularly received cash income
- the value of employer-sponsored health insurance as well as subsidies to the cost of health insurance purchased through the health insurance marketplace and subsidies individuals may receive for copayments and out-of-pocket costs
- the value of parent-provided child care (a parent who chooses not to work outside the home receives a resource credit equal to the cost of the child care they would otherwise need)
- value of tax credits as part of the federal income tax system and also state income tax systems (many families receive tax credits that offset some or all of their tax liabilities captured in costs and may even generate positive income); in implementing the TCES concepts with the ACS data, the value of each family's tax credits is computed by ATTIS, based on the family's composition and income[37]

Most of the resources listed above are relatively straightforward to identify in the ACS data, either because they are directly reported or because we can use existing data from the ATTIS model. However, child care and health care, including health insurance and MOOP costs, required additional considerations to best reflect the resources allotted to the families.

CHILD CARE

In 2021, 18 percent of families had at least one stay-at-home parent.[38] Many of these parents opt to provide child care rather than paying for child care. For the TCES, we assume families require child care for all children age 12 or younger and children ages 13–18 who have a disability. However, parents or caretakers who choose to provide the care themselves or receive free care from a relative would not incur child care costs. Additionally, some families that require child care may receive child care subsidies that pay for all or part of the cost of care. To address this, we treat families in these situations as having resources that offset the costs of child care. We assign child care benefits for two different groups of families: those in which care was provided by parents or caretakers and those receiving child care subsidies.

We use the ACS data to identify families in which at least one parent or caretaker is available to provide child care. We determine parents and caretakers to be "available" if they are not working, they are neither looking for work nor attending school, and they do not have a disability. We assume these parents and caretakers are choosing to provide child care; we fully offset the cost of childcare for the portion of the year that they appear to satisfy the criteria. However, no resource is assigned to reflect cases when care may be provided free from another relative because we would only observe that situation if the relative was living in the household; also, even if a relative in the household appeared to be providing care, the parents could be providing payment.

Although the ACS does not include information on child care subsidies, the ATTIS model can simulate the child care subsidies families may receive through the Child Care Development Fund (CCDF) program. For families simulated to receive CCDF benefits, we assume the value of the subsidy is equal to the difference between the full value of the care and their "copayment" (the amount the family is required to pay, if any).[39]

HEALTH CARE

Many families are eligible for resources that can substantially reduce their health care expenses. There are three types of health care resources we consider for the TCES: the value of employer-sponsored insurance or public coverage, the value of the premium tax credit, and cost-sharing that would result in a reduction in MOOP for some people. For example, families who cannot receive either employer-sponsored insurance or public coverage may be able to receive tax credits that offset their expenses if they purchase health insurance from a health insurance marketplace.

Insurance premium resources. Many families have health insurance coverage through employer-sponsored plans or public sources, including Medicaid, CHIP, Medicare, or health insurance for active-duty or retired military members. For individuals with these types of health insurance, we assume that their premium resources fully offset their costs (even though recipients may pay a portion of the premium). Some people may also receive services through the Indian Health Service (IHS). However, the Centers for Medicaid and Medicare Services (CMS) do not consider IHS resources to provide sufficient coverage and recommend that recipients obtain supplement health coverage.[40] We assume uninsured individuals and individuals with only IHS coverage do not have any resources to offset premium costs.

Value of the premium tax credit. We assume any individuals with privately purchased (nonemployer) health insurance purchased their coverage through the federal or state marketplace, and we estimate if they are eligible for a premium tax credit based on the program's policies and the family's

circumstances. We offset premium costs for those with private coverage by the value of their premium tax credit.[41]

MOOP resources. In addition to reduced premiums, people with coverage through the marketplace may qualify for cost-sharing reductions that reduce their deductibles and copays. People with Medicaid or CHIP are also likely to face lower copay costs. We estimate the value of resources for these individuals based on the reduction in the cost of doctor visits when people receive these benefits (at different income levels) and an assumed number of doctor visits. For example, we assume that children under age 18 require four doctor visits per year and adults ages 18 and older require three visits (Robert Graham Center 2021). We also estimate that people with modified adjusted gross income (MAGI) less than 150 percent of the federal poverty guideline have a $40 reduction in cost per visit, and people with MAGI between 150 and 200 percent of poverty have a $25 reduction in cost per visit. Based on this information, an adult with MAGI under 150 percent of poverty with either marketplace or Medicaid coverage would have an estimated cost-sharing reduction of $120 annually (three visits multiplied by $40). We offset MOOP costs for all individuals with Medicaid/CHIP or private (nonemployer) health coverage by the value of their cost-sharing reduction.

Simplifications. Assigning a value to health insurance coverage is challenging, and we make many simplifying assumptions that may cause us to overestimate resources. First, we estimate health insurance coverage on an annual basis.[42] Many individuals may have partial year coverage, which would result in an overestimate of their resources if they were uninsured for part of the year. Our analysis also assumes that everyone with private coverage purchased it in the marketplace and that everyone found eligible for the premium tax credit receives this benefit. Finally, we assume that people receiving employer-sponsored health insurance, Medicaid/CHIP, Medicare, or military health care bear no additional premium costs. However, many employees are required to pay a portion of the premium, and public insurance beneficiaries may face some premium costs.

Several of our simplifications may also result in an underestimate of resources. To the extent that public health insurance is underreported in the ACS, we may be underestimating the total resources an individual receives. Also, several states offer additional premium assistance or cost-sharing reductions for out-of-pocket expenses. We do not capture the value of additional state subsidies or cost-sharing. As of 2024, nine states supplemented the Premium Tax Credit with additional subsidies. Finally, we assume that IHS coverage has no value. Although IHS services may be limited, recipients likely receive some cost savings from this benefit.

OTHER RESOURCE CONSIDERATIONS

Some sources of funds are not captured as income by the ACS (the survey captures regularly received income) and are not computed by ATTIS. These include gambling winnings, capital gains, withdrawals from savings, inheritances, and loans.[43] As 90 percent of all capital gains are realized by families in the top 20 percent of the income distribution, omitting capital gains likely would not have noticeable effects on the share of families with incomes below the true cost of living (Enda and Gale 2020; Whelan 2023). Gambling winnings are a fairly rare source of income, reported on just over 1 percent of all tax returns. For the types of income intended to be captured in the ACS, some may be underreported, particularly for those types of income that the survey does not ask about individually (including child support, veterans' benefits, unemployment compensation, workers compensation, and others).

Another aspect of individuals' finances not captured in the ACS and not modeled by ATTIS is employer contributions to pension plans, which are not resources available to families today but do help families reach their savings targets. Consequently, on the cost side, we have set the savings targets at 10 percent of all other costs rather than the conventional guidance to save 20 percent of income.

Finally, homeowners, especially those with considerable equity, may pay far less in mortgage, real estate taxes, and homeowners' insurance than the housing cost threshold we use. The difference between the threshold cost and actual payment could be considered a resource for those families. We do not have adequate data to reliably assess the resource value of homeownership, so we exclude this cost. (In Appendix C, we compare TCES thresholds and rates for homeowners with those of nonhomeowners.)

Although trade-offs associated with the data and assumptions underlie any approach, the data sources and methodology we employ provide a strong basis for developing a cost-of-living measure that sufficiently captures the true costs a family must meet to maintain economic security.

True Cost of Economic Security Thresholds and Available Resources

The TCES threshold varies by family composition and place. The resources a family needs to be economically secure depend on the number of adults and children in the family and their ages, as well as where they live. Families with young children will have child care costs, and adults with no children will not. Larger families will need larger living spaces than smaller families. Health care costs are higher for older people than for younger people. The TCES measure accounts for these differences.

The costs captured in the TCES are not the costs families actually incur. They are the costs associated with purchasing "adequate" housing, health care, food, transportation, and other goods and services where "adequate" is set at levels associated with baseline economic security. Families may be spending less than what we consider adequate, perhaps living in crowded housing or skipping meals. Their actual resources may meet their actual expenses, but they are clearly struggling and thus falling below the TCES threshold. Conversely, families may be spending more than what we consider adequate. Given the costs of goods and services where they live, we believe they could spend less and still be economically secure.

True Cost of Economic Security Thresholds and Resources by Family Type

Families with only adults under age 65 (henceforth "adults") without children face a median TCES threshold of $88,900 per year (see table 2 and figure 1). The medians we report by family type are person-weighted, meaning the reflect the experience of the median or average person in that type of family. The median TCES threshold for people in families with adults under age 65 and children is far higher at $134,800, while the threshold for people in families with at least one adult age 65 or older (henceforth "older adults") is $105,100 a year to be economically secure.

TABLE 2

Median Costs and Resources by Select Costs and Resources for Persons by Family Type

	Families with Only Adults under Age 65		Families with Adults Age 65 and Older($)
Costs and Resources	**No children ($)**	**Children present ($)**	
Total cost	88,900	134,800	105,100
Housing	12,900	18,200	13,300
Health care	14,300	20,400	34,100
Food	6,500	12,800	7,000
Transportation	15,300	15,500	15,400
Child care	0	11,400	0
Student debt	0	0	0
Savings	8,100	12,300	7,000
Taxes	13,700	15,700	5,300
Other costs	13,100	18,700	15,400
Total resource	92,400	121,000	109,200
Market resources	86,700	108,000	60,500
Market resources with Social Security and Medicare	88,800	108,900	102,000

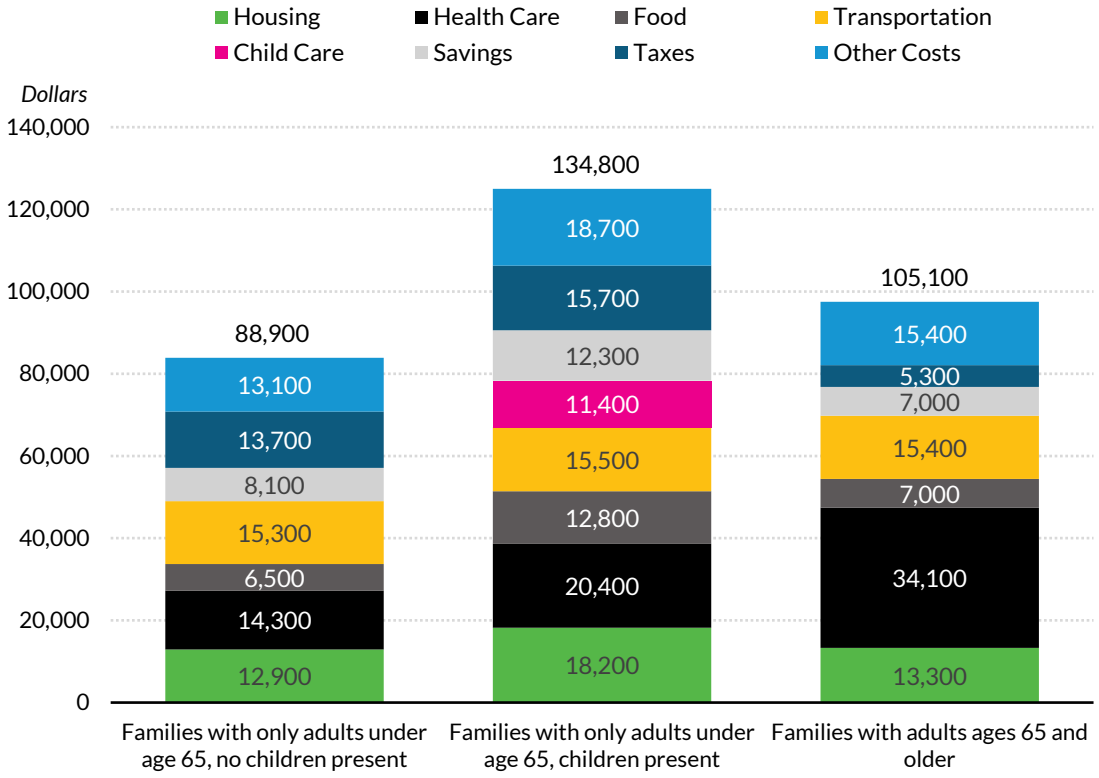
Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

Notes: The unit of analysis consists of individuals who are classified by their family composition. The medians are based on the family-level costs and resources of each individual with a particular family type. The family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. An adult is over 17, or a person under age 18 who is the head (or spouse of head) of a family. Estimates do not include people who are unhoused or living in

nursing homes, homeless shelters, or other group quarters. Other costs include miscellaneous expenses, such as food purchased away from home, apparel and services, personal care products and services, housekeeping supplies, and civic engagement expenses. Market resources include the value of earnings, interest and dividends, pensions, child support, child care provided by parents or caretakers, and employer-sponsored health insurance.

FIGURE 1

Median Family-level Costs for Select Costs, for Persons by Family Type



URBAN **INSTITUTE**

Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

Notes: The unit of analysis consists of individuals who are classified by their family composition. The medians are based on the family-level costs of each individual with a particular family type. Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. An adult is over 17, or a person under age 18 who is the head (or spouse of head) of a family. Estimates do not include people who are unhoused or living in nursing homes, homeless shelters, or other group quarters. Other costs include miscellaneous expenses, such as food purchased away from home, apparel and services, personal care products and services, housekeeping supplies, and civic engagement expenses. Market resources include the value of earnings, interest and dividends, pensions, child support, child care provided by parents or caretakers, and employer-sponsored health insurance.

Adults with children have higher housing costs than adults without children and older adults, largely because families with children have more household members than families without children

and require more bedrooms. On average, adults with children need to spend $18,200 a year for housing while adults without children and older adults need to spend $12,900 and $13,300 a year, respectively. Again, these are median costs across the country.

Health care costs are particularly high for older adults—with a median family cost of $34,100 a year across all individuals in older-adult families. This level reflects both their out-of-pocket costs and the costs they would have to pay for health insurance. Most older adults, however, have health insurance through Medicare, which we capture in their resources. Again, the TCES measure explicitly breaks out costs and resources. For adults without children, health care costs run about $14,300, while adults with children have health care costs of $20,400.

Food costs vary largely based on the number of people in a family and range from $12,800 for adults with children to $7,000 or less for adults without children and older adult families. Transportation costs are roughly the same regardless of family type and are about $15,500. Only families with children have child care costs, and adults with children would need to spend $11,400 to meet the median child care needs. The median family has no student-debt payments. Other costs, such as technology, clothing, cleaning products, and civic engagement, vary largely with the number of people in a family and are thus higher for adults with children. The total of other costs ranges from $18,700 for adults with children to $13,100 for older adult families. Savings targets are simply 10 percent of the costs directly captured for all families with at least one person under the age of 65. Finally, tax liabilities vary between family types largely because of differences in taxable income—families with higher incomes will have higher tax liabilities.

The median resources available to these families exceed the TCES thresholds for older adult families as well as adult families without children, while the median resources for adult families with children fall below their TCES threshold.[44] On average, adult families without children have $92,400 in resources, which is more than their median TCES threshold of about $88,900. Similarly, older adult families have median resources of $109,200, slightly higher than their TCES threshold of $105,100. In contrast, adult families with children have median total resources of $121,000, which is less than their TCES threshold of about $134,800. Recall that the total resources for families include offsets for certain costs. For example, if a family has employer-sponsored health insurance or Medicaid coverage, our measure credits them with resources that fully offset the health insurance costs we include in the TCES threshold computation.

True Cost of Economic Security Thresholds and Resources by Number of Children and Adults

The resources a family needs to be economically secure vary by the number of adults and children in the family—more people means higher resource needs. A single adult under age 65 with no children needs $58,800 to reach the TCES threshold, while a single adult with three or more children needs $120,500 (table 3).[45] The median resources for people in these types of families fall well below their TCES thresholds. The median resource amount for a single-adult family without children is $42,300, while the median resource amount for a single adult with three or more children is $65,400.[46] Two adults under age 65 with one child need $121,000 a year to be economically secure, while those with three or more children need almost $157,700 a year. For two-adult one-child families, their median resources ($127,200) slightly exceed their TCES threshold, while for two-adult three-child families, median resources ($131,800) fall below their TCES threshold. Adults age 65 and older need somewhat more in resources than younger adults in similar family circumstances. For example, a single older adult without children needs $63,700 to reach the TCES threshold, about $5,000 more than a single younger adult. That difference largely reflects differences in health care costs. Median resources for older adults without children are $52,400, about $10,000 more than the resources for one adult families without children but well below their median TCES threshold. The differences in resources largely reflect the impact of Social Security and Medicare on the resources of older adults.

TABLE 3

Median Costs and Resources of True Cost of Economic Security by Family Type, for All Individuals in the US

Family type	Median costs ($)	Median resources ($)
Families with only adults under age 65		
One adult, no children	58,800	42,300
One adult, 1 child	77,800	50,600
One adult, 2 children	96,000	58,300
One adult, 1 or more children	97,000	58,800
One adult, 3 or more children	120,500	65,400
Two or more adults, No children	103,500	123,300
Two or more adults, 1 child	121,000	127,200
Two or more adults, 2 children	139,700	138,300
Two or more adults, 1 or more children	140,000	132,600
Two or more adults, 3 or more children	157,700	131,800
Families with at least one family member age 65 or older		
One adult, no children	63,700	52,400

Family type	Median costs ($)	Median resources ($)
Two adults, no children	97,300	107,100
One adult, 1 or more children	83,500	61,800
Two adults, 1 or more children	122,300	101,200
Three or more adults	154,000	159,800

Sources: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.
Notes: The unit of analysis consists of individuals who are classified by their family composition. The medians are based on the family-level costs and resources of each individual with a particular family type. Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. An adult is over 17, or a person under age 18 who is the head (or spouse of head) of a family. Estimates do not include people who are unhoused or living in nursing homes, homeless shelters, or other group quarters.

A family's unique circumstances affect the level of resources they need to meet their true cost of economic security. Consider persons living in three-generation families. On average, these families need $169,600 to be economically secure (table 4). Their costs to achieve economic security are high because they have relatively high housing and food costs (based on the number of people in the family) and incur child care costs for the children and higher health care costs due to the presence of members over age 65. Their median resources ($160,300), however, come close to meeting their costs on average due largely to the availability of Medicare and Social Security for the older adults in the household. Families carrying student debt carry extra costs associated with their loan payments. A family with student debt and children requires an average of about $144,000 to meet their true cost of economic security, and their student loan payments make up $2,000 of that expense. But student debt also enables adults to earn a postsecondary degree or credential, which can raise their earnings and thereby increase their resources to meet all their costs. The median level of resources for adults with children and student debt is $144,400, about the same as the costs they must meet.

TABLE 4

Median Costs and Resources for Persons in Two Family Types

Cost and resource types	Persons in three-generation families ($)	Persons in families with student debt with children ($)
Total cost	169,600	144,000
Housing	24,500	18,100
Health care	44,200	20,900
Food	16,900	13,200
Transportation	15,400	15,500
Child care	9,000	11,700
Student debt	0	2,000
Savings	15,400	13,100
Taxes	13,800	20,900
Other costs	19,500	18,700
Total resources	160,300	144,400
Market resources	109,800	131,700
Market resources with Social Security and Medicare	141,400	134,400

Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

Notes: The unit of analysis consists of individuals who are classified by their family composition. The medians are based on the family-level costs and resources of each individual with a particular family type. Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. Estimates do not include unhoused people or people living in nursing homes, homeless shelters, or other group quarters. Three-generation families are those with more than one adult, at least one child, and at least one adult age 65 years or older, and in which age difference between adults is 15 years or greater. Other costs include miscellaneous expenses, such as food purchased away from home, apparel and services, personal care products and services, housekeeping supplies, and civic engagement expenses. Market resources include the value of earnings, interest and dividends, pensions, child support, child care provided by parents or caretakers, and employer-sponsored health insurance.

True Cost of Economic Security Thresholds and Resources by Place for Selected Families

The resources families need to meet the TCES vary from place to place. Families in metro areas face higher costs than those in nonmetro areas. The TCES threshold for adults without children is $90,700 in metro areas and $83,100 in nonmetro areas (table 5). For families with adults and children, the metro/nonmetro TCES thresholds are $139,100 and $121,000 (table 5), respectively, while for families with older adults, the thresholds are about $108,500 and $95,900, respectively (table 5).[47] For all types of families considered, housing costs are far higher for those in metro areas than those in nonmetro areas, while other cost items differ by far less, and in some cases, like health care, are lower in metro

areas. (For families with children, child care costs are notably higher in metro than in nonmetro areas.) Although costs are higher in metro areas, family resources available to meet those costs are also higher. For adult-only families, the metro/nonmetro median resources are $95,300, compared with $82,300; for adults with children, the resources are $125,400 in metro areas and $108,500 in nonmetro areas. For families with older adults, the resource levels are $113,500 (metro) and $98,100 (nonmetro).

TABLE 5

Median Costs and Resources for Persons by Family Type by Metro Status

	Families with Only Adults under Age 65				Families with Adults Age 65 or Older	
	No children		Children present			
Cost and Resource Type	Metro ($)	Nonmetro ($)	Metro ($)	Nonmetro ($)	Metro ($)	Nonmetro ($)
Total cost	90,700	83,100	139,100	121,000	108,500	95,900
Housing	13,800	8,500	20,100	13,100	14,800	8,700
Health care	13,600	16,900	20,100	21,400	33,500	36,000
Food	6,600	6,000	13,100	11,900	7,200	6,200
Transportation	15,000	16,000	15,200	16,000	15,100	16,000
Child care	0	0	12,100	8,600	0	0
Student debt	0	0	0	0	0	0
Savings	8,200	7,600	12,600	11,000	7,800	0
Taxes	14,500	11,000	16,600	13,200	6,500	2,100
Other costs	13,100	13,100	18,700	18,300	15,400	13,100
Total resource	95,300	82,300	125,400	108,500	113,500	98,100
Market resources	89,800	75,000	112,500	94,200	65,800	45,500
Market resources with Social Security and Medicare	91,600	78,100	113,300	95,400	105,800	92,000

Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

Notes: The unit of analysis consists of individuals who are classified by their family composition and by metropolitan status. The medians are based on the family-level costs and resources of each individual. Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. An adult is over 17, or a person under age 18 who is the head (or spouse of head) of a family. Estimates do not include people who are unhoused or living in nursing homes, homeless shelters, or other group quarters. Other costs include miscellaneous expenses, such as food purchased away from home, apparel and services, personal care products and services, housekeeping supplies, and civic engagement expenses. Market resources include the value of earnings, interest and dividends, pensions, child support, child care provided by parents or caretakers, and employer-sponsored health insurance.

Both costs and resources are, on average, higher in the Northeast and West regions of the country than in the Midwest and South regions.[48] For example, among people in families with adults and children, median TCES thresholds in the Northeast and West range above $150,000, while TCES

thresholds in the Midwest and South hover around $125,000 (table 6). Differences in housing and child care costs account for most of the regional variation in TCES thresholds. Median resources for these families are highest in the Northeast ($138,200) followed by the West ($128,600), the Midwest ($121,100), and the South ($110,800). For families with older adults (at least one adult over age 65), the median TCES threshold for those living in the West ($121,500) is markedly higher than for those living in the Northeast ($106,200), South ($103,400), and Midwest ($92,900). For people in families with older adults, housing and health care costs in the West account for the bulk of the differences between regions.[49] But again, resources are also higher in the regions with higher costs.

TABLE 6

Median Costs and Resources of Persons by Family Type by Region

	People in Families with Only Adults under Age 65								People in Families with Adults Age 65 or Older			
	No children present				Children present							
Cost and Resource Type	North east ($)	Midwest ($)	South ($)	West ($)	North east ($)	Midwest ($)	South ($)	West ($)	North east ($)	Midwest ($)	South ($)	West ($)
Total cost	99,200	82,600	83,800	97,800	151,100	126,200	124,000	153,300	106,200	92,900	103,400	121,500
Housing	15,600	9,700	12,200	18,100	22,000	14,700	16,700	24,900	16,700	9,800	12,500	19,200
Health care	15,800	13,400	14,500	13,500	21,800	19,200	20,500	20,500	29,300	31,600	35,600	36,500
Food	7,000	6,200	6,200	6,700	13,700	12,500	12,200	13,700	7,400	6,400	6,800	7,600
Transportation	15,200	15,200	15,000	16,000	15,200	15,500	15,100	16,300	15,200	15,400	15,100	16,100
Child care	0	0	0	0	13,800	10,700	8,600	13,700	0	0	0	0
Student debt	0	0	0	0	0	0	0	0	0	0	0	0
Savings	9,000	7,500	7,600	8,900	13,700	11,500	11,300	13,900	7,100	0	7,200	9,300
Taxes	17,700	14,300	11,700	14,300	19,900	17,100	13,400	16,100	7,100	3,600	4,300	7,400
Other costs	15,400	13,000	13,100	16,500	21,800	18,200	18,300	23,400	15,400	13,000	13,100	16,500
Total resource	106,900	90,900	84,900	96,100	138,200	121,100	110,800	128,600	110,700	100,300	106,500	122,700
Market resources	101,200	85,800	79,300	89,700	124,600	110,300	97,800	113,000	65,500	50,800	57,300	72,600
Market resources with Social Security and Medicare	103,100	88,100	81,800	91,200	125,200	111,100	98,800	114,000	102,800	94,900	99,700	113,100

Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

Notes: The unit of analysis consists of individuals who are classified by their family composition. The medians are based on the family-level costs and resources of each individual. Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. An adult is over 17, or a person under age 18 who is the head (or spouse of head) of a family. Estimates do not include people who are unhoused or living in nursing homes, homeless shelters, or other group quarters. Other costs include miscellaneous expenses, such as food purchased away from home, apparel and services, personal care products and services, housekeeping supplies, and civic engagement expenses. Market resources include the value of earnings, interest and dividends, pensions, child support, child care provided by parents or caretakers, and employer-sponsored health insurance. The Northeast region includes people in Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; the Midwest region includes people in Illinois,

Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; the South region includes people in Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; and the West region includes people in Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

To further illustrate how costs vary by place, we selected specific counties in each of the four regions—San Francisco County, CA (West), Hennepin County, MN (Midwest), Jefferson County, AL (South), and Suffolk County, MA (East; table 7). For each of these counties, we consider costs and resources for a family with two adults and two children. The median TCES threshold for families in San Francisco is extremely high (over $250,000) largely because of tax liabilities. High-income families will have high federal tax liabilities regardless of where they live and two-adult two-child families that live in San Francisco tend to have very high incomes. Counting total resources, these families have median resources in excess of $300,000, and most of those resources come from their own private market activities. TCES thresholds in Hennepin and Suffolk Counties (Minneapolis and Boston) are a shade under $160,000, while the median TCES threshold in Jefferson County (Birmingham) is $130,500. Housing costs vary dramatically, with median housing costs approaching $50,000 in San Francisco, $36,000 in Suffolk (Boston), $22,000 in Hennepin (Minneapolis), and $15,000 in Jefferson (Birmingham). Child care costs are highest in San Francisco and lowest in Jefferson (Birmingham). Although health care costs are also highest in San Francisco ($24,800), they are lower in Hennepin ($13,900) and Suffolk counties ($16,000) than in Jefferson County ($21,100). Resources tend to be higher in higher-cost areas. Median resources for two-adult two-child families are $303,600 in San Francisco, $193,100 in Hennepin County, $144,400 in Jefferson County, and $109,200 in Suffolk County.

TABLE 7

Sample Counties with Median Costs and Resources for Individuals in Families with Two Adults under Age 65 and Two Children

Cost and resource type	All counties ($)	San Francisco, CA ($)	Hennepin County, MN ($)	Jefferson County, AL ($)	Suffolk County, MA ($)
Total cost	147,500	253,900	157,100	130,500	158,900
Housing	20,400	49,300	22,100	14,600	35,600
Health care	16,500	24,800	13,900	21,100	16,000
Food	13,600	15,700	14,300	13,300	14,100
Transportation	12,400	10,900	13,800	14,000	13,800
Child care	15,900	25,600	21,500	14,100	21,900
Student debt	0	0	0	0	0
Savings	13,400	23,100	14,300	11,800	14,400
Taxes	30,200	78,400	44,000	23,000	16,000
Other costs	18,200	23,400	18,200	18,300	21,800
Total resources	161,100	303,600	193,100	144,400	109,200
Market resources	154,900	297,100	188,900	136,500	91,900
Market resources with Social Security and Medicare	155,800	298,600	188,900	136,500	93,100

Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

Notes: The unit of analysis consists of individuals who are classified by location. The medians are based on the family-level costs and resources of each individual. Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. An adult is over 17, or a person under age 18 who is the head (or spouse of head) of a family. Estimates do not include people who are unhoused or living in nursing homes, homeless shelters, or other group quarters. Other costs include miscellaneous expenses, such as food purchased away from home, apparel and services, personal care products and services, housekeeping supplies, and civic engagement expenses. Market resources include the value of earnings, interest and dividends, pensions, child support, child care provided by parents or caretakers, and employer-sponsored health insurance.

True Cost of Economic Security Rates

When comparing available resources to the costs families must meet to be economically secure, we find that 52 percent of all people lived in families below the TCES threshold in 2022 (see table 8 and figure 2). In other words, the TCES rate is 52 percent. Again, this is a point-in-time estimate and does not allow us to make inferences about recent or longer-term trends in the share of people failing to thrive economically. More than one out of five people (22 percent overall) live in families with resources between 75 and 100 percent of the TCES threshold. Hence, over 40 percent of the people in families

who fall below the TCES threshold (22 percent /52 percent) are nearing economic security; their resources are about $14,500, or 13 percent, short of the TCES threshold. Note that the TCES measure represents a savings target of 10 percent of all other costs. These families can afford most regular expenses, but they are not primed to thrive. In contrast, more than one in six people who fall below the TCES threshold (and about one in ten overall) have less than half of what they need to meet their true cost of economic security.

TABLE 8

Distributional Analysis of Persons in Families with Resources below Their True Cost of Economic Security

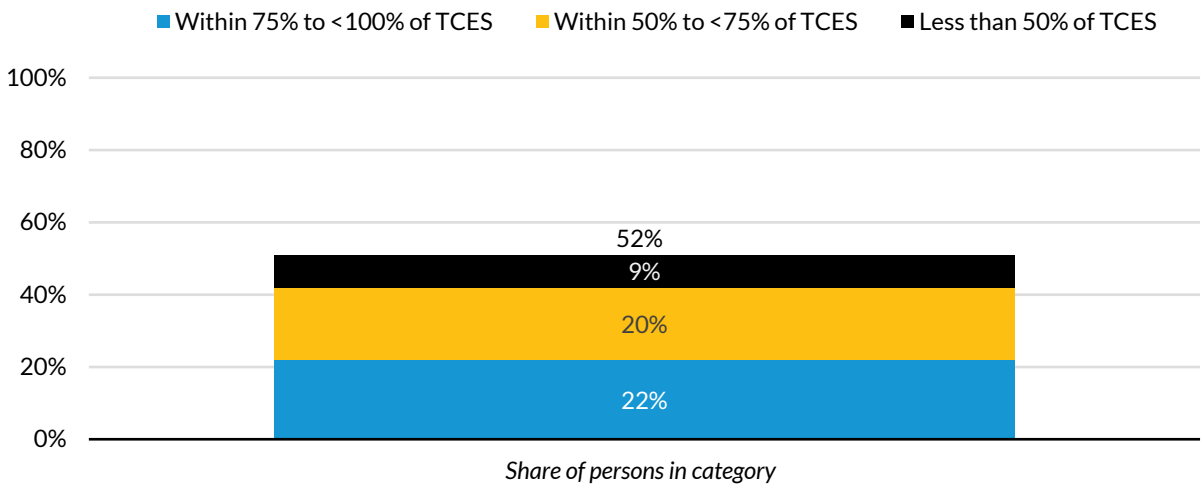
	Share of persons in category (%)	Average percent below TCES (%)	Average family resource gap ($)	Median total family costs ($)	Median total family resources ($)
Total below TCES	52	31	31,300	102,400	70,500
Within 75 to < 100% of TCES	22	13	14,500	110,700	96,000
Within 50 to < 75% of TCES	20	37	38,900	102,400	64,000
Less than 50% of TCES	9	65	55,300	78,500	29,100

Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

Notes: TCES = true cost of economic security. The determination of whether resources are above or below the TCES threshold is made at the family level, not the person level. Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. The average family resource gap is the average difference between families' costs and resources. Estimates do not include unhoused people or people living in nursing homes, homeless shelters, or other group quarters.

FIGURE 2

Distribution of People by their Family Resources as a Percent of the True Cost of Economic Security Threshold



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Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

Notes: Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. An adult is over 17, or a person under age 18 who is the head (or spouse of head) of a family. Estimates do not include people who are unhoused or living in nursing homes, homeless shelters, or other group quarters.

Children are more likely to fall under the TCES threshold than adults. More than three out of five children live in families whose resources fall below the amount needed to be economically secure (table 9). In comparison, 49 percent of adults ages 18–64 and 47 percent of adults age 65 and older fall below the TCES threshold. That children are the most likely age group to fall below the TCES threshold reflects the fact children bring only limited resources to a family (for example, by way of tax credits), while they contribute to higher housing, food, insurance, child care, and other costs.

TABLE 9

Share of People with Resources below the True Cost of Economic Security and Resource Gap by Age and Family Type

	Percent below TCES (%)	Average family-level resource gap of people in families with a gap ($)
All	52	31,300
By age range		
Children (under age 18)	61	39,800
Adults ages 18–64	49	30,200
Adults age 65 and older	47	20,900
By family type		
Families with only adults under age 65, no children present	46	25,200
Families with only adults under age 65, children present	58	37,900
Families with adults age 65 and older	48	24,700

Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

Notes: The determination of whether resources are above or below the TCES threshold is made at the family level, not the person level. Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. An adult is over 17, or a person under age 18 who is the head (or spouse of head) of a family. Estimates do not include people who are unhoused or living in nursing homes, homeless shelters, or other group quarters.

Across family types, the TCES rate for people in families with adults and children is 58 percent, while the rate for adults without children is 46 percent, and the rate for people in families with older adults is 48 percent. Families with more children are more likely to fall below the TCES threshold. For example, the TCES rate for families with two adults under age 65 and one child is 45 percent, but for people in families with three or more children, it is 67 percent (table 10). Single-adult families with children struggle to achieve economic security. More than four out of five people in single-adult one-child families fall below the TCES threshold, and virtually all (97 percent) of those in single-adult families with three or more children—mostly women—are economically insecure.

TABLE 10

Share of People with Resource below the True Cost of Economic Security and Resource Gap by Family Type

Family type	Percent below TCES (%)	Average family-level resource gap of people in families with a gap ($)
Families with only adults under age 65		
One adult, no children	69	24,900
One adult, 1 child	81	30,300
One adult, 2 children	88	39,300
One adult, 1 or more children	88	42,200
One adult, 3 or more children	97	57,100
Two or more adults, no children	34	25,500
Two or more adults, 1 child	45	29,600
Two or more adults, 2 children	50	34,300
Two or more adults, 1 or more children	53	36,900
Two or more adults, 3 or more children	67	44,400
Families with at least one family member age 65 or older		
One adult, no children	68	18,000
Two adults, no children	39	20,700
One adult, 1 or more children	84	27,500
Two adults, 1 or more children	69	35,200
Three or more adults	45	33,700

Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

Notes: TCES = true cost of economic security. The determination of whether resources are above or below the TCES threshold is made at the family level, not the person level. Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. An adult is over 17, or a person under age 18 who is the head (or spouse of head) of a family. Estimates do not include people who are unhoused or living in nursing homes, homeless shelters, or other group quarters.

As noted above, certain families, like those that span three generations and those in which adults with children are carrying student debt, face relatively higher costs to achieve economic security, but they also tend to have higher levels of resources. We find that 56 percent of people in three-generation families fall below the TCES threshold, just slightly higher than the overall average of 52 percent (table 11). We find that 48 percent of people in families with children and an adult under age 65 carrying student debt have resources below the TCES threshold. Although student debt is a cost to these families, credentials and degrees contribute to higher resource levels.

TABLE 11

Share of People with Resources below the True Cost of Economic Security and Resource Gap for Two Family Types

	Percent below TCES (%)	Average family resource gap ($)
Persons in three-generation families	56	21,400
Persons in families with student debt with children	48	16,300

Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

Notes: TCES = true cost of economic security. Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. An adult is over 17, or a person under age 18 who is the head (or spouse of head) of a family. Estimates do not include people who are unhoused or living in nursing homes, homeless shelters, or other group quarters. Three-generation families are those with more than one adult, at least one child, and at least one adult age 65 years or older, and in which age difference between adults is 15 years or greater.

The share of people with resources below the TCES threshold varies considerably by race and ethnicity. About two in five white people and 46 percent of people of Asian or Pacific Island descent fall below the TCES threshold; their TCES rates are below the overall average of 52 percent (table 12). In contrast, 67 percent of Black people, 71 percent of Hispanic people, and 59 percent of people identifying with multiple races or with a race not specified above have resources below the TCES thresholds. Myriad factors influence the racial and ethnic differences in TCES rates. Historical structural factors have limited the residential choices and educational and employment opportunities of Black, Hispanic, Asian, and Native people, which in turn also influences their living arrangements, family structure, and family size. Also, within racial and ethnic groups, considerable variation exists in people's experiences based on their country of birth, legal status, and how long they and their ancestors have lived in the US.

TABLE 12

Share of People with Resources below the True Cost of Economic Security and Resource Gap by Race and Ethnicity

	Percent below TCES (%)	Average family-level resource gap of people in families with a gap ($)
All persons	52	31,300
Asian and Pacific Islanders	46	36,200
Black people	67	32,300
Hispanic people	71	40,000
White people	42	25,600
People identifying with racial and ethnic groups not listed above	59	34,900

Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

Notes: TCES = true cost of economic security. The determination of whether resources are above or below the TCES threshold is made at the family level, not the person level. Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. We use the term "Hispanic" because this is the primary terminology used by the US Census Bureau in the American Community Survey, which is the source of household data for this analysis. The average family resource gap is the average difference between families' costs and resources. Estimates do not include unhoused people or people living in nursing homes, homeless shelters, or other group quarters.

As living costs vary by place, so does the share of people whose resources fall below the TCES threshold. People living outside of metro areas are slightly more likely to fall below the TCES threshold than metro residents (54 vs. 51 percent; table 13). Residents of the Midwest are the least likely to fall below the TCES threshold (47 percent), and residents of the West are the most likely to fall below the TCES threshold (57 percent). Within regions, residents of metro areas are more likely to have resources to meet the true cost of economic security compared with residents of nonmetro areas. Residents of the nonmetro West have the highest TCES rate at 59 percent.

TABLE 13

Share of People with Resources below the True Cost of Economic Security and Resource Gap by Region and Metro Status

	Percent below TCES (%)	Average family-level resource gap of people in families with a gap ($)
All persons	52	31,300
Lives in metro area	51	32,600
Lives outside metro area	54	26,800
Northeast	49	32,800
Metro	49	33,800

	Percent below TCES (%)	Average family-level resource gap of people in families with a gap ($)
Nonmetro	51	26,300
Midwest	47	25,900
Metro	45	26,800
Nonmetro	50	23,900
South	52	29,400
Metro	51	30,500
Nonmetro	57	26,500
West	57	37,100
Metro	56	37,900
Nonmetro	59	32,500

Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

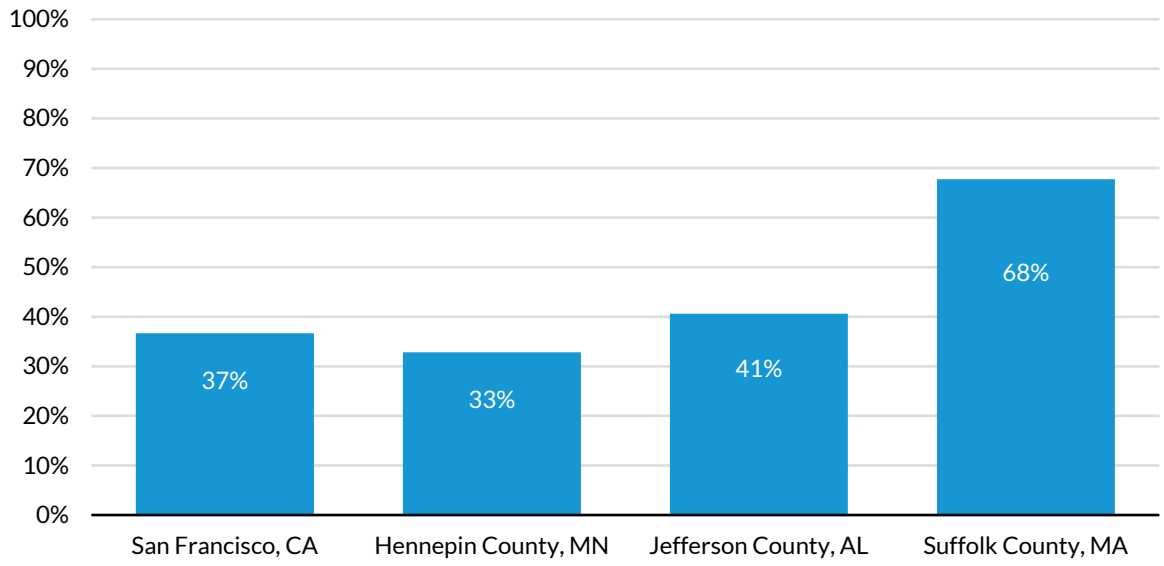
Notes: TCES = true cost of economic security. The determination of whether resources are above or below the TCES threshold is made at the family level, not the person level. Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. Metro areas must have at least one urban area with a population of 50,000 people. The average family resource gap is the average difference between families' costs and resources. Estimates do not include unhoused people or people living in nursing homes, homeless shelters, or other group quarters. The Northeast region includes families in Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; the Midwest region includes families in Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; the South region includes families in Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; and the West region includes families in Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

Focusing on specific counties in each of the four regions, we find considerable variation in TCES rates (figure 3). For two adult families with two children in our focal counties, we estimate that the TCES rate runs from a low of 33 percent in Hennepin County, MN (Minneapolis)—indicating that only 33 percent of residents have resources that fall below the TCES threshold, to a high of 68 percent in Suffolk County, MA (Boston), meaning that 68 percent of residents are struggling economically and not poised to thrive. The TCES rates in San Francisco, CA, and Jefferson County AL (Birmingham) for two-parent two-child families are 37 and 41 percent, respectively. Hennepin County serves as an example of a moderate to slightly above average cost area in which residents have above average resources, while Jefferson County has relatively low costs and residents have average resources. San Francisco, CA, as noted above, has very high costs, but its two-adult two-child families have well above average resources. As such, the TCES rate for San Francisco is below the national average as families there, on average, have resources that exceed the TCES threshold. In contrast, Suffolk County, MA, has TCES thresholds similar to Hennepin County, but the median resources of its two-adult two-child families fall

well below average, resulting in a high TCES rate, meaning that around two-thirds of those families are struggling to achieve economic security.

FIGURE 3

Portion of People with Resources below True Cost of Economic Security Measure, for Families with Two Adults and Two Children



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Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.
Notes: TCES = true cost of economic security. The determination of whether resources are above or below the TCES threshold is made at the family level, not the person level. Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. An adult is over 17, or a person under age 18 who is the head (or spouse of head) of a family. Estimates do not include people who are unhoused or living in nursing homes, homeless shelters, or other group quarters.

That the TCES rate in a high-cost area like San Francisco is below average does not mean that high costs are not a challenge for families. The families that have the means to meet the high costs—high-resource families—choose to move or remain there because they have the resources to meet the costs. But simply moving to a high-cost, high-resource area does not guarantee that a family's resources will increase. Further, if a family's resources decline, they may be forced to move out of a high-cost area. What low TCES rates in high-cost areas indicate is that the families that live there now have the resources to meet their costs and that the area's economy can produce enough economic opportunities and social supports to allow residents, on average, to meet those costs.

Factors Driving Families below the TCES Threshold

To better understand the factors contributing to families falling below the TCES threshold, we focus on the five counties with the lowest and highest TCES rates among the 100 most populous counties. We restrict our assessment to the 100 most populous counties to ensure we have a large sample of families. The five counties with the lowest TCES rates (indicating higher rates of economic security) are Johnson County, KS (30.7 percent), DuPage County, IL (32.8 percent), Collin County, TX (32.9 percent), Monmouth County, NJ (33.3 percent), and Oakland County, MI (34.1 percent) and the average share of people with resources below the TCES threshold is 32 percent (see table 14). The five counties with the highest TCES rates (the highest fraction of people struggling to achieve economic security) are Bronx County, NY (78.3 percent), Hidalgo County, TX (67.8 percent), Kern County, CA (65.9 percent), Fresno County, CA (65.8 percent), and Philadelphia County, PA (63.7 percent), and the average share of people with resources below the TCES threshold is 71 percent. Generally, populous counties with low TCES rates are affluent suburbs of urban areas, while counties with the highest TCES rates are a mix of urban and ex-urban areas.[50]

TABLE 14

Median Costs and Resources for Individuals in High and Low TCES Rate Counties (out of 100 Largest Counties) by Family Type

	Highest TCES Rate Counties				Lowest TCES Rate Counties			
		Families with only adults under age 65		Families with adults age 65 or older ($)		Families with only adults under age 65		Families with adults age 65 or older ($)
	Overall	No children present ($)	Children present ($)		Overall	No children present ($)	Children present ($)	
Average percent below TCES	71%				32%			
Total cost		99,600	139,200	136,400		116,600	152,000	132,100
Housing		15,600	20,800	20,500		13,900	18,800	16,100
Health care		19,000	23,400	36,800		19,200	20,200	35,400
Food		7,100	14,400	12,500		7,400	14,200	10,100
Transportation		11,300	15,100	11,300		15,600	15,600	15,600
Child care		0	16,300	0		0	12,400	0
Student debt		0	0	0		0	0	0
Savings		9,100	12,700	12,200		10,600	13,800	11,500
Taxes		11,600	8,000	7,900		28,900	30,100	16,600
Other costs		16,500	22,100	19,500		15,400	18,300	15,400
Total resource		91,900	100,600	121,200		157,300	172,600	158,000
Market resources		81,900	70,600	72,900		153,800	166,900	116,500
Market resources with Social Security and Medicare		83,400	71,200	103,700		155,400	167,300	151,900

Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

Notes: TCES = true cost of economic security. Among the most populated counties, the five highest TCES rate counties are Bronx County, New York, Hidalgo County, Texas, Kern County, CA, Fresno County, California, and Philadelphia County, Pennsylvania. The five lowest TCES rate counties are Oakland County, Michigan, Monmouth County, New Jersey, Collin County, Texas, DuPage County, Illinois, and Johnson County, Kansas. The computations of costs, resources and whether resources are above or below the TCES threshold are made at the family level, not the person level. However, the unit of analysis for computing the medians is individuals. Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may

consist of a single individual. An adult is over 17, or a person under age 18 who is the head (or spouse of head) of a family. Estimates do not include people who are unhoused or living in nursing homes, homeless shelters, or other group quarters. Other costs include miscellaneous expenses such as food purchased away from home, apparel and services, personal care products and services, housekeeping supplies, and civic engagement expenses. Market resources include the value of earnings, interest and dividends, pensions, child support, child care provided by parents or caretakers, and employer-sponsored health insurance.

Differences in TCES rates are largely driven by differences in resources between high and low TCES rate counties rather than differences in costs. First, consider families with adults (under age 65) and no children. The total cost measured by the TCES threshold is about $17,000 higher in the five low TCES counties, but that cost difference is largely driven by higher transportation costs ($15,600 vs. $11,300) and higher tax liabilities ($28,900 vs. $11,600), which are driven by higher resources (because taxes are progressive, people with higher incomes carry higher tax liabilities). If we consider other key cost elements that vary across places, we see that adults without children in counties with high TCES rates have slightly higher housing costs than those in counties with low TCES rates ($15,600 vs. $13,900) but similar costs for health care and food. The resource differences are stark: adults without children in counties with low TCES rates (i.e., where more people are thriving) have median resources of more than $157,000, compared with about $92,000 in counties with high TCES rates.

For families with adults (under age 65) and children, most itemized cost items are higher for those living in counties with high TCES rates rather than low TCES rates. Housing, health care, and child care all cost more in counties with high TCES rates than in counties with low TCES rates ($20,800 vs. $18,800 for housing, $23,400 vs. $20,200 for health care, and $16,300 vs. $12,400 for child care). Overall, however, costs for families in counties with low TCES rates (counties where more people are thriving) are higher than for those in counties with high TCES rates largely because of higher tax liabilities ($30,100 vs. $8,000), which again are driven by higher incomes. Indeed, the resources for adult families with children in low TCES rate counties far exceed those of similar families in high TCES rate counties ($172,600 vs. $100,600). Further, those differences largely reflect differences in the market-generated resources of those families rather than in social supports. In other words, families with adults and children in counties where families are poised to thrive (i.e., counties with low TCES rates) receive higher compensation from their jobs and have higher levels of investment and interest income, on average, than similar families in counties with high TCES rates.

Among families with adults age 65 and over, we see that costs are slightly lower and the resources far higher in counties with low TCES rates than in counties with high TCES rates. In the counties with the highest TCES rates, the median TCES threshold is $136,400, slightly higher than the $132,100 threshold in counties with the lowest TCES rates. But again, that modest difference in costs pales in comparison to the difference in resources with families with adults age 65 and older in counties with low TCES rates (where more people are poised to thrive) having median resources of almost $158,000, compared with $121,200 for similar families in counties with TCES rates (where more people are struggling economically).

Discussion

According to the TCES measure, over half of US residents in 2022 live in families not primed to thrive. It is *not* a measure of poverty or extreme need, and many families with resources below the TCES threshold make ends meet by cutting back in certain areas (e.g., living in cramped quarters, making do without paying for formal child care) and by forgoing saving for the future. But it is a measure that captures the experience of people who often slip through the cracks of traditional measures of well-being, and our TCES shows the share of people for whom the promise of economic security and a better future is just out of reach.

The measure explicitly considers most of the significant costs a family must meet and takes a similarly comprehensive view of all the resources families have to meet those costs. The costs and resources may seem high, as some costs and benefits are hidden and others are "netted out." For example, a family may not know how much their employer-sponsored health insurance costs or how much their employer pays toward their premiums. Similarly, families generally know their net tax liability but may not know how much tax credits supplement their resources. By making costs and resources explicit and visible, the TCES can help policymakers better understand the barriers families face in striving for economic security and the supports that would be most useful for them.

Families of every kind in all corners of the US struggle for economic security. In particular, families with children and one adult under age 65 (e.g., single-parent families) and large families (those with three or more children) are particularly likely to have resources below the TCES threshold. Those types of families face higher housing costs and higher child care costs than smaller families. In the case of single-parent families, they have fewer potential means to gain resources.

When we focus on the places with the highest TCES rates—the highest shares of people whose resources fall below the TCES threshold—we find that a lack of resources rather than unusually high costs is the driving factor behind economic insecurity. Although people in high-cost areas are struggling, their resources come closer to meeting their higher costs than in lower-cost and lower-resource areas.

Our assessment of the true cost of economic security reflects circumstances in 2022, and our analysis does not capture trends in economic security. We cannot say if the 52 percent of people struggling economically in 2022 is historically high or low or whether the situation is improving, worsening, or stagnating. The measure represents a baseline instead.

Recent trends in income and major high-cost items help us understand how long a sizeable portion of US families have been struggling for economic security. First, median household incomes have grown

very little after adjusting for inflation over the past decade. Between 2013 and 2022, real median household income grew by 13.5 percent, barely more than 1 percent per year (Guzman and Kollar 2023). Second, health insurance premiums for family coverage through an employer rose by an inflation-adjusted 17 percent over roughly the same period, with the majority of that growth occurring before 2018 (KFF 2023). Third, housing costs rose by over 30 percent between 2013 and 2022. Of course, pre-tax median cash income does not capture expansions to resources like increases to the child tax credit or subsidies to families purchasing health insurance through marketplace exchanges, and health and housing costs are not comprehensive measures of all the costs families face. But these income and cost trends indicate that the challenges of economic security have been long-standing and with costs growing faster than resources, the challenges have been increasing for the last decade.

The government generally has more ability to expand family resources than to lower the costs of good services. For example, over the last decade, the government has increased tax credits for many families with children and increased the subsidies families purchasing health insurance on market exchanges can receive (Congressional Research Service 2024).[51] Examples of the government explicitly reducing costs are more limited. For example, it has reduced student debt burdens for some borrowers.[52] Federal efforts are also underway to lower the cost of certain prescription drugs.[53]

In the future, federal, state, and local governments have various options for helping families move toward and achieve economic security. However, we must be mindful that the challenges vary from place to place and family to family. On the resource side, governments can take steps to help families earn more market income through policies like increasing minimum wages, expanding access to affordable child care, and increasing employment stability through paid leave. Families can also garner more income if they have more in-demand skills. Expanded apprenticeship programs and community college curricula developed with local employer needs in mind can help families earn more. A more long-term solution includes improving K-12 education, which boosts skills and earnings potential of children as they grow into adulthood. Governments can also provide more direct aid to families by expanding tax credits to those with children and working families with low to moderate incomes by offering generous subsidies to families purchasing health insurance. On the cost side, governments can work to reduce costs in various ways. For example, it can use its market leverage to negotiate with pharmaceutical companies to reduce medical costs, lower transportation costs by reducing public transportation costs and the taxes and fees related to car ownership, and lower housing costs by encouraging the expansion of housing options through changing in zoning and permitting policies. Some options are best pursued at the federal level, while many will work at the state and local levels.

These options involve important trade-offs. A higher minimum wage may reduce job opportunities for younger workers. Financing tax credits and subsidies may strain government budgets and require tax increases on higher-income families. Increasing housing opportunities may lead to more congestion. These are just a few examples of the many potential concerns. But these steps will put economic security within reach of millions of families, and more families will have the resources to invest in themselves, their children, and their communities, with benefits unfolding through future generations.

Policymakers, advocates, and the public must make these choices, and the TCES measure can inform their debates. That over half of all people in the US are struggling to achieve economic security illustrates the need for action. The explicit consideration of the costs and resources families face and how those costs and resources vary between family types and by place allows us to understand the nature of the challenges—where are struggles driven by low resources, where are they driven by high costs, and which costs place the greatest burdens on families? The solutions will need to be as diverse as the challenges, and our true cost of economic security measure and the insights garnered from it can help guide the discussion.

Appendix A. Sources and Methods for Cost Elements

TABLE A.1

Sources and Methods for Cost Elements

Element of costs	Sources of data used to estimate costs	Methods for estimating costs for the families in the ACS data[a]
Housing	▪ Fair market rent (FMR) values from the Department of Housing and Urban Development (include utilities) ▪ FMR values vary by number of bedrooms and geographic area (metropolitan area or nonmetropolitan county).	▪ For each family, the required number of bedrooms is estimated (1 for a couple, 1 for each person 12 or over; up to 2 people ≤ 11 of same sex are assumed to share a bedroom). ▪ The family's housing cost is the FMR for that number of bedrooms in the family's geographic location.[b]
Food	▪ Low-Cost Food Plan from USDA; varies by age group and, for ages ≥ 12, by sex ▪ For Alaska and Hawaii, we computed the ratio of the Thrifty Food Plan (TFP) cost for 2 adults and 2 children to that plan's cost in the other 48 states and DC. ▪ USDA estimate of adjustment to family-level costs for family sizes larger or smaller than 4 people ▪ Feeding America's "Map the Meal Gap" (MMG) data on per-meal costs, nationally and by county	▪ The Low-Cost Food Plan amounts are averaged across detailed age groups and across men and women to create four values: ≤ 5, 6–11, 12–18, ≥ 19. Low-Cost Food Plan amounts for Alaska and Hawaii are estimated using the ratio of the TFP cost in those states to the 48-state TFP cost. ▪ County-level values are estimated as the Low-Cost Food Plan amount times the ratio of a county's MMG meal cost to the national meal cost. County-level values are converted to Public Use Microdata Area (PUMA) level. ▪ For each family, total food cost equals the sum of individual person-level costs in that family's PUMA, multiplied by the family-size adjustment.
Health Care (insurance)	▪ Full (unsubsidized) premium costs for the second-lowest-cost "silver" plan in the health insurance marketplace, obtained from Kaiser Family Foundation's Health Insurance Marketplace Calculator ▪ Premiums vary by county ▪ In most states, premiums were obtained for ages 13, 17, 20, 40, and 60. In New York and Vermont, premiums were obtained by type of health insurance unit—individuals or couples, with or without children.	▪ County-level premium amounts were converted to PUMA-level.[c] ▪ In states where premiums vary by age, the family's insurance cost is the sum of person-level premium costs in their PUMA. People ≤ 13 use age-13 premium; people 14–17 use age-17 premium; people 18–20 use age-20 premium. For people 21–60, the premium is interpolated using premiums for ages 20, 40, and 60. Premiums are assumed to increase by 3.0% per year starting at age 61, and by 2.5% per year starting at age 75; premiums for ages 85 and older are assumed to be the same as for age 84. ▪ For New York and Vermont, families are divided into health insurance units (HIUs,

Element of costs	Sources of data used to estimate costs	Methods for estimating costs for the families in the ACS data[a]
		defined as individuals or married couples and their children ≤ 25). For each HIU, health insurance cost is based on type of HIU and PUMA. The family's cost is the sum of the HIU costs.
Health care (MOOP)	▪ Data on medical out-of-pocket (MOOP) spending from the Current Population Survey's Annual Social and Economic Supplement (CPS ASEC); we computed median MOOP spending (excluding premiums and people enrolled in Medicaid or CHIP or with marketplace subsidies) by state and by age group (0–13, 14–20, 21–39, 40-59, 60–69, 70–79, 80 and older). ▪ Data on total MOOP imputed to the ACS by the Census Bureau; we computed each PUMA's median relative to the state's median.	▪ For each family, we assigned the MOOP value based on age group and state (the CPS ASEC data) and adjusted the total based on the ratio of PUMA-level MOOP to state-average MOOP from the Census Bureau's ACS imputations.
Child care	▪ Median prices of center-based child care, obtained from DOL's National Database of Childcare Prices, for most states and counties ▪ Prices vary by age group; we obtained values for infants, toddlers, preschoolers, and school-age children. ▪ State-specific surveys of "market rates" were used when data in the DOL database were missing for a particular place.	▪ County-level prices were converted to PUMA-level.[c] ▪ In each family, a child care cost was assigned for each child age 12 or younger, and for each child aged 13–18 receiving Supplemental Security Income. Costs were based on PUMA and by age. The infant value was used for children ≤ age 1, the toddler value was used for children age 2, the preschool value was used for children ages 3–4, and the school-age value was used for children age 5 and older.
Transportation	▪ Average annual costs of auto ownership, auto maintenance/usage costs, and transit costs, at 80% of the area median income, obtained from Center for Neighborhood Technology's Housing and Transportation (H+T) Affordability Index.[d] ▪ Data are provided at the national, state, and county levels.	▪ County-level transportation costs were converted to PUMA-level.[c] ▪ Each family's transportation cost is set to the average for their PUMA.
Technology	▪ Broadband: A review of consumer and provider survey data, which suggests a cost of approximately $60 per month ▪ Cellphones: Data from Consumer Reports, which suggest a cost of approximately $65/month for the first phone, with reduced costs for additional phones on the same plan.	▪ Broadband: Each family is assigned a cost of $60 per month. We assume the cost of equipment is included in the monthly service cost. ▪ Cellphones: Each person age 13 and older is assumed to have a cellphone. The cost of the first phone is $65 per month; the cost of additional phones is 50 percent of the base cost. We assume the cost of a phone is captured in the monthly service cost.

Element of costs	Sources of data used to estimate costs	Methods for estimating costs for the families in the ACS data[a]
Taxes owed	▪ Tax liabilities simulated by the ATTIS model, including federal income taxes, state income taxes, and payroll taxes.	▪ Each family's tax costs are assigned as their tax liabilities as simulated by ATTIS (prior to any credits) based on their *current* level of income. ▪ Other types of taxes (sales tax, property tax, city or local taxes) are not included.
Debt service	▪ Data from the Debt in America tool, providing the share of people with student loan debt and their median monthly payments on that debt, by county, among people with credit records. ▪ Estimate from the Consumer Financial Protection Bureau that 11 percent of adults do not have a credit record	▪ We converted the percentage with debt to numbers, using county population and the estimated portion of all adults without a credit record. ▪ For areas of states not identified in the ACS, we converted county-level numbers of student debt holders and median payment amounts to balance-of-state weighted averages. ▪ For each county or balance-of-state area, we assigned the estimated number of student debt holders among all people ages 19–45 with any postsecondary education (including those without a degree). Each person assigned to have debt was assigned the median payment for the applicable county or balance-of-state area.
Miscellaneous	▪ Consumer Expenditure (CE) Survey data for five categories of spending: apparel and services, housekeeping supplies, personal care products and services, food away from home, and civic engagement. (Civic engagement expenses are made up of multiple additional CE cost categories.) ▪ Data vary by family size (1, 2, 3, 4, and 5 or more people) and by 4 regions: Northeast, Midwest, South, West	▪ For each family, the cost is assigned based on family size and region of the country.
Savings targets	▪ N/A	▪ Each family with at least one member in the age range of 18–64 is assigned a savings target equal to 10 percent of the sum of all other costs assigned to the family.

Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

[a] Costs are established for each family, defined as all related people plus unmarried partners and their families. Unrelated individuals and unrelated families within a household (who do not have cohabitor relationships with other household members) are treated as separate families.

[b] If a family's county or metropolitan area is identified in the American Community Survey, the applicable FMR is used. If that information is not provided but the location is identified as either metropolitan or nonmetropolitan, a weighted average of metropolitan or nonmetropolitan FMRs is used. If metropolitan status is not identified, a weighted average across all the state's FMRs is used.

[c] For these cost values, when a PUMA includes more than one county, the PUMA's cost value is a weighted average of the applicable county-level values, based on the portion of the PUMA's population living in each county. Population data for counties and PUMAs were obtained from the "GeoCorr" tool.

[d] The averages include zeroes; thus, the average in a place reflects not only the cost for households paying that expense but the relative portion of families in that area who have that type of expense.

Appendix B. ATTIS Methodology

This technical appendix describes how we use the Urban Institute's Analysis of Transfers, Taxes, and Income Security (ATTIS) microsimulation model to produce the TCES. First, we briefly describe the underlying data source, key features of ATTIS, and modifications made to the data.[54] We then discuss how we use external cost data and the estimates from ATTIS to produce the TCES.

The American Community Survey

The data source underlying the ATTIS estimates is the American Community Survey (ACS) data. The ACS is a nationally representative survey conducted by the US Bureau of the Census. The version of the survey available for public use includes information on over one million households, allowing detailed national and state-level analysis. For this analysis, we use a file originally based on the 2018 ACS (with almost 1.3 million households), which a group of Urban Institute staff had previously adjusted to better represent the population and economic conditions of 2022 (described later in this appendix). We used this projected 2022 data file because it was the most recent file with the needed ATTIS data adjustments readily available for this project.

The ACS includes detailed demographic and economic information on US households. This includes information on the demographic characteristics of each person in the household and the composition of the household. It also includes information on various sources of income, employment status of adults in the household, and health insurance status.

Estimating Taxes and Program Eligibility and Benefits Using ATTIS

We produce TCES estimates using a combination of data in the adjusted ACS data file (data reported for 2018 with some adjustments to better represent 2022), and data simulated by ATTIS, a comprehensive microsimulation model used to study the US social safety net and the economic well-being of families and individuals. Developed with initial funding from the Casey Foundation and the Robert Wood Johnson Foundation, ATTIS uses data from the ACS to apply policy and program rules at individual and household levels to help answer detailed policy questions related to program eligibility, enrollment, and benefits. ATTIS includes representations of payroll taxes, state income taxes, and federal income taxes,

as well as all the key benefits supporting families with lower incomes, including cash assistance programs, nutrition programs, and programs that make housing, utilities, or child care more affordable. For each program and each family included in the survey data, the model goes through the same steps that a caseworker would follow to determine whether that family is eligible for a benefit in each month of the year. The eligibility modeling is detailed, capturing national- and state-level policies to the greatest extent possible given the information available in the survey data.

Before ATTIS can be used to determine each sampled household's total resources and whether they are eligible for and receive each safety net program, Urban Institute researchers augment the data in various ways. Although the ACS includes substantial information on family relationships, work activity, and sources and amounts of income, some key information is missing from the survey. To address these data limitations, we make the following adjustments:

- allocating survey-reported earnings across the months of the year based on the number of weeks a person reported working (to allow assessment of monthly program eligibility)
- imputing whether each noncitizen is a lawful permanent resident, refugee or asylee, temporary resident, or unauthorized immigrant (as those distinctions are important for determining eligibility for benefit programs)
- imputing whether a parent's unmarried partner is also the second parent of one or more of the children (as parentage affects whether the unmarried partner is considered in determining the family's eligibility for TANF or CCDF)
- estimating what portion of a person's survey-reported "other" income is unemployment compensation, and adjusting for underreporting of unemployment compensation
- estimating what portion of a person's survey-reported "other" income is child support, as some benefit programs treat child support differently from other types of income.

The version of the ACS data we use, from the University of Minnesota's Integrated Public Use Microdata (IPUMS) project, also includes highly validated imputations of some detailed household relationships not collected in the survey (Ruggles et al. 2020).

For this analysis, we use ACS data collected in 2018 that had been adjusted by a group of Urban Institute researchers to represent households and economic conditions in 2022. Adjusting the data ensures they reflect the population size and characteristics, state minimum wage levels, employment rates, and income levels as of 2022. In addition to our standard imputations, we modify the data file in a few key ways to represent 2022.

- **Population adjustments.** The adjusted file has a set of modified population weights reflecting a total of 322 million people living in households in 2022, instead of the total of 319 million in the 2018 ACS data.[55] The weights are adjusted using a variety of demographic factors to capture the changes in the population size and composition as of 2022.
- **Employment adjustments.** The employment data in the 2018 ACS are adjusted to come close to actual employment data at the start of 2022 and to approximate a combination of actual and projected data for increased employment through the remainder of the year.
- **Wage and salary adjustments.** The reported earnings are adjusted to capture nominal increases in overall earnings over the four years to capture higher minimum wages in many places in 2022 compared with 2018.
- **Adjustments to unearned income.** Several sources of unearned income are adjusted to capture nominal increases between 2018 and 2022. This includes, but is not limited to, adjustments to Social Security income, pension income, and child support income.

These adjusted ATTIS data are then used to determine eligibility and participation in each key program in the safety net, one by one, reaching the actual 2022 caseloads for each program.[56] The simulation of each program identifies who is eligible for that program, how much they received, and each program's total caseload. The ATTIS simulations are internally consistent, with the simulated caseload in one program affecting the simulation of subsequent programs. For example, whether someone is eligible for SNAP depends in part on how much of the applicant's gross income is disregarded because their rent is a high portion of their income, and that "excess shelter expense" is likely to be higher for households that do not receive a housing subsidy; therefore, the simulation of which households benefit from public or subsidized housing occurs before the simulation of the SNAP program.

One caveat regarding the ATTIS estimates is that they do not include people living in either institutions or other group quarters (e.g., a nursing home, homeless shelter, or residential treatment facility). Although the ACS surveys people in group quarters and some may be eligible for some benefits, we cannot assess eligibility for those individuals because the public-use ACS does not provide information on the type of group quarters. Thus, our estimates are restricted to people living in households.

Geographic Information Available in the ACS

A primary goal of the TCES analysis is to determine families' cost of living at a local level. Some costs, like housing and child care, can vary substantially even within a state, and many of the cost data sources used to determine the TCES provide detail at the county level.

The ACS also includes information on households' geographic location. The smallest geography available in the public use file is a Public Use Microdata Area (PUMA). PUMAs are contiguous geographic areas with a population of at least 100,000. A PUMA may contain the entirety of a single county (and no other counties), a portion of a single county (and no other counties), or all or parts of multiple counties. When a household is in a PUMA that has the same borders as a single county, or that contains a part of one county (and no other county), then knowing the household's PUMA means we also know the household's county of residence. However, if a PUMA consists of all or parts of multiple counties, then the survey data do not identify the household's county of residence. In the ACS data used for this analysis, the specific county is unavailable for 40 percent of the sampled households. However, the survey always identifies a household's PUMA and may also identify whether the PUMA is metropolitan or nonmetropolitan or the PUMA's core-based statistical area (CBSA, a core urban area with which the area is closely integrated).

When our source data for a cost element varies by county, we use the data for a household's specific county when it is identified, but if it is not, we address the limitation in different ways for different cost measures.

In the case of housing costs, we assign fair market rents based on a combination of information. First, if the county is identified, we use the FMR for the appropriate number of bedrooms for that county. Next, if the county is not identified by CBSA, we used the FMRs for the county where that place was located. We also develop weighted averages of FMRs across metropolitan and nonmetropolitan areas in the state, and for the state as a whole. If neither county nor CBSA is identified, but the household's metropolitan status is provided, we assign the FMR based on the appropriate average; if that status is not available, we assign the FMR for the appropriate number of bedrooms using the weighted average data for the state as a whole.

In the case of student debt, we use the source data to estimate total student debt holders in each county identified in the ACS and, for each state, across all the counties in that state that are not identified in the ACS. We then assign student debt to reach the targeted numbers in each identified county and in the balance of each state.

For the remaining cost elements with county-level variation in the source data—food, health insurance premiums, child care, and transportation costs—we use the county-level data to develop weighted-average costs for each PUMA that includes households from more than one county. Our procedure requires first understanding the relationship between PUMA borders and county borders. We obtain this information from the "GeoCorr" system developed and made publicly available by the Missouri Census Data Center.[57] These data show the portion of each PUMA's population in each county. Using this information, for each PUMA, we weight each county's costs by the percentage of each PUMAs population that resides in each county. For PUMAs made up entirely of a single county, the PUMA's costs are equal to the county costs with no adjustment applied. For PUMAs made up of several counties, the PUMAs costs are equal to the weighted average determined using this method. For example, if 40 percent of a PUMA's population resides in county A and 60 percent resides in county B, the cost of a particular need in that PUMA is estimated at 40 percent of the amount for county A from the source data and 60 percent of the amount for county B.

Measuring the True Cost of Economic Security

Using ATTIS, we create a data file for our TCES analysis, combining information on each family's demographic characteristics, location, reported health insurance status, earned and unearned income, tax liability, resources from each safety-net program, and tax credits. We then use the demographic, financial, and geographic information for each family to determine each element of the TCES cost measure, and to estimate the resource elements not already determined within ATTIS (the assignments of parent-provided child care and the assumed values of health-related resources).

Finally, we compare each family's resources against their costs. For some resources, we consider the full monetary value of a family's resources against the cost. For example, a family that receives $1,400 annually in Supplemental Nutrition Assistance Program (SNAP) benefits would have the full value of the benefit compared to their total annual food expenses. However, some resources, such as Medicaid benefits, do not have a clear dollar value. Rather than attempt to assign a value to these benefits, we assume a family receiving Medicaid does not require additional health insurance; therefore, their premium costs are fully offset by receipt of Medicaid. Families whose costs exceed their resources are determined to be below the true cost of economic security level.

Appendix C. TCES Thresholds and Rates: Homeowners versus Nonhomeowners

Across the three family types we consider, homeowners have higher TCES thresholds and higher resources than nonhomeowners (table C.1). The share of people who fall below the TCES threshold is consistently lower for families living in homes they own. For example, the TCES rate for adults under age 65 with children who own their homes is 43 percent, compared with 83 percent for people in similar families who are not homeowners. This difference would be even larger if we attributed some resources from homeownership (like implicit rent) to families that own their homes. The higher resources for homeowners compared with nonhomeowners likely enabled them to purchase their homes and probably accounts for the TCES rate differences between those two groups.

TABLE C.1

Resources and Costs of Persons' Family Type and Home Ownership

		People in Families with Only Adults under Age 65				People in Families with Adults Age 65 or Older	
		Children present		No children present			
	All Family Types	Homeowners	Non-homeowners	Homeowners	Non-homeowners	Homeowners	Non-homeowners
Number of persons	321,900,000	87,800,000	52,900,000	58,700,000	40,600,000	66,500,000	15,300,000
Percent below TCES	52%	43%	83%	32%	66%	42%	73%
Average family resource gap	16,200	13,600	35,900	7,700	17,200	9,900	20,300
Median costs and resources							
Total cost	114,900	142,400	122,800	100,900	73,100	107,300	93,700
Housing	15,000	17,700	19,200	12,800	13,100	13,100	14,700
Health care	21,200	21,300	18,600	18,800	9,600	35,100	30,100
Food	9,500	13,100	12,400	6,800	5,600	7,000	6,700
Transportation	15,400	15,600	15,200	15,500	15,000	15,500	15,000
Child care	0	10,300	12,500	0	0	0	0
Student debt	0	0	0	0	0	0	0
Savings	10,200	12,900	11,200	9,200	6,600	7,200	0
Taxes	12,400	23,000	7,300	19,500	7,800	6,500	1,400
Other costs	16,500	18,700	18,600	13,100	13,000	15,400	13,100
Total resources	110,000	149,400	84,700	122,500	58,900	117,000	76,500
Market resources	89,100	139,900	62,700	117,400	53,200	68,100	31,300
Market resources with Social Security and Medicare	101,000	140,600	63,600	119,500	54,400	110,200	66,100

Source: Author's analysis, applying the ATTIS model to the 2018 American Community Survey, IPUMS USA, University of Minnesota, www.ipums.org, projected to 2022.

Notes: TCES = true cost of economic security. The unit of analysis consists of individuals who are classified by their family compositions and their household's homeownership status. The medians are based on the family-level costs and resources of each individual. Family is defined as all related persons in a household, plus cohabiters and their relatives, and any unrelated children in the household who are cared for by the family. Households may include more than one family and some families may consist of a single individual. An adult is over 17, or a person under age 18 who is the head (or spouse of head) of a family. The average family resource gap is the average difference between families' costs and resources. Estimates do not include people who are unhoused or living in nursing homes, homeless shelters, or other group quarters. Other costs include miscellaneous expenses

such as food purchased away from home, apparel and services, personal care products and services, housekeeping supplies, and civic engagement expenses. Market resources include the value of earnings, interest and dividends, pensions, child support, child care provided by parents or caretakers, and employer-sponsored health insurance.

Notes

[1] We use the term "Hispanic" because this is the primary terminology used by the US Census Bureau in the American Community Survey, which is the source of household data for this analysis. Analysis of people who are white, Black, and Asians and Pacific Islanders includes only people who do not identify as Hispanic, and who report a single race.

[2] See Congressional Budget Office, "Trends in the Distribution of Housheold Income From 1979 to 2020," November 14, 2023. https://www.cbo.gov/publication/59510; US Census Bureau, Real Median Household Income in the United States [MEHOINUSA672N], retrieved from FRED, Federal Reserve Bank of St. Louis, October 21, 2024, https://fred.stlouisfed.org/series/MEHOINUSA672N.

[3] According to the Federal Reserve, 63 percent of Americans do not have enough in savings to cover an unexpected $400 expense. See "Adults Who Would Cover a $400 Emergency Expense Using Cash or Its Equivalent," Chart from Report on the Economic Well-Being of US Households, May 22, 2023, https://www.federalreserve.gov/consumerscommunities/sheddataviz/unexpectedexpenses.html. In contrast, the official poverty rate for 2022 (the most recent data available) was 11.5 percent, and the 2022 poverty rate according to the Supplemental Poverty Measure was 12.4 percent. See Shrider and Creamer (2023).

[4] "The History of the Official Poverty Measure," Census Bureau, last updated May 24, 2022, https://www.census.gov/topics/income-poverty/poverty/about/history-of-the-poverty-measure.html.

[5] "New National Poll: Economic Hardships of Millions of Middle-Class Americans Go Unseen, Most Believe They Will Continue to Struggle Throughout Their Lives," Seven Letter, June 4, 2024 https://www.nationaltruecostofliving.org/research/pressrelease.

[6] See the Federal Reserve Economic Database (FRED), graphic LES1252881600Q, "Employed Full Time: Median Usual Weekly Real Earnings: Wage and Salary Workers 16 Years and Over," https://fred.stlouisfed.org/series/LES1252881600Q for data from 1979 to the present. The data show real weekly wages in 2014 almost the same as in 1979; however, there have been increases since 2014.

[7] See US Department of Housing and Urban Development, "Fair Market Rents (40th Percentile Rents)," https://www.huduser.gov/portal/datasets/fmr.html, and US Department of Housing and Urban Development, "Small Area FMRs," https://www.huduser.gov/portal/datasets/fmr/smallarea/index.html.

[8] US Department of Housing and Urban Development, "Frequently Asked Questions: FY 2024 Fair Market Rents," August 31, 2023, https://www.hud.gov/sites/dfiles/PA/documents/FMR_FAQs.pdf.

[9] Fair Market Rents for Existing Housing: Methodology, 24 CFR § 888.113 (2016), https://www.law.cornell.edu/cfr/text/24/888.113.

[10] "Fair Market Rents for the Housing Choice Voucher Program, Moderate Rehabilitation Single Room Occupancy Program, and Other Programs Fiscal Year 2022," *Federal Register*, October 1, 2021, https://www.federalregister.gov/documents/2021/08/06/2021-16148/fair-market-rents-for-the-housing-choice-voucher-program-moderate-rehabilitation-single-room#p-56.

[11] In households with more than one family, we estimated number of bedrooms separately for each family unit.

[12] "USDA Food Plans," US Department of Agriculture, last updated November 3, 2023, https://www.fns.usda.gov/cnpp/usda-food-plans, and "USDA Food Plans: Monthly Cost of Food Reports," US Department of Agriculture, Center for Nutrition Policy and Promotion, last updated August 2, 2024, https://www.fns.usda.gov/cnpp/usda-food-plans-cost-food-monthly-reports.

[13] "Consumer Expenditures - 2022," Bureau of Labor Statistics, USDL-23-1943, September 8, 2023.

[14] See Hake, Engelhard, and Dewey (2023). We adjust the costs based on the Low-Cost Food Plan (the USDA amounts applying to the 48 contiguous states and DC, as well as the estimated amounts for Alaska and Hawaii) using a county-level multiplier. The multiplier is equal to the ratio of the average cost per meal for food secure individuals in each county to the national average cost per meal for food-secure individuals.

[15] The base food plans estimate costs for individuals in four-person households. USDA refers to "household" to refer to the SNAP assistance units (people sharing and preparing food together). We use the term "family." Costs for additional household sizes can be calculated using USDA's recommended adjustment factors: 1-person household—add 20 percent; 2-person household—add 10 percent; 3-person household—add 5 percent; 4-person household—no adjustment; 5- or 6- person households—subtract 5 percent; 7- (or more) person households—subtract 10 percent. The TCES assumes that costs vary within all household sizes based on the age of individual members.

[16] We begin with data on 2024 premiums. We then use the Consumer Price Index for all urban consumers for medical care to adjust the data to 2022 dollars. See "Health Insurance Marketplace Calculator," KFF, accessed April 17, 2024, https://www.kff.org/interactive/subsidy-calculator, and "Consumer Price Index for All Urban Consumers (CPI-U): Health insurance in U.S. city average, All urban consumers, Not seasonally adjusted," US Bureau of Labor Statistics, accessed April 17, 2024, https://beta.bls.gov/dataViewer/view/timeseries/CUUS0000SEME.

[17] For people ages 21 through 39, we determine the premium through interpolation between the age-20 premium and the age-40 premium. For example, for a person age 25, premium = (age 18-20 premium) + 0.25 * (age-40 premium minus age 20 premium). For people aged 41 through 59, we determine the premium through interpolation between the age-40 premium and the age-60 premium.

[18] In New York and Vermont, there are separate premiums for four types of health insurance units: individual adults with no children; couples with no children; individual adults with at least one child; couples with at least one child. In these states, the family's total premium cost equals the sum of premium costs for the health insurance units in the family.

[19] The medians reflect all medical out-of-pocket spending other than premiums, including both over-the-counter (OTC) items (e.g., items purchased at a drug store without a prescription) and non-OTC items (including copayments and deductibles).

[20] People enrolled in Medicare were included in the group for determining median MOOP amounts by age group. Almost all individuals aged 65 and over are enrolled in Medicare. Although some Medicare plans (e.g., Medicare Advantage Plans) may limit MOOP, the ACS data do not indicate type of Medicare plan. The computed medians at older ages could somewhat underestimate what must be paid by individuals with types of Medicare plans that do not limit MOOP.

[21] U.S. Census Bureau, "American Community Survey Supplemental Poverty Measures (SPM) Research Files: 2009 to 2019, 2021," June 13, 2023, https://www.census.gov/data/datasets/time-series/demo/supplemental-poverty-measure/acs-research-files.html.

[22] National Database of Childcare Prices, Women's Bureau, Department of Labor, accessed April 25, 2024, https://www.dol.gov/agencies/wb/topics/childcare/price-by-age-care-setting.

[23] For Colorado, we use a 2022 market rate survey study: Brodsky, Andrew, Erin Gager, and Aurora Vadas-Arendt. 2022."2022 Colorado Child Care Market Rate Study," Brodsky Research and Consulting. For DC, we use the 2021 cost of care report: Office of the State Superintendent of Education. 2021. "Modeling the Cost of Child Care in the District of Columbia 2021." Washington, DC: Office of the State Superintendent of Education. For Indiana, we use a 2018 market rate survey: Office of Early Childhood and Out of School Learning. 2018. "Market Rate Survey Report 2018." Indianapolis, IN: Office of Early Childhood and Out of School Learning, Indiana Family and Social Services Administration. For New Mexico, we use a 2021 cost of care report: Capito, Jeanna,

Jessica Rodriguez-Duggan, and Simon Workman. 2021. "Understanding the Cost of Quality Child Care in New Mexico." P-5 Fiscal Strategies.

[24] "Consumer Price Index for All Urban Consumers (CPI-U): Tuition, Other School Fees, and Child Care in U.S. City Average, All Urban Consumers, Not Seasonally Adjusted," US Bureau of Labor Statistics, August 19, 2024, https://beta.bls.gov/dataViewer/view/timeseries/CUUR0000SEEB.

[25] We use receipt of Supplemental Security Income (SSI) as a proxy for determining whether a child has a disability.

[26] "National Database of Childcare Prices Technical Guide," National Database of Childcare Prices, Women's Bureau, Department of Labor, accessed April 25, 2024, https://www.dol.gov/agencies/wb/topics/featured-childcare.

[27] "H+T Index Methods," Center for Neighborhood Technology (CNT), August 2017, https://htaindex.cnt.org/about/HTMethods_2016.pdf. "Housing and Transportation Affordability Index," Center for Neighborhood Technology (CNT), accessed April 23, 2024, https://htaindex.cnt.org/.

[28] In many places, there is very limited spending on transit on average. Even in places with substantial transit use, many families own vehicles. Therefore, for all places, we use the typical total cost, which can be considered an average across households using transit and automobiles to different degrees.

[29] "Consumer Price Index for All Urban Consumers (CPI-U):Transportation Services in U.S. City Average, All Urban Consumers, Not Seasonally Adjusted," US Bureau of Labor Statistics, August 19, 2024 https://beta.bls.gov/dataViewer/view/timeseries/CUUS0000SAS4.

[30] Nick Cellucci and Timothy Moore, "How Much Does Internet Cost Per Month?" Forbes Home, June 13, 2024, https://www.forbes.com/home-improvement/internet/internet-cost-per-month/; Bobbi Dempsey, "U.S. News & World Report Internet Cost, Speed, and Value Consumer Survey 2023," U.S. News & World Report, September 19, 2023, https://www.usnews.com/360-reviews/services/internet-providers/internet-cost-speed-value-survey; Jonathan Schwantes, "Consumer Reports Survey of American Consumers on Cost and Accessibility of Broadband Internet Services," Consumer Reports, December 11, 2023, https://advocacy.consumerreports.org/press_release/consumer-reports-survey-of-american-consumers-on-cost-and-accessibility-of-broadband-internet-services/.

[31] Bree Fowler, "Best Low-Cost Cell Phone Plans," Consumer Reports, accessed October 3, 2024, https://www.consumerreports.org/electronics-computers/cell-phones-services/best-low-cost-cell-phone-plans-a8977819742/.

[32] The TCES does not reflect other types of taxes, including property taxes, sales taxes, or local taxes.

[33] Unlike other cost components of the TCES threshold, tax costs are based on each family's current circumstances. Areas with many high-income individuals will have somewhat elevated TCES thresholds because taxes owed are included in the overall threshold. Conversely, in areas with many families with lower incomes, median TCES thresholds will reflect their lower tax liabilities. When comparing thresholds between areas, it is important to consider both the overall threshold as well as each cost component.

[34] The rule of thumb to save 20 percent of your income is widely cited in popular financial planning guidance. See for example "50/15/5: An Easy Trick for Saving and spending," Fidelity, April 14, 2024, https://www.fidelity.com/viewpoints/personal-finance/spending-and-saving. and "How to Manage Bills and Expenses," TIAA, accessed October 3, 2023, https://www.tiaa.org/public/learn/personal-finance-101/how-to-make-a-budget.

[35] "Table 1400. Size of Consumer Unit: Shares of Annual Aggregate Expenditures and Sources of Income, Consumer Expenditure Surveys, 2022," US Bureau of Labor Statistics, September 2023, https://www.bls.gov/cex/tables/calendar-year/aggregate-group-share/cu-size-2022.pdf.

MIT measures the cost of civic engagement using Consumer Expenditure data across nine cost categories: fees and admissions, audio and visual equipment and service, pets, toys, hobbies, playground equipment, reading, education, and other entertainment supplies, equipment, and services.

[36] "Table 1800. Region of Residence: Annual Expenditure Means, Shares, Standard Errors, and Relative Standard Errors, Consumer Expenditure Surveys, 2022," US Bureau of Labor Statistics, September 2023, https://www.bls.gov/cex/tables/calendar-year/mean-item-share-average-standard-error/cu-region-1-year-average-2022.pdf.

[37] As we are computing the TCES measure for 2022, the pandemic era expansions of tax credits, stimulus payments, and enhanced unemployment are no longer resources available to families. Enhanced SNAP benefits were still in effect in 2022, but we excluded them from the computations for the TCES.

[38] Richard Fry, "Almost 1 in 5 Stay-at-Home Parents in the US Are Dads," Pew Research Center, August 3, 2023, https://www.pewresearch.org/short-reads/2023/08/03/almost-1-in-5-stay-at-home-parents-in-the-us-are-dads/.

[39] The amount of care received by the family is valued using each state's "maximum reimbursement rates"—the maximum full cost of care that will be considered by the program, which varies across states, by age of child, and sometimes by the amount of care needed.

[40] "10 Important Facts about Indian Health Service and Health Insurance," HealthCare.gov, August 2016, https://www.cms.gov/outreach-and-education/american-indian-alaska-native/aian/outreach-and-education/pdf/10-important-facts-about-ihs-and-health-insurance_909322.pdf.

[41] For each health insurance unit (individuals or couples and their children) that includes people with insurance assumed to have been purchased through the Marketplace, we estimate the unit's Modified Adjusted Gross Income (MAGI), determine the MAGI as a percentage of the poverty threshold, and then estimate the premium tax credit subsidy based on the MAGI relative to poverty. The subsidy equals the estimated total cost of the premium (as established in determining the TCES threshold) minus the portion of the cost that is the unit's responsibility. The family's responsibility ranges from 1 percent of their MAGI (if MAGI is greater than 150 and less than or equal to 199 percent of the poverty guideline) to 8.5 percent of their MAGI (if the ratio is 400 percent or higher). Families with MAGI through 150 percent of poverty do not owe any premium. Families with MAGI below 100 percent of poverty are generally ineligible for Marketplace subsidies, and unauthorized immigrants are ineligible for subsidies.

[42] The ACS asks about coverage as of the point of the survey but does not ask how long the coverage has been in place.

[43] "Get Help Responding to the ACS, " Census Bureau, accessed October 3, 2024, https://www.census.gov/programs-surveys/acs/respond/get-help.html.

[44] Market resources include the value of earnings, interest and dividends, pensions, child support, child care provided by parents or caretakers, and employer-sponsored health insurance.

[45] The vast majority of adults in single adult families with children are women—about 80 percent.

[46] Differences in resources by the number of children in a family size may reflect differences in the ages of adults in those families (as adults in their 30s and 40s have higher earnings than younger adults and they also have had time to have more children. Also, adults with fewer resources may choose to have fewer children.

[47] Metro areas must have at least one urban area with a population of 50,000 people.

[48] The Northeast region includes people in Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont; the Midwest region includes people in Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin; the South region includes people in Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky,

Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia; and the West region includes people in Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

[49] The results could be affected to some extent by differences in family size, for families of the same type across regions. For example, the data show that in the west, people ages 65 and older live in larger families, on average, than people ages 65 and older in other regions. All else equal, larger families have higher costs.

[50] Because of relatively small sample sizes in less populous counties, it is difficult to draw broad conclusions about the interplay between costs and resources. Recall that the TCES rate is slightly higher and both costs and resources are lower in nonmetro areas than in metro areas. Thus, it is challenging to make broad inferences about the extent to which high costs and low resources account for the economic struggles of families in nonmetro and rural areas.

[51] "Treasury and IRS Announce New Online Tool to Help Families Register for Monthly Child Tax Credit," US Department of the Treasury, https://home.treasury.gov/news/press-releases/jy0227.

[52] "Federal Student Loan Debt Relief," US Department of Education, accessed August 10, 2024, https://studentaid.gov/manage-loans/forgiveness-cancellation/debt-relief-info.

[53] "HHS Announces Savings for 41 Prescription Drugs Thanks to Inflation Rebates from the Biden-Harris Administration's Lower Cost Prescription Drug Law," US Department of Health and Human Services, March 26, 2024, https://www.hhs.gov/about/news/2024/03/26/hhs-announces-savings-41-prescription-drugs-thanks-inflation-rebates-from-biden-harris-administrations-lower-cost-prescription-drug-law.html.

[54] This appendix draws in part from material in Giannarelli and Werner (2022).

[55] See Giannarelli and Werner (2022) for additional information on the 2022 projected data.

[56] Because this process was conducted prior to the end of 2022, the caseload "targets" were based on the information on 2022 caseloads available to that point.

[57] "GeoCorr Applications," Missouri Census Data Center, accessed April 11, 2024, https://mcdc.missouri.edu/applications/geocorr.html.

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