

More Than Half of Americans Struggle to Pay Bills and Save Money

- Financial strains are widespread in the US, new study says
- Official poverty rate belies 'True Cost of Economic Security'



Inflation in the US accelerated in 2022 as the economy reopened following pandemic lockdowns and global supply chains struggled to keep up with booming demand. *Photographer: Natalia Gdovskaia/Moment RF/Getty Images*

By [Maria Clara Cobo](#)

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Millions of Americans are struggling to pay bills and save money despite not living in extreme poverty, according to a report published Tuesday by the Urban Institute.

In 2022, 52% of the US population lived in families that are unable 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,” the [study](#) found.

Researchers calculated a “True Cost of Economic Security” threshold to measure the extent to which families are only making ends meet by sacrificing savings, living in crowded housing or foregoing expenses like health care and child care. Although the official US poverty rate fell to [11.1%](#) in 2023 from 11.5% the year before, the findings suggest financial strains have been much more widespread amid a rising cost of living in recent years.

“We’ve been so over-focused on the poverty line that we may have missed that for the first time in America, families are having to look at a worse future for themselves and their children,” said David Jones, president and chief executive officer of the Community Service Society of New York, one of the study’s funders. “This is a step backward from what was the essential American dream.”

The TCES measures the costs of maintaining a decent standard of living — including housing, food, health care, child care, education, and savings for emergencies and retirement. The report also calculated gaps between what families need and what they have available, considering their structure and location.

Inflation in the US accelerated in 2022 to the highest level in four decades as the economy reopened following pandemic lockdowns and global supply chains struggled to keep up with booming demand. While it’s subsided notably since then — from a peak of 9.1% to [2.6%](#) in

in October — Americans are still facing higher prices for all kinds of goods and services, compounded by higher borrowing costs.

But the study found that in areas with the highest share of families living below the TCES threshold, the main driver of economic insecurity was a lack of resources on the income side rather than a rising cost of living.

Despite a decline in the Census Bureau's official poverty measure between 2021 and 2023, a supplemental measure that includes government transfers rose over that period, a development the agency attributed in part to the expiration of pandemic-era tax and noncash benefit program expansions.

“There are a lot of people who feel unseen by the way we measure need,” said Gregory Acs, vice president for income and benefits policy at the Urban Institute and one of the authors of the study. “They may not be homeless, they may not be deciding what bill to pay each month, but their costs have grown while their resources to meet those costs have not kept up.”

Single-parent households, especially those with young children, and larger families with three or more kids face significant challenges, according to the report. The researchers estimated that 58% of families with children fell below the TCES threshold, compared with only 46% of families without children.

The findings indicate people of color are struggling in greater numbers than their White counterparts. While about two in five White Americans are not equipped to meet their needs according to the TCES measure, around 70% of Black and Hispanic Americans lack the resources necessary to fully cover expenses and save for the future.

Caroline Davis Joseph, a 45-year-old Black business owner in the Bronx, said her biggest challenge is making sure her mortgage is paid each month after losing her husband unexpectedly last year. She's also trying to manage student-loan payments and the cost of her father's long-term care.

“I don't feel like I can save for the future — it's literally like playing catch-up to my bills most of the time,” Joseph, who also works as an adjunct instructor at Lehman College, said. And when she is able to save, “within a couple of months, you know, I have to tap into that.”

The authors of the Urban Institute study advocated for more government support to help families meet costs through higher minimum wages, expanded access to affordable child care, and actions to reduce transportation and housing costs.

“Many people without the critical resources to plan for tomorrow and who have worked the entirety of their lives wind up living in or near poverty,” said Jones. “It's important that we include savings for their future when we talk about what Americans need for the entirety of their lives.”

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