



MEMORANDUM

February 18, 2026

TO: Interested Parties
FROM: Mike Pierce, Protect Borrowers and Randi Weingarten, AFT
RE: An Affordability and Debt Crisis for Working People

OVERVIEW

Across the United States, families are increasingly struggling to keep up with rising costs of living and the surge in prices on the basics—groceries, rent, healthcare and child care—pushing the American dream further and further out of reach. As corporate profits reach record highs, the wages of the working people who make the profits possible have failed to keep pace. Thousands of teachers, healthcare workers and other working people responded to a recent survey by the AFT and Protect Borrowers on how they were coping with these rising costs. Their response? More and more debt.

Working people are taking on debt at unprecedented levels—using “buy now, pay later” loans to pay for groceries, going into debt to pay the rent, taking out credit cards to cover healthcare costs, and sacrificing retirement security just to pay for basic necessities. Because families’ debt burdens are approaching the highest levels seen since the depths of the Great Recession, Americans now view both the economic and political landscape through their experiences managing these debts.

The Economic Policy Institute shows in recent reports that the roots of today’s affordability crisis lie “in the [long-term suppression of workers’ pay](#),” which is directly linked to a decline in union density resulting from employer union busting and deliberate policy choices that make it harder for workers to organize. For decades following World War II, [pay and productivity rose together](#), meaning that workers shared in the benefits of economic growth. Since the late 1970s, however, an increasing share of productivity gains have gone to corporate managers and owners. This concentration of wage income at the top has resulted in stagnant wages for workers. Workers want a shot at the American dream; support for unions is at an all-time high, with more than 68 percent of people holding a favorable view of unions; and 2025 saw union membership reach its highest level in 16 years.

From Dec. 12, 2025, to Feb. 12, 2026, the AFT and Protect Borrowers fielded responses from more than 7,500 AFT members and other working people, asking a set of questions about how families make ends meet in President Donald Trump’s economy.¹ The results offer new insight into how workers and families deal with being squeezed by higher costs due to tariffs, skyrocketing healthcare premiums, affordable housing shortages, grocery prices, and higher prices on just about everything else.

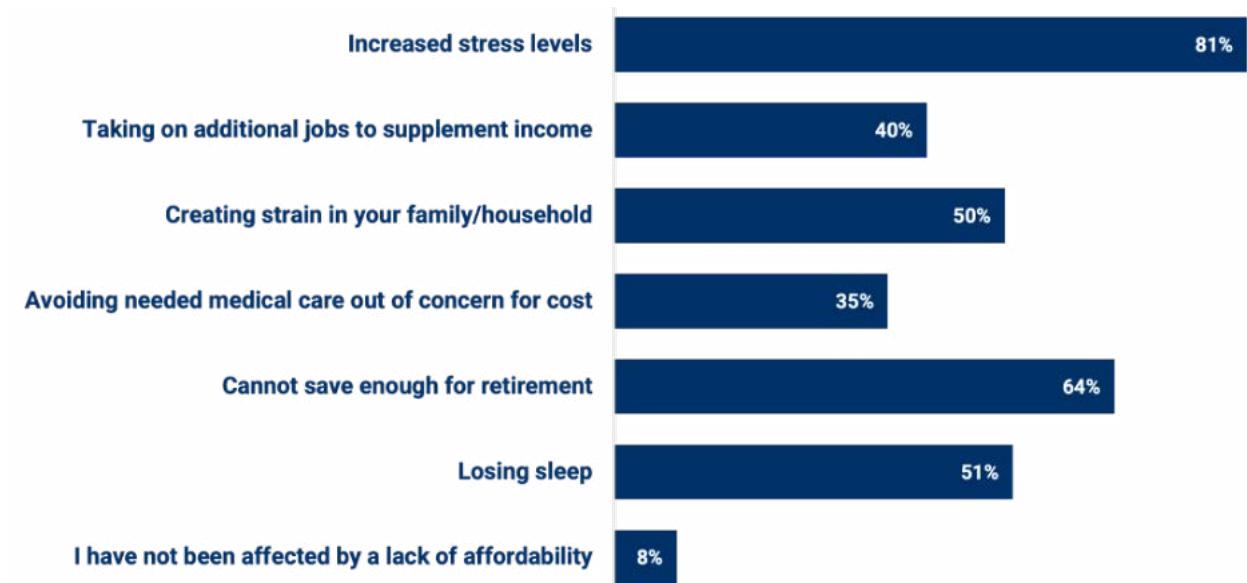
¹This survey was completed by 7,554 respondents, the vast majority of whom (78 percent) self-identified as AFT members, including union educators and healthcare workers. When describing the results of this survey, we use the terms “AFT members” and “respondents” interchangeably, even though a minority of respondents did not self-identify as members of AFT or an affiliate. Considering that the survey was distributed directly to AFT members and affiliates and that some AFT members or members of affiliates may be uncertain as to their membership status, it is the authors’ view that a substantial subset of respondents who did not self-identify as AFT members may, in fact, be a member of the union or one of its affiliates. Not every survey respondent answered each question. Percentages are based on the total number of respondents who answered the question.

SKYROCKETING COSTS ARE CRUSHING WORKERS AND FAMILIES

The vast majority (74 percent) of AFT members who responded to our survey report living month to month, paycheck to paycheck, and more than 1 in 3 (40 percent) report being unable to afford all of their monthly bills. Survey respondents report that the American dream is slipping out of reach, as wages fail to keep up with rising costs and a bigger share of workers' paychecks go to pay for essentials. Across these survey responses, we identified the following broad themes:

- **Rising prices continue to squeeze working people trying to afford the basics.** A huge majority of respondents—92 percent—say that they are concerned about costs going up faster than wages. Respondents reported a wide range of physical consequences stemming from debt distress, including delayed medical treatment, taking on second and third jobs, and loss of sleep. Melissa, an AFT member from Texas, said, “It is a daily mental struggle to not be able to afford the necessities. I often worry about how my situation can get better.”

Figure 1: The Physical Toll of Financial Stress on Survey Respondents



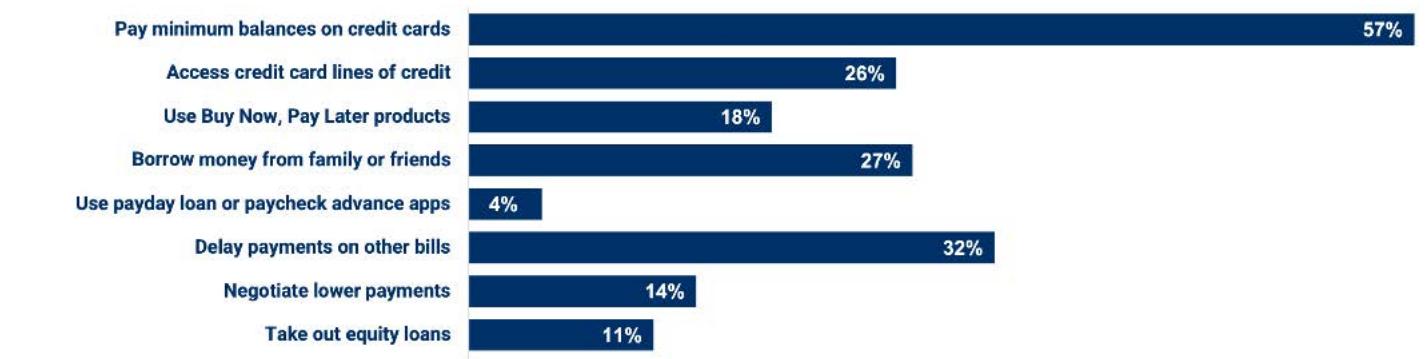
- **The hallmarks of middle-class American life—homeownership, career pathways, higher education and a secure retirement—are slipping beyond reach for many.** We asked AFT members how rising costs affected their daily lives. In response, 9 in 10 AFT members (90 percent) said they cannot save enough for retirement, and more than 8 in 10 AFT members identified housing costs as a challenge, including more than 1 in 4 who describe the high cost of housing as “a major challenge.” According to a recent [Groundwork Collaborative report](#), the median income required to afford a home has risen by nearly 50 percent over the last five years, to \$117,000. The [typical age](#) for a first-time homebuyer has climbed to a record high of 40 years old. High mortgage rates and a complex financing system have combined with out-of-control prices to put homeownership out of reach for many American families. Ashlei, an AFT member from California, said, “I’ve considered moving but my credit score isn’t good enough to get approved anywhere. My rent alone is \$2,800 which is cheap compared to what I’ve seen. Trying to pay off my student loan debt is a nightmare because I can barely afford housing bills.”

- **Utility costs are squeezing working families across the country.** When asked to identify the largest drivers of financial distress across their lives, rising energy costs ranked at the top of respondents' list, behind only anxiety about wages keeping up with the rising cost of living and rising grocery bills. Nearly 6 in 7 respondents cited rising utility bills as a challenge, and nearly 1 in 4 respondents described these costs as "a major challenge" when trying to make ends meet. Research published by Protect Borrowers and The Century Foundation late last year found that Americans' energy bills rose by [more than 12 percent](#) during Trump's first year in office and that more than 14 million households now owe a past-due utility bill to an energy company. As Matt, an AFT member from Texas, explained: "For the first time we had our electricity cut off at our house in [December]. ... [I] have been teaching since 2007 but with debt from my child's (special needs) medical [debt] & high energy costs we had to be late on energy bills then we got really behind and power was disconnected before Christmas."

FAMILIES ARE TURNING TO DEBT TO STAY AFLOAT

Working people are turning to debt to keep up with rising costs. Our survey offers new insight into how people use debt and credit to stay afloat and speaks to the broader economic anxiety that spills across their financial lives as a result. AFT members report taking on a wide range of debts, including buy now, pay later loans (18 percent), borrowing money from family or friends (27 percent), delaying payments due on other bills (32 percent), and paying only the minimum monthly payment on credit cards (57 percent).

Figure 2. Survey Respondent Strategies for Managing Financial Stress



Across these survey responses, one thing is clear: Americans' debts are a part of how they experience the Trump economy. High interest rates [make debts more expensive](#) at the same time as high costs push people deeper into the red. Our survey shows that a major driver of this debt and distress is our government's failure to provide broad access to healthcare, college and a secure retirement. Across our survey responses, we see:

- **Our broken healthcare system is driving families deep into debt and despair.** More than 8 in 10 AFT members describe healthcare costs as a driver of financial distress, with more than 1 in 5 describing the cost of healthcare as "a major challenge." Describing how they use credit card debt to stay afloat, half (50.2 percent) of respondents reported paying for medical or dental care with a credit card over the past 12 months. One AFT member said, "[w]hen our adopted child was young, he needed a lot of medical care, and twice we had to refuse care we could not afford—some of the worst moments of my life."
- **Credit cards and buy now, pay later loans are letting families cope with rising prices—for now.** Across their financial lives, respondents report taking on debt—including credit card debt and buy now, pay later loans—to make ends meet. Over the past 12 months, nearly 1 in 3 respondents (31

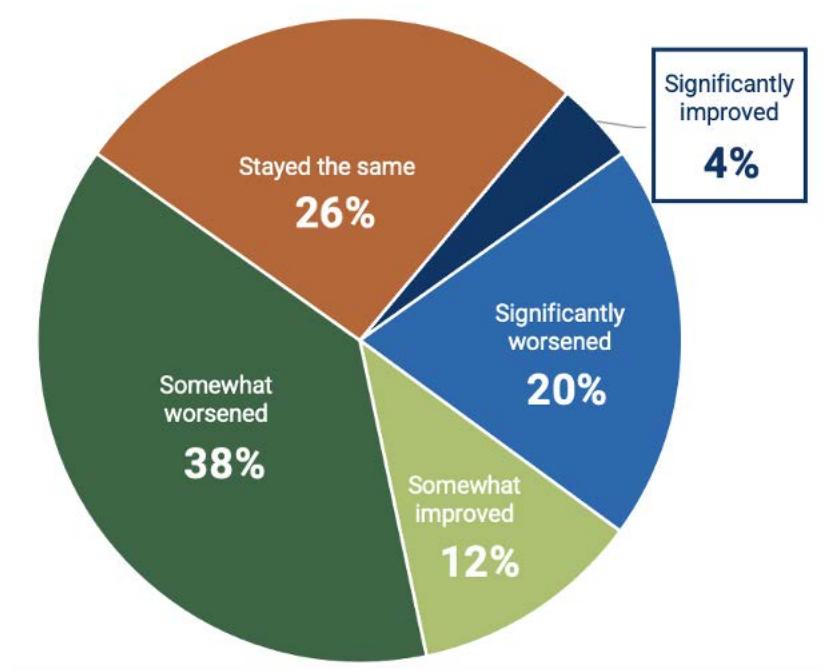
percent) report using a credit card to pay utility bills, more than 1 in 5 (22 percent) report using a credit card to make a payment on another debt, and 1 in 8 (12 percent) report using a credit card to pay the rent. When asked to identify the strategies they used to make ends meet, more than half (57 percent) report making minimum payments on credit cards to stay afloat. Larry, an AFT member from New Jersey, told us, “[w]e have to rely on using Klarna, Affirm to buy groceries.”

TRUMP'S POLICIES ARE FANNING THE FLAMES

Trump and his congressional allies have slashed support for working families, pushed through tariffs that increase the cost of everything from cars to groceries, and cut backroom deals with the same big corporations that rake in windfall profits by exploiting Trump's chaos to raise prices even further. The [Tax Foundation](#) estimates that price increases from tariffs alone amount to additional costs of \$1,000 for the average household in 2025 and \$1,300 in 2026. The actual costs borne by families may be even higher when accounting for the many major retailers and corporations that are weaponizing confusion around the on-again, off-again tariffs to justify price increases even when they are [not subject to them](#). Meanwhile, the One Big Beautiful Bill Act enacted by Trump and his allies in Congress made sweeping cuts to [Medicaid](#), the [Supplemental Nutrition Assistance Program](#) and countless other programs, which will push [11 million](#) Americans off their health insurance over the next decade and reduce or eliminate SNAP access for [22 million](#) families—all in order to deliver trillions of dollars in tax cuts to billionaires and large corporations.

Across the economy, actions by Trump and his allies in Congress fan the flames of Americans' affordability crisis—driving families deeper into debt to just to keep up. Nearly 60 percent of those surveyed report being worse off financially since Trump came into office (today, when compared with one year ago). AFT members describe how Trump's broken economy has failed to deliver for them. As one AFT member explained, they “have to continue to borrow just to keep pace with daily living expenses and it sucks having to take out loans to pay down loans.”

Figure 3: Survey Respondents' Perception of Their Financial Situation Relative to One Year Ago



Government economic data reinforces these observations. A [recent analysis](#) of government data on rising costs by economic analyst Mike Konczal found that the costs of key essentials rose faster than inflation, contributing to the broader view by working people that a decent life is slipping out of reach. Put plainly, it costs more today to live in America—a feature of Trump’s economy that Konczal branded “[the essentials squeeze](#).”

This sentiment is widespread. A national [New York Times-Siena University](#) poll published in January 2026 found that “two-thirds of voters said they now think a middle-class lifestyle is out of reach for most people, and 77% say it has gotten harder to achieve than a generation ago.” Working people understand who is responsible for rising costs and are prepared to hold them accountable at the ballot box.

THE BOTTOM LINE

A slew of surveys published in recent weeks show Trump’s approval rating and his grades on the performance of the American economy hitting all-time lows. At the same time, [a majority of voters now believe Democrats](#) are more trustworthy stewards of the economy. Our new survey reinforces how working people want a better life but instead are [overwhelmed, anxious and in despair](#). We all deserve better.

For more information, to sign up for AFT debt clinics or become a friend of the AFT and get additional resources, including help from experts, visit aft.org/affordability.

