

**MEMO** Published August 21, 2025 • 7 minute read

# The Five Tickets to the Middle Class



*Third Way,*

What if with every paycheck you felt like you were falling further behind your basic economic goals? What if you felt this way for 25 years? How would you feel about your country? Your politics? Your government? Your future?

Ask an American what it means to live a middle-class life, and they will tell you five things: owning a home, affording child care, college for their kids, health coverage, and saving enough for a good retirement. These are the five tickets to the middle class as Americans see it. Yet, the price of every one of these tickets has surpassed wages—often by a lot and often every year since 2000.

That is a relentless burden. The middle class has become more unaffordable and inaccessible. It has become a rope line, not a welcome mat at the front door. The American Dream is eroding as a result.

# The Price of a Middle-Class Life has Outpaced Income

Cost growth of the tickets to the middle class compared to income since 2000

Income	96%
Retirement	119%
Child Care	123%
College Degree	150%
Home Prices	164%
Health Care	201%

**Note:** values depicted are the percent change from 2000 to 2023 for comparison.

**Source:** U.S. Census Bureau, National Association of Realtors, U.S. Bureau of Labor Statistics, National Center for Education Statistics, Center for Medicare & Medicaid Services, and Human Mortality Database.

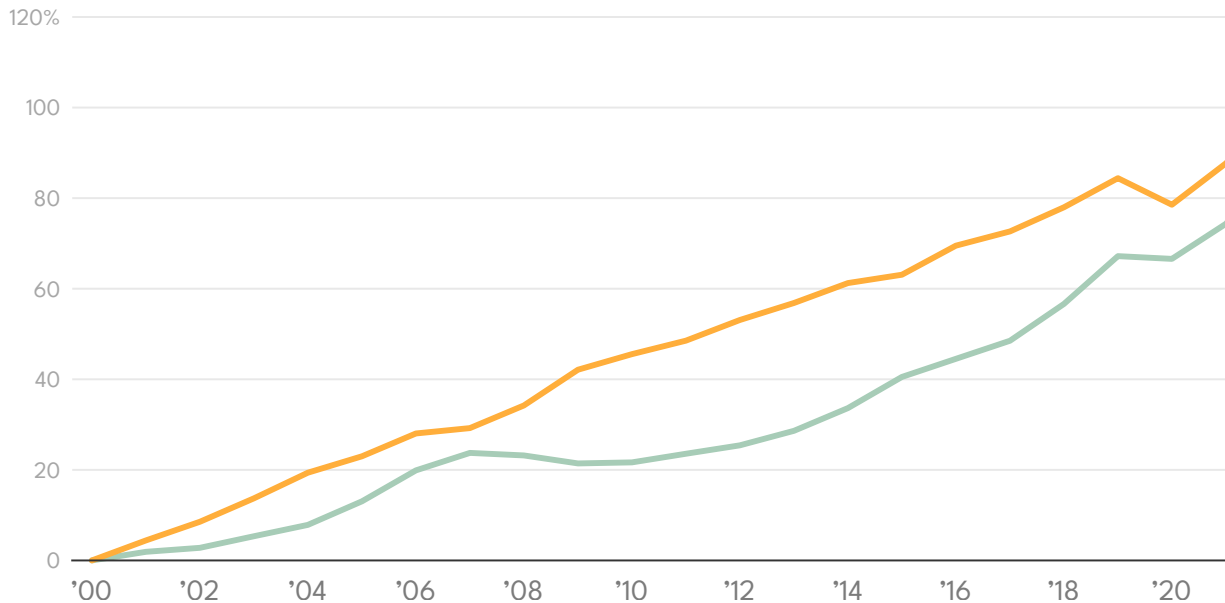


In this paper, we lay out the scope and depth of the problem. Policymakers will need to ruthlessly tackle these costs if they hope to earn the trust of the American people.

# Retirement

## The Price of Elder Care Has More Than Doubled

Total Percent Change Since 2000



Source: U.S. Census Bureau, U.S. Bureau of Labor Statistics, and Human Mortality Database.



*The price of elder care—a key expense in retirement—has risen nearly 2 1/4 times since 2000 while median income has not quite doubled. In inflation-adjusted terms, the average cost of elder care is up 34% since 2000 while median income crept up only 20%. Elder care costs have increased faster than income in 12 of the last 23 years. Three-fifths of 55 year olds without a college degree have \$0 in private retirement savings. Nearly one-third of 55 year olds with a college degree have \$0 in private retirement savings. <sup>1</sup>*

Middle-class workers hope to earn a good living through their lives, save enough to retire at a reasonable age, and live comfortably in their later years. Over time, a combination of prices and rising life expectancy have made this goal increasingly difficult to obtain. **The associated costs with aging gracefully, such as assisted living and caretakers, rose 120% since 2000. <sup>2</sup>**

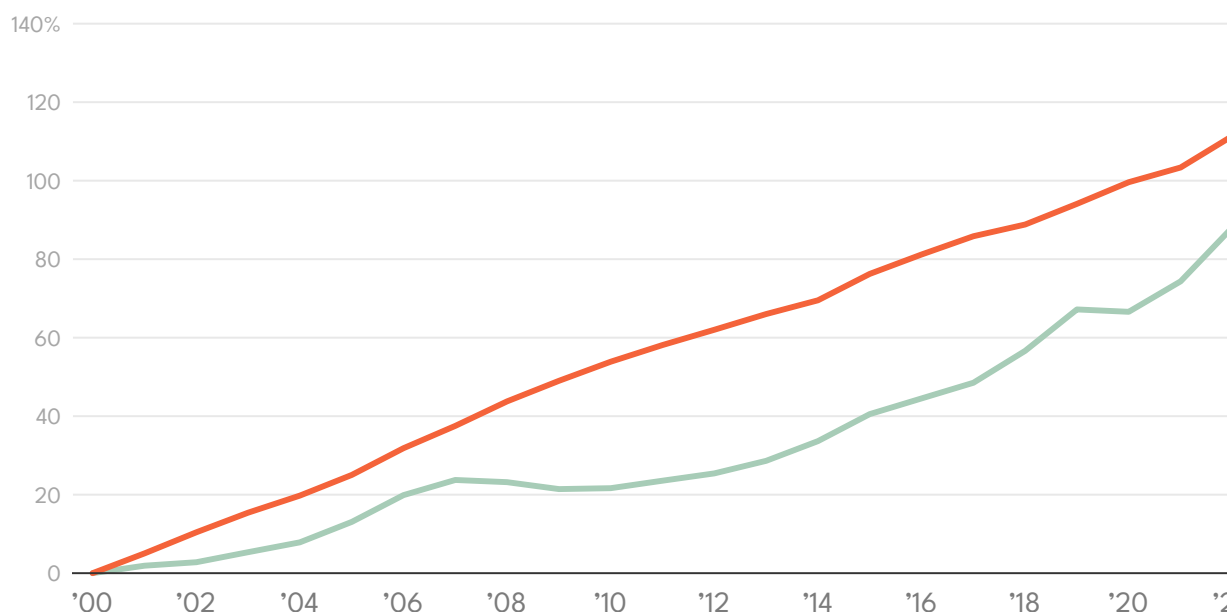
Although 70% of private-sector workers have access to a private retirement plan, just 50% participate. <sup>3</sup> And those that save in retirement accounts can still fall short. A near-retiree (aged 55–64) holds approximately \$90,000 in a 401(k). <sup>4</sup> Currently, 41% of retirees are likely to exhaust their savings. <sup>5</sup>

Finally, the other traditional sources of income in retirement—a pension and Social Security—are in a precarious position. Fewer retirees have access to defined benefit pensions that provide stable income in retirement. And Social Security’s finances need to be modernized, otherwise retirees will see declining benefits.

## Child Care

### Child Care Cost Has Jumped Nearly 2.5 Times

Total Percent Change Since 2000



Source: U.S. Census Bureau and U.S. Bureau of Labor Statistics.



*The price of child care has jumped nearly 2 ½ times since 2000 while median income has not quite doubled. In inflation-adjusted terms, the average cost of child care is up 41% since 2000 while median income crept up only 20%. The price of child care has risen faster than median income in 12 of the last 23 years.*

The cost and stress of child care is relentless. **Since 2000, child care costs have grown a staggering 135%.<sup>6</sup>** Child care costs for infants are especially high. The median cost for full-time, center-based infant care totaled \$1,200 a month in 2023—roughly 15% of the median family’s monthly income.<sup>7</sup>

Amid the high prices, families are also struggling to even access child care services. Forty percent of families seeking a daycare slot were placed on a waitlist. The average wait time? Six months.<sup>8</sup> For other families, even finding a daycare center close enough to home can prove challenging. A report

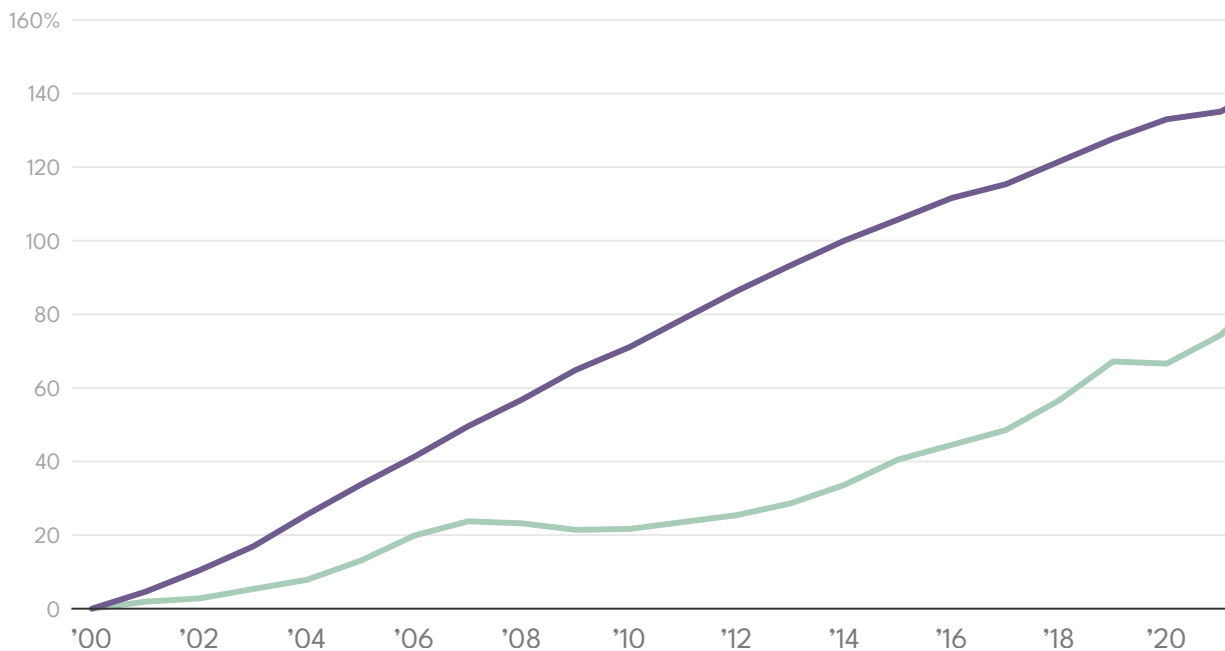
from the Bipartisan Policy Center found rural areas in particular face significant gaps between child care demand and supply.<sup>9</sup>

Exacerbating the challenge, child care workforce shortages hamper both access and affordability. The Bureau of Labor Statistics found that two-thirds of all child care providers nationwide had at least one staff vacancy.<sup>10</sup>

## College

### Cost of a College Degree Has Shot Up 2.5 Times

Total Percent Change Since 2000



Source: U.S. Census Bureau and National Center for Education Statistics.



*The cost of a college degree at a state school has nearly tripled since 2000 while median income has not quite doubled. In inflation-adjusted terms, the median cost of a college degree across all types of institutions is up 53% since 2000 while median income crept up only 20%. The price of college tuition has risen faster than median income in 14 of the last 23 years. Forty percent of those who start a 4-year degree do not earn one.*

A college degree remains a key tool for achieving economic mobility in this country.<sup>11</sup> **But, today, the average cost of getting a four-year degree is 150% more expensive than it was just 25 years ago.**<sup>12</sup>

In 2000, getting a four-year degree at a public institution would have cost you \$8,300 a year. Today? The same degree costs \$22,400—nearly three times as much. And the cost of annual tuition at a

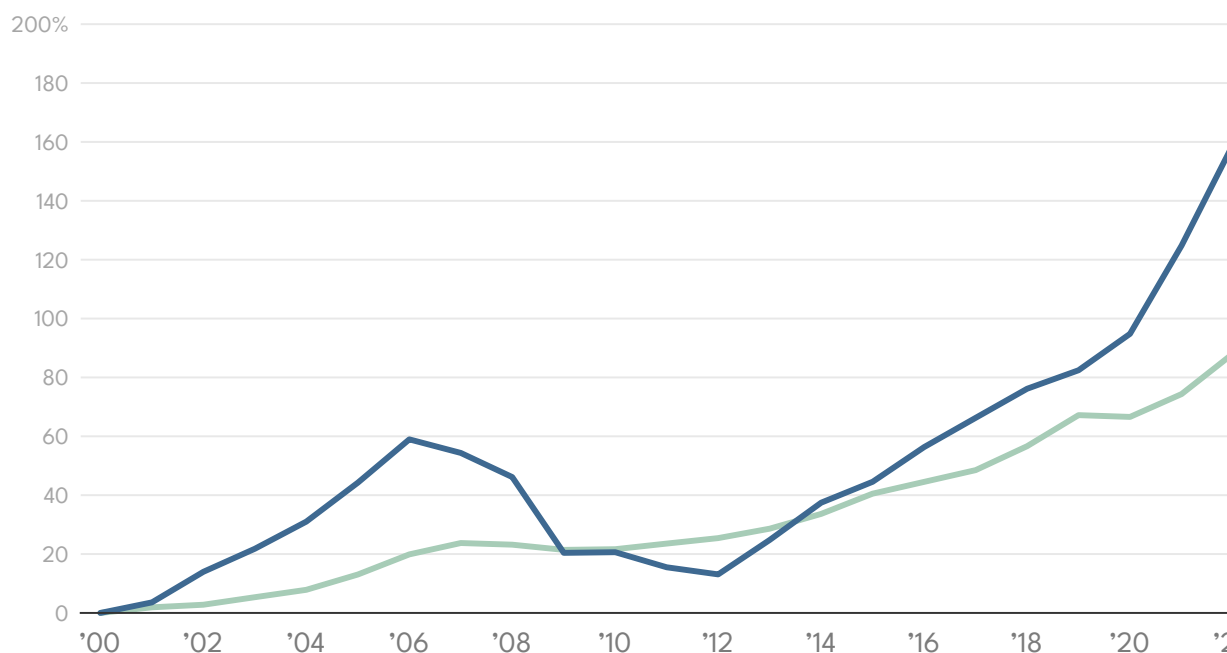
private institution jumped from \$21,000 to a staggering \$50,000 over the same time.<sup>13</sup> Completion rates also remain low—just six out of every 10 students who started their degree in 2018 have finished it.<sup>14</sup> For lower- or middle-income families, finishing a degree is even less likely. Just a quarter of students from families who made less than \$35,000 and a third of those earning between \$35,000 and \$55,000 received a four-year degree in the last 15 years.<sup>15</sup>

The declining value of Pell Grants may be making it harder for lower- and middle-income families to afford college. While a Pell Grant used to cover 80% of college costs at a public four-year institution, it now covers less than a third.<sup>16</sup>

## Housing

### The Median Price of a House Has Almost Tripled

Total Percent Change Since 2000



Source: U.S. Census Bureau and National Association of Realtors.



*The median price of a house has almost tripled since 2000, while median income has not quite doubled. In inflation-adjusted terms, the median cost of a house is up 66% since 2000 while median income crept up only 20%. The price of a house has risen faster than median income in 15 of the last 23 years. The average age of a person buying their first home has jumped six years since 2000.<sup>17</sup>*

**In 2024, the median price of an existing house in the United States was \$405,300, an increase of 185% since 2000.<sup>18</sup>**

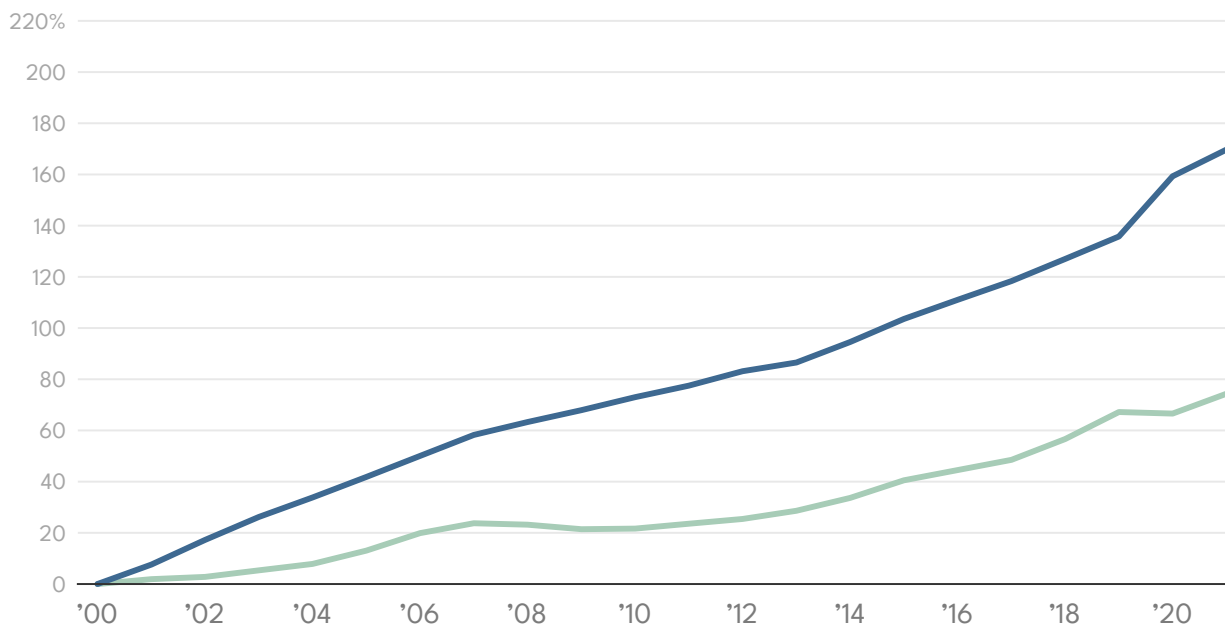
It's even worse in high-income regions. The price-to-income ratio compares sales prices to household incomes. From 2000–2024, the price-to-income ratio went from 4.4 to 7.3 in the New York metro area and from 5.2 to 10.8 in Los Angeles metro area.<sup>19</sup> Even less-expensive cities are seeing a similar trend. Price-to-income went from 2.5 to 4.3 in Atlanta and 2.9 to 5.4 in Pheonix over the same time period.

Underpinning these rising costs, the annual growth rate of new housing fell from 4% in the 1950s to 0.6% in the 2010s.<sup>20</sup> With older generations often able to hold onto their assets, the lack of new housing is a significant burden—especially on younger generations. As of 2023, 30-year-old millennials had an ownership rate 15 percentage points lower than baby boomers did at the same age.<sup>21</sup>

## Health Care

### Health Care Costs Per Capita Have More Than Tripled

Total Percent Change Since 2000



Source: U.S. Census Bureau and Center for Medicare & Medicaid Services.



*The average price of a family health care plan has quadrupled since 2000 while median income has not quite doubled. In inflation-adjusted terms, per-capita health care costs up 84% since 2000 while median income crept up only 20%. The price of health care has risen faster than median income in 16 of the last 23 years.*

Health care costs remain a significant burden on Americans—especially those from lower- and middle-income families. **Since 2000, health care costs per capita have more than tripled.**<sup>22</sup>

Employer-sponsored health insurance remains one of the key ways Americans afford care, and over 150 million people are covered by employer plans. In 2024, the average annual premium was nearly \$9,000 for single coverage and \$25,600 for family coverage in employer-sponsored plans. <sup>23</sup> Twenty-five years ago, single coverage cost \$2,200 and family coverage was \$5,800. <sup>24</sup>

Amid high deductibles and other unexpected medical costs, too many families are stuck with medical debt. <sup>25</sup> Nearly one-in-six middle-class households reported medical debt in 2021, all while the average debt for medical care continues to climb. <sup>26</sup>

## Conclusion

Americans could likely handle it if one or two of these tickets were increasing faster than wages and income, but it's all of them. And since many of these tickets are absolute essentials, the stress on people's lives is too much. Of course, raising wages would help the middle class, and policies to create more economic opportunity and earning power are part of the equation. But we cannot ignore the price tag of these five tickets.

### TOPICS

[ALL TOPICS](#)[POVERTY/MOBILITY 38](#)



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