



LUDWIG  
INSTITUTE  
FOR SHARED  
ECONOMIC  
PROSPERITY

# Beyond Survival:

Analyzing the True Cost of  
Economic Well-Being

MINIMAL QUALITY OF LIFE INDEX

MAY 2025

## Introduction

**The American dream: a vision of upward mobility, opportunity, and a fulfilling life for all who work hard. But does reality match this ideal, or are many struggling to make ends meet, with neither they nor their children having a chance to improve their circumstances? The American dream promises everyone a chance to succeed, but for many, that dream feels out of reach.**

LISEP's Minimal Quality of Life (MQL) Index goes beyond traditional cost-of-living measures, like LISEP's True Living Cost (TLC), to provide a more comprehensive understanding of what it takes to secure a foothold on the bottom rung of the American dream ladder and have a real opportunity to climb it over time.

The MQL expands on the TLC, incorporating essential expenses beyond basic needs, encompassing factors crucial to well-being, growth, and upward mobility. This includes not only necessities like housing, food, and healthcare but also education, transportation, technology, and other minimal quality of life and life advancement expenses.

By tracking costs associated with this "basket of American dream essentials", the MQL provides a more holistic view of what it truly means for individuals to have a minimal quality of life in America. It acknowledges that access to affordable housing and healthcare alone is not enough to fully support a person's well-being. Factors like education and cultural resources play a significant role in enabling individuals to lead fulfilling and meaningful lives. For example, it recognizes childcare not just as a cost but as a foundation for the child's future and the parent's career potential. It acknowledges the sacrifices families make for long-term goals and personal well-being, even if it means forgoing immediate needs.

This white paper attempts to delve deeper, providing a detailed depiction of what it costs to live a life that approaches the American dream's ideals. It is intended to offer policymakers, economists, and the public a framework to gauge the economic barriers and opportunities associated with achieving a secure, comfortable existence in the United States.

But beyond mere cost analysis, this exploration aims to ignite a discussion on redefining economic well-being through the lens of the MQL. By examining essential expenses not just as burdens but as investments in personal and family growth, upward mobility, and generational economic empowerment, we pave the way for a more accessible American dream, where opportunity and fulfillment remain within reach for everyone.





# Minimal Quality of Life Basket of Goods

To accurately capture the cost of living and the resources required to achieve a minimal quality of life, the MQL considers a relevant basket of goods that reflect the day-to-day expenses necessary for low- and middle-income Americans to live decently and establish a foundation for future advancement.

LISEP utilizes a multifaceted approach to quantify basket costs and determine their impact on families over time. First, they estimate the average national cost for each tracked expense. Then, they combine these tracked expenses into budgets that reflect the needs of eight distinct family types. LISEP monitors and reports the changes in the cost associated with these diverse family-basket configurations, analyzing historical trends to track how the MQL has changed by family type over time.

## What's in the basket?

### Raising a family

The cost of raising a family is determined by a parent's ability to create a platform that allows children to have an opportunity to pursue the American dream, including:

- **Childcare:** The MQL includes adequate childcare costs as in the TLC, accounting for year-round care for four-year-olds and seasonal care for school-aged children.
- **Education:** The MQL ensures families can save to cover a four-year college degree for their children at a public, in-state university, leveraging a typical

financial aid package but avoiding the need for student loans.

- **Toys:** The MQL incorporates a toy budget for households with children. This budget is not tied to the price of specific toys but rather reflects the amount a middle-income family, assumed to be budget-conscious, would likely spend on toys per child annually.<sup>1</sup>
- **Youth sports:** The MQL covers the expense of sports gear for a child playing one of the top five high school sports, excluding participation fees.

### Housing

Adequate housing must ensure secure tenure, functional water, and utilities, guarantee safety, and meet the family's needs. It must be located a reasonable distance from work and community resources. The MQL allocates the cost of shelter plus utilities in a decent housing unit as well as basic costs for furniture, appliances, and other household products which make the unit habitable and reasonably comfortable.

### Healthcare

The MQL includes premiums and out-of-pocket fees for employer-provided health insurance. Personal care expenses such as laundry, clothing storage, and hygiene or cosmetics products are included, as they're key to maintaining daily cleanliness and physical well-being.

### Food

In addition to nutritionally-adequate groceries, the MQL includes occasional meals away from the home, recognizing the substantial investment of time required to consistently prepare meals at home. The MQL also tracks the cost of hosting five guests for a singular celebratory meal, e.g., a holiday gathering, during the year.

### Transportation

Budgeting for transportation covers daily commuting and modest annual travel. The MQL accounts for the expenses of a used car, insurance, maintenance, fuel for 15,000 miles of everyday commuting and travel-related driving, and additional traveling costs such as meals and lodging.

### Technology

Technology costs ensure households are digitally connected for work, education, and other activities basic to life in the 21st century. The MQL builds on the TLC, which tracks the cost of smartphones, a household computer, and internet and phone service, by including the cost of a TV.

### Clothing

The MQL expands the TLC's coverage of clothing costs to include essential fitness gear for adults. It accounts for an annual pair of new athletic shoes.

### Basic Leisure

The MQL includes a budget for common free-time activities. It covers costs associated with watching TV, factoring in both streaming services and conventional satellite or cable. MQL also accounts for outings by budgeting for each person to attend six movies and two MLB games in affordable seats each year.

CATEGORY	COMPONENTS
Raising a Family	Childcare, College Education Savings, Toys, Youth Sports Equipment
Housing	Rent, Household Items
Healthcare	Medical Premiums, Out-of-Pocket Expenses for Medical Care, Personal Care Items
Food	Groceries, Dining Out, Celebratory Meal
Transportation	Mileage (15K), Car Maintenance, Travel Lodging, Food and Other Expenses When Traveling
Technology	Phone, Computer, Internet, TV
Clothing	Apparel, Adult Fitness
Basic Leisure	TV Subscription Services, Weekend Outings



## Beyond a One-Size-Fits-All Basket

# How Family Composition Affects MQL

**The MQL goes beyond a single, average household to give a more accurate picture of real-world costs. LISEP analyzes the MQL for eight distinct family types, recognizing that larger families and those with children have different needs.**

These family types are categorized based on the number of working adults (one or two earners) and the number of children present in the home (ranging from zero to three). LISEP assumes all adults within a family type are 40-year-old full-time earners. Additionally, for families with children, the first child is assumed to be 4 years old, the second 8, and the third 12.

This standardized approach allows for a more nuanced understanding of the MQL by acknowledging the varying realities faced by different family structures.

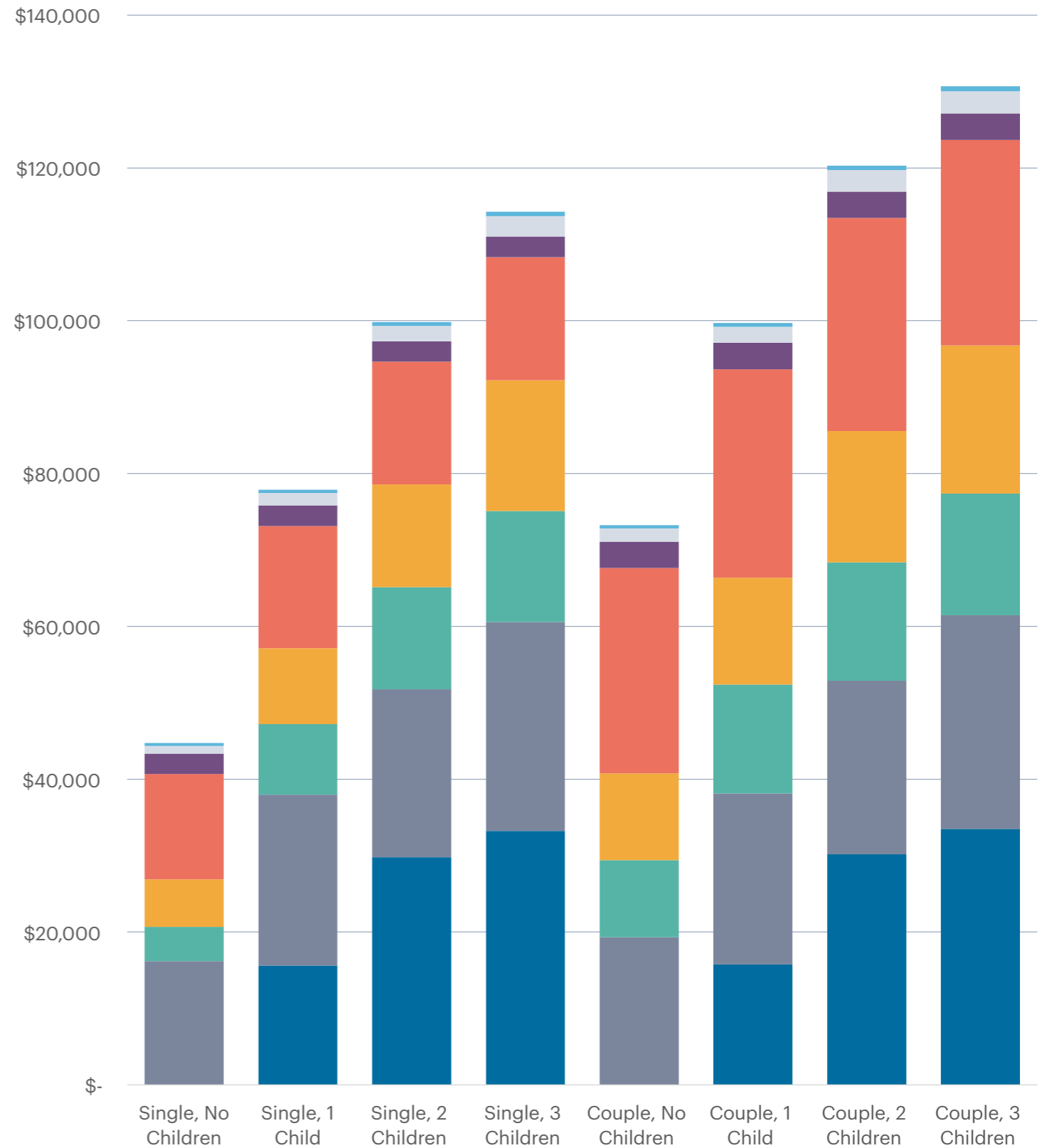


Figure 1: MQL Breakdown by Family Type, 2023

# MQL Insights Findings

The MQL rose 8.6% in 2023, marking the highest annual increase, driven by increases in housing and transportation costs. Achieving even a basic quality of life in 2023 was significantly more difficult compared to 2001, with the MQL rising by a staggering 99.5% over that period (Figure 2). The MQL's increase reflects a national trend, but significant geographic disparities in the cost of living can magnify the impact of this change for some.<sup>ii</sup>

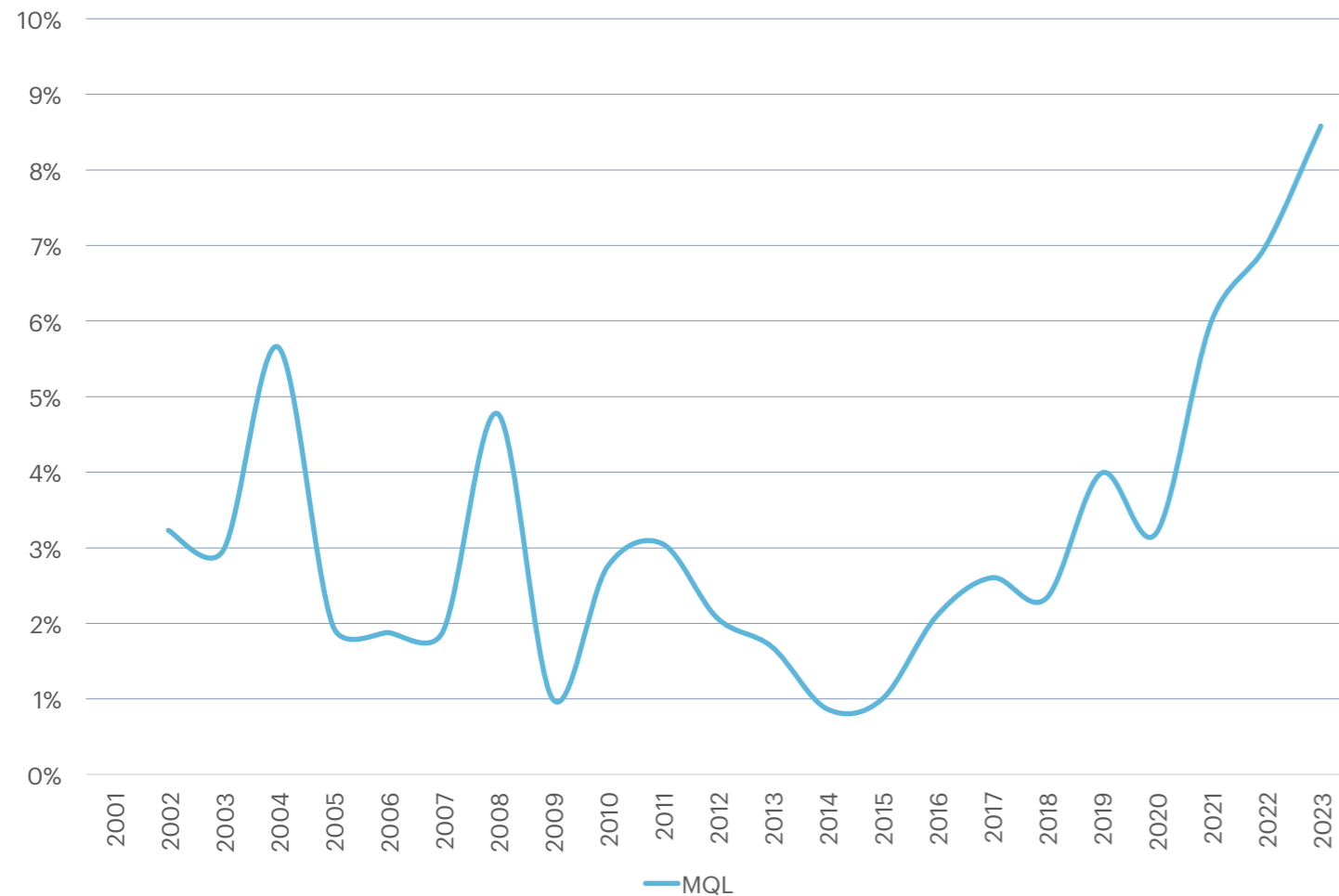


Figure 2: MQL Headline Change, 2002-2023

## The MQL reveals hidden costs eclipsed by the Bureau of Labor Statistics' Consumer Price Index and LISEP's True Living Cost metrics.

Unlike the Consumer Price Index (CPI), which includes goods that don't reflect the daily realities of most low- and middle- income Americans, the MQL shines a light on the basket of essential costs, that silently drain wallets and stifle progress for the majority of Americans. Over the past two decades, the MQL reveals a startling 99.5% increase in the cost of living, compared to the CPI's understated 72.1% rise (Figure 3).

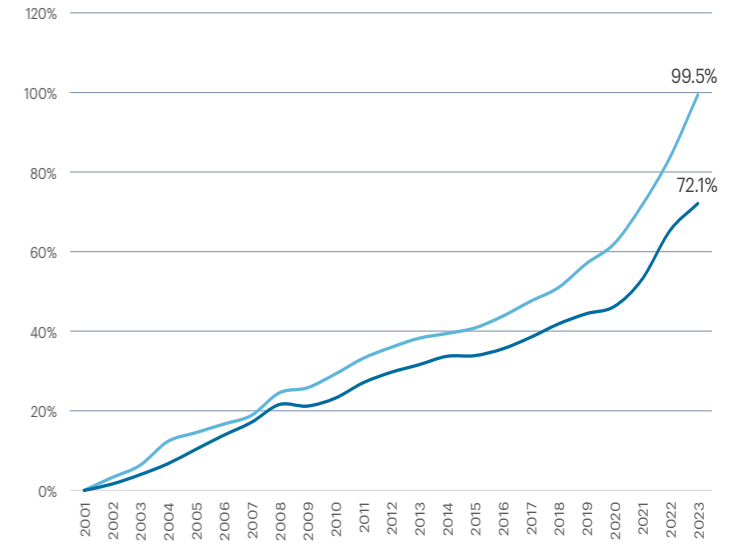


Figure 3: MQL vs CPI, 2001-2023

### The costs of essential items needed for upward mobility are skyrocketing.

The MQL goes beyond the TLC by capturing essential expenditures like college savings and meals away from home. The average necessary savings to attend an in-state college more than doubled, increasing by 122% in the last two decades.<sup>iii</sup> Meanwhile, the cost of eating out has risen 134% since 2001.<sup>iv</sup>

### Expenses essential to the American dream are outpacing inflation.

Costs associated with basic aspects of life, like leisure activities, holidays, and everyday meals are rising faster than the CPI. For example, the average cost of traveling has risen 35% since 2019.<sup>v</sup>



**+122%**

Average necessary savings to attend an in-state college since 2001



**+134%**

Average cost of eating out since 2001



**+35%**

Average cost of a trip since 2019



## Working- and middle-class households struggle to meet MQL.

The MQL highlights the growing challenge for working- and middle-class families to secure a minimally decent standard of living, a critical foundation for pursuing the American dream.

As the cost of living has inflated faster than median wages, there is a widening gap between basic needs and goals like financial security or higher education, which feed into achieving the American Dream. The burden weighs heavily, turning fundamental needs like medical care, after-school activities, or family trips into luxuries. Staples like higher education, homeownership, and a secure retirement seem further away than ever. The MQL reveals this is not just a perception but a harsh reality.

The long-term trend of the MQL exceeding wages creates a challenging scenario for many working- and middle-class families. Building savings becomes difficult. In fact, over half of Americans wouldn't be able to cover a \$2,000 emergency expense without resorting to selling assets or borrowing money.<sup>1</sup>

The cost of achieving MQL has outpaced wage

<sup>1</sup> Economic well-being of U.S. households in 2022, Board of Governors of the Federal Reserve System. (2024, May). <https://www.federalreserve.gov/publications/2024-economic-well-being-of-us-households-in-2023-expenses.htm>

## Median worker spending power has remained stagnant since 2001.

growth, but the CPI masks this reality. Adjusting True Weekly Earnings (TWE), LISEP's measure of the median weekly earnings of all members of the workforce, for the CPI suggests that real wages increased 11.3% since 2001. In fact, TWE adjusted for the MQL reveals a 4.0% decrease in spending power over the same period (Figure 4). The MQL reveals that wages were already falling behind living costs before the Great Recession, and the gap has persisted since. The MQL-adjusted TWE shows a 3.9% increase

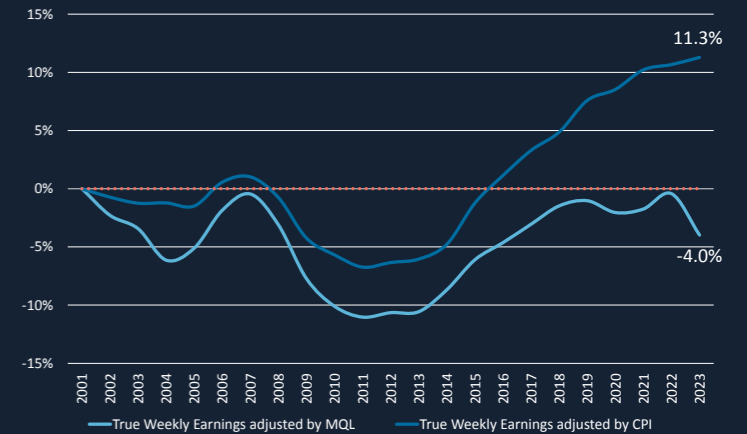


Figure 4: Median Worker Spending Power, 2001-2023

## The MQL remains far out of reach for low-income workers despite a small increase in real earnings.

in spending power since 2001 for the 25th percentile of workers — 5.3 times less than the 20.5% increase suggested when adjusting for CPI. In 2023, the 25th percentile TWE translated to a meager \$592.62 a week, or \$30,800 annually, falling short of the MQL for even a single person without significant sacrifices (Figure 5).

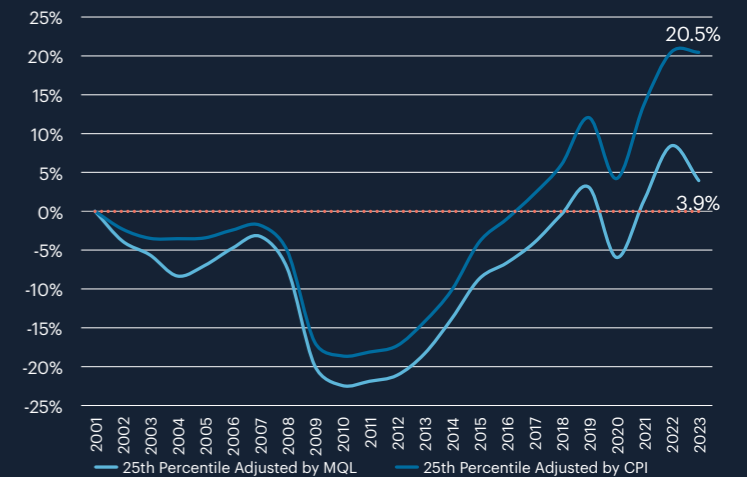


Figure 5: Low-Income Worker Spending Power, 2001-2023

## Real wages have stagnated even for higher-income earners.

Spending power at the 75th percentile of TWE has decreased since 2001, falling by 2.0% when adjusted by MQL. This contrasts sharply with the 13.6% rise suggested by CPI (Figure 6).

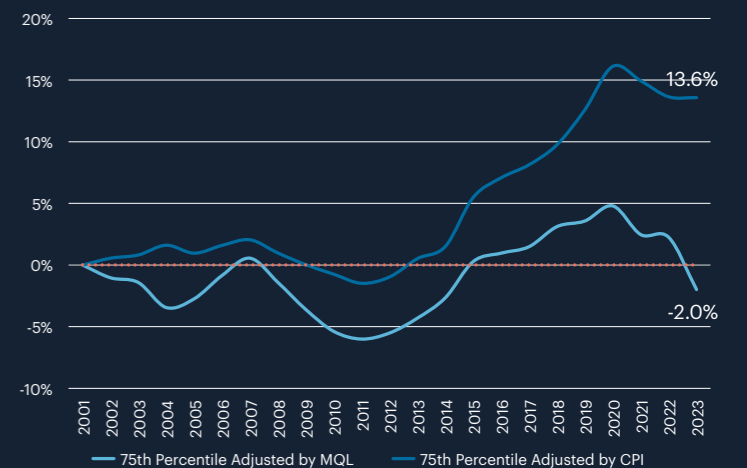


Figure 6: Higher-Income Worker Spending Power, 2001-2023

**Over 50% of Americans wouldn't be able to cover a \$2,000 emergency**

**Essential costs for a decent quality of life are rising quickly, forcing lower- and middle-income households to sacrifice important needs.**

For example, housing and healthcare costs within the MQL have skyrocketed since 2001, rising by 130% and 178%, respectively. Even costs of essential technology, crucial for work, education, and communication, have risen by 132% since 2001, further burdening families (Figure 7). This squeeze forces difficult choices:



**Sacrificing healthcare needs:**

Many families are forced to forgo necessary medical care due to cost, which could lead to more expensive issues down the line. The number of Americans delaying medical treatment hit a record high in 2022, with 38% of people reporting putting off medical care because of cost.<sup>2</sup>

**Delaying future goals:**

More than half of adults (53%) have postponed major life goals due to economic challenges.<sup>3</sup>

**Shifting living arrangements:**

The rising cost of living has made it increasingly difficult for young adults to live independently and save money, contributing to the recent rise in young adults living with their parents. Since 1971, the percentage of 25-34 year olds residing in multigenerational households has grown significantly, from 9% to 25% in 2021.<sup>4</sup>

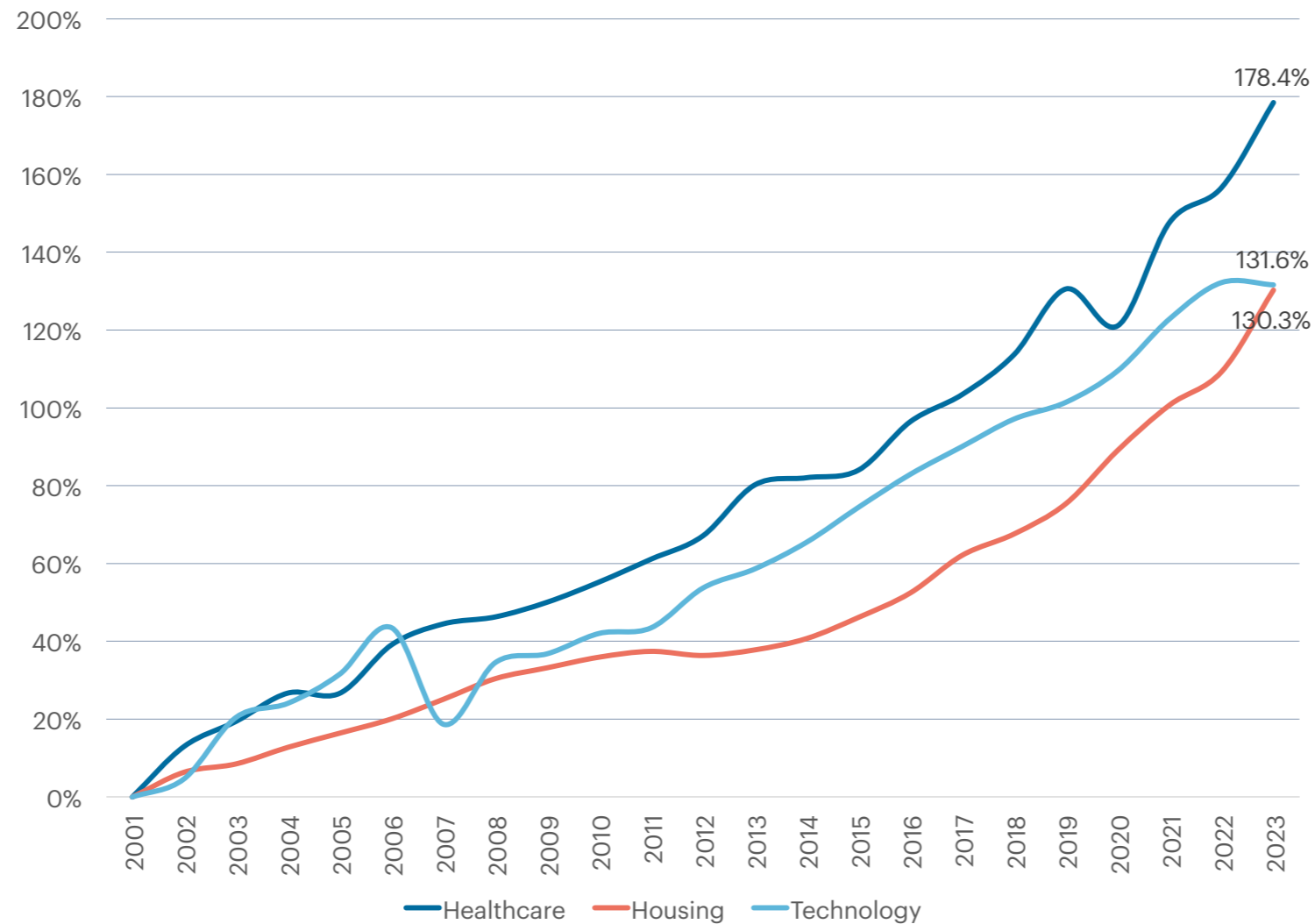


Figure 7: Healthcare, Housing, and Technology Costs, 2001-2023

**38% of people report putting off medical care because of cost**

<sup>2</sup> Gallup. (2022, December 02). Record High in U.S. Put Off Medical Care Due to Cost in 2022.

<sup>3</sup> Bankrate. (2022, November 17). Delayed Financial Milestones Survey.

<sup>4</sup> Pew Research Center. (2022, July 20). Young adults in U.S. are much more likely than 50 years ago to be living in a multigenerational household.

## Lower-income households, already facing time constraints, are squeezed by rising costs of eating out.

Many, particularly lower-income workers who are more likely to experience time poverty,<sup>5</sup> rely on convenient options like eating out. Since 2001, the cost of eating out skyrocketed by 134%, significantly outpacing the overall food price increase of 92% (Figure 8). This trend disproportionately impacts low-income workers who lack the time for elaborate meal preparation. Recent years have also seen a steeper rise in grocery prices, with costs increasing by 24.6% since 2019.

<sup>5</sup> Rahkovsky, I., & Jo, Y. (2018, June). Higher incomes and greater time constraints lead to purchasing more convenience foods [Amber Waves: The Economics of Food, Farming, Natural Resources, and Rural America]. United States Department of Agriculture, Economic Research Service.

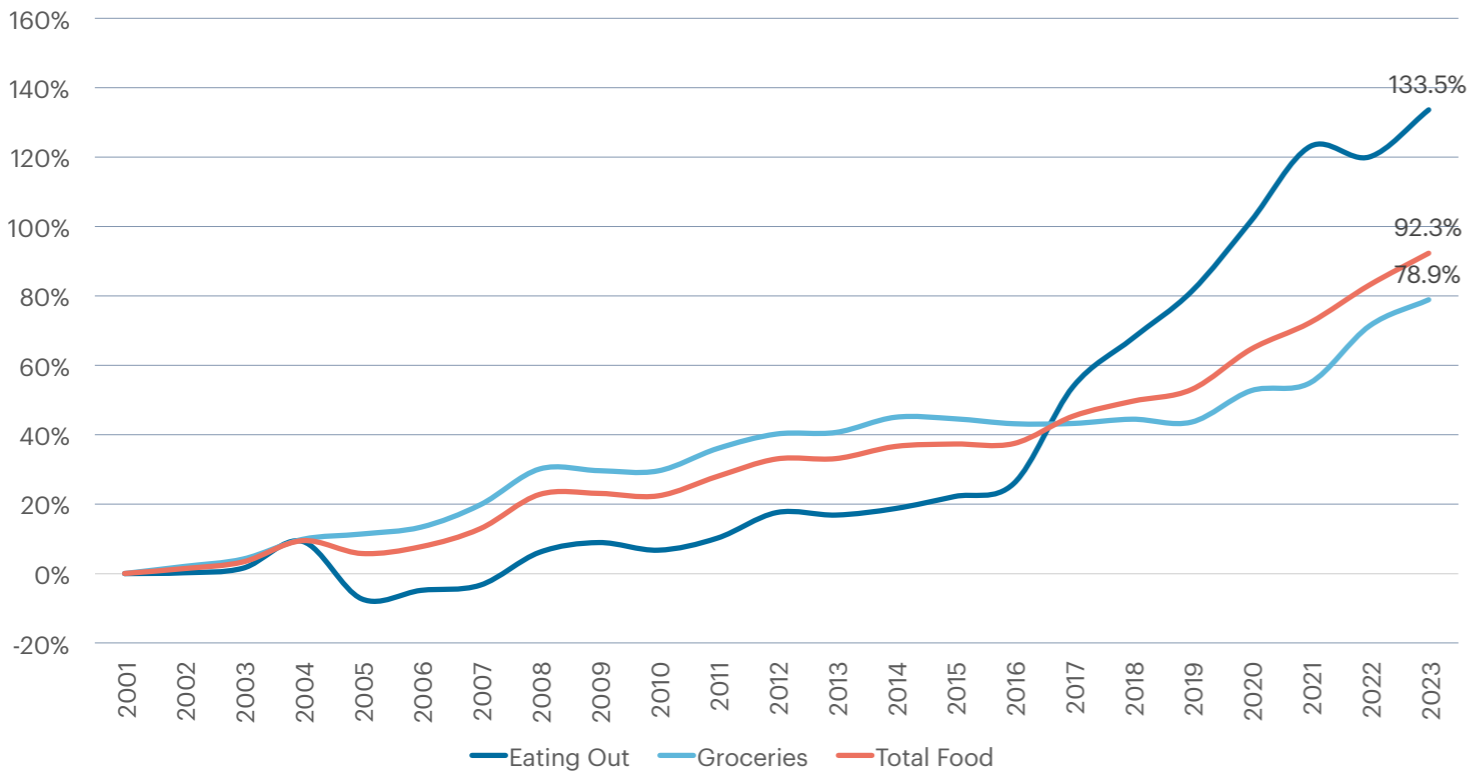
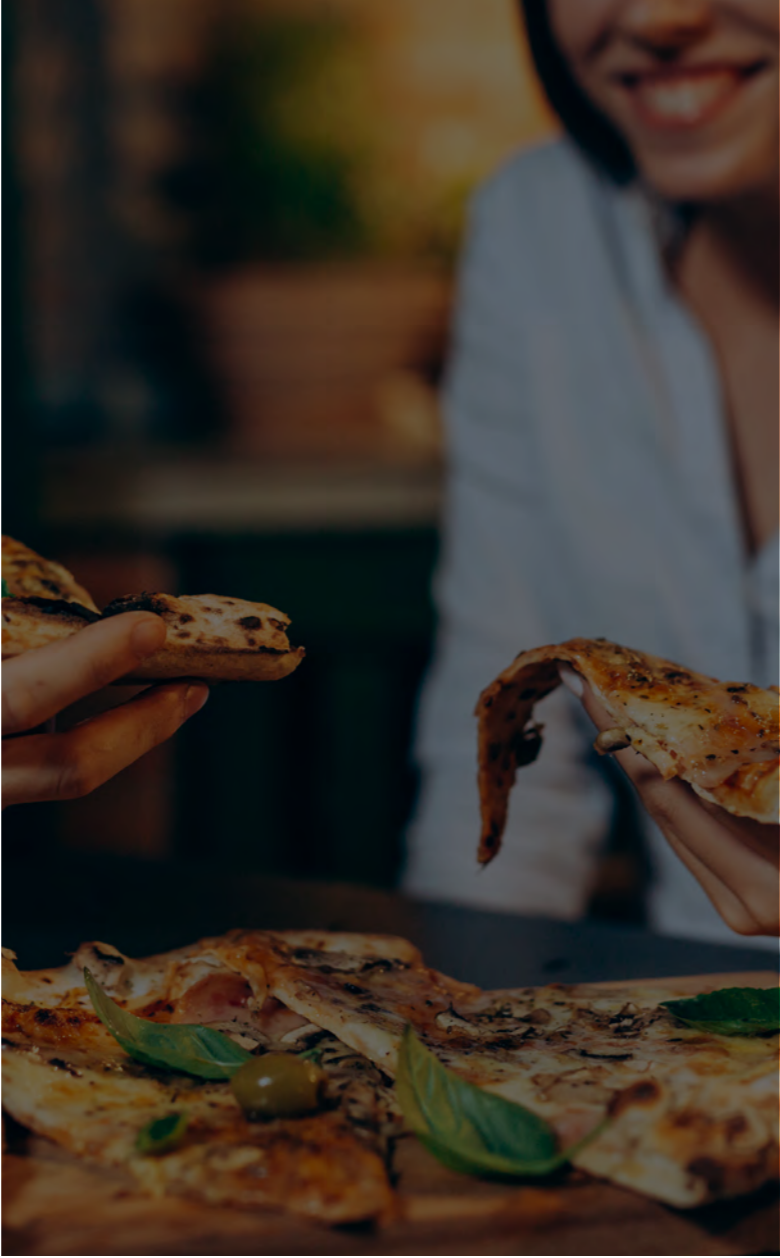


Figure 8: Eating Out, Groceries, and Total Food Costs, 2001-2023



## The direct costs of raising a family make it difficult to achieve MQL.

In 2023, a four-person family with two children needed to allocate \$29.6k for childcare expenses<sup>vi</sup> and college savings, 30% more than what they would need to spend on housing.<sup>vii</sup>

### Soaring childcare costs:

Daycare costs have skyrocketed by more than 130% since 2001, significantly burdening working parents. When also considering the cost of year-round care for school-aged children, childcare costs have risen 106% in the last two decades.

### The college affordability crisis:

In 2023, families were expected to save \$3,600 per child annually to stay on track to afford basic levels of higher education.

The MQL underscores a critical factor influencing family planning: the increasing financial investment required to raise children with a genuine opportunity for upward mobility, which has risen by 107% since 2001 (Figure 9). This financial pressure, coupled with limited government support and stagnant real wages (Figure 10), appears to be a contributing factor to the declining birth rate in the United States.<sup>6</sup>

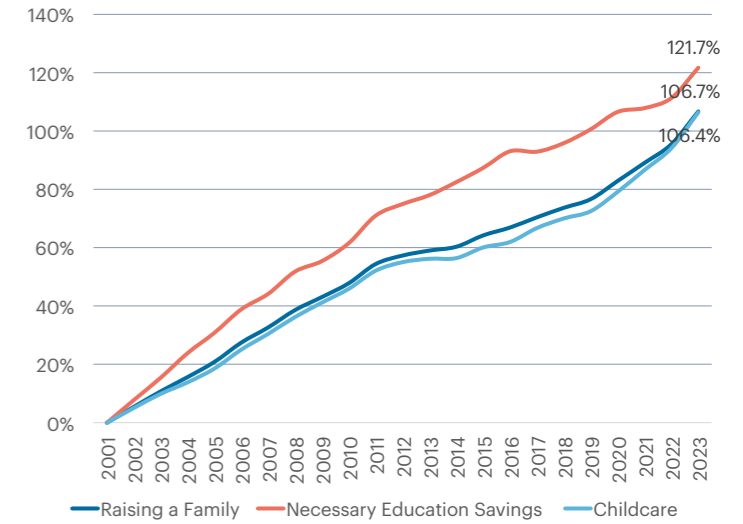


Figure 9: Raising a Family, Education Savings, Childcare Costs, 2001-2023

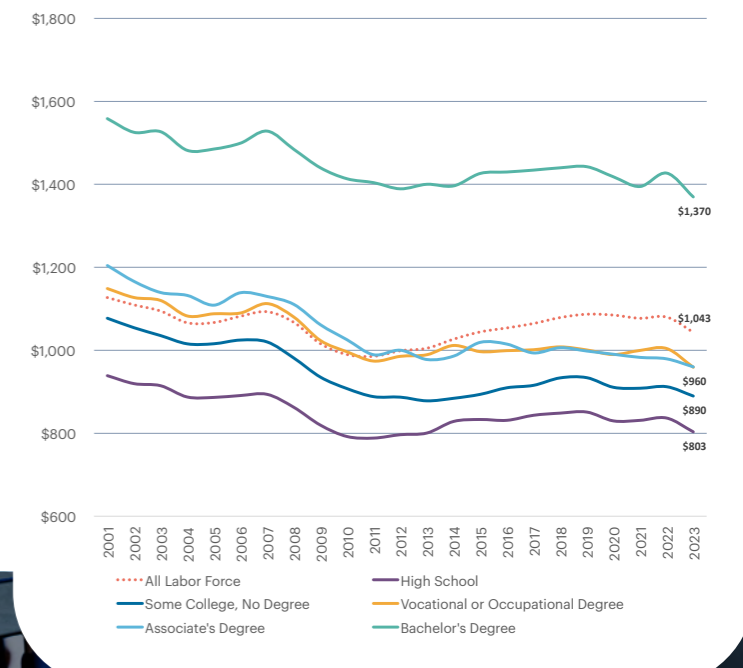


Figure 10: Median True Weekly Earnings by Degree Type, Adjusted by MQL 2001-2023\*



<sup>6</sup> Miller, C. C. (2018, July 5). Americans are having fewer babies. They told us why. The New York Times, The Upshot.

\*Consistent with standard wage analysis by education level, the TWE reports median weekly earnings for workers 25+. Earnings in this graph are expressed in 2023 dollars, adjusted over time using the MQL.

## Rising travel costs are a growing hurdle for working- and middle-class families.

Since 2001, the cost of travel — including food, lodging, and other trip-related expenses — has increased 170% (Figure 11). In 2023, travel costs inflated by 8.2% making this a significant financial barrier to achieving MQL.

Over the past two decades, overall transportation costs have only risen 68%. However, the cost of owning and driving a car has been rising rapidly since 2020, creating an additional burden for families reliant on driving or trying to make travel plans.<sup>viii</sup> In 2022, transportation costs inflated by 13.8%, the largest year-over-year jump over the measured period, due to sharp rises in fuel costs. In 2023, they inflated an additional 11.6% because of higher ownership expenses such as vehicle insurance and finance charges.

## Leisure and entertainment offer pockets of affordability, but overall costs remain high.

**While some leisure and entertainment goods have experienced price declines, these declines haven't kept pace with the rising costs of essential goods and do not offer a substantial solution to the economic challenges faced by many families.**

Technological advancements have offered temporary affordability in certain areas. While cable and satellite prices initially rose, significant improvements in TV technology allowed families to access better viewing experiences for less. Additionally, the rise of streaming services like Netflix and ESPN+ offer a cost-effective alternative, but prices are now starting to climb again as these services gain market share and hike subscription costs (Figure 12).

Other forms of entertainment remain expensive: Unlike televisions, the costs of movie tickets and spectator sports have steadily increased. LISEP data shows that movie tickets and sports tickets have risen by 86% and 88%, respectively, between 2001 and 2023. Overall, the cost of weekend leisure in the MQL rose 89% between 2001 and 2023.

The affordability of youth sports participation is a complex issue. While the cost of sports equipment for children decreased 18% and running shoes for adults rose only 14% (Figure 13), this doesn't capture the full picture. The increasing prevalence and cost of pay-to-play fees in school sports significantly add to the overall financial burden of participation.<sup>ix</sup>

Data shows an average increase from \$93 per student in 2011-2012 to \$161 per student in 2018-2019 — but the lack of consistent, targeted survey data makes it nearly impossible to estimate using publicly available data.<sup>7,8</sup> Likewise, popular exercise activities for adults, such as working out at a gym and recreational sports leagues, can be expensive given membership and registration fees.<sup>x</sup>

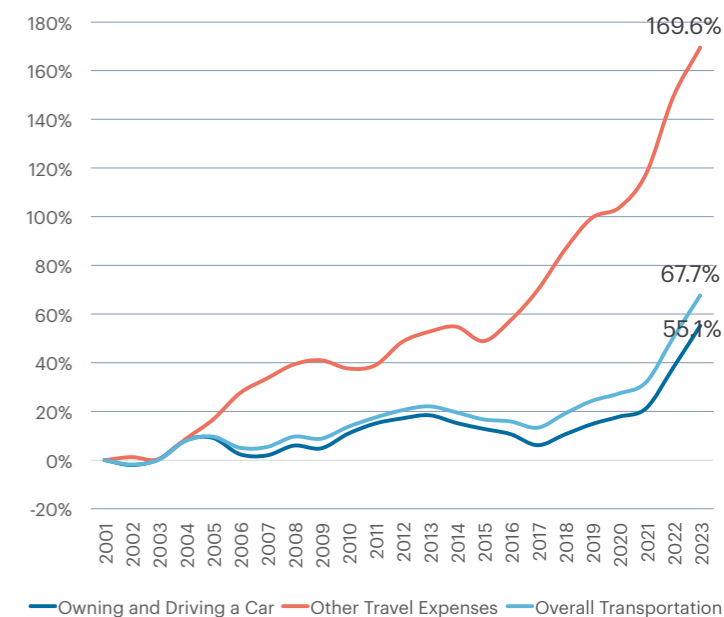


Figure 11: Car Ownership, Travel Expenses, Overall Transportation, 2001-2023

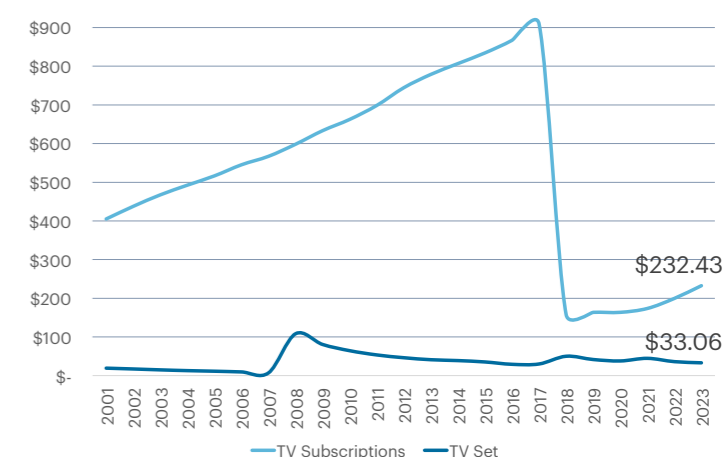


Figure 12: TV Subscriptions, TV Set, 2001-2023

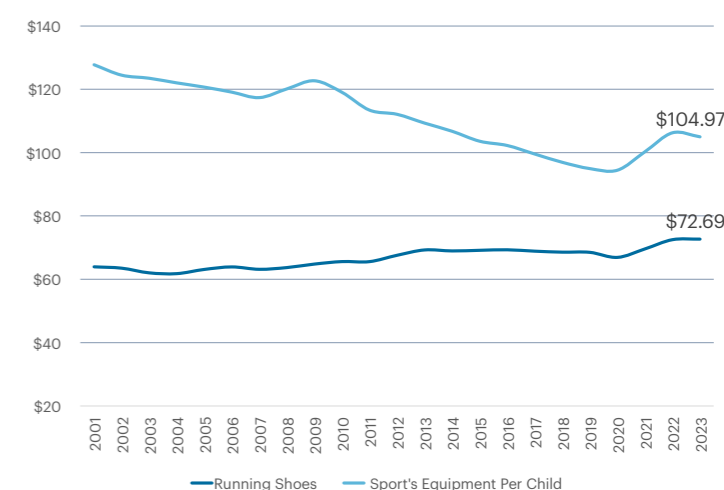


Figure 13: Running Shoes, Sports Equipment Per Child, 2001-2023



7 C.S. Mott Children's Hospital, National Poll on Children's Health. (2012, May 14). Pay-to-play sports keeping lower-income kids out of the game.

8 C.S. Mott Children's Hospital, National Poll on Children's Health. (2019, March 18). Pay-to-participate: Impact on school activities.

## Minimal Quality of Life

# Conclusion

This white paper has introduced the MQL as a comprehensive metric that goes beyond simply meeting basic needs. It captures the true cost of living a life that aligns with the ideals of the American dream. The MQL reveals the harsh reality that the American dream, with its promises of well-being, social connection, and advancement, is out of reach for many. Rising costs in essential areas like housing, healthcare, and education significantly outpace wage growth, leaving millions struggling to attain even a minimal quality of life. While some aspects of the MQL have become more affordable, they often represent parts of life that don't contribute as directly to upward mobility.

The MQL underscores the critical need to redefine economic well-being and how we think about inflation, shifting focus on metrics that better reflect the realities of low- and moderate-income households. It serves as a powerful call to action for policymakers and advocates to bridge the gap between the promise and reality of the American dream. By implementing policies and interventions that address the rising costs and stagnant wages, we can better ensure all Americans have a fair shot at a fulfilling and secure life.



i Determining “minimally adequate” toy spending is challenging due to evolving consumer preferences, quality variations, and diverse toy characteristics. LISEP acknowledges this complexity and assumes that middle-income families allocating resources for toys avoid excessive spending and aim to provide reasonably well-made toys. See methodology for a more in-depth explanation of how the MQL tracks toy spending.

ii LISEP’s Local Analysis reveals how cost of living and spending power vary across the 50 most populous metropolitan areas in the United States. Cost of living is highest in San Jose, CA where it costs a family of 4 \$117k a year to meet their TLC in 2022, and lowest in Oklahoma City, OK where it costs \$78k for a family of 4 to meet their TLC.

iii The MQL calculates the annual savings needed to attend a public in-state university and complete a bachelor’s degree in four years. This calculation considers the total cost of attendance, including tuition, room and board, and additional fees. It also factors in the average grant aid received by in-state students. LISEP assumes a fixed annual savings amount starting at birth and continuing until the child turns 18, with interest compounding at a 4% annual rate. This model reflects changing college costs by adjusting the required savings based on yearly variations in net costs, directly influencing family saving decisions. For instance, in 2001, families needed to save roughly \$1,585 annually over 18 years for public college, while in 2023, this figure increased to around \$3,600 due to rising costs.

iv The MQL’s dining out cost focuses solely on price per meal, assuming a constant frequency of eating out. This approach provides a stable measure reflecting current spending habits without significant year-to-year fluctuations. Unlike the CPI, the MQL captures the full cost of dining out, including the price of the meal and any applicable tip.

v The MQL considers travel expenses for a budget-conscious household. Recognizing that most Americans travel irrespective of income level, this approach focuses on the cost of hotels, food, and activities for the second 25% of earners. To simplify calculations, airfare is excluded. While this underestimates the total travel cost, the MQL factors in additional driving miles to partially account for transportation expenses.

vi The MQL encompasses various child development and education expenses. This includes covering daycare costs for a 4-year-old and before- and after-school care for an 8-year-old. Additionally, the MQL factors in the annual savings required to afford a public college education for two children, based on 2023 figures.

vii The MQL’s approach to housing includes rent and utilities for a 2-bedroom unit as established by the Department of Housing and Urban Development’s Fair Market Rates, along with essential household items.

viii Due to a sharp increase in fuel costs, the cost per mile driven rose significantly (67.5%) between 2020 and 2022. To account for various travel needs beyond those considered in the TLC, the MQL allocates households an additional 5,000 miles driven per car annually. This adjustment brings the total estimated annual mileage to 15,000.

ix Due to limitations in publicly available data, a precise assessment of school activity expenses across the entire sample is not possible. Therefore, LISEP took a conservative approach and consistently underestimated these costs to avoid speculation beyond the data’s scope. Additionally, the existing Entry Level Item (ELI) available in the Consumer Expenditure Survey for school activities are not suitable. The available ELI include participation fees for high-cost travel and club teams, exceeding the minimal costs relevant to this analysis.

x Limited historical data on gym membership prices throughout the analyzed period hinders accurate cost estimation. While standard memberships tend to be expensive, attracting a higher-income clientele, the rise of budget-friendly options like Planet Fitness makes capturing a representative national cost challenging. Furthermore, significant location-based variations exist in pricing, even within the same brand. Due to these data quality limitations, LISEP conservatively estimates fitness expenses by solely including the cost of running shoes. Refer to the full MQL methodology for a comprehensive explanation of this decision.



**LUDWIG  
INSTITUTE**  
FOR SHARED  
ECONOMIC  
PROSPERITY