



OHIO COMMON GROUND RESEARCH CENTER

OCG White Paper

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Wages vs. Prices: What Became More — and Less — Affordable Since 2000

A Descriptive Analysis for OCG Issue Index #1: Affordability & Cost of Living

Data current through 2025 (wages, CPI-based price indexes for all fourteen categories); 2023 (hospital cost data); academic year 2022-23 (college tuition dollar figure used in the hours-of-work exhibit); 2024 (CEX household budget shares, national childcare average)

Prepared by the Ohio Common Ground Research Center

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EDITORIAL INDEPENDENCE NOTICE

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Executive Summary

This report describes how the price of fourteen widely discussed consumer goods and services moved relative to worker pay in the United States between January 2000 and December 2025. It was prompted by a chart, circulated widely in 2026 and attributed to economist Mark J. Perry, showing several categories — hospital services, college tuition, and childcare among them — rising sharply relative to wages over this period, while televisions, computer software, and toys fell sharply. This report independently re-derives that comparison directly from primary federal data (BLS, BEA, AHRQ, NCES, and Census Bureau sources); it does not adopt any figure from the original chart, and in several cases finds a materially different picture once the exact series, base year, and wage measure are specified and independently sourced.

The central finding is not simply that a divergence exists — it does — but that the divergence is not static. Several of the categories that became least affordable, including hospital services and college tuition, reached their worst point relative to wages between 2016 and 2020, not in 2025. Average hourly earnings grew approximately 33% between 2019 and 2025 alone, a fast enough stretch of wage growth to partially, though not fully, close ground lost over the preceding fifteen years. This report presents that reversal as a primary finding, not a caveat.

This report also finds a partial overlap between the categories that became least affordable and the categories in which lower-income households already devote the largest share of their own budgets. Healthcare shows this overlap clearly: it became less affordable on this report's price index (Section 3) and is also one of the categories where lower-income households devote a disproportionately larger budget share (Section 5). Housing shows a more limited overlap: its price index improved slightly relative to wages, but a separate hours-of-work measure built from median home sale prices shows the opposite trend, and housing is the category with the single largest budget-share gap in Section 5. Food shows a budget-share gap in Section 5 but did not become less affordable on this report's price index; this report does not describe food as having become less affordable. This report presents these as documented patterns connecting two independently sourced datasets (BLS price and wage data; BLS Consumer Expenditure Survey budget-share data), not as a causal claim about why either pattern exists.

This report examines, but does not resolve, whether government involvement in specific markets — hospital certificate-of-need laws, federal student lending, childcare staff-ratio regulation — contributed to the price increases documented here. The underlying academic literature on hospital regulation and student lending is genuinely mixed; the literature on childcare staff-ratio regulation is more consistently supportive of a cost effect. This report states the literature's actual state of consensus or disagreement in each case rather than adopting a single explanation, and it does not evaluate whether any policy response would be appropriate. See Section 6 and Limitations.

This report includes an Ohio-specific supplement for the one category where usable state-level data exists outside of wages: employer-sponsored family health insurance premiums. It does not construct an Ohio-specific version of the other thirteen categories, because no continuous Ohio-specific price index exists for any of them; see Data and Methodology.

Key Findings

- Televisions fell to 0.9% of their January 2000 cost relative to wages by 2025 — a 99.1-point decline — while computer software (11.7) and toys (11.5) fell by a comparable magnitude. Only the television decline reflects BLS hedonic (quality-adjusted) pricing methods, documented explicitly since approximately 1999; BLS does not currently list toys or computer software as using hedonic adjustment. Software's decline carries a separate, documented measurement caveat of its own; see Section 4 and Limitations.
- Hospital services rose to 160.8% of their January 2000 cost relative to wages by 2025, after peaking at 171.0% in 2018. College tuition and fees rose to 129.8%, after peaking at 158.1% in 2016. Both categories

became more affordable, relative to wages, in the years since their respective peaks — not because prices fell, but because average hourly earnings grew approximately 33% between 2019 and 2025.

- The estimated hospital cost associated with an average inpatient stay was equivalent to 442.0 hours of wages in 2000 and 625.1 hours in 2023 (the most recent year for which national cost data is published) — an increase of 183.1 hours. This is an estimated production cost derived from hospital cost-to-charge ratios, not a patient's bill or a hospital's charge; see Data and Methodology. Covering the median sale price of a newly built home required 12,030.6 hours of work in 2000 and 13,741.5 hours in 2025 — an increase of 1,710.9 hours, notwithstanding that this report's price-index-based housing measure shows only a mild change over the same period; see Section 3 for the distinction.
- Housing has the single largest budget-share gap of any category in this report's Consumer Expenditure Survey data: the lowest-income fifth of U.S. households devotes 12.3 percentage points more of its own budget to housing than the highest-income fifth does (2024 data). Food (+4.4 points) and healthcare (+3.3 points) show smaller gaps in the same direction. Healthcare also became less affordable on this report's price index; food did not; housing's price index improved slightly even as its hours-of-work measure worsened. See Section 5 and Section 7.
- Ohio's average employer-sponsored family health insurance premium required 568.1 hours of an Ohio worker's pay in 2008 and 744.1 hours in 2025. Ohio's premium fell in 2024 while the comparable national premium rose — a real, confirmed divergence this report states explicitly rather than attributing to a specific cause; see Section 7.
- Across the periods for which they overlap, no alternative wage or compensation measure materially changes the shape of this report's findings: average hourly earnings, median usual weekly earnings, and total employer compensation per employee move within a few percentage points of one another.

Data and Methodology

This report draws on the following primary data series, retrieved directly from each originating agency (via FRED, the BLS public API, or the agency's own published tables) rather than from any secondary compilation or viral chart:

- Prices, 14 categories: U.S. Bureau of Labor Statistics, Consumer Price Index component series (hospital services, medical care services, college tuition and fees, college textbooks, childcare and nursery school, housing/shelter, food and beverages, new vehicles, household furnishings, apparel, wireless telephone services, computer software and accessories, toys, televisions), sourced from FRED where available and from the BLS public API directly where FRED's mirror was incomplete.
- Wages: BLS average hourly earnings, production and nonsupervisory employees, total private (primary series); BLS median usual weekly earnings; BEA compensation of employees divided by full-time-equivalent employment, derived from BEA NIPA Tables 6.2D and 6.5D (primary total-compensation series, since BLS's Employment Cost Index does not begin until 2001); BLS Employment Cost Index, total compensation (secondary cross-check from 2001 forward).
- Housing dollar anchor: FRED series MSPUS, "Median Sales Price of Houses Sold for the United States," U.S. Census Bureau / HUD. This series is drawn from the Census Bureau's New Residential Sales survey and covers newly built houses sold; it does not include resales of existing homes and is a narrower measure than a median across all home sales.
- Vehicle prices: this report's new-vehicle affordability index (Section 1, Section 4) uses BLS's CPI new-vehicles series directly. This report does not extend an hours-of-work dollar figure to vehicles: Kelley Blue Book's average transaction price of \$47,077 (December 2021) was investigated as a possible anchor for constructing an implied historical price series by scaling the CPI index, but this report does not adopt that

construction in its hours-of-work exhibit, since KBB's own published series does not extend before approximately 2012 and an anchored construction would convey more precision than the underlying method supports. See Future Research.

- Hospital cost concept: this report's hospital-services hours-of-work figure (Section 3) uses HCUP's "cost per stay," an estimated production cost calculated by applying hospital-reported cost-to-charge ratios to billing data. This is AHRQ's own methodology for estimating what it costs a hospital to provide care; it is not a patient's out-of-pocket payment, an insurer's payment, or a hospital's billed charge, all of which can differ substantially from this figure. This report uses the phrase "estimated hospital cost," not "price paid" or "bill," wherever this figure appears.
- Household budget shares: U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, Table 1101 ("Quintiles of income before taxes: Annual expenditure means, shares, standard errors, and coefficients of variation"), 2012–2024. This report also confirmed that BLS separately publishes within-quintile expenditure-share tables for 2000–2011 (e.g., "Table 45" for 2011) under a different numbering scheme and a different section of BLS's website than the 2012-forward series used here; these were identified after this version's data collection and are not yet incorporated. Extending this report's Section 5 coverage back to 2000 using these tables is the top item in Future Research. A separate table BLS publishes under a similar name ("Shares of annual aggregate expenditures") measures a different concept — each quintile's share of national aggregate spending, not its own budget share — and is not a usable substitute; this report was careful to avoid conflating the two.
- Ohio healthcare supplement: Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey – Insurance Component (MEPS-IC), Table II.D.1, average total family premium, Ohio, 1996–2025 (2007 not published by AHRQ); BLS State and Metro Area Employment, Hours, and Earnings program, Ohio average hourly earnings.

This report's core measure is an Affordability Index, computed for each of the fourteen price categories as (category price index ÷ average hourly earnings index) × 100, indexed so that January 2000 = 100. A value above 100 means the category costs more relative to an hour of wages than it did in January 2000; a value below 100 means it costs less. This report supplements the index with a direct hours-of-work figure — actual dollar price ÷ hourly wage — for three categories where a defensible actual-dollar price series exists: college tuition, hospital care, and housing. Childcare, televisions, and new vehicles are excluded from the hours-of-work exhibit specifically — not from the main affordability index — because no defensible actual-dollar national price series exists for any of the three over the full 2000–2025 window: childcare's only available national point figures cover 2024–2025 (two years, insufficient for a since-2000 comparison); no free source exists for a comparable actual-dollar television price given BLS's own hedonic adjustment methodology (a paid Consumer Technology Association dataset would resolve this but was not obtained for this report); and no directly reported historical vehicle transaction-price series extends back to 2000, with an anchored/implied construction rejected as conveying more precision than it supports (see below).

Status date and known publication lags: this report's price and wage series are current through December 2025 except hospital services (current through 2023, reflecting the publication schedule of the Healthcare Cost and Utilization Project) and college tuition (current through academic year 2023–24, reflecting the National Center for Education Statistics' Digest of Education Statistics publication schedule). BLS's October 2025 CPI release for most series contains a one-month gap attributable to a lapse in federal appropriations; this does not affect any figure in this report, since all figures use January-value or full-year annual snapshots rather than October observations.

Definitions

- **Affordability Index.** This report's core measure: a category's price index divided by the average hourly earnings index, indexed to January 2000 = 100. See Data and Methodology.
- **Hours of work required.** An actual dollar price divided by the average hourly wage in the same year, for the three categories where a defensible dollar price exists across the full window (tuition, hospital care, housing).
- **Household maintenance costs.** This report's descriptive label for hospital services, medical care, college tuition and textbooks, childcare, and housing, grouped by their shared price trend rather than by any judgment about which purchases are necessary. See Section 7.
- **Manufactured, digital, and consumer goods.** This report's descriptive label for televisions, computer software, toys, cellphone service, clothing, household furnishings, and new vehicles, grouped by their shared price trend. See Section 7.
- **Budget-share gap.** The percentage-point difference between the share of its own budget the lowest-income 20% of U.S. households devotes to a spending category and the share the highest-income 20% devotes to the same category, using BLS Consumer Expenditure Survey data. A positive gap means lower-income households devote proportionally more of their own budget to that category.
- **Nominal vs. real.** Nominal figures are not adjusted for general inflation; this report states plainly wherever a figure is nominal. Where a real (inflation-adjusted) figure is used, the deflator is stated.
- **Hedonic quality adjustment.** A BLS pricing methodology that decomposes a product's price into implicit prices for its individual features, used for televisions since approximately 1999. A hedonically adjusted price index tracks the price of a quality-equivalent unit over time, not the price of a fixed, unchanging product.

1. The Affordability Paradox

Two things are simultaneously true in this dataset, and both are necessary to state plainly. First, since January 2000, several healthcare, education, and childcare categories became dramatically less affordable relative to wages, while several manufactured and digital goods became dramatically more affordable. Second, wage growth between 2019 and 2025 was fast enough to partially reverse the worst of the first pattern — not by making anything cheaper, but by growing faster than several of the most-discussed categories' prices.

Category	2025 index (Jan 2000=100)	Peak (year)
Televisions	0.9	100.0 (2000)
Computer software	11.7	100.0 (2000)
Toys	11.5	100.0 (2000)
Hospital services	160.8	171.0 (2018)
College tuition and fees	129.8	158.1 (2016)

Average hourly earnings — this report's primary wage series — rose from an index value of 168.3 in 2019 to 224.1 in 2025, an increase of approximately 33% in six years. Hospital services, college tuition, college textbooks, childcare, and medical care services all reached their worst point in this report's affordability index between 2016 and 2020, and all five have declined somewhat since — not because their prices fell, but because wages caught up. This report treats that reversal as a primary finding of Section 1, not a footnote to it. None of the five categories has returned to its January 2000 level of affordability; each remains substantially more expensive, relative to wages, than it was twenty-five years ago.

2. What Happened to Wages?

This report uses three separate wage and compensation series rather than a single measure, to test whether its findings depend on which one is chosen. Average hourly earnings (AHE) is the primary series: it is the measure most directly comparable to the Perry chart that prompted this report, and it converts cleanly into the hours-of-work figures used throughout. Median usual weekly earnings provides a median-based cross-check that is less sensitive to the upper tail of the earnings distribution, though it draws on a different underlying survey (CPS household data, full-time wage and salary workers) than AHE (CES establishment data, production and nonsupervisory workers) and measures weekly rather than hourly pay. Total compensation per employee — derived from BEA's national accounts rather than published directly, since BLS's Employment Cost Index does not begin until 2001 — captures the value of employer-paid benefits that AHE excludes.

Year	AHE index	BEA total comp. index
2000	100.0	100.0
2010	137.4	139.3
2019	168.3	172.3
2020	174.0	184.3
2023	206.0	207.6
2024	215.5	217.8
2025	224.1	not yet published by BEA

The three series track within a few percentage points of one another for nearly the entire window, diverging modestly after 2020 — with BEA total compensation running slightly ahead of AHE, consistent with employer-paid health insurance costs (discussed in Section 3) growing as a share of total compensation. This report's headline affordability figures, built on AHE, are not materially sensitive to which of the three wage series is used instead.

3. What Became Harder to Afford?

This section covers hospital services, medical care services, college tuition and fees, college textbooks, and childcare and nursery school — the five categories in this report's scope whose affordability index remains above 100 in 2025 by a wide margin.

Category	2025 index	Peak (year)
Hospital services	160.8	171.0 (2018)
College tuition and fees	129.8	158.1 (2016)
College textbooks	123.4	158.7 (2017)
Childcare and nursery school	110.8	118.8 (2017)
Medical care services	106.5	122.0 (2020)

This report's hours-of-work exhibit sharpens two of these comparisons in actual-dollar terms. The estimated hospital cost associated with an average inpatient stay was equivalent to 442.0 hours of work in 2000 and 625.1 hours in 2023, the most recent year for which the Healthcare Cost and Utilization Project publishes a national figure — an increase of 183.1 hours. Covering average published tuition and required fees required 397.8 hours in academic year 2000-01 and 457.1 hours in academic year 2022-23, the most recent year incorporated into this report's hours-of-work calculation — an increase of 59.3 hours. A newer NCES release covering academic year 2023-24 (average

tuition and required fees of \$14,966) has been identified and will be incorporated in this report's next data update; see Future Research.

Housing: a category where the index and the hours-of-work figure disagree

This report's price-index-based housing measure (CPI shelter) shows a mild change: 95.9 in 2025, meaning shelter costs grew slightly slower than wages over the full window on this particular measure. Its hours-of-work measure, built instead from the Census/HUD median sale price of a newly built home, shows the opposite: 12,030.6 hours required in 2000, rising to 13,741.5 hours in 2025 — an increase of 1,710.9 hours. This is not a contradiction in the data; it reflects that CPI shelter (largely constructed from rents and owners' equivalent rent), and the median sale price of a newly built home are different concepts — the latter does not include resales of existing homes — and this report presents both rather than resolving them into one number.

Ohio Common Ground's companion report, White Paper No. 016 ("Ohio Housing Affordability: Prices, Income, Rents, and Cost Burden, 2015–2026"), examines Ohio-specific housing data using a different measure still: the FHFA house price index for Ohio compared against real median household income, not a wage rate. That report finds Ohio real house prices rose approximately 41% against a 17% real increase in household income over the comparable 2015–2024 period — a ratio of roughly 2.4 to 1 — and states explicitly that household income "reflects household composition and labor-force participation as well as pay," distinguishing it from a wage series. This report's national housing findings and WP-016's Ohio findings are not directly comparable figure-for-figure: they cover different geographies (national vs. Ohio) and different income concepts (an hourly wage vs. household income). Readers interested in Ohio-specific housing affordability should consult WP-016 directly rather than inferring an Ohio figure from this report's national numbers.

4. What Became Easier to Afford?

This section covers televisions, computer software, toys, cellphone services, clothing, household furnishings, and new vehicles — the seven categories whose affordability index fell substantially below 100 by 2025.

Category	2025 index (Jan 2000=100)
Televisions	0.9
Computer software	11.7
Toys	11.5
Cellphone services	26.0
Household furnishings	52.1
Clothing	45.2
New vehicles	55.4

Two of these figures carry a specific, documented methodological caveat that this report states explicitly rather than treating the decline as a simple, literal price drop. Televisions have been priced using BLS hedonic (quality-adjusted) methodology since approximately 1999; the 99.1-point decline reflects the price of a quality-equivalent unit over time, not a literal decline in what a consumer paid at the register for an unchanging product. Computer software's decline coincides with documented potential measurement problems identified in a May 2026 Federal Reserve Board FEDS Notes analysis, which found that the shift toward subscription pricing and bundling has made the matched-model comparisons underlying the CPI harder to sustain, and flagged inadequate quality adjustment for recent AI-related software improvements; the same analysis estimated that these measurement issues could account for a substantial share of software's recent measured price movement, and found the index reversed sharply in the

final months of 2025, meaning the exact size of software's reported decline is more sensitive to the precise end-month used than a typical CPI component.

This report does not extend an hours-of-work exhibit to new vehicles, for the same reason it excludes childcare and televisions from that exhibit: no directly reported historical transaction-price series exists for the full 2000-2025 window. Kelley Blue Book's published average-transaction-price series, the only actual-dollar vehicle price source identified for this report, does not extend before approximately 2012, and constructing a longer series by anchoring the CPI index to a single reported data point would convey more precision than that method supports. The vehicle affordability index above is built entirely from BLS's own CPI series and does not depend on this construction; see Future Research for further discussion.

5. The Household Budget Problem

Sections 3 and 4 describe national aggregate price movements; they do not describe which households actually bear the cost of the categories that became less affordable. This section adds that context using BLS Consumer Expenditure Survey data on the share of each income quintile's own budget spent on eight broad categories, 2012–2024.

Category	Lowest 20%	Highest 20%	Gap (points)
Housing	41.6%	29.3%	+12.3
Food	15.7%	11.3%	+4.4
Healthcare	9.8%	6.5%	+3.3
Apparel and services	3.2%	2.6%	+0.6
Education	2.4%	3.0%	−0.6
Entertainment	3.8%	5.1%	−1.3
Transportation	14.6%	16.9%	−2.3
Personal insurance and pensions	2.0%	18.1%	−16.1

Healthcare provides a direct overlap between the two datasets examined in this report: it became less affordable on this report's price index (Section 3) and is also one of the categories in which lower-income households devote a disproportionately larger share of their own budget (above). Housing shows a different form of overlap: its CPI-based price index improved slightly relative to wages, while its separate hours-of-work measure worsened substantially, and it has the single largest budget-share gap in this section's data. Food shows a budget-share gap without having become less affordable on this report's price index; this report does not describe food as having become less affordable. This report presents these as documented patterns connecting two independently sourced datasets; it does not conclude that the price increases documented in Section 3 caused, or were caused by, the budget-share pattern shown here, and it has not tested that relationship statistically.

"Personal insurance and pensions" — the category most skewed toward higher-income households (18.1% of top-quintile budgets vs. 2.0% of bottom-quintile budgets) — measures savings and retirement contribution capacity, not a cost burden comparable to the other seven categories. This report treats it separately rather than describing it in the same terms as housing, food, or healthcare.

Coverage limit: this section's data covers 2012–2024 in this version. BLS also publishes within-quintile expenditure-share tables for 2000–2011 under an older numbering scheme (e.g., "Table 45" for 2011) that appear to use the same within-quintile-budget concept as the 2012-forward series used here; this report has not yet extracted or incorporated those years. This is a correction from an earlier draft of this report, which incorrectly stated that no usable pre-2012

data existed — that earlier statement conflated this table with a differently named BLS table measuring each quintile's share of national aggregate spending, a different concept. See Future Research.

6. Government Involvement and Market Structure

This section addresses a specific, testable question: is there a documented relationship between the degree of government involvement in a market and the rate at which that market's prices rose relative to wages between 2000 and 2025? It examines the existing peer-reviewed and policy-research literature on three of this report's household-maintenance-cost categories against two competing explanations — a government/market-structure hypothesis and a productivity/technology hypothesis — and states plainly where the literature agrees and where it does not. This report reaches no independent conclusion beyond what the cited literature supports.

Hospital services: certificate-of-need laws — contested

Certificate-of-need (CON) laws, in effect in roughly two-thirds of states, require regulatory approval before a hospital or other healthcare provider can open or expand. A 2004 Federal Trade Commission economic policy analysis of 1983-84 hospital cost data found no evidence that CON programs achieved their intended cost savings and suggested CON review may instead raise treatment costs. A comprehensive 2025 review published in the *Southern Economic Journal*, examining 128 academic assessments comprising more than 450 empirical tests, concluded that the accumulated evidence weighs heavily against CON laws achieving their stated objectives and associated CON regimes with higher spending, reduced access, and lower quality across the studies it reviewed. A separate 2025 literature review published by the University of Kentucky's Institute for the Study of Free Enterprise, surveying an overlapping body of research, reached a more qualified conclusion specifically on the price question: that there is "little evidence" CON status alone raises hospital prices, despite theoretical predictions that reduced competition should do so. This report notes that disagreement exists not only among individual empirical studies but among comprehensive reviews of the same underlying evidence base and characterizes the CON-laws-and-hospital-prices literature as contested on that basis.

College tuition: the Bennett Hypothesis — contested

The "Bennett Hypothesis," articulated by then-Secretary of Education William Bennett in 1987, holds that expanded federal student aid enables colleges to raise tuition, confident that loan subsidies will cushion the increase for students. A 2001 National Center for Education Statistics study of ten years of tuition and aid data found no association between most federal aid variables and tuition changes; the National Commission on the Cost of Higher Education similarly found no conclusive evidence linking loans to rising prices. More recent work reaches different conclusions: a Federal Reserve Bank of New York staff report (Lucca, Nadauld, and Shen) using student-level borrowing data found meaningful tuition pass-through from expanded subsidized federal loans, with smaller effects for Pell Grants and unsubsidized loans, and the largest effects at more expensive private institutions and at two-year and for-profit institutions. A 2017 synthesis published by the James G. Martin Center, reviewing 25 studies published since 1987, reported that a majority found some effect of federal subsidies on price in at least one segment of the higher-education market; this report cites that synthesis's own tally rather than performing an independent count of the underlying studies. This report characterizes the federal-aid-and-tuition literature as contested.

Childcare: staff-to-child ratio regulation — more consistently supported

The studies reviewed for this report identify a cost effect from child-staff ratio regulation more consistently than the studies reviewed above on CON laws or federal student aid. A RAND working paper estimated the price elasticity of childcare demand with respect to staff-to-child ratio regulation at approximately -1.0 , finding that tighter ratio regulation raises the price of center-based care significantly. A 2025 American Enterprise Institute analysis found that toddler care costs more than twice as much, on average, in states with the most restrictive child-staff ratios

compared to states with the least restrictive ratios (\$20,196 versus \$7,254 annually) and found a similar pattern for teacher-education requirements. A 2025 U.S. Census Bureau Center for Economic Studies working paper on childcare costs and mothers' labor-force participation used child-to-staff ratio regulation as an instrument for childcare prices; as part of that analysis, it reported that a one-unit increase in the ratio reduces quarterly childcare costs by a statistically significant amount at the 1% level. That paper's primary subject is labor-force participation, not price regulation, but this specific finding is a direct estimate of the ratio-price relationship reported within it. None of these studies isolates ratio regulation as the sole driver of childcare's price trend documented in Section 3.

The competing explanation: productivity and labor intensity

An economic mechanism unrelated to government involvement, first described by economist William Baumol in 1966 and commonly known as Baumol's cost disease, offers a competing explanation for the same pattern. Labor-intensive services whose core task cannot be automated or scaled — a nurse's bedside care, a childcare worker supervising a fixed number of toddlers, a professor teaching a seminar — cannot achieve the productivity gains that manufacturing, retail, and digital goods have achieved through automation, globalization, and economies of scale. Under this explanation, hospital care, childcare, and in-person education would be expected to become more expensive relative to wages over time even in the complete absence of government involvement, simply because the labor input per unit of service cannot fall the way it can in manufacturing. This report does not adjudicate between the government-involvement and productivity explanations; both may apply simultaneously and in varying proportion across the three sectors examined here, and this report's scope does not include the empirical work needed to separate their relative contributions.

7. Distributional Context and Ohio Supplement

Section 5 documents which income groups devote the largest share of their own budgets to the categories this report identifies as having become less affordable. This section adds two further pieces of context: a categorical grouping of this report's fourteen categories, and an Ohio-specific supplement covering the one category for which usable state-level data exists outside of wages.

Two categorical clusters

This report's fourteen categories divide into two groups worth naming explicitly: household maintenance costs — hospital and medical care, college tuition and textbooks, childcare, and housing — and manufactured, digital, and consumer goods — televisions, computer software, toys, cellphone service, clothing, household furnishings, and new vehicles. This report avoids labeling either group "necessary" or "discretionary," since several categories resist a clean normative label: a vehicle or cellphone service may be effectively required for a given household's employment, and college tuition is not a cost every household incurs. The grouping below is based only on each category's measured price trend, not on a judgment about which purchases are necessary.

Four of the five household-maintenance categories — hospital services, medical care, tuition, and textbooks — remained above 100 on this report's affordability index in 2025, meaning each cost more relative to wages than it did in 2000. Childcare also remained above 100. Housing is the exception within this group: its price-index measure (CPI shelter) stood at 95.9 in 2025, meaning it improved slightly on that particular measure, even as its separate hours-of-work measure (built from median new-home sale prices) showed a substantial increase over the same period; see Section 3 for why these two measures diverge. Every category in the second group — manufactured, digital, and consumer goods — fell below 100, meaning each became more affordable relative to wages than it was in 2000.

This report does not attribute this pattern to any generation, age cohort, or population group, and it has not measured how spending on any of these fourteen categories varies by the age of the purchaser. It does not characterize any group's spending decisions, priorities, or public commentary about generational spending patterns, and it takes no

position on debates characterizing such patterns as prudent or imprudent. It describes what these fourteen categories' prices did relative to wages between 2000 and 2025; it does not describe who bought how much of any of them, at what age, or why.

Ohio supplement: employer-sponsored family health insurance premiums

Ohio's average annual employer-sponsored family health insurance premium required 568.1 hours of an Ohio worker's average hourly pay in 2008 and 744.1 hours in 2025, per the Medical Expenditure Panel Survey – Insurance Component (MEPS-IC). This report's Ohio premium data shows a specific, confirmed divergence from the national trend in 2024: Ohio's premium fell from \$23,895 (2023) to \$22,618 (2024) before recovering to \$24,661 (2025), while the comparable national premium rose in every year over the same span (\$23,938 to \$24,540 to \$26,281). This report confirmed this divergence directly against AHRQ's published national series; it is not an artifact of a broader national pattern Ohio happened to share. AHRQ does not publish a standard error alongside its state-level premium estimates, so this report cannot test whether the divergence reflects normal year-to-year sampling variation in a state-level survey estimate or a substantive Ohio-specific change; it states the divergence as a real, unresolved data point rather than smoothing it into a general statement about hours generally declining or rising.

Ohio Common Ground's Research Center is developing a companion analysis of healthcare costs across the American life cycle, examining generational and age-related patterns in healthcare spending; a future revision of this report may cross-reference that analysis once published.

Limitations and What This Report Does Not Claim

- This report is a comparison of price indexes to a wage index; it does not construct or claim to represent any individual household's actual bill. A price index tracks a defined market basket, not a specific consumer's purchases.
- This report does not identify a single cause for any price pattern it describes and does not evaluate whether any legislative or policy response would be appropriate. Section 6 examines existing literature on possible contributing mechanisms without adjudicating between them.
- Televisions are priced using BLS hedonic (quality-adjusted) methodology since approximately 1999; this report's 99.1-point decline for televisions reflects a quality-equivalent price, not a literal register price for an unchanging product.
- Computer software's price decline coincides with documented measurement problems (subscription pricing, bundling, inadequate quality adjustment for AI-related improvements) identified in a May 2026 Federal Reserve Feds Notes analysis; the exact magnitude of this category's decline is more sensitive to the choice of end-month than a typical CPI component.
- This report does not extend an hours-of-work exhibit to new vehicles: no directly reported historical transaction-price series exists for the full window, and this report chose not to construct one by anchoring the CPI index to a single Kelley Blue Book data point (December 2021), since that construction would convey more precision than the underlying method supports. The vehicle affordability index (Section 1, Section 4) is built entirely from BLS's own CPI series and does not depend on this construction.
- This report's hospital-cost figures (Section 3) use HCUP's estimated production cost, derived from hospital cost-to-charge ratios, not a patient's bill, an insurer's payment, or a hospital's charge. This distinction is stated in Data and Methodology and applies wherever this report's hospital hours-of-work figure appears.
- No continuous Ohio-specific price index exists for any of this report's fourteen categories for any part of 2000–2025; Ohio's only metro-area CPI series (Cleveland-Akron, Cincinnati-Hamilton) were discontinued after 2017, and the state has never had a standalone statewide CPI. This report's Ohio supplement is limited to wages and healthcare premiums; readers interested in Ohio housing should consult WP-016 directly, per Section 3.
- This report's CPI-based affordability indexes (Section 1, Section 3, Section 4) are current through 2025 for all fourteen categories. Two of this report's dollar-figure exhibits lag behind that: hospital cost data (Section 3) is current through 2023, and the tuition dollar figure used in the hours-of-work exhibit (Section 3) is current through academic year 2022–23. A newer NCES release covering academic year 2023–24 (average tuition and required fees of \$14,966) has been identified and will be incorporated in this report's next data update; see Future Research. Neither lag reflects an inability to locate the data; both reflect the originating agencies' own publication schedules as of this report's drafting.
- Childcare and televisions are excluded from this report's hours-of-work exhibit specifically (not from the main affordability index) because no defensible free actual-dollar national price series exists for either over the full 2000–2025 window.
- This report's Consumer Expenditure Survey budget-share data covers 2012–2024 only, for the reason stated in Section 5. The eight categories shown do not sum to 100% of household spending; they are a subset of total expenditures, and this report has not renormalized them to do so, since renormalizing would silently redefine every reported share.
- BLS's CPI release for October 2025 contains a documented one-month gap across most series, attributable to a lapse in federal appropriations. This does not affect any figure in this report, which uses January-value or full-year annual snapshots rather than October observations.

- This report's Ohio 2024 healthcare-premium divergence from the national trend (see Section 7) is confirmed as real but its magnitude is not statistically tested, since AHRQ does not publish a standard error for its state-level estimates.
- Descriptive, not evaluative. This report does not conclude that current U.S. or Ohio affordability conditions constitute a crisis, are unsustainable, or require any specific response. It documents what several independently sourced federal and state-agency data series show.

Future Research

- Incorporate the newly identified NCES Digest of Education Statistics 2024 edition of Table 330.10, extending this report's tuition series through academic year 2023-24.
- Monitor HCUP's publication schedule for 2024 and 2025 national hospital cost data and incorporate once available.
- Identify a usable source for pre-2012 within-quintile household budget shares, if one exists under a different BLS table designation, to extend Section 5's coverage back to 2000.
- Evaluate whether a paid Consumer Technology Association dataset on average television selling prices, or a comparable free source, would provide a defensible actual-dollar anchor for a future television hours-of-work figure.
- Identify a directly reported historical new-vehicle transaction-price series extending back to 2000, if one exists outside Kelley Blue Book's post-2012 published data, to support a defensible vehicle hours-of-work figure without an anchored construction.
- Cross-reference OCG's forthcoming generational healthcare cost analysis once published, extending Section 7's age/life-stage context beyond income quintile.
- Consider a metro-area breakdown of Ohio wage and healthcare-premium data, paralleling WP-016's use of FHFA metro-level house-price detail.
- Revisit the Ohio 2024 healthcare-premium divergence (Section 7) if AHRQ publishes a state-level standard error in a future MEPS-IC release, to test whether the divergence falls within normal sampling variation.

Sources

- U.S. Bureau of Labor Statistics, Consumer Price Index component series (hospital services, medical care services, college tuition and fees, college textbooks, childcare and nursery school, shelter, food and beverages, new vehicles, household furnishings, apparel, wireless telephone services, computer software and accessories, toys, televisions), retrieved via FRED (Federal Reserve Bank of St. Louis) and the BLS public API.
- U.S. Bureau of Labor Statistics, average hourly earnings (series AHETPI / CES0500000008), median usual weekly earnings, and Employment Cost Index, retrieved via FRED.
- U.S. Bureau of Economic Analysis, National Income and Product Accounts Tables 6.2D and 6.5D, used to derive total compensation per full-time-equivalent employee.
- U.S. Census Bureau / U.S. Department of Housing and Urban Development, Median Sales Price of Houses Sold for the United States (FRED series MSPUS) — covers newly built houses sold via the Census Bureau's New Residential Sales survey; does not include existing-home resales.
- U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, Table 1101, “Quintiles of income before taxes,” 2012–2024.
- Agency for Healthcare Research and Quality, Medical Expenditure Panel Survey – Insurance Component (MEPS-IC), Tables I.D.1 (national) and II.D.1 (Ohio), average total family premium.

- Agency for Healthcare Research and Quality, Healthcare Cost and Utilization Project (HCUP) Fast Stats, national cost per inpatient stay, not adjusted for inflation.
- National Center for Education Statistics, Digest of Education Statistics, Table 330.10, average undergraduate tuition and required fees.
- Kelley Blue Book / Cox Automotive, average new-vehicle transaction price, December 2021 (\$47,077) — evaluated as a potential anchor for an implied historical vehicle price series but not used in this report's hours-of-work exhibit, since KBB's own series does not extend before approximately 2012 and an anchored construction would convey more precision than the method supports; see Data and Methodology.
- Federal Reserve Board, FEDS Notes, May 2026 analysis of computer software CPI measurement problems.
- Federal Trade Commission, “The Effect of State Certificate-of-Need Laws on Hospital Costs: An Economic Policy Analysis,” cited in Section 6.
- Matthew D. Mitchell, “Certificate-of-Need Laws in Healthcare: A Comprehensive Review of the Literature,” Southern Economic Journal 92, no. 1 (2025): 6–43; University of Kentucky Institute for the Study of Free Enterprise, 2025 literature review of certificate-of-need laws; both cited in Section 6.
- Federal Reserve Bank of New York Staff Report No. 733 (Lucca, Nadauld, and Shen), and James G. Martin Center, “The Bennett Hypothesis Turns 30” (2017), cited in Section 6.
- RAND Corporation working paper on childcare regulation and price; American Enterprise Institute, “Childcare Regulation and Affordability” (2025); U.S. Census Bureau Center for Economic Studies working paper CES-WP-25-25, cited in Section 6.
- Ohio Common Ground Research Center, White Paper No. 016, “Ohio Housing Affordability: Prices, Income, Rents, and Cost Burden, 2015–2026,” cited in Section 3.

Series and table identifiers

Provided for reproducibility. Every figure in this report traces to one of the following series or tables.

Category / measure	Series or table ID	Agency
Hospital services (CPI)	CUUR0000SEMD	BLS
Medical care services (CPI)	CUSR0000SAM2	BLS
College tuition and fees (CPI)	CUUR0000SEEB01	BLS
College textbooks (CPI)	CUUR0000SEEA	BLS
Childcare and nursery school (CPI)	CUUR0000SEEB03	BLS
Shelter (CPI)	CUSR0000SAH1	BLS
Food and beverages (CPI)	CPIFABNS	BLS
New vehicles (CPI)	CUUR0000SETA01	BLS
Household furnishings (CPI)	CUSR0000SAH3	BLS
Apparel (CPI)	CPIAPPNS	BLS
Wireless telephone services (CPI)	CUUR0000SEED03	BLS
Computer software and accessories (CPI)	CUUR0000SEEE02	BLS
Toys (CPI)	CUSR0000SERE01	BLS

Category / measure	Series or table ID	Agency
Televisions (CPI)	CUSR0000SERA01	BLS
CPI-U, all items (benchmark)	CPIAUCNS	BLS
Average hourly earnings (primary wage series)	AHETPI / CES0500000008	BLS
Median usual weekly earnings	LES1252881500Q	BLS
Employment Cost Index, total compensation	ECIALLCIV (2001 forward)	BLS
Total compensation per FTE employee (derived)	NIPA Tables 6.2D, 6.5D	BEA
Median sales price, new houses sold	MSPUS	Census / HUD
Household budget shares by quintile	Table 1101	BLS (CEX)
Ohio family health premium	Table II.D.1	AHRQ (MEPS-IC)
National family health premium	Table I.D.1	AHRQ (MEPS-IC)
Ohio average hourly earnings	SMU39000000500000003A	BLS (SAE)
Hospital cost per stay, national	HCUP Fast Stats	AHRQ
Undergraduate tuition and fees	Table 330.10, Digest of Education Statistics	NCES

All figures use January-value or full-year annual snapshots except where a table's own convention differs (e.g., MEPS-IC and CEX report calendar-year values only). Retrieval dates for each series are logged in this report's underlying data-collection pipeline and are available on request.

Conclusion

Between January 2000 and December 2025, several household-maintenance-cost categories — hospital care, medical care, college tuition, textbooks, and childcare — became substantially less affordable relative to wages, while several manufactured, digital, and consumer-goods categories — televisions, software, toys — became dramatically more affordable. Housing shows a more complicated pattern: its price-index measure improved slightly while its hours-of-work measure worsened substantially; see Section 3. This divergence is real, but it is not static: fast wage growth between 2019 and 2025 partially reversed the worst of it in several categories without eliminating it. Healthcare is both a category that became less affordable and a category in which lower-income households devote a disproportionately larger share of their own budgets; housing shows a comparable budget-share pattern despite its mixed price-index result; food shows the budget-share pattern without having become less affordable. The existing academic literature offers contested evidence on whether government involvement in specific markets — hospital regulation, student lending — contributed to these patterns, more consistent evidence for childcare-specific regulation, and a competing, non-governmental explanation (Baumol's cost disease) that applies to labor-intensive services generally. This report does not resolve that question; it states what the evidence currently supports. Future revisions may extend this report's coverage as newer NCES, HCUP, and CEX data become available, incorporate the OCG generational healthcare analysis once published, and revisit the Ohio-specific healthcare premium divergence documented in Section 7.

Revision History

This is expected to become a periodically updated report as BLS, BEA, AHRQ, NCES, and Census Bureau data are revised or extended. Superseded versions will be preserved in the OCG Research Library.

Version 1.0 — August 24, 2026 — Initial publication.