NATIONAL WOMEN'S LAW CENTER

SQUEEZING THE BUDGET:

Two Decades of Data Reveal Widening Disparities as Spending for Basic Needs Outpaces Income Growth for Lower-Income Households

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EXECUTIVE SUMMARY

Income inequality has widened in recent decades. Inflation, and therefore cost, for housing, transportation, food from groceries, health care, and child care have risen dramatically. At the same time, wage increases failed to keep up with rising costs, particularly for lower-income households, whose wages have stagnated. This analysis finds that lower-income households have less income than they need to survive and are worse off than they were two decades ago. In contrast, higher-income households have seen large income increases and only moderate increases in spending on basic need categories, allowing these households to be better off than they were two decades ago.

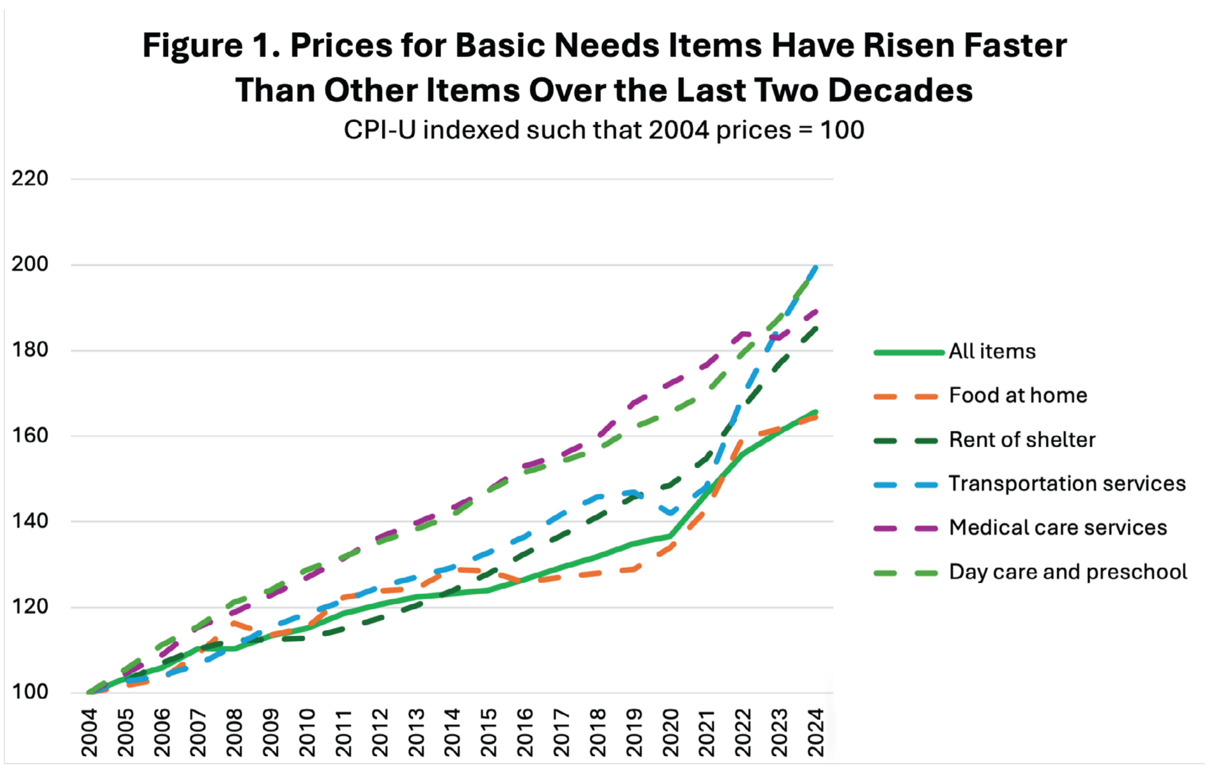
- Rising spending on basic needs has outpaced income growth over the past two decades among lower-income households, which now typically spend *all* their income on essential categories.
    - Between 2004 and 2024, the median incomes of lower-income households *increased* by just 5.5%, while their spending on essential categories increased by 14.5%. As a result, the share of their income spent on those essential categories has increased by 8.5% (from 87.5% in 2004 to 95.0% in 2024).
- In contrast, income increases outpaced spending increases among higher-income households, which now typically spend *less* of their income on essential categories than they did two decades ago.
    - Over the past two decades, incomes of higher-income households increased by 18.2%, while their spending on essential categories rose more slowly, by 6.7%. As a result, the share of income spent on essential categories in higher-income households has *decreased* by 9.7% (from 40.2% in 2004 to 36.3% in 2024).

Without sustainable policy changes, lower-income households will fall deeper into financial danger and income inequality will continue to grow. Policy makers should:

- Boost incomes for lower-income households by increasing wages, strengthening workers' protections, and expanding refundable tax credits.
- Expand basic need programs and reverse cuts to SNAP and Medicaid.
- Make robust, systemic investments in public goods through universal child care, public housing, preventing corporate price gouging, expanding public transit, and universal access to low-cost health coverage and care.
- And ensure the wealthiest and corporations pay their fair share of taxes so that we can all thrive.

INTRODUCTION

Income inequality between higher- and lower-income households has widened in recent decades. While overall household incomes have increased faster than inflation, increasing purchasing power, income has largely stagnated for low- and middle-income workers, while incomes for those at the very top have grown exponentially.[1] At the same time, inflation for the costs of housing, transportation, health care, and child care has increased dramatically and far faster than inflation for all other items, essential and nonessential combined (Figure 1).



Source: NWLC calculations using BLS Consumer Price Index – All Urban Consumers (CPI-U). Data is seasonally adjusted.

Using two decades of data (2004 through 2024) from the Bureau of Labor Statistics' Consumer Expenditure Survey, this analysis examines trends in median household income in relation to spending on essential categories among lower-income, middleincome, and higher-income households. Findings show that all households today are spending more than they were two decades ago on essential categories of housing, transportation, food, health care, and child care combined, but lower-income households (i.e., those in the bottom third of the income distribution, with household income below $46,700[2]) are now typically spending nearly *all* of their pre-tax income on only these categories. Lower-income households, which have experienced limited income growth over the past two decades, are spending more of their income on basic need categories in 2024 compared to 2004. Increased spending on essential needs has tightened their budgets, leaving them without the funds to cover other expenses and living on the brink of—or in—poverty.

In contrast, income gains experienced by higher-income households over the past two decades have allowed these households to have more income left over for nonessential goods, savings, and investments. Additionally, policy makers have failed to progressively tax income and investments to counter rising inequality which in turn harms the economy as a whole.[3] Within a system that facilitates the rich getting richer, lowerincome households are in financial crisis while middle-income households are being increasingly left behind. Without sustainable policy changes, lower-income households will fall deeper into financial danger and income inequality will continue to grow.

This report presents a detailed analysis of income and spending trends between 2004 and 2024 by household income, along with a review of causes of higher costs for housing, transportation, food from groceries, health care, and child care, and concludes with policy recommendation for addressing economic inequality.

DATA & DEFINITIONS

This section provides key information on methods and definitions for this analysis. For more detailed information, see our Squeezing the Budget: Methodology publication.

National Women's Law Center calculations in this analysis use data from the Bureau of Labor Statistics (BLS) Consumer Expenditure Survey (CE) between 2004 to 2024 (most recent data available).[4] Due to the implementation of income imputation, income data from 2004 onward are not robustly comparable to those of prior years.[5] Much of the data in this report is presented as the share of pre-tax income spent on essentials, calculated as the median essential expenses spending divided by the median pre-tax household income.[6] Changes over time are presented in percent increases or decreases, not percentage point changes. All incomes and spending presented are weighted and have been adjusted to 2024 dollars.

- **Pre-tax income** includes labor earnings; business and professional income; interest, dividend, rental, and royalty income; income from Social Security, pensions, and retirement benefits; workers' compensation and veterans' benefits; alimony and child support; and certain public transfer payments.

- **Basic need category spending** (also referred to as essential expenses and spending) includes the dollars spent on housing (rent/mortgage and utilities), food at home (from grocery purchases), transportation (vehicle and public transit costs), health care, and child care.[7] Many households, particularly lower-income households, may have very little or no spending on health care and child care but are included in this analysis if they have spending on any of the other categories. Due to changes in CE data regarding food at home in 2024, food expenditures in this report will likely not be comparable to future food data. Refer to the above methodology document for more information. *While the essentials reflected in this analysis are intended to capture basic needs, individuals and families may require many goods and services in their daily lives that are not included in this list of essentials. For example, costs for children, including clothing, school supplies, diapers, and more, are not included as an essential cost in this analysis but are necessary expenses for many families. Additionally, essential expenses in this analysis do not include common savings and investments such as emergency funds, education savings, or retirement savings*.

This analysis compares expenses for essential categories over time, without measuring the quantity of goods and services in those categories. Rising household spending on basic needs categories today likely reflects both higher prices and increased consumption. For example, greater spending on transportation may stem not only from rising costs of vehicles, maintenance, and insurance, but also from growing reliance on cars. The CE data does not allow the tracking of quantity or consumption of goods or services.

To mitigate the impact of population aging over the last two decades on our analysis, the analytic sample has been restricted to working-age populations, in which a survey respondent or their spouse is between (and including) age 20 to 64 at the time they took the survey.[8]

Data reported here are medians for working-age populations in three groups: those with incomes in the lowest third, those with incomes in the middle third, and those with incomes in the highest third.[9] In 2024, among working-age populations, lower-income households' income fell under $46,700 (with a weighted median of $26,000), middleincome households' income range typically fell between $46,700 and $110,000 (with a weighted median of $76,095), and higher-income households' income range is primarily over $110,000 (with a weighted median of $176,657).

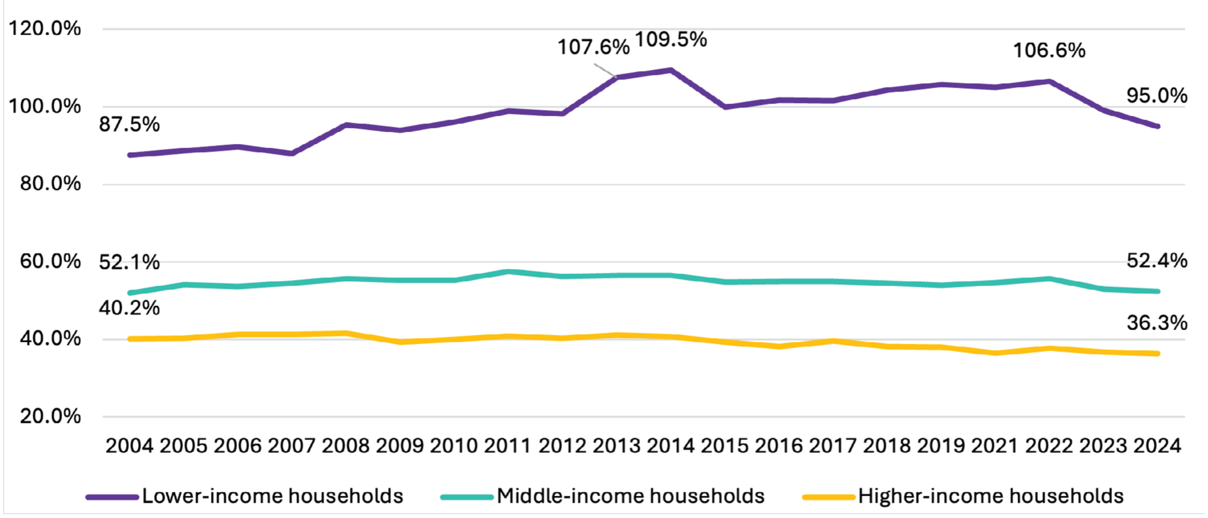
Lower-income households are spending nearly *all* of their income on basic needs—a larger share than two decades ago.

While the share of household income spent on basic need categories changes year-to-year, trends over time highlight considerable disparities and increasing gaps in household income between the lowest and highest incomes.

For lower-income households, the share of income spent on basic need categories has increased substantially over the past two decades—from 87.5% in 2004 to 95.0% in 2024, a 8.5% increase (Figure 2). For many of those years, these households have spent more than 100% of their pre-tax income on basic needs, likely because they have received post-tax income from refundable tax credits. In contrast, for higher-income households, the share of income spent on essentials *decreased* by 9.7%, from 40.2% in 2004 to 36.3% in 2024. Middle-income households' share of income spent over the past two decades on basic needs categories barely changed from 52.1% in 2004 to 52.4% in 2024 (Figure 2).

Figure 2. Lower-Income Households Spend All Their Income on Basic Needs

Share of Income Spent on Basic Need Categories by Household Income, 2004 to 2024



Source: NWLC calculations using the Consumer Expenditure Survey, 2004 to 2024. Numbers presented are ratios of the median essential expense spending to the median pre-tax household income for each income group. Income is divided into thirds to create lower-, middle-, and higher-income groups based on all households. Data presented is limited to households in which the respondent or their spouse is between the age of 20 and 64.

REFUNDABLE TAX CREDITS HELP FAMILIES FILL THE GAP BETWEEN STAGNATING INCOME AND RISING EXPENSES TO COVER BASIC NEEDS.

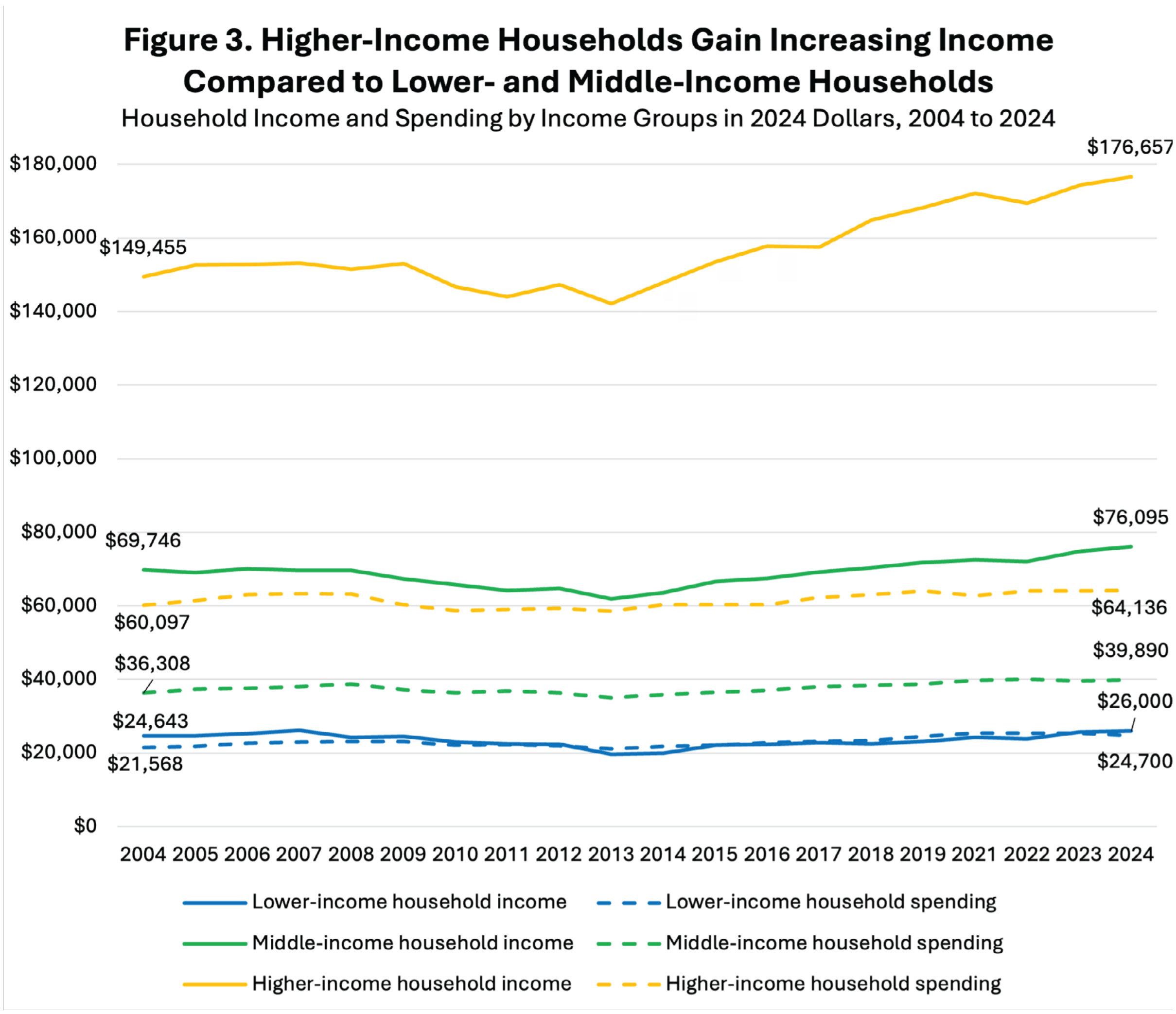
Refundable tax credits such as the federal Child Tax Credit and Earned Income Tax Credit, as well as state versions of these tax credits, help lower-income individuals and families by reducing the amount they owe in taxes or providing refunds that boost their incomes. These tax credits lift millions of people out of poverty every year[10] Families receive refunds from refundable tax credits after they file their state and federal tax returns (generally between the end of January and the beginning of April); these refunds are represented in post-tax income. For many lower-income households, their post-tax income may be greater than their pre-tax income due to these tax credits. For example, among lower-income households in 2023, their post-tax income was typically $600 greater than their pre-tax income.[11] This analysis shows that in some years, lower-income households are typically spending more than 100% of their pre-tax income on essential expenses over the course of an entire calendar year. Refundable tax credits are so important for families with low incomes: they allow them to cover the costs of basic needs that may not be fully covered by their pre-tax income, as well as help them catch up on bills and pay down debt.[12]

Over the past two decades, higher-income households saw substantial income gains while lower-income households' spending on basic needs far outpaced their income growth.

Between 2004 and 2024, lower-income households' spending on essential categories increased by 14.5%, but their income only rose by 5.5% (Figure 3). As a result, their share of income spent on essential categories rose during that time. In stark contrast, while higher-income households' spending on essential categories grew by 6.7%, they experienced a greater income growth (18.2%) during that time, resulting in their share of income spent on essentials *decreasing*. Middle-income households had a 9.1% increase in income while their spending in basic need categories rose by 9.9%. Income increases among middle-income households still lagged behind their spending increases in 2024, but to a much lesser extent than lower-income households.

During and after the Great Recession in 2008, all households lost purchasing power (Figure 3) amid slow wage and price growth.[13] However, higher-income households had greater income increases sooner after the Great Recession, while lower-income households took longer to recover. By 2013, higher-income households began to have steady income growth, and by 2015, their income had surpassed their 2007 level in inflation-adjusted dollars. While lower-income households also began experiencing real income growth around the same time, it was at a much slower pace: these households were below their 2007 level in inflation-adjusted dollars until 2023, almost a full decade after higher-income households had fully recovered.

Most households' income is derived primarily from wages,[14] and despite some modest gains from a tight labor market during and after the COVID-19 pandemic, wages for lower-earning workers have not grown enough over the past two decades to keep up with growth in spending on basic need categories.[15] In contrast, wages for higher-paid workers have increased modestly since 2024,[16] and higher-income households may also have income from investments that supplement their earnings. Unequal income growth, with gains occurring among and benefiting higher-income households but not lowerincome ones, alongside the rising costs of living has caused lower-income households to fall deeper into financial precarity.



Source: NWLC calculations using the Consumer Expenditure Survey, 2004 to 2024. Income and expense numbers are in 2024 dollars. Income is divided into thirds to create lower-, middle-, and higher-income groups based on all households. Data presented is limited to those in households in which the respondent or their spouse is between the age of 20 and 64.

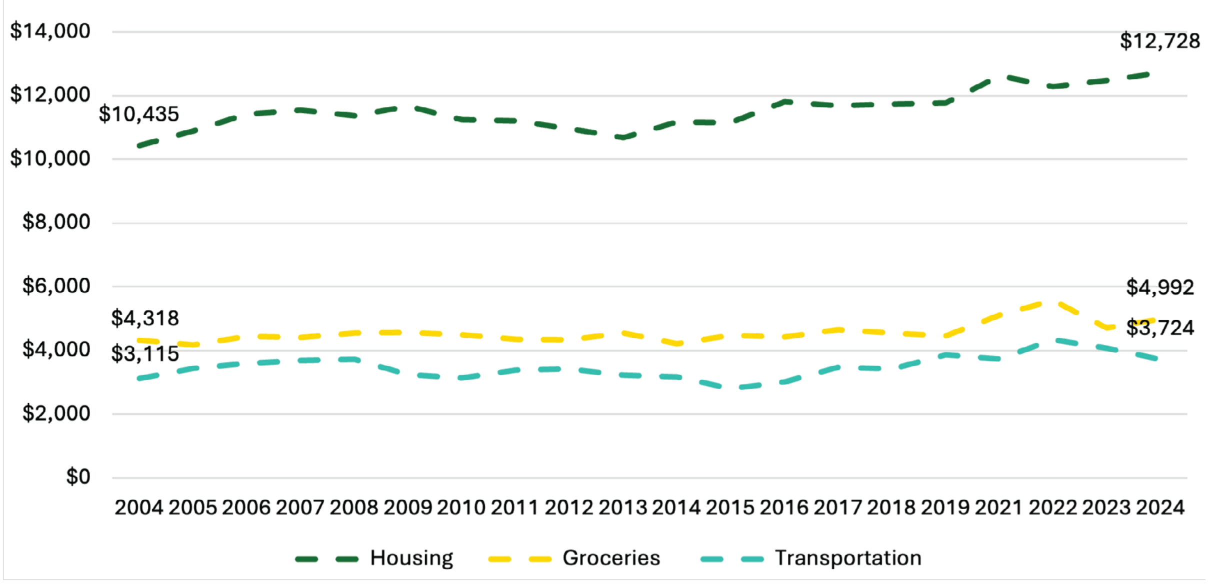
Housing, food, and transportation are among the largest spending categories for lower-income households.[17]

All dollar amounts are presented in 2024 dollars.

From 2004 to 2024, lower-income households increased their spending on housing, food from groceries, and transportation. While year-to-year spending and income changes impact the share of income spent on these categories, the data reveals a clear trend. Over the past 20 years, median housing spending for lower-income households increased by 21.9% (from $10,438 in 2004 to $12,728 in 2024), median transportation spending increased by 19.5% (from $3,116 in 2004 to $3,724 in 2024), and median food from groceries spending increased by 15.6% (from $4,318 in 2004 to $4,992 in 2024).

Figure 4. Housing, Grocery, and Transportation Spending Among Lower-Income Households

From 2004 to 2024 in 2024 dollars



Source: NWLC calculations using the Consumer Expenditure Survey, 2004 to 2024. Expense amounts are in 2024 dollars. Income is divided into thirds to create lower-, middle-, and higher-income groups based on all households. Data presented is limited to those in households in which the respondent or their spouse is between the age of 20 and 64.

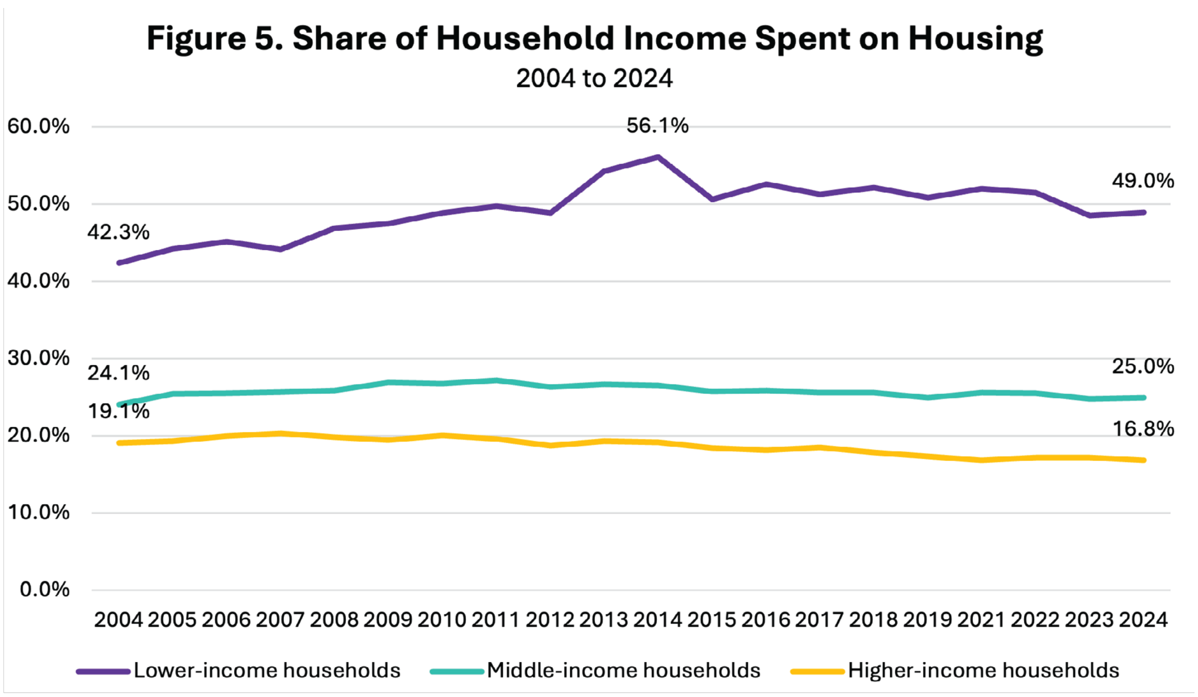
Housing

Housing spending in this analysis broadly includes rent and mortgage payments, upkeep and insurance of the home, and utility costs.

Housing is frequently the largest essential spending for households, especially lowerincome households (Figure 5).[18] Increased housing spending over the past two decades has been driven by multiple factors, including supply and demand imbalances, increasing construction costs, increasing electricity costs, restrictive zoning favoring higher-cost single family homes, corporate landlords' price gouging, and private equity firms buying up available housing and seeking greater profit margins.[19] Today the United States lacks a sufficient supply of affordable housing to meet high demand, particularly for those with the lowest incomes.[20] Additionally, developers and investors are prioritizing building more expensive luxury rentals over new affordable units.[21] Younger adults today are having greater difficulty in purchasing and owning homes compared to previous generations when they were of similar age, reflecting economic changes in income and housings costs.[22]

In 2004, lower-income households typically spent 42.3% of their income on housing expenses. By 2024, these same households were spending 49.0% of their income on housing—a 15.6% increase. Over the same period, median spending on housing as a share of income slightly increased for middle-income households (3.8%) and decreased by 11.9% for higher-income households. In 2024, middle-income households spent 25.0% of their income on housing and high-income households spent only 16.8% of their income on housing.

Read about Kailah's decision making on how to spend their family income amid rising property taxes, home insurance, and maintenance costs [here](#).



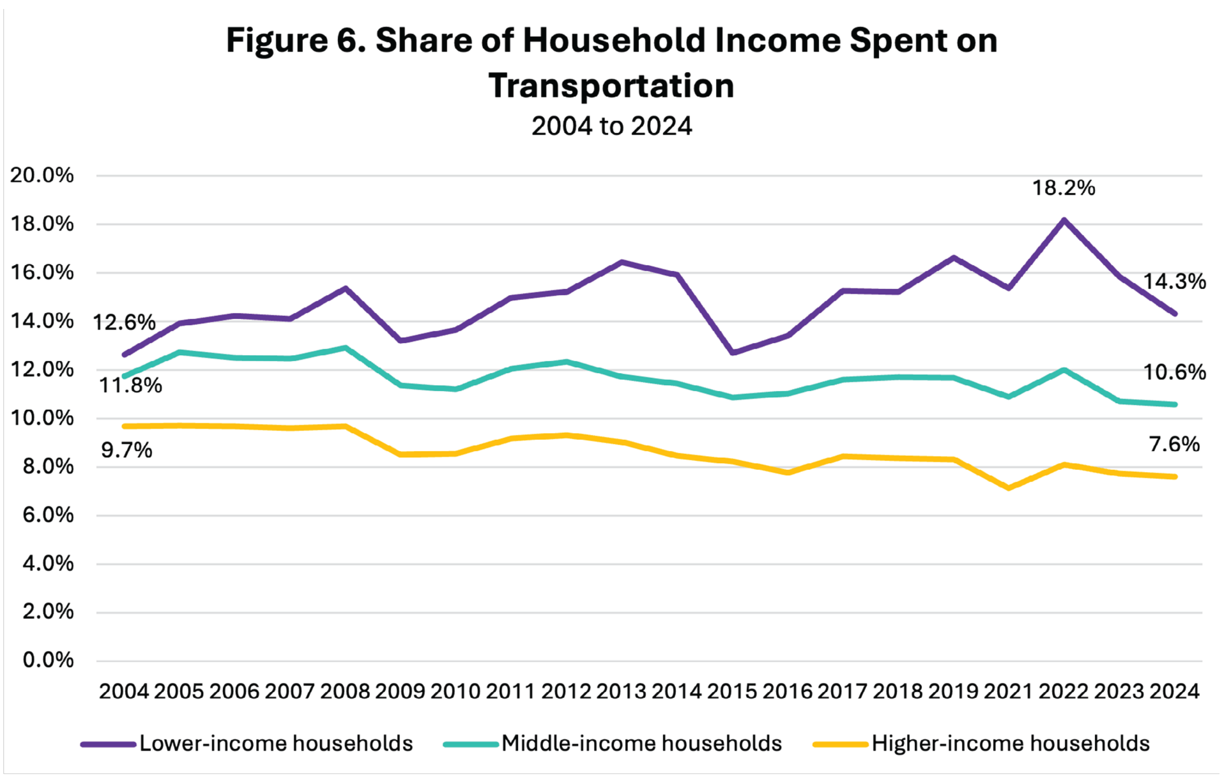
Source: NWLC calculations using the Consumer Expenditure Survey, 2004 to 2024. Numbers presented are ratios of the median expenses to the median pre-tax household income for each income group. Income is divided into thirds to create lower-, middle-, and higher-income groups based on all households. Data presented is limited to those in households in which the respondent or their spouse is between the age of 20 and 64.

Transportation

Transportation spending in this analysis broadly includes costs associated with purchasing, renting, maintaining, and operating a vehicle as well as public transportation costs.

Increases in transportation spending may be a result of increased costs of vehicles, maintenance, and insurance coverage[23] but is also likely influenced by the cost of housing,[24] a focus on car transportation rather than walking, and a lack of affordable and accessible public transit.[25] As home and rent prices rise, households may be pushed further from their workplaces and schools in order to access affordable housing, moving them away from public transit options and increasing their transportation costs.[26] Additionally, a lack of reliable and inclusive public transit forces many to rely on personal vehicles, which are increasingly more expensive, to access work and school.[27]

Between 2004 and 2024, a typical lower-income household's share of income spent on transportation increased by 13.3% (Figure 6). During the same period, median spending on transportation as a share of income decreased by 21.5% for higherincome households and by 9.9% for middle-income households. In 2024, lower-income households typically spent 14.3% of their income on transportation, while middle-income households spent 10.6% and higher-income households spent only 7.6% of their income on transportation.



Source: NWLC calculations using the Consumer Expenditure Survey, 2004 to 2024. Numbers presented are ratios of the median expenses to the median pre-tax household income for each group. Income is divided into thirds to create lower-, middle-, and higher-income groups based on all households. Data presented is limited to those in households in which the respondent or their spouse is between the age of 20 and 64.

Food

Grocery food spending in this analysis includes food at home but does not include alcohol or household supplies such as toilet paper or cleaning supplies.

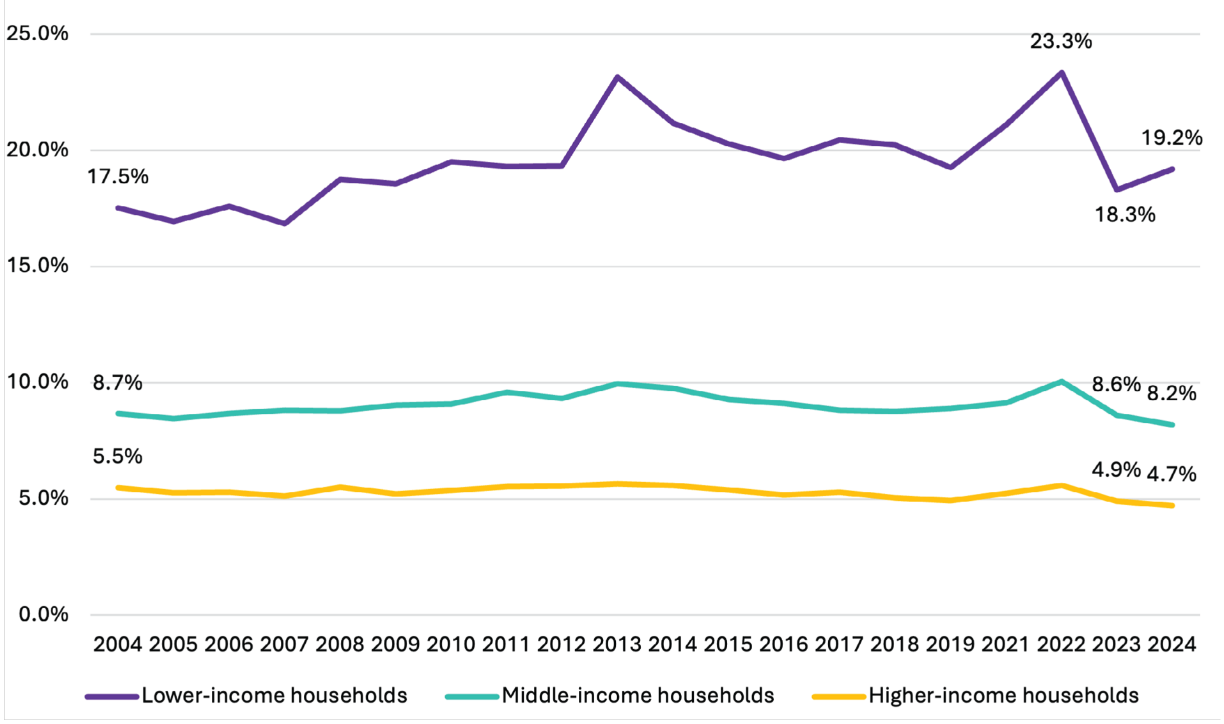
Inflation around food prices often remained on par with overall inflation over the past two decades (Figure 1). However, in recent years, particularly during and after the COVID-19 pandemic, the cost of grocery food has risen and become a particular affordability challenge for many households. The pandemic's disruption of supply chains, bird flu outbreaks impacting the supply of chicken and eggs,[28] adverse weather events impacting supply, corporate price gouging,[29] and global conflicts[30] have all played a role in raising food prices, particularly since 2020. Households may be more likely to change their purchasing habits related to grocery food, and over the past few years, many households have adjusted what they buy to manage rising prices[31] and "shrinkflation."[32] Grocery food costs remain a concern for many households; a January 2026 poll by the National Women's Law Center and YouGov found that over twothirds of adults were worried about being able to afford groceries and food.[33]

Between 2004 and 2024, the share of income spent on grocery food among lowerincome households rose by 9.6%, while the share among higher-income households decreased by 14.2% and by 5.4% for middle-income households (Figure 7). In 2024, food from groceries spending accounted for 19.2% of income from lower-income households, 8.2% for middle-income households, and 4.7% for higher-income households.

Read about how Stephanie's family has had to adjust grocery purchases amid high costs here.

Figure 7. Share of Household Income Spent on Groceries

2004 to 2024



Source: NWLC calculations using the Consumer Expenditure Survey, 2004 to 2024. Numbers presented are ratios of the median expenses to the median pre-tax household income for each group. Income is divided into thirds to create lower-, middle-, and higher-income groups based on all households. Data presented is limited to those in households in which the respondent or their spouse is between the age of 20 and 64.

Health care

Health care spending in this analysis includes health insurance, medical services, prescription drugs, and medical supplies. While health care costs are included as essential spending in this analysis, we do not separately analyze health care spending in lower-income, middle-income, and higher-income households here due to low spending among some households and volatility of year-to-year changes.

Low-cost health care is essential for individuals and families to remain healthy with preventive care, manage chronic conditions, treat acute conditions and infectious diseases, get information and resources, and protect a community's health at large. Health care spending has increased over the past two decades for many households (Figure 1) due to increases in health insurance premiums,[34] consolidation of insurance companies[35] and providers,[36] rising drug prices and greater use of prescription drugs,[37] and newer, more costly technologies.[38] However, many lower-income households are forced to forgo health care entirely due to the high costs, meaning their health care spending appears quite low. Postponing or foregoing acute and preventive health care places individuals and families at greater risk of developing and worsening chronic conditions.[39] For all households, health care spending has increased over the past two decades but typically remains a smaller expense than housing, food, or transportation spending.

Read about how Stephanie tried to avoid medical care due to high costs and Kailah's difficulty with affording health care for her son here.

Child care

Child care spending in this analysis includes "babysitting, child care, daycare centers, nurseries, and preschools" as defined by BLS. Child care spending is not separately analyzed in this report because many households do not spend on child care.

Child care services are essential for many households with children. Child care access is particularly important for women, who often take on the bulk of child caregiving duties,[40] enabling them to enter and stay in the workforce.[41] Due to chronic underinvestment in the sector, child care and preschool prices have increased dramatically over the last two decades, nearly doubling in price (Figure 1). As a result, some parents have either cut back on or stopped using child care services altogether.[42] A lack of child care can have detrimental economic impacts on women and their families, at times forcing women to cut back on work hours or leave a job.[43]

Read about Kailah's experience trying to find affordable child care for her son with a disability here.

Lower-income households need policy changes so they can afford the essentials.

Compared to 2004, lower-income households are now spending nearly all of their income on basic needs in 2024. While there have been some income gains made by lower-income households in recent years, these gains still fall far short of their increased spending on essential categories. It is important to remember that these essential categories do not include necessary basic items, such as clothing or school supplies, or other important expenses and investments such as education, homeownership, or savings for emergencies, retirement, or economic downturns. All households deserve financial security and the ability to invest in themselves and their families.

While this analysis focuses on the past two decades, many of the trends related to income and spending have been even longer in the making. Decades of stagnant wages, attacks on workers' rights, and tax cuts for the wealthy and corporations, along with many other policy factors, have fueled rising income inequality.[44] The richest 1% of households made on average over 103 times more income than households in the bottom 20% in 2022.[45] While lower-income households are in a constant state of financial peril, and middleincome households one crisis away from disaster, in an unsustainable pattern, U.S. economic growth increasingly depends on the highest earners continuing to spend.[46] High and rising economic inequality stifles economic mobility, fuels political polarization, and undermines democracy,[47] harming the country as a whole. At the same time, inadequate federal investment, limited or misaligned regulation, and corporate greed contributed to the increase in expenses for essential goods and services for individuals and families such as housing,[48] health care,[49] child care,[50] and transportation.[51]

While the most recent BLS Consumer Expenditure Survey data ends in 2024, we expect that these trends have continued and will continue to worsen under the Trump-Vance administration. The 2025 reconciliation bill (often referred to as the One Big Beautiful Bill Act, or OBBBA) significantly cuts taxes for wealthy individuals and large corporations. To afford these exorbitant tax cuts, the bill cut federal funding for health care, nutrition assistance, educational assistance, and other social programs that millions of people rely on, thus increasing costs for families—especially those with lower incomes.[52] The first year of the Trump administration not only coincided with increased prices due to inflation and tariffs, but also saw job losses, a slowing economy, and slowing wage growth for workers.[53] The administration's attacks on unions, labor standards, and federal agencies that protect workers have undermined worker power and their financial security.[54] These policies have the potential to exacerbate the economic disparities described in this report, particularly worsening situations for lower- and middle-income households.

Policymakers should enact sustainable policy solutions that make it feasible for all households to not only meet their basic needs, but allow them to build wealth, access opportunities, and secure a better future for themselves and their families.

Policymakers should work to:

- Boost incomes for lower-income households by:
  - Expanding both access to and the amount of refundable tax credits, such as the Child Tax Credit and Earned Income Tax Credit.[55]
  - Strengthening and improving policies like Social Security, disability benefits, Supplemental Security Income, and unemployment insurance, so that individuals and families are supported in times of need throughout their lives.
  - Increasing the federal minimum wage and ensuring tipped workers are entitled to the full minimum wage.[56]
  - Strengthening and improving policies aimed at closing gender and racial wage gaps, which would increase wages for women and women of color, who are disproportionately low-paid workers.[57]
  - Strengthening laws that protect workers' rights to unionize and collectively bargain for higher pay and stronger workplace protections, as well as eliminating anti-union policies.[58]
  - Enacting laws that grant workers more input, stability, and predictability in their work schedules.[59]
- Expand basic needs programs so that families with low and moderate incomes can afford the essentials, including by:
  - Reversing cuts to the Supplemental Nutrition Assistance Program (SNAP) and Medicaid enacted in OBBBA.
  - Expanding rental assistance and other supports that help people secure and maintain stable housing.
  - Making public benefits easier to access by eliminating burdensome red tape for applicants and recipients, including work reporting requirements.[69]
  - Making ACA Marketplace plans more affordable, including by expanding subsidies, tax credits, and other forms of financial assistance.
- Make robust, systemic investments in public goods, by:
  - Enacting universal child care, a comprehensive national paid family and medical leave program, and policies to ensure care is accessible for everyone who needs it as they age or experience a disability. Ensure that the care workforce is pain a fair wage while lowering out-of-pocket costs for families.
  - Investing in public housing and taking additional steps to expand the supply of affordable housing.
  - Regulating corporations to end grocery food and retail price gouging.
  - Developing a more widespread, accessible, and inclusive public transportation system to help reduce transit costs for families.
  - Ensuring universal access to equitable, low-cost, comprehensive, bias- and barrier-free health coverage and care.
  - Enacting wealth-building opportunities such as government-funded baby bonds that support low-income children and help close racial wealth gaps.[61]
- Ensure the wealthiest and profitable corporations pay their fair share of taxes, so that we have more public dollars to invest in people and so we all can thrive.[62]

Acknowledgements

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ENDNOTES

1. Elise Gould and Josh Bivens, "How Should We Assess and Characterize Worker Wage Growth in Recent Decades?" (Economic Policy Institute, April 23, 2025), https://www.epi.org/blog/how-should-we-assess-and-characterize-workers-wage-growth-in-recent-decades/; Lawrence Mishel and Jori Kandra, "Wages for the Top 1% Skyrocketed 160% Since 1979 While the Share of Wages for the Bottom 90% Shrunk" (Economic Policy Institute, December 1, 2020), https://www. epi.org/blog/wages-for-the-top-1-skyrocketed-160-since-1979-while-the-share-of-wages-for-the-bottom-90-shrunk-time-to-remake-wage-pattern-with-economic-policies-that-generate-robust-wage-growth-for-vast-majority/.
2. *See* infra note 9 for more detail regarding the household income categories used in this analysis.
3. Josh Bivens and Asha Banerjee, "Inequity's drag on aggregate demand," Economic Policy Institute, (May 24, 2022), https://www.epi.org/publication/inequalitys-drag-on-aggregate-demand/.
4. Consumer Expenditure Surveys, U.S. Bureau of Labor Statistics, https://www.bls.gov/cex/.
5. U.S. Bureau of Labor Statistics, "CE Income Imputation Explanatory Note" (last modified December 14, 2015), https://www.bls.gov/cex/csximpute.htm.
6. This factsheet uses the term household in place of "consumer unit" used by the Bureau of Labor Statistics. Consumer units are households of related individuals, single individuals living in housing units with others but who are financially independent, or unrelated persons living together who pool their income to make joint expenditure decisions. For more information, see https://www.bls.gov/opub/hom/cex/concepts.htm. 23.5% of consumer units in our analytic sample from 2024 are categorized as single consumers, but we generally refer to them as "households."
7. Refer to the full Squeezing the Budget Methodology for definitions of the essentials.
8. The U.S. population has aged significantly over time, impacting consumer expenditure patterns. In the Consumer Expenditure Survey, the share of respondents aged 65 and over increased from 19.6% in 2004 to 28.2% in 2024. We restricted our analytic sample to those aged 20 to 64 to control for this compositional change over time.
9. This analysis defines lower-income households as those whose household income as reported by the household respondents falls in the lowest third of the income distribution among all sampled households. Similarly, households with incomes in the middle third are categorized as middle-income households, and those whose household incomes are in the highest third are considered higher-income households. Analyses presented in this factsheet do not account for household size or the number of earners in a household. Since higher-income households tend to be those with multiple earners and/or a larger family size, NWLC conducted a separate analysis among households with two earners and two children to check the robustness of our findings (results not presented). Our analysis among two earners and two children households showed similar trends to the published analysis among all households. Working-age populations are skewed towards the middle- and higher-income groups: in 2024, 25.2% of the working-age populations in our sample are in the lower-income group, 34.1% are in the middle-income group, and 40.7% are in the higher-income group.
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