

Losing the Middle Class

Working harder for less money is the new normal for those lucky enough to have a job. Millions of families are giving up comforts they long took for granted, such as restaurant meals, new clothes, vacations, spacious cars, home improvements, and cable television. College funds and retirement savings have taken a hit, and some families have been forced to downsize their homes, or worse, submit to foreclosure.

The obvious culprit is a terrible job market that has 15 million Americans out of work and millions more working less than they would like. In addition several economic trends have been stressing the American middle class for a decade or more, and the recession intensified those pressures as well. Healthcare and college costs, for example, have been rising unabated. Seniors who are living longer require more late-in-life care, with the costs often borne by their middle-aged children. A turbulent economy has hammered away at incomes, job security, and net worth, and even led the White House to create a “middle-class task force” that gives the problem an official focus: “**It is harder to obtain a middle-class lifestyle now than it was in the recent past,**” declared a recent task force report.

Politicians want to help, with dozens of proposals in Washington and state capitals to create jobs, subsidize living costs, and prove that elected officials care. But most levels of governments are running out of money and Americans are relying more on themselves by cutting spending, saving more, changing their lifestyles, and re-evaluating their careers. As a halting economic recovery evolves, here are seven stressors that middle-class Americans need to address in order to maintain their standard of living:

- **Falling income.** The pinch that many families feel comes from incomes that have fallen while other unavoidable costs have continued to go up. Many people have absorbed pay cuts or taken new jobs that pay a lot less than they used to earn.
- **Reduced savings/net worth.** When income falls faster than expenses, the first impulse is often to make up the difference by borrowing. But banks and credit-card issuers have clamped down on lending, leaving many Americans no choice but to raid their savings to pay the bills. This has happened at the same time home values have plunged.
- **High healthcare costs.** Healthcare costs rose by 155 percent between 1990 and 2008, according to the White House’s middle-class task force, while median household income rose by just 20 percent. That means medical costs take an increasing share of take-home pay for virtually every family.
- **Child care/elder care expenses.** Many families have maintained their standard of living because both parents work. Between 1990 and 2008, hours worked by both parents in a typical middle-income family increased 5 percent; in a middle-income single-parent family, hours worked spiked by 13.4 percent. That leaves less time for taking care of kids, aging parents, and anything else that needs attention, and the added costs of paying somebody else to do it.
- **College costs.** A typical family with two kids should sock away about \$4,200 per year to pay for college. College costs have risen about 43 percent since 1990, nearly twice the rise in median income. With state and federal education budgets being axed, public universities are hiking tuition and fees. The bottom line for many families is that they’ll have to take out bigger college loans, with students working more to pay for their own education.

- **Housing costs.** The cost of financing and maintaining a home soared by 56 percent between 1990 and 2008, thanks to the housing bubble that’s now deflating. Many families that bought a home near the peak of the market, between 2005 and 2007, are stuck with property that’s declining in value and in some cases worth less than the mortgage.
- **False expectations.** For the past 40 or 50 years, Americans have lived by a series of unofficial tenets: A good education guarantees a good job, hard work will bring prosperity, and 40 years of 40 hour-a-week work earns a comfortable retirement. Then maybe; now not so much.

The percentage of Americans who say they are in the lower-middle or lower class has risen from a quarter of the adult population to about a third in the past four years, according to a national survey of 2,508 adults by the Pew Research Center. Not only has the lower class grown, but its demographic profile also has shifted. People younger than 30 are disproportionately swelling the ranks of the self-defined lower classes. The shares of Hispanics and whites who place themselves in the lower class are also growing. The share of blacks in the lower class has not changed in years, one of the few demographic groups in which the proportion in the lower class did not grow. As a consequence, a virtually identical share of blacks (33%) and whites (31%) now say they are in the lower class.

The Pew survey finds that hard times have been particularly hard on the lower class. Eight-in-ten adults (84%) in the lower classes say they had to cut back on spending in the past year because money was tight, compared with 62% who say they are middle class and 41% who say they are in the upper classes. Those in the lower classes also say they are less happy and less healthy, and the stress they report experiencing is more than other adults. As they look to their own future and that of their children, many in the lower class see their prospects dimming. About three-quarters (77%) say it’s harder now to get ahead than it was ten years ago. Only half (51%) say that hard work brings success, a view expressed by overwhelming majorities of those in the middle (67%) and upper classes (71%).

Childhood Poverty

The economic turndown and sluggish recovery have meant that more and more children are slipping into poverty. Nationally, the number of children in poverty has been creeping upwards, to 1 in 4.5 by 2010. Wisconsin children are faring better than the national average, but in 2010 almost 1 in 5 Wisconsin children lived in poverty – up from 1 in 6.7 just four years before. According to 2010 U.S. Census data, of the 72 counties in Wisconsin, Vernon is the 7th poorest county, Crawford is the 12th poorest county, Monroe is the 23rd poorest county, and La Crosse is the 48th poorest county in Wisconsin in regards to poverty rates for children under the age of 18 in poverty. For people of all ages living in poverty, Crawford is the 7th poorest county, Vernon is the 8th poorest county, La Crosse is the 30th poorest county, and Monroe is the 37th poorest county. One-third of the population in our four-county area lives below the poverty level.

	Crawford	La Crosse	Monroe	Vernon	Wisconsin
Total Population	16,644	114,638	44,673	29,773	5,686,986
Total Persons Living Below 100% of Poverty Level (%)	2,076 (12.9)	14,557 (13.5)	6,148 (14.1)	3,950 (13.6)	637,613 (11.6)
Total Children , under 18, Living Below 100% of poverty level	645 (18.0)	3,222 (13.6)	2,573 (22.6)	1,620 (21.1)	208,131 (15.8)
Total Families Living Below 100% of Poverty Level (%)	407 (8.9)	1,977 (7.2)	1,114 (9.7)	725 (8.9)	113,928 (7.7)
Total Families Living Below 200% of Poverty Level (%)	5,653 (35.2)	32,603 (30.3)	14,263 (32.8)	10,780 (37.2)	1,552,151 (28.3)

People Helping People

In addition to the many programs Couleecap offers to help low and moderate income families struggling with economic needs, there is a special initiative created by Couleecap called the People Helping People Fund. This fund provides limited financial assistance for additional needs that other program funds cannot pay for. Though Couleecap's People Helping People Fund, a weatherization client received a gas cook range to replace the current range that had a very bad gas leak. Couleecap staff turned off the gas range due to the leak and advised the family that the stove presented a danger to their health. The range was not repairable and the client did not have the finances to pay for a replacement. With assistance from the People Helping People Fund, the household was able to purchase a new range and is preparing home cooked meals once again.

We Can Defeat Poverty - Together

Couleecap fights poverty and promotes self-sufficiency, economic development, and social justice. We are *People Helping People*, and everyday our *action* makes a difference in the lives of people and families throughout the Coulee Region.

Please **GIVE**:

- Your **TIME** to volunteer against poverty in your community.
- Your **MONEY** to programs and organizations that speak to your heart.
- Your **VOTE** for elected officials with strong track records voting for anti-poverty legislation.
- Your **VOICE** as an advocate for affordable housing, a higher minimum wage, educational supports and improved child care assistance so working families can rise out of poverty.

Ways to Give

You can help! With your support we can continue to make a difference in people's lives. Your tax deductible gift stays in our community and addresses local poverty needs. Please consider supporting Couleecap with your:

- One time gift
- Annual gifts
- Memorial gifts
- Planned giving
- Endowment gift

For more information regarding the People Helping People Fund or agency programs, please visit Couleecap's website at www.couleecap.org or call toll free 1-866-904-4507.

Couleecap, Inc. is a private non-profit 501(c)3 charitable organization created in 1966. We currently implement more than 50 contracts in the areas of housing, emergency assistance, child and family development, business development, employment, transportation, and health. Each year, Couleecap helps more than 37,000 people work towards self-sufficiency.

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References:

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2010 U.S. Census Bureau <http://www.census.gov/>

7 Stressors Sapping the Middle Class <http://money.usnews.com/money/blogs/flowchart/2010/03/16/7-stressors-sapping-the-middle-class>

A Third of Americans Now Say They Are in the Lower Classes, Pew Research Center www.pewsocialtrends.org

Back to School Without a Home, Wisconsin Division of Housing <http://doa.wi.gov/docview.asp?docid=9781&locid=173>

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