When money is tight, the Kallmanns accept donations from the charities where they volunteer.
Life is getting harder for many middle-class families across the United States

Thirteen-year-old Jesse Kallmann is a typical eighth-grader. He likes to ride bikes with his friends and play the guitar. He lives in Milford, Connecticut, with his parents and two sisters in the house that his mother, Trish, grew up in. Jesse’s father, Bill, works full-time as an office manager. Like most American families, they own TVs, cell phones, and a car.

From the outside, the Kallmanns appear to live a comfortable middle-class life. Most people probably wouldn’t guess that some of Jesse’s clothes are donated by a local charity. When his mother washes clothes, she hangs them in the basement to dry. That is because the family can’t afford to fix their dryer. When the Kallmanns sit down to dinner, sometimes the meal comes from a food bank.

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Words to Know

- **American Dream** (*n*): the idea that with hard work, the U.S. economic, political, and social systems make success possible for everyone
- **automate** (*v*): to run or operate something, such as a factory, using machines or computers instead of people
- **inflation** (*n*): a rise in prices, which makes goods (like cars) or services (like health care) more expensive and harder to pay for
“My parents work hard to give the best to us,” Jesse tells JS. “But we’re barely scraping by.”

For the Kallmanns and many other families across the United States, this is what being middle class looks like today. Even with one or both parents working, many families live paycheck to paycheck. They say it is harder to achieve the American Dream. After paying for the basics, such as food, housing, and health care, many families are out of money at the end of each month. Splurges are rare. When money is especially tight, some people rely on charities or government programs for help.

Economists say that this “middle-class squeeze” is the result of two things happening at once. Many Americans today earn the same as or less than they did in 2007, before the recession (economic slowdown) began. At the same time, the prices for health care, child care, and other basics have gone up. This issue has caught the attention of President Barack Obama.

“Even when you’re working your tail off, it’s harder than it should be to get ahead,” he said during a recent speech at Northwestern University in Illinois. “Our economy won’t be truly healthy until we reverse the much longer and profound [loss] of middle-class jobs and incomes.”

Living on the Edge

In 2013, the median household income in the U.S. was about $52,000 a year, according to the U.S. Census Bureau. (That means half the population was earning less than $52,000 and half was earning more.) Adjusting for inflation, that is about $4,000 less than the median household income in 2007.

Jesse’s family makes less than the national median. Bill Kallmann earns about $40,000 a year. Trish Kallmann used to work, but child care is expensive. So is transportation. (The family has only one car.) So the Kallmanns found it more affordable for Trish to stay home and take care of the kids.

Jesse would love to get a new computer. But he knows that even if his parents had the extra money, they would need to spend it on more-pressing things, like dealing with that new noise the car is making.

“I know I shouldn’t ask for things,” he says. “It kind of bums me out.”

Millions of people found themselves out of work during the recession. Many of those who were lucky enough to keep their jobs then, such as Jesse’s father, haven’t had much of a raise in several years.

The economy is recovering in terms of jobs. But “it’s not recovering much in terms of wages,” Massachusetts Institute of Technology economist David Autor tells JS. “Wage growth has been extremely sluggish.”

Autor says that many higher-paying, middle-income jobs vanished during the recession. This includes about 6 million factory jobs and nearly 2 million office positions, such as bookkeepers and secretaries. Many jobs have been automated or have moved...
overseas where the cost of labor is cheaper.

At the same time, many of the jobs that have been added in the U.S. are lower-paying jobs. That includes more than 1 million restaurant and retail positions, according to the U.S. Department of Labor.

“These are jobs that don’t tend to pay well [because] they don’t require a lot of specialized skills,” Autor says. “Many people can do that kind of work, so wages don’t tend to rise very much.”

Another 7 million people are working part-time jobs because they can’t find full-time work.

“It’s Harder to Pay Bills”

Another thing that affects the middle class is the cost of living. It has gone up. For a typical family of four, the combined cost of housing, health care, and child care, plus some savings for college and retirement, was $10,600 more in 2012 than it was in 2000. That is after adjusting for inflation, according to a study by the Center for American Progress (see chart).

Makayla Washington, 17, and her parents have experienced the price increases firsthand. Along with Makayla’s 2-year-old sister, they live in Ocala, Florida. Makayla’s mother, Pam, works full-time at a children’s shelter. Her father, Aaron, is a cancer survivor. He receives disability payments because he can no longer work. Their household income is $40,000.

Pam Washington says that most of their bills have increased in the past few years. “The prices of food went up, and our property taxes skyrocketed,” she tells JS. “It’s harder to pay bills.”

The Washingtons make ends meet by buying cheaper groceries. Occasionally, they take out loans. Any extra expenses, such as buying Makayla a dress and shoes for a recent school dance, are a challenge.

“We have a hard time finding money for me to go to things like that,” the 11th-grader tells JS. “But we usually make it work.”

Makayla helps her parents when she can. She used some of the earnings from her summer job at a water park to help with bills. The Washingtons describe themselves as middle class, even though, they say, sometimes life is hard.

“We’re doing OK,” Makayla says. “We’re not rich, we’re not poor, but sometimes it’s [tough].”

Stuck in the Middle

When people say they’re middle class, what do they mean, exactly? Joe Peschek, a political science professor at Hamline University in St. Paul, Minnesota, says that there is no easy answer.

“The [idea] of middle class is defined somewhat differently by various people who use that term,” he tells JS. “There’s no one agreed-upon, widely accepted view.”

The idea of an American middle class came about in the 1940s, near the end of World War II. (See the sidebar on p. 17.) In those days, being middle class was something to aim for. Back then, Peschek says, it was easier for people to find jobs that paid enough to have a house in the suburbs, take vacations, and send their kids to college.

“Several generations ago, [the middle class] represented moving

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up," he says. “It was associated with the hopes that one could move up the [ladder] to more comfort, more ease—tomorrow being better than today. That was very much part of the mystique of the American Dream.”

But today the American Dream is harder to reach, some people say. In a recent poll by The New York Times, only 64 percent of the people who responded said they still believe that if they work hard, they’ll be financially secure. That is the lowest percentage in two decades.

That lack of confidence may come from the fact that some families, especially those with only one parent working, are one financial setback away from falling into poverty, according to a recent report from the United Way.

Many Republicans in Congress say that falling median incomes are the result of President Barack Obama’s policies. They point to the Affordable Care Act, also known as Obamacare. It requires Americans to purchase health insurance or pay a penalty.

Some Democrats, however, point to the $7.25-an-hour federal minimum wage. It has not been raised since 2009.

Last year, President Obama and Democrats in Congress called for an increase in the federal minimum wage. But Republicans blocked the proposal. They said a hike would force cash-strapped employers to lay off workers. That would end up hurting the middle class.

A Middle-Class Comeback?

Despite many Americans’ frustrations, the economy has made some progress recently. Employers across the country added more than 2.65 million jobs in 2014. Hourly wages are starting to rise again. At 5.8 percent, the U.S. unemployment rate is the lowest it has been since July 2008.

Also, several states have increased their own minimum wages. Voters in Alaska, Arkansas, Nebraska, and South Dakota voted to raise their state minimum wages in last fall’s midterm elections. That brought the number of states that have passed such laws to 29.

There is even more good news. Experts say middle-income jobs are starting to become available. There are more such jobs than employers are often able to fill. A recent report from Harvard Business School said that 56 percent of U.S. firms are struggling to fill jobs in such areas as health care, finance, and insurance. But to get those jobs, economists say, people must be willing to get job training and possibly relocate.

That is what Sophia Adams’s mother did. Last year, Sophia and
her family moved from Manzanita, Oregon, to Las Vegas, Nevada, so her mother could find steady work.

“Where we used to live, there weren’t many jobs, so my mom wanted to move,” the sixth-grader tells JS.

In their rural town in Oregon, Sophia’s mother, Stephanie Schindel-Adams, was often out of work. At times, she relied on food stamps to feed her family.

“Sometimes I’d work two or three jobs cleaning vacation rentals and [picking up shifts] in restaurants just to make as much as I could,” she tells JS. “I made the decision that we needed to move where the economy was better.”

Schindel-Adams found job training in Las Vegas and recently started working as an insurance agent. Now she earns more than she did in Oregon.

“Thankfully, the company I work for is experiencing a lot of growth, so it’s providing a lot of opportunities,” she says.

Schindel-Adams credits education for her family’s turnaround. She says that she is determined to find a way to send her kids to college when they’re ready. The Washingtons have the same hopes for Makayla.

After Makayla graduates from high school, she plans to join the military. Then she wants to go to college and eventually become a lawyer. However, she keeps her goals for the future balanced with what is most important to her.

“The world runs on money,” she says. “But there’s always things that you value more, like your family, your friends, and things that money can’t buy.”

—Brooke Ross

HOW THE G.I. BILL CREATED THE MIDDLE CLASS

In 1944, President Franklin D. Roosevelt signed a law to create new opportunities for veterans returning from World War II (1939-1945). Although he didn’t know it at the time, he was also helping to form something else: the American middle class.

The Servicemen’s Readjustment Act (better known as the G.I. Bill) offered, among other things, money for college tuition and home loans to veterans. The president signed the G.I. Bill to encourage returning servicemen and servicewomen to go to college, so they wouldn’t flood the job market and overwhelm the U.S. economy.

In fact, the G.I. Bill ended up giving a huge boost to the economy. Millions of veterans jumped at the chance to attend college on Uncle Sam’s dime. Before World War II, a college education was primarily for the wealthy. According to census data from 1940, only 5 percent of Americans held college degrees. By 1956, nearly half of America’s 16 million World War II veterans had used the G.I. Bill for college or job training. They began commanding higher-paying jobs as a result.

Millions of veterans also received home loans—called mortgages—under the G.I. Bill. Suddenly, they were able to buy their own homes.

Construction increased from 114,000 new houses in 1944 to 1.7 million in 1950. In 1947, real estate developer William Levitt turned 4,000 acres of potato fields on New York’s Long Island into what was then the largest private housing development in the country.

The development, known as Levittown (above right), became a model for suburban home construction across the country and a symbol of the American Dream.