

Macro Roundup Article

Headline: [The Cost of Thriving Has Fallen: Correcting and Rejecting the American Compass Cost of Thriving Index](#)

Article Link: <https://www.aei.org/wp-content/uploads/2023/06/coti-working-paper.pdf?x91208>

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Tweet: [. @swinshi @AEIecon finds faults with @oren_cass analysis and argues that it has become easier for a male earner to support a family than it was in 1985. @jmhorp @JonahDispatch](#)

Summary: We find that it has become easier for a male earner to support a family than it was in 1985. We correct the dollar costs of the Oren Cass' Cost of Thriving Index (COTI) and find that instead of rising by 22 weeks of work, the cost of thriving (for male workers) rose by just over 10 weeks. This improved estimate overstates the increase in COTI, however. Cass's way of measuring "costs" fails to account for quality improvement in the items he tracks—particularly better health care and nicer cars. Furthermore, COTI does not take into account taxes—a major flaw. It's especially important in this case because the kind of family Cass is describing has seen a major reduction in its federal tax burden since 1985, going from a net taxpayer to receiving a subsidy, primarily due to the child tax credit (CTC). After including estimates of the federal tax burden or tax subsidy in both years, we find that the 2022 cost of thriving for a family with one male earner is lower than it was in 1985.

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Primary Topic: Family/Marriage

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