



UNIVERSITY OF NEBRASKA OMAHA

The burden of healthcare and housing spending on US households

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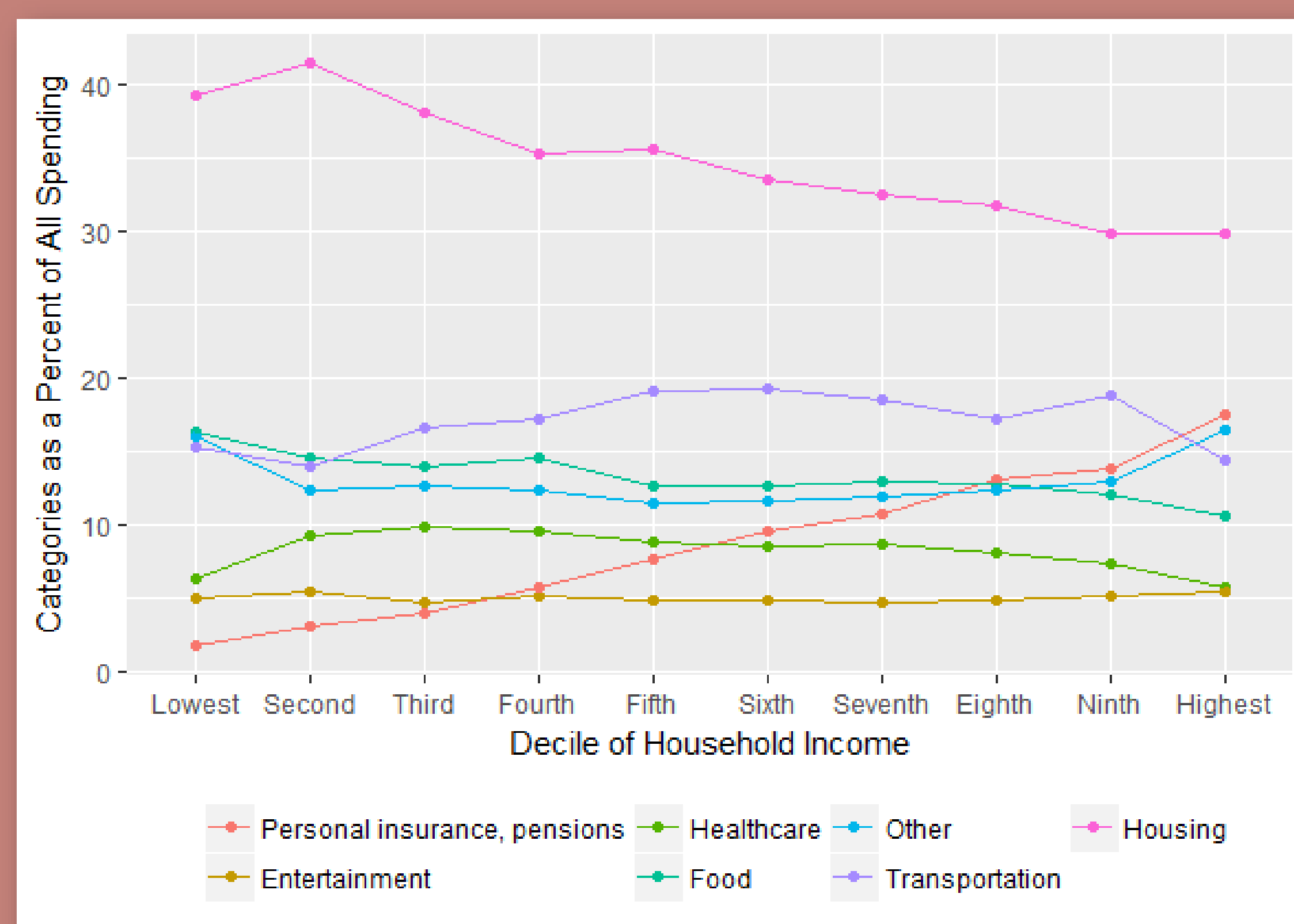
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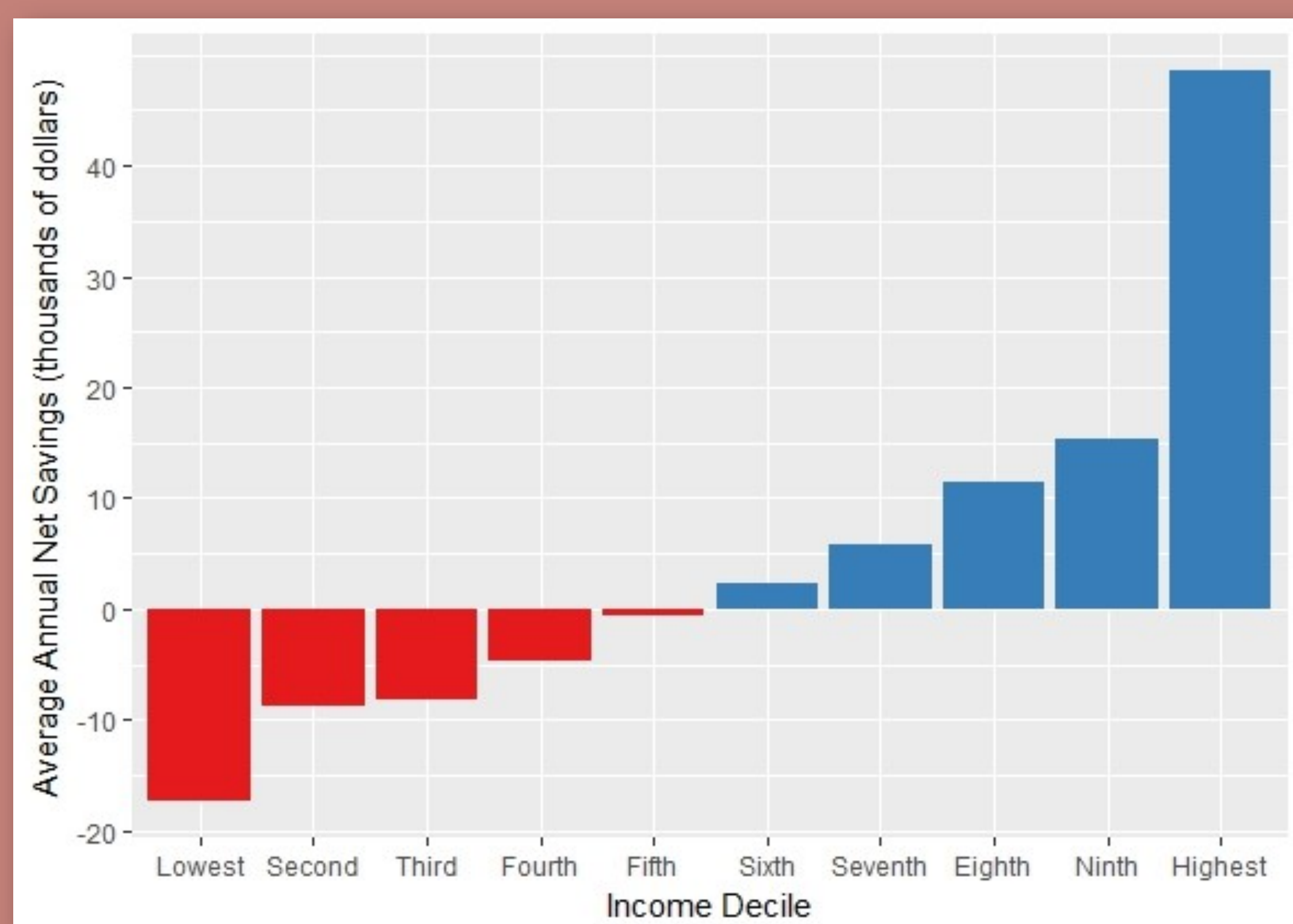
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Housing category has highest spending share across all income deciles



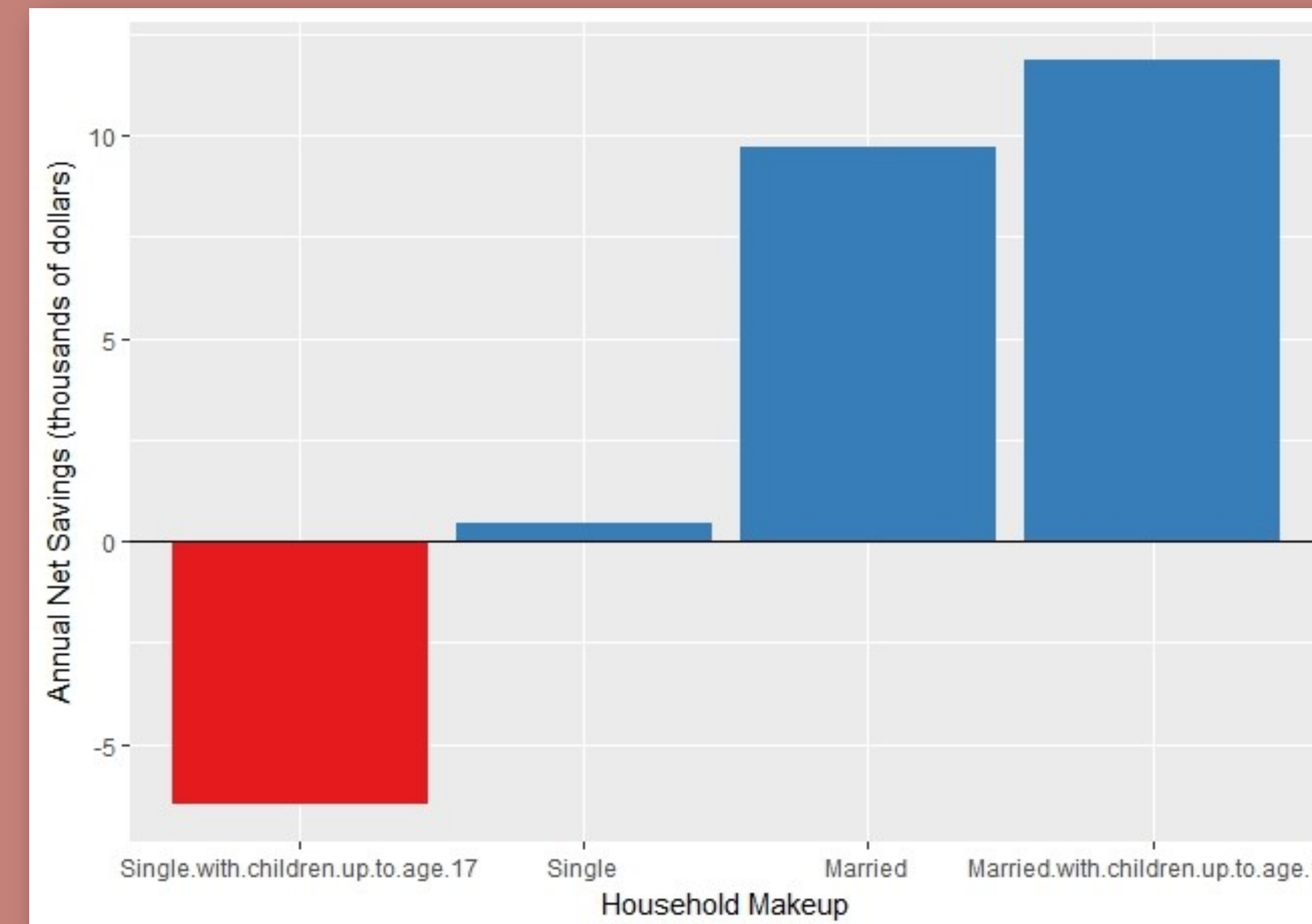
This graph shows spending in seven main categories in daily life as share of all spending by income decile. The Consumer Expenditure Survey classifies householders to ten levels based on income from low to high. The first three levels spend about 40% of their annual income on housing, and the trend is that the share decreases when income increases. In contrast the lowest income households spend only \$1500 per year on healthcare. The percentage of spending on healthcare stays below 10% for each income level.

50% of Households Have Annual Negative Savings



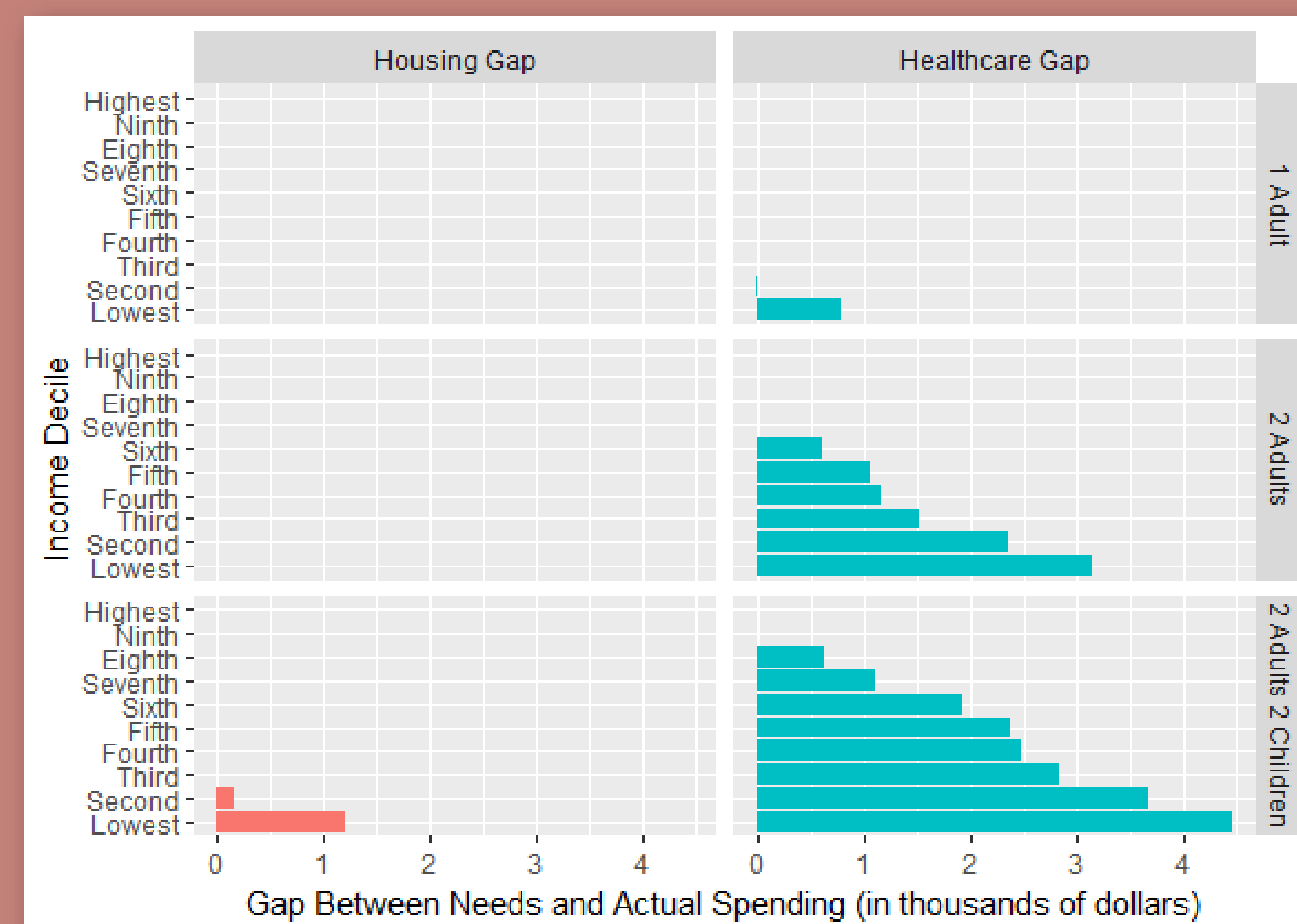
Half of Americans do not earn enough to make ends meet. Households in the lowest income decile are spending more than \$17,000 per year above their earnings. This can happen when households borrow money from family, spend past savings, or use credit.

Single-Parent Families Have Negative Savings, Single Individuals Break Even, Married Households Thrive



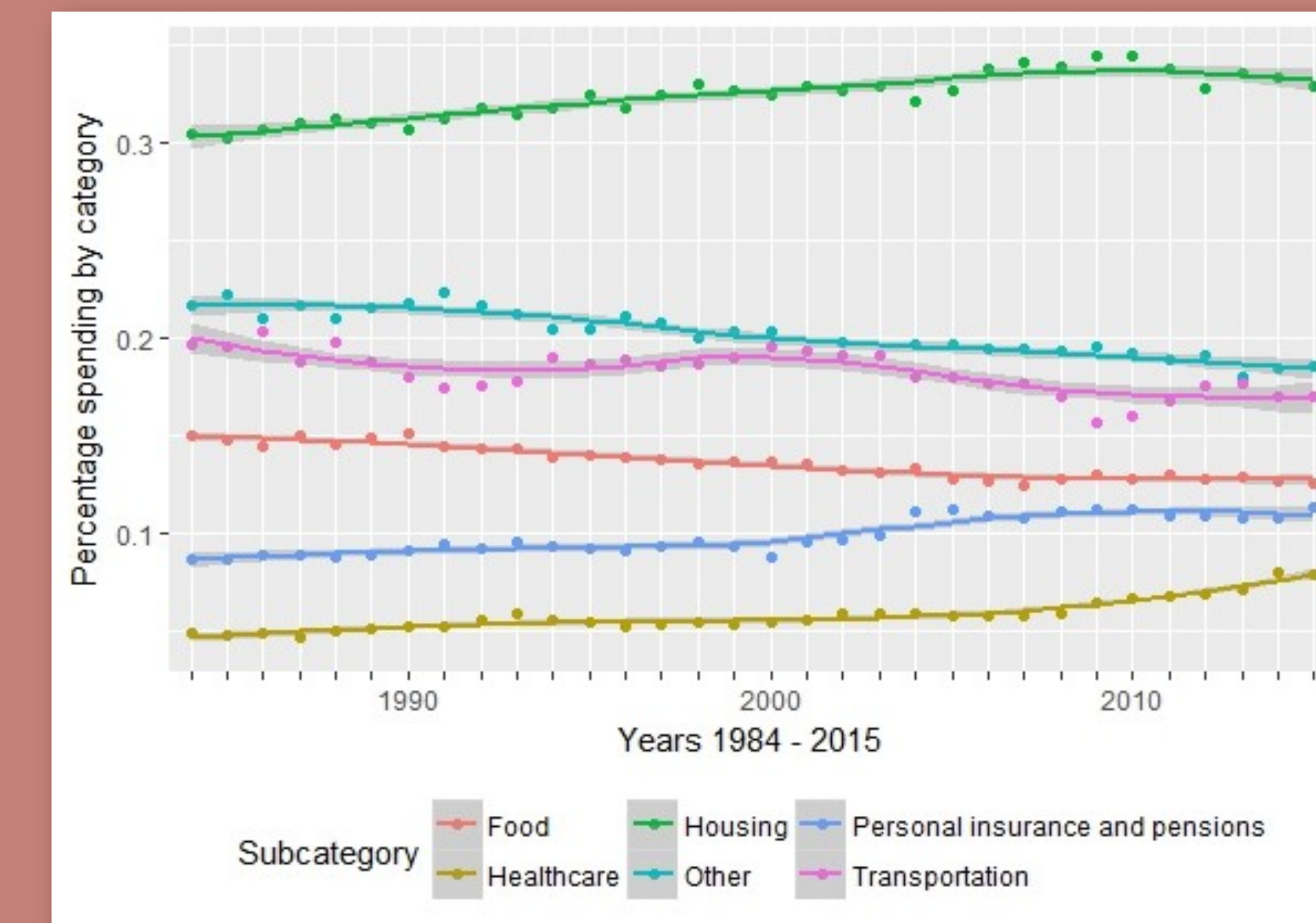
For this graph we classify four types of households: single with children up to age 17, single with no children, married with no children, and married with children up to age 17. On average households led by single parents spend \$6,500 more than they earn.

Healthcare spending gaps are large for families of almost all income levels in Omaha, Nebraska



Living Wage data provides estimates of needed spending levels for different types of households in Omaha. The Consumer Expenditure Survey shows that almost everyone spends what is needed on housing. People do not want to be homeless. But as a result, other needs such as healthcare do not get met. We can see that as family size grows, the gap (needs minus spending) on healthcare becomes greater and greater. Even families with high income levels have trouble meeting basic healthcare needs.

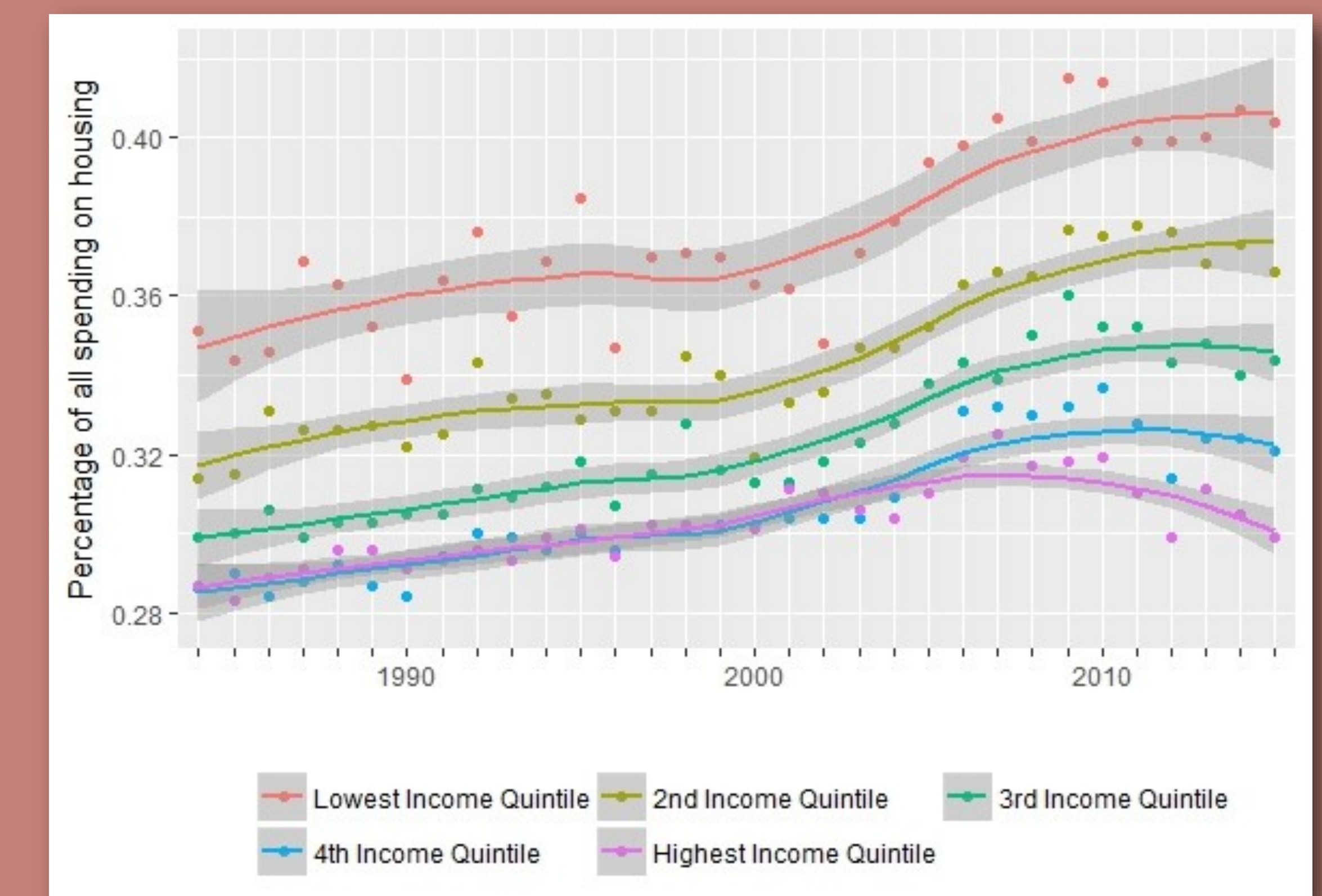
Over time housing and healthcare have significantly increased their share of household spending



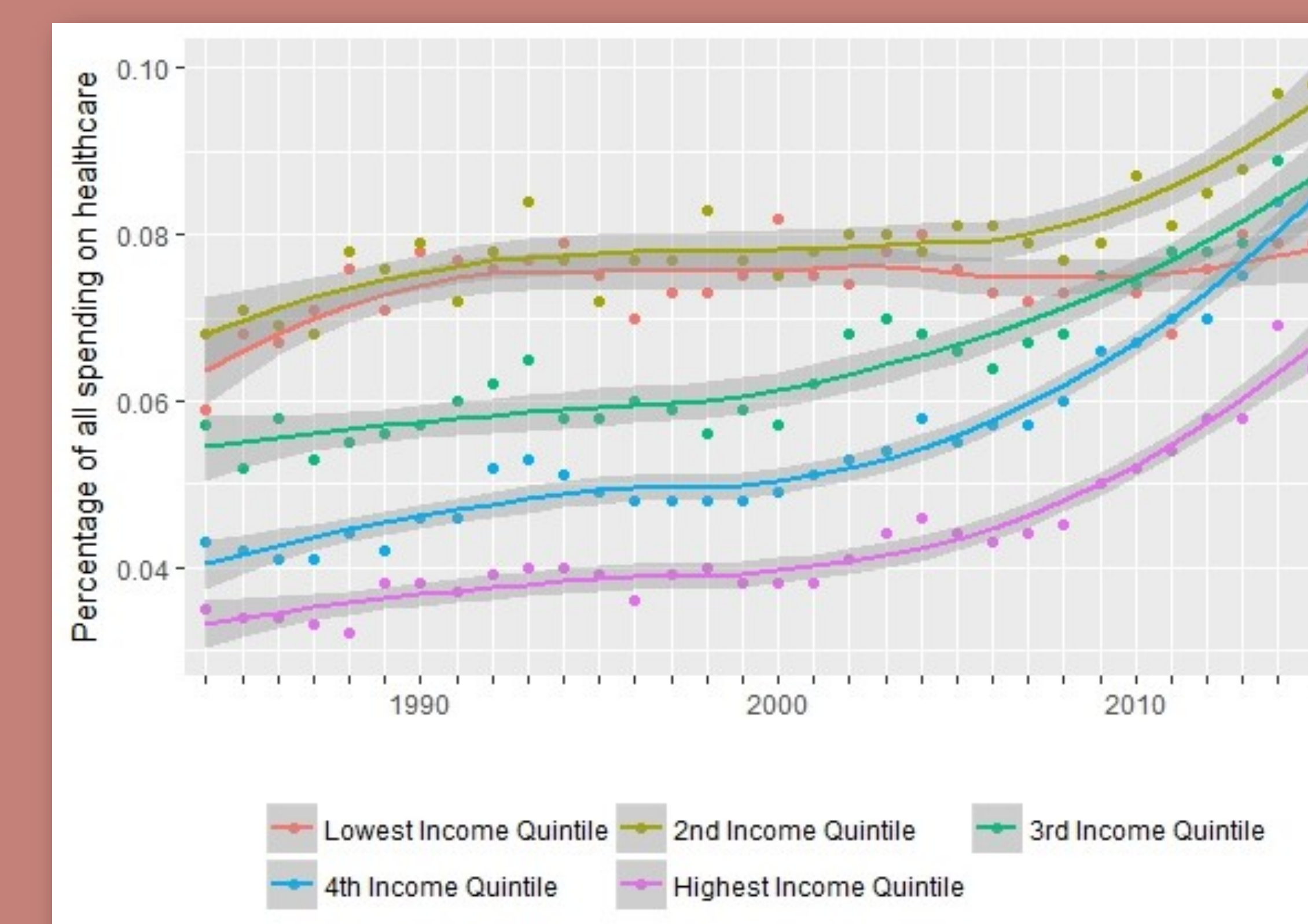
This graph shows Consumer Expenditure Survey data of spending by category as a share of all spending, from 1984 to 2015. Housing and healthcare have grown in their share of all consumer spending. In contrast food and transportation have declined as a share of all spending.

Housing takes an increasing share of spending for most income levels

The share of spending on housing is the biggest part of household spending. The historical trends have been that the share of spending on housing has increased for all quintiles. However since the economic collapse of 2008, housing as a share of all spending has declined at the upper income quintiles. However the share of spending on housing has not declined for the lowest income quintile.



Healthcare takes an increasing share of spending for most income levels – except the lowest quintile



Healthcare in the United States is the most expensive in the world. In the past 30 years, the share of all spending on healthcare by income quintile is getting higher and higher - except for the lowest quintile. Healthcare still takes about 8% of the lowest quintile's income. Fortunately more than 87 million Americans have governmental assistance to pay for healthcare.

It is one of the reasons why the slope of the lowest quintile does not rise too much. The issues of healthcare affordability are much sharper than housing. That is why approximately 10% of the population is without health insurance, but less than 1% of the population is homeless. The data force us to ask the question: what can be done to make healthcare more affordable?

Reference :

The Consumer Expenditure Survey (CES) has been done by the US Census Bureau for the Bureau of Labor Statistics since 1984. The poster uses both historical and 2015 data.

Consumer Expenditure Survey. Bureau of Labor Statistics. 2015. <https://www.bls.gov/cex/>

Professor Amy Glasmeier of MIT has used the CES and other data sources to define a Living Wage - the cost of living, by state or metro area. The Living Wage helped us find the gaps between what people need to spend versus what they actually spend on healthcare and housing.

Living Wage Calculator. Amy K. Glasmeier, MIT. <http://livingwage.mit.edu/>