



# The First Rung Up the American Dream Ladder:

*An Analysis of the Cost of Basic Recreational Activities for American Families*



By The Ludwig Institute for Shared Economic Prosperity (LISEP)

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## EXECUTIVE SUMMARY

Elements of the American middle-class way of life that were once ingrained as staples of our culture – the family road trip, date night, an evening at the ballpark – are sadly becoming unaffordable luxuries for the average family. The rising cost of necessities, such as shelter, food, transportation, and healthcare, have outpaced wage growth such that the bare necessities have largely crowded out expenditures on minimal recreational activities for middle- and low-income (LMI) families.

Numerous studies have determined that some recreational activities are critical to maintain an individual's physical and mental health, improve social interaction, which by extension, improves work productivity, extends life expectancy, and enhances overall quality of life. Considering the importance of recreational activities to both individuals, families, and society as a whole – and cost becoming a determining factor in being able to engage in even a modest amount of these activities – the Ludwig Institute for Shared Economic Prosperity (LISEP) has developed the Minimal Quality of Life (MQL) Index to better understand LMI families' challenges to accessing minimal health, fitness, and quality of life activities.

In March 2022, LISEP launched the True Living Cost (TLC) Index to better assess the affordability of everyday necessities for LMI families based on a limited basket of items that includes food, shelter, healthcare, childcare, transportation, minimal technology, and personal care items. By focusing on these basic items – which make up the majority, if not all, of an LMI household's budget – LISEP found that the widely accepted measure of inflation, the Consumer Price Index (CPI), understated the impact of rising

prices on LMI households by 45%. The MQL Index, as an extension of TLC, serves as an additional measure to assess the growing crisis of affordability that affects the average American family every day.

To determine the MQL Index, LISEP selected a minimal basket of seven quality of life expenditures and activities based on accessibility and affordability. While there could be debate about the selection of one or all of these items, it was determined that this is a sensible basket given Americans' historical behaviors and practices, and provides a directionally-correct sense of the struggles middle-class Americans face to attain a decent quality of life:

- Eating out (once every two weeks at a full-service restaurant)
- One television subscription
- Basic adult sports equipment (such as running shoes, a bicycle, and a helmet)
- Children's school sports
- Minor League Baseball game tickets
- Three-day vacation (a summer road trip or a winter holiday trip to visit family)
- End of year holiday budget (decorations, modest gifts, and a holiday dinner)

Each item was scaled based on household size and age of family members and tracked from 2001 to 2021. (Note that the COVID pandemic in 2020 created anomalies in the data due to the cancellation of many activities, such as Minor League Baseball games).

### Some Key Findings:

- The cost of these minimal recreational activities increased 38% between 2001 and 2021; for the average American family, they increased from \$2,586 to \$3,577 a year. This exceeds the CPI increase for the same period, which was 19%.<sup>1</sup>
- With an 82% increase, the cost of children participating in school sports has risen faster than any other activity measured due to the rising cost of school participation fees.
- The cost of taking a three-day vacation increased a significant 60% over the past 20 years due to the rising cost of lodging, food away from home, and gas.
- The cost of a television subscription is 32% more affordable in 2021 compared to 2001 due to the proliferation of online streaming services.
- A family outing to a Minor League Baseball game is up 29%, the cost of eating out is up 57%, the cost of adult biking and jogging equipment is up 7%, and the cost of a modest winter holiday budget is up 13% during the 2001-2021 period.

The conclusion of the analysis shows that if it is assumed that a family is earning the U.S. median family income of \$70,784 in 2021, then no two-parent family with one to three children was able to afford recreational activities after paying for basic needs. If they attempt to pay the bills and participate in a few recreational activities, a two-parent family with one child, two children and three children would be \$5,935, \$8,681, and \$12,873 in debt, respectively. This paints a somber picture for the average American household, with paying for necessities already a struggle and minimal quality-of-life expenditures out of reach. This should be a wake-up call to policymakers and employers

alike, as a society cannot collectively grow and thrive if a majority of the population struggles with basic needs – and cannot even consider the most basic wants.

This is one area where private sector employers can step up, and it is very much in their own interest to do so. While policymakers can nurture an economic environment conducive to the creation of full-time, well-paying jobs with benefits, employers can offer some modest economic assistance for leisure-time pursuits among their employees and families. The result would be a healthier, happier, more productive workforce.

## INTRODUCTION

A weekend at the beach, a day at the ballpark, family pizza night – they all conjure images of a typical American family taking a well-deserved respite from work and school. Yet such scenes are fading for a large swath of the American population, with even a modest break drifting into the realm of luxury.

Recently, it has become quite common to encounter research on the decline of the middle class and the affordability crisis, with most Americans feeling the pinch of the rising cost of living, continuously cutting corners to make ends meet. Unfortunately, the hardship faced by many in paying for necessities means too many Americans are too financially strapped to pay for even minimal enjoyable recreational pursuits that are the backbone of the American lifestyle.

In 2019, the *Washington Post* published an article titled “What does America have against vacation?”<sup>2</sup> in which it cites the U.S. Travel Association’s finding that American

workers collectively wasted 768 million vacation days in 2018, pointing to cost as the top barrier.<sup>3</sup> Most children quit sports by age 11, according to the State of Play report from the Aspen Institute, largely due to cost: parents spend an average of \$693 per child to play one sport.<sup>4</sup> Disney World, once thought to be a must-take trip for all families, has now become a luxury destination, with prices for one-day adult tickets increasing from \$3.50 in 1971 to \$159 in 2019 – a staggering increase of more than 3,000%.<sup>5</sup> These statistics paint a bleak image of the affordability of recreation for most American families.

Considering that engagement in some form of recreation is key to mental and emotional well-being, the Ludwig Institute for Shared Economic Prosperity (LISEP) launched a study to determine just how unaffordable recreation has actually become for the household earning the median household income, which represents half of all American households.

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- 1 Please note that the CPI for recreation measures the price changes of a large basket, which includes items like pets and pet products, photographic equipment and supplies, sewing machines, and admission to concerts, to mention a few. LISEP’s basket is limited to activities that are a part of most American families’ lives.
  - 2 Sampson, H. (2019, August 28). *What does America have against vacation?* The Washington Post. Retrieved July 21, 2022, from <https://www.washingtonpost.com/travel/2019/08/28/what-does-america-have-against-vacation/>.
  - 3 Alford, T. (2019, November 11). *Study: A Record 768 Million U.S. Vacation Days Went Unused in '18, Opportunity Cost in the Billions*. U.S. Travel Association. Retrieved January 20, 2022, from <https://www.ustravel.org/press/study-record-768-million-us-vacation-days-went-unused-18-opportunity-cost-billions>.
  - 4 *Survey: Kids Quit Most Sports By Age 11*. (2019, August 1). The Aspen Institute Project Play. Retrieved January 20, 2022, from <https://www.aspenprojectplay.org/national-youth-sport-survey/kids-quit-most-sports-by-age-11>.
  - 5 Passy, J. (2021, October 4). *In its 50-year history, Walt Disney World has evolved from a \$3.50-a-ticket amusement park to a “luxury-priced destination.”* MarketWatch. Retrieved January 20, 2022, from <https://www.marketwatch.com/story/how-walt-disney-world-went-from-3-50-a-ticket-to-becoming-a-luxury-priced-destination-11633108165>.

## RECREATION AS AN ADDITION TO THE TRUE LIVING COST (TLC)

To track the affordability of necessities for American families over time, LISEP constructed a cost-of-living-metric, the True Living Cost (TLC) Index,<sup>6</sup> that assesses the affordability of everyday necessities for low- and middle-income (LMI) Americans. More information can be found about the TLC on the LISEP website, [lisp.org](https://lisp.org). In addition to these core necessities, it is also critical to determine a minimum level of spending on minimal quality-of-life activities that are at the center of Americans' physical health and overall well-being. To answer this, LISEP determined a basket of minimal recreational activities, and measured its cost over the period 2001-2021. Tracking the evolution of this basket's cost over time allows the assessment of the affordability of basic recreational activities.

The right to recreation is recognized in the United Nations Declaration of Human Rights.<sup>7</sup> However, American

households experience significant financial barriers to engaging in recreational activities during their leisure time. The cost of minimal recreational activities has increased by 38% between 2001 and 2021 for the average American family.

Since the recreational basket is scaled based on family size, it logically follows that the basket's cost would increase by different amounts for each family type. For single-parent families, the basket's cost increased at 36% for families with one child, 46% for families with two children, and 50% for families with three children, while dual-parent families saw larger increases of 42%, 48%, and 51%. A typical household with two parents and two children at the median income would not be able to afford core necessities and a basic level of recreation in any of the last 20 years.



6 The TLC measures the cost of a set of minimal adequate needs a household requires to function: housing, medical care, transportation, food, childcare, technology, and miscellaneous, taking into account household size and region.

7 The United Nations. (1948). *Universal Declaration of Human Rights*.



## METHODOLOGY

This research focuses on seven recreational activities, which are intended to be the first rung on the ladder of quality of life and *should* be affordable. These activities were chosen based on the benefits they provide to adults and children alike that are important to physical, emotional, and social well-being. The following is a list of the goods and services included, as well as how costs are measured.

- 1. A budget for eating out:** Findings from the American Perspectives Survey suggest that most Americans rely on friends and family for personal support, relationships that are often strengthened through external social interactions, such as eating out. Indeed, Gallup polls over the years indicate that a consistent two-thirds of Americans eat out at least once a week. Thus, a budget has been allocated for eating out due to its key role in social interaction and community building. LISEP's allocation allows households to eat out once every two weeks as a midpoint between an infrequent monthly meal and a frequent weekly meal (which is what most Americans do). The reason a weekly frequency was not adopted is to take a conservative approach in regard to spending above the absolute bare necessities. The prices reported in the U.S. General Services Administration (GSA) Meals and Incidentals Per Diem rate<sup>8</sup> was used to estimate the cost of a dinner away from home. This cost was scaled for adults and children based on guidance from the U.S. Department of Agriculture (USDA).
- 2. Television subscription:** Watching television allows individuals to de-stress by disconnecting from their daily preoccupations, and stimulates social connectedness and shared social worlds with one's family and friends. According to the American Time Use Survey (ATUS), 80% of Americans watch television daily, a trend that has remained consistent since 2003. Therefore, for the purpose of this analysis, a television

<sup>8</sup> The U.S. General Services Administration (GSA) establishes the per diem reimbursement rates that federal agencies use to reimburse their employees for subsistence expenses incurred while on official travel within the continental U.S. (CONUS), which includes the 48 contiguous states and the District of Columbia. Source: <https://www.gsa.gov/travel/plan-book/per-diem-rates/frequently-asked-questions-per-diem#1>



EATING OUT



TELEVISION SUBSCRIPTION



ADULT SPORT EQUIPMENT



CHILDREN SCHOOL SPORTS



MINOR BASEBALL LEAGUE GAME



THREE-DAY VACATION



WINTER HOLIDAY BUDGET

subscription was determined to be a minimally necessary recreational element due to benefits derived from relaxation from work strain and integration into American culture by watching films and other televised content. LISEP's allocation allows households to pay a monthly subscription for a television service based on price data from the Federal Communications Commission (FCC) which measures the cost of a cable or satellite television subscription. Starting in 2013, pay television statistics published by the Leichtman Research Group were applied to give households the option of electing a Subscription Video on Demand (SVOD) service, as opposed to cable or satellite services, to reflect the surge in popularity of those platforms as a more affordable option.

- 3. Sports equipment for adults:** Physical activity is key to longevity, reduced risk of chronic diseases, and general emotional well-being. According to the Outdoor Participation Reports from the Outdoor Foundation, running/jogging and biking are the two most popular physical activities that require the least equipment. LISEP's allocation allows each adult in the household to choose between the purchase of new running shoes every two years or purchasing and maintaining a bicycle every 20 years. Pricing was based on data from the National Sporting Goods Association (NSGA) for running shoes, bicycles, and bicycle helmets.
- 4. Sports equipment and participation fees for children:** According to the American Academy of Pediatrics, physical activity for children is fundamental for their brain development. Sports also aid in a child's social development and building their self-confidence. LISEP's allotment allows for children age eight and older to participate in a school sport and purchase the footwear necessary to play that sport. Pricing is based on results from the C.S. Mott Children's Hospital National Poll on Children's Health from the University of Michigan Health to determine school participation fees for youth sports and data from NSGA to determine the cost of athletic footwear. It is assumed that all other sports equipment is provided by the school.
- 5. Minor League Baseball game:** Spectator sports are a key part of American culture that help build a sense of community, a point explained in the

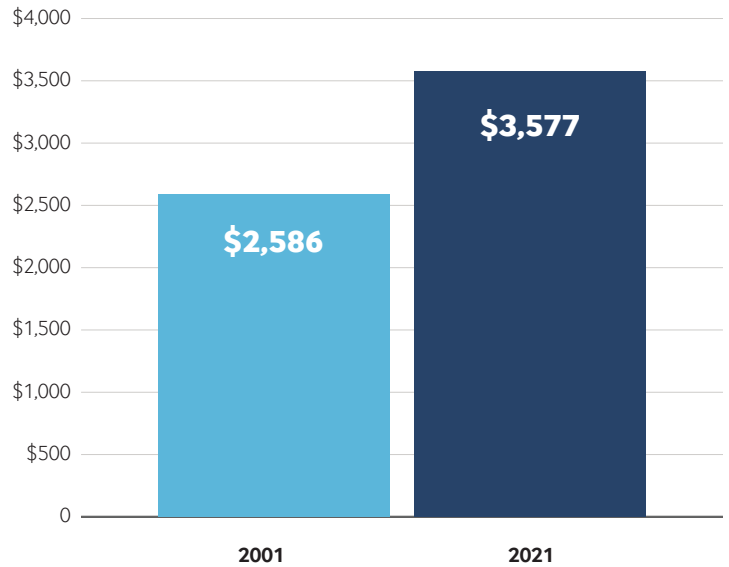
book *Minor League Baseball: Community Building Through Hometown Sports*. Families are allocated a budget to attend a Minor League Baseball (MiLB) game once a year, due to its affordability and accessibility within a greater geographic area. In addition, the affordability of MiLB games serves as a reasonable proxy for comparable sporting events, such as college, high school, or other minor league sports. This analysis was based only on the cost of tickets and forgoes any spending on food and beverages. Price data was based on the average price for adult and children's tickets from a survey conducted annually by MiLB. Although not everyone has access to minor league baseball, its affordable prices are similar to high school or less expensive college spectator sports.

- 6. Three-day vacation:** According to the American Automobile Association (AAA), more than 100 million Americans hit the road during the winter holiday and summer road trips, and are so popular that they were described as a "cultural rite of passage for American families." To be conservative, for this study households were given the option between a winter holiday trip or a three-day summer road trip (two nights of hotel stay). The cost of both trips was based on the average gas price data from the U.S. Energy Information Administration, average interstate toll data from the Federal Highway Administration, and lodging and meals per diem rates from the GSA.
- 7. A holiday budget:** The National Retail Federation (NRF) shows that, during the winter holidays, 96-98% of Americans purchase gifts for family, 91-93% buy food and candy, and 64-71% purchase decorations each year. Based on the results of this survey, it was determined that a minimal end-of-year holiday budget that includes gifts for the adults, toys for children, the cost of a holiday dinner, and minimal decorations represents customary recreational spending for any household. Price data from the American Farm Bureau Federation was used to estimate the cost of a Thanksgiving dinner, while a budget for decorations was based on average spending data from the NRF. Bankrate's recommendation was applied to determine spending on a spousal gift, and the minimum donation accepted by the charity Toys for Tots as an estimation of the minimum price of a toy.

## FINDINGS

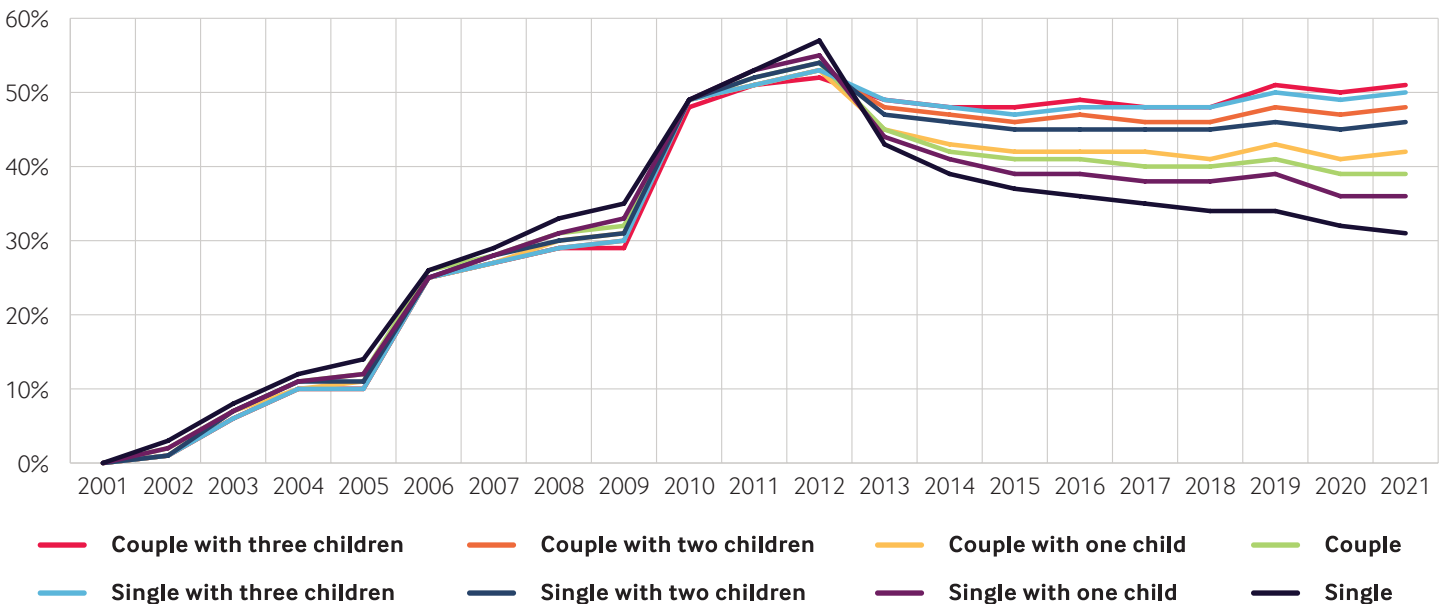
### Note regarding the year 2020:

COVID-19's disruption to many recreational activities in 2020 created anomalies in the data for that year. For example, lodging prices dropped significantly in 2020, not because of a natural drop in cost, but due to low travel during the pandemic resulting in low occupancy rates. MiLB games were canceled in 2020. Given this, the price of the basket in 2020 was not an accurate reflection of what Americans would have been required to pay for recreation on a business-as-usual schedule.



**Figure 1: The cost of the recreation basket in 2021 compared to 2001**

In 2021, the cost of minimal recreational activities increased by 38% since 2001 for the average American family. Figure 1 shows the increase in the cost of the basket explained above.



**Figure 2: Percentage increase in the cost of the recreation basket since 2001 by family type**

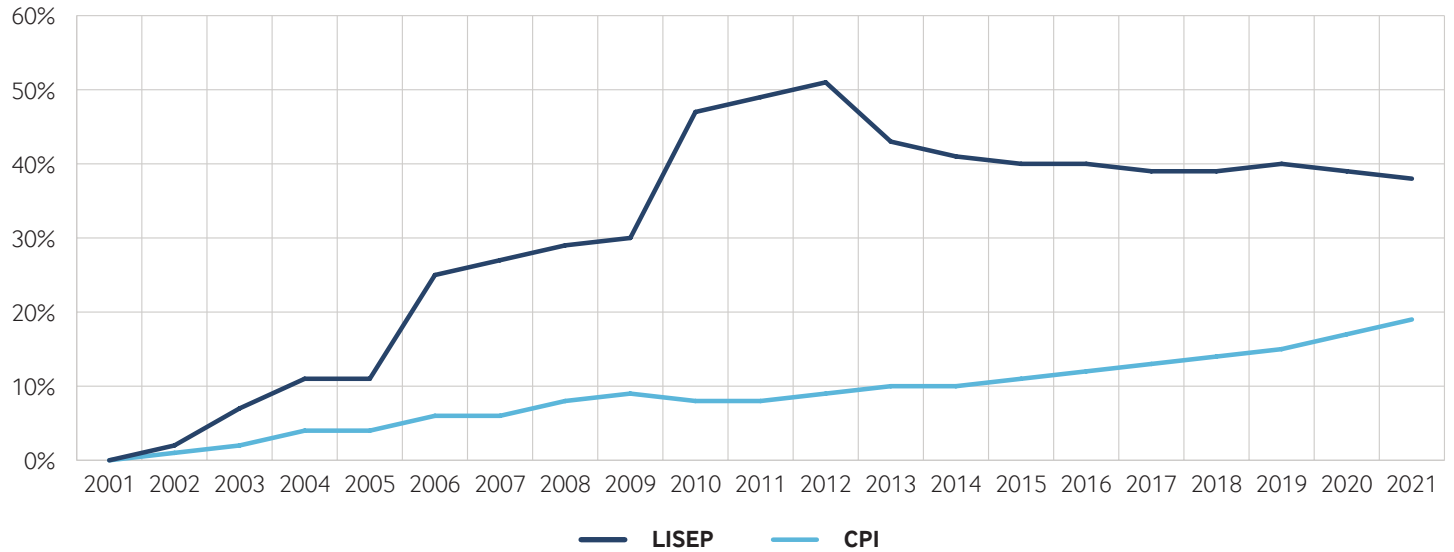
The cost of recreation for a couple with three children increased the most in the year 2021 compared to 2001. As mentioned previously, the basket is scaled to reflect the number of adults and children in each family type. Hence, the family type that witnessed the most dramatic price increase is the one with two parents and three children.



## COMPARISON TO CPI

The CPI, which includes a very broad bundle of recreational activities such as pet services, photography equipment, sewing machines, and video game hardware, inflated by

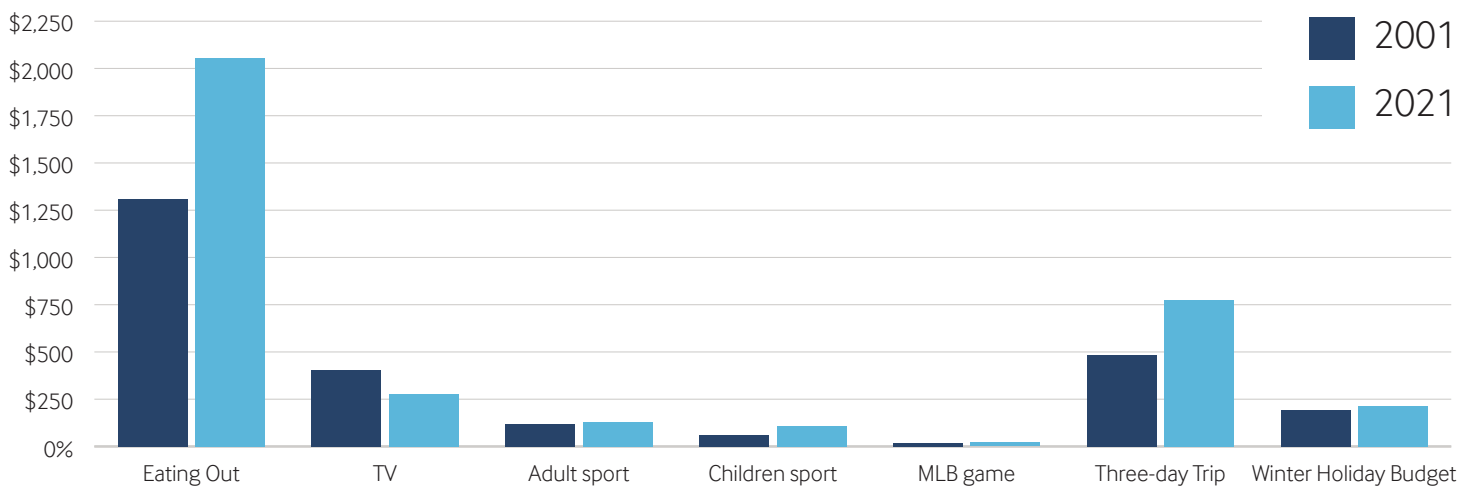
19% between 2001 and 2021. LISEP's MQL index includes a specific set of goods and services that LMI families have customarily afforded.



**Figure 3: Recreation CPI versus LISEP’s estimate**

The reason behind the downward trend in the MQL since 2013 is the introduction of streaming services into the basket that year. Television subscriptions have become substantially cheaper since 2013 due to the option of subscribing to a SVOD service, increasing the affordability of viewing televised content (a subscription to a popular online video streaming service is significantly cheaper than

a cable or satellite subscription). A second notable change is the increasing affordability of toys, which reduced the overall cost of the winter holiday budget. Toys, according to a Brookings economist, “are cheap to buy because — whether they’re produced in America or abroad — they are cheaper to make.”<sup>9</sup>



**Figure 4: Change in cost of the recreation budget components for the average family**

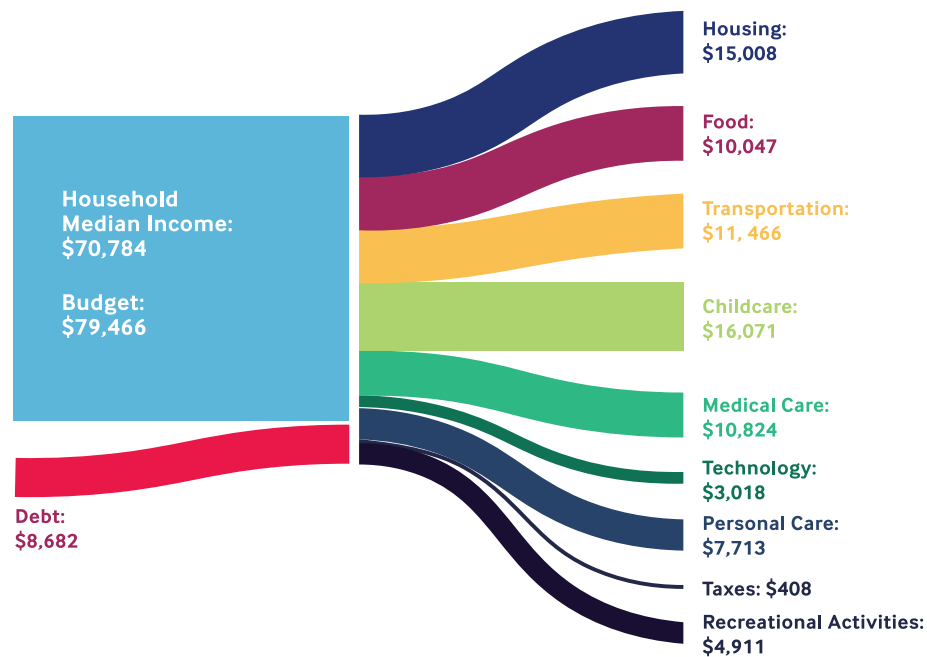
<sup>9</sup> Riley, N. S. (2016, November 26). *With toys cheaper than ever, how do parents say no?* The New York Post. Retrieved July 22, 2022, from <https://nypost.com/2016/11/26/with-toys-cheaper-than-ever-how-do-parents-say-no/>.

The cost of a child participating in school sports has increased the most, proportionally, among the recreational activities in the basket (an increase of 82% since 2001) due to rising school participation fees and athletic footwear.

The average family spent 60% more on a family vacation in 2021 than in 2001. This is due to the increasing cost of lodging, meals away from home, and gas.

As mentioned previously, due to the recent availability of SVOD services, a television subscription cost the average American family 32% less than in 2001.

The cost of sports equipment for adults has changed only marginally (an increase of 7%). The ticket cost of attending a minor-league baseball game increased 29%, and the cost of eating out rose 57%. Even though toys have gone down in price, for the average family a holiday dinner, a spousal gift, and holiday decorations cost more in 2021, leading to a 13% rise in winter holiday costs.



**Figure 5: The budget of a two-parent family with two children in 2021<sup>10</sup>**

If we assume that all eight family types earned the U.S. median family income of \$70,784 in 2021, then no two-parent family was able to afford recreational activities (in addition to not being able to afford basic necessities). Figure 5 shows the budget of a couple with two children, which is the most common family type with children in the U.S.

If this family earned the median household income, they still were not able to cover all necessities, let alone recreational activities. What is perhaps more shocking is that this reality wasn't any different in 2001. Families earning the median household income have not been able to afford recreation for the past 20 years.

<sup>10</sup> Owed taxes significantly decreased for households with children due to the cancellation effect of government transfers during the COVID-19 pandemic. "The Earned Income Tax Credit (EITC) and Child Tax Credit (CTC) became more generous, and these went primarily to households with children or only to households with children." Source: <https://www.brookings.edu/essay/lessons-learned-from-the-covid-19-policy-response-and-child-well-being/>.



**Figure 6: All dual-parent households with children couldn't afford recreation in 2001 or in 2021**

## CONCLUSION

Multiple metrics clearly illustrate that thus far, the 21st century has not been kind to LMI families. As LISEP's TLC Index shows, for the first two decades of the 20th century, prices for necessities – which make up the majority of LMI family budgets – have grown 49% faster than the CPI indicates, and substantially outpaced nominal wage growth since 2001.

Looking closer at families earning the median household income of varying sizes, most were unable to cover the cost of necessities, let alone even minimal recreational costs. Contributions to college savings and retirement funds are practically beyond consideration. If this research highlights one thing, it's that the American Dream is out of reach for at least half of all American households, and has been for some time.

This should be a wake-up call to policymakers and employers alike, as a society cannot remain productive, grow, and thrive if a majority of the population struggles with

basic needs, and cannot consider the most meager quality-of-life expenditures. The solution to this dilemma will require action from both the public and private sector.

Private sector employers can step up, and it is very much in their own interest to do so if they are serious about building a stable, productive employee base. There are examples of companies that have already recognized this with generous paid time off, as well as a monthly stipend that can be applied to gym memberships, sports equipment, and other health and wellness expenditures.

Policymakers can certainly create programs to incentivize employers to promote health and recreation, while employers can play a role in the encouragement of leisure time pursuits among their employees and families. The end result would be a healthier, happier, more productive workforce.





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