THE WALL STREET JOURNAL.

MIDDLE CLASS, UNDEFINED: HOW PURCHASING POWER AFFECTS PERCEPTIONS OF WEALTH

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February 20, 2015

The basic aspirations of the middle class seem simple: Earn enough to purchase a home. Sock away a sufficient amount for retirement. Cover the cost of the children's education. And slip in a family trip or two each year.

But there are vast regional differences in costs that affect how far a dollar will stretch and that shape how people in different parts of the country can achieve those goals.

Strangely, those differences aren't part of the national conversation about defining wealth and the middle class. Instead, when policy makers try to delineate the economic classes, they tend to boil income down to a few catchall numbers intended to capture the status of all Americans.

President Obama, for example, identifies the top earners as individuals making more than $200,000 a year or households bringing in more than $250,000. But there is a reason why in some parts of the country, $200,000 – or any income – feels like less.

Costs for goods and services in different metropolitan areas vary by as much as 40 percentage points, and the disparity in rents is even greater. The differences cause some people to feel squeezed, while others who earn the same amount but live in a different area feel flush.

"That's the problem with easy numbers like $200,000 or $250,000," said Christopher Chasteen, research director for ERI Economic Research Institute, a company that conducts cost-of-living and salary research. "Two-hundred thousand in one location doesn't translate in terms of buying power in different locations."

Although a lot of talk lately has focused on how the middle class should be defined and whether $200,000 or so is rich, the cost disparities are important to people of all income levels.

At the high end, income determines how much more a family pays in income taxes. At the low end, it governs who is eligible for benefits ranging from health-care subsidies to food stamps. Adjusting income to account for regional costs would shift the lines for many.

"I think it scares the hell out of politicians because any time you do it, there will be winners and losers," said Sheldon Danziger, an economist who is president of the Russell Sage Foundation, a social research center in New York. Let's say the poverty line is $24,000 for a family of four, and we had a program that only gave benefits up to the poverty line. Somebody in Mississippi at $22,000 gets the benefit. But with an adjusted income at $25,000, they wouldn't."

Until recently, data on relative purchasing power haven't been readily available, but last year, for the first time, the U.S. Bureau of Economic Analysis published differences in the costs of goods and services across states and metropolitan areas.

The results illustrate stark regional differences in purchasing power – and they help explain why some top earners don't feel rich, and why some in the middle-class feel especially strapped for cash.

To calculate regional price levels, the BEA determined the average prices paid by consumers for a mix of goods and services consumed in each region.

The items encompass more than 200 different goods and services divided into categories including apparel; education; food; housing expenses, such as utilities and furniture; medical costs; recreation; transportation; and rents, which also includes costs for homeowners.

"It controls for price differences across regions," said Eric Figueroa, an economist who runs the regional prices program for the BEA.

The agency calculated price parities for all 50 states, the District of Columbia and, separately, 381 metropolitan areas. The spread among states for all goods was nearly 32 percentage points, and the range in rents was even wider, varying by almost 97 percentage points.

Hawaii's rents were the most expensive, coming in at 59% more than the national average, while Mississippi had the cheapest rents at 38% below the national average. That means if the national average were $1,000, someone in Mississippi would pay $621 for the same type of dwelling, while someone in Hawaii would pay $1,590.

Thomas A. Hirschl, a professor at Cornell University, pays less in mortgage for his four-bedroom home in Ithaca, N.Y., than his son pays in rent for a one-room apartment located a few hours south in Brooklyn.

"There's a huge cost-of-living difference," said Mr. Hirschl, co-author of "Chasing the American Dream" and a new report on affluence.

That disconnect epitomizes why it is so difficult to pin down a definition for the middle class that feels right to all Americans. Doing so requires more nuance than one-size-fits-all numbers.