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For Immediate Release on Wednesday, February 1, 2012

Household Income Rises in the Nation's Capital, Falls in Most States

Summary of Key Findings

According to new data derived from the U.S. Census Bureau's American Community Survey (ACS), between 2007 and 2010 the District of Columbia had an increase in real median annual household income of 8.1 percent, from $55,505 to $60,000. This was far greater than the increases in household income experienced by any of the states in the nation. The number of states (and the District of Columbia) with decreases in real median annual household income (38) far exceeded the number with increases (13). (All income amounts in this study are expressed in terms of 2010 dollars.)

These data were derived from the three-year ACS data files created by the U.S. Census Bureau. The earlier data file (subsequently referred to as the "2007" file) is a composite of data collected in the 2005, 2006, and 2007 survey years. The later data file (subsequently referred to as the "2010" file) is a composite of data collected in the 2008, 2009, and 2010 survey years. The size of each data file is approximately 3.5 million interviewed households.

According to Gordon Green of Sentier Research, "These large data files provide a unique opportunity to measure household income levels before the recent recession (December 2007 to June 2009) and during and after the recession, for detailed geographical areas such as regions, divisions, states, and metropolitan areas. What emerges is a fascinating portrait that shows while much of the nation experienced dire economic circumstances during this time period, there were selected pockets of income growth and prosperity."

Highlights

- Between 2007 and 2010, real median annual household income for the entire United States decreased by 3.5 percent, from $53,168 to $51,287.

- Among the four major regions of the nation, between 2007 and 2010 real median annual household income decreased by the largest percentage in the Midwest (by 4.7 percent, from $52,177 to $49,710), and by the smallest percentage in the South (by 2.5 percent, from $48,620 to $47,389).

- Among the nine divisions of the nation, between 2007 and 2010 real median annual household income decreased in every division except for the West South Central division (consisting of Texas, Oklahoma, Arkansas, and Louisiana) of the South region (see the figure on page 4). Household income in the West South Central division increased slightly by 0.3 percent, from $46,717 to $46,876. The positive influence of the energy industry, in particular oil and natural gas, in these areas is very apparent.

- The division with the largest percentage decrease in real median annual household income between 2007 and 2010 was the East North Central division (consisting of Illinois, Wisconsin, Michigan, Ohio, and Indiana) of the Midwest region. Household income in the East North Central division decreased by 5.7 percent, from $52,584 to $49,587.

- Among the top ten states with the largest percentage increases in real median annual household income between 2007 and 2010, the state with the next largest increase (aside from the District of Columbia) was Wyoming, which experienced an increase of 3.6 percent, from $52,794 to $54,700.

- Among the bottom ten states with the largest percentage decreases in real median annual household income between 2007 and 2010, at the top of the list was Michigan, which experienced a decrease of 9.5 percent, from $51,939 to $47,000.

- For the 297 metropolitan areas examined in this study, less than one-fourth (71) had increases in real median annual household income between 2007 and 2010, and more than three-fourths (226) had decreases.

- When metropolitan areas are ranked by the largest percentage increases in real median annual household income between 2007 and 2010, seven out of the top ten are located in Texas. Again, the influence of the energy industry in these areas is very apparent.

- Among the top ten metropolitan areas with the largest percentage increases in real median annual household income between 2007 and 2010, the area with the largest increase was Lafayette, Louisiana, which experienced an increase of 12.2 percent, from $42,067 to $47,200.

- Among the bottom ten metropolitan areas with the largest percentage decreases in real median annual household income between 2007 and 2010, the area with the largest decrease was Elkhart-Goshen, Indiana, which experienced a decrease of 13.6 percent, from $52,770 to $45,610. Elkhart-Goshen is known as the "RV Capital of the World," an industry hit very hard by the recession.

- When the top ten states (and the District of Columbia) are ranked by the highest dollar cutoffs for households in the top one-percentile of income in 2010, Connecticut tops the list with a dollar cutoff of $651,000. The District of Columbia (ranking second) was not far behind with a dollar cutoff of $616,746.

- Among the top ten metropolitan areas with the highest dollar cutoffs for households in the top one-percentile of income in 2010, Stamford, Connecticut tops the list with a dollar cutoff of $906,006.

This study is based on data collected in the American Community Survey (ACS) conducted by the U.S. Census Bureau. The ACS is an annual survey designed to replace the data collected in the Decennial Census “long form,” which was discontinued after the 2000 Census. It includes a wide range of questions covering demographic, housing, migration, and income topics.

Household income is defined as the sum of the incomes of all household members. Income refers to all sources of money income including earnings from work, Social Security, interest, dividends, cash welfare, retirement pensions, unemployment compensation, veterans’ benefits, etc. Income excludes capital gains and losses, and lump-sum payments. Household income is measured before federal and state income taxes and payroll taxes.

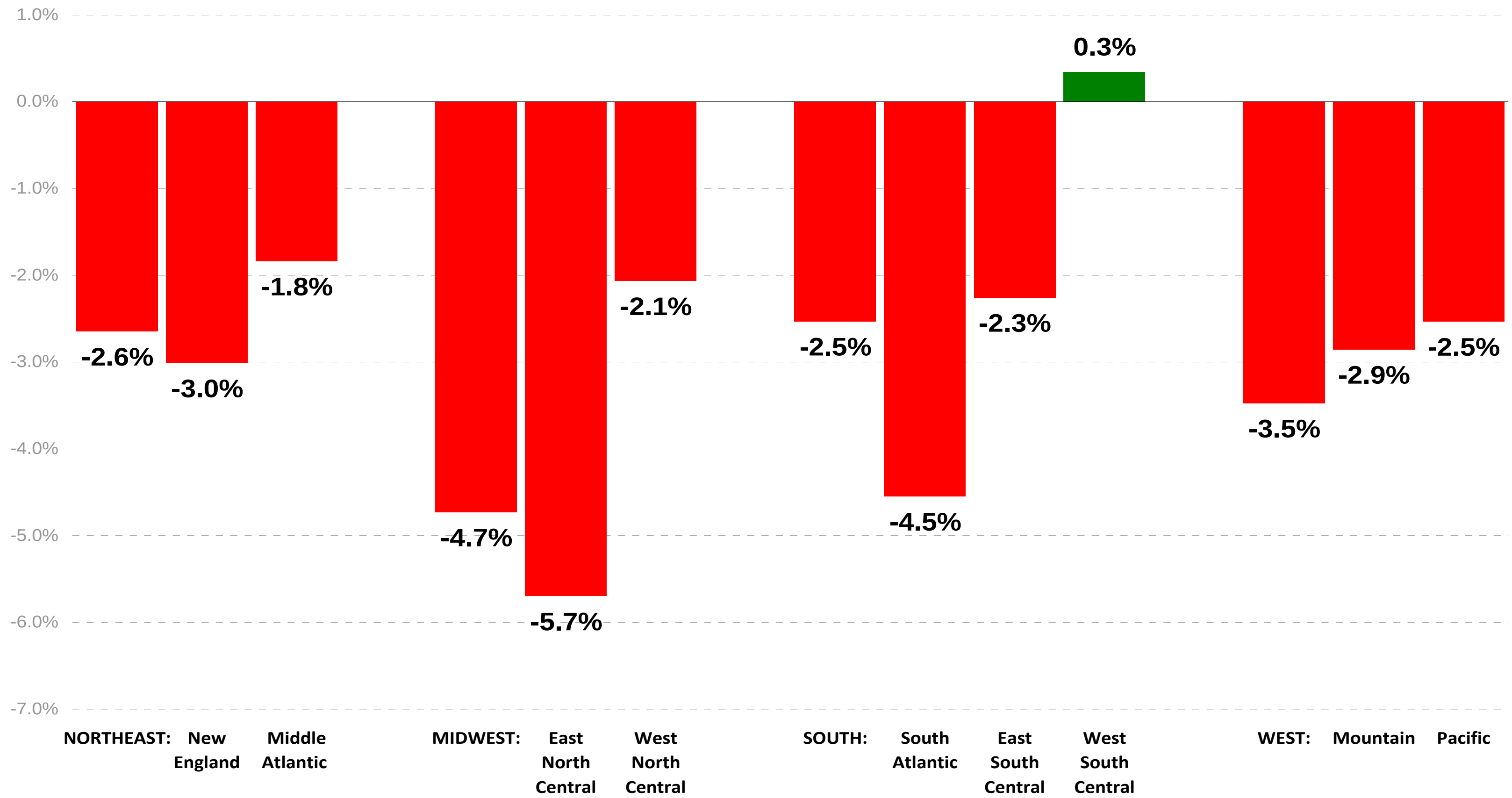
Our analysis uses two ACS public use data sets made available by the U.S. Census Bureau. These data sets are termed “3-year” estimates files, as each has been created by combining the observations from three separate ACS annual surveys. The two files we have incorporated in this study are the 2005-2007 ACS 3-year estimates file and the 2008-2010 ACS 3-year estimates file. The sample size for each of these files is approximately 3.5 million interviewed households. As is the case with all surveys, the estimates are subject to sampling and nonsampling errors.

Copies of the report, *Household Income Changes for Regions, Divisions, States, and Metropolitan Areas: 2007 to 2010,* (42 pages as .pdf), can be obtained from the Sentier Research, LLC website at www.sentierresearch.com and are available to the public for a price of $25.00 USD. Copies of the detailed income distributions underlying the analysis in this report for each geographical area are also available for purchase from our website.

Copies of the full report will be made available to the media free of charge by requesting a copy from Gordon Green of Sentier Research at gordonwgreen@sentierresearch.com. It is permissible for media organizations to link directly to our website or this press release, but not to the full report.

The authors of the new report are Gordon Green and John Coder, both former officials at the U.S. Census Bureau. All media inquiries should be addressed to Gordon Green at the email address above, or by telephone on (703) 764-0249.

Percent Change in Real Median Annual Household Income for Regions and Divisions: 2007 to 2010



Source: Sentier Research, LLC estimates of annual household income derived from the American Community Survey (ACS) conducted by the U.S. Census Bureau.
Note: The "2007" estimates are a composite of data for 2005, 2006, and 2007. The "2010" estimates are a composite of data for 2008, 2009, and 2010.