

Money Income, 2000

Income held steady in 2000 with some population groups posting gains.

For more than 50 years, analysts, researchers, and policymakers have used the Current Population Survey (CPS)¹ to examine annual changes in income and earnings and to compare them with historical trends. The federal government uses information on income to provide a general measure of economic well-being, to determine the extent of poverty, and to assess the need for various types of assistance. Television, radio, and newspapers draw upon this source for their news stories on jobs, income, poverty, and other topics.

Median household income was \$42,100 in 2000. Real median household income did not change significantly between 1999 and 2000, after experiencing 5 consecutive years of annual increases. Calendar year 1998 was the first year that the real median income of households surpassed the peak reached in 1989.

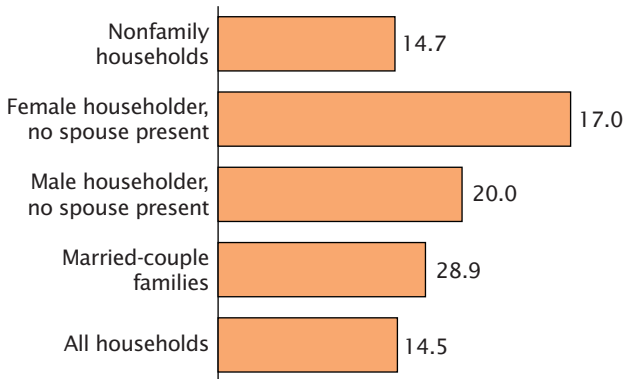
The 2000 median household income for both family (\$51,800) and nonfamily households (\$25,400) remained statistically unchanged from the previous year. Still, the median varied significantly by type of family. The 2000 median for married-couple households was \$59,300, while the median for a family maintained by a man with no spouse present was \$42,100 and by a woman with no spouse present was \$28,100. And all household types showed a significant gain since 1993, the low point for the decade.

¹ This chapter includes estimates that are calculated using sample data from the Current Population Survey (CPS), weighted by population controls based on the 1990 decennial census. The population universe for the March CPS is the civilian noninstitutional population plus armed forces living off base or with their families on post. As a result, these estimates will differ from population estimates computed from either the intercensal estimates program, or the 2000 decennial census.

Words That Count

- **Income**, for each person aged 15 and older, includes earnings, unemployment compensation, workers compensation, social security, supplemental security income, public assistance, veterans payments, survivor benefits, disability benefits, pension or retirement income, interest, dividends, rents, royalties, estates and trusts, educational assistance, alimony, child support, financial assistance from outside of the household, and other income.
- **Earnings** include gross (before any deductions) money wage or salary income and net income from farm and nonfarm self-employment.
- **Median income** and median earnings are derived by dividing the income or earnings distribution into two equal groups, so that half are above the value and half are below the value.
- **Real or adjusted dollars** have been adjusted for changes in the cost of living. For this report, all of the income numbers have been adjusted to 2000 dollars using the Consumer Price Index Research Series. Information on income and earnings in 2000 was collected in the March 2001 Current Population Survey.
- **Net worth** is the sum of the market value of assets owned by every member of a household minus liabilities (secured or unsecured) owed by the members.

Figure 12-1.
Percent Change in Real Median Household Income by Household Type: 1993 to 2000



Source: U.S. Census Bureau, Current Population Surveys, March 1994 and March 2001.

From 1999 to 2000, households in metropolitan areas experienced significant gains in real median income.

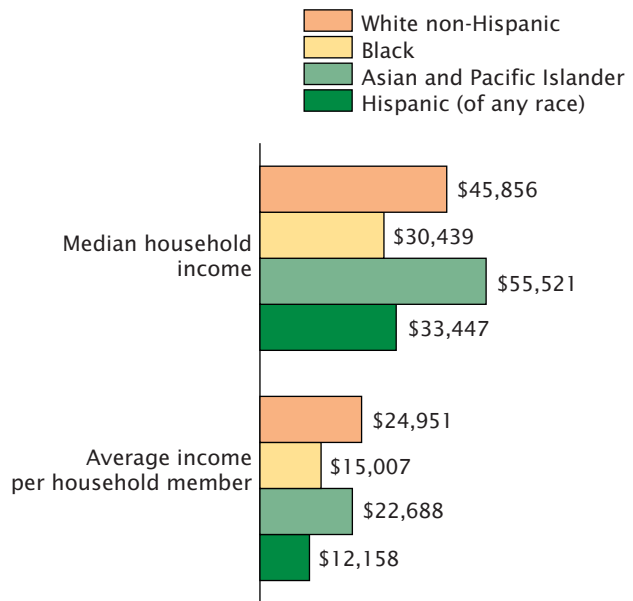
Real median income for households in metropolitan areas increased 1.7 percent, going from \$44,200 in 1999 to \$45,000 in 2000. This increase was driven by the 1.9 percent growth in income for households in the suburbs (from \$49,300 to \$50,300).² In contrast, the median income of households outside metropolitan areas dropped by 3.8 percent, going from \$34,100 to \$32,800. The median income of households located in central cities of metropolitan areas remained statistically unchanged at \$37,000.

The Northeast was the only region to post a statistically significant change between 1999 and 2000. Real median household income in the Northeast increased 3.9 percent to \$45,100. The South continues to have the lowest median household income among the regions — \$38,400. The median household incomes in the other regions were \$44,700 in the West and \$44,600 in the Midwest.³

² There was no statistical difference between the 1999- to 2000-percent increases in median income for households in metropolitan areas and those in suburbs.

³ The differences among the 2000 median household incomes for the Northeast, Midwest, and West were not statistically significant.

Figure 12-2.
Median Income for Households and Average Income Per Household Member by Race and Hispanic Origin of Householder: 2000



Source: U.S. Census Bureau, Current Population Survey, March 2001.

The 2000 median income was the highest ever recorded in real terms for Hispanic and Black households.

Hispanic households had a median income of \$33,400 in 2000, up 5.3 percent from \$31,800 in 1999. Black median household income was \$30,400 in 2000, up 5.5 percent from \$28,800 in 1999.⁴ The median incomes of White non-Hispanic (\$45,900) and Asian and Pacific Islander (\$55,500) households were statistically equal to the values for 1999, the highest levels ever recorded.

Even though White non-Hispanic households did not experience an increase in income between 1999 and 2000, they had experienced significant annual increases in median household income in each of the past 5 years. For Hispanic households, the increase in income between 1999 and 2000 continued the annual increases of the past 4 consecutive years. Black households experienced annual increases in income in 4 of the 6 years since 1994. Asian and Pacific

⁴ There was no statistical difference between the percent increases for Black and Hispanic household income.

Islander households experienced an increase in income between 1998 and 1999, but showed no other significant annual increases in income since 1989.

Although Asians and Pacific Islanders as a group had the highest median household income in 2000, their income per household member was lower (\$22,700) than for White non-Hispanic households (\$25,000). Asian and Pacific Islander households typically have more people — 3.10 people on average — compared with 2.45 people for White non-Hispanic households. The income-per-household-member figures for Black (average size of 2.67 people) and Hispanic (average size of 3.49 people) households were \$15,000 and \$12,200, respectively.

Workers with higher educational attainment have higher earnings.

The 2000 median earnings for women aged 25 and older who worked full-time, year-round and held a bachelor's degree was \$38,200. However, the median for women in this same category who held only a high school diploma or GED was \$17,200. The pattern was similar for men aged 25 and older who worked full-time, year-round. When they had a bachelor's degree the median earnings in 2000 was \$53,500, but for those with a

high school diploma or GED it was \$32,500. And for those with some high school, but no diploma, the earnings were only \$24,400.

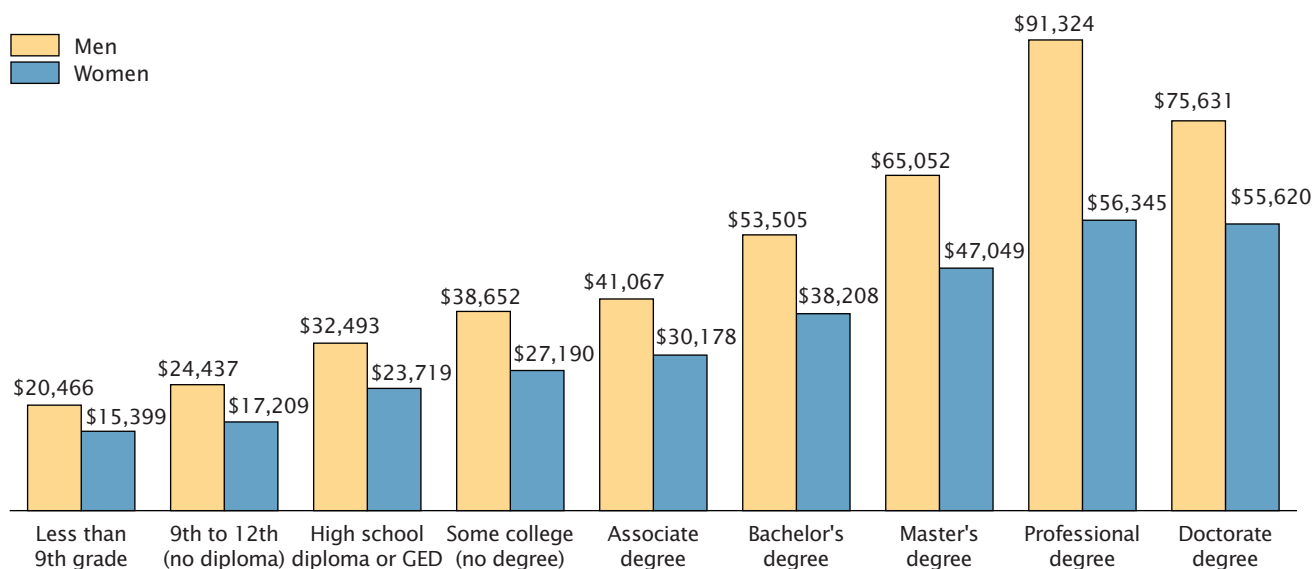
From 1999 to 2000, the real median earnings for all men who worked full-time, year-round fell 1 percent to \$37,300, while the median earnings for women who worked that much remain statistically unchanged at \$27,400. In 2000, women earned about 73 cents for every dollar men made, comparable to the all time high of 74 cents set in 1996.

SPOTLIGHT ON WEALTH

Income by itself is an imperfect measure of the economic health of households.

A high-income householder may be burdened with a large amount of credit-card debt. On the other hand, a low-income retired householder may live in a house with no mortgage, drive a paid-off car, and have a substantial amount of money invested in stocks. To help policymakers and others understand the relationship between income and wealth, the Census Bureau's Survey of Income and Program Participation (SIPP)⁵

Figure 12-3.
Median Earnings of Men and Women Aged 25 and Older Who Work Full-Time, Year-Round by Educational Attainment: 2000

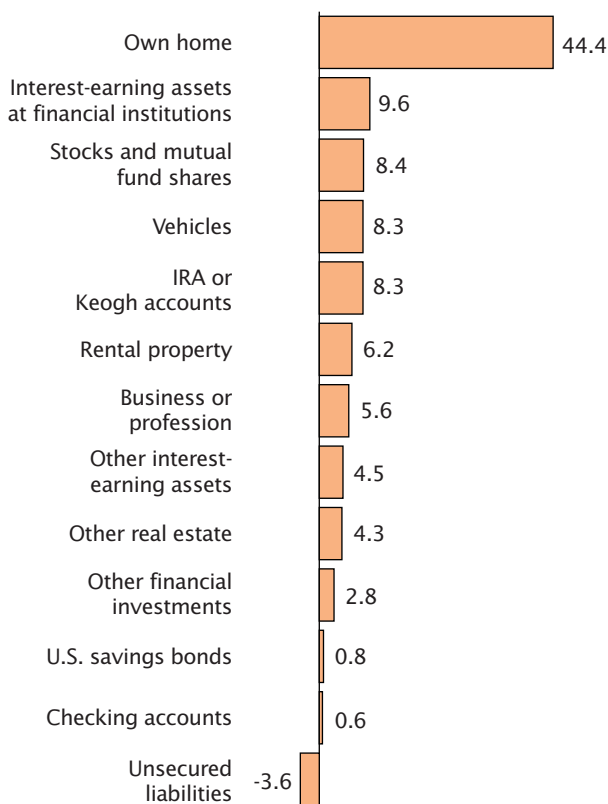


Source: U.S. Census Bureau, Current Population Survey, March 2001.

Figure 12-4.

Distribution of Assets and Liabilities: 1995

(Percent of total household net worth)



Source: U.S. Census Bureau, Wave 7 (February - May 1995) of the 1993 Panel of the Survey of Income and Program Participation.

periodically collects detailed data on the value of assets and liabilities.

While income is the flow of resources from a job, transfer program, or some other source, wealth is the level of economic resources that a person or household possesses at any given time. Net worth includes assets, such as savings and investments, real estate, and motor vehicles, minus liabilities, such as credit card debt and student loans. The economic well-being of households depends upon both income and wealth.

⁵ This sidebar includes estimates that are calculated using sample data from the Survey of Income and Program Participation (SIPP), weighted by population controls based on the 1990 decennial census. The population universe for the SIPP is the civilian noninstitutional population. As a result, these estimates will differ from population estimates computed from either the intercensal estimates program, or the 2000 decennial census.

Home equity (the value of the home net of mortgages) constitutes the largest share of household net worth, according to data collected by the SIPP between February and May 1995. Sixty-four percent of households reported owning a home in 1995 and household equity accounted for 44 percent of all household net worth. Interest-earning assets at financial institutions made up the next largest share of net worth in 1995. About 69 percent of households held this type of asset and it accounted for about 10 percent of total net worth. The remainder of net worth consisted of a variety of property and investments, including stocks and mutual funds, IRAs (Individual Retirement Accounts) and Keoghs, vehicles, rental property, and business or professional assets.

Age was an important determinant of net worth in 1995. Median net worth peaked among householders aged 65 to 69. Households maintained by someone under age 35 tend to have more income, but lower net worth than households maintained by someone aged 65 and older. Age, income, and wealth are all interrelated.

The Census Bureau Can Tell You More

- For more detailed information, consult the following U.S. Census Bureau Current Population Report: *Money Income in the United States: 2000*.
- Look for complete reports and detailed tables on the Census Bureau's World Wide Web site (www.census.gov). Click on "I" and select "Income" or "W" and select "Wealth/Asset Ownership of Households."
- Contact the Housing and Household Economic Statistics' Statistical Information Office at 301-457-3242 or e-mail hhes-info@census.gov.
- For information on publications and other resources, see Appendix A.