

MONEY INCOME IN 2005

Income data are used to measure poverty, determine economic well-being, and assess the need for economic assistance. Information on income in 2005 was collected in the 2006 Annual Social and Economic Supplement (ASEC) to the Current Population Survey (CPS). Traditionally, income data in U.S. Census Bureau reports have been based on the amount of money people or households receive during the previous calendar year.

Nationally, the 2005 median household income was \$46,300—a 1.1 percent gain over the previous year's median and a 31 percent gain over 1967, the first year these data were collected (see Figure 1).¹ Between

¹ The estimates in this report (which may be shown in text, figures, and tables) are based on responses from a sample of the population and may differ from actual values because of sampling variability or other factors. As a result, apparent differences between the estimates for two or more groups may not be statistically significant. All comparative statements have undergone statistical testing and are significant at the 90-percent confidence level unless otherwise noted. For further information about the sources and accuracy of the estimates, go to <www.census.gov/hhes/www/p60_231sa.pdf>.

2004 and 2005, real median household income did not show a statistically significant change for non-Hispanic White, Black, Asian, and Hispanic households.²

² The race or origin of the household is based on the race or origin of the householder, regardless of the race or origin of other household members.

Federal surveys now give respondents the option of reporting more than one race. Therefore, two basic ways of classifying a race group are possible. A group such as Asian may be classified as those who reported Asian and no other race (the race-alone or single-race concept) or as those who reported Asian regardless of whether they also reported another race (the race-alone-or-in-combination concept). The text and figures in this report show data using the first approach (race alone). Use of the single-race population in this report does not imply that this is the preferred method of presenting data. The Census Bureau uses a variety of approaches.

Non-Hispanic White refers to people who reported White and no other race and are not Hispanic. The term Black is used for people who reported Black or African American and no other race.

Because Hispanics may be any race, data in this chapter for Hispanics overlap with data for the racial populations. Based on the 2006 ASEC, 2.9 percent of Black householders, 27.7 percent of American Indian and Alaska Native householders, and 9.5 percent of Native Hawaiian and Other Pacific Islander householders were Hispanic.

Words That Count

Money income includes earnings, unemployment compensation, workers' compensation, social security, supplemental security income, cash public assistance, veterans' payments, survivor benefits, pension or retirement income, interest, dividends, rents, royalties, payments from estates and trusts, educational assistance, alimony, child support, and cash assistance from outside the household. Money income is income before deductions for taxes or other payments. It does not include lump-sum payments, capital gains (losses), or noncash transfers, such as food stamps, rent subsidies, free and reduced-price school lunches, Medicare, and Medicaid.

Median household income is derived by dividing households into two equal halves, so that half have incomes above the median and half have incomes below it.

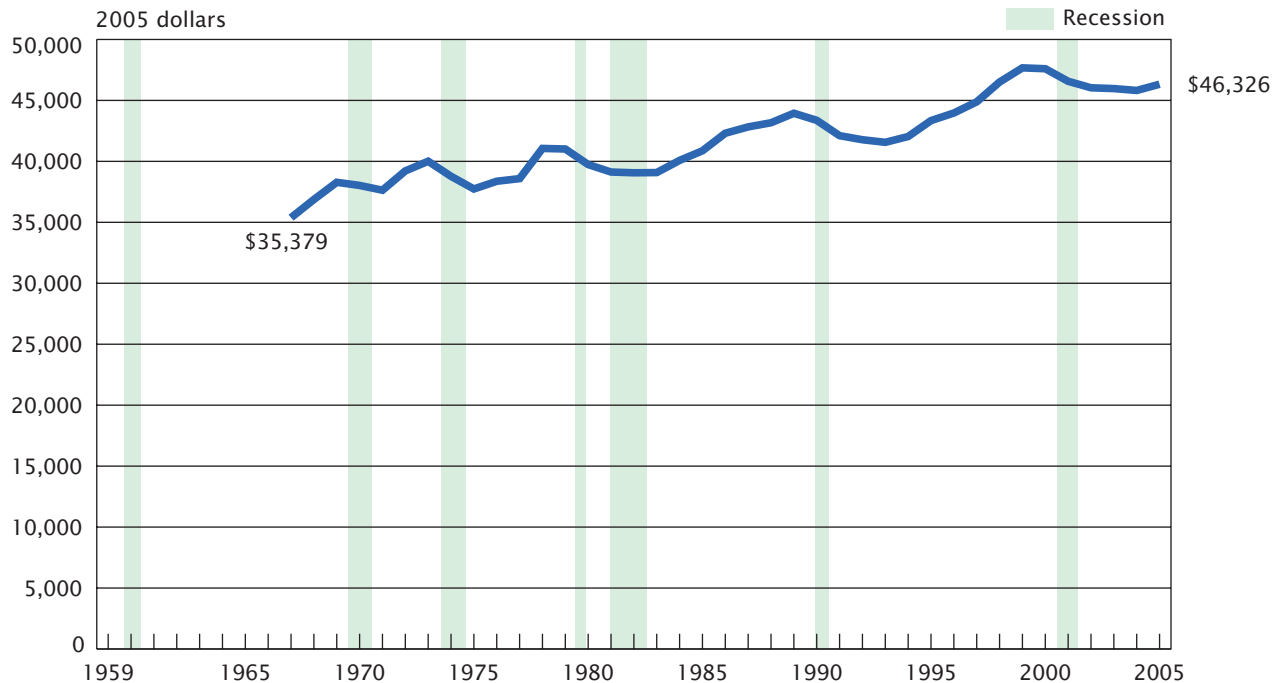
Real income has been adjusted for changes in the cost of living. In this section, all the income estimates are adjusted to 2005 dollars using the

Consumer Price Index Research Series CPI-U-RS unless otherwise stated. Using the CPI-U-RS, incomes from different years can be compared in dollars with the same purchasing power. The index shows the changing cost of a market basket of goods and services representing the average consumption of the urban population. For more information, see <www.bls.gov/cpi/cpiurstx.htm>.

Earnings include gross (before any deductions) money wage or salary income and net income from farm and nonfarm self-employment.

Net worth or wealth is the sum of the market value of assets owned by every member of the household minus liabilities (secured or unsecured) owed by every member of the household. The major assets not covered in this report are equities in pension plans, the cash value of insurance policies, and the value of home furnishings and jewelry. These are not covered because it is difficult to obtain reliable estimates of the value of these assets in a household survey.

Figure 1.
Real Median Household Income: 1967 to 2005



Note: The data points are placed at the midpoints of the respective years. Median household income data are not available before 1967.

Source: U.S. Census Bureau, Current Population Survey, 1968 to 2006 Annual Social and Economic Supplements.

Income by Race, Hispanic Origin, and Nativity

Among the race and Hispanic-origin groups discussed in this chapter, Black households had the lowest median income (\$30,900) and Asian households had the highest (\$61,100). The median for non-Hispanic White households was \$50,800. The median for Hispanic households was \$36,000.

Because of the relatively small size of the American Indian and Alaska Native population and the Pacific Islander population, the sampling variability for their income data is larger than that for the other racial groups and may cause single-year estimates to fluctuate more widely.³ To reduce the chance of misinterpreting changes in income or comparisons with other groups, the Census Bureau uses 3-year-average medians when comparing the income of these groups with that of other racial and Hispanic-origin groups.⁴

³ The term Pacific Islander is used for people who reported Native Hawaiian or Other Pacific Islander.

⁴ The 3-year-average median is the sum of three inflation-adjusted (real) single-year medians divided by 3.

The 3-year-average median household income (2003–2005) for American Indians and Alaska Natives was higher than the median for Black households and lower than the median for non-Hispanic White, Asian, Pacific Islander, and Hispanic households.⁵

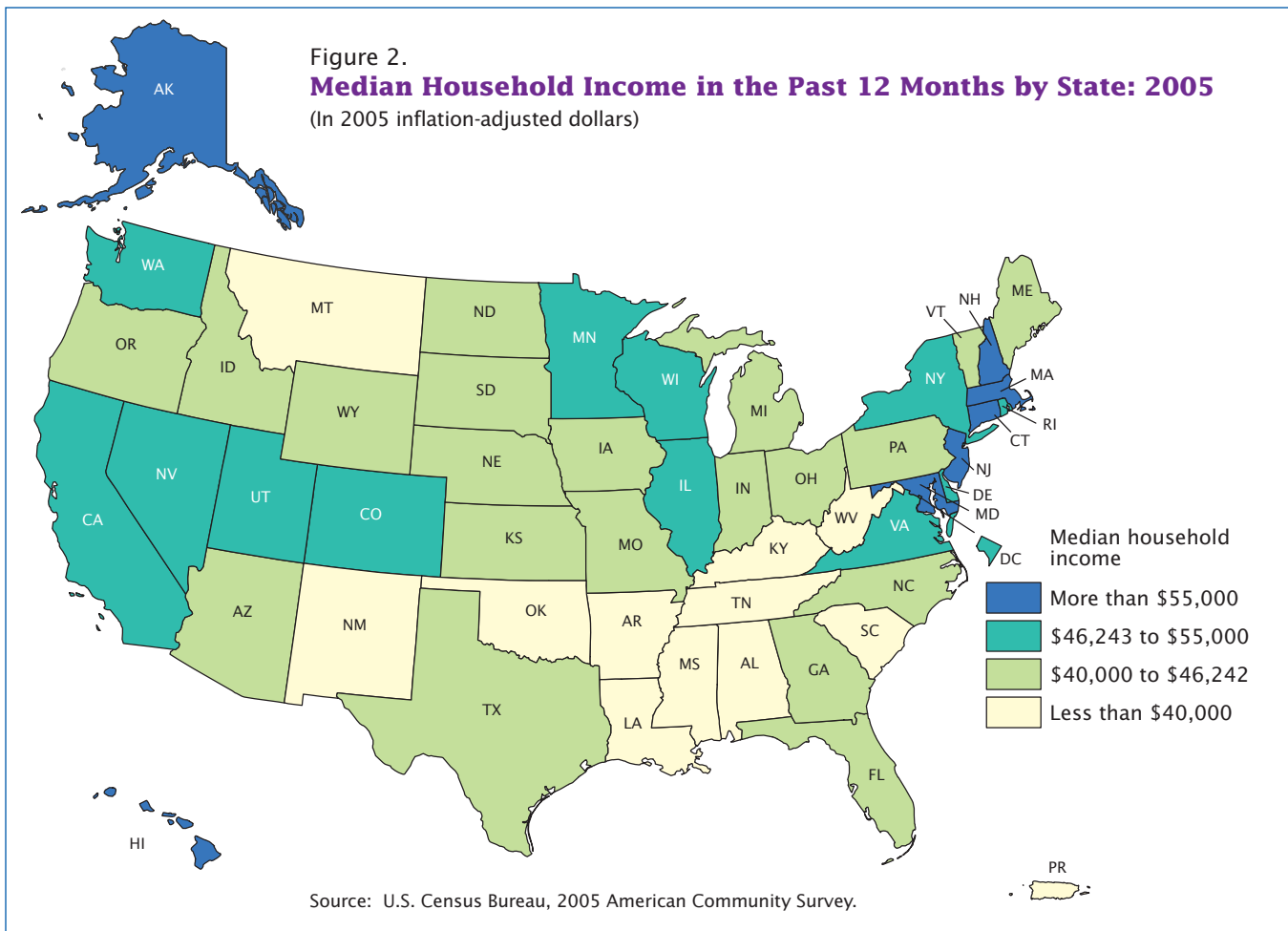
The 3-year-average median (2003–2005) for Pacific Islander households was higher than the median for Black, American Indian and Alaska Native, and Hispanic households. It was lower than the median for Asian households and not statistically different from the 3-year-average median for non-Hispanic White households.

Between 2004 and 2005, the real median incomes for households maintained by foreign-born householders rose 3.3 percent to \$42,000.⁶ The median for house-

⁵ The median income of households whose householder was American Indian and Alaska Native alone or in combination was higher than the median income of households whose householder was American Indian and Alaska Native alone and households whose householder was Hispanic.

⁶ A native household is one maintained by someone who had at least one citizen parent or who was born in the United States, Puerto Rico, or any of the U.S. island areas, including the U.S. Virgin Islands, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands. The nativity of a household is determined by the nativity of the householder, regardless of the nativity of other household members.

Figure 2.
Median Household Income in the Past 12 Months by State: 2005
 (In 2005 inflation-adjusted dollars)



holds maintained by naturalized citizens rose to \$50,000—5 percent over last year’s median and higher than the median for native householders.⁷ At \$46,900, the median for native householders was not statistically different from the previous year’s figure.

Median Household Income by Region

Between 2004 and 2005, real median income of households rose 2.9 percent in the Northeast and 1.5 percent in the West.⁸ The apparent changes between 2004 and 2005 in the median incomes in the Midwest and the South were not statistically significant. In 2005, household income was highest in the Northeast (\$50,900), followed by the West (\$50,000) and the Midwest (\$46,000). It was lowest in the South (\$42,100).

⁷ The difference between the percent increases in median household income of foreign-born households and households maintained by naturalized citizens was not statistically significant.

⁸ The difference between the increases in median household income of the Northeast and the West was not statistically significant.

Male and Female Earnings

Of the 83.0 million men aged 15 and older who worked in 2005, 74 percent worked full-time, year-round, compared with 60 percent of the 72.5 million comparable women. The real median earnings of full-time, year-round workers for both men and women declined between 2004 and 2005—to \$41,400 for men and \$31,900 for women. The female-to-male, full-time, year-round earnings ratio (0.77) showed no statistical change from the previous year.

Income Data From the 2005 American Community Survey (ACS)⁹

In previous years, the CPS ASEC included state-level data on income. With the full implementation of the American Community Survey (ACS) to a sample size of 3 million addresses in 2005, the Census Bureau is focusing on annual state-level estimates of median household income from this new source. The ACS also

⁹ For a full report, go to <www.census.gov/prod/2006pubs/acs-02.pdf>.

Net Worth and Asset Ownership of Households (1998 and 2000)

A high-income householder may have 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 investments in stocks. To help policymakers and others understand the relationship between income and wealth (or net worth), the Census Bureau's Survey of Income and Program Participation (SIPP) periodically collects detailed data on the value of assets and liabilities.

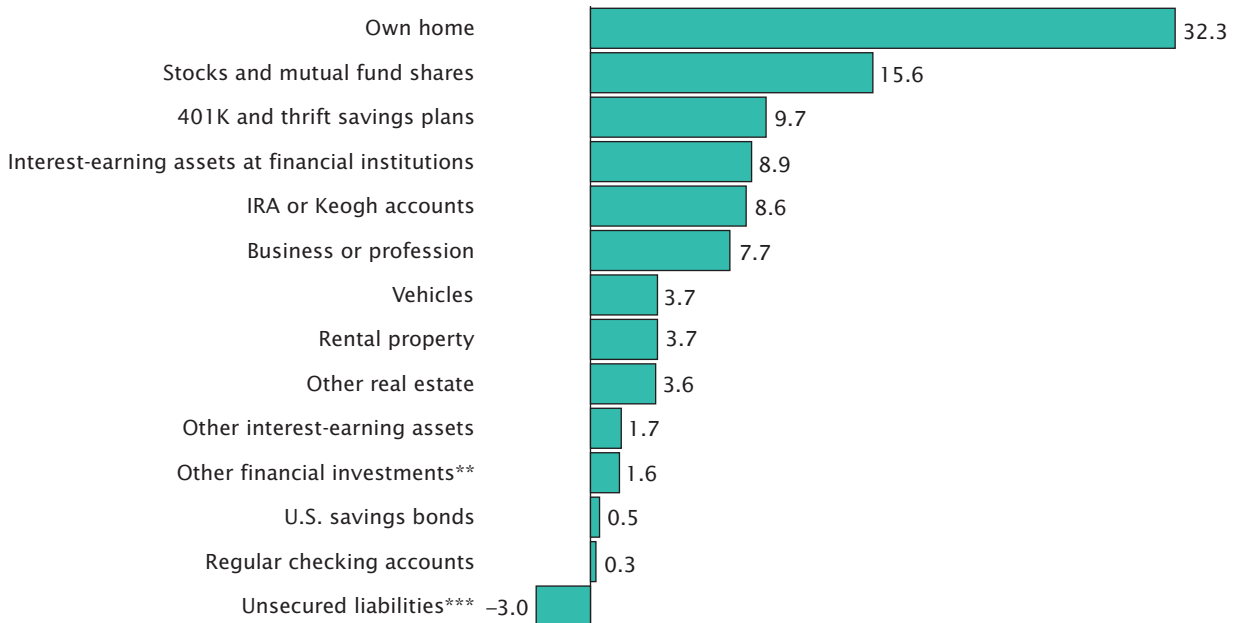
While income is the flow of resources from a job, a transfer program, or some other source, wealth is the level of economic resources that a person or household possesses at any given time. Net worth includes assets—such as savings and investments, real estate, and motor vehicles—minus liabilities, such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

The median household net worth in 2000 was \$55,000—about 10 percent higher than in 1998, when it was \$49,900 (in 2000 dollars). Home equity

(the value of the home net of mortgages) constituted the largest share of household net worth in 2000. Sixty-seven percent of households reported owning a home in 2000, and household equity accounted for 32 percent of net worth. Stocks and mutual funds made up the next-largest share of net worth in 2000. About 27 percent of households held this type of asset, and it accounted for about 16 percent of total net worth. The remainder of net worth consisted of a variety of property and investments, including individual retirement accounts (IRAs) and Keogh accounts, vehicles, rental property, and business or professional assets, as illustrated in Figure 3. Fifty-three percent of households had unsecured liabilities, such as credit card debt.

Age was an important aspect of net worth in 2000. Median net worth peaked among households with a householder aged 70 to 74. Households maintained by someone under 35 had more income but lower net worth, on average, than households maintained by someone 65 and older.

Figure 3.
Percent Distribution of Net Worth: 2000*



* Individual outliers that highly influenced the mean value for asset categories were topcoded or excluded. The mean is used to calculate the percent distribution. The outlier adjustments to the individual assets, and not the totals, led to this column not summing to 100 percent.

** Includes mortgages held for sale of real estate, amount due from sale of business or property, and other financial assets.

*** Because net worth is assets less liabilities, unsecured liabilities are subtracted from the distribution of net worth and are shown as a negative.

Source: U.S. Census Bureau, Survey of Income and Program Participation, 1996 Panel.

Table 1.

Median Household Income in the Past 12 Months for Ten of the Highest and Lowest Income Counties With 250,000 or More People: 2005

(In 2005 inflation-adjusted dollars. Data are limited to the household population and exclude the population living in institutions, college dormitories, and other group quarters. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see <http://www.census.gov/acs/www/>)

Area	Highest median income (dollars)		Area	Lowest median income (dollars)	
	Estimate	Margin of error ¹		Estimate	Margin of error ¹
Counties²			Counties²		
Loudoun County, VA.....	98,483	3,957	Lubbock County, TX.....	35,189	2,369
Fairfax County, VA.....	94,610	2,406	Caddo Parish, LA.....	33,314	2,213
Howard County, MD.....	91,184	3,386	Philadelphia County, PA.....	32,573	959
Somerset County, NJ.....	88,532	4,204	Baltimore city, MD.....	32,456	1,849
Morris County, NJ.....	84,010	2,926	El Paso County, TX.....	30,968	1,379
Montgomery County, MD.....	82,187	2,110	St. Louis city, MO.....	30,874	1,234
Prince William County, VA.....	81,904	3,181	Orleans Parish, LA.....	30,711	1,780
Nassau County, NY.....	80,293	1,934	Bronx County, NY.....	29,228	853
Rockland County, NY.....	78,649	4,522	Cameron County, TX.....	24,684	1,886
Suffolk County, NY.....	77,109	1,588	Hidalgo County, TX.....	24,501	899

¹ When the margin of error is added to and subtracted from the estimate, the range becomes the 90-percent confidence interval.

² Population size is based on 2005 population estimates.

Note: Because of sampling variability, some of the estimates in this table may not be statistically different from one another or from estimates for other geographic areas not listed in the table.

Source: U.S. Census Bureau, 2005 American Community Survey.

Table 2.

Median Household Income in the Past 12 Months for Ten of the Highest and Lowest Income Counties With 65,000 People to 249,999 People: 2005

(In 2005 inflation-adjusted dollars. Data are limited to the household population and exclude the population living in institutions, college dormitories, and other group quarters. For information on confidentiality protection, sampling error, nonsampling error, and definitions, see <http://www.census.gov/acs/www/>)

Area	Highest median income (dollars)		Area	Lowest median income (dollars)	
	Estimate	Margin of error ¹		Estimate	Margin of error ¹
Counties²			Counties²		
Hunterdon County, NJ.....	93,342	5,486	Dona Ana County, NM.....	29,630	1,941
Douglas County, CO.....	87,670	5,266	Forrest County, MS.....	29,553	2,817
Calvert County, MD.....	84,388	5,101	DeKalb County, AL.....	29,053	3,401
Forsyth County, GA.....	82,478	3,703	Payne County, OK.....	28,952	3,454
Putnam County, NY.....	81,076	6,309	McKinley County, NM.....	28,721	3,344
Arlington County, VA.....	80,433	6,247	Scioto County, OH.....	28,348	3,090
Hamilton County, IN.....	78,932	4,576	Pike County, KY.....	28,048	3,540
Marin County, CA.....	78,919	3,518	Robeson County, NC.....	25,107	2,499
Stafford County, VA.....	78,675	4,532	Apache County, AZ.....	23,545	4,736
Williamson County, TN.....	78,369	4,762	St. Landry Parish, LA.....	22,460	3,509

¹ When the margin of error is added to and subtracted from the estimate, the range becomes the 90-percent confidence interval.

² Population size is based on 2005 population estimates.

Note: Because of sampling variability, some of the estimates in this table may not be statistically different from one another or from estimates for other geographic areas not listed in the table.

Source: U.S. Census Bureau, 2005 American Community Survey.

produces estimates for counties and places with populations of at least 65,000.

Household income varied from state to state, ranging from a median of \$61,700 for New Jersey to \$32,900 for Mississippi.¹⁰ New Jersey, Maryland, Connecticut, Hawaii, Massachusetts, and New Hampshire all had medians above \$55,000. The medians for Mississippi, West Virginia, Arkansas, Louisiana, and Alabama were below \$37,500 (Figure 2).

For counties with populations of 250,000 or more, median household income ranged from \$98,500 for Loudoun County, Virginia, to about \$24,500 for Hidalgo County, Texas (Table 1).¹¹ For counties with populations above 65,000 but below 250,000, median income ranged from \$93,300 for Hunterdon County, New Jersey, to \$22,500 for St. Landry Parish, Louisiana (Table 2).¹²

¹⁰ The median income for New Jersey is not statistically different from the median incomes for Maryland and Connecticut, and the median income for Mississippi is not statistically different from the median income for West Virginia.

¹¹ The median income for Loudoun County, Virginia, is not statistically different from the median income for Fairfax County, Virginia. The median income for Hidalgo County, Texas, is not statistically different from the median incomes for Cameron County, Texas, and St. Landry Parish, Louisiana.

¹² The median income for Hunterdon County, New Jersey, is not statistically different from the median incomes for Loudoun County, Virginia, and for Douglas County, Colorado. The median income for St. Landry Parish, Louisiana, is not statistically different from the median incomes for Apache County, Arizona, and Robeson County, North Carolina.

The Census Bureau Can Tell You More

Consult the following Census Bureau Current Population Reports: *Income, Poverty, and Health Insurance Coverage in the United States: 2005* (P60-231) by Carmen DeNavas-Walt, Bernadette D. Proctor, and Cheryl Hill Lee; *Income, Earnings, and Poverty Data From the 2005 American Community Survey (ACS-02)* by Bruce H. Webster Jr. and Alemayehu Bishaw; and *Net Worth and Asset Ownership of Households: 1998 and 2000* (P70-88) by Shawna Orzechowski and Peter Sepielli.

Look for complete reports and detailed tables on the Census Bureau's Web site <www.census.gov>. Click on "Subjects A to Z," then click on "I" and select "Income Data" or "W" and select "Wealth/Asset Ownership of Households."

Consult the Federal Reserve Board's Survey of Consumer Finances at <www.federalreserve.gov/pubs/oss/oss2/scfindex.html> for additional information on wealth.

Contact the Census Bureau's Demographic Call Center (toll-free) at 1-866-758-1060.

E-mail <ask.census.gov>.

For information on the accuracy of the estimates, see Appendix A.