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VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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PROGRESS IN HOUSEHOLD INCOME STALLED IN 2000

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Note: The Census Bureau data used in this release were revised on April 29th, 2004 by the Census Bureau. This release has been updated to take this Census Bureau revision into account.

WASHINGTON, D.C. – The stagnation in income growth for middle income Americans that started in 2000 continues, according to comprehensive measures of income released by the Census Bureau today. There are various ways to measure the middle income of households, referred to as median household income. This median is the income value of households in a ranking where half of all households have lower income, and half have higher income.

A comprehensive measure of the real median income of households released today by the Census Bureau includes the effects of federal taxes and benefits. The official measure of median household income ignores the impact of federal taxes and many government benefits that have significant effects on the economic well being of many middle income Americans. According to the Census Bureau release, if the impact of taxes and non-cash benefits are ignored, real median household income declined 1.1 percent in 2002, and by 0.7 percent if the impact of taxes and benefits are included. Real median earnings of male and female year-round full-time workers increased in 2002.

"The Census Bureau figures show that the big turning point in household income was in 2000, when the progress of the 1990s ended," Vice Chairman Jim Saxton said. "This is consistent with the other evidence of the 2000 economic slowdown, including the collapse of the Nasdaq and the rapid decline of GDP growth, business investment, manufacturing activity, and many other measures.

"Despite the effects of the economic slowdown and recession, terrorist attacks, and wars, the comprehensive measure of household income has not plunged. In 2002, the more complete measure of median household income did decline, but by less than the official measure. This is a more relevant measure for the overwhelming majority of Americans who are affected by government taxes and benefits. Fortunately, tax relief provided a boost to income for these households, as well as for the overall economy.

"The stronger economic growth now underway, as evident in today's GDP release, should provide a solid basis for renewed income growth in 2003 and 2004," Saxton concluded.

For more information on income trends, please visit our website at www.house.gov/jec.

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