

JOINT ECONOMIC COMMITTEE

Fact Sheet

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HOUSEHOLD INCOME UP SLIGHTLY IN 2006, BUT DOWN SINCE 2000

Highlights from the Census Bureau's Update on Household Income in the United States

New estimates by the Census Bureau show that real (inflation-adjusted) median household income increased slightly between 2005 and 2006. From 2000 to 2006, however, real median household income fell by 2.0 percent, with the poorest households experiencing disproportionately large declines even as the richest households saw their incomes rise. Those data confirm that the vast majority of Americans have not benefited from economic growth over the past six years.

The National Picture

Modest recent growth in typical household's income has not been enough to reverse a six-year decline. Real (inflation-adjusted) median household income grew a modest 0.7 percent to \$48,201 in 2006. Last year's growth is slightly below the 1.1 percent pace of income growth in 2005. However, income growth in the last two years has not been suf-

ficient to reverse a six-year decline. Last year, median household income remained 2.0 percent (\$962 in 2006 prices) below its level in 2000. By contrast, over the previous six years (1994 to 2000), median household income rose by 13.3 percent (\$5,758 in 2006 prices) (**Chart 1**).

Only the wealthiest of America's households have enjoyed any rise in real income since 2000. While real median income for those households in the top fifth of the income distribution has risen by 1.0 percent between 2000 and 2006, income has declined for the other 80 percent of households over the past six years (**Chart 2**). In particular, those households in the bottom fifth of the income distribution have seen their real incomes decline by 4.5 percent between 2000 and 2006. By contrast, real incomes rose for all income classes between 1994 and 2000.

Income inequality continues to rise. Households in the top 20 percent of the income distribution received 50.5 percent of total income in 2006, up from 49.8 percent in 2000, and the highest share on record. By contrast, the share of total income going to households in the bottom 20 percent of the distribution was a mere 3.4 percent in 2006, down from 3.6 percent in 2000.

Minorities have experienced the largest drops in household income since 2000. Real median household income has declined by 7.5 percent for blacks, and 2.7 percent for Hispanics over the past six years (**Chart 3**). Those declines are substantially larger than the 1.9 percent drop in real median household income for non-

Chart 1: Household Income Has Slipped Since 2000, Following Strong Growth During the 1990s
Real median household income, 1967-2006

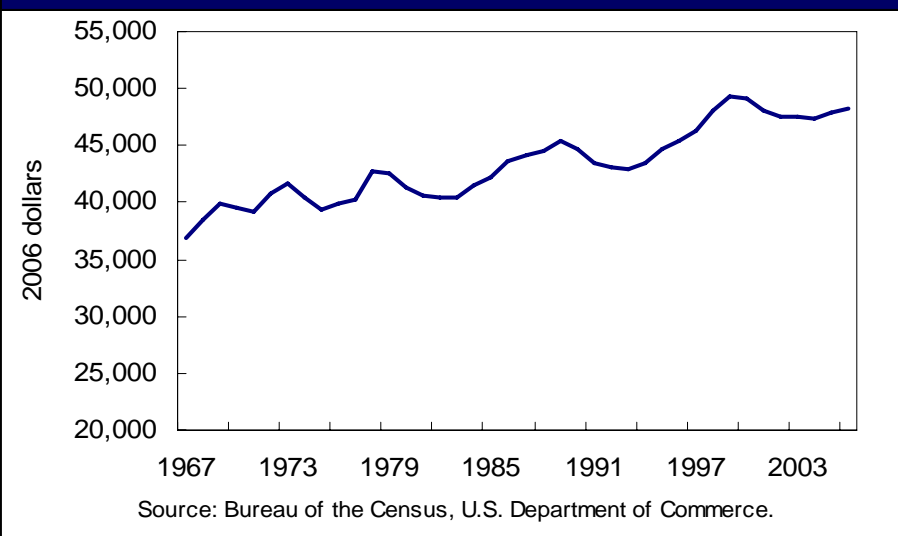
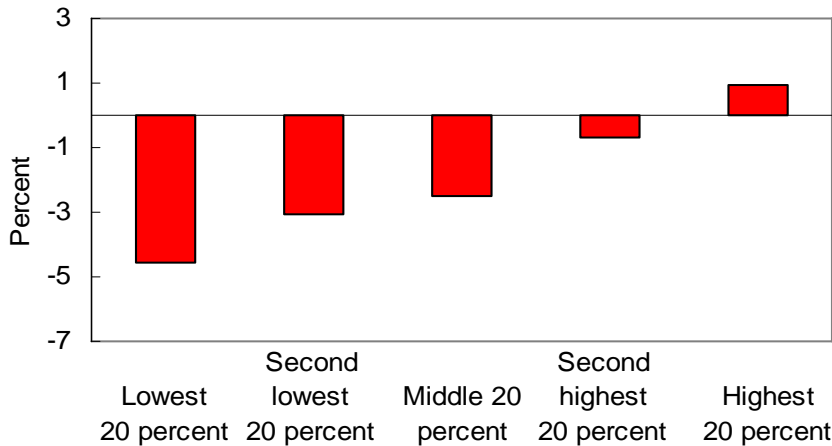


Chart 2: Household Income Down for Most Income Groups Since 2000
 Change in real average household income by income group, 2000-2006



Source: Bureau of the Census, U.S. Department of Commerce.

the 2005-2006 period relative to the 1999-2000 period (Table 1). In five of those states (Missouri, Mississippi, Michigan, Alabama, and Illinois), the drop in income exceeded 10 percent. Households living in Missouri and Mississippi experienced the greatest declines (13.5 percent). In only four states (New Jersey, West Virginia, Vermont, and Hawaii) did the typical household see a statistically significant rise in real income in the 2005-2006 period relative to the 1999-2000 period.

More than half of Midwest states have experienced declines in household income since the 1999-2000 period. The Midwest region was hit the hardest by income drops. More than half of the states in that region experienced a statistically significant percentage decline in real median household income.

Hispanic whites between 2000 and 2006.

Real earnings for full-time workers declined again in 2006. Real median earnings of full-time workers declined for the third consecutive year in 2006: men's earnings dropped by 1.1 percent, and women's by 1.2 percent. In 2006, the typical woman working full-time continued to earn 77 percent of what the typical full-time male worker earned.

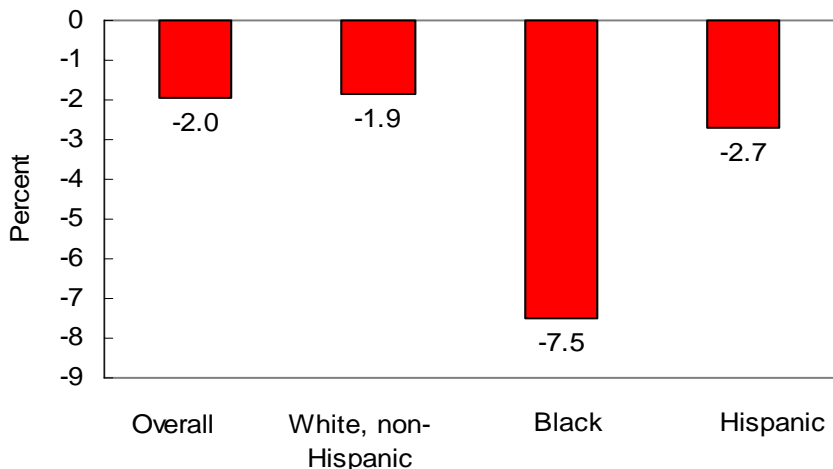
The State Picture

Following Census guidance on how to use state level data, this report compares the two-year average for 1999-2000, the last years of the Clinton Administration, to the two-year average for 2005-2006 to analyze changes in household income under President Bush.

Household income dropped in 17 states since President Bush took office. In 17 states, real median household income declined significantly in

the 2005-2006 period relative to the 1999-2000 period. The South also suffered disproportionately: seven of the 17 states in that region experienced a significant percentage decline in income.

Chart 3: Household Income Has Declined the Most for Blacks and Hispanics Since 2000
 Change in real median household income by race, 2000-2006



Source: Bureau of the Census, U.S. Department of Commerce.

FACT SHEET: INCOME 2006

**Table 1: Median Income of Households, by State,
1999-2000 and 2005-2006**

State	1999-2000 average	2005-2006 average	Change (from 1999-2000 to 2005-2006)
	Thousands	Thousands	Percentage Points
United States	49,192	48,023	-2.4 *
Alabama	42,661	38,160	-10.5 *
Alaska	62,019	57,071	-8.0 *
Arizona	45,662	46,693	2.3
Arkansas	35,335	37,458	6.0
California	53,791	54,385	1.1
Colorado	57,376	53,900	-6.1 *
Connecticut	59,968	60,551	1.0
Delaware	57,682	52,676	-8.7 *
District of Columbia	47,517	47,473	-0.1
Florida	44,415	45,038	1.4
Georgia	48,372	48,388	0.0
Hawaii	57,089	61,005	6.9 *
Idaho	43,668	45,919	5.2
Illinois	54,985	49,328	-10.3 *
Indiana	48,620	44,618	-8.2 *
Iowa	48,851	48,075	-1.6
Kansas	46,622	44,478	-4.6
Kentucky	41,633	38,694	-7.1 *
Louisiana	37,731	37,472	-0.7
Maine	45,318	45,503	0.4
Maryland	63,496	63,082	-0.7
Massachusetts	53,982	56,592	4.8
Michigan	54,516	48,043	-11.9 *
Minnesota	60,205	56,102	-6.8 *
Mississippi	39,720	34,343	-13.5 *
Missouri	51,427	44,487	-13.5 *
Montana	37,958	39,821	4.9
Nebraska	47,800	48,820	2.1
Nevada	51,861	51,036	-1.6
New Hampshire	57,664	60,411	4.8
New Jersey	59,585	66,752	12.0 *
New Mexico	40,243	40,126	-0.3
New York	48,035	48,472	0.9
North Carolina	44,961	41,616	-7.4 *
North Dakota	40,825	42,311	3.6
Ohio	49,031	45,776	-6.6 *
Oklahoma	38,751	38,859	0.3
Oregon	49,444	46,349	-6.3 *
Pennsylvania	47,524	48,148	1.3
Rhode Island	50,537	52,421	3.7
South Carolina	44,044	40,583	-7.9 *
South Dakota	43,020	44,996	4.6
Tennessee	42,047	40,696	-3.2
Texas	45,999	43,044	-6.4 *
Utah	55,685	55,619	-0.1
Vermont	48,327	52,174	8.0 *
Virginia	55,243	55,368	0.2
Washington	52,395	53,515	2.1
West Virginia	34,935	38,029	8.9 *
Wisconsin	54,012	48,903	-9.5 *
Wyoming	45,725	46,613	1.9

*Statistically different from zero at the 90-percent confidence level.

Source: Bureau of the Census, U.S. Department of Commerce.