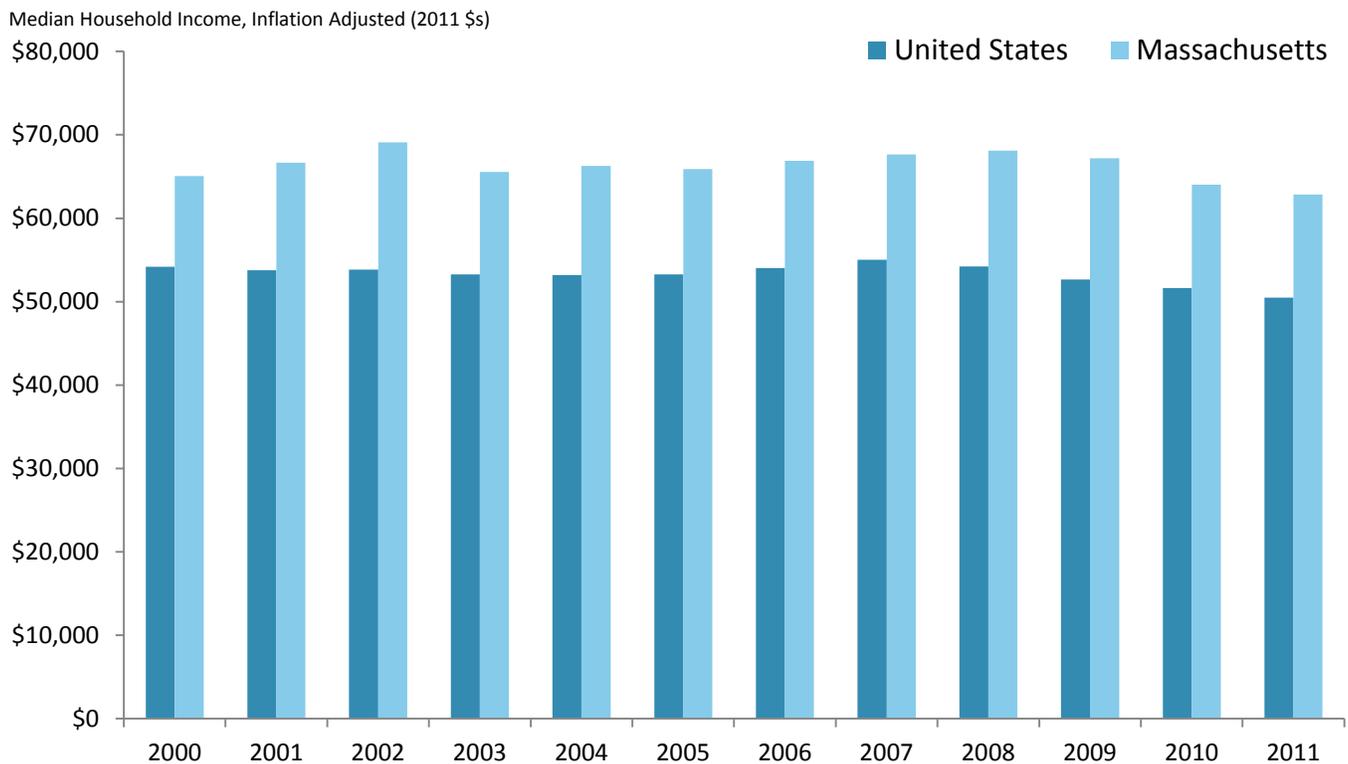


Median Household Income Dropped in Massachusetts and the U.S. in 2011

Today, the U.S. Census Bureau released its annual update of state-level data on household income from the American Community Survey (ACS). These new data show the following:

- Median household income in Massachusetts fell to \$62,859 in 2011. This is a statistically significant decline of \$1,108 or 1.7 percent from the 2010 level of \$63,967 (adjusted to 2011 dollars).
- For the U.S. as a whole, the ACS data show median household income stood at \$50,502 in 2011, a statistically significant decline of \$642 or 1.3 percent from the 2010 level.
- Since 2007 (in the final month of which the nation officially fell into recession), median household income in Massachusetts dropped an inflation-adjusted \$4,655 or 6.9 percent. During the same period, U.S. median household income fell \$4,407 or 8.0 percent.

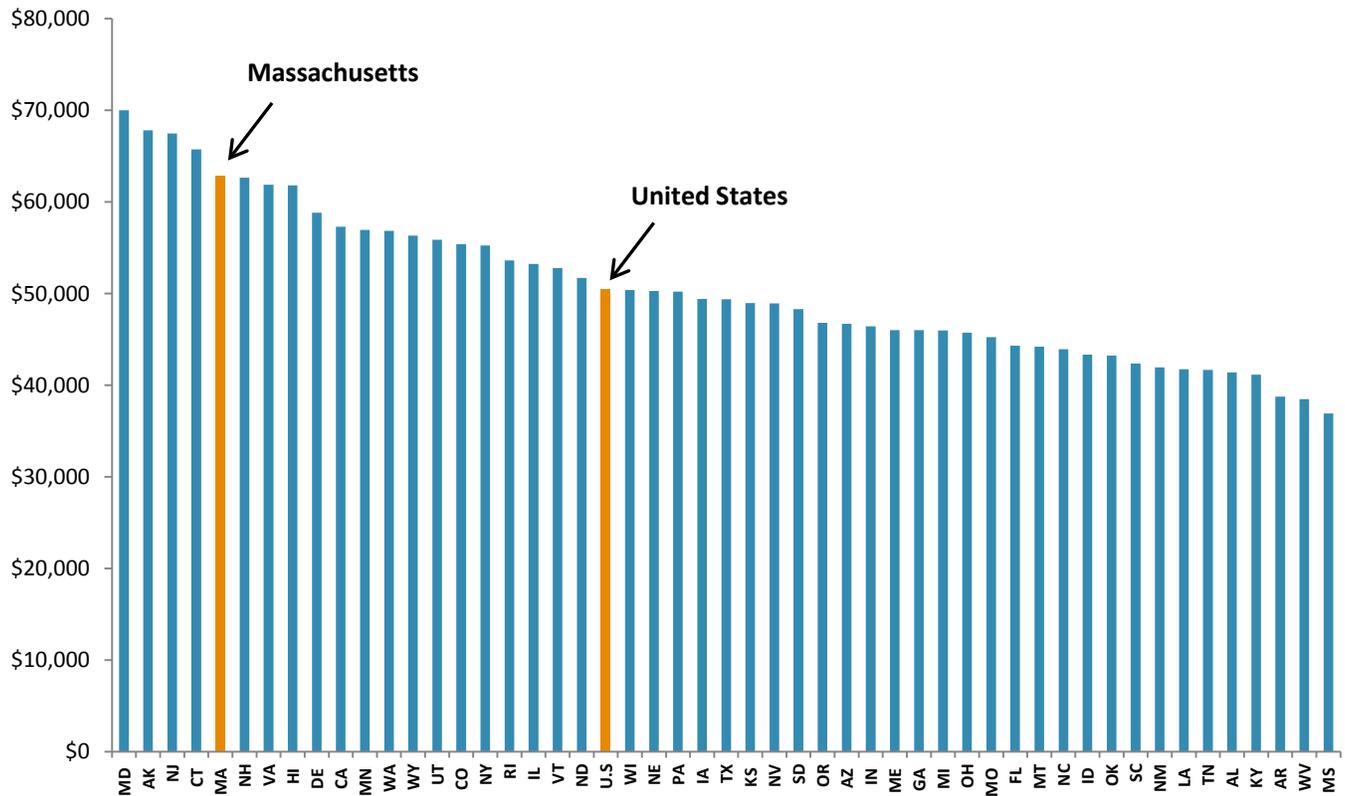
Figure 1. Median Household Income Fell in Massachusetts and The U.S, 2010-2011



Source: U.S. Census, American Community Survey

Despite the drop, Massachusetts’s 2011 median household income continued to compare favorably to those of other states, as shown in Figure 2, remaining among the highest in the nation.

Figure 2. Massachusetts Median Household Income Among the Highest in U.S., 2011



Source: U.S. Census, 2011 American Community Survey

Median household income is a statistical measure indicating the exact middle of the range of all household incomes, such that half of all households have incomes below the median and half have incomes above the median. Under the Census Bureau’s methodology, income refers only to before-tax money income and therefore does not include reductions (or increases) in net, take-home income due to tax liabilities (or credits), or the value of non-cash benefits such as Medicaid or food stamps.

The Census Bureau’s recent data on household income derive from two main sources: the Current Population Survey (CPS) and the American Community Survey (ACS). The CPS is the older of the two surveys -- dating back to the 1940s -- and is therefore a more reliable source for making comparisons over longer periods of time (though, due to sample size constraints, data is best pooled over two or three years to do so). The CPS is also the official source for national level poverty and income data. However, the ACS is based on a larger sample and is thus able to provide information on a *state* and *sub-state* basis that does not have to be pooled over multiple years.

All dollar amounts in this summary are expressed in constant 2011 dollars. Inflation adjustments are made using the Consumer Price Index for all urban consumers (CPI-U).

METHODOLOGICAL NOTE

The CPS and ACS data come from surveys of a random sample of households and thus one cannot be certain that the estimates produced by the sample reflect the actual rates for the entire population. Results will vary from one sample to another to a certain extent, depending on sample size and the particular characteristic that is being measured.

When comparing two measures – for instance, the poverty rate in two different years or two different states – it is important to consider how this sampling variability affects the difference between the two measures. If the difference between the two rates would occur due to sampling variability less than 10 times out of 100, then we can say that we have a 90 percent level of confidence that the difference between the two rates reflects a true difference and is not due to this potential variation. In other words, the chance that the difference between the two estimates is simply the result of random chance is less than 10 percent.

While different levels of confidence (e.g., 95 or 99 percent) can be used to measure significance, the 90 percent level is typically used when analyzing CPS and ACS data, and that is the measure we use here when defining a difference as significant. For more on calculating levels of confidence and testing for significance, see Appendix 4 in the ACS user guide here:

<http://www.census.gov/acs/www/Downloads/handbooks/ACSGeneralHandbook.pdf>.