

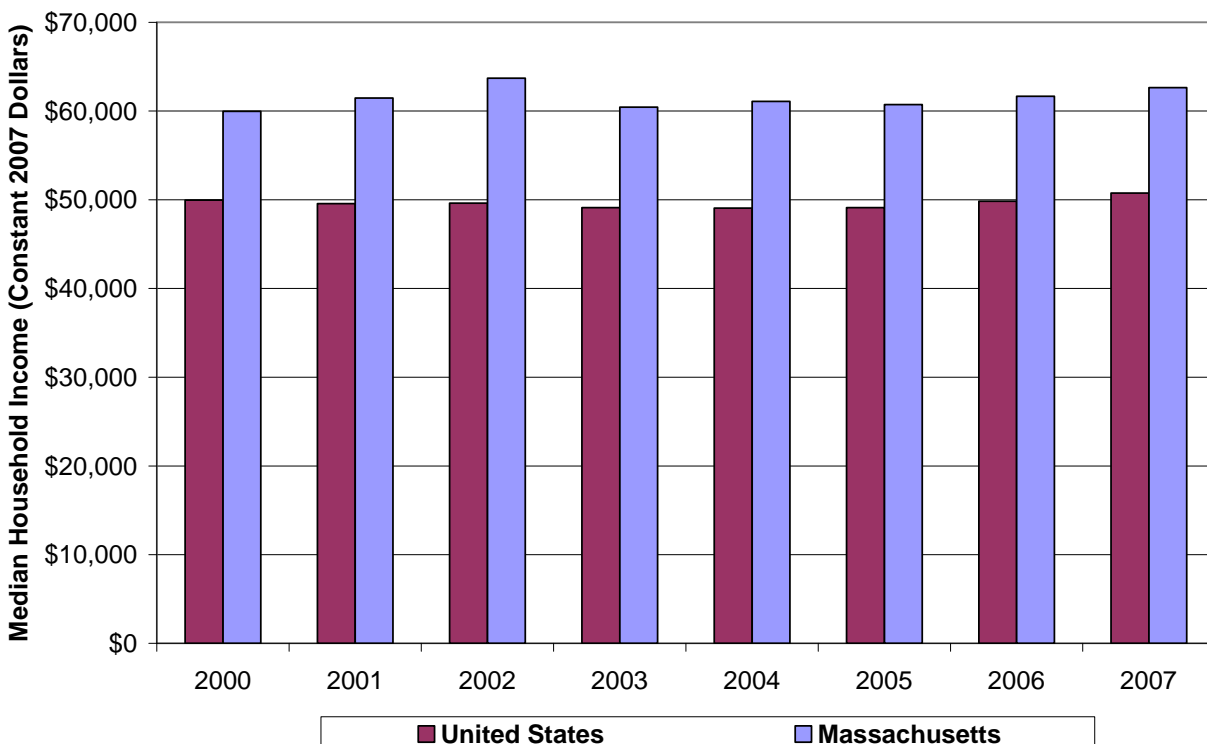


Income Remains Stagnant in Massachusetts

Today, the U.S. Census Bureau released its annual updates on poverty, median household incomes, and health insurance coverage in the United States. The Census Bureau's data suggest that at the 2007 peak of the most recent economic cycle, the median household income in Massachusetts – a common barometer of how the typical household is faring – has not made significant gains over the course of the past year and made only slight gains since the peak of the last economic cycle ending in 2000.

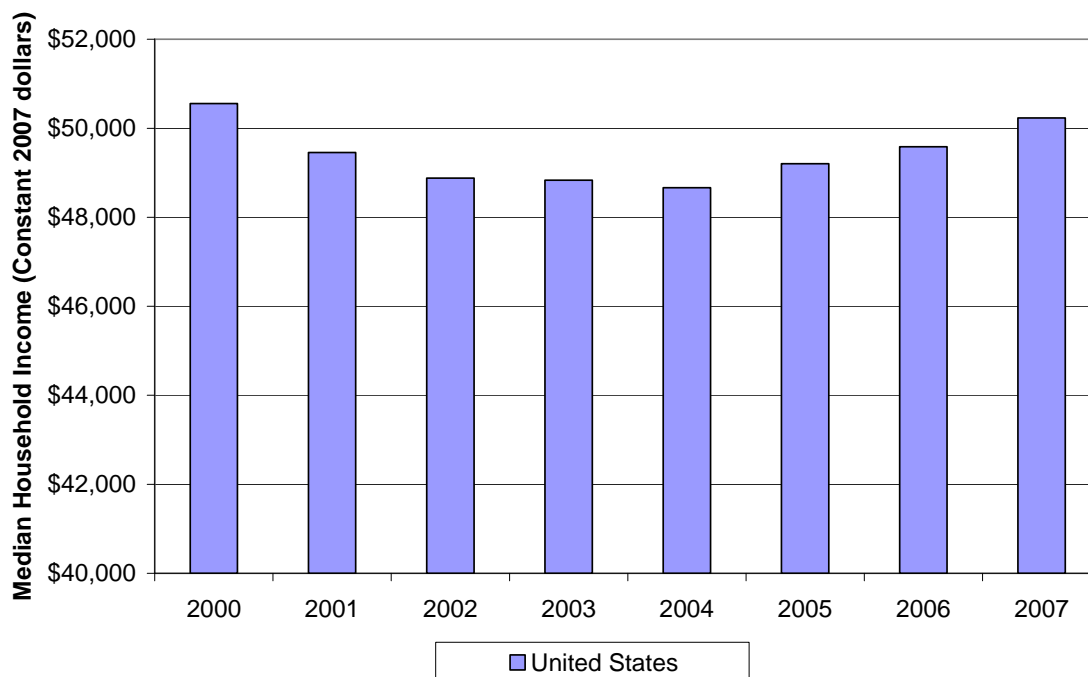
- Data from the American Community Survey (ACS) indicate that the state's median household income has increased only modestly since the peak of the previous economic cycle. Since 2000, when median household income was \$59,962, the median household income in Massachusetts has risen by about 4 percent, according to the ACS. This suggests that household incomes in Massachusetts, like those nationally, have been slow to recover from the recession of the early part of the decade.
- According to the ACS, the median household income in Massachusetts was \$62,365 for 2007, which is not statistically different from the 2006 level of \$61,664.

Median Household Income, U.S. and MA, 2000-2007



- For the country as a whole, there was a statistically significant increase in the median household income between 2006 and 2007, from \$49,825 to \$50,740, according to the ACS. The Census Bureau's other major survey, the Current Population Survey (CPS), shows that median incomes increased 1.3% (from \$49,568 to \$50,233) between 2006 and 2007. The differences between ACS and CPS data are due to different sampling methodologies. A more detailed comparison of the two data sets can be found at <http://www.census.gov/hhes/www/income/factsheet081904.html>.
- Nationally, median household income remains approximately at the level it was in 2000. While ACS indicates a slight increase in median household income from 2000 to 2007 (from \$49,951 to \$50,740), according to CPS it has yet to surpass 2000 levels (\$50,557 in 2000 compared to \$50,233 today).

CPS Data on United States Median Household Income, 2000-2007



- Although the median household income in Massachusetts has grown only slightly over the past few years, it continues to compare favorably to other states. For the 2007 period, Massachusetts had the 7th highest median household income in the country. Only Maryland, New Jersey, Connecticut, Alaska, Hawaii and New Hampshire had higher median household incomes during this period.

Methodological Notes

- 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 it. Under the Census Bureau's methodology, income refers only to before-tax money income and does not include the value of non-cash benefits such as Medicaid or food stamps.
- All dollar amounts in this summary are expressed in constant 2007 dollars. Inflation adjustments are made using the Consumer Price Index for all urban consumers (CPI-U).
- The Census Bureau's recent data on poverty and incomes derives 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 time (though, due to sample size constraints, data must be pooled over two or three years to do so). The CPS is also the official source for national 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.
- At various points in this analysis we refer to whether or not the difference between two numbers, usually from two years, is statistically significant. Because the CPS and ACS data are based on a survey of a random sample of individuals meant to represent the entire state or nation, one cannot be certain that the estimate produced by the sample is the actual rate for the entire population. For each number they publish, the Census Bureau includes a "margin of error." Statistically we can say that if there is no difference between the most recent data and the year it is being compared to, 90 random samples out of 100 would fall within our margin of error. This is called a 90 percent confidence interval. Therefore, when this report states that the difference between two numbers is not statistically significant, we are saying that our sample falls within the confidence interval.