

Money Income, 1999

The 1999 income year proved to be economically fruitful for many households.

For more than 50 years, analysts, researchers, and policy makers have used the Current Population Survey (CPS) to examine annual changes in income and earnings and to compare them with historical trends.¹ The federal government uses information on income to provide a general measure of economic well-being, determine the extent of poverty, and assess the need for various types of assistance. Television, radio, and newspapers draw upon this source for their news stories on jobs, income, poverty, and other topics.

For the fifth consecutive year, real median income increased for U.S. households between 1998 and 1999. Calendar year 1998 was the first year that the real median income of households surpassed the peak reached in 1989, the year before the most recent recessionary period. Between 1998 and 1999, median household income grew, in real terms, by 2.7 percent, rising to \$40,800.

The South continues to have the lowest median household income among the regions — \$37,400, representing about 88 percent of the median household income in the remaining regions. The median household incomes in the other regions were similar — \$42,000 in the Northeast and \$42,700 in both the Midwest and the West.² The Northeast was the only region whose median income was still below its 1989 level.

¹ The money income and earnings numbers are estimates for the 1999 calendar year based on data collected in the March 2000 Current Population Survey, conducted by the Census Bureau.

² There was no statistical difference between the median household incomes in the Midwest and the West.

Words That Count

- **Income**, for each person aged 15 and older, includes earnings, unemployment compensation, workers compensation, social security, supplemental security income, public assistance, veterans payments, survivor benefits, disability benefits, pension or retirement income, interest, dividends, rents, royalties, and estates and trusts, educational assistance, alimony, child support, financial assistance from outside of the household, and other income.
- **Earnings** include money wage or salary income and net income from farm and nonfarm self-employment.
- **Median income and median earnings** are derived by dividing the income or earnings distribution into two equal groups, so that half are above the value and half are below the value.
- **Real or adjusted dollars** have been adjusted for the cost of living so that they accurately reflect changes in economic well-being over time. For this report, all of the income numbers have been adjusted to 1999 dollars. Information on income and earnings in 1999 was collected in the March 2000 Current Population Survey.
- **Net worth** is the sum of the market value of assets owned by every member of a household minus liabilities (secured or unsecured) owed by the members.

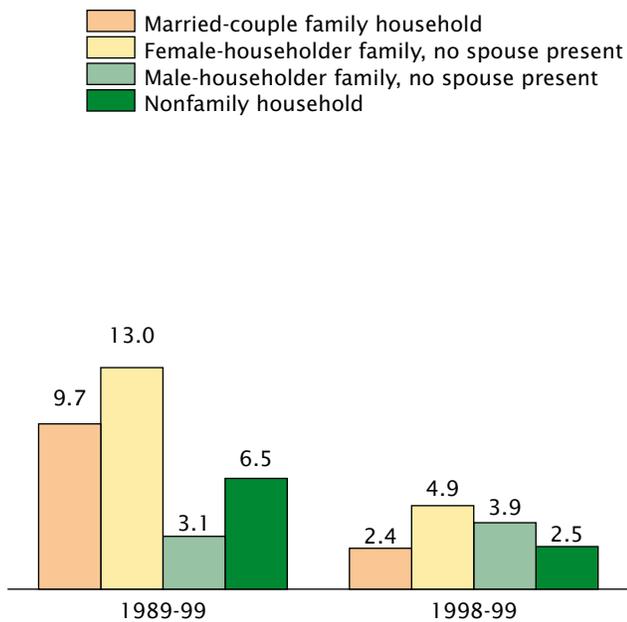
Between 1998 and 1999, all types of households experienced significant gains in real median income.

The 1999 median incomes of family and nonfamily households were both higher than their 1989 prerecessionary income peaks — by 8 percent and 7 percent, respectively. Between 1998 and 1999, the real median income for all family households rose to \$49,900 — a gain of about 3 percent. The income for married-couple families rose 2 percent to \$56,800, while the income for families maintained by a woman with no husband present rose 5 percent to \$26,200.

The 1999 median income was the highest ever recorded, in real terms, for White non-Hispanic (\$44,400), Black (\$27,900), and Hispanic (\$30,700)

Figure 12-1.
Change in Real Income by Household Type: 1998-99 and 1989-99

(Percent change in 1999 dollars)



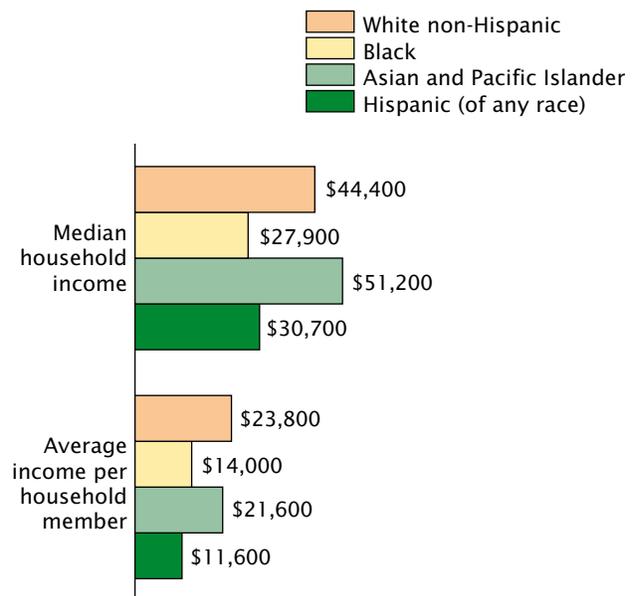
Source: U.S. Census Bureau, Current Population Surveys, March 1990-2000.

households. Even though the real median income of Asian and Pacific Islander households increased between 1998 and 1999 to \$51,200, that amount was not statistically different from their 1998 all-time high.

Although Asians and Pacific Islanders as a group had the highest median household income in 1999, their income per household member (\$21,600) was lower than the income per household member for White non-Hispanics households (\$23,800). Asian and Pacific Islander households averaged 3.13 members, while the average number of members in White non-Hispanic households was 2.47. The income-per-household-member was \$14,000 in Black households (averaging 2.75 members) and \$11,600 for Hispanic households (averaging 3.49 members).

Figure 12-2.
Median Income for Households and Average Income Per Household Member by Race and Hispanic Origin of Householder: 1999

(1999 dollars rounded to the nearest \$100)



Source: U.S. Census Bureau, Current Population Survey, March 2000.

Workers with higher educational attainment have higher earnings.

The 1999 median earnings for women aged 25 and older who worked year-round, full-time and held a bachelor's degree was \$36,300. However, the median for women in this same category who held only a high school diploma or GED was \$22,000. When women had some high school experience, but no diploma, the median was only \$16,300. The pattern was similar for men aged 25 and older who worked year-round, full time. When they had a bachelor's degree, the median earnings in 1999 was \$51,000, but for those with a

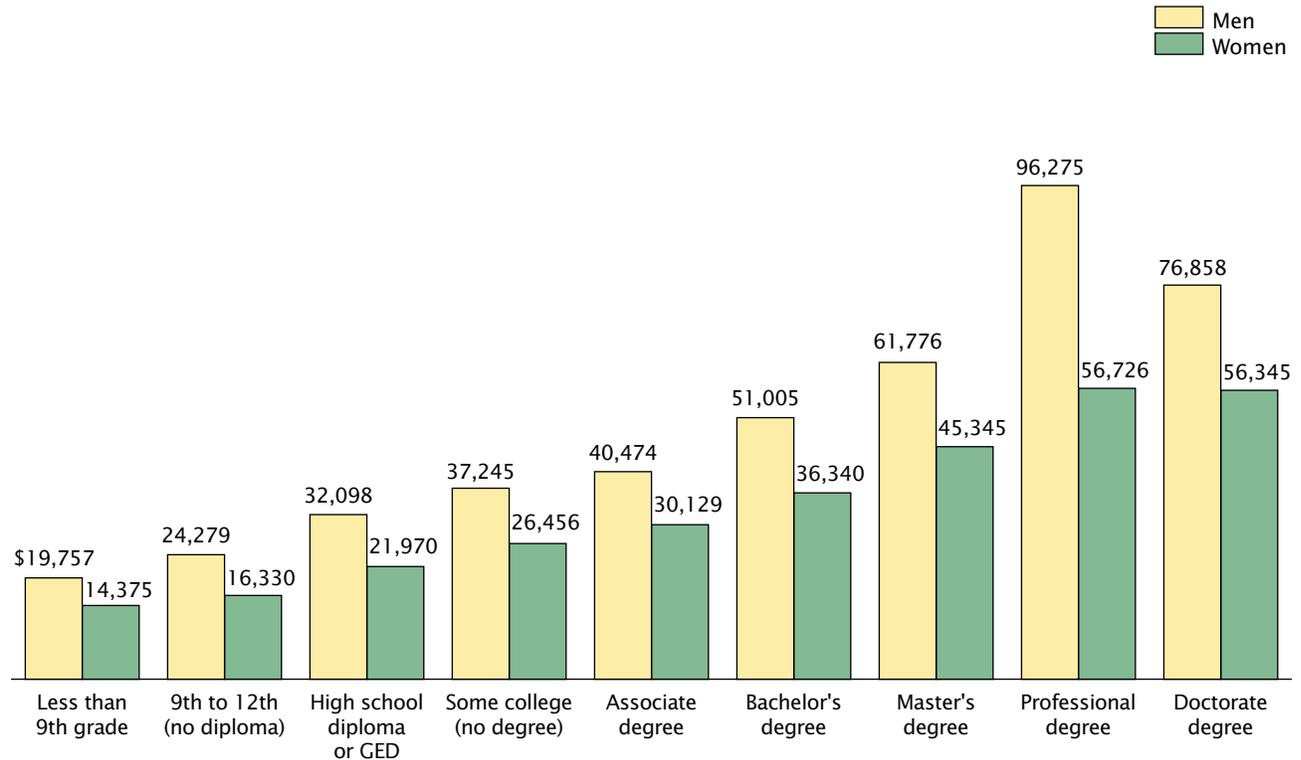
high school diploma or GED, it was \$32,100. And for those with some high school, but no diploma, the earnings were only \$24,300.

Between 1998 and 1999, the real median earnings for men who worked full-time, year-round rose 1 percent, to \$36,500. However, the median earnings for women who worked that much remain statistically unchanged from the previous year, about \$26,300. In 1999, women earned about 72 cents for every dollar men made, down from the all-time high of 74 cents earned in 1996.

Figure 12-3.

Median Earnings of Men and Women Aged 25 and Older Who Work Full-Time, Year Round by Educational Attainment: 1999

(1999 dollars rounded to the nearest \$100)



Source: U.S. Census Bureau, Current Population Survey, March 2000.

SPOTLIGHT ON WEALTH

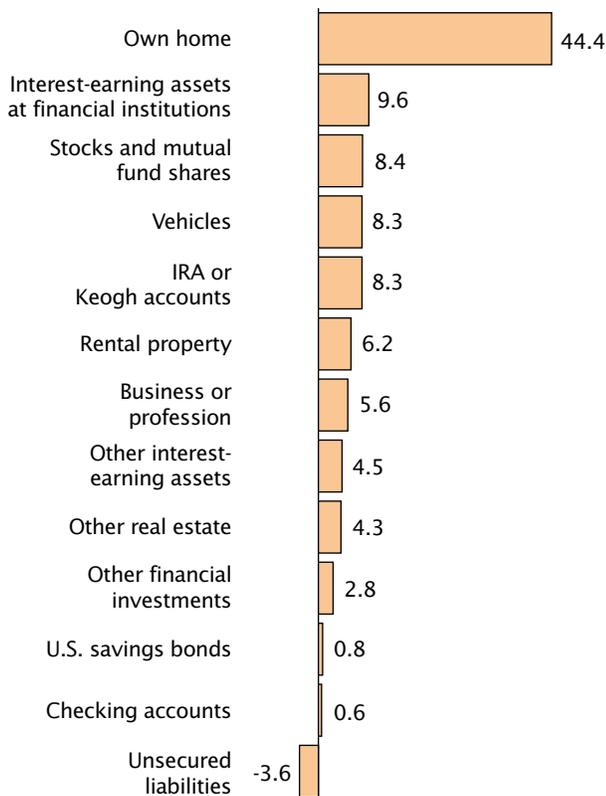
Income by itself is an imperfect measure of the economic health of households.

A high-income householder may be burdened with 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 a substantial amount of money invested in equities. To help policy makers and others understand the relationship between income and wealth, 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, transfer program, or some other source, wealth is the level of economic resources that a person or household

Figure 12-4.
Distribution of Assets and Liabilities: 1995

(Percent of total household net worth)



Source: U.S. Census Bureau, 1993 Panel of the Survey of Income and Program Participation, February - May 1995.

possesses at any given time. Net worth includes assets, such as savings and investments, real estate, and motor vehicles, minus liabilities, such as credit card debt and student loans. The economic well-being of households depends upon both income and wealth.

Home equity (the value of the home net of mortgages) constitutes the largest share of household net worth, according to data collected by SIPP between February and May 1995. Sixty-four percent of households reported owning a home in 1995 and household equity accounted for 44 percent of all household net worth. Interest-earning assets at financial institutions made up the next largest share of net worth in 1995. About 69 percent of households held this type of asset, and it accounted for about 10 percent of total net worth. The remainder of net worth consisted of a variety of property and investments, including stocks and mutual funds, IRAs (Individual Retirement Accounts) and Keoghs, vehicles, rental property, and business or professional assets.

Age was an important determinant of net worth in 1995. Median net worth peaked among householders aged 65 to 69. Households maintained by someone under age 35 tend to have more income, but lower net worth than households maintained by someone aged 65 and older. Age, income, and wealth are all interrelated.

The Census Bureau Can Tell You More

- For more detailed information, consult the following U.S. Census Bureau Current Population Report: *Money Income in the United States: 1999*.
- Look for complete reports and detailed tables on the Census Bureau's World Wide Web site (www.census.gov). Click on "I" and select "Income" or "W" and select "Wealth/Asset Ownership of Households."
- Contact the Housing and Household Economic Statistics' Statistical Information Office at 301-457-3242 or e-mail hhes-info@census.gov.
- For information on publications and other resources, see Appendix A.