



For Immediate Release

Household Income Trends: March 2016

Median Household Income at \$57,263 in March

Summary of Key Findings

According to new data derived from the monthly Current Population Survey (CPS), median annual household income in March 2016 was \$57,263, not significantly different from the February 2016 median of \$57,180. As previously noted median household income now exceeds the pre-recession median of December 2007 (\$56,669). The Sentier Household Income Index for March 2016 was 99.9 (January 2000 = 100). Thus, we are getting very close to the real level of median annual household income that existed in January 2000 (\$57,342), the beginning of this statistical series.

These findings come from a report issued today by Sentier Research, titled “Household Income Trends: March 2016,” which presents monthly trends in household income from January 2000 to March 2016.

There has been a general upward trend in median household income since the post-recession low point reached in August 2011. This upward trend was initially marked by monthly movements, both up and down. Many monthly changes were not statistically significant. By the summer of 2014 however, that uneven trend became dominated by a series of significant monthly increases. (See Figure 1 at the back of this report.)

Median income in March 2016 (\$57,263) was 4.5 percent higher than in March 2015 (\$54,788), and 10.3 percent higher than in August 2011 (\$51,904). This general upward trend reflects, in part, the low level of inflation as measured by the CPI for all items (used in this series). For example, the 4.5 percent increase in median household income between March 2015 and March 2016 derived using the CPI for all items becomes 3.2 percent when the CPI less food and energy is employed to adjust for the change in purchasing power.

According to Gordon Green of Sentier Research, “We continue to see an upward trend in income that has been evident since the low point in August 2011. Relatively low energy prices have contributed significantly to increases in real median household income. We

have recaptured all of the income losses that have occurred since the beginning of the last recession in December 2007. The March 2016 median is now only 0.1 percent lower than the median of \$57,342 in January 2000, the beginning of this statistical series.”

Highlights

- The March reading on the labor market from the U.S. Bureau of Labor Statistics is slightly worse than in February:
 - The official unemployment rate in March 2016 was 5.0 percent, about the same as the February 2016 rate (4.9 percent).
 - The median duration of unemployment increased slightly, from 11.2 weeks in February 2016 to 11.4 weeks in March 2016.
 - The broader measure of employment hardship, which includes the unemployed, marginally attached workers (of which discouraged workers are a subset), and persons working part-time for economic reasons, was 9.8 percent in March 2016, about the same level as in February 2016 (9.7 percent).
- Real median annual household income in March 2016 can be put into broader perspective by comparisons with previous levels of household income since the last recession began and dating back to the start of the last decade:
 - The March 2016 median income of \$57,263 is 2.9 percent higher than the median of \$55,632 in June 2009, the end of the recent recession and beginning of the “economic recovery.”
 - The March 2016 median is 1.0 percent higher than the median of \$56,669 in December 2007, the beginning month of the recession that occurred more than eight years ago.
 - And the March 2016 median is now only 0.1 percent lower than the median of \$57,342 in January 2000, the beginning of this statistical series.
- The Sentier Household Income Index (HII) shows the value of real median annual household income in any given month as a percent of the base value at the beginning of the last decade (January 2000 = 100.0 percent):
 - The Sentier HII stood at 99.9 in March 2016, higher than December 2007 (98.8) when the “great recession” began, and higher than June 2009 (97.0), when the “economic recovery” subsequently began.
 - The Sentier HII was 90.5 in August 2011, the low point in our household income series, compared to 99.9 in March 2016.

Income amounts in this report are before-tax money income and have been adjusted for inflation; income amounts are expressed in March 2016 dollars and have been seasonally adjusted, unless otherwise noted.

The estimates in this report are based on the Current Population Survey (CPS), the monthly household survey that provides official estimates of the unemployment rate. The CPS samples more than 50,000 households and approximately 135,000 household members each month. As is the case with all surveys, the estimates are subject to sampling and nonsampling errors. All comparisons made in the report have been tested and found to be statistically significant at the 90-percent confidence level, unless otherwise noted.

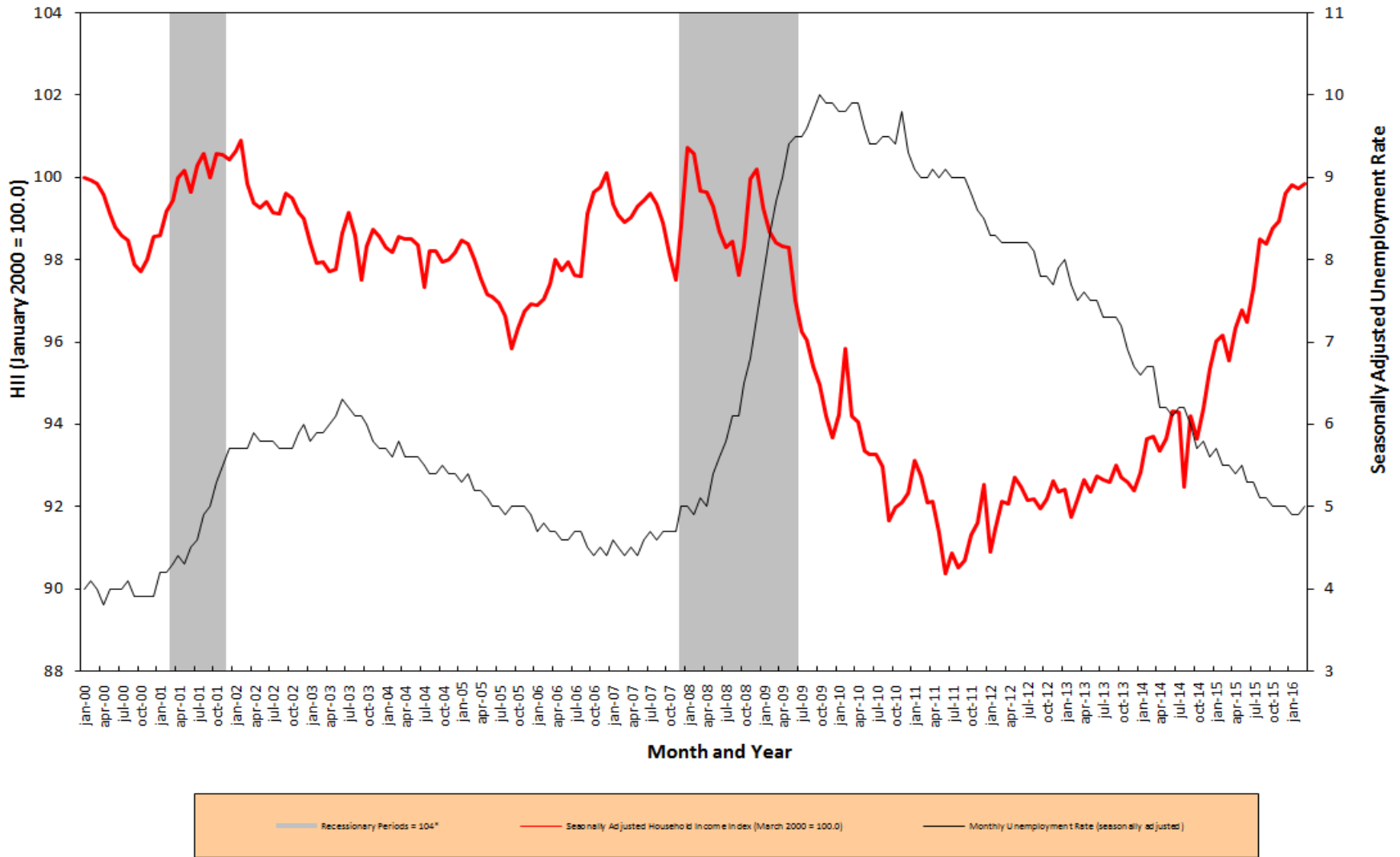
Household income is defined as the sum of the incomes of all household members. Income refers to all sources of money income including earnings from work, Social Security, interest, dividends, cash welfare, retirement pensions, unemployment compensation, veterans' benefits, etc. Income **excludes** capital gains and losses, and lump-sum, one-time amounts. Household income is measured before the payment of federal and state income taxes and Social Security payroll taxes.

Copies of the report, *Household Income Trends: March 2016* (10 pages as .pdf), issued in April 2016, can be obtained from the Sentier Research, LLC website at www.sentierresearch.com and are available to the public free of charge. It is permissible for media organizations to link directly to the report or to our website in their articles.

The authors of the new report are Gordon Green and John Coder, both former officials at the U.S. Census Bureau. All media inquiries should be addressed to Gordon Green at the email address gordonwgreen@sentierresearch.com, or by telephone on (703) 764-0249.

Figure 1.

Median Household Income Index (HII) and Unemployment Rate by Month: January 2000 to March 2016



Sources: For income data: Sentier Research, LLC estimates of annual household income derived from the monthly Current Population Survey (CPS) conducted by the U.S. Census Bureau; for the unemployment rate and the CPI-U: the U.S. Bureau of Labor Statistics.