



For Immediate Release on Wednesday, October 24, 2012

Household Income Trends Series: September 2012

**Household Income Up by 1.0 Percent
Between August 2012 and September 2012**

Summary of Key Findings

According to new data derived from the monthly Current Population Survey (CPS), real median annual household income increased by 1.0 percent (\$534) between August 2012 and September 2012, from \$50,904 to \$51,438.

These findings come from a report issued today by Sentier Research, titled “Household Income Trends: September 2012,” which presents monthly trends in household income from January 2000 to September 2012.

The increase in real median annual household income of 1.0 percent between August and September follows a decrease of 1.1 percent between July and August, essentially restoring median annual household income to its July 2012 level. With the exception of a 0.7 percent increase between April and May, all of the other month-to-month changes in real median annual household income since January 2012 have not been statistically significant.

According to Gordon Green of Sentier Research, “It is noteworthy that real median annual household income showed an increase of 1.0 percent between August 2012 and September 2012 despite an increase in the Consumer Price Index (CPI) of 0.4 percent during the same time period. The September level of real median annual household income is moderately higher than in January 2012 (\$51,067), although there is evidence that the economy continues to struggle. Even though we are technically in an economic recovery, real median annual household income is still having a difficult time “recovering.” As we have noted in our previous reports, we are watching this household income series closely for signs of any sustained directional movement.”

Highlights

- The September reading on the labor market from the U.S. Bureau of Labor Statistics indicates notable improvement in some respects, but little or no improvement in others:
 - The unemployment rate in September 2012 was 7.8 percent, down significantly from 8.1 percent in August 2012.
 - There appears to be a worsening in the median duration of unemployment, which increased from 18.0 weeks in August 2012 to 18.5 weeks in September 2012.
 - 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, remained constant at 14.7 percent in both August 2012 and September 2012.
- The median annual household income in September 2012 can be put into broader perspective by a comparison with previous levels of household income dating back to the start of the last decade:
 - The September 2012 median annual household income of \$51,438 was 4.7 percent lower than the median of \$53,958 in June 2009, the end of the recent recession and beginning of the “economic recovery.”
 - The September 2012 median was 7.1 percent lower than the median of \$55,377 in December 2007, the beginning month of the recession that occurred more than four years ago.
 - The September 2012 median was 8.0 percent lower than the median of \$55,936 in January 2000, the beginning of this statistical series.
- The 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 HII for September 2012 stood at 92.0, up from 91.0 in August 2012, but still lower than the December 2011 reading of 92.5. (See Figure 1.)
 - Before the fluctuation in income that has occurred since the beginning of this year, the HII had increased steadily from August 2011 to December 2011: 89.3 in August, 90.5 in September, 91.4 in October, 92.1 in November, and 92.5 in December.

This report updates the household income estimates presented in our previous monthly report, “Household Income Trends: August 2012,” issued on September 25, 2012. It is a monthly report that does not include any information on the characteristics of households. Readers who are interested in changes in household income by detailed characteristics of households should consult our recent report, “Changes in Household Income During the Economic Recovery: June 2009 to June 2012,” which is available for sale on our website (www.sentierresearch.com) for a price of \$25.00 (USD).

Income amounts in this report are before-tax money income and have been adjusted for inflation; income amounts are expressed in September 2012 dollars and have been seasonally adjusted, unless otherwise noted.

Estimates of median annual household income and the Household Income Index (HII) provide the only measures of change in household income during 2012. The U.S. Census Bureau issued its official estimates of income and poverty for calendar year 2011 in a report released on September 12, 2012.

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 approximately 50,000 households and 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.

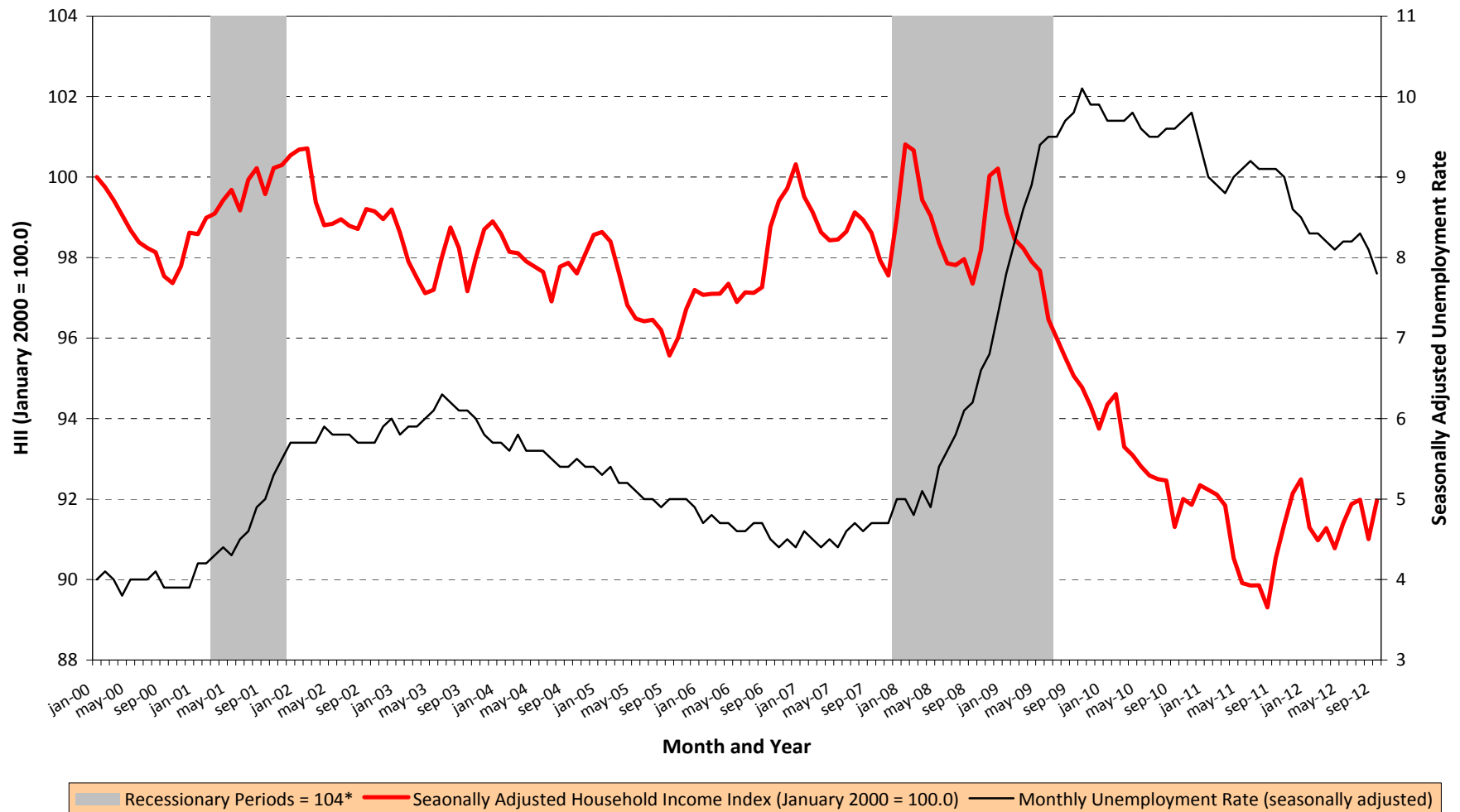
Household income is defined as the sum of the incomes of all household members. Income refers to all sources of money income including earnings from work, Social Security, interest, dividends, cash welfare, retirement pensions, unemployment compensation, veterans’ benefits, etc. Income **excludes** capital 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: September 2012* (12 pages as .pdf), issued on October 24, 2012, 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. Data users can also obtain an Excel spreadsheet containing the plotting points for all of the time series charts in the report from our website for a price of \$25.00 (USD).

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 September 2012



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.