



**For Immediate Release**

## **Household Income Trends: December 2014**

### **Median Household Income Higher in December**

#### **Summary of Key Findings**

According to new data derived from the monthly Current Population Survey (CPS), median annual household income in December 2014 was \$54,417, 1.4 percent higher than the November 2014 median of \$53,679. This month-to-month increase of \$738 was statistically significant. The Sentier Household Income Index is now at 95.6 (January 2000 = 100.0).

These findings come from a report issued today by Sentier Research, titled “Household Income Trends: December 2014,” which presents monthly trends in household income from January 2000 to December 2014.

Real median annual household income has shown some improvement since the low point in our household income series that occurred in August 2011. Median income in December 2014 was 3.3 percent higher than in December 2013 (\$52,692), and 5.7 percent higher than in August 2011 (\$51,459). The period since August 2011 has been marked by an uneven, but generally upward trend in the median household income. Many of the month-to-month changes in median income during this period were not statistically significant. However, the cumulative effect of the various month-to-month changes since August 2011 has resulted in a net increase overall (See Figure 1 at the back of this press release.)

According to Gordon Green of Sentier Research, “The significant change in median income between November and December adds to the upward trend in median income since the low-point reached in August 2011. Our time series charts clearly illustrate that although the economic recovery officially began in June 2009, the recovery in household income did not begin to emerge until after August 2011. A significant factor contributing to the large increase in median income between November and December was the sharp decline in the Consumer Price Index (CPI), largely due to falling energy prices.”

## Highlights

- The December reading on the labor market from the U.S. Bureau of Labor Statistics showed noticeable improvement compared to November:
  - The official unemployment rate in December 2014 was 5.6 percent, down from 5.8 percent in November 2014.
  - The median duration of unemployment was 12.6 weeks in December 2014, down from 12.8 weeks in November 2014.
  - 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 11.2 percent in December 2014, down from 11.4 percent in November 2014.
- Real median annual household income in December 2014 can be put into broader perspective by comparisons with previous levels of household income since the recession began and dating back to the start of the last decade:
  - The December 2014 median income of \$54,417 was 1.5 percent lower than the median of \$55,228 in June 2009, the end of the recent recession and beginning of the “economic recovery.”
  - The December 2014 median was 3.2 percent lower than the median of \$56,237 in December 2007, the beginning month of the recession that occurred seven years ago.
  - The December 2014 median was 4.4 percent lower than the median of \$56,915 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 for December 2014 stood at 95.6 compared to 98.8 in December 2007, when the “great recession” began, and 97.0 in June 2009, when the “economic recovery” subsequently began.
  - The Sentier HII in August 2011 was 90.4 compared to 95.6 in December 2014.

Income amounts in this report are before-tax money income and have been adjusted for inflation; income amounts are expressed in December 2014 dollars and have been seasonally adjusted, unless otherwise noted.

Estimates of median annual household income and the Sentier Household Income Index (HII) provide the only measures of change in household income during 2014. The U.S. Census Bureau issued its official estimates of income and poverty for calendar year 2013 in a report released on September 16, 2014.

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.

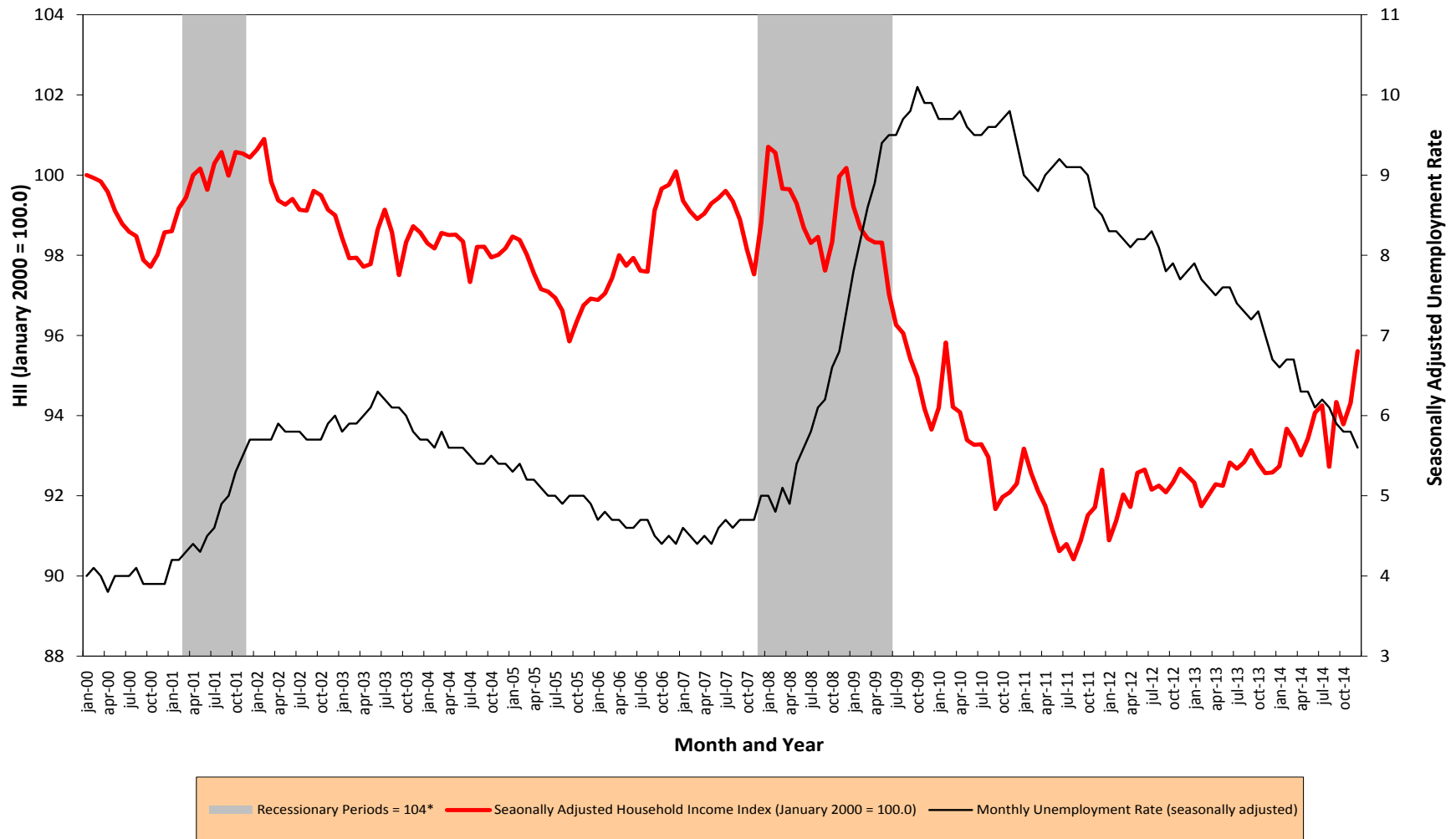
Household income is defined as the sum of the incomes of all household members. Income refers to all sources of money income including earnings from work, Social Security, interest, dividends, cash welfare, retirement pensions, unemployment compensation, veterans' benefits, etc. Income **excludes** capital 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: December 2014* (12 pages as .pdf), issued in January 2015, can be obtained from the Sentier Research, LLC website at [www.sentierresearch.com](http://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](mailto: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 December 2014**



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.