

# Median Household Income

## DEFINITION

*Median household income* is the dollar amount which divides all Rhode Island households' income distributions into two equal groups – half with income above the median and half with income below the median.

## SIGNIFICANCE

Median household income provides one measure of the ability of Rhode Island's families to meet the costs of food, clothing, housing, health care, transportation, child care, and higher education. According to Census 2000, the median household income of all Rhode Island families with children under age 18 was \$50,557.<sup>1</sup>

In Rhode Island in 2002, the median household income for all households, including those without children, was \$53,789. The median household income for households with children was \$57,717.<sup>2</sup> Rhode Island saw a significant decrease of 3.1% in median household income between the periods of 2001-2002 and 2002-2003. Rhode Island was one of 10 states nationally and one of three states in the Northeast to experience this decrease in median income.<sup>3</sup> In 2002, the Rhode Island median household income decreased for Black and Asian households, but increased for White and American

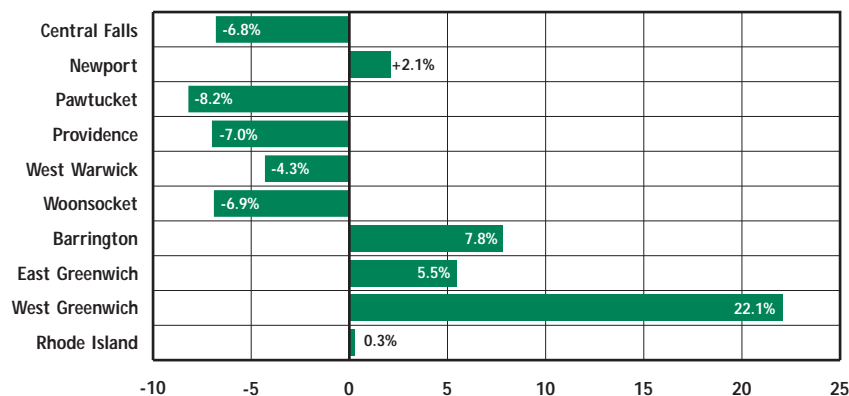
Indian households. In 2002 Hispanic households with children had a median income of \$26,107, whereas the median income for non-Hispanic households with children was \$63,465.<sup>4</sup>

According to the Census, income inequality was greater in 2003 than it was in 1995, although individual annual changes have not been statistically significant.<sup>5</sup>

Communities with above average income inequality have higher mortality rates than communities with comparable incomes but lower inequality.<sup>6</sup> Increased income disparities lead to geographic segregation as wealthier families move to the suburbs. This can result in unequal school funding from property taxes.<sup>7</sup>

Through the 1980s and 1990s, income inequality between the top and bottom of the income distribution continued to grow in Rhode Island.<sup>8</sup> In 2002, 18% of Rhode Island households with children had incomes less than \$25,000 and 10% had incomes between \$25,000 and \$35,000.<sup>9</sup> By contrast, 22% of families with children had household incomes of \$100,000 or more.<sup>10</sup>

Change in Median Household Income, 1989 – 1999, Core Cities, Three Highest Income Communities, and Rhode Island



Source: U. S. Bureau of the Census, Census 2000. Percentage change is based on median household income for 1989 and 1999 adjusted to 1999 dollars.

- ◆ After adjusting for inflation, Rhode Island's highest income communities experienced increases in median household income between 1989 and 1999 while the lowest income communities had real declines in income.<sup>11</sup>
- ◆ The share of Rhode Island jobs paying poverty-level wages grew over the 1990s. In 1999, 24% of jobs in Rhode Island paid below the wage necessary to put a family of four above the poverty threshold with full-time, year round work.<sup>12</sup>
- ◆ According to the Poverty Institute's 2003 Rhode Island Standard of Need, a two-parent family with two children in which both parents are working needs an income of \$48,096 to pay basic living expenses, including housing, food, clothing, health insurance, child care and transportation.<sup>13</sup>
- ◆ Income supports including RItE Care, child care subsidies, Food Stamps and the Earned Income Tax Credit are critical in helping low-income and moderate-income working families make ends meet.

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Table 6.

## Adjusted Median Household Income, Rhode Island — 1989\* and 1999

CITY/TOWN	ADJUSTED 1989 MEDIAN HOUSEHOLD INCOME*	1999 MEDIAN HOUSEHOLD INCOME	1999 MEDIAN FAMILY INCOME FOR FAMILIES WITH CHILDREN UNDER AGE 18
Barrington	\$69,222	\$74,591	\$88,794
Bristol	\$44,573	\$43,689	\$53,328
Burrillville	\$48,476	\$52,587	\$55,085
Central Falls	\$24,289	\$22,628	\$22,008
Charleston	\$47,020	\$51,491	\$55,080
Coventry	\$48,572	\$51,987	\$61,355
Cranston	\$45,047	\$44,108	\$56,904
Cumberland	\$53,077	\$54,656	\$68,291
East Greenwich	\$66,401	\$70,062	\$108,555
East Providence	\$40,453	\$39,108	\$48,875
Exeter	\$49,810	\$64,452	\$73,239
Foster	\$53,223	\$59,673	\$63,385
Glocester	\$52,186	\$57,537	\$60,938
Hopkinton	\$47,929	\$52,181	\$59,069
Jamestown	\$54,166	\$63,073	\$79,574
Johnston	\$42,526	\$43,514	\$56,641
Lincoln	\$48,379	\$47,815	\$64,470
Little Compton	\$53,735	\$55,368	\$56,679
Middletown	\$45,960	\$51,075	\$55,301
Narragansett	\$46,374	\$50,363	\$68,250
New Shoreham	\$41,059	\$44,779	\$54,844
Newport	\$39,836	\$40,669	\$43,125
North Kingstown	\$52,733	\$60,027	\$66,785
North Providence	\$42,168	\$39,721	\$50,493
North Smithfield	\$54,076	\$58,602	\$71,066
Pawtucket	\$34,627	\$31,775	\$33,562
Portsmouth	\$55,414	\$58,835	\$67,375
Providence	\$28,894	\$26,867	\$24,546
Richmond	\$53,458	\$59,840	\$63,472
Scituate	\$58,931	\$60,788	\$69,135
Smithfield	\$55,478	\$55,621	\$67,050
South Kingstown	\$47,595	\$56,325	\$68,265
Tiverton	\$47,189	\$49,977	\$63,820
Warren	\$41,275	\$41,285	\$53,542
Warwick	\$46,688	\$46,483	\$57,038
West Greenwich	\$53,817	\$65,725	\$70,150
West Warwick	\$41,260	\$39,505	\$41,830
Westerly	\$45,459	\$44,613	\$51,974
Woonsocket	\$33,090	\$30,819	\$34,465
Core Cities	NA	NA	NA
Remainder of State	NA	NA	NA
Rhode Island	\$41,985	\$42,090	\$50,557

\*Adjusted to 1999 dollars

### Source of Data for Table/Methodology

U.S. Census Bureau, Census 2000

Median household income data includes households with both related and unrelated individuals. Median family income data includes only households with children under age 18 who meet the Census Bureau's definition of a family. The Census Bureau defines a family as a household that includes a householder and one or more people living in the same household who are related to the household by birth, marriage or adoption. The 1989 adjusted median household income data is adjusted to 1999 constant dollars by multiplying 1989 dollar values by 1.304650 as recommended by the U.S. Census Bureau.

Core cities are Central Falls, Newport, Pawtucket, Providence, West Warwick and Woonsocket.

### References for Indicator

<sup>1,11</sup> U.S. Bureau of the Census, Census 2000, Summary File 3.

<sup>3,5</sup> *Income, poverty, and health insurance coverage in the United States: 2003*. (August 2004). Washington DC: The U.S. Bureau of the Census, Current Population Reports.

<sup>2,4,10</sup> U.S. Bureau of the Census, Current Population Survey, 2002 to 2004, three year average.

<sup>5</sup> Mishel, L., Bernstein, J., & Allegretto, S. (2004). *The state of working America 2004/2005*. Washington, DC: Economic Policy Institute.

<sup>6,7,8</sup> Bernstein, J., McNichol, E.C., Mishel, L., & Zahradnik, R. (2002). *Pulling apart: A state-by-state analysis of income trends*. Washington, DC: Center on Budget and Policy Priorities and the Economic Policy Institute.

<sup>12</sup> Rhode Island at a Glance (n.d.). Retrieved January 5, 2005 from <http://www.epinet.org>.

<sup>13</sup> *One Rhode Island: An investment in our state's future* (Legislative Agenda). (2004). Providence, RI: Rhode Island College School of Social Work, The Poverty Institute.