

Median Household Income

DEFINITION

Median household income is the median annual income for all Rhode Island households. The median income is the dollar amount which divides the income distribution into two equal groups – half with income above the median and half with income below the median.

SIGNIFICANCE

Median 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, one-half of all Rhode Island families with children under age 18 earned less than \$50,557 and one-half earned more. The 1999 median income for all households – including those without children – was \$42,090.¹

After reaching an all time high in 2000, the U.S. median household income decreased in 2001 by 2.2%. Income inequality continued to increase.² In 2001, the share of national income held by the wealthiest 5% was the highest on record while the average incomes for all other income categories continued to drop.³ Rhode Island was among the ten states where income

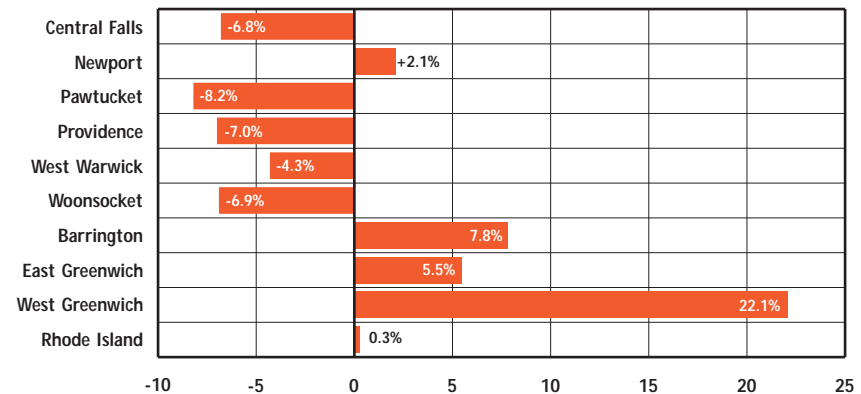
inequality between the top and bottom of the income distribution grew most in the 1980s and 1990s.⁴

Communities with above-average income inequality have higher mortality rates than communities with comparable incomes but lower inequality.⁵ Families are at increased risk for homelessness when their incomes fall even while the economy grows, as they are less likely to be able to afford higher housing costs.⁶ Increased income disparities lead to geographic segregation as wealthier families move to the suburbs. This can result in unequal school funding from property taxes.⁷

Due to the tight labor market and the increase in the minimum wage, very low-paid workers experienced slight wage increases in the late 1990s.⁸ In 2001, the wage for a low-wage worker in Rhode Island (those in the bottom fifth of the wage scale) was \$8.61, 7% above the national rate.⁹

Earnings increase dramatically with education level. Higher educational attainment results in increased earnings across all racial and ethnic categories.¹⁰ In Rhode Island, women with a high school diploma earn 43% more than those without one. Women still earn less than men across all educational levels.¹¹

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 significant increases in median household income between 1989 and 1999 while the lowest income communities had real declines in income.¹²
- ◆ Of the six core cities, those communities with child poverty rates over 15%, only Newport experienced an increase in real income over the decade of the 1990s.¹³
- ◆ Income is highly correlated with educational attainment. In Rhode Island's lowest-income communities, adults over age 25 are far less likely to have completed high school and less likely to have completed some college, obtained a bachelor's degree or completed a graduate degree.¹⁴
- ◆ In the U.S. in 2001, people without a high school diploma earned only two-thirds (64%) of the earnings of a high school graduate and less than half (45%) of the earnings of an individual with a bachelor's degree.¹⁵

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Table 5.

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
Burrilville	\$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

^{1,2,13,14} U.S. Bureau of the Census, Census 2000.

^{2,3} *Census Data Show Increases in the Extent and Severity of Poverty and Decline in Household Income* (September 2002). Washington, DC: Center on Budget and Policy Priorities.

^{4,5,6,7} Bernstein, J., McNichol, E.C., Mishel, L. et.al. (April 2002). *Pulling Apart: A State-By State analysis of Income Trends*. Washington, DC: Center on Budget and Policy Priorities and the Economic Policy Institute.

^{8,9} Mishel, L. and Bernstein, J. (2002). *The State of Working America 2002-2003*. Washington, DC: Economic Policy Institute.

^{10,15} *Money Income in the United States*: 2001 (September 2002). Washington, DC: U.S. Bureau of the Census.

¹¹ *The Status of Women in Rhode Island* (November 2002). Washington, DC: The Institute for Women's Policy Research.