

Real Income Change in the Fifth District

This issue of *5th District Footprint* examines change in real mean income for the middle quintile of households in the Fifth District following the Great Recession. The Congressional Budget Office estimates that from 1979 to 2013, inflation-adjusted post-tax income grew 1 percent per year for households in the bottom 20 percent and 3 percent per year for households in the top 1 percent.¹ Unequal growth at the ends of the income distribution has received much attention in recent years, but what income trend has the middle quintile experienced since the Great Recession?²

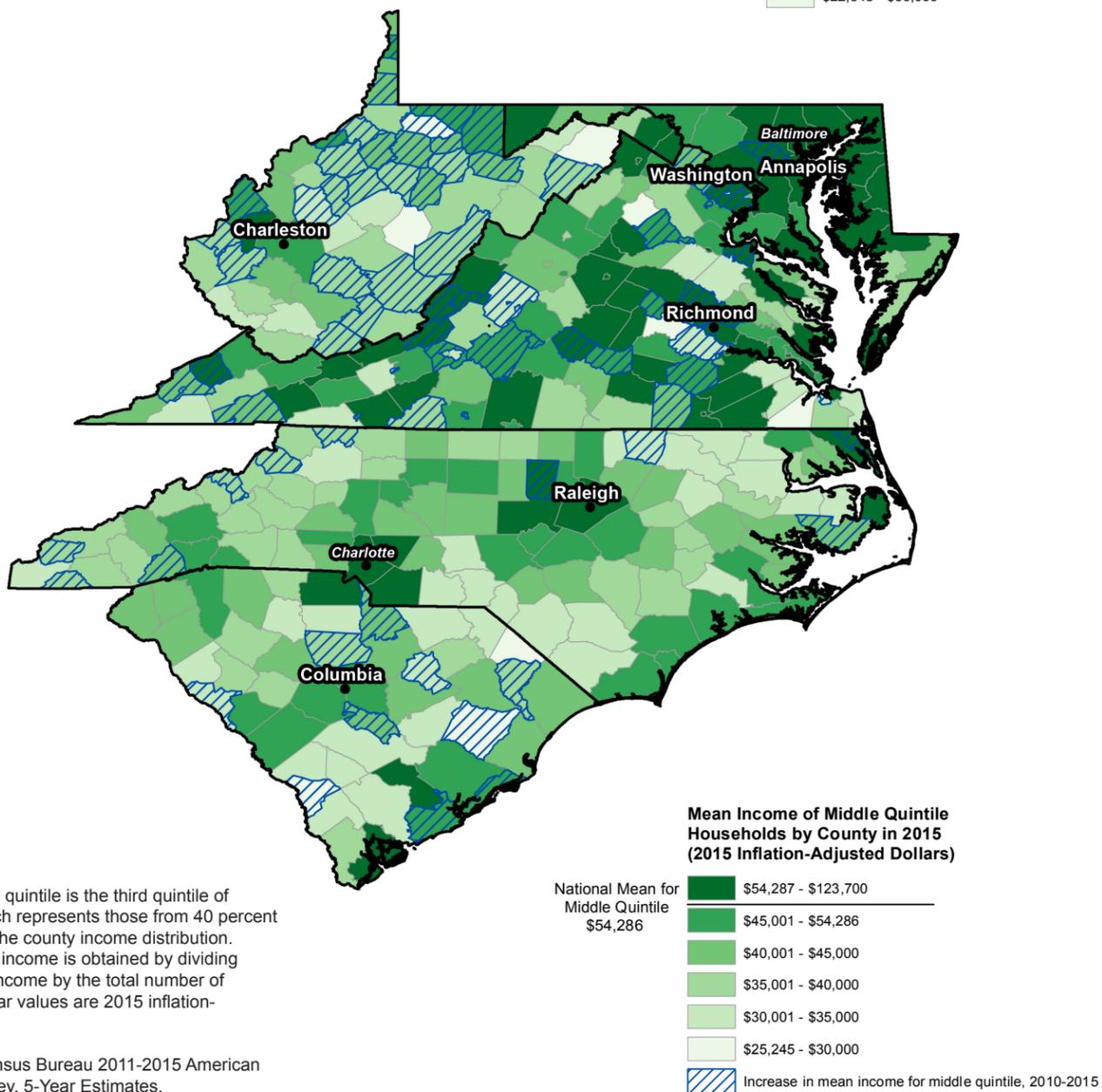
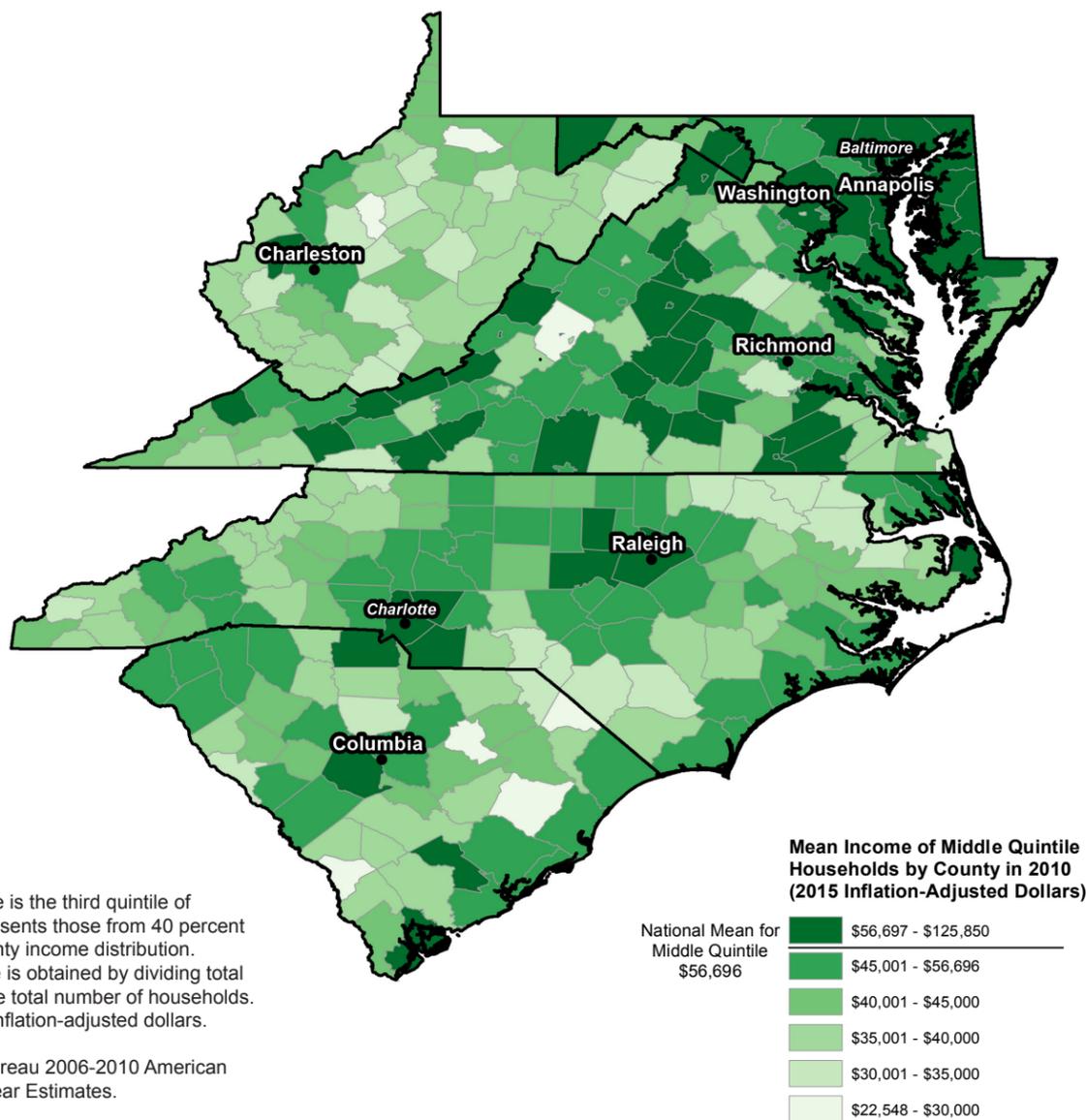
The U.S. Census Bureau provides the real mean pre-tax income for each quintile across a variety of geographic distinctions annually through the American Community Survey. The middle quintile contains the households between 40 percent and 60 percent of the income distribution. By definition, real income data are adjusted for inflation, and the income values in this issue are reported in 2015 inflation-adjusted dollars. Nationally, the real mean income for the middle quintile decreased from \$56,696 in 2010 to \$54,286 in 2015. This represents a 4.3 percent decrease over five years, or an average annual decrease of approximately 0.9 percent.

Within the Fifth District, Maryland, North Carolina, South Carolina and Virginia experienced decreases in real mean income for the middle quintile from 2010 to 2015. West Virginia experienced almost no change, while the District of Columbia experienced a 2.1 percent average annual increase. Of the states in the Fifth District, Maryland had the highest real mean income for the middle quintile in both 2010 and 2015 (\$76,979 and \$74,898, respectively) while West Virginia had the lowest (\$41,824 and \$41,866, respectively).

Of the 359 counties in the Fifth District, 78.8 percent (283 counties) experienced a decrease in real mean income for the middle quintile post-Great Recession. County-level reductions in real mean income averaged 1.2 percent annually, which equates to a \$2,834 average decrease in real mean income over five years. Charlotte County, Virginia, experienced the largest dollar value reduction at \$14,423 (\$57,694 in 2010 compared to \$43,271 in 2015).

The 76 Fifth District counties (21.2 percent) that experienced real mean income increases from 2010

to 2015 averaged approximately 1 percent growth annually. The average dollar value of these increases was \$2,034 per household over the time period of interest. Hanover County, Virginia, experienced the largest dollar value increase in real mean income for the middle quintile, as real mean income rose \$9,876 from \$53,209 in 2010 to \$63,085 in 2015.



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¹ "The Distribution of Household Income and Federal Taxes, 2013," Congressional Budget Office, 2016.

² "Middle quintile" is not representative of the "middle class" as there is no standard definition of "middle class."