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NEW CENSUS DATA REVEAL GROWING INCOME GAPS IN THE DISTRICT

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Income figures for 2008 released today from the Census Bureau show that household incomes in the District did not change significantly in the most recent year, but there have been notable changes over the past decade. In particular, the data reveal growing gaps in income by race and educational level and by geography. While incomes have risen for white households and those with the most advanced educations, incomes have been stagnant or falling for others. In addition, incomes have risen only in the western part of the city, while dropping or remaining flat in others.

Median household income in the District of Columbia rose from \$56,400 in 2007 to \$57,900 in 2008, according to the Census Bureau's American Community Survey. (All figures in this analysis are adjusted for inflation to equal 2008 dollars.) The approximately \$1,500 increase however, was not statistically significant. Since 2000, median household in the District has increased by nearly \$7,000 — with most of that occurring since 2005 — a 13 percent increase that is statistically significant.

These income figures do not reflect the most serious effects of the recent economic downturn, which became most severe in 2009. When data for 2009 are released next year, they likely will show that incomes have fallen.

As discussed below, the income gains that occurred prior to the recent downturn were not shared widely.

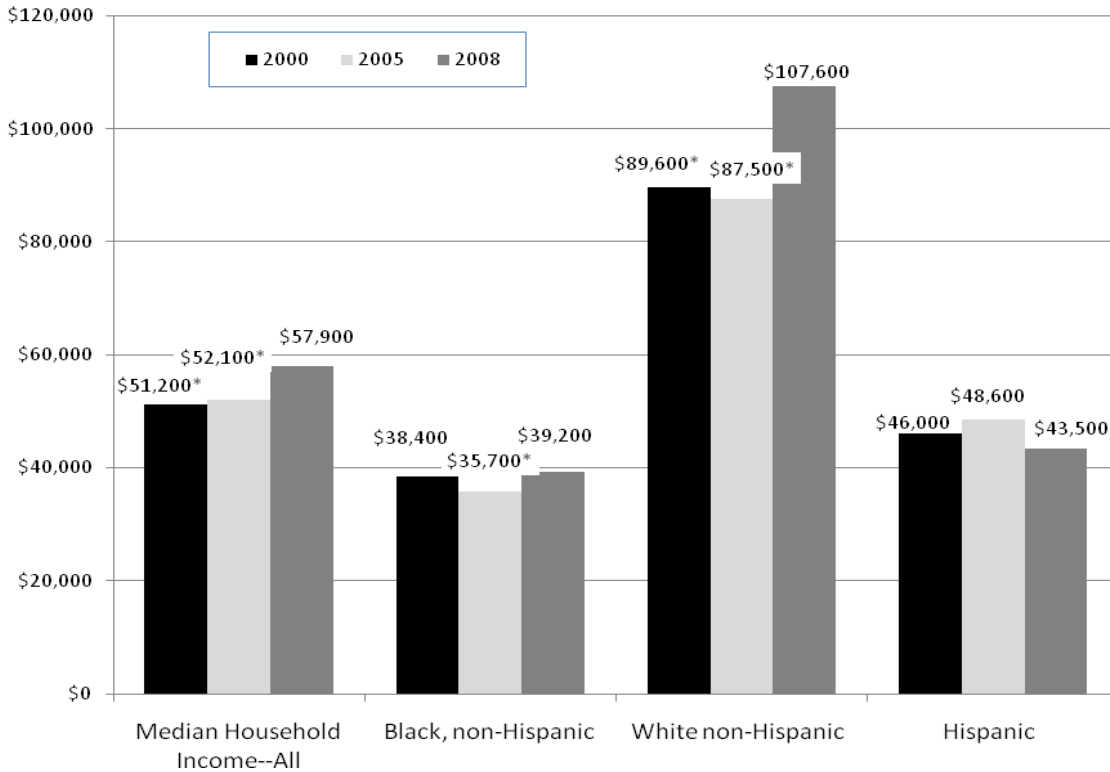
Only White DC Residents Have Seen Incomes Rise this Decade

When DC's median household income is examined by race and ethnicity, white residents are the only group that has seen a statistically significant increase since 2000. In fact, the median household income for non-Hispanic white households rose 20 percent during this period, from \$89,600 in 2000 to \$107,600 in 2008.

For Black residents (non-Hispanic), median household income fell between 2000 and 2005 and then increased from 2005 to 2008. While the recent increase was significant — a 10 percent increase — it only offset the earlier decline. Median household income for Black DC residents stood at \$39,200 in 2008, just two percent higher than the 2000 figure of \$38,400. This change is not statistically significant.

For Hispanic households, median income fell five percent between 2000 and 2008, from \$46,000 to \$43,500, but this change was not statistically significant.

FIGURE 1: DC MEDIAN HOUSEHOLD INCOME, BY RACE/ETHNICITY



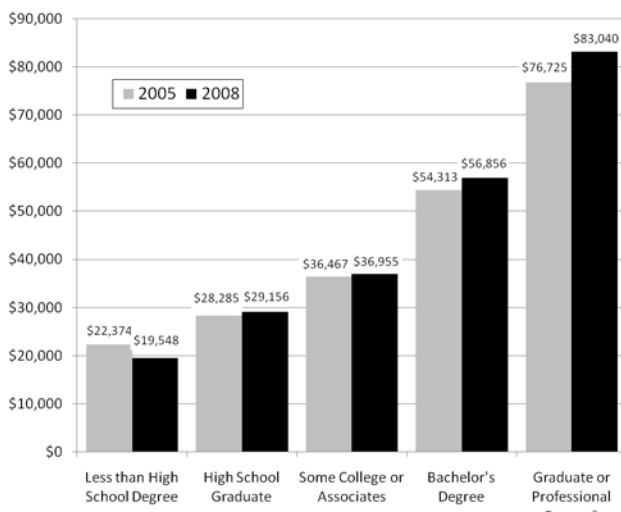
Source: DCFPI Analysis of the 2008 American Community Survey. Median Household Income adjusted for inflation to equal 2008 dollars. The breakout does not include Asian or 'Other' race categories as nearly all of the data reported for these two groups were not statistically significant. *Statistically significant at 90 percent level or greater.

Income Fell for DC Lowest-Educated Residents in 2008

DC residents with the lowest levels of education saw their incomes fall significantly from 2007 to 2008. In 2007, median household income for those with less than a high school diploma was \$23,400. In 2008, the same group saw its median earnings fall almost \$4,000 (in inflation-adjusted terms) to \$19,500. The income changes for all other education groups were not statistically significant.

Looking back to 2005, the only DC residents that have experienced a significant increase in income are those with a graduate or professional degree. Median household income for this group increased by more than \$5,000 (adjusting for inflation), from \$76,700 in 2005 to \$83,000 in 2008 (Figure 2).

FIGURE 2: DC MEDIAN HOUSEHOLD INCOME, BY EDUCATION LEVEL



Source: DCFPI Analysis of 2008 American Community Survey. Median household income for 2005 adjusted for inflation to equal 2008 dollars. *Statistically significant at 90 percent level or greater.

Incomes Have Grown in Recent Years Only in Western Parts of the District

The Census Bureau divides the District into five geographic areas, known as PUMAs. (Future data will allow a more detailed geographic analysis.) A review of the new Census income figures shows that incomes remained unchanged in most areas between 2007 and 2008, growing only in an area in the center of the city that mostly encompasses Ward 2. Since 2005, incomes have grown substantially in western portions of the city, while incomes fell in an area that mostly encompasses Ward 4 and were stagnant in Wards 5, 7, and 8.

- Between 2007 and 2008, median household income grew by a statistically significant level only in the Census-defined area that includes most of Ward 2 and some of Wards 1 and 6 — known as PUMA 5. (See PUMA map on next page.) Median household income in PUMA 5 rose from \$61,000 in 2007 to \$69,000 in 2008. (Both figures are in 2008 dollars.) Changes in incomes in the other four areas of DC were too small to be statistically significant.
- Between 2005 and 2008, incomes rose in PUMA 5 as well as in the area that includes Ward 3, the portion of Ward 4 that is west of Rock Creek Park, and the northern part of Ward 2 (PUMA 1). In PUMA 5, median income rose from \$53,000 to \$69,000 during this period, while median income in PUMA 1 rose from \$86,600 to \$106,000. These two areas now have the highest median incomes in the District.
- Median income fell in the area that includes the portion of Ward 4 east of Rock Creek Park and the northern part of Ward 1 — PUMA 2 — between 2005 and 2008. The median household income fell from \$61,300 to \$51,600, a decline of 15 percent.
- In the area that includes most of Ward 5 and most of Ward 6 — PUMA 3 — median household income increased from \$55,600 in 2005 to \$62,600 in 2008, but the change was not statistically significant.
- Median household income in the area that includes Ward 7 and Ward 8 (PUMA 4) increased from \$32,700 in 2005 to \$34,700 in 2008, but this change also was not statistically significant. This area has the lowest median household income in the city.

TABLE 1: CHANGE IN MEDIAN HOUSEHOLD INCOME BY AREA OF THE DISTRICT

| Area Name | Wards Included | Median Income 2005 | Median Income, 2008 | Change |
|-----------|--------------------------------|--------------------|---------------------|--------|
| PUMA 1 | Mostly Ward 3, some Ward 2 & 4 | \$86,600 | \$106,000 | 22%* |
| PUMA 2 | Mostly Ward 2, some Ward 1 & 6 | \$61,300 | \$51,600 | -16% |
| PUMA 3 | Ward 5 and Ward 6 | \$55,600 | \$62,600 | 13% |
| PUMA 4 | Mostly Ward 7 and Ward 8 | \$32,700 | \$34,700 | 6% |
| PUMA 5 | Mostly Ward 2, some Ward 1 & 6 | \$53,400 | \$68,700 | 29%* |

Source: DCFPI Analysis of the 2008 American Community Survey. Figures adjusted for inflation equal to 2008 dollars. * Change was statistically significant.

District of Columbia Public Use Microdata Areas (PUMA) (2000) and Wards (2002)



Ward Boundaries
PUMA Boundaries

Source: NeighborhoodInfo DC
Created: July 25, 2008

