

How Much Do Vermonters Earn?

At first blush, that seems to be a pretty simple question. But we need to ask whether we're looking at individuals, households, or families. Do we include fringe benefits, like employer-paid retirement and health insurance? How about government assistance, like Medicaid, Medicare, Social Security, food stamps, rental assistance, and the like?

The ACS

In the past, we relied on the decennial Census to answer at least some of those questions, but that meant that we had to wait ten years for accurate data. Beginning with the 2010 Census, the Census Bureau will no longer ask those questions. Instead, in the early part of this decade, it began sampling a very large number of addresses in the U.S. (800,000) every year to get annual data on income and a variety of other subjects. Now, the American Community Survey (ACS) data for 2008 income, as well as many other indicators, has just been released for the states.

In 2008, the inflation-adjusted median income, which does not include benefits, of all Vermont households (any related or unrelated people living together, including single persons) was \$52,108, up very slightly from 2007 and about \$1,000 more than 2006.

That's not much in the way of real income growth. Nationally, median household income was down about 1% in 2008 but up 2% from 2006. Vermont's median income was just about equal to the U.S. median in 2008, which is consistent with other current and historical comparisons of Vermont to the nation.

Median Income (Constant 2008 Dollars)			
Vermont	2006	2007	2008
Households	\$51,047	\$51,741	\$52,104
Families	\$61,929	\$63,955	\$63,438
Men, Full Time	\$42,679	\$41,842	\$41,778
Women, Full Time	\$33,672	\$35,256	\$34,424
Chittenden Cnty	2006	2007	2008
Households	\$58,570	\$60,326	\$62,171
Families	\$78,708	\$79,682	\$75,950

The inflation-adjusted median income of all families in the state (a family is a household consisting of two or more people living together who are related by blood or marriage) was \$63,438 in 2008, down about \$500 from the year before but up \$1,500 from two years ago. Both family and household income are experiencing subpar growth, given that we expect real incomes to grow by about 2% per year, or about \$1,200 annually, on average.

The ACS also provides income by sex for those workers who are working full time, year round. Men earned about 25% more than women, probably due to the industries in which they work and due to the fact that women take more time off from the labor force to raise children.

The ACS also provides data for large counties and cities. For Vermont, that means we have some data only for Chittenden County. Income levels in Chittenden County are significantly higher than for the state as a whole, which is not surprising given that urban areas tend to have higher incomes than rural areas. Median household income in Chittenden County in 2008 was \$62,171, about \$10,000 or 20% above the state average.

Median family income in Chittenden County was \$75,950, about \$4,000 less than the year before. Still, median family income in Chittenden County is 20% above the statewide median.

Did Vermont Incomes Fall 10%?

The ACS differs from another Census Bureau income source, the Current Population Survey (CPS). The CPS is a much smaller sample than the ACS. The CPS median household income estimate recently made a stir in the Vermont media when they reported that median income fell by 10.3% in Vermont — the steepest decline in the nation. That's actually the decline from the 2005-06 average to 2007-08 average. The Census Bureau uses a two-year average because the sample sizes in the states are so small.

Nationally, median incomes were unchanged by that measure, so Vermont's experience was a real outlier.

We find the ACS estimates believable and the CPS estimates unreliable for a number of reasons. First, the 2005-06 Vermont median was 9% above the national average. Vermont historically has had a