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States' Income and Poverty Gains Even More Widespread in 2015 Than Initially Reported

By Isaac Shapiro and Arloc Sherman

Median incomes not only definitively grew in 39 states in 2015 — as the Census Bureau reported in September¹ — but also showed strong signs of improvement in the other states taken together, an analysis of the Census' American Community Survey (ACS) data shows. The analysis also shows that poverty rates dropped decisively in nearly half the states and fell in the remaining states as well when considered as a group. The ACS includes a much larger sample size than the Census Bureau's Current Population Survey and therefore produces substantially more information about state trends, although even its sample size is not always large enough to fully capture trends in smaller states.

Median Incomes Rose Across the Country

The ACS indicates that in 39 states and the District of Columbia, median household incomes grew by a statistically significant — that is, statistically reliable — amount in 2015 (see Table 1). (All median income findings discussed here are adjusted for inflation.)

In each of the 11 other states,² median household income was larger in 2015 than in 2014³ but the difference was not large enough to be statistically significant. Most of these states are among the nation's least populous,⁴ so the sample sizes in the ACS are not large enough to identify the year-to-year changes as statistically significant. For example, median household income ticked up by more

¹ Kirby G. Posey, "Household Income: 2015," American Community Survey Briefs, Census Bureau, September 16, 2016, <https://www.census.gov/library/publications/2016/acs/acsbr15-02.html>. The Census Bureau's poverty report is Alemayehu Bishaw and Brian Glassman, "Poverty: 2014 and 2015," Census Bureau, September 16, 2016, <https://www.census.gov/library/publications/2016/acs/acsbr15-01.html>.

² Those 11 states are Alaska, Arkansas, Delaware, Idaho, Iowa, Mississippi, Nevada, New Jersey, New Mexico, North Dakota, and West Virginia.

³ Note that the ACS "2015" data reflects incomes from both 2014 and 2015 due to the lagged timing of the ACS. Throughout the year, the ACS asks different households about their incomes over the previous 12 months, so ACS interviews in the early part of 2015 mostly refer to 2014, while interviews conducted later in the year are more about 2015.

⁴ An exception was New Jersey, one of the dozen largest states. It saw the smallest income gain of any state in 2015 (0.3 percent, not a significant change).

than 2 percent in Alaska, Delaware, Mississippi, North Dakota, and West Virginia, but none of these increases passed the statistical significance test.

This marked the first time in the ACS's 15-year history that median household incomes rose in all 50 states and the District of Columbia, whether the change was statistically significant or not.

Moreover, even the states where statewide income growth was not statistically significant showed signs of progress as a group. When the 11 states are combined as if they were one state, we calculate that median income for all of their households together rose roughly 1.4 percent. Moreover, we calculate that this combined increase is statistically significant, even though each state's increase is not, because the combination of states has a larger sample size and, thus, more reliable income data, than any one state alone.

Decline in Poverty Was Widespread

The ACS also shows that the poverty rate fell by a statistically significant amount in 23 states in 2015. In 23 of the other 27 states and the District of Columbia, the poverty rate edged downward but not by enough to be considered significant.⁵

However, the *combined* poverty rate for these 28 jurisdictions did fall by a statistically significant amount in 2015, from 14.2 percent to 13.9 percent, we calculate. As with the income estimates, the improvement for the combination of states is significant — even though none of the individual declines is — due to their larger combined sample size.

Progress Likely Continuing in 2016 in Most States

More progress in both incomes and poverty is required to fully recapture the substantial ground lost due to the Great Recession. And, to be sure, not all areas are gaining to the same degree. Further, circumstances in some states could have worsened since the 2015 survey.

Nonetheless, national trends in earnings and employment suggest that economic conditions are still improving in most states. Further, this pattern of widespread growth is more likely to continue if policymakers continue to pursue policies that keep the nation's labor market tight as well as policies that provide a special boost to low-wage workers, such as increases in state and local minimum wages⁶ and new or expanded state refundable tax credits for working families.⁷

⁵ Poverty rates ticked up in Arkansas (up 0.2 percentage points), Idaho (0.3 percentage points), Mississippi (0.5 percentage points), and Nebraska (0.1 percentage point), but none of these changes were statistically significant.

⁶ Elise Gould, "Wages grew more for low-wage workers in states that raised their minimum wage in 2015," Economic Policy Institute, March 2, 2016, <http://www.epi.org/publication/wages-grew-more-for-low-wage-workers-in-states-that-raised-their-minimum-wage-in-2015/>.

⁷ Erica Williams, "States Can Adopt or Expand Earned Income Tax Credits to Build a Stronger Future Economy," Center on Budget and Policy Priorities, updated January 19, 2016, <http://www.cbpp.org/research/state-budget-and-tax/states-can-adopt-or-expand-earned-income-tax-credits-to-build-a>.

TABLE 1

Median Household Income in 2014 and 2015, in Inflation-Adjusted 2015 Dollars

	2014	2015	Percent change
United States	\$53,713	\$55,775	+3.8
States where increase in median income is statistically significant			
Alabama	42,895	44,765	+4.4
Arizona	50,094	51,492	+2.8
California	61,990	64,500	+4.0
Colorado	61,351	63,909	+4.2
Connecticut	70,112	71,346	+1.8
District of Columbia	71,659	75,628	+5.5
Florida	47,496	49,426	+4.1
Georgia	49,360	51,244	+3.8
Hawaii	69,615	73,486	+5.6
Illinois	57,478	59,588	+3.7
Indiana	49,484	50,532	+2.1
Kansas	52,556	53,906	+2.6
Kentucky	43,014	45,215	+5.1
Louisiana	44,601	45,727	+2.5
Maine	49,527	51,494	+4.0
Maryland	74,070	75,847	+2.4
Massachusetts	69,223	70,628	+2.0
Michigan	49,874	51,084	+2.4
Minnesota	61,535	63,488	+3.2
Missouri	48,401	50,238	+3.8
Montana	46,363	49,509	+6.8
Nebraska	52,707	54,996	+4.3
New Hampshire	66,557	70,303	+5.6
New York	58,928	60,850	+3.3
North Carolina	46,585	47,830	+2.7
Ohio	49,340	51,075	+3.5
Oklahoma	47,575	48,568	+2.1
Oregon	51,124	54,148	+5.9
Pennsylvania	53,290	55,702	+4.5
Rhode Island	54,978	58,073	+5.6
South Carolina	45,277	47,238	+4.3
South Dakota	51,012	53,017	+3.9
Tennessee	44,403	47,275	+6.5
Texas	53,105	55,653	+4.8
Utah	60,976	62,912	+3.2
Vermont	54,205	56,990	+5.1
Virginia	64,982	66,262	+2.0
Washington	61,426	64,129	+4.4

TABLE 1

Median Household Income in 2014 and 2015, in Inflation-Adjusted 2015 Dollars

	2014	2015	Percent change
Wisconsin	52,709	55,638	+5.6
States where increase is not significant for the state alone (but is significant when states are considered together)			
Alaska	71,671	73,355	+2.3
Arkansas	41,302	41,995	+1.7
Delaware	59,746	61,255	+2.5
Idaho	47,890	48,275	+0.8
Iowa	53,771	54,736	+1.8
Mississippi	39,702	40,593	+2.2
Nevada	51,500	52,431	+1.8
New Jersey	71,994	72,222	+0.3
New Mexico	44,837	45,382	+1.2
North Dakota	59,039	60,557	+2.6
West Virginia	41,073	42,019	+2.3

Source: U.S. Census Bureau, 2014 and 2015 American Community Surveys; CBPP estimates for 11 pooled states based on ACS table B19001.