



Minnesota Income in the 2005 American Community Survey

- Minnesota incomes are above the national average.
- Adjusting for inflation and taking into account methodological differences, no firm conclusions can be drawn about changes in household and family incomes.
- Households with a householder between the ages of 25 and 64 receive 85 percent of all income.
- White households have higher incomes than nonwhite and Latino households.
- The more education people have, the higher their earnings.
- Men earn more than women.

Minnesota Median Income is above Average

Minnesota's median household income was \$52,054 in 2005, according the American Community Survey conducted by the U.S. Census Bureau. Minnesota ranked 11th among states, well above the national median of \$46,242. Household incomes were highest in New Jersey (\$61,672) and Maryland (\$61,592) and lowest in Mississippi (\$32,938) and West Virginia (\$33,452).

Minnesota's median family income, \$63,998, ranked tenth-highest among states. The U.S. median family income was \$55,832. Family income exceeds household income because non-family households generally have lower incomes than families. Nonfamily households are those with only one person or where unrelated people live together. On average nonfamily households are smaller and have fewer earners. One-person households, which make up more than a quarter of all households in Minnesota, tend to have especially low incomes. They often contain an older person living on a modest retirement income.

All the measures of median income are subject to sampling error; Minnesota might really be a few ranks above or below tenth or eleventh. The differences between Minnesota and the U.S. are statistically significant.

Median household and family income, 2000 to 2005 Minnesota and U.S.

	In current \$\$	
	U.S.	Minnesota
Median Household Income		
2000 Census (1999 income)	\$41,994	\$47,111
2000 Census, adjusted for inflation	\$43,396	\$48,683
2000 Supplementary Survey	\$41,486	\$47,753
2001 Supplementary Survey	\$42,317	\$49,834
2002 American Community Survey	\$43,057	\$49,352
2003 American Community Survey	\$43,564	\$50,100
2004 American Community Survey	\$44,684	\$50,860
2005 American Community Survey	\$46,242	\$52,054

	In current \$\$	
	U.S.	Minnesota
Median Family Income		
2000 Census (1999 income)	\$50,046	\$56,874
2000 Census, adjusted for inflation	\$51,717	\$58,772
2000 Supplementary Survey	\$49,628	\$57,394
2001 Supplementary Survey	\$50,844	\$59,401
2002 American Community Survey	\$51,742	\$60,214
2003 American Community Survey	\$52,273	\$61,417
2004 American Community Survey	\$53,692	\$62,538
2005 American Community Survey	\$55,832	\$63,998

Source: U.S. Census Bureau

Is Income Going Up or Down?

Minnesota median household income in the 2005 American Community Survey was lower than in the 2000 Census. This does not necessarily indicate a real decline in income. In their analysis, Nelson, Welniak and Posey found that national household income was 4 percent higher in the 2000 Census than in the 2000 Supplementary Survey conducted at the same time. Since the Supplementary Survey used procedures similar to the American Community Survey, methodological differences provide a possible explanation for the discrepant findings and suggest that 2000 Census incomes should not be compared to ACS results. The 2000 Census collected data at a single point in time (April of 2000) on income in the previous calendar year, while the ACS is conducted continuously and respondents are asked their incomes for the preceding 12-month period.

In addition to the methodological issues, sampling margins in the Supplementary Survey and the early years of the American Community Survey were large. Another issue is that there is some ambiguity about the correct values to use for inflation adjustments given the varying time periods used for data collection. If comparisons are confined to the numbers from the 2002 to 2005 American Community Surveys, the results are challenging to interpret. The general direction of the medians appears to be downward, but the household income changes do not meet the threshold of statistical significance. The high numbers for 2005 household income remain (in some cases barely) above the low numbers for 2002 and other years covered by the ACS. The decline for family income does surpass the standard significance level, but the difference is small.

Minnesota Median Household and Family Income, Adjusted for Inflation to 2005 \$\$

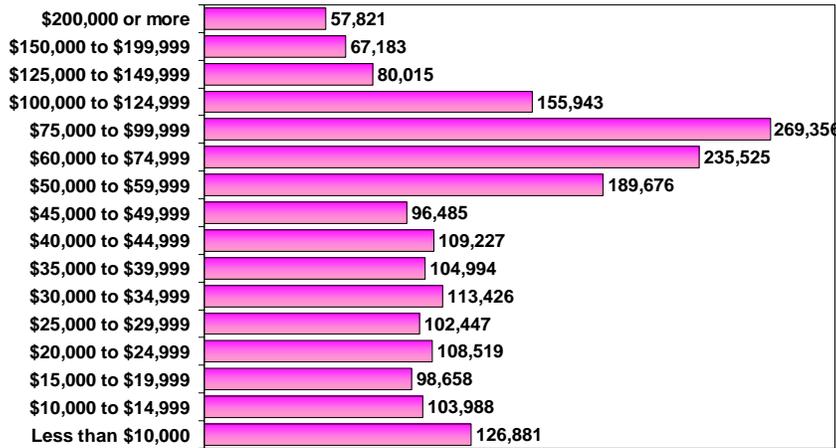
	Low	Point (median)	High
Household Income			
2000 Census	N/A	\$55,120	N/A
2000 Supplementary Survey	\$54,412	\$55,871	\$57,330
2001 Supplementary Survey	\$51,519	\$52,824	\$54,129
2002 American Community Survey	\$52,150	\$53,794	\$55,437
2003 American Community Survey	\$51,882	\$53,106	\$54,330
2004 American Community Survey	\$51,629	\$52,386	\$53,518
2005 American Community Survey	\$51,688	\$52,054	\$52,420

	Low	Point (median)	High
Median Family Income			
2000 Census	N/A	\$66,543	N/A
2000 Supplementary Survey	\$65,722	\$67,151	\$68,580
2001 Supplementary Survey	\$61,044	\$62,965	\$64,886
2002 American Community Survey	\$64,690	\$65,633	\$66,576
2003 American Community Survey	\$63,601	\$65,102	\$66,603
2004 American Community Survey	\$63,471	\$64,414	\$65,358
2005 American Community Survey	\$63,382	\$63,998	\$64,614

Source: U.S. Bureau of the Census
 Inflation rate adjustment from
<http://woodrow.mpls.frb.fed.us/research/data/us/calc/>

Approximately 361,000 Minnesota households, 18 percent of the total, have incomes of \$100,000 or more. About 330,000 households have incomes under \$20,000.

Distribution of Minnesota household income, 2005 ACS



Income is for 12 months preceding survey. Subject to sampling error.

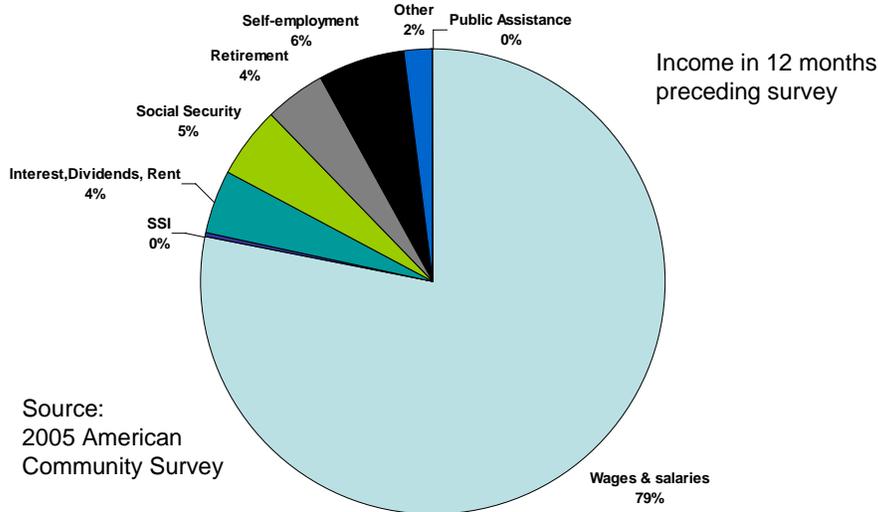
American Community Survey Income Data Differs from Bureau of Economic Analysis Data

The American Community Survey provides a look at Minnesota household and family income trends. Unlike the Bureau of Economic Analysis data (see *Population Notes* September, 2006, OSD-06-123), which focuses on per capita and aggregate income, the ACS examines data at the household, family and individual level. The methodology used is also quite different. Data is collected in a household survey rather than being based on administrative records as in the BEA. The 2005 ACS provides data for larger cities and counties, those with a population over 65,000. The BEA does not have city data but provides information for counties of all sizes.

Minnesota Income Exceeds \$133 Billion

Minnesotans received annual aggregate income of more than \$133 billion, according to the 2005 American Community Survey. Earned income accounts for 85 percent of Minnesota household income – about 79 percent comes from wages and salaries and another 6 percent from self-employment income.

Almost 80% of household income comes from wages and salaries

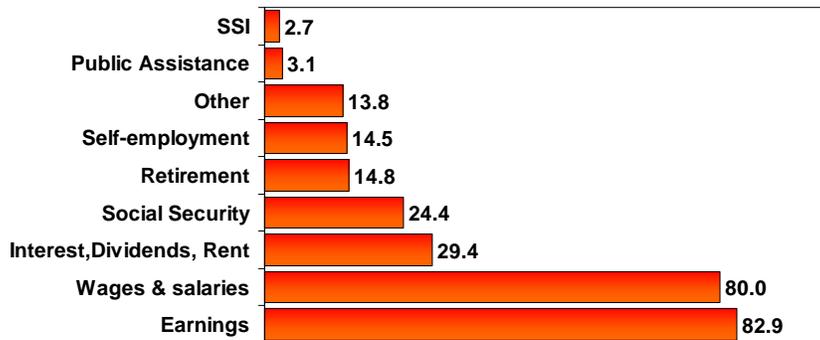


Other major income sources include Social Security (5 percent), retirement income (4 percent) and interest, dividends and rent (4 percent). Public assistance accounts for less than one percent of income.

Eighty-three percent of all households reported earned income, 29 percent reported asset income from interest, dividends and rent, and 24 percent received Social Security. Supplemental Security Income and public assistance were received by 3 percent of households.

More than 80% of Minnesota households receive earned income

% of households receiving this type of income in last 12 months



2005 American Community Survey

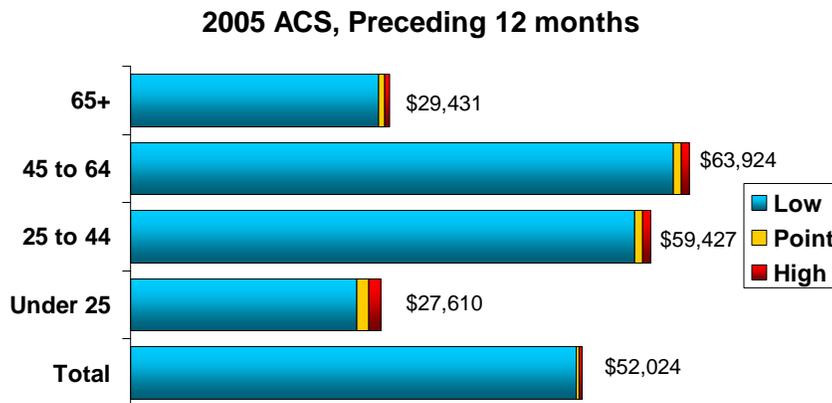
Many households receive more than one type of income. For example, retirees may receive both Social Security and income from a pension. People who receive wages and salaries may also receive income from investments.

Incomes Peak in 45-64 Age Group

Incomes are higher if the householder is between the ages of 25 and 64. Households in this age bracket account for 85 percent of aggregate income in Minnesota. Households under age 25 account for only 3 percent of all income, and those over 65 for about 12 percent.

Median income peaks among householders ages 45 to 64, and a quarter of households in this age group have incomes over \$100,000. People in their late 40s and 50s are often at their earnings peak, and many have accumulated assets that produce interest, dividend or rent income. Households headed by someone under age 25 have the lowest incomes. Young people are just starting their work lives, have little job experience and have not had time to build up assets.

Minnesota 45-64-year-old householders have highest incomes



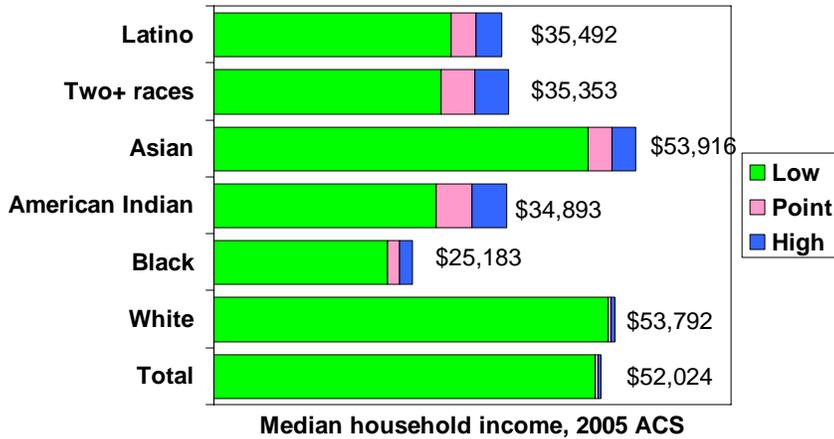
Median household income

Figures on bars are the medians.

Whites and Asians Have Higher Incomes

Households with a white or Asian householder have substantially higher incomes than do households from other racial or ethnic groups. The median income for Asian households in the 2005 American Community Survey was slightly higher than for white households, but the difference is not statistically significant. Median income for black alone households was less than half that of white or Asian households.

White and Asian households in Minnesota have higher incomes



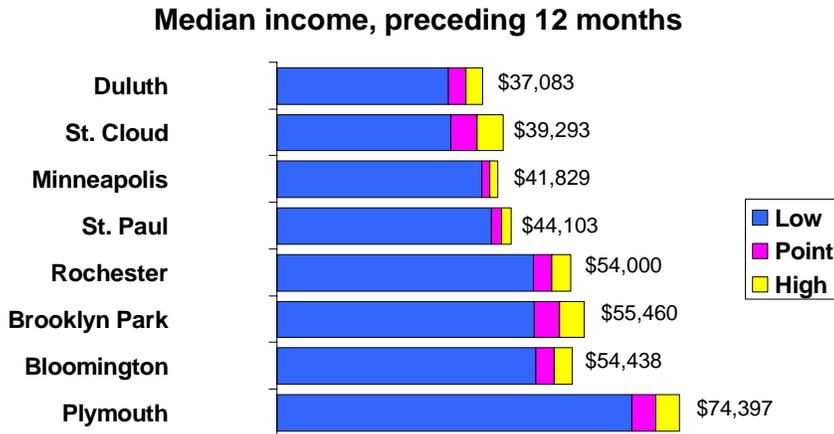
2005 American Community Survey data. Race alone data. Race/ethnicity is that of the householder. Income is for 12 months preceding survey. Numbers on bars are the medians.

Because of their higher incomes and larger population numbers, white households account for 94 percent of Minnesota aggregate income.

Suburban Incomes Are Higher

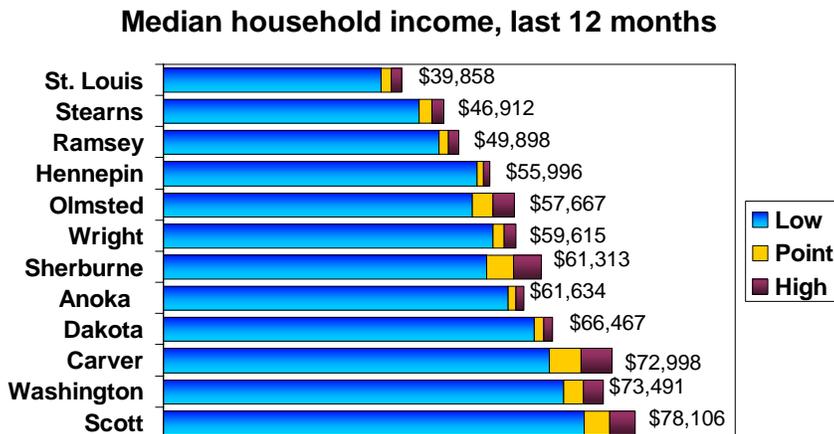
The American Community Survey gives data for cities and counties with populations of 65,000 or more. Of the eight cities covered by the survey results, Plymouth had the highest median household income and Duluth had the lowest. Of the twelve counties included, Scott County posted the highest income and St. Louis County the lowest.

Median household income by city, 2005



American Community Survey. Figures on bars are the medians.

Median household income by county, 2005



2005 American Community Survey. Figures on bars are the medians.

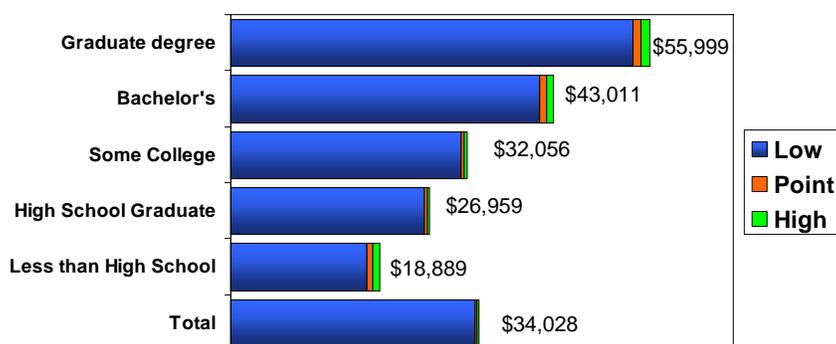
Suburban counties also include the highest proportion of households with incomes of \$100,000 or more. About 35 percent of Carver County households had incomes over \$100,000, compared to 9 percent of households in St. Louis County.

Earnings Higher for Those with More Education; Men Out Earn Women

In addition to collecting data on household income, the American Community Survey supplies information about the earnings of individuals with different demographic characteristics. Gender is a strong predictor of earnings. In the 2005 ACS Minnesota men reported median earnings of \$41,411, compared to \$27,746 for women. Minnesota ranked 15th on median male earnings and 15th on median female earnings.

Minnesotans with More Education Have Higher Earnings

Median Annual Earnings of People 25+ Who Had Earnings, Previous 12 Months

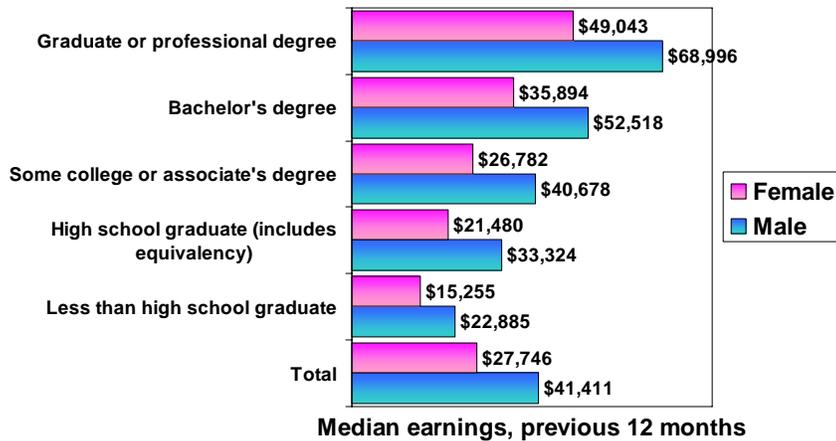


2005 American Community Survey. Figures on bars are the medians.

Educational attainment is also a powerful predictor of earnings. College graduates earned more than twice as much as people who did not complete high school and 60 percent more than people who graduated from high school but did not attend college.

Within each educational category, women earn considerably less than men. The median earnings for women with a Bachelor's degree are only slightly higher than for men who did not advance beyond high school graduation.

At every educational level, Minnesota males have higher earnings



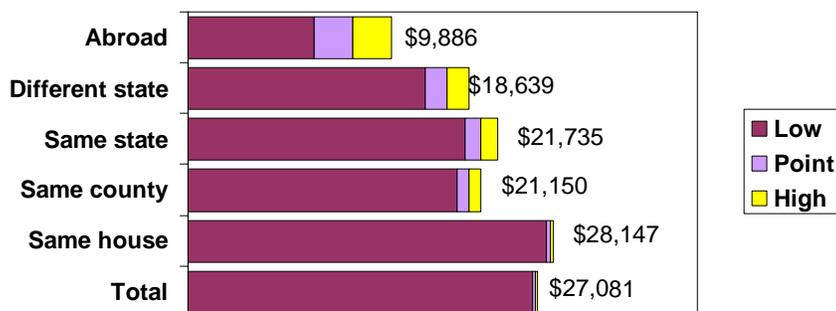
2005 American Community Survey. Based on adults 25+ who had income.

Non-movers Have Higher Incomes than Movers

People who are living in the same house as last year have higher incomes than people who have moved. People who moved to Minnesota from another country have the lowest individual incomes. Movers are often younger people who are less established in their careers. People moving from other countries may have had only part of a year to make money.

Non-movers have higher incomes than movers

2005 American Community Survey, median personal income by residence one year ago



Income is for 12 months preceding survey. Numbers on bars are the medians.

Sources:

American Community Survey data can be found on American FactFinder,
<http://factfinder.census.gov/home/saff/main.html>

Charles Nelson, Edward Welniak, and Kirby G. Posey, "Income in the American Community Survey: Comparisons to Census 2000." U.S. Census Bureau, Washington, DC 20233.
http://www.census.gov/acs/www/Downloads/ACS/ASA_nelson.pdf

2000 Census technical documentation for Summary File 3
<http://www.census.gov/prod/cen2000/doc/sf3.pdf>

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