

# Economic Vitality

## Indicator 2: Increase Percentage of Prosperous Individuals

### Measure b: Median Household Income Adjusted for Inflation

#### Description:

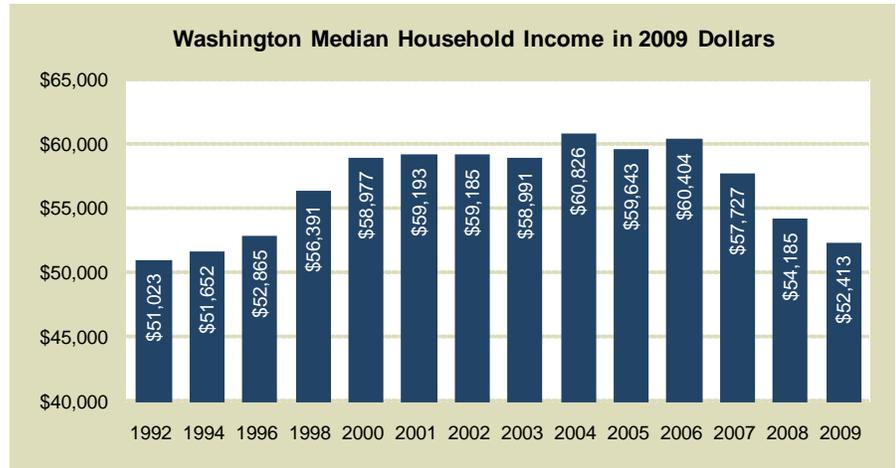
Washington's median household income is the midpoint in the range of household incomes, for which half of the households have higher incomes, and half of the households have lower incomes.

Household income is often the combination of two or more income earners pooling the resources. The residents of the household do not have to be related to the householder for their earnings to be considered part of the household's income. The median hourly wage is adjusted for inflation using the

U.S. Implicit Price Deflator for Personal Consumption so that all years are shown in 2007 dollars.

Median household income is similar in importance to median wages -- it is a measure of the overall economic well-being of households. For some purposes, it is preferable indicator to wages because of the prevalence of two (or more) wage-earner households.

The following graph shows a significant surge in household incomes in 1998 and 2000. This was a result of the confluence of two major factors impacting Washington -- the peak of the Dot-Com run-up and the peak of the stock option phenomena. The moderating of incomes after 2000 reflects the bursting of the Dot-Com bubble (and the recession that ensued), and the maturing of technology stock prices that fed the stock options. The more recent decline in median household income reflects the losses related to the most recent recession.



Median Household Income	
1992	\$51,023
1994	\$51,652
1996	\$52,865
1998	\$56,391
2000	\$58,977
2001	\$59,193
2002	\$59,185
2003	\$58,991
2004	\$60,826
2005	\$59,643
2006	\$60,404
2007	\$57,727
2008	\$54,185
2009	\$52,413

#### Sources:

[OFM Median Household Income Estimates by County](#)

#### Related Information:

[U.S. Census Bureau](#)