

The Income Dynamics of U.S. Middle class Households From The Mid-1990s To 2012

John J. Hisnanick¹

Program Participation and Income Transfer Branch

Social, Economic and Housing Statistics Division

U.S. Census Bureau, Washington, DC

¹ This paper reports the results of research and analysis undertaken by a Census Bureau staff member. It has undergone a more limited review than official Census Bureau publications. This paper is presented to inform interested parties of research and encourage discussion. The views expressed are those of the author and not necessarily those of the U.S. Census Bureau.

Abstract

The United States (U.S.) prides itself on the mobility that individuals, families and households achieved through the opportunities afforded from a robust economy with a strong industrial and manufacturing base. Since the middle of the 20th century, a vibrant middle class was viewed as an antidote to poverty. More specifically, it served as an incentive for individuals to work and improve their economic position, as well as providing answers to those who worried that the income disparity between those in the bottom and top of the income distribution was too large. In the post-war era, the dream of being part of the U.S. “middle class” was reached by many. However, the data suggests that these households experienced a shrinking share of aggregate income, while the disparity between the bottom and top of the income distribution became wider. Even before the most recent recession, the literature argued that the decline in domestic manufacturing, while affecting all U.S. households, most directly influenced middle class households. This paper continues and expands the discussion concerning middle-income households using data from a nationally representative longitudinal survey of U.S. households -- the Survey of Income and Program Participation (SIPP). Data from the four recent SIPP panels (1996, 2001, 2004 and 2008) allows a more dynamic picture to unfold regarding the experience of middle-income (or middle class) households at the end of the 20th century, as well as the first decade of the 21st century.

Using data from the 1996 SIPP panel, between 1996 and 1999, the relative income share for middle class households was estimated to be 40.4 percent and the income ratio of these households relative to households in the 90th and 95th income percentile was 3.7 and 4.8, respectively. From the 2001 SIPP panel, between 2001 and 2003, notable changes were observed for middle class households. While the relative income share for these households in 2001 was 40.7 percent, by 2003 these same households experienced a decline in their relative income share to 38.8 percent. Similarly, the income ratio of these households, relative to households in the 90th and 95th income percentile, was 3.6 and 4.5 in 2001. By 2003, the income ratio of these middle class households, relative to households in the 90th and 95th income percentile, increased to 4.2 and 5.7. Turning to the 2004 SIPP panel, the relative income share for middle class households was 33.1 percent in 2004 and the income ratio of these middle class households, relative to households in the 90th and 95th income percentile, were 4.0 and 5.2. By 2007, the relative share for these same households increased to 39.3 percent but their income ratios relative to households in the 90th and 95th percentile remained unchanged. Clearly, middle class households have experienced a decline in their relative income share and their incomes relative to households at the top of income distribution are becoming disparate. This paper will expand upon these findings by evaluating those household characteristics that may explain this continuing trend among U.S. middle class households.

What constitutes being “middle class?” For the United States (U.S.), there is neither an official government definition nor an unofficial consensus on what it means to be “middle class”. What exists is a notion that is relative and definitely subjective, but not definitive. From a subjective standpoint, the term middle class refers to a group of people with shared values, views, and behaviors, such as having a good education, a stable career, and resorting to reasoning and discussion rather than violence to settle disputes and disagreements (Coleman and Rainwater, 1978). However, most discussions regarding the idea of being middle class refers to a place within a particular range of the income distribution for individuals, families, or households (Isaacs, et al., 2008; Frank, 2007; Pressman, 2007; Davis and Hutson, 1992; Thurow, 1985). For example, looking at the U.S. household income distribution within the context of quintiles, the narrowest definition of a middle class household could be one with an income equal to or approximately equal to the median or mid-point of the distribution. A slightly more inclusive definition could be one that refers to an income range that puts the household within the middle quintile of the distribution and the most generous and inclusive definition could be one based on having an income that placed the household in the second, middle or fourth quintile of the distribution.

Irrespective of what definition is used to identify the U.S. “middle class” it has long been argued that a vibrant middle class is among the benefits of a competitive economic system and it contributes to economic growth, as well as social and political stability (Barro, 1999). Moreover, a large and growing middle class has been viewed as being an antidote for poverty, as well as providing an incentive for individuals to work and improve their economic position, and provided an answer for those who worry that the disparity between the top and bottom of the household income distribution is too large (Daly, 1997). Even though there continues to be much discussion on defining who is in the “middle class,” a good deal of debate and public policy lays claim to supporting, or being implemented for, the good of the “middle class.”

As the second decade of the twenty-first century is well underway, what can be said about the U.S. “middle class?” This paper explores this issue using a longitudinal data source that provides a representative sample of U.S. households in this segment of the income distribution and investigates declines or increases occurring for these households’ aggregate

share of income over the last decade. The next section presents a brief discussion of the relevant literature regarding the U.S. middle class, followed by a description of the data. Then a discussion of the findings from the data on the nature of mobility, among middle class households, will be presented, followed by a concluding discussion on the paper's findings and how these findings contribute to the ongoing debate regarding these households and their position in the income distribution.

Literature Review

It has long been argued that the overall strength and vitality of an economy is best reflected by what is known about the status of those in the middle of the income distribution. In his second essay on population, Malthus (1803) noted that “our grounded expectations of an increase in the happiness of the mass of human society are founded in the prospect of an increase in the relative proportions of the middle parts.” Attaining a middle class living standard has long been recognized as carrying with it a feeling of success and personal accomplishment. From a more recent perspective, the issue of the declining middle class became an issue of research and study during the 1980s. Kutter (1983) first drew attention to the fact that the traditional U.S. middle class family was disappearing. This was later followed by several studies looking at the middle class with a focus on the public policy implications resulting from their decline (Lawrence, 1984; Belous, LeGrande and Cashell, 1985; Levy, 1987).

Levy (1987), using data from the 1980 U.S. Census and annual income data collected in the Current Population Survey, argued that because of a healthy economy median family income steadily increased through economic growth, with the U.S. postwar economy experiencing such growth from 1947 to 1973. New records were set every one to three years for median family, with it doubling by 1973 and such steady income growth was assumed to be a given. For example, in 1947 median family income stood at \$14,100 (in 1984 dollars) and by 1959 it increased by 37 percent to \$19,300 and similarly by 1973 to \$28,200, or 46 percent. In addition, during this postwar period income inequality remained roughly constant because the whole income distribution kept moving to higher levels as most people improved their situation. By 1975 the phenomena of continued income growth ended and median family income declined, but briefly bounced back to pre-1975 levels by the end of 1979. However, median family income

fell sharply during the 1980-82 recession and remained relatively constant or flat throughout the remainder of the decade.

This sudden break in twenty-six years of income growth followed by twelve years of income stagnation continued to be a major research interest for this twentieth-century postwar period. Arguments that were presented to explain the decline of the middle class income in the 1980s focused on demographic and institutional changes, as well as macroeconomic factors and changes in public policy that were occurring to the economy during that time (Pressman, 2007). From a structural perspective, it was argued that the principal cause of the decline of the middle class was a reduction in both the economy's industrial base and the associated loss of jobs in this sector, as well as the associated decline in unionization (Thurow, 1984; Bluestone and Harrison, 1988). During the 1980s, there was a shift to high technology and service jobs that tended to pay either very high or very low wages, which replaced the well-paying jobs in basic manufacturing - long the mainstay of the blue-collar middle class. From a demographic perspective, others argued the entry of the baby-boom cohort into the labor market, the rising number of two-income families and college graduates, as well as rising divorce rates and the associated growing number of families headed by women resulted in a decline in the number of people that fell into the middle income group (Lawrence, 1984; Beach, 1989, and Levy, 1987). In hindsight, many differing arguments and opinions have been used to explain the decline of the middle class in the 1980s, none of which supported the reversal that occurred in the following decade.

Following the 1980s was a decade that has been referred to as the "fabulous decade" (Blinder and Yellen, 2001). During this time, on average, the U.S. economy experienced greater growth, lower unemployment, and lower inflation than other major industrial nations. Real Gross Domestic Product increased 32 percent, unemployment dropped below 5 percent and inflation averaged around 4 percent annually. In addition, Federal deficit spending turned into a budget surplus.² During the 1990s, compared to the previous decade, an abundance of jobs and rising real wages seemed to make the middle class lifestyle accessible once again, to more

² U.S. Council of Economic Advisors (2003). Economic Report of the President: 2003. Appendix B, Tables 2, 42, and 60.

families and the concerns of the previous decade regarding the fate, and demise, of the U.S. middle class waned.

In the early years of the decade, 1990 to 1994, the noted prosperity was not equally reflected among all households' income. More specifically, the mean income of households in the middle quintile of the income distribution declined, on average at an annual rate 0.82 percent, while the mean household income of those in the top quintile, on average, increase of 2.8 percent. However, from 1995 to 1999 the full effect of the decades' prosperity was being reflected among household's income. For example, during this latter five-year period, the income of those households in the middle quintile experienced an annual average increase of 2.5 percent, households in the top quintile experienced an annual average increase of 2.8 percent, and even those households in the bottom quintile experienced an averaged increase of 3.0 percent per year (DeNavas-Walt, et al., 2008). In addition, during this period the aggregate shares of household income in the middle and top quintile remained stable (Hisnanick and Walker, 2004).

At the start of the twenty-first century, the 2000s, the economy was showing signs of slowing down relative to the robust economic growth and income advances that occurred in the previous decade. Households found themselves facing a recession, followed by a recovery that resulted in moderate economic growth, but minimal growth in median household income (U.S. Council of Economic Advisors, 2007). For example, between 2000 and 2004, the mean income of households in the middle quintile of the income distribution experienced an annual average decline of 0.8 percent. Similarly, during this time period the mean income for households in the top and bottom quintile experienced average annual declines of 0.2 percent and 1.8 percent, respectively. In comparison, between 2005 and 2007 the mean household income for those in the middle, top, and bottom quintile experienced, on average, minimal annual increases of 0.8 percent, 0.4 percent, and 0.9 percent, respectively.

Starting in the last quarter of 2007, the U.S. economy entered into a recession that affected the incomes of all households across the income distribution, but greatly impacted those in the lower and middle portion of the distribution. Between September 2007 and September 2008 U.S. households lost an estimated \$9.9 trillion in total real wealth, following sharp declines

in both the housing and financial markets (Weller and Logan, 2009). Moreover, during that time the income gap between households in the top one-percent of the income distribution and those in the bottom fifth tripled (Sherman and Stone, 2010). Clearly, this economic contraction has left households in the bottom and middle of the income distribution in a weaker position to handle unexpected events, such as a job loss and extended periods of unemployment.

Over the last three decades the U.S. economy has shifted from its traditional manufacturing base to one focused on technology and service industries, thus shrinking and, in some cases, even eliminating those jobs that previously provided a middle class standard of living. The available data, and the discussion within the literature, suggests that incomes, and income growth, are becoming more polarized and the future of the middle class is in jeopardy. Because the middle class is important in so many ways, its decline has attracted the attention of, not only economists and sociologists, but the highest level of public office. In the early part of 2009, the U.S. President created the Middle Class Task Force, chaired by the Vice President, which focused on raising the living standards of middle class families. The policy recommendations that were proposed by that Task Force followed an economic rationale that is in-line with what the literature discusses as a way to alleviate the plight of the middle class.³

Shortly before the official onset of the Great Recession, in July of 2007, the seasonally adjusted unemployment rate was 4.7 percent, and median household income was \$56,100 (Thompson and Smeeding, 2014). Two years later, the recession was determined to be over, as GDP growth and other economic indicators appeared to recovered, but unemployment remained high, at 9.5 percent, and median household income was \$54,250. During the recovery period unemployment remained stubbornly high (above 9 percent) for most of 2010 and 2011, median household income continued to fall and hit a low-point in mid-2011, roughly ten percent lower than pre-recession levels. After mid-2011, the unemployment rate drifted down toward eight and then seven percent, and median household income began to slowly grow. By October 2013,

³ For a complete discussion of the recommendations proposed by the White House Task Force on the Middle Class, see the Annual Report of the White House Task Force on the Middle Class available on-line at: <[http://www.whitehouse.gov/sites/default/.../100226-annual-report-middle class.pdf](http://www.whitehouse.gov/sites/default/.../100226-annual-report-middle_class.pdf)>.

nearly five years after the end of the Great Recession, median income still remained seven percent below pre-recession levels, at \$52,300.⁴

The economic downturn of 2008-09 resulted in millions of lost jobs and billions in lost wealth, caused poverty to rise dramatically, and led to a fall in household incomes.

Now more than five years after the end of the Great Recession, the ensuing recovery has left unemployment high for an extended period and has been slow to restore income growth for most households, especially those in the middle of the distribution. The challenges facing the middle class took years to unfold and were greatly accentuated in the most recent economic contraction. It may take a similar amount of time, or longer, to adequately address and reverse these outcomes experienced by households in the middle of the income distribution.

Data, Definitions, and Methods

Data

In order to investigate the situation of households in the middle of the income distribution, this paper uses longitudinal household data from four consecutive panels of the Survey of Income and Program Participation (SIPP). These data provide a unique way to look at income mobility among households in the middle of the income distribution from both a static and dynamic perspective.⁵ The longitudinal data are from the 1996, 2001, 2004 and 2008 Survey of Income and Program Participation (SIPP). With few exceptions, original sample members are interviewed every 4 months over the duration of the panel, which usually lasted three or four years. The SIPP is a true longitudinal survey that tracks households, families, and people over time and employs a complex, two-stage sample design rather than a simple random sample. The SIPP interview asked households monthly questions on their demographic and

⁴ For a more detailed discussion of the impact of the Great Recession on the recovery of the economy, see Thompson and Smeeding (2014).

⁵ Much of what is known about the U.S. household income distribution is based upon data collected in the Current Population Survey (CPS), Annual Survey of Economic Characteristics (ASEC). Starting in the mid-1990s, the U.S. Census Bureau started publishing inequality metrics, such as the Gini coefficient, as well as the comparison ratio of average income by respective percentiles (such as the 90/10 comparison) within the income distribution. For more information see the P60-series of reports addressing annual estimates of income, poverty and health insurance status of the United States population.

economic characteristics, with special attention given to collecting monthly data on income sources and amounts, program participation and eligibility, and paid labor force experience.⁶

The duration of the 2001 SIPP panel was three-year, starting with a sample of 35,100 households and with nearly two-thirds of the households being interviewed nine times from February 2001 through December 2003. Similarly, the duration of the 2004 panel was four-year, starting with a sample of 35,100 households, of which two-thirds were interviewed 12 times from February 2004 through December 2004. All surveys experience some degree of nonresponse and attrition, and the SIPP is no exception. In the SIPP, as the number of interviews (waves) increases, nonresponse and attrition increases as well. While the rate of attrition may decline from one interview to the next, it increases, but stabilizes over time. In the 2001 SIPP panel, which covered three years for a total of 9 interviews, and the 2004 panel, which covered four years for a total of 12 interviews, sample attrition was just over one-third at the completion of the last round of interviews. The 2008 panel, started in the third quarter of 2008 and completed data collection in the fourth quarter of 2013, and is scheduled to contain 16 waves of monthly data. Currently, this panel provides four calendar years of data spanning 2009-2012.

Definitions

Household income in SIPP results from the aggregation of all income payments received by household members, age 16 and older. For each household member, total personal income is made up of three components; earned income, unearned/property income, and transfer program income. Earned income represents wage and salary income, self-employed earnings, and earnings from other work arrangements. Unearned/property income refers to all income generated from interest, dividends, lump-sum payments from insurance claims, payments from annuities and retirement, as well as payments received from trusts, estates, and royalties. The third component of income, transfer program income, refers to any cash payments received from social welfare programs, such as elderly, disability, and dependent payments from social security, Supplemental Security Income (SSI), Temporary Assistance to Needy Families (TANF) and general assistance and any other reported cash assistance from family, friends and charities.

⁶ For information on the SIPP sample design and other technical issues, visit www.census.gov/sipp.

This paper focused on those households that were interviewed in waves of the 1996, 2001, 2004 and 2008 SIPP panels.⁷ All income data was aggregated from a reported monthly amounts to an annual amount and adjusted to reflect 2012 dollars.⁸ Over these four SIPP panels the income dynamics for households were observed during two recessionary periods: 2001-2003 and the most recent, 2007-2009.

Methods

As previously mentioned, much of what is known about the U.S. household income distribution and inequality is based upon data collected in the Current Population Survey (CPS), Annual Social and Economic Supplement (ASEC).⁹ However, another source of data for studying the income distribution and inequality trends has focused on federal tax return data (Piketty and Saez, 2003).¹⁰ This study deviates from prior research in two ways. First, data sources are from four nationally representative surveys that collect longitudinal income data on U.S. households, the Survey of Income and Program Participations (SIPP). Second, for purposes of comparison and to facilitate the following discussion, the middle-income group is defined as those households with an annual income that places them into one of the five respective deciles: the 25th but less than the 35th percentile; the 35th but less than 45th percentile; the 45th but less than the 55th percentile; the 55th but less than the 65th percentile; and the 65th but less than the 75th percentile.

Findings

Descriptive Analysis of the Middle-Income Group

⁷ In this analysis the same households were followed from 1996 to 1999, from 2001 to 2003, from 2004 to 2007 and from 2008 to 2012. While not the same households, they do reflect a nationally representative group of households for the time period 1996 through 2012.

⁸ Household incomes were adjusted to reflect 2012 dollars using the Consumer Price Index for Urban Consumers Research Series (CPI-U-RS). The adjustment is based on the percentage changes in prices between earlier years and 2012 and is computed by dividing the annual average CPI for 2012 by the annual average for the earlier years. For more information on the CPI, see www.bls.gov/cpi/cpirsdc.htm.

⁹ See Atkinson, Rainwater, and Smeeding (1995), Atkinson and Brandolini (2001) and Gottschalk and Smeeding (1997) for reviews of the income distribution literature. Similarly, for more recent examples of the use of the CPS in measuring inequality trends in the United States, see Gottschalk and Danziger (2005) and Burkhauser, Feng, and Jenkins (2009) and Thompson and Smeeding (2014).

¹⁰ See Atkinson and Piketty (2007) and Leigh (2009) for a comprehensive review of the literature that used tax return data to examine inequality trends.

Middle-Income Households in 1996 and 1999. Based upon the 1996 SIPP panel, there were approximately 49.8 million households in 1996 with an income that placed them between the 25th and 75th percentiles in the income distribution. These middle-income households, overall, experienced an average annual income of \$48,734 and accounted for a 40.4 percent relative share (\$2.4 trillion) of the estimated \$6.0 trillion of aggregate total household income. The average annual household income, in 1996, for the five deciles that make up the middle-income group ranged from \$29,129, for those households in the decile between the 25th to less than the 35th percentile, to \$70,840, for households in the decile between the 65th to less than the 75th percentiles. Moreover, the relative share of aggregate total household income ranged from 4.8 percent for households in the 25th to less than the 35th decile to 11.8 percent for households in the 65th to less than the 75th decile (see table 1A).

(Table 1A and B here)

By 1999, these 49.8 million middle-income households experienced a 4.7 percent average annual increase (\$282.5 billion) in their aggregate total household income. At the specific deciles, average household income in 1999 ranged from approximately \$33,890, for those households in the 25th to less than the 35th decile, to approximately \$86,200, for those households in the 65th to less than the 75th decile. Their relative share of aggregate total household income ranged from 4.7 percent, for households in the 25th to 35th decile, to 12.0 percent, for households in the 65th to 75th decile. For middle-income households, between 1996 and 1999, even though the value of aggregate total household income increased 16.3 percent, both the overall relative share of total household income and the relative share for the five decile groups remained statistically unchanged.

One way to examine the issue of inequality is to construct a ratio, which compares the income of households at the 90th percentile of the income distribution to the income of those households in the middle income group (referred hereafter as the 90th ratio). In both 1996 and 1999, on average, households at the 90th percentile had an income 3.7 times greater than those households with an annual income that placed them between the 25th and 75th percentiles (the middle income group). For the five deciles in the middle income group, comparing their incomes relative to the income of households in the 90th percentile ranged from 6.2 for those

households in the 25th but less than the 35th percentile to 2.6 for those households in the 65th but less than 75th decile. Similarly, when comparing the income of households in the 95th percentile to income of households in the middle income group (referred hereafter as the 95th ratio), on average, households in the 95th percentile experienced incomes that were 4.8 time greater than households in the middle income group. This ratio value ranged from 8.0 when compared to the incomes of households in the 25th but less than the 35th decile to 3.3 when compared to the incomes of households in the 65th but less than the 75th decile (see table 1A). Between 1996 and 1999, the value of the ratio comparing the incomes of households in the 90th and 95th percentiles to the incomes of households in the middle income group was statistically unchanged.

Out of 49.8 million U.S. households in the middle of the income distribution, those in the decile between the 25th but less than 35th percentile and those in the decile between the 65th but less than the 75th percentile experienced the least movement within the middle of the income distribution between 1996 and 1999. As shown in figure 1, 44 percent of households (4.3 million) starting in the 25th but less than the 35th decile and 39.4 percent of households (3.9 million) starting in the 65th but less than the 75th decile in 1996 remained in these respective deciles in 1999. By comparison, the majority of households that were in the 35th but less than the 45th decile, the 45th but less than the 55th decile, and the 55th but less than the 65th decile in 1996 experienced considerable movement within the middle of the income distribution by 1999, with 34.1 percent, 32.5 percent, and 33.0 percent of households remaining in their original middle income decile.

(Figure 1 here)

More specifically, between 1996 and 1999, 42.4 percent of households (4.2 million) that started in the 35th but less than 45th decile moved to a higher decile, while 23.5 percent (2.3 million) experienced a drop in income that resulted in them moving to the 25th but less than 35th decile. Of households that started in the 45th but less than 55th decile, 35.6 percent of households (3.5 million) experienced an increase in income that resulted in them moving to a higher decile and 31.9 percent of households (3.2 million) experienced a decline in income that resulted in them moving to a lower decile. Of households that started in the 55th but less than 65th decile in 1996, 25.4 percent (2.5 million) experienced an increase that resulted in them moving to the 65th

but less than 75th decile, while 41.5 percent (4.1 million) experienced a decline in income that resulted in them moving to a lower decile in the middle income group (see figure 1).

Middle-Income Households in 2001 and 2003. The average income in 2001 for households in the five deciles that comprise the middle-income group ranged from \$33,177 for those households in the decile between the 25th but less than the 35th percentile to \$78,190 for those households in the decile between the 65th but less than the 75th percentile and their relative share of total household income ranged from 5.0 percent for households in the 25th but less than the 35th decile to 11.8 percent for households in the 65th but less than the 75th decile (see table 2A). The estimated 52.3 million households in this group accounted for 40.7 percent (\$2.8 trillion) of the aggregate value of total household income and an annual average income of \$53,974. By 2003, the households in the middle-income group experienced, on average, an annual increase of 2.2 percent (\$153.3 billion) in the value of their aggregate total income, which resulted in average household income increasing by \$990 annually. In addition, for four of the five deciles in the middle-income group, average household income increased, ranging from 0.8 percent for households in the 35th but less than 45th decile to 2.7 percent for households in the 65th but less than 75th decile.¹¹ However, between 2001 and 2003, the relative income share for middle income households decreased 1.9 percentage points (from 40.7 to 38.8 percent).

(Table 2A and 2B here)

Turning to the issue of inequality, once again ratios comparing the income of households at the 90th and 95th percentile of the income distribution to the income of those households in the middle income group (90th ratio and 95th ratio), on average, in 2001 those households at the 90th percentile had income 3.6 times greater than those households in the middle income group and those households at the 95th percentile had incomes that were 4.5 times greater than those households in the middle income group (see table 2A). Moreover, for the five deciles in the middle income group, the ratio comparing their incomes to the income of households in the 90th and 95th percentiles ranged from 5.8 and 7.3 for those households in the 25th but less than the 35th percentile to a low of 2.5 and 3.1 for those households in the 65th but less than 75th decile.

¹¹ Similarly, the least (\$270) and largest (\$2,190) absolute dollar gains in average household income among the five deciles occurred for households in the 25th to 35th decile and households in the 65th to 75th decile, respectively.

Similarly, for 2003 when comparing the income of households in the 90th and 95th percentile to income of households in the middle income group, on average, households in the 90th and 95th percentile experienced incomes that were 4.2 and 5.7 times greater than households in the middle income group. These ratio values ranged from 7.0 and 9.4 when compared to the incomes of households in the 25th but less than the 35th decile to 2.9 and 3.9 when compared to the incomes of households in the 65th but less than the 75th decile (see table 2A). Between 2001 and 2003, the ratio values comparing the incomes of households in the 90th and 95th percentiles to the incomes of households in the middle income group had increased, both overall and across the decile groups.

Between 2001 and 2003, of 52.3 million U.S. households in the middle of the income distribution, those in the 25th but less than 35th decile and those in the 65th but less than 75th decile experienced the least mobility within the middle of the income distribution (see table 2B). By 2003, 44.9 percent of households (4.8 million) that started in the 25th but less than 35th and 43.0 percent of households (4.6 million) starting in the 65th but less than 75th decile remained in these respective deciles. In comparison, the majority of households that were in the 35th but less than 45th decile, the 45th but less than 55th decile, and the 55th but less than 65th decile in 2001 experienced considerable mobility across the respective deciles by 2003, with 34.7 percent, 31.3 percent, and 33.0 percent remaining in their original middle decile (see figure 2).

More specifically, between 2001 and 2003, 43.0 percent of households (4.4 million) that started in the 35th but less than 45th decile moved up to a higher decile, while 22.3 percent (2.3 million) experienced a drop to the 25th but less than 35th decile. Of households that started in the 45th but less than 55th decile, 36.2 percent of households (3.8 million) moved up to a higher decile and 32.5 percent of households (3.4 million) moved to a lower income decile. Of households that started in the 55th but less than 65th decile in 2001, 25.1 percent (2.6 million) saw their income rise to the 65th but less than 75th decile, while 42.0 percent (4.3 million) experienced a decline in their middle income position (see figure 2).

(Figure 2 here)

Middle-income Households in 2004 and 2007. Based upon the 2004 SIPP panel, there were approximately 53.4 million households in 2004 with an income that placed them between the 25th and 75th percentiles in the income distribution. These middle-income households, overall, experienced an average income of \$54,692 and a relative share of 33.1 percent (\$2.5 trillion) of the estimated \$7.6 trillion of household income (see table 3A). The average household income for the five deciles that make up the middle-income group in 2004 ranged from \$34,321 for those households in the decile between the 25th to less than the 35th percentile to \$81,765 for households in the decile between the 65th to less than the 75th percentiles and their relative share of total household income ranged from 4.8 percent for households in the 25th to less than the 35th decile to 11.5 percent for households in the 65th to less than the 75th decile. By 2007, both the average annual income and relative shares for households in the middle income were comparable to 2004 values.

(Table 3A and 3B here)

On the issue of inequality, when comparing the incomes of those households at the 90th and 95th percentile of the income distribution to the income of those households in the middle income group (90th ratio and 95th ratio), on average, in 2004 those households at the 90th percentile had incomes 4.0 times greater than those households in the middle income group and those households at the 95th percentile had incomes that were 5.2 times greater than those households in the middle income group (see table 3A). Moreover, for the five deciles in the middle income group, the ratio comparing their incomes of those households in the 90th and 95th percentiles ranged from 4.0 and 5.2 for those households in the 25th but less than the 35th percentile to a low of 2.7 and 3.5 for those households in the 65th but less than 75th decile. By 2007, when comparing the incomes of households in the 90th and 95th percentiles to the income of households in the middle income group, on average, households in the 90th and 95th percentile experienced incomes that were 4.0 and 5.1 times greater than households in the middle income group. These ratio values ranged from 6.5 and 8.4 when compared to the incomes of households in the 25th but less than the 35th decile to 2.7 and 3.5 when compared to the incomes of households in the 65th but less than the 75th decile. Between 2004 and 2007, these ratio values

suggest that the level of inequality was widening for those households in the 25th but less than the 35th and 35th but less than 45th decile groups

Out of 53.4 million U.S. households in the middle of the income distribution, between 2004 and 2007 mobility was limited for those households in the 25th but less than 35th decile and those in the 65th but less than 75th decile groups (see table 3B). Forty-one percent of households (4.5 million) starting in the 25th but less than 35th decile and 41.9 percent of households (4.4 million) starting in the 65th but less than 75th decile in 2004 remained in these respective deciles in 2007. In comparison, the majority of households that were in the 35th but less than 45th decile, the 45th but less than 55th decile and the 55th but less than 65th decile in 2004 experienced considerable mobility across the middle deciles of the income distribution by 2007, with 33.9 percent, 33.1 percent and 35.3 percent remaining in their original middle income decile (see figure 3).

More specifically, between 2004 and 2007, 44.8 percent of households (4.8 million) that started in the 35th but less than 45th decile moved up to a higher decile, while 21.4 percent (2.3 million) experienced a drop to the 25th but less than 35th decile. Of households that started in the 45th but less than 55th decile, 34.4 percent of households (3.6 million) moved up to a higher decile and 32.5 percent of households (3.4 million) moved to a lower income decile. Of households that started in the 55th but less than 65th decile in 2001, 26.5 percent (2.8 million) saw their income rise to the 65th but less than 75th decile, while 38.3 percent (4.1 million) experienced a decline in their middle income position (see figure 3).

(Figure 3 here)

Middle-income Households in 2009 and 2012. The average income in 2009 for households in the five deciles that comprise the middle-income group ranged from \$31,807 for those households in the decile between the 25th but less than the 35th percentile to \$78,778 for those households in the decile between the 65th but less than the 75th percentile and their relative share of total household income ranged from 4.6 percent for households in the 25th but less than the 35th decile to 11.4 percent for households in the 65th but less than the 75th decile (see table 4A). The estimated 56.7 million households in this group accounted for 38.4 percent (\$3.0 trillion) of

the aggregate value of total household income and an annual average income of \$53,287. By 2012, the households in the middle-income group experienced, on average, an annual decrease of 0.1 percent (\$7.9 million) in the value of their aggregate total income and average annual income for the middle income group declined to \$52,475 by 2012. In addition, for the five deciles in the middle-income group, average household income decreased between 2009 and 2012, however, the relative income shares did not change.

On the issue of inequality, once again the ratios resulting from comparing the income of households at the 90th and 95th percentile of the income distribution to the income of those households in the middle income group (90th ratio and 95th ratio), on average, in 2009 those households at the 90th percentile had income 4.3 times greater than those households in the middle income group and those households at the 95th percentile had incomes that were 5.7 times greater than those households in the middle income group. Moreover, for the five deciles in the middle income group, these ratios comparing their incomes to the income of households in the 90th and 95th percentiles ranged from 7.1 and 9.5 for those households in the 25th but less than the 35th percentile to a low of 2.9 and 3.8 for those households in the 65th but less than 75th decile. Similarly, for 2012 when comparing the income of households in the 90th and 95th percentile to income of households in the middle income group, on average, households in the 90th and 95th percentile experienced incomes that were 4.3 and 5.8 times greater than households in the middle income group. These ratio values ranged from 7.3 and 9.7 when compared to the incomes of households in the 25th but less than the 35th decile to 2.9 and 3.9 when compared to the incomes of households in the 65th but less than the 75th decile. Between 2009 and 2012, the ratio values comparing the incomes of households in the 90th and 95th percentiles to the incomes of households in the middle income group remained unchanged overall and across the decile groups.

(Table 4A and 4B here)

Of 56.7 million U.S. households in the middle of the income distribution in 2009, movement among the decile groups was rather limited for those households in the 25th but less than 35th decile and those in the 65th but less than 75th decile groups (see table 4B). Between 2009 and 2012, 47.4 percent (5.3 million) of those households that were in the 25th but less than

35th decile and 46.2 percent (5.3 million) of those that were in the 65th but less than the 75th decile remained in these decile groups. By contrast, a majority of households that were in the 35th but less than 45th decile, the 45th but less than 55th decile, and the 55th but less than 65th decile in 2009 experienced considerable movement among the respective deciles by 2012, with 39.9 percent (4.5 million), 35.7 percent (4.1 million) and 35.3 percent (4.0 million) remaining in their initial decile grouping (see figure 4).

(Figure 4 here)

Between 2009 and 2012, 37.5 percent of households (4.2 million) that started in the 35th but less than 45th decile moved up to a higher decile, while 22.6 percent (2.5 million) experienced a drop to the 25th but less than 35th decile. Of households that started in the 45th but less than 55th decile, 31.7 percent of households (3.7 million) moved up to a higher decile and 32.6 percent of households (3.8 million) moved to a lower income decile. Of households that started in the 55th but less than 65th decile in 2009, 22.0 percent (2.5 million) saw their income rise to the 65th but less than the 75th decile, while 42.6 percent (4.8 million) experienced a decline in their middle income position.

Transitions Into the Middle-Income Group

The previous section discussed the average annual household income, relative shares, inequality metrics, as well as the proportion of households that transitions across the five decile groupings for middle-income households for the 1996, 2001, 2004, and 2008 SIPP panels. In this section, the emphasis shifts to those households that also experienced transitions by either moving into or out of the middle-income group for each of the respective SIPP panels.

Table 5 provides data on the number of households that started either below or above the middle-income group, as well as the portion of these households that moved into the group. The number of households that had incomes that placed them below the 25th percentile of the income distribution ranged from 24.5 million in 1996 to 27.9 million in 2009. By the end of each respective SIPP panel, the majority of households with incomes that initially placed them below the 25th percentile still had incomes that placed them below that percentile. For example, the proportion (and number) of households with incomes, that initially placed them below the 25th

percentile and their incomes remained below the 25th percentile, ranged from 67.4 percent (16.5 million) for the 1996 panel, 73.4 percent (19.0 million) for the 2001 panel, 70.6 percent (18.1 million) for the 2004 panel and 72.1 percent (20.1 million) for the 2008 panel.

(Table 5 here)

As seen in the top panel of table 5, by 1999, 32.6 percent of households (8.0 million) experienced an increase in household income that moved them from below the 25th percentile into the middle-income group. The largest proportion of those households, 13.4 percent of all households (3.9 million) with a 1996 income that placed them below the 25th percentile, experienced an increase in income that moved them into the decile between the 25th percentile and less than the 35th percentile in the middle-income group. Turning to the 2001 SIPP panel, by 2003, 26.6 percent of households (6.9 million) with incomes that placed them below the 25th percentile in 2001 experienced an increase in income that moved them into the middle-income group. Once again, the largest proportion, 12.0 percent of households (3.1 million) that moved into the middle-income group by 2003 had incomes that placed them in the decile between the 25th and less than the 35th percentiles.

Turning to the 2004 and 2008 SIPP panels, by 2007, 29.4 percent of households (7.6 million) experienced an increase in income that moved them into the middle-income group. Of those households with an initial income that placed them below the 25th percentile of the income distribution in 2004, 13.2 percent (3.4 million) move into the decile between the 25th and less than the 35th percentiles in the middle-income group. For the 2008 SIPP panel, 27.9 percent of households (7.8 million) with an income that placed them below the 25th percentile in 2009 experienced an increase in income by 2012 that moved them into the middle-income group. For those households that moved from below the 25th percentile, 11.3 percent of households (7.8 million) experienced an increase in income that moved them into the decile between the 25th and less than the 35th percentiles.

Moving to the bottom panel of table 5, the emphasis shifts to those households with an income that initially placed them at or above the 75th percentile of the income distribution, but they eventually experienced a decrease in their incomes that moved them into the middle-income

group. Across the four SIPP panels, the majority of households with initial incomes that placed them at or above the 75th percentile still had incomes by the final year that placed them at or above the 75th percentile. These proportions (and numbers) were 70.3 percent households (17.5 million) in the 1996 panel, 70.8 percent (18.5 million) in 2001 panel, 71.0 percent (19.4 million) in the 2004 panel and 74.0 percent (21.0 million) for the 2008 panel. In regards to where the most and least amount of movement occurred, for the 1996 panel, 12.4 percent of households (3.1 million) had incomes at or above the 75th percentile in 1996 and experienced a decrease in income by 1999 that placed them in the decile between the 65th and less than 75th percentiles. By comparison, from the 2008 panel, 11.3 percent of households (3.2 million) with incomes at or above the 75th percentile in 2009 experienced a decrease in income by 2012 that placed them in the decile between the 65th and less than 75th percentiles.

Transitions Out of the Middle-Income Group

In addition to transitioning into the middle-income group from below the 25th percentile and from at or above the 75th percentiles of the income distribution, it is also possible to identify those households that move out to either below or above the end point percentiles of the middle-income groups. Table 6 presents data that allows for a discussion of those households that transition out of the middle-income.

(Table 6 here)

Turning to the top panel of table 6, from the 1996 SIPP panel, between 1996 and 1999, 4.9 million households experienced a decline in income that moved them out of the middle-income group and placed them below the 25th percentile of the income distribution. Of those households that experienced declines in income by 1999 that moved them below the 25th percentile, initially 49.1 percent (2.4 million) of these households had incomes in 1996 that placed them in the decile between the 25th and less than the 35th percentiles. An additional 24.1 percent (1.2 million) households that moved below the 25th percentile initially also had incomes that placed them in the decile between the 35th and less than 45th percentiles. By contrast, from the 2008 SIPP panel, between 2009 and 2012, 7.08 million households experienced a decline in income that moved them below the 25th percentile of the income distribution. Of those

households that transition below the 25th percentile by 2012, 45.9 percent households (3.3 million) had incomes in 2009 that placed them in the decile between the 25th and less than the 35th percentiles. Additionally, 24.1 percent of households (1.7 million) had an income in 2009 that placed them in the decile between the 35th and less than the 45th percentiles.

The bottom panel in table 6 presents data for those households that experienced an increase in income, resulting in them transitioning out of the middle-income group, above or at the 75th percentile of the income distribution. For example, from the 1996 SIPP panel, between 1996 and 1999, there were 7.1 million households that transitioned out and above the middle-income group. Of those that moved out, 44.0 percent of households (3.1 million) had an income in 1996 that placed them in the decile between the 65th and less than the 75th percentiles. An additional 25.4 percent of households (1.8 million), with an income in 1996 that placed them in the decile between the 55th and less than 65th percentiles, experienced an increase in income that placed them at or above the 75th percentile in 1999. For the remaining SIPP panels (2001, 2004 and 2008), the majority of households that transition out of the middle-income group initially had incomes that placed them in either the decile between the 55th and less than the 65th percentiles or the decile between the 65th and less than the 75th percentiles. The next section expands upon the previous analysis by discussing selected demographic characteristics for householders of households that experienced transitions either into or out of the middle-income group.

Characteristics of the Householders of Households that Moved Into and Out of the Middle-Income Group

The previous section focused on those households that transition into the middle-income group. In this section, the discussion focuses on selected demographic characteristics of the household reference person, also referred to as the householder, that was involved in transitioning into or out of the middle-income group across the respective 1996, 2001, 2004 and 2008 SIPP panels.

In addition to moving among the deciles in the middle-income group, a more interesting issue concerns those households who transition into or out of it. Starting with the 1996 SIPP

panel, between 1996 and 1999, 4.9 million households experienced a decline in income that resulted in them moving to a position below the 25th percentile of the income distribution (see table 7, 2nd and 4th columns). Householders from this group were more likely to be female (53.5 percent), age 55 or older (53.5 percent), white (81.4 percent), not married (55.3 percent), and a level of educational attainment of a high school graduate or less (61.7 percent). By comparison, between 1996 and 1999, more households moved into the middle-income group (6.6 million) (see table 7, 4th column). For these households, their householder characteristics are similar to those householders that moved out of the middle-income group. That is, they were more likely to be female (56.1 percent), white (78.7 percent), and have an educational attainment of a high school graduate or less (59.7 percent). However, for those households that moved into the middle-income group, their householders were more likely to be 45 years old or younger (60.1 percent) and be married, spouse present (43.2 percent).

(Table 7 here)

Between 1996 and 1999, the number of households that experienced a change in income that resulted in them either moving out of the middle-income group to a position at or above the 75th percentile of the income distribution, or into the middle-income group from an initial position at or above the 75th percentile of the income distribution, are comparable (see table 7, 3rd and 5th columns). Relative to those householders from households that moved into the middle-income group from a position at or above the 75th percentile, the householders of households that move out of the middle-income to a position at or above the 75th percentile were more likely to be male (66.1 percent), white (85.8 percent), married, spouse present (61.5 percent), and more likely to be of prime working age, 25-54 years old (76.7 percent,). Both groups of householders had comparable levels of educational attainment.

Turning to the 2001 SIPP panel, between 2001 and 2003, 6.4 million households experienced a decline in income that moved them out of the middle-income group to a position below the 25th percentile of the income distribution. In contrast, by 2003, 6.1 million households experienced an increase in income that moved them into the middle-income group after initially having an income in 2001 that placed them in a position below the 25th percentile of the income distribution (see table 8, 2nd and 4th columns). For these two groups of households, once again,

both groups of householders were more likely to be female (53.6 percent and 55.4 percent) and white (82.2 percent and 79.9 percent), less likely to be married, spouse present (42.2 percent and 35.6 percent), and more likely to have a level of educational attainment of a high school graduate or less (56.5 percent and 54.9 percent). In looking at the age distribution for the two groups, the proportions for the all categories are comparable.

(Table 8 here)

For the number of households that experienced a change in income between 2001 and 2003 that resulted in them either moving out of the middle-income group to a position at or above, the 75th percentile of the income distribution or into the middle-income group from an initial position at or above the 75th percentile of the income distribution, were similar (see table 8, 3rd and 5th columns). Both groups of households are comparable in that their householders were more likely to be male (57.7 percent and 61.6 percent), white (85.5 percent and 88.0 percent), and having a level of educational attainment of at least some college, Associates degree, or vocational degree (66.3 percent and 72.7 percent). Those householders from households that moved into the middle-income group were more likely to be married (74.9 percent vs. 62.5 percent) and to be age 65 or older (10.4 percent vs. 7.1 percent) compared to those householders that moved out of the middle-income group to a position at or above the 75th percentile of the income distribution.

With the 2004 SIPP panel, over the four-year span of 2004 to 2007, approximately 14.0 million households in total experienced a decline in income or an increase in income that moved them out of or into the middle-income group (see table 9, 2nd and 4th columns). For 6.8 million households that moved below the 25th percentile by 2007 and the 7.0 million that move into the middle-income group from being below the 25th percentile in the income distribution in 2004, householders from these groups were comparable across certain characteristics. Both groups were more likely to female (56.7 percent and 62.0 percent), white (81.6 percent and 80.2 percent, have a level of educational attainment of at most of being a high school graduate (46.5 percent and 48.5 percent), with the age distribution for the two groups being similar. In contrast, householders from those households that move into the middle-income group by 2007 were less

likely to be married, spouse present and more likely to be never married relative to those householders that moved out of the middle-income group.

(Table 9 here)

A pattern regarding the characteristics of householders from households that transition into or out of a higher position in the income distribution is emerging. For example, between 2004 to 2007, over 14.0 million households experienced a change in income, resulting in them either moving out of the middle-income group to a position at or above the 75th percentile of the income distribution, or into the middle-income group from an initial position at or above the 75th percentile of the income distribution, were comparable (see table 9, 3rd and 5th columns). The householders of households that moved into or out of the middle-income group were more likely to be, white (84.7 percent and 87.1 percent), have a high level of educational attainment of a post-graduate degree (38.4 percent and 39.5 percent) and were more likely to be married, spouse present (74.2 percent vs. 65.0 percent).

For the recent 2008 SIPP panel, 7.1 million households experienced a decline in income between 2009 and 2012 that moved them out of the middle-income group to a position below the 25th percentile of the income distribution, and 7.1 million households experienced an increase in income that moved them into the middle-income group, after initially having an income that placed them in a position below the 25th percentile of the income distribution (see table 10, 2nd and 4th columns). For these two groups of households, once again, householders were more likely to be female (55.9 percent and 57.5 percent), white (80.2 percent and 77.5 percent), and had a level of educational attainment of a high school graduate or less (47.0 percent and 41.7 percent), but less likely to be married, spouse present (31.9 percent and 35.6 percent). Moreover, those householders from households that moved to a position below the 25th percentile were more likely to be age 65 or older.

(Table 10 here)

Between 2009 and 2012, the number of households that experienced a change in income that resulted in them either moving out of the middle-income group to a position at or above the 75th percentile of the income distribution, or into the middle-income group from an initial

position at or above the 75th percentile of the income distribution, were comparable (see table 10, 3rd and 5th columns). Both groups of householders, however, were more likely to white (86.6 percent and 83.7 percent), and had a high level of educational attainment with 44.0 percent and 43.0 percent reported having a post-graduate degree. In addition, householders from households that moved into the middle-income group were, once again, more likely to be married (73.5 percent vs. 67.8 percent) and to be age 65 or older (23.6 percent vs. 16.8 percent) compared to those householders that moved out of the middle-income group to a position at or above the 75th percentile of the income distribution.

Conclusion

Most U.S. citizens consider themselves members of middle class households, which raises the question of what does it mean to be “middle class?”. No single accepted definition of middle class appears in the literature but the prior discussion relied upon an income definition that was most inclusive. This definition focused on those households with an annual income that placed them between the 25th and 75th percentiles of the income distribution. Focusing on the five deciles that made up this middle-income group and by using data from four panels of the nationally representative Survey of Income and Program Participation (SIPP), it is hoped that some insights have been provided that show how middle class households have fared over the time period of 1996 through 2012 – the first decade of the 21st century.

Briefly, recapping the prior discussion, from the 1996 SIPP panel, an estimated 49.8 million households comprised the middle-income group, with these households accounting for 40.4 percent of the aggregate value of total household income. In regard to inequality metrics, comparing the incomes of households in the 90th and 95th percentiles to the income of households in the middle-income group it was found that the households in the higher percentiles had incomes 3.7 and 4.8 times greater than the incomes of households in the middle-income group (table 1A). Moving ahead to 2012, based upon the 2008 SIPP panel, an estimated 56.7 million households comprised the middle-income group, with these households accounting for 38.0 percent of the aggregate value of total household income. In regards to the inequality metrics for 2012, the ratios comparing the incomes of households in the 90th and 95th percentile of the income distribution to the income of households in the middle-income group indicated that

higher income households had incomes that were 4.3 and 5.8 times greater than the incomes of households in the middle-income group.

On the issue of income mobility over the duration of a SIPP panel, as observed in figures 1-4, there was a good deal of movement that occurred within the three middle deciles. Moreover, across most of the SIPP panels, a larger proportion of households initially in the decile between the 25th and less than 35th percentile, as well as the decile between the 65th and less than 75th percentiles, tended to remain in these deciles at the end of the panel. Between 1996 and 1999 (see figure 1), 39.4 percent of households that were in the decile between the 65th and less than 75th percentile remained in this upper decile of the middle-income group. In comparison, between 2009 and 2012 (see figure 4), 46.2 percent of those households that were in the decile between the 65th and less than 75th percentile remained in this upper decile of the middle-income group.

Regarding transitions into and out of the middle-income group, a large proportion of households with incomes that placed them either below the 25th percentile or above the 75th percentile of the income distribution tended to remain there by the end of the panel duration (table 6). For example, in 2009 approximately 27.9 million households had incomes that placed them below the 25th percentile of the income distribution. By 2012, 3.3 million of these households (11.8 percent) experienced an increase in income that moved them into the decile between the 25th and less than 35th percentiles. By comparison, there were 28.4 million households in 2009 with incomes that placed them at or above the 75th percentile of the income distribution. By 2012, 3.3 million households (11.3 percent) experienced a decline in income that placed them in the decile between the 65th and less than the 75th percentiles. For those households moving out of the middle-income group, the data in table 6 suggests that, over the duration of a SIPP panel, a large proportion of these households had incomes that placed them at the end deciles of the middle-income group.

So, what can be said about those households that move into and out of the middle-income group? In tables 7-10, selected demographic characteristics were presented for those householders of households that moved into or out of the middle-income group. Clearly, a pattern emerged for these individuals. Householders that moved into from below or out to below

the 25th percentile of the income distribution were more likely to be female, with low levels of educational attainment, and not married. By contrast, householders that either moved into from above or out above the 75th percentile of the income distribution were more likely to be male, have higher levels of educational attainment and more likely to be married. Among the groups that moved in or out of the middle-income group, the only observed difference was with respect to their age distribution.

The income mobility, and the growing inequality, experienced by the U.S. middle class are largely driven by macroeconomic issues, which can most effectively be examined with micro-level data. By using the Survey of Income and Program Participation, and the longitudinal aspects of these data, it was possible to assess household income mobility, as well as identify and assess traits and characteristics associated with either positive or negative changes in income over time. The prior discussion will serve as a starting point for future work looking into the plight of the middle class in America.

References:

- Atkinson, A. B. and Brandolini, A. (2001): Promises and Pitfalls in the Use of Secondary Data Sets: Income Inequality in OECD Countries as a Case Study. *Journal of Economic Literature* 39(3): 771-99.
- Atkinson, A.B. and Piketty, T. (2007): *Top Incomes over the Twentieth Century: A Contrast Between Continental European and English Speaking Countries*, Oxford: Oxford University Press.
- Atkinson, A. B., Rainwater, L. and Smeeding, T. (1995): Income Distribution in OECD Countries. Evidence from the Luxembourg Income Study. *Social Policy Studies No. 18*, Paris: Organization for Economic Cooperation and Development.
- Barro, R.J. (1999): Determinants of Democracy. *Journal of Political Economy*, Vol. 106(S6): S158-S183.
- Beach, C.M. (1989): Dollars and Dreams: A Reduced Middle Class? Alternative Explanation. *Journal of Human Resources*, Winter: 162-93.
- Belous, R., LeGrande, L., and Cashell, B. (1985): Middle Class Erosion and Growing Income Inequality: Fact or Fiction? Library of Congress, Congressional Research Service Report #85-203E.
- Blinder, A. S. and Yellen, J.L. (2003): *The Fabulous Decade: Macroeconomic Lessons for the 1990's*. Washington, DC: A Century Foundation Book, Brookings Institution Press.
- Bluestone, B. and Harrison, B. (1988): The Growth of Low-Wage Employment: 1963-86. *American Economic Review, Papers and Proceedings*, May: 124-28.
- Burkhauser, R.V., Feng, F. and Jenkins, S.P. (2009): Using the P90/P10 Ratio to Measure US Inequality Trends with Current Population Survey Data: A View from Inside the Census Bureau Vaults. *Review of Income and Wealth*, 55(1): 166-85.
- Coleman, R. and Rainwater, L. (1978): *Social Standing in America: New Dimensions of Class*. New York: Basic Books.
- Daly, M.C. (1997): The Shrinking Middle Class? *Federal Reserve Bank of San Francisco Newsletter*, March.
- Danziger, S. and Gottschalk, P. (1995). *America Unequal*. Cambridge, MA: Harvard University Press.

- Davis, J. C. and Huston, J.H. (1992): The Shrinking Middle class: A Multivariate Analysis. *Eastern Economic Journal* 18(3): 277-85.
- DeNavas-Walt, C. and Proctor, B.D. - Smith, J.C. (2009): U.S. Census Bureau, Current Population Reports, P60-235. *Income, Poverty, and Health Insurance Coverage in the United States, 2008*, U.S. Government Printing Office, Washington, DC.
- Levy, F. (1987): *Dollars and Dreams: The Changing American Income Distribution*. New York: Russell Sage Foundation.
- Frank, R. (2007): *Falling Behind: How Rising Inequality Harms the Middle Class*. Los Angeles: University of California Press.
- Gottschalk, P. and Danziger, S. (2005): Inequality of Wage Rates, Earnings and Family Income in the United States, 1975-2002. *Review of Income and Wealth* 51(2): 231-54.
- Gottschalk, P. and Smeeding, T.M. (1997): Cross-National Comparisons of Earnings and Income Inequality. *Journal of Economic Literature* 35(2): 633-87.
- Hisnanick, J. J. and Walker, K.G. (2004): Dynamics of Economic Well-Being: Movements in the U.S. Income Distribution, 1996-1999. *Current Population Reports, P70-95*. U.S. Census Bureau, Washington, DC. July.
- Horrigan, M.W. and Haugen, S.E. (1988): The Declining Middle class Thesis: A Sensitivity Analysis. *Monthly Labor Review* May: 3-13.
- Isaacs, J., Sawhill, I. and Haskins, R. (2008): *Getting Ahead or Losing Ground: Economic Mobility in America*. Washington, DC: The Brooking Institution Press.
- Kuttner, B. (1983): The Declining Middle. *The Atlantic Monthly* 7: 1-21.
- Lawrence, R.J. (1984): Sectorial Shifts and the Size of the Middle Class. *The Brookings Review* Fall: 3-11.
- Leigh, A. (2009): Top Incomes.” In *The Oxford Handbook of Economic Inequality*, eds. Wiemer Salverda, Brian Nolan, and Timothy Smeeding. New York: Oxford University Press: 150-76.
- Malthus, R. T. (1803): *An Essay on the Principle of Population*. 2nd ed., London, England.
- McMahon, P. J. and Tschetter, J.H. (1986): The Declining Middle Class: A Further Analysis. *Monthly Labor Review* September: 22-7.
- Piketty, T. and Saez, E. (2003): Income Inequality in the United States, 1913-1998. *Quarterly Journal of Economics* 118(1): 1-39.

Pressman, S. (2007): The Decline of the Middle Class: An International Perspective. *Journal of Economic Issues* 41(1): 181-200.

Rosenthal, N. H. (1985): The Shrinking Middle Class: Myth or Reality? *Monthly Labor Review* March: 3-10.

Sherman, A. and Stone, C. (2010): Income Gaps Between Very Rich and Everyone Else More Than Tripled in the Last Three Decades, New Data Show. *Report by the Center for Budget Policy and Priorities* June 25.

Thompson, J. and T. Smeeding (2014). "National Report Card: Income Inequality." The Stanford Center on Poverty and Inequality. January.

Thurow, L. (1984): The Disappearance of the Middle Class. *New York Times*, February, 5, Section F3.

U.S. Council of Economic Advisors (2007). *Economic Report of the President*. Appendix B, Tables 2, 42, and 60, (<http://w3.access.gpo.gov/usbudget/fy2009/erp/html>).

U.S. Department of Commerce, Economics and Statistics Administration (2010): *Middle Class in America*, report prepared for the Office of the Vice President of the United States, Middle Class Task Force.

Weller, C. E. and Logan, A.M. (2009): Measuring Middle Class Economic Security. *Journal of Economic Issues* 43(2): 327-36.

Table 1A: Select economic characteristics for households in the middle income group, 1996 and 1999

(Source: U.S. Census Bureau, Survey of Income and Program Participation, 1996 panel. For information on sampling and nonsampling error see <http://www.census.gov/sipp/source.html>)

	Households		1996/1								1999/2							
			Average annual income		Relative share		90th ratio		95th ratio		Average annual income		Relative share		90th ratio		95th ratio	
	Number	M.o.E./3	Amount	M.o.E./3	Percent	M.o.E./3	Ratio	M.o.E./3	Ratio	M.o.E./3	Amount	M.o.E./3	Percent	M.o.E./3	Ratio	M.o.E./3	Ratio	M.o.E./3
All households in middle income group	49.8 million	855,170	\$48,734	\$399	40.4	1.53	3.7	0.09	4.8	0.18	\$58,611	\$361	40.9	1.53	3.7	0.24	4.7	0.41
25th and less than 35th percentile	9.95 million	442,944	\$29,129	\$171	4.8	0.35	6.2	0.17	8.0	0.17	\$33,889	\$122	4.7	0.18	6.4	0.37	8.1	0.37
35th and less than 45th percentile	9.96 million	475,704	\$38,123	\$229	6.3	0.42	4.8	0.11	6.1	0.23	\$45,040	\$318	6.3	0.31	4.8	0.31	6.1	0.55
45th and less than 55th percentile	9.95 million	355,626	\$47,400	\$125	7.9	0.45	3.8	0.10	4.9	0.21	\$57,313	\$171	8.0	0.71	3.8	0.23	4.8	0.42
55th and less than 65th percentile	9.95 million	367,941	\$58,172	\$207	9.7	0.50	3.1	0.08	4.0	0.15	\$70,644	\$145	9.9	0.42	3.1	0.20	3.9	0.35
65th and less than 75th percentile	9.95 million	460,182	\$70,840	\$164	11.8	0.41	2.6	0.06	3.3	0.13	\$86,196	\$180	12.0	0.52	2.5	0.16	3.2	0.28

/1. 1996 total value of household income: \$6.00 trillion, (M.o.E. \$175.7 billion)

/2. 1999 total value of household income: \$7.13 trillion, (M.o.E. \$126.4 billion)

/3. By subtracting and adding the margin of error (M.o.E.) to the point estimate, one can obtain a 90 percent confidence interval around the point estimate

Table 1B: Proportion of households that transition among the middle income groups between 1996 and 1999

	1999									
	25th and less than 35th percentile		35th and less than 45th percentile		45th and less than 55th percentile		55th and less than 65th percentile		65th and less than 75th percentile	
1996	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1
25th and less than 35th percentile	43.0	4.12	26.4	2.07	15.5	4.05	8.8	1.86	6.3	1.42
35th and less than 45th percentile	23.5	1.88	34.1	2.94	21.8	2.26	13.0	2.50	7.6	1.48
45th and less than 55th percentile	11.9	1.38	20.0	3.29	32.5	2.05	22.1	2.92	13.5	1.55
55th and less than 65th percentile	7.0	1.35	12.8	1.55	21.7	2.46	33.0	2.99	25.4	2.37
65th and less than 75th percentile	6.0	1.21	9.5	1.31	15.5	2.31	29.5	3.25	39.4	2.44

/1. By subtracting and adding the margin of error (M.o.E.) to the point estimate, one can obtain a 90 percent confidence interval around the point estimate

Note:

The estimates in these tables are based on responses from a sample of the population and may differ from the actual values because of sampling variability and other factors. As a result, apparent differences between the estimates for two or more groups may not be statistically significant.

Table 2A: Select economic characteristics for households in the middle income group, 2001 and 2003

(Source: U.S. Census Bureau, Survey of Income and Program Participation, 2001 panel. For information on sampling and nonsampling error see <http://www.census.gov/sipp/source.html>)

	Households		2001/1								2003/2							
			Average annual income		Relative share		90th ratio		95th ratio		Average annual income		Relative share		90th ratio		95th ratio	
	Number	M.o.E./3	Amount	M.o.E./3	Percent	M.o.E./3	Ratio	M.o.E./3	Ratio	M.o.E./3	Amount	M.o.E./3	Percent	M.o.E./3	Ratio	M.o.E./3	Ratio	M.o.E./3
All households in middle income group	52.30 million	721,956	\$53,974	\$271	40.7	0.79	3.6	0.08	4.5	0.14	\$54,964	\$327	38.8	0.79	4.2	0.42	5.7	0.85
25th and less than 35th percentile	10.62 million	377,362	\$33,177	\$109	5.0	0.20	5.8	0.12	7.3	0.12	\$33,137	\$120	4.7	0.26	7.0	0.69	9.4	0.69
35th and less than 45th percentile	10.28 million	382,175	\$42,250	\$110	6.4	0.26	4.6	0.09	5.8	0.18	\$42,594	\$108	6.0	0.34	5.4	0.56	7.3	1.13
45th and less than 55th percentile	10.48 million	384,196	\$52,294	\$115	7.9	0.32	3.7	0.08	4.6	0.15	\$53,340	\$136	7.5	0.40	4.3	0.52	5.9	0.98
55th and less than 65th percentile	10.31 million	426,384	\$63,973	\$137	9.6	0.39	3.0	0.06	3.8	0.12	\$65,440	\$160	9.2	0.44	3.5	0.45	4.8	0.81
65th and less than 75th percentile	10.61 million	384,415	\$78,190	\$166	11.8	0.45	2.5	0.05	3.1	0.10	\$80,317	\$199	11.3	0.56	2.9	0.39	3.9	0.70

/1. 2001 total value of household income: \$6.94 trillion, (M.o.E. \$88.5 billion)

/2. 2003 total value of household income: \$7.40 trillion, (M.o.E. \$264.0 billion)

/3. By subtracting and adding the margin of error (M.o.E.) to the point estimate, one can obtain a 90 percent confidence interval around the point estimate

Table 2B: Proportion of households that transition among the middle income groups between 2001 and 2003

	2003									
	25th and less than 35th percentile		35th and less than 45th percentile		45th and less than 55th percentile		55th and less than 65th percentile		65th and less than 75th percentile	
2001	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1
25th and less than 35th percentile	44.9	1.97	27.3	2.33	15.8	1.58	7.2	1.35	4.8	1.13
35th and less than 45th percentile	22.3	1.85	34.7	2.37	21.9	1.64	12.9	1.59	8.2	1.25
45th and less than 55th percentile	11.8	1.48	20.7	1.84	31.3	2.06	24.8	1.80	11.4	1.51
55th and less than 65th percentile	7.0	1.07	12.5	1.47	22.5	1.83	33.0	1.99	25.0	1.99
65th and less than 75th percentile	1.1	1.13	10.2	1.43	16.5	1.91	25.9	2.19	43.0	2.45

/1. By subtracting and adding the margin of error (M.o.E.) to the point estimate, one can obtain a 90 percent confidence interval around the point estimate

Note:

The estimates in these tables are based on responses from a sample of the population and may differ from the actual values because of sampling variability and other factors. As a result, apparent differences between the estimates for two or more groups may not be statistically significant.

Table 3A: Select economic characteristics for households in the middle income group, 2004 and 2007

(Source: U.S. Census Bureau, Survey of Income and Program Participation, 2004 panel. For information on sampling and nonsampling error see <http://www.census.gov/sipp/source.html>)

	Households		2004/1								2007/2							
			Average annual income		Relative share		90th ratio		95th ratio		Average annual income		Relative share		90th ratio		95th ratio	
	Number	M.o.E./3	Amount	M.o.E./3	Percent	M.o.E./3	Ratio	M.o.E./3	Ratio	M.o.E./3	Amount	M.o.E./3	Percent	M.o.E./3	Ratio	M.o.E./3	Ratio	M.o.E./3
All households in middle income group	53.42 million	924,323	\$56,753	\$329	39.7	1.07	4.0	0.14	5.2	0.25	\$57,421	\$433	39.3	1.07	4.0	0.17	5.1	0.33
25th and less than 35th percentile	10.99 million	584,436	\$34,321	\$117	4.8	0.30	6.4	0.35	8.2	0.35	\$35,013	\$158	4.8	0.28	6.5	0.84	8.4	0.84
35th and less than 45th percentile	10.86 million	552,628	\$44,392	\$179	6.2	0.35	5.0	0.27	6.4	0.48	\$44,924	\$179	6.2	0.34	5.1	0.46	6.6	0.78
45th and less than 55th percentile	10.45 million	543,860	\$55,160	\$206	7.7	0.41	4.0	0.22	5.1	0.39	\$55,615	\$194	7.6	0.48	4.1	0.34	5.3	0.60
55th and less than 65th percentile	10.64 million	550,761	\$67,379	\$234	9.5	0.50	3.3	0.18	4.2	0.32	\$68,107	\$237	9.3	0.48	3.4	0.29	4.3	0.50
65th and less than 75th percentile	10.48 million	571,549	\$81,765	\$347	11.5	0.67	2.7	0.15	3.5	0.26	\$83,465	\$292	11.4	0.65	2.7	0.37	3.5	0.53

/1. 2004 total value of household income: \$7.60 trillion, (M.o.E. \$131.8 billion)

/2. 2007 total value of household income: \$7.77 trillion, (M.o.E. \$155.4 billion)

/3. By subtracting and adding the margin of error (M.o.E.) to the point estimate, one can obtain a 90 percent confidence interval around the point estimate

Table 3B: Proportion of households that transition among the middle income groups between 2004 and 2007

	2007									
	25th and less than 35th percentile		35th and less than 45th percentile		45th and less than 55th percentile		55th and less than 65th percentile		65th and less than 75th percentile	
2004	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1
25th and less than 35th percentile	41.1	3.73	25.2	2.98	16.8	2.88	11.2	2.01	5.7	1.56
35th and less than 45th percentile	21.4	2.20	33.9	3.44	24.9	2.69	11.9	1.73	8.0	1.80
45th and less than 55th percentile	12.0	2.19	20.5	2.67	33.1	2.93	21.4	2.57	13.0	2.23
55th and less than 65th percentile	6.6	1.50	13.2	2.12	18.5	2.68	35.3	2.79	26.5	2.92
65th and less than 75th percentile	5.4	1.14	11.5	2.33	15.0	2.48	26.2	3.23	41.9	3.28

/1. By subtracting and adding the margin of error (M.o.E.) to the point estimate, one can obtain a 90 percent confidence interval around the point estimate

Note:

The estimates in these tables are based on responses from a sample of the population and may differ from the actual values because of sampling variability and other factors. As a result, apparent differences between the estimates for two or more groups may not be statistically significant.

Table 4A: Select economic characteristics for households in the middle income group, 2009 and 2012

(Source: U.S. Census Bureau, Survey of Income and Program Participation, 2008 panel. For information on sampling and nonsampling error see <http://www.census.gov/sipp/source.html>)

	2009/1										2012/2							
	Households		Average annual income		Relative share		90th ratio		95th ratio		Average annual income		Relative share		90th ratio		95th ratio	
	Number	M.o.E./3	Amount	M.o.E./3	Percent	M.o.E./3	Ratio	M.o.E./3	Ratio	M.o.E./3	Amount	M.o.E./3	Percent	M.o.E./3	Ratio	M.o.E./3	Ratio	M.o.E./3
All households in middle income group	56.70 million	786,748	\$53,287	\$330	38.4	1.05	4.3	0.27	5.7	0.52	\$52,475	\$330	38.0	1.05	4.3	0.24	5.8	0.44
25th and less than 35th percentile	11.18 million	510,322	\$31,807	\$92	4.6	0.25	7.1	0.71	9.5	0.71	\$31,147	\$120	4.5	0.23	7.3	0.99	9.7	0.99
35th and less than 45th percentile	11.17 million	467,872	\$40,892	\$124	5.9	0.30	5.5	0.55	7.4	1.08	\$40,378	\$127	5.8	0.31	5.6	0.60	7.5	1.01
45th and less than 55th percentile	11.53 million	478,614	\$51,366	\$138	7.4	0.34	4.4	0.44	5.9	0.86	\$50,400	\$132	7.3	0.35	4.5	0.59	6.0	0.92
55th and less than 65th percentile	11.34 million	480,742	\$63,583	\$153	9.2	0.44	3.6	0.36	4.8	0.69	\$62,537	\$162	9.1	0.39	3.6	0.43	4.9	0.70
65th and less than 75th percentile	11.49 million	405,867	\$78,778	\$204	11.4	0.46	2.9	0.29	3.8	0.56	\$77,912	\$210	11.3	0.53	2.9	0.29	3.9	0.50

/1. 2009 total value of household income: \$7.86 trillion, (M.o.E. \$187.7 billion)

/2. 2012 total value of household income: \$7.83 trillion, (M.o.E. \$181.9 billion)

/3. By subtracting and adding the margin of error (M.o.E.) to the point estimate, one can obtain a 90 percent confidence interval around the point estimate

Table 4B: Proportion of households that transition among the middle income groups between 2004 and 2007

	2012									
	25th and less than 35th percentile		35th and less than 45th percentile		45th and less than 55th percentile		55th and less than 65th percentile		65th and less than 75th percentile	
	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1
2009										
25th and less than 35th percentile	47.4	2.37	24.3	2.17	12.3	1.57	8.9	1.62	7.0	1.42
35th and less than 45th percentile	22.6	1.95	39.9	2.22	20.2	1.88	11.4	1.54	5.9	1.20
45th and less than 55th percentile	11.7	1.35	20.9	1.99	35.7	2.14	19.8	1.94	11.9	1.36
55th and less than 65th percentile	8.0	1.31	10.4	1.49	24.2	2.15	35.3	2.41	22.0	2.11
65th and less than 75th percentile	4.6	1.22	9.1	1.54	12.3	1.65	27.9	2.40	46.2	2.55

/1. By subtracting and adding the margin of error (M.o.E.) to the point estimate, one can obtain a 90 percent confidence interval around the point estimate

Note:

The estimates in these tables are based on responses from a sample of the population and may differ from the actual values because of sampling variability and other factors. As a result, apparent differences between the estimates for two or more groups may not be statistically significant.

Table 5: Percent of households that moved into the middle income group for the 1996, 2001, 2004 and 2008 SIPP panels

(Source: U.S. Census Bureau, Survey of Income and Program Participation, 1996, 2001, 2004 and 2008 panels.

For information on sampling and nonsampling error see <http://www.census.gov/sipp/source.html>)

	Number of households below the 25th percentile (initial year)		Stayed below the 25th decile		Moved to the 25th -35th decile		Moved to the 35th - 45th decile		Moved to the 45th - 55th decile		Moved to the 55th - 65th decile		Moved to the 65th-75th decile		Moved above the 75th decile	
	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1
1996-1999	24.51 million	1,043,020	67.4	1.40	13.4	0.96	7.5	0.64	4.7	0.79	2.4	0.47	2.0	0.35	2.6	0.45
2001-2003	25.83 million	550,843	73.4	1.14	12.0	0.97	5.7	0.62	3.4	0.48	1.9	0.30	1.3	0.26	2.3	0.43
2004-2007	25.69 million	725,920	70.6	1.54	13.2	1.26	6.5	0.92	3.9	0.72	2.6	0.55	1.5	0.40	1.8	0.53
2009-2012	27.85 million	766,641	72.1	1.29	11.8	0.91	5.9	0.74	4.1	0.65	3.0	0.49	1.5	0.37	1.7	0.29

	Number of households at or above the 75th percentile (initial year)		Moved below the 25th decile		Moved to the 25th -35th decile		Moved to the 35th - 45th decile		Moved to the 45th - 55th decile		Moved to the 55th - 65th decile		Moved to the 65th-75th decile		Stayed above the 75th decile	
	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1
1996-1999	24.88 million	1,350,860	1.5	0.56	1.7	0.35	3.0	0.46	4.0	0.81	7.1	0.56	12.4	0.90	70.3	1.24
2001-2003	26.17 million	581,560	1.6	0.33	1.8	0.31	2.8	0.45	3.9	0.50	7.0	0.57	12.1	0.73	70.8	1.00
2004-2007	27.28 million	812,263	3.0	0.62	1.9	0.43	2.5	0.59	3.7	0.68	6.3	0.91	11.6	1.07	71.0	1.60
2009-2012	28.39 million	714,347	2.1	0.38	0.9	0.22	2.3	0.39	3.5	0.49	5.8	0.61	11.3	0.78	74.0	1.13

/1. By subtracting and adding the Margin of Error (M.o.E.) to the point estimate, one can obtain a 90 percent confidence interval around the point estimate.

Table 6: Percent of households that moved out of the middle income group. Survey of Income and Program Participation, 1996, 2001 2004 and 2008 panel

(Source: U.S. Census Bureau, Survey of Income and Program Participation, 1996, 2001, 2004 and 2008 panels.)

(For information on sampling and nonsampling error see <http://www.census.gov/sipp/source.html>)

Moved below	Number of households that moved below the 25th percentile (for the ending year)		Moved from the 25th -35th decile		Moved from the 35th - 45th decile		Moved from the 45th - 55th decile		Moved from the 55th - 65th decile		Moved from the 65th-75th decile	
	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1
1996-1999	4.85 million	371,418	49.1	2.88	24.1	3.65	11.6	2.65	9.2	1.86	6.0	1.36
2001-2003	6.41 million	339,900	47.0	2.75	24.9	2.42	14.6	2.02	7.7	1.45	5.8	1.20
2004-2007	6.81 million	446,827	45.0	3.46	21.2	2.63	17.6	2.74	9.8	1.80	6.4	1.76
2009-2012	7.08 million	408,976	45.9	2.94	24.1	2.63	13.0	1.87	11.3	2.00	5.6	1.36

Moved above	Number of households that moved to or above the 75th percentile (for the ending year)		Moved from the 25th -35th decile		Moved from the 35th - 45th decile		Moved from the 45th - 55th decile		Moved from the 55th - 65th decile		Moved from the 65th-75th decile	
	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1
1996-1999	7.05 million	451,621	5.2	1.07	8.9	1.16	16.6	1.73	25.4	2.91	44.0	2.11
2001-2003	6.97 million	342,699	5.5	1.16	9.0	1.50	13.7	1.33	24.8	2.28	46.9	2.38
2004-2007	7.20 million	483,841	4.7	1.30	9.0	1.96	14.2	2.74	25.8	3.37	46.3	3.70
2009-2012	6.94 million	395,124	7.0	1.58	9.0	1.76	13.6	2.08	24.0	2.44	46.4	2.81

/1. By subtracting and adding the Margin of Error (M.o.E.) to the point estimate, one can obtain a 90 percent confidence interval around the point estimate.

Table 7: Select demographic characteristics of householders that moved out of or into the middle income group, for 1996 SIPP panel

(Source: U.S. Census Bureau, Survey of income and Program Participation, 1996 panel)

(For information on sampling and nonsampling error see <http://www.census.gov/sipp/source.html>)

Selected characteristics of householder	Moved out to below the 25th percentile in 1999		Moved out above or at the 75th percentile in 1999		Moved into from below the 25th percentile in 1999		Moved into from at or above the 75th percentile in 1999	
	# / Percent	M.o.E./1	# / Percent	M.o.E./1	# / Percent	M.o.E./1	# / Percent	M.o.E./1
Number of householders	4.85 million	371,418	7.05 million	451,621	6.6 million	471,310	6.91 million	433,879
Gender:								
<i>Male</i>	46.5	3.22	61.9	2.50	43.9	3.23	66.7	2.68
<i>Female</i>	53.5	3.22	38.1	2.50	56.1	3.23	33.3	2.68
Age:								
<i>15-24 yrs</i>	4.7	1.82	7.8	1.37	15.1	1.62	2.3	0.81
<i>25-34 yrs</i>	13.9	1.74	27.2	2.40	24.4	2.65	15.4	1.44
<i>35-44 yrs</i>	13.7	2.44	31.5	3.77	20.6	1.70	25.9	2.01
<i>45-54 yrs</i>	14.2	3.09	18.0	1.84	11.5	2.75	24.8	2.78
<i>55-64 yrs</i>	17.9	3.13	8.6	1.75	12.6	2.82	18.5	1.61
<i>65+ yrs</i>	35.5	2.44	7.0	2.46	15.8	2.11	13.1	2.60
Race:								
<i>White</i>	81.4	3.29	85.8	1.80	78.7	2.11	88.5	1.58
<i>Non-Hispanic, white</i>	73.7	4.10	79.0	3.27	66.7	3.52	83.6	2.30
<i>Black</i>	15.3	2.20	7.9	1.20	17.3	1.95	7.1	1.23
<i>American Indian / Alaska Native</i>	0.9	1.02	0.9	0.54	1.2	0.51	0.5	0.43
<i>Asian / Pacific Islander</i>	2.3	0.90	5.4	1.22	2.8	0.76	3.9	1.03
<i>Hispanic origin</i>	8.1	1.55	7.1	2.16	12.7	2.03	5.0	1.42
Marital status:								
<i>Married, spouse present</i>	43.2	4.06	61.5	2.17	31.5	2.11	74.3	4.47
<i>Married, spouse absent</i>	1.5	0.66	1.1	0.51	2.0	0.98	0.4	0.30
<i>Widowed</i>	18.9	2.05	3.2	0.71	12.6	1.69	5.1	1.10
<i>Divorced</i>	16.9	2.09	14.3	2.89	20.8	4.09	9.4	1.32
<i>Separated</i>	4.1	2.26	2.7	1.09	6.1	1.60	2.2	1.34
<i>Never married</i>	15.3	2.18	17.1	1.95	26.8	3.00	8.7	2.53
Educational attainment:								
<i>Less than high school</i>	29.9	2.27	7.6	2.75	26.5	1.94	7.3	1.13
<i>High school graduate</i>	31.8	2.40	27.0	2.14	33.2	2.25	26.9	3.30
<i>Some college, no degree</i>	19.1	2.21	19.6	2.40	20.6	2.73	20.7	1.85
<i>AA degree, vocational degree</i>	8.9	1.74	12.7	2.53	9.0	1.60	12.5	2.20
<i>College graduate</i>	6.1	1.73	23.3	2.63	8.5	1.36	21.5	2.60
<i>Post graduate degree</i>	4.2	1.22	9.7	1.24	2.2	1.09	11.1	1.50

/1. By subtracting and adding the Margin of Error (M.o.E.) to the point estimate, one can obtain a 90 percent confidence interval around the point estimate.

Table 8: Select demographic characteristics of householders that moved out of or into the middle income group, for 2001 SIPP panel

(Source: U.S. Census Bureau, Survey of income and Program Participation, 2001 panel)

(For information on sampling and nonsampling error see <http://www.census.gov/sipp/source.html>)

Selected characteristics of householder	Moved out to below the 25th percentile in 2003		Moved out above or at the 75th percentile in 2003		Moved into from below the 25th percentile in 2003		Moved into from at or above the 75th percentile in 2003	
	# / Percent	M.o.E./1	# / Percent	M.o.E./1	# / Percent	M.o.E./1	# / Percent	M.o.E./1
Number of householders	6.41 million	339,900	6.97 million	342,699	6.09 million	334,907	7.13 million	297,646
Gender:								
Male	46.4	2.55	57.7	2.74	44.6	2.64	61.6	2.45
Female	53.6	2.55	42.3	2.74	55.4	2.64	38.4	2.45
Age:								
15-24 yrs	8.7	1.56	6.3	1.11	11.5	1.80	3.1	0.87
25-34 yrs	15.6	1.90	23.4	2.02	19.6	2.44	19.3	1.98
35-44 yrs	19.8	1.94	27.2	2.16	21.4	2.22	25.2	1.93
45-54 yrs	15.5	1.53	22.7	2.10	14.0	1.90	27.2	2.11
55-64 yrs	14.7	2.20	13.5	2.91	15.0	2.36	14.8	1.53
65+ yrs	25.8	4.02	7.1	1.38	18.4	3.50	10.4	1.39
Race:								
White	82.2	1.89	85.5	1.71	79.9	1.89	88.0	1.43
Non-Hispanic, white	72.5	2.15	77.9	2.15	67.0	2.51	81.2	1.63
Black	13.4	1.53	8.5	1.40	16.0	1.84	6.1	1.08
American Indian / Alaska Native	1.6	0.63	0.7	0.44	1.4	0.69	1.2	0.63
Asian/Pacific Islander	2.8	0.90	5.2	1.08	2.6	0.83	4.6	1.02
Hispanic origin	10.6	1.57	8.6	1.38	13.8	1.84	7.6	1.21
Marital status:								
Married, spouse present	42.2	2.54	62.5	2.28	35.6	2.49	74.9	2.09
Married, spouse absent	1.9	0.74	1.0	0.48	2.5	0.97	1.0	0.51
Widowed	12.2	1.63	3.3	0.89	12.9	1.54	3.4	0.86
Divorced	18.2	1.95	12.7	1.59	19.4	1.96	8.6	1.42
Separated	3.2	0.97	2.2	0.73	5.6	2.18	1.0	0.60
Never married	22.4	2.25	18.2	2.05	23.9	2.61	11.1	3.04
Educational attainment:								
Less than high school	21.1	2.07	6.4	1.20	20.7	1.96	4.4	0.85
High school graduate	35.4	2.41	27.3	2.02	34.2	2.29	22.9	2.12
Some college, no degree	18.9	2.18	19.3	1.81	21.8	2.64	20.2	1.79
AA degree, vocational degree	9.1	1.44	12.7	1.49	9.7	1.71	14.0	1.67
College graduate	11.1	1.75	22.8	2.53	9.2	1.53	24.1	2.25
Post graduate degree	4.5	1.05	11.5	1.68	4.3	1.25	14.4	1.76

/1. By subtracting and adding the Margin of Error (M.o.E.) to the point estimate, one can obtain a 90 percent confidence interval around the point estimate.

Table 9: Select demographic characteristics of householders that moved out of or into the middle income group, for 2004 SIPP panel

(Source: U.S. Census Bureau, Survey of income and Program Participation, 2004 panel)

(For information on sampling and nonsampling error see <http://www.census.gov/sipp/source.html>)

Selected characteristics of householder	Moved out to below the 25th percentile in 2007		Moved out above or at the 75th percentile in 2007		Moved into from below the 25th percentile in 2007		Moved into from at or above the 75th percentile in 2007	
	# / Percent	M.o.E./1	# / Percent	M.o.E./1	# / Percent	M.o.E./1	# / Percent	M.o.E./1
Number of householders	6.81 million	446,827	7.20 million	483,841	7.00 million	465,512	7.19 million	477,919
Gender:	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1
Male	43.3	3.37	48.8	3.38	38.0	3.05	48.5	3.15
Female	56.7	3.37	51.2	3.38	62.0	3.05	51.5	3.15
Age:								
15-24 yrs	4.6	1.52	4.4	1.58	11.8	2.69	2.5	1.28
25-34 yrs	17.3	2.63	25.1	3.06	16.0	2.52	11.5	2.24
35-44 yrs	15.5	2.61	27.1	2.91	20.1	2.76	28.3	3.05
45-54 yrs	16.5	2.36	21.5	2.66	14.4	2.42	24.9	2.98
55-64 yrs	20.2	3.06	12.5	2.69	13.4	2.62	20.6	3.43
65+ yrs	25.8	2.90	9.4	2.08	24.3	2.77	12.2	2.45
Race:								
White	81.6	2.55	84.7	2.50	80.2	2.63	87.1	2.44
Non-Hispanic, white	66.0	3.35	76.7	2.80	65.8	2.90	80.0	3.30
Black	13.8	2.27	8.0	1.99	12.5	2.26	6.9	1.89
Asian alone	1.6	0.96	4.4	1.52	2.6	0.93	3.1	1.06
All others	3.0	1.05	2.9	1.13	4.7	1.47	2.8	1.10
Hispanic origin	15.9	2.41	9.4	2.08	16.1	2.42	7.8	2.35
Marital status:								
Married, spouse present	44.4	3.04	65.0	3.01	31.5	3.07	74.2	3.22
Married, spouse absent	1.0	0.74	1.6	0.93	2.3	1.06	0.3	0.31
Widowed	11.3	2.14	3.1	0.98	15.0	2.19	3.8	1.20
Divorced	20.6	2.63	11.0	1.95	20.0	2.61	9.9	2.08
Separated	4.0	1.70	2.4	1.14	4.5	1.76	1.2	0.84
Never married	18.8	3.25	17.0	3.01	26.8	4.04	10.6	2.59
Educational attainment:								
Less than high school	21.3	2.83	6.6	1.75	17.9	2.76	6.5	1.71
High school graduate	27.2	3.27	17.2	2.29	28.5	2.78	18.7	2.57
Some college, no degree	18.1	2.77	20.1	2.70	18.8	2.60	19.0	2.69
AA degree, vocational degree	11.7	2.28	6.5	1.92	12.4	2.14	6.9	1.74
College graduate	7.9	2.32	11.2	2.56	6.8	2.10	9.5	2.56
Post graduate degree	13.8	3.14	38.4	3.63	15.6	3.23	39.5	3.85

/1. By subtracting and adding the Margin of Error (M.o.E.) to the point estimate, one can obtain a 90 percent confidence interval around the point estimate.

Table 10: Select demographic characteristics of householders that moved out of or into the middle income group, for the 2008 SIPP panel

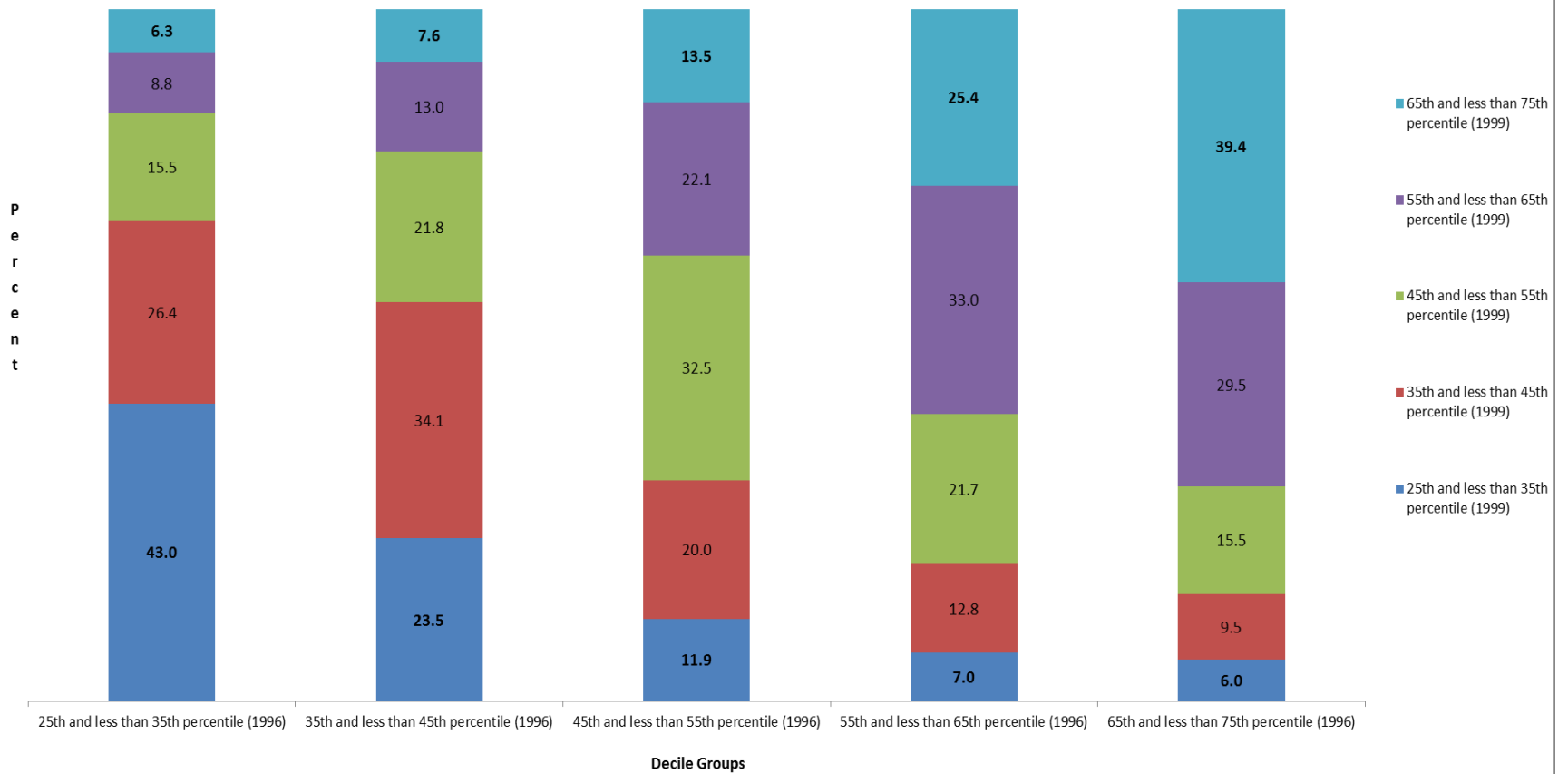
(Source: U.S. Census Bureau, Survey of income and Program Participation, 2008 panel.)

(For information on sampling and nonsampling error see <http://www.census.gov/sipp/source.html>)

Selected characteristics of householder	Moved out to below the 25th percentile in 2012		Moved out above or at the 75th percentile in 2012		Moved into from below the 25th percentile in 2012		Moved into from at or above the 75th percentile in 2012	
	# / Percent	M.o.E./1	# / Percent	M.o.E./1	# / Percent	M.o.E./1	# / Percent	M.o.E./1
Number of householders	7.08 million	408,976	6.94 million	395,124	7.13 million	448,209	6.80 million	343,789
Gender:	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1	Percent	M.o.E./1
<i>Male</i>	44.1	2.52	53.5	3.06	42.5	2.70	51.4	2.71
<i>Female</i>	55.9	2.52	46.5	3.06	57.5	2.70	48.6	2.71
Age:								
<i>15-24 yrs</i>	0.2	0.24	0.4	0.47	3.9	1.30	0.1	0.13
<i>25-34 yrs</i>	15.0	2.39	20.1	2.49	21.9	2.46	7.9	1.72
<i>35-44 yrs</i>	15.8	2.14	22.1	2.50	17.1	2.29	18.0	2.03
<i>45-54 yrs</i>	20.0	2.06	23.2	2.27	19.1	2.10	22.7	2.30
<i>55-64 yrs</i>	20.8	2.04	17.4	2.07	15.8	1.93	27.7	2.27
<i>65+ yrs</i>	28.3	2.56	16.8	1.98	22.3	2.11	23.6	1.98
Race:								
<i>White</i>	80.2	2.22	86.6	1.95	77.5	2.19	83.7	2.12
<i>Non-Hispanic, white</i>	65.3	3.01	77.9	2.56	62.4	2.84	75.6	2.34
<i>Black</i>	14.9	2.08	7.8	1.64	16.7	2.10	9.5	1.81
<i>Asian alone</i>	1.8	0.66	3.7	1.11	2.3	0.66	4.1	1.23
<i>All others</i>	3.1	0.93	1.9	0.77	3.5	0.98	2.6	0.93
<i>Hispanic origin</i>	16.4	2.51	9.5	1.92	16.2	2.23	8.6	1.67
Marital status:								
<i>Married, spouse present</i>	31.9	2.62	73.5	2.55	35.6	2.77	67.8	2.56
<i>Married, spouse absent</i>	1.4	0.53	0.8	0.53	1.1	0.56	0.6	0.37
<i>Widowed</i>	15.7	1.99	4.3	1.04	12.6	1.71	6.0	1.29
<i>Divorced</i>	24.2	2.73	9.6	2.08	21.0	2.41	15.3	1.81
<i>Separated</i>	4.4	1.14	0.4	0.42	2.4	0.81	1.9	0.73
<i>Never married</i>	22.4	2.61	11.4	1.92	27.3	2.77	8.5	1.70
Educational attainment:								
<i>Less than high school</i>	17.6	2.04	4.2	1.19	15.8	2.15	4.7	1.13
<i>High school graduate</i>	29.4	2.37	16.5	2.02	25.9	2.52	15.6	2.04
<i>Some college, no degree</i>	15.0	2.22	15.1	2.09	15.4	2.24	16.2	2.01
<i>AA degree, vocational degree</i>	13.3	1.85	10.4	1.92	13.0	1.71	10.9	1.73
<i>College graduate</i>	9.7	1.86	9.8	1.81	7.3	1.60	9.6	1.66
<i>Post graduate degree</i>	15.1	1.85	44.0	2.94	22.7	2.58	43.0	2.65

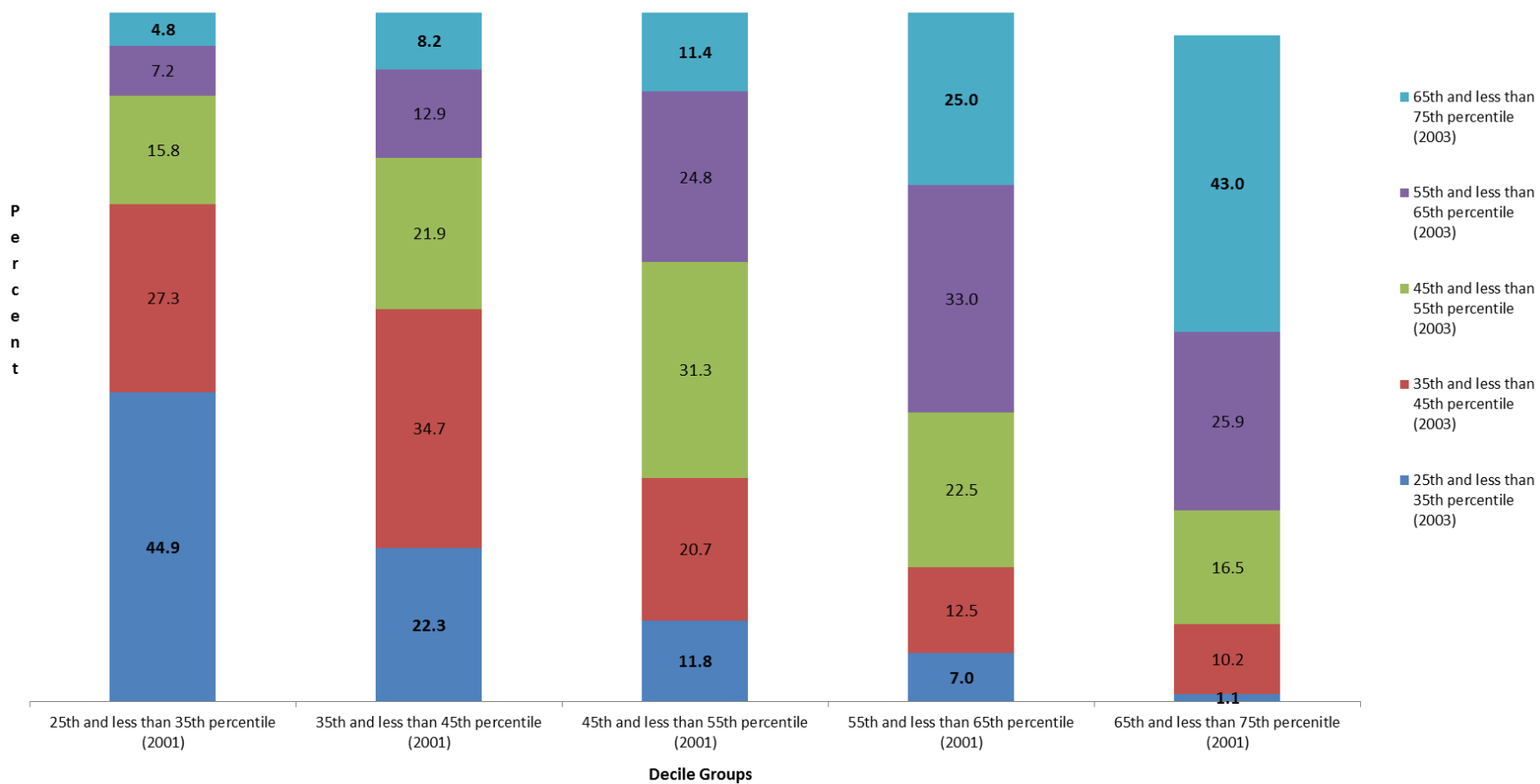
/1. By subtracting and adding the Margin of Error (M.o.E.) to the point estimate, one can obtain a 90 percent confidence interval around the point estimate.

Figure 1: Percentage of Households that Transitioned Between Income Deciles for the Middle Income Group, 1996-1999



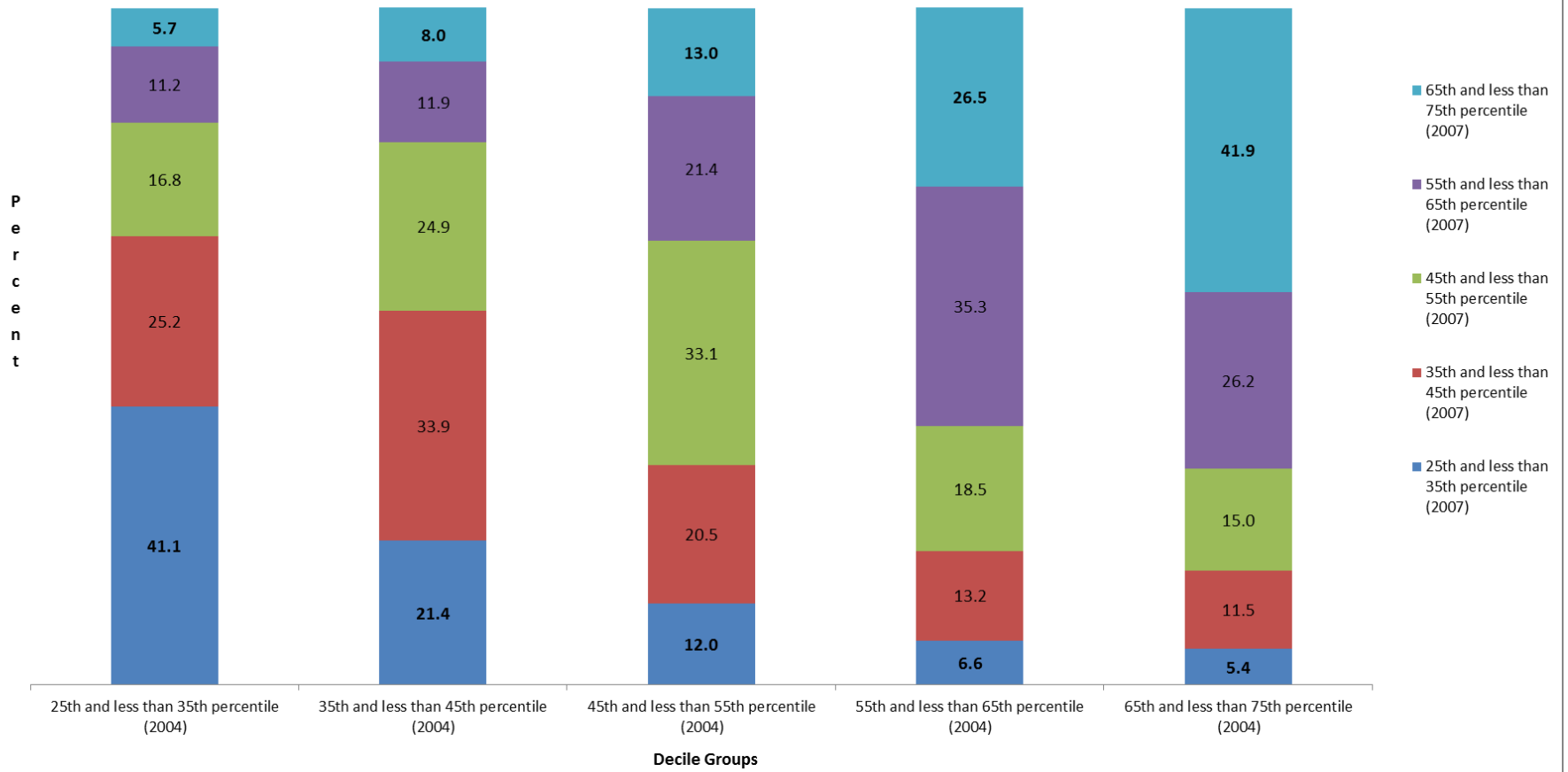
Source: U.S. Census Bureau, Survey of Income and Program Participation, 1996 panel.

Figure 2: Percentage of Households that Transitioned Between Income Deciles for the Middle Income Group, 2001-2003



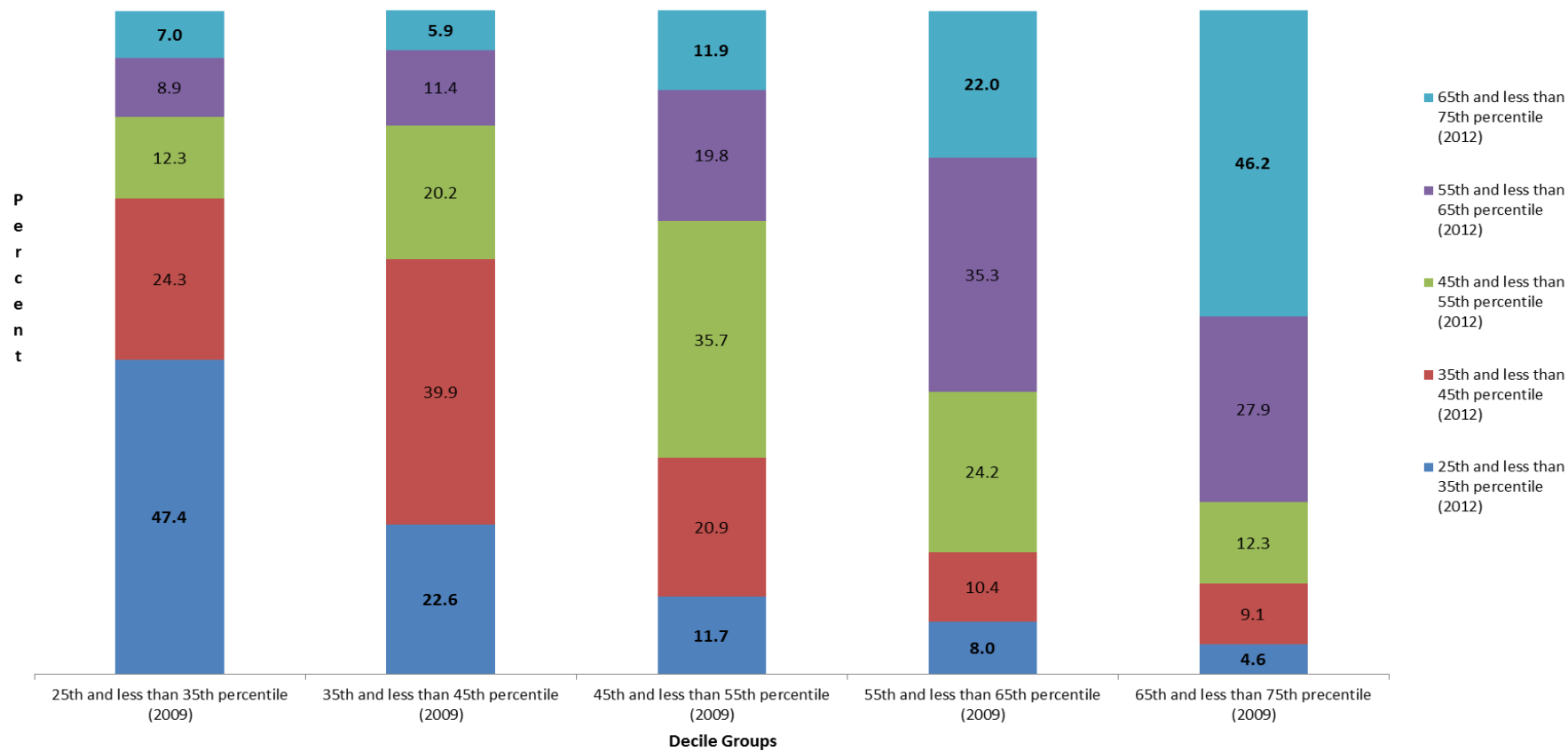
Source: U.S. Census Bureau, Survey of Income and Program Participation, 2001 panel.

Figure 3: Percentage of Households that Transitioned Between Income Deciles for the Middle Income Group, 2004-2007



Source: U.S. Census Bureau, Survey of Income and Program Participation, 2004 panel.

Figure 4: Percentage of Households that Transitioned Between Income Deciles for the Middle Income Group, 2009-2012



Source: U.S. Census Bureau, Survey of Income and Program Participation, 2008 panel