

Mapping New Hampshire's Cities and Towns with New 5-year ACS Income Estimates

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According to the 2014 American Community Survey (ACS) 5-year estimates, median household income in New Hampshire was \$65,986, 23.4 percent higher than the median household income for the nation. New Hampshire ranked 7th highest among all the states.

The U.S. Census Bureau recently completed releases of the 2014 ACS. In the lineup of 2014 ACS data releases, the 5-year estimates are the last to be released. The reason why the 5-year American Community Survey estimates are indispensable is because it is the largest national ongoing survey that produces data annually at all levels of geography. This is particularly important to New Hampshire as socio-economic data is produced annually for all cities and towns, using a 5-year rolling average. ACS is one of the only sources of data at the city and town level.

There are many socio-economic characteristics available in ACS 5-year estimates, such as educational attainment, median gross rent and median monthly owner costs, homeownership rates. Income data is also one of the socio-economic measures produced by ACS.

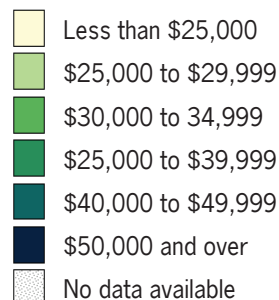
ACS income data are available in multiple ways. The three most common income measures are: Per capita income, median family household income, and median household income.

What is the difference between these three measures? When should each measure be used? Is there a correlation between these three income types? Despite similarities between the three income measures, there are some succinct differences between them. To understand how these measures differ, it is important to understand how each of them is derived.

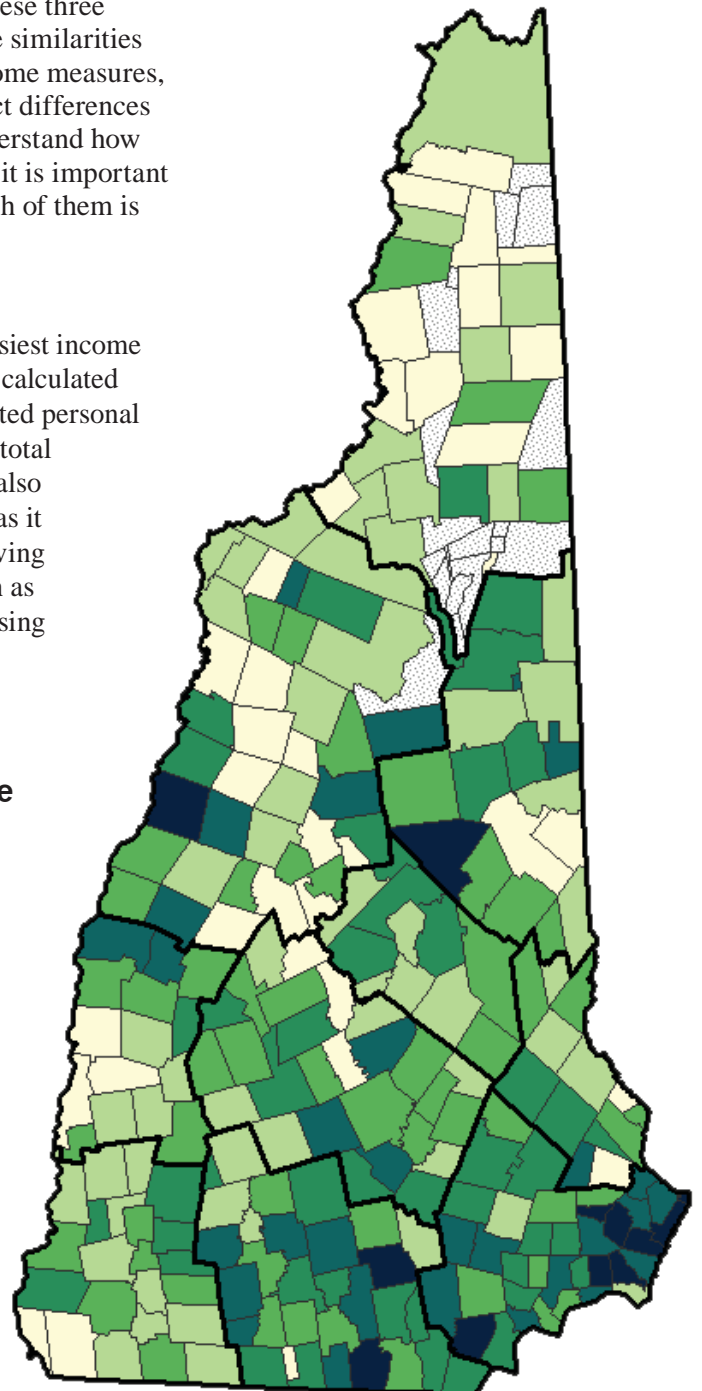
Per Capita

This is probably the easiest income measure to grasp, as it calculated using the total aggregated personal income divided by the total population count. It is also the broadest measure, as it includes the persons living in group quarters, such as college students or nursing home residents.

Per Capita Income



Source:
2014 American Community
Survey 5-year Estimates



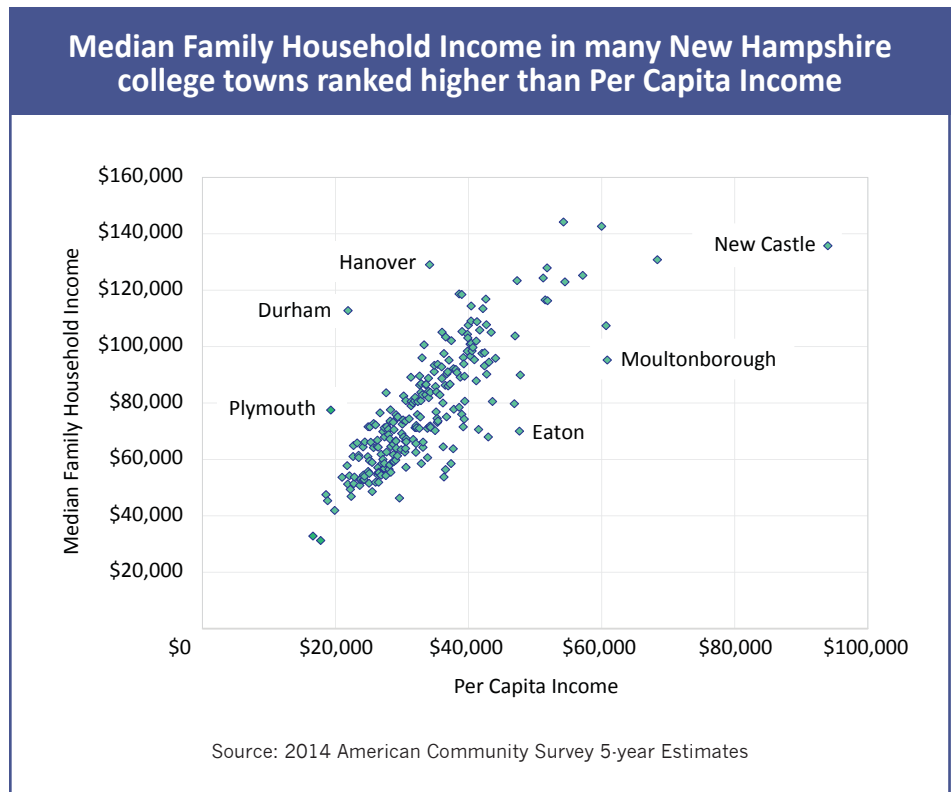
Median Household

A household is defined as all people who are living in a housing unit, such as a house, an apartment, or a mobile home. These individuals can be living alone or with relatives or nonrelatives such as roommates, unmarried partner or foster child. The median is the midpoint of all the data — half the data are above this figure and half are below. This measure does not include persons living in group quarters.

Median Family Household

This is also a household measure; meaning that the individuals included are living under the same roof (same housing unit). In more technical terms, a family consists of more than one person living in the same household who are related by birth, marriage, or adoption. The median family household measure and other family-related measures are important for federal program planning and implementation. This median household measure also refers to the midpoint of all the data.

From the above definitions, it is clear that each income type technically is a different measure. But does it really matter what measure is used? When ranking New Hampshire’s cities and towns by the three income measures, some differences occur. Depending on the make-up of the town, using one or another measure can make a difference. For example, persons living in group quarters¹ are not included in household measure, and that can make a difference in how the communities rank.



The town of Durham presents an example of how the rankings differ depending on the income measure. Durham ranks in the top 20 when comparing the median family household measure for all cities and towns in New Hampshire, but drops to a rank of 97 when comparing the median household income. When comparing per capita income, Durham drops to 228th, the 13th lowest among areas with per capita income data available. The reason for this difference is the inclusion of all college residents in the per capita measure, as group quarters are included in the median household measure, if they have moved out of campus dormitories and still live in Durham. These students

would likely not be included in the median family household measure as they are likely living either alone or with nonrelatives. Hence, Durham ranks near the middle of all New Hampshire cities and towns in the median household income measure, whereas it is ranked at the top when comparing the median family household income measure. Large differences between the three income measures are true for other college towns such as Plymouth and Hanover.

Another variance in the community rankings from one income measure to another is due to differences using the average (per capita) and median income measures. When ranking the city and towns by

¹. Group quarters include such places as college residence halls, residential treatment centers, skilled nursing facilities, group homes, military barracks, correctional facilities, and workers’ dormitories.

the per capita measure, the town of Moultonborough ranks fourth highest. But when comparing the median family household income and median household measure, Moultonborough ranks 47 and 64, respectively. The high per capita income rank for Moultonborough is likely due to a smaller population size. Moultonborough's population is approximately 4,000, so a small number of residents with large incomes can skew per capita income upward. This would also be the case for New Castle, with a population of 930, and Eaton, with a population of 366.

Also, if a municipality has fewer children in comparison to total population, per capita income tends to be higher. Reversely, when a community has a large share of children, the per capita income measure tends to be lower. Therefore, median family household income might be a better measure to gauge the "real economic conditions" of families.

What is included in the definition of income?

Measures of income are produced by more than one source. As all the different survey measures vary in their estimation methodology, it is important to know the source of data and to use the same source when comparing the different levels of geographic data (city and town, county, state and nation).

Income data from the ACS is derived from questions asked of the population 15 years old and over, and is the sum of wage and salary, net self-employment income, interest, dividends, rental income, Social Security, welfare, retirement, and pensions. Capital gains, food stamps and other "in-kind" value as well as any other lump-sum receipts are excluded from the income measure.

Income for a geographic area is based on the components above for the area's residents and can be obtained both from within the area as well as anywhere outside the area, including out of state. The income measure is

an indicator of the general economic condition of an area's residents and is used, among other things, in the allocation formulas for many government programs.

The ACS is not the only source for income data. The U.S. Bureau of Economic Analysis (BEA) also releases a personal income measure. This measure is available as a total personal income and as a per capita personal income measure. It is released on both a quarterly and annual schedule. However this data series is only available statewide and for counties. The BEA measure is coinciding with the calendar year and quarters, whereas 5-year ACS estimates are based on a rolling average of respondents' past 12 months income.

Income data are compiled and made available on the ELMI website through NHetwork² (<http://nhnetwork.nhes.state.nh.us/nhnetwork/>), and in the *New Hampshire Community Profiles* (<http://www.nhes.nh.gov/elmi/products/cp/index.htm>).

² New Hampshire's Economic and Labor Market Information Data System.