



Special Attention of:

NOTICE PDR-2001-02

Secretary's Representatives,
Community Builders, Economists,
Public & Indian Housing Division Directors,
Multifamily Hub and Program Center Directors

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Cross References:

Subject: Estimated Median Family Incomes for FY 2001

This memorandum transmits median family income (MFI) and income distribution estimates for Fiscal Year 2001 (FY 2001). They are calculated for each metropolitan and nonmetropolitan area using the Fair Market Rent (FMR) area definitions applied in the Section 8 Housing Choice Voucher Program. The estimated median family income for the United States for FY 2001 is \$52,500.

The FY 2001 MFI estimates are based primarily on 1990 Census median family income estimates updated to 2001 using a combination of Bureau of Labor Statistics earnings and employment data and Census Divisional P-60 median family income data. Attachment 1 provides an explanation of the methodology used to develop these estimates. Attachment 2 provides median income estimates for States. Attachment 3 provides metropolitan area and nonmetropolitan county estimates of median family incomes. Attachment 4 provides the area definitions used for income limits.

Please note that the use of the HUD median family income estimates and income limits is subject to individual program guidelines covering definitions of income and family, family size, effective dates, and other factors. If you have any questions concerning these matters, please refer them to your Office's economist.

HUD median family income estimates are also available at the Department's World Wide Web site, which provides a menu from which you may select the year and type of data of interest (<http://www.huduser.org/datasets/il.html>).

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Attachments

ATTACHMENT 1

HUD METHODOLOGY FOR ESTIMATING FY 2001 MEDIAN FAMILY INCOMES (ECONOMIC AND MARKET ANALYSIS DIVISION, OFFICE OF ECONOMIC AFFAIRS, PD&R)

FY 2001 HUD estimates of median family income are based on 1990 Census data estimates updated with a combination of local Bureau of Labor Statistics data and Census Divisional data. Separate median family income estimates (MFIs) are calculated for all Metropolitan Statistical Areas (MSAs), Primary Metropolitan Statistical Areas (PMSAs), and nonmetropolitan counties.

The income adjustment factors used to update the 1990 Census-based estimates of MFIs are developed in several steps. Average wage data from the Bureau of Labor Statistics (BLS) were available for 1989 through the end of 1998 at a county level, and were aggregated to the metropolitan area level for multi-county metropolitan areas. Census Divisional level median family and household income estimates were available from the Current Population Report (CPS) March 1990-2000 surveys, which measure incomes from mid-1989 through mid-1999. These data were then used to update mid-1989 income estimates from the 1990 Census to the middle of 1999. The mid-1999 estimates were trended forward to mid-FY 2001 using a factor based on past P-60 Series trends. The step-by-step normal procedures as well as the exception procedures used are as follows:

1. Estimate mid-1989 local median family incomes using 1990 Census data. (Current HUD Section 8 Fair Market Rent (FMR) program definitions are used to define metropolitan areas, which are normally the same as Office of Management and Budget metropolitan area definitions.)
2. Calculate the BLS wage change factors for each Census Division for the 1989-98 period as follows:

$$\frac{\text{Census Division BLS Wages (1998)}}{\text{Census Division BLS Employees (1998)}} = \text{9-year BLS wage increase factor for Census Division}$$
$$\frac{\text{Census Division BLS Wages (1989)}}{\text{Census Division BLS Employees (1989)}}$$

3. Calculate the change in median family and household incomes for the nine Census Divisions for the 1989-1999 period using Census P-60 series data, as follows:

$$\frac{\text{Census Division P-60 MFI (1999)}}{\text{Census Division P-60 MFI (1989)}} = \text{10-year increase factor for Census Division P-60 Median Family Income}$$

4. Compare the BLS and P-60 series Census Divisional factors calculated in steps 2 and 3 to provide a means of adjusting local BLS wage factor changes so that they aggregate to the same change factor as P-60 changes in family incomes plus contain an added year of CPS trending.

$$\frac{\text{10-year increase factor for Census Division P-60 MFI}}{\text{9-year increase factor for Census Division BLS Wages}} = \text{Ratio of Census Division P-60 MFI to ratio of Census Division BLS wage changes}$$

5. Calculate the 1989-99 increase factors for the individual metropolitan areas and nonmetropolitan counties by applying the Census Divisional index factors from step 4 to local BLS data.

$$\frac{\text{Local BLS Wages (1998)}}{\text{Local BLS Employees (1998)}} * \frac{\text{Ratio of Census Division P-60 MFI to Census Division BLS wages}}{\text{Ratio of Census Division P-60 MFI to Census Division BLS wages}} = \frac{\text{10-year income adjustment factor for MSA or County}}{\text{1989 to mid-1999 MFI adj. factor}}$$

6. Convert 1989-99 step 5 change factor to a 1989-2001 change factor by applying an annual trending figure of 4.0 percent to update the mid-1999 estimate to mid-2000, and applying a 3.0 percent factor (3/4ths of 4.0 percent) to the mid-2000 to April 1, 2001 period. (Use of a trending factor is necessary because of lags in Bureau of Labor Statistics and P-60 Series data availability; the 4.0 percent factor is based on national income change patterns in recent years.)

$$(\text{Step 5 adj. factor}) * 1.04 * 1.03 = \text{1989 to mid-FY 2001 adjustment factor}$$

7. Calculate median family incomes for FY 2001 by multiplying the step 1 Census estimate of median family income by the income adjustment factor derived in Step 6.

$$\text{1990 Census Median Family Income} * \text{Step 6 factor} = \text{FY 2001 MFI est.}$$

8. For American Housing Survey areas, compare the MFI estimates from step 7 with median family income estimates based on post-1989 American Housing Survey (AHS) estimates of median family income updated to 2001. Past analysis shows that there is 95 percent likelihood that the true local median family income is within 6 percent of the AHS-based estimate. For areas where an AHS-based estimate differs by more than 6 percent from the Census-based estimate, local MFI estimates are increased or decreased so that they are within 6 percent of the AHS-based estimate.
9. Compare the 2001 MFI estimate with the 2000 MFI estimate. If the 2000 estimate is higher, set the 2001 estimate at the 2000 level. (This policy is applied except when estimates are revised with decennial Census data, and serves to minimize disruption in program activities due to temporary decreases in income estimates.)

In addition to the above procedures, constraints are placed on annual changes in the Census Divisional and BLS change factors based on past experience. These guidelines constrain increases for a small number of areas with unusually high increases.

ATTACHMENT 2

FY 2001 MEDIAN FAMILY INCOMES FOR STATES, METROPOLITAN AND NONMETROPOLITAN PORTIONS OF STATES

	-----FY 2001-----			-----1989-----		
	TOTAL	METRO	NONMETRO	TOTAL	METRO	NONMETRO
ALABAMA	46100	49700	38500	28688	31005	24084
ALASKA	54000	60400	50100	46580	50109	44045
ARIZONA	49700	52100	33300	32177	33536	23997
ARKANSAS	39200	45600	33800	25395	29425	22208
CALIFORNIA	58400	59200	38600	40558	40969	29946
COLORADO	57700	60700	43700	35929	37461	28257
CONNECTICUT	70000	71300	58300	49198	49512	43591
DELAWARE	64200	68000	46900	40251	42237	31112
DIST. OF COLUMBIA	60100	60100	0	36255	36255	0
FLORIDA	49400	50300	38400	32211	32761	25874
GEORGIA	53200	60100	40100	33529	37551	26690
HAWAII	59100	62400	51700	43176	45313	37990
IDAHO	44300	50200	40100	29472	32220	27799
ILLINOIS	62600	66700	44900	38663	40964	29693
INDIANA	53600	56400	47600	34082	35664	30800
IOWA	52500	58900	48400	31658	35618	29303
KANSAS	53400	63100	43200	32965	38356	28067
KENTUCKY	44300	54000	35900	27028	32411	22542
LOUISIANA	39600	42600	31600	26313	28246	21177
MAINE	41800	47500	39400	32421	36629	30719
MARYLAND	69400	70900	52700	45033	45988	33695
MASSACHUSETTS	62600	63400	50500	44366	44728	37765
MICHIGAN	57600	61800	42700	36651	39033	27893
MINNESOTA	62500	70900	47100	36915	41398	28933
MISSISSIPPI	40000	48000	35900	24447	29496	21994
MISSOURI	51500	59000	39600	31837	36252	24324
MONTANA	40400	44100	38600	28042	30207	26977
NEBRASKA	53400	62800	45000	31634	36639	27623
NEVADA	55400	55500	54500	35837	35891	35577
NEW HAMPSHIRE	57300	62900	49900	41628	45429	36623
NEW JERSEY	69200	69200	0	47589	47589	0
NEW MEXICO	41700	48800	33000	27623	31550	23165
NEW YORK	58400	60100	41400	39740	40635	31472
NORTH CAROLINA	50200	54700	41500	31548	34083	27206
NORTH DAKOTA	45700	52300	41000	28707	32677	26194
OHIO	53500	55400	46500	34350	35392	30562
OKLAHOMA	40500	45100	34000	28553	31805	24139
OREGON	47800	52000	37900	32336	34637	27616
PENNSYLVANIA	48600	50600	39200	34856	36147	28934
RHODE ISLAND	53200	53200	54800	39172	39078	40639
SOUTH CAROLINA	46600	48600	41700	30797	32349	26904
SOUTH DAKOTA	46500	53600	43400	27601	32338	25547
TENNESSEE	49900	54100	41900	29546	32092	24937
TEXAS	50200	53200	35800	31553	33231	24585
UTAH	50600	53200	41800	33245	34322	30183
VERMONT	45500	55600	42200	34779	41968	32453
VIRGINIA	59800	66400	40800	38208	42000	28301
WASHINGTON	57400	61100	39500	36794	38495	29671
WEST VIRGINIA	35600	42100	31000	25602	29882	22654
WISCONSIN	56000	60200	48400	35081	37659	30290
WYOMING	45500	45600	45500	32215	32529	32096
UNITED STATES	52500	56500	38800	35224	37617	27255

NOTE: DEFINITIONS OF METROPOLITAN AREAS ARE CURRENT AS OF OCTOBER 2000