

# Real Household Income Declines for Fifth Consecutive Year

## Description of Indicator

This indicator tracks the change in inflation-adjusted median household income for San Bernardino County compared to the state and nation.<sup>1</sup> Household income includes the annual income of all members of a household ages 15 or older, whether related or unrelated. For the Riverside-San Bernardino metro area, median household income is also compared to cost of living. The cost of living index compares the prices of housing, consumer goods, and services in Riverside-San Bernardino relative to the national average.

## Why is it Important?

Compared to its Southern California neighbors, cost of living is low in the Riverside-San Bernardino metro area, but compared to the national average, the cost of living is 13% higher. As a result, real income growth is important to ensure residents have sufficient income to thrive in San Bernardino County and afford rising expenses.

## How is San Bernardino County Doing?

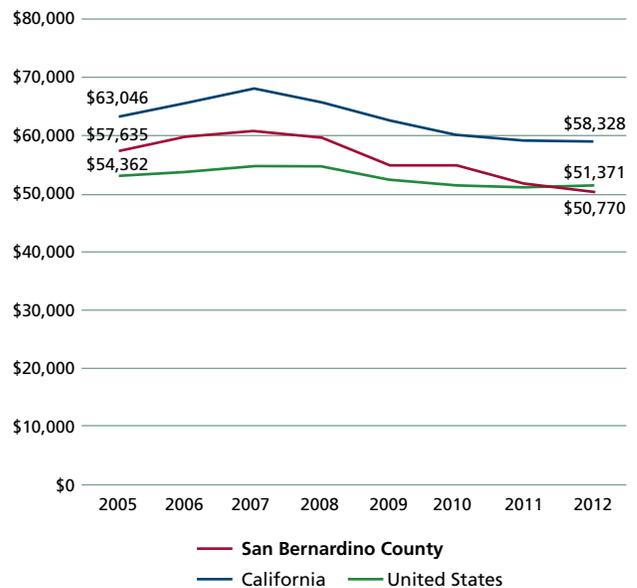
Similar to national trends, real household income declined for the fifth year in a row:

- In 2012, median household income in San Bernardino County was \$50,770, down 3% since 2011 and 12% since 2005.
- The inflation-adjusted decline is due to lackluster median income growth combined with a cumulative inflation rate of 18% between 2005 and 2012.
- San Bernardino County's median household income is now slightly below the national median (\$51,371) – a first within the period tracked.

The Riverside-San Bernardino metro area has the lowest cost of living in Southern California, but a higher cost of living than peer markets outside of California:

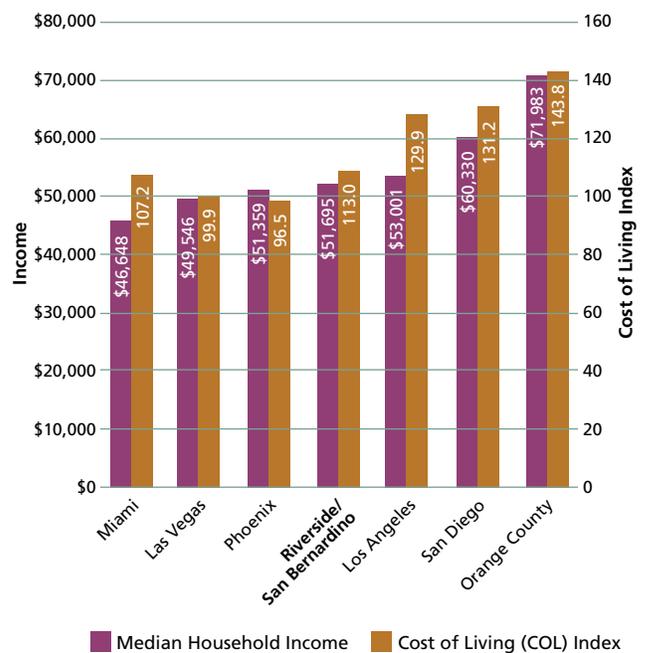
- With 100.0 being average, Riverside-San Bernardino measured 113.0 on the Cost of Living Index in 2013. This index value has not changed significantly in the past four years.
- When looking at income relative to cost of living in peer markets, Phoenix residents enjoy the most favorable ratio of income to cost of living, with lower than average cost of living and slightly above average median household income. The opposite is true in Los Angeles.
- Higher than average cost of living and average income in Riverside-San Bernardino translates to somewhat less discretionary income than areas where income and cost of living are more aligned.

Median Household Income (Inflation Adjusted to 2012 Dollars) San Bernardino County, California and United States, 2005-2012



Sources: U.S. Census Bureau, American Community Survey, 1-Year Estimates (2005-2012) U.S. Bureau of Labor Statistics, Inflation Calculator ([www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm))

Median Household Income Compared to Cost of Living Index Regional Comparison, 2012 (Income) or 2nd Quarter 2013 (COL)



Sources: U.S. Census Bureau, American Community Survey, 1-Year Estimates; Council for Community and Economic Research ([www.c2er.org](http://www.c2er.org))

<sup>1</sup> All income data in this indicator are inflation-adjusted to 2012 dollars, such that \$1,000 earned in 2000, for example, has the same buying power as \$1,333 in 2012. "Real" refers to income after adjusting for inflation.