

Has the American economy hit a turning point?

Household incomes rose strongly in 2015, according to the Census Bureau.

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Middle-class Americans finally got a raise in 2015. And it was a big one.

After years of glacial economic growth and stagnant wages, median household income jumped 5 percent, or nearly \$3,000, from 2014, according to data released Tuesday by the [Census Bureau](#). That's the first meaningful increase since 2007 and the biggest bounce on record, offering fresh evidence that this economic recovery is now reaching a broader swath of American workers.

"The middle class, is finally, finally, gaining a little bit of traction," said Chris Christopher, an economist for IHS Inc., a forecasting firm in Lexington. "It's been a slog to get here."

Median income (the level at which half of households are above and half are below) climbed to \$56,500 last year. When adjusted for inflation it still lags slightly behind 2007 income, but analysts and economists expect it to surpass those levels by 2017.

Incomes rose for virtually every age and demographic group. Non-Hispanic whites saw gains of 4.4 percent, Hispanics earned over 6 percent more, and low-income families got a boost of nearly 8 percent.

Though income inequality continues, the data showed that rising incomes helped lift millions of Americans out of poverty.

Overall, the poverty rate fell to 13.5 percent of the US population from 14.8 percent the year earlier, with gains for children, the elderly, and all types of American families.

The news will probably weigh on this year's presidential contest, in which financial insecurities and fears of widening income inequality have been pressing issues. This brighter economic picture comes as the Federal Reserve debates whether to once again raise interest rates — from 0.25 percent to 0.5 percent — and ease some of the

emergency measures central bankers put in place after the financial crisis to jump-start the economy.

Part of the credit for this economic blossoming can be traced back to the job market, which has been gaining strength over time. More full-time workers means more steady paychecks and greater pressure for employers to raise wages. Unemployment in Massachusetts is at 4.1 percent, close to the level economists consider full employment. The nationwide unemployment rate is 4.9 percent.

But other factors may also be in play. Businesses, which have been saving money on energy costs due to the low oil prices, may have decided to invest more in workers last year. Younger adults may have opted to go to work, instead of college, because of greater job opportunities and rising college tuition, bringing up the median household income, said Robert Shapiro, a senior fellow at Georgetown University's business school and a former undersecretary of commerce in the Clinton administration.

Nonetheless, the US economy seems to have crossed a tipping point, unleashing long-awaited benefits that had been building over time.

The census report also showed that the number of uninsured Americans continued to drop, as people take advantage of President Obama's health care law. The share of people in the United States uninsured for the entire year was 9.1 percent, down from 10.4 percent.

Overall, the economic improvements are significant, said Jerry Rubin, president of Jewish Vocational Service, which provides job and skills training for workers.

Graduates from the nonprofit's classes are receiving salaries as much as \$4 above the minimum wage of \$10 an hour, twice what they were fetching just a year or two ago, Rubin said.

"It's noticeable," Rubin said. "Wages have definitely climbed. Hours have increased. They are getting more benefits. The quality of the jobs overall has definitely improved."

But for many families, boosting the standard of living remains a challenge. Even with rising incomes, families have to stretch paychecks to keep up with the high price of housing and child care, especially in the Boston area, Rubin said.

Workers in the restaurant, retail, and home health care industries have been pushed out to cheaper communities such as Revere or Malden and make the commute into Boston for their jobs, because they can no longer afford the high rents in the city, Rubin said.

Even the details of the Census Bureau's data offer a more sobering long-term picture of the American economy.

While the child poverty rate did decline substantially in 2015, one in five children in the United States still lives in poverty.

The Census Bureau also found that by its measure, income inequality has increased by 5.5 percent since 1993. Even with the big income jump in 2015, American families aren't making huge progress. Back in the heady dot-com days of 1999, median families took home \$1,400 more than they did in 2015.

That's not the pattern of progress policy makers and economists want to see over the long term.

That underlying disappointment is reflected in politics today.

Obama's approval ratings have risen with the improving economy, Shapiro at Georgetown University said. According to a Washington Post poll released over the weekend, he has 58 percent approval, one of his highest ratings since he has been in office and 15 points above his rating before the 2014 midterm elections.

That should bode well for the incumbent party and Democratic candidate Hillary Clinton, Shapiro said.

But there are still many Americans in their prime working age who have fallen behind in this century as manufacturing jobs have waned and the economy has focused on high-

technology, degree-based jobs. They lost their jobs and lost the value in their houses during the last recession, and more recent gains haven't been enough, Shapiro said.

"For those people they're still not back to where they were and they are still angry," he said.

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