

Table 1: Summary of Key Income Measures

Measure	Brief definition	Pros	Cons	Notes
Median household income	If you sorted all the household incomes, the median is the value of the one in the middle.	Takes into account all households in an area and is a pretty good measure of a typical income level for the area.	The measure weighs all households the same — persons living alone have the same weight as 5-person families. As a median the measure does not take into account incomes at the extreme ends of the distribution.	This is perhaps the most widely used and accepted measure of income.
Median family income	If you sorted all the family household incomes from lowest to highest, the median is the value of the one in the middle.	Sometimes you <i>want</i> to exclude those non-family households from the measure. Avoids the apples-and-oranges mixing of family and non-family HHs. Commonly used as a required measure for governmental programs.	Excludes non-family households, so it does not take into account everybody in the community. Could be very misleading in a community with a significant non-family-household population. As a median the measure does not take into account incomes at the upper and lower ends of the distribution.	A widely used and accepted measure of income.