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What Happened to Americans' Real Income Under Trump, Biden and Obama

By Stephen Moore and the Staff of Unleash Prosperity

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Introduction

Accurate and timely measures of household income are critical for assessing the effects of macroeconomic shocks and government policy on American families. The U.S. Census Bureau's annual report on Income and Poverty in the United States, based on the Current Population Survey Annual Social and Economic Supplement (CPS ASEC), is the official source of median household income. However, it is published with a substantial lag—approximately nine months after the year it measures—and it only provides annual averages (Semega, Kollar, Shrider, & Creamer, 2023). Income fluctuations occurring early in any given year may not appear in the official record until nearly two years later, limiting the usefulness of these data for real-time analysis.

To address this gap, we have followed a rich legacy of statistical work to develop a method for generating monthly estimates of household income using CPS Basic Monthly data. Gordon Green and John Coder, former Census Bureau officials, pioneered a monthly income series at Sentier Research that provided timely estimates of U.S. median household income beginning in 2011 (Green & Coder, 2015). Their work demonstrated that CPS Basic data, despite being designed primarily for labor force statistics, could produce valid monthly estimates of income that closely tracked official annual medians. Sentier's monthly income index gained recognition among policymakers and researchers as a valuable, near-real-time measure of household economic well-being (Bair, 2013). Although the series was discontinued in 2020 following the retirement of its creators, the methodology remains sound and provides the foundation for this paper's approach.

In the appendix of this report we provide our refined methodology for producing monthly estimates of real median household income. We describe the limitations of existing measures, outline the CPS data sources, detail the imputation and adjustment procedures, and discuss considerations for accuracy and validity. We further provide a poignant use case, evaluating and contrasting changes in income during the first presidential terms of Donald Trump and Joe Biden.

This paper presents the most up-to-date data on real household income from 2008 through 2024 – the Obama, Biden and Trump (first term) presidencies. All figures are adjusted for inflation and are presented in 2024 dollars. Our estimations of income for 2024 are within a 3% margin of error.

Findings

Here are the key findings of our analysis:

Real median household income grew ten times more under Trump ($6,400) than under Biden ($550).

Real median household income grew more in Trump's first four years in office ($6,400) than they did combined under in Obama's entire eight years in office and Biden's one term in office ($5,550).

Income for lower income Americans (the income cutoff to be in the bottom 25%) ROSE by $3,950 under Trump and fell under Biden (-$170). The Biden policies made the poor slightly poorer, because of the high inflation over that (2020-24)period.

In percentage terms, the lowest 25% in income lost –0.4% of income, but under Trump gained 10.4% of income.

The lowest income category of Americans had the largest gains of income under Trump. The bottom 25% gained 10% in income, the median household gained 8% and the richest 25% gained 7%.

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Appendix

One of the bitter fruits of the Biden Presidency is that a primary goal of the administration was to reduce income inequality. Yet, we now have solid evidence that Biden's income redistribution policies accomplished exactly the opposite result. Poor households suffered the largest income losses, and the rich had the largest gains.

This conclusion comes from our advanced analysis of Census Bureau monthly data through the end of 2024. We examined Census numbers on household incomes by those in various income groups: the top 25% ("high income,") the median income ('middle class"), and those in the lowest 25% of income (the poor). These Census Bureau income numbers include business income, capital gains, wages and salaries, and cash government welfare benefits, including the earned income tax credit.

Let's start with comparing the middle class in Trump's first term (2016-20) and Biden's term (2020-24). All the numbers in our analysis are adjusted for inflation.

The median real household income rose by more than $6,400 under Trump, or roughly ten times the small gain of $550 under Biden. What this says is that the middle class mostly treaded water in the Biden years. Re

But what is more remarkable is the impact of Biden's policies on Americans at the bottom 25% of the income spectrum. Those poor households saw their after-inflation-adjusted income FALL by an average of $172. In other words, the poor, on average, got slightly poorer over the Biden years. The upper-income Americans in the top 25% of the income ladder did much better. They gained almost $6,000 on average.

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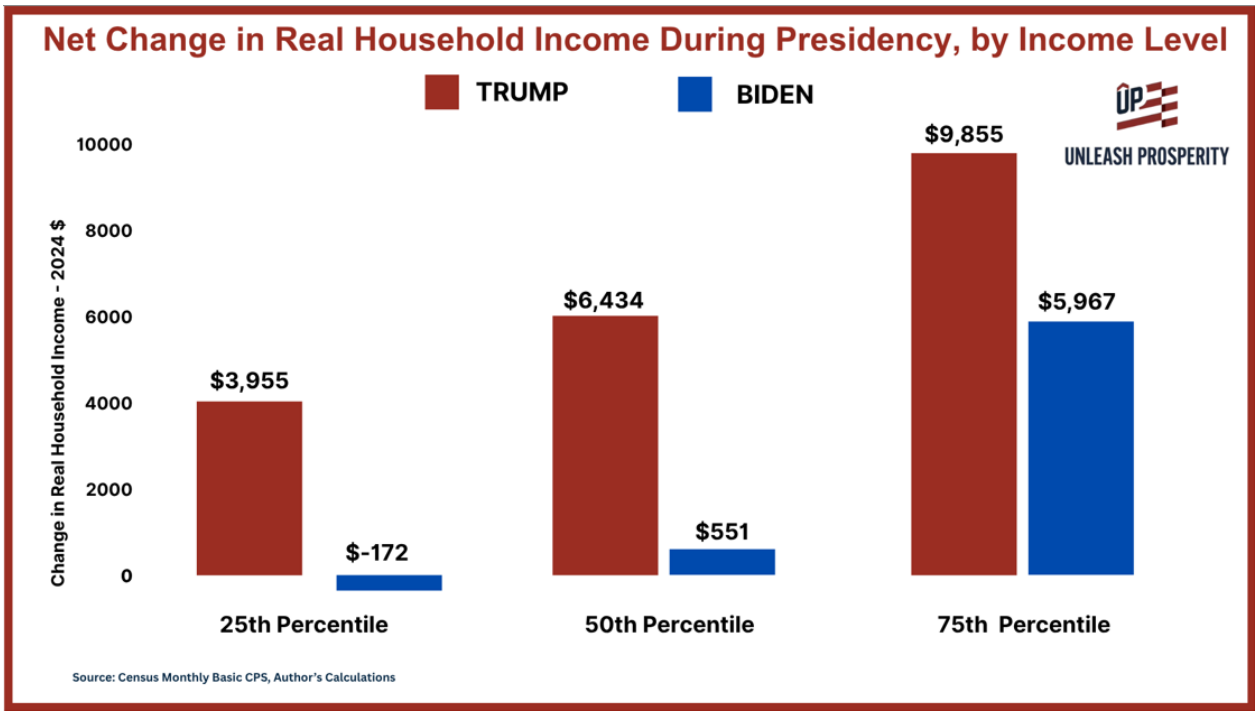
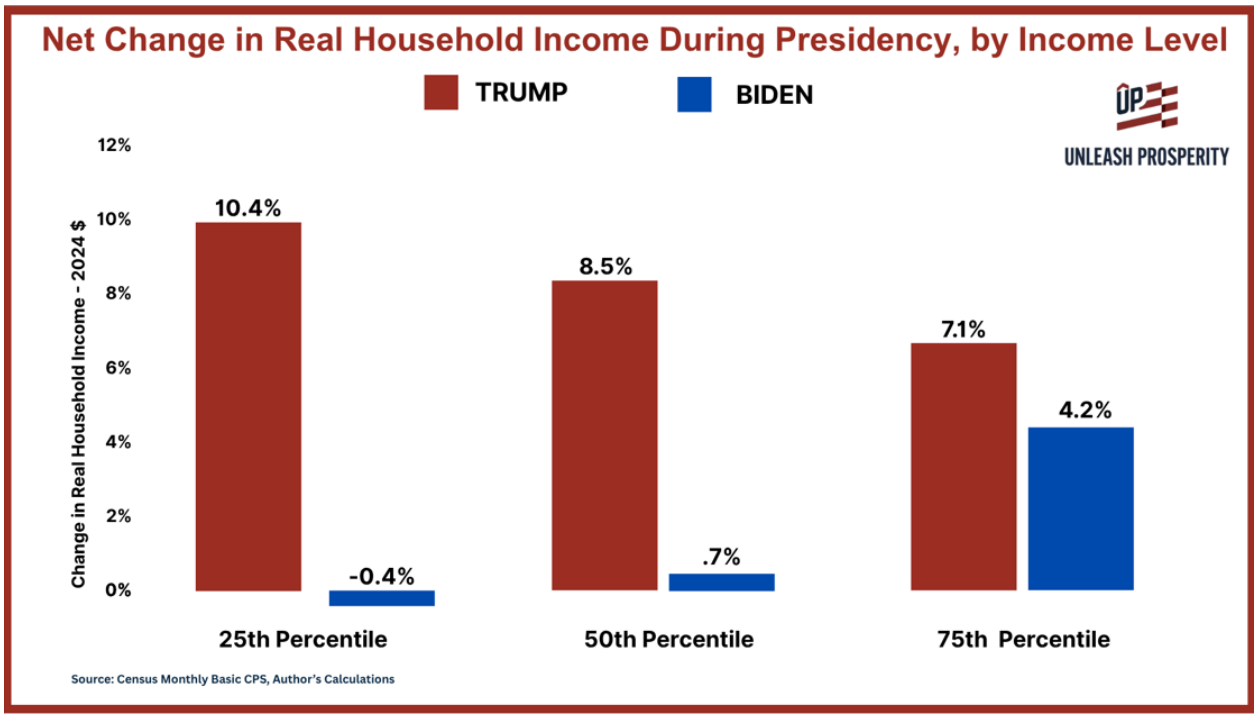


These results contrast sharply with the results from Trump's first term in office. Instead of losing purchasing power, the poor households saw an income boost of $3,995. This is a very large gain for poor households in just four years.

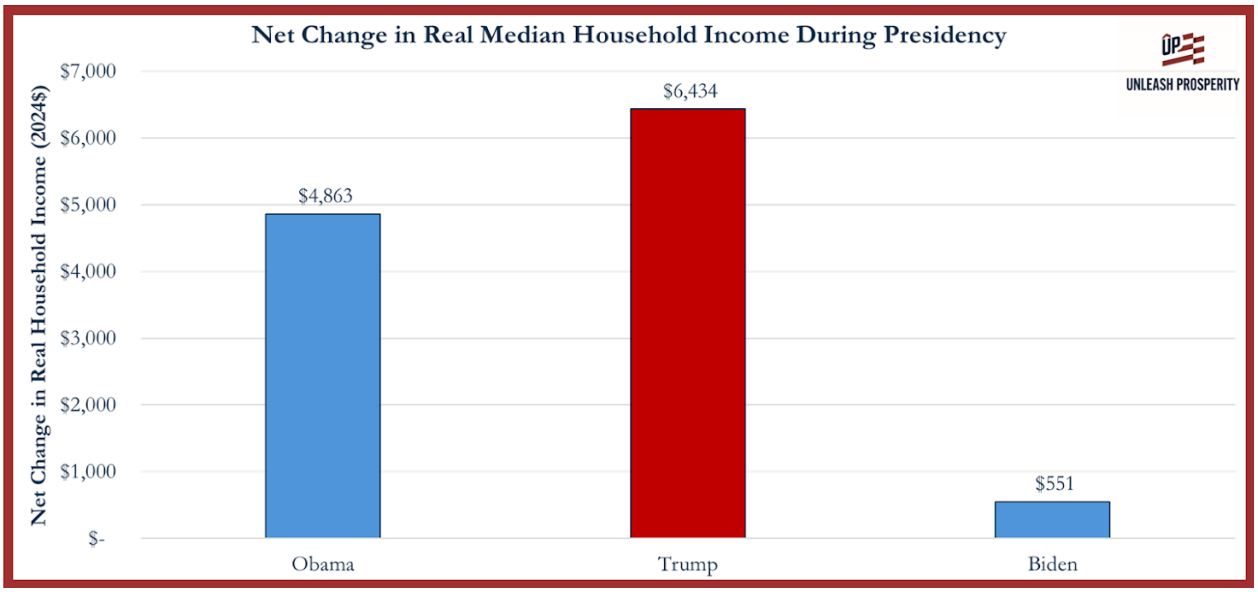
Another remarkable finding of our analysis of Census Bureau household income data is that they resoundingly contradict the common narrative that Trump's tax, budget, and other economic policies primarily favored the rich.

Yes, the wealthiest Americans did very well under Trump. The top 25% saw an income gain of $9,855.

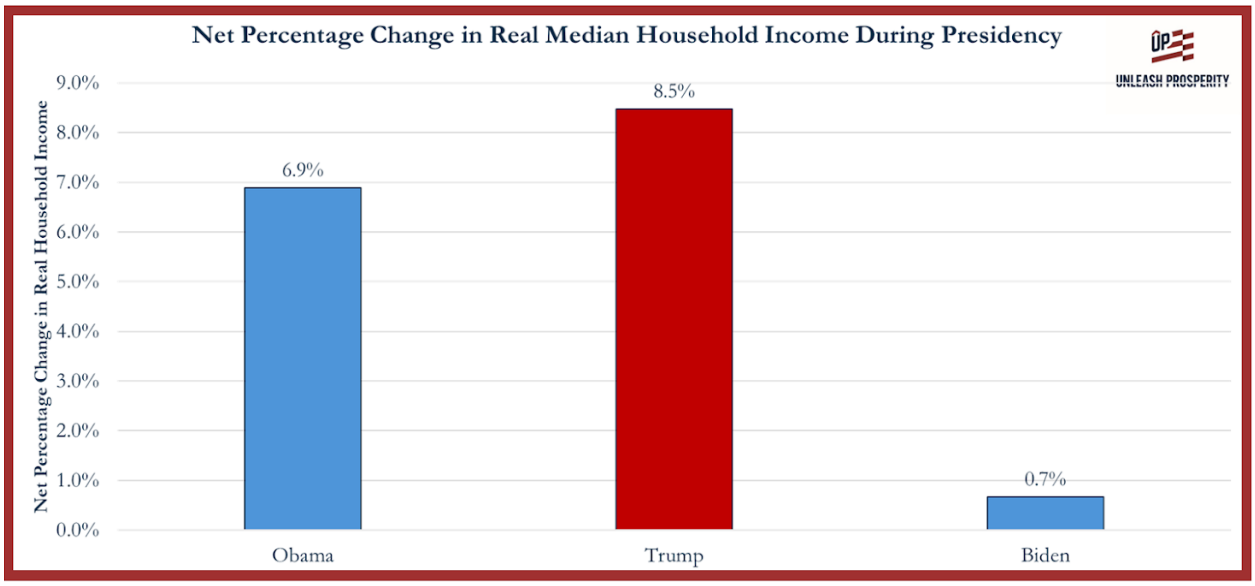
When we examine the percentage change in household incomes under Trump, the data tell a different story. The bottom quarter of income enjoyed a 10% gain, while those in the middle saw an 8% gain, and the top quarter of income saw a smaller 7% gain.



When we add the Obama years, we discover that the income gains for the median income family were slightly larger in Trump's four years in office than during the eight years that Obama was president AND the four years that Biden was president combined.



In percentage terms the increase in household income was higher under Trump than under Obama and Biden as well.



Incidentally, the gains under Trump likely would have been much higher from 2016 to 2020 for all income groups except for the fact that COVID effectively shut down large sectors of the economy, so incomes fell sharply in 2020 as they did in 2021.

One lesson hopefully learned from these results from the Biden years is that even with large government handouts and a big increase in government employment, those expansions of government couldn't counter the devastating silent killer effect of high inflation on almost all income gains.

Limitations of Existing Income Measures

Existing measures of household income suffer from shortcomings in timeliness and representativeness.

Official Census Statistics. The CPS ASEC provides authoritative annual income statistics, but its September release is significantly delayed. Annual averaging also masks short-term income fluctuations, preventing the timely evaluation of policy interventions and macroeconomic shocks (Semega et al., 2023).

High-frequency private sector data. Private datasets, such as payroll records or tax filings, can provide more frequent indicators. However, they often lack representativeness, exclude segments of the population (e.g., unemployed households), and may be proprietary (Chetty, Friedman, Hendren, Stepner, & The Opportunity Insights Team, 2020). These limitations make them unsuitable substitutes for nationally representative, publicly available statistics.

Primary Data Sources: CPS Basic Monthly and CPS ASEC

CPS Basic Monthly. The CPS is a monthly survey of approximately 60,000 households that underpins official labor force statistics (U.S. Census Bureau, 2023a). In addition to employment questions, it includes a "global" income question asking households to select their total combined income for the past 12 months from 16 categorical ranges, spanning less than $5,000 to $150,000 and above. Due to the survey's rotation design, households answer this question only in their 1st and 5th month of participation, yielding responses for about 20% of the sample each month.

CPS ASEC. Conducted each spring, the CPS ASEC surveys roughly 75,000 households, collecting detailed dollar amounts for diverse income sources. It provides the official benchmark for annual income and poverty statistics and serves as the donor dataset for imputing continuous values from CPS Basic categorical responses (U.S. Census Bureau, 2023b).

Methodology for Monthly Median Income Estimation

Our estimation procedure produces a monthly value of median household income in real (inflation-adjusted) terms, using the CPS Basic monthly data with enhancements informed by the CPS ASEC. The approach can be summarized in several steps:

Deriving Continuous Income Values from Brackets

Each responding household in the monthly CPS reports its total past-year income as a range (e.g., $50,000–$59,999). To compute a median, we must convert these categorical responses into continuous dollar values. We employ an imputation technique to assign a specific income value to each household, using the rich information from CPS ASEC as a reference distribution. Specifically, for each CPS monthly respondent, we randomly draw an income value from households in the CPS ASEC who reported incomes in the same bracket and with similar demographic characteristics. The matching characteristics include factors such as family size, number of children, and age of household head. For example, suppose a 65-year-old single-person household in the monthly CPS chose the $20,000–$24,999 income range. We would identify all single, age 65+ households in the ASEC who reported an annual income in that range, and then randomly select one of their reported dollar incomes to assign to the CPS household. This draws on the assumption (supported by research) that the income distribution within a given bracket is similar in the monthly CPS and the ASEC. By performing multiple random draws (multiple imputation), we can reduce noise and obtain a robust estimate for the median.

Note: An alternative imputation method, used by the original Sentier research, is to assume a uniform distribution within each bracket (for the lowest 15 brackets) and use a Pareto distribution for the top open-ended bracket. We acknowledge this simpler method as a viable approach. Still, our use of ASEC-based donor imputation should better capture the true distribution of incomes within each interval by incorporating demographic correlations. In either case, the outcome of this step is a set of assigned dollar incomes for all households in the monthly CPS sample.

Inflation Adjustment to Real Dollars

The income values imputed in Step 1 are essentially nominal dollars for various reference periods (each household's "past 12 months" ends in the month of the interview, which differs across respondents). We need to convert all incomes to a common price level to account for inflation, yielding real income in consistent dollars. The inflation adjustment is done at the microdata level – i.e., each household's income is deflated according to the midpoint of its reference period. We use the Chained Consumer Price Index (C-CPI-U) as our price index for this purpose (Bureau of Labor Statistics, 2023).

Weighting and Median Calculation

The CPS provides a household weight for each respondent, indicating how many households in the population the sampled household represents. Using these weights, we can construct the weighted distribution of household incomes for the month. We then identify the median – the income value at the 50th percentile of the weighted distribution.

Weight Rebalancing

To ensure the monthly sample is as representative as possible, we recalibrate the weights using the latest CPS ASEC population benchmarks.

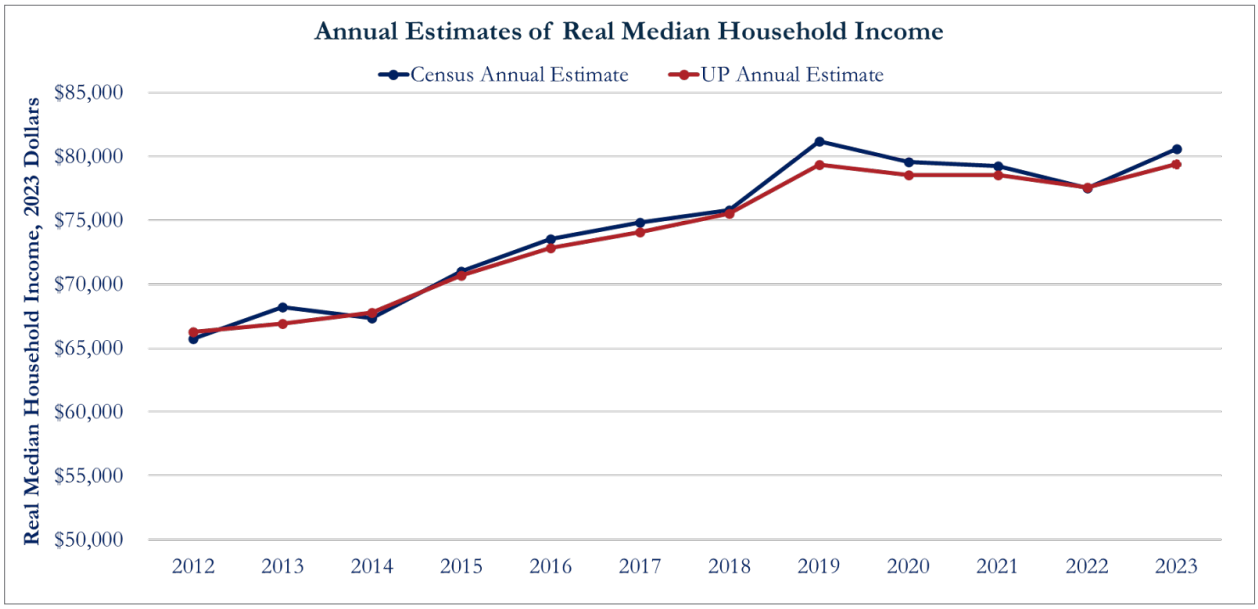
Full-Sample Utilization

Only ~20–25% of the CPS sample in each month provides a newly updated income response. Following Sentier's approach, we include all households in the sample (months 1–8) when computing the median, effectively carrying forward income responses for up to 3 months. This means each month's estimate is akin to a four-month moving average of incomes, which greatly improves stability without losing much trend responsiveness.

Benchmarking and Seasonal Adjustment

After deriving a preliminary median for each month, we apply two refinements: Benchmarking involves calibrating the level of our series to official statistics on an annual basis. Each year when the Census Bureau releases the new official median income (from the ASEC), we compare it to our series and adjust for any small differences. This ensures that our monthly series remains anchored to the accurate annual level. Seasonal Adjustment is conducted using the Census Bureau's X-13ARIMA-SEATS procedure to remove predictable seasonal effects. The result is a seasonally adjusted real median household income series, making month-to-month changes more interpretable.

Validity of the CPS-Based Estimates



To evaluate the historical accuracy of the model, we compared the regressed estimates of annual real median household income to the official Census Bureau figures from 2012 through 2023. Across these 12 years, the model tracked Census values with a very high degree of precision. The average percent standard error was 0.99%, with a standard deviation of 0.65 percentage points. In practical terms, this means that in a typical year, the model's estimate was within about one percent of the Census-reported value.

The year-by-year errors were consistently small, ranging from as low as 0.02% in 2022 to a maximum of 2.26% in 2019. Such accuracy is noteworthy given that the model relies on monthly CPS Basic data, which were not designed to produce official income estimates. We should note, though, that if CPS response rates continue to decline, we expect to see increased volatility in the monthly estimates and potential error in the annual estimates.

This historical validation demonstrates that the methodology produces reliable estimates that closely align with the official annual benchmarks. The model is therefore well-suited to provide timely monthly insights into household income dynamics, filling the gap left by the long lag in Census reporting.

The validity of this approach is also supported by historical precedent. Sentier Research demonstrated a high correlation between CPS-derived monthly medians and official Census figures, establishing the feasibility of the method (Green & Coder, 2015). The monthly series behaved consistently with economic conditions, reflecting income stagnation during the post-2009 recovery, growth in the late 2010s, and disruptions during the COVID-19 pandemic.

Independent researchers have also applied CPS-based methods to estimate income and poverty during the pandemic, finding results consistent with macroeconomic developments and policy interventions (Parolin, Curran, Matsudaira, Waldfogel, & Wimer, 2020). These applications underscore the reliability of CPS-based methods for capturing short-term changes in household well-being.

Considerations and Limitations

Several limitations of this method should be noted:

Sampling Error

As a survey-based measure, CPS monthly estimates are subject to variability, especially in subgroups or over short horizons.

Response Error

Households may misreport income or fail to respond, introducing bias. During the COVID-19 pandemic, lower-income households were less likely to respond, temporarily inflating measured incomes (Rothbaum & Bee, 2020).

Benchmarking Dependence

Annual calibration to official CPS ASEC ensures long-term accuracy but introduces a dependency on lagged benchmarks.

Seasonality and Volatility

Seasonal fluctuations and sampling noise can create short-term volatility, which smoothing and seasonal adjustment partially mitigate.

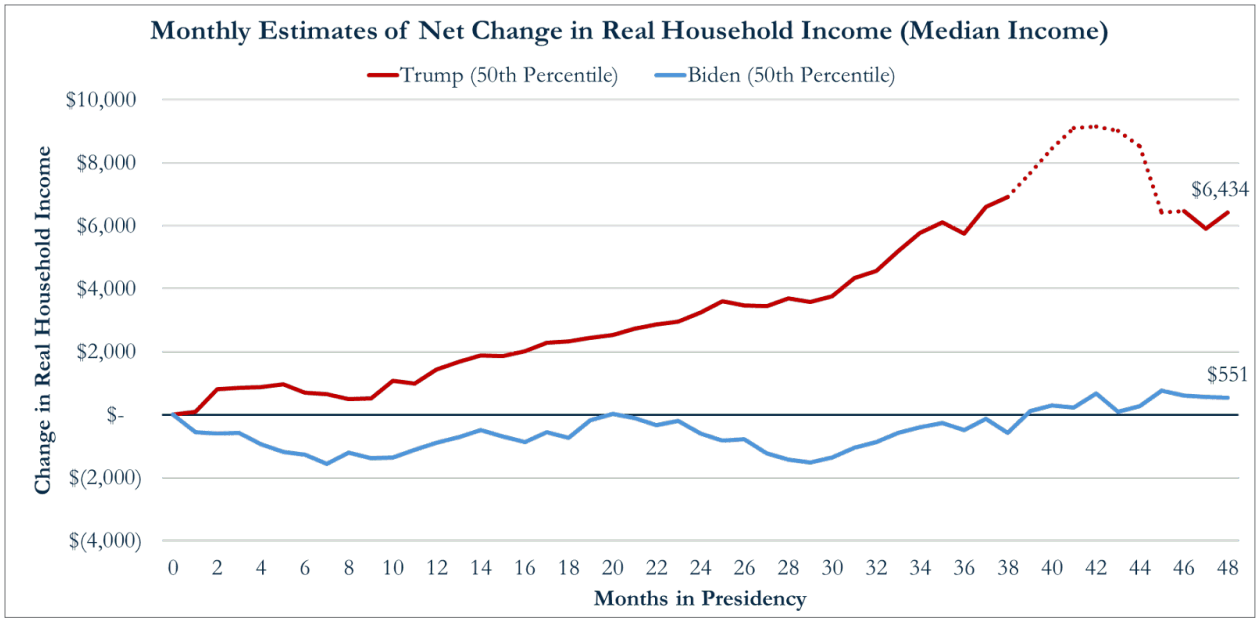
Scope of Income Included and Excluded

The CPS "global" income question, used in this methodology, is designed to capture the total household income over the past 12 months from all sources (U.S. Census Bureau, 2023a). It includes wages, self-employment, retirement income, asset income, and public transfers. However, it does not fully capture noncash benefits, irregular or lump-sum payments, wealth changes, or underreported transfer income (Meyer, Mok, & Sullivan, 2015).

Application: Household Income Trends in the Trump and Biden Eras

A particularly poignant case for the monthly household income model is its ability to disaggregate changes across the income distribution, providing timely insight into how different segments of households experience economic gains or losses. This section applies the methodology to compare the net change in real household income under the first terms of President Donald Trump and President Joe Biden, focusing on the 25th, 50th, and 75th percentiles.

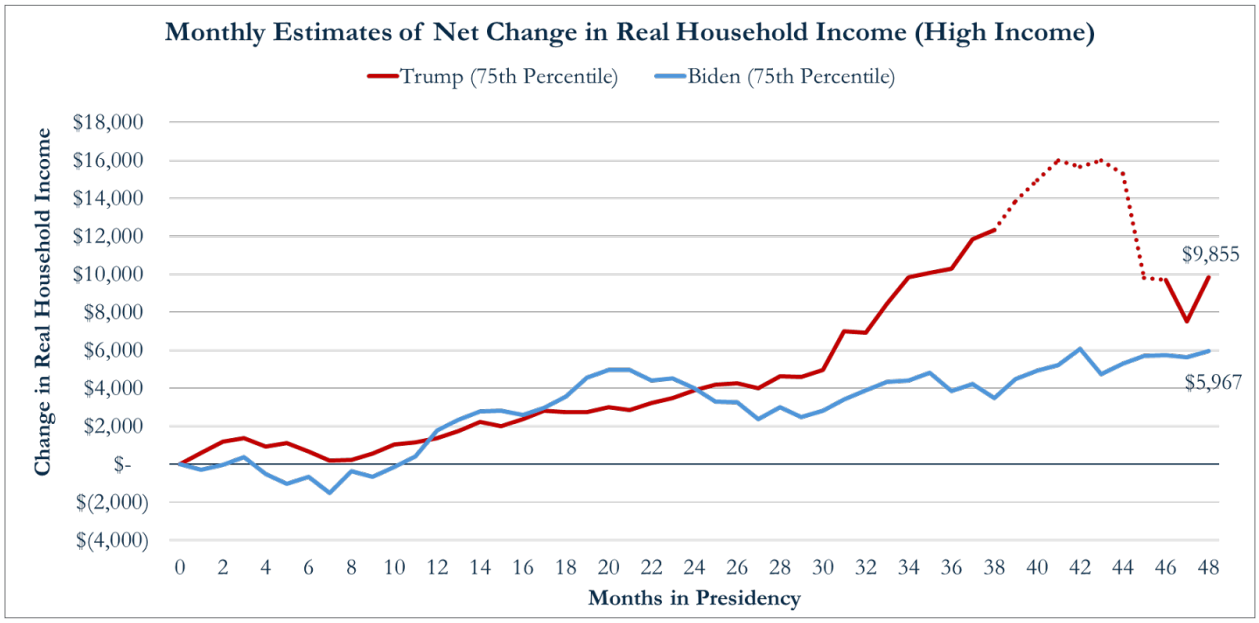
Median-Income Households (50th Percentile)



Note: March-October 2020 CPS data (indicated by dashed line) were affected by nonresponse bias due to the COVID-19 Pandemic

At the median, household income rose sharply during Trump's presidency, increasing by approximately $6,434 (an 8.5% gain) over four years. By contrast, under Biden, the increase has been far more muted, with median incomes rising by just $551 (0.7%) over a comparable period. The overall trajectory reveals substantially stronger income gains for median households during Trump's term.

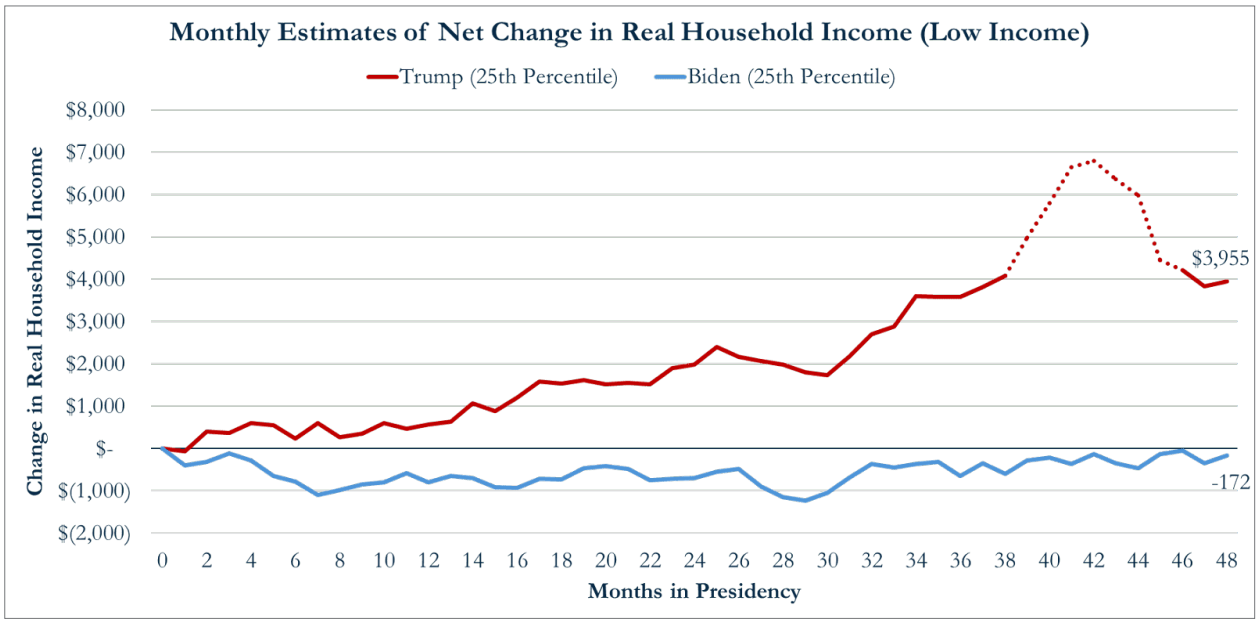
High-Income Households (75th Percentile)



Note: March-October 2020 CPS data (indicated by dashed line) were affected by nonresponse bias due to the COVID-19 Pandemic

High-income households experienced the largest absolute increases under both presidents. Under Trump, incomes at the 75th percentile rose by $9,855, a 7.1% gain. These gains were particularly concentrated between 2018 and early 2020. Under Biden, incomes at the same percentile increased by $5,967, or 4.2%. Although both groups registered net gains, the pace of increase was slower and more volatile under Biden, reflecting inflationary pressures and a less favorable environment for asset-driven and upper-income households.

Low-Income Households (25th Percentile)



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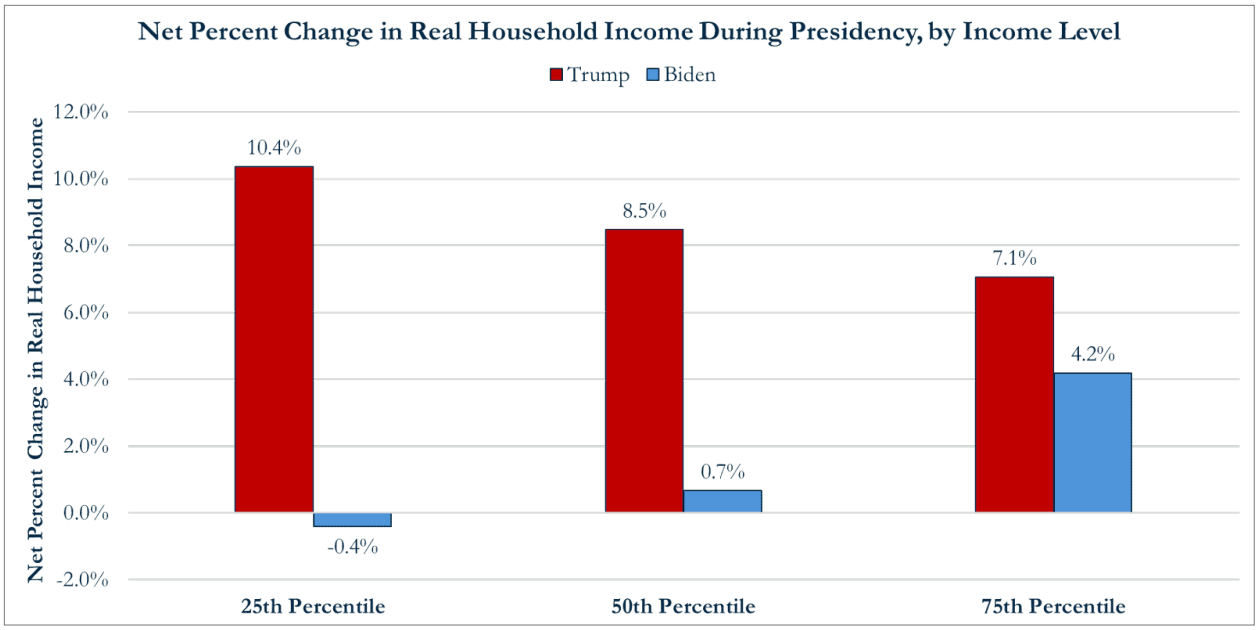
For lower-income households, outcomes diverged sharply. During Trump's presidency, incomes at the 25th percentile increased by $3,955, a gain of an incredible 10.4%. These improvements, though smaller in dollar terms, were proportionally larger relative to the group's starting income, representing meaningful progress for lower-income families. Under Biden, by contrast, the 25th percentile saw a slight decline of $172, equal to a 0.4% decrease in real terms, as rising consumer prices outpaced nominal income growth for this group.

Comparative Perspective Across Income Groups



The utility of our model is to advance release distributional outcomes in near real time. By providing timely estimates of household income at multiple percentiles, the methodology enables policymakers and researchers to assess not only aggregate income growth but also how particular policies affect specific income groups.

Conclusion

Producing monthly estimates of real median household income from CPS data is a feasible and valuable means of tracking the income fluctuations of American households. By converting categorical income responses into continuous measures, deflating to constant dollars, and calibrating against official benchmarks, this methodology provides a credible, timely indicator of household economic well-being.

Building on the foundational work of Green and Coder, this revived monthly series offers policymakers and researchers a near-real-time tool for monitoring household income dynamics. Although it is still subject to sampling and response limitations, the method's validation through prior use and historical accuracy demonstrates its utility. In a national landscape of rapid economic change, such a measure is indispensable for timely analysis and effective policy.

Taken together, these results show a consistent pattern: household incomes rose more substantially across the income distribution under Trump than under Biden and under Obama. Most importantly, and contrary to the prevailing narrative, the relative gains were largest at the bottom of the distribution under Trump, with the 25th percentile outpacing the median and the 75th percentile in percentage terms. Under Biden, income growth has been positive only at the median and upper ends, and more modest overall.

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