

# FY 2010 Median Family Income Documentation System

## Median Family Income Calculation Methodology

FY 2010 estimates take advantage of the 2008 American Community Survey (ACS) 3-year data published by the Bureau of the Census. While HUD's FY2010 median family income (MFI) estimates are still updates of 2000 Census data, the 2010 HUD update factors are similar to the methodology employed to generate FY2009 update factors; similarly, FY2010 estimates use 3 year ACS data because more areas are covered by the 3 year estimates. In general:

- FY2010 estimates are based on local area ACS 2008 surveys for places of 20,000 or more, where such surveys have been published.
- Estimates for all other areas now reflect the state-level change between the 2000 Census state and 2008 ACS state estimates.

HUD's FY 2010 MFI estimates make more extensive use of ACS data than previous years. All estimates are projected forward from 2008 to April 1, 2010, using an annual trend factor of 3.0 percent. Except for minor modifications, HUD continues to use the same area definitions used in FY2006.

Importantly, since the ACS responses were delivered between 2006 and 2008, the impact of the recession which began in 2008 on family incomes is not fully captured by these data.

Due to its size, **Ouray County, CO** does not have published local area 3 year 2008 ACS Survey results.

The step-by-step procedures used to develop FY 2010 estimates for Ouray County are as follows:

1. The 2000 Census was used to estimate what are treated as mid-1999 local median family income estimates.
2. Census 2000 and 2008 American Community Surveys were used to estimate the change in State MFIs for the mid-1999 to end-2008 period. The state income changes for 1999-2008 period were calculated as follows:

$$\frac{\text{ACS State MFI}_{2008}}{\text{Census State MFI}_{1999}} = \frac{\text{9-Year Increase factor for ACS Median Family Income}}{\text{ACS State Income Change}}$$

*NOTE:* For areas not covered by local ACS income estimates, trending for the post-2000 period through the year of the most current ACS data available (2008) was done using changes in ACS state MFI estimates. Therefore, in the FY 2009 HUD MFI estimates, HUD is using direct comparisons between the state estimates from the 2000 Census and the 2008 ACS to calculate state-level changes.

3. Convert the step 1 median family income estimate to an April 1, 2009 estimate as

follows:

$$\begin{aligned}
 & \text{Step 1 median family income} \\
 & * \text{Step 2 Local Update Factor} \\
 & * 1.03 \text{ (3.0\% annual trending)}^{1.25 \text{ years}} \\
 & = \text{FY 2010 Median Family Income estimate}
 \end{aligned}$$

Although HUD is continuing its use of 3-year ACS data in estimation of median family income estimates, HUD is discontinuing its use of the "hold-harmless policy" with respect to Section 8 income limits for FY 2010. For more in depth information, please review our [Federal Register Notice](#).

## The results of the Median Family Income Step by Step Process

### Ouray County Results

- The following are the 2000 Census Median Incomes (as of 1999) for:

Area	2000 Census Median Income
Ouray County, CO	\$49,776

- The state-level income change from mid-1999 to end-2008 is calculated as follows:

Area	ACS State MFI <sub>2008</sub>	Year End 2008 Update Factor	Census State MFI <sub>1999</sub>	Result
Ouray County, CO	\$69,745	$(211.339 / 215.303)$ = 0.9816	\$55,870	$(\$69,745 * 0.9816) /$ $\$55,870$ = $\$68,461 / \$55,870$ = 1.22536 = 22.536%

- The FY 2010 median family income is estimated as follows:

Area	Step 1	Step 2 Local Update Factor	Trending 3.0% for 1.25 years	FY2010 Area MFI Estimate
Ouray County, CO	49,776	1.2254	$1.03^{1.25}$ = 1.03764	$(49,776 * 1.2254 * 1.03764)$ = 63,289.42

4. In keeping with HUD policy, the MFI Estimate is rounded to the nearest \$100:

Area	Unrounded FY 2010 MFI Estimate	Rounded FY 2010 MFI Estimate
Ouray County, CO	\$63,289.42	\$63,300

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