

Average Perception of the Middle Class

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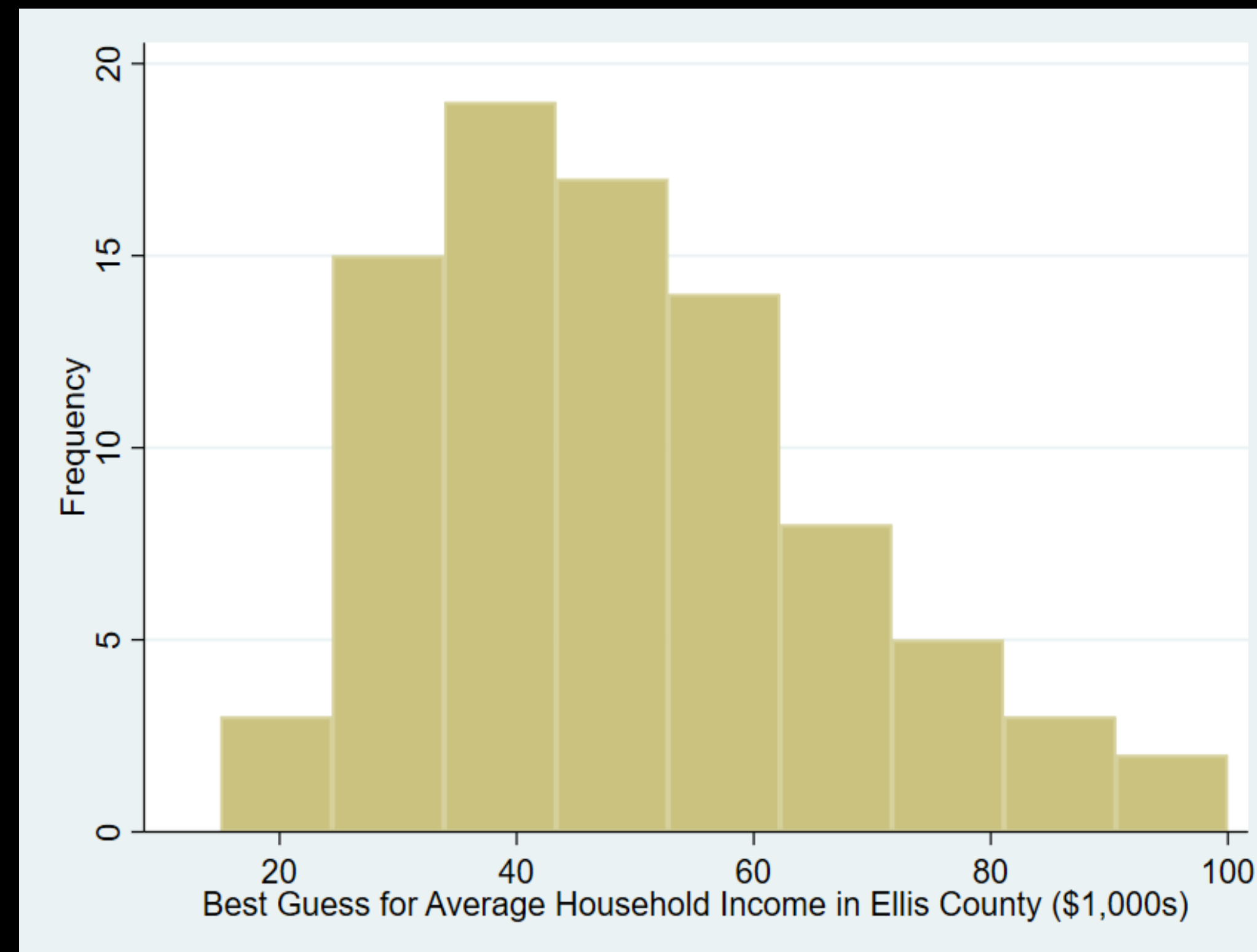
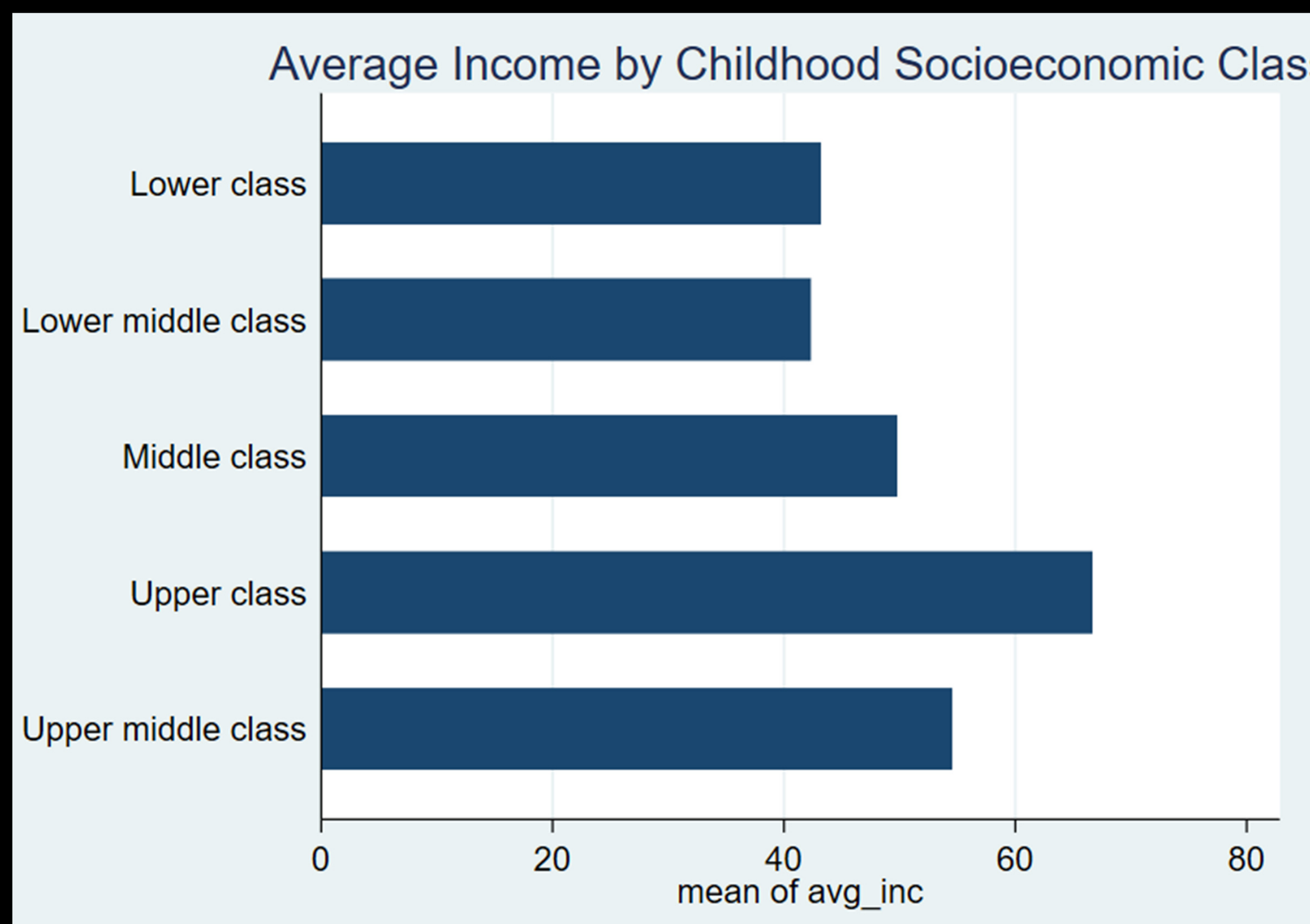
Abstract

Studies such as that conducted by Charolett Wold for Investopedia have found an increasing amount of individuals with an ultra-high net worth. However, studies such as CNBC's *Make It* have found inconsistencies between individuals actual class rank, and their perception of their class rank. We decided to test contributing factors to an individual's perception of being middle class; such as political affiliation, as well as geographical location

Introduction

An article published the American Psychological Association by Tori DeAngelis titled *Class Differences* inspired our research into what factors contribute to an individual's perception of what it means to be middle class. We generated a survey and distributed to a diverse group of randomly selected individuals. We initially found no correlation between our selected contributing test factors and our survey results. However, upon the expansion of our sample size we were able to conclude similar data to that published by the Federal Reserve Economic Database.

We attribute our small initial sample size as to why our initial results came out less than that predicted.



Findings

Upon our initial findings we found no correlation between any of our predicted contributing factors and individual's perception of the middle class. However, upon the expansion of our sample size we were able to conclude similar results to what we expected based off our findings on the Federal Reserve Economic Database. The median response to the average middle-class household's annual income found in our survey results was roughly \$49,010 US dollars. This is only a few hundred dollars off from that found on the Federal Reserve Economic Database's website of \$49,715 US dollars. We were able to conclude at the 5 and 10% significance level that childhood socioeconomic status contributed to their perceptions of the middle class.

If you view the chart above, you will find our survey estimated the average middle-class household in Ellis county to be skewed right. We attribute the skewedness to an outlier in our results of roughly \$100,000 US Dollars.

Viewing the graph to the left you will observe our results suggest the higher the survey takers childhood socioeconomic status the higher their perception of the middle class. We predict a higher level of financial education and standard of living may attribute to our survey takers accuracy with predicting the average middle-class household's income.

Methodology

We used a combination of the Fort Hays State University provided software STATA as well as the Federal Reserve Economic Database (FRED) to conduct the bulk of our regressions and analysis. We gathered our initial information through the distribution of a survey. We generated the bulk of our questions through research articles conduct by Pew Research Facility, CNBC, Investopedia, and the American Psychological Association mentioned in the references.

Conclusion

Our initial findings found no significant correlation in any of our expected contribution factors when testing the null hypotheses of no correlation. However, upon increasing our sample size we found significance at the 5 and 10% levels between individual's childhood socioeconomic status, and their perception of the lower class. Our findings with the increased sample size also predicted the average middle-class income in Ellis County, Kansas to be \$49,010 US dollars. This was extremely close to that found on the Federal Reserve Database which was \$49,715 US dollars.

Looking at our graphs to the left you will see a right skewness in our graph of the average household income in Ellis County. We attribute this to an outlier in our survey results of \$100,000 US dollars.

We credit our relatively low initial sample size as to why our initial finds had an unrealistic perception of the middle-class as well as no significance at any level among our expected contributing factors and the average survey takers perception.

Selected References

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