

POPULATION NOTES

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Per Capita Income Growth In Greater Minnesota Outpaces Twin Cities

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Per capita personal income increased 9.0 percent in areas outside the Twin Cities from 1988 to 1989, a growth rate nearly twice as large as in the seven-county Twin Cities area (5.5 percent). The 80 counties outside the Twin Cities saw larger increases in wages and salaries, farm income, asset income and transfer payment income. The rebound from the 1988 drought in agricultural areas, the aging of Minnesota's rural population, and increased values of land and rent all contributed to strong growth in per capita income in Greater Minnesota. The Twin Cities area, on the other hand, suffered from a downturn in the computer industry, declining interest rates, the stock market crash in 1987, and stagnant wages and salaries. Consequently, from 1988 to 1989, Greater Minnesota saw per capita income rise almost twice as fast as the Twin Cities region. (The term Greater Minnesota is used to designate the 80 counties outside Region 11, the seven-county Twin Cities area.)

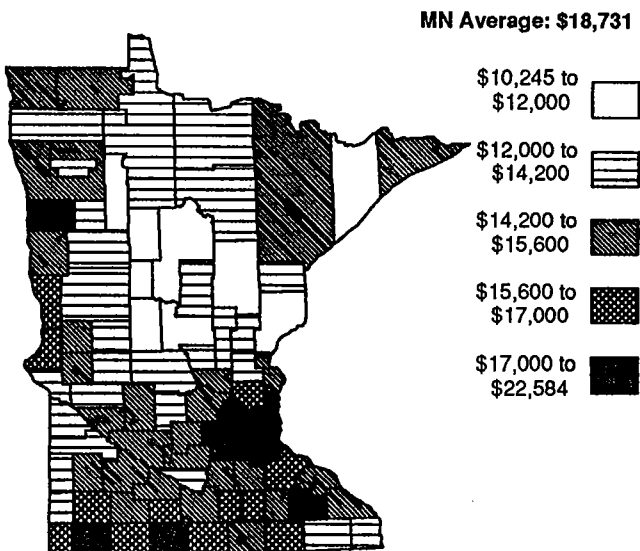
Income At A Glance...

- In 1989, per capita personal income grew nearly twice as fast in Greater Minnesota as in the Twin Cities region.
- Per capita income in Minnesota grew 5.1 percent in 1990, reaching \$18,731.
- Farm personal income increased by 26.9 percent in 1989 after declining 20.5 percent in 1988.
- Wages and salaries grew only 4.9 percent in 1989.

Minnesota Per Capita Income Slightly Higher Than U.S.

Per capita income in Minnesota grew 5.1 percent in 1990 reaching \$18,731 or slightly higher than the United States average of \$18,691. Based on Bureau of Economic Analysis data, Minnesota ranked 17th in the nation in per capita personal income in 1990, the same ranking as in 1989. Connecticut had the highest per capita income in the nation (\$25,484), followed by New Jersey (\$24,936). The lowest per capita income nationally was in Mississippi (\$12,823), with West Virginia (\$13,755) next lowest (Figure 2). The gap between the highest per capita income and the lowest per capita income narrowed in 1990 by \$340. Minnesota ranked second among midwestern states. Illinois (\$20,419) was first in the Midwest and ninth nationally (Table 1).

Figure 1. Per Capita Income 1989



Growth in per capita income varied widely between 1989 and 1990. For the nation, per capita income grew 5.4 percent. South Dakota had the highest rate of growth (9.8 percent) and New Hampshire had the slowest growth (2.0 percent). Generally, the lowest rates of growth were in the Northeast and the Far West while states in the Southwest, Rocky Mountain and Plains regions showed strong growth in per capita income. States with high per capita incomes in 1989 tended to have the weakest growth in per capita income from 1989 to 1990. Minnesota with per capita income about the same as the national average saw per capita income increase slightly less than the nation.

Table 1. Per Capita Income in the Midwest States

	Per Capita Income 1990	Midwest National	
		Rank 1990	Rank 1990
Illinois	\$20,419	1	9
Minnesota	\$18,731	2	17
Michigan	\$18,360	3	20
Kansas	\$18,162	4	21
Ohio	\$17,564	5	22
Wisconsin	\$17,560	6	23
Nebraska	\$17,549	7	24
Missouri	\$17,472	8	26
Iowa	\$17,218	9	27
Indiana	\$16,890	10	31
South Dakota	\$15,797	11	37
North Dakota	\$15,215	12	41

Hennepin County Leads State in Per Capita Income

In Minnesota, Hennepin county had the highest per capita income in 1989 followed by Dakota County. The lowest per capita incomes were in Clearwater and Pine counties. Generally, Twin Cities counties and Olmsted (Rochester) County have the highest per capita incomes (Figure 1, Table 2). The lowest per capita incomes were found in counties in north central Minnesota.

In three of the four Metropolitan Statistical Areas (MSA's) in Greater Minnesota, per capita incomes were much lower than the Minneapolis-St. Paul MSA (\$20,227). Only the Rochester MSA (\$19,517) approaches the per capita income level of the Twin Cities MSA. In the Duluth-Superior MSA and the St. Cloud MSA, per capita incomes were less than the average for Greater Minnesota (\$14,481).

Greater Minnesota Per Capita Income Rises Relative to the Twin Cities

Per capita income in Greater Minnesota rose relative to per capita income in Region 11 (seven-county Twin Cities area) for the first time since 1986. This increase was the largest gain relative to the Twin Cities in the last ten years (Figure 3). However, per capita income in Greater Minnesota was more than \$6,000 less than in the Twin Cities area. Since 1979, per capita income in Greater Minnesota has increased 83.2 percent (nominal dollars) while per capita income in Region 11 has increased 93.8 percent. Per capita income in 1989 in Greater Minnesota was 70.3 percent of per capita income in Region 11. In 1988, the figure was 68.0 percent.

Figure 1. Per Capita Income 1990

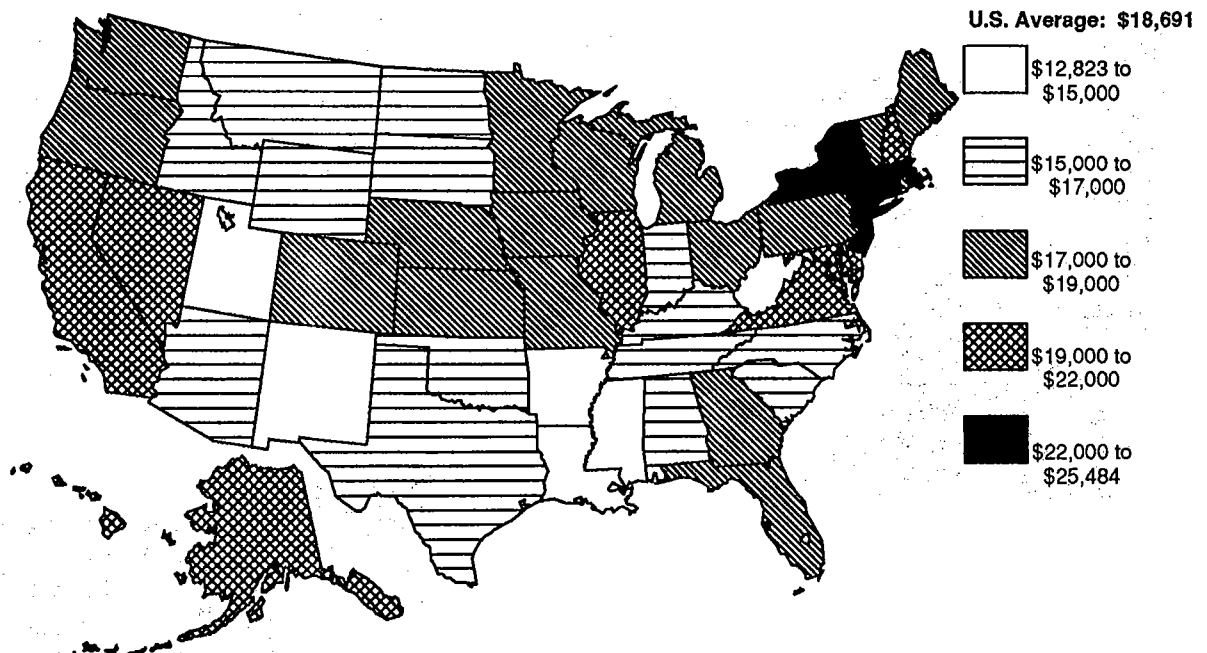


TABLE 2. PER CAPITA INCOME BY COUNTY AND REGION

	1979	1988	1989	% Change 1979-1989	% Change 1988-1989
UNITED STATES	\$9,033	\$16,490	\$17,592	94.8%	6.7%
MINNESOTA	\$9,226	\$16,490	\$17,649	91.3%	7.0%
AITKIN	6,162	10,536	11,498	86.6	9.1
ANOKA	8,656	15,967	16,578	91.5	3.8
BECKER	6,379	11,308	12,368	93.9	9.4
BELTRAMI	6,084	11,257	12,076	98.5	7.3
BENTON	7,097	13,242	13,916	96.1	5.1
BIG STONE	7,178	11,377	12,403	72.8	9.0
BLUE EARTH	8,376	14,168	15,402	83.9	8.7
BROWN	8,138	13,943	15,461	90.0	10.9
CARLTON	7,067	12,054	13,052	84.7	8.3
CARVER	9,350	17,758	18,902	102.2	6.4
CASS	6,155	10,499	11,240	82.6	7.1
CHIPPEWA	8,408	13,036	14,548	73.0	11.6
CHISAGO	8,054	14,210	14,994	86.2	5.5
CLAY	7,994	13,263	14,343	79.4	8.1
CLEARWATER	5,384	9,444	10,245	90.3	8.5
COOK	7,473	13,895	15,211	103.5	9.5
COTTONWOOD	8,651	13,581	15,438	78.5	13.7
CROW WING	6,984	12,434	13,358	91.3	7.4
DAKOTA	9,959	19,225	20,082	101.6	4.5
DODGE	8,335	13,657	15,322	83.8	12.2
DOUGLAS	6,912	12,061	13,007	88.2	7.8
FARIBAULT	9,029	14,097	16,410	81.7	16.4
FILLMORE	7,690	12,919	14,017	82.3	8.5
FREEBORN	8,865	13,928	15,437	74.1	10.8
GOODHUE	8,442	14,664	15,865	87.9	8.2
GRANT	8,028	13,706	15,540	93.6	13.4
HENNEPIN	11,564	21,239	22,584	95.3	6.3
HOUSTON	7,204	12,414	13,395	85.9	7.9
HUBBARD	6,295	10,752	11,476	82.3	6.7
ISANTI	7,488	12,992	13,812	84.5	6.3
ITASCA	7,124	11,426	12,436	74.6	8.8
JACKSON	8,930	13,128	16,387	83.5	24.8
KANABEC	6,979	11,606	12,203	74.9	5.1
KANDIYOHI	8,002	13,395	14,644	83.0	9.3
KITSON	7,988	14,594	14,628	83.1	0.2
KOOCHICHING	7,033	11,771	13,882	97.4	17.9
LAC QUI PARLE	9,083	12,352	13,364	47.1	8.2
LAKE	9,322	9,557	10,809	16.0	13.1
LAKE OF THE WOODS	6,742	11,697	12,764	89.3	9.1
LE SUEUR	8,755	14,136	15,170	73.3	7.3
LINCOLN	7,165	12,194	13,571	89.4	11.3
LYON	8,434	14,071	15,431	83.0	9.7
MCLEOD	8,778	14,642	15,570	77.4	6.3
MAHNOMEN	5,864	10,950	12,471	112.7	13.9
MARSHALL	7,266	12,541	13,359	83.9	6.5
MARTIN	9,181	15,009	17,529	90.9	16.8

TABLE 2. PER CAPITA INCOME BY COUNTY AND REGION (continued)

	1979	1988	1989	% Change 1979-1989	% Change 1988-1989
MEEKER	\$7,921	\$12,976	\$13,863	75.0%	6.8%
MILLE LACS	7,444	12,823	13,718	84.3	7.0
MORRISON	6,120	10,646	11,519	88.2	8.2
MOWER	8,799	13,990	15,664	78.0	12.0
MURRAY	8,872	13,265	15,853	78.7	19.5
NICOLLET	7,654	12,770	13,825	80.6	8.3
NOBLES	8,985	14,824	17,272	92.2	16.5
NORMAN	8,115	15,035	17,345	113.7	15.4
OLMSTED	9,670	18,137	19,517	101.8	7.6
OTTER TAIL	6,955	12,009	13,096	88.3	9.1
PENNINGTON	8,032	13,355	14,559	81.3	9.0
PINE	6,064	10,078	10,676	76.1	5.9
PIPESTONE	8,055	12,951	14,107	75.1	8.9
POLK	8,234	14,009	15,405	87.1	10.0
POPE	6,992	11,339	12,353	76.7	8.9
RAMSEY	10,316	18,247	19,337	87.4	6.0
RED LAKE	6,598	11,888	12,796	93.9	7.6
REDWOOD	7,937	12,710	14,462	82.2	13.8
RENVILLE	8,887	13,337	15,323	72.4	14.9
RICE	7,715	13,943	14,889	93.0	6.8
ROCK	9,423	13,840	16,274	72.7	17.6
ROSEAU	6,824	14,414	14,590	113.8	1.2
ST. LOUIS	8,490	13,184	14,502	70.8	10.0
SCOTT	9,374	17,432	18,180	93.9	4.3
SHERBURNE	7,658	13,442	14,217	85.6	5.8
SIBLEY	8,331	13,068	14,634	75.7	12.0
STEARNS	7,154	12,962	13,838	93.4	6.8
STEELE	9,138	15,353	16,838	84.3	9.7
STEVENS	8,016	13,475	14,705	83.4	9.1
SWIFT	7,686	12,019	13,705	78.3	14.0
TODD	5,803	10,012	10,755	85.3	7.4
TRAVERSE	9,425	15,031	17,000	80.4	13.1
WABASHA	7,912	13,062	14,357	81.5	9.9
WADENA	5,882	10,109	10,904	85.4	7.9
WASECA	8,691	14,242	15,897	82.9	11.6
WASHINGTON	9,501	19,410	19,886	109.3	2.5
WATONWAN	9,516	14,111	16,553	73.9	17.3
WILKIN	9,183	14,179	16,419	78.8	15.8
WINONA	7,600	13,663	14,770	94.3	8.1
WRIGHT	7,994	14,197	14,788	85.0	4.2
YELLOW MEDICINE	8,683	12,388	13,578	56.4	9.6
SEVEN COUNTY TWIN CITIES AREA	\$10,627	\$19,524	\$20,591	93.8%	5.5%
GREATER MINNESOTA	7,904	13,280	14,481	83.2	9.0
MINNEAPOLIS-ST. PAUL MSA	\$10,165	\$19,371	\$20,227	99.0%	4.4%
DULUTH-SUPERIOR MSA	8,135	13,253	14,367	76.6	8.4
FARGO-MOORHEAD MSA	8,928	14,219	15,070	68.8	6.0
ROCHESTER MSA	9,620	18,299	19,517	102.9	6.7
ST. CLOUD MSA	6,789	13,135	13,927	105.1	6.0

TABLE 2. PER CAPITA INCOME BY COUNTY AND REGION (continued)

	1979	1988	1989	% Change 1979-1989	% Change 1988-1989
Region 1—Northwest	\$7,769	\$13,803	\$14,891	91.7%	7.9%
Region 2—Headwaters	6,054	10,910	11,764	94.3	7.8
Region 3—Arrowhead	8,049	12,548	13,810	71.6	10.1
Region 4—West Central	7,379	12,457	13,614	84.5	9.3
Region 5—North Central	6,311	11,038	11,871	88.1	7.6
Region 6E—Mid-Minnesota	8,369	13,670	14,869	77.7	8.8
Region 6W—Upper MN Valley	8,276	12,334	13,654	65.0	10.7
Region 7E—East Central	7,279	12,547	13,315	82.9	6.1
Region 7W—Central	7,432	13,402	14,169	90.6	5.7
Region 8—Southwest	8,532	13,578	15,538	82.1	14.4
Region 9—South Central	8,531	13,962	15,543	82.2	11.3
Region 10—Southeastern	8,538	14,934	16,246	90.3	8.8
Region 11—Metro	10,627	19,524	20,591	93.8	5.5

From 1979 to 1989, per capita income increased 91.3 percent in Minnesota. The greatest increases were in Roseau, Norman, and Mahnomen counties, increases of 113.8 percent, 113.7 percent and 112.7 percent respectively (Figure 4). Per capita income more than doubled in five other counties—Carver, Cook, Dakota, Olmsted, and Washington. The rapid growth in Roseau county was due largely to the new window manufacturing plant in Warroad which brought a large number of jobs to the area. Much of the increase experienced in Norman and Mahnomen counties was due to large increases in farm income. Increases in per capita farm income accounted for 14.2 percent of the decade's growth in Norman County and 11.6 percent in Mahnomen County. Asset income growth, especially higher land values, was also an important factor.

In Lake, Yellow Medicine, and Lac Qui Parle counties, per capita income growth from 1979 to 1989 failed to keep pace with the national inflation rate of 70.8 percent. The downturn in the mining industry in the northeast, the farm credit crisis of the early 1980s and the 1988 drought all contributed to depressed growth rates in personal income in these counties in southwestern and northeastern Minnesota.

Earned Income Growth Strong in Northeastern Minnesota

Earned income includes all wages and salaries, farm income, proprietors' income and employers' contributions to private pension and welfare plans. In Minnesota, wages and salaries account for most earned income. In 1989, per capita wages and salaries comprised 87.5 percent of all earned income.

Figure 3. Greater Minnesota Per Capita Income as a Percentage of Twin Cities Per Capita Income 1979 to 1989

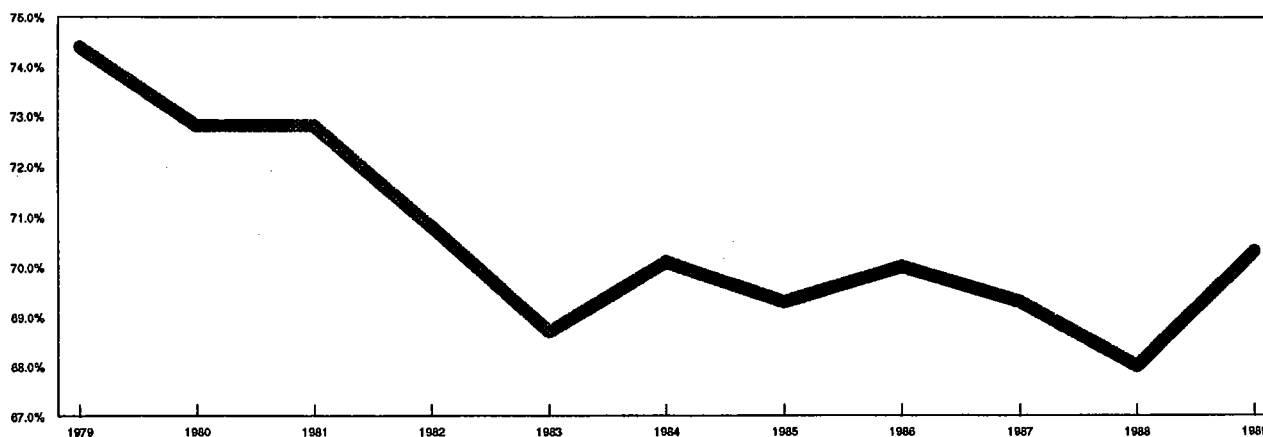
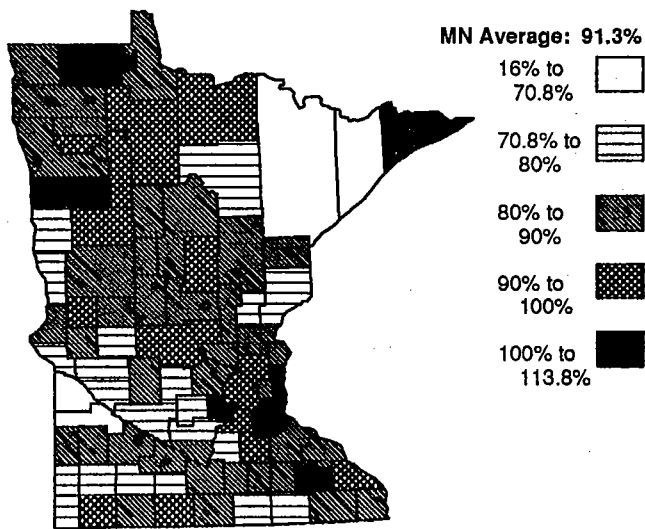


Figure 4. Per Capita Income Growth 1979 to 1989



For the Twin Cities area (Region 11), wages and salaries made up 96.3 percent of all earned income, while in Greater Minnesota, 71.9 percent of earned income came from wages and salaries. In rural Minnesota, wages and salaries have come to account for a greater percentage of earned income as farm income has declined.

Per capita wages and salaries grew dramatically in northeastern Minnesota (Region 3 consisting of Aitkin, Carlton, Cook, Crow Wing, Koochiching, Lake and St. Louis counties). The increase during the last two years (8.0 percent in 1988 and 10.2 percent in 1989) suggesting recovery from the depressed economic conditions of the early 1980s. In 1989, Minnesota per capita wages and salaries

increased 4.9 percent, only 0.1 percent higher than the national CPI (4.8 percent). Wages and salaries in Greater Minnesota grew much faster (6.7 percent) in 1989 than in the Twin Cities metropolitan area (3.6 percent) (Figure 5). Growth in wages and salaries ranged from a loss of 9.3 percent in Washington county to an increase of 38.8 percent in Koochiching county. The large increase in Koochiching county was influenced in part by the paper mill expansion in International Falls. The decline for Washington County appears to be an aberration resulting from accounting procedures. Bonuses for both 1987 and 1988 were paid to employees of a large window manufacturer in calendar year 1988. Consequently, wages and salaries for durable goods showed a huge increase in 1988 and a corresponding drop in 1989.

Per capita wages and salaries increased 88.8 percent in Minnesota from 1979 to 1989 compared with an inflation rate of 70.8 percent during the same period. From 1979 to 1989, the pattern of growth for wages and salaries in Minnesota was markedly different from that for 1989 (Figures 5 and 6). The greatest growth over this same period was in the St. Cloud region (96.9 percent) and the Twin Cities area (90.3 percent). Wages and salaries grew most slowly in northeastern Minnesota (46.1 percent) and west central Minnesota (58.9 percent). Carver county and Roseau county had the highest growth in wages and salaries (128.9 percent and 125.4 percent, respectively). Lake county, which saw per capita wages and salaries increase 18.9 percent in 1989, saw a decline of 39.2 percent from 1979 to 1989. In 42 counties (or nearly half of Minnesota's 87 counties), growth in wages and salaries was less than the inflation rate over the ten-year period. However, between 1988 and 1989, 25 of those counties saw

Figure 5. Per Capita Income Growth

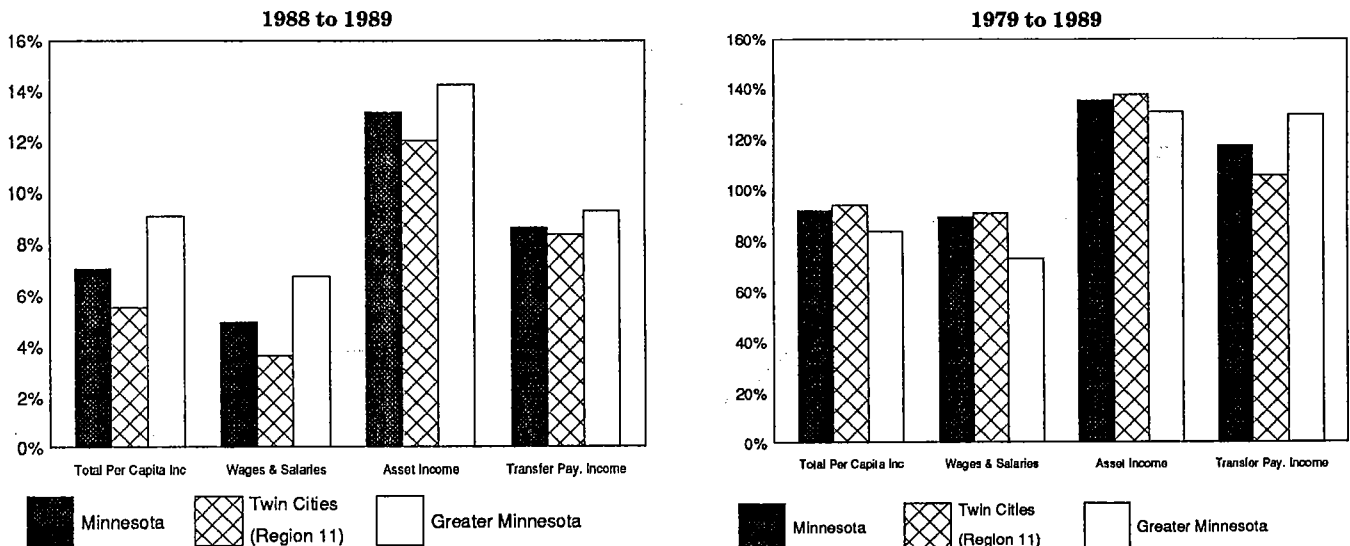
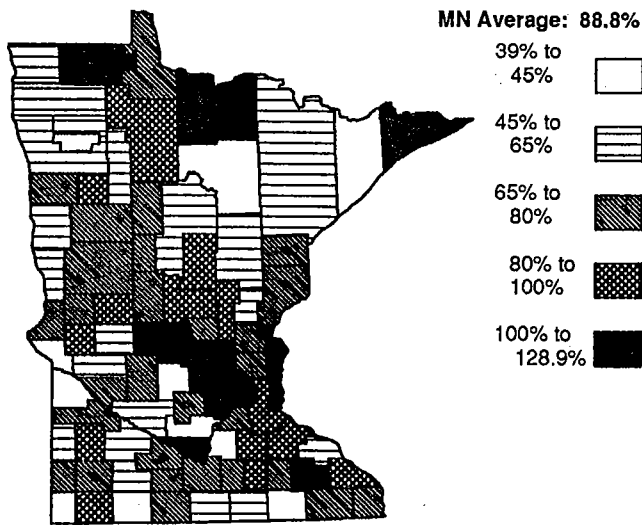


Figure 6. Growth in Per Capita Wages and Salaries 1979 to 1989



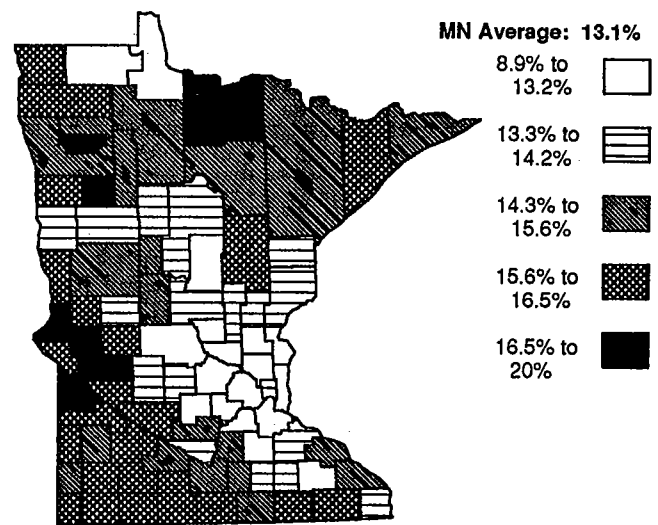
increases in wages and salaries which were greater than the inflation rate.

Farm Income Rebounds from 1988 Drought

In 1989, farm income in Minnesota increased dramatically (25.6 percent) over the previous year. The drought of 1988 pushed farm income to very low levels with declines in all regions except northwestern and north central Minnesota (Regions 1 and 2). Per capita farm income was about the same in 1989 as in the pre-drought year of 1987. Figures for 1989 reflect recovery from the 1988 drought but not strong growth. However, the large increases in farm income in 1989 helped contribute to the strong growth in per capita income in Greater Minnesota.

From 1979 to 1989, the combination of extremely slow growth in farm income and sluggish growth in wages and salaries served to depress growth in Minnesota's earned income (79.2 percent). Farm income accounts for more than ten percent of all per capita personal income in western and south central Minnesota (Regions 1, 6W, 8, and 9). However, Minnesota's farm income grew only 17.7 percent since 1979, and exceeded the inflation rate only in northwestern Minnesota (Region 1) (81.7 percent). In west central Minnesota (Region 6W), farm income (in nominal dollars) declined 13.7 percent from 1979 to 1989. Farm income also declined in northeastern and east central Minnesota and in the Twin Cities region. Throughout Minnesota, farm income's proportion of total per capita income has decreased. In some areas, this decline is due to the reduced importance of farming.

Figure 7. Per Capita Asset Income Growth 1988 to 1989



Unearned Income Grows Faster than Earned Income

Unearned income in Minnesota has grown much faster than earned income since 1979. The fraction of total per capita income derived from unearned income tends to increase as the population gets older. Thus, the increasing proportion of income from unearned sources reflects, in part, the aging of Minnesota's population.

There are two types of unearned income: asset income and transfer payment income. Asset income (or property income) is that portion of personal income derived from interest, dividends and rent. Transfer payment income is payment to persons for which they perform no current services. Income from retirement, disability and health insurance benefits, unemployment insurance benefits, and income maintenance programs are referred to as transfer payment income.

Asset Income Growth Greatest in Rural Areas

From 1988 to 1989, per capita asset income in Minnesota grew 13.1 percent, a rate five times higher than the previous year. This increase reflects growth in the value of land and rent and the recovery from the stock market crash in October 1987. However, the recession in late 1990 and early 1991 may curb further growth in asset income after 1989.

Per capita asset income growth from 1988 to 1989 ranged from 18.5 percent in Lac Qui Parle county to 8.9 percent in Dakota county. Asset income growth was stronger in Greater Minnesota where more of asset income is derived from land value and rents.

The value of farm land rose an average of 11 percent from 1988 to 1989¹.

The suburban ring counties saw the smallest increases in asset income in 1989 with asset income growth less than 10.5 percent. Declining interest rates and the stock market crash in October 1987 depressed rates of growth in asset income in 1988 throughout Minnesota. However, the suburban counties (Anoka, Carver, Dakota, Scott, Washington, and Wright counties) were hit hardest and actually experienced losses in asset income from 1987 to 1988. The recovery in 1989 was slower in these counties than in other areas of the state (Figure 7).

Minnesota per capita asset income increased 135.2 percent from 1979 to 1989, stronger growth than for per capita earned income and per capita transfer payment income. However, growth in per capita asset income was concentrated in the early years of the decade. From 1982 to 1988, per capita asset income growth was very flat increasing only 29 percent or \$577 (Figure 8).

Northeastern Minnesota showed the strongest growth in asset income (158.9 percent) since 1979. This region's strong growth probably reflects the aging of the region's population and increased demand for land for recreational use. However, in spite of strong growth, a smaller proportion of per capita personal income is derived from asset income (17.1 percent) in northeastern Minnesota than in the state as a whole (21.9 percent). And per capita asset income (\$2,368) in northeastern Minnesota is substantially lower than for all of Minnesota (\$2,867).

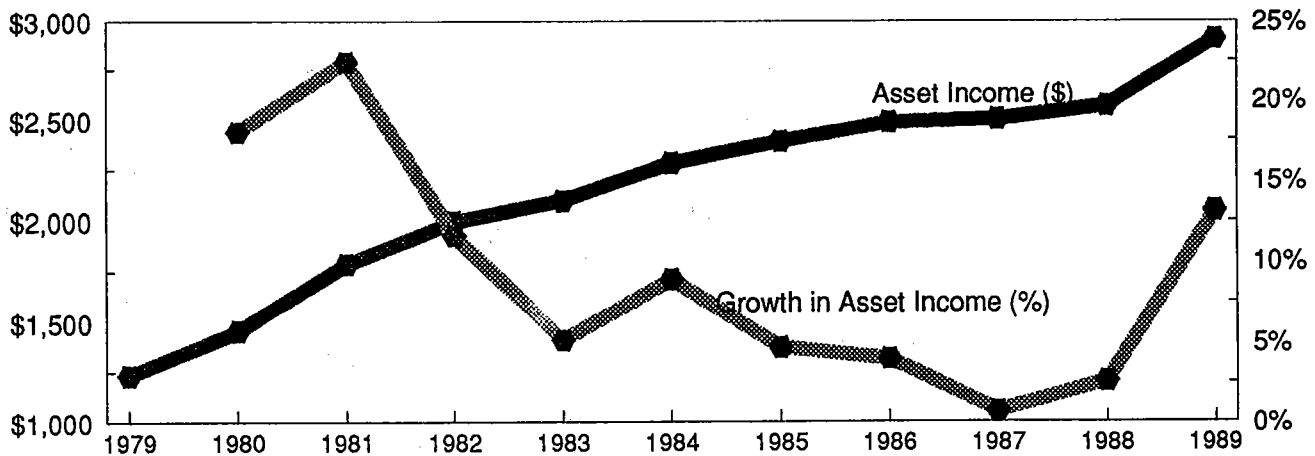
Growth in Transfer Payment Income Highest in Agricultural Areas

Transfer payment income, like asset income, is tied to the age of the population. Retirement and disability insurance benefits constitute about half of transfer payment income. Hence, transfer payment income tends to be higher both in dollar amount and as a percentage of all personal income in counties with older populations.

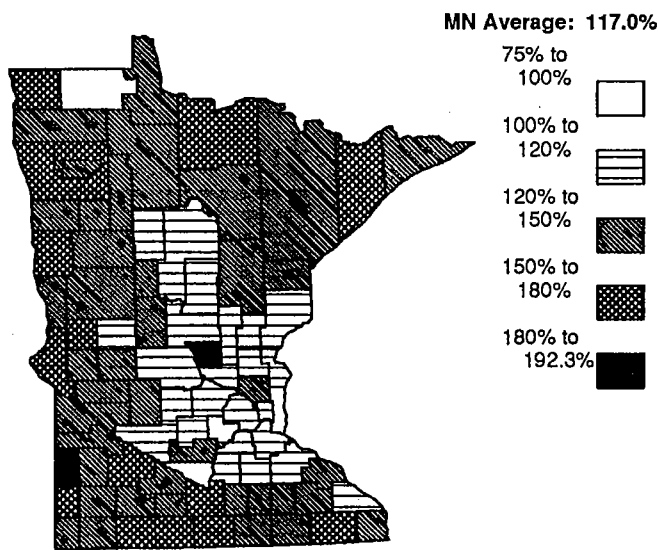
In 1989, per capita transfer payment income in Minnesota increased 8.6 percent. In Greater Minnesota, transfer payment income increased 9.2 percent. Transfer payment income grew more than 10 percent in western Minnesota. In Wilkin, Lac Qui Parle, and Traverse counties, transfer payment income growth exceeded 13 percent. These counties in west central Minnesota have older populations and had slow population growth. Wilkin county actually lost population from 1980 to 1990. These population trends are important factors in the rapid growth of per capita transfer payment income in these counties. Benton and Lake of the Woods counties had the slowest growth in transfer payment income, 5.0 and 5.1 percent, respectively.

From 1979 to 1989, transfer payment income grew somewhat more slowly (117.0 percent) than asset income (135.2 percent) in Minnesota. Transfer payment income grew most in the northeastern, northwestern and southwestern corners of the state (Figure 9). The slowest rates of growth for this period were in the Twin Cities area and in east central Minnesota counties just north of the Twin Cities. Benton and Lincoln counties had the highest rates of growth in transfer payment income (192.3 and 187.3 percent, respectively) from 1979 to 1989. Nicollet and Washington counties had the slowest

Figure 8. Growth in Per Capita Asset Income 1979 to 1989



**Figure 9. Per Capita Transfer Payment Income Growth
1979 to 1989**



growth in transfer payment income, 78.2 and 89.7 percent, respectively.

Notes:

The Bureau of Economic Analysis (BEA), part of the U.S. Department of Commerce, provided the data used in this report. The BEA prepares estimates of personal income for states and counties using a wide variety of administrative records. Social Security records, Federal income tax records, and U.S. Department of Labor unemployment records are among the most important sources, but the estimates are based on nearly 400 different items. Many of these items must be adjusted and modified before they are usable by the BEA. After making adjustments, the BEA arrives at an estimate of the total personal income received by the residents of an area. The BEA has provided data on personal income at the state level through 1990. Data broken out by county and by income category is available only through 1989.

¹Data from *Minnesota Agriculture Statistics 1990*, issued by the U.S. Department of Agriculture and the Minnesota Department of Agriculture, July 1990.

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