



Minnesota outpaced the nation in personal income 1992–1997

Martha McMurry

Minnesota's per capita income in 1997 was \$26,295, slightly above the national average of \$25,298. Per capita income is total income divided by the entire population of the area.

Figures from the U.S. Bureau of Economic Analysis show that Minnesota's income ranked 13th among all states and the District of Columbia. Minnesota ranked second among Midwestern states, behind Illinois.

Per capita income in 1997 ranged from a high of \$35,954 in Connecticut to a low of \$18,087 in Mississippi. Incomes were generally highest in states along the Boston - Washington, D.C. corridor. The lowest incomes were found in the South and in the inland Western states.

HIGHLIGHTS

- In per capita income, Minnesota ranked 13th nationally in 1997.
- Income growth was above the U.S. average from 1992 to 1997 but below average from 1996 to 1997.
- Income from earnings grew faster than income from assets or transfer payments.
- Asset income grew faster in the Twin Cities area from 1992 to 1996, while earned income increased more outside the Twin Cities.
- Total per capita income in the Twin Cities area grew slightly less than in the other 80 counties.

Per capita income growth in Minnesota slightly outpaced the national average from 1992 to 1997. During this period, income grew 24.5 percent in Minnesota, compared to 23.1 percent for the United States. The inflation rate during this time was 14.4 percent; income growth figures in this report are not adjusted for inflation.

Except for North Dakota, all Upper Midwest states exceeded the national rate of growth. Generally, growth was strongest in New England, the South and parts of the Midwest. Incomes increased more slowly in some Western states and in Northeastern states outside New England.

Earned income grew faster than other types

Earned income was the reason Minnesota's income growth outstripped the national average. Between 1992 and 1997, per capita earned income grew faster in Minnesota, 25.3 percent, than the national average, 22.5 percent. Per capita income from other sources — transfer payments and assets such as interest,

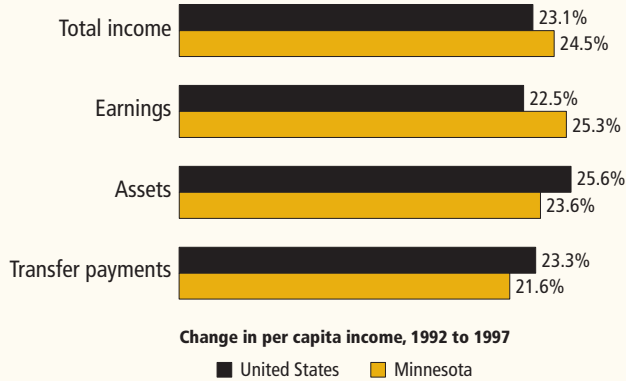
Three types of personal income

Earned income Wages, salaries, proprietors' income, farm income, and employers' contributions to private benefit plans

Asset income Interest, dividends and rent

Transfer payment income Primarily government benefits paid to individuals or to organizations on behalf of individuals, such as Social Security, income maintenance, medical benefits, unemployment insurance and veterans' benefits

Minnesota's gains in total and earned income outpaced U.S. average



Note: Data is not adjusted for inflation.
 Source: U.S. Bureau of Economic Analysis

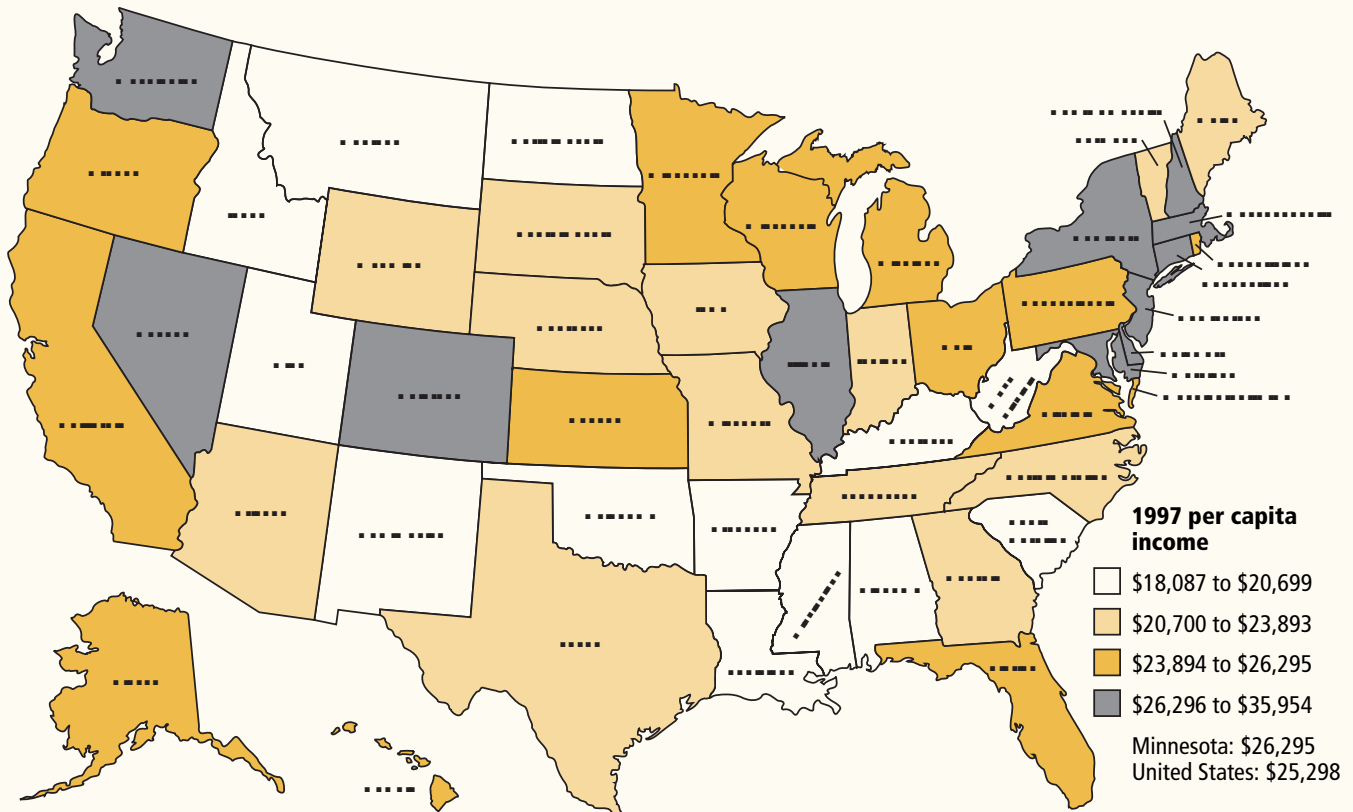
dividends and rent — went up less in Minnesota than in the United States.

The faster per capita earnings growth in Minnesota reflects growth in pay and work hours. There is some evidence that wages and salaries have risen slightly faster here. Average earnings per job show a slightly greater increase in Minnesota (16.0 percent) than in the United States (14.8 percent) between 1992 and 1997, according to the U.S. Bureau of Economic Analysis. Another source, the U.S. Bureau of Labor Statistics, shows average annual pay increasing 14.0

percent in Minnesota from 1992 to 1996, compared to 11.7 percent nationally. 1997 data is not available in this series.

Another likely reason for the faster earnings growth in Minnesota is that Minnesotans are working more hours. Minnesota has high and growing rates of labor force participation and multiple job holding. Labor force participation and multiple job holding have risen faster than the national averages.

Minnesota's per capita income is above the nation's



Source: U.S. Bureau of Economic Analysis

Dividends rose, but interest grew little

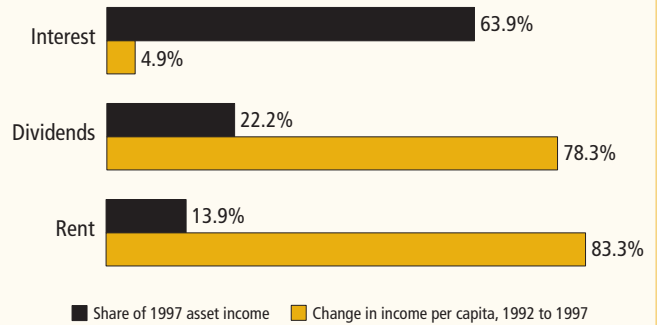
In Minnesota, growth in income from assets and from transfer payments was just slightly lower than growth in earnings. Minnesota's per capita asset income went up 23.6 percent, and transfer payments per capita rose 21.6 percent between 1992 and 1997. In 1997, per capita asset income was \$4,346 and per capita transfer payment income was \$3,622.

Given the rapid rise in stock prices, it may appear surprising that asset income did not rise more than 24 percent. The Dow

Jones stock index, for example, rose 75 percent between 1992 and 1996. However, dividend income makes up a relatively small portion of all asset income, about 22 percent—\$963 per capita in the 1997 figures. Per capita income from dividends did rise very rapidly, 78 percent from 1992 to 1997, consistent with the rising stock market. However, the effect of dividend income is masked because most asset income is derived from other sources.

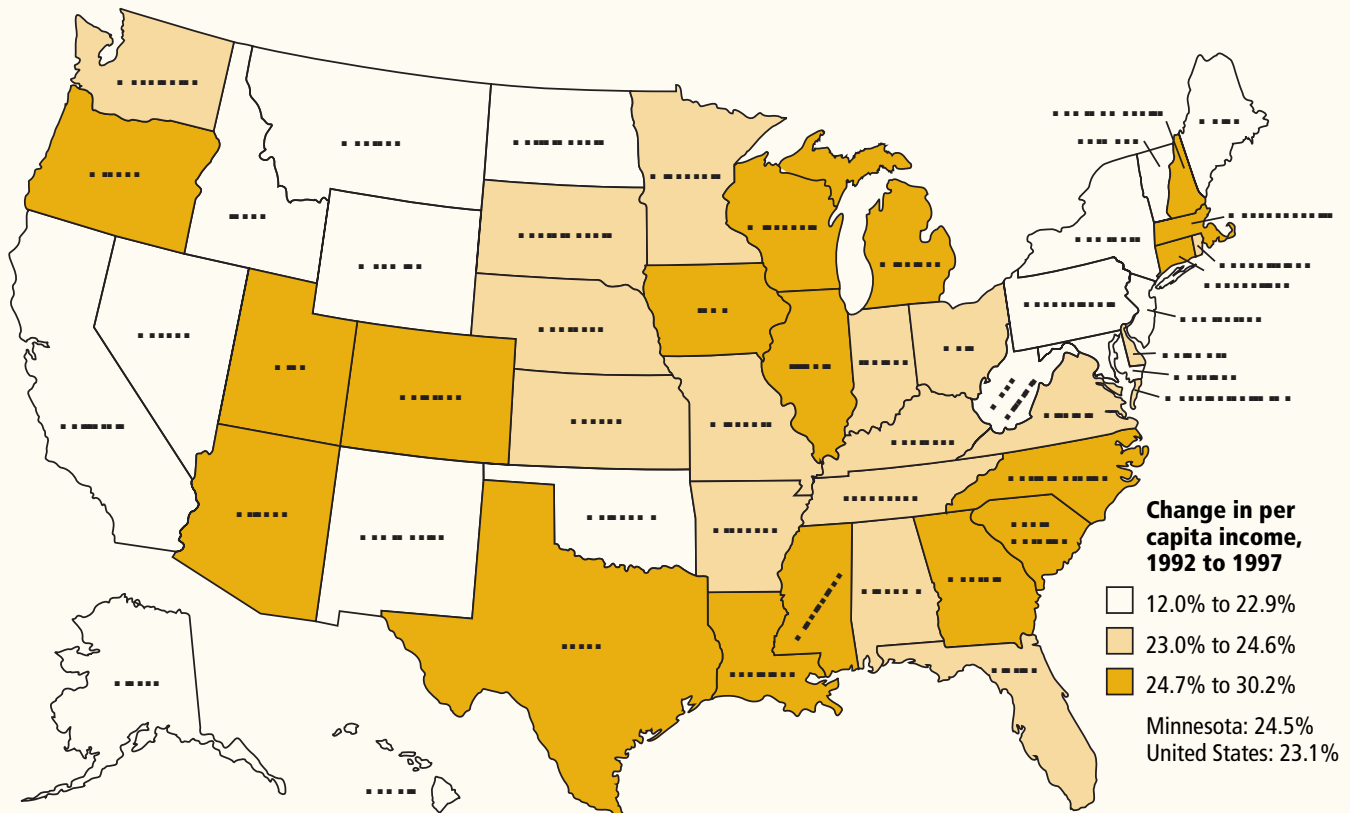
Though the numbers show a large increase in dividend income, the full effects of the rising stock market are not

Interest makes up the largest share of Minnesota asset income but has grown more slowly than dividends or rent



Note: Growth data is not adjusted for inflation.
Source: U.S. Bureau of Economic Analysis

Minnesota's income grew faster than the national average



Note: Data is not adjusted for inflation.
Source: U.S. Bureau of Economic Analysis

reflected in the Bureau of Economic Analysis figures. This data includes only actual dividend income reported on income tax forms. Capital gains and gains in the value of stocks are not counted.

The leading source of asset income is interest, yielding \$2,778 per capita. Interest income has grown very slowly. In 1997, interest income accounted for almost two-thirds of Minnesota asset income, but per capita growth in interest income from 1992 to 1997 was only 5 percent. This dampened growth in the total asset income category.

The slow growth in interest income may reflect in part the low rates paid on interest-bearing accounts during this period, leading investors to put more of their money in stocks and other investments.

Rent, the final type of asset income, showed a strong gain of 83 percent. Rents accounted for 14 percent of all asset income. Per capita rental income was \$605 in 1997.

The rapid rise in rental income may be tied to the growth in Midwestern housing values. About half of rental income is "imputed rent." This is an estimate of the net return to home ownership. The premise is that owner-occupants are paying "rent" to themselves.

The value of owner-occupied housing used to make this estimate is benchmarked to the 1990 census and updated using regional American Housing Survey data. Since housing values have grown faster in the Midwest as a whole than in Minnesota (*Population Notes*, August 1998), this method may overstate the imputed rental income gains for Minnesota.

Per capita income by county

	1987	1992	1993	1994	1995	1996	Change 1992- 1996	Change 1995- 1996
Aitkin	\$10,744	\$14,215	\$14,787	\$15,343	\$16,341	\$17,032	19.8%	4.2%
Anoka	15,536	18,944	19,746	20,650	21,658	22,951	21.2	6.0
Becker	11,511	14,469	14,869	15,730	16,595	18,161	25.5	9.4
Beltrami	10,811	14,208	14,729	15,374	16,165	17,025	19.8	5.3
Benton	12,159	15,472	16,008	16,925	17,579	18,762	21.3	6.7
Big Stone	12,296	15,467	13,666	14,895	16,216	19,216	24.2	18.5
Blue Earth	13,807	17,545	18,247	19,748	20,871	22,293	27.1	6.8
Brown	14,244	18,455	17,749	19,570	20,414	22,076	19.6	8.1
Carlton	11,811	15,659	16,248	16,896	17,689	18,435	17.7	4.2
Carver	17,854	22,690	23,642	24,793	26,341	27,838	22.7	5.7
Cass	11,146	14,944	15,225	16,050	16,393	17,083	14.3	4.2
Chippewa	13,964	17,254	15,868	19,489	19,667	22,581	30.9	14.8
Chisago	14,599	17,154	17,709	18,413	19,330	20,519	19.6	6.2
Clay	12,521	15,305	15,344	16,311	17,059	18,407	20.3	7.9
Clearwater	9,078	12,784	13,279	13,904	14,367	15,643	22.4	8.9
Cook	13,355	18,970	19,502	20,675	21,664	22,347	17.8	3.2
Cottonwood	14,774	16,496	14,613	18,728	18,436	21,210	28.6	15.0
Crow Wing	12,677	16,437	17,238	17,999	18,836	19,776	20.3	5.0
Dakota	18,669	23,071	23,608	24,942	26,038	27,488	19.1	5.6
Dodge	14,141	16,857	16,657	18,878	19,316	20,760	23.2	7.5
Douglas	12,634	16,008	16,662	18,097	18,821	20,137	25.8	7.0
Faribault	14,538	16,846	15,776	18,920	19,106	21,446	27.3	12.2
Fillmore	13,886	15,876	15,504	17,087	17,221	19,101	20.3	10.9
Freeborn	14,497	16,621	16,246	17,696	18,466	20,047	20.6	8.6
Goodhue	14,773	19,442	19,709	21,239	21,842	23,486	20.8	7.5
Grant	13,096	17,636	16,506	18,237	19,529	23,120	31.1	18.4
Hennepin	21,333	28,346	29,257	30,687	32,581	34,574	22.0	6.1
Houston	13,629	17,135	17,630	18,809	19,462	21,030	22.7	8.1
Hubbard	10,896	13,723	14,179	15,450	16,082	16,919	23.3	5.2
Isanti	13,099	16,675	17,005	18,175	18,892	19,761	18.5	4.6
Itasca	11,547	15,138	15,438	15,931	16,837	17,530	15.8	4.1
Jackson	14,559	14,811	13,311	17,170	17,445	20,650	39.4	18.4
Kanabec	12,045	14,608	15,039	15,550	15,876	16,365	12.0	3.1
Kandiyohi	13,271	17,042	17,300	18,999	19,810	21,640	27.0	9.2
Kittson	14,636	19,885	15,233	16,589	17,616	20,317	2.2	15.3
Koochiching	10,800	14,978	15,052	15,516	16,568	18,595	24.1	12.2
Lac qui Parle	13,655	15,740	13,879	17,689	16,461	20,572	30.7	25.0
Lake	10,636	15,570	16,239	16,935	17,685	18,780	20.6	6.2
Lake of the Woods	12,839	15,991	16,600	17,100	17,633	18,768	17.4	6.4
Le Sueur	14,305	17,277	17,434	18,817	19,741	20,848	20.7	5.6
Lincoln	13,893	14,363	13,051	16,712	15,346	17,558	22.2	14.4
Lyon	14,285	18,421	18,061	19,700	20,137	22,791	23.7	13.2
McLeod	14,806	18,757	19,061	20,657	21,810	23,117	23.2	6.0
Mahnomen	10,070	12,421	12,287	12,546	13,747	16,568	33.4	20.5
Marshall	11,897	16,671	12,767	14,401	16,252	19,296	15.7	18.7

Note: Data is not adjusted for inflation.

Source: Minnesota Department of Revenue

Per capita income by county (continued)

	1987	1992	1993	1994	1995	1996	Change 1992- 1996	Change 1995- 1996
Martin	\$15,624	\$17,841	\$16,779	\$19,639	\$20,112	\$22,085	23.8%	9.8%
Meeker	12,905	15,955	15,984	17,351	17,799	19,252	20.7	8.2
Mille Lacs	12,221	14,856	15,586	16,584	16,791	17,903	20.5	6.6
Morrison	10,673	13,669	14,088	14,936	15,143	16,426	20.2	8.5
Mower	14,555	19,790	19,042	21,018	21,904	23,399	18.2	6.8
Murray	14,607	15,759	13,210	18,610	17,102	20,196	28.2	18.1
Nicollet	13,643	17,533	17,489	19,245	20,127	21,650	23.5	7.6
Nobles	15,181	17,305	16,354	19,689	19,469	21,881	26.4	12.4
Norman	13,899	18,564	15,893	15,195	17,293	20,175	8.7	16.7
Olmsted	17,505	22,926	23,138	23,486	24,834	26,478	15.5	6.6
Otter Tail	12,194	16,288	16,551	17,607	18,095	19,271	18.3	6.5
Pennington	11,875	16,340	16,582	17,341	19,203	20,209	23.7	5.2
Pine	10,716	13,567	14,128	14,976	15,654	16,354	20.5	4.5
Pipestone	13,584	15,424	14,678	17,749	17,328	20,052	30.0	15.7
Polk	13,555	16,571	15,685	16,060	17,354	19,309	16.5	11.3
Pope	12,284	15,189	14,827	15,812	16,771	18,301	20.5	9.1
Ramsey	18,320	23,791	24,662	25,983	27,525	29,170	22.6	6.0
Red Lake	10,840	14,428	13,288	12,739	14,389	15,798	9.5	9.8
Redwood	14,468	16,637	15,258	19,468	19,324	22,210	33.5	14.9
Renville	14,980	18,001	15,600	19,702	19,368	22,383	24.3	15.6
Rice	13,614	16,788	17,318	18,328	19,194	20,314	21.0	5.8
Rock	16,746	16,883	15,903	19,216	18,798	21,706	28.6	15.5
Roseau	12,686	16,914	16,370	17,742	18,712	20,462	21.0	9.4
St. Louis	13,207	17,928	18,366	19,281	20,536	21,687	21.0	5.6
Scott	16,634	20,798	21,557	22,588	23,832	25,146	20.9	5.5
Sherburne	13,715	16,665	16,884	17,844	18,482	19,466	16.8	5.3
Sibley	13,376	15,962	14,978	17,229	17,590	20,025	25.5	13.8
Stearns	12,880	16,666	17,066	17,855	18,646	19,813	18.9	6.3
Steele	15,075	18,936	19,127	21,036	22,142	24,191	27.8	9.3
Stevens	14,021	16,158	15,641	17,549	19,103	21,504	33.1	12.6
Swift	12,614	15,497	14,528	17,628	18,061	21,277	37.3	17.8
Todd	10,326	13,183	13,610	14,330	14,215	15,391	16.7	8.3
Traverse	13,620	19,926	16,721	18,397	20,516	25,166	26.3	22.7
Wabasha	14,307	17,792	17,839	19,096	19,316	20,780	16.8	7.6
Wadena	9,866	13,540	14,162	15,044	15,670	16,837	24.4	7.4
Waseca	14,113	16,357	15,967	18,531	19,222	20,847	27.5	8.5
Washington	19,294	22,644	22,836	23,947	25,030	26,706	17.9	6.7
Watonwan	13,913	16,527	15,337	17,593	18,038	20,478	23.9	13.5
Wilkin	13,601	18,304	15,853	17,165	19,163	22,545	23.2	17.6
Winona	13,213	17,599	18,169	19,042	19,883	21,108	19.9	6.2
Wright	14,480	17,745	18,315	19,659	20,780	22,142	24.8	6.6
Yellow Medicine	13,377	15,694	14,378	18,247	18,312	21,440	36.6	17.1
Minnesota	\$16,520	\$21,208	\$21,631	\$22,927	\$24,097	\$25,699	21.2%	6.6%

Note: Data is not adjusted for inflation.

Source: Minnesota Department of Revenue

Income growth from 1996 to 1997 was below U.S. average

Though the five-year income trends are favorable in Minnesota, the 1996 to 1997 trends are less positive.

Minnesota's income growth from 1996 to 1997 (4.1 percent) was below the national rate of 4.7 percent. This was largely the result of slower per capita earnings growth in Minnesota, 4.6 percent compared to 5.4 percent nationally.

Farm income influences many counties

Between 1988 and 1997, Minnesota's inflation-adjusted per capita income rose in most years, with occasional small downward dips. Farm income, however, jumped up and down from one year to the next, reflecting the volatility of this industry.

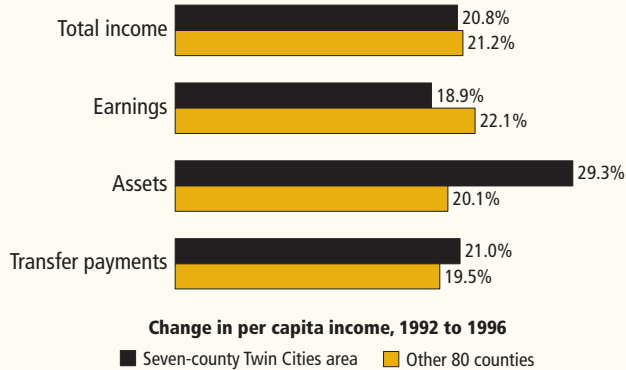
Though farm income makes up less than 1 percent of total state income, it has an enormous impact in some counties. In 1996, Minnesota had 24 counties where farm income accounted for at least 10 percent or more of total income.

The counties with the greatest reliance on farm income were Murray (20.0 percent of total personal income from farming), Traverse (19.4 percent) and Renville (18.9 percent). In these counties, even nonfarm income tends to follow the ups and downs in the agricultural economy.

How counties and regions fare

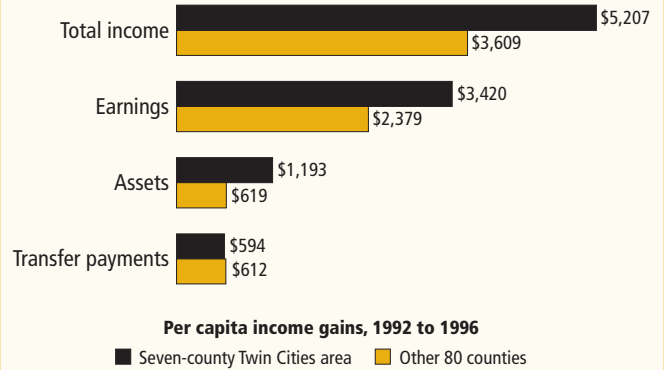
Historically, per capita incomes have been highest in the Twin Cities and Rochester areas and lowest in the forest and lake

Earnings grew faster outside the Twin Cities area, but unearned income rose faster within it



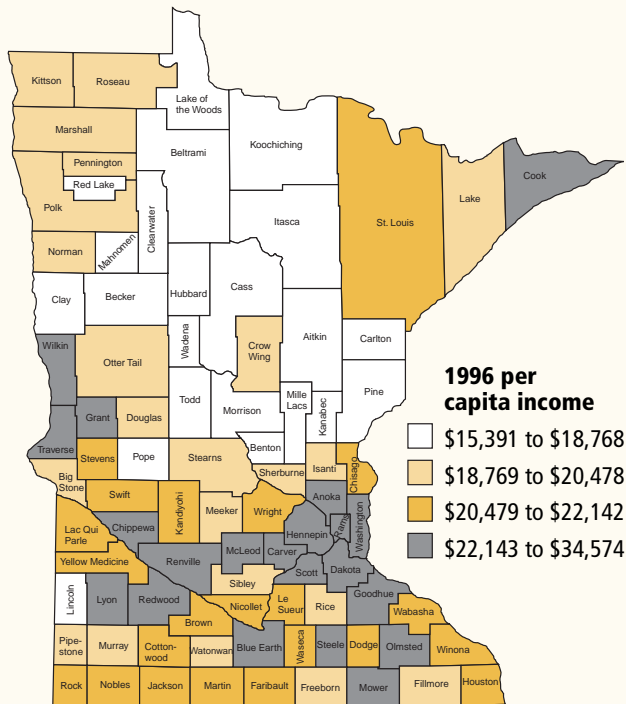
Note: Data is not adjusted for inflation.
 Source: U.S. Bureau of Economic Analysis

Dollar gains for most types of income were higher inside the Twin Cities area



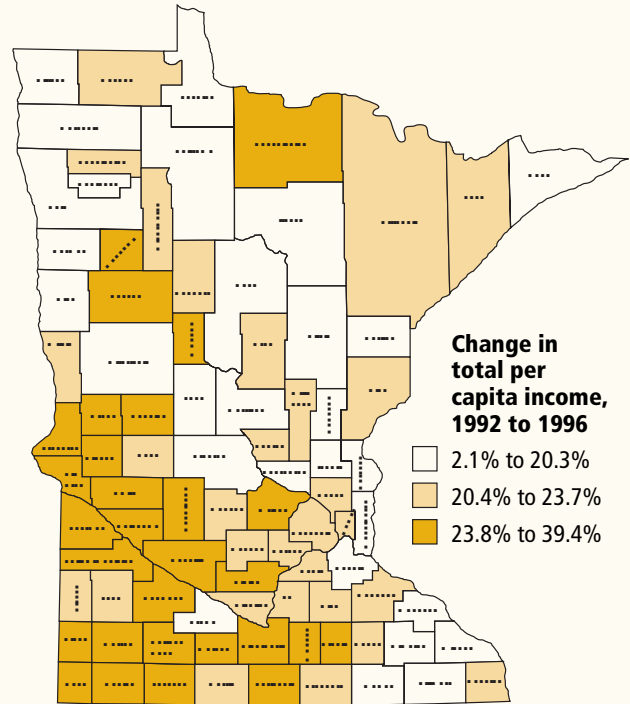
Note: Data is not adjusted for inflation.
 Source: U.S. Bureau of Economic Analysis

Per capita incomes were higher in southern Minnesota



Source: U.S. Bureau of Economic Analysis

Income gains were highest in the southwest



Note: Data is not adjusted for inflation.
 Source: U.S. Bureau of Economic Analysis

counties of north central Minnesota. Incomes in agricultural areas mirror farm conditions. This historical pattern continued in 1996, the last year for which county income data is available.

Per capita incomes in Minnesota are highest in the Minneapolis-St. Paul area. Hennepin County, the state's most populous county, had by far the highest per capita income in 1996—\$34,574, more than \$5,000 higher than any other county. Ramsey County (\$29,170) was second, followed by Carver (\$27,838) and Dakota (\$27,488). Generally, per capita incomes were higher in southern Minnesota and lower in the north.

Todd County in central Minnesota had the lowest per capita income (\$15,391), followed by Clearwater (\$15,643) and Red Lake (\$15,798).

Southwestern Minnesota enjoyed the greatest income gains between 1992 and 1996. This region depends on agriculture, and the rise in income reflects the improved southwestern farm economy in 1996 compared to 1992, when growing conditions in the southwest were poor. Jackson County had the largest growth in income, 39.4 percent, followed by Swift (37.3 percent) and Yellow Medicine (36.6 percent) counties. During this period, the Consumer Price Index went up 11.8 percent.

Northwestern Minnesota, another agricultural area, did not show much gain. Since 1992, prices for wheat, a major commodity in the area, have

been low. In addition, wheat scab has reduced crop yields. Per capita income in Kittson County grew only 2.2 percent. Norman (8.7 percent) and Red Lake (9.5 percent) counties followed on the list of low gainers. All three of these counties are in northwestern Minnesota. Among more urbanized counties, Olmsted County (Rochester) lagged with an income gain of 15.5 percent.

Growth was higher outside the Twin Cities

Overall, per capita income growth in the seven-county Twin Cities region was slightly lower (0.4 percentage points) than in the other 80 counties between 1992 and 1996. The greater gains in the 80-county area were due to gains in earned income, while unearned income, particularly asset income, grew faster in the Twin Cities. This suggests that Twin Cities residents are the major beneficiaries of the stock market runup.

A look at dollar gains rather than rate of increase gives a different perspective on where income has been growing. On a dollar basis, per capita gains were far greater in the seven-county Twin Cities area. Total per capita income rose \$5,207 in the Twin Cities region compared to \$3,609 in the other 80 counties.

Data sources

Income by state comes from the SPI (State Personal Income) CD-ROM for 1929-1997, released by the Bureau of Economic Analysis, U.S. Department of Commerce, in September 1998. Income by

county comes from the REIS (Regional Economic Information System) CD-ROM for 1969-1996, released by the Bureau of Economic Analysis in May 1998.

The personal income given in the Bureau of Economic Analysis data is an estimate of income received by the residents of a state or county. The bureau relies on a variety of administrative records to prepare these estimates. Major data sources include Social Security records, federal income tax records, and U.S. Department of Labor unemployment records. More detailed documentation is available on the CD-ROMs.

Personal income includes income received by, or on behalf of, all residents of the area. It consists of three components: earned income, asset income and transfer payments.

Estimates of personal income are available at the state level

through 1997, but personal income for counties is available only through 1996.

Trends in stock prices come from the 1997 Statistical Abstract of the United States, U. S. Department of Commerce, Bureau of the Census, October 1997, table 813. Average annual pay by state comes from table 669 in the same publication and from personal communication with Bureau of Labor Statistics officials. The measure used to adjust for inflation is the Consumer Price Index-All Urban Consumers from the Bureau of Labor Statistics.

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Karin Holt of the State Demographic Center assisted with data analysis. Wallace Bailey and Charles Jolley of the U. S. Bureau of Economic Analysis provided information about the methodology used to estimate asset income.

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Census 2000 update**Internet access to census results**

Census officials are developing new tools for Internet visitors to navigate and use the vast data holdings of Census 2000. With these tools, businesses, nonprofit groups, government officials and citizens will be able to find data about demographic, social and economic trends.

With the new level of access to census results, citizens will have the opportunity to participate more directly in political processes. Anyone who uses the Internet will have access to the same data used by government officials and interest groups. This data influences federal aid and many local decisions such as zoning, new roads, schools and medical facilities.

Recruit for the census

The U.S. Bureau of the Census is seeking employees for census preparation and the actual census. If you can help

recruit census workers through your organization, neighborhood, school or place of worship, please contact Joe Geary, a Minnesota representative of the Census Bureau, at **651-296-7939**.

Work for the census

The next major census hiring in Minnesota will begin in March 1999 for the canvassing phase. There will be many jobs throughout the state, most of them lasting about six to eight weeks. The Census Bureau prefers to have people work in their own neighborhoods and is looking for people who can schedule census jobs around their current employment as well as people who are unemployed, retired, students age 18 or older, or participants in welfare programs. Interested job-seekers can call **888-325-7733** toll-free for information.

