

Local Area Personal Income for 2010

By Jeffrey L. Newman

PERSONAL income grew at an average 3.7 percent in U.S. counties in 2010, rebounding from an average decline of 4.3 percent in 2009.¹ Inflation, as measured by the national price index for personal consumption expenditures, was 1.8 percent in 2010. Personal income grew in 2,932 counties, declined in 175 counties, and was unchanged in 6 counties.² Small counties were among the fastest growing. Of the 622 counties with the highest growth rates in 2010 (the top

20 percent of all counties), 534 counties (86 percent) had populations below 50,000 (chart 1).

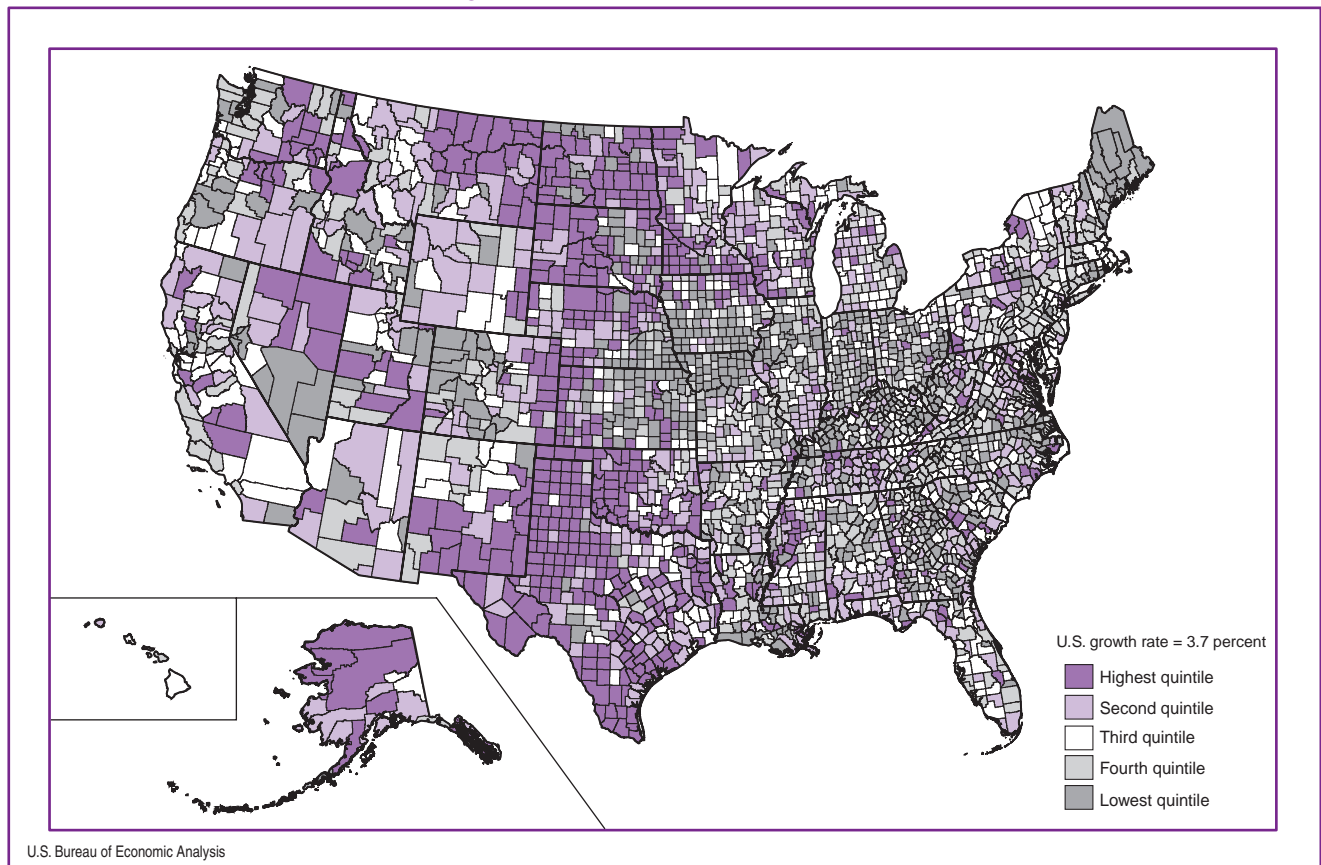
The county personal income estimates presented in this article complete the detailed series of data releases depicting the geographic distribution of the nation's personal income for 2010. A national estimate was released in January 2011, state estimates were released in March 2011, and metropolitan statistical area (MSA) estimates were released in August 2011. The county estimates provide the first glimpse of property income and transfer receipts in nonmetropolitan counties for 2010 and a more detailed look at the distribution of economic activity and sources of income within multi-county metropolitan areas.³

1. Personal income is the sum of net earnings by place of residence, property income, and personal current transfer receipts. Net earnings is the sum of wage and salary disbursements, supplements to wages and salaries, and proprietors' income less contributions for government social insurance plus an adjustment to put place-of-work data on a place-of-residence basis.

2. Data for 2010 are available for 3,113 of the 3,143 counties identified by Federal Information Processing Standards (FIPS) codes. The Bureau of Economic Analysis (BEA) combines some small counties (mostly in Virginia but also in Hawaii) with larger nearby counties.

3. Estimates of county compensation for 2010 were released in December 2011.

Chart 1. Personal Income: Percent Change, 2009–2010



In the future, county estimates of personal income will be released 11 months after the end of the year—a 5-month acceleration from the current schedule. The release of 2011 county personal income is scheduled for November 26, 2012.

This article discusses the patterns and sources of personal income growth and decline in 2010, including a discussion of the source data used to prepare the estimates. A box discusses alternative measures of county employment and wages.

Large, Medium, and Small Counties in 2010

Personal income in large counties

Large counties—counties with populations of at least 250,000—represented 8 percent of the 3,113 counties in the United States in 2010, but they accounted for 68 percent of personal income for the nation. On average, personal income in these 261 counties grew 3.7 percent in 2010, equaling the national average. In 2009, personal income for large counties declined 5.1 percent.

Highlights for 2010 include the following:

- Net earnings (primarily wages and salaries, supplements, and proprietors' income, less contributions for government social insurance) accounted for 66 percent of personal income, while property income (personal dividends, interest, and rent) and transfer receipts (including Social Security, Medicare, and unemployment insurance) each accounted for 17 percent (table A).
- Net earnings grew 3.0 percent after declining 5.5 percent in 2009. Property income grew 2.9 percent after declining 16.7 percent. Transfer receipts grew 7.3 percent after growing 14.1 percent.
- Personal income growth ranged from 8.7 percent in Loudoun County, VA, to -2.8 percent in St. Joseph County, IN.

- Per capita personal income ranged from \$111,386 in New York County (Manhattan), NY to \$20,946 in Hidalgo County, TX.

Personal income in medium counties

Medium counties—counties with populations of 50,000 to 249,999—represented 23 percent of all counties in the United States and accounted for 22 percent of personal income. On average, personal income in these 718 counties grew 3.6 percent in 2010, after declining 2.6 percent in 2009.

Highlights for 2010 include the following:

- Net earnings accounted for 63 percent of personal income, while property income accounted for 16 percent, and transfer receipts accounted for 21 percent.
- Net earnings grew 2.9 percent after falling 3.4 percent in 2009. Property income grew 2.9 percent after falling 15.2 percent. Transfer receipts grew 6.0 percent after rising 13.8 percent.
- Personal income growth ranged from 12.5 percent in Eddy County, NM, to -4.4 percent in Christian County, KY.
- Per capita personal income ranged from \$79,967 in Arlington County, VA, to \$18,259 in Starr County, TX.

Personal income in small counties

Small counties—counties with populations of less than 50,000—represented 69 percent of all counties in the United States and accounted for 10 percent of personal income for the nation. On average, personal income in these 2,134 counties grew 3.9 percent in 2010 after declining 2.7 percent in 2009.

Highlights for 2010 include the following:

- Net earnings accounted for 58 percent of personal income, while property income accounted for 16 percent, and transfer receipts accounted for 26 percent.

Table A. Change in Personal Income by Component for Large, Medium, and Small Counties¹

	Percent change				Percent share of personal income			Dollar change (millions)			
	Personal income	Net earnings ²	Dividends, interest, and rent	Transfer receipts	Net earnings ²	Dividends, interest, and rent	Transfer receipts	Personal income	Net earnings ²	Dividends, interest, and rent	Transfer receipts
2010											
United States.....	3.7	3.0	2.9	6.7	64.8	16.8	18.5	436,804	236,546	57,586	142,672
Large counties.....	3.7	3.0	2.9	7.3	66.4	17.1	16.6	295,124	160,716	40,465	93,943
Medium counties.....	3.6	2.9	2.9	6.0	63.0	16.1	20.9	94,285	49,278	12,503	32,504
Small counties.....	3.9	3.8	2.3	5.2	58.1	16.1	25.9	47,394	26,553	4,617	16,224
2009											
United States.....	-4.3	-5.0	-16.0	13.8	65.2	16.9	17.9	-534,887	-411,013	-383,183	259,309
Large counties.....	-5.1	-5.5	-16.7	14.1	66.8	17.2	16.0	-433,252	-315,052	-277,854	159,655
Medium counties.....	-2.6	-3.4	-15.2	13.8	63.4	16.2	20.4	-69,821	-58,836	-76,377	65,392
Small counties.....	-2.6	-5.0	-12.7	12.4	58.1	16.3	25.5	-31,814	-37,124	-28,952	34,262

1. Large counties have populations of at least 250,000 residents. Medium counties have populations between 50,000 and 249,999 residents. Small counties have populations of less than 50,000 residents.

2. Earnings by place of work net of contributions for government social insurance and net of the residence adjustment.

- Net earnings grew 3.8 percent after declining 5.0 percent in 2009. Property income grew 2.3 percent after declining 12.7 percent. Transfer receipts grew 5.2 percent after rising 12.4 percent.
- Personal income growth ranged from 51.6 percent in Hyde County, SD, to -18.8 percent in Hand County, SD.
- Per capita personal income ranged from \$94,672 in Teton County, WY, to \$16,299 in Crowley County, CO.

Personal income levels and growth rate convergence

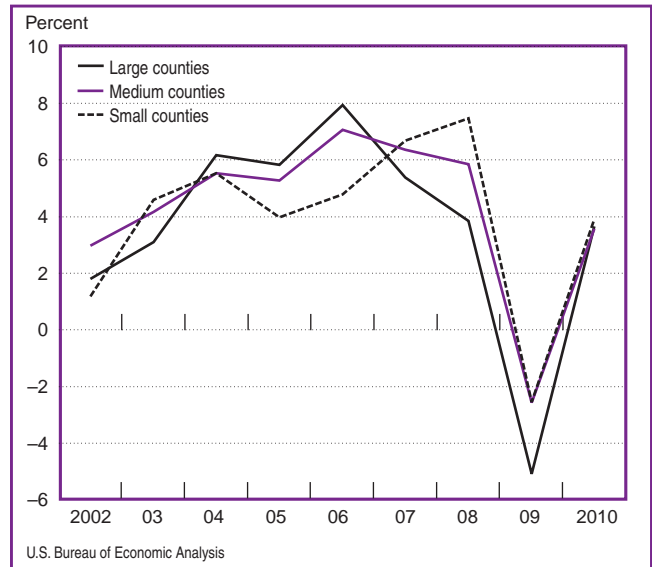
In 2010, the level of personal income for the nation and for large counties (the sum of personal income across all counties) remain below their peaks in 2008, while the personal income levels for small and medium-sized counties are now above 2008 levels. The personal income growth rates for aggregated large, medium, and small counties have converged to their narrowest range since the Bureau of Economic Analysis (BEA) began estimating county personal income estimates in 1969 (chart 2).

Industrial structure of counties

In 2010, large counties accounted for 73 percent of the nation's total earnings, defined as the sum of wages and salaries, employer contributions for employee pension and insurance funds, employer contributions for government social insurance, and proprietors' income. Medium counties accounted for 19 percent, and small counties accounted for 8 percent (table B). The industrial composition of these county groups differs considerably.

Within large counties, almost 60 percent of the total earnings were derived from the following sectors: pro-

Chart 2. Change in County Personal Income in the United States, 2002–2010



fessional and business services (19 percent of total earnings); government (16 percent); education, health care, and social assistance (13 percent); and trade (11 percent). Only 11 percent was derived from the natural resources (1 percent); real estate (2 percent); transportation, warehousing, and utilities (4 percent); and information (4 percent) sectors.

For medium counties, more than 70 percent of total earnings were derived from five industrial sectors: government (24 percent); education, health care, and social assistance (14 percent); manufacturing (13 percent); trade (11 percent); and professional and business services (11 percent). Only 6 percent of total earnings were derived from the real estate, information, and natural resources sectors.

Table B. Industrial Structure of Large, Medium, and Small Counties of the United States for 2010¹

	Earnings by place of work (billions of dollars)			Industry's share of area's total earnings (percent)			Industry's share of national earnings (percent)		
	Large counties	Medium counties	Small counties	Large counties	Medium counties	Small counties	Large counties	Medium counties	Small counties
Natural resources ²	68.2	44.1	70.5	1.0	2.6	10.1	37.3	24.1	38.6
Construction.....	334.8	102.7	42.1	5.1	5.9	6.0	69.8	21.4	8.8
Manufacturing.....	568.7	217.0	105.9	8.7	12.6	15.1	63.8	24.3	11.9
Wholesale and retail trade.....	738.9	195.1	75.8	11.3	11.3	10.8	73.2	19.3	7.5
Transportation, warehousing, and utilities.....	252.2	77.0	39.5	3.8	4.5	5.6	68.4	20.9	10.7
Information.....	262.0	25.6	6.6	4.0	1.5	0.9	89.0	8.7	2.3
Finance and insurance.....	556.8	69.8	21.1	8.5	4.0	3.0	86.0	10.8	3.3
Real estate and rental and leasing.....	115.5	23.5	9.1	1.8	1.4	1.3	78.0	15.9	6.1
Professional and business services ³	1,233.6	187.1	43.3	18.8	10.8	6.2	84.3	12.8	3.0
Education, health care, and social assistance.....	842.2	234.9	70.0	12.8	13.6	10.0	73.4	20.5	6.1
Leisure, hospitality, and other ⁴	511.0	141.5	57.6	7.8	8.2	8.2	72.0	19.9	8.1
Government and government enterprises.....	1,074.6	408.9	159.2	16.4	23.7	22.7	65.4	24.9	9.7
Total	6,558.4	1,727.2	700.6	100.0	100.0	100.0	73.0	19.2	7.8

1. Large counties have populations of at least 250,000 residents. Medium counties have populations between 50,000 and 249,999 residents. Small counties have populations of less than 50,000 residents.
 2. Consists of farm; forestry, fishing, and related activities; and mining.
 3. Consists of professional, scientific, and technical services; management of companies and enterprises;

and administrative and waste management services.
 4. Consists of arts, entertainment and recreation; accommodation and food services; and other services, except public administration.

For small counties, almost 70 percent of total earnings were derived from five industrial sectors: government (23 percent); manufacturing (15 percent); trade (11 percent); natural resources (10 percent); and education, health care, and social assistance (10 percent). The finance and insurance, real estate, and information sectors accounted for just 5 percent.

Overall, the government; education, health care and social assistance; and trade sectors made significant contributions to earnings in all sizes of counties. Professional and business services contributed a comparatively greater share of earnings in large counties, while natural resource industries contributed a large share of earnings only in small counties.

As for industry shares of national earnings, large counties accounted for 89 percent of the nation's earnings in the information sector, 86 percent of the earnings in the finance and insurance sector, and 84 percent of the earnings in the professional and business services sector. Conversely, only 37 percent of the nation's earnings in the natural resources sector were derived from large counties. Within small counties, natural resources accounted for 39 percent of the nation's natural resource earnings. Small counties generated almost \$71 billion of natural resources earnings, compared with \$68 billion in large counties and \$44 billion in medium counties.

Source Data

The primary 2010 county-level data used by BEA to prepare the estimates of local area personal income presented in this article were wage and salary data

from the Bureau of Labor Statistics, benefits paid by the Social Security Administration, and Medicaid payments from state departments of social services. In addition, 2009 federal income tax return data from the Internal Revenue Service were used, primarily for dividends, interest, and proprietors' income.⁴

Farm cash receipts, government payments, crop production, and livestock inventories by county for 2010 from the Department of Agriculture were used to estimate local area farm income.

Number of personnel by county for 2010 from the Department of Defense was used to estimate military earnings.

New 2010 county-level data from the Consolidated Federal Funds Report and 2009 county-level data from the Federal Assistance Award Data System were used to estimate some components of personal current transfer receipts.

County Medicare benefits for 2008 were extrapolated from the 2007 estimates, using the change in county Medicare enrollment; county levels were forced to equal the state total. For 2009 and 2010 county Medicare estimates, the county shares of state Medicare benefits were assumed to be the same as the 2008 shares.

Finally, state estimates of a few small components of personal income were allocated to counties on the basis of 2010 population data from the Census Bureau.

4. For complete details about the estimation methodology and data sources, see *Local Area Personal Income and Employment Methodology* on BEA's Web site.

Alternative Measures of County Employment and Wages

Three widely used measures of county employment and wages by place of work are (1) employment and payroll in the *County Business Patterns (CBP)* series from the Census Bureau, (2) employment and wages from the Quarterly Census of Employment and Wages (QCEW) program from the Bureau of Labor Statistics (BLS), and (3) wage and salary disbursements and employment from the Bureau of Economic Analysis (BEA). These measures differ in source data and coverage.

The *CBP* data are from Census Bureau surveys of business establishments and federal administrative records. The QCEW data are tabulations of monthly employment and quarterly wages of workers who are covered by state unemployment insurance (UI) programs or by the UI program for federal employees.

The coverage of the *CBP* data differs from that of the QCEW data primarily because the *CBP* data exclude most government employees and because the QCEW data cover civilian government employees.¹ The *CBP* data also exclude several private industries that are partly covered by the QCEW: crop and animal production; rail transportation; insurance and employee benefit funds; trusts, estates, and agency accounts; and private households. However, the coverage of employees of educational institutions, membership organizations, and small nonprofit organizations in other industries in the *CBP* data is more complete than in the QCEW data.² In addition, the *CBP* data only cover employment for March; the QCEW data are quarterly and annual averages of monthly data.

Since 2001, in both the QCEW data and BEA's estimates, employees of Indian tribal councils who were previously included in the relevant private industries are now included in local government.³ In the *CBP* data, these employees are still included in private industries.

BEA's estimates of employment and wages are primarily derived from the QCEW data.⁴ BEA adjusts the data to account for employment and wages that are not covered or that are not fully covered by the UI programs by adding estimates to the QCEW data to bridge small gaps in coverage for nonprofit organizations that do not participate in the UI program (in several industries), for students and their spouses employed by

colleges or universities, for elected officials and members of the judiciary, for interns employed by hospitals and by social service agencies, and for insurance agents classified as statutory employees.

BEA's estimates of employment and wages for industries that are either not covered or not fully covered by the QCEW are based on supplemental data from other agencies, such as the Department of Defense, the U.S. Department of Agriculture, and the Railroad Retirement Board. BEA uses supplemental source data to estimate most, or all, of the estimates for the following: farms, farm labor contractors and crew leaders, private households, private elementary and secondary schools, religious membership organizations, rail transportation, and military. BEA adjusts the data for employment and wages subject to UI, but not reported by employers; it also adjusts the data for unreported tips, judicial fees paid to jurors and witnesses, compensation of prison inmates, and marriage and license fees paid to justices of the peace.⁵

CBP data for 2009 for total employment and payrolls for counties were released on the Census Bureau Web site on June 30, 2011. QCEW county data on total employment and average weekly pay for 2010 were released on the BLS Web site on June 30, 2011. BEA released preliminary estimates of total wage employment and total wage and salary disbursements for counties for 2010 and revised estimates for 2008–2009 on its Web site on December 14, 2011.

5. For a detailed description of the sources and methods used to prepare the estimates, visit www.bea.gov/regional/methods.cfm.

National Totals of BEA County Estimates of Wages and Salaries and CBP Payrolls and QCEW Wages

[Billions of dollars]

	2008	2009	2010
Total CBP payrolls	5,131.0	4,856.0	n.a.
Plus: Differences in coverage:			
QCEW civilian government wages ¹	996.6	1,019.6	n.a.
Other differences, net ²	14.6	-16.4	n.a.
Equals: Total QCEW wages	6,142.2	5,859.2	5,975.7
Plus: BEA adjustments:			
For unreported wages and unreported tips on employment tax returns	87.8	87.5	97.2
For wages and salaries not covered or not fully covered by unemployment insurance:			
Private	196.9	189.2	199.6
Government	121.4	127.6	130.5
Other BEA adjustments ³	-1.6	-0.7	-2.2
Equals: BEA estimates of wages and salaries ⁴	6,546.6	6,262.8	6,400.8

1. Adjusted to remove the wages of Indian tribal councils that are included in the Census Bureau's total payroll data.

2. Includes differences in coverage of private education, membership organizations, and government.

3. Adjusted to remove wages and salaries of employees of U.S. companies stationed overseas and to reflect updates to QCEW data.

4. Consists of the earnings of persons who live in the United States and of foreign residents working in the United States. The regional total differs from the national estimate; see "Personal income in the NIPAs and State Personal Income," *SURVEY OF CURRENT BUSINESS* 91 (October 2011): 137.

NOTE: Details may not equal totals because of rounding.

n.a. Not available

1. The *CBP* data only cover government employees who work in government hospitals, federally chartered savings institutions and credit unions, liquor stores and wholesale liquor establishments, and university publishers. The QCEW data in most states exclude state and local elected officials, members of the judiciary, state national and air national guardsmen, temporary emergency employees, and employees in policy and advisory positions.

2. The QCEW data do not cover certain religious elementary and secondary schools because a Supreme Court decision exempts some of these schools from unemployment compensation taxes. The QCEW data also exclude college students (and their spouses) who are employed by the school in which they are enrolled and student nurses and interns who are employed by hospitals as part of their training. In half of the states, the QCEW data only include nonprofit organizations with four or more employees during 20 weeks in a calendar year.

3. For example, employees of casinos owned by tribal councils were included in "Amusement, Gambling, and Recreation Industries."

4. Ninety-three percent of BEA's estimates of wages and salaries are based on QCEW data.

Thomas M. Wiederhold

Acknowledgments

The annual estimates of local area personal income were prepared by the Regional Income Division under the direction of Sharon C. Carnevale, Chief. Methodological research and analysis of the estimates was provided by David G. Lenze. Joel D. Platt, Associate Director for Regional Economics, provided general guidance. The preparation of the estimates was a division-wide effort.

The estimates of nonfarm wages and salaries and supplements to wages and salaries were prepared by the Compensation Branch under the supervision of John A. Rusinko, Chief. Major responsibilities were assigned to Peter Battikha, Michael L. Berry, Elizabeth P. Cologer, Tina C. Highfill, John D. Laffman, and Nathan D. Patterson. Contributing staff members were Susan P. Den Herder, Alexander I. Dumer, Terence J. Fallon, Michael W. Jadoo, Russell C. Lusher, Paul K. Medzerian, Nathaniel R. Milhous, Michael A. Reid, Ross A. Stepp, and Thomas M. Wiederhold.

The estimates of nonfarm proprietors' income, property income, personal current transfer receipts, contributions for government social insurance, and the adjustment for residence were prepared by the Regional

Income Branch under the supervision of Mauricio Ortiz, Chief. Major responsibilities were assigned to Brian J. Maisano, Lisa C. Ninomiya, and James P. Stehle. Contributing staff members were Suet M. Boudhraa, Carla R. Jenkins, Andy K. Kim, Toan A. Ly, W. Timothy McKeel, Linda M. Morey, Anand N. Seeram, Joseph L. Stauffer, and Troy P. Watson.

The estimates of farm wages and salaries, farm supplements to wages and salaries, and farm proprietors' income were prepared by the Farm Income and Employment Section under the supervision of James M. Zavrel, Assistant to the Division Chief. Major responsibilities were assigned to Carrie L. Litkowski. Contributing staff members were Daniel R. Corrin, Michelle A. Harder, and Nicole S. McCall.

The public use tabulations and data files were assembled and the tables were prepared by the Data and Administrative Systems Group under the supervision of Nicholas R. Empey, Chief. Major responsibilities were assigned to Jeffrey L. Newman, Michael J. Paris, and Callan S. Swenson. Contributing staff members were Brooke N. Huotari, Melanie N. Vejdani, and Jonas D. Wilson.

Data Availability

This article presents summary estimates of personal income and per capita personal income for 2008–2010. More detailed estimates for 1969–2010 are also available.

The following annual estimates for counties, metropolitan statistical areas, micropolitan statistical areas, metropolitan divisions, combined statistical areas, Bureau of Economic Analysis (BEA) economic areas, and the metropolitan and nonmetropolitan portions of states are available at www.bea.gov/itable/index_regional.cfm:

- Personal income, per capita personal income, and population for 1969–2010
- County income and employment summary (featuring the derivation of personal income, including nonfarm personal income, and employment totals for a continuous time series) for 1969–2010
- Personal income by major source and earnings by North American Industry Classification System (NAICS) subsectors for 2001–2010 and by Standard Industrial Classification System SIC two-digit industries for 1969–2000
- Compensation of employees by industry by NAICS subsectors for 2001–2010 and by SIC two-digit industries for 1998–2000
- Full-time and part-time employment by NAICS sectors for 2001–2010 and by SIC division-level industries for 1969–2000

- Regional economic profiles (featuring a selection of personal income and employment data) for 1969–2010
- Personal current transfer receipts by major program for 1969–2010
- Farm income and expenses (including the major categories of gross receipts and expenses for all farms and for measures of farm income) for 1969–2010
- The counties with the highest and lowest per capita personal incomes in 2010
- Total wage and salary disbursements, total wage and salary employment, and average wage per job for 1969–2010
- Gross commuters' earnings flows for 1990–2010
- BEARFACTS, a computer-generated narrative about an area's personal income that uses current estimates, growth rates, and a breakdown of the sources of personal income

The local area personal income estimates are also available through the members of the BEA User Group, which consists of state agencies and universities that help BEA disseminate the statistics in their states. For a list of the BEA User Group on BEA's Web site, go to www.bea.gov/regional/docs/usergrp.cfm.

For more information about the statistics, contact the Regional Income Division at 202–606–5360, fax 202–606–5322, or e-mail reis@bea.gov.