New Mexico’s Real Per Capita Personal Income, 2016

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The U.S. Department of Commerce’s Bureau of Economic Analysis (BEA) updated estimates of personal income for states and metropolitan statistical areas (MSAs) in May 2018. These updates include new estimates for 2016 and revised estimates for 2014 and 2015.

Personal income is the income received by, or on behalf of, all persons from all sources: from participation as laborers in production, from owning a home or business, from the ownership of financial assets, and from government and business in the form of transfers. It includes income from domestic sources as well as the rest of world. It does not include realized or unrealized capital gains or losses. For more information on personal income components, please visit https://bea.gov.

Real personal income (RPI) is personal income that has been adjusted for inflation. According to the BEA, estimates are adjusted for inflation by using regional price parities (RPPs), which provide a measure of differences in price levels for goods and services across states and regions in relation to a measured national price level. RPPs are calculated using price quotes for a wide array of items from the Consumer Price Index (CPI). For more information on the BEA estimates for RPI and RPPs, visit https://www.bea.gov/newsreleases/regional/rpp/rpp_newsrelease.htm. All data presented in this analysis are from the BEA.

To be able to make comparisons between areas and exclude the impact of the size of an area’s population, this analysis will concentrate on real per capita personal income. Real per capita personal income (RPCPI) is real personal income divided by midyear population estimates provided by the Census Bureau. Because the BEA has estimated RPCPI in chained 2009 dollars, the change in RPCPI can be calculated.

New Mexico’s Real Per Capita Personal Income, 2015–2016

As shown in Exhibit 1, New Mexico’s percentage increase in RPCPI between 2015 and 2016 was 0.6 percent. This was equal to the RPCPI increase in Massachusetts, Mississippi, and South Carolina and 0.2 percentage point greater than the United States’ increase of 0.4 percent over the same period. The only neighboring states (i.e., those contiguous to New Mexico) with a greater percentage increase in RPCPI from 2015 to 2016 were Utah (1.3 percent) and Arizona (1.0 percent). Nationwide, 24 states and the District of Columbia experienced higher rates of growth in RPCPI than New Mexico. The District of Columbia,
with a 2.7 percent change, had the largest percentage increase, followed by Hawaii, at 2.5 percent, and Maryland, at 2.3 percent. Wyoming, at -3.4 percent, had the nation’s largest decrease in RPCPI between 2015 and 2016.

As Exhibit 2 shows, New Mexico and its four MSAs (Albuquerque, Farmington, Las Cruces, and Santa Fe) experienced varying rates of change in RPCPI from 2015 to 2016. In 2016, New Mexico’s RPCPI was $37,145, up from $36,910 in 2015. In 2016, Santa Fe was the only MSA in the state with RPCPI ($46,799) higher than that of the United States ($44,450). However, the RPCPI was down 0.4 percent from the MSA’s RPCPI in 2015 ($46,968). The Albuquerque MSA’s RPCPI in 2016 was $37,369, up from its 2015 level by 1.9 percent (the highest growth among New Mexico’s MSAs). The Las Cruces MSA’s RPCPI of $32,740, which was the lowest in New Mexico, grew by 0.9 percent over the year. The Farmington MSA’s RPCPI was $37,894, which represented a decrease of 0.9 percent between 2015 and 2016.

**New Mexico’s Real Per Capita Personal Income Historical Trends, 2011-2016**

Exhibit 3 displays the RPCPI levels in New Mexico, neighboring states, and the United States from 2011 to 2016. New Mexico’s RPCPI levels during the period remained close to those of Utah and Arizona. The RPCPI levels of the remaining neighboring states (Colorado, Texas, and Oklahoma) were closer to those of the nation. Colorado reported the largest RPCPI in 2016.
($45,806), while Oklahoma’s RPCPI in 2014 ($46,348) was the largest between 2011 and 2016. New Mexico’s RPCPI increased by 7.5 percent from 2011 to 2016, an increase that was 1.4 percentage points less than that of the United States, which increased by 8.9 percent during the same period. The state with the largest change from 2011 to 2016 was Utah, with an increase of 17.7 percent. Colorado followed close behind, with an RPCPI increase of 16.7 percent over the same period.

New Mexico charted gains in four of the five years, with over-the-year changes ranging from -3.5 percent between 2012 and 2013 to 4.8 percent between 2013 to 2014. The lowest RPCPI for New Mexico was in 2013 ($33,976), while the highest was $37,415 in 2016. The nation experienced a similar trend in RPCPI, with its largest gain (up 3.9 percent to $44,235) between 2014 to 2015 and its only loss (down 0.9 percent to $41,373) between 2012 to 2013. Its lowest RPCPI level was $40,772 in 2011.

Exhibit 4 shows New Mexico’s MSAs RPCPI levels and growth between 2011 and 2016. All MSAs experienced positive rates of change in RPCPI from 2011 to 2016. Of all the MSAs, Santa Fe’s 8.1 percent increase in RPCPI came closest to that of the United States (8.9 percent, see Exhibit 3). The RPCPI of the Farmington MSA grew by 7.9 percent, an increase that was 0.4 percentage point higher than the state’s increase over the same period. The RPCPIs for both the Albuquerque MSA and the Las Cruces MSA grew at slower rates than the statewide average, increasing 5.9 percent and 5.4 percent, respectively.

Exhibit 5 compares the RPCPIs of New Mexico’s metropolitan statistical areas (the four MSAs) and nonmetropolitan statistical areas between 2011 and 2016. RPCPI increased, overall, in New Mexico’s MSAs over the six-year period, from $35,247 to $37,975 (a gain of 7.7 percent). During the same period, RPCPI increased in New Mexico’s nonmetropolitan areas from $34,631 to $37,087 (a gain of 2.3 percent). In 2016, New Mexico’s metropolitan RPCPI exceeded that of the nonmetropolitan areas by $1,648.