New Mexico’s Real Per Capita Personal Income, 2015

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The U.S. Department of Commerce’s Bureau of Economic Analysis (BEA) updated real estimates of personal income for states and metropolitan statistical areas (MSAs) in June of 2017. These updates include new estimates for 2015 and revised estimates for 2010 onward. Personal income is the sum of incomes received by persons from all sources, including compensation of labor, personal income receipts on assets, proprietors’ income, income from rents, and personal current transfer receipts. Contributions from government social insurance, such as Social Security, Medicare, and unemployment insurance benefits, are not included, along with net gains from the sale of assets (capital gains) and pension benefit payments. 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. Per 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. This analysis presents data from the BEA, unless otherwise noted.

In order to capture the impact of the state’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, 2014–2015

As shown in Exhibit 1, New Mexico’s percentage increase in RPCPI between 2014 and 2015 was 4.0 percent, 0.6 percentage point higher than the United States’ increase of 3.4 percent during that same time. The only neighboring state with a higher percentage increase in RPCPI from 2014 to 2015 was Utah (4.3 percent). Nationwide, only ten states and the District of Columbia experienced higher rates of growth in RPCPI than New Mexico’s in that same span of time. Delaware, with a 6.0 percent change, had the highest percentage increase, followed by California, at 5.2 percent, and the District of Columbia, at 4.8 percent. North Dakota, at -4.5 percent, had the nation’s only decrease in RPCPI between 2014 and 2015. Rounded to the nearest percent, Nebraska and Wyoming both recorded no change in RPCPI from 2014 to 2015.

New Mexico and its four MSAs (Albuquerque, Farmington, Las Cruces, and Santa Fe) experienced varying rates of change in RPCPI from 2014 to 2015, as displayed in Exhibit 2. In 2015,
New Mexico’s RPCPI was $36,843, up from $35,430 in 2014, reflecting a 4.0 percent increase over the year. The Santa Fe MSA had the highest RPCPI, at $46,446 (the state’s only MSA with RPCPI above that of the United States), but also the lowest rate of increase, at 3.0 percent, in RPCPI from 2014 to 2015. Three of the four New Mexico MSAs (Albuquerque, Farmington, and Las Cruces) had rates of increase in RPCPI above that of New Mexico and the United States for the same period of time. With a 7.5 percent increase in RPCPI from 2014 to 2015, the Farmington MSA was responsible for the highest increase among New Mexico MSAs.

**New Mexico’s Real Per Capita Personal Income Trends, 2010–2015**

Exhibit 3 displays the over-the-year percentage change in RPCPI in New Mexico and the United States from 2010 to 2015. New Mexico’s RPCPI increased 6.8 percent from 2010 to 2015, a surge that was 4.2 percentage points less than that of the United States, which increased 11.0 percent during that same period. The state charted gains in four of the five years, with over-the-year changes ranging from -3.4 percent in 2013 (the only year in which RPCPI fell) to 4.3 percent in 2014. New Mexico experienced positive...
gains in RPCPI from 2010 to 2011 and 2011 to 2012 (1.7 percent and 0.3 percent, respectively). After the drop in RPCPI in 2013, the state experienced a positive rebound of 4.3 percent from 2013 to 2014. The nation as a whole experienced similar increases and decreases in RPCPI during the aforementioned periods, experiencing gains from 2010 to 2011 (2.9 percent) and 2011 to 2012 (2.4 percent) and losses from 2012 to 2013 (-0.8 percent) before experiencing additional gains from 2013 to 2014 (2.9 percent) and 2014 to 2015 (3.4 percent).

New Mexico’s MSAs all experienced positive rates of change in RPCPI from 2010 to 2015. The Farmington MSA experienced a 17.7 percent increase, the only MSA in the state with RPCPI growth that exceeded that of the United States (11.0 percent). The RPCPI of the Santa Fe MSA grew by 9.1 percent, an increase that was 2.3 percentage points higher than the state’s RPCPI increase from 2010 to 2015. The RPCPIs for both the Albuquerque MSA and the Las Cruces MSA grew at slower rates than the statewide average, increasing 4.5 percent and 2.4 percent, respectively.

Exhibit 4 compares the RPCPIs of New Mexico’s metropolitan areas (the four MSAs) and non-metropolitan areas between 2010 and 2015. RPCPI increased, overall, in New Mexico’s MSAs over the six-year period, from $34,828 to $36,997. During the same period, RPCPI increased in New Mexico’s non-metropolitan areas from $34,631 to $37,087. As of 2015, New Mexico’s metropolitan and non-metropolitan RPCPIs were within $100 of each other. The metropolitan areas experienced a 6.2 percent increase in RPCPI from 2010 to 2015, and the non-metropolitan areas experienced a 7.1 percent increase.