Real Personal Income in the U.S., New Mexico, and New Mexico's Metropolitan Areas
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In June of 2013, the U.S. Department of Commerce’s Bureau of Economic Analysis (BEA) released experimental real estimates of personal income for states and Metropolitan Statistical Areas (MSAs). Personal income is the net earnings received from all income sources including compensation of work (wages), proprietors’ income, rental income, personal income receipts on assets, and personal current transfer receipts; contributions from government social insurance are not included, along with net gains from the sale of assets (capital gains) and pension benefit payments. For more information on personal income, visit http://bea.gov.

Real personal income (RPI) represents income estimates that have been adjusted for inflation. Per capita income itself is often used as a measurement of the wealth of a population, although it does not measure income distribution. According to the BEA, estimates are adjusted for inflation by using, in part, 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 RPP, visit http://bea.gov/newsreleases/regional/rpp/2013/rpp0613.htm. This analysis presents data from the BEA, unless otherwise noted.

Figure 1 provides the real per capita personal income (RPCPI) for all U.S. states and the District of Columbia (D.C.), as of 2011, in thousands of chained (2005) dollars. RPCPI for New Mexico was about 15 percent lower than that of the U.S. in 2011, at $31,700 as opposed to $36,500. New Mexico had the fifth lowest RPCPI of all states and D.C. Utah’s RPCPI of $30,800 was the lowest of the states, or 84 percent of U.S. RPCPI. D.C. recorded the
highest RPCPI, at $56,800, or 156 percent of U.S. RPCPI. As shown in Figure 2, New Mexico's RPCPI trails that of three of its neighboring states. Colorado's RPCPI of $38,800 was the highest of New Mexico's neighboring states and was higher than that of the U.S. Oklahoma and Texas also had higher RPCPIs than New Mexico, each with an RPCPI of $36,400, $4,700 higher than that of New Mexico. Arizona and Utah's RPCPIs were lower than that of New Mexico, but by less than $1,000 each.

The BEA has estimated RPCPI for each year between 2007 and 2011, allowing for a calculation in change of RPCPI over that period. As Figure 2 shows, RPCPI within the U.S. declined by 2.4 percent over the four-year period, which included the Great Recession (December 2007 to July 2009). Of the states shown in Figure 2, only Oklahoma and Texas saw their RPCPI increase over the four-year period (1.1 and 0.6 percent, respectively). While New Mexico's RPCPI was less than that of the U.S. and most states, it suffered the smallest decline in RPCPI when compared to its neighboring states that also experienced decline, with RPCPI falling by 0.9 percent. Arizona, Utah, and Colorado all experienced a 4.9 percent or greater decline in RPCPI.

Figure 3 provides the RPCPIs for the Albuquerque MSA (spanning Bernalillo, Sandoval, Torrance, and Valencia counties) and other MSAs within New Mexico's neighboring states that have similar populations (between 650,000 and 1.3 million persons); as of 2012, Albuquerque's population was approximately 901,700 people. (Source: U.S. Census Bureau.) Of the eight MSAs shown in Figure 3, four had a higher RPCPI than New Mexico, while three had lower RPCPIs. As of 2011, Tulsa, Oklahoma's RPCPI was approximately $40,300, higher than Oklahoma's state average RPCPI, the RPCPI of all neighboring states, and higher than that of the U.S. Oklahoma City had the second highest RPCPI, at $37,800. Colorado Springs, Colorado, and Salt Lake City, Utah, were the other MSAs to record an RPCPI higher than that of New Mexico. Tucson, Arizona; El Paso, Texas; and the McAllen-Edinburg-Mission, Texas MSA all recorded RPCPIs lower than that of New Mexico. The McAllen-Edinburg-Mission MSA had an RPCPI that was nearly one-third less than New Mexico's. Of the eight MSAs shown in Figure 3, only the Albuquerque and
Tucson MSAs experienced a decline in their RPCPIs between 2009 and 2011 (the period for which data is available at the MSA level). These declines in RPCPI were very small, however; Albuquerque’s 0.7 percent decline equates to only $200. Tulsa and Oklahoma City saw their RPCPIs increase the most of MSAs shown, with RPCPI increasing by over 4 percent during the period.

Figure 4 provides the RPCPIs of the Farmington, Las Cruces, and Santa Fe MSAs, along with MSAs within neighboring states that have similar populations (between 100,000 and 250,000 persons). Population estimates for 2012 show Farmington with approximately 128,529 persons, Las Cruces with 214,445 persons, and Santa Fe with 146,375 persons. (Source: U.S. Census Bureau.) Of New Mexico’s four MSAs, Santa Fe had the highest RPCPI, at $43,300. This is about 37 percent higher than the New Mexico state average RPCPI and is also the second highest RPCPI of the MSAs with populations between 100,000 and 250,000; Santa Fe’s RPCPI trails only that of Midland, Texas. Both Farmington and Las Cruces had RPCPIs that were lower than the state average, at $31,400 and $30,000, respectively. Both MSAs fell within the lower half, but not within the lowest quarter, of the 20 MSAs shown, with respect to RPCPI. Three of the four Arizona MSAs within the population range—Prescott, Yuma, and Lake Havasu City-Kingman—were in the bottom five MSAs with respect to RPCPI. The Lake Havasu City-Kingman MSA had an RPCPI of $26,100 as of 2011, the lowest RPCPI of all MSAs with a population between 100,000 and 250,000. Texas dominated the upper half of the MSAs, with nine of the 10 MSAs falling within the top 12 MSAs with respect to RPCPI.

Five of the 20 MSAs shown in Figure 4 experienced a decline in RPCPI between 2009 and 2011. Santa Fe experienced the fourth fastest decline in RPCPI, although this decline equated to just $200. Farmington and Las Cruces both experienced an increase in RPCPI, of 4.1 and 1.2 percent, or $1,200 and $300, respectively. Midland, Texas, experienced the sharpest increase in RPCPI, of 18.2 percent, while Flagstaff, Arizona, experienced the sharpest decline (1.5 percent).

Figure 5 compares the RPCPIs of New Mexico’s metropolitan areas (the four MSAs) and non-metropolitan areas between 2007 and 2011. RPCPI declined, overall, in New Mexico’s MSAs over the four-year period, from $33,200 to $32,000. This mostly reflects the declines experienced in the Albuquerque and Santa Fe MSAs, where about half of the state’s population resides. During the same period, RPCPI increased, overall, in New Mexico’s non-metropolitan areas, from $30,400 to $31,600. As of 2011, RPCPI was nearly equal in New Mexico’s metropolitan and non-metropolitan areas. Only eight U.S. states and D.C. had a higher average RPCPI in their non-metropolitan areas than in their metropolitan areas, as of 2011. Massachusetts, North Dakota, and South Dakota are the states that had the largest disparity between their metropolitan and non-metropolitan RPCPIs, and non-metropolitan RPCPI was higher than metropolitan RPCPI. Virginia, Pennsylvania, and New York had the largest disparities of the states in which metropolitan RPCPI was higher. D.C., New Jersey, and Rhode Island are excluded from this comparison because they are listed as having only metropolitan areas. Of the 50 states and D.C., 24 saw their metropolitan RPCPI decline, while their non-metropolitan RPCPI increased; 17 saw both their metropolitan and non–metropolitan RPCPI decline; six saw both their metropolitan and non–metropolitan RPCPI increase; three (D.C., New Jersey, and Rhode Island) had only metropolitan areas; and only one, Hawaii, saw its non-metropolitan RPCPI decline, while its metropolitan RPCPI increased over the four-year period.