

## Personal Income and Industry Earnings

In a previous publication based on income data for two decades (1986 - 2006), Planning Research noted that Miami-Dade's income profile is gradually converging to the nation's personal income profile.

On April 22, 2010, the Bureau of Economic Analysis (BEA) of the U.S. Department of Commerce released new 2008 estimates and revisions for 1969-2007 on small area income.

In this issue of At-a-Glance, we use BEA's new income estimates to look at the changes in personal income and its major components in Miami-Dade between 2000 and 2008 compared to trends nationwide, statewide, and in similar sized areas.

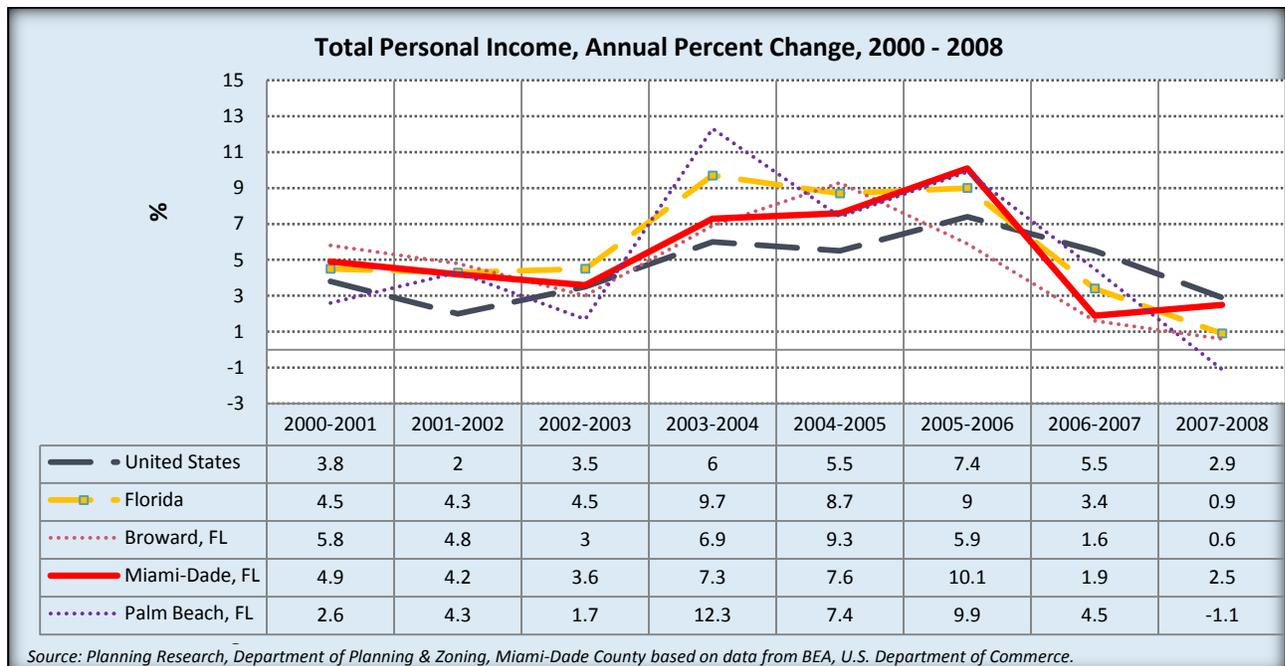
**Total Personal Income:** Total personal income (TPI) encompasses the income of all persons from all sources. A common measure of well being, total personal income also accounts for employer-provided health

insurance, dividends and interest income, social security benefits, and other types of income.

In 2008, Miami's TPI (not adjusted for inflation) was \$88,954,732,000, a 50.4 percent increase from the level in 2000. Not surprising for the most populous county in Florida, Miami-Dade had the highest TPI and accounted for 12.4% of the state TPI. In 2000, Miami was first in the state by TPI.

Miami's TPI average annual growth from 2000 to 2008 was 4.6 percent, slightly below the national and state averages of 5 and 6 percent, respectively.

Compared to other Florida counties, Miami-Dade's TPI grew at a slower pace from 2002 to 2005 but improved starting in 2006. At the end of the period in 2008, Miami had the highest annual TPI growth rate of 2.5 percent in Florida.



# Miami-Dade At-A-Glance



**Income structure:** The personal income structure in Miami-Dade remained relatively stable from 2001 to 2008.

Looking at earnings by place of work, wages and salaries continued to be the most important component with a share in TPI exceeding 70 percent. The other two components, namely supplements to wages and salaries and proprietor's income contributed to a lesser extent.

Compared to the state and the nation, industry earnings in Miami-Dade tend to have a larger share in personal income. Industry income is generally subdivided into farm and nonfarm income. The County's nonfarm income consistently exceeded that of Florida and the U.S. At the same time, farm earnings in Miami-Dade remained below the comparative levels for the state and the nation in the beginning and at the end of the time period (see Table 3).

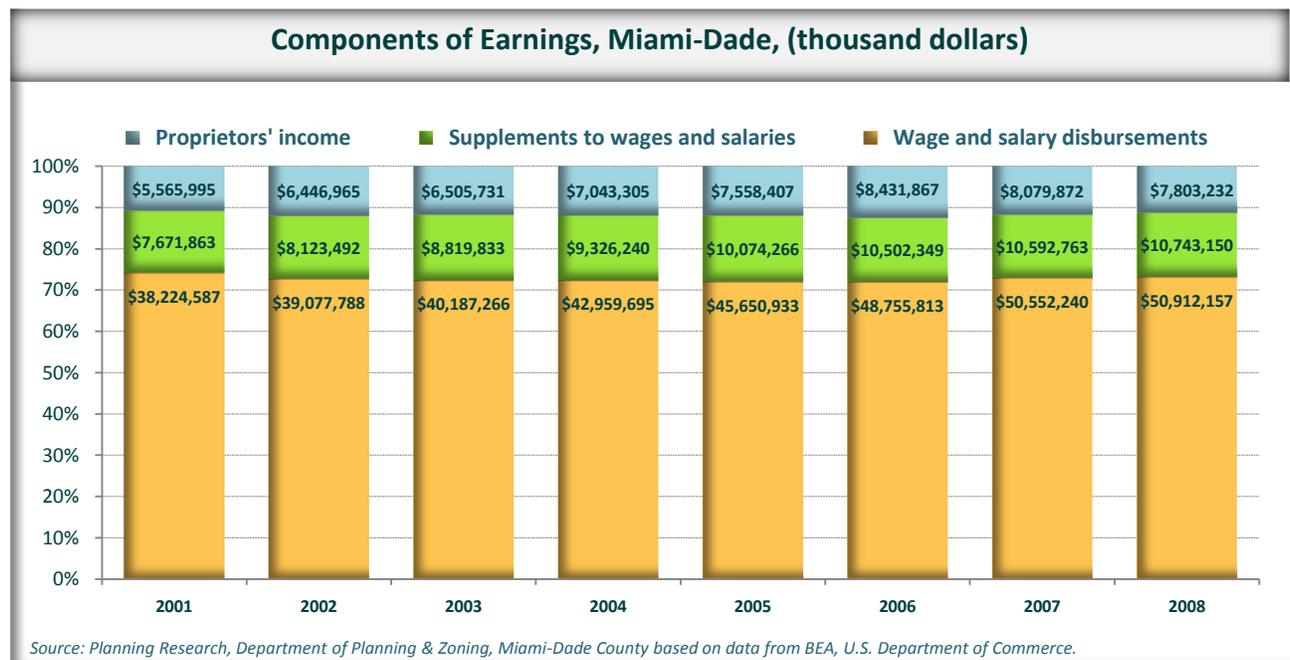
A relatively higher share of income in Miami-Dade was derived from wholesale and retail trade, real estate, professional and scientific services, education, health care, accommodation, arts and entertainment, and other services.

On the opposite side, relatively less income was derived in Miami-Dade, than across the state and the nation from activities related to agriculture, forestry and fishing and construction. Manufacturing showed the most prominent divergence of about 5 percent in 2008.

As for non-private sources of earnings by industry, the local government income in Miami-Dade stayed about 3 percent above the average for Florida and the U.S. over the period considered.

These differences, however, were not that significant. While presenting some area specifics, the distribution of personal income in the County closely resembled the state, and even more so the nation.

Moreover, the changes that occurred in County's income structure from 2001 to 2008 were consistent with those seen statewide and nationwide. This is in line with the converging trend in income structure in Miami-Dade and the U.S. noted in our prior study.



# Miami-Dade At-A-Glance



**Industry earnings:** BEA provides NAICS industry detail for personal income and earnings by industry from year 2001 onward. Data for 2000 is available in SIC only, and, consequently was not considered in the comparison of industry earnings.

Broken down into farm and nonfarm earnings, nonfarm income remained by far the largest source of income in Miami-Dade (see Table 2). It increased steadily over the entire period and in 2008 it was 35 percent above its level in 2001. This growth was supported by a continuous increase in its two components: private and government income.

Private income accounted for more than four-fifth of the nonfarm earnings; it increased by 33 percent since 2001. As for the government income, it grew even faster by 45 percent from 2001 to 2008.

Unlike in the late nineties, farm earnings fluctuated noticeably between 2001 and 2008. In 2003, they dropped 18% below its level in 2001, rapidly increased to a level 11% above, in 2006, only to fall thereafter. By the end of the period, there was a decline in farm earnings of 3%, in line with the downward trend seen after 1986.

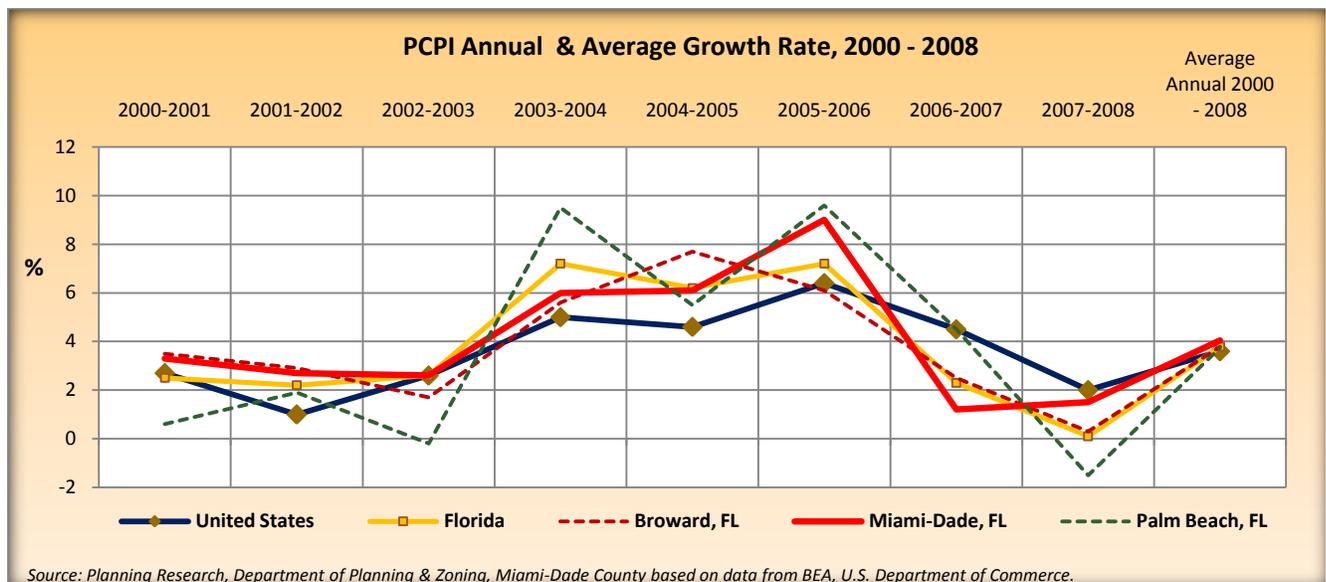
From 2001 to 2008, earnings more than doubled in management of companies and enterprises (108%).

Next by growth in earnings were educational services (55%), and health care and social assistance (50%). Earnings grew at the same pace in construction industry and accommodation and food services (48%). Forestry, fishing and related activities was the only industry to cut earnings, and notably so (-18%).

**Per Capita Personal Income:** Dividing personal income by population results in Per Capita Personal Income (PCPI). PCPI is another commonly used measure of economic well-being often providing quite different insights than total PI. PCPI estimates for Miami-Dade are based on the revised 2008 population estimate of the U.S. Census Bureau reflecting an upward correction.

Taking into account the area's population, the disparity in PCPI across U.S. counties is striking, the highest level being eleven times the lowest in 2008 (see Table 1).

PCPI in Miami-Dade County increased from \$26,189 in 2000 to \$35,887 in 2008 (not adjusted for inflation). This reflected an annual increase of 1.5% from 2007 and was a continuation of the improvement started in 1998, when Miami-Dade County ranked 23<sup>rd</sup> in Florida with a PCPI of \$23,680.



# Miami-Dade At-A-Glance



Table 1

## PCPI U.S. Florida and Selected Counties (current dollars)

	2000	2008			
<b>United States</b>	\$30,318	\$40,166			
<b>Florida</b>	\$29,080	\$39,064			
	2000	2008	2000 – '08		
Counties:	PCPI	Rank in US	PCPI	Rank in US	Change in Rank
Loving, TX	\$74,000	2	\$140,275	1	↑
New York, NY	\$83,956	1	\$120,766	3	↓
Collier, FL	\$39,956	59	\$62,559	32	↑
Monroe, FL	\$38,031	82	\$61,825	34	↑
Palm Beach, FL	\$43,736	41	\$58,358	49	↓
Denver, CO	\$39,576	62	\$52,788	87	↓
Orange, CA	\$38,332	79	\$51,894	100	↓
Dallas, TX	\$36,200	111	\$44,829	212	↓
Baltimore, MD	\$36,083	113	\$50,035	123	↓
Harris, TX	\$35,728	116	\$47,788	147	↓
San Diego, CA	\$33,808	156	\$46,649	164	↓
Cook, IL	\$34,300	145	\$46,475	169	↓
Los Angeles, CA	\$29,865	315	\$42,265	310	↑
Broward, FL	\$31,212	236	\$41,974	321	↓
Duval, FL	\$29,617	330	\$39,473	481	↓
Maricopa, AZ	\$29,571	334	\$37,168	708	↓
<b>Miami-Dade, FL</b>	<b>\$26,189</b>	<b>723</b>	<b>\$35,887</b>	<b>879</b>	↓
Kings, NY	\$24,543	1084	\$34,393	1067	↑
Orange, TX	\$23,137	1454	\$34,221	1090	↑
Buffalo, SD	\$12,247	3105	\$12,558	3112	↓

Source: Planning Research, Department of Planning and Zoning, Miami-Dade County based on data from BEA, U.S. Department of Commerce. April 2010.

With regard to the PCPI annual growth from 1998 to 2008, Miami-Dade had a higher average annual growth rate (4.1%) than Florida (3.8%) and the U.S. (3.6%).

Nevertheless, Miami-Dade was only 20<sup>th</sup> in Florida by PCPI in 2008. The most populous county in Florida fell behind Collier, Monroe, Palm Beach and Broward counties.

They ranked first, second, fourth and eleventh, respectively in the 2008 state list. Noteworthy, Broward and Palm Beach were the 2<sup>nd</sup> and the 3<sup>rd</sup> most populous counties in Florida in that year.

On the same note, Collier and the three South Florida counties fared fairly well in the nation's PCPI list for 2008. However, only Collier and Monroe moved to a more advanced position in 2008, while Palm Beach and Broward went down from their ranking in 2000. In fact, over the period PCPI has deteriorated in several large sized counties in the U.S.

Miami-Dade also lost in terms of PCPI among all U.S. counties stepping down from 723<sup>rd</sup> place in 2000 to 879<sup>th</sup> in 2008. In 2008, Miami's PCPI was 89% of the national average (\$40,166) and 92% of the state average (\$39,064).

While inflation is not factored out from the earnings measured in current dollars, it is clear that, the economy in Miami-Dade fared well over the period 2001 – 2008.

At the same time, the well-being of the County residents measured by the PCPI failed to reflect, over the time period, the increasing weight of Miami-Dade's population at the national and state level.

# Miami-Dade At-A-Glance



**Table 2**  
**Personal Income by Major Source and Earnings by Industry, Miami-Dade County**  
 (Thousands of current dollars)

	2001	2008	Percent Change 2001 - 2008
Personal income	\$62,050,189	\$88,954,732	43.4%
<i>Derivation of Personal Income</i>			
Earnings by place of work	\$51,462,445	\$69,458,539	35.0%
less: Contributions for government social insurance	\$5,546,018	\$7,586,116	36.8%
plus: Adjustment for residence	-\$6,049,243	-\$6,209,164	2.6%
plus: Dividends, interest, and rent	\$11,544,089	\$16,073,538	39.2%
plus: Personal current transfer receipts	\$10,638,916	\$17,217,935	61.8%
<i>Earnings by place of work</i>			
Wage and salary disbursements	\$38,224,587	\$50,912,157	33.2%
Supplements to wages and salaries	\$7,671,863	\$10,743,150	40.0%
Proprietors' income 6/	\$5,565,995	\$7,803,232	40.2%
<i>Earnings by Industry</i>			
Farm earnings	\$201,890	\$195,481	-3.2%
Nonfarm earnings	\$51,260,555	\$69,263,058	35.1%
Private earnings	\$43,356,933	\$57,825,583	33.4%
Utilities	n/a	\$393,506	n/a
Management of companies and enterprises	\$572,252	\$1,191,906	108.3%
Educational services	\$954,222	\$1,483,305	55.4%
Health care and social assistance	\$4,679,486	\$7,012,669	49.9%
Accommodation and food services	\$1,958,567	\$2,897,750	48.0%
Construction	\$2,713,950	\$4,006,330	47.6%
Finance and insurance	\$3,495,061	\$5,136,787	47.0%
Other services, except public administration	\$1,962,115	\$2,868,944	46.2%
Professional, scientific, and technical services	\$4,615,543	\$6,634,449	43.7%
Wholesale trade	\$4,198,231	\$5,808,470	38.4%
Retail trade	\$3,922,472	\$4,952,357	26.3%
Real estate and rental and leasing	\$1,512,157	\$1,815,681	20.1%
Arts, entertainment, and recreation	\$861,329	\$1,017,821	18.2%
Information	\$2,535,006	\$2,823,828	11.4%
Manufacturing	\$2,514,378	\$2,643,676	5.1%
Administrative and waste services	\$2,842,931	\$2,962,221	4.2%
Mining	\$37,406	\$38,974	4.2%
Forestry, fishing, and related activities	\$59,119	\$48,274	-18.3%
Government and government enterprises	\$7,903,622	\$11,437,475	44.7%

Source: Planning Research, Department of Planning and Zoning, Miami-Dade County based on data from BEA, U.S. Department of Commerce. April 2010.

# Miami-Dade At-A-Glance



**Table 3**  
**Structure of Industry Earnings,**  
**As a Percentage of Area's Personal Income**

	US		Florida		Miami-Dade		Broward		Palm Beach	
	2001	2008	2001	2008	2001	2008	2001	2008	2001	2008
Personal income	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Industry Earnings:	77.1%	74.7%	66.7%	63.2%	82.9%	78.1%	62.0%	63.3%	54.4%	48.6%
Farm earnings	0.6%	0.6%	0.5%	0.3%	0.3%	0.2%	0.0%	0.0%	0.8%	0.4%
Nonfarm earnings	76.5%	74.1%	66.1%	63.0%	82.6%	77.9%	62.0%	63.3%	53.5%	48.2%
Private earnings	64.5%	61.4%	55.6%	52.2%	69.9%	65.0%	53.3%	53.5%	47.8%	42.1%
Forestry, fishing and agriculture	0.2%	0.2%	0.3%	0.2%	0.1%	0.1%	0.0%	0.0%	0.2%	0.2%
Mining	0.6%	0.9%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Utilities	0.6%	0.6%	0.5%	0.4%	n/a	0.4%	0.1%	0.2%	1.2%	0.4%
Construction	5.1%	4.6%	4.7%	4.5%	4.4%	4.5%	4.8%	4.7%	4.5%	3.7%
Manufacturing	10.2%	8.1%	4.4%	3.5%	4.1%	3.0%	3.6%	2.9%	3.1%	2.1%
Wholesale trade	4.0%	4.0%	3.7%	3.7%	6.8%	6.5%	4.7%	5.2%	2.7%	3.2%
Retail trade	5.3%	4.7%	5.7%	4.9%	6.3%	5.6%	6.2%	5.4%	4.4%	3.6%
Transportation and warehousing	2.8%	2.5%	2.3%	2.0%	n/a	4.6%	1.7%	2.0%	0.7%	0.8%
Information	3.1%	2.5%	2.3%	1.9%	4.1%	3.2%	2.5%	2.3%	1.9%	1.4%
Finance and insurance	5.7%	5.6%	4.4%	4.3%	5.6%	5.8%	4.7%	4.7%	4.5%	3.8%
Real estate and rental and leasing	1.8%	1.3%	1.9%	1.5%	2.4%	2.0%	2.5%	1.8%	1.7%	1.4%
Professional, scientific, and technical services	6.9%	7.3%	5.4%	5.6%	7.4%	7.5%	5.0%	6.1%	6.0%	5.2%
Management of companies and enterprises	1.7%	1.8%	1.0%	1.2%	0.9%	1.3%	0.7%	0.9%	1.4%	1.6%
Administrative and waste services	2.9%	2.9%	4.4%	3.5%	4.6%	3.3%	4.7%	3.9%	4.2%	2.9%
Educational services	0.9%	1.1%	0.7%	0.8%	1.5%	1.7%	0.8%	1.4%	0.4%	0.5%
Health care and social assistance	6.8%	7.5%	6.9%	7.3%	7.5%	7.9%	5.3%	6.0%	5.7%	6.0%
Arts, entertainment, and recreation	0.8%	0.8%	1.4%	1.3%	1.4%	1.1%	0.8%	0.9%	0.9%	1.0%
Accommodation and food services	2.3%	2.3%	2.7%	2.8%	3.2%	3.3%	2.4%	2.4%	2.1%	2.2%
Other services, except public administration	2.8%	2.8%	2.7%	2.8%	3.2%	3.2%	2.7%	2.8%	2.2%	2.2%
Government and government enterprises	12.0%	12.6%	10.5%	10.7%	12.7%	12.9%	8.7%	9.8%	5.8%	6.1%

Source: Planning Research, Department of Planning and Zoning, Miami-Dade County based on data from BEA, U.S. Department of Commerce. April 2010.