

BEA Issues Benchmark Revisions to Local Personal Income Data

On June 15, 2000, the U.S. Bureau of Economic Analysis released the results of a comprehensive, or benchmark, revision of personal income for local areas. In general, the estimates for local areas for 1969–97 were revised up.

A comprehensive revision of estimates of personal income for local areas is made every four or five years. It incorporates newly available benchmark source data; improved methods for preparing the estimates; and newly available local area data that consist of quarterly data, annual data and data that are available less frequently — for example, data from the most recent quinquennial census of agriculture.

This year's benchmark revision resulted in large percentage revisions to the estimates of personal income for a few metropolitan areas. For all years, personal income for the nation and for most metropolitan areas was revised up. The primary source of the revisions was the reclassification of government employee retirement plans. As a result of the reclassification, other labor income, personal interest income and personal dividend income were raised, and personal contributions for social insurance (which is subtracted in calculating personal income) and transfer payments to persons were reduced.

Effects of the benchmark revisions

For 1991–97, the comprehensive revision had little effect on growth rates. The rankings of the fastest- and the slowest-growing metropolitan areas

changed little. Las Vegas, at 10.6%, still has the fastest growth rate, and Binghamton, N.Y., at 2.2%, still has the slowest growth rate.

San Francisco, at \$45,199, had the highest per capita personal income in 1998, 166% of the per capita personal income for the nation. McAllen-Edinburg-Mission, Texas, at \$12,759, had the lowest per capita personal income, at 47% of the national average. Indianapolis ranked 55th in the nation, the highest ranking of any Indiana metropolitan area. Terre Haute, at 279th, was the lowest ranking in Indiana.

Austin-San Marcos, Texas, and Seattle-Bellevue-Everett, Wash., had the fastest rates of growth in personal income in 1998. Personal income grew 15.1% in Austin-San Marcos and 10.4% in Seattle-Bellevue-Everett, substantially faster than the 5.9% growth of the nation. The rapid growth of personal income reflected large increases in net earnings: For Austin-San Marcos, it reflected large increases in earnings in industrial machinery and equipment manufacturing and in wholesale trade; for Seattle-Bellevue-Everett, it reflected large increases in earnings in the business services sector, which includes computer software.

State figures allocated to counties

This comprehensive benchmark revision incorporates the statistical changes that were introduced as part of the comprehensive revision of state personal income. In some cases, however, the state estimating procedures could not be replicated

because county data for these items were not available. The improved state estimates of employer contributions for workers' compensation insurance were allocated to counties on the basis of private wages and salaries, the state estimates of dividends for S-corporations are allocated to counties on the basis of tabulations of dividends received by individuals from the IRS, and the state estimates of the payments for foster care are distributed to counties on the basis of civilian population.

In some cases, the state estimates were allocated to the counties by related source data. The following series could not replicate the state estimating procedures because county data for these items are not available: For employer contributions for state and local government employees, the state controls are allocated to the counties in proportion to state and local government wages and salaries by place-of-work; for dividends and interest received by state and local government employee retirement plans, the state controls are allocated to the counties by state and local government wages and salaries by place-of-residence; and for WIC benefits, the state controls are allocated to the counties by family assistance payments.

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