

A Brief Explanation of Per Capita Personal Income

The U.S. Bureau of Economic Analysis estimates and releases per capita income (PCI) numbers for the states and counties twice a year. Nebraska's average per capita income in 2004 was \$32,341. That was 97.9 percent of the national average of \$33,050. The average PCI in the state's metropolitan counties was \$35,754; the non-metropolitan county average was \$28,413. Among all counties, Douglas County had the highest per capita income (\$35,574) in 2004 and Loup County the lowest (\$13,372).

Loup County's low PCI suggests real economic distress in that area. No doubt there are individuals in the county with very low incomes, but PCI numbers are not estimates of individual income. PCI is simply the total personal income for an area divided by the total population. Thus, the calculation of per capita income assumes every child or adult, man or woman, etc. has the same income. That is manifestly not the case, so PCI numbers are not "necessarily a good indicator of typical living standards." Rather, they shed a light on the overall economic well-being of an area.

A time series comparison shows that better than a one-year snapshot. Between 2000 and 2004, Loup County per capita income increased 79.3 percent and non-metro per capita income increased 21.5 percent, faster than either the Douglas or the metro county growth rates. It would be better if Loup County PCI was closer to Douglas County's, but the positive PCI growth rates in Loup and the other non-metro counties between 2000 and 2004 indicated an improving rural economy – the opposite of a snapshot comparison.

