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Exploring our Region's Prosperity

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Exploring our Region's Prosperity

Sheila Martin, Emily Picha

Institute for Metropolitan Studies, PSU

May 1, 2009



The Portland-Beaverton-Vancouver Primary Metropolitan Statistical Area includes

Multnomah, Clackamas, Washington, Columbia and Yamhill counties in Oregon, and Clark and Skamania counties in Washington.



Table of Contents

Executive Summary

Prosperity refers to the economic success of the regional economy and can be measured using income data. In order to assess regional prosperity in the Portland Metropolitan region, we will consider two measures of income: aggregate regional income (Metropolitan GDP) and income for individuals and households. In addition, we will discuss poverty levels in the Portland Metropolitan region according to the federal poverty standard. To ascertain the significant income variations both within the region and between comparable regions, this paper will compare counties within the Portland Metropolitan region and discuss how Portland measures up to ten “comparator regions” in the United States.

How quickly has income grown?

In the past several years, both aggregate regional income and personal income rose in the Portland Metropolitan region. Between 2001 and 2007, Portland’s per capita personal income grew 19 percent from \$32,338 to \$38,511. Between 2001 and 2006, the Portland Metropolitan region’s GDP grew 34 percent from \$77 billion to \$103 billion.

How does the Portland Metropolitan region’s income compare to other metropolitan regions?

Between 2001 and 2006, the Portland region and its comparator regions have seen vastly different rates of Metropolitan GDP growth. The Portland region’s Metropolitan GDP grew at a rate of 34 percent compared to 12 percent for the San Jose, CA region and 67 percent for the Las Vegas, NV region. The Portland Metropolitan region has a similar Metropolitan GDP to Austin and Salt Lake City. Portland’s per capita personal income in 2006 was \$38,511, which was on the lower end of the scale in terms of the ten comparator regions but still comparable to the Austin, Charlotte, and Salt Lake City regions. According to the U.S. Census American Community Survey, Portland’s median household income is \$52,480—just below Austin, but higher than both Phoenix and Charlotte. The Portland Metropolitan region’s level of poverty is at the median of the comparator region group with 11.5 percent of individuals earning incomes below the federal poverty line.

How is income within the Portland Metropolitan region distributed among counties?

Income varies greatly between the seven counties in the Portland Metropolitan region. Clackamas County has the highest level of per-capita personal income at \$41,378, followed by Multnomah County with \$38,529. Skamania County has the lowest level of per-capita income at \$28,265, while Washington County is very close to the average for the metropolitan area at \$36,259.

1. How Should We Gauge Our Region’s Prosperity?

How do we know whether our region is prosperous? Although prosperity probably means different things to different people, we usually think of prosperity as economic success or vibrancy. With respect to the Portland-Vancouver region, then, prosperity refers to economic success or the vibrancy of the regional economy. Does the region’s economy provide the income, goods, and services that people need to feel satisfied with their lives? Do the region’s inhabitants feel economically secure and confident that they can live in a reasonably comfortable fashion? Are they able to enjoy some of the non-economic pleasures that contribute to quality of life? These are some of the questions we might ask as we investigate whether our region is economically prosperous.

This Metropolitan Knowledge Network issue paper presents a variety of data that paint a picture of the prosperity of our region. In particular, we focus on the economic prosperity of individuals. The financial status and viability of business is certainly important to the notion of regional prosperity because businesses create value, earn income from outside the region and offer economic opportunities to individuals. We provide a discussion of business vitality and the data that describe it in a future article entitled “How Prosperous are our Region’s businesses?” This paper focuses specifically on outcome measures of prosperity, including the Gross Domestic Product of the region, personal income, money income, and poverty. A discussion of prosperity should also consider whether we are investing in the drivers or inputs to that prosperity. These drivers include innovation, human capital, infrastructure, and quality places. (Brookings Institution 2008) These indicators of assets for prosperity will be explored in future articles on this site.

1.1 What Measures Are Normally Used to Determine Whether a Region Is Doing Well

Most people gauge the state of their economic well-being, at least in part, by how much income they receive. Income determines, in large part, a person’s or household’s standard of living. It determines whether they can afford to meet the basic needs of their family and whether they can purchase other goods and services that enrich their lives. However, income is only part of the prosperity equation. It is only relevant relative to cost. Thus, factors that affect a family’s cost of living, such as household structure (number of income earners, number and age of children) and location (which affects the cost of housing and transportation) also determine economic well-being.

A new set of data recently developed by the University of Washington estimates the level of earnings required for a household to meet its basic needs without government assistance. This income level, called the Self-sufficiency Standard, varies by county and household type. We must also consider the amount of time a person devotes to earning income. A person earning \$40,000 per year working 40 hours per week might feel much better off than someone earning the same annual income but working one full-time and two part-time jobs in order to achieve that income. Thus, an earner’s hourly wage and the activities that a person must give up to earn an income might also enter into a person’s sense of their own prosperity.

While we consider the income of individuals, households, and families in the metropolitan region, we might also look at the region’s income in the aggregate. Regional measures of income allow us to consider the prosperity of the region as a whole, or on a per capita basis, regardless of how it is distributed. We will consider both measures of income—aggregate regional income and income for individuals and households—in discussing regional prosperity. Finally, regional income is determined, in large part, by the level and value of economic activity in the region. The Gross Domestic Product (GDP) for metropolitan regions is the total value of goods and services produced in the region. Akin to the national measure of GDP, metropolitan level GDP can be interpreted as a comprehensive measure of economic activity. At the national level, GDP is the most widely used measure of the state of the national economy.

[Table of Contents]

1.2 Measures of Income

There are generally three sources of publicly available income data:

- Personal income data is collected and distributed by the Bureau of Economic Analysis (BEA).
- Money income data is collected and distributed by the Census Bureau.
- The Internal Revenue Service publishes aggregated measures of adjusted gross income of individuals.

The BEA produces annual estimates of personal income for local areas, including counties, metropolitan areas, and BEA economic areas. These estimates are designed to be consistent with the national income and product accounts, which are used to estimate Gross National Product and other national economic data. The BEA's personal income measure is a more comprehensive measure of income than the money income measure used by the Census Bureau. As described below, personal income is the current income that is received by, or on behalf of, the residents of that area from all sources, minus their contributions for social insurance (BEA 2008).

The Census Bureau derives income information from the Decennial Census, the American Community Survey, and the March supplement of the Current Population Survey. Money income includes only money income received by individuals and excludes non-cash benefits. Poverty rates reported by the Census Bureau are based on money income. The Internal Revenue Service Adjusted Gross Income measure consists of the taxable income of individuals who filed a federal income tax return. In general, BEA estimates of personal income are higher than both the money income estimates provided by the Census Bureau and the adjusted gross income measure offered by the IRS. For more detail about these three definitions of income, see the inset below.

Three Income Definitions

Personal Income

Personal income, as reported by the BEA, is the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory and capital consumption adjustments, rental income of persons with capital consumption adjustments, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

Money Income

The Census Bureau uses the concept of money income. Census money income is defined as income received on a regular basis (exclusive of certain money receipts such as capital gains) before payments for personal income taxes, social security, union dues, Medicare deductions, etc. Thus, money income does not account for noncash benefits, such as food stamps, health benefits, subsidized housing, or goods produced and consumed on the farm. The Census Bureau warns users that, for many different reasons, there is a tendency in household surveys for respondents to underreport their income. Based on an analysis of independently derived income estimates, the Census Bureau determined that respondents report income earned from wages or salaries much better than other sources of income and that the reported wage and salary income is nearly equal to independent estimates of aggregate income (US Census, n.d.).

Adjusted Gross Income

Adjusted Gross Income consists of the taxable income of individuals who filed a federal income tax return. According to the Internal Revenue Service, Adjusted Gross Income is defined as taxable income from all sources including things like wages, salaries, tips, and a multitude of other sources, minus specific deductions like contributions to retirement accounts, tuition, and moving expenses, among others.

[Table of Contents]

1.3 Sources of Income

Income reported by the BEA has three sources: earnings from work; income from investment; and transfer payments, which include social security, pensions, and welfare. For most people, the largest part of their income is derived from their earnings from employment. However, some regions may include a larger than average number of people whose main source of income is from transfer payments. This information is important because the economic structure of such regions can be fundamentally different than those with higher percentage of income from earnings. Thus, they may react differently than other regions to national economic trends and to economic policy.

[Table of Contents]

1.4 Metro Level GDP Per Capita

The Bureau of Economic Analysis recently began calculating a gross domestic product (GDP) measure for metropolitan regions. Akin to the GDP for the nation, the metropolitan level GDP estimates the market value of all the goods and services produced in the metropolitan region. In the first release of these statistics in September 2007, these data were described as prototype statistics being released “for evaluation and comment by data users.” The methodology used to create these estimates relies heavily on industry earnings, which causes some problems that are explained in the inset below.

Bureau of Economic Analysis Produces Experimental Estimates of GDP for Metro Areas

By Amy Vander Vleit, Oregon Employment Department

The U.S. Bureau of Economic Analysis (BEA), the agency that produces estimates of state and national gross domestic product (GDP), recently added a new—yet experimental—data series to its arsenal: gross domestic product by metro area. In a nutshell, GDP measures the total market value of final goods and services produced in a given region over a specified period of time. It’s a comprehensive and widely used measure of economic activity at the state and national level. At this point the BEA is releasing the data for evaluation and comment by data users, ergo the words ‘experimental’ and ‘prototype’ attached to the data. Although it doesn’t sound as if

they will discontinue the series any time soon, they might revise the data and perhaps the methodology down the road based on user feedback. The data can theoretically be used—with caution at this early stage—to answer questions such as:

- What is the size of an area's economy?
- Is the economy growing or declining?
- How does growth in one metro area differ from other metro areas or from the nation?
- Which industries are propelling growth?

A Few (Cautious) Answers

The nation's 363 metropolitan areas generated 90 percent of the total U.S. GDP in 2005, although the 75 smallest metro areas accounted for just two percent. The five largest metro areas were responsible for nearly paydays direct lender one-quarter of the \$12.4 trillion figure. The New York metro area alone generated \$1.1 trillion, outranking all but one state (California) and nine countries. The Portland metro area kicked in an estimated \$95.6 billion to the national total. That would make us the nation's 26th largest metro area as measured by 2005 GDP.

User Beware

Much of Portland's industry-level GDP data is suppressed due to confidentiality issues. The data that is available should be viewed with a healthy dose of caution due to the combination of BEA's methodology and Oregon's industry structure. GDP data is collected at the state—not metro area—level, so the BEA devised a method to allocate a state's GDP among its metro areas. They use two data sets: statewide GDP by industry and county-level earnings by industry (which they also produce). You have one pot containing statewide manufacturing GDP, another pot with statewide retail trade GDP, etc. Each pot gets divvied up based on county earnings data for the corresponding industry. One component of GDP is investment in capital equipment (e.g. a new factory, new machinery). Manufacturers in particular spend heavily on capital equipment, especially high tech, auto makers, and oil refineries. A case in point: In 2002 and 2003, Intel spent close to \$2 billion to build and equip its Hillsboro D1D plant.

Here's the caution: BEA admits that there is a weak correlation between earnings and output for some capital intensive industries. This can result in the misallocation of a state's GDP among its metro areas. For example: Let's say capital spending in high tech

manufacturing increased by \$500 million in Oregon in 2003 due in large part to activity in the Portland area. At the same time, Portland showed a slight decline in high tech manufacturing earnings. Meanwhile, Corvallis didn't experience any capital spending but it did see a slight increase in its high tech manufacturing earnings.

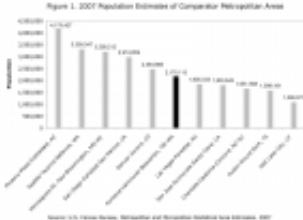
According to the BEA method, Corvallis would be allocated some, perhaps a lot, of the state's (i.e. Portland's) high tech manufacturing GDP. Since Oregon has a relatively large manufacturing sector, the potential for such misallocations is likely to be greater than for other states. So while this new BEA data series can be useful for many metro areas, it might present some problems for Oregon's metro areas. (More information is available at the BEA's "GDP by State and Region" webpage.)

[Table of Contents]

Exploring our Region's Prosperity

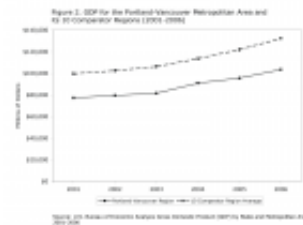
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May 1, 2009

Figure 1: 2007 Population Estimates of Comparator Metropolitan Areas from the Census Bureau



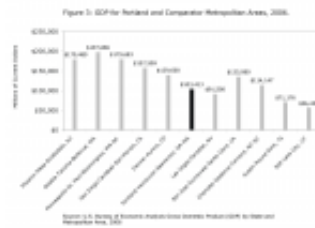
Source: U.S. Census Bureau, Metropolitan and Micropolitan Statistical Area Estimates, 2007. (ref:1)

Figure 2: Portland Metropolitan Area GDP (2001-2006)



Source: U.S. Bureau of Economic Analysis Gross Domestic Product (GDP) by State and Metropolitan Area, 2001-2006 (<http://www.bea.gov/regional/gdpmetro/>)

Figure 3: GDP for Portland and Comparator Metropolitan Areas, 2006



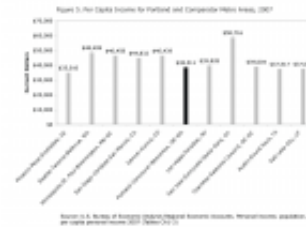
Source: U.S. Bureau of Economic Analysis Gross Domestic Product (GDP) by State and Metropolitan Area, 2006. (<http://www.bea.gov/regional/gdpmetro/>) Note: Regions are ordered by population size.

Figure 4: Personal and Per Capita Income, Portland-Vancouver MSA (1969 to 2007)



Source: U.S. Bureau of Economic Analysis
Regional Economic Accounts, Personal income,
population, per capita personal income 1969-2007
(Tables CA1-3)
(<http://www.bea.gov/regional/reis/>)

Figure 5: Per Capita Personal Income for Portland and Comparator Metropolitan Areas (2007 Preliminary Estimate)



Source: U.S. Bureau of Economic Analysis Regional Economic Accounts. Personal income, population, per capita personal income 2007 (Tables CA1-3) (<http://www.bea.gov/regional/reis/>) Note: Regions are ordered by population size.

2. How Does Our Region Measure Up?

How does the prosperity of the Portland region compare to that of other metropolitan areas? Below, we discuss several measures of prosperity and compare the statistics for Portland against those for some peers. We choose regions for comparison based on several criteria described below. **Table 1** and **Figure 1** show the comparator regions and their population in 2007.

Table 1: 2007 Population Estimates of Comparator Metropolitan Areas from the Census Bureau

Metropolitan Statistical Area	Population Estimate July 1, 2007
Phoenix-Mesa-Scottsdale, AZ	4,179,427
Seattle-Tacoma-Bellevue, WA	3,309,347
Minneapolis-St. Paul-Bloomington, MN-WI	3,208,212
San Diego-Carlsbad-San Marcos, CA	2,974,859
Denver-Aurora, CO	2,464,866
Portland-Vancouver-Beaverton, OR-WA	2,175,113

Las Vegas-Paradise, NV	1,836,333
San Jose-Sunnyvale-Santa Clara, CA	
Charlotte-Gastonia-Concord, NC-SC	1,651,568
Austin-Round Rock, TX	1,598,161
Salt Lake City, UT	1,099,973

Source: U.S. Census Bureau, Metropolitan and Micropolitan Statistical Area Estimates, 2007.
(<http://www.census.gov/popest/metro/CBSA-est2007-annual.html>)

Which U.S. Regions Are Portland's Peers?

1. Index of Metropolitan Similarity. A study by PSU's Population Research Center in 2001 developed a methodology for measuring similarity and dissimilarity among metropolitan areas based on:

- Demographic structure (age composition and outlook).
- Ethnic composition.
- Social indicators including public school enrollment, crime rate and infant mortality.
- Income and employment.
- Employment structure.

This study showed that overall, the metropolitan regions with the greatest degree of similarity to Portland were: Denver, Fort Worth, Minneapolis, Charlotte, and Seattle (Edmonston and Proehl, 2001).

2. Migration Patterns. We also examined migration patterns to determine which metropolitan areas were connected with Portland via migration. Metropolitan areas that show the migration to the Portland region include Los Angeles, Seattle, San Diego, San Jose, San Francisco, Phoenix, Chicago, and Spokane. Metropolitan areas that show the highest migration from our area include Seattle, Phoenix, Los Angeles, San Diego, Las Vegas, and Spokane.

3. Peers Identified by Partner Organizations. The Portland Development Commission, the Regional Partners for Business and Greenlight Greater Portland also gather comparative data for Portland. The peer regions they use include: Albuquerque, Austin, Denver, Los Angeles, Phoenix, Philadelphia, Sacramento, San Diego, San Francisco, San Jose, and Seattle.

4. Size of Metropolitan Area. Finally, we limited the peer regions to metropolitan areas of similar population size to the Portland MSA. Taking each of these factors into account, and consulting with our advisory board, we opted to include the metropolitan areas shown in Table 1.

2.1 Metropolitan Gross Domestic Product

Table 2 shows the growth of the Portland region’s economy in terms of Gross Domestic Product compared to other metropolitan regions for 2001 to 2006. **Figure 2** shows the growth of metropolitan GDP for Portland between 2001 and 2006. **Figure 3** provides a clearer picture of the relative size of these economies for 2006 only.

Table 2: Metro Level GDP for Portland and Comparator Metropolitan Areas

Metropolitan Area	Gross Domestic Product (Millions of Current Dollars)					
	2001	2002	2003	2004	2005	2006
Austin-Round Rock, TX	53,497	52,983	55,226	59,785	64,862	71,176
Denver-Aurora, CO	109,152	113,380	116,193	121,916	131,509	139,600
Charlotte-Gastonia-Concord, NC-SC	80,839	88,724	90,711	97,265	106,408	114,147
Las Vegas-Paradise, NV	54,720	58,041	63,303	72,087	80,486	91,500
Minneapolis-St. Paul-Bloomington, MN-WI	142,733	147,753	154,475	165,293	172,118	179,683
Phoenix-Mesa-Scottsdale, AZ	125,295	130,751	138,293	147,358	160,028	179,489
Portland-Vancouver-Beaverton, OR-WA	77,181	79,407	81,556	89,377	93,816	103,413
Salt Lake City, UT	42,012	43,001	43,582	46,589	51,368	56,458
San Diego-Carlsbad-San Marcos, CA	112,435	120,165	126,838	138,630	148,390	157,509
San Jose-Sunnyvale-Santa Clara, CA	119,750	111,025	110,885	116,752	125,354	135,080
Seattle-Tacoma-Bellevue, WA	155,695	158,031	163,224	171,025	184,419	197,686

Source: U.S. Bureau of Economic Analysis Gross Domestic Product (GDP) by State and Metropolitan Area, 2006. (<http://www.bea.gov/regional/gdpmetro/>)

Of the comparator metropolitan areas used for this study, Seattle has the largest economy in terms of Gross Domestic Product. Portland’s economic output in 2006 was about 52 percent of Seattle’s output, while its population in 2006 was about 65 percent of the Seattle region’s population. GDP in the Portland region grew by 34 percent between 2001 and 2006. The region experienced similar GDP growth rates to Salt Lake City region and Austin region which grew at 34 percent and 33 percent respectively. Las Vegas experienced a 67 percent increase in Metropolitan GDP. San Jose suffered from a comparatively low rate of income growth at 12 percent due to the languishing technology sector.

Table 3: Metropolitan GDP Growth for the Portland Metropolitan Region and Comparator Regions (2001-2006)

Metropolitan Area	Metro GDP Growth Rate 2001-2006
Austin-Round Rock, TX	33.05%
Charlotte-Gastonia-Concord, NC-SC	41.20%
Denver-Aurora, CO	27.90%
Las Vegas-Paradise, NV	67.21%
Minneapolis-St. Paul-Bloomington, MN-WI	25.89%
Phoenix-Mesa-Scottsdale, AZ	43.25%
Portland-Vancouver-Beaverton, OR-WA	33.99%
Salt Lake City, UT	34.39%
San Diego-Carlsbad-San Marcos, CA	40.09%
San Jose-Sunnyvale-Santa Clara, CA	12.80%
Seattle-Tacoma-Bellevue, WA	26.97%

Source: U.S. Bureau of Economic Analysis Gross Domestic Product (GDP) by State and Metropolitan Area, 2001-2006. (<http://www.bea.gov/regional/gdpmetro/>)

We will revisit the relationship between income and population in the next section.

[Table of Contents]

2.2 Personal Income

The personal income for a metropolitan region is the current income that is received by, or on behalf of, the residents of that area from all sources, minus their contributions for social insurance. Table 4 and **Figure 4** show that personal income for the Portland Metropolitan Region has grown from \$4.3 billion in 1969 to 83.8 billion in 2007.

The region's per capita personal income has grown from about \$4,000 to \$38,511. **Figure 5** shows how the region's per capita personal income compares to our peer regions. Of these regions, Portland is about in the middle, with the San Jose region leading our peers in per capita income with over \$58,716. The comparator region with the lowest level of per capita income is Phoenix, with \$35,010.

Table 4: Personal and Per Capita Income for the Portland Metro Area (1969 to 2006)

Year	Personal Income (in thousands)	Population	Per Capita Personal Income (in dollars)
1969	\$4,325,682	1,069,708	\$4,044
1970	\$4,685,460	1,085,025	\$4,318
1971	\$5,104,331	1,105,374	\$4,618
1972			
1973	\$6,400,845	1,157,768	\$5,529
1974	\$7,267,803	1,174,809	\$6,186
1975	\$8,034,671	1,192,510	\$6,738
1976	\$9,078,142	1,213,090	\$7,483
1977	\$10,137,652	1,242,430	\$8,160
1978	\$11,688,105	1,275,246	\$9,165
1979	\$13,341,864	1,312,315	\$10,167
1980	\$15,002,259	1,346,705	\$11,140
1981	\$16,459,566	1,364,523	\$12,063
1982	\$17,066,653	1,373,347	\$12,427
1983	\$17,963,463	1,371,007	\$13,102
1984	\$19,712,894	1,380,339	\$14,281
1985	\$20,875,070	1,391,424	\$15,003
1986	\$22,014,399	1,409,733	\$15,616
1987	\$23,274,605	1,423,238	\$16,353
1988	\$25,432,583	1,454,141	\$17,490
1989	\$28,087,980	1,487,217	\$18,886
1990	\$30,914,208	1,535,965	\$20,127
1991	\$32,648,556	1,584,767	\$20,601
1992	\$34,811,293	1,625,751	\$21,412
1993	\$37,352,048	1,669,701	\$22,371
1994	\$40,122,528	1,708,216	\$23,488
1995	\$43,598,382	1,749,224	\$24,924
1996	\$47,265,531	1,797,066	\$26,301
1997	\$50,912,454	1,839,867	\$27,672
1998	\$54,105,615	1,875,365	\$28,851
1999	\$56,918,006	1,906,262	\$29,858

2000	\$62,189,975	1,936,294	\$32,118
2001	\$63,933,229	1,977,059	\$32,338
2002	\$64,908,688	2,014,037	\$32,228
2003	\$66,576,262	2,039,111	\$32,650
2004	\$69,328,033	2,059,861	\$33,657
2005	\$73,086,912	2,092,906	\$34,921
2006	\$78,618,336	2,133,775	\$36,845

Source: U.S. Bureau of Economic Analysis Regional Economic Accounts. Regional Economic Profile, 1969-2006 (Tables CA30) (<http://www.bea.gov/regional/reis/>)

Table 5: Personal and Per Capita Income by County, Portland Metropolitan Region, 2006

County	Population	Personal Income (Thousands of Dollars)	Per Capita Income
Clackamas	371,489	\$15,371,418	\$41,378
Clark	409,230	\$13,492,375	\$32,970
Columbia	48,217	\$1,454,907	\$30,174
Multnomah	687,373	\$26,483,785	\$38,529
Skamania	10,524	\$297,460	\$28,265
Washington	513,181	\$18,607,666	\$36,259
Yamhill	93,761	\$2,910,725	\$31,044
Portland MSA	2,133,775	\$78,618,336	\$36,845

Source: U.S. Bureau of Economic Analysis Regional Economic Accounts. Personal income, population, per capita personal income 1969-2007 (Tables CA1-3)(<http://www.bea.gov/regional/reis/>)

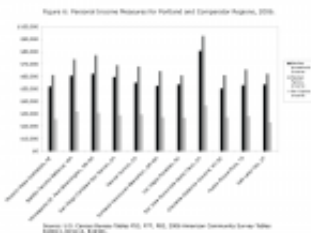
Table 5 shows how personal and per capita income vary by county within the Portland metropolitan region. Clackamas County has the highest level of per-capita income in the seven county region, followed by Multnomah County. Skamania County has the lowest level of per capita income, while Washington County is very close to the average for the metropolitan area.

[Table of Contents]

Exploring our Region's Prosperity

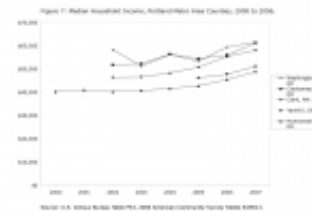
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Figure 6: Personal Income Measures for Portland and Comparator Regions, 2006



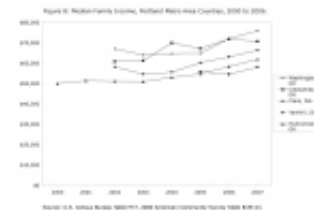
Sources: U.S. Census Bureau Tables P53, P77, P82, 2006 American Community Survey Tables B19013, B19113, B19301.

Figure 7: Median Household Income, Portland Metro Area Counties, 2000 to 2006



Sources: U.S. Census Bureau Table P53, 2006 American Community Survey Tables B19013. (U.S. Census 2000: Table P53. Median Household Income in 1999 (Dollars) [1] – Universe: Households. **American Community Survey 2007 estimates:** Table B19013. Median Household Income in the Past 12 Months (in 2006 Inflation-Adjusted Dollars) – Universe: Households)

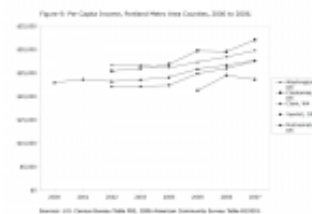
Figure 8: Median Family Income, Portland Metro Area Counties, 2000 to 2006



Sources: U.S. Census Bureau Table P77, 2006 American Community Survey Table B19113. Note: ACS Income data for 2000-2006 not available for Skamania County. (U.S. Census 2000: Table P77. Median Family Income in 1999 (dollars) [1] – Universe: Families.

American Community Survey 2007 estimates: Table B19113. Median Family Income in the Past 12 Months (in 2006 Inflation-Adjusted Dollars) – Universe: Families)

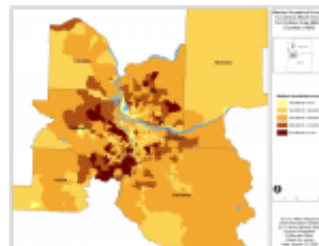
Figure 9: Per Capita Income, Portland Metro Area Counties, 2000 to 2006



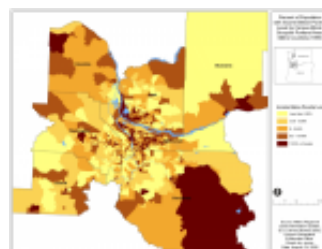
Sources: U.S. apply now Census Bureau Table P82, 2006 American Community Survey Table B19301. Note: ACS Income data for 2000-2006 not available for Skamania County.^[1] **Figure 10** shows median household income by census block

group for the entire region. This level of detail is only available for the decennial census data, which reflects money income in 1999.

Figure 10: Median Household Income by Census Block Group, 1999



**Figure 11: Poverty Rates by
Census Block Group, 1999**



2.3 Sources of Income

Table 6 breaks down each region’s personal income into the five components tracked by the Bureau of Economic Analysis:

- Income from dividends, interest, and rent.
- Income from transfer payments (mostly social security and other retirement income, but also unemployment insurance and other social welfare payments).
- Income from wages and salaries.
- Proprietor’s income.

The data show that Austin has the highest proportion of income from wages and salaries at 52.1 percent. San Diego sits at the low end with 45.5 percent of personal income coming from wages and salaries. The Portland Metropolitan region falls in the middle of the spectrum in terms of the percentage of regional personal income wages and salaries at 48.4 percent. Denver has the highest proportion of income from proprietor’s income at 14.7 percent, which reflects a prevalence of self-employment and small businesses in the city. Phoenix has the highest percentage of income from transfer payments at 13.4 percent, reflecting its status as a retirement community. Portland follows with 12.2 percent of personal income from transfer payments.

Table 6: Sources of Income for the Portland and Comparator Metropolitan Areas, 2007 Preliminary Estimate

Region	Total Personal Income (in Thousands)	Percent Income from Dividends, Interest and Rent	Percent Income from Transfer Payments	Percent from Wage and Salaries	Percent from Proprietor’s Income
Austin-Round Rock, TX	\$55,664,599	16.30%	8.40%	62.40%	9.90%
Charlotte-Gastonia-Concord, NC-SC	\$60,483,496	14.50%	11.30%	65.50%	9.90%
Denver-Aurora, CO	\$107,787,570	15.90%	8.30%	57.00%	15.30%
Las Vegas-Paradise,					

NV	\$68,031,588	21.10%	10.20%	58.10%	7.60%
Minneapolis-St. Paul-Bloomington, MN-WI	\$140,320,340	18.60%	10.20%	62.00%	6.70%
Phoenix-Mesa-Scottsdale, AZ	\$138,465,088	15.80%	12.80%	59.30%	9.00%
Portland-Vancouver-Beaverton, OR-WA	\$78,618,336	18.10%	12.10%	58.10%	8.20%
Salt Lake City, UT	\$37,883,269	17.90%	9.30%	64.70%	10.70%
San Diego-Carlsbad-San Marcos, CA	\$126,193,721	18.00%	11.50%	54.50%	9.90%
San Jose-Sunnyvale-Santa Clara, CA	\$97,685,451	19.10%	7.70%	73.60%	8.90%
Seattle-Tacoma-Bellevue, WA	\$148,015,040	17.80%	10.00%	61.10%	8.90%

Source: U.S. Bureau of Economic Analysis Regional Economic Accounts. Personal Income and Employment Summary 1969-2007 (Table CA04) (<http://www.bea.gov/regional/reis/>)

[Table of Contents]

2.4 Money Income

As explained above, money income, calculated by the U.S. Census Bureau from data gathered in their surveys, offers an alternative set of data on how well individuals are faring in our community. Table 7 provides several money income measures reported from the 2006 American Community Survey (see also **Figure 6**. Median Household Income, median family income, and per capita income are all highest in the San Jose area. The Portland region falls in the lower end just below Austin, but higher than both Phoenix and Charlotte and, in the case of family and per capita income, Salt Lake City.

Table 7: Money Income for Portland and Comparator Regions, 2006

Region	Median Household Income	Median Family Income	Per Capita Income
Austin-Round Rock, TX	\$52,882	\$65,568	\$27,918
Charlotte-Gastonia-Concord, NC-SC	\$50,367	\$61,061	\$27,094
Denver-Aurora, CO	\$54,994	\$68,081	\$29,363
Las Vegas-Paradise, NV	\$53,536	\$60,859	\$26,735
Minneapolis-St. Paul-Bloomington, MN-WI	\$62,223	\$77,066	\$30,737
Phoenix-Mesa-Scottsdale, AZ	\$51,862	\$61,107	\$25,818
Portland-Vancouver-Beaverton, OR-WA	\$52,480	\$64,316	\$27,271
Salt Lake City, UT	\$53,587	\$62,168	\$22,985
San Diego-Carlsbad-San Marcos, CA	\$59,591	\$69,099	\$28,763
San Jose-Sunnyvale-Santa Clara, CA	\$80,638	\$92,563	\$36,600
Seattle-Tacoma-Bellevue, WA	\$60,663	\$73,802	

Sources: U.S. Census Bureau Tables P53, P77, P82, 2006 American Community Survey Tables B19013, B19113, B19301. Note: MSAs listed are those designated in the 2006 American Community Survey. It should be noted that there are significant differences in the geographic extent of MSAs designated in the 2000 Decennial Census. (**U.S. Census 2000**: Table P53. Median Household Income in 1999 (Dollars) [1] – Universe: Households; Table P77. Median Family Income in 1999 (Dollars) [1] – Universe: Families; Table P82. Per Capita Income in 1999 (Dollars) [1] – Universe: Total population.)

American Community Survey 2007 estimates: Table B19013. Median Household Income in the Past 12 Months (In 2006 Inflation-Adjusted Dollars) – Universe: Households; Table B19113. Median Family Income in the Past 12 Months (In 2006 Inflation-Adjusted Dollars) – Universe: Families; Table B19301. Per Capita Income in the Past 12 Months (In 2006 Inflation-Adjusted Dollars) – Universe: Total Population.)

Portland Metropolitan Area Counties

Figures 7, 8, and 9 show the median household income, median family income, and per capita income for each of the Portland Metro counties. While Washington County has the highest median household and family income, Clackamas County is highest in per capita income. Multnomah County has the lowest household income, but Yamhill County has the lowest per capita income, probably reflecting Multnomah County’s smaller household sizes.

How the Poverty Threshold Is Measured

The current poverty thresholds were originally developed in 1963-1964 by Mollie Orshansky who worked at the Social Security Administration. Orshansky took the dollar costs of the U.S. Department of Agriculture’s economy food plan for families of three or more persons and multiplied the costs by a factor of three. She used a factor of three because the USDA’s 1955 Household Food Consumption Survey found that for families of three or more persons, the average dollar value of all food consumed during a week accounted for about one third of their total money income after taxes.

For smaller families, she followed somewhat different procedures to calculate poverty thresholds in order to allow for the relatively larger fixed costs that small family units face. In May 1965, the U.S. Office of Economic Opportunity adopted Orshansky’s poverty thresholds as a working or quasi-official definition of poverty. Poverty thresholds for years since 1963 have been updated for price changes only using the Consumer Price Index.

For more information, please visit the United State Department of Health and Human Services (<http://aspe.hhs.gov/POVERTY/faq.shtml#official>)

[Table of Contents]

2.5 Poverty Rates

Poverty is the result of an economy that is not performing well for some segment of the population. While there are multiple causes of poverty, a rising poverty rate clearly demonstrates that the economy is not serving some individuals and families. The Census Bureau measures the percentage of individuals, families, and households with incomes that fall below the federally defined poverty standard. Table 8 shows the poverty standard for 2006.

Table 8: 2006 U.S. Department of Health and Human Services Poverty Thresholds

Persons in Family or Household	48 Contiguous States and D.C.	Alaska	Hawaii
1	\$9,800	\$12,250	\$11,270
2	13,200	16,500	15,180

3	16,600	20,750	19,090
4	20,000	25,000	23,000
5	23,400	29,250	26,910
6	26,800	33,500	30,820
7	30,200	37,750	34,730
8	33,600	42,000	38,640
<i>For each additional person, add</i>	3,400	4,250	3,910

Source: U.S. Department of Health and Human Services. (<http://aspe.hhs.gov/POVERTY/faq.shtml#official>)

Table 9 shows for the Portland region and its competitors the percentage of individuals with incomes below the poverty rate for 1999 and 2006. Although we must be careful when comparing the 1999 Census data and the 2006 American Community Survey data (detailed below), the trend is generally toward higher rates of poverty in each of the metropolitan areas except San Diego and Las Vegas, which each experienced decreases in the percentage of individuals below the poverty line by 0.8 percent. The Portland region's poverty rates are at the median at 11.5 percent. The rates by census block group for the Portland Metropolitan region for 2000 are shown in **Figure 10** and **Figure 11**.

Table 9: Individuals with Income Below Poverty Level for Portland and Comparator Regions, 1999 and 2006

Region	1999	2006
Austin-Round Rock, TX	11.10%	13.00%
Charlotte-Gastonia-Concord, NC-SC	9.30%	11.50%
Denver-Aurora, CO	8.60%	11.50%
Las Vegas-Paradise, NV	11.10%	10.30%
Minneapolis-St. Paul-Bloomington, MN-WI	6.70%	8.90%
Phoenix-Mesa-Scottsdale, AZ	12.00%	12.70%
Portland-Vancouver-Beaverton, OR-WA	10.00%	11.50%
Salt Lake City, UT	7.70%	10.30%
San Diego-Carlsbad-San Marcos, CA	12.40%	11.70%
San Jose-Sunnyvale-Santa Clara, CA	8.70%	9.00%
Seattle-Tacoma-Bellevue, WA	8.50%	9.60%

Sources: U.S. Census 2000, Summary Tape File 3, Table P87. American Community Survey 2006 Table B17001. Note: Regions listed are those designated in the 2006 American Community Survey and may vary compared to those designated in the Census 2000 Summary File 3. (**U.S. Census 2000**: Summary Tape File 3, Table P87. Poverty Status in 1999 by Age [17] – Universe: Population for whom poverty status is determined.

American Community Survey 2006: Table B17001. Poverty Status in the Past 12 Months by Age – Universe: Population for whom poverty status is determined.)

Can we compare the 2000 Census Data to the ACS Data?

Comparisons between 2006 American Community Survey (ACS) Data and 2000 Decennial Census Data (Summary File 3) must be approached with caution. In 1999, the Census Bureau changed American Community Survey questions to be consistent project payday scam with the questions for the Census 2000. The instructions are slightly different to reflect differences in the way each survey references time. The census asks for responses about the past 12 months, and the questions for the Census 2000 ask about the previous calendar year (from 2006 ACS Subject payday 2 masks Definitions, 53). According to data comparison guidelines

provided on the American Community Survey website, certain measures should be “compared with caution.” These include:

- Median household income.
- Median family income.
- Earnings and income measures for individuals (per capita income).

The American Community Survey guidance goes on to state that 1999 income dollar amounts included in Summary File 3 should be adjusted to 2006 dollars by using the Bureau of Labor Statistics Inflation Adjustment Calculator for comparison purposes. Additionally, the geographic extent of designated Metropolitan Statistical Areas (MSAs) differs between the 2000 Decennial Census and the 2006 American Community Survey.

The following table summarizes these differences:

2000 Decennial Census	2006 American Community Survey
Austin–San Marcos, TX MSA	Austin-Round Rock, TX Metro Area
Charlotte–Gastonia–Rock Hill, NC–SC MSA	Charlotte–Gastonia-Concord, NC-SC Metro Area
Denver–Boulder–Greeley, CO CMSA	Denver-Aurora, CO Metro Area
Las Vegas, NV–AZ MSA	Las Vegas-Paradise, NV Metro Area
Minneapolis–St. Paul, MN–WI MSA	Minneapolis-St. Paul-Bloomington, MN-WI Metro Area
Phoenix–Mesa, AZ MSA	Phoenix-Mesa-Scottsdale, AZ Metro Area
Portland–Salem, OR–WA CMSA	Portland-Vancouver-Beaverton, OR-WA Metro Area
Salt Lake City–Ogden, UT MSA	Salt Lake City, UT Metro Area
San Diego, CA MSA	San Diego-Carlsbad-San Marcos, CA Metro Area
San Francisco–Oakland–San Jose, CA CMSA	San Jose-Sunnyvale-Santa Clara, CA Metro Area
Seattle–Tacoma–Bremerton, WA CMSA	Seattle-Tacoma-Bellevue, WA Metro Area

[Table of Contents]

3. Summary and Conclusion

The Portland Metropolitan region has seen steady growth since 2001 in both Metropolitan GDP and personal income. When compared with similar regions in the United States, the Portland region shows healthy growth rates, though the overall numbers still show Portland with lower levels of income in both the aggregate and per capita measures. Within the Portland region, there are significant income differences between urban and more rural counties. Skamania County in particular has a lower level of income than do other more urban counties.

Income levels are just one way to assess the prosperity of a region. Future Metropolitan Knowledge Network issue papers will delve into the dynamics of income disparities both within the region and between regions by looking at other economic indicators.

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- MetroPolicy: Shaping a New Federal Partnership for a Metropolitan Nation.
- Pearce, D. M. 2008. The Self-Sufficiency Standard For Oregon 2008: Worksystems, Inc.
- United States Census Bureau. Income Overview.
- United State Department of Health and Human Services.

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[Table of Contents]

Tables & Figures

Footnotes

1. **U.S. Census 2000:** Table P82. Per Capita Income in 1999 (Dollars) [1] – Universe: Total population.
American Community Survey 2007 estimates: Table B19301. Per Capita Income in the Past 12 Months (in 2006 Inflation-Adjusted Dollars) – Universe: Total Population (↔)
 2. **U.S. Census 2000:** Table P87. Poverty Status in 1999 by Age [17] – Universe: Population for whom poverty status is determined. (↔)
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