

ECONOMIC SNAPSHOT

Per-capita income: More workers means more income

Per-capita income (PCI) provides one measure of a region's economic health. Historically, per-capita income in the Madison MSA (Metropolitan Statistical Area) has been consistently higher than the state and national PCI. The U.S. Bureau of Economic Analysis estimates that in 2004, PCI in the Madison MSA was \$4,397 higher than the national average, and \$5,281 greater than the Wisconsin PCI.

Why is PCI in the Madison MSA over 13 percent higher than the U.S. average? Personal income is comprised of wages, salary, benefits, proprietors' income, transfer payments, retirement benefits, dividends, interest and rental income. The average wages and salary per job in the Madison MSA (\$35,883) lags the national average by \$2,915. On a per-capita basis, Madison area residents also receive less in retirement benefits and transfer payments. Average proprietor's income in Madison is also less than the national average. Only dividends, interest and rent per capita is higher than the U.S. average, reflecting the higher savings rate of Madison and Wisconsin residents.

Income statistics (2004)

	Madison MSA	Wisconsin	U.S.
Per-capita income (PCI)	\$37,447	\$32,166	\$33,050
Average wages and salary per job	\$35,833	\$34,113	\$37,798
Transfer receipts per capita	\$3,458	\$4,419	\$4,863
Dividends, interest, rent per capita	\$6,433	\$5,267	\$5,209
Average proprietor's income	\$22,559	\$21,483	\$29,250
Labor participation*	75.3%	69.9%	65.9%
Labor participation* — women	71.3%	64.9%	58.9%
Employed per household	1.41	1.35	1.32

SOURCE: U.S. Census

How can Madison area residents fall short in so many income categories, yet have a higher than average PCI? One reason is higher percentage of Madison area residents are employed. The overall labor participation rate* in the Madison MSA exceeds the national average. The rate for women is significantly higher in Madison. The higher labor participation rates more than offset lower average wages per job, retirement benefits and transfer payments per capita, and average proprietors' income.

Part one of this month's series on income

Next week:
How the Madison MSA compares to other metro areas

Economic Snapshot is a weekly feature provided by the Center for Community and Economic Development, University of Wisconsin Extension.

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*Percentage of residents 16 years and older employed or seeking employment

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