



HEADWATERS  
ECONOMICS

[www.headwaterseconomics.org](http://www.headwaterseconomics.org)

# **A SocioEconomic Profile**

## **New Mexico**

Produced by the  
**Economic Profile System (EPS)**  
April 6, 2007

---

### About The Economic Profile System (EPS)

This profile was produced using the 2004 version of the Economic Profile System (EPS), last updated in September 2006. EPS is designed to allow users to automatically and efficiently produce detailed socioeconomic profiles at a variety of geographic scales using the spreadsheet program Microsoft Excel.

Profiles contain tables and figures that illustrate long-term trends in population; employment and personal income by industry; average earnings; business development; retirement and other non-labor income; commuting patterns; agriculture; and earnings by industry.

Databases used for EPS profiles are from: Bureau of the Census, County Business Patterns, Bureau of Labor Statistics, and the Regional Economic Information System (REIS) of the Bureau of Economic Analysis, U.S. Department of Commerce.

EPS was developed in partnership with the Bureau of Land Management by Ray Rasker, Jeff van den Noort, Ben Alexander and Patty Gude when they were employees of the Sonoran Institute, and continues to be refined and improved by these authors under the auspices of their new organization, Headwaters Economics.

EPS is available for free download from Headwaters Economics ([www.headwaterseconomics.org](http://www.headwaterseconomics.org)).

For technical questions about EPS, contact Jeff van den Noort at [jeff@headwaterseconomics.org](mailto:jeff@headwaterseconomics.org).



[www.headwaterseconomics.org](http://www.headwaterseconomics.org)

**Headwaters Economics** conducts social science research to understand demographic and socioeconomic trends and their impacts on changing land use patterns. We use this knowledge to assist individuals, organizations and communities to benefit from their competitive advantages.



[www.blm.gov](http://www.blm.gov)

**The Bureau of Land Management (BLM)**, an agency within the U.S. Department of the Interior, administers 262 million surface acres of America's public lands, located primarily in 12 Western States. The BLM sustains the health, diversity, and productivity of the public lands for the use and enjoyment of present and future generations.



[www.sonoran.org](http://www.sonoran.org)

**The Sonoran Institute** promotes community decisions that respect the land and people of the West. Working with communities since 1990, we believe people make the best decisions about their future when they look at the big picture, work collaboratively and create practical, local solutions. The Institute encourages public participation, civil dialogue and practical solutions that benefit each community as a whole. We believe informed and engaged citizens boost the resilience of a community's economic and natural systems.

<b>Cover</b>	
<b>About the Economic Profile System</b>	
<b>Table of Contents</b>	
<b>Read This First</b>	
<b>Demographic, Employment and Income Trends</b>	
<a href="#">Demographic, Employment and Income</a>	1
<a href="#">Population Trends</a>	2
<a href="#">Population</a>	3
<a href="#">Age and Gender</a>	4
<a href="#">Income Distribution &amp; Housing</a>	5
<a href="#">Employment</a>	6
<a href="#">Employment</a>	7
<a href="#">Personal Income</a>	8
<a href="#">Proprietors</a>	9
<a href="#">Non-labor Income</a>	10
<a href="#">Transfer Payments</a>	11
<a href="#">Personal Income</a>	12
<a href="#">Government Employment</a>	13
<a href="#">Earnings Per Job</a>	14
<a href="#">Per Capita Income</a>	15
<a href="#">Firms by Industry</a>	16
<a href="#">Firms by Industry in 2001 (NAICS)</a>	17
<a href="#">Firms by Size</a>	18
<a href="#">Unemployment Trends</a>	19
<a href="#">Commuting</a>	20
<a href="#">Agriculture (Business Income)</a>	21
<b>Relative Performance Comparisons</b>	
<a href="#">Relative Performance Comparisons</a>	22
<a href="#">Employment Diversity Index</a>	23
<a href="#">Stability</a>	24
<a href="#">Performance Comparisons</a>	25
<b>Employment and Personal Income by Industry</b>	
<a href="#">Employment and Income by Industry</a>	26
<a href="#">Read This First</a>	27
<a href="#">Employment (SIC)</a>	28
<a href="#">Employment (NAICS)</a>	29
<a href="#">Personal Income (SIC)</a>	30
<a href="#">Personal Income (NAICS)</a>	31
<a href="#">Wages and Employment</a>	32
<a href="#">Data Sources</a>	Data Sources
<a href="#">Methods</a>	Methods
<a href="#">Glossary</a>	Glossary

There are two related systems for producing socioeconomic profiles: this one, the Economic Profile System (EPS) and the Economic Profile System Community (EPSC). For best results, use both profile systems. Below is a table highlighting how the two systems complement each other.

	EPS	EPSC
Geographic level of detail	Nation Region (metro, non-metro, total) State (metro, non-metro, total) County	Nation, Region, Division, States, Counties, County Subdivisions, Places (Towns), Indian Reservations, Congressional Districts
Databases used	Bureau of the Census (Census) County Business Patterns (CBP) Bureau of Labor Statistics (BLS) Bureau of Economic Analysis (BEA), Regional Economic Information System (REIS)	Bureau of the Census, Decennial Census of Population and Housing, 1990, 2000. (1990 to 2000 comparisons at the county level only)
Time series used	Continuous data from 1970 to as close to the present as possible.	2000. At the county level only 1990 to 2000 comparisons can be made to show changes in age and household income distribution.
Advantages	Long-term trend analysis; changes in employment and personal income by sector, change of businesses establishments by type and size, and non-labor sources of income, like retirement and age-related income.  Counties are compared to states and nation.	Age distribution, race, housing costs, housing affordability, education rates, poverty.  Finer geographic detail.  Allows comparisons to user-selected 'benchmark' areas.
Disadvantages	For some counties employment and personal income data may be suppressed for some industries and for some years. EPS includes a system for estimating these data gaps, and a chapter in the EPS User's Manual profiles step-by-step instructions.	Census data is not suppressed, but it is less useful than REIS data used in EPS for long-term trends by industry; it is only available only for 2000.

**Important notes:**

- 1) Total employment figures from the Bureau of the Census (used in EPSC) and the Regional Economic Information System (used in EPS) can differ for the following reasons:
  - Census employment figures are reported by place of residence, while BEA REIS figures are by place of work.
  - BEA REIS counts all jobs, regardless of whether part-time or whether a person has several jobs. For example, if a person has three part-time jobs, they count it as three jobs.
  - In some areas seasonality may play a role: the census is taken in the spring, a shoulder season for many "resort" areas, while BEA REIS data is an annual average.
- 2) Tables and charts may be copied from Excel into any other program, like Word or PowerPoint: highlight the selection, choose copy from the edit menu, then open Word or PowerPoint and insert by choosing "Paste Special" in the Edit Menu. We recommend that you paste charts as a picture.
- 3) EPS is updated every year with the latest figures.
- 4) This profile also shows business cycles, represented as vertical bars on selected charts.

The following pages (2-25) contain long-term trends in demographics, employment and income, for types of information **where no disclosure restrictions occur**.

### What is a 'disclosure restriction'?

A disclosure restriction means a gap exists in the data. Information has been suppressed by the U.S. Department of Commerce to avoid disclosure of confidential information. Generally, the smaller the geographic level of analysis and the smaller the population of the county, the higher the chances that industry-specific information is suppressed and that disclosure restrictions will occur.

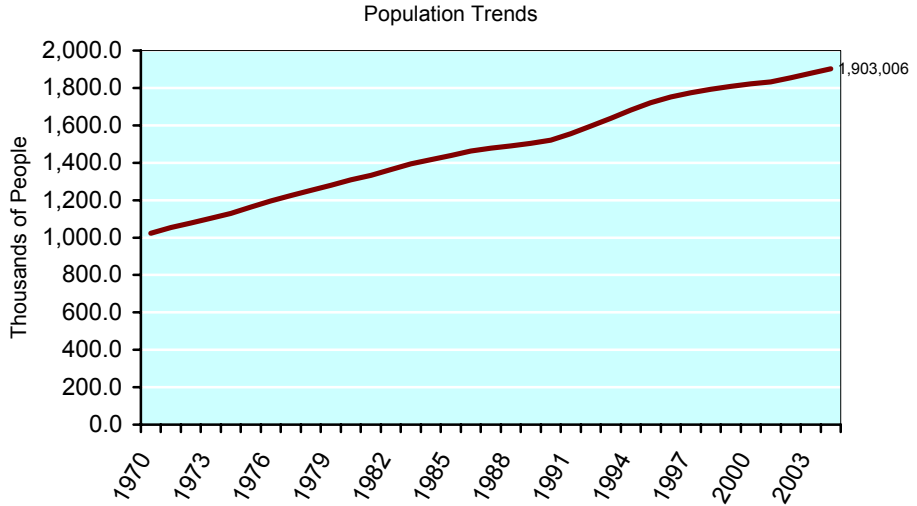
The last section of this profile contains long-term trends on employment and personal income by industry sector (services, retail trade, manufacturing, etc.). This type of data often has data gaps, or disclosure restrictions. EPS has a built-in system for estimating data gaps through 2000 for the 11 contiguous western states (AZ, CA, CO, ID, MT, NM, NV, OR, UT, WA, WY).

### In this section you will learn about:

1. Changes in population, age distribution, household income distribution and housing affordability.
2. Comparisons of the county to the state and the nation.
3. Employment and income by type: proprietors versus wage and salary.
4. Personal income by type: labor versus non-labor income.
5. The role of transfer payments.
6. How well do we recover from recessions?
7. Trends in government employment.
8. Earnings per job versus per capita income.
9. Growth in firms by size and industry type.
10. Unemployment rates.
11. Cross-county flow of dollars via commuting.
12. Trends in agricultural businesses.

Population

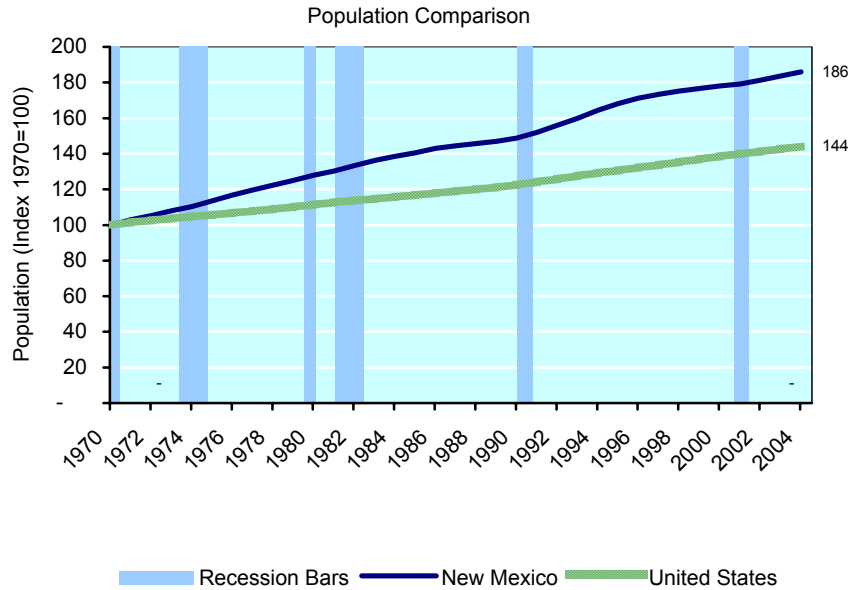
- From 1970 to 2004 population grew by 879,800 people, a 86% increase in population.
- At an annual rate, this represents an increase of 1.8%.



The vertical shaded bars on the figure below represent the last five recession periods: November 1973 to March 1975; January 1980 to July 1980; July 1981 to November 1982; July 1990 to March 1991; March 2001 to November 2001. More information about recessions is available on the next page.

Population Growth Compared to the Nation

- Over the last 34 years population growth in New Mexico has been faster than the nation.
- Population growth is not generally impacted by national recessions.



Source: BEA REIS 2004 Table CA30

**How well do we recover from recessions?**

An important indicator of economic performance is the ability to recover quickly from recessions.

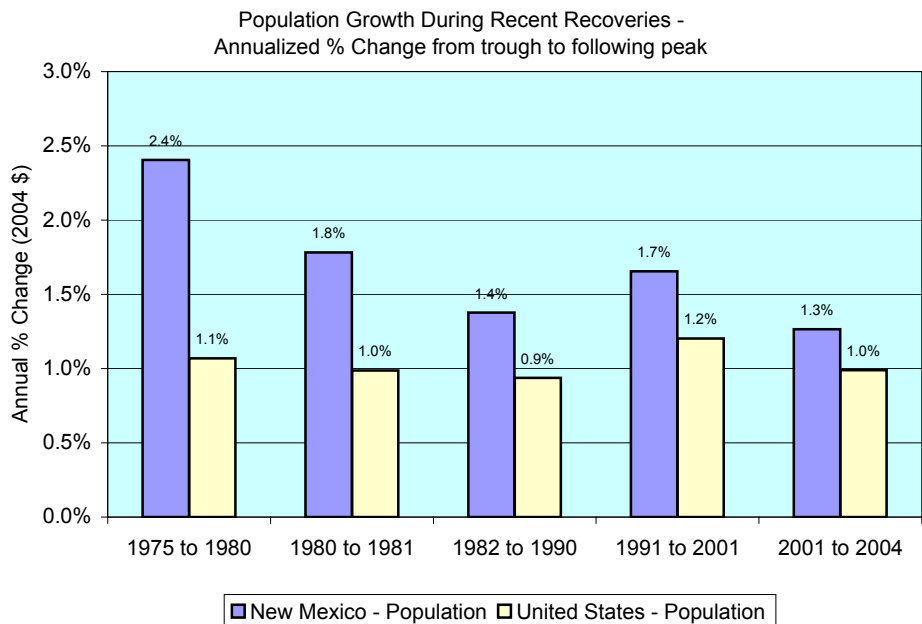
A recession is defined by the National Bureau of Economic Research as “a significant decline in activity spread across the economy, lasting more than a few months, visible in industrial production, employment, real income, and wholesale-retail sales.”

The graph below shows how well we have recovered from the last five recessions. The recovery period used is from the end of one recession (the trough) to the beginning of the next recession (the peak).

This type of graph is repeated throughout the profile to show how the region recovers from recessions compared to the state and the nation.

See <http://www.nber.org/cycles.html> for more information about business cycles.

- In the latest recovery (2001 to 2004), population growth in New Mexico (up 1.3%) has outpaced the United States.
- Similarly, in the last recovery (1991 to 2001), New Mexico (up 1.7%) grew the fastest.
- In the recovery from 1982 to 1990, New Mexico (up 1.4%) grew the fastest.



Source: BEA REIS 2004 Table CA30

- The population has gotten older since 1990. The median age in 2000 is 34.6 years, up from 31.2 years in 1990.
- The largest age category is 10 to 14 years old (147,309 people or 8.1% of the total).
- Total Population in 2000 was 1,819,046 people, up 20% from 1,515,069 in 1990.
- The age group that has grown the fastest, as a share of total, is 50 to 54 years, up 48,161 people. Their share of total rose by 1.9%

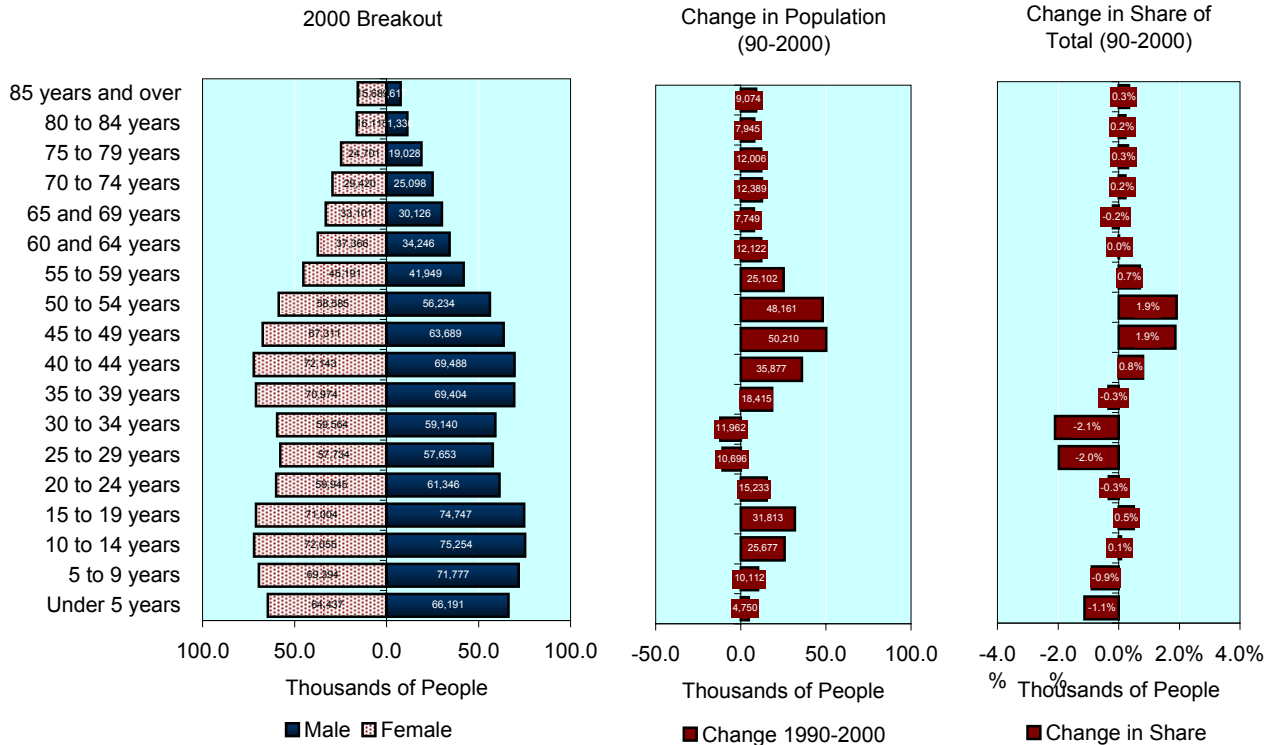
**Population by Age and Sex**

	Total Number	Under 20 years Number Share	40 - 54 (Baby Boom in 2000) Number Share	65 years and over Number Share	Median Age	Density (Pop. per sq. mi.)
Total Population						
2000	1,819,046	564,859 31%	387,450 21%	212,225 12%	34.6	15
1990	1,515,069	492,507 33%	253,202 17%	163,062 11%	31.2	12
10 Yr. Change	303,977	72,352 -1%	134,248 5%	49,163 1%	3.4	3
10 Yr. % Change	20%	15%	53%	30%	11%	20%
2000 Sex Breakout						
Male	894,317	287,969 32%	189,411 21%	93,199 10%	33.4	
Female	924,729	276,890 30%	198,039 21%	119,026 13%	35.6	
Male/Female Split	49% / 51%	51% / 49%	49% / 51%	44% / 56%		

2000 Table SF1 - P12 & 1990 SF1 Table P05 & P12

In the graphs below, changes in population by age are shown two ways. The "Change in Population" graph illustrates how each age bracket has changed in the last 10 years. The "Change in Share" graph illustrates how each category has changed as a share of total. Note that an age bracket can have an increase in population while declining as a share of total. The "Change in Share" graph usually demonstrates how the baby boom has caused a demographic shift in the population (growth in the 40-60 age brackets).

Note: In aggregated profiles, medians are interpolated.



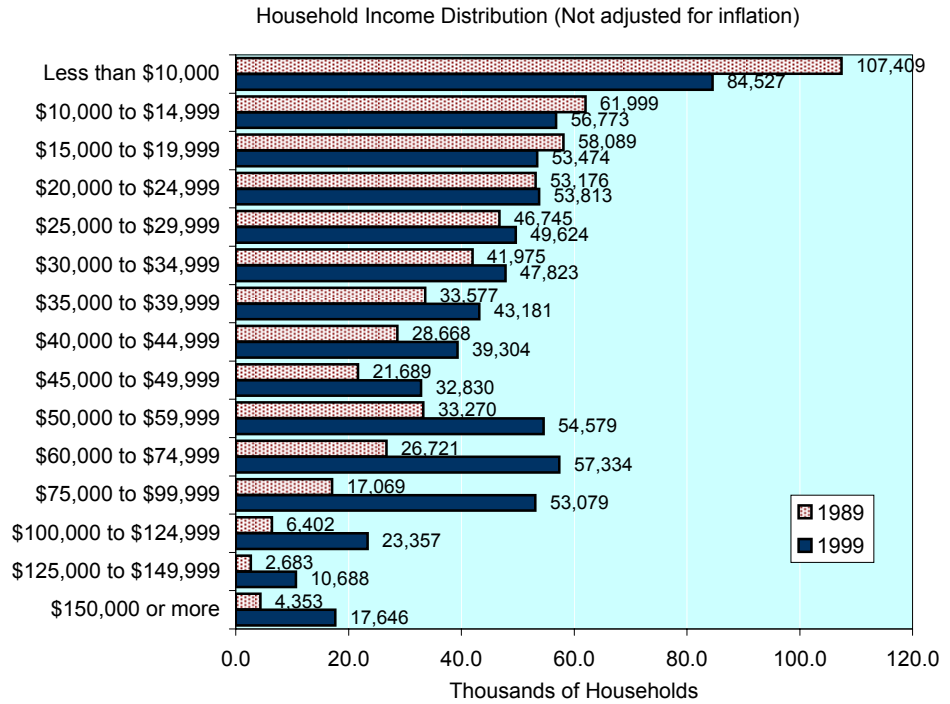
Source: Census 2000 and Census 1990



## Income Distribution

- In 1999, for every household that made over \$100K, there were 5.8 households that made under \$30K. 10 years earlier, for every household that made over \$100K, there were 24.4 households that made under \$30K.

- Please note that the income distribution is not adjusted for inflation so some of the changes are due to inflation.



## Housing Affordability - Owner Occupied

- The housing affordability index is 129, which suggests that the median family can afford the median house. \*
- Housing affordability has become more affordable in the last decade, from 117 in 1990 to 129 in 2000.

Owner Occupied Housing Affordability	1990	2000
Specified owner-occupied housing units: Median value (Adjusted for	\$ 91,963	\$ 108,100
% of median income necessary to buy the median house	21%	19%
Income required to qualify for the median house	\$ 31,016	\$ 30,546
Housing Affordability Index: (100 or above means that the median family can afford the median house.)*	117	129
Universe: Specified owner-occupied housing units		SF3 - H76

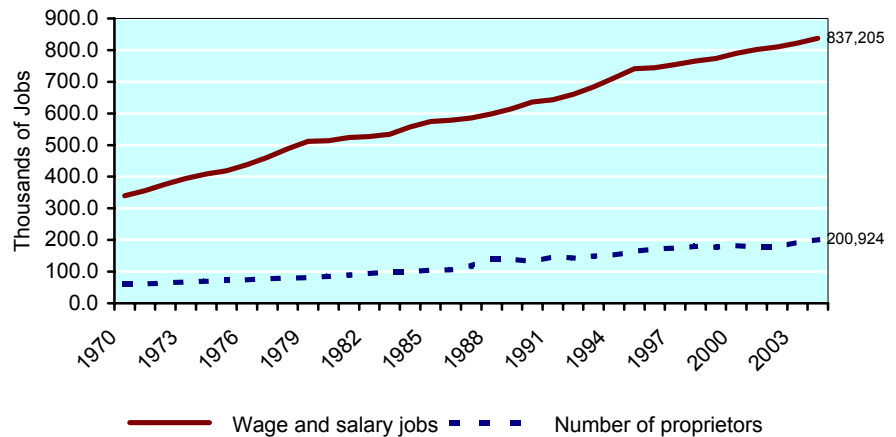
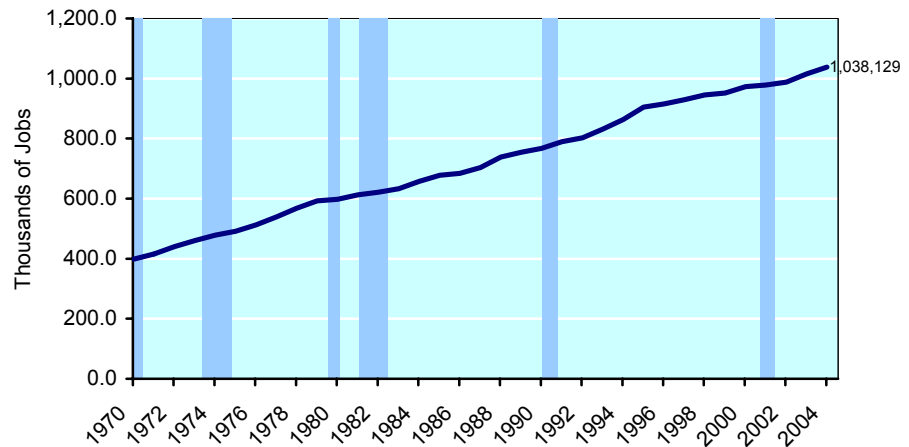
Income in:	1989	1999
Per capita income		\$ 17,261
Median household income (Adj. for Inflation in 2000 \$)	\$ 31,735	\$ 34,133
Median family income (Adj. for Inflation in 2000 \$)	\$ 36,394	\$ 39,425
Universe: Total population, Households, Families		SF3 - P82,P53,P77

\* Note: The housing affordability figures assume a 20% down payment and that no more than 25% of a family's income goes to paying the mortgage. It is based on an interest rate of 10.01% in 1990 and 8.03% in 2000. Use this statistic as a comparative, rather than absolute, measure.

Source: Census 2000 and Census 1990

Long term trend

- From 1970 to 2004, 639,230 new jobs were created.
- From 1970 to 2004, the majority of job growth, 78% of new jobs, has been in wage and salary employment (people who work for someone else).
- Employment of proprietors contributed to 22% of new employment from 1970 to 2004, and 28% of new employment since 1994.
- In 1970, proprietors represented 14.9% of total employment; by 2004, they represented 19.4%.



Employment by Industry Changes from 1970 to 2004									
	1970	% of Total	1994	2004	% of Total	New Employment (70-04)	% of New Employment	New Employment (94-04)	% of New Employment
Total full-time and part-time employees	398,899		863,380	1,038,129		639,230		174,749	100.0%
Wage and salary jobs	339,603	85.1%	711,726	837,205	80.6%	497,602	77.8%	125,479	71.8%
Number of proprietors	59,296	14.9%	151,654	200,924	19.4%	141,628	22.2%	49,270	28.2%
Number of nonfarm proprietors 5/	46,580	11.7%	136,874	183,885	17.7%	137,305	21.5%	47,011	26.9%
Number of farm proprietors	12,716	3.2%	14,780	17,039	1.6%	4,323	0.7%	2,259	1.3%

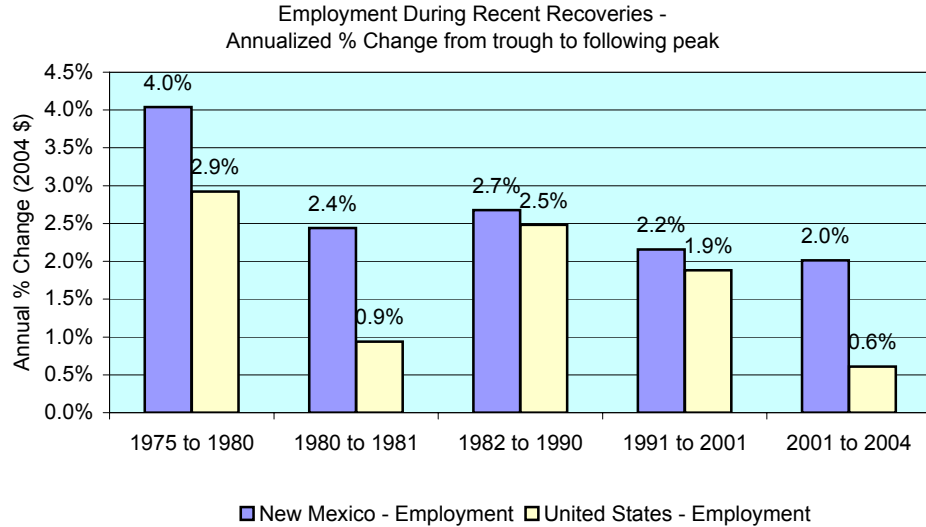
**Proprietors** include sole proprietorships, partnerships, and tax-exempt cooperatives. A sole proprietorship is an unincorporated business owned by a person. A partnership is an unincorporated business association of two or more partners. A tax-exempt cooperative is a nonprofit business organization that is collectively owned by its members.

**Wage and salary** employment refers to employees.

Source: BEA REIS 2004 Table CA30

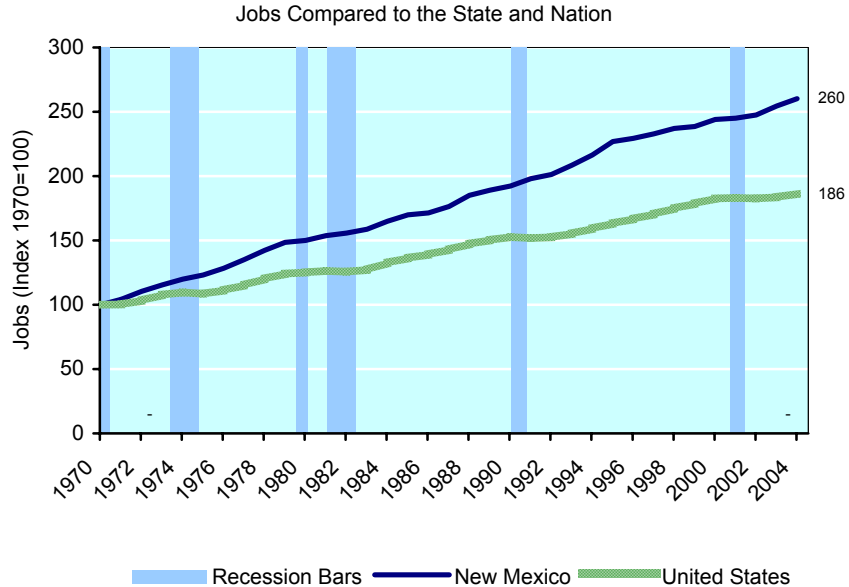
How well do we recover from recessions?

- In the latest recovery (2001 to 2004), employment growth in New Mexico (up 2.0%) has outpaced the United States.
- Similarly, in the last recovery (1991 to 2001), New Mexico (up 2.2%) grew the fastest.
- In the recovery from 1982 to 1990, New Mexico (up 2.7%) grew the fastest.



Job Growth Compared to the Nation

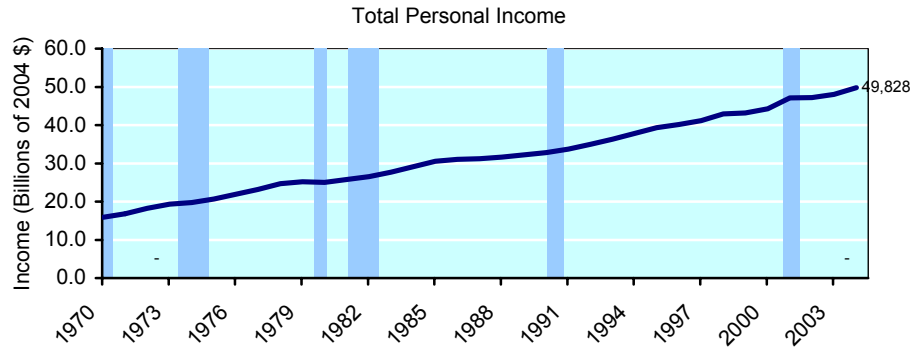
- Over the last 34 years job growth in New Mexico has been faster than the nation.
- Some areas can experience employment gains even during the recessions. If so, check to see how much is due to migration and population changes.



Source: BEA REIS 2004 Table CA30

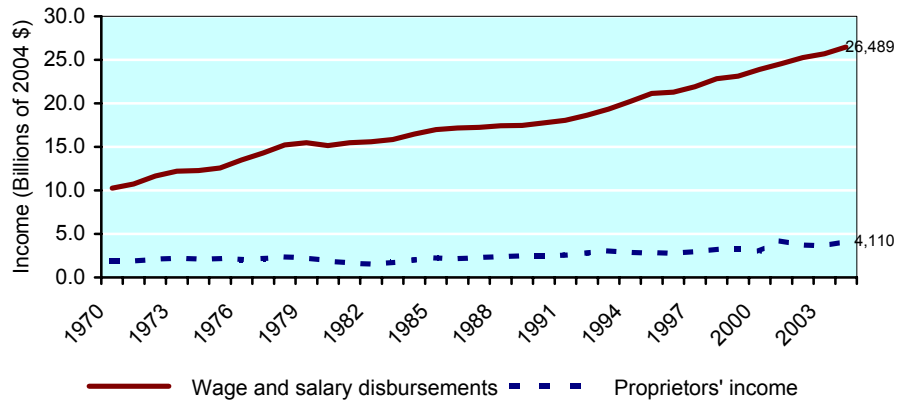
Long term trend

- From 1970 to 2004, personal income added \$33,947 million in real terms.
- The annualized growth rate was 3.4%.



Importance of Proprietors

- In the last 34 years, wage and salary disbursements grew at an annual rate of 2.8%, outpacing proprietors' income which grew at a 2.4% rate.
- 10.6% of new labor income from 1970 to 2004 was from proprietors' income.



Wages and Salaries vs. Proprietors								
All income in millions of 2004 dollars	1970		1994		2004		New Income 70-04	% of New Income
	1970	% of Labor	1994	% of Labor	2004	% of Labor		
<b>Labor Sources</b>	12,355	100%	25,154	100%	33,640	100%	21,285	100.0%
Wage and salary disbursements	10,267	83%	20,234	80%	26,489	79%	16,222	76.2%
Proprietors' income	1,847	15%	2,853	11%	4,110	12%	2,262	10.6%
Nonfarm proprietors' income	1,374	11%	2,454	10%	3,558	11%	2,185	10.3%
Farm proprietors' income	474	4%	399	2%	551	2%	78	0.4%

**Wage and salary** is monetary remuneration of employees, including employee contributions to certain deferred compensation programs, such as 401(K) plans.

**Proprietors** is income of sole proprietorships, partnerships and tax-exempt cooperatives. A sole proprietorship is an unincorporated business owned by a person. A partnership is an unincorporated business association of two or more partners. A tax-exempt cooperative is a nonprofit business organization that is collectively owned by its members.

Source: BEA REIS 2004 Table CA05N and CA30

**Definitions:**

“Proprietors” refers to employment and income from sole proprietorships, partnerships, and tax-except cooperatives.  
 “Wage and salary” refers to employees; people who work for someone else.

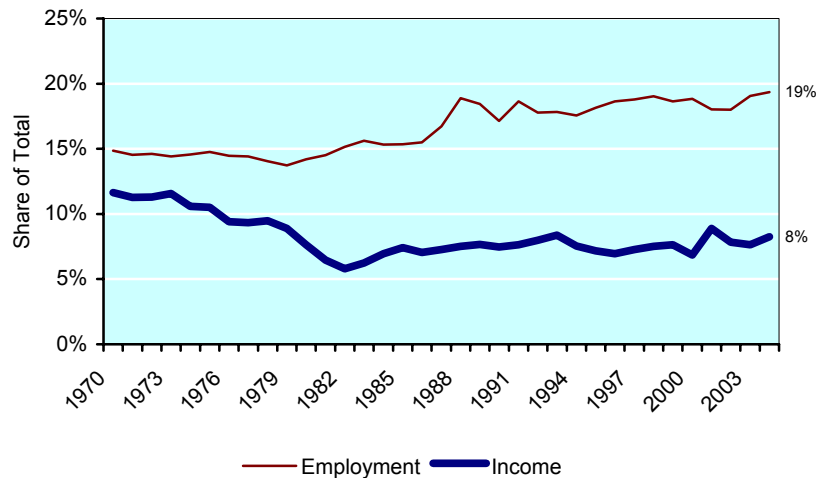
**Are proprietors an important indicator of economic health?**

Growth of proprietor employment and income can be a healthy sign that opportunities for entrepreneurship exist. Another way to gauge the health of small business growth is to look at changes in businesses by type and size of establishment (later in this profile).

Growth of proprietors can also mean that a rising number of people in the community want to (or need to) have side jobs in addition to their wage and salary jobs. When this is the case, earnings from second jobs can pull down average wages. To see if this is a sign of stress, look for other potential stress indicators in this profile: unemployment rates over time and changes in earnings per job.

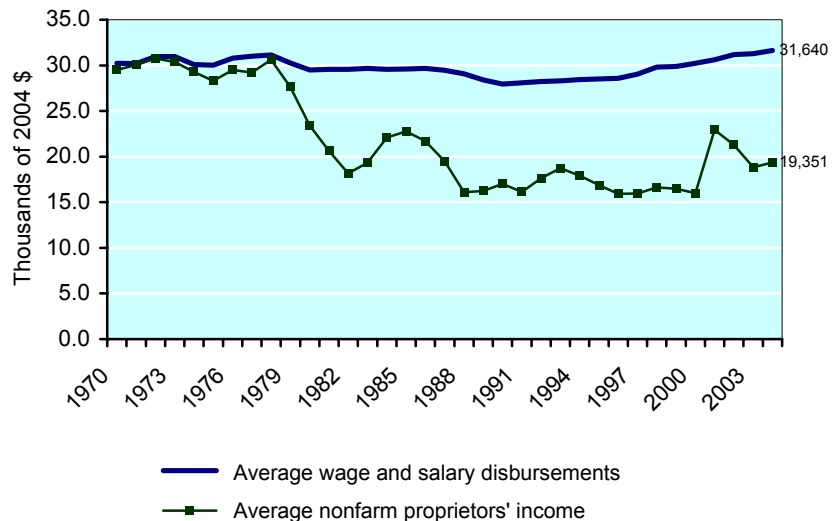
**Proprietors' Share of Total (Income vs. Employment)**

- In 2004, proprietors' share of total employment (19%) was higher than proprietors' income share of total (8%).
- From 1970 to 2004, proprietors' income share of total fell by 29.1%, while proprietors' employment share of total grew by 30.2%.



**How are Proprietors Doing?**

- From 1970 to 2004, average wage and salary disbursements grew at an annualized rate of 0.1% (adjusted for inflation), faster than from average nonfarm proprietors' income, which fell by 1.2%.
- In 2004, average wage and salary disbursements were \$31,640 (adjusted for inflation), more than average nonfarm proprietors' income (\$19,351).
- Similarly, in 1970 average wage and salary disbursements were \$30,229 (adjusted for inflation), more than average nonfarm proprietors' income (\$29,494).
- If these shares vary widely, it suggests that proprietors and wage earners have different earnings.

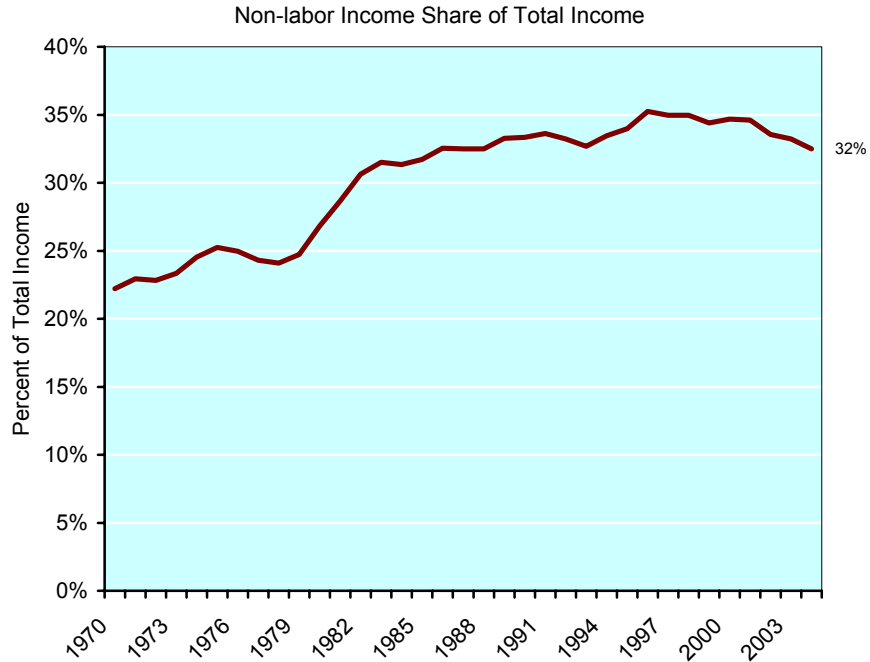


Source: BEA REIS 2004 Table CA30

The term "Non-Labor Income" is also referred by some economists as "Non-Earnings Income". It consists of Dividends, Interest and Rent (collectively often referred to as money earned from investments) and Transfer Payments (payments from governments to individuals, age-related, including Medicare, disability insurance payments, and retirements).

(See methods section for definitions and further explanations.)

- In the last 34 years, non-labor sources grew at an annual rate of 4.6%, outpacing labor sources which grew at a 3.0% rate.
- 32.5% of total personal income in 2004 was from non-labor sources.
- 37.3% of new income from 1970 to 2004 was from non-labor sources.



Non-labor income under estimates retirement income because it does not include pensions (401Ks).

Labor vs. Non-Labor										
All income in millions of 2004 dollars	1970		1994		2004		New Income 70-04	% of New Income	% Chg Ann. Rate 70-04	% Chg Ann. Rate 94-04
	1970	% of Total	1994	% of Total	2004	% of Total				
<b>Total Personal Income</b>	15,880	100%	37,808	100%	49,828	100%	33,947	100.0%	3.4%	2.8%
<b>Labor Sources</b>	12,355	78%	25,154	67%	33,640	68%	21,285	62.7%	3.0%	2.9%
<b>Non-Labor Sources</b>	3,525	22%	12,654	33%	16,188	32%	12,662	37.3%	4.6%	2.5%
Dividends, interest, and rent	1,941	12%	7,019	19%	7,128	14%	5,186	15.3%	3.9%	0.2%
Personal current transfer receipts	1,584	10%	5,636	15%	9,060	18%	7,476	22.0%	5.3%	4.9%

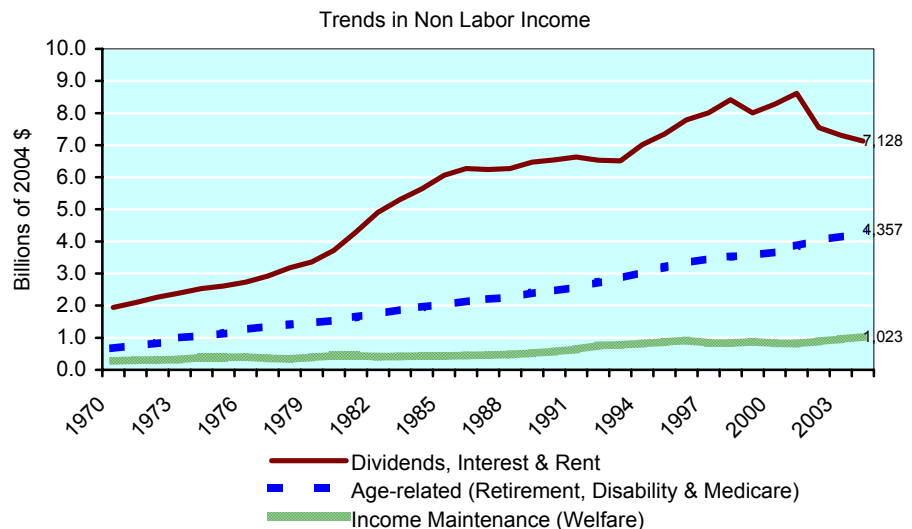
Percentages do not add to 100 because of adjustments made by BEA, such as residence, social security, and others.

Source: BEA REIS 2004 Table CA30

Components of Transfer Payments							
All figures in millions of 2004 dollars	% of Total TP		% of Total TP		New Payments 1970 to 2004	% of New Payments	Change in Share of Total (1970 - 2004)
	1970	2004	1970	2004	2004	nts	
Total transfer payments	1,584.0	9,060.4			7,476.4		
Government payments to individuals	1,450.3	92%	8,607.7	95%	7,157.3	95.7%	
Retirement & disab. insurance benefit payments	610.8	39%	2,979.7	33%	2,368.9	31.7%	
Medical payments	190.8	12%	3,839.1	42%	3,648.3	48.8%	
Income maintenance benefit payments ("welfare")	280.5	18%	1,023.5	11%	743.0	9.9%	
Unemployment insurance benefit payments	79.3	5%	146.3	2%	67.0	0.9%	
Veterans benefit payments	250.7	16%	408.9	5%	158.1	2.1%	
Federal educ. & trng. asst. pay. (excl. vets)	9.8	0.6%	126.9	1.4%	117.1	1.6%	
Other payments to individuals	28.5	1.8%	83.3	0.9%	54.8	0.7%	
Payments to nonprofit institutions *	81.9	5%	338.3	4%	256.4	3.4%	
Business payments to individuals	51.7	3%	114.4	1%	62.7	0.8%	
Age-related (Retirement, Disability & Medicare)	668.9	42%	4,357.3	48%	3,688.4	49.3%	

### Trends in Non-Labor Income by Type

- The largest components of Non-Labor Income are from Dividends, Interest & Rent (i.e. money earned from past investments).
- In 2004 welfare represented 11.3% of transfer payments, and 2.1% of total personal income. This is down from 1970 and down from 1980.



### Components of Transfer Payments

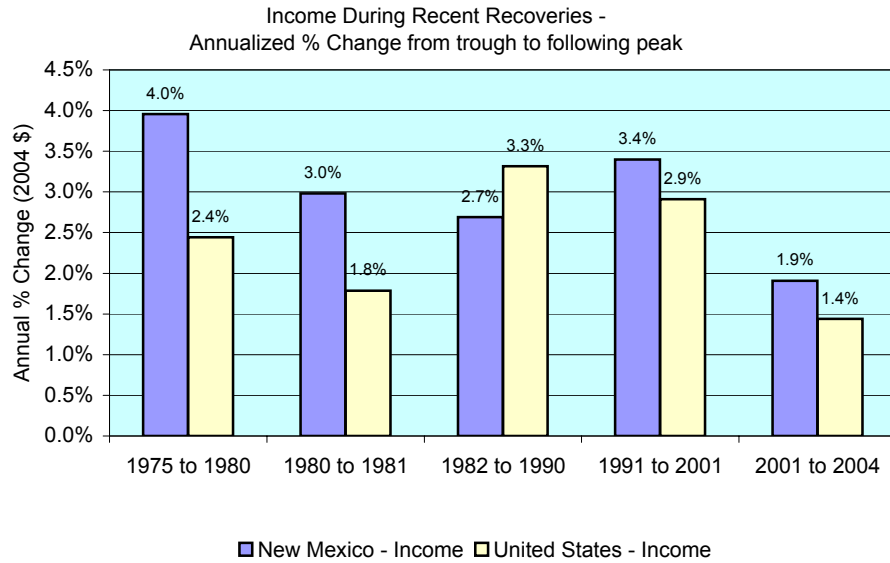
- In 2004, 48% of Transfer Payments were from age-related sources (retirement, disability, insurance payments, and Medicare), while 11% was from welfare.

\* See glossary for definitions.

Source: BEA REIS 2004 Table CA35

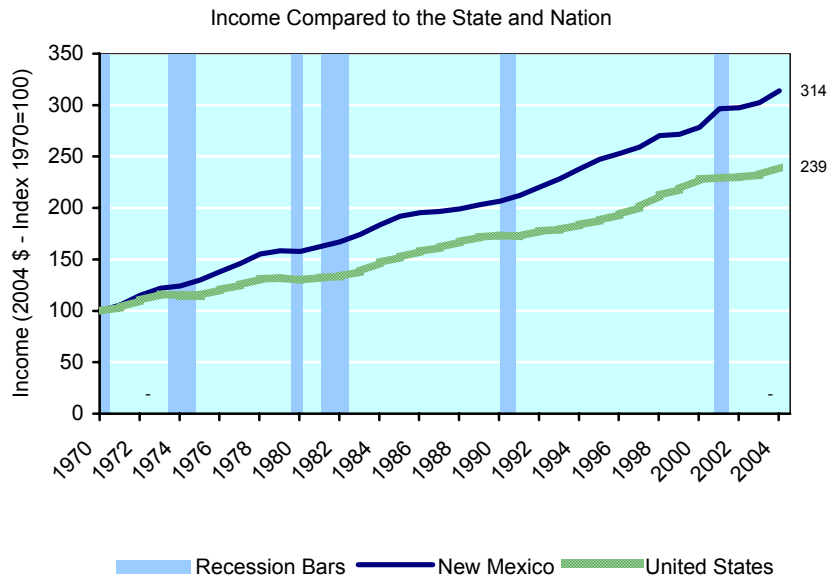
How well do we recover from recessions?

- In the latest recovery (2001 to 2004), income growth in New Mexico (up 1.9%) has outpaced the United States.
- Similarly, in the last recovery (1991 to 2001), New Mexico (up 3.4%) grew the fastest.
- In the recovery from 1982 to 1990, the United States (up 3.3%) grew the fastest.



Income Growth Compared to the Nation

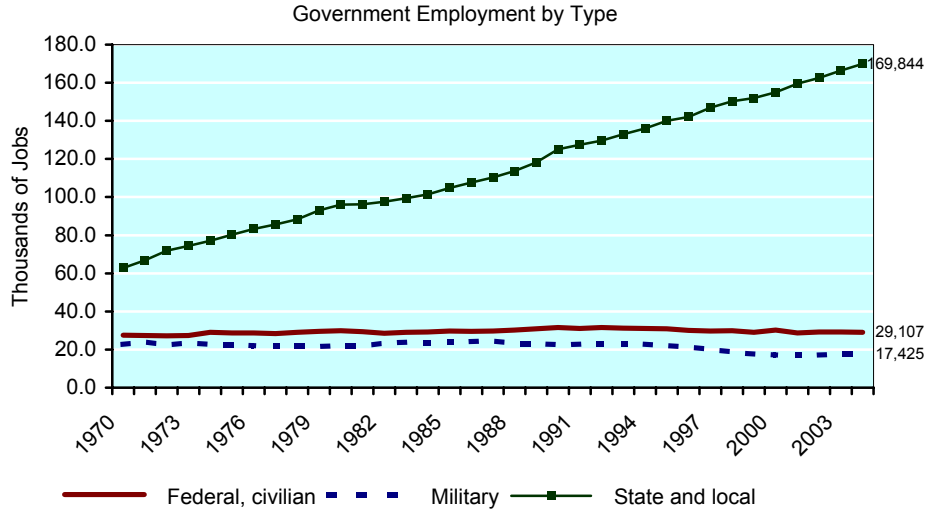
- Over the last 34 years income growth in New Mexico has been faster than the nation.
- Some areas can experience income gains even during the recessions. If so, check to see how much of the change is due to changes in earnings per job, employment, migration and population changes.



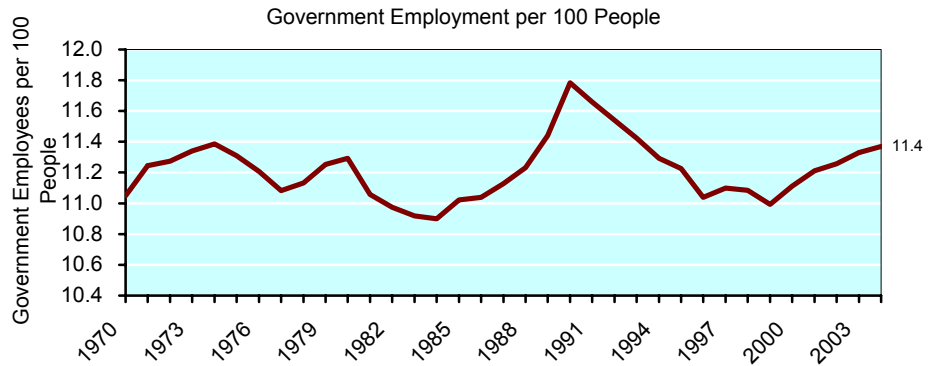
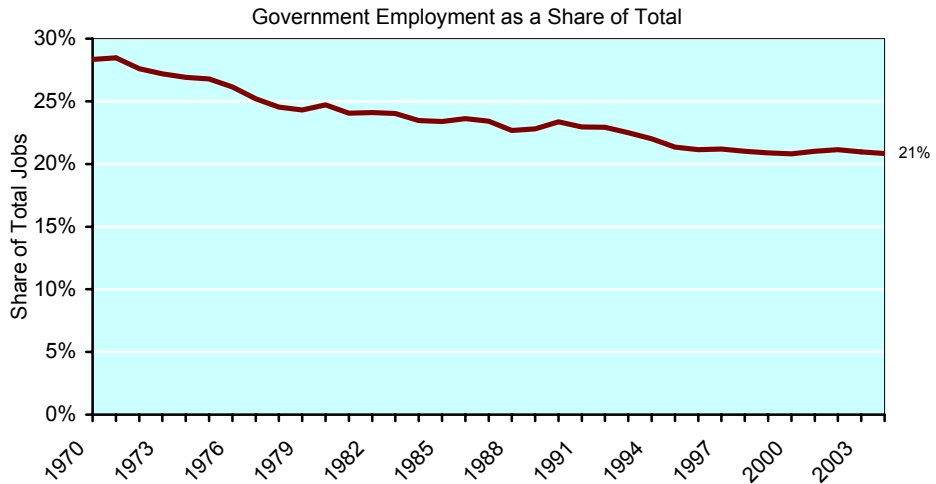
Source: BEA REIS 2004 Table CA30



- The majority of the growth in government employment has been in state and local government (104%).



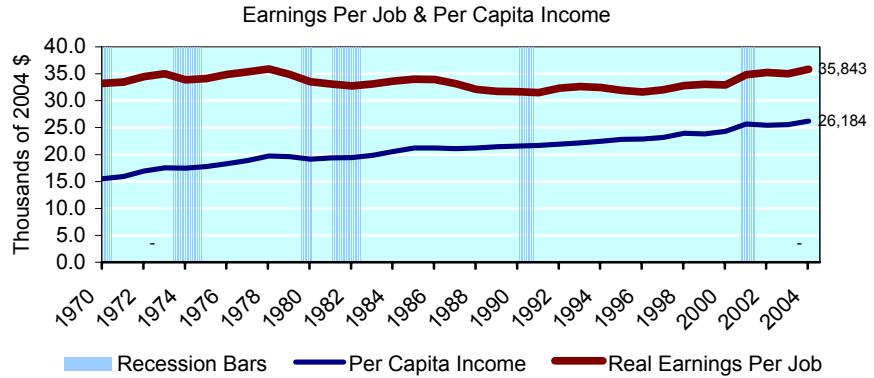
- Is the size of government getting bigger? One way to answer this is to look at whether government employment has grown. If so, what type of government employment, and how does it compare to population growth? The figures on this page show government employment by type.



Source: BEA REIS 2004 Table CA25 and CA25N

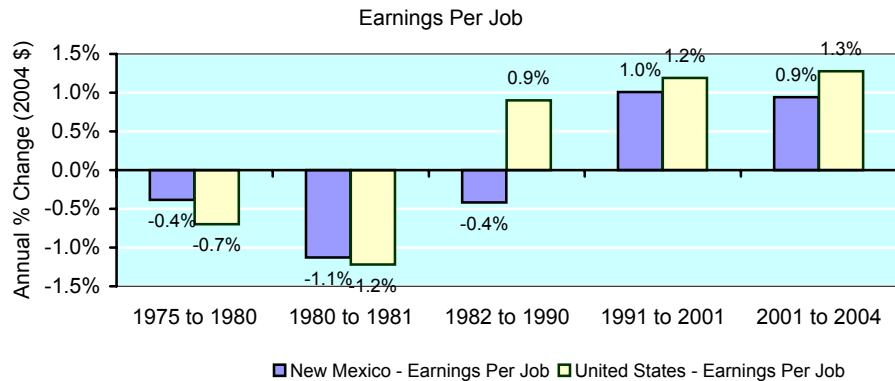
$$\text{Average Earnings per Job} = \frac{\text{Total Wages Earned}}{\text{Total \# of Workers}}$$

- Average earnings per job, adjusted for inflation, have risen from \$33,233 in 1970 to \$35,843 in 2004.
- In 2004, Average earnings per job in New Mexico (\$35,843) were the same as the state (\$35,843) and lower than the nation (\$44,503).



## How well do we recover from recessions?

- In the latest recovery (2001 to 2004), earnings per job growth in the United States (up 1.3%) have outpaced New Mexico.
- Similarly, in the last recovery (1991 to 2001), the United States (up 1.2%) grew the fastest.
- In the recovery from 1982 to 1990, the United States (up 0.9%) grew the fastest.



## Reasons why earnings per job may change over time:

- 1) Average earnings per job statistics include full and part-time employment. In some counties only a portion of the eligible workforce works full-time, driving down wage statistics. Run an EPSC profile to see the percentage of people working full-time.
- 2) Communities with an increase in tourism may see a decline in earnings due to a rise in seasonal (part-time) workers.
- 3) Communities that have established themselves as regional retail trade centers may see a decline in wages due to the low wages paid in retail trade.
- 4) Structural changes may have resulted in the loss of relatively high-wage occupations. Look at the long-term trends in employment, by industry, and compare to the nation and other counties. Are the changes local, or part of nation-wide trends?
- 5) More women have entered the workforce, and because of relatively lower pay, or because of fewer hours worked (depending on the region both may occur), earnings may decline over time. For a comparison of male versus female income run an EPSC profile.
- 6) Earnings will decline if job growth is primarily from low-wage services industries. Look at the breakdown of different industrial sectors to see the type of service industries that are growing. Does the community have what it takes (education, airports, amenities, etc.) to attract the high-wage service industries (engineering, finance, etc.)?
- 7) People may be choosing to live in some communities for quality of life reasons. In some areas the increase in population can outpace the rate of job creation, thereby flooding the labor market and causing a downturn in wages. Look at the growth rates of population relative to growth in jobs and personal income.

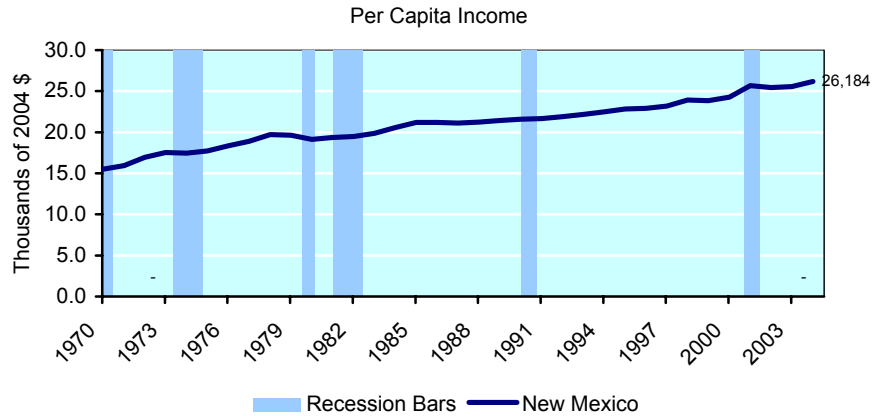
Source: BEA REIS 2004 Table CA30

$$\text{PCI} = \frac{\text{Total Personal Income}}{\text{Population}}$$

**Per capita income** is often used as a measure of economic performance, but it should be combined with changes in earnings for a realistic picture of economic health:

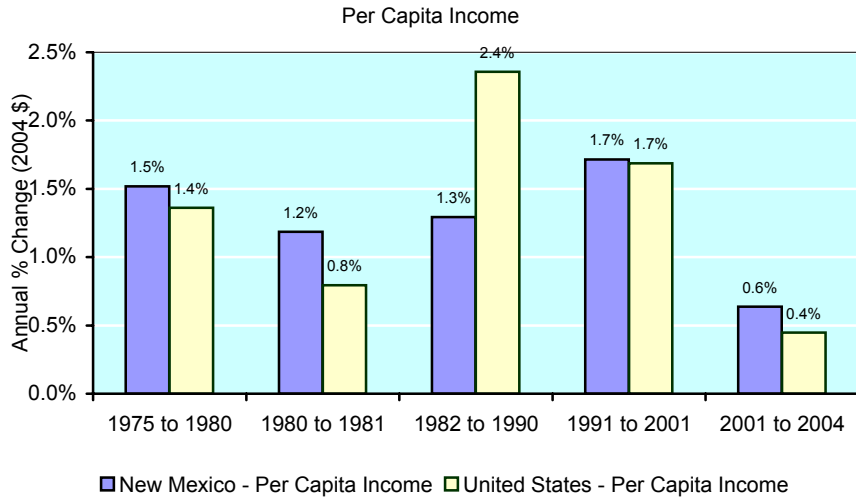
Since total personal income includes income from 401(k) plans as well as other non-labor income sources like transfer payment, dividends, and rent, it is possible for per capita income to rise, even if the average wage per job declines over time. In other words, the non-labor sources of income can cause per capita income to rise, even if people are earning less per job.

- Per capita income, adjusted for inflation, has risen from \$15,521 in 1970 to \$26,184 in 2004.
- In 2004, per capita income in New Mexico (\$26,184) was the same as the state (\$26,184) and lower than the nation (\$33,050).



**How well do we recover from recessions?**

- In the latest recovery (2001 to 2004), per capita income growth in New Mexico (up 0.6%) has outpaced the United States.
- Similarly, in the last recovery (1991 to 2001), New Mexico (up 1.7%) grew the fastest.
- In the recovery from 1982 to 1990, the United States (up 2.4%) grew the fastest.



Source: BEA REIS 2004 Table CA30

The advantage of this data source is that it never has disclosure restrictions. This source also releases data for hundreds of sectors (available on demand). The data on this page are from the US Census County Business Patterns, which unlike the REIS data, does NOT include proprietors, government, household services or railroad workers. If available, we encourage you to look at employment and income data from BEA REIS starting on page 26 as well.

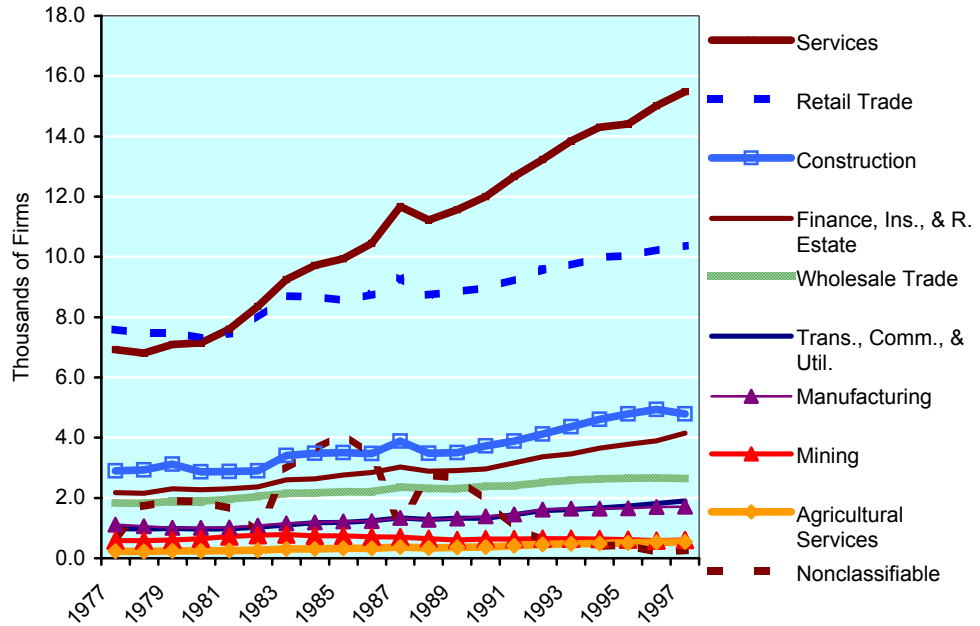
## Growth

- The employment category whose share of total gained the most was services, which went from 27.6% in 1977 to 36.5% in 1997.

## Decline

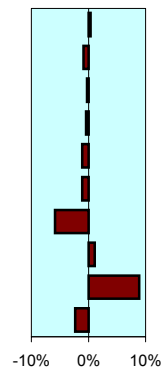
- The category whose share of total shrank the most was retail trade, which went from 30.3% in 1977 to 24.4% in 1997.

County Business Patterns Number of Establishments



## Firms by Industry

	1977		1987		1997		New Firms 77-97		Change in Share of Total
	Count	Shr of Tot	Count	Shr of Tot	Count	Shr of Tot	Count	Shr of Tot	
Total	25090		35126		42477		17387		
Agricultural Services	230	0.9%	372	1.1%	546	1.3%	316	1.8%	
Mining	583	2.3%	705	2.0%	610	1.4%	27	0.2%	
Construction	2898	11.6%	3885	11.1%	4792	11.3%	1894	10.9%	
Manufacturing	1113	4.4%	1335	3.8%	1706	4.0%	593	3.4%	
Trans., Comm., & Util.	987	7.3%	1340	6.7%	1897	6.2%	809	4.7%	
Wholesale Trade	1837	7.3%	2370	6.7%	2646	6.2%	809	4.7%	
Retail Trade	7596	30.3%	9310	26.5%	10374	24.4%	2778	16.0%	
Finance, Ins., & R. Estate	2178	8.7%	3022	8.6%	4149	9.8%	1971	11.3%	
Services	6926	27.6%	11666	33.2%	15487	36.5%	8561	49.2%	
Nonclassifiable	742	3.0%	1121	3.2%	270	0.6%	-472	NA	

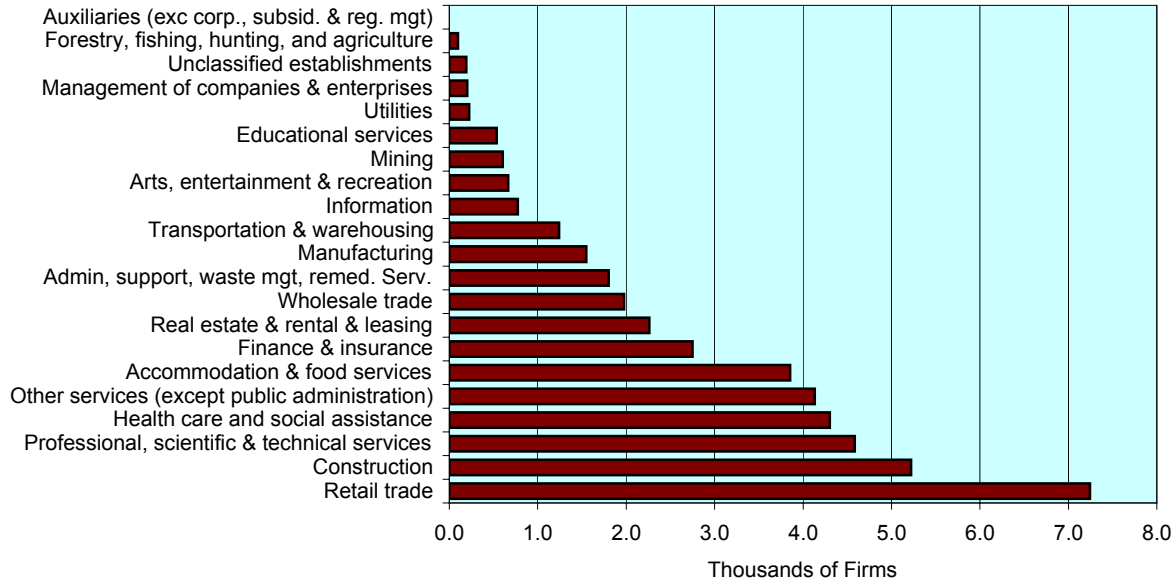


Data ends in 1997 because the CBP switched to a different classification system (NAICS) in 1997.

Source: Census County Business Patterns

# Firms by Industry in 2004 (NAICS)

Firms by Industry in 2004



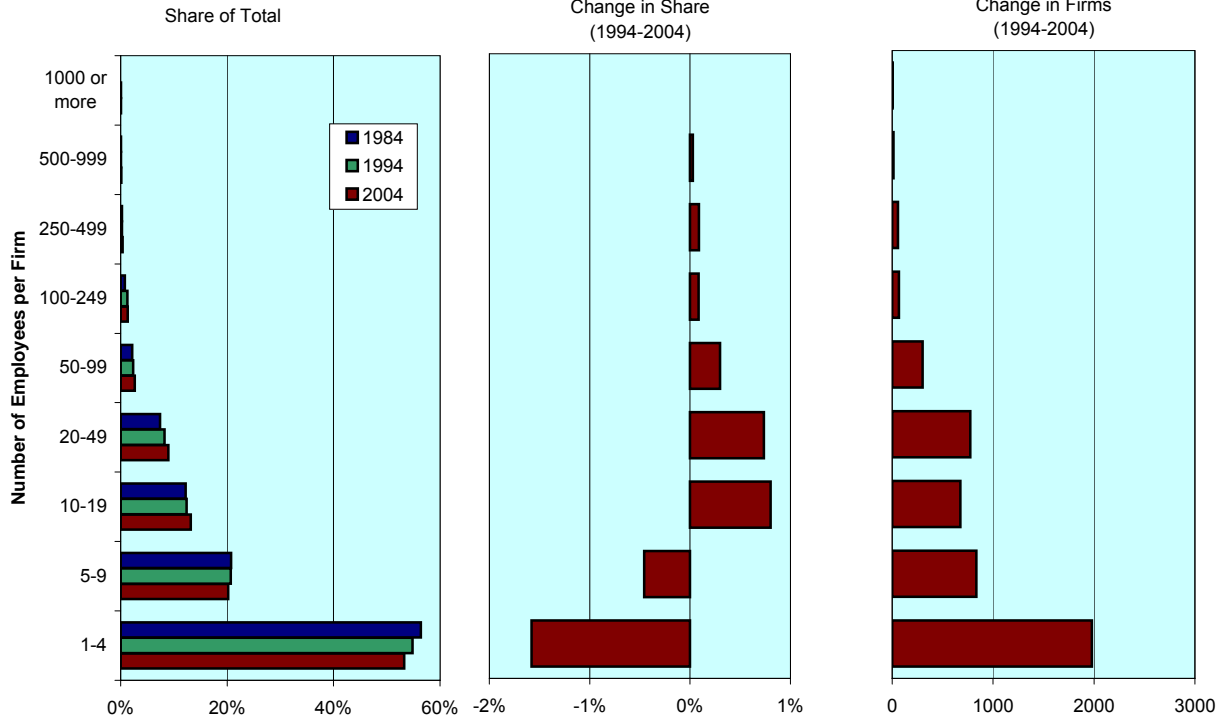
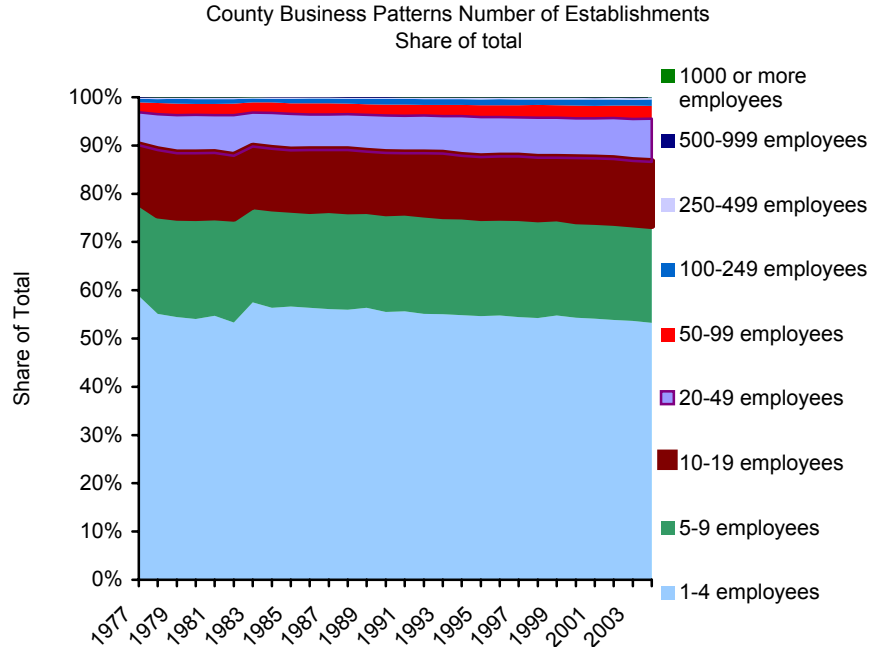
## Firms by size and industry in 2004

	Total	Number of Employees per Firm								
		1-4	5-9	10-19	20-49	50-99	100-249	250-499	500-999	1000 or more
Forestry, fishing, hunting, and agriculture s	97	71	13	10	2	1	0	0	0	0
Mining	606	299	75	88	89	22	16	15	2	0
Utilities	223	120	33	26	26	10	4	2	2	0
Construction	5222	3,128	960	567	404	108	49	6	0	0
Manufacturing	1549	739	314	217	166	55	45	9	1	3
Wholesale trade	1975	999	453	286	181	36	15	5	0	0
Retail trade	7242	3,196	2,030	1,091	578	202	113	21	11	0
Transportation & warehousing	1241	710	205	155	113	38	13	4	3	0
Information	775	402	136	112	90	17	12	1	3	2
Finance & insurance	2749	1,713	517	295	159	40	18	3	3	1
Real estate & rental & leasing	2263	1,669	358	173	50	7	5	1	0	0
Professional, scientific & technical services	4583	3,128	724	396	239	61	24	8	3	0
Management of companies & enterprises	201	67	43	38	30	10	4	7	1	1
Admin, support, waste mgt, remed. Serv.	1802	995	323	200	151	72	44	14	1	2
Educational services	534	282	77	65	68	16	19	5	2	0
Health care and social assistance	4301	1,845	1,043	653	442	147	118	32	14	7
Arts, entertainment & recreation	664	386	94	75	67	21	9	6	4	2
Accommodation & food services	3853	1,136	610	875	901	252	68	9	2	0
Other services (except public administratio	4132	2,480	910	498	196	42	6	0	0	0
Auxiliaries (exc corp., subsid. & reg. mgt)										
Unclassified establishments	193	180	9	3	1	0	0	0	0	0
<b>Total</b>	<b>44205</b>	<b>23,545</b>	<b>8,927</b>	<b>5,823</b>	<b>3,953</b>	<b>1,157</b>	<b>582</b>	<b>148</b>	<b>52</b>	<b>18</b>

Source: Census County Business Patterns

Firms by Size

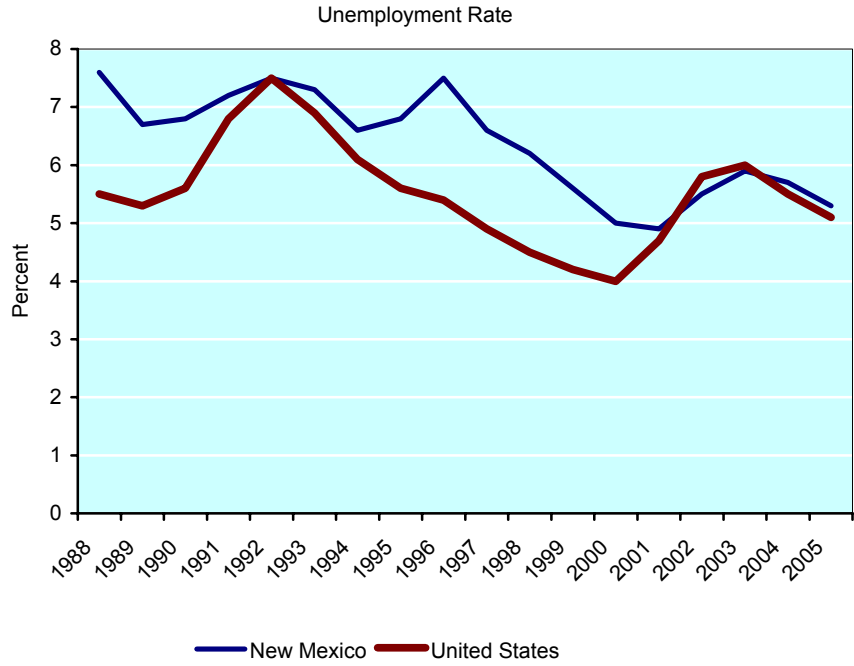
- The size category that grew the most was 1-4 employees.
- As a share of total, the size category that gained the most was 10-19 employees.
- In 2004, 87% of firms had fewer than 20 employees.



Source: Census County Business Patterns

## Annual Average Unemployment Rate Compared to the Nation

- In 2005, the unemployment rate was 5.3%, compared to 5.1% in the nation.



## Unemployment Rate Seasonality

- This graph illustrates the seasonal variation in the unemployment rate over the last three years. In 2005, the unemployment rate varied from a low of 4.4% in December 2005 to a high of 5.9% in June 2005



Source: Bureau of Labor Statistics

This page is blank because the system does not contain commuting data for this geography.

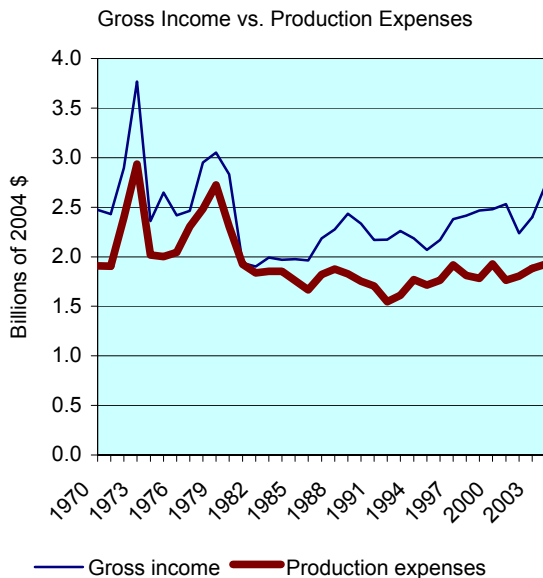


Farm income figures presented on this page reflect income from farming *enterprises* (income of the business). The term “farm” includes farming and ranching, but not agricultural services such as soil preparation services and veterinary services. In contrast, farm income figures presented in the next section reflect personal income earned by *individuals* (income of individuals, both proprietors and wage and salary employees) who work in farming and ranching.

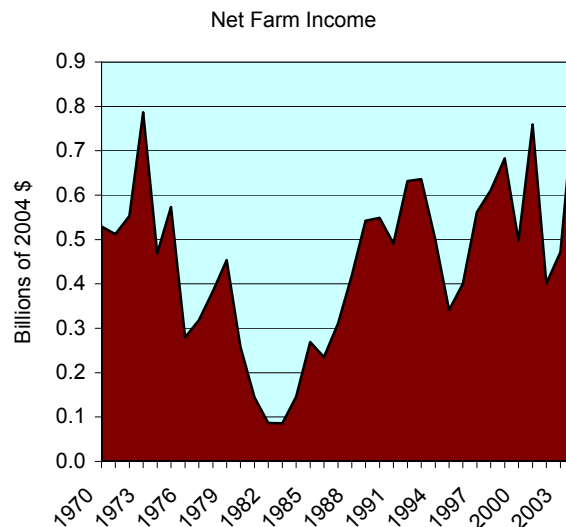
Farm income of businesses differs from individual farm income because it also includes government payments, rent, the value of inventory change and production expenses. In some areas, net farm income can be negative when production expenses exceed gross income.

Gross Income, Expenses, and Net Income from Farming and Ranching							
All figures in thousands of 2004 dollars	1970	% of Gross Income	1994	% of Gross Income	2004	% of Gross Income	70-04 Change in Share
Gross Income (Cash + Other)	2,471,791		2,184,629		2,718,398		
Cash Receipts from Marketings	2,221,625	90%	2,043,309	94%	2,567,154	94.4%	5%
Livestock & Products	1,776,332	72%	1,451,690	66%	1,999,554	73.6%	2%
Crops	445,293	18%	591,619	27%	567,600	20.9%	3%
Other Income	250,166	10%	141,319	6%	151,244	5.6%	-5%
Government Payments	209,791	8%	77,806	4%	80,649	3.0%	-6%
Imputed Rent & Rent Received	40,375	2%	63,513	3%	70,595	2.6%	1%
Production Expenses	1,909,599		1,770,561		1,924,160		
Realized Net Income (Income - Expenses)	562,192		414,067		794,238		
Value of Inventory Change	(33,092)	-1%	85,572	4%	10,389	0.4%	NA
Total Net Income (Inc. corporate farms)	529,100		499,639		804,627		

### Gross Income vs. Production Expenses



### Net Farm Income



Source: BEA REIS 2004 CD Table CA45

**In the following pages (23-25) you will learn about:**

1. The economic diversity of the county, compared to the state and the nation.
2. The year to year stability of personal income growth, comparing the county to the state and the nation.
3. The stability of personal income over time, comparing labor versus non-labor income.
4. If this is a county profile, numerous performance characteristics of the county (population growth, employment growth, employment stability, etc.), are used to compare the county to the median county in the country (a “benchmark”).

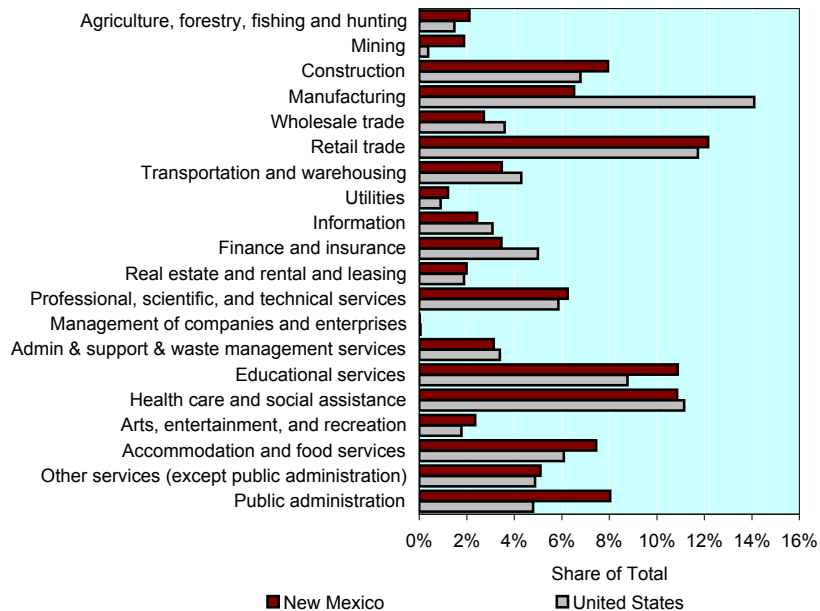
One measure of economic success is economic diversity, or the lack of specialization. States that are heavily reliant on only a few industries are economically vulnerable to disruptions. This page documents one measure of specialization based on employment data from the 2000 Census. In the following table, the higher values of the index (low rank) indicate a higher level of specialization.

Ranked from most diverse to most specialized (New Mexico is ranked 48).

State	Special	Rank	State	Special	Rank	State	Special	Rank
Colorado	711	52	Nebraska	775	35	Pennsylvania	872	18
Wyoming	724	51	North Dakota	780	34	Maine	874	17
Florida	729	50	Idaho	781	33	Vermont	877	16
Arizona	733	49	New York	782	32	Kentucky	880	15
<b>New Mexico</b>	<b>741</b>	<b>48</b>	South Dakota	790	31	Iowa	881	14
California	746	47	Georgia	792	30	District of Columbia	882	13
Texas	747	46	Oregon	796	29	Mississippi	894	12
Louisiana	750	45	Nevada	798	28	Alabama	898	11
Montana	752	44	Delaware	811	27	Rhode Island	899	10
Alaska	758	43	Missouri	815	26	Tennessee	905	9
Virginia	758	42	West Virginia	818	25	South Carolina	927	8
Washington	759	41	Illinois	820	24	New Hampshire	931	7
Maryland	761	40	Kansas	821	23	North Carolina	934	6
Oklahoma	764	39	Puerto Rico	830	22	Arkansas	944	5
New Jersey	766	38	Massachusetts	834	21	Ohio	952	4
Utah	770	37	Connecticut	845	20	Wisconsin	1,017	3
Hawaii	771	36	Minnesota	853	19	Michigan	1,038	2
						Indiana	1,042	1

- The above table illustrates how this state compares to all of the other states in the nation.
- The chart to the right illustrates the data on which the index is based - employment share of total from the 2000 Census. There are more timely breakouts by industry from a different data source later in the profile.

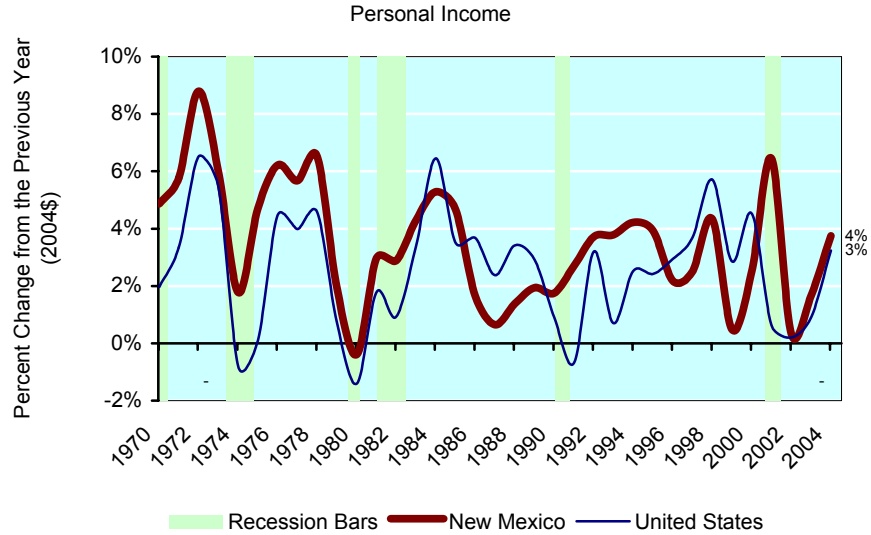
Employment Share of Total (2000 Census)



Source: Census 2000 SF3 Table P49.

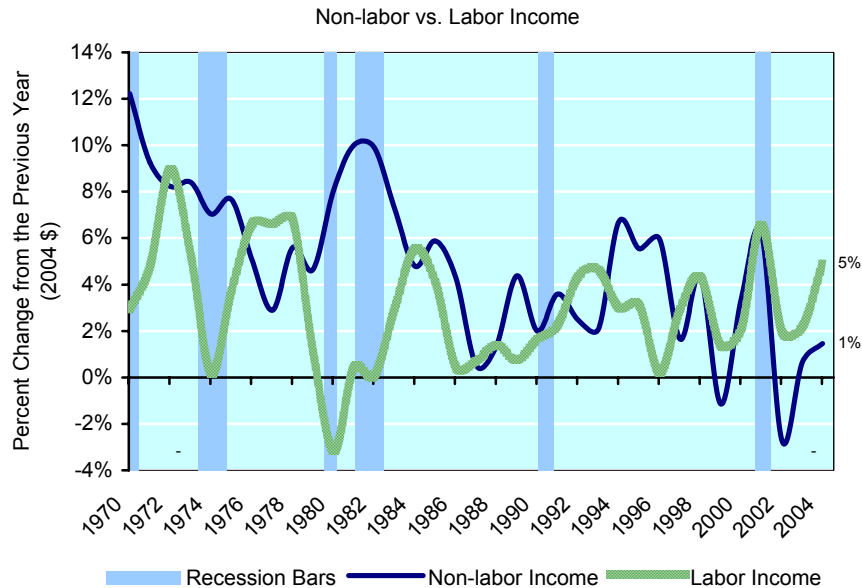
Stability vs. State and Nation

- Different regions can behave very differently during recessions and recoveries.
- Note: Below 0% means absolute decline. Above 0% means absolute growth, but at different rates.



Labor vs. Non-Labor Income Stability

- Non-labor income sources can have a stabilizing effect on the economy and are sometimes, but not always, counter-cyclical to labor income.



Source: BEA REIS 2004 Table CA30

# Performance Comparisons

---

This page is blank because the system does not contain data for this geography.

## In the following pages (28-31) you will learn about:

1. Long-term employment and personal income trends, from 1970 to 2004
2. How the structure of the economy has changed during the last three decades

Information for some industries and for some years may not be available from the U.S. Department of Commerce because of disclosure restrictions.

## What is a 'disclosure restriction'?

A disclosure restriction means a gap exists in the data. Information has been suppressed by the U.S. Department of Commerce to avoid disclosure of confidential information. Generally, the smaller the geographic level of analysis and the smaller the population of the county, the higher the chances that industry-specific information is suppressed and that disclosure restrictions will occur.

Our model to estimate the disclosure restrictions currently provides estimates for employment and income using the SIC classification method through 2000 for the western states only.

### Important Notes on the Industrial Classification Systems used by EPS

The U.S. Department of Commerce made a transition in how economic information is gathered and organized in 2001. The Standard Industrial Classification System (SIC) was used from 1970 to 2000; the North American Industrial Classification System (NAICS, pronounced “nakes”) is used currently, for data from 2001 and beyond.

Unfortunately the two systems are not backward comparable, so they are presented separately in EPS: 1970 to 2000 data are organized by SIC, and data beyond those years are organized by NAICS.

The most important change resulting from the shift to NAICS is the recognition of hundreds of new businesses in today's economy. NAICS divides the economy into 20 broad sectors rather than the SIC's 10 divisions. This is especially helpful in giving a more detailed breakdown of the fastest growth area in the country's economy – “services.” For example, advanced technology related “service” industries (e.g., professional, scientific and technical services) are clearly differentiated from “in-person” services (e.g., health care) and low-wage services (e.g., accommodation and food services).

For historical data (1970-2000, organized by SIC) EPS was designed to illustrate the complexity of the service economy in a couple of ways:

- 1) We use the term "Services and Professional" to underscore an important point: service occupations are not just “hamburger flippers and maids,” but rather consist of a combination of high-paying and low-paying professions, mixing physicians with barbers, and chambermaids with architects and financial consultants.
- 2) We reorganized the SIC categories into different types of services, such as Consumer Services, Producer Services, Social Services, and Government Services.

The transition to NAICS has alleviated the need to explain that “services” are actually a wide mix of low, medium, and high-wage industries.

### About Missing Data

This profile is organized so that all non-disclosed information is presented first. Employment and personal income by industry is presented last. For some rural counties, and for some industries, data gaps may occur. EPS has a built-in system for estimating data gaps through 2000 for the 11 contiguous western states (AZ, CA, CO, ID, MT, NM, NV, OR, UT, WA, WY). When estimates are used in the tables on pages 28 and 30, they are highlighted in bold red text.

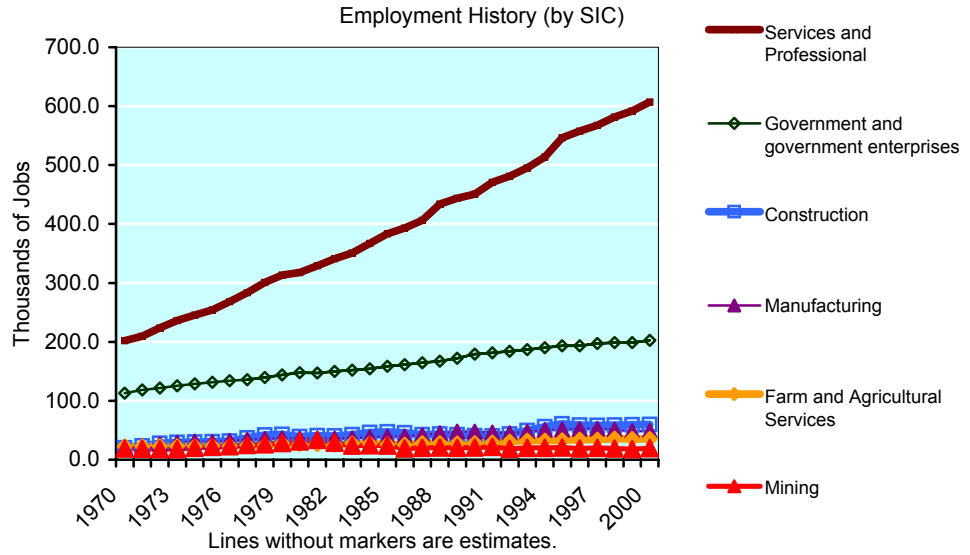
Data ends in 2000 because the BEA switched to a different classification system (NAICS) in 2001.

### Growth

- The employment category whose share of total gained the most was services and professional, which went from 50.7% in 1970 to 62.4% in 2000.

### Decline

- The category whose share of total shrank the most was government, which went from 28.3% in 1970 to 20.8% in 2000.



Employment by Industry Changes from 1970 to 2000							
	1970	% of Total	2000	% of Total	New Employment	% of New Employment	Change in Share
Total Employment	398,899		972,954		574,055		
Wage and Salary Employment	339,603	85.1%	789,690	81.2%	450,087	78.4%	
Proprietors' Employment	59,296	14.9%	183,264	18.8%	123,968	21.6%	
Farm and Agricultural Services	22,804	5.7%	35,308	3.6%	12,504	2.2%	
Farm	20,122	5.0%	21,760	2.2%	1,638	0.3%	
Ag. Services	2,682	0.7%	13,548	1.4%	10,866	1.9%	
Mining	18,956	4.8%	19,323	2.0%	367	0.1%	
Manufacturing (incl. forest products)	21,942	5.5%	48,788	5.0%	26,846	4.7%	
Services and Professional	202,045	50.7%	607,250	62.4%	405,205	70.6%	
Transportation & Public Utilities	21,625	5.4%	43,350	4.5%	21,725	3.8%	
Wholesale Trade	12,414	3.1%	33,751	3.5%	21,337	3.7%	
Retail Trade	64,785	16.2%	172,516	17.7%	107,731	18.8%	
Finance, Insurance & Real Estate	23,766	6.0%	62,905	6.5%	39,139	6.8%	
Services (Health, Legal, Business, Others)	79,455	19.9%	294,728	30.3%	215,273	37.5%	
Construction	20,097	5.0%	59,895	6.2%	39,798	6.9%	
Government	113,055	28.3%	202,390	20.8%	89,335	15.6%	

\* Estimates for data that were not disclosed are bold and red in the above table.

\* **Agricultural Services** include soil preparation services, crop services, etc. It also includes forestry services, such as reforestation services, and fishing, hunting and trapping. **Manufacturing** includes paper, lumber and wood products manufacturing.

Source: BEA REIS 2004 CD Table CA25



## New Mexico

# Employment (NAICS)

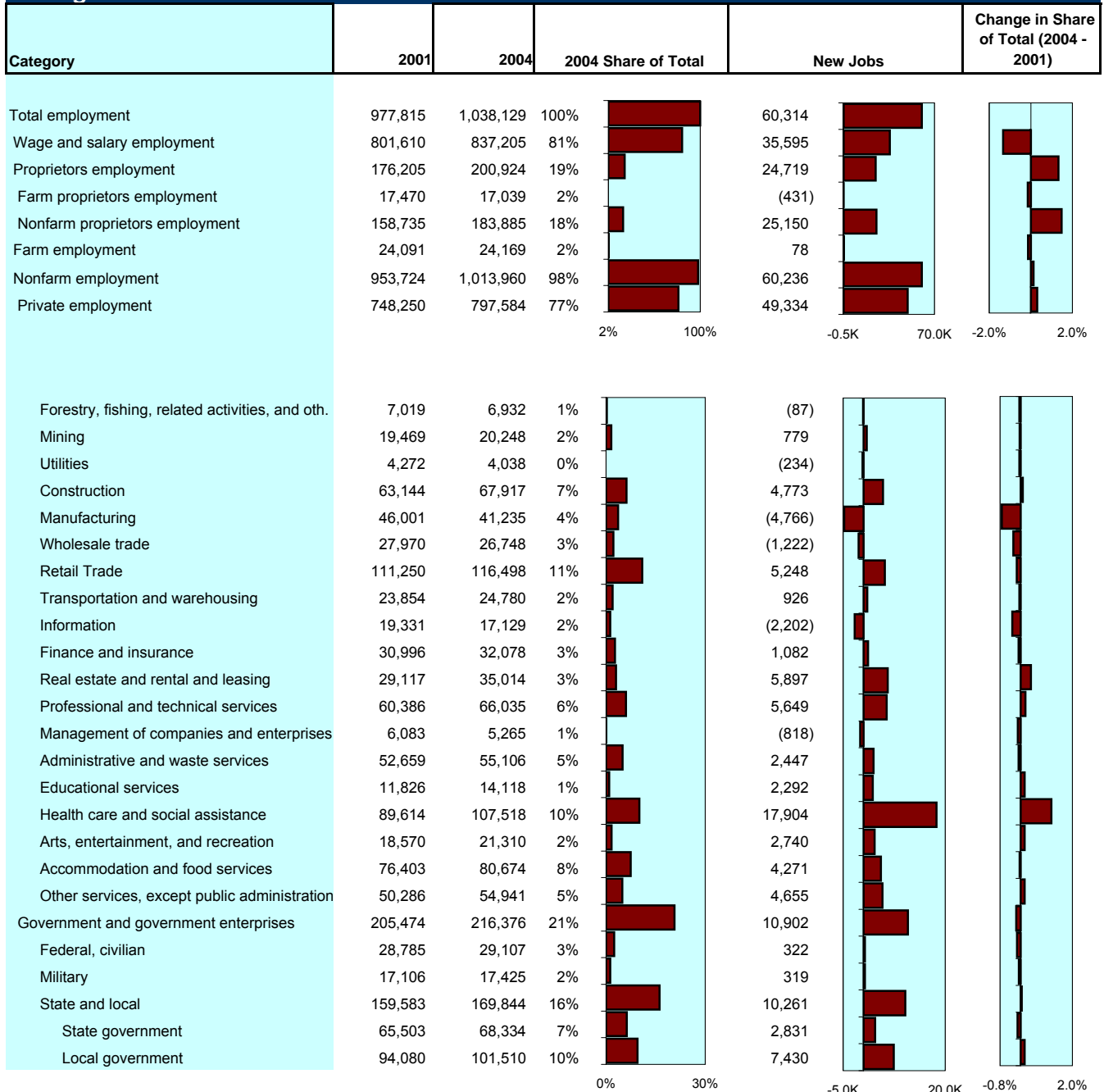
### Growth

- The employment category whose share of total gained the most was health care and social assistance, which went from 9.2% in 2001 to 10.4% in 2004.

### Decline

- The employment category whose share of total shrank the most was manufacturing, which went from 4.7% in 2001 to 4.0% in 2004.

## Employment by Industry (NAICS) Changes from 2001 to 2004 Share of Total



Source: BEA REIS 2004 CD Table CA25N

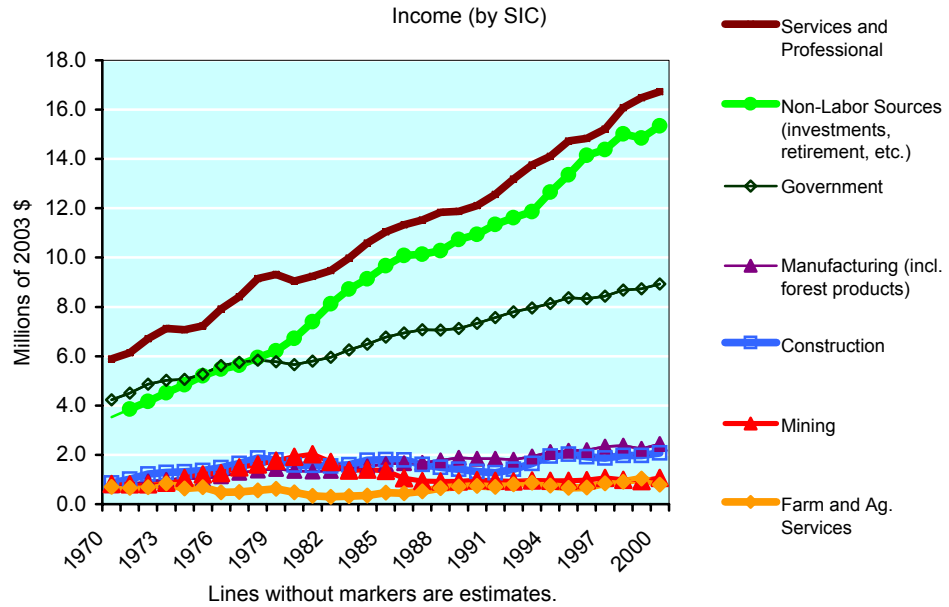
Data ends in 2000 because the BEA switched to a different classification system (NAICS) in 2001.

### Growth

- The income category whose share of total gained the most was non-labor income, which went from 22.2% in 1970 to 34.7% in 2000.

### Decline

- The category whose share of total shrank the most was government, which went from 26.6% in 1970 to 20.2% in 2000.



## New Income by Type

All figures in millions of 2000 dollars	1970 % of Total		2000 % of Total		New Income 1970 to 2000	% of New Income	Change in Share
Total Personal Income*	15,880		44,229		28,348		
Farm and Agricultural Services	696	4.4%	789	1.8%	93	0%	
Farm	636	4.0%	553	1.3%	(83)	NA	
Ag. Services	60	0.4%	236	0.5%	176	1%	
Mining	812	5.1%	1,061	2.4%	249	1%	
Manufacturing (incl. forest products)	771	4.9%	2,436	5.5%	1,666	6%	
Services and Professional	5,894	37.1%	16,725	37.8%	10,831	38%	
Transportation & Public Utilities	962	6.1%	1,973	4.5%	1,011	4%	
Wholesale Trade	500	3.2%	1,283	2.9%	783	3%	
Retail Trade	1,557	9.8%	3,328	7.5%	1,772	6%	
Finance, Insurance & Real Estate	537	3.4%	1,672	3.8%	1,135	4%	
Services (Health, Legal, Business, Oth.	2,338	14.7%	8,468	19.1%	6,130	22%	
Construction	855	5.4%	2,082	4.7%	1,227	4%	
Government	4,228	26.6%	8,934	20.2%	4,706	17%	
Non-Labor Income	3,525	22.2%	15,343	34.7%	11,818	42%	
Dividends, Interest & Rent	1,941	12.2%	8,277	18.7%	6,336	22%	
Transfer Payments	1,584	10.0%	7,066	16.0%	5,482	19%	

\* Estimates for data that were not disclosed are bold and red in the above table.

\*The sum of the above categories do not add to total due to adjustments made for place of residence and personal contributions for social insurance made by the U.S. Department of Commerce.

Source: BEA REIS 2004 CD Table CA05

## New Mexico

# Personal Income (NAICS)

### Growth

- The income category whose share of total gained the most was government and government enterp., which went from 19.8% in 2001 to 21.7% in 2004.

### Decline

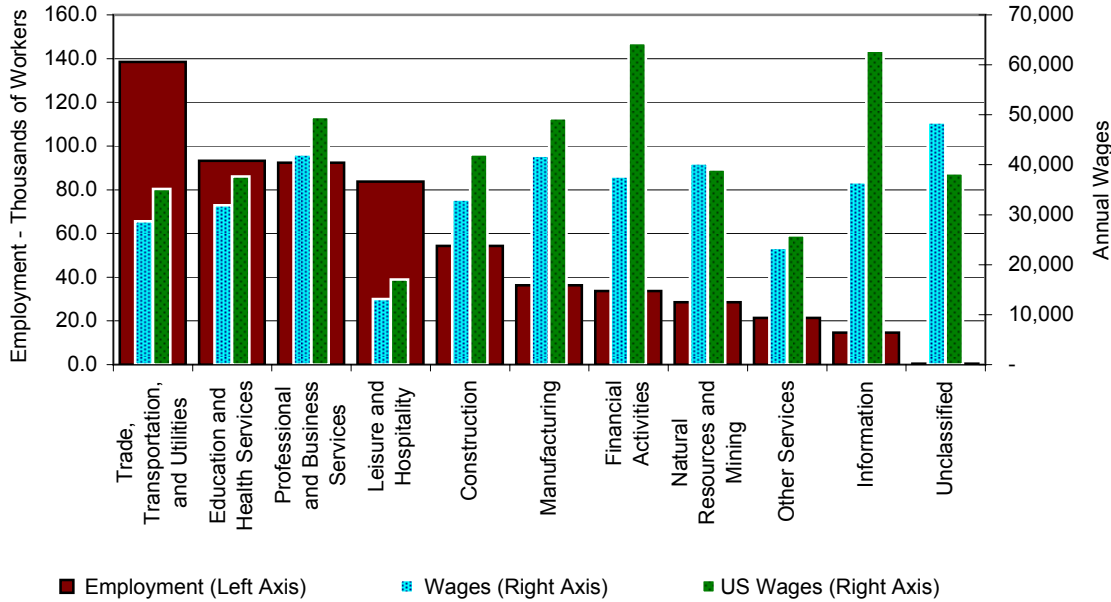
- The income category whose share of total shrank the most was manufacturing, which went from 4.9% in 2001 to 4.3% in 2004.

## Income by Industry (NAICS) Changes from 2001 to 2004 Share of Total

Category	2,001	2004	2004 Share of Total	New Income	Change in Share of Total (2004 - 2001)
Personal income	47,079	49,828	100%	2,748	
Wage and salary disbursements	24,555	26,489	53%	1,934	
Proprietors' income	4,190	4,110	8%	(80)	
Farm proprietors'	549	551	1%	2	
Nonfarm proprietor	3,641	3,558	7%	(82)	
Farm earnings	759	745	1%	(14)	
Nonfarm earnings	33,316	36,464	73%	3,149	
Private earnings	23,999	25,633	51%	1,634	
Forestry, fishing, related act., and ot	135	123	0%	(11)	
Mining	1,297	1,263	3%	(34)	
Utilities	321	331	1%	10	
Construction	2,305	2,429	5%	124	
Manufacturing	2,289	2,145	4%	(144)	
Wholesale trade	1,128	1,154	2%	26	
Retail Trade	2,714	2,837	6%	123	
Transportation and warehousing	950	1,032	2%	82	
Information	807	726	1%	(81)	
Finance and insurance	1,351	1,473	3%	122	
Real estate and rental and leasing	577	702	1%	125	
Professional and technical services	3,029	3,360	7%	331	
Management of companies & enterp	302	283	1%	(19)	
Administrative and waste services	1,293	1,403	3%	110	
Educational services	238	276	1%	37	
Health care and social assistance	2,885	3,551	7%	666	
Arts, entertainment, and recreation	283	273	1%	(10)	
Accommodation and food services	1,129	1,207	2%	78	
Other services, except public admin.	965	1,064	2%	99	
Government and government enterp.	9,317	10,832	22%	1,515	
Federal, civilian	2,191	2,436	5%	245	
Military	816	1,103	2%	287	
State and local	6,310	7,293	15%	983	
State government	2,873	3,479	7%	606	
Local government	3,437	3,814	8%	377	

Source: BEA REIS 2004 CD Table CA05N

**2005 Wages and Employment  
(Private Sector Employment Only)**



- The highest paying sector is Unclassified. It accounts for 0.1% of total employment and pays \$48,486 per year.
- The largest employment sector is Trade, Transportation, And Utilities. It accounts for 23.2% of total employment and pays \$28,689 per year.
- Goods-producing employees (119,254 workers ) were paid an average of \$37,461.
- Service-providing employees (477,763 workers ) were paid an average of \$29,825.

County Wages and Employment in 2005 (Private Sector Only)			
	Employment	% of Total	Average Annual Wages
<b>Total, all industries</b>	597,017	100%	31,350
<b>Goods-Producing</b>	119,254	20%	37,461
Natural Resources and Mining	28,605	5%	40,305
Construction	54,340	9%	33,039
Manufacturing	36,309	6%	41,839
<b>Service-Providing</b>	477,763	80%	29,825
Trade, Transportation, and Utilities	138,414	23%	28,689
Information	14,650	2%	36,531
Financial Activities	33,611	6%	37,634
Professional and Business Services	92,417	15%	42,073
Education and Health Services	93,237	16%	31,922
Leisure and Hospitality	83,716	14%	13,102
Other Services	21,339	4%	23,350
Unclassified	379	0%	48,486

Source: Bureau of Labor Statistics (CEW)

## Data Sources

The Economic Profile System was designed to focus on long-term trends at the county level. We used this method and geographic scale for several reasons: (1) trend analysis provides a more comprehensive view of change than spot data for select years, (2) the most reliable information on long-term employment and income trends is available at the county level, and (3) communities within counties rarely function as economic units themselves. Finally, even though in many areas the most accurate geographic scale to understand economic changes may be at the multi-county or regional level, county-level data is useful in the context of existing political jurisdictions, such as county commissions and planning departments. The list below contains the World Wide Web sites and telephone numbers for the databases used in this report:

- **Regional Economic Information System (REIS)**  
Bureau of Economic Analysis, U.S. Department of Commerce.  
<http://bea.gov/bea/regional/data.htm>  
Tel. 202-606-9600
- **Quarterly Census of Employment and Wages (QCEW)**  
Bureau of Labor Statistics  
<http://www.bls.gov/cew>  
Tel. 202-691-6567
- **Local Area Unemployment Statistics (LAUS)**  
Bureau of Labor Statistics  
<http://www.bls.gov/LAU>  
Tel. 202-691-6392
- **1990 and 2000 U.S. Census**  
Bureau of Census  
<http://www.census.gov>  
Tel. 303-969-7750
- **County Business Patterns (CBP)**  
Bureau of the Census, U.S. Department of Commerce.  
<http://www.census.gov/epcd/cbp/view/cbpview.html>  
Tel 301-763-2580
- **County Business Patterns (Before 1986)**  
University of Virginia, Geospatial and Statistical Data Center:  
<http://fisher.lib.virginia.edu>  
Tel. 804-982-2630

### Use of Federal Rather than State Data Bases

Data from state agencies was not used for this profile. Many of the state and local sources of data do not include information on the self-employed or on the importance of non-labor income, such as retirement income and money earned from past investments. In many counties this can result in the underestimation of employment and total personal income by at least one third. The REIS disk of the Bureau of Economic Analysis contains the most robust data set and for this reason it was used as the primary source.

The only disadvantage of the REIS dataset is it's not as recent; 2003 is the latest for REIS, while state data sources provide data for as recent as 2003 and in some instances 2004. By providing long-term trends data, from 1970 to 2003, having the most recent data is less important than being able to discern where the county's economy has been, and the direction in which it has been headed in recent years.

### Industrial Classification Systems (SIC & NAICS)

The long-term historic industry data used in this profile are based on data that is organized by the U.S. Department of Commerce using the Standard Industrial Classification (SIC) system. In recent years, the Department of Commerce has reorganized economic data according to a new system, called the North American Industry Classification System (NAICS, pronounced "nakes"). County Business Patterns started organizing their data using new NAICS in 1998, Census in 2000, and the Regional Economic Information System (REIS) in 2001.

The NAICS system is an improvement to the SIC system in several ways: first, businesses that use similar processes to produce goods or services are classified together. Previously, under the SIC system, some businesses were classified on the basis of their production processes while others were classified under different principles, such as class of consumer. Second, NAICS is a flexible system that will be updated every five years in order to keep pace with changes in the economy. Third, the NAICS system recognizes the uniqueness and rising importance of the "information economy," and provides several new categories, such as cable program distributors and database and directory publishers. Finally, and perhaps the most useful, the NAICS system provides seven sectors to better reflect services-producing businesses that were previously combined into one generic SIC division (the Services division).

This new system allows the data user to differentiate more clearly between what was previously often lumped under the general heading of "services," into categories such as arts and entertainment; education; professional, scientific and technical services; health care and social assistance, among others.

Arguably the most important change of NAICS is the recognition of hundreds of new businesses in the economy. NAICS divides the economy into 20 broad sectors rather than the SIC's 10 divisions as seen in the table on the following page. Creating these additional sector-level groupings allows NAICS to better reflect key business activities, as well as chronicle their changes.

### SIC Divisions vs. NAICS Sectors

SIC Divisions	NAICS Sectors
<ul style="list-style-type: none"> <li>• Agriculture, Forestry, and Fishing</li> </ul>	<ul style="list-style-type: none"> <li>• Agriculture, Forestry, Fishing and Hunting</li> </ul>
<ul style="list-style-type: none"> <li>• Mining</li> </ul>	<ul style="list-style-type: none"> <li>• Mining</li> </ul>
<ul style="list-style-type: none"> <li>• Construction</li> </ul>	<ul style="list-style-type: none"> <li>• Construction</li> </ul>
<ul style="list-style-type: none"> <li>• Manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>• Manufacturing</li> </ul>
<ul style="list-style-type: none"> <li>• Transportation, Communications, and Public</li> </ul>	<ul style="list-style-type: none"> <li>• Utilities</li> <li>• Transportation and Warehousing</li> </ul>
<ul style="list-style-type: none"> <li>• Wholesale Trade</li> </ul>	<ul style="list-style-type: none"> <li>• Wholesale Trade</li> </ul>
<ul style="list-style-type: none"> <li>• Retail Trade</li> </ul>	<ul style="list-style-type: none"> <li>• Retail Trade</li> <li>• Accommodation and Food Services</li> </ul>
<ul style="list-style-type: none"> <li>• Finance, Insurance, and Real Estate</li> </ul>	<ul style="list-style-type: none"> <li>• Finance and Insurance</li> <li>• <b>Real Estate and Rental and Leasing</b></li> </ul>
<ul style="list-style-type: none"> <li>• Services</li> </ul>	<ul style="list-style-type: none"> <li>• Information</li> <li>• Professional, Scientific, and Technical Services</li> <li>• Administrative and Support and Waste Management and Remediation Services</li> <li>• Educational Services</li> <li>• Health Care and Social Assistance</li> <li>• Arts, Entertainment, and Recreation</li> <li>• Other Services (except Public Administration)</li> </ul>
<ul style="list-style-type: none"> <li>• Public Administration</li> </ul>	<ul style="list-style-type: none"> <li>• Public Administration</li> </ul>
<ul style="list-style-type: none"> <li>• None (previously, categories within each division)</li> </ul>	<ul style="list-style-type: none"> <li>• Management of Companies and Enterprises</li> </ul>

## Non-Labor Income

Non-labor income is a mix of Dividends, Interest, and Rent (money earned from past investments), and Transfer Payments (government payments to individuals). Private pension funds (e.g. 401(K) plans) are not counted as part of transfer payments.

Some data sources, such as "Section 202" data available from state unemployment insurance records and reported by the Bureau of Labor Statistics, do not report non-labor income. The Bureau of Economic Analysis (BEA), on the other hand, tracks non-labor income. In order to understand the actual growth (labor and non-labor) of personal income, the REIS/BEA data set must be used, and this is what was used for this profile. From REIS table CA05, we added together the following two categories to derive non-labor income: "Personal current transfer receipts" and "Dividends, interest, and rent."

## Disclosure Gaps

Some data, such as employment and income figures in counties with small economies, are not available because of confidentiality restrictions. In order to protect information about individual businesses, data are sometimes suppressed or, in the case of the publication County Business Patterns, a range of values are given instead of a specific value. Generally, the smaller the geographic level of analysis or the smaller the economy under examination the higher the chances that industry-specific information will be suppressed.

Where disclosure gaps exist, the EPS User's Manual outlines a few ways to handle the gaps. One approach is to use a built-in system within EPS for estimating data gaps through 2000 for the 11 contiguous western states (AZ, CA, CO, ID, MT, NM, NV, OR, UT, WA, WY). In order to calculate the estimates, we first estimated gaps in the County Business Patterns data by using the firms by size information. Then we used these County Business Patterns data to estimate the gaps in the REIS data. Finally, we scaled the estimates up or down to force known identities. There is an option in EPS to either show these estimates or not. When these estimates are shown, annotations were made in the profile documenting where estimates were used. For a description of the methods used to estimate the data gaps in EPS, see the EPS User's Manual.

## Aggregated Profiles

The economic profile system has an option to allow you to aggregate data from multiple counties into one profile. The majority of the data in the profiles are summed in the aggregate profile. For some data points, however, the data are averaged. In order to do this, EPS has to replace some of the data in the raw data tables with formulae. For example, the aggregate unemployment rate for a group of counties is calculated from the sum of the unemployed divided by the sum of the labor force. This results in a proportionally weighted average, where larger counties are given more weight than smaller counties.

The Economic Profile System interpolates the medians from the data that are available. When the Census releases data expressed as a median, they also release the number of observations that fall in the full range of categories, or "brackets". For example, median age is interpolated from the number of people in each age bracket. EPS aggregates the number of people in each bracket, and then interpolates the median from the aggregated data. In some cases, the Census have more detailed brackets than we do in the EPS databases so the interpolations in aggregated EPS profiles are rough estimates.

## Adjustments from Current to Real Dollars

Because a dollar in the past was worth more than a dollar today, data reported in current dollar terms should be adjusted for inflation. The U.S. Department of Commerce reports personal income figures in terms of current dollars. All income data in this profile were adjusted to real (or constant) 2004 dollars using the Consumer Price Index, except the Income Distribution information on page 5 of the profile.

## Unemployment Rate

Unemployment is generally available as seasonally unadjusted or adjusted, and there is an advantage to using adjusted data. From the Bureau of Labor Statistics web site (<http://stats.bls.gov/lauseas.htm>), an explanation of why adjusted figures should be used, whenever possible: "Over the year, the size of the Nation's labor force, the levels of employment and unemployment, and other measures of labor market activity undergo sharp fluctuations due to seasonal events including changes in weather, harvests, major holidays, and the opening and closing of schools. Because these seasonal events follow a more or less regular pattern each year, their influence on statistical trends can be eliminated by adjusting the statistics from month to month. These adjustments make it easier to observe the cyclical, long term trend, and other non-seasonal movements in the series."

Unadjusted numbers were used in this profile in order to obtain an annual average and because county-level data are not available in adjusted format from the Bureau of Labor Statistics web site. This may introduce some error in counties where the size of the workforce fluctuates seasonally, such as tourist destination areas.

## Farm Income

Note that farm income figures on pages 21 are not the same as the figures on pages 30 & 31. The figures on page 21 reflect income from farming *enterprises* (farm proprietors and corporate income), while the farm income on pages 30 & 31 is personal income earned by *individuals* (both proprietors, and wage and salary employees) who work in farming.

## Specialization Index

The specialization index was calculated as:

$$\text{SPECIAL}_{it} = \sum_{j=1}^n (\text{EMP}_{ijt} / \text{EMP}_{it})^2$$

$\text{SPECIAL}_{it}$  = specialization of economy in county i in year t

$\text{EMP}_{ijt}$  = employment in industry j in county i in year t

$\text{EMP}_{it}$  = total employment in county i in year t

$n$  = number of industries

This index is commonly used as a measure of industrial specialization in the economy. Counties with a high specialization index can also be described as not being economically diverse.



## Income

- Total Personal Income = private earnings, income from government and government enterprises, dividends, interest, and rent, and transfer payments plus adjustments for residence minus personal contributions for social insurance.
- Wage and salary = monetary remuneration of employees, including employee contributions to certain deferred compensation programs, such as 401K plans.
- Other labor income = payments by employers to privately administered benefit plans for their employees, the fees paid to corporate directors, and miscellaneous fees.
- Proprietors' income = income from sole proprietorships, partnerships, and tax-exempt cooperatives. A sole proprietorship is an unincorporated business owned by a person. A partnership is an unincorporated business association of two or more partners. A tax-exempt cooperative is a nonprofit business organization that is collectively owned by its members.

## Transfer Payments

- Transfer payments = payments to persons for which they do not render current services. As a component of personal income, they are payments by government and business to individuals and nonprofit institutions.
- Retirement & disab. insurance benefit payments = Old-Age, Survivors, and Disability Insurance payments (Social Security), Railroad Retirement and Disability payments, Federal Civilian Employee & Disability Payments, Military Retirement, and State and Local Government Employee retirement payments.
- Medical payments = Medicare, public assistance medical care and CHAMPUS payments.
- Income maintenance (welfare) = Supplemental Security Income (SSI), Aid to Families with Dependent Children (AFDC), Food Stamps, and Other Income Maintenance Payments, such as emergency assistance, foster care payments and energy assistance payments.
- Unemployment insurance benefit payments = unemployment compensation for state and federal civilian employees, unemployment compensation for railroad workers, and unemployment compensation for veterans.
- Veterans benefits = primarily compensation to veterans for their disabilities and payments to their survivors.
- Federal education and training assistance = Job Corps payments, interest payments on Guaranteed Student Loans, federal fellowship payments, and student assistance for higher education.
- Other government payments = compensation of survivors of public safety officers and compensation of victims of crime. In Alaska this item includes Alaska Permanent Fund payments.
- Payments to nonprofit institutions = payments for development and research contracts. For example, it includes payments for foster home care supervised by private agencies.
- Business payments to individuals = personal-injury liability payments, cash prizes, and pension benefits financed by the Pension Benefit Guarantee Corporation.

## Mean, Median and Modes

- Mean = The sum of a list of numbers, divided by the total number of numbers in the list.
- Median = "Middle value" of a list. The smallest number such that at least half the numbers in the list are no greater than it. If the list has an odd number of entries, the median is the middle entry in the list after sorting the list into increasing order. If the list has an even number of entries, the median is equal to the sum of the two middle (after sorting) numbers divided by two. The median can be estimated from a histogram by finding the smallest number such that the area under the histogram to the left of that number is 50%.
- Mode = For lists, the mode is the most common (frequent) value. A list can have more than one mode. For histograms, a mode is a relative maximum ("bump").