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Mountain West Personal Income Growth, 2021

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MOUNTAIN WEST PERSONAL INCOME GROWTH, 2021

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Prepared by: Kristian Thymianos, Caitlin J. Saladino, and William E. Brown, Jr.

PURPOSE:

This fact sheet highlights personal income growth in the Mountain West states of Arizona, Colorado, Nevada, New Mexico, and Utah. The data are retrieved from *The Pew Charitable Trusts (Pew)* report, “Fiscal 50: State Trends and Analysis.”¹ The compound annual growth rate in state personal income through the second quarter of 2021 and the year-to-year change in state personal income are presented. These values are adjusted for inflation.

ABOUT THE DATA:

Pew retrieved data from the U.S. Bureau of Economic Analysis’ (BEA) Quarterly State Personal Income and Annual State Personal Income tables. State personal income consists of three major components: 1) earnings from working or owning a business; 2) dividends, interest, and rent; and 3) transfers from governments and business. In addition to wages and salaries, earnings also encompass employers’ contributions to pensions as well as private and public insurance programs. *Pew* adjusted dollar amounts for state personal income to account for inflation using the Bureau of Economic Analysis (BEA) implicit price deflator for gross domestic product.²

This fact sheet highlights two variables: the compound annual growth rate of state personal income and the year-to-year changes in state personal income. *Pew* calculated a compound annual growth rate for inflation-adjusted state personal income for each state and a total for the U.S. over two time frames: 1) Quarter 4 (Q4) of 2007 to Quarter 4 of 2019, or the last quarter before the coronavirus pandemic; and 2) Quarter 2 (Q2) of 2020 to Quarter 2 of 2021.³ Data included in this fact sheet displays compound annual growth rates from Quarter 4 of 2019 through Quarter 2 of 2021; data before that are not included here. The compound annual growth rates represent the constant pace at which inflation-adjusted state personal income in dollars would need to grow each year to reach the previous year’s level. The year-to-year data shows the trends of state personal income and how it changed from the previous year. Additionally, the *Pew* report is based on data that is revised each quarter by the BEA. These revisions may affect data and annual estimates, so numbers may change as data is updated.⁴

KEY FINDINGS:

1. From Quarter 4 of 2019 to Quarter 2 of 2021, Nevada and Colorado were the only Mountain West states to have an annual growth rate in state personal income below that of the country’s annual growth rate.
2. Among Mountain West states, Arizona and New Mexico, which had the highest annual growth rates in state personal income from Quarter 4 of 2019 to Quarter 2 of 2021, experienced the largest declines in state personal income between Quarter 2 of 2020 and Quarter 2 of 2021.

¹ “Fiscal 50: State Trends and Analysis” November 15, 2021. *The Pew Charitable Trusts*. Retrieved from: <https://www.pewtrusts.org/en/research-and-analysis/data-visualizations/2014/fiscal-50#ind8>

² Ibid

³ Ibid

⁴ Ibid

3. New Mexico’s year-to-year changes in personal income were below the national average for 8 of the 14 years reported.
4. Nevada had the largest decrease in state personal income in 2009 at -6.48%. Arizona had the highest increase in personal income in 2020 at 7.06%

Figure 1 displays pre-pandemic compound annual growth rates versus pandemic growth rates in state personal income. The bars in blue show the period from Q4 of 2019 (which represents the period before COVID-19 affected the economy) to Q2 of 2021. The red bars show the growth rate in the year between Q2 of 2020 and Q2 of 2021. The growth rate for the United States is also included for comparison purposes.

From Q4 of 2019 to Q2 of 2021, the national annual growth rate in state personal income is 4.08%. Only two of the five Mountain West states fell below the national growth rate: Colorado (3.93%) and Nevada (3.76%). The other three states ranked above the national rate: Arizona (5.17%), New Mexico (4.50%), and Utah (4.13%).

From Q2 of 2020 to Q2 of 2021, the national growth rate was -2.84%. Colorado was the only Mountain West state to perform better than the national rate at -1.61%. Arizona (-5.31%) and New Mexico (-4.66%), which had the highest annual growth rates in state personal income from Q4 of 2019 to Q2 of 2021, experienced the steepest declines in state personal income during the timeframe between Q2 of 2020 and Q2 of 2021. Between Q2 of 2020 and Q2 of 2021, Nevada’s state income growth rate was -4.41%; Utah performed slightly better at -3.34%.

Figure 1: Compound Annual Growth Rate in State Personal Income from Q4 of 2019 through Q2 of 2021, Adjusted for Inflation

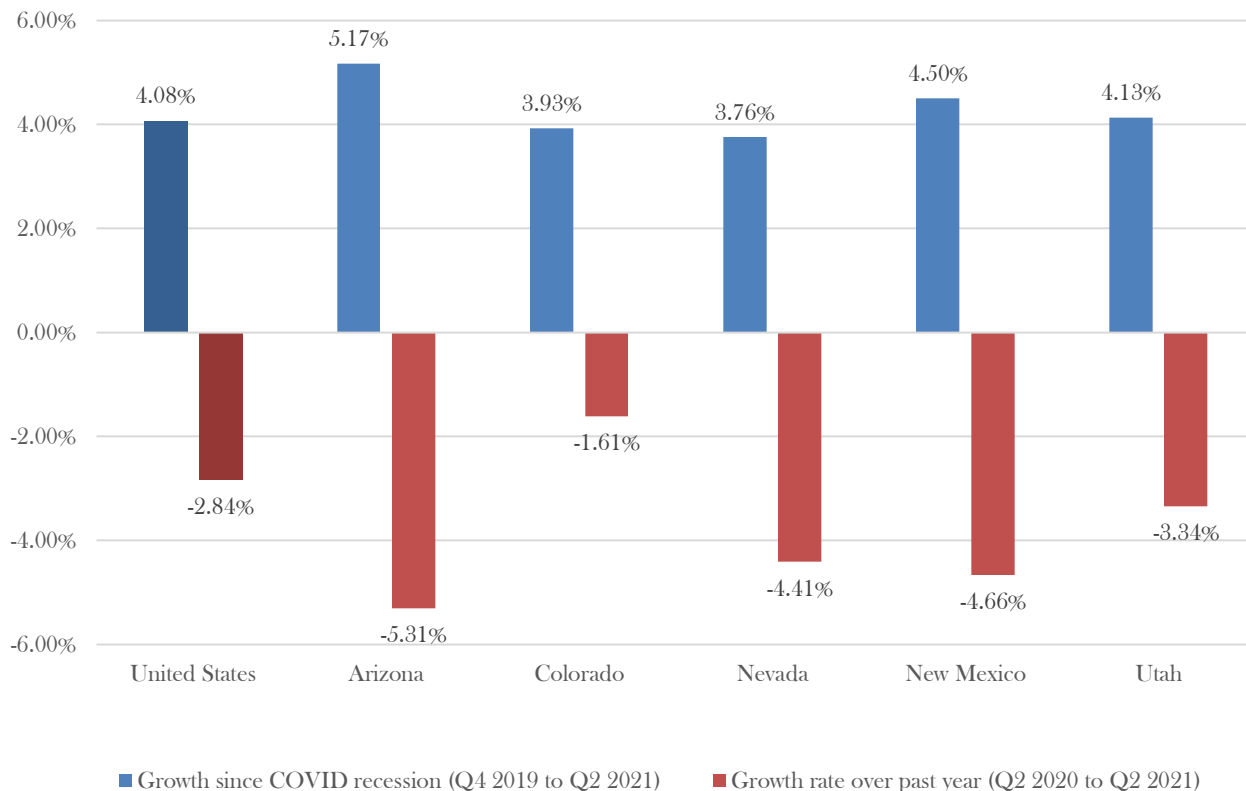
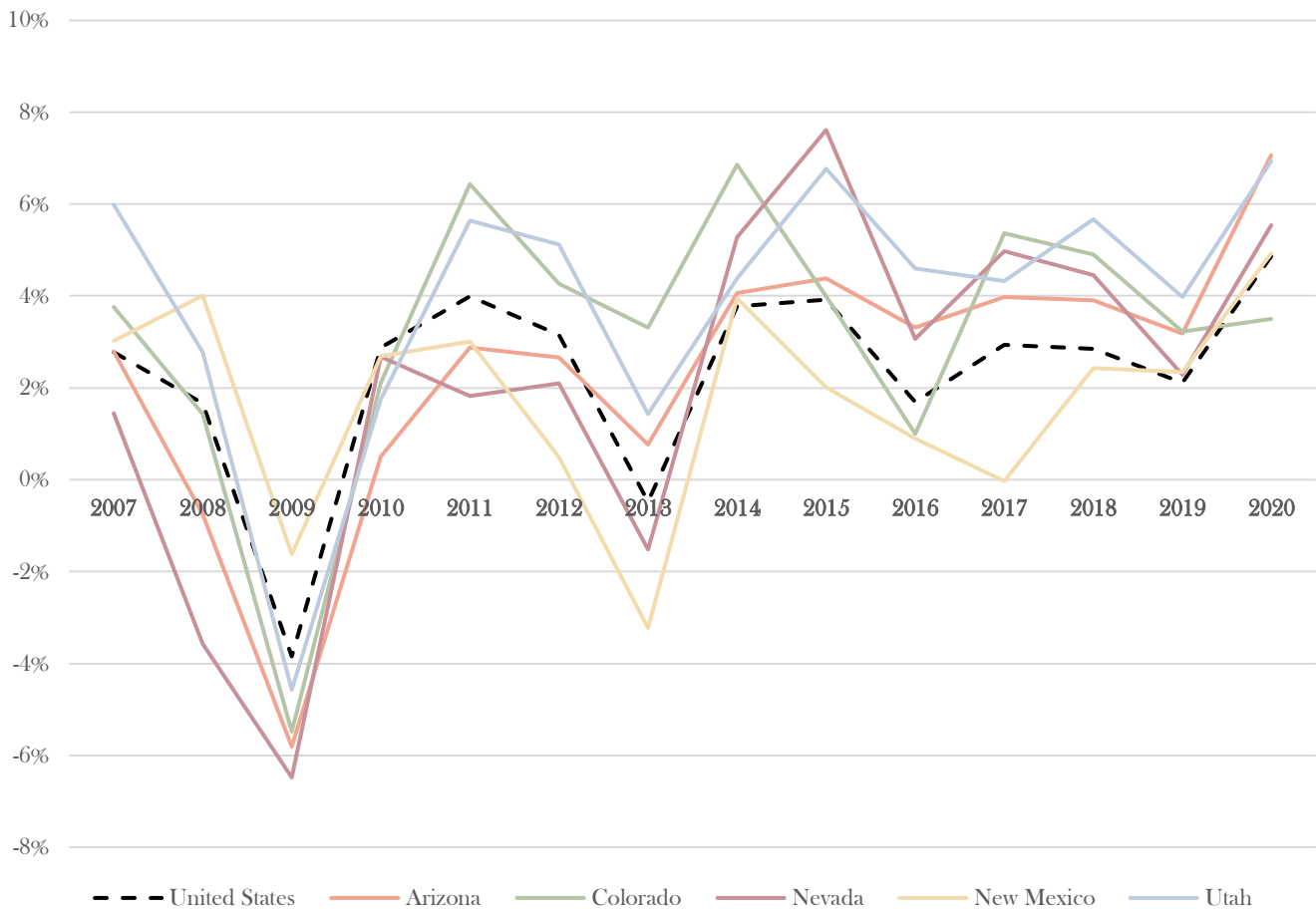


Figure 2 displays the year-to-year changes in state personal income from 2007-2020.⁵ Utah was most consistent in having year-to-year changes in personal income above the United States average. The only years that Utah’s rate fell below that of the U.S. were 2009 and 2010. Conversely, New Mexico consistently had year-to-year changes that were below that of the national average. New Mexico ranked below the national average for 8 of the 14 years reported. Additionally, New Mexico was the only state to have negative growth in state personal income past 2013. The state saw a decline in personal income in 2017 at -0.02%. Nevada had the largest decrease in state personal income in 2009 at -6.48%. Arizona had the highest increase in personal income in 2020 at 7.06%.

Figure 2: Year-to-Year Change in State Personal Income, Adjusted for Inflation, 2007–2020



⁵ Because the constant rate obscures ups and downs that occurred since 2007, *Pew* also shows the change from calendar year to calendar year in total dollars of personal income for each state. Those calculations are based on the percentage change for inflation-adjusted personal income for each calendar year from the prior year. *These percentage changes should not be confused or compared with the constant annual growth rates shown in the 50-state chart in the original report.*