

This booklet was prepared
for demonstration by the



for the 62nd Annual
Auber Fall Conference



Semiahmoo Resort
on the Canadian Border
Bellingham, WA

For further information contact:

Gary W. Smith
PNREAP Director
(253) 219-6604
gsmith@pnreap.org

The Harrison County Economy: A Look at the Income Side of the Coin



Dr. William Gunther
BBER Director
College of Business
The University of Southern Mississippi

THIS REPORT WAS GENERATED USING THE PNREAP WEBSITE

How Can This Capability Serve Your Center?

1. You can generate multiple informational reports for any county in your state or region, presenting trend analysis in any number of variables.
2. Output is in a form for easy release to the media or for emailing to your constituents.
3. Your constituents (planners, grant writers, government administrators, economists, academicians, media, private sector) can directly access "Your" state *Regional Economic Analysis Project* website in order to generate their own analysis and reports.
4. You can use your *REAP* website to generate easily comprehensible answers to the many phone-in requests for information and analysis on any county in your state that you receive as a center director.

Steps You Can Take to Create This Booklet

1. Make sure Adobe Acrobat Professional is installed or available to print to and Microsoft Publisher is installed. This booklet was created with Adobe Acrobat 7 and Microsoft Office 2007.
2. Go to the PNREAP website at www.pnreap.org
3. Run the desired report
4. At the top of the report, click "Print Report" and select "Adobe PDF" as the printer.
5. Once this has printed, open the PDF and select File->Save as... and save as a type of JPEG.
6. This creates each page as a separate JPEG and at this point open Microsoft Publisher.
7. In Publisher 2007, under Blank Sizes and Booklets, select 1/2 Letter Booklet.
8. Select Insert->Picture->From File and select one of the images saved to place into booklet. Crop or Resize as needed.
9. Repeat this for each item to be added to the booklet.

Questions? Suggestions? Need Assistance
in Putting Together a Booklet?

Feel free to contact James Latham:
jamesl@pnreap.org

**Major Components of Personal Income:
Transfer Payments and Total Personal Income
Harrison County, Mississippi (1969-2006)**

Year	Transfer Payments				Total Personal Income			
	Current Dollars (1000s)	2000 Dollars ¹ (1000s)	Index ²	Percent Change ¹ (2000 \$s)	Percent of Total Income	Current Dollars (1000s)	2000 Dollars ¹ (1000s)	Percent Change ¹ (2000 \$s)
1969	28,993	114,801	100.0		6.9	417,741	1,654,092	
1970	33,004	124,788	108.7	8.70	7.7	430,200	1,626,588	-1.66
1971	38,675	140,259	122.2	12.40	8.4	461,424	1,673,402	2.88
1972	44,293	155,261	135.2	10.70	8.4	528,453	1,852,401	10.70
1973	53,117	176,580	153.8	13.73	8.8	601,526	1,999,688	7.95
1974	66,319	199,810	174.0	13.16	10.0	662,336	1,995,529	-0.21
1975	81,388	226,361	197.2	13.29	11.2	723,949	2,013,486	0.90
1976	90,449	238,350	207.6	5.30	11.2	806,181	2,124,436	5.51
1977	98,918	244,786	213.2	2.70	11.2	881,589	2,181,611	2.69
1978	111,152	257,011	223.9	4.99	11.3	980,461	2,267,067	3.92
1979	131,850	280,180	244.1	9.01	12.3	1,076,210	2,286,938	0.88
1980	152,402	292,642	254.9	4.45	12.3	1,243,254	2,387,292	4.39
1981	177,282	312,556	272.3	6.81	12.3	1,437,500	2,534,379	6.16
1982	194,165	324,371	282.6	3.78	12.6	1,539,661	2,572,146	1.49
1983	215,859	345,728	301.2	6.58	13.5	1,602,444	2,566,539	-0.22
1984	229,664	354,447	308.7	2.52	13.0	1,761,600	2,718,728	5.93
1985	246,680	368,531	321.0	3.97	13.4	1,843,517	2,754,149	1.30
1986	262,058	382,181	332.9	3.70	13.3	1,963,446	2,863,460	3.97
1987	275,271	387,995	338.0	1.52	13.5	2,036,554	2,870,529	0.25
1988	296,428	401,909	350.1	3.59	14.0	2,117,224	2,870,618	0.00
1989	326,928	427,335	372.2	6.33	14.6	2,249,636	2,922,668	1.81
1990	359,289	446,333	388.8	4.45	15.4	2,335,180	2,900,917	-0.74
1991	401,976	481,876	419.7	7.96	16.5	2,442,055	2,927,457	0.91
1992	458,386	534,100	465.2	10.84	17.3	2,642,104	3,078,514	5.16
1993	489,833	557,871	485.9	4.45	16.6	2,950,965	3,360,855	9.17
1994	517,030	576,695	502.3	3.37	16.1	3,207,756	3,577,928	6.46
1995	564,843	616,796	537.3	6.95	16.9	3,335,809	3,642,628	1.81
1996	606,813	648,672	565.0	5.17	17.2	3,525,799	3,769,013	3.47
1997	639,231	671,998	585.4	3.60	17.2	3,707,059	3,897,081	3.40
1998	657,762	685,326	597.0	1.98	16.2	4,066,854	4,237,277	8.73
1999	681,129	698,057	608.1	1.86	15.6	4,353,407	4,461,601	5.29
2000	730,763	730,763	636.5	4.69	15.8	4,632,081	4,632,081	3.82
2001	821,417	804,569	700.8	10.10	17.6	4,659,300	4,563,735	-1.48
2002	882,906	852,703	742.8	5.98	18.3	4,822,673	4,657,697	2.06
2003	921,461	872,620	760.1	2.34	18.4	4,997,038	4,732,178	1.60
2004	997,776	920,526	801.8	5.49	19.4	5,132,028	4,734,693	0.05
2005	2,137,314	1,915,362	1668.4	108.07	42.0	5,090,589	4,561,950	-3.65
2006	1,197,682	1,044,414	909.8	-45.47	21.7	5,519,465	4,813,137	291.0

¹ 2000 constant dollar estimates determined using the chain-weight Implicit Price Deflator for Personal Consumption.

² Values are expressed as 100% for 1969 (2000 Dollars) and as a percent of 1969 for the following years.

Source: U.S. Department of Commerce, Bureau of Economic Analysis with calculations and table prepared by the Mississippi Regional Economic Analysis Project

**MS-REAP Analysis of Growth and Change
Among the Major Components of Personal Income
within Harrison County: 1969-2006**



Briefing Report Outline:

1. [Introduction](#)
2. [Graph - Major Components of Personal Income: Harrison County, 1969-2006](#)
3. [Graph - Major Income Components as a Percent of Total Personal Income](#)
4. [Graph - Income Growth Indices, Harrison County, 1969-2006](#)
5. [Graph - Major Income Components as a Percent of Total Personal Income: Harrison County, 1969-2006](#)
6. [Graph - Shifts in Share of Total Personal Income among Major Income Components](#)
7. [Graph - Earned Income as a Percent of Total Personal Income: Harrison County, Mississippi, and U.S.](#)
8. [Graph - Earned Income by Place of Residence: vs. Place of Work](#)
9. [Graph - Property Income as a Percent of Total Personal Income: Harrison County, Mississippi, and U.S.](#)
10. [Graph - Transfer Payments as a Percent of Total Personal Income: Harrison County, Mississippi, and U.S.](#)
11. [Graph - Indices of Structural Change among the Major Components of Income](#)
12. [Graph - Major Components Contributions to Real Total Personal Income Growth](#)
13. [Graph - 2006 vs. 1969 and Component Contributions to Real Income Growth, 1969-2006: Harrison County](#)
14. [Table 1 - Earned Income and Property Income: Harrison County, 1969-2006](#)
15. [Table 2 - Transfer Payments and Total Personal Income: Harrison County, 1969-2006](#)

Introduction



Paralleling a nationwide trend, the composition of Harrison County's total personal income has undergone dramatic change over the past three decades. With few exceptions, transfer payments and property income have increased in their importance, while labor-related earned income declined in relative share. But within this trend there notable and sometimes very extreme differences among individual counties and regions as to the extent of the shift in the composition of personal income among the three income components.

The annual total personal incomes estimates compiled by the *Bureau of Economic Analysis* (BEA) are among the most comprehensive, consistent, comparable and timely measures of economic activity available on the county and statewide level. Personal income estimates are also the best available local level indicator of general purchasing power, and are therefore central to tracking and comparing county patterns of economic growth and change. Yet, unless there is understanding of the degree and magnitude of the pattern of growth and shifting composition among the three major components that underlie total personal income one cannot gauge or appreciate the underlying character of income as a barometer for the economic performance of the local economy. This report offers a comparative perspective by examining the changing structure and composition of Harrison County's personal income in relation to the state and nation at large.

Earned income can be view as compensation for labor services. **Property income** represents payments in the form of dividends, interest and rent for the services of capital owned by persons. In contrast to the other two components of income, **Transfer Payments** are by definition payments that are not related to the provision of services. Various aspects of each income component will be further defined and explained as this discussion and analysis unfolds.

Tables that report the data for the major components of Harrison County personal income are posted on the page just preceding this introduction.

Major Components of Personal Income: Earned Income and Property Income Harrison County, Mississippi (1969-2006)

Year	Earned Income					Property Income				
	Current Dollars (1000s)	2000 Dollars ¹ (1000s)	Index ²	Percent Change ¹ (2000 \$)	Percent of Total Income	Current Dollars (1000s)	2000 Dollars ¹ (1000s)	Index ²	Percent Change ¹ (2000 \$)	Percent of Total Income
1969	351,066	1,390,085	100.0		84.0	37,682	149,206	100.0		9.0
1970	353,767	1,337,595	96.2	-3.78	82.2	43,429	164,205	110.1	10.05	10.1
1971	376,201	1,364,332	98.1	2.00	81.5	46,548	168,811	113.1	2.81	10.1
1972	434,107	1,521,687	109.5	11.53	82.1	50,053	175,452	117.6	3.93	9.5
1973	492,536	1,637,366	117.8	7.60	81.9	55,873	185,742	124.5	5.86	9.3
1974	530,228	1,597,505	114.9	-2.43	80.1	65,789	198,213	132.8	6.71	9.9
1975	567,431	1,578,170	113.5	-1.21	78.4	75,130	208,956	140.0	5.42	10.4
1976	633,283	1,668,818	120.1	5.74	78.6	82,449	217,268	145.6	3.98	10.2
1977	690,351	1,708,367	122.9	2.37	78.3	92,320	228,458	153.1	5.15	10.5
1978	766,058	1,771,314	127.4	3.68	78.1	103,251	238,742	160.0	4.50	10.5
1979	827,884	1,759,247	126.6	-0.68	76.9	116,476	247,511	165.9	3.67	10.8
1980	941,476	1,807,819	130.1	2.76	75.7	149,376	266,831	192.2	15.89	12.0
1981	1,067,288	1,881,678	135.4	4.09	74.2	192,930	340,145	228.0	18.59	13.4
1982	1,126,487	1,881,901	135.4	0.01	73.2	219,009	365,875	245.2	7.56	14.2
1983	1,155,346	1,850,448	133.1	-1.67	72.1	231,239	370,362	248.2	1.23	14.4
1984	1,263,869	1,950,566	140.3	5.41	71.7	268,067	413,716	277.3	11.71	15.2
1985	1,324,647	1,978,975	142.4	1.46	71.9	272,190	406,642	272.5	-1.71	14.8
1986	1,377,279	2,008,603	144.5	1.50	70.1	324,109	472,676	316.8	16.24	16.5
1987	1,423,898	2,006,988	144.4	-0.08	69.9	337,385	475,545	318.7	0.61	16.6
1988	1,451,102	1,967,463	141.5	-1.97	68.5	369,694	501,246	335.9	5.40	17.5
1989	1,501,189	1,950,305	140.3	-0.87	66.7	419,519	545,028	365.3	8.73	18.6
1990	1,544,161	1,918,260	138.0	-1.64	66.1	431,730	536,324	359.5	-1.60	18.5
1991	1,605,325	1,924,412	138.4	0.32	65.7	434,754	521,169	349.3	-2.83	17.8
1992	1,733,645	2,020,000	145.3	4.97	65.6	450,073	524,414	351.5	0.62	17.0
1993	1,979,964	2,254,982	162.2	11.63	67.1	481,168	548,002	367.3	4.50	16.3
1994	2,165,934	2,415,881	173.8	7.14	67.5	524,792	585,353	392.3	6.82	16.4
1995	2,224,063	2,428,626	174.7	0.53	66.7	546,903	597,206	400.3	2.02	16.4
1996	2,326,326	2,486,799	178.9	2.40	66.0	592,660	633,542	424.6	6.08	16.8
1997	2,423,697	2,547,934	183.3	2.46	65.4	644,131	677,149	453.8	6.88	17.4
1998	2,684,857	2,797,367	201.2	9.79	66.0	724,235	754,584	505.7	11.44	17.8
1999	2,948,801	3,022,087	217.4	8.03	67.7	723,477	741,457	496.9	-1.74	16.6
2000	3,110,719	3,110,719	223.8	2.93	67.2	790,599	790,599	529.9	6.63	17.1
2001	3,050,788	2,988,215	215.0	-3.94	65.5	787,095	770,951	516.7	-2.49	16.9
2002	3,156,651	3,048,667	219.3	2.02	65.5	783,116	756,327	506.9	-1.90	16.2
2003	3,323,696	3,147,529	226.4	3.24	66.5	751,881	712,029	477.2	-5.86	15.0
2004	3,438,318	3,172,114	228.2	0.78	67.0	695,934	642,053	430.3	-9.83	13.6
2005	3,351,017	3,003,026	216.0	-5.33	65.8	-397,742	-356,438	-238.9	-155.52	-7.8
2006	3,594,583	3,134,583	225.5	4.38	65.1	727,200	634,140	425.0	277.91	13.2

¹ 2000 constant dollar estimates determined using the chain-weight Implicit Price Deflator for Personal Consumption.

² Values are expressed as 100% for 1969 (2000 Dollars) and as a percent of 1969 for the following years.

Source: U.S. Department of Commerce, Bureau of Economic Analysis with calculations and table prepared by the Mississippi Regional Economic Analysis Project

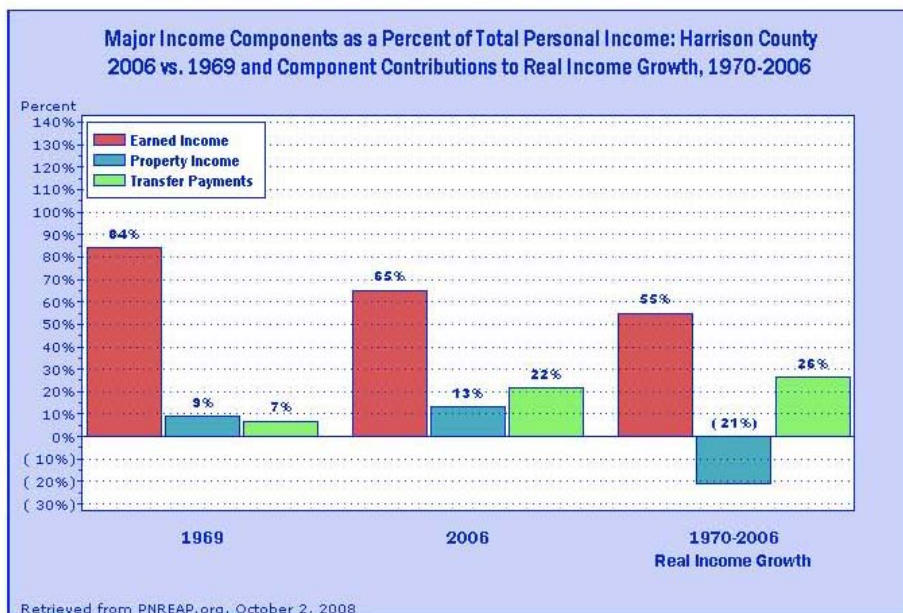


Figure 12.

Figure 12 recaps the theme and distills the results presented throughout this briefing report. In 1969 earned income comprised 84.0% of Harrison County's total personal income. However, over the following 38-year period 1969-2006 earned income accounted for only 55.0% of the annual real growth in Harrison County's personal income. As a result, by 2006 earned income's share declined to 65.1%.

Because property income alone accounted for -20.8% Harrison County's total personal income growth over 1969-2006, its share rose from 9.0% in 1969 to 13.2% in 2006. Transfer payments, in turn, advanced from 6.9% to 21.7% over the same period owing to its 26.5% contribution to the growth of Harrison County's total personal income.

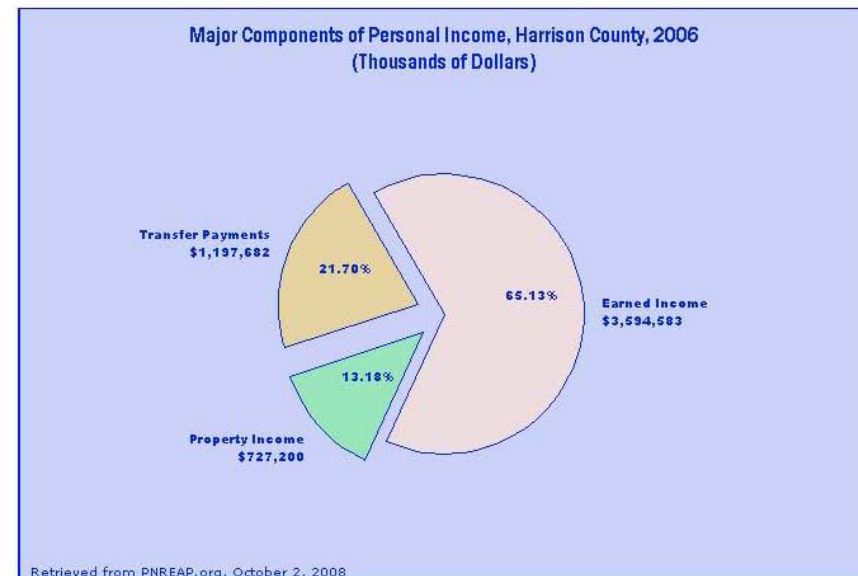


Figure 1.

Figure 1 depicts the composition of Harrison County's personal income among the three major components for 2006. Net earnings amounted to \$3,594,583,000 or 65.1% of total personal income; property income totaled \$727,200,000 or 13.2%, and transfer payments summed to \$1,197,682,000 comprising 21.7% of Harrison County's personal income in 2006. For every \$100 of personal income that accrued to the residents of Harrison County in 2006, about \$34.87 derived from property income and transfer payments.

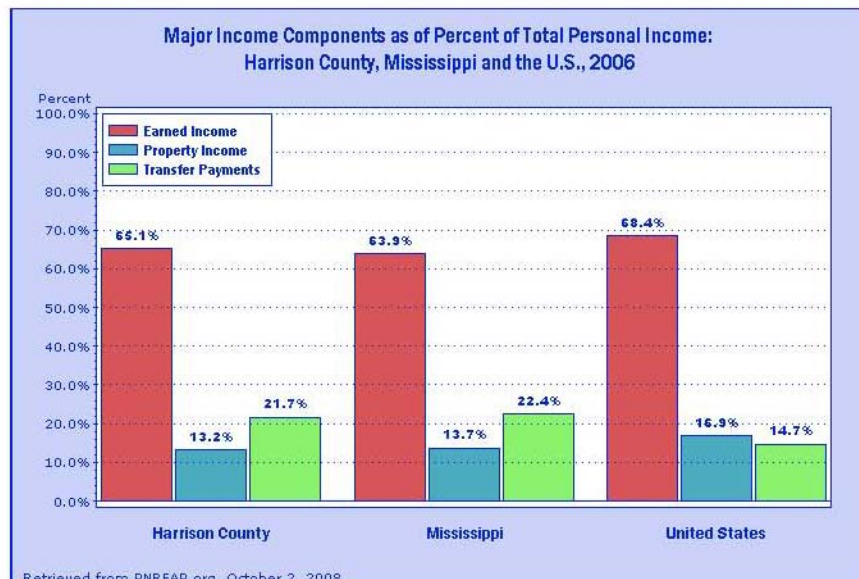


Figure 2.

What are the differences in personal income composition between Harrison County, Mississippi and the United States? Figure 2 illustrates three major income components—earned income, property income, and transfer payments as a percent of total personal income. The share of Harrison County's personal income that originates as property income (13.2%) is below the share nationally (16.9%). The share of Harrison County's personal income that stems from transfer payments (21.7%) is above the national average (14.7%).

In combination, property income and transfer payments amounted to 34.9% (13.2% + 21.7%) of Harrison County's income in 2006. Earned income made up the balance (65.1%) of personal income, which amounted to a smaller share than the corresponding 68.4% for earned income nationwide.

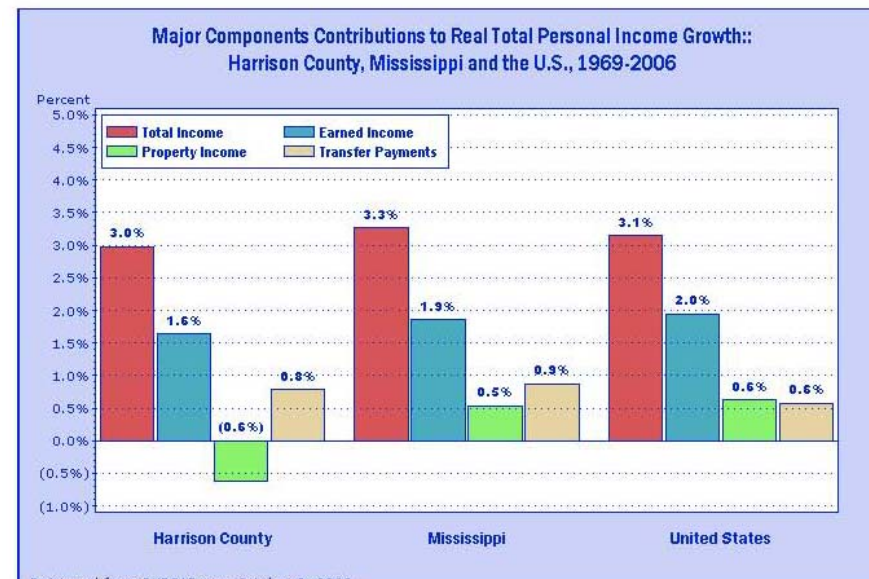


Figure 11.

This report thus far has centered primarily on examining and comparing changes in the composition of Harrison County's personal income compared with the state and nation over 1969-2006. Figure 11 focuses attention on how much each income component contributed individually to Harrison County's real personal income growth over the 38-year period. The annual growth rate of Harrison County's real (inflation adjusted) personal income averaged 2.98% over 1969-2006. Each component's individual contribution to this total amounted to 1.64% for earned income, -0.62% for property income and 0.79% for transfer payments, all of which sum to 2.98%.

In order to gauge each component's contribution to total real income growth the table below displays each components overall contribution to growth as a percent of total growth. Note, for example, transfer payments overall percentage contribution to the average total growth over 1969-2006 of 26.5% was derived by: $26.5\% = (0.79\% / 2.98\%) \times 100$.

			Earned Income		Property Income		Transfer Payments
Harrison County:	2.98% (100%)	=	1.64% (55.0%)	+	-0.62% (-20.8%)	+	0.79% (26.5%)
Mississippi:	3.27% (100%)	=	1.86% (56.9%)	+	0.54% (16.5%)	+	0.87% (26.6%)
United States:	3.15% (100%)	=	1.95% (61.9%)	+	0.62% (19.7%)	+	0.57% (18.1%)

*Percent figures may not add due to rounding by a factor of ±0.1%.

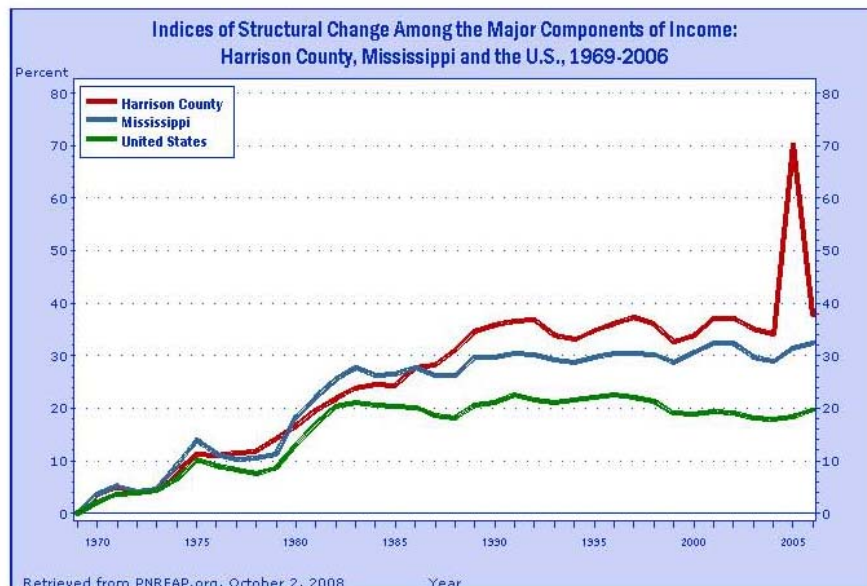


Figure 10.

Over the past several decades one of the more heralded changes that has transformed the character of our economy has been the structural shift in employment and earnings from goods-producing toward services-producing activities. Though far less widely publicized and less popularly understood, another change of major significance was the widespread shifts in the composition of personal income addressed in this briefing report.

The "index of structural change" shown in Figure 10 calibrates the timing and magnitude of change in the composition of Harrison County's personal income among the three major components compared with the state and nation over 1969-2006. The period of most dramatic change held in common by Harrison County, Mississippi and the nation spanned the period of the late 1970s to the mid-1980s.

Structural change is defined and measured here as the composite change in income shares among the three income components. Changes in shares are based on differences between each components share in 1969, and its share of personal income for each year since. Index values equal the sum of the absolute value of the share changes among the three income components year-over-year relative to 1969. A rise in the index indicates that in composition of income among the three major components deviated further away from their 1969 distribution.

Note: Figure 5 displayed the share shifts among the three income components over the interval 1969-2006. Accordingly, the 2006 value of the structural change indices for the county, state and nation are simply the sum of the absolute values of share shifts reported in Figure 5:

	Index Value (2006)	Shift-In-Share		
		Earned Income	Property Income	Transfer Payments
Harrison County:	37.9	= 18.9	+ 4.2	+ 14.8
Mississippi:	32.4	= 16.2	+ 4.2	+ 12.0
United States:	19.8	= 9.9	+ 3.3	+ 6.6

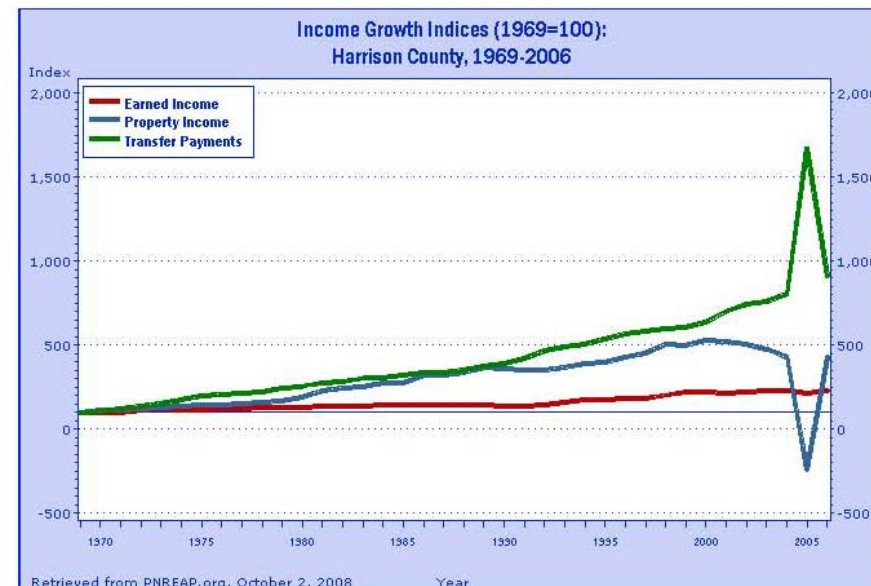


Figure 3.

One of the key objectives of this report is to highlight the growing importance over the past several decades of property income and transfer payments and to illustrate their emergence as more prominent components of local area personal income. Figure 3 compares the real (that is, removing the effects of inflation) cumulative growth of the three major components of personal income for Harrison County over 1969-2006. The cumulative growth indices express each income component as 100 for the base year of 1969, and represent each component in subsequent years as a percent of their level in 1969. The indices enable a direct comparison of the differences in the cumulative percentage growth of the earned income, property income, and transfer payments for Harrison County over more than three decades.

Over the 1969-2006 period, earned income in Harrison County grew by 125.5%. Property income, however, increased by 325.0%, while transfer payments rose 809.8%. As a general rule, the growth of property income and transfer payments outpaced the growth of earned income. As a result, earned income declined as a share of total personal income, while property income and transfer payments increased.

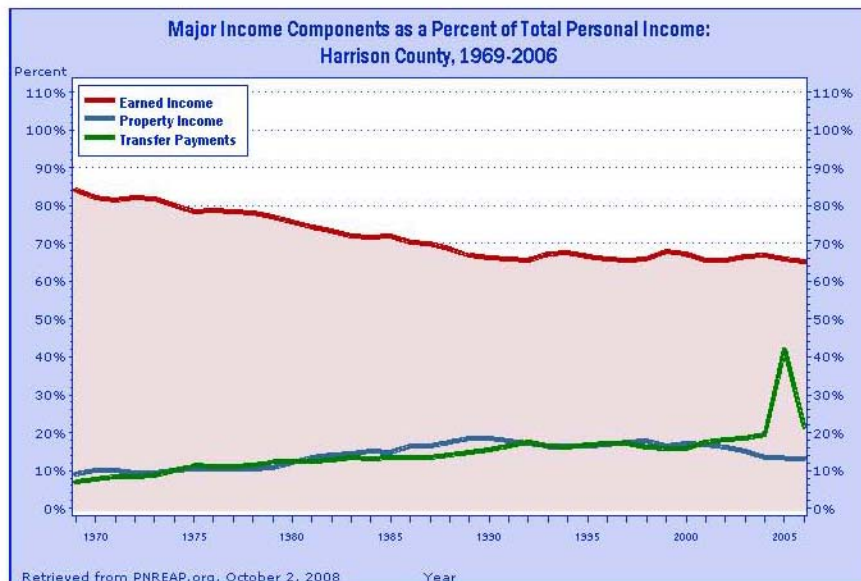


Figure 4.

While the previous graph illustrates the degree of growth among the three major components of personal income, the above figure traces their changing share and relative importance over time. Differences in growth among the three components income translates the changes in their relative share as shown here. Earned income as a share of Harrison County's personal income declined from 84.0% in 1969 to 65.1% in 2006, a shift in relative share of -18.9%. Offsetting this decline was a 4.2% increase in property income's share from 9.0% in 1969 to 13.2% in 2006; and a 14.8% advance in transfer payments share, from 6.9% to 21.7% over the same period.

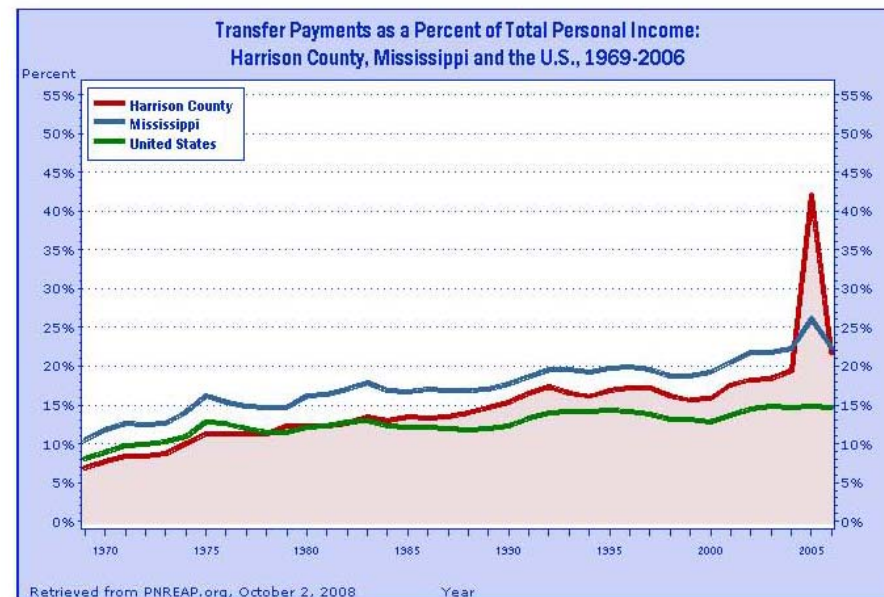


Figure 9.

People receive personal income either for participating in current production, or from transfer payments. Earned income and property income represent payments received for participating in production. Transfer payments, sometimes misleadingly referred to as "unearned income," are payments made by government to individuals "for which no current services are performed."

Compared with the trend nationwide, transfer payments have played a very significant role in the changing composition of Harrison County's personal income. Nationally, transfer payments as a share of personal income advanced from 8.07% in 1969 to 14.71% in 2006, for a net gain of 6.64%. For Harrison County, transfer payments rose from 6.90% to 21.70% over 1969-2006, for a net gain of 14.80%.

There are vast differences in the mix of transfer payments counties receive, the particulars of which are beyond the scope of this report. As a general rule social security and government pension incomes make up the largest general category of transfer payments. Next in order of importance typically comes medical payments for such programs as Medicare, and Medicaid. Medical payments have driven much of the rapid growth in transfer payments over the past decade. Further down the scale of importance are payments for income maintenance programs such as Family Assistance, Food Stamps and Supplemental Security Income (SSI). Unemployment Insurance Payments is another category, often its relative size and importance is shaped by local economic conditions and more generally by the ebb and flow of business cycles. Finally, Veterans Benefits Payments is the remaining category of importance. Generally veteran's pension and disability payments dominate this group. You may obtain a detail tabulation of the transfer payments received by Harrison County residents over 1969-2006 by [clicking here](#).

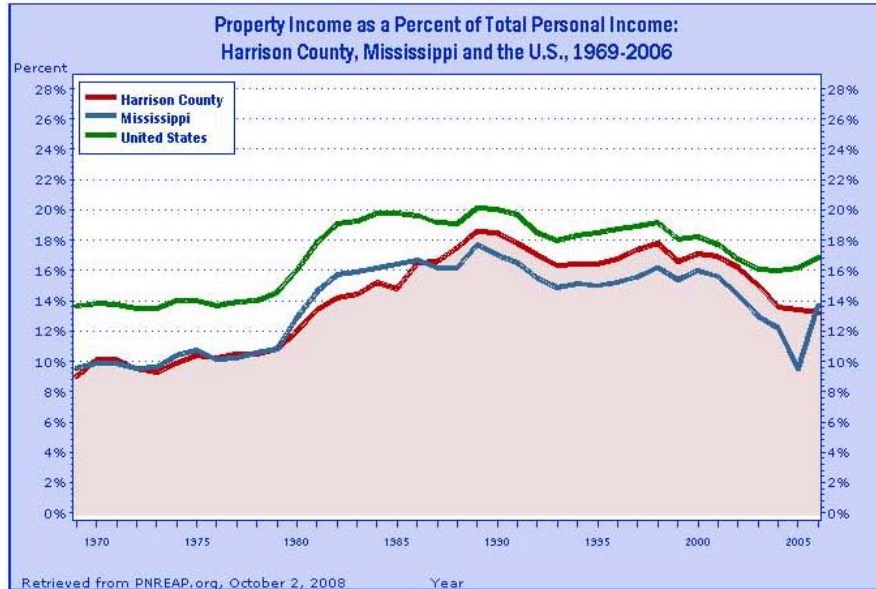


Figure 8.

Figure 8 tracks property income as a share of personal income locally, statewide and nationally over 1969-2006. Common to all three was the discernable rise and advance to another plateau in property's income share over 1979-82. This period was plagued by double-digit rates of inflation and associated double-digit rates of interest. As interest income is an important part of property income they played a leading role in the growth and rise in share of property income over 1979-82. Moreover, contained within the period 1979-82 were two back-to-back recessions. Unlike many recessions, the early 1980s recessions were widely dispersed regionally so declines in earned incomes share declines were oftentimes observed, which further served to bolster property income's share during this period.

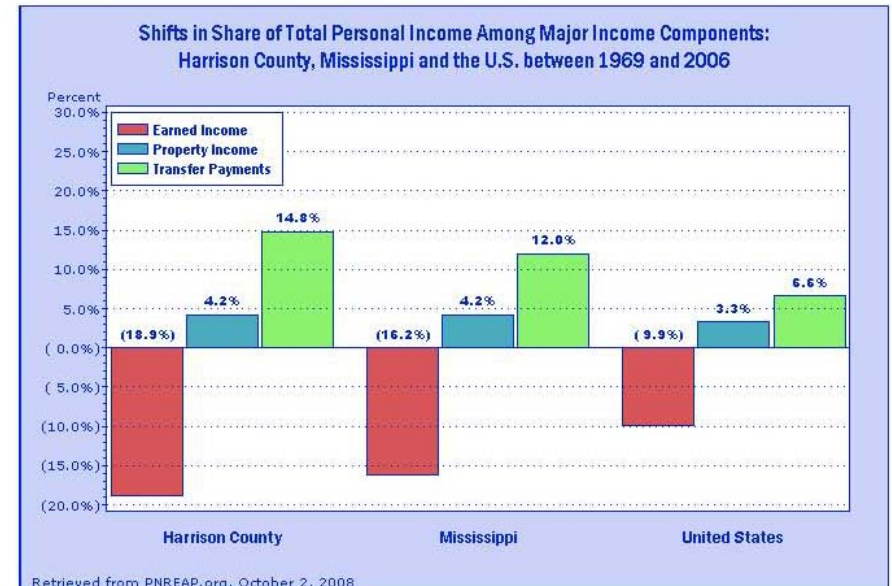


Figure 5.

How does the shift in personal income composition for Harrison County compare with the shifts in share among the three major components for Mississippi and the United States over 1969 to 2006? In the above figure, earned income's share statewide and nationally declined by -16.2% and -9.9%, respectively, whereas earned income's share decline by -18.9% in Harrison County over 1969-2006. Nationally the shift in share of property income and transfer amounted to 3.3% and 6.6%, respectively, while the corresponding shifts in share in Harrison County amounted to 4.2% and 14.8%, respectively.

When a notable increase in property income's share is observed often this associates with a county or region that experienced an influx of relatively affluent retirees.

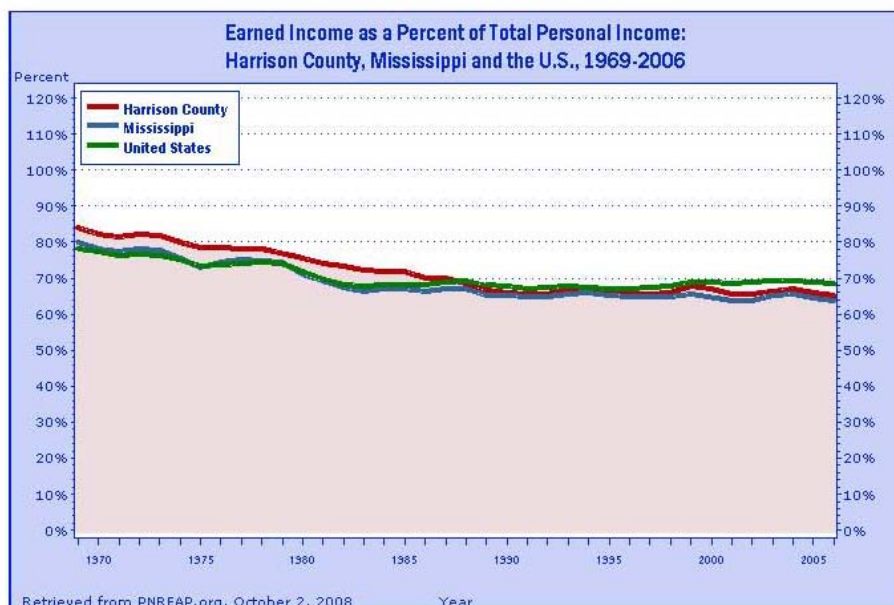


Figure 6.

Figure 6 above traces earned income as a percent of personal income for Harrison County, the state and nation over 1969-2006. Generally, local as well as state and national earned income share declines were most prominent from 1979 to the mid-1980s.

Some localities and regions experienced pronounced short-term swings in earned income because earnings generation was concentrated in industries especially sensitive to major cyclical swings in the national economy. Mining, wood products and durable goods producing manufacturing, such as primary metal and transportation (including air and motor vehicle equipment), are among the most notable cyclically sensitive industries.

Agricultural dependent regions are especially subject to pronounced swings in earned income owing to the influence of weather on output and production, international swing in commodity prices, changes in government programs, as well as general cyclical conditions and trends. Finally, other factors that have induced abnormal short-term swings in earned income include major natural catastrophes and very large-scale private or government construction project such as the building dams and power plants.

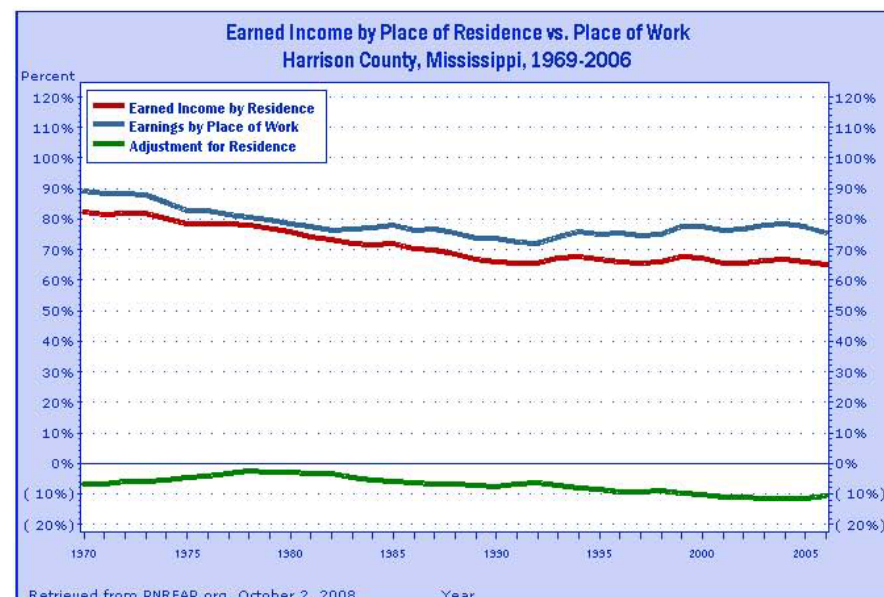


Figure 7.

Figure 7 focuses on a very important dimension of earned income that needs to be addressed and explained. Personal income, and its three major components, is intended to measure the incomes of the residents of a region. Accordingly, the earned income data reported and presented in this report are "by place of residence." But in fact, earnings data are first collected and reported as "earnings by place of work." That is, they reflect earnings on the basis of where workers work, and not on the basis of where they live. To develop an estimate of earned income based on where workers live, the *Bureau of Economic Analysis* develops an "adjustment for residence" to take into account the earnings of such intercounty commuters.

In addition to showing "earned income by place of residence" as a share of total income, Figure 7 also displays "earnings by place of work," as well the residence adjustment which accounts for the difference between the two. This negative adjustment for residence of -10.51% as a percent of total personal income in 2006 reflects an estimated net outflow of earnings dollars owing to the overall net effect of workers commuting to and from Harrison County in 2006. So, by an amount that equated to 10.51% of Harrison County's total personal income accrued to workers who held jobs within the county but who resided elsewhere.

Put another way, the residence adjustment is a fairly significant factor in shaping the personal income of Harrison County. For every \$100 of personal income reported for Harrison County residents in 2006, an additional \$10.51 of earned income was reported elsewhere from jobs held locally by workers who resided in another county.