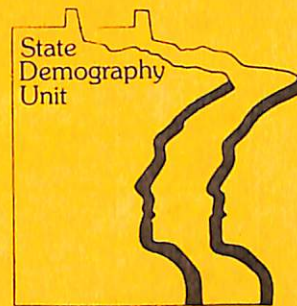


POPULATION NOTES

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MEDIAN INCOME OF MINNESOTA FAMILIES INCREASES, LAGS BEHIND INFLATION RATE

The median income of Minnesota families was \$23,230 in 1981. The 1981 income figure represents a 16 percent increase over the \$19,959 median family income reported for 1979 and continues a trend in rising income among Minnesota's families. The changes in income, however, did not keep pace with inflation and were not distributed equally among Minnesota's 87 counties. Families in the state's agricultural areas continue to report the state's lowest incomes while counties in the Twin Cities metropolitan area again reported the highest incomes.

Despite rising unemployment and a deepening recession during 1980 and 1981 most counties reported at least a 12 percent increase in median family income from 1979 to 1981. Because of changes in filing requirements affecting low income taxpayers as well as fewer taxpayers due to rising unemployment, increases in income may be slightly overstated.

The income data for Minnesota families were derived from income tax forms filed with the Department of Revenue. Family income figures included all married couples filing joint, combined or separate returns, and all "other families" (typically single-parent families). Income is the federal adjusted gross income reported on state income tax forms by Minnesota residents for the years 1979, 1980 and 1981. Median income is defined as the level dividing the population in half: 50 percent have incomes above this level, 50 percent below.

The State Demographer's Office has reported median income data for Minnesota residents for every year since 1973. Future Population Notes

will present median income data for Minnesota cities and for selected population groups.

Increases in Median Income and Consumer Price Index are Compared

The median income of the Minnesota families increased from \$19,959 in 1979 to \$23,230 in 1981, reflecting a 7.4 percent increase in median income from 1979 to 1980 and an additional 8.4 percent increase in 1981 (Table 1). Those increases, however, did not match the rate of inflation during the same time period as measured by the Consumer Price Index (CPI) for the Minneapolis-St. Paul metropolitan area (Table 2). From 1979 to 1980 the CPI increased 11.3 percent; and from 1980 to 1981 the CPI increased 12.3 percent. Consequently, Minnesota families may have experienced a loss in real income for at least three consecutive years since the 9.5 percent increase in median family income from 1978 to 1979 was also less than the 11.9 percent increase in consumer prices during the same time.

The Consumer Price Index is directly applicable to the Minneapolis-St. Paul metropolitan area. The region contains approximately one-half of the state's total population and comprises seven counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington. After accounting for the 11.3 percent change in consumer prices during 1980, the median income of families filing tax returns and living in the seven counties declined two percent in real terms. Similarly, the real income of families living in the metropolitan area declined three percent in 1981 when measured against inflation.

TABLE 1. MEDIAN INCOME OF MINNESOTA FAMILIES BY COUNTY
FOR INCOME YEARS 1979, 1980 AND 1981

County	All Families					
	Median Income			Percent Change		
	1979	1980	1981	1979-80	1980-81	1979-81
MINNESOTA	\$19,959	\$21,434	\$23,230	7.4%	8.4%	16.4%
Aitkin	10,649	11,004	11,792	3.3	7.2	10.7
Anoka	23,601	25,660	27,612	8.7	7.6	17.0
Becker	13,216	13,839	14,614	4.7	5.6	10.6
Beltrami	13,796	14,872	15,819	7.8	6.4	14.7
Benton	16,396	17,229	18,824	5.1	9.3	14.8
Big Stone	12,759	14,463	15,528	13.4	7.4	21.7
Blue Earth	18,009	19,011	20,150	5.6	6.0	11.9
Brown	17,426	18,853	19,692	8.2	4.5	13.0
Carlton	18,777	19,664	20,901	4.7	6.3	11.3
Carver	21,144	22,772	24,575	7.7	7.9	16.2
Cass	11,022	11,596	12,919	5.2	11.4	17.2
Chippewa	15,255	16,292	16,577	6.8	1.8	8.7
Chisago	19,413	20,493	21,765	5.6	6.2	12.1
Clay	18,902	20,028	21,308	6.0	6.4	12.7
Clearwater	10,322	10,725	11,000	3.9	2.6	6.6
Cook	16,451	16,636	17,310	1.1	4.1	5.2
Cottonwood	15,748	16,308	16,529	3.6	1.4	5.0
Crow Wing	15,048	15,585	17,062	3.6	9.5	13.4
Dakota	24,734	26,972	29,215	9.1	8.3	18.1
Dodge	17,746	18,360	19,447	3.5	5.9	9.6
Douglas	14,100	15,299	16,223	8.5	6.0	15.1
Faribault	15,614	16,501	16,847	5.7	2.1	7.9
Fillmore	13,359	14,028	14,219	5.0	1.4	6.4
Freeborn	17,736	19,075	20,300	7.6	6.4	14.5
Goodhue	18,789	19,832	21,162	5.6	6.7	12.6
Grant	12,210	13,242	14,670	8.5	10.8	20.2
Hennepin	23,535	25,779	28,122	9.5	9.1	19.5
Houston	15,915	16,829	17,651	5.7	4.9	10.9
Hubbard	11,470	12,353	13,321	7.7	7.8	16.1
Isanti	18,746	19,958	21,204	6.5	6.2	13.1
Itasca	18,878	19,095	21,025	1.2	10.1	11.4
Jackson	15,881	16,556	17,438	4.3	5.3	9.8
Kanabec	14,015	14,250	15,220	1.7	6.8	8.6
Kandiyohi	16,417	17,811	18,735	8.5	5.2	14.1
Kittson	13,470	14,716	15,760	9.3	7.1	17.0
Koochiching	18,229	18,822	20,736	3.3	10.2	13.8
Lac Qui Parle	13,922	15,901	15,905	14.2	0.1	14.2
Lake	22,006	22,691	26,374	3.1	16.2	19.9
Lake of the Woods	12,155	12,850	14,136	5.7	10.0	16.3
LeSueur	17,357	18,272	19,269	5.3	5.5	11.0
Lincoln	10,889	12,052	12,303	10.7	2.1	13.0
Lyon	16,758	18,106	18,974	8.0	4.8	13.2
McLeod	18,652	19,953	21,499	7.0	7.8	15.3

TABLE 1. MEDIAN INCOME OF MINNESOTA FAMILIES BY COUNTY
FOR INCOME YEARS 1979, 1980 AND 1981 (continued)

County	All Families					
	Median Income			Percent Change		
	1979	1980	1981	1979-80	1980-81	1979-81
Mahnomen	9,997	10,623	11,786	6.3	11.0	17.9
Marshall	12,889	12,580	13,316	-2.4	5.9	3.3
Martin	16,705	18,379	19,474	10.0	6.0	16.6
Meeker	14,927	16,292	16,951	9.1	4.0	13.6
Mille Lacs	14,914	15,467	16,650	3.7	7.7	11.6
Morrison	12,613	13,024	14,099	3.3	8.3	11.8
Mower	18,739	19,891	20,895	6.2	5.1	11.5
Murray	13,839	14,160	14,186	2.3	0.2	2.5
Nicollet	18,849	20,000	21,331	6.1	6.7	13.2
Nobles	16,518	17,307	18,027	4.8	4.2	9.1
Norman	13,415	14,291	15,904	6.5	11.3	18.6
Olmsted	22,356	24,237	26,260	8.4	8.4	17.5
Otter Tail	13,401	14,160	15,399	5.7	8.8	14.9
Pennington	16,545	16,612	17,341	0.4	4.4	4.8
Pine	13,654	13,964	14,821	2.3	6.1	8.6
Pipestone	13,287	13,770	13,712	3.6	-0.4	3.2
Polk	15,904	17,028	18,276	7.1	7.3	14.9
Pope	12,439	13,396	13,913	7.7	3.9	11.9
Ramsey	21,890	23,835	26,252	8.9	10.1	19.9
Red Lake	12,302	12,437	12,925	1.1	3.9	5.1
Redwood	15,445	16,223	16,971	5.0	4.6	9.9
Renville	15,496	16,747	17,198	8.1	2.7	11.0
Rice	18,408	19,586	20,937	6.4	6.9	13.7
Rock	15,928	16,802	16,963	5.5	1.0	6.5
Roseau	13,517	13,386	13,527	-1.0	1.1	0.1
St. Louis	20,553	21,549	23,930	4.9	11.1	16.4
Scott	22,821	24,485	26,290	7.3	7.4	15.2
Sherburne	20,510	22,113	23,506	7.8	6.3	14.6
Sibley	15,569	16,385	16,534	5.2	0.9	6.2
Stearns	17,727	18,663	20,223	8.3	8.4	17.4
Steele	18,635	19,745	20,845	6.0	5.6	11.9
Stevens	14,418	15,899	17,377	10.3	9.3	20.5
Swift	13,391	14,352	15,505	7.2	8.0	15.8
Todd	11,822	12,142	13,061	2.7	7.6	10.5
Traverse	13,640	15,435	16,143	13.2	4.6	18.4
Wabasha	16,601	17,459	18,318	5.2	4.9	10.3
Wadena	12,616	13,014	13,796	3.2	6.0	9.4
Waseca	17,713	18,661	19,520	5.4	4.6	10.2
Washington	24,766	26,950	29,262	8.8	8.6	18.2
Watonwan	15,566	16,024	17,081	2.9	6.6	9.7
Wilkin	16,543	17,648	19,488	6.7	10.4	17.8
Winona	17,027	18,080	19,375	6.2	7.2	13.8
Wright	19,265	20,639	21,896	7.1	6.1	13.7
Yellow Medicine	14,312	16,153	16,139	12.7	-0.1	12.8

Source: Tax Filer Data, Minnesota Department of Revenue, 1979, 1980 and 1981.

TABLE 2. AVERAGE ANNUAL CONSUMER PRICE INDEXES*
FOR ALL URBAN CONSUMERS: 1979, 1980 AND 1981

Area	Consumer Price Index			Percent Change		
	1979	1980	1981	1979-80	1980-81	1979-81
Mpls.-St. Paul Metro Area	222.6	247.8	278.3	11.3%	12.3%	25.0%
U.S. City Average	217.4	246.8	272.4	13.5%	10.4%	25.3%

*1967 = 100

Source: U.S. Dept. of Labor, Bureau of Labor Statistics, Consumer Price Indexes, Jan. 1980, Dec. 1980 and Dec. 1981.

These declines in real income, however, were less than those reported nationally. The U.S. Department of Commerce reported that after adjusting for changes in consumer prices, the real median income of American families had fallen 5.5 percent in 1980 and 3.5 percent in 1981.

Because the CPI is a measure of price changes in goods and services typically purchased by urban consumers, the index may not accurately reflect inflation or the cost of living in areas outside of the Twin Cities metropolitan area. Using the index as a general standard, however, only four of Minnesota's 87 counties reported gains in median family income during 1980 which exceeded the rate of inflation: Big Stone, Lac Qui Parle, Traverse and Yellow Medicine. Each of these counties is located in western Minnesota along the South Dakota border. By contrast, the median income of families filing tax returns and living in Lac Qui Parle and Yellow Medicine counties remained virtually unchanged in 1981. Such year-to-year fluctuations are not uncommon in the state's agricultural areas where local economies are so dependent upon weather conditions and changing farm prices.

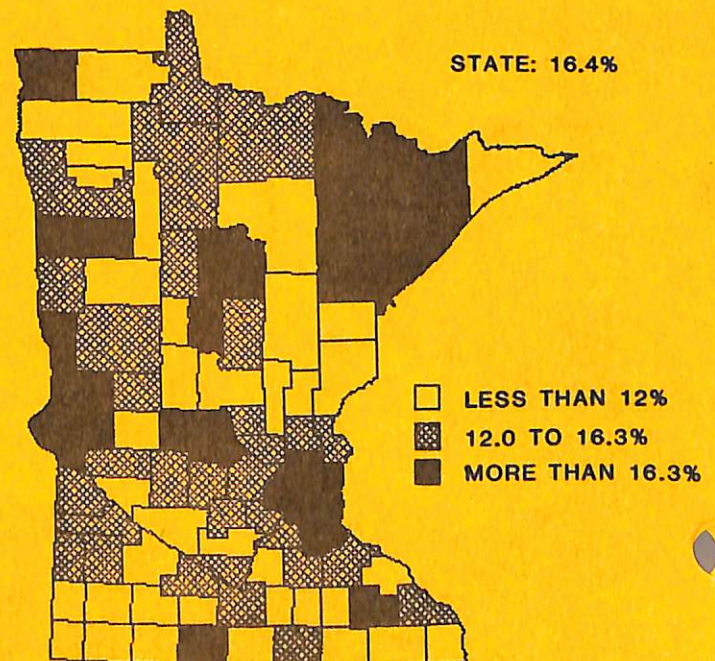
Only one county in Minnesota showed an increase in 1981 median family income greater than the change in consumer prices. Lake County in northeastern Minnesota reported an unusually high 16.2 percent increase in median family income from 1980 (\$22,691) to 1981 (\$26,374). Since recovering from the 1977 labor disputes in the taconite industry, the median income of Lake County families has been among the highest in the state. The apparent increase in 1981 may be explained, in part, by the decreasing number of filers in lower income levels which results in a higher median value for the county. Ironically,

Lake County now has the highest unemployment rate in the state increasing fourfold from 8.3 percent in December, 1981 to 33 percent in December, 1982. (Income figures for 1982 are not yet available.)

Nineteen Counties Report Income Increases Above State Median

Counties with the largest percent increases in median family income from 1979 to 1981 were scattered throughout the state with concentrations in the Twin Cities metropolitan area and in west-central Minnesota (Figure 1). The 19 counties

Figure 1
CHANGES IN MEDIAN FAMILY INCOME: 1979-1981



reporting changes greater than the statewide increase of 16.4 percent accounted for almost two-thirds of all families filing returns in 1981. More than half of Minnesota counties experienced at least a 12 percent increase in median family income over the three-year period.

Several southern agricultural counties, along with a band of counties stretching northwest from Pine County in east central Minnesota, reported the smallest changes in median income from 1979 to 1981. Counties in the northern half of the state showing the smallest changes in median family income generally were also reporting double-digit unemployment rates during the latter months of 1981.

Metropolitan Counties Continue to be Income Leaders

The highest 1981 median family incomes were found in three areas of the state: counties surrounding Minneapolis and Saint Paul; Olmsted County in southeastern Minnesota; and St. Louis and Lake Counties in the northeast region of the state (Figure 2).

Washington County with \$29,262 and Dakota County with \$29,215 had the highest 1981 median family incomes in the state, both exceeding the state median by more than 25 percent. The two counties have ranked first and second at least since the early 1970s. The Twin Cities metropolitan counties account for nearly one-half of the state's population and have consistently reported the state's highest median incomes. All seven counties in the metropolitan area, plus neighboring Sherburne County, showed median family incomes which were greater than the median income of all families in the state. Of the eight counties, however, only Hennepin, Ramsey and Washington reported percentage increases in 1981 income greater than the statewide rate of change.

Family median income in Olmsted County, well above the state median, was more than 18 percent higher than the median income of all families in its southeastern region of the state. The difference can be explained, in part, by the high concentration of medical, hospital and research personnel in the city of Rochester. Olmsted County has consistently ranked high among Minnesota's 87 counties in terms of family income.

Despite closings and slowdowns in the iron mining industry during 1981, families filing tax returns and living in Lake and St. Louis counties in the northeastern Arrowhead region of the state reported median incomes which were greater than the state median of \$23,230. Both counties also showed higher than average percentage changes in median income from 1980 to 1981. Three factors partially explain these increases: decreasing total numbers of families filing returns over the three-year period; decreasing numbers of filers with incomes under \$20,000; and increasing numbers of families reporting incomes in excess of \$20,000. The median income data reported for these two counties, therefore, may not accurately reflect the rising unemployment caused by the recession and the depressed steel industry.

Changing Weather, Economic Conditions Affect Farm Income

Many southern and western farming counties show median incomes in the lowest category in 1981 (Figure 2). Agricultural areas have historically reported lower money incomes than other areas of the state. Farm incomes are also more likely to fluctuate from year to year because of changing weather conditions and crop prices, unstable transportation and energy costs, and, more recently, the federal government's grain embargo. Portions of southwestern Minnesota, for instance, experienced unusually wet ground conditions in 1979 and then hot, dry weather the following year. Those varying conditions affected crop production, farm prices, and employment in related food processing industries. Although Minnesota enjoyed record crop production in 1981, prices for major farm commodities had fallen substantially by the end of the year.

Clearwater County's 1981 median family income of \$11,000, lowest in the state, was less than half the state median of \$23,230. Like other families in Minnesota's northwestern regions, Clearwater County families have typically reported incomes well below the state median and have consistently reported the lowest incomes in the state. Mahnomon County, adjacent to Clearwater, and Aitkin County in east central Minnesota, also reported median family incomes of less than \$12,000 in 1981.

Figure 2

MEDIAN FAMILY INCOME BY COUNTY: 1981

STATE: \$23,230

