

## 5. Income

Income factors significantly affect the nature of people's consumer choices and local economies, and can reflect the educational attainment and quality of life in a community. Income influences buying and spending power and serves as a gauge for comparison to surrounding areas.

Total personal income for El Dorado County rose by an annual average of 6.9 percent (4 percent when adjusted for inflation) between 1991 and 2003. Between 1989 and 1999, the median household income rose a total of 46.9 percent (9.3 percent when adjusted for inflation). During the same time, the poverty rate in El Dorado County fell 7.8 percent, from 7.7 percent to 7.1 percent. This does not necessarily mean that all residents no longer accounted for in the poverty figure for El Dorado County escaped poverty. It is possible that some of these people may have been squeezed out by higher home prices and a higher cost of living, and were forced to move to another county.

Transfer payments made up 11.4 percent of total personal income in 2003, a slight increase from 11.2 percent in 1990. However, it is interesting to note that while the share of transfer payments increased only slightly, medical payments rose 5 percent. This increase can most likely be attributed to the rising costs of health care nationwide.

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## Total Personal Income

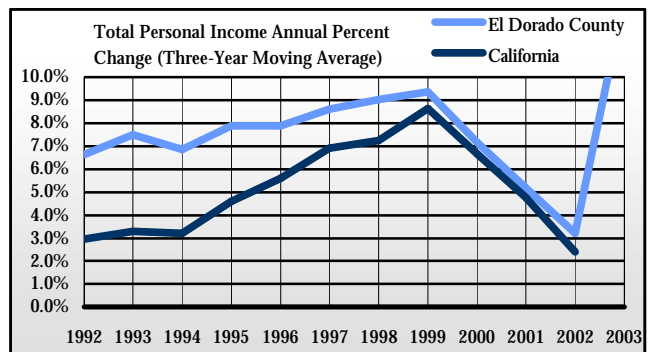
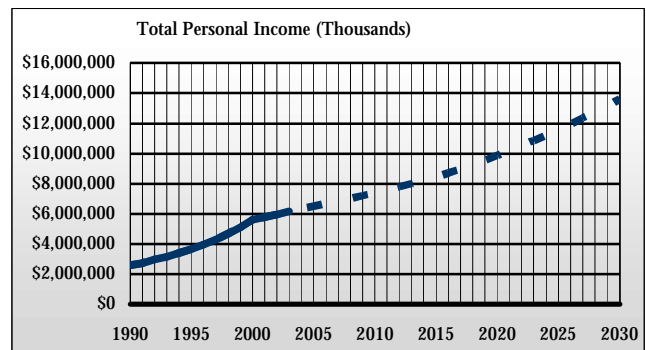
### Overview

Total personal income is calculated by the U.S. Department of Commerce, Bureau of Economic Analysis, as "the sum of wage and salary disbursements, other labor income, the proprietor's income with inventory valuation and capital consumption adjustment, personal dividend income, personal interest income, and transfer payments to persons, minus personal contributions for social insurance."

NOTE: Graphs represent nominal figures.

### El Dorado County

The total personal income in El Dorado County was over \$6.1 billion in 2003, a 3 percent increase from the previous year. When income is adjusted for inflation, increases were 1 percent. Total personal income is expected to increase to \$8.4 billion by 2015. This projection indicates an economy that is steadily growing, with a buyer market that will continue to gain spending power in the future. As the following figure shows, total personal income in El Dorado County has always been competitive with the statewide average.



### Total Personal Income

Year	Nominal		Adjusted for Inflation (\$2004)	
	Total personal income (thousands)	Annual percent change	Total personal income (thousands)	Annual percent change
1990	\$ 2,591,889	n/a	\$ 3,751,519	n/a
1991	\$ 2,741,503	5.8%	\$ 3,810,026	1.6%
1992	\$ 2,996,875	9.3%	\$ 4,021,905	5.6%
1993	\$ 3,142,981	4.9%	\$ 4,110,699	2.2%
1994	\$ 3,404,865	8.3%	\$ 4,391,489	6.8%
1995	\$ 3,655,705	7.4%	\$ 4,638,472	5.6%
1996	\$ 3,947,070	8.0%	\$ 4,909,341	5.8%
1997	\$ 4,277,644	8.4%	\$ 5,207,798	6.1%
1998	\$ 4,684,243	9.5%	\$ 5,591,332	7.4%
1999	\$ 5,117,082	9.2%	\$ 5,933,993	6.1%
2000	\$ 5,595,834	9.4%	\$ 6,255,297	5.4%
2001*	\$ 5,762,650	3.0%	\$ 6,197,148	-0.9%
2002	\$ 5,957,171	3.4%	\$ 6,254,869	0.9%
2003	\$ 6,154,299	3.3%	\$ 6,315,914	1.0%
2015(p)**	\$ 8,418,053	n/a	\$ 9,702,648	n/a
2030(p)**	\$ 13,597,566	n/a	\$ 15,672,555	n/a

Source: U.S. Department of Commerce, Bureau of Economic Analysis

## Components of Total Personal Income

### Overview

According to the U.S. Department of Commerce, total personal income includes the following:

- Earnings by place of work is the total income earned from jobs located in a given county. Based on business tax returns, these earnings can be wages, salary disbursements, other labor income, or the proprietor's (the owner's) income within the county regardless of the employee's place of residence.
- Dividends, interest, and rent are various types of returns on investments. These include payments by corporations, located at home and abroad, to U.S. resident stockholders, as well as monetary and/or imputed interest received by individuals, non-profit institutions, estates, and trusts. An individual's income from real property rentals, and royalties received from patents, copyrights, and rights to natural resources, are also included.
- Personal contributions for social insurance are always below zero, and therefore counted in earnings but not counted as income. This is because contributions are taken out of a paycheck prior to disbursement. These include payments made by employees, by the self-employed, and by other individuals to programs, such as the federal deposit insurance, social security, and Medicare.
- Adjustment by place of residence is made so that total personal income is an indicator that reveals income by place of residence instead of by place of work. This is helpful when examining the amount of people that live and work within the county, not counting commuters. Positive residence adjustments indicate that more people live in the county and work outside the county. Negative residence adjustments indicate that more people work in the county but live outside of it.
- Transfer payments are compensations for work not immediately performed. They can be payments made by government and businesses to individuals and non-profit institutions. Transfer payments include a wide variety of payments that are described in the following section.

Components of Total Personal Income (Thousands)

Year	Earnings by place of work	Dividends, interest, and rent	Transfer payments	Personal contributions for social insurance	Adjustment for residence	Total personal income
1990	\$ 1,041,153	\$ 530,400	\$ 293,918	\$ (62,995)	\$ 811,584	\$ 2,614,060
1991	\$ 1,065,327	\$ 550,218	\$ 337,074	\$ (67,601)	\$ 844,141	\$ 2,729,159
1992	\$ 1,146,332	\$ 551,443	\$ 393,435	\$ (72,121)	\$ 897,718	\$ 2,916,807
1993	\$ 1,188,393	\$ 554,005	\$ 417,035	\$ (75,925)	\$ 939,224	\$ 3,022,732
1994	\$ 1,261,775	\$ 594,674	\$ 419,157	\$ (82,344)	\$ 1,037,794	\$ 3,231,056
1995	\$ 1,284,384	\$ 647,739	\$ 443,539	\$ (83,852)	\$ 1,158,686	\$ 3,450,496
1996	\$ 1,359,663	\$ 681,193	\$ 465,349	\$ (84,635)	\$ 1,269,229	\$ 3,690,799
1997	\$ 1,473,733	\$ 753,764	\$ 476,330	\$ (88,714)	\$ 1,391,420	\$ 4,006,533
1998	\$ 1,722,501	\$ 797,098	\$ 498,815	\$ (102,329)	\$ 1,449,921	\$ 4,366,006
1999	\$ 1,903,632	\$ 827,205	\$ 518,342	\$ (112,906)	\$ 1,591,693	\$ 4,727,966
2000	\$ 2,142,279	\$ 870,053	\$ 546,092	\$ (124,534)	\$ 1,606,089	\$ 5,039,979
2001*	\$ 2,465,159	\$ 1,005,507	\$ 617,731	\$ (256,482)	\$ 1,930,735	\$ 5,762,650
2002	\$ 2,617,845	\$ 1,003,531	\$ 669,232	\$ (274,497)	\$ 1,941,060	\$ 5,957,171
2003	\$ 2,774,201	\$ 978,853	\$ 703,085	\$ (290,200)	\$ 1,988,360	\$ 6,154,299
2015(p)	\$ 2,226,048	\$ 1,462,845	\$ 1,055,922	\$ (419,789)	\$ 2,704,723	\$ 9,702,648
2030(p)	\$ 3,615,479	\$ 2,398,284	\$ 1,895,787	\$ (741,687)	\$ 4,257,703	\$ 15,672,555

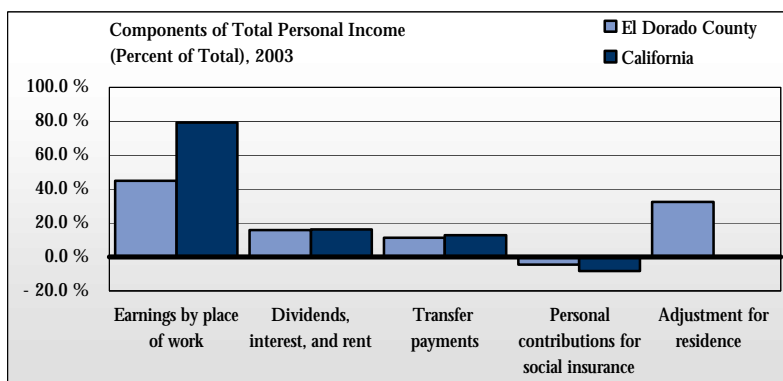
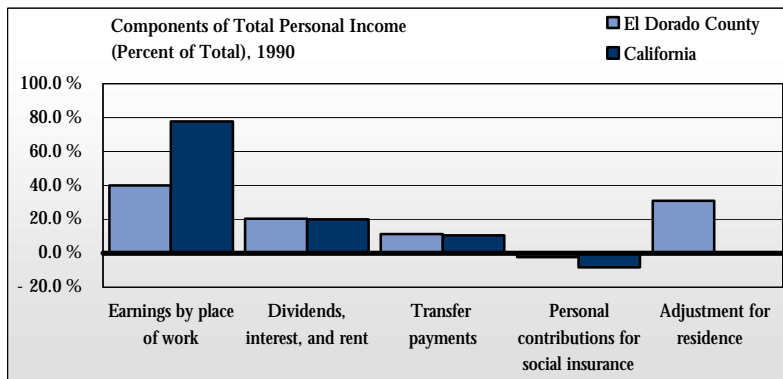
Source: U.S. Department of Commerce, Bureau of Economic Analysis

NOTE: Parentheses indicate a negative value.

\*Beginning in 2001, data reflects the newly implemented North American Industry Classification System (NAICS). Therefore, data may reflect these altered classifications. This system is to replace the previous U.S. Standard Industrial Classification (SIC) database for all future annual economic census information.

**El Dorado County**

Approximately 45 percent of the income of El Dorado County residents came from earnings by place of work in 2003, compared to 79 percent in California. Another 16 percent of income in the county came from dividends, interest, and rent, and over 11 percent came from transfer payments. There was a 32 percent adjustment for residence in the county in 2003, indicating that residents of El Dorado County commuted outside the county for work. Therefore, about 32 percent of all income was earned outside the county, while a proportion of that income was likely spent within the county.



## Components of Transfer Payments

### Overview

Transfer payments are a component of total personal income. They are payments made by the government or a business to an individual or non-profit institution. The payment cannot be compensation for current work or a service previously performed. Returns on investments, such as dividends, interest, and rent are not considered transfer payments. The nine major components of transfer payments are listed below:

- Retirement and disability insurance benefit payments include the Old Age, Survivors and Disability Insurance (OASDI), commonly known as social security, and a variety of other programs, such as federal, state, and local government employee retirement benefits.
- Medical payments include Medicare, Medicaid, and the Civilian Health and Medical Plan of the Uniformed Services program (CHAMPUS) payments.
- Income maintenance benefit payments include SSI, TANF, CalWORKs, food stamps, and other income supplements.
- Unemployment insurance benefit payments include state, federal, veteran, and other unemployment compensation.
- Veteran benefit payments include veteran pensions, life insurance, educational assistance, and other payments to veterans and their survivors.
- Federal education and training assistance payments include payments to non-veterans in the form of fellowships, loan interest subsidies, educational grants, and Job Corps payments.
- Other payments to individuals include Indian Affairs payments, compensation to survivors of fallen public safety officers and victims of crime or disaster, compensation for Japanese internment, and other special payments to individuals.
- Payments to non-profit institutions consist of the payments made by the federal government, state governments, local governments, and businesses to non-profit organizations that serve individuals. These payments

Components of Transfer Payments (Thousands)

Year	Government Payments to Individuals									
	Ret. & disab. insurance benefit payments	Medical payments	Income maintenance benefit payments	Unemp. insurance payments	Veterans' benefit payments	Fed. educ. & training assistance payments	Other payments to individuals	Payments to non profit institutions	Business payments to individuals	
1990	\$ 146,835	\$ 77,345	\$ 29,088	\$ 8,548	\$ 8,465	\$ 1,616	\$ 967	\$ 8,283	\$ 8,998	
1991	\$ 165,420	\$ 90,736	\$ 32,276	\$ 15,623	\$ 8,627	\$ 1,393	\$ 981	\$ 9,788	\$ 6,930	
1992	\$ 182,126	\$ 114,179	\$ 35,351	\$ 26,608	\$ 8,509	\$ 1,482	\$ 1,319	\$ 10,672	\$ 5,528	
1993	\$ 191,604	\$ 127,973	\$ 36,912	\$ 27,903	\$ 8,670	\$ 1,407	\$ 622	\$ 11,910	\$ 4,165	
1994	\$ 186,877	\$ 137,181	\$ 40,204	\$ 17,597	\$ 9,194	\$ 1,693	\$ 631	\$ 13,687	\$ 3,339	
1995	\$ 196,112	\$ 147,142	\$ 42,776	\$ 15,594	\$ 9,375	\$ 2,337	\$ 540	\$ 14,799	\$ 6,141	
1996	\$ 206,477	\$ 159,403	\$ 44,480	\$ 14,944	\$ 10,361	\$ 2,108	\$ 495	\$ 14,479	\$ 8,246	
1997	\$ 216,721	\$ 165,559	\$ 40,336	\$ 13,188	\$ 10,427	\$ 3,398	\$ 490	\$ 15,440	\$ 6,104	
1998	\$ 227,910	\$ 173,608	\$ 40,321	\$ 12,472	\$ 11,946	\$ 2,820	\$ 477	\$ 16,161	\$ 9,595	
1999	\$ 238,953	\$ 182,121	\$ 40,544	\$ 11,759	\$ 12,684	\$ 2,947	\$ 480	\$ 17,854	\$ 12,893	
2000	\$ 256,127	\$ 190,831	\$ 42,573	\$ 11,181	\$ 13,611	\$ 2,352	\$ 759	\$ 18,141	\$ 17,763	
2001	\$ 279,149	\$ 222,398	\$ 42,976	\$ 14,169	\$ 14,672	\$ 2,501	\$ 1,297	\$ 20,325	\$ 20,244	
2002	\$ 299,375	\$ 237,118	\$ 46,300	\$ 30,150	\$ 16,107	\$ 2,075	\$ 1,176	\$ 23,429	\$ 13,502	
2003	\$ 315,418	\$ 250,016	\$ 49,371	\$ 32,433	\$ 17,596	\$ 1,719	\$ 787	\$ 25,046	\$ 10,699	

Source: U.S. Department of Commerce, Bureau of Economic Analysis

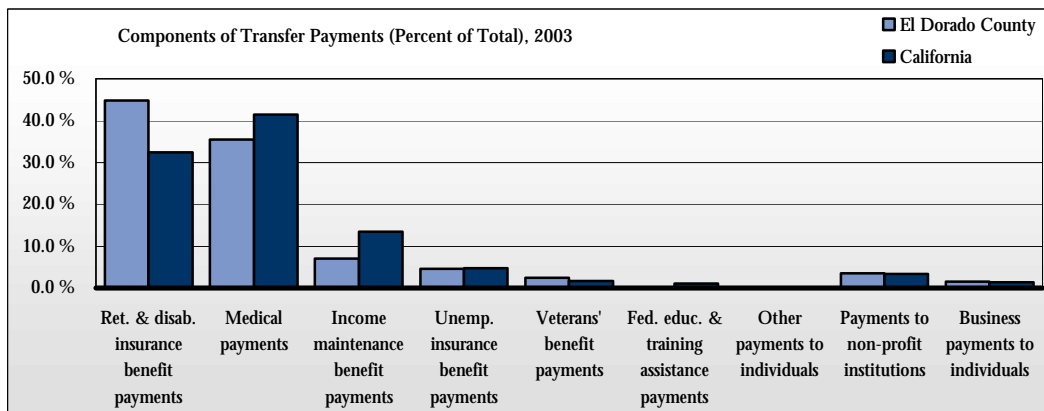
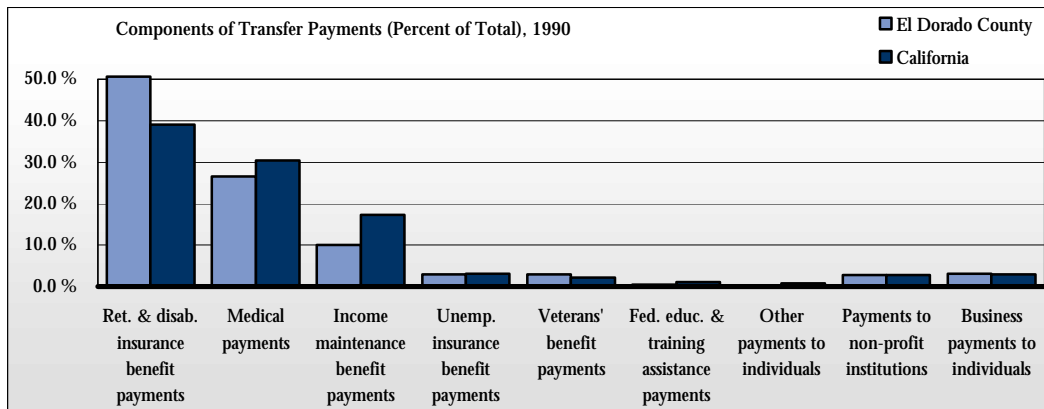
exclude federal government payments for work under research and development contracts.

- Business payments to individuals include any payments to non-employees and consist largely of personal injury liability payments to individuals.

Transfer payments are important when considering federal, state, and local expenditures. They are estimated on the basis of directly reported data and are payments to persons for services that are not obtained in the current period. In order to have an accurate view of a county's economic condition, it is pertinent to know these categorical breakdowns and their definitions.

*El Dorado County*

In El Dorado County, retirement and disability insurance benefit payments accounted for 45 percent of total transfer payments in 2003, compared to 32.5 percent in California. Medical payments made up the next largest portion with 35.6 percent of total transfer payments, and saw the highest increase between 1990 and 2003. All other categories experienced between -5.7 and 2 percent changes during the same time. A similar trend occurred throughout the state, with medical payments increasing 11 percent. Total government payments to individuals in El Dorado County accounted for 50 percent of all transfer payments in 2003, compared to 63 percent in California.



## Per Capita Income

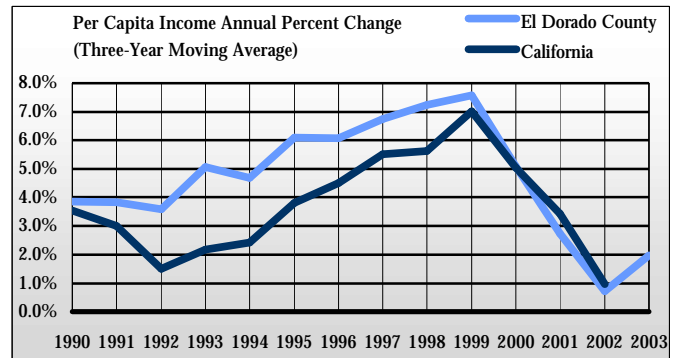
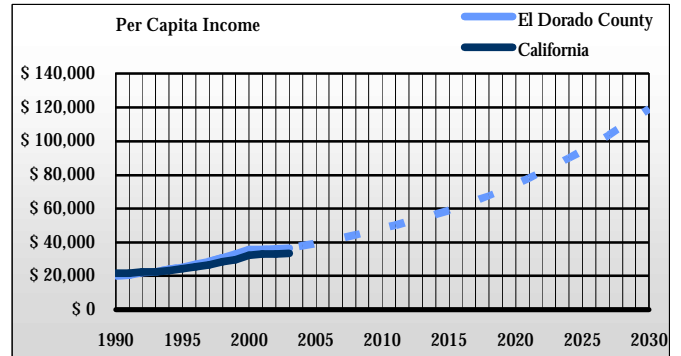
### Overview

Per capita income is defined as total income divided by total population. It is the broadest statistical measure of economic well-being in the county. Changes in per capita income indicate trends in a county's standard of living, or the availability of resources to an individual, family, or society. Per capita income tends to follow the business cycle, rising in the peaks and falling in the troughs. It can also be used to measure the amount of funding that a county is eligible to receive from grant-making organizations.

NOTE: Graphs represent nominal figures.

### El Dorado County

The nominal per capita income in El Dorado County in 2003 was \$36,373, or 1.2 percent more than the previous year. Per capita income is expected to rise to \$58,742 by 2015. Typically, the per capita income of El Dorado County has matched statewide trends, rising and falling with the California average.



Per Capita Income

Year	Nominal		Adjusted for Inflation (2004\$)	
	Per capita income	Annual percent change	Per capita income	Annual percent change
1990	\$ 20,257	n/a	\$ 29,320	n/a
1991	\$ 20,656	2.0%	\$ 28,707	-2.1%
1992	\$ 22,034	6.7%	\$ 29,570	3.0%
1993	\$ 22,507	2.1%	\$ 29,437	-0.5%
1994	\$ 23,963	6.5%	\$ 30,907	5.0%
1995	\$ 25,286	5.5%	\$ 32,084	3.8%
1996	\$ 26,876	6.3%	\$ 33,428	4.2%
1997	\$ 28,596	6.4%	\$ 34,814	4.1%
1998	\$ 30,755	7.6%	\$ 36,711	5.4%
1999	\$ 33,146	7.8%	\$ 38,438	4.7%
2000	\$ 35,597	7.4%	\$ 39,792	3.5%
2001	\$ 35,705	0.3%	\$ 38,397	-3.5%
2002	\$ 35,937	0.6%	\$ 37,733	-1.7%
2003	\$ 36,373	1.2%	\$ 37,328	-1.1%
2015(p)*	\$ 58,742	n/a	n/a	n/a
2030(p)*	\$ 119,436	n/a	n/a	n/a

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Per Capita Income by City or Town

	1989	1989, Adjusted for inflation	1999
City of Placerville	\$ 13,783	\$ 18,518	\$ 19,151
City of South Lake Tahoe	\$ 12,580	\$ 16,902	\$ 18,452

Source: U.S. Department of Commerce, Bureau of the Census

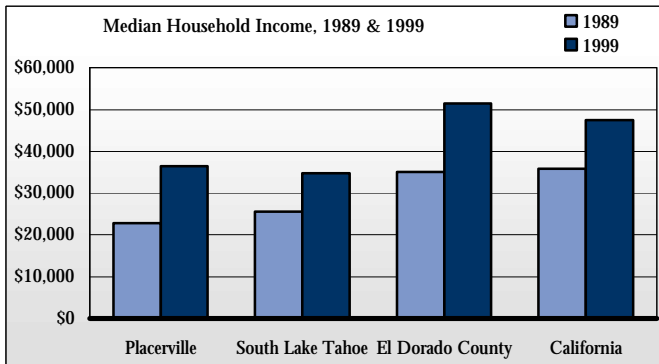
## Median Household Income

### Overview

Median household income is the amount which divides the income distribution into two equal groups, half having incomes above the median, half having incomes below the median. The medians for households, families, and unrelated individuals are based on all households, families, and unrelated individuals, respectively. The medians for people are based on people 15 years old and over with income. It is also a popular measure of a region's income level and is often used for researching funding opportunities.

However, median household income is not a major determinant of standard of living. It is possible for a region to have a high standard of living, but a low median household income. This could be due to a favorable environment or lower cost of living expenses, which can increase the quality of life. Also, the contributions to median household income by unincorporated areas within a particular county are not factored in.

NOTE: Graphs represent nominal figures.



### Median Household Income (Nominal)

	1989	1999	Percent change
City of Placerville	\$ 22,722	\$ 36,454	60.4 %
City of South Lake Tahoe	\$ 25,596	\$ 34,707	35.6 %
El Dorado County	\$ 35,058	\$ 51,484	46.9 %
California	\$ 35,798	\$ 47,493	32.7 %

Source: U.S. Department of Commerce, Bureau of the Census

### Median Household Income (1999 Dollars)

	1989	1999	Percent change
City of Placerville	\$ 30,528	\$ 36,454	19.4%
City of South Lake Tahoe	\$ 34,389	\$ 34,707	0.9%
El Dorado County	\$ 47,102	\$ 51,484	9.3%
California	\$ 48,096	\$ 47,493	-1.3%

Source: U.S. Department of Commerce, Bureau of the Census

### Median Household Income by County (Nominal)

El Dorado County	California
2000	\$ 46,836
2001	\$ 47,064
2002	\$ 47,323
2003	\$ 48,440

Source: U.S. Department of Commerce, Bureau of the Census

### El Dorado County

The total median household income in El Dorado County in 1999 was \$51,484, compared to \$47,493 in California in the same year. The city of Placerville had the highest median household income in the county, at \$36,454, and saw the highest increase between 1989 and 1999. El Dorado County's median household income was higher than the state average in 1999, indicating that its residents have more spending power than the average Californian.



## Poverty Rate

### Overview

Following the Office of Management and Budget's (OMB) Statistical Policy Directive 14, the Census Bureau uses a set of money income thresholds that vary by family size and composition to determine whether or not a family is in poverty. Poverty status is defined by family; either everyone in the family is in poverty or no one in the family is in poverty. The characteristics of the family used to determine poverty status are: number of people, number of related children under 18, and whether the primary householder is over age 65. If a family's total income is less than their threshold, then that family is considered to be impoverished. The poverty thresholds do not change geographically, but they are updated annually for inflation using Consumer Price Index (CPI-U). The official poverty definition includes money income before taxes and does not include capital gains or noncash benefits, such as public housing, Medi-Cal, or food stamps. Poverty is not defined for people in military barracks, institutional group quarters, or for unrelated individuals under the age of 15, such as foster children. A high poverty rate in a given area indicates a sagging economy and underdeveloped business in the community. It may also indicate a scarcity of available employment.

The Poverty Rate also affects such indicators as Educational Attainment and standard of living, and provides insight into the health and welfare of the children in a particular county. According to the National Center for Children in Poverty located at Columbia University, 41 percent of the children in California live in low-income households (compared to 38 percent nationally), and 17 percent of the state's children live in poverty (which equaled the national percentage).

### El Dorado County

The average poverty rate in El Dorado County in 1999 was 7.1 percent, well below the statewide average of 14.2 percent. While the poverty rate throughout California as a whole increased between 1989 and 1999, the rate in El Dorado County actually decreased. This is certainly a positive trend for the county, and indicates a healthy and growing economy.

	1989	1999
City of Placerville	11.9%	12.1%
City of South Lake Tahoe	12.8%	12.5%
El Dorado County	7.7%	7.1%
California	12.5%	14.2%

Source: U.S. Department of Commerce, Bureau of the Census

El Dorado County	California	
1989	7.7%	12.5%
1999	7.1%	14.2%
2000	7.3%	12.7%
2001	7.3%	12.9%
2002	7.1%	13.3%
2003	7.5%	13.8%

Source: U.S. Department of Commerce, Bureau of the Census

