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Report: Nevadans' income doesn't keep up with inflation

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Steve Timko
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The average income for Nevadans increased only a fraction of a percent between 2001 and 2002, failing to keep up with inflation, according to a federal report released Wednesday.

Nevada ranked 49th in per capita income increase, according to the U.S. Department of Commerce's Bureau of Economic Analysis report. The 0.2 percent increase dropped Nevada from 17th nationally in per capita income to 19th.

Nationally, average incomes increased by 1.7 percent during the same period — slightly ahead of the inflation rate of 1.6 percent.

A person would have to earn \$1,016 in 2002 to have the same buying power that \$1,000 had in 2001, according to U.S. Bureau of Labor Statistics information.

For some northern Nevadans, the lag in personal income growth is evident every payday.

Darryl McKay, a 64-year-old truck driver from Carson City, says he's gone three years without a raise, the longest stretch without a raise in his life.

"I've always worked in the trucking industry, and I've always gotten raises each year," McKay said.

His last raise "was a pretty good one," McKay said, but he doesn't "see anything changing because the companies just aren't doing that good either."

Wells Fargo economist Sung Won Sohn said Nevada and California suffer from the same two economic problems.

"We are getting less capital gains from financial markets. The stock market has not been that great," Sohn said. "Many of the higher-paying jobs relating to technology have disappeared or gone away."

In Nevada, while more jobs are being created and overall, companies have higher payrolls, the loss of stock market income and the loss of technology-related jobs mean people earn less, Sohn said.

He expects Nevada incomes to make bigger gains as the economy picks up.

"We're not talking about anything close to the booms we had in the 1990s," Sohn said. "While the direction is up, the rate of increase will probably remain fairly moderate."

Nevada state economist Bill Anderson said the report contains good and bad news.

ASSEMBLY COMMITTEE ON TAXATION
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SUBMITTED BY: RAY BACON

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"That's another piece of evidence that although our economy continues to grow at a relatively rapid rate, it brings with it growth-induced pressures," Anderson said. "We generate solid income growth, but we also generate significant increases in demand on state services."

Keith Schwer, director of the Business and Economic Research Center at the University of Nevada, Las Vegas, said the 2002 economy also could reflect more "discouraged workers" who have given up trying to get jobs.

"That portion of the labor market is growing, so you have less people out there earning income, other things being equal," Schwer said.

Reno software developer Karen Kokiko, 46, said the last year has been rough for her business. Software has been a tough sell to her customers when "they're still trying to figure out how to buy pencils for their staffs," Kokiko said.

Still, the next 12 months is shaping up to be more promising than the last 12 months.

"I have a lot of meetings set up," Kokiko said. "People are more ready to talk about this now."

Hairstylist Nichelle Griffiths, 28, of Reno said her income has only been going up the last three years as she collects more loyal clients. After she got married, she has even more money to spend because she doesn't pay rent any more.

"I'm able to save more money," Griffiths said. "I'm thinking about buying a house."

Still, it's not all rosy, she conceded.

"A lot of people I know aren't doing so well," Griffiths said. "They're in jobs, but they're looking for careers."

The waiting list at Consumer Credit Counseling Service of Northern Nevada has stretched from two days to eight days as people grapple with less income, Manager Jill Perry said.

"I would say our business has increased 25 percent in the last eight months, at least," Perry said.

Her staff is working with clients who make \$1,000 a month all the way up to people making \$100,000 a month, Perry said.

"Most of them are the working poor. In fact, two-income working poor," she said. "If you're counting on two incomes and you lose one, it can be devastating."

About 40 percent of the clients are able to get their financial problems under control after help from her staff, Perry said. Others face more difficult problems.

"Creditors are not working with people like they used to, so (people in financial problems) really need to come in and get more assistance," Perry said.

Nevadans increase earnings

The money Nevadans collectively earned increased between 2001 and 2002 as the population grew, but the average amount each person earned was flat, according to figures released Wednesday by the U.S. Department of Commerce's Bureau of Economic Analysis. The two-tenths of a percent increase in per capita income was the second lowest in the nation, the figures show. But the 3.8 percent increase in personal income -- salaries, wages, investment income and other money earned by people and not corporations -- between 2001 and 2002 ranked 19th in the country. Nevada's 3.8 percent population growth in the same period led the nation.

Location	2001 per capita income	2002 per capita income	2002 rank	Percent change 2001-2002	*2001 per personal income	*2002 per personal income	Percent change 2001-2002
Top 5							
Connecticut	\$42,377	\$42,706	1	0.8%	\$145,548	\$147,784	1.5%
New Jersey	38,625	39,453	2	2.1	328,743	338,912	3.1
Massachusetts	38,864	39,244	3	1	248,778	252,252	1.4
Maryland	35,279	36,298	4	2.9	190,015	198,119	4.3
New York	35,878	36,043	5	0.5	684,704	690,488	0.8
Nevada	\$30,128	\$30,180	19	0.2%	\$63,200	\$65,596	3.8%
Bottom 5							
Utah	\$24,033	\$24,306	46	1.1%	\$54,764	\$56,299	2.8%
New Mexico	23,081	23,941	47	3.7	42,260	44,412	5.1
West Virginia	22,862	23,688	48	3.6	41,174	42,682	3.7
Arkansas	22,750	23,512	49	3.4	61,304	63,720	3.9
Mississippi	21,653	22,372	50	3.3	61,922	64,248	3.8

*In the millions

Source: U.S. Department of Commerce's Bureau of Economic Analysis S. Reich/Reno Gazette-Journal