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# Gain in per-capita income slows in LR

BY DAVID SMITH

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LITTLE ROCK — Little Rock's per-capita income slowed dramatically last year,

failing to keep pace with inflation, the U.S. Bureau of Economic Analysis said Thursday.

Income grew at 1.2 percent in Little Rock last year. The government statistics are not adjusted for inflation, which was 3.8 percent last year, said Michael Pakko, state economic forecaster and chief economist for the University of Arkansas at Little Rock's Institute for Economic



Little Rock's per-capita income was about \$38,200 last year, 96th in the country and only slightly higher than the \$37,700 in 2007. The city's average income grew by 7.5 percent in

Per-capita income is the total income of residents in a given area divided by the population of the area.

Per-capita income growth also fell below the inflation rate in three other Arkansas metro

The Fayetteville-Springdale-Rogers area's per-capita income grew 2.6 percent last year to about \$32,400, compared with about \$31,600 in 2007.

Fort Smith's average income grew 3.2 percent to about \$30,100last year, compared with about \$29,200 in 2007.

Hot Springs' per-capita income grew 3.6 percent to about \$32,900 from about \$31,800 in

The growth rate last year for per-capita income ranged from 4.7 percent in Texarkana to Little Rock's 1.2 percent. In 2007, the state's seven metropolitan areas had per-capita income growth ranging from 7.5 percent in Little Rock to 4.2 percent in Fort Smith, compared with 2006.

One factor that contributed to the big increase in Little Rock's per-capita income growth in 2007 was a large total of bonuses paid to executives of Alltel Corp. after the telecommunication company was sold, agreed Kathy Deck, director of the Center for Business and Economic Research at the University of Arkansas in Fayetteville, and John Shelnutt, who is the administrator for economic analysis and tax research for the state's Department of Finance and Administration.

Little Rock-based Alltel first was sold to two private equity companies and later was purchased by Verizon Wireless.



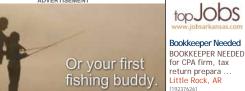
Also to explain the capital city's drop from best to worst in Arkansas income growth over the two-year period, Shelnutt said Little Rock's population grew at a slightly higher rate last year than in 2007. That would have caused the per-capita income to drop slightly, he said.

And sometimes big swings just have to do with the way the numbers are reported, Deck said.

"You tend to notice over the years that [the statistics] are not necessarily consistent year to year," Deck said.

Every metro area in the state grew at a slower pace last year than in 2007.

"It's not surprising, of course, that we saw a decline in the growth rate from the previous year," Pakko, the economic forecaster, said. "Of course, 2008 was a recession year. But it



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is encouraging to see consistent positive growth across the state."

Still, it is important that the state and its major cities keep pace with the country's average per-capita income, Deck said. For years, a goal of the state's Arkansas Economic Development Commission has been to raise the state's per-capita income tothe national average.

Per-capita income across Arkansas lags behind the country, Deck said. No metropolitan area in the state reached the level of the national average per-capita income of about \$38,600 last year.

"It is critical that we grow at rates better than the national average if we're ever going to catch up," she said. "So certainly this is not good news."

Jeff Collins, an economist with Streetsmart Data Services near Fayetteville, noted that the inflation rate is a national rate and that some areas of the country aren't doing so badly, including Arkansas.

Even though energy prices in Arkansas are similar to national prices, there have been declines in housing prices in Arkansas. The state's unemployment rate also is better than most areas of the country, Collins said. He said the inflation rate in Arkansas is probably lower than the national rate.

"What that means to me is that we're probably not faring any worse than anybody else and in some ways we may be faring a little bit better," Collins said.

The Bureau of Economic Analysis said the U.S. metropolitan areas with the highest per-capita incomes were Bridgeport, Conn., at \$82,266; Naples, Fla., at \$64,349; San Francisco with \$61,747; Sebastian, Fla., at \$61,274; and San Jose, Calif., at \$58,802.

The cities with the lowest per-capital income among the nation's 366 metropolitan statistical areas were McAllen, Texas, at \$19,377; Brownsville, Texas, at \$20,798; Provo, Utah, at \$21,758; Laredo, Texas, at \$22,346; and Logan, Utah, at \$23,655.

In Arkansas, Pine Bluff had the lowest per-capital income in 2008 among the seven metropolitan areas. It ranked 348th nationally, at \$27,014.

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