

Income Perspectives in Connecticut

*A Research Brief Prepared by Jeff Blodgett, Vice President, Research
and Alissa DeJonge, Economist
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It is widely known that Connecticut has the highest per capita income in the country and has held that title for decades. One also often hears that, absent Fairfield County, per capita income in Connecticut would be much lower than it currently is. This rudimentary analysis serves to dispel that myth.

Calculating per capita income is a fairly straightforward process. One simply takes the total personal income for a region and divides by the number of residents in that same region. The result is the average income for every man, woman and child that reside in the specified area. In the current case the total personal income is summed for each county in Connecticut, excluding Fairfield County, and divided by the total population, again excluding Fairfield County. The results, as shown below in Figure 1, indicate clearly that even without the high incomes characteristic of Connecticut's Gold Coast, the state still ranks in the top four.

Figure 1: Connecticut, Including and Not Including Fairfield County, Has a Relatively High Per Capita Income, 2004

Rank	Excluding Fairfield County	P.C. Inc	Rank	Actual	P.C. Inc
		United States		\$33,050	
1	Massachusetts	\$42,176	1	Connecticut	\$45,318
2	New Jersey	\$41,626	2	Massachusetts	\$42,176
3	Maryland	\$39,631	3	New Jersey	\$41,626
4	Connecticut	\$39,185	4	Maryland	\$39,631
5	New York	\$38,264	5	New York	\$38,264
6	New Hampshire	\$36,616	6	New Hampshire	\$36,616
7	Minnesota	\$36,184	7	Minnesota	\$36,184
8	Virginia	\$36,160	8	Virginia	\$36,160
9	Colorado	\$36,113	9	Colorado	\$36,113
10	Delaware	\$35,728	10	Delaware	\$35,728

Source: U.S. Bureau of Economic Analysis

Despite the fact that the exclusion of Fairfield County income has a relatively modest effect on the state ranking, that per capita income drops by more than \$6,000 in this fictitious scenario speaks volumes about the affluence of Connecticut's 'Gold Coast'. This can be further illustrated by comparing the county's share of total state income and population at two points in time. In 1969, Fairfield County accounted for 26 percent of the state's population and 31.5 percent of its personal income. Fast forward to 2004 and we find that the county's share of state population has remained virtually unchanged at 25.8 percent while its share of state personal income has increased to 35.8 percent.

It follows that if Fairfield County's share of the Connecticut income pie increased by 4.3 percentage points, then other counties must have a reduced share. As shown in Figure 2, both New Haven and Hartford Counties have had their share of total state personal income decline, while the remaining counties have remained basically flat or have had

slight increases. It is important to recognize that a reduced share does not necessarily mean that income declined, it simply means that some counties grew faster than others.

Figure 2: Population and Income Shifts Within Connecticut, 1969-2004

State/ County	1969				2004			
	Population	% CT Pop	Income	% CT Income	Population	% CT Pop	Income	% CT Income
Connecticut	3,000,000	100.0%	\$14,501,554	100.0%	3,498,966	100.0%	\$158,565,559	100.0%
Fairfield	780,867	26.0%	\$4,568,644	31.5%	901,819	25.8%	\$56,795,616	35.8%
Hartford	808,574	27.0%	\$3,874,696	26.7%	873,879	25.0%	\$36,549,663	23.1%
Litchfield	141,990	4.7%	\$656,809	4.5%	189,258	5.4%	\$7,619,753	4.8%
Middlesex	112,020	3.7%	\$502,505	3.5%	162,169	4.6%	\$6,646,587	4.2%
New Haven	747,063	24.9%	\$3,310,609	22.8%	844,342	24.1%	\$32,299,660	20.4%
New London	225,553	7.5%	\$872,849	6.0%	266,107	7.6%	\$10,059,222	6.3%
Tolland	100,439	3.3%	\$397,886	2.7%	146,769	4.2%	\$5,157,225	3.3%
Windham	83,494	2.8%	\$317,556	2.2%	114,623	3.3%	\$3,437,833	2.2%

Source: U.S. Bureau of Economic Analysis; Calculations by CERC

In Figure 3, we see that Fairfield is the only county to have its per capita income above the state average in both 1969 and 2004. And only Fairfield and New London counties saw increases in their shares of the state average of per capita income—all of the others counties saw declines during these two points in time.

Figure 3: County Shares of Connecticut Per Capita Income, 1969 and 2004

State/ County	1969		2004		1969-2004
	Per Capita Income	% CT Per Capita Income	Per Capita Income	% CT Per Capita Income	Change, % CT Per Capita Income
Connecticut	\$4,834	100.0%	\$45,318	100.0%	-
Fairfield	\$5,851	121.0%	\$62,979	139.0%	17.9%
Hartford	\$4,792	99.1%	\$41,825	92.3%	-6.8%
Litchfield	\$4,626	95.7%	\$40,261	88.8%	-6.9%
Middlesex	\$4,486	92.8%	\$40,986	90.4%	-2.4%
New Haven	\$4,431	91.7%	\$38,254	84.4%	-7.3%
New London	\$3,870	80.1%	\$37,801	83.4%	3.4%
Tolland	\$3,961	82.0%	\$35,138	77.5%	-4.4%
Windham	\$3,803	78.7%	\$29,993	66.2%	-12.5%

Source: U.S. Bureau of Economic Analysis; Calculations by CERC

As we saw in the previous figure, only two counties were able to improve their share of Connecticut's average per capita income. If the other six counties were able to hold on to their 1969 shares of the state's per capita income, their per capita levels would have been higher. Figure 4 compares the actual per capita income for 2004 with a hypothetical per capita income level. The hypothetical income for each county is calculated by multiplying the 2004 state per capita income by each county's share of state per capita income in 1969. Here again we see that Fairfield and New London counties are outperforming the other counties in the state.

Figure 4: Comparing Actual and Hypothetical Per Capita Income Levels, 2004

State/ County	1969	2004	2004	2004
	% CT Per Capita Income	Actual Per Capita Income	Hypothetical Per Cap Income	Difference Between Actual & Hypothetical
Connecticut	100.0%	\$45,318	-	-
Fairfield	121.0%	\$62,979	\$54,851	\$8,128
Hartford	99.1%	\$41,825	\$44,926	-\$3,101
Litchfield	95.7%	\$40,261	\$43,367	-\$3,106
Middlesex	92.8%	\$40,986	\$42,055	-\$1,070
New Haven	91.7%	\$38,254	\$41,546	-\$3,292
New London	80.1%	\$37,801	\$36,280	\$1,521
Tolland	82.0%	\$35,138	\$37,139	-\$2,001
Windham	78.7%	\$29,993	\$35,657	-\$5,664

Source: U.S. Bureau of Economic Analysis; Calculations by CERC

From the previous figures and analyses we notice that Connecticut's per capita income level is high whether Fairfield County is included or excluded in the analysis. However, in terms of growth, Fairfield County is propelling forward. These results would imply that income distribution is becoming increasingly skewed within the state.