**Average wage per job**

Wage and salary disbursements consists of the monetary remuneration of employees, including the compensation of corporate officers; commissions, tips, and bonuses; and receipts in kind, or pay-in-kind, such as the meals furnished to the employees of restaurants. It reflects the amount of payments disbursed, but not necessarily earned during the year.

Average wage per job is wage and salary disbursements divided by the number of wage and salary jobs (total wage and salary employment).

# Nonfarm proprietors' income

Nonfarm Proprietors' Income consists of the income that is received by nonfarm sole proprietorships and partnerships and the income that is received by tax-exempt cooperatives.

The national estimates of nonfarm proprietors' income are primarily derived from income tax data. Because these data do not always reflect current production and because they are incomplete, the estimates also include four major adjustments--the inventory valuation adjustment, the capital consumption adjustment, the "misreporting" adjustment, and the adjustment for the net margins on owner-built housing.

The inventory valuation adjustment offsets the effects of the gains and the losses that result from changes in the prices of products withdrawn from inventories; this adjustment for recent years has been small, but it is important to the definition of proprietors' income.

The capital consumption adjustment changes the value of the consumption, or depreciation, of fixed capital from the historical-cost basis used in the source data to a replacement-cost basis.

The "misreporting" adjustment adds an estimate of the income of sole proprietors and partnerships that is not reported on tax returns.

The adjustment for the net margins on owner-built housing is an addition to the estimate for the construction industry. It is the imputed net income of individuals from the construction or renovation of their own dwellings.

The source data necessary to prepare these adjustments are available only at the national level. Therefore, the national estimates of nonfarm proprietors' income that include the adjustments are allocated to states, and these state estimates are allocated to the counties, in proportion to tax return data that do not reflect the adjustments.

In addition, the national estimates include adjustments made to reflect decreases in monetary and imputed income that result from damage to fixed capital and to inventories that is caused by disasters, such as hurricanes, floods, and earthquakes. These adjustments are attributed to states and counties on the basis of information from the Federal Emergency Management Agency.

# Per capita personal income

Personal income is the income that is received by persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

This measure of income is calculated as the personal income of the residents of a given area divided by the resident population of the area. In computing per capita personal income, BEA uses the Census Bureau's annual midyear population estimates.

# Population

BEA uses the Census Bureau's midyear population estimates. Except for college students and other seasonal populations, which are measured on April 1, the population for all years is estimated on July 1.

# Wage and salary employment

Wage and salary employment, also referred to as wage and salary jobs, measures the average annual number of full-time and part-time jobs in each area by place-of-work. All jobs for which wages and salaries are paid are counted. Full-time and part-time jobs are counted with equal weight.

Jury and witness service, as well as paid employment of prisoners, are not counted as wage and salary employment; the payments for these activities are classified as "other labor income" in the personal income measure. Corporate directorships are counted as self-employment.

# Aggregate Income

# Aggregate income is calculated as the population multiplied by per capita personal income which are both defined above.

The tax ratios are defined as:

Tax\_ratio = (1+taxit)/(1+taxjt)

The dependent variable ratio, written as *dv\_ratio* is defined as: