



Analytics

Published by the Caesar Rodney Institute

RELEASE: CRI - Center for Economic Policy and Analysis

RE: Money Walks – A Tale of Two Counties

DATE: 5/7/19

The IRS compiles aggregate data on personal income tax returns and, among other things, shows the movement of household adjusted gross income (AGI) among counties. The latest data, 2015-16, paints a divergent tale for Delaware's most northern and southern counties.

Between 2015-16 net out-migration from New Castle County reduced the County's total personal income by more than \$177 million (-1.1% of total income). The average AGI of households moving into the County was \$65,700 while the average AGI for households moving out of the County was \$78,600. The majority of the net loss occurred from the streams of U.S. citizen households moving from state to state.

The poor quality of New Castle County public schools certainly played a role among educated professionals with children as the average AGI of households moving out to Chester County, Pennsylvania was \$122,700. These households represented that largest group of state-to-state migrants.

Retirement at the beach was a factor with the AGI of households moving to Sussex County was \$87,300 compared to the New Castle County overall AGI average of \$80,400. And retirement to Florida showed an AGI of households moving to Palm Beach County of \$127,600 compared to an average of \$38,600 for households moving from Palm Beach to New Castle County.

On the other extreme, money was walking into Sussex County. Between 2015-16 net in-migration boosted Sussex County AGI by \$297 million, an increase to total AGI of almost 6%. The average AGI of households moving in was \$79,800 compared to an average of \$46,200 for households moving out. Among the households moving into Sussex County, those with the highest average AGI came from Worcester, Delaware and Chester counties...households who may previously been renters at the Sussex County beaches.

The net difference in average AGI for households moving into and out to Worcester County, Maryland was approximately \$100 thousand. Yet there was virtually no difference in the average AGI of those household moving into and out to Palm Beach County, Florida.

Until the State Government addresses public education reform, New Castle County's leakage of personal income will not abate. For Sussex County, continued success requires State government to leave in place the current favorable tax treatment of Social Security income and continuance of no sales tax.

John E. Stapleford, Director
Center for Economic Policy and Analysis