

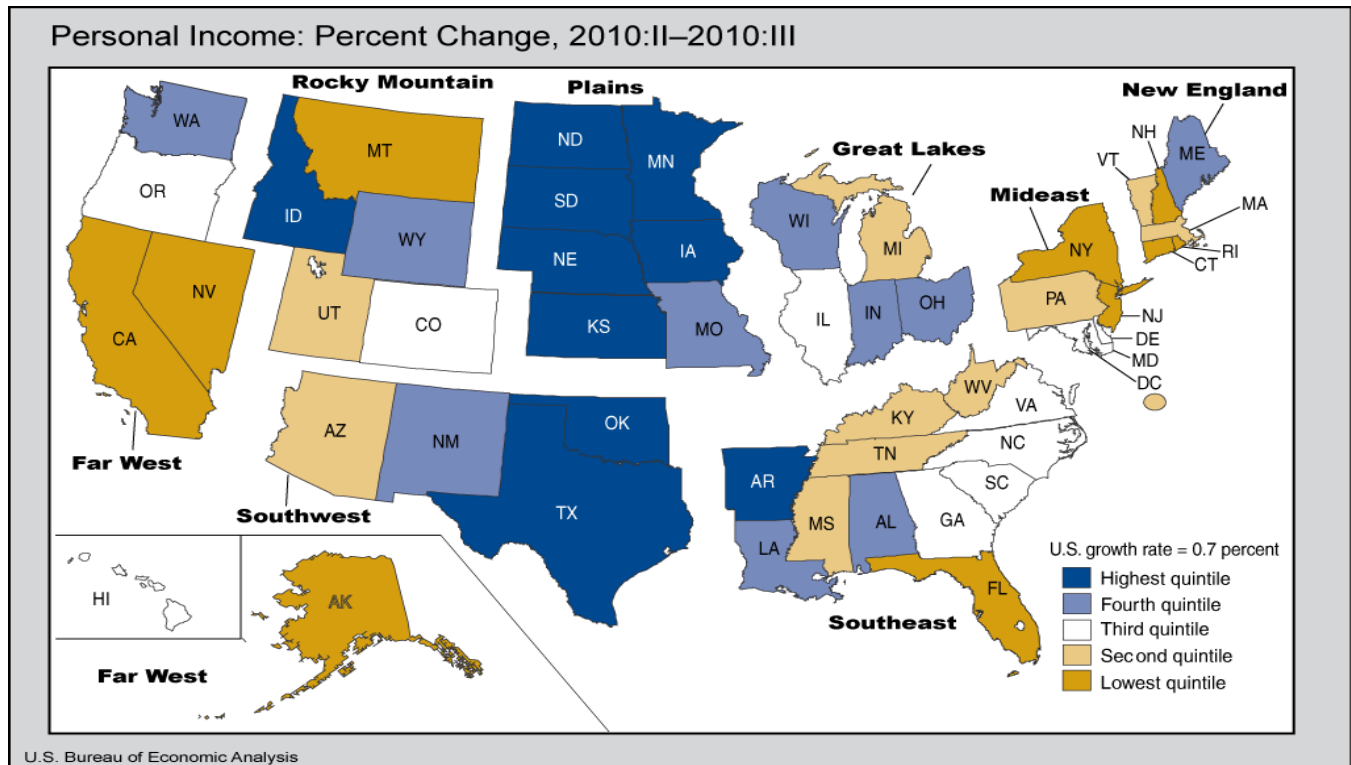
EMBARGOED FOR RELEASE: 8:30 A.M. ET, Friday, December 17, 2010

David G. Lenze (202) 606-9292
Mauricio Ortiz (202) 606-9269
E-mail inquiries: reis@bea.gov

BEA 10-59

State Personal Income: Third Quarter 2010

State personal income growth slowed to an average 0.7 percent in the third quarter of 2010 down from 1.4 percent in the second quarter, according to estimates released today by the U.S. Bureau of Economic Analysis. The slowdown was spread widely across the country with growth decelerating in 41 states, unchanged in 3, and accelerating in 6 states. The national price index for personal consumption expenditures increased 0.3 percent in the third quarter after remaining unchanged in the second quarter.



NOTE.—Quarter-to-quarter percent changes are calculated from unrounded data and are not annualized. Quarterly estimates are expressed at seasonally adjusted annual rates, unless otherwise specified. Quarter-to-quarter dollar changes are differences between published estimates.

This news release is available on BEA's Web site at www.bea.gov/newsreleases/rels.htm.

All three major sources of personal income grew more slowly in the third quarter. Growth of the net earnings of workers slowed to 0.8 percent (on average) from 1.5 percent in the second quarter; property income (dividends, interest and rent) fell 0.4 percent after rising 0.4 percent, and the growth of transfer receipts (such as social security benefits received by retirees and benefits received by the unemployed) slowed to 1.3 percent in the third quarter from 1.8 percent in the second.

Earnings by industry and state. The slowdown in earnings growth reflects the net effect of declines in some industries, such as construction, real estate, and government and weak growth in other industries such as finance. Earnings growth in farming and mining was relatively strong, but in most states these are small industries. Major common trends and special conditions in various states include:

- Third-quarter government earnings fell in most states. Civilian federal government earnings fell 1.0 percent on average as the temporary employees hired to take the 2010 census completed their work; excluding those jobs, civilian federal government earnings increased slightly. State and local government earnings also fell, with losses in all but 8 states. The declines were largest in New Jersey (1.7 percent) and the state of Washington (1.2 percent). In contrast, government earnings growth in Hawaii contributed nearly a half percentage point to personal income growth, reflecting an end to furloughs of state and local government workers and strong military earnings growth.
- Construction earnings declined in most states in the third quarter, with the largest effects on personal income growth in Nevada and Hawaii. Real estate earnings in every state also fell, continuing the downward trend of the last five years.
- Farm earnings grew 12 percent on average in the third quarter with increases in every state. This strong growth contributed to making South Dakota, Kansas, and Minnesota three of the fastest growing states in the third quarter and three of the six states with an acceleration in their personal income growth rates. The main factor was higher commodity prices, particularly for wheat (which rose 22 percent in the third quarter) and milk (which rose 11 percent).
- Finance earnings also grew in most states in the third quarter. The robust growth of finance in Delaware was especially noteworthy and accounted for more than a third of the state's total earnings growth. The decline in New York and Connecticut followed strong second-quarter growth and still leaves finance earnings 8 percent higher than the first quarter in New York and 11 percent higher in Connecticut.
- Earnings in the durable goods manufacturing industry grew in most states in the third quarter and made relatively large contributions to earnings growth in Washington State, Indiana, and Wisconsin.
- Mining earnings (including earnings in oil and gas extraction) made a relatively large contribution to personal income growth in Wyoming, Texas, and West Virginia.

Definitions

Personal income is the income received by all persons from all sources. Personal income is the sum of net earnings by place of residence, property income, and personal current transfer receipts. **Property income** is rental income of persons, personal dividend income, and personal interest income. **Net earnings** is earnings by place of work (the sum of wage and salary disbursements, supplements to wages and salaries, and proprietors' income) less contributions for government social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. Personal income is measured before the deduction of personal income taxes and other personal taxes and is reported in current dollars (no adjustment is made for price changes).

The estimate of personal income in the United States is derived as the sum of the state estimates and the estimate for the District of Columbia; it differs from the estimate of personal income in the national income and product accounts (NIPAs) because of differences in coverage, in the methodologies used to prepare the estimates, and in the timing of the availability of source data.

BEA groups all 50 states and the District of Columbia into eight distinct regions for purposes of data collection and analysis: **New England** (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont); **Mideast** (Delaware, District of Columbia, Maryland, New Jersey, New York, and Pennsylvania); **Great Lakes** (Illinois, Indiana, Michigan, Ohio, and Wisconsin); **Plains** (Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota); **Southeast** (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia); **Southwest** (Arizona, New Mexico, Oklahoma, and Texas); **Rocky Mountain** (Colorado, Idaho, Montana, Utah, and Wyoming); and **Far West** (Alaska, California, Hawaii, Nevada, Oregon, and Washington).

BEA's national, international, regional, and industry estimates; the *Survey of Current Business*; and BEA news releases are available without charge on BEA's Web site at www.bea.gov. By visiting the site, you can also subscribe to receive free e-mail summaries of BEA releases and announcements.

* * *

Next state personal income release – March 23, 2011, at 8:30 A.M. ET for state personal income, fourth quarter 2010.

Table 3. Contributions to Percent Change in Personal Income, by State and Region, 2010:II-2010:III/1
 [Percentage points, seasonally adjusted]

	Percent change in personal income	Net earnings						Dividends, interest, and rent	Personal current transfer receipts		
		Earnings by place of work					Contributions for government social insurance		Residence adjustment	Excluding state unemployment insurance	State unemployment insurance
		Wage and salary disbursements	Employer contributions for		Proprietors' income						
Employee pension and insurance funds	Government social insurance										
United States	0.67	0.41	0.06	0.03	0.07	-0.06	0.00	-0.07	0.25	-0.01	
New England											
Connecticut	-0.04	0.03	-0.01	0.01	-0.04	-0.01	-0.02	-0.11	0.18	-0.07	
Maine	0.85	0.41	0.03	0.03	0.01	-0.06	0.02	-0.03	0.39	0.06	
Massachusetts	0.59	0.55	0.06	0.04	-0.03	-0.08	-0.03	-0.08	0.18	-0.02	
New Hampshire	0.33	0.11	-0.01	0.01	-0.02	-0.01	0.10	-0.08	0.26	-0.02	
Rhode Island	0.53	0.40	0.02	0.03	-0.01	-0.07	0.03	-0.07	0.24	-0.04	
Vermont	0.71	0.35	0.04	0.03	0.09	-0.06	-0.01	-0.06	0.41	-0.07	
Mideast											
Delaware	0.77	0.62	0.09	0.05	0.01	-0.09	-0.10	-0.10	0.35	-0.07	
District of Columbia	0.69	0.94	0.23	0.07	0.11	-0.12	-0.62	-0.10	0.19	0.01	
Maryland	0.76	0.49	0.09	0.04	0.00	-0.07	0.07	-0.05	0.23	-0.02	
New Jersey	0.43	0.44	0.06	0.03	-0.03	-0.06	-0.09	-0.09	0.10	0.07	
New York	-0.02	-0.28	-0.06	0.00	0.05	0.03	0.05	-0.08	0.20	0.07	
Pennsylvania	0.72	0.47	0.07	0.03	0.01	-0.07	0.01	-0.05	0.24	0.01	
Great Lakes											
Illinois	0.80	0.51	0.07	0.03	0.11	-0.07	0.00	-0.06	0.18	0.03	
Indiana	0.93	0.45	0.08	0.03	0.12	-0.07	0.02	-0.03	0.29	0.04	
Michigan	0.56	0.43	0.07	0.03	0.00	-0.07	0.01	-0.03	0.27	-0.15	
Ohio	0.82	0.49	0.07	0.04	0.05	-0.08	-0.01	-0.02	0.29	-0.02	
Wisconsin	0.98	0.58	0.10	0.04	0.13	-0.09	0.02	-0.05	0.28	-0.02	
Plains											
Iowa	1.38	0.43	0.07	0.03	0.66	-0.07	0.00	-0.02	0.28	-0.01	
Kansas	1.17	0.46	0.09	0.04	0.57	-0.07	0.01	-0.06	0.24	-0.11	
Minnesota	1.16	0.64	0.10	0.05	0.24	-0.10	-0.01	-0.02	0.27	0.01	
Missouri	0.88	0.53	0.09	0.04	0.10	-0.08	-0.03	-0.05	0.30	-0.01	
Nebraska	1.52	0.52	0.08	0.04	0.75	-0.08	-0.02	-0.03	0.26	-0.01	
North Dakota	1.21	0.48	0.06	0.04	0.57	-0.08	-0.04	-0.05	0.29	-0.05	
South Dakota	1.80	0.67	0.13	0.05	0.82	-0.11	-0.02	-0.05	0.32	-0.01	
Southeast											
Alabama	0.81	0.40	0.05	0.03	0.03	-0.06	0.01	-0.06	0.40	0.02	
Arkansas	1.03	0.51	0.08	0.04	0.19	-0.08	-0.01	-0.06	0.42	-0.06	
Florida	0.50	0.35	0.03	0.02	0.03	-0.05	0.00	-0.16	0.30	-0.01	
Georgia	0.78	0.47	0.06	0.03	0.08	-0.07	0.00	-0.06	0.27	0.00	
Kentucky	0.75	0.39	0.08	0.03	0.04	-0.06	-0.02	-0.05	0.39	-0.06	
Louisiana	0.82	0.55	0.09	0.04	0.11	-0.08	0.00	-0.19	0.33	-0.02	
Mississippi	0.69	0.24	0.03	0.02	0.09	-0.04	0.03	-0.06	0.41	-0.03	
North Carolina	0.78	0.46	0.09	0.03	0.03	-0.07	0.00	-0.06	0.29	0.01	
South Carolina	0.76	0.41	0.06	0.03	0.02	-0.07	0.02	-0.07	0.36	-0.01	
Tennessee	0.63	0.37	0.05	0.03	0.01	-0.06	0.00	-0.09	0.32	0.00	
Virginia	0.77	0.60	0.09	0.04	-0.05	-0.08	0.00	-0.07	0.25	-0.01	
West Virginia	0.76	0.37	0.06	0.03	0.04	-0.07	0.03	-0.03	0.35	-0.04	
Southwest											
Arizona	0.67	0.34	0.04	0.02	-0.01	-0.05	0.00	-0.06	0.38	0.01	
New Mexico	1.00	0.39	0.05	0.03	0.18	-0.06	0.00	-0.01	0.40	0.02	
Oklahoma	1.05	0.55	0.06	0.04	0.21	-0.09	0.01	-0.05	0.37	-0.07	
Texas	1.04	0.73	0.09	0.05	0.12	-0.10	-0.01	-0.12	0.28	-0.01	
Rocky Mountain											
Colorado	0.77	0.48	0.09	0.04	0.05	-0.07	0.00	-0.04	0.19	0.03	
Idaho	1.04	0.39	0.06	0.03	0.38	-0.07	0.02	-0.05	0.35	-0.07	
Montana	0.53	0.24	0.03	0.02	0.10	-0.04	0.00	-0.04	0.34	-0.12	
Utah	0.54	0.41	0.08	0.03	0.00	-0.06	0.00	-0.10	0.25	-0.08	
Wyoming	0.93	0.72	0.10	0.07	0.16	-0.13	-0.01	-0.09	0.20	-0.10	
Far West											
Alaska	0.35	0.26	0.05	0.02	0.01	-0.04	-0.04	-0.02	0.17	-0.06	
California	0.50	0.38	0.05	0.03	0.04	-0.06	0.00	-0.06	0.15	-0.02	
Hawaii	0.78	0.47	0.19	0.03	0.00	-0.07	0.00	-0.07	0.26	-0.03	
Nevada	0.13	0.20	0.05	0.01	-0.08	-0.03	0.00	-0.07	0.17	-0.12	
Oregon	0.76	0.45	0.06	0.04	0.06	-0.08	-0.02	-0.05	0.27	0.02	
Washington	0.81	0.61	0.10	0.05	0.04	-0.10	0.01	-0.10	0.28	-0.07	
BEA regions											
New England.....	0.41	0.34	0.03	0.03	-0.02	-0.05	-0.01	-0.08	0.21	-0.03	
Mideast.....	0.36	0.17	0.02	0.02	0.02	-0.03	0.00	-0.07	0.20	0.04	
Great Lakes.....	0.80	0.49	0.07	0.04	0.08	-0.07	0.00	-0.04	0.25	-0.02	
Plains.....	1.18	0.54	0.09	0.04	0.39	-0.08	-0.01	-0.04	0.28	-0.02	
Southeast.....	0.70	0.43	0.06	0.03	0.04	-0.06	0.00	-0.10	0.31	-0.01	
Southwest.....	0.98	0.64	0.08	0.04	0.11	-0.09	0.00	-0.09	0.31	-0.01	
Rocky Mountain.....	0.74	0.45	0.08	0.04	0.09	-0.07	0.00	-0.06	0.24	-0.03	
Far West.....	0.55	0.40	0.06	0.03	0.03	-0.06	0.00	-0.07	0.18	-0.03	

1. A component's contribution to percent change in personal income equals the dollar change in that component divided by personal income in the previous quarter times 100.
 Source: U.S. Bureau of Economic Analysis

