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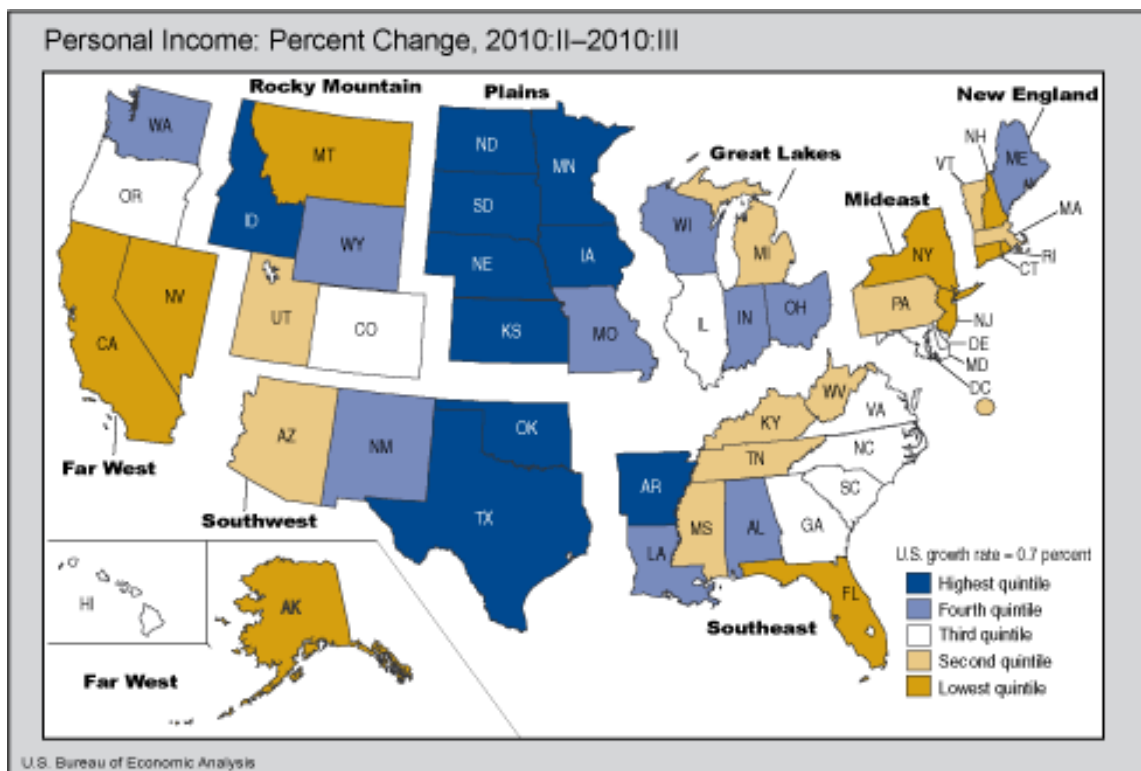
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BEA 10-59

State Quarterly Personal Income, 1st quarter 2009-3rd quarter 2010

WASHINGTON DC, December 17, 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.



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.

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.

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 collecting and analyses: **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).

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

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