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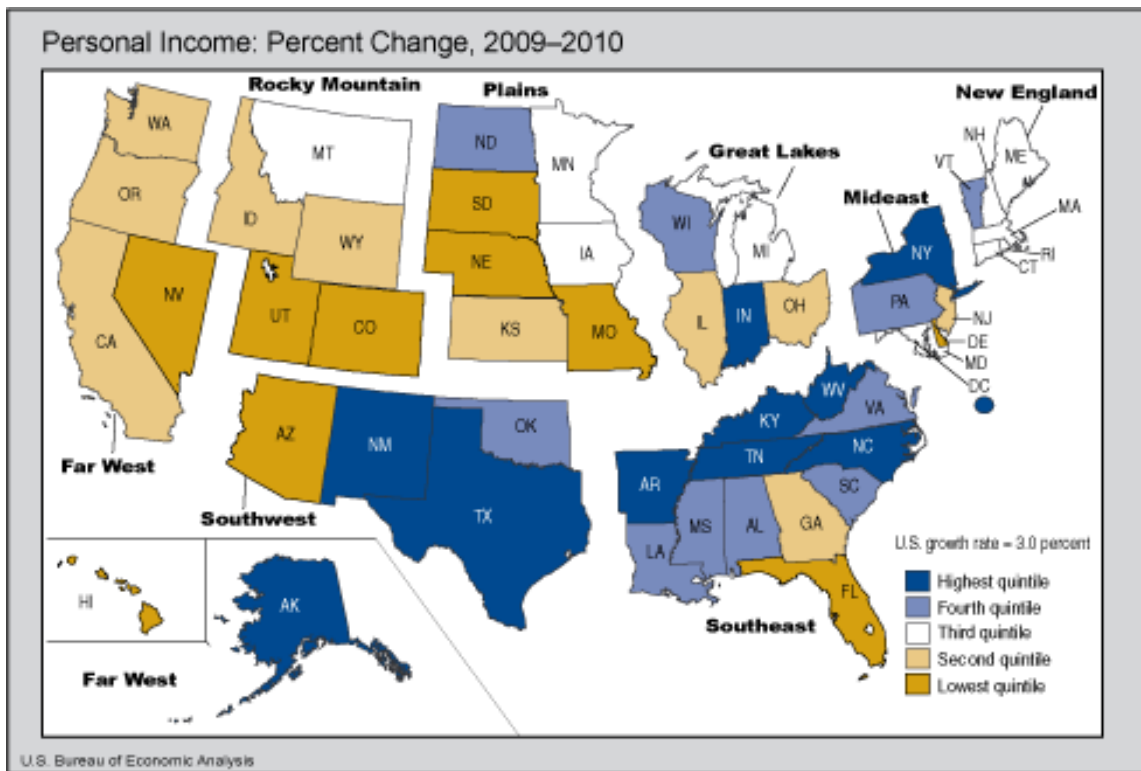
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BEA 11—12

State Quarterly Personal Income, 1st quarter 2007-4th quarter 2010; State Annual Personal Income, 2010 (preliminary estimate)

WASHINGTON DC, March 23, 2011 – State personal income rose an average 3.0 percent in 2010 after falling 1.7 percent in 2009, according to estimates released today by the U.S. Bureau of Economic Analysis. State personal income growth ranged from 0.3 percent in Nevada to 4.2 percent in New Mexico. Inflation, as measured by the national price index for personal consumption expenditures, increased to 1.7 percent in 2010 from 0.2 percent in 2009.



All three major components of personal income (earnings, property income, and personal current transfer receipts) grew in 2010. In 2009 only transfers grew as lower employment reduced earnings and lower interest rates and profits reduced property income (dividends, interest, and rent). The 7.6 percent growth of transfer receipts in 2010 was larger than the 2.4 percent growth of earnings and the 0.6 percent growth of property income.

Earnings in 10 states (Arkansas, Kentucky, Louisiana, Maryland, New Mexico, North Dakota, Pennsylvania, Vermont, Virginia, and West Virginia) rebounded in 2010 above their previous peaks after falling in the recession. Earnings in these states grew 2.9 percent on average in 2010 having declined 1.5 percent 2009. Earnings in Alaska, the only state to avoid a decline in 2009, grew 3.2 percent in 2010 up from 2.4 percent in 2009. Earnings in the other states rose 2.3 percent in 2010, following a 4.5 percent decline in 2009.

Professional services is the only industry (of those which declined) to recover from the earnings downturn. Even so, 2010 earnings in professional services are just 0.2 percent higher than before the decline. Earnings in 14 industries (including manufacturing and finance) grew in 2010 but remain below 2008 (or earlier) peaks. Two industries, construction and real estate, continued to decline in 2010. The 4.8 percent decline in construction brought earnings in that industry to its lowest level since 2001 and the 2.3 percent decline in real estate brought its earnings to the lowest level since 2000. The other industries (including educational services, health care, and government) grew in both 2009 and 2010. Growth accelerated in 2010 in educational services and health care and slowed in government.

Health care increased its share of earnings to 11.2 percent in 2010 up from 11.0 percent in the previous year. Health care overtook manufacturing as the largest private industry in 2009 as it continued to expand through the recession while manufacturing earnings

declined. The 2.7 percent increase in manufacturing earnings in 2010 kept its share steady at 10.2 percent.

Fourth quarter personal income. State personal income growth averaged 0.9 percent in the fourth quarter of 2010, a small acceleration from the 0.6 percent growth in the third quarter. Fourth quarter growth ranged from 0.5 percent in Maine to 2.3 percent in South Dakota. The inflation rate rose to 0.5 percent in the fourth quarter of 2010 from 0.2 percent in the third quarter.

Real estate earnings grew faster than every other nonfarm industry in the fourth quarter. Its 7.0 percent growth was the largest since the first quarter of 1998 but still leaves earnings 20 percent below its peak in the third quarter of 2005. Almost all of the increase was in the proprietors income component (received by the owners of unincorporated businesses); wages and salaries in the industry barely changed.

Quick links to all of the regional statistics underlying this news release along with mapping and charting software and a detailed methodology are available at </regional/quick.cfm>.

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 – June 22, 2011, at 8:30 A.M. ET for state personal income, first quarter 2011.

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