

State Personal Income

Third Quarter of 2004

By David G. Lenze

PERSONAL income growth for the Nation slowed to 0.8 percent in the third quarter of 2004 from a revised 1.6 percent in the second quarter.¹ The slowdown was evident across all eight BEA regions, as each region grew at a slower rate than in the second quarter. The growth in all regions, however, was fairly consistent, differing from national growth by about 0.2 percentage point or less. In contrast, in the second quarter, the Rocky Mountain region grew at nearly twice the pace of the Mideast region (chart 1).

Personal income growth in the third quarter features the following:

- Growth in all but seven states slowed, but much of the slowdown disappears when inflation is accounted for.
- Growth was highly concentrated in a few industries—two industries contributed about a third of the growth in earnings, and five industries contributed another third.
- Hurricane property damage reduced Florida's personal income growth rate 0.6 percentage point to 0.5 percent and Alabama's growth rate 0.2 percentage point to 0.6 percent (see the appendix for details).

Personal income growth in all regions slowed; the slowdowns ranged from 1.0 percentage point in the Far West region to 0.1 percentage point in the Mideast region. Personal income growth in all but seven states slowed. In Kansas, personal income increased at the same rate as in the second quarter, and in Alaska, Connecticut, Louisiana, Maryland, New Jersey, and New York, personal income growth accelerated slightly.

In the third quarter, Hurricanes Charley, Frances, Ivan, and Jeanne took their toll on personal income growth in Florida and in Alabama (for details, see the appendix). In 10 other states, the storm-related damage had little effect on total personal income growth, but it did affect some of the components of personal income, such as dividends, interest, and rent, proprietors' income, and personal current transfer receipts.

1. Percent changes from the preceding quarter are expressed at quarterly rates. Estimates of personal income are available in current dollars only.

Estimates of personal income by major source and of earnings by industry are available on BEA's Web site at <www.bea.gov>.

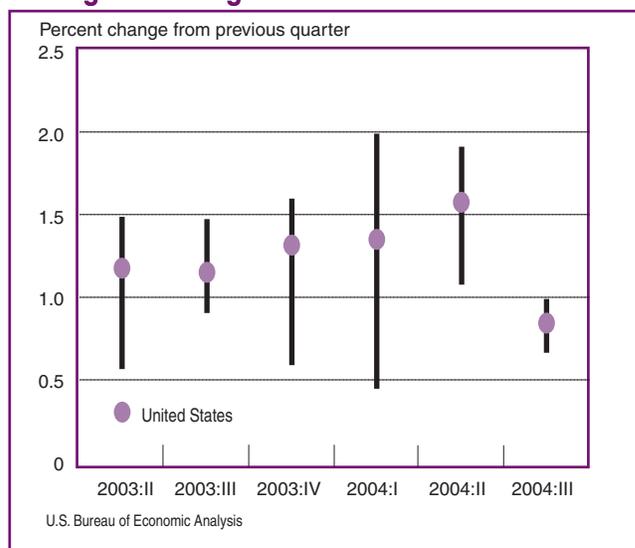
Personal income growth by component

Net earnings. This component, which typically accounts for 69 percent of personal income, grew 1.1 percent in the third quarter after increasing 1.7 percent in the second quarter. However, this slowdown almost disappears when inflation is accounted for; real net earnings increased only 0.8 percent in the third quarter after increasing 0.9 percent in the second quarter.²

By state, earnings in South Dakota were the weakest, decreasing 0.8 percent (table A). In South Dakota and in several other states with large farm sectors (such as Arkansas, Iowa, Nebraska, and North Dakota), large decreases in cash receipts from livestock sales overwhelmed moderate increases in wages and proprietors'

2. The national implicit price deflator for personal consumption expenditures from the national income and product accounts is used to account for inflation.

Chart 1. Range of Personal Income Growth Rates for Eight BEA Regions and the United States



income in the nonfarm sector. As a result, these states have some of the slowest personal income growth rates in the third quarter (chart 2). In contrast, Utah had the fastest growth in earnings, at 2.3 percent; earnings in all industries except forestry and other services grew faster than the national average (table B).³

Two industries—health care and professional services—contributed slightly more than a third to the growth in total earnings by place of work in the third quarter. Their strength was generally spread across all regions. Five other industries—construction, durable-goods manufacturing, transportation, real estate, and administrative services—contributed another third to the growth of total earnings. These industries, however, displayed substantial regional variation.

Dividends, interest, and rent. This component decreased 0.3 percent nationally despite increasing in seven of the eight BEA regions. The increases in these regions were offset by a 3.0-percent decrease in the Southeast region that was mainly due to uninsured damages to owner-occupied housing as a result of the hurricanes.

3. The industry names in the text are shortened; table B uses the full names.

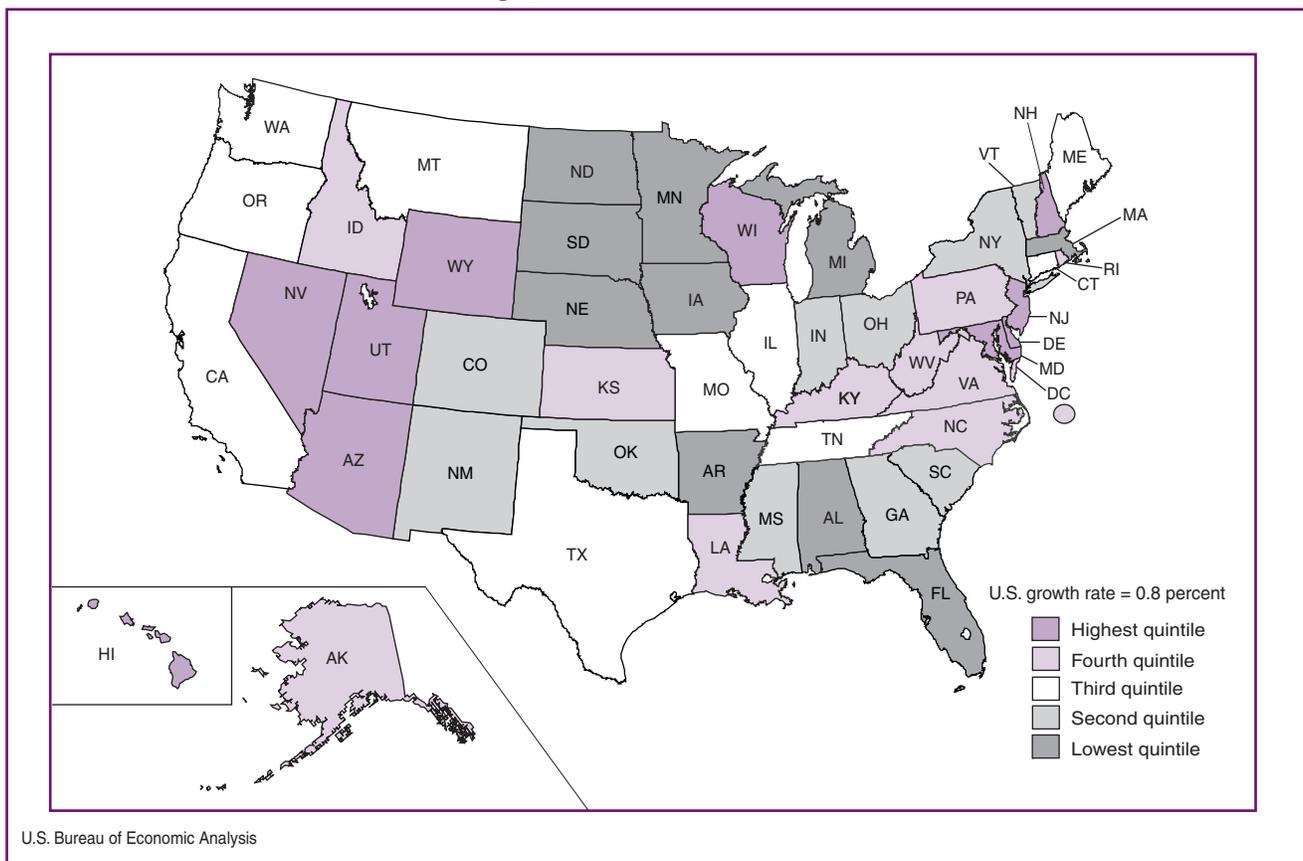
Transfer receipts. This component increased 1.0 percent nationally despite little change in seven regions. The increase for the Nation was mainly due to a 3.8-percent increase in the Southeast region that was mostly attributable to insurance claims for property damage as a result of the hurricanes.

Appendix: The Effects of the Hurricanes on State Personal Income for the Third Quarter

The estimates of personal income for the third quarter of 2004 reflect the effects of Hurricanes Charley, Frances, Ivan, and Jeanne. These storms caused extensive damage, particularly in Florida and Alabama; as a result, several components of state personal income were affected. Rental income of persons—a component of dividends, interest, and rent—was reduced \$13.6 billion, and proprietors’ income was reduced \$3.9 billion; both reductions reflected the uninsured losses of property owned by household enterprises.⁴ Business payments to persons, a component of personal current transfer receipts, was boosted \$13.7 billion, reflecting net insurance settlements for damage to

4. Household enterprises are proprietorships, partnerships, tax exempt cooperatives, and owner-occupied housing.

Chart 2. Personal Income: Percent Change, 2004:II–2004:III



consumer durable goods. Other effects of the hurricanes are embedded in BEA's source data and cannot be identified, so BEA did not attempt to quantify them.

A disaster has two effects on personal income. It

increases both the consumption of fixed capital and business transfer payments. As discussed below, damage to the property of household enterprises affects proprietors' income and rental income. They are reduced by the amount of uninsured losses measured by

Table A. Personal Income, by State and Region, 2003:II–2004:III

[Millions of dollars, seasonally adjusted at annual rates]

	2003			2004			Percent change from preceding quarter ¹					Rank
	II	III	IV	I ^r	II ^r	III ^p	2003:III	2003:IV	2004:I	2004:II	2004:III	2004:II–2004:III
United States	9,093,138	9,196,611	9,317,342	9,442,744	9,590,857	9,670,604	1.1	1.3	1.3	1.6	0.8	.....
New England												
Connecticut	149,867	151,350	152,864	156,856	157,751	159,030	1.0	1.0	2.6	0.6	0.8	30
Maine	37,428	37,853	38,654	39,009	39,570	39,947	1.1	2.1	0.9	1.4	1.0	21
Massachusetts	251,842	254,383	257,435	261,519	266,940	268,122	1.0	1.2	1.6	2.1	0.4	46
New Hampshire	44,306	44,889	45,613	46,169	47,113	47,640	1.3	1.6	1.2	2.0	1.1	7
Rhode Island	34,026	34,456	35,013	35,329	35,804	36,147	1.3	1.6	0.9	1.3	1.0	18
Vermont	18,742	18,970	19,392	19,430	19,975	20,106	1.2	2.2	0.2	2.8	0.7	40
Mideast												
Delaware	27,131	27,359	27,757	28,097	28,806	29,114	0.8	1.5	1.2	2.5	1.1	10
District of Columbia	26,544	26,756	27,111	27,813	27,968	28,252	0.8	1.3	2.6	0.6	1.0	.....
Maryland	205,124	207,185	210,029	213,804	216,073	218,614	1.0	1.4	1.8	1.1	1.2	5
New Jersey	343,586	347,811	350,788	354,319	358,239	362,430	1.2	0.9	1.0	1.1	1.2	6
New York	692,960	699,983	710,154	721,801	727,170	732,681	1.0	1.5	1.6	0.7	0.8	34
Pennsylvania	389,538	393,329	399,391	400,864	407,245	411,274	1.0	1.5	0.4	1.6	1.0	16
Great Lakes												
Illinois	418,348	421,533	425,520	432,539	437,175	441,255	0.8	0.9	1.6	1.1	0.9	22
Indiana	177,063	179,073	182,607	183,856	188,009	189,487	1.1	2.0	0.7	2.3	0.8	32
Michigan	311,916	315,787	322,576	318,829	325,276	326,168	1.2	2.2	-1.2	2.0	0.3	48
Ohio	340,717	342,744	348,829	349,578	356,967	359,839	0.6	1.8	0.2	2.1	0.8	31
Wisconsin	167,067	168,775	171,174	172,392	175,023	176,898	1.0	1.4	0.7	1.5	1.1	9
Plains												
Iowa	83,008	83,916	85,170	88,104	89,632	89,970	1.1	1.5	3.4	1.7	0.4	47
Kansas	79,811	80,782	81,744	82,948	83,825	84,716	1.2	1.2	1.5	1.1	1.1	11
Minnesota	171,509	173,910	174,232	178,385	180,726	181,793	1.4	0.2	2.4	1.3	0.6	43
Missouri	165,201	166,635	168,213	170,202	172,714	174,256	0.9	0.9	1.2	1.5	0.9	24
Nebraska	52,661	53,149	53,835	54,225	55,060	55,418	0.9	1.3	0.7	1.5	0.6	41
North Dakota	18,004	18,275	18,448	19,196	19,609	19,650	1.5	0.9	4.1	2.2	0.2	49
South Dakota	21,599	21,756	22,113	22,706	23,261	23,175	0.7	1.6	2.7	2.4	-0.4	50
Southeast												
Alabama	117,442	118,631	120,733	122,304	124,448	125,249	1.0	1.8	1.3	1.8	0.6	42
Arkansas	65,755	66,538	67,777	69,203	70,309	70,678	1.2	1.9	2.1	1.6	0.5	44
Florida	507,044	512,841	518,962	527,188	538,629	541,273	1.1	1.2	1.6	2.2	0.5	45
Georgia	252,511	255,056	258,782	263,056	267,903	269,662	1.0	1.5	1.7	1.8	0.7	39
Kentucky	107,818	109,061	110,691	111,946	113,476	114,601	1.2	1.5	1.1	1.4	1.0	15
Louisiana	116,469	117,699	119,177	121,329	122,302	123,556	1.1	1.3	1.8	0.8	1.0	14
Mississippi	66,738	67,568	68,540	69,904	70,845	71,366	1.2	1.4	2.0	1.3	0.7	35
North Carolina	235,357	238,951	243,424	246,140	248,834	251,202	1.5	1.9	1.1	1.1	1.0	20
South Carolina	107,559	108,646	110,479	111,466	113,505	114,270	1.0	1.7	0.9	1.8	0.7	38
Tennessee	165,512	167,637	170,461	172,466	175,150	176,704	1.3	1.7	1.2	1.6	0.9	25
Virginia	246,895	249,495	253,615	258,371	261,963	264,707	1.1	1.7	1.9	1.4	1.0	12
West Virginia	44,477	44,770	45,289	45,953	46,875	47,339	0.7	1.2	1.5	2.0	1.0	17
Southwest												
Arizona	149,164	151,187	154,208	156,591	159,953	161,709	1.4	2.0	1.5	2.1	1.1	8
New Mexico	47,444	47,982	49,146	49,745	50,354	50,702	1.1	2.4	1.2	1.2	0.7	36
Oklahoma	92,918	93,867	95,041	96,106	97,520	98,275	1.0	1.3	1.1	1.5	0.8	33
Texas	639,743	646,413	655,308	665,914	674,552	680,409	1.0	1.4	1.6	1.3	0.9	27
Rocky Mountain												
Colorado	156,017	158,862	158,742	162,264	164,972	166,093	1.8	-0.1	2.2	1.7	0.7	37
Idaho	34,748	35,198	35,586	36,150	37,031	37,385	1.3	1.1	1.6	2.4	1.0	19
Montana	23,637	23,836	24,082	24,701	25,003	25,215	0.8	1.0	2.6	1.2	0.8	29
Utah	59,074	59,540	60,437	61,159	62,681	63,788	0.8	1.5	1.2	2.5	1.8	1
Wyoming	15,978	16,281	16,600	16,829	17,167	17,411	1.9	2.0	1.4	2.0	1.4	2
Far West												
Alaska	21,498	21,728	21,984	21,615	21,784	22,011	1.1	1.2	-1.7	0.8	1.0	13
California	1,178,114	1,194,113	1,207,788	1,227,302	1,248,541	1,259,549	1.4	1.1	1.6	1.7	0.9	26
Hawaii	38,277	38,594	39,185	39,965	40,524	41,001	0.8	1.5	2.0	1.4	1.2	4
Nevada	69,574	71,082	72,921	74,249	75,859	76,858	2.2	2.6	1.8	2.2	1.3	3
Oregon	101,706	103,122	104,456	105,413	107,436	108,350	1.4	1.3	0.9	1.9	0.9	28
Washington	203,671	207,259	205,263	207,443	213,310	215,260	1.8	-1.0	1.1	2.8	0.9	23
BEA regions												
New England	536,212	541,900	548,971	558,314	567,152	570,993	1.1	1.3	1.7	1.6	0.7	.....
Mideast	1,684,882	1,702,422	1,725,231	1,746,698	1,765,501	1,782,364	1.0	1.3	1.2	1.1	1.0	.....
Great Lakes	1,415,112	1,427,911	1,450,706	1,457,195	1,482,450	1,493,647	0.9	1.6	0.4	1.7	0.8	.....
Plains	591,792	598,422	603,755	615,766	624,827	628,978	1.1	0.9	2.0	1.5	0.7	.....
Southeast	2,033,577	2,056,893	2,087,930	2,119,326	2,154,240	2,170,607	1.1	1.5	1.5	1.6	0.8	.....
Southwest	929,268	939,449	953,704	968,355	982,379	991,095	1.1	1.5	1.5	1.4	0.9	.....
Rocky Mountain	289,453	293,717	295,447	301,103	306,855	309,891	1.5	0.6	1.9	1.9	1.0	.....
Far West	1,612,841	1,635,897	1,651,597	1,675,987	1,707,454	1,723,029	1.4	1.0	1.5	1.9	0.9	.....

r Revised.
p Preliminary.

1. Percent changes are expressed at quarterly rates.
NOTE: Estimates may not add to totals because of rounding.

consumption of fixed capital less business transfer payments. Damage to consumer durable goods affects only personal current transfer receipts. It is raised by the amount of the insured losses for these goods.

In the personal income account, the consumption

of fixed capital is an expense that is subtracted in the calculation of proprietors' income and rental income of persons. The damage or destruction of fixed capital (residential and nonresidential) by disasters, such as hurricanes, is recorded as an increase in the

Table B. Earnings Growth by Major Industry, by State and Region, 2004:II–2004:III—Continues
[Percent change]

	Earnings by place of work ¹	Earnings by industry											
		Farm	Forestry, fishing, related activities, and other ²	Mining	Utilities	Construction	Manufacturing		Wholesale trade	Retail trade	Transportation and warehousing	Information	Finance and insurance
							Durable goods	Nondurable goods					
United States	1.1	-6.8	0.7	0.9	0.1	1.4	1.2	0.9	1.3	1.3	2.2	0.1	-0.2
New England													
Connecticut	0.9	0.8	0.4	0.2	0.4	1.2	1.9	1.9	1.5	1.0	1.2	0.6	-0.5
Maine	1.3	-11.0	-1.4	2.5	-1.7	2.8	1.9	-0.1	1.8	2.0	2.3	1.9	-0.7
Massachusetts	0.4	-2.3	-3.6	-0.6	0.4	0.1	1.8	1.6	0.9	1.3	1.9	1.3	-5.1
New Hampshire	1.7	-6.1	0.6	1.5	0.1	3.3	3.4	-1.5	1.8	1.4	1.6	2.1	2.1
Rhode Island	1.4	0.1	1.1	0.7	0.9	2.1	1.0	1.7	2.6	1.5	4.7	0.8	-1.2
Vermont	0.7	-8.6	-0.1	-1.3	1.6	0.6	2.1	0.2	-0.4	2.0	2.7	2.0	-1.9
Mideast													
Delaware	1.3	-9.3	-0.5	-0.2	3.1	2.4	-6.3	1.2	1.2	1.2	0.9	1.3	0.2
District of Columbia	0.9		8.3	1.0	3.2	0.5	1.2	1.4	-1.1	0.9	3.0	2.0	-0.2
Maryland	1.5	-5.2	-1.8	1.1	0.4	2.3	1.7	-0.1	1.0	2.1	2.5	1.1	0.6
New Jersey	1.6	-1.2	0.3	1.2	-0.4	2.3	1.9	1.2	1.4	1.7	1.8	0.4	1.1
New York	1.0	-2.9	0.0	0.2	0.1	1.7	0.7	0.4	0.9	1.5	2.1	0.4	0.4
Pennsylvania	1.4	-3.4	0.7	2.0	1.5	1.5	1.2	0.7	1.4	1.7	2.0	0.7	0.5
Great Lakes													
Illinois	1.2	-7.0	-0.2	0.8	0.2	1.8	0.7	0.9	0.8	2.2	2.7	0.5	0.0
Indiana	0.9	-5.4	-0.3	1.2	-0.1	0.8	1.0	1.4	1.7	0.4	1.4	0.7	-3.3
Michigan	0.2	2.0	-0.2	0.7	0.8	0.8	-1.5	2.5	2.2	0.1	3.4	-0.9	-1.6
Ohio	1.1	-4.7	-0.8	0.8	0.4	0.4	1.0	1.3	1.4	1.2	1.7	1.2	0.1
Wisconsin	1.5	-7.8	0.2	3.0	2.0	0.5	2.2	1.8	1.0	1.3	4.1	0.0	0.9
Plains													
Iowa	0.5	-13.4	-0.5	3.8	-0.6	1.4	1.6	1.6	-0.5	2.1	2.3	0.1	1.4
Kansas	1.4	8.1	0.8	0.1	0.9	1.2	1.9	1.7	-0.1	1.1	2.8	-0.1	0.1
Minnesota	0.7	-6.3	-1.0	2.4	1.1	1.1	1.2	0.5	0.8	1.3	2.7	-0.2	-0.2
Missouri	1.2	-4.5	4.0	-1.0	0.2	0.8	1.3	2.6	2.9	0.9	1.8	0.0	0.4
Nebraska	0.8	-8.2	1.5	-0.8	-0.1	2.3	1.5	1.7	0.5	0.9	4.4	1.3	1.3
North Dakota	0.5	-8.2	1.1	4.4	0.2	0.2	2.9	0.6	2.0	1.6	0.7	1.1	-0.1
South Dakota	-0.5	-17.2	0.1	-0.7	1.8	-0.4	0.6	0.2	3.2	1.3	2.7	1.5	0.9
Southeast													
Alabama	0.9	-11.1	1.2	2.0	0.2	1.2	2.4	0.8	1.0	1.2	2.0	0.2	0.3
Arkansas	0.8	-13.0	1.7	1.8	0.2	0.4	1.2	0.6	1.7	1.5	2.6	-0.3	0.6
Florida	0.5	-4.2	-0.5	0.6	-0.1	0.9	0.6	-0.2	1.8	-0.2	2.6	0.3	0.7
Georgia	0.8	-9.3	1.6	0.4	-2.2	-0.3	0.2	0.8	0.9	1.1	1.9	-0.5	0.3
Kentucky	1.4	2.0	2.8	2.4	1.1	1.9	1.2	-0.6	1.6	0.9	0.6	2.2	0.1
Louisiana	1.5	-3.4	3.3	0.8	-0.7	0.8	1.2	0.7	1.7	0.9	2.3	-0.5	0.3
Mississippi	1.0	-8.3	2.3	4.2	0.2	0.5	2.1	0.9	1.0	0.9	2.3	-0.2	-0.5
North Carolina	1.4	-5.2	0.1	-0.8	-3.4	1.8	1.2	1.6	1.4	1.5	4.1	0.1	0.9
South Carolina	0.9	-6.3	-0.4	0.6	0.7	0.3	1.4	0.8	3.1	0.9	1.6	-2.3	-0.6
Tennessee	1.2	(³)	1.5	-0.1	0.1	1.0	1.5	0.6	1.1	2.1	2.3	0.7	-0.2
Virginia	1.3	0.3	-0.1	3.1	0.9	1.7	1.2	-0.1	1.3	1.2	1.1	1.1	0.4
West Virginia	1.7	(³)	1.0	2.7	0.2	2.0	0.8	0.9	1.3	2.9	1.5	-0.4	-0.4
Southwest													
Arizona	1.5	3.2	0.1	2.7	-0.1	1.7	0.5	0.8	1.1	1.3	2.0	-1.8	-0.2
New Mexico	1.1	-12.1	1.1	1.9	-2.2	2.5	0.9	-0.2	0.8	2.1	3.2	-3.6	-0.5
Oklahoma	1.0	-9.8	3.8	2.9	1.0	1.2	2.1	1.0	0.3	0.8	1.5	0.3	-4.1
Texas	1.1	-8.3	1.7	0.8	-0.2	1.0	1.2	0.2	1.5	1.4	2.2	0.7	-0.5
Rocky Mountain													
Colorado	0.7	0.4	-2.9	-12.3	-0.5	1.9	1.0	-4.9	1.8	1.0	2.7	-1.3	0.0
Idaho	1.3	-6.6	-1.3	3.0	0.1	4.8	2.1	0.2	3.0	1.3	2.1	1.5	-0.8
Montana	1.3	-17.4	0.4	5.1	0.1	2.9	-0.3	1.7	2.7	1.6	1.1	1.5	-0.1
Utah	2.3	0.7	-1.6	3.4	0.2	3.7	2.0	2.4	3.0	2.1	3.2	2.3	1.2
Wyoming	1.7	1.8	0.3	2.6	1.7	1.2	(D)	(D)	-0.7	1.7	3.1	1.5	0.0
Far West													
Alaska	1.4	0.6	2.1	3.1	-0.2	2.9	2.3	2.7	-1.2	1.8	1.1	0.9	0.0
California	1.1	-6.5	1.3	3.0	0.4	1.9	1.7	1.3	1.4	1.3	2.0	-0.7	-0.3
Hawaii	1.6	0.9	3.5	0.6	0.2	0.4	(D)	(D)	0.1	2.4	6.5	5.6	-0.8
Nevada	1.7	0.3	-0.9	3.5	-6.7	2.7	1.3	2.0	1.9	2.0	2.2	0.8	-1.7
Oregon	1.3	0.8	-0.7	4.4	1.6	0.1	2.6	-3.2	1.2	1.6	0.6	0.6	0.6
Washington	1.3	0.1	-2.0	5.4	1.0	1.1	4.4	2.1	1.6	1.5	2.2	-0.4	-3.8
BEA regions													
New England	0.7	-4.4	-1.7	-0.2	0.3	1.0	2.0	1.2	1.2	1.3	1.9	1.2	-2.8
Mideast	1.2	-3.8	2.7	1.2	0.5	1.9	1.0	0.7	1.2	1.6	2.0	0.5	0.5
Great Lakes	1.0	-5.6	-0.2	1.0	0.6	1.0	0.3	1.5	1.3	1.1	2.6	0.4	-0.4
Plains	0.9	-9.1	1.0	1.1	0.4	1.1	1.4	1.5	1.2	1.2	2.6	0.1	0.4
Southeast	1.0	-7.9	0.9	1.6	-0.6	1.0	1.2	0.7	1.4	0.9	2.2	0.2	0.4
Southwest	1.1	-7.5	1.5	1.1	-0.2	1.2	1.1	0.3	1.3	1.4	2.1	0.3	-0.7
Rocky Mountain	1.2	-4.9	-1.3	-4.2	0.0	2.6	(D)	(D)	2.1	1.4	2.7	-0.7	0.2
Far West	1.2	-4.8	0.3	3.2	0.1	1.7	(D)	(D)	1.4	1.4	2.1	-0.5	-0.7

See the footnotes at the end of the table.

consumption of fixed capital.⁵ The damage or destruc-

5. The methodology used to estimate consumption of fixed capital does not account for losses due to disasters (see U.S. Bureau of Economic Analysis, *Fixed Assets and Consumer Durable Goods in the United States, 1925-99* (Washington, DC: U.S. Government Printing Office, September 2003)). In general, an adjustment for a disaster is made if the cost of the damage exceeds 0.25 percent of total private consumption of fixed capital.

tion of consumer durable goods (such as cars, boats, and household appliances) does not affect the consumption of fixed capital, because the purchases of these goods are treated as consumption not investment.

Property insurance is also an expense that is

Table B. Earnings Growth by Major Industry, by State and Region, 2004:II-2004:III

[Percent change]

	Earnings by industry											
	Real estate and rental and leasing	Professional and technical services	Management of companies and enterprises	Administrative and waste services	Educational services	Health care and social assistance	Arts, entertainment, and recreation	Accommodation and food services	Other services, except public administration	Government		
										Federal, civilian	Military	State and local
United States	2.5	2.0	1.4	1.7	0.8	1.9	0.2	0.9	0.9	-0.5	-0.1	0.9
New England												
Connecticut.....	3.5	1.2	1.2	0.9	-0.3	1.4	-2.2	1.9	0.6	-0.2	2.7	0.3
Maine.....	5.1	2.2	4.3	2.7	0.6	2.0	-0.3	1.5	-0.1	-0.5	-7.2	1.1
Massachusetts.....	3.9	1.5	1.0	1.0	0.7	2.0	1.7	1.1	0.6	-5.7	1.4	0.6
New Hampshire.....	3.5	1.3	3.0	1.2	-0.8	1.6	0.4	0.6	1.4	1.6	0.7	0.8
Rhode Island.....	2.1	1.7	0.3	1.1	5.6	2.4	0.0	1.7	1.1	-1.9	-0.7	1.3
Vermont.....	4.1	1.3	1.2	-3.6	-0.1	2.4	0.7	0.3	-1.0	-0.5	-2.1	0.2
Mideast												
Delaware.....	6.4	3.9	3.5	-2.1	-2.8	2.4	6.7	2.3	2.3	0.7	0.4	2.1
District of Columbia.....	2.6	2.8	1.6	2.6	-4.8	-0.1	-4.0	0.4	1.3	-0.7	2.1	2.5
Maryland.....	3.4	2.4	2.3	1.5	0.7	2.3	0.9	1.9	0.7	0.4	-0.5	1.1
New Jersey.....	3.6	1.6	1.6	1.6	1.5	2.2	0.7	1.8	1.4	0.5	0.6	1.6
New York.....	3.3	1.9	1.9	1.4	0.5	2.0	1.6	0.8	1.0	-0.9	5.1	-0.2
Pennsylvania.....	3.1	2.2	2.4	0.8	0.5	2.2	1.3	1.1	1.2	-1.1	1.8	1.2
Great Lakes												
Illinois.....	3.6	1.2	1.5	2.3	2.9	2.1	-0.1	1.2	0.3	-0.6	-1.1	1.3
Indiana.....	3.3	2.4	2.3	0.6	0.6	2.0	-0.6	1.1	1.3	-1.1	0.1	1.4
Michigan.....	4.2	1.6	0.9	0.9	-2.8	1.3	-0.1	1.4	2.2	-0.6	5.6	-2.3
Ohio.....	3.6	2.0	1.5	0.5	0.4	1.8	-1.0	0.5	0.7	-0.2	0.9	0.7
Wisconsin.....	3.5	2.7	0.2	4.4	2.6	2.4	-4.7	1.1	0.0	0.1	4.8	0.8
Plains												
Iowa.....	2.5	2.1	-1.2	1.8	-0.5	2.3	2.5	-0.4	1.1	-0.2	6.6	0.5
Kansas.....	1.4	2.2	3.3	3.0	3.2	2.4	-0.2	2.2	1.9	-1.4	-3.7	1.9
Minnesota.....	3.0	1.2	-1.6	1.5	0.7	1.9	1.4	-0.9	0.9	0.0	1.2	-0.3
Missouri.....	2.8	2.8	1.9	2.1	1.0	2.0	-2.6	0.0	0.6	-2.6	-1.9	1.0
Nebraska.....	4.1	0.9	0.4	0.6	-9.5	2.1	-0.5	0.8	-1.2	-0.5	0.1	1.6
North Dakota.....	4.8	3.0	4.8	1.1	-3.8	1.9	2.1	1.6	1.6	-0.8	-0.2	1.6
South Dakota.....	3.5	3.3	1.4	0.5	4.6	2.0	0.1	-0.1	2.5	-3.0	-1.2	0.7
Southeast												
Alabama.....	-4.8	2.5	1.3	0.4	0.0	1.4	-0.1	-0.2	1.7	-0.2	0.8	1.5
Arkansas.....	4.5	2.5	2.2	1.4	1.7	2.4	1.8	1.6	0.6	0.7	0.8	1.4
Florida.....	-12.7	2.7	3.2	2.1	2.4	0.4	-0.3	-2.0	0.5	0.2	-1.1	1.5
Georgia.....	2.3	1.9	-2.7	1.5	1.2	2.2	0.8	1.6	2.5	-1.1	-0.1	1.6
Kentucky.....	3.8	3.4	2.3	-0.6	2.8	2.1	5.2	2.5	1.1	1.5	0.2	1.3
Louisiana.....	4.0	2.7	0.7	1.0	1.9	1.5	1.8	0.9	2.1	-0.2	2.7	2.4
Mississippi.....	2.9	4.7	1.4	0.7	2.1	2.8	-4.8	2.1	1.2	0.5	1.3	0.3
North Carolina.....	3.3	2.1	1.4	3.0	0.5	3.0	3.2	1.4	1.7	-0.9	0.7	0.6
South Carolina.....	3.2	2.6	-21.7	0.4	7.6	2.4	1.6	0.5	0.0	0.3	-0.3	1.9
Tennessee.....	4.0	0.5	1.3	0.4	0.5	1.6	-0.6	1.0	0.8	-2.7	2.0	2.1
Virginia.....	3.3	3.1	1.7	2.2	-3.6	2.2	0.2	1.9	1.1	0.3	-2.8	1.7
West Virginia.....	1.4	2.4	-5.4	2.3	4.6	1.8	-1.3	2.1	0.8	-0.1	-1.8	3.3
Southwest												
Arizona.....	3.5	1.5	2.7	3.3	1.9	2.1	0.7	1.7	2.2	1.3	-0.3	2.2
New Mexico.....	4.0	1.1	0.0	4.3	-1.2	3.1	-0.3	1.4	1.4	-0.7	-0.2	1.3
Oklahoma.....	1.6	3.5	4.3	0.2	-2.3	2.5	2.3	2.2	0.0	0.6	-2.3	1.7
Texas.....	3.6	2.0	3.1	2.1	0.1	2.2	0.4	0.7	0.7	-0.7	-0.7	0.7
Rocky Mountain												
Colorado.....	3.8	2.6	3.5	2.0	0.9	1.2	3.1	0.8	1.2	-0.2	-1.4	0.7
Idaho.....	5.2	2.2	3.6	1.3	3.2	2.3	2.8	1.9	1.7	-1.9	0.1	-0.4
Montana.....	4.1	2.8	1.2	3.3	-1.4	2.2	-4.0	1.4	1.5	-3.4	0.2	2.6
Utah.....	3.8	2.3	1.8	5.6	2.0	3.2	2.2	2.1	0.5	-0.1	1.3	1.9
Wyoming.....	4.8	2.7	5.4	-2.2	4.3	2.8	1.8	1.2	1.4	-0.7	0.7	1.2
Far West												
Alaska.....	2.9	2.1	4.4	0.7	0.8	3.0	0.6	1.2	-3.1	-0.3	-0.4	1.5
California.....	3.6	1.8	1.5	2.2	1.9	1.7	-1.2	1.0	0.6	-0.5	1.3	0.9
Hawaii.....	3.4	1.7	-0.1	-0.1	1.5	2.6	1.7	2.2	0.9	0.1	0.8	1.6
Nevada.....	3.8	1.5	4.6	5.1	2.1	2.0	1.2	1.0	2.0	1.1	0.5	1.6
Oregon.....	5.2	2.2	2.7	0.3	5.1	2.2	1.7	0.8	-0.3	-1.3	2.5	1.4
Washington.....	3.5	2.1	2.8	1.5	3.5	2.1	2.1	1.6	0.5	1.0	-1.2	1.0
BEA regions												
New England.....	3.7	1.4	1.2	0.9	0.7	1.9	0.4	1.3	0.6	-2.9	-0.2	0.6
Mideast.....	3.4	2.1	2.0	1.3	0.3	2.1	1.3	1.2	1.1	-0.4	1.8	0.6
Great Lakes.....	3.7	1.7	1.3	1.5	1.2	1.9	-0.8	1.1	0.9	-0.5	0.7	0.3
Plains.....	2.8	2.0	0.1	1.8	0.0	2.1	-0.3	0.1	0.9	-1.4	-1.3	0.7
Southeast.....	-1.9	2.5	0.4	1.6	1.1	1.7	0.5	0.4	1.2	-0.2	-0.6	1.5
Southwest.....	3.5	2.0	3.0	2.3	0.2	2.2	0.5	1.0	0.9	-0.2	-0.9	1.1
Rocky Mountain.....	4.0	2.5	3.1	2.7	1.5	1.9	2.3	1.2	1.1	-0.7	-0.6	1.0
Far West.....	3.7	1.8	1.9	2.0	2.2	1.9	-0.6	1.1	0.6	-0.2	0.6	1.0

D Data are suppressed to avoid disclosure of confidential information.

1. Earnings by place of work is the sum of wage and salary disbursements (payrolls), supplements to wages and salaries, and proprietors' income.

2. "Other" consists of the wage and salary disbursements to U.S. residents employed by international organizations and foreign embassies and consulates in the U.S.

3. Not meaningful.

subtracted in the calculation of proprietors' income and the rental income of persons. The recent comprehensive revision of the national income and product accounts introduced a distinction between the level of losses that normally occur and the extraordinary losses that occur during major disasters.⁶ Normal, or expected, losses are deducted from the premiums that policyholders pay for insurance.⁷ Extraordinary losses (claims) are recorded as business transfer payments from the insurance industry to persons or to other industries.

National estimates of the effects of the four hurricanes on proprietors' income, rental income of persons, and current personal transfer receipts were distributed to states on the basis of reports of insured losses by state from private sources and on the basis of grants for disaster housing assistance by state from the Federal Emergency Management Agency.

As a result of the damage caused by the hurricanes, personal income growth in Florida was reduced 0.6 percentage point, growth in Alabama was reduced 0.2 percentage point, and growth in West Virginia was reduced 0.1 percentage point (table C). Most of the damages that were sustained by proprietorships and partnerships were to tenant-occupied housing and were recorded in the real estate industry. Utilities, nondurable-goods manufacturing, retail trade, health care,

6. See Brent R. Moulton and Eugene P. Seskin, "Preview of the 2003 Comprehensive Revision of the National Income and Product Accounts: Changes in Definitions and Classifications," *SURVEY OF CURRENT BUSINESS* 83 (June 2003): 17–34.

7. Purchases of property and casualty insurance services are measured as premiums plus premium supplements less normal losses and dividends paid to policyholders.

and accommodation services were also affected.⁸ Damages to owner-occupied housing were recorded in rental income of persons.

8. The utilities industry includes the income of rural electric and telephone cooperatives, which is recorded as proprietors' income.

Upcoming Release of County Estimates of Compensation by Industry

On January 27, BEA will release, for the first time, county estimates of compensation by industry. Compensation—the sum of wage and salary disbursements and supplements to wages and salaries—is now a key statistic in the personal income account as a result of improvements that were part of the comprehensive revisions of the national income and product accounts and of local area personal income.

The county estimates by industry for 2003 are being accelerated and will be available 13 months after the end of the year, an acceleration by 4 months. This acceleration of the release of a key component of local area personal income meets BEA's Strategic Plan goal of improving the timeliness of county-level personal income and its components. The compensation by industry estimates for 1998–2003 will be presented in a new table—CA06 Compensation of Employees by Industry.

The estimates can be accessed interactively at <www.bea.gov/bea/regional/reis>. In addition to the county estimates, BEA also will release compensation by industry for metropolitan areas, micropolitan areas, and BEA economic areas.

Table C. Adjustments to Personal Income for Hurricane Damage

[Millions of dollars, seasonally adjusted at annual rates]

	Nonfarm proprietors' income						Dividends, interest, and rent	Personal current transfer receipts	Total adjustment to personal income	Personal income without adjustment	Adjustment as a percent of personal income
	Utilities	Nondurable goods manufacturing	Retail trade	Real estate and rental and leasing	Health care and social assistance	Accommodation and food services					
Alabama.....	-0.2	-4.2	-26.7	-134.0	-34.5	-28.7	-795.7	801.5	-222.3	125,470.9	-0.2
Florida.....	-2.8	-61.5	-388.9	-1,953.8	-502.4	-418.2	-11,603.8	11,689.1	-3,242.2	544,515.2	-0.6
Georgia.....	-0.1	-2.2	-14.0	-70.3	-18.1	-15.1	-417.7	420.8	-116.7	269,779.1	0.0
Louisiana.....	(L)	-0.1	-0.5	-2.5	-0.6	-0.5	-15.0	15.1	-4.2	123,559.9	0.0
Mississippi.....	(L)	-0.2	-1.0	-4.8	-1.2	-1.0	-28.7	28.9	-8.0	71,373.7	0.0
New Jersey.....	(L)	(L)	-0.2	-1.2	-0.3	-0.3	-7.3	7.4	-2.1	362,431.7	0.0
New York.....	(L)	-0.2	-1.1	-5.3	-1.4	-1.1	-31.4	31.6	-8.8	732,689.9	0.0
North Carolina.....	(L)	-0.9	-5.7	-28.5	-7.3	-6.1	-169.1	170.3	-47.2	251,249.7	0.0
Ohio.....	(L)	-0.5	-3.1	-15.4	-4.0	-3.3	-91.3	92.0	-25.5	359,864.1	0.0
Pennsylvania.....	-0.1	-1.6	-9.9	-49.7	-12.8	-10.6	-295.1	297.2	-82.4	411,356.3	0.0
South Carolina.....	(L)	-0.2	-1.4	-7.3	-1.9	-1.6	-43.1	43.4	-12.0	114,281.8	0.0
West Virginia.....	(L)	-0.5	-3.4	-17.1	-4.4	-3.7	-101.8	102.5	-28.4	47,367.4	-0.1
Total.....	-3.3	-72.1	-455.8	-2,289.9	-588.8	-490.1	-13,600.0	13,700.0	-3,800.0	9,674,404.0	0.0

L. Between \$0 and -\$50,000; the estimates for this item are included in the totals.

Table 1 follows.

Table 1. Personal Income by State and Region
 [Millions of dollars, seasonally adjusted at annual rates]

Area name	2000	2001				2002				2003				2004			Percent change ¹
	IV	I	II	III	IV	I	II	III	IV	I	II	III	IV	I ^r	II ^r	III ^p		2004:II-2004:III
United States	8,554,392	8,681,379	8,712,868	8,725,409	8,753,004	8,793,524	8,895,952	8,884,308	8,899,260	8,987,629	9,093,138	9,196,611	9,317,342	9,442,744	9,590,857	9,670,604	0.8
New England	513,216	526,881	524,837	522,244	523,594	526,458	531,609	529,378	528,207	533,194	536,212	541,900	548,971	558,314	567,152	570,993	0.7
Connecticut	144,245	148,434	147,553	146,526	146,779	147,705	148,113	148,169	147,438	149,122	149,867	151,350	152,864	156,856	157,751	159,030	0.8
Maine	33,646	34,812	35,062	35,096	35,439	35,979	36,330	36,413	36,460	37,191	37,428	37,853	38,654	39,009	39,570	39,947	1.0
Massachusetts	244,714	251,126	249,490	248,027	248,308	248,810	252,013	249,715	249,020	250,452	251,842	254,383	257,435	261,519	266,940	268,122	0.4
New Hampshire	42,191	42,796	42,717	42,569	42,745	43,062	43,731	43,525	43,554	43,937	44,306	44,889	45,613	46,169	47,113	47,640	1.1
Rhode Island	31,217	32,065	32,195	32,264	32,394	32,853	33,181	33,259	33,331	33,982	34,026	34,456	35,013	35,329	35,804	36,147	1.0
Vermont	17,204	17,647	17,821	17,761	17,929	18,048	18,241	18,296	18,403	18,510	18,742	18,970	19,392	19,430	19,975	20,106	0.7
Mideast	1,614,961	1,620,606	1,617,262	1,637,381	1,627,826	1,643,347	1,652,543	1,650,386	1,649,919	1,664,276	1,684,882	1,702,422	1,725,231	1,746,698	1,765,501	1,782,364	1.0
Delaware	24,806	24,945	25,365	25,547	25,834	26,138	26,259	26,193	26,140	26,713	27,131	27,359	27,757	28,097	28,806	29,114	1.1
District of Columbia	23,493	25,332	25,599	25,713	25,829	25,962	26,196	26,071	26,194	26,544	26,756	27,111	27,813	27,968	28,252	28,510	1.0
Maryland	186,217	188,955	191,059	191,861	193,151	196,944	198,827	198,710	199,696	202,327	205,124	207,185	210,029	213,804	216,073	218,614	1.2
New Jersey	330,775	330,564	331,747	332,394	336,096	337,926	337,898	337,749	337,837	340,044	343,586	347,811	350,788	354,319	358,239	362,430	1.2
New York	678,801	681,147	671,847	689,347	673,155	678,630	682,928	680,486	678,684	683,026	692,960	699,983	710,154	721,801	727,170	732,681	0.8
Pennsylvania	370,869	369,663	371,644	372,519	373,762	377,746	380,436	381,177	381,289	385,972	389,538	393,329	399,391	400,864	407,245	411,274	1.0
Great Lakes	1,343,314	1,357,135	1,359,188	1,359,982	1,363,909	1,362,348	1,386,415	1,386,835	1,389,237	1,401,400	1,415,112	1,427,911	1,450,706	1,457,195	1,482,450	1,493,647	0.8
Illinois	406,087	408,525	407,131	407,961	408,242	409,657	414,576	412,392	412,423	415,225	418,348	421,533	425,520	432,539	437,175	441,255	0.9
Indiana	165,331	168,254	168,490	168,236	168,746	168,945	172,177	172,785	173,458	174,918	177,063	179,073	182,607	183,856	188,009	189,487	0.8
Michigan	294,418	298,059	299,305	299,372	300,401	295,172	303,572	304,257	305,073	307,560	311,916	315,787	322,576	318,829	325,276	326,168	0.3
Ohio	322,038	324,297	325,733	325,836	327,010	327,434	332,522	333,856	334,061	337,840	340,717	342,744	348,829	349,578	356,967	359,839	0.8
Wisconsin	155,441	158,000	158,530	158,576	159,510	161,139	163,568	163,545	164,221	165,496	167,067	168,775	171,174	172,392	175,023	176,898	1.1
Plains	552,155	559,824	562,695	562,506	567,781	569,338	576,645	576,042	577,209	584,893	591,792	598,422	603,755	615,766	624,827	628,978	0.7
Iowa	78,260	79,321	79,716	79,650	80,083	81,204	82,546	81,990	81,960	82,324	83,008	83,916	85,170	88,104	89,632	89,970	0.4
Kansas	75,178	76,756	77,132	77,453	78,256	77,638	78,905	78,348	78,268	79,526	79,811	80,782	81,744	82,948	83,825	84,716	1.1
Minnesota	161,023	162,327	162,726	162,113	163,838	164,698	167,022	167,360	167,794	169,217	171,509	173,910	174,232	178,385	180,726	181,793	0.6
Missouri	154,219	155,956	157,006	157,236	158,741	159,780	161,208	161,143	161,717	163,820	165,201	166,635	168,213	170,202	172,714	174,256	0.9
Nebraska	47,710	48,910	49,302	49,278	49,709	49,385	49,777	50,062	50,266	51,375	52,661	53,149	53,835	54,225	55,600	55,418	0.6
North Dakota	16,181	16,327	16,424	16,404	16,724	16,603	16,883	16,797	16,836	17,584	18,004	18,275	18,448	19,196	19,609	19,650	0.2
South Dakota	19,584	20,227	20,389	20,372	20,429	20,031	20,305	20,342	20,367	21,048	21,599	21,756	22,113	22,706	23,261	23,175	-0.4
Southeast	1,868,445	1,905,322	1,924,878	1,924,925	1,943,802	1,955,462	1,982,036	1,978,935	1,986,231	2,013,352	2,033,577	2,056,893	2,087,930	2,119,326	2,154,240	2,170,607	0.8
Alabama	107,129	109,274	110,563	110,776	111,835	112,170	114,069	113,969	114,380	116,233	117,442	118,631	120,733	122,304	124,448	125,249	0.6
Arkansas	59,383	61,721	62,203	62,201	62,809	62,821	63,653	63,605	63,940	64,824	65,755	66,538	67,777	69,203	70,309	70,678	0.5
Florida	465,868	472,770	478,365	479,395	484,093	486,097	493,216	492,812	496,745	501,513	507,044	512,841	518,962	527,188	538,629	541,273	0.5
Georgia	233,905	238,391	240,828	241,563	243,731	244,859	248,052	246,704	247,509	250,065	252,511	255,056	258,782	263,056	267,903	269,662	0.7
Kentucky	99,707	100,653	101,195	101,648	102,179	102,652	104,077	104,390	105,101	106,488	107,818	109,061	110,691	111,946	113,476	114,601	1.0
Louisiana	104,215	108,867	110,193	110,705	111,862	112,313	113,420	113,294	114,082	114,953	116,469	117,699	119,177	121,329	122,302	123,556	1.0
Mississippi	60,379	62,310	62,961	62,734	63,562	63,676	64,539	64,502	64,595	66,188	66,738	67,568	68,540	69,904	70,845	71,366	0.7
North Carolina	221,685	224,838	225,826	224,602	227,701	229,084	231,151	231,151	230,756	233,991	235,357	238,951	243,424	246,140	248,834	251,202	1.0
South Carolina	99,527	100,998	101,369	101,712	102,643	103,404	104,852	104,767	105,139	106,906	107,559	108,646	110,479	111,466	113,505	114,270	0.7
Tennessee	150,745	153,161	154,330	154,595	155,669	158,046	160,506	160,163	160,617	163,859	165,512	167,637	170,461	172,466	175,150	176,704	0.9
Virginia	225,800	231,078	235,230	233,084	235,162	237,292	240,483	240,228	239,918	244,210	246,895	249,495	253,615	258,371	261,963	264,707	1.0
West Virginia	40,102	41,291	41,815	41,910	42,557	43,049	43,377	43,349	43,447	44,122	44,477	44,770	45,289	45,953	46,875	47,339	1.0
Southwest	866,645	888,630	891,962	893,032	896,398	897,023	906,295	904,154	905,547	915,662	929,268	939,449	953,704	968,355	982,379	991,095	0.9
Arizona	134,836	136,744	138,521	139,663	140,036	142,233	144,161	143,829	144,499	146,619	149,164	151,187	154,208	156,591	159,953	161,709	1.1
New Mexico	41,016	43,108	43,812	44,328	45,086	45,266	46,182	45,838	45,915	46,656	47,444	47,982	49,146	49,745	50,354	50,702	0.7
Oklahoma	86,406	89,416	90,190	90,357	90,829	89,731	90,245	90,197	90,135	91,336	92,918	93,867	95,041	96,106	97,520	98,275	0.8
Texas	604,386	619,362	619,440	618,684	620,447	619,793	625,707	624,291	624,998	631,051	639,743	646,413	655,308	665,914	674,552	680,409	0.9
Rocky Mountain	269,840	277,824	279,745	279,646	280,687	281,242	284,533	283,363	283,760	285,913	289,453	293,717	295,447	301,103	306,855	309,891	1.0
Colorado	148,213	152,794	153,162	152,598	152,297	152,760	154,156	153,534	153,923	154,549	156,017	158,862	158,742	162,264	164,972	166,093	0.7
Idaho	31,811	32,707	33,122														