

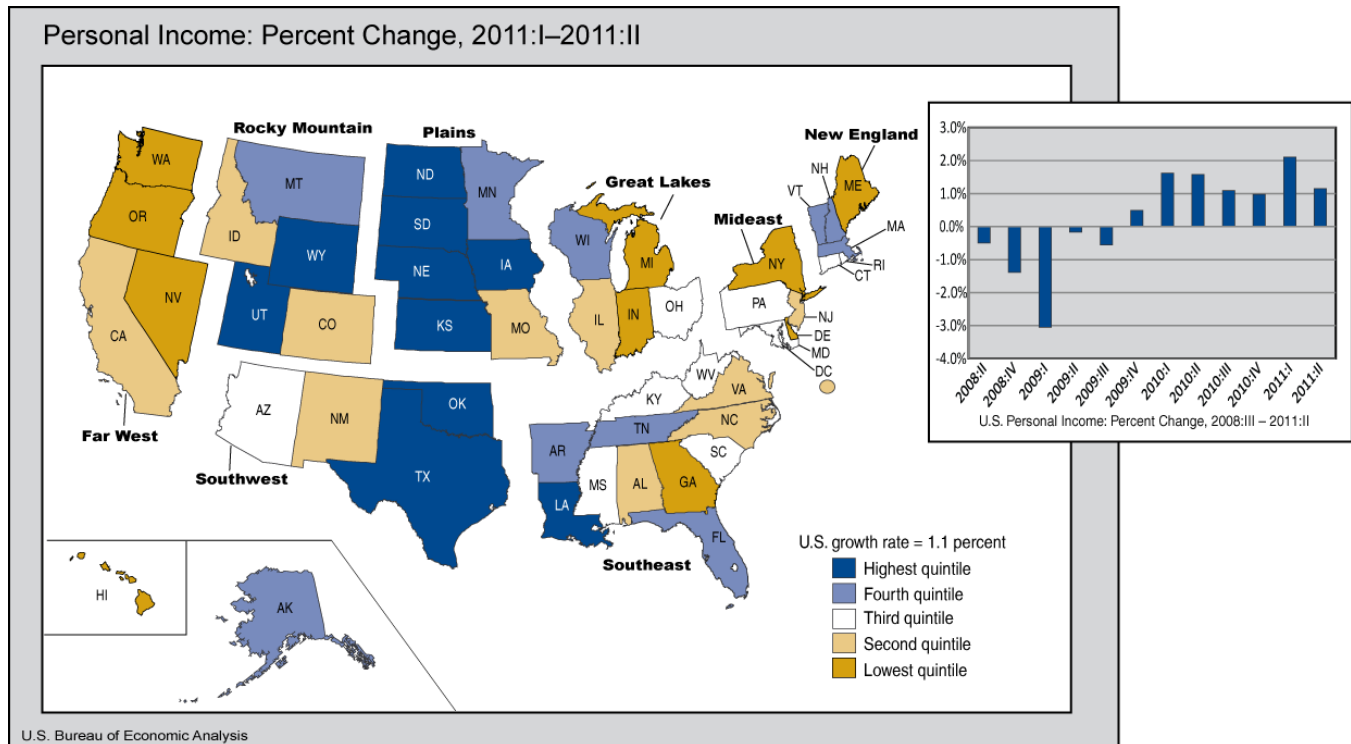
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State Personal Income: Second Quarter 2011

State personal income growth slowed to 1.1 percent, on average, in the second quarter of 2011, down from 2.1 percent in the first quarter, according to estimates released today by the U.S. Bureau of Economic Analysis. Growth rates ranged from 2.2 percent in Nebraska and South Dakota to 0.7 percent in the states of Washington and Georgia. Inflation, as measured by the national price index for personal consumption expenditures, decreased to 0.8 percent in the second quarter from 1.0 percent in the first quarter of 2011.



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.

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The deceleration in the second quarter brought personal income growth back to the rate prevailing in the last two quarters of 2010. Personal income growth had been boosted 0.8 percentage point in the first quarter by a reduction in the personal contribution rate for social security, one of the provisions of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.

Earnings by state and industry

Earnings in health care and professional services grew in all states in the second quarter. What distinguished the fastest growing states from the others were the contributions of their farming, mining, and durable goods manufacturing industries.

Farming made substantial contributions to personal income growth in Nebraska and South Dakota in the second quarter, where the value of crop output was up 9 percent, and in Kansas and Iowa where crop output was up 6 to 8 percent. High global grain demand, exemplified by record soybean exports to China and a steady expansion of corn use in ethanol production, made the Plains Region the fastest growing of the eight BEA regions (see Definitions page). Personal income grew 1.5 percent in the Plains Region in the second quarter.

With energy prices approaching the record level of the third quarter of 2008, and the industry exploring for and developing new production fields, earnings in the mining industry (which includes oil and gas extraction) grew 14 percent in North Dakota and 7.3 percent in Wyoming. Mining made smaller, but still notable, contributions to earnings growth in Alaska, West Virginia, Oklahoma, Texas, and Louisiana.

Earnings in the durable-goods manufacturing industry grew significantly in the second quarter in Oklahoma and Wisconsin, where it grew 6.2 and 3.1 percent, respectively. It made smaller, but still notable contributions to earnings growth in Iowa, Kansas, and Indiana. Exports of U.S. durable goods grew 2.7 percent in the second quarter as the dollar continued to depreciate against other major currencies.

Small gains in construction earnings in 39 states in the second quarter more than offset the relatively large declines in Colorado, Nevada, and New Mexico and enabled construction earnings for the nation to increase for the second consecutive quarter. However, only in North Dakota did construction contribute significantly to overall earnings growth. Construction earnings grew 4.9 percent in North Dakota in the second quarter following a 4.6 percent increase in the first quarter.

The states with the slowest personal income growth in the second quarter—Washington, Georgia, New York, Delaware, and Michigan—all had substantial bonuses paid to workers in the first quarter in major industries: durable goods manufacturing in the cases of Washington and Michigan, finance in the cases of New York and Delaware, and transportation and management of companies in the case of Georgia.

Revisions

BEA also released today revised quarterly and annual state personal income beginning with the first quarter of 2008. Revisions are usually made each September to incorporate source data that are more complete and more detailed than previously available. Personal income for 2010 for the 50 states and the District of Columbia was revised down 1.0 percentage point on average. A complete presentation and discussion of the data and revisions will be provided in the October issue of the *Survey of Current Business*.

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).

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Next state personal income release – December 19, 2011, at 8:30 A.M. for state personal income, third quarter 2011.