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NEWS RELEASE

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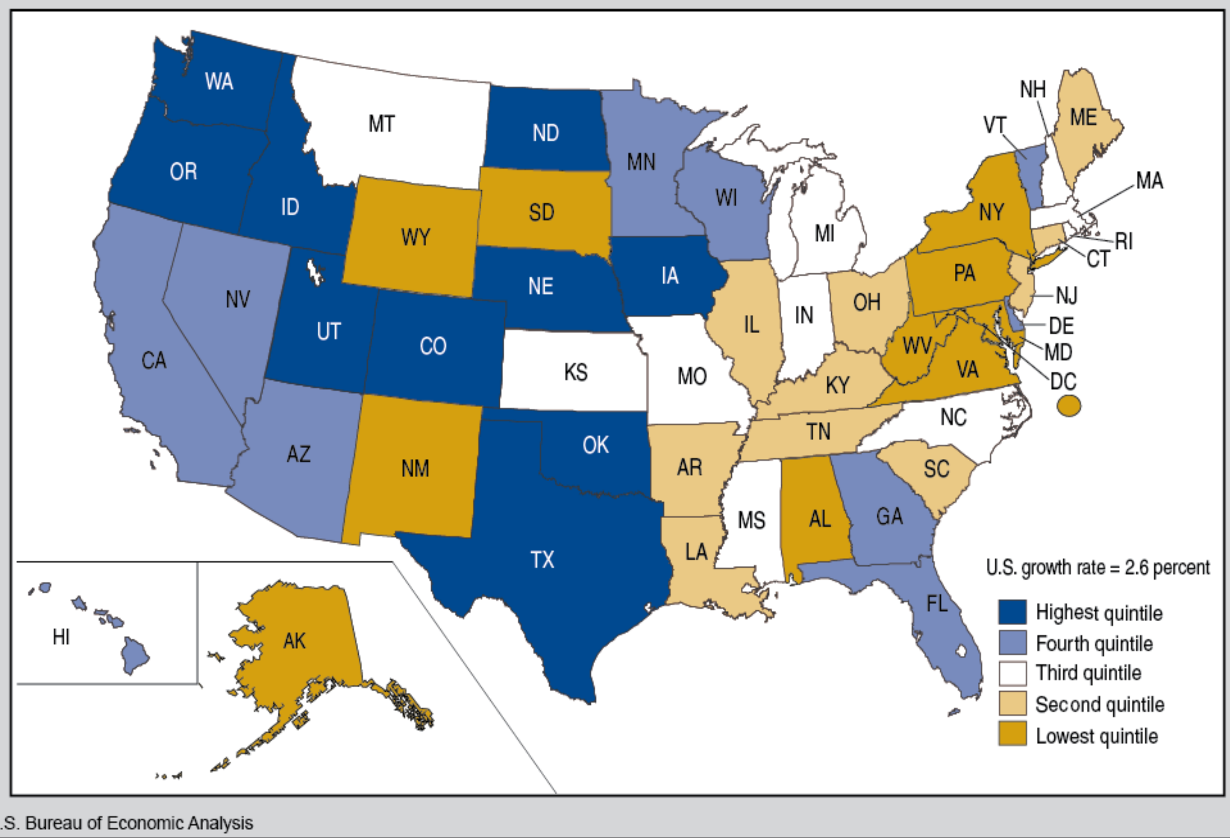
STATE PERSONAL INCOME 2013

Average state personal income growth slowed to 2.6 percent in 2013 from 4.2 percent in 2012, according to estimates released today by the U.S. Bureau of Economic Analysis. State personal income growth ranged from 1.5 percent in West Virginia to 7.6 percent in North Dakota, with every state growing more slowly in 2013 than in 2012. Inflation, as measured by the national price index for personal consumption expenditures, slowed to 1.1 percent in 2013 from 1.8 percent in 2012

Personal Income: Percent Change, 2012–2013



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

The slower personal income growth reflected the effects of several special factors including the expiration at the beginning of 2013 of the "payroll tax holiday" (a temporary two-percentage point reduction in the personal contribution rate for social security) and the acceleration of the receipt of income, especially personal dividends and salary bonuses, into 2012 in anticipation of changes in individual income tax rates for 2013. The expiration of the payroll tax holiday increased contributions for government social insurance, a subtraction in the calculation of personal income.

Earnings by industry. Nationwide, earnings grew in 2013 in every industry except civilian federal government, which fell $6.7 billion. Earnings growth slowed, however, in most private-sector industries in 2013. Among the few exceptions with accelerating growth, construction and farming were notable.

Earnings growth was greatest in professional services (up $44.6 billion), construction (up $44.3 billion), and health care (up $42.5 billion). These 3 industries contributed the most to earnings growth in 2012 as well.

Earnings by state and industry. Earnings grew 1.2 percent in 2013 in West Virginia, the net effect of declines in ten industries, including mining, durable goods manufacturing, and construction, and gains in 14 industries, including health care and professional services.

The relatively slow earnings growth in 2013 in the District of Columbia (1.6 percent), Maryland (2.0 percent), and Virginia (2.1 percent) reflects a $1.1 billion decline in civilian federal government earnings in the region due to furloughs and other measures.

Nevada's 4.3 percent earnings growth in 2013 exceeded the national average for the first time since the recession ended in 2009. (Before the recession Nevada's earnings growth typically outpaced the nation). The construction and accommodations industries provided the largest contributions to earnings growth in Nevada in 2013.

Mining (including oil and gas extraction) was one of the major contributors to earnings growth in North Dakota, Oklahoma, and Texas in 2013. Earnings growth rates in these three states have outpaced the national average not only in 2013, but in each of the four years since the recession.

Fourth quarter personal income.[1] State personal income growth slowed to 0.6 percent in the fourth quarter of 2013, from 1.0 percent in the third quarter. Growth ranged from 1.2 percent in Texas to -0.6 percent in Iowa. The fourth-quarter personal income decline in Iowa and six other states reflected lower crop prices which reduced the value of farm output and farm earnings. The inflation rate slowed to 0.3 percent in the fourth quarter from 0.5 percent in the third quarter.

Revisions. Estimates for 2013:I to 2013:III have been revised. All of the regional statistics underlying this news release, along with mapping and charting software, are available at http://bea.gov/regional/.

[1] 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.

Restoration of Previously Eliminated
Local Area Personal Income Statistics

The Bureau of Economic Analysis (BEA) will restore a portion of the statistical detail to its Local Area Personal Income (LAPI) program that had been eliminated due to sequestration and reduced funding levels in FY 2013. In early May, BEA will release for 2001-2012 (1) local area employment statistics; (2) local area industry detail for compensation and earnings for 108 industries; (3) detail on farm income and expenses; (4) and partially restored detail on personal current transfer receipts. Improved production efficiency, in part, will allow for the restoration of these statistics. For further information about the statistics, contact the Regional Income Division at 202–606–5360, or e-mail reis@bea.gov.

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 wages and salaries, 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).

Per capita personal income is calculated as the total personal income of the residents of a state divided by the population of the state. In computing per capita personal income, BEA uses the Census Bureau's annual midyear population estimates.

Disposable personal income is personal income less personal current taxes. It is the portion of personal income that is available for consumption expenditures, interest payments, current transfer payments, or saving.

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).

State personal income statistics provide a framework for analyzing current economic conditions in each state and can serve as a basis for decision making. For example:

- Federal government agencies use the statistics as a basis for allocating funds and determining matching grants to states. The statistics are also used in forecasting models to project energy and water use.
- State governments use the statistics to project tax revenues and the need for public services.
- Academic regional economists use the statistics for applied research.
- Businesses, trade associations, and labor organizations use the statistics for market research.

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Next quarterly state personal income release – June 24, 2014, at 8:30 A.M. for state personal income, first quarter 2014.