

News Release

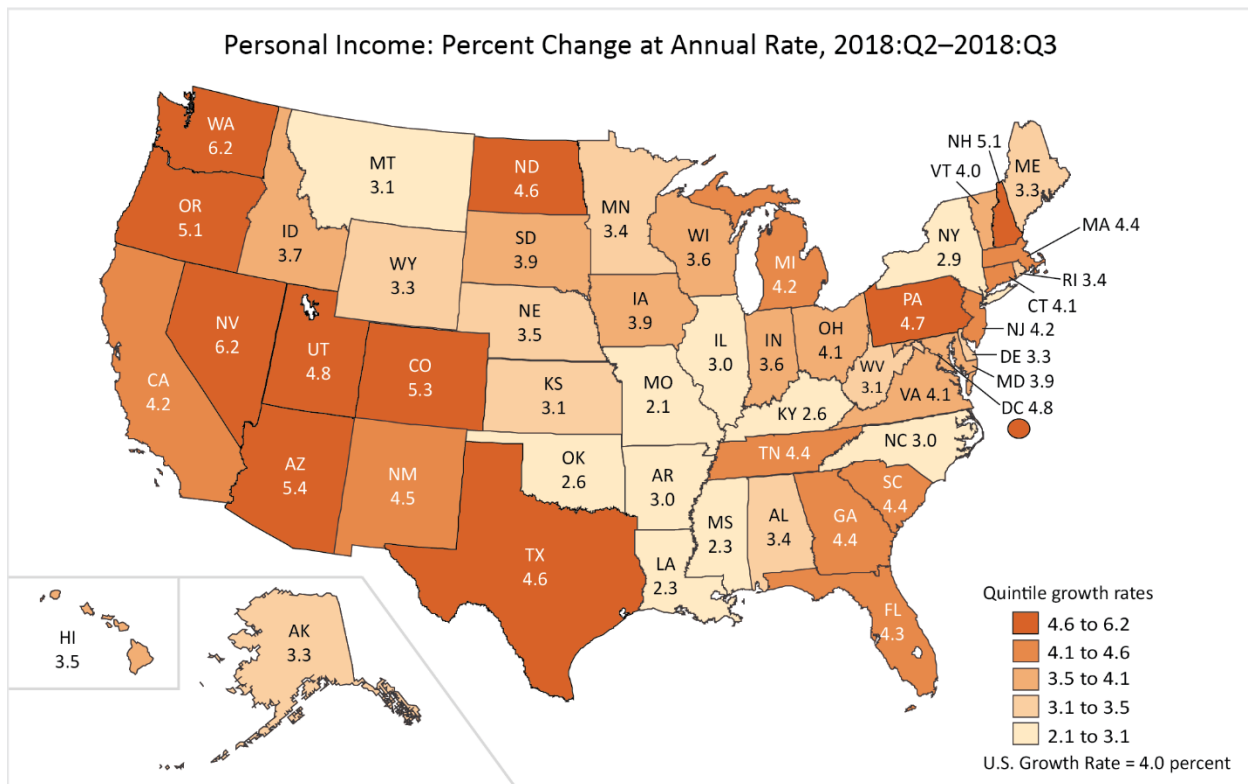
EMBARGOED UNTIL RELEASE AT 8:30 A.M. EST, Thursday, December 20, 2018

BEA 18-70

Technical: Matthew von Kerczek (301) 278-9250 reis@bea.gov
 David Lenze (301) 278-9292
 Media: Jeannine Aversa (301) 278-9003 Jeannine.Aversa@bea.gov

State Personal Income, Third Quarter 2018

State personal income increased 4.0 percent at an annual rate in the third quarter of 2018, an acceleration from the 3.4 percent increase in the second quarter, according to estimates released today by the Bureau of Economic Analysis (table 1). Personal income increased in all states and the District of Columbia. The percent change in personal income across all states ranged from 6.2 percent in Nevada and Washington to 2.1 percent in Missouri.

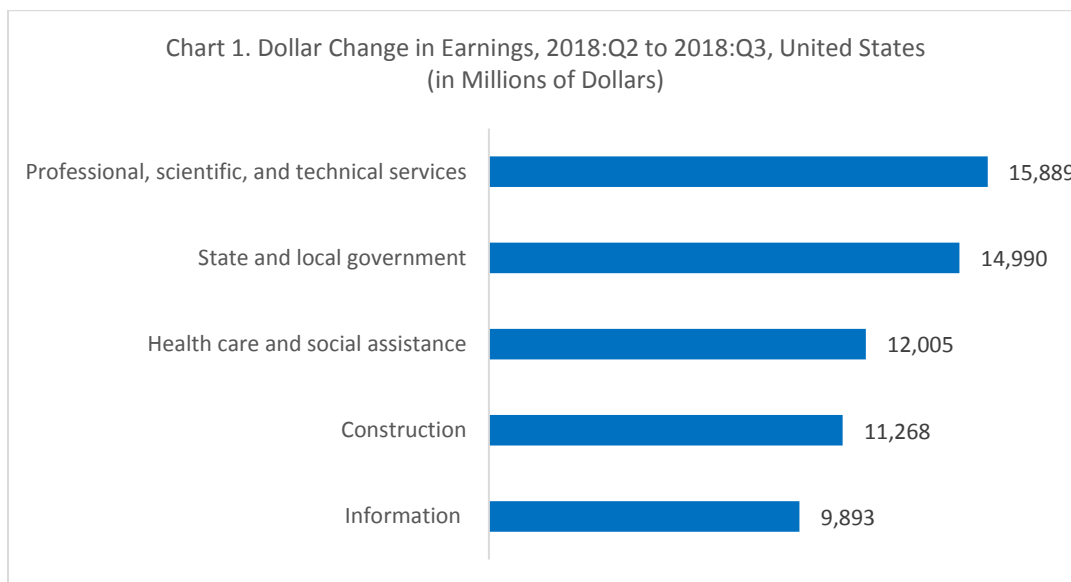


Increases in earnings and property income (dividends, interest and rent) contributed to personal income growth in all states, while increases in transfer receipts contributed to personal income growth in all states, but New York (table 2).

Earnings. Earnings increased 4.0 percent in the third quarter of 2018, after increasing 3.0 percent in the second quarter and was the leading contributor to personal income growth in most states, including the six fastest growing states —Nevada, Washington, Arizona, Colorado, New Hampshire, and Oregon. Earnings increased in 20 of the 24 industries for which BEA prepares quarterly estimates (table 4).

- Construction was the leading contributor to the earnings increase in Nevada, Arizona, New Hampshire, and Oregon (table 3).
- Information was the leading contributor to the earnings increase in Washington.
- Professional, scientific, and technical services was the leading contributor to the earnings increase in Colorado.

For the nation, professional, scientific, and technical services; state and local government; and healthcare and social assistance were the industries contributing most to overall growth in personal income (chart 1).



Property Income. Property Income increased 4.0 percent for the nation in the third quarter of 2018, after increasing 3.9 percent in the second quarter. Growth rates ranged from 5.2 percent in Washington to 2.6 percent in Oklahoma.

Transfer Receipts. Transfer receipts increased 4.0 percent for the nation in the third quarter of 2018, after increasing 4.4 percent in the second quarter. Growth rates ranged from 10.9 percent in Colorado to -1.6 percent in New York.

Updates to Personal Income

Today, BEA also released revised quarterly estimates for 2018:Q1 and 2018:Q2. Updates were made to incorporate source data that are more complete and more detailed than previously available and to align the states with revised national estimates that were released on November 29, 2018.

Next release: March 26, 2019 at 8:30 A.M. EDT
State Personal Income, Fourth Quarter 2018 and Preliminary Annual 2018

Additional Information

Resources

- Stay informed about BEA developments by reading the BEA [blog](#), signing up for BEA's [email subscription service](#), or following BEA on Twitter [@BEA_News](#).
- Historical time series for these estimates can be accessed in BEA's [Interactive Data Application](#).
- Access BEA data by registering for BEA's Data [Application Programming Interface](#) (API).
- For more on BEA's statistics, see our monthly online journal, the [Survey of Current Business](#).
- BEA's [news release schedule](#).
- BEA Regional Facts ([BEARFACTS](#)), a narrative summary of personal income, per capita personal income, and components of income for each state.
- Complete information on the sources and methods for the estimation of [BEA's State Personal Income and Employment](#).

Definitions

Personal income is the income received by, or on behalf of, all persons from all sources: from participation as laborers in production, from owning a home or business, from the ownership of financial assets, and from government and business in the form of transfers. It includes income from domestic sources as well as the rest of world. It does not include realized or unrealized capital gains or losses.

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 midquarter population estimates based on unpublished Census Bureau data.

Earnings:

Earnings by place of work is the sum of wages and salaries, supplements to wages and salaries, and proprietors' income. BEA's industry estimates are presented on an earnings by place of work basis.

Net earnings by place of residence is earnings by place of work less contributions for government social insurance, plus an adjustment to convert earnings by place of work to a place-of-residence basis. BEA presents net earnings on an all industry level.

Property income is rental income of persons, personal dividend income, and personal interest income.

Personal current transfer receipts are benefits received by persons from federal, state, and local governments and from businesses for which no current services are performed. They include retirement and disability insurance benefits (mainly Social Security), medical benefits (mainly Medicare and Medicaid), income maintenance benefits, unemployment insurance compensation, veterans' benefits, and federal education and training assistance.

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 for the United States is the sum of the state estimates and the estimate for the District of Columbia; it differs slightly 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.

Statistical conventions

Quarter-to-quarter percent changes are calculated from unrounded data and are annualized. Annualized growth rates show the rate of change that would have occurred had the pattern been repeated over four quarters (one year). Annualized rates of change can be calculated as follows: $((\text{level of later quarter} / \text{level of earlier quarter})^4 - 1) * 100$. Quarterly estimates are expressed at seasonally adjusted annual rates, unless otherwise specified. Quarter-to-quarter dollar changes are differences between published estimates.

BEA Regions

BEA groups all 50 states and the District of Columbia into eight distinct regions for purposes of presentation 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)

Far West (Alaska, California, Hawaii, Nevada, Oregon, and Washington)

Uses of State Personal Income Statistics

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.

List of News Release Tables

Table 1. Personal Income, by State and Region, 2017:Q2-2018:Q3

Table 2. Personal Income Change by Component, by State and Region, 2018:Q2-2018:Q3

Table 3. Contributions of Earnings to Percent Change in Personal Income by Industry, State and Region, 2018:Q2-2018:Q3

Table 4. Earnings Growth by Industry, State and Region, 2018:Q2-2018:Q3