

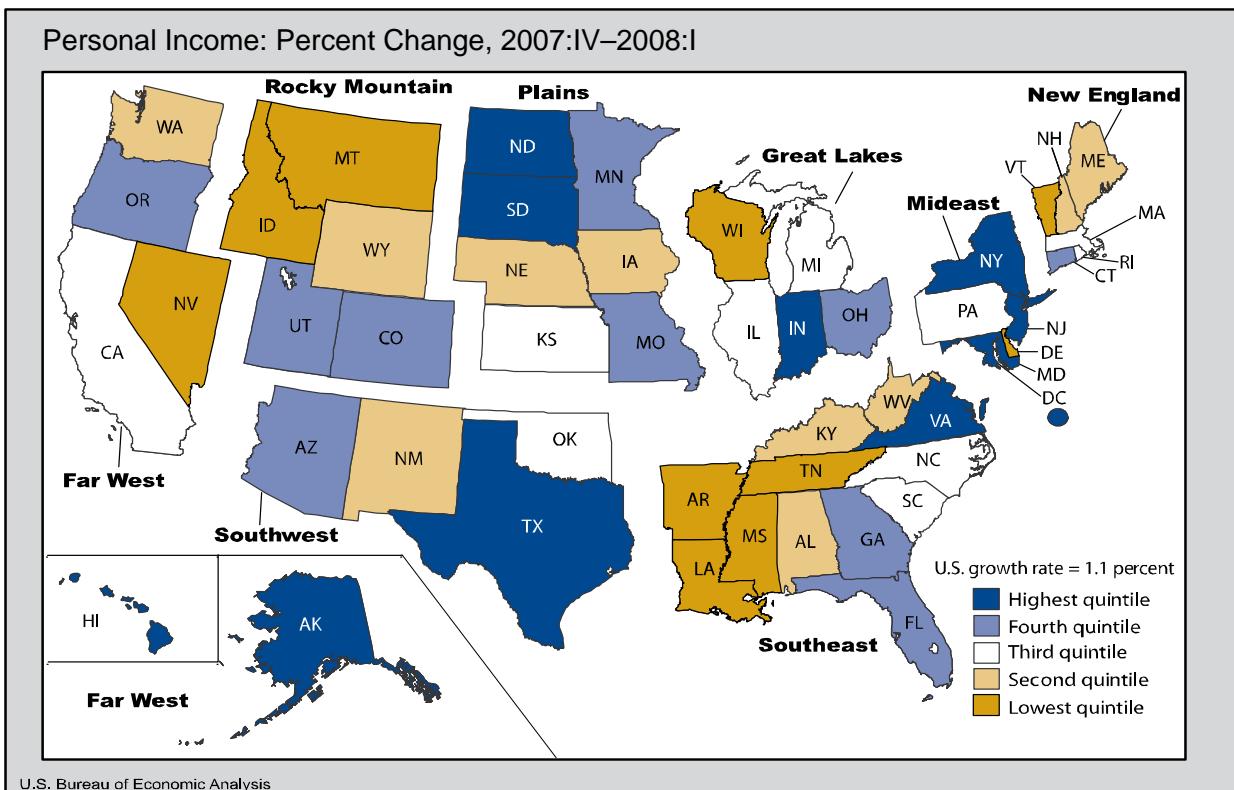
EMBARGOED FOR RELEASE: 8:30 A.M. ET, Thursday, June 19, 2008

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BEA 08-29

State Personal Income: First Quarter 2008

U.S. personal income grew 1.1 percent in the first quarter of 2008, after growing 1.2 percent in the last quarter of 2007, according to estimates released today by the U.S. Bureau of Economic Analysis. Across states, personal income growth ranged from 7.6 percent in North Dakota to -1.9 percent in Arkansas.



The unusually wide range of state growth rates is largely a consequence of rising grain prices. Corn prices jumped 22 percent in the first quarter, while wheat prices rose 18 percent and soybean prices 17 percent. This added 6.4 percentage points to personal

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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income growth in North Dakota where the farm sector is predominantly crop production. At the same time, the higher grain prices, which raised expenses for livestock growers, reduced personal income by 1.0 percentage point in Arkansas where the farm sector is predominantly poultry.

Nonfarm growth. Nonfarm personal income growth rates ranged from 2.5 percent in New York to -0.9 percent in Arkansas. Performance bonuses for 2007 (paid in 2008Q1) in the finance industry accounted for New York's strong personal income growth, more than double national nonfarm growth. Because many of the recipients of the bonuses live in Connecticut and New Jersey, personal income of those states was boosted slightly as well.

The first quarter decline in Arkansas's nonfarm personal income is primarily because of bonuses paid in 2007Q4 in the information industry, an industry encompassing activities such as software publishing, telecommunications, and data processing. Earnings in that industry fell 46 percent (or \$2.1 billion) in 2008Q1 after growing 141 percent (\$2.7 billion) in 2007Q4. This subtracted 2.4 percentage points from the state's personal income growth. Similar, but smaller, fourth quarter bonuses and exercises of stock options in the information industry in Nebraska and Washington State reduced first quarter personal income growth in those states by 0.5 and 0.4 percentage points respectively.

Earnings growth in mining, 5.4 percent nationally, was stronger than in any of the other 23 industries BEA tracks on a quarterly basis. Yet because of its relatively small size—less than one million jobs—mining contributed little to national personal income growth. In contrast, mining contributed more to Texas's first quarter personal income growth than any other industry, 0.4 percentage point, and made Texas one of the fastest growing states in the nation. Mining contributed even more to personal income growth in Wyoming (0.8 percentage point) and in Oklahoma (0.5 percentage point).

Nonlabor income. Property income grew 0.5 percent in 2008Q1, down from 1.5 percent growth in 2007Q4. The deceleration reflects a combination of lower interest rates and a tapering off in federal subsidies for reconstruction related to Hurricane Katrina in Louisiana and Mississippi.

State unemployment insurance benefits grew 6.9 percent nationally in 2008Q1, following a 2.1 percent increase in 2007Q4. Geographically the picture is mixed: unemployment insurance benefits fell 0.2 percent in the New England Region and rose 18 percent in the Rocky Mountain Region. Two states, Florida and Nevada, stand out from the rest. Unemployment benefits rose 25 percent in Florida and 23 percent in Nevada in 2008Q1 and have now reached a nominal level comparable to that which prevailed in those states during 2002-03 when the U.S. was recovering from the last recession.

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, rental income of persons, personal dividend income, personal interest income, and personal current transfer receipts. **Net earnings** is earnings by place of work (the sum of wage and salary disbursements (payrolls), 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; 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 – September 18, 2008, at 8:30 A.M. ET for state personal income, second quarter 2008 and revised state personal income, 2005-07.

