

News Release

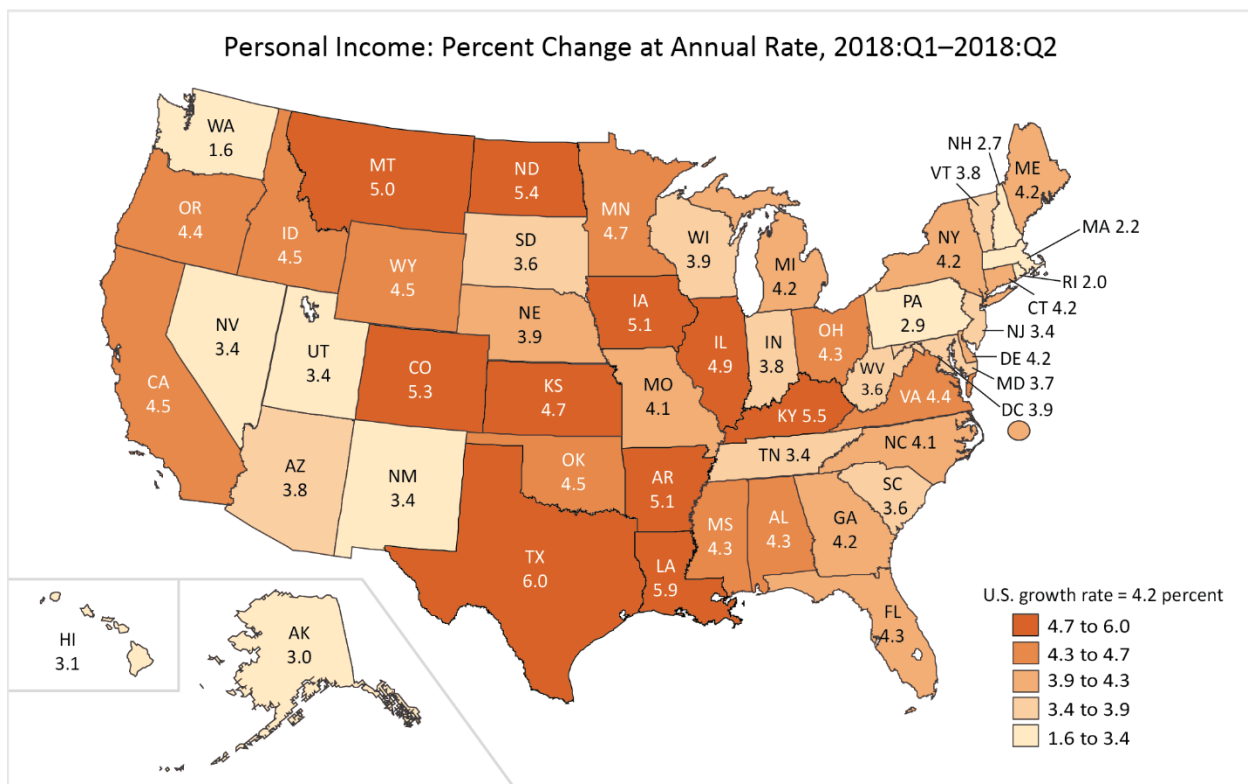
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BEA 18-49

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State Personal Income: Second Quarter 2018; State Annual Personal Income, 2017

State personal income increased 4.2 percent, at an annual rate, in the second quarter of 2018, a deceleration from the 5.0 percent increase in the first quarter, according to estimates released today by the Bureau of Economic Analysis (table 1). The percent change in personal income across all states ranged from 6.0 percent in Texas to 1.6 percent in Washington.



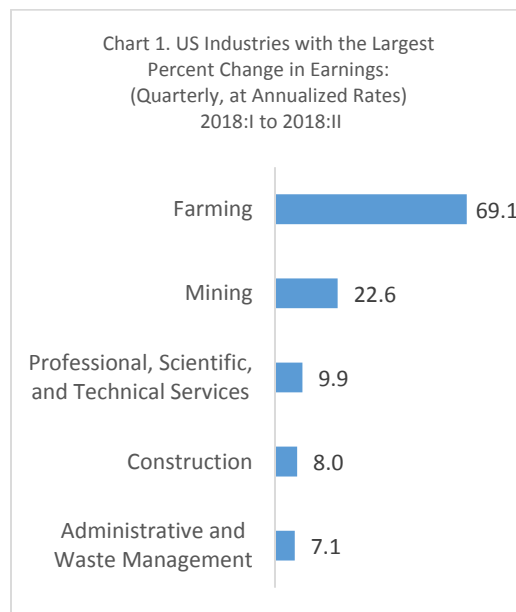
U.S. Bureau of Economic Analysis

Increases in earnings, property income, and transfer receipts all contributed to growth in second quarter personal income (table 2).

Earnings. For the nation, earnings increased 4.5 percent in the second quarter of 2018, after increasing 5.1 percent in the first quarter, and increased in 21 of the 24 industries for which BEA prepares quarterly estimates (table 4). Earnings was the leading contributor to personal income growth in most states, including the four states with the fastest personal income growth – Texas, Louisiana, Kentucky, and North Dakota.

- Professional, scientific, and technical services was the leading contributor to the earnings increase in Texas (table 3).
- Construction was the leading contributor to the earnings increase in Louisiana.
- Health care and social assistance was the leading contributor to the earnings increase in Kentucky.
- Mining was the leading contributor to the earnings increase in North Dakota.

Nationally, earnings increased fastest in farming and mining (chart 1). Although neither industry contributed more than 0.2 of a percentage point to personal income growth nationally; both industries were important contributors to growth in several states.



- Farm earnings contributed half a percentage point or more to increases in personal income in nine states – Arkansas, Kansas, Mississippi, North Dakota, Montana, Idaho, Minnesota, Indiana, and Iowa.
- Mining earnings contributed half a percentage point or more to increases in personal income in seven states – North Dakota, Wyoming, Oklahoma, Alaska, Texas, New Mexico, and Colorado.

Property Income. Property Income increased 3.3 percent in the second quarter of 2018, after increasing 3.6 percent in the first. Growth rates ranged from 3.7 percent in Arkansas to 2.9 percent in the District of Columbia.

Transfer Receipts. Transfer receipts increased 4.1 percent in the second quarter of 2018, after increasing 6.6 percent in the first quarter. Growth rates ranged from 9.4 percent in Connecticut to -2.5 percent in the District of Columbia.

Comprehensive Update of State Personal Income

The estimates of 2018:Q2 personal income incorporate the results of BEA's comprehensive update of state personal income also released today. The update revised annual North American Industry Classification System (NAICS) estimates of state personal income for 1998 to 2017 and quarterly NAICS estimates for 1998:Q1 to 2018:Q1 (Table 5). The update also incorporates source data that are more complete and more detailed than previously available, updated seasonal factors, and the results of the July 2018 comprehensive update of the National Income and Product Accounts.

Revised Standard Industrial Classification annual state personal income estimates from 1929 to 2001, and quarterly estimates from 1948:Q1 to 2001:Q4 will be released in early 2019.

Today, BEA also released revised estimates of real state personal income for 2008 to 2016 that incorporate the results of the comprehensive update to state personal income.

Next release: December 20, 2018 at 8:30 A.M. EST
State Personal Income: Third Quarter 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.

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