

UNITED STATES DEPARTMENT OF COMMERCE NEWS

WASHINGTON, D.C. 20230

ECONOMICS
AND
STATISTICS
ADMINISTRATION

Bureau of
Economic Analysis

FOR WIRE TRANSMISSION: 9:00 A.M. EDT, TUESDAY, OCTOBER 26, 1999

Duke Tran: (202) 606-5344 (Analysis)
Marian Sacks: 606-9274 (Estimates)

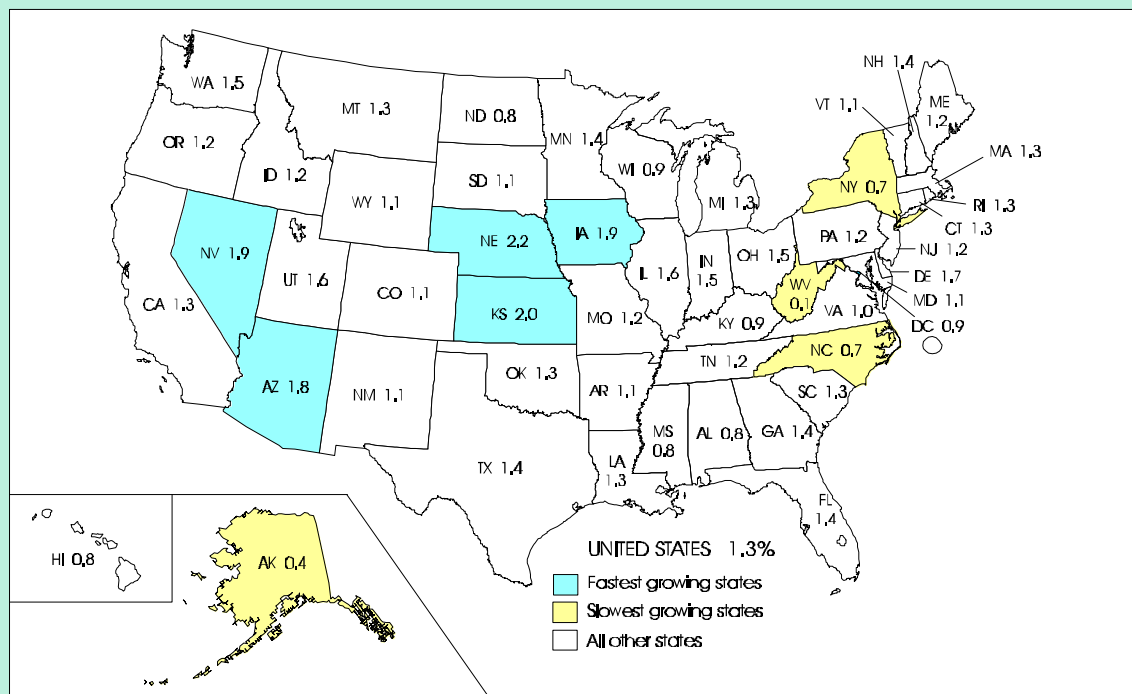
BEA 99-30

STATE PERSONAL INCOME: SECOND QUARTER 1999

Three Plains states -- Nebraska, Kansas, and Iowa -- and two western states -- Nevada and Arizona -- led the nation in personal income growth in the second quarter of 1999, according to estimates released by the Commerce Department's Bureau of Economic Analysis.

For the nation, personal income grew 1.3 percent in the second quarter. Prices paid by U.S. consumers (as measured by the price index for personal consumption expenditures) increased 0.5 percent. The District of Columbia and all states except West Virginia and Alaska had growth rates in personal income that were above the 0.5-percent increase in prices.

Personal Income: Percent Change, 1999:I-1999:II



U.S. Department of Commerce, Bureau of Economic Analysis

- more -

Fastest growing states

In the second quarter of 1999, the five states with the fastest growth in personal income were Nebraska (2.2 percent), Kansas (2.0 percent), Iowa (1.9 percent), Nevada (1.9 percent), and Arizona (1.8 percent). Except for Nevada, the strong growth in the second quarter reflected a rebound from declines or slow growth in the first quarter of 1999. In Nevada, personal income continued to grow well above the U.S. average.

While, as a group, these five states accounted for only 4.7 percent of U.S. personal income, they contributed 7.1 percent of the \$92.6-billion U.S. growth in the second quarter of 1999 (see the table below and table 1).

States with the fastest growth in personal income in 1999:II

	Personal income					Type of income			Percent share of U.S. personal income in 1999:II
	1998:II	1998:III	1998:IV	1999:I	1999:II	Dividends, interest, and rent	Transfer payments	Net earnings	
	percent change from previous quarter					percent change from 1999:I to 1999:II			
United States	1.3	1.3	1.5	1.2	1.3	1.1	0.5	1.5	100.0
Nebraska	1.7	1.3	2.9	-.3	2.2	1.0	.6	2.8	.6
Kansas	1.5	.9	2.5	.5	2.0	1.2	.6	2.5	.9
Iowa	1.1	1.3	3.6	-.8	1.9	.9	.4	2.5	1.0
Nevada	1.9	2.0	2.8	2.0	1.9	1.6	1.1	2.1	.7
Arizona	2.1	2.0	2.2	-.4	1.8	1.4	.6	2.2	1.5

Note.--Percent changes are expressed at quarterly rates.

By type of income, net earnings contributed more to the rapid growth in personal income in all five states than did transfer payments or dividends, interest, and rent. By industry, strong growth in earnings by place of work reflected growth in most major industries.

- M In Nebraska, Kansas, and Iowa, earnings in farms was the major contributor to earnings growth. The second-quarter increase in farm earnings was accounted for by large increases in farm subsidy payments after a decrease in the first quarter of 1999 from an unusually high level in the fourth quarter of 1998. The high level in the fourth quarter reflected an acceleration in subsidy payments, authorized by the Federal 1998 Omnibus Budget Resolution. In addition, Iowa's earnings in manufacturing and services also contributed substantially to earnings growth in the second quarter.
- M In Arizona, earnings in services and in finance, insurance, and real estate contributed substantially to earnings growth in the second quarter after a decline in the first quarter. The earnings decline in the first quarter mainly reflected weakness in earnings in manufacturing, in government, in transportation and public utilities, and in finance, insurance, and real estate.
- M In Nevada, earnings in services and in finance, insurance, and real estate contributed substantially to earnings growth in the second quarter.

Slowest growing states

In the second quarter of 1999, the four states with the slowest growth in personal income were West Virginia (0.1 percent), Alaska (0.4 percent), North Carolina (0.7 percent), and New York (0.7 percent). Except for New York, the slow growth was a continuation of slow growth in the first quarter of 1999. The strong growth in the first quarter in New York mainly reflected unusually large lump-sum payments in the finance industry.

While, together, New York and North Carolina accounted for 10.6 percent of U.S. personal income, they contributed only 5.6 percent of the \$92.6-billion U.S. growth in the second quarter (see the table below and table 1).

States with the slowest growth in personal income in 1999:II

	Personal income					Type of income			Percent share of U.S. personal income in 1999:II
	1998:II	1998:III	1998:IV	1999:I	1999:II	Dividends, interest, and rent	Transfer payments	Net earnings	
	percent change from previous quarter					percent change from 1999:I to 1999:II			
United States	1.3	1.3	1.5	1.2	1.3	1.1	0.5	1.5	100.0
West Virginia .....	.7	1.1	.5	.3	.1	.8	.3	-.2	.5
Alaska	-.4	.1	1.4	1.0	.4	1.0	1.1	.1	.2
New York	1.7	1.0	0	3.3	.7	.9	.5	.7	8.1
North Carolina	1.3	1.3	1.3	.8	.7	1.4	.7	.5	2.5

Note.--Percent changes are expressed at quarterly rates.

By type of income, weakness in net earnings contributed more to the slow growth in personal income in West Virginia and Alaska than did transfer payments or dividends, interest, and rent. By industry, weakness in earnings by place of work in all four states reflected declines or slow growth in earnings in most major industries.

- M In West Virginia, declines in earnings in mining, construction, government, and transportation and public utilities contributed to the slow growth in earnings.
- M In Alaska, declines in earnings in mining, construction, and manufacturing contributed to the slow growth in earnings.
- M In North Carolina, a large decline in earnings in farms was a major contributor to slow growth in earnings.
- M In New York, a substantial decline in earnings in finance, insurance, and real estate was a major contributor to slow growth in earnings. The decline followed strong growth in the first quarter, which mainly reflected unusually large lump-sum payments.

Definitions

Personal income is the income received by all persons from participation in production, from government and business transfer payments, and from government interest. Personal income is the sum of net earnings by place of residence, rental income of persons, personal dividend income, personal interest income, and transfer payments. Net earnings is earnings by place of work – the sum of wage and salary disbursements (payrolls), other labor income, and proprietors' income -- less personal contributions for 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 (NIPA's) because of differences in coverage, in the methodologies used to prepare the estimates, and in the timing of the availability of source data.

* * *

BEA's major national, international, regional, and industry estimates; the Survey of Current Business; and BEA news releases are available without charge on BEA's web site:

<http://www.bea.doc.gov>

STAT-USA maintains an electronic bulletin board (EBB) and an Internet site that contains BEA estimates, the Survey of Current Business, and BEA news releases. For information about STAT-USA, go to *<www.stat-usa.gov>*, or call (202) 482-1986. Subscriptions for single-user unlimited access to STAT-USA's Internet information are \$50.00 for 3 months or \$150.00 for one year.

Summary BEA estimates are available on recorded messages at the time of public release at the following telephone numbers:

(202) 606-5306 Gross domestic product
606-5303 Personal income and outlays
606-5362 U.S. international transactions

Most of BEA's estimates and analyses appear in the Survey of Current Business, BEA's monthly journal. The printed Survey of Current Business is available from the Superintendent of Documents, U.S. Government Printing Office, Washington D.C. 20402. First class mail: Annual subscription \$120.00 domestic. Second class mail: Annual subscription \$48.00 domestic, \$60.00 foreign; single issue \$17.25 domestic, \$21.56 foreign.

* * *

Next state personal income release -- January 26, at 9:00 AM EST for
State Personal Income: Third Quarter 1999

Table 3.—Earnings by Industry Group, by State and Region, 1999:I-1999:II

[Seasonally adjusted]

	Percent change in earnings by place of work ¹	Contribution to percent change in earnings by place of work (percentage points)			Dollar change (millions) ²			
		Private goods-producing industries	Private services-producing industries	Government	Earnings by place of work	Private goods-producing industries	Private services-producing industries	Government
United States	1.5	0.3	1.1	0.1	78,192	15,033	57,750	5,409
New England								
Connecticut	1.7	.4	1.2	.1	1,454	318	1,044	91
Maine	1.5	.2	1.2	.1	287	31	237	19
Massachusetts	1.6	.3	1.3	0	2,487	397	2,074	16
New Hampshire	1.6	.3	1.2	.2	391	79	275	36
Rhode Island	1.7	.3	1.1	.2	292	54	201	37
Vermont	1.3	.2	1.0	.2	134	18	99	17
Mideast								
Delaware	2.2	.7	1.4	.1	405	130	257	19
District of Columbia .....	.6	-.1	.7	-.1	220	-22	271	-30
Maryland	1.4	.3	1.1	0	1,426	333	1,114	-21
New Jersey	1.6	.1	1.4	.1	3,075	208	2,722	144
New York .....	.5	.2	.3	.1	2,455	807	1,258	389
Pennsylvania	1.5	.5	1.0	.1	3,407	1,080	2,211	117
Great Lakes								
Illinois	2.0	.7	1.3	0	5,353	1,772	3,473	107
Indiana	1.7	.9	.7	.1	1,897	1,017	803	76
Michigan	1.7	.8	.7	.2	3,124	1,479	1,361	284
Ohio	1.9	.8	.9	.2	3,952	1,647	1,979	328
Wisconsin .....	.9	-.2	1.0	.1	862	-193	977	80
Plains								
Iowa	2.5	1.0	1.3	.1	1,257	510	687	61
Kansas	2.5	1.4	.9	.2	1,211	685	424	103
Minnesota	1.7	.4	1.2	.1	1,800	449	1,276	76
Missouri	1.3	.5	.7	.2	1,341	535	652	154
Nebraska	2.6	1.7	.9	.1	834	533	282	20
North Dakota	1.1	.3	1.0	-.1	113	27	98	-12
South Dakota	1.3	.2	1.0	.1	165	24	129	12
Southeast								
Alabama .....	.7	-.3	1.0	0	477	-182	657	2
Arkansas	1.1	1.0	0	.1	399	375	-14	39
Florida	1.8	0	1.6	.1	4,398	5	4,044	350
Georgia	1.6	.1	1.5	0	2,504	170	2,296	39
Kentucky	1.0	-.1	1.0	-.1	593	-90	636	48
Louisiana	1.5	.5	1.0	0	982	306	645	32
Mississippi .....	.7	-.1	.7	.1	254	-21	242	33
North Carolina .....	.5	-.3	.8	.1	764	-452	1,134	82
South Carolina	1.6	.3	1.0	.2	939	167	624	148
Tennessee	1.3	.2	1.1	.1	1,307	160	1,048	99
Virginia	1.0	-.1	1.0	.1	1,486	-96	1,472	111
West Virginia	-.3	-.4	.3	-.2	-76	-86	64	-53
Southwest								
Arizona	2.2	.2	1.8	.2	1,784	147	1,469	168
New Mexico	1.2	-.1	1.1	.3	295	-27	258	64
Oklahoma	1.7	.3	1.2	.2	818	131	579	107
Texas	1.6	.2	1.3	.1	6,423	843	5,198	383
Rocky Mountain								
Colorado	1.1	.1	.8	.1	972	135	764	73
Idaho	1.3	.6	.5	.3	257	116	91	49
Montana	1.6	.5	1.1	0	196	59	138	-1
Utah	1.8	.4	1.3	.2	667	137	458	72
Wyoming	1.3	.3	.8	.1	100	26	66	9
Far West								
Alaska .....	.1	-.9	.8	.2	15	-109	102	22
California	1.6	.1	1.3	.2	10,812	831	8,830	1,150
Hawaii .....	.9	-.3	1.2	-.1	194	-56	261	-12
Nevada	2.0	.2	1.7	.2	795	63	645	86
Oregon	1.4	.3	1.0	.1	847	170	634	44
Washington	1.7	.3	1.2	.1	2,046	399	1,501	146
BEA regions								
New England	1.6	.3	1.2	.1	5,045	897	3,932	216
Mideast	1.1	.2	.8	.1	10,988	2,535	7,835	617
Great Lakes	1.7	.7	1.0	.1	15,188	5,722	8,592	875
Plains	1.9	.8	1.0	.1	6,723	2,762	3,548	413
Southeast	1.2	0	1.1	.1	14,028	255	12,845	927
Southwest	1.7	.2	1.4	.1	9,319	1,094	7,503	721
Rocky Mountain	1.3	.3	.9	.1	2,192	471	1,519	202
Far West	1.5	.1	1.3	.2	14,709	1,298	11,976	1,437

1. Earnings by place of work is the sum of wage and salary disbursements (payrolls), other labor income, and proprietors' income. Percent changes are expressed at quarterly rates.

2. Dollar changes are expressed at annual rates.

Note: Estimates may not add to totals due to rounding.

Source: Bureau of Economic Analysis, U.S. Department of Commerce.

