



REGIONAL QUARTERLY REPORT

State Personal Income and More...

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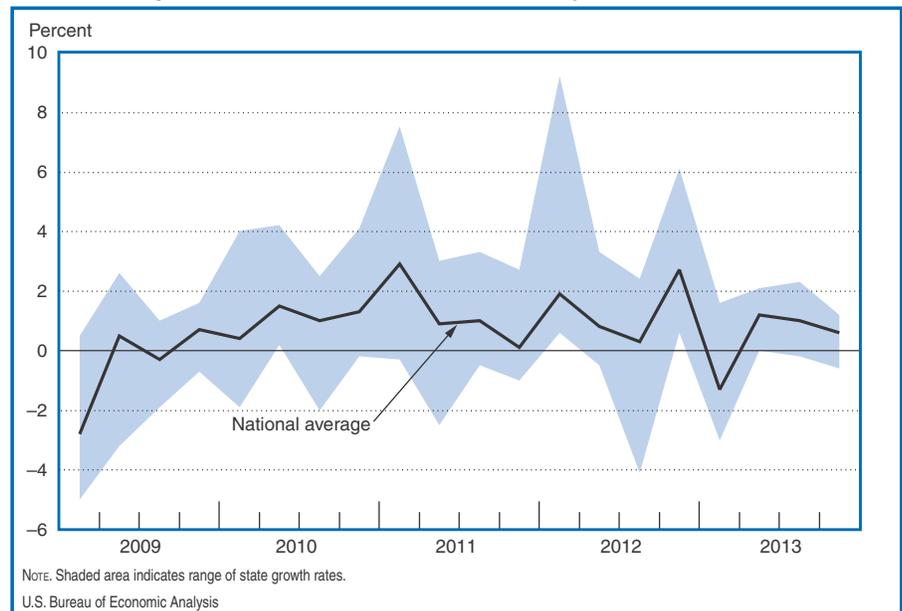
Fourth quarter of 2013

State personal income growth slowed in California, Texas, New York, Florida, and 27 smaller states in the fourth quarter of 2013 but accelerated in 19 states.¹ On average, growth slowed to 0.6 percent from 1.0 percent in the third quarter (chart 1). Growth ranged from 1.2 percent in Texas to -0.6 percent in Iowa.

The slowdown was mostly attributable to property income (dividends, interest, and rent), which grew 0.2 percent in the fourth quarter after growing 1.8 percent in the third quarter, and to personal current transfer receipts, which also grew 0.2 percent in the fourth quarter after growing 1.1 percent in the third quarter. Net earnings grew 0.7 percent in the fourth quarter after growing 0.8 percent in the third quarter.

1. State personal income, which is measured in current dollars, is the sum of net earnings by place of residence, property income, and personal current transfer receipts. Quarterly estimates in dollars are expressed at seasonally adjusted annual rates; quarter-to-quarter percent changes are not annualized.

Chart 1. Range of State Personal Income Quarterly Growth Rates



David G. Lenze prepared the report on state personal income.

State Personal Income, Fourth Quarter 2013

The fourth-quarter personal income decline in Iowa and in six other states reflected lower crop prices, which reduced the value of farm output and farm earnings.

The inflation rate, as measured by the national price index for personal consumption expenditures, slowed to 0.3 percent in the fourth quarter from 0.5 percent in the third quarter.

Earnings

Overall, earnings by place of work grew 0.7 percent in the fourth quarter of 2013, the same pace as in the third quarter.² Earnings growth slowed in 18 states, accelerated in 29 states, and was unchanged in 3 states (table A). Earnings growth across states ranged from 1.4 percent in Nevada to -0.8 percent in Mississippi. Earnings also fell in South Dakota (0.6 percent), Iowa (0.5 percent), Minnesota (0.4 percent), and North Dakota (0.3 percent).

Earnings fell in four industries: farming (\$18.3 billion), utilities (\$0.7 billion), real estate (\$1.2 billion), and the military (\$0.8 billion).

Of the twenty industries in which earnings grew, the largest earnings gains were in professional services (up \$12.2 billion), health care (up \$11.1 billion), and durable-goods manufacturing (up \$9.3 billion). Other industries—such as forestry, mining, and transportation—had larger percentage increases in the fourth quarter, but

2. Earnings by place of work differs from net earnings, which is measured by place of residence. Earnings by place of work less contributions for government social insurance plus the residence adjustment equals net earnings.

Acknowledgments

The quarterly and preliminary annual estimates of state personal income were prepared by Nacola A. Alexander, Daniel R. Corrin, Andy K. Kim, Carrie L. Litkowski, Enrique B. Lopez, and Matthew A. von Kerczek, under the supervision of Mauricio Ortiz, Chief of the Regional Income Division.

The preliminary annual estimates of disposable personal income were prepared by Joseph L. Stauffer.

The tables were prepared by Jonas D. Wilson, under the guidance of Jeffrey L. Newman. Mauricio Ortiz, Chief of the Regional Income Division, provided general guidance.

Table A. Growth of Earnings by State

| | Percent change | | Dollar change (millions of dollars) | |
|----------------------------|----------------|------|-------------------------------------|--------|
| | 2013 | | 2013 | |
| | III | IV | III | IV |
| United States | 0.7 | 0.7 | 74,416 | 75,888 |
| Alabama | 0.4 | 0.1 | 424 | 90 |
| Alaska | 1.6 | 0.6 | 474 | 189 |
| Arizona | (L) | 0.9 | 55 | 1,490 |
| Arkansas | 0.2 | 0.2 | 157 | 175 |
| California | 1.9 | 0.8 | 25,212 | 10,873 |
| Colorado | 0.9 | 1.0 | 1,714 | 1,905 |
| Connecticut | 0.2 | 0.9 | 291 | 1,342 |
| Delaware | -0.7 | 0.7 | -227 | 230 |
| District of Columbia | -1.3 | 0.9 | -1,103 | 757 |
| Florida | 0.7 | 1.2 | 3,472 | 5,712 |
| Georgia | (L) | 0.9 | 88 | 2,475 |
| Hawaii | -0.3 | 0.8 | -120 | 375 |
| Idaho | 1.1 | 0.1 | 409 | 51 |
| Illinois | (L) | 0.8 | 27 | 3,379 |
| Indiana | 0.6 | 0.8 | 1,037 | 1,491 |
| Iowa | 1.3 | -0.5 | 1,271 | -517 |
| Kansas | 0.8 | 0.5 | 730 | 485 |
| Kentucky | 0.3 | 0.6 | 387 | 688 |
| Louisiana | 1.1 | 0.7 | 1,471 | 992 |
| Maine | 0.3 | 0.7 | 96 | 236 |
| Maryland | -0.4 | 0.9 | -776 | 1,846 |
| Massachusetts | 0.8 | 0.9 | 2,445 | 2,715 |
| Michigan | -0.3 | 0.9 | -729 | 2,477 |
| Minnesota | 1.8 | -0.4 | 3,501 | -849 |
| Mississippi | 2.3 | -0.8 | 1,544 | -535 |
| Missouri | 0.5 | 0.8 | 792 | 1,369 |
| Montana | (L) | (L) | 6 | -11 |
| Nebraska | 1.4 | 0.1 | 931 | 81 |
| Nevada | 0.3 | 1.4 | 250 | 1,102 |
| New Hampshire | -0.3 | 0.6 | -139 | 290 |
| New Jersey | -0.1 | 0.8 | -322 | 2,589 |
| New Mexico | -0.4 | 0.7 | -202 | 350 |
| New York | 1.0 | 0.6 | 8,046 | 4,869 |
| North Carolina | 0.7 | 0.8 | 1,771 | 2,120 |
| North Dakota | 3.0 | -0.3 | 1,005 | -97 |
| Ohio | 0.1 | 0.7 | 303 | 2,308 |
| Oklahoma | 0.1 | 0.7 | 102 | 776 |
| Oregon | 1.9 | (L) | 2,129 | -45 |
| Pennsylvania | -0.2 | 0.8 | -698 | 3,521 |
| Rhode Island | 0.4 | 0.9 | 134 | 305 |
| South Carolina | 1.5 | 0.7 | 1,681 | 827 |
| South Dakota | 0.8 | -0.6 | 228 | -175 |
| Tennessee | 0.7 | 0.8 | 1,244 | 1,509 |
| Texas | 1.3 | 1.2 | 11,655 | 10,457 |
| Utah | 1.0 | 1.0 | 836 | 830 |
| Vermont | -0.5 | 0.9 | -96 | 168 |
| Virginia | (L) | 0.9 | -116 | 2,541 |
| Washington | 1.1 | 0.4 | 2,485 | 964 |
| West Virginia | -0.9 | 1.2 | -406 | 503 |
| Wisconsin | 0.5 | 0.3 | 960 | 458 |
| Wyoming | -0.1 | 1.0 | -17 | 208 |

(L) Less than 0.05 percent
Note: Earnings by place of work.

State Personal Income, Fourth Quarter 2013

their dollar contributions to growth were much smaller (table B).

Table B. Growth of U.S. Earnings by Industry

| | Percent change | | Dollar change (millions of dollars) | |
|--|----------------|-------|-------------------------------------|---------|
| | 2013 | | 2013 | |
| | III | IV | III | IV |
| All industries | 0.7 | 0.7 | 74,416 | 75,888 |
| Private sector | 0.9 | 0.8 | 77,243 | 66,627 |
| Farm | 3.7 | -15.6 | 4,165 | -18,331 |
| Nonfarm | 0.9 | 1.0 | 73,077 | 84,957 |
| Forestry, fishing, and related activities | 7.0 | 2.9 | 2,128 | 943 |
| Mining | 0.4 | 2.7 | 759 | 4,830 |
| Utilities | 0.6 | -0.8 | 497 | -657 |
| Construction | 1.3 | 1.0 | 7,028 | 5,734 |
| Durable-goods manufacturing | 0.6 | 1.5 | 3,953 | 9,270 |
| Nondurable-goods manufacturing | -0.6 | 0.4 | -2,299 | 1,270 |
| Wholesale trade | 0.8 | 1.2 | 4,266 | 6,195 |
| Retail trade | 0.6 | 0.3 | 3,508 | 1,825 |
| Transportation and warehousing | 0.3 | 2.4 | 976 | 8,321 |
| Information | 1.2 | 1.1 | 3,763 | 3,462 |
| Finance and insurance | 0.6 | 0.1 | 4,194 | 654 |
| Real estate and rental and leasing | 2.1 | -0.6 | 3,888 | -1,223 |
| Professional, scientific, and technical services | 1.1 | 1.2 | 11,483 | 12,199 |
| Management of companies and enterprises .. | 2.3 | 1.5 | 6,263 | 4,209 |
| Administrative and waste management services | 1.0 | 1.9 | 3,961 | 7,661 |
| Educational services | 1.1 | 0.5 | 1,892 | 810 |
| Health care and social assistance | 1.0 | 1.0 | 10,555 | 11,065 |
| Arts, entertainment, and recreation | 1.0 | 1.3 | 1,056 | 1,427 |
| Accommodation and food services | 1.1 | 1.3 | 3,455 | 4,228 |
| Other services, except public administration .. | 0.5 | 0.7 | 1,750 | 2,733 |
| Government sector | -0.2 | 0.5 | -2,826 | 9,261 |
| Federal government, civilian | -2.6 | 1.5 | -7,698 | 4,418 |
| Military | 0.2 | -0.5 | 278 | -768 |
| State and local government | 0.4 | 0.4 | 4,593 | 5,611 |

More than 15 percent (or \$1.4 billion) of the nationwide earnings growth in the durable-goods industry was

in Michigan, Indiana, and Wisconsin, where it contributed 0.2 percentage point to 0.3 percentage point to earnings growth in each state (chart 2). These three states (along with Iowa) have the largest manufacturing industries among the states, with the industry contributing 20 percent or more of private-sector earnings. Durable-goods earnings in both Indiana and Wisconsin are within a few percentage points of their peak levels (off 4 percent and 2 percent, respectively), but earnings in Michigan are 22 percent below their level in the first quarter of 2001.³ Durable-goods earnings peaked at \$27.8 billion in the first quarter of 2006 in Indiana and at \$21.0 billion in first quarter of 2013 in Wisconsin.

Farm earnings fell \$18.3 billion in the fourth quarter of 2013; about a third of the decline was in the Plains region, and the decline exceeded \$1 billion each in Iowa and Minnesota.⁴ High production in the Plains region and worldwide, particularly of corn, put downward pressure on prices. In Minnesota, for example, corn prices tumbled 25 percent in the fourth quarter after falling 8 percent in the third quarter, and soybean prices fell 12 percent after falling 3 percent (chart 3). Fourth-quarter farm earnings also fell in Alabama and Mississippi because of the receipt of a legal settlement of approximately \$1 billion each in the third quarter.⁵

3. Data before 2001 will be revised in the near future to be consistent with the recent comprehensive revision of the regional income accounts.

4. The Plains region consists of Iowa, Kansas, Nebraska, Minnesota, Missouri, and the Dakotas.

5. For details, see David G. Lenze "Regional Quarterly Report" SURVEY OF CURRENT BUSINESS 94 (January 2014): 77

Chart 2. Durable-Goods Manufacturing Earnings in Three Great Lakes States

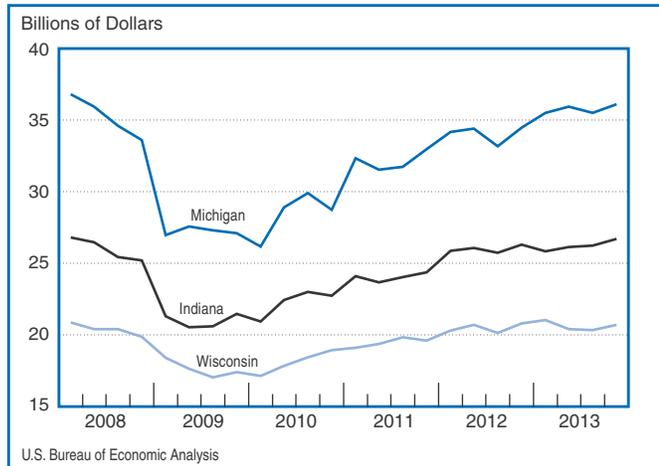
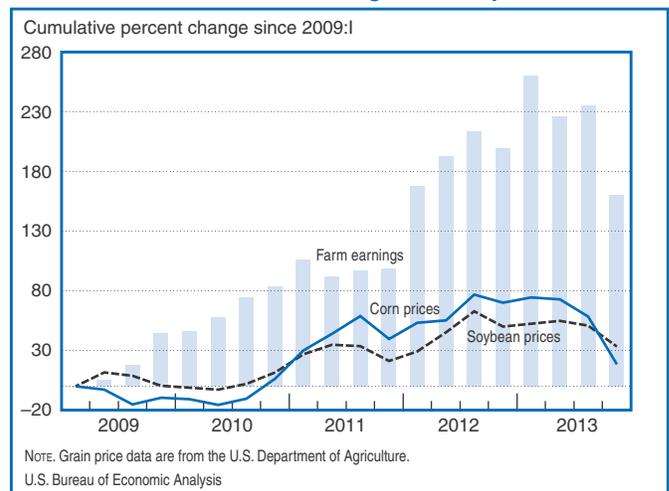


Chart 3. Minnesota Farm Earnings and Crop Prices



Note. Grain price data are from the U.S. Department of Agriculture.
U.S. Bureau of Economic Analysis

State Personal Income, Fourth Quarter 2013

Other income

Personal current transfer receipts grew 0.2 percent in the fourth quarter of 2013 after increasing 1.1 percent in the third quarter. Medicaid fell 0.1 percent and state unemployment insurance (UI) benefits fell 3.3 percent, while all other transfer receipts grew 0.4 percent (table C). In

North Carolina, UI benefits fell 6.4 percent in the fourth quarter after a sharp 51 percent drop in the third quarter. The third-quarter drop resulted from the state legislature's decision to reduce the level and duration of unemployment insurance compensation, beginning July 1. This reduction ended the state's eligibility for the federal emergency unemployment compensation program. The federal program continued elsewhere in the country until it expired at the end of the fourth quarter. Nationwide, UI compensation fell 3.3 percent in the fourth quarter after decreasing 9.2 percent in the third quarter.

Table C. Growth of U.S. Personal Current Transfer Receipts

| | Percent change | | Dollar change (millions of dollars) | |
|---|----------------|------|-------------------------------------|--------|
| | 2013 | | 2013 | |
| | III | IV | III | IV |
| Personal current transfer receipts | 1.1 | 0.2 | 27,052 | 5,671 |
| Medicaid | 2.9 | -0.1 | 12,284 | -608 |
| State unemployment insurance benefits | -9.2 | -3.3 | -6,178 | -1,979 |
| Other transfer receipts | 1.1 | 0.4 | 20,946 | 8,258 |

Note: Other transfer receipts includes Social Security and Medicare.

State Personal Income, 2013

Annual statistics for 2013

Average state personal income growth slowed to 2.6 percent in 2013 from 4.2 percent in 2012. 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 slowed to 1.1 percent in 2013 from 1.8 percent in 2012.

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 2 percentage point reduction in the personal contribution rate for social security) and the acceleration of the receipt of personal dividends and salary bonuses into 2012 in anticipation of changes in federal income tax rates for 2013.

- Employee and self-employed contributions for government social insurance increased \$138 billion in 2013, reducing personal income 1.0 percent (table D). The increase reflected (1) the expiration of the payroll tax holiday, (2) an increase in the social security taxable wage base, (3) an increase in the monthly premiums paid by participants in the Supplementary Medical Insurance program, and (4) the implementation of the Additional Hospital Insurance.
- Dividends, interest, and rent increased \$88.5 billion in 2013, down from a \$130.6 billion increase in 2012.
- Wages and salaries increased \$212 billion in 2013 after increasing \$289 billion in 2012.

In 2013, as well as over the last 4 years of the expansion from the recession which ended in 2009, 12 states have set the personal income growth pace for the nation

(chart 4). They include three energy producers (North Dakota, Texas, and Oklahoma), three farm states (Iowa, Nebraska, and Minnesota), two sunbelt states (Florida and California), and four western states (Montana, Colorado, Utah, and Washington). In 11 states, personal

Chart 4. State Personal Income Growth Relative to National Average, 2009–2013 and 2012–2013

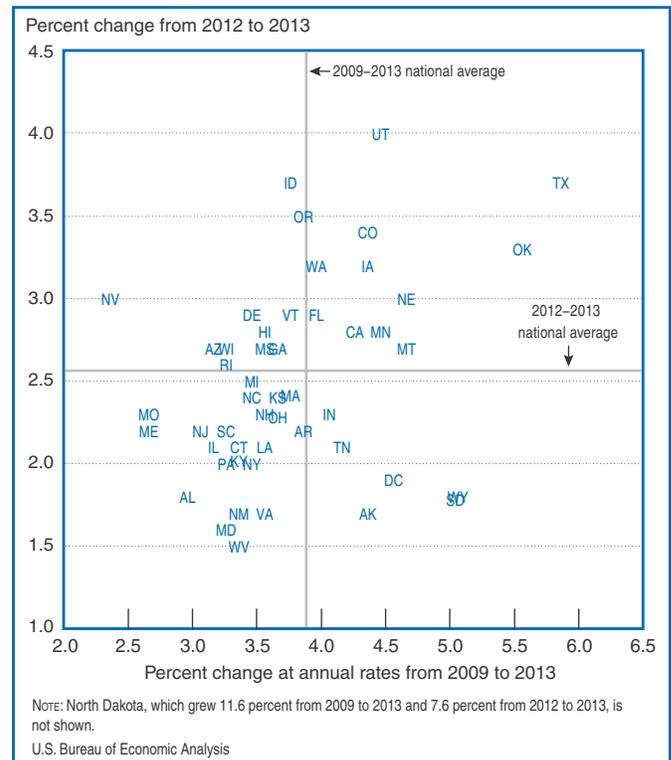


Table D. Derivation of U.S. Personal Income

| | Level (millions of dollars) | | Dollar change (millions of dollars) | | Percent change | |
|--|--------------------------------|------------|--|---------|----------------|------|
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| Wages and salaries | 6,917,186 | 7,129,398 | 288,900 | 212,212 | 4.4 | 3.1 |
| Plus: Supplements to wages and salaries | 1,678,028 | 1,715,042 | 45,281 | 37,014 | 2.8 | 2.2 |
| Employer contributions for employee pension and insurance funds | 1,164,614 | 1,184,703 | 25,324 | 20,089 | 2.2 | 1.7 |
| Employer contributions for government social insurance | 513,414 | 530,339 | 19,957 | 16,925 | 4.0 | 3.3 |
| Equals: Compensation of employees | 8,595,214 | 8,844,440 | 334,181 | 249,226 | 4.0 | 2.9 |
| Plus: Proprietors income | 1,226,190 | 1,309,519 | 65,714 | 83,329 | 5.7 | 6.8 |
| Farm proprietors income | 76,638 | 88,836 | -1,259 | 12,198 | -1.6 | 15.9 |
| Nonfarm proprietors income | 1,149,552 | 1,220,684 | 66,973 | 71,132 | 6.2 | 6.2 |
| Equals: Earnings by place of work | 9,821,404 | 10,153,959 | 399,895 | 332,555 | 4.2 | 3.4 |
| Less: Contributions for government social insurance | 949,176 | 1,104,361 | 32,562 | 155,185 | 3.6 | 16.3 |
| Employee and self-employed contributions for government social insurance | 435,762 | 574,022 | 12,605 | 138,260 | 3.0 | 31.7 |
| Employer contributions for government social insurance | 513,414 | 530,339 | 19,957 | 16,925 | 4.0 | 3.3 |
| Plus: Adjustment for residence | 3,393 | 3,343 | 193 | -50 | 6.0 | -1.5 |
| Equals: Net earnings by place of residence | 8,875,621 | 9,052,940 | 367,526 | 177,319 | 4.3 | 2.0 |
| Plus: Dividends, interest, and rent | 2,495,206 | 2,583,690 | 130,630 | 88,484 | 5.5 | 3.5 |
| Plus: Personal current transfer receipts | 2,358,236 | 2,444,612 | 51,346 | 86,376 | 2.2 | 3.7 |
| Equals: Personal income | 13,729,063 | 14,081,242 | 549,502 | 352,179 | 4.2 | 2.6 |

State Personal Income, 2013

income growth improved to an above-average pace in 2013, though over the 4 years since the recession, they had below-average growth; these states most notably include Nevada and Idaho. In 5 states (Indiana, Tennessee, South Dakota, Alaska, and Wyoming) and in the District of Columbia personal income growth slipped below average in 2013, though over the last 4 years, they had above-average growth. In 22 states, personal income growth continued to lag behind the national average in 2013, as it had over the last 4 years. These states include Maryland, Virginia, West Virginia, Maine, and Missouri.

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 three 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 10 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 (which in the case of government, is identical to compensation) in the region due to furloughs and other measures.¹

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 also in each of the 4 years since the recession.

Health care was the largest private industry in the United States in 2013, accounting for 13 percent of earnings.² Its share declined slightly as construction and other industries continue to recover from the recent recession.

Across states, health care was the largest private industry in 20 states, and manufacturing was the largest in 15 states (table E). Professional services was the largest private industry in seven states and the District of Colum-

1. Uncompensated furloughs, which involved mainly civilian Department of Defense employees, occurred in the second and third quarters of 2013. The additional furloughs that occurred from October 1 to October 16 when some federal agencies were partially shut down because of a lapse in appropriations did not affect government wages and salaries in the fourth quarter, because Congress legislated back pay for these workers.

2. There are 19 "sectors," or what this article is calling private industries, in the North American Industry Classification System.

Table E. Largest Industry by Share of Private Earnings in 2013

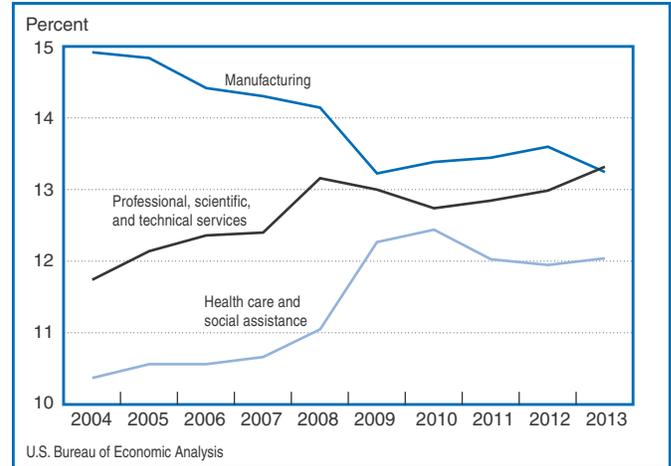
| | Percent | | Percent | | Percent |
|--|---------|----------------------|---------|---|---------|
| Health care and social services | | Manufacturing | | Professional, scientific, and technical services | |
| United States..... | 13.2 | Alabama..... | 17.5 | California..... | 15.1 |
| Alaska..... | 15.3 | Arkansas..... | 15.2 | Colorado..... | 15.1 |
| Arizona..... | 15.0 | Indiana..... | 24.4 | District of Columbia..... | 39.8 |
| Florida..... | 15.6 | Iowa..... | 20.7 | Illinois..... | 13.3 |
| Georgia..... | 11.9 | Kansas..... | 17.2 | Maryland..... | 18.6 |
| Hawaii..... | 13.9 | Kentucky..... | 18.2 | Massachusetts..... | 17.3 |
| Idaho..... | 14.1 | Michigan..... | 19.9 | New Jersey..... | 14.3 |
| Louisiana..... | 12.2 | Minnesota..... | 14.5 | Virginia..... | 23.6 |
| Maine..... | 20.0 | Mississippi..... | 16.1 | Finance and insurance | |
| Missouri..... | 14.6 | North Carolina..... | 15.1 | Connecticut..... | 17.5 |
| Montana..... | 17.0 | Ohio..... | 17.2 | Delaware..... | 16.3 |
| Nebraska..... | 12.4 | South Carolina..... | 18.1 | New York..... | 18.7 |
| New Hampshire..... | 14.8 | Utah..... | 12.5 | Accommodation and food services | |
| New Mexico..... | 15.4 | Washington..... | 13.8 | Nevada..... | 19.7 |
| Oregon..... | 15.2 | Wisconsin..... | 22.2 | Farm | |
| Pennsylvania..... | 16.3 | Mining | | North Dakota..... | 17.9 |
| Rhode Island..... | 18.4 | Oklahoma..... | 16.7 | | |
| South Dakota..... | 16.2 | Texas..... | 11.1 | | |
| Tennessee..... | 18.4 | Wyoming..... | 24.3 | | |
| Vermont..... | 17.7 | | | | |
| West Virginia..... | 18.8 | | | | |

State Personal Income, 2013

bia. In Illinois, professional services earnings rose slightly above manufacturing earnings to become that state's largest industry (chart 5). Finance was the largest private industry in New York, Connecticut, and Delaware; farming was the largest industry in North Dakota; accommodations was the largest industry in Nevada, and mining was the largest industry in Wyoming, Oklahoma, and Texas.

Aside from the District of Columbia, where the dominant industry (professional services) accounts for nearly 40 percent of private earnings, the dominant industry accounts for as little as 11 percent of private earnings (mining in Texas) to as much as 24 percent (manufacturing in Indiana and mining in Wyoming).

Chart 5. Share of Private Earnings in the Three Largest Industries in Illinois



Alternative Measures of Household Income

Three of the most widely used measures of household income are BEA's measure of personal income, the Census Bureau's measure of money income, and the Internal Revenue Service's measure of adjusted gross income of individuals.¹

Personal income, in general, is the most comprehensive measure. Personal income is defined as the sum of wages and salaries, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance. Because the personal income of an area represents the income that is received by, or on behalf of, all the persons who live in that area and because the estimates of the earnings component of personal income are made on a place-of-work basis, state personal income includes an adjustment for residence. State personal income excludes the earnings of federal civilian and military personnel stationed abroad. Personal income includes the incomes of individuals, of nonprofit institutions that primarily serve individuals, of private noninsured welfare funds, and of private trust funds. The property income earned on life insurance and annuity reserves of life insurance carriers and earned on the assets of noninsured pension plans are also included in personal income.²

Money income consists of income in cash and its equivalents before taxes and does not include the value of noncash benefits. It includes personal contributions for government social insurance, distributions from government employee retirement plans and from private pensions and annuities, and income from regular interpersonal transfers, such as child support, but personal income does not. Unlike personal income, it excludes employer contributions for employee pension and insurance funds, lump-sum payments except those received as part of earnings, certain in-kind personal current trans-

fer receipts—such as Medicaid, Medicare, and food stamps.

Adjusted gross income (AGI) consists of the taxable income prior to exemptions and the standard or itemized deductions that is reported by individuals on their federal income tax returns. It includes, but personal income excludes, personal contributions for social insurance, gains and losses on the sale of assets, and taxable distributions from government employee retirement plans and from private pensions and annuities. AGI excludes, but personal income includes, the income of the recipients of taxable incomes who, legally or illegally, did not file an individual income tax return. In particular, AGI excludes the income of many individuals with low incomes who are exempt from filing tax returns. The adjusted gross income data are based on a sample of all individual income tax returns filed by U.S. citizens and residents for the relevant tax year. Additionally, AGI excludes certain types of income that are not taxed—such as tax-exempt interest and nontaxable transfer payments, including Medicare, Medicaid, and welfare benefit payments—and it includes the taxable portion of social security benefit payments.

Per capita estimates of personal income, money income, and AGI are presented in the table. The Census Bureau calculates per capita money income using population as of March of the following year, whereas per capita state personal income is based on population as of July 1 of the same year. The IRS does not produce per capita adjusted gross income. The estimates shown are derived by dividing aggregate AGI by the total population from the Census Bureau that BEA also uses in the calculation of per capita state personal income.

Alternative Per Capita Income Measures

[Dollars per person]

| | 2011 | 2012 | 2013 |
|--|--------|--------|--------|
| State personal income..... | 42,298 | 43,735 | 44,543 |
| Money income ¹ | 27,554 | 28,281 | n. a. |
| Adjusted gross income ² | 26,876 | 28,805 | n. a. |

n.a. Not available

1. The data are from historical table P-1, which is available on the Census Bureau's Web site Income, Poverty, and Health Insurance.

2. For the data for 2012, see Michael Parisi, "Individual Income Tax Returns, Preliminary Data, 2012, *SOI Bulletin* 33 (winter 2014); 5–13; for the data for 2011, see "Table 1.1. Selected Income and Tax Items" in *SOI Tax Stats - Individual Income Tax Returns Publication 1304 (Complete Report)*.

1. See the Census Bureau's *Income, Poverty and Health Insurance Coverage in the United States: 2012 Report* and the Internal Revenue Service's annual *Individual Income Tax Returns*.

2. For more details about the definition and measurement of personal income, see *State Personal Income and Employment Methodology* at www.bea.gov/regional/methods.cfm.