



# REGIONAL QUARTERLY REPORT

## State Personal Income and More...

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**First quarter of 2014**

Personal income resumed growing in seven states in the first quarter of 2014 after declining in the fourth quarter of 2013. In 4 states, personal income continued to decline, while in 39 states, it continued to grow.<sup>1</sup>

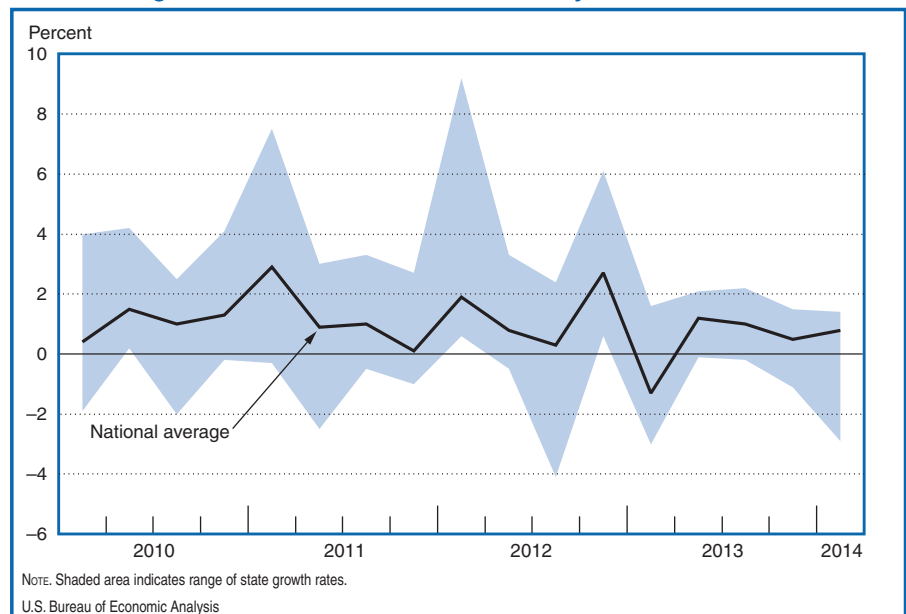
North Dakota had the largest first-quarter personal income decline of the four states where personal income fell. Personal income in the state fell 2.9 percent in the first quarter after falling 1.1 percent in the fourth quarter. In contrast, Vermont, Washington, and West Virginia were the fastest growing states in the first quarter. Growth accelerated to 1.4 percent in each.

On average, state personal income increased 0.8 percent in the first quarter, compared with a 0.5 percent increase in the fourth quarter of 2013 (chart 1). Inflation, as measured by the national price index for personal consumption expenditures, was 0.3 percent in the first quarter, the same as in the fourth quarter of 2013.

The pattern of first-quarter personal income growth reflected a wide range in the rates of change in net earnings and personal current

1. State personal income is the income received by, or on behalf of, all the residents of a state from all sources: It consists of the income received by persons 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 from the rest of the world.

**Chart 1. Range of State Personal Income Quarterly Growth Rates**



*David G. Lenze prepared this report.*

## State Personal Income, First Quarter 2014

transfer receipts across the United States. Net earnings, which are generated from the production of goods and services, fell in eight states, including the four states where personal income fell.<sup>2</sup> In nine states, personal current transfer receipts from governments and businesses to persons accounted for most of the personal income growth in the first quarter (table A).

### Earnings by industry

Overall, earnings increased \$79.5 billion in the first quarter of 2014, compared with \$75.1 billion in the fourth quarter of 2013 (table B). Earnings—which in addition to compensation of employees, includes proprietors' income—is the broadest measure of industrial activity

available quarterly for states. Unlike personal income—which is measured by place of residence and includes transfers as well as income earned anywhere in the world—earnings by industry is measured by place of work, that is, the state in which the industrial establishments are located and the output produced.

Earnings grew in 19 of the 24 industries for which BEA prepares quarterly estimates, with the largest increases in professional services (\$22.1 billion), construction (\$19.4 billion), and finance (\$9.2 billion).

California, New York, Texas, and Florida accounted for the bulk of the increase in professional services earnings (\$9.3 billion), an industry which includes among other services, computer programming services, engineering services, and legal services. The pace of earnings growth in the professional services industry accelerated

2. Net earnings includes an adjustment for residence and excludes contributions for government social insurance.

**Table A. Personal Income by Component, by State**

	Percent change		Dollar change (millions of dollars)							
			Personal income	Net earnings	Dividends, interest, and rent	Personal current transfer receipts	Personal income	Net earnings	Dividends, interest, and rent	Personal current transfer receipts
	2013:IV	2014:I	2013:IV				2014:I			
United States.....	0.5	0.8	76,266	65,920	6,015	4,331	112,668	63,692	7,829	41,147
Alabama.....	0.2	1.2	350	-222	58	514	2,077	1,117	88	872
Alaska.....	0.4	1.3	132	8	16	107	479	322	21	136
Arizona.....	0.6	0.9	1,530	1,102	132	297	2,216	1,400	137	680
Arkansas.....	-0.2	-0.2	-182	-255	20	53	-182	-574	44	348
California.....	0.9	0.3	16,360	18,625	1,257	-3,522	4,718	-3,536	1,423	6,831
Colorado.....	0.7	1.3	1,702	1,839	85	-221	3,229	2,303	147	779
Connecticut.....	-0.1	0.9	-139	-742	131	471	2,066	1,126	152	788
Delaware.....	1.5	0.6	638	522	25	91	254	168	29	58
District of Columbia.....	0.4	0.9	191	128	29	34	440	369	31	40
Florida.....	0.9	0.8	7,132	6,058	57	1,017	6,966	4,197	296	2,472
Georgia.....	0.4	0.8	1,574	2,315	94	-835	3,194	1,483	163	1,548
Hawaii.....	1.1	1.3	711	552	50	109	854	397	61	397
Idaho.....	0.7	0.2	392	505	20	-133	118	-96	33	181
Illinois.....	0.6	0.9	3,924	2,962	279	683	5,186	3,218	316	1,652
Indiana.....	-0.2	0.4	-608	-21	96	-684	1,011	975	120	-85
Iowa.....	-0.5	0.1	-686	-440	55	-300	139	-598	77	659
Kansas.....	-0.1	0.2	-64	-147	37	45	199	111	59	28
Kentucky.....	0.3	1.3	404	452	57	-105	2,113	848	77	1,189
Louisiana.....	0.1	0.6	218	448	50	-281	1,089	979	86	23
Maine.....	1.1	0.5	603	460	25	119	271	281	33	-44
Maryland.....	0.4	0.7	1,415	785	156	474	2,290	1,752	205	333
Massachusetts.....	1.3	0.9	4,823	3,436	192	1,196	3,553	2,232	235	1,087
Michigan.....	0.6	0.6	2,490	1,562	127	801	2,472	1,324	162	986
Minnesota.....	-0.7	0.6	-1,865	-2,376	46	465	1,554	-14	118	1,451
Mississippi.....	-0.6	0.5	-593	-791	28	170	468	67	41	360
Missouri.....	0.3	0.6	807	1,033	82	-308	1,504	1,215	112	177
Montana.....	0.1	0.5	48	-49	19	78	200	104	29	67
Nebraska.....	-0.9	-0.2	-744	-632	32	-144	-204	-508	42	262
Nevada.....	0.8	1.1	914	829	45	40	1,192	942	55	195
New Hampshire.....	0.9	0.9	619	669	25	-75	622	415	37	170
New Jersey.....	1.2	0.6	6,128	4,673	327	1,128	3,007	2,357	348	302
New Mexico.....	0.9	0.9	654	405	29	221	701	489	47	165
New York.....	0.3	1.2	3,614	7,285	370	-4,041	13,166	6,250	529	6,386
North Carolina.....	0.8	0.7	3,135	1,782	164	1,189	2,534	2,223	218	94
North Dakota.....	-1.1	-2.9	-480	-546	19	47	-1,185	-1,268	28	56
Ohio.....	0.7	1.1	3,270	1,408	210	1,652	5,071	2,079	245	2,747
Oklahoma.....	0.3	0.6	494	271	43	180	990	932	71	-13
Oregon.....	0.6	1.2	964	692	77	195	1,950	903	106	942
Pennsylvania.....	0.3	1.0	1,476	1,192	306	-22	5,673	2,804	350	2,519
Rhode Island.....	1.0	0.8	477	340	29	107	382	240	32	110
South Carolina.....	0.9	0.9	1,533	1,490	54	-11	1,599	1,038	89	472
South Dakota.....	-0.5	-0.3	-179	-189	13	-3	-129	-201	21	51
Tennessee.....	0.9	0.6	2,333	2,044	118	171	1,577	1,609	137	-169
Texas.....	0.6	1.3	6,852	2,642	287	3,924	15,214	14,237	406	570
Utah.....	-0.3	1.1	-304	-365	58	3	1,116	852	69	195
Vermont.....	1.2	1.4	342	260	12	69	412	181	18	213
Virginia.....	0.3	0.7	1,275	503	213	559	2,996	2,159	262	575
Washington.....	0.4	1.4	1,448	1,840	230	-623	4,731	2,816	238	1,677
West Virginia.....	0.2	1.4	130	200	27	-97	897	354	34	509
Wisconsin.....	0.3	0.7	646	1,059	108	-521	1,762	1,472	144	147
Wyoming.....	1.2	0.4	360	318	-6	48	120	148	10	-38

NOTE: Net earnings is earnings by place of work less contributions for government social insurance plus the adjustment for residence.

## State Personal Income, First Quarter 2014

in the first quarter nationally and in 20 states, including California, New York, Texas, and Florida.

The first-quarter increase in construction earnings, \$19.4 billion, was more than double the \$9.5 billion fourth-quarter increase. Construction earnings grew \$2.7 billion in Texas and \$2.6 billion in California (which has 45 percent more residents). Construction earnings fell 1.9 percent in Wyoming, the only state with a first-quarter decline and the state with the largest fourth-quarter increase (10.5 percent).

Mining earnings grew \$8.6 billion in the first quarter, compared with a \$2.5 billion increase in the fourth quarter. More than half of the mining earnings growth (which includes earnings in the oil and gas industry) was in Texas (\$4.7 billion).

Earnings fell in five industries: farming (\$16.4 billion), information (\$9.2 billion), management of companies (\$2.6 billion), durable-goods manufacturing (\$1.7 billion), and forestry (\$0.1 billion).

Half of the first-quarter farm earnings decline was in the Plains region and Arkansas, which is adjacent to the Plains region.<sup>3</sup> First-quarter farm earnings declined more than \$1 billion in North Dakota, Minnesota, Iowa, Arkansas, and Nebraska. Most of the decline stemmed from a fall in the value of crop output, which was down \$11.5 billion in the first quarter, and reflected lower wheat prices (down 3 percent) and corn prices (down 1 percent).

3. The Plains region consists of Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota.

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

	Percent change		Dollar change (millions of dollars)	
	2013:IV	2014:I	2013:IV	2014:I
All industries.....	0.7	0.8	75,081	79,537
Private sector.....	0.7	0.9	63,116	73,389
Farm.....	-15.6	-16.6	-18,335	-16,447
Nonfarm.....	0.9	0.9	93,416	95,984
Forestry, fishing, and related activities.....	1.6	-0.4	486	-130
Mining.....	1.4	4.8	2,517	8,641
Utilities.....	-0.8	2.0	-645	1,684
Construction.....	1.7	3.4	9,526	19,362
Durable-goods manufacturing.....	0.3	-0.3	2,191	-1,742
Nondurable-goods manufacturing.....	1.7	2.2	6,013	8,009
Wholesale trade.....	0.0	0.4	255	1,970
Retail trade.....	1.0	0.5	5,915	2,878
Transportation and warehousing.....	3.4	1.4	11,722	4,908
Information.....	4.3	-2.7	14,305	-9,176
Finance and insurance.....	0.9	1.3	6,669	9,170
Real estate and rental and leasing.....	-0.2	0.4	-418	857
Professional, scientific, and technical services.....	0.4	2.1	4,531	22,114
Management of companies and enterprises.....	-0.3	-0.9	-752	-2,622
Administrative and waste management services.....	1.3	1.8	5,220	7,459
Educational services.....	1.0	0.9	1,787	1,639
Health care and social assistance.....	0.4	0.5	4,201	5,106
Arts, entertainment, and recreation.....	0.8	1.1	831	1,252
Accommodation and food services.....	1.0	1.4	3,121	4,407
Other services, except public administration.....	1.1	1.1	3,976	4,050
Government sector.....	0.7	0.4	11,965	6,148
Federal government, civilian.....	2.8	0.1	8,073	332
Military.....	-0.6	0.4	-855	611
State and local government.....	0.4	0.4	4,748	5,204

NOTE. Earnings by place of work.

Information earnings fell \$9.2 billion in the first quarter after rising \$14.3 billion in the fourth quarter. This industry includes publishing, telecommunications, and Internet services. Earnings declined \$11.0 billion in California and grew \$1.8 billion elsewhere. California's first-quarter decline followed a \$15.5 billion fourth-quarter increase that included special lump-sum bonuses (chart 2).

Durable-goods manufacturing earnings fell \$1.7 billion in the first quarter, following a \$2.2 billion increase in the fourth quarter. Bonuses and other special pay contributed to a \$1.4 billion first-quarter rise in Washington, the first increase in that state in a year.

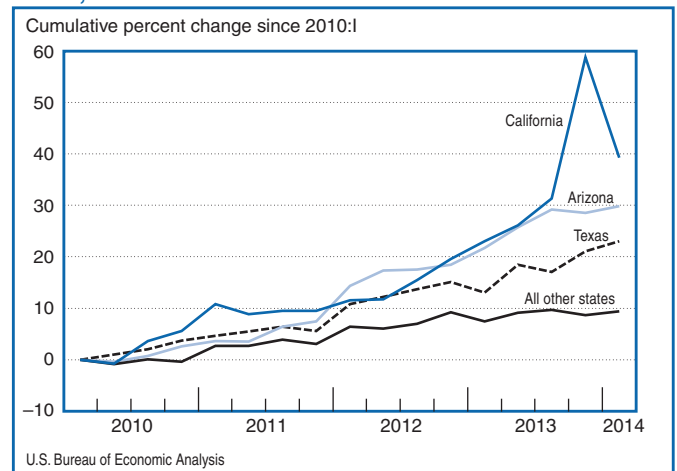
### Property income

Property income, which consists of income receipts on assets (interest and dividends) and the rental income of persons, increased \$7.8 billion in the first quarter after a \$6.0 billion fourth-quarter increase. Income receipts on assets—highly concentrated in wealthy households and to a lesser extent disproportionately concentrated in certain states such as Wyoming and Florida—consists of income that arises from current production and from the borrowings of the household and government sectors unrelated to current production.

### Transfer receipts

Personal current transfer receipts increased \$41.1 billion in the first quarter of 2014 after increasing \$4.3 billion in the fourth quarter (table C). This component completes the measurement of personal income, an indicator of the resources available to the household sector for personal outlays on things such as food, medical care, and

**Chart 2. Information Earnings for Arizona, California, Texas, and All Other States**



U.S. Bureau of Economic Analysis

**State Personal Income, First Quarter 2014**

clothing, for personal taxes, or for personal saving.<sup>4</sup>

Medicaid benefits, which increased \$22.3 billion, were boosted by coverage under the Affordable Care Act (ACA). Benefits increased \$24.4 billion in states that expanded their Medicaid programs to cover adults under the age of 65 with incomes below 133 percent of the fed-

eral poverty level. Benefits fell \$2.1 billion in states that did not expand these programs (chart 3).<sup>5</sup>

State unemployment insurance (UI) benefits decreased \$16.8 billion in the first quarter after falling \$1.9 billion in the fourth quarter, reflecting the expiration of the Emergency Unemployment Compensation program. UI benefits fell 27.7 percent in North Carolina, which had ended the Emergency Unemployment Compensation program 6 months earlier.

Other transfer receipts were boosted by a 1.5 percent cost-of-living adjustment to Social Security and several other federal transfer programs. Other transfer receipts were also boosted by health insurance premium subsidies paid in the form of refundable tax credits to enrollees of the ACA exchanges.<sup>6</sup>

4. In particular, personal outlays includes purchases directly financed by personal current transfer receipts, such as Medicare and Medicaid, and personal saving includes saving in pension plans.

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

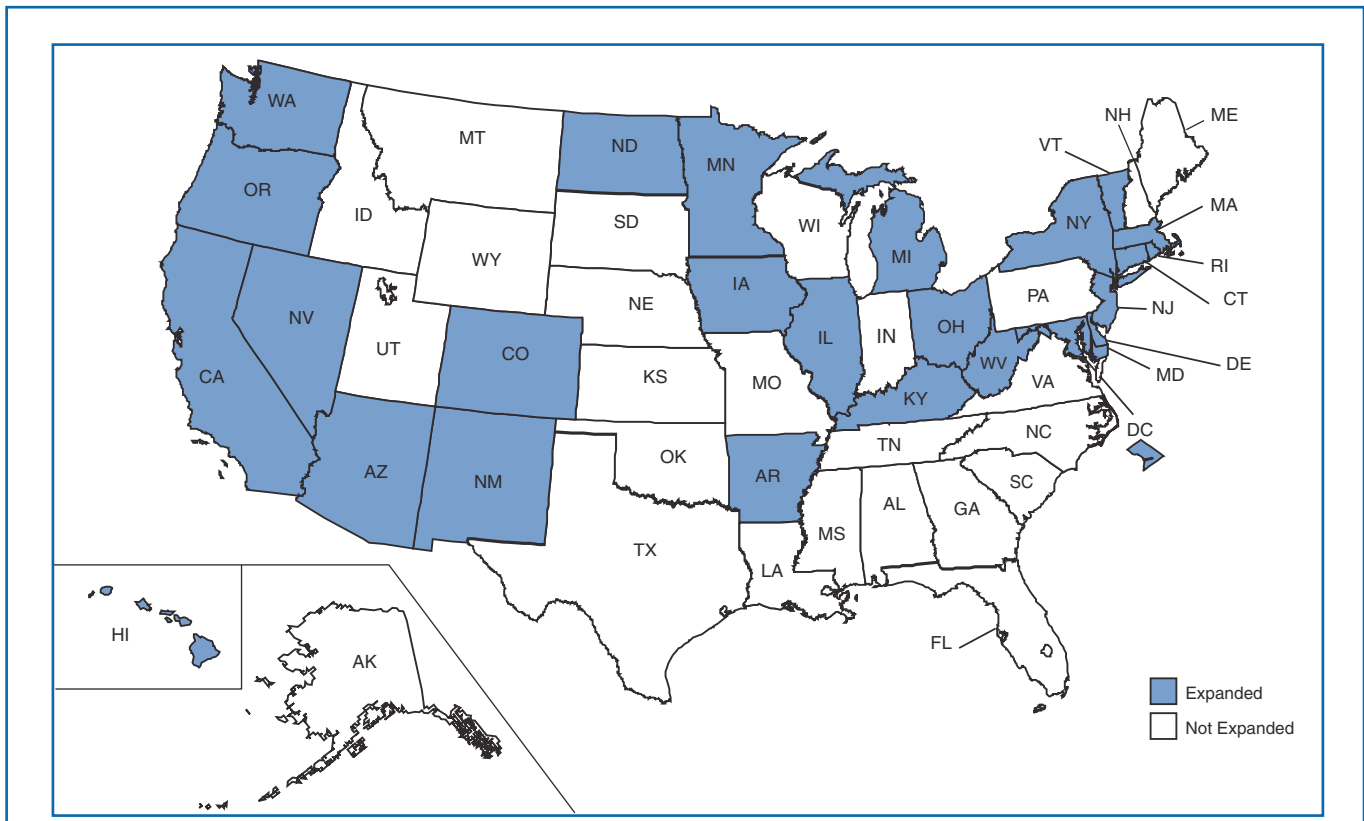
	Percent change		Dollar change (millions of dollars)	
	2013:IV	2014:I	2013:IV	2014:I
Personal current transfer receipts.....	0.2	1.7	4,331	41,147
Medicaid.....	-0.4	5.1	-1,548	22,316
States expanding coverage <sup>1</sup> .....	-1.4	9.4	-3,665	24,380
States not expanding coverage.....	1.2	-1.2	2,117	-2,064
State unemployment insurance benefits.....	-3.2	-28.5	-1,947	-16,810
Other transfer receipts.....	0.4	1.8	7,826	35,641

1. Includes District of Columbia.  
NOTE: Other transfer receipts includes Social Security and Medicare.

5. The effect of the coverage expansion is embedded, but not separately identifiable, in the state-level source data from the Centers for Medicare and Medicaid Services.

6. For additional information, see the FAQ, "How will the Affordable Care Act affect BEA's measure of personal income and outlays?" at [www.bea.gov](http://www.bea.gov).

**Chart 3. Medicaid Coverage Under the Affordable Care Act as of the First Quarter of 2014**



U.S. Bureau of Economic Analysis

**Data Availability**

All of the regional statistics underlying the state personal income report, along with mapping and charting software, are available at [www.bea.gov/regional/](http://www.bea.gov/regional/).