



# NEWS



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**Note:**

*In Table 1., “Per Capita Personal Income, Personal Income, and Population, by State and Region, 2003-2004,” the column showing the rank of the personal income percent change 2003-2004 has been corrected from the original release issued March 28 at 8:30 a.m.*

**EMBARGOED FOR RELEASE: 8:30 A.M. ET, Monday, March 28, 2005**

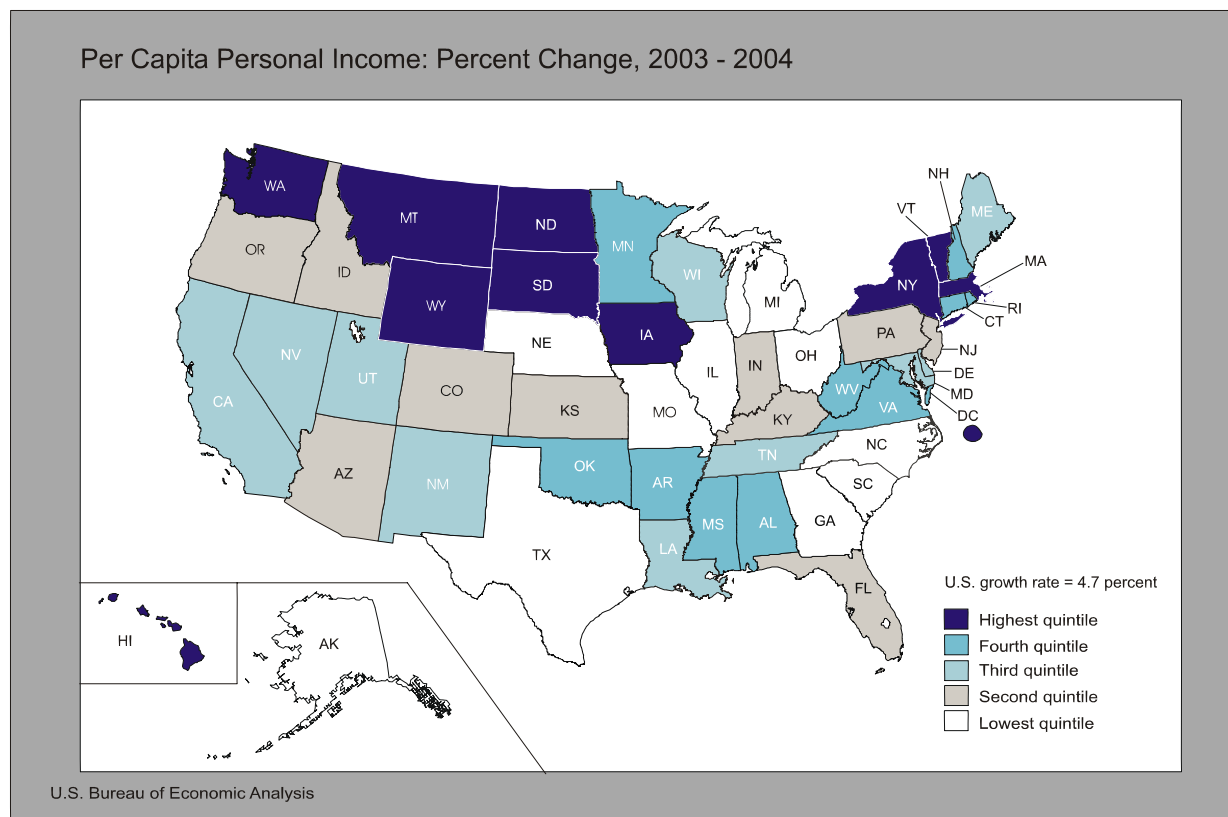
David G. Lenze  
Kathy Albetski  
E-mail inquiries:

(202) 606-9292  
(202) 606-9240  
[RegRelease@bea.gov](mailto:RegRelease@bea.gov)

BEA 05-11

**Per Capita Income Growth Accelerated in 2004**  
*State Per Capita Personal Income*

Per capita income—the average income received by persons—grew 4.7 percent in 2004, more than double the 2.2 percent growth in the previous year, according to estimates released today by the U.S. Bureau of Economic Analysis. This is the fastest pace since 2000 when per capita income grew 6.8 percent. All states except South Dakota, Nebraska, and Michigan enjoyed faster growth.



Three sectors made notable contributions to faster U.S. personal income growth in 2004—professional services, finance, and construction. Their contributions across states were not uniform, however. Financial activities were a particularly strong accelerating force in the northeast (New York, Connecticut, Massachusetts, and Delaware), construction in the west (Colorado, Idaho, Oregon, Nevada, and Utah) and professional services more broadly across the country.

Three special factors played a prominent role in determining how states ranked in per capita personal income growth last year: the Microsoft dividend paid in December 2004, the payment automakers made in 2003 to reduce their unfunded pension liabilities, and the unusual coincidence of high crop production with high crop prices.

The top three states, North Dakota, Iowa, and South Dakota benefited from record or near-record production of corn, soybeans, and other crops, together with high prices due to poor harvests in various parts of the world and the low value of the dollar. A substantial portion (3.3 percentage points) of fourth-ranked Washington's growth is accounted for by dividends, interest,

#### States with the highest and lowest per capita income growth rates 2003-2004

Rank	State	Growth rate	Rank	State	Growth rate
1	North Dakota	8.6	41	Illinois	4.2
2	Iowa	7.8	42	North Carolina	4.2
3	South Dakota	6.9	43	Ohio	4.0
4	Washington	6.1	44	Texas	3.9
5	Vermont	6.1	45	South Carolina	3.9
6	New York	5.9	46	Missouri	3.9
7	Massachusetts	5.8	47	Nebraska	3.8
8	Wyoming	5.8	48	Alaska	3.7
9	Montana	5.7	49	Georgia	3.6
10	Hawaii	5.6	50	Michigan	2.5

Source: U.S. Bureau of Economic Analysis

and rent and the residence in that state of many large Microsoft shareholders. At the other end of the rankings, last-place Michigan owes its slow growth to the fact that income in the prior year was boosted by the large contribution automakers made to the pension funds of their workers.

Connecticut led the nation with an average income of \$45,398, 38 percent above the national average. The top ten states with the highest per capita income in 2004 were all ranked in the top ten last year, although some of the states traded places.

#### States with the highest per capita income, 2004

	Per capita personal income (dollars)		Rank in the U.S.		Percent of the U.S. average		Percent change 2003-2004	Rank of percent change
	2003 <sup>r</sup>	2004 <sup>p</sup>	2003 <sup>r</sup>	2004 <sup>p</sup>	2003 <sup>r</sup>	2004 <sup>p</sup>		
<b>United States</b>	<b>31,472</b>	<b>32,937</b>	--	--	<b>100</b>	<b>100</b>	<b>4.7</b>	--
Connecticut	42,972	45,398	1	1	137	138	5.6	11
Massachusetts	39,504	41,801	3	2	126	127	5.8	7
New Jersey	39,577	41,332	2	3	126	125	4.4	36
Maryland	37,446	39,247	4	4	119	119	4.8	23
New York	36,112	38,228	5	5	115	116	5.9	6
New Hampshire	35,140	37,040	6	6	112	112	5.4	14
Colorado	34,561	36,063	7	7	110	109	4.3	38
Delaware	34,199	35,861	8	8	109	109	4.9	21
Minnesota	34,031	35,861	9	8	108	109	5.4	15
Virginia	33,730	35,477	10	10	107	108	5.2	17

<sup>r</sup> revised

<sup>p</sup> preliminary

Source: U.S. Bureau of Economic Analysis

#### States with the lowest per capita income, 2004

	Per capita personal income (dollars)		Rank in the U.S.		Percent of the U.S. average		Percent change 2003-2004	Rank of percent change
	2003 <sup>r</sup>	2004 <sup>p</sup>	2003 <sup>r</sup>	2004 <sup>p</sup>	2003 <sup>r</sup>	2004 <sup>p</sup>		
<b>United States</b>	<b>31,472</b>	<b>32,937</b>	--	--	<b>100</b>	<b>100</b>	<b>4.7</b>	--
Kentucky	26,575	27,709	40	41	84	84	4.3	40
Louisiana	26,312	27,581	42	42	84	84	4.8	22
South Carolina	26,144	27,172	43	43	83	82	3.9	45
Idaho	25,902	27,098	44	44	82	82	4.6	32
Montana	25,406	26,857	46	45	81	82	5.7	9
Utah	25,407	26,606	45	46	81	81	4.7	29
New Mexico	24,995	26,191	47	47	79	80	4.8	27
West Virginia	24,542	25,872	48	48	78	79	5.4	13
Arkansas	24,384	25,725	49	49	77	78	5.5	12
Mississippi	23,466	24,650	50	50	75	75	5.0	19

<sup>r</sup> revised

<sup>p</sup> preliminary

Source: U.S. Bureau of Economic Analysis

Mississippi's average income of \$24,650, 25 percent below the national average, put it in last place. The bottom ten states, with the exception of Kentucky, were all ranked in the bottom ten last year. Last year Kentucky was eleventh from last and Alabama was tenth from last.

**Fourth quarter personal income.** U.S. personal income grew 2.6 percent in the fourth quarter of 2004, the fastest pace since the first quarter of 2000 when income grew 3.4 percent. Excluding the Microsoft dividend personal income grew 1.5 percent, an acceleration from the 1.1 percent third-quarter growth rate. The Microsoft dividend also played an important role in relative state performance along with the farm sector, and third-quarter hurricanes. Washington's 10.4 percent personal income growth from the third quarter—almost three times higher than the growth of second-ranked South Dakota—reflects the residence in that state of many large Microsoft shareholders. The third-quarter hurricanes pulled down personal income in Florida, making its fourth quarter growth rate appear larger than otherwise and putting it in third place. (Without BEA's explicit adjustments for the hurricanes Florida would have grown 2.9 percent from the third quarter rather than 3.5 percent.<sup>1</sup>) These special factors pushed Nevada, whose sustained population growth makes it a perennial rapidly growing economy, from the top of the growth rankings into sixth place. Wyoming, Colorado, and Arizona, other states with relatively strong personal income growth, benefited from rising natural gas and copper prices which enabled some formerly closed mines to re-open.

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<sup>1</sup> There are other effects of the hurricanes on personal income that BEA is not able to estimate because they may occur with a lag and they cannot be disentangled from the regular source data that BEA uses to prepare its estimates. For example, to the extent that consumer spending and construction spending stimulated by the hurricanes boosted employment, this impact would be reflected in the wage data that BEA uses to prepare the personal income estimates.

## 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 – June 22, 2005, at 8:30 AM ET for state personal income, first quarter 2005.

















**Table 6. Earnings Growth by Major Industry, by State and Region, 2004:III-2004:IV (continued)**

	Percent change from preceding quarter at quarterly rates											
	Earnings by industry											Government
	Real estate and rental and leasing	Professional and technical services	Management of companies and enterprises	Administrative and waste services	Educational services	Health care and social assistance	Arts, entertainment, and recreation	Accommodation and food services	Other services, except public administration	Federal, civilian	Military	
<b>United States</b> .....	<b>0.2</b>	<b>1.7</b>	<b>1.9</b>	<b>1.9</b>	<b>0.8</b>	<b>1.5</b>	<b>6.3</b>	<b>1.6</b>	<b>0.6</b>	<b>0.0</b>	<b>0.6</b>	<b>0.7</b>
<b>New England</b>												
Connecticut .....	-1.2	1.7	3.8	1.2	2.0	1.7	8.2	1.4	0.9	0.0	2.9	0.4
Maine .....	-0.7	2.8	3.6	1.7	0.6	1.4	5.2	1.2	1.4	0.7	4.4	0.5
Massachusetts .....	-0.9	1.8	2.4	1.8	0.4	1.0	7.7	2.0	0.9	-2.5	-0.1	1.5
New Hampshire .....	-4.2	1.4	-6.7	2.3	2.2	1.6	4.9	3.1	0.3	0.0	3.9	0.2
Rhode Island .....	-0.7	-11.0	1.0	2.2	-0.8	0.6	7.4	2.5	0.7	-0.7	-2.2	0.5
Vermont .....	0.1	0.5	3.9	2.6	1.5	1.4	6.0	0.6	0.3	-0.5	-0.8	0.9
<b>Mideast</b>												
Delaware .....	2.2	0.6	3.8	0.8	1.7	2.2	7.5	2.0	-1.1	0.0	0.0	0.6
District of Columbia .....	0.5	1.9	3.6	1.4	0.8	1.2	6.3	1.2	0.1	0.1	-0.1	0.8
Maryland .....	0.1	2.0	5.2	1.4	1.8	1.4	4.0	0.8	1.2	0.6	1.0	0.7
New Jersey .....	-0.7	1.7	2.3	1.1	1.5	1.6	6.7	1.4	1.2	-0.7	-0.4	1.1
New York .....	0.2	1.7	3.5	1.6	-0.5	1.2	6.3	1.0	0.6	-0.5	4.3	0.7
Pennsylvania .....	-3.8	2.2	2.8	2.2	1.3	1.3	7.5	1.4	0.7	-0.4	1.5	0.3
<b>Great Lakes</b>												
Illinois .....	-0.3	1.5	3.1	2.3	0.1	1.3	8.0	1.4	0.7	0.1	4.5	0.1
Indiana .....	-0.8	1.3	-6.1	1.6	-0.2	1.5	7.9	1.0	0.6	0.1	-3.1	0.4
Michigan .....	-2.1	1.7	2.7	1.0	0.5	1.2	4.4	0.1	0.6	-0.8	1.9	1.6
Ohio .....	-0.6	1.4	-4.7	0.0	1.2	0.9	5.0	0.7	0.5	0.0	0.8	0.4
Wisconsin .....	-0.1	1.2	-2.8	3.1	2.4	1.2	7.1	1.3	0.1	-0.7	1.7	0.4
<b>Plains</b>												
Iowa .....	-0.3	1.7	3.9	2.0	-0.3	1.8	7.9	1.7	0.8	0.2	1.6	0.3
Kansas .....	-0.5	1.8	2.9	2.5	1.1	1.5	7.2	0.9	0.3	-0.6	0.2	1.5
Minnesota .....	-0.4	2.1	2.7	1.2	0.7	1.6	5.0	1.9	0.8	-0.8	-0.1	1.1
Missouri .....	0.8	1.1	3.0	1.7	2.4	1.5	8.4	2.2	0.5	0.0	-2.0	0.7
Nebraska .....	-0.5	2.7	2.4	4.0	-1.6	1.6	3.7	1.8	-0.4	-0.8	0.9	0.6
North Dakota .....	-1.9	1.4	3.1	1.6	2.1	1.3	6.2	1.0	1.2	-1.9	-0.2	0.1
South Dakota .....	-2.5	1.6	3.1	1.6	0.5	1.2	5.3	2.6	0.4	0.1	0.1	1.1
<b>Southeast</b>												
Alabama .....	8.0	1.9	2.2	2.5	-0.2	1.7	4.7	3.0	0.9	-0.1	-1.0	0.3
Arkansas .....	-0.6	1.7	2.8	1.4	-1.5	1.6	5.1	1.1	0.8	0.0	1.7	0.5
Florida .....	18.5	1.8	3.9	3.1	2.0	3.3	7.1	4.6	0.9	2.3	-1.7	0.9
Georgia .....	-1.4	2.0	2.6	2.4	1.5	1.8	8.4	1.2	-0.2	0.1	0.3	0.8
Kentucky .....	0.8	1.4	3.9	1.9	4.2	1.2	6.7	2.0	0.6	-0.2	3.3	0.1
Louisiana .....	-0.2	1.4	2.0	1.6	1.2	1.0	9.1	0.9	0.9	-0.3	0.3	0.3
Mississippi .....	-0.4	1.7	2.4	4.3	1.5	1.0	5.6	2.7	1.2	-1.0	-2.2	1.0
North Carolina .....	0.0	1.5	-5.8	3.2	1.5	2.0	0.6	2.0	-0.9	0.4	2.2	2.1
South Carolina .....	-2.6	1.5	1.9	-0.2	0.6	1.7	5.2	3.6	0.7	0.4	-0.6	0.7
Tennessee .....	-1.1	1.3	5.6	1.2	0.1	1.4	6.5	1.2	0.1	0.9	-1.4	0.0
Virginia .....	-0.8	2.1	3.6	1.0	-2.2	1.3	5.8	1.6	0.6	0.2	0.6	2.1
West Virginia .....	4.7	1.1	-5.1	2.2	0.3	1.8	6.4	2.2	0.8	-0.4	6.4	0.2
<b>Southwest</b>												
Arizona .....	-1.2	2.0	2.7	2.3	1.9	1.4	7.3	1.5	0.7	0.7	-0.1	1.2
New Mexico .....	-0.6	1.4	2.6	1.5	0.9	1.0	5.2	1.2	0.4	-0.3	0.5	1.0
Oklahoma .....	-0.5	1.2	1.3	1.3	-0.8	1.6	5.8	0.9	-0.4	-0.4	-0.1	0.7
Texas .....	-1.1	1.4	3.0	2.2	1.5	1.6	5.1	1.2	0.5	1.0	-0.3	0.8
<b>Rocky Mountain</b>												
Colorado .....	-1.3	1.8	4.2	2.7	1.8	1.6	7.6	1.7	0.8	-0.9	5.5	0.7
Idaho .....	-0.9	1.7	2.7	3.0	0.9	1.8	3.4	0.9	0.0	0.0	1.4	2.0
Montana .....	-2.0	1.2	5.0	0.3	2.4	2.6	7.6	0.6	0.7	0.7	-0.5	-0.3
Utah .....	-0.7	0.9	4.2	1.7	2.5	2.2	6.7	1.6	0.7	0.1	-0.4	0.8
Wyoming .....	-2.2	1.7	4.7	1.1	-2.1	1.3	3.1	1.8	2.0	0.5	0.3	0.4
<b>Far West</b>												
Alaska .....	-0.5	1.6	7.0	1.8	-1.1	1.6	3.6	1.1	1.0	-1.2	0.7	0.8
California .....	-1.1	1.9	2.8	2.2	0.7	1.4	5.7	1.1	0.6	-0.7	0.5	0.2
Hawaii .....	0.6	2.4	-12.8	1.0	2.5	1.7	6.2	2.1	0.3	-0.5	0.5	1.0
Nevada .....	0.3	1.9	6.5	4.6	3.0	2.1	5.6	1.5	1.8	-1.5	0.9	2.0
Oregon .....	-1.8	2.7	2.4	1.3	0.2	2.0	4.7	0.7	0.6	1.2	1.1	0.4
Washington .....	0.1	0.2	3.3	0.8	1.3	1.3	7.1	1.5	1.1	-1.2	0.1	0.6
<b>BEA regions</b>												
New England.....	-1.2	1.2	2.1	1.7	0.8	1.2	7.3	1.8	0.9	-1.2	1.3	0.9
Mideast.....	-0.7	1.8	3.1	1.6	0.5	1.3	6.4	1.2	0.7	0.0	1.5	0.7
Great Lakes.....	-0.9	1.5	-0.5	1.4	0.6	1.2	6.4	0.9	0.5	-0.2	2.0	0.6
Plains.....	-0.2	1.7	2.9	1.9	1.0	1.6	6.8	1.8	0.5	-0.4	-0.3	0.8
Southeast.....	4.8	1.8	1.7	2.3	0.9	2.0	6.4	2.6	0.4	0.5	0.4	1.0
Southwest.....	-1.1	1.5	2.7	2.1	1.3	1.5	5.6	1.2	0.4	0.6	-0.2	0.8
Rocky Mountain.....	-1.3	1.6	4.0	2.4	1.9	1.8	6.8	1.5	0.7	-0.3	3.1	0.8
Far West.....	-0.9	1.8	2.7	2.1	0.8	1.4	5.8	1.3	0.7	-0.7	0.5	0.4

Source: U.S. Bureau of Economic Analysis