

Personal Income by State and Region, Second Quarter 1994

This article was written by Howard L. Friedenber and Duke D. Tran. The estimates of State personal income were prepared by the Regional Economic Measurement Division.

PERSONAL INCOME in the Nation increased 1.9 percent in the second quarter of 1994 after increasing 1.3 percent in the first.¹ The pickup reflected the effects on personal income of the destruction caused by the Northridge earthquake in southern California on January 17 and of the relief efforts that resulted.

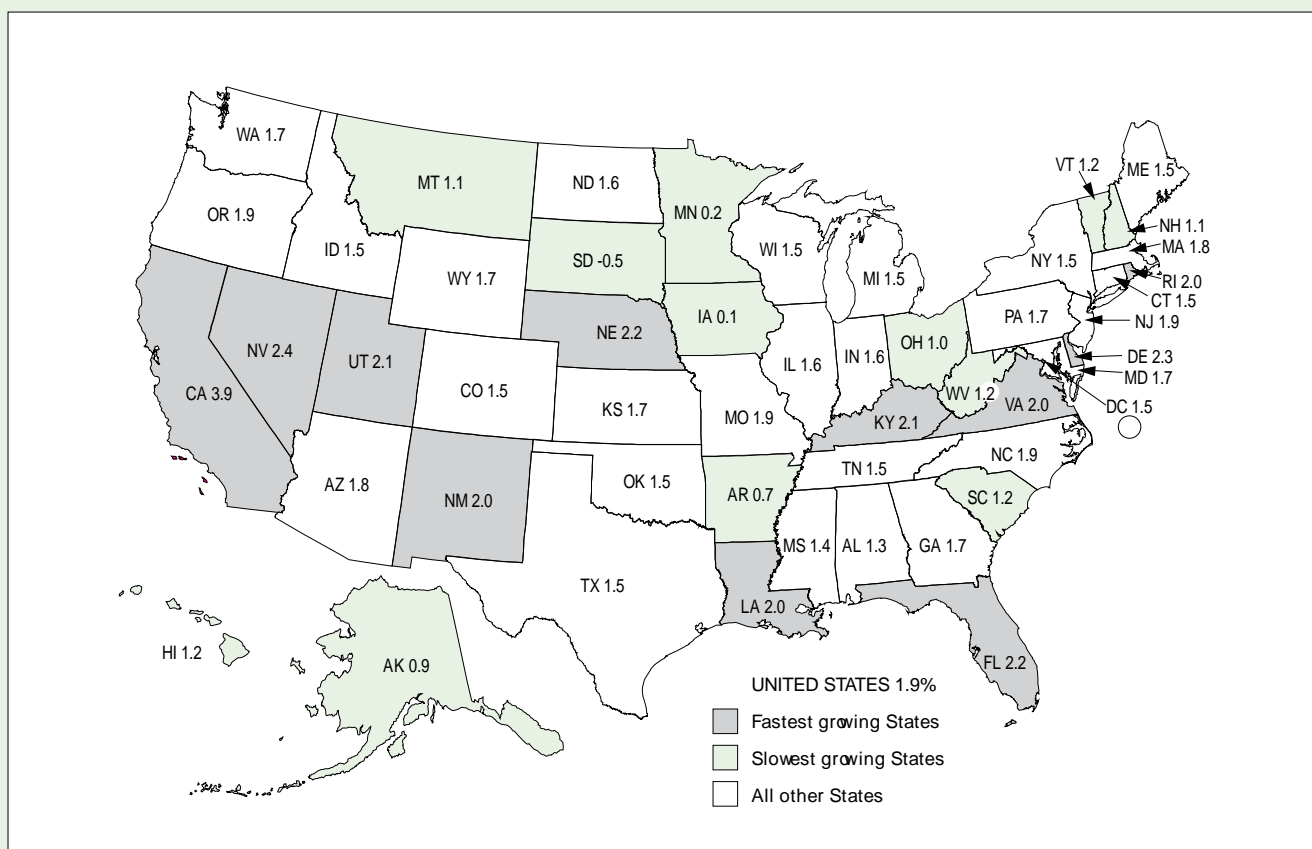
Most of the effects of the earthquake on personal income were embedded in the source data that were used to make the estimates; where they were not, BEA made adjustments to account for

the effects. To reflect the destruction caused by the earthquake, BEA made downward adjustments of \$19.9 billion (at an annual rate) in the first quarter, mainly to rental income of persons. To reflect the relief efforts, BEA made an upward adjustment of \$1.4 billion to transfer payments to persons in the first quarter and upward adjustments of \$0.7 billion to rental income and of \$0.5 billion to transfer payments in the second quarter. Without these adjustments, personal income in the Nation would have increased 1.5 percent in

1. In this article, percent changes are at quarterly—not at annual—rates.

CHART 1

Total Personal Income: Percent Change, 1994:I–1994:II



the second quarter after increasing 1.6 percent in the first.

In the second quarter, the 1.9-percent increase in personal income exceeded the 0.7-percent increase in U.S. prices (as measured by the fixed-weighted price index for personal consumption expenditures). By State, the increase in personal income exceeded the increase in U.S. prices in all States except the four farm States of Arkansas, Minnesota, Iowa, and South Dakota.

The remainder of this article focuses on the States with the fastest and slowest growth in personal income. Tables 1 and 2 at the end of the article contain the quarterly estimates of total and nonfarm State personal income beginning with the first quarter of 1991. These estimates incorporate the revisions to the annual State estimates published in the August 1994 SURVEY OF CURRENT BUSINESS and the revisions to the quarterly national income and product accounts estimates published in the July 1994 SURVEY.

Fastest growing States

In 11 States, increases in personal income were more than the U.S. average (table A and chart 1). The strongest increase was in California, where personal income increased 3.9 percent after declining 1.6 percent in the first quarter. The rebound reflected the effects of the earthquake. Without the adjustments for these effects, personal income would have increased 1.0 percent in

the second quarter after increasing 1.1 percent in the first.

In Nevada, Utah, and New Mexico, increases in payrolls were above average in government. In addition, in Utah and New Mexico, increases in payrolls were well above average in construction and in the finance-insurance-real estate group.

In Florida, Kentucky, Louisiana, and Virginia, increases in payrolls were above average in nondurables manufacturing, in mining, in the transportation-public utilities group, and in trade.

In Delaware, Nebraska, and Rhode Island, increases in payrolls were above average in durables manufacturing, in construction, and in services. In addition, in Nebraska, personal income growth was boosted by an increase in Federal corn subsidy payments to farmers.

Slowest growing States

In 11 States, increases in personal income were less than two-thirds of the U.S. average, and in South Dakota, personal income declined.

In South Carolina, Vermont, West Virginia, Montana, New Hampshire, and Ohio, payrolls either declined or increased at below-average rates in manufacturing, in the finance-insurance-real estate group, and, except in West Virginia, in construction.


In Hawaii and Alaska, payrolls either declined or increased at below-average rates

Table A.—Percent Change in Personal Income for Selected States and the United States, 1994:I-1994:II

Rank		Personal income		Wage and salary disbursements (payrolls)										
		Total	Non-farm	Durables manufacturing	Nondurables manufacturing	Construction	Mining	Transportation and public utilities	Wholesale trade	Retail trade	Finance, insurance, and real estate	Services	Government	
	Fastest growing States:													
1	California	3.9	4.1	-0.9	0.6	3.2	-3.9	0.3	1.1	1.6	-0.2	1.3	1.1	
2	Nevada	2.4	2.4	-3.9	5.5	3.0	1.6	2.5	1.7	3.6	.7	1.7	2.0	
3	Delaware	2.3	2.4	1.5	-5	7.4	-2	1.8	2.6	5.0	2.2	4.0	1.8	
4	Nebraska	2.2	1.8	4.0	3.2	6.4	-7.1	-1.0	1.3	1.5	.6	2.4	.6	
5	Florida	2.2	2.3	-2	2.5	4.2	.8	2.1	2.1	2.7	1.1	2.4	1.6	
6	Utah	2.1	2.1	2.6	-1	8.3	-1.9	-7	2.0	2.2	3.9	1.9	1.9	
7	Kentucky	2.1	2.1	3.4	4.9	6.5	.2	2.4	2.7	2.9	.2	1.6	.7	
8	Rhode Island	2.0	2.0	2.5	5.1	13.3	-3	1.2	-7	3.3	.3	2.7	.5	
9	New Mexico	2.0	2.2	.6	3.4	6.9	1.4	1.6	3.4	3.6	3.4	2.6	1.3	
10	Louisiana	2.0	2.4	6.5	1.2	7.8	1.1	2.0	2.7	3.5	1.8	3.1	1.0	
11	Virginia	2.0	2.0	2.3	2.5	4.1	.5	1.4	2.5	3.5	2.0	2.4	1.0	
	United States	1.9	2.0	.4	.8	4.5	-1.1	1.0	1.8	2.6	1.0	2.0	1.1	
	Slowest growing States:													
39	South Carolina	1.2	1.4	.1	.5	3.4	-3	2.1	1.2	1.8	.7	1.3	-3	
40	Vermont	1.2	1.3	-3.9	.2	3.5	10.9	1.2	1.8	2.4	-4	2.1	2.2	
41	West Virginia	1.2	1.2	-1.2	-2.2	8.6	.6	0	1.8	3.0	.9	2.4	-1.0	
42	Hawaii	1.2	1.2	-2.5	-1.9	-3	-3	1.9	.3	.7	.8	1.0	.7	
43	Montana	1.1	1.2	-5.5	-4.4	1.8	1.5	-1	1.4	1.8	.7	1.5	1.6	
44	New Hampshire	1.1	1.1	-1.7	-6	-1.2	-3	1.3	1.4	2.8	-7	2.5	-2.0	
45	Ohio	1.0	1.0	-1.7	-8	2.5	-1.6	0	1.6	2.0	.8	1.2	1.4	
46	Alaska .....	.9	.9	-3.6	-10.1	2.3	.4	1.5	2.9	4.1	1.2	1.8	-5
47	Arkansas .....	.7	2.3	6.6	5.2	5.1	-3	1.5	.6	3.0	1.1	1.8	1.1
48	Minnesota .....	.2	1.2	-2.4	-3	1.8	1.5	-1	1.5	2.2	.3	1.9	1.1
49	Iowa .....	.1	1.5	0	.3	4.7	2.9	1.7	.9	3.1	1.5	1.7	1.7
50	South Dakota	-5	2.0	3.8	2.2	6.1	-4.5	2.6	2.1	2.6	1.2	2.1	1.2	

in manufacturing, construction, services, and government.

In Arkansas, Minnesota, Iowa, and South Dakota, personal income growth was slowed by large declines in farm income. In Arkansas, the decline in farm income reflected lower Federal rice subsidy payments to farmers. In Minnesota,

Iowa, and South Dakota, the declines partly reflected lower Federal payments to farmers for relief from the effects of the 1993 Midwest floods. In addition, in Minnesota and Iowa, payrolls either declined or increased at below-average rates in manufacturing, wholesale trade, and services. *Tables 1 and 2 follow.* 

Data Availability

Quarterly estimates for 1969–90 are available from the Regional Economic Information System, Regional Economic Measurement Division, BE-55, Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or call (202) 606–5360.

