

State Personal Income

First Quarter of 2005

By David G. Lenze

NEW estimates of current-dollar state personal income for the first quarter of 2005 and revised quarterly estimates for 2004 provide fresh insights into the geographic and industrial patterns of recent economic growth (chart 1 and table A):

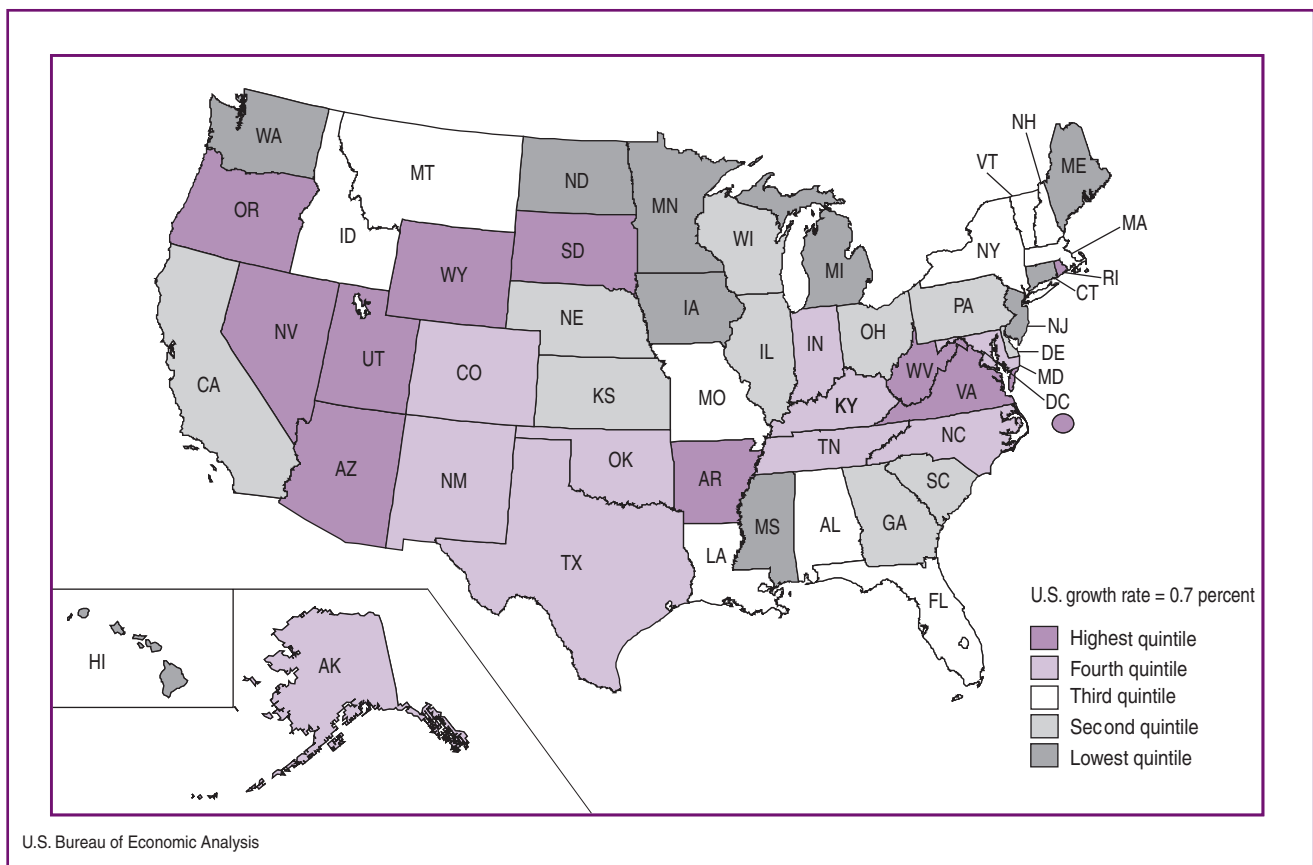
- Personal income growth slowed in the first quarter in all states except Rhode Island, after very strong growth in the preceding quarter. Nationally, growth slowed from 3.3 percent in the fourth quarter to 0.7 percent in the first quarter, close to the 0.8 percent inflation rate as measured by BEA's price index for

personal consumption expenditures.¹

- Earnings growth in the fourth quarter was the strongest in more than 4 years, reflecting strong bonuses and other lump-sum wage payments. In the first quarter, earnings growth moderated.
- The special Microsoft dividend payment in December added a percentage point to fourth-quarter growth and subtracted a percentage point from first-quarter growth.

1. Price indexes are not available for individual states.

Chart 1. Personal Income: Percent Change, 2004:IV–2005:I



more than 3 years. The revised estimates incorporated newly available wage and salary disbursements data; the previous estimates were based on employment data.

Earnings by industry. In some industries, lump-sum wage payments (including bonuses and the exercise of stock options) were responsible for strong fourth-quarter growth that moderated in the first quarter. The effects were particularly striking in the management industry and, to a lesser extent, in the information and the finance industries.² In the first quarter, the management industry again exhibited the strongest wage growth of all industries, growing 4.2 percent in the first quarter after growing 7.3 percent in the previous quarter. The management industry includes those establishments which oversee and control other establishments owned by a company, it includes corporate headquarters and is therefore heavily influenced by end-of-year executive compensation decisions.

In the information industry, wage and salary growth

slowed to 1.6 percent from 4.7 percent in the fourth quarter. In the finance industry, wage and salary growth slowed to 2.0 percent from 4.0 percent in the fourth quarter.

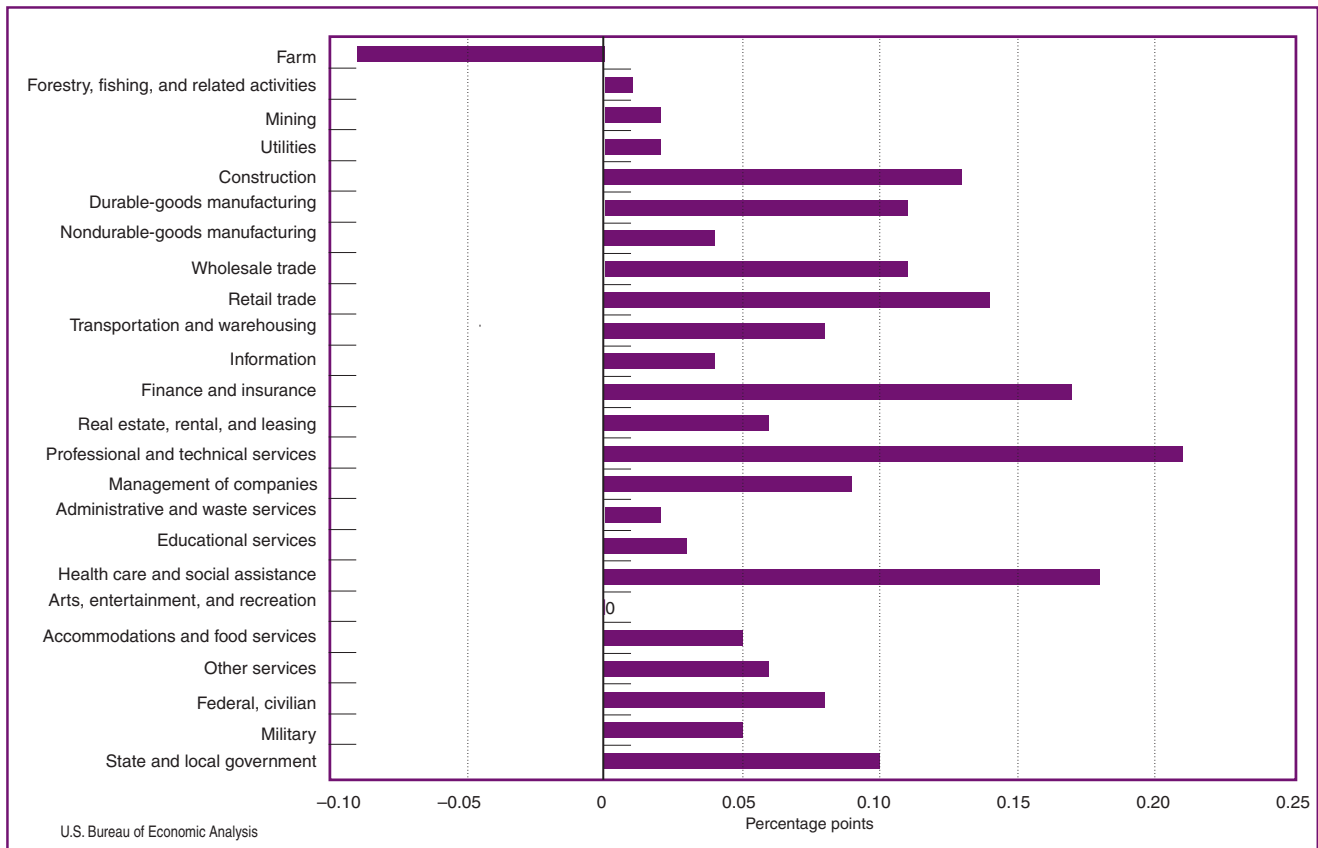
A robust construction industry was the driving force behind the four states with the fastest personal income growth in the first quarter (Utah, Wyoming, Nevada, and West Virginia). Construction provided roughly one-half of a percentage point to the percentage change in earnings in these states (table B). Wyoming and West Virginia also benefited from strong mining growth in the current or previous quarters. The recent strength in West Virginia's construction industry is partly attributable to repairs of aging mining and manufacturing facilities in the state.

In contrast to these states, construction in five of the six entities in the Mideast region (Maryland, New Jersey, New York, Pennsylvania, and the District of Columbia) contributed almost nothing to earnings growth in the first quarter or the fourth quarter.

Nationally, professional services contributed 0.2 percentage point to first-quarter earnings growth, the largest industry contribution (chart 2). The health care and finance industries also made strong contributions.

2. The industry names in the text are shortened; table B uses the full names.

Chart 2. Contributions to Percent Change in U.S. Earnings by Place of Work, 2004:IV–2005:I



The sum of individual industry contributions equals 1.7 percentage points.

Dividends, interest, and rent

In most states, property income—dividends, interest, and rent—fell 3 to 5 percent in the first quarter after rising 5 to 9 percent in the previous quarter, mostly

because of the Microsoft dividend. Property income in Washington fell 39 percent after rising 66 percent in the fourth quarter.

The effect of the Microsoft dividend payment on personal income growth was most striking in Washington state, home of many of the company's largest shareholders. Personal income there declined 7.7

Table B. Contributions to Percent Change in Earnings by Place of Work by State and Region for 2004:IV–2005:I—Continues
[Percentage points]

	Earnings by industry												
	Total earnings ¹	Farm	Forestry, fishing, related activities, and other ²	Mining	Utilities	Construction	Manufacturing		Wholesale trade	Retail trade	Transportation and warehousing	Information	Finance and insurance
							Durable goods	Nondurable goods					
United States	1.7	-0.09	0.01	0.02	0.02	0.13	0.11	0.04	0.11	0.14	0.08	0.04	0.17
New England	1.8	-0.01	0.00	0.00	0.01	0.18	0.13	0.05	0.12	0.13	0.02	0.06	0.30
Connecticut	1.4	-0.01	0.00	0.00	0.02	0.13	0.16	0.07	0.08	0.14	-0.01	0.07	0.43
Maine	0.7	-0.02	0.02	0.00	0.01	0.23	0.01	0.10	0.08	0.15	0.08	0.05	0.12
Massachusetts	2.1	0.00	-0.01	0.00	0.01	0.17	0.12	0.05	0.14	0.12	0.02	0.06	0.30
New Hampshire	2.0	-0.01	0.00	0.00	0.02	0.24	0.16	0.00	0.17	0.19	0.07	0.06	0.00
Rhode Island	2.3	-0.01	0.01	0.00	0.02	0.20	0.10	0.05	0.09	0.11	0.02	0.11	0.35
Vermont	2.0	-0.01	0.01	0.01	0.04	0.36	0.19	0.03	0.20	0.11	0.06	0.06	0.16
Mideast	1.8	-0.04	0.00	0.00	0.02	0.03	0.04	0.02	0.11	0.13	0.05	0.05	0.28
Delaware	1.8	-0.14	0.00	0.00	0.02	0.30	0.16	0.07	0.01	0.17	0.06	-0.07	-0.31
District of Columbia	2.7	.....(*)	0.06	0.00	0.01	0.00	0.00	0.00	0.01	0.02	0.01	0.07	0.11
Maryland	1.9	0.00	0.00	0.00	0.03	-0.01	0.01	0.01	0.10	0.15	0.05	0.05	0.17
New Jersey	1.1	-0.02	0.00	0.00	-0.01	0.00	0.00	0.05	0.21	0.21	0.03	-0.06	0.18
New York	2.1	-0.03	0.00	0.00	0.03	0.03	0.04	0.02	0.10	0.10	0.03	0.12	0.46
Pennsylvania	1.8	-0.09	0.00	0.00	0.03	0.06	0.11	0.00	0.10	0.12	0.10	0.04	0.15
Great Lakes	1.6	-0.17	0.00	0.01	0.01	0.13	0.11	0.08	0.12	0.12	0.10	0.04	0.13
Illinois	1.6	-0.06	0.00	0.01	0.02	0.10	0.10	0.05	0.12	0.09	0.08	0.03	0.21
Indiana	2.0	-0.33	0.00	0.01	0.04	0.29	0.34	0.09	0.09	0.18	0.16	0.05	0.11
Michigan	1.1	-0.20	0.00	0.01	-0.03	0.06	-0.13	0.04	0.13	0.16	0.15	0.02	0.12
Ohio	1.7	-0.16	0.00	0.01	0.00	0.07	0.18	0.10	0.09	0.08	0.07	0.04	0.14
Wisconsin	1.6	-0.24	0.01	-0.01	0.02	0.29	0.24	0.15	0.20	0.09	0.07	0.10	-0.05
Plains	1.1	-0.42	0.00	0.01	0.03	0.08	0.18	0.03	0.11	0.14	0.10	0.07	0.07
Iowa	1.3	-0.11	0.01	0.00	0.04	0.06	0.25	0.04	0.12	0.07	0.10	-0.01	0.23
Kansas	1.5	-0.42	0.01	0.04	0.03	0.02	0.16	0.05	0.12	0.09	0.17	0.15	0.13
Minnesota	0.1	-0.75	0.00	0.01	0.03	0.06	0.24	0.04	0.11	0.14	0.08	0.05	-0.14
Missouri	2.0	0.02	0.00	0.01	0.02	0.06	0.10	0.06	0.11	0.15	0.09	0.11	0.15
Nebraska	1.5	-0.39	0.00	-0.01	0.04	0.20	0.11	-0.08	0.04	0.21	0.12	0.08	0.19
North Dakota	-1.4	-3.17	-0.02	0.09	0.05	0.07	0.16	0.04	0.16	0.19	0.13	0.09	-0.23
South Dakota	2.2	0.24	0.00	0.01	0.01	0.25	0.19	0.02	0.10	0.23	0.13	0.02	0.24
Southeast	1.8	-0.05	0.01	0.01	0.02	0.11	0.10	0.03	0.13	0.14	0.09	0.06	0.12
Alabama	1.4	-0.25	0.01	0.01	0.04	0.16	0.28	0.11	0.15	0.22	0.03	0.06	-0.29
Arkansas	2.3	0.40	0.01	0.02	0.03	0.09	0.06	0.13	0.12	0.11	0.14	0.06	0.11
Florida	2.1	0.05	0.02	0.00	0.02	0.05	0.10	0.01	0.16	0.19	0.08	0.04	0.16
Georgia	1.7	-0.17	0.01	0.00	0.02	0.07	0.05	0.04	0.14	0.05	0.09	0.10	0.17
Kentucky	1.8	-0.01	0.01	0.04	0.00	0.28	0.16	0.08	0.09	0.12	0.19	0.01	-0.01
Louisiana	1.5	-0.08	0.03	0.05	0.00	-0.01	0.01	0.08	0.06	0.13	0.18	0.03	0.12
Mississippi	0.6	-0.93	0.00	0.01	0.02	-0.06	0.14	0.07	0.06	0.24	0.15	0.05	0.09
North Carolina	2.0	0.06	0.01	0.00	0.02	0.16	0.11	-0.06	0.12	0.08	0.04	0.04	0.14
South Carolina	1.1	0.07	0.01	0.00	0.07	-0.01	0.02	-0.02	0.12	0.21	0.02	0.07	0.18
Tennessee	1.7	.....(*)	0.00	0.00	0.00	0.13	0.12	0.03	0.14	0.14	0.11	0.02	0.14
Virginia	2.1	-0.03	0.00	0.00	0.01	0.16	0.07	0.01	0.09	0.17	0.08	0.16	0.16
West Virginia	2.3	.....(*)	0.02	0.01	0.04	0.58	0.12	0.03	0.12	0.16	0.04	0.05	0.03
Southwest	1.9	0.04	0.00	0.09	0.04	0.11	0.11	0.03	0.04	0.18	0.09	0.09	0.18
Arizona	2.4	0.04	0.00	0.02	0.02	0.34	0.17	0.02	0.12	0.34	0.06	0.03	0.24
New Mexico	2.0	0.42	0.01	0.10	0.02	0.13	0.05	0.01	0.07	0.13	0.08	0.02	0.11
Oklahoma	1.7	-0.36	0.01	0.12	0.04	0.05	0.03	0.07	0.11	0.19	0.10	0.07	0.11
Texas	1.8	0.06	0.00	0.10	0.04	0.06	0.12	0.03	0.02	0.14	0.10	0.11	0.18
Rocky Mountain	2.2	0.11	0.01	0.10	0.01	0.36	.....(*)	.....(*)	0.09	0.18	0.09	0.06	0.16
Colorado	2.0	0.10	0.00	0.06	-0.02	0.32	-0.09	0.01	0.06	0.20	0.04	0.01	0.16
Idaho	1.7	0.07	0.04	0.02	0.04	0.48	-0.28	-0.01	0.13	0.13	0.04	0.04	0.08
Montana	1.9	0.33	0.02	0.20	0.04	0.21	0.11	0.00	0.07	0.16	0.25	0.07	0.11
Utah	3.1	0.00	0.00	0.07	0.03	0.42	0.25	0.01	0.15	0.18	0.17	0.18	0.25
Wyoming	3.2	0.48	0.02	0.82	0.04	0.42	.....(*)	.....(*)	0.05	0.13	0.13	0.05	0.07
Far West	1.7	-0.12	0.01	0.01	0.02	0.21	.....(*)	.....(*)	0.11	0.12	0.07	-0.04	0.16
Alaska	2.1	0.00	0.06	0.30	0.00	0.26	0.00	0.00	0.03	0.13	0.15	0.06	0.11
California	1.5	-0.13	0.01	0.01	0.02	0.19	0.11	0.05	0.10	0.10	0.07	-0.02	0.18
Hawaii	0.8	-0.02	0.00	0.00	0.02	0.20	.....(*)	.....(*)	0.09	0.10	0.10	0.06	0.15
Nevada	2.5	0.01	0.00	0.04	0.02	0.56	0.10	0.02	0.11	0.15	0.11	0.02	0.17
Oregon	2.8	-0.14	0.05	0.00	0.03	0.28	0.32	0.05	0.26	0.26	0.16	0.12	0.19
Washington	2.0	-0.15	0.00	0.00	0.01	0.18	0.59	0.01	0.10	0.20	0.05	-0.29	0.08

1. Earnings by place of work is the sum of wage and salary disbursements (payrolls), supplements to wages and salaries, and proprietors' income.
2. "Other" consists of the wage and salary disbursements to U.S. residents employed by international organizations and

foreign embassies and consulates in the U.S.
3. Data are suppressed to avoid disclosure of confidential information.
4. Not meaningful.

percent in the first quarter after growing 11.5 percent in the fourth quarter.

Transfer receipts

State unemployment insurance compensation declined in all regions except New England, where it grew 1.8 percent. In New England, unemployment compen-

sation rose in all states except Maine. New England's labor market is also notable for having had the slowest wage growth of the eight BEA regions for nearly a year.

Other transfer receipts rose 2 to 4 percent in all states after rising 1 to 3 percent in the previous quarter. First-quarter growth was boosted by cost-of-living adjustments.

Table B. Contributions to Percent Change in Earnings by Place of Work by State and Region for 2004:IV–2005:I
[Percentage points]

	Earnings by industry											
	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	Government		
										Federal, civilian	Military	State and local
United States	0.06	0.21	0.09	0.02	0.03	0.18	0.00	0.05	0.06	0.08	0.05	0.10
New England	0.06	0.21	0.01	0.03	0.07	0.19	0.01	0.05	0.05	0.07	0.01	0.07
Connecticut.....	0.04	0.13	-0.24	0.04	0.08	0.11	0.00	0.03	0.05	0.03	0.01	0.07
Maine.....	0.06	0.16	-0.83	-0.04	0.04	0.21	0.00	0.04	0.04	0.10	0.03	0.07
Massachusetts.....	0.07	0.30	0.22	0.02	0.07	0.20	0.02	0.04	0.06	0.11	-0.01	0.02
New Hampshire.....	0.08	0.03	0.17	0.03	0.05	0.27	-0.02	0.10	0.01	0.00	0.01	0.32
Rhode Island.....	0.05	0.15	0.23	0.08	0.05	0.38	0.02	0.09	0.07	0.05	0.05	0.02
Vermont.....	0.05	0.10	0.01	0.05	0.06	0.12	0.01	0.06	0.07	0.07	0.04	0.16
Mideast	0.02	0.31	0.15	0.02	0.05	0.22	0.01	0.05	0.07	0.11	0.02	0.10
Delaware.....	0.01	0.34	0.25	0.12	0.01	0.39	-0.01	0.08	0.06	0.05	0.03	0.15
District of Columbia.....	0.06	0.78	0.03	-0.01	0.00	0.13	0.01	0.09	0.13	0.97	0.09	0.09
Maryland.....	0.00	0.38	0.03	0.03	0.07	0.23	-0.02	0.09	0.09	0.17	0.08	0.18
New Jersey.....	-0.17	0.22	-0.08	0.04	0.02	0.22	0.01	0.05	0.08	0.05	-0.01	0.10
New York.....	0.09	0.28	0.24	0.01	0.06	0.21	0.01	0.05	0.05	0.04	0.02	0.09
Pennsylvania.....	0.06	0.32	0.24	0.03	0.05	0.23	0.00	0.04	0.07	0.08	0.01	0.08
Great Lakes	0.06	0.15	0.20	0.03	0.02	0.16	0.01	0.04	0.06	0.05	0.00	0.09
Illinois.....	0.07	0.22	0.11	0.09	0.03	0.12	0.02	0.05	0.07	0.06	-0.02	0.08
Indiana.....	0.07	0.06	0.10	0.10	-0.03	0.23	0.03	0.07	0.07	0.06	0.00	0.13
Michigan.....	0.05	0.17	0.24	-0.12	0.00	0.11	0.01	0.04	0.04	0.04	0.00	0.11
Ohio.....	0.05	0.15	0.30	0.09	0.05	0.21	-0.01	0.03	0.07	0.05	0.03	0.06
Wisconsin.....	0.05	0.03	0.25	-0.04	0.02	0.22	0.00	0.03	0.02	0.03	0.01	0.13
Plains	0.07	0.11	-0.01	0.00	0.03	0.18	0.01	0.05	0.06	0.11	0.02	0.10
Iowa.....	0.04	0.03	0.08	0.02	0.03	0.10	0.00	0.03	0.06	0.04	0.03	0.03
Kansas.....	0.06	0.16	0.07	0.05	0.04	0.18	0.02	0.05	0.06	0.11	0.01	0.15
Minnesota.....	0.08	0.12	-0.51	-0.01	0.04	0.20	0.01	0.05	0.05	0.03	0.01	0.16
Missouri.....	0.08	0.13	0.38	-0.04	0.02	0.18	0.02	0.04	0.08	0.22	0.01	0.03
Nebraska.....	0.06	0.07	0.26	0.07	0.02	0.14	0.01	0.09	0.07	0.09	0.07	0.10
North Dakota.....	0.04	0.09	-0.01	0.02	0.02	0.33	-0.01	0.07	0.04	0.09	0.10	0.24
South Dakota.....	0.03	0.04	0.04	-0.02	0.07	0.25	0.03	0.03	-0.01	0.15	0.04	0.10
Southeast	0.07	0.21	0.14	0.02	0.03	0.18	-0.01	0.05	0.05	0.09	0.09	0.11
Alabama.....	0.06	0.21	0.07	0.04	-0.09	0.25	0.00	0.04	0.04	0.11	0.02	0.15
Arkansas.....	0.04	0.12	0.23	0.03	0.02	0.21	0.01	0.03	0.05	0.06	0.04	0.13
Florida.....	0.12	0.23	0.17	0.07	0.05	0.15	-0.02	0.05	0.07	0.08	0.07	0.13
Georgia.....	0.08	0.20	0.18	0.03	0.02	0.16	-0.01	0.04	0.04	0.11	0.08	0.13
Kentucky.....	0.03	0.10	0.08	0.00	0.00	0.15	0.02	0.07	0.05	0.05	0.15	0.12
Louisiana.....	0.07	0.15	0.17	-0.04	0.07	0.20	0.02	0.03	0.08	0.05	0.04	0.03
Mississippi.....	0.06	0.06	0.13	0.04	0.02	0.26	-0.01	0.04	0.03	0.08	-0.06	0.16
North Carolina.....	0.06	0.17	0.33	0.00	0.03	0.20	-0.01	0.04	0.04	0.05	0.18	0.16
South Carolina.....	0.04	-0.11	0.05	-0.01	0.02	0.07	0.01	0.12	-0.02	0.07	0.06	0.06
Tennessee.....	0.07	0.15	0.08	0.03	0.03	0.27	-0.02	0.06	0.05	0.12	0.02	0.10
Virginia.....	0.05	0.48	-0.02	-0.01	0.03	0.11	0.00	0.03	0.09	0.17	0.19	0.06
West Virginia.....	0.04	0.15	0.03	0.00	0.01	0.27	0.03	0.06	0.05	0.10	0.14	0.12
Southwest	0.07	0.14	0.07	0.04	0.02	0.21	0.01	0.04	0.05	0.09	0.05	0.09
Arizona.....	0.00	0.25	0.11	0.01	0.04	0.28	0.02	0.07	0.03	0.07	0.05	0.08
New Mexico.....	0.06	-0.11	0.07	-0.03	0.02	0.20	0.01	0.05	0.05	0.18	0.04	0.25
Oklahoma.....	0.07	0.16	0.13	0.07	0.02	0.21	-0.01	0.04	0.07	0.12	0.08	0.18
Texas.....	0.08	0.13	0.05	0.05	0.02	0.20	0.01	0.04	0.06	0.08	0.05	0.07
Rocky Mountain	0.09	0.24	0.03	0.09	0.02	0.14	0.00	0.04	0.07	0.14	0.11	0.10
Colorado.....	0.11	0.28	0.03	0.06	0.02	0.14	0.01	0.05	0.06	0.14	0.15	0.10
Idaho.....	0.03	0.22	-0.24	0.14	0.01	0.26	0.01	0.05	0.06	0.09	0.05	0.20
Montana.....	0.07	0.13	0.02	0.01	0.04	0.08	-0.02	-0.03	0.01	0.11	0.08	-0.23
Utah.....	0.08	0.23	0.17	0.17	0.04	0.12	0.00	0.03	0.11	0.17	0.04	0.17
Wyoming.....	0.03	0.10	0.05	0.03	0.02	0.09	0.03	0.08	0.07	0.26	0.07	0.06
Far West	0.09	0.26	-0.01	0.01	0.02	0.16	0.01	0.07	0.07	0.05	0.06	0.11
Alaska.....	0.05	0.09	0.02	-0.04	0.02	0.26	0.01	0.04	0.05	0.32	0.01	0.20
California.....	0.09	0.27	-0.02	0.00	0.02	0.14	0.01	0.06	0.07	0.04	0.02	0.11
Hawaii.....	0.11	0.17	-0.96	0.03	0.05	0.22	-0.02	0.11	0.05	0.17	0.40	-0.23
Nevada.....	0.12	0.24	-0.05	0.02	0.02	0.15	-0.01	0.36	0.08	0.06	0.05	0.17
Oregon.....	0.02	0.18	0.19	0.02	-0.01	0.29	0.03	0.08	0.10	0.09	0.00	0.24
Washington.....	0.07	0.26	0.15	0.07	0.02	0.18	-0.03	0.04	0.07	0.07	0.26	0.09