

Personal Income by State and Region, Third Quarter 1993

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PERSONAL INCOME in the Nation increased a modest 0.7 percent in the third quarter of 1993 after increasing 2.3 percent in the second.¹ The slowdown was partly attributable to reductions in farm proprietors' income that resulted from lower farm subsidy payments and from floods in the Midwest and drought in the Southeast, which caused crop damage and uninsured losses to farm residential and business property. In addition, the floods affected other components of personal income: Nonfarm proprietors' income was reduced by uninsured losses

to nonfarm business property, and rental income of persons was reduced by uninsured losses to nonfarm residential property.

The large second-quarter increase in personal income mostly reflected the continued effect of the payment of bonuses in the fourth quarter of 1992 that typically would have been paid in the first quarter of 1993. As a result of the accelerated bonus payments, personal income jumped in the fourth quarter, plummeted in the first, and rebounded sharply in the second.

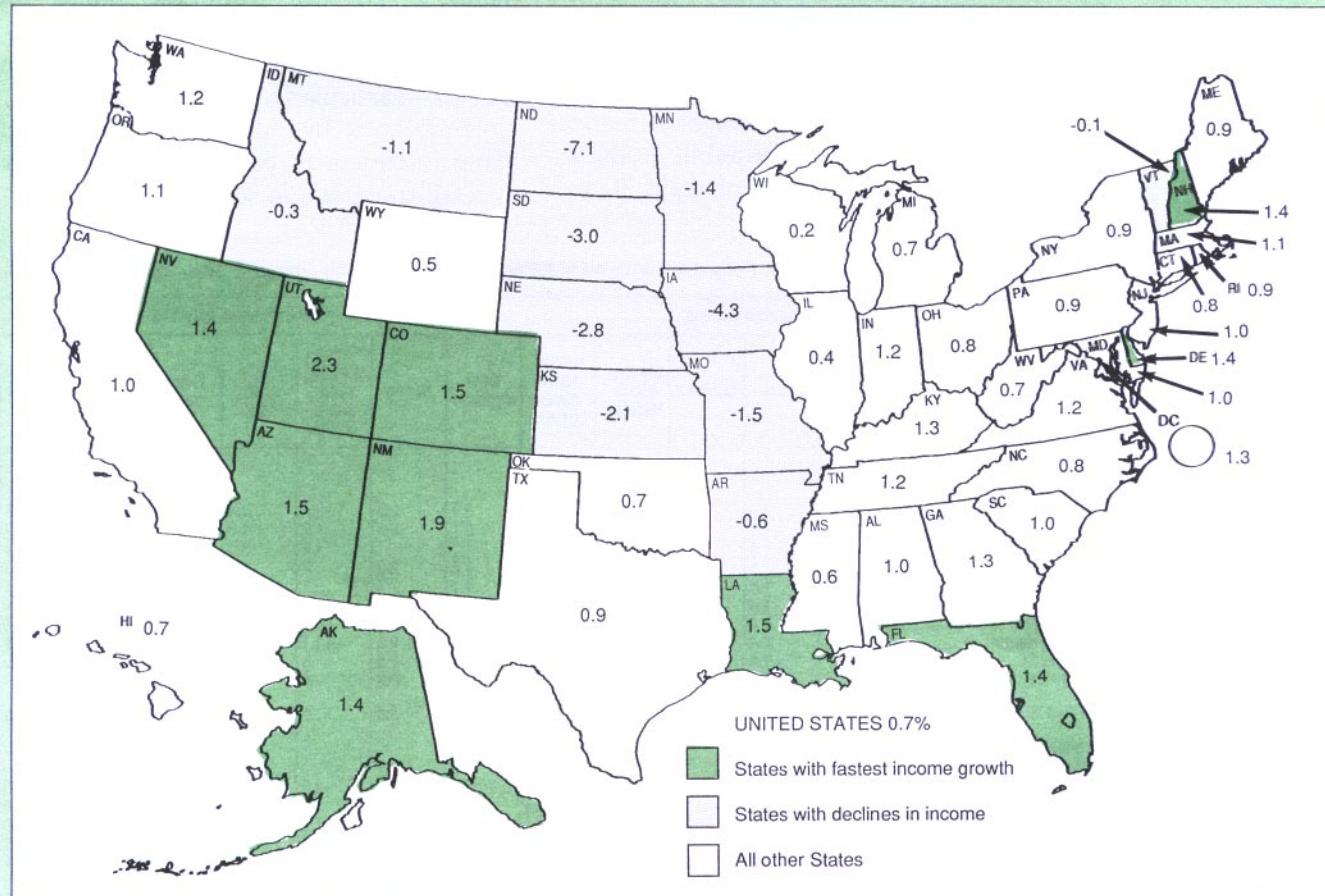
In the third quarter, the 0.7-percent increase in personal income exceeded the 0.4-percent

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

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CHART 1

Total Personal Income: Percent Change, 1993:II – 1993:III



increase in U.S. prices (measured by the fixed-weighted price index for personal consumption expenditures). The increase in U.S. prices was the smallest since the second quarter of 1986.

By State, personal income in the third quarter increased in 39 States and declined in 11 States. In all of the 39 States except Illinois and Wisconsin, the increase in personal income exceeded the 0.4-percent increase in U.S. prices.

The remainder of this article focuses on the States with the fastest growth in personal income and on the States with declines in personal income. These two groups of States accounted for relatively small shares of the Nation's total personal income, with the first group accounting for about 12 percent and the second, for about 8 percent. Tables 1 and 2 at the end of the article contain the quarterly estimates of total and non-farm State personal income, beginning with the first quarter of 1990.

States with the fastest income growth

Increases in personal income in 10 States were at least twice the U.S. average (table A). These States comprise six western States, two southern States, and two eastern States (chart 1).

In Utah, New Mexico, Arizona, Colorado, Alaska, and Nevada, personal income growth was boosted by average or above-average increases in payrolls in the transportation-public utilities group and in retail trade. In all of these States

except Alaska, personal income was boosted by average or above-average increases in payrolls in both the finance-insurance-real estate group and services. In addition, payroll increases were well above average in durables and nondurables manufacturing in Utah, New Mexico, and Colorado, in construction in Utah, New Mexico, and Alaska, and in mining in New Mexico.

In Louisiana, Florida, Delaware, and New Hampshire, personal income growth was boosted by above-average increases in payrolls in durables manufacturing and in government.

States with declines in income

In 11 States, declines in personal income ranged from 0.1 percent in Vermont to 7.1 percent in North Dakota. These States comprise the seven Plains States and Idaho, Arkansas, Montana, and Vermont.

In North Dakota, Iowa, South Dakota, Nebraska, Kansas, Missouri, and Minnesota, personal income was reduced by crop damage and uninsured property losses resulting from the floods and by lower farm subsidy payments. Damage from the floods reduced farm income—particularly in Minnesota, Missouri, and Iowa—and slowed nonfarm income growth—particularly in Missouri, Iowa, and North Dakota. In addition, in most of the Plains States, increases in payrolls were below average in retail trade and in services.

Table A.—Percent Change in Personal Income for Selected States and the United States, 1993:II-1993:III

Rank		Personal income		Wage and salary disbursements (payrolls)									
		Total	Nonfarm	Durables manufacturing	Nondurables manufacturing	Construction	Mining	Transportation and public utilities	Wholesale trade	Retail trade	Finance, insurance, and real estate	Services	Government
States with fastest growth in total personal income:													
1	Utah	2.3	2.5	3.9	3.3	3.6	2.2	3.4	1.4	1.6	5.6	3.1	2.7
2	New Mexico	1.9	2.4	5.3	7.1	6.1	6.5	1.2	1.8	1.8	3.1	2.9	2.8
3	Arizona	1.5	1.7	-3.3	.2	1.6	.1	1.4	3.0	1.9	2.0	2.4	2.5
4	Louisiana	1.5	1.9	3.6	2.2	1.3	2.0	.2	1.6	.9	1.2	1.3	5.0
5	Colorado	1.5	1.8	3.1	4.9	1.1	.7	2.2	1.5	.9	3.2	2.4	1.3
6	Alaska	1.4	1.4	.5	2.7	6.6	1.7	.7	-.5	2.9	1.7	1.4	.5
7	Delaware	1.4	1.6	6.8	.1	1.0	2.8	1.0	.5	1.5	2.6	1.7	2.0
8	New Hampshire	1.4	1.4	2.0	.7	2.1	-9.3	-1.1	1.3	-1.1	1.7	1.5	4.2
9	Nevada	1.4	1.4	.5	-4.8	.5	2.5	.8	.5	1.6	3.7	1.5	.6
10	Florida	1.4	1.5	2.7	.4	1.2	-6.9	.3	1.5	1.4	1.8	2.0	1.3
	United States	.7	1.2	.1	.4	1.8	1.5	.7	.8	.8	1.9	1.5	1.1
States with declines in total personal income:													
40	Vermont	-.1	0	-6.5	1.3	-2.9	-10.7	-2.9	-.5	.1	.9	.6	.4
41	Idaho	-.3	.9	-1.3	1.3	-1.1	-.8	.7	1.3	1.0	1.5	1.4	1.5
42	Arkansas	-.6	1.2	-.6	1.4	2.6	2.0	1.2	.8	1.4	2.2	1.8	.1
43	Montana	-1.1	1.2	-2.4	1.8	-1.6	-.4	-.4	1.2	1.2	1.4	2.8	2.3
44	Minnesota	-1.4	1.2	1.0	-.8	1.6	-1.5	.6	.9	.8	3.2	2.4	1.8
45	Missouri	-1.5	.3	-1.8	1.3	1.7	-.4	1.4	.7	.5	1.4	1.0	1.1
46	Kansas	-2.1	1.0	1.9	2.0	2.6	.4	1.2	1.4	.3	2.1	1.8	.4
47	Nebraska	-2.8	1.3	4.9	3.1	3.5	4.4	.4	-1.0	-.4	2.0	.7	2.5
48	South Dakota	-3.0	1.0	.9	3.4	2.7	2.3	1.4	.9	1.7	2.9	1.0	1.9
49	Iowa	-4.3	.4	.8	-1.1	5.9	4.6	1.4	2.9	.4	2.2	.8	2.0
50	North Dakota	-7.1	.9	3.9	2.0	1.9	6.5	1.1	1.5	2.0	2.3	1.8	2.0

In Idaho, Arkansas, and Montana, personal income was reduced by lower farm subsidy payments and by payroll declines in durables manufacturing. In addition, in Idaho and Montana, payrolls declined in construction and in mining.

In Vermont, changes in payrolls were below average in all major nonfarm industries except nondurables manufacturing.

Data Availability

Quarterly estimates for the years 1969–89 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.

Tables 1 and 2 follow. 

