# Gross Domestic Product by State

## Advance Estimates for 2007 and Revised Estimates for 2004–2006

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ECONOMIC growth across the United States slowed in 2007, as growth in inflation-adjusted gross domestic product (GDP) decelerated in 36 states, according to estimates released by the Bureau of Economic Analysis (BEA) in June 2008. Contractions in the construction and finance and insurance sectors restrained growth in many states.

GDP by state is the most comprehensive measure of overall economic activity in individual states—the state counterpart to GDP in the national income and product accounts (NIPAs). In June, BEA released advance current-dollar and real (inflation-adjusted) estimates of GDP by state for 2007 based on North American Industry Classification System (NAICS) sectors. The release also provided statistics at the subsector industry level for 2006 and revised statistics for 2004–2005.[1]

1. For a description of the abbreviated methodology used to generate the advance estimates, see the box "Advance Estimates of Gross Domestic Product (GDP) by State for 2007." BEA released advance estimates of 2006 GDP by state at the NAICS-based sector level in June 2007; thus, the 2006 total and sector-level GDP-by-state estimates are revised.

The revisions to GDP by state reflect the incorporation of new data from the Census Bureau, specifically, the Annual Survey of Manufactures (ASM) for 2006, revised ASM for 2005, State and Local Government Finances data for 2005, State Government Finances data for 2006, and other newly available source data (see the section "Revisions").

The remainder of this article examines state economic growth in 2007, industry (sector) contributions to state growth in 2007, state contributions to U.S. growth in 2007, composition of GDP by state, per capita real GDP by state in 2007, and the revisions to the GDP-by-state estimates.

### Economic growth in 2007

U.S. real GDP-by-state growth—a measure of nationwide growth—slowed to 2.0 percent in 2007 from 3.1 percent in 2006.[2] Economic growth decelerated in six

2. This measure differs conceptually from GDP in the NIPAs, though the estimates are similar. For a description of the differences between GDP in the NIPAs and U.S. GDP by state, see the box "Gross Domestic Product (GDP) by State."

### Advance Estimates of Gross Domestic Product (GDP) by State for 2007

The advance estimates of GDP by state are based on limited state source data and an abbreviated estimation methodology that differs from the standard methodology used to prepare the state estimates for 1997–2006. These estimates are prepared at the sector level of the North American Industry Classification System (NAICS). Detailed state source data on value added by industry, company financial data, and state and local taxes by industry are not available for 2007. The advance 2007 GDP-by-state estimates draw heavily on the preliminary 2007 estimates of state earnings by industry, released March 26, 2008, and on the advance 2007 estimates of GDP by industry, released April 29, 2008. As a result, the advance 2007 GDP-by-state estimates are consistent with statistics from the national annual industry accounts and the state personal income accounts.

The 2007 advance estimates of current-dollar GDP by state were extrapolated from industry value added (GDP) for 2006 using the change in state earnings by industry from state personal income statistics. For two industries, preliminary source data was incorporated, which significantly improved the accuracy of the advance estimates. The advance estimates for the agriculture, forestry, fishing, and hunting sector incorporated preliminary data on farm sector cash receipts from the U.S. Department of Agriculture, and the advance estimates for the mining sector incorporated preliminary data on value of production and prices from the U.S. Department of the Interior and the U.S. Department of Energy.

The 2007 advance estimates of GDP by state for all sectors were scaled to the advance 2007 GDP-by-industry estimates by allocating the difference between the two measures among the states. The sector estimates were then summed to total GDP for the states.

The advance estimates of real GDP by state are derived by applying chained (2000) dollar national implicit price deflators to the industry estimates of current-dollar GDP by state. The chain-type index formula that is used in the national accounts is then used to calculate the real estimates for sectors and total real GDP for the states.

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## Gross Domestic Product (GDP) by State

Gross domestic product (GDP) by state is calculated as the sum of incomes earned by labor and capital and the costs incurred in the production of goods and services; it includes workers' wages and salaries, income earned by sole proprietorships and partnerships and corporations, and business taxes—such as sales, property, and federal excise taxes—that count as a business expense.

In contrast, GDP in the national income and product accounts (NIPAs) is calculated as the sum of spending by consumers, businesses, and government on final goods and services, plus investment and net foreign trade. In theory, income earned should equal spending, but because of different data sources, the income measure, gross domestic income (GDI), does not always equal the expenditure measure (GDP). The difference is referred to as the "statistical discrepancy."

Starting with the 2004 comprehensive revision, BEA's GDP-by-state accounts allocate the statistical discrepancy across all private-sector industries. Thus, GDP-by-state estimates are now conceptually more similar to the NIPA GDP measure.

U.S. growth rates of real GDP by state for 2004–2006 are nearly identical to GDP-by-industry growth rates released in January 2008. The small differences stem from (1) the GDP-by-state accounts' exclusion of overseas federal military and civilian activity (because it cannot be attributed to a particular state) and (2) the difference between GDP-by-industry and GDP in the NIPAs. In addition, the GDP-by-industry growth rates are identical to those from the 2007 annual revision of the NIPAs released in July 2007. However, because of revisions since July 2007, the NIPA GDP growth rates may differ from the U.S. growth rates of real GDP by state.

The estimates for 1997 forward are prepared for 81 industries defined by the North American Industry Classification System (NAICS), and the estimates for 1963–97 are prepared for 75 industries defined by the Standard Industrial Classification (SIC). For each industry for 1963–97 and 2001–2006, the three GDP-by-state components are presented: compensation of employees, taxes on production and imports less subsidies, and gross operating surplus.[1] Compensation of employees is the sum of wage and salary accruals, employer contributions for employee pension and insurance funds, and employer contributions for government social insurance. Taxes on production and imports is the sum of federal excise taxes and customs duties, state and local government sales taxes, property taxes (including residential real estate taxes), motor vehicle licenses, severance taxes, other taxes, and special assessments. Gross operating surplus is the sum of corporate profits, proprietors' income, rental income of persons, net interest, capital consumption allowances, business transfer payments, nontax payments, and the current surplus of government enterprises.

Current-dollar estimates of GDP by state and its components are scaled to equal national totals of current-dollar GDP by industry and its components for all industries except federal military and civilian government. If the national total for an industry differs from the initial sum of the state estimates for the industry, the difference is allocated to the states according to the state distribution of the initial estimates.

The estimates of real GDP by state are prepared in chained (2000) dollars. Real GDP by state is an inflation-adjusted measure of each state's gross domestic product based on national prices. The estimates of real GDP by state and of quantity indexes with a base year of 2000 were derived by applying national implicit price deflators to the current-dollar GDP-by-state estimates for the 64 detailed NAICS-based industries for 1997 forward and for the 63 detailed SIC-based industries for 1977–97.

The chain-type index formula that is used in the national accounts is then used to calculate the estimates of total real GDP by state and of real GDP by state at more aggregated industry levels.[2] Real GDP by state may reflect a substantial volume of output that is sold to other states and countries. To the extent that a state's output is produced and sold in national markets at relatively uniform prices (or sold locally at national prices), real GDP by state captures the differences across states that reflect the relative differences in the mix of goods and services that the states produce. However, real GDP by state does not capture geographic differences in the prices of goods and services that are produced and sold locally.

Longterm, BEA aims to replace the national implicit price deflators used to deflate state-level current-dollar GDP by industry with state-specific price measures. A paper by Bettina H. Aten, "Estimates of State and Metropolitan Price Levels for Consumption Goods and Services in the United States, 2005," presents estimates of spatial price deflators that may be used for adjusting price level differences across geographic areas (but not across time).[3] The study represents an important first step in deriving producer-type price indexes at the state level. Currently, national producer-type price indexes are used to deflate the GDP-by-state measures.

1. For an explanation of why the components of GDP by state for 1997–2000 are not available, see the box "Data Availability."

2. For additional information, see J. Steven Landefeld and Robert P. Parker, "BEA's Chain Indexes, Time Series, and Measures of Long-Term Economic Growth," SURVEY 77 (May 1997): 58–68; and Gerard P. Aman, George K. Downey, and Sharon D. Panek, "Comprehensive Revision of Gross State Product: Accelerated Estimates for 2003 and Revised Estimates for 1977–2002," SURVEY 85 (January 2005): 80–106.

3. This BEA paper can be accessed on BEA's Web site at <www.bea.gov/papers/pdf/aten_estimates_state_metro_2005.pdf>.

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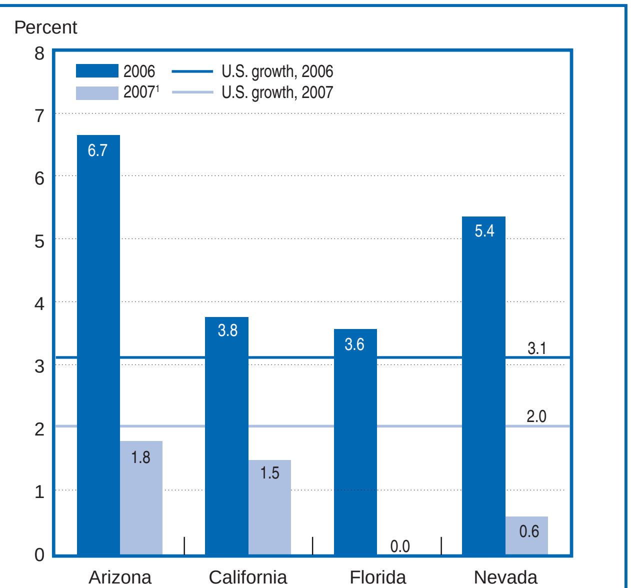
of the eight BEA regions and in 36 states in 2007 (table 1). The largest decelerations in growth were in the Far West region, which slowed 2.2 percentage points, and in the Southeast region, which slowed 1.6 percentage points. The two regions that did not experience decelerating growth—the Great Lakes and Plains regions—were the slowest growing regions in 2006. The Great Lakes was the only region in which all states in the region experienced slower growth than the nation.

Several states with fast-growing economies in 2006 experienced large decelerations in growth in 2007. In many cases, sluggishness reflected weakness in the construction sector and the finance and insurance sector. (See the section "Industry contributions to growth.")

The deceleration was most pronounced in Arizona, where growth slowed to 1.8 percent in 2007 after growing 6.7 percent in 2006. Growth also slowed considerably in Nevada, Wyoming, Oregon, Alaska, North Carolina, Florida, Rhode Island, and California. Four of these states—Arizona, California, Florida, and Nevada—had grown faster than the nation since 2003 but slowed considerably in 2007, to rates below the national average (chart 1). In 2006, Arizona and Nevada were in the highest growth quintile, and California and Florida were in the second-highest quintile. But in 2007, Arizona dropped to the third quintile, California dropped to the second-lowest quintile, and Florida and Nevada dropped to the lowest quintile.

Real economic growth was close to zero in Rhode Island, West Virginia, and Florida (chart 2). In three states—Delaware, Michigan and New Hampshire—economies contracted in 2007.

**Chart 1. Percent Change in Real Gross Domestic Product by State, Selected States and the United States**




1. Advance estimates
U.S. Bureau of Economic Analysis

Utah's economy grew the fastest (5.3 percent) of all states in 2007, even though its growth slowed from 2006 (6.3 percent). Still, it grew at more than twice the national rate in 2007. Eight additional states west of the Mississippi River—Washington, Texas, Oklahoma, Montana, Oregon, North Dakota, Hawaii, and Kansas—were among the 10 fastest growing states. New York was the only eastern state among the 10.

### Industry contributions to growth

The release of real GDP-by-state estimates offers an advance look at growth rates and industry contributions to growth for 2007 (tables 2 and 3). Nationally, the private goods-producing industries subtracted 0.29 percentage point from real economic growth.[3] Construction was the weakest sector, subtracting 0.58 percentage point from growth. Although the private services-producing industries continued to be strong—contributing 2.16 percentage points to

3. Private goods-producing industries consist of agriculture, forestry, fishing, and hunting; mining; construction; and manufacturing.

**Data Availability**

Summary estimates of gross domestic product (GDP) by state in current dollars and in real chained (2000) dollars for 2004–2007 are presented in this article. More detailed GDP-by-state estimates for states, BEA regions, and the United States can be accessed interactively on BEA's Web site.

The following annual statistics are available at <www.bea.gov/regional/gsp>:

- Advance estimates of current-dollar GDP by state, real GDP by state in chained (2000) dollars, and quantity indexes for 2007 for 24 NAICS-based sectors.
- GDP by state in current dollars, real GDP by state in chained (2000) dollars, and quantity indexes for 1997–2006 for 81 NAICS-based subsectors.
- Current-dollar estimates of compensation of employees, taxes on production and imports, subsidies, and gross operating surplus for 2001–2006 for 81 NAICS-based subsectors.
- Per capita real GDP by state in chained (2000) dollars for 1997–2007.

The estimates of the components of GDP by state for 1997–2000 are not available, because the NAICS-based estimates for these years are based on unpublished data on wages and salaries from the Bureau of Labor Statistics. For further information, e-mail <gdpbystate@bea.gov> or call 202–606–5340.

national growth—the finance and insurance sector contracted.[4] Among private services-producing industries, information and professional and technical services were the strongest, accounting for nearly 40 percent of national real GDP growth.

Growth in BEA regions and states shared many of the same characteristics as national growth. Private goods-producing industries subtracted from real growth in seven of eight BEA regions and in 35 states and the District of Columbia. Private services-producing industries contributed to growth in all eight BEA regions and in all states except Delaware.

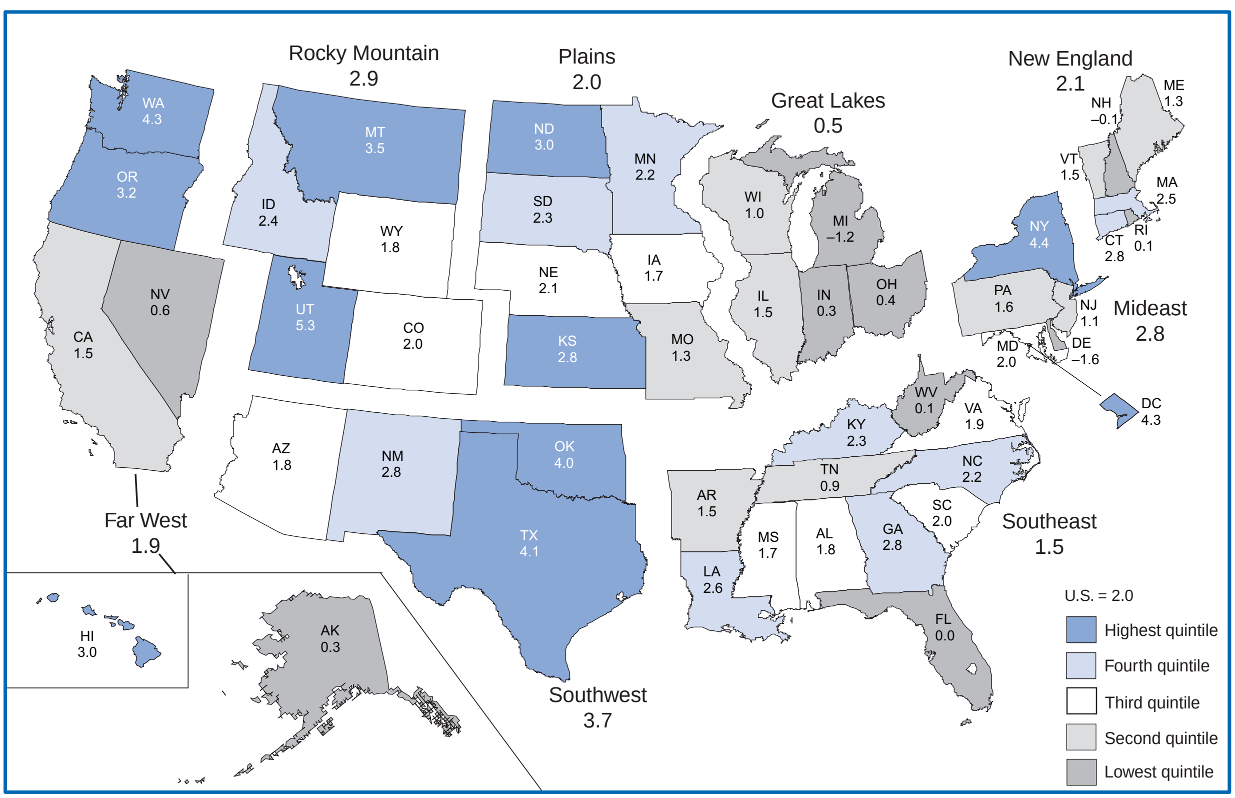
**Construction.** Nationally, this sector declined 12.1 percent in 2007. It contracted in 49 states and the District of Columbia. Wyoming was the only state with real growth in this sector. The construction sector subtracted more than 1 percentage point from growth in Arizona, Florida, and Nevada—three states with large decelerations in economic growth in 2007. For six of the ten states in the lowest growth quintile, construction subtracted the most from growth.

**Finance and insurance.** Nationally, this sector declined by 0.3 percent in 2007. It contracted in 33 states. In Delaware, the state that experienced the largest contraction in 2007, the finance and insurance sector subtracted more than 2 percentage points from growth. This sector also subtracted from growth in Arizona, California, Florida, and Nevada, four states that experienced large decelerations. In contrast, finance and insurance contributed more than 1 percentage point to growth in New York.

**Information and professional and technical services.** Unlike construction and finance and insurance, the information and professional and technical services sectors were strong contributors to growth in 2007. Nationally, the information sector grew 9.0 percent, and the professional and technical services sector grew 5.4 percent. Information was one of the few sectors that grew in all states and the District of Columbia. Information was the largest contributor to growth in seven states, and professional and technical services was the largest contributor for eight states.

4. Private services-producing industries consist of utilities; wholesale trade; retail trade; transportation and warehousing, excluding Postal Service; information; finance and insurance; real estate, 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; and other services, except government.

## Chart 2. Percent Change in Real Gross Domestic Product by State, 2007

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## State contributions to U.S. growth

State contributions to U.S. real growth measure the percentage points that each state contributes to national real growth (table 4). The two BEA regions contributing the most to real growth were the Mideast (0.50 percentage point) and the Southwest (0.42 percentage point). These two regions contain the two states that contributed the most to U.S. growth—New York (0.34 percentage point) in the Mideast and Texas (0.33 percentage point) in the Southwest. New York's strong growth reflected growth in the finance and insurance sector. In Texas, growth was strong in the information and durable-goods manufacturing sectors. Texas is the only state that has been in the top quintile of state contributors every year since 1997.

From 2003 to 2006, the Far West and Southeast regions were the largest contributing regions. In 2007, the smaller contribution by the Far West was primarily due to decelerating growth in California. California had been the largest contributor to national growth since 2002 but was the third-largest contributor in 2007. The smaller contribution by the Southeast region was mainly due to Florida, where economic growth was zero in 2007. Florida had been one of the top 10 contributing states since 1997, but in 2007, it dropped to the lowest growth quintile.

Although four of six states in the New England region were in the lowest quintile, New England avoided being one of the two lowest quintile regions because of a strong contribution by Massachusetts. Massachusetts was the 15$^{th}$ fastest growing state in 2007, led by strong growth in durable-goods manufacturing. The Great Lakes region contributed the smallest amount to national growth because of overall weakness and a contraction in Michigan's economy.

**Table A. Components of Gross Domestic Product (GDP) by State in Current Dollars as a Percentage of Total GDP by State**

[Percent]

| | 2004 | 2006 | Change from 2004 to 2006 (percentage points) |
|---|---|---|---|
| **United States** | **100.0** | **100.0** | **0.0** |
| Compensation of employees | 57.2 | 56.7 | –0.5 |
| Taxes on production and imports less subsidies | 7.1 | 7.0 | –0.1 |
| Gross operating surplus | 35.7 | 36.3 | 0.6 |
| **New England** | **100.0** | **100.0** | **0.0** |
| Compensation of employees | 60.5 | 60.2 | –0.3 |
| Taxes on production and imports less subsidies | 6.7 | 6.5 | –0.2 |
| Gross operating surplus | 32.8 | 33.3 | 0.5 |
| **Mideast** | **100.0** | **100.0** | **0.0** |
| Compensation of employees | 58.8 | 58.4 | –0.4 |
| Taxes on production and imports less subsidies | 7.1 | 6.9 | –0.2 |
| Gross operating surplus | 34.1 | 34.7 | 0.6 |
| **Great Lakes** | **100.0** | **100.0** | **0.0** |
| Compensation of employees | 59.1 | 59.3 | 0.2 |
| Taxes on production and imports less subsidies | 6.9 | 7.1 | 0.2 |
| Gross operating surplus | 34.0 | 33.6 | –0.4 |
| **Plains** | **100.0** | **100.0** | **0.0** |
| Compensation of employees | 57.5 | 57.8 | 0.3 |
| Taxes on production and imports less subsidies | 6.4 | 6.5 | 0.1 |
| Gross operating surplus | 36.1 | 35.7 | –0.4 |
| **Southeast** | **100.0** | **100.0** | **0.0** |
| Compensation of employees | 56.2 | 55.5 | –0.7 |
| Taxes on production and imports less subsidies | 7.5 | 7.5 | 0.0 |
| Gross operating surplus | 36.2 | 37.1 | 0.9 |
| **Southwest** | **100.0** | **100.0** | **0.0** |
| Compensation of employees | 52.8 | 52.2 | –0.6 |
| Taxes on production and imports less subsidies | 7.6 | 7.3 | –0.3 |
| Gross operating surplus | 39.6 | 40.5 | 0.9 |
| **Rocky Mountain** | **100.0** | **100.0** | **0.0** |
| Compensation of employees | 56.0 | 55.6 | –0.4 |
| Taxes on production and imports less subsidies | 6.5 | 6.3 | –0.2 |
| Gross operating surplus | 37.5 | 38.1 | 0.6 |
| **Far West** | **100.0** | **100.0** | **0.0** |
| Compensation of employees | 57.0 | 55.9 | –1.1 |
| Taxes on production and imports less subsidies | 6.6 | 6.7 | 0.1 |
| Gross operating surplus | 36.4 | 37.4 | 1.0 |

## Composition of GDP by state

The changes over time in the capital and labor shares of value added (GDP) reflect differences in the growth rates of the components of current-dollar GDP by state.[5] In most regions, the capital share increased while the labor share decreased, mirroring the national trend in 2004–2006 (table A). In two regions—New England and Southwest—the shares of labor and capital differed measurably from the nation.

The New England region's labor share of GDP was 60.2 percent in 2006, compared with 56.7 percent for the nation. The region was influenced heavily by Massachusetts, which had a 63.2 percent labor share of GDP. Several industry sectors in Massachusetts—notably finance and insurance, professional and technical services, and health care and social assistance—are more labor-intensive in this state than in the nation. These industries also account for a larger share of the Massachusetts economy—30.4 percent, compared with 22.3 percent for the nation.

The Southwest region's capital share of GDP was 40.5 percent in 2006, compared with 36.3 percent for the nation. Much of the region's larger share was accounted for by Texas, which had a 41.2 percent

5. The component measuring the labor share of GDP is "compensation of employees," and the capital share is "gross operating surplus."

**Acknowledgments**

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capital share of GDP. Two sectors in Texas—mining and nondurable goods manufacturing—are more capital-intensive than in the nation. These two industries also account for a larger share of the Texas economy—16.5 percent, compared with 7.1 percent for the nation.

## Per capita real GDP by state

The five states with the highest per capita real GDP were in either the New England region or Mideast region. Delaware had the highest per capita real GDP of any state, $56,496. That was 49 percent above the national average (tables B and 5 and chart 3).[6] Connecticut, where per capita real GDP was 37 percent above the national average, was the second highest ranked state. New York, Massachusetts, and New Jersey were the remaining five highest ranked states.

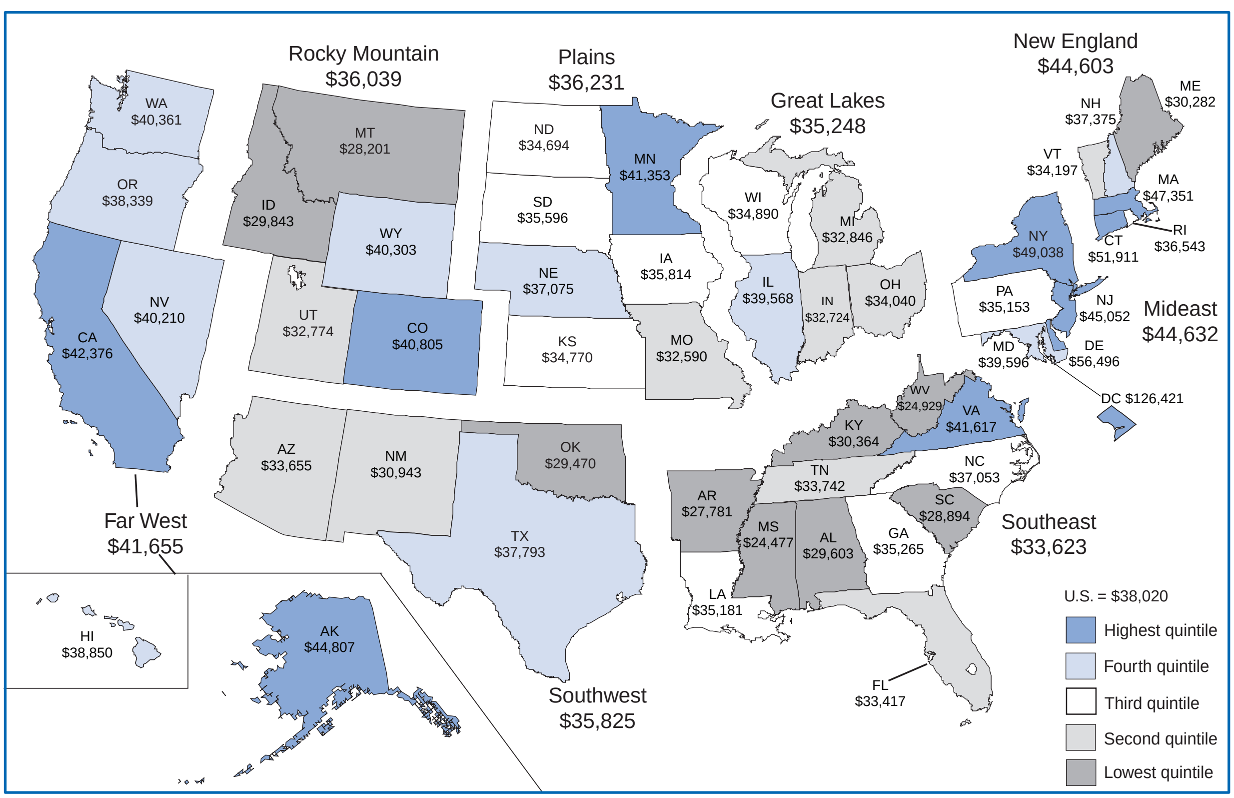
The five states with the lowest per capita real GDP were Mississippi, West Virginia, Arkansas, Montana,

6. Per capita real GDP by state and per capita personal income are computed using Census Bureau midyear population estimates.

**Table B. Per Capita Real GDP by State and Per Capita Personal Income, 2007**

| States with the highest per capita real GDP | Per capita real GDP by state | | Per capita personal income | | States with the lowest per capita real GDP | Per capita real GDP by state | | Per capita personal income | |
|---|---|---|---|---|---|---|---|---|---|
| | Chained (2000) dollars | Rank in the United States | Dollars | Rank in the United States | | Chained (2000) dollars | Rank in the United States | Dollars | Rank in the United States |
| **United States** | **38,020** | | **38,611** | | **United States** | **38,020** | | **38,611** | |
| Delaware | 56,496 | 1 | 40,608 | 12 | Kentucky | 30,364 | 41 | 31,111 | 46 |
| Connecticut | 51,911 | 2 | 54,117 | 1 | Maine | 30,282 | 42 | 33,722 | 35 |
| New York | 49,038 | 3 | 47,385 | 4 | Idaho | 29,843 | 43 | 31,197 | 44 |
| Massachusetts | 47,351 | 4 | 49,082 | 3 | Alabama | 29,603 | 44 | 32,404 | 42 |
| New Jersey | 45,052 | 5 | 49,194 | 2 | Oklahoma | 29,470 | 45 | 34,153 | 33 |
| Alaska | 44,807 | 6 | 40,352 | 15 | South Carolina | 28,894 | 46 | 31,013 | 47 |
| California | 42,376 | 7 | 41,571 | 7 | Montana | 28,201 | 47 | 32,458 | 41 |
| Virginia | 41,617 | 8 | 41,347 | 9 | Arkansas | 27,781 | 48 | 30,060 | 48 |
| Minnesota | 41,353 | 9 | 41,034 | 11 | West Virginia | 24,929 | 49 | 29,537 | 49 |
| Colorado | 40,805 | 10 | 41,042 | 10 | Mississippi | 24,477 | 50 | 28,845 | 50 |

## Chart 3. Per Capita Real Gross Domestic Product by State, 2007

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and South Carolina. Mississippi's $24,477 per capita real GDP was the lowest in the nation—36 percent below the national average. The Southeast had the lowest per capita real GDP of the eight BEA regions, $33,623. That was 12 percent below the national average. Six of the bottom ten states were in the Southeast region.

Nine of the ten states with the highest per capita real GDP were also the highest in 2006, with Colorado replacing Nevada in 2007. The 10 states with the lowest per capita real GDP were the same in both 2006 and 2007, although the rankings did shift slightly among the 10 states. Because the rankings of real GDP by state tend to be consistent over time, the per capita real GDP rankings do not change much from year to year. A substantial change in a states' per capita GDP ranking implies a significant change to that state's economy or its population growth.

**Comparison with per capita personal income.** Per capita real GDP by state and per capita personal income are two measures of state economies (table C). Per capita real GDP includes corporate income while personal income does not.[7] In addition, personal income includes entitlements, such as social security and Medicare payments, while GDP by state does not.

Per capita real GDP and per capita personal income tend to show similar trends across the states.[8] Seven states—Connecticut, New York, Massachusetts, New Jersey, California, Virginia, and Colorado—ranked in the top 10 for both measures. However, Delaware, which had the highest per capita real GDP, ranked 12th in per capita personal income. Delaware's high ranking in per capita real GDP reflects its large concentration in the finance and insurance sector, a highly capitalized sector in this state. Eight states ranked in the bottom 10 for both per capita real GDP and per capita personal income.

7. Personal income includes dividend and interest payments received by individuals from corporations.

8. Although real GDP by state is inflation adjusted and per capita personal income is not, the rankings of the two measures can be compared because deflating per capita personal income by a national series, such as the price index for personal consumption expenditures, does not change the order of state rankings.

**Table C. The Relation of GDP by State to State Personal Income, 2006**

[Billions of dollars]

| Component | GDP by state | State personal income |
|---|---|---|
| Total | 13,119.9 | 10,968.4 |
| Compensation of employees: | | |
| Wages and salaries [1] | 6,020.1 | 6,015.2 |
| Supplements to wages and salaries | 1,413.9 | 1,413.9 |
| Proprietors' income [2] | 1,182.2 | 1,003.7 |
| Taxes on production and imports less subsidies | 917.6 | ..................... |
| Corporate income | 3,531.6 | ..................... |
| Receipts on assets (dividends, interest) | ..................... | 1,795.6 |
| Rental income of persons | 54.5 | 54.5 |
| Transfer receipts (such as social security benefits, Medicare, and Medicaid) | ..................... | 1,612.9 |
| Less: Contributions for government social insurance [3] | ..................... | 926.1 |
| Plus: Adjustment for residence | ..................... | –1.3 |

1. Wages and salaries received by U.S. residents employed by international organizations and foreign embassies and consulates in the United States are included in state personal income but not in GDP by state. Wages and salaries are on an accrual basis for GDP by state but on a disbursement basis for state personal income. For 2006, the difference between the accrual and disbursement basis is $7.5 billion.
2. The difference in proprietors' income reflects different measures for depreciation. State personal income includes the capital consumption adjustment while GDP by state does not.
3. Included in compensation of employees.
Note. This table is shown for 2006 because all components are not available for 2007. The two measures may differ because of different revision schedules.

## Revisions

The revisions to the GDP-by-state estimates primarily reflect the incorporation of new state data from the Census Bureau, specifically the Annual Survey of Manufactures (ASM) for 2006, revised ASM for 2005, State and Local Government Finances data for 2005, and State Government Finances for 2006. The incorporation of the ASM data traditionally causes large revisions to the previously published advance estimates. The GDP-by-state estimates also incorporated the results of the annual revisions to the annual industry accounts, national income and product accounts, and state personal income estimates.[9]

The advance estimates continue to provide reliable information on the direction of change in real growth for states and an indication of whether states' real growth was well-above or well-below national GDP growth. The advance estimates for 2006, which were released in June 2007, correctly identified the direction of change for 48 states and the District of Columbia.

**Current-dollar estimates.** The revisions to the current-dollar estimates, measured as a percentage of the previously published estimates, were modest for most states. For 2006, the revisions ranged from –4.9 percent for New Mexico to 5.2 percent for Louisiana (table 6). For New Mexico, the revision mainly reflected a downward revision to durable goods manufacturing and mining. For Louisiana, the revision was mainly due to an upward revision in nondurable-goods manufacturing. The revisions to manufacturing estimates resulted from incorporating the 2006 ASM data.

9. See Robert J. McCahill, Kevin B. Barefoot, and Robert J. Corea, "Annual Industry Accounts: Revised Statistics for 2004–2006," Survey 88 (February 2008): 33–75; Eugene P. Seskin and Shelly Smith, "Annual Revision of the National Income and Product Accounts: Annual Estimates for 2004–2006 and Quarterly Estimates for 2004:I–2007:I," Survey 87 (August 2007): 6–29; David G. Lenze, "State Personal Income: Second Quarter of 2007 and Revised Estimates for 2004–2006," Survey 87 (October 2007): 182–230; and David G. Lenze, "State Personal Income: Fourth Quarter of 2007 and Annual Estimates for 2007," Survey 88 (April 2008): 74–126.

Most of the revisions to the 2005 estimates were smaller than the revisions to the 2006 estimates. The 2005 revisions ranged from –2.7 percent for Oregon to 2.1 percent for Nevada. The revision for Oregon reflected a downward revision in government, specifically state and local government. The revision for Nevada was largely due to an upward revision in real estate, rental, and leasing, specifically real estate.

**Real growth rates.** The revisions to the real growth rates are measured as a percentage point difference from the previously published growth rate. For 2006, most of the revisions were less than 2 percentage points (in absolute terms); the mean absolute revision was 1.4 percentage points. The states with the largest absolute revisions were Idaho (–4.9 percentage points), Wyoming (4.3 percentage points), Alaska (3.4 percentage points), New Mexico (–3.4 percentage points), and Oklahoma (–3.3 percentage points) (table 7). The revisions mainly reflected revisions to the current-dollar estimates resulting from the incorporation of ASM data or other new state source data. Revisions to mining led to the upward revisions for Alaska and Wyoming and to the downward revision for Oklahoma. For Idaho and New Mexico, the revisions reflected downward revisions to durable-goods manufacturing.

For 2005, most of the revisions were less than 1 percentage point (in absolute terms); the mean absolute revision was 0.7 percentage point. The states with the largest absolute revisions to the growth rates of real GDP were Arizona (2.2 percentage points), Nebraska (–2.1 percentage points), Iowa (–1.6 percentage points), and Montana (1.5 percentage points). For Arizona, the upward revision was primarily due to an upward revision to real estate, rental, and leasing, specifically real estate. For both Nebraska and Iowa, the revisions mainly reflected a downward revision to finance and insurance, specifically insurance carriers and related activities. For Montana, the upward revision was largely due to upward revisions to agriculture, forestry, fishing, and hunting, specifically crop and animal production, and mining, specifically mining, except oil and gas.

*Appendix A and tables 1–10 follow.*