



REGIONAL QUARTERLY REPORT

State Personal Income and More . . .

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For information about BEA regional statistics, go to www.bea.gov.

Fourth quarter of 2011

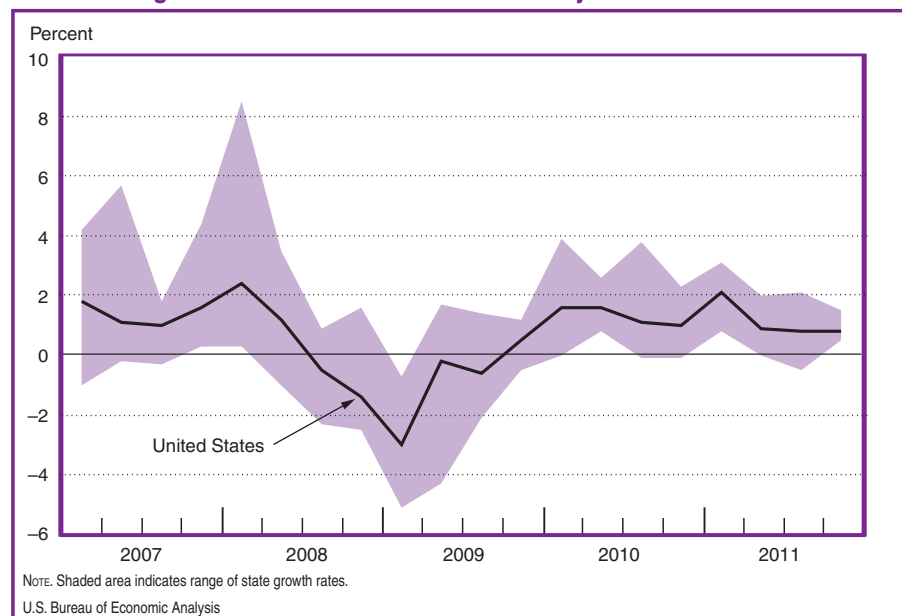
State personal income growth averaged 0.8 percent in the fourth quarter of 2011, the same as in the third quarter (chart 1).¹ Growth ranged from 0.5 percent in Wisconsin to 1.5 percent in North Dakota. The inflation rate as measured by the national price index for personal consumption expenditures fell to 0.3 percent in the fourth quarter of 2011 from 0.6 percent in the third quarter.

Industry earnings

The private nonfarm sector accounted for almost all of the earnings growth in the fourth quarter (as well as in the third quarter) in most states. On average, it grew 1.5 percent in the fourth quarter, down from 1.7 percent in the third quarter. Government earnings fell 0.1

1. Personal income is the sum of net earnings by place of residence, property income, and personal current transfer receipts. In this article, quarter-to-quarter percent changes are not annualized. Quarterly estimates are expressed at seasonally adjusted annual rates, unless otherwise stated.

Chart 1. Range of State Personal Income Quarterly Growth Rates



David G. Lenze prepared the report on state personal income.

State Personal Income, Fourth Quarter 2011

percent in the fourth quarter, and farm earnings fell 3.6 percent (table A).

Nationally, the largest gains in earnings in the fourth quarter were in finance, retail trade, and health care. Earnings in finance grew \$16 billion in the fourth quarter, a slowdown from the \$20 billion increase in the third quarter. The finance industry contributed more to earnings growth than any other industry in 13 states, including New York, Connecticut, and Delaware. Earnings in retail trade grew \$13 billion, a small acceleration from the \$12 billion increase in the third quarter. The retail trade industry was the largest contributor to earnings growth in Georgia and Idaho. Earnings in health care grew \$12 billion, down from the \$18 billion increase in the third quarter. The health care industry was the largest contributor to growth in seven states, including Arizona and Florida.

Earnings in mining grew 9.0 percent nationally, faster than every other industry, and accounted for the bulk of the earnings growth in the fourth quarter in the six fastest growing states: North Dakota, Wyoming, Oklahoma, Texas, Louisiana, and West Virginia.² The strong fourth-quarter growth in mining follows 5.8 percent growth in the third quarter, when it also grew faster than every other industry except amusements, which equaled its 5.8 percent growth.³ Mining earnings are now at the highest level in 3 years.

Nationally, earnings in the utilities industry fell 1.3 percent in the fourth quarter after declining 0.8 percent in the third quarter (chart 2). These declines are unique among private nonfarm industries. The 9.7 percent decline from the second to the fourth quarter in West Virginia was particularly notable because it brought utilities earnings in this state to the lowest level since the second quarter of 2007. Texas was the only state with an

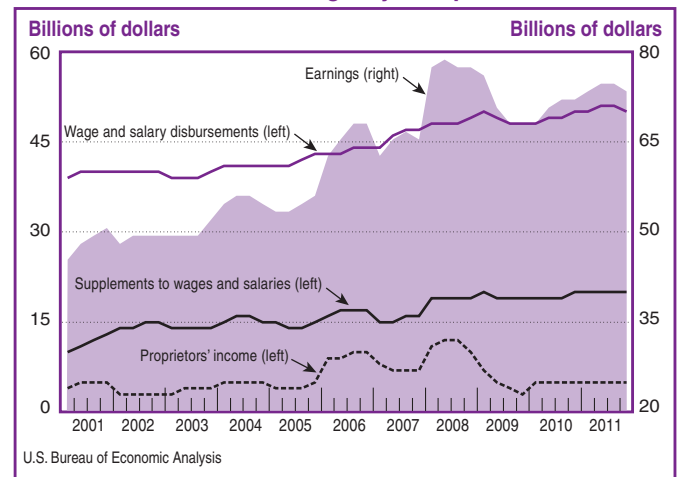
Table A. Growth of U.S. Earnings by Industry

	Dollar change (millions of dollars)		Percent change	
	2011		2011	
	III	IV	III	IV
All industries.....	125,336	110,016	1.3	1.2
Private sector.....	132,071	112,064	1.7	1.4
Farm.....	35	-3,281	0.0	-3.6
Forestry, fishing, and related activities.....	978	636	4.4	2.7
Mining.....	5,801	9,419	5.8	9.0
Utilities.....	-612	-998	-0.8	-1.3
Construction.....	5,404	5,900	1.1	1.2
Durable-goods manufacturing.....	8,149	7,394	1.4	1.2
Nondurable-goods manufacturing.....	1,345	3,329	0.4	1.0
Wholesale trade.....	7,473	8,304	1.6	1.7
Retail trade.....	11,949	12,964	2.1	2.2
Transportation and warehousing.....	4,359	3,850	1.4	1.2
Information.....	4,779	4,307	1.6	1.4
Finance and insurance.....	20,417	15,869	3.1	2.3
Real estate and rental and leasing.....	1,544	1,811	1.0	1.1
Professional, scientific, and technical services.....	14,510	10,753	1.5	1.1
Management of companies and enterprises.....	475	2,617	0.2	1.1
Administrative and waste management services.....	7,842	4,926	2.1	1.3
Educational services.....	3,067	2,173	2.0	1.4
Health care and social assistance.....	18,147	12,429	1.8	1.2
Arts, entertainment, and recreation.....	5,968	3,981	5.8	3.7
Accommodation and food services.....	5,139	3,247	1.8	1.1
Other services, except public administration.....	5,304	2,433	1.6	0.7
Government sector.....	-6,733	-2,049	-0.4	-0.1
Federal, civilian.....	-1,365	28	-0.4	0.0
Military.....	-235	-1,058	-0.1	-0.6
State and local.....	-5,133	-1,018	-0.4	-0.1

2. These six states also had the fastest personal income growth in the fourth quarter of 2011.

3. The amusements industry is called arts, entertainment, and recreation in table A.

Chart 2. U.S. Utilities Earnings, by Component



U.S. Bureau of Economic Analysis

State Personal Income, Fourth Quarter 2011

increase in utilities earnings in the fourth quarter, with a 1.0 percent increase.⁴

Other income

Personal current transfer receipts fell 0.3 percent nationally in the fourth quarter after declining 0.5 percent in the third quarter. Much of the fourth-quarter decline was in state unemployment insurance compensation, which has declined for seven consecutive quarters. Medicare and Medicaid payments to providers of health care to individuals also declined, while Social security benefits rose.⁵

Personal current transfer receipts provided under the American Recovery and Reinvestment Act of 2009 fell 14 percent nationally to \$39 billion in the fourth quarter, with declines in every state (table B).

Property income increased 0.6 percent nationally in the fourth quarter (after increasing 0.1 percent in the third quarter), the net effect of a 2.1 percent decline in interest income, a 1.6 percent rise in dividends, and a 4.9 percent rise in rental income net of expenses.

4. In the state personal income accounts, the utilities industry consists primarily of the generation, transmission, and distribution of electricity by privately owned businesses. The industry also includes natural gas distribution and water and sewerage utilities. According to the Quarterly Census of Employment and Wages published by the Bureau of Labor Statistics, wages in electric utilities were 75 percent, wages in natural gas distribution were 20 percent, and wages in water and sewerage utilities were 5 percent of total private wages in the utilities industry in 2010, the latest year for which data are available. BEA records the wages of publicly owned utilities—such as the Tennessee Valley Authority—in the government sector

5. See “Table 2.1. Personal Income and Its Disposition” in the national income and product accounts. BEA estimates only two components of personal current transfer receipts by state on a quarterly basis—state unemployment insurance compensation and American Recovery and Reinvestment Act receipts.

Table B. Special Factors in State Personal Income

[Millions of dollars, annual rate]

	2010	2011	2011				
			IV	I	II	III	IV
Homeowner assistance payments in dividends, interest, and rent							
Louisiana	500	200	200	200	200	200	200
Mississippi	350	200	200	200	200	200	200
United States	850	400	400	400	400	400	400
Current transfer receipts of individuals from the BP oil spill							
Alabama	99	83	274	128	93	64	48
Florida	215	245	679	307	254	237	183
Louisiana	196	154	596	224	135	116	140
Mississippi	50	57	153	57	80	52	40
Texas	17	32	54	59	24	20	24
United States	577	571	1,756	775	586	489	435
Net effect of ARRA on personal current transfer receipts¹							
Alabama	1,255	940	1,157	944	950	975	889
Alaska	111	78	95	78	79	82	71
Arizona	1,692	935	1,522	934	939	1,002	863
Arkansas	700	507	627	510	513	526	479
California	7,444	4,417	5,924	4,343	4,328	4,947	4,051
Colorado	824	483	662	484	485	513	451
Connecticut	624	313	429	312	313	343	284
Delaware	160	109	134	110	110	115	102
District of Columbia	163	89	137	91	92	92	82
Florida	4,533	3,118	3,946	3,089	3,424	3,424	2,869
Georgia	2,500	1,827	2,194	1,834	1,845	1,910	1,718
Hawaii	245	176	209	177	178	187	161
Idaho	309	204	266	206	207	212	192
Illinois	2,779	1,672	2,226	1,662	1,665	1,833	1,529
Indiana	1,381	840	1,103	845	851	874	788
Iowa	621	321	546	321	321	345	296
Kansas	495	312	411	313	314	327	294
Kentucky	963	663	827	670	677	685	619
Louisiana	1,147	938	1,097	943	949	972	886
Maine	229	160	201	161	163	170	146
Maryland	864	580	732	584	588	605	544
Massachusetts	1,183	596	821	592	593	663	535
Michigan	2,547	1,466	2,001	1,453	1,451	1,648	1,310
Minnesota	833	449	634	451	453	470	422
Mississippi	911	709	855	712	715	733	674
Missouri	1,218	834	1,063	839	844	875	778
Montana	171	117	148	118	119	121	111
Nebraska	262	187	236	188	189	194	177
Nevada	585	325	408	325	325	345	304
New Hampshire	156	97	127	98	99	99	91
New Jersey	1,733	801	1,108	795	794	873	743
New Mexico	485	358	436	360	362	376	335
New York	4,185	2,689	3,480	2,685	2,700	2,911	2,458
North Carolina	2,271	1,477	1,870	1,471	1,474	1,591	1,372
North Dakota	85	61	79	62	62	62	58
Ohio	2,459	1,567	2,040	1,573	1,585	1,659	1,451
Oklahoma	770	573	698	577	581	597	537
Oregon	845	481	662	482	485	525	432
Pennsylvania	2,523	1,418	1,910	1,405	1,410	1,558	1,297
Rhode Island	226	130	175	130	131	139	119
South Carolina	1,186	838	1,020	837	842	891	781
South Dakota	125	96	122	97	98	99	90
Tennessee	1,516	1,113	1,349	1,122	1,131	1,163	1,035
Texas	5,586	4,324	5,115	4,300	4,319	4,620	4,057
Utah	447	281	393	282	284	291	266
Vermont	97	62	80	62	63	64	57
Virginia	1,198	860	1,080	866	872	887	813
Washington	1,337	758	1,331	799	751	832	651
West Virginia	369	262	337	264	267	273	243
Wisconsin	1,030	596	811	593	594	651	544
Wyoming	78	48	64	48	48	50	45
United States	65,456	42,255	54,898	42,197	42,297	45,399	39,100
Price index for personal consumption expenditures (2005=100)							
United States	111.1	113.8	111.7	112.7	113.7	114.3	114.7

ARRA American Recovery and Reinvestment Act of 2009

1. Some ARRA funding, such as for Medicaid, replaced state funding and had no net effect on personal current transfer receipts.

State Personal Income, 2011

Annual statistics 2011

State personal income rose an average 5.1 percent in 2011 after rising 3.7 percent in 2010. State personal income growth ranged from 3.4 percent in Maine to 8.1 percent in North Dakota. The inflation rate increased to 2.5 percent in 2011 from 1.8 percent in 2010.

Net earnings (net of contributions for government social insurance and adjusted for residence) grew an average 5.6 percent in 2011 after growing 3.0 percent in 2010

and declining 5.0 percent in 2009. Net earnings has recovered its prerecession level and reached a new peak in 46 states.⁶ Net earnings in Arizona, Michigan, Nevada, and Oklahoma is still below the peak reached in 2007 or 2008, by as much as 6.0 percent in Nevada (table C).

Net earnings growth in 2011 was boosted by a

6. It should be noted that in Alaska, alone among the 50 states, net earnings did not decline in 2009.

Table C. Net Earnings by State

	Billions of dollars					Percent change from preceding year			
	2007	2008	2009	2010	2011	2008	2009	2010	2011
Alabama.....	97.8	100.5	97.2	98.5	101.6	2.8	-3.3	1.4	3.1
Alaska.....	19.5	20.6	21.4	22.2	23.2	5.3	4.0	3.8	4.4
Arizona.....	143.9	144.0	134.7	136.5	143.9	0.1	-6.4	1.3	5.4
Arkansas.....	54.7	56.4	54.7	55.9	58.4	3.0	-2.9	2.1	4.5
California.....	1,068.8	1,067.0	1,006.3	1,036.3	1,099.2	-0.2	-5.7	3.0	6.1
Colorado.....	145.6	150.9	142.9	146.5	155.4	3.6	-5.3	2.5	6.0
Connecticut.....	134.2	133.9	125.0	128.0	135.3	-0.2	-6.6	2.4	5.7
Delaware.....	23.2	23.2	22.4	23.1	24.2	0.1	-3.5	3.2	4.7
District of Columbia.....	27.6	29.9	30.0	31.6	33.4	8.2	0.3	5.4	5.8
Florida.....	413.3	407.0	387.1	394.2	413.8	-1.5	-4.9	1.8	5.0
Georgia.....	231.1	232.5	221.3	225.2	237.2	0.6	-4.8	1.8	5.3
Hawaii.....	36.3	36.9	36.1	37.0	38.5	1.9	-2.2	2.3	4.1
Idaho.....	32.2	32.5	30.4	31.2	33.0	0.9	-6.6	2.8	5.8
Illinois.....	363.3	372.0	350.5	356.3	377.4	2.4	-5.8	1.7	5.9
Indiana.....	146.7	149.7	140.8	143.2	151.7	2.1	-6.0	1.7	5.9
Iowa.....	72.1	76.4	73.8	75.9	82.4	6.0	-3.4	2.8	8.6
Kansas.....	70.9	75.3	71.8	73.3	76.6	6.2	-4.6	2.0	4.5
Kentucky.....	85.2	87.6	85.0	85.6	90.3	2.9	-3.0	0.7	5.5
Louisiana.....	100.9	109.6	105.3	108.1	113.9	8.6	-3.9	2.7	5.3
Maine.....	29.9	30.3	29.7	30.4	31.5	1.6	-2.1	2.3	3.7
Maryland.....	188.6	194.0	192.4	199.0	208.4	2.9	-0.8	3.4	4.8
Massachusetts.....	220.0	223.2	214.8	223.0	236.0	1.5	-3.8	3.8	5.8
Michigan.....	227.6	223.6	205.3	211.4	225.4	-1.8	-8.2	3.0	6.6
Minnesota.....	147.3	153.6	144.7	151.1	159.6	4.2	-5.8	4.4	5.6
Mississippi.....	54.5	56.7	54.8	56.1	58.2	4.1	-3.4	2.5	3.7
Missouri.....	137.5	144.8	138.2	140.7	147.0	5.3	-4.5	1.8	4.5
Montana.....	19.8	20.4	19.6	20.4	21.5	3.3	-4.1	4.1	5.4
Nebraska.....	45.2	47.9	46.9	48.1	51.3	6.0	-2.1	2.6	6.6
Nevada.....	69.5	68.8	62.7	62.6	65.3	-1.0	-8.9	0.0	4.3
New Hampshire.....	40.4	40.6	39.1	40.3	42.5	0.6	-3.7	2.9	5.5
New Jersey.....	308.7	313.9	296.9	307.2	320.9	1.7	-5.4	3.4	4.5
New Mexico.....	41.2	42.9	41.2	42.7	44.7	4.1	-3.8	3.7	4.6
New York.....	596.6	611.8	581.3	608.1	638.3	2.5	-5.0	4.6	5.0
North Carolina.....	210.2	215.4	206.7	213.9	224.4	2.5	-4.1	3.5	4.9
North Dakota.....	15.8	18.1	17.6	19.7	21.6	14.2	-2.6	11.8	9.8
Ohio.....	269.0	273.7	261.2	268.1	282.5	1.7	-4.6	2.6	5.4
Oklahoma.....	81.3	90.6	79.9	84.2	90.5	11.4	-11.8	5.4	7.4
Oregon.....	86.2	88.0	82.7	84.6	89.8	2.1	-6.0	2.3	6.1
Pennsylvania.....	319.2	329.0	317.5	326.8	345.4	3.1	-3.5	2.9	5.7
Rhode Island.....	27.6	27.8	26.8	27.5	28.9	0.9	-3.8	2.7	5.1
South Carolina.....	91.9	94.2	90.5	92.8	97.4	2.6	-3.9	2.5	5.0
South Dakota.....	18.5	20.2	19.5	20.3	21.7	9.6	-3.5	4.0	7.0
Tennessee.....	144.9	145.9	140.1	145.2	153.8	0.7	-4.0	3.6	5.9
Texas.....	639.4	688.7	632.4	663.8	714.0	7.7	-8.2	5.0	7.6
Utah.....	60.6	62.9	60.6	62.4	66.0	3.9	-3.7	2.9	5.8
Vermont.....	15.0	15.3	14.9	15.4	16.1	1.6	-2.4	3.3	4.6
Virginia.....	239.3	245.6	242.6	250.1	261.3	2.7	-1.2	3.1	4.4
Washington.....	182.1	188.1	182.3	185.2	196.2	3.3	-3.1	1.6	6.0
West Virginia.....	33.2	35.0	34.2	35.3	37.4	5.4	-2.3	3.3	5.9
Wisconsin.....	140.1	143.1	136.6	141.4	150.1	2.1	-4.5	3.6	6.1
Wyoming.....	14.9	16.4	15.1	15.7	16.7	9.9	-7.9	3.7	6.5
United States.....	7,982.9	8,176.4	7,765.3	8,001.9	8,453.8	2.4	-5.0	3.0	5.6

NOTE: Peak year net earnings are highlighted.

State Personal Income, 2011

2 percentage point reduction in the personal contribution rate for social security.⁷ The reduction was one of the provisions of the Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010.

Although earnings grew in every private industry in 2011 and in every private industry except construction in 2010, earnings still remain below the previous peak reached in 2008 or earlier in nine industries: forestry, mining, utilities, construction, durable-goods manufacturing, nondurable-goods manufacturing, information, finance, and real estate (table D).

The professional services industry became the second largest private industry in the United States after health care in 2011 (chart 3).⁸ Professional services generated 12.3 percent of private earnings in 2011, compared with

7. For all the states and the District of Columbia, aggregate employee and self-employed contributions for government social insurance fell \$85.5 billion in 2011. These contributions are subtracted in the calculation of personal income.

8. There are 19 "sectors," or what this article is calling private industries, in the North American Industry Classification System.

12.1 percent for manufacturing and 13.5 percent for health care. Across states, health care was the largest private industry in 23 states, and manufacturing was the

Chart 3. U.S. Share of Private Earnings in the Three Largest Industries

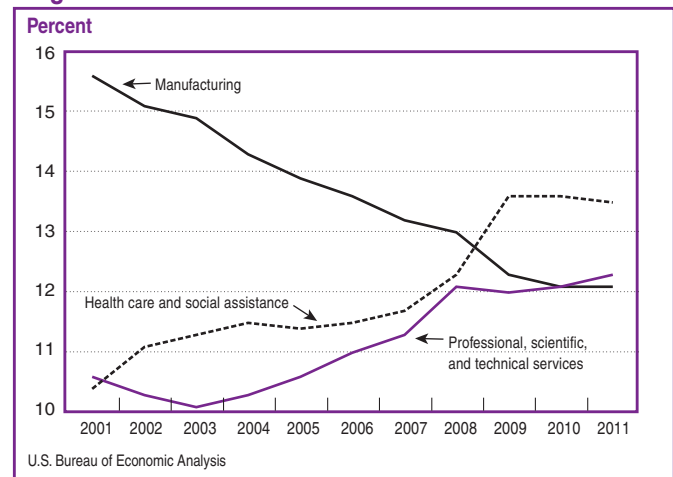


Table D. U.S. Earnings by Industry

	Billions of dollars							Percent change from preceding year					
	2005	2006	2007	2008	2009	2010	2011	2006	2007	2008	2009	2010	2011
Farm	71.4	57.3	68.0	82.3	69.1	77.2	90.1	-19.7	18.5	21.1	-16.0	11.7	16.7
Forestry, fishing, and related activities	22.6	24.1	24.6	24.0	22.3	22.5	23.1	7.0	2.1	-2.7	-6.9	1.0	2.6
Mining	83.6	102.4	99.3	143.5	75.9	83.1	104.1	22.4	-3.0	44.5	-47.1	9.5	25.4
Utilities	60.8	69.7	68.9	78.1	72.8	73.3	75.5	14.6	-1.2	13.4	-6.8	0.7	3.0
Construction	562.6	603.8	601.7	574.1	493.9	479.5	485.2	7.3	-0.4	-4.6	-14.0	-2.9	1.2
Durable-goods manufacturing	607.2	630.2	636.6	628.4	551.6	561.7	593.9	3.8	1.0	-1.3	-12.2	1.8	5.7
Nondurable-goods manufacturing	335.0	347.7	348.3	358.8	325.3	329.9	339.2	3.8	0.2	3.0	-9.4	1.4	2.8
Wholesale trade	418.4	447.1	476.8	480.3	447.3	456.2	485.8	6.9	6.6	0.7	-6.9	2.0	6.5
Retail trade	544.2	561.0	572.6	550.4	537.4	553.5	575.4	3.1	2.1	-3.9	-2.4	3.0	4.0
Transportation and warehousing	278.3	290.5	302.3	302.2	286.9	295.4	309.8	4.4	4.1	0.0	-5.1	3.0	4.9
Information	277.7	288.4	302.0	308.7	288.5	294.3	308.7	3.9	4.7	2.2	-6.6	2.0	4.9
Finance and insurance	597.2	655.8	682.8	658.6	623.3	647.7	679.0	9.8	4.1	-3.5	-5.4	3.9	4.8
Real estate and rental and leasing	190.1	186.9	161.4	165.0	144.6	148.1	161.9	-1.7	-13.6	2.2	-12.3	2.4	9.3
Professional, scientific, and technical services	719.2	788.4	847.2	918.3	851.4	886.7	949.6	9.6	7.5	8.4	-7.3	4.2	7.1
Management of companies and enterprises	178.7	198.0	217.6	216.2	210.1	223.6	238.7	10.8	9.9	-0.7	-2.8	6.4	6.7
Administrative and waste management services	315.4	335.8	351.3	354.0	332.7	353.6	375.4	6.5	4.6	0.8	-6.0	6.3	6.2
Educational services	110.9	119.0	126.7	134.8	141.0	146.7	153.9	7.3	6.4	6.4	4.7	4.0	4.9
Health care and social assistance	775.6	825.3	873.3	936.8	968.4	1,000.3	1,041.8	6.4	5.8	7.3	3.4	3.3	4.2
Arts, entertainment, and recreation	89.3	95.7	100.1	99.3	97.9	101.0	106.4	7.1	4.7	-0.8	-1.5	3.1	5.4
Accommodation and food services	243.3	254.5	274.3	269.9	257.9	278.8	294.7	4.6	7.8	-1.6	-4.4	8.1	5.7
Other services, except public administration	305.3	317.7	329.4	322.6	321.1	330.4	341.8	4.1	3.7	-2.0	-0.5	2.9	3.5
Federal, civilian	253.0	263.9	275.0	285.1	298.9	320.4	322.5	4.3	4.2	3.7	4.9	7.2	0.6
Military	131.3	138.3	146.9	159.5	172.0	178.8	181.2	5.3	6.2	8.6	7.8	4.0	1.3
State and local	948.6	994.6	1,053.5	1,110.5	1,136.6	1,143.4	1,140.0	4.9	5.9	5.4	2.4	0.6	-0.3
Total	8,119.8	8,596.3	8,940.5	9,161.6	8,727.0	8,986.2	9,378.0	5.9	4.0	2.5	-4.7	3.0	4.4
National price index for personal consumption expenditures													
2005=100							Percent change from preceding year						
	100.0	102.7	105.5	108.9	109.2	111.1	113.8	2.7	2.7	3.3	0.2	1.8	2.5

NOTE: Peak year net earnings are highlighted.

State Personal Income, 2011

largest in 14 states (table E). Professional services was largest private industry in eight states and the District of Columbia. Finance was the largest private industry in New York, Connecticut, and Delaware; accommodations was the largest in Nevada, and mining was the largest in Wyoming.

Per capita personal income

Per capita personal income for the nation (personal income divided by population) rose 4.3 percent to \$41,663 in 2011 after rising 2.8 percent in 2010. Across states, per capita personal income growth ranged from 2.9 percent in Alaska to 6.7 percent in North Dakota.

Table E. States' Largest Private Industry by Share of Private Earnings in 2011

	Percent
Healthcare and social assistance	
Maine	20.1
Rhode Island	18.4
West Virginia	18.3
Vermont	17.9
Tennessee	17.3
Montana	17.2
Pennsylvania	16.7
South Dakota	16.5
Kentucky	16.2
Florida	15.7
Oregon	15.5
New Mexico	15.3
New Hampshire	15.2
Arizona	15.2
Alaska	15.2
Hawaii	14.5
Idaho	14.4
Missouri	14.3
North Dakota	13.9
Louisiana	13.5
Oklahoma	13.5
Nebraska	13.2
Washington	13.1
Manufacturing	
Indiana	23.4
Wisconsin	22.9
Michigan	19.9
Ohio	18.7
Iowa	18.4
South Carolina	17.9
Kansas	17.1
Alabama	16.9
Mississippi	16.6
North Carolina	16.1
Arkansas	16.0
Minnesota	15.3
Utah	13.1
Texas	11.5
Professional, scientific, and technical services	
Virginia	24.5
Maryland	18.8
Massachusetts	16.9
California	15.0
Colorado	14.9
New Jersey	14.2
Illinois	13.5
Georgia	11.8
Finance and insurance	
New York	19.8
Connecticut	19.0
Delaware	16.3
Accommodations and food services	
Nevada	20.6
Mining	
Wyoming	20.8

Acknowledgments

The quarterly and preliminary annual estimates of state personal income were prepared by Nacola A. Alexander, Michelle A. Harder, Andy K. Kim, Carrie L. Litkowski, Enrique B. Lopez, and Matthew A. von Kerczek under the supervision of Mauricio Ortiz, Chief of the Regional Income Branch.

The preliminary annual estimates of disposable per-

sonal income were prepared by Ann E. Dunbar and Joseph L. Stauffer.

This article was prepared by David G. Lenze. The tables were prepared by Jonas D. Wilson under the guidance of Jeffrey L. Newman. Sharon C. Carnevale, Chief of the Regional Income Division, provided general guidance.

Alternative Measures of Household Income

Three of the most widely used measures of household income are BEA's measure of personal income, the Census Bureau's measure of money income, and the Internal Revenue Service's measure of adjusted gross income of individuals.¹

Personal income, in general, is a more comprehensive measure. For both the national and regional accounts, personal income is defined as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance. Because the personal income of an area represents the income that is received by, or on behalf of, all the persons who live in that area and because the estimates of the earnings component of personal income is made on a place-of-work basis, state personal income includes an adjustment for residence. Personal income includes the incomes of individuals, of nonprofit institutions that primarily serve individuals, of private noninsured welfare funds, and of private trust funds. It also includes property income earned on life insurance and annuity reserves of life insurance carriers and earned on the assets of noninsured pension plans.

Money income consists of income in cash and its equivalents before taxes and does not include the value of noncash benefits. It excludes, but personal income includes, employer contributions for employee pension and insurance funds, lump-sum payments except those received as part of earnings, certain in-kind personal current transfer receipts—such as Medicaid, Medicare, and food stamps—and imputed income.² Money income includes, but personal income excludes, personal contributions for government social insurance, distributions from government employee retirement plans and from private pensions and annuities, and income from regular inter-personal transfers, such as child support.

In addition, personal income at the national, state, and

local area levels is presented annually on a per capita (or simple average per person) basis. Money income at the national level is presented annually both on a per capita basis and on a median household basis; median money income for states from the Current Population Survey is presented annually as two- and three-year averages.³ State personal income is not adjusted for inflation, but the national estimates of money income are available in inflation-adjusted dollars, using the consumer price index.⁴

Adjusted gross income (AGI) consists of the taxable income prior to exemptions and the standard or itemized deductions that is reported by individuals on their Federal income tax return. It includes, but personal income excludes, personal contributions for social insurance, gains and losses on the sale of assets, and taxable distributions from government employee retirement plans and from private pensions and annuities. AGI excludes, but personal income includes, the income of the recipients of taxable incomes who, legally or illegally, did not file an individual income tax return. In particular, AGI excludes the income of many individuals with low incomes who are exempt from filing tax returns. Additionally, adjusted gross income excludes certain types of income that are not taxed—such as tax-exempt interest and nontaxable transfer payments, including Medicare, Medicaid, and welfare benefit payments—and it includes the taxable portion of social security benefit payments.

3. Although these state-level estimates of median household income and poverty are available on the Census Web site, they are no longer published in the Census Bureau report. The Census Bureau is now focusing on annual estimates of median household income and poverty for states and smaller geographic areas with populations of 65,000 or more from the American Community Survey. For guidance on the uses of the Census Bureau income products see www.census.gov/hhes/www/income/method/guidance/index.html.

4. At the national level, BEA also presents real per capita disposable personal income (DPI). (DPI is personal income less personal current taxes; real DPI is DPI divided by the implicit price deflator for personal consumption expenditures.) For the sources of the prices used for this deflator, see "Chapter 5: Personal Consumption Expenditures," in *NIPA Handbook* at www.bea.gov/national/pdf/NIPAhandbookch5.pdf.

1. See also John Ruser, Adrienne Pilot, and Charles Nelson, "Alternative Measures of Household Income: BEA Personal Income, CPS Money Income, and Beyond" www.bea.gov/about/pdf/AlternativemeasuresHHincomeFESAC121404.pdf; the Census Bureau's *Income, Poverty and Health Insurance Coverage in the United States: 2010 Report*; the Internal Revenue Service's annual *Individual Income Tax Returns*; and Mark A. Ledbetter, "Comparison of BEA Estimates of Personal Income and IRS Estimates of Adjusted Gross Income: New Estimates for 2005 and Revised Estimates for 2004," *SURVEY OF CURRENT BUSINESS* 87 (November 2007): 35–41.

2. Imputations are added to personal income in both the national and regional measures so that a comprehensive account of total production and its distribution can be presented. For a description of these imputations, see *State Personal Income and Employment Methodology* at www.bea.gov/regional/methods.cfm.

Alternative Per Capita Income Measures

[Dollars]

	Per capita income		
	2009	2010	2011
State personal income ¹	38,846	39,937	41,663
Money income ²	26,530	26,487	(NA)
Adjusted gross income ³	24,860	26,008	(NA)

n.a. Not available

1. Bureau of Economic Analysis, available at www.bea.gov.

2. U.S. Census Bureau, Current Population Survey, 2009 and 2010 Annual Social and Economic Supplements, available at www.census.gov/hhes/www/income/data/historical/people/index.html. The Census Bureau calculates per capita money income using the civilian noninstitutional population as of March of the following year.

3. Internal Revenue Service (IRS), Statistics of Income Tax Stats, available at www.irs.gov/taxstats/index.html. Adjusted gross income (AGI) for 2010 is preliminary. The IRS does not produce per capita AGI. The estimates shown are derived by dividing aggregate AGI by total population from the Census Bureau (also used by BEA in the calculation of state per capita personal income).

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