



REGIONAL QUARTERLY REPORT

State Personal Income and More . . .

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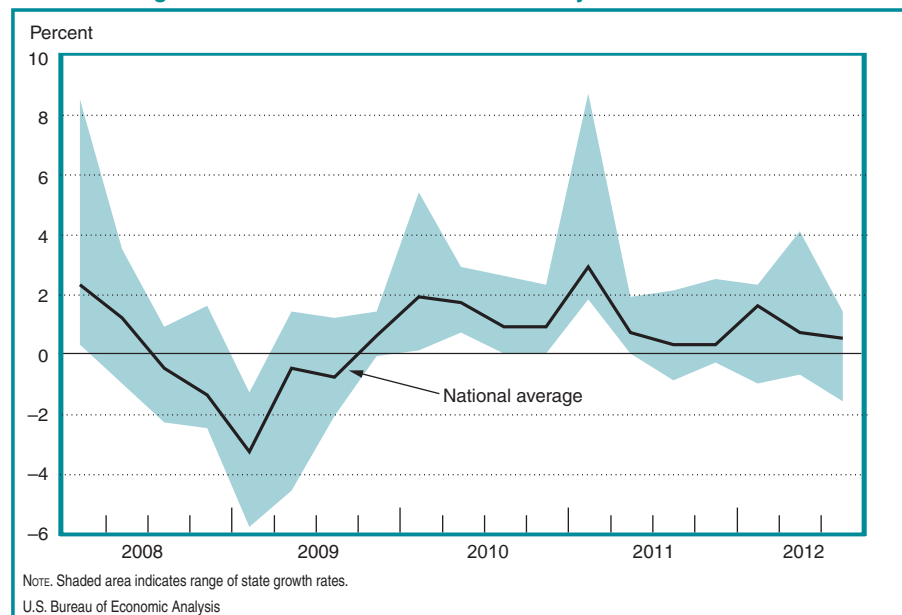
For information about BEA regional statistics, go to www.bea.gov.

State personal income in the third quarter of 2012

State personal income growth slowed to 0.5 percent, on average, in the third quarter of 2012 from 0.7 percent in the second quarter (chart 1).¹ Growth slowed in 34 states, accelerated in 11 states, and was unchanged in 5 states. Growth across states ranged from 1.4 percent in North Dakota to -1.6 percent in South Dakota (the only state with a decline). Inflation, as measured by the national price index for personal consumption expenditures, accelerated to 0.4 percent in the third quarter from 0.2 percent in the second quarter.

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

Chart 1. Range of State Personal Income Quarterly Growth Rates



David G. Lenze prepared the report on state personal income. Jeffrey L. Newman prepared the report on local area personal income.

Quarterly State Personal Income

Earnings

Nationally, earnings grew 0.5 percent in the third quarter of 2012, up from 0.4 percent in the second quarter. Earnings grew in 46 states, fell in 3 states and were unchanged in 1 state (table A). North Dakota's earnings grew the

Table A. Growth of Earnings by State

| | Percent change | | Dollar change (millions of dollars) | |
|---------------------------|----------------|------|-------------------------------------|--------|
| | 2012 | | 2012 | |
| | II | III | II | III |
| Alabama..... | 1.0 | 0.7 | 1,153 | 771 |
| Alaska..... | 0.0 | 0.3 | 12 | 89 |
| Arizona..... | 1.2 | 0.6 | 1,915 | 986 |
| Arkansas..... | 1.4 | 1.1 | 951 | 742 |
| California..... | 0.5 | 0.6 | 6,491 | 7,840 |
| Colorado..... | 1.5 | 0.6 | 2,658 | 1,013 |
| Connecticut..... | -0.6 | 0.3 | -945 | 375 |
| Delaware..... | 1.3 | -0.1 | 393 | -43 |
| District of Columbia..... | 0.0 | 0.1 | 0 | 81 |
| Florida..... | -0.1 | 0.5 | -254 | 2,240 |
| Georgia..... | 0.2 | 0.7 | 584 | 1,829 |
| Hawaii..... | 2.0 | 0.4 | 883 | 184 |
| Idaho..... | 0.5 | 1.0 | 186 | 356 |
| Illinois..... | 0.1 | 0.6 | 481 | 2,493 |
| Indiana..... | 0.9 | 1.0 | 1,519 | 1,784 |
| Iowa..... | 1.5 | 0.1 | 1,440 | 113 |
| Kansas..... | -1.6 | 0.8 | -1,468 | 737 |
| Kentucky..... | 0.4 | 0.1 | 388 | 56 |
| Louisiana..... | 1.3 | 0.4 | 1,708 | 495 |
| Maine..... | 1.3 | 0.6 | 451 | 196 |
| Maryland..... | -0.9 | 0.4 | -1,903 | 915 |
| Massachusetts..... | -0.6 | 0.4 | -1,558 | 1,057 |
| Michigan..... | 0.1 | 0.6 | 296 | 1,509 |
| Minnesota..... | 0.6 | 0.8 | 1,197 | 1,556 |
| Mississippi..... | 1.5 | 0.8 | 939 | 518 |
| Missouri..... | -0.4 | 0.3 | -616 | 459 |
| Montana..... | 0.2 | 1.0 | 42 | 266 |
| Nebraska..... | -0.2 | 0.5 | -127 | 309 |
| Nevada..... | 0.4 | 0.2 | 316 | 172 |
| New Hampshire..... | 0.4 | 0.6 | 188 | 247 |
| New Jersey..... | -0.4 | 0.3 | -1,355 | 884 |
| New Mexico..... | 1.3 | 0.1 | 657 | 51 |
| New York..... | 0.4 | 0.0 | 3,240 | -84 |
| North Carolina..... | -0.1 | 0.4 | -182 | 1,133 |
| North Dakota..... | 5.2 | 1.6 | 1,449 | 467 |
| Ohio..... | 1.8 | 0.8 | 5,829 | 2,734 |
| Oklahoma..... | 0.3 | 0.7 | 308 | 771 |
| Oregon..... | 1.1 | 0.9 | 1,201 | 938 |
| Pennsylvania..... | 0.3 | 0.5 | 1,100 | 1,977 |
| Rhode Island..... | -0.5 | 0.3 | -171 | 90 |
| South Carolina..... | 0.6 | 0.6 | 698 | 658 |
| South Dakota..... | 1.4 | -2.5 | 381 | -674 |
| Tennessee..... | 1.0 | 0.2 | 1,751 | 354 |
| Texas..... | 0.4 | 0.8 | 3,630 | 6,555 |
| Utah..... | 1.0 | 0.7 | 772 | 520 |
| Vermont..... | 2.5 | 0.7 | 451 | 122 |
| Virginia..... | 0.0 | 0.5 | 59 | 1,292 |
| Washington..... | 1.0 | 0.9 | 2,318 | 1,973 |
| West Virginia..... | 1.8 | -0.3 | 737 | -117 |
| Wisconsin..... | 0.4 | 0.6 | 637 | 974 |
| Wyoming..... | 1.7 | 0.4 | 333 | 81 |
| United States..... | 0.4 | 0.5 | 41,162 | 50,047 |

Note: Earnings by place of work.

most, 1.6 percent or \$467 million. Farm earnings, which grew \$164 million, provided the bulk of the increase in North Dakota's earnings in the third quarter, followed by wholesale trade, which grew \$80 million. South Dakota's earnings declined the most, 2.5 percent or \$674 million, as a result of a \$781 million decline in farm earnings that was partly offset by small increases in nonfarm industries.

Although North and South Dakota are adjacent states, their principal agricultural commodities are different. The dominant crop in North Dakota is wheat, and it was not much affected by the drought last summer. In contrast, the dominant crop in South Dakota is corn, and corn production was severely reduced by the drought.

Industries with earnings increases

Earnings increased in 19 of the 24 industries for which BEA prepares quarterly estimates (table B). The largest percentage increase was in farming, which grew 5.8 percent after falling 4.7 percent in the previous quarter. The

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

| | Percent change | | Dollar change (millions of dollars) | |
|---|----------------|------|-------------------------------------|---------|
| | 2012 | | 2012 | |
| | II | III | II | III |
| All industries..... | 0.4 | 0.5 | 41,162 | 50,047 |
| Private sector..... | 0.5 | 0.5 | 38,944 | 43,898 |
| Farm..... | -4.7 | 5.8 | -4,886 | 5,776 |
| Forestry, fishing, and related activities..... | 0.2 | 2.9 | 54 | 895 |
| Mining..... | 0.6 | -1.2 | 712 | -1,366 |
| Utilities..... | 2.2 | 1.8 | 1,819 | 1,547 |
| Construction..... | 0.0 | 1.3 | 259 | 6,655 |
| Durable-goods manufacturing..... | 4.0 | 0.8 | 24,726 | 5,140 |
| Nondurable-goods manufacturing..... | 0.7 | 0.8 | 2,312 | 2,652 |
| Wholesale trade..... | 1.6 | 0.8 | 8,141 | 4,209 |
| Retail trade..... | 1.4 | 1.1 | 8,389 | 6,319 |
| Transportation and warehousing..... | 0.0 | 0.0 | 21 | 116 |
| Information..... | 2.0 | -0.3 | 6,398 | -898 |
| Finance and insurance..... | -3.8 | -2.0 | -27,360 | -13,748 |
| Real estate and rental and leasing..... | 1.9 | 1.6 | 3,019 | 2,571 |
| Professional, scientific, and technical services..... | 0.3 | 0.8 | 2,528 | 7,716 |
| Management of companies and enterprises..... | 4.3 | 2.1 | 10,211 | 5,191 |
| Administrative and waste management services..... | -0.3 | -0.7 | -1,265 | -2,551 |
| Educational services..... | -1.3 | 0.4 | -2,084 | 700 |
| Health care and social assistance..... | 0.4 | 0.6 | 3,980 | 6,256 |
| Arts, entertainment, and recreation..... | -1.1 | 1.7 | -1,193 | 1,866 |
| Accommodation and food services..... | 0.4 | 0.2 | 1,299 | 491 |
| Other services, except public administration..... | 0.5 | 1.2 | 1,866 | 4,361 |
| Government sector..... | 0.1 | 0.4 | 2,218 | 6,150 |
| Federal government, civilian..... | 0.0 | 0.1 | -115 | 294 |
| Military..... | -0.2 | 0.1 | -361 | 96 |
| State and local government..... | 0.2 | 0.5 | 2,694 | 5,760 |

Quarterly State Personal Income

largest contributions to earnings growth came from professional services (which increased \$7.7 billion, up from \$2.5 billion) and construction (which increased \$6.7 billion, up from \$0.3 billion).

The strong farm earnings growth reflected crop indemnities associated with the summer drought. Farm proprietors' income excluding crop indemnities fell 4.9 percent in the third quarter after falling 9.4 percent in the second quarter. The adverse effect of the summer drought on farm earnings was concentrated in a few states, mostly in the Plains region, and was largely responsible for the third-quarter decline in South Dakota's personal income, where farming is a relatively large part of the economy. The surge in Texas' farm income in the third quarter reflects an earlier harvest, which concentrated the effect of the drought in the second quarter in that state.²

Earnings in the construction industry grew 3.6 percent in Texas and 3.3 percent in Oklahoma in the third quarter. Earnings growth of \$2.3 billion in these two states was more than half of the \$4.4 billion of growth in construction earnings in the other 48 states. Construction earnings in six energy producing states (Alaska, Louisiana, North Dakota, Oklahoma, Texas, and West Virginia) have recovered much more quickly from the recession than the other states (chart 2). In the third quarter of 2012, construction earnings in these six states were 16 percent higher than in the fourth quarter of 2007, when the recession began. At the same time, construction earnings in the other 44 states were 16 percent lower.

Earnings in the accommodation and food services industry rose 0.2 percent in the aggregate but fell 0.6 percent in Nevada to the lowest level in a year. This is Nevada's largest industry (in terms of earnings) and consists mostly of accommodations (including casino hotels). In contrast, in the other states, this industry consists mostly of food services.

2. Geographically, output losses were particularly large for corn and soybeans and for crops in Illinois, Iowa, Kansas, Missouri, Nebraska, South Dakota, and Texas. Overall, crop losses were \$12 billion in the second quarter and \$29 billion in the third quarter. It was assumed that about 50 percent of the losses were offset by crop indemnities (see "Effects of the 2012 Midwest Drought on the NIPA Estimates," SURVEY OF CURRENT BUSINESS 92 (October 2012): 6).

Industries with earnings declines

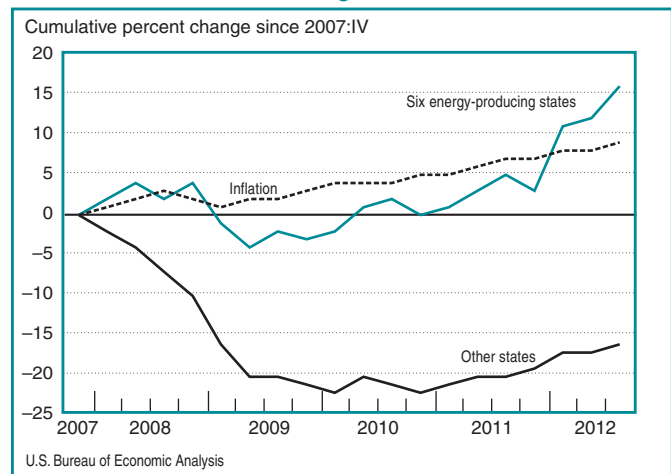
Third-quarter earnings declined in four industries; the largest percentage decline—2.0 percent—and the largest dollar decline—\$13.7 billion—were in finance. (Finance earnings fell 3.8 percent or \$27.4 billion in the second quarter.) Earnings in the mining, information, and administrative services industries also fell in the third quarter.

A 2.7 percent decline in finance earnings in New York brought earnings in that industry to its lowest level since the first quarter of 2010 and offset earnings growth in all other industries in that state in the third quarter of 2012.

Mining earnings (including oil and gas earnings) fell in most states, including major energy producers such as Alaska, Louisiana, Oklahoma, Texas, West Virginia, and Wyoming. North Dakota, however, continued to expand and mining earnings grew 1.6 percent in that state in the third quarter.

Earnings in the information industry in the state of Washington grew 5.6 percent in the third quarter, up from 4.0 percent in the second quarter even as earnings in this industry fell 0.6 percent on average in the other states. The growth in Washington reflected the vesting of stock grants, a common form of compensation among technology firms.

Chart 2. Construction Earnings



Quarterly State Personal Income

Earnings in the administrative services industry (which includes temporary help services) grew in Arizona, New York, and Texas and declined everywhere else. The declines in Oklahoma (down 3.7 percent), Nevada (down 2.5 percent), and West Virginia (down 2.3 percent) brought earnings in this industry in these states to their lowest levels since the first quarter of 2011.

The transportation industry

Nationally, third-quarter earnings in the transportation industry were essentially the same as second-quarter earnings (and first-quarter earnings). The stability at the national level results from offsetting declines in a few large states and small increases in other states. Transportation earnings declined in eight states including a 3.2 percent decline in Texas, a 2.6 percent decline in New York, and a 0.2 percent decline in Florida.

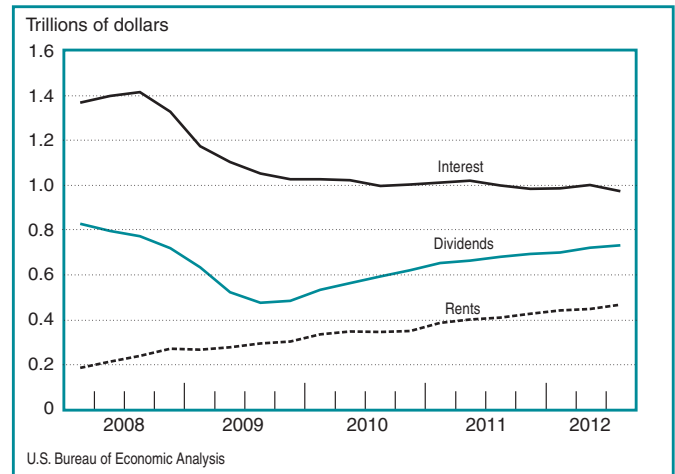
In contrast, transportation earnings growth was robust in the states of Hawaii, Idaho, North Dakota, South Dakota, Washington, and Wisconsin, growing 1.6 percent or more in the third quarter.

Property income

Property income was unchanged in the third quarter of 2012, the net effect of a 4.0 percent gain in rent, a 1.6 percent gain in dividends, and a 2.9 percent decline in interest income, as yields on interest-bearing assets declined (chart 3).³ (In the second quarter property income grew 2.0 percent.) One of the largest third-quarter declines among the states—0.3 percent in Florida—reflected the relative importance of interest income for retirees and their high concentration in that state. In contrast, property income increased 0.6 percent in New Mexico.

3. For example, Federal Reserve data show that the constant-maturity yield on 10-year U.S Treasury securities fell to 1.6 percent in the third quarter from 1.8 percent in the second.

Chart 3. U.S. Property Income



Quarterly State Personal Income

Personal current transfer receipts

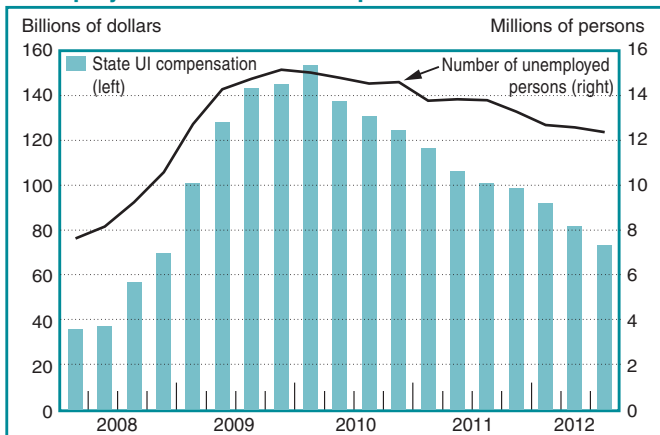
Personal current transfer receipts rose 1.0 percent in the third quarter of 2012 after rising 0.7 percent in the second quarter. Social security, Medicare, and Medicaid benefits all increased. In contrast, state unemployment insurance (UI) compensation fell \$8.6 billion, or 10.5 percent (chart 4). Since peaking in the first quarter of 2010, state UI compensation has fallen 52 percent, while the number of unemployed persons has fallen 18 percent. Receipts under the American Recovery and Reinvestment Act (ARRA) of 2009 also fell in the third quarter (table C). Compared with receipts in the third quarter of 2011, ARRA receipts are 81 percent lower.

Table C. Special Factors in State Personal Income

[Millions of dollars at an annual rate]

| | 2010 | 2011 | 2011 | | 2012 | | |
|--|--------|--------|--------|--------|-------|-------|-------|
| | | | III | IV | I | II | III |
| Homeowner assistance payments in dividends, interest, and rent | | | | | | | |
| Louisiana..... | 500 | 200 | 200 | 200 | 0 | 0 | 0 |
| Mississippi..... | 350 | 200 | 200 | 200 | 0 | 0 | 0 |
| United States..... | 850 | 400 | 400 | 400 | 0 | 0 | 0 |
| Personal current transfer receipts of individuals from the BP oil spill | | | | | | | |
| Alabama..... | 99 | 84 | 65 | 49 | 16 | 20 | 12 |
| Florida..... | 215 | 253 | 244 | 189 | 44 | 60 | 32 |
| Louisiana..... | 197 | 138 | 104 | 126 | 32 | 44 | 24 |
| Mississippi..... | 50 | 65 | 59 | 45 | 12 | 16 | 8 |
| Texas..... | 17 | 31 | 19 | 23 | 12 | 16 | 8 |
| United States..... | 578 | 571 | 492 | 432 | 116 | 156 | 84 |
| Net effect of ARRA on personal current transfer receipts¹ | | | | | | | |
| Alabama..... | 1,259 | 986 | 1,023 | 931 | 198 | 198 | 184 |
| Alaska..... | 112 | 78 | 82 | 72 | 22 | 22 | 21 |
| Arizona..... | 1,692 | 973 | 1,039 | 904 | 216 | 216 | 201 |
| Arkansas..... | 703 | 515 | 534 | 488 | 96 | 96 | 89 |
| California..... | 7,476 | 4,690 | 5,223 | 4,317 | 917 | 917 | 842 |
| Colorado..... | 829 | 506 | 536 | 474 | 102 | 102 | 95 |
| Connecticut..... | 626 | 327 | 357 | 298 | 85 | 85 | 79 |
| Delaware..... | 161 | 117 | 123 | 109 | 27 | 27 | 25 |
| District of Columbia..... | 162 | 95 | 98 | 88 | 29 | 29 | 27 |
| Florida..... | 4,557 | 3,316 | 3,624 | 3,061 | 700 | 700 | 646 |
| Georgia..... | 2,516 | 1,929 | 2,013 | 1,819 | 385 | 385 | 358 |
| Hawaii..... | 247 | 189 | 200 | 173 | 53 | 53 | 49 |
| Idaho..... | 311 | 215 | 223 | 202 | 47 | 47 | 44 |
| Illinois..... | 2,792 | 1,725 | 1,885 | 1,584 | 398 | 398 | 368 |
| Indiana..... | 1,388 | 860 | 893 | 809 | 180 | 180 | 168 |
| Iowa..... | 625 | 326 | 350 | 301 | 75 | 75 | 69 |
| Kansas..... | 496 | 325 | 340 | 307 | 60 | 60 | 56 |
| Kentucky..... | 967 | 676 | 698 | 634 | 160 | 160 | 149 |
| Louisiana..... | 1,152 | 959 | 994 | 909 | 183 | 183 | 170 |
| Maine..... | 229 | 162 | 172 | 148 | 47 | 47 | 44 |
| Maryland..... | 868 | 613 | 638 | 575 | 134 | 134 | 125 |
| Massachusetts..... | 1,184 | 620 | 687 | 558 | 170 | 170 | 156 |
| Michigan..... | 2,552 | 1,502 | 1,684 | 1,349 | 405 | 405 | 373 |
| Minnesota..... | 839 | 469 | 491 | 442 | 93 | 93 | 87 |
| Mississippi..... | 913 | 732 | 756 | 698 | 124 | 124 | 116 |
| Missouri..... | 1,223 | 855 | 895 | 800 | 187 | 187 | 174 |
| Montana..... | 172 | 119 | 123 | 112 | 25 | 25 | 23 |
| Nebraska..... | 263 | 194 | 201 | 184 | 34 | 34 | 32 |
| Nevada..... | 588 | 361 | 381 | 340 | 68 | 68 | 63 |
| New Hampshire..... | 156 | 100 | 102 | 95 | 21 | 21 | 19 |
| New Jersey..... | 1,736 | 847 | 920 | 786 | 168 | 168 | 155 |
| New Mexico..... | 488 | 371 | 390 | 347 | 83 | 83 | 77 |
| New York..... | 4,196 | 2,780 | 3,000 | 2,555 | 691 | 691 | 640 |
| North Carolina..... | 2,280 | 1,528 | 1,643 | 1,422 | 314 | 314 | 291 |
| North Dakota..... | 84 | 61 | 62 | 58 | 12 | 12 | 11 |
| Ohio..... | 2,470 | 1,612 | 1,703 | 1,497 | 383 | 383 | 356 |
| Oklahoma..... | 774 | 581 | 604 | 546 | 122 | 122 | 114 |
| Oregon..... | 849 | 495 | 539 | 446 | 151 | 151 | 140 |
| Pennsylvania..... | 2,529 | 1,468 | 1,610 | 1,346 | 352 | 352 | 325 |
| Rhode Island..... | 227 | 135 | 144 | 124 | 35 | 35 | 32 |
| South Carolina..... | 1,190 | 854 | 907 | 799 | 177 | 177 | 164 |
| South Dakota..... | 126 | 98 | 101 | 92 | 21 | 21 | 19 |
| Tennessee..... | 1,522 | 1,135 | 1,184 | 1,062 | 261 | 261 | 243 |
| Texas..... | 5,617 | 4,487 | 4,781 | 4,224 | 815 | 815 | 756 |
| Utah..... | 451 | 297 | 307 | 283 | 54 | 54 | 50 |
| Vermont..... | 98 | 63 | 66 | 58 | 17 | 17 | 16 |
| Virginia..... | 1,206 | 897 | 924 | 850 | 175 | 175 | 163 |
| Washington..... | 1,340 | 788 | 862 | 679 | 212 | 212 | 195 |
| West Virginia..... | 371 | 261 | 271 | 244 | 63 | 63 | 58 |
| Wisconsin..... | 1,035 | 610 | 665 | 559 | 147 | 147 | 136 |
| Wyoming..... | 78 | 49 | 51 | 47 | 7 | 7 | 7 |
| United States..... | 65,725 | 43,950 | 47,100 | 40,800 | 9,500 | 9,500 | 8,800 |
| Price index for personal consumption expenditures (2005=100) | | | | | | | |
| United States..... | 111.1 | 113.8 | 114.3 | 114.6 | 115.3 | 115.5 | 116.0 |

Chart 4. U.S. Number of Unemployed Persons and Unemployment Insurance Compensation



NOTE: Number of unemployed persons is from the Bureau of Labor Statistics Current Population Survey. U.S. Bureau of Economic Analysis

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.

Local Area Personal Income

County personal income growth increased in 2011

In 2011, personal income increased in 3,062 counties in the United States, declined in 50 counties, and stayed the same in 1 county.⁴ Growth rates in the nation's 3,113 counties ranged from 62.2 percent in King County, TX, to -28.8 percent in Lynn County, TX. Personal income in the United States as a whole—measured as a weighted average of growth in all counties—rose 5.2 percent in 2011, up from 3.8 percent in 2010. Inflation, as measured by the national price index for personal consumption expenditures, accelerated to 2.4 percent in 2011 from 1.9 percent in 2010.⁵

This section takes a look at personal income growth in U.S. counties (local areas), noting the differences in growth between metropolitan and nonmetropolitan counties. In 2011, personal income for nonmetropolitan counties grew, on average, 5.5 percent, compared with 5.2 percent growth for metropolitan counties. The difference in growth rates mainly reflected stronger earnings growth in nonmetropolitan counties (6.8 percent) than in metropolitan counties (5.5 percent). As usual, metropolitan counties accounted for a large majority of the nation's personal income (87 percent). But the differences in the growth rates of nonmetropolitan and metropolitan counties are noteworthy in part because they reflect the impact that industrial composition can have on county personal income.

This section also discusses the Bureau of Economic Analysis (BEA) release schedule for the local area personal income statistics (page 73), the source data used for the statistics (page 73), and alternative measures of county employment and wages (page 74).

The local area personal income estimates discussed here include new estimates for 2011 and revised estimates for 2009–2010. These estimates complete the de-

tailed series of data releases depicting the geographic distribution of the nation's personal income for 2011. A national estimate was released in January 2012, and state estimates were released in March 2012. The local area estimates provide a detailed look at the distribution of economic activity and sources of income within counties in both metropolitan areas and nonmetropolitan areas, as defined by the Office of Management and Budget. In general, metropolitan areas have at least one urbanized area of 50,000 or more residents plus adjacent territory that have a high degree of social and economic interaction with the core as measured by commuting ties. Metropolitan areas are defined in terms of whole counties. All other areas are considered nonmetropolitan.

Personal Income Components

For the nation, the 5.2 percent increase in personal income in 2011 reflected increases in all three of the major components of personal income: earnings, property income (personal dividends, interest, and rent), and personal current transfer receipts (including Social Security, Medicare, and unemployment insurance) (table D). Earnings grew 5.7 percent nationwide, property income grew 7.5 percent, and current transfer receipts grew 1.5 percent. As usual, earnings accounted for the majority of personal income in 2011 (66 percent).

Table D. Personal Income Component Growth Rates and Share of Personal Income for 2008–2011

| | Percent change | | | | Percent of personal income | | | |
|--|----------------|-------|------|------|----------------------------|-------|-------|-------|
| | 2008 | 2009 | 2010 | 2011 | 2008 | 2009 | 2010 | 2011 |
| United States: | | | | | | | | |
| Personal income | 4.6 | -4.8 | 3.8 | 5.2 | ..... | ..... | ..... | ..... |
| Earnings | 2.4 | -4.6 | 3.6 | 5.7 | 65.7 | 65.8 | 65.6 | 65.9 |
| Property income | 8.9 | -20.1 | 1.6 | 7.5 | 19.2 | 16.2 | 15.8 | 16.2 |
| Personal current transfer receipts | 9.4 | 13.9 | 6.7 | 1.5 | 15.1 | 18.1 | 18.6 | 17.9 |
| Metropolitan counties: | | | | | | | | |
| Personal income | 4.3 | -5.0 | 3.9 | 5.2 | ..... | ..... | ..... | ..... |
| Earnings | 2.2 | -4.6 | 3.6 | 5.5 | 66.7 | 67.0 | 66.8 | 67.0 |
| Property income | 8.1 | -20.5 | 1.8 | 7.6 | 19.3 | 16.2 | 15.8 | 16.2 |
| Personal current transfer receipts | 9.5 | 14.1 | 7.1 | 1.5 | 14.0 | 16.9 | 17.4 | 16.8 |
| Nonmetropolitan counties: | | | | | | | | |
| Personal income | 7.0 | -3.2 | 3.5 | 5.5 | ..... | ..... | ..... | ..... |
| Earnings | 4.1 | -4.8 | 3.8 | 6.8 | 58.7 | 57.7 | 57.8 | 58.5 |
| Property income | 14.8 | -17.3 | 0.2 | 7.4 | 19.0 | 16.2 | 15.7 | 16.0 |
| Personal current transfer receipts | 8.7 | 12.9 | 5.1 | 1.6 | 22.3 | 26.1 | 26.5 | 25.5 |

4. Personal income is the sum of net earnings by place of residence, property income, and personal current transfer receipts. Net earnings is the sum of wage and salary disbursements, supplements to wages and salaries, and proprietors' income less contributions for government social insurance plus an adjustment to put place-of-work data on a place-of-residence basis.

5. These inflation rates are calculated using the national price index for personal consumption expenditures. Although the Bureau of Economic Analysis (BEA) does not estimate inflation for metropolitan areas, it does publish regional price parities that allow comparison of price levels across metropolitan areas at a given point in time. See Bettina H. Aten, Eric B. Figueroa, and Troy M. Martin, "Regional Price Parities for States and Metropolitan Areas, 2006–2010" *SURVEY OF CURRENT BUSINESS* 92 (August 2012): 229–242.

Local Area Personal Income

Earnings in nonmetropolitan and metropolitan areas

The slightly higher growth rate in nonmetropolitan areas than in metropolitan areas stemmed largely from stronger growth in earnings in nonmetropolitan counties.

Specifically, the natural resources industries, which had strong growth nationally (22.8 percent) in 2011, had a much stronger effect on personal income in nonmetropolitan areas (table E). Earnings in these industries, which include farming and mining, grew 29.3 percent in nonmetropolitan counties and accounted for 10.4 percent of earnings. In metropolitan counties, earnings in these industries grew 18.4 percent and accounted for 1.7 percent of all earnings.

Table E. Industrial Structure of Metropolitan and Nonmetropolitan Counties for 2011

| Industry | Earnings by place of work (billions of dollars) | | Percent of total earnings | | Percent change | |
|--|---|------------------|---------------------------|------------------|----------------|------------------|
| | Metro-politan | Nonmet-ropolitan | Metro-politan | Nonmet-ropolitan | Metro-politan | Nonmet-ropolitan |
| Natural resources | 142.3 | 104.3 | 1.7 | 10.4 | 18.4 | 29.3 |
| Construction | 440.0 | 58.3 | 5.2 | 5.8 | 1.6 | 2.9 |
| Manufacturing..... | 801.2 | 142.6 | 9.5 | 14.2 | 5.4 | 5.2 |
| Retail and wholesale trade | 944.2 | 108.3 | 11.2 | 10.8 | 4.9 | 4.2 |
| Transportation, warehousing, and utilities | 340.6 | 52.5 | 4.0 | 5.2 | 4.9 | 5.8 |
| Information | 298.2 | 10.3 | 3.5 | 1.0 | 4.8 | 0.5 |
| Financial activities | 836.7 | 40.6 | 9.9 | 4.0 | 4.2 | 2.9 |
| Professional and business services..... | 1,465.0 | 69.1 | 17.3 | 6.9 | 6.2 | 6.0 |
| Education, health care, and social assistance..... | 1,086.2 | 113.8 | 12.9 | 11.3 | 3.4 | 2.5 |
| Leisure, hospitality, and other | 654.8 | 81.9 | 7.7 | 8.2 | 4.5 | 3.5 |
| Government..... | 1,440.1 | 223.5 | 17.0 | 22.2 | 1.2 | 0.8 |
| Federal, civilian | 295.3 | 31.2 | 3.5 | 3.1 | 2.0 | 0.9 |
| Military | 161.3 | 21.1 | 1.9 | 2.1 | 2.4 | 1.5 |
| State and local..... | 983.6 | 171.2 | 11.6 | 17.0 | 0.8 | 0.6 |
| Total | 8,449.2 | 1,005.0 | 100.0 | 100.0 | 4.2 | 5.5 |

NOTE: Natural resources consists of farm, forestry, fishing, and related activities; and mining. Financial activities consists of finance and insurance and real estate and rental and leasing. Professional and business services consists of professional, scientific, and technical services; management of companies and enterprises; and administrative and waste management services. Leisure, hospitality, and other consists of arts, entertainment, and recreation; accommodation and food services; and other services except, public administration.

Similarly, durable-goods manufacturing—specifically in the metal, machinery, and motor vehicles industries—had a stronger effect on nonmetropolitan counties, which historically have depended on these industries for a greater percentage of their total earnings. While the growth rates for manufacturing earnings in nonmetropolitan counties (5.2 percent) and metropolitan counties (5.4 percent) were similar, the manufacturing sector accounted for 14.2 percent of earnings in

nonmetropolitan areas, compared with 9.5 percent in metropolitan areas.

In contrast, metropolitan counties benefited more from growth in industries that tend to cluster in metropolitan areas, such as the professional and business services industries. The growth rate of these industries was similar in both areas, 6.2 percent in metropolitan counties, compared with 6.0 percent in nonmetropolitan counties. However, these industries accounted for 17.3 percent of total earnings in metropolitan areas and just 6.9 percent in nonmetropolitan areas.

One of the largest contributors to both nonmetropolitan and metropolitan county growth was the government sector. In 2011, earnings in this sector grew 0.8 percent in nonmetropolitan counties and accounted for 22.2 percent of earnings. In metropolitan counties, this sector grew 1.2 percent and accounted for 17 percent of earnings, the second largest contributor to earnings.

Geographic comparison. Within the fastest growing quintile of counties, 336 of 622 counties (54 percent) were in the Plains region, while 125 counties (20 percent) were in the Southwest region (chart 5). Many of the counties in the Plains region benefited from an increase in commodity prices for corn and wheat crops. In nonmetropolitan counties in the Plains region, farm earnings grew 62.6 percent in 2011. This fastest growing quintile of counties accounted for just 8 percent of the nation's personal income in 2011, while the middle three quintiles accounted for 81 percent of the nation's personal income.

More than half of the counties (55 percent) in the slowest growing quintile were in the Southeast region. County personal income growth in several southern states, where poultry is a dominant agricultural commodity, was hampered by the effects of rising costs of feed purchased (principally corn) for livestock. In addition, drought conditions in the south in the latter part of 2011 may have had an additional impact on feed prices. In nonmetropolitan counties in the Southeast region, farm earnings grew just 1.5 percent in 2011.

Property income

In 2011, growth in property income was similar for both metropolitan and nonmetropolitan areas. In both areas, property income continued to rebound from dramatic declines in 2009. In metropolitan counties, property

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income increased 7.6 percent in 2011, compared with a 1.8 percent increase in 2010 and a 20.5 percent decrease in 2009. In nonmetropolitan counties, property income rose 7.4 percent in 2011, compared with a 0.2 percent rise in 2010 and a 17.3 percent decline in 2009.

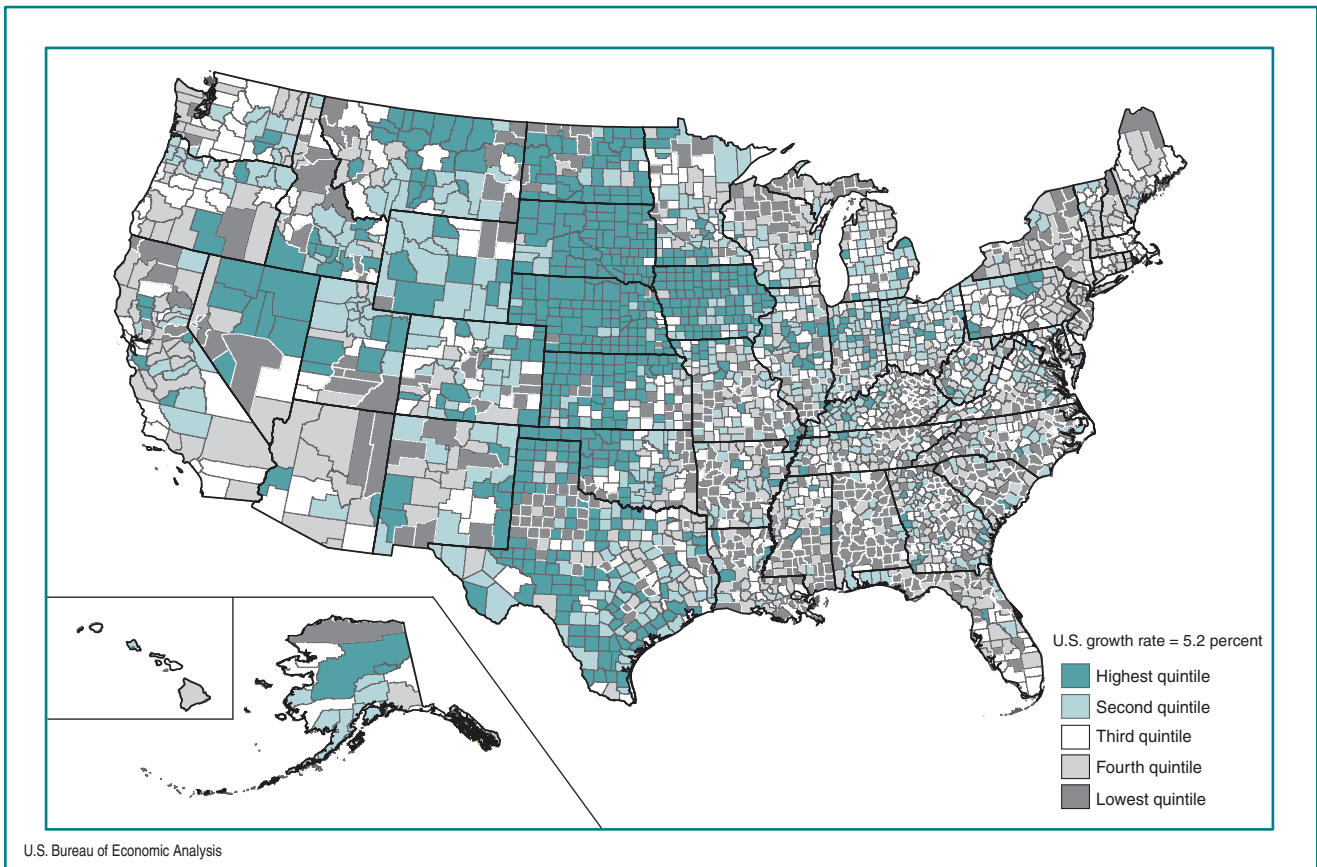
The percentage of personal income accounted for by property income in 2011 was similar for both metropolitan (16.2 percent) and nonmetropolitan counties (16.0 percent). At the national level, the increase in property income reflected increases in personal dividends and rental income, which offset a slight decline in personal interest income.

Personal current transfer receipts

In 2011, growth in personal current transfer receipts continued to slow in both metropolitan and nonmetropolitan counties, mainly because of declines in funding provided by the American Recovery and Reinvestment Act of 2009 (ARRA), which was passed in the wake of the recession that began in December 2007 and ended in June 2009, according to the National Bureau of Economic Research.

In nonmetropolitan counties, growth in current transfer receipts was 1.6 percent in 2011, compared with 5.1 percent in 2010 and a peak of 12.9 percent in 2009

Chart 5. Personal Income: Percent Change, 2010–2011



Acceleration of the Release of Local Area Personal Income Statistics

The release on November 26, 2012, of personal income and employment statistics for 2011 for all local areas represents a 5-month acceleration of the release of the complete set of local area personal income statistics, which includes counties, metropolitan areas, and nonmetropolitan areas. As a

result of this acceleration, separate releases of advance statistics on personal income for metropolitan areas (in August) and county compensation by industry (in December) have been discontinued.

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(table F). In metropolitan counties, current transfer receipts growth was 1.5 percent in 2011, compared with 7.1 percent in 2010 and a peak of 14.1 percent in 2009.

Historically, current transfer receipts have generally accounted for a larger share of personal income in nonmetropolitan counties than in metropolitan counties. In 2011, current transfer receipts accounted for 25.5 percent of personal income in nonmetropolitan counties, compared with 16.8 percent in metropolitan counties.

Key components. Growth in several components of personal current transfer receipts slowed in 2011 in both areas.

Growth in income maintenance benefits in 2011—primarily reflecting ARRA benefits—slowed in metropolitan areas to 4.3 percent from 19.1 percent, while growth in nonmetropolitan areas slowed to 4.0 percent from 18.7 percent.

Growth in unemployment insurance compensation—primarily state unemployment insurance compensation—fell significantly in both metropolitan areas and nonmetropolitan areas in 2011. Unemployment insurance compensation fell 22.2 percent in metropolitan

Table F. Personal Current Transfer Receipts for Metropolitan and Nonmetropolitan Counties for 2008–2011

| | Percent change | | | | Percent of current transfer receipts | | | |
|--|----------------|-------|------|-------|--------------------------------------|-------|-------|-------|
| | 2008 | 2009 | 2010 | 2011 | 2008 | 2009 | 2010 | 2011 |
| Metropolitan counties: | | | | | | | | |
| Personal current transfer receipts | 9.5 | 14.1 | 7.1 | 1.5 | ..... | ..... | ..... | ..... |
| Current transfer receipts of individuals from governments..... | 9.4 | 14.2 | 6.9 | 1.7 | 96.9 | 97.0 | 96.8 | 96.9 |
| Retirement and disability insurance benefits | 5.1 | 9.4 | 4.0 | 3.4 | 33.5 | 32.2 | 31.2 | 31.8 |
| Medical benefits..... | 6.6 | 7.9 | 5.8 | 4.2 | 43.9 | 41.5 | 41.0 | 42.1 |
| Income maintenance benefits..... | 25.5 | 3.6 | 19.1 | 4.3 | 11.7 | 10.6 | 11.8 | 12.1 |
| Unemployment insurance compensation..... | 56.1 | 155.5 | 7.3 | -22.2 | 2.9 | 6.4 | 6.4 | 4.9 |
| Veterans benefits..... | 8.2 | 14.6 | 13.3 | 9.4 | 2.3 | 2.3 | 2.5 | 2.6 |
| Education and training assistance..... | 14.5 | 26.6 | 20.8 | 4.8 | 2.5 | 2.8 | 3.1 | 3.2 |
| Nonmetropolitan counties: | | | | | | | | |
| Personal current transfer receipts | 8.7 | 12.9 | 5.1 | 1.6 | ..... | ..... | ..... | ..... |
| Current transfer receipts of individuals from governments..... | 8.5 | 13.0 | 4.9 | 1.8 | 97.4 | 97.4 | 97.2 | 97.4 |
| Retirement and disability insurance benefits | 4.6 | 9.0 | 3.3 | 2.6 | 36.3 | 35.0 | 34.4 | 34.7 |
| Medical benefits..... | 6.0 | 8.5 | 4.3 | 4.0 | 42.9 | 41.2 | 40.8 | 41.8 |
| Income maintenance benefits..... | 26.9 | 2.8 | 18.7 | 4.0 | 10.9 | 9.9 | 11.2 | 11.5 |
| Unemployment insurance compensation..... | 50.2 | 151.2 | -2.1 | -22.9 | 2.3 | 5.1 | 4.8 | 3.6 |
| Veterans benefits..... | 7.4 | 13.4 | 9.8 | 8.4 | 2.8 | 2.8 | 2.9 | 3.1 |
| Education and training assistance..... | 12.8 | 20.7 | 17.1 | 4.4 | 2.0 | 2.1 | 2.4 | 2.4 |

Data Availability

This article presents summary estimates of personal income and per capita personal income for 2009–2011. More detailed estimates for 1969–2011 are also available.

The following annual estimates for counties, metropolitan statistical areas, micropolitan statistical areas, metropolitan divisions, combined statistical areas, Bureau of Economic Analysis (BEA) economic areas, and the metropolitan and nonmetropolitan portions of states are available at www.bea.gov/iTable/index_regional.cfm:

- Personal income, per capita personal income, and population for 1969–2011
- County income and employment summary (featuring the derivation of personal income including nonfarm personal income, and employment totals for a continuous time series), 1969–2011
- Personal income by major source and earnings by North American Industry Classification System (NAICS) subsectors for 2001–2011 and by Standard Industrial Classification System (SIC) two-digit industries for 1969–2000
- Compensation of employees by industry by NAICS subsectors for 2001–2011 and by SIC two-digit industries for 1998–2000
- Full-time and part-time employment by NAICS sectors for 2001–2011 and by SIC division-level industries for 1969–2000
- Regional economic profiles (featuring a selection of per-

sonal income and employment data) for 1969–2011

- Personal current transfer receipts by major program for 1969–2011
- Farm income and expenses (including the major categories of gross receipts and expenses for all farms and for measures of farm income) for 1969–2011
- The counties with the highest and lowest per capita personal incomes in 2011
- Total wage and salary disbursements, total wage and salary employment, and average wage per job for 1969–2011
- Gross commuters' earnings flows for 1990–2011
- BEARFACTS, a computer generated narrative about an area's personal income that uses current estimates, growth rates, and a breakdown of the sources of personal income

The local area personal income estimates are also available through the members of the BEA User Group, which consists of state agencies and universities that help BEA disseminate the statistics in their states. For a list of the BEA User Group on BEA's Web site, go to www.bea.gov/regional/docs/usergrp.cfm.

For more information about the statistics, contact the Regional Income Division by phone at 202–606–5360, by fax at 202–606–5322, or by e-mail at reis@bea.gov.

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counties after rising 7.3 percent in 2010. In nonmetropolitan areas, compensation fell 22.9 percent in 2011 after falling 2.1 percent in 2010.

Growth in education and training assistance—including federal fellowship payments and interest subsidies on higher education loans—also slowed considerably in both areas, following strong growth in 2008–2010. Growth in nonmetropolitan counties slowed to 4.4 percent in 2011 from 17.1 percent in 2010. Growth in metropolitan counties slowed to 4.8 percent from 20.8 percent.

Source Data

To prepare the 2011 estimates of local area personal income, BEA relied primarily on wage and salary data from the Bureau of Labor Statistics, benefits paid by the Social Security Administration, and Medicaid payments from state departments of social services. In addition, tabulations of 2010 federal income tax returns from the Internal Revenue Service were used, primarily for divi-

dends, interest, and proprietors' income.⁶

Farm cash receipts, government payments, crop production, and livestock inventories by county for 2011 from the Department of Agriculture were used in estimation of local area farm income.

Number of personnel by county for 2011 from the Department of Defense was used to estimate military earnings.

Because current county-level Medicare benefits were not available, the 2009–2011 estimates were extrapolated from the 2008 estimates using the change in county Medicare enrollment for 2009 to 2011 and forced to sum to the state totals.

Finally, state estimates of a few small components of personal income were allocated to counties on the basis of 2011 population data from the Census Bureau.

6. For complete details about the estimation methodology and data sources, see *Local Area Personal Income and Employment Methodology* on BEA's Web site.

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residence were prepared by the Regional Income Branch under the supervision of Mauricio Ortiz, Chief. Major responsibilities were assigned to Brian J. Maisano, Lisa C. Ninomiya, and James P. Stehle. Contributing staff members were Suet M. Boudhraa, Andy K. Kim, Toan A. Ly, W. Timothy McKeel, Linda M. Morey, Anand N. Seeram, Joseph L. Stauffer, and Troy P. Watson.

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Alternative Measures of County Employment and Wages

Three widely used measures of county employment and wages by place of work are (1) employment and payroll in the *County Business Patterns* (CBP) series from the Census Bureau, (2) employment and wages from the Quarterly Census of Employment and Wages (QCEW) program from the Bureau of Labor Statistics (BLS), and (3) wage and salary disbursements and employment from the Bureau of Economic Analysis (BEA). These measures differ in source data and coverage.

The CBP data are derived from Census Bureau business establishment surveys and federal administrative records. The QCEW data are tabulations of monthly employment and quarterly wages of workers who are covered by state unemployment insurance programs or by the unemployment insurance program for federal employees.¹ BEA estimates of employment and wages are primarily derived from the BLS data; the estimates for industries that are either not covered or not fully covered in the QCEW are also based on supplemental data from other agencies, such as the Department of Defense, the U.S. Department of Agriculture, and the Railroad Retirement Board.

The coverage of the Census Bureau data differs from that of the BLS data primarily because the Census Bureau data exclude most government employees while the BLS data cover civilian government employees.² The CBP data also exclude several private industries that are partly covered by the QCEW: crop and animal production; rail transportation; insurance and employee benefit funds; trusts, estates, and agency accounts; and private households. However, the CBP data cover the employees of educational institutions, membership organizations, and small nonprofit organizations in other industries more completely than the BLS data.³ In addition, the Census Bureau reports employment only for the month of March, while the BLS employment data are quarterly and annual averages of monthly data.

In 2001, both BLS and BEA began to include employees of Indian tribal councils in local government. These employees were previously included in the relevant private industries.⁴ In the Census Bureau data, these employees are still classified in private industries.

1. The QCEW data account for 93 percent of BEA's wages and salaries.

2. The Census Bureau data cover only those government employees who work in government hospitals, federally chartered savings institutions and credit unions, liquor stores and wholesale liquor establishments, and university publishers. The BLS data in most states exclude state and local elected officials, members of the judiciary, state national and air national guardsmen, temporary emergency employees, and employees in policy and advisory positions.

3. The BLS data do not cover certain religious elementary and secondary schools because a Supreme Court decision exempts some of these schools from unemployment compensation taxes. The BLS data also exclude college students (and their spouses) who are employed by the school in which they are enrolled and student nurses and interns who are employed by hospitals as part of their training. In half of the states, the BLS data only include nonprofit organizations with four or more employees during 20 weeks in a calendar year.

4. For example, employees of casinos owned by tribal councils were included in "Amusement, Gambling, and Recreation Industries."

BEA estimates of employment and wages differ from the BLS data because BEA adjusts the estimates to account for employment and wages that are not covered or not fully covered by the unemployment insurance programs. BEA adds estimates of employment and wages to the BLS data to bridge small gaps in coverage for nonprofit organizations that do not participate in the unemployment insurance program (in several industries), for students and their spouses employed by colleges or universities, for elected officials and members of the judiciary, for interns employed by hospitals and by social service agencies, and for insurance agents classified as statutory employees. In addition, BEA uses supplemental source data to estimate most, or all, of the employment and wages for the following: farms, farm labor contractors and crew leaders, private households, private elementary and secondary schools, religious membership organizations, rail transportation, and military. BEA also adjusts for employment and wages that are subject to unemployment insurance but not reported by employers. Other adjustments to wages include estimates for unreported tips, judicial fees paid to jurors and witnesses, compensation of prison inmates, and marriage and license fees paid to justices of the peace.⁵

The Census Bureau released 2010 data for total employment and payrolls for counties on its Web site on June 2012. BLS released county data on total employment and average weekly pay for 2011 on its Web site on June 28, 2012. BEA released preliminary estimates for 2011 and revised estimates for 2009–2010 of total wage employment and total wage and salary disbursements for counties on its Web site on November 26, 2012.

5. For a detailed description of the sources and methods used to prepare the estimates, visit www.bea.gov/regional/methods.cfm.

National Totals of BEA County Estimates of Wages and Salaries and CBP Payrolls and QCEW Wages

| | 2009 | 2010 | 2011 |
|--|---------|---------|---------|
| Total CBP payrolls | 4,855.5 | 4,941.0 | n.a. |
| Plus: Differences in coverage: | | | |
| QCEW civilian government wages ¹ | 1,019.6 | 1,031.6 | n.a. |
| Other differences, net ² | -15.9 | 3.1 | n.a. |
| Equals: Total QCEW wages | 5,859.2 | 5,975.7 | 6,217.3 |
| Plus: BEA adjustments: | | | |
| For unreported wages and unreported tips on employment tax returns | 87.9 | 94.8 | 100.0 |
| For wages and salaries not covered or not fully covered by unemployment insurance: | | | |
| Private | 187.7 | 195.5 | 205.4 |
| Government | 127.4 | 131.5 | 132.5 |
| Other BEA adjustments ³ | -0.3 | -2.8 | -3.4 |
| Equals: BEA estimates of wages and salaries ⁴ | 6,261.9 | 6,394.6 | 6,651.8 |

1. Adjusted to remove the wages of Indian tribal councils that are included in the Census Bureau's total payroll data.

2. Includes differences of coverage in private education, membership organizations, and government.

3. Adjusted to remove wage and salary of employees of U.S. companies stationed overseas and to reflect updates to QCEW data.

4. Consists of the earnings of persons who live in the United States and of foreign residents working in the United States. The regional total differs from the national estimate; see "Personal Income in the NIPAs and State Personal Income," Survey 92 (October 2012): 104.

NOTE: Details may not equal totals due to rounding.

n.a. Not available

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