



### In this report . . .

- Fourth-quarter 2009 state personal income statistics, page 64
- Annual state personal income statistics, 2009, page 66
- A Note on BEA's estimates of wage and salary disbursements, page 67
- Alternative measures of household income, page 68

For information about BEA regional statistics, go to [www.bea.gov](http://www.bea.gov).

### Fourth quarter of 2009

State personal income growth averaged 0.9 percent in the fourth quarter of 2009 and ranged from 0.3 percent in Wyoming to 2.2 percent in South Dakota (table A). This was the largest average increase since the 1.2 percent rise in the second quarter of 2008 and contrasts with a 0.4 percent decline in the third quarter. Personal consumption expenditures prices rose 0.6 percent in the fourth quarter of 2009, the same as in the third quarter. Five of the ten fastest growing states in the fourth quarter—South Dakota, North Dakota, Iowa, Nebraska, and Kansas—were in the Plains region. Their strong performance is accounted for by the farm sector; nonfarm personal income growth in these states was at or below the national average.

### Annual statistics, 2009

State personal income declined an average 1.7 percent in 2009, the largest decline in 60 years. The annual percentage change in state personal income ranged from -4.8 percent in Nevada to 2.1 percent in West Virginia, which was one of just six states with a personal income gain in 2009. Inflation, as measured by the national price index for personal consumption expenditures, fell to 0.2 percent in 2009 from 3.3 percent in 2008.

### A note on BEA's wage and salary disbursement data

The Bureau of Economic Analysis quarterly estimates of wage and salary disbursements in the private sector are based primarily on Quarterly Census of Employment and Wages (QCEW) data from the Bureau of Labor Statistics. Additional data sources are used for a few industries that are not covered by QCEW, or only partially covered, for misreporting, and for some small differences in definitions. Typically, the BEA data and the QCEW data series behave similarly. However, the two have diverged in some recent quarters, something that BEA continues to research.

*The quarterly and preliminary annual estimates of state personal income were prepared by Nacola A. Alexander, Michelle A. Harder, Carrie L. Litkowski, and Matthew A. vonKerczek, under the supervision of Mauricio Ortiz, Acting Chief of the Regional Income Branch. The preliminary annual estimates of disposable personal income were prepared by Ann E. Dunbar. The tables were prepared by Alison M. Adam, H Steven Dolan, and Jonas D. Wilson, under the supervision of Kathy A. Albetski, Chief of the Regional Economic Information System Branch. Sharon C. Carnevale, Acting Chief of the Regional Income Division, provided general guidance.*

## State Personal Income, Fourth Quarter 2009

### Industry earnings

The industry that contributed the most to fourth-quarter personal income growth nationally was health care (table B). Farming made the second largest contribution to growth, a reflection more of weakness in nonfarm industries than of unusual strength in farming. In addition, earnings in the cyclical manufacturing industry grew in the fourth quarter for the first time in 2 years, but the amount of growth was small.

Construction earnings continued to fall in the fourth quarter, while earnings in the retail trade industry resumed falling after a small increase in the third quarter. The amounts in both cases were small relative to total personal income.

A few industries had substantial effects on the total personal income of particular states: 5 of the 10 fastest growing states in the fourth quarter—South Dakota, North Dakota, Iowa, Nebraska, and Kansas—were in the Plains region. Their strong performance was accounted for by the farm sector. Nonfarm personal income growth in these states was at or below the national average. Earnings in the state and local government sector fell in most states in the fourth quarter—including large states like California and Florida—but grew 2.3 percent in Texas. The military provided relatively large boosts to personal income growth in Hawaii and South Carolina, contributing as much as 0.5 percentage point to growth in Hawaii. Federal civilian government was the primary source of earnings growth in the District of Columbia, followed by professional services.

Earnings declined in only three states in the fourth quarter: Washington, Nevada, and Wyoming. In all three states, earnings from construction industries declined. In addition, there were relatively large earnings declines in the information industry in the state of Washington, in the mining industry in Wyoming, and in the state and local government industry in Nevada.

**Table B. Contribution of Earnings by Industry to Percent Change in U.S. Personal Income**  
[Percentage points, seasonally adjusted]

	2008	2009			
		IV	I	II	III
Construction.....	-0.14	-0.39	-0.22	-0.05	-0.04
Retail trade .....	-0.11	-0.12	-0.02	0.01	-0.03
Forestry, fishing, and related activities.....	0.00	0.00	0.00	0.00	-0.01
Accommodation and food services.....	-0.02	-0.06	0.03	0.00	-0.01
Mining.....	0.02	-0.07	-0.06	0.00	-0.01
Educational services.....	0.02	0.01	0.02	0.01	0.00
Durable-goods manufacturing.....	-0.08	-0.39	-0.15	-0.15	0.00
State and local.....	0.06	0.09	0.09	-0.01	0.00
Utilities.....	0.01	0.02	-0.01	0.00	0.00
Arts, entertainment, and recreation.....	0.00	-0.03	0.01	0.00	0.01
Real estate and rental and leasing.....	-0.03	-0.07	0.01	0.00	0.01
Nondurable-goods manufacturing.....	-0.02	-0.12	-0.05	-0.01	0.01
Administrative and waste services.....	-0.02	-0.17	-0.05	-0.05	0.01
Management of companies and enterprises.....	0.00	-0.11	0.02	0.02	0.01
Information.....	-0.07	-0.07	-0.01	0.00	0.01
Military.....	0.02	0.08	0.03	0.03	0.01
Transportation and warehousing.....	0.02	-0.12	-0.04	-0.02	0.01
Other services, except public administration.....	0.01	-0.08	0.00	0.00	0.02
Finance and insurance.....	-0.03	-0.55	0.36	-0.17	0.03
Federal, civilian.....	0.01	0.11	0.04	0.03	0.03
Wholesale trade.....	-0.07	-0.16	-0.07	-0.08	0.05
Professional and technical services.....	-0.02	-0.11	-0.06	-0.07	0.06
Farm.....	-0.10	-0.07	0.01	-0.04	0.09
Health care and social assistance.....	0.13	0.00	0.13	0.09	0.13
<b>Total.....</b>	<b>-0.42</b>	<b>-2.36</b>	<b>0.00</b>	<b>-0.47</b>	<b>0.40</b>

NOTE: An industry's contribution to percent change in personal income equals the dollar change in that industry's earnings divided by personal income in the previous year times 100.

**Table A. Personal Income Change by Component, 2009:IV**

	Percent change (quarterly rate)	Dollar change (millions of dollars)					Percent change (quarterly rate)	Dollar change (millions of dollars)			
		Personal income	Net earnings <sup>1</sup>	Dividends, interest, and rent	Transfer receipts			Personal income	Net earnings <sup>1</sup>	Dividends, interest, and rent	Transfer receipts
<b>United States.....</b>	<b>0.9</b>	<b>110,480</b>	<b>45,506</b>	<b>32,312</b>	<b>32,662</b>	Missouri	0.9	2,011	827	521	663
Alabama.....	0.8	1,318	371	378	570	Montana.....	1.1	368	122	143	103
Alaska.....	0.6	182	27	81	74	Nebraska.....	1.6	1,088	778	178	131
Arizona.....	1.1	2,377	739	674	963	Nevada.....	0.5	486	-202	362	326
Arkansas.....	1.1	1,054	418	333	303	New Hampshire.....	0.8	453	259	107	87
California.....	1.0	15,573	5,819	4,804	4,950	New Jersey.....	0.7	3,190	1,306	919	965
Colorado.....	1.0	1,979	678	626	675	New Mexico.....	0.9	621	155	177	288
Connecticut.....	0.7	1,373	519	542	312	New York.....	0.7	6,126	1,545	2,273	2,308
Delaware.....	0.9	308	116	68	124	North Carolina.....	1.4	4,633	2,761	821	1,051
District of Columbia.....	1.1	434	287	59	88	North Dakota.....	2.1	546	443	55	49
Florida.....	1.0	7,004	1,914	3,094	1,996	Ohio.....	0.8	3,292	1,562	875	855
Georgia.....	0.9	2,973	759	985	1,229	Oklahoma.....	1.2	1,551	722	400	429
Hawaii.....	1.1	601	322	168	111	Oregon.....	0.9	1,287	406	452	429
Idaho.....	1.2	566	249	200	118	Pennsylvania.....	0.8	3,778	1,593	1,111	1,075
Illinois.....	0.9	4,959	2,582	1,403	975	Rhode Island.....	0.6	261	94	74	93
Indiana.....	1.0	2,249	1,274	430	546	South Carolina.....	1.1	1,582	598	420	563
Iowa.....	1.8	2,010	1,601	247	162	South Dakota.....	2.2	642	461	117	64
Kansas.....	1.2	1,228	731	330	167	Tennessee.....	0.9	2,010	847	338	825
Kentucky.....	1.0	1,327	498	288	540	Texas.....	0.9	8,510	3,727	1,905	2,877
Louisiana.....	0.7	1,104	168	452	484	Utah.....	1.0	815	394	253	168
Maine.....	0.7	323	107	87	128	Vermont.....	0.9	209	67	50	92
Maryland.....	0.9	2,490	1,325	644	521	Virginia.....	0.9	3,099	1,719	754	626
Massachusetts.....	0.9	3,086	1,165	779	1,143	Washington.....	0.5	1,485	-136	1,078	543
Michigan.....	0.9	3,211	1,572	678	961	West Virginia.....	0.9	515	262	95	159
Minnesota.....	1.0	2,108	1,346	627	135	Wisconsin.....	0.6	1,329	584	482	263
Mississippi.....	0.8	689	143	218	327	Wyoming.....	0.3	66	-120	157	29

1. Net earnings is earnings by place of work—the sum of wage and salary disbursements, supplements to wages and salaries, and proprietors' income—less contributions for government social insurance plus an adjust-

ment to convert earnings by place of work to a place-of-residence basis.

**State Personal Income, Fourth Quarter 2009**

**Personal current transfer receipts**

Across states, personal current transfer receipts increased an average 1.5 percent in the fourth quarter. Transfer receipts associated with the American Recovery and Reinvestment Act (ARRA) rose to \$69.5 billion for all states (table C). As in the third quarter, fourth-quarter transfer receipts financed by ARRA consisted mainly of aid to unemployed workers, either as unemployment compensation or as subsidized health insurance. This contrasts with the second quarter when lump-sum payments to social security retirees, veterans, and Supplemental Security Income beneficiaries dominated.

**Property income**

Dividends, interest, and rent grew \$32.3 billion in the fourth quarter, after rising \$5.7 billion in the third quarter. Dividends provided most of the increase; interest income declined. Homeowner assistance related to Hurricane Katrina (a component of the rental income of persons) was unchanged in the third quarter, amounting to \$400 million in both Louisiana and Mississippi (table D).

**Table D. Homeowner Assistance Payments for Louisiana and Mississippi**

[Millions of dollars, annual rate]

	2008	2009	2009			
			I	II	III	IV
Louisiana.....	2,240	600	1,200	400	400	400
Mississippi.....	400	400	400	400	400	400

NOTE. Estimates for earlier quarters published in the July 2009 Survey (page 109) are unchanged.

**Table C. Personal Current Transfer Receipts Funded by ARRA**  
[Millions of dollars, annual rate]

Area	2009			
	I	II	III	IV
<b>United States.....</b>	<b>8,800</b>	<b>90,200</b>	<b>53,200</b>	<b>69,500</b>
Alabama.....	155	1,564	620	765
Alaska.....	10	174	129	174
Arizona.....	372	1,848	990	1,243
Arkansas.....	96	1,046	560	646
California.....	1,075	10,030	6,769	9,589
Colorado.....	129	1,112	649	1,172
Connecticut.....	83	1,086	789	879
Delaware.....	17	260	150	212
District of Columbia.....	34	221	204	261
Florida.....	505	5,760	2,851	3,699
Georgia.....	273	2,850	2,240	2,957
Hawaii.....	21	360	215	252
Idaho.....	50	444	270	359
Illinois.....	370	3,915	2,863	3,502
Indiana.....	192	1,920	1,017	1,248
Iowa.....	148	980	580	676
Kansas.....	76	788	477	587
Kentucky.....	140	1,451	540	898
Louisiana.....	127	1,336	538	637
Maine.....	32	470	257	316
Maryland.....	111	1,233	443	501
Massachusetts.....	159	2,008	1,294	2,243
Michigan.....	341	3,631	2,643	3,505
Minnesota.....	138	1,486	1,001	1,194
Mississippi.....	120	973	362	412
Missouri.....	174	1,748	664	1,032
Montana.....	26	281	114	177
Nebraska.....	39	430	129	148
Nevada.....	25	741	651	878
New Hampshire.....	26	353	194	228
New Jersey.....	93	2,599	2,134	2,677
New Mexico.....	153	667	339	388
New York.....	179	6,026	4,484	5,727
North Carolina.....	787	3,340	1,874	2,219
North Dakota.....	18	166	49	54
Ohio.....	340	3,626	2,205	2,794
Oklahoma.....	102	1,120	577	677
Oregon.....	113	1,298	972	1,185
Pennsylvania.....	354	4,104	2,017	2,510
Rhode Island.....	37	344	177	207
South Carolina.....	130	1,427	640	896
South Dakota.....	23	212	76	86
Tennessee.....	179	2,126	1,287	1,669
Texas.....	618	5,744	2,634	3,627
Utah.....	80	490	211	242
Vermont.....	15	189	84	93
Virginia.....	159	1,867	762	986
Washington.....	143	1,717	860	1,042
West Virginia.....	60	688	258	324
Wisconsin.....	139	1,822	1,312	1,656
Wyoming.....	13	125	42	50

ARRA American Recovery and Reinvestment Act of 2009

## State Personal Income, 2009

### Annual estimates, 2009

State personal income declined an average 1.7 percent in 2009, the largest decline in 60 years. The annual percentage change in state personal income ranged from -4.8 percent in Nevada to 2.1 percent in West Virginia, which was one of just six states with a personal income gain in 2009. Inflation, as measured by the national price index for personal consumption expenditures, fell to 0.2 percent in 2009 from 3.3 percent in 2008.

In three of the six states with personal income growth in 2009, a rise in net earnings and transfer receipts offset declines in property income. Net earnings, which declined 3.7 percent nationally in 2009, rose 0.7 percent in Maryland, 0.7 percent in West Virginia, and 0.3 percent in Virginia. The gains in Maryland and Virginia largely reflect earnings inflows associated with commuters who work in the District of Columbia; wages and salaries paid by employers located in Maryland and Virginia fell 0.1 percent and 0.5 percent, respectively. In the other three states with personal income gains in 2009 (Maine, Kentucky, and Hawaii), increased transfer receipts were sufficient to offset declines in both property income and net earnings.

In the states with the largest personal income declines in 2009, the industries with the largest earnings losses typically reflected the states' distinctive economies: Nevada's 4.8 percent personal income decline, the second

largest decline among states since 1969, was mostly accounted for by the construction industry and the accommodations industry (which includes casino hotels). The biggest contributors to Wyoming's 3.9 percent personal income decline were mining (including oil and gas extraction) and construction. In New York, where personal income fell 3.4 percent, the earnings losses were primarily concentrated in the finance industry. In Connecticut, the biggest earnings decline was also in the finance industry, but manufacturing and construction declined almost as much. Michigan's 3.0 percent personal income decline reflected large losses in durable-goods manufacturing. The industries contributing the most to the 2.5 percent fall in personal income in California and the 2.7 percent fall in Arizona and Florida were construction and manufacturing. Farming accounted for all of South Dakota's 3.5 percent personal income decline.

**Per capita personal income.** Per capita personal income (personal income divided by population) fell 2.6 percent nationally in 2009 after rising 2.0 percent in 2008. Across states, per capita personal income fell as much as 5.9 percent in Wyoming and grew as much as 1.8 percent in West Virginia.

*See also tables 1 through 5 on pages 69–98.*

## A Note on BEA's Estimates of Wage and Salary Disbursements

BEA's quarterly estimates of wage and salary disbursements in the private sector are based primarily on Quarterly Census of Employment and Wages (QCEW) data from the Bureau of Labor Statistics. BEA derives seasonally adjusted estimates of the QCEW data using the X-12 ARIMA seasonal adjustment routine from the Census Bureau. For years prior to 2009, where annual data for all four quarters are available, the derived seasonally adjusted quarters are controlled to the sum of the unadjusted quarters. Because the seasonal adjustments are based on historical patterns, the sum of the seasonally adjusted quarterly estimates derived before the annual data are available may differ substantially from the sum of the seasonally unadjusted data.

Estimates for the first three quarters of 2009 have been derived using seasonally adjusted industry data based on concurrent seasonal factors (seasonal factors for each quarter are derived using all available data over the last

10 years), and estimates for each quarter reflect the best quarter-to-quarter percent change for each industry. Current estimates of the fourth quarter of 2009 have been derived based on data from the BLS Current Employment Statistics Survey because QCEW data are not available at this time.

It should be noted that the estimates for the fourth quarter and for 2009 will be revised when QCEW data for the fourth quarter of 2009 become available. In July, revised seasonally adjusted quarters will be derived that reflect all four quarters of 2009 and revised data for 2007 and 2008. In addition, the seasonally adjusted quarters for 2009 will be controlled to the sum of the unadjusted 2009 quarters. This revision could result in substantial changes to both the level for the entire year and the pattern of the quarterly estimates of wages and salaries, especially during a year such as 2009, when the economy has experienced unusual turbulence.

## Alternative Measures of Household Income

Three of the most widely used measures of household income are Bureau of Economic Analysis measure of personal income, the Census Bureau measure of money income, and the Internal Revenue Service measure of adjusted gross income of individuals.<sup>1</sup>

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 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 also 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. The property income earned on life insurance and annuity reserves of life insurance carriers and earned on the assets of noninsured pension plans are also included in personal income.

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.<sup>2</sup> 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 interpersonal transfers, such as child support.

1. See also John W. Ruser, Adrienne T. Pilot, and Charles Nelson, "Alternative Measures of Household Income: BEA Personal Income, CPS Money Income, and Beyond," available at [www.bea.gov/regional/index.htm](http://www.bea.gov/regional/index.htm); the Census Bureau's *Income, Poverty and Health Insurance Coverage in the United States: 2009* 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/docs/spi2008/](http://www.bea.gov/regional/docs/spi2008/).

In addition, personal income at the national, state, and local area levels is presented annually on a per capita (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 2- and 3-year averages.<sup>3</sup> 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.<sup>4</sup>

Adjusted gross income (AGI) consists of the taxable income prior to exemptions and the standard or itemized deductions that are 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 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.

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 *Concepts and Methods of the U.S. National Income and Product Accounts: Personal Consumption Expenditures* at [www.bea.gov/national/pdf/NIPHandbookch5.pdf](http://www.bea.gov/national/pdf/NIPHandbookch5.pdf).

### Comparison of Alternative Per Capita Income Measures (Dollars)

	Per capita income		
	2007	2008	2009
State personal income <sup>1</sup> .....	39,392	40,166	39,138
Money income <sup>2</sup> .....	26,804	26,964	n.a.
Adjusted gross income <sup>3</sup> .....	28,289	26,985	n.a.

n.a. Not available

1. Bureau of Economic Analysis, available at [www.bea.gov](http://www.bea.gov).

2. U.S. Census Bureau, Current Population Survey, 2008 and 2009 Annual Social and Economic Supplements, available at [www.census.gov](http://www.census.gov). The Census Bureau calculates per capita money income using the civilian noninstitutional population total as of March of the following year. Members of the Armed Forces living off base or with their families on post are included if at least one civilian adult lives in the household.

3. Internal Revenue Service (IRS), available at [www.irs.gov](http://www.irs.gov). The IRS does not produce per capita adjusted gross income (AGI). The measures shown are derived by dividing aggregate IRS AGI (less deficit) by total population from the Census Bureau (also used by BEA in the calculation of state per capita personal income).