



Numbers that Count

New York State's economic rebound is leading the nation

New data from the U.S. Commerce Department's Bureau of Economic Analysis show that New York State led all states in 2010 in the growth in net earnings.¹ Net earnings is the state income component that most clearly reflects current economic activity. New York's 4.2 percent net earnings growth from 2009 to 2010 well exceeded the 2.4 percent national earnings growth. (See Figure 2.)

Net earnings includes wages, salaries, proprietors' income, and wage and salary supplements such as employer contributions to pension funds and health insurance, less contributions for government social insurance. The net earnings data include an adjustment to convert earnings by place of work to a place of residence basis.

New York also led all states, including the much larger state of California, in the absolute growth in net earnings. In fact, New York accounted for 12.9 percent of the national growth in net earnings last year, a disproportionately large share compared to New York's 7.7 percent share of personal income for 2010. (See Figure 3.)

In addition to net earnings, total personal income includes property income (dividends, interest and rent) and transfer receipts. Personal income is adjusted for in-bound and out-bound commuters. New York had the second fastest growth among states in 2010 in resident personal income with 4.1 percent growth, slightly behind New Mexico's 4.2 percent growth, but well ahead of the 3.0 percent growth for the United States. (See Figure 1.)

The Empire State also had faster growth than the nation in the dividends, interest and rent category, but slower growth in the transfer receipts category, a category where the largest components are Medicaid, Medicare and unemployment compensation. (See Figure 2.)

New York's strong showing in earnings and income growth stems, in part, from the rebounding finance sector, but New York also saw strong gains relative to the national average in several other sectors, including information, professional and technical services, management of companies, health care and social assistance, accommodation and food services, and state and local government.

This new data from the U.S. Commerce Department helps shed light on current budget discussions in Albany. The high end New York personal income tax surcharge in place in 2009 and 2010 has not prevented New York from turning in the strongest record of personal income growth in the nation in 2010. However, if the steep state budget cuts that are on the table are approved, it could mean that New York's leading position is in jeopardy for 2011. Those cuts almost certainly will result in job losses and reduced wage income that would be a drag on New York's income growth.

Interestingly, several typically conservative states in the Southeast, Southwest, and Rocky Mountain regions generally had the fastest growth in transfer receipts income in 2010. All of the transfer receipt components represent transfers through a government program. (See Figure 2.)

Figure 1
Personal Income by State, 2008-2010

	Millions of dollars			Percent change 2009-2010	Rank
	2008	2009	2010		
United States	12,380,225	12,168,161	12,530,101	3.0	--
New England					
Connecticut	200,364	194,547	200,154	2.9	26
Maine	48,297	48,180	49,548	2.8	28
Massachusetts	333,815	327,395	337,542	3.1	21
New Hampshire	57,793	56,488	58,036	2.7	30
Rhode Island	44,061	43,594	44,817	2.8	29
Vermont	24,460	24,376	25,207	3.4	14
Mideast					
Delaware	35,615	35,048	35,883	2.4	42
District of Columbia	40,635	41,282	42,749	3.6	--
Maryland	274,286	274,980	283,049	2.9	24
New Jersey	447,989	435,216	446,464	2.6	36
New York	937,173	908,997	946,054	4.1	2
Pennsylvania	508,249	506,397	522,731	3.2	16
Great Lakes					
Illinois	554,795	540,380	553,753	2.5	40
Indiana	223,683	218,527	226,562	3.7	8
Michigan	353,140	342,114	351,830	2.8	27
Ohio	414,458	408,707	419,871	2.7	31
Wisconsin	213,317	211,337	218,564	3.4	13
Plains					
Iowa	114,429	113,236	116,616	3.0	23
Kansas	111,957	110,418	113,375	2.7	33
Minnesota	226,149	220,413	227,234	3.1	22
Missouri	219,695	216,637	221,465	2.2	45
Nebraska	71,568	70,665	72,244	2.2	44
North Dakota	26,591	26,393	27,305	3.5	12
South Dakota	31,710	31,174	31,643	1.5	49
Southeast					
Alabama	158,697	157,324	162,249	3.1	17
Arkansas	93,481	93,374	96,663	3.5	10
Florida	739,403	722,328	738,373	2.2	46
Georgia	342,935	335,466	343,817	2.5	38
Kentucky	138,486	139,166	144,711	4.0	3
Louisiana	169,791	169,046	174,292	3.1	20
Mississippi	90,347	89,743	92,539	3.1	19
North Carolina	329,970	327,199	339,828	3.9	5
South Carolina	148,892	148,265	153,392	3.5	11
Tennessee	219,160	215,819	224,064	3.8	6
Virginia	348,265	347,284	358,140	3.1	18
West Virginia	57,208	58,378	60,484	3.6	9
Southwest					
Arizona	223,961	219,027	223,716	2.1	48
New Mexico	66,773	66,856	69,676	4.2	1
Oklahoma	134,505	132,132	136,627	3.4	15
Texas	968,231	956,808	993,063	3.8	7
Rocky Mountain					
Colorado	214,977	210,513	215,259	2.3	43
Idaho	50,502	49,245	50,565	2.7	32
Montana	34,141	33,957	34,943	2.9	25
Utah	88,792	87,947	90,090	2.4	41
Wyoming	27,016	26,289	26,970	2.6	35
Far West					
Alaska	30,563	30,182	31,374	3.9	4
California	1,604,155	1,566,999	1,605,790	2.5	39
Hawaii	54,700	54,594	55,801	2.2	47
Nevada	104,730	99,566	99,913	0.3	50
Oregon	139,306	138,453	142,113	2.6	34
Washington	287,011	285,696	292,950	2.5	37

Note: Data for 2008 and 2009 are revised, for 2010 preliminary.

Source: U.S. Bureau of Economic Analysis and Bureau of the Census.

New York had the second fastest growth among states in 2010 in resident personal income—4.1 percent—well ahead of the 3.0 percent rate of growth for the United States as a whole.

Figure 2
Percent Change in Personal Income Change, by
Component and by State and Region, 2009-2010

	Percent change in personal income and its components			
	Personal income	Net earnings	Dividends, interest, and rent	Transfer receipts
United States	2.97	2.38	0.64	7.57
New England				
Connecticut	2.88	2.65	0.57	7.21
Maine	2.84	2.18	-0.27	6.71
Massachusetts	3.10	3.33	0.12	5.33
New Hampshire	2.74	2.60	0.12	6.26
Rhode Island	2.81	2.74	-0.40	5.71
Vermont	3.41	3.41	0.09	6.35
Mideast				
Delaware	2.38	1.54	-0.22	7.72
District of Columbia	3.55	3.47	0.89	7.59
Maryland	2.93	2.64	0.58	7.60
New Jersey	2.58	2.34	0.18	6.48
New York	4.08	4.20	1.05	6.52
Pennsylvania	3.23	3.12	0.25	5.93
Great Lakes				
Illinois	2.47	1.67	0.44	8.18
Indiana	3.68	3.94	-0.29	5.72
Michigan	2.84	2.55	-0.41	5.96
Ohio	2.73	2.08	0.05	6.63
Wisconsin	3.42	2.76	0.19	8.76
Plains				
Iowa	2.98	2.97	0.60	5.26
Kansas	2.68	2.08	1.01	6.96
Minnesota	3.09	3.01	0.25	6.61
Missouri	2.23	1.18	0.04	7.46
Nebraska	2.23	1.69	0.56	6.50
North Dakota	3.46	3.40	1.30	6.13
South Dakota	1.50	0.41	0.72	6.94
Southeast				
Alabama	3.13	1.82	0.38	8.76
Arkansas	3.52	2.45	1.81	7.47
Florida	2.22	1.21	-0.01	8.23
Georgia	2.49	1.44	0.68	8.45
Kentucky	3.98	3.45	0.23	7.67
Louisiana	3.10	1.89	1.33	8.68
Mississippi	3.12	1.54	0.43	8.50
North Carolina	3.86	3.01	0.78	9.14
South Carolina	3.46	2.47	0.94	7.99
Tennessee	3.82	3.36	0.59	7.36
Virginia	3.13	3.05	0.18	7.34
West Virginia	3.61	3.20	0.57	5.92
Southwest				
Arizona	2.14	0.47	0.71	8.65
New Mexico	4.22	2.75	1.95	10.21
Oklahoma	3.40	2.58	0.98	8.11
Texas	3.79	3.01	1.48	10.00
Rocky Mountain				
Colorado	2.25	1.31	1.11	9.24
Idaho	2.68	1.91	0.86	7.15
Montana	2.91	2.09	1.14	7.49
Utah	2.44	1.29	1.74	9.10
Wyoming	2.59	2.41	1.38	6.08
Far West				
Alaska	3.95	3.16	1.92	9.54
California	2.48	1.70	0.99	7.72
Hawaii	2.21	1.16	1.65	7.57
Nevada	0.35	-1.55	-0.06	8.86
Oregon	2.64	1.98	0.86	6.55
Washington	2.54	1.46	1.25	8.62

Notes: Estimates may not add to totals because of rounding. 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 adjustment to convert earnings by place of work to a place-of-residence basis.

Source: U.S. Bureau of Economic Analysis.

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Figure 3
State and Regional Shares in Personal Income and Net Earnings

	Millions of dollars			State share of US personal income 2010	Share of change in personal income 2009-2010	Share of change in net earnings 2009-2010
	Personal income 2010	Dollar change 2009-2010				
		Personal income	Net earnings			
United States	12,530,101	361,940	186,675	100.0%	100.0%	100.0%
New England						
Connecticut	200,154	5,608	3,421	1.6%	1.5%	1.8%
Maine	49,548	1,368	647	0.4%	0.4%	0.3%
Massachusetts	337,542	10,148	7,250	2.7%	2.8%	3.9%
New Hampshire	58,036	1,548	1,019	0.5%	0.4%	0.5%
Rhode Island	44,817	1,223	744	0.4%	0.3%	0.4%
Vermont	25,207	831	510	0.2%	0.2%	0.3%
Mideast						
Delaware	35,883	835	340	0.3%	0.2%	0.2%
District of Columbia	42,749	1,466	1,044	0.3%	0.4%	0.6%
Maryland	283,049	8,069	5,054	2.3%	2.2%	2.7%
New Jersey	446,464	11,248	6,931	3.6%	3.1%	3.7%
New York	946,054	37,057	24,160	7.6%	10.2%	12.9%
Pennsylvania	522,731	16,334	10,004	4.2%	4.5%	5.4%
Great Lakes				0.0%	0.0%	0.0%
Illinois	553,753	13,373	5,951	4.4%	3.7%	3.2%
Indiana	226,562	8,035	5,637	1.8%	2.2%	3.0%
Michigan	351,830	9,716	5,359	2.8%	2.7%	2.9%
Ohio	419,871	11,165	5,398	3.4%	3.1%	2.9%
Wisconsin	218,564	7,227	3,750	1.7%	2.0%	2.0%
Plains						
Iowa	116,616	3,380	2,198	0.9%	0.9%	1.2%
Kansas	113,375	2,957	1,505	0.9%	0.8%	0.8%
Minnesota	227,234	6,821	4,355	1.8%	1.9%	2.3%
Missouri	221,465	4,827	1,615	1.8%	1.3%	0.9%
Nebraska	72,244	1,579	793	0.6%	0.4%	0.4%
North Dakota	27,305	912	596	0.2%	0.3%	0.3%
South Dakota	31,643	469	81	0.3%	0.1%	0.0%
Southeast						
Alabama	162,249	4,925	1,771	1.3%	1.4%	0.9%
Arkansas	96,663	3,289	1,341	0.8%	0.9%	0.7%
Florida	738,373	16,045	4,715	5.9%	4.4%	2.5%
Georgia	343,817	8,351	3,256	2.7%	2.3%	1.7%
Kentucky	144,711	5,545	2,943	1.2%	1.5%	1.6%
Louisiana	174,292	5,246	2,019	1.4%	1.4%	1.1%
Mississippi	92,539	2,796	840	0.7%	0.8%	0.4%
North Carolina	339,828	12,629	6,216	2.7%	3.5%	3.3%
South Carolina	153,392	5,127	2,242	1.2%	1.4%	1.2%
Tennessee	224,064	8,245	4,726	1.8%	2.3%	2.5%
Virginia	358,140	10,856	7,468	2.9%	3.0%	4.0%
West Virginia	60,484	2,106	1,116	0.5%	0.6%	0.6%
Southwest						
Arizona	223,716	4,690	635	1.8%	1.3%	0.3%
New Mexico	69,676	2,820	1,145	0.6%	0.8%	0.6%
Oklahoma	136,627	4,494	2,174	1.1%	1.2%	1.2%
Texas	993,063	36,255	19,802	7.9%	10.0%	10.6%
Rocky Mountain						
Colorado	215,259	4,746	1,924	1.7%	1.3%	1.0%
Idaho	50,565	1,320	581	0.4%	0.4%	0.3%
Montana	34,943	987	415	0.3%	0.3%	0.2%
Utah	90,090	2,143	773	0.7%	0.6%	0.4%
Wyoming	26,970	681	375	0.2%	0.2%	0.2%
Far West						
Alaska	31,374	1,192	660	0.3%	0.3%	0.4%
California	1,605,790	38,791	17,410	12.8%	10.7%	9.3%
Hawaii	55,801	1,207	421	0.4%	0.3%	0.2%
Nevada	99,913	347	-977	0.8%	0.1%	-0.5%
Oregon	142,113	3,660	1,654	1.1%	1.0%	0.9%
Washington	292,950	7,254	2,666	2.3%	2.0%	1.4%

New York accounted for 12.9 percent of the national growth in net earnings last year—and 7.7 percent of personal income.

Note: 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 adjustment to convert earnings by place of work to a place-of-residence basis.

Source: U.S. Bureau of Economic Analysis and Bureau of the Census.



Endnote

¹ Bureau of Economic Analysis, "State Personal Income 2010," March 23, 2011.
<http://www.bea.gov/newsreleases/regional/spi/2011/pdf/spi0311.pdf>.

This new data from the U.S. Commerce Department helps shed light on current budget discussions in Albany. If steep cuts in the state budget are approved, New York's leading position could be jeopardized for 2011.

The Fiscal Policy Institute is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers.

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