Economic Status of the States

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Southern Office
Economic Status of the States

**Contraction Periods in the U.S. Business Cycle: 1929-2009**

- August 1929 - March 1933: 43 months
- May 1937 - June 1938: 13 months
- February 1945 - October 1946: 8 months
- October 1949: 11 months
- July 1953 - May 1954: 10 months
- April 1958: 8 months
- April 1960 - February 1961: 10 months
- November 1970: 16 months
- January 1973 - March 1975: 11 months
- July 1981 - November 1982: 16 months
- July 1990 - March 1991: 8 months
- March 2001 - November 2001: 8 months
- December 2007 - (as of February 2009): 15 months

Source: National Bureau of Economic Research

Length of Contraction Period (in months)
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New Houses Sold and For Sale (in thousands)

<table>
<thead>
<tr>
<th>Region</th>
<th>December 2007</th>
<th>December 2008 (preliminary)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>600</td>
<td>331</td>
</tr>
<tr>
<td>Northeast</td>
<td>56</td>
<td>28</td>
</tr>
<tr>
<td>Midwest</td>
<td>74</td>
<td>51</td>
</tr>
<tr>
<td>South</td>
<td>335</td>
<td>181</td>
</tr>
<tr>
<td>West</td>
<td>135</td>
<td>71</td>
</tr>
</tbody>
</table>

Percent Change

- United States: -44.8%
- Northeast: -50.0%
- Midwest: -31.1%
- South: -46.0%
- West: -47.4%

Source:
Manufacturing, Mining, and Construction
Statistics, U.S. Census Bureau
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New Privately-Owned Housing Units Started: Seasonally adjusted rate (in thousands of units)

- United States: -45.0%
- Northeast: -38.6%
- Midwest: -41.6%
- South: -49.5%
- West: -38.5%

Source: Manufacturing, Mining, and Construction Statistics, U.S. Census Bureau
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U.S. Foreclosure Rates by State, 2008

Top Ten Foreclosure States

Source: RealtyTrac®
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Annual Bond Sales: 1998-2008

- New Money
- Refunding/Combined

*Dollars in billions  **As of Dec. 30  Source: Thomson Reuters
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May 2008 through January 2009

Consumer Confidence Index™

[Graph showing the Consumer Confidence Index from May 2008 to January 2009]
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Total state budget shortfall in each fiscal year, in billions

- Last recession
  - 2002: -$40
  - 2003: -$75
  - 2004: -$80
  - 2005: -$45

- 2009: -$99
  - 2010: -$94 reported to date
  - 2011: -$145

Source:
Center on Budget and Policy Priorities
## Economic Status of the States

### States with Projected FY 2010 Budget Shortfalls

<table>
<thead>
<tr>
<th>State</th>
<th>Shortfall as a Percent of FY 2009 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td>29.8%</td>
</tr>
<tr>
<td>California</td>
<td>25.6%</td>
</tr>
<tr>
<td>Connecticut</td>
<td>23.1%</td>
</tr>
<tr>
<td>Delaware</td>
<td>15.3%</td>
</tr>
<tr>
<td>Florida</td>
<td>22.6%</td>
</tr>
<tr>
<td>Hawaii</td>
<td>11.9%</td>
</tr>
<tr>
<td>Idaho</td>
<td>13.9%</td>
</tr>
<tr>
<td>Iowa</td>
<td>12.2%</td>
</tr>
<tr>
<td>Kansas</td>
<td>16.7%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>21.7%</td>
</tr>
<tr>
<td>Maryland</td>
<td>12.5%</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>11.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>State</th>
<th>Shortfall as a Percent of FY 2009 General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnesota</td>
<td>14.7%</td>
</tr>
<tr>
<td>Nevada</td>
<td>30.0%</td>
</tr>
<tr>
<td>New Jersey</td>
<td>12.3%</td>
</tr>
<tr>
<td>New York</td>
<td>24.3%</td>
</tr>
<tr>
<td>North Carolina</td>
<td>15.3%</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>13.7%</td>
</tr>
<tr>
<td>Utah</td>
<td>12.1%</td>
</tr>
<tr>
<td>Vermont</td>
<td>20.8%</td>
</tr>
<tr>
<td>Virginia</td>
<td>10.4%</td>
</tr>
<tr>
<td>Washington</td>
<td>18.2%</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>20.3%</td>
</tr>
<tr>
<td>U.S. Average</td>
<td>15.9%</td>
</tr>
</tbody>
</table>
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Civilian Labor Force and Unemployment by State, Seasonally Adjusted
December 2008, Preliminary

Source:
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Rise in Medicaid Rolls
(Nationwide survey; 40 states responding)

States with the largest increases in enrollment, from 2007 to 2008*

<table>
<thead>
<tr>
<th>State</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utah</td>
<td>10.8%</td>
</tr>
<tr>
<td>Colo.</td>
<td>10.5</td>
</tr>
<tr>
<td>Fla.</td>
<td>10.4</td>
</tr>
<tr>
<td>Wis.</td>
<td>9.5</td>
</tr>
<tr>
<td>Ore.</td>
<td>8.5</td>
</tr>
<tr>
<td>N.M.</td>
<td>8.3</td>
</tr>
<tr>
<td>Ind.</td>
<td>7.7</td>
</tr>
<tr>
<td>Iowa</td>
<td>6.6</td>
</tr>
<tr>
<td>Ga.</td>
<td>6.3</td>
</tr>
<tr>
<td>Nev.</td>
<td>6.3</td>
</tr>
<tr>
<td>N.C.</td>
<td>6.3</td>
</tr>
<tr>
<td>Ariz.</td>
<td>6.1</td>
</tr>
<tr>
<td>Wash.</td>
<td>5.9</td>
</tr>
<tr>
<td>Va.</td>
<td>5.8</td>
</tr>
<tr>
<td>Pa.</td>
<td>5.6</td>
</tr>
<tr>
<td>Ohio</td>
<td>5.3</td>
</tr>
</tbody>
</table>

*Change is for the 12 months from which the most recent data is available for each state.

Sources: Health Management Associates for the Kaiser Commission on Medicaid and the uninsured, state Medicaid officials.
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State Strategies to Deal with Looming Shortfalls:

1. Slashing Spending
   - Health programs (28 states)
   - K-12 education (26 states)
   - Elderly and disabled programs (22 states)
   - Colleges and universities (32 states)
   - State workforce (38 states)

2. Tapping ‘Rainy Day’ Funds

3. Expanding Gaming (Hawaii, Ohio, Wyoming, Nebraska, Maine, Kentucky, Pennsylvania)
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State Strategies to Deal with Looming Shortfalls (Cont):

4. Raising Taxes and Fees

✓ CA (sales, income, vehicle tax)
✓ WI (tax on hospital revenue and oil companies)
✓ ID, MA, IL, OR, SD (gas tax)
✓ NY (income tax for high-earners and 88 new fees/taxes)
✓ GA and TX (transportation)
✓ FL (reviewing sales tax exemptions)
✓ MS, FL, SC, KY, WI, AR, IL, RI, NC (cigarette tax)
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States still have to contend with surging expenditures in a number of major categories:

- Healthcare
- Education
- Public Pensions
- Emergency Management
- Unemployment Insurance
- Transportation
- Infrastructure
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Bright Sparks

- Solar Power Cell Manufacturing Plant – Atlanta, Georgia;
- $1.2 Billion Solar Electric Plant – Clarksville, Tennessee;
- Wind Manufacturing Companies – Oklahoma;
- Wind Turbine Plant with 600 Workers – Butte, Montana;
- Four Wind Turbine Manufacturing Plants Employing 2,500 – Colorado;
- $2.2 Billion Clean-Coal Plant – Meridian, Mississippi;
- $1.5 Billion Bio Tech Hub Estimated to Generate 30,000 Jobs – Kannapolis, North Carolina;
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Bright Sparks – N.C. Research Campus (NCRC), Kannapolis, North Carolina

- NCRC is a $1.5 billion private-public venture created to foster collaboration and further knowledge in biotechnology, nutrition, agriculture, and health;
- Anchored by the David H. Murdock Research Institute, a nonprofit foundation that will house over $150 million of state-of-the-art scientific equipment;
- Partial client list includes Anatomics, Carolinas Medical Center, Dole Foods Research & Development Group, Inception Micro Angel Fund, Lab Corp, Pharmaceutical Product Development and Red Hat;
- Universities involved include Duke University, UNC Chapel Hill, NC State University, UNC Charlotte, North Carolina Central University, NC A&T State University, UNC Greensboro and Rowan Cabarrus Community College.
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Bright Sparks

• Wind Turbine Plant Employing 500 – Newton, Iowa;
• 700 Job Expansion at Electric Boat – Groton, Connecticut;
• Bio Science and Alternative Energy Research – Blue Springs, Missouri;
• $563 Million federal National Bio and Agro- Defense Facility – Manhattan, Kansas;
• IBM’s U.S expansions in East Lansing, Michigan (1,500 direct and indirect jobs) and Dubuque, Iowa (1,300 jobs);
• $3 Billion (Over 20 Years) Redevelopment of the Closed U.S. Navy Base – Charleston, South Carolina.
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Thank You

For Additional Information or Questions, Please Contact:

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