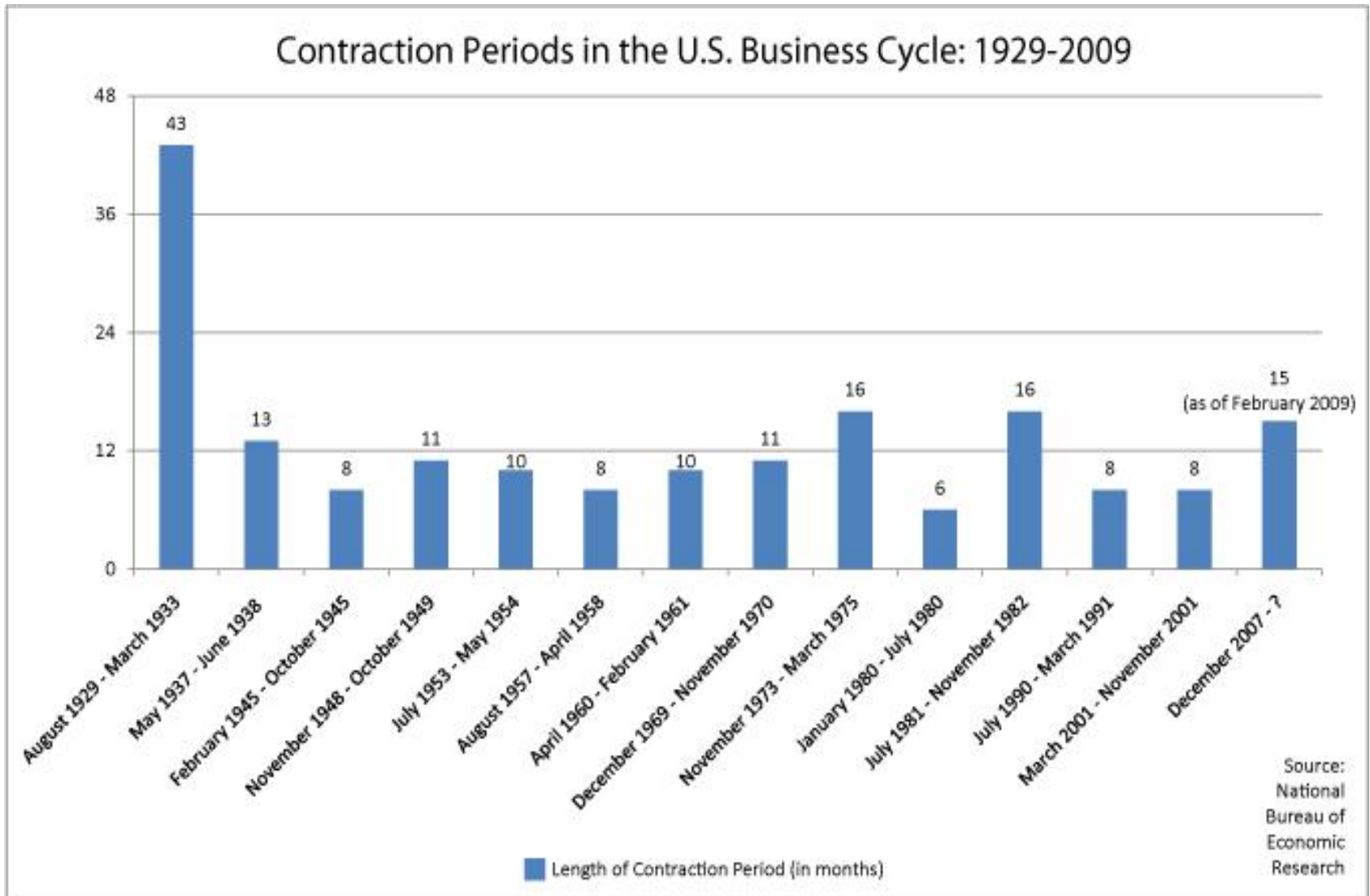


Economic Status of the States

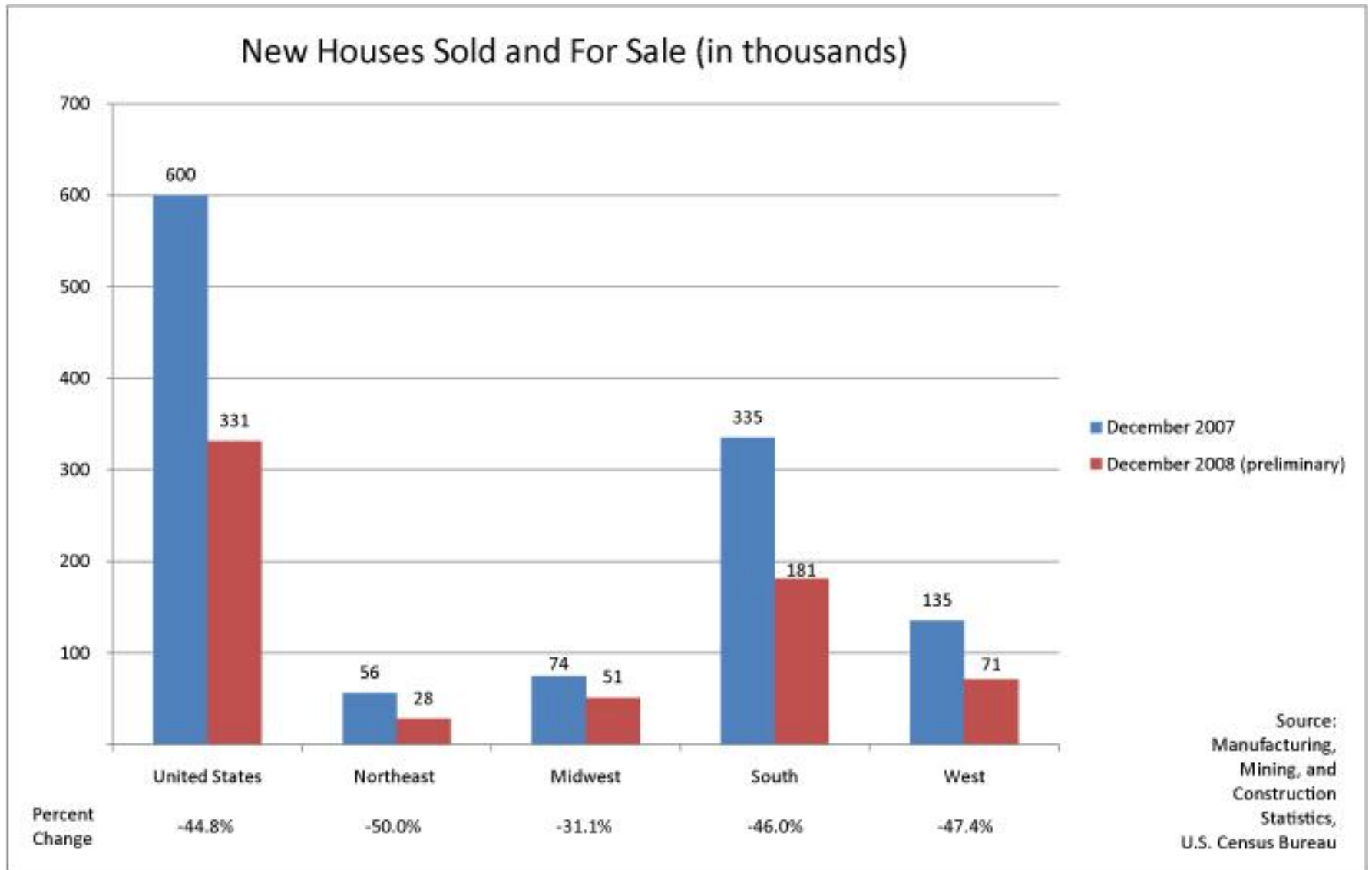
Presentation at the
The Council of State Governments Leaders' Meeting
February 21, 2009
Washington, D.C.

Sujit M. CanagaRetna
Senior Fiscal Analyst
The Council of State Governments'
Southern Office

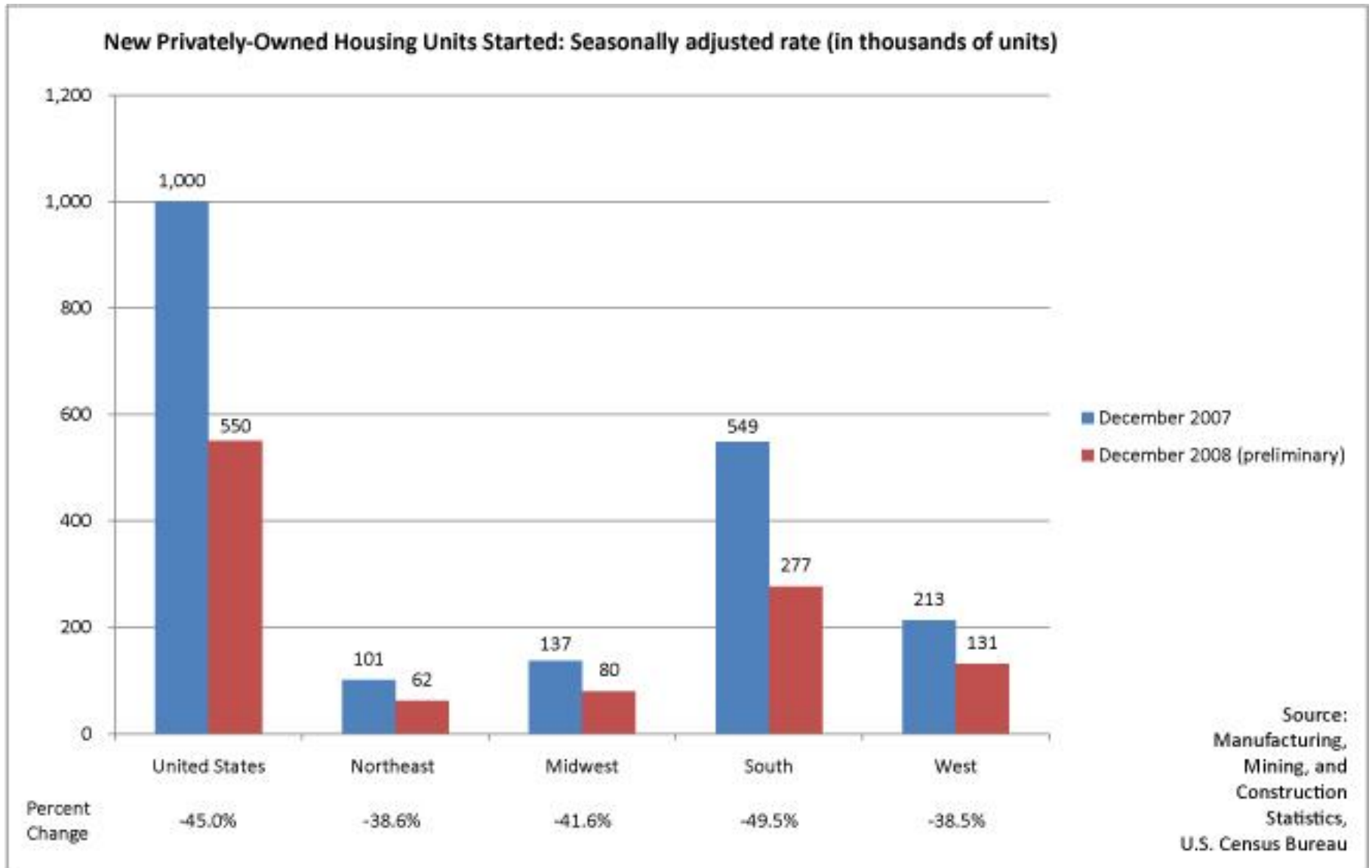
Economic Status of the States



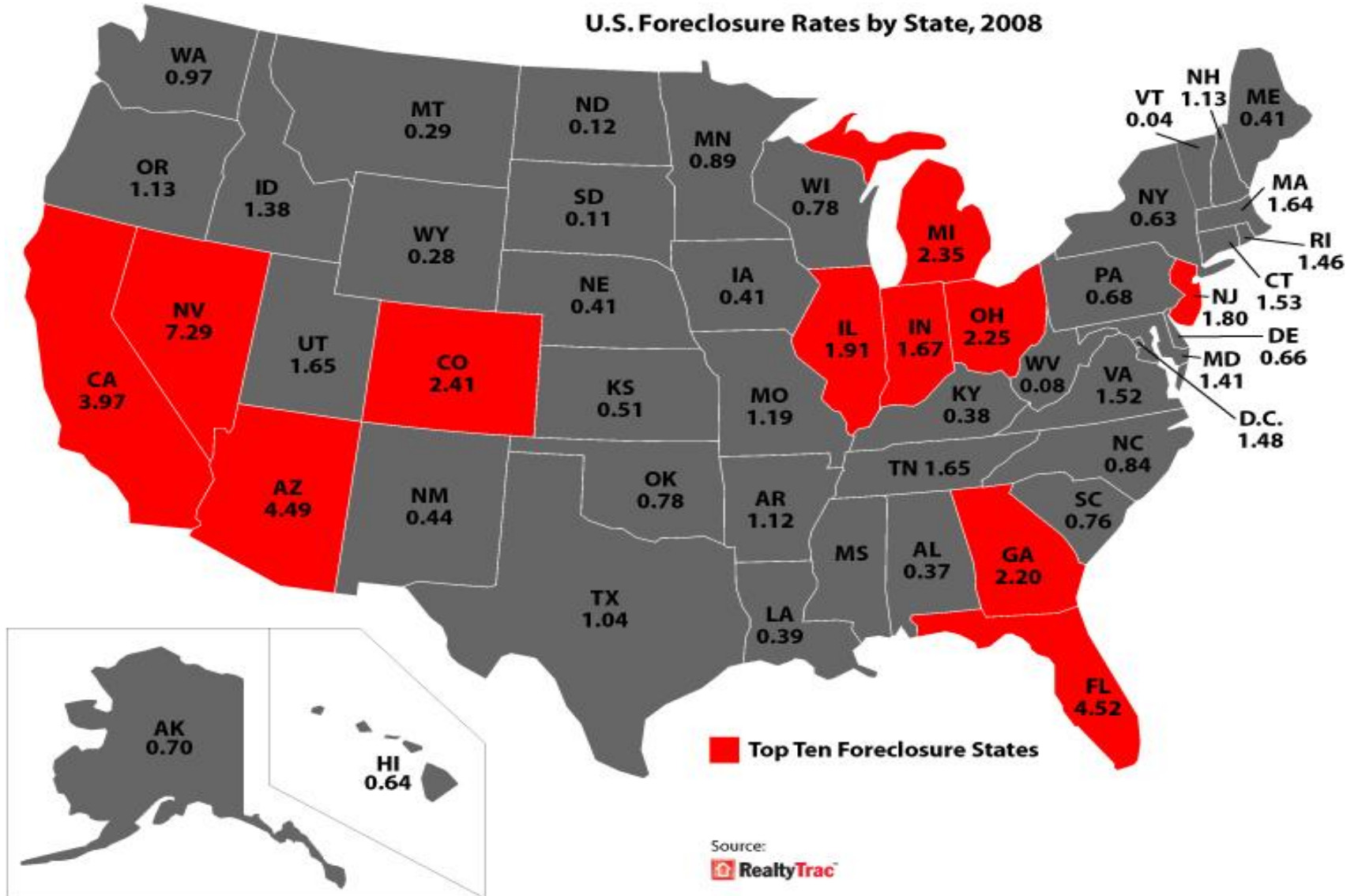
Economic Status of the States



Economic Status of the States

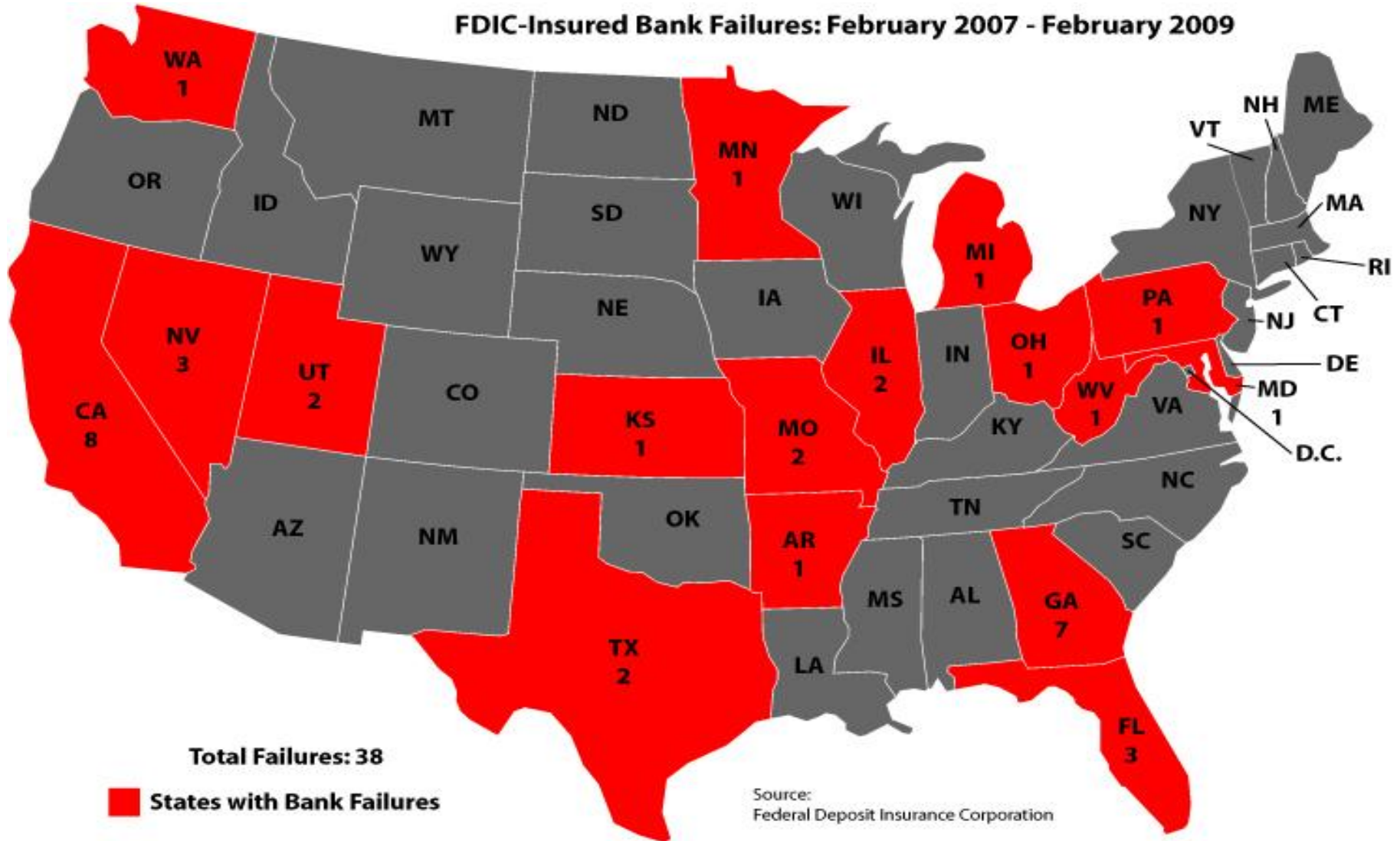


Economic Status of the States



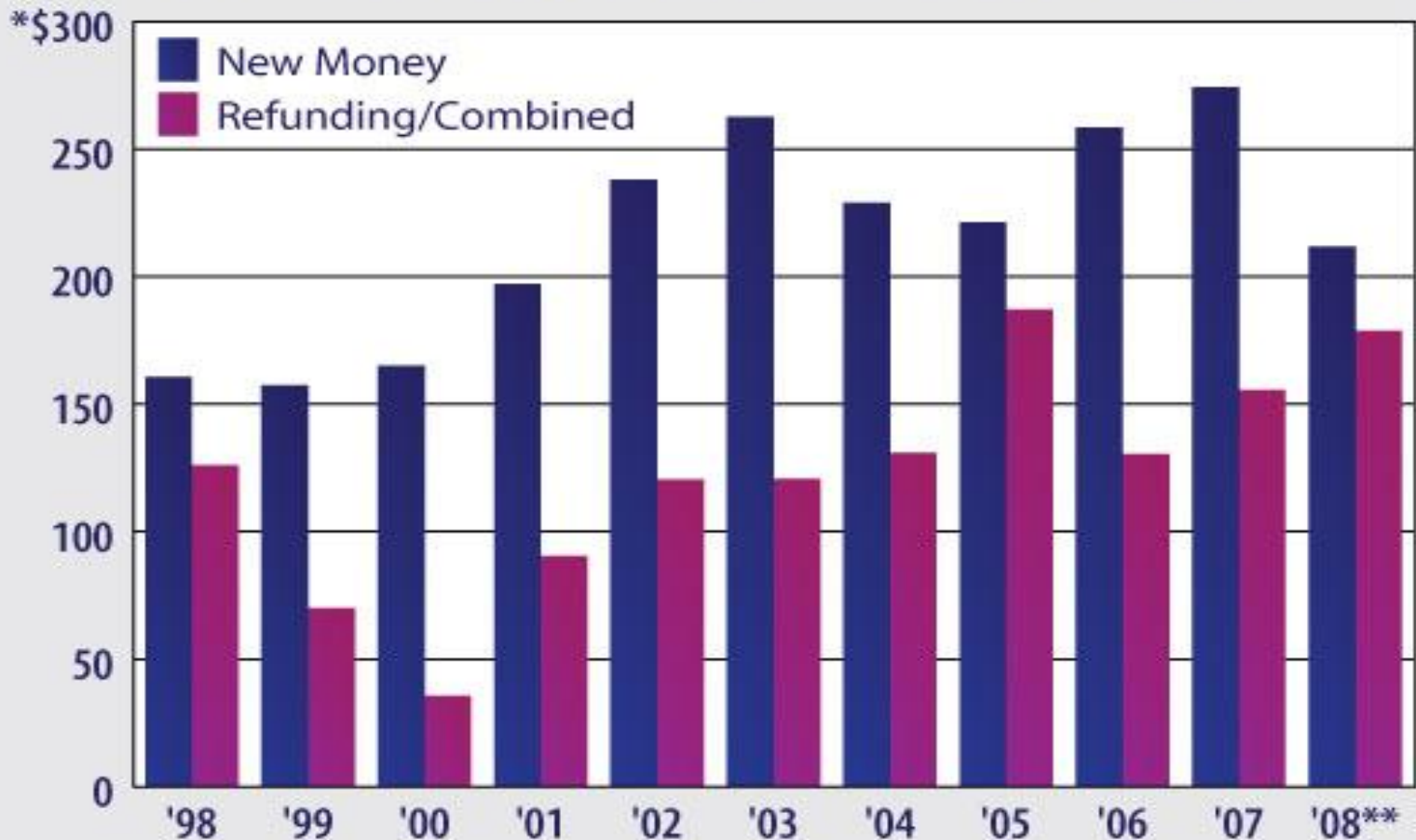
Economic Status of the States

FDIC-Insured Bank Failures: February 2007 - February 2009



Economic Status of the States

Annual Bond Sales: 1998-2008



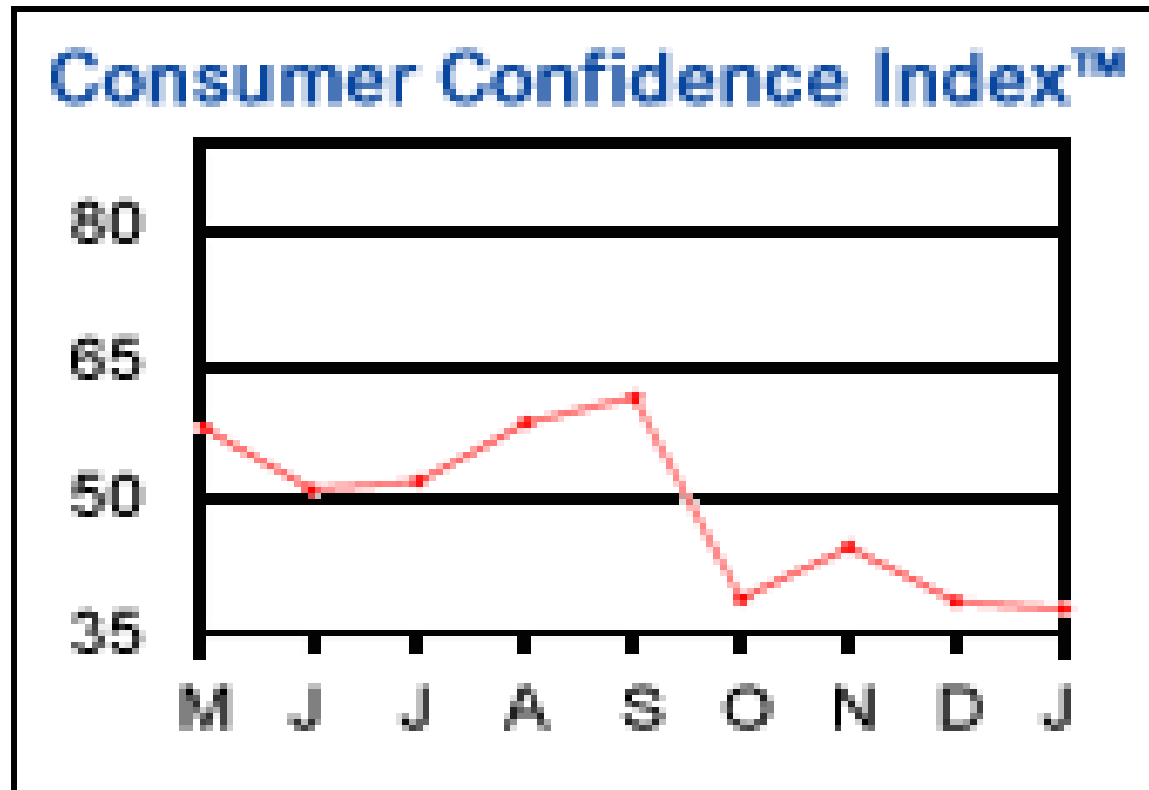
*Dollars in billions

**As of Dec. 30

Source: Thomson Reuters

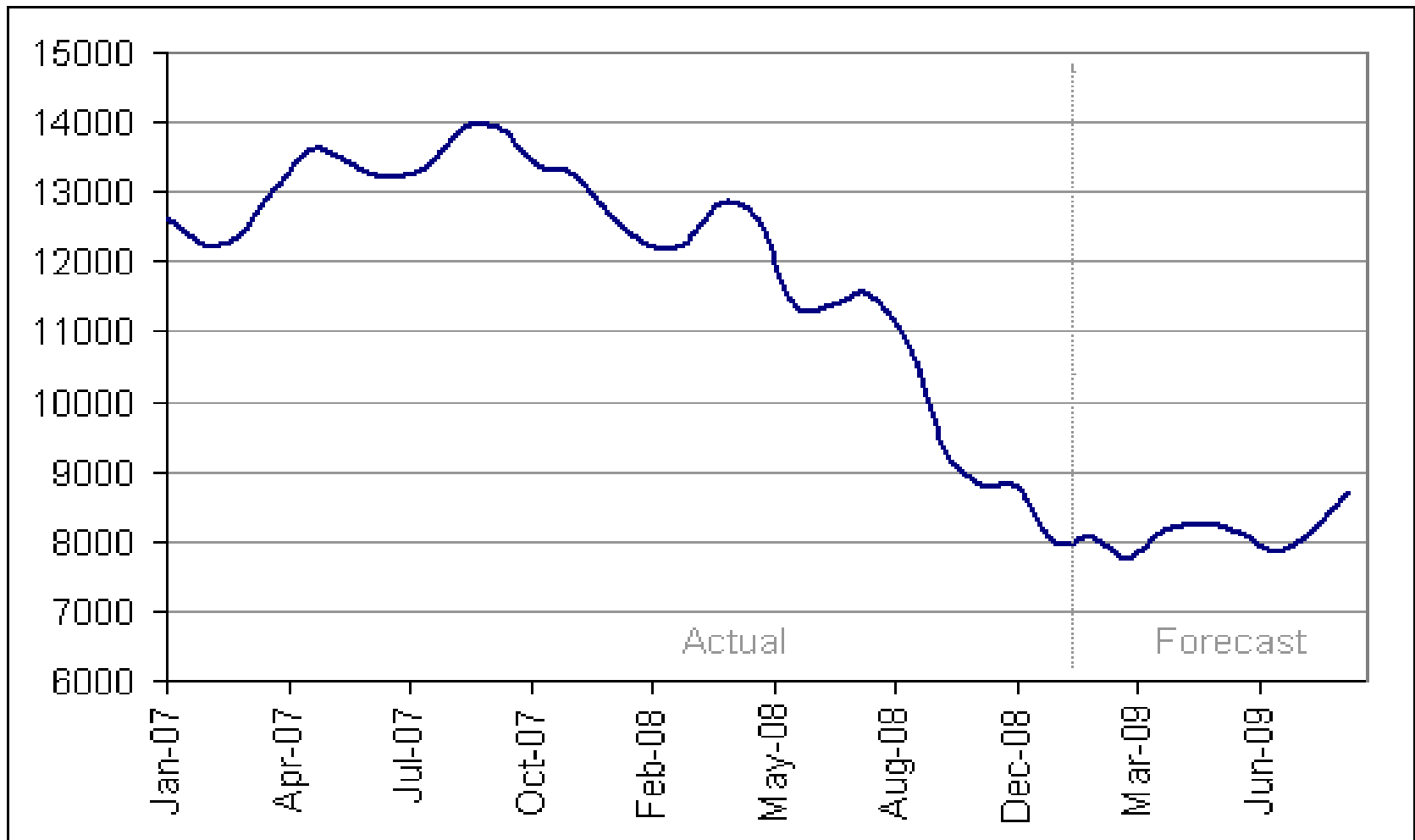
Economic Status of the States

May 2008 through January 2009



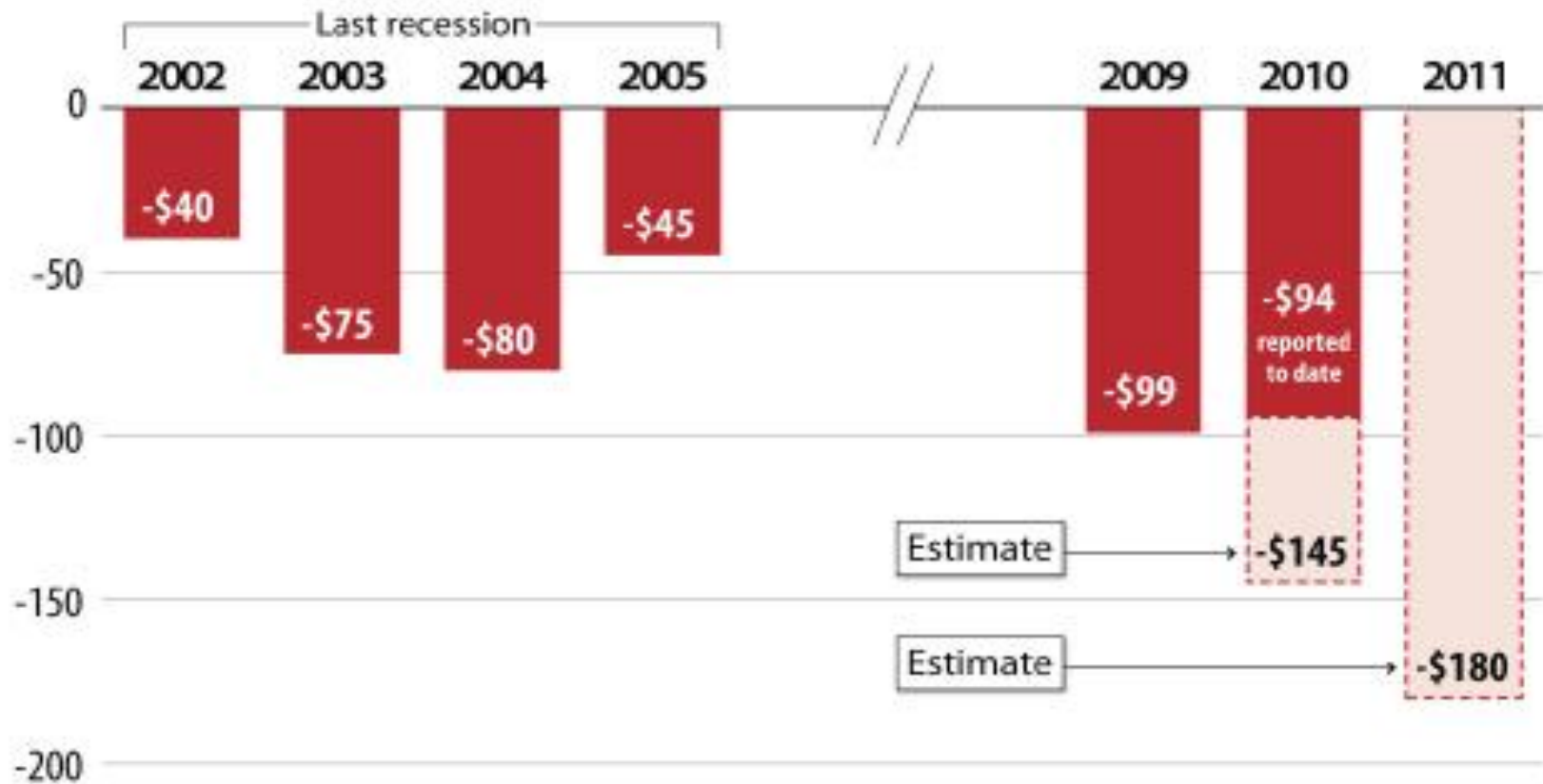
Economic Status of the States

Trajectory of the Dow Jones Industrial Average,
January 2007 to June 2009



Economic Status of the States

Total state budget shortfall in each fiscal year, in billions



Source:
Center on Budget and Policy Priorities

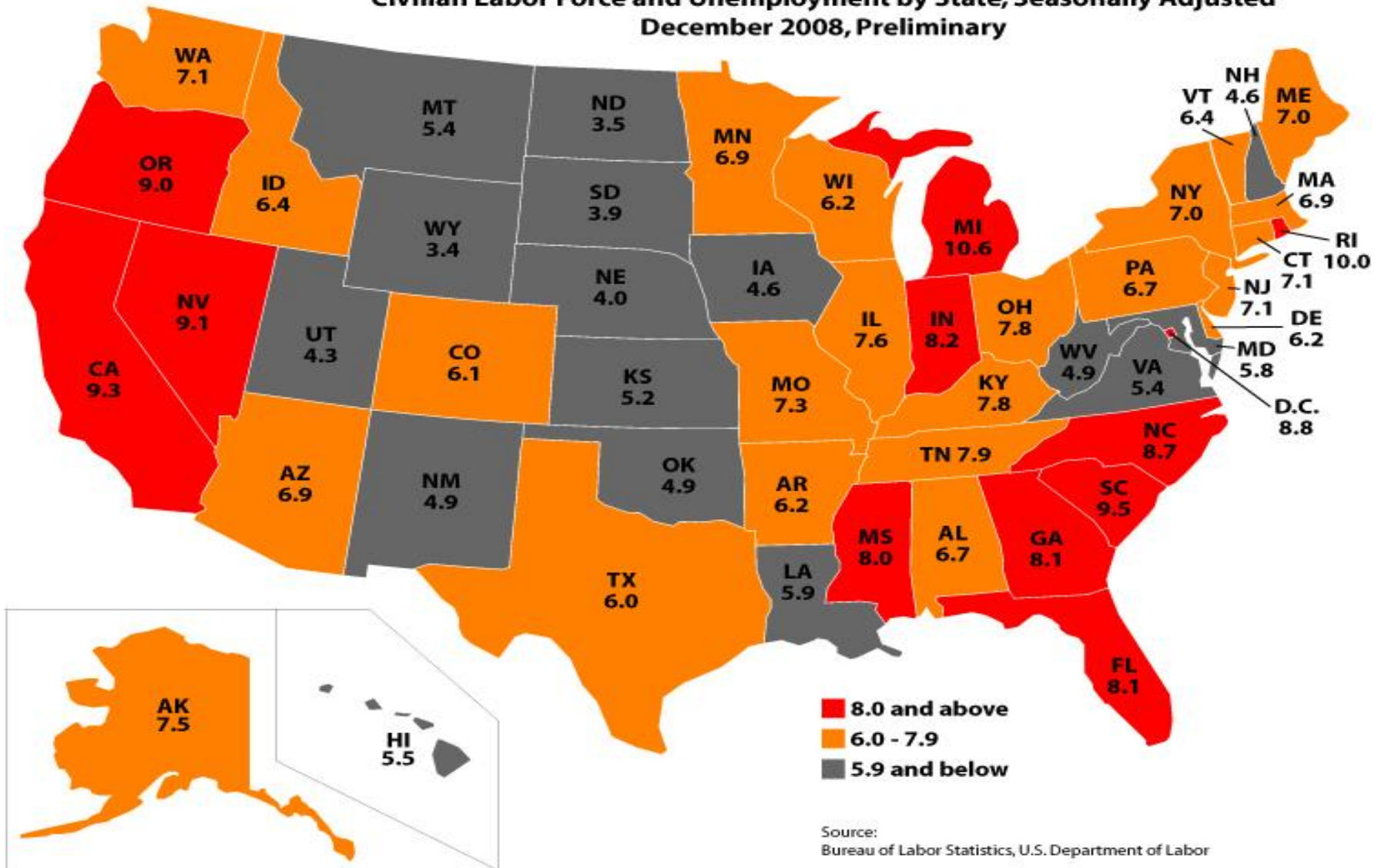
Economic Status of the States

States with Projected FY 2010 Budget Shortfalls

State	Shortfall as a Percent of FY 2009 General Fund	State	Shortfall as a Percent of FY 2009 General Fund
Arizona	29.8%	Minnesota	14.7%
California	25.6%	Nevada	30.0%
Connecticut	23.1%	New Jersey	12.3%
Delaware	15.3%	New York	24.3%
Florida	22.6%	North Carolina	15.3%
Hawaii	11.9%	Rhode Island	13.7%
Idaho	13.9%	Utah	12.1%
Iowa	12.2%	Vermont	20.8%
Kansas	16.7%	Virginia	10.4%
Louisiana	21.7%	Washington	18.2%
Maryland	12.5%	Wisconsin	20.3%
Massachusetts	11.0%	U.S. Average	15.9%

Economic Status of the States

Civilian Labor Force and Unemployment by State, Seasonally Adjusted
December 2008, Preliminary

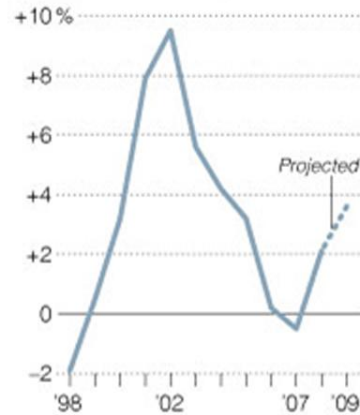


Source:
Bureau of Labor Statistics, U.S. Department of Labor

Economic Status of the States

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

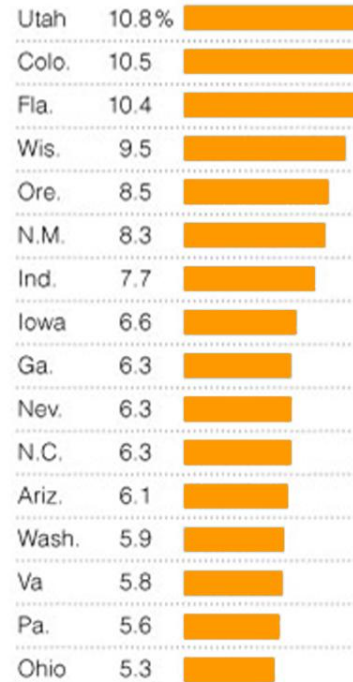
Change in Medicaid enrollments
in the U.S., for fiscal years



Sources: Health Management Associates for the Kaiser Commission on Medicaid and the uninsured; state Medicaid officials

THE NEW YORK TIMES

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



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

Economic Status of the States

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)

Economic Status of the States

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)

Economic Status of the States

States still have to contend with surging expenditures in a number of major categories:

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

Economic Status of the States

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;

Economic Status of the States

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.



Economic Status of the States

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.

Economic Status of the States

Thank You

For Additional Information or Questions,
Please Contact:

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scanagaretna@csg.org