

ECONOMIC DEVELOPMENT TRENDS FROM THE STATES

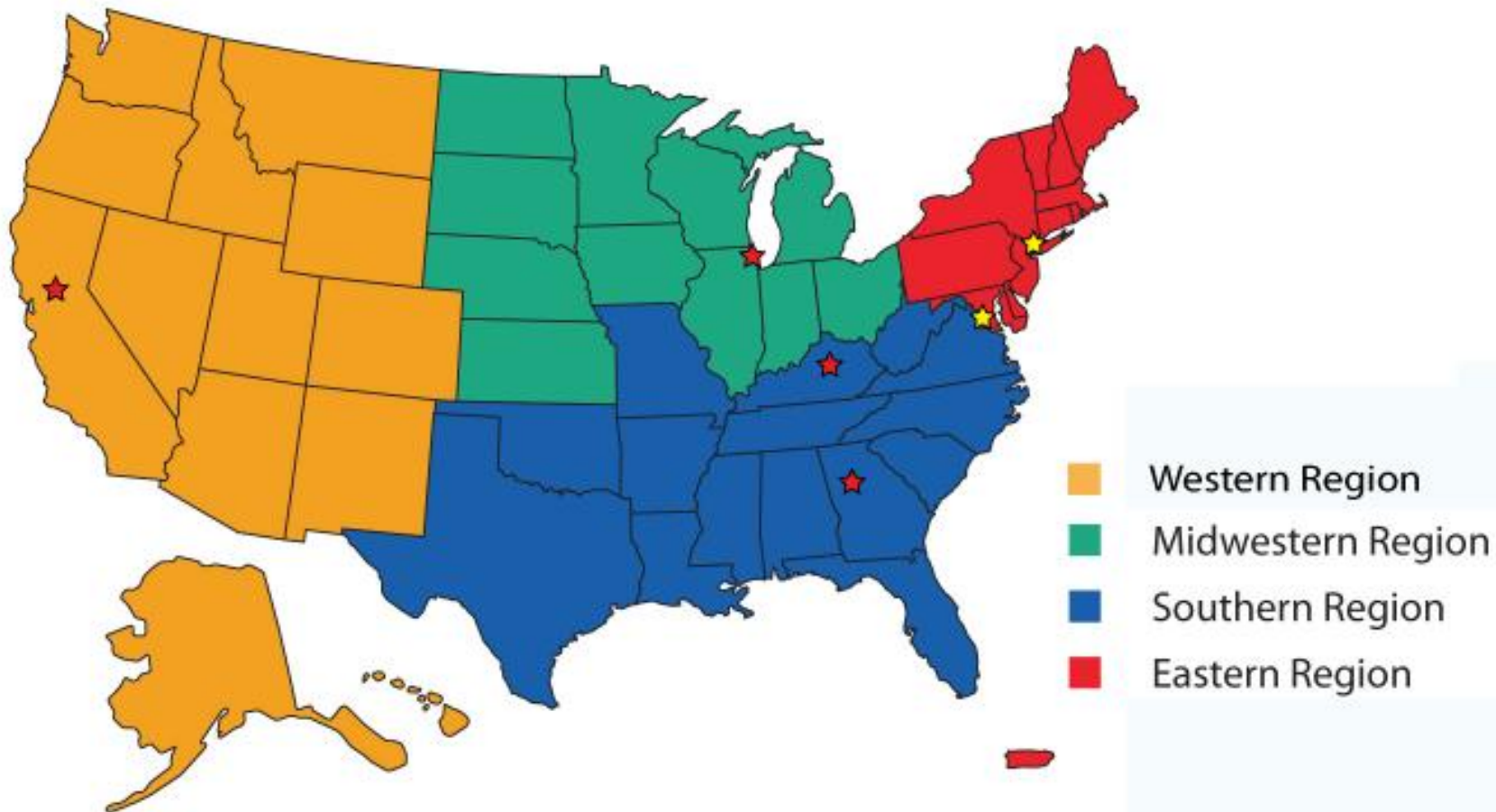
PRESENTATION AT THE 2012
NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS
FALL MEETING
ALEXANDRIA, VIRGINIA
OCTOBER 5, 2012

SUJIT M. CANAGARETNA

SENIOR FISCAL ANALYST

THE COUNCIL OF STATE GOVERNMENTS' SOUTHERN OFFICE
SOUTHERN LEGISLATIVE CONFERENCE (SLC)

INTRODUCTION TO CSG

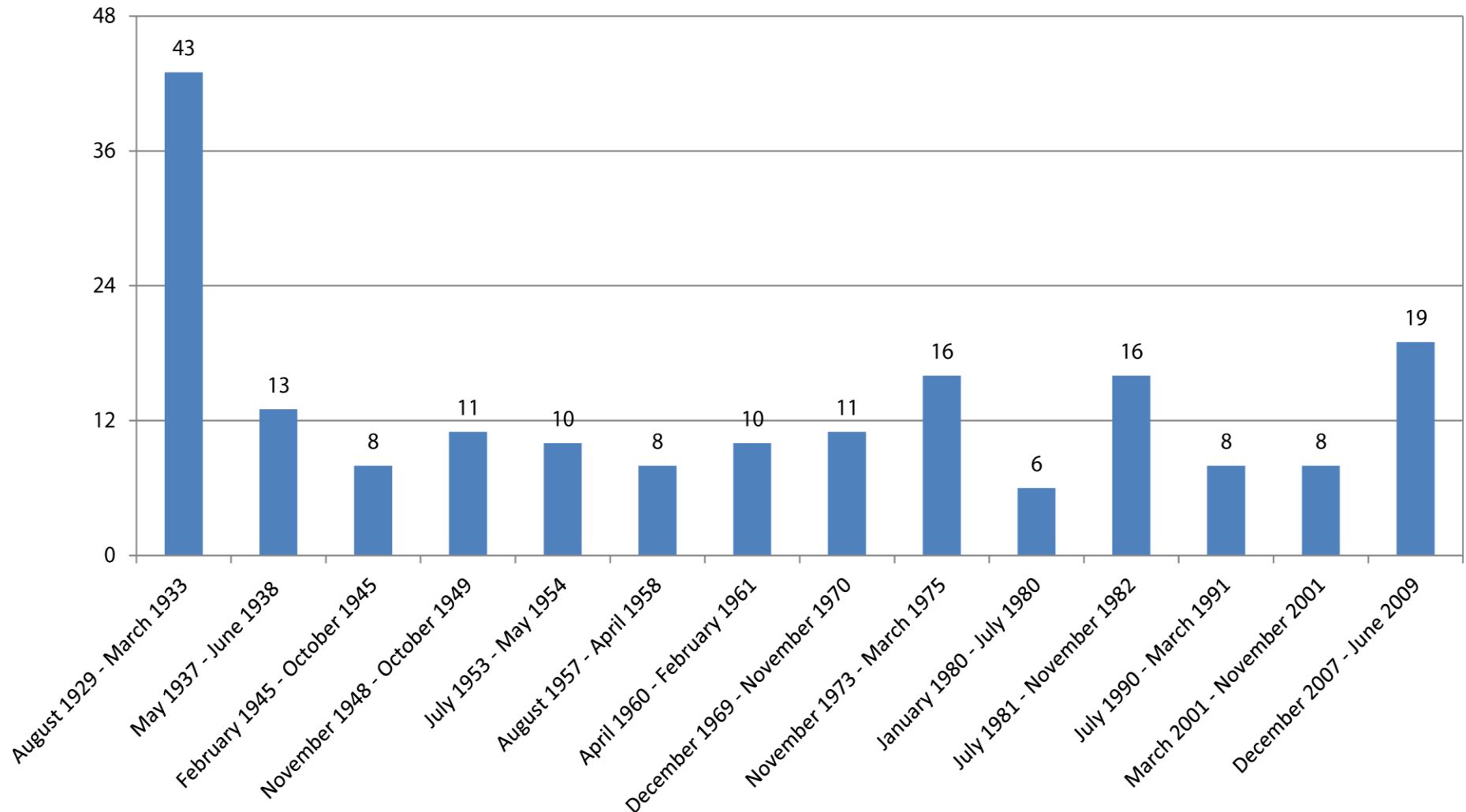


PRESENTATION OUTLINE

- Part I: Macro-Level Snapshot of U.S. Economy with Focus on States
- Part II: Platforms for Economic Growth
- Part III: “Bright Sparks” on State Economic Landscape
- Part IV: Key Economic Development Strategy – Job Training
- Part V: Unemployment Insurance Trends

PART I: MACRO-LEVEL SNAPSHOT OF U.S. ECONOMY

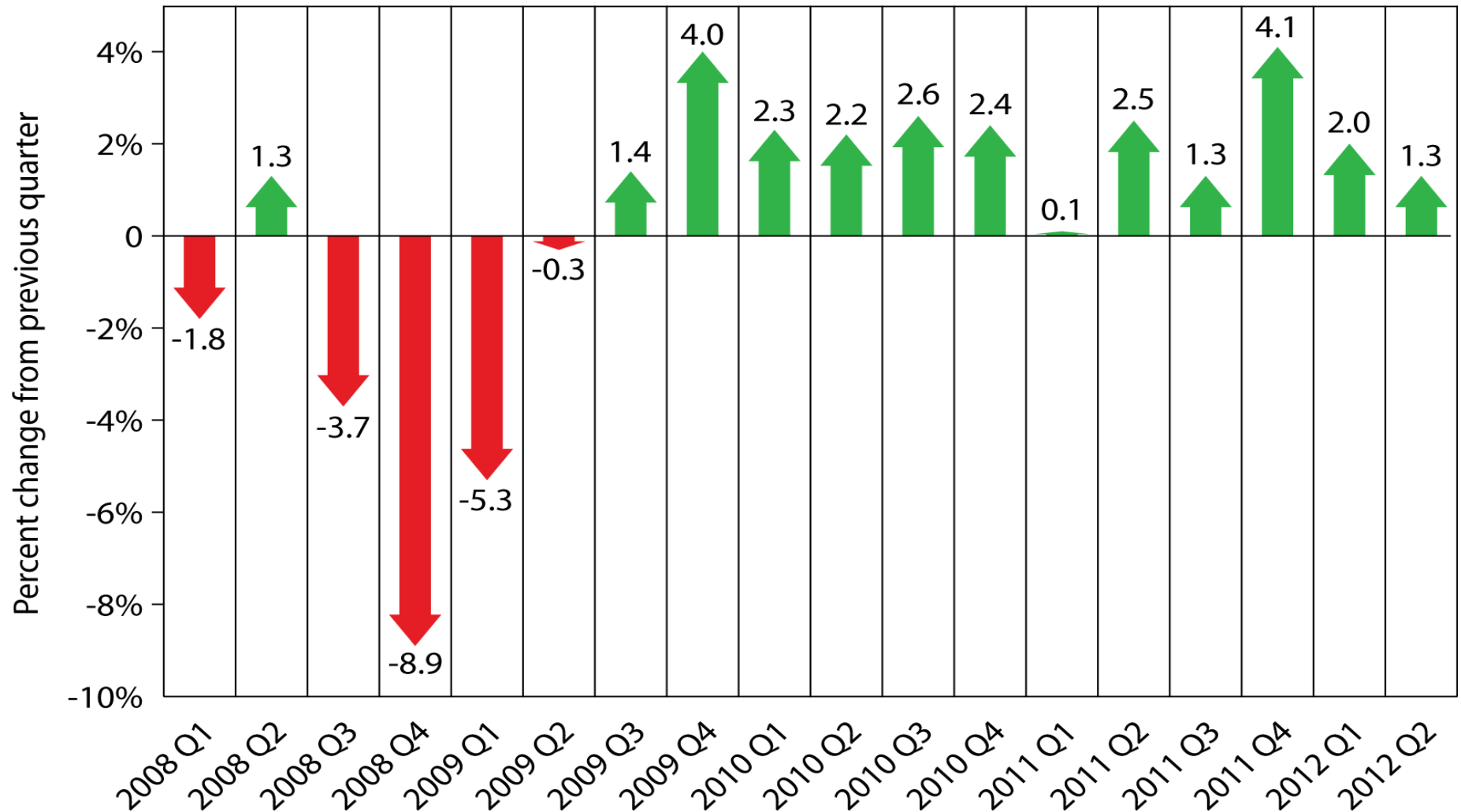
Length of Contraction Period (in months)



Source: National Bureau of Economic Research (NBER)

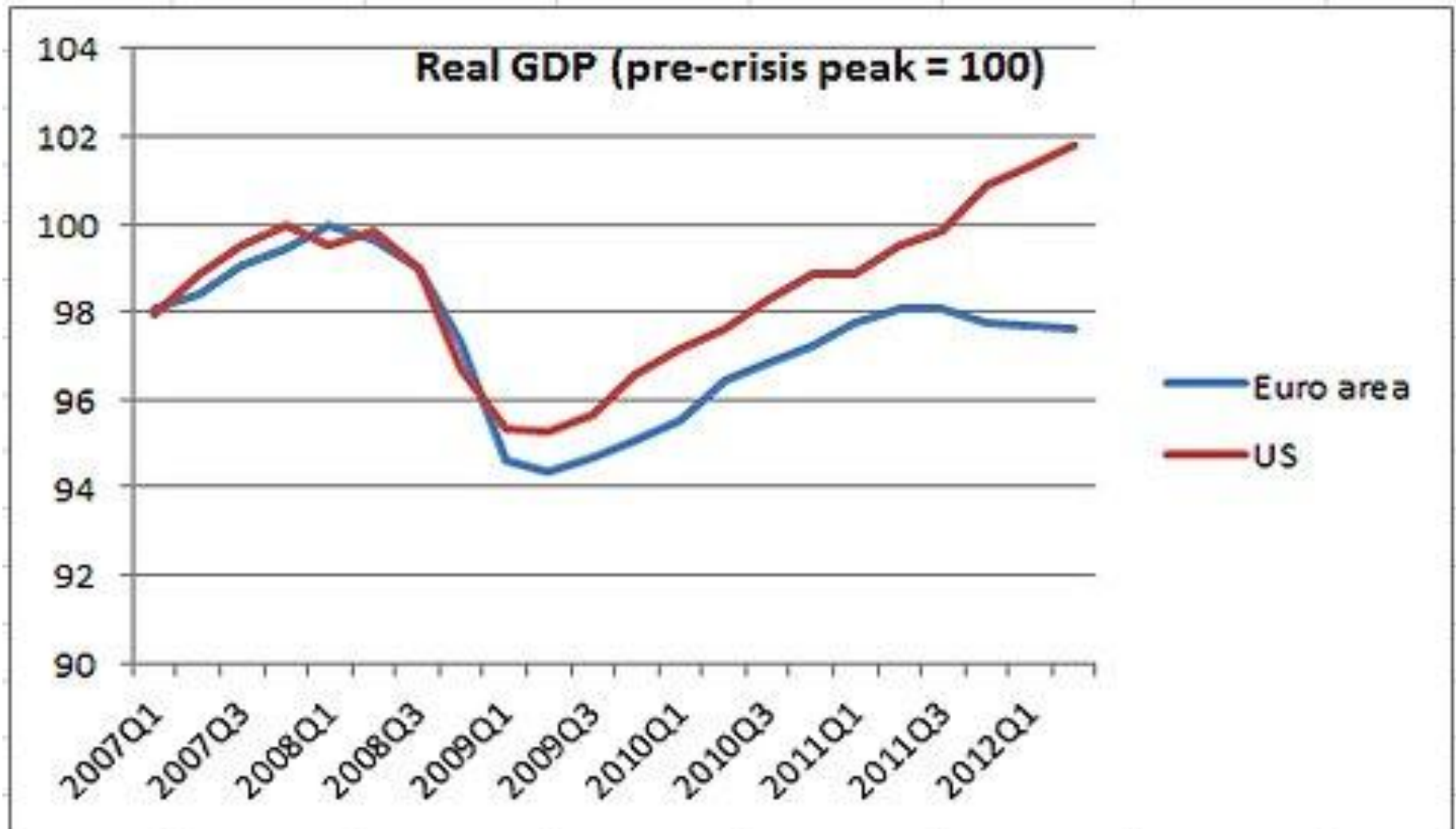
PART I: MACRO-LEVEL SNAPSHOT OF U.S. ECONOMY

U.S. Gross domestic product (GDP): 2008 (1st quarter) - 2012 (2nd quarter)



Source: United States Department of Commerce, Bureau of Economic Analysis

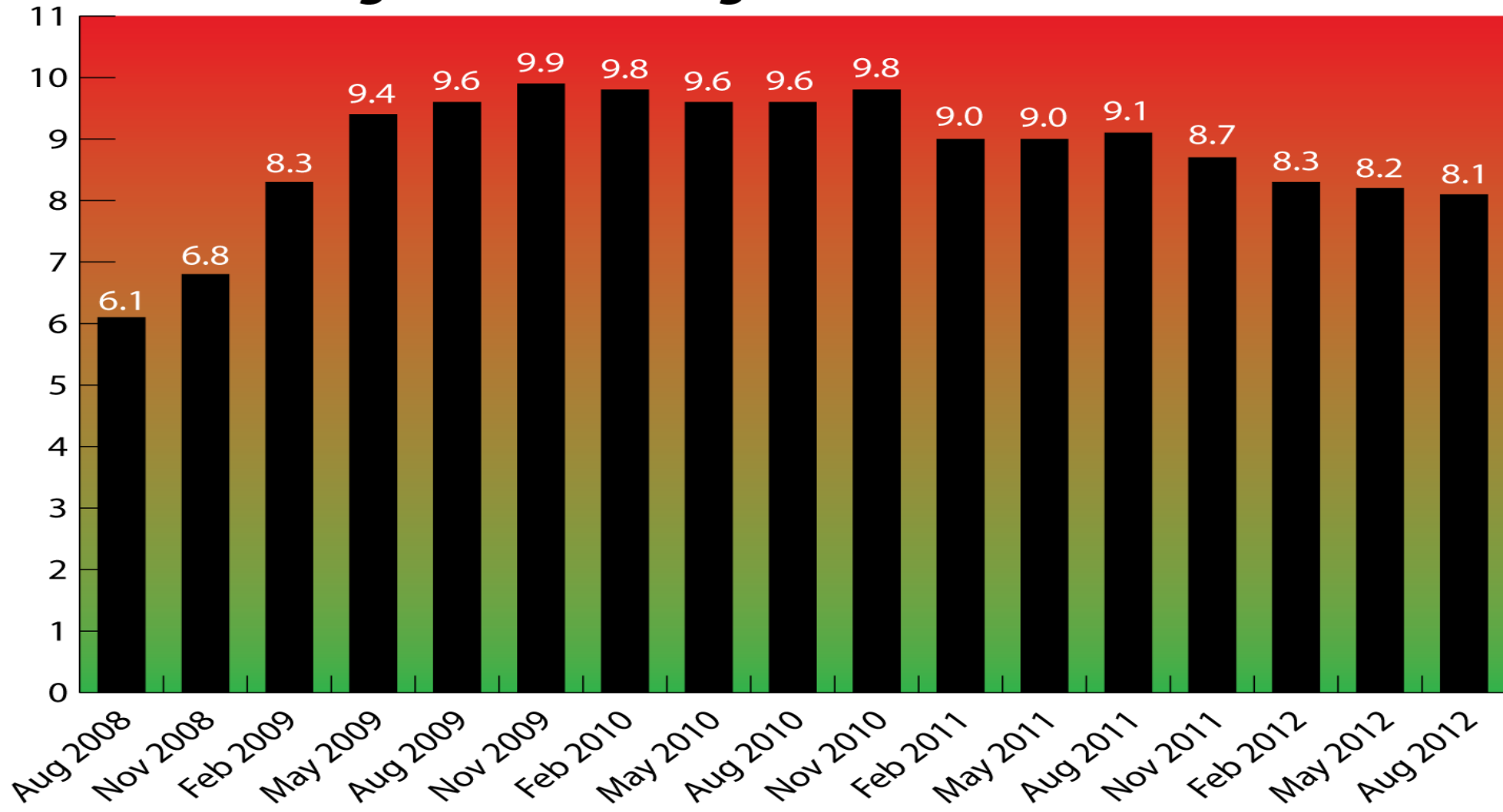
PART I: MACRO-LEVEL SNAPSHOT OF U.S. ECONOMY



PART I: MACRO-LEVEL SNAPSHOT OF U.S. ECONOMY

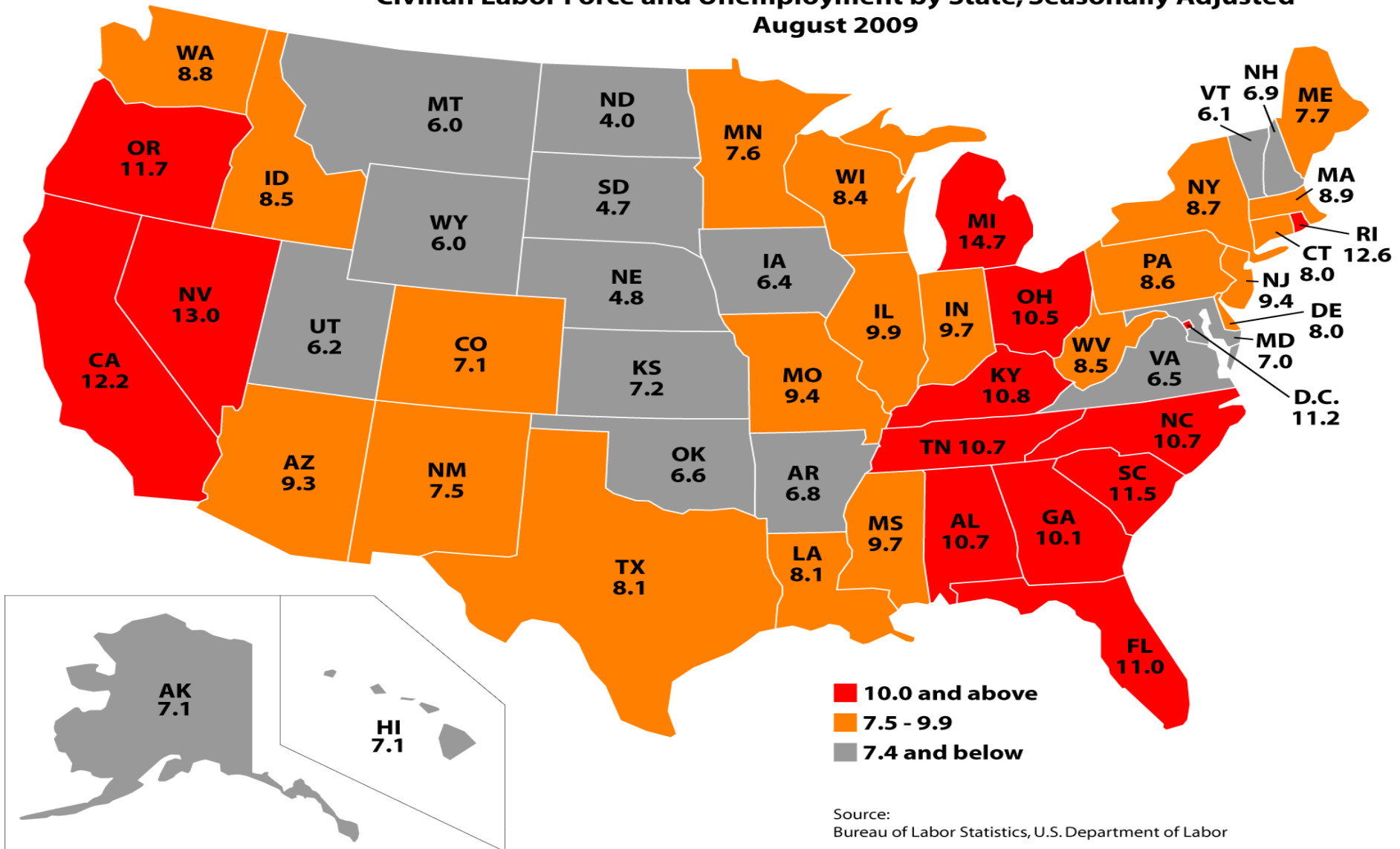
National Unemployment Rate August 2008 - August 2012

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



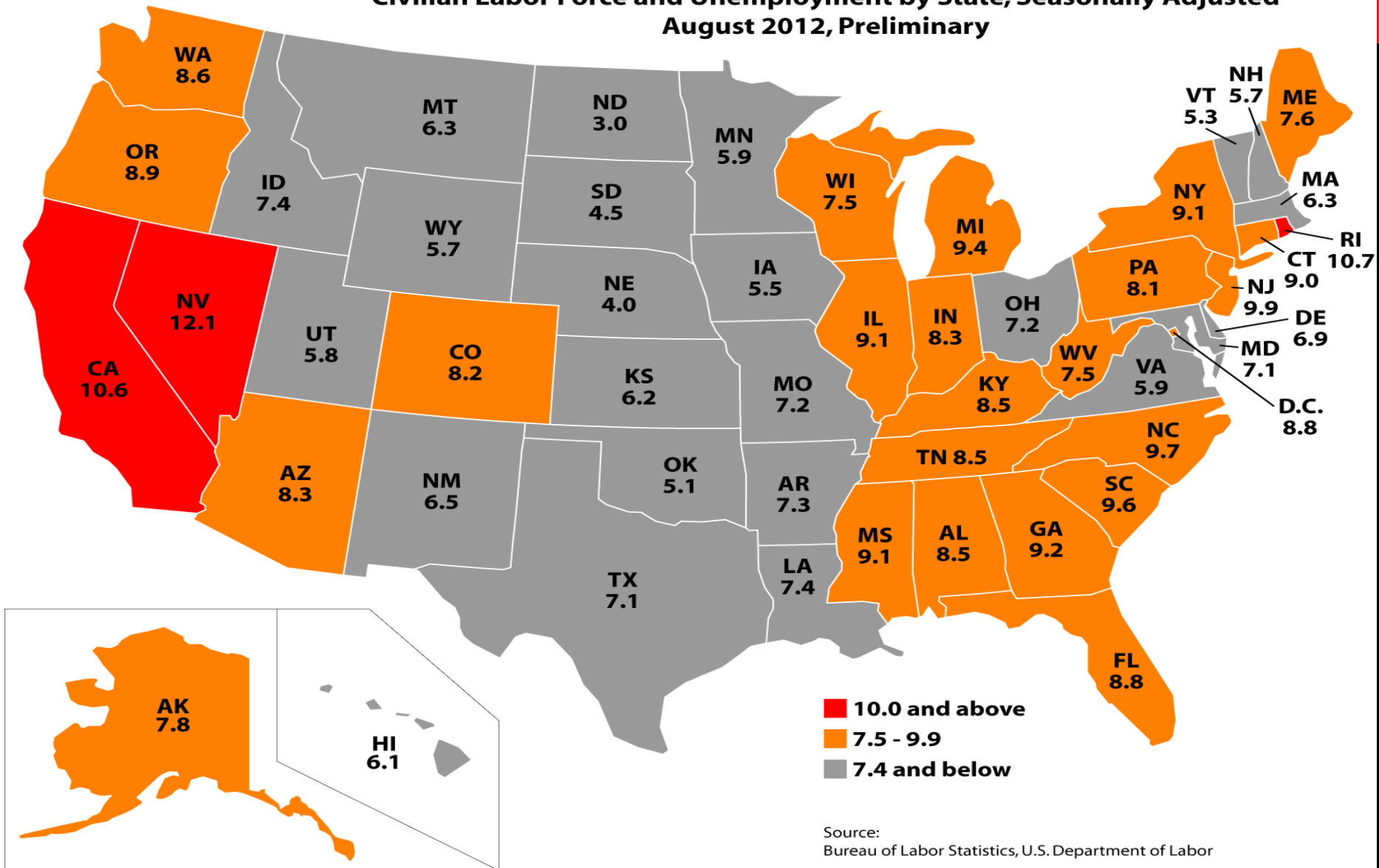
PART I: MACRO-LEVEL SNAPSHOT OF U.S. ECONOMY

**Civilian Labor Force and Unemployment by State, Seasonally Adjusted
August 2009**



PART I: MACRO-LEVEL SNAPSHOT OF U.S. ECONOMY

**Civilian Labor Force and Unemployment by State, Seasonally Adjusted
August 2012, Preliminary**



PART I: MACRO-LEVEL SNAPSHOT OF U.S. ECONOMY

UNEMPLOYMENT RATES IN SELECTED STATES: AUGUST 2009 V. AUGUST 2012

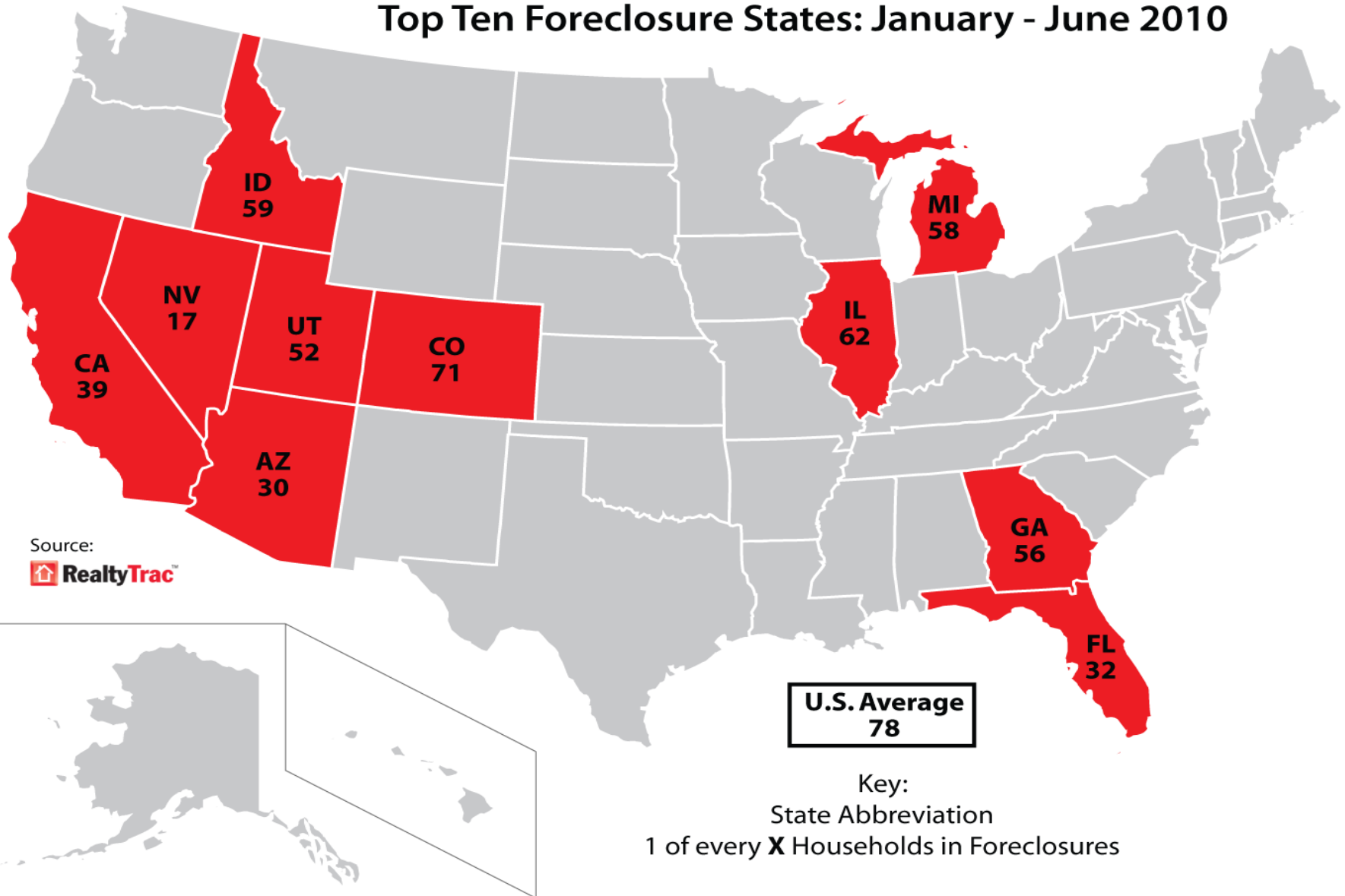


State	Unemployment Rate, Aug 2009	Unemployment Rate, Aug 2012
AL	10.7 %	8.5 %
CA	12.2 %	10.6 %
FL	11.0 %	8.8 %
GA	10.1 %	9.2 %
KY	10.8 %	8.5 %
MI	14.7 %	9.4 %
NV	13.0 %	12.1 %
NC	10.7 %	9.7 %
OH	10.5 %	7.2 %
OR	11.7 %	8.9 %
RI	12.6 %	10.7 %
SC	11.5 %	9.6 %
TN	10.7 %	8.5 %

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

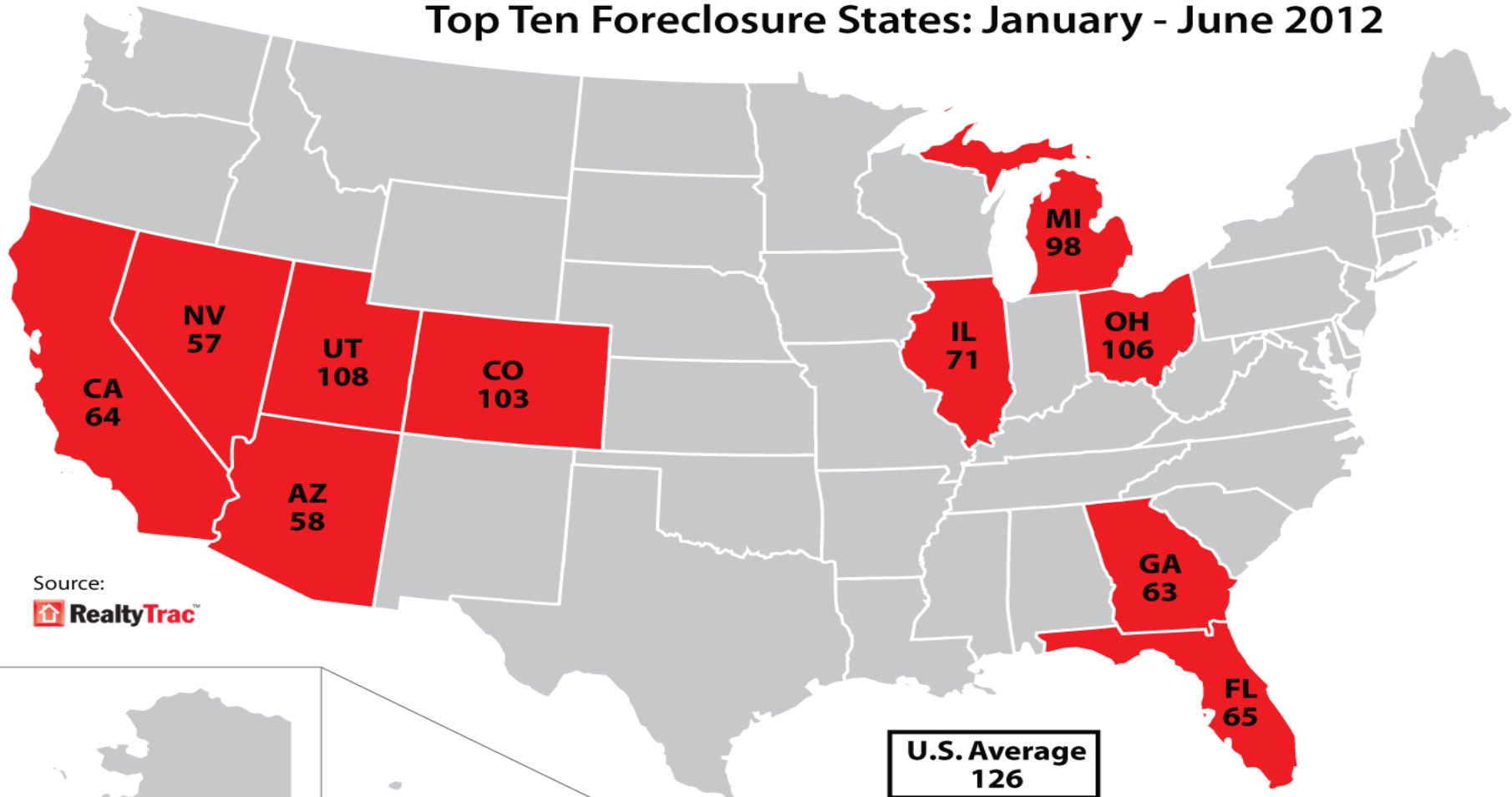
PART I: MACRO-LEVEL SNAPSHOT OF U.S. ECONOMY

Top Ten Foreclosure States: January - June 2010

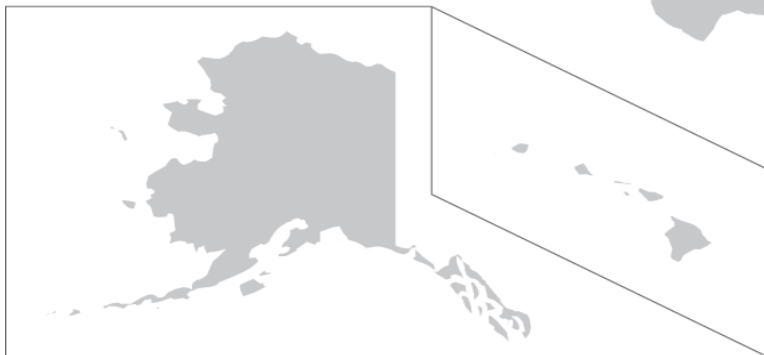


PART I: MACRO-LEVEL SNAPSHOT OF U.S. ECONOMY

Top Ten Foreclosure States: January - June 2012



Source:



Key:

State Abbreviation

1 of every X Households in Foreclosures

PART I: MACRO-LEVEL SNAPSHOT OF U.S. ECONOMY

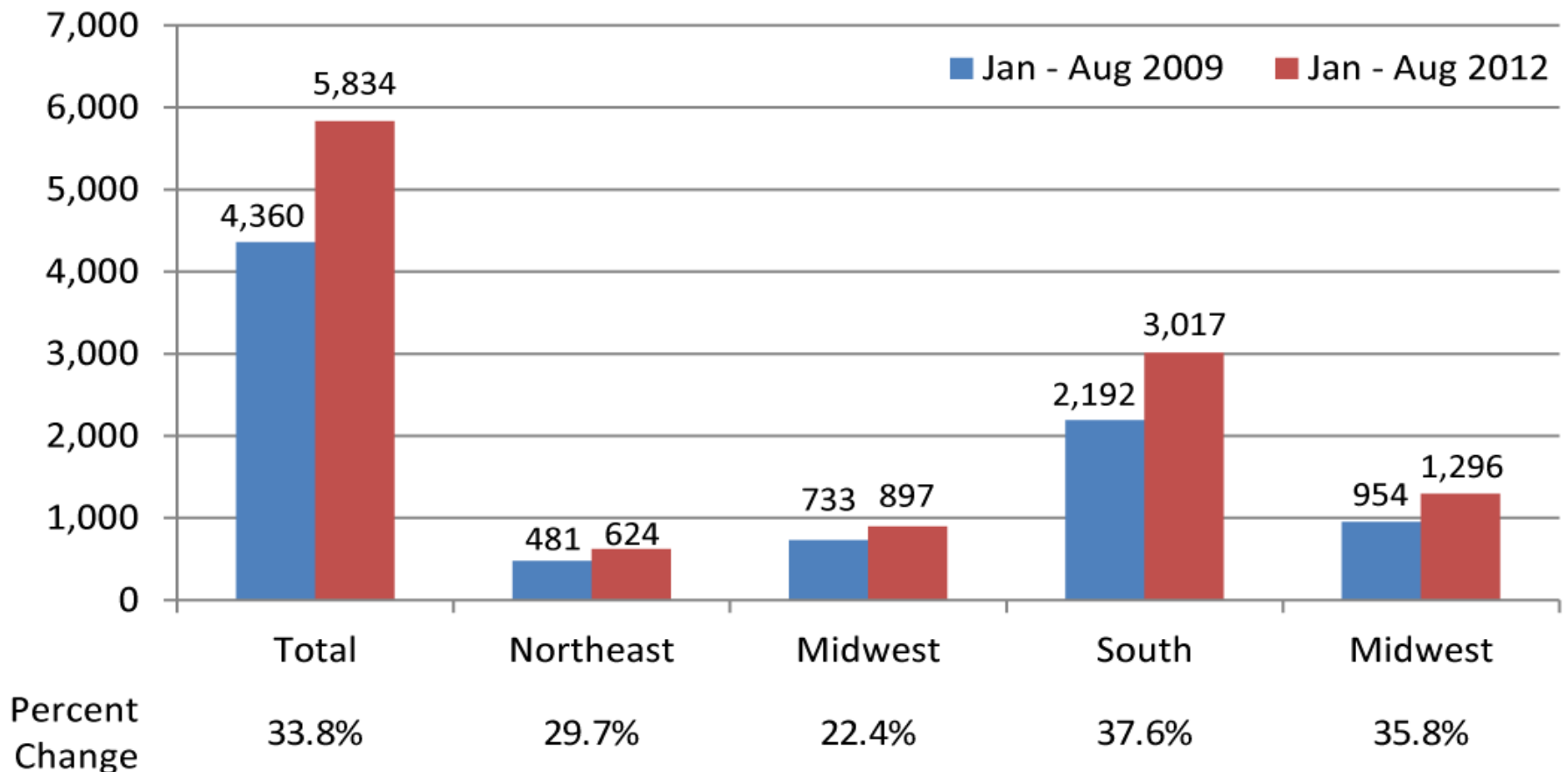
FORECLOSURE RATES: JAN-JUN 2010 AND JAN-JUN 2012

State	JAN-JUN 2010	JAN-JUN 2012
NV	1 in 17 Households	1 in 57 Households
AZ	1 in 30 Households	1 in 58 Households
FL	1 in 32 Households	1 in 65 Households
CA	1 in 39 Households	1 in 64 Households
UT	1 in 52 Households	1 in 108 Households
MI	1 in 58 Households	1 in 98 Households
GA	1 in 56 Households	1 in 63 Households
IL	1 in 62 Households	1 in 71 Households
U.S. Average	1 in 78 Households	1 in 126 Households

Source: RealtyTrac

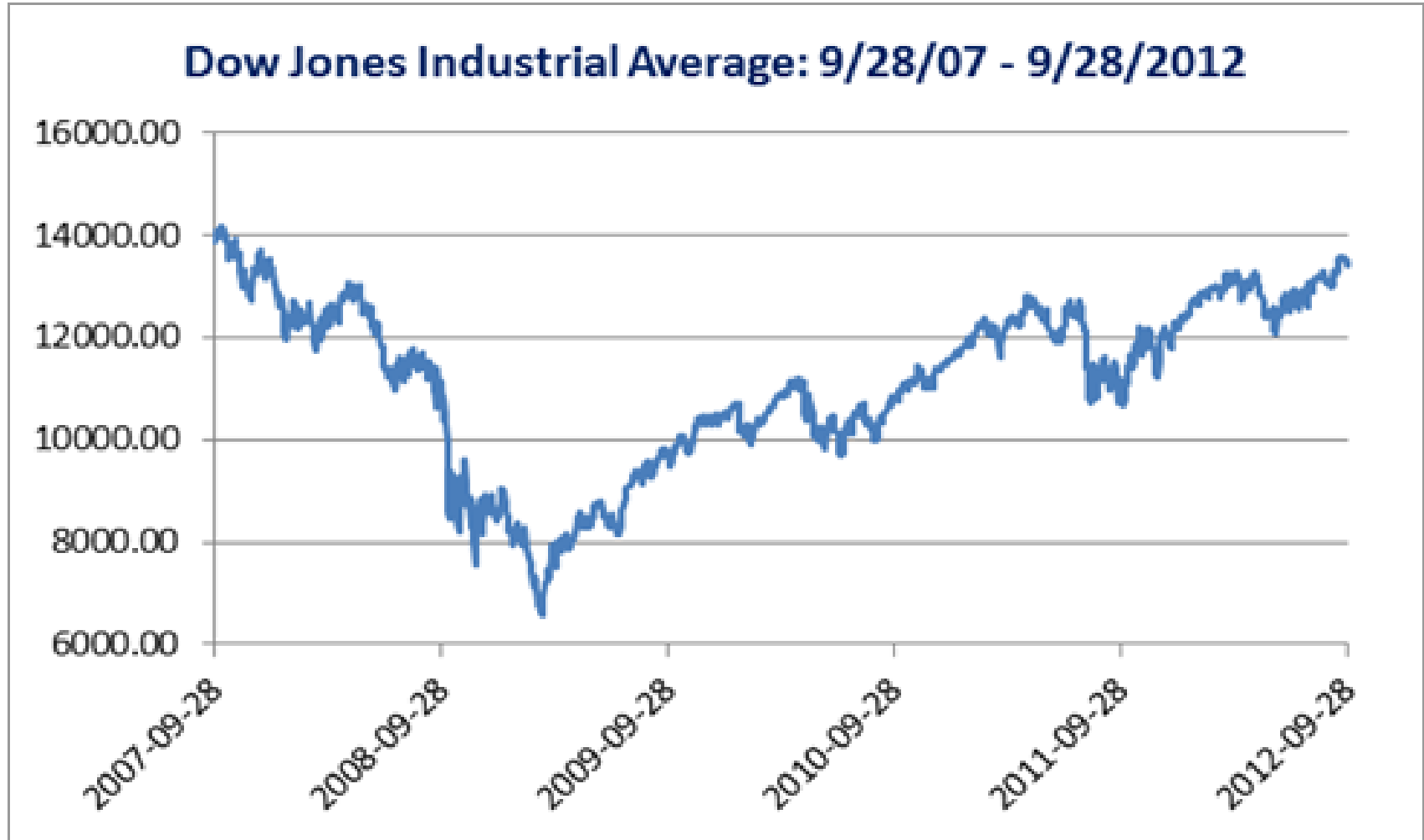
PART I: MACRO-LEVEL SNAPSHOT OF U.S. ECONOMY

New Privately-Owned Housing Units Started: Seasonally adjusted annual rate [Thousands of units. Detail may not add to total because of rounding]



Source: Manufacturing, Mining, and Construction Statistics, U.S. Census Bureau

PART I: MACRO-LEVEL SNAPSHOT OF U.S. ECONOMY



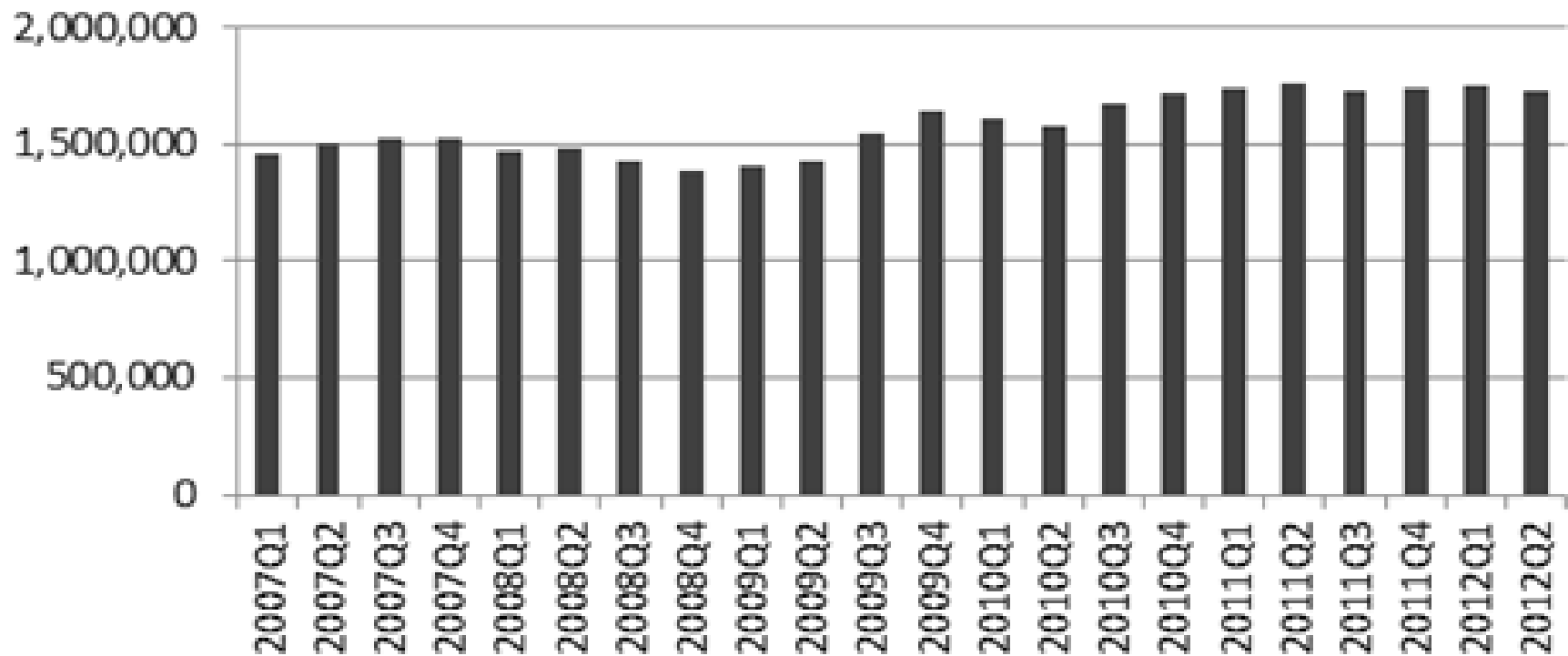
Source: Economic Research, Federal Reserve Bank of St. Louis

PART I: MACRO-LEVEL SNAPSHOT OF U.S. ECONOMY



PART I: NATIONAL ECONOMIC POSITION

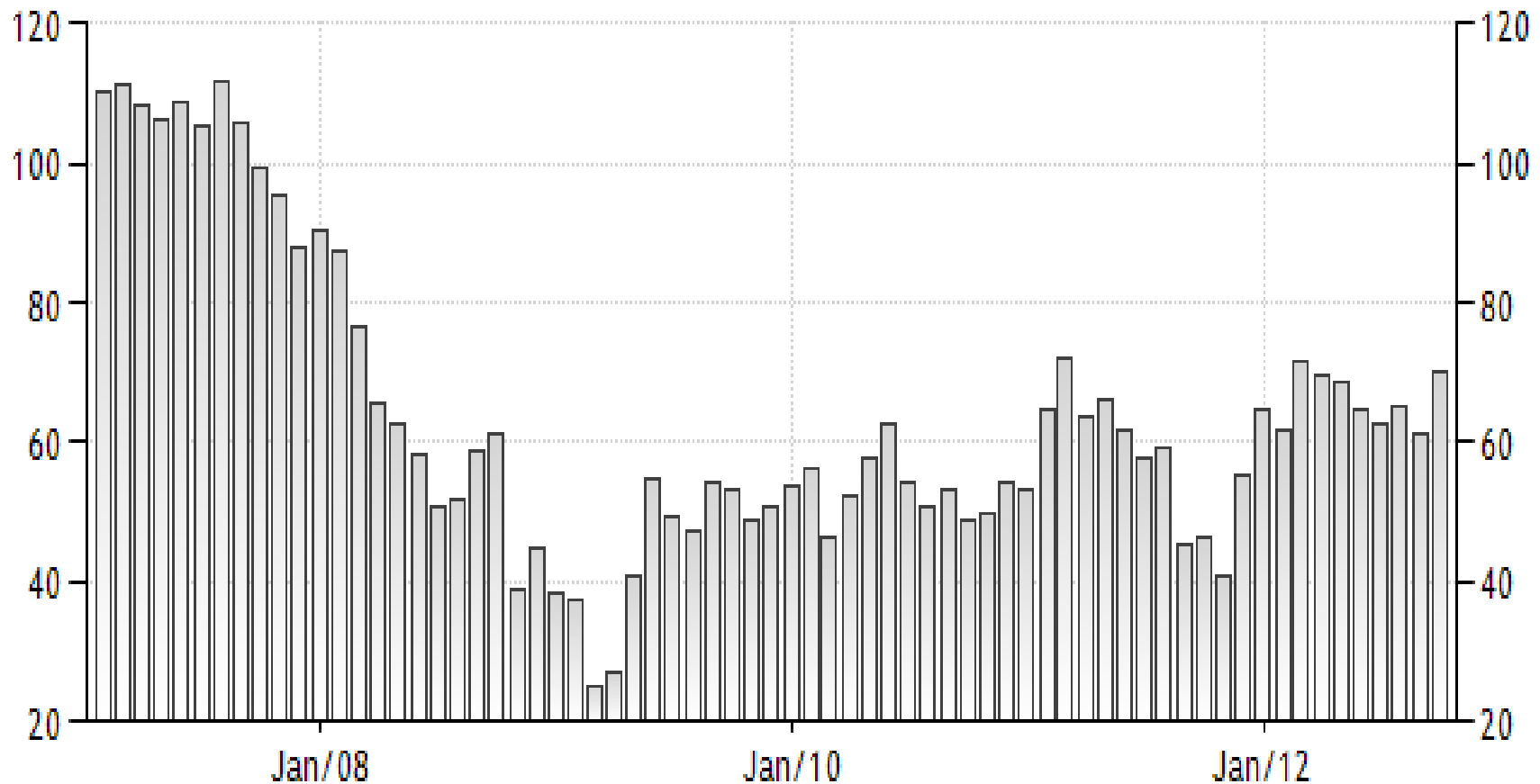
**Nonfinancial Corporate Business Liquid
Assets, 2007 Q1 - 2012 Q2 (in \$ million)**



Source: Board of Governors, Federal Reserve System

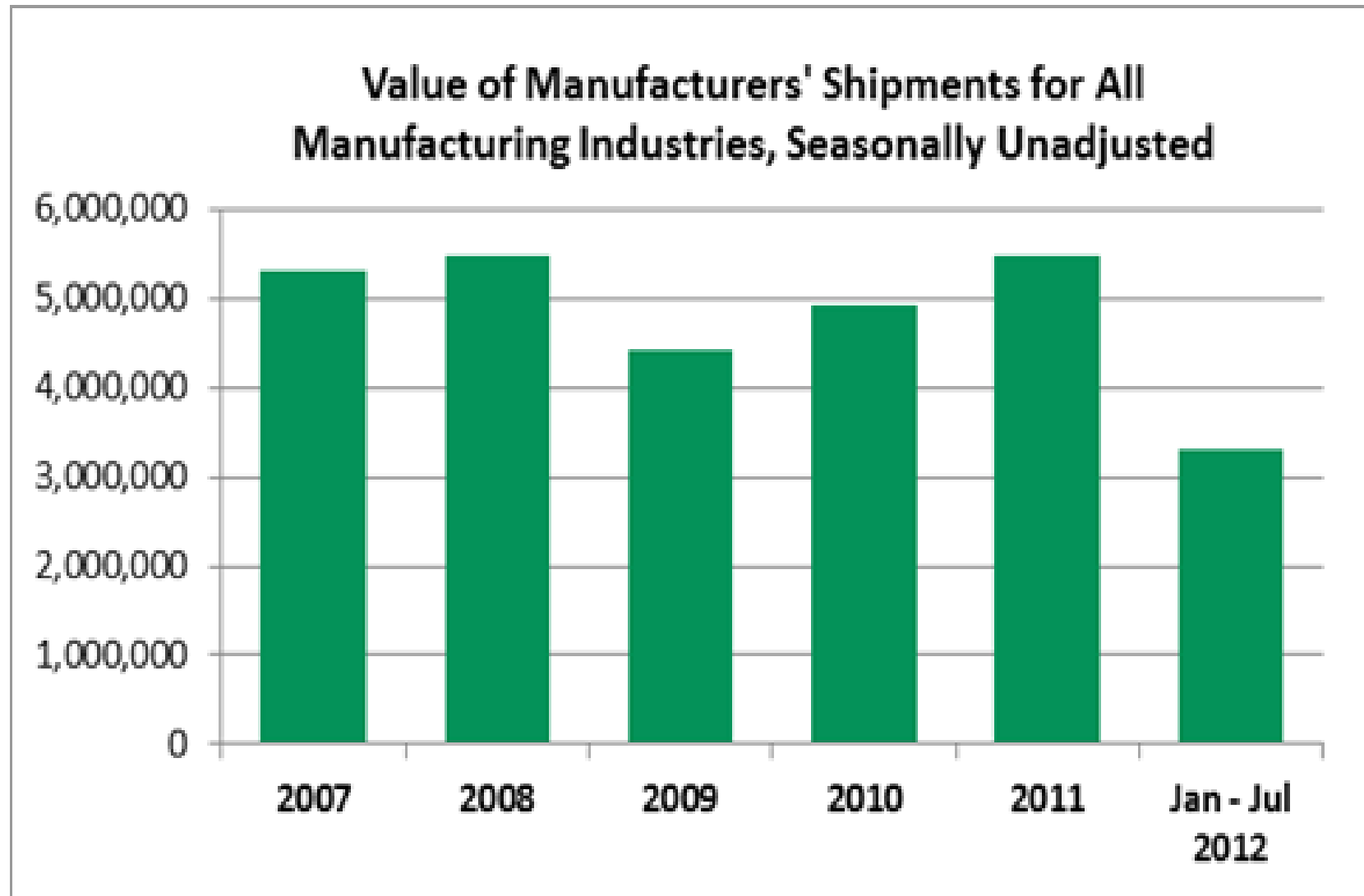
PART I: MACRO-LEVEL SNAPSHOT OF U.S. ECONOMY

UNITED STATES CONSUMER CONFIDENCE



SOURCE: WWW.TRADINGECONOMICS.COM | THE CONFERENCE BOARD

PART II: MANUFACTURING RESURGENCE



Source: U.S. Department of Commerce, U.S. Census Bureau

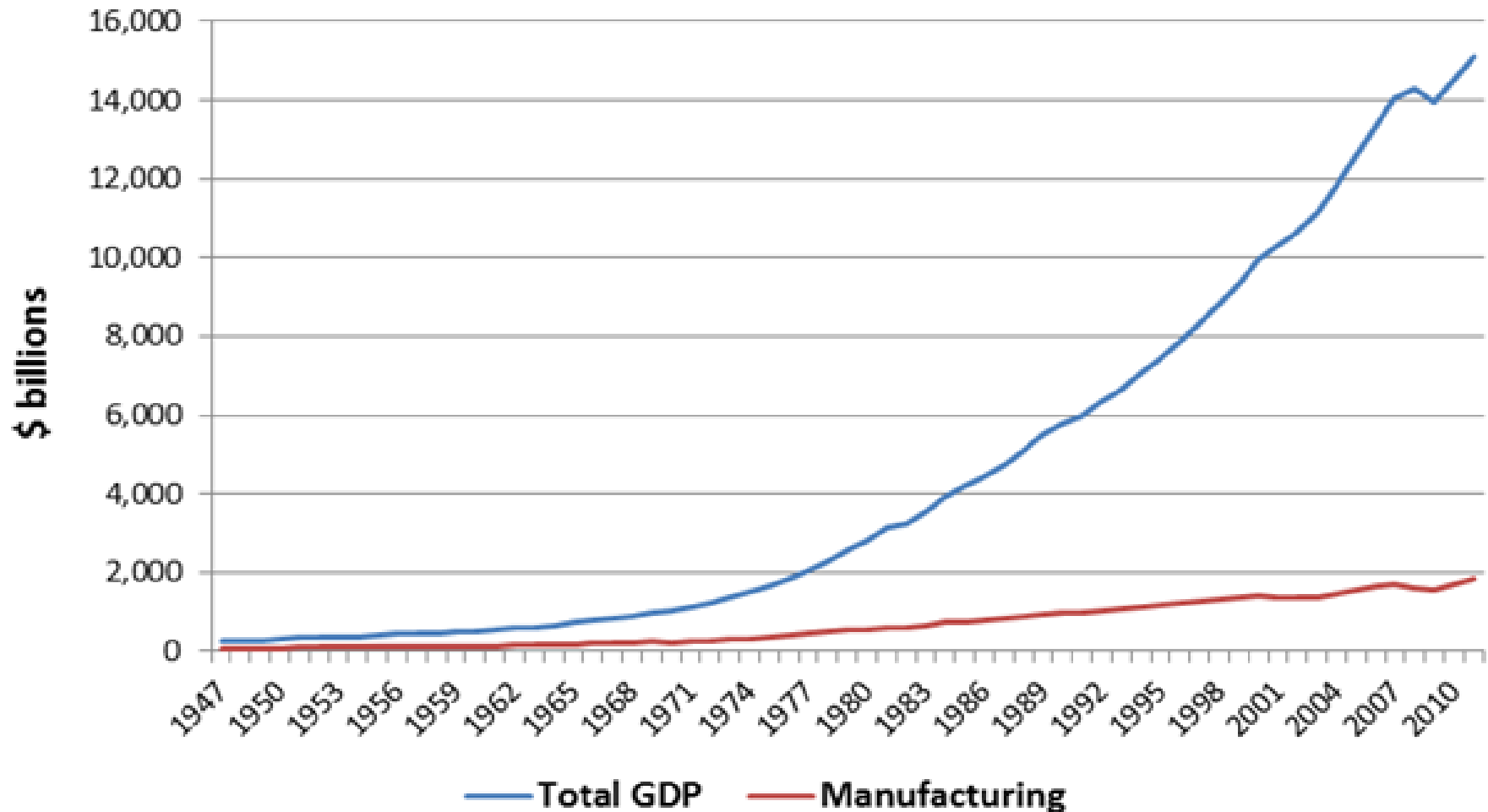
PART II: MANUFACTURING RESURGENCE

	2000	2001	2002	2003
Total GDP (\$ billions)	9,952	10,286	10,642	11,142
Manufacturing (\$ billions)	1,416	1,344	1,356	1,374
Percent of Manufacturing in GDP	14.2%	13.1%	12.7%	12.3%
	2004	2005	2006	2007
Total GDP (\$ billions)	11,853	12,623	13,377	14,029
Manufacturing (\$ billions)	1,483	1,569	1,648	1,698
Percent of Manufacturing in GDP	12.5%	12.4%	12.3%	12.1%
	2008	2009	2010	2011
Total GDP (\$ billions)	14,292	13,939	14,527	15,094
Manufacturing (\$ billions)	1,629	1,540	1,702	1,837
Percent of Manufacturing in GDP	11.4%	11.0%	11.7%	12.2%

Source: U.S. Bureau of Economic Analysis

PART II: MANUFACTURING RESURGENCE

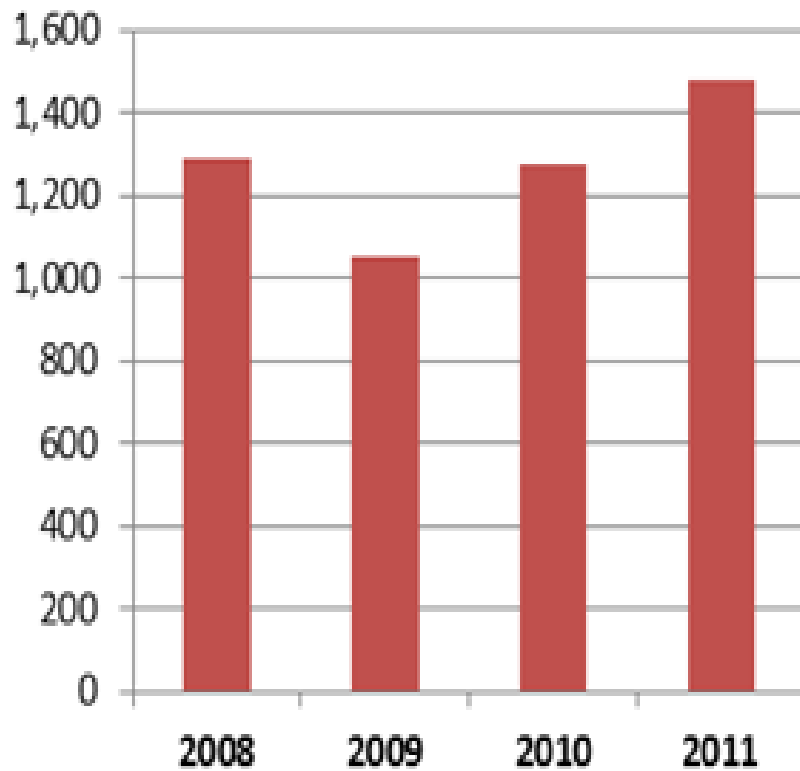
Value Added to Total GDP by Manufacturing Industry: 1947 - 2011



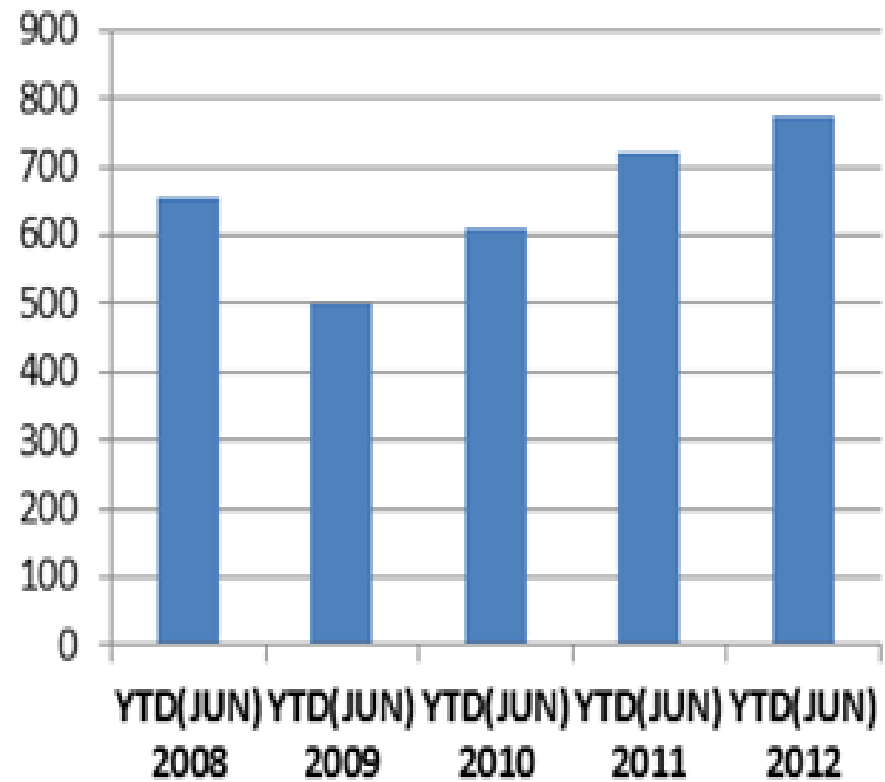
Source: U.S. Bureau of Economic Analysis

PART II: EXPORT RESURGENCE

U.S. Exports to World
2008 - 2011 (\$ billions)



U.S. Exports to World
Jan - Jun 2008 to Jan - Jun 2012 (\$ billions)



Source: U.S. Department of Commerce, International Trade Administration

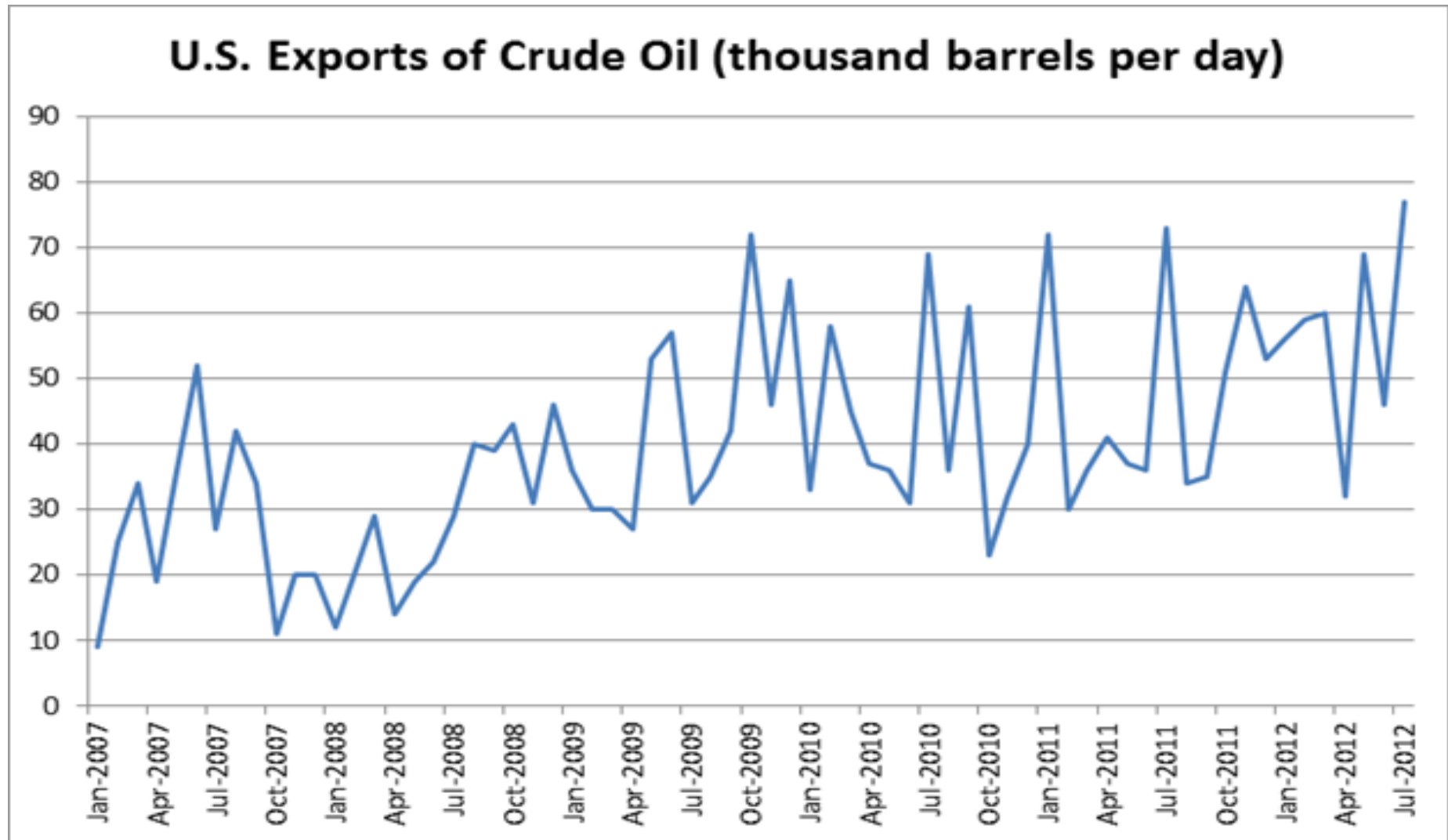


PART II: EXPORT RESURGENCE

Brand New BMW X3s Await Boarding at the Port of Charleston's Columbus Street Terminal in South Carolina; BMW is One of the Port's Major Customers.

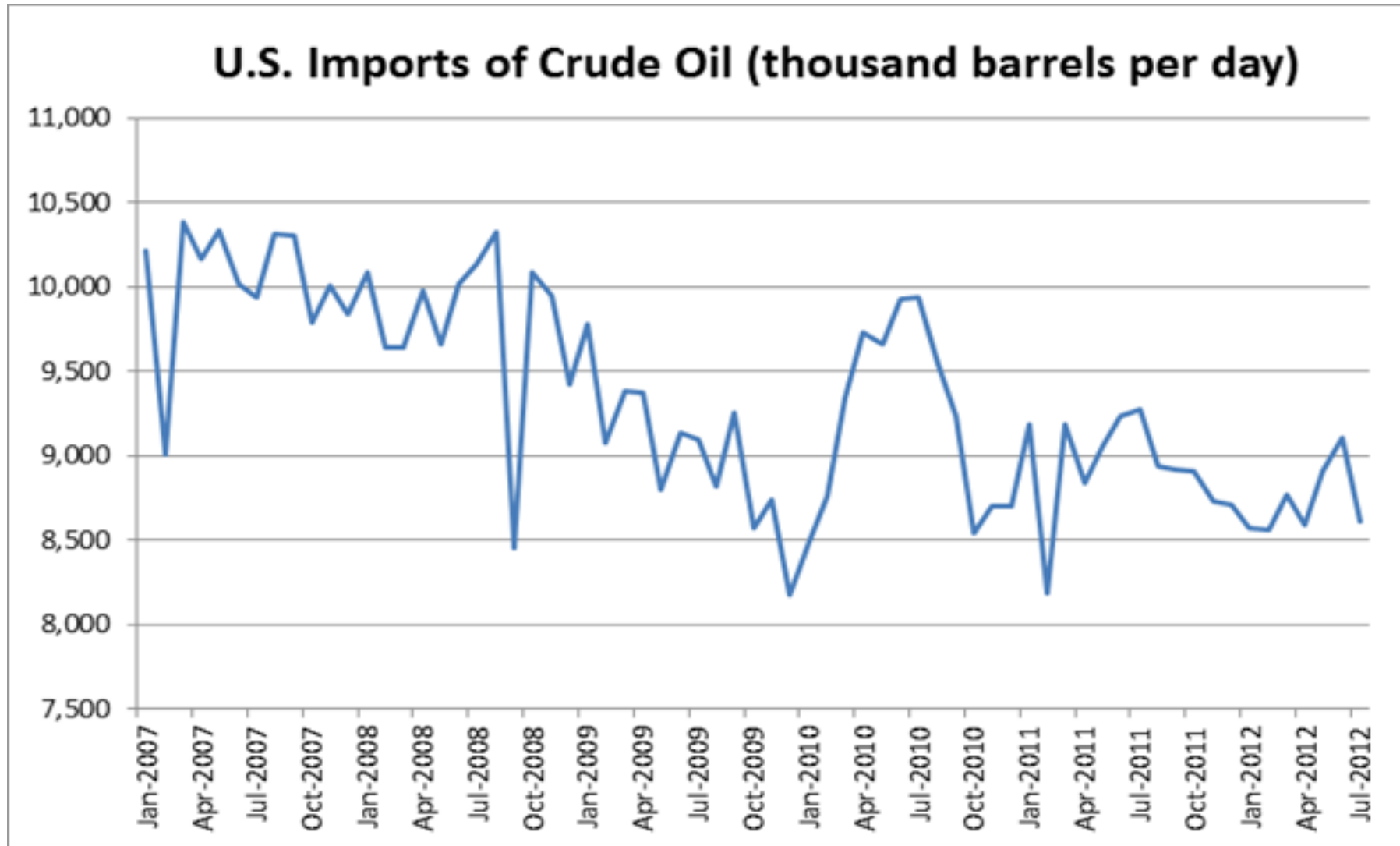
PART II: ENERGY RESURGENCE

U.S. Exports of Crude Oil (thousand barrels per day)



Source: U.S. Energy Information Administration

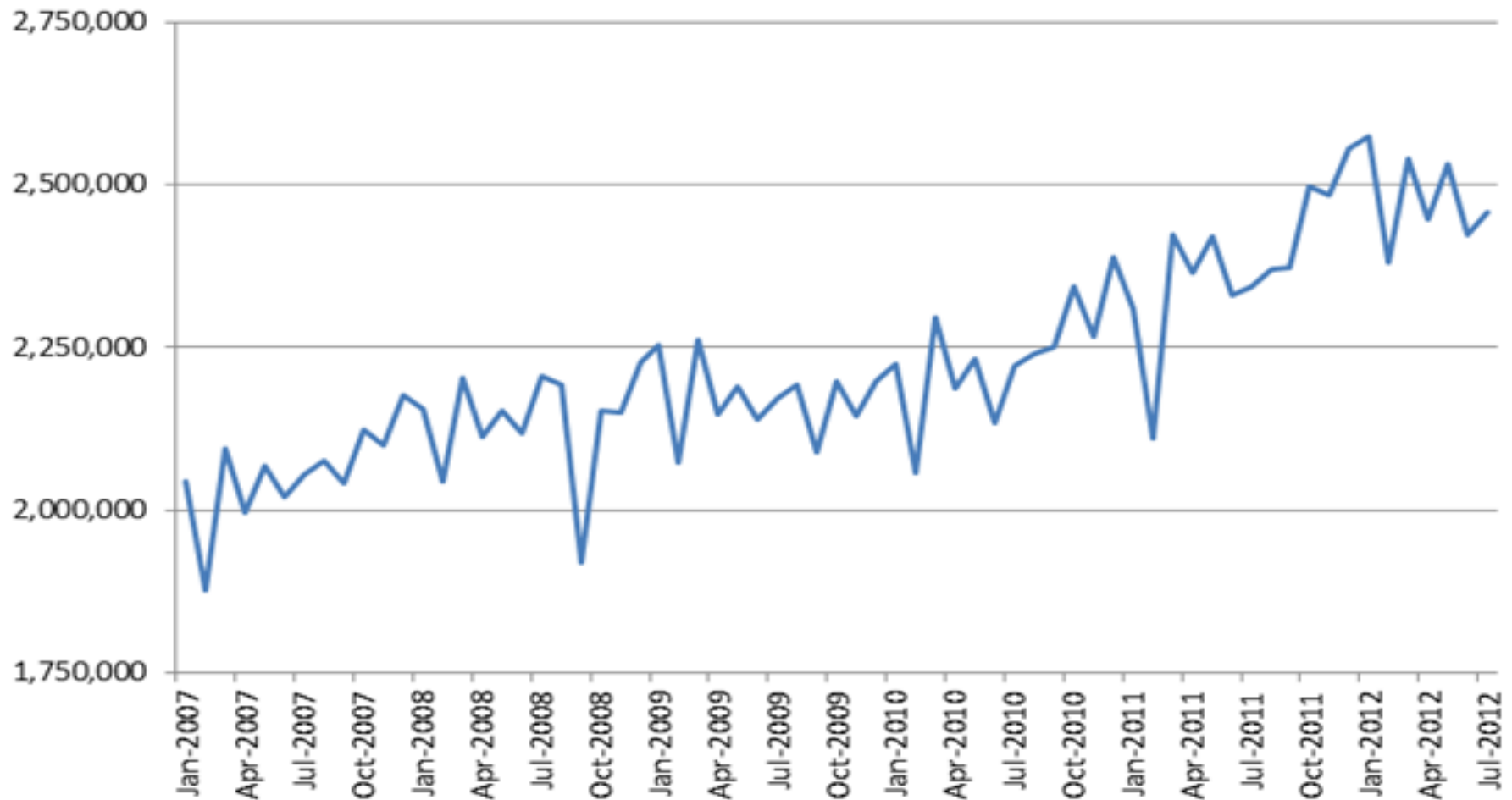
PART II: ENERGY RESURGENCE



Source: U.S. Energy Information Administration

PART II: ENERGY RESURGENCE

U.S. Natural Gas Gross Withdrawals (million cubic feet)



Source: U.S. Energy Information Administration

PART III: “BRIGHT SPARKS”

- SOLAR



- TN - a dominant force with 2 new major facilities (*Hemlock* and *Wacker Chemie*) with investments totaling \$2.2 billion joining Sharp, AGC Flat Glass and Shoals;
- NC – *Apple* is building a \$1 billion data center in Maiden that will be powered entirely by renewable solar energy;
- NV - 110-megawatt *Crescent Dunes* solar power tower on schedule to go on-line in December 2013;
- CA - -*BrightSource Energy's* 370-megawatt solar power tower complex in California's Mojave Desert going on-line in December 2013.

PART III: “BRIGHT SPARKS” – AUTO INDUSTRY AND THE DRIVE TO MOVE SOUTH



Scene from the *Hyundai* Assembly Plant in Montgomery, Alabama

PART III: “BRIGHT SPARKS” – AUTO INDUSTRY AND THE SOUTH

- Alabama (*Mercedes; Honda; Toyota; Hyundai; Isuzu*)
- Georgia (*Kia*)
- Kentucky (*Toyota*)
- Mississippi (*Nissan; Toyota*)
- South Carolina (*BMW*)
- Tennessee (*Nissan; Volkswagen*)
- Texas (*Toyota*)
- Virginia (*Volvo*)
- West Virginia (*Toyota*)

PART III: “BRIGHT SPARKS” – AUTO INDUSTRY AND THE SOUTH

- *BMW* announced a \$900 million expansion at its South Carolina plant in early 2012, total investment at plant nearly \$6 billion;
- In Alabama, the state’s four auto plants ramped up production and created more than 2,500 direct jobs and thousands of indirect and induced jobs just in the last year;
- *Volkswagen’s* Tennessee plant, after operating for a year, announced hiring an additional 1,000 workers;





PART III: “BRIGHT SPARKS” – HYUNDAI FACTORY IN AL

Combined U.S. Sales of the Vehicles Built in Alabama Rose in September 2012, a Month that Saw Consumers Continue to Make Big-Ticket Purchases Nationwide on New Vehicles. For the Eight Models Assembled in Alabama, Combined Sales Totaled 62,523, up 9 percent from a Year Ago.

PART III: “BRIGHT SPARKS” – AUTO INDUSTRY AND THE SOUTH

- *Nissan's* Canton, Mississippi, facility site for building three new models and hiring 1,000 new employees;
- In West Point, Georgia, *KIA* announced a \$100 million expansion that will increase production from 300,000 to 360,000 vehicles year;
- *GM* broke ground on a \$380 million plant expansion at its Wentzville, Missouri facility;
- in April 2012, *Chrysler* announced adding 1,100 new jobs to build Jeep Grand Cherokee at new downtown Detroit plant, first time “Detroit” automaker will have a facility within city limits.



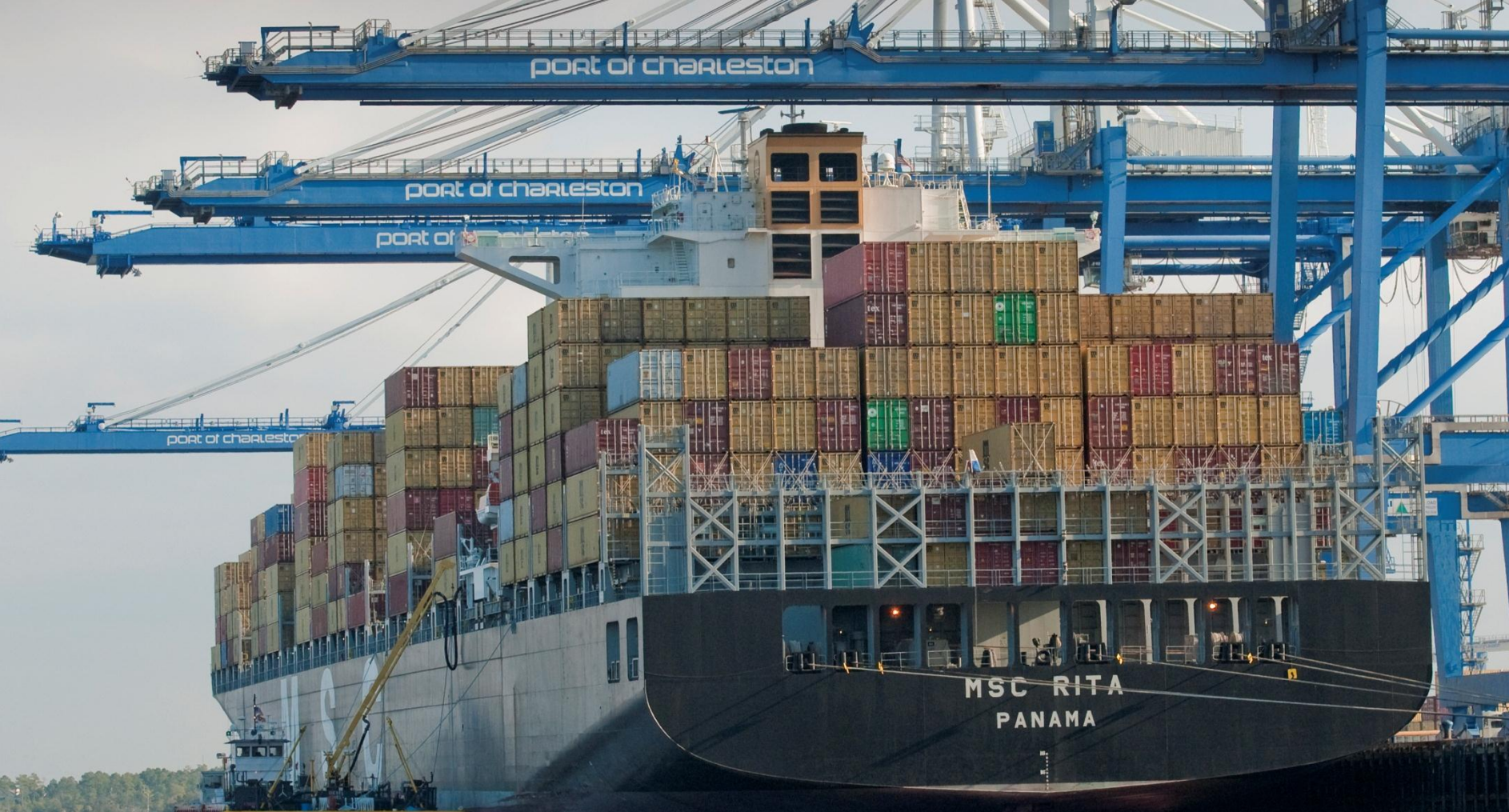


PART III: “BRIGHT SPARKS” – AVIATION

Boeing’s Latest Passenger Aircraft – *787 Dreamliner*

PART III: “BRIGHT SPARKS” – AVIATION

- SC - In late April 2012, at its Charleston facility, Boeing rolled out its first ever large commercial aircraft built in the South, the *787 Dreamliner* passenger jet;
- GA – Gulfstream Aerospace is in the midst of a \$500 million expansion effort at its headquarters in Savannah that began in 2010;
- AL - In July 2012, Airbus, the European airplane maker, announced a \$600 million facility in Mobile to build its popular A-320 single-aisle jet, the company's first factory in the U.S.



PART III: “BRIGHT SPARKS” - PORTS

MSC Rita at the Port of Charleston, South Carolina

PART III: “BRIGHT SPARKS” – PORTS

- Our nation’s ports are a huge economic driver, contributing to the employment of millions and billions in economic impact;
- The expansion of the Panama Canal will lead to significantly larger vessels calling at a number of U.S. ports;
- In response, ports across the country – from Los Angeles/Long Beach to Houston to Savannah to Miami to New York/New Jersey – are embarking on massive infrastructure projects.



PART III: “BRIGHT SPARKS” - PORTS

Photo Demonstrating How Modern Container Ships Barely Fit in the Current Panama Canal

PART III: “BRIGHT SPARKS” – OTHER

- *EA Sports* has a research center on video gaming at Louisiana State University (LSU) campus in Baton Rouge;
- In Saratoga County, New York, *GlobalFoundries*, the semiconductor manufacturer, building a \$4.6 billion, 2 million square-foot campus that will create 1,600 direct jobs;




PART III: “BRIGHT SPARKS” – OTHER

- In late April 2012, Baxter International announced a \$1 billion pharmaceutical manufacturing facility in Covington, Georgia that will employ 1,500 new employees;
- South Carolina emerging as a real powerhouse in tire manufacturing with \$1.6 billion in exports in 2011 - the highest in the nation - with Michelin, Bridgestone and Continental all setting up or expanding operations in the state.



PART IV: JOB TRAINING

BUSINESS FACILITIES MAGAZINE 2012 STATE RANKINGS REPORT

State	2012 Ranking	2011 Ranking
Louisiana	1	1
Georgia	2	2
Florida	3 	6
New Mexico	4	4
North Carolina	5	3
Nebraska	6	5
Pennsylvania	7	Not in Top 10
South Carolina	8	8
Texas	9	Not in Top 10
New Hampshire	10	Not in Top 10

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Georgia Tech
and Frito-Lay:
Partners for
the Future**

On July 6th, Middle Georgia Technical College in Warner Robins, Ga., celebrated its new name.

PART IV: JOB TRAINING

Georgia's Quick Start Program Has Enjoyed Much Success Working With a Number of Major Companies Operating in the State



AIRBUS

Assembly line **MOBILE**

PART IV: JOB TRAINING

Alabama Industrial Development Training (AIDT) will assist Airbus with recruitment and pre-employment training for 2,000 workers set to work at Mobile facility



PART IV: JOB TRAINING

Siemens Energy in Charlotte, North Carolina helps custom-design courses in robotics and laser training and sent CPCC instructors to Berlin for training. Then, it paid to retrain its new hires at CPCC.

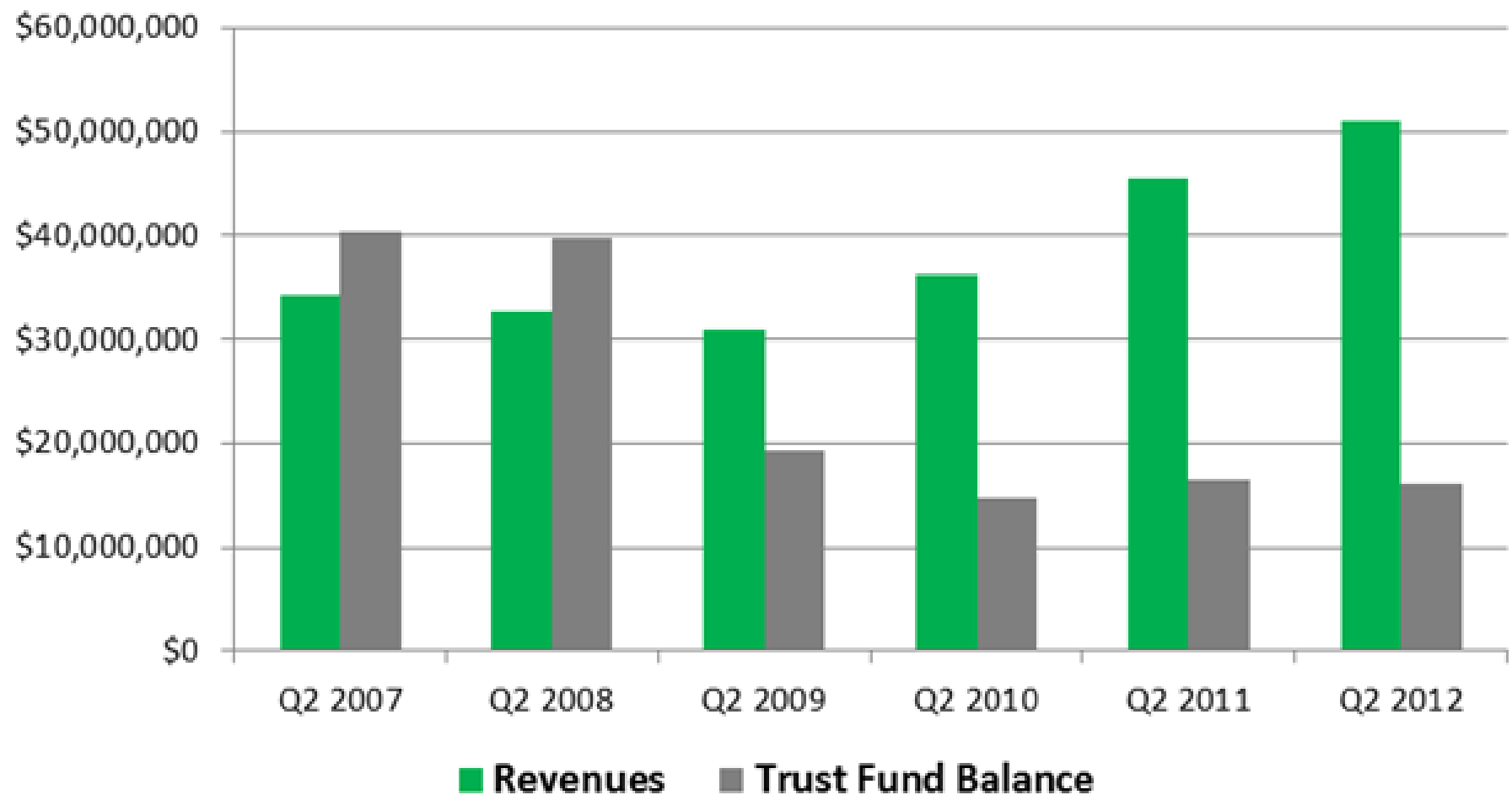


PART IV: JOB TRAINING

Iowa Lakes Community College provides certifications for workers interested in careers in installing, maintaining and servicing wind turbines

PART V: UNEMPLOYMENT INSURANCE

Financial Information on State Unemployment Trust Funds (in \$1,000)



PART V: UNEMPLOYMENT INSURANCE

State	AHCM		HCM	
	Q2 2007	Q2 2012	Q2 2007	Q2 2012
CA	0.27	N.A.	0.18	N.A.
OR	1.38	0.85	1.08	0.66
WA	1.36	1.13	0.87	0.64
FL	1.12	N.A.	0.49	N.A.
MS	1.78	1.24	1.39	0.66
TX	0.39	N.A.	0.36	N.A.
IN	0.46	N.A.	0.31	N.A.
MI	0.03	N.A.	0.02	N.A.
OH	0.14	N.A.	0.10	N.A.
ME	1.64	0.93	1.12	0.62
NY	0.07	N.A.	0.04	N.A.
PA	0.28	N.A.	0.23	N.A.

PART V: UNEMPLOYMENT INSURANCE

State	Outstanding Loan Amounts from the Federal Unemployment Account	
	Nov 2011	Sep 2012
California	\$9.1 Billion	\$9.8 Billion
Pennsylvania	\$3.1 Billion	0
Michigan	\$3.1 Billion	0
North Carolina	\$2.5 Billion	\$2.5 Billion
South Carolina	\$782 Million	\$675.7 Million
Connecticut	\$809.9 Million	\$631.7 Million

- ✓ As of Nov 7, 2011, 36 states owed a total of **\$37.3 Billion**
- ✓ As of Sep 28, 2012, 19 states owe a total of **\$26.3 Billion**

Actions Taken by States to Bolster UI Funds:

- Raise taxes on employers;
- Slash benefits to unemployed, by lowering amount paid or duration;
- States used to pay UI benefits for 26 weeks but now several states pay UI benefits for fewer weeks;
- Taxes levied on employers rose due to automatic triggers;
- FL links UI benefit duration to state's unemployment rate
 - lower the state rate, lower the benefits;
- States issuing bonds to raise funds to repay federal government.

ECONOMIC DEVELOPMENT TRENDS FROM THE STATES

Thank You

For Additional Information or Questions,
Please Contact:

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