

## Understanding the Economy: State-by-State Snapshots

### EXECUTIVE SUMMARY

This is the first edition of state-by-state snapshots issued by the Joint Economic Committee during the 112<sup>th</sup> Congress and includes data for all of 2010.<sup>1</sup> The economic backdrop for this month's report includes improvements in several key economic indicators:

- Gross domestic product grew by 3.2% in the fourth quarter of 2010, for six quarters of uninterrupted economic expansion. Growth in the fourth quarter was more robust than in the second or third quarters of 2010, when the economy grew by 1.7% percent and 2.6%, respectively.
- Retail sales grew by an annual rate of 14.0% in the fourth quarter of 2010, the strongest quarter of sales since the fourth quarter of 2001.
- Core inflation, which does not include food and energy, remains muted. December's inflation numbers showed that core CPI-U (the consumer price index for urban consumers), increased by only 0.1% last month. Over the past 12 months, core inflation has only increased by 0.6%, close to the lowest on record.

This month's report shows the progress states have made creating jobs and reducing unemployment since the beginning of the year. Highlights include:

- Forty-three states and the District of Columbia added private sector jobs in 2010. The District of Columbia saw the largest expansion in percent terms of private sector payrolls, expanding by 3.4% (15,300 jobs) in 2010 and performing significantly better than the national average of 1.3% growth. A number of other states have expanded private sector payrolls by more than 2% in 2010, including Texas (2.7%, 225,800 jobs); Oklahoma (2.7%, 31,400 jobs); and New Hampshire (2.2%, 11,600 jobs).
- Only seven states did not experience a net increase in private sector jobs in 2010. Those states are Alabama (-200 jobs); New Jersey (-0.1%, -1,600 jobs); Georgia (-0.1%, -4,100 jobs); New Mexico (-0.4%, -2,200 jobs); Rhode Island (-0.6%, -2,200 jobs); Missouri (-0.8%, -17,800 jobs); and Nevada (-1.5%, -14,200 jobs).
- The manufacturing sector added 136,000 jobs since the start of the year (a 1.2% increase in employment), despite a rocky and uneven recovery. Several states with large manufacturing sectors saw consistent increases in production employment. For example, Texas's manufacturing sector gained jobs in almost

every month of 2010, expanding by 3.5% in 2010 and adding 28,000 jobs. Employment within Wisconsin's manufacturing sector grew by 3.2% over the year, adding 13,400 jobs.

- The professional and business services sector added 366,000 jobs in 2010 (a 2.2% increase in employment). Thirty-nine states and the District of Columbia added jobs in the professional and business services sector in 2010. California gained jobs in this sector in each month of 2010 for a total gain of 66,900 jobs in 2010 (a 3.3% expansion). Other states with the largest expansions of professional and business services sectors in 2010 are Indiana (8.7%, 22,700 jobs); Mississippi (8.0%, 6,700 jobs); and Iowa (5.9%, 7,000 jobs). Texas (5.2%, 64,100 jobs) and New York (2.1%, 22,800 jobs) also gained a substantial number of jobs in the professional and business services sector, although the gains in those states as a share of employment within the industry were not as large as in other states.
- The leisure and hospitality sector added 240,000 jobs in 2010 (a 1.9% increase in employment). Gains in the leisure and hospitality sector were uneven over 2010. In July, 37 states and the District of Columbia added jobs in the leisure and hospitality sector while only 24 states added to their leisure and hospitality sectors in December.

The attached state pages highlight the following key economic statistics for each state:

- Jobs created or lost since the start of the recession;
- Jobs saved or created by the Recovery Act;
- Unemployment rates;
- Per capita earnings; and,
- The condition of the housing sector.

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<sup>1</sup> The Bureau of Labor Statistics will release revised national employment data next month and revised state-level data in March. Preliminary estimates of the revised data for the country as a whole show private sector employment in March 2010 lowered by 371,000 private-sector jobs and 366,000 total nonfarm jobs (which include government jobs as well as private sector payrolls). While these benchmark revisions will lower the number of jobs created in 2010 (as well as increase the number of jobs lost in 2009), they will not change the overall trend of job creation in 2010.