



# State Economic Monitor

## Quarterly Appraisal of State Economic Conditions

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**The State & Local Finance Initiative's State Economic Monitor tracks economic-performance data across the states and the District of Columbia (DC), highlighting differences in key indicators including employment, wages, housing, and taxes.**

This quarter's report finds:

- The unemployment rate fell in 46 states and DC between December 2013 and December 2014.
- National real average weekly earnings for private employees did not change over that period, and only increased in 16 states.
- House prices rose over the past year in all but one state, but prices are still below their pre-recession levels in 34 states.
- Total tax revenue over the past four quarters was 1.6 percent higher than the previous year.

This report draws on the most current state-level data available as of January 2015. Detailed data for all 50 states and DC is provided in tables at the end of this report.

Updates and interactive maps, with current and historical data, are provided at:

<http://www.taxpolicycenter.org/stateandlocal/data/State-Economic-Monitor.cfm>

# Employment

## Unemployment Rate

The national unemployment rate was 5.6 percent in December 2014 (figure 1).

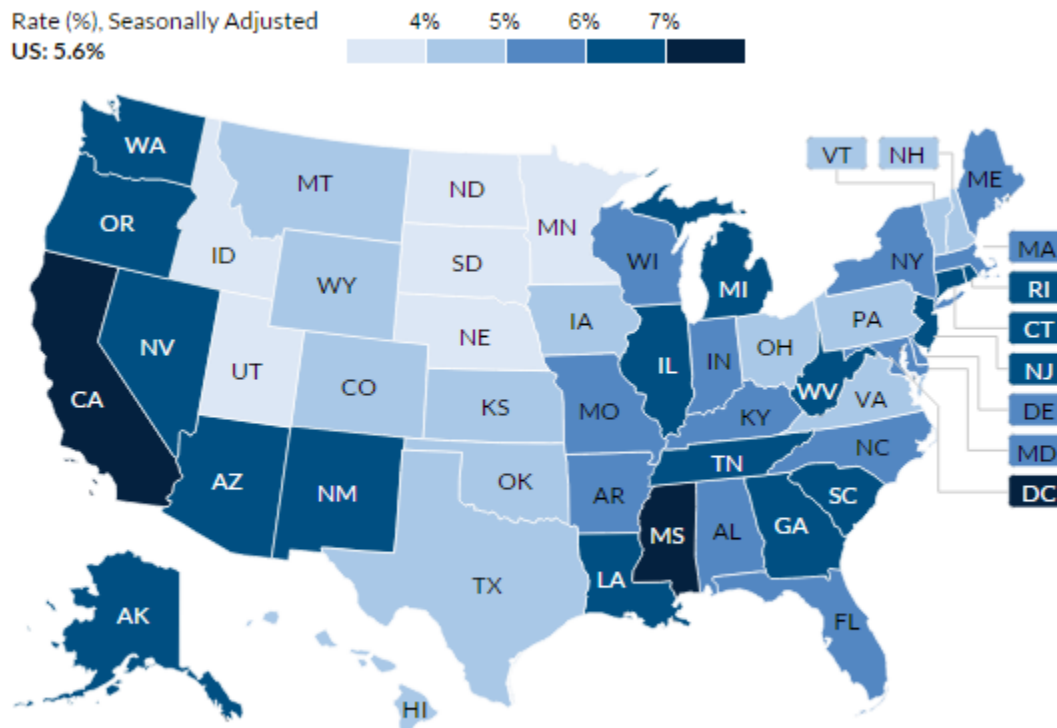
FIGURE 1

### Unemployment Rate

December 2014

Rate (%), Seasonally Adjusted

US: 5.6%



Source: Bureau of Labor Statistics

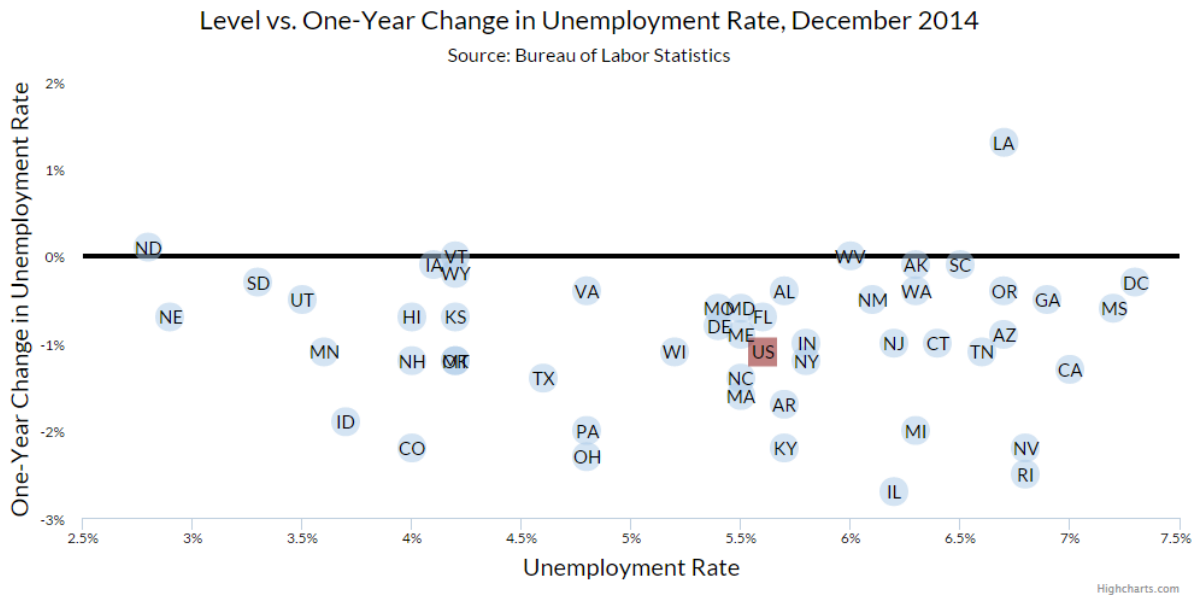
North Dakota's 2.8 percent unemployment rate was the lowest among the states in December. The unemployment rate was less than 4 percent in five additional states: Idaho, Minnesota, Nebraska, South Dakota, and Utah. In total, 32 states had unemployment rates below 6 percent in December (up from 25 in August).

Only California, Mississippi, and the District of Columbia (DC) had unemployment rates of 7 percent or more in December, with DC's 7.3 percent unemployment rate the highest.

## Unemployment Rate: Level vs. One-Year Change

The national unemployment rate fell 1.1 percentage points between December 2013 and December 2014 (figure 2).

FIGURE 2



The unemployment rate fell in 46 states and DC from December 2013 to December 2014, with Illinois experiencing the largest decline (-2.7 points). The unemployment rate fell by 2 percent or more in seven other states, including states with relatively high December unemployment rates (Rhode Island, 6.8 percent) and relatively low December unemployment rates (Colorado, 4 percent).

The unemployment rate was unchanged in Vermont and West Virginia over the year. It increased in only two states: North Dakota (0.1 points) and Louisiana (1.3 points).

Despite the marginal increase over the year, North Dakota's December unemployment rate (2.8 percent) was the lowest in the nation. In contrast, Louisiana's December unemployment rate (6.7 percent) was among the highest.

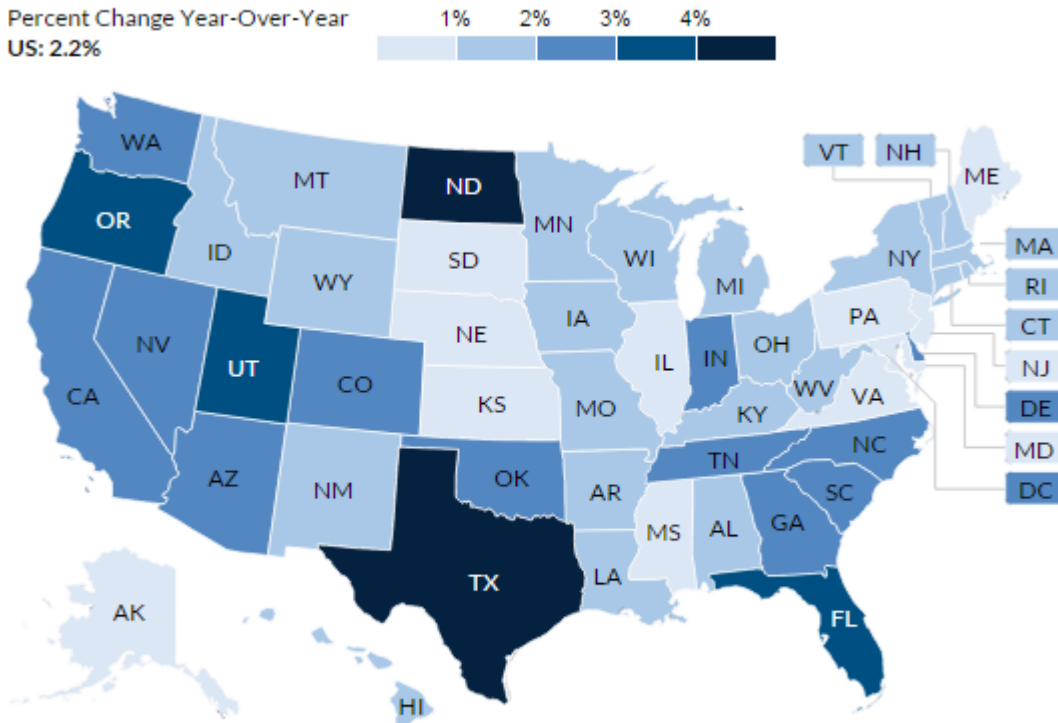
## Total Employment

Total (public and private) nonfarm payroll employment increased by 2.2 percent from December 2013 to December 2014 (figure 3).

FIGURE 3

### Nonfarm Payroll Employment December 2014

Percent Change Year-Over-Year  
US: 2.2%



Source: Bureau of Labor Statistics

Total employment increased over the past year in every state except Mississippi, which experienced no change.

North Dakota's 5.4 percent increase in total employment was the largest among the states. Total employment increased by 3 percent or more in only four other states: Florida, Oregon, Texas, and Utah.

Total employment increased by less than 1 percent over the year in 11 states, with Alaska (0.7 percent) and New Jersey (0.7 percent) showing the lowest growth.

## Total Employment vs. Public Employment

Public-sector employment growth continues to lag total employment growth. Total public-sector employment increased 0.4 percent from December 2013 to December 2014, well below the 2.2 percent increase in total employment (figure 4).

FIGURE 4

Year-Over-Year Change in Total Employment vs. Year-Over-Year Change in Public Sector Employment, December 2014

Source: Bureau of Labor Statistics



While total employment did not decline in a single state over the year, public-sector employment declined in 16 states and was unchanged in another five states. Public-sector employment fell by more than 1 percent in two states: Alaska (-1.2 percent) and Louisiana (-1.6 percent).

Utah (2.9 percent) had the largest increase in public-sector employment from December 2013 to December 2014. Delaware, Iowa, Hawaii, Oregon, and Texas also had public-sector employment increase by 2 percent or more.

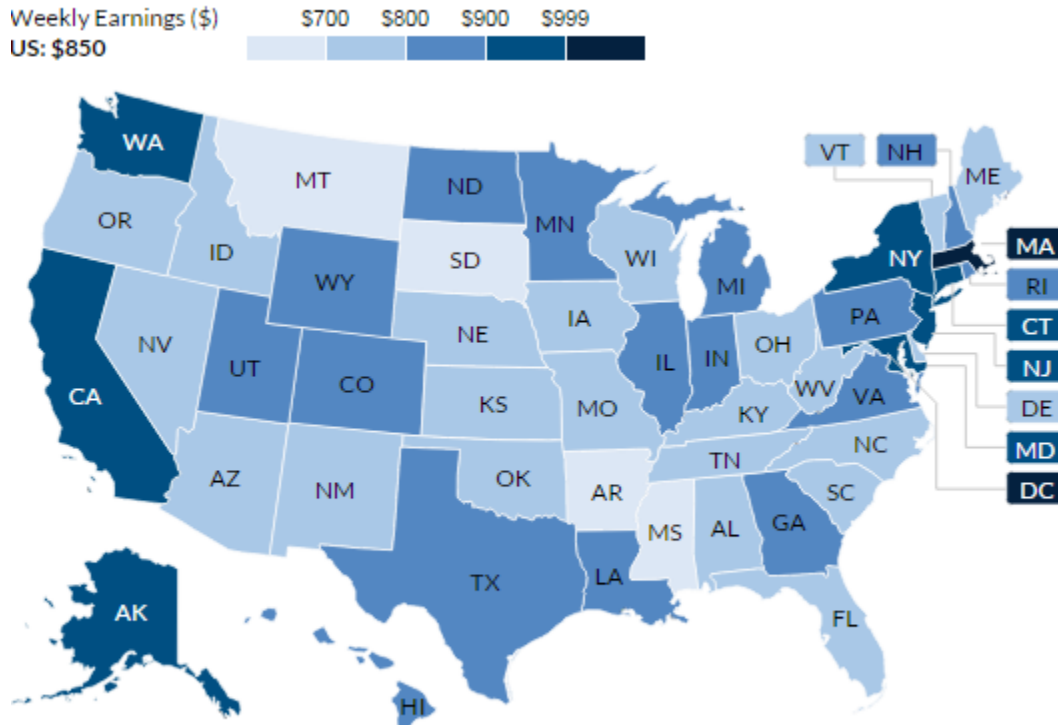
# Wages

National average weekly earnings for all US private employees averaged \$850 in December 2014 (figure 5).

FIGURE 5

## Average Weekly Earnings, Private Employment December 2014

Weekly Earnings (\$) US: \$850



Source: Bureau of Labor Statistics

Average weekly earnings ranged from \$673 in Arkansas to \$1,000 in Massachusetts among the 50 states. The District of Columbia's average weekly earnings were \$1,380 in December 2014.

Including Massachusetts, eight states had average earnings above \$900 in December.

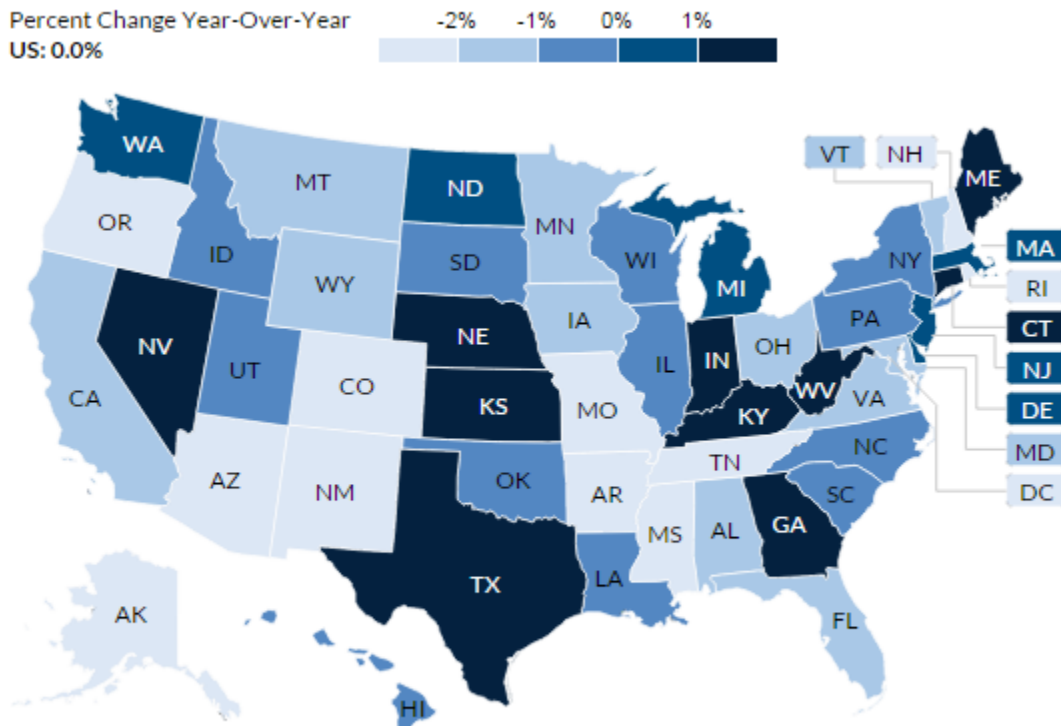
In total, 26 states had real average weekly earnings less than \$800. In addition to Arkansas, average weekly earnings were less than \$700 in three other states: Mississippi, Montana, and South Dakota.

National real (inflation adjusted) average weekly earnings in December 2014 were unchanged from a year ago (figure 6).

FIGURE 6

**Change in Real Average Weekly Earnings, Private Employment  
December 2014**

Percent Change Year-Over-Year  
US: 0.0%



Source: Bureau of Labor Statistics

Sixteen states had positive real earnings growth over the year. Kentucky had the greatest increase in real earnings (2.7 percent). Only three other states (Maine, Nebraska, and Texas) also experienced real average weekly earnings growth greater than 2 percent between December 2013 and December 2014.

Eleven states and the District of Columbia saw real average weekly earnings fall by more than 2 percent over the past year. DC (-5.9 percent) experienced the greatest decline in real average weekly earnings during the past year, while among the 50 states the largest decline occurred in Arizona (-5.5 percent).

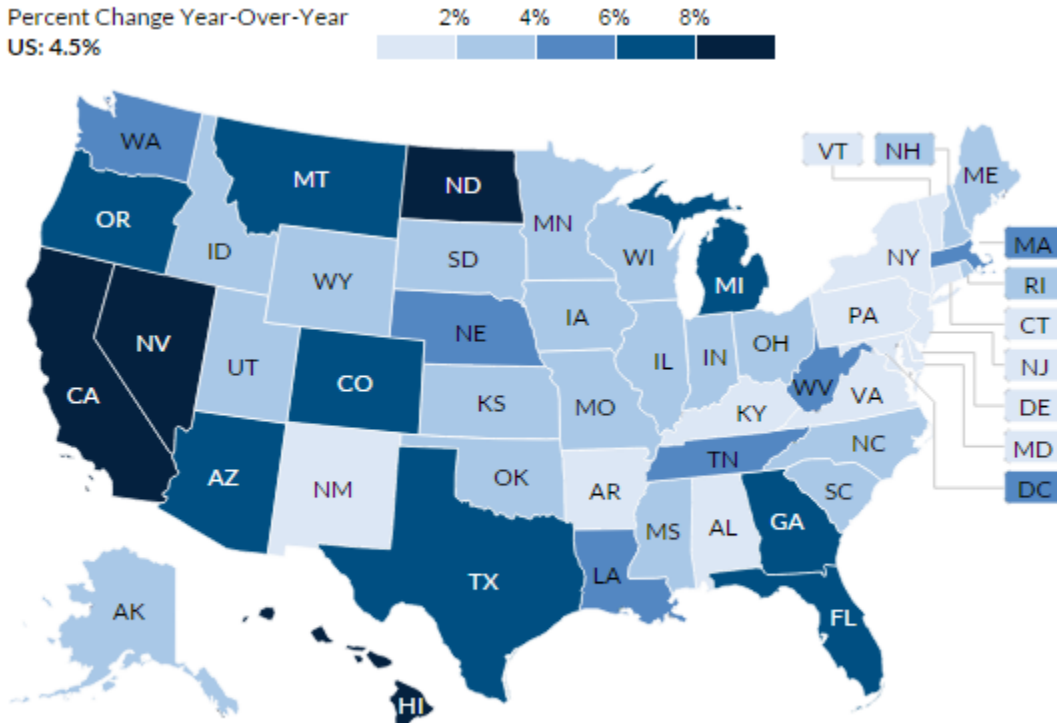
# Housing

National house prices increased 4.5 percent from the third quarter of 2013 to the third quarter of 2014 (figure 7).

FIGURE 7

## House Prices Third Quarter, 2014

Percent Change Year-Over-Year  
US: 4.5%



Source: Federal Housing Finance Agency

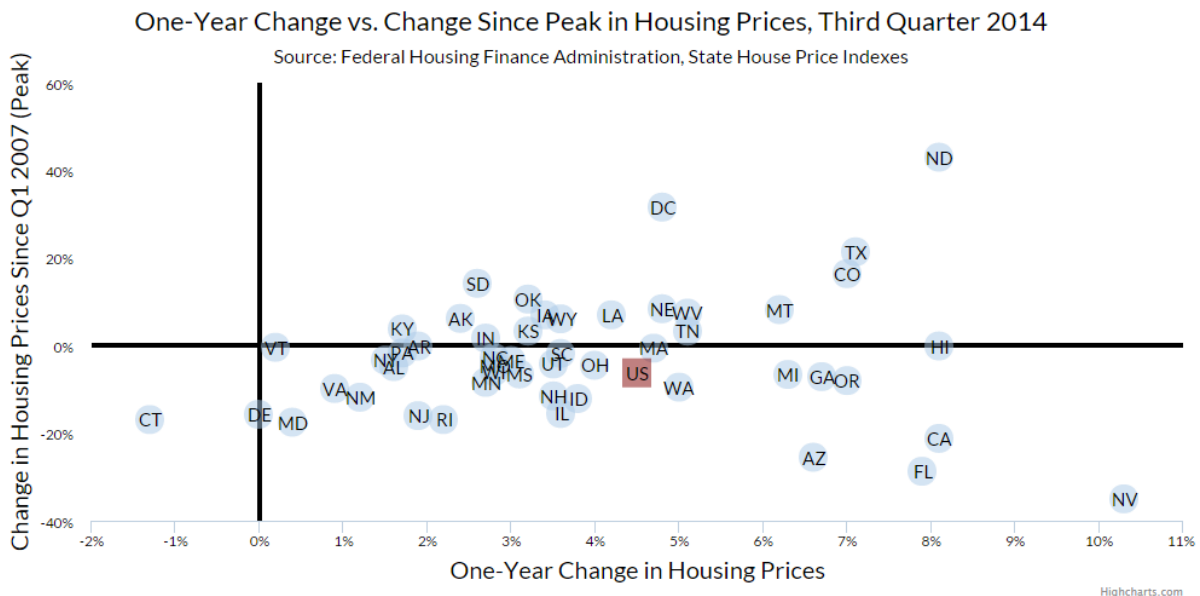
Nevada (10.3 percent) experienced the largest growth in house prices. Prices also increase by more than 8 percent from the third quarter of 2013 to the third quarter of 2014 in California, Hawaii, and North Dakota.

Eleven states saw prices increase but by less than 2 percent, including four (Delaware, Maryland, Vermont, and Virginia) that had prices rise by less than 1 percent. Connecticut was the only state where house prices fell over the year (-1.3 percent)



National house prices in the third quarter of 2014 were still 6.2 percent below the national peak in house prices during the first quarter of 2007 (figure 8).

FIGURE 8



Similarly, house prices in 34 states were still lower in the third quarter of 2014 than in the first quarter of 2007.

Although Nevada experienced the greatest year-over-year climb of any state (10.3 percent), it remained the state furthest from its 2007 prices (-35 percent) as of the third quarter of 2014.

House prices were also more than 20 percent below their 2007 prices in Arizona, California, and Florida despite those states enjoying year-over-year price growth of 6 percent or more.

House prices have increased the most in North Dakota (43 percent) since the first quarter of 2007. House prices grew by more than 10 percent over that period in four other states (Colorado, Oklahoma, South Dakota, and Texas) and DC.

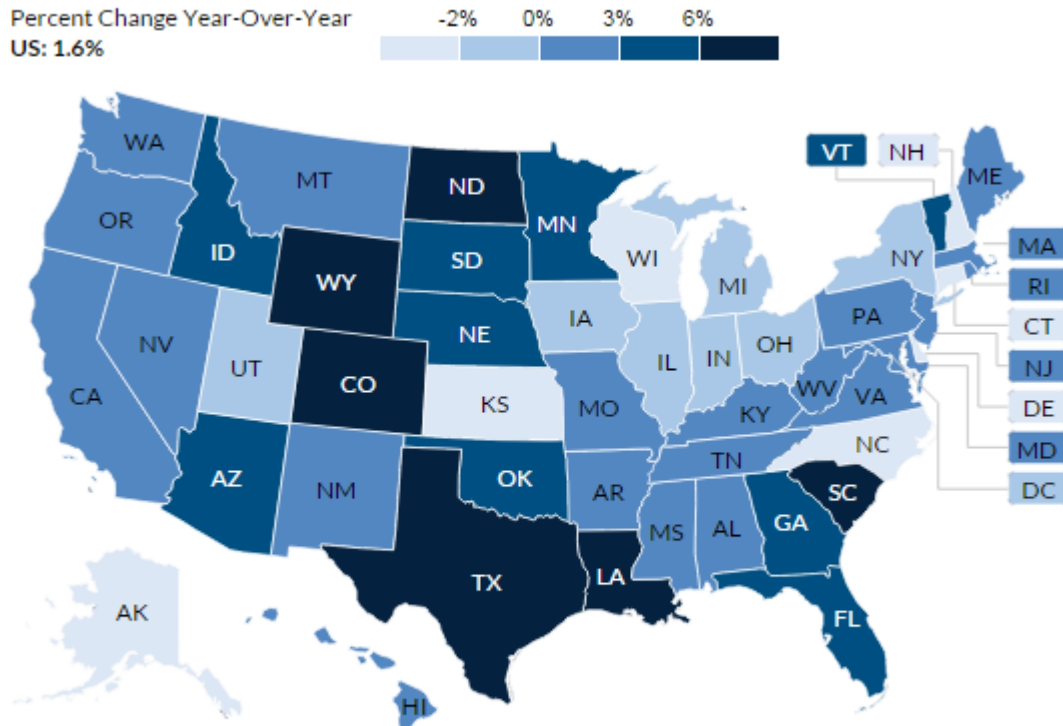
# Taxes

Total state tax revenue increased by 1.6 percent in the year ending in the third quarter of 2014 compared to one year earlier (figure 9).

FIGURE 9

## Total Tax Revenue Third Quarter, 2014

Percent Change Year-Over-Year  
US: 1.6%



Source: Census; Note: Four quarters ending in the third quarter of 2014 are compared with the four quarters ending in the third quarter of 2013

North Dakota (14.5 percent) experienced by far the largest increase in total tax revenue during the year. The state continued to benefit from increased oil production and related increases in severance tax revenues (tax revenue in the third quarter does not reflect the collapse in oil prices that began in the autumn of 2014).

Total tax revenue increase by more than 6 percent over the year that concluded in the third quarter of 2014 in five other states: Colorado, Louisiana, South Carolina, Texas, and Wyoming. Among this group of states, Texas had the highest increase (7.5 percent).

Total tax revenue declined by 2 percent to 5 percent in five states (Connecticut, Kansas, New Hampshire, North Carolina, and Wisconsin) in the year that concluded in September 2014,

and total tax revenue declined by 9.2 percent in Delaware. Far more dramatically, Alaska's total tax revenue declined by 45.8 percent over the year.

Alaska relies on oil-production tax revenue far more than other states, even more so than North Dakota. And while North Dakota's oil production increased during the summer of 2014, Alaska's production dropped off, resulting in a sharp decline in total tax revenue.

For more on the volatility of state tax revenues, and specifically severance tax revenues, see the January 2015 Pew report, "Revenue Volatility Varies Widely by State and Tax Type."

State sales tax revenue increased by 5.1 percent in the year ending in the third quarter of 2014 compared with the previous four-quarter period.

Six states saw sales tax revenue grow by more than 10 percent (Arizona, Maine, North Dakota, Ohio, South Carolina, and Wyoming). Only five states (Michigan, Minnesota, Utah, Virginia, and West Virginia) saw sales tax revenue decline.

Although sales taxes grew, state personal income tax revenue fell 1.6 percent over the past four quarters compared with the previous year. Most of this decline was related to investors shifting the timing of capital gains realization because of federal tax changes and not larger economic trends.

For more on recent declines in personal income tax payments from capital gains acceleration see the *TaxVox* post, "State Taxes and the April Surprise."

Personal income tax revenue declined in 26 of the 43 states with an income tax, and by 10 percent or more in Delaware, Kansas, New Mexico, North Carolina, North Dakota, and Ohio. Notably, with the exception of New Mexico, all of these states recently reduced income taxes.

## References

Francis, Norton, "State Taxes and the April Surprise," Tax Policy Center (July 22, 2014). <http://taxvox.taxpolicycenter.org/2014/07/22/state-taxes-april-surprise/>

"Revenue Volatility Varies Widely by State and Tax Type," Pew Charitable Trusts' State's Fiscal Health Project (Jan. 8, 2015). <http://www.pewtrusts.org/en/research-and-analysis/analysis/2015/01/revenue-volatility-varies-widely-by-state-and-tax-type>

TABLE 1

## EMPLOYMENT :: December 2014

	Unemployment Rate (%)	Year-Over-Year Change in Unemployment Rate (Percentage Points)	Year-Over-Year Change in Total Employment (%)	Year-Over-Year-Change in Public Employment (%)
Alabama	5.7	-0.4	1.7	0.7
Alaska	6.3	-0.1	0.7	-1.2
Arizona	6.7	-0.9	2.5	0.8
Arkansas	5.7	-1.7	1.9	0.0
California	7.0	-1.3	2.1	-0.2
Colorado	4.0	-2.2	2.6	1.6
Connecticut	6.4	-1.0	1.6	0.4
Delaware	5.4	-0.8	2.7	2.0
District of Columbia	7.3	-0.3	2.0	0.7
Florida	5.6	-0.7	3.0	0.4
Georgia	6.9	-0.5	2.6	0.2
Hawaii	4.0	-0.7	1.5	2.2
Idaho	3.7	-1.9	1.5	0.8
Illinois	6.2	-2.7	0.9	-0.1
Indiana	5.8	-1.0	2.0	1.6
Iowa	4.1	-0.1	1.0	2.0
Kansas	4.2	-0.7	0.9	0.0
Kentucky	5.7	-2.2	1.8	0.4
Louisiana	6.7	1.3	1.5	-1.6
Maine	5.5	-0.9	0.9	-0.4
Maryland	5.5	-0.6	0.8	-0.5
Massachusetts	5.5	-1.6	1.8	0.6
Michigan	6.3	-2.0	1.1	-0.8
Minnesota	3.6	-1.1	1.2	0.0
Mississippi	7.2	-0.6	0.0	0.3
Missouri	5.4	-0.6	1.6	1.5
Montana	4.2	-1.2	1.6	-0.3
Nebraska	2.9	-0.7	0.8	0.6
Nevada	6.8	-2.2	2.3	0.9
New Hampshire	4.0	-1.2	1.3	-0.2
New Jersey	6.2	-1.0	0.7	-0.2
New Mexico	6.1	-0.5	1.7	-0.2
New York	5.8	-1.2	1.2	-0.6
North Carolina	5.5	-1.4	2.8	-0.7
North Dakota	2.8	0.1	5.4	0.2
Ohio	4.8	-2.3	1.1	0.0
Oklahoma	4.2	-1.2	2.2	0.7
Oregon	6.7	-0.4	3.0	2.6
Pennsylvania	4.8	-2.0	0.9	-0.4
Rhode Island	6.8	-2.5	1.7	-0.5
South Carolina	6.5	-0.1	2.4	1.0
South Dakota	3.3	-0.3	0.8	1.3
Tennessee	6.6	-1.1	2.4	0.2
Texas	4.6	-1.4	4.0	2.1
Utah	3.5	-0.5	3.9	2.9
Vermont	4.2	0.0	1.1	1.6
Virginia	4.8	-0.4	0.8	0.1
Washington	6.3	-0.4	2.7	1.3
West Virginia	6.0	0.0	1.0	0.0
Wisconsin	5.2	-1.1	1.9	-0.2
Wyoming	4.2	-0.2	1.5	0.1
United States	5.6	-1.1	2.2	0.4

Source: Bureau of Labor Statistics, Current Employment Statistics.

TABLE 2

## WAGES :: December 2014

	Average Weekly Earnings, All Private Employees (\$)	Year-Over-Year Change in Real Average Weekly Earnings, All Private Employees (%)
Alabama	738	-1.4
Alaska	923	-3.7
Arizona	781	-5.5
Arkansas	673	-3.9
California	954	-1.9
Colorado	899	-3.1
Connecticut	961	1.2
Delaware	727	0.7
District of Columbia	1380	-5.9
Florida	762	-1.6
Georgia	833	1.0
Hawaii	810	-0.3
Idaho	725	-0.4
Illinois	881	-0.3
Indiana	804	1.1
Iowa	769	-1.3
Kansas	773	1.6
Kentucky	741	2.7
Louisiana	805	-0.5
Maine	740	2.1
Maryland	924	-1.8
Massachusetts	1000	0.1
Michigan	816	0.3
Minnesota	878	-1.2
Mississippi	692	-3.6
Missouri	747	-3.0
Montana	698	-1.3
Nebraska	741	2.1
Nevada	712	1.8
New Hampshire	808	-2.5
New Jersey	921	0.7
New Mexico	708	-2.7
New York	955	-0.6
North Carolina	761	-0.4
North Dakota	891	0.7
Ohio	765	-1.3
Oklahoma	765	-0.1
Oregon	772	-2.6
Pennsylvania	802	-0.2
Rhode Island	820	-3.8
South Carolina	743	-0.2
South Dakota	698	-0.6
Tennessee	725	-2.6
Texas	884	2.5
Utah	830	-0.3
Vermont	764	-1.3
Virginia	893	-1.1
Washington	984	0.9
West Virginia	719	1.4
Wisconsin	786	-0.7
Wyoming	817	-1.9
United States	850	0.0

Source: Bureau of Labor Statistics, Current Employment Statistics.

TABLE 3

## HOUSING :: Q3 2014

	One-Year Change in House Prices Q3 2013-Q3 2014 (%)	Change in House Prices Since Peak Q1 2007-Q3 2014 (%)
Alabama	1.6	-4.8
Alaska	2.4	6.2
Arizona	6.6	-25.5
Arkansas	1.9	-0.1
California	8.1	-21.2
Colorado	7.0	16.4
Connecticut	-1.3	-16.9
Delaware	0.0	-15.7
District of Columbia	4.8	31.6
Florida	7.9	-28.7
Georgia	6.7	-7.1
Hawaii	8.1	-0.1
Idaho	3.8	-12.1
Illinois	3.6	-15.5
Indiana	2.7	1.7
Iowa	3.4	7.0
Kansas	3.2	3.3
Kentucky	1.7	3.8
Louisiana	4.2	7.0
Maine	3.0	-3.4
Maryland	0.4	-17.5
Massachusetts	4.7	-0.6
Michigan	6.3	-6.6
Minnesota	2.7	-8.4
Mississippi	3.1	-6.5
Missouri	2.8	-4.6
Montana	6.2	8.2
Nebraska	4.8	8.4
Nevada	10.3	-35.0
New Hampshire	3.5	-11.5
New Jersey	1.9	-16.0
New Mexico	1.2	-11.8
New York	1.5	-3.3
North Carolina	2.8	-2.8
North Dakota	8.1	43.0
Ohio	4.0	-4.5
Oklahoma	3.2	10.6
Oregon	7.0	-8.0
Pennsylvania	1.7	-1.7
Rhode Island	2.2	-16.9
South Carolina	3.6	-1.8
South Dakota	2.6	14.2
Tennessee	5.1	3.3
Texas	7.1	21.4
Utah	3.5	-4.2
Vermont	0.2	-0.4
Virginia	0.9	-9.8
Washington	5.0	-9.5
West Virginia	5.1	7.4
Wisconsin	2.8	-5.9
Wyoming	3.6	6.1
United States	4.5	-6.2

Source: Federal Housing Finance Administration State House Price Indices (Seasonally Adjusted, Purchase Only)

TABLE 4

## TAXES :: YEAR-OVER-YEAR CHANGE IN STATE TAX REVENUES, YEAR ENDING IN Q3 2014

	Personal Income Tax (%)	Corporate Income Tax (%)	Sales Tax (%)	Total Tax Revenue (%)
Alabama	0.1	6.4	2.6	0.1
Alaska	--	-20.7	--	-45.8
Arizona	0.8	-5.5	11.7	4.9
Arkansas	-1.5	-5.5	6.8	2.6
California	-1.5	17.5	5.9	2.7
Colorado	3.0	13.6	9.1	6.5
Connecticut	-1.4	13.5	1.7	-2.0
Delaware	-10.1	-12.4	--	-9.2
District of Columbia	1.8	-7.3	3.5	-0.1
Florida	--	-0.2	6.3	5.2
Georgia	2.2	16.2	0.7	4.9
Hawaii	-0.2	3.6	0.3	0.6
Idaho	8.5	5.3	6.7	4.9
Illinois	-6.3	-10.1	3.3	-0.9
Indiana	-3.9	9.9	3.4	-0.3
Iowa	-7.9	0.5	7.5	-1.7
Kansas	-10.4	-2.7	4.0	-2.8
Kentucky	1.2	-7.9	3.9	1.2
Louisiana	-1.4	104.4	2.0	6.8
Maine	-7.2	7.5	12.6	0.1
Maryland	-1.1	-4.4	3.1	1.4
Massachusetts	1.0	11.8	5.8	2.8
Michigan	-1.8	-1.5	-0.6	-0.2
Minnesota	2.2	10.2	-4.7	3.1
Mississippi	-1.2	15.6	4.8	2.2
Missouri	-0.5	-7.9	3.5	0.4
Montana	1.4	-4.9	--	0.5
Nebraska	3.0	11.4	5.8	5.4
Nevada	--	--	5.5	0.7
New Hampshire	-5.7	-5.8	--	-4.3
New Jersey	-0.9	9.2	3.8	2.0
New Mexico	-10.1	-19.6	8.2	2.4
New York	-1.0	-12.9	4.2	-1.7
North Carolina	-10.0	-4.3	8.3	-3.6
North Dakota	-24.4	10.2	12.9	14.5
Ohio	-16.7	-97.7	10.6	-2.0
Oklahoma	5.4	-30.5	4.4	5.0
Oregon	-1.6	11.6	--	0.0
Pennsylvania	0.3	10.3	3.5	1.5
Rhode Island	-1.9	-18.1	3.4	0.2
South Carolina	2.6	-1.0	14.0	6.8
South Dakota	--	-20.7	6.7	5.0
Tennessee	-8.6	-7.7	3.9	1.5
Texas	--	--	5.9	7.5
Utah	1.1	11.5	-9.3	-0.7
Vermont	1.1	7.7	3.6	3.2
Virginia	1.8	-5.2	-2.8	0.7
Washington	--	--	2.3	0.2
West Virginia	0.6	-9.6	-0.9	1.2
Wisconsin	-9.6	-2.6	4.2	-2.7
Wyoming	--	--	11.1	6.5
United States	-1.6	2.3	5.1	1.6

Source: Census Quarterly Summary of State and Local Revenue.

# About the Author

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