Stress Testing States

DAN WHITE, SENIOR ECONOMIST
Heaviest Weight on the Jobs Rebound

Net change in employment since July-09, ths

- Construction
- Transportation
- Manufacturing
- Finance
- Wholesale
- Other
- Mining
- Information
- Federal Govt
- State & Local Govt

Sources: BLS, Moody’s Analytics
This Time Really Was Different

Cumulative job growth after 5 years of recovery, by recession, %

Sources: Census Bureau, Moody’s Analytics
Increased Volatility in Tax Collections

Standard deviation of annual % change

Sources: Census Bureau, BEA, Moody’s Analytics
Changing Face of Government

% of total state and local government spending

Social benefit spending (i.e. Medicaid), pensions, and interest payments

Sources: BEA, Moody’s Analytics
Recessions Affect Revenues AND Spending

% change year ago

Sources: BEA, Moody’s Analytics
Translating Economic Stress into Fiscal Stress

Aggregate state tax revenues*, $ bil, Jun-Jul Fiscal Year

Sources: Census Bureau, Moody’s Analytics

*2014 vintage forecast
Alternative Views of the World…

U.S. real GDP growth under alt scenarios, % change year ago

Sources: BEA, Moody’s Analytics
…Filtered Down to the Local Level

Utah nominal disposable personal income, % change year ago

Sources: BEA, Moody’s Analytics
Federal Reserve Regulatory Scenarios

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<th>Federal Reserve</th>
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<td>Geographies</td>
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<td>Time Horizon</td>
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<td>Number of Variables</td>
<td>28</td>
<td>U.S. &gt; 1,500, State &gt; 200</td>
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Pushing the Envelope

Duration of business cycle expansion, months

Post-WWII average

Sources: NBER, Moody’s Analytics