



News from the Fiscal Policy Institute

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Misleading NYS GDP Data for 2009 *Federal release distorts picture of NYS's economy*

The U.S. Bureau of Economic Analysis (BEA) today released advance state-level data on GDP that provides a very misleading picture of New York State's 2009 economic performance according to the Fiscal Policy Institute (FPI). Gross Domestic Product (GDP) estimates the total value of goods and services produced and is the most comprehensive measure of economic activity. GDP by state is the state counterpart to the national GDP estimates.

"Because the BEA advance estimates are based on very partial data and exclude any information on corporate profits, the BEA dramatically overstates New York State's actual economic decline for 2009," stated James Parrott, FPI's Chief Economist. BEA's flawed estimates indicate that New York's GDP fell by 4.3 percent in 2009, a decline that would rank 3rd worst among all 50 states, surpassed only by Michigan (-5.2 percent) and Nevada (-6.4 percent).

Parrott points out that had the GDP estimates accounted for the change in corporate profits in 2009, as the revised data will when released next June, New York State's relative performance would have been substantially improved. The BEA state GDP data show that the finance and insurance sector accounted for about two-thirds of New York's 2009 GDP decline. Yet, corporate profit data released in late September by BEA as part of its monthly national GDP release show that nationally, corporate profits in the financial sector doubled in 2009 from \$105 billion to \$211 billion.

"Had BEA's estimates factored in corporate profits, particularly for the finance sector which is so critical to the state's economy, the 2009 GDP figure would have been much higher, reflecting the fact that finance profits, especially on Wall Street, did extraordinarily well in 2009," stated Parrott. Wall Street firms recorded \$61.4 billion in profits in 2009, nearly three times the previous annual record. This figure represents the broker/dealer operations of the member companies of the New York Stock Exchange.

Parrott suggested, "When you exclude the finance sector, New York State's GDP declined by 1.8 percent rather than the 4.3 percent reported by BEA in today's release." (See Table 1 attached.)

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Parrott continued, “A 1.8 percent decline would have ranked New York in the middle of the pack of all states rather than near the very bottom. That is much more consistent with everything we know about New York’s relative economic performance during the Great Recession.”

A much better indicator of New York’s relative economic performance in 2009 is provided by BEA’s own data on total employment by state. BEA’s employment data includes both full-time and part-time payroll employees, as well as sole proprietors and active partners in business partnerships. This is a more comprehensive employment series than available from the Bureau of Labor Statistics and state labor departments. Table 2, attached, shows that New York’s total employment fell by 209,200 in 2009, a 1.9 percent decline that would rank New York State’s employment performance 10th best among all states in 2009 (or 11th if the District of Columbia is included.)

Parrott concluded, “The Great Recession has exacted a terrible human cost in lost wages, jobs and family well-being in New York State. Unemployment remains very high and all projections indicate it will stay high for many months to come. However, the public debate about state economic and fiscal policies should not rely on vastly misleading economic data. Today’s BEA release on state GDP should not factor into those public discussions.”

The Fiscal Policy Institute (www.fiscalpolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving policies and practices that better the economic and social conditions of all New Yorkers.

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Industry	2007	2008	2009	Abs. changes		Percent changes	
				2007-08	2008-09	2007-08	2008-09
All industry total	\$1,022,111	\$1,024,813	\$981,079	\$2,702	-\$43,734	0.3%	-4.3%
All industry except finance and insurance	\$842,612	\$841,215	\$826,017	-\$1,397	-\$15,198	-0.2%	-1.8%
Agriculture, forestry, fishing, and hunting	\$2,093	\$2,135	\$2,014	\$42	-\$121	2.0%	-5.7%
Mining	\$668	\$634	\$883	-\$34	\$249	-5.1%	39.3%
Utilities	\$15,531	\$15,821	\$16,146	\$290	\$325	1.9%	2.1%
Construction	\$30,474	\$32,291	\$31,571	\$1,817	-\$720	6.0%	-2.2%
Manufacturing	\$65,414	\$61,194	\$56,661	-\$4,220	-\$4,533	-6.5%	-7.4%
Durable goods	\$31,847	\$32,335	\$30,582	\$488	-\$1,753	1.5%	-5.4%
Nondurable goods	\$32,824	\$28,891	\$26,809	-\$3,933	-\$2,082	-12.0%	-7.2%
Wholesale trade	\$52,179	\$51,015	\$50,846	-\$1,164	-\$169	-2.2%	-0.3%
Retail trade	\$54,156	\$52,342	\$50,534	-\$1,814	-\$1,808	-3.3%	-3.5%
Transportation and warehousing	\$19,178	\$18,750	\$18,412	-\$428	-\$338	-2.2%	-1.8%
Information	\$75,396	\$76,858	\$78,888	\$1,462	\$2,030	1.9%	2.6%
Finance and insurance	\$179,499	\$183,598	\$155,062	\$4,099	-\$28,536	2.3%	-15.5%
Real estate and rental and leasing	\$143,471	\$144,981	\$140,501	\$1,510	-\$4,480	1.1%	-3.1%
Professional and technical services	\$89,939	\$90,421	\$88,014	\$482	-\$2,407	0.5%	-2.7%
Management of companies and enterprises	\$21,298	\$20,900	\$19,334	-\$398	-\$1,566	-1.9%	-7.5%
Administrative and waste services	\$26,129	\$26,787	\$25,323	\$658	-\$1,464	2.5%	-5.5%
Educational services	\$15,743	\$16,055	\$15,755	\$312	-\$300	2.0%	-1.9%
Health care and social assistance	\$71,979	\$73,672	\$74,823	\$1,693	\$1,151	2.4%	1.6%
Arts, entertainment, and recreation	\$12,855	\$13,029	\$12,827	\$174	-\$202	1.4%	-1.6%
Accommodation and food services	\$25,944	\$25,682	\$25,142	-\$262	-\$540	-1.0%	-2.1%
Other services, except government	\$22,669	\$22,699	\$21,887	\$30	-\$812	0.1%	-3.6%
Government	\$104,001	\$105,694	\$106,724	\$1,693	\$1,030	1.6%	1.0%

Source: Bureau of Economic Analysis, U.S. Department of Commerce

Table 2. Total Employment* by State, 2008-2009					
Total Employment	2008	2009	2008-09		Rank (best to worst)
			Abs. change	% change	
Alaska	447,437	448,283	846	0.2%	1
District of Columbia	811,019	812,236	1,217	0.2%	2
North Dakota	492,294	491,889	-405	-0.1%	3
Louisiana	2,554,557	2,531,128	-23,429	-0.9%	4
Oklahoma	2,190,593	2,162,746	-27,847	-1.3%	5
South Dakota	559,656	552,059	-7,597	-1.4%	6
West Virginia	926,776	913,754	-13,022	-1.4%	7
Texas	14,315,821	14,100,442	-215,379	-1.5%	8
Nebraska	1,239,845	1,219,904	-19,941	-1.6%	9
Kansas	1,861,189	1,826,754	-34,435	-1.9%	10
New York**	11,166,453	10,957,226	-209,227	-1.9%	11
Maryland	3,428,709	3,356,526	-72,183	-2.1%	12
Arkansas	1,582,154	1,546,019	-36,135	-2.3%	13
Wyoming	399,132	389,809	-9,323	-2.3%	14
Iowa	1,999,586	1,952,456	-47,130	-2.4%	15
Pennsylvania	7,320,166	7,147,040	-173,126	-2.4%	16
Virginia	4,863,785	4,747,834	-115,951	-2.4%	17
Montana	641,465	626,148	-15,317	-2.4%	18
Vermont	427,493	416,821	-10,672	-2.5%	19
Colorado	3,239,955	3,158,975	-80,980	-2.5%	20
Massachusetts	4,208,847	4,099,549	-109,298	-2.6%	21
New Mexico	1,104,723	1,075,339	-29,384	-2.7%	22
Maine	828,824	806,631	-22,193	-2.7%	23
Connecticut	2,252,130	2,188,730	-63,400	-2.8%	24
Hawaii	864,147	839,658	-24,489	-2.8%	25
New Jersey	5,113,716	4,966,002	-147,714	-2.9%	26
Missouri	3,628,959	3,523,740	-105,219	-2.9%	27
New Hampshire	844,171	819,689	-24,482	-2.9%	28
Minnesota	3,524,633	3,421,028	-103,605	-2.9%	29
Mississippi	1,539,649	1,494,182	-45,467	-3.0%	30
Kentucky	2,414,387	2,338,887	-75,500	-3.1%	31
Washington	3,962,668	3,835,086	-127,582	-3.2%	32
Illinois	7,581,869	7,327,333	-254,536	-3.4%	33
Utah	1,680,868	1,623,595	-57,273	-3.4%	34
Rhode Island	605,800	585,099	-20,701	-3.4%	35
Delaware	549,021	529,286	-19,735	-3.6%	36
Wisconsin	3,581,109	3,451,063	-130,046	-3.6%	37
North Carolina	5,427,122	5,215,609	-211,513	-3.9%	38
Alabama	2,605,687	2,501,961	-103,726	-4.0%	39
California	20,770,509	19,922,897	-847,612	-4.1%	40
Ohio	6,744,147	6,468,901	-275,246	-4.1%	41
Oregon	2,305,807	2,211,540	-94,267	-4.1%	42
Tennessee	3,708,466	3,554,279	-154,187	-4.2%	43
South Carolina	2,546,039	2,440,156	-105,883	-4.2%	44
Georgia	5,496,557	5,258,652	-237,905	-4.3%	45
Indiana	3,681,483	3,519,989	-161,494	-4.4%	46
Idaho	924,818	882,086	-42,732	-4.6%	47
Florida	10,304,000	9,813,883	-490,117	-4.8%	48
Arizona	3,392,729	3,209,925	-182,804	-5.4%	49
Michigan	5,326,715	5,022,464	-304,251	-5.7%	50
Nevada	1,620,515	1,508,912	-111,603	-6.9%	51

Source: Bureau of Economic Analysis

* The BEA employment series for states and local areas comprises estimates of the number of jobs, full-time plus part-time, by place of work. Full-time and part-time jobs are counted at equal weight. Employees, sole proprietors, and active partners are included, but unpaid family workers and volunteers are not included.

** The New York State ranking of 11th is determined by including District of Columbia