State-level Labor Productivity

BLS publishes for the first time a state-level labor productivity series

About the measures

Coverage
- Private nonfarm sector (2007-2017)

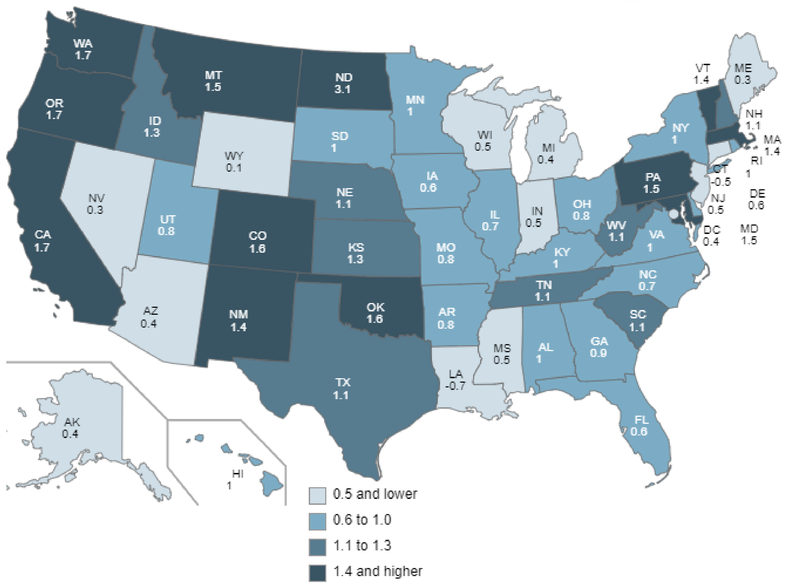
Output Source
- GDP by State (BEA)

Hours Sources
- Current Employment Statistics (BLS)
- National Compensation Survey (BLS)
- Current Population Survey (BLS)

Labor Compensation Sources
- Personal Income by State (BEA)
- Regional Price Parities by State (BEA)
- Consumer Price Index (BLS)

Next Publication
- The measures will be extended through 2019 in **June 2020.**

Where did labor productivity grow the fastest?



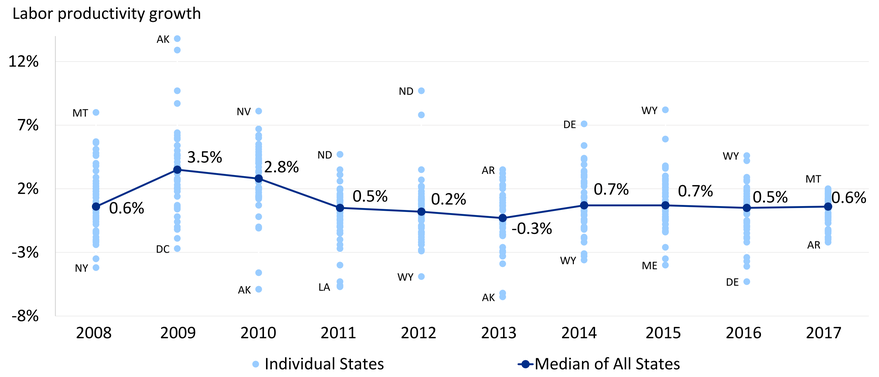
Over the current business cycle (2007-2017), labor productivity growth varied substantially across the nation. Labor productivity grew the fastest in:

North Dakota (3.1%)
California (1.7%)
Oregon (1.7%)
Washington (1.7%)

Labor productivity grew the slowest in:

Louisiana (-0.7%)
Connecticut (-0.5%)
Wyoming (0.1%)

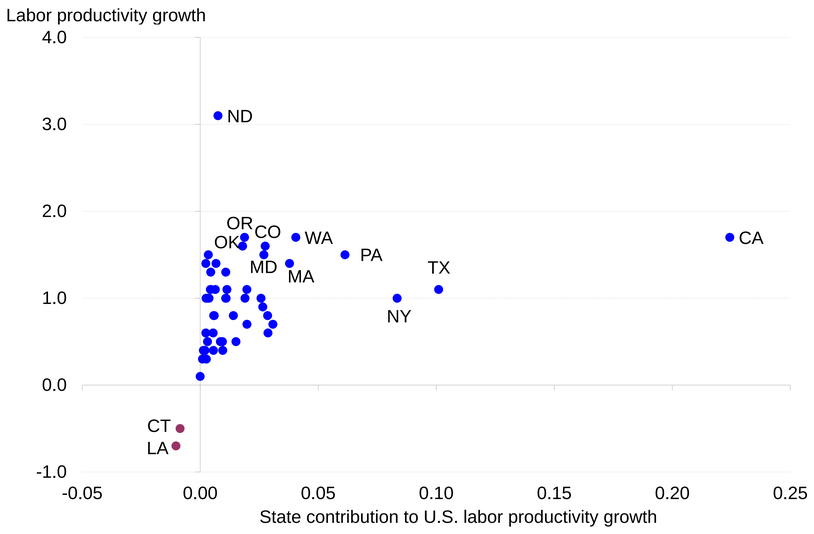
Annual dispersion in state productivity growth



The range of state-level labor productivity growth rates varies year to year. Over the ten-year period, dispersion was greatest during and right after the Great Recession.

The **largest range** (16.5%) occurred in 2009: 13.8% (Alaska) to -2.7% (D.C)
The **smallest range** (4.2%) occurred in 2017: 2.0% (Montana) to -2.2% (Arkansas)

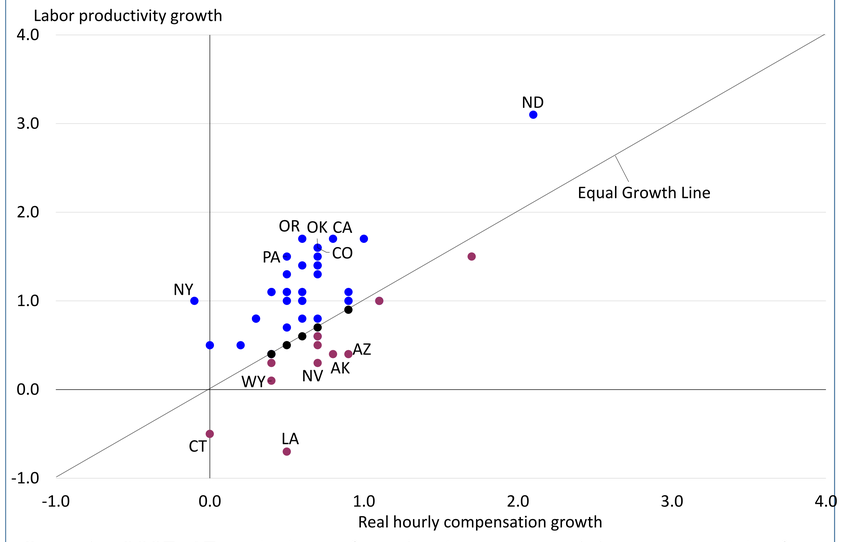
Contributions to national productivity growth



A state's contribution to national productivity growth can be calculated by weighting its productivity growth by its share of national value-added output.

California with 1.7% growth made the largest contribution to national productivity growth (1.3%) during the 2007-17 period, followed by Texas and New York.

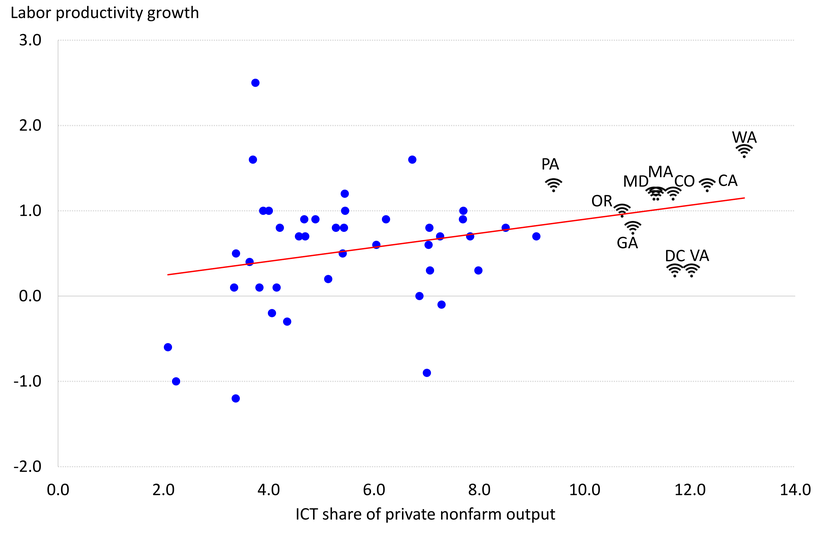
The compensation-productivity gap



Over the 2007–17 period, nonfarm business sector labor productivity for the nation grew at an average rate of 1.3% per year while real hourly compensation only grew at an average rate of 0.5 % per year.

During this period, 32 states saw labor productivity increase faster than real hourly compensation, including four states (New York, North Dakota, Oregon, and Pennsylvania) where the difference was 1% or greater.

Labor productivity and ICT-producing industries



Over the postrecession period (2009-2017), there is a positive correlation (σ = 0.35) between state-level labor productivity growth and the share of the state's output in the ICT-producing sector.

Eight of the top 10 states in terms of their ICT-producing sector share saw labor productivity growth exceed the median of all states (0.7%).

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