

Yankee Institute Policy Brief

\$60 a Second: Connecticut's Outmigration Problem

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November 2015



Introduction

In just two years – from 2011 to 2013 – more than 27,000 people left Connecticut, taking with them \$3.8 billion in income. That’s 38 people and \$5.2 million leaving the state every day for two years.

If only the numbers could talk, they could tell us the stories behind the statistics.

Stories of moving vans, packing tape, and tearful good-byes; or homes in Connecticut shuttered for six months and a day; or of recent college graduates packing up their cars with all their worldly belongings and heading out state to find their first jobs.

Connecticut has an outmigration problem. More people are moving to other states and other countries than are moving in. This doesn’t mean no one is moving into Connecticut – many people are – but more are moving out. And this isn’t a new problem; in fact it is now decades old. But it has picked up steam.

Between 1993 and 2010, around 12,000 people left the state each year, taking with them about \$545 million in income. That means that on average each person took about \$45,000 with him or her.¹ Some people, especially retirees, probably left with little or even no income, which brings the average down.

Between 2011 and 2013, however, about 13,500 people left Connecticut each year, taking \$1.9 billion in income with them. The average income per person leaving the state climbed to \$142,000 – more than three times the previous average.

What happened in 2011 to instigate this massive exodus of people and money? State lawmakers passed an historic \$2.5 billion tax increase, which included hikes on personal income taxes, corporate taxes, and estate taxes.

Yes, taxes affect behavior. If moving to another state can save people thousands – and sometimes millions – of dollars in taxes, why wouldn’t they?

Understanding why residents are leaving also helps us take a step toward reversing the outmigration trend. We can’t do much about the weather, but we can make Connecticut a more welcoming place for job growth, and we can make it more affordable by decreasing the cost of state and local government.

The Numbers

The IRS data² measures migration by following tax returns and adjusted gross income from one state to another, as well as showing foreign in- and outflows. The number of tax returns represents the number of households leaving the state, while the number of exemptions shows the number of people in those households. The income data represents the adjusted gross income (AGI), and is a good measure of household income.

¹ These numbers were calculated using the Tax Foundation’s migration calculator. See <http://interactive.taxfoundation.org/migration/>.

² The IRS data can be found at <https://www.irs.gov/uac/SOI-Tax-Stats-Migration-Data>.

In just two years Connecticut had a net loss of 27,541 people, and \$3.8 billion in adjusted gross (taxable) income. That includes foreign in- and outmigration.

From 2011 to 2012, the state lost 12,088 people and \$2.02 billion in taxable income (see Chart 3). From 2012 to 2013, the state lost 15,453 people and \$1.8 billion in taxable income (see Chart 4).

The largest net outflow of people and money from 2011 to 2012 went to Florida (see Chart 1). Connecticut lost 4,560 people and \$1.362 billion in income to Florida in 2012. This is an average of \$285,000 per person, or \$587,000 per household.

From 2012 to 2013, Florida again was the most popular destination for people moving out of Connecticut (see Chart 2). Connecticut lost 5,686 people and \$1.097 billion in income to Florida in 2013. This is an average of \$193,000 per person, or \$400,000 per household.

Chart 1: Top Ten States, Net AGI Outflow 2011-2012

State	Outflow - AGI	Inflow - AGI	Net - AGI
Florida	1,612,598	250,325	1,362,273
California	254,122	153,717	100,405
Massachusetts	329,041	238,032	91,009
North Carolina	136,296	46,669	89,627
Virginia	141,667	65,476	76,191
Foreign	201,747	139,302	62,445
South Carolina	82,052	26,363	55,689
Texas	157,148	103,729	53,419
Arizona	68,527	28,351	40,176
Rhode Island	86,223	50,597	35,626

Chart 2: Top Ten States, Net AGI Outflow 2012-2013

State	Outflow - AGI	Inflow - AGI	Net AGI (in thousands)
Florida	1,439,485	341,533	1,097,952
Foreign	268,812	102,701	166,111
California	338,770	175,438	163,332
Texas	235,487	108,249	127,238
North Carolina	169,367	47,882	121,485
Massachusetts	368,497	257,543	110,954
New Hampshire	120,805	37,315	83,490
South Carolina	108,688	26,199	82,489
Rhode Island	112,872	57,817	55,055
Tennessee	69,593	22,642	46,951

Why Florida? It is, of course, much warmer than Connecticut. But it also has a much lower overall tax burden. With no state income tax, no state-levied estate taxes, and much lower property taxes on average than Connecticut, many of our former state residents have decided that living there for six-months and a day, or longer, in order to save thousands – if not millions – of dollars is well worth the cost of commuting.

Keeping Them Here

So, how can we reverse this trend?

First, Connecticut should immediately repeal its estate tax. This tax brought in only \$168 million in 2014, which is less than 1 percent of state revenue. The state likely loses much more than that in yearly income taxes because people move to avoid the estate tax.

In addition, Connecticut must work to restore income tax rates to pre-2011 levels. Obviously, this will first require the state to substantially rein in spending, or else experience economic growth at a rate it has not seen in many years.

The outmigration of state residents is only exacerbating the state's already troubling economic trends. In the Economic Report of the Governor released this year, population projections showed an expected 10 percent decline of children aged 0-19 by 2025. Meanwhile, the population of people aged 65 and older is expected to increase by 54 percent.³ This will put increasing pressure on the shrinking number of workforce-aged residents.

It is clear that the state must build a tax and regulatory system that favors growth. If not, the state's population – and tax base – will only continue to erode.

³ Connecticut Office of Policy and Management. FY 2016- FY 2017 Biennium Economic Report of the Governor. Feb. 18, 2015.

\$60 A Second: Connecticut's Outmigration Problem

Chart 3: 2011-2012 Migration

State Name	Outmigration			Immigration			Net Out/Inflow		
	Number of Returns	Exemptions	AGI (in thousands)	Number of Returns	Exemptions	AGI (in thousands)	Returns	Exemptions	AGI (in thousands)
CT Total Migration US and Foreign	46,576	79,787	5,188,463	39,062	67,699	3,165,218	7,514	12,088	2,023,245
CT Total Migration US	44,807	76,481	4,986,716	37,958	65,523	3,025,916	6,849	10,958	1,960,800
CT Total Migration Foreign	1,769	3,306	201,747	1,104	2,176	139,302	665	1,130	62,445
CT Non-migrants	1,367,856	2,870,405	133,130,211	1,367,856	2,870,405	133,130,211	0	0	0
New York	8,462	12,979	1,074,969	10,633	18,678	1,186,493	-2,171	-5,699	-111,524
Florida	6,475	11,437	1,612,598	4,153	6,877	250,325	2,322	4,560	1,362,273
Massachusetts	4,924	7,767	329,041	3,958	6,341	238,032	966	1,426	91,009
California	2,554	4,242	254,122	1,885	3,187	153,717	669	1,055	100,405
New Jersey	1,965	3,471	148,798	2,072	3,650	181,547	-107	-179	-32,749
Foreign	1,769	3,306	201,747	1,104	2,176	139,302	665	1,130	62,445
Texas	1,729	3,196	157,148	1,094	2,046	103,729	635	1,150	53,419
North Carolina	1,698	3,347	136,296	994	1,860	46,669	704	1,487	89,627
Pennsylvania	1,559	2,766	105,768	1,397	2,292	88,745	162	474	17,023
Virginia	1,413	2,667	141,667	1,065	1,979	65,476	348	688	76,191
Rhode Island	1,260	2,051	86,223	1,067	1,720	50,597	193	331	35,626
Georgia	1,246	2,292	76,063	892	1,655	44,656	354	637	31,407
South Carolina	1,011	1,891	82,052	516	935	26,363	495	956	55,689
Maryland	839	1,435	57,612	588	1,053	41,841	251	382	15,771
Illinois	814	1,471	87,153	672	1,227	64,550	142	244	22,603
New Hampshire	705	1,214	60,376	501	812	67,928	204	402	-7,552
Maine	631	1,109	36,899	447	751	20,332	184	358	16,567
Arizona	630	1,108	68,527	417	693	28,351	213	415	40,176
Colorado	601	990	60,016	390	661	31,635	211	329	28,381
Ohio	541	1,053	42,074	499	899	69,263	42	154	-27,189
Washington	512	987	43,876	368	735	21,009	144	252	22,867
Vermont	495	774	27,928	350	541	22,553	145	233	5,375
Michigan	428	741	29,821	374	683	23,302	54	58	6,519
Tennessee	424	769	29,855	311	593	22,384	113	176	7,471
District Of Columbia	305	352	16,788	198	257	14,015	107	95	2,773
Minnesota	267	491	19,315	219	375	14,472	48	116	4,843
Indiana	263	493	17,809	232	411	12,563	31	82	5,246
Nevada	242	412	18,546	178	296	3,540	64	116	15,006
Hawaii	229	371	12,380	169	312	7,976	60	59	4,404
Wisconsin	227	446	16,269	203	363	13,452	24	83	2,817
Missouri	224	410	15,656	226	380	17,505	-2	30	-1,849
Alabama	224	451	10,054	148	280	6,520	76	171	3,534

Oregon	203	344	12,353	151	257	6,118	52	87	6,235
Louisiana	184	299	-954	151	269	8,601	33	30	-9,555
Kentucky	178	323	12,813	121	200	5,845	57	123	6,968
Utah	150	286	16,456	122	240	6,721	28	46	9,735
Delaware	148	240	8,294	128	211	9,700	20	29	-1,406
Iowa	118	221	6,396	110	193	6,196	8	28	200
New Mexico	110	166	7,418	103	181	5,423	7	-15	1,995
Oklahoma	104	200	8,148	112	199	6,629	-8	1	1,519
Kansas	102	186	5,890	139	265	6,556	-37	-79	-666
Alaska	93	135	3,829	80	122	2,864	13	13	965
Mississippi	86	138	5,531	73	139	3,343	13	-1	2,188
Arkansas	74	147	5,080	75	142	4,940	-1	5	140
West Virginia	71	111	3,421	52	82	2,276	19	29	1,145
Montana	61	91	3,210	59	73	1,597	2	18	1,613
Nebraska	57	123	4,305	62	113	3,104	-5	10	1,201
Wyoming	50	78	2,472	71	86	1,840	-21	-8	632
South Dakota	48	79	1,975	55	76	1,614	-7	3	361
Idaho	44	86	3,397	45	85	1,593	-1	1	1,804
North Dakota	29	45	983	33	48	1,414	-4	-3	-431
Total	46,576	79,787	5,188,463	39,062	67,699	3,165,216	7,514	12,088	2,023,247

\$60 A Second: Connecticut's Outmigration Problem

Chart 4: 2012-2013 Migration

State Name	Outmigration			Immigration			Net Out/Inflow		
	Number of Returns	Exemptions	AGI (in thousands)	Number of Returns	Exemptions	AGI (in thousands)	Returns	Exemptions	AGI (in thousands)
CT Total Migration US and Foreign	48,362	85,030	5,404,641	39,385	69,577	3,601,931	8,977	15,453	1,802,710
CT Total Migration US	47,113	82,412	5,135,829	38,545	67,781	3,499,230	8,568	14,631	1,636,599
CT Total Migration Foreign	1,249	2,618	268,812	840	1,796	102,701	409	822	166,111
CT Non-migrants	1,365,345	2,855,206	142,228,765	1,365,345	2,855,206	142,228,765	0	0	0
New York	8,354	13,255	835,175	10,882	19,705	1,390,226	-2,528	-6,450	-555,051
Florida	6,906	12,591	1,439,485	4,165	6,905	341,533	2,741	5,686	1,097,952
Massachusetts	5,114	7,925	368,497	4,095	6,485	257,543	1,019	1,440	110,954
California	2,786	4,626	338,770	1,907	3,258	175,438	879	1,368	163,332
North Carolina	2,057	4,021	169,367	1,000	1,907	47,882	1,057	2,114	121,485
Texas	1,978	3,861	235,487	1,186	2,166	108,249	792	1,695	127,238
New Jersey	1,905	3,526	172,850	1,975	3,562	229,694	-70	-36	-56,844
Pennsylvania	1,492	2,657	128,675	1,404	2,453	96,031	88	204	32,644
Virginia	1,402	2,701	103,458	1,075	2,106	77,976	327	595	25,482
Rhode Island	1,363	2,177	112,872	1,136	1,867	57,817	227	310	55,055
Georgia	1,318	2,632	96,337	819	1,563	51,438	499	1,069	44,899
Foreign	1,249	2,618	268,812	840	1,796	102,701	409	822	166,111
South Carolina	1,190	2,258	108,688	536	1,028	26,199	654	1,230	82,489
Maryland	886	1,578	79,385	641	1,164	57,751	245	414	21,634
New Hampshire	818	1,408	120,805	552	858	37,315	266	550	83,490
Illinois	805	1,425	75,679	696	1,304	74,272	109	121	1,407
Maine	739	1,283	49,775	438	727	21,206	301	556	28,569
Arizona	662	1,132	57,791	421	765	35,602	241	367	22,189
Colorado	626	1,049	55,449	393	713	26,432	233	336	29,017
Ohio	619	1,216	53,158	517	916	42,314	102	300	10,844
Washington	597	1,066	44,725	393	781	28,356	204	285	16,369
Tennessee	519	992	69,593	332	613	22,642	187	379	46,951
Michigan	498	985	49,716	355	599	23,272	143	386	26,444
Vermont	465	748	38,264	363	561	21,932	102	187	16,332
District Of Columbia	307	366	13,556	261	346	21,195	46	20	-7,639
Minnesota	276	560	35,309	207	384	21,840	69	176	13,469
Indiana	260	527	18,891	226	395	11,687	34	132	7,204
Missouri	242	441	27,067	245	442	20,559	-3	-1	6,508
Oregon	241	400	37,449	136	230	6,087	105	170	31,362
Hawaii	239	449	12,639	160	323	8,962	79	126	3,677
Nevada	225	399	13,984	187	310	16,294	38	89	-2,310
Wisconsin	210	405	17,735	222	390	17,480	-12	15	255

Kentucky	192	378	14,540	112	193	5,214	80	185	9,326
Louisiana	191	329	15,501	141	246	8,538	50	83	6,963
Delaware	177	328	11,421	119	209	6,561	58	119	4,860
Alabama	171	317	10,790	146	277	6,562	25	40	4,228
Utah	168	360	33,227	133	317	16,366	35	43	16,861
Oklahoma	139	253	7,416	107	198	6,139	32	55	1,277
Kansas	133	236	8,061	126	243	10,346	7	-7	-2,285
New Mexico	109	161	10,193	134	220	13,677	-25	-59	-3,484
Iowa	104	212	6,219	101	190	6,152	3	22	67
Mississippi	84	156	4,180	71	118	3,484	13	38	696
Nebraska	81	174	5,716	59	121	3,105	22	53	2,611
Arkansas	81	164	5,661	68	126	21,815	13	38	-16,154
Alaska	71	104	3,351	69	127	3,800	2	-23	-449
West Virginia	68	124	3,227	51	83	2,082	17	41	1,145
Idaho	68	142	4,588	34	71	1,349	34	71	3,239
South Dakota	48	82	2,580	41	60	1,635	7	22	945
Montana	48	91	2,332	39	58	1,528	9	33	804
Wyoming	41	67	3,752	44	61	4,496	-3	6	-744
North Dakota	40	75	2,445	25	37	1,153	15	38	1,292
Totals	48,362	85,030	5,404,643	39,385	69,577	3,601,927	8,977	15,453	1,802,716