

## **Maryland's Net Out-Migration Falls Sharply in 2009** *Smallest loss in four years*

For the sixth consecutive year more people moved out of Maryland than moved in, according to state-to-state migration data from the U.S. Internal Revenue Service.<sup>1</sup> However, the 7,255 net domestic out migrants in 2009 was only a little more than one-third the 20,632 net loss in 2008 and was the smallest net loss in four years. As an indication of how dramatically net out migration has declined from Maryland, the net outflow in 2008 was the second largest in the data series, while the net out migration in 2007 (-23,645) was the largest in the data series, which dates back to 1981. (See [Chart 1](#).) Maryland's smaller net loss in 2009 was due in part to the deflated housing bubble, which made it harder for prospective migrants to sell or buy homes, as well as to the pervasive nature of the Great Recession job losses which touched virtually every part of the country.

### **I. Intra U.S. Out Migration**

The reported 7,255 net out migrants in 2009 includes net gains from "federal citizens movements"- that is the movement of federal personnel to and from overseas assignments. Subtracting out these gains leaves Maryland with a net loss of just over 9,200 residents to the rest of the U.S., (or "intra-U.S." migration), substantially less than the 23,400 intra-U.S. loss in 2008, and the smallest net loss in the data series since 2004. (See [Table 1](#) and [Chart 2](#).) The last six years of consecutive losses through intra-U.S. migration came after four consecutive years of intra U.S. gains. Maryland's four years of intra U.S. gains (2000-2003) in turn followed eight straight years of prior net losses (1992-1999).

The net gains and losses for Maryland thru intra-U.S. migration are due in part to the relative strength of the State's economy compared to the U.S. When Maryland's economy is more robust than the national economy, it tends to gain through intra-U.S. migration, and when the State's economy is less dynamic than the nation's economy, it tends to lose through intra-U.S. migration.

For instance, following the 2001 recession, Maryland had one of the strongest economies in a very weak national picture. Payroll (wage & salary) jobs grew by 0.7 percent in 2002 and 0.4 percent in 2003, ranking the State as sixth and 16<sup>th</sup> fastest, respectively, in job growth in the U.S, and which coincided with net migration gains to Maryland from other states.<sup>2</sup> While job growth in Maryland improved over the next four years (peaking at 1.3% in 2006), the State's growth ranking fell to 29<sup>th</sup> in the U.S. in 2006, and to 35<sup>th</sup> in 2007 (0.7%) as much of the rest of the U.S. was catching up to, or even exceeding, Maryland's growth rates. And, whereas growth rates in 2002 and 2003 were well above (anemic) national rates, they were below the improving national rates in 2005 thru 2007, leading to net out migration to other states.

The impact of the Great Recession (officially from December 2007 to June 2009) on annual job growth began in 2008 with moderate payroll losses of 0.4 percent nationally and in

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<sup>1</sup> The source of the state-to-state migration data are geocoded tax returns matched on social security numbers of the main filer, and ZIP Code address in consecutive years. If there is a change in state address from year one to year two, then there is a move, with the number of people associated with the move equal to the number of claimed exemptions.

<sup>2</sup> Data derived from the U.S. Bureau of Economic Analysis, Table SA27.

Maryland. The economies of both the State and the U.S. became progressively worse during the year and led into substantial losses both locally and nationally in 2009. In 2009, the nation lost 6.2 million payroll jobs (-4.3%), by far the largest decline in the 40-year history of the data series. And, unlike in recent recessions, every single state experienced payroll declines in 2009. Maryland's percentage decline of 2.9 percent, while the sharpest loss since 1991, was actually the ninth smallest percentage loss in the nation but provided no real economic advantage over the rest of the U.S. (See [Table 2](#). See also the [Statistical Evidence for Economic Migration](#) below, for a discussion on the relationship between the State's economy and migration).<sup>3</sup>

Playing a more prominent role in the larger net out migration from Maryland earlier in the decade has been the run up in housing costs in the State when compared to bordering counties in neighboring states, but especially when compared to Pennsylvania. These higher housing prices in Maryland have played a major role in recent out migration from Harford, Baltimore, Carroll and Frederick counties into neighboring counties in Pennsylvania. By 2009, the Great Recession and the deflating housing bubble severely curtailed this migration stream as those who wanted to move had the extra burden of trying to sell an existing home with few buyers, or those who wanted to purchase a new home in a new location had to deal with a very tight mortgage lending environment.

All in all, as the net out-migration totals declined from Maryland in 2009 compared to recent previous years, it was much more the result of a reduction in out migration of Maryland residents to other states than a decline of residents of other states moving to Maryland. For instance, between 2006 and 2009, the flow of in migrants to Maryland from other states dropped by just under 11,200 (-7.9%) while the number of Maryland residents moving to other states fell by 21,600 (-13.7%). (See [Chart 3](#) for in and out flows for Maryland over the 1997 to 2009 period.)

## **II. Regional Migration**

For the first time in four years Maryland experienced net in-migration from two of the four major regions of the U.S. in 2009, the Northeast Region and the North Central Region. Additionally, Maryland had substantial reductions in net outflows to the Southern and Western regions as overall mobility was greatly affected by the Great Recession. (See [Table 3](#).)

### **II.1 Outflow to Northeast Region Reversed**

Maryland once again became a recipient of residents from the Northeast Region in 2009, after three successive years of net out migration, the only time in the 29 years of the data series in which Maryland had net out migration to this Region. One of the main drivers of the net out migration to the Northeast Region in the 2006 thru 2008 period, as well as the return to net in migration in 2009, was the interaction between Maryland and Pennsylvania. In 2009, Maryland had a net loss of just over 2,100 residents to Pennsylvania, the smallest net outflow in seven years, and substantially below the 7,200 annual average net out migration over the prior three years.

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<sup>3</sup> Economic net migration in a migration year is seen as being related to economic growth (as measured by job change) in the **prior year** (e.g. migration in 2009 and job growth in 2008).

Maryland has now had net population losses to Pennsylvania for 21 straight years (since 1989) with the heaviest net outflows occurring in the 2003 to 2008 period. (See [Chart 4](#).) In total, the losses during the last eight years (-39,251) are now two and one-half times the total net outflows over the previous 13 years (-15,699). Much of the net outflows in the early 1990s were driven by the poor economic climate in Maryland. However, much of the more recent losses after 2003 were due to Maryland residents seeking the relatively lower housing costs in the bordering Pennsylvania counties of York, Adams, Lancaster and Franklin, particularly when compared to the bordering counties in Maryland of Baltimore, Carroll, Harford and Frederick counties. For example, according to the U.S. Census Bureau's 2008 American Community Survey, the median value of owner occupied housing units for York, Franklin, Adams and Lancaster counties in Pennsylvania were well below the median values in Washington, Baltimore, Harford, Carroll and Frederick counties in Maryland. (See [Chart 5](#).) Moreover, the gain in value since 2000 was smaller in the Pennsylvania counties than in the Maryland counties. (See [Chart 6](#).)

The continued net out migration from Maryland to Pennsylvania, particularly during the housing bubble period, has led many of these former Maryland residents to commute back into Maryland for work. For instance, between 2000 and the 2006-2008 period, the number of Pennsylvania residents commuting to Maryland for work increased by just over 16,000, or 39 percent.<sup>4</sup>

Since the late 1980s, the overwhelming bulk of the gains to Maryland from the Northeast have come from **New York** and **New Jersey**. This has remained true in the most recent year, with a net gain of 1,349 **New York** residents. However, this gain from New York was nearly 100 less than in the previous year and was the smallest net gain in the 29 years of the data series. In contrast to the reduced gains over the last few years, net migration from New York was strongest during the 2001 to 2005 period when Maryland averaged annual net gains of just over 3,850 residents, the highest annual average over any consecutive five-year period since the beginning of the data series in 1981. The strong gains from New York over the 2001 to 2005 time period coincided with severe economic hardships in that State, which was characterized by three successive years of wage and salary (payroll) job losses in the 2001 to 2003 period. These gains to Maryland moderated in 2006 and 2007 as New York's job growth became more robust. In the last two years, the further drop in net gains from New York is reflective of the general crimp on mobility from the Great Recession.

The gains from **New Jersey** to Maryland in 2009 (1,501) were about 500 more than in 2008, but the gain in 2008 (1,039) was the smallest since 1985. The increase in 2009 over 2008 may be a function of some of the earlier BRAC movers to Maryland (which involves, ultimately, the transfer of some 9,000 jobs from Ft. Monmouth, New Jersey to Aberdeen Proving Grounds in Harford County). But even with this uptick in 2009, the 2009 totals were the smallest since 1995. As recently as 2005, Maryland had a net gain of 2,052 residents from New Jersey, third highest in the data series. Like New York, New Jersey was also significantly affected by the 2001 recession and experienced a relatively weak recovery with declines in payroll employment for three consecutive years (2001-2003).

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<sup>4</sup> Maryland Department of Planning analysis of 2006-2008 county-to-county commutation data from the American Community Survey. See: [2006-2008 American Community Survey – Census Transportation Planning Package \(CTPP\)](#).

Maryland had a net gain of 175 residents from **Massachusetts** in 2009, up just over 100 from 2008, but the 2008 gain was the smallest in nine years. Also from the New England area, there was a net gain of 277 residents from **Connecticut** to Maryland in 2009, substantially above the average annual gain of around 110 in each of the two previous years and the highest since 2005. Connecticut is one of the few states in which Maryland has always had a net gain in each of the last 29 years. These gains were strongest during the late 1980s and early 1990s, when Maryland averaged a net increase of 530 residents per year from Connecticut over the 1987 to 1993 time period. In contrast, over the last five years, the gains to Maryland have averaged 208 per year.

## II.2. Net Inflows from North Central Region Surge from Recent Lows

Maryland's net gain of just over 2,200 residents from the North Central Region in 2009 was just over 1,000 more than in 2008, which itself was more than 1,000 greater than in 2007. (See [Table 3](#).)

Over the last 29 years Maryland has had periods of gains and losses with the North Central Region that were highly correlated with the comparative economic health of the states in this Region and Maryland. For instance, Maryland averaged net gains of just under 3,500 per year over the 1981 to 1990 period from the North Central Region, a time when Maryland was growing very robustly (after 1983). In contrast, over the 1991 to 1999 period, when Maryland's economy lagged much of the U.S. for a good portion of this nine-year period, the State averaged a net loss of just under 1,100 residents to the North Central Region.

In the current decade, many of the manufacturing and agriculture-dependent states in the North Central Region were some of the first areas in the country to experience job losses that eventually evolved into the 2001 recession (officially lasting from March to November of 2001). In contrast, Maryland's economy was doing much better than most of the U.S., particularly in the early years of this decade which again led to migration gains to Maryland from the North Central Region.

The larger overall gain to Maryland in 2009 came about with net gains from 11 out of the 12 states in the Region, a much greater number than the four states in 2008 and the six states in 2007 and 2006. The largest number of net in migrants in 2009 were from **Michigan** (1,067), **Ohio** (349) and **Illinois** (335). All three states have had prolonged economic woes, with Michigan having lost payroll jobs every year in the 2000 to 2010 decade – the worst economic performance in the country. In 2008 Michigan experienced a 2.6 percent decline in payroll jobs (the second largest in the U.S.) and was a significant factor in Maryland's 2009 gain from Michigan being the largest in the 29 years of the data series.

Ohio's economy, while not quite as hard hit as Michigan's, has also been severely affected by the current economic downturn with payroll job change ranked 50<sup>th</sup> in 2007 and 46<sup>th</sup> in 2008. As a result, the combined net gain to Maryland from Ohio residents in 2008 and 2009 (815) was the largest two-year total since 1988 and 1989.

The 335 net gain from Illinois in 2009 reversed a small net outflow (-40) in 2008 and was the largest net gain to Maryland since 2005. Net in migration to Maryland from Illinois peaked

in 2002 (642) and 2003 (682), corresponding to Illinois payroll declines in 2001 (-0.9%) and 2002 (-1.7%) that were the largest for that state in the first eight years of the decade. As the Illinois job picture has improved, the net inflow to Maryland had shrunk leading up to the reverse in direction in 2008, the first for Maryland to Illinois in 10 years.

### **II.3. Loss to the Southern Region Moderates**

Maryland had a net loss of 12,033 residents to the Southern Region in 2009, about 6,900 less than in 2008 and the smallest net outflow in four years. As recently as 2007 Maryland had a record outflow of nearly 22,000 residents to the Southern Region. Maryland has now had net losses to the Southern Region for seven consecutive years following two years of modest net gains (2001 & 2002). Over the last 29 years Maryland has typically experienced net losses to the Southern Region, with the only gains (other than in 2001 and 2002) coming in the 1984 to 1990 period when Maryland had one of the strongest economies in the country.

The smaller net outflows to the Southern Region from Maryland in 2009 were due in large part to substantially smaller net outflows to **North Carolina, Florida, South Carolina and Georgia**. Lack of job growth in these southern states and the collapse of the housing market, making it difficult for people to either buy or sell homes, are behind these reduced outflows.

The net outflow of 2,300 residents to **North Carolina** from Maryland in 2009 was 3,200 less than in 2008 and was the smallest net outflow in five years. Maryland has always had net out migration to North Carolina, but, as with many such states, the volume of this outflow has grown or receded depending on general economic conditions. For instance, net losses to North Carolina averaged just under 2,400 per year during the 1992 to 1998 period when Maryland's job market was growing more slowly than the U.S. in general. Post 1998, annual outflows declined substantially, reaching a low of just over 100 by 2001 when Maryland was doing substantially better than most of the rest of the U.S. and North Carolina was experiencing job losses. Since 2001, net outflows to North Carolina steadily increased through 2007. Some of the net outflows to North Carolina over the last five years may also have had a retirement component, as North Carolina is one of the principal destinations of Maryland retirees.<sup>5</sup>

Net outmigration to **Virginia** in 2009 (-3,796), was over 400 less than in 2008, but the totals in 2008 (-4,235) was the largest in the data series. As one of Maryland's bordering states, there have been substantial fluctuations in the net flows between Maryland and Virginia over the last eight years, ranging from a net gain to Maryland of over 2,000 in 2002 to a net loss of just over 4,200 Maryland residents in 2008. These fluctuations are driven to a large extent by the interactions of very dynamic housing and job markets in the adjacent counties in Maryland and Northern Virginia, principally, Montgomery and Prince George's counties in Maryland and Alexandria City and Fairfax, Arlington, Prince Williams and Loudoun counties in Virginia. Since housing is generally more expensive in Northern Virginia compared to Maryland, it is most likely that economic factors (such as job growth) also play a major role.

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<sup>5</sup> Table 7, Page 25, "[The Dynamics of Elderly and Retiree Migration Into and Out of Maryland, Task Force Report. 2006.](#)"

### II.3.1 Net Outflow to Florida Declines to Record Low

Nothing shows the severity of the Great Recession and the collapse of the housing bubble better than the historic drop in net outflows to Florida from Maryland over the last two years. In 2009, Maryland had a net out flow of 928 residents to Florida, well below the 2,515 net loss in 2008. However, both 2008 and 2009 were record lows between Maryland and Florida in the data series.

Maryland has always had net out migration to Florida as that state is both a retirement and economic magnet for Maryland residents as well as for the rest of the country. The nearly 136,800 total net out migration from Maryland to Florida over the last 29 years is by far the largest from Maryland to any other state, and is two and a half times the next largest outflow (to North Carolina at 54,663).

There has been some “ebb and flow” of the magnitude of the outflow to Florida over the years, however, with most of this variation tied to the relative strength of Maryland’s economy. For the most part, the lower outflows from Maryland have been during periods of relative prosperity, such as the late 1980s (annual average of 4,387 over the 1986-1990 period when Maryland’s economy was strong) compared to the five prior years (annual average of 5,165 over the 1981 to 1985 period when Maryland’s economy was relatively weak). The more recent surge over the 2003 to 2006 period in the net outflows to Florida (averaging -6,200 per year) may well have to do with Maryland no longer having one of the strongest economies in the country, but may also be a harbinger of an increasing wave of retirees that will expand when the baby boomers begin to retire en masse within a few years.

The reduction in net outflows from Maryland to Florida since the all time peak of nearly 7,500 in 2005, may well have initially been due to the three damaging hurricanes in Florida in 2005 and the corresponding rise in homeowner insurance rates. The rise in rates, along with one of the nation’s most overheated housing markets due to rampant speculation, made re-locating to Florida more costly and therefore, less attractive. The increased difficulty for prospective migrant homeowners to sell their current homes probably also contributed to the continued fall in net out migration from Maryland to Florida. Additionally, by 2007 Florida began to experience payroll job declines for the first time since 1991 and in 2008 its 3.3 percent decline in payroll jobs was the worst in the nation.

The nearly 1,750 net outflow to **Texas** in 2009 was 635 less than in 2008 and was the smallest in four years. Net out migration to Texas over the last five years contrasts with modest net gains over the previous five years as the interaction with Texas very much follows the path of the relative health of each state’s economies. For instance, migration to Maryland from Texas was very high in the late 1980s as Maryland was near the top of the U.S. in total job creation, ranking as high as number two in 1987 compared to 30<sup>th</sup> for Texas (and 47<sup>th</sup> in 1986). This difference in economic vitality led to the net inflow of over 6,000 Texas residents to Maryland in 1987 and 1988. In contrast, in the 1990s, up through 1998, Maryland was consistently below national job growth rates while Texas was well above. As a result, from 1992 to 1998 Maryland had on average for each year a net outflow of nearly 1,100 residents to Texas. Over the last four years, the Texas economy has picked up steam with wage & salary job gains in the top ten in from 2005 thru 2008. As a result, the four-year total of net outmigration of Maryland residents to Texas (-8,500) is the highest four-year total in the data series.

For **West Virginia**, the 2,074 net out migration of Maryland residents to this State was only about 100 less than in 2008 but was the seventh straight year of 2,000 plus net outmigration to the State. Maryland has experienced net out migration to West Virginia in all but one year (1986) since 1981. While there probably is some economic migration component in the ups and downs of the net out migration flows over the last two plus decades, more affordable housing (and even retirement migration) probably plays an equally important role. This is most likely the case over the period of the expanding housing bubble when net out migration to West Virginia accelerated, tied into the availability of more inexpensive housing in Berkley and Jefferson counties in West Virginia compared to Montgomery, Frederick and Washington counties in Maryland (the three Maryland counties which showed the largest increases in out migrants to West Virginia over the last seven years).

The 756 net outflow of Maryland residents to **Georgia** in 2009 was about 1,300 less than in 2008 and was the smallest in five years. Only two years ago Maryland had a net loss of 3,275 residents, the largest in the data series. As with many of the Southern states, net outflows to Georgia were relatively high in the early 1990s, began to shrink in the late 1990s and the early part of the 2000s and then began to rise again until the Great Recession hit which substantially slowed all movement.

There was a net outflow of nearly 1,100 Maryland residents to **South Carolina** in 2009, over 900 less than in 2008 and the smallest outflow since 2004. The much smaller net outflow in 2009 is emphasized by the fact that prior to 2009 net outflows from Maryland to South Carolina exceeded 2,000 in each of the three previous years, the only time this has happened in the data series. South Carolina's economy was strong up until 2007 but in 2008 had a payroll decline (-0.7%) that exceeded Maryland's loss (-0.4%). But like North Carolina, there also may be a growing retirement component to this migration to South Carolina.

Maryland's net loss to **Delaware** in 2009 (-954) was nearly 550 less than in 2008 and was the smallest in five years. As recently as 2007 the net outflow to Delaware hit a series peak of 2,130 and was particularly strong between 2005 and 2008 (with each year exceeding 1,500). These sustained large outflows from Maryland corresponded with the booming housing market and may well have been fueled in part by retirement or near-retirement migration, with the lower outflow in 2008 tied somewhat into the increasingly difficulties for perspective migrant homeowners to sell their homes. The sharp reduction in 2009 was primarily the result of the further deterioration of the housing market. Most of the net out migration to Delaware comes from the Baltimore and Washington regions (particularly Anne Arundel, Baltimore, Montgomery and Prince George's counties).

Maryland had a net outflow of 383 residents to **Tennessee** in 2009, nearly 150 less than in 2008 and the smallest loss in six years. Like most of the southern states, net out migration from Maryland had been on the upswing over the 2003 thru 2007 period before beginning to slow in 2008. Maryland has experienced net losses to Tennessee in all but four out of the last 29 years, and the last time it did not have a net outflow to the State was in 2001.

#### **II.4. Record Low Gains from Washington, D.C. for Second Year in a Row**

Maryland had a net gain of just over 2,700 residents from **Washington, D.C.** in 2009, about 2,100 less than in 2008, and the lowest in the data series (the previous low was the 4,899 gain in 2008). In general, the net gains from Washington, D.C. to Maryland from 1999 forward have been much smaller than in prior periods. For example, for the 12-year period between 1987 and 1998, Maryland averaged per year a net gain of 10,900 residents from Washington, D.C. From 1999 to 2009, that annual net gain was reduced to 7,200 per year, a 34 percent reduction.

In general, the smaller migration gains to Maryland from the District since 1999 may well be an indication that Washington, D.C. is now perceived as a more attractive place in which to live. For example, the Taxpayer Relief Act of 1997 gave first-time homebuyers a \$5,000 tax credit for buying in Washington, D.C. Additionally, as evidence of the improving quality of life in the District, there was a reported 17.1 percent drop in the violent crime rate, a 26.2 percent drop in the property crime rate and a 47.8 percent drop in the murder rate per 100,000 inhabitants between 1999 and 2009, although it should be pointed out that the District still ranks number one in these crime rates among all of the states.<sup>6</sup>

Even though net migration gains from Washington, D.C. are substantially less since 1999 compared to prior periods, they still represent far and away the most important source of new domestic migrants into Maryland. Washington D.C.'s importance to Maryland's migration stream is made clear once the net inflows from the District are subtracted out of total intra-U.S. flows. In 2009, for example, Maryland had a net loss of 12,000 residents to the rest of the U.S., about 16,300 less than in 2008 but the seventh consecutive outflow in the data series. (See **Chart 7.**) Net outflows to the rest of the U.S. have been typical for Maryland over the last 29 years. Besides the 4,900 net intra U.S. gain (less Washington, D.C.) in 2002 and the 1,000 net gain in 2001, there were only six other years (1984 – 1989) in which Maryland had a net inflow of residents from the other 49 states combined. These six years in the 1980s generally corresponded to a period when Maryland's economy was one of the strongest in the nation, as was the case in 2001 and 2002, although in this more recent time period Maryland's above average economic health was in a generally very sluggish national context.

#### **II.5. Net Out Migration with West Region Shows Significant Decrease**

Maryland's net loss to the Western Region of 576 residents in 2009 was nearly 2,500 less than in 2008, and ended three consecutive years of increasing outflows. Much of this reduction in the net loss of Maryland residents came from the interaction with **California**, which went from a net loss of 703 Maryland residents to California in 2008 (the largest net loss since 1986) to a small net gain of 26 California residents to Maryland in 2009. This change in the net direction of the migration flow corresponded with a deteriorating California economy which saw that state experience a 1.1 percent decline in payroll jobs in 2008, ranked 45<sup>th</sup> in the U.S.

Although the shift in net movement to California was the most dramatic among the Western states, there were large reductions in net outflows from Maryland to **Nevada**, **Colorado** and **Arizona** in 2009 compared to 2008. Combined, Maryland had a net loss of 307 residents to these three states in 2009, down from a combined net outflow of 1,377 residents in 2008. Job

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<sup>6</sup> Source: FBI, prepared by the Disaster Center.com ([www.disastercenter.com/crime/dccrime.htm](http://www.disastercenter.com/crime/dccrime.htm))

declines in Arizona (-2.4%, ranked 49<sup>th</sup>) and Nevada (-2.2%, ranked 48<sup>th</sup>) in 2008 were particularly large, as these two once high-flying states felt the full brunt of the collapse of the housing bubble.

## II.6. Net Federal Citizens Movement

The federal citizens movement category showed a net gain of just under 2,000 residents to Maryland in 2009, about 800 less than in the previous year and the smallest gain since 1990. (See [Table 1](#) and [Chart 8](#).) In Maryland, this component of migration primarily tracks the movement of Department of Defense personnel and their dependents to and from overseas assignments. In some IRS migration tables this category is referred to as “foreign.” However, it should be emphasized that for the most part this category for Maryland does **not** track the movement of foreign immigration (although it may include migration to and from Puerto Rico, the U.S. Virgin Islands and other U.S. possessions).<sup>7</sup>

In the beginning of the 1990s, the combination of the end of the Cold War and the need to shrink U.S. budget deficits resulted in overseas troop reductions that led to an average annual gain of 4,000 personnel to Maryland from 1991 to 1995. Net inflows in this category have also been relatively high over the 1999 to 2003 period, averaging close to 3,800 per year. In contrast, over the last seven years the average gain to Maryland has been around 2,800 per year.

## III. Statistical Evidence for Economic Migration

In the past there has been a fairly close correlation between the annual state-to-state IRS net migration inflows and outflows and the peaks and valleys of Maryland’s economy. That is, net in migration to Maryland was strongest in the mid-to-late 1980’s when the State’s rate of job and personal income growth was one of the fastest in the U.S. Conversely, when Maryland’s economy was losing jobs at a faster rate than the U.S. as a whole, and as personal income was declining or growing substantially more slowly than the U.S. (as happened in the early 1990s), net migration turned negative and continued to remain negative as the State’s recovery lagged the rest of the U.S. It is only when Maryland’s economy grew faster than the overall U.S. economy in 1999, did net intra-U.S. migration turn positive in 2000.

A regression equation confirms this statistical relationship between net interstate migration and relative economic vitality. Net interstate migration, the dependent variable, is represented by Maryland’s net domestic migration *not including the flows to and from Washington, D.C.*<sup>8</sup> Economic vitality, the independent variable, is represented by the percentage

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<sup>7</sup> Data for Puerto Rico or the U.S. Virgin Islands are not reported separately in the state-to-state migration data. However, from the 2009 county-to-county data, the movement to and from Puerto Rico accounted for a net gain of only 46 residents to Maryland while no flows were reported for the U.S. Virgin Islands. It is possible, however, that there was additional migration between these two locations and Maryland that was not reported at the county level because of confidentiality reasons.

<sup>8</sup> Excluding the interaction from Washington, D.C. from the interstate totals (which produces a better fit) makes intuitive sense since the flows from Washington, D.C. to Maryland are not as strongly related to the business cycle as is the movement between Maryland and most other states. To a great extent, these two areas share the same labor market, making migration between the two to depend more on the locational preferences of individuals.



