You have a few options for adding the labels

1) Manual

Here is the easiest way: Insert – Text and add five text boxes with the state abbreviations and move them manually to the correct position. That's not the most elegant option, but works well if you only need to label five states. It would take way too long to label for all states this way.

2) Create a new layer from your selection

1. Select the 5 states
2. Right-click on the map layer USStates
3. Selection
4. Create Layer From Selected Features.

This adds a new layer to your map with just the five selected states. Then, simply label these features.

3) Create a new feature class from your selection

This is probably the best way: select the features you want and export those selected features as a new feature class.

In this case you first need to create a new file geodatabase into which you can save your feature class.

1. In ArcCatalog: create a folder connection to your \garp0544spring2013\data folder. This folder is empty right now.
2. In ArcCatalog: right-click on the folder, select New, and select File geodatabase. Name this file geodatabase garp0544cbdata (replace cb with your initials).

This gives new an empty file geodatabase that you can use all semester-long to save new feature classes into.

3. In your map: select the features that you are interested in (here the 5 states)
4. Right-click on the map layer USStates
5. Select Data – Export Data…
6. Export: Selected features
7. Save as a new feature class into your new file geodatabase.
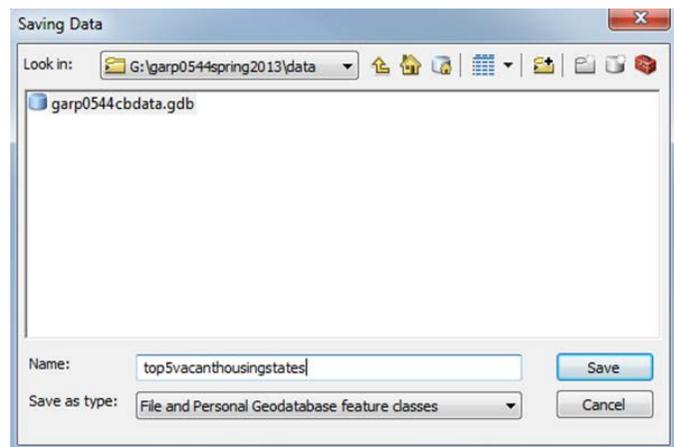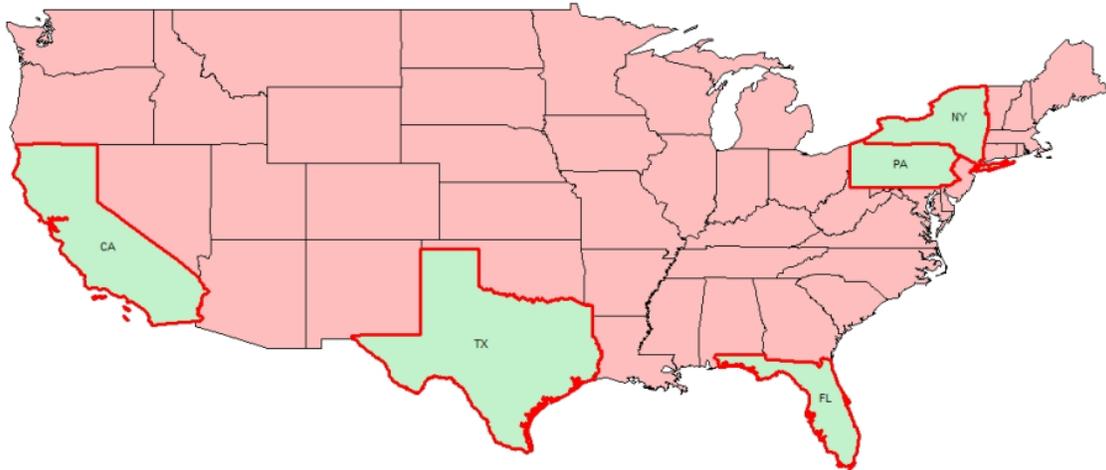8. Add this new feature class to your map and label the 5 states.

Figure 1: The five states with the highest number of vacant housing units

That's the simple map, without any of the map elements.