

# State of Working Georgia 2011

## Georgia's Stalled Recovery Requires Forward-looking Solutions

By Wesley Tharpe, Policy Analyst

### What is the State of Working Georgia?

Government and research institutes produce a wealth of data looking at the health of Georgia's economy every year. Research charting the number of business start-ups, the state's perceived "business friendliness," and other economic indicators gauge the vitality of the Peach State's economy. The State of Working Georgia seeks to provide another side of that economic picture – the vitality of Georgia's workforce. How are workers, the engine behind Georgia's economy, faring? Are wages and benefits growing and unemployment declining? Is economic opportunity widely shared?

The State of Working Georgia addresses these questions by examining jobs, incomes, poverty, health insurance and other workforce conditions using data from the Bureau of Labor Statistics and the Census Bureau and technical assistance from the Economic Policy Institute. The report is part of the Georgia Budget & Policy Institute's Strengthening the Foundation series, which assesses state policies and programs designed to help low-income, working families succeed in the labor market and achieve economic security.

### Introduction: Jobs Market Crash Decimates Georgia Workers

The collapse of Georgia's job market since the start of the "Great Recession" in December 2007 has wreaked havoc on the state's working families. Some 351,400 Georgia jobs have disappeared since the crisis began (third most in the nation)<sup>1</sup>, and as of September 2011 Georgia's unemployment rate has nearly doubled to 10.3 percent.<sup>2</sup> Working Georgians from every background increasingly have found themselves out of work, stuck in jobs beneath their skill level or seen their hours reduced, and those without jobs are taking considerably longer to recover. The tailspin has decimated some of the state's key industries – such as manufacturing and financial services – many of which are still struggling to rebound.

The state also has continued losing jobs during the so-called recovery of the past 27 months, making the period a "phantom recovery" for ordinary Georgians. Between June 2009 and September 2011, Georgia shed an additional 79,700 jobs (more than double any other state), for an average loss of nearly 3,000 jobs per month.<sup>3</sup> Taking into account Georgia's 4.9 percent increase in population since the start of the recession, the state presently needs to create more than half a million jobs to return to pre-recession levels.<sup>4</sup>

Although the recent jobs crash impacted all Georgians in one way or another, it also revealed some important distinctions among Georgians of different races, genders and educational levels. In 2010, for example, minorities in Georgia were considerably more likely than Caucasians to have lost their jobs or be underemployed, while men continued the trend of earning more than women.<sup>5</sup> The crisis also has worsened the situation for Georgia's most vulnerable citizens as poverty has increased and more workers have taken up public supports (e.g. food assistance, unemployment benefits).

The Great Recession and its aftermath capped off what can best be described as a "lost decade" for everyday Georgians.

After an impressive 32 percent increase in jobs in the 1990s – ranking 7th best nationwide – Georgia actually lost more than 3 percent of its jobs during the 2000s.<sup>6</sup> During that time annual wages for the median worker (someone earning more than half of all Georgians and less than the other half) increased only slightly, while average wages for the bottom 20 percent flat-lined.<sup>7</sup> Wages for the top 20 percent rose substantially in the past decade, pointing to income inequality as an increasingly worrisome trend.

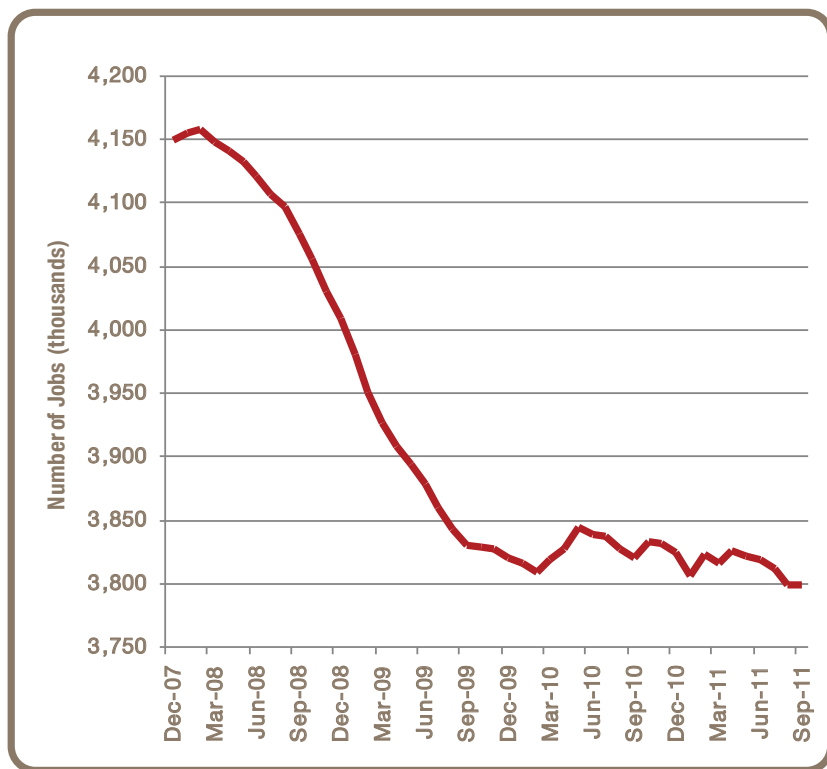
Based on these challenges, state leaders should take thoughtful and decisive action to encourage short-term job creation while laying the groundwork for future growth. Specific recommendations are:

- ***Bond for new projects that foster job opportunities and long-term growth,***
- ***Pursue sensible, balanced tax reform,***
- ***Support working Georgians on the path to recovery,***
- ***Build workers' skills, and***
- ***Encourage Washington to do its share.***

## Georgia's Great Recession and Phantom Recovery

Georgia has experienced a sharp decline in the number of jobs since the start of the Great Recession in December 2007 (Figure 1). The state's job performance during this span has been among the worst in the nation, with its 351,400 jobs lost surpassed by only California and Florida.<sup>8</sup> This precipitous drop has more than cancelled out the 246,000 jobs that were created earlier in the 2000s (January 2000-December 2007), leaving 105,400 fewer Georgians employed than at the start of 2000.<sup>9</sup>

**Figure 1 Job Decline in Georgia Since Start of Great Recession**



Source: Economic Policy Institute analysis of Current Employment Statistics, 2007-2011

The recession itself – which was caused by the dual housing and financial crises and technically lasted from December 2007 to June 2009 – was trying for the nation as a whole. Almost 7.5 million Americans (more than the entire population of metro Atlanta) lost their jobs during that time<sup>10</sup>, sending the nation's economy into its greatest crisis since the 1930s. Numerous families lost their homes or saw their savings disappear, and a new generation of young people entered a volatile and uncertain job market. Georgia was not immune from these forces.

By the official end of the recession in June 2009,

**Table 1 Top States for Job Loss Since Start of Recovery**  
(Seasonally adjusted, in thousands)

	Jun-09	Sep-11	% Change
<b>Georgia</b>	<b>3,878.1</b>	<b>3,798.4</b>	<b>-2.06%</b>
Nevada	1,142.3	1,119.1	-2.03%
Delaware	416.1	409.5	-1.59%
Missouri	2,683.9	2,648.3	-1.33%
New Mexico	810.8	801.4	-1.16%

Source: Economic Policy Institute analysis of Current Employment Statistics, 2009-2011

more than a quarter million Georgians had lost their jobs, accounting for a 6.6 percent decline in jobs for the state.<sup>11</sup> Only six states lost a higher number of jobs during the recession, while only 10 lost a higher percentage.<sup>12</sup> The impact was especially sharp in industries traditionally considered strengths for the state, such as

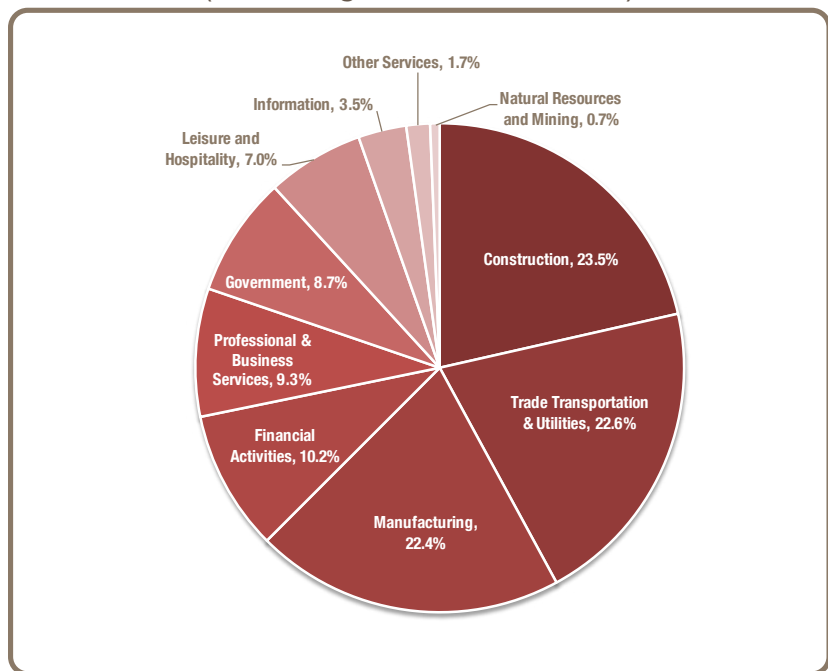
manufacturing and construction, but also decimated other sectors that cover a broad swath of business services (e.g. retail, warehousing, legal, financial). The loss of construction jobs points to the oft-discussed housing crash as a major culprit for Georgia's troubles, but the data clearly show that the downturn has touched all aspects of the state's economy.

What is even more alarming is that while other states have started down the road to recovery, Georgia's job picture is still getting worse. Compared to the rest of the country, Georgia ranks last (51 of 51) in job creation since the recovery started in June 2009, losing nearly 80,000 jobs between then and September 2011.<sup>13</sup> During this jobless recovery Georgia has shed more than twice as many jobs as its closest competitor (North Carolina, 36,000) and outpaces all others in the percentage of jobs lost (Table 1).<sup>14</sup> The trend is also showing few signs of improvement as Georgia lost more than 20,000 jobs between June and September 2011.<sup>15</sup> The industries shedding the highest number of jobs in the "recovery" have been government and construction, with 39,000 and 31,600 jobs lost respectively, suggesting that public cutbacks have now joined the housing bust as leading causes of job loss (see Appendix A).

Since the beginning of the Great Recession, 8.5 percent of Georgia's jobs have disappeared.<sup>16</sup> This disastrous decline has been surpassed by only three other states (Nevada, Arizona and Florida) and has impacted countless Georgia families. Georgia's unemployment rate during that same span nearly doubled from 5.2 to 10.3 percent, and September 2011 marked the 50th consecutive month that Georgia's unemployment rate topped the national mark.<sup>17</sup> Figure 2 shows how Georgia's job losses since December 2007 are distributed among the state's major industries<sup>18</sup> with specific industry job loss numbers available in Appendix A.

Of course this continued decline has not stopped Georgia's

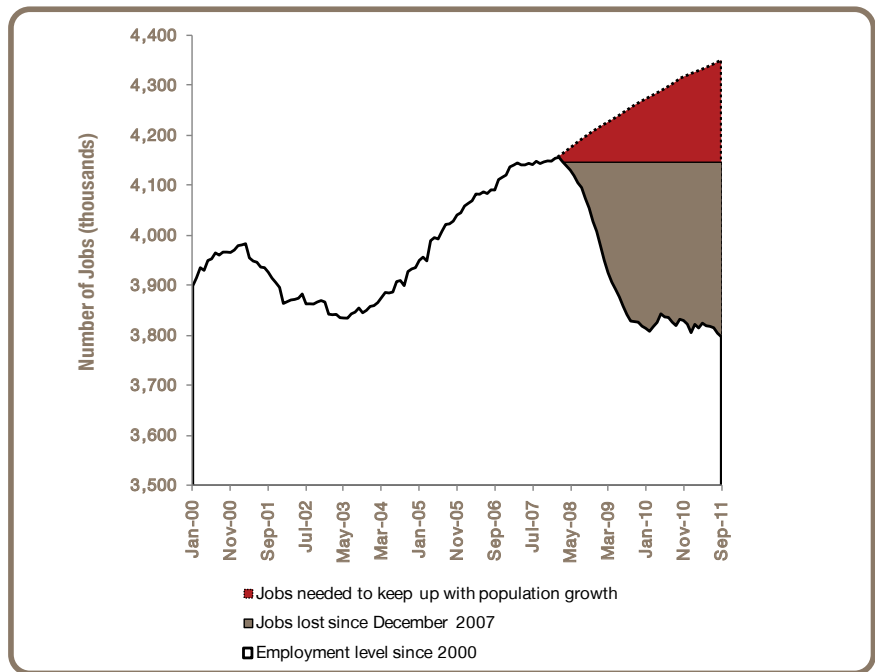
**Figure 2 Industry Decline Since Start of Great Recession**  
(Percentage of Total Job Loss)



Source: Economic Policy Institute analysis of Current Employment Statistics, 2007-2011

population from growing—between December 2007 and September 2011, the state added 349,183 people of working age.<sup>19</sup> Georgia remains among the fastest growing states in the nation, but economic growth and job creation are failing to keep up. This growing gap between falling jobs and rising population is rapidly leading to a “jobs deficit,” or the number of jobs needed to replace those that were lost while also accounting for new growth. According to analysis by the nonpartisan Economic Policy Institute, as of September 2011, Georgia needs to create more than half a million jobs (554,500) to fill this deficit (Figure 3).<sup>20</sup>

**Figure 3 Jobs Deficit in Georgia**



Source: Economic Policy Institute analysis of Current Employment Statistics, 2000-2011

Put another way, Georgia currently needs to create about 19,000 jobs

per month just to return to pre-recession levels—a far cry from the 7,100 it lost in September 2011.<sup>21</sup>

## Georgia’s Lost Decade

This crisis came on the heels of what had been a period of decent job growth for Georgia, a time when the state was gradually recovering from the previous recession of 2001. From the end of the recession in the early 2000s (March–November 2001) to the start of the recent one in December 2007, Georgia’s job base increased by 6.3 percent, which was 22nd highest in the nation and slightly higher than the national mark of 5.4 percent.<sup>22</sup> Unfortunately these gains were wiped out by the trauma of the Great Recession and weak recovery to follow. Looking at the decade as a whole, Georgia actually saw a 3.1 percent drop in jobs – for a total of 123,000 jobs lost – ranking the state worse than 35 others during that span.<sup>23</sup>

**Table 2 Comparative Job Growth in Georgia Over Two Decades**  
(Seasonally adjusted)

	<b>% Change in Jobs</b>	<b>National Rank</b>
<b>1990s</b>	32.0%	7
<b>2000s</b>	-3.1%	36
<b>2001 Recession</b>	-2.0%	42
<b>2001-2007 Recovery</b>	6.3%	22
<b>Great Recession</b>	-6.6%	40
<b>2009-2011 "Recovery"</b>	-2.1%	51

Source: Economic Policy Institute analysis of Current Employment Statistics, 2009-2011

Many commentators have referred to the 2000s as America’s “lost decade,” and Georgia was certainly no exception. The lost decade followed what was one of Georgia’s most impressive periods of expansion, the 1990s, when its 32 percent increase in jobs ranked among the nation’s best.<sup>24</sup> The disparity between different periods of Georgia’s recent history is illustrated in Table 2.

The impact of the 2000s was disastrous for Georgia’s working families, as the decline in jobs transformed the state from one of the South’s strongest labor markets to one of its weakest (Figure 4). On the most commonly used measure of labor market strength – the unemployment rate – Georgia went from having the fourth lowest unemployment rate in the South (3.7 percent) to the fourth highest (10.7 percent) between 2000 and 2010.<sup>25</sup>

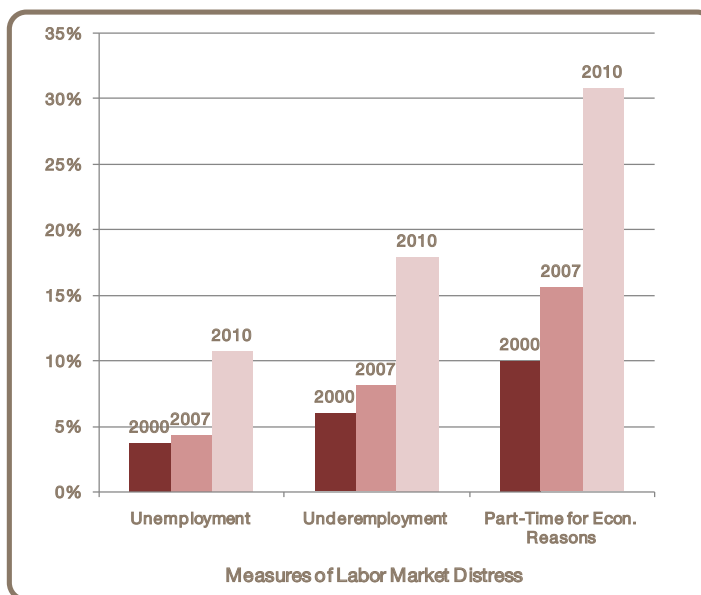
Moreover, the unemployment rate only captures one aspect of the decline. Data also reveal that Georgians who still have jobs are struggling through reduced hours, jobs beneath their skill level (i.e. underemployment), and stagnant

wages. Georgia’s number of workers who are underemployed spiked significantly in recent years, suggesting that many Georgians are either accepting or stuck in jobs below their abilities, such as a college graduate serving tables or a former factory employee working at Wal-Mart. Also more Georgians are working “part-time for economic reasons” (meaning they would prefer a full-time position) so much so that in 2010 the state ranked second worst in the South and fifth worst nationally in that category.<sup>26</sup> Specific data on each of these measures can be found in Appendix B.

The state’s jobs crisis also has revealed important labor market distinctions among Georgians of different races. For example, African-Americans suffered from an unemployment rate approximately 9 percentage points higher than Caucasians in 2010, and were also more likely to be underemployed or employed part-time for economic reasons (Figure 5). Disparities also exist for Georgia’s growing Hispanic population.<sup>27</sup>

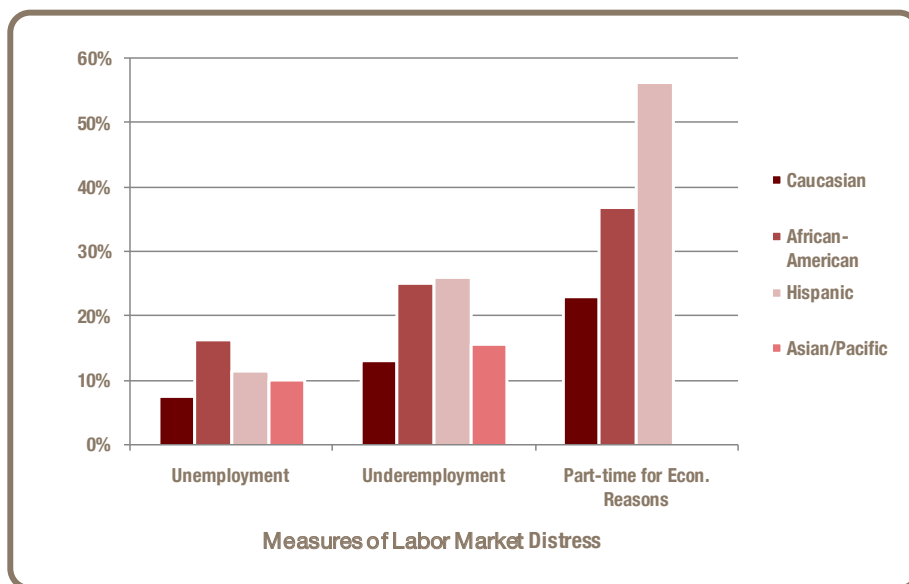
Perhaps most disturbing is the heightened number of Georgians who have joined the ranks of the long-term unemployed (those who have been unemployed for at least 26 weeks). Between 2001<sup>28</sup> and 2010, the percentage of Georgia’s unemployed who qualify as long-term more than quadrupled from 12.4 percent to 51.3 percent, meaning that as of 2010 more than half of Georgia’s unemployed had been searching for work for more than six months. This problem was significantly more likely to affect women than

**Figure 4 Georgia’s Labor Market: All Workers, by Year**



Source: Economic Policy Institute analysis of Current Population Survey

**Figure 5 Key Labor Indicators in Georgia by Race, 2010**



Source: Economic Policy Institute analysis of Current Population Survey

**As of 2010 more than half of Georgia's unemployed had been searching for work for more than six months.** men (54.2 percent vs. 49.2 percent) and more common for African-Americans (55.8 percent) than Caucasians or Hispanics (47.5 percent

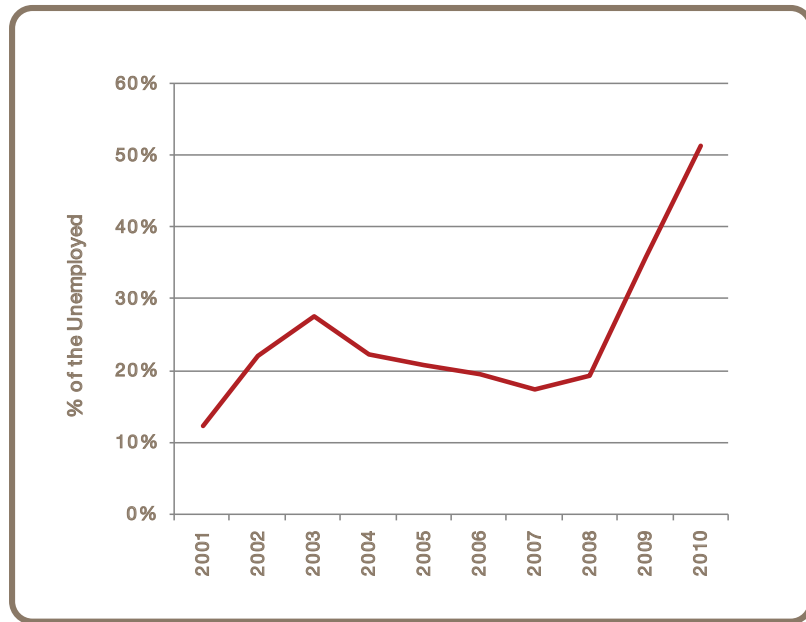
and 39.9 percent, respectively).<sup>29</sup>

The breakdown of long-term unemployment by race, gender and educational level is located in Appendix B.

One somewhat surprising point is that (at least during the current economic crisis) a higher level of education does not seem to protect someone against the risk of long-term unemployment.

More than 61 percent of unemployed Georgians in 2010 with a bachelor's degree or higher had been without a job for more than 26 weeks, while the same was true for only 44 percent of those without a high school diploma.<sup>30</sup> While no firm conclusions can be drawn without further research, these data highlight that the Great Recession and weak recovery have taken a toll on working families of all educational levels.

**Figure 6 Long-Term Share of Unemployment in Georgia (2001-2010)**



Source: Economic Policy Institute analysis of Current Population Survey, 2001-2010

## Crisis Exacerbates Situation for Most Vulnerable Georgians

While the last few years have been trying for all Georgians, the jobs crisis came at an especially bad time for Georgia's most at-risk citizens. According to recently released data from the 2010 U.S. Census Bureau, Georgia was tied with Texas for the 10th highest poverty rate in the nation at 17.9 percent,<sup>31</sup> up from 14.3 percent in 2007.<sup>32</sup> Nearly 1.7 million Georgians have income at or below the federal poverty level, which is \$22,314 for a family of four. Families need at least double that income to make ends meet when you factor in costs of living. Even more alarming is that at 8.2 percent, Georgia has the fifth highest percentage of people living in "deep poverty," or half of the federal poverty level with an income of \$11,157 for a family of four.

Of the hardest hit, there are 610,722 Georgia children living in poverty, including 36 percent of African-American children and more than 40 percent of Hispanic children. Georgia's overall child poverty rate is approximately 25 percent, which ranks 13th highest nationwide. The future of these children is at risk as recent research shows that poverty among young children not only affects achievement in school but also reduces their earnings as adults.<sup>33</sup>

The rise in poverty coincided with a further erosion of health coverage (Figure 7). More than 1 in 5 people under the age of 65 living in Georgia had no health coverage, on average in 2009 and 2010, an increase of three percentage points from 2006 to 2007.<sup>34</sup> In total, more than 1.9 million Georgians lacked health insurance over this time period, which is the 5th highest figure of any state.

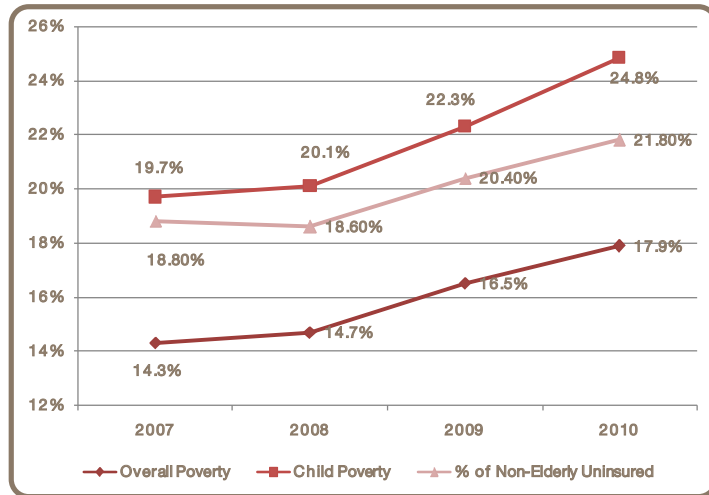
The continued decline in employer-sponsored health insurance is the primary cause for the shrinking number of Georgians with health coverage. The percentage of Georgians below 65 with employer-provided coverage in 2009-2010



was 55.7 percent, down from 63 percent in 2006 and 2007—before the national recession hit. In 1999-2000, 68.7 percent of Georgians had employer-sponsored health insurance.

The recession and jobless recovery have forced an increasing number of Georgians to seek public supports (Table 3). For example, Medicaid and PeachCare have helped cushion the blow of the loss in employer coverage, particularly for children. Medicaid covered 14.3 percent of Georgia residents below 65 in 2009-2010, an increase from 12.7 percent in 2006-2007. In Georgia, Medicaid coverage of children has risen by 2.1 percentage points since 2006-2007, which has helped fuel modest gains in overall health coverage rates for Georgia’s children since that time. In the face of long-term unemployment and job loss, these safety net supports remain critical for Georgia families.

**Figure 7 Poverty and Lack of Health Insurance on the Rise (2007-2010)**



Sources: 2010 American Community Survey 1-year Estimates, U.S. Census Bureau Current Population Survey. Note: Data on the number and percentage of Georgians without health insurance represents 2-year averages, as recommended by the U.S. Census Bureau for multi-year comparisons. The above figures represent the listed year averaged with the preceding year; therefore, the 2010 figure represents the average of 2009 and 2010 data, the most recent two years available.

**Table 3 Number of Georgians Receiving Program Benefits**

	2007	2010
<b>Unemployment Insurance</b>	211,871	299,963
<b>Medicaid and PeachCare</b>	1,536,537	1,681,294
<b>Food Stamp</b>	950,038	1,591,078

Sources: Unemployment Insurance Data Summary, National Employment Law Project; Medicaid and PeachCare enrollment data acquired (electronically, by request) from Georgia Department of Community Health on May 18, 2011; Food and Nutrition Service, United States Department of Agriculture. <http://www.fns.usda.gov/pd/15SNAPpartPP.htm>. Note: The number of people receiving unemployment insurance benefits is sizably lower than the absolute number of people unemployed due to the fact that only a small fraction of the unemployed actually receive benefits. Program reciprocity was 25 percent in 2010, down from 28 percent in 2007.

## Wages Stagnate While Inequality Continues to Rise

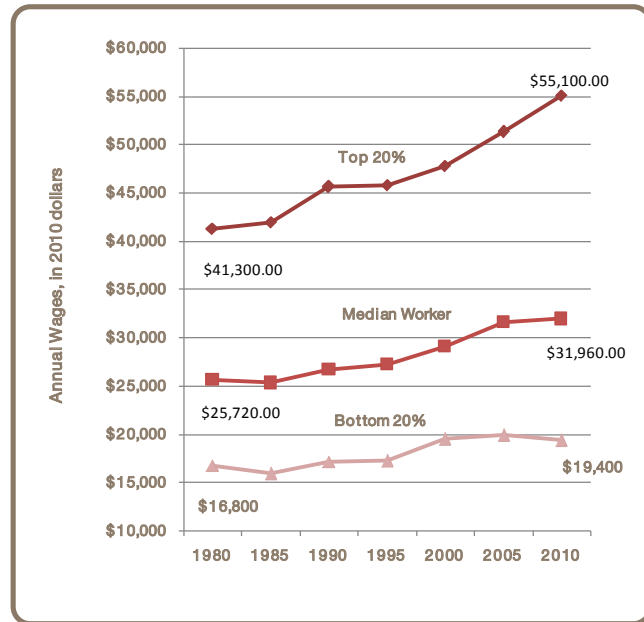
When looking at how much Georgians are earning, the median worker is taking home approximately the same as his or her national counterpart – \$16 per hour or \$32,000 per year – though important distinctions emerge when comparing Georgians by race, gender, education and annual wage level. Specifically the data point to two key themes: economic inequality is rising, and race, gender and education matter.

### **Economic Inequality is Rising**

As of 2010, a Georgia worker at the median of the income spectrum took home \$31,960. This compares to a worker making \$55,100 at the 80th percentile mark (i.e. 80 percent of Georgians make less) and to one making \$19,400 at the 20th percentile (i.e. 20 percent of Georgians make less).<sup>35</sup> At each of these wage levels, Georgia's numbers are very similar to the national average.

While both Georgia and the nation as a whole have grown by leaps and bounds over the past three decades, the wages of lower and middle income earners have remained stagnant. For example, in Georgia, annual wages for the bottom 20 percent of workers increased by only \$2,600 between 1980 and 2010 (a 2.5 percent increase), while those for median earners increased by \$6,240 (a 4.1 percent increase). While any improvement is better than none, those numbers pale in comparison to the \$13,800 rise (a 10.4 percent increase) the top 20 percent of Georgians enjoyed over that span.<sup>36</sup> Growing inequality has been a noticeable trend on the national level as well—according to the Economic Policy Institute, the bottom 80 percent of American “households had less wealth in 2009 (\$62,900) than in 1983 (\$65,300).”<sup>37</sup>

**Figure 8 Growing Wage Inequality in Georgia (1980-2010)**



Source: Economic Policy Institute analysis of Current Population Survey, 1980-2010

Georgia has grown in both size and prosperity since 1980, but it appears clear the benefits of that growth have gone disproportionately to the top share of earners. The trend toward inequality got noticeably worse during the first decade of the new century as wages for the lowest 20 percent completely stagnated—staying virtually unchanged from \$19,540 to \$19,400—while those for top earners increased by 15 percent, from \$47,780 to \$55,100.<sup>38</sup>

### **Gender, Race/Ethnicity and Education Matter**

Men in Georgia continue to earn more than women, with the median annual wage for males being \$35,780 per year compared to \$28,540 per year for women in 2010 (Figure 9).<sup>39</sup> Put another way, women in Georgia are earning approximately 80 cents on the dollar to their male counterparts. This difference mirrors the well-known inequality that has existed nationwide since women entered the workforce in large numbers; however, it is also true that Georgia appears to be going backwards on addressing it. When looking at how closely women's earnings track to men's within a given year, Georgia ranked 6th best in the nation in 2000, yet had fallen to 34th by 2010.<sup>40</sup>

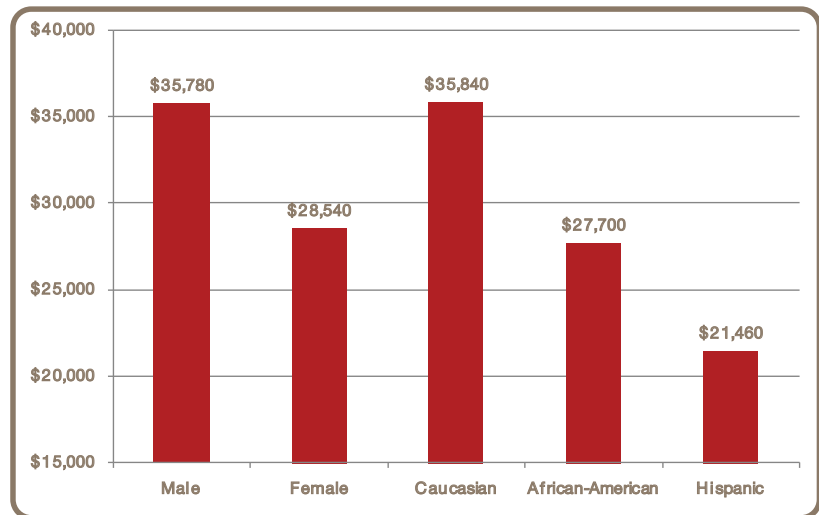
Noticeable distinctions also remain among median wages for Georgia's racial and ethnic groups, with Caucasians out-earning African-Americans by more than \$8,000 per year and Hispanics by more than \$14,000 per year.<sup>41</sup> This means that as of 2010, African-Americans in Georgia were earning 77 cents on the dollar when compared to Caucasians, while Hispanics were earning 60 cents on the dollar. As with the comparison between men and women, Georgia's differences by race or ethnicity roughly track the national average, but also are showing few signs of improvement. The difference in earnings between Caucasians and African-Americans in Georgia remained essentially stagnant since 2000.<sup>42</sup>

An even starker distinction is seen in the annual earnings of Georgians with varying levels of education. Specifically in 2010, Georgians with a bachelor's degree or higher earned a median wage of almost \$50,000 per year, while those with



less than a high school education brought in just under \$20,000 per year. Meanwhile, those who either earned a high school diploma or attended some college without graduating had a median wage in 2010 in the mid- to high-\$20,000s.<sup>43</sup> While it is common knowledge that those with more education tend to earn more, it is interesting how much the gap between groups has grown. Annual wages for Georgians with a bachelor's degree or higher skyrocketed by more than 33 percent between 1980 and 2010, far outpacing the gains of all other educational groups (Table 4). This distinction mirrors national trends on the issue confirming that education is still a vital pathway to economic success.

**Figure 9 Median Annual Wages by Demographic (2010)**



Source: Economic Policy Institute analysis of Current Population Survey, 2010

**Table 4 Median Annual Wages by Education Level**

	1980	2010	% Change
Less than high school	\$20,280	\$19,820	-2.3%
High school	\$24,140	\$25,960	7.5%
Some college	\$28,600	\$28,360	-0.8%
Bachelor's or higher	\$37,340	\$49,740	33.2%

Source: Economic Policy Institute analysis of Current Population Survey

## Conclusion and Recommendations

The Peach State has been among the hardest hit by the Great Recession and its aftermath. Too many working families have found themselves out of work, out of options, out of hope. The jobs loss crisis has continued to worsen despite national trends toward recovery, and working Georgians from all backgrounds are being left behind.

These disturbing statistics clearly show the gravity of a situation that state leaders need to address. The challenge, however, is that states are largely constrained in what they can do to stimulate short-term growth. There is no state-level cure-all for overcoming a national recession, and for Georgia's job market to fully rebound, there will need to be a sustained, broad-based recovery nationwide.

On the other hand, states do have significant power to position themselves for the future, specifically by building the foundation for long-term growth. A modern tax system, quality schools, a well-trained workforce and world-class transportation are central parts of that solution. Addressing these areas will allow Georgia to remain competitive in the global economy over the long haul, while also accelerating and bolstering the recovery when it comes.

Policymakers will need to think carefully about the types of solutions they pursue. In the past, the state's political discourse on growth and jobs has too often focused on a one-dimensional discussion of tax cuts, ignoring the overwhelming evidence that state economic success depends on a complex balance of taxes and investments. Georgia has too often embraced the myth that if you cut every tax as low as it can go and slash every service to its bare bones, then your state will explode with new growth and jobs. The crash of Georgia's jobs market proves otherwise. So, rather than clinging to the stale options of the past, legislators should work across party lines toward innovative, forward-looking solutions.

Recommendations for doing so include:

- 1. Bond for new projects that foster job opportunities and long-term growth.** Evidence consistently proves that a thriving state economy requires core building blocks. High-performing schools and colleges develop a quality workforce, while modern transportation options move goods to market and employees to work. When coupled with competitive tax rates and an appealing standard of living, quality infrastructure helps attract new businesses, entrepreneurs and residents to a state. Other states have made sizable investments to reflect this truth in recent years, but Georgia has largely stood still.

The best available option for funding these needs is to increase the sale of state bonds. Ironically, the current crisis makes this the perfect time to borrow. Interest rates are historically low, so the state's short-term obligations will be low as well. The state's economy will have presumably improved once the bonds mature, meaning taxpayers will get a good return on their investment. Taking on a responsible amount of debt to pay for infrastructure makes sense long-term, just as borrowing money for home improvements makes long-term sense for a homeowner.

Unfortunately Governor Nathan Deal's bond package in FY 2011 was approximately half as large as those typically proposed by his predecessor.<sup>44</sup> State leaders should get back on course with a healthy package of bonds devoted to new school construction and transportation solutions, including deepening the Savannah port. This would help ensure our competitiveness far into the 21st century and spark new hiring in construction, teaching and other professions.

- 2. Pursue sensible, balanced tax reform.** Georgia's tax system remains largely unchanged from the 1930s. The income tax is still plagued by outdated rates and an array of loopholes, while the sales tax continues to exclude most services—though they make up a far greater share of purchases than when the tax was enacted. In 2010 the Georgia Budget & Policy Institute released a comprehensive report, *Advancing Georgia's 1930s Tax System to the Modern Day*,<sup>45</sup> that spells out how to improve the state's tax system to increase revenues, maximize productivity and fairness, while keeping the tax structure competitive. Its primary recommendations are to modernize the income tax to reflect 21st century incomes, lower the state sales tax while including more services, and reevaluating the special preferences, or loopholes, that favor certain interests over others and do not necessarily create jobs.

Many of these recommendations were echoed in 2010 by the Special Council on Tax Reform and Fairness for Georgians, which led a bipartisan, thoughtful process aimed at improving Georgia's tax system. Unfortunately tax reform fell short during last year's legislative session, so state leaders should resume their efforts in 2012. Georgia's tax framework will be a vital component of the state's future prospects for growth, and today's outdated, inefficient system is not a viable model for success.

- 3. Support working Georgians on the path to recovery.** The startling data on Georgia's jobs picture reveals the increasingly difficult position of many Georgia families. Programs such as SNAP (Supplemental Nutrition Assistance Program), TANF (Temporary Aid to Needy Families), Medicaid/PeachCare, and unemployment insurance serve as a backstop preventing more Georgia families from falling into poverty. State leaders should stridently work to preserve these and similar services that not only guard against extreme hardship but also help workers get back on their feet

and return to the economic ladder.

4. **Build workers' skills.** Over the long-term, creating a high quality workforce is absolutely essential to ensuring Georgia's economy can thrive. Companies closely evaluate a state's educational system when considering where to locate, and recent evidence clearly shows that many job positions remain open due to a lack of skilled workers.<sup>46</sup> Leaders across parties and economic sectors consistently point to improving education and job skills as important goals for Georgia, but state policy has not always kept up. The current crisis provides an opportunity to reverse that trend by recommitting to create the workforce of tomorrow by building a world-class K-12 system, as well as increasing investment in technical colleges and job training that will help workers succeed in the 21st century.
5. **Encourage Washington to do its share.** Because Georgia's job prospects are unquestionably bound to the nation's as a whole, state leaders should advocate for aggressive federal action to jump-start the economy, create new jobs and help states recover. Two ways that federal policymakers recently have sought to help states is by providing direct aid (i.e. funding to make up for recessionary declines in revenue) and by boosting the nation's private sector through direct investment.

Passed at the height of the Great Recession, the American Recovery and Reinvestment Act (ARRA) made progress in achieving both goals. It allowed Georgia and other states to avoid even greater service reductions than what took place. The nonpartisan Congressional Budget Office found that ARRA was responsible for saving or creating as many as 2.9 million jobs nationwide as of June 2011.<sup>47</sup> As articulated by Chad Stone, chief economist of the nonpartisan Center on Budget and Policy Priorities (CBPP), "Extraordinary monetary and fiscal policy measures undertaken by the Federal Reserve, Congress and two administrations arrested the fall and kept the hole from getting deeper, but we are still trying to dig out of that hole and we've had limited success so far."<sup>48</sup>

With ARRA's support expiring this year, Georgia's policymakers will no longer have the federal money to protect vital services or invest in the future. That is why a new round of federal aid is essential for Georgia's working families. Measures that embrace core tenets of the American Jobs Act would be a step in the right direction, for based on the administration's estimates, Georgia could gain:<sup>49</sup>

- Payroll tax cut for 180,000 Georgia companies,
- \$1,330 tax cut for a Georgia family making \$43,000 a year,
- At least \$1 billion for Georgia roads and infrastructure investment,
- Funding to save up to 12,800 jobs for teachers and first responders,
- Nearly \$1 billion to modernize Georgia schools, creating as many as 11,800 jobs, and
- \$140 million for community colleges and technical training.

Overcoming Georgia's job crash will not be easy. It will require careful consideration and bold action on many fronts from both sides of the political aisle—especially when it comes to tough questions about revenues and spending. It is important that Georgians view this crisis not as the death knell for our great state, but rather as an opportunity. That means taking a hard look at how Georgia became a state that offered good jobs and rising living standards. It means returning to the work of building a strong economy by investing in what works.

The first steps to take are clear. Georgia must build a 21st century economy, but this will not happen on a starvation budget. We need a balanced approach that includes revenue instead of a cuts-only approach in order to stay competitive with other states, invest in the building blocks of future growth, and expand opportunities for all Georgians.

## Appendix A: Additional Employment Data

### Employment by Industry Since Start of Recession in Georgia (Seasonally adjusted, in thousands)

	<b>Dec-07</b>	<b>Sep-11</b>	<b># of Jobs</b>	<b>% Change</b>
<b>Total Nonfarm</b>	4,149.8	3,798.4	-351.4	-8.47
<b>Construction</b>	216.9	134.8	-82.1	-37.85%
<b>Trade Transportation &amp; Utilities</b>	886.8	807.9	-78.9	-8.90%
<b>Manufacturing</b>	425.1	346.9	-78.2	-18.40%
<b>Financial Activities</b>	228.8	193.3	-35.5	-15.52%
<b>Professional and Business Services</b>	569.7	537.3	-32.4	-5.69%
<b>Government</b>	680.1	649.7	-30.4	-4.47%
<b>Leisure and Hospitality</b>	396.8	372.2	-24.6	-6.20%
<b>Information</b>	110.2	98.0	-12.2	-11.07%
<b>Other Services</b>	160.2	154.2	-6.0	-3.75%
<b>Natural Resources and Mining</b>	11.4	9	-2.4	-21.05%
<b>Education and Health Services</b>	463.8	495.1	31.3	6.75%

Source: Economic Policy Institute analysis of Current Employment Statistics survey data. Note: Numbers for Natural Resources and Mining are not seasonally adjusted because such data is unavailable for that sector.

### Employment by Industry During “Recovery” in Georgia (Seasonally adjusted, in thousands)

	<b>Jun-09</b>	<b>Sep-11</b>	<b># of Jobs Lost</b>	<b>% Change in Jobs</b>
<b>Total Nonfarm</b>	3878.1	3798.4	-79.7	-2.06%
<b>Government</b>	688.7	649.7	-39	-5.66%
<b>Construction</b>	166.4	134.8	-31.6	-18.99%
<b>Financial Activities</b>	212.1	193.3	-18.8	-8.86%
<b>Trade Transportation and Utilities</b>	818.5	807.9	-10.6	-1.30%
<b>Manufacturing</b>	356.4	346.9	-9.5	-2.67%
<b>Leisure and Hospitality</b>	381.3	372.2	-9.1	-2.39%
<b>Information</b>	104.8	98.0	-6.8	-6.49%
<b>Other Services</b>	156.7	154.2	-2.5	-1.60%
<b>Natural Resources and Mining</b>	9.4	9	-0.4	-4.26%
<b>Education and Health Services</b>	476.2	495.1	18.9	3.97%
<b>Professional and Business Services</b>	507.6	537.3	29.7	5.85%

Source: Economic Policy Institute analysis of Current Employment Statistics survey data. Note: Numbers for Natural Resources and Mining are not seasonally adjusted because such data are unavailable for that sector.

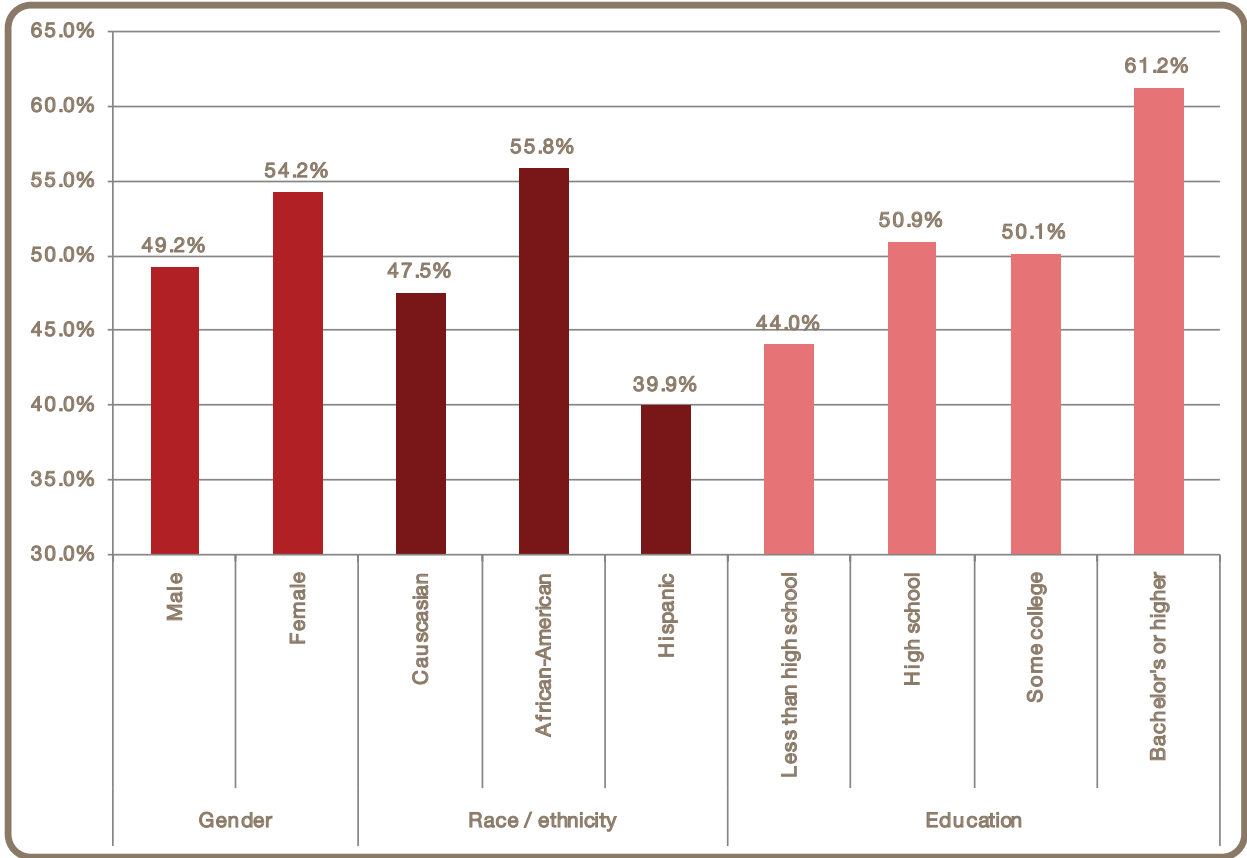
## Appendix B: Additional Labor Market Data

### Georgia Unemployment Rate, Demographic by Year

	<b>2000</b>	<b>2007</b>	<b>2010</b>
<b><i>Total Unemployment</i></b>	<b><i>3.7%</i></b>	<b><i>4.3%</i></b>	<b><i>10.7%</i></b>
Male	3.2%	4.0%	11.7%
Female	4.1%	4.7%	9.5%
16-24 yrs	8.2%	10.6%	22.8%
25-54 yrs	2.9%	3.5%	9.3%
55 yrs and older	(a)	2.3%	7.9%
White	2.4%	2.7%	7.6%
African-American	6.5%	7.6%	16.4%
Hispanic	(a)	5.6%	11.5%
Asian/Pacific islander	(a)	(a)	10.2%
	<b>2000</b>	<b>2007</b>	<b>2010</b>
<b><i>Total Underemployment</i></b>	<b><i>6.0%</i></b>	<b><i>8.1%</i></b>	<b><i>17.9%</i></b>
Male	5.6%	7.6%	18.6%
Female	6.5%	8.6%	17.1%
16-24 yrs	13.1%	17.7%	36.1%
25-54 yrs	4.8%	6.7%	15.8%
55 yrs and older	4.7%	5.2%	13.4%
White	4.2%	5.4%	13.1%
African-American	10.1%	12.4%	25.1%
Hispanic	(a)	13.2%	26.1%
Asian/Pacific islander	(a)	(a)	15.7%
	<b>2000</b>	<b>2007</b>	<b>2010</b>
<b><i>Total Part-Time for Econ. Reasons</i></b>	<b><i>10.0%</i></b>	<b><i>15.6%</i></b>	<b><i>30.8%</i></b>
Male	13.4%	20.4%	39.7%
Female	7.9%	12.5%	24.7%
16-24 yrs	9.1%	13.1%	29.2%
25-54 yrs	12.0%	19.4%	35.2%
55 yrs and older	(a)	8.7%	17.9%
White	8.2%	11.2%	23.0%
African-American	13.7%	20.1%	36.9%
Hispanic	(a)	40.9%	56.3%
Asian/Pacific islander	(a)	(a)	(a)

Source: Economic Policy Institute analysis of Current Population Survey. (a) Does not meet standards for sample size.

## Long-Term Share of Unemployment by Key Demographics (2010)



Source: Economic Policy Institute analysis of Current Population Survey



## End Notes

<sup>1</sup>Economic Policy Institute, “Job Watch,” September 2011. (Note: Relies on BLS Current Employment Statistics data).

<sup>2</sup>Economic Policy Institute analysis of Current Population Survey data.

<sup>3</sup>Economic Policy Institute analysis of Current Employment Statistics survey data.

<sup>4</sup>Economic Policy Institute, “Job Watch,” September 2011.

<sup>5</sup>Ibid.

<sup>6</sup>Economic Policy Institute analysis of Current Employment Statistics survey data

<sup>7</sup>Economic Policy Institute analysis of Current Population Survey data.

<sup>8</sup>Economic Policy Institute, “Job Watch,” September 2011.

<sup>9</sup>Economic Policy Institute analysis of Current Employment Statistics survey data.

<sup>10</sup>Ibid.

<sup>11</sup>Ibid.

<sup>12</sup>Author’s calculation using Economic Policy Institute analysis of Current Employment Statistics survey data.

<sup>13</sup>Economic Policy Institute, “Job Watch,” September 2011.

<sup>14</sup>Ibid.

<sup>15</sup>Economic Policy Institute, “Job Watch,” September 2011. July to September 2011 represents the most recent three-month data available at the writing of the report.

<sup>16</sup>Ibid.

<sup>17</sup>Economic Policy Institute analysis of Current Population Survey data.

<sup>18</sup>Economic Policy Institute analysis of Current Employment Statistics survey data. (Note: Supplemental industry data acquired directly from Bureau of Labor Statistics at <http://data.bls.gov/cgi-bin/surveymost?sm+13>)

<sup>19</sup>Economic Policy Institute, “Job Watch,” September 2011.

<sup>20</sup>Ibid.

<sup>21</sup>Ibid.

<sup>22</sup>Economic Policy Institute analysis of Current Employment Statistics survey data.

<sup>23</sup>Ibid.

<sup>24</sup>Ibid.

<sup>25</sup>Economic Policy Institute analysis of Current Population Survey data. Although the unemployment rate for Georgia workers as a whole is available by the month, this report utilizes the annual 2010 data (unless otherwise noted) for several reasons. First, reliable data on important labor market indicators such as underemployment, part-time for economic reasons and long-term share of unemployment are not available by month. Second, the 2010 data allow for comparisons between years. Third, breakdowns in employment by demographic (i.e. race, gender, educational attainment) are also not available at the monthly level.

<sup>26</sup>Economic Policy Institute analysis of Current Population Survey data.

<sup>27</sup>Ibid.

<sup>28</sup>Data on long-term share of unemployment not available for the year 2000 due to insufficient sample size.

<sup>29</sup>Ibid.

<sup>30</sup>Ibid.

<sup>31</sup>Unless noted otherwise, poverty data from U.S. Census Bureau, 2010 American Community Survey 1-year Estimates.

<sup>32</sup>U.S. Census Bureau, 2007 American Community Survey 1-year Estimate.

<sup>33</sup>Greg J. Duncan and Katherine Magnuson, “The Long Reach of Early Childhood Poverty”, Pathways Winter 2011. Available at [http://www.stanford.edu/group/scspi/\\_media/pdf/pathways/winter\\_2011/PathwaysWinter11\\_Duncan.pdf](http://www.stanford.edu/group/scspi/_media/pdf/pathways/winter_2011/PathwaysWinter11_Duncan.pdf)

<sup>34</sup>Unless noted otherwise, uninsured data from U.S. Census Bureau Current Population Survey.

<sup>35</sup>Ibid.

<sup>36</sup>Author’s calculations using Economic Policy Institute analysis of Current Population Survey data.

<sup>37</sup>“Sustained, High Joblessness Causes Lasting Damage to Wages, Benefits, Income and Wealth,” EPI Briefing Paper. 8/31/2011. [http://www.epi.org/publication/sustained\\_high\\_joblessness\\_causes\\_lasting\\_damage\\_to\\_wages\\_benefits\\_income\\_a/](http://www.epi.org/publication/sustained_high_joblessness_causes_lasting_damage_to_wages_benefits_income_a/)

<sup>38</sup>Author’s calculations using Economic Policy Institute analysis of Current Population Survey data.

<sup>39</sup>Ibid.

<sup>40</sup>Ibid.

<sup>41</sup>Ibid.

<sup>42</sup>Comparable data not available for Georgia Hispanics in 2000 due to sample size constraints.

<sup>43</sup>Ibid.

<sup>44</sup>“Georgia borrowing dips under Governor Deal’s Tenure,” Associated Press. 9/4/2011. <http://www.chron.com/news/article/Georgia-borrowing-dips-under-Gov-Deal-s-tenure-2155271.php>

<sup>45</sup>Publicly available here: <http://www.gbpi.org/documents/20100825.pdf>

<sup>46</sup>“So many US manufacturing jobs, so few skilled workers,” Reuters. 10/13/2011. <http://www.reuters.com/article/2011/10/13/usa-economy-jobs-idUSN1E79B23020111013>

<sup>47</sup>“New CBO Report Finds Up to 2.9 Million People Owe Their Jobs to the Recovery Act,” Center on Budget and Policy Priorities. August 30, 2011. <http://www.cbpp.org/cms/index.cfm?fa=view&id=3567>

<sup>48</sup>“The Case for Fiscal Stimulus,” 9/15/2011. <http://www.offthechartsblog.org/the-case-for-fiscal-stimulus/>

<sup>49</sup>“The American Jobs Act: State by State,” The Council of State Governments. <http://knowledgecenter.csg.org/drupal/content/american-jobs-act-state-state>