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State of Working Georgia: Jobs Count

Jobs Recovery Picking Up Steam, Though Troubling Signs Remain

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The last few months have been Georgia's strongest stretch of job growth since the start of the Great Recession in December 2007, according to recently released data from the U.S. Bureau of Labor Statistics. Job creation in Georgia ticked up above the national average over the past six months, especially so over the past three months. At the same time, the lingering effects of the Great Recession continue to burden Georgia's economy and families. The state's unemployment rate remains nearly a full percentage point above the national average, its median household income has fallen back to 1992 levels, and its citizens have seen a sharper decline in economic security than residents of most other states. Because Georgia was among the hardest hit states by the Great Recession, it unfortunately remains years away from full recovery.

Trends in Job Creation

Georgia's Job Market Slowly Climbing Back from Great Recession

After a long stretch of seemingly endless bad news, Georgia's economy has begun to show some positive signs. Employers created 40,000 jobs here in the last six months, more than half of them (24,500) in the last three (Table 1). Only five other states created more jobs during that recent six-month span, while only three created more during the three-month span. Despite these positive developments, however, Georgia's unemployment rate remains well above average at 8.9, a higher mark than all but six other states.

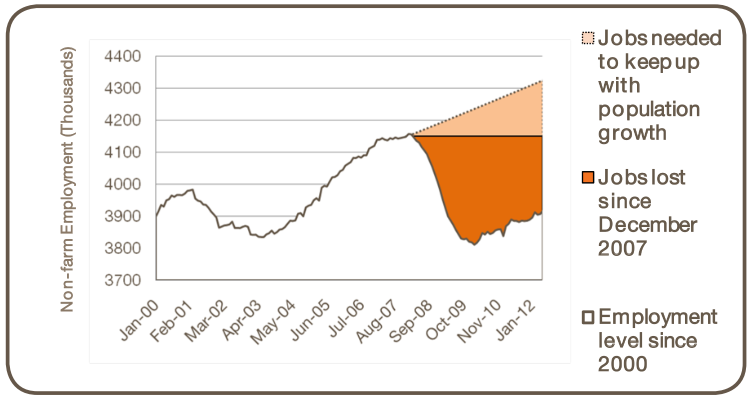
Table 1 Strong Job Growth in Past Six Months, But Long Way to Go

Timespan	Change in # of Jobs	% Change in Jobs	National Ranking in Job Creation (1 is Best)
Great Recession *(December 2007 to February 2010)*	-339,000	-8.2%	43
RECOVERY in Georgia			
2010 – 2012 *(February 2010 to May 2012)*	118,400	3.1%	16
Last twelve months *(May 2011 to May 2012)*	43,600	1.1%	27
Last six months *(November 2011 to May 2012)*	40,000	1.0%	15
Last three months *(February 2012 to May 2012)*	24,500	0.6%	8

Source: Economic Policy Institute analysis of Current Employment Statistics (CES)

While the job growth of the past few months is a promising development, the stark reality is that Georgia's job market is not growing fast enough to recover from this downturn anytime soon. After losing 339,000 jobs in the 26 months after the recession began, it has gained back only 118,400 in the 27 months since (Table 1). Moreover, to return to pre-recession levels of employment, the state's economy must not only replace the jobs that were lost but also create new ones to account for continued population growth. Georgia's combination of jobs previously lost and those that must be created – referred to as the "jobs deficit" – stands at 400,500 jobs as of May 2012, according to the nonpartisan Economic Policy Institute (Figure 1). To fill the gap, Georgia would need to create approximately 14,000 jobs per month for the next three years, a daunting number compared to the 3,630 per month it averaged over the last 12 months.

Figure 1 **Jobs Deficit in Georgia** (as of May 2012)



Source: Economic Policy Institute analysis of Current Employment Statistics, 2000-2012

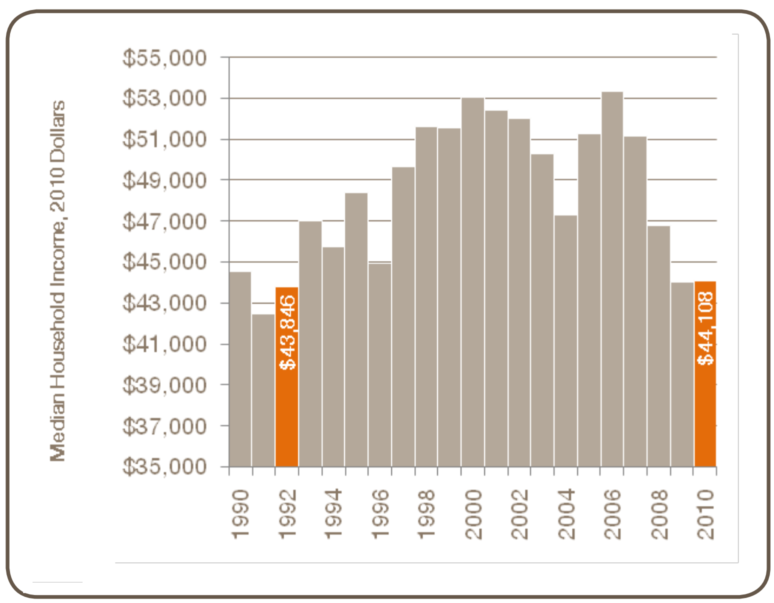
A Closer Look

Great Recession Led to Huge Declines in Georgians' Income, Financial Security

To keep the recent good news in perspective, it is essential to remember the depth of the hole Georgia is emerging from. The Great Recession was the largest shock to the American economy since the 1930s, and Georgia was harder hit than most other states. More than a quarter million Georgians lost their jobs during the official span of the recession (December 2007 to June 2009), the 6th highest mark in the nation. Once the national recovery was underway, Georgia's economy continued to falter for several additional months. The state shed 62,100 more jobs between June 2009 and February 2010, when the number of employed Georgians finally reached its lowest point. In late 2009, the state hit its highest unemployment rate in memory at 10.5 percent, and by February 2010, more than 8 percent of all Georgia workers had lost their jobs.

As was true across the country, the jobs crash had a disastrous impact on the financial well-being of average Georgians. Two new reports highlight this fact. First, the U.S. Federal Reserve recently reported that the median household wealth of U.S. families fell by 39 percent between 2007 and 2010, essentially wiping out two decades worth of growth and returning American households to the same place they were in 1992.[1] While this particular report did not include any state-specific data, separate information from the U.S. Census Bureau suggests that Georgia was certainly no exception to the trend. As shown in Figure 2, Georgia's median household income in 2010 was only slightly higher than it was in 1992, adjusted for inflation.

Figure 2 **Georgia's Median Household Income Falls to Early-'90's Levels**



Source: U.S. Census Bureau

A second study released this month confirms that Georgia's recent drop in economic health has been more severe than the vast majority of other states. Between 2008 and 2010, Georgia suffered the 5th largest rise in "economic insecurity," a complex measure that tracks the number of people who: (a) lose at least 25 percent of their available household income from one year to the next, due to either changes in income or medical spending; and (b) lack sufficient liquid savings to cushion the loss.[2] For example, imagine an individual who experiences an unexpected job loss or injury that drops his annual income to $21,000 from $28,000. If that person also lacks the $7,000 in savings needed to compensate for the loss, he would qualify as economically insecure. In 2010 alone, nearly 1.7 million Georgians suffered the financial losses necessary to meet these criteria. Put another way, the economic security study simply shows that Georgia families were among the likeliest Americans to suffer life-changing financial downfalls during the Great Recession.

To view additional data on how working Georgians have fared over prior years and decades, please see the full State of Working Georgia 2011 report. GBPI will release the 2012 edition this fall.

Endnotes

[1] "American Saw Wealth Plummet 40 percent from 2007 to 2010, Federal Reserve Says," Washington Post. 6/11/2012. http://www.washingtonpost.com/business/economy/fed-americans-wealth-dropped-40-percent/2012/06/11/gJQAlIsCVV_story.html

[2] "Georgia Among the Worst for Economic Security," Atlanta Business Chronicle. 6/21/2012. http://www.bizjournals.com/atlanta/news/2012/06/21/georgia-among-worst-for-economic.html