

Georgia Making Progress, Still a Steep Hill to Climb

By Wesley Tharpe, Policy Analyst

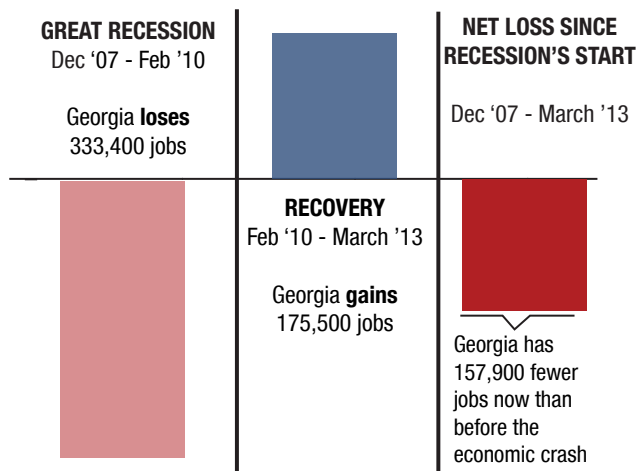
Georgia's economy is adding jobs at a strong pace compared to other states, according to the most recent data from the U.S. Bureau of Labor Statistics.¹ Only California and Florida added more jobs than Georgia in March and the state's unemployment rate is now at its lowest point since January 2009. But despite its promising momentum, Georgia's economy is still a long way from recovering from the Great Recession. The state still has far fewer jobs than it did before the economic collapse and the recovery is not moving fast enough to fill Georgia's jobs deficit anytime soon. Part of the challenge is that two of Georgia's important economic sectors – construction and state and local government – continue to lose jobs even as the broader economy recovers.

Big Hole to Fill

Despite its forward momentum, Georgia is still struggling to emerge from the shadow of the Great Recession. The state's economy has recovered slightly more than half the jobs it lost during the downturn, according to March 2013 data. Adding to this problem is Georgia's continued population growth, which increases the number of jobs Georgia needs to return to employment levels from before the recession. Because Georgia's population has grown by 5.6 percent since the crisis began, the state's economy needs to generate another 235,600 jobs on top of the 157,900 jobs lost. Taken together, this means Georgia has a total "jobs deficit" of 393,500 jobs, according to the nonpartisan Economic Policy Institute.

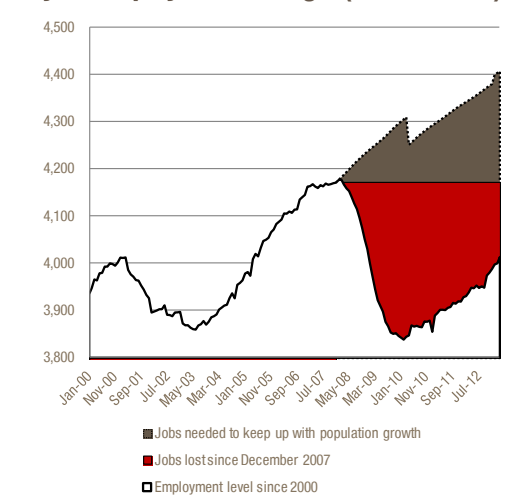
Lost Jobs Still Linger From Great Recession

Georgia's economy has recovered only slightly more than half of the jobs it lost during the Great Recession.



Source: Economic Policy Institute

Population Growth Worsens Daunting Jobs Deficit in Georgia



Source: Economic Policy Institute analysis of Current Employment Statistics

Moving Forward

Although Georgia's economy is still far off from full recovery, it is improving. Over the past year, Georgia regained jobs at a quicker pace than the nation as a whole. Georgia's rate of job growth ranked seventh highest nationwide over the past 12 months and third highest over the past six months.

Georgia's Job Gains Outpacing Nation in Recent Months

	Change in # of Jobs (GA)	% Change in Jobs (GA)	% Change in Jobs (US)	Georgia's National Rank in Job Creation (by % Change, 1 is best)
Last 12 months (March 2012-March 2013)	75,600	1.92%	1.43%	7
Last six months (September 2012-March 2013)	65,300	1.65%	0.84%	3
Last three months (December 2012-March 2013)	25,400	0.64%	0.37%	16

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

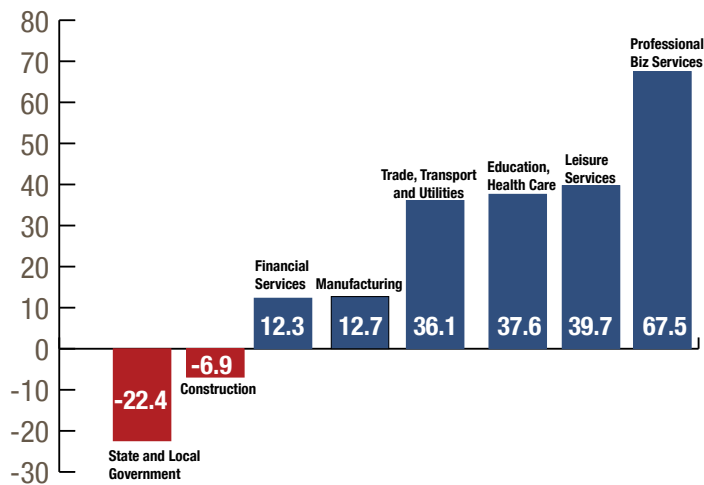
While promising, this pace of job growth is not strong enough to close Georgia's jobs deficit. To fill that shortfall over the next three years, Georgia's economy would need to consistently add an estimated 16,000 jobs per month, or more than double the 6,300 new jobs per month it averaged over the past year.

A Closer Look: Two Key Industries Still Not Recovering in Georgia

If all of Georgia's economic sectors were adding jobs, the state's recovery today might be stronger. But two of Georgia's key employment sectors have fewer jobs today than they did at the dawn of the recovery. Georgia's public sector is down 22,400 jobs since Georgia's recovery began in February 2010, due largely to cuts in the state budget. The construction industry also continues to struggle, with 6,900 fewer jobs since the recovery began. This is in contrast to other important employment areas, such as manufacturing and business services, which are gradually rebounding.

Georgia's Public Sector and Construction Industry Still Weakened

Change in Number of Jobs (in thousands)
February 2010 to March 2013



Source: Economic Policy Institute analysis of Current Employment Statistics

The job losses in Georgia's public sector are due largely to deep cuts in vital state services, such as the \$5.2 billion cut to K-12 education since the 2009 budget year. Brought on by a mix of slow revenue growth and resistance to new revenue sources, the cuts are resulting in fewer teachers in Georgia classrooms and fewer resources for Georgia students. Spending cuts also mean fewer first responders on local streets and fewer workers to carry out basic government functions, such as processing drivers' licenses and inspecting elevators. Although keeping government lean and efficient is a worthwhile goal, it is clear that continued budget cuts are a serious impediment to stronger job growth and a full economic recovery in Georgia.

The job losses in construction are not due to state policy but to the weak recovery of Georgia's housing market, which suffered a catastrophic shock during the recession. Georgia's housing market suffered one of the sharpest declines in the country during the crisis, as thousands of Georgians lost both their jobs and their homes. New construction nearly came to a halt at the start of the crash.² The housing outlook has gradually improved recently, but with many potential homebuyers either out of work or unable to secure credit, demand for housing is still weak. Until Georgia's housing and commercial real estate markets regain some strength, a weak construction sector will continue to dampen Georgia's momentum.

Endnotes

¹ GBPI's Jobs Count series uses data from the Current Employment Statistics (CES) series, which is published on a monthly basis by the Bureau of Labor Statistics (BLS). The CES is a monthly survey of "about 141,000 business and government agencies, representing approximately 486,000 individual worksites, in order to provide detailed industry data on employment, hours, and earning of workers on nonfarm payrolls." Used widely among both policymakers and the media, CES data are the best available resource for judging how the national and state economies are performing month to month. Because CES relies on a relatively small sample size, however, the data are subject to annual revision through a process known as "benchmarking." Each March, BLS benchmarks the prior year's CES by comparing it to a more thorough data series, known as the Quarterly Census of Employment and Wages (QCEW). The QCEW "publishes a quarterly count of employment and wages reported by employers covering 98 percent of U.S. jobs," using a wider array of sources to provide a more precise picture of how an economy is faring. Due to this benchmarking process, some of Georgia's job totals and trends have changed slightly from prior versions of this report.

²For example, fewer than 7,000 housing permits were filed in metro Atlanta in 2009, compared with nearly 67,000 in 2006. "Forecast of Georgia and Atlanta," Georgia State University Economic Forecasting Center. February 2013 edition. Pg. 16.