

Georgia Still Climbing Out of Deep Economic Hole

State of Working Georgia: Spring Update, 2014

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Georgia's economy continues to improve, but it is not delivering the broad-based growth the state's working families need. Georgia's workforce still struggles to overcome a range of challenges stemming from the worst economic downturn since the 1930s. This policy brief describes three of them:

- **Modest job growth** – The state's unemployment rate remains among the highest nationwide, while job growth in Georgia is about average compared to other states and the country overall.
- **Huge "jobs deficit"** – Companies in Georgia still employ fewer workers than they did at the start of the recession, and the economy is not adding jobs fast enough to keep pace with a growing population.
- **Persistent "long-term" unemployment** – Today's economy is especially perilous for Georgians who have been unemployed for more than 26 weeks (about six months). They face more obstacles to landing gainful employment than counterparts out of work for a shorter period.

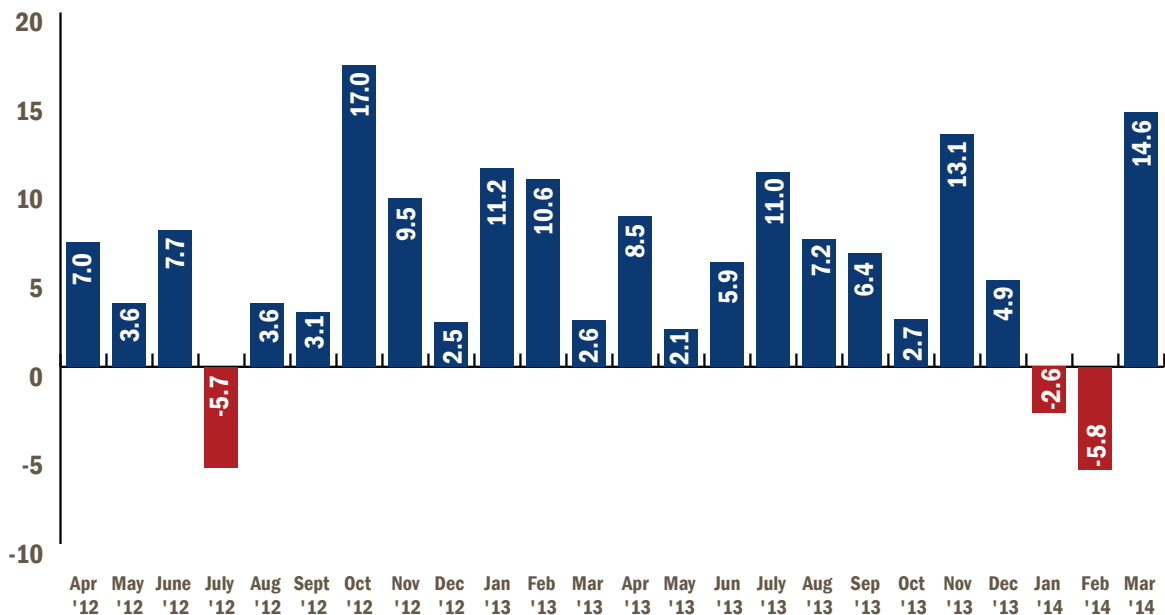
This policy brief is an update to the Georgia Budget and Policy Institute's most recent State of Working Georgia report, which is an annual analysis of the state's economic performance measured by trends in jobs, wages, access to health care and unemployment. The last State of Working Georgia report was released in October 2013, and a full 2014 edition is planned for late August. As a bridge between the two, this report uses the most recent data available to provide current figures on a few significant trends.

Job Growth Improving but Still Modest

Georgia's economy continues to plod forward about four years after it started to recover from the Great Recession. A few thousand new jobs are reported in a typical month, although the exact amount varies widely from month to month. Recent job growth in Georgia was strongest between October 2012 and the close of 2013. Then the state's economy dipped in January and February 2014 before ticking upwards in March, as illustrated in the graph below.

Recent Job Growth is Positive and Yet Inconsistent

Nonfarm jobs seasonally adjusted, in thousands



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

Georgia's jobs growth during the ongoing economic recovery is about average. Georgia gained 6.2 percent more jobs from February 2010 to March 2014, compared to a 6.4 percent increase nationwide. Georgia's growth rate ranked 21st best nationwide during this span. Among the Southeastern states, Georgia's job performance fell in the middle, with five growing faster during the recovery and six growing slower. These comparisons are detailed in the table to the right.

Georgia's economic recovery has strengthened somewhat over the past two years. From March 2013 to March 2014, Georgia added 68,000 jobs. That was more than during similar year-long periods earlier in the recovery, as illustrated in the chart below. Georgia's percentage rate of job growth was also better recently than earlier in the recession and outpaced the nation as a whole for much of 2012 and 2013. However, Georgia's job growth fell slightly below average over the past six months, ranking 28th nationwide from September 2013 to March 2014.

Georgia's Job Recovery in the Middle of Pack, Regionally and Nationally

	% Job Growth (Feb. 2010-March 2014)	National Rank (1 is best)
U.S.	6.4%	N/A
Texas	11.5%	3
Florida	8.6%	6
Tennessee	7.5%	8
South Carolina	7.3%	12
North Carolina	6.8%	16
Georgia	6.2%	21
Kentucky	4.7%	34
Virginia	4.6%	35
Louisiana	4.3%	38
Arkansas	3.4%	45
Alabama	2.8%	46
Mississippi	2.7%	47

Source: Economic Policy Institute analysis of Current Employment Statistics

Job Growth in Georgia Picking Up After Sluggish Early Recovery

	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)
First twelve months of recovery* (March 2010-March 2011)	49,700	1.29%	1.07%	24
Next twelve months (March 2011-March 2012)	44,500	1.14%	1.88%	41
Next twelve months (March 2012-March 2013)	72,700	1.85%	1.52%	13
Last twelve months (March 2013-March 2014)	68,000	1.70%	1.66%	13
Last six months (September 2013-March 2014)	26,900	0.66%	0.82%	28

Source: Economic Policy Institute analysis of Current Employment Statistics

*Note: The first month of Georgia's recovery was technically February 2010. It is excluded here for consistency with other timespans.

Modest Growth Leaves Georgia with Huge "Jobs Deficit"

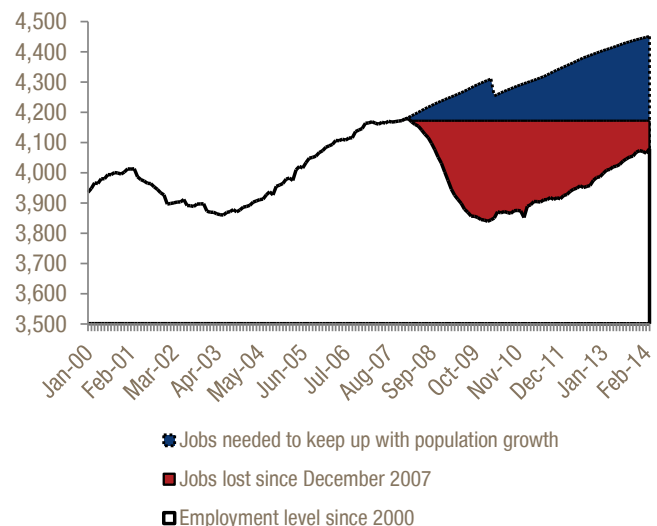
Georgia lost 332,900 jobs between the recession's start in December 2007 and February 2010, when the state's economy hit rock bottom. Only five states lost more jobs than Georgia during that span. The state's economy has recovered 239,700 of those jobs as of March 2014, the most recent data available.

One way to calculate the "jobs deficit" Georgia suffered as a result of the Great Recession is to simply compare jobs lost during the downturn to the amount gained during the recovery. By this measure, Georgia faces a jobs deficit of 93,200 jobs, meaning it has only gained back 72 percent of the jobs lost during the recession.

However, the prior statistic actually understates how many jobs Georgia needs to return to pre-recession employment levels. Ongoing population growth means the economy not only needs to replace the jobs it lost, but also create additional ones to accommodate new workers. These workers include new arrivals to the state, new college graduates and other young people aging into the workforce. The state's economy needs about 279,100 new jobs on top of those it has yet to recover from the downturn based on current population growth, according to nonpartisan Economic Policy Institute.

Population Growth Adds to Number of Needed Jobs

Nonfarm jobs seasonally adjusted, in thousands



Source: Economic Policy Institute analysis of Current Employment Statistics

Combined, Georgia's jobs shortfall from the recession and the need created by population growth leaves Georgia with a total jobs deficit of 372,300 as of March 2014. To fill this gap by March 2017, Georgia's economy would need to add an average of about 13,000 jobs per month. Georgia averaged only 5,670 jobs per month over the past year.

■ Unemployment Remains High, Especially for Long-Term Jobless

Georgia's unemployment rate dropped over the past several months, but it remains stubbornly high. It stood at 7 percent in March 2014, the most recent data available. That is a marked improvement from March 2013, when it was 8.4 percent. It is also well below Georgia's recession-level peak of 10.4 percent, reached in late 2009. Georgia's unemployment rate is now at its lowest level since September 2008, when it was 6.8 percent.

At the same time, Georgia's unemployment rate remains higher than most other states, ranking 39th in March 2014. This is consistent with the last few years. Georgia was among the states hit hardest by the recession and its unemployment rate has remained stuck among the highest nationwide since the crisis started.

Georgia's Unemployment Improving but Still Relatively High

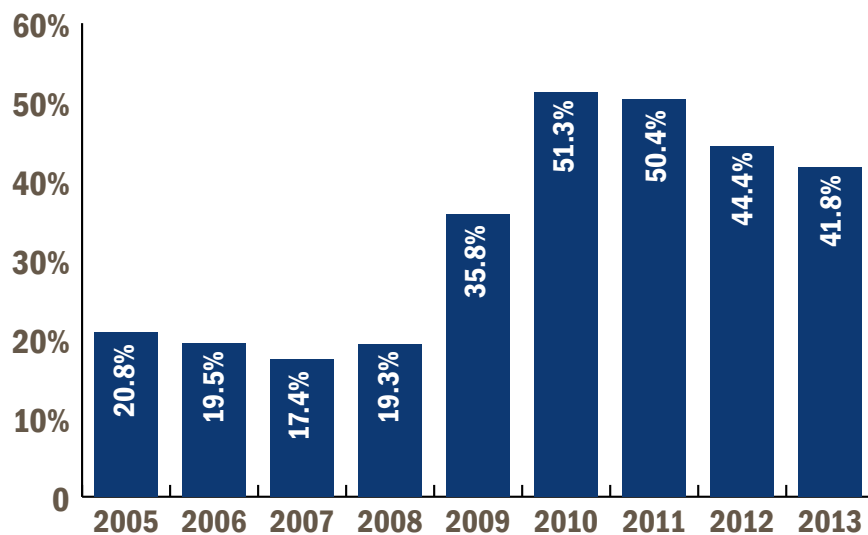
	Unemployment Rate	National Rank (1 is best)
March 2007	4.4%	29
March 2008	5.4%	39
March 2009	9.1%	37
March 2010	10.2%	34
March 2011	9.9%	42
March 2012	9.1%	43
March 2013	8.4%	42
March 2014	7.0%	39

Source: GBPI and Economic Policy Institute analysis of Local Area Unemployment Statistics (LAUS)

While Georgia's unemployment picture is getting better, the outlook remains depressingly bleak for the "long-term unemployed," meaning those out of work for more than about six months. Nearly 42 percent of Georgia's unemployed workers met this threshold in 2013, the most recent data available. While that is down from a peak of 51.3 percent at the height of the recession in 2010, it's still more than double the rate of 17.4 percent from the pre-recession year 2007.

Four in 10 Jobless Georgians Remain Unemployed Long-Term

Share of jobless workers who have been unemployed more than 26 weeks



Source: Economic Policy Institute analysis of Current Population Survey

Long-term unemployment is an especially worrisome trend for Georgia's workforce and families. Perhaps counterintuitively, workers face a harder time landing a job the longer they have been unemployed. Many companies are reluctant to hire the long-term jobless, with some employers even refusing to consider them at all.¹ Some workers see their skills erode over time as unemployment stretches into months and then years. And because the long-term jobless typically struggle to make ends meet, returning to school or skills-training is often not an affordable option. For many workers, long-term unemployment can turn into an involuntary retirement. The problem of extended joblessness warrants special attention from state, local and federal policymakers.

■ Conclusion

Georgia's economy continues to recover from the recession, but the broad-based growth that working families require to thrive has yet to materialize. Companies in Georgia still employ fewer workers than before the downturn began and the state's economy is not keeping pace with a growing population. Georgia's unemployment rate remains higher than most other states and far too many Georgians remain unemployed long-term, which makes it even harder for them to find work. As the economy continues its gradual rebound, policymakers at all levels should sharpen their focus on the struggles of working families and identify ways to bolster their economic future.

■ Endnote

¹"The Terrifying Reality of Long-Term Unemployment," The Atlantic. April 13, 2013.