



# PEOPLE- POWERED PROSPERITY



A People-First Economic Vision for Georgia

**Edited by:** Taifa Smith Butler, Executive Director  
**Written by:** Wesley Tharpe, Research Director

## **Contributors**

Jennifer Owens, Deputy Director

John McCosh, Deputy Director for Communications

Maya Robinson, Development Director

Laura Harker, Policy Analyst, Health

Jessica Hood, Operations Manager

Jennifer Lee, Policy Analyst, Higher Education

Eric Strunz, Outreach Manager

Claire Suggs, Senior Policy Analyst, K-12 Education

Alex Welch, Communications Associate

GBPI's Board of Directors

# TABLE OF CONTENTS

Overview: An Investment Plan to  
Unlock Georgia's Economic Potential **1**

---

Summary of Policy Recommendations  
in People-Powered Prosperity **3**

---

Four Strategic Goals are Key  
to a Stronger Georgia **2**

---

Background: Georgia's People  
Hold Untapped Value **4**

---

Eight Targeted Investments Can Help Georgia's People and Economy Thrive <b>10</b>	
Educated Youth <b>11</b>	Thriving Families <b>15</b>
Skilled Workers <b>13</b>	Healthy Communities <b>17</b>

Georgia Can Afford an Ambitious  
Investment in its People **19**

---

Conclusion **21**

---

Some Possible Options to Pay  
for a People-Powered Strategy **20**

---

Endnotes and Acknowledgements **22**

---



## Overview: An Investment Plan to Unlock Georgia's Economic Potential

Georgia today fails to fully leverage the state's most powerful economic asset—its own people. The most successful, prosperous states are those that build a broad and inclusive middle class, with ample opportunities for people to work their way into it. When families hold good-paying jobs and have money to spend at local shops and restaurants, businesses and the broader economy reap the benefits. When young people attend quality schools that instill a love of learning, they become the next generation of entrepreneurs and inventors. When workers are healthy, literate and well-trained, they fill critical workforce gaps and help their companies grow. When social and economic barriers for women, people of color and immigrants are dismantled, everyone can enjoy the promise of an equitable and prosperous future.

*Georgia fares better when the state has an economy that works for everyone. Economic development doesn't have to be a zero-sum game where businesses win and families lose. A people-first strategy is what Georgia needs right now. Investing in human capital is the state's greatest way to bolster Georgia's economy and ensure broad-based prosperity for everyone.*

**- Taifa Smith Butler**  
Executive Director, GBPI

The Peach State already can claim many positive trends in its favor. Thousands of new workers and entrepreneurs move to Georgia each year from around the globe. The state's economy is adding jobs more quickly than many other states, and corporate trade magazines consistently hail Georgia as the number one place to do business. Georgia's fiscal house is also in better shape than places like Kansas and Illinois that enacted reckless tax and budget policies in recent years.

Yet at the same time, Georgia falls short of its true economic potential. Nearly one in four Georgia children live in poverty, where many face under-resourced schools and endure home challenges like hunger. Families at all income levels struggle with sky-high college and child care costs, making it harder to stay above water or get ahead. Rural communities face an exodus of people and an influx of opioids, while many urban neighborhoods face steep structural barriers to opportunity. Even in places where circumstances are good, the benefits of growth are not well-shared. And historic inequities for people of color and women, along with unusual obstacles for Georgians born outside the United States, persist.

These shortcomings harm not only individuals and families but also companies, communities and the economy as a whole. As the geographic hub and economic engine of the South, Georgia is capable of so much more.

Moving into the 2018 statewide elections and subsequent governor's administration, Georgia leaders can seize a golden opportunity to chart a better economic course. **People-Powered Prosperity** details a new vision for how state lawmakers can pursue that strategy and ways they can responsibly pay for it.

The report outlines a public investment plan aimed at **four strategic goals**, which include **eight specific policy recommendations** such as targeted funding hikes for public schools and an ambitious ramp-up of assistance to help families afford child care. We also present a case to show how Georgia can afford to raise **\$1 billion in new annual revenues** as a meaningful down payment on the strategy, a shared investment of reasonable scope. Today Georgia ranks 42<sup>nd</sup> among the states on a common measure of state and local taxes<sup>1</sup> and \$1 billion in additional revenue still keeps Georgia's taxes low compared to other states. A plan of this size is also similar to what Gov. Nathan Deal and leaders from both parties rallied support for in 2015 to repair Georgia's roads and bridges.



## Four Strategic Goals are Key to a Stronger Georgia

The Peach State holds the promise of a place with a more inclusive economy and more secure middle class, where families from diverse backgrounds rise out of poverty and where lots of new wealth still flows to innovators. To reach that goal, state lawmakers need a new economic vision. Georgia has long employed a *business-first* approach to the economy, defined by corporate tax breaks, lax regulations and low wages. But what Georgia needs for a stronger and fairer economy is a *people-first* strategy focused on four strategic goals: **Educated youth, skilled workers, thriving families** and **healthy communities**.

**EDUCATED YOUTH.** States with a more educated workforce tend to have stronger economies overall and quality schools help equip communities to compete in today's global marketplace. Students need both hard skills to one day enter the workforce and a deeper love of learning that leads to new ideas, products, businesses and richer lives. Reaching that goal depends on relentless support for early childhood education<sup>2</sup> and public K-12 schools.<sup>3</sup>

**SKILLED WORKERS.** Companies and entrepreneurs<sup>4</sup> thrive when they can find workers with a rich set of skills. Policies that support higher education, training programs and basic literacy can offer people lifelong learning opportunities that help minimize workforce gaps and empower Georgians to transform their lives, improve their earnings and career opportunities and contribute more to their communities and the economy.

**THRIVING FAMILIES.** When parents have money in their pockets to make ends meet and to save or invest in their families' future, the overall economy realizes the gain. Policies such as stronger child care assistance and targeted tax breaks for families can help parents contribute more to the workforce by better balancing career and caregiving responsibilities, while also creating a more stable home environment for children's future success.

**HEALTHY COMMUNITIES.** Part of having a strong economy that makes good use of everyone's potential is making sure people are healthy so they can contribute. People are more likely to show up to work on time, get the job done right or start a small business<sup>5</sup> when they're able to see a doctor when sick or access targeted services for things like substance abuse treatment to get back on their feet. Parents and children who are financially secure and can access good schools, decent jobs and quality public services also tend to be healthier overall.



## **Summary of Policy Recommendations in People-Powered Prosperity**

### **EDUCATED YOUTH**

#### **Update Georgia's K-12 funding formula to meet today's rigorous standards.**

Georgia spends well below the national average to support its public schools, and lawmakers consistently shortchange the state's own funding formula. A sustained commitment to modernizing the formula and boosting funding long-term can improve student learning and future economic success.

#### **Empower districts to invest in proven solutions, especially in high-need schools.**

Schools in high-poverty communities score lower on common metrics of student success, due to overwhelming challenges of entrenched poverty. Tailored investments in proven solutions such as a good principal in every school can help provide every child with the chance to learn.

### **SKILLED WORKERS**

#### **Expand aid options to make university education more affordable and technical college tuition-free.**

Georgia has a proud legacy of higher education but too many capable students fall through the cracks due to cost. An expanded suite of financial aid options can help young people and adults alike gain the skills they need to fill the jobs of both tomorrow and today.

#### **Increase funds for adult basic education, language literacy and skills-training programs.**

State support for services that help adults learn new skills, train for emerging workforce needs or gain entry level abilities such as language literacy can help to fill companies' short-term openings and empower people to transform their lives and careers.

### **THRIVING FAMILIES**

#### **Help more working parents afford child care.**

Skyrocketing costs for quality child care make it hard for parents who are working, running a business or going to school to balance career and home responsibilities. Expanding Georgia's under-resourced assistance program can help parents contribute to the economy while they provide the best shot possible for their children to thrive.

#### **Enact a Georgia Work Credit.**

Twenty-nine states offer a targeted tax break to families working their way into the middle class. At up to a few hundred dollars a year, the credit gives parents a modest boost to support their children, afford the basics and make one-time investments such as a reliable car to get to work.

### **HEALTHY COMMUNITIES**

#### **Expand health coverage so workers and entrepreneurs can see a doctor.**

Access to health coverage helps people live stronger, more industrious lives. Expanding Medicaid under the federal health care law to cover adults would let more workers and entrepreneurs visit a doctor when they are sick and contribute to their communities.

#### **Invest in mental health and substance abuse treatments.**

A durable economy needs a reliable pipeline of workers at all skill levels, including people who face unique obstacles. More state support to address rising challenges like opioid addiction can help keep Georgians on their feet and in the workforce.

### **Raise \$1 billion in new revenues as a down payment on the plan.**

To achieve broad-based prosperity, Georgia must adopt policies that bolster investments in communities and empower more people to succeed. Such a strategy comes with a price for Georgia taxpayers, just like any effort to address shared challenges and pursue common goals. One billion dollars in new yearly revenue keeps Georgia's taxes below the national average and requires less than \$100 more per Georgian per year, on average.

## Background: Georgia's People Hold Untapped Value

Any case for where a state needs to go must begin with a story of where it is, where things fall short and why a different path could prove better. Today, Georgia's economy provides high profits and decent economic gains—to *some*. But the average Georgian is barely gaining ground, stuck in place or left out entirely. Lopsided economic growth and declining opportunity weakens communities and undermines the state's trajectory. A few key points can pinpoint the gaps in today's economy, show how it fails too many Georgians and highlight how a different approach can help more families, businesses and communities thrive.

### It's too hard for Georgians to get ahead.

Georgians today are working harder than ever yet struggling to succeed. It's not due to lack of effort.<sup>6</sup> The simple reality is the American connection between hard work and economic reward is severed.

Nationwide, it's harder than it once was for regular people to get ahead no matter how hard they try.<sup>7</sup> About 92 percent of Americans born in 1940 wound up making more in their careers than their parents, while only 50 percent born in 1980 can expect to do the same.<sup>8</sup> Things tend to be toughest in the South.<sup>9</sup> In Georgia, a child born to parents at the bottom of the income scale has an 8 percent chance at best of working her way into the upper class. More worrisome, that same child has only a 41 percent chance of just reaching the middle class.<sup>10</sup>

**41%**  
Highest chance a Georgia child from the bottom of the income scale reaches at least the middle class

Source: Raj Chetty, Equality of Opportunity Project

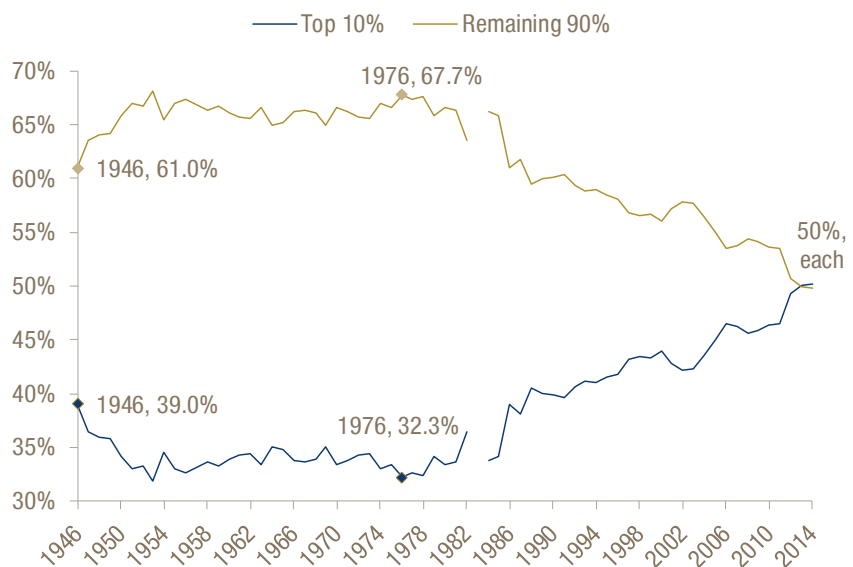
That uneven path to prosperity not only breaks a fundamental promise of the American Dream, it's bad for economic growth. Every Georgian blocked from success is a potential worker, entrepreneur, teacher or inventor whose talents are left on the sidelines.<sup>11</sup>

Much of the problem is tied to inequality. The richest 10 percent of Georgians now bring in about half the state's total income each year, with the bottom 90 percent of Georgians splitting the other half. That's far more unequal than a few decades ago.<sup>12</sup>

The lopsided gains are especially tilted to the top 1 percent, or a narrow sliver of investors, shareholders, CEOs and wealthy estates at the very top. An estimated *93 percent* of all income growth in Georgia from 1979 to 2014 went to the wealthiest 1 percent, or households making more than about a half-million dollars a year today.<sup>13</sup>

### Half of Georgia's Income Goes to Wealthiest 10%

Share of Georgia's total annual income

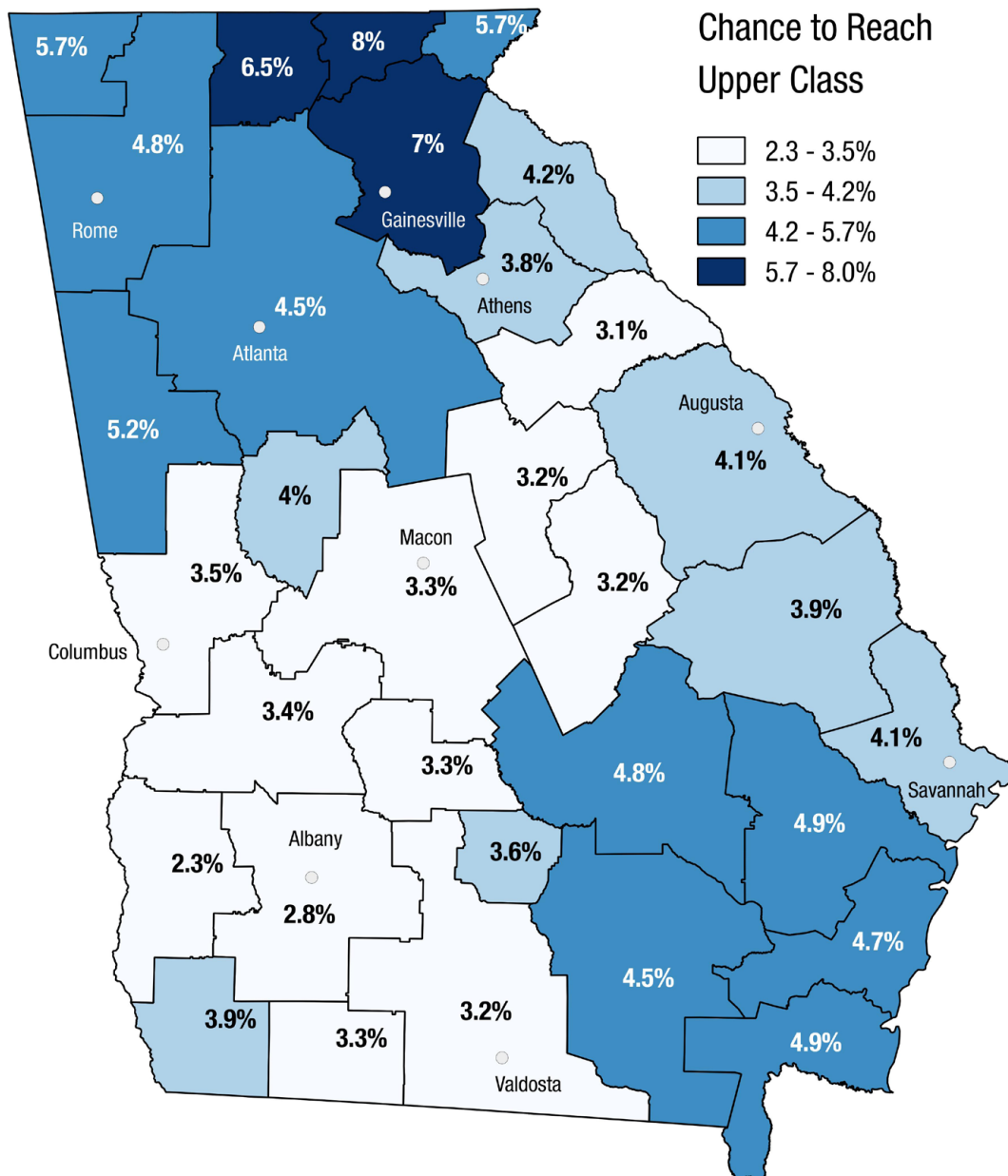


Source: "Income inequality in the U.S. by state, metropolitan area, and county," Sommeiller, Price, and Wazeter (2016)



# Georgians Face Long

A Georgia child born to parents at the bottom of the economic scale<sup>14</sup> has no more than a 41 percent chance of reaching the middle class<sup>15</sup>, and just an 8 percent chance of reaching the top.<sup>16</sup> The likelihood of getting ahead is even lower in much of the state, especially rural areas. Less than 3 percent of low-income children around Albany, for example, will achieve the proverbial rags-to-riches American Dream.

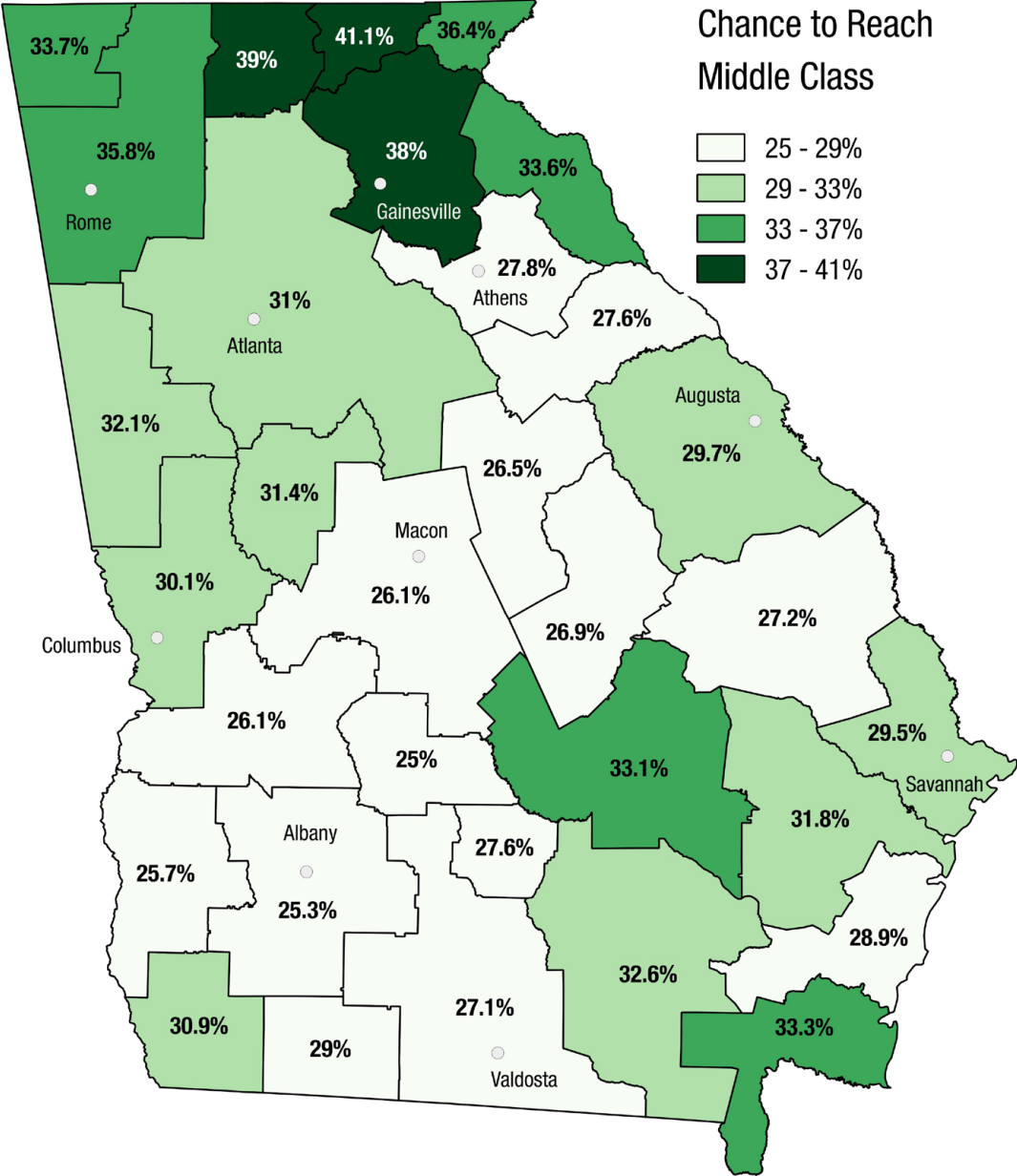


Source: "Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States," Chetty, Hendren, Kline and Saez (2014)

# Odds of Getting Ahead

## Economic Scale for Georgia Families

- Bottom - Less than \$25,000/year
- Middle - At least \$47,000/year
- Upper - At least \$108,000/year



## Flat incomes and rising costs squeeze Georgia's middle class.

Middle-class Georgians are on shakier ground than their predecessors a generation ago. The leading cause is that wages—the primary source of income for the vast majority of families—remained mostly stagnant since the end of the 1970s.<sup>17</sup> Limit the range to the last 25 years and wages for a typical mid-wage worker in Georgia are up by only 10.4 percent, rising to \$33,440 in 2016 from \$30,280 in 1991. The bump was even smaller for low-wage workers trying to work their way up, just 6.7 percent over that span.<sup>18</sup>

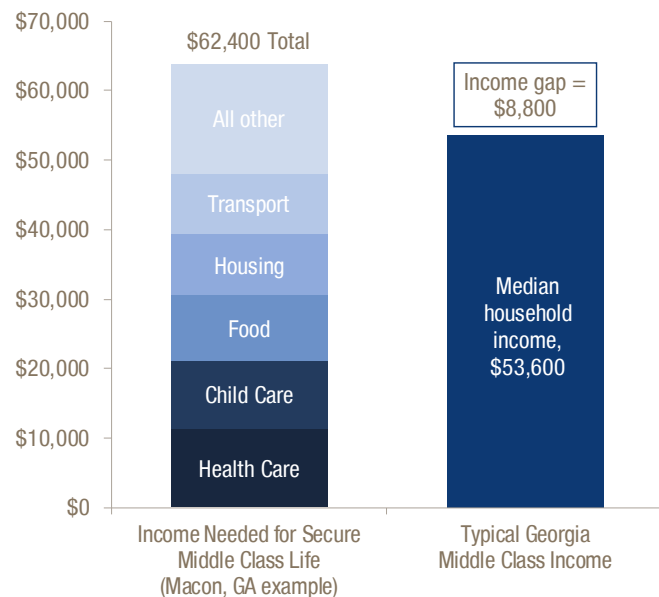
Though better than nothing, that increase barely outpaces inflation and pales in comparison to rising costs. The average cost for public, four-year college tuition rose by 160 percent during that span nationwide<sup>19</sup>, due in part to declining support for higher education in state budgets.<sup>20</sup> And the average cost of child care for U.S. families with working mothers rose by an estimated 70 percent from 1985 to 2011, according to the U.S. Census Bureau.<sup>21</sup>

These expenses can easily consume a family's monthly cashflow. The costs of health care, child care, food and housing alone eat up about two thirds of the income needed to maintain a stable middle-class lifestyle.<sup>22</sup>

Things are even more of a challenge in recent years. In 2000, Georgia's middle class brought home about as much in annual income as families in other states. But their earnings slipped soon after the millennium and then crashed during the Great Recession. Georgia's median household income fell by nearly \$8,000 from 2007 to 2011, steeper than the nation as a whole. As of 2016, middle class Georgians bring home about 7 percent less income than in 2000.<sup>23</sup>

Tight household budgets make it near impossible for middle class families to save. Only half of metro Atlanta residents hold enough liquid savings to cover a \$400 unexpected expense,<sup>24</sup> and national data indicate the situation's similar statewide.<sup>25</sup> That means thousands of Georgia families are one emergency away from disaster and lack the financial cushion to invest in pathways to upward mobility, such as going to college<sup>26</sup> or moving to a better neighborhood.<sup>27</sup>

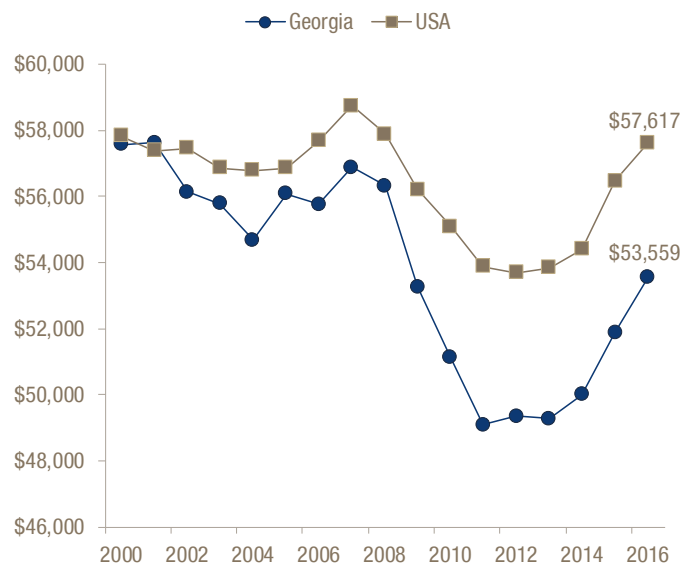
### Middle Class Budgets Strained by Basic Needs



Source: 2016 American Community Survey and the Economic Policy Institute's Family Budget Calculator. Income for secure middle class life based on needs of Macon, GA family of four with two children.

### Georgia's Middle Class Falls Behind

Median household income, 2000-2016



Source: American Community Survey



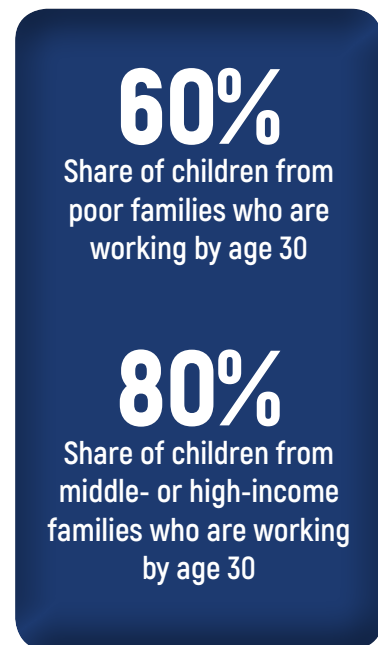
## Economic struggle limits families' ability to thrive, especially for groups historically excluded from opportunity.

With diminished chances of reaching the middle class and staying there, it's no surprise Georgia suffers from an above average share of people in poverty.<sup>28</sup> About 23 percent of children in Georgia, 14 percent of working-age adults and 10 percent of seniors in 2016 struggled to get by, as measured by people who live below the federal poverty line.<sup>29</sup> That's less than \$12,000 for an individual or \$24,250 for a family of four. Entrenched poverty holds back economic growth by weakening the productivity and spending power of adults and by undermining children's ability to reach their potential down the road.

Adults living in poverty struggle to contribute as much as they could due to a range of related factors, such as lower levels of health<sup>30</sup>, challenging caregiving responsibilities, unpredictable job schedules<sup>31</sup> and the psychological strain of poverty itself.<sup>32</sup> These constraints combine to make it harder for the working poor to stay in the labor force or increase earnings over time. Despite the challenges, an estimated 56 percent of Georgia families in poverty were working in 2015.<sup>33</sup>

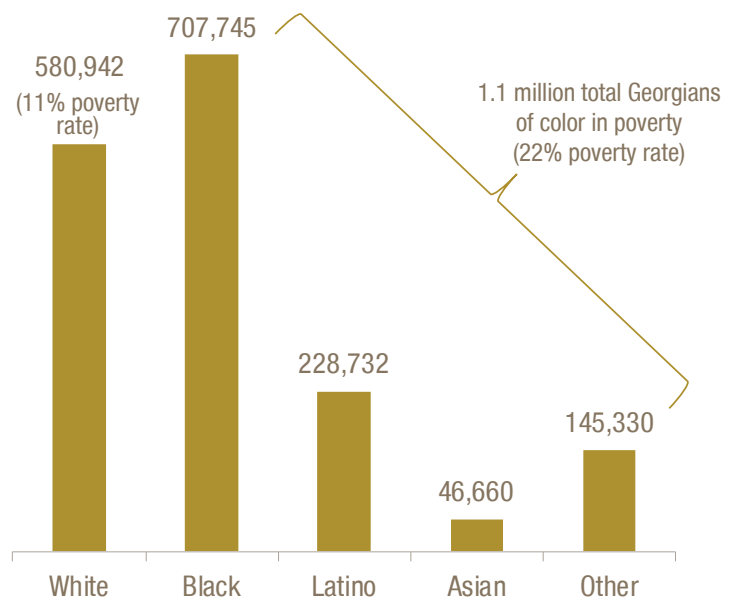
The harmful effects of poverty on the economy are especially strong when viewed in the long-run. Children growing up in poor households typically attend lower performing schools<sup>34</sup>, get access to fewer mentors and enrichment activities<sup>35</sup> and are over-exposed to harmful factors including unstable family life, homelessness or environmental hazards like lead paint.<sup>36</sup> As a result, they are less likely to graduate college or enter the workforce and their earnings are lower as adults.<sup>37</sup> In Georgia, 44 percent of students from families that earn less than \$35,000 per year graduate college within six years, compared to 69 percent of students from families above \$75,000.<sup>38</sup> And nationwide only 60 percent of children from poor families are likely to be working by age 30, compared to 80 percent of those from middle class or high income families, according to one landmark study.<sup>39</sup>

Poverty's corrosive effect touches Georgians of all backgrounds, though African Americans and Latinos are over-represented due to historic and current injustices. In 2016, 24 percent of Latinos and 23 percent of African Americans in Georgia lived in poverty, compared to 11 percent of white Georgians and 12 percent of Asians.<sup>40</sup> Poverty is also higher in rural areas.<sup>41</sup> More than 1.1 million Georgians of color lived in poverty in 2016, alongside 581,000 similarly-situated white Georgians.



### Economic Struggle Affects All Georgians, Especially People of Color

Number of Georgians in poverty, 2016



Source: 2016 American Community Survey

## Georgia's economy underutilizes the talents of its increasingly diverse population.

Georgia gains enormous value and vibrancy from its status as one of the most diverse states in the country. People of color made up 45 percent of the state's population in 2015 and might comprise a majority of Georgians by 2030.<sup>42</sup> Georgia is also now home to more than 1 million people born outside the United States. As of 2016, one in 10 Georgians was born in another country, versus one in every 37 in 1990.<sup>43</sup>

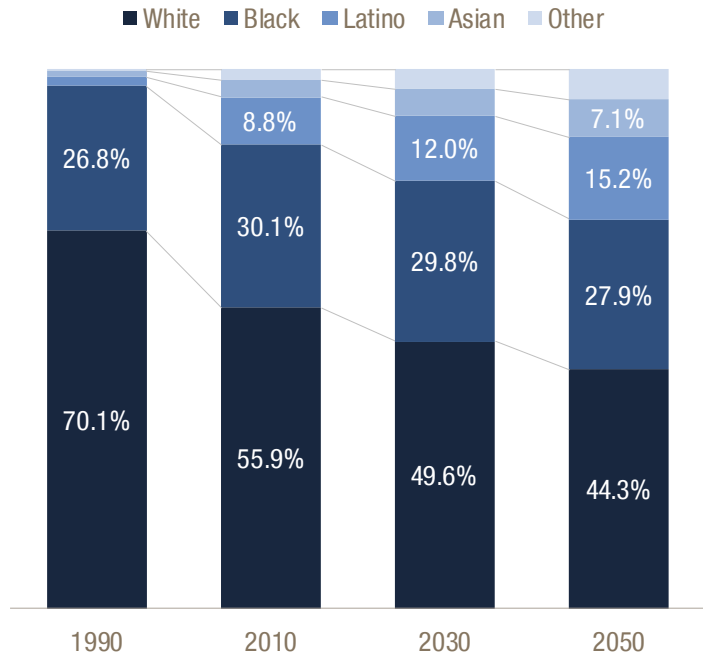
But Georgians of color face a steeper climb to realize their potential because of long-standing structural barriers. Georgia's history of slavery, Jim Crow, exclusion of African Americans from mortgage loans<sup>44</sup> and jobs and decades of low investment in high-minority schools<sup>45</sup> casts a long social and economic shadow. Current barriers, such as subconscious bias among employers<sup>46</sup> and structural racism in the criminal justice system,<sup>47</sup> exacerbate the problem and cause Georgia's racial income and wealth gaps to persist.<sup>48</sup>

Georgia women are also playing an increasing role, as they now comprise nearly half of Georgia's workforce and are primary or co-breadwinners in a majority of homes.<sup>49</sup> Yet women continue to earn less money for similar work than men in the state, earning on average 70 cents on the dollar compared to white men.<sup>50</sup>

Racial and gender gaps, paired with hostility to immigrants, harm everyone. They equal fewer dollars for families to spend at local shops and restaurants, less money to buy homes or cars and less savings to put aside at local financial institutions. Structural barriers for women and minorities stifle the social and economic potential of the next generation, which might lack access to the same educational or entrepreneurial opportunities. And hostility to neighbors born outside the United States creates a society that's simply meaner, less welcoming<sup>51</sup> and more unfair than our values demand.<sup>52</sup>

A lack of inclusion is also counterproductive to economic growth. Cutting-edge research finds regions with more racial and ethnic integration and more equitable economic outcomes tend to grow faster than places with entrenched racial divides or high inequality.<sup>53</sup> Georgia's economy could grow by an estimated \$12 billion<sup>54</sup> if it closed the racial employment gap and another \$15 billion<sup>55</sup> if it closed the gender pay gap. Meanwhile, immigrants now account for 13 percent of Georgia's workforce and 31 percent of Main Street business owners.<sup>56</sup> Georgia won't prosper unless everyone living here can thrive.

### Georgia Continues to Grow More Diverse Projected Georgia population by race and ethnicity



Source: PolicyLink Equity Atlas

# \$15 billion

Georgia GDP Increase if working women were paid the same as comparable men

Source: Institute for Women's Policy Research

# \$12 billion







Georgia GDP growth if racial employment gap closed

Source: PolicyLink, Partnership for Southern Equity

## Eight Targeted Investments Can Help Georgia's People and Economy Thrive

The most prosperous states are anchored by an educated and healthy workforce and opportunities for people from all backgrounds to innovate and contribute. The following sections outline eight specific policy recommendations for ways that Georgia lawmakers can better invest in families and communities. An economy built on **educated youth, skilled workers, thriving families** and **healthy communities** can deliver wealth and opportunity for everyone by helping tap people's economic potential at every stage of life.

PEOPLE-POWERED

-  > Update Georgia's K-12 funding formula to meet today's rigorous standards. **1**
-  > Empower districts to invest in proven solutions, especially in high-need schools. **2**
-  > Expand aid options to make university education more affordable and technical college tuition-free. **3**
-  > Increase funds for adult basic education, language literacy and skills-training programs. **4**
-  > Help more working parents afford child care. **5**
-  > Enact a Georgia Work Credit. **6**
-  > Expand health coverage so workers and entrepreneurs can see a doctor. **7**
-  > Invest in mental health and substance abuse treatments. **8**

PROSPERITY





# EDUCATED YOUTH

For Georgia to grow a strong workforce and economy, the state needs a rock-solid foundation. That starts with relentless investment in early education and K-12 public schools. A workforce able to compete in the 21<sup>st</sup> century needs a constant supply of young people on track to become self-sufficient contributors to society. Students need both specific skills to one day enter the workforce and a deeper love of learning that leads to new ideas, products, businesses and richer lives in general.

**Update Georgia's K-12 funding formula to meet today's rigorous standards.**

Well-funded public schools help children get a good start in life. Adequate and sustained investment in K-12 schools is shown to improve children's performance in the classroom and increase their future earnings, with students from low income families showing the most gain. But Georgia ranks 38<sup>th</sup> in the nation in school spending and invests \$1,965 less per student than the national average, even after accounting for regional cost differences.<sup>57</sup>

State lawmakers also took an axe to public school budgets over the past 15 years, underfunding the state's K-12 funding formula by more than \$9 billion since 2003.<sup>58</sup> The shortfall made it hard for districts to keep class sizes down, invest in reform strategies or provide students with the extra support they need to reach the state's education goals. Lawmakers restored some of the lost funds as the economy improved, yet still shortchanged districts by \$167 million in the 2018 budget.

To power a more educated workforce in the future, Georgia needs to change course. The state's current formula for funding public school students is a legacy of the 1985 General Assembly and is substantially unchanged since then. Meanwhile, students are expected to know and do far more today than 30 years ago.

Georgia needs to modernize its rickety funding formula so it reflects the true costs of educating *every* child to today's rigorous standards. Recent efforts to revise the formula focused solely on reallocating existing funding levels, rather than boosting them to the higher amount that today's economy requires. A renewed and comprehensive approach is needed so lawmakers can identify the true cost to help all students reach state standards and provide local communities with the resources necessary to do so.

**More details: "School District Funding Squeeze Continues," GBPI, June 2017.**

**38**

Georgia's rank on K-12 investment even accounting for regional cost differences

**Due to state budget cuts, from 2009 to 2014...**

**85%**

Of Georgia school districts increased class size

**80%**

Of Georgia school districts delayed or stopped buying some instructional materials

**46%**

Of Georgia school districts cut or eliminated art and music

**36%**

Of Georgia school districts cut or eliminated enrichment and remedial courses

Source: "Cutting Class to Make Ends Meet 2014," Georgia Budget & Policy Institute

**Empower districts to invest in proven solutions, especially in high-need schools.**

Every student in Georgia should finish high school prepared to enter and complete a training or degree program at a technical college or a university. That sets them on a path to financial security and helps the state foster economic growth. Yet today, too many children fall short of the state's educational benchmarks, especially young people from low-income families or communities of color that Georgia historically blocked from opportunity.

Seventy percent of Georgia school district leaders say poverty is the most significant out-of-school issue, and most schools where at least half of students are low-income are graded as failing by state leaders.<sup>59</sup> According to state education data, 99 percent of extreme-poverty schools, where at least 75 percent of students are low-income, earned a D or F on Georgia's K-12 school grading system. The same is true of only 5.4 percent of low-poverty schools, where 25 percent or less of students are low-income.<sup>60</sup>

Students struggle in higher-poverty schools because children face serious challenges at home that often interfere with their learning. Impediments such as insufficient food on the table, erratic housing arrangements or low parental support can cause children to lose focus or degrade their mental health. In-school learning factors, such as teacher retention, access to instructional materials and expended course offerings, also tend to be subpar due to lack of resources in high-poverty and high-minority schools.

Georgia cannot afford to leave these students behind, if only for the sake of the state economy. More than 60 percent of children in Georgia's K-12 schools today are eligible for free- or reduced-price lunch, up from 45 percent in 2002.<sup>61</sup> At the same time, Georgia companies struggle to find enough educated workers. Without improving education for low-income students, too many Georgians will see their talents go untapped and the state's economy will struggle to cope.

To turn the tide, Georgia leaders can deploy a comprehensive approach that combines strategies to reduce poverty among students and their families over the long term while strengthening the schools they attend today. The most promising approach is to give districts the resources to tailor local strategies around what we know works: great principals, decent pay and training for teachers, more targeted support for at-risk students and other interventions.

**More details: “Tackle Poverty’s Effects to Improve School Performance,” GBPI, December 2017.**

---

*“High quality education will not only expand economic opportunity for residents, but also likely do more to strengthen the overall state economy than anything else a state government can do.” – Economic Analysis & Research Network*

---

*When you speak to many of our students, they are concerned where they will sleep tonight, will they have dinner, are mom and dad going to fight, or a parent is incarcerated. The issues and challenges our students face are those no child should have to worry about but they do.*

**Elizabeth Anderson**, Principal  
W. L. Swain Elementary School  
Gordon County Schools

**60%**

Share of Georgia students eligible for free and reduced priced lunch

**70%**

Share of Georgia districts citing poverty as most critical out-of-school challenge



# SKILLED WORKERS

Companies and entrepreneurs thrive when they can find workers with a rich set of skills. Support for higher education, training services and basic literacy that offer lifelong learning opportunities for people are among the policies that can help Georgia fill workforce gaps and empower Georgians to transform their lives, improve their earnings and career opportunities and contribute more to their communities and the economy.

## **Make university education more affordable and technical college tuition-free.**

Georgia can claim a proud legacy of support for colleges and universities. The state chartered the country's first public university in 1785 at the University of Georgia, and about two centuries later it launched the most ambitious merit-based aid program in the United States.<sup>62</sup> Yet too many promising Georgians struggle to access education beyond high school due to high costs and gaps in the state's financial aid strategy.

Steep funding cuts to higher education since 2000 led to rising tuition and fees statewide, making college less affordable and undermining Georgia's ability to produce an educated workforce.<sup>63</sup> Georgia needs 250,000 additional college graduates to meet its own workforce goals by 2025. But the university and technical college systems estimate that between 20,000 to 30,000 students are dropped each year due solely to failure to pay tuition.<sup>64</sup>

Georgia's main strategy to make college affordable is the HOPE program. Though HOPE scholarships and grants are generous, relying on them alone leaves gaps for many students. In the university system, 70 percent of low-income students and 80 percent of black students do not receive HOPE.<sup>65</sup> And adult learners and associate's degree seekers are locked out of the program due to certain arbitrary limits.<sup>66</sup>

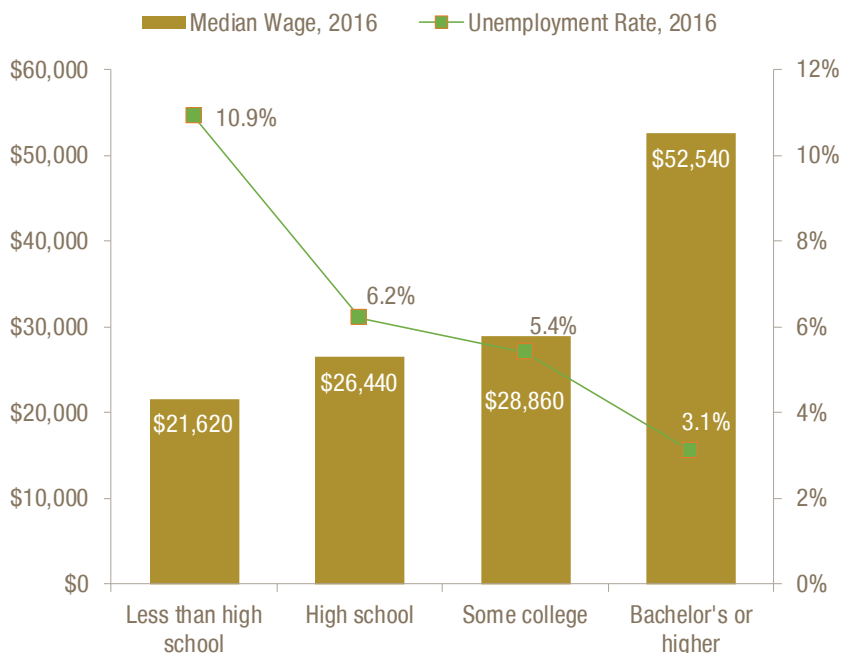
Georgia can reclaim its place as a leader in higher education by reinvesting in its colleges and expanding financial aid to better reach Georgians of all backgrounds.

An improved and affordable suite of aid strategies such as work-study programs and last-dollar scholarships that cover tuition and fees left after other financial aid runs out can help make a post high-school education a reality for more Georgians.

*Companies today want a "highly educated labor pool" and "strong university system," in a community with the "presence and support of a diverse population" and where "our employees will enjoy living."*

**- Amazon HQ2 Request for Proposals, 2017**

## **Higher Education Boosts Georgians' Pay and Employment**



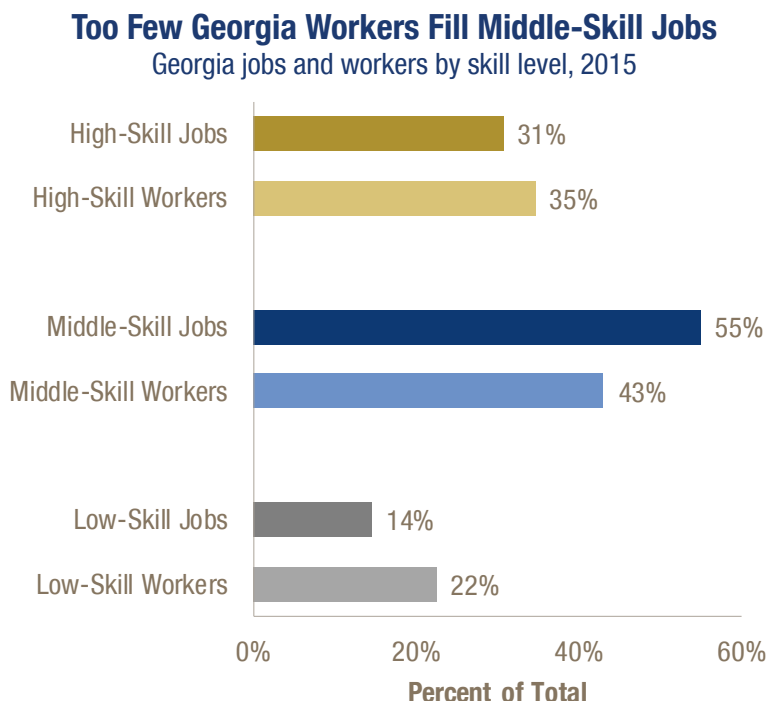
Source: Economic Policy Institute

**More details: "Strengthen Georgia's Workforce by Making College Affordable for All," GBPI, January 2018.**



## Increase funding for adult basic education, language literacy and skills-training programs.

Along with a better path to college, improved access to lifelong learning opportunities for adults is crucial for Georgia's economy. Renewed state support for programs that help people learn new job skills or gain entry level abilities like language literacy can help to fill companies' short-term needs and improve people's long-term prospects.<sup>67</sup> This is especially important when viewed alongside the state's mid-skill jobs gap. Middle-skill jobs include occupations such as nursing assistants and electricians that require education beyond high school but typically less than a four-year degree. These professions account for 55 percent of Georgia's labor market but only 43 percent of the state's workers are trained to do them, an imbalance that could grow larger soon.<sup>68</sup>



Source: "Georgia's Forgotten Middle," National Skills Coalition.

The state's Complete College Georgia initiative reports that boosting the number of adult learners is a key component to fill Georgia's skill gap.<sup>69</sup> Yet state leaders devoted only \$14 million to adult basic education in 2016.<sup>70</sup> Thirty-six states spend more to educate their adult population, with services such as language literacy, basic numeracy and computer skill training.<sup>71</sup> Georgia can strengthen its pipeline of workers with a better-funded, multipronged approach to adult education.

One of the most promising strategies is to create a career pathways program for low-income parents, at an estimated cost of \$31 million a year in federal funds. Common in other states, career pathways are a series of connected education programs and support services that help people secure employment in a specific industry or occupation. One such program in Arkansas is credited with boosting incomes for participating low-income families by \$3,000 and roughly doubling their likelihood to gain some sort of workforce credential.

**More details: "Career Pathways can Strengthen Georgia Families," GBPI, June 2017.**

Another option is to expand state funding for English as a Second Language classes, which received less than \$2 million in 2016. More than 300,000 members of Georgia's adult workforce report a lack of English proficiency, but the state's English language programs enrolled only 12,000 people in 2016. Among this underserved population are 55,000 Georgians who completed a college education abroad yet struggle to speak fluent English.

**More details: "Underfunded English Training Limits Contribution from Georgia's College-Educated Immigrants," GBPI, April 2017.**

**55,000**

Georgia immigrants age 25 and older have a bachelor's degree or higher but also have trouble speaking English

# THRIVING FAMILIES

When parents have money in their pockets to make ends meet and to save or invest in their families' future, the overall economy gains. Policies such as stronger child care assistance and targeted tax breaks for families can help parents contribute more to the workforce by better balancing career and caregiving responsibilities, while also creating a more stable home environment for children's future success.

## Help more working parents afford child care.

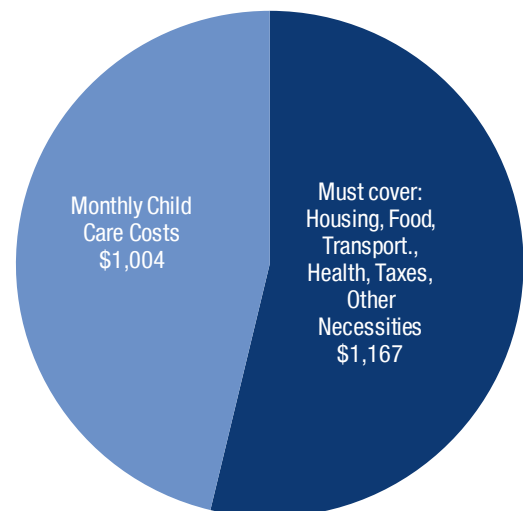
Georgia's economy relies far more than in decades past on the workforce contributions of both adults in married households, as well as single parents.<sup>72</sup> That means affordable, quality child care is a more crucial link in the economic chain than it used to be. Yet the cost of infant child care is comparable to more than two semesters of tuition at many state universities. In Georgia, the average annual price of child care for a toddler in a child care center is \$7,311, while the average price for before and after-school care for a school-aged child in a child care center is \$2,751.<sup>73</sup> These costs can easily consume nearly half of a working family's income.

Georgia helps a select few families shoulder the burden, but state support falls well short of need. Georgia's Childcare and Parent Services program assists with the care of 54,000 children weekly, out of the 623,000 low-income children under 13 years old in working families who likely need care.<sup>74</sup>

Helping parents with the high costs of child care can boost the state's economy by removing a barrier to families' full economic participation. About 14 percent of women nationwide ages 25 to 54 who are not in the workforce cite home responsibilities as their leading reason for not working, compared to only 1 percent of men. Research also shows that parents who receive help paying for child care are more likely to stay employed, put in more hours and avoid child-related disruptions such as missed days.<sup>75</sup>

An ambitious ramp-up of the state's child care assistance program would take advantage of an opportunity to reinforce Georgia's working families, stabilize the workforce available to companies and bolster the state's economy. Ensuring that all Georgia children up to four years old can afford high-quality, center-based child care could cost about \$500 million a year.<sup>76</sup> More modest investments, such as \$7 million a year to help technical college parents in the HOPE Career Grant program afford care,<sup>77</sup> are viable starting points.

## Child Care Can Equal Nearly Half of Low-Income Family Budget



Source: GBPI analysis of U.S. Census Bureau and Child Care Aware of America data. Costs for two children: one infant and one of school age. Cost presented as proportion of annual median family earnings of household headed by a woman – \$26,054

# 8%

Share of eligible Georgia children who receive state child care assistance

**More details: “Invest in Child Care to Tap Families’ Economic Potential,” GBPI, January 2018.**

## Enact a Georgia Work Credit

One of the best tools to help ensure that all Georgians share in the state's prosperity is a state-level Earned Income Tax Credit (EITC), or Georgia Work Credit. Created in 1975 and expanded under presidents from both parties, the federal EITC is perhaps the nation's most effective tool to help working families reach the middle class. Available only to people who work, it cuts federal taxes for modest-wage people like cashiers, mechanics and nurses. About 1.1 million Georgia families, or 25 percent of all Georgia households, already receive the federal credit.

Twenty-nine states, including neighboring South Carolina, build on the EITC's track record of success by providing a similar credit against state and local taxes. Following their lead by creating a refundable Georgia Work Credit set at 10 percent of the federal version could provide eligible families a few hundred dollars a year, up to a ceiling of around \$630.

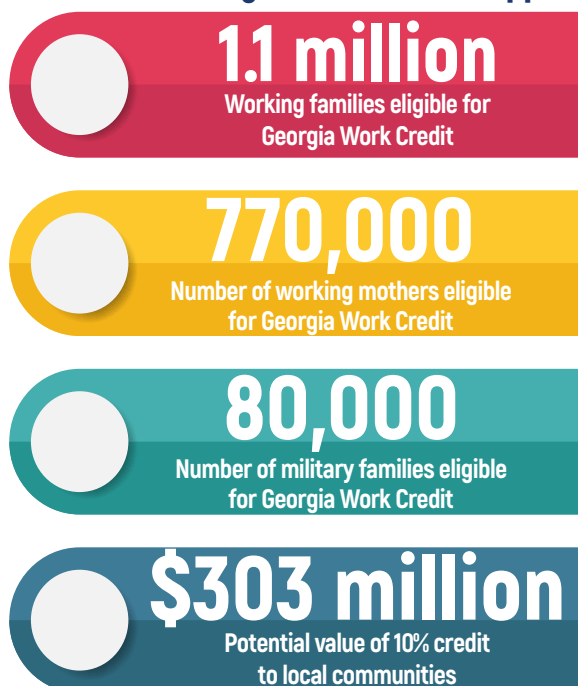
The extra money can deliver a booster shot to Georgia's economy, both today and in the long run. In the short-term, a new state credit would pump millions of dollars into local communities by giving families more disposable income to spend at small businesses, pay bills or save for the future. Studies of the federal credit indicate that every \$1 claimed by local taxpayers generates up to \$2 of local economic activity.

The credit's economic impact continues into the future by putting children on a firmer pathway to future success. Decades of research and evidence from other states show that children whose families receive more income from the EITC are likelier to grow up in stable home environments, excel in school, graduate high school, attend college and earn more as adults.<sup>78</sup>

Creating a Georgia Work Credit is a bold investment to break the cycle of poverty, strengthen rural<sup>79</sup> and urban communities and help working families get ahead. A refundable Georgia Work Credit set at 10 percent of the federal EITC costs an estimated \$303 million a year.

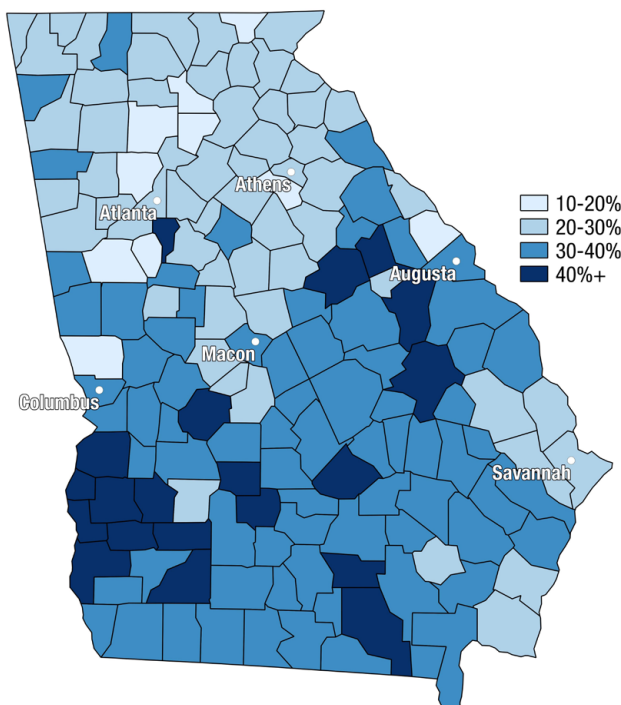
**More details: "A Bottom-Up Tax Cut to Build Georgia's Middle Class," GBPI, November 2017.**

## Who Would Georgia Work Credit Support?



## Communities Statewide Gain from a Georgia Work Credit

Share of taxpayers who claim the federal EITC, by county



Source: GBPI analysis of Internal Revenue Service data, 2014





# HEALTHY COMMUNITIES

Part of building a strong economy that makes good use of everyone's potential is ensuring people are healthy so they can contribute. People are more likely to show up to work on time, get the job done right or start a new business when they're able to see the doctor when they get sick or access targeted services for things like substance abuse treatment to get back on their feet and contributing to the fullest. Access to health care also protects people from the economic shock that can come with a sudden medical emergency or chronic illness.

## Expand health coverage so workers and entrepreneurs can see a doctor.

When people can take care of their medical needs, it keeps them healthier and more productive and protects them from health-related financial shocks due to a health emergency or treatment for an expensive chronic illness.<sup>80</sup> Research also indicates that access to publicly funded coverage can help give potential entrepreneurs the confidence to take the risk of starting a new business.<sup>81</sup>

**148,000**

People in working families could gain health coverage if Georgia expanded Medicaid

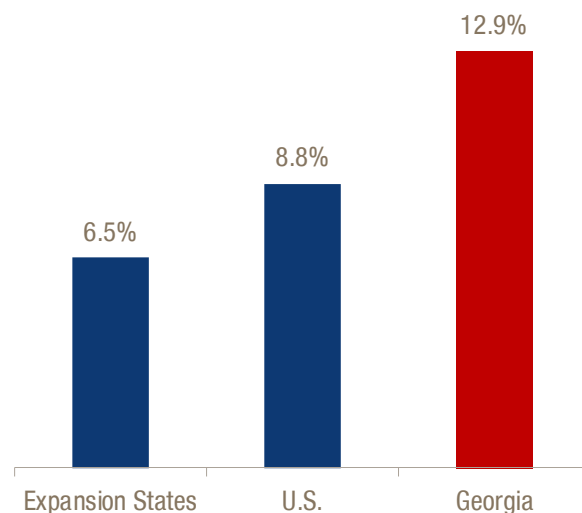
Georgia's Medicaid program now provides critical access to care for about 2 million children, seniors, pregnant women and people with disabilities, yet state lawmakers fail to tap its full benefit. Only four states today spend less per Medicaid enrollee than Georgia does, limiting its reach and leaving many unable to access key services.<sup>82</sup> It also covers very few working-age adults, because lawmakers refused to expand the program under the federal health care law. That leaves about 240,000 Georgians stuck in the coverage gap, where they make too little to qualify for current subsidies on the marketplace and too much to qualify for Medicaid under Georgia's strict rules.<sup>83</sup>

Expanding Medicaid as most other states did can provide coverage to about 148,000 Georgians in working families.<sup>84</sup> It can also create 56,000 additional jobs each year and add \$6.5 billion to the state's economy, according to analysis by Georgia State University.<sup>85</sup>

A full expansion of Georgia's Medicaid program costs an estimated \$136 million a year over the next four years.<sup>86</sup> And every \$1 of state money for expansion draws down an additional \$9 from the federal government, a sound return on investment by any measure. Using federal dollars to pay for essential health services Georgia now pays for with state funds could also free up savings for budget-writers to invest in other needs such as mental health and substance abuse treatments.

## Failure to Expand Keeps More Georgians Uninsured

Share of residents without health coverage, 2016



Source: U.S. Census Bureau Health Insurance Coverage in the United States: 2016

**More details: “Georgia Ready to Close the Coverage Gap,” GBPI, January 2018.**



## Invest in mental health and substance abuse treatments.

More Georgians than in the past cope with a mental illness or substance use disorder, which if left untreated can pose a steep barrier to full participation in the economy. Still, most people hold the potential to get back on their feet and contribute to the workforce, as long as they're able to get the consistent treatment they need.

About 1.3 million Georgia adults suffered with a diagnosed mental illness in the past year.<sup>87</sup> Mental health conditions are often underdiagnosed and undertreated, making the likely scope of mental illness even broader. Though mental illness and substance abuse do not necessarily cause one another, people with mental illness are more likely to experience a substance use disorder than people without one.<sup>88</sup>

Substance abuse problems are sharply on the rise, especially in Georgia's mountain and rural areas. Drug overdose deaths in Georgia rose by 35 percent from 2012 to 2016, mainly due to the nationwide opioid epidemic. About 69 percent of overdose deaths in 2016 were related to opioids, including heroin and synthetic drugs such as oxycodone and morphine.<sup>89</sup>

State lawmakers made significant progress in recent years to improve behavioral health treatment for core challenges of mental health and drug addiction. But Georgia can afford to do even more. For example, state lawmakers withdrew nearly all support for substance use treatment during the Great Recession and funding still isn't restored.

Research shows that pre-arrest diversion programs for nonviolent drug offenders, more investment in early prevention programs and increased support for housing services can improve outcomes for people with mental health or substance use problems. A comprehensive strategy to embrace best-practice solutions and pair them with more resources can help stem the tide of the rising mental health and substance use crisis and give people a viable path to get back on their feet and contributing to the economy.

**More details: "Fight Substance Abuse, Improve Mental Health Care to Help More Georgians," GBPI, Dec. 2017**

# 1.3 million

Georgia adults diagnosed with a mental illness

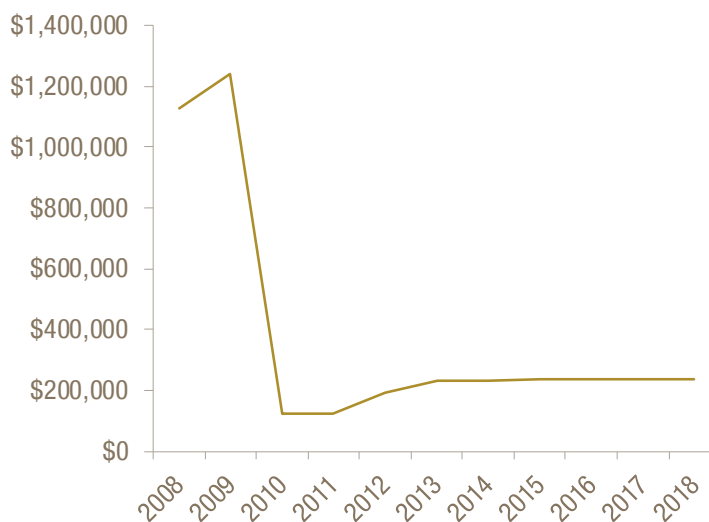
## 35%

Increase in Georgia  
drug overdoses,  
2012-2016

## 25%

Increase in  
Georgia suicides,  
2012-2016

### State Funds for Substance Use Treatment Down Sharply



Source: Georgia 2018 budget as signed by governor

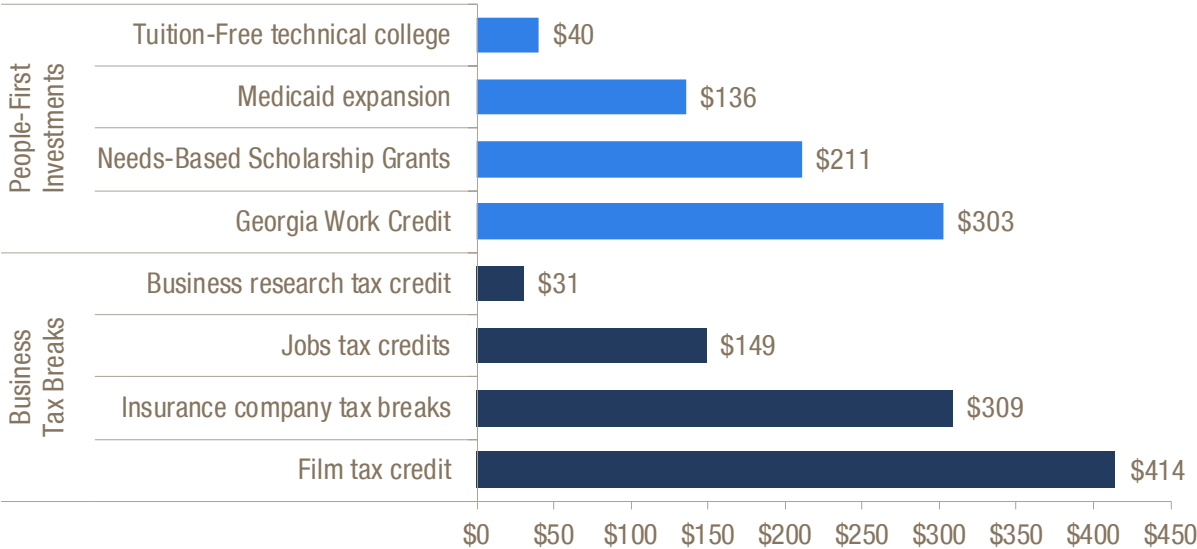
**“**  
*The state's emerging opioid crisis may be partly to blame for the workforce shortages stymieing local efforts to attract new jobs.*  
**–Valdosta Daily Times, June 2017**  
**”**



## Georgia Can Afford an Ambitious Investment in its People

To achieve broad-based prosperity, Georgia must adopt policies that bolster investments in communities and empower more people to succeed. Such a strategy comes with a price for Georgia taxpayers, just like any effort to address shared challenges and pursue common goals. Making technical college tuition-free is likely to cost no more than \$40 million per year<sup>90</sup>, for example, while a new Georgia Work Credit set at a 10 percent match of the federal version comes in at \$303 million annually. These people-first investments are comparable to amounts of money Georgia currently sets aside for business-first priorities, like insurance company tax breaks.

**Cost of People-First Investments Comparable to Business Tax Breaks**  
Estimated annual cost of proposed investments and existing business tax breaks



Source: GBPI analysis of various state and national data and Georgia’s 2018 tax expenditure report

The full slate of recommendations in People-Powered Prosperity is likely to cost up to a few billion dollars each year. We propose that Georgia lawmakers can raise **\$1 billion in new annual revenues** as a meaningful down payment on a people-first approach.

An investment of this scope is reasonable. Georgia levies relatively low taxes compared to other states and has ample room to raise new public funds without becoming an ultra-high tax state like California or New York. Georgia today ranks 42<sup>nd</sup> among the states in the amount of revenue it collects in state and local taxes as a share of the state’s personal income.<sup>91</sup> If lawmakers approved another \$1 billion in one fell swoop, Georgia would still rank only 40<sup>th</sup> on that measure.<sup>92</sup> Just to reach the national midpoint, where half of states collect less revenue and half collect more, Georgia would need to raise state and local tax levels by almost *\$5 billion*.<sup>93</sup>

42

Georgia's rank on state and local taxes as share of income, 2015

The relatively modest boost to state revenues needed to fund a down payment on this plan only requires a few extra dollars from taxpayers. An extra \$1 billion in state revenue averages out to less than an extra \$100 per person more than what Georgians contribute under today's system.<sup>94</sup> The slightly higher tax levels would still rank low in historical terms. During the 1990s, Georgians contributed an average of 5.9 percent of their income to the state treasury once accounting for all state levies. Today, that rate is 5 percent.<sup>95</sup> Under this plan, it's 5.2 percent.

## Some Possible Options to Pay for a People-Powered Strategy

State lawmakers can pursue several straightforward options to pay for a robust public investment plan. Picking from the suggestions below or other revenue sources provides a responsible way for legislators to empower families today and build the state's long-term foundation for economic success. Just these four options, for example, provide Georgia about \$1.2 billion in new revenue for people-first investments each year. But this list is not exhaustive. Other viable and responsible revenue options exist as well.<sup>96</sup>

### → Trim back questionable tax breaks for big business

Each year, Georgia foregoes hundreds of millions of dollars through various credits and exemptions for private companies. Some tax breaks probably provide a good return on investment but others likely fail to deliver enough benefit to offset the state's lost revenue. Unlike Georgia's investments in education or health care, tax breaks are rarely reviewed to ensure effectiveness. Lawmakers can take a close look at tax breaks including those provided to insurance companies, which stand to claim an estimated **\$309 million** worth of exemptions through two programs in 2018.<sup>97</sup>

### → Enact a corporate minimum tax

In the past, Georgia's corporate income tax brought in more revenue to support the needs of the state's communities. But profitable corporations worked for decades to carve out loopholes and avoid paying a reasonable share. Today, about 90 percent of businesses that file corporate income tax returns in Georgia report no taxable income at all.<sup>98</sup> One option common in other states is a corporate minimum tax, which ensures all corporations, including foreign companies doing business in Georgia, kick in at least a modest sum to help pay for public services and pro-family investments. Adding a new minimum tax set at \$1,000 per corporation could generate about **\$250 million** a year for people-first investments.

### → Increase the cigarette tax by \$1 per pack

At 37 cents per pack, Georgia charges the third lowest cigarette tax in the nation and the lowest rate among its neighbor states.<sup>99</sup> Alabama, Arkansas, Florida, Kentucky, Mississippi, North Carolina and South Carolina all raised tobacco tax rates in recent years. If Georgia follows lead of its neighbors, it can raise substantial revenues while also helping achieve the vital public health goal of discouraging tobacco use. Hiking the state's cigarette tax by \$1 per pack could raise more than **\$400 million** annually.<sup>100</sup> It would also keep Georgia in the lower-half of tobacco tax rates nationwide. The current median state, where half of states have higher tobacco taxes and half have lower ones, is South Dakota, where cigarettes are taxed at \$1.53 per pack.

### → Extend the sales tax to cover some services

Georgia's state sales tax policies are mostly unchanged from the 1950s and lag changing consumer spending patterns. The sales tax applies to most physical goods people purchase but few household services. A working-class Georgia family that buys a new lawnmower for their own yard pays sales taxes, while an affluent family that hires a lawn service company does not. Georgia can look for strategic ways to gradually extend the sales tax to more services without overburdening consumers. Applying the sales tax to repair and installation services for things like appliance installations and home renovation could net **\$239 million** a year.<sup>101</sup>



# CONCLUSION

A fairer Georgia with a stronger economy and more vibrant middle class is within reach. State lawmakers can wield proven policy tools to improve schools, smooth the path to higher education and lifelong learning, help keep people healthy and give more families a decent shot at a good quality of life. That can create a virtuous cycle of economic success. Stable families and productive workers lead to stronger economies, and stronger economies where people receive better education, better jobs and more income help build stronger families. That's good for Georgia's companies and communities. In fact, that's good for everyone.

The 2018 statewide elections and turnover in the governor's office offer a golden opportunity for the Peach State to embark on a people-powered path. It wouldn't be the first time Georgia raised new revenues to tackle shared interests. In 1989, Gov. Joe Frank Harris bumped the state sales tax to 4 percent from 3 percent to invest in better schools. In 1992, Georgia voters approved the lottery as an indirect tax on gambling to improve access to college. And in 2015, Gov. Deal and leaders from both political parties came together to pass nearly \$1 billion worth of taxes and fees to repair Georgia's roads and bridges.

We've done it before. We can do it again. A Georgia where **all people** are free to realize their potential is worth it.



## Endnotes

- 1 [“2015 State and Local Tax Revenue as a Percentage of Personal Income, Total Tax Collections,”](#) Federation of Tax Administrators.
- 2 Investment in quality pre-K programs delivers a long-term return on investment to the broader economy on par or better than the most well-designed business incentives, according to one landmark study. [“Investing in Kids: Early Childhood Programs and Local Economic Development,”](#) Timothy J. Bartik, 2011.
- 3 A rigorous 2013 report finds that high levels of support for K-12 schools is closely linked to better wage growth, more productive workers and stronger state-level economies in recent decades. [“A Well-Educated Workforce Is Key To State Prosperity,”](#) Economic Analysis and Research Network (EARN), 2013.
- 4 Mobile companies and entrepreneurs today want top-notch talent and high quality of life, as well as a stable and healthy workforce that can both get the job done right and afford the products they make. “The magic formula for attracting and retaining entrepreneurs is this: a great place to live plus a talented pool of potential employees, and excellent access to customers and suppliers.” [“What Do Entrepreneurs Want in a City?”](#) Endeavor Insight, 2014.
- 5 Carmen Nobel, [“Food Stamp Entrepreneurs: How Public Assistance Enables Business Bootstrapping,”](#) Harvard University, September 2, 2014; Gareth Olds, [“Food Stamp Entrepreneurs,”](#) Working Paper 16-143, Harvard University, 2016; Gareth Olds, [“Entrepreneurship and Public Health Insurance,”](#) Working Paper 16-144, Harvard University, 2016.
- 6 Georgians are working harder than ever, raising their productivity level by 75 percent from 1979 to 2015. But wages for a typical Georgia worker rose by only 19 percent over that same span. Economic Policy Institute.
- 7 [“In Climbing Income Ladder, Location Matters,”](#) New York Times. 2013.
- 8 For more information see [“The American Dream, Quantified at Last,”](#) New York Times, 2016. Underlying data from [“The Fading American Dream: Trends in Absolute Income Mobility Since 1940,”](#) Chetty, Grusky, Hell, Hendren, Manduca, and Narang (2016).
- 9 [“Economic Mobility,”](#) Chetty et al. Stanford Center on Poverty and Inequality. 2015.
- 10 GBPI analysis of economic mobility estimates by “commuting zone” generated by Dr. Raj Chetty and his team in [“Where is the Land of Opportunity? The Geography of Intergenerational Mobility in the United States,”](#) 2016. See [Online Table 6.](#)
- 11 “If women, minorities, and children from low- and middle-income families invented at the same rate as white men from high-income (top 20%) families, there would 4 times as many inventors in America as there are today.” [“Groundbreaking empirical research shows where innovation really comes from,”](#) Vox. 2017.
- 12 Additional data provided to GBPI by the Economic Analysis Research Network (EARN), related to [“Income inequality in the U.S. by state, metropolitan area, and county,”](#) Sommeiller, Price, and Wazeter, 2016.
- 13 Ibid.
- 14 Defined as households with less than \$25,000 in annual income.
- 15 Defined as households with at least \$47,000 in annual income.
- 16 Defined as households with earnings of at least \$108,000.
- 17 For more details on stagnant wages over prior decades, see [“Raising America’s Pay. Why It’s Our Central Economic Policy Challenge,”](#) Economic Policy Institute. 2014.



- 18 Economic Policy Institute analysis of Current Population Survey data, provided to GBPI by request.
- 19 [“Tuition and Fees and Room and Board Over Time,”](#) College Board.
- 20 [“Georgia’s Education Cuts a Growing Burden for Low-Income Students,”](#) GBPI. September 2017.
- 21 [“Child Care Costs on the Upswing, Census Bureau Reports,”](#) U.S. Census Bureau. 2013.
- 22 [“Family Budgets in the Macon, GA Metro Area,”](#) Economic Policy Institute.
- 23 GBPI analysis of American Community Survey data.
- 24 [“Survey: Half in region can’t afford sudden \\$400 expense,”](#) Atlanta Journal-Constitution. 2016.
- 25 [“The Secret Shame of Middle-Class Americans,”](#) The Atlantic. 2016.
- 26 [“Stanford research analyzes college as an engine of upward mobility,”](#) Stanford University. 2017.
- 27 [“An Atlas of Upward Mobility Shows Paths Out of Poverty,”](#) The Upshot. 2015.
- 28 Sixteen percent of Georgians lived below the federal poverty line in 2016, the 11<sup>th</sup> highest rate out of the 50 states and the District of Columbia. American Community Survey 2016.
- 29 GBPI analysis of American Community Survey data.
- 30 [“The Countless Ways Poverty Affects People’s Health,”](#) U.S. News and World Report. 2016.
- 31 [“Schedules That Work,”](#) National Partnership for Women and Families. 2017.
- 32 [“How Poverty Taxes the Brain,”](#) CityLab. 2013.
- 33 Working Poor Families Project, data provided to GBPI upon request.
- 34 [“Target Poverty’s Effects to Improve School Performance,”](#) GBPI. December 2017.
- 35 “Our Kids,” Robert Putnam 2015. For more details see [“The American Dream in Crisis: A Conversation with Robert Putnam,”](#) The Fordham Institute. 2015.
- 36 [“1.2 million children in the U.S. have lead poisoning. We’re only treating half of them,”](#) Vox. 2017.
- 37 [“Georgia Higher Education Data Book,”](#) GBPI. August 2017.
- 38 [“Knock Down Barriers Between Georgia Students and College Graduation,”](#) GBPI. 2017.
- 39 For more details see [“Rich Kids Stay Rich, Poor Kids Stay Poor,”](#) FiveThirtyEight. Original study is [“Childhood Environment and Gender Gaps in Adulthood,”](#) Raj Chetty et al. 2016.
- 40 GBPI analysis of 2016 American Community Survey.
- 41 [“Geography of Poverty,”](#) United States Department of Agriculture. 2017.
- 42 [PolicyLink National Equity Atlas, Georgia data summary.](#)
- 43 GBPI analysis of American Community Survey 2016 1-year estimates and 1990 U.S. Census.
- 44 “Color of Law,” Richard Rothstein 2017. For more details see [“A ‘Forgotten History’ of How the U.S. Government Segregated America,”](#) NPR. 2017.

- 45        [“The Data are Damning: How Race Influences School Funding,”](#) The Atlantic. 2015.
- 46        [“Are Emily and Greg More Employable than Lakisha and Jamal? A Field Experiment on Labor Market Discrimination,”](#) Bertrand and Mullainathan. 2003.
- 47        [“Is American criminal justice color-blind? The statistics say no,”](#) Urban Institute. 2013.
- 48        The median income for whites in Georgia in 2016 was about \$60,000, versus only \$37,000 for African Americans. The racial wealth gap is even larger. For more details see [“Laying the Foundation: A Wealth-Building Agenda for Georgia Women,”](#) GBPI. October 2017.
- 49        [“Economic Opportunity Agenda for Georgia Women,”](#) GBPI. August 2016.
- 50        Ibid.
- 51        For more details and actionable resources on how to make local communities more welcoming, visit [Welcoming America](#).
- 52        “Georgia is a welcoming state filled with warm, friendly and loving people. Our cities and countryside are populated with people who worship God in a myriad of ways and in very diverse settings. Our people work side-by-side without regard to the color of our skin, or the religion we adhere to. We are working to make life better for our families and our communities. That is the character of Georgia.” Governor Nathan Deal. [House Bill 757 veto statement](#) 2016.
- 53        [“Just Growth: Prosperity and Inclusion in America’s Metropolitan Regions,”](#) Chris Benner and Manuel Pastor. and [“Less segregated communities aren’t only more inclusive. They’re more prosperous,”](#) Urban Institute. 2017.
- 54        [“Putting Georgia on the Path to Inclusive Prosperity,”](#) PolicyLink and Partnership for Southern Equity. 2017.
- 55        [“Economic Opportunity Agenda for Georgia Women,”](#) GBPI. August 2016.
- 56        [“Immigrants Help Chart Georgia’s Course to Prosperity,”](#) GBPI 2015.
- 57        Baker, B., Farrie, D. Johnson, M., Luhm, T., and Sciarra, D. (2017). [“Is school funding fair? A national report card.”](#) Education Law Center.
- 58        The size of the yearly cut varied, reaching heights of more than \$1 billion each year from 2010 to 2014. State leaders added additional funds as the economy improved in recent years, yet halted progress by short-changing districts \$167 million in the 2018 state budget.
- 59        [“Target Poverty’s Effects to Improve School Performance,”](#) GBPI. December 2017.
- 60        Ibid.
- 61        Ibid.
- 62        [“Georgia Higher Education Data Book,”](#) GBPI. August 2017.
- 63        [Georgia’s Education Cuts a Growing Burden for Low-Income Students,”](#) GBPI. September 2017.
- 64        [“Georgia colleges ‘purge’ between 20,000 and 30,000 students a year over unpaid tuition.”](#) Get Schooled Blog, Atlanta Journal Constitution. 2016.
- 65        [“Troubling gaps in HOPE point to need-based solutions,”](#) GBPI. 2016

- 66 Most notably, Georgians cannot access the HOPE program beyond a seven-year window after graduating high school. From a practical standpoint this means most students over 25 years old are ineligible for state assistance, despite a rising share of Georgians who are enrolling in technical colleges and universities as adults. [“Help rural Georgians’ health and pocketbook,”](#) Taifa S. Butler. January 2018.
- 67 [“Improved Adult Education Support Critical to Georgia’s Bottom Line,”](#) GBPI. August 2015.
- 68 Fifty-one percent of job openings between 2014 and 2024 are projected to require middle skills. Another 31 percent of job openings will require at least a four-year college degree, while only 18 percent of job openings will require no education beyond high school. [“Georgia’s Forgotten Middle,”](#) National Skills Coalition.
- 69 [“Georgia’s Higher Education Completion Plan 2012,”](#) Complete College Georgia, November 2011. Complete College Georgia’s website ([www.completegeorgia.org](http://www.completegeorgia.org)) reflects that over 60 percent of jobs in Georgia will require some form of a college education by 2025.
- 70 [“Underfunded English Training Limits Contribution from Georgia’s College-Educated Immigrants,”](#) GBPI. April 2017.
- 71 Working Poor Families Project analysis of US Department of Education data from 2011-2012 and American Community Survey 2011.
- 72 In 1970, 45 percent of married Georgia women worked outside the home. Now, 59 percent of married Georgia women are in the labor force. Participation in the workforce for Georgia single mothers is picking up as well. The share of single mothers who work increased to 83 percent from around 66 percent since 1970, while the share of Georgia families with children headed by single women more than doubled since 1970. Today, 29 percent of families with children are headed by single women. For more information, see [“Economic Opportunity Agenda for Georgia Women,”](#) GBPI. August 2016.
- 73 [“Checking In: A Snapshot of the Child Care Landscape, CCAoA’s Annual State Fact Sheets,”](#) Child Care Aware of America, 2017.
- 74 GBPI analysis of U.S. Census Bureau and Child Care Aware of America data.
- 75 [“Economic Opportunity Agenda for Georgia Women,”](#) GBPI. August 2016.
- 76 “Invest in Child Care to Tap Families’ Economic Potential,” GBPI, January 2018.
- 77 [“Boost Georgia’s Workforce with Affordable Child Care for Student Parents,”](#) GBPI. January 2018.
- 78 [“ETC and Child Tax Credit Promote Work, Reduce Poverty, and Support Children’s Development, Research Finds,”](#) Center on Budget and Policy Priorities. October 2015.
- 79 [“Help rural Georgians’ health and pocketbook,”](#) Taifa S. Butler. January 2018.
- 80 People with health insurance are 80 percent less likely to have catastrophic medical bills and 50 percent less likely to borrow money or fail to pay other bills because of medical debt.
- 81 Carmen Nobel, [“Food Stamp Entrepreneurs: How Public Assistance Enables Business Bootstrapping,”](#) Harvard University, September 2, 2014,
- 82 [“2018 Budget Primer,”](#) GBPI, July 2017. See page 33.
- 83 [“Georgia Ready to Close Coverage Gap,”](#) GBPI. January 2018.
- 84 A “working family” means that either the principal person or another member of the family is working at least part-time. [“The Coverage Gap: Uninsured Poor Adults in States that Do Not Expand Medicaid,”](#) Kaiser Family Foundation. 11/1/2017.
- 85 [“The Economic Impact of Medicaid Expansion in Georgia,”](#) William S. Custer, Ph.D., Institute of Health Administration, J. Mack Robinson College of Business, Georgia State University, Healthcare Georgia Foundation, Publication #74, February 2013.

- 86        [“Georgia Ready to Close Coverage Gap,”](#) GBPI. January 2018.
- 87        [“Adults Reporting Mental Illness in the Past Year, 2014-2015,”](#) Kaiser Family Foundation. American Community Survey. 2015 Georgia Population Estimates (Georgia adults population was 7,515,613)
- 88        [“Co-occurring diseases,”](#) Substance Abuse and Mental Health Services Administration.
- 89        GBPI analysis of [Georgia Department of Public Health data](#). For more information, see [“Fight Substance Abuse, Improve Mental Health Care to Help More Georgians,”](#) GBPI 2017.
- 90        A 2015 proposal for HOPE grants to cover tuition for certificates and diplomas at technical colleges estimated this would cost an additional \$21 million, assuming the same number of students enrolled, tuition patterns and other HOPE scholarships and grants remained the same. Including associate’s degree students to cover tuition for all technical college students would cost more. Spending the average Zell Miller award for 33,000 technical colleges students who do not currently receive HOPE would cost \$40 million, though in a last-dollar approach, this amount would be greatly reduced by the value of Pell Grants received. For more information see [“Strengthen Georgia’s Workforce by Making College Affordable for All,”](#) GBPI. 2017.
- 91        [“2015 State and Local Tax Revenue as a Percentage of Personal Income, Total Tax Collections,”](#) Federation of Tax Administrators.
- 92        GBPI analysis of 2015 state and local finance data from the U.S. Census Bureau.
- 93        Ibid. Georgians in 2015 contributed 9.1 percent of their total personal income in state and local taxes, which equated to \$35.9 billion in total taxes paid. If they had paid 10.3 percent of their income, which is the equivalent rate in the median state nationwide, Georgia’s state and local governments would have collected an estimated \$40.5 billion, for an approximate difference of \$4.6 billion.
- 94        For the 2018 budget year, Georgia will collect about \$2,230 on average from each state resident to fund the state’s needs.
- 95        [“2018 Budget Primer,”](#) GBPI, July 2017. See page 16.
- 96        [“Menu of Revenue Options to Pave Way for Georgia’s Rebound,”](#) GBPI, June 2014.
- 97        GBPI analysis of [Georgia’s tax expenditure report for FY 2018](#). The two programs cited are the abatement program for insurance companies that invest funds in certain businesses and the general tax break for life insurance companies. The estimate does not include insurance premium tax credits, because for technical reasons we count this lost revenue under separate tax break programs, specifically tax credits for job creation and low-income housing.
- 98        GBPI analysis of [Georgia Department of Revenue 2016 Statistical Report](#).
- 99        [Federation of Tax Administrators. Cigarette tax rates as of 1/1/2017](#). Per pack cigarette taxes are 67.5 cents in Alabama, 45 cents in North Carolina, 57 cents in South Carolina, 62 cents in Tennessee and \$1.34 in Florida.
- 100       GBPI analysis based on data generated in official fiscal note for unnumbered Senate bill LC 34 4402, February 11, 2015.
- 101       GBPI analysis of [Georgia Tax Expenditure Report for FY2018](#).

## Acknowledgements

The Georgia Budget & Policy Institute thanks the many national organizations whose guidance, support and data were instrumental in crafting and strengthening this report, including the Center on Budget & Policy Priorities, Economic Policy Institute, Institute on Taxation & Economic Policy, PolicyLink, Working Poor Families Project and the Equality of Opportunity Project, among others. GBPI also extends gratitude to Melissa Johnson, former GBPI senior analyst now of the National Skills Coalition, for her early contributions to the analysis.





