

2023 State of Working Georgia: Short-Lived Recovery Reflects Long-Term Barriers

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Executive Summary

Ongoing reliance on state-level, race-neutral job market measures provide an incomplete picture of the health of Georgia's workforce. On the surface, Georgia has maintained a robust job market with a low overall unemployment rate of 3.3%. This low unemployment rate is partially attributed to a hiring pace that has stayed ahead of layoffs despite federal actions to slow the economy as part of efforts to fight rapid inflation. Beneath that surface, however, disaggregated data shows that an outsized share of Black, Brown and other Georgians with low incomes were harmed by inflation-fighting efforts. After reaching landmark employment levels in mid-2022, Black workers experienced 60% more unemployment spells than white workers. Since summer 2023, among workers in their prime working ages of 25 to 54, Black and Hispanic workers have experienced eroding employment levels, while white workers have continued to see an uptick in employment, surpassing their pre-pandemic peak. Furthermore, Georgia's economic growth has not meaningfully lifted those earning low incomes, who saw some of the largest pay growth (21%) from 2019 to 2022 but whose buying power only rose by 4% over the same period due to inflation. To address these gaps, Georgia lawmakers must not only view the state's job market through a racial equity lens but utilize this data as part of a worker-centered change of course to address the many barriers that continue to leave workers behind.

Introduction

To maximize economic security within Georgia's job market, policymakers must also holistically measure and consider labor force trends when setting policy.¹ In turn, policy must actively work to reduce racial, ethnic and gender inequity to maximize workers' contributions to the economy. A deeper dive beyond broad data trends reveals how lower-paid workers and workers of different racial and ethnic groups in Georgia either struggled

in Georgia's pandemic recovery, experienced short-lived boosts in employment or experienced blunted progress in pay increases due to consumer prices and limited leverage in the job market. The 2023 State of Working Georgia finds:

- Georgians earning low wages saw 21% pay growth from 2019 to 2022, but their buying power only grew by 4% when accounting for inflation. This wage growth was primarily due to a record pace of workers transitioning into industries with higher-paying jobs.
- Following a short period in mid-2022 when Black and Hispanic workers in Georgia experienced historic lows in joblessness, they began experiencing employment declines; their employment rates now remain far below last year's landmark employment highs.
- In the last 12 months since the Federal Reserve began slowing the economy to fight inflation, Black workers in Georgia have experienced nearly 60% more unemployment spells than white workers.
- Approaching the end of the third quarter of 2023, among all Georgians in their prime working ages (25 to 54), Black Georgians have demonstrated the highest desire to work yet experience the lowest employment levels.

While the Federal Reserve continues to thread the needle of slowing rapid growth in inflation while avoiding widespread job loss, Georgia's Black workers are being disproportionately impacted by the Fed's tactics. Still, state policy contributes to the most consistent racial and ethnic disparities in Georgia's labor market, building on decades of racial discrimination and limited bargaining power for Black workers.² Furthermore, Georgia's education-to-workforce pipeline, which includes a public workforce training system with job training outcomes that reproduce occupational segregation, excludes an inordinate share of Black workers from high-quality jobs.³ Therefore, Black and Brown workers are overrepresented in Georgia's unstable, low-wage jobs.⁴ Long-term resilience and continued growth of Georgia's economy rest on lawmakers boldly centering state policy around creating economic opportunity for all Georgia workers.

Georgians Saw New Possibilities for Job Mobility, but Barriers Remain

Approaching the last quarter of 2023, Georgia's growth in filled jobs, job openings and hiring has gradually cooled. Broadly, the state's economy has remained strong as hiring has continued to outpace layoffs, with nearly four Georgia workers hired for every worker laid off as of August 2023. However, Georgia's public sector job growth remains stagnant,

with 10,000 fewer filled jobs in August 2023 compared to February 2020. This trend results from decades-long underinvestment in the state and local public workforce.

Job demand in Georgia peaked by June 2022, with nearly three job openings for every unemployed worker. This phenomenon could be attributed to several factors, including temporary unemployment insurance expansions, economic impact payments and pandemic recovery programs offering historic policy investments that prevented a prolonged economic downturn.⁵ These actions helped spur high levels of demand for labor, boosting job openings faster than Georgia workers could fill them. In turn, workers were more empowered to seek better jobs with increased leverage to drive Georgia businesses to raise wages.⁶ Also, more employers changed hiring requirements to attract underpaid, young or previously inactive workers.⁷

By June 2022, the number of job quits reached a high of 245,000, marking a level of job transitions higher than in any other southern state. As Georgia workers changed industries for higher pay, these shifts significantly contributed to pay increases for workers throughout the state, with the most wage growth happening between 2021 and 2022. Those at the lowest rungs of the earning ladder, mainly Black and Hispanic workers, saw the highest pay growth.

Compared to 2019, Georgians earning incomes at the midpoint of the pay scale saw their wages grow from the typical mid-level hourly pay of \$18.19 in 2019 to \$21.16 by 2022, an increase of more than 16%.⁸ There is variation in the pay increases when categorized by race and ethnicity. The hourly pay for Hispanic Georgians earning at the midpoint of all Hispanic workers in Georgia was \$17.77 an hour in 2022, a 25% increase from their earnings of \$14.20 in 2019. Mid-level earnings among white workers rose nearly 19% during the same period, from \$20.35 to \$24.12. For Black workers earning mid-level income, hourly pay rose nearly 13%, from \$17 an hour to \$19.15.

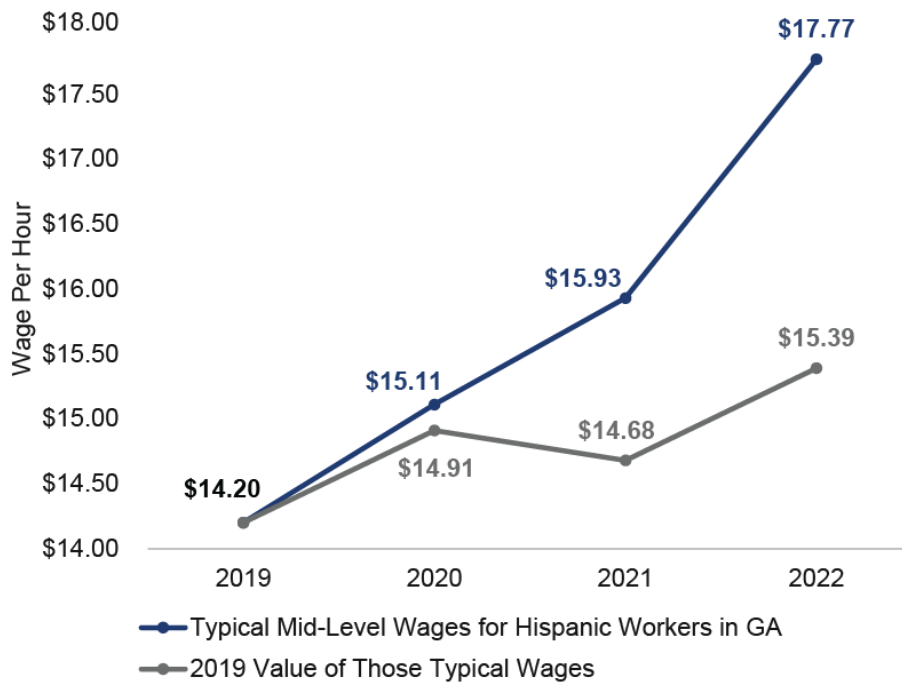
Georgians at the lowest rungs of the earning ladder saw their pay grow from \$9.92 in 2019 to \$11.96, an increase of nearly 21%.⁹ Most of their wage growth occurred from 2021 to 2022, when their wages climbed by almost 17%, more than double that of other low-wage workers across the country who only saw 7% growth over the same period. Broken down by race, typical wages among the lowest-earning Black workers grew from \$9.11 to \$11.10 from 2019 to 2022, a 24% increase, and rose from \$10.05 to \$12.10 among the lowest-earning white workers, a 20% rise.

	Hispanic			White			Black		
	2019	2022	Percent change	2019	2022	Percent change	2019	2022	Percent change
Mid-level earnings	\$14.20	\$17.77	25%	\$20.35	\$24.12	19%	\$17	\$19.15	13%
Low-level earnings	Data unavailable			\$10.05	\$12.10	20%	\$9.11	\$11.10	24%

Source: Economic Policy Institute (EPI) analysis of Current Population Survey (CPS) microdata.

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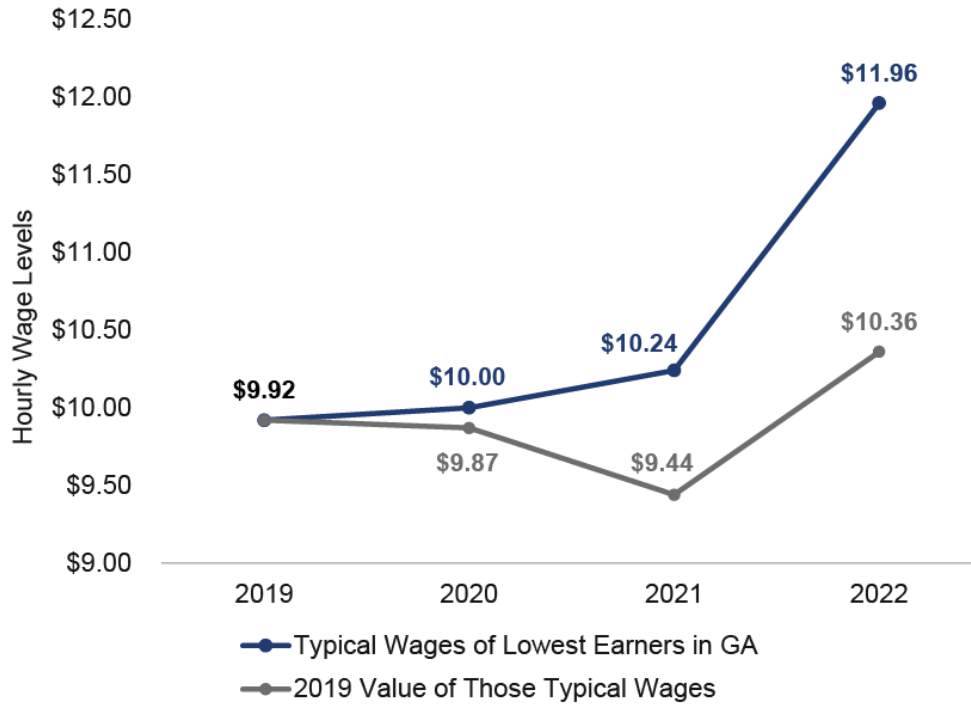
Hispanic Workers Earning Middle-Income Wages Saw 25% Pay Growth From 2019 to 2022, but Inflation Meant Their Buying Power Only Rose 8%



Source: Economic Policy Institute (EPI) analysis of Current Population Survey (CPS) microdata.

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Georgia’s Lowest-Paid Workers Saw 21% Wage Growth From 2019 to 2022, but Inflation Meant Their Buying Power Only Rose 4%



Source: Economic Policy Institute (EPI) analysis of Current Population Survey (CPS) microdata.

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While a pandemic labor market gave more Black and Brown Georgians access to better jobs and pay, the absence of long-term, worker-centered state policy continues to limit their economic opportunity. Georgia has a law preventing any locality from setting a minimum wage higher than the federal minimum wage for any employer within its jurisdiction. Without livable pay standards that are indexed to match economic growth, recent increases in low-wage workers’ pay will continue to be eroded by inflation. While Georgians in the lowest earning brackets saw 21% pay growth over the last three years, rapid growth in consumer prices meant their buying power only grew by 4% over that period. Also, all employers did not raise pay to match the demands of the current job market, as workers have reported instances where employers lowered wages as part of lowering job eligibility requirements.¹⁰ And broadly across all states, the largest slowdowns in wage growth in 2023 have occurred in job sectors that are typically lower paying, suggesting that a narrowing of wage inequality may be ending.¹¹ This could lead to added

financial challenges for workers in Georgia, particularly those earning low incomes, as the cost of living continues to rise.¹²

For Black workers, national research suggests that mass incarceration could artificially increase their typical wage calculations, as it removes a disproportionate share of them from being accounted for in the low-wage workforce.¹³ Two factors likely magnify this effect in Georgia. First, it has the highest incarceration rate of any democracy on earth. Second, Black Georgians make up an outsized 60% of Georgia's prison population, nearly doubling their 31% share of the state's population.¹⁴

Georgia also does not adequately invest in holistic work and career supports like child care subsidies, health coverage and need-based financial aid.¹⁵ These policy choices limit job mobility for working-class Georgians, hindering their ability to navigate the multiple steps in a job transition. These steps include education and training, job searching and establishing new commuting patterns for a better job.¹⁶

Broad Georgia Job Trends Mask the Erosion of Historic Labor Market Gains for Black and Brown Workers

Following the mid-2022 peak of Georgia's economic rebound, Black and Brown workers have experienced the most harm from Federal Reserve interest rate increases meant to tame inflation by raising borrowing costs. These actions have caused some businesses to slow their hiring pace, reduce hours or make firm changes that could increase the likelihood of employee attrition.¹⁷ After reaching a 2.9% historic low in its overall unemployment rate in May 2022, Georgia climbed to 3.3% by August 2023, maintaining overall joblessness levels that remain better than any other point in its history. Such broad workforce measures mask the rapid erosion of economic security for Black and Hispanic workers in Georgia since mid-2022.

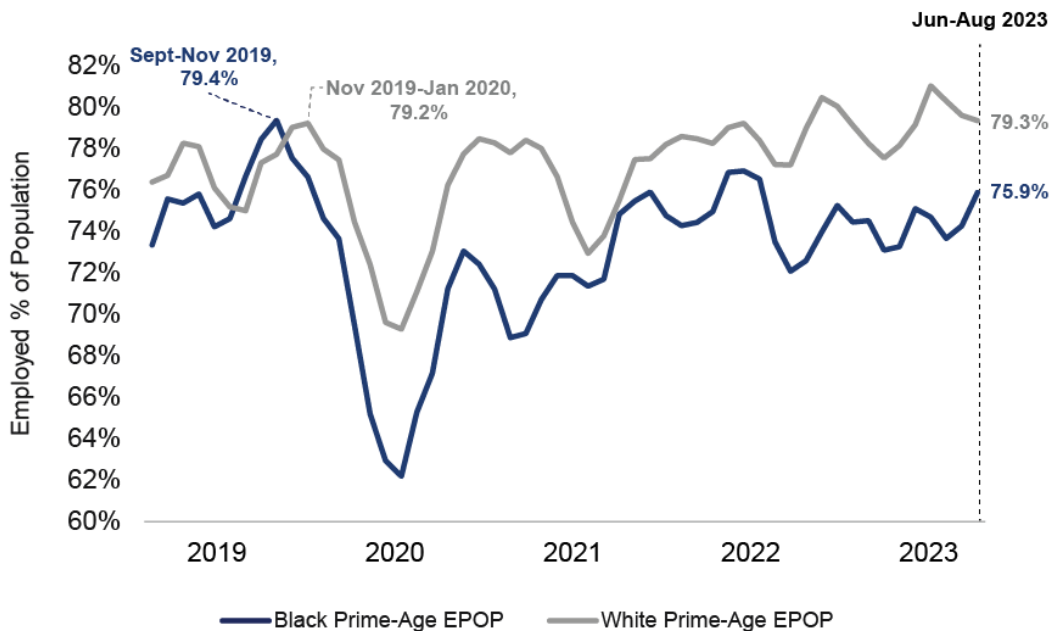
Although Black workers in Georgia reached a historic low unemployment rate of 3.8% in mid-2022, by summer 2023, their unemployment rate had spiked to 5.9%. Additionally, the underemployment rate for Black workers, which is a more comprehensive measure of the underutilization of Black talent, increased to 12.3% by summer 2023 after reaching a historic low of 8.8% in mid-2022. On the other hand, white workers in Georgia have experienced much lower unemployment and underemployment. White workers experienced an unemployment rate reaching lows of 1.8% near late-2022 and hovering at only 2.2% by summer 2023. However, white underemployment increased from 4.8% to 7.4% over the same period, which is noteworthy

Underemployment includes those who are unemployed, wanting to work but are discouraged from looking and working part-time for economic reasons but desire full-time work.

growth despite remaining significantly lower than Black workers' likelihood of underemployment. These differences reflect job market trends across roughly the same period, July 2022 to June 2023, which occurred soon after the Federal Reserve began efforts to slow the economy to tame inflation. During this period, Georgia's Black workers experienced nearly 60% more unemployment spells than their white counterparts.¹⁸

Following federal inflation-fighting policies, Georgia's labor market began excluding Black workers from the job market faster than the national average, which may be due in large part to the state's history of systemic racism.¹⁹ By the latter half of 2022, disproportionate shares of Black Georgians were unable to secure employment. This trend is particularly noticeable when looking at employment trends among Black workers in their prime working years, ages 25 to 54. Prime-age Black workers' employment peaked and declined much sooner in Georgia compared to the rest of the nation. Unlike white workers in Georgia, this group of Black workers never recovered to their 2019 employment levels, contributing to Georgia's latest racial disparities in unemployment among all workers ages 16 and above.

Racial Disparities in Employment Among Prime-Age Workers Tell a Striking Story About Exclusion in Georgia's Labor Market

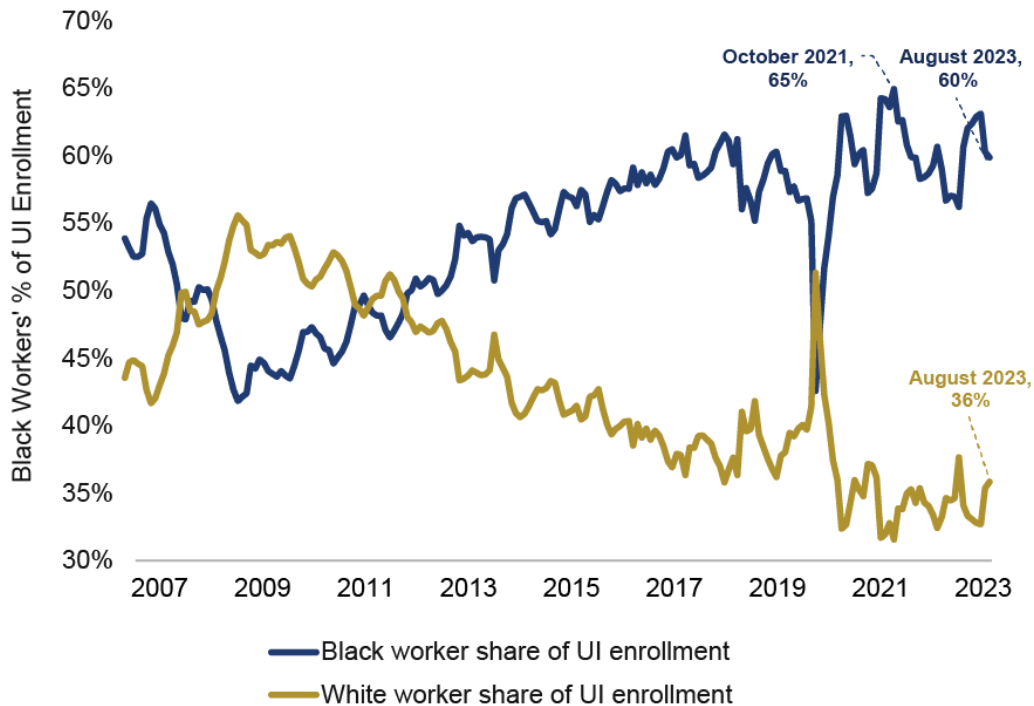


Source: GBPI analysis of non-seasonally adjusted IPUMS CPS microdata, from the University of Minnesota.

Black Georgians are the most active job seekers but have the lowest employment levels among all Georgians. Among prime-age workers, Black workers have the highest labor force participation rate at 83.7%, but the lowest employment rate at 75.9%. Black workers now make up 60% of all Unemployment Insurance (UI) claim enrollment in Georgia, double their 31% share of the state’s total workforce. Since 2012, UI claim enrollment for Black workers have mostly outpaced white workers’ claims.

The **labor force participation rate** includes people who are working and people who are looking for work.

The Rising Overrepresentation of Involuntarily Jobless Black Workers on UI Rolls Reflect Georgia’s Ongoing Structurally Racist Job Market Barriers

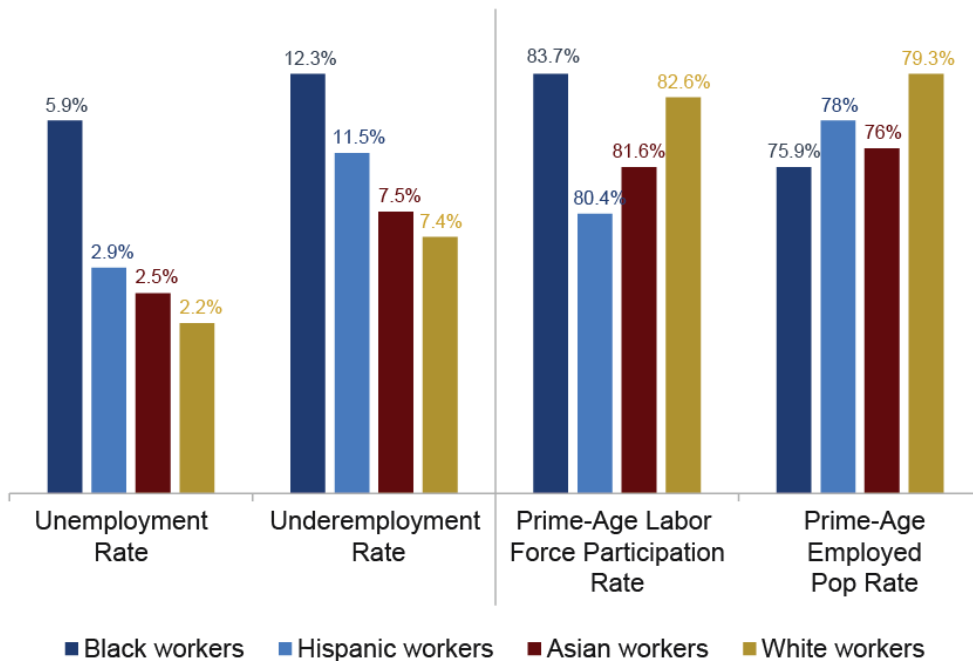


Source: GBPI analysis of DOL Employment & Training Administration reports.

Labor force participation and employment among prime-age Hispanic workers have declined since late 2022. This data suggests that Georgia’s cooling economy has not only begun to reduce their job prospects disproportionately but has caused more economic barriers that have prevented them from actively seeking employment. The employment rate for prime-age Hispanic workers peaked at nearly 85% in late 2022 but fell to 78% by the summer of 2023.

Underemployment among all Hispanic workers has also grown over the past several months. Following new lows in 2022, Hispanic underemployment sharply rose to 11.5% by the summer of 2023, suggesting more Hispanic workers either want to work but are discouraged about their job prospects or are forced to work part-time hours because full-time work isn’t available.

Since June 2023, Black Workers Have Been the Most Active Jobseekers in Georgia, Yet Have the Lowest Employment Levels



Source: GBPI analysis of non-seasonally adjusted IPUMS CPS microdata from the University of Minnesota.

After years of making up only 1% of unemployed Georgians who turn to UI protections, in 2022, Hispanic workers spiked to 6% of all UI enrollees in Georgia. However, by August

2023, they declined to only 2%. While this rapid cycle could be linked to several dynamics, Hispanic workers' higher UI enrollment in 2022 could be associated with a heightened awareness of UI protections following unprecedented federal pandemic UI relief efforts. It could also be associated with historic employment highs among prime-age Hispanic workers in 2022, coupled with declines in self-employment during the same year among a Hispanic workforce that has broadly turned to self-employment more than all other Georgia workers from 2019 to 2022.²⁰ This suggests that as Hispanic workers moved toward more traditional forms of employment in 2022, they may have become eligible for UI benefits after being laid off.

Conclusion

The short-lived employment gains that Black, Hispanic and other low-wage workers reached by 2022 may have been halted by what has been expected as a temporary phase of Federal Reserve actions to slow down the economy. However, it is important to recognize that the long-term and historic racial inequities within the state's workforce are partially the result of policy choices made by Georgia lawmakers. State policy reforms are necessary to address a multitude of barriers that continue to bar working-class Georgians from long-term economic opportunity. Lawmakers must:

- Evaluate the Georgia economy based on a more comprehensive labor force lens that considers race, ethnicity and gender, rather than just overall unemployment rates. A strong and inclusive economy should not have a Black unemployment rate twice as high as other workers. It is crucial to ensure that the economy works well for everyone.
- Increase Georgia's minimum wage from \$5.15 to a fair and equitable level and index it in proportion to economic growth. This will ensure Georgia workers do not lose buying power over time.
- Remove barriers that minimize workers' ability to bargain collectively.
- Allow local governments to establish their own labor policies, including minimum wage and address unfair labor practices, such as wage theft and unethical scheduling practices.
- Reform Georgia's criminal legal system, which has the most people under carceral control per capita among all democracies worldwide.²¹ This entanglement with the criminal legal system creates insurmountable barriers to employment, particularly for Black workers. Additionally, the imposition of unaffordable fines and fees further erodes the typically modest wages earned by justice-impacted individuals.²²

- Improve postsecondary education training options and affordability by investing in a comprehensive, racial equity-centered plan to track and address digital skills gaps and track workforce training program-level outcomes under the Workforce Innovation and Opportunity Act (WIOA). Lawmakers should also invest part of the state’s budget in creating a comprehensive need-based financial aid program.²³
- Adequately fund unemployment insurance to support workers’ economic security if they lose a job through no fault of their own. Furthermore, the state should strengthen access to other work supports like child care and food assistance.

Without these worker-centered reforms, Georgia will continue to have inequitable economic recoveries, inequitable preparedness for future downturns and a stagnant workforce and economy that cannot grow and thrive.

Endnotes

¹ Khalfani, R. (2020, August 13). *Beyond the unemployment rate: You can’t tell the whole truth with half of the data*. Georgia Budget and Policy Institute. Retrieved September 22, 2023, from <https://gbpi.org/beyond-the-unemployment-rate-you-cant-tell-the-whole-truth-with-half-of-the-data/>

² Wilson, V., & Darity Jr., W. (2022, March 25). *Understanding black-white disparities in labor market outcomes requires models that account for persistent discrimination and unequal bargaining power*. Economic Policy Institute. <https://www.epi.org/unequalpower/publications/understanding-black-white-disparities-in-labor-market-outcomes/>

³ Young, A., & Khalfani, R. (2023, September 8). *From barriers to bridges: Expanding access to higher education and workforce training in Georgia*. Georgia Budget and Policy Institute. Retrieved September 22, 2023, from <https://gbpi.org/from-barriers-to-bridges-expanding-access-to-higher-education-and-workforce-training-in-georgia/>

⁴ Ben-Achour, S., & Schroeder, A. (2023, June 9). *Is the U.S. economy really a tale of two job markets?* Marketplace. Retrieved September 22, 2023, from <https://www.marketplace.org/2023/06/09/is-the-u-s-economy-really-a-tale-of-two-job-markets/>

⁵ Gould, E. (2023, July 17). *The equalizing effect of strong labor markets*. Economic Policy Institute. Retrieved October 1, 2023, from <https://www.epi.org/blog/the-equalizing-effect->

of-strong-labor-markets-explaining-the-disproportionate-rise-in-the-black-employment-to-population-ratio/

⁶ Schweitzer, J., & Khattar, R. (2021, December 7). *It's a good job shortage: The real reason so many workers are quitting*. Center For American Progress. Retrieved October 1, 2023, from <https://www.americanprogress.org/article/its-a-good-jobs-shortage-the-real-reason-so-many-workers-are-quitting/>

⁷ Dodd, E. (2023, March 25). *You no longer need a college degree to work at these 7 companies*. Business Insider. Retrieved October 1, 2023, from <https://www.businessinsider.com/google-ibm-accenture-dell-companies-no-longer-require-college-degrees-2023-3>

⁸ “Midpoint” or “mid-level wages” is being used as a common term to describe a demographic group’s (such as Hispanic workers) median wage, or wage level that falls at the midpoint between all workers’ wages.

⁹ The terms “low-level” wages and “lowest rungs of the wage ladder” are being used as a common term to describe a demographic group’s (such as Hispanic workers) median wage among the range of that group’s wages that were at or below the 10th percentile of all of the group’s wages.

¹⁰ Miller, S., Piazza, M., Putnam, A., & Broady, K. (2023, May 24). *Worker voices: Shifting perspectives and expectations of employment*. Fed Communities. Retrieved September 22, 2023, from <https://fedcommunities.org/research/worker-voices/2023-shifting-perspectives-expectations-employment/>

¹¹ Bunker, N. (2023, June 7). *Despite continued slowdown, US wage growth remains solid*. Indeed Hiring Lab. Retrieved October 1, 2023, from <https://www.hiringlab.org/2023/06/07/us-wage-growth-remains-solid/>

¹² Hartman, M. (2023, June 7). *Slowing wage increases are good news for the Fed, but bad news for workers*. Marketplace. Retrieved October 1, 2023, from <https://www.marketplace.org/2023/06/07/slowing-wage-increases-good-for-the-fed-bad-for-workers/>

¹³ Neal, D., & Rick, A. (2014, July). *The prison and the lack of Black progress after Smith and Welch*. National Bureau of Economic Research. Retrieved September 22, 2023, from <https://www.nber.org/papers/w20283>

¹⁴ Georgia Department of Corrections. (2023, September). Monthly statistical reports: Profiles of all inmates. Retrieved October 4, 2023, from

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¹⁵ Chan, L. (2023, May 3). *New legislation and continued failure to expand Medicaid put Georgia's health care safety net on uncertain path*. Georgia Budget and Policy Institute. Retrieved September 22, 2023, from <https://gbpi.org/new-legislation-and-continued-failure-to-expand-medicaid-put-georgias-health-care-safety-net-on-uncertain-path/>

¹⁶ Edwards, K. A. (2022). Worker mobility in practice: Is quitting a right, or a luxury? *UC Berkeley Journal of Law and Political Economy*. Retrieved September 22, 2023, from <https://escholarship.org/uc/item/0cn1z262>

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¹⁸ GBPI analysis of reported unemployment within Georgia's labor force from July 2022 to June 2023, using non-seasonally adjusted IPUMS CPS (Integrated Public Use Microdata Series Current Population Survey) microdata from the University of Minnesota.

¹⁹ Persistent racial disparities across the United States are attributable to discriminatory practices past and present. Wilson, V., & Darity Jr., W. (2022, March 25). *Understanding Black-white disparities in labor market outcomes requires models that account for persistent discrimination and unequal bargaining power*. Economic Policy Institute. <https://www.epi.org/unequalpower/publications/understanding-black-white-disparities-in-labor-market-outcomes/> For more information on how racial disparities persist across systems, see: Urban Institute. *Structural Racism Explainer Collection*. <https://www.urban.org/projects/structural-racism-explainer-collection>

²⁰ Historic employment highs among prime-age Hispanic workers in 2022, coupled with declines in self-employment during the same year could be contributing factors. It is worth noting that Georgia's Hispanic workforce broadly turned to self-employment more than all other Georgia workers from 2019 to 2022. These findings were from GBPI analysis of non-seasonally adjusted IPUMS CPS microdata from the University of Minnesota. Among Georgia workers from 2019 to 2022, Hispanic workers held an unincorporated self-employment rate average of 7.6%, white workers averaged 5.7%, Asian workers 5.1% and Black workers 3.7%.

²¹ Prison Policy Initiative. *Georgia profile*. Retrieved October 4, 2023, from <https://www.prisonpolicy.org/profiles/GA.html>

²²Khalfani, R. (2022 December). *Regressive revenue perpetuates poverty: Why Georgia's fines and fees need immediate reform*. Georgia Budget and Policy Institute. Retrieved October 4, 2023, from <https://gbpi.org/regressive-revenue-perpetuates-poverty-why-georgias-fines-and-fees-need-immediate-reform/> Retrieved October 4, 2023, from <https://gbpi.org/regressive-revenue-perpetuates-poverty-why-georgias-fines-and-fees-need-immediate-reform/>

²³ Young, A., & Khalfani, R. (2023, September 8). *From barriers to bridges: Expanding access to higher education and workforce training in Georgia*. Georgia Budget and Policy Institute. Retrieved September 22, 2023, from <https://gbpi.org/from-barriers-to-bridges-expanding-access-to-higher-education-and-workforce-training-in-georgia/> Retrieved September 22, 2023, from <https://gbpi.org/from-barriers-to-bridges-expanding-access-to-higher-education-and-workforce-training-in-georgia/>