



STRENGTHENING THE FOUNDATION

A GEORGIA BUDGET AND POLICY INSTITUTE SERIES

Strengthening the Foundation Series

GBPI's *Strengthening the Foundation* series assesses state policies and programs designed to help low-income working families succeed in the labor market and achieve economic security. The first report, *Strengthening the Foundation: Investments in the Adult Workforce Build A More Prosperous Georgia*, broadly examined adult education and post-secondary education opportunities, economic development programs, and work supports for Georgia families.

As part of that series, the *State of Working Georgia* examines jobs, incomes, poverty, health insurance, and other workforce conditions, using data from the Bureau of Labor Statistics and Census Bureau. *The State of Working Georgia* relies heavily on the technical assistance of the Economic Policy Institute, while the *Strengthening the Foundation* series is part of the national Working Poor Families Project.



State of Working Georgia 2008

By: Sarah Beth Gehl

SUMMARY

With economic and financial crisis consuming headlines, debates, and family discussions, the statistics on workers presented here will likely sound like more of the same. Unemployment is up. Certain populations, like minorities and the less educated, are disproportionately affected, as are certain locales. For the current economic slowdown, the Bureau of Labor Statistics (BLS) offers these preliminary Georgia statistics:

- From September 2007 to September 2008, Georgia lost 61,100 nonfarm jobs and was one of only five states to experience a statistically significant employment decrease.
- The number of unemployed workers rose by roughly 100,000 between September 2007 and September 2008, for a total of 317,500 out-of-work Georgians in September 2008. Georgia had the 15th highest unemployment rate in the nation in Sept.

While the 2008 figures for job loss and unemployment are bleak, data for 2007 on underemployment, incomes, and benefits show that Georgia workers had not fully regained the ground lost during the 2001 recession. In short, before this economic crisis started, Georgians were still trying to recover from the 2001 recession. Data from BLS and Census Bureau surveys show:

- About 8 percent of workers were underemployed in 2007, compared to 6.3 percent in 2001.
- Median household income in 2007 remained statistically unchanged compared to 2001, after adjusting for inflation.
- The poverty rate remained high at 14.3 percent in 2007, compared to 11.7 percent in 2001.
- In 2006-2007, 59.9 percent of non-elderly Georgians were covered by employer-sponsored health insurance, compared to 64.4 percent in 2000-2001. The percent of Georgians lacking health coverage rose from 15.0 percent in 2000-2001 to 17.6 percent in 2006-2007.

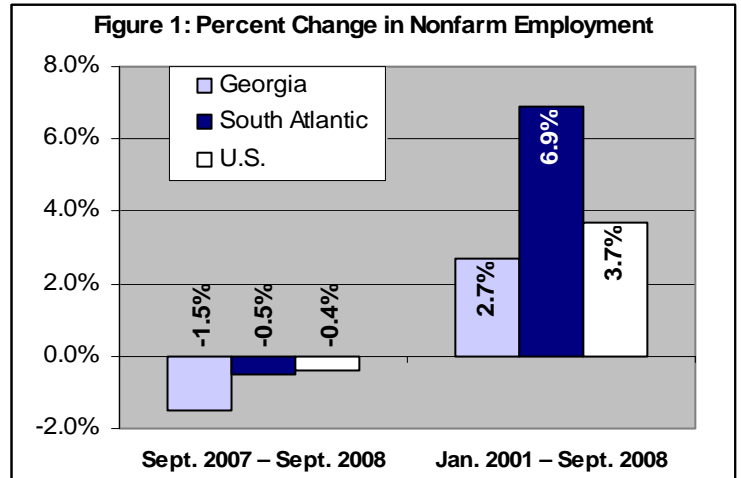
The employment conditions in Georgia pose both short-term and long-term challenges, as policymakers must confront the current slowdown and the continued effects of the 2001 recession. For the short-term, leaders must protect vital public services as workers face unemployment and increased income insecurity. For the long-term, policymakers should focus on raising adult education levels and strengthening work and income supports for workers in low-paying jobs.

2008 DATA SHOW WORSENING EMPLOYMENT CONDITIONS

Employment declines in numerous states, but Georgia among worst

Between September 2007 and September 2008, Georgia lost 61,100 jobs, according to preliminary BLS data. While numerous states experienced a drop in nonfarm employment over this time, Georgia was one of only five states with a statistically significant employment decrease. In terms of the percent of jobs lost, Georgia fared among the worst. With a job loss of 1.5 percent, Georgia had the 4th highest year-to-year decrease in jobs, after Rhode Island, Arizona, and Michigan.¹

Relative to 2001 pre-recession levels, Georgia had 2.7 percent more jobs in September 2008 than in 2001, but also had 16.1 percent more adults aged 20 to 64.² That compares poorly to the region (Figure 1). The South Atlantic region, which includes Georgia and five other states, experienced 6.9 percent job growth between January 2001 and September 2008 and 13.1 percent population growth (aged 20-64). That is, the South Atlantic's job growth since 2001 was two-and-a-half times greater than Georgia's percent of job growth, while the percent of population growth in the region was less than Georgia's adult population growth.

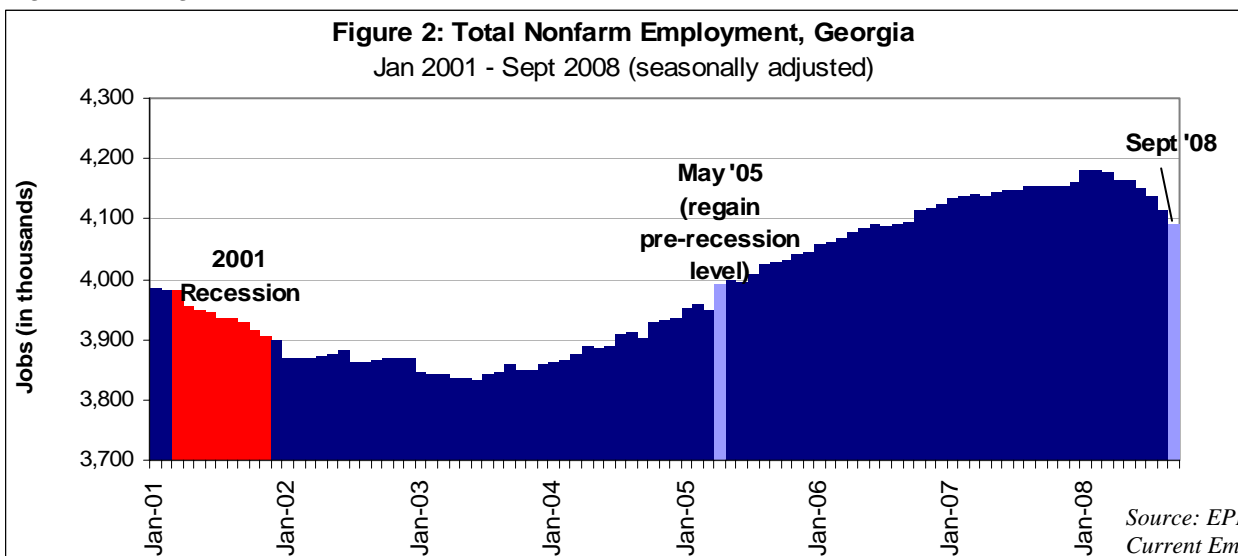


Source: Economic Policy Institute (EPI)

Georgia's job growth trails surrounding states because its job loss during economic slowdowns has been more severe. Following the 2001 recession, Georgia lost almost 150,000 jobs and did not return to pre-recession job levels until April 2005 (Figure 2).⁴ Job growth continued from April 2005 to February 2008, but recently, employment has fallen to 4,092,800 (preliminary data) in September.⁵ While Georgia was in the middle of its neighbors for percent of job growth during the recovery years of 2003 through 2007, the Peach State suffered more significant job loss than most surrounding states during the downturns of 2001-2003 and 2008 – thus giving Georgia lagging job growth overall during the 2000s. Georgia led the way in wage and salary job growth among Southern states during the 1990s, but is trailing all but one neighbor during the 2000s.

Focus on Manufacturing

Since January 2001, Georgia has lost nearly one-quarter (125,000 positions) of its manufacturing jobs.³



Source: EPI analysis of Current Employment Statistics

Surveys and Definitions

The **employment** statistics on page 2 are from the Bureau of Labor Statistics' Current Employment Statistics (CES), which is a survey of payroll establishments. The BLS also produces Local Area Unemployment Statistics (LAUS), which offer an alternate measure of employment using household surveys. In short, the CES measures nonfarm jobs, and the LAUS measures workers. A few of the key differences are:

- LAUS includes agricultural workers, self-employed persons, and unpaid family workers. CES does not.
- LAUS is based on residence, whereas CES is based on workplace. A Georgia resident who works in Alabama would be counted in Georgia on the LAUS and in Alabama on the CES.

For September 2008, CES employment levels for Georgia were **4,092,800**. LAUS employment for Georgia was **4,577,554**. That discrepancy is due, in part, to the definitional differences discussed above. However, the growth in LAUS employment has exceeded the growth in CES employment for Georgia in recent years. This could be a factor of more self-employed workers, unpaid family workers, or Georgia residents working across state lines, as compared to the growth among nonfarm wage and salary workers. For example, the Census Bureau estimates that nonemployer establishments (which are primarily self-employed individuals) have increased by over 166,000 from 2002 to 2006. This type of growth is not captured in the CES statistics.

Unemployed persons are those aged 16+ who have no employment, are available for work, and have actively sought employment sometime during the last four weeks. Unemployed persons also include those who are waiting to be recalled to a job, and thus are without employment but not actively seeking other employment. The unemployment rate measures the number of unemployed divided by the labor force.

The unemployment rate does not include workers who have become discouraged and dropped out of the labor force. Instead, it only includes workers who have actively sought work within the last four weeks. Thus, workers who might have lost their jobs at the beginning of the recession, became discouraged at not finding work, and stopped looking for work are not included in the count of unemployed workers. Since these discouraged workers are not included, many scholars argue that the unemployment rate undercounts the number of people who are without work.

Part-time for economic reasons share – The part-time for economic reasons share provides the number of persons who would like to work full-time, but who work part-time because they cannot find full-time employment. It is the number of part-time for economic reasons workers divided by the total part-time workforce.

Underemployment rate – The underemployment rate is similar to the unemployment rate, but also includes part-time for economic reasons workers and marginally attached workers (i.e., persons who do not have a job and have not actively sought employment in the last four weeks). The rate is calculated by adding the unemployed, part-time for economic reasons, and marginally attached and dividing by the civilian labor force and the marginally attached workforce.

Median household income – Income includes wages and salaries, self-employment income, Social Security, pensions, dividends, interest, public assistance, child support, and other sources. Median household income is the income in the middle. If you lined up all the households in Georgia, half would have incomes below the median household income and half would have incomes above.

Earnings – Earnings include wage and salary income, as well as self-employment income.

(Sources: Census Bureau and Bureau of Labor Statistics)

Unemployment levels increase by almost 50% from 2007 to 2008, but Georgia's rate remains below surrounding states' levels

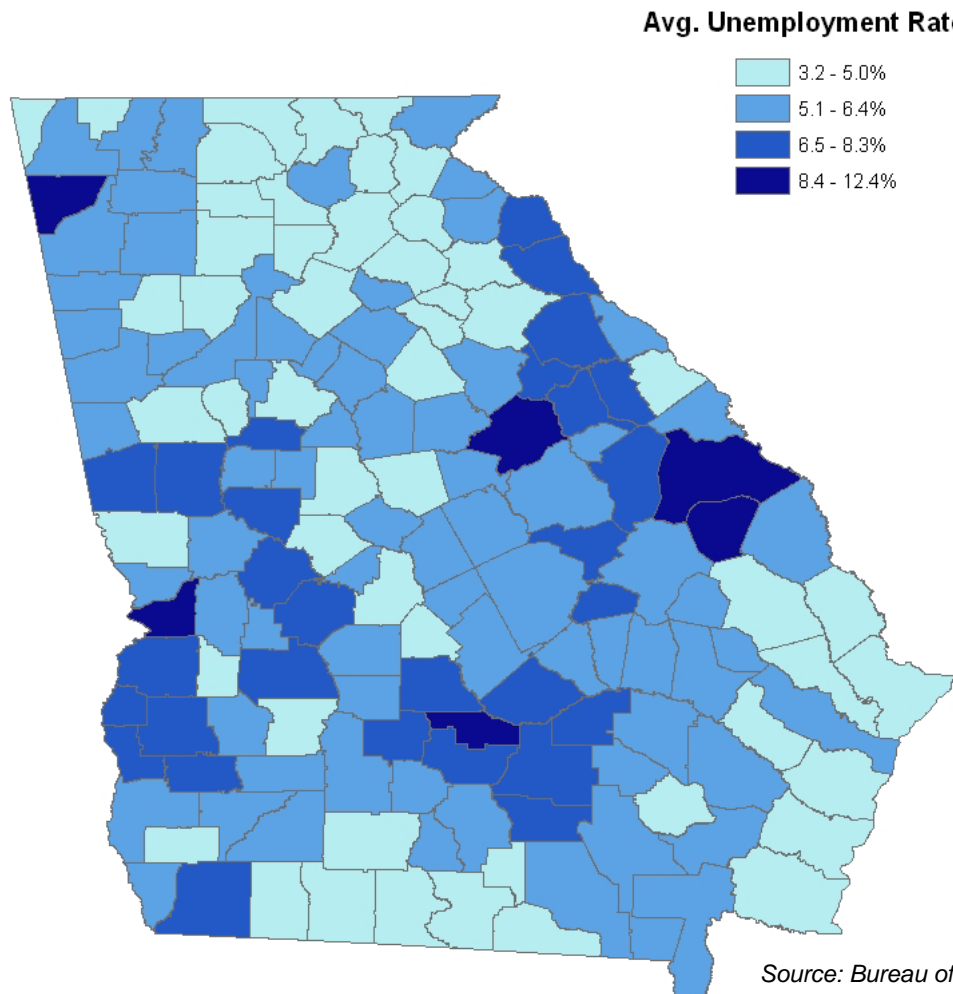
In 2007 over 200,000 Georgians were out of work and actively searching for a job. Although the sheer number of out-of-work Georgians is substantial, Georgia typically has a lower unemployment rate than the nation and the South. Georgia's annual unemployment rate of 4.3 percent in 2007 fell below the national rate of 4.6 percent.⁶

Data on the first nine months of 2008, however, show that Georgians are suffering unemployment at increasing rates and above national levels. From September 2007 to September 2008, Georgia's unemployment levels increased by roughly 100,000 workers (almost 50 percent), for a total of 317,500 unemployed Georgians. According to preliminary BLS data, Georgia's seasonally adjusted unemployment rate rose from 4.5 percent to 6.5 percent, year-over-year, giving Georgia the 15th highest rate in the nation.⁷ While Georgia's rate was higher than the national rate of 6.1 percent, it remained below all of its neighbors, except Alabama.

While the overall unemployment rate in Georgia has exceeded 6 percent in recent months, local areas varied greatly (Figure 3). Based on 12-month averages, local unemployment rates ranged from 3.2 percent in Echols County to 12.4 percent in Jenkins County.⁸ For Jenkins County, that means 1 out of every 8 workers was out of work and actively looking for a job.

2001	4.1%
2002	4.9%
2003	4.7%
2004	4.9%
2005	5.3%
2006	4.5%
2007	4.5%
2008	6.5%(p)
<i>Source: BLS; (p) Preliminary</i>	
<i>Note: Seasonally-adjusted</i>	

Figure 3: 12-Month Average Unemployment Rates, July '07 – July '08



CONDITIONS IN 2007 SHOW CONTINUED RECOVERY FROM 2001 RECESSION

Underemployment remains unchanged from 2006 to 2007

While 300,000 Georgians are out of work and actively seeking employment, there are many more workers who have either stopped searching for employment or have taken a part-time job, but would like full-time work. These workers – who are marginally attached or work part-time for economic reasons – are not counted in the unemployed population. Instead, they are termed “underemployed,” a measure that includes unemployed workers, marginally attached workers, and part-time workers who would like full-time work.

In 2007, as in 2006, 8.1 percent of Georgia workers were underemployed. While this level of underemployment was lower than the peak of 9.1 percent in 2005, it remained well above the 6.3 percent underemployment seen in 2001.⁹ Compared to other states, Georgia was about average, ranking 21st for underemployment rate in 2007.

Within the underemployed population, 15.6 percent of part-time workers in Georgia wanted full-time employment, but could only locate part-time work in 2007. Georgia held the 10th highest share of part-time workers for economic reasons.¹⁰

Employment conditions vary substantially by demographic

In 2007, about 1 in 9 workers without a high school diploma were unemployed.¹¹ In contrast, 1 in 60 college graduates were unemployed. Hispanic workers were twice as likely to be unemployed as white workers; while African-American workers experienced an even higher rate of 7.6 percent unemployment in 2007. Among Hispanic part-time workers, 40.9 percent wanted full-time employment but could only find part-time work.

Those are among the most starkly contrasting statistics for employment conditions among different populations. As shown in Table 3, employment conditions varied widely based on race and education, and to a lesser extent, based on gender.

	Unemployment Rate	Underemployment Rate	Part-time for Economic Reasons
All	4.3%	8.1%	15.6%
Gender			
Male	4.0%	7.6%	20.4%
Female	4.7%	8.6%	12.5%
Race/Ethnicity			
White	2.7%	5.4%	11.2%
African-American	7.6%	12.4%	20.1%
Hispanic	5.6%	13.2%	40.9%
Education			
Less than high school	11.8%	20.6%	28.0%
High school graduate	4.6%	9.5%	21.6%
Some college	4.1%	7.1%	10.4%
Bachelor's degree or higher	1.6%	2.9%	7.9%

Source: Economic Policy Institute analysis of Current Population Survey

Georgia average for median household income, but incomes stagnant over recovery

Compared to the nation, Georgia has a higher percentage of households with earnings and a lower percentage of households with non-earnings income, such as Social Security, retirement income, and cash public assistance. Georgia had the 10th highest percentage of households with earnings in 2007, with 82.7 percent receiving wage and salary income or self-employment income.¹² In contrast, Georgia ranked 50th for percent of households with cash public assistance. While Alaska and Maine topped the ranking with 6.1 percent and 4.3 percent of households receiving cash public assistance, respectively, only 1.1 percent of Georgia households received such assistance.¹³

Table 4: Income and Benefits, 2007

Percent of households with...	Georgia	US
Earnings	82.7%	80.3%
Social Security	23.7%	26.9%
Retirement income	15.6%	17.5%
Food Stamp benefits	7.9%	7.7%
Supplemental Security Income	3.7%	4.1%
Cash public assistance	1.1%	2.1%

Source: American Community Survey

Considering all forms of income combined – earnings, Social Security, retirement income, public assistance, and other sources – the income of the typical Georgia household was the same in 2007 as in 2001, after accounting for inflation. Median income for households increased from just over \$48,000 in 2006 to \$49,136 in 2007, but remained statistically unchanged from the 2001 level, after adjusting for inflation.¹⁴ Although Georgia's middle income did not make gains over the economic recovery, the Peach State is not a poor state at the median. Georgia ranked 24th in median household income in 2007.¹⁵

Moving beyond the experience of middle income households, Georgians were more likely to be poor last year than when the last recession bottomed out in 2001. Georgia's poverty rate was 14.3 percent in 2007, which was not a statistically significant difference from 2006.¹⁶ However, Georgia's 2007 poverty rate ranked 13th highest among states and remained well above the 2001 level of 11.7 percent.¹⁷ The child poverty rate in Georgia was 19.4 percent in 2007 – totaling over 480,000 Georgia children in poverty, compared to a child poverty rate of 15.7 percent in 2001.¹⁸ (Note, in 2007, a family of four with two children was in poverty if their income was below \$21,027.)

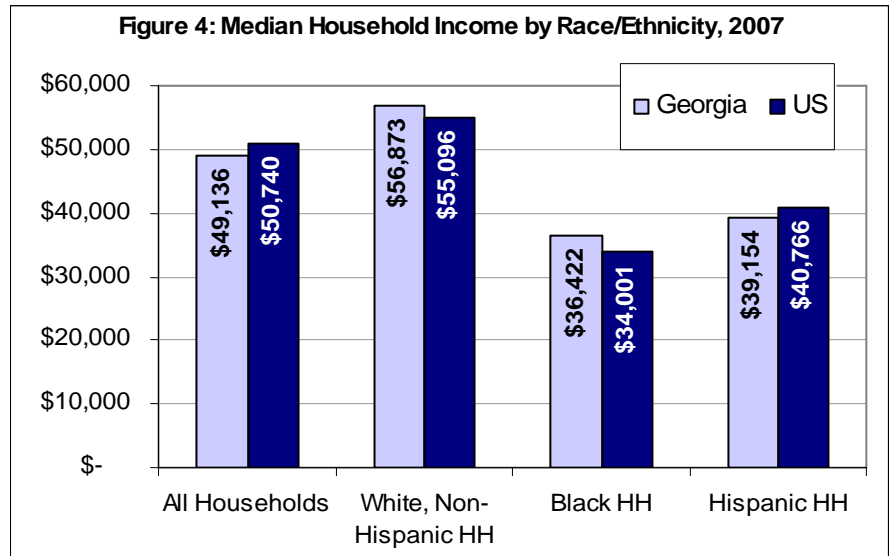
Table 5 provides a breakdown of income by quintile. The lowest 20 percent of households had an average income of \$11,293 and held 3.4 percent of total income in the state.¹⁹ The highest income group – the top 20 percent – had an average income of \$166,430 and held 50 percent of total income. The share of total income held by each quintile in Georgia matched the national distribution in 2007.

Table 5: Household Income by Quintile, Georgia, 2007

	Income Range	Average Income	Share of Total HH Income
Lowest quintile	\$0 - \$20,581	\$11,293	3.4%
Second quintile	\$20,581 - \$39,016	\$29,910	9.0%
Middle quintile	\$39,016 - \$60,720	\$49,139	14.8%
Fourth quintile	\$60,720 - \$95,286	\$75,835	22.8%
Highest quintile	\$95,286 or more	\$166,430	50.0%

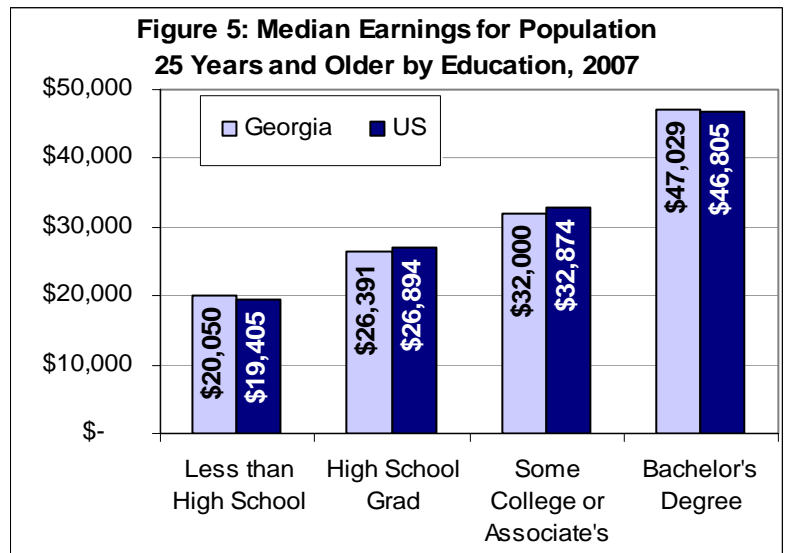
Source: U.S. Census Bureau, American Community Survey

As with employment conditions, incomes vary greatly among different populations. For example, median income for households headed by African-Americans was \$20,000 less than median income for white households in Georgia in 2007 (Figure 4). Hispanic households experienced median incomes almost \$18,000 lower than white households in 2007.²⁰ White householders and African-American householders in Georgia had higher median incomes than their national counterparts; whereas Hispanic householders in Georgia had lower median income than national Hispanic households.



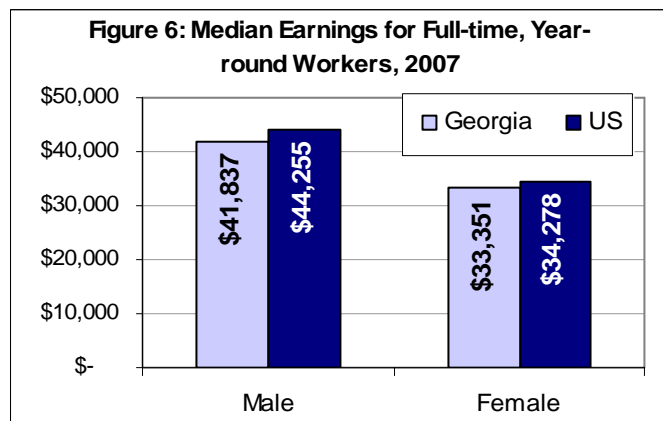
Source: American Community Survey

Disparity in median earnings among education levels was equally pronounced (Figure 5). For Georgians aged 25 and older with less than a high school diploma, median earnings in 2007 were \$20,050.²¹ That level of earnings equals 76 percent of earnings by a high school graduate, 63 percent of earnings by a Georgian with some college education, and 43 percent of median earnings by a college graduate. A high school graduate earned \$26,391 in median earnings in Georgia, equaling about 56 cents to a dollar earned by a college graduate.



Source: American Community Survey

While the earnings gap between men and women has decreased in recent decades, Georgia's female workforce continued to experience an earnings gap of almost \$8,500 compared to male workers, for full-time, year-round work in 2007 (Figure 6).²² Georgia women continued to close the gap, though, with stronger earnings gains from 2006 to 2007. Full-time, year-round, inflation-adjusted earnings for Georgia's female workers increased by roughly \$1,200, while men's median earnings increased by about \$750. This higher earnings gain among Georgia's female workers is the reverse of the national experience. Nationally, men gained over \$1,300 in median earnings, while women gained \$630 in median earnings from 2006 to 2007, after adjusting for inflation.



Source: American Community Survey

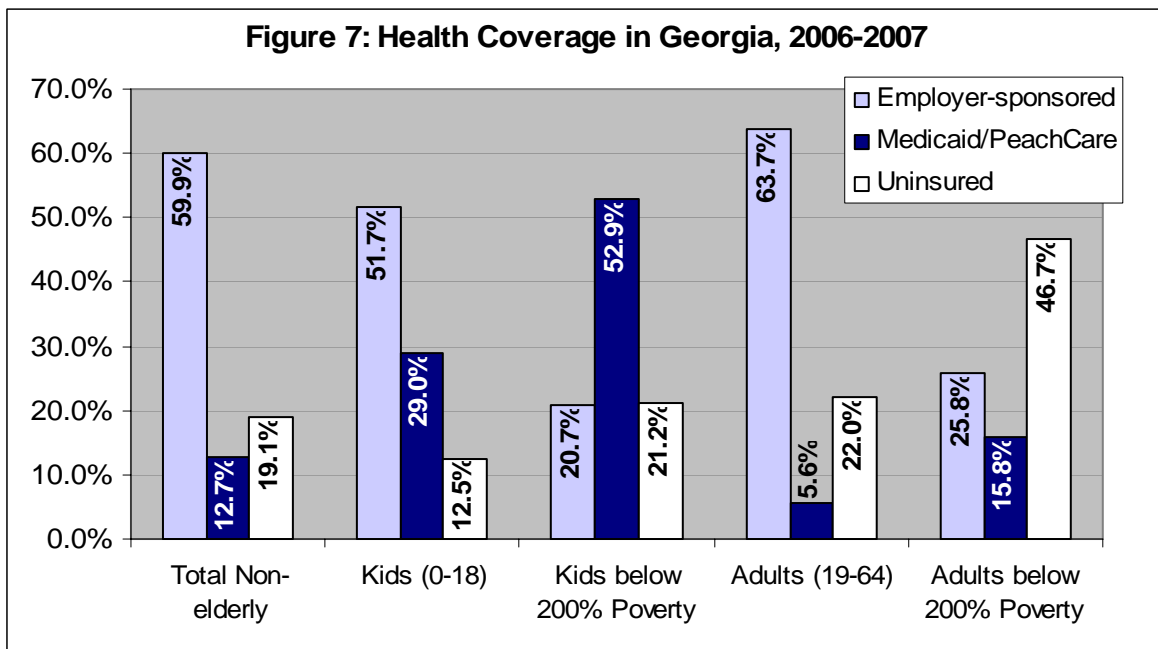
Employer-provided health benefits continue to decline

In 2006, the average premium for employer-sponsored, family health coverage in Georgia was about \$10,800. Employees contributed \$2,909 to premiums, on average; meaning, employees contributed one-quarter of the cost and employers covered three-quarters of average premium costs.²³ Obviously, employer-sponsored health coverage can be a significant benefit for families, both in covering medical needs and reducing the cost of a major family budget item. In 2006-2007, 59.9 percent of non-elderly Georgians were covered by employer-sponsored health insurance, compared to 64.4 percent in 2000-2001. Nationally, employer-sponsored coverage declined from 65.1 percent in 2000-2001 to 60.2 percent in 2006-2007.²⁴

As workers' health benefits have eroded, both in Georgia and across the nation, the number of uninsured has increased. Over 1.6 million Georgians, 17.6 percent of the population, were uninsured in 2006-2007, giving Georgia the 10th highest share of uninsured among the states.²⁵ Based on two-year averages, the percentage of Georgians without health insurance remained unchanged from 2004-2005 to 2006-2007, but remained higher than in 2000-2001.²⁶ In 2000-2001, 15.0 percent of Georgians were uninsured.

A closer look at certain populations illustrates the enormous disparity in coverage (Figure 7). Low-income workers are much less likely to have employer coverage or to be able to afford coverage. While 63.7 percent of adult Georgians (aged 19 to 64) had employer coverage, only 25.8 percent of adult Georgians earning below 200 percent of the federal poverty threshold received such coverage in 2006-2007.²⁷ Low-income adults were more than twice as likely to be uninsured as the overall adult population in Georgia.

The disparity among children was less significant than the adult population, due to more generous coverage under Medicaid and PeachCare for Kids. Low-income children were less likely than the overall child population to receive employer-provided coverage, with only 20.7 percent of low-income children covered by employers.²⁸ However, through Medicaid and PeachCare, which provides health coverage for children living under 235 percent of poverty, low-income children were much less likely to be uninsured compared to low-income adults. Over 50 percent of low-income children received coverage through Medicaid or PeachCare, leaving 21.2 percent of low-income children uninsured.



Source: Center on Budget and Policy Priorities analysis of Current Population Survey data

CONCLUSION

Many Georgia workers face short-term economic crisis, including unemployment, and long-term economic challenges, such as stagnant incomes and declining employer-sponsored health coverage. Several public policies, many of which are used in other states, can address these challenges.

Short-term recommendations –

- **Call on Congress to pass an economic recovery package.** Georgians should call on Congress to grant further assistance to workers and states, with an economic package that includes additional weeks of unemployment benefits, a temporary increase in Food Stamp benefits, and state fiscal relief.
- **Target budget cuts to lower priority programs.** With a potential \$2 billion budget shortfall, the state has made across-the-board budget cuts to most state agencies. As Georgia families experience dramatic financial strain in 2008, leaders must ensure that vital government services are adequately funded. Across the board budget cuts that deteriorate vital services are not in the best interest of workers, their families, or our communities. Medicaid, PeachCare, child care, and education, to name a few, should be spared as much as possible.
- **Raise revenues through strategic tax increases.** Rather than relying overwhelming on budget cuts, there should a balanced approached to the budget shortfall, including strategic tax increases. Raising the cigarette tax or implementing a temporary income tax surcharge, for example, would provide needed revenues to avoid further cuts to public services.
- **Use the revenue shortfall reserve.** Through good fiscal management, Georgia has a \$1 billion rainy day fund. Now is the time to use it.

Long-term recommendations –

- **Increase the capacity for adult basic education.** As illustrated in this report and in countless studies, education matters. Georgia must focus more attention on raising the education levels of the 1 million adults who lack a high school diploma and encouraging transition from adult education to post-secondary education. Georgia invests around \$14 per adult without a GED in adult basic education, compared to the national average of \$64. Georgia should increase its investment in this area, along with outreach efforts towards nontraditional students and support services for families seeking education opportunities.
- **Undertake additional outreach efforts for Medicaid and PeachCare.** Of the 300,000 uninsured children in Georgia, an estimated 200,000 are eligible for Medicaid or PeachCare, but not enrolled. Getting eligible children and families enrolled in existing programs can increase the efficiency and effectiveness of available healthcare programs. The federal government covers a majority of the cost of these programs, with an almost 2 to 1 match for Medicaid and 3 to 1 match for PeachCare.
- **Increase child care assistance for low- and moderate-income working families.** Child care can be one of the greatest expenses faced by a family and directly relates to workforce availability and reliability. Georgia uses federal dollars to assist low-income families with child care costs, but continues to have a waiting list for assistance. At the same time, Georgia subsidizes child care through the tax system, with millions of forgone tax dollars subsidizing child care for upper-income families. Policymakers should end the child care subsidy for higher-income Georgians and more fully assist low-income working families.
- **Create a state earned income tax credit (EITC) and enhance outreach efforts around the federal EITC.** Georgia should link to the successful federal program by creating a state EITC. As other states have learned, linking to the federal EITC can improve tax fairness at the state level and can provide wage enhancements for low-income families.
- **Increase the Georgia minimum wage to the federal level.** In July 2009, the federal minimum wage will rise to \$7.25/hr, while the Georgia minimum wage remains at \$5.15/hr.

(Note: For more detail on the policy recommendations and data mentioned above, see GBPI's report *Strengthening the Foundation: Investments in the Adult Workforce Build a More Prosperous Georgia.*)

ENDNOTES

- ¹ Bureau of Labor Statistics. *Regional and State Employment and Unemployment: September 2008*. Oct. 21, 2008. <http://www.bls.gov/news.release/pdf/laus.pdf>. (Note: Seasonally adjusted figures.)
- ² Economic Policy Institute JobWatch September 2008.
- ³ Ibid.
- ⁴ Economic Policy Institute analysis of Current Employment Statistics. 2008.
- ⁵ Ibid; Bureau of Labor Statistics. *Regional and State Employment and Unemployment: September 2008*. Oct. 21, 2008. <http://www.bls.gov/news.release/pdf/laus.pdf>. (Note: Seasonally adjusted figures.)
- ⁶ Economic Policy Institute analysis of Current Population Survey data.
- ⁷ Bureau of Labor Statistics. *Regional and State Employment and Unemployment: September 2008*. Oct. 21, 2008. <http://www.bls.gov/news.release/pdf/laus.pdf>. (Note: Seasonally adjusted figures.)
- ⁸ Bureau of Labor Statistics data provided to author on September 18, 2008. (Note: Averages use non-seasonally adjusted figures.)
- ⁹ Economic Policy Institute analysis of Current Population Survey data. 2008.
- ¹⁰ Ibid.
- ¹¹ Ibid.
- ¹² U.S. Census Bureau, American Community Survey 2007. Table B19051.
- ¹³ U.S. Census Bureau, American Community Survey 2007. Table R1904.
- ¹⁴ Author's calculation using Center on Budget and Policy Priorities data and American Community Survey data.
- ¹⁵ U.S. Census Bureau, American Community Survey 2007.
- ¹⁶ Ibid.
- ¹⁷ U.S. Census Bureau, American Community Survey 2007; Center on Budget and Policy Priorities analysis of ACS data.
- ¹⁸ Ibid.
- ¹⁹ U.S. Census Bureau, American Community Survey 2007. Tables B19080-B19082.
- ²⁰ U.S. Census Bureau, American Community Survey 2007. Table 19013.
- ²¹ U.S. Census Bureau, American Community Survey 2007. Table B20004.
- ²² U.S. Census Bureau, American Community Survey 2007. Selected Economic Characteristics: 2007.
- ²³ 2006 Medical Expenditure Panel Survey (MEPS) – Insurance Component. Produced by the Agency for Healthcare Research and Quality, U.S. Department of Health and Human Services. Tables II.D.1 and II.D.2.
- ²⁴ Center on Budget and Policy Priorities analysis of Current Population Survey data.
- ²⁵ *Income, Poverty, and Health Insurance Coverage in the United States: 2007*. Current Population Survey, U.S. Census Bureau. August 2008. <http://www.census.gov/prod/2008pubs/p60-235.pdf>.
- ²⁶ Ibid; Center on Budget and Policy Priorities analysis of Current Population Survey data.
- ²⁷ Center on Budget and Policy Priorities analysis of Current Population Survey data.
- ²⁸ Ibid.

The Georgia Budget and Policy Institute (GBPI) is an independent, nonprofit, non-partisan organization engaged in research and education on the fiscal and economic health of the state of Georgia. The GBPI provides reliable, accessible and timely analyses to promote greater state government fiscal accountability as a way to improve services to Georgians in need and to promote quality of life for all Georgians.