Evaluating the Economic and Fiscal Landscape of Georgia

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Fiscal Research Center

- Established in 1995, the Fiscal Research Center (FRC) provides nonpartisan research, technical assistance and education in the evaluation and design of state and local fiscal and economic policy.

- What do we do?
    - Tax Advisement to local and state governments
    - Produce fiscal notes for the General Assembly
    - Produce the Annual Tax Expenditure Budget
    - Analyze impacts of tax changes (credits, exemptions, changes in rates, etc.)
    - Support for the Georgia State Economist

- Sister Center: Center for State and Local Finance
    - Research and analysis of public finance issues in Georgia, the Southeast and the Nation
    - Leader in the use of "big data" to provide information for policy makers

Tools available

- Substantial micro-level data:
    - Individuals
    - Firms
- ES202 Data
    - Wages by sector by quarter
    - Questions that can be answered:
        - Which sectors see the most turnover in labor?
        - Which industries saw the largest number of lay-offs?
        - Where do we see employment growth in the state—and which industries?
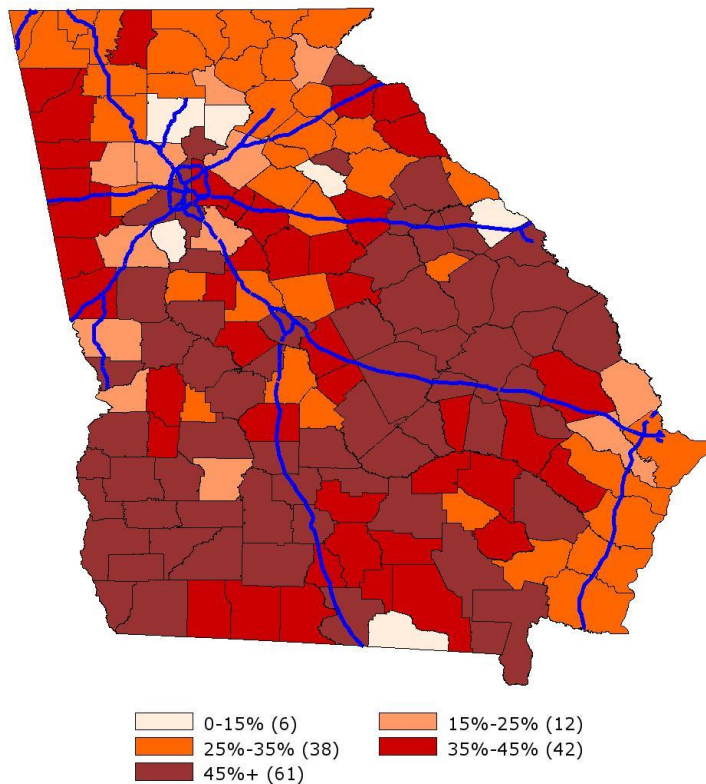
Example of analysis

Chart 1: Georgia Sector Group Jobs Levels 2000 and 2012
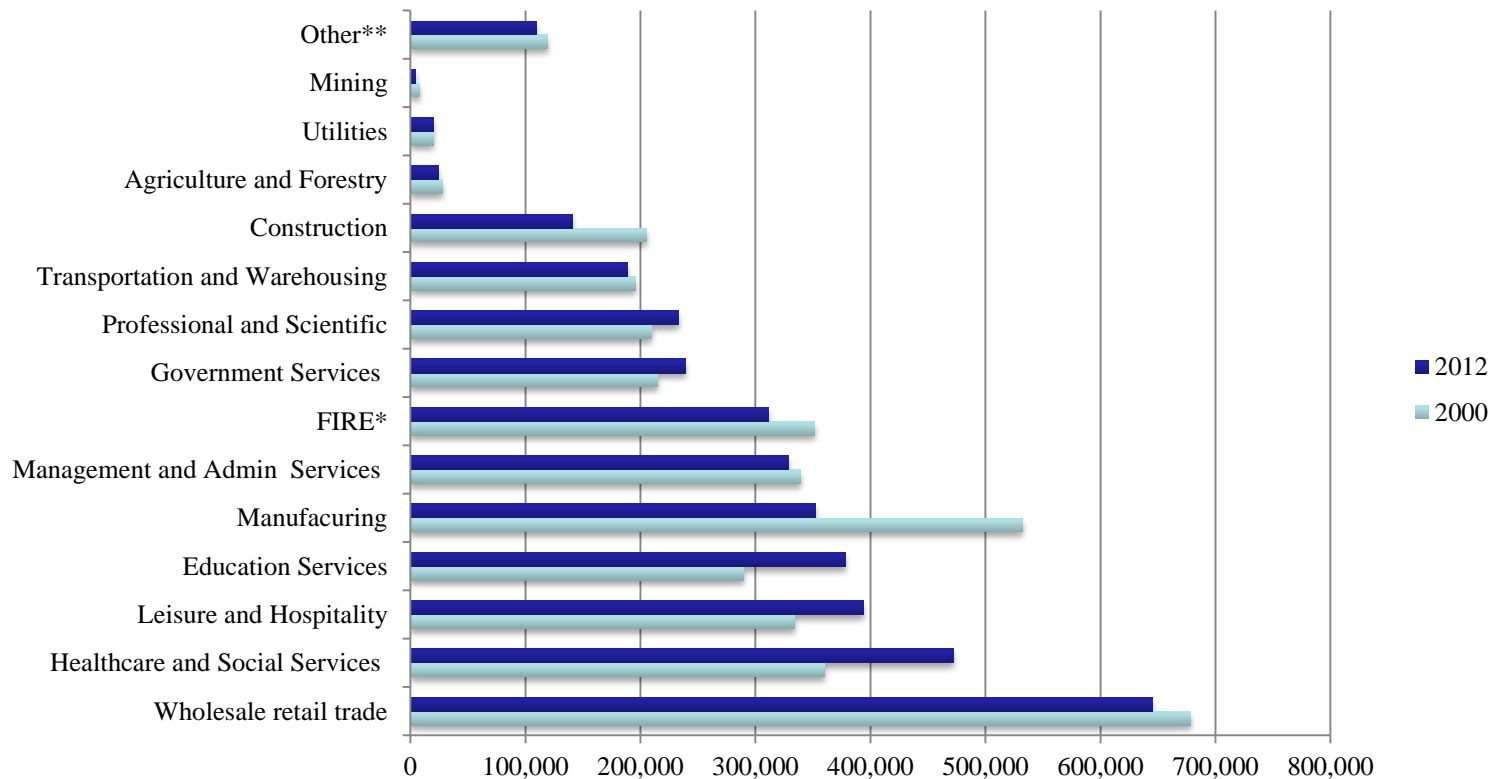
Other Data and Capacity

- Tax return information
- SNAP, TANF

Percent of families on SNAP in 2010 as a share of total families

0-15% (6)	15%-25% (12)
25%-35% (38)	35%-45% (42)
45%+ (61)	

There are five counties with more than 65% of families on SNAP during 2010

- And..modeling
  - Microsimulation model – allows detailed analysis of tax changes at state and federal level by income group, region
  - REMI: Regional Economic Models, Inc.
    - Proprietary
    - Helpful in analysis of direct and indirect impacts of tax credits, new business investments, on the Georgia economy
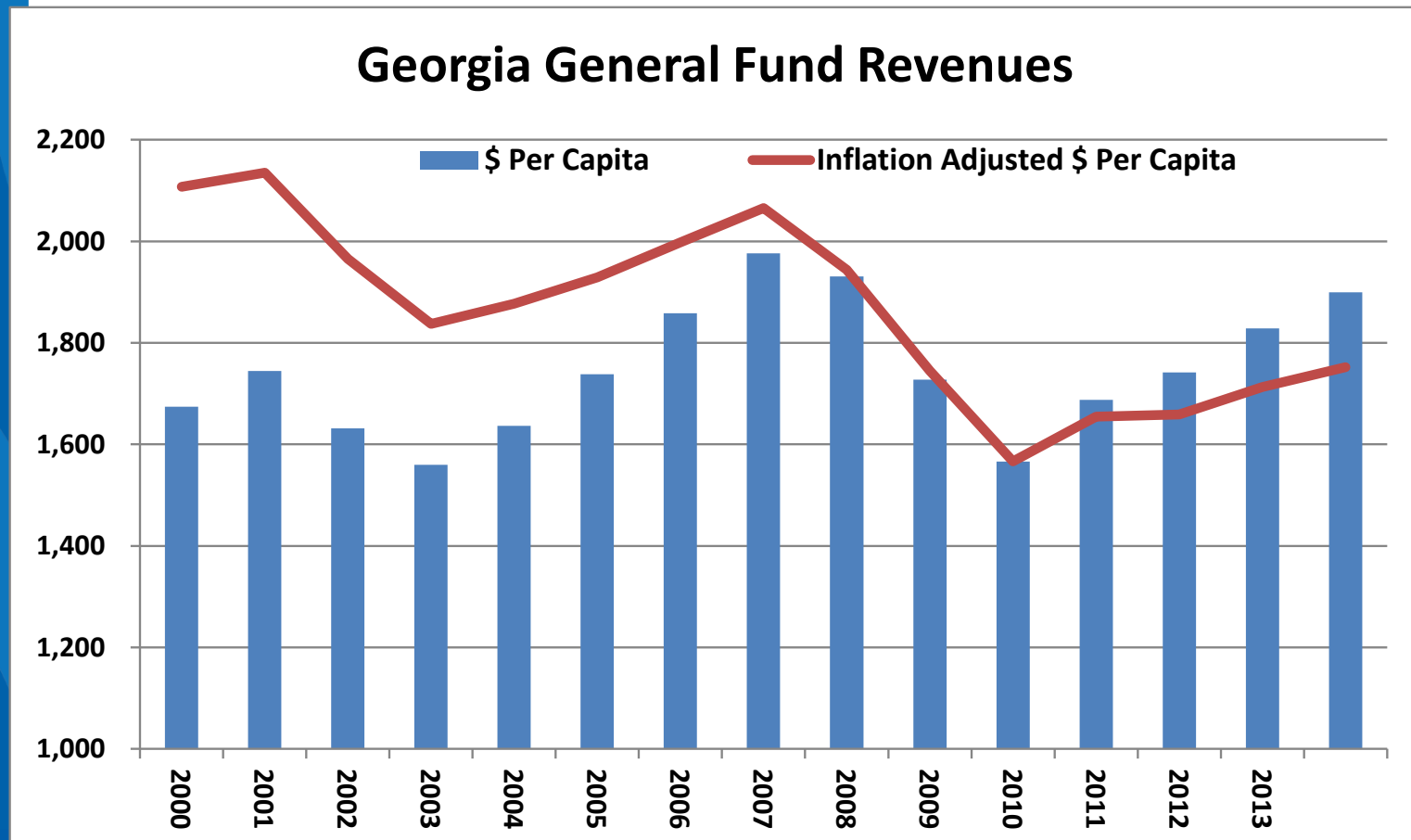
Switching gears…

- What does our economic and fiscal landscape look like today?

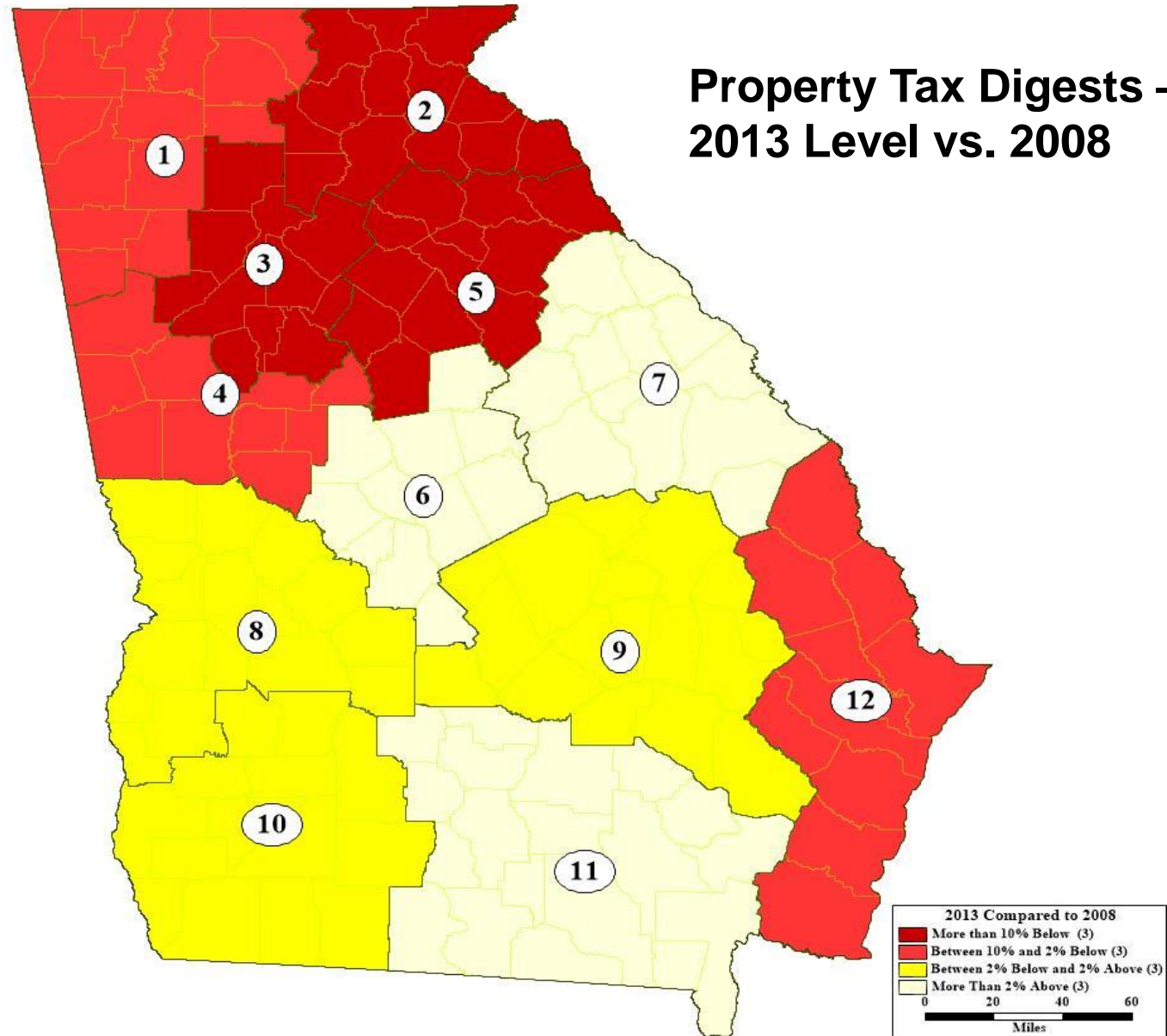# In FY 2014,General Fund Revenues Finally Reached Pre-recession Peak

Georgia General Fund Revenues ($M)

$-3.6B or -19.2%

$-1.1B or -7.2%
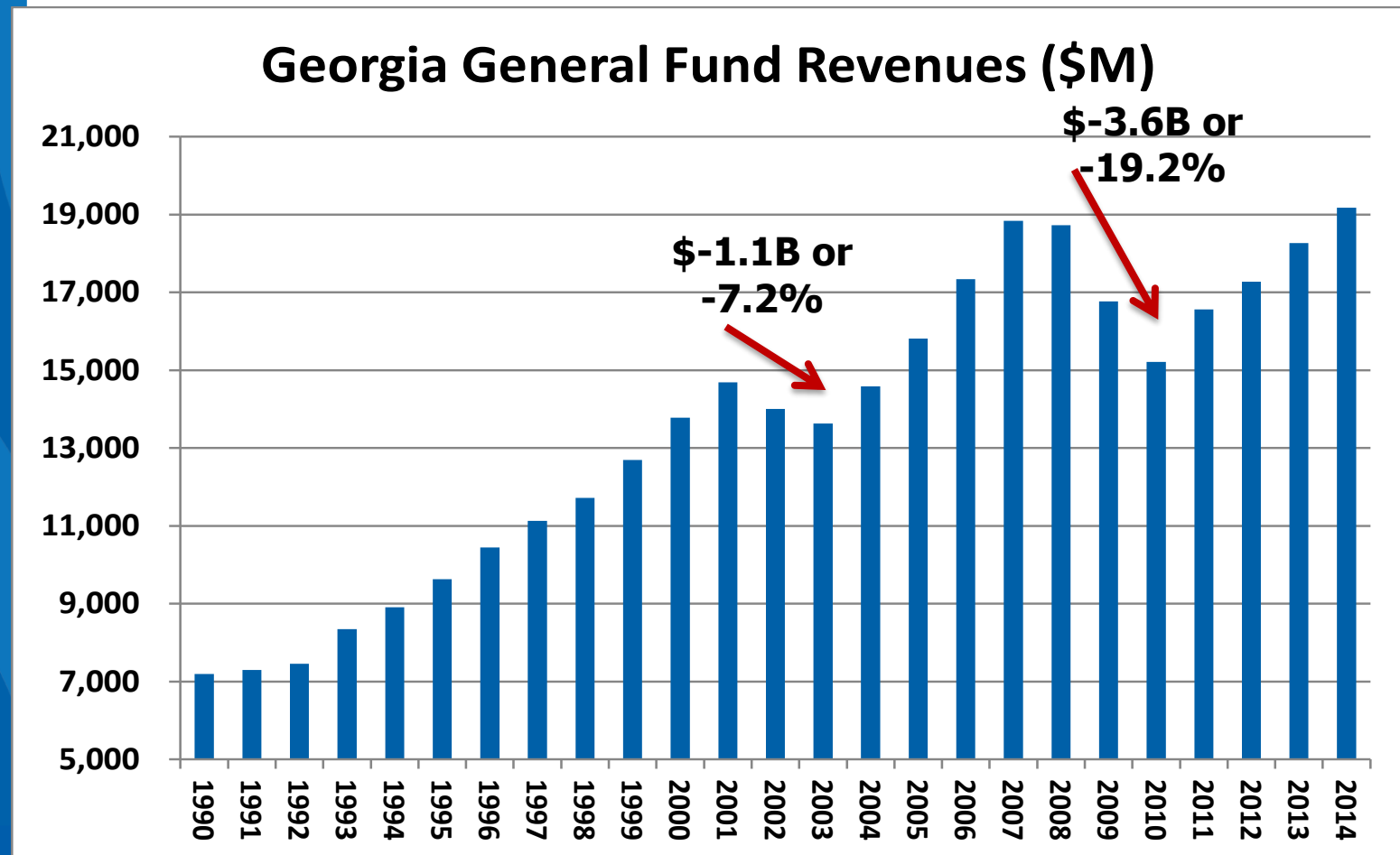
But Adjusted for Inflation and Population Growth, Revenues are Still Below Prior Peak

Georgia General Fund Revenues

Property Tax Digests – 2013 Level vs. 2008

2013 Compared to 2008
- More than 10% Below (3)
- Between 10% and 2% Below (3)
- Between 2% Below and 2% Above (3)
- More Than 2% Above (3)

0   20   40   60
Miles

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FY 2014 Revenues Outperformed Budget Plan

Georgia General Fund Revenues

% Change Over FY 2013

- FY 2014 Growth Target: **3.4%**
- FY 2014 Prelim Growth: **4.8%**
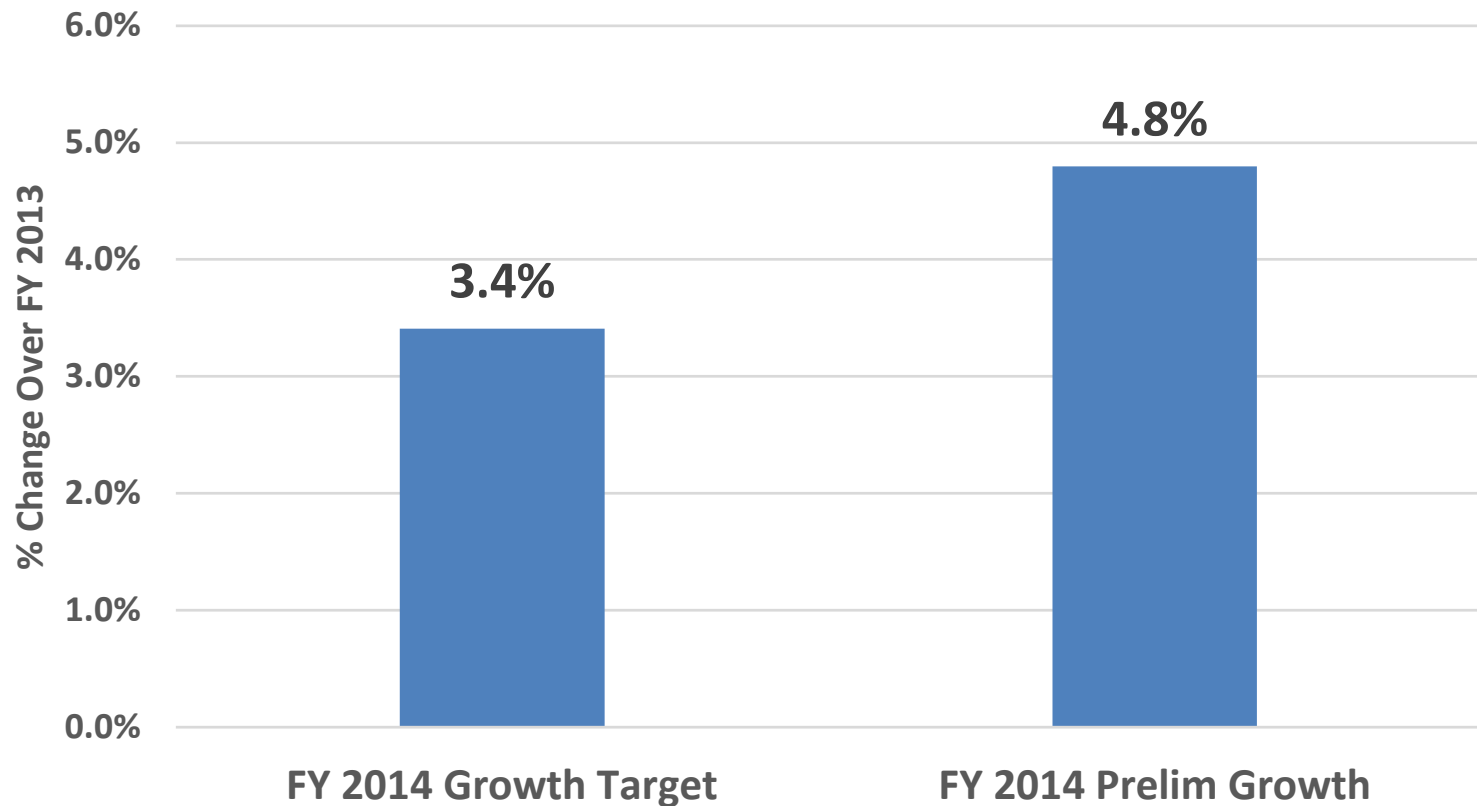
Georgia Employment Growth in Line with US Growth

Non-Farm Employment Growth - US vs. Georgia
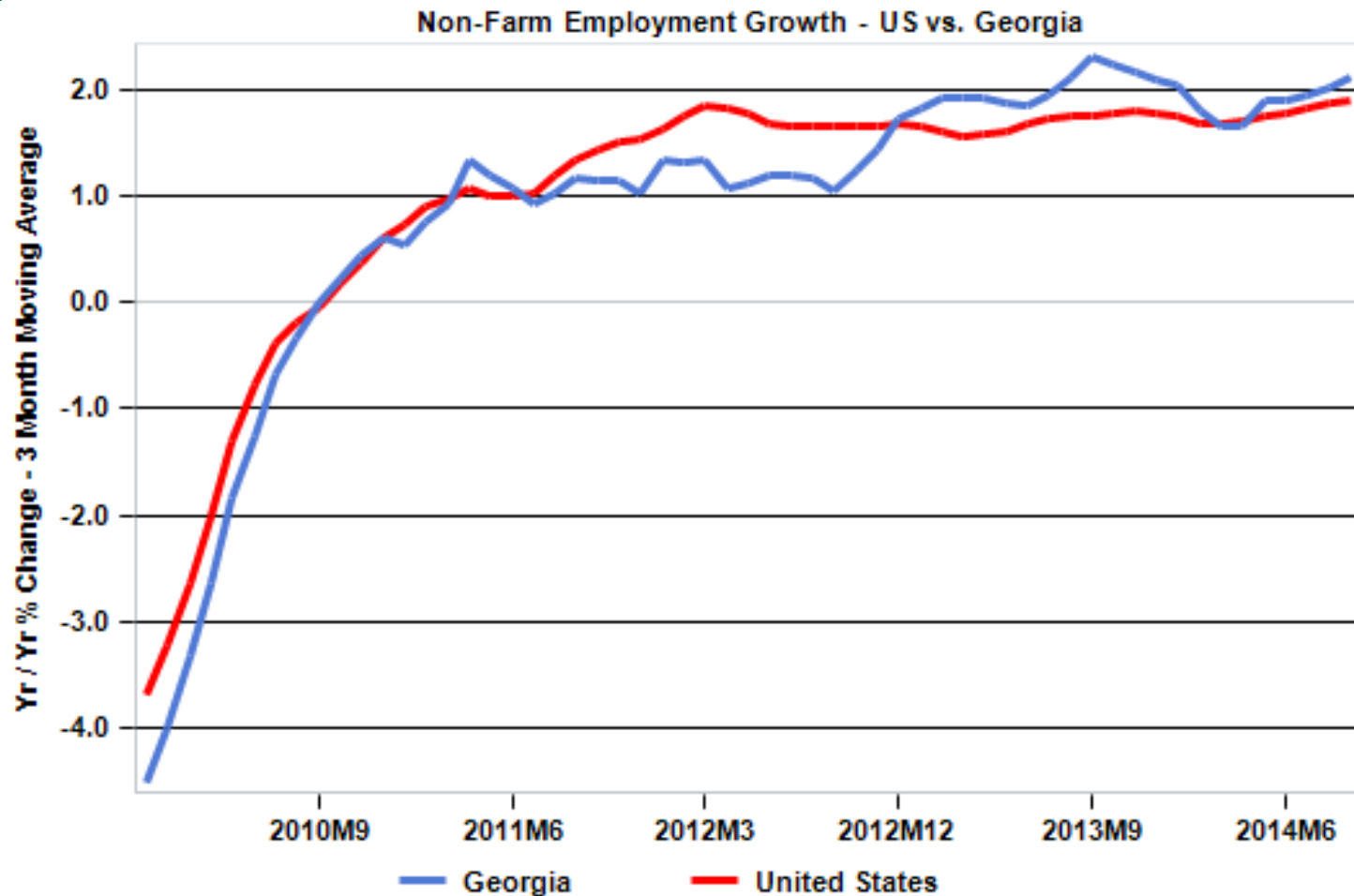
Growth is Diversified Across Industries

GA Sector Employment Growth - September 2014
Yr/Yr % Change - 3 Month Moving Average

Sector	Growth
Professional and Business Services	~4.6%
Construction	~4.5%
Leisure and Hospitality	~4.1%
Manufacturing	~2.4%
Trade Transportation and Utilities	~2.0%
Information	~1.6%
Education and Health	~1.2%
Financial	~0.5%
Government	~-0.1%
Other Services	~-0.2%
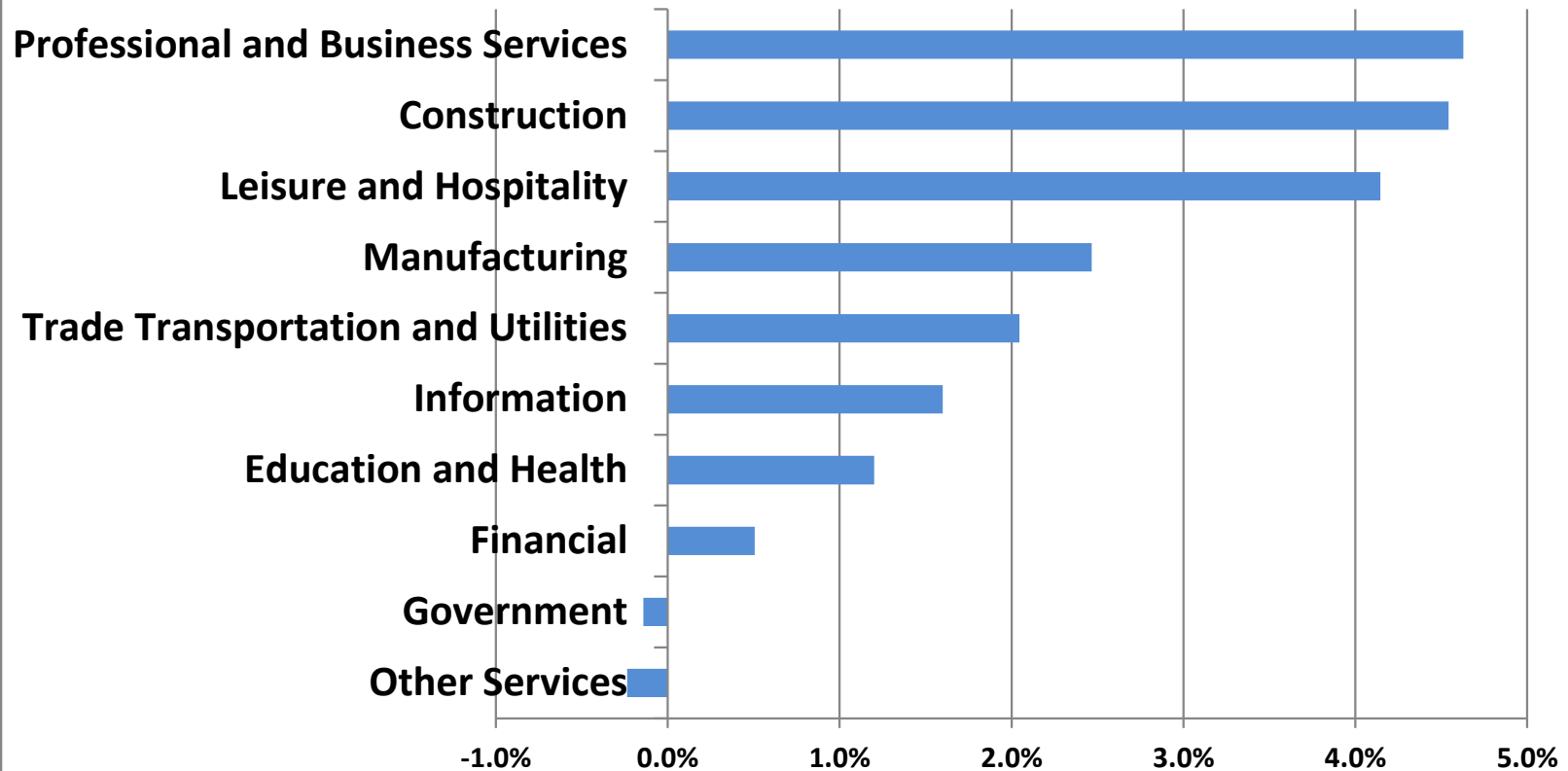
Significant Regional Disparities in Growth Across Georgia
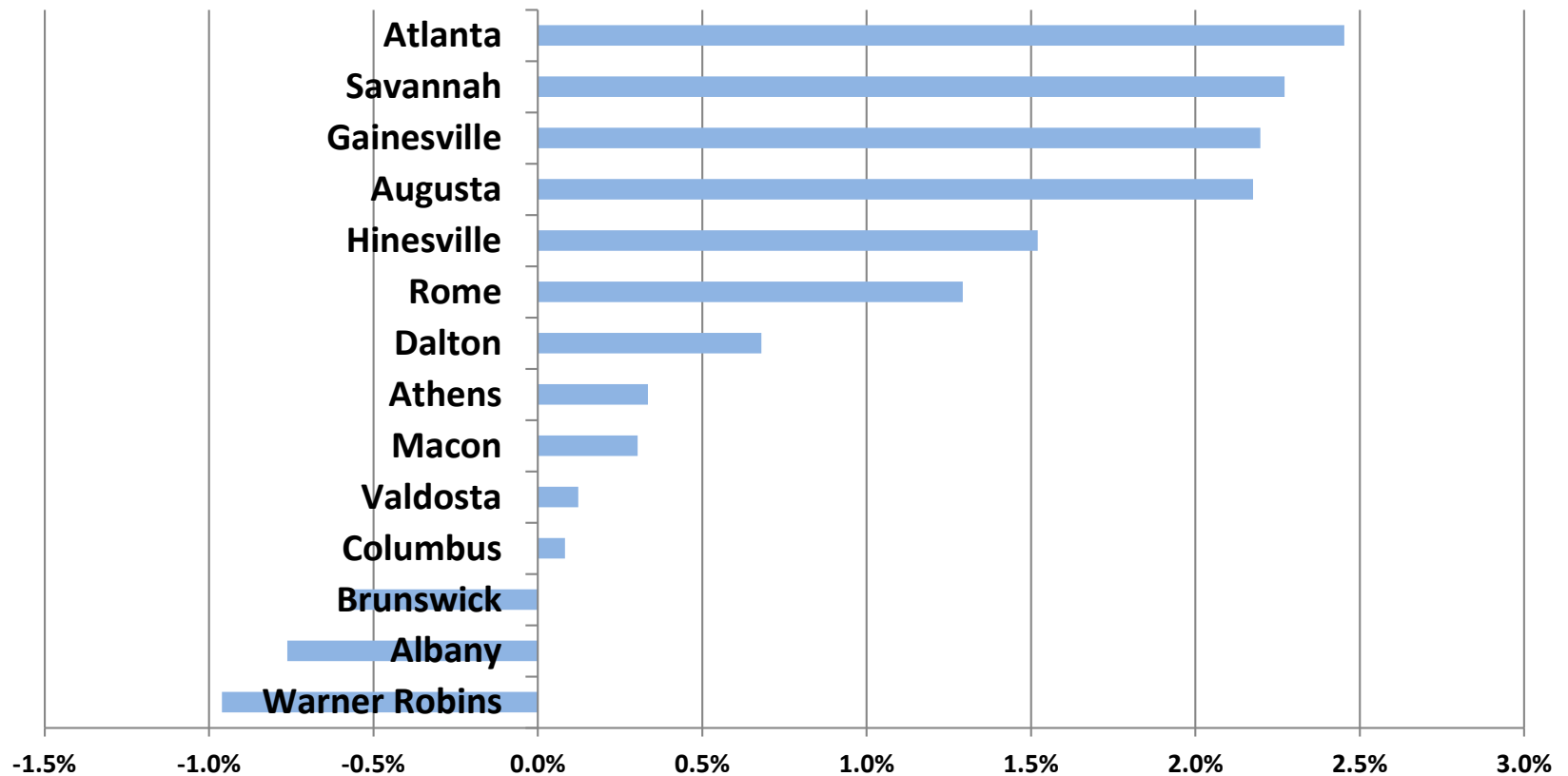
Employment Growth by Metro Area - Sept. 2014
Yr/Yr % Change - 3 Month Moving Average

Metro Area	Yr/Yr % Change
Atlanta	2.45%
Savannah	2.28%
Gainesville	2.20%
Augusta	2.18%
Hinesville	1.52%
Rome	1.30%
Dalton	0.68%
Athens	0.33%
Macon	0.30%
Valdosta	0.12%
Columbus	0.08%
Brunswick	0.00%
Albany	-0.75%
Warner Robins	-0.95%

Recap

- *State and Local government revenues have stabilized and are growing.*

- *US economy seems poised for much faster growth than seen during recovery to date.*

    - Acceleration in housing activity and consumer spending is required to achieve and maintain a broad based expansion, but we are still waiting on clear acceleration in these sectors.

    - Slow global growth, threat of deflation in Europe could have big repercussions

    - Geopolitical risk is high.

Other factors looming?

- Demographic shifts: quick overview

Older

U.S. Population, by Age Group: 1950-2050

Age/year	1950	1975	2000	2025	2050
Number (in thousands, rounded)					
Total	152,272	215,972	282,171	357,452	439,010
0-19	51,673	75,646	80,576	94,254	112,940
20-64	88,202	117,630	166,522	199,290	237,523
65-65+	12,397	22,696	35,074	63,907	88,547
Percent in Age Group (rounded)					
0-19	33.9	35.0	28.6	26.4	25.7
20-64	57.9	54.5	59.0	55.8	54.1
65-65+	8.1	10.5	12.4	17.9	20.2

Source: CRS computations based on data in the U.S. January 21, 2011 based on the Census Bureau's December 2010 data release. These data do not include results from the 2010 census.

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More Educated Women

Percent of 25-32 year-olds with a least a four-year college degree
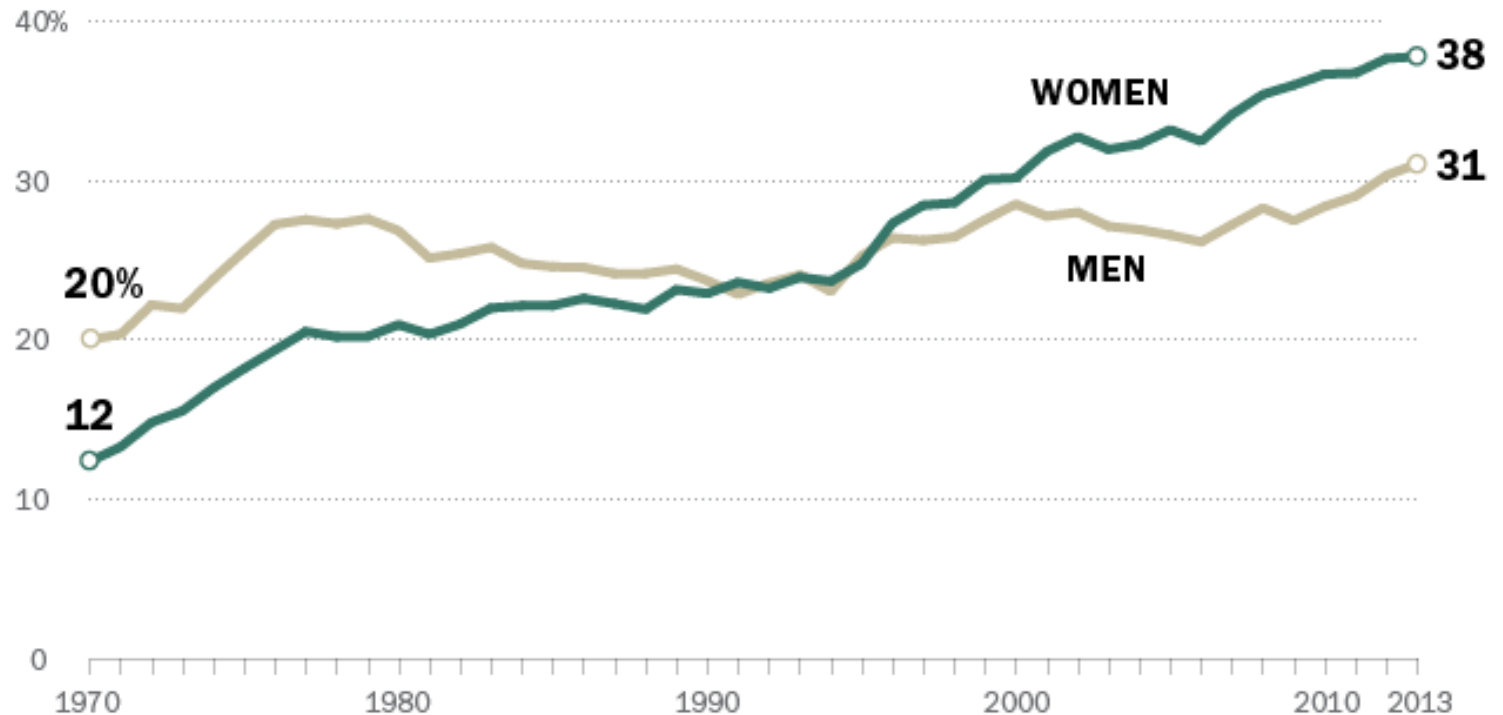
Source: Pew Research Center tabulations of Current Population Survey data.

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More Diverse

Projected U.S. Population, by Race: 2000-2050

(numbers in thousands)

Population	2000	2010	2020	2030	2040	2050
Total	282,125 (100.0)	310,233 (100.0)	341,387 (100.0)	373,504 (100.0)	405,655 (100.0)	439,010 (100.0)
White alone	228,548 (81.0)	246,630 (79.5)	266,275 (78.0)	286,109 (76.6)	305,247 (75.2)	324,800 (74.0)
Black alone	35,818 (12.7)	39,909 (12.9)	44,389 (13.0)	48,728 (13.0)	52,868 (13.0)	56,944 (13.0)
Asian alone	10,684 (3.8)	14,415 (4.6)	18,756 (5.5)	23,586 (6.3)	28,836 (7.1)	34,399 (7.8)
All other races[a]	7,075 (2.5)	9,279 (3.0)	11,967 (3.5)	15,081 (4.0)	18,704 (4.6)	22,867 (5.2)

Source: *For years 2010-2050*: U.S. Census Bureau, Population Division. "Table 4. Projections of the Population by Sex, Race, and Hispanic Origin for the United States: 2010 to 2050." (NP2008-T4). Release date: August 14, 2008. *For year 2000*: U.S. Census Bureau, "U.S. Interim Projections by Age, Sex, Race, and Hispanic Origin," Internet release data: March 18, 2004, at http://www.census.gov/ipc/www/usinterimproj/.

Lessons?

- Diversity in the labor market on top of slow recovery

- Labor Supply Policies (e.g. educational attainment, training, etc.) specific for demographics?

- Flexibility in economic development from supply and demand side?

- Is there a new norm?

Thank you

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