West Georgia Regional Update

UNIVERSITY of West Georgia
Richards College of Business

Carroll, Coweta, Douglas, Haralson, Paulding and Polk Counties

2014: Volume 5, Issue 2

Center for Business and Economic Research

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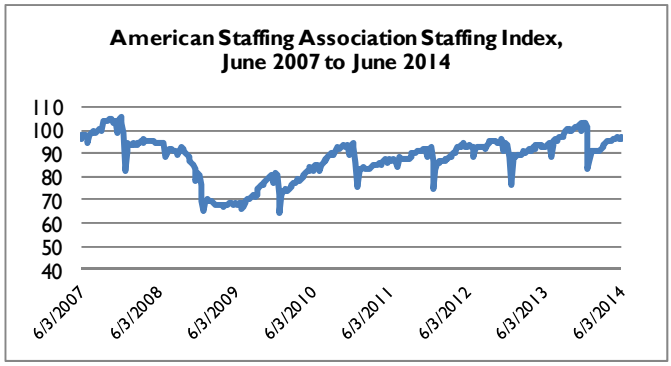
Spotlight: Temporary and Part-Time Employment

A temporary worker, or "temp" refers to a member of the labor force that provides labor to a firm on a time-limited basis. A temp worker can work either on a full or part-time basis. As U.S. economic conditions continue to improve, temporary and part-time workers have grown in importance, filling many of the new jobs that have been created since the most recent recession ended. In past recessions, both temporary and part-time employment have tended to increase because of the cyclical decline in hours worked and the firm's desire to cut the cost associated with employee benefits and layoffs. However, as recessions end, the levels of these types of jobs have historically fell as firms turned back to permanent employment. An unusual feature of the current recovery is that the employment of temporary, contract and part-time workers as a group has continued to increase long into the recovery, and that these workers together now account for more than 10% of new job growth since the end of the 2007-2009 recession.

Although temp workers are classified as part of the service-providing sector, the types of jobs these workers occupy range widely by both skill level and by occupation.



It has been suggested that a large part of the demand for temporary and part-time labor has been driven by regulations applicable to full-time employment, and that most recent growth in demand may be attributed to recent legislation. Starting in 2014, the Affordable Care Act (AKA Obamacare) required that employers with 50 or more employees offer health insurance coverage to any employee working 30 or more hours per week, else face a penalty. The response of some employers has been to shift from permanent, full-time employees to temporary (but not part-time) employment. The ability of firms to shift to part-time employment has been limited by the Act. Obamacare views part-time workers based on their hourly share of an equivalent full-time employee. In other words, every 30 hours of work is viewed as equivalent to a full-time employee;. However, temporary employees are not viewed as employees of the firm in which they work, but either as employees of the temp agency or independent contractors responsible for their own benefits.

The use of temp workers over permanent workers has both costs and benefits. One of the most important benefits is the increased ease of hiring. Permanent employ-

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U.S. real GDP decreased at an annual rate of 1% in the first quarter of 2014. In comparison, the U.S. economy grew by 2.6% during the fourth quarter of 2013. On the other hand, the most recent jobs report was relatively strong as the U.S. economy added about 217,000 jobs in May 2014. The U.S. unemployment rate (SA) stood at 6.3% in May 2014. In comparison, 7.5% of the U.S. workforce was unemployed in May 2013. The most recent Case-Schiller Home Price Index shows continued improvement in the housing market with March 2014 U.S. home prices up 12.4% compared to March 2013. The market is even more robust in the Atlanta MSA with prices up by 15.7% over the past year.

As for the West Georgia Region, unemployment rates in May 2014 were lower in all six counties in the West Georgia Region compared to May 2013. Paulding County had the lowest unemployment rate in the region (6.8%) while Carroll County had the highest rate at 8.3%. Three of the region's counties, Coweta, Paulding and Polk, had unemployment rates below the state average of 7.5%. Over the past year, Haralson County has seen the largest drop (-1.5%) in its unemployment rate. In another positive sign for the West Georgia economy, the number of initial claims for unemployment

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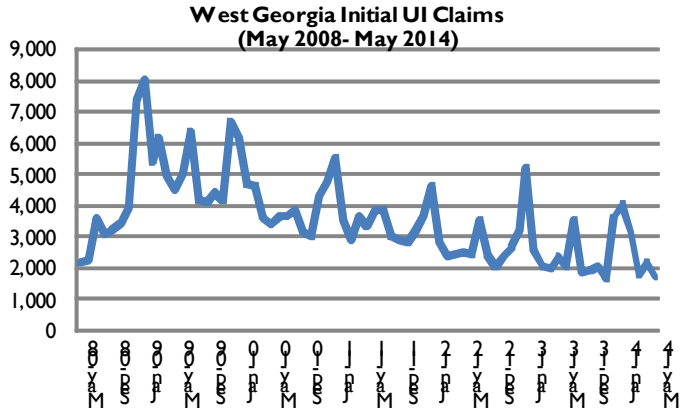
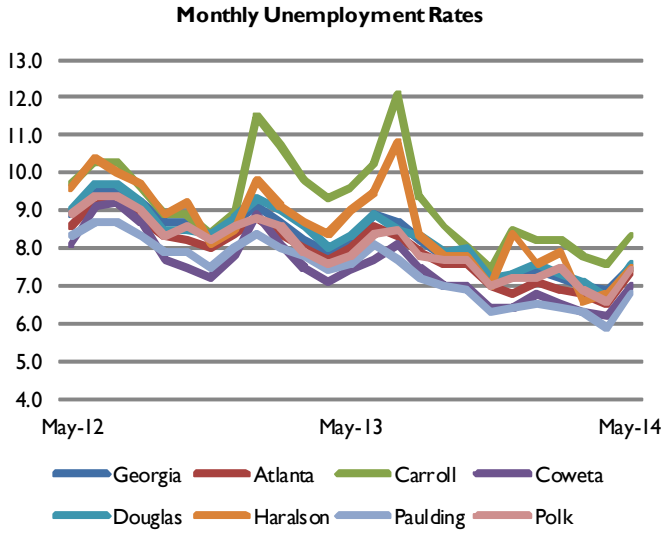
West Georgia Employment Update



The region's unemployment insurance (UI) claims have receded to a level last experienced prior to the 2007-2009 recession. May 2014 saw only 1,698 new UI claims, which is down from 2,381 claims in May 2013 or a 28.7% decline. These year-over-year declines occurred across every county in the region. Polk led the region with a 44.3% decline in new claims, followed closely by Carroll, which posted a decline of 37.4% over the year. Douglas, Haralson, and Paulding all posted declines in excess of 20% over the past year. Coweta posted the smallest decline in percentage terms (-7.2%). The West Georgia Region's new claim reductions matched or exceeded that of the Atlanta MSA in four counties and state overall in three counties.

Every county in the West Georgia Region saw its unemployment rate decline over the past year. Currently, Paulding's May unemployment rate is the lowest in the region at 6.8%. Despite shedding 1.3 percentage points over the past year, Carroll's unemployment rate remains the highest in the region at 8.3%. Furthermore, the unemployment rates in Carroll and Douglas are both above the state's rate. The largest rate decline was in Haralson, which fell from 9.0% in May 2013 to 7.5% in May 2014. Overall, the West Georgia Region (7.4%) is keeping pace with the Atlanta MSA (7.3%) and the state (7.5%). As important as the decline in the region's unemployment rate is the fact that it occurred while most counties were adding workers to the labor force. Overall, the region added a net of 1,438 new members to the work force, though Carroll (-21 workers), Haralson (-27 workers) and Polk (-98 workers) posted small losses. Overall, the region is is now employing workers at a faster rate than they are entering the labor force.

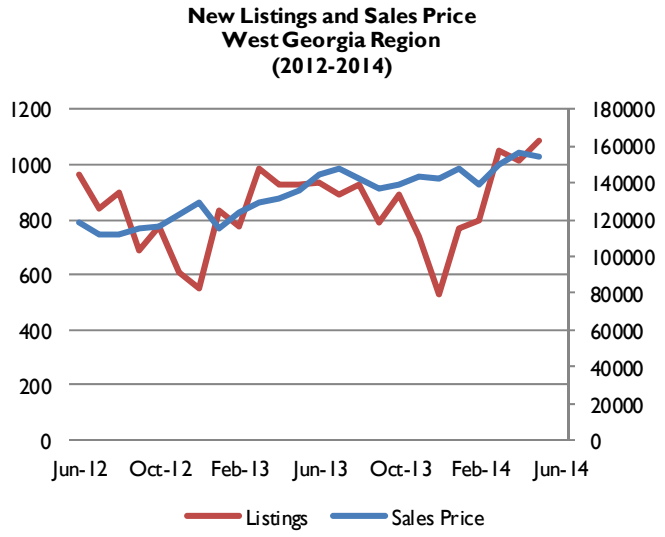


Employment Growth				
(% Change 2012 to 2013 Annual)				
County	Total Employment	Goods Producing	Service Providing	Govt.
Carroll	0.6%	-8.2%	12.6%	-20.2%
Coweta	5.9%	2.6%	8.8%	-1.2%
Douglas	3.2%	7.5%	3.2%	-0.3%
Haralson	-15.1%	-16.9%	-21.9%	2.0%
Paulding	2.5%	2.0%	3.8%	-0.2%
Polk	1.4%	3.6%	1.3%	-3.2%
Georgia	2.0%	1.7%	3.0%	-1.7%

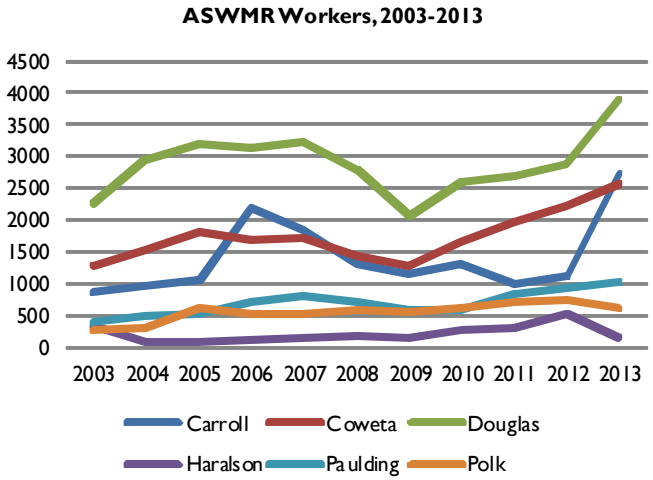
The improving employment situation for residents of the region has been driven by the return of private sector jobs. Between 2012 and 2013, five of the six West Georgia counties experienced overall job growth, and at 5.9% annual growth, Coweta tops the region. Additionally, three of the six West Georgia counties posted faster overall job growth than the state. Within the goods-producing sector, Douglas led the region with a growth rate of 7.5%, or 366 new jobs. At a loss of 8.2% in goods-producing jobs, Carroll posted the second largest rate decline and largest decline in absolute terms for the period (-719 jobs). Carroll's losses were primarily from the food manufacturing sub-sector. Haralson experienced the largest rate decline in goods-producing jobs at –16.9%, but disclosure issues prevent the allocation of job losses to a particular sub-sector. The service-providing sector continues to drive the jobs recovery in the region. Five of the six region counties had service job growth that totaled 5,721 jobs over the past year. Only Haralson experienced job losses in this category.

Temporary Employment and Housing Update

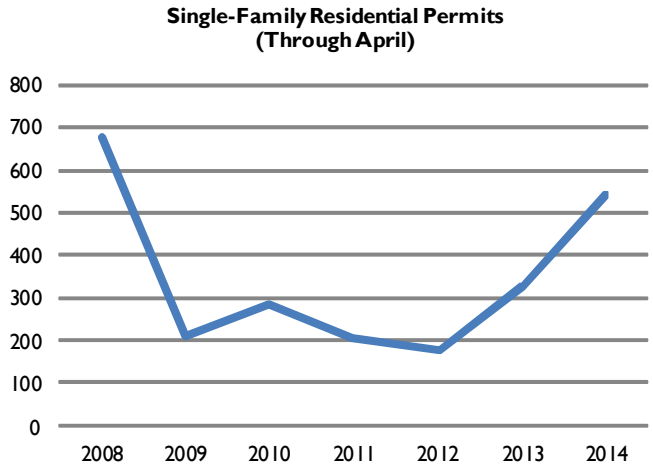
The industrial sector of administration, support, waste management and remediation (ASWMR), which is primarily temporary employment, has added jobs in four of the six West Georgia Counties over the past year. Carroll County added 1,594 new ASWMR jobs for an increase of 141.7% increase, representing both the largest increase in absolute and percentage terms. Douglas added 34.3% or 991 new jobs to the sector. Within the region, only Haralson and Polk experienced reductions, which combined for -501 ASWMR jobs. Since 2003, ASWMR jobs have become a larger share of total employment in the region. In Douglas, these jobs comprise 10.2% of total county employment, up from its 10-year peak of 8.9% in 2005. Looking over the past 10-year period, all of the region's counties are at or above their previous high water mark for ASWMR employment as a share of total employment.



Rising prices have also started to attract new homebuilding activity back to the region. For the period starting in January though April, single-family permits are up for the second straight year, and the pace is picking up. Though the region is a long way from producing the number of new housing units experienced in the mid-2000s, the first third of the year in 2013 yielded 327 new housing permits. This year to date, West Georgia has permitted 544 new houses for an increase of 66.4% compared to the same period in 2013. Paulding, Coweta and Douglas account for almost all of the gains. Paulding added 122 new permits in 2014, more than doubling the number of permits issued for the same period in the previous year. Coweta permitted 67 more single family units, also more than doubling the number of new single-family residences permitted through April 2013.



The sales price for housing in the West Georgia Region has been rising for more than two years, however, homeowners have remained on the sidelines waiting for still higher prices and because of this, new listings have been sparse. The prolonged period of rising prices has finally started to draw out sellers. Though average sales price in the region retreated a bit in May 2014, currently it stands at $154,537, or 14.1% above last year's average price. Even though average prices depend on the actual houses sold, what this indicates is that, at the very least, higher valued housing is now re-entering the region's traditional housing market and confidence is returning to typical home sellers and buyers. Within the region, Paulding experienced the largest sales price increase, both in dollars (+$34,052) and in percentage terms (+29.2%). Douglas, one of the state's counties most negatively affected by the collapse of the housing market, posted the second largest increases at +$19,922 or +15.3%. Haralson was the only county posing a sales price decline at -$20,136 or -17.8% over the year.



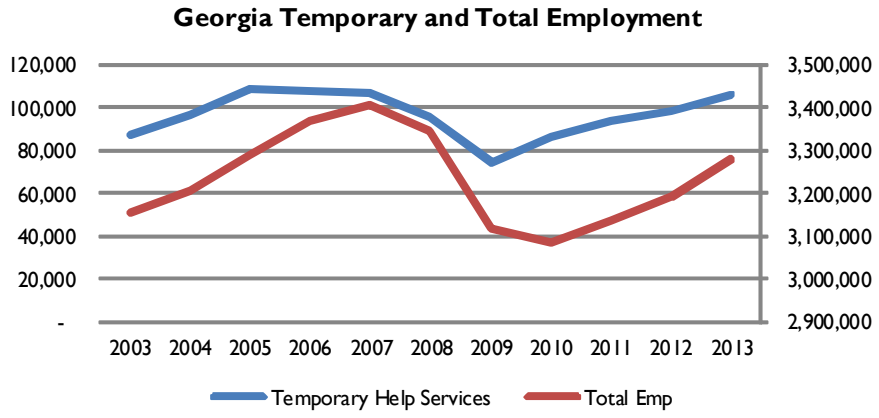
Temporary and Part-Time Employment (continued from page 1)

ment requires a more rigorous interview process to ensure a good employee-employer match. On the other hand, for firms (or industries) that face substantial seasonality or swings in demand, access to temp workers allows for a more flexibility in the size of the workforce and higher productivity in both a good and bad economy. However, it has also been pointed out that typically temp workers earn a fraction of their permanent counterparts and receive few work benefits, resulting in substantially higher turnover rates among these workers. Despite legislation and arguments for or against, it is clear is that U.S. firms are shifting towards temp employment.

The American Staffing Index provides information about changes in the use of temporary employment for the U.S. The index serves as a coincident economic indicator and a leading indicator for employment. In the graph on page 1, the weekly index for the first week of June 2014 indicates that temporary employment levels are up compared to the same week in 2013. Furthermore, temporary employment is higher in all weeks in 2014 except the first week of the year. Although growth in temp employment is likely to continue at a healthy pace, the rate of growth thus far in 2014 is showing signs of moderation.

In Georgia, temporary help services (NAICS 561320) took a dip in the recession along with other employment. In the period just before the recession, Georgia's temp employment slowed before that of overall employment, but started to rise again a full year before total employment began to recover. Temporary employment has been rising steadily since 2009 and currently stands at 3.2% of total employment in the state, which is approximately the levels experienced before the recession began. The year 2005 remains the decade's peak in temp employment both in absolute terms (108,712 jobs) and as a percentage of total employment (3.3%). Georgia in aggregate may not be experiencing the same shift towards temporary labor that is occurring elsewhere in the U.S., but the West Georgia Region is.

County-level temporary employment is aggregated within a category labeled *Administration, Support, Waste Management and Remediation (ASWMR)*. Temporary employment comprises more than half of ASWMR employment. Within the West Georgia Region, ASWMR employment fell throughout the most recent recession and only began to experience annual growth again in 2010. Since 2010, the average of the annual growth rate in this employment category has been 17.7%, with the growth from 2012 to 2013 topping out at 30% per year. Of the six west Georgia counties, four have posted growth in ASWMR employment in the past year, and all but one (Haralson) has seen temporary employment as a percent of total reach a 10-year peak in the most recent year of data, 2013. In this regard, West Georgia may once again be leading the state.



Update (continued from page 1)

insurance was lower in all six counties in May 2014 compared to May 2013. The 44% year-over-year decline in Polk County was the greatest percentage drop in the region.

Recent employment and housing numbers provide further evidence of economic recovery in the West Georgia Region. Total employment rose in the region by 3.1% between 2012Q4 and 2013Q4. The health care, accommodation/food services, and the administrative support sectors each sustained job growth in excess of 6% over this one year period. Retail trade and manufacturing employment expanded modestly while the government sector saw employment drop in the West Georgia region by 6.5% between 2012Q4 and 2013Q4. Some of this drop in government employment can be attributed to the "privatization movement" as government employers such as the public schools contract out janitorial and other services to private companies. Coweta and Douglas counties experienced very robust job growth (above 6%) during 2012Q4-2013Q4. All other counties in the region, with the exception of Haralson, added jobs over this period. Housing construction activity continues to pick up in the region Thus far in 2014 (through April), a total of 544 single family permits have been issued in the region (up by 66% vs. the same period in 2013). Coweta and Paulding counties accounted for almost 85% of the permits issued thus far in 2014.

A number of recent announcements will have an impact on employment growth in the West Georgia Region. Most significant was the decision by Keurig Green Mountain to invest $337 million in a new plant in Douglasville. The manufacturing facility will support the production of pods for the company's cold beverage system. Once in full operation, the plant is expected to generate approximately 550 jobs. In another significant expansion, Niagara Bottling announced that it would locate a water bottling facility in the Shenandoah Industrial Park. This project will result in a $79 million capital investment. Once in operation, the bottling facility will employ approximately 70 employees. The Yamaha Motor Manufacturing Plant in Newnan is also expected to add about 250 new jobs by the end of the 2016 as it shifts ATV production from Japan to Newnan. The region has seen (or is projected to see) some expansions in the retail/accommodation sectors. Carrollton expansions include a new downtown pub (City Tavern), a Hard Bean Café (near the West Georgia Campus) and a Courtyard by Marriott off the downtown square. Examples of new retail/hotel activity in Coweta County include a Pep Boys store, a hiking and outdoor store (Gander Mountain) as well as an 89-bed hotel (Towne Place Suites by Marriott). Douglas County expansions include a newly opened Academy Sports in Douglasville, a planned Tractor Supply store, and a Books-A-Million store to open in the Arbor Place Mall in the fall. A new Hobby Lobby store recently opened in Hiram (Paulding County). Tanner Health Systems recently completed construction on its Urgent Care facility in Bremen while work continues on its Intermediate Care Facility in Carrollton. Voters in two counties in the region passed education SPLOST tax extensions in May 2014 (Paulding and Polk). In addition, the City of Bremen voters approved Sunday by-the-drink as well as Sunday package sales. Voters in Haralson County will also be asked to extend a SPLOST in November with a new county jail being the major project to be funded. The University of West Georgia Newnan project remains on track to open in January 2015.