

# West Georgia Regional Update

Carroll, Coweta, Douglas, Haralson, & Paulding County

## Industry Spotlight: Trends in Government Employment

In the West Georgia Region, government sector employment comprises about 1/5<sup>th</sup> of the total employment base. These government jobs have traditionally attracted employees that are more interested in income stability rather than income potential, but this recession has called into question how stable government employment actually is. With strong population growth, increasing demands on local school systems, and rising enrollment in post-secondary education, public sector job growth in the West Georgia region had been robust, but fiscal stress at every level of government has reversed that trend. The most recent data (Q4:09) indicate a 3.6% decrease in the number of total government jobs (local, state, and federal) over the same period in 2008.

In addition to job losses, furloughs have also had an impact on local economies, but these losses do not show up in unemployment data. The lost income from unpaid days off can be viewed as short periods of unemployment. If it's assumed a pub-

lic sector employee works 5 days a week, 50 weeks per year (for a total of 250 work days per year), then 250 employee furlough days is approximately equivalent to a job lost. In Q4:09 there were about 25,000 local and state government employees in the five-county region, so each furlough day taken across-the-board is roughly the same as laying off 100 government workers or a 0.4% reduction in state and local government employment in the region.

Carroll County's mix of local, state, and federal employment at the end of 2009 was 4,666, 3,023, and 221 respectively. The school systems' employees comprise, by far, the largest share of local government employment. State government employment in Carroll County is much larger than the other four counties in the region due to the employment in post-secondary ed. (e.g., University of West Georgia and West Georgia Technical College).

PreK-12 is continuing to see



Rendition of the new Carroll County Judicial Center

the impact of the recession in workforce reductions. The Carrollton City school system currently plans to eliminate 3 certified positions and 3.5 aide positions for the upcoming year. With a cut of \$1.8 million from last years budget, the system is additionally looking at pay decreases and a re-allocation of funds away from maintenance and operations.

The City of Carrollton approved its new budget with a decrease of one percent compared to last year's budget. No lay-offs or furloughs are planned, but employees will not see a raise this year. The University of West Georgia was also affected by

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## West Georgia Regional Update

Recent employment data illustrate the continued struggle the U.S. economy is having in creating jobs. The U.S. economy actually lost about 125,000 jobs in June aided in part by the layoff of thousands of U.S. Census workers. Concern about the state of the economy has led the Federal Reserve to become more pessimistic about the outlook.

While the Fed is not expecting the economy to enter a double-dip recession, it is almost certain to keep short term interest rates near zero for this year and for most of 2011. Also, U.S. GDP growth slowed to 2.4% in the 2<sup>nd</sup> quarter. There is some positive news on the national front. Inflationary pressures remain at very low levels and

the stock market continues to remain relatively robust driven in part by strong 2<sup>nd</sup> quarter earnings reports.

As for the West Georgia Region, unemployment rates in June remain above the national average in all counties in the region while four of the five counties exceeded the state rate of 10.3%. Haralson County had the highest unemploy-

(Continued on page 4)



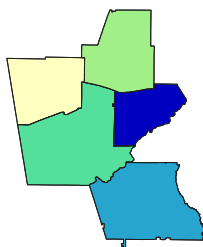
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### ANNOUNCEMENT

Economic Forecast Breakfast

Oct. 26, 2010

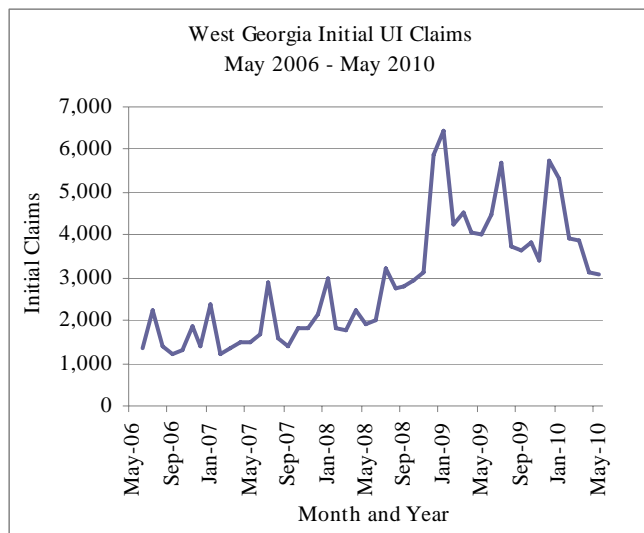
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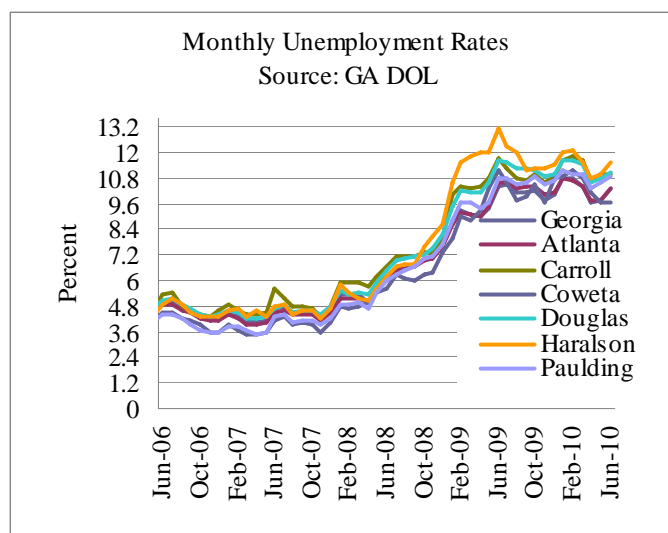


## West Georgia Employment Update



Though peak unemployment rates for the region are likely behind us, West Georgia has yet to see a substantial reduction in the jobless rate. The largest year-over-year unemployment rate declines in the region came from Haralson and Coweta. Haralson saw its rate drop from 13.1% in June 2009 to 11.5% in June 2010. Coweta's unemployment rate dipped from 11.2% to 9.7% over the same period, making it the only county in the region to currently have an unemployment rate in the single digits. All West Georgia counties except Coweta are currently experiencing unemployment rates higher than both the state and the Atlanta Region; however, Carroll, Coweta, Douglas and Haralson have all seen larger reductions in their unemployment rates over the past year in comparison to both the state and the Atlanta Metropolitan Area.

May and June have provided further signs that West Georgia's initial unemployment claims have peaked and have begun to subside; however, high levels of new claims experienced during 2009 have been stubbornly slow to return to pre-recession levels. The most recent initial claims data total 3,095 for the region, the lowest level since October 2008. There remains a substantial amount of volatility in the series, which is a sign of how difficult it has been rebounding from this recession in the West Georgia area. Late summer and post-Christmas workforce reductions account for a large share of the extraordinarily high peaks in initial claims. Though, the trend in initial claims has been in the downward direction for the past year, July and August will likely result in large seasonal layoffs again this year.

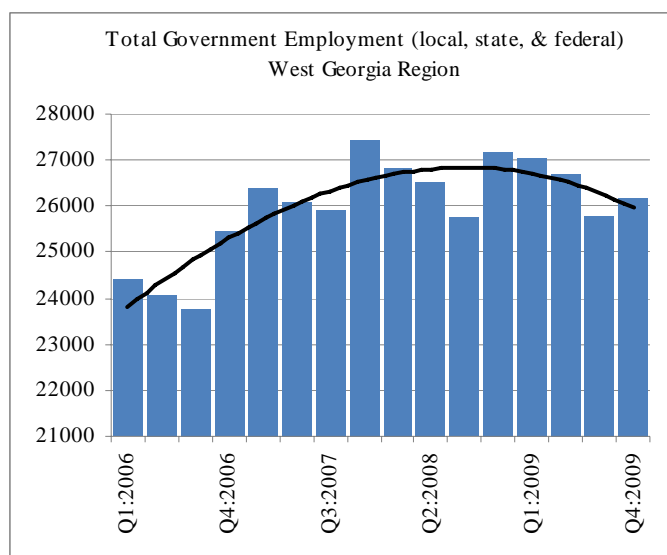
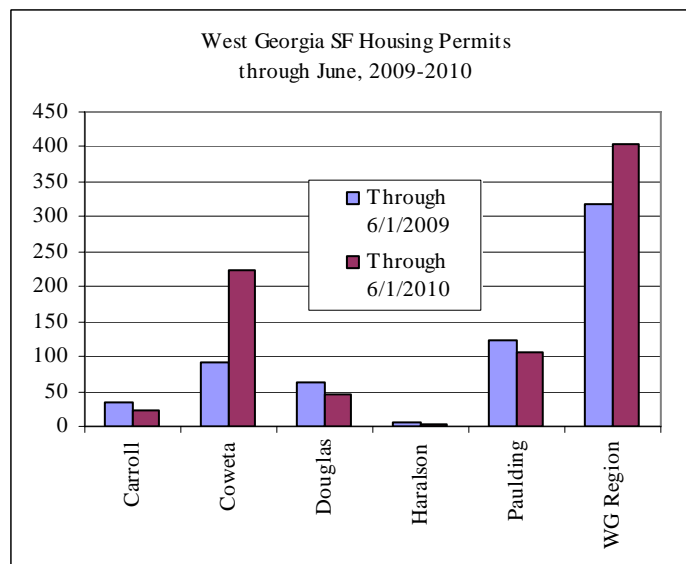


Employment Growth (% Change 2009Q4 vs. 2008Q4)				
	Total Employment	Goods-Producing	Service-Producing	Govt.
Carroll	-5.4%	-12.8%	-0.7%	-7.1%
Coweta	-7.5%	-18.3%	-5.3%	-3.2%
Douglas	-9.8%	-25.2%	-7.9%	-1.6%
Haralson	-11.4%	-19.9%	-8.1%	-6.2%
Paulding	-4.4%	-14.8%	-3.8%	-0.1%
Georgia	-5.4%	-13.9%	-3.9%	-3.3%

Georgia lost 5.4% of its job base from Q4:08 to Q4:09. West Georgia's employment declined by 7.4% over the same period. By far, the most affected industry for the state and the West Georgia Region has been goods production, which declined 13.9% and 17.7%, respectively, for the year. Though goods-production losses have started to moderate in all WG counties, no county in the region has seen significant signs of recovery in this sector. All counties have continued to see double-digit job declines. In comparison, service job losses have been smaller in both size and in percentage terms even though they make up about 3/4ths of private sector jobs in the region. Government employment has seen increasing job losses in four of five WG counties, Paulding being the only exception.

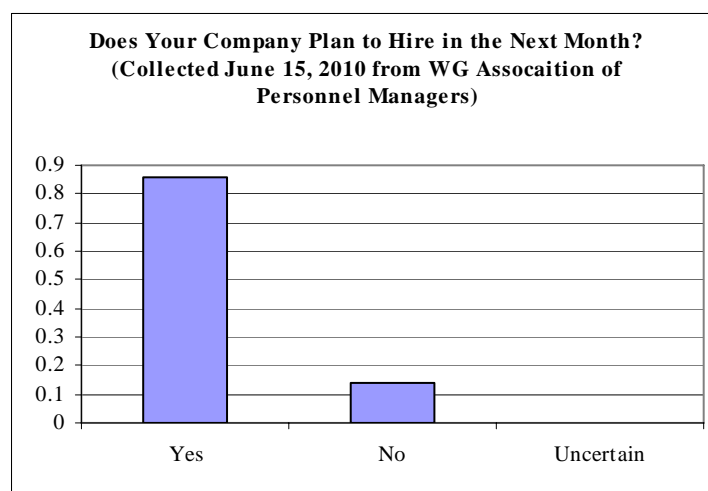
# West Georgia Housing & Healthcare Update

Housing permit activity is well above last year's level in Coweta County, but still at low levels compared to the boom years of the early 2000s. The remainder of the WG Region, however, has yet to see any significant bounce-back from what appears to be the bottom of the market. High foreclosure rates in the region, more restrictive credit requirements, and fears about continued weakness in the job market have sidelined many potential buyers. Furthermore, buyers in the market are still able to find bargains in the region's existing housing stock. At the national level, with 30-year fixed mortgage rates in the mid-4% range, the number of new single-family housing permits for the US increased through the first half of 2010 over the same period for the previous year by 11.9%, but gains evaporated as the homebuyer tax credit disappeared in June.



The past two years have claimed a significant number of government jobs in the WG Region. From Q4:08 to Q4:09, the region saw public sector employment decline by 3.6%, while Georgia saw public sector employment decline by 3.3%. Carroll and Haralson experienced the largest percentage reductions of 7.1% and 6.2%, respectively. Within counties, the recession's impact on federal jobs was negative, but small. The largest effects were in state and local employment. According to the Georgia Department of Labor, Carroll lost 620 jobs between Q4:08 and Q4:09. The vast majority of the public sector job reduction occurred in state government employment. Of the 114 government jobs Haralson lost over the last year, 86 were from local government. To a lesser extent, Coweta, Douglas and Paulding have also been losing jobs in the state and local sector.

A survey from the National Association of Business Economists published in late July indicated that US companies have shifted back to looking for new hires. Of 84 companies surveyed, 31% had recently added new workers (up from 22% in the previous survey). A June survey of West Georgia Association of Human Resource Managers produced much the same results. According to West Georgia personnel managers, 85.7% were planning to hire new employees within the next month. West Georgia personnel managers also rated their level of optimism about the local economy as higher than for the economy of the State of Georgia. On a scale of 1 to 10 (10 being very optimistic), West Georgia received an average rating of a 5.7, where the state received a 5.3.



## Government (cont.)

state budget cuts, but those were offset with additional fees assessed to students, and job cuts were avoided. In July, the Governor's office mandated an additional 4% budget cut for all state agencies, including colleges and universities (the only exception is PreK-12). Whether through workforce reductions, pay cuts, pay freezes, furlough days, or service reductions, the result is that fewer dollars are entering the Carroll County economy via the public sector.

Coweta County is home to 4,691 local, 356 state, and 230 federal employees. Like many suburban counties, the largest public-sector employer is schools. The recently passed Coweta County School's budget does not call for any reduction in academic offerings or personnel. The county budget, while not yet approved, is not expected to include job cuts. During the last budget period, the county prevented furlough days for (state) Health Department workers by supplementing funding reductions from the state. However, despite Coweta's efforts, the county saw government jobs decline 3.4% from Q4:08 to Q4:09. On a positive note, the new National Detector Dog Training Center opened in June 2010, with 22 new full time federal employees.

Douglas County will be voting in early August on proposed millage rate increases in order to cover budget shortfalls. A 15% de-

crease in the property digest means less revenue coming in. Both the Board of Commissioners and the Board of Education are asking for an increase in the millage rate to avoid painful cuts in services. The Board of Education is not expecting teacher layoffs at this time, but staff will experience five furlough days during the 2010-2011 school year. The BOE also approved increasing class sizes up to four additional students over the current state standard.

Haralson County is one of a small number of counties in Georgia which will convert to a four-day school week to offset declining tax revenues. The schools will operate Tuesday through Friday with slightly longer hours. The system expects to save about \$300,000. The BOE is also proposing a 0.5 increase in the millage rate to avoid further cuts. The tax digest has not been completed yet, and there are some fears that revenues will fall short of the current budget, and adjustments may have to be made mid-year. No jobs are slated to be eliminated at this time, but furloughs could be reinstated or paid holidays reduced if revenue shortfalls recur.

Paulding County, recognized by USA Today as the fifth fastest growing county in the U.S., is also being forced to cut educational services. The recently approved public school budget calls for the elimination of



North Paulding County High School, opened in 2008, is the regions newest high school.

233 certified and 123 classified positions. Remaining employees will undergo six furlough days, and four fewer work days for the year. Employees are also required to cover a larger share of their medical benefits costs. The Board also passed a resolution to allow class sizes to increase by up to five students in grades K-12.

State and local governments are making up for some shortfalls with federal stimulus dollars. This funding source has been used for road and bridge improvements, police staffing, and to cover revenue shortfalls from the state in areas such as higher education. But once this funding source is exhausted, it is likely the state and local governments in the region will have to further tighten their belts, or face more shortfalls.

## Update

ment rate at 11.5% while Coweta had the lowest rate at 9.7%. On a positive note, initial claims for unemployment were down in the West Georgia Region in June suggesting fewer individuals are filing for unemployment benefits with the Georgia Department of Labor. For the region as a whole, initial claims are down by about 25% in June 2010 compared to June 2009. Over the same period of time, the state as a whole has seen new filings drop by a slightly higher 27%.

The economic struggles for the region are clearly related to its greater dependence on the goods-producing sectors of construction and manufacturing. As the table on page 2 indicates, counties in the West Georgia Region sustained sharp drops in goods-production employment between the fourth quarter of 2008 and the fourth quarter of 2009. Examples of recent manufacturing

shutdowns in the region include the Steelcase furniture plant in Lithia Springs and the Ball Aerosol plant in Tallapoosa. Overall employment fell by about 7.4% during the same period. The nose dive in single family housing construction activity contributed to a significant drop in construction employment. Overall, single family permit activity was 53.3% lower in 2009 compared to 2008. Thus far in 2010, the region has seen a modest uptick in permit activity. A total of 405 single family units were permitted in the first six months of 2010 compared to 317 units for the same period in 2009. The regional gain is centered in Coweta County which sustained a 141% increase in housing activity in the first six months of 2010 (224 permits in Jan.-June 2010 vs. 93 permits in Jan.-June 2009).

Despite the relative weakness of the re-

gional economy, a number of positive developments are taking place. In Newnan, construction is underway on the new Piedmont Newnan Hospital and neighboring medical office facilities. Groundbreaking recently took place on a new Coweta County Health Department building also. In Carrollton, construction continues on the Tanner Health System Hospital expansion. In addition, groundbreaking on the new downtown Carroll County Judicial Center was held in early July. Douglas County will be the beneficiary of about 125 jobs at a new Tyco International distribution center in Lithia Springs. Items distributed from the center include fire detection and safety equipment. The recent opening of a new terminal was a significant step forward in the development of the Paulding County's regional airport.