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Nagging unemployment plaguing Georgia recovery

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[Dave Williams](#)

Staff Writer- Atlanta Business Chronicle

From health parks in East Cobb to office campuses in Dunwoody to apartments in Buckhead and Midtown, everywhere metro Atlantans look, buildings are going up.

Yet, those signs of a rapidly recovering economy stand in sharp contrast to a stubbornly high unemployment rate. Four years after hitting a Great Recession unemployment peak of 10.2 percent, joblessness in Georgia still stood at 8.1 percent last month, highest in the country and two points above the national average.

Peach State unemployment has become political fodder in the gubernatorial race.

Democratic challenger [Jason Carter](#) accuses Republican Gov. [Nathan Deal](#) of disinvesting in education, job training and transportation infrastructure. The governor touts the more than 294,000 private-sector jobs created in Georgia since he took office in 2011 and Georgia's status as the No. 1 state in which to do business, according to three national surveys.

It all comes down to simple arithmetic, said [David Sjoquist](#), an economics professor at **Georgia State University**.

"In Georgia up until the Great Recession, unemployment typically was about a percentage point below the U.S. average," Sjoquist said. "The labor force in Georgia has grown at about the same rate as the rest of the nation, about 1.5 percent. But employment hasn't grown as fast. ... Georgia is not creating jobs fast enough."

[Jeff Humphreys](#), director of the Selig Center for Economic Growth at The **University of Georgia's Terry College of Business**, said Georgia's sluggish recovery reflects the recession's impact here compared with the rest of the country.

"We got hit harder by the Great Recession, so we have a deeper hole to fill," he said. "We've recovered about three of four jobs we lost, but the nation has recovered all its lost jobs."

Humphreys said the Georgia economy's reliance on real estate, construction and related industries cost the state dearly in a recession that affected those economic sectors more than others. The huge number of bank failures in Georgia relative to other states also hurt, he said.

"Eventually, we'll get to parity and below the national [unemployment] rate," Humphreys said. "But that's probably a story for 2016."

The slow nature of Georgia's recovery from the recession shows up particularly in the industries that lost the most jobs during the downturn, notably construction and manufacturing. While the loss of construction and manufacturing jobs in Georgia peaked in 2009 at 38,300 and 51,100, respectively, the construction industry was continuing to lose jobs as recently as 2012, according to Georgia Department of Labor statistics.

"With that loss of jobs for that length of time, people left the construction industry to find work somewhere else," said [Mike Dunham](#), CEO of Associated General Contractors of Georgia Inc. "That makes it a slower growth process when it does start to pick up."

Humphreys said Georgia's manufacturing industry continued to lose jobs after other sectors began bouncing back because of its heavy dependence on construction. With much of the state's manufacturing activity devoted to producing building materials, manufacturing couldn't begin to rebound while commercial and residential construction was lagging, he said.

Humphreys said housing in Georgia remained depressed even after the Great Recession peaked because decades of growth in domestic in-migration came grinding to a halt.

"People stopped moving to the Sun Belt mostly because of the dysfunctional housing market [in the Northeast and Midwest]," he said. "People couldn't sell their houses in the [Snow Belt](#)."

While construction and manufacturing were struggling, other sectors of Georgia's economy were weathering the recession quite well. Employment in education and health services has grown throughout the downturn and its aftermath, while professional and business services started recovering in 2010, ahead of other sectors.

[Kevin Bloye](#), spokesman for the **Georgia Hospital Association**, attributed the strength of health services as an employer in part to demographics. Georgia's aging population demands more health-care services, he said.

But Bloye also pointed to Atlanta's reputation as the health-care mecca for the Southeast.

"We have a lot of excellent health-care systems that are nationally known," he said. "The Ebola scare underlined that people can come to Atlanta and receive the best care in the nation."

Humphreys said Atlanta also is well-known as a regional center for professional and business services. As other sectors of the economy began to pick up, the demand for lawyers, accountants and their professional ilk followed suit, he said.

"To some extent, these depend on the state of the economy," he said. "If businesses are expanding, professional and business services are expanding."

Despite the August unemployment numbers, even construction and manufacturing are on the

mend in Georgia. In fact, every sector of Georgia's economy was in recovery mode by last year, except for government jobs, which continue to shrink — although at a lower rate than during the recession — due to uncertainty over tax revenues.

One sign that Georgia's recovery is underway is that the construction industry is facing a shortage of skilled workers, particularly with construction beginning on new stadiums for the Braves and Falcons.

"It will be one to two years before those sites are at full employment," Dunham said. "But it's going to be hard to find enough painters, masons, carpenters, skilled tradespeople across the board."

Dunham said that's why workforce development is the contractors association's top priority.

[Mark Butler](#), commissioner of the Georgia Department of Labor, said Georgia's technical college system is at the forefront of efforts to retrain workers who lost jobs during the recession for the job skills now highest in demand.

But getting those Georgians up to speed, with the technology-driven skill sets that even traditional blue-collar jobs now require, will be a challenge, he said.

"It can't be done overnight," Butler said. "I had a guy tell me last week, 'I don't just need forklift operators. I need forklift operators who under

Dave Williams covers Government