Getting Adjusted to the New Normal Local Government Finance in Georgia Post-Recession

Carolyn Bourdeaux

Georgia State University

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Getting Adjusted to the New Normal
Local Government Finance in Georgia Post-Recession

Carolyn Bourdeaux
Associate Director, Fiscal Research Center
Andrew Young School of Policy Studies, GSU
Georgia Real Personal Income Per Capita

Data Sources: Bureau of Economic Analysis, GDP Deflator, 2012 Dollars
GA Monthly Non-Farm Employment –
(Seasonally Adjusted 1990-2013)
Job Losses/ Gains in Georgia 2000-2009 by Job Type

Georgia lost 143,000 premium jobs

Premium Jobs
>$50,000

-14%

Georgia gained 61,000 mid-range jobs

Midrange Jobs
>$35,000
<$50,000

12%

4%

Georgia lost 34,000 low paying jobs

Low Pay Jobs
<$35,000

-3%

0%

-11%

State Total
Atlanta MSA Counties

Georgia lost 143,000 premium jobs
Georgia gained 61,000 mid-range jobs
Georgia lost 34,000 low paying jobs
State Tax Revenues Per Capita (2012 Dollars)

Data Sources: OPB Budget in Brief FY12-FY13, Bureau of Economic Analysis GDP Deflator
GA County Revenue Sources 2011

- Property Tax: 33%
- Sales Tax: 18%
- Charges for Services: 22%
- Other Taxes: 5%
- Intergovernmental Revenues: 6%
- Investment Income: 6%
- Fines and Forfeiture: 4%
- All Other Revenues: 6%
GA City Revenue Sources 2011

- Property Tax: 16%
- Sales Tax: 14%
- Charges for Services: 46%
- Other Taxes: 9%
- Intergovernmental Revenues: 6%
- Investment Income: 2%
- Fines and Forfeiture: 3%
- All Other Revenues: 4%
PROPERTY TAX REVENUES
Georgia Housing Starts 1990-2013
Property Tax Digest 1997-2011
& Tracking with Case Shiller Index (2010$)
## Changes in Digest

### Real Digest per Capita (2010$)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2011</th>
<th>Decline in Digest</th>
<th>% Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clayton County</td>
<td>32,466</td>
<td>24,054</td>
<td>(8,412)</td>
<td>-26%</td>
</tr>
<tr>
<td>Cobb County</td>
<td>43,113</td>
<td>33,891</td>
<td>(9,223)</td>
<td>-21%</td>
</tr>
<tr>
<td>DeKalb County</td>
<td>36,562</td>
<td>27,967</td>
<td>(8,595)</td>
<td>-24%</td>
</tr>
<tr>
<td>Fulton County</td>
<td>66,747</td>
<td>54,891</td>
<td>(11,857)</td>
<td>-18%</td>
</tr>
<tr>
<td>Gwinnett County</td>
<td>43,250</td>
<td>31,628</td>
<td>(11,622)</td>
<td>-27%</td>
</tr>
</tbody>
</table>

### Real Digest (2010$)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2011</th>
<th>Decline in Digest</th>
<th>% Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clayton County</td>
<td>8,455,409,486</td>
<td>6,244,857,417</td>
<td>(2,210,552,068)</td>
<td>-26%</td>
</tr>
<tr>
<td>Cobb County</td>
<td>28,904,792,755</td>
<td>23,386,580,238</td>
<td>(5,518,212,517)</td>
<td>-19%</td>
</tr>
<tr>
<td>DeKalb County</td>
<td>24,897,340,114</td>
<td>19,378,367,011</td>
<td>(5,518,973,104)</td>
<td>-22%</td>
</tr>
<tr>
<td>Fulton County</td>
<td>58,025,419,830</td>
<td>50,839,624,690</td>
<td>(7,185,795,140)</td>
<td>-12%</td>
</tr>
<tr>
<td>Gwinnett County</td>
<td>33,048,845,359</td>
<td>25,578,518,809</td>
<td>(7,470,326,550)</td>
<td>-23%</td>
</tr>
</tbody>
</table>

### Nominal Digest

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2011</th>
<th>Decline in Digest</th>
<th>% Decline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clayton County</td>
<td>8,269,774,696</td>
<td>6,378,022,383</td>
<td>(1,891,752,313)</td>
<td>-23%</td>
</tr>
<tr>
<td>Cobb County</td>
<td>28,270,200,766</td>
<td>23,885,274,274</td>
<td>(4,384,926,492)</td>
<td>-16%</td>
</tr>
<tr>
<td>DeKalb County</td>
<td>24,350,729,982</td>
<td>19,791,590,148</td>
<td>(4,559,139,834)</td>
<td>-19%</td>
</tr>
<tr>
<td>Fulton County</td>
<td>56,751,497,305</td>
<td>51,923,725,802</td>
<td>(4,827,771,503)</td>
<td>-9%</td>
</tr>
<tr>
<td>Gwinnett County</td>
<td>32,323,272,521</td>
<td>26,123,953,612</td>
<td>(6,199,318,909)</td>
<td>-19%</td>
</tr>
</tbody>
</table>
# Changes in Millage Rates

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2011</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clayton County</td>
<td>8.962</td>
<td>15.813</td>
<td>6.851</td>
<td>76%</td>
</tr>
<tr>
<td>Cobb County</td>
<td>6.82</td>
<td>7.72</td>
<td>0.9</td>
<td>13%</td>
</tr>
<tr>
<td>DeKalb County</td>
<td>7.99</td>
<td>19.4</td>
<td>11.41</td>
<td>143%</td>
</tr>
<tr>
<td>Fulton County</td>
<td>10.281</td>
<td>10.281</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Gwinnett County</td>
<td>9.72</td>
<td>11.78</td>
<td>2.06</td>
<td>21%</td>
</tr>
<tr>
<td>Rockdale</td>
<td>14.53</td>
<td>16.91</td>
<td>2.38</td>
<td>16%</td>
</tr>
<tr>
<td>Atlanta</td>
<td>7.12</td>
<td>10.24</td>
<td>3.12</td>
<td>44%</td>
</tr>
<tr>
<td>Conyers</td>
<td>9.41</td>
<td>9.9</td>
<td>0.49</td>
<td>5%</td>
</tr>
<tr>
<td>Doraville</td>
<td>7.5</td>
<td>9</td>
<td>1.5</td>
<td>20%</td>
</tr>
<tr>
<td>Dunwoody*</td>
<td>2.7</td>
<td>2.7</td>
<td>0</td>
<td>0%</td>
</tr>
<tr>
<td>Rome</td>
<td>8.48</td>
<td>8.7</td>
<td>0.22</td>
<td>3%</td>
</tr>
<tr>
<td>Sandy Springs</td>
<td>4.731</td>
<td>4.731</td>
<td>0</td>
<td>0%</td>
</tr>
</tbody>
</table>
Average Real Per Capita County Property Tax Revenues (2011 Dollars)
Real State Sales Tax Revenues


The graph shows the real state sales tax revenues over the years from 1990 to 2012, with values ranging from $4,038 million in 1990 to $5,132 million in 2012.
Average Real Per Capita County LOST Revenues (2011$)
County Govt. Expenditures in GA in 2011

- Public Safety: 29%
- General Government: 17%
- Public Works: 24%
- Judicial: 7%
- Debt Service: 11%
- Housing & Development: 4%
- Culture & Recreation: 4%
- Health & Welfare: 4%
- Police/Sheriff: 13%
- Jail: 7%
- Fire: 7%
- EMS: 1%
- Corrections: 1%
Average Real Per Capita Spending for Counties Statewide (2000-2010)

- **Public Safety**
  - 2000: $191
  - 2010: $289
  - Increase: 51%

- **Public Works**
  - 2000: $166
  - 2010: $161
  - Increase: 36%

- **Culture and Recreation**
  - 2000: $56
  - 2010: $76

- **Judicial**
  - 2000: $49
  - 2010: $61

- **Health and Welfare**
  - 2000: $27
  - 2010: $33
Average Real Per Capita Spending for Counties
Atlanta MSA (2000-2010)
City Govt. Expenditures in GA for 2011

- Public Works: 40%
- Public Safety: 23%
- General Government: 12%
- Debt Service: 10%
- Housing & Development: 8%
- Culture & Recreation: 3%
- Health & Welfare: 2%
- Judicial: 2%

City Govt. Expenditures in GA for 2011
Average Real Per Capita Spending Trends by Service Area – Cities Over 10,000 Pop (Atlanta MSA)
Take Away

• GA’s economy has never recovered from the loss of manufacturing in the early 2000s.
• The state is now funding its operations at 1993 levels on a real per capita basis.
• The Atlanta region has been hit hard by the real estate collapse of the current recession and this is visible in the decline in property tax digest in the region.
  – The full impact of the recession has not yet been absorbed in the property tax digest: there is likely more fiscal stress to come.
  – On a positive note, it looks like the region has hit the bottom and once the digest has stabilized, there will be some growth going forward.
• In the Atlanta MSA, public safety budgets have flattened on a real per capita basis since 2008, but do not yet fully reflect the economic “reset” that has occurred in the state.