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
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**
- **Georgia gained 61,000 mid-range jobs**
- **Georgia lost 34,000 low paying jobs**

- **Premium Jobs >$50,000**
  - State Total: -14%
  - Atlanta MSA Counties: -11%

- **Midrange Jobs >$35,000 <$50,000**
  - State Total: 4%
  - Atlanta MSA Counties: 12%

- **Low Pay Jobs <$35,000**
  - State Total: 0%
  - Atlanta MSA Counties: -3%
Change by Job Type 2000-2009

- Manufacturing: -181,168
- Manufacturing: -55,218
- Information, Financial, Real Estate: 102,058
- Health Care and Social Assistance: 65,491
- Educational Services: 47,828
- Transportation and Warehousing:
- Public Administration:
- Agriculture:
- Leisure and Hospitality:
- Other Services:
- Unknown:

Atlanta MSA Counties*  
State Total
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%
- Fines and Forfeiture: 4%
- Investment Income: 6%
- Intergovernmental Revenues: 6%
- All Other Revenues: 6%
GA City Revenue Sources 2011

- **Property Tax**: 16%
- **Sales Tax**: 14%
- **Other Taxes**: 9%
- **Charges for Services**: 46%
- **Intergovernmental Revenues**: 6%
- **Investment Income**: 2%
- **Fines and Forfieture**: 3%
- **All Other Revenues**: 4%

**Total**: 100%
Georgia Housing Starts 1990-2013

[Graph showing the number of housing starts in Georgia from 1990 to 2013, with peaks and troughs indicated by specific years.]
Property Tax Digest 1997-2011
& Tracking with Case Shiller Index (2010$)

Clayton County  Cobb County  DeKalb County  Fulton County  Gwinnett County  Case Shiller Index
## Changes in Digest

### Real Digest per Capita (2010$)

<table>
<thead>
<tr>
<th>County</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>County</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>County</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>County</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>
Real State Sales Tax Revenues

Millions

$0 $1,000 $2,000 $3,000 $4,000 $5,000 $6,000 $7,000


$4,038 $3,927 $3,879 $4,210 $4,520 $5,006 $5,714 $5,948 $5,678 $5,575 $5,789 $6,142 $5,927 $4,965 $4,992 $5,132

$0 $1,000 $2,000 $3,000 $4,000 $5,000 $6,000 $7,000


$4,038 $3,927 $3,879 $4,210 $4,520 $5,006 $5,714 $5,948 $5,678 $5,575 $5,789 $6,142 $5,927 $4,965 $4,992 $5,132
Average Real Per Capita County LOST Revenues (2011$)
County Govt. Expenditures in GA in 2011

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

- **Public Safety**: $191 to $289, 51%
- **Public Works**: $166 to $161, 36%
- **Culture and Recreation**: $56 to $76, 36%
- **Health and Welfare**: $49 to $33
- **Judicial**: $27 to $50
Average Real Per Capita Spending for Counties
Atlanta MSA (2000-2010)
City Govt. Expenditures in GA for 2011

- General Government: 12%
- Public Works: 40%
- Public Safety: 23%
- Debt Service: 10%
- Housing & Development: 8%
- Culture & Recreation: 3%
- Health & Welfare: 2%
- Judicial: 2%
Average Real Per Capita Spending Trends by Service Area – Cities Over 10,000 Pop

- Real Per Capita Public Safety
- Real per Capita General Govt
- Real per Capita Culture and Rec
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.