



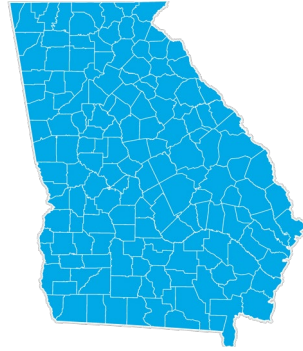
COST OF LIVING & RISING INFLATION



THE IMPACT ON GEORGIA WORKERS

**Monica Scott | Senior Research Analyst
Electric Cities of Georgia**

Thursday, June 23, 2022



How have inflation and increased cost of living impacted Georgia workers?

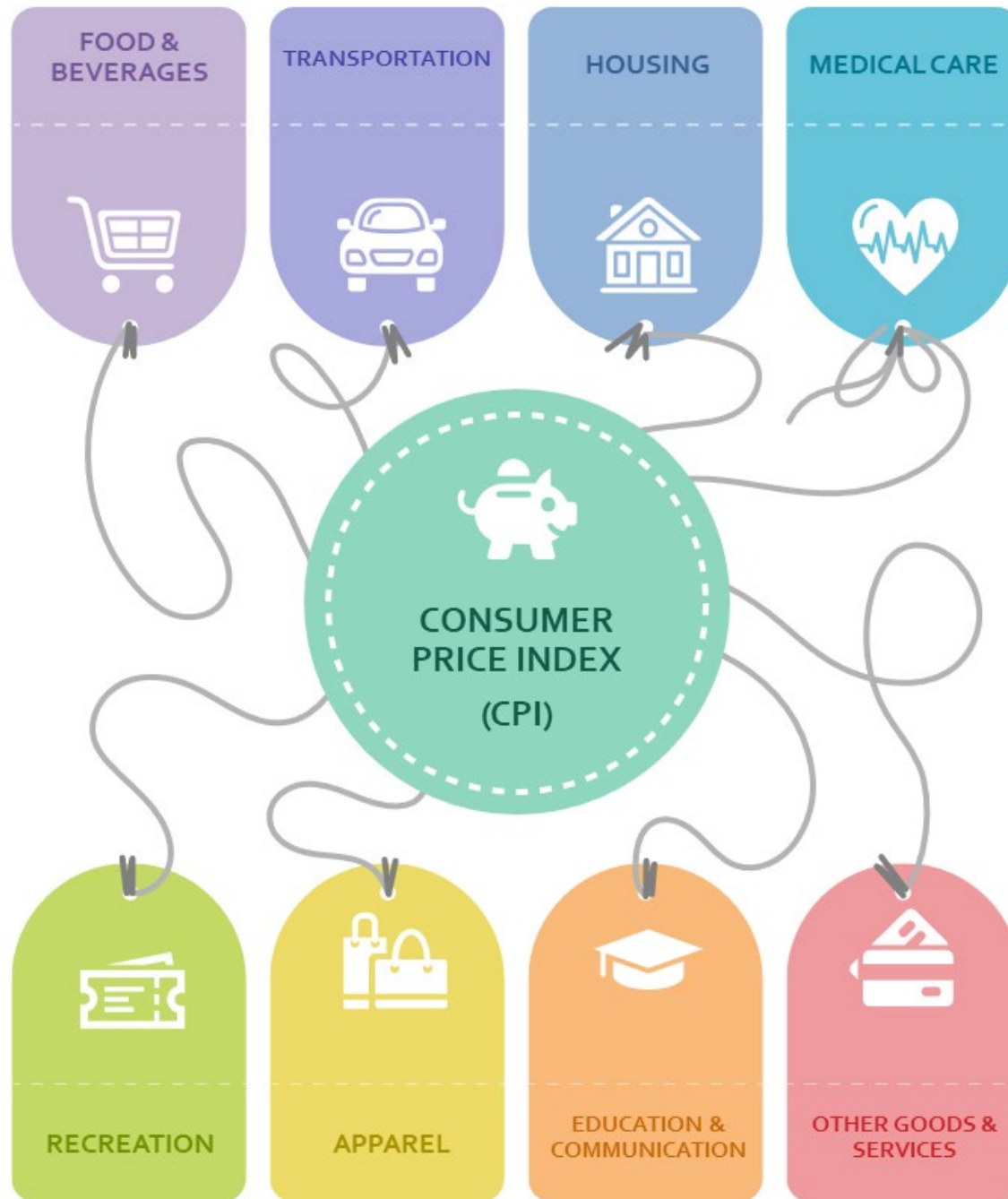
INFLATION = The increase in prices and fall in purchasing power over time

GENERAL ECONOMIC CONDITIONS

- High inflation (food, housing, staples)
- High energy prices
- COVID-19
- Logistics crisis
- Uneven, hard-to-predict demand
- Uneven wage growth
- Hot housing market
- Monetary policy
- Labor shortage and low unemployment
- Expansionary monetary policy

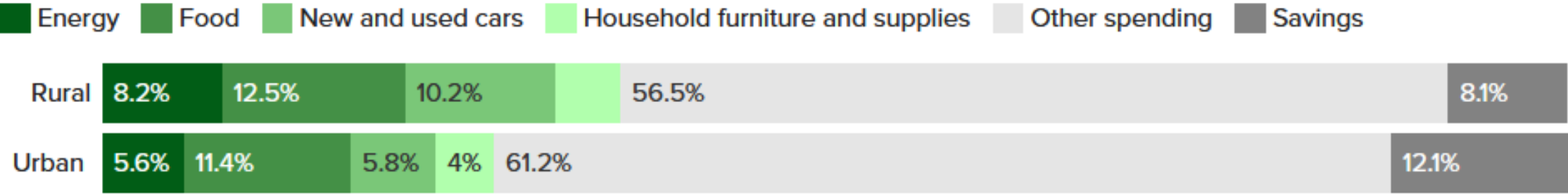
OVERVIEW

- US vs. Georgia
- Regions within Georgia, particularly urban vs. rural
- Disparities between different groups of workers
 - Demographics
 - Industry and occupation
- Inflation forecast



RURAL VS. URBAN SPENDING PATTERNS

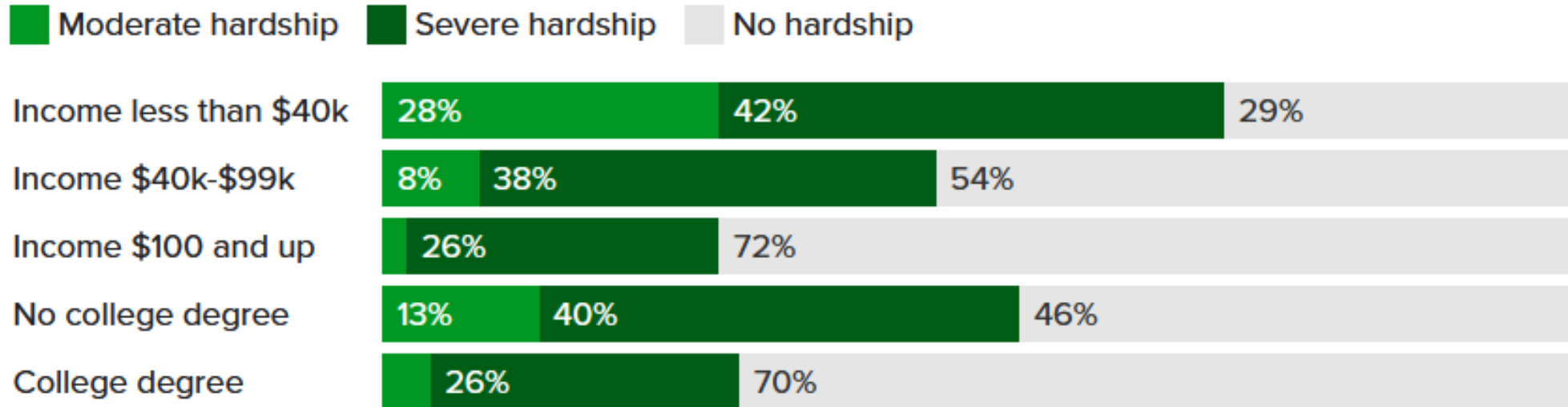
Household Spending



Bank of America report

INCOME / EDUCATION DISPARITIES

Have recent price increases caused any financial hardship for you or your household?

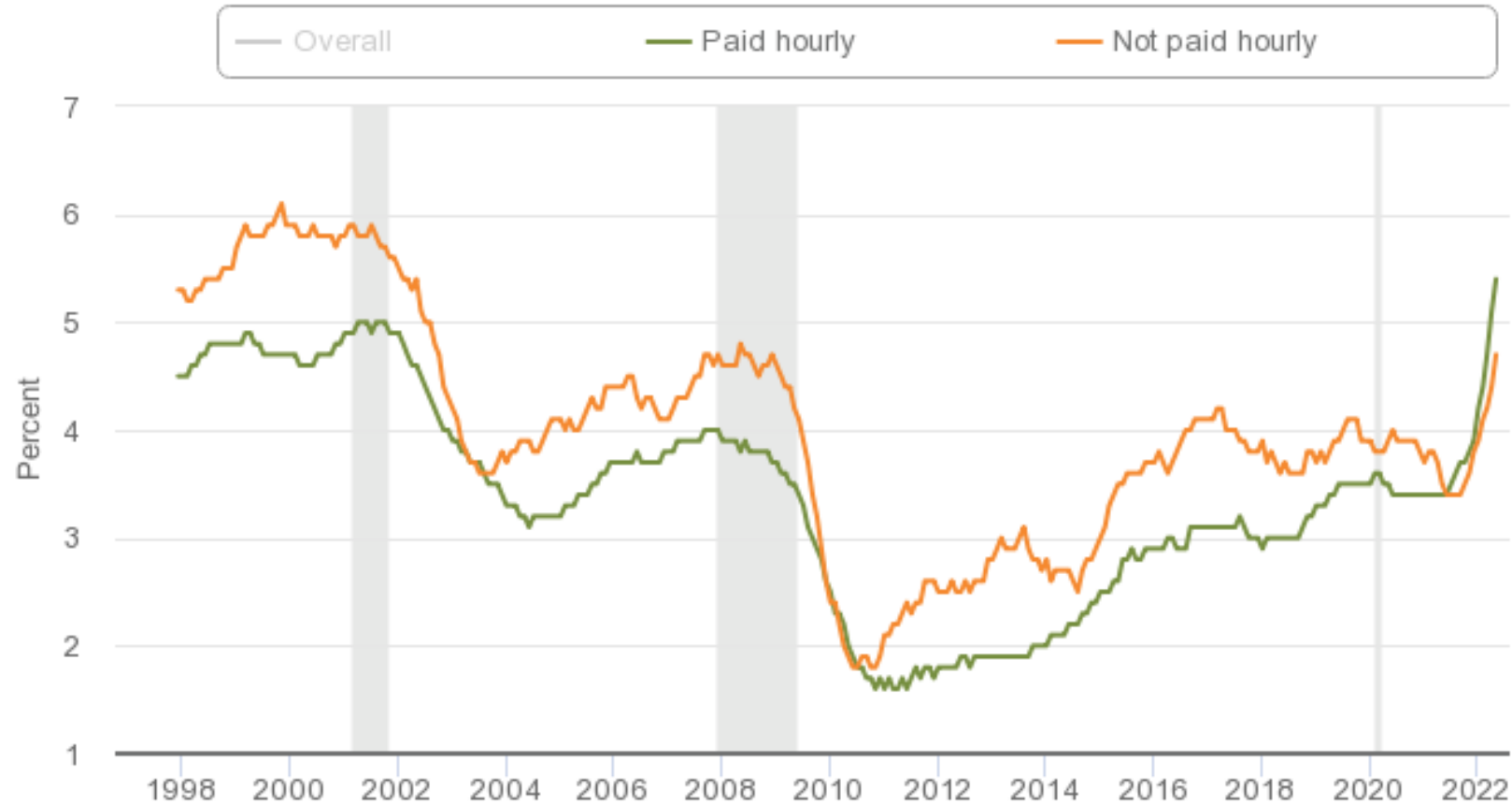


Gallup poll (November 2021)

WAGE GROWTH COMPARISON

Wage Growth Tracker by Hourly Pay

12-month moving average of median wage growth, hourly data



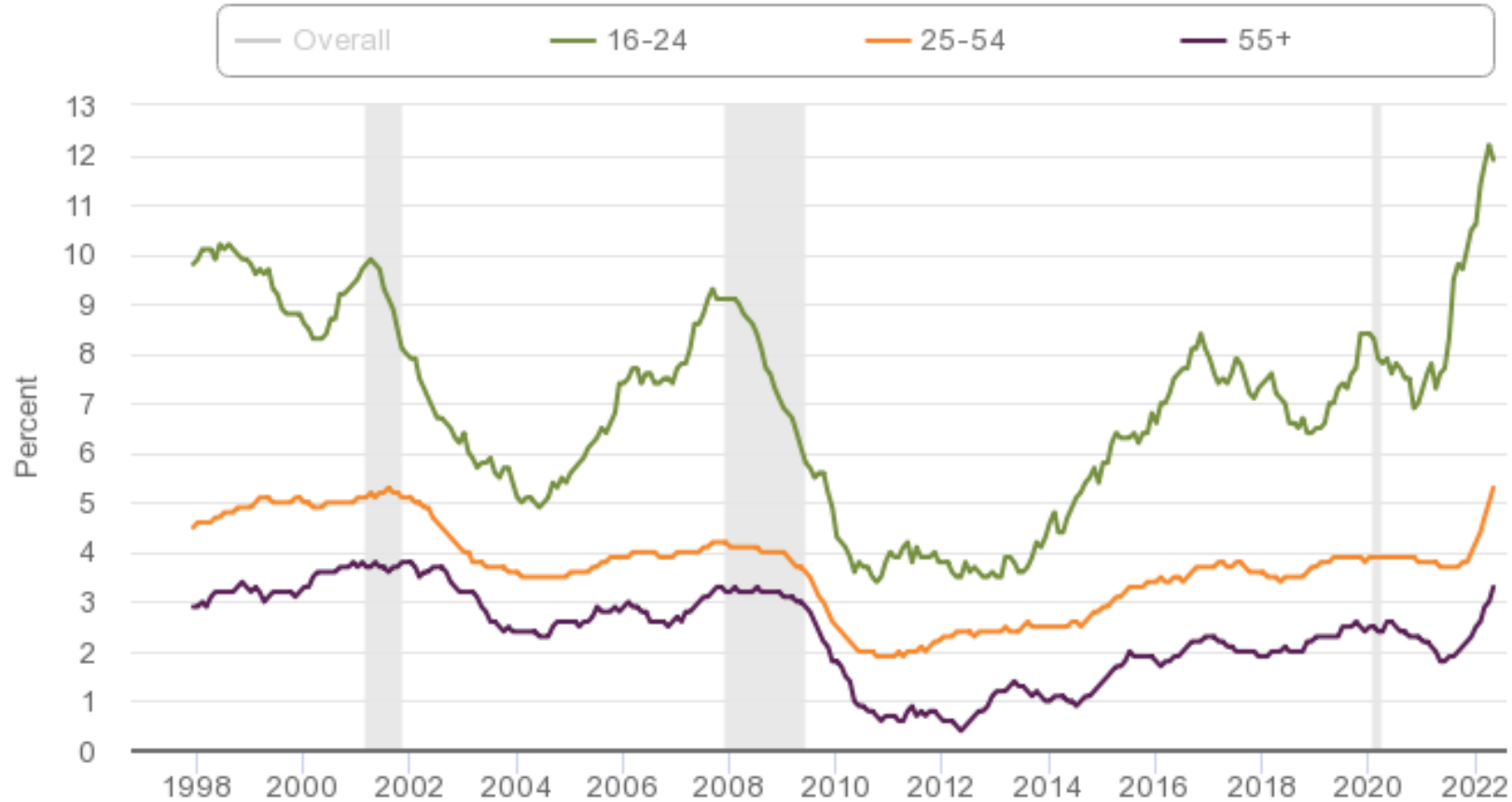
Sources: Current Population Survey, Bureau of Labor Statistics and author's calculations

Federal Reserve Bank of Atlanta

WAGE GROWTH COMPARISON

Wage Growth Tracker by Age

12-month moving averages of median wage growth, hourly data



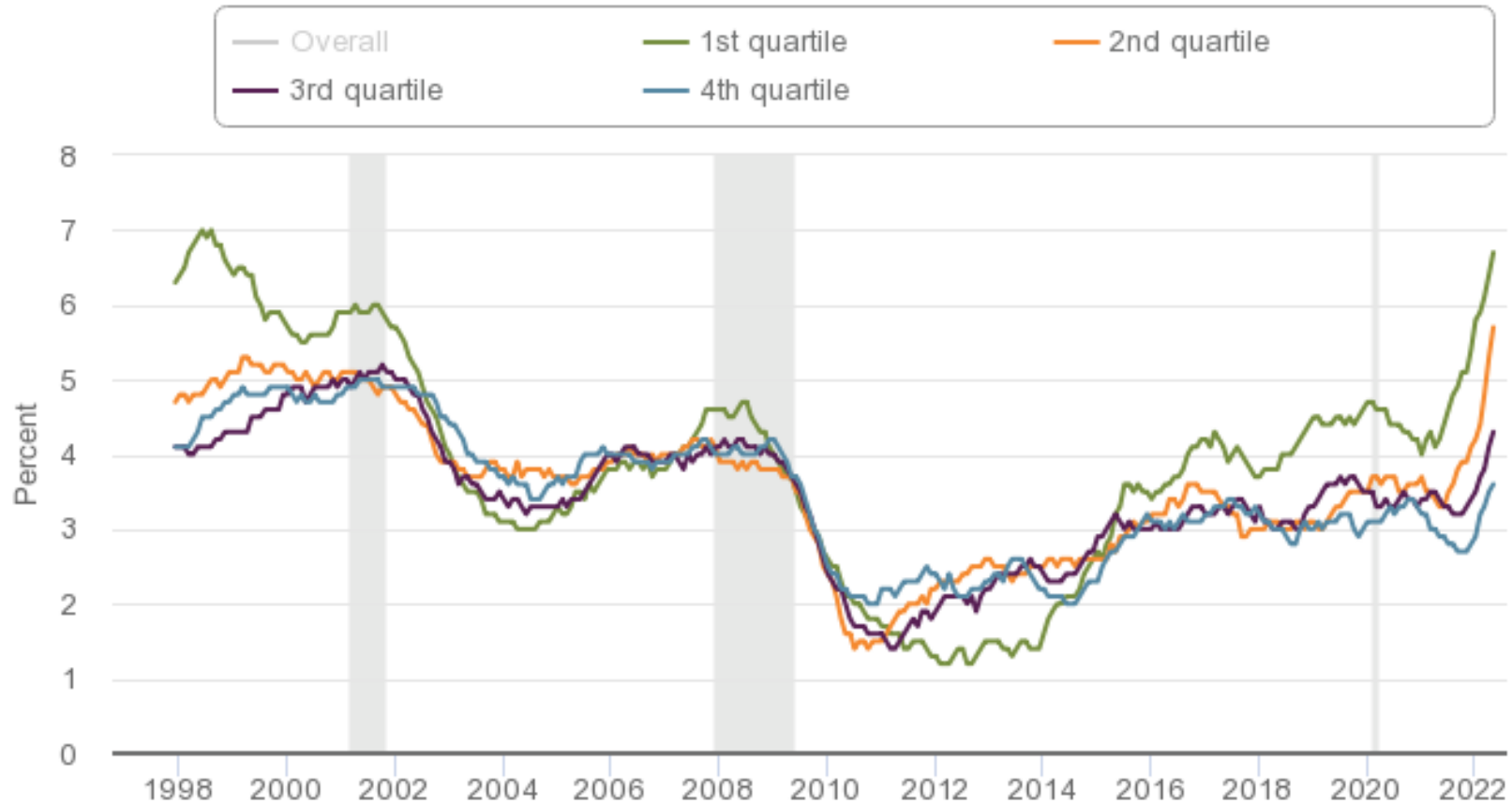
Sources: Current Population Survey, Bureau of Labor Statistics and author's calculations

Federal Reserve Bank of Atlanta

WAGE GROWTH COMPARISON

Wage Growth Tracker by Wage Level

12-month moving average of median wage growth for each category, hourly data



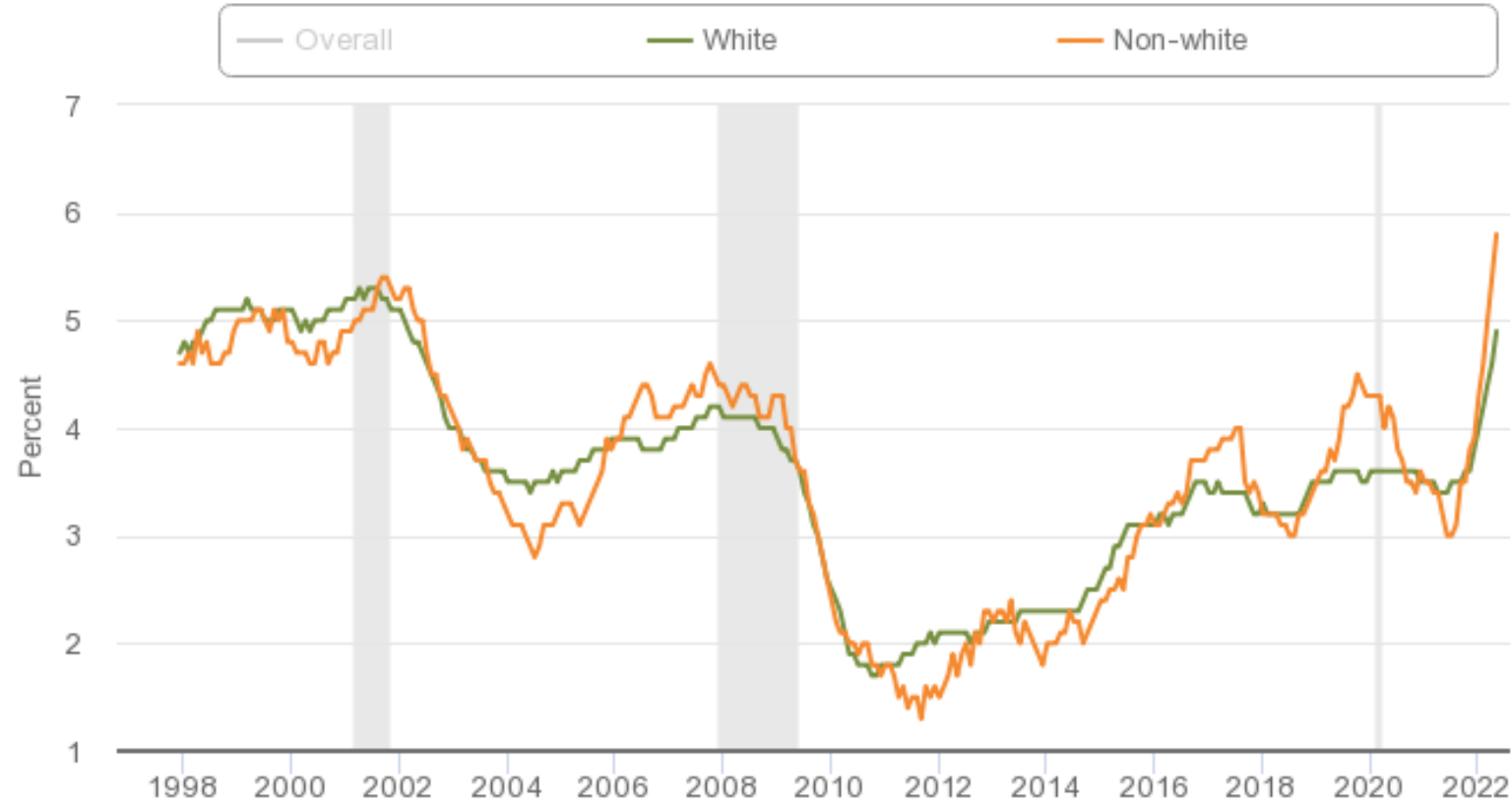
Sources: Current Population Survey, Bureau of Labor Statistics and author's calculations

Federal Reserve Bank of Atlanta

WAGE GROWTH COMPARISON

Wage Growth Tracker by Race

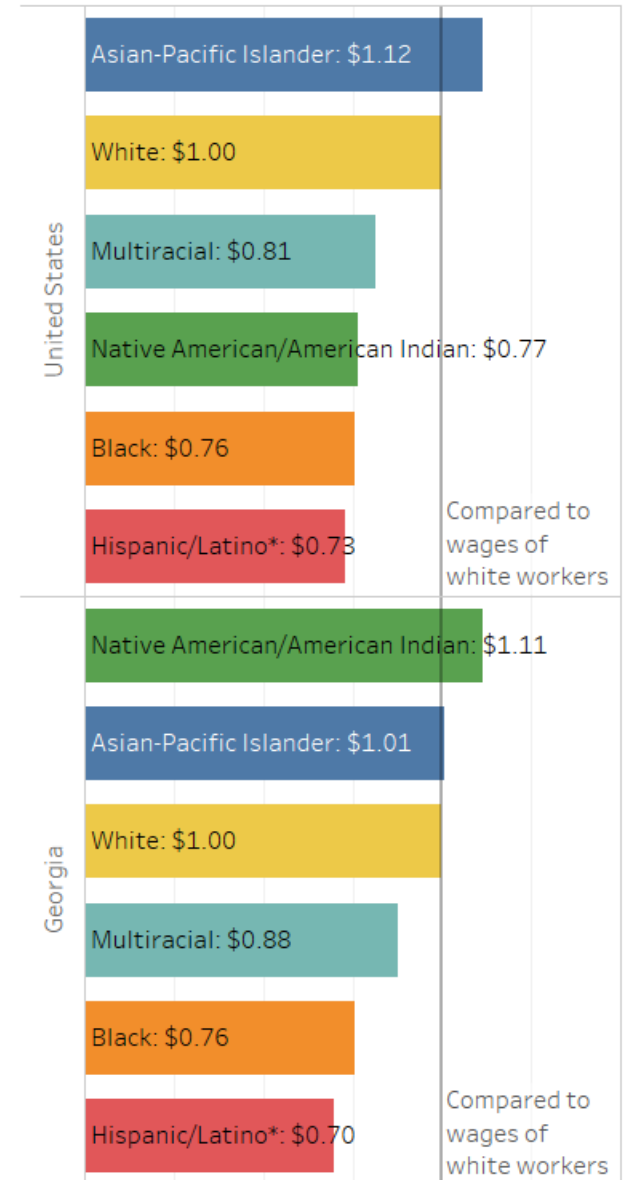
12-month moving averages of median wage growth, hourly data



Sources: Current Population Survey, Bureau of Labor Statistics and author's calculations

Federal Reserve Bank of Atlanta

Earnings Disparity by Race/Ethnicity



GDOL 2020

*Hispanic/Latino can be of any race.

REAL WAGES: ADJUSTED FOR INFLATION

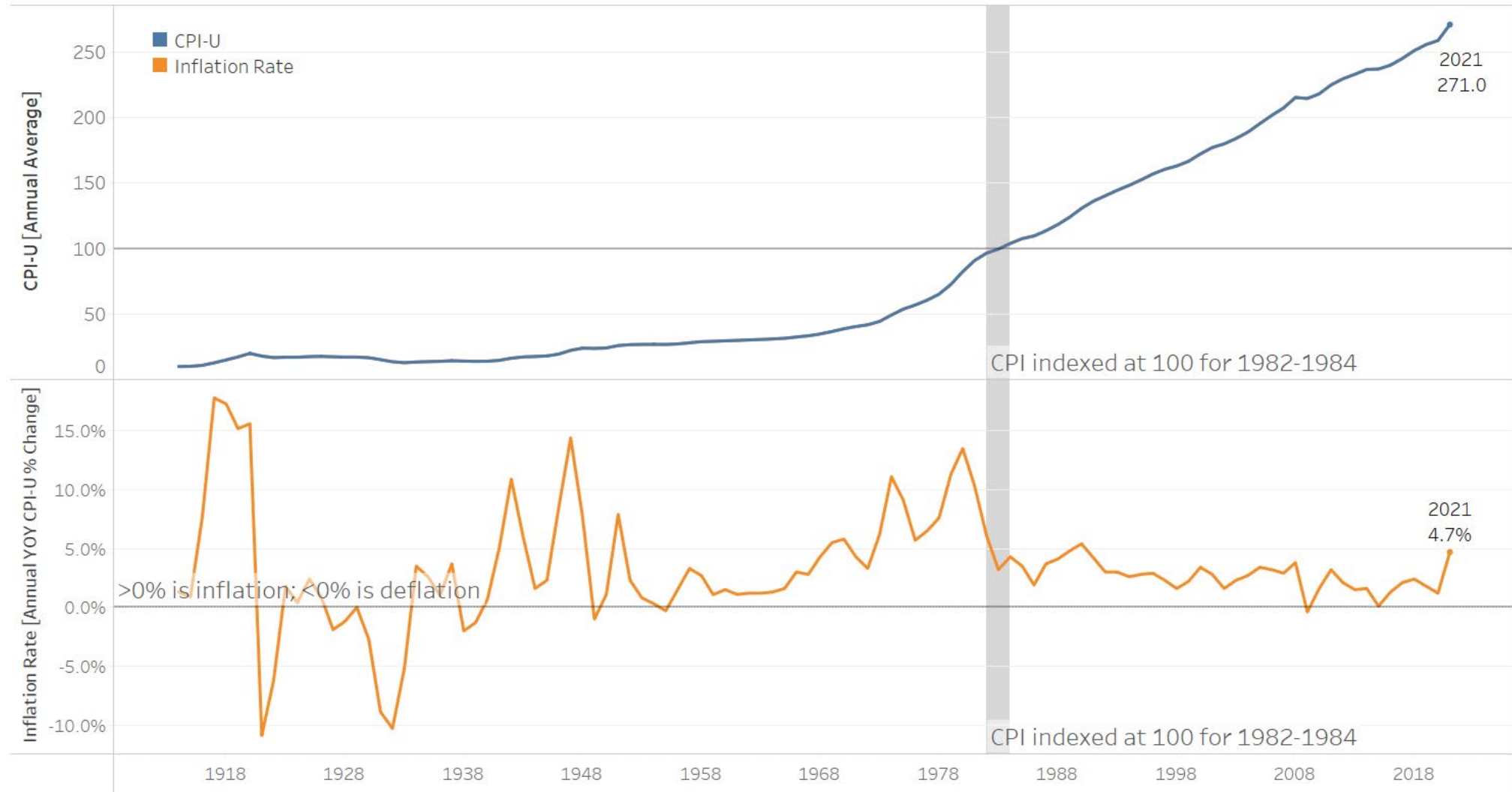
REAL WAGES
ADJUSTED FOR INFLATION



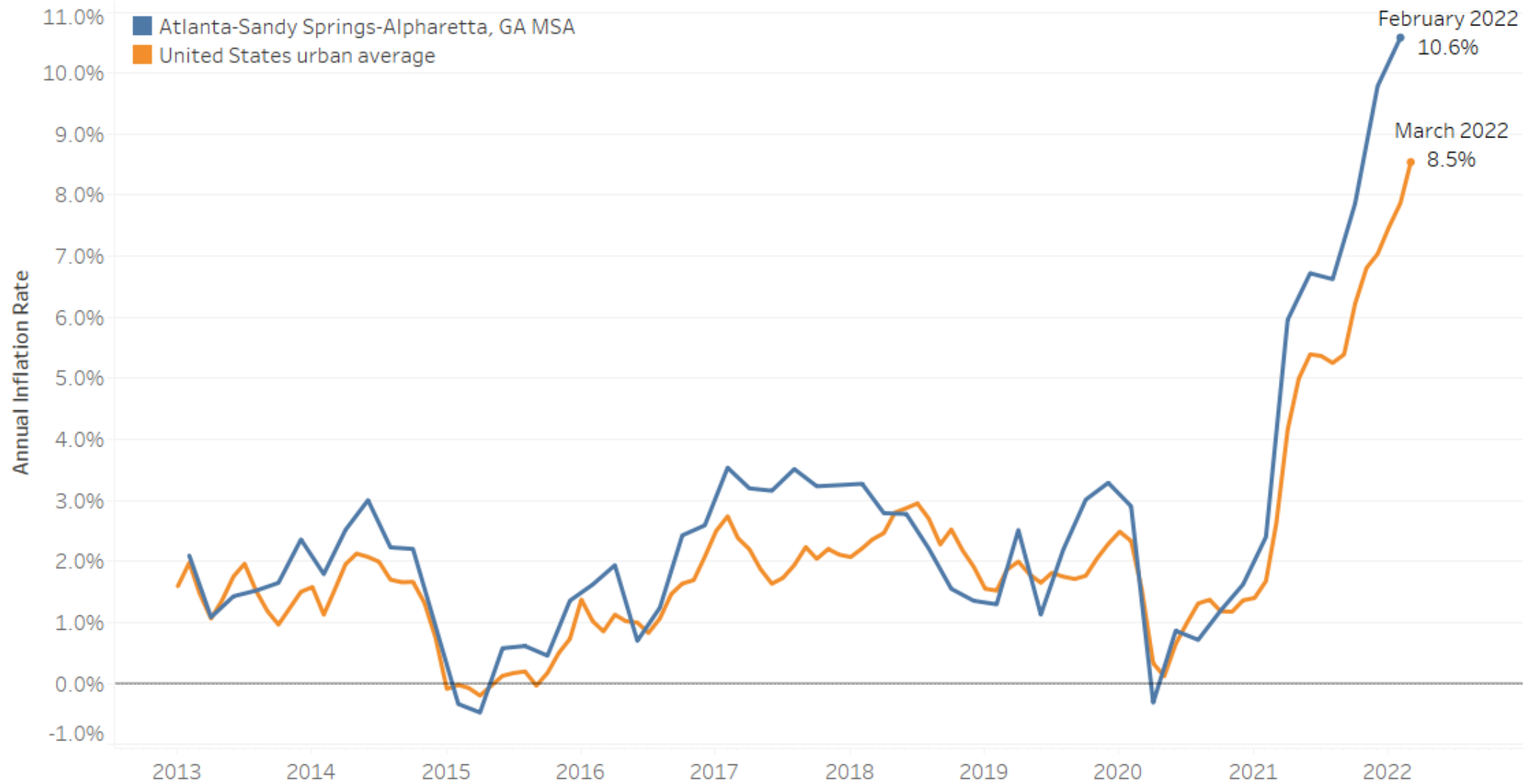
$$(1 - \text{inflation rate}) \times \text{wages} = \text{real wages}$$

- Real wages are wages adjusted for inflation
- Can be used for longitudinal comparison

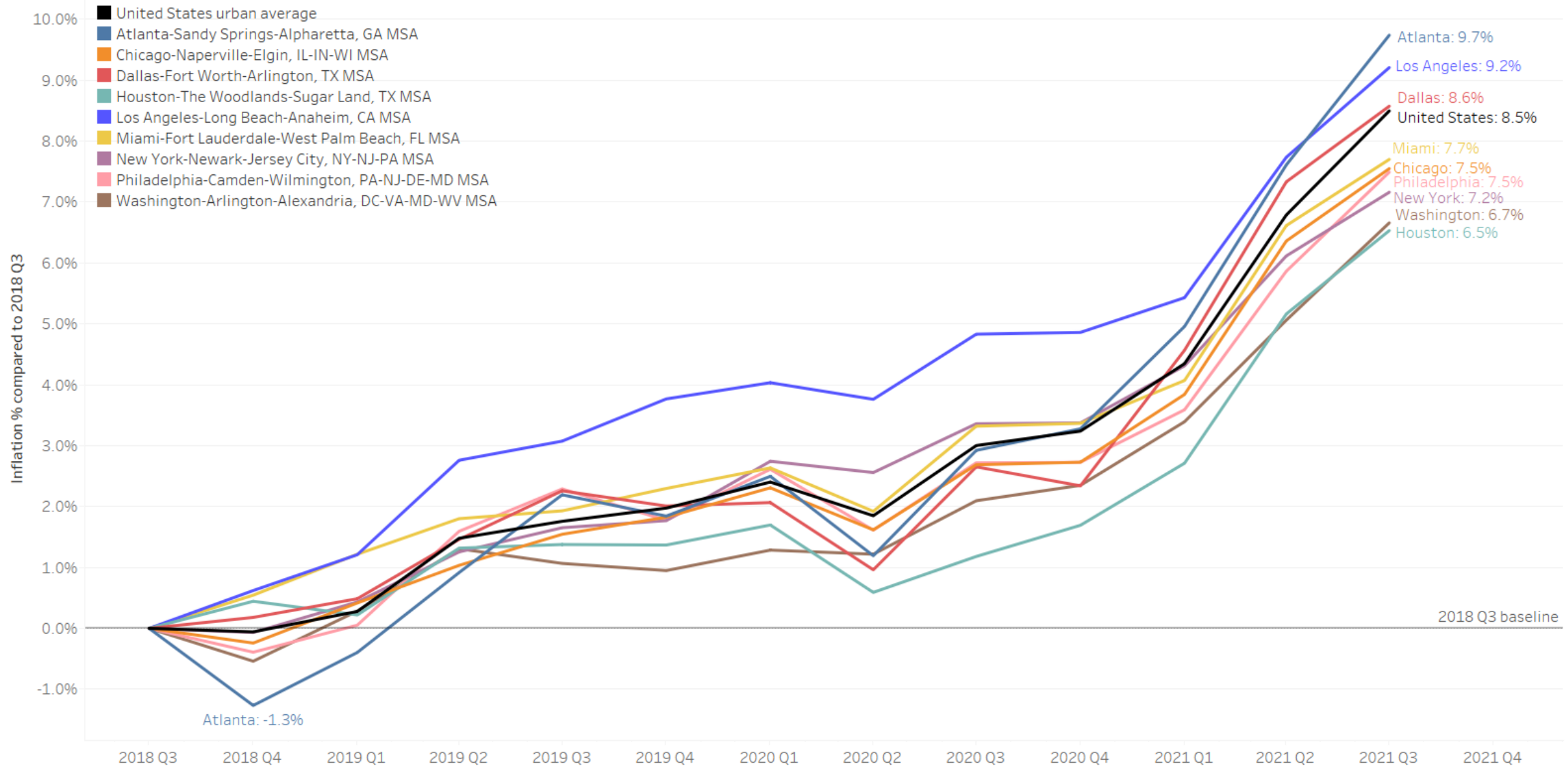
US CONSUMER PRICE INDEX & ANNUAL INFLATION RATE



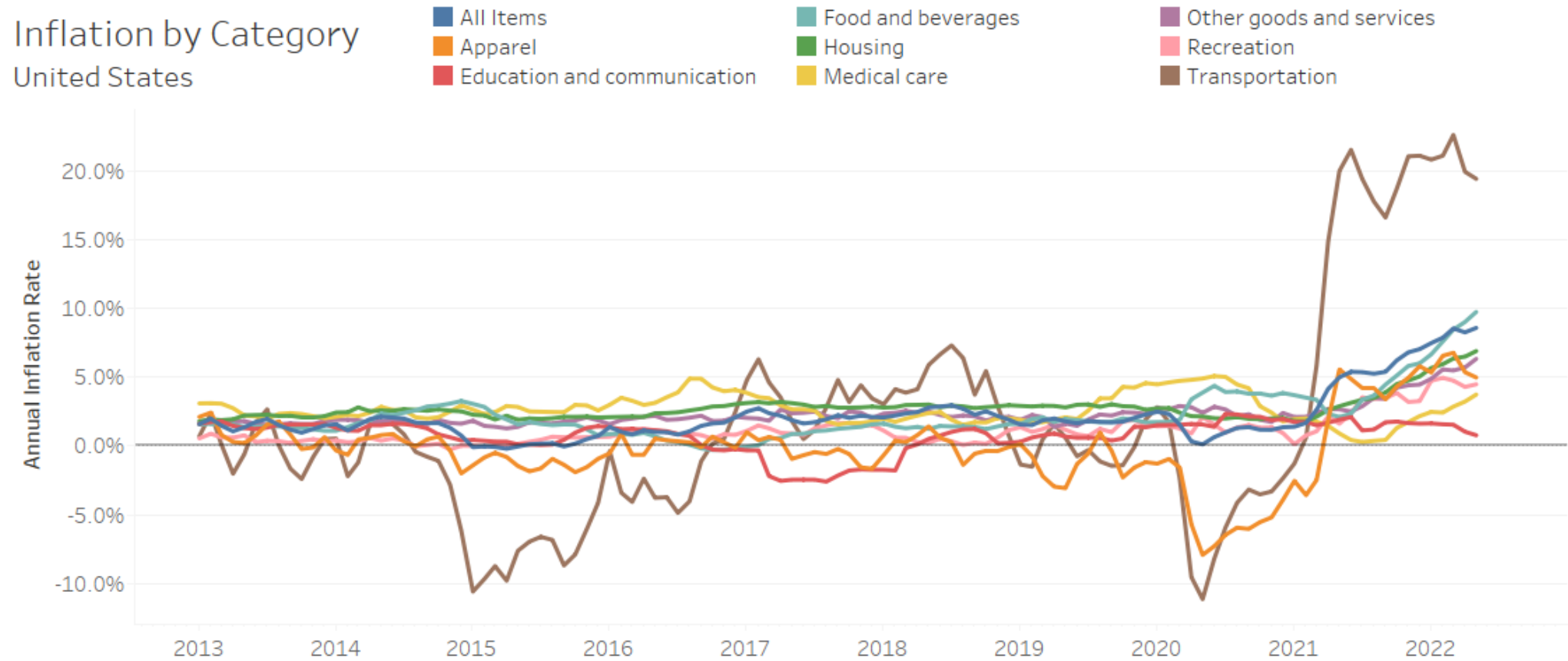
ANNUAL INFLATION RATE: ATLANTA MSA VS. UNITED STATES



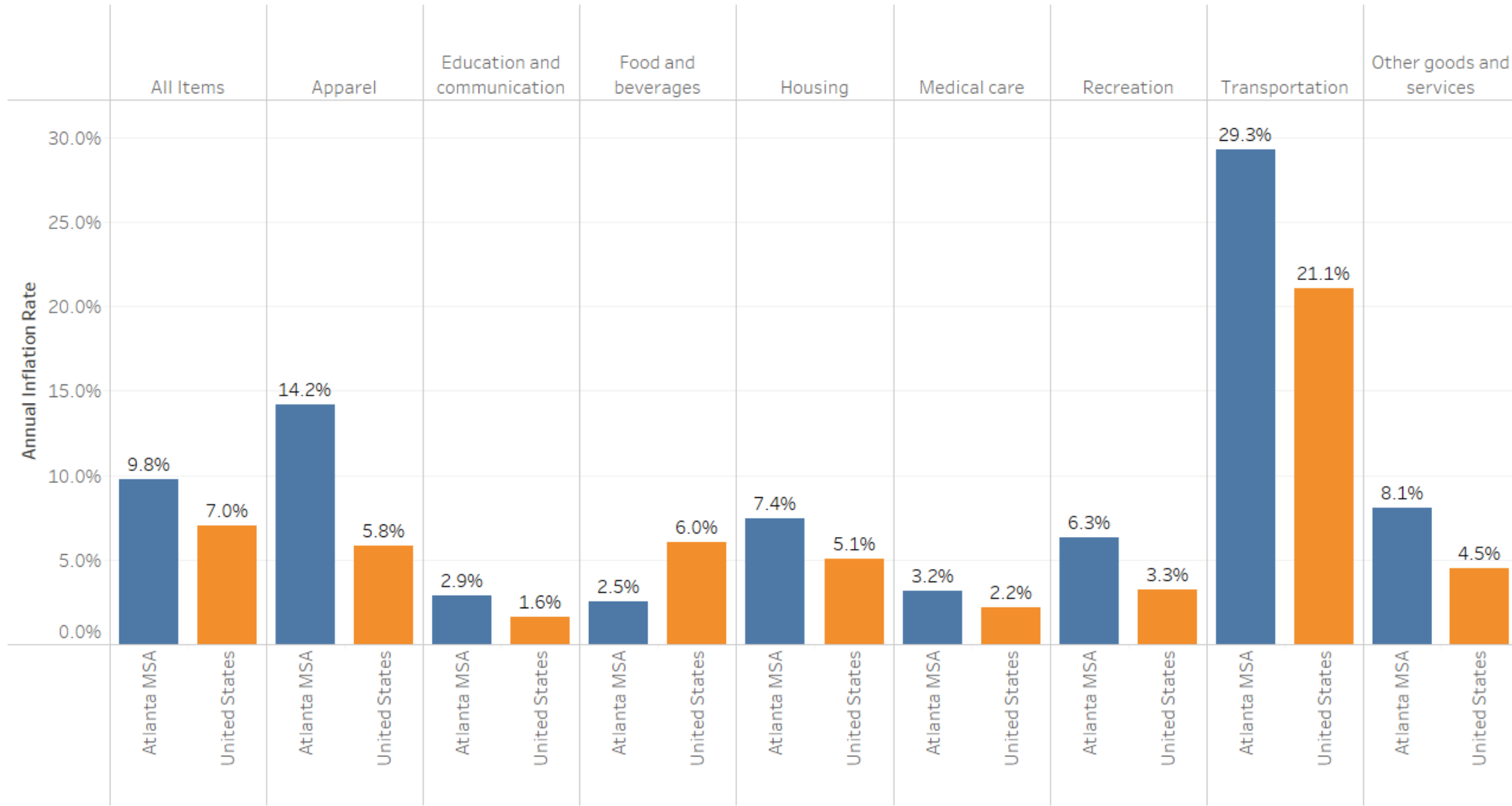
INFLATION 2018 Q3 – 2021 Q3



ANNUAL INFLATION RATE BY CATEGORY

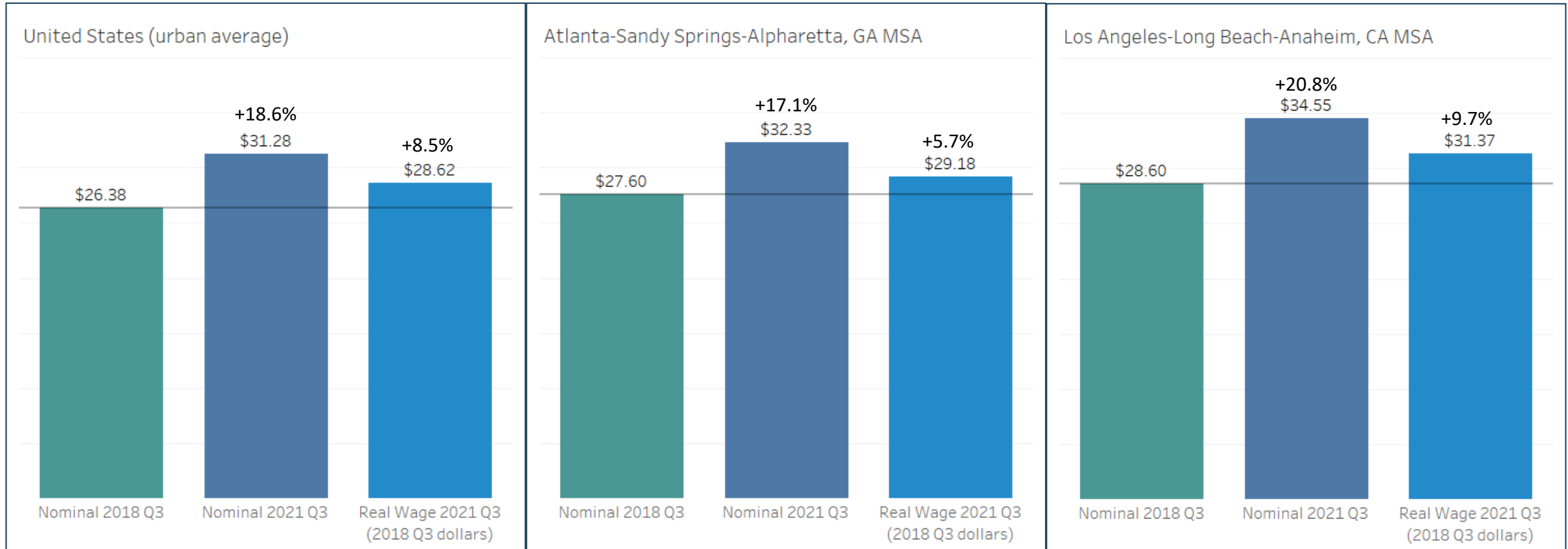


ANNUAL INFLATION RATE BY CATEGORY



For December 2021 (latest month with all categories reported for both Atlanta MSA and United States)

REAL HOURLY WAGES: MSA COMPARISON



COST OF LIVING ADJUSTED WAGES

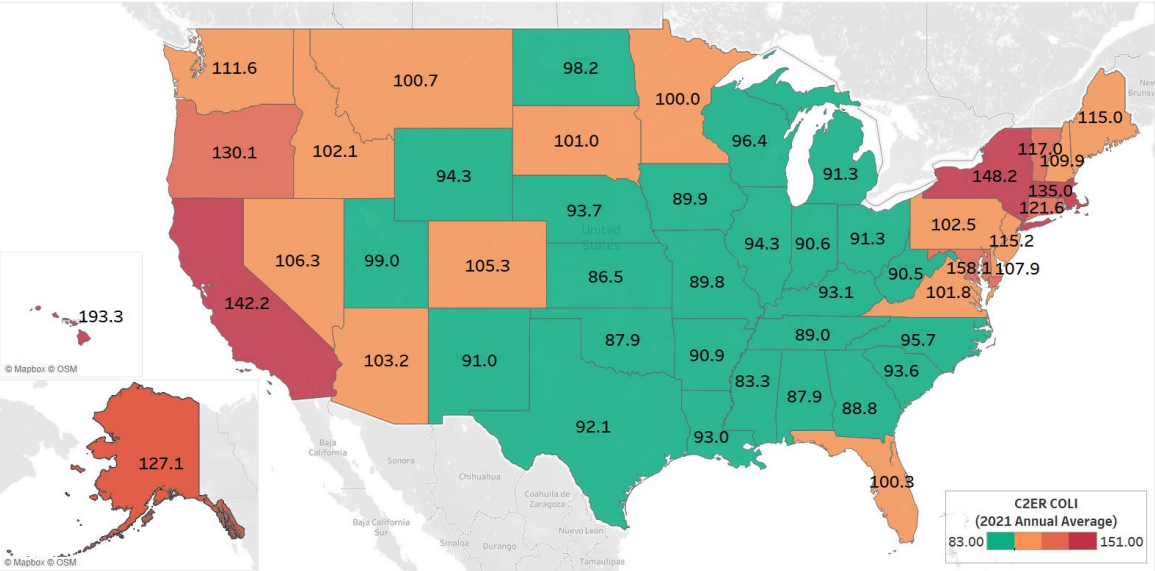
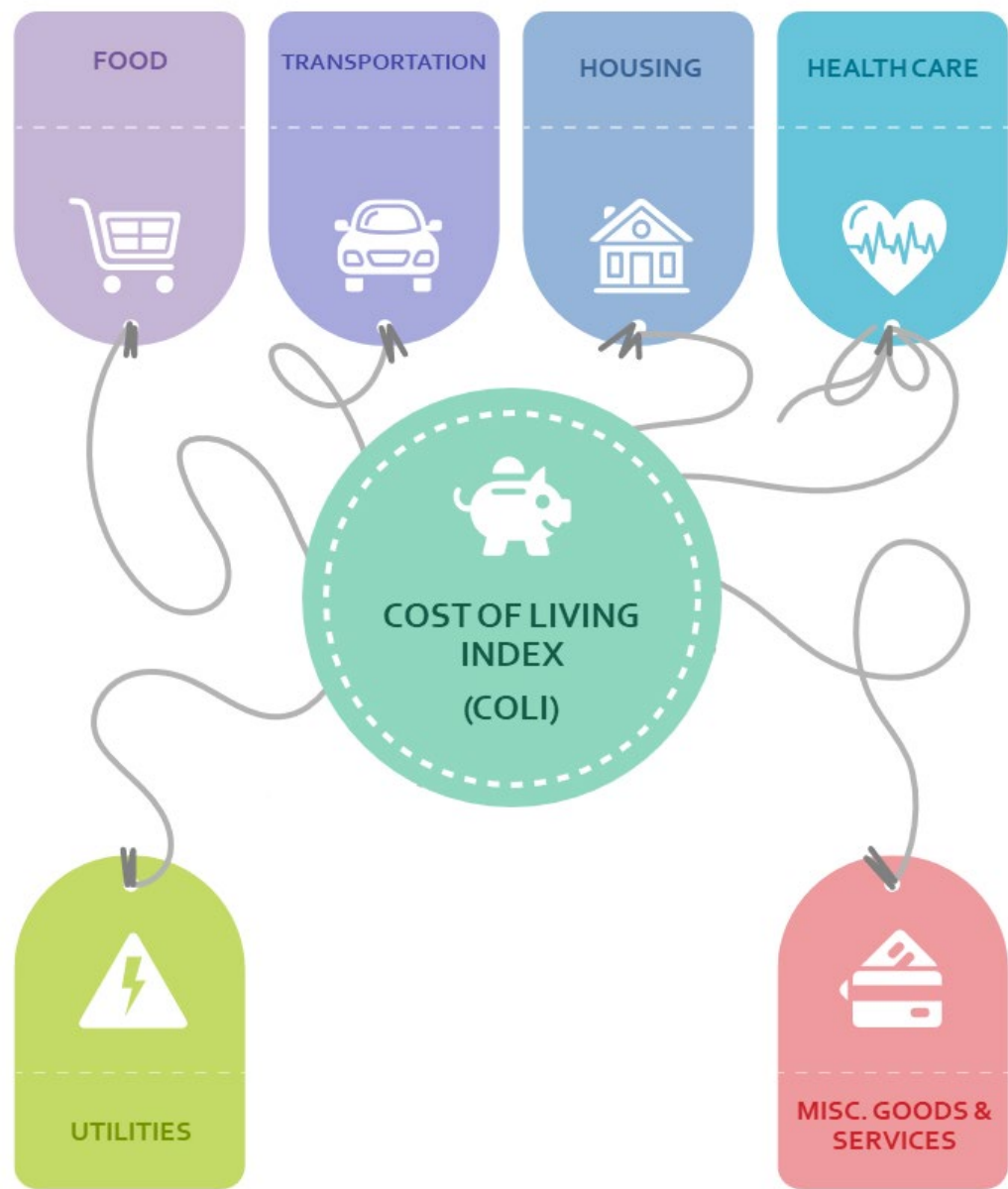
COST OF LIVING ADJUSTED WAGES
ADJUSTED FOR COLI



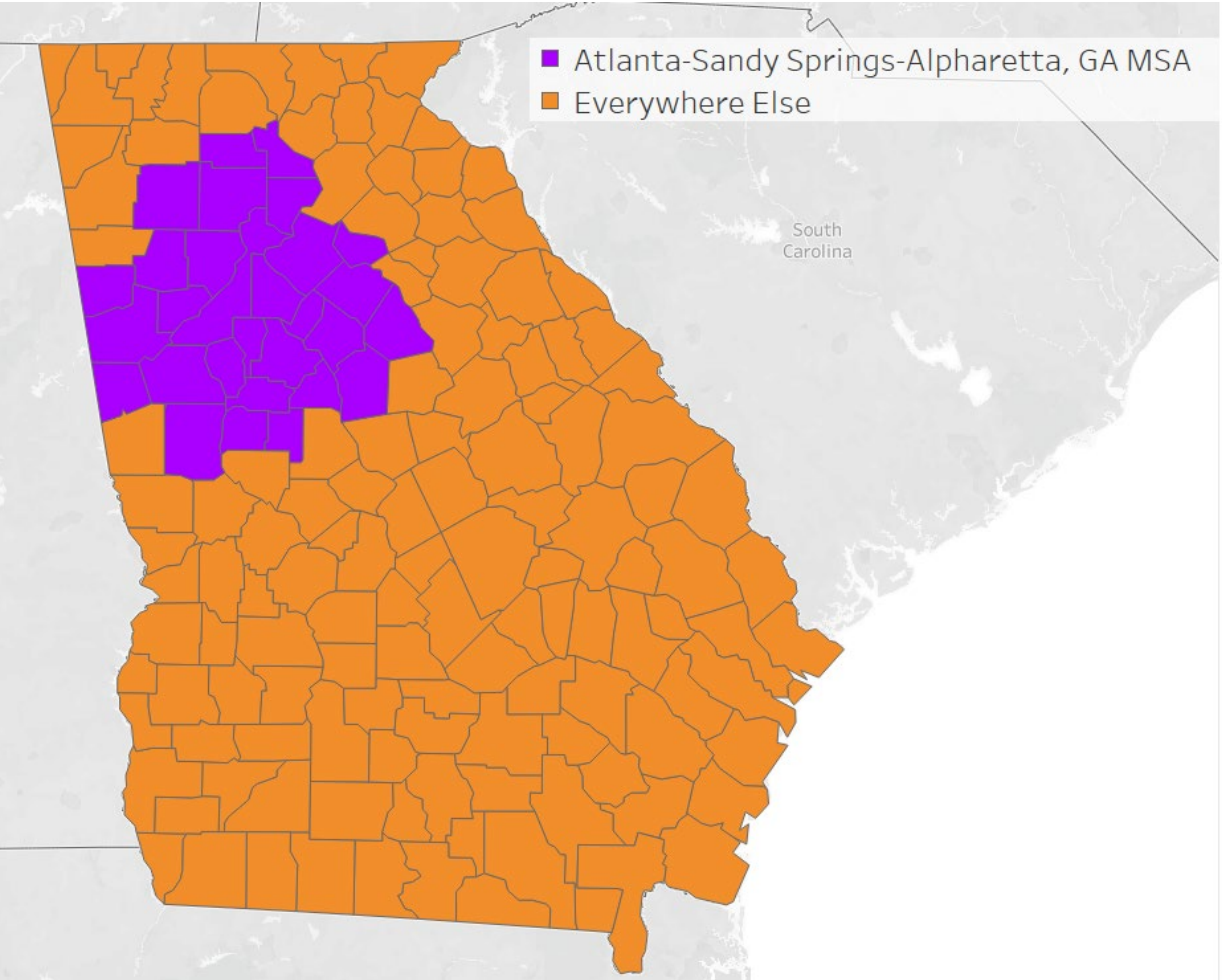
$$\text{wages} \div \text{COLI} \times 100 = \text{COLI-adjusted wages}$$

- Cost of living adjusted wages are wages adjusted for inflation
- Can be used for regional comparisons
- Not longitudinal
- ***Not the same as inflation*** but can tell us about cost of goods and services compared with US

C2ER COST OF LIVING INDEX



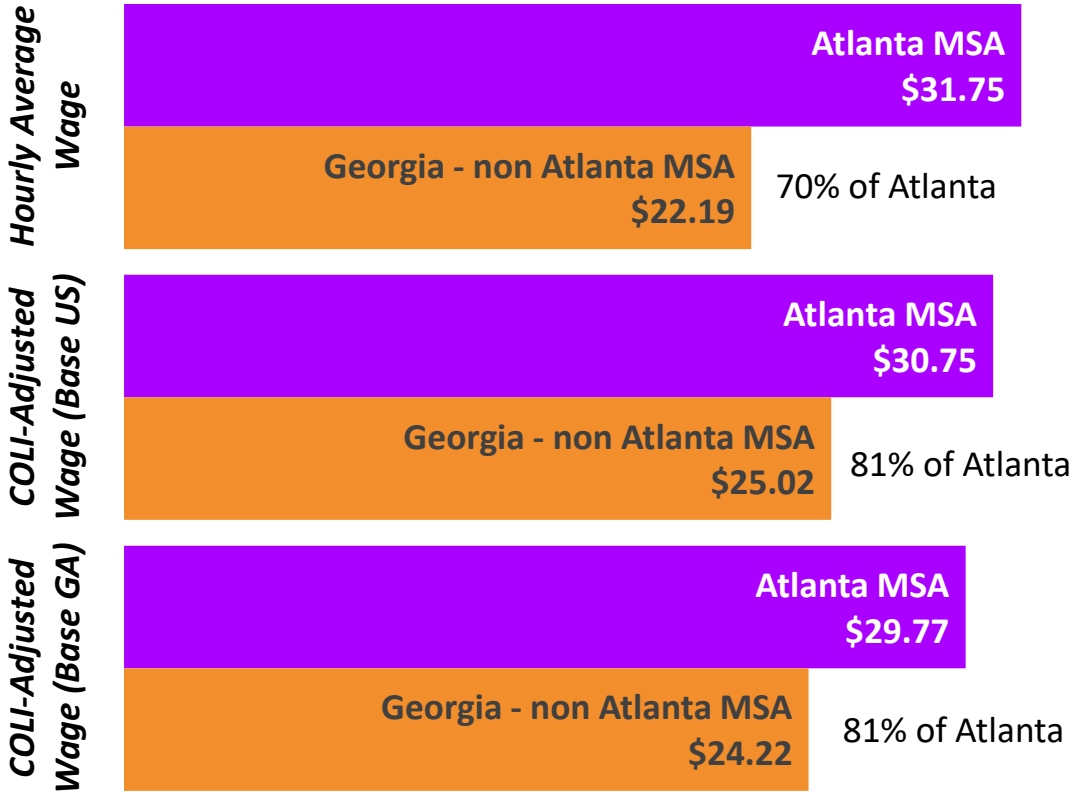
ATLANTA MSA VS. ELSEWHERE IN GEORGIA



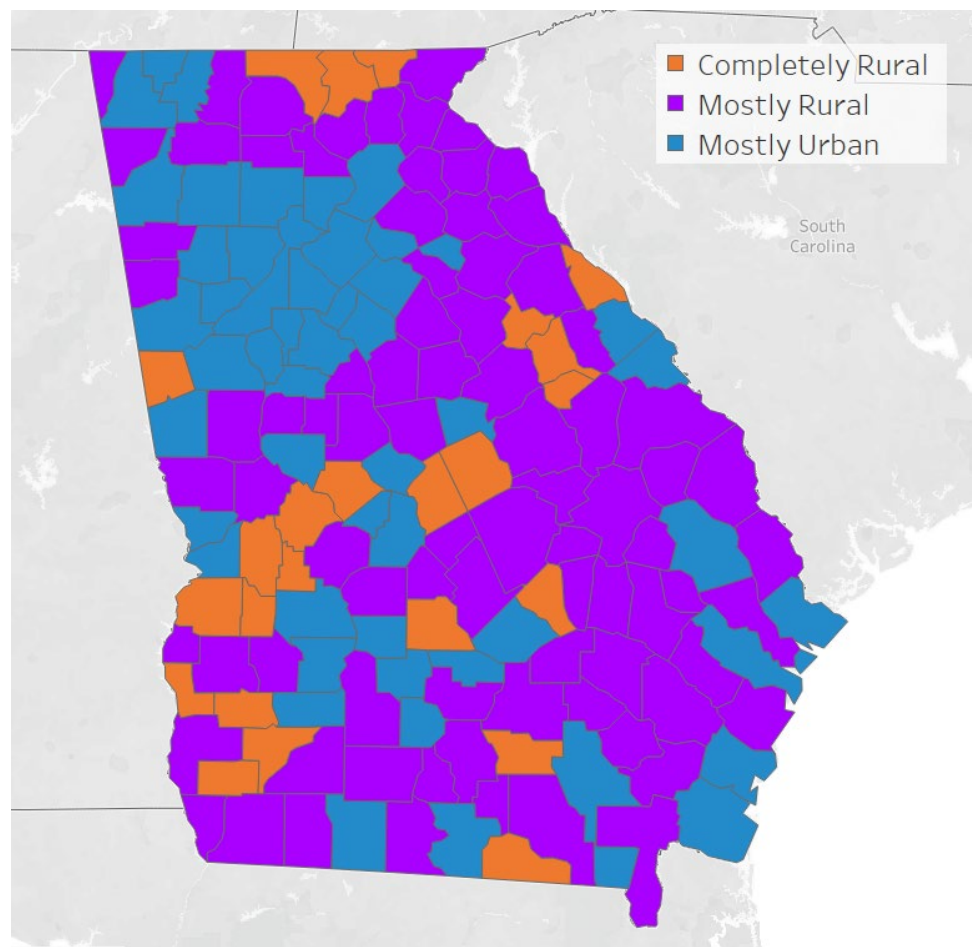
2021 Q4

**Atlanta-Sandy Springs-
Alpharetta, GA MSA**
COLI (Base US): 103.3
COLI (Base GA): 106.6

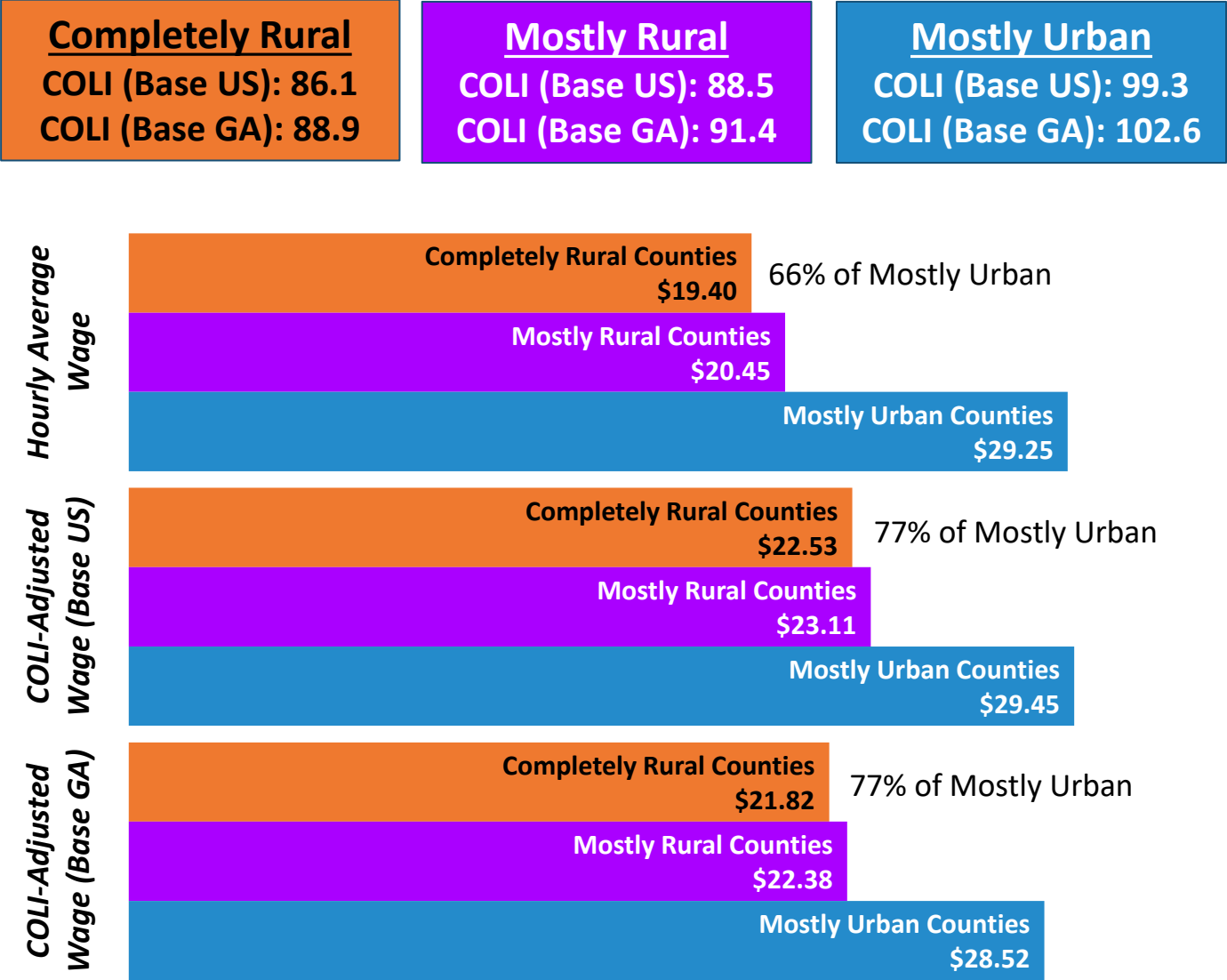
**Georgia, outside
Atlanta MSA**
COLI (Base US): 88.7
COLI (Base GA): 91.6



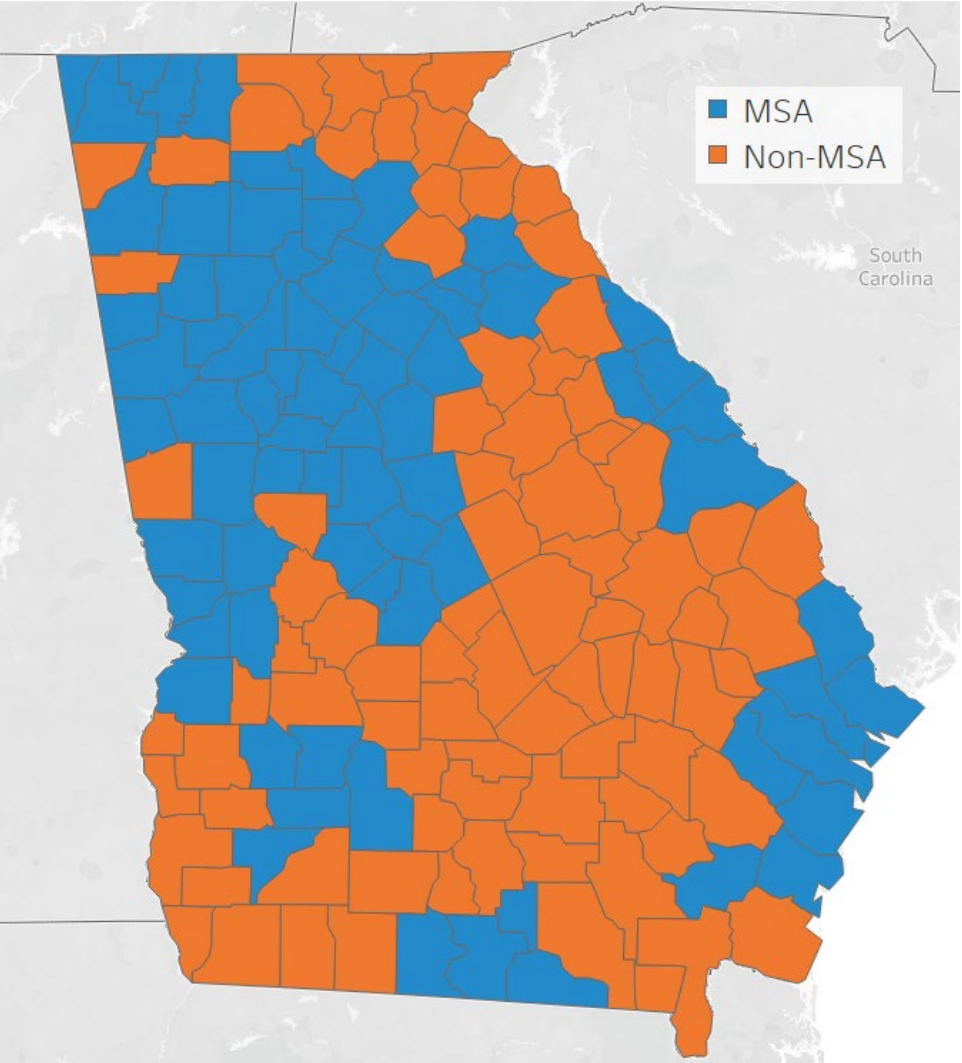
COMPLETELY RURAL VS. MOSTLY RURAL VS. COMPLETELY URBAN



2021 Q4

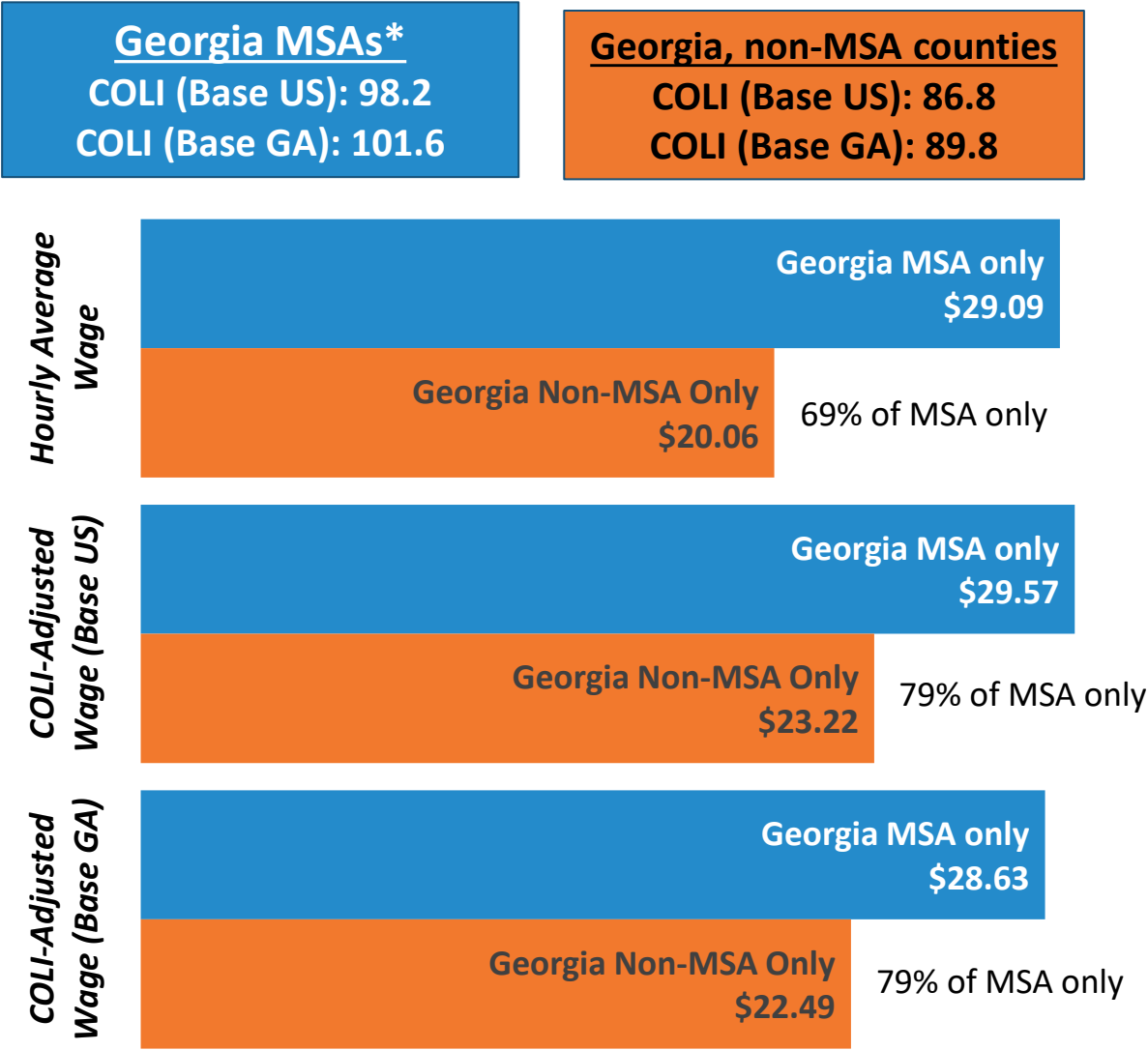


COLI-ADJUSTED WAGES: MSA VS NON-MSA



**includes border counties around Georgia inside MSAs for which any part is in Georgia (not shown on map)*

2021 Q4



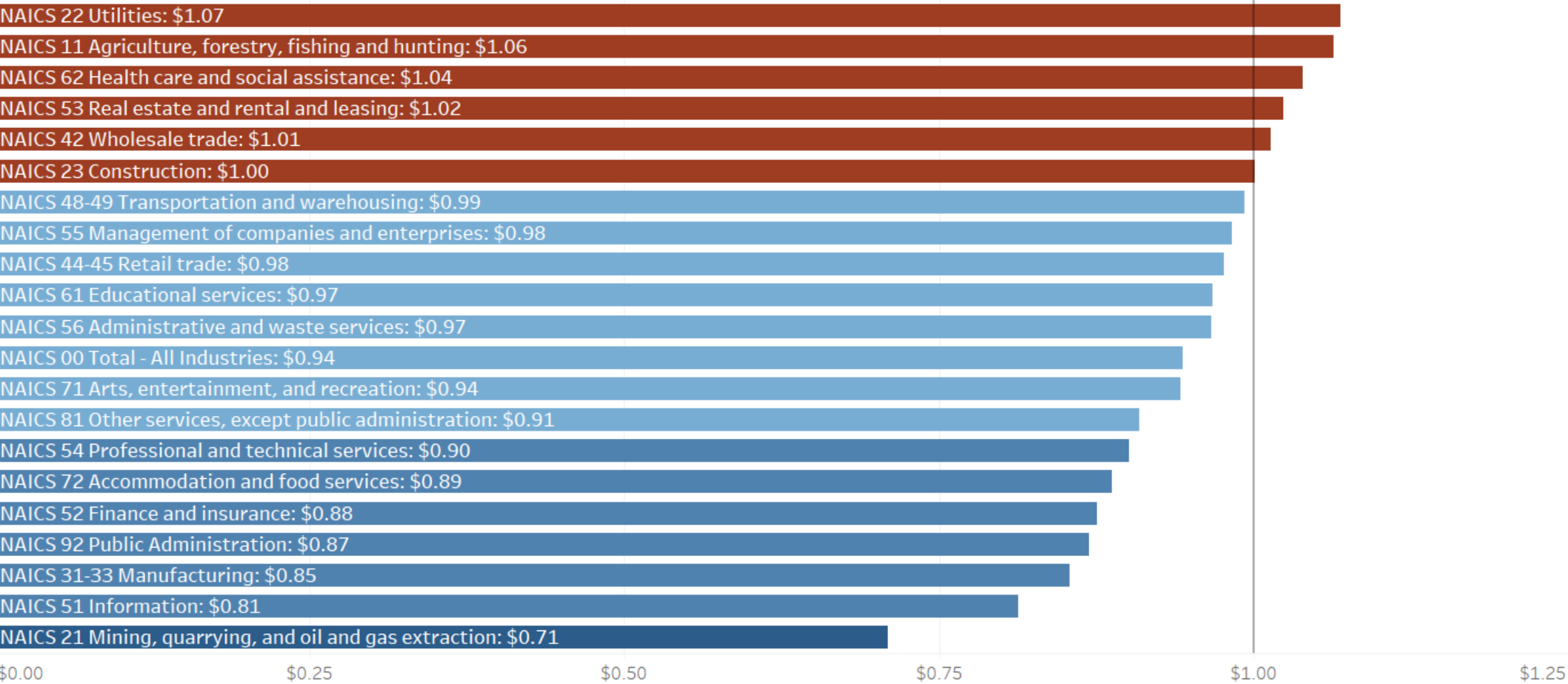
COLI-ADJUSTED WAGES: GEORGIA MSAS

Region	Hourly Average Wage	Cost of Living Index (Base US)	COLI-Adjusted Wage (Base US)	Cost of Living Index (Base GA)	COLI-Adjusted Wage (Base GA)
Albany, GA MSA	\$21.97	86.8	\$25.32	89.6	\$24.51
Athens-Clarke County, GA MSA	\$23.99	98.2	\$24.42	101.5	\$23.65
Atlanta-Sandy Springs-Alpharetta, GA MSA	\$31.75	103.3	\$30.75	106.6	\$29.77
Augusta-Richmond County, GA-SC MSA	\$25.00	83.6	\$29.91	86.3	\$28.96
Brunswick, GA MSA	\$22.17	88.2	\$25.14	91.1	\$24.35
Chattanooga, TN-GA MSA	\$25.90	92.2	\$28.09	95.2	\$27.20
Columbus, GA-AL MSA	\$22.52	91.0	\$24.74	94.0	\$23.96
Dalton, GA MSA	\$22.81	87.9	\$25.95	90.8	\$25.13
Gainesville, GA MSA	\$25.77	102.9	\$25.04	106.3	\$24.24
Hinesville, GA MSA	\$20.95	80.9	\$25.89	83.6	\$25.07
Macon-Bibb County, GA MSA	\$22.82	96.8	\$23.58	100.0	\$22.83
Rome, GA MSA	\$22.37	88.8	\$25.18	91.7	\$24.38
Savannah, GA MSA	\$24.15	87.0	\$27.75	89.9	\$26.87
Valdosta, GA MSA	\$19.72	91.5	\$21.56	94.5	\$20.87
Warner Robins, GA MSA	\$24.02	91.4	\$26.29	94.4	\$25.45
Georgia	\$28.58	96.8	\$29.52	100.0	\$28.58
United States	\$31.28	100.0	\$31.28	103.3	\$30.28

2021 Q4

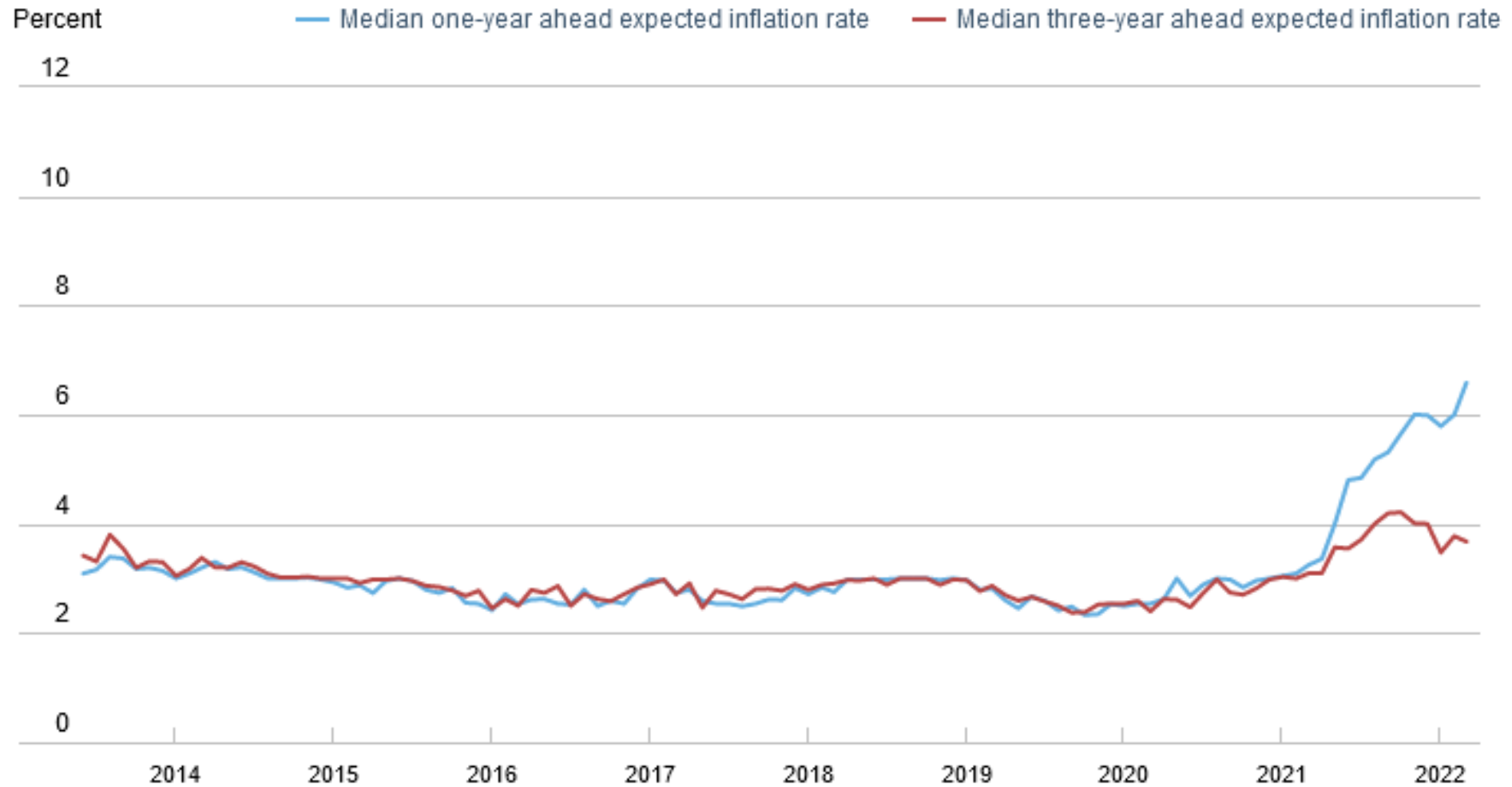
EARNINGS COMPARISON: INDUSTRY

Georgia-United States COLI-Adjusted Wage Disparity by Industry
(per \$1.00 US Wage)



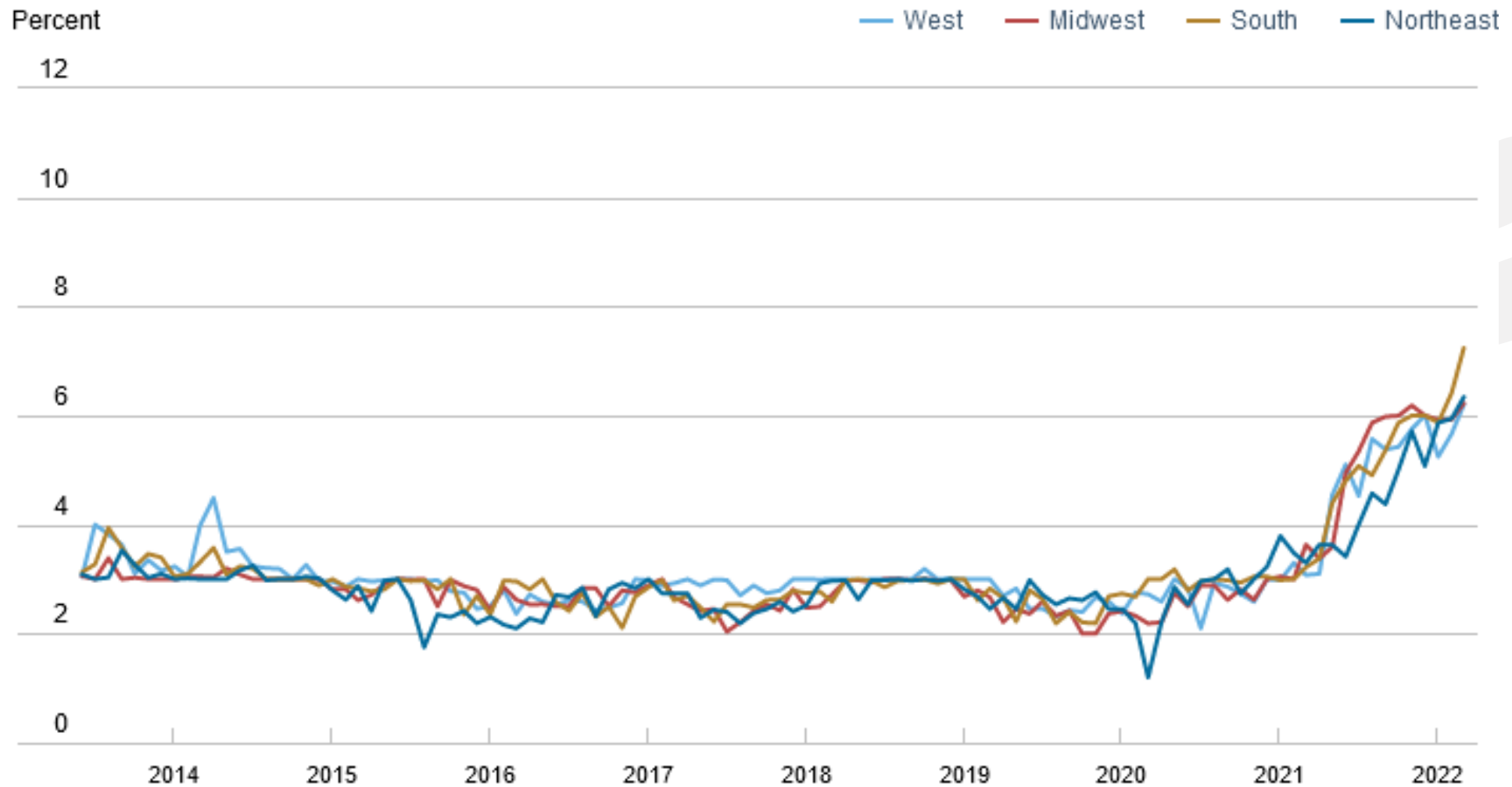
2021 Q4

INFLATION FORECAST



Source: New York Fed Survey of Consumer Expectations

INFLATION FORECAST

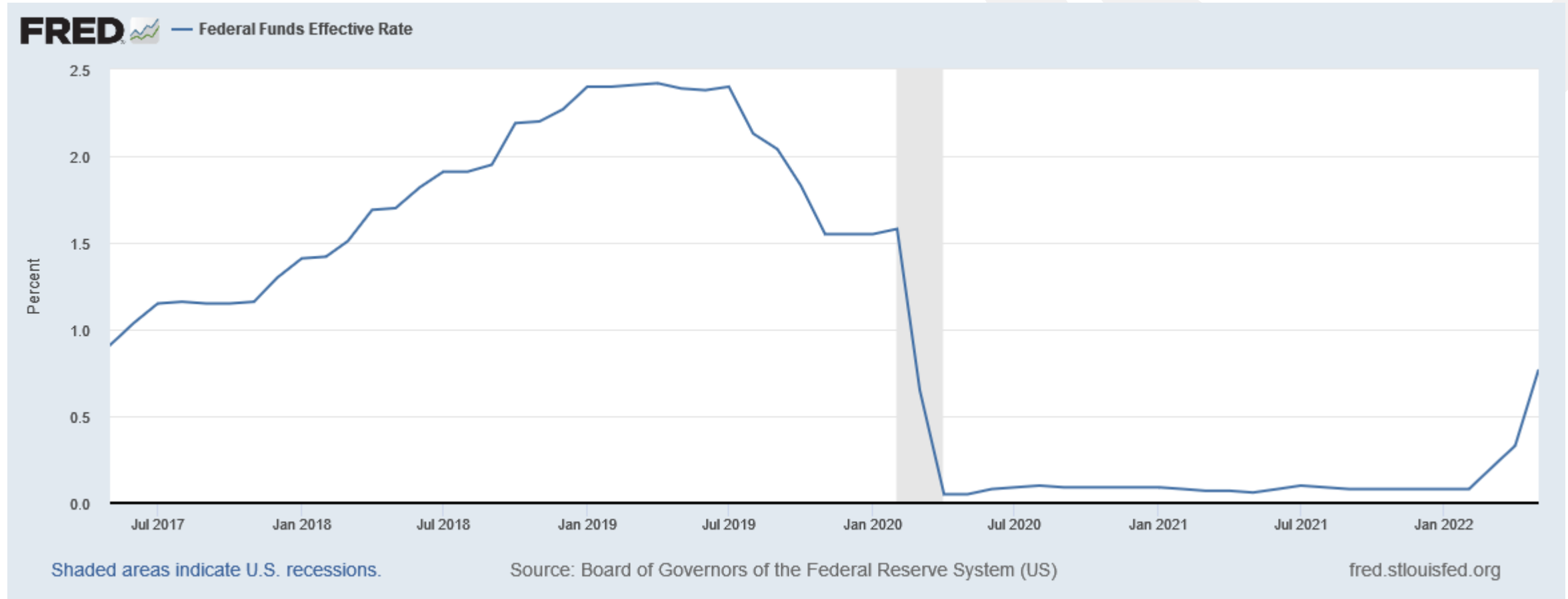


Source: New York Fed Survey of Consumer Expectations

INFLATION FORECAST

"Our goal is to use our tools to get supply and demand back in sync."

—Fed Chairman Jerome Powell



PROCESS, INSIGHTS, AND RECOMMENDATIONS

Process

- Real (inflation-adjusted) wages vs. COLI-adjusted wages for longitudinal and static comparisons

Limitations & Constraints

- Inflation data limited
- Wage data lag

Recommendations

- Local cost surveys and targeted programs
- COLI-adjusted wages for key industries

CONCLUSIONS

- Inflation is wiping out wage increases
- Inflation has increased more in metro Atlanta than in other metros
- Rural workers, lower education level, some racial and ethnic groups, lower-wage workers, and non-managerial workers are most impacted by inflation
- Purchasing power is lower in rural GA than urban GA despite lower COL
- Inflation expected to increase in the short term but cool off in the longer term



THANK YOU



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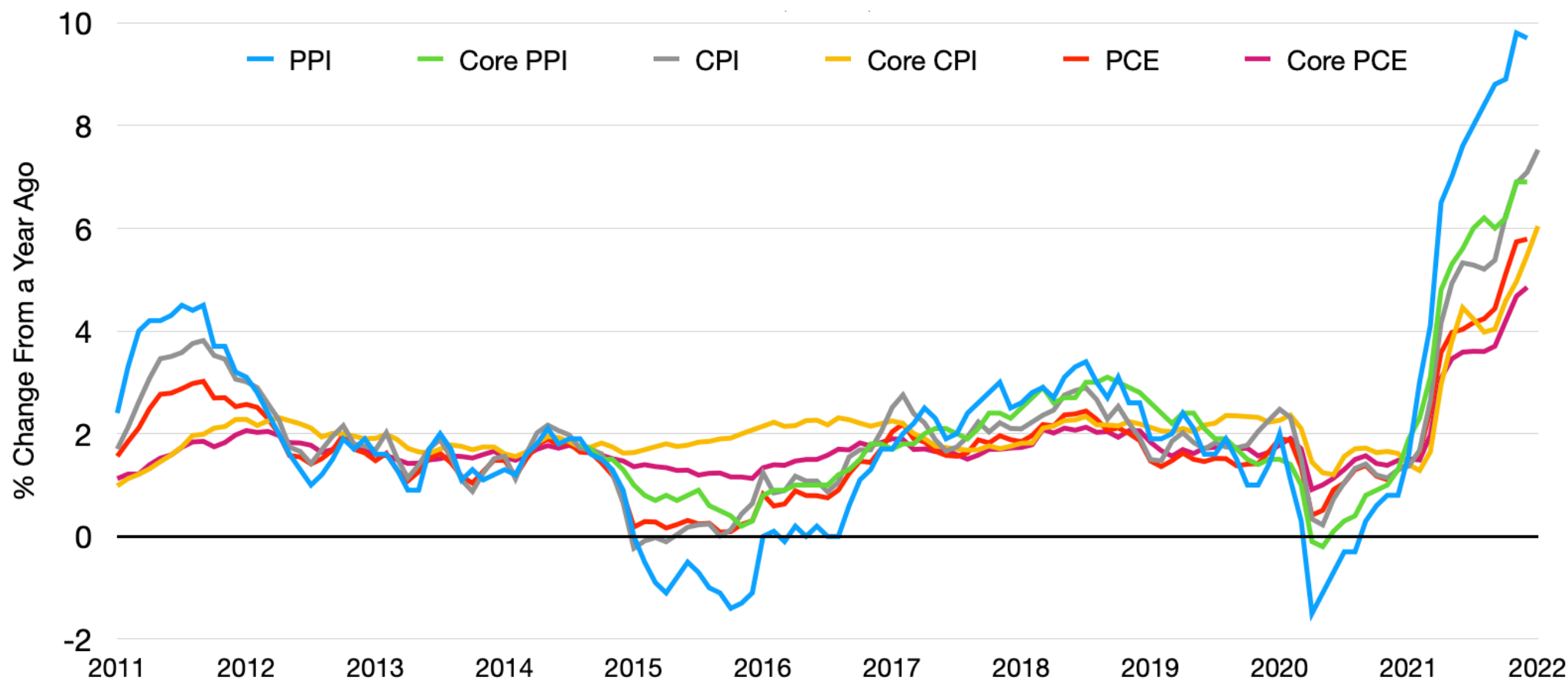


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OTHER MEASURES OF INFLATION



Core PPI = finished goods only

Core CPI = CPI, excluding food and energy

Core PCE = PCE, excluding food and energy

INFLATION FORECAST

