

SENSIGHTS

A monthly roundup of various economic indicators that could, will, or are impacting Georgia compiled by Chairman Hufstetler and Chairman Tillery

The Coronavirus Relief Bill by the Numbers

Details from the **second stimulus package** are filtering out of Washington and the following earmarks are expected for State of Georgia:

- **\$1.7 billion** to the Elementary & Secondary Education Relief Fund (K-12 Education)
- **\$679 million** to the Higher Education Emergency Relief Fund
- **\$125 million** to the Governor’s Education Emergency Relief Fund
- **\$611 million** to DPH for testing and contact tracing
- **\$95 million** to DPH for vaccine distribution
- **\$40 million** for transit

Metro Atlanta Home Prices Surge

In November, the median sales price of a home in the region was up 15% from a year earlier – a pace that was twice as fast as prices were rising in the same month of 2019.

-AJC

Strong End to 2020

Continuing its theme in a year of incongruent realities, December 2020 delivered Georgia unexpected revenue news. Now half way through the FY 2021, Georgia revenues are exceeding budget by over \$700 million and personal income tax and sales tax, Georgia’s revenue drivers, continue to grow through the pandemic. Motor fuel revenues also increased slightly, signaling increased movement of people and goods. While ample uncertainty remains, let’s enjoy one of the view good things 2020 brought us, a strong state revenue position, while it last!



Georgia Top 10 in Recovery Nationally

Georgia is **7th among states** that are closest to seeing pre-pandemic economic conditions: Consumer spending is just 1.6% below January, and new job postings are 8.9% below January levels.

-Channel46

Predictions on Fed Tax Changes in 2021

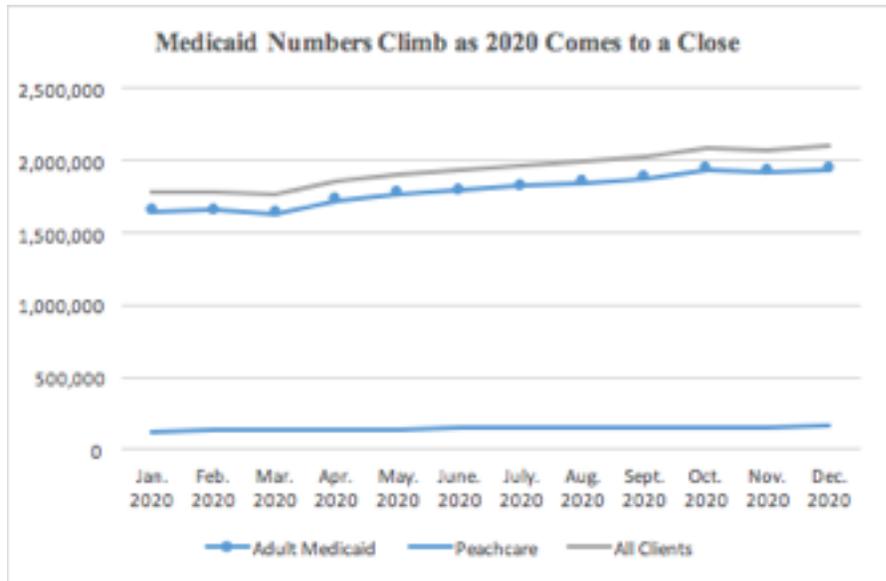
Experts predict the top tax rate on regular income will head back to 39.6%, and the corporate tax rate, which was 35% for a generation before President Trump and cut to 21% for the past few years, will likely be lifted to 28%. While its affects on Georgia remain to be seen, experts predict these moves will won't help the economy grow,. Conversely, the US had a top personal tax rate of 39.6% and a corporate tax rate of 35% from 1993 to 2000 and 2013-17, with no recession during any of those years. Experts also predict the limit on state and local tax deductions is likely to double from its current \$10,000 to at least \$20,000.

-Monday Morning Outlook

Mortgage Rates Hitting Record Lows

The average contract interest rate for 30-year fixed-rate mortgages with conforming loan balances (\$510,400 or less) decreased to 2.90% from 2.92% – lowest in the MBA's 30-year survey history. Points increased to 0.35 from 0.31 (including the origination fee) for loans with a 20% down payment. That rate was 108 basis points higher the same week one year ago.

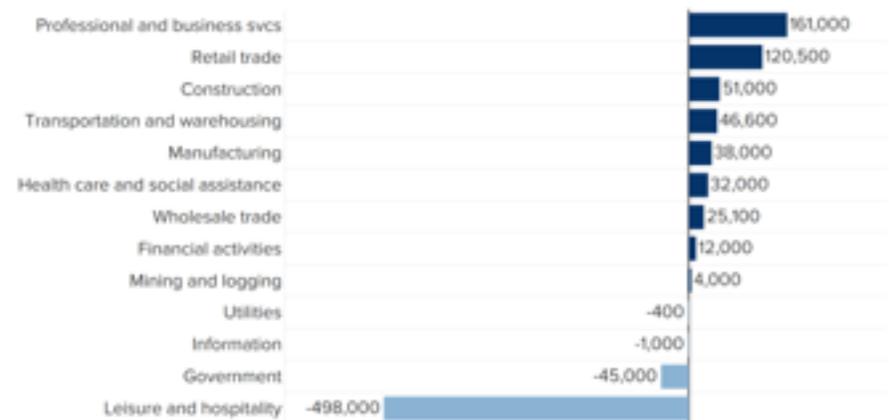
-CNBC



Unemployment Rises at the End of 2020

A January 2021, Week 1 Report from payroll processor ADP underscored the risk and uncertainty employers are feeling, citing private employers **cut 123,000 more jobs last month than they added**. It was much worse than economists' expectations for job growth, and it was the weakest such report since April 2020. See figure below to see areas of the economy hiring and firing the most.

December jobs one-month net change



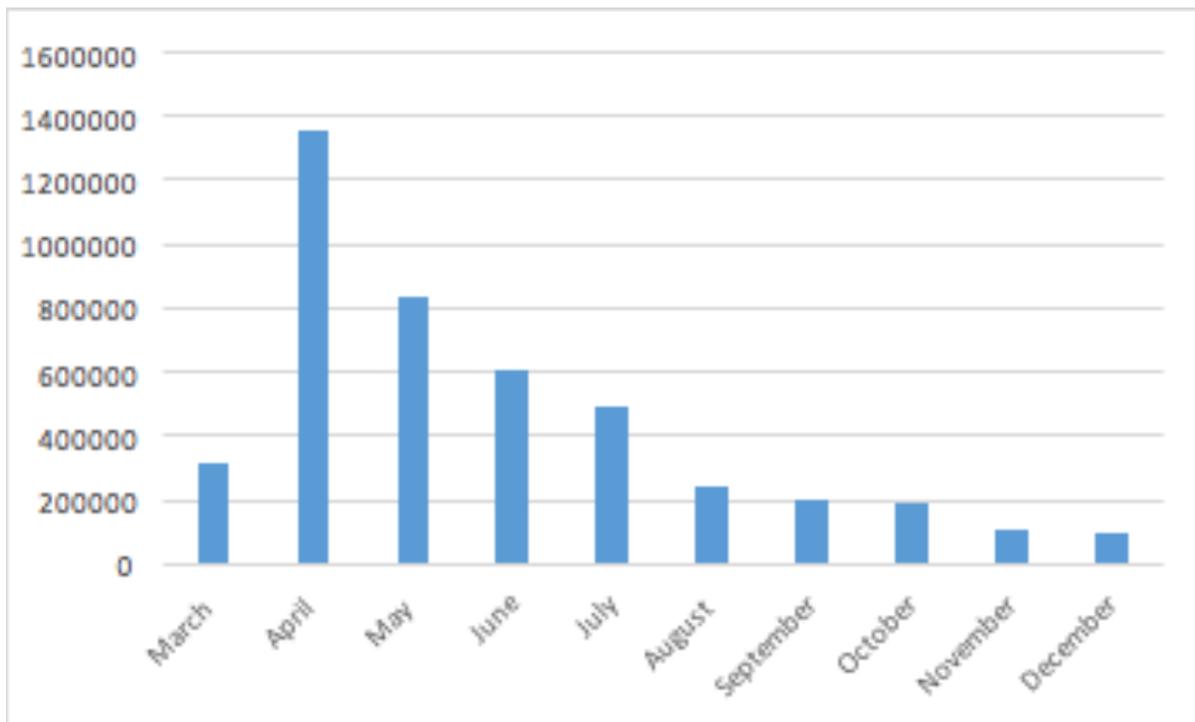
SOURCE: Bureau of Labor Statistics

-AJC

Projections for 2021 Provide Some Optimism

The Federal Reserve did issue new economic projections this week, which were **substantially more optimistic** than what they were forecasting three months ago when the vaccine was just a hope. Now, it's a reality. The Fed expects the economy to grow next year by 4% and unemployment to decline to 5.5%, though Fed Chairman Powell does say it's going to take some more time to get back close to full employment and a pre-pandemic feel. Most Fed members expect interest rates to stay near zero through 2023. -NPR

Fewer Georgians Filing Initial Unemployment Claims



Chairman Hufstetler's Final Thoughts

It is great to be back with old members and our new members. The 700+ million increase in revenue over last year's budget numbers after 6 months make it a little easier for the rocky months ahead. I hope we all work hard and together for the great state of Georgia

Chairman Tillery's Final Thoughts

While we are still interpreting all the effects Congress's latest round of stimulus spending, half way through our fiscal year, federal dollars have left Georgia's economy much better off than we predicted this summer. We approach the FY 21 Amended and FY 22 Budgets in a position to shore up Georgia's needs while still being cautious about Georgia's future. The road ahead is not smooth just yet, but it's definitely better than it could be!

Joint Appropriations Hearing Schedule

Tuesday, January 19th	Wednesday, January 20th	Thursday, January 21st
<p>9:00 a.m. Chairman's Welcome Senator Blake Tillery Rep. Terry England</p>	<p>8:00 a.m. Opening Remarks Senator Blake Tillery Rep. Terry England</p>	<p>8:00 a.m. Opening Remarks Senator Blake Tillery Rep. Terry England</p>
<p>9:05-9:30 a.m. The Honorable Brian Kemp Governor of Georgia</p>	<p>8:05 - 9:00 a.m. Commissioner Timothy C. Ward Department of Corrections</p>	<p>8:05 - 8:30 a.m. Commissioner Robyn A. Crittenden Department of Human Services</p>
<p>9:30 - 10:00 a.m. Dr. Jeffery Dorfman Economic Outlook and Revenue Estimating</p>	<p>9:00 - 9:30 a.m. Commissioner Tyrone Oliver Department of Juvenile Justice</p>	<p>8:30 - 9:00 a.m. Director Tom Rawlings Department of Human Resources</p>
<p>10:00 - 11:00 a.m. Commissioner Dr. Kathleen E Toomey Department of Public Health</p>	<p>9:30 - 10:00 a.m. Colonel Chris C. Wright Department of Public Safety</p>	<p>9:00 - 10:00 a.m. Commissioner Frank W. Berry Department of Community Health</p>
<p>11:00 - 11:30 a.m. Commissioner Gary Black Department of Agriculture</p>	<p>10:00 - 10:30 a.m. Chief Justice Harold D. Melton Supreme Court</p>	<p>10:00 - 11:00 a.m. Commissioner Judy Fitzgerald Department of Behavioral Health and Development Disabilities</p>
<p>11:30 - 1:00 p.m. Lunch</p>	<p>10:30 - 11:00 a.m. Superior Courts</p>	<p>11:00 - 11:30 a.m. Director Kelly Farr Governor's Office of Planning and Budget</p>
<p>1:00 - 2:00 p.m. Superintendent Richard Woods Department of Education</p>	<p>11:00 - 1:00 p.m. Lunch</p>	<p>11:30 a.m. Lunch</p>
<p>2:00 - 2:45 p.m. Chancellor Dr. Steve Wrigley University System of Georgia</p>	<p>1:00 - 2:00 p.m. Commissioner Russell McMurry Department of Transportation</p>	<p>1 p.m. Federal Block Grant Hearings FY22</p>
<p>2:45 - 3:15 p.m. President Brooks Keel Georgia Cyber Center, Augusta University</p>	<p>2:00 - 2:30 p.m. Commissioner Pat Wilson Department of Economic Devel- opment</p>	
<p>3:15 - 4:00 p.m. Director Vic Reynolds Georgia Bureau of Investigations</p>	<p>2:30 - 3:00 p.m. Commissioner Mark Williams Department of Natural Resources</p>	
	<p>3:00 - 3:45 p.m. Commissioner Greg Dozier Technical College System of Georgia</p>	

Streaming Live at : <https://livestream.com/accounts/25225474/events/8824293>