



## Background

In late 2017, the Public Affairs Research Council of Alabama (PARCA) surveyed Alabama voters to determine their thoughts about the general direction of the state and the issues that most concern them. PARCA partnered with Samford University to survey policy professionals from across the state including academics, journalists, business and nonprofit leaders, and lobbyists. Their responses provided a list of 17 critical issues facing Alabama. PARCA partnered with USA Polling at the University of South Alabama to ask registered voters about these 17 issues. The voters' responses generated the Top Ten list of voter priorities. Details about the survey and its methodology can be found in the full [Alabama Priorities](#) report at [www.parcAlabama.org](http://www.parcAlabama.org).

ALABAMA PRIORITIES	
1.	K - 12 Education
2.	Healthcare
3.	Government Corruption and Ethics
4.	Mental Health and Substance Abuse
5.	Poverty and Homelessness
6.	Jobs and the Economy
7.	Crime and Public Safety
8.	Job Training and Workforce Development
9.	Improving the State's Image
10.	Tax Reform

## Key Findings

*Voters broadly agree* on the critical issues facing the state.

*Voters are not polarized* along traditional political, ideological, racial, or generational lines. There is a significant gap between the priorities of experts and the priorities of voters.

Policymakers have an opportunity to *inform and educate voters* on critical and systemic challenges facing the state.

Policymakers have an *opportunity to respond* to immediate, often highly personal issues that concern voters.

Elected officials and candidates have *an opportunity to show leadership* and to *build broad coalitions* to address Alabama's most pressing challenges.

In the following months, PARCA will produce summary briefs on each of the top ten priorities chosen by Alabama voters. Each brief will answer four critical questions: what is the issue, why it matters, how Alabama compares, and what options are available to Alabama policymakers.

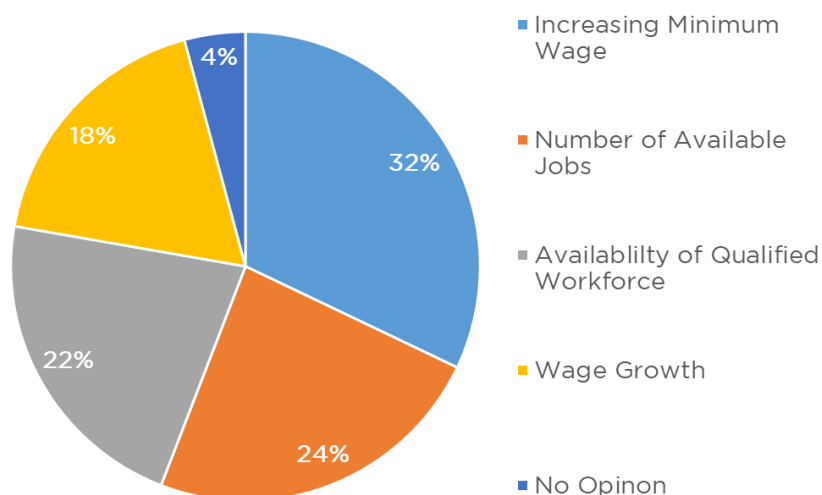
## #6: Jobs and the Economy

### What is the Issue?

Alabama voters ranked jobs and the economy as the 6<sup>th</sup> most important issue, with 56% of respondents indicating they were very concerned about this issue. The issue ranked highly across all subgroups: political affiliations, generations, gender, and education level, and race. The only substantive difference in subgroups found was in ideology, where the issue ranked lower for liberals than for conservatives or moderates.

Voters were also asked to identify their top priorities regarding jobs and the economy, selecting from the number of available jobs, availability of qualified workers, wage growth, or increasing the minimum wage. Thirty-two percent of respondents selected increasing the minimum wage as their top priority; 24% identified number of available jobs, followed by availability of qualified workers at 22%. Wage growth was found to be least important and was selected by 18% of respondents.

Figure 1: Policy priorities for jobs and the economy



## Why are Jobs and the Economy Important?

A growing economy and a high employment rate support many measures of overall well-being, including household income, health, housing stability, tax revenue, and more.<sup>1</sup> Economic growth:

- is the most fundamental indicator of an economy's health,<sup>2</sup>
- is an important indicator contributing to poverty reduction;<sup>3</sup>
- can create job opportunities and hence stronger demand for labor;<sup>4</sup>
- can improve standards of living and health;<sup>5</sup>
- can improve educational attainment;<sup>6</sup> and
- can improve technology and infrastructure.<sup>7</sup>

## How Does Alabama Compare?

There are numerous indicators used to determine jobs and economic growth. We consider four of the most commonly used measures, although there is much debate that these measures tell the entire story.

### Gross Domestic Product

Economic health is most typically measured by the growth rate of the Gross Domestic Product (GDP), a comprehensive value of all goods and services produced.<sup>8</sup> Like the U.S., Alabama has enjoyed GDP growth every year between 2009 and 2017, although the state has grown at a slower rate than the nation. The state saw its lowest percentage increase of 1.9% from 2013 to 2014 and ranked only higher than Mississippi (1%) among southeastern states. Alabama's GDP increased 3.3% from 2016 to 2017, exceeding the growth rate in Arkansas and Mississippi, but trailing other southeastern states.

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<sup>1</sup> Good Growth for Cities 2017, A report on urban economic wellbeing from PWC and Demos, November 2017. <https://www.pwc.co.uk/government-public-sector/good-growth/assets/pdf/2017-good-growth-for-cities.pdf>

<sup>2</sup> Bolton, S. and Khaw S., "Economic Growth", July 2006. <https://www.theguardian.com/business/2006/jul/10/ukeconomy.globalrecession>

<sup>3</sup> Adams Jr., Richard. H, "Economic Growth, Inequality, and Poverty", The world Bank, Poverty Reduction and Economic Management Network, February 2003.

<sup>4</sup> Department for International Development (DFID), "Growth: Building Jobs and Prosperity in Developing Countries" <https://www.oecd.org/derec/unitedkingdom/40700982.pdf>

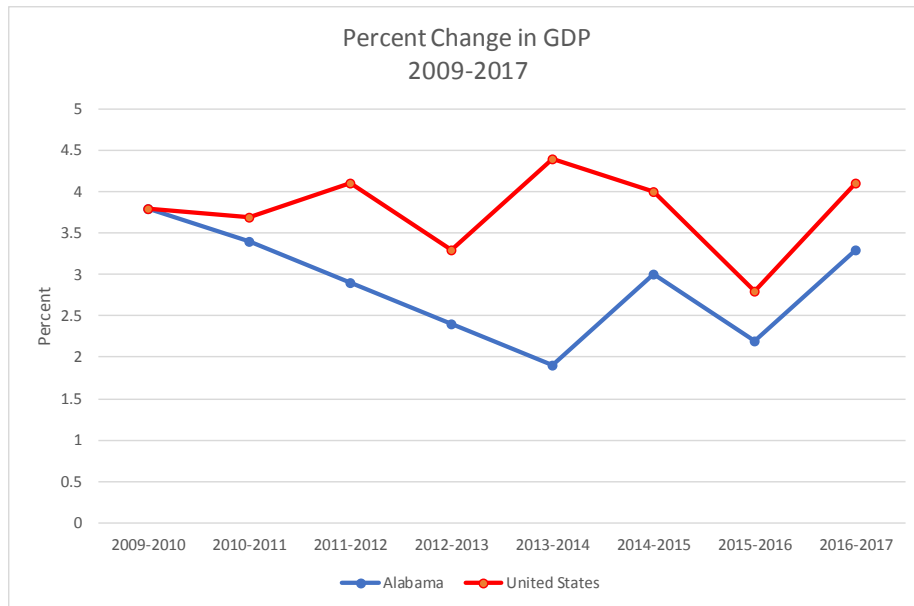
<sup>5</sup> Weil, D.N. "Economic Growth", 3<sup>rd</sup> Edition, Harlow Pearson Education Limited, 2013. Rivera IV, B., and Currais, L., "Economic Growth and Health Direct Impact or Reverse Causation", Applied Economics Letters, 6(11), 761-764.

<sup>6</sup> The World Bank (2007), "Education Quality and Economic Growth"

<sup>7</sup> Canning, D., and Pedroni, P., "Infrastructure and Long Run Economic Growth", Consulting Assistance on Economic Reform II Discussion Paper, 57.

<sup>8</sup> Bureau of Economic Analysis, U.S. Department of Economic Analysis. <https://www.bea.gov>

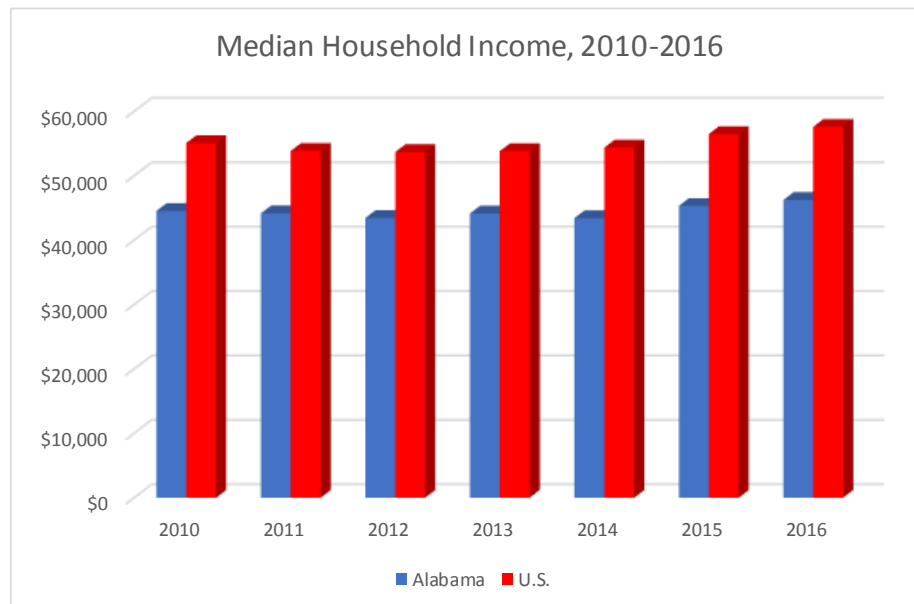
Figure 2: Annual Percentage Change in GDP, 2009-2017



### Median Household Income

Median household income is the income figure that divides all households into two equal groups, with half earning more than the income and half earning less. Median income in Alabama increased annually since 2010. In 2016, according to American Community Survey 1-year estimates, Alabama’s median household income was \$46,257 – 46<sup>th</sup> among all states, more than \$10,000 below the national average. When compared to other Southeastern states, Alabama fared worse than all except Louisiana (\$45,146), Arkansas (\$44,334) and Mississippi (\$41,754).

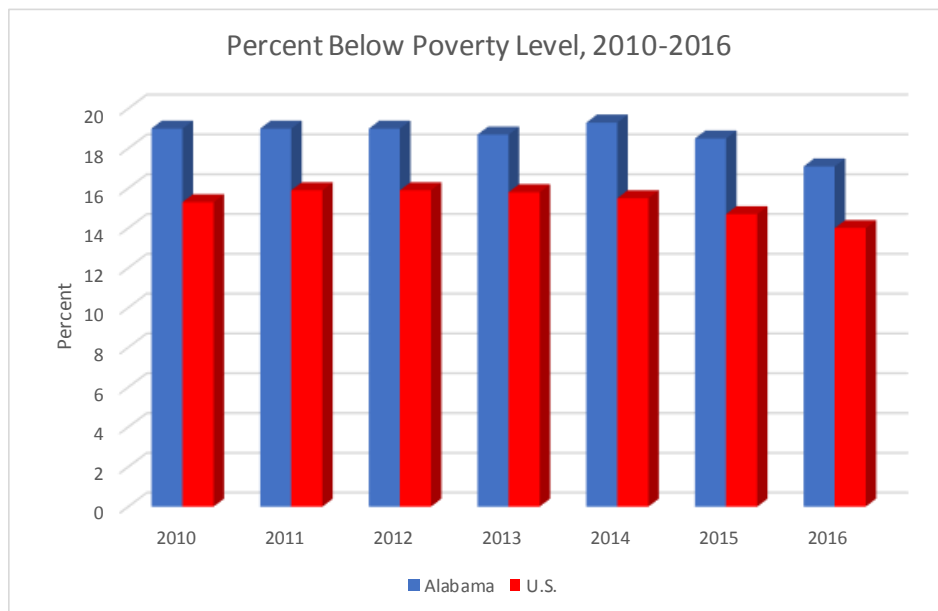
Figure 3: Median Household Income, 2010-2016



**Poverty**

Poverty is measured as the percentage of people earning less than a specific dollar amount: the federal poverty line. The federal poverty line is adjusted for the number of people in a household and is revised annually. The percent of population in Alabama living below the federal poverty level has declined from 19% in 2010 to 17.1% in 2016, mirroring declines at the national level. However, the percent of people living below the poverty level in Alabama is still higher than that of the nation. When compared to 10 states in the Southeast, Alabama’s poverty rate ranked 5<sup>th</sup> highest in 2016 and 7<sup>th</sup> highest among all states.

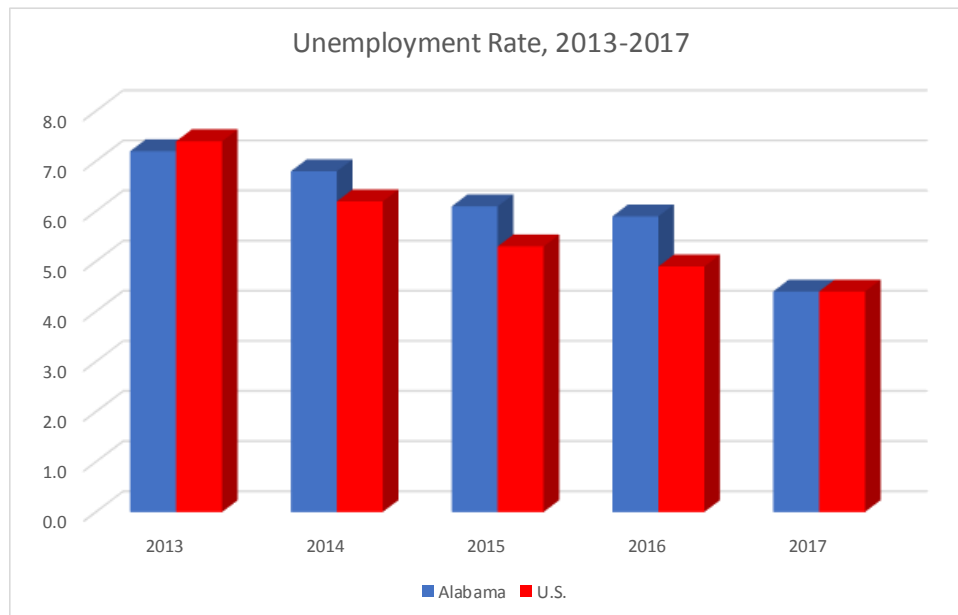
Figure 4: Percent of Population the Below Poverty Level, 2010-2016



**Unemployment Rate**

Alabama’s unemployment rate is also decreasing, as is the national rate. In 2013, Alabama’s unemployment rate was 7.2%. By 2017, the figure had declined to 4.4%. The state’s rates are comparable to that of the U.S. during this same period. Nationally, unemployment fell from 7.4% in 2013 to 3.8% at the end of 2017. Alabama’s unemployment rate (4.4%) ranked 5<sup>th</sup> lowest among 10 Southeastern states, where Arkansas had the lowest unemployment rate of 3.7% and Mississippi had the highest of 5.1%.

Figure 5: Unemployment Rate, 2013-2017



### What Can We Do?

The state has numerous options to support a robust economy and a strong job market, including:

- increased investment in education: in 2016, Alabama was 39<sup>th</sup> among the states in per student spending;<sup>9</sup>
- increased investment in healthcare; in 2014, state-level per capita healthcare spending was 9% lower than the national average, suggesting lower levels of insurance coverage and healthcare access;<sup>10</sup>
- increased investment in infrastructure: Alabama’s infrastructure was graded a C- in a recent study by civil engineers<sup>11</sup>. For more in infrastructure, see PARCA’s 2017 report, *How Alabama Roads Compare*.<sup>12</sup>

<sup>9</sup> “Annual Survey of School System Finances” U.S. Census Bureau <https://www.census.gov/programs-surveys/school-finances.html>

<sup>10</sup> A state-by-state breakdown of per capita healthcare spending. <https://www.beckershospitalreview.com/finance/a-state-by-state-breakdown-of-per-capita-healthcare-spending.html>

<sup>11</sup> American Society of Civil Engineers, “Report Card for Alabama’s Infrastructure”, 2015. <https://www.infrastructurereportcard.org/wp-content/uploads/2016/10/ASCE-AL-Report-Card-2015-Full-Report-FINAL-web.pdf>

<sup>12</sup> *How Alabama Roads Compare*. 2017. Public Affairs Research Council of Alabama. <http://parcalabama.org/how-alabama-roads-compare-ninth-edition-2017/>

- developing an adequate, fair, and efficient tax structure: Alabama collects the least amount in state and local revenue per capita of any state in the nation. See *[How Alabama Taxes Compare](#)*.<sup>13</sup>
- continuing ongoing work to align K-12 and post-secondary education and training offerings with the needs of employers, increasing opportunities for students and workforce quality for employers.

Although we considered four of the most commonly used measures, we cannot ignore the fact that economic growth is difficult to measure or even define. Many studies have shown both pros and cons of using the above indicators to measure growth. For example, authors have argued the validity of using unemployment rate as a measure of growth, considering the increasing number of part-time jobs versus full-time jobs.<sup>14</sup> Others have argued the difficulty of measuring growth based on indicators such as standard of living, given the lack of, or consistency of data. However, this article seeks only to highlight a snapshot of Alabama's economy and how the state compares nationally, using consistent data for all states. More comprehensive research should be done to gain more insight into changes in the state's jobs and economy over time.

*Drafted by Kenesha Reynolds-Allie, Ph.D. and the Staff of the Public Affairs Research Council of Alabama*

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<sup>13</sup> *How Alabama Taxes Compare*. 2017. Public Affairs Research Council of Alabama. <http://parcalabama.org/how-alabama-taxes-compare/>

<sup>14</sup> Jericho, Greg, "Why unemployment is no longer the best indicator of the economy's health" <https://www.theguardian.com/business/grogonomics/2016/aug/22/why-unemployment-is-no-longer-the-best-indicator-of-the-economys-health>