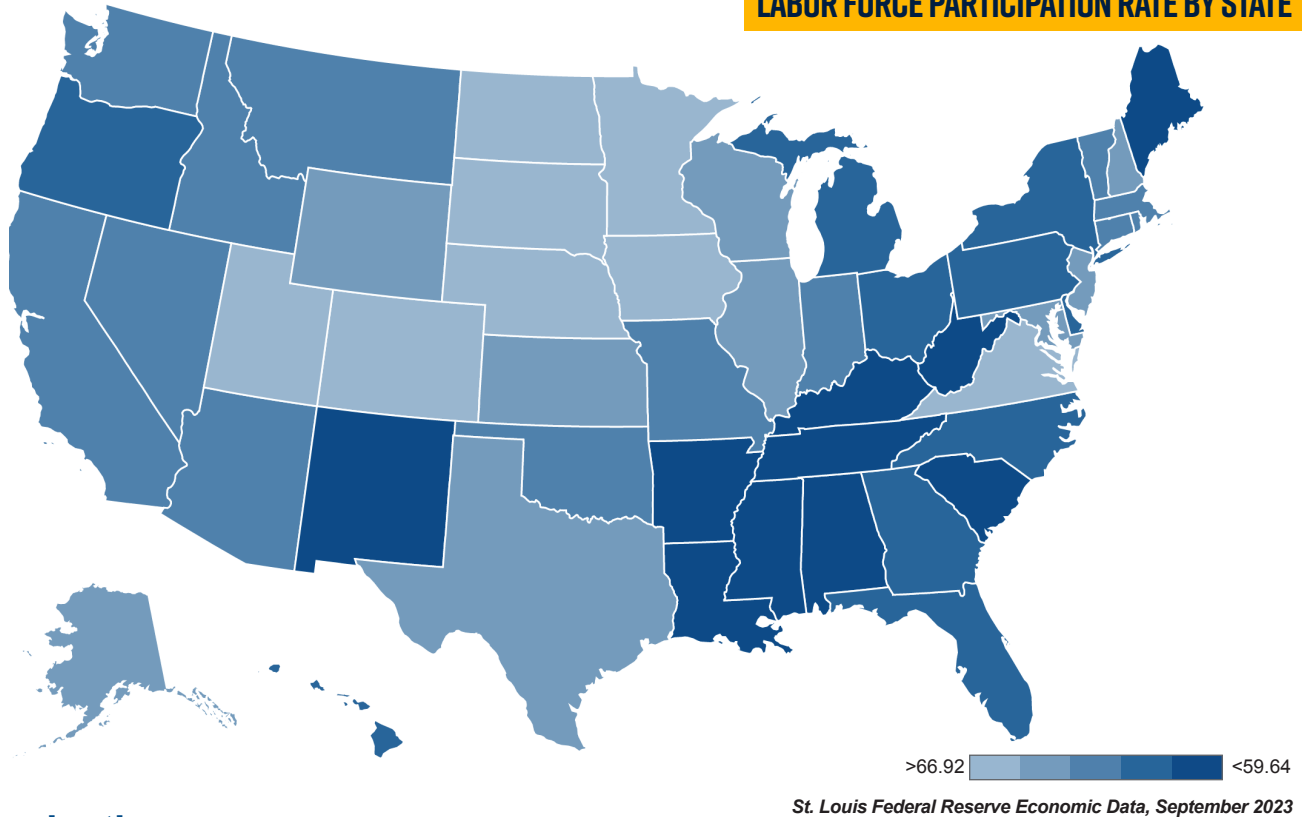


Parallel Paths: Unpacking Key Factors Behind Alabama's Workforce Engagement Gap

Comparing Labor Force Factors in Alabama and Georgia



LABOR FORCE PARTICIPATION RATE BY STATE



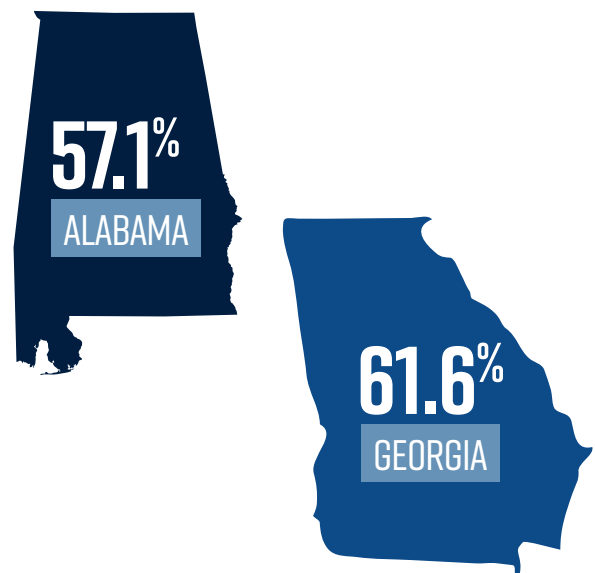
Introduction

Why does Alabama have such a low labor force participation rate? To determine this, we are comparing the labor force factors in two states, Alabama and Georgia. As of August 2023, Alabama had the third lowest rate of workforce participation in the U.S., while Georgia had the 15th lowest labor force participation rate in the nation.

Georgia's modest labor force participation rate isn't earning accolades nationally, but its 61.6% participation rate can serve as a valuable benchmark for Alabama. When we compare different population attributes between the states that impact workforce participation, it becomes clear that Alabama is struggling with the following factors:

1. Reliance on welfare benefits
2. Low labor force participation rates for women
3. Low levels of education attainment
4. More difficulty accessing transportation
5. Poor health metrics and a lack of access to healthcare
6. Particularly low workforce participation in the Black Belt

TOTAL STATE LABOR FORCE PARTICIPATION RATE



St. Louis Federal Reserve Economic Data, September 2023



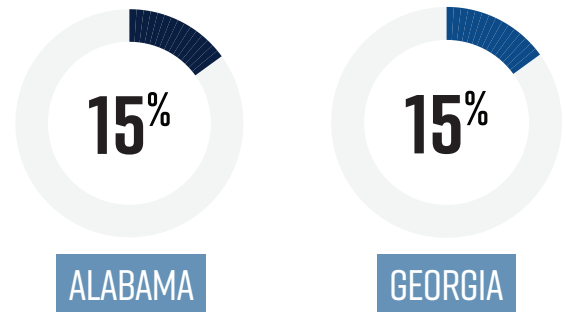
ALABAMIANS ARE INCREASINGLY RELIANT ON WELFARE BENEFITS

Since the year 2000 in Alabama:

- Labor force participation rate is **down 7.3%**
- Food stamp enrollment is **up by 96%**
- Medicaid enrollment is **up by 146%**

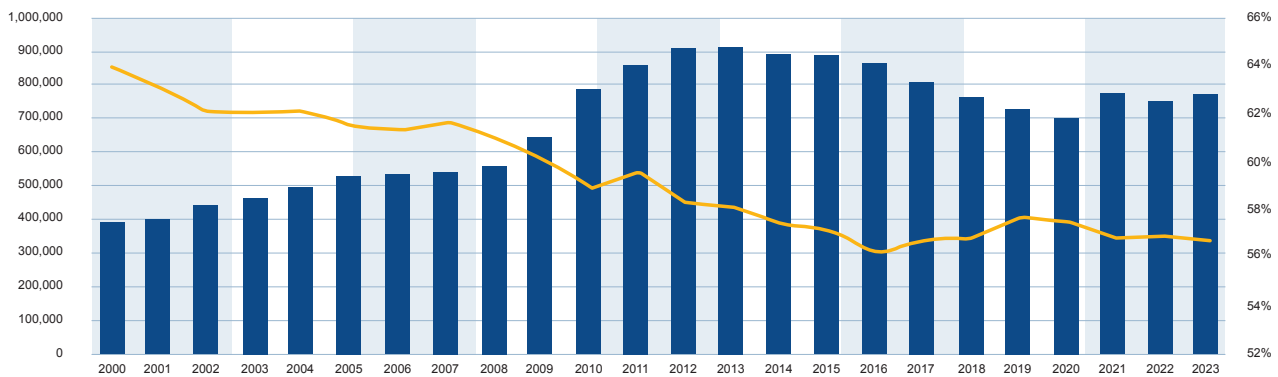
While the labor force participation rate has decreased in Alabama over the past two decades, the usage of welfare program benefits, including Medicaid and SNAP food stamps, has increased dramatically.

PERCENT OF STATE POPULATION USING SNAP (2021)

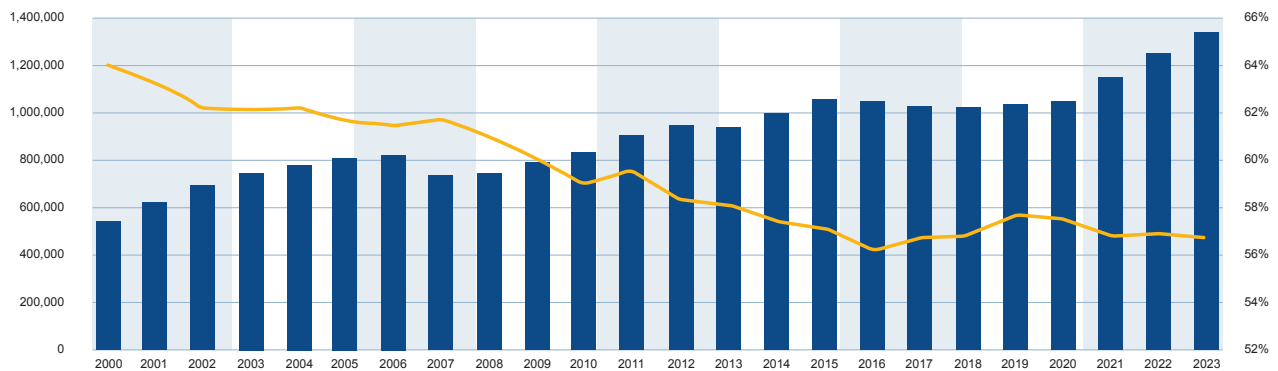


Center for American Progress, 2020

FOOD STAMPS VS LABOR FORCE PARTICIPATION RATE: ALABAMA



MEDICAID VS LABOR FORCE PARTICIPATION RATE: ALABAMA

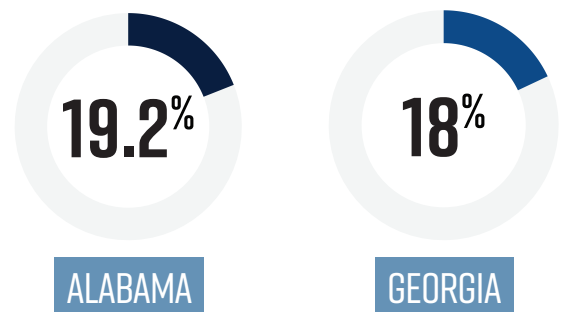


The Foundation for Government Accountability (FGA), thefga.org

From 2000 to 2020, progress had been made in reducing food stamp usage amongst Alabamians, but that progress has been reversed following 2020. Concurrently, Medicaid usage has surged post-2020.

These trends indicate that residents of Alabama are increasingly relying on government assistance instead of income from employment to meet their needs.

PERCENTAGE COVERED BY MEDICAID OR CHIP (2021)



Center for American Progress, 2020



WOMEN HAVE ESPECIALLY LOW LABOR FORCE PARTICIPATION RATES IN ALABAMA

Women in Alabama are Far Less Likely to be in the Labor Force

Alabama had the 4th lowest labor force participation rate for women in the U.S., while Georgia had the 18th lowest labor force participation rate in the U.S. There are several reasons why Alabama women may have lower workforce participation rates than Georgia and other states.

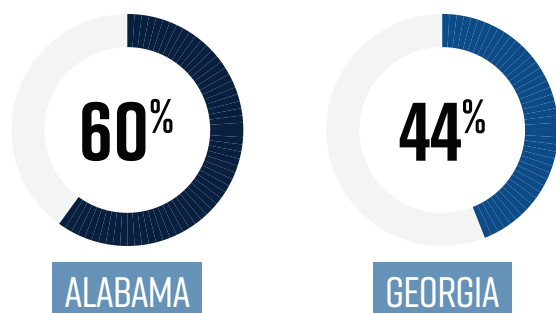
A High Percentage of Alabamians Cite Personal/Family Responsibilities as Their Primary Employment Barrier

Up to 81% of caregivers are female, according to the CDC. The Governor’s Office of Education and Workforce Transformation and the Alabama Workforce Council conducted a fourth iteration of the Alabama Survey of the Unemployed and Underemployed. In the survey, **35.8% of Alabamians cited Personal or Family Responsibilities as their primary work barrier** — a rate that has stayed stable since 2020.

Alabamians Have Fewer Childcare Options Compared to Georgia

A lack of accessible childcare in different parts of the state may impede women from joining the workforce. This obstacle is further intensified by the escalating costs associated with childcare services, placing a particularly heavy burden on families with limited financial resources.

PERCENTAGE LIVING IN A CHILDCARE DESERT



Center for American Progress, 2020

LABOR FORCE PARTICIPATION RATE OF WOMEN



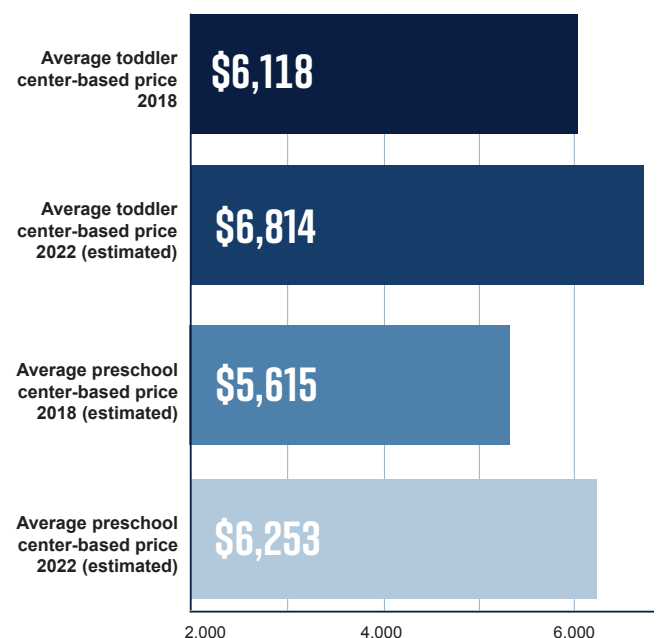
U.S. Bureau of Labor Statistics, March 2023

ALABAMA SURVEY OF THE UNEMPLOYED & UNDEREMPLOYED

Survey Year	2022	2021	2020
Personal/Family Responsibilities (elder care, inability to find childcare, etc.)	35.8%	35.3%	35.4%

Alabama Survey of the Unemployed and Underemployed, 2022 (conducted by The Governor’s Office of Education and Workforce Transformation & the Alabama Workforce Council)

AVERAGE COST OF CENTER-BASED CHILDCARE IN ALABAMA, 2018 & 2022



Produced by: Sarah Swetlik
Source: National Database of Childcare Prices, U.S. Department of Labor



HOW EDUCATION AND INCOME IMPACT PARENTAL WORKFORCE PARTICIPATION

The less educational attainment and the lower the household income, the more likely a mother — and a father — is to be a stay-at-home parent who does not participate in the workforce.

PERCENTAGE OF PARENTS WHO WORK, BASED ON HOUSEHOLD INCOME

Parents defined as woman or man with child under age 18 in the home

	Mothers	Fathers
\$90,000 or more	77%	94%
\$60,000 to \$89,999	76%	91%
\$24,999 to \$59,999	67%	85%
Less than \$24,000	45%	64%

Gallup Daily Tracking

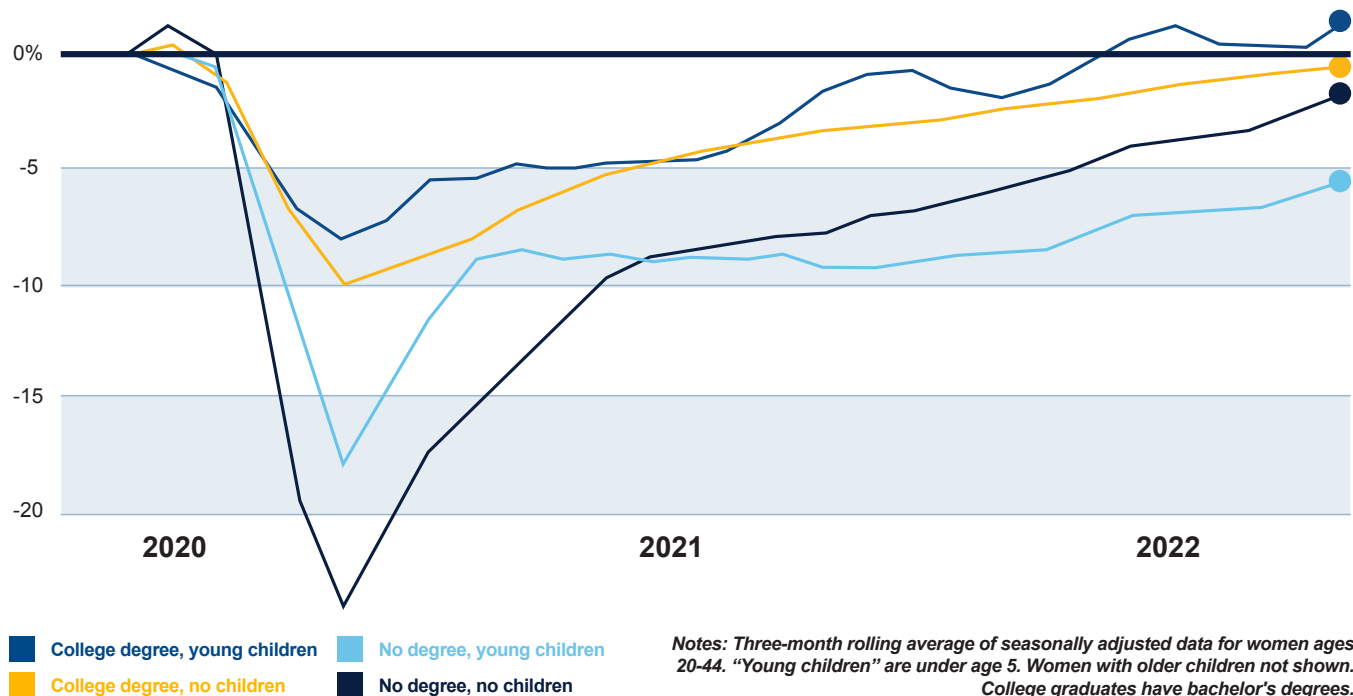
PERCENTAGE OF PARENTS WHO WORK, BASED ON EDUCATION

Parents defined as woman or man with child under age 18 in the home

	Mothers	Fathers
Postgraduate	84%	94%
College graduate only	75%	92%
Some college	66%	83%
High school graduate or less	48%	76%

Gallup Daily Tracking

CHANGE IN WOMEN'S EMPLOYMENT RATE SINCE JAN. 2020



Post 2020, employment rates have almost recovered for college-educated women and have actually exceeded 2020 employment levels for college-educated women with children. But, for women with no degrees, there has been a decrease in employment, with a -5.0% change in employment for women with no degrees and young children. This is significant for Alabama women, as a significant number of Alabama women, including mothers, do not have a college degree.



Alabama has Lower Levels of Education Attainment Compared to Georgia

Alabamians are less likely to have completed college in comparison to Georgians. For the state in total, Alabamians were more likely to have only completed high school or to have not completed high school than those in Georgia.

In the Alabama Survey of the Unemployed and Underemployed — 8.8% of Alabamians stated they were not working because they lacked the necessary skills, qualifications or education.

ALABAMA SURVEY OF THE UNEMPLOYED & UNDEREMPLOYED

Survey Year	2022	2021	2020
"I lack the necessary skills, qualifications or education."	8.8%	23.1%	16.6%

Alabama Survey of the Unemployed and Underemployed, 2022 (conducted by The Governor's Office of Education and Workforce Transformation & the Alabama Workforce Council)

EDUCATION COMPLETION RATES BY STATE, 2017 - 2021

State	Completed College	Completed High School Only	Did Not Complete High School
Alabama - Total	26.7%	30.5%	12.6%
Georgia - Total	33%	27.2%	11.8%
Alabama - Rural	16.2%	36%	17.2%
Georgia - Rural	17.9%	25.3%	17.3%
Alabama - Urban	29.8%	28.8%	15.3%
Georgia - Urban	36.1%	36.5%	10.6%

U.S. Department of Agriculture, Economic Research Service

It's worth mentioning that rural residents in Alabama were more likely to have completed only their high school education or to have not completed high school, whereas urban residents in Alabama were more likely to have completed a college degree.

Although the figure remains substantial, it represents a distinct decrease from the rates observed in 2021 and 2020. This shift indicates an improved alignment between the demands of the job market and the skills, qualifications, and education of the workforce in Alabama.

TRANSPORTATION

Navigating Car Dependency

Cars are essential for Alabamians. According to a CoPilot survey, using data from the Federal Highway Administration and the U.S. Census Bureau, Alabama was ranked the most car-dependent state in the U.S., while Georgia was ranked 5th in the survey. While Georgia saw an 8.5% increase in registered vehicles between 2015 and 2020, Alabama saw a -1.5% change in registered vehicles.

ALABAMA SURVEY OF THE UNEMPLOYED & UNDEREMPLOYED

Survey Year	2022	2021	2020
"I lack transportation to or from work."	31.2%	15.6%	15.8%

Alabama Survey of the Unemployed and Underemployed, 2022 (conducted by The Governor's Office of Education and Workforce Transformation & the Alabama Workforce Council)

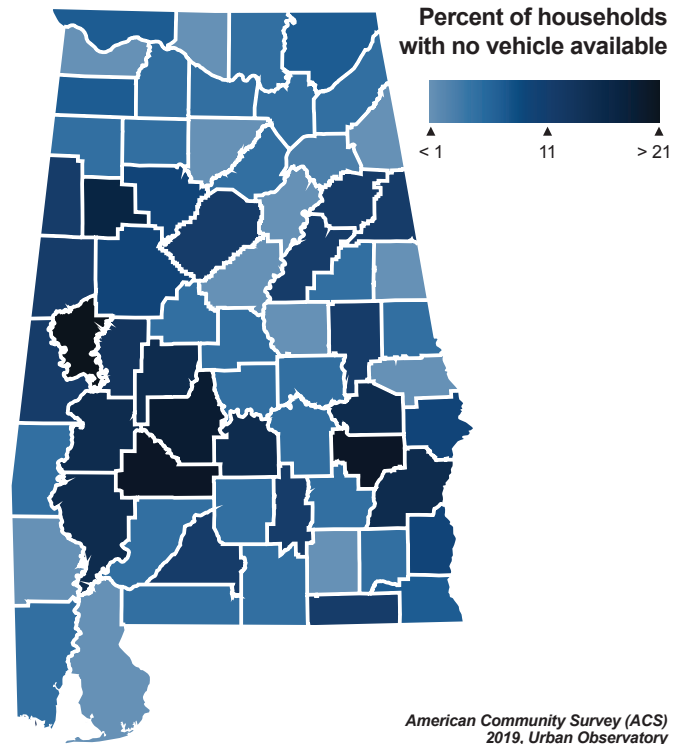


Alabama Households Without a Vehicle have Limited Employment Opportunities

As of 2019, the majority of counties in Northern Alabama boasted widespread access to vehicles, with fewer than 5% of households lacking a vehicle. In contrast, other regions of Alabama, notably those in the Black Belt area, faced a starkly different reality, with substantial portions of the population lacking a vehicle. This disparity was especially pronounced in Greene County where approximately 17.6% of households did not have a vehicle.

It's also important to note that having a single vehicle in a household doesn't necessarily equate to accessible transportation for all members, particularly for employment needs. In households where multiple adults share just one vehicle, the need to manage transportation schedules can place constraints on where (and if) individuals can seek employment.

VEHICLE AVAILABILITY PER HOUSEHOLD IN ALABAMA (BY COUNTY)



ALABAMA HAS HIGH LEVELS OF CHRONIC DISEASE BUT LOW LEVELS OF ACCESS TO HEALTHCARE BENEFITS

In the Alabama Survey of the Unemployed and Underemployed, 19% of Alabamians stated their own illness or disability was preventing their primary employment barrier. That rate has more than doubled since 2021.

Chronic diseases are positively correlated with higher absenteeism, and in more severe cases, chronic diseases can prevent people from entering the labor force in the first place. 15.2% of Alabamians had three or more chronic diseases, while 9.8% of Georgians had three or more chronic health conditions.

One study conducted in Australia using data from the Australian National Health Survey found that labor force participation dropped by 3.9% for diabetic young men (aged 18-49) and 11.4% for diabetic older men (aged 50-64) when compared to their counterparts with no chronic disease. This effect became more pronounced as subjects aged and suffered from more chronic diseases. For example, older men with four chronic diseases were employed at a rate of just 27.8%, whereas those without a chronic disease participated at a rate of 81.3%.

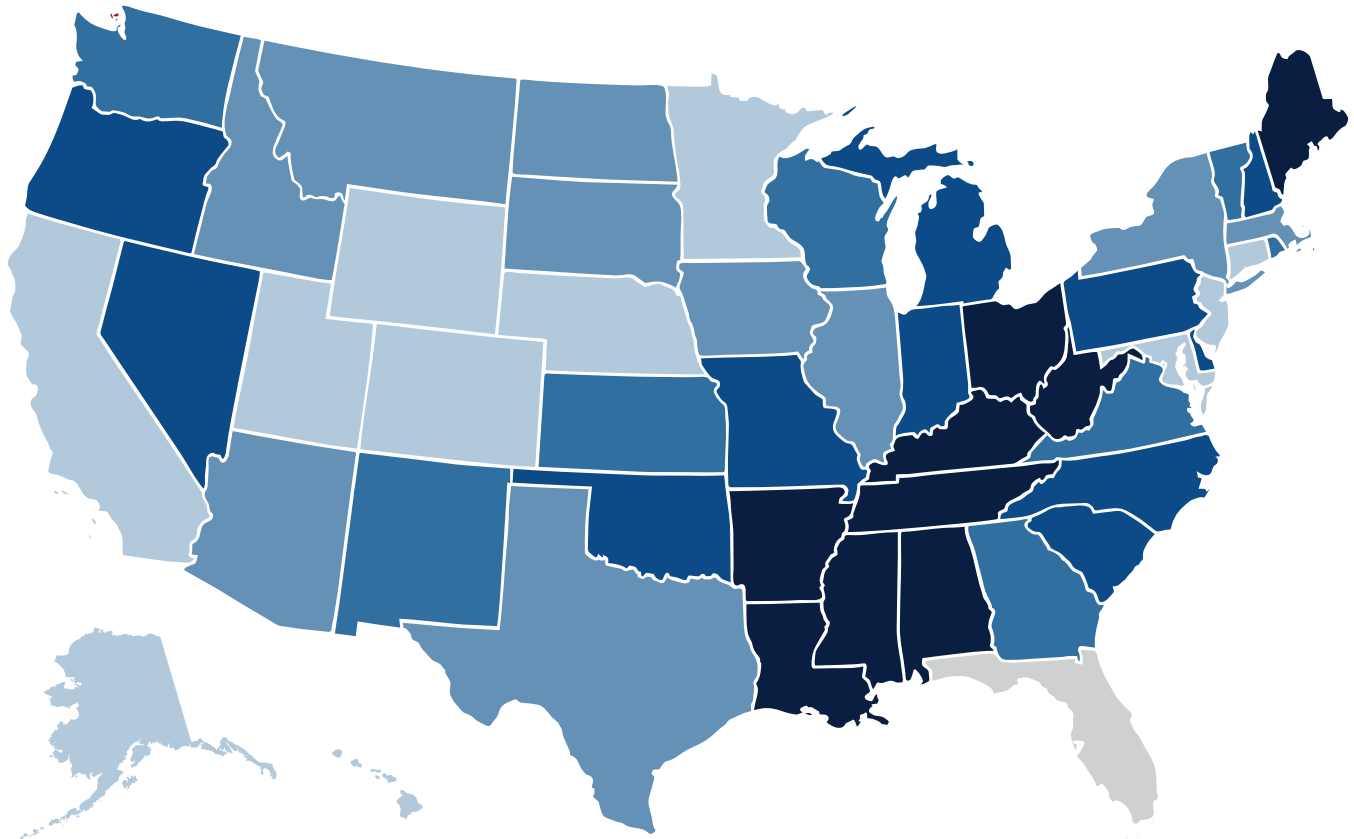
ALABAMA SURVEY OF THE UNEMPLOYED & UNDEREMPLOYED

Survey Year	2022	2021	2020
"My own illness or disability keeps me from employment."	19%	9%	9.8%

Alabama Survey of the Unemployed and Underemployed, 2022 (conducted by The Governor's Office of Education and Workforce Transformation & the Alabama Workforce Council)



NATIONAL RATE OF MULTIPLE CHRONIC HEALTH CONDITIONS



Average Chronic Disease Prevalence

America's Health Rankings, United Health Foundation;
"Multiple Chronic Conditions in the United States"



Comparing Alabama and Georgia's Insurance Participation

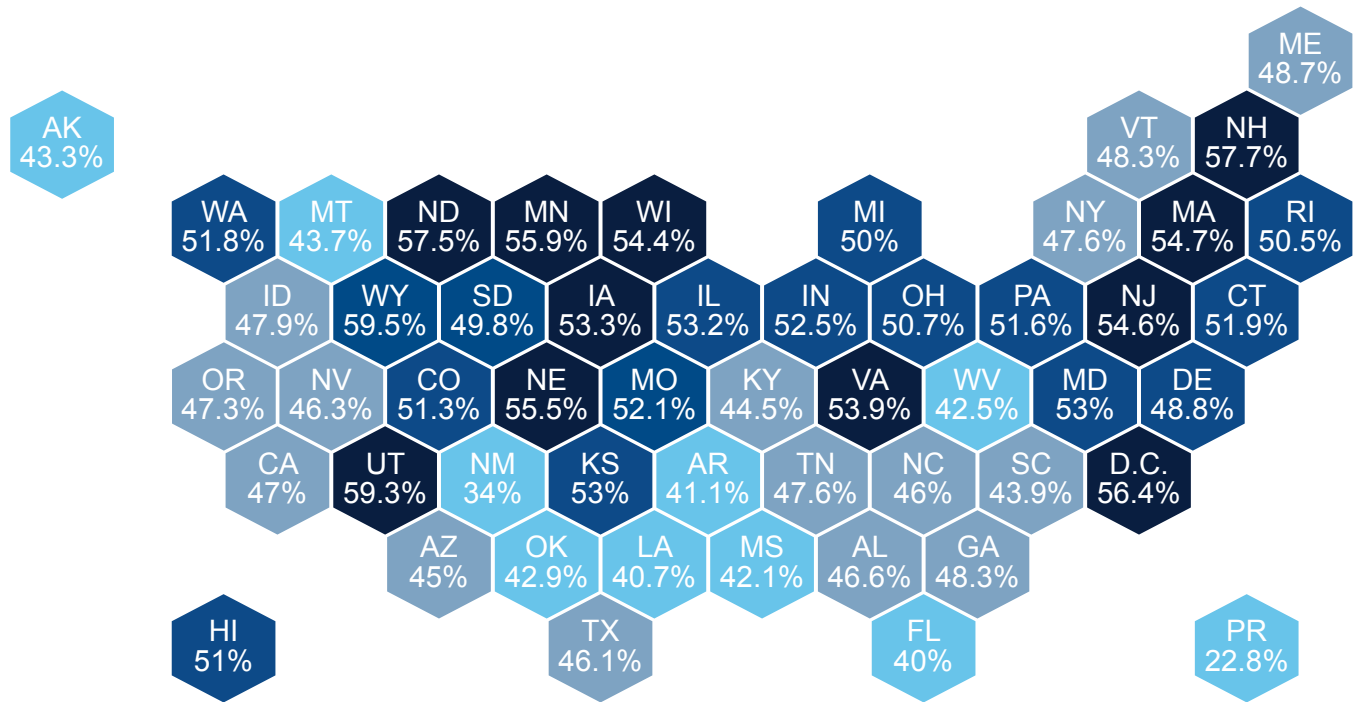
Although Georgians are 2% more likely to be uninsured, Georgians are also 1.7% more likely to have insurance through their employer, while Alabamians are 4.7% more likely to use a government-sponsored insurance policy.

Because Alabama has low labor force participation rates, it makes sense that Alabamians have lower rates of employer-sponsored health insurance coverage and higher rates of government-sponsored insurance. That said, employer-sponsored health insurance would help heal Alabamians, especially those with health issues who are not yet at the crisis point of requiring Medicaid coverage.

Location	Employer Insurance	Non-Group Insurance	Medicaid	Medicare	Military	Uninsured
Alabama	46.6%	6%	19.2%	16.2%	2.1%	10%
Georgia	48.3%	6.1%	18.0%	12.7%	2.2%	12.7%



PERCENT OF STATE POPULATION WITH HEALTH INSURANCE COVERAGE (as of 2021)



Insurance Coverage Rates

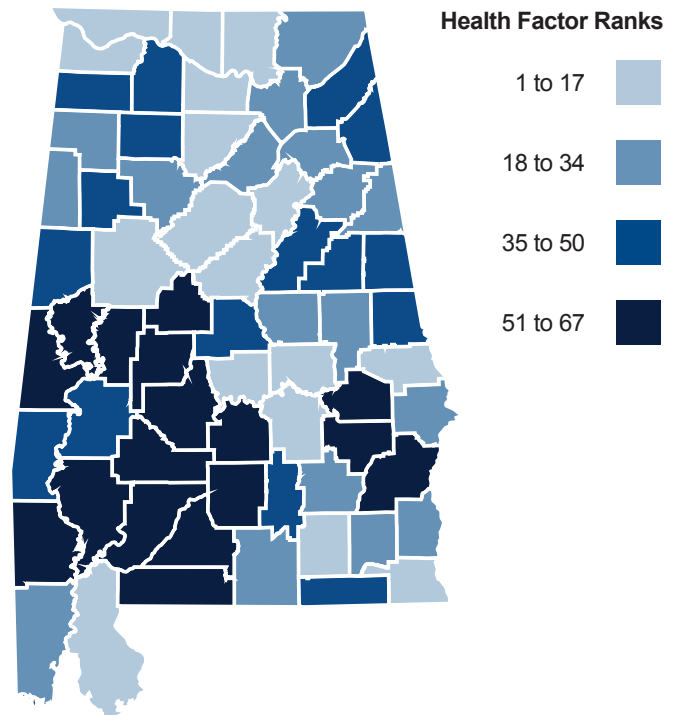


KFF, "Health Insurance Coverage of the Total Population"

Negative Health Factors are Clustered in Specific Regions of Alabama

Upon examining Alabama's health landscape more closely, it becomes evident that adverse health indicators tend to converge in the state's southwestern area, notably within the Black Belt region.

2023 HEALTH FACTORS IN ALABAMA



County Health Rankings and Roadmaps, "2023 Alabama Health Factors"



EMPLOYMENT IN ALABAMA'S BLACK BELT REGION

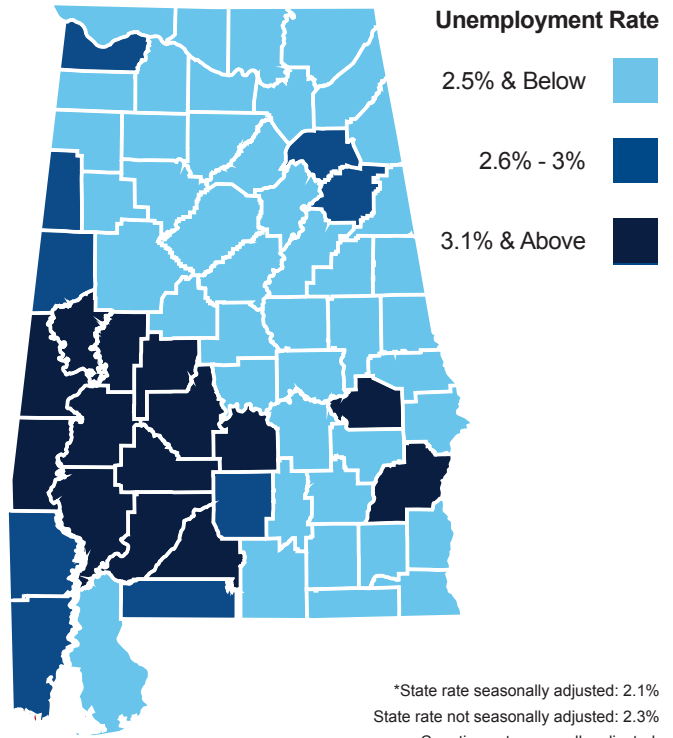
25.8% of Alabamians cited “Full-time work is unavailable or hard to find” as their primary employment barrier. As Alabama has an excess of jobs and a rock-bottom unemployment rate, the prevalence of this answer is surprising. This could be a significant reason because some areas of Alabama, including the Black Belt, are still experiencing disproportionately higher unemployment levels, lower workforce participation, and a higher prevalence of factors that equate to worse employment outcomes.

ALABAMA SURVEY OF THE UNEMPLOYED & UNDEREMPLOYED

Survey Year	2022	2021	2020
"Full-time work is unavailable or hard to find."	25.8%	32.4%	31.6%

Alabama Survey of the Unemployed and Underemployed, 2022 (conducted by The Governor's Office of Education and Workforce Transformation & the Alabama Workforce Council)

ALABAMA NUMBER UNEMPLOYED & UNEMPLOYMENT RATE, JULY 2023*



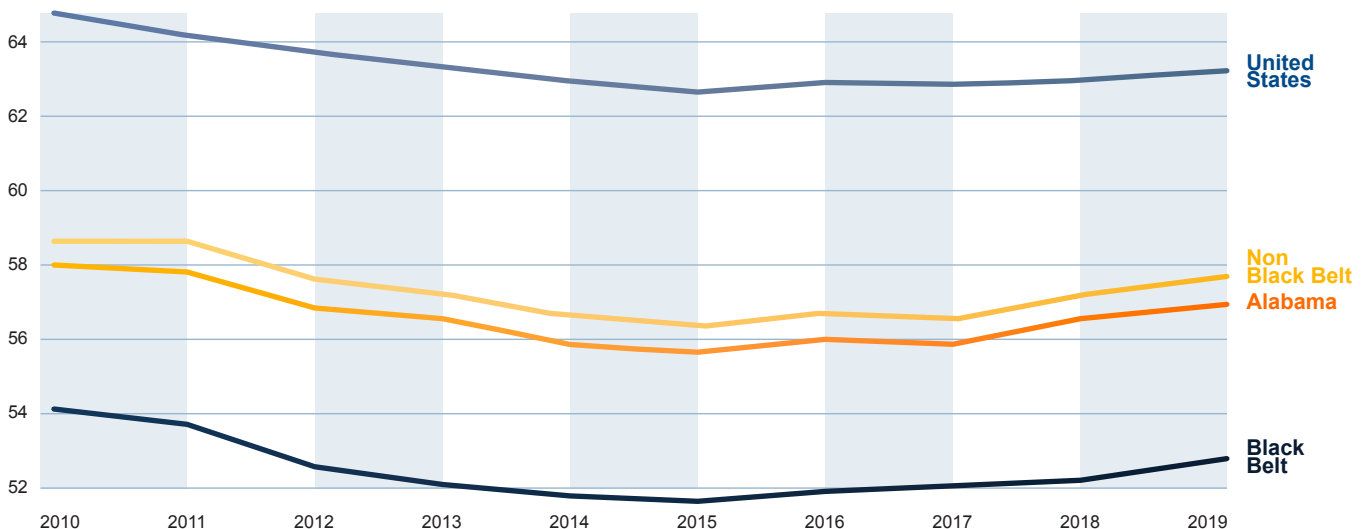
*State rate seasonally adjusted: 2.1%
State rate not seasonally adjusted: 2.3%
Counties not seasonally adjusted.

Alabama Department of Labor, "Number of Unemployed and Unemployed Rate, July 2023 Preliminary"

The Black Belt has Historically Low Rates of Workforce Participation

The Black Belt region historically has had significantly lower workforce participation rates, higher unemployment levels, and fewer job opportunities than the rest of Alabama. This trend may still be at play today. Unique aspects of Alabama's history add a layer of complexity to the socio-economic challenges of this region.

LABOR FORCE PARTICIPATION RATES (2010-2019)



The University of Alabama's Education Policy Center, "Labor Force Participation in Alabama's Black Belt Lags Behind State, Nation"



CONCLUSION

Examining the labor force landscape within the United States, Georgia illustrates what attainable improvements in workforce engagement could look like for Alabama. Despite its proximity, Georgia notably outperforms Alabama, which records the third-lowest workforce participation rate in the nation. In contrast, Georgia's workforce participation rate is 4.5% higher than Alabama's and ranks 15th in the U.S.

Alabama's struggle with workforce participation is impacted by limited education attainment, insufficient family caregiving support, a lack of transportation for many households, increasing rates of welfare usage, and high rates of chronic disease. These challenges are pronounced in the Black Belt region. While Georgia faces analogous challenges, it has managed meaningful headway over Alabama, reflected in its enhanced labor force participation statistics.

Through a commitment to understanding and resolving these complex workforce barriers, Alabama can continue to chart a forward-thinking course, one that promises to elevate workforce engagement and foster a more resilient economic future.

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