of things happen to otherwise good people during recessionary periods. For the current downturn, two economic indicators are telltale of the devastating human tragedy occurring on the dark side of the Great Recession. The first is the unemployment rate and the second is the residential bankruptcy rate.

Changes in the unemployment rate offer one of the most important indicators of the improving, or declining, health of the economy. The national unemployment rate has increased from a low of 4.4 percent in March 2007 to 10 percent last November. In the state of Florida, it has increased from its low of 3.3 percent in March of 2008 to 11.5 percent last November. And in the Tampa-St. Petersburg-Clearwater MSA, it has increased from its low of 3.3 percent in April of 2008 to 13.3 percent last November. These elevated rates of unemployment signal the continued fragile state of the national and local economies.

In the Tampa-St. Petersburg-Clearwater MSA, for example, 195,103 jobs have been lost since the beginning of the recession in December of 2007 and many more have been turned upside-down because of the turmoil that comes with the devastation of unemployment. After the 108/01 and 2007-09 recessions, the year over year percentage change in nonfarm payroll jobs in the Tampa Bay area continued to decline for 1 and 2.5 years, respectively. This time around the situation of the timeline and its aftermath are likely to be serious. One consequence of the lengthy downturn in the job market is the constant in consumers’ spending, which accounts for around 70 percent of gross domestic product (GDP) each year. The problem is that each job loss decreases consumer income. Each $1 lost in consumer income decreases consumer spending by 70 cents, which in turn increases the likelihood of another job loss.

The Tampa-Bay area economy has been turned upside-down because of the dark side of the Great Recession, one in eight mortgages is underwater, are ingredients for a new road, 2) there’s an excess supply of building labor, and 3) input prices are elevated. The nearby figure shows that there is a negative pressure on GDP.

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### TAMPA BAY ECONOMIC ANALYSIS

By Brian T. Kench, Ph.D.

The Tampa-St. Petersburg-Clearwater Metropolitan Statistical Area (hereafter, TSC-MSA) is comprised of Hernando, Hillsborough, Pasco and Pinellas counties. The area has shown continued weakness as it adjusts to declining home values, increasing unemployment rate and the overall national recession.

The analysis of the TSC-MSA employment share by sector relative to the United States highlights the sectors in which we specialize. In 2008, the area has revitalized some macroeconomic events in the dataset by comparing local sector shares in national sector shares. The analysis reveals that the top sectors in the TSC-MSA are waste transportation, real estate, insurance, and telecommunications.

### Annual Percentage Change in Nonfarm Payroll Jobs: TSC-MSA

**Source:** US Department of Labor

<table>
<thead>
<tr>
<th>Industry</th>
<th>10/03-10/04 % Chg</th>
<th>10/04-10/05 % Chg</th>
<th>10/05-10/06 % Chg</th>
<th>10/06-10/07 % Chg</th>
<th>10/07-10/08 % Chg</th>
<th>10/08-10/09 % Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Private Payroll Jobs</td>
<td>4.8</td>
<td>2.3</td>
<td>1.4</td>
<td>1.1</td>
<td>2.7</td>
<td>-4.8</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>2.0</td>
<td>0.2</td>
<td>2.5</td>
<td>0.6</td>
<td>0.6</td>
<td>0.9</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>2.5</td>
<td>0.0</td>
<td>3.0</td>
<td>-0.1</td>
<td>3.0</td>
<td>3.0</td>
</tr>
<tr>
<td>Construction</td>
<td>2.0</td>
<td>0.0</td>
<td>3.5</td>
<td>-0.6</td>
<td>-0.6</td>
<td>-1.3</td>
</tr>
<tr>
<td>Other Services (-Hos., Phys, &amp; Amb.)</td>
<td>2.5</td>
<td>0.0</td>
<td>3.5</td>
<td>-0.6</td>
<td>-0.6</td>
<td>-1.3</td>
</tr>
<tr>
<td>Professional &amp; Business Services</td>
<td>2.2</td>
<td>-2.2</td>
<td>-2.5</td>
<td>-3.5</td>
<td>-7.2</td>
<td>-7.2</td>
</tr>
<tr>
<td>Education &amp; Health Services</td>
<td>2.5</td>
<td>0.0</td>
<td>3.5</td>
<td>-0.6</td>
<td>-0.6</td>
<td>-1.3</td>
</tr>
<tr>
<td>Construction</td>
<td>2.0</td>
<td>0.0</td>
<td>3.5</td>
<td>-0.6</td>
<td>-0.6</td>
<td>-1.3</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1.5</td>
<td>1.9</td>
<td>2.0</td>
<td>2.4</td>
<td>1.5</td>
<td>1.9</td>
</tr>
<tr>
<td>Health Services</td>
<td>2.7</td>
<td>1.3</td>
<td>3.2</td>
<td>4.8</td>
<td>1.5</td>
<td>1.9</td>
</tr>
<tr>
<td>Finance</td>
<td>1.0</td>
<td>3.9</td>
<td>2.4</td>
<td>-2.2</td>
<td>-2.5</td>
<td>-3.1</td>
</tr>
<tr>
<td>Other Services (-Hos., Phys, &amp; Amb.)</td>
<td>3.9</td>
<td>2.4</td>
<td>2.4</td>
<td>-0.3</td>
<td>1.8</td>
<td>1.8</td>
</tr>
</tbody>
</table>

*Note: United States = 100*

### Nonfarm Payroll Jobs Annual Percentage Change (not seasonally adjusted)

<table>
<thead>
<tr>
<th>Month</th>
<th>1/2001-11/2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2007 to October 2009</td>
<td>4.8 2.3 1.4 -1.1 -2.7 -4.8</td>
</tr>
<tr>
<td>October 2008 to October 2009</td>
<td>1.8 3.9 2.4 -2.2 -2.5 -3.1</td>
</tr>
<tr>
<td>October 2009</td>
<td>12.5 1.6 1.8 -2.3 -3.5 -7.2</td>
</tr>
<tr>
<td>October 2009</td>
<td>13.5 9.4 3.6 -11.4 -11.4 -15.3</td>
</tr>
<tr>
<td>October 2009</td>
<td>0.8 -4 0.8 3.3 -4.2 0</td>
</tr>
<tr>
<td>October 2009</td>
<td>-0.6 2.2 4.6 -5.5 -7.2 -5.7</td>
</tr>
<tr>
<td>October 2009</td>
<td>2.4 3.5 2.5 -0.2 -3.3 -12.1</td>
</tr>
<tr>
<td>October 2009</td>
<td>4.6 2.9 0.3 1.9 1.9 2.3</td>
</tr>
</tbody>
</table>
| October 2009                 | 12.3 percent in November of 2009, which is 0.2 percent below the unemployment rate for Hillsborough County was 12.1 percent, which is observed prior to the Great Recession.

### FHFA Housing Price Index: US, FL & TSC-MSA

- **Index:** Based on transactions involving conforming, conventional mortgages
- **Coverage:** Single-family houses
- **Periodicity:** Monthly
- **Time Span:** 1991-2009

The co-op had a few economists in its academic journal in economics. Once upon a time, there was a babysitting cooperative — a funny thing started to happen.

The problem was that when one couple saved money, other finance, professional and business services, physicians, other leasers, ambulatory care, construction, and amusement, gambling, and recreation.

- The monthly report shows several of the sectors in which the TSC-MSA specializes have seen the largest annual percentage changes. The October 2008-over-October 2008 percentage change in jobs was largest in construction (1.1 percent), wholesale trade (1.2 percent), professional and business services (1.7 percent), and warehousing (1.6 percent). Job losses were greatest in state government (2.5 percent), federal government (2.3 percent) and the education and health services sector (0.8 percent). Each of these growth sectors benefitted from federal stimulus funds.

In the third quarter of 2009, seasonally adjusted at annual rates, payrolls in the TSC-MSA decreased by 7.8 percent in the first quarter. The TSC-MSA's percentage decrease in 2.4 times the unemployment rate of Florida experienced and twice the decrease the national percent in the first quarter.

The annual percentage change in nonfarm payroll jobs continued to decrease in the TSC-MSA, for one year after the 2001-03 recession and 3.5 years after the 2007-09 recession. We forecast that it will take several years for the current labor market conditions to rebound subsequently.
jobs in the TSC-MSA to return to the level observed prior to the Great Recession.

The unemployment rate in the TSC-MSA was 12.3 percent in November of 2009, which is higher than the national unemployment rate by 2.3 percent. The unemployment rate in Hillsborough County was 12.1 percent, which is 0.2 percent below the unemployment rate for the entire MSA historically. This unemployment rate is a lagging economic indicator. Thus, we forecast that it will continue to increase on the national and local economies exit the current recessionary period.

The FHA housing price index (HPI) for the TSC-MSA has decreased 3.3 percent in the third quarter of 2009. The TSC-MSA HPI has now declined 29.2 percent from its peak in the fourth quarter of 2006, the HPI for the state of Florida has declined 30.0 percent from its peak in the fourth quarter of 2008, and the national HPI has decreased 9.3 percent from its peak in the first quarter of 2007. We continue to expect a stabilization of these indexes over the coming quarters.

Overall, the TSC-MSA economy continued to slow in the third quarter of 2009. Our 2010 forecast for the TSC-MSA shows that the area should reach the trough of the current business cycle; with unemployment rates to rebound substantially.
The analysis has neutralized common weaknesses as it adjusts to declining home prices. Our analysis of the TSC-MSA employment (hereafter, TSC-MSA) is comprised of Metropolitan Statistical Area data. The nearby table reports that several sectors in the TSC-MSA have witnessed significant changes. For instance, the information (minus publishing) and professional services sectors experienced gains in 2008, while transportation and utilities saw a decrease. Federal government employment also declined, as did state government employment.

The TSC-MSA has decreased 3.5 percent in the third quarter of 2009. The TSC-MSA HPI has now declined 29.2 percent from its peak in the third quarter of 2007. The national and local economies exit the current recessionary period.

Despite these aggressive actions, the economy is only beginning to recover. The financial institutions remained fearful and were reluctant to use excess reserves. The Fed’s movement towards alternative monetary policy and the subsequent build-up of excess reserves have led some to question whether monetary policy is ineffective. However, Larry Ball, a professor at Johns Hopkins University and visiting scholar at the Fed, reminds us that even in normal times monetary policy has a lag. Typically, the maximum impact is felt between 22 and 27 months after the Fed acts. When we think about the injections of liquidity that fell and the area that we are targeting, I’m not forgetting that it takes at least two years for monetary policy to take effect.
and unemployed are looking for help for bankruptcies on the next reluctant help. If we do force a bankruptcy filing, individuals must make the painstaking decision to file under Chapter 7 or Chapter 13. The benefit of filing under Chapter 13 is that the law allows you to hold onto certain valuable assets, such as your home. If assets are saved, the court develops a plan that enables the filer to catch up with past due debt payments over a three to five year period. However, if your economic hardship continues, and you fail to make payments under the plan, your home would be placed into the foreclosing process. A home is an example of a secure debt and your credit card balance is an example of an unsecured debt. Once debts are discharged, you are no longer legally responsible to make payments. As the Supreme Court wrote, this bankruptcy option “gives to the honest but unfortunate debtor, a new opportunity in life and a clean field for future effort, unhampered by the presence and embarrassment of pending debts.” (Local Law Co. v. Hern, 292 U.S. 24, 794 (1934)).

Conventional wisdom was that the opportunity to discharge all of one’s debts was a vehicle to abuse. That, the Bankruptcy Abuse Prevention & Consumer Protection Act of 2005 (BAPCPA), imposed additional variables restrictions on bankruptcy filings to prevent potentially abusive Chapter 7 filings. However, a 2008 study, “Did Conventional Wisdoms about Bankruptcy Collide with Reality?” tells us that in 2007 those who file for direct fiscal relief. In addition, local non-government has decided to not only be the source of building labor, and 3) input prices are relatively low, then the government might be able to play matchmaker. It is simply good policy, as the government will decrease the individual burden of services increases, and so on.

In both cases, if the economy grows because of instigation fiscal policy, the tax base also expands. Also equal, a large tax base will decrease the individual burden of paying back the government’s debt.

Disengagement among consumers exists, however, most of the increase in economic activity that occurs because of instigation fiscal policy. Economists use the term “multiplier-effect” to help discuss the effectiveness of fiscal policy. A recent study by Christina Romer, head of the Council of Economic Advisers to the President, and UC Berkeley economist, David Romer found that each $1 increase in taxes increases economic growth by 2%. Additional research by CF Rainwater, and Chicago economist Valerie A. Ramey estimates each $1 increase in government spending increases economic activity by 1%. Given this evidence on the effectiveness of the two fiscal policy levies, then the country might place a bit more weight on the tax-reduction lever than on the spending-increasing lever.

— if we are going to use fiscal policy as an supplemental to monetary policy. 

The good news is that the stock market has increased 50 percent from its bottom in March 2009, so the economic recovery that is slower and longer in duration then we all would prefer.

As the current downturn drags on, things happen to otherwise good citizens, and many become a member in good standing of the co-op. As a member, it changes the coop in two ways. First, it changes how they do business, which is the sort of government spending and record, it mandates a decrease in the price of laborious services, which is part of the economy’s version of decreasing wages. Redundancy of the Tampa Bay area has been affected by both of these fiscal stimulus issues. First, let’s take a peak at the increases in federal government spending. All Tampa Bay city governments have received funding for direct fiscal relief in addition, local non-profits, such as the Rays & Girls Club of Tampa Bay ($931,409), All Children’s Hospital (238,748), and The University of Tampa (958,211) and local for-profits, such as TECO (107,676) and Kristen Morgan Liquidity Consultants (831,000), have received funds for stabilizing jobs. Second, consider a few of the 2009 tax law changes. Workers are able to play matchmaker. It is simply good policy, as the government will decrease the individual burden of services increases, and so on.

If events do force a bankruptcy filing, individuals must make the painstaking decision to file under Chapter 7 or Chapter 13. The benefit of filing under Chapter 13 is that the law allows you to hold onto certain valuable assets, such as your home. If assets are saved, the court develops a plan that enables the filer to catch up with past due debt payments over a three to five year period. However, if your economic hardship continues, and you fail to make payments under the plan, your home would be placed into the foreclosing process. A home is an example of a secure debt and your credit card balance is an example of an unsecured debt. Once debts are discharged, you are no longer legally responsible to make payments. As the Supreme Court wrote, this bankruptcy option “gives to the honest but unfortunate debtor, a new opportunity in life and a clean field for future effort, unhampered by the presence and embarrassment of pending debts.” (Local Law Co. v. Hern, 292 U.S. 24, 794 (1934)).

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The Dark Side of the Great Recession continued from page 3

Adverse tells us that in 2007 those who file for bankruptcy are middle-aged, with a mean age of 44.4 years, they consider themselves middle class, 61.9 percent of those have gone to college, two-thirds of them are homeowners, and two-thirds had health insurance. When asked about specific reasons for filing for bankruptcy, 65.7 percent of those who claimed bankruptcy cited a medical reason.

Indeed, between 2001 and 2008, the share of bankruptcies attributable to medical problems increased by 30 percent. This phenomenon is exacerbating when comparing go out of business, which causes a lesser economic recession. Compared to how many former bankruptcy cases to CERB families when there is no longer an underlying firm to support the plan. Worse, individual private insurance plans can be difficult and expensive to obtain, especially if you have a pre-existing medical condition.

The media’s figures showed that there is a new and disturbing spike in Bankruptcy filings in the U.S. Florida, and the middle district of Florida, which includes 15 percent of the state’s population, with 25 of the state’s 27 counties included. In 2008, Chapter 7 and Chapter 13 filings increased 20 percent nationally, 22 percent in Florida, and 20 percent in the middle district of Florida. By June of 2008 the annual rate of filings was 25 percent nationally, 30 percent in Florida, and 35 percent in the middle district of Florida.

A different bankruptcy law is being pushed in the Great Recession. This increase in bankruptcy filings appears to be driven more by real estate-related issues and unemployment than by medical issues and changes in governmental bankruptcy legislation.

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