



STATE OF WORKING FLORIDA

2018

The Future Workforce

The 15th edition of the State of Working Florida reviews recent changes in Florida's economy and their potential impacts on the future workforce. This report finds that Florida's workforce has undergone significant changes as it has become more diverse and dynamic.

Between the years 2000 and 2017, Florida's workforce has become considerably more racially and ethnically diverse, increasingly highly educated, and older. At the same time, the industrial composition of the state's economy has evolved, unemployment has decreased, and productivity has risen.

As Florida's economy has become a knowledge-driven economy with an increasingly more diverse workforce, however, the economic gains have not been spread evenly. A tight labor market and increases in productivity have only led to modest wage gains while historically marginalized groups, like black/African Americans, continue to face disproportionately lower labor market outcomes.

Therefore, this report provides examples of potential investments that Florida policymakers can implement to leverage the state's increasing diversity and dynamism while further growing the state's economy.

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Authored by Alí R. Bustamante, Ph.D.
Senior Research Affiliate
Center for Labor Research and Studies
Florida International University



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EXECUTIVE SUMMARY

The 15th edition of the State of Working Florida reviews recent changes in Florida's economy and their potential impacts on the future workforce. This report finds that Florida's workforce has undergone significant changes as it has become more diverse and dynamic.

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Therefore, this report provides examples of potential investments that Florida policymakers can implement to leverage the state's increasing diversity and dynamism while further growing the state's economy.

Key Findings:

- ▶ Between 2000 and 2017 the white share of Florida's labor force declined by 10.9 percentage points.
- ▶ In 2041 the cohort of prime-aged workers will be 68 percent white, 32 percent non-white, and 29.5 percent Hispanic.
- ▶ In 2016, approximately 1 in 3 Florida workers was equipped with a Bachelor's degree or higher.
- ▶ Between 2000 and 2017, the share of workers aged 55 and older increased by 10.9 percentage points, nearly doubling.
- ▶ Between 2000 and 2017 Florida's economy has evolved away from a manual labor-intensive economy and toward a more knowledge-driven economy.
- ▶ The industry sectors of education and health services and professional and business services are projected to be the largest drivers of new employment in Florida through the year 2025.
- ▶ In 2017, the unemployment rate for black/African Americans was more than twice that of whites, 6.8 percent and 3.3 percent respectively.
- ▶ Between 2000 and 2016 the gap between productivity and wage gains over time has widened further.
- ▶ Between 2000 and 2017 the typical worker gained \$1.27 in hourly wages, adjusted for inflation, while the typical black/African American worker experienced a gain of just \$0.17.
- ▶ Increasing enrollment at Florida's public colleges and universities by 10 percent at no cost to the student and her family yields an economic impact of \$830.2 million to the state while also increasing state and local fiscal revenues by \$28.4 million.
- ▶ In 2016 there were 3.2 million Florida workers with hourly wages below \$15 an hour.
- ▶ Investing \$100 million in the solar based electrical power generating industry will yield an economic impact of \$172 million and increase state and local fiscal revenues by \$6.8 million.

The Changing Workforce

Florida's changing workforce is captured on the dimensions of demographics, education, and age. Across several metrics, Florida's workforce has undergone significant changes as it has become more diverse and dynamic. Between the years 2000 and 2017, Florida's workforce has become considerably more racially and ethnically diverse, increasingly highly educated, and older. Furthermore, these trends are projected to continue over the long-term. This section will explain Florida's changing workforce and discuss important considerations.

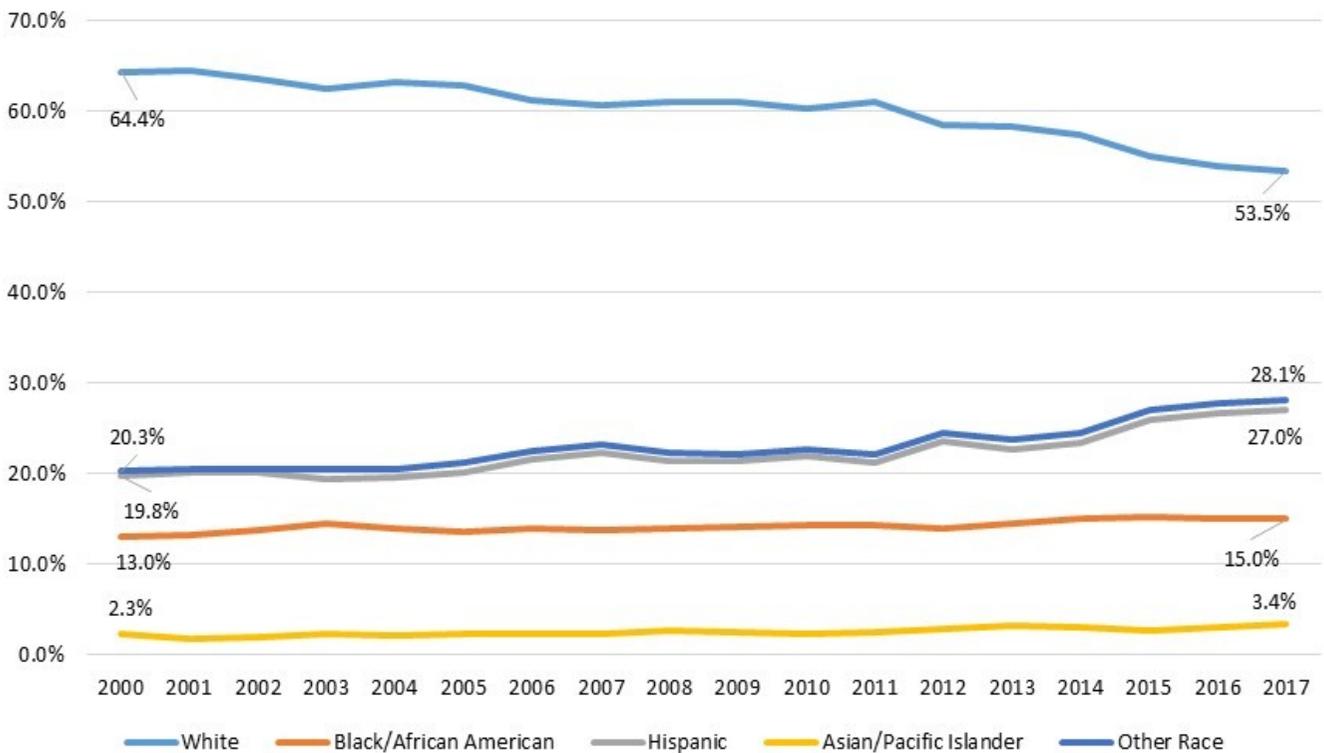
Workplaces must adapt to these demographic changes

First, Florida's labor force is considerably more racially and ethnically diverse today than it was at the turn of the millennium. Between 2000 and 2017 the white share of Florida's labor force declined by 10.9 percentage points (see Figure 1).

Conversely, the labor force shares of black/African Americans, Hispanics, Asian/Pacific Islanders, and other races have all increased since 2000. The greatest gains in labor force share have been among Hispanics and the other races category, increasing by 7.2 and 7.8 percentage points respectively. It is important to note that people of Hispanic descent can be included in any racial category.

Therefore, the relative decline of the white labor force share is largely being driven by the increase in the other races category, particularly multi-racial groups and not by an increase in Hispanics, or to a lesser degree by an increase in black/African Americans and Asian/Pacific Islanders. Increased racial and ethnic diversity in Florida's workforce means a rise in the number of cultures and perspectives that can contribute to Florida's already vibrant economy. However, it also means that workplaces must adapt to these demographic changes in order to leverage the strengths of diversity.

Figure 1: Florida's Labor Force by Demographic Share: 2000-2017



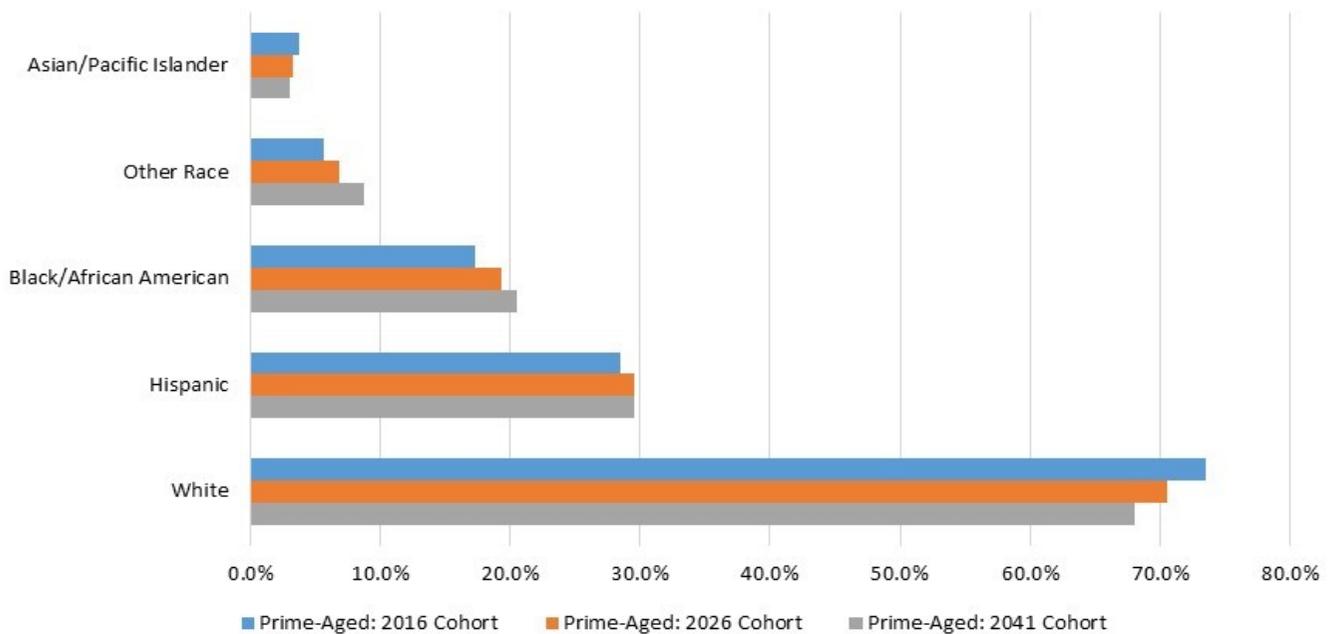
Source: Economic Policy Institute analysis of Current Population Survey data

Composition of prime-aged workers is being driven largely by an increase in the share of black/African Americans and members of the other race category

Additionally, Florida's changing workforce is observed in the demographics of current and future prime-aged workers (25-54 year-olds). Prime-aged workers comprise the majority of the workforce and represent the core class of workers that drives the labor market at any given moment.

Based on demographic data from the U.S. Census' American Community Survey we extrapolated the current demographic composition of Florida's population to estimate the racial and ethnic distribution of future prime-age worker cohorts. The current cohort of prime-aged workers is 73.5 percent white, 26.5 percent non-white, and 28.5 percent Hispanic (see Figure 2). Conversely, in 2041 the cohort of prime-aged workers will be 68 percent white, 32 percent non-white, and 29.5 percent Hispanic. Therefore, when projecting the demographic composition of today's youth, holding all things constant, we find that changes in the racial and ethnic composition of prime-aged workers is being driven largely by an increase in the share of black/African Americans and members of the other race category.

Figure 2: Florida's Prime-Aged Workforce Cohorts by Demographic Group (25-54 Year-Olds)



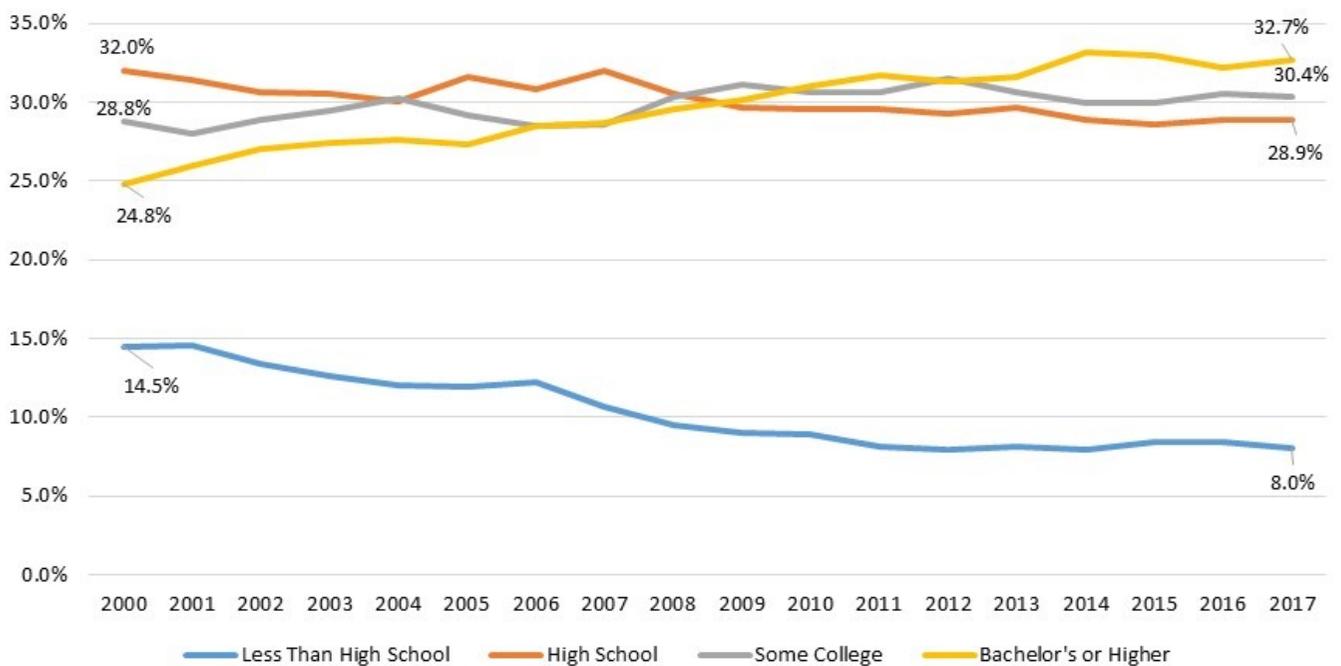
Source: Author calculations of U.S. Census American Community Survey 1-year estimates 2016 data

Second, since the year 2000, Florida's labor force has become significantly more educated. Between 2000 and 2017 the share of the labor force with educational attainment below a high school diploma decreased by 6.5 percentage points while the share with a Bachelor's degree or higher increased by 7.9 percentage points (see Figure 3). Today, approximately 1 in 3 Florida workers is equipped with a Bachelor's degree or higher. The transformation of Florida's labor force toward a more highly education workforce brings about both challenges and opportunities. On the one hand, a more educated workforce means a more skillful and productive workforce that can stimulate economic growth.

On the other hand, a more educated workforce requires that the economy adapt and foster more and better employment opportunities so that workers' skills and talents and can be optimized instead of underemployed.

1 in 3 Florida workers is equipped with a Bachelor's degree or higher

Figure 3: Florida's Labor Force by Educational Attainment Level Share: 2000-2017

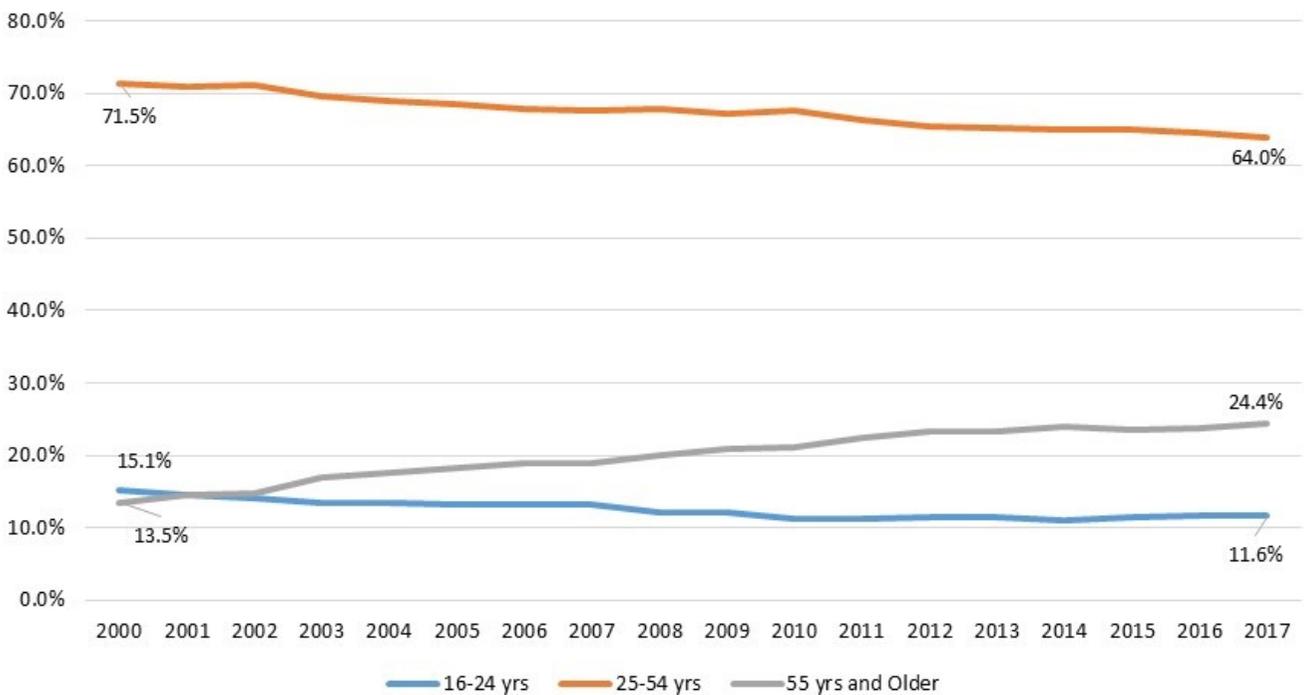


Source: Economic Policy Institute analysis of Current Population Survey data

Between 2000 and 2017, the share of workers aged 55 and older increased by 10.9 percentage points, nearly doubling

Third, since 2000, Florida's labor has become considerably older. Between 2000 and 2017, the share of workers aged 55 and older increased by 10.9 percentage points, nearly doubling (see Figure 4). Conversely, during this same period the share of prime-aged workers (25-54 years old) decreased by 7.5 percentage points while the share of young workers (16-24 years old) declined by 3.5 percentage points. While the aging workforce brings about the potential productivity gains of a skilled and experienced labor force, it also presents the prospects that young workers are being crowded out of the labor market. The latter is of great concern as it may create structural issues in future years as workers may have less work experience and may be entering the workforce later in their lives than was the norm in prior years

Figure 4: Florida's Labor Force by Age Group Share: 2000-2017



Source: Economic Policy Institute analysis of Current Population Survey data

The Emerging Knowledge Economy

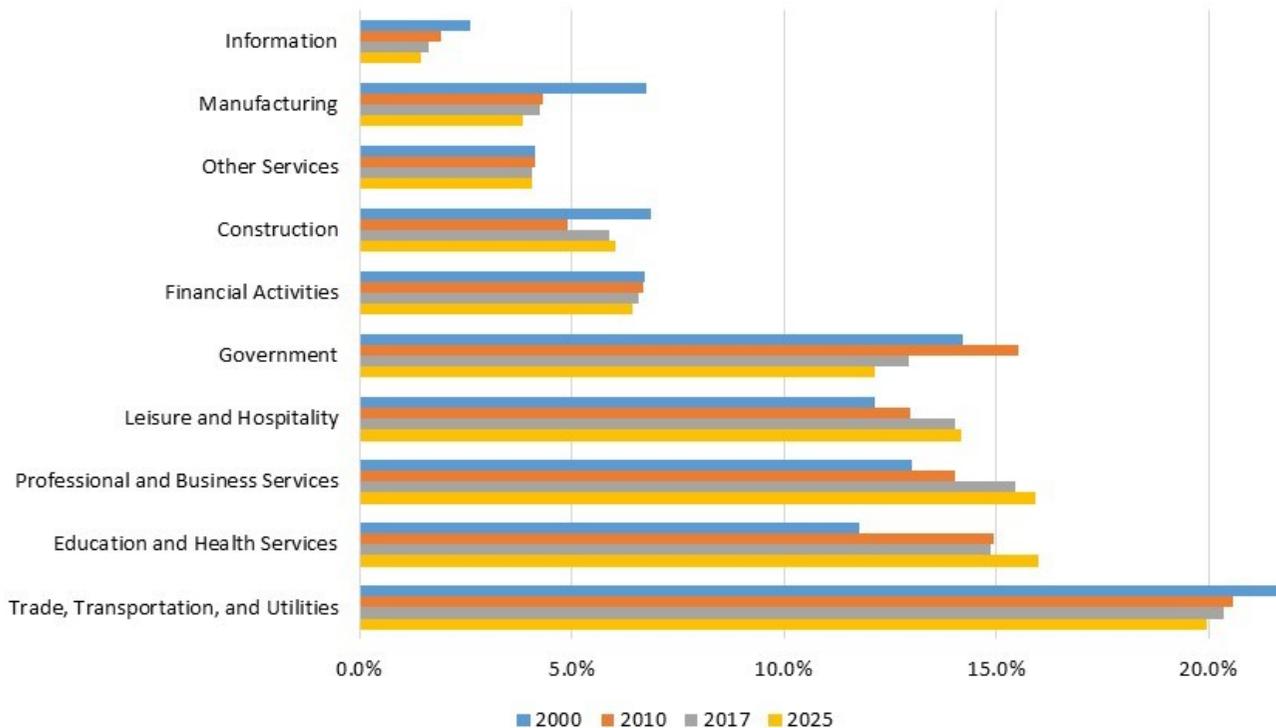
The Florida economy is also undergoing a transformation. Between 2000 and 2017 the industrial composition of the state's economy has evolved, unemployment has decreased, productivity has risen, but wages have experienced only modest gains. This section explains these trends and their impact on Florida's labor market.

First, Florida's industrial composition has experienced significant changes during the past 17 years that are expected to continue into the long-term. Between 2000 and 2017 the industry sectors of manufacturing, construction, information, government, and trade, transportation and utilities have all declined drastically, in terms of their total employment share (see Figure 5). Conversely, the industry sectors of education and health services, professional and business services, and leisure and hospitality have each made significant gains. Generally speaking, between 2000 and 2017 Florida's economy has evolved away from a manual labor-intensive economy and toward a more knowledge-driven economy.

Projected employment for Florida predicts that this transformation will further deepen through the year 2025. In particular, the industry sectors of education and health service and professional and business services are projected to be the largest drivers of new employment in Florida. As an increasingly knowledge-based economy, Florida will require a greater share of highly skilled and educated workers to meet projected employment demand. Furthermore, these industry sectors also require intensive communication and "soft" skills beyond higher educational attainment.

Florida's economy has evolved away from a manual labor-intensive economy and toward a more knowledge-driven economy

Figure 5: Florida's Employment by Industrial Sector Share: 2000-2025



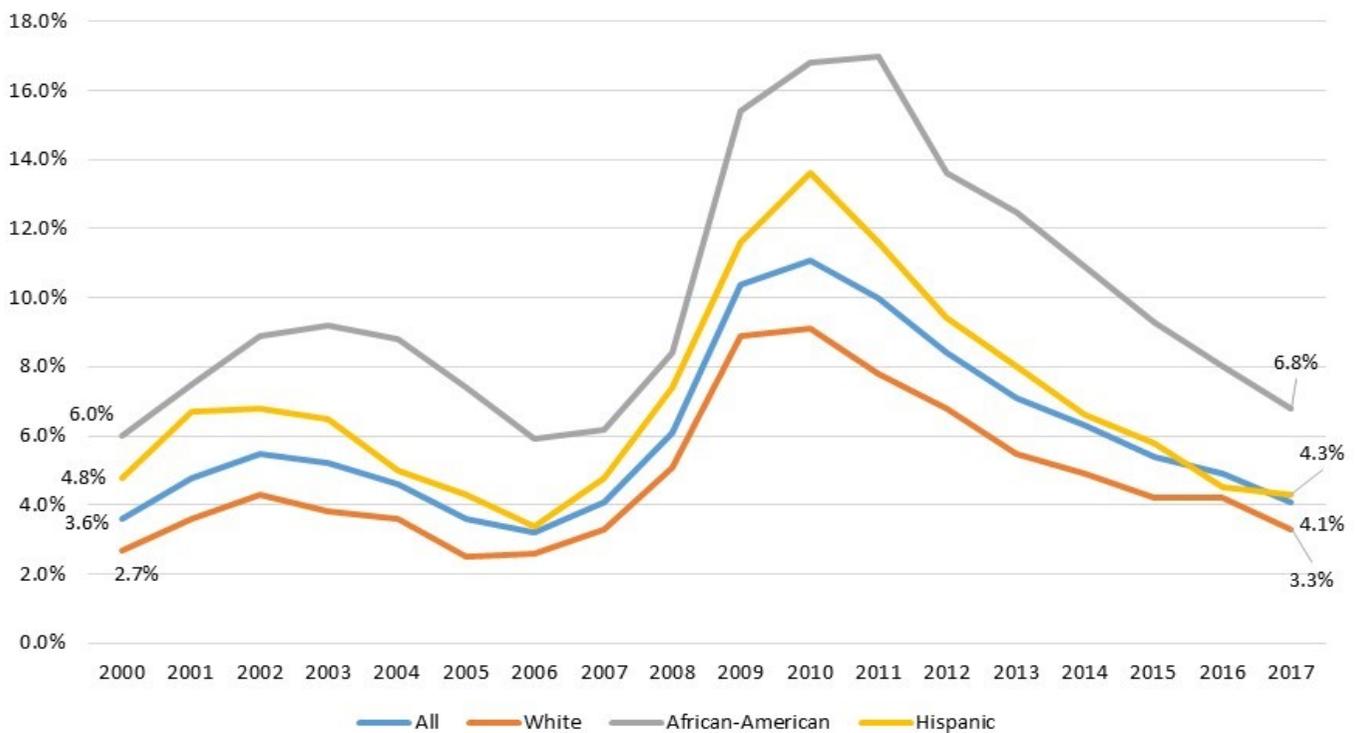
Source: Florida Department of Economic Opportunity Employment Projections and Current Employment Statistics survey data

The unemployment rate for black/African Americans is more than twice that of whites

Second, Florida's labor market is back to pre-recession levels of performance. Unemployment rates near 4 percent signal that the labor market is near or at full employment, the employment rate that signals a booming economy. A tight labor market reflects an economy where the great majority of people who are willing and able to find to work are actually employed while businesses continue to expand employment opportunities.

However, not all groups are impacted by tight labor markets the same way. In fact, data show that the unemployment rate for black/African Americans is more than twice that of whites, 6.8 percent and 3.3 percent respectively (see Figure 6). Therefore, there is still ample room for labor market improvements, especially among those that are historically marginalized, such as black/African Americans. Furthermore, businesses, and the economy more broadly, lose when talented workers sit on the sideline due to discrimination or skills mismatches.

Figure 6: Florida's Unemployment Rate by Demographic: 2000-2017



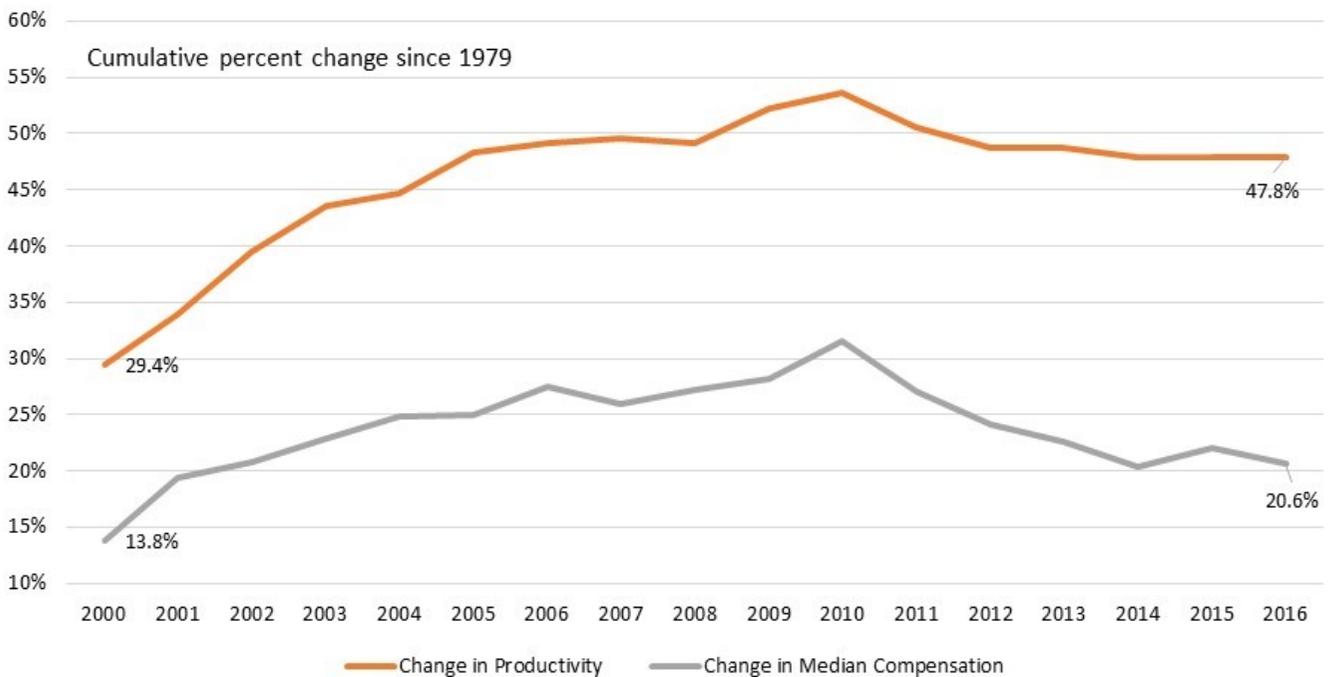
Source: Economic Policy Institute analysis of Current Population Survey data

Workers are increasingly getting a smaller share of Florida's economic gains experienced since 2000

Third, increases in worker productivity along with the employment shift toward more knowledge-intensive industrial sectors has led to significant increases in Florida's productivity. As a cumulative change since 1979, productivity has increased by 18.4 percentage points between 2000 and 2016 (see Figure 7).

Productivity gains reflect that businesses are able to produce more with less over time. However, productivity gains have not materialized into commensurate wage gains. During the same period, real hourly wages increased by just 6.8 percentage points, as a cumulative change since 1979. In fact, between 2000 and 2016 the gap between productivity and wage gains over time has widened further. Therefore, workers are increasingly getting a smaller share of Florida's economic gains experienced since 2000 although workers have, arguably, contributed largely to these economic gains.

Figure 7: Growth of Real Hourly Median Compensation and Productivity:2000-2016



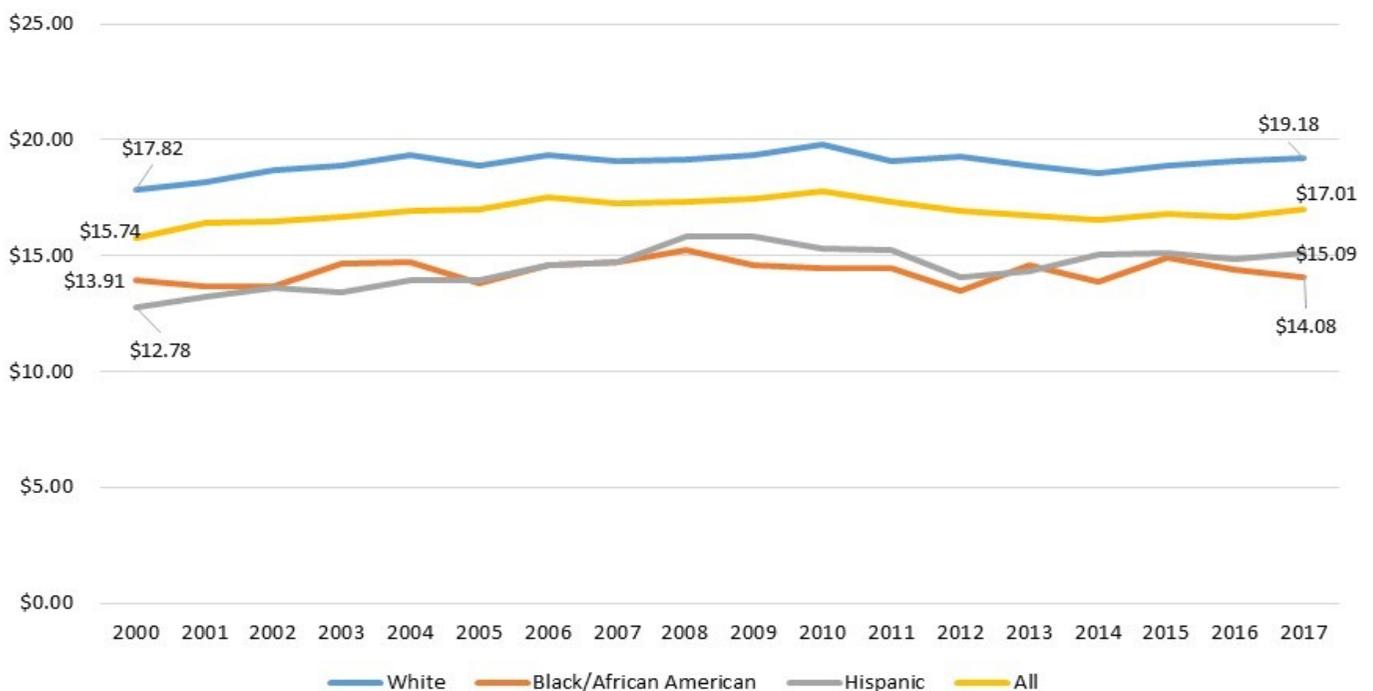
Source: Economic Policy Institute analysis of unpublished total economy data from Bureau of Labor Statistics, Labor Productivity and costs program; employment data from Bureau of Labor Statistics, Local Area Unemployment Statistics; and Bureau of Economic Analysis, State/National Income and Product Accounts public data series

Between 2000 and 2017 the typical worker gained \$2.17 in hourly wages

A closer look at wage dynamics since the year 2000 reveals the modest gains that workers have experienced. Between 2000 and 2017 the typical worker gained \$1.27 in hourly wages, adjusted for inflation (see Figure 8).

However, the typical black/African American worker experienced a gain of just \$0.17 during this same period. Despite the modest wage gains observed across Florida's workforce, some workers experienced gains that were virtually non-existent. Furthermore, like employment gains, wage gains have largely excluded black/African Americans, one of the demographic groups that is increasingly becoming a larger share of our total workforce. Despite the impressive gains in Florida's economy, the state's emergent diversity and dynamism are not being optimized.

Figure 8: Florida's Median Wage by Demographic Group: 2000-2017
(2017 dollars)



Source: Economic Policy Institute analysis of Current Population Survey data

Investing in Florida

The shift toward a knowledge-driven economy requires continued investments in higher education

In order to fully leverage Florida’s increasing diversity and dynamism the state must better serve historically marginalized communities and enable these groups to thrive. This section will provide an overview of potential investments that Florida can implement to optimize economic opportunity for all residents.

First, the shift toward a knowledge-driven economy requires continued investments in higher education. Although Florida’s labor force has become increasingly composed of highly educated workers, many Floridians face severe economic barriers to achieving higher education.

Therefore, there is ample space to pursue large-scale education investments in Florida. For example, providing tuition-free enrollment to those most in need at Florida’s public colleges and universities can potentially be a great investment for the state. Table 1 models the economic and fiscal impacts of increasing enrollment at Florida’s public colleges and universities by 10 percent at no cost to the student and her family. The model shows that the \$578.7 million investment yields an economic impact of \$830.2 million to the state while also increasing state and local fiscal revenues by \$28.4 million. Increasing the scope of the state’s investment in higher education and in the future workforce would potentially yield even greater returns.

Table 1: Florida College and University Systems Projected Economic Impact of 10 Percent College Enrollment Increase: 2019

Investment Level	Current Enrollment	Additional Enrollment	Additional Budget Allocation	Economic Impact	Fiscal Impact
College	320,900	32,090	\$203,396,432	-	-
University	302,380	30,238	\$375,342,643	-	-
Total	623,280	62,328	\$578,739,075	\$830,224,285	\$28,386,700

Source: Implan Group, Inc.

Second, increasing the Florida minimum wage is of critical importance to maintaining the state's economic dynamism while also extending economic gains to historically marginalized groups. Analysis of U.S. Census' American Community Survey reveals that in 2016 there were 3.2 million Florida workers with hourly wages below \$15 an hour.

Furthermore, our estimates show that increasing the wages of each of those 3.2 million Floridians would increase earnings by more than \$29.5 billion. This means that most families in Florida would have more money to cover their basic necessities and invest in their future, to the benefit of the state as a whole.

In 2016 there were 3.2 million Florida workers with hourly wages below \$15 an hour

Investing in alternative energies such as solar driven power generation can be economically attractive

Third, leveraging the shift toward a knowledge-driven economy while also addressing the existential threat of sea-level rise and global warming would further grow Florida's economy. For example, investing in alternative energies such as solar driven electrical power generation can be economically attractive. For example, investing \$100 million in this industry will yield an economic impact of \$172 million and increase state and local fiscal revenues by \$6.8 million. As the "Sunshine State," Florida could be the leader in developing alternative energies that further increase the state's industrial diversity while growing the state economy and expanding the tax revenue base.

Table 2: Florida Projected Earnings Impact of \$15 Minimum Wage: 2016

Workers Impacted	Estimated Earnings Growth
3,212,667	\$29,527,381,776

Source: Author calculations of U.S. Census American Community Survey 1-Year Estimates 2016

Table 3: Florida Solar Driven Electrical Power Generation Projected Economic Impact of \$100 Million Investment: 2019

Investment	Economic Impact	Fiscal Impact
\$100,000,000	\$172,064,586	\$6,790,240

Source: Implan Group, Inc.

Florida International University
Modesto A. Maidique Campus
Labor Center, Room 304
11200 SW 8th Street
Miami, FL 33199

(305) 348-2371
e-mail: labor@fiu.edu
labor.fiu.edu

Connect with us!



For more detailed data, methodology, and resources related to **State of Working Florida 2018**, please contact the Center for Labor Research and Studies at Florida International University.