



STATE OF WORKING FLORIDA

2019

Ten Years after the Financial Crisis

The 16th edition of the State of Working Florida reviews Florida's economy a decade after the financial crisis that sparked the Great Recession. In 2009, Florida and states across the U.S. began to deal with the aftermath of the worst financial crisis in the country since the Great Depression. Throughout the state, homes were boarded up, credit dried up, jobs were lost, and millions of workers and their families suffered. This report seeks to answer the question, where are we a decade later?

The financial crisis was first observed by most Floridians in October 2007 when home sales peaked and then sharply declined as the housing bubble burst in Florida and around the country. Underlying the decline in home sales was a drastic rise in the mortgage delinquency rate of single-family homeowners that led to both a drop in housing prices and in the value of financial instruments that secured subprime mortgages.

In 2008, Lehman Brothers and Washington Mutual went bankrupt, the Federal Reserve took over the insurance giant American International Group, and the Federal Housing Finance Agency took over the mortgage companies Fannie Mae and Freddie Mac. By early 2009, the U.S. Congress implemented the \$700 billion Troubled Asset Relief Program, the Federal Reserve lowered the federal funds rate to zero percent, the car manufacturers Ford Motor Company, General Motors, and Fiat Chrysler were bailed out, and Congress approved a \$787 billion economic stimulus package known as the American Recovery and Reinvestment Act. The impact of these policy responses to Florida's labor force has yet to be explored.

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EXECUTIVE SUMMARY

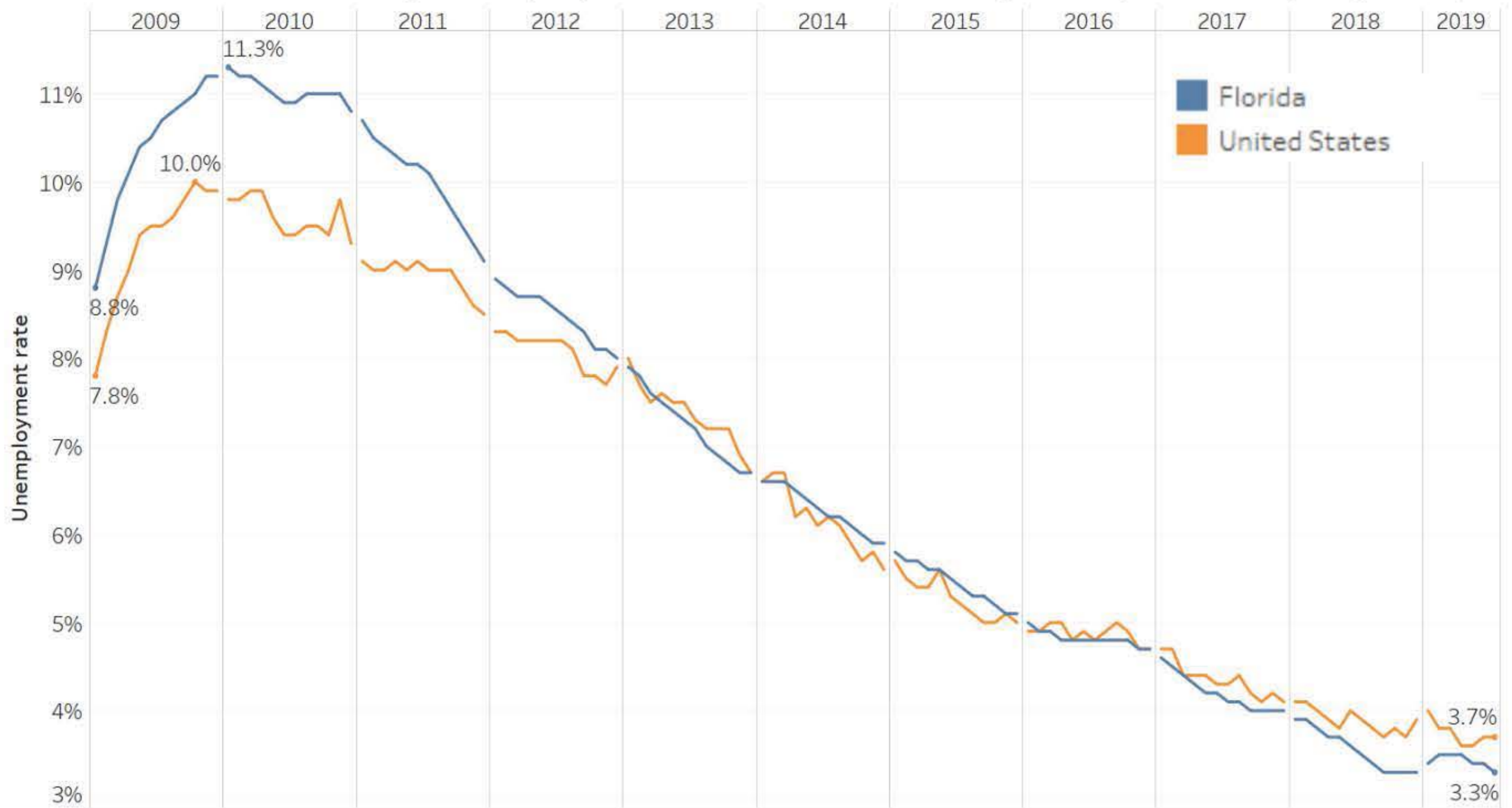
This report finds that while Florida's workforce has largely recovered from the Great Recession, some groups have thrived while others continue to make up lost ground. Between the years 2009 and 2019, Florida's workforce has become increasingly racially and ethnically diverse, more educated, and older. While the labor market's industrial and geographical composition has remained relatively static, employment and wages have increased during the past decade.

As Florida's economy has become a knowledge-driven economy with an increasingly more diverse workforce, 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, continue to face disproportionately lower labor market outcomes. Therefore, this report provides policy proposals that Florida policymakers can implement to close the gaps that plague Florida's workforce and that were widened a decade after the financial crisis.

Key Findings:

- ▶ Since January 2009, Florida's working-age population has increased by nearly 3 million people from 14.5 million to 17.5 million in July 2019.
- ▶ Over the past decade the gap between Florida's labor force participation rate and that of the nation has widened from a difference of 2.6 percentage points to 3.9 percentage points to 59.1 percent and 63 percent respectively.
- ▶ As of July 2019, more than 10 million Floridians were employed throughout the state while only about 394,000 individuals were unable to secure employment.
- ▶ Nearly 2 million more people are employed in Florida than there was a decade ago, 10,010,447 as of July 2019.
- ▶ The greatest number of jobs continue to be located in Florida's Southeast Region, about 31 percent, followed by the Central West and Central regions with 19 percent and 18 percent respectively.
- ▶ The highest average hourly wage among MSAs in 2018 was in Jacksonville at \$27.61.
- ▶ The share of workers aged 55 and older has increased from 20.8 percent to 25.3 percent, thus reflecting the aging of the broader population.
- ▶ Between 2009 to 2018, the prime-age worker share of the labor force declined by four percentage points from 67.2 to 63.2 percent
- ▶ The share of the labor force comprised by white workers declined from 61.1 to 53.5 percent while the share of Hispanic, African-American, and Asian/Pacific Islander workers increased.
- ▶ From 2009 to 2018 the share of workers with a Bachelor's degree or higher increased from 30.2 to 35.5 percent.
- ▶ In 2018, white workers had an unemployment rate of 2.8 percent compared to 6.4 percent for African Americans.
- ▶ The disparity in unemployment rates between college and non-high school completers is 2.2 and 7.1 percent respectively as of 2018.
- ▶ The largest employing industries in the state continue to be Professional and Business Services, Leisure and Hospitality, Retail Trade, Health Care and Social Assistance, and Government. Together, these five industries account for nearly 68 percent of all jobs in the state in 2018, over 6.1 million jobs.
- ▶ Since 2009, Leisure and Hospitality continues to have the lowest average hourly wage among major industries: \$15.71 per hour in 2018.
- ▶ Statewide, the average hourly wage for private industry was \$21.61 in 2009 and \$24.81 in 2018.
- ▶ The main industries contributing to Florida's GDP are Real Estate and Rental and Leasing, Government, and Health Care and Social Assistance.
- ▶ The main MSAs contributing to Florida's GDP continue to be the Miami-Ft. Lauderdale-West Palm Beach metro, Tampa-St. Petersburg-Clearwater metro, and the Orlando-Kissimmee-Sanford metro. Together, these three metro areas contribute 63.6 percent of all GDP to the state, nearly two-thirds.
- ▶ Increasing the state minimum wage will raise the earnings of workers in low-wage industries while also improving the earnings capabilities of those without higher levels of educational attainment.
- ▶ Increasing state funding to public education, both K-12 and higher education institutions, will create family-sustaining jobs while developing the industrial capacity of areas throughout the state that are in dire need of investment.

Florida and U.S. Monthly Unemployment Rate: Jan. 2009-July 2019 (Seasonally Adjusted)



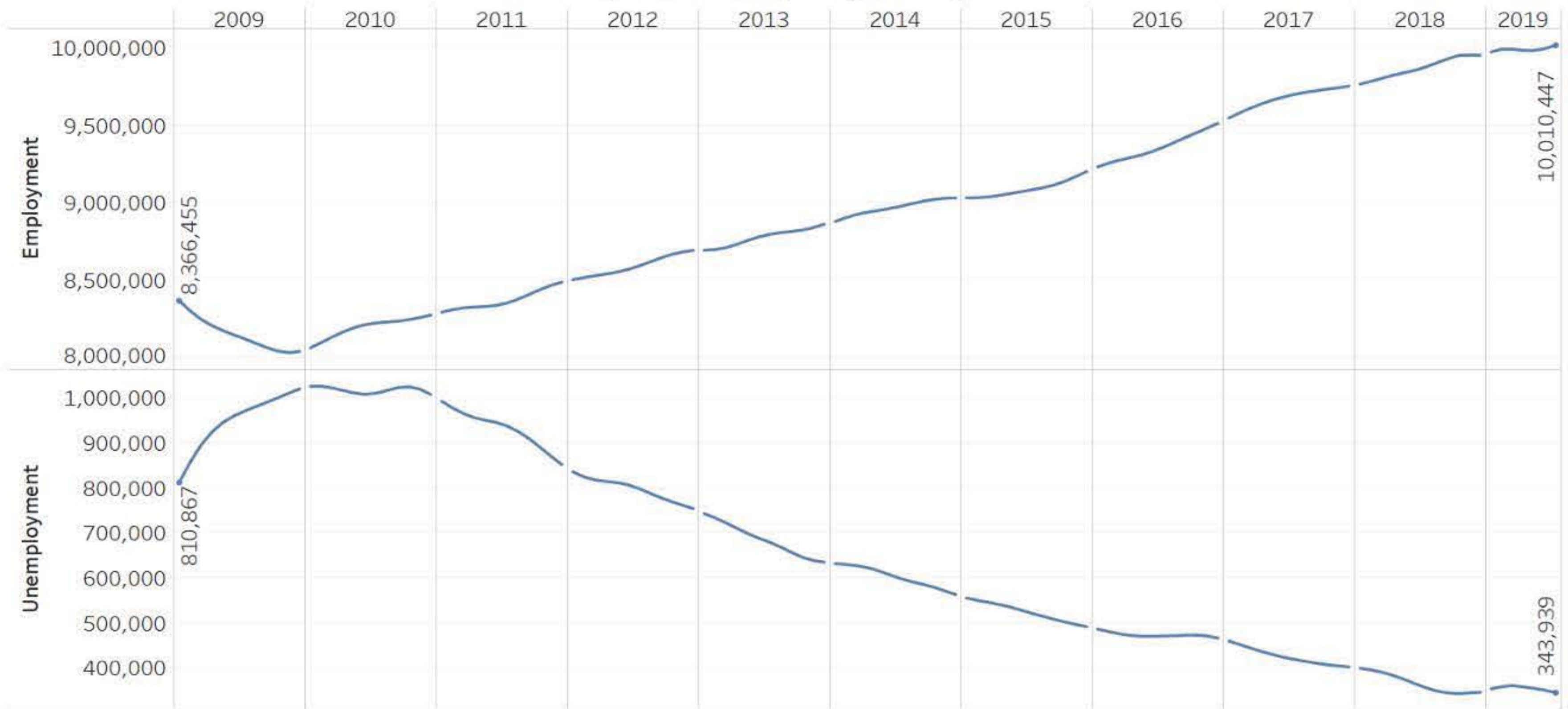
Source: U.S. Bureau of Labor Statistics: Local Area Unemployment Statistics and Current Population Survey

While the share of the working-age population that is employed has declined, the absolute number of employed persons in Florida has risen dramatically while the

Nearly 2 million more people are employed in Florida than there were a decade ago

number of unemployed persons has dropped sharply. As of July 2019, more than 10 million Floridians were employed throughout the state while only about 394,000 individuals were unable to secure employment. Nearly 2 million more people are employed in Florida than there were a decade ago. Similarly, the number of unemployed persons in the state has been reduced by more than half during the same period.

Florida Monthly Employment and Unemployment Levels: Jan. 2009-July 2019 (Seasonally Adjusted)

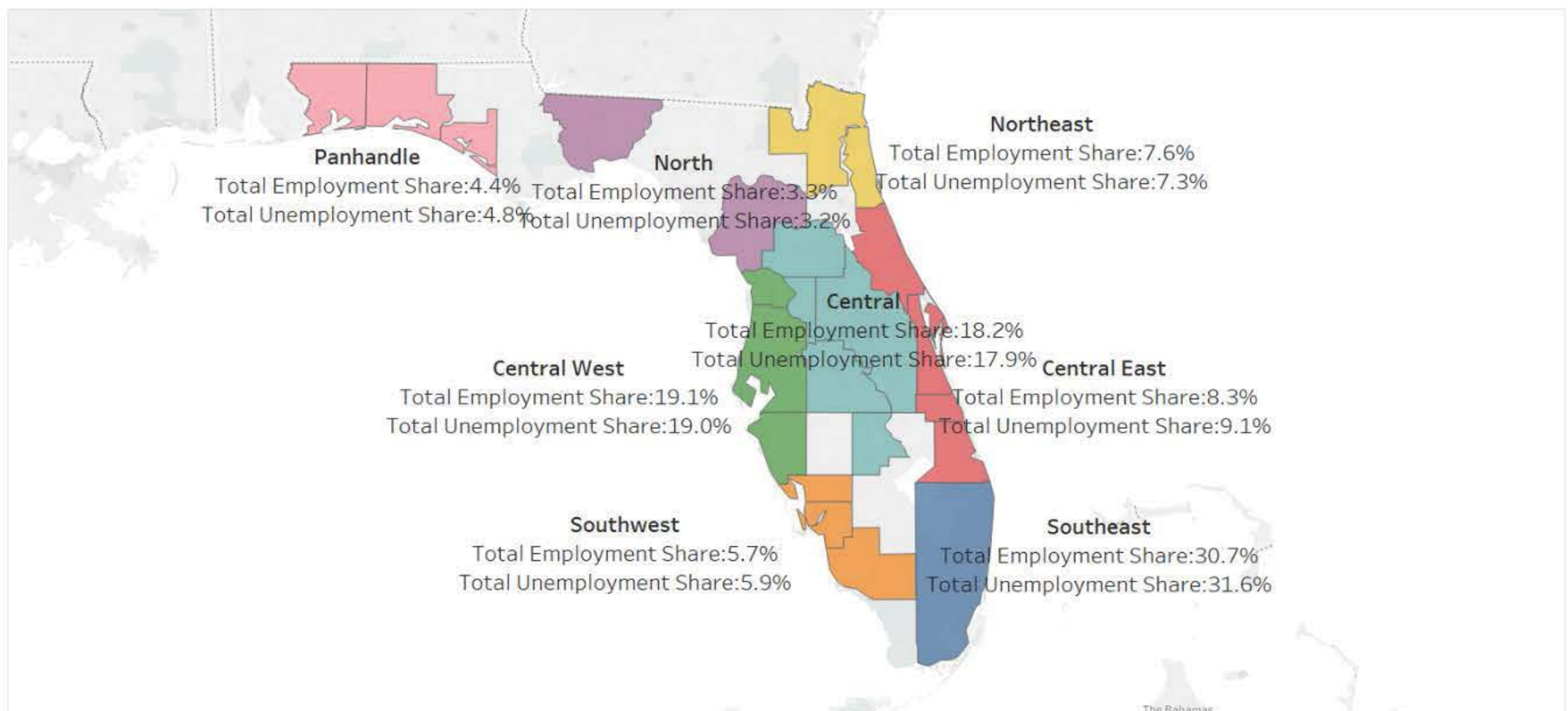


Source: U.S. Bureau of Labor Statistics: Local Area Unemployment Statistics

The increase in total employment has not led to shifts in the relative location of jobs. The greatest number of jobs continue to be located in Florida's Southeast Region, about 31 percent, followed by the Central West and Central regions with 19 percent and 18 percent respectively. Together, these three regions account for about two-thirds of all the jobs in Florida – the remaining five regions account for the additional third of jobs.

Three regions account for about two-thirds of all the jobs in Florida

Florida Employment and Unemployment Shares by Region: Dec. 2018 (Seasonally Adjusted)



Source: U.S. Bureau of Labor Statistics: Local Area Unemployment Statistics

Similarly, hourly wage patterns have varied by metropolitan statistical area (MSA) since 2009. The highest average hourly wage among MSAs in 2018 was in Jacksonville at \$27.61. Jacksonville

experienced the greatest average wage increase among the 22 MSAs, an increase of \$7.09 in the past decade. Florida's lowest average hourly wage in 2018 was in the Sebring MSA at \$17.46. In 2018, 12 MSAs had an average hourly wage above \$22.50 while 10 MSAs were below.

The highest average hourly wage among MSAs in 2018 was in Jacksonville at \$27.61

Annual Average Hourly Earnings by Metropolitan Area: 2018 (Not Seasonally Adjusted)



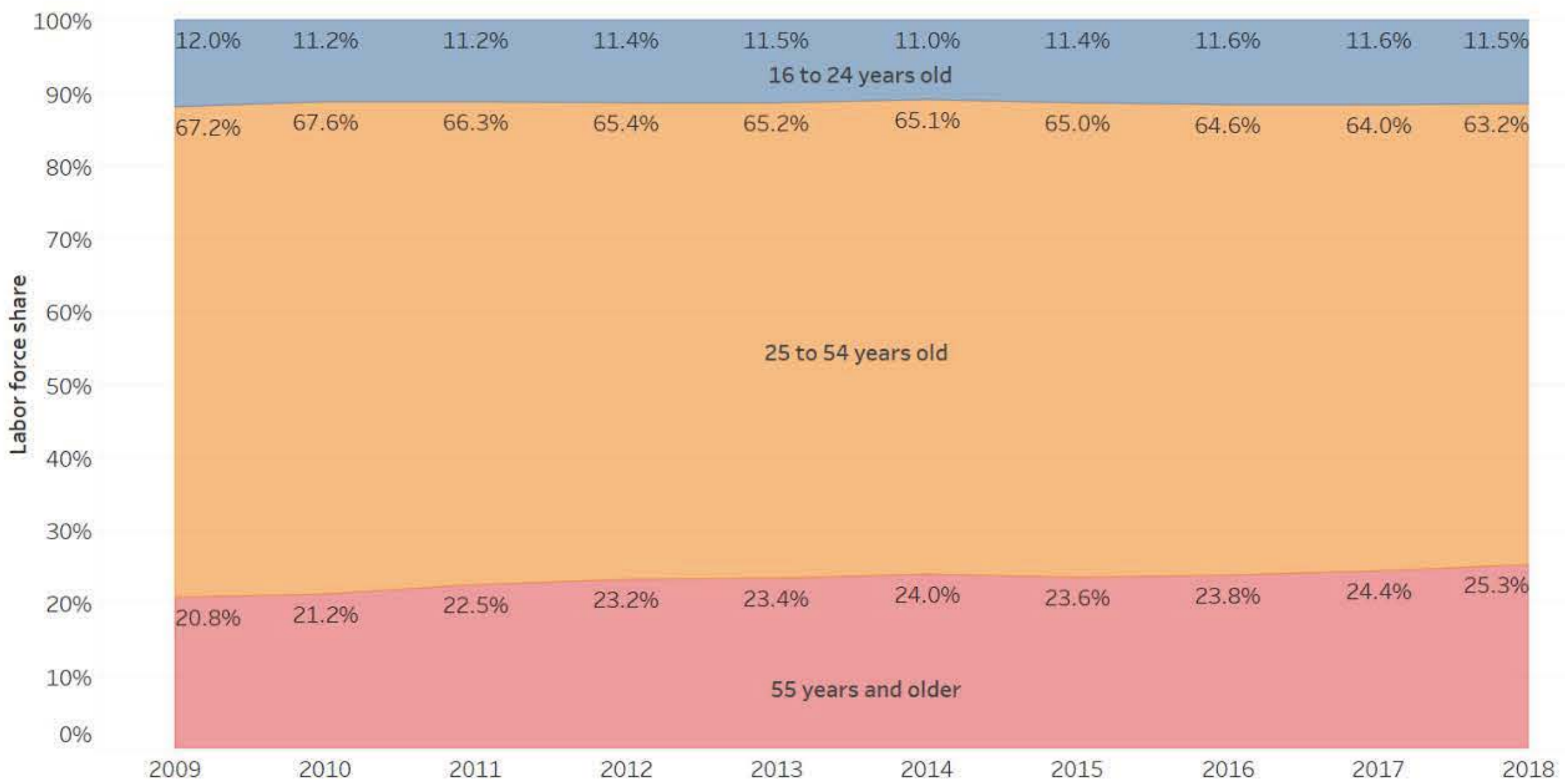
Source: U.S. Bureau of Labor Statistics: Current Employment Statistics

Additional changes in Florida's workforce since 2009 are apparent in the composition of the labor force. For example, the share of workers aged 55 and older has increased from 20.8 percent to 25.3 percent, thus

reflecting the aging of the broader population. While the population aged 16 to 24 has remained relatively constant at around 12 percent, the share of the labor force that is considered prime-aged, 25 to 54, has declined. Between 2009 to 2018, the prime-age worker share of the labor force declined by four percentage points from 67.2 to 63.2 percent. This trend is particularly alarming given the overall size and importance of prime aged workers to the labor market. Prime-aged workers have the highest labor-force participation rate among the different age groups and their relative decline should serve as a bellweather to the underlying problems associated with the broader decline in labor force participation among Floridians.

The share of workers aged 55 and older has increased from 20.8 percent to 25.3 percent

Florida Labor Force Share by Age Group: 2009-2018 (Seasonally Adjusted)



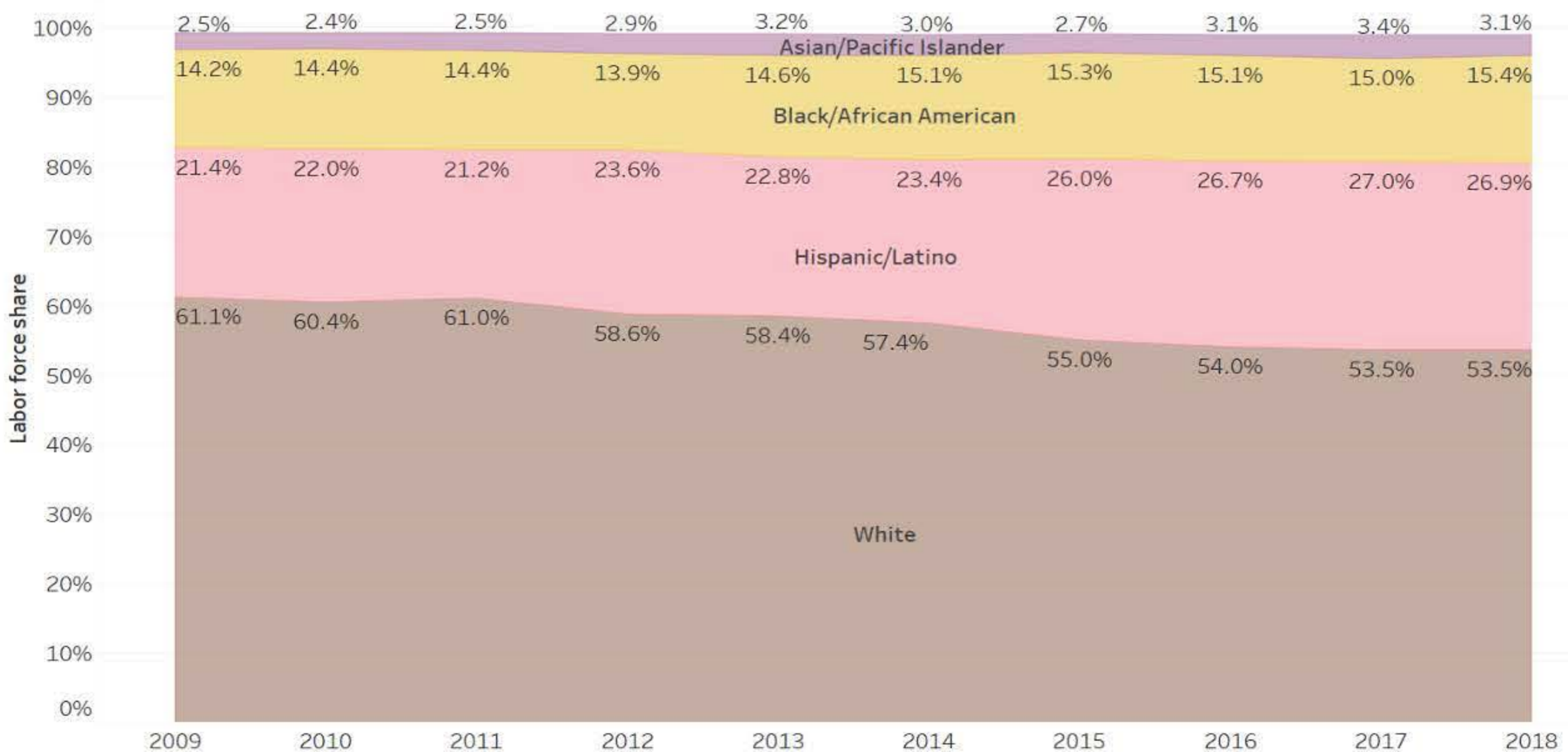
Source: Economic Policy Institute. 2019. Current Population Survey Extracts, Version 0.6.11.

The workforce in Florida has also undergone a shift toward greater racial and ethnic diversity between 2009 and 2018. During that period, the share of the labor force comprised by white workers declined from 61.1 to 53.5

White workers declined from 61.1 to 53.5

percent while the share of Hispanic, African-American, and Asian/Pacific Islander workers increased. The greatest increase was by Hispanic workers who experienced a labor force share increase from 21.4 to 26.9 percent.

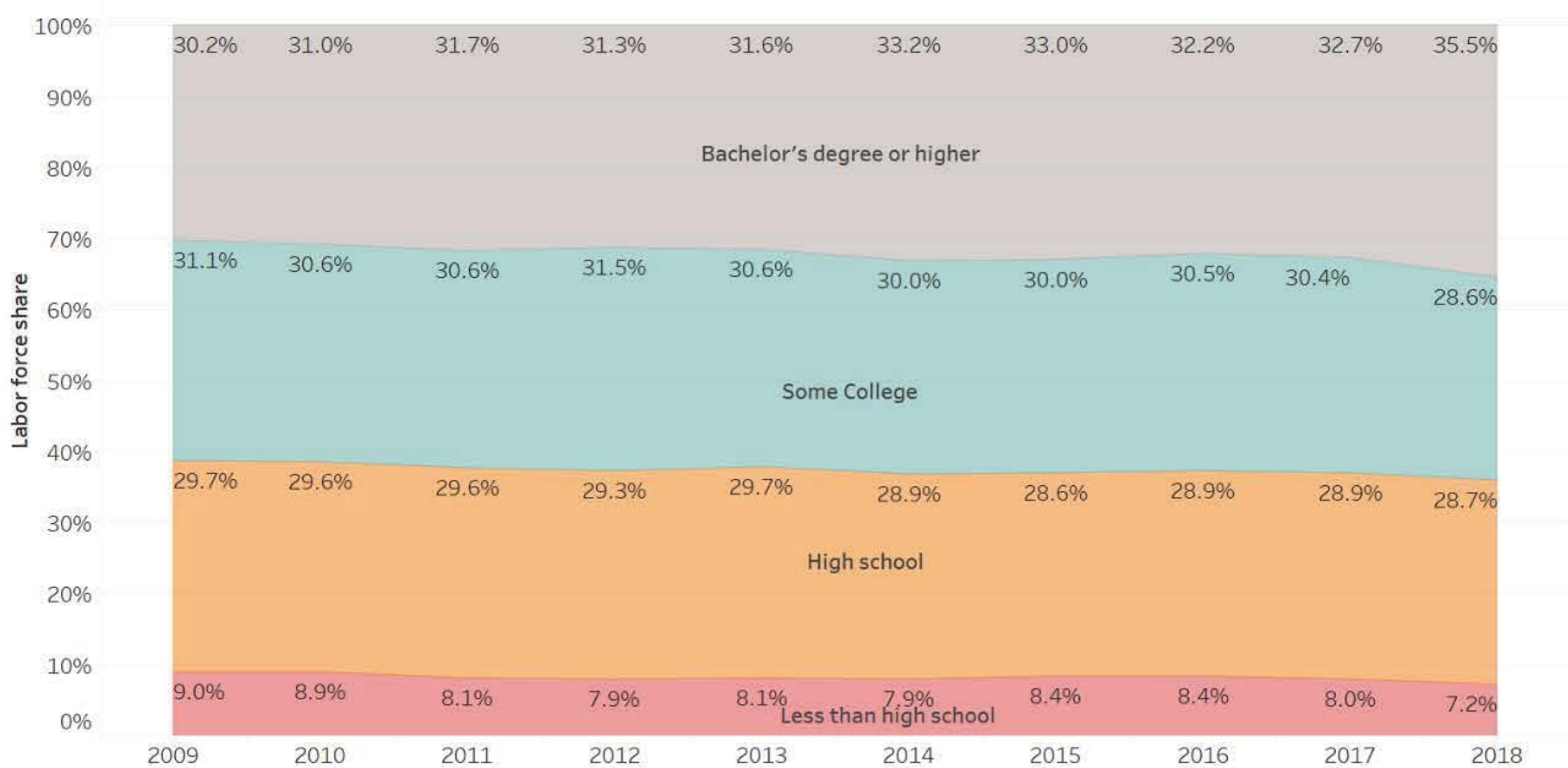
Florida Labor Force Share by Race/Ethnicity: 2009-2018 (Seasonally Adjusted)



Source: Economic Policy Institute. 2019. Current Population Survey Extracts, Version 0.6.11.

While modest, Florida’s labor force has increased in its relative share of college educated workers. From 2009 to 2018 the share of workers with a Bachelor’s degree or higher increased from 30.2 to 35.5 percent. The share of workers without a college degree, with a high school degree, and without a high school degree or declined during this period.

Florida Labor Force Share by Educational Attainment: 2009-2018 (Seasonally Adjusted)

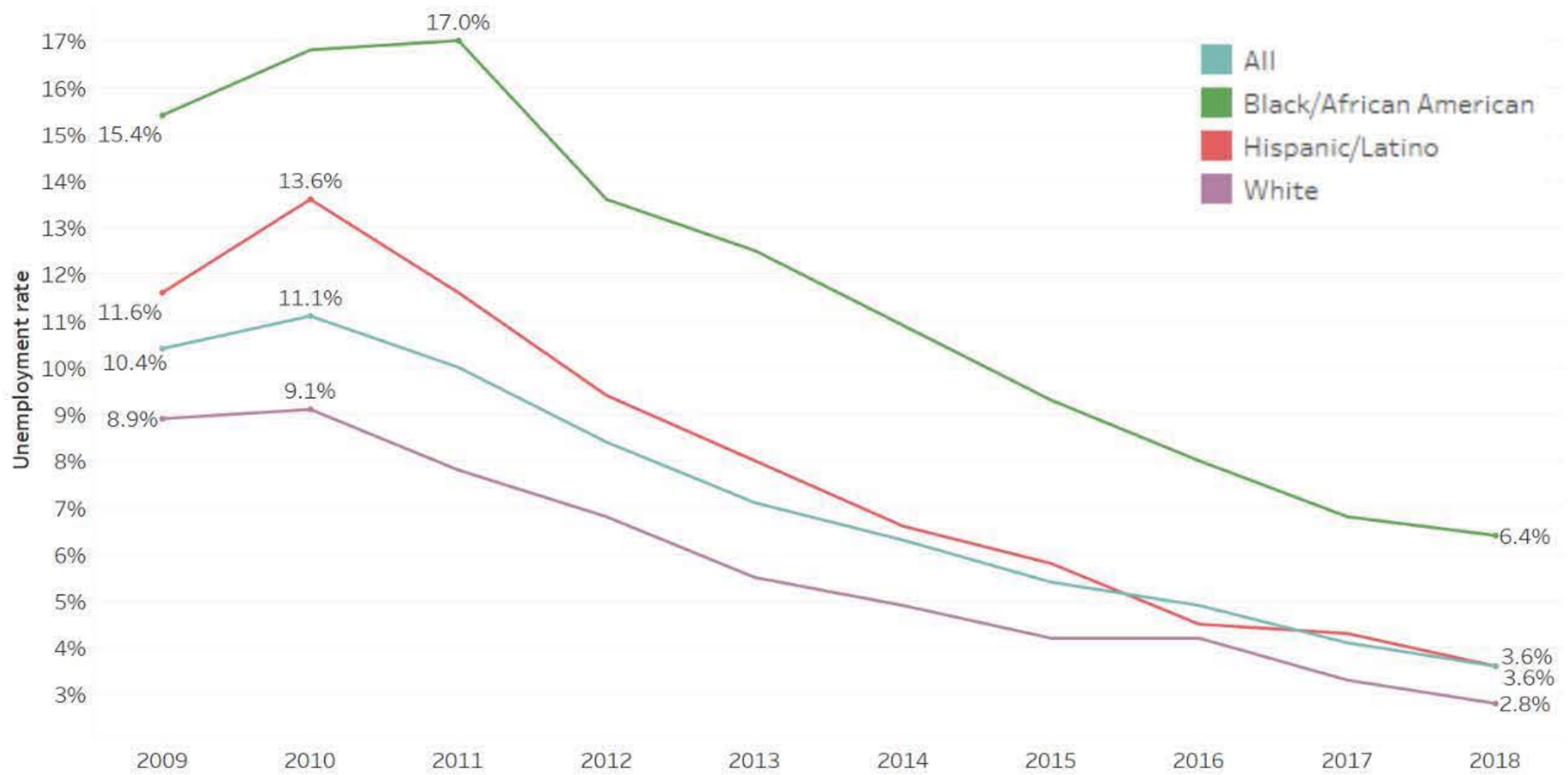


Source: Economic Policy Institute. 2019. Current Population Survey Extracts, Version 0.6.11.

A persistent feature of Florida’s labor market continues to be the disproportionately higher unemployment rates of African Americans. In 2009, African American workers endured an unemployment rate of 15.4 percent compared to 8.9 percent for white workers. While unemployment rates declined for workers across all demographic groups since 2009, the relative disparity between African American workers and white workers increased. By 2018, white workers had an unemployment rate of 2.8 percent compared to 6.4 percent for African Americans. As a result, African American workers are more than twice as likely as their white counterparts to be unemployed.

Disproportionately higher unemployment rates of African Americans

Florida Annual Unemployment Rate by Race/Ethnicity: 2009-2018 (Not Seasonally Adjusted)



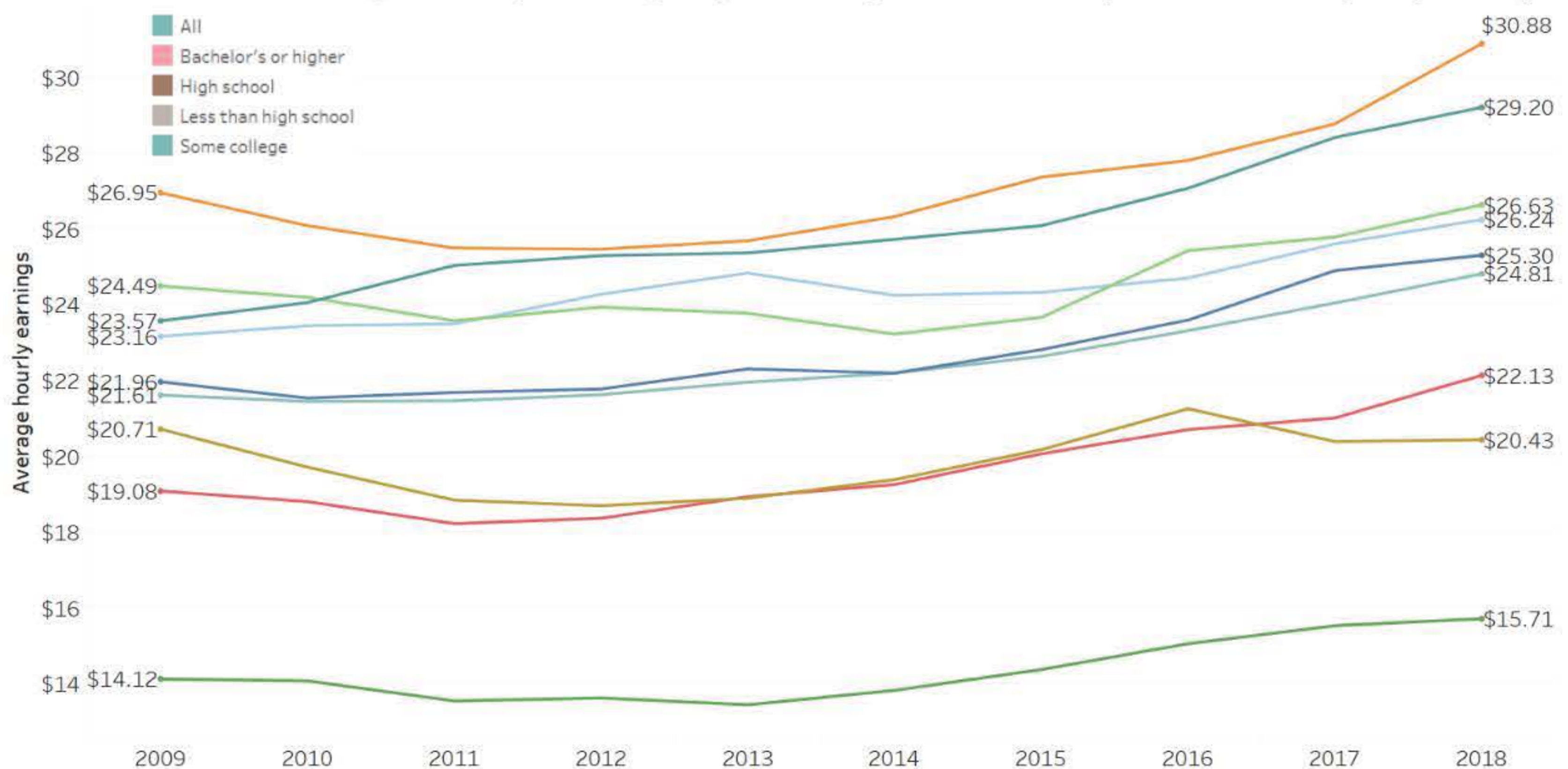
Source: Economic Policy Institute. 2019. Current Population Survey Extracts, Version 0.6.11.

The unemployment rate disparities by educational attainment are also problematic. While workers with some college education are about as likely as the average worker to be unemployed, 3.9 and 3.6 percent

Need to increase the educational outcomes of vulnerable children

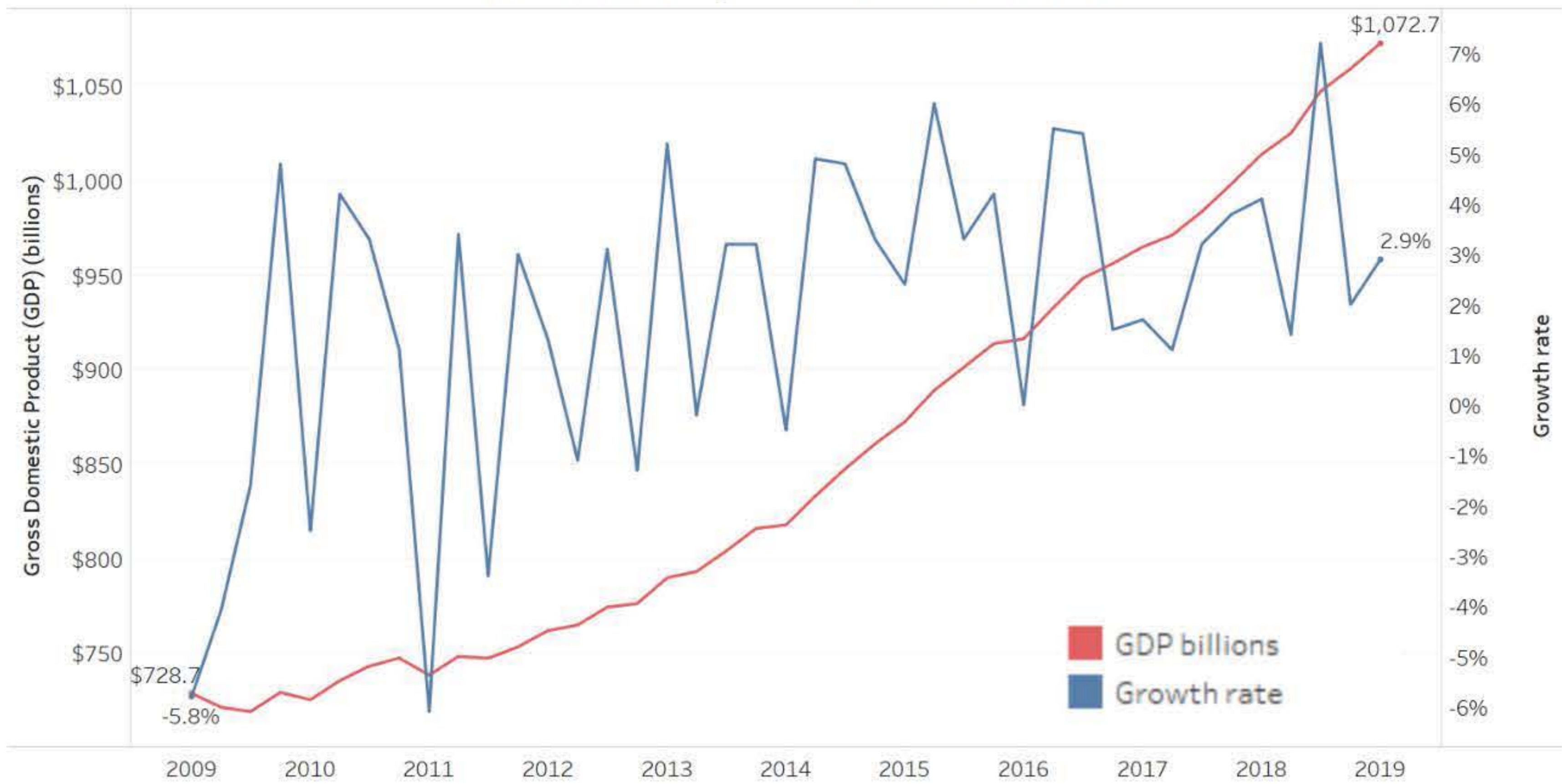
respectively, the disparity between college and non-high school completers is 2.2 and 7.1 respectively. The latter is evidence of the need to increase the educational outcomes of vulnerable children and shore up the educational attainment of disenfranchised adult workers.

Florida Annual Average Hourly Earnings by Industry: 2009-2018 (Not Seasonally Adjusted)



Source: Economic Policy Institute. 2019. Current Population Survey Extracts, Version 0.6.11.

Florida Quarterly GDP: 2009 Q1-2019 Q1



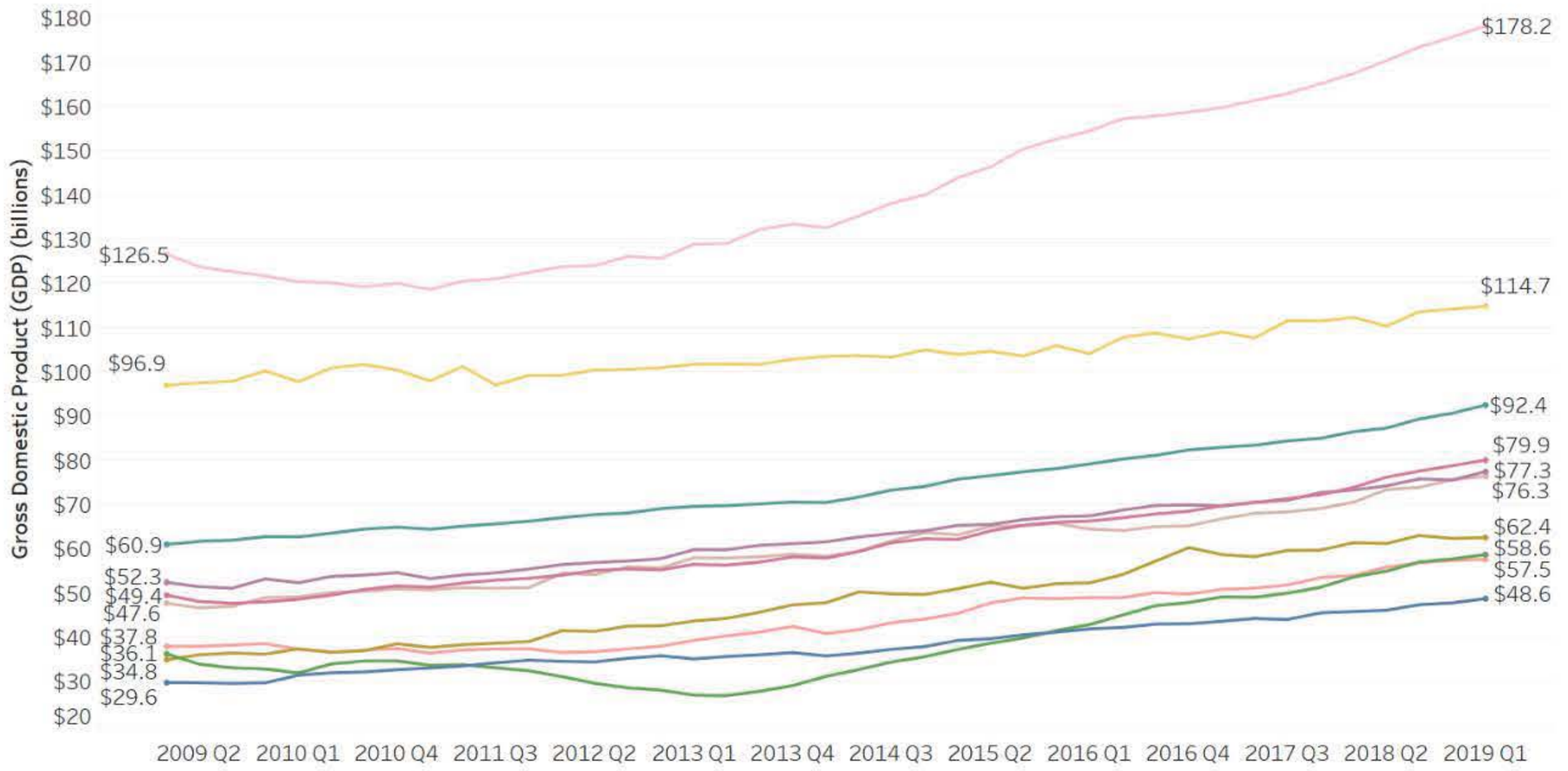
Source: U.S. Bureau of Economic Analysis: Quarterly Gross Domestic Product by State

The main industries contributing to Florida's GDP are Real Estate and Rental and Leasing, Government, and Health Care and Social Assistance. Conversely, the lowest contributors to GDP are Mining,

Agriculture, and Educational Services. In fact, Mining is the only industry to have experienced a decline in GDP since 2009. The latter is likely due to declines in offshore oil extraction operations.

Mining is the only industry to have experienced a decline

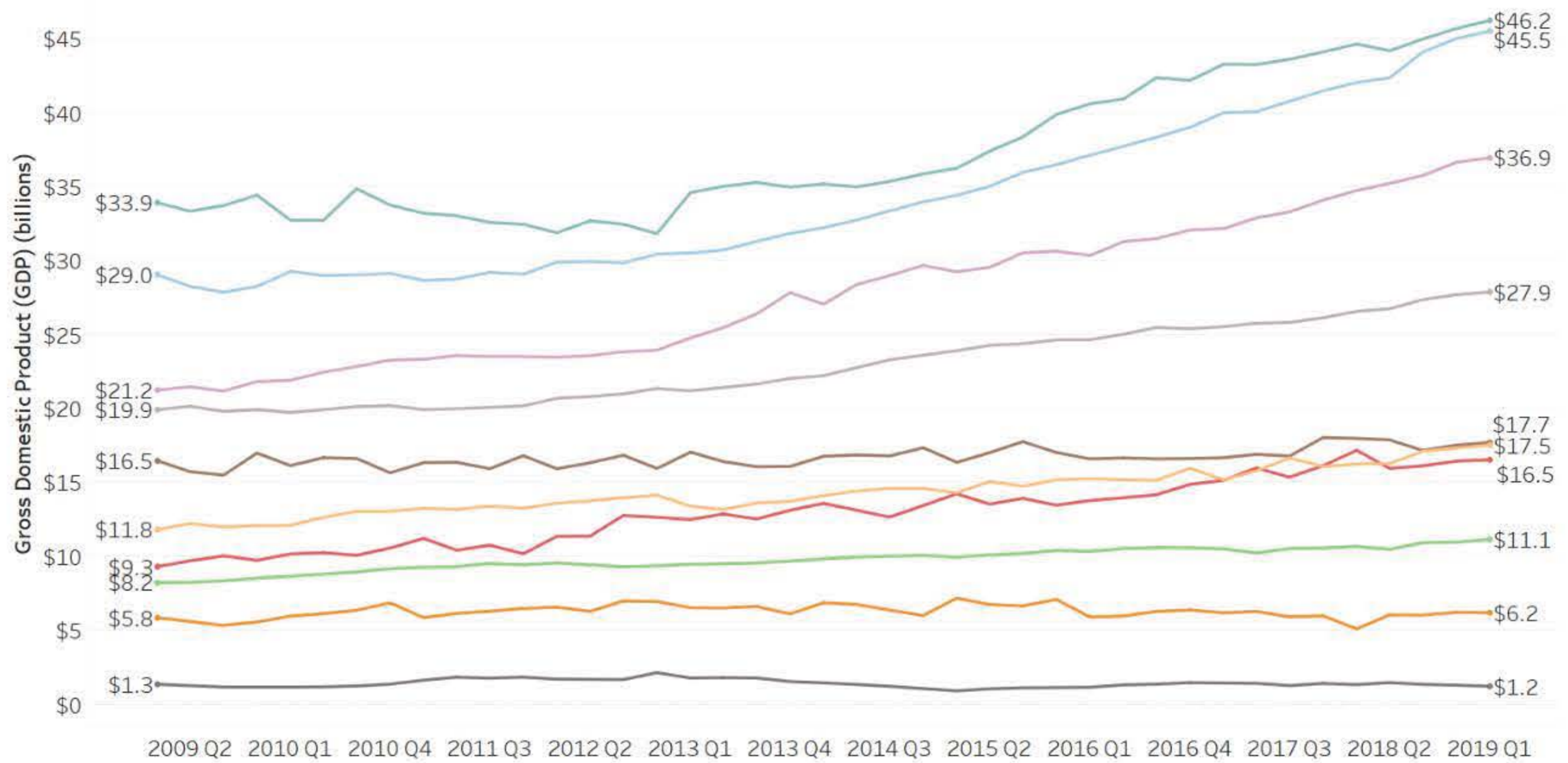
Florida Quarterly GDP by Industry: 2009 Q1-2019 Q1 (Top 10)



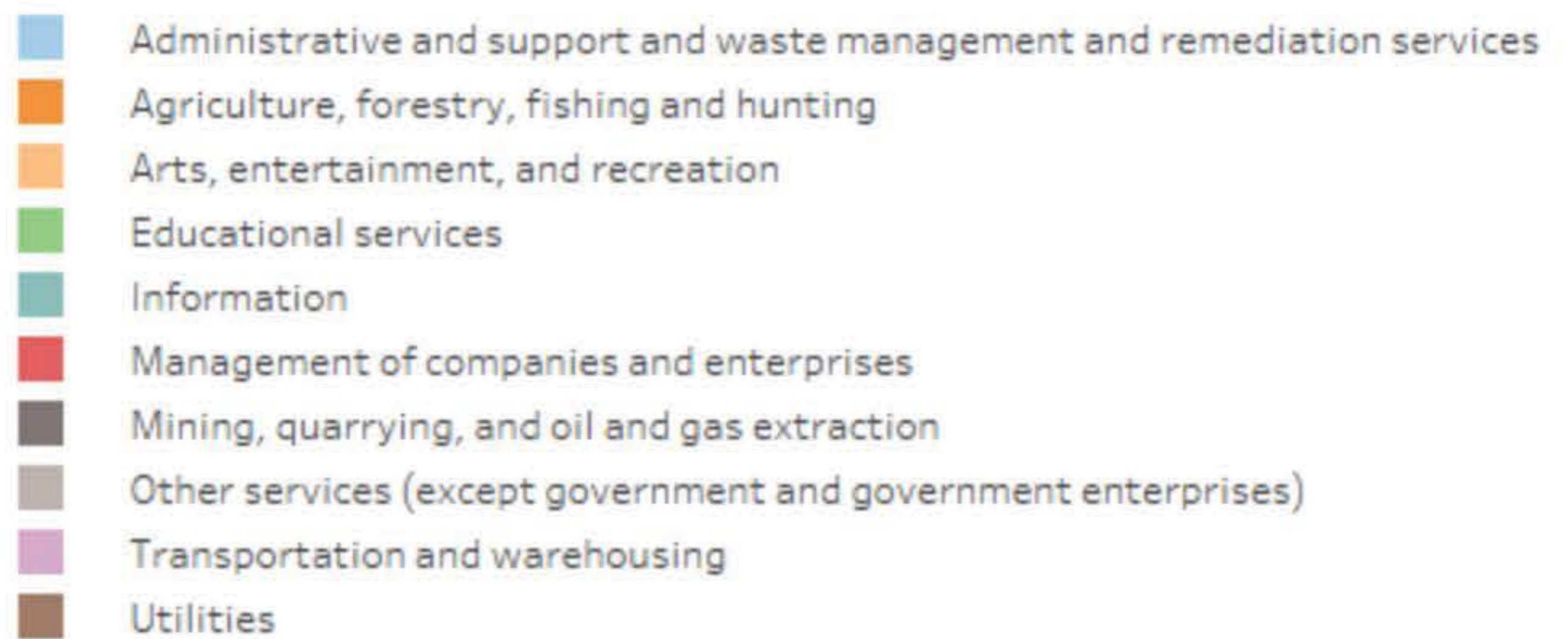
Source: U.S. Bureau of Economic Analysis: Quarterly Gross Domestic Product by State

- Accommodation and food services
- Construction
- Finance and insurance
- Government and government enterprises
- Health care and social assistance
- Manufacturing
- Professional, scientific, and technical services
- Real estate and rental and leasing
- Retail trade
- Wholesale trade

Florida Quarterly GDP by Industry: 2009 Q1-2019 Q1 (Bottom 10)



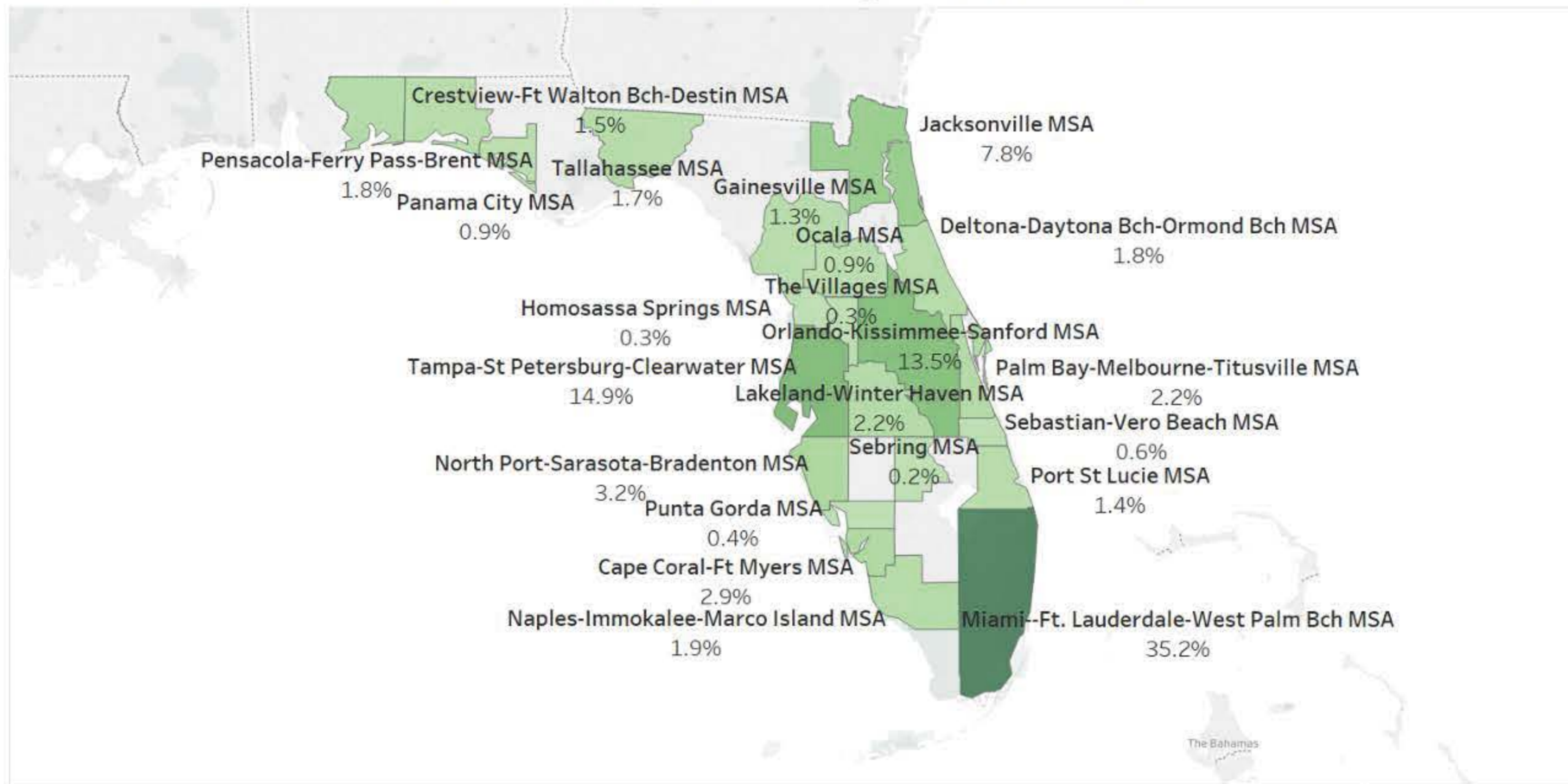
Source: U.S. Bureau of Economic Analysis: Quarterly Gross Domestic Product by State



The main MSAs contributing to Florida’s GDP continue to be the Miami-Ft. Lauderdale-West Palm Beach metro, Tampa-St. Petersburg-Clearwater metro, and the Orlando-Kissimmee-Sanford metro. Together, these three metro areas contribute 63.6 percent of all GDP to the state, nearly two-thirds. The latter is an increase from 62.7 percent in 2009. As a result, there is evidence that Florida’s large metro areas are increasingly concentrating the state’s economic output.

Metro areas contribute 63.6 percent of all GDP

Florida Annual GDP Share by Metro Area: 2017



Source: U.S. Bureau of Economic Analysis: Gross Domestic Product by Metropolitan Area

Closing the Gaps

Since 2009, Florida's labor market has strengthened while economic activity has flourished. However, too many Floridians have been left out of the last decade's growth. In particular, less educated workers have been deprived of the wage gains and employment opportunities of their more highly educated counterparts. Similar disparities exist between workers in Leisure and Hospitality and workers in other industries. Furthermore, the increasing concentration of economic activity in high paying jobs in Florida's larger metro areas means that less populated areas throughout the state are getting left behind.

Two policy interventions can address these disparities and improve the lives of Floridians throughout the state. First, increasing the state minimum wage will raise the earnings of workers in low-wage industries while also improving the earnings capabilities of those without higher levels of educational attainment. Furthermore, increase the state minimum wage will provide less densely populated areas with greater economic activity that should stimulate local economies. Second, increasing state funding to public education, both K-12 and higher education institutions, will create family-sustaining jobs while developing the industrial capacity of areas throughout the state that are in dire need of investment. Increasing state funding to public education will have the direct added benefit of improving the educational outcomes of existing workers as well as enable much needed investments in the future workforce. Together, increasing the state minimum wage and state funding to public education will promote growth and broaden access to economic prosperity throughout the state.

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For more detailed data, methodology, and resources related to **State of Working Florida 2019**, please contact the Center for Labor Research and Studies at Florida International University.