

Florida Labor Market Prospective: 2017

Alí R. Bustamante
January 2017

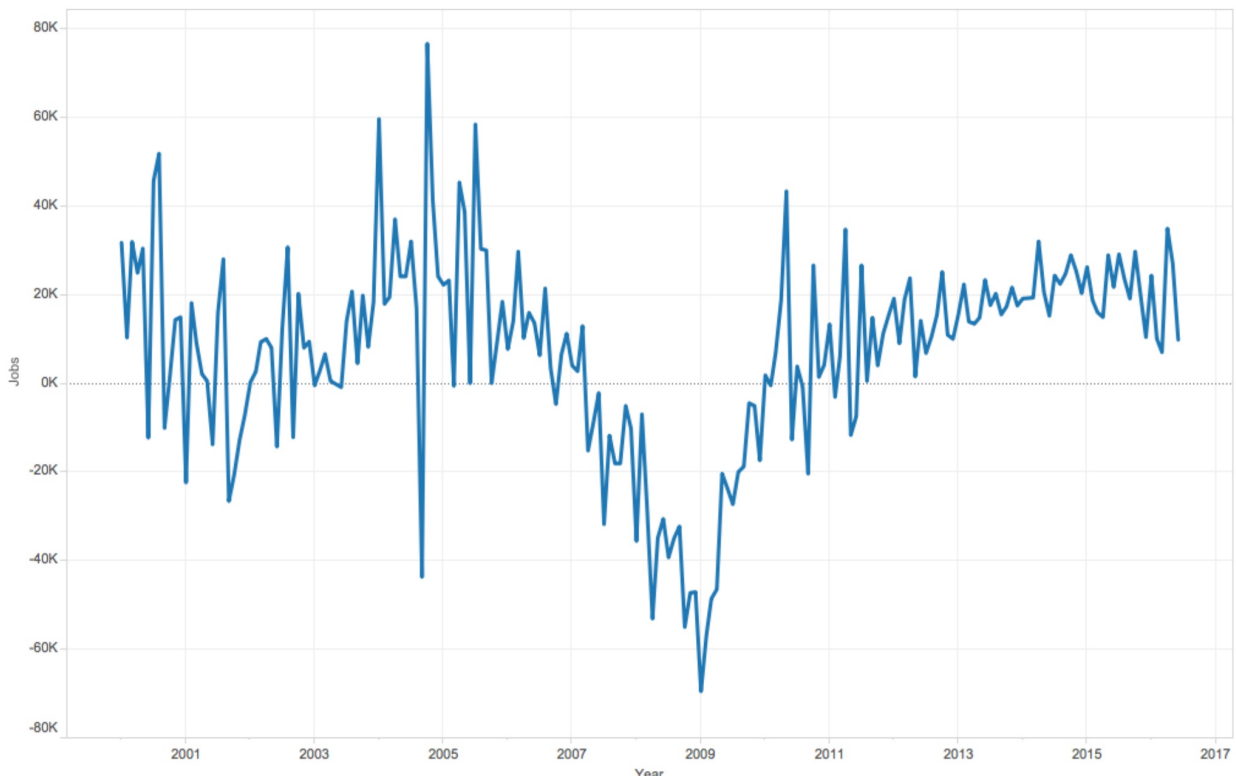


This report seeks to contextualize the state of the current labor market in Florida as President-elect Donald J. Trump prepares to succeed President Obama on January 20, 2017. Employing government statistics from 2000 to 2016, we explain how Florida workers have fared during the past two presidencies and set performance expectations for the incoming president. We find that strong job creation during the past six years has returned Florida's labor market to the long-run normal rate of unemployment and led a rise in wages and incomes. Furthermore, a decline in the uninsured rate and a rise in union membership shows signs that workers' general well-being is improving beyond wage compensation. However, Florida's poverty rate remains high and the share of employed prime-aged adults remains low. Increasing the state minimum wage is critical to continuing Florida's economic growth while increasing labor force participation and reducing poverty.

JOB CREATION

First, positive job creation has been sustained between July 2011 and June 2016, the most recently available figures. The booming economy of the past five years is largely a reflection of the decisive post-recession economic recovery that Florida experienced. Between January 2000 and December 2006 Florida grew by 1.1 million jobs. However, between January 2007 and December 2009 the state lost more than 905 thousand jobs. The Great Recession, triggered by the financial crisis of 2007-2008 during the George W. Bush administration, created a large jobs deficit that would take years to overcome. Since January 2010, Florida created 1.2 million jobs. Thereby closing the jobs deficit with a net positive of nearly 291 thousand jobs.

Florida Total Nonfarm Employment Changes by Month: 2000-2016

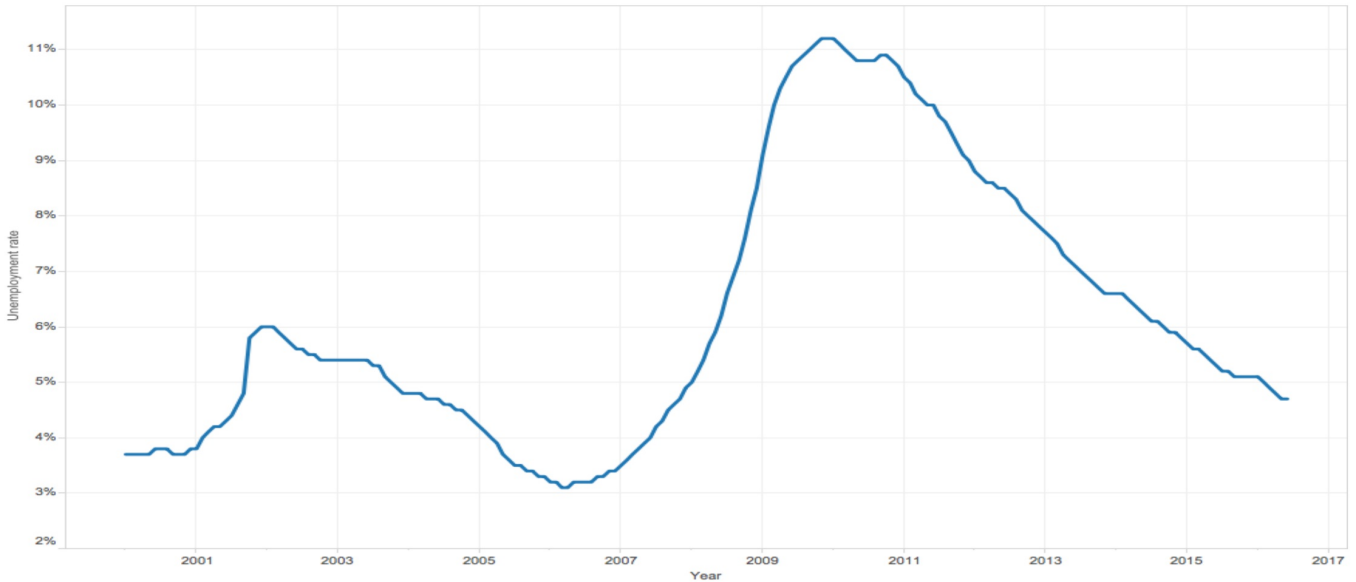


Source: Economic Policy Institute analysis of U.S Bureau of Labor Statistics: Current Employment Statistics Survey data

UNEMPLOYMENT

As of November 2016, Florida's unemployment rate is 4.9 percent, the lowest since December 2007. Unemployment has declined by more than six percentage points since it peaked at 11.2 percent during the Great Recession. The unemployment rate is now at the long-run normal rate of unemployment, which was common in the early 2000s. Sustained job creation and the drastic decline in unemployment signal that Florida's labor market, fully recovered from the recession, is booming and should continue to explain in 2017.

Florida Unemployment Rate: 2000-2016

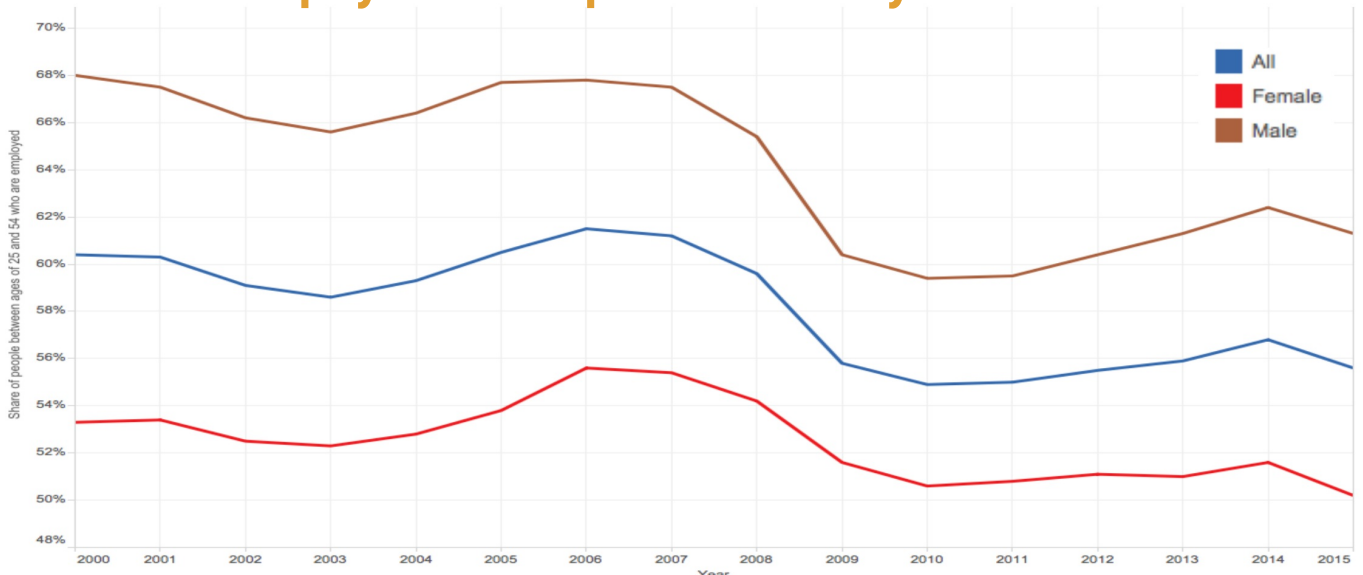


Source: U.S Bureau of Labor Statistics: Local Area Unemployment Statistics (Seasonally adjusted)

EMPLOYMENT-TO-POPULATION RATIO

Despite the growth in jobs, the share of employed of prime-aged adults (the share of people between ages of 25 and 54 who are working) is alarming low, especially among males. While most workers in the labor force seeking employment have jobs, a large share of working-age adults stopped participating in Florida's labor force between 2006 and 2009. There was a modest increase in the employment-to-population ratio between 2010 and 2014. However, the majority of prime-aged adults out of the labor force are likely waiting for wages to rise to their pre-recession levels before they return to seek employment. As the labor market tightens, wages will continue to rise, but this process can be accelerated by legislating increases to the minimum wage. Rising wages at the lower end of the wage distribution enables hard working Floridians with little access to high professional jobs to achieve a dignified standard of living.

Florida Employment to Population Ratio by Sex: 2000-2015

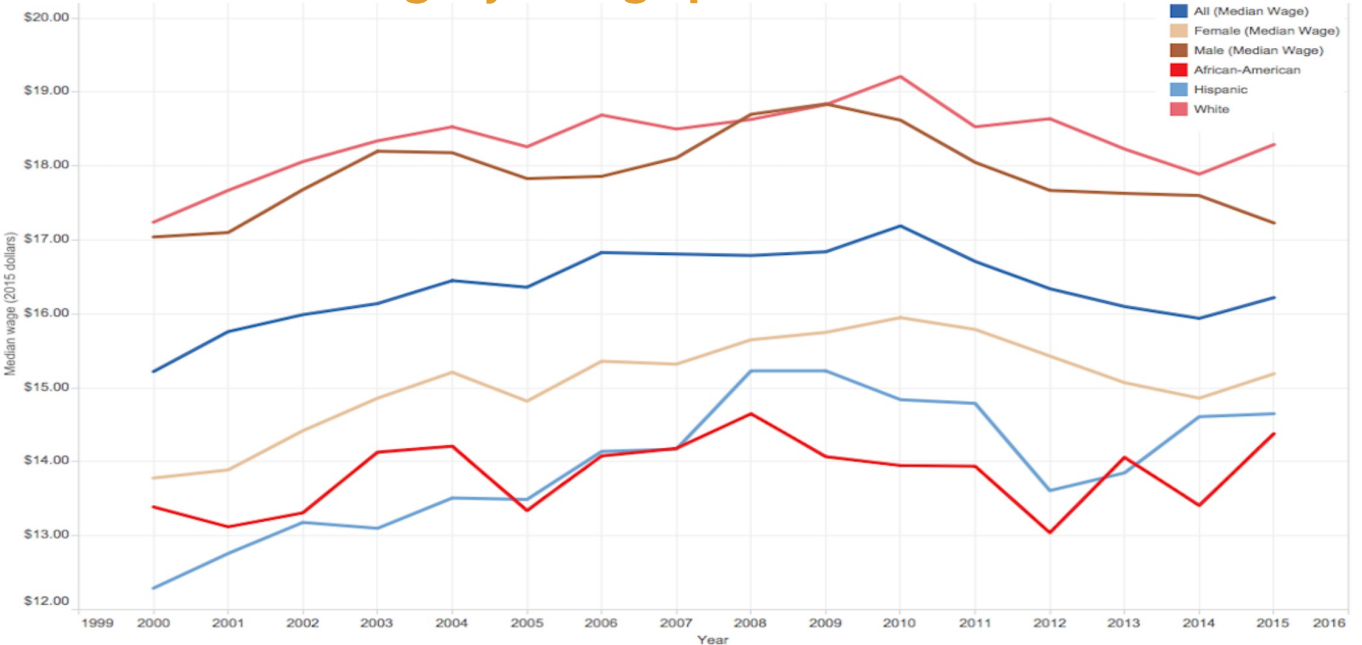


Source: Economic Policy Institute analysis of U.S Bureau of Labor Statistics: Current Population Survey Data

WAGES

Second, wages in Florida are on the rise, since 2014. Florida's median wage was \$16.22 in 2015, the highest wage since 2012, controlling for inflation. Increases in the median wage signal that the tightening of the labor market has spurred growth in wages along the earnings ladder. This sign is promising, given that median wages are still below their pre-recession levels. Additionally, it is troublesome that recent wage gains have generally eluded males while the wages of women and racial and ethnic minorities continue to lag those of whites.

Florida Median Wage by Demographic: 2000-2015 (2015 dollars)

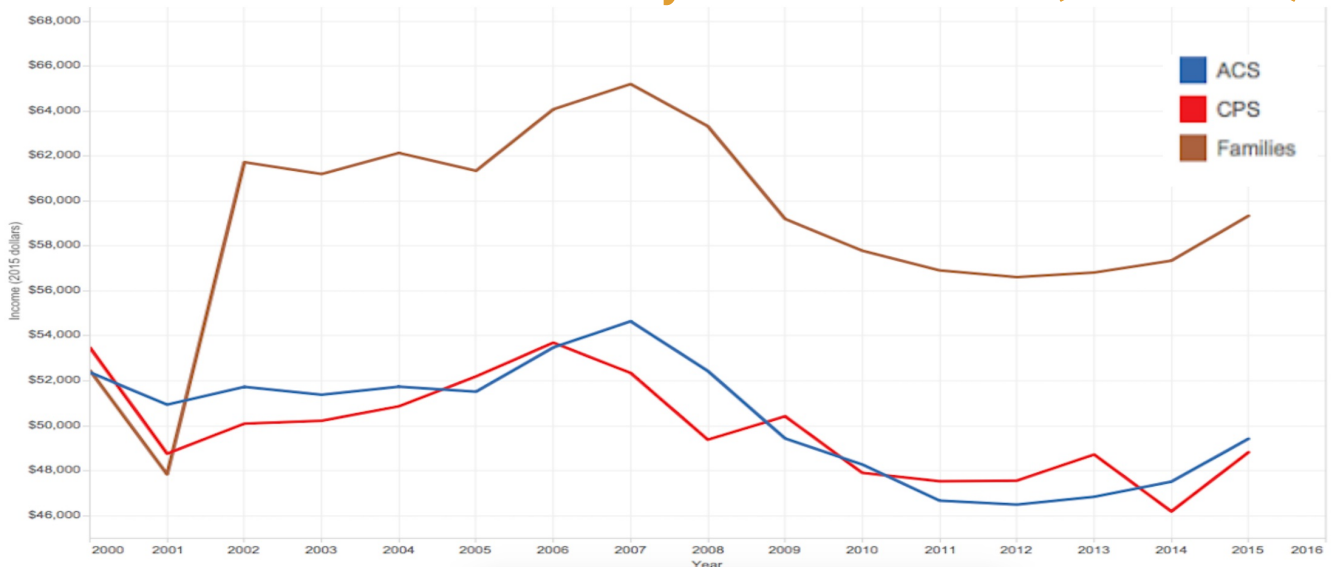


Source: Economic Policy Institute analysis of U.S Bureau of Labor Statistics: Current Population Survey data (inflation adjustment based on CPI-U-RS)

INCOME

Furthermore, Florida's annual median household and family income is the highest it's been since 2009. The economic wellbeing of workers and their families in Florida is improving, although still recovering from the pre-recession highs. In 2015, the most recently available data, median household incomes in Florida were \$48,825 and \$49,426 (depending on the source) while median family income was \$59,339. Household and family incomes must rise by about \$5,000 and \$6,000 respectively to return to their pre-recession peaks. The upward trend of incomes in Florida indicate that incomes should to continue to rise in 2017.

Florida Median Household and Family Income: 2000-2015 (2015 dollars)



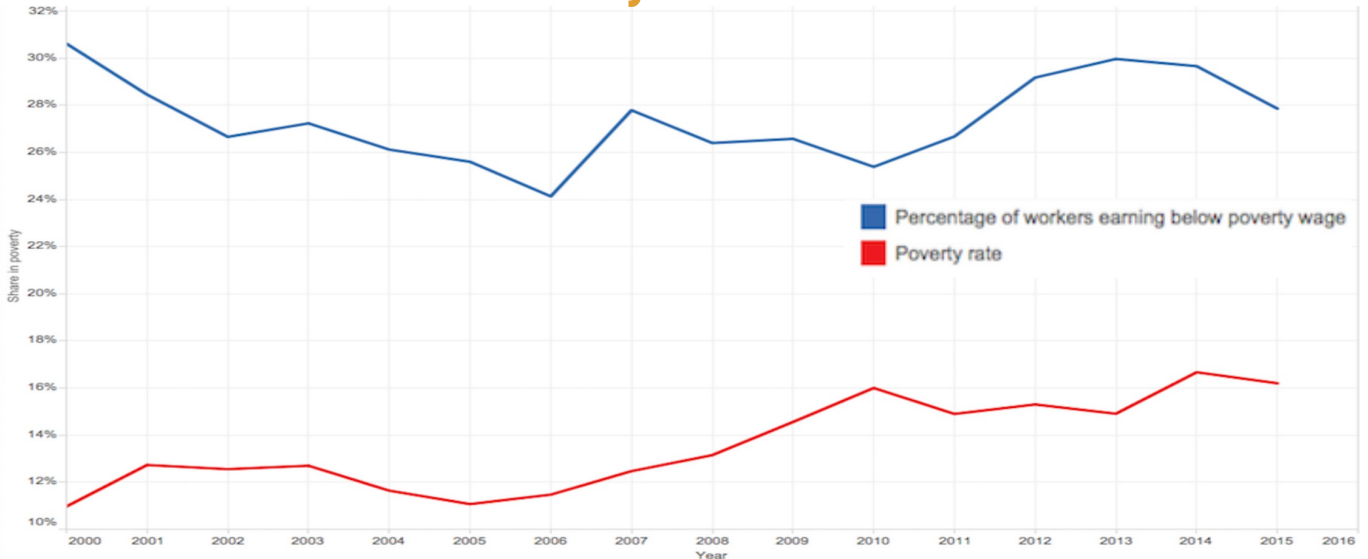
Source: U.S Bureau of Labor Statistics: Current Population Survey (CPS) and U.S Census American Community Survey (ACS) data (inflation adjustment based on CPI-U-RS)

Note: The source for family incomes from 2004-2005 changes from CPS to ACS.

POVERTY

Third, poverty is trending down despite and upward trajectory since 2005. It is important to note that the sustained increase in poverty in Florida preceded the Great Recession, but the economic recovery did have poverty-reduction effects in the state. Relatedly, the percentage of workers earning below poverty wages is also declining despite trending upwards since 2006. The decline in the share of workers with poverty wages is significant because increased wages reduce poverty.² Therefore, as the labor market continues to improve and wages rise, poverty is expected to decline, as occurred in the early 2000s.

Florida Poverty Rates: 2000-2015

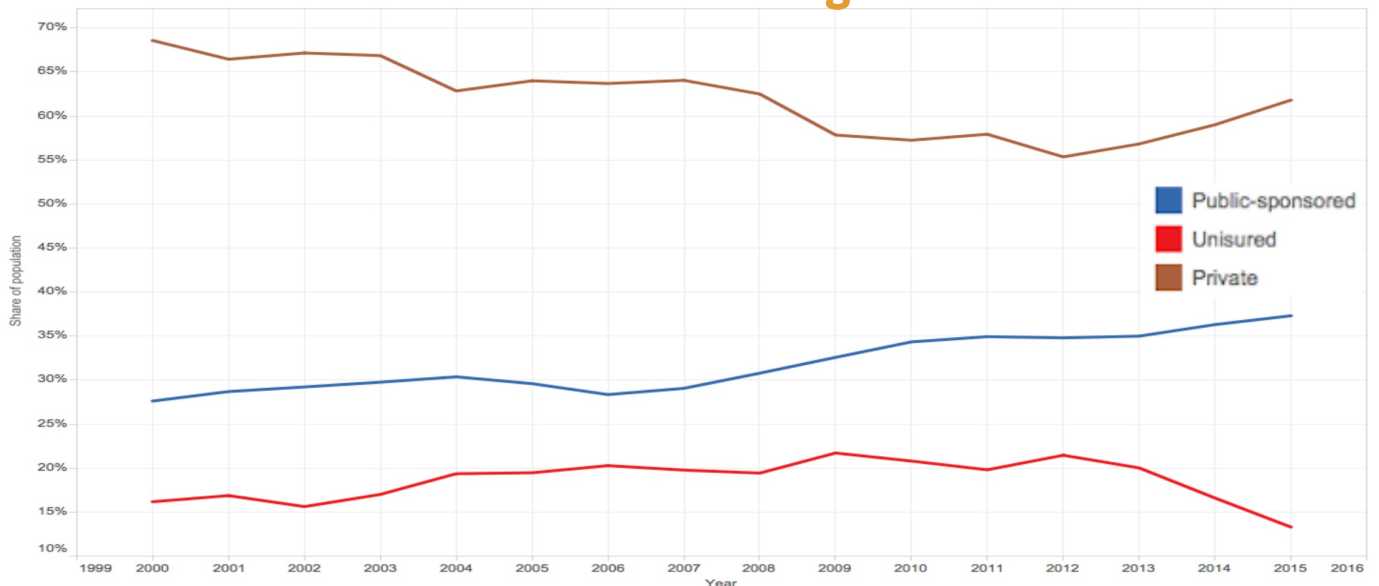


Source: Economic Policy Institute analysis of U.S Bureau of Labor Statistics: Current Population Survey-ORG data (inflation adjustment based on CPI-U-RS)

HEALTH INSURANCE

Fourth, the number of persons lacking health insurance has declined since 2012 as the number of persons with insurance coverage, private and government-sponsored, has increased. In particular, the expansion of health insurance options through the Affordable Care Act's marketplace, which enables plans to be purchased with government subsidies, has enabled hundreds of thousands of Floridians to obtain health insurance.³ Additionally, it is important to note that increases in health insurance coverage have enabled considerable employment growth in Florida's healthcare sector, with positive impacts on the broader economy. However, Florida is one of the remaining 19 states that has not expanded Medicaid under the Affordable Care Act.⁴ Under Medicaid expansion, Florida would expand insurance coverage while also fueling economic growth.

Florida Health Insurance Coverage: 2000-2015



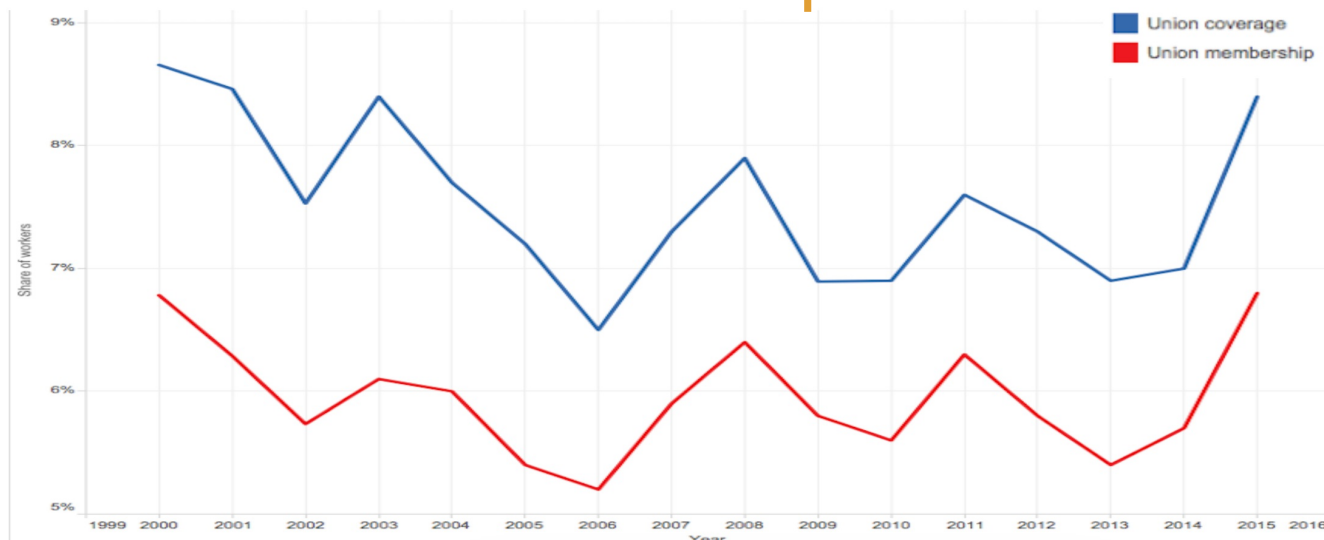
Source: Economic Policy Institute analysis of U.S Bureau of Labor Statistics: Current Population Survey Annual Social and Economic Supplement survey data

Note: private and government insurance are not mutually exclusive

UNION MEMBERSHIP

Lastly, union membership and union coverage rates have risen to the levels of the early 2000s. Despite trending downward for much of the 2000s, the sharp increase in unionization levels after 2013 signals that workers are heavily investing in unions and collective bargaining, thereby increasing union power. Unionization matters because it empowers workers to bargain for greater job security and improve labor conditions in the face of corporate interests while also reducing racial wage inequality.⁵

Florida Union Membership: 2000-2015



Source: Economic Policy Institute analysis of U.S Bureau of Labor Statistics: Current Population Survey Data

CONCLUSION

In sum, Florida's labor market is contributing to a strong growing economy and the jobs deficit created by the Great Recession has been closed. Sustained job creation has fueled a rise in wages and incomes, which in turn contributed to recent declines in poverty. Furthermore, a decline in the uninsured rate and a rise in union membership show signs that workers general well-being is improving beyond wage compensation. In the pursuit of broad-based growth Florida policymakers must foster growing wages, especially through minimum wage increases. Wage growth is key to increasing labor force participation and reducing poverty as well as increasing the competitiveness of Florida's job market. As of January 2017, 26 states have legislated a higher minimum wage than Florida. In order to retain and attract talented workers and enable a ladder of prosperity for all, Florida must raise the state minimum wage and allow local governments to set minimum wages that work for them.

ENDNOTES

1) Federal Reserve. 2016. *Economic projections of Federal Reserve Board members and Federal Reserve Bank presidents under their individual assessments of projected appropriate monetary policy, December 2016.*

<https://www.federalreserve.gov/monetarypolicy/files/fomcproptabl20161214.pdf>

2) Congressional Budget Office. 2014. *The Effects of a Minimum-Wage Increase on Employment and Family Income.*

<https://www.cbo.gov/sites/default/files/113th-congress-2013-2014/reports/44995-MinimumWage.pdf>

3) Centers for Medicare and Medicaid Services. 2016. *March 31, 2016 Effectuated Enrollment Snapshot.*

<https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-06-30.html>

4) Center on Budget Policy and Priorities. 2016. *Louisiana Will Be the Next Southern State to Expand Medicaid.*

<http://www.cbpp.org/blog/louisiana-will-be-the-next-southern-state-to-expand-medicare>

5) Yates, Michael D. 2009. "Why Unions Still Matter." *Monthly Review* 60 (9): 18-28.

6) U.S. Department of Labor. 2017. *Minimum Wage Laws in the States - January 1, 2017.*

<https://www.dol.gov/whd/minwage/america.htm>



Contact:
Alí R. Bustamante
(305) 348-1519
Albustam@fiu.edu

Research Institute on Social and Economic Policy
Center for Labor Research and Studies
Florida International University
Miami, FL 33199