

STATE OF WORKING FLORIDA

2023

The Real Economy: Working for a Living in Florida

The 20th edition of the State of Working Florida focuses on the state's post-pandemic economy and how inflation has impacted the economic wellbeing of Floridians. This report examines the economic landscape in Florida over the past year, focusing on inflation, the labor market, employment trends, and earnings. Inflation emerged as a prominent concern due to supply chain disruptions, leading to increased core inflation and shelter inflation.

While the US experienced a rise in core inflation, the Miami metro area saw above-average inflation. The labor market saw growth in Florida's working-age population, although its employment-population ratio slightly declined. Despite a labor market recovery and low unemployment rates, wages struggled to keep pace with inflation. Employment dynamics across major industries, except leisure and hospitality, recovered, while state government continued its decline. Median family incomes in Florida grew but lagged behind inflation rates. High poverty rates persisted, urging potential solutions like increased government income support and raising wages.

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EXECUTIVE SUMMARY

The 20th edition of the State of Working Florida focuses on the state's post-pandemic economy and how inflation has impacted the economic wellbeing of Floridians. This comprehensive report delves into the economic landscape of Florida over the past year, focusing on inflation, the labor market, employment trends, and earnings. The analysis paints a nuanced picture of Florida's economic recovery post-pandemic, highlighting both successes and challenges. The report reveals that while a hot labor market mitigated some inflation impacts, Floridians have experienced real income losses. The report emphasizes that the increase in poverty post-stimulus underscores the challenge many Floridians face in affording basic necessities, reflecting the need for solutions like government income support and wage increases.

Inflation emerged as a key concern, driven by persistent supply chain disruptions. The report explores how this led to increased core inflation, reflected in the cost of general goods and services, and shelter inflation, reflected in housing costs. The labor market exhibited a mixed recovery. Despite a rapid economic recovery and increased working-age population, employment-population ratios failed to rebound fully. The employment trends analyzed across major industries show that despite pandemic-induced losses, most industries rebounded. Additionally, state government employment declined due to fiscal decisions to cut funding. Despite the economic recovery and low unemployment rates, persistent poverty should raise concerns.

Key Findings:

- Core inflation, excluding food and energy prices, rose by 5.3 percentage points in the United States between February 2020 and September 2022.
- In the Miami metropolitan area, core inflation increased by 9.8 percentage points.
- Shelter inflation in the Miami metro area, which captures changing housing costs, increased by 15.3 percentage points, more than double the national average, underscoring Florida's intensified housing cost pressures.
- While Florida's working-age population grew by 7.7%, the employment-population ratio slightly declined from 58.4% to 58%.
- Despite a rapid economic recovery, employment ratios failed to rebound fully.
- Unemployment rates reached their pre-pandemic low of 2.7%, the lowest among comparable states.
- Most major industries recovered all pandemic-related employment losses.
- Leisure and hospitality struggled to fully recover due to its dependence on travel and food services consumption, witnessing a deficit of 14,000 jobs.
- Geographic analysis showed employment concentration in the Southeast and central parts of Florida, with the Miami-Fort Lauderdale-West Palm Beach metro area being the largest employer.
- Median family incomes in Florida grew by 5.5%, falling behind the 6.7% national growth.
- Analysis of average weekly earnings across metro areas indicated a decline in real income due to increases in inflation.
- Federal stimulus led to a 2.1% decline in Florida's poverty rate, while the national rate declined 1.3%.

Part 1: Inflation

After a speedy labor market recovery – driven by federal stimulus - inflation caused by the persistence of supply chain disruptions is the story of the past year. The increase in the inflation rate

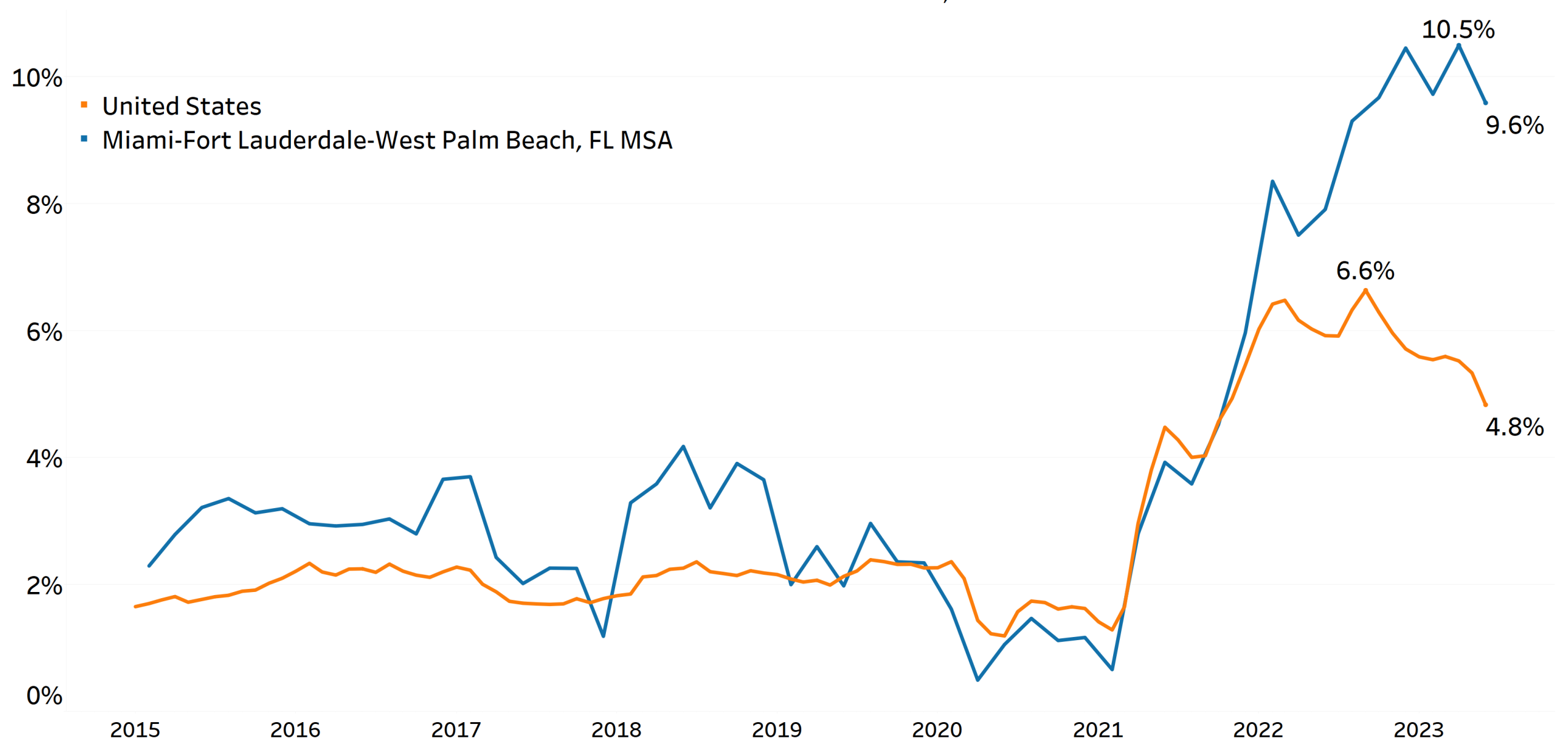
Inflation peaked at 6.6%

suggests a higher rate of price growth for general goods and services (core inflation) and housing costs (shelter inflation) in the post-pandemic economy. First, core inflation excludes the costs of food and energy because food and energy prices are global commodities with high levels of price volatility. As a result, core inflation attempts to better capture the breadth of price increases in the overall economy without the noise of commodity shocks, providing a clearer picture of long-term price stability. The inflation measurement includes the prices of housing, transportation, medical care, apparel, household goods, and other services.

The United States experienced an increase in core inflation of 5.3 percentage points between February 2020 and September 2022, when inflation peaked at 6.6 percent. Data on core inflation is only available at the national and regional levels and for selected metropolitan areas. The Miami metropolitan area – the only metropolitan area in Florida with available data – saw core inflation grow by 9.8 percentage points to a high of 10.5 percent when it peaked in April 2023. While the United States was able to rein in inflation last fall, the Miami metro area didn't experience a slowdown in inflation until this summer.

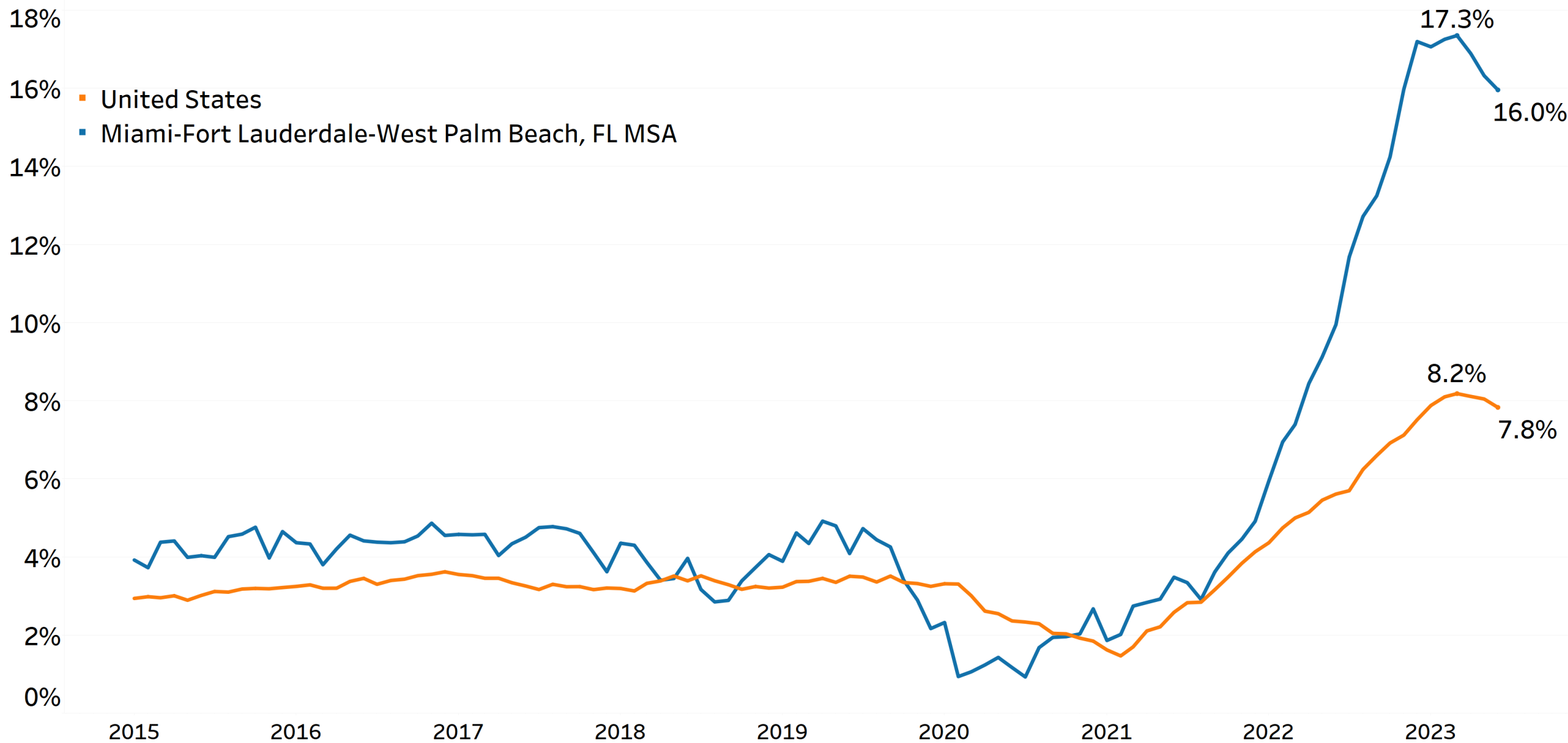
Core Inflation Rate: Jan. 2015-June 2023

Source: Federal Reserve Bank of St. Louis - CPILFESL, CUURA320SA0L1E



Shelter Inflation Rate: Jan. 2015-June 2023

Source: Federal Reserve Bank of St. Louis - CUSR0000SAH1, CUURA320SAH1



The key driver of persistently high inflation in the Miami metro area is explained by the steep rise in shelter inflation since August 2021. Shelter inflation captures the changing costs

Shelter inflation in the Miami metro rose to 17.3%

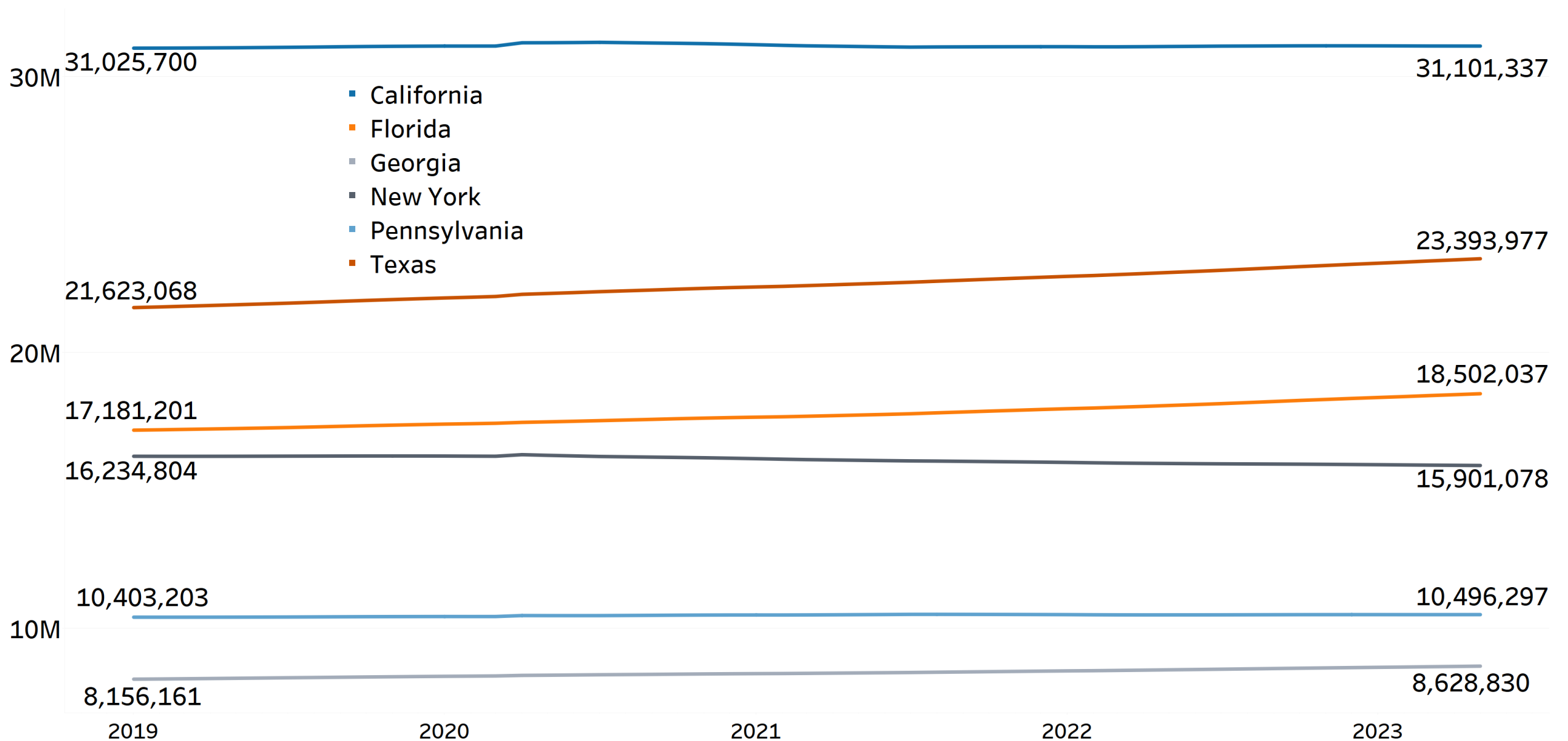
of rental housing and home ownership - one of the main expenditures that drives the cost of living for most families. Between February 2020 and March 2023, shelter costs in the Miami metro area increased by 15.3 percentage points to 17.3 percent, more than double the rate of the national average of 8.2 percent. For perspective, a 15.3 percent increase in shelter costs translates to a \$2,000 monthly rent payment, increasing to \$2,306. The data underscores the intensified housing cost pressures felt in the Miami region compared to the national average. The next section focuses on how Floridians addressed the rising cost of living relative to other Americans in other similarly sized states. Americans' experiences with inflation are primarily shaped by their local labor market.

Part 2: Labor Market

From January 2019 to May 2023, Florida's working-age population increased by 1.3 million individuals, a 7.7 percent increase. Working-age Americans include people aged 16 and over who are not institutionalized, such as those incarcerated. Florida's growth in the working-age population was notable, but it remained lower than Texas and California. In comparison with other similarly populated states, Texas and Georgia also had significant growth over this period. However, California and Pennsylvania only experienced modest growth, while New York had a modest population loss of about 330,000. Growth in the working-age population is essential to economic growth and a strong labor market.

Working-age Population: Jan. 2019-May 2023

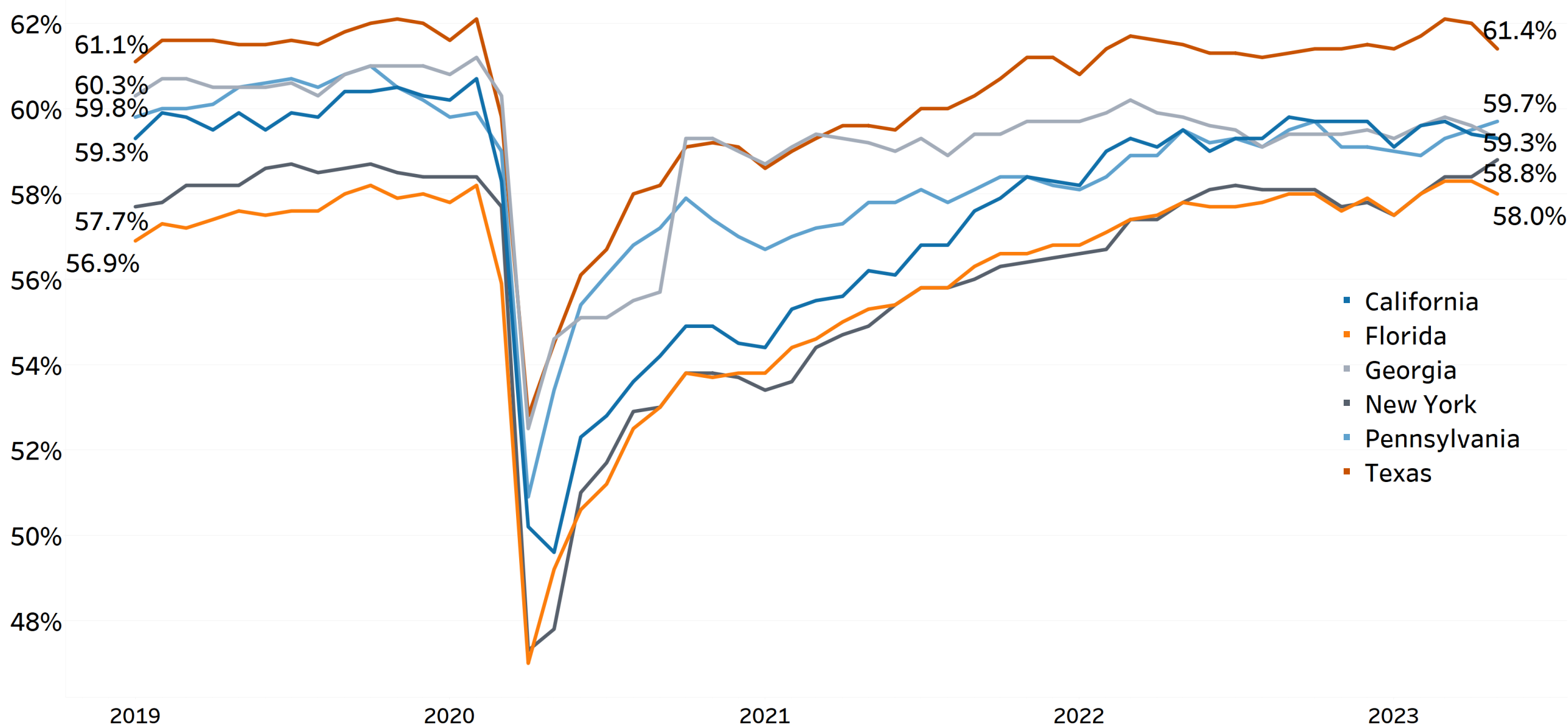
Source: Bureau of Labor Statistics - LAUS



While Florida's working-age population increased, the employment-population ratio experienced a slight decline from February 2020 – from 58.4 percent to 58 percent. The speedy economic recovery – fueled by federal stimulus – led to a sharp recovery in employment lost during the early months of the pandemic. However, Florida's employment-population ratio has not fully recovered. Additionally, Florida's employment-population ratio continues to be the lowest among comparable states. Data suggests that employment trends among the working-age population have not changed despite the pandemic and the increase in Florida's population. Except for New York, other states similarly sized to Florida also experienced modest declines in the employment-population ratio. Georgia experienced the most significant decline, from 61.2 percent to 59.3 percent during this period.

Employment Population Ratio: Jan. 2019-May 2023

Source: Bureau of Labor Statistics - LAUS



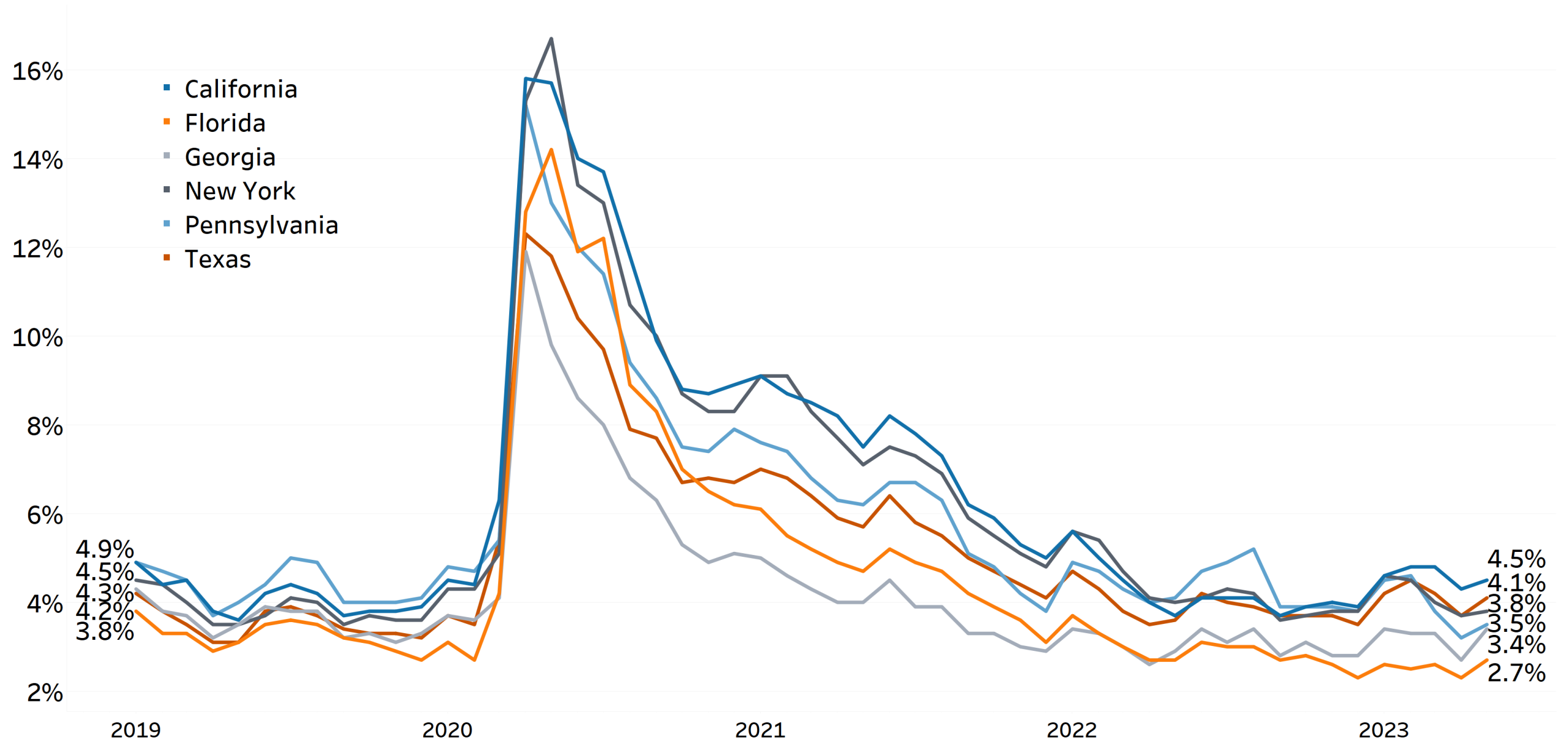
Florida's unemployment rate has returned to its pre-pandemic low of 2.7 percent. This means that only a small portion of Florida's labor force, the population that seeks employment, lost a job recently or

Florida's unemployment rate was 14.2% during the pandemic

entered the labor market and have not found employment yet. Data show that Florida typically has the lowest unemployment rate among comparably sized states. After the pandemic struck, Florida's unemployment rate increased to 14.2 percent – lower than California, New York, and Pennsylvania but higher than Texas and Georgia. The drastic decline in the unemployment rate within less than two years after the pandemic is clear evidence of the role that fiscal stimulus can play in preventing a long and deep economic recession.

Unemployment Rate: Jan. 2019-May 2023

Source: Bureau of Labor Statistics - LAUS



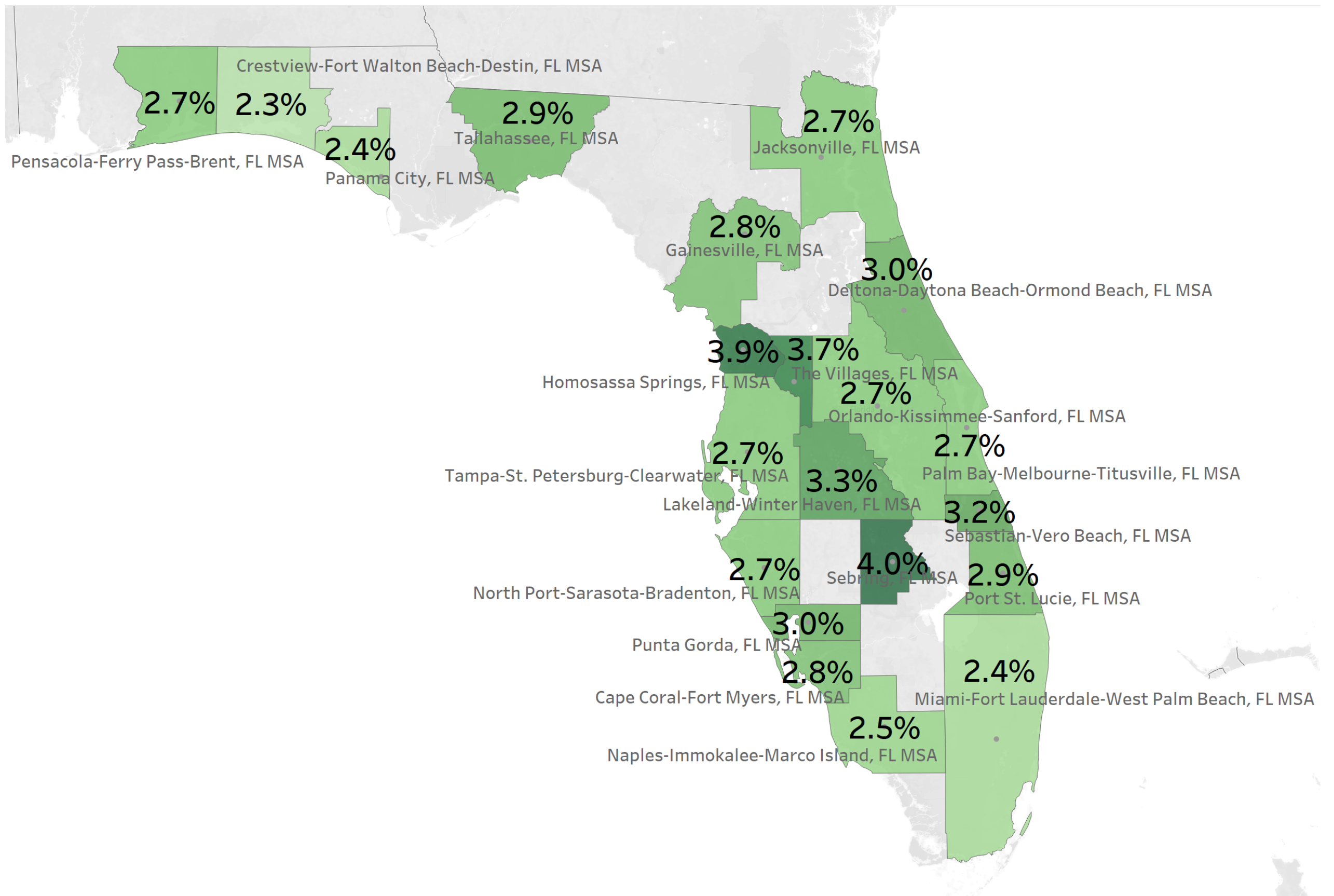
Within the state of Florida, unemployment rates for metropolitan areas as of May 2023 range from a low of 2.3 percent in the Crestview-Fort Walton Beach-Destin metro

Metro areas have an unemployment rate within 0.3 percentage points of 3

area to 4 percent in the Sebring metro area. Considering that Florida has 22 distinct metropolitan areas, the range of unemployment rates is relatively narrow. Most metro areas have an unemployment rate within 0.3 percentage points of 3 percent. The largest metro areas in Florida also exhibit some of the lowest unemployment rates in the state. The Miami-Fort Lauderdale-West Palm Beach metro area has an unemployment rate of 2.4 percent, while the following two largest metro areas have an unemployment rate of 2.7 percent: Tampa-St. Petersburg-Clearwater metro and Orlando-Kissimmee-Sanford metro.

Unemployment Rate: May 2023

Source: Bureau of Labor Statistics - LAUS



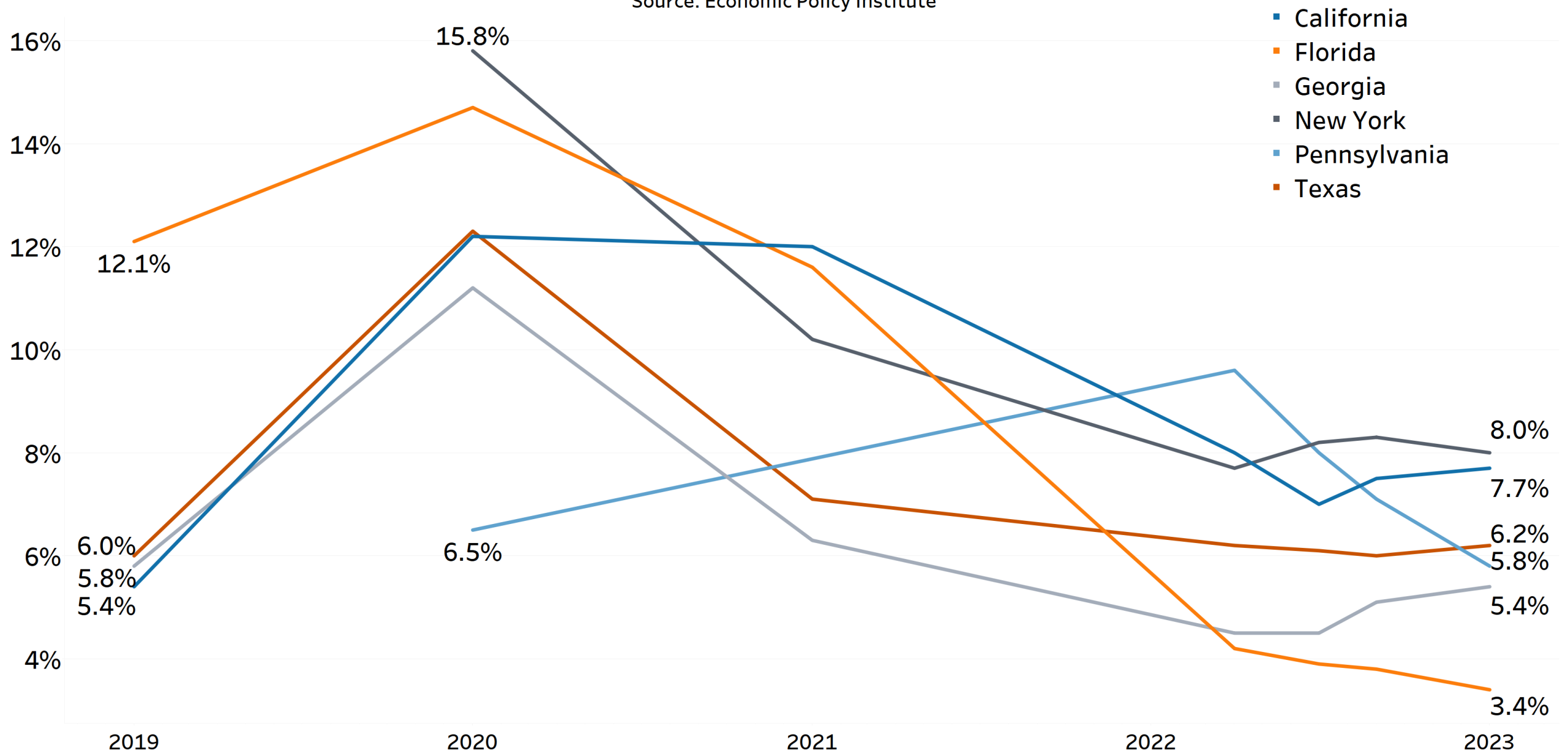
Analyzing Florida's unemployment rate by race and ethnicity reveals a divergence in employment trends among Florida's diverse residents. Data show that Black

Black workers' unemployment rate declined by 11.3 percentage points

workers in Florida experienced a 11.3 percentage point decline in their unemployment rate since February 2020, the most significant decline among comparable states. In 2020, Florida had the second highest Black unemployment rate, only behind New York, compared to similarly sized states. Yet, Florida's Black unemployment rate has been the lowest since the second quarter of 2022. The data suggest that the fiscal stimulus implemented during the pandemic led to a swift and more equitable economic recovery because Black workers were more likely to secure employment than before the pandemic.

Black Unemployment Rate: 2019 - 2023 Q1

Source: Economic Policy Institute



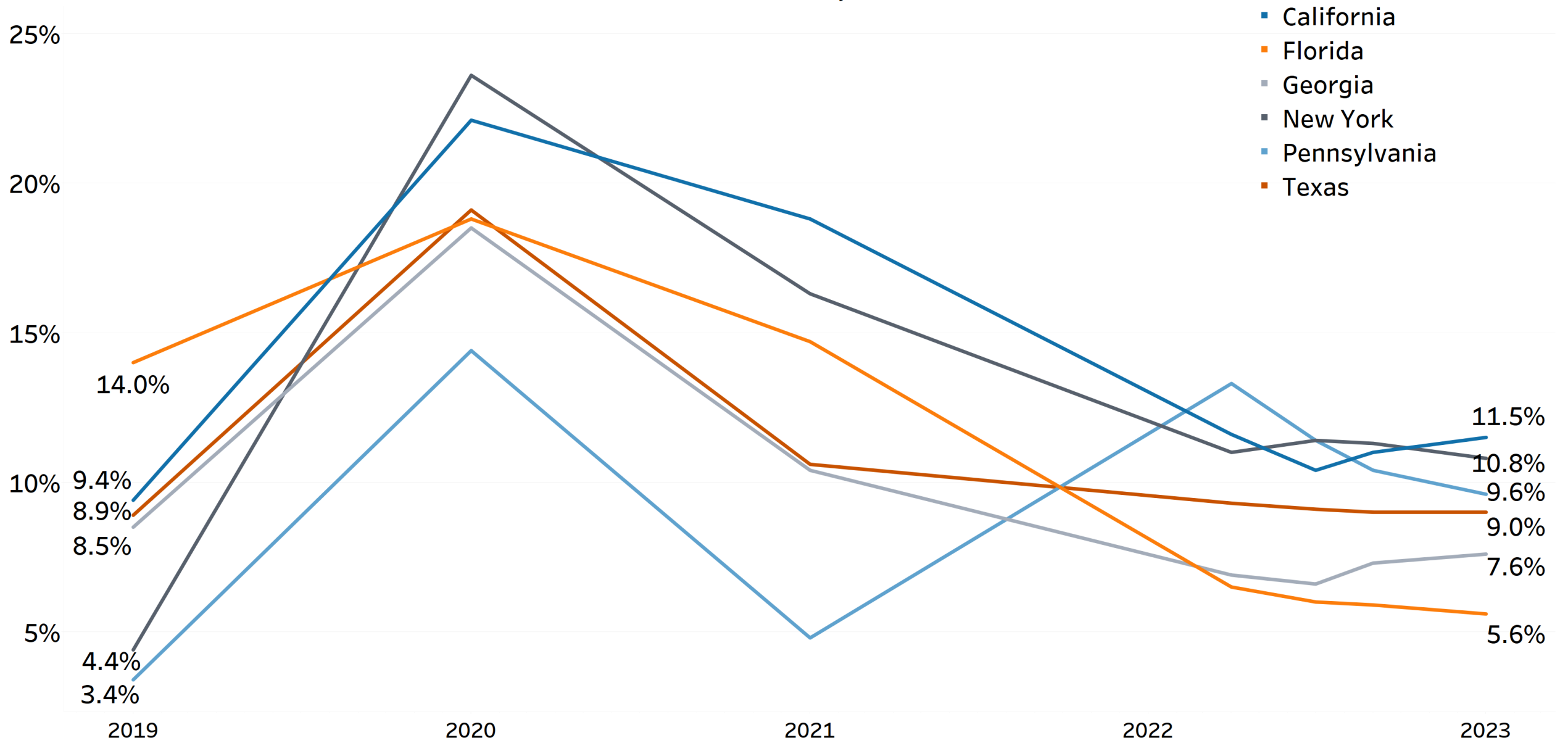
A similar trend exists in the unemployment rate of Florida's Latino and Hispanic workers. Data show that Florida's Latino and Hispanic workers experienced a 13.2 percentage point

Latino workers' unemployment rate declined by 13.2 percentage points

decline in their unemployment rate since February 2020, the greatest decline among comparable states. In 2020, Florida's Latino and Hispanic unemployment rate was 18.8 percent, declining to 5.6 percent by the first quarter of 2023. Florida has typically had the highest unemployment rate for Latino and Hispanic workers compared to similarly sized states but now has the lowest unemployment rate. As with Black workers, Latino and Hispanic workers have disproportionately benefited from the hot labor market created by the implementation of fiscal stimulus during the pandemic.

Latino/Hispanic Unemployment Rate: 2019 - 2023 Q1

Source: Economic Policy Institute



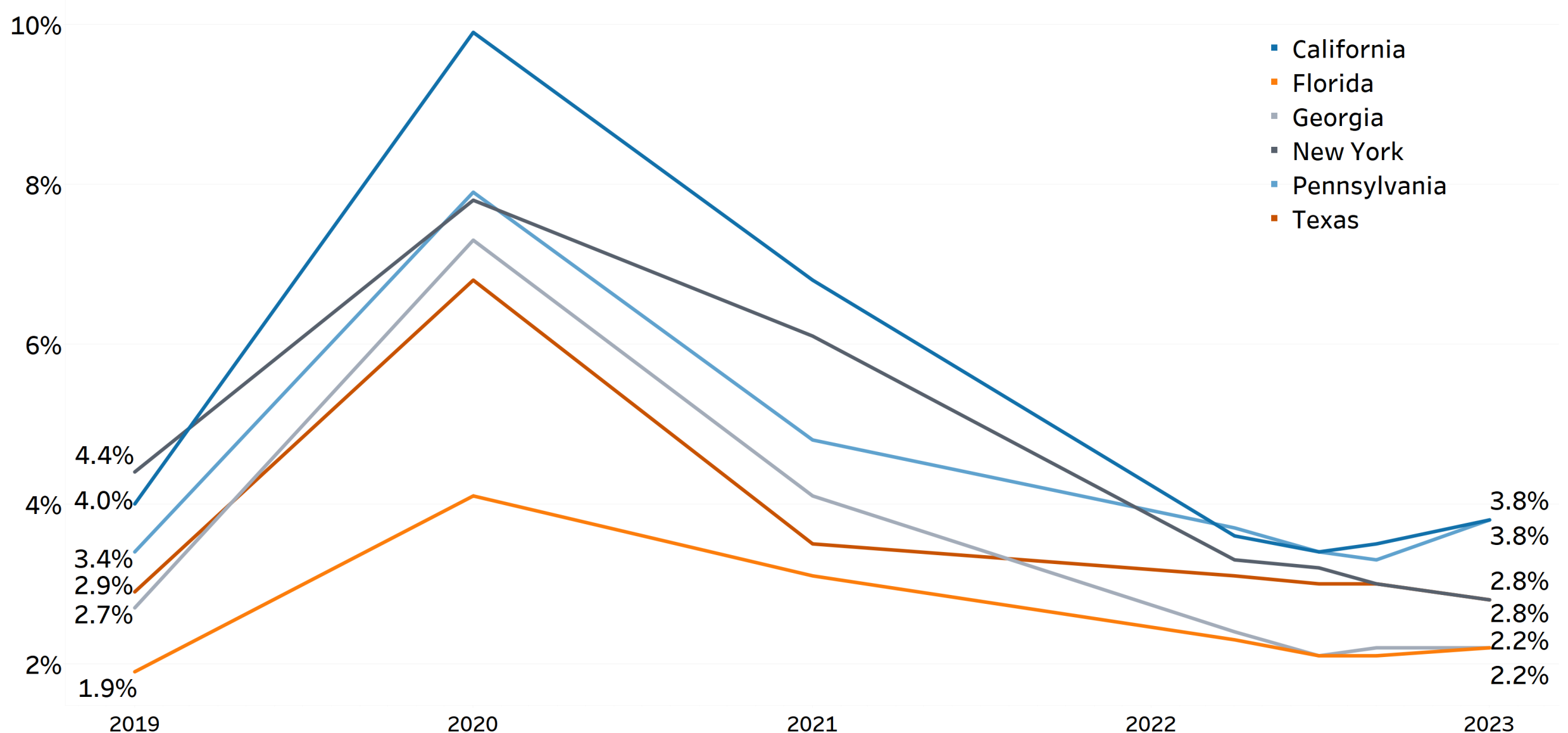
Unlike Black, Latino, and Hispanic workers, White workers in Florida have historically benefited from very low unemployment rates. In fact, since 2019, white Floridians have had the lowest unemployment rate

White workers' unemployment rate is 2.2%

compared to other states. Even at the peak of the pandemic in 2020, the unemployment rate for White workers was just 4.1 percent. The unemployment rate for White workers in the first quarter of 2023 was 2.2 percent, slightly higher than the 2019 rate. The data suggest that Florida's white workers disproportionately benefit from job stability and an easier time securing employment.

White Unemployment Rate: 2019 - 2023 Q1

Source: Economic Policy Institute



Part 3: Employment Trends

Florida saw diverse employment dynamics across its major industries during the past four years. First, the pandemic led to employment declines across all major industries except

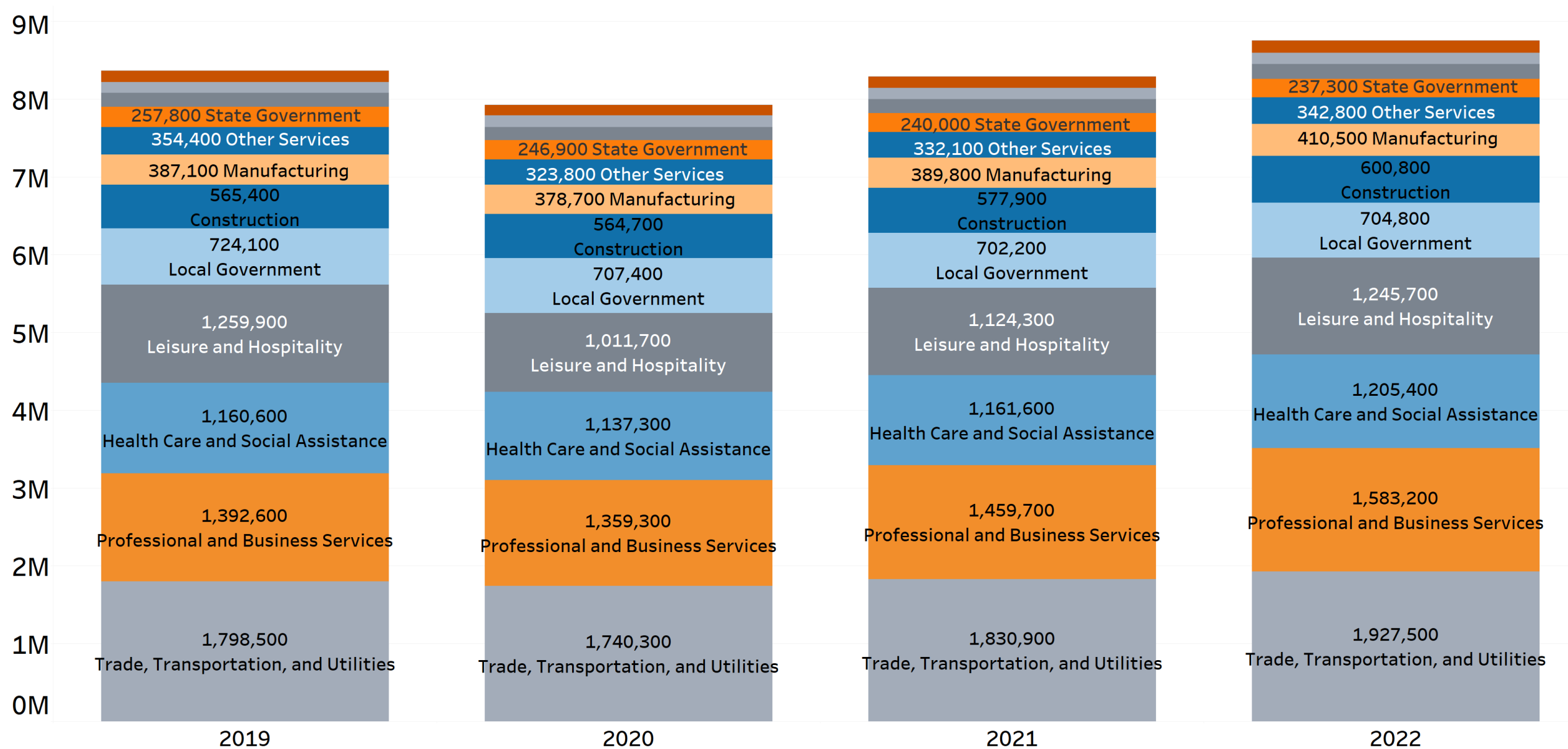
Leisure and hospitality has a 14,000 jobs deficit

manufacturing. A rise in manufacturing employment during the pandemic was caused by increased consumption of durable goods that offset the decline in service consumption due to fiscal stimulus aimed at increasing consumer spending. Since the pandemic, most major industries have recovered pandemic-related job losses and experienced employment growth. The largest employing industries in Florida continue to be trade, transportation, and utilities, professional and business services, and health care and social assistance. These three industries represent a professionalized workforce providing skilled services locally and internationally.

However, leisure and hospitality employment has yet to recover from pre-pandemic employment levels fully. The leisure and hospitality industry is the fourth largest employing industry in the state. It was the hardest hit industry during the pandemic because of its dependence on the consumption of travel and food services, which were largely curtailed during the pandemic. Despite being the hardest hit industry, it has regained over 230,000 jobs lost during the pandemic, but a deficit of 14,000 jobs remains.

Industry Employment: 2019-2022

Source: Bureau of Labor Statistics - CES

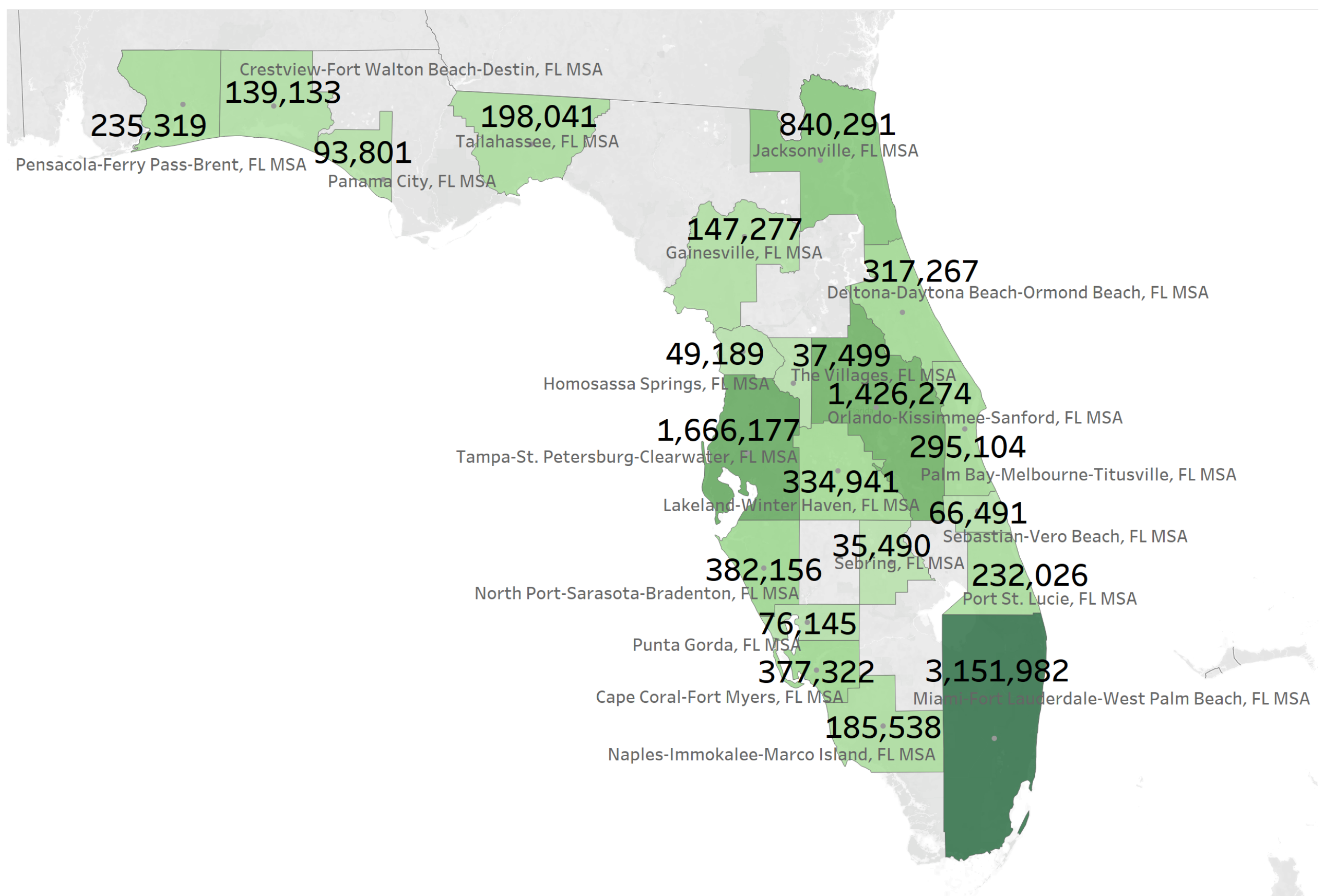


Additionally, state government employment has declined steadily during the past four years, shedding jobs while the private sector grew. The decline in state government employment reflects the state’s administrative decisions to cut funding to public services during and after the pandemic. Florida and local governments had access to federal funding to support state and local public services through the American Rescue Plan Act (ARPA). Still, much variation exists in determining which government agencies received funding and how much they received. The ARPA federal funding likely contributed to a slight increase in local government employment in 2022, although local government employment levels continue to have a deficit of about 19,000 jobs.

The distribution of jobs across Florida shows that employment is concentrated in the Southeast and central parts of the state. The Miami-Fort Lauderdale-West Palm Beach metro area is the largest employing metro area with 3.15 million jobs—the Tampa-St. Petersburg-Clearwater metro area is second with 1.67 million jobs, and the third is the Orlando-Kissimmee-Sanford metro area with 1.43 million jobs. Together, these three metro areas account for 60 percent of all jobs in the state, 6.24 million out of 10.43 million. The smallest metro areas, based on employment, are the Sebring, The Villages, and Homosassa Springs metro areas – each with less than 50,000 jobs as of May 2023. Port St. Lucie and the Pensacola-Ferry Pass-Brent metro areas represent the median employment level for metro areas in Florida, each with employment of 230,000 and 240,000.

Employment: May 2023

Source: Bureau of Labor Statistics - LAUS

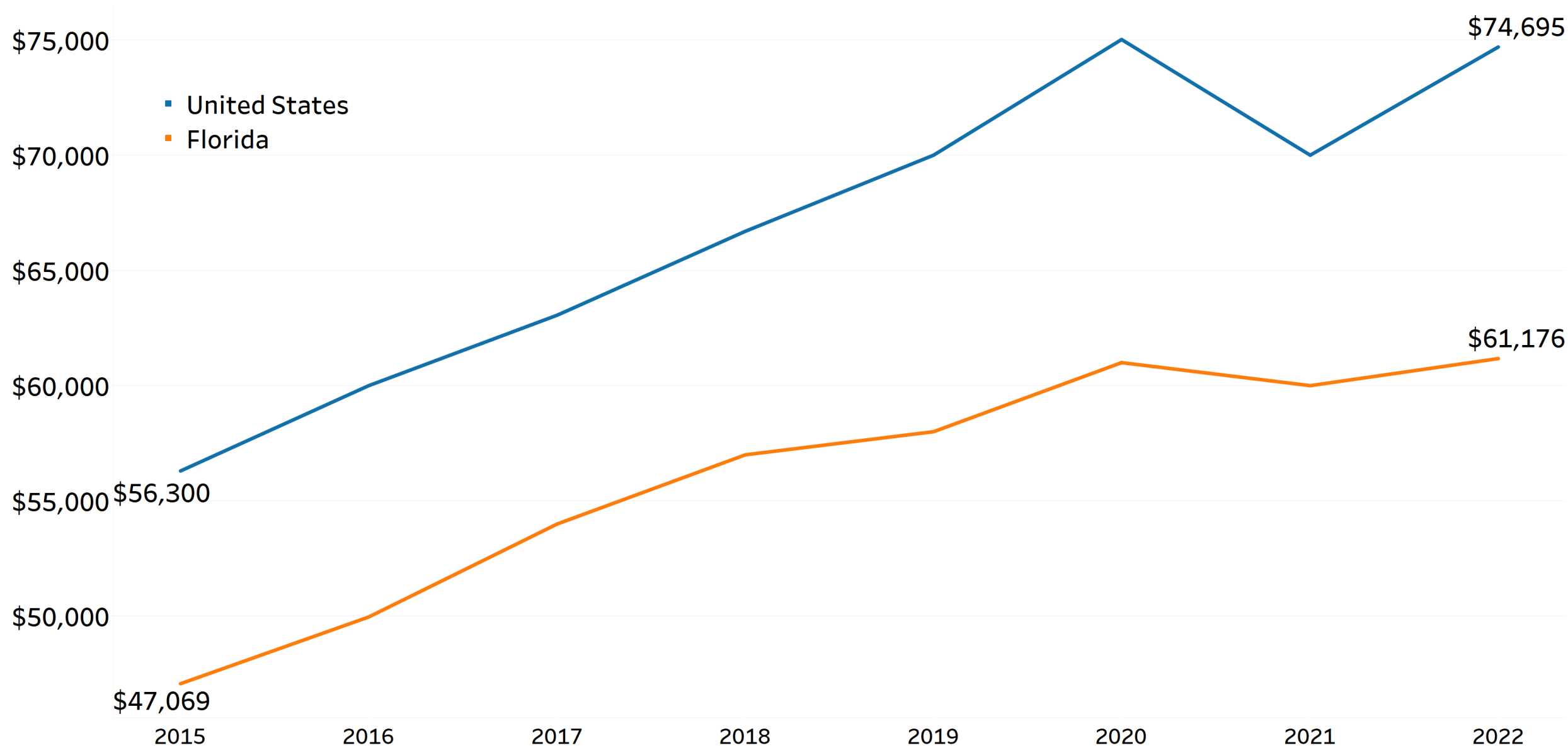


Part 4: Earnings

The previous two sections provide evidence that a hot labor market, characterized by high employment levels, is mediating the impact inflation has on economic security. However, analysis of median family incomes in Florida reveals that inflation rates above the national average may have offset recent income gains. Without adjusting for inflation, median family incomes for Floridians increased by 5.5 percent between 2019 and 2022. Nationally, median family incomes grew by 6.7 percent. This means that income gains in Florida have risen at below-average rates. In Florida, the growth of incomes over three years has not kept up with two years of continuous inflation growth, including the 8.9 percent growth Floridians experienced in May 2023. Conversely, the national average shows that 6.7 percent growth in median family incomes is mediating the impact of inflation, which was 3.5 percent in May 2023. As a result, Floridians experienced higher levels of inflation than the national average but lower income growth, assuming that the inflation rates for the Miami metro area are indicative of the state's broader experience with inflation. Importantly, data show that the family income received through federal stimulus played a critical role in raising family incomes as median family incomes declined as federal stimulus expired.

Median Family Income: 2015-2022

Source: IPUMS-CPS



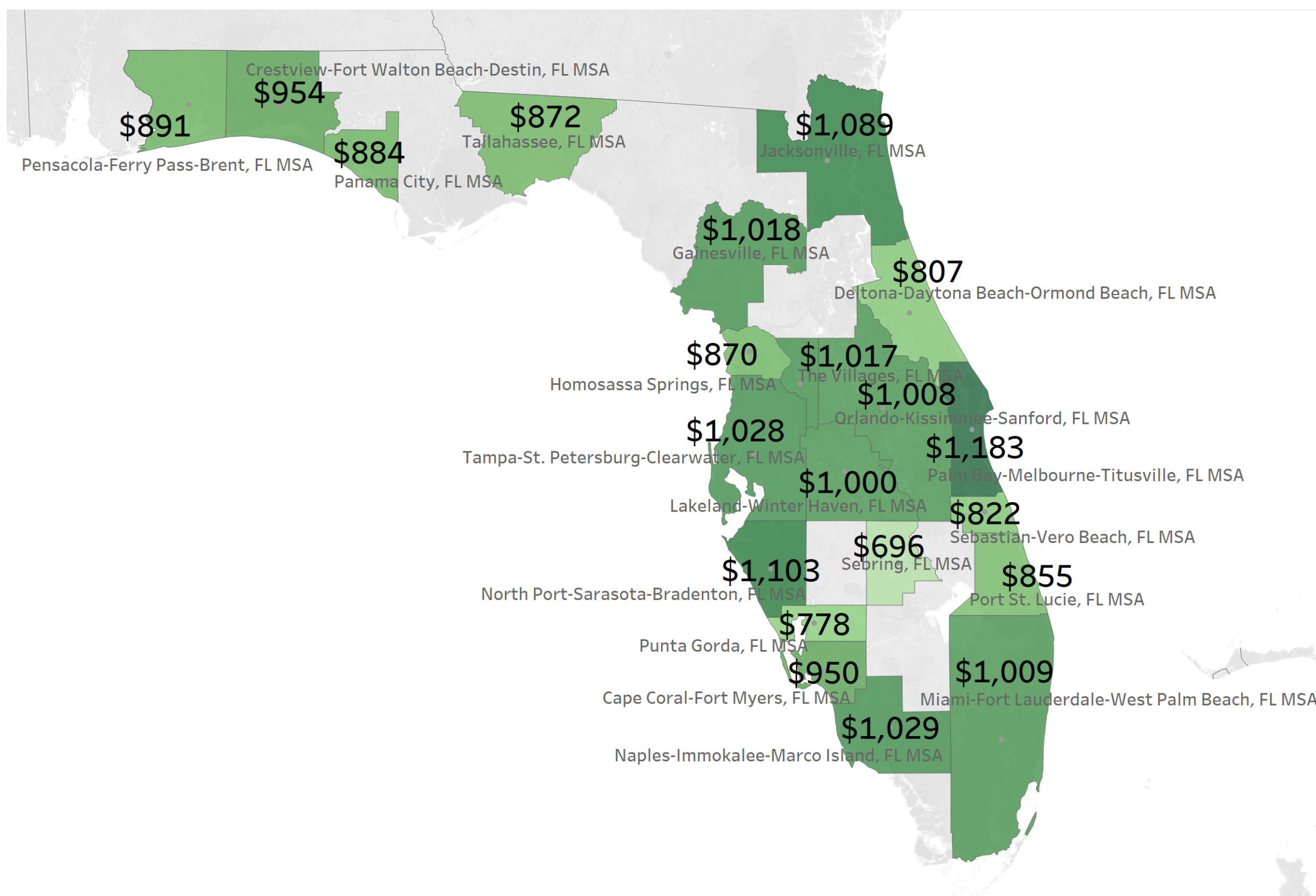
Data on average weekly earnings for Florida's metro areas adds to evidence that Floridians have not been able to mediate the cost-of-living increases stemming from

Floridians have not been able to mediate the cost-of-living increases

inflation. Average weekly earnings in May 2023 ranged from \$696 in the Sebring metro area to \$1,183 in the Palm Bay-Melbourne-Titusville metro area. Florida's three largest employing metro areas had average weekly earnings between \$1,008 and \$1,028. If the core and shelter inflation rates for the Miami metro are indicative of what's generally happening in the state, then Floridians have experienced a drastic decline in real, inflation-adjusted income and earnings since the pandemic.

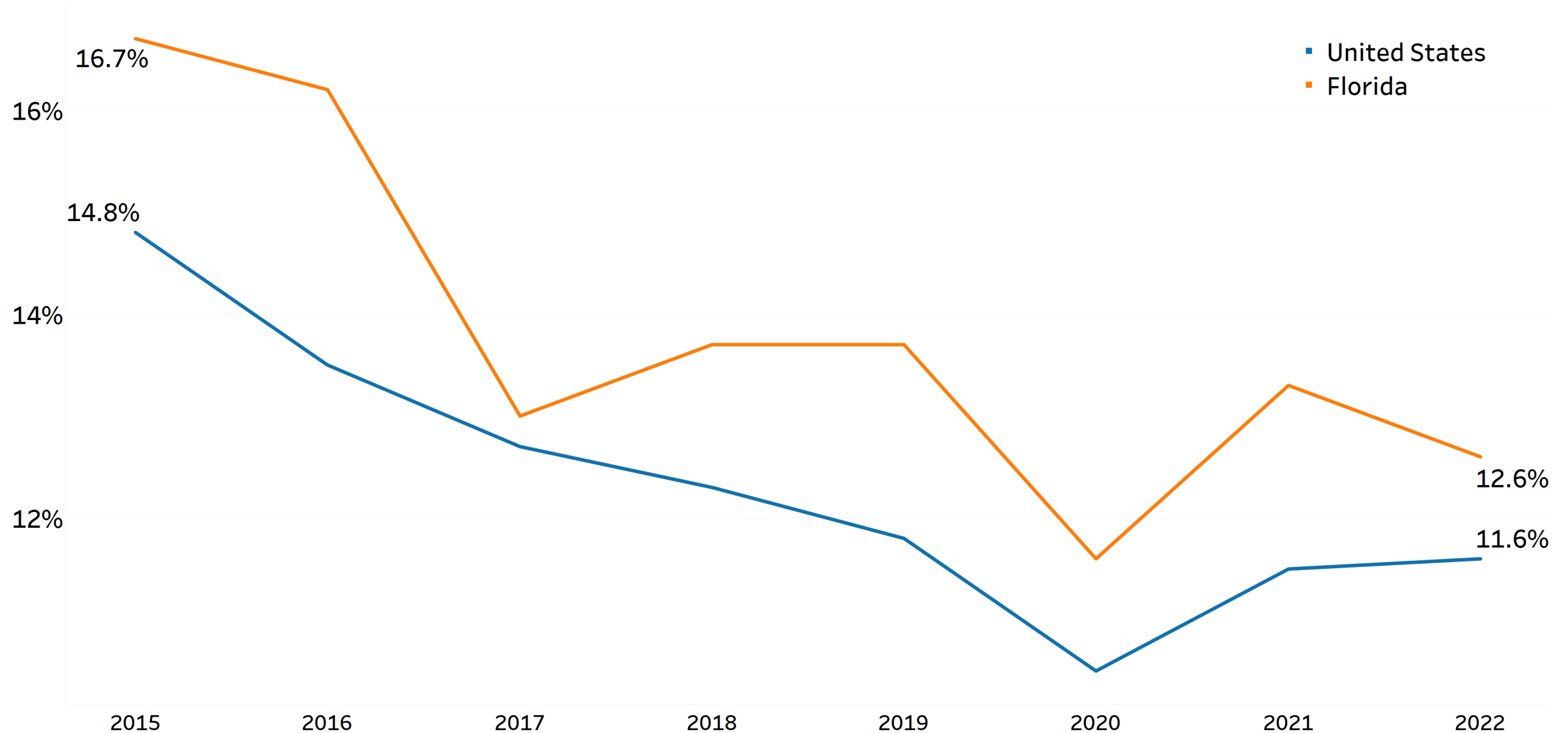
Average Weekly Earnings: May 2023

Source: Bureau of Labor Statistics - CES



Poverty Rate: 2015-2022

Source: IPUMS-CPS



Lastly, the persistence of below-average income and earnings in Florida has led to above-average poverty rates for Floridians. As seen with median family incomes, the federal stimulus provided to Floridians led to a decline of 2.1 percentage points in the state's poverty rate. During this same period, the national poverty rate only declined by 1.3 percentage points, although the poverty rate was still lower than Florida's. Yet, with the expiration of federal stimulus, poverty rates increased by 1.0 percentage points in both Florida and the national average. The official poverty threshold is revised annually to reflect the cost of living changes. As a result, the increase in poverty since the pandemic tells us that more people in Florida and across the US cannot afford the basic necessities for a dignified life. Despite a very speedy economic recovery and a hot labor market, wages in Florida are still too low to meet the rising cost of living across the state. To address the challenges of living in Florida, Floridians must look toward two potential solutions for Florida's economic future: 1) increasing government income support and 2) raising wages through higher minimum wages and collective bargaining.

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For more detailed data, methodology, and resources related to the **State of Working Florida 2023**, please contact the Center for Labor Research and Studies Florida International University.