

## COMMENTARY

# Florida Workforce Update



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**A robust economy is a staple for securing high tax revenue and boosting the wellbeing of taxpayers.**

Although Florida's economy enjoys a strong rebound with historically low unemployment, the dynamic of its workforce has changed since the onset of the COVID-19 pandemic, shuffling where opportunities lie and surfacing new challenges. Stories of resignations, questions of remote work's newfound place, and observations of lingering workforce barriers remain relevant, and to pursue continued economic success, Floridians should consider ways for businesses to adapt to persisting workforce changes.

## **Is Remote Work a Phase, or Here to Stay?**

Nationwide, remote work kept the public and private sectors operational during critical periods of the COVID-19 pandemic. In July 2021, the Florida TaxWatch report "Beyond the Pandemic: Long-Term Changes and Challenges for Florida's Workforce" noted that nearly 32 percent of Florida's workforce worked from home during the latter half of 2020. Even as the spread of the COVID-19 pandemic became better controlled, remote work held its place within the economy. In 2021, 38 percent of employed persons did some or all of their work from home, which is 14 percentage points higher than the year preceding the pandemic. More than half of those with a bachelor's degree or higher worked remotely at least some of the time.

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In management, business, and financial operations occupations and professional and related occupations, more than half of the total employees performed at least some work from home.<sup>1</sup>

Once a necessity, remote work is now often viewed as a benefit. A national survey collected in September 2021 found that one in three remote workers would quit their job if they were required to work full-time at the office.<sup>2</sup> Cited benefits of completing at least some work from home include being present with family, better management of work-life conflict, and better mental health. Employees also save time and money by abandoning daily commutes, and perhaps become more capable to live in areas they are better able to afford.

Employers are seeing benefits as well, such as larger talent pools and lower overhead costs. Remote work enables employers to look at candidates all across the country. If most employees work remotely, an employer may choose to downsize, short-term rent, or forgo a physical office space. Remote work can also influence how companies converse with their suppliers, contractors, or clients; virtual meetings allow fruitful conversation without travel, nor its associated expenses.

Despite growing popularity, transitions to performing some work hours remotely, often referred to as “hybrid” work, or all hours remotely are difficult for employees and employers alike. For example, 43 percent of completely remote employees and 44 percent of hybrid employees do not feel included at meetings.<sup>3</sup> Meanwhile, more than a third of managers overseeing remote work worry about the productivity and focus of those working from home, and nearly half of the managers worry about keeping employees engaged.<sup>4</sup>

Companies are beginning to establish new routines and expectations that better align with the evolving work environment. One survey found 27 percent of companies intentionally changed to better facilitate the success of remote workers.<sup>5</sup> Another survey found 38 percent of employers upgraded their video technology to improve communications with remote staff.<sup>6</sup>

For Florida, remote work should be perceived as an opportunity. When Florida residents take remote work from other states, they are bringing money to Florida that can be spent fueling the local economy. Remote work is most prevalent for positions requiring a degree, meaning the additional earnings brought to Florida are relatively high. Despite new economic opportunities, the proliferation of remote work does not come without risks. Remote work can make it easier for businesses, job opportunities, and residents to leave the state.

For now, benefits are outweighing the losses in Florida. Florida’s high quality of life and low cost of living are attracting a significant part of the remote workforce as residents. LinkedIn published a list of 20 cities where American job seekers are most likely to apply for remote work, and six Florida locations made it on the list: Sarasota, Pensacola, Cape Coral, Tampa Bay area, Jacksonville, and Orlando.<sup>7</sup> Not all of these job seekers are lifelong Florida residents—many are moving from other states. Between 2022 and 2027, Florida is expected an average 808 net new residents per day.<sup>8</sup>

1 Bureau of Labor Statistics, “American Time Use Survey—2021 Results,” U.S. Department of Labor, June 2022.

2 Owl Labs, “State of Remote Work 2021,” December 2021.

3 Microsoft, “2022 Work Trend Index: Annual Report,” March 2022.

4 Owl Labs, “State of Remote Work 2021,” December 2021.

5 Microsoft, “2022 Work Trend Index: Annual Report,” March 2022.

6 Owl Labs, “State of Remote Work 2021,” December 2021.

7 LinkedIn, “America’s new remote-work havens: 20 cities that pursue faraway jobs,” retrieved from <https://www.linkedin.com/pulse/americas-new-remote-work-havens-20-cities-pursue-faraway-anders>, accessed on August 19, 2022.

8 Demographic Estimating Conference, “Demographic Estimating Conference Executive Summary,” July 2022.

As Florida employers determine the role remote work plays within their own businesses, they should consider:

- What work environment do my current employees, or prospective employees, prefer?
- If my preference does not align with the preferences of my employees, is there another benefit or a compromise that could be made to ensure they remain committed to my business?
- Does remote work benefit my business?
- Are there ways that I could better integrate remote or hybrid roles with my business practices?

## Are Women Returning to the Labor Force?

The onset of the COVID-19 pandemic shuffled people out of the workforce for a variety of reasons, including unemployment, health considerations, supervision of children being schooled from home, and a need to care for sick or elderly persons. But as safety measures allowed aspects of society to resemble normalcy, women's labor force participation rate remained lower than the days preceding the pandemic.<sup>9</sup> In January 2022, the Florida TaxWatch working paper "Where are the Women?" estimated 170,000 working women left the workforce during the pandemic and never came back.

In July 2022, more women were in the labor force than there were at the end of 2019; however, it is unclear whether this is due to women returning to the workforce or population growth.<sup>10</sup> Participating in the labor force is a personal choice, but if obstacles are keeping willing women out of the labor force, the state has an interest in keeping jobs accessible.<sup>11</sup>

For women who did return, national patterns of participation changed. When comparing the American Time Use Survey of 2021 to the American Time Use Survey of 2019, the following work trends stand out:

- Before the pandemic, 26 percent of employed women did at least part of their work at home. In 2021, the number leaped to 42 percent, which is seven percentage points higher than the percent of employed men completing at least some work at home.
- The number of female full-time workers has increased by 2.0 million workers since 2019; however, the number of female part-time workers has declined by 3.3 million.
- Average hours providing secondary childcare—a form of unpaid work—has increased by one hour for women in households with children ages six to 12.<sup>12</sup>

Without more information, the full impact these changes hold for Florida's labor market remains unclear. As Florida strives to be home to a ready and talented workforce and keep up with the demands of employers, the following should be considered:

- Does the influx of remote work reflect new job opportunities for women or post-pandemic adaptations to roles they already held?
- Did the women who once worked part-time move to full-time positions? If so, was it by choice or by financial need?
- Did part-time workers leave because other expenses, such as transportation or childcare, outweighed the earnings of a part-time job?
- Is the extra hour performing childcare a convenience formed by expanded remote options, an outcome of less women in the labor force, or a burden as women try to balance the duties of work and home?

<sup>9</sup> See, Florida TaxWatch, "WORKING PAPER: Where Are The Women?" January 2022.

<sup>10</sup> Florida TaxWatch Analysis of U.S. Current Population Survey (CPS) December 2019 and July 2022, accessed on August 19, 2022. The calculations are based upon labor force participation (PRCIVLF) and demographics-sex (PESEX).

<sup>11</sup> See, Florida TaxWatch, "Investing in a Brighter Future: How Childcare Shapes Florida's Workforce and State Economy," July 2022.

<sup>12</sup> Florida TaxWatch Analysis of Bureau of Labor Statistics, "American Time Use Survey—2021 Results" and "American Time Use Survey—2019 Results." Based upon the tables, calculations were

Finding answers to these questions could play a crucial role in pursuing policy that keeps more talent within the workforce. Such questions should also encourage employers to consider how their businesses could change to better retain employees.

## Is the Great Resignation Still Occurring?

In May 2021, the “Great Resignation” was first used to describe the unusually high quit rates within the job market. A quit rate is the number of employees leaving a job by their own accord as a percentage of total employment. When the term Great Resignation was coined, the national quit rate was 2.6 percent (3.8 million workers).

Since then, quit rates have become higher in Florida. In June 2022, the Florida quit rate was 3.6 percent (338,000 workers), surpassing the national quit rate of 3.0 percent (4.5 million workers).<sup>13</sup> In January 2022, the Florida TaxWatch report “Despite Positive Job Growth In Recent Months, People Are Quitting Jobs At Record Rates” noted that Florida was not spared; experiencing a peak at which 277,000 employees left their jobs in September 2021.

High quit rates hold several implications for the economy. First, businesses may need to worry about the high cost of turnover. Losing an employee can cost 25 percent to 200 percent of the employee’s salary, due to the amount of time and money spent finding, hiring, training, and onboarding a replacement.<sup>14</sup> Second, employers are up against a competitive labor market. Finding talent in the midst of bountiful labor openings, employers are facing an “employee market,” where hiring challenges allow job seekers more leverage for securing their desired wages and benefits.<sup>15</sup>

One likely culprit for the high quit rate is money. As Floridians tackle rising inflation, they may be pursuing jobs that can help them better pay the bills. The leisure and hospitality industry is enduring the highest quit rates nationwide (see Table 1).<sup>16</sup> As an industry with frequently low wages—and the smallest hourly earnings among industries in Florida—workers could be leaving their jobs in hopes of finding new ones that better sustain their financial needs.

**Table 1. Leisure and Hospitality has the Highest Quit Rate**

Industry	Nationwide Quit Rate June-21	Nationwide Quit Rate June-22	Florida Average Hourly Earnings June-22
Leisure and Hospitality	5.8%	5.5%	\$19.93
Professional and Business Services	3.7%	3.4%	\$32.32
Trade, Transportation, and Utilities	3.5%	3.4%	\$25.05
Education and Health Services	2.6%	2.9%	\$31.36
Mining and Logging	1.8%	2.7%	-
Manufacturing	2.6%	2.6%	\$31.56
Construction	2.4%	2.3%	\$29.18
Information	1.6%	1.9%	-
Financial Activities	1.5%	1.4%	\$37.85
Government	1.3%	1.6%	-

Source: Bureau of Labor Statistics, Florida Department of Economic Opportunity

<sup>13</sup> Bureau of Labor Statistics, “State Job Openings and Labor Turnover—June 2022,” U.S. Department of Labor, August 2022.

<sup>14</sup> University of Minnesota, “Human Resource Management,” retrieved from <https://open.lib.umn.edu/humanresourcemanagement/chapter/7-1-the-costs-of-turnover>, accessed on July 26, 2022.

<sup>15</sup> Florida TaxWatch, “2020 Economic Preview,” December 2021.

<sup>16</sup> Bureau of Labor Statistics, “Job Openings and Labor Turnover—June 2022,” U.S. Department of Labor, August 2022. Florida Department of Economic Opportunity, Current Employment Statistics (CES): Hours and Wages, accessed August 2022. The CES report did not have hourly earning data for each category.

Professional and business services also has a relatively high quit rate. The industry has high wages and great compatibility with remote work, with more than half of the employees in the industry performing at least some work remotely. With remote work cementing a place within the economy, the workers in this sector can now choose from jobs all across the nation, creating a competitive talent market that could drive up the quit rate. Further, as previously discussed, many remote workers do not want to return to the office; if their employer starts requiring their presence, workers may quit so they can maintain the benefits of remote options.

The Great Resignation is not expected to end soon. One global survey found that 43 percent of employees are somewhat or extremely likely to consider changing jobs in the coming year. The same survey suggests Gen Z and Millennial workers are the current group driving resignations, with more than half considering changing their employers, compared to 35 percent of Gen Z and Baby Boomer workers.<sup>17</sup>

As employers strive to attract and retain talent, they may need to change how their business operates. Rather than look for specific talent, some employers may need programs to train new recruits. Some employers may choose to extend remote options to expand their applicant pool and retain those enjoying the benefits of remote work. Employers can also try appealing to the values prospective employees find “very important” by providing positive culture, mental health/wellbeing benefits, a sense of purpose/meaning, flexible work hours, and paid vacation time.<sup>18</sup>

Businesses should consider:

- What attracts effective employees?
- What encourages employees to stay?
- How flexible are the operations of my business; can I adapt to better satisfy the values and preferences of my employees?

## Looking Ahead

Florida has experienced significant economic growth over the past few years, but the state should not grow complacent. Florida should continue monitoring and evaluating the changing nature of its workforce to ensure businesses take intentional and well-informed actions in favor of greater economic growth and the wellbeing of taxpayers.

## More Resources

For additional information, please refer to FTW’s research on the [impact of childcare on Florida’s workforce](#) (July 2022), [wage growth and talent attraction](#) (February 2022), [women leaving and not returning to the workplace](#) (January 2022), [escalating quit rates](#) (January 2022), and [long-term changes and challenges for Florida’s workforce](#) (July 2021).

<sup>17</sup> Microsoft, “2022 Work Trend Index: Annual Report,” March 2022.

<sup>18</sup> Ibid.

## ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs.

Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on residents and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible memberships and private grants, and does not solicit government appropriations. Membership support provides a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the residents it serves since 1979.

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