

Behind the Florida Jobs Machine

More than one-in-three of all jobs created in the United States in the last five years has been created in Florida. With the new jobs has come an increase in personal income for Floridians, too.

Of the 2,031,000 non-agricultural jobs created nationwide in the five year period ending in October, 2005, Florida created 688,600 of them - a whopping 34 percent of the total. Employment growth in Florida advanced by a robust 9.66 percent during this five year span compared to a nationwide extension of about 1.53 percent. Florida's job gains are an astounding achievement and beg for an explanation.

The accompanying table illustrates some features of the Florida jobs machine. The first column shows total non-agricultural employment by major category as of October, 2005 and gives us a sense of the sheer size of the Florida labor market. Close to 8 million people work in Florida; about 88 percent of us work in the broadly defined services sector (as opposed to the goods producing sector); and roughly one out of two Floridians work in Trade, Transportation and Utilities; Professional and Business Services; and Government.

A Closer Look at the Florida Jobs Machine

	Sector Employment October, 2005	Change: Oct.2000 - Oct.2005	Percent Change: Oct.2000 - Oct.2005	Contribution to 9.66% Change	Contribution to 2004 GSP Growth*
Total Non-Agricultural Employment	7,817,900	688,600	9.66	100.00%	100.00%
Construction	535,900	122,900	29.76	17.80%	8.47%
Manufacturing	390,400	-62,700	-13.84	NA	5.56%
Trade, Transportation & Utilities	1,537,200	39,200	2.62	1.00%	22.54%
Wholesale Trade	336,900	21,300	6.75	3.00	5.93
Retail Trade	963,700	27,000	2.88	3.93	10.85
Transportation	212,500	-5,000	-2.3	NA	1.71
Utilities	24,100	-4,100	-14.54	NA	4.10
Information	168,900	-23,100	-12.03	NA	7.96%
Financial Activities	517,600	52,200	11.22	7.56%	19.15%
Finance & Insurance	345,000	23,800	7.41	3.47	10.17
Real Estate	172,600	28,400	19.69	4.08	8.98
Professional and Business Services	1,380,400	187,000	15.67	27.16%	11.52%
Professional & Technical	427,100	606,000	16.51	8.79	
Administrative	881,500	112,600	14.64	16.35	
Education and Health	959,800	141,500	17.29	20.54%	5.25%
Education	133,300	38,200	40.17	5.55	
Health	826,500	103,300	14.28	14.69	
Leisure and Hospitality	879,500	106,200	13.73	15.42%	7.12%
Government	1,115,300	97,100	9.54	14.08%	9.49%

The absolute and percentage growth in the number of jobs from October, 2000 to October, 2005 are presented in columns 2 and 3, respectively. These data provide insights on the sectors of the economy that have been creating jobs. Florida's booming housing market accounts for the bulk of the nearly 30 percent increase in the number of Construction jobs and almost 20 percent gain in Real Estate Finance employment. Evolving demographic shifts, strong population increases, and a heightened state policy emphasis explain the more than 17 percent increase in Education and Health jobs. Expanding national and international economies combined with ongoing qualitative developments in the tourism industry lie behind the hefty almost 14 percent rise in Leisure and Hospitality jobs. The gradual but ongoing process towards knowledge intensive, higher value-added industries can be seen in the close to 17 percent advance in Professional and Technical Services jobs and 7.50 percent rise in Finance and Insurance employment. A considerable portion of the 15 percent rise in Administrative Services jobs reflects the emergence of Professional Employment Organizations - firms that provide human resources outsourcing for smaller to medium sized businesses.

The breadth and depth of job creation noted above are further evidence, as we discussed in the July Commentary, of the growing diversity of Florida's economy. And, while impressive, the jobs data are only one part of the story. Higher incomes are the other part.

Florida is making solid progress in translating its torrid job gains into income growth, calling into question the notion that we have created primarily lower paying jobs. In the five years ending with the second quarter of 2005 personal income in Florida jumped by almost 29 percent compared to a 22 percent nationwide boost. Florida's share of the nation's GDP accelerated from 4.82 percent in 2000 to 5.13 percent in 2004. The contributions to jobs growth and income growth from the different sectors of our economy are shown in columns 4 and 5. Sectors where either jobs have been lost or have experienced scant to modest growth, such as Manufacturing, Wholesale and Retail Trade, Information, Utilities, and Finance and Insurance, have nonetheless made solid contributions to income gains. These sectors have likely enjoyed the most rapid productivity gains, employing fewer but more productive workers. Sectors of the economy making the largest contribution to job growth, such as Professional and Business Services, Health, and Leisure and Hospitality, have generally made a somewhat smaller contribution to income increases. These sectors tend to be more labor intensive with lower productivity per worker.

Productivity gains in service industries have historically lagged those of most other industries. Florida's large services sector is probably no exception. But the same forces which have propelled sizable and sustained productivity in manufacturing, trade, finance, information and other sectors are now at work in the services sector. Higher productivity and incomes will be the result.

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