

Briefings

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Florida's Economic Outlook: Just A Bad Case of the Hiccups?

Within the shadow of the current economic conditions, anxieties about the national and thus the state economy fuel speculations of impending doom and gloom. A slowing economy means less tax dollars for governments to spend, and in Florida, the recent "revenue shortfall" has prompted legislators talking about budget cuts and unmet needs. However, in response to widespread -- and perhaps premature -- speculation, a look at the latest estimates of Florida's and the nation's economic outlook reveals two reasonable conclusions:

1. Florida is economically outperforming the nation.
2. Neither our state nor our nation languishes with a terrible illness; rather, the diagnosis appears to be just a bad case of the hiccups.

Florida consistently exhibits better fiscal health in both income and employment data, as presented in the following table. While the economy may not be performing as well as many thought it would be, it is still on fairly solid ground. Estimates of personal income growth were reduced, but Florida can expect relatively strong growth of 6.2% both this year and next. This growth surpasses that of the U.S., and the state's personal income growth promises to buck the national trend by remaining steady from the current fiscal year to the next.

FLORIDA'S ECONOMIC HICCUPS LESS SEVERE THAN UNCLE SAM'S

INDICATORS	FY 2000-2001		FY 2001-2002	
	FLORIDA	NATIONAL	FLORIDA	NATIONAL
Income				
Personal Income Growth	6.2%	5.6%	6.2%	4.5%
Real Per Capita Personal Income Growth (adjusted for inflation)	1.5%	1.4%	2.5%	1.3%
Personal Income Total (\$ billions)	\$457.8	\$8,490	\$486.1	\$8,868

Population

Total (millions)	16.2	284.3	16.5	287.5
% Growth	2.3%	1.1%	1.9%	1.1%
Employment				
Total Jobs (millions)	7.269	135.3	7.432	135.3
% Job Growth	3.5%	0.6%	2.2%	0.0%
Unemployment Rate	3.8%	4.3%	4.4%	5.3%

Source: Florida Consensus Estimating Conference and Florida TaxWatch, April 2001.

As for employment growth, indicators show Florida once again substantially outpacing the nation. While the number of jobs in the U.S. is not projected to change much, it is estimated that Florida will add more than 400,000 jobs over the two-year period, growing 3.5% in 2001 and 2.2% in 2002. In addition, Florida's unemployment rate tucks neatly below the national joblessness rate.

FLORIDA'S EMPLOYMENT: PERCENTAGE GROWTH BY SECTOR

EMPLOYMENT SECTOR	FY 1999-2000	FY 2000-2001	FY 2001-2002
Mining	-4.6%	1.7%	0.1%
Construction	3.9	2.0	-0.2
Manufacturing	-0.8	0.0	-2.5
Trans., Communication, Utility	2.9	3.2	2.1
Trade	2.3	2.1	1.6
Finance, Insurance, Real Estate	3.3	2.8	2.3
Services	7.5	6.1	3.9
Government	2.2	1.8	1.8
Total	4.1%	3.5%	2.2%

Source: Florida Consensus Estimating Conference and Florida TaxWatch, April 2001.

Almost every employment sector will experience job growth in FY 2001 with the exceptions of manufacturing and construction. However, it should be noted that construction is expected to bounce back in FY 2003 (growing 1.4%), while manufacturing jobs could fall by 0.7%. Generally, while employment is slowing, there is still some positive growth.

A similar perspective prevails for Florida's budget outlook. Again, forecasters project that Florida will bring in less revenue for the upcoming budget than they had estimated earlier. Nonetheless, more revenue will come in than did last year. As a matter of fact, Florida could have \$20.2 billion in general

revenue for FY 2001-02, \$850 million more than the previous year. This projected revenue growth of 4.4% exceeds the combined growth of inflation and population of 3.9%

U.S. Census Population Estimates: Florida needs a recount!

For some time now, economic forecasters have been projecting that Florida will soon become the third largest state. Florida's population growth is expected to double the nation's. Such growth underscores the importance of an accurate census count.

Based on U.S. Census estimates of national and state populations, the feds calculate how to distribute more than \$185 billion in federal funds appropriated for health, housing, job training, and other programs. The population count also aids in mapping out congressional and legislative districts.

In the 2000 census, the U.S. Census Bureau estimates that as many as 200,000 Floridians may not have been counted. Unfortunately, the Census Bureau has decided that the figures will not be adjusted to correct the undercount.

So, how much does this undercount hurt our state?

Based on the 1990 Census, each person is allocated \$815 of federal monies for their state of residence. Using this figure, *the undercount results in other states receiving approximately \$163 million in federal funds that rightfully should flow into Florida.*

Secondly, any significant undercount can put a state at risk for decreased representation for its citizens at a federal level. Members of Congress each represent about 647,000 people.

Florida taxpayers take heed! The latest census undercount represents just another in a long line of funding inequities leveled on Florida by the feds. Florida historically receives less federal aid per person than almost every other state. (*For more information, see Florida TaxWatch's September 1998 publication "Federal Grants Still Shortchanging Florida"*)

In the future, Florida should consider investing more effort -- publicity, taxpayer education, public relations, etc. -- to ensure a more accurate count of the state's population. Reducing the 2000 undercount by only half would have brought Florida over \$80 million annually.

The bottom line: Every person counts!

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