Replacing 900,000 Florida Jobs Lost in the Recession Could Take Years

The worst recession since the Great Depression of the 1930s continues to take a heavy toll in Florida.

More than 1.1 million Floridians are jobless today – 12.2 percent of the state’s workforce. Hundreds of thousands more are among “discouraged workers” no longer counted as unemployed because they have temporarily given up searching for jobs. Many others are underemployed, working fewer hours than they desire. Life is harder not only for these jobseekers, but also for their families and others dependent upon them.

Although the national economy may have bottomed out, these Floridians face a long road ahead on the way to “normal” rates of employment. The numbers tell a bleak story:

- Unemployment has skyrocketed because the state has lost more than 900,000 nonagricultural jobs since the downturn began affecting Florida almost three years ago. (All job data in this report reflects nonagricultural employment. See Endnotes for explanation.)
- Even at the feverish growth rates of 200,000 jobs per year in the mid-2000s – which are not expected to return in the foreseeable future, if at all – it would take more than four years for Florida’s economy to replace that many jobs.

Just under three years ago, in March 2007, only 306,000 Floridians were out of work; the state jobless rate was 3.3 percent.¹ To reach that low level of unemployment, Florida employers had produced an average of 210,000 new jobs each year from 2003 through 2006, during the go-go years of the state’s construction and credit boom.²
But March 2007 marked the peak of Florida’s employment – a record 8,070,400 jobs. Since then, it’s been all downhill for the state’s job market. The long slide left Florida with 7,144,300 jobs in January 2010, about the same number as in 2002. Eight years of job growth have been wiped out in less than three years:

But the pace of job losses slowed in the last few months and in February the state actually added jobs, according to preliminary estimates, providing hope that the period of decline has ended. The leveling off of job loss in the state may reflect billions of dollars injected into Florida’s economy by the American Recovery and Reinvestment Act, which helped preserve jobs funded by government, particularly teachers and others in public schools as well as those employed by Medicaid providers.

**Recessions in Early 1990s and Early 2000s Were Mild and Quick in Florida**

The deterioration of the Florida job market is far greater than in other economic downturns. In the last two recessions, job losses were much less and employment rebounded fairly quickly.

As the following chart shows, the 1990-91 recession cost Florida about 120,000 jobs. It took two years for total jobs to once again reach the pre-recession level:
In the last recession, nine years ago, Florida lost even fewer jobs and all were replaced by about a year later. When charted over three years, it’s difficult to even identify when this mild recession hit Florida:


**Florida Jobs A Decade Ago**

Can you spot a recession?

- Nonfarm jobs reached 7,000,000 for first time
- On the way to 8,000,000 in 2006
- 2001 Recession 56,000 Jobs Lost

(Dec-99, Feb-00, Apr-00, Jun-00, Aug-00, Oct-00, Dec-00, Feb-01, Apr-01, Jun-01, Aug-01, Oct-01, Dec-01, Feb-02, Apr-02, Jun-02, Aug-02, Oct-02)
This Recovery Will Be Different: Slow and Difficult

The outlook for Florida’s recovery from this recession is grimmer. The increase in population—the state’s “primary engine of economic growth, fueling both employment and income growth”—not only stopped, but Florida last year recorded its first loss in population since the end of World War II.\(^3\) When population growth resumes, it’s expected to be one-third to one-half the rate of the last few decades. That means it will take years before demand for new housing catches up with the surplus already on the market. In addition, almost one of every four home mortgages in the Sunshine State is either delinquent or in foreclosure, pointing to more houses on the market in the future, further dampening consumer spending and new construction.\(^4\)

Even if Florida employment could grow at the previous high rate of about 210,000 jobs per year, it would take until late 2014 to restore the 900,000 jobs lost. That lengthy recovery will take place in a state that already labors under an economic structure that supports a disproportionate number of low-paying jobs: Of the almost 7.8 million occupations in Florida in May 2008, almost half paid less than 150 percent of the federal poverty level, or $31,800 for a family of four.\(^5\)

The Florida economy that emerges from this downturn will be different from the one in the peak growth years, when new residents, new construction, cheap credit, and unconstrained consumer spending propelled job growth. The structure of the state economy and workforce has changed, as the following table shows; some occupations will not regain their numbers for several years, if at all, while others (such as health care) will grow.\(^6\)

### Job Losses in Florida by Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Jobs in March 2007</th>
<th>Jobs in Jan. 2010</th>
<th>Gain/(Loss)</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Nonfarm Employment</td>
<td>8,070,400</td>
<td>7,144,300</td>
<td>(926,100)</td>
<td>(11.5%)</td>
</tr>
<tr>
<td>Construction</td>
<td>650,300</td>
<td>353,100</td>
<td>(297,200)</td>
<td>(45.7)</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>406,200</td>
<td>304,600</td>
<td>(101,600)</td>
<td>(25.0)</td>
</tr>
<tr>
<td>Trade, Transportation, and Utilities</td>
<td>1,628,400</td>
<td>1,457,700</td>
<td>(170,700)</td>
<td>(10.5)</td>
</tr>
<tr>
<td>Information</td>
<td>161,900</td>
<td>135,400</td>
<td>(26,500)</td>
<td>(16.4)</td>
</tr>
<tr>
<td>Financial, Insurance, Real Estate</td>
<td>553,000</td>
<td>470,600</td>
<td>(82,400)</td>
<td>(14.9)</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>1,215,900</td>
<td>1,027,300</td>
<td>(188,600)</td>
<td>(15.5)</td>
</tr>
<tr>
<td>Educational Services</td>
<td>132,000</td>
<td>144,900</td>
<td>12,900</td>
<td>9.8</td>
</tr>
</tbody>
</table>
For example, almost 300,000 of the 900,000 jobs lost in Florida in the last three years came in the construction sector. Almost half of jobs in construction in March 2007 are gone. Until the surplus of real estate is worked off in the next few years, little demand will exist for additional workers in this field.

Similarly, manufacturing operations – already a relatively small component of Florida’s economy – nevertheless lost 101,600 jobs, a reduction of 25 percent. Although manufacturing employment is expected to increase within the next two or three years, it’s not expected to rebound to 2007 levels in the foreseeable future.  

On a brighter note, employment in a few business sectors will present opportunities in the next couple of years. Among them are health care and education, the only sectors in which jobs increased appreciably in Florida during the recession (total government employment at federal, state, and local levels increased by a negligible 100). Health care and social assistance occupations (generally trained professional workers such as physicians, nurses, nursing aides and attendants, home health aides, and medical managers) gained 45,300 jobs during Florida’s decline and workers in educational services increased by 12,900.

Administrative and support jobs – office administration, hiring and placing of personnel, document preparation and similar clerical services – took a big hit over the past three years, declining by 188,600. But those jobs are expected to be replaced relatively quickly as businesses begin staffing up in 2011 and 2012 to meet rising demand for their products and services. Employment in professional, scientific, and technical positions (such as legal services, accounting and bookkeeping, consulting, research and advertising) also is expected to rebound soon and surpass 2007 job levels as early as 2012.

**Conclusion**

Replacing 900,000 lost jobs is a daunting task for any state after a prolonged recession. Florida’s task may be even tougher, given structural changes in its economy after the real estate and credit bubbles burst. The challenge also comes at a time when demands for vital services
provided by the state – health care, child care, aid to people with disabilities, and education from prekindergarten through college – are increasing. After years of service cuts, more pain lies ahead as the legislature works to fill another $3 billion gap between anticipated revenues and the minimum required to fund traditional state programs and services at a level already inadequate.

As Florida rebounds from the recession, state policymakers face two essential tasks: rebuilding a damaged economy – ideally with a greater proportion of higher-paying jobs – while simultaneously meeting the needs of workers and families struggling to cope with job losses and other financial pressures.

*(Coming next in the Jobs in Florida series: How much can the state affect job creation in Florida? What are the consequences and tradeoffs between tax cuts targeted to produce jobs versus cuts to state services relied upon by unemployed Floridians and other struggling individuals and families?)*

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Endnotes


4 Ibid.


7 Florida and Metro Forecast 2009-2013, Institute for Economic Competitiveness, College of Business Administration, University of Central Florida, December 2009.


This report uses data from the Current Employment Survey, a sample of Florida employers surveyed each month by the Florida Agency for Workforce Innovation. Employment numbers include both full- and part-time workers. Proprietors, the self-employed, volunteers, farmworkers, and military are excluded. To make month-to-month comparisons easier, jobs numbers from the survey are adjusted statistically by AWI to eliminate the effects of weather, holidays, and the opening and closing of schools.