

***State of the Workforce 2007: Suncoast Florida***

**Executive Summary**

**Submitted to the Suncoast Workforce Board**

**by**

**Workforce Associates, Inc.**

**May 18, 2007**



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## **The Story Continues**

This summer, movie theatres in the United States are packed with sequels to the most popular films of the past decade. Audiences are returning to see their favorite characters tackle new challenges, revisit their famous exploits, and face off once more against their old arch-nemeses.

This executive summary tells the story of another sequel, entitled *State of the Workforce 2007: Suncoast Florida*, which follows up a 2003 study by Workforce Associates, Inc. entitled *21st Century Workforce, Suncoast Florida* (hereafter "WF21"). The study summarized here, like its predecessor, examines the recent past, the present, and the potential future of economic and workforce development in the Manatee and Sarasota counties of Florida.

Like any good sequel, *State of the Workforce 2007: Suncoast Florida* features our protagonists, the workforce of the Suncoast Florida region, repeating some of the same stories as we found before, and facing some new and changed circumstances since our last episode . . .

## **Act I: Setting up the Story**

Let us begin at the beginning. There are three objectives for the study summarized here:

- i.** To update the figures, tables and other information presented in WF21 to reflect the availability of more recent data and to identify significantly changing circumstances and trends.
- ii.** To assess how the Suncoast Workforce Board (hereafter "SWB") and its various committees as well as the broader community have addressed the eight challenges identified in WF21.
- iii.** To judge whether the eight challenges identified in 2003 retain their saliency and whether other challenges have arisen that deserve the attention of the SWB and the Suncoast community.

The "big picture" of the Suncoast economy, as it was in 2003, seems to be one of relative prosperity, a robust economy, and an ever-growing services sector supporting a continuing influx of retirees, many of them quite affluent. This study's key findings about the general Suncoast economy and workforce support this "big picture."

**1. Economic performance in the Suncoast remains good.**

- a. Suncoast unemployment rates are very low.** During and after the national economic recession of 2001, the Suncoast economy fared considerably better than in the recession of the early 1990s. In 2006, only two of Florida's 20 metro areas had lower unemployment rates. Furthermore, the Suncoast showed the lowest rate among a group of ten "competitor regions" nationwide.
- b. Poverty is less prevalent in the Suncoast than in either the state or nation.** In 2005, 9.6% of the total Suncoast population was deemed "in poverty." While even that number is disturbing, it is a considerably smaller share of the population than in the state (12.8%) or nation (13.3%).

**2. The Suncoast economy deepens specialization in the production of services rather than goods.** WF21 called this area's economy a 'services-production economy *par excellence*' and it saw an accelerating shift farther in that direction. The developments of the past four years are entirely consistent with that expectation.

- a.** The Suncoast added more than 84,000 new jobs between 1997 and 2006. All of the net new growth came in the services-producing sectors.
- b.** Service-producing sector jobs comprised 85% of all Suncoast employment in 2006. That was up from 79% in 1985.
- c.** The concentration of jobs in the service-producing sector is about 20% higher in the Suncoast than in the state of Florida and 40% higher than in the nation as a whole. Both of those margins have increased since 2003 and the publication of WF21.
- d.** Nearly half (48.2%) of all new Suncoast jobs added during the last decade were in the Professional and Business Services sector. The growth of that sector in the Suncoast far outpaced its growth in both the state and nation.
- e.** Construction was the only goods-producing sector to add jobs during the decade 1997-2006 as builders scrambled to keep up with booming demand in the residential and commercial construction markets. Much of the air has now escaped that particular balloon. Manufacturing employment fell during the decade both locally and nationally.
- f.** Florida's Agency for Workforce Innovation (henceforth "AWI") projects that about 39% of all net job growth between now and 2014 will come in the Professional and Business Services cluster of industries. Administrative and Support Services industry is projected to account for fully half of all job growth in Manatee County.
- g.** The relative concentration of Suncoast jobs in the service-producing sectors is virtually certain to increase for the foreseeable future. For example, Administrative and Support Services, which in 2006 already employed more workers than any other industry, is projected to grow by 40% by 2014 which is faster than any other industry. It is also far faster than corresponding projections for this industry in the state or nation.

3. **Total Suncoast employment in all occupations is projected** to increase by 68,904 from 2006 to 2014. Almost as many jobs will open up due to the need to replace workers who retire, die, leave their occupations, or otherwise leave the workforce. In total, the AWI expects 133,872 Suncoast jobs to open up during the eight-year period.
  - a. The AWI projects "Office and Administration" to be the most rapidly growing occupational group and to comprise the largest share (20,424) of Suncoast job openings. Various sales and food preparation/service occupations together will account for nearly 35,000 job openings.
4. **The population and workforce continue to grow.**
  - a. **Suncoast population growth** continues apace, more rapidly than in either the state or nation. Between 2005 and 2015, the area's population is projected to grow by nearly 23%. That growth is expected to occur very differently for different age groups. Thus, in the last half of the present decade:
    - i. The younger age groups (i.e., those under 30 years of age) are projected to grow considerably – as much as 44% in the case of the 20 to 24 year age groups.
    - ii. Numbers in the age groups between 30 and 44 are projected to stagnate or even decline. By 2010, this age group will contain most of "Generation X," which is much smaller than the "Baby Boom" generation that preceded it and the "Echo Generation" that follows it. The decrease in this age group is similar to that projected for the nation as a whole.
    - iii. The age group 50 to 64 is exploding because that's where the Baby Boomers are.
  - b. **The Suncoast population is older** than that of Florida as a whole. Thus, by 2010, the Suncoast will have a larger share of its total population in all of the age groups 50-59 and older. Florida will have a larger share of its total population in all age groups 40-49 and younger.
  - c. Compared to the state of Florida, the Suncoast population is **ethnically homogeneous** and is projected to remain so. The African-American share of the Suncoast population will comprise less than half its share in the total Florida population in 2010. Although it is gradually increasing, the Hispanic share of the Suncoast population is projected to be half its share in the total Florida population.
  - d. The size of the Suncoast's working age population (i.e., those ages 18 to 64) is projected to increase from 365 thousand to 442 thousand between 2005 and 2015. Most of that growth will come from domestic in-migration of residents from other states of the nation and, to a much lesser extent, from international immigration.
5. **The educational attainment level of adults aged 25 years and older is marginally better** in the Suncoast than in the state and nation as a whole. Among

other Florida metro areas, the Suncoast is in the middle of the pack. It ranks 9<sup>th</sup> among 19 metros in the percentage of adults with a college degree.

## **Act II: Things Get Tough for Our Heroes**

### **1. Employment Present and Future:**

- a. Very low unemployment rates are a double-edged sword: on the one hand, workers are finding jobs and earning incomes. On the other hand, however, the super-low unemployment rates that now prevail in the Suncoast are signaling that job demand may be outrunning worker supply. The downside of that is that employers cannot find the quantity and quality of workers that they need for expansion and growth. Also, young people who are doing marginally well in high school become tempted to drop out and take minimum-skilled (and frequently minimum wage) jobs for which there are few opportunities for them to get their high school diplomas, much less upgrade their skills. The result is that economic growth may be held back from what it might have been, or even what it was projected to be.
- b. The growth of the Suncoast workforce may be insufficient to sustain the area's projected job growth.
  - i. Projected growth of the working age population between 2005 and 2014 is about 62 thousand. Assuming that about 93% of that increased population enters the workforce (a number consistent with recent history), that would yield slightly more than 57 thousand more workers in the area.
  - ii. Meanwhile, the AIW projects employment to grow by nearly 69 thousand over that same period.
  - iii. Projected employment growth exceeds projected workforce growth by nearly 12,000, which is a measure of the potential worker shortfall by 2014.

### **2. Personal Income vs. the Cost of Living**

- a. Although average per-capita personal income in the Suncoast remains above the state and national averages, its rate of growth has recently slowed. Since 2001, the local pace has begun to lag the state and national rate of growth of this important indicator.
- b. The Suncoast's median household income is higher than Florida's but considerably below that of the nation. The good news is that it is not as far below the national level now as it was in at the turn of the century.
- c. Housing prices in the Suncoast area have risen for decades but they broke free from the force of gravity beginning early in 2003. Since incomes did not rise correspondingly, housing affordability suffered greatly for many. Since 2005, home prices have begun to return to earth

but affordability remains a serious problem for home-buyers among middle- and lower-income workers.

- d. The hurricanes of recent years have driven insurance rates to record high levels in the Suncoast and other parts of Florida. The added cost of insurance plus the simple difficulty of obtaining it is a discouraging factor to homeowners and businesses alike. This is not, of course, a workforce issue but it does have workforce implications.

### 3. Shifting Quality of Jobs?

- a. The quality of Suncoast jobs, as measured by the educational attainment level normally associated with them, deteriorated between 2000 and 2005. The number of workers in occupations requiring a college degree increased by only 20 over the five-year period. Meanwhile, the number requiring lower levels of education increased by 27,850.
- b. The mix of Suncoast jobs shifted from 2000 to 2005 toward the lower end of the wage spectrum. Over 17% of jobs in occupations that added employment in that period paid under \$10 per hour whereas only about 5% of them paid \$30 or more per hour. On the other hand, over 16% of jobs in occupations that lost employment were at the high end of the pay scale and only 5.5% were in occupations paying less than \$10 per hour.
  - i. The mean (average) hourly pay for occupations that *gained* employment over the period 2000 to 2005 was \$15.84. However, the mean hourly pay for occupations that *lost* jobs was \$21.19.
  - ii. The median pay for gaining occupations was \$5.26 lower per hour than it was for shrinking occupations.
  - iii. These pay disparities between gaining and shrinking occupations were repeated both for entry level jobs and for jobs requiring experience.
  - iv. During the first five years of this decade, the Suncoast saw an expansion of employment in lower paying occupations and a contraction of jobs in higher paying occupations. Service occupations expanded their share of total employment while that of managerial and professional occupations declined. That is the opposite of what would have been preferred.
- c. The level of education associated with projected future Suncoast employment is lower than at the national level. Whereas 69% of projected Suncoast job openings to 2014 require only on-the-job training, the comparable number for the nation is 63%. On the other hand, 21% of projected job openings nationally require a bachelor's degree or better while only 13% of those in the Suncoast do so.

## ***Education, the Biggest Challenge***

The 2003 study *21<sup>st</sup> Century Workforce: Suncoast Florida* laid out eight challenges for the Suncoast Workforce Board to address in order to make its workforce a more effective driver of economic development for the region. One task of this 2007 update has been to address the actions taken by the Suncoast Workforce board to meet those challenges, and the impact of those efforts, where it can be determined.

Despite the overall job picture and its shift toward a number of occupations that require little education, a closer look at the occupations and groups that are expected to be *expanding* in the Suncoast region – rather than simply providing openings due to replacements – reveals a different picture: **More formal education will be required by the occupations that are expanding in the Suncoast.** Over one quarter (27.5%) of tomorrow's Suncoast occupations will require at least some kind of official education beyond a high school degree alone. Those that require a Bachelor's degree or higher account for 15.1% of jobs in expanding occupations but only 1.6% in occupations that are shrinking in size.

This in itself would be good news, indicating a shift toward the kinds of highly skilled jobs that will drive the future economy of the nation. In order to know how well the Suncoast's workforce will be able to meet this demand, however, it is important to know about the success of the educational system in the region. Here, we revisit the first three challenges listed by WF21, all of which concerned education, the most vital component of workforce development. As we will see below, there is reason for concern about the quality of education in the Suncoast, and therefore, for its ability to keep pace with the expected changes that will drive the local economy further into the 21<sup>st</sup> Century's most vital industries.

The education-related challenges from WF21 were as follows:

**Challenge 1 – Improve the educational performance of all Suncoast K-12 students.**

**Challenge 2 – Enhance the quality of career and guidance counseling.**

**Challenge 3 – Reduce dropout rates and raise graduation rates in Suncoast high schools.**

*WF21* put these three education-related issues at the head of its eight challenges for several excellent reasons:

1. They are intrinsically important in that they are key to the area's future workforce quality, and therefore to its economic vitality.
2. Although these issues lie somewhat beyond the narrow sphere of the Workforce Board's direct responsibilities, they offer the board an opportunity to exercise a community leadership role by catalyzing and integrating other groups' efforts to address these important issues.
3. The Workforce Board can enhance community efforts by identifying the most promising practices pursued in other jurisdictions to deal with these three issues

and by bringing that intelligence to the attention of other community groups that also focus on the issues.

Subsequent to the publication of *21<sup>st</sup> Century Workforce: Suncoast Florida*, the Suncoast Workforce formed three Challenge Committees to address these three challenges. Each committee met separately and each produced a set of recommendations designed to meet its specific challenge. Chapter V of this report contains extended descriptions of those recommendations and the many actions undertaken pursuant to them. At this point in the Executive Summary, we turn to examine some of the copious data provided the Florida Department of Education to learn what light they throw on the continuing nature of these three challenges.

**1. Progress in lowering dropout rates and raising graduation rates.** Chapter IV presents an abundance of information concerning these rates in both Suncoast counties and their public school districts. The interested reader is referred to the complete study since what follows here is but a brief summary.

- c. From 1998-99 until 2001-02, both Suncoast counties made real progress in lowering dropout rates. There is a negative correlation between unemployment rates in the Suncoast area and the area's high school dropout rates. On average since 1993, a one percentage change in the unemployment rate has been accompanied by nearly a half-point change in the dropout rate...in the opposite direction.
  - i. Early in the period, there was great dispersion among the dropout rates for the various Suncoast high schools
  - ii. Suncoast high schools with very high dropout rates were also schools with high percentages of students receiving free or reduced lunch rates—in other words, schools with many students from low-income families.
  - iii. The late 1990s were years in which unemployment virtually ceased to exist in the Suncoast. Job opportunities were abundant for everyone who needed money and was willing to work. That included teen-agers from low-income families. It is not surprising that many of those teen-agers dropped out of school and took jobs. Neither is it surprising that dropout rates were horrendously high precisely at those schools with high percentages of students from low-income families.
  - iv. As the national economy slid toward recession, Suncoast unemployment rates doubled from 1999 to 2002 and job opportunities became scarcer, especially for young job-seekers. With fewer jobs on offer, the temptation to leave school declined...and so did high school dropout rates. Significantly, it was the schools with large percentages of low-income students that recorded the sharpest declines in dropout rates from 1998-89 to 2001-02.
  - v. Unemployment rates were slow to decline in the recovery that followed the Recession of 2001. Some people called it the "Jobless Recovery." Gradually, however, employment rates picked up again and by 2005, Suncoast unemployment rates were back down below the 3% level. Job opportunities have become increasingly abundant in the past few years

and high school dropout rates have begun to climb again...especially in schools with large percentages of low-income students.

- vi.** It is reasonable to expect that dropout rates will continue to rise and graduation rates will continue to decline for a few more years...until young would-be workers again find jobs hard to get.
- d.** There is, of course, a necessary negative correlation between dropout rates and graduation rates. Graduation rates in any given year inevitably reflect the levels of dropout rates that prevailed over the preceding four years.
  - i.** In this present decade, graduation rates rose gratifyingly at both the local and state levels until 2005-06. In that year, the stagnant or rising dropout rates observed since 2002-03 began to have their impact on graduation rates.
  - ii.** Suncoast high schools and the entire community can take pride in the fact that all regular high schools in the area showed graduation rates in 2004-05 that were at or higher than the Florida state average. That represents welcome progress. WF21, of which this present study is the sequel, reported that four regular Suncoast high schools had graduation rates below the state average in 2001-02.
  - iii.** The differences in graduation rates among individual high schools for 2004-05 are echoes of the differences in dropout rates among them over the preceding several years.
  - iv.** Even graduation rates of 80%, which is about what they were reported to be in the Suncoast for 2004-05, means that 20% of young people enter the workforce (or fail to do so) without the necessary education and skills to equip them to earn a decent living in America's 21st century economy.
  - v.** The 2005-06 high school graduation rate for the Manatee District was 76.9% according to the Florida Department of Education. For the Sarasota District, it was 79.9%. Although these rates represent improvements over the early years of this decade, they are down from 2004-05.
  - vi.** We conjecture that lower Suncoast unemployment rates now and in the immediate future years will tempt more adolescents to take jobs before they complete their high school educations. Students of high enrolments of low income students will be sorely tempted.
  - vii.** There can be no resting on recent laurels when Suncoast high school graduation rates have been higher than the state average. Keeping graduation rates as high in Suncoast high schools as they now are and, even more, raising the will continue to be a major challenge for Suncoast high schools and the entire community. The challenge will be most acute in the schools with high percentages of low-income students.

**2. Progress in improving the educational performance of all Suncoast K-12 students.**

- a. Reading** is the foundation for learning in all other subjects. Facility in reading is a fundamental requirement for a workforce aligned to the 21st century knowledge economy. In the Suncoast, 10<sup>th</sup> grade FCAT scores showed retrogression in reading in both school districts. That dismal observation follows one of the same variety in WF21.
- i. In 2006 and on average, Suncoast 10th graders performed much the same as the Florida average in Reading. That's the good news. The not-so-good news is that both Manatee and Sarasota school districts showed deterioration in average Grade 10 FCAT Reading scores from 2003 to 2006.
  - ii. FCAT Reading (and Writing) scores have dropped significantly in both Suncoast districts whereas they held approximately steady across the entire state of Florida.
  - iii. In 2006, 34% of Suncoast 10th graders scored at level 3 (which may be considered the lowest "acceptable" level) or higher in Reading. This represents a deterioration from 43% in with 2002 (as reported in Fig IV-5 of WF21).
  - iv. Additional data cited in Chapter IV from nationally norm-referenced tests and the results of Advanced Placement tests taken in Suncoast high schools strongly reinforce the conclusion that poor reading proficiency constitutes a major problem among the area's entrant workforce.
  - v. WF21 called the proficiency gap in reading "a serious challenge for the Suncoast's entrant workforce." Unfortunately, this sequel must report that this challenge has become even *more serious* only three years later.
- b. Mathematics:** Basic mathematical proficiency is the prerequisite for further education and training in all scientific and technical fields. High skill, high wage jobs increasingly require higher levels of technical competence. A 21<sup>st</sup> century workforce that is competitive in national and global markets will be one where high mathematical competence is commonplace.
- i. Fortunately, mathematics in the Suncoast presents a somewhat happier picture than reading. In 2006, 69% of Suncoast 10th graders scored at level 3 or higher in Mathematics compared to 65% for the state. The Suncoast showing was one percentage point higher than in 2002 while the state's Mathematics percentage was five percentage points higher.
  - ii. A higher percent of Suncoast 10<sup>th</sup> graders scored at FCAT level 3 in Math than in Reading and most schools showed improvement from 2003 to 2006. Still, there remains ample room for improvement.
  - iii. As with Reading, a substantial gap separates the best from the second-best performing high school. But that gap is neither so large as in Reading nor so large as it was in 2003.

- iv. Ten of the 14 Suncoast high schools showed improved Mathematical performance in 2006 than in 2003. Positive change in Mathematics between 2003 and 2006 contrasts sharply with negative change in Reading.
- v. Nine of the 14 Suncoast regular high schools examined outperformed the Florida state average which can be of only modest comfort since that average (65%) leaves more than a third of the state's 10<sup>th</sup> graders performing below acceptable levels.
- c. **Academic performance at various grade levels.** The results of FCAT tests taken at various grade levels show significant patterns of student performance at different ages.
  - i. In Reading, tested performance in both Suncoast school districts is fairly stable until middle school after which it declines appallingly until Grade 10, the last year in which the FCAT is administered. At grade 5, for example, from 60% to 75% (depending on the county) of students test at grade 3 or higher. By grade 10, only 30% to 40% are testing at that level.
  - ii. In Mathematics, there is a sag in the middle school grades but some recovery by Grade 9 after which tested performance again drops.

### **Act III: Hope for the Future**

There is plenty of good news in the Suncoast. Much of it has already been mentioned. Furthermore, the "Act II" concerns listed above are not at all insurmountable. There is reason for optimism. First of all, there's at least one perceived problem in the Suncoast that empirical analysis tells us is actually better than was initially thought:

Anecdotal evidence collected locally while preparing this report suggests that commuting to work has recently become more burdensome for workers in the Suncoast area. High housing costs, it was said, are forcing increasingly numbers of Suncoast workers to live farther from their workplaces. The result, one hears, are longer journeys to work and greater traffic congestion. While these assertions may be true, they are not borne out by the available data. The 2005 American Community Survey, conducted by the U.S. Bureau of Census, yields the following information:

- The percentage of Suncoast workers traveling less than 30 minutes to work was 76.5% in 1990. By 2005, it was only slightly less...73%.
- Travel times in the Suncoast metro area are short by the standards of other Florida metro area. Less than 27% of Suncoast workers traveled 30 minutes or more to work in 2005. That was a smaller share than in all but two other Florida metros.
- The conclusion is that, as annoying as commuting may be for Suncoast workers, the data indicate that it isn't getting worse very fast and, in any case, it's much less burdensome than in most other Florida metro areas.

More important, however, than some welcome statistical news, is the story that can be told about the state of affairs of Suncoast workforce and economic development. The remainder of Chapter V of *State of the Workforce 2007: Suncoast Florida* details an impressive array of activities being undertaken by multiple groups acting in concert to boost prosperity in the Suncoast. The most impressive component of these actions is that many of them are products, in whole or part, of the active participation of the Suncoast's Workforce Board and Economic Development councils.

Thanks to these and other collaborative efforts, the quality and prevalence of career guidance in the Suncoast is already considerably beyond its observed level at the time of WF21. Several new groups and resources have grown up to spur active, creative entrepreneurs to start up new businesses and industries in the Suncoast.

The greatest need with respect to these concerted efforts is to find a concrete way to measure their progress and ensure maximum efficiency of all of these community projects. It is therefore our strongest recommendation that the Suncoast Workforce Board and its partners look hard at the efforts underway to address each of these challenges and decide what benchmarks and standards will define success in each of these endeavors.

That said, the high level of activity related to the challenges presented to the Suncoast Workforce Board in 2003 is highly encouraging, and speaks well of the community spirit and engagement of the SWB and all of its key partners, many of whom figure heavily into the actions and accomplishments described below. SWB has clearly recognized that a study like *21st Century Workforce: Suncoast Florida* is a tool for action and not simply a reference to sit on a shelf.

This is the most invigorating outcome of any of the activity we have observed in updating this study of the Suncoast's key workforce conditions. Just as any successful movie franchise will always end with a setup for the next sequel, the Suncoast is in a strong position to write the next chapter of its story – in which the heroes save the day and lay the foundation for a brighter future for everyone.