

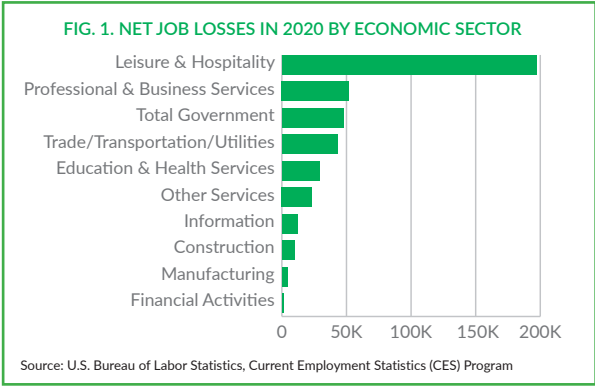


**Florida TaxWatch**  
 ECONOMIC COMMENTARY  
**The Economic Impact of COVID-19  
 on Florida's Employment**  
 Variations Across Industry, Region, and Income  
 FEBRUARY 2021

AS FLORIDA APPROACHES THE ONE-YEAR MARK SINCE THE STATE REPORTED ITS FIRST POSITIVE COVID-19 CASE, Florida's recovery picture seems to be a mixed bag. The state closed out 2020 on an optimistic note as unemployment inched downward to 6.1 percent from a high of 13.8 percent in April 2020, but as January 2021 drew to a close, first time jobless benefit claims rose by more than 71,000 across the state.<sup>1</sup> Although some of the spike can be attributed to seasonal unemployment following the holidays, the conflicting observations suggest Florida is still far from full strength. Since the pandemic began, much of the focus has been on the state's ailing tourism industry for good reason. Yet as the recovery has dragged on, the impact of COVID-19 on Florida's labor market has become more complex than at first glance, with varying effects across different industries, regions, and income levels. To fully capture the pandemic's employment effects and steer the economy to recovery, these variations and nuances must be explored deeper.

**INDUSTRY VARIATION**

Between March and April 2020—during the pandemic's earliest months—Florida lost 1.1 million jobs, with the Leisure and Hospitality sector suffering the highest loss around 482,000 jobs (a 41.7 percent one-month reduction). By the end of 2020, the state regained over half of the jobs lost since the pandemic began, but Florida's total nonagricultural employment stood at approximately 8.6 million—signaling a net loss of 419,200 jobs over the year even after accounting for reclaimed jobs (See Figure 1).<sup>2</sup>



<sup>1</sup> U.S. Department of Labor, Unemployment Insurance Weekly Claims for Week Ending January 30, Released Feb. 4, 2021. <https://www.dol.gov/ui/data.pdf>  
<sup>2</sup> U.S. Bureau of Labor Statistics, Current Employment Statistics (CES) Program, in cooperation with Florida DEO.

Upon further analysis, it becomes apparent that the subsectors contributing the most to unemployment were: Accommodation and Food Services (in Leisure and Hospitality) with 158,000 jobs; Administrative and Waste Services (in Professional and Business Services) with 56,100 jobs; and Retail Trade (in Trade, Transportation and Utilities) with 24,000 jobs.<sup>3</sup> Across these three subsectors, workers tended to hold lower waged jobs and faced the shared challenge of being unable to transition to remote work throughout the pandemic.

**Table 1. Metropolitan Unemployment in December 2020**

<b>Florida</b>	<b>6.1%</b>
<b>Florida MSA</b>	<b>Unemployment</b>
Orlando-Kissimmee-Sanford	6.9%
Miami-Fort Lauderdale-West Palm	6.7%
Lakeland-Winter Haven	6.7%
Sebring	6.3%
The Villages	5.9%
Deltona-Daytona Beach-Ormond	5.6%
Ocala	5.6%
Tallahassee	5.3%
Port St. Lucie	5.2%
Sebastian-Vero Beach	5.2%
Tampa-St. Petersburg-Clearwater	5.2%
Cape Coral-Fort Myers	5.1%
Panama City	5.0%
Pensacola-Ferry Pass-Brent	4.9%
Jacksonville	4.8%
Palm Bay-Melbourne-Titusville	4.8%
North Port-Sarasota-Bradenton	4.7%
Gainesville	4.4%
Naples-Marco Island	4.3%
Crestview-Fort Walton Beach-Destin	4.2%

Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS) Program

## REGIONAL VARIATION

Not only have employment outcomes varied across industries, but different parts of Florida have likewise faced distinct outcomes.

When it comes to regional employment markets, the Orlando-Kissimmee-Sanford Metropolitan Statistical Area (MSA) and the Miami-Fort Lauderdale-West Palm MSA face the highest levels of unemployment and top off the list among all other Florida MSAs (See Table 1).<sup>4</sup>

Common to these areas is a heavy reliance on tourism to fuel economic activity. During the pandemic’s summer months, between April and June 2020, total enplanements into Miami and Orlando fell by 90.8 percent and 89.3 percent, respectively, as international travel came to a virtual standstill.<sup>5</sup>

The large-scale reduction in tourism spending, the April stay-at-home order, and periodic rises in COVID-19 cases make central Florida and south Florida’s labor markets more susceptible to lingering unemployment compared to the rest of the state—a feature that will likely persist until a significant rebound in out-of-state visitors occurs.

<sup>3</sup> Florida Department of Economic Opportunity (DEO), Florida’s Employment & Unemployment Data Release on January 22, 2021. <http://lmsresources.labormarketinfo.com/library/press/release.pdf>

<sup>4</sup> U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS) Program. Note: These unemployment rates are not seasonally adjusted and may be revised at a later date.

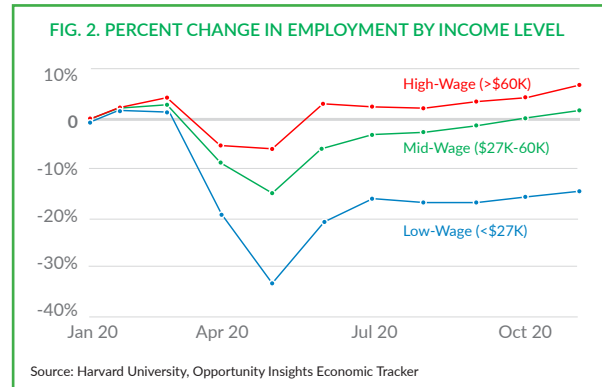
<sup>5</sup> VISIT Florida, Florida Visitor Estimates and Travel Industry Trend Indicators, Released August 15, 2020.

## INCOME VARIATION

Finally, perhaps the most consequential, and often overlooked, variation in Florida's employment outcomes occurs when looking at different income levels. Many economists have argued that the pandemic has created a new phenomenon known as a "K-shaped" recovery whereby sections of the economy rebound at differing rates with distinctions most notable along income lines. Whether this phenomenon comes to fruition in Florida depends on numerous factors, yet at present, it is clear the pandemic has already had some disparate effects across income levels.

As of late November in Florida (latest data available), employment among workers in the bottom wage quartile decreased by 14.8 percent compared to January 2020, according to data from Harvard University (See Figure 2).<sup>6</sup> In contrast, employment increased by 6.7 percent compared to January for workers in the top wage quartile, indicating a faster rate of reclaiming jobs.

The disparity exists because the pandemic has disproportionately affected lower-paying industries, such as Retail Trade and Leisure and Hospitality, whereas higher-paying industries, such as Financial Activities, have adapted more readily to remote work and retained more jobs. If more updated data show a continued bifurcation in Florida, then this may spell trouble for the state. Evidence suggests low-income families have been more likely to face trouble with paying bills, food insecurity, and rent/mortgage payments throughout the pandemic.<sup>7</sup> Unaddressed, these hardships have the potential to spill into other important areas, such as educational and health outcomes for families and children for years to come.



## CONCLUSION

Even as Florida continues to emerge from the economic downturn that engulfed the state last year, challenges and uncertainty abound. On the surface, the pandemic has crippled the tourism industry, yet a deeper dive reveals other important, more nuanced, variations across industries, regions, and income levels. There is no "one-size fits all" approach to remedy these employment effects, but a more granular view can certainly aid policymakers in tailoring responses, some of which are recommended in Florida TaxWatch's recent report *Bringing The Sunshine State Back: The Impact of COVID-19 Across Florida's Economy & Options for Recovery*. These recommendations, along with many others, offer a starting point to holistically improve Florida's labor market throughout 2021.

<sup>6</sup> Harvard University, Opportunity Insights Economic Tracker: Employment, <https://tracktherecovery.org/>

<sup>7</sup> Pew Research Center, Economic Fallout from COVID-19 Continues to Hit Lower-Income Americans the Hardest, Sept. 24, 2020. <https://www.pewsocialtrends.org/2020/09/24/economic-fallout-from-covid-19-continues-to-hit-lower-income-americans-the-hardest/>

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