



Jorge M. Pérez  
Metropolitan Center  
Steven J. Green  
School of International  
& Public Affairs

# Forging Stronger and Less Vulnerable Local Economies in Florida

The Economic Resilience Project



*Modern economic thinking...is peculiarly unable to consider the long term...*  
E.F. Shumacher

## **Forging Stronger and Less Vulnerable Local Economies in Florida: The Economic Resilience Project**

Victoria Lerma, Howard Frank, Ned Murray

### **Overview**

Economic growth has long been synonymous with strength, preparedness, and recovery. However, recent economic shocks call into question the sufficiency of economic indicators such as GDP, profit, and low unemployment that serve as traditional markers of economic growth and stability. The economic shocks caused by the Great Recession and COVID pandemic created consternation that traditional economic growth indicators may not be adequate measures of both economic growth and resilience.

The Great Recession and COVID pandemic gave evidence to the vulnerability of most local economies in Florida. In March-April 2020, the job loss numbers were both stunning and unprecedented. South Florida lost over 677,000 jobs in the first months of the pandemic as the region's major industries – leisure and hospitality, transportation, and retail were immediately impacted. It has taken a full three years for most Florida counties and municipalities to recover their job losses from the economic shock of the pandemic.

The question the Jorge M. Pérez Metropolitan Center at Florida International University (JPMC) hears often from local leaders is how can they make their local economies less vulnerable and more resilient to severe economic downturns? There is a growing recognition among local leaders that simply restoring and tweaking the pre-COVID economy is not the answer. The capacity of local economies to absorb and recover from economic shocks is part of the solution. However, local leaders must also seize the opportunity to correct longstanding inequities and commit to building more inclusive and resilient local economies.

As noted in the 2020 JPMC Policy Brief, *When Work Disappears: Planning the Post-COVID Economy*, the economic recovery following the Great Recession of the last decade masked disturbing trends in both the United States and South Florida economies. Despite healthy job numbers, the pre-COVID economic recovery was marked by wage stagnation, an increasing number of working poor and growing levels of housing distress. With the rapid growth of unstable, low-paying jobs and the failure of even full-time work to pay family-supporting wages, the pre-COVID economy was already at a tipping point.

Given the severity of the Great Recession and COVID-19 pandemic economic fallouts, the challenge going forward is to establish a fresh outlook with new determinants of economic growth and opportunity in a post-COVID environment where supply and demand factors and conditions have been significantly altered. Going forward, better performance indicators that measure and inform policymaking for long term economic resilience are needed. The pillars of economic resilience policy must include economic stability, diversification, and prosperity.

### **The Pillars of Economic Resilience**

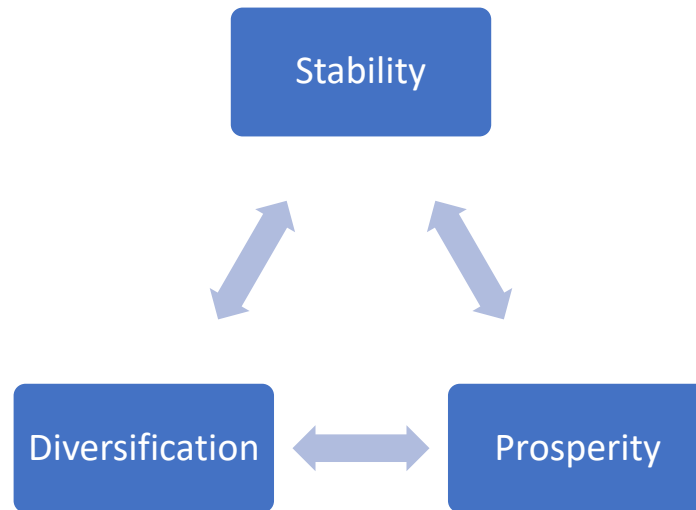
The concept of “resilience” has become a buzzword used mostly in environmental terms but also economically in the aftermath of the Great Recession and COVID-19 pandemic. The JPMC defines

economic resilience as the ability of a local economy to absorb and recover from a shock in a way that improves its performance through change.

The economic shocks caused by the Great Recession and the COVID-19 pandemic have demonstrated the economic vulnerability of most communities. While national and global economic conditions largely influence such events, the level of economic vulnerability in local communities and regions is determined by the presence and strength of resilience factors that stimulate local economies in normal times and help to shield communities during sudden and serious economic declines. Economic resilience at the local and regional level is not achieved through traditional economic activities that focus primarily on total employment and business growth. Rather, economic resilience is determined by the presence of factors that continually stimulate local economies and provide an environment where entrepreneurialism, innovation, and prosperity are intertwined. The determinants of economic resilience serve as pillars, which together provide the necessary support and dynamism required for communities to grow and prosper even during economic downturns brought on by national and global events.

The three pillars of economic resilience form an interdependent, mutually reinforcing system that functions in a dynamic local environment in which continual economic enhancement is established that sustains economic resilience. The three pillars are economic stability, economic diversification, and prosperity. The first pillar, “economic stability,” is foundational to resilience as it creates an economic environment in which vitality, affordability, and innovation continually stimulate employment, business, and population growth, thereby making local economies less susceptible to economic shocks. The second pillar, “prosperity,” is composed of critical resilience factors, including economic opportunity, mobility, and equity. Economic opportunity is defined by the variety of jobs and occupations paying competitive wages and incomes that increase rapidly with improved skills and experience. Mobility is established when, regardless of where one starts on the economic ladder, individuals and families can improve their economic conditions and build wealth. Economic equity is established when the benefits of economic opportunity and well-being are shared by residents across the income spectrum regardless of race, ethnicity, and gender. The third pillar, “economic diversification,” is established through industrial diversification in terms of the variety of high growth/wage sectors and diversification in job skills and the educational attainment of workers, which is an integral element of prosperity.

## The Three Pillars of Economic Resilience



### The JPMC Economic Resilience Dashboard

The JPMC’s “Economic Resilience Dashboard” is designed to aid policymakers, businesses, and community leaders to better understand and shape the economic futures of their communities. The dashboard tracks the progress of the seven most populous Florida counties and the State of Florida to allow for comparisons by geography and through time. The complete Economic Resilience Dashboard methodology is provided on the JPMC’s website.

#### Most Populous Counties in Florida, 2021

County	2021 Population
Miami-Dade County	2,673,837
Broward County	1,947,026
Palm Beach County	1,518,477
Hillsborough County	1,513,301
Orange County	1,452,726
Duval County	1,016,536
Pinellas County	961,739

Source: U.S Census, American Community Survey, 2022 1-Year Estimates

The metrics include generally accepted government sources, including the U.S. Bureau of Labor Statistics, U.S. Census Bureau, Florida Department of Commerce, and Florida Division of Corporations as well as proprietary data with an eye to transparency and comprehensiveness. The baseline for the dashboard’s quarterly analysis is the fourth quarter of 2019, the quarter prior to the COVID-19 pandemic lockdowns and economic fallout.

### JPMC Economic Resilience Dashboard Pillars and Metrics

Pillar	Metric	Definition/Notes
Economic Stability	Definition	"An economic environment in which vitality, affordability, and innovation continually stimulate employment, business, and population growth. "
	Housing Affordability	Median home sales price for single-family homes (\$)
		Median rent (\$)
		Foreclosures (LIS and REO rates per 10,000 housing units): Lis pendens: formal notice that begins the foreclosure process; Real estate owned (REO): when the lender (a bank) becomes the owner of the home or property after a foreclosure is completed.
	Job Market	Percent Change in Size of Labor Force and Employed Population: To account for the seasonality of hiring, we are comparing the percent change from one quarter to the same quarter in the previous year. This relies on the same source for unemployment rates Florida DEO's Local Area Unemployment Statistics. Labor force data reflects the population 16 and over who is either employed or unemployed/seeking employment.
Unemployed refers to jobless individuals who were available for work and tried to find a job in the past four weeks. This is not seasonally adjusted and is for the civilian non-institutional population ages 16 and over. Rates are calculated for the quarter based on the rates in the last month of each quarter.		
Cost of Living	Consumer Price Index (CPI): This CPI measure is not seasonally adjusted with 1982-1984 as the base period (100) for the index except Hillsborough/Pinellas which uses 1987 as the base period. This is the CPI for all urban consumers (CPI-U) that gauges the average change over time in terms of the prices of a market basket of consumer goods and services paid by urban consumers, which represents 93 percent of the U.S. population. This uses classifications by MSA where available and the South CPI for the State of Florida. All counties within the same MSA have the same CPI values. CPI value used in the calculations reflects latest available by month in each quarter.	
Prosperity	Definition	"A composition of critical factors, including economic opportunity, mobility, and equity. "
	Average monthly earnings	By sex, race and ethnicity. This includes gross wages and salaries, bonuses, stock options, tips, and other gratuities, and the value of meals, etc. This is before taxes.
	Average Weekly Wages	Overall and for top industries by number of employees. This excludes insurance contributions, workers' compensation, and welfare funds, etc. However, employee contributions and money



Pillar	Metric	Definition/Notes
		withheld for taxes and union dues, even if they are deducted from gross pay are included.
	Percent Change in Business Formations	First-time corporate filings for for-profit companies including partnerships, corporations, etc. with the Florida Division of Corporations for companies with a primary address in Florida excluding commercial offices of companies from outside of the state. We are analyzing the percent change from one quarter to the next. This excludes companies without filing dates or an address.
	Percentage of County Workforce in Small Businesses with less than 20 employees	Businesses with 19 or less employees
Economic Diversification	Definition	"Industrial diversification in terms of the variety of high growth/wage sectors and diversification in job skills and the educational attainment of workers."
	Job Churn Rate	Movement of workers from one job to another. We calculate churn by combining job separations and hires over total employment at the beginning of the quarter.
	Educational Attainment	Overall and by sex, race, and ethnicity. This is annual data and reflects the highest level of educational attainment for the population ages 25 and over for the overall data. The U.S. Census calculates percentages by race and sex.
	Top Industries by Employees	This relies on the same data source for average weekly wages and reflects employment figures in the top 5 industries by number of employees.
	Percent Change in Job Postings	To account for the seasonality of hiring, we are comparing the percent change from one quarter to the same quarter in the previous year. These are unique job postings.
	Occupations by the Number of Projected Employees	The top five occupations in terms of number of projected employees with wages and automation index data. This is annual data and is analyzed by three-digit SOC codes. This is sorted by the greatest number of projected jobs. The automation index analyzes the risk of occupations being replaced by automation based on 100 points. Occupations above 100 have an above average risk of automation while those below have a below average risk. Median hourly earnings reflect the latest available data.
	Job Skills	Top job skills most listed in unique job postings. It excludes abilities like physical and inherent abilities as these are abilities and not skills. Percentages are based on the top ten skills most listed in unique job postings.

## Economic Stability: The Foundation of Economic Resilience

The first pillar, economic stability, is integral to the well-being of families and communities. The U.S. Department of Health's Office of Disease Prevention and Health Promotion views economic stability as one of the five social factors of health (U.S. Department of Health and Human Services Office of Disease Prevention and Health Promotion, n.d.). The JPMC defines economic stability as an economic environment in which vitality, affordability, and innovation continually stimulate employment, business, and population growth. Economically stable counties should be affordable in terms of housing costs and have a robust economy with high job growth and low unemployment rates.

The JPMC has studied the issue of housing affordability extensively over the last twenty years. The JPMC's research has found that the extent to which a county or municipality's housing supply provides adequate choice and affordability for its resident workers is vital to resilient economies. Affordable housing is also essential to creating and sustaining a healthy, vibrant, and competitive community. Important to all communities is the need to provide decent and affordable housing to accommodate front-line and essential workers - teachers, emergency service workers, nurses, and retail clerks - many of whom find that existing and newly constructed housing are priced well beyond their reach. This forces workers to live further away from their jobs and significantly increases their commute times and costs. When people can afford to live closer to their jobs, entire communities reap the benefits. Commute times and traffic congestion ease, neighborhoods are more diverse and provide the opportunity for families to live and grow in one place over time, while economies strengthen by helping employers attract and retain essential workers.

The JPMC's housing metrics for the dashboard include county median home sale prices for single-family homes and median rent estimates in dollar figures. The dashboard also focuses on home foreclosure activity. Foreclosures are important because they affect the property values of homes in their area and reflect the overall affordability of the local housing market. In extreme cases, they can point to underlying trends such as residents being displaced by transplants or even overseas investors. The dashboard analyzes lis pendens and real estate owned (REO) trends. Lis pendens is the formal process that begins the foreclosure process. An REO occurs when the lender becomes the owner of the property after a foreclosure is completed.

The dashboard uses the Florida Department of Commerce's unemployment rate, not seasonally adjusted, and includes unemployed actively seeking work in the past four weeks. For the job market, the dashboard captures the percent change from the same quarter of the previous year for both the size of the labor force and the size of the employed population. The dashboard then measures the cost of living using the U.S. Bureau of Labor Statistics consumer price index (CPI). This CPI measure, not seasonally adjusted, is available at the MSA level for certain areas of Florida, with 1982-1984 as the base period (100) for the index. This is the CPI for all urban consumers (CPI-U) that gauges the average change over time in terms of the prices of a market basket of consumer goods and services paid by urban consumers, which represents 93 percent of the U.S. population. This is the most used measure for inflation, according to the U.S. Bureau of Labor Statistics.

## Prosperity: Can All Households Participate in the American Dream?

The second pillar, prosperity, involves attaining desired wealth and financial security beyond survival. The JPMC defines economic prosperity as a mix of critical factors, including economic opportunity, mobility,

and equity. As noted in the JPMC's *Miami-Dade County Prosperity Initiatives Feasibility Study*, regional economies can help create these paths to economic prosperity through stable long-term growth, the dashboard captures economic prosperity with general economic with the following:

- average monthly earnings
- average weekly wages for the top industries by number of employees
- the percent change from the previous quarter in the number of business formations
- and the percentage of employment in small businesses of less than twenty employees

For industry classifications, the dashboard uses the most current NAICS codes. Established in 1997, the North American Industry Codes are the standards used by the federal government to classify businesses by industry. Codes are reported in a hierarchy from highest to lowest as follows: in two (industry), four (industry group), and six (national industry). Whenever possible, the dashboard uses four-digit codes to provide a more complete distinction between industries. For occupation classifications, the dashboard uses three-digit SOC codes (U.S. Bureau of Labor Statistics, "Standard Occupational"). Wage information is used to understand the labor market in each geography.

Business formations speak to entrepreneurship and include data on first-time corporate filings for for-profit companies, including partnerships, corporations, etc., with the Florida Department of Revenue's Division of Corporations. This is only for companies with a primary address in Florida and excludes commercial offices of companies from outside of the state. It also excludes businesses that did not provide address information or their incorporation date. Business formations point to economic activity and growth in an area; however, increases in entrepreneurial activity do not necessarily reflect significant increases in employment. This is due to the large percentage of businesses in Florida being small businesses with 19 or fewer employees. Furthermore, many businesses in the U.S. (81 percent in 2021) are non-employer firms meaning they do not hire employees (U.S. Small Business Administration, 2021). Finally, around half of all small businesses fail within the first five years, with 50.7 percent of small businesses opened in March 2016 surviving until March 2021, with 20.4 percent failing in their first year. Thus, the increased rate of entrepreneurship does not necessarily equate with the long-term growth of businesses and employment (U.S. Bureau of Labor Statistics).

Equity is a critical component of economic prosperity as "high levels of income inequality and economic disparity have the effect of 'short-changing' the economy in many respects" (Morgan, 2016). Closing the wealth gap by race and gender can result in higher earnings in all communities, higher long-term GDP, a more productive workforce, and lower public assistance outlays (Turner, 2016). Many of the JPMC's metrics are assessed by race, ethnicity, and gender.

## Economic Diversification: The Source of Vitality and Opportunity

The third pillar, economic diversification, analyzes the extent to which counties are expanding their industry sector footprint of advanced industry sectors as opposed to a dominance or a high concentration of specific sectors that are more vulnerable during an economic shock. A local economy with a high concentration of economic activity in one or very few industries is subject to greater risk in the aftermath of local or national shocks (Brown & Greenbaum, 2016). A diversified economy allows for flexibility and greater innovation, with more industries allowing for product generation and collaboration (Hales, 2016). The World Bank views the industrial diversification of nations as measured by export diversification, so countries with more significant numbers of distinct exports are more diversified and less prone to economic swings (Fruman, 2017).



The JPMC defines economic diversification in terms of the presence and growth of high wage sectors, high level occupational opportunities, and the presence and expansion of workforce development and educational attainment opportunities especially those focused on workforce development and educational attainment by gender, race, and Hispanic origin.

Other metrics include top industries by the number of employees, percent change from the same quarter in the previous year for the overall job postings by county, the top skill clusters in job postings, occupations projected to have the most employees with wage and automation index, and the percent change from the same quarter in the previous year for job churn. Job churn is the movement of workers from one job to another, with a high rate of churn pointing to a strong labor market as suggesting “workers are more easily able to find jobs that match their skill sets” (EMSI, 2023). However, this could point to a high cost of living and workers switching jobs to keep up with the cost of living. The dashboard calculates churn by combining job separations and hires over total employment at the beginning of the quarter.

## Conclusion: Resilience and Economic Well-being Post-COVID

In the post-COVID new normal, Floridians and their policymakers must understand the changing dynamics of local economies to anticipate community needs and to comprehend how resilient we are to the next pandemic or natural disaster. The dashboard transcends traditional metrics of economic development by focusing on three pillars of economic resilience that in combination can make local economies more competitive and less vulnerable to economic shocks while creating the foundation for building more inclusive and prosperous communities. The JPMC’s Economic Resilience Dashboard seeks to answer and generate discussion on the following questions:

What are the essentials of an economically resilient county?

How resilient is my county? How equipped is my county to handle the next economic shock, major hurricane, or pandemic?

How can county economic development policies help ensure wealth extends to communities of color and women?

Do my county’s top industries offer higher wages, or do most employees work in lower-wage sectors?

Is my county economically diversified and expanding its industry footprint beyond lower-wage employment?

Can families afford to live in my county, and are housing costs pushing out resident workers to other areas?

How educated and trained is my workforce, and what are the top skills listed in job postings? Are these the skills needed for higher-wage jobs?

Which counties in Florida are generating the most entrepreneurial activity?

Which counties in Florida have the highest job growth rates, and are they keeping up with population growth? How has the Great Resignation affected my job market?

## References

- Brown, L., & Greenbaum, R. T. (2017). The Role of Industrial Diversity in Economic Resilience: An Empirical Examination across 35 Years. *Urban Studies*, 54(6), 1347-1366.  
<https://shibbolethsp.jstor.org/start?entityID=https%3A%2F%2Fidp.fiu.edu%2Fopenathens&dest=https://www.jstor.org/stable/26151419&site=jstor>
- EMSI (n.d.). *The Pulse of U.S. Hiring Activity: Labor Market Churn by Occupation & Metro*. Economic Modeling. [https://economicmodeling.com/wp-content/uploads/2014/12/Emsi\\_CB\\_Churn\\_Report\\_2014.pdf](https://economicmodeling.com/wp-content/uploads/2014/12/Emsi_CB_Churn_Report_2014.pdf)
- Florida Department of Economic Opportunity (n.d.). *Local Area Unemployment Statistics FAQ*. Local Area Unemployment Statistics. <https://floridajobs.org/frequently-asked-questions-directory/local-area-unemployment-statistics-faq>
- Florida Division of Corporations (n.d.). *Corporate Data File*. Sunbiz.org.  
<https://dos.myflorida.com/sunbiz/other-services/data-downloads/corporate-data-file/>
- Florida International University Jorge M. Perez Metropolitan Center (2016). *Miami-Dade County Prosperity Initiatives Feasibility Study*. [https://metropolitan.fiu.edu/research/services/economic-and-housing-market-analysis/prosperity-initiative-research-study\\_final.pdf](https://metropolitan.fiu.edu/research/services/economic-and-housing-market-analysis/prosperity-initiative-research-study_final.pdf)
- Florida International University Jorge M. Perez Metropolitan Center (2020). Policy Brief, *When Work Disappears: Planning the Post-COVID Economy*. [https://metropolitan.fiu.edu/research/periodic-publications/policy-briefings/policybrief\\_whenworkdisappears\\_10520.pdf](https://metropolitan.fiu.edu/research/periodic-publications/policy-briefings/policybrief_whenworkdisappears_10520.pdf)
- Fruman, C. (2017, March 1). *Economic Diversification: A Priority for Action, Now More than Ever*. World Bank Blogs. <https://blogs.worldbank.org/psd/economic-diversification-priority-action-now-more-ever>
- Hales, R. (2016, May 12). *The Importance of A Diversified Economy*. <https://www.amarilloedc.com/blog/the-importance-of-a-diversified-economy>
- Morgan, J. (2016, September 9). *Equity and Economic Development: What's the Connection?* Community and Economic Development in North Carolina and Beyond.  
<https://ced.sog.unc.edu/2016/09/equity-and-economic-development-whats-the-connection/>
- Turner, A. (2016). The Business Case for Racial Equity. *National Civic Review*, 105(1), 21-29.  
<https://doi.org/10.1002/ncr.21263>
- U.S. Bureau of Labor Statistics (2023). *Consumer Price Indexes Overview*. Bureau of Labor Statistics.  
<https://www.bls.gov/cpi/overview.htmB>
- U.S. Bureau of Labor Statistics (2023, July 25). *North American Industry Classification System (NAICS) at BLS*. Bureau of Labor Statistics. <https://www.bls.gov/bls/naics.htm>
- U.S. Bureau of Labor Statistics (n.d.). *Standard Occupational Classification*. Bureau of Labor Statistics.  
<https://www.bls.gov/soc/>
- U.S. Bureau of Labor Statistics (n.d.). *Survival of Private Sector Establishments by Opening Year*. Bureau of Labor Statistics. [https://www.bls.gov/bdm/us\\_age\\_naics\\_00\\_table7.txt](https://www.bls.gov/bdm/us_age_naics_00_table7.txt)

U.S. Census Bureau (n.d.). *American Community Survey 1 Year Estimates, 2022*. Data.Census.gov.  
[https://data.census.gov/table?q=age+and+sex&g=040XX00US12\\$0500000&tid=ACSST5Y2021.S0101](https://data.census.gov/table?q=age+and+sex&g=040XX00US12$0500000&tid=ACSST5Y2021.S0101)

U.S. Department of Health and Human Services Office of Disease Prevention and Health Promotion.  
*Economic Stability-Health People 2030*. U.S. Department of Health and Human Services Office of Disease Prevention and Health Promotion. <https://health.gov/healthypeople/objectives-and-data/browse-objectives/economic-stability#:~:text=Healthy%20People%202030%20focuses%20on%20helping%20more%20people,be%20especially%20limited%20in%20their%20ability%20to%20work>.

U.S. Small Business Administration Office of Advocacy (n.d.). *Frequently Asked Questions*.  
<https://advocacy.sba.gov/wp-content/uploads/2021/12/Small-Business-FAQ-Revised-December-2021.pdf>