

Data Flash

Addressing the informational needs of the Miami-Dade Community

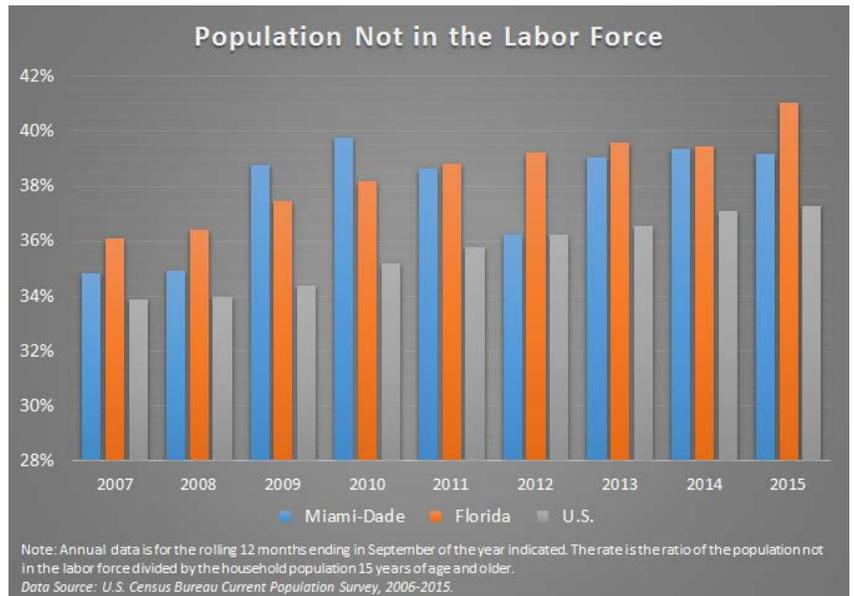


Issue # 26 • 2015

Miami-Dade County Labor Force

Much has been written recently on the national economy and the decline in the labor force participation rate, that is, the share of the population 15 years-of-age and older that participates in the labor force. The implication is often that this is a sign of weakness in the current economic recovery. This data flash is an attempt to look at labor force data from the Current Population Survey for Miami-Dade in comparison to the State and Nation, and analyze this phenomena.

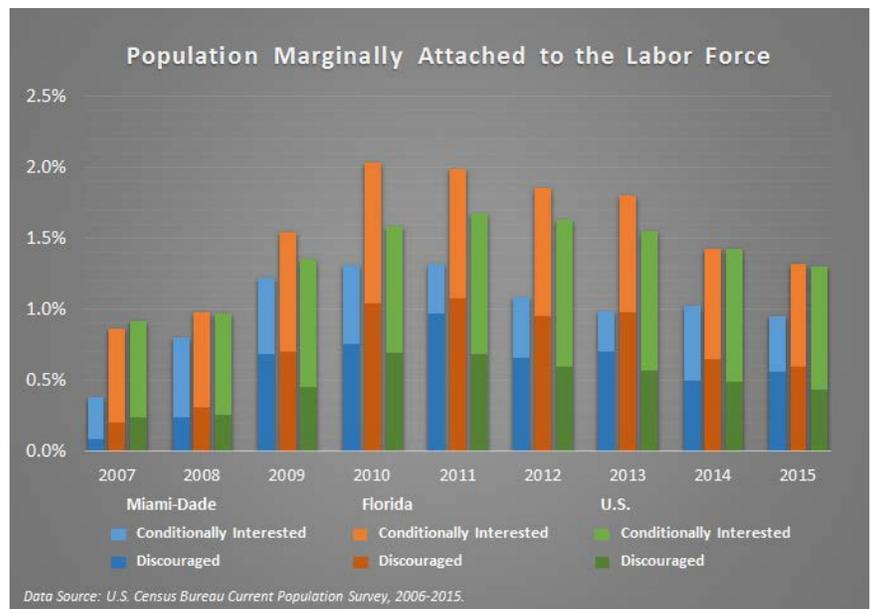
First, the observation that the share of the working-age population participating in the labor force is declining holds true at the County level. Since 2007, prior to the last recession, the share of the Miami-Dade working-age population not in the labor force



Since 2007, the share of the Miami-Dade working-age population not in the labor force (NILF) increased from 34.8% to 39.2%.

(NILF) increased from 34.8% to 39.2%. This is an increase of 230,000 working age residents not participating in the labor force since 2007. Over the same time period the working age population in Miami-Dade increased by 382,000 residents. State-wide, the share not participating also increased, from 36.1% to 41.1%, while nationally the increase was a bit smaller, from 33.9% to 37.3%.

The question is, why is this increase occurring? If the Miami-Dade economy is failing to produce enough jobs, or, alternately, the right kind of jobs to match the workforce, then the data would show an increase in the number of potential workers who are dropping out as they get discouraged and give up looking for a job. In fact, from 2007 to 2010 the data does show a very rapid increase in the number of workers marginally attached to the labor force when the rate went from 0.4% to 1.3%. These include workers who are either, discouraged and no longer looking for work, or those who are not looking and only conditionally interested in a job if just the right one comes along. Since 2010, however, the rate decreased to 1%. Over the entire time frame the number of potential Miami-Dade workers marginally attached to the labor force increased by 8,400 people, just 3.6% of the increase in the number of NILF population. The data shows the same trend state-wide and nationally. The Florida share of the population marginally attached to the labor force doubled from 1% in 2007 to 2% in

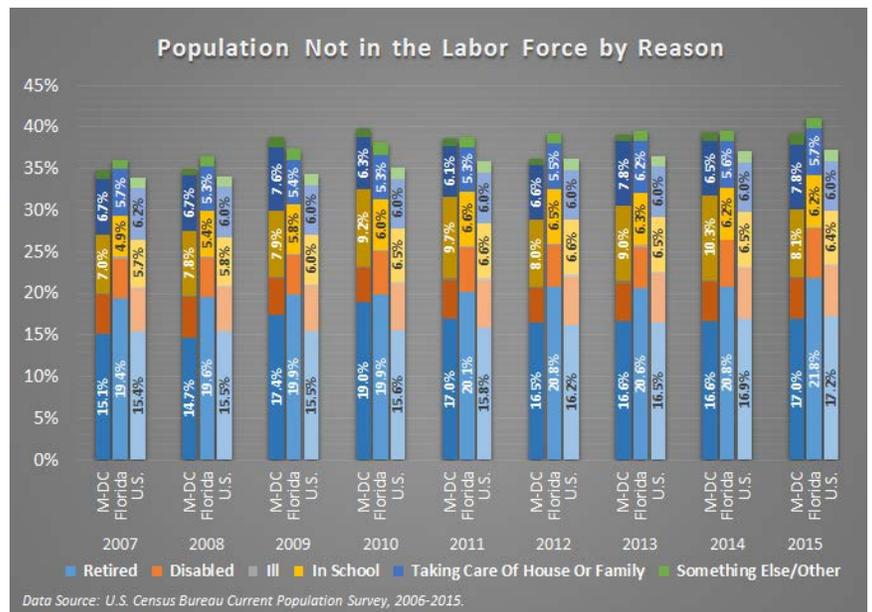


The number of potential Miami-Dade workers marginally attached to the labor force increased by 8,400 people, just 3.6% of the increase in the number of NILF population.

2010 before dropping back to 1.3% in 2015. Nationwide the 2007 rate of 1% increased to 1.7% in 2011 and then dropped back to 1.3% by 2015. The increase in the number of those marginally attached to the labor force represented 3.2% of the NILF increase statewide, and 4.3% of the increase nationally. Therefore it appears not to be the case that the NILF increase is coming significantly from a weakness in the recovery that is driving potential workers out of the labor force.

There are six categories reported in addition to discouragement for the working age population to be leaving the labor force. These are: retired, disabled, ill, in school, taking care of the house or family, and something else/other. The largest group in Miami-Dade, not surprisingly, accounting for 43% of the NILF population in 2015 was retirees at 378,300 people. Retirees also account for 43% of the increase of the NILF population, up 99,500 between 2007 and 2015. The next largest group, as a share of the total NILF population, was those in school with a 2015 population of 179,500 residents. They accounted for 21.5% of the total increase, gaining 49,500 from 2007 to 2015. Right behind the student population were those not in the labor force to take care of the house or family. This group totaled 174,000 residents in 2015 and between 2007 and 2015 increased by 51,000, 22.2% of the total increase. These three groups, retirees, students and stay-at-home caretakers accounted for 87% of the increase in the NILF population in Miami-Dade County.

The data says nothing about motivation. Indirectly, economic conditions could have led to workers making a decision to leave the labor force and retire or return to school, such as, for example, a restructuring in the economy that eliminates jobs and requires the displaced workers to develop new skills. Alternately, the availability of health insurance through the ACA exchanges may make it possible for people to retire, return to school or stay-at-home now more than previously. The questions posed here, however, is whether weak economic growth is leading to a significant increase on the number of discouraged workers leaving the labor force. It bears pointing out that none of the survey respondents reporting any of these other six reasons for leaving the labor force indicated discouragement as the motivation for leaving the labor force.



Three groups, retirees, students and stay-at-home caretakers accounted for 87% of the increase in the NILF population in Miami-Dade.

The numbers for Florida and the U.S. are somewhat different than in Miami-Dade. In both cases, as in Miami-Dade, retirees accounted for the largest share of the increase in the NILF population, 51% and 49% of the increase respectively. Also important in both cases was the share of the increase in the student population, 21% and 19% respectively. However, in neither case was the stay-at-home caretaker component as important as it was in Miami-Dade, contributing 7.5% and 5% respectively to the NILF increase. The major difference in the Florida and U.S. NILF population increases was from the disabled group, accounting for 19% and 23% of the total NILF increase respectively. In Miami-Dade County the disabled group contributed just 9% to the NILF increase.

In conclusion, the data indicates that the observed increase in the share of the working age population not in the labor force is not substantially the result of a weakness in the economic recovery. Rather, in as much as the primary contributors to the trend are retirees, the increase in Miami-Dade County indicates a long-term demographic shift as “boomers” commence retirement.