

21ST CENTURY WORKFORCE: Suncoast Florida

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Executive Summary

**of a study undertaken for the
Suncoast Workforce Board**

July 31st, 2003

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Executive Summary

This is a short summary of *21st Century Workforce, Suncoast Florida*, which is a report of research that examines the past, present, and—particularly—the future of economic and workforce development in the Manatee and Suncoast counties of Florida.

Taking stock. The past quarter-century has generally been a good-news story for the Suncoast’s regional economy. Gross regional product has grown faster than in either the state or nation. Population has mushroomed. Per capita personal income is high and rising faster than the nation, the state, and most other metro areas in Florida. All these indicators tell a story of great success.

The truth is that one has to look hard to find warts on the face of the Suncoast’s economic development over the past three decades. Personal income in the Suncoast is high and its growth has surpassed the nation, the state, and other Florida MSAs. Income distribution in the Suncoast is marginally more equitable than in the nation or state. Poverty is less prevalent among Suncoast households than elsewhere. Employment growth has outstripped the state and nation. Unemployment rates in the Suncoast are nearly the lowest among Florida metro areas and lower than eight other “competitor” metro areas in the nation.

The search for warts turned up only one: Average annual wage levels in the Suncoast tend to be lower than the “competitor” metros around the nation and also lower than most of Florida’s 19 other metro areas. The question is: Why have things gone so well in the Suncoast and what must be done to make them go better in the future? For the answer to that question, keep on reading.

The original report summarized here is 218 pages in length. It contains 79 charts and 21 tables together with explanatory text. Therefore, this summary can cover only the study’s highlights: It focuses on the main findings of the research and the principal economic and workforce development opportunities and challenges that the Suncoast area will face in the early 21st century.

TEN KEY FINDINGS AND ISSUES:

This study has made certain key findings and identified certain key issues for the Suncoast. The ten most important of these are as follows:

- 1. The Suncoast economy is a services-producing economy *par excellence*.** The Suncoast has long been a “service economy” but the last three decades of the 20th century saw an accelerating shift from goods-producing to services-producing industries in the area. Much of the growth of the service economy in the Suncoast has been driven by the continuing popularity of the area as a place of retirement and as a tourist destination. There is nothing on the horizon that would lead one to expect that those two trends will be reversed anytime in the foreseeable future. More and more Americans prefer to spend their vacations and retirement years in warm southern climes. Greater affluence brings second and retirement homes within their means. Most importantly, longer lifetimes and the aging of the Baby Boomer generation virtually guarantee that a rising tide of retirees will wash across the Suncoast for many years to come.
- 2. Exports and the need to develop new export clusters grow in importance.** By “exports,” we mean the sale of goods and services created in the Suncoast to buyers

who are located outside the area or whose buying power emanates directly from outside the area. In a modern economy, no region can be both prosperous and self sufficient. Every region, including the Suncoast, must export goods and services that the rest of the nation and world wants, in order to import what it needs and cannot economically produce for itself.

What are the Suncoast's export industries? At the beginning of the 21st century, the Suncoast's huge services-producing, real estate, and construction clusters feed on the demand generated by tourists and retirees. In a very real sense, the delivery of goods and services to visitors and newcomers *is the economic equivalent* of exporting products and services to markets beyond the Suncoast. For that reason, we argue that the cluster of industries that cater to visitors and retirees deserves to be recognized for what it is, an "export" cluster.

Within that cluster are two industries that deserve special notice: Health Care Services and the Creative and Performing Arts. Both of these industries leverage strengths already firmly established in the Suncoast and they share bright prospects for future growth. Because they both greatly enhance the Suncoast quality of life, they help attract more than visitors and retirees with their purchasing power. They are talent magnets. They attract pre-retirement Boomers seeking second careers, entrepreneurs and successful executives too young to quit but too old and affluent to want to live in the cold. They also attract working families of all ages seeking quality of life amenities. All of these bring valuable human capital and experience to augment and enrich the Suncoast workforce.

Beyond the health care and creative industries, there is a need to further diversify the export base of the Suncoast economy. The most important step to spur diversified economic development in the Suncoast is to create the conditions that will support and encourage existing businesses to grow and prosper as well as stimulate new entrepreneurial businesses to start and thrive. Briefly summarized, here are ten vital conditions:

- i.** Excellent schools and a community culture of learning.
- ii.** Physical infrastructure, which includes a good highway system, a first-class airport, plenty of affordable high speed telecommunications capabilities, even more attractive downtown areas, and other visible signs of great community pride.
- iii.** A taxation system that is fair and favorable to business.
- iv.** Access to capital.
- v.** Access to university research, graduates, and brainpower.
- vi.** Institutional and governmental coherence. Startups and other businesses need streamlined processes to obtain necessary public approval and services.
- vii.** Regional cooperation among governmental units. Parochially minded decision makers and opinion leaders who see economic development as a zero-sum game are obstacles to regional progress.

- viii. First class public services, from public transportation to crime prevention to esthetic multi-use cityscapes and beyond.
- ix. A workforce that is adequate in quantity and high in quality.
- x. A workforce development system that moves aggressively to learn and then to meet the workforce needs of employers. Workforce development is, of course, the central focus of the present study.

We believe that the Suncoast economic environment meets many of these conditions today. We believe that none of these conditions will be beyond the Suncoast's reach tomorrow.

3. Powerful forces are creating a new "knowledge-based" economy in America. These forces include rapid technological change, globalization, a changing industrial and occupational structure, and profound demographic change. As a result, America's economy is fast becoming a "knowledge-based" economy. Competitive success for regions, firms and individuals depends increasingly on the ability to produce new ideas, transform old ones, combine and codify that information into intellectual property, and incorporate it into new products and processes. In short, success will depend increasingly on individual and collective abilities to produce and use knowledge.

The Suncoast must become part of the new "knowledge-based" economy. It needs the jobs that will attract and retain top talent. And it needs a workforce proper in quantity and quality to attract, develop and retain high value-adding businesses. This may seem like a "chicken and egg" problem. That's because it is. And it's why economic development and workforce development are inextricably linked.

4. Suncoast strategies for economic development pose challenges for workforce development. Both Manatee and Sarasota counties have coherent strategies for economic and community development or are in the process of developing them. These strategies aim to help the Suncoast foster and support diversified clusters of high value-adding business. Many of the economic clusters targeted for special encouragement would enhance the area's export prowess as well.

The 21st century workforce development challenge goes well beyond familiar programs designed to assist the marginal workforce to find jobs and keep them. It goes to a much broader role, envisioned by the State of Florida as well as the Workforce Investment Act of 1998 and its revisions. That broader role is to improve the knowledge and skills of the incumbent workforce and those entering it. Meeting the 21st century workforce development challenge means meeting the Suncoast's needs for a workforce whose size and quality will sustain the area's plans and aspirations for development of a 21st century knowledge-based economy.

5. The Suncoast's population and workforce will continue to grow. The Suncoast's population will continue to grow during the balance of this decade and beyond. Much of this growth will derive from domestic in-migration. In turn, much of that will consist of retiring and pre-retiring white non-Hispanics flowing southward from the eastern and mid-western sections of the country. The Suncoast's *population* growth in the remainder of this decade will differ from that of the state in several respects:

- ✓ The net influx of population to the Suncoast is likely to be older and more Caucasian than for the state as a whole.

- ✓ In the Suncoast, deaths will outnumber births by a considerable margin.
- ✓ Domestic in-migration will be, by far, the most important source of population and workforce growth in the Suncoast.

Reflecting the distinctive pattern of its population growth, *workforce* growth in the Suncoast will also differ substantially from that of the state or nation.

- ✓ The Suncoast workforce will grow *faster* than the state or nation.
- ✓ It will be the older age groups within the Suncoast workforce that will grow most rapidly.
- ✓ Non-whites and Hispanics will be less heavily represented in the Suncoast's future workforce than in the state's or nation's.

6. Worker dearth: The *quantitative* workforce challenge. Will the Suncoast have *enough* of the right kinds of workers to maintain its present or desired pace of economic development? The area's workforce growth has outrun the growth of its working-age population in recent years. Projections of the Suncoast's prime working age population to 2010 significantly lag official projections of the area's job growth. Setting these two sets of projections beside one another produces a projected worker shortfall of nearly 15,000 in the Suncoast by 2010.

To produce and attract the skilled talent needed to realize ambitious targets of economic development, this region will need a combination of the following:

- ✓ Faster growth of the working age population; and/or
- ✓ Higher workforce participation rates among all groups of the population including minorities, women, older residents, and persons with disabilities.
- ✓ A redeployment of workers from low skill and low value-added jobs to high skill and high value-added jobs.

7. Workforce quality in the Suncoast: A mixed picture. The quality of the Suncoast workforce is more problematic than its quantity. Despite the absence of truly satisfactory measures of workforce quality, the following points emerge.

- ✓ Overall, the educational level of Suncoast adults is slightly better than the Florida average. Manatee County is the more challenged in this regard. In general there is great unevenness within the two-county area; some areas score very highly in terms of adult education while others are severely challenged. Poverty within specific Suncoast sub-areas closely mirrors educational deficiency in the same places.
- ✓ Florida ranks unimpressively alongside her sister states in many measures of workforce and occupational quality. The share of the state's workforce employed in elite, knowledge-intensive occupations is comparatively low.
- ✓ Comparisons of occupational deployment in knowledge-intensive occupations, those that are most closely aligned with the 21st century knowledge economy, are not flattering to the Suncoast. This two-county area does not rank highly when compared with Florida's other metro areas.

- ✓ Both Suncoast counties will be challenged in the years ahead to improve workforce quality in order to compete successfully in the 21st century knowledge-based economy. It is difficult to see how the Suncoast's economic development aspirations can be fulfilled without significant progress on this front.

8. Higher skills and learning ability required: The *qualitative* workforce challenge. The way to maintain buoyant economic growth in the Suncoast is to increase worker *productivity*. One of the best ways of achieving this is by constantly improving workforce quality.

In a dynamic and ever-changing economic environment, a successful person and a valuable worker will need great powers of flexibility, creativity, and the capability to quickly acquire new skills and knowledge. *More critical than what a worker knows now is his or her motivation and ability to quickly learn what he or she does not yet know.* For that, a sound basic education is the essential prerequisite.

In a dynamic and ever-changing knowledge-based economy, members of the Suncoast's incumbent workforce must be both motivated and provided with opportunities to retool, refresh, and augment their skills and knowledge on a continuing basis. Absent either the motivation or the opportunity, workers' skills and knowledge become obsolete and their productivity flags while their employability and earning power declines.

9. Improving the quality of K-12 education is the most important single step toward developing the workforce that the Suncoast needs. For most members of the community, their K-12 education is the most important formal workforce development that they will experience. To lack a high school education in America's 21st century workforce is to be virtually condemned to a life with few opportunities to earn a decent living and even fewer attractive life-style options.

One set of data points directly to a high loss of human talent in the Suncoast. During the 2001-02 school year, over 600 Suncoast area high school students *dropped out of school*. Some dropouts eventually return to school or earn a GED but most probably will not. *Over the course of ten years, if existing rates continue, this means that over 5,000 Suncoast young people could be condemned to adult lives of dismal jobs, meager earnings, and worse.* The Suncoast Workforce Board, the area's school districts, various community organizations are addressing this problem and those efforts deserve to be intensified. In particular, the Suncoast business community has the opportunity to become a more active partner in combating the dropout scourge.

Added to the grim fact of high dropout rates is another fact that is nearly as unpleasant: *Too many of the area's young people who do manage to graduate from high school fail to demonstrate at least the minimum levels of achievement as measured by Florida's standardized tests.* The performance of Suncoast high school students, as assessed by the FCAT and other standardized tests, varies greatly among the areas ten public high schools. Unfortunately, too many of the local schools ranked in the bottom four quintiles among 540 Florida high schools. Reading, in particular, is an area of relative weakness in most Suncoast high schools.

Most unfortunately, a large portion of dropouts and low achievers are members of ethnic minorities. SCOPE's *2003 School Dropout Study Group Report* documents the tragic personal and community costs that follow educational failure. *Neither the individuals nor the community can tolerate this waste of human potential.*

Improving K-12 education begins by doing whatever is necessary to reduce dropout rates and raise high school graduation rates. It continues by improving K-12 educational outcomes, especially in the fields of reading, communications skills, mathematics, technological savvy, reasoning and problem solving skills. Beyond these traditional academic fields are "soft" skills whose importance is magnified by the needs of the knowledge economy. They include teamwork and customer service skills. Finally, and possibly most importantly, all students must be motivated and equipped to continue their learning throughout their adult lives.

Another finding in the K-12 arena concerns guidance counseling in the schools. Too often, it appears, young people make some of the most important decisions of their lives without adequate information and advice. Guidance counselors themselves too often lack fresh and accurate information about the real world of work outside the schools. They need more and better information about emerging occupations so that they can better advise their students. Both counselors and teachers need a deeper awareness that customer service, leadership, and team building skills are increasingly important in the 21st century workplace. These, among many others, are areas in which business and schools in the Suncoast can fruitfully collaborate.

10. The Suncoast is a very coherent workshed. A "workshed" is an area in which both inbound and outbound commuting are small relative to the number of jobholders and the resident working population. The greater the size of the majority of workers that both live and work in the area, the more "coherent" that area is said to be. Some workforce investment areas in the nation are not coherent worksheds. In those places, many workers either commute out of the area to find employment or a large number commute in from outside the area to fill jobs within it.

In the Suncoast, very strong majorities of workers in both Manatee and Sarasota counties both live and work in the two-county area. The workforce "leakage" of Suncoast residents out to other counties (e.g., Hillsborough) is only 7% of the total number of workers residing in the two counties. Similarly, the number of workers commuting from outside the Suncoast to jobs in the two counties amounts to only 6% of total employment in Manatee County and 7% in the case of Sarasota County.

In short, the largest share of Suncoast inter-county commuting in 2000 consisted of Manatee residents on their way to work in Sarasota County meeting Sarasota residents traveling to jobs in Manatee County. Furthermore, the coherence of the Suncoast workshed appears not to be diminishing significantly with the passage of time.

The fact that the two-county Suncoast area is such a coherent workshed puts the Suncoast Workforce Board in an excellent position to develop and execute a workforce development strategy that is well aligned with the area's economic development planning. Efforts to build the quantity and quality of the area's workforce will redound to the benefit of Suncoast residents, workers and community economic development.

THREE SCENARIOS FOR THE FUTURE.

To help visualize the potential future economic and workforce development of Suncoast, the study sketches three different scenarios for the year 2010.

#1 Baseline scenario: Things Go On About As Expected. This scenario rests on the assumption that the trends identified in the recent past continue to operate pretty much the same way in the future. Plans and projects already underway or well advanced on the drawing board are assumed to continue unfolding.

The bottom line of Scenario #1 is that it holds no major surprises. As the years progress, the Suncoast economy becomes even more dominated by Services, Retail and Construction. Little future is seen for job growth in any of the other goods-producing industries. In short, under this scenario, the Suncoast economy in 2010 will look much as it does now...except more so.

#2 A Sunny Scenario: Suncoast Economic Development Plans Are Realized.

New engines of economic growth develop in the Suncoast. They include highly successful efforts to foster high value-adding economic clusters. These new engines power the areas' economic growth ahead at rates exceeding that of the state and virtually all other Florida metro communities.

Several factors work to make this sunny scenario possible. They include a collective decision by the entire community to energize the region's economic and social development; the vision, energy, and perseverance of community leaders; a heightened regional cooperation among governments and civic bodies in the region; and conducive external conditions such as a growing demand for health care and other life-style amenities from a gradually aging population in states to the north.

Very interesting and highly significant for the Suncoast's future is an accelerating trend of middle-aged, pre-retirement Boomers to relocate themselves, their families and their business concerns to the area. Drawn by the Suncoast's seductive array of cultural, recreational, and other life-style choices, these talented individuals charge the area with their talents, experience and entrepreneurial vigor as well as their knowledge and skills. In short, the Suncoast becomes a magnet for highly skilled, well-educated workers. Rapid growth of the area's cadre of knowledge workers creates brisk demand for upscale products and services. Service sector pay scales rise. The entire community is lifted by the rising tide of prosperity.

Under this "sunny scenario," the Suncoast's education and research institutions take great strides forward. USF broadens and deepens its teaching, research and outreach in the Suncoast area. University-based research blossoms and links with entrepreneurial business to bring the fruits of research to market. MCC intensifies its excellent linkages with the business community and takes its career preparation of both young people and adults to new levels.

With the help and support of community leaders and employers, all educational institutions craft suitable curricula and help raise the quality of education and professional training at every level, from pre-school and kindergarten to post-graduate programs. The results are impressive and gratifying. Dropout rates fall. Graduation rates rise. Students' scores on standardized tests rank among the state's and nation's best.

By 2010, under Scenario #2, the sun rises over a Suncoast whose future looks ever brighter.

#3 A Dismal Scenario: Global Economic Maelstrom. This is a scenario of economic disaster for much of the world, not least of all for the United States. Any number of negative shocks send the global, national, and Suncoast economies reeling. The odds of any given one of these shocks happening are probably low. Neither are they altogether negligible. That at least one or two of them could occur is not unthinkable. This scenario is adduced mainly for its shock value and we do not elaborate the usual workforce implications for it in this study. It is included here to remind that the course of history is not always upward and that Thinking About the Unthinkable is sometimes a useful thing to do.

It may behoove Suncoast economic developers and workforce developers to begin thinking about how they could act to ameliorate the worst effects of a global economic maelstrom in Manatee and Sarasota counties, should that dismal scenario or something like it actually play out in the future.

DEVELOPING A 21ST CENTURY WORKFORCE FOR THE SUNCOAST: EIGHT KEY CHALLENGES.

This study has explored the territory that the Suncoast must traverse in the early 21st century. It is for the people of the area to build the road to the destinations they desire to reach. What follows is a list of eight key challenges for building the Suncoast road to the 21st century and a workforce to fit it.

1. **Improve the educational performance of Suncoast K-12 students.** Put special emphasis on teamwork and customer service skills as well as basic cognitive skills.
2. **Enhance the quality of career and guidance counseling** especially within the area's high schools but also in One Stop Career Centers. Ensure that top quality career and guidance counseling is available and accessible to all students and residents of the Suncoast area.
3. **Reduce dropout rates and raise graduation rates in Suncoast high schools.** Undertake a broad and focused business and community-wide efforts to achieve these goals.
4. **Align education, training, and career preparation with Suncoast's major economic clusters.** Focus education, training, and career preparation in the Suncoast's major economic clusters in hospitality, high technology niche manufacturing, healthcare, creatives, and entrepreneurship.
5. **Increase and improve direct interaction between educators and the business community.** Foster active mentoring, internships, advisory committees, job shadowing, brain gain programs, career awareness programs, and easy access to up-to-date career resources.
6. **Promote and support Suncoast entrepreneurship.** Develop and enhance centers that provide counseling, technical assistance, and training to nurture the startups and other businesses that are already in the area.
7. **Draw pre-retirement professional Baby Boomers to the Suncoast area.** Let them employ their talents, pursue their business interests and enjoy the diverse natural and cultural amenities in both counties.
8. **Brand the Suncoast as a place where creative professionals of all ages are valued and supported.** Make the Suncoast and even more attractive place to live and work for the types of human talent needed by the area's economy and its businesses.