Economic Trends and Florida’s Competitive Position

presented by
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Florida Department of Economic Opportunity
Small Business Forum
Presentation Outline

- Current realities
- Future trends
- How do we compete?
- Where do we stand?

Source: Florida Trend.
Recession Erased Job Gains of the Past Decade

Employment, Index 2000 = 1.0

Unemployment Rate Easing Downward

Per Capita Income Falling Behind

Source: U.S. Bureau of Economic Analysis.

Per Capita Income (in Thousands of $2010)

- Florida
- United States

Source: U.S. Bureau of Economic Analysis.
Net Domestic Migration Has Resumed

Source: U.S. Census Bureau, American Community Survey (for the 2005-2010 data) and Population Estimates Program (for the 2011 data).
A New Economy
Competing as Regions… and Megaregions

Source: America 2050.
A New Economy
Global Markets

Source: Goldman Sachs, 2008.
A New Economy
Global Markets

2050

CHINA

1,415.1% CHANGE IN GDP 2010-2050

Source: Goldman Sachs, 2008.
How Do We Compete?

**Florida then...**
- Low costs
- Climate
- Land and natural resources

**Florida Now...**
- Talent
- Innovation
- Infrastructure
- Business climate
- Civic and governance systems
- Quality of life and quality places
Talent Supply and Education
Educational Attainment Key Driver of Jobs and Income

Unemployment Rate 2010 Median Earnings

6.5% Bachelor’s Degree or Higher $46,632
11.5% Associate’s Degree or Some College $30,926
14.5% High School Diploma Only $23,936
20.5% Less than High School Graduate $16,904

Source: U.S. Census Bureau, American Community Survey.
Talent Supply and Education
Can We Provide the Workforce for the Future?

10…
…students in a 9th grade class
2002

6…
…graduate from high school
2005

3…
…continue to college within two years
2007

2…
…earn college credit within two years
2009

Source: Florida Board of Education 2011.
Starter List of Strategies

1. Develop a strong talent supply chain encompassing education, training, and workforce development programs.
2. Develop innovative, next generation preK through postsecondary education systems.
3. Strengthen the role of higher education as a catalyst for talent and innovation.
4. Grow Florida’s STEM leadership and talent pool.
5. Align workforce programs with current and future employer needs.
6. Expand access to opportunities for talent in rural and urban distressed markets.
Innovation and Economic Development
Changing Industry Composition

Past
- Agriculture
- Construction
- Tourism

Future?
- Global Trade & Logistics
- Manufacturing
- Emerging Technologies
- Agriculture
- Construction
- Finance & Professional Services
- Health Care
- Tourism

FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY
Innovation and Economic Development
Can We Strengthen Our Innovation Pipeline?

- **Discoveries**: 2% of total U.S. R&D spending (2007)
- **Patents**: 3% of total U.S. patents issued (2010)
- **Licenses**: 2% of total U.S. university licensing activity (2008)
- **Start-Ups**: 1% of total U.S. venture capital deals (2010)
Innovation and Economic Development

Florida’s Innovation Hubs

Source: InfoUSA; Florida Division of Colleges and Universities; Foundation for Independent Higher Education.
Innovation and Economic Development
Can We Expand Our Global Role?

Florida Share of Total U.S. Export Value

<table>
<thead>
<tr>
<th>Year</th>
<th>Florida Origin Export Value</th>
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<tbody>
<tr>
<td>2000</td>
<td>$27 B</td>
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<tr>
<td>2001</td>
<td>$27 B</td>
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<tr>
<td>2002</td>
<td>$30 B</td>
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<td>2010</td>
<td>$54 B</td>
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<tr>
<td>2011</td>
<td>$65 B</td>
</tr>
<tr>
<td>2015</td>
<td>$94 B</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, Foreign Trade Division.
Innovation and Economic Development
Florida’s Manufacturing Centers

Legend
- Manufacturing
- Interstates
- Urbanized Area

Source: InfoUSA.
Starter List of Strategies

1. Maintain Florida’s leadership in its strong established industries and develop Florida’s leadership in expanding and emerging industries

2. Develop and maintain a vibrant entrepreneurial ecosystem to create, nurture, and grow innovation businesses

3. Increase the productivity of Florida’s existing businesses

4. Position Florida as a global hub for trade, logistics, and manufacturing

5. Compete aggressively with other states to attract and expand businesses in key industries
Business Climate and Competitiveness

Is Florida Competitive?

Fourth ranked in net new business relocations, 2010

Source: Dun & Bradstreet.
Business Climate and Competitiveness
No Longer a Low-Cost State

<table>
<thead>
<tr>
<th>Rank</th>
<th>Fact</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>11th</td>
<td>Highest cost of doing business</td>
<td><em>(CNBC, 2011)</em></td>
</tr>
<tr>
<td>97%</td>
<td>Growth in average health insurance premium per enrolled employee, 2000-2010</td>
<td><em>(Kaiser Family Foundation)</em></td>
</tr>
<tr>
<td>6.3%</td>
<td>Effective business tax rate as percent of GDP in 2010, up from 4.9% in 2007</td>
<td><em>(Council on State Taxation)</em></td>
</tr>
</tbody>
</table>
Starter List of Strategies

1. Ensure state and local agencies provide collaborative, seamless customer service to businesses
2. Reduce barriers to small business and entrepreneurial growth
3. Develop a tax structure that clearly supports economic development
4. Provide predictable, competitive business costs for Florida’s targeted industries
5. Create a more predictable state and local legal and regulatory environment
Infrastructure and Growth Leadership
Are We Globally Connected?
Infrastructure and Growth Leadership
Can We Provide for Future Demand?

Source: Florida Department of Transportation.
Infrastructure and Growth Leadership
Can We Provide for Future Demand?

Source: Florida Department of Transportation.
Starter List of Strategies

1. Develop transportation systems to support a prosperous, globally competitive economy
2. Develop and maintain a modern telecommunications infrastructure
3. Ensure the future supply and quality of water to meet Florida’s economic and quality of life goals
4. Ensure future energy supply to meet Florida’s economic and environmental goals
5. Create a business-friendly approach to making future development decisions
6. Improve coordination of economic development, land use, infrastructure, water, and natural resources decision-making
Civic and Governance Systems
Are We Able to Invest in the Future?

• Lowest per capita state and local government employment per capita (U.S. Census, 2010)

• Tax supported debt as percentage of revenues in 2009, up from 5% in 2006 (Florida Division of Bond Finance)

• Increase in number of nonprofit organizations, 2000-2010 (National Center for Charitable Statistics)
Civic and Governance Systems
Can the Public Sector Match the Scale of Business?

- 411 Municipalities
- 67 Counties
- ~112 Economic development organizations
- ~52 Convention and visitors bureaus
- 28 Fixed route transit systems
- 26 Metropolitan planning organizations
- 24 Regional workforce boards
- 11 Regional planning councils
- 8 Economic regions
- 5 Water management districts
- 781 Community development special districts
Starter List of Strategies

1. Create and support vibrant, sustainable economic regions in Florida
2. Improve collaboration and alignment among state, regional, and local entities toward the state’s economic vision
3. Improve public/private/civic collaboration and stewardship of Florida’s future
4. Provide capacity to invest in statewide and regional economic development priorities
Quality of Life and Quality Places
Is Florida a Destination?

Third ranked in net domestic migration, 2010

Source: U.S. Census Bureau, American Community Survey.
Quality of Life and Quality Places

Is Florida Attractive?

- 45% Floridians who say the State is worse off than 5 years ago (Leadership Florida, 2011)
- 38% Floridians spending more than 30% of income on home ownership costs (U.S. Census, 2011)
- 21% Percentage of residents without health insurance (U.S. Census, 2010)
Starter List of Strategies

1. Provide for future growth and development to sustain Florida’s environment and quality of life
2. Provide high quality housing options and amenities for Florida’s workforce
3. Create and sustain vibrant, healthy communities
4. Identify and promote Florida’s brand to residents, visitors, and businesses
Questions?

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