

## Brevard County, Florida

# The Space Coast Moves into a Lower Orbit

Only one place on earth can say it launched every man who walked on the moon as well as the career of the man who played the villainous J.R. Ewing: Brevard County, Florida.

Brevard is home to NASA's Kennedy Space Center (KSC), where the Apollo moon missions blasted off. The space program of the 1960s and '70s captivated the national imagination, even inspiring a hit television comedy set in the Brevard city of Cocoa Beach. "I Dream of Jeannie" starred Larry Hagman, who would later act in the iconic nighttime soap opera, "Dallas."

Offscreen, the Space Coast has had its share of economic blastoffs and splashdowns. *EconSouth* profiled the area in early 2006. At the time, Brevard was growing, real estate values were soaring, and the space shuttle had returned to flight after a two-year interruption following the 2003 Columbia tragedy. Indeed, in February 2006, a Los Angeles-based think tank, the Milken Institute, even hailed Brevard's major metropolitan area, Palm Bay-Melbourne-Titusville, as the nation's best-performing market in creating and retaining jobs.

Seven years on, the picture is fuzzier. NASA and its contractors over the past couple of years laid off thousands at Kennedy Space Center as it retired the shuttle program in 2011. That came alongside a housing market downturn and recession. Yet a larger, more diverse local economy

has absorbed the blow more easily than it did in past space program disruptions.

Brevard's eventful economic relationship with NASA includes the boom accompanying the birth of the nation's space program in the late 1950s and '60s; the Apollo missions and their 1972 end; the inception of the shuttle program in the 1980s; the temporary halt of shuttle flights following the 1986 Challenger explosion; and, most recently, the end of the shuttle program.

### More diverse economy better weathers KSC cuts

As NASA retired the shuttle program after nearly 30 years, employment at the space center plummeted from more than 15,000 in 2009 to less than 8,500 by the end of 2012, according to the Kennedy Space Center. More than 60 percent of the space center workforce is made up of nongovernment contract workers.

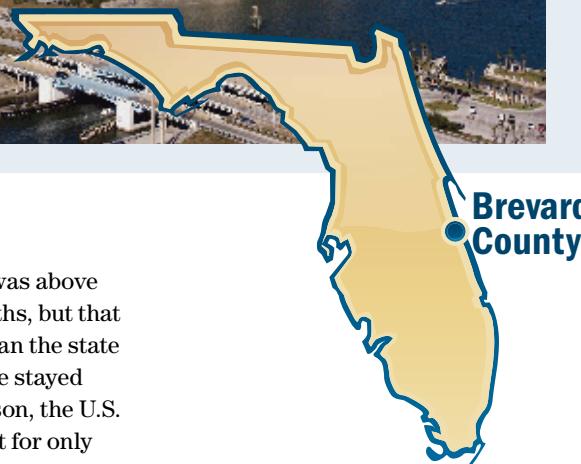
Downsizing of that magnitude, and involving highly technical jobs, stung. It didn't help that the space center's layoffs roughly coincided with the recession. Non-farm employment in Palm Bay-Melbourne-Titusville, which encompasses most of Brevard County, fell 10 percent from its 2006 peak to the end of 2012, to an average of 194,500 jobs last year, a worse fall than Florida suffered overall, according to U.S. Bureau of Labor Statistics data.

The metro area's unemployment rate peaked at 11.8 percent in January 2010.





The Space Coast's economy, which includes Port Canaveral, has diversified beyond the space program, which once dominated the area.



The metro area's jobless rate was above 10 percent for 33 straight months, but that was just two months longer than the state of Florida's unemployment rate stayed above 10 percent. By comparison, the U.S. jobless rate reached 10 percent for only one month during the recession.

Things were even worse on the Space Coast after the Apollo program ended in 1972. The following year, Brevard's unemployment rate—3 percent when Neil Armstrong walked on the moon in 1969—topped 13 percent as

Since 2006, two employment sectors have held up comparatively well. Education and health services employment has increased nearly 20 percent in Palm Bay-Melbourne, while the supply of leisure and hospitality jobs has dipped far less than other labor categories.

"The big difference now is that our industrial base is more diversified, and when the Apollo program shut down there wasn't a second act," said Lynda Weatherman, president and CEO of the Economic Development Commission of Florida's Space Coast and a member of the board of directors of the Atlanta Fed's Jacksonville Branch. Kennedy Space Center's "second act" following the space shuttle consists of a series of launches of unmanned space craft. "We knew this was coming," Weatherman said. "There was no excuse for us not to be prepared."

The influence of the space program has slowly faded over the years. Even culturally, the space business is not quite the force it once was. Virtually all the old beachside motels that sported names like the Sea Missile and Astro Craft have been replaced by chain hotels. Though the Brevard area code remains 321, as in a countdown, the giant surf shop Ron Jon "probably defines Cocoa Beach more than the space and missile industry does," said

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"Brevard County's economy fell apart," the Lakeland (Florida) *Ledger* newspaper recalled in a 1984 article.

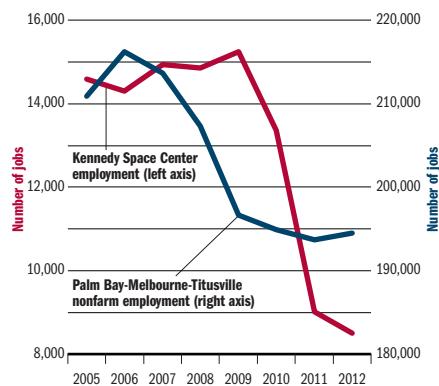
Compared to the 1970s and '80s, the Space Coast today is more resilient. Brevard is home to a larger economy that is not as reliant on its most famous industry (see the chart). Less than 5 percent of Brevard's workforce is now employed in the aerospace industry, compared to 28 percent at the time of the Challenger disaster and 56 percent during the Apollo program, according to Brevard Workforce, a workforce development agency.

### Brevard County, Fla.

Population	543,566
Total housing units	270,544
Median household income	\$46,429
Median home value	\$134,700

Source: U.S. Census Bureau, 2006–10 American Community Survey

### Kennedy Space Center, Area Employment



Source: Kennedy Space Center, U.S. Bureau of Labor Statistics

Lori Walters, a historian and director of the University of Central Florida's Florida Space Coast History Project.

### A grayer Space Coast helps

Demographics have also deflected the economic punch from space center layoffs. The shuttle workforce is on average significantly older and thus closer to retirement than the Apollo workers were, Walters said. More broadly, the Space Coast has become a major retirement destination. Twenty-one percent of the residents of Brevard County and 34 percent in Cocoa Beach are over 65. That compares to just 13 percent of the entire country, according to the U.S. Census Bureau.

By December 2012, the Space Coast's jobless rate had dropped from nearly 12 percent to 8.3 percent, despite continuing

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**Cooper:** That's where our growth is going to be, I think. If you look at the C-130 program, today we've got over 70 countries that fly some variation of that aircraft. Last year we had two new countries come on board. If you look at the P-3 Orion program, we're upgrading the wings and increasing its operational life. We've got 17 countries today that fly that aircraft. Our international business is doing pretty well.

**ES:** To what extent could exports help to offset whatever reductions might come from U.S. defense spending?

**Cooper:** I think the offset could be significant. Probably the concern that I would have is the fact that many of our international customers watch our U.S.

government customers' decision making. As they begin to see less support or less confidence here in the U.S., in some cases it slows their decision making. We have not seen that as of yet.

**ES:** *Changing gears, we hear a lot about the "skills gap," where companies have difficulty finding enough of the technically skilled workers they need. Is that something you've had to deal with?*

**Cooper:** It is absolutely an issue we've had to deal with. Our workforce is kind of two-pronged. On the one hand, I absolutely need those highly skilled engineers and scientists. On the other hand, we also need those folks who have more of a vocational background. I need electricians. I need plumbers. We hire that skill

set. But it's been harder for us to find welders, plumbers, and these folks [than engineers].

**ES:** *I understand that the supply chain in aerospace stretches all over the world. What is the supply chain like for, say, the C-130?*

**Cooper:** Our supply base is very, very extensive. For the C-130J, we have over 532 suppliers across 13 countries. That's just one example. Last year we had 352 suppliers here in this state alone. ■

*This interview was conducted by Charles Davidson, a staff writer for EconSouth.*

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smaller layoffs at the space center. That jobless rate was worse than for Florida overall and for the country. But the aftermath of the shuttle shutdown has not been as traumatic for the area economy as local leaders expected, said Weatherman and Frank DiBello, president of the economic development agency Space Florida.

"We'll never replace that watermelon-sized hit in jobs and activity with another

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watermelon-sized project," DiBello said of the shuttle shutdown. "But we can [replace it] with apples and oranges and pears."

One apple came from Brazil. The airplane maker Embraer opened an assembly plant in Melbourne in 2011, employing 200 people. The company is at work on an



engineering center that will employ 200 more. Two other companies that repair and modify aircraft have also recently opened facilities in Melbourne, employing about 700 people between them.

Some fruit is also still growing at the space center. Probably the most active private-sector space company so far, SpaceX, has 36 launches scheduled through 2015. Twenty-seven of them will be at Kennedy, according to the SpaceX website.

DiBello's agency is leading efforts to attract private-sector companies to use the KSC facilities. There is great prom-

ise, DiBello said, in pharmaceutical and agricultural research in space, as well as in launching satellites to enable robust digital communications among all manner of mobile devices. With that promise comes competition from other geographic areas that also want to lure launches and commercial space services and manufacturing.

"We've set a strategy of diversification of Florida's space industry," DiBello said. ■

*This article was written by Charles Davidson, a staff writer for EconSouth.*