

# **WORKING POVERTY: LOW WAGE WORKERS IN FLORIDA**

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# **Working Poverty: Low Wage Workers in Florida Executive Summary**

This report by the Research Institute of Social and Economic Policy at Florida International University examines the latest US Census information on the working poor in Florida. Florida is a low wage state and many in Florida are working full-time and still poor. As detailed below, a significant proportion work full-time and still cannot afford adequate housing, have no access to health care, and have no pensions. Women, minorities, and immigrants are all more likely to work and still not escape poverty.

## **Florida and Low-wage Work**

- Florida has an unusually high percentage of low-wage jobs, due to its tourist-related economy.
- Florida also has a higher poverty rate than average for the U.S.
- “Working poverty” means living in poverty despite full-time year-round work.
- While poverty and low wages are not synonymous (many in poverty do not work), there is of course a strong connection between the two.
- This report briefly looks at poverty in the state, and then examines low-wage jobs and the ability of those who hold them to be “self-sufficient,” meaning ability to support oneself or one’s family. This is the most meaningful definition of poverty.

## **Poverty**

- Women are more likely to live in poverty than are men.
- Even more children live in poverty: fully 19% of Florida children lived in officially-defined poverty in the year 2003
- Working age population adults are less likely to live in poverty than those above or below the age of normal working life.
- African Americans in Florida have a poverty rate over three times as high as do non-Hispanic whites, and Hispanics have a poverty rate over twice as high.
- Almost a quarter of working age black females live in poverty, as do almost eighteen percent of Hispanic females, compared to just over ten percent of working age non-Hispanic white females
- Almost ten percent of Florida families are in poverty, and
- Almost five percent of married couples are at or below the poverty line.

# Self-Sufficiency and Working Poverty

## Housing Affordability

- More than a quarter of all Florida households could not afford adequate housing in 2002
- Well over half of low income households could not afford adequate housing and
- Over 70% of very low income households could not afford adequate housing
- Those who rent are much more likely to not be able to afford adequate housing.
- Virtually all low wage workers, other than those who are dependents, are renters and unable to afford adequate housing.
- Between 46% and 70% of renter families (depending on family size) in Florida could not afford even the smallest appropriate size rental unit with those in the largest families being the least likely to be able to find appropriate, affordable rental housing.
- A single low-wage worker in Florida earning \$8.23 per hour or less could not even afford an efficiency apartment without a bedroom
- A couple consisting of low-wage workers with two children could not afford to rent an apartment with a bedroom for each child.

## Low-wage Workers and Healthcare

- In 2002 only 55% of private sector establishments in Florida offered health insurance to employees.
- Only 42% of Florida employers with fewer than 50 employees offered health insurance
- Almost three quarters of all low-wage workers are not provided health insurance coverage by their employer
- Low-wage workers are almost never able to afford to purchase health insurance coverage on their own

## Low-wage Workers and Pension Coverage

- For all workers, Florida has the lowest rate of employer-provided pension coverage of any state in the nation.
- Minorities, immigrants, and private sector workers are much less likely to receive a pension than are the majority, native-born, or public sector counterparts.
- Only slightly more than 16% of Florida's low-wage workers have a private pension.

## Very Low-wage Workers: Florida and the Minimum Wage

- Very low-wage workers, those earning \$7.15 an hour or less, number approximately 695,566 workers, or 9.49% of Florida's workforce.
- Very-low wage workers constitute the bottom 9.5% of the Florida wage market
- More women than men are very low-wage workers in the state of Florida

- A significantly higher percent of working minorities in Florida are making a very low wage in comparison to white non-Hispanic workers
- Immigrants are more likely to be paid very low wages than are the native-born.
- Nine out of ten very low-wage workers are employed by private sector employers
- Retail is overwhelmingly the sector with the lowest wages. Florida's retail trade sector provided 48.1% of Florida's jobs paying \$6.15 per hour or less
- Teenagers do **not** predominate among very low-wage workers. 76.6% of those earning \$6.15 per hour or less were aged 20 or over, and 81.9% of those earning between \$6.15 and \$7.15 per hour were 20 or over.

## Conclusion

- A high number of Florida's low-wage workers (meaning those earning \$8.23 per hour or less) exist in poverty, even if they work throughout the year. This situation can be labeled "working poverty." Women, minorities and immigrants are especially likely to be low-wage workers, and are the hardest hit by these dynamics. There is a serious lack of affordable housing for these workers. Three out of four receive no employer-provided health insurance of any type. Fewer than one in six receive a private pension, meaning they will be entirely dependent on social security income in their old age.
- Those working for very low wages (defined as those making \$7.15 per hour or less) will benefit from the state's new minimum wage of \$6.15 per hour (indexed upward annually for inflation). These workers share the same characteristics and problems of all low-wage workers in the state, but in more accentuated form. They too tend to be female, minority, and/or immigrant. Housing is even more unaffordable for them. Less than one in five is provided health insurance of any type by their employer, and less than one in six is provided any pension. The \$500 to \$2,000 more per year these workers are likely to receive as a result of the state's new minimum wage is an important step forward for these workers. But the state and the state's low-wage employers need to do a lot more for these workers on all fronts: income, housing, healthcare, and pensions.

## Working Poverty: Low-wage Workers in Florida

Florida has always had a high proportion of low-wage workers compared to other states. This is related to the state economy’s reliance on tourism-related employment and low-wage service employment relating to the needs of retirees. This preponderance of low-wage employment has numerous negative consequences for the state, among them problems of poverty and its many related ills (health problems, crime problems, etc.)

This report will profile the low-wage workforce in the state of Florida using the latest data from the U.S. Census. It has a particular interest in the issue of **working poverty**, meaning those in poverty despite the presence of at least one wage earner who works full time throughout the year.

In this report we first examine the poverty status of individuals and families, and look at the wages that would be required to pull them out of poverty. Following that, we turn our attention to individual low-wage workers irrespective of the poverty status of their families. Low wages and poverty are not identical. Some low-wage workers reside in middle- or even high-income families, and some workers supporting a family on a single wage a little above the “low-wage” cut-off point reside in families that are in poverty, for example. Further, a number of families in poverty have no one working, or no one working full time. Despite the lack of a one-to-one correspondence between low-wage and working poverty status, there obviously is a very large overlap. Finally, we look at the housing, health care, and pension coverage status of Florida’s low-wage workers.

### Poverty

Florida has a higher percentage of its population in poverty than does the United States as a whole; it can be considered a moderately high poverty level state. According to the American Community Survey, in **2003** its **poverty rate** was **13.1%** compared to the **12.7% U.S. average**, placing the state **21<sup>st</sup> highest of the 50 states** in this category. Table 1 shows poverty rates for a wide variety of categories of Florida residents.

**Table 1**  
**Florida Poverty Statistics for Individuals, 2003 (based on family income in the past 12 months)**

Florida	Total Population	Population below poverty level	
		Number	Percentage
All	16,542,077	2,174,487	<b>13.15%</b>
Age 16-64 (Working age population)	10,354,334	1,243,287	<b>12.01%</b>
Males age 16-64	5,074,159	509,506	<b>10.04%</b>
Females age 16-64	5,280,175	733,781	<b>13.90%</b>
Children age 15 and under	3,405,657	663,341	<b>19.48%</b>

Source: American Community Survey, Census web site

Table 1 demonstrates that women are more likely to live in poverty than are men. Even more children live in poverty: almost one in five Florida children lived in officially-defined poverty in the year 2003. Table 1 also reveals that working age population adults are less likely to live in poverty than those above or below the age of normal working life.

Table 2 shows that poverty is unevenly distributed among Florida's population. African Americans and Hispanics have higher poverty rates than do non-Hispanic whites, and African American and Hispanic females have particularly high rates of poverty.

**Table 2**  
**Florida Poverty Statistics for Different Races and Ethnicities, 2003 (based on family income in the past 12 months)**

Florida	Total Population	Population below poverty level	
		Number	Percentage
<b>White non-Hispanic</b>	<b>10,427,697</b>	<b>900,915</b>	<b>8.64%</b>
White age 16-64	6,383,690	551,935	8.65%
White 16-64 male	3,149,609	223,629	7.10%
White 16-64 female	3,234,081	328,306	10.15%
<b>Black/African American</b>	<b>2,506,003</b>	<b>659,527</b>	<b>26.32%</b>
Black age 16-64	1,573,559	341,478	21.70%
Black 16-64 male	729,695	134,030	18.37%
Black 16-64 female	843,864	207,448	24.58%
<b>Hispanic</b>	<b>3,091,553</b>	<b>548,883</b>	<b>17.75%</b>
Hispanic age 16-64	2,054,052	312,657	15.22%
Hispanic 16-64 male	1,040,252	132,688	12.76%
Hispanic 16-64 female	1,013,800	179,969	17.75%

Source: Authors' analysis of various American Community Survey tables

Table 2 shows that African Americans in Florida have a poverty rate over three times as high as do non-Hispanic whites, and Hispanics have a poverty rate over twice as high. Within the working age population, the disparities are not quite as extreme, but they remain very large. Almost a quarter of working age black females live in poverty, as do almost eighteen percent of Hispanic females, compared to just over ten percent of working age non-Hispanic white females, for example.

Chart 1 provides a visual summary of the differences between different races and ethnicities in rates of poverty, as related in Table 2.

Chart 1

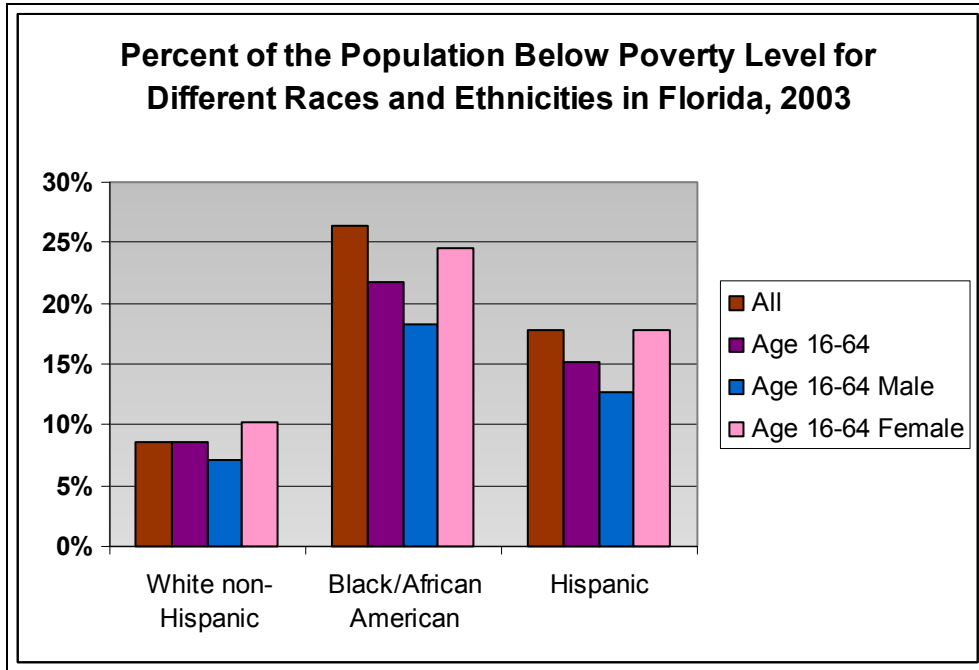


Table 3 shows the poverty status of Florida's families, with a family defined as two or more people living together who are related to each other. Almost ten percent of Florida families are in poverty, and almost five percent of married couples are at or below the poverty line. Three things stand out from the table: (1) the importance of full time work; (2) the significantly higher poverty rates of households headed by a single parent; and (3) the significantly worse situation for women than for men.

**Table 3**  
**Florida Poverty Statistics for Families\*, 2003 (based on family income in the past 12 months)**

Florida	Total Population	Population below poverty level	
		Number	Percent
All	4,339,037	422,162	9.73%
Married-couple family	3,199,739	155,960	4.87%
At least one spouse worked full-time**	1,964,117	42,970	2.19%
Male householder, no wife present	256,945	39,497	15.37%
Lone male householder, worked full-time**	176,848	8,321	4.71%
Lone male householder, worked less than full-time**	73,112	15,778	21.58%
Female householder, no husband present	842,856	226,705	26.90%
Lone female householder, worked full-time**	387,823	36,618	9.44%
Lone female householder, worked less than full-time**	245,759	93,894	38.21%

Source: Authors' analysis of various American Community Survey tables

\* A family consists of a householder and one or more other people living in the same household who are related to the householder.

\*\* Assumes worked year-round

One major problem with the “official” definition of poverty is that it is unrealistically low. The Federal government defines “poverty” as three times the cost of feeding a family on a very stringent food budget, even though food today is closer to 1/6<sup>th</sup> of a family’s budget than it is to 1/3<sup>rd</sup>. A much more realistic measure of poverty is approximately double the “official” standard. The Federal government understands that this is true. In fact, the U.S. Census Bureau (2004) states about the federal poverty level that “Although the thresholds in some sense reflect families’ needs, they are intended for use as a statistical yardstick, not as a complete description of what people and families need to live.” Many federal and local programs such as Supplemental Security Income, Medicaid, and Section 8 low-income housing assistance do not use the federal definition of poverty in determining eligibility, but instead use a multiple, such as 1 ½ times, or 2 times the official poverty level.

### **Self-Sufficiency and Working Poverty**

By far the most realistic standard of what constitutes “real” poverty would ask what income would be required to survive at normal rents, food and transportation costs, etc., without any form of public or private “welfare” assistance. Such a standard has been compiled for Florida – it is known as the **“self-sufficiency standard.”** The self-sufficiency standard was developed as a means to measure, based on family size, age of



children where applicable, and location (counties or selected areas within counties), how much a family must earn to afford housing, transportation, food, child care, health care, and other essentials without the assistance of public or private entities. The standard assumes that children and adults do not share a bedroom and that there are no more than two children in one bedroom. As this standard does not consider savings, Pearce and Brooks (2002) clearly explain that self-sufficiency wages are wages necessary only to maintain a decent standard of living. Table 4 gives examples of self-sufficiency wages in Florida.

**Table 4**  
**Self-Sufficiency Wages\*, Florida 2004**

Family Type	Lowest county	Highest county	Weighted Average for the state**
Adult	\$6.65 (Graceville, Jackson County)	\$10.07 (Monroe County)	<b>\$8.55</b>
2 adults + preschooler + school age child	Two wages of \$7.93 per hour (Sumter County)	Two wages of \$11.68 per hour (Monroe County)	<b>Two wages of \$10.10 per hour</b>

Source: Pearce and Brooks; The Self-Sufficiency Standard for Florida, Sept. 2002

\* Self-sufficiency wages updated to reflect December 2004 Consumer Price Index

\*\* Weighted averages are the authors' computations from data in Pearce and Brooks.

In most cases, the self-sufficiency standard for Florida is approximately twice that of the federal poverty thresholds for similar family types. For example, in 2004, the poverty threshold for a family consisting of two adults and two children under the age of 18 was \$19,157; however, according to the self-sufficiency standard in 2004, the annual wage needed for a working family consisting of two adults, one infant, and one preschooler was \$33,226 (close to double) in Jefferson County, Florida and \$50,963 (more than 2 ½ times) in Broward County, Florida,<sup>1</sup> respectively the lowest and highest self-sufficiency standards for this family type in Florida. (For more details, and for a listing of self-sufficiency wages in all areas of the state, see Pearce and Brooks, listed in the Sources at the end of this report.)

**Working poverty** refers to those who work full time year round and still exist in poverty. If the more realistic self-sufficiency standard of poverty is used to determine poverty, in general an unmarried adult in the state (regardless of whether he or she had children or not) who made below the \$8.55 per hour would be considered part of the **working poor**. Similarly, if neither partner of a married couple with two wage earners with two children (one pre-school and one school age) made less than \$10.10 per hour, they would be considered part of the category of **working poverty**. As we shall see shortly, any commonly-used definition of low-wage worker puts a low-wage worker in Florida below either \$8.55 or \$10.10 per hour. Thus, virtually the only **low-wage workers** in the state who are not in **working poverty** are those who are dependents of others making more money or in multiple earner families with few children, not those attempting to support either themselves or a family of any size. We now examine low-wage workers in Florida.

## Low-wage Workers in Florida

One of the typical ways to define what qualifies as “**low-wage**” is to choose the 20<sup>th</sup> percentile wage, which is the **wage at which 20 percent of the working population makes less and 80 percent of the working population makes more**. Our analysis of the Current Population Study (CPS) indicates that the 20<sup>th</sup> percentile wage in **Florida for 2004 was \$8.23 per hour**.<sup>2</sup> Thus, our beginning definition for low-wage workers is those who make below the 20<sup>th</sup> percentile wage, or \$8.23 per hour.

What are the characteristics of Florida’s low-wage workers? We first look to see which groups are overrepresented among low-wage workers. The following three tables show who is most likely to receive low wages. Table 5 shows differences between males and females. Table 6 shows differences between racial and ethnic minorities and the majority population. Table 7 shows difference between immigrants and the native-born. Each table also shows whether the differences found are statistically significant (meaning that with 95% confidence we can say that these differences are not the result of mere chance, given that we are working with samples.)

*Low-wage workers and gender differences.* With respect to gender, females are overrepresented among low-wage workers as seen in table 5.

**Table 5**  
**Statistical Differences in Low-Wage Workers by Gender, Florida 2002-2004**

	Male	Female	Difference	Statistically significant
Percent who are low-wage workers (Below \$8.23 per hour)	16.56%	23.39%	6.8%	Yes

Source: Authors’ analysis of CPS data, 2002-2004. Significance is at the 95% level of confidence.

Clearly, more women than men are low-wage workers in the state of Florida. Almost a quarter of women workers earn wages below the 20<sup>th</sup> percentile.

*Low-wage workers and Racial/Ethnic differences.* With respect to racial/ethnic groups, black non-Hispanics and Hispanics are heavily overrepresented in the low-wage category compared to white non-Hispanics. Table 6 shows the difference.

**Table 6**  
**Statistical Differences in Low-Wage Workers by Race/Ethnicity, Florida 2002-2004**

	% Below \$8.23 per hour	% Difference from White non-Hispanics	Statistically significant
White non-Hispanics	15.81%	0%	NA
Black non-Hispanics	31.51%	15.7%	Yes
Hispanics	28.72%	12.9%	Yes

Source: Authors’ analysis of CPS data, 2002-2004. Significance is at the 95% level of confidence.

A significantly higher percent of working minorities in Florida are making a low wage in comparison to white non-Hispanic workers. The percent of black and Hispanic workers making a low wage almost doubles that of white-non-Hispanic workers.

*Low-wage workers and Immigration status.* Immigrants are also much more likely to be paid low wages than are the native-born. Table 7 shows the difference.

**Table 7**  
**Statistical Differences in Low-Wage Workers by Foreign Born Status, Florida 2002-2004**

	% Below \$8.23 per hour	% Difference from Native Born Workers	Statistically significant
Native Born	16.94%	0%	NA
Foreign Born	30.14%	13.2%	Yes

Source: Authors' analysis of CPS data, 2002-2004. Significance is at the 95% level of confidence. For the purposes of this analysis, Puerto Ricans are considered "foreign born" even though Puerto Rico is a U.S. colony, because they more closely share characteristics with immigrants.

**The percentage of immigrants who are low-wage earning is over 30%**, almost double that of native-born workers.

*Economic sector of low-wage workers.* Do low-wage workers tend to work in the private sector, or the public sector? Table 8 looks at the differences between the two sectors to determine if there are significant differences in their percentage of low-wage workers.

**Table 8**  
**Statistical Differences in Low-Wage Florida Workers by Sector, 2002-2004**

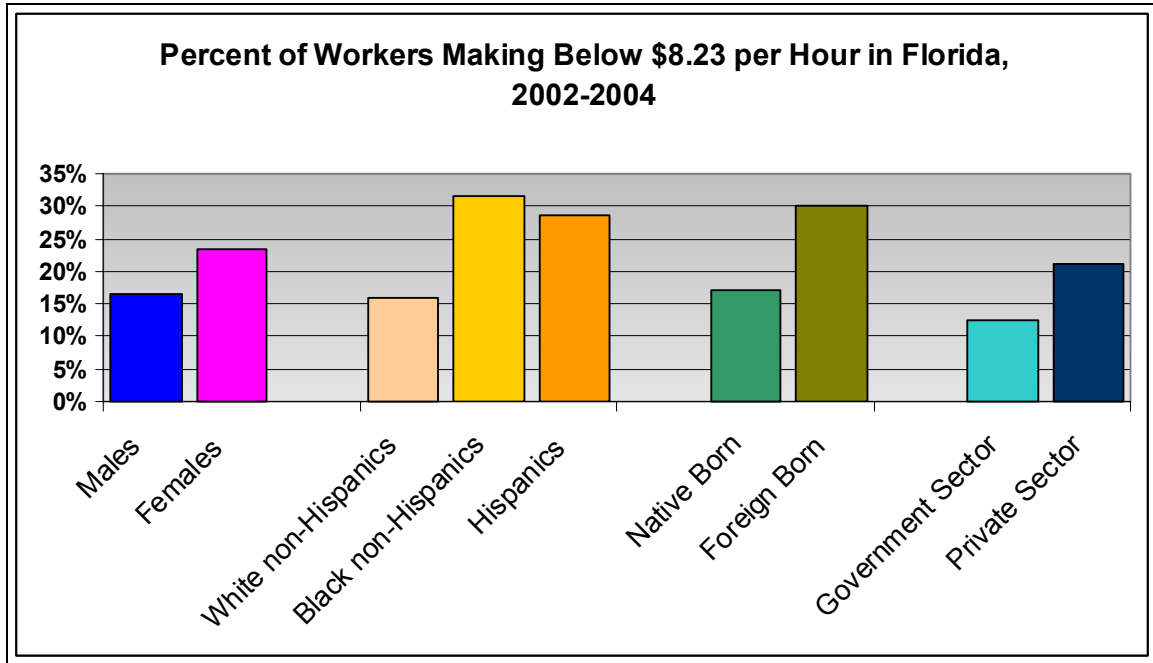
	Government	Private	Difference	Significant
Percent who are low-wage workers (Below \$8.23 per hour)	12.33%	21.15%	-8.8%	Yes

Source: Authors' analysis of CPS data, 2002-2004. Significance is at the 95% level of confidence. Data is from answers to questions about the previous week in the March CPS survey of that year.

Private sector workers are much more likely to receive low wages than are public sector workers. Since approximately 85% of the working population in Florida works in the private sector, we estimate that **approximately 90% of low-wage workers in the state work in the private sector.** Within the private sector, the industries that have extremely large numbers of low-wage workers are the leisure and hospitality industry, the retail trade industry, and many types of service industries.

Chart 2 provides a visual summary of the differences by gender, racial and ethnic status, immigrant status, and economic sector group in the percentage of low-wage workers from the data contained in Tables 5 through 8.

Chart 2



### Low-wage Workers and Housing Affordability

It is well established that individuals and families should not be spending more than 30% of their income on housing. **Housing costs higher than 30% of income mean that the housing is not affordable**, since 70% of an individual or family’s budget is required for other necessities. Thus, low income workers need either very inexpensive housing, or they need higher incomes, or they need both.

In dealing with housing affordability, we are dealing with incomes, not merely wages. For example, a family or household may have income from sources other than wages. However, low-wage families are not very likely to derive any income from investments, so the bulk of their income is either in wages or various types of “welfare” payments from public and private sources. If we leave aside public (or private) assistance income (welfare), it is safe to roughly equate incomes and wages for these low-wage families.

What kind of wage is required for individuals, and for various sizes of households in Florida? **A full time wage of \$8.23 per hour would leave \$428 per month in the budget for rent or a mortgage payment, at 30% of the budget.** Housing costs of course vary from locality to locality, and it is useful to look at the “average,” in addition to using measures that adjust for differences in housing costs from locale to locale.

A household can be said to be “**cost burdened**” in housing costs if those **housing costs amount to more than 30% of the household income.** This is simply a technical way to say that **households that are unable to afford the housing needed, given the size of the household.** Table 9 shows that more than a quarter of Florida households were cost

burdened in housing costs in 2002, but well over half of low income households were in the same period, and over 70% of very low income households were.

**Table 9**  
**Household Cost Burden: Percentage of Income Spent on Housing by Household Type, Florida 2002**

<b>Florida</b>	Households		Cost Burdened* in Housing Costs	
	Number of Households	% of All Households	Number of Households	% of Households
All Households	6,588,092		1,848,316	<b>28.06%</b>
Renter Households	1,960,824	29.76%	821,258	<b>41.88%</b>
Owner Households	4,627,268	70.24%	1,027,058	<b>22.20%</b>
Low-Income** Households (varies by area, but on avg., \$41,947 or less income)	2,569,478	39.00%	1,408,832	<b>54.83%</b>
Extremely Low-Income*** Households (varies by area, but on avg., \$15,730 or less income)	708,459	10.75%	496,600	<b>70.10%</b>

Source: Authors' analysis of Florida Housing Data Clearinghouse (FHDC) data estimates found at <http://www.flhousingdata.shimberg.ufl.edu/index.html>

\* Cost Burdened is defined as a household that spends 30% or more of their income on housing costs

\*\*Low income is reported household income equal to 80% or less of the Area Median Income (AMI).

AMI is median family income calculated annually by the Department of Housing and Urban Development (HUD) for Metropolitan Statistical Areas, counties or non-metropolitan areas, with adjustments for family size and for areas that have unusually high or low income to housing cost relationships. AMI is used to determine eligibility for federally and locally funded programs. In the state of Florida in 2002 the average AMI was \$52,434 per year. Eighty percent of \$52,434 is \$41,947 per year.

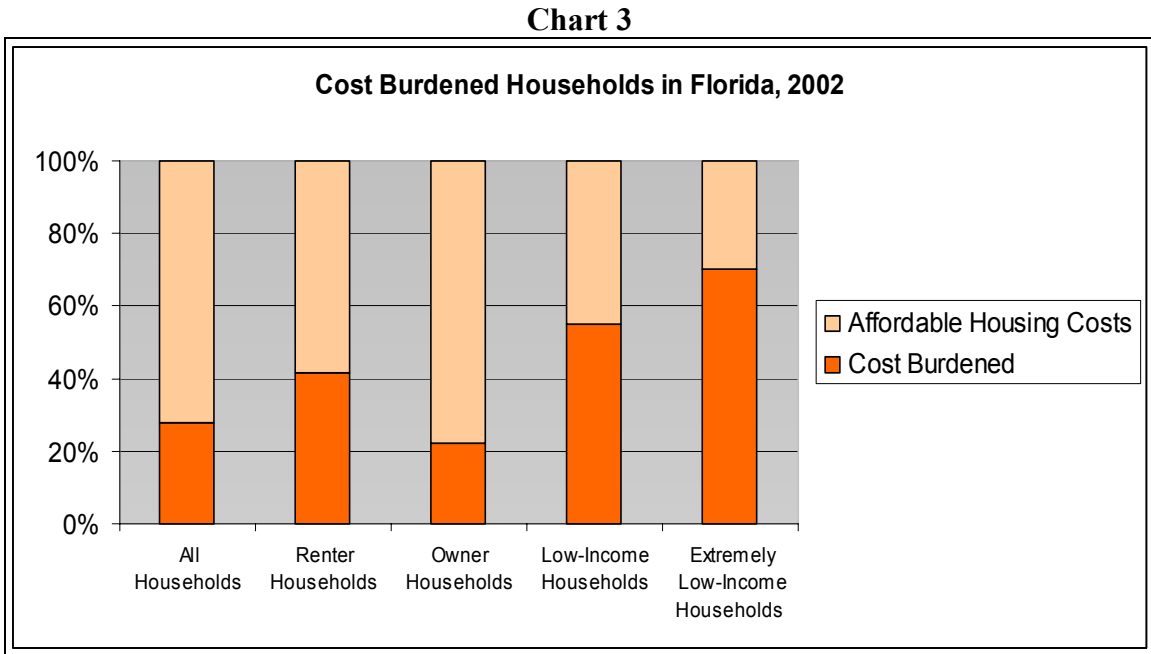
\*\*\*Extremely low income is reported household income less than or equal to 30% of the Area Median Income, which in 2002 would average \$15,730 per year in the state of Florida. .

Table 9 shows that more than half of those households making an income less than what \$20.17 per hour would earn for full-time work year-round are “cost burdened”, or unable to afford appropriate housing. Thus, a low-wage worker earning less than \$8.23 per hour would be extremely likely to be “cost burdened” unless there were multiple wage earners in the household, and even in that case the odds are still pretty good that this would be the case.

A second thing to note from Table 9 is that **renter households** are much more likely to be unable to find housing at less than 30% of income (i.e., to be “cost burdened”) than are owner households (42% vs. 22%). **Virtually all low-wage workers other than those who are dependents are renters** rather than house owners, simply because they cannot afford the down payment on even the least expensive house. This is an additional

indication that low-wage workers have an extremely difficult time finding affordable housing.

Chart 3 provides a visual summary of the differences by household type in the percentages of households that are cost burdened, from the data in Table 9.



Fair Market Rents (FMRs) are calculated annually by the U.S. Department of Housing and Urban Development (HUD) and are used to determine whether families are eligible for federal housing assistance. The rental amounts include the cost of rent and utilities and are dependent upon the distribution of current rental prices (usually set at the 40<sup>th</sup> percentile and sometimes the 50<sup>th</sup> percentile), location, and number of bedrooms. FMRs are calculated for metropolitan and non-metropolitan areas.

Can a typical Florida low-wage worker afford an apartment at Fair Market Rental rates? Table 10 shows that large percentages of renters were unable to afford appropriate sized apartments in 2002, and of course the percentages would be even higher if only low-wage individuals and their families were included in the figures.

**Table 10**  
**Estimated Percent of Renter Families\* Unable to Afford\*\* Fair Market Rent (FMR) by Family Size, Florida 2002**

Number of family members	Zero Bedrooms	One Bedroom	Two Bedrooms	Three Bedrooms	Four Bedrooms
1	<b>56.36%</b>	61.63%			
2	38.89%	<b>46.06%</b>	57.08%		
3	39.27%	45.48%	<b>54.24%</b>	66.76%	
4	32.18%	37.92%	49.97%	<b>64.73%</b>	71.04%
Greater than 4	34.03%	39.36%	48.99%	62.58%	<b>69.54%</b>

Source: Authors' analysis of Integrated Public Use Microdata Series (IPUMS), ACS 2003

\* A family consists of a householder and one or more other people living in the same household who are related to the householder.

\*\*A unit is considered affordable if it costs no more than 30% of the renter's family income.

Table 10 shows that **between 46% and 70% of renter families in Florida could not afford even the smallest appropriate size rental unit** (efficiency for an individual; one bedroom for two family members; two bedrooms for three family members; three bedrooms for four family members, etc.) in 2002. Note the percentages in **bold** to see the percentage at each size family unit.

Updating to 2004, have things improved? Are low-wage workers and their families more likely to be able to afford appropriate living accommodations? The National Low Income Housing Coalition annually calculates a housing wage which is the amount a person who works full-time must earn in order to afford a two bedroom rental unit (based on the current FMR) such that no more than 30% of his or her income goes towards the cost of the rental unit. Table 11 shows the 2004 Fair Market Rent (FMR) cost in Florida of different size apartments, and the income needed to rent at FMR rates.

**Table 11**  
**Florida Fair Market Rents by Number of Bedrooms, and Income Needed to Afford Fair Market Rents\*, 2004**

	Zero Bedrooms	One Bedroom	Two Bedrooms	Three Bedrooms	Four Bedrooms
Monthly Fair Market Rent (FMR)	\$601	\$674	\$799	\$1,052	\$1,222
Annual Income needed to rent at FMR	\$24,036	\$26,965	\$31,967	\$42,067	\$48,862

Source: National Low Income Housing Coalition, 2004

\*A unit is considered affordable if it costs no more than 30% of the renter's income.

Table 12 shows the hourly wage needed to rent in Florida at Fair Market Rates in 2004, also known as the "housing wage."

**Table 12  
Florida Housing Wage, 2004**

<b>Hourly Wage Needed to Afford Fair Market Rent (FMR) (working 40 hours per week)</b>				
<b>Zero Bedrooms</b>	<b>One Bedroom</b>	<b>Two Bedrooms</b>	<b>Three Bedrooms</b>	<b>Four Bedrooms</b>
<b>FMR</b>	<b>FMR</b>	<b>FMR</b>	<b>FMR</b>	<b>FMR</b>
\$11.56	\$12.96	\$15.37	\$20.22	\$23.49

Source: National Low Income Housing Coalition, 2004

It is apparent from Table 12 that **a single low-wage worker in Florida earning \$8.23 per hour or less could not even afford an efficiency apartment without a bedroom**, on average (costs do vary from one location to another). **A couple consisting of low-wage workers with two children could not afford to rent an apartment with a bedroom for each child.**

### **Low-wage Workers and Healthcare**

Healthcare coverage in the state of Florida is quite low, and it is even lower for low-wage workers. **In 2002 only 55% of private sector establishments in Florida offered health insurance to employees.**<sup>3</sup> This compares to over 60% for the U.S. as a whole. The problem is worse with smaller employers; **only 42% of Florida employers with fewer than 50 employees offered health insurance.**

Recent trends show that private sector health insurance coverage is dropping in the state, while dependence on the Medicaid program designed for the very poor is increasing. Table 13 shows the trends from 2000 to 2003.

**Table 13  
Percentage Point Change in Healthcare Coverage among the Florida Population  
under Age 65 by Coverage Type, 2000-2003**

	<b>Percentage Change</b>
Employer-Sponsored Insurance	-3.4% *
Individual Insurance	+0.8%
Medicaid	+1.3% *
Uninsured	+0.5%

Source: Kaiser Family Foundation / statehealthfacts.org

\* Change between 2000 and 2003 is statistically significant at the .10 level.

Updating to the past three years, and considering only those working at least half the year at 20 or more hours, our results reveal that minorities, immigrants, and private sector workers are less likely than their counterparts to receive employer-provided health care coverage. Table 14 shows the differences.



**Table 14**  
**Employer-provided Health Insurance\* Coverage in Florida by Gender, Race and Ethnicity, Foreign Born Status, and Public or Private Sector, 2002-2004**

Category	Percent Coverage
Male	60.35**
Female	58.00**
White non-Hispanic	64.96
Black non-Hispanic	49.62***
Hispanic	41.85***
Native Born	64.00
Foreign Born****	42.18
Public Sector	73.49
Private Sector	56.58

Source: Source: Authors' analysis of CPS data, 2002-2004. Wage workers age 18-64, who worked at least 20 hours per week and 26 weeks per year. Wage data is for the previous week (March of the survey year) and health insurance data is for the previous year.

\*Employer or union paid for all or part of premium

\*\*Difference between males and females are not very significant, given variability due to sample size.

\*\*\*Differences between Black non-Hispanics and Hispanics may be fairly small, given variability due to sample size.

\*\*\*\* For the purposes of this analysis, Puerto Ricans are considered "foreign born" even though Puerto Rico is a U.S. colony, because they more closely share characteristics with immigrants.

However, all the above differences pale in comparison to the degree to which low-wage workers fall short compared to those earning higher wages. **Almost three quarters of all low-wage workers are not provided health insurance coverage by their employer**, as shown by Table 15.

**Table 15**  
**Employer-Provided Health Insurance\* Coverage in Florida by Low-Wage Status, 2002-2004**

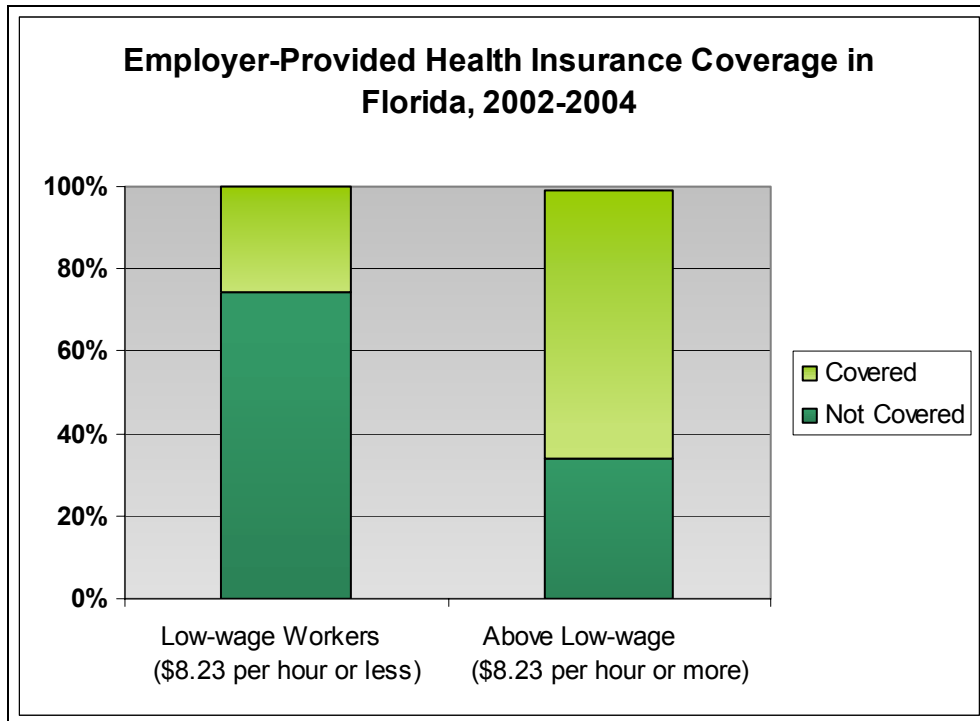
Category	Covered	Not Covered
<b>Low-wage Workers</b> (below \$8.23 per hour)	<b>25.54%</b>	74.46%
Above Low-wage (\$8.23 per hour or more)	<b>65.03%</b>	33.97 %

Source: Source: Authors' analysis of CPS data, 2002-2004. Wage workers age 18-64, who worked at least 20 hours per week and 26 weeks per year. Wage data is for the previous week (March of the survey year) and health insurance data is for the previous year.

\*Employer or union paid for all or part of premium

Chart 4 provides a visual summary of the differences by low-wage status in employer-provided health insurance coverage, from the data in Table 15.

Chart 4



**Low-wage workers are almost never able to afford to purchase health insurance coverage on their own, so the 74% + of them who have no employer-provided health insurance either have to go without health care, be fortunate enough to have spouses or relatives whose policies cover them, or depend on some type of government or other “welfare” provision of health care.**

### Low-wage Workers and Pension Coverage

For all workers, Florida has the lowest rate of employer-provided pension coverage of any state in the nation. Table 16 compares Florida’s private pension coverage rates with those of the south, the South Atlantic region (which includes Florida), and the country as a whole in the 2000-2002 period.

**Table 16  
Pension Coverage in Florida, the U.S., the South, and the South Atlantic Division, 2000-2002 Period**

	United States	South	South Atlantic	Florida
<b>Pension Coverage</b>	47.00%	44.30%	44.70%	<b>37.50%</b> <b>(50th of the 50 States)</b>

Source: Economic Policy Institute analysis of March Current Population Survey samples. Coverage is defined as being included in an employer-provided plan where the employer paid for at least some of the coverage.

The figures in Table 16 include all workers. If we confine the analysis only to workers between the ages of 18 and 64 who worked at least half a year and at least 20 hours per week, the percentages improve a bit. In Table 17 we update to the 2002-2004 period, and look at differences between gender, racial/ethnic, immigrant/non-immigrant, and economic sector groups. We find that minorities, immigrants, and private sector workers are much less likely to receive a pension than are the majority, native-born, or public sector counterparts.

**Table 17**  
**Pension Coverage\* for Wage Earners in Florida by Gender and Race and Ethnicity, 2002-2004**

Category	Percent Coverage
Male	45.17**
Female	45.22**
White non-Hispanic	51.16
Black non-Hispanic	32.98***
Hispanic	27.22***
Native Born	50.45
Foreign Born****	26.21
Public Sector	71.01
Private Sector	40.31

Source: Source: Authors' analysis of CPS data, 2002-2004. Wage workers age 18-64, who worked at least 20 hours per week and 26 weeks per year. Wage data is for the previous week (March of the survey year) and pension data is for the previous year.

\* Coverage is defined as being included in an employer-provided plan

\*\* Difference between males and females not meaningful, given the sample size.

\*\*\*Difference between Black non-Hispanic and Hispanic not large enough to indicate much of a difference, given sample size.

\*\*\*\* For the purposes of this analysis, Puerto Ricans are considered "foreign born" even though Puerto Rico is a U.S. colony, because they more closely share characteristics with immigrants.

Low-wage workers fare even worse than any of the disadvantaged groups featured in Table 17. Table 18 shows their extremely low level of employer-provided pension coverage.

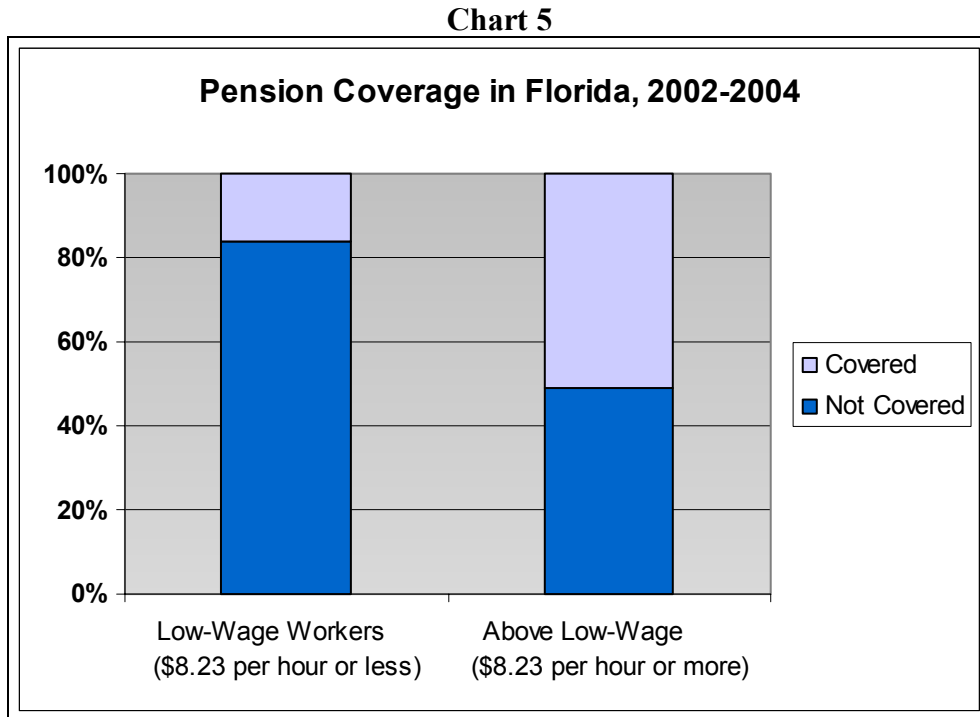
**Table 18**  
**Pension Coverage\* in Florida by Low-Wage Status, 2002-2004**

Category	Covered	Not Covered
<b>Low-wage Workers (\$8.23 per hour or more)</b>	<b>16.2%</b>	83.8%
Above Low-wage (\$8.23 per hour or more)	<b>51.01%</b>	48.99%

Source: Source: Authors' analysis of CPS data, 2002-2004. Wage workers age 18-64, who worked at least 20 hours per week and 26 weeks per year. Wage data is for the previous week (March of the survey year) and pension data is for the previous year.

\* Coverage is defined as being included in an employer-provided plan. Those not covered includes those whose employers do not offer a plan and those not included in a plan that is offered at work.

Chart 5 provides a visual summary of the differences by low-wage status in pension coverage, from the data in Table 18.



**Only slightly more than 16% of Florida’s low-wage workers have a private pension. These are the very workers who most need such a pension, since their low wage dictates that they will not be able to save anything to put aside on their own.**

### Very Low-wage Workers: Florida and the Minimum Wage

Until Florida’s voters voted in the November 2004 elections for a state minimum wage to take effect May 2, 2005, the state had no minimum wage of its own beyond the Federal minimum wage of \$5.15 per hour (or, \$2.13 per hour for tipped restaurant or hotel workers). Due to the tourism-related nature of much of the state’s economy, Florida has traditionally had a rather large number of very low-wage workers employed in the Leisure and Hospitality and Retail Trade sectors.

As of May 2, 2005, Florida’s new minimum wage will be \$6.15 per hour (or, 3.13 per hour for tipped restaurant or hotel workers), and this amount will be indexed annual for inflation, meaning that the amount in future years will rise proportionally with inflation. The “purchasing power” of this new state minimum wage will remain constant thanks to this feature.

In addition to raising the wages of those earning between \$5.15 per hour and \$6.15 per hour, the new minimum wage is widely expected to have a “ripple effect” on those

earning just above the new minimum. This is certainly in line with previous experience in raising the national minimum wage, and it can very confidently be predicted that workers earning up to \$7.15 per hour (\$1 above the new minimum) will also earn pay increases as a result of the change in the law. (Some predict “bumps” in wages up to \$7.50 or \$7.65, which may also occur, but we will stick with the most conservative estimate here and look at those earning up to \$7.15 per hour.)

What are the characteristics of those earning \$7.15 per hour or less? We can designate these employees as Florida’s “**very low-wage workers.**” They number approximately **695,566 workers, or 9.49% of Florida’s workforce.** Thus, we are looking at the bottom 9.5% of the Florida wage market, not the bottom 20%.

What are the gender and racial/ethnic characteristics of very low-wage workers? Tables 19 and 20 show the differences between the respective groups. They also show whether those differences are statistically significant (meaning that with 95% confidence we can say that these differences are not the result of chance alone.)

*Very low-wage workers and gender differences.* With respect to gender, females are overrepresented among very low-wage workers as seen in table 19.

**Table 19**  
**Statistical Differences in Very Low-Wage Workers by Gender, Florida 2002-2004**

	Male	Female	Difference	Statistically significant
Percent who are very low-wage workers (\$7.15 per hour or less)	8.17%	10.98%	2.8%	Yes

Source: Authors’ analysis of CPS data, 2002-2004. Significance is at the 95% level of confidence. (\$7.15 in 2004 dollars was deflated, according to the Consumer Price Index for 2002 and 2003)

More women than men are very low-wage workers in the state of Florida, although the difference is not quite as large as it was for the larger category of low-wage workers earning \$8.23 per hour or less. Almost eleven percent of women workers earn wages of \$7.15 per hour or less. In 2002, women comprised 64.3% of wage earners at \$6.15 per hour or less, and 52.9% of those earning between \$6.15 and \$7.15 per hour, even though they represent less than 48% of the labor force (Chapman, 2003).

*Very low-wage workers and Racial/Ethnic differences.* With respect to racial/ethnic groups, black non-Hispanics and Hispanics are overrepresented in the very low-wage category compared to white non-Hispanics. Table 20 shows the difference.

**Table 20**  
**Statistical Differences in Very Low-Wage Workers by Race/Ethnicity, Florida 2002-2004**

	% at \$7.15 per hour or less	% Difference from White non-Hispanics	Statistically significant
White non-Hispanics	7.81%	0%	NA
Black non-Hispanics	14.42%	6.6%	Yes
Hispanics	13.45%	5.6%	Yes

Source: Authors' analysis of CPS data, 2002-2004. Significance is at the 95% level of confidence. (\$7.15 in 2004 dollars was deflated, according to the Consumer Price Index for 2002 and 2003)

Table 20 shows that a significantly higher percent of working minorities in Florida are making a very low wage in comparison to white non-Hispanic workers. The percent of black and Hispanic workers making a very low wage is 70-85% higher than that of white-non-Hispanic workers. In 2002, blacks comprised 20.4% of those earning \$6.15 per hour or less and 18.5% of those earning between \$6.15 and \$7.15 per hour, even though they represent only 14.5% of the labor force. Similarly, Hispanics held down 32.1% of jobs at \$6.15 per hour or less and 25.1% of jobs between \$6.15 and \$7.15 per hour, even though they represent only 18.4% of the total labor force (Chapman, 2003).

*Very Low-wage workers and Immigration status.* Immigrants are also more likely to be paid very low wages than are the native-born. Table 21 shows the difference.

**Table 21**  
**Statistical Differences in Very Low-Wage Workers by Foreign Born Status, Florida 2002-2004**

	% Below \$7.15 per hour	% Difference from Native Born Workers	Statistically significant
Native Born	8.73%	0%	NA
Foreign Born	12.26%	3.5%	Yes

Source: Authors' analysis of CPS data, 2002-2004. Significance is at the 95% level of confidence. (\$7.15 in 2004 dollars was deflated, according to the Consumer Price Index for 2002 and 2003). For the purposes of this analysis, Puerto Ricans are considered "foreign born" even though Puerto Rico is a U.S. colony, because they more closely share characteristics with immigrants.

Table 21 shows that immigrants have over 40% higher representation among very low-wage workers than do native-born workers.

*Economic sector of very low-wage workers.* Table 22 looks at the differences between the public and private sectors to determine if there are significant differences in their percentage of very low-wage workers.

**Table 22**  
**Statistical Differences in Very Low-Wage Florida Workers by Sector, 2002-2004**

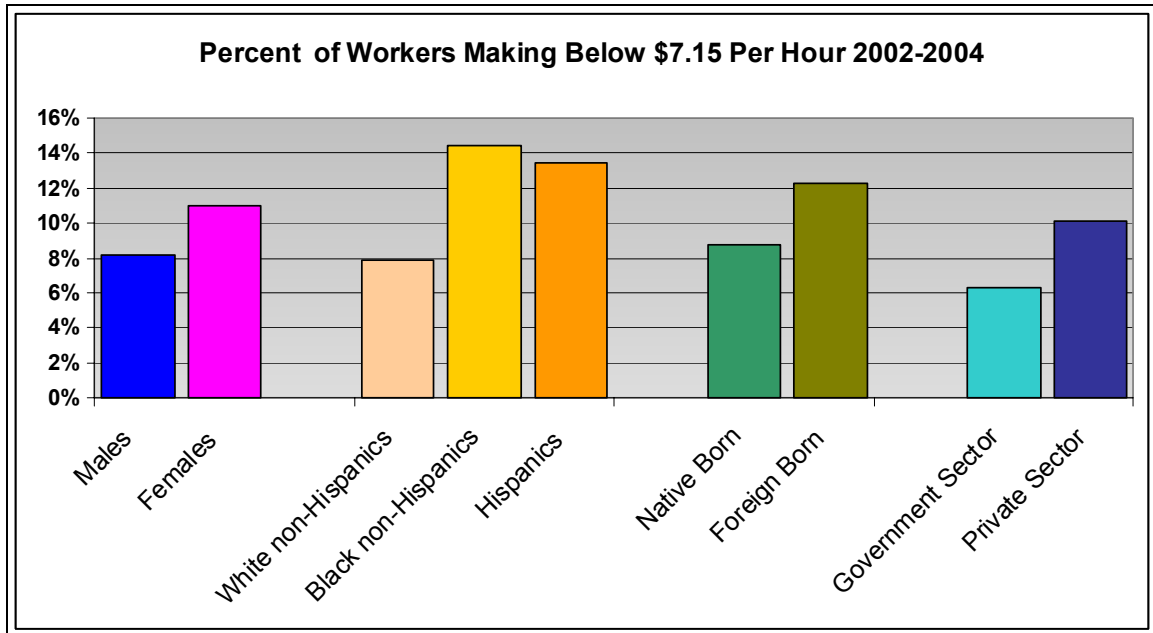
	Government	Private	Difference	Significant
Percent who are very low-wage workers (\$7.15 per hour or less)	6.32%	10.08%	-3.8%	Yes

Source: Authors' analysis of CPS data, 2002-2004. Significance is at the 95% level of confidence. Data is from answers to questions about the previous week in the March CPS survey of that year. (\$7.15 in 2004 dollars was deflated, according to the Consumer Price Index for 2002 and 2003)

Private sector workers are much more likely to receive very low wages than are public sector workers. As with low-wage workers in general, nine out of ten very low-wage workers are employed by private sector employers. The industries with the highest percentages of very low-wage workers are the leisure and hospitality, retail trade, and some types of services. A study using 2002 data, for example, found that Florida's **retail trade sector provided 48.1% of Florida's jobs paying \$6.15 per hour or less**, even though this sector provided less than 20% of the state's employment. (Chapman, 1993)

Chart 6 provides a visual summary of the difference by gender, racial and ethnic status, immigrant status, and economic sector in percentage of very low-wage workers (\$7.15 per hour or less), from data in Table 22.

**Chart 6**



Finally, because of the common stereotype that minimum wage workers are teenagers in wealthy families who are working to earn extra spending money, it is worth noting that, as of 2002, **76.6% of those earning \$6.15 per hour or less were aged 20 or over, and 81.9% of those earning between \$6.15 and \$7.15 per hour were 20 or over**, and two

thirds of the wage gains from the minimum wage increase will go to households in the bottom 40% of the income spectrum (Chapman, 2003).

A 2004 study that considers those earning up to \$7.49 per hour as very low-wage arrives at a very similar picture of very low-wage workers. It found that 854,793 Florida workers earned \$7.49 or less per hour in 2003, 11.1% of the Florida workforce. Average age of these workers was 35.8 years; only 16.4% were teenagers. However, 61.3% were female, 29.2% were Hispanic, and 52.4 were either Hispanic or non-white. Average tenure in the labor force was 17.9 years (Pollin, Brenner, and Wicks-Lim, 2004).

*Very low-wage workers and housing affordability.* We know from Table 9 that 55% of those with a household income of \$41,947 or less in Florida are forced to spend more than 30% of their income on housing, a burden that deprives them of other necessities. We also know that 70% of those with family incomes of \$15,750 or less have a similar or worse burden. Very low-wage workers, earning \$7.15 per hour or less, would earn \$14,872 or less in a year if they worked full time throughout the year. While household income depends on number of wage earners or other income and is not necessarily identical to a single wage, it is apparent from these figures that **a household with a single very low-wage wage earner will have over 70% chance of being unable to find affordable housing, and even one with two very low-wage wage earners will still have an over 60% chance of the same thing.** (Accounting for multiple wage earners beyond two and/or less-than-full-time work would complicate this picture, but the magnitude will be large no matter how one evaluates most household situations.)

*Very low-wage workers and healthcare.* Very low-wage workers are very unlikely to have employer-provided health insurance coverage, forcing them to rely on public hospital emergency rooms of some form of charity to provide for their healthcare needs. Table 23 shows that well over eight per cent of Florida employees working at a very low wage were provided no type of health care coverage whatsoever by their employer.

**Table 23**  
**Employer-Provided Health Insurance\* Coverage in Florida by Very Low-Wage Status, 2002-2004**

Category	Covered	Not Covered
<b>Very Low-Wage Workers</b> (at or below \$7.15 per hour)	<b>18.82%</b>	81.18%
Above Low-wage (\$7.16 per hour or more)	<b>62.43%</b>	37.57 %

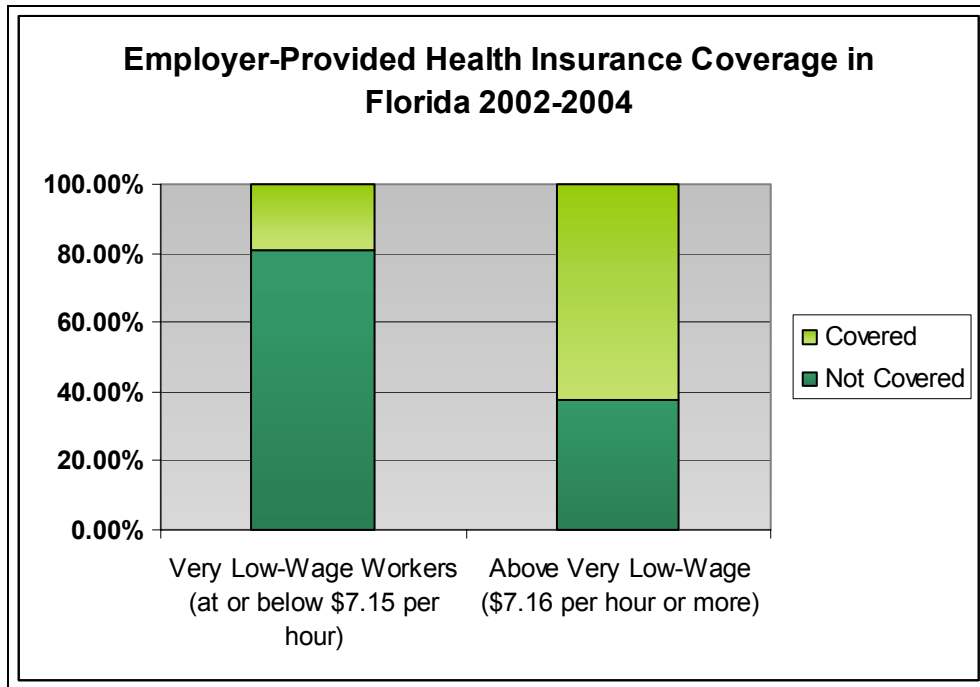
Source: Source: Authors' analysis of CPS data, 2002-2004. Wage workers age 18-64, who worked at least 20 hours per week and 26 weeks per year. Wage data is for the previous week (March of the survey year) and pension data is for the previous year. (\$7.15 in 2004 dollars was deflated, according to the Consumer Price Index for 2002 and 2003)

\*Employer or union paid for all or part of premium

Chart 7 provides a visual summary of the difference by very low-wage status (\$7.15 per hour or less) in employer-provided health insurance coverage in Florida, from data in Table 23.



Chart 7



The percentages in Table 23 and Chart 7 actually paint too positive of a picture for very low-wage workers, because the 18.82% coverage figure includes situations where employers offer health insurance, but force the worker to carry such a large part of the insurance premium that virtually all refuse it due to inability to pay the premium. When any portion of the premium is paid by the employer, however small the portion, this counts as “covered” in the above table. So in reality, the actual coverage is well below what is indicated.

*Very low-wage workers and pension coverage.* Well under one in six very low-wage workers receive a private pension from their employer. Table 24 shows the percentage.

**Table 24**  
**Pension Coverage\* in Florida by Very Low-Wage Status, 2002-2004**

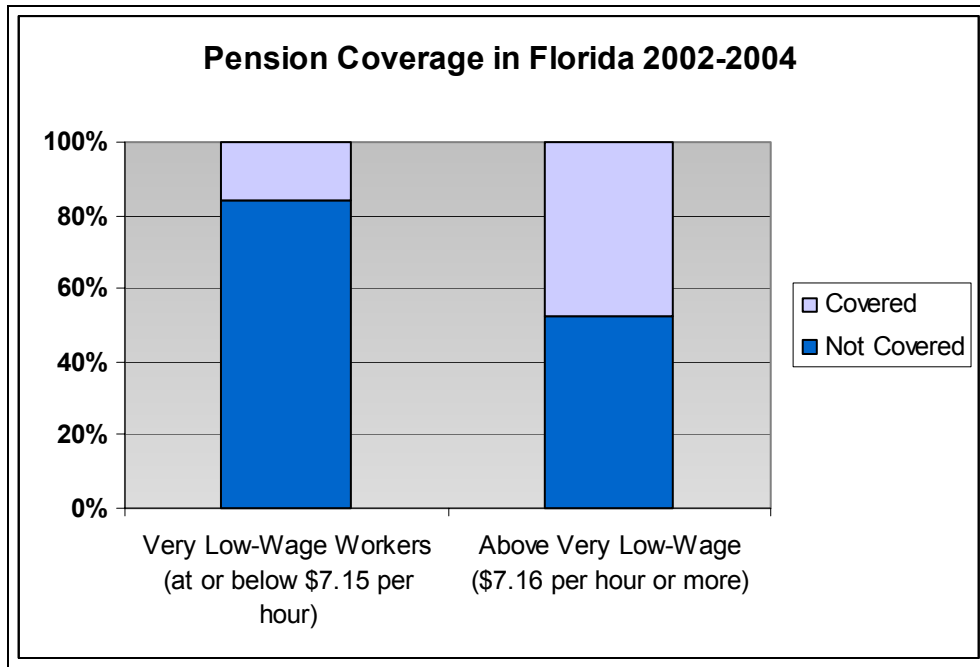
Category	Covered	Not Covered
<b>Very Low-Wage Workers</b> (at or below \$7.15 per hour)	<b>15.71%</b>	84.29%
Above Very Low-Wage (\$7.16 per hour or more)	<b>47.5%</b>	52.5%

Source: Source: Authors’ analysis of CPS data, 2002-2004. Wage workers age 18-64, who worked at least 20 hours per week and 26 weeks per year. Wage data is for the previous week (March of the survey year) and pension data is for the previous year. (\$7.15 in 2004 dollars was deflated, according to the Consumer Price Index for 2002 and 2003) Data is for the previous year.

\* Coverage is defined as being included in an employer-provided plan. Those not covered includes those whose employers do not offer a plan and those not included in a plan that is offered at work.

Chart 8 provides a visual summary of the difference by very low-wage status (\$7.15 per hour or less) in pension coverage in Florida, from data in Table 24.

**Chart 8**



The percentages in Table 24 and Chart 8 indicate that only a little less than 16% of Florida’s workers are covered by a pension. They tell us nothing about the size of that pension, but it is bound to be very small given the low wage. These individuals will be extremely dependent on social security for their income in their old age. A publicly provided and secure benefit is extremely crucial for the close to 700,000 very low-wage workers in the state.

### **Conclusion**

A high number of Florida’s low-wage workers (meaning those earning \$8.23 per hour or less) exist in poverty, even if they work throughout the year. This situation can be labeled “working poverty.” Women, minorities and immigrants are especially likely to be low-wage workers, and are the hardest hit by these dynamics. There is a serious lack of affordable housing for these workers. Three out of four receive no employer-provided health insurance of any type. Fewer than one in six receive a private pension, meaning they will be entirely dependent on social security income in their old age.

Those working for very low wages (defined as those making \$7.15 per hour or less) will benefit from the state’s new minimum wage of \$6.15 per hour (indexed upward annually for inflation). These workers share the same characteristics and problems of all low-wage workers in the state, but in more accentuated form. They too tend to be female, minority, and/or immigrant. Housing is even more unaffordable for them. Less than one in five is provided health insurance of any type by their employer, and less than one in six is provided any pension. The \$500 to \$2,000 more per year these workers are likely to

receive as a result of the state's new minimum wage is an important step forward for these workers. But the state and the state's low-wage employers need to do a lot more for these workers on all fronts: income, housing, healthcare, and pensions.

### Endnotes

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<sup>1</sup> Excluding Hollywood, Pompano, and Ft. Lauderdale.

<sup>2</sup> March CPS. The 20<sup>th</sup> percentile was calculated for each year by using the standard formula used and provided by the Economic Policy Institute. Due to the lack of reliability in reported tip data, wage data excluding tips was used for the 20<sup>th</sup> percentile analysis.

<sup>3</sup> Unless otherwise indicated, figures presented in this section are taken from the web site [www.statehealthfacts.org](http://www.statehealthfacts.org).

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