



State of Working Florida 2006

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State of Working Florida 2006

Executive Summary

This report finds that, despite Florida's booming economy since 2002, its workers have not been sharing in the prosperity. Some indicators of this fact are:

- **Florida's median wage (\$13.47/hour) remains well below the national norm (\$14.28/hour).**
- **Median family income in the state in the booming 2002-2005 period actually dropped by .6%, from \$50,778 to \$50,465 in constant 2005 dollars.**
- **Almost 20% of Florida's residents had no healthcare coverage in 2002-2005, worse than all but two of the nation's states.**
- **In 2003-2005 only 35.7% of Florida private sector workers were covered by a pension from their employer, the worst of all 50 states.**
- **Florida's historic problem of low-wage employment is being accentuated by long-term (15 year), medium-term (5 year), and short-term (1 year) trends, showing that the state is adding jobs in low-paying industries at a faster pace than in high-paying industries.**

Other indicators such as the position of women, African-Americans and Hispanics also show discouraging statistics. The unfavorable nature of the state's unemployment compensation, disability compensation, and relative tax burden, as well as its falling unionization rate, also indicate a difficult situation for the state's workers.

There are a couple of "bright spots" in an otherwise cloudy picture, however. The state's poverty rate has fallen in recent years to below the national average, a major accomplishment. However, if a more realistic measure of poverty at 150% the rate used by the federal government is used, the state's rate is still above the national norm. Some metropolitan areas have outperformed the state as a whole in job- and wage-growth, which is a very good sign for workers in those areas.

This report also briefly reviews measures that could be undertaken to improve the conditions of workers in Florida, although it notes political obstacles to their consideration or adoption.

In general, this report finds that Florida's workers are not prospering along with the state's economy. It continues to be a low wage state, with a disproportionate number and percentage of low wage jobs. On a variety of non-wage issues such as pension coverage, unemployment compensation policy, disability policy, health insurance coverage, unionization, tax policy, and statutory protections of workers, Florida is also inferior to national norms. The problem of low wages and poor quality jobs persists, even in the best of times. The state could do more for its working people and especially for its least favored workers, but may lack the political will to do so.

Summary of Data in State of Working Florida 2006

I. Performance of Florida's Economy

- Florida's economy has been performing very well by many measures.
- Unemployment as of June 2006 was 3.0%, well below the national average of 4.6%.
- With unemployment at basically "full employment" levels, this is as good as it gets for Florida's workers: so how well are they faring?

II. Job Creation Performance

- The state's recent job creation record is better than that of the nation as a whole.
- But much of this is due to a growing population.
- Adjusted for population growth, Florida still does better than the U.S. (it is tied for 9th – 10th best of the 50 states on this measure).

III. Industrial Mix of Florida's Jobs, and How They are Shifting

- Florida has a low percentage of jobs in high paying industries and a high percentage of jobs in low-wage industries.
- Long-term, medium-term, and short-term (15 year, 5 year, and 1 year) state trends accentuate this pattern, marring the job creation success with a major "job quality" problem.

IV. Wages in the State of Florida: One Important "Job Quality" Indicator

- Florida is a low-wage state. Its 2005 median hourly wage (\$13.47 per hour) is below the national average and is in line with wages in the South, the nation's lowest paying region.
- But it has improved its standing a bit compared to the U.S. and its southern state counterparts in both longer term (1990-2005) and shorter term (2000-2005) time periods. Despite this slight improvement, workers in the state are not sharing equally in the prosperity of the last few years.
- Florida low-wage workers (those in the 20th percentile, meaning that 20% of wage earners make a lower wage) have lost ground since 1990 compared to the state's high-wage (80th percentile) workers. Since 2000 they have caught up a little but not enough to share equally in the percentage wage growth in the past decade and a half. The progress is likely due to the recent tight labor market.
- Florida had an unusually high percentage of very low-wage workers earning at or below the federal minimum wage in 2004, but the situation improved substantially in 2005, almost certainly as a result of the new state minimum wage law that went into effect on May 2, 2005.

V. Part-time Work, Unemployment, and Long-term Unemployment

- A smaller percentage of Florida's jobs are part-time than in the U.S. Involuntary part-time work in the state approximates the national average.
- Florida's unemployment rate is below the national average and is also below that of its southern geographic counterparts.

- The percentage of long term (6 months or longer) unemployed in the state is also lower than in the nation, but this percentage grew faster in the state than elsewhere between 2001 and 2005, a sign of stress for the more-difficult-to-employ.

VI. Women, Blacks and Hispanics in the Florida Workforce

- Women in Florida participate less than men in the labor force and are much more likely to work part-time. Their unemployment is higher than men's, but part-time status is more likely to be voluntary.
- The 2005 median hourly wage for women in Florida (\$12.20/hour) is about 83.5% of men's. The wage gap percentage between men and women has narrowed in the past 10 years, paralleling a national trend.
- Florida's African-American workers experience much worse conditions in the Florida labor market than their white counterparts. They have much a higher unemployment rate, much greater long-term unemployment and underemployment, and much more involuntary part-time work.
- The 2005 median wage of Florida's African-Americans (\$10.99/hour) is only 73.1% of the median wage of their white counterparts. The percentage wage gap between African-Americans and whites has held relatively steady over the past 10 years.
- Hispanic workers in Florida have a much higher unemployment and underemployment rate than their non-Hispanic white counterparts. They are less likely to work part time, but if they do it is much more likely to be involuntary.
- The median 2005 wage of Florida Hispanic workers (\$11.11/hour) is only 73.9% of the median wage of their non-Hispanic white counterparts. The percentage wage gap with whites has been growing in the past 10 years.

VII. Median Family Income, 4-Person Family Income and Income inequality in Florida

- Despite Florida's booming economy in 2002-2005, median family income fell during this period by .6%, from \$50,778 to \$50,465 in constant 2005 dollars.
- Florida ranked 35th of the 50 states in the nation in median family income in 2005, similar to the rank it has held for many years. It is a relatively low-income state, but not extremely low.
- Florida ranked 30th of the 50 states in the nation in median income for a four-person family in 2005.
- Florida has a severe income inequality and the inequality grew more rapidly in this state than in the nation as a whole from the early 1980s into the early 2000s.

VIII. Poverty in Florida

- In 2005, Florida's poverty rate was lower than the national rate, an improvement over previous years. The state ranked close to the middle of the 50 states on this measure.
- Florida's child poverty rate was also slightly below the national rate and it ranked in the middle of the 50 states on this measure as well.

- When the poverty threshold is increased 1.5 times (a much more realistic number), Florida has a higher than average poverty rate both for children and all the population than does the nation as a whole.

IX. Healthcare Coverage in Florida

- Almost 20% of Florida's residents had no healthcare coverage in 2003-2005, a worse record than all but two of the nation's states.
- The state's standing compared to the national average has been deteriorating in the past three years.
- Considering only the private sector, the state ranks 44th of the 50 states in employer-provided health insurance coverage

X. Pension Coverage in the State of Florida

- In 2003-2005, only 35.7% of Florida private sector workers were covered by a pension from their employer.
- This is the worst of all 50 states in the nation.
- This problem is longstanding. It probably results from the state's reliance on low wage service sector jobs and its low unionization rate.

XI. Unemployment Compensation Coverage in Florida

- Because of Florida's restrictive unemployment compensation law, in the first quarter of 2006 only 29.4% of the unemployed collected benefits. Thirty seven of the 50 states have a higher percentage collecting benefits.
- Florida's maximum unemployment benefit is below the U.S. average. In June 2006, the state ranked 39th of the 50 states on this measure.
- Yet Florida's unemployment insurance recipients depend on these benefits longer than in other states: 42.8% of the unemployed exhaust their benefits by using them for the full 26 weeks, one of the highest rates in the nation.

XII. Disability Policy in Florida

- Florida's maximum weekly benefit for temporary and permanent total disability is about average for the U.S.
- But its restrictions on the length of the benefit are among the most severe in the nation. Likewise, the subtraction of social security or unemployment insurance benefits from disability benefits is a more severe restriction of benefits than in all but three other states.

XIII. Other Statutory Protections of Workers

- Florida has few legal protections of workers' rights (anti-discrimination, right-to-know, equal pay, whistle blower protection, etc.) compared to other states.

XIV. Unionization in Florida

- The unionization rate in Florida in 2005 was less than half that of the nation as a whole (5.4% vs. 12.5%).
- The same is true to a more extreme degree for Florida private sector workers (2.5% in the state vs. 7.8% in the nation). Unionization in the public sector is

much higher; the state was the 30th of the 50 states on this measure (22.3% vs. 36.5% for the nation as a whole).

- The state's unionization rates have been falling slowly for over a decade.
- Florida's state government policies are not friendly to unions. It has a constitutional "right-to-work" provision that allows union-represented workers to not pay their union dues.

XV. TAXES IN FLORIDA

- The total tax burden on Florida's residents in 2006 is about the U.S. average (21st highest of the 50 states). It does, however, collect a very low amount of revenue through taxes (39th highest of the 50 states).
- This is because most Florida residents' taxes go to the Federal government, not the state. An average tax burden results in low state revenues, harming Florida's funding for education, transportation, etc.
- Middle- and low-income Florida residents face high taxes because of the state's extremely regressive tax structure placing a heavier burden the lower one's income. Wealthy residents face low taxes due to the regressive tax structure.
- The new tax cut law in May 2006 worsened the tax inequality. The poorest residents benefited the least from it.

XVI. Florida's Metropolitan Areas: How They Compare

- This report contains data, too lengthy to summarize here, on each of the state's 20 metropolitan areas, comparing them on measures such as average wage, recent growth in wages, recent growth in jobs, job growth in "high-wage" vs. "low-wage" industries, etc.

XVII. Public Policy: What Might the State Do About Substandard Conditions for its Working Population?

- This report briefly reviews measures that would improve the conditions of workers in the state, but notes political obstacles to their consideration or adoption.

XVIII. Conclusion

- Florida's economy is producing jobs at a very rapid pace, and unemployment continues to fall. On both measures, the state outperforms the nation.
- Yet Florida's workers are not prospering along with the state's economy. Florida continues to be a low wage state, with a disproportionate number and percentage of low wage jobs. On a variety of non-wage issues such as pension coverage, unemployment compensation policy, disability policy, health insurance coverage, unionization, tax policy, and statutory protections of workers, Florida is also inferior to national norms. The problem of low wages and poor quality jobs persists, even in the best of times. The state could do more for its working people and especially for its least favored workers, but may lack the political will to do so.

STATE OF WORKING FLORIDA – 2006

I. Florida's Economy is Performing Well

On Labor Day 2006, the Florida economy shows many signs of excellent health. The state's June 2006 unemployment rate (seasonally adjusted) was 3.0%, well below the national rate of 4.6%, and down from the 3.8% rate a year ago. The Florida Agency for Workforce Innovation in mid-July 2006 noted that Florida's unemployment rate has been below the national average since mid-2002, and that the state's rate of nonagricultural job growth in the past year was 3.5%, compared to the national rate of 1.4% (Florida Agency for Workforce Innovation Press Release, July 21, 2006).

With an unemployment rate so low it essentially means full employment, and with job creation at such a rapid pace, if there was ever a time workers in Florida should be expecting to benefit, this would be it. This report looks at whether they are actually benefiting.

II. Job Creation Performance

As noted above, Florida is creating jobs at a pace far exceeding that of the country in general. One benchmark is the number of jobs created since the beginning or since the end of the most recent recession. The last recession in the United States began in March 2001 and officially ended November 2001. How has Florida done on these measures?

Since the Beginning of the Last Recession: Since March 2001, the state of Florida has done much better than the country as a whole in job creation. As of July 2006, jobs in the state grew by 12.6%, compared to the national rate of 2.2%. Table 1 shows details.

Table 1

Florida Job Creation Compared to the U.S., May 2001 – July 2006

	Jobs as of March 2001	Jobs as of July 2006	Number change	Percent change
United States	132,504,000	135,354,000	2,850,000	2.2%
Florida	7,176,900	8,080,600	903,700	12.6%

Source: U.S. Bureau of Labor Statistics establishment survey, reporting non-agricultural payroll jobs. Statistics compiled by the Economic Policy Institute.

Florida is creating jobs at a much faster pace than is the nation. But it is not doing as well as the figures in Table 1 imply, because **much of the job growth is simply the result of the growth in the working age population** (population aged 20-64). Florida is a fast growing state. Its 12.6% job growth rate in Table 1 is the 3rd highest in the nation. At the same time, the state also had the 4th fastest working age population growth. Factoring in population growth, the state is tied for 9th - 10th best of the 50 states in job growth, which is still above

average, but it not the best in the nation. Compared to other tourist-destination states like Nevada and Hawaii, Florida is performing much less well.

In fact, Florida’s job growth rate did not quite keep up with the growth rate of its working age population during this period, falling short by 1.2%. Since the unemployment rate actually dropped, this must mean that an unusually large number of people dropped out of the workforce (gave up looking for work), and thus were not counted as unemployed. Table 2 shows the state's job growth rate and the rate of growth of its working age population (ages 20-64).

Table 2
**Comparison of job growth with working age population growth in Florida,
 March 2001 – July 2006**

State	Job Growth Rate	Age 20-64 Population Growth Rate	Shortfall in Number of Jobs	Percentage Shortfall
Florida	12.6%	13.8%	89,000	-1.2%

Source: Analysis by the Economic Policy Institute of Bureau of Labor Statistics data.

Since the End of Last Recession: Since the **end** of the last recession (November 2001) rather than the beginning, the picture looks better. Job growth is faster than population growth, although by a very small amount. Table 3 shows details.

Table 3
**Comparison of job growth with working age population growth in Florida,
 November 2001 – July 2006**

State	Job Growth Rate	Age 20-64 Population Growth Rate	Surplus in Number of Jobs	Percentage Surplus
Florida	13.0%	12.3%	50,000	0.7%

Source: Analysis by the Economic Policy Institute of Bureau of Labor Statistics data.

Florida’s more rapid growth of jobs than working age population in this post-recession period is superior to the record of the U.S. as a whole during this period. For the country as a whole, job growth fell short of working population growth by .2% in the same period.

SNAPSHOT SUMMARY OF FLORIDA'S RECENT JOB CREATION PERFORMANCE:

- **The state's recent job creation record is better than that of the nation as a whole.**
- **But much of this is due to a growing population.**
- **Adjusted for population growth, Florida still does better than the nation as a whole (tied for 9th -10th best of all states).**

III. Industrial Mix of Florida Jobs, and How They Are Shifting

Where Florida's Jobs Are. Florida's economy is different from the U.S. economy in that it has a higher proportion of jobs in some industries and a lower proportion of jobs in others. Generally, it is over-represented in most types of service jobs, leisure and hospitality jobs, retail trade jobs, and construction jobs. It is under-represented in manufacturing jobs and government jobs. Unfortunately for Florida, government and manufacturing jobs are generally high wage while many of the over-represented sectors pay below the state average wages. Table 4 shows the number and percentage of jobs in each industry in Florida, comparisons to the U.S., and average pay in each of these industries.

Table 4
Number and Percentage of Jobs by Industry in Florida in 2005, Comparisons to Percentages of U.S. Jobs, and 2005 Average Pay in Those Industries

Industry	# of Jobs (1000s) 2005	% of All Jobs* 2005	% of All Jobs, U.S.*	% Surplus or Deficit Compared to U.S.	Average Annual Pay, 2005 Florida
Total Nonfarm	7810.2	100%	100%	NA	\$36,776
Construction	576.2	7.4%	5.5%	1.9%	\$38,327
Manufacturing	399.5	5.1%	10.7%	-5.5%	\$43,413
Durable Goods Manufacturing	269	3.4%	6.7%	-3.3%	\$45,206
Non Durable Goods Mfg.	130.5	1.7%	4.0%	-2.3%	\$39,691
Wholesale Trade	338.5	4.3%	4.3%	0.0%	\$52,736
Retail Trade	984.1	12.6%	11.4%	1.2%	\$25,806
Transportation and Utilities	242.4	3.1%	3.7%	-0.6%	Trans: \$40,717 Util: \$64,515
Information	168.5	2.2%	2.3%	-0.1%	\$52,750
Financial Activities	526.1	6.7%	6.1%	0.6%	\$52,620
Professional and Business Services	1323.6	16.9%	12.6%	4.3%	\$39,221
Education and Health Services	940.1	12.0%	13.0%	-1.0%	\$38,018
Leisure and Hospitality	888.5	11.4%	9.6%	1.8%	\$19,441
Other Services	334.5	4.3%	4.0%	0.2%	\$25,801
Government	1081.1	13.8%	16.3%	-2.5%	\$44,602

Source: Author's analysis of Current Establishment Survey data supplied by the Economic Policy Institute and wage data from the State of Florida Agency for Workforce Innovation, Labor Market Statistics, Quarterly Census of Employment and Wage Program (QCEW yearly data).

*Percentages may not add up to 100% due to rounding and leaving out the (extremely small) mining industry.

To understand the significance of Table 4, the reader should look at the percentages and wages in the last two columns that are in **bold**. These are the industries where Florida has a deficit of jobs compared to the U.S. as a whole. **Every single industry where Florida has a comparative jobs deficit pays more than the state's average pay of \$36,776 per year.** The industries where Florida has a comparative surplus of jobs pay average wages both above and below the state average, but the industries paying below the state average are larger. So **the average pay in these "surplus jobs" industries is approximately \$34,357, approximately 6.6% below the state average wage.** This structural fact about Florida's economy helps make it a low wage state. Low wages are especially apparent in Leisure and Hospitality, Retail Trade, and "Other Services".

How Florida's Jobs Are Shifting Between Industries. One important question is whether Florida is changing this unfavorable jobs picture by proportionately adding more high-wage jobs than low wage jobs, or whether it is only making things worse by disproportionately adding more low-wage jobs.

We can examine this question by looking at long-term trends, medium-term trends, and very recent short-term trends. Table 5 shows which industries have been "best performers" and "worst performers" in job creation over the 15 year period of 1990-2005, the five year period 2000-2005, and the most recent one year period of June 2005 to June 2006.

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Table 5
Comparative Industry Job Creation Performance in Florida over Different Time
Periods (not seasonally adjusted), and Wages in Those Industries

Time Period	Best Performers (avg. wage in parenthesis)*	% Growth	Worst Performers (avg. wage in parenthesis)*	% Growth
Long Term (1990-2005) (Total Non-Farm Job Growth: +45.0%)	Professional & Bus. Services (\$39,221)	154.78%	Mining (\$49,202)	-35.1%
	Education & Health Services (\$38,018)	62.53%	Manufacturing (\$43,413)	-19.03%
	Construction (\$38,327)	59.70%	Transportation and Utilities (Trans: \$40,717; Util: \$64,515)	25.01%
	Other Services (\$25,801)	48.73%	Information Services (\$52,750)	27.07%
				Government (\$44, 602)
Medium Term (2000-2005) (Total Non-Farm Job Growth: +10.3%)	Construction (\$38,327)	34.19%	Mining (\$49,202)	-17.2%
	Professional & Bus. Services (\$39,221)	16.56%	Manufacturing (\$43,413)	-13.62%
	Education & Health Services (\$38,018)	15.86%	Information Services (\$52,750)	-10.32%
	Other Services (\$25,801)	14.20%	Transportation and Utilities (Trans: \$40,717; Util: \$64,515)	-1.46%
Short Term (June 2005- June 2006) (Total Non-Farm Job Growth: +3.5%)	Construction (\$38,327)	7.50%	Manufacturing (\$43,413)	-0.1%
	Professional & Bus. Services (\$39,221)	4.99%	Information Services (\$52,750)	1.19%
	Leisure and Hospitality (\$19,441)	3.38%	Government (\$44, 602)	1.79%
				Other Services (\$25,801)

Source: Author's analysis of Current Employment Statistics data, supplied by the Economic Policy Institute, and Florida Agency for Workforce Innovation Labor Market Statistics, Quarterly Census of Employment and Wage Program (QCEW) NAICS data.

* Wages are average annual wages in 2005.

The unhappy significance of Table 5 becomes apparent if one compares the average wage in industries losing job share (the “worst performers”) to the average wage in industries gaining job share (the “best performers”). **In the long term and medium term periods, the lowest average wage in the industries losing job share is higher than even the highest average wage in those gaining job share.** In the short term period, the same pattern holds with the exception of Other Services, which includes activities such as equipment and machinery repairing, dry cleaning and laundry services, personal care services, death care services. Job growth in this industry was smaller than most other industries after more than ten years of fast growth. Nevertheless, the trend of Florida’s disproportionately adding low wage jobs, and losing high wage ones did not change.

According to Florida Agency for Workforce Innovation press releases (July 21, 2006 and July 22, 2005), the number of jobs in Professional & Business Services has increased rapidly in the last two years. However in the July 2004-July 2005 period, 58% of the Professional & Business Services jobs created were in the “Employment Services” category (39,700 jobs out of 68,800 jobs total). Employment services primarily means temp agencies, which mostly supply jobs at the low end of Professional and Business Services, a “catch all” category that includes everything from accountants and lawyers to couriers and the staff at Kinkos. But in July 2005-July 2006 period, the Employment services jobs declined to 44% of created jobs in Professional & Business Services (28,800 jobs out of 66,000 jobs total). Although the percentage declined over 14% in one year, the number of the new employment services jobs is over 50% of the new jobs in Professional & Business Services from July 2004 to July 2006. Even in this category we are not primarily adding high paying jobs.

SNAPSHOT SUMMARY OF WHERE FLORIDA'S JOBS ARE, AND HOW THEY ARE SHIFTING:

- **Florida has a low percentage of jobs in high paying industries and a high percentage of jobs in low wage industries.**
- **Long-term, medium-term, and short-term (15 year, 5 year, and 1 year) state trends accentuate this pattern.**

IV. Wages in the State of Florida

Median Wage. Florida’s median hourly wage (half earn more, half earn less) is lower than that of the United States and the South Atlantic Division to which it belongs, but is generally in line with hourly wages in the South, the most poorly paid region of the country. Table 6 compares the state's median hourly wage in 2005 to the U.S. and regional comparison groups.

Table 6
Florida median wage compared to the U.S., the South,
and the South Atlantic Division, 2005 (in 2005 dollars)

Geographic Area	Median Wage	Percent of U.S. Average
United States	\$14.28	100.0%
South	\$13.29	93.1%
South Atlantic	\$14.10	98.7%
Florida	\$13.47	94.3%

Source: Analysis by the Economic Policy Institute of Current Population Survey data

Florida is a low wage state. Since 1979 it has not been able to increase its average hourly wage above the U.S. average. Florida's median hourly wage has improved slightly in the past 26 years, from almost \$2 below the U.S. average to about \$.81 below in 2005. Table 7 shows historical averages.

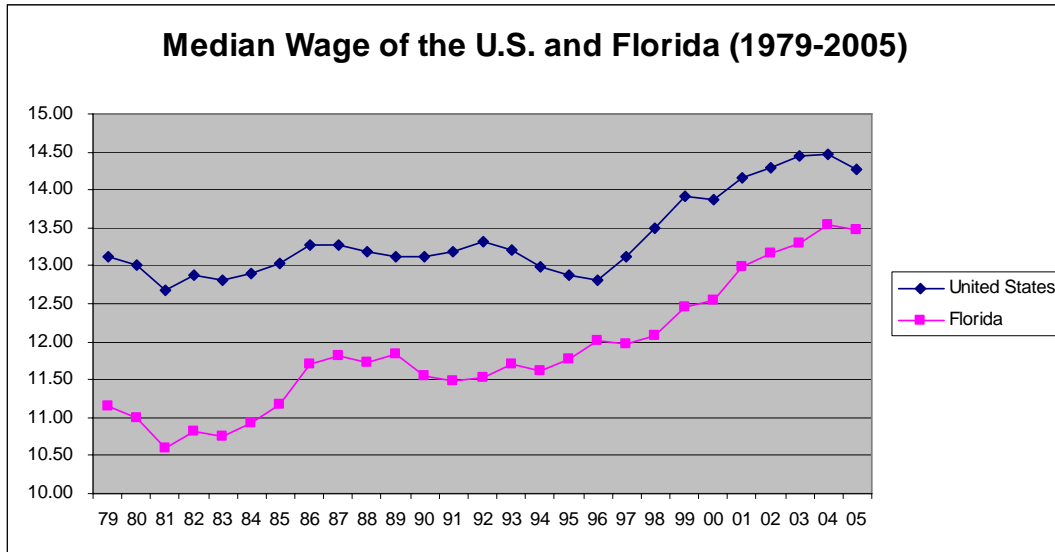
Table 7
Median Wage of the U.S. and Florida, 1979-2005 (in 2005 dollars)

	United States	Florida	Florida wage % of U.S. average
1979	13.12	11.14	84.9%
1980	13.00	10.99	84.5%
1981	12.67	10.60	83.7%
1982	12.87	10.82	84.1%
1983	12.81	10.75	83.9%
1984	12.89	10.93	84.8%
1985	13.02	11.17	85.8%
1986	13.27	11.71	88.2%
1987	13.27	11.82	89.1%
1988	13.19	11.72	88.9%
1989	13.12	11.84	90.2%
1990	13.12	11.55	88.0%
1991	13.19	11.48	87.0%
1992	13.31	11.52	86.6%
1993	13.21	11.70	88.6%
1994	12.98	11.62	89.5%
1995	12.88	11.77	91.4%
1996	12.82	12.02	93.8%
1997	13.13	11.97	91.2%
1998	13.49	12.07	89.5%
1999	13.91	12.46	89.6%
2000	13.87	12.54	90.4%
2001	14.17	12.98	91.6%
2002	14.29	13.17	92.2%
2003	14.45	13.29	92.0%
2004	14.46	13.54	93.6%
2005	14.28	13.47	94.3%

Source: Economic Policy Institute analysis of Current Population Survey data

Chart 1 shows the same data visually. Most of the closing of the gap with the U.S. occurred up to 1996; since then the difference between the U.S and Florida median wage has been fairly steady although there is some small improvement since 2000.

Chart 1



Source: Author's analysis of the Economic Policy Institute of Current Population Survey data

The Wage Spread in the State of Florida. The wage spread in the state, the South, the South Atlantic Division, and the United States may be of interest to some readers. The typical way to divide the wage distribution is to break it into tenths, or deciles, of wages paid. Thus, the 10th percentile would be a wage higher than the bottom 10% of the hourly wage scale. The 20th percentile would be a wage higher than the bottom 20% of the hourly wage scale. The median wage is the wage at the 50th percentile. And so on. For standardized purposes, the wage at the 20th percentile is usually considered a "low wage" while the wage at the 80th percentile is considered a "high wage."

To keep this report focused and brief, there will not be an analysis of Florida's wages at each percentile. But, for any reader who is interested in doing a further analysis, in Tables 8, 9, 10, and 11 a complete breakdown is given by percentile of the wage structure of the state, its geographic comparison areas, and the nation as a whole for selected years between 1989 and the present. **All wage figures have been converted into 2005 dollars, to show changes in real purchasing power.**

Table 8
Wages by Percentile by Year in Florida (in 2005 dollars)

	1980	1985	1990	1995	2000	2005
10th percentile	6.66	6.25	6.19	6.29	6.93	7.11
20th percentile	7.54	7.29	7.43	7.55	8.16	8.66
30th percentile	8.49	8.57	8.73	8.86	9.33	10.03
40th percentile	9.53	9.79	10.14	10.19	11.07	11.72
50th percentile (Median)	10.99	11.17	11.55	11.77	12.54	13.47
60th percentile	12.53	13.07	13.40	13.80	14.76	15.33
70th percentile	14.48	15.38	15.73	16.39	17.82	18.47
80th percentile	17.49	18.38	19.13	20.21	21.50	22.85
90th percentile	22.37	23.93	24.71	25.73	28.39	30.76

Source: Economic Policy Institute analysis of Current Population Survey data

Table 9
Wages by Percentile by Year in the South Atlantic Division (in 2005 dollars)

	1980	1985	1990	1995	2000	2005
10th percentile	6.73	6.24	6.32	6.45	7.15	7.24
20th percentile	7.73	7.45	7.76	7.85	8.74	8.84
30th percentile	8.88	8.79	9.10	9.26	10.14	10.18
40th percentile	10.25	10.18	10.72	10.71	11.56	12.02
50th percentile (Median)	11.60	11.84	12.22	12.51	13.55	14.10
60th percentile	13.43	13.80	14.37	14.56	15.86	16.27
70th percentile	15.97	16.48	17.13	17.21	18.92	19.20
80th percentile	18.94	19.43	20.54	21.15	22.61	23.97
90th percentile	24.09	25.61	26.22	27.45	29.71	32.08

Source: Economic Policy Institute analysis of Current Population Survey data

Table 10
Wages by Percentile by Year in the South (in 2005 dollars)

	1980	1985	1990	1995	2000	2005
10th percentile	6.71	6.19	6.00	6.23	6.89	6.97
20th percentile	7.67	7.31	7.36	7.53	8.33	8.38
30th percentile	8.85	8.69	8.72	8.87	9.73	9.91
40th percentile	10.29	10.11	10.25	10.25	11.27	11.41
50th percentile (Median)	11.66	11.75	11.77	11.95	12.99	13.29
60th percentile	13.53	13.78	13.98	13.98	15.05	15.48
70th percentile	16.09	16.51	16.25	16.54	17.92	18.52
80th percentile	19.14	19.44	19.79	20.25	21.69	22.78
90th percentile	24.00	25.46	25.59	26.21	28.52	30.19

Source: Economic Policy Institute analysis of Current Population Survey data

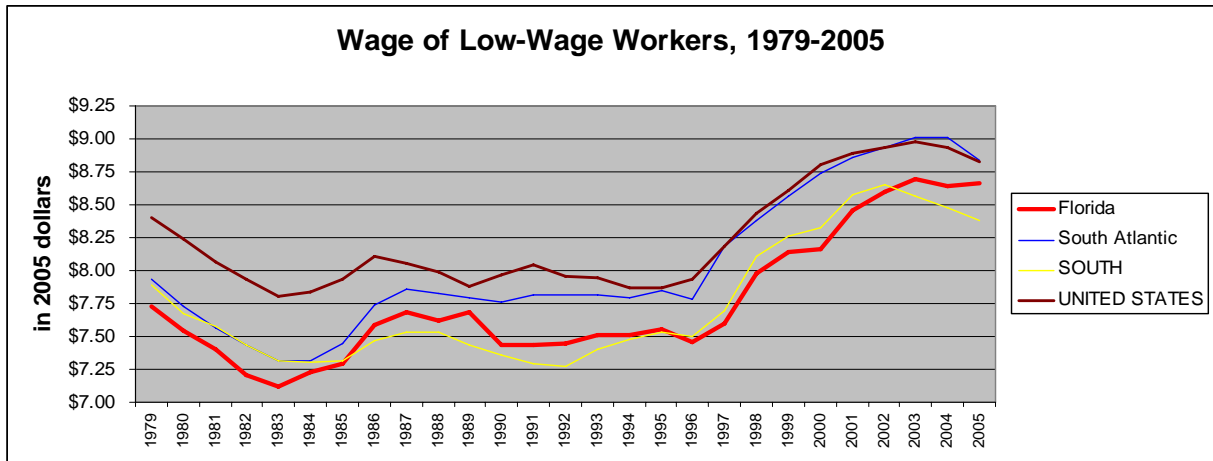
Table 11
Wages by Percentile by Year in the United States (in 2005 dollars)

	1980	1985	1990	1995	2000	2005
10th percentile	6.96	6.36	6.43	6.44	7.15	7.19
20th percentile	8.24	7.93	7.97	7.87	8.8	8.83
30th percentile	9.66	9.33	9.55	9.40	10.28	10.20
40th percentile	11.23	10.93	11.26	11.06	11.89	12.11
50th percentile (Median)	13.00	13.02	13.12	12.88	13.87	14.28
60th percentile	15.11	15.17	15.2	15.25	16.41	16.81
70th percentile	17.54	17.68	18.04	18.18	19.46	19.85
80th percentile	20.75	21.31	21.70	22.00	23.64	24.37
90th percentile	25.33	26.38	27.69	28.44	30.90	32.41

Source: Economic Policy Institute analysis of Current Population

Low-Wage Work in Florida Compared to High Wage Work. Low-wage workers are usually designated as those earning at the 20th percentile – that is 20% of workers make less, and 80% make more. Florida's low-wage workers have never been able to earn more than the U.S. average for low-wage workers, nor more than the South Atlantic Division average. They only earned more than their counterparts throughout the entire South in certain years. Chart 2 shows that the average wage of low-wage workers in the U.S., the South and the South Atlantic Division declined after 2002, while Florida low-wage workers held steady.

Chart 2



Source: Economic Policy Institute and author analysis of Current Population Survey data

Table 12 makes the same comparisons for selected years between 1980 and 2005. The only comparison group Florida beats in low-wage pay levels in the past few years is the South.

Table 12
Wage of Low-Wage Workers (20th percentile) in Florida, the U.S.,
the South and the South Atlantic Division, 1980-2005

	Florida	South Atlantic	South	United States
1980	7.54	7.73	7.67	8.24
1985	7.29	7.45	7.31	7.93
1990	7.43	7.76	7.36	7.97
1995	7.55	7.85	7.53	7.87
2000	8.16	8.74	8.33	8.80
2001	8.46	8.86	8.58	8.89
2002	8.60	8.94	8.65	8.93
2003	8.70	9.01	8.57	8.98
2004	8.64	9.01	8.48	8.93
2005	8.66	8.84	8.38	8.83

Source: Economic Policy Institute and author analysis of Current Population Survey data

Numerous calculations of this nature can be done from Tables 8 through 11. Here we do one set of calculations to illustrate some of the possibilities. One item of interest might be: how have low-wage workers fared historically compared to high-wage workers? Have wages increased more over time for one than the other? (High-wage workers are those at the 80th percentile.) Table 12 compares Florida to its counterparts over the long term (1980-2005) and short term (2000-2005) in how well its low-wage and high-wage workers have fared.

Table 13 shows that that in the 15 year period from 1990 to 2005 Florida's low-wage workers gained less than their high-wage counterparts. But in the last 5 years, wage growth for low-wage and high wage workers was almost the same in Florida, which performed much better in this respect than did the U.S. as a whole or Florida's southern counterparts.

Table 13
Long Term and Short Term Percentage change in Wages of Low-Wage and
High-Wage Workers, Florida, the South Atlantic Division, the South, and the U.S.
(2005 dollars)

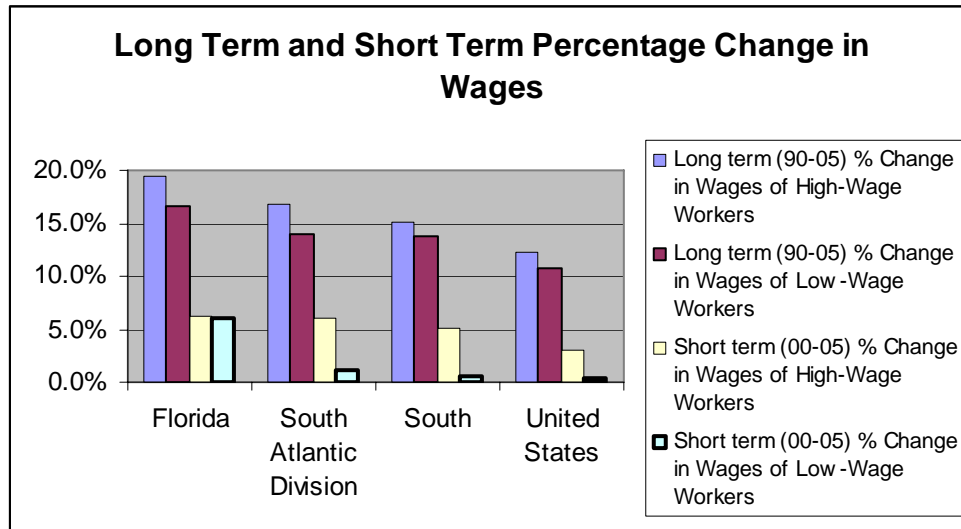
Geographic area	Long term (90-05) % Change in Wages of High-Wage Workers	Long term (90-05) % Change in Wages of Low-Wage Workers	Short term (00-05) % Change in Wages of High-Wage Workers	Short term (00-05) % Change in Wages of Low-Wage Workers
Florida	19.4%	16.6%	6.3%	6.1%
South Atlantic	16.7%	13.9%	6.0%	1.1%
South	15.1%	13.9%	5.0%	0.6%
United States	12.3%	10.8%	3.1%	0.3%

Source: Economic Policy Institute analysis of Current Population Survey statistics

Chart 3 gives a visual representation of the differences in percentage change, for both high- and low-wage workers. Over the last 15 years, the wage growth for both was higher in

Florida than for the nation as a whole, the South region or the South Atlantic Division. In the short-term, Florida low-wage workers have gained much more compared to other regions. This is an encouraging counter-trend to Florida's usual low-wage picture, and is almost certainly due to the recent tight labor market and, to a lesser degree, Florida's new minimum wage.

Chart 3



Another very recent positive change in Florida is the sharp decrease in hourly workers who are paid at or below the federal minimum wage of \$5.15 per hour. Data from the U.S. Bureau of Labor Statistics from a data set that includes only 16 and older wage and salary workers who are paid at an hourly rate and are not self-employed (and thus a different data set than the one used in previous tables) shows that Florida's percentage of workers paid hourly who earn at or below the federal minimum wage of \$5.15 per hour in 2004 was higher than in the nation, the Southern Region, or the South Atlantic Division. The percentage of workers in this group was only 0.17% higher than the U.S. average in 2005, compared to 0.91% higher in 2004. Table 14 shows the percentages.

Table 14

Percentage of Workers Earning at or Below the Minimum Wage (\$5.15/hour)* in Florida, the U.S., the South, and the South Atlantic Division, 2005

	2004	2005	
	Percent	Percent	Difference from national rate
United States	2.71%	2.49%	NA
South	3.31%	3.11%	0.62%
South Atlantic	2.87%	2.86%	0.37%
Florida	3.62%	2.66%	0.17%

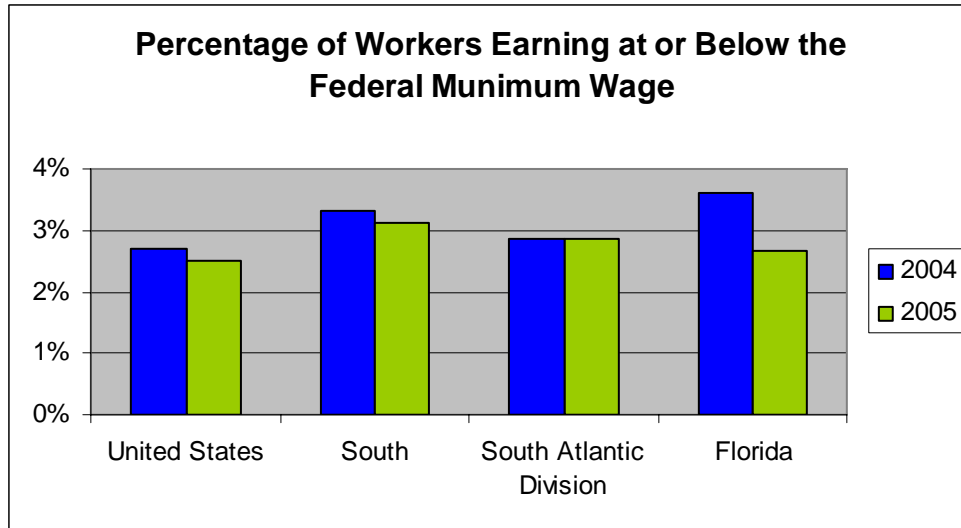
*These data include only employed 16 and older wage and salary workers who were paid at an hourly rate. It does not include any self-employed persons, whether or not their business was incorporated.

Source: Author's computations from published tabulations of Current Population Survey Data by the U.S. Bureau of Labor Statistics. <http://www.bls.gov/cps/minwage2005tbls.htm#3>

This rapid one-year decline in the number of extremely low wage workers almost certainly is due to the passage of an amendment to the state constitution on November 2, 2004 that raised the minimum wage to \$6.15 per hour for all those covered by the federal minimum wage of \$5.15 per hour as of May 2, 2005, which helped many low wage workers to increase their income.

Chart 4 gives a visual representation of the same data.

Chart 4



SNAPSHOT SUMMARY OF WAGES IN THE STATE OF FLORIDA:

- Florida is a low-wage state. But it has improved its standing a bit compared to the U.S. and its southern state counterparts in both longer term (1990-2005) and shorter term (2000-2005) time periods. Its 2005 median hourly wage (\$13.47 per hour) is below the national average and is in line with wages in the South, the nation's lowest paying region.
- Florida low-wage workers (those in the 20th percentile, meaning that 20% of wage earners make a lower wage) have lost ground since 1990 compared to the state's high-wage (80th percentile) workers. Since 2000 they have caught up a little but not enough to share equally in the percentage wage growth in the past decade and a half. The progress is likely due to the recent tight labor market.
- Florida had an unusually high percentage of very low-wage workers earning at or below the federal minimum wage in 2004, but the situation improved substantially in 2005, almost certainly as a result of the new state minimum wage law that went into effect on May 2, 2005.

V. Part-time work, Unemployment, and Long-term Unemployment

Part-time Employment. In general, Florida has a lower percentage of part-time jobs than does the nation as a whole. In 2005, 18.7% of Florida jobs were part-time, compared to 22.8% in the U.S. The part-time share of total employment dropped during the prosperous years 1995-2000 in the United States, in Florida, and in Florida's nearby geographic areas. Although the percentage of part-time work has jumped for the United States and its southern geographic areas including Florida in the period of 2000-2004, it declined again in 2005. Table 15 shows details.

Table 15
Part-time work as share of total employment for Florida, the U.S., the South, and the South Atlantic Division to which Florida belongs, 1995-2005

					Percentage-point change		
	1995	2000	2004	2005	95-00	00-04	00-05
United States	24.6%	21.8%	23.3%	22.8%	-2.8	1.5	1.0
South*	23.0%	19.7%	21.4%	20.4%	-3.3	1.7	0.7
South Atlantic **	22.6%	19.2%	20.9%	20.0%	-3.4	1.7	0.8
Florida	22.4%	18.1%	20.3%	18.7%	-4.3	2.2	0.6

*The South includes all states in the nation's geographic south, so in addition to the South Atlantic Division to which Florida belongs, it adds the East South Central Division (Alabama, Mississippi, Tennessee, and Kentucky) and the West South Central Division (Arkansas, Louisiana, Oklahoma, and Texas).

**The South Atlantic Division is comprised of the southern states along the Atlantic Coast. It includes Florida, Georgia, South Carolina, North Carolina, Virginia, West Virginia, Maryland, and Delaware.

Source: Economic Policy Institute analysis of Current Population Survey data.

Involuntary Part-time Work. More important than the percentage of all jobs that are part-time is the question of how many of those part time jobs are voluntarily chosen, and what percentage of them are involuntary. Involuntary part-time work refers to those working part-time because of slack work or unfavorable business conditions, inability to find full time work, and seasonal declines in demand. Involuntary part-time work is also referred to as "part-time work for economic reasons." Those who usually work part-time must also indicate that they want and are available for full-time work or they are not classified as part-time for economic reasons.

Part-time work for economic reasons (involuntary part-time work) is highly undesirable, and it is a more important indicator of substandard employment than is simply part-time work. In this regard, Florida has improved its performance in the most recent period. Whereas in 1995 and 2000 the state had an involuntary part-time work share well above that of the nation or of its southern counterpart states, by 2005 this percentage had dropped to approximately the national average. Table 16 shows the details.

Table 16
Involuntary Part-time Work as a Share of Total Part-Time Employment for Florida, the U.S. the South, and the South Atlantic Division, 1995 – 2005

	Percentage-point change				
	1995	2000	2005	1995-2000	2000-05
United States	14.6%	10.8%	13.5%	-3.8	2.7
South	14.8%	11.5%	14.2%	-3.3	2.7
South Atlantic	14.5%	10.5%	14.0%	-4.0	3.5
Florida	16.2%	12.7%	13.7%	-3.5	1.0

Source: Economic Policy Institute analysis of Current Population Survey data

Florida's less rapid jump in involuntary part-time work between 2000 and 2005 than the increase of its comparison counterparts is probably due to Florida's rapid rate of job growth, enabling many who were previously trapped in involuntary part-time work to find full-time employment.

Unemployment. Fortunately, Florida has a lower unemployment rate than does the nation. And it has been improving on this score relative to the country, the South, and the South Atlantic region since 2001. Table 17 shows trends from 1995 to 2005.

Table 17
Unemployment rates for Florida, the U.S., the South, and the South Atlantic Division, 1995-2005

	1995	2000	2001	2002	2003	2004	2005
United States	5.7%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%
South	5.5%	3.9%	4.7%	5.6%	5.8%	5.3%	5.0%
South Atlantic	5.2%	3.5%	4.5%	5.3%	5.2%	4.8%	4.5%
Florida	5.6%	3.6%	4.8%	5.5%	5.2%	4.6%	3.6%

Source: Economic Policy Institute analysis of Current Population Survey data

As indicated earlier, by June 2006 Florida's unemployment rate had fallen to 3.0%, well below the national average. Florida's relative good fortune on the unemployment front in recent years is probably due to a combination of factors. It relies heavily on tourism-related and service industries that have recovered fully from the 9-11-01 setback, and is underrepresented in manufacturing, which has recovered least from the 2001 recession to the present. Many of the states with high unemployment rates have traditionally relied heavily on manufacturing for employment.

Long-term Unemployment. One important measure of the degree of stress caused by unemployment is the percentage of the unemployed who have been out of a job for a long period of time. Defining "long-term unemployment" as unemployment for longer than 26 weeks (half a year), the numbers indicate that the percentage of the unemployed who are long-term unemployed grew enormously between 2001 and 2005 in the United States. Florida exhibits the same trend. But in 2005 when the U.S. and its Southern counterparts reduced the rate of long-term unemployment, Florida increased it. Table 18 shows the details.

Table 18
Long-term Unemployment as a Percentage of all Unemployment for Florida, the U.S., the South, and the South Atlantic Division, 2001-2005

	2001	2002	2003	2004	2005	Percentage-point change 2001-2005
United States	11.8%	18.3%	22.1%	21.8%	19.6%	7.8%
South	11.6%	17.7%	20.9%	19.8%	19.0%	7.4%
South Atlantic	11.6%	20.0%	22.2%	20.6%	19.3%	7.7%
Florida	10.8%	17.7%	19.2%	18.6%	18.9%	8.1%

Source: Economic Policy Institute analysis of Current Population Survey data

Florida looks relatively good concerning unemployment statistics, aside from the recent increase in the long-term unemployment rate. The state's comparatively good job creation performance is undoubtedly the reason for the state's overall good performance on this measure. However, Florida should be alert to its increasing rate of long-term unemployment.

SNAPSHOT SUMMARY OF PART-TIME WORK AND UNEMPLOYMENT IN FLORIDA:

- **A smaller percentage of Florida's jobs are part-time than in the U.S. Involuntary part-time work in the state approximates the national average.**
- **Florida's unemployment rate is below the national average and is also below that of its southern geographic counterparts. The percentage of long term (6 months or longer) unemployed in the state is also lower than in the nation, but the percentage grew faster in the state than elsewhere between 2001 and 2005, a sign of stress for the more-difficult-to-employ.**

VI. Women, Blacks and Hispanics in the Florida Workforce

The previous statistics look at the Florida workforce as a whole. However, the Florida workforce is not monolithic, and some segments of it fare better or worse than others. This section of the report will briefly look at some differences within that workforce.

Women and the Florida Workforce. Women in Florida participate in the labor force less than do men. When they do work for pay, it is more likely to be part-time employment. However, when they work part-time, this is less likely to be involuntary than it is for men. The unemployment rate for women is higher than for men. **In general, women fare worse than men in the job market, except for involuntary part-time status.** Table 19 shows the differences between men and women in Florida and which of those differences are "statistically significant," which means that we can predict with 95% certainty that the difference is not just the product of chance.

Table 19
Florida Labor Force Statistical Differences between Men and Women, 2005

	Male	Female	Difference*	Significant?
Labor force participation rate	70.1%	56.0%	-14.0	Yes
Unemployment rate	3.3%	3.9%	0.6	Yes
Long-term unemployment share	18.8%	19.0%	0.3	No
Underemployment rate**	6.7%	7.2%	0.6	Yes
Part-time workers share	14.1%	24.0%	9.9	Yes
Share of part-time workers who are part-time involuntarily	18.1%	10.8%	-7.3	Yes

*Due to rounding, difference may not exactly equal subtraction of Male from Female column

** The “underemployment rate” equals the unemployment rate + the percentage of workers doing part-time work involuntarily + the percentage who are marginally attached to the workforce. Marginally attached workers are individuals not in the labor force (i.e. neither employed nor unemployed) who want work and are available for work, and who have looked for work sometime in the last twelve months, but were not counted as unemployed because they had not searched for work in the four weeks preceding the survey.

Source: Economic Policy Institute analysis of Current Population Survey data

Most of the differences in Table 19 parallel national differences. One difference is that nationally women have same unemployment rate as men, whereas in Florida their unemployment rate is slightly higher. The same is true for their higher long-term unemployment rate; nationally men have higher rate on this measure. Their higher part-time work share and lower involuntary part-time work share (last row) parallel the national pattern.

The **median wage for women in the state in 2005 was \$12.20 per hour, which was 83.1% of the median male state wage of \$14.68 per hour.** This is a slightly higher percentage than the national pattern, where women earn almost 82% of what men do. (Dollar wages in the state are lower for both men and women than they are nationally.) Table 20 shows details.

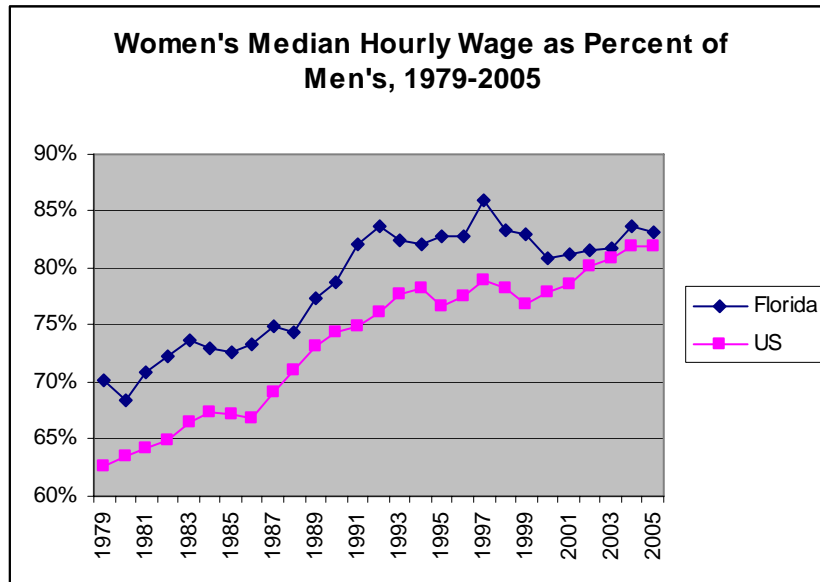
Table 20
Median Hourly Wage for Men and Women in Florida and the U.S., 2005

	Men	Women	All	Women/Men
United States	\$15.62	\$12.80	\$14.28	81.9%
Florida	\$14.68	\$12.20	\$13.47	83.1%

Source: Economic Policy Institute and author analysis of Current Population Survey data

Chart 5 shows the trend of women’s median hourly wage as a percentage of men’s from 1979 to 2005. Florida women always had a smaller wage gap with men than did their female counterparts across the U.S. in the past 25 years, but the difference has been shrinking in the past few years.

Chart 5



African –Americans and the Florida Workforce. African-Americans fare much worse than whites on most labor market measures. Table 21 shows the details.

Table 21
Florida Labor Force Statistical Differences between African-Americans and Whites, 2005

	White	African-American	Difference*	Significant?
Labor force participation rate	61.0%	65.1%	4.1	Yes
Unemployment rate	2.5%	7.4%	4.9	Yes
Long-term unemployment share	16.7%	24.1%	7.4	Yes
Underemployment rate	5.1%	13.4%	8.3	Yes
Part-time workers share	19.8%	19.3%	-0.5	No
Part-time for economic reasons share	10.5%	21.3%	10.9	Yes

*Due to rounding, difference may not exactly equal subtraction of White from African-American column

** The “underemployment rate” equals the unemployment rate + the percentage of workers doing part-time work involuntarily + the percentage who are marginally attached to the workforce. Marginally attached workers are individuals not in the labor force (i.e. neither employed nor unemployed) who want work and are available for work, and who have looked for work sometime in the last twelve months, but were not counted as unemployed because they had not searched for work in the four weeks preceding the survey.

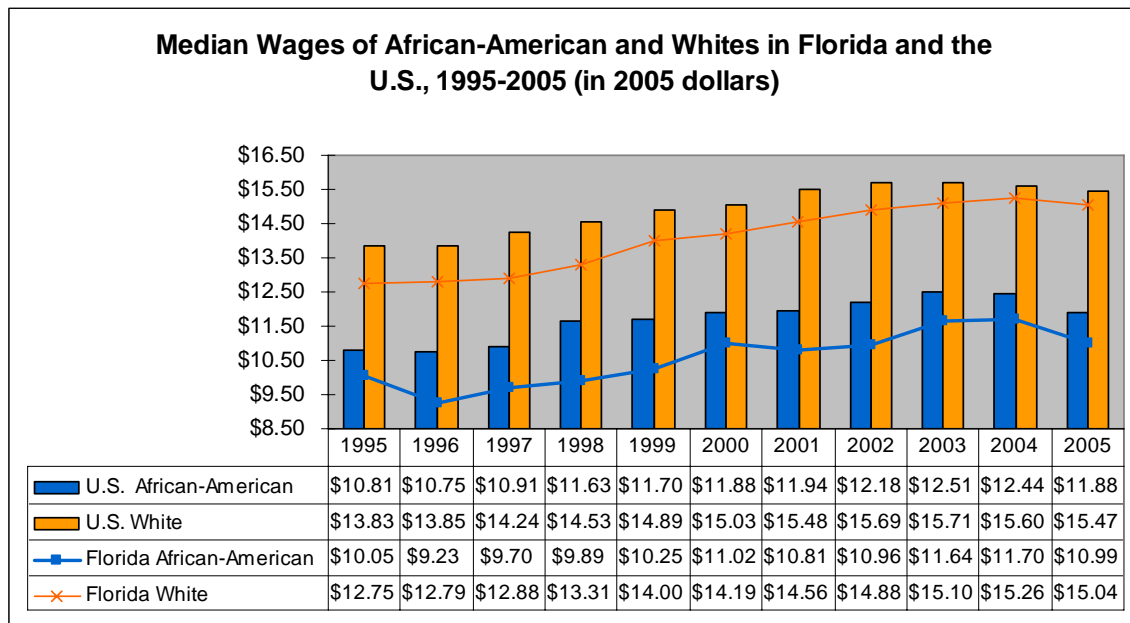
Source: Economic Policy Institute analysis of Current Population Survey data

In Florida, African-Americans have a significantly higher labor force participation rate than do whites, contrary to the country as a whole where this pattern is reversed. Possibly this is because of the large number of white retirees who came to the state in much larger proportions than their African-American retiree counterparts, bringing down white labor force participation rates. The higher unemployment, long-term unemployment share and underemployment rates for African-Americans in the state parallel the national experience.

Unlike their national counterparts, Florida African-Americans do not have a significantly higher percentage part-time work share. But the higher percent of part-timers who are part-time involuntarily also parallels the national experience. African-Americans are significantly more likely to receive low wages than are non-Hispanic whites. According to Current Population Survey data, **the median wage of Florida whites in 2005 is \$15.04 per hour, while its African-American workers earn only 73.1% of that, \$10.99 per hour.**

African-Americans in Florida not only have lower wages than their white counterparts. They also earn less than African-Americans in the U.S. as a whole. Chart 6 shows details. The difference between the U.S. and Florida average wage of African-American has decreased slightly in the last three years, but the gap between Florida whites and African-American has not changed much during the last 10 years. (It is worth noting that median wages for all types of workers declined in 2005 compared to 2004.)

Chart 6



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Hispanics and the Florida Workforce. **Hispanics also tend to fare worse than whites in the state on most labor market measures.** Table 22 shows the details.

Table 22
Florida Labor Force Statistical Differences between Hispanics and Whites, 2005

	White	Hispanic	Difference*	Significant?
Labor force participation rate	61.0%	66.2%	5.2	Yes
Unemployment rate	2.5%	4.3%	1.8	Yes
Long-term unemployment share	16.7%	17.8%	1.1	No
Underemployment rate	5.1%	7.9%	2.8	Yes
Part-time workers share	19.8%	14.8%	-5.0	Yes
Part-time for economic reasons share	10.5%	21.2%	10.7	Yes

*Due to rounding, difference may not exactly equal subtraction of White from Hispanic column

** The “underemployment rate” equals the unemployment rate + the percentage of workers doing part-time work involuntarily + the percentage who are marginally attached to the workforce. Marginally attached workers are individuals not in the labor force (i.e. neither employed nor unemployed) who want work and are available for work, and who have looked for work sometime in the last twelve months, but were not counted as unemployed because they had not searched for work in the four weeks preceding the survey.

Source: Economic Policy Institute analysis of Current Population Survey data

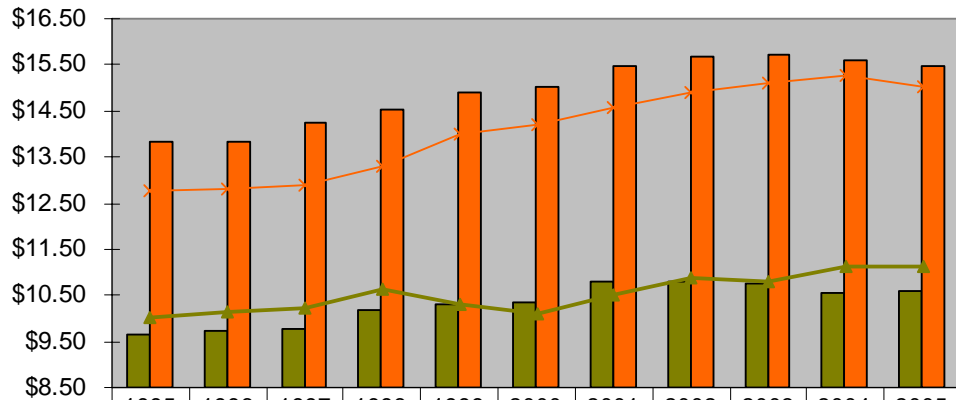
The differences in Table 22 parallel the national experience with one exception: nationally, Hispanics have a significantly lower percentage of unemployment spells that turn into long term unemployment, unlike in Florida. Hispanics are significantly more likely to receive low wages than are non-Hispanic whites. According to Current Population Survey data, **the median wage of Florida non-Hispanic whites in 2005 was \$15.04 per hour, while its Hispanic workers earned only \$11.11 per hour.**

Hispanics in Florida consistently earn less than their non-Hispanic white counterparts. But they averaged more than other Hispanics in the U.S. during most years from 1995-2005. Chart 7 shows details. The wage gap between Florida whites and Florida Hispanics grew in the past 10 years, just as it did for the U.S. as a whole.

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Chart 7

**Median Wages of Hispanic and Whites in Florida and the U.S.,
1995-2005 (in 2005 dollars)**



■ U.S. Hispanic	\$9.65	\$9.74	\$9.77	\$10.17	\$10.32	\$10.33	\$10.81	\$10.81	\$10.76	\$10.55	\$10.60
■ U.S. White	\$13.83	\$13.85	\$14.24	\$14.53	\$14.89	\$15.03	\$15.48	\$15.69	\$15.71	\$15.60	\$15.47
▲ Florida Hispanic	\$10.02	\$10.15	\$10.24	\$10.63	\$10.31	\$10.12	\$10.51	\$10.86	\$10.79	\$11.12	\$11.11
× Florida White	\$12.75	\$12.79	\$12.88	\$13.31	\$14.00	\$14.19	\$14.56	\$14.88	\$15.10	\$15.26	\$15.04

SNAPSHOT SUMMARY OF WOMEN, BLACKS, AND HISPANICS IN THE FLORIDA WORKFORCE:

- **Women in Florida participate less than men in the labor force and are much more likely to work part-time. Their unemployment is higher than men's, and part-time status is more likely to be voluntary. The 2005 median hourly wage for women in Florida (\$12.20/hour) is about 83.5% of men's. The wage gap percentage between men and women has narrowed in the past 10 years, paralleling a national trend.**
- **Florida's African-American workers are more likely to participate in the labor force than are whites, but they experience much worse conditions in that labor market. They have much a higher unemployment rate, much greater long-term unemployment and underemployment, and much more involuntary part-time work. Their 2005 median wage (\$10.99/hour) is only 73.1% of the median wage of their white counterparts. The percentage wage gap between African-Americans and whites has held relatively steady over the past 10 years.**
- **Hispanic workers in Florida participate in the labor force at a higher rate than do whites, but have a much higher unemployment and underemployment rate. They are less likely to work part time, but if they do it is much more likely to be involuntary. Their median 2005 wage (\$11.11/hour) is only 73.9% of the median wage of their non-Hispanic white counterparts. The percentage wage gap with whites has been growing in the past 10 years.**

VII. Median Family Income, 4-Person Family Income and Income inequality in Florida

Median family income. Median family income is the family income that divides the top half and the bottom half. In other words, half of families have an income above the median, and half have an income below.

Income is not the same as wages, because there are other kinds of income beside wages, including investment income, pension income, rental income, government support income, etc. The difference is especially pertinent in a state like Florida, which has a large number of retirees living off pensions, investment income, and savings. Nevertheless, family income is one important measure of well-being in the state.

There are now two databases that can be used to determine median family income for the state, the American Community Survey (ACS) and the Current Population Survey (CPS). They yield slightly different results, although the differences are not significant. For one year figures, the ACS database is preferable because it is a larger survey sample. Using ACS figures, **Florida ranked 35th in the nation in median family income (\$50,465 compared to the U.S. median of \$55,832) in 2005.** ACS figures only go back to 2002, but in the three year period, the state's ranking has changed very little (it ranked 36th in 2002, and its median family income was an identical 90.4% of the U.S. median family income in both 2002 and 2005). Longer-term data from the CPS indicate that Florida's recent median family income figures as a percentage of the U.S. median family income have changed little in the past decade and a half, fluctuating slightly above or below 90%. Table 23 shows comparisons for the past three years of 2002 – 2005. **All income data are converted into 2005 dollars, to ensure comparability and a sense of current purchasing power across the years.**

Table 23
Median Family Income in Florida and the U.S., 2002-2005 (in 2005 dollars)

	United States	Florida	Florida/US
2002	56,167	50,778	90.4%
2003	55,473	50,346	90.8%
2004	55,488	51,115	92.1%
2005	55,832	50,465	90.4%

Source: <http://factfinder.census.gov>
2002-2005 American Community Survey
Adjusted by CPI-U-RS

Even with Florida's booming economy since the end of the last recession in November of 2001 through 2005, the median family income in the state declined.

Median Income for a 4-Person Family. The four-person family median income is yet another measure of well-being. A four-person family is defined as four people living together who are related by birth, marriage, or adoption.

According to American Community Survey, Florida had a lower median income for this size family than did the U.S. in 2005, and ranked 30th of the 50 states in the nation on this measure. This is worse than 2004 when the state ranked 28th, but marks a slight improvement since 1999. Table 24 shows details.

Table 24
Median Income for 4-Person families in FL and the U.S.,
1999-2005 (in 2005 dollars)

	United States	Florida	Percent of Florida income as U.S. Average	Rank of Florida
1999	\$67,831	\$61,769	91.10%	33
2005	\$67,019	\$62,269	92.91%	30

Source: 1999 data are from Census 2000 Summary File 4; 2005 data are from American Community Survey 2005

Income Inequality. Income inequality in the U.S. is growing, and Florida is one of the states with the most severe growth. It ranks 6th in the greatest increases in income inequality between the Top 5% and the Bottom fifth of incomes from the early 1980s to early 2000s. Table 25 shows details.

Table 25
11 States with Largest Percent Change in Average Income
of Bottom Fifth and Top 5% of Families '80-82 to '01-03

	States	Percent change of Bottom fifth	Percent change of top 5%	Difference of percentage point
	United States	19%	85%	66%
1	New Jersey	24%	132%	108%
2	Pennsylvania	22%	124%	102%
3	Massachusetts	16%	105%	89%
4	New York	13%	94%	81%
5	Michigan	24%	103%	80%
6	Florida	19%	92%	73%
7	North Carolina	18%	87%	69%
8	Ohio	21%	89%	67%
9	California	11%	73%	62%
10	Illinois	21%	77%	57%
11	Texas	11%	66%	55%

Source¹: Economic Policy Institute/Center on Budget and Policy Priorities' analysis of data from the U.S. Census Bureau's Current Population Survey.

¹ Jared Bernstein, Elizabeth McNichol and Karen Lyons. January 2006. *Pulling Apart: A State-by-State Analysis of Income Trends*. Center on Budget and Policy Priorities and Economic Policy Institute

In the report *Pulling Apart: A State-by-State Analysis of Income Trends*, Florida was 5th highest in income inequality between the top and bottom fifths of families in the period 2001-2003. Not only was there a large increase in inequality between the incomes of families at the top and bottom of the scale, but also between top and middle income families. Florida ranked 2nd in increase in income inequality between the top 5% and the middle fifth from early 1980s to early 2000s and 2nd in income inequality between the top and middle fifth of families in the period of early 2000s.

SNAPSHOT SUMMARY OF MEDIAN FAMILY INCOME AND INCOME INEQUALITY IN FLORIDA:

- **Despite Florida's booming economy in 2002-2005, median family income fell during this period by .6%, from \$50,778 to \$50,465 in constant 2005 dollars.**
- **Florida ranked 35th of the 50 states in the nation in median family income in 2005, similar to the rank it has held for many years. It is a relatively low-income state, but not extremely low.**
- **Florida ranked 30th of the 50 states in the nation in median income for a four-person family in 2005.**
- **Florida has a severe inequality of income and the inequality grew more rapidly in this state than in the nation as a whole from the early 1980s into the early 2000s.**

VIII. Poverty in Florida

The U.S. Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is below the poverty line. The thresholds used are way too low if one equates being out of poverty with not needing government assistance or some form of charity assistance to survive. For example, the poverty threshold for a family of four was less than \$20,000 in annual income in 2005. Most measures of "self-sufficiency" indicate that the poverty line should be set almost double what it is, if absence of poverty means the ability to survive on one's own income without some form of assistance. Nevertheless, the official poverty thresholds are widely used, and we will use them in the following table. But the reader should be aware that real poverty – meaning inability to support oneself or a family – is much higher than indicated by the following figures.

We now have two measures of Florida's poverty rate, the American Community Survey (ACS) and the Current Population Survey (CPS). Both show that the state has improved on this measure in the recent past. Historically, Florida has had a poverty rate higher than the U.S. average. Now, according to both surveys, its poverty rate is lower than the U.S. poverty rate, although the margin of error indicates the difference could be as small as 0.1%. Florida ranks very close to the middle of the 50 states in its poverty rate. If the state with the lowest poverty is ranked #1 and the state with the highest poverty #50, in 2005 Florida came in at

27th best according to the ACS survey, with 12.8% of the population below the poverty level, and 28th best according to the CPS survey, with 11.9% in poverty. But both surveys show the state with a poverty rate around 1% lower than the national average. This is a very welcome development compared to the past. Table 26 shows the details.

Table 26

Comparative Poverty Statistics: Florida and the U.S., 2005

	Percent below poverty		Percent below 150% of poverty	
	ACS	CPS	ACS	CPS
United States	13.3%	12.9%	22.2%	21.8%
Florida	12.8%	11.9%	22.6%	21.9%
state rank	27 th	28 th	33 rd	29 th

Source: American Community Survey 2005 and Current Population Survey 2005 March Supplement.

Child poverty statistics show a similar pattern: Florida's 17.9% (ACS) or 18.0% (CPS) child poverty rate is a less than 1% below the national rate (although the difference is statistically insignificant), and the state ranks 27th (ACS) on this measure (Table 27). But when we increase to 1.5 times the poverty threshold, the state poverty rates are a bit higher than the U.S. average (22.6% vs. 22.2%) and Florida's rank drops to 33rd in the ACS. Table 27 shows the details.

Table 27

Children 17 and under in poverty: Florida and the U.S., 2005

	Percent below poverty		Percent below 150% of poverty
	ACS	CPS	CPS
United States	18.5%	18.4%	28.8%
Florida	17.9%*	18.0%	31.1%
state rank	27 th	26 th	35 th

* margin of error equals +/-0.6.

Source: American Community Survey 2005 and Current Population Survey 2005 March Supplement.

SNAPSHOT SUMMARY OF FLORIDA POVERTY:

- **In 2005, Florida's poverty rate was lower than the national rate, an improvement over previous years. The state ranked close to the middle of the 50 states on this measure.**
- **Florida's child poverty rate was also slightly below the national rate and it ranked in the middle of the 50 states on this measure as well.**
- **When the poverty threshold is increased 1.5 times, Florida has a higher than average poverty rate both for children and all the population.**

IX. Healthcare Coverage in Florida

Healthcare coverage is one of the most important aspects of public welfare. On this measure, Florida fares very badly. In the 2003-2005 period, almost 20% of its residents lacked any form of health insurance. Only two states performed worse. Unfortunately, Florida's percentages of residents without healthcare coverage have been getting worse in the past five years. Table 28 shows the percentages of the U.S. and Florida populations without healthcare coverage over the three year periods 2001-2003, 2002-2004, and 2003-2005. State figures continue to worsen even compared to the worsening national ones. In 2001-2003 the state's percentage without healthcare was about 2.5% higher than the nation's percentage; by the 2003-2005 period, it was 3.9% higher.

Table 28
Percentage without Healthcare Coverage in the U.S. and Florida, Various Years

	% Without Healthcare Coverage (2001-2003)	% Without Healthcare Coverage (2002-2004)	% Without Health Coverage (2003-2005)
United States	15.1 %	15.5 %	15.7%
Florida	17.6% (43rd worst of 50 states in % coverage)	18.5% (45th worst of 50 states in % coverage)	19.6% (48th worst of 50 states in % coverage)

Source: US Census Bureau Report. Income, Poverty and Health Insurance in the United States: 2003, 2004 and 2005. Available online: <http://www.census.gov/hhes/www/income/reports.html>

If we eliminate government-provided health insurance and look only at private sector employer-provided health insurance, Florida again performs very poorly. On this measure, only six states performed worse. Table 29 provides the details.

Table 29
Private Sector Employer-provided Health Insurance Coverage (%)

	Percentage	Ranking among states
United States	55.8%	NA
Florida	51.5%	44th

Source: <http://www.census.gov/hhes/www/hlthins/historic/hihist4.html>

SNAPSHOT SUMMARY OF FLORIDA HEALTHCARE COVERAGE:

- **Almost 20% of Florida's residents had no healthcare coverage in 2003-2005, a worse record than all but two of the nation's states.**
- **The state's standing compared to the national average has been deteriorating in the past three years.**
- **Considering only the private sector, the state ranks 44th of the 50 states in employer-provided health insurance coverage**

X. Pension Coverage in the State of Florida

Pension coverage is a basic measure of the economic welfare of working people. Those without a pension face an old age in poverty because in most cases the social security system is inadequate to provide for an existence above the poverty line. Our measure of pension coverage in the following table will include only private wage-and-salary workers in the state of Florida aged 18-64 who worked at least 20 hours per week and 26 weeks per year. It is taken from the March Current Population Survey sample. Coverage is defined as being included in an employer-provided plan where the employer paid for at least some of the coverage.

On this measure, in the 2003-2005 period Florida had the lowest rate of private sector pension coverage of any state in the U.S. Table 30 shows the percentage of pension coverage for the state as well as for its geographic comparison areas and the nation as a whole.

Table 30
Private Sector Pension Coverage in Florida, the U.S., the South, and the South Atlantic Division, 2003-2005 Period

	United States	South	South Atlantic	Florida
Pension coverage	45.2%	42.0%	41.6%	35.7%
				(the worst of the 50 States)

Source: Economic Policy Institute analysis of March Current Population Survey samples.

Looking back over history, Florida's low rate of pension coverage for workers employed in the state is nothing new. In the 1989-1991 period, it ranked 49th of the 50 states. Florida's reliance on low-paying service sector jobs is likely the reason for the extremely low level of pension coverage, combined with its low unionization rate and relative absence of manufacturing.

SNAPSHOT SUMMARY OF PENSION COVERAGE IN FLORIDA:

- **Florida has the lowest rate of private sector pension coverage in the nation.**
- **The problem is longstanding. It probably results from the state's reliance on low wage service sector jobs and its low unionization rate.**

XI. Unemployment Compensation Coverage in Florida

Another important measure of how well a state treats its workers is how it treats its unemployed. Florida's unemployment compensation law is written quite restrictively, preventing most unemployed from being eligible to collect benefits. In the first quarter of

2006 only 29.4% of Florida's unemployed received benefits, well below the U.S. average of 40.2% that year. The state ranked 38th of the 50 states in its generosity to unemployed workers on this measure (Web site:

<http://workforcesecurity.doleta.gov/unemploy/claimssum.asp>).

Once a worker does qualify, Florida ranked 39th of the 50 states in the size of the unemployment benefit given in June 2006. In that month, its average unemployment benefit was \$229.82/week, well below the \$275.16 U.S. average (Web site:

<http://workforcesecurity.doleta.gov/unemploy/claimssum.asp>). Yet, Florida's unemployed need these benefits more than they do in most other states; over 40% of them (42.8%) drew benefits for all 26 weeks until their benefits were exhausted in the first quarter of 2006. This is one of the highest of any of the 50 states (Web site:

<http://workforcesecurity.doleta.gov/unemploy/content/data.asp>).

SNAPSHOT SUMMARY OF UNEMPLOYMENT COVERAGE IN FLORIDA:

- **Florida's restrictive unemployment compensation law meant that in the first quarter of 2006 only 29.4% of the unemployed collected benefits. Florida is 38th of the 50 states on this measure.**
- **Florida's maximum unemployment benefit is below the U.S. average. In June 2006, the state ranked 39th of the 50 states on this measure.**
- **Yet Florida's unemployment insurance recipients depend on these benefits longer than in other states: 42.8% unemployed exhaust their benefits by using them for the full 26 weeks, one of the highest rates in the nation.**

XII. Disability Policy in Florida

Temporary Total Disability. Florida's maximum weekly benefit for temporary disability is very close to the average for all states: \$626, placing the state 24th in the nation on this measure. However, its law is inferior to the laws of most states in two respects.

First, it limits benefits to a total of 104 weeks, which is more restrictive than 46 of the 50 states. Only five states have either the same one, or different restrictions that could be considered either worse or better for the employee, depending on circumstances.

Second, Florida subtracts any income from social security or unemployment insurance benefits from the workers compensation payment, lowering payments. Only 14 states have any such "offset," and all but three of these 14 states have less extensive offsets than Florida. (Web site: <http://www.dol.gov/esa/regs/statutes/owcp/stwclaw/stwclaw.htm>).

Permanent Total Disability. Florida's maximum weekly benefit for total disability is the same as for temporary disability, very close to the average for all states: \$626 (24th of the 50 states). But it also reduces benefits by social security and unemployment insurance "offsets", unlike most states.

(Website: <http://www.dol.gov/esa/regs/statutes/owcp/stwclaw/stwclaw.htm>).

SNAPSHOT SUMMARY OF DISABILITY POLICY IN FLORIDA:

- **Florida's maximum weekly benefit for temporary and permanent total disability is about average for the U.S.**
- **But its restrictions on the length of the benefit are among the most severe in the nation. Likewise, the subtraction of social security or unemployment insurance benefits from disability benefits is a more severe restriction of benefits than in all but three other states.**

XIII. Other Statutory Protections of Workers

Statutory Protections of Workers. Various other state protections of workers and their rights exist in a number of states. Subjects include anti-discrimination, drug testing, family leave, anti-AIDS discrimination, sexual harassment, time off to vote, pay for overtime, equal pay, maximum hours, right-to-know, whistle blower protection, and anti-smoking exposure. While a measure of such laws is difficult to quantify, the small number of such laws that actually protect workers in Florida shows that here again the state is lagging behind national norms.

SNAPSHOT SUMMARY OF STATUTORY PROTECTIONS OF WORKERS IN FLORIDA:

- **Florida has few statutory protections of workers' rights (anti-discrimination, right-to-know, equal pay, whistle blower protection, etc.), in comparison to other states.**

XIV. Unionization in Florida

Unions are perhaps the primary mechanism for U.S. workers to raise their living and working standards. On average, union members earn between 20-30% more than non-union workers. They also exert greater influence over their working conditions, and they have contractual guarantees against arbitrary or discriminatory treatment. Therefore the condition of unions within a state is another indicator of worker well-being. In this regard, states can be measured in two ways: the size and strength of unions, and public policies toward unions that either encourage or inhibit their existence. On both fronts, Florida fares comparatively poorly.

For all Florida workers, the unionization rate in the year 2005 was 5.4% of employed wage and salary workers, less than half of the U.S. rate of 12.5%. This ranks Florida in a tie for 41st – 43rd of the 50 states. In all private sector categories, the state ranks somewhere in the 40s

of the 50 states in unionized percentages. Public sector unionization rates are much higher in Florida, which is the 30th in this category. Table 31 shows details.

Table 31
Unionization rates in Florida and the U.S., various categories of workers, 2005

	All Workers -- % Union	Private Sector Workers -- % Union	Private Manufacturing Workers -- % Union	Private Construction Workers - % Union	Public Sector Workers -- % Union
United States	12.50%	7.80%	13.00%	13.10%	36.50%
Florida	5.40% (41st -43rd in nation)	2.50% (49th in nation)	3.20% (48th in nation)	3.70% (43rd in nation)	22.30% (30th in nation)

Source: Web site: www.unionstats.com

Florida's unionization rate has been slowly falling for quite some time. From 1989 to 2005, the unionization rate (union density) fell almost 20% from 7.2% to 5.4%. Table 32 shows the changing rates for different sectors of the workforce from 1989 through 2005.

Table 32
Florida unionization rates in various categories, 1989-2005

	1989	1995	2000	2001	2002	2003	2004	2005
All Workers	7.2%	7.3%	6.8%	6.6%	5.8%	6.1%	6.0%	5.4%
Private Sector Workers	3.6%	3.5%	3.3%	3.5%	2.8%	3.3%	2.8%	2.5%
Private Manufacturing Workers	5.5%	5.8%	4.3%	3.7%	3.2%	2.9%	2.2%	3.2%
Private Construction Workers	4.8%	4.2%	4.7%	4.3%	3.4%	4.4%	3.0%	3.7%
Public Sector Workers	26.4%	26.9%	28.5%	26.6%	24.6%	22.5%	23.7%	22.3%

Source: Web site: www.unionstats.com

The state government's public policies are not friendly to unions. Florida is one of eight states with a ban on negotiated requirements of union membership for employees in unionized establishments (also known as a "right-to-work" provision) built into the state constitution. Twenty- two states have such provisions, but most are merely state laws, not constitutional requirements that are much harder to change.

"Right-to-work" provisions of this nature hurt unions by allowing workers covered by a union contract to not pay their union dues, i.e., be "free riders" accepting the benefits of a union contract without paying for it. Thus, union coverage in Florida in 2005 was 7.2% even though union membership was only 5.4%. Unions are hurt financially and are unable to

represent members (and non-members) as effectively when over 33% of those they represent do not pay their dues, as is the case in Florida.

SNAPSHOT SUMMARY OF UNIONIZATION IN FLORIDA:

- **The unionization rate in Florida in 2005 was less than half that of the nation as a whole (5.4% vs. 12.5%).**
- **The same is true to a more extreme degree for Florida private sector workers. Unionization in the public sector is much higher; the state was the 30th of the 50 states on this measure.**
- **The state's unionization rates have been falling slowly for over a decade.**
- **Florida's state government policies are not friendly to unions. It has a constitutional "right-to-work" provision that allows union-represented workers to not pay their union dues.**

XV. TAXES IN FLORIDA

Florida has historically been considered a "low tax" state, but this was misleading. The "tax burden" is the percentage of residents' incomes that they must pay in taxes. The overall tax burden placed on Florida's citizens in 2006 is very average – 31% compared to the national average of 31.6%. Florida's overall tax burden places it 21st highest of the 50 states. But the tax collections (and hence revenues) of the state are very low – 39th of the 50 states. How this can be will be explained below, but first Table 33 shows the discrepancy.

Table 33
Total State and Local Tax Burden and Tax Collections (Percentages of Incomes and State Ranking) for Florida and the U.S. (Average), 2006

	Total Tax Burden (% of Incomes)	Tax Collections (% of Incomes)	State Rank in Tax Burden	State Rank in Tax Collections
United States Average	31.60%	10.60%	NA	NA
Florida	31.00%	9.70%	21st	39th

Historically Florida's tax structure has brought its citizens the worst of both worlds: the tax burden imposed on its citizens was essentially the same as throughout the country, and the revenue it collected was so low that it was in a perpetual budget squeeze and it was unable to adequately fund many programs needed in the state.

How can this be? Florida's tax structure is skewed toward taxes that were not deductible on one's federal tax return (sales taxes), and the state refused to institute a tax that would be deductible (a broad-based state income tax). Therefore the "low" taxes paid to state and local governments simply meant that a larger proportion of taxes collected under a very average

overall tax burden went to the federal government. Citizens did not enjoy an overall low tax burden, but they did suffer from inadequately funded state and local governments.

In 2004 the federal tax law was changed so that state and local sales taxes were deductible on federal tax returns. This should have lowered the total tax burden on the state's citizens, although the rankings shown in Table 31 (which are calculations from the Tax Foundation based on figures from the U.S. Bureau of Economic Analysis) don't show any appreciable change from the previous year. The tax burden increased 2.4% from 28.6% to 31.0% and tax collection increased only 0.5% from 9.2% to 9.7%. Further study is needed to find the reason.

In any case, for middle income and low income working families, Florida has actually been a high tax state. This is because Florida slants its taxes in a regressive direction: the less you earn the higher proportion of your earnings you pay in taxes. Both middle income and lower income workers thus paid higher taxes than their "average" counterpart elsewhere in the country. Furthermore, the situation was getting worse. To show how badly Florida has been out of line with both the country and its regional counterparts, Table 34 shows the average national tax burden on different income groups, as well as for Florida and all states in the South Atlantic Division in the year 1995 and 2002.

Table 34
State and Local Taxes as a Share of Total Family Income by Income Group for Florida, the U.S and the South Atlantic Division, 1995-2002

	Lowest 20%			Middle 20%			Top 1%		
	2002	1995	Difference	2002	1995	Difference	2002	1995	Difference
US	11.4%	12.4%	-1.0%	9.6%	9.4%	0.2%	5.2%	5.8%	-0.6%
South Atlantic									
Delaware	4.7%	6.3%	-1.6%	5.2%	6.2%	-1.0%	4.8%	4.9%	-0.1%
Maryland	9.4%	10.8%	-1.4%	8.8%	9.8%	-1.0%	5.1%	5.6%	-0.5%
Virginia	9.0%	9.6%	-0.6%	8.1%	8.3%	-0.2%	4.8%	5.0%	-0.2%
W. Virginia	9.3%	10.6%	-1.3%	9.7%	8.6%	1.1%	6.5%	5.7%	0.8%
N. Carolina	10.6%	9.6%	1.0%	10.0%	9.1%	0.9%	6.1%	6.0%	0.1%
S. Carolina	7.9%	8.0%	-0.1%	8.8%	7.8%	1.0%	5.5%	5.6%	-0.1%
Georgia	11.9%	11.1%	0.8%	10.3%	9.3%	1.0%	5.4%	5.7%	-0.3%
Florida	14.4%	14.0%	0.4%	9.8%	7.6%	2.2%	2.7%	3.2%	-0.5%

Source: McIntyre, et. al., Who Pays: A Distributional Analysis of the Tax Systems in all 50 States. Institute on Taxation and Economic Policy, January 2003 and June 1996

Table 34 reveals that **Florida placed the highest tax burden on the poorest 20% of its residents of any state in the South Atlantic in both 2002 and 1995— well above any other state, and well above the national average. Its tax burden on the middle 20% income increased the fastest in the eight states of South Atlantic Division from 1995 to 2002. It was higher than the national average in 2002. But it placed the absolute lowest tax burden on its richest 1% -- well below any other South Atlantic state and almost 50%**

below the national average in 2002. And it decreased the most among South Atlantic Division from 1995 to 2002.

The extremely regressive nature of the Florida tax system – the poorer you are, the higher your effective tax rate – has made Florida a **high** tax state for both its middle income and low income residents, especially its low income residents.

The new round of tax cuts signed into law by President George W. Bush in May 2006 worsened the situation. According to the analysis of Citizens for Tax Justice, the wealthiest residents benefited the most from this tax cut law, which has also increased the income inequality. Table 35 shows details.

Table 35
Average Federal Tax Cuts, by Income Group in Florida 2001-2006

Income Group & Average Income	Lowest 20% \$10,900	Second 20% \$22,300	Middle 20% \$35,000	Fourth 20% \$57,200	Next 15% \$99,800	Next 4% \$221,000	Top 1% \$1,460,900
Average Tax Cut	-\$347	-\$1,247	-\$1,835	-\$2,581	-\$4,699	-\$10,592	-\$136,804
Tax cut as percent of Income	-3.2%	-5.6%	-5.2%	-4.5%	-4.7%	-4.8%	-9.4%

Source: <http://www.ctj.org/debt.htm>

SNAPSHOT SUMMARY OF FLORIDA'S TAX SYSTEM:

- The total tax burden on Florida's residents in 2006 is about the U.S. average (21st highest of the 50 states). It does, however, collect a very low amount of revenue through taxes (39th highest of the 50 states).
- This is because most Florida resident's taxes go to the Federal government, not the state. An average tax burden results in low state revenues, harming Florida's funding for education, transportation, etc.
- Middle- and low-income Florida residents face high taxes because of the state's extremely regressive tax structure placing a heavier burden the lower one's income. Wealthy residents face low taxes due to the regressive tax structure.
- The new tax cut law in May 2006 worsened the tax inequality. The poorest residents benefited the least from it.

XVI. Florida's Metropolitan Areas: How They Compare

Florida has 20 major metropolitan areas. It is worthwhile to examine them to see how they compare to the state as a whole and to each other. This report will briefly compare the

metropolitan areas in the following ways: (1) by average wage; (2) by percentage growth in the average wage in the past three years; and (3) by percentage growth in jobs in the past three years. After that, we will examine the industrial shift in jobs in the recent years in each metropolitan area.

Metropolitan Areas Ranked by Average Wage. Table 36 lists Florida’s metropolitan areas according to average (mean) wage in 2005, and gives each one’s ranking relative to the others (1 through 20).

Table 36
Average Wage in Each of Florida's Metropolitan Statistical Areas, 2005; and Ranking Relative to Others

Area	Average Annual Wage	% of Florida	Ranking
Florida	\$36,776	N/A	N/A
Daytona Beach	\$29,933	81.4%	20
Fort Lauderdale	\$39,366	107.0%	3
Fort Myers-Cape Coral	\$35,645	96.9%	9
Fort Walton Beach	\$32,979	89.7%	14
Ft. Pierce-Port St. Lucie	\$33,221	90.3%	12
Gainesville	\$32,995	89.7%	13
Jacksonville	\$38,218	103.9%	5
Lakeland - Winter Haven	\$32,233	87.6%	15
Melbourne-Titusville-Palm Bay	\$38,291	104.1%	4
Miami	\$40,610	110.4%	1
Naples	\$38,179	103.8%	6
Ocala	\$29,960	81.5%	19
Orlando	\$36,449	99.1%	7
Panama City	\$31,884	86.7%	18
Pensacola	\$32,053	87.2%	16
Punta Gorda	\$31,902	86.7%	17
Sarasota-Bradenton	\$33,910	92.2%	10
Tallahassee	\$33,611	91.4%	11
Tampa-St Petersburg-Clearwater	\$36,394	99.0%	8
West Palm Beach-Boca Raton	\$40,464	110.0%	2

Source: Analysis of Quarterly Census of Employment & Wages (QCEW) Annual NAICS Files.

Miami area has the highest average wage in the state, and Daytona Beach has the lowest. For ease of reading, those areas that have a higher wage than the state’s average are highlighted in **bold** in the three right columns in the table above. It should be noted that the figures in Table 34 are “averages” that say nothing about the distribution of wages. Therefore they do not necessarily tell us what the “typical” wage earner would make. For example, Miami had the highest “average” wage – yet both the city of Miami and its greater metropolitan area (Miami-Dade County) have poverty rates that are extremely high by comparative national standards. The median wage (the wage above which half earn and below which half earn)

would be a better indicator of the wage of the typical wage earner. But the averages given above do tell us how much wealth is being given out in wages, even if it does not tell us the distribution of that wealth.

Percentage Growth in the Average Wage in the Past Three Years. It is also useful to compare how rapidly wages have been growing in the various metropolitan areas in the past few years. Table 37 compares the metropolitan areas according to how fast the average wage grew in the 2002-2005 period.

Table 37
Average Wage, Percent Growth, and Wage Growth Rankings for Florida and Florida Metropolitan Statistical Areas, 2002-2005 (all industries)

Area	Average Annual Wage 2002	Average Annual Wage 2005	Percent Growth 2002-2005	Ranking in Percent Growth
Florida	\$32,428	\$36,776	13.4%	N/A
Daytona Beach	26,898	\$29,933	11.3%	17
Fort Lauderdale	34,455	\$39,366	14.3%	8
Fort Myers - Cape Coral	30,335	\$35,645	17.5%	5
Fort Walton Beach	27,237	\$32,979	21.1%	3
Ft. Pierce - Port St. Lucie	29,165	\$33,221	13.9%	9
Gainesville	27,686	\$32,995	19.2%	4
Jacksonville	33,740	\$38,218	13.3%	12
Lakeland - Winter Haven	29,517	\$32,233	9.2%	19
Melbourne- Titusville-Palm Bay	33,914	\$38,291	12.9%	13
Miami	35,737	\$40,610	13.6%	11
Naples	31,514	\$38,179	21.1%	2
Ocala	26,635	\$29,960	12.5%	14
Orlando	32,462	\$36,449	12.3%	15
Panama City	27,432	\$31,884	16.2%	7
Pensacola	28,184	\$32,053	13.7%	10
Punta Gorda	26,073	\$31,902	22.4%	1
Sarasota - Bradenton	28,963	\$33,910	17.1%	6
Tallahassee	30,909	\$33,611	8.7%	20
Tampa - St Petersburg - Clearwater	32,478	\$36,394	12.1%	16
West Palm Beach - Boca Raton	36,548	\$40,464	10.7%	18

Source: Analysis of Quarterly Census of Employment & Wages (QCEW) Annual NAICS Files

Eleven of the state's 20 metropolitan areas outperformed the state in average annual per-job wage growth in 2002-2005, with Punta Gorda leading the pack and Tallahassee coming in last. For ease of reading, all those areas that outperformed the state are **bolded** in the two right columns of the table above.

Percentage Growth in Jobs in the Past Three Years. Recent job growth would be another way to compare Florida's metropolitan areas. Table 38 compares and ranks them for 2002-2005.

Table 38
Number of Jobs, Percent Growth, and Job Growth Rankings for Florida and Florida Metropolitan Statistical Areas, 2002-2005 (all industries)

Area	Average Monthly Number of Jobs 2002	Average Monthly Number of Jobs 2005	Percent Growth 2002-2005	Ranking in Percent Growth
Florida	7,163,458	7,756,279	8.3%	N/A
Daytona Beach	159,685	162,435	1.7%	19
Fort Lauderdale	673,373	732,745	8.8%	8
Fort Myers - Cape Coral	176,726	213,645	20.9%	1
Fort Walton Beach	77,343	82,276	6.4%	14
Ft. Pierce - Port St. Lucie	107,088	125,206	16.9%	3
Gainesville	119,987	125,596	4.7%	17
Jacksonville	523,788	567,707	8.4%	11
Lakeland - Winter Haven	187,030	202,869	8.5%	10
Melbourne- Titusville-Palm Bay	183,467	203,583	11.0%	7
Miami	979,388	998,078	1.9%	18
Naples	114,497	129,308	12.9%	6
Ocala	83,334	98,175	17.8%	2
Orlando	861,715	974,163	13.0%	5
Panama City	61,982	70,264	13.4%	4
Pensacola	146,203	157,387	7.6%	13
Punta Gorda	42,053	39,974	-4.9%	20
Sarasota - Bradenton	264,041	280,372	6.2%	15
Tallahassee	155,307	167,902	8.1%	12
Tampa - St Petersburg - Clearwater	1,137,216	1,194,657	5.1%	16
West Palm Beach - Boca Raton	503,574	546,374	8.5%	9

Source: Analysis of Quarterly Census of Employment & Wages (QCEW) Annual NAICS Files

Eleven of the state's 20 metropolitan areas outperformed the state in rate of job growth during 2002-2005, led by Ft. Myers – Cape Coral. Punta Gorda performed the worst, followed by Daytona Beach and Miami. Again, for ease of reading, those areas outperforming the state average are **bolded** in the final two columns.

Combining elements of Tables 36, 37, and 38, we can easily piece together a picture of how each metropolitan region is faring. Table 39 shows how each metropolitan area ranks in wages, recent wage growth, and recent job growth.

Table 39
Rankings of Florida's 20 Metropolitan Areas in 2005 Average Wage, Average Wage Percentage Growth 2002-2005; and Job Growth 2002-2005

Area	Ranking in Average Wage, 2005	Ranking in % Avg. Wage Growth, 2002-2005	Ranking in % Job Growth, 2002-2005
Daytona Beach	20	17	19
Fort Lauderdale	3	8	8
Fort Myers-Cape Coral	9	5	1
Fort Walton Beach	14	3	14
Ft. Pierce-Port St. Lucie	12	9	3
Gainesville	13	4	17
Jacksonville	5	12	11
Lakeland - Winter Haven	15	19	10
Melbourne-Titusville-Palm Bay	4	13	7
Miami	1	11	18
Naples	6	2	6
Ocala	19	14	2
Orlando	7	15	5
Panama City	18	7	4
Pensacola	16	10	13
Punta Gorda	17	1	20
Sarasota-Bradenton	10	6	15
Tallahassee	11	20	12
Tampa-St Petersburg-Clearwater	8	16	16
West Palm Beach-Boca Raton	2	18	9

Source: Tables 33, 34, and 35, this report

In Table 37, once again the numbers that show better performance than the state average are **bolded**. Only two metropolitan areas, Fort Lauderdale and Naples, outperformed the state in all areas. Daytona Beach, Tallahassee and Tampa-St Petersburg-Clearwater were the only three that failed to outperform the state on even one of these three measures – all three had slower than average growth of jobs and average wages, and all three also have average wages below the state average.

Other metropolitan areas show more mixed results. Some, like Ocala and Orlando, show better than average job growth, but sub-par average wage growth and below average wages. Others, like Ft. Pierce-Port St. Lucie and Panama City have been growing both jobs and wages rapidly in the recent period, but still have wages considerably below the state average. Miami has the highest average wage in the state, but it has been performing below the state standard in job creation in the past three years. Similar interesting observations and comparisons can be made for each metropolitan area of the state by looking at Table 37.

Comparative Success in Creating Jobs in High-Wage Industries. Another interesting question is how the various metropolitan areas are shifting jobs between high- and low-paying industries compared to each other and compared to the state. Are some metropolitan areas successfully moving more of their employment into high-paying industries than the state? Conversely, are some moving even more of their jobs into low-paying industries than is the state? How do the metropolitan areas compare in the quest to shift to high-paying industries?

To answer this question, those industries that paid in 2005 an average wage more than 10% above the state's average annual wage (i.e., above \$40,454 per year) were selected and labeled "high-paying industries." Those that paid in 2005 on average less than the rate that was 10% below the state's average annual wage (i.e., below \$ 33,098 per year) were selected and labeled "low-paying industries."

Then, we looked at how fast each metropolitan area created jobs in both the high-paying and low-paying industries. These rates were compared to the corresponding rates at the state level. Table 40 shows results.

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Table 40
Percent Growth in Number of Jobs for High and Low Paying Industries for Florida
and Florida Metropolitan Statistical Areas, 2002-2005

Area	Percent Growth in High Wage* Industries	Percent Growth in Low Wage** Industries	Percent Surplus or Deficit from State for High Wage Industries	Percent Surplus or Deficit from State for Low Wage Industries
Florida	21.8%	20.3%	N/A	N/A
Daytona Beach	7.7%	12.2%	-14.1%	-8.1%
Fort Lauderdale	30.0%	18.5%	8.2%	-1.8%
Fort Myers - Cape Coral	43.6%	42.7%	21.8%	22.4%
Ft. Pierce - Port St. Lucie	29.8%	25.3%	8.0%	5.0%
Fort Walton Beach	41.8%	11.7%	20.1%	-8.6%
Gainesville	19.0%	28.0%	-2.8%	7.7%
Jacksonville	18.8%	21.6%	-2.9%	1.3%
Lakeland - Winter Haven	18.0%	17.1%	-3.8%	-3.2%
Melbourne- Titusville-Palm Bay	22.5%	23.1%	0.8%	2.8%
Miami	13.7%	19.8%	-8.1%	-0.5%
Naples	54.4%	25.3%	32.7%	5.0%
Ocala	32.7%	28.7%	11.0%	8.4%
Orlando	25.8%	23.8%	4.1%	3.5%
Panama City	47.0%	17.5%	25.2%	-2.8%
Pensacola	20.1%	28.8%	-1.7%	8.5%
Punta Gorda	38.0%	13.4%	16.2%	-6.9%
Sarasota - Bradenton	25.8%	20.5%	4.0%	0.2%
Tallahassee	17.5%	23.3%	-4.3%	3.0%
Tampa - St Petersburg - Clearwater	18.0%	13.1%	-3.7%	-7.2%
West Palm Beach - Boca Raton	21.9%	19.1%	0.2%	-1.2%

Source: Analysis of Quarterly Census of Employment & Wages (QCEW) Annual NAICS Files

*High Wage refers to more than 10% above the 2005 average annual wage for all industries (\$40,454). Those industries are (in ascending wage order): Transportation and Warehousing (\$40,717); Manufacturing (\$43,413); Public Administration (\$44,602); Financial Activities (\$52,620); Wholesale Trade (\$52,736); Information (\$52,750); Professional, Scientific and Technical Services (\$55,741); Finance and Insurance (\$59,309); Utilities (\$64,515); and Management of Companies and Enterprises (\$80,465).

**Low Wage refers to less than the wage that is 10% below the 2005 average annual wage for all industries (\$33,098). Those industries are (in ascending wage order): Accommodation and Food Services (\$16,925); Leisure and Hospitality (\$19,441); Agriculture, Forestry, Fishing and Hunting (\$21,486); Natural Resources and Mining (\$23,003); Other Services (except public administration) (\$25,801); Retail Trade (\$25,806); Administration & Support & Waste Management and Remediation Service (\$27,088); Art, Entertainment, and Recreation (\$29,618); and Unclassified (\$32,278).

Metropolitan areas that did better than the state in job creation in high-wage industries are **bolded** in the fourth column. Naples, Fort Myers - Cape Coral, Fort Walton Beach, and Panama City all outperformed the state on this measure by over 20 percent. Daytona Beach performed the worst, followed by Miami and Tallahassee. Among 12 metropolitan areas

outperformed the state in creating jobs in high-paying industries, **ten created more jobs in high-paying than in low-paying industries.**

Perhaps jobs being created in a high-paying or low-paying industry at a particular metropolitan area are not the average jobs for that particular industry – they may pay better or worse. To check this possibility, we looked at the percentage of **wage** (not job) growth in high-paying and low-paying industries in each metropolitan area. The results are shown in Table 41.

Table 41
Percent Growth in Total Annual Wages in High and Low Paying Industries for Florida and Florida Metropolitan Statistical Areas, 2002-2005

Area	Percent Growth in High Wage* Industries	Percent Growth in Low Wage** Industries	Percent Surplus or Deficit from State for High Wage Industries	Percent Surplus or Deficit from State for Low Wage Industries
Florida	6.1%	7.6%	N/A	N/A
Daytona Beach	-4.6%	1.4%	-10.7%	-6.2%
Fort Lauderdale	12.7%	4.6%	6.6%	-3.0%
Fort Myers - Cape Coral	17.6%	22.3%	11.4%	14.7%
Ft. Pierce - Port St. Lucie	19.8%	6.2%	13.6%	-1.4%
Fort Walton Beach	19.9%	-2.3%	13.7%	-10.0%
Gainesville	4.3%	11.5%	-1.8%	3.9%
Jacksonville	4.6%	8.0%	-1.6%	0.3%
Lakeland - Winter Haven	4.9%	5.7%	-1.2%	-1.9%
Melbourne- Titusville-Palm Bay	9.2%	9.7%	3.1%	2.1%
Miami	-1.8%	6.4%	-8.0%	-1.2%
Naples	13.9%	8.3%	7.8%	0.7%
Ocala	18.1%	15.1%	12.0%	7.5%
Orlando	10.5%	12.5%	4.4%	4.9%
Panama City	25.1%	1.9%	18.9%	-5.7%
Pensacola	7.5%	9.3%	1.3%	1.7%
Punta Gorda	15.9%	-6.6%	9.8%	-14.2%
Sarasota - Bradenton	10.4%	1.1%	4.2%	-6.5%
Tallahassee	8.7%	15.2%	2.6%	7.6%
Tampa - St Petersburg - Clearwater	2.7%	4.1%	-3.4%	-3.5%
West Palm Beach - Boca Raton	4.9%	10.5%	-1.3%	2.9%

Source: Analysis of Quarterly Census of Employment & Wages (QCEW) Annual NAICS Files

*High Wage refers to more than 10% above the 2005 average annual wage for all industries (\$40,454). See table 37 for a listing of these industries.

**Low Wage refers to less than the wage that is 10% below the 2005 average annual wage for all industries (\$33,098). See table 37 for a listing of these industries.

Figures in column four are in **bold** for the metropolitan areas that did better than the state in high-paying industry wage growth. The results are very similar to those for job growth,

although they are not identical. Fort Myers - Cape Coral, and Fort Walton Beach, and Panama City still perform the best in the state. Daytona Beach and Miami still perform the worst, although Tallahassee has a positive figure on this measure. Despite minor variations, Table 39 shows that wage growth in both high- and low-paying industries fairly closely parallels job growth in these industries, which is what we would expect.

While there are a number of ways one could combine the results of the above tables, it can be said that a **few metropolitan areas have done poorly in the 2002-2005 period by virtually any measure. They include Daytona Beach, and to a very slight degree, Tampa - St Petersburg - Clearwater.**

On the other hand, **two metropolitan areas have consistently beaten the state average on all the above measures in the 2002-2005 period. They are Fort Lauderdale and Naples. Ft. Myers, Ft. Pierce - Port St. Lucie and Panama City performed well in wage growth and job growth. Their high wage industries grew faster than low wage industries both in number of jobs and amount of wages. But their average wages in 2005 are still below the average of the state.**

XVII. Public Policy: What Might the State Do About Substandard Conditions for its Working Population?

Florida's job growth in the past few years has been very rapid. Its unemployment rate has been steadily dropping. If ever there was a chance for the state's workers to make gains and share in the state's prosperity, it should be now. Tight labor markets and rapid job growth provide the absolute best market conditions for working people to improve their incomes and working conditions.

So the recent past is an indication of the best Florida's workers can ever expect, given current economic structures and state policies. **Have Florida workers "cashed in," making significant strides in their material well-being? The evidence in this report shows that they have not.** Some very small progress has been made on a couple of fronts due to labor shortages and a new state minimum wage, but **overall Florida remains a low-wage state with substandard wages and policy treatment of its workers and their families.**

One recent policy change with beneficial consequences for very low-wage workers is the adoption by ballot initiative referendum of a state minimum wage that is indexed to the inflation rate on a yearly basis. As of January 1, 2006 the rate was \$6.40 per hour, to be raised in accordance with inflation on January 1, 2007. By itself, the new minimum wage has not had a major impact on overall wage rates in the state, but it has definitely reduced the percentage of workers earning a very low-wage, as shown by statistics cited earlier in this report. And it has done so with no evidence of harmful impacts on state job creation, low-wage economic sector growth, state "business climate," or the state's "competitive advantage" relative to other states.²

² For a report on the impact of the new state minimum wage after one year, see H. Luke Shaefer and Bruce Nissen, *The Florida Minimum Wage After One Year*. (On the web at: http://www.risep-fiu.org/reports/Florida_Minimum_Wage_Report.pdf.)

However, it is worth noting that the minimum wage was only enacted against the wishes of Florida's political leadership; the legislature and the governor had refused to even consider such a measure prior to the ballot initiative. The state's voters favored the measure by over 70%, but the state's political leadership opposed it.

If the state's political leaders continue to respond primarily to the politically-organized, well-funded business groups and other wealthy interest groups that provide the bulk of their campaign contributions, they will likely continue to refuse to implement policies aimed at directly improving the well-being of Florida's workers. Yet the consequences of doing so will mean that Florida is unlikely to substantially improve its below-average standing on a variety of measures of worker well-being.

This is partly because Florida's economy is heavily oriented toward low-wage service jobs, particularly in servicing retirees and tourists. Most of these jobs pay low wages. Table 4 in this study shows, for example, that the average annual pay in the Leisure and Hospitality sector in 2005 was \$19,441.

How can the state's public policies deal with this fact? No matter how much the state attempts to attract other types of business, or how much it educates and trains its work force, it will certainly remain heavily oriented toward tourism, personal services, retail industry, and other low paying service jobs for the foreseeable future.

A number of direct measures favorable to Florida's workers follow directly from the data presented earlier in this report. The state could take measures to "raise the wage floor" through a higher minimum wage and by state "living wage" legislation requiring state contractors to pay a wage that supports a family above the poverty line. It could legislate a "pay or play" policy requiring large retail and other employers such as Wal-Mart to either provide to all its employees health care insurance **at minimal cost to the employee** or else pay into a state-run fund that could provide such coverage. It could also move to increase eligibility and benefit levels in the state's unemployment compensation and workers compensation systems, provide health care coverage for those without, encourage unionization by removing the "right-to-work" provision from the state's constitution, require employer neutrality in union organizing drives at all publicly funded projects or businesses, overhaul the state's tax structure to make it less regressive and more able to adequately fund social services and the public education system, provide a state "earned income tax credit" (EITC) to low-wage workers to supplement the federal government EITC, require employers to provide sick days to all employees, etc.

Beyond such direct measures intended to improve workforce welfare, a systematic approach to improving the lives of working people and their families would require a world-class educational system at all levels of education. That, plus similar "infrastructure" needs would require a rational tax structure that is both fair and able to raise the revenues needed to make the state a "world-class" state. With a tax structure that is broader and more progressive in nature the state would be able to fund an excellent education system, provide greater access to healthcare, improve public transit to reduce gridlock and congestion in the state's major

cities, and do much more. It would also be able to fund the types of programs mentioned in the previous paragraph and in general improve the health, wealth, and welfare of the state's working people and their families.

It is highly unlikely that the Florida legislature will be considering measures of this nature, much less legislating any of them, given the current political climate in Tallahassee. However, without direct intervention of this nature, Florida will most likely continue to have the dubious distinction of being a state known for its low wages and poor quality job market.

XVIII. Conclusion

Florida's economy is producing jobs at a very rapid pace, and unemployment continues to fall. On both measures, the state is in better shape than is the nation.

Yet Florida's workers are not prospering along with the state's economy. Florida continues to be a low wage state, with a disproportionate number and percentage of low wage jobs. On a variety of non-wage issues such as pension coverage, unemployment compensation policy, disability policy, health insurance coverage, unionization, tax policy, and statutory protections of workers, Florida is also inferior to national norms. The problem of low wages and poor quality jobs persists, even in the best of times. The state could do more for its working people and especially for its least favored workers, but may lack the political will to do so.