

The State of the Working Florida 2015



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Executive Summary

This 12th edition of State of Working Florida focuses on wage and income inequality in Florida through an analysis of labor market and demographic indicators for the period between 1980 and 2014. This edition reveals that existing wage and income inequalities in Florida were exacerbated by the economic recovery following the Great Recession.

When comparing the wage gap between the top and bottom deciles, 10th percentiles, of wage earners, data shows that inequality has been increasing over the last 35 years. Data indicates that high wage workers have absorbed most of the economic gains since 1980 while low-wage workers have been marginalized.

Furthermore, the economic expansion experienced after the great recession of 2007 has been characterized by unprecedented gains in the financial market and a much softer rebound in the labor market. The disparity between the economic gains of the top and bottom 10 percent of wage and income earners during this time has had a corrosive effect on the quality of life and standard of living of Floridians. Additionally, the growing gap between the top and the bottom has weakened upper social mobility opportunities. Large employing but low-paying industries and occupations play a large role in the stagnation of general wages and in increasing inequality between Floridians.

The analysis relies on earnings indicators because most Floridians derive their income from wages and salaries. For working Floridians, wages and salaries do not only determine their financial and economic status; but ultimately determines how much they contribute back to the general economic health of the state. A low wage translates into lower purchasing power which means less money to spend on food, housing, healthcare, transportation and many other resources that are necessary to maintain a proper standard of living and quality of life. Likewise, low wages directly contribute to a weak and slow-growing economies.

It is the intention of this report to further unveil the growing gap and to illustrate the viable alternatives for mitigating these corrosive trends in Florida. This report argues that growing inequality and social mobility can be addressed by promoting socio-economic policies that include: increasing the minimum wage, wage theft protections, pay transparency, on-the-job training, industry strategic job development investment, promotion of unionization and a better alignment between workforce development and educational initiatives.

Highlights by chapter include the following:

Chapter 1: Background and Context

- Florida's unemployment rate has been declining since December 2010, from 11.1 percent down to 6.3 percent in July 2015. The state has added more than 580,000 private-sector jobs during this period.
- There were 3.2 million Floridians living in poverty in 2013.
- In 2010, over 2.5 million Floridians were on food stamps, up from 1.2 million in 2007. To qualify, Floridians must make less than 133% of the federal poverty level, which would be under \$29,000 for a family of four.

Chapter 2: Inequality in Florida

- The wages of top 10 percent wage earners grew 25 times faster than then wages of low-wage earners between 2001 and 2014.
- In 1980, the disparity between the wages of the top 10 percent and the lowest 10 percent was \$39,966 and by 2014 the gap had grown to \$62,840, an increase of 64 percent.
- Since 2001, the median wage in Florida has increased at an average annual rate of 2.4 percent from \$23,337 to \$31,567.

- Overall, the median annual wage increased by \$8,230 between 2001 and 2014, a 35.3 percent increase.
- Much of the wage growth occurred between 2001 and 2008 during the mortgage deregulation and real estate boom in the U.S.

Chapter 3: Dimensions of Inequality:

- Between 1985 and 2014 the wages of whites grew at an annual rate of 3 percent compared to 2 percent for blacks and 3 percent for Hispanics.
- In 2014, African-Americans earned 25 percent less than white workers, \$37,149; while Hispanics earned 16 percent less than white workers, \$9,298.
- In 2013, blacks were three times as likely to be in poverty as whites and Hispanics were 2.4 times more likely to be poor than whites.
- In 2013, the poverty rate for blacks was 27.0 percent, compared to 22.0 percent for Hispanics and 9.0 percent for whites.
- Between 1980 and 2014, whites averaged an unemployment rate of 4.7 percent compared to 10.6 percent for blacks and 7.4 percent for Hispanics.
- Between 1980 and 2014, the wage disparity between men and women has dramatically declined by 42 percent. Despite women's wage gains, men earned \$5,699 more than women in 2014 on average.
- Workers with a bachelor's degree or higher earned \$22,755 more a year than workers with only a high school degree in 2014.
- The wage disparity among different levels of educational attainment has increased since 1980 as the wages of workers with a bachelor's degree or higher grew at an average annual rate of 3 percent compared to 1% for high school graduates and -1 percent for non-high school graduates.

Chapter 4: Policy Recommendations

The study lists some policy recommendations to reduce wage inequality in Florida:

- Higher wages to low-wage workers can be directly addressed by a higher minimum wage.
- Stronger worker protections such as wage theft enforcement would help ensure that workers are being paid the full wages that they have earned. Reducing wage theft would not only improve economic conditions for workers who are being exploited, but would also improve business conditions for good employers, by ensuring that unscrupulous competitors do not gain an unfair advantage by illegally underpaying their staff.
- Workplace discrimination may be diminished through greater enforcement of existing anti-discrimination laws and through greater transparency in pay structures that provide workers with valuable information in determining whether they are being unfairly paid.
- Upward mobility within companies may be achieved through a greater emphasis upon on-the-job training and skill development through state-business partnerships that foster a more educated and skilled workforce and a greater number of quality skilled-job openings.

Prior editions of the State of Working Florida published by the Research Institute on Social and Economic Policy (RISEP) can be found at <https://risep.fiu.edu/state-of-working-florida/>.

Chapter 1: Background and Context

POPULATION

According to the United States Census Bureau, Florida's population was estimated at 19,893,297 on July 1, 2015. This represents a 5.81 percent increase since 2010. The population of Florida in the 2010 census was 18,801,310. The State of Florida is among the seven fastest-growing states, in terms of population.

Figure 1: Residents Moving into Florida



Florida's population exceeded 19.7 million last December 2014, surpassing the population of the state of New York for the first time in history, and climbing in the ranking to become the third most populous state in the US. Florida is preceded by California with 38.8 million and Texas with 27 million. Census Statistics indicate that Florida adds on average about 803 new residents

every day, totaling an increase of 293,000 new residents over the year.

Putting these numbers into a national and international perspective, the Census Bureau's annual report showed the U.S. population increased by three percent between July 1, 2010 and July 1, 2015, to 320 million residents. The 2015 population estimates for the U.S. is 320 million; while the World population is estimated to have reached 7.3 billion. Florida's population in the future is estimated to grow at a slower pace when compared to prior years, and will surpass 21 million by the year 2020.

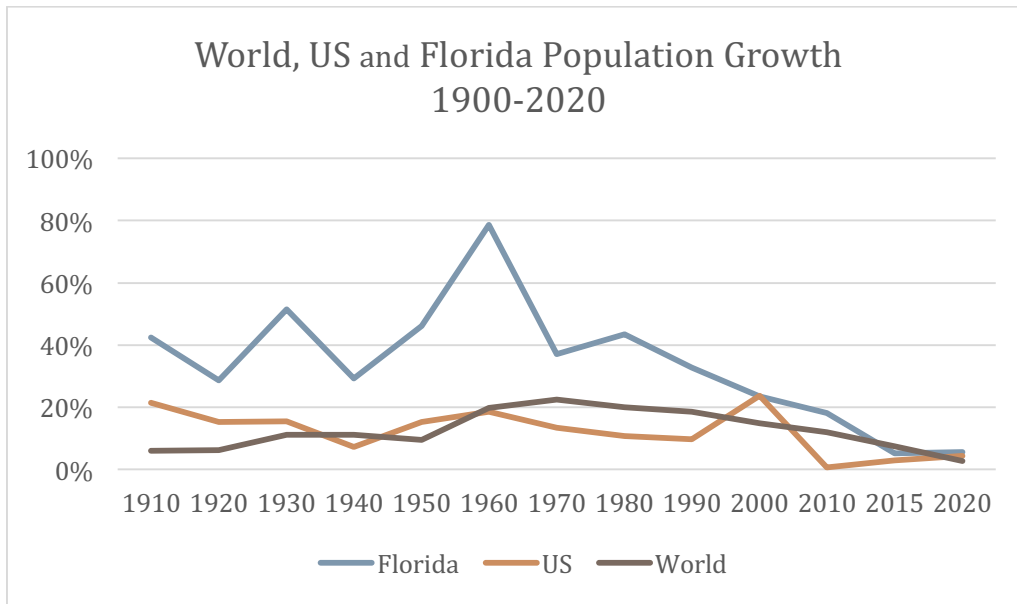
Table 1: World, U.S. and Florida Population Comparison

World, US and Florida - Population Counts, 1900-2020						
Area	1900	1990	2000	2010	2015	2020
Florida	528,542	12,937,926	15,982,378	18,900,773	19,893,297	21,000,000
US	76,094,000	249,464,396	308,758,105	311,139,067	320,610,768	334,500,000
World	1,650,000,000	5,270,000,000	6,060,000,000	6,790,000,000	7,300,000,000	7,500,000,000

Source: U.S. Census Bureau, Population Division - Prepared by Florida Agency for Workforce Innovation, Labor Market Statistics Center, Florida Census State Data Center.

Since the year 2000, the average population growth for Florida has been slowing down, nevertheless, it is still stronger than the overall population growth rate for the U.S. The population rate of growth for Florida is 5% per year, while the U.S. growth rate is 3% and the World's is 8%.

Figure 2: Population Growth



Source: U.S Census Bureau.

The largest metropolitan area in the state as well as the entire southeastern United States is the Miami metropolitan area, with about 5.8 million people. The Miami-Ft. Lauderdale-West Palm Beach Metropolitan Statistical Areas (MSA) encompasses Broward and Palm

Beach Counties. The Tampa Bay Area, with over 2.8 million people, is the second largest; the Orlando metropolitan area, with over 2.2 million people, is the third; and the Jacksonville metropolitan area, with over 1.3 million people, is fourth. Florida has 22 MSAs defined by the United States Office of Management and Budget (OMB). Forty-three of Florida's 67 counties are in a MSA.

RACIAL AND ETHNIC MAKEUP

As Table 2 demonstrates, the population of Florida has become more demographically diverse in the past decades. By 2010, Hispanics and Latinos of any race made up 22.5% of Florida's population in 2010. The most common languages spoken in Florida are English and Spanish. English is the state's official language, a position that was added to the Florida Constitution in 1988 in response to the state's growing Spanish-speaking Hispanic population. But 27 percent of Florida residents speak a language other than English, and more than 200 first-languages are spoken at home in the state. The most common languages spoken in Florida as a first language in 2010 are:

- 73% — English
- 20% — Spanish
- 2% — French Creole
- No other language is spoken by more than 1% of the state's population

The most common accent throughout Florida is general American English, but there are a variety of English-language accents and dialects in Florida. Southern accents are common in northern Florida, while due to migration patterns, the east coast of Florida has a northeastern accent and the west coast of Florida has a mid-western accent.

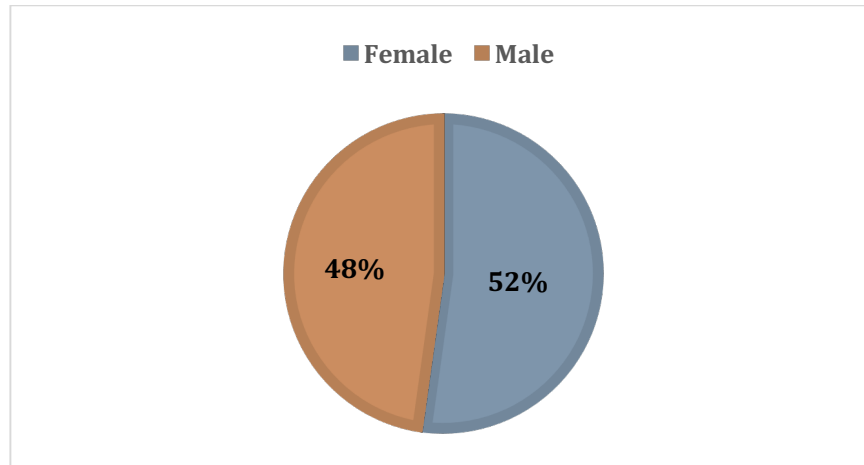
Table 2: Florida Population by Racial/Ethnicity

Florida Racial Breakdown of Population					
Racial composition	1970	1990	2000	2010	2013
White (includes White Hispanics)	84.2%	83.1%	78.0%	75.0%	78.1%
Black	15.3%	13.6%	14.6%	16.0%	16.7%
Asian	0.2%	1.2%	1.7%	2.4%	2.7%
Native	0.1%	0.3%	0.3%	0.4%	0.5%
Other race	0.1%	1.8%	3.0%	3.6%	-
Two or more races	-	-	2.3%	2.5%	1.9%
Non-Hispanic whites	77.9%	73.2%	65.4%	57.9%	56.4%
Hispanic or Latino (of any race)	6.6%	12.2%	16.8%	22.5%	23.6%

Source: Census Bureau

WOMEN IN FLORIDA'S POPULATION

- There were 8.2 million women and 7.5 million men aged 16 and over living in Florida in 2013. These numbers included only the civilian and non-institutional population.
- Women accounted for 52.2 percent of Florida's 2013 population aged 16 and over.

Figure 3: Florida Population by Gender**Population by Gender - Florida 2013**

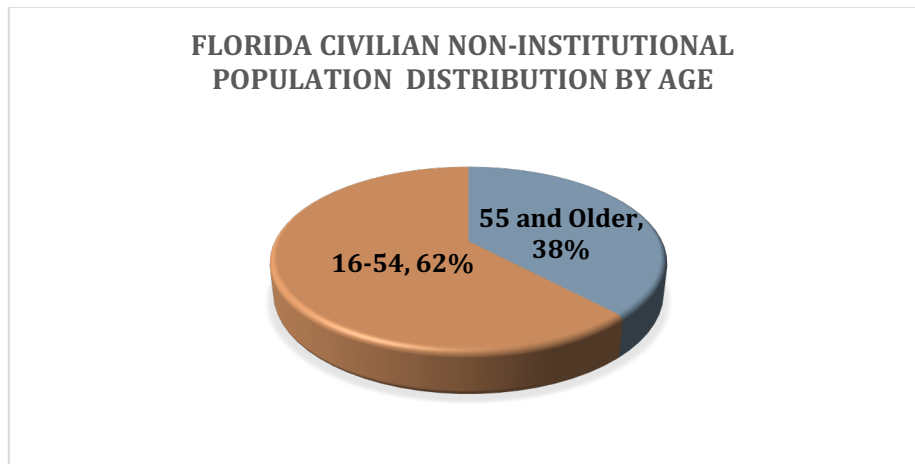
Source: U.S. Department of Labor, Bureau of Labor Statistics, Current Population Survey, 2013.

- Women outnumbered men in five of the seven age ranges; age 25-34; age 35-44; age 45-54; age 55-64; and age 65 and over.
- Women's share of the population is higher in older age groups. Women in the 65 and older age group made up the largest share of Florida's female population, followed by the 45-54 age group.

OLDER INDIVIDUALS IN FLORIDA'S POPULATION

- Of Florida's civilian, non-institutional population of 15.7 million (aged 16 and over), approximately 5.9 million or 37.8 percent were aged 55 and over in 2013.
- Individuals aged 65 and over accounted for approximately 3.4 million or 21.7 percent of Florida's 2013 civilian non-institutional population.

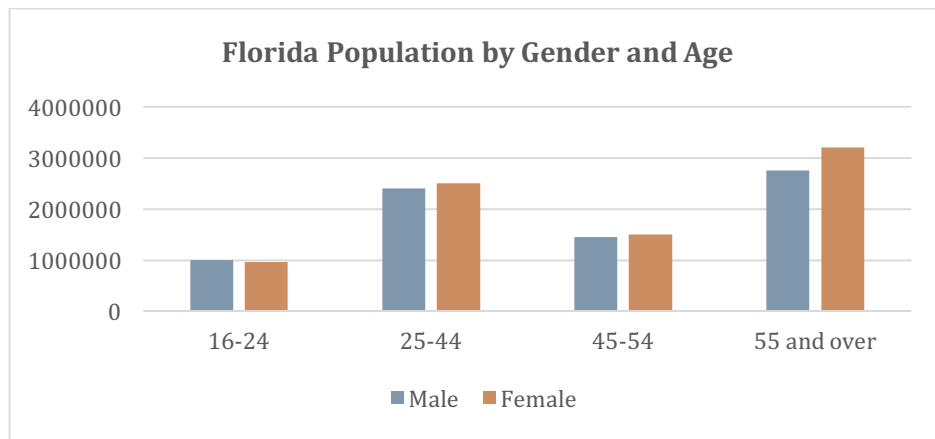
Figure 4: Florida Population by Age



Source: U.S. Department of Labor, Bureau of Labor Statistics, Current Population Survey, 2014.

- Older women outnumbered older men in Florida, 3,226,000 to 2,699,000, representing 54.4 percent of all those aged 55 and over.

Figure 5: Population by Gender and by Age



Source: U.S. Department of Labor, Bureau of Labor Statistics, Current Population Survey, 2014.

FLORIDA'S ECONOMY

During the great economic recession of 2007, Florida was one of the states in the U.S. feeling the slowdown in terms of employment and economic activity. Florida was hurt much more severely in the Recession than other states. Florida's exposure to the housing bubble was huge, and the resulting job losses were much larger in Florida than in other states. In the past three years, job growth in Florida has been relatively strong – modestly outpacing neighbors and the US generally. The state economy rebounded and is showing positive signs in job creation, unemployment rate decline, and growth in job demand, but this good news has not had a positive effect on real wage growth. Historically, the main sectors of Florida's economy have been: hospitality and tourism, retail trade, construction, international banking, and agriculture.

In addition to employment figures, another important economic indicator to pay attention to is gross domestic product (GDP). Real GDP is defined as the value of all final goods and services produced in a time period in a given economy (using constant, inflation-adjusted dollars)¹. Real GDP is a standard measure of an economy's output. In June 2015, the U.S. Bureau of Economic Analysis released the 2014 GDP figures for the states. Florida's estimated real GDP reached \$769 billion, up from \$749 in the prior year.

¹ Rust, Rebecca, A Message from Chief Economist, New Feed – Florida Department of Economic Opportunity. 2014.

Table 3: Real GDP by State

Real GDP by State, 2011-2014								
AREA	Millions (2009) dollars				Percent Change			
	2011	2012	2013	2014	2011	2012	2013	2014
United States*	14,844,093	15,148,854	15,431,987	15,773,516	1.4	2.1	1.9	2.2
New York	1,198,571	1,236,080	1,248,379	1,279,921	1.3	3.1	1	2.5
Florida	718,872	731,319	749,292	769,662	-0.6	1.7	2.5	2.7
Texas	1,245,685	1,323,204	1,395,377	1,467,342	3.7	6.2	5.5	5.2
California	1,960,153	2,008,316	2,055,239	2,113,280	1.2	2.5	2.3	2.8

Advance Statistics

*The U.S. values may differ from the National Income and Product Account (NIPA) values because of revisions to the NIPA values as well as the GDP by state accounts excluding Federal military and civilian activity located overseas (because it cannot be attributed to a particular state). In addition, the advance year statistic (2014) may differ because of different sources and vintages of data used to estimate GDP by state.

Source: U.S. Bureau of Economic Analysis

Florida's GDP was the fourth highest real GDP behind California, Texas, and New York. Florida grew at 2.7 percent in 2014, faster than the U.S. rate of growth of 2.2%.

The Gross Domestic Product (GDP) of Florida in 2011 was \$718 billion. The major contributors to the state's gross output in 2014 were financial services, retail and wholesale trade, information technology, real estate, professional and technical services, and public utilities, manufacturing and construction.

Table 4: Contribution to Percent Growth in Real GDP by State

Contribution to Percent Change in Real GDP by State, 2013-2014											
	Percent change in real GDP by State	Percentage Points									
		Agriculture, forestry, fishing, and hunting	Mining	Utilities	Construction	Durable goods	Nondurable goods	Wholesale trade	Retail Trade	Transportation and warehousing	Information
United State*	2.2	-0.1	0.19	0	-0.03	0.17	0.23	0.15	0.18	0.04	0.16
Florida	2.7	-0.08	-0.06	-0.03	0.14	0.11	0.02	0.13	0.35	0.03	0.13

	Finance And Insure	Real estate. Rental, and leasing	Professional and technical services	Management and enterprises	Administrative and waste services	Educational services	Health care and social assistance	Arts, Entertainment and recreation	Accommodation and food services	Other services	Government
United State *	0.12	0.2	0.29	0.18	0.11	0	0.2	0.04	0.06	0.04	-0.02
Florida	0.16	0.67	0.28	0.08	0.18	0.02	0.3	0.11	0.13	0.09	-0.05

Advance Statistics

(D) Data are suppressed to avoid disclosure of confidential information

* The U.S. values may differ from the National Income and Product Account (NIPA) values because of revisions to the NIPA values as well as the GDP by State accounts

Excluding federal military

Source: U.S. Bureau of Economic Analysis

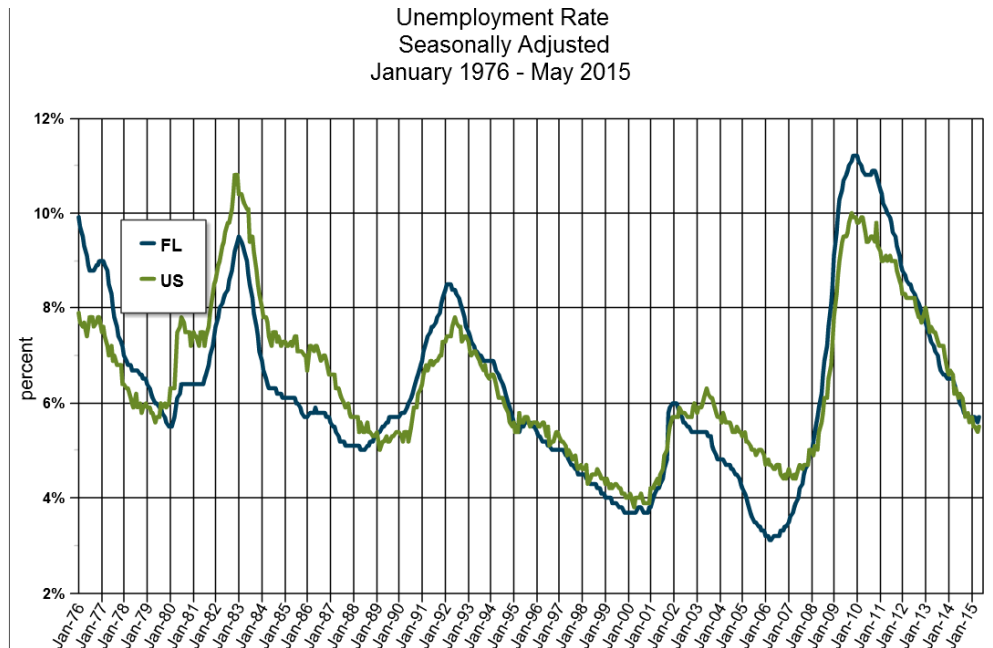
EMPLOYMENT AND UNEMPLOYMENT

Florida’s long-term unemployment trend has been steadily decreasing over time. Florida’s unemployment rate has declined or held steady for 43 of the last 45 months. Minor fluctuations month-to-month are to be expected as people move in and out of the labor force for a variety of reasons. Similarly, the state’s private-sector job trends have been steadily on the rise for over three years, showing that Florida’s businesses are responding to the state’s improving economic climate. Florida’s unemployment rate has been below or equal to the national unemployment rate for 13 consecutive months. The national unemployment rate for July 2015 was also 5.3 percent.

Florida’s unemployment rate has been declining since December 2010, from 11.1 percent down to 6.3 percent. The Florida Department of Economic Opportunity’s reports that the state has added more than 580,000 private-sector jobs during this period. Florida’s economic recovery is showing gains in the employment figures and strong decline in the unemployment rate. Florida’s seasonally adjusted total nonagricultural employment was

8,070,800 in June 2015, an increase of 7,000 jobs (+0.1 percent) over the month. Compared to June a year ago, the number of jobs in the state was up by 266,200, an increase of 3.4 percent. Nationally, the number of jobs was up 2.1 percent over the year. Florida’s annual job growth rate has exceeded the nation’s rate since April 2012. Florida’s unemployment rate has been less than or equal to the national rate for 23 of the last 31 months².

Figure 6: U.S. and Florida Unemployment Rates



Source: U.S. Department of Labor, Bureau of Labor Statistics. Local Area Unemployment Statistics Program (LAUS) - Prepared by: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics, released Friday, June 19, 2015.

The above graph depicts the dynamic relationship between Florida’s and the nation’s monthly unemployment rate between January 1976 and May 2015. It clearly shows a strong level of correlation and even higher level of volatility for Florida’s unemployment rate at least in the last business cycle (recession and recovery).

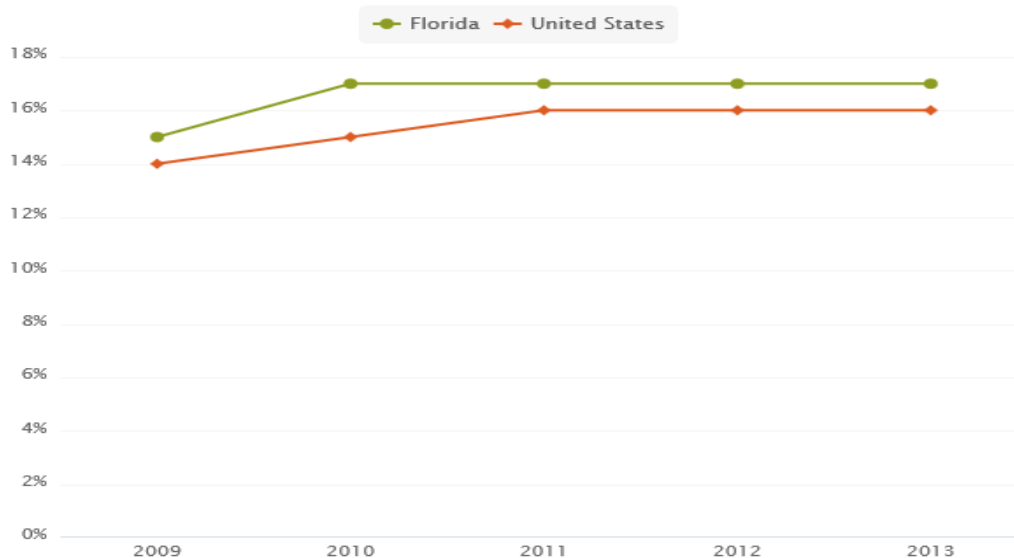
² Florida Department of Economic Opportunity, Florida’s June Employment Figures Released, July, 2015,

OTHER KEY INDICATORS

Florida has four cities in the top 25 cities in the country with the most credit card debt. The state also had the second-highest credit card delinquency rate, with 1.45 percent of cardholders in the state more than 90 days delinquent on one or more credit cards. Florida's poverty rate ranked 34th in the nation, tied with California, according to the U.S. Census Bureau's American Community Survey. There were 3.2 million Floridians living in poverty in 2013. In 2010, over 2.5 million Floridians were on food stamps, up from 1.2 million in 2007. To qualify, Floridians must make less than 133% of the federal poverty level, which would be under \$29,000 for a family of four.

POPULATIONS IN POVERTY

The federal poverty definition consists of a series of thresholds based on family size and composition. In calendar year 2013, a family of two adults and two children fell into the "poverty" category if their annual income fell below \$23,624. Poverty status is not determined for people in military service, institutional quarters, or for unrelated individuals under age 15 (such as foster children). The data are based on income received in the 12 months prior to the survey.

Figure 7: U.S. vs Florida Poverty Rates

Source: Population Reference Bureau, Analysis of data from the U.S. Census Bureau, Census 2000 Supplementary Survey, 2001 Supplementary Survey, 2002 through 2013 American Community Survey.

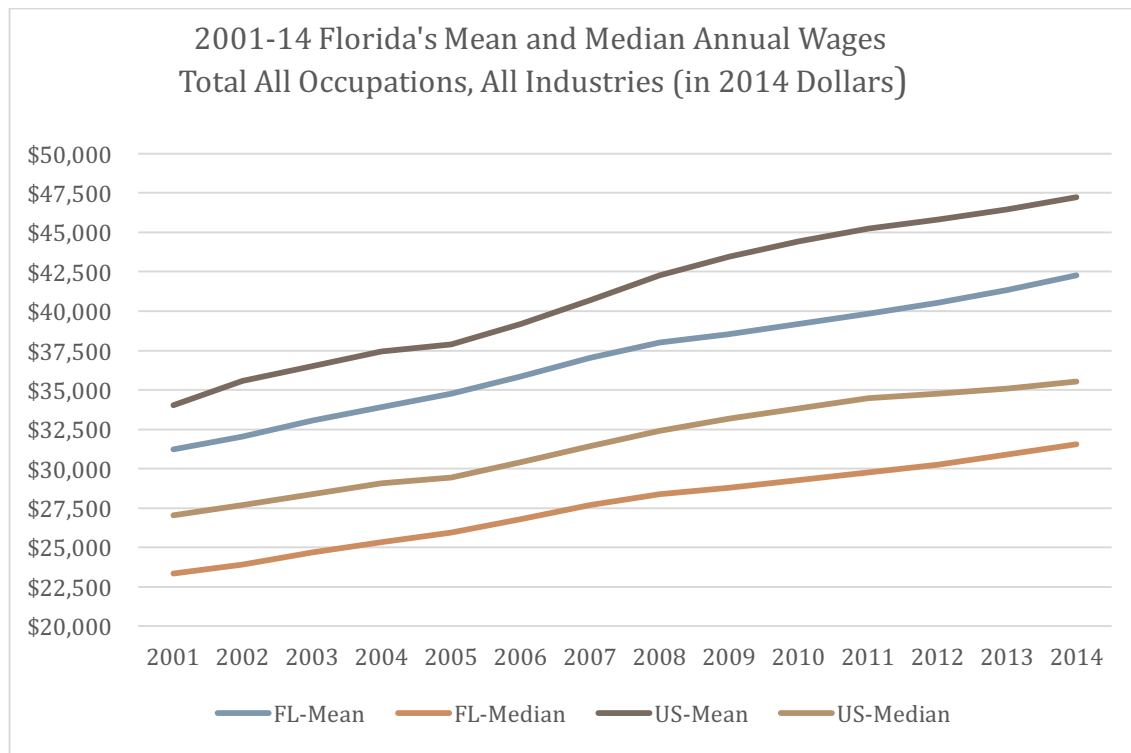
Florida's Children in poverty rate remains higher than the nation's at 22 percent. Miami is the sixth poorest big city in the United States. Growing up in poverty is one of the greatest threats to healthy child development. Poverty and financial stress can impede children's cognitive development and their ability to learn. It can contribute to behavioral, social and emotional problems and poor health³.

³ Population Reference Bureau, analysis of data from the U.S. Census Bureau, Census 2000 Supplementary Survey, 2001 Supplementary Survey, 2002 through 2013 American Community Survey.

Chapter 2: Inequality in Florida

Between 2000 and 2014, wages in Florida grew an average of 2.35 percent every year; while the national average grew at a slightly faster pace of 2.6 percent. Florida's 2014 mean wage was \$42,254 and the U.S. \$47,230. Historically, wages and salaries have been lower in Florida than the average for the nation. The following graph illustrates mean and median wages for Florida and the U.S. between 2001 and 2014.

Figure 8: Florida's Mean and Median Annual Wages

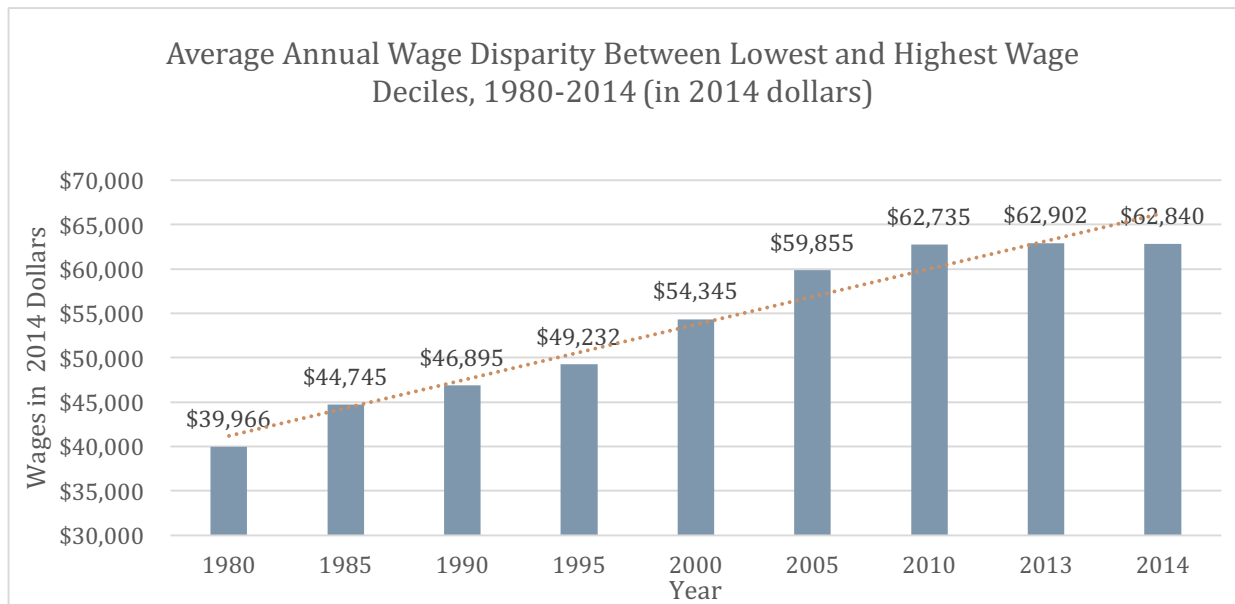


Source: Florida Department of Economic Opportunity. Florida Labor Market Information.

Most of the wage growth across the nation took place during the latter part of the 90s and first part of the 2000s. This growth was fueled by the economic expansion and technological boom. Having said this, the wage growth was not experienced homogeneously among all Floridians. The growing divide between high and low wage earners continued to expand.

The wage disparity between the upper and lower deciles continues to expand. From 1980 to 2014, the wage difference grew by 57.2 percent between these two deciles (see figure 9). Most of the wage-disparity growth occurred between 1995 and 2014; clearly indicating that economic expansion did not benefit all works. Income disparity between lowest decile and upper decile was \$39,966 in 1980, and it grew two-thirds to \$62,840 in 2014. It is very difficult to ignore this troubling trend of increasing wage disparity and its direct negative impact on income inequality, standards of living and quality of life in Florida.

Figure 9: Average Annual Wage Disparity



Source: Economic Policy Institute. Economic Analysis and Research Network and Price & Sommelier Data on Top 1% Incomes by State. 2014.

Table 5 shows the upper and lower deciles with their respective annual average wages. The table illustrates the growing inequality between the higher and lower earners in Florida. The higher earners experienced 40.7 percent wage growth while the lower earners annual average wages increased by only 1.6 percent. In other words, the wages of higher earners

benefitted the most from economic expansion, while the wages of lower earners remained stagnant for at least the last 34 years.

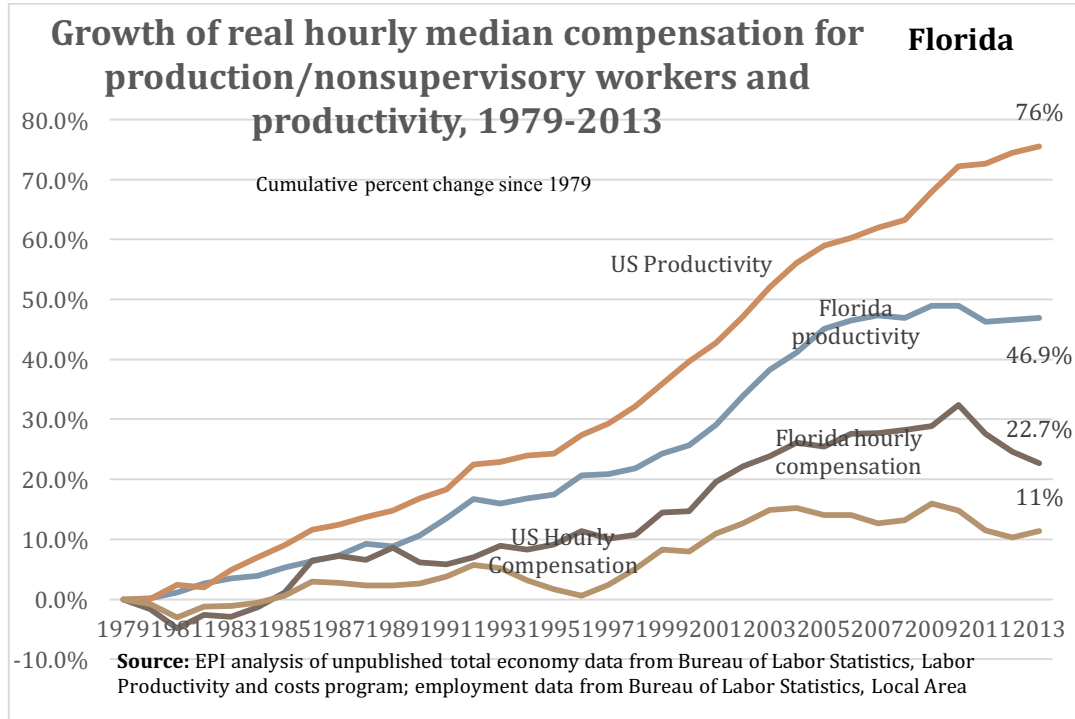
Table 5: Lower and Highest Deciles Wage Disparity

Lower Wage Decile	Lowest Wage Decile	Highest Decile Wage	Wage Disparity
1980	\$16,946	\$56,912	\$39,966
1985	\$15,819	\$60,565	\$44,745
1990	\$15,653	\$62,547	\$46,895
1995	\$15,903	\$65,135	\$49,232
2000	\$17,531	\$71,876	\$54,345
2005	\$18,011	\$77,866	\$59,855
2010	\$18,324	\$81,059	\$62,735
2013	\$17,406	\$80,308	\$62,902
2014	\$17,218	\$80,057	\$62,840
Growth between 1980 and 2014	1.6%	40.7%	57.2%

Source: U.S. Department of Labor, Bureau of Labor Statistics. Local Area Unemployment Statistics Program (LAUS) - Prepared by: Florida Department of Economic Opportunity, Bureau of Labor Market Statistics, released Friday, June 19, 2015.

Economic theory tells us that when output-per-worker increases, individual revenue increases, and with more individuals having greater buying power, this increases the demand for more workers. As wages are determined by supply and demand, an increase in demand should put pressure on the market to increase wages, but this has not been the case for wages in Florida.

Figure 10: Florida Real Hourly Median Compensation Growth



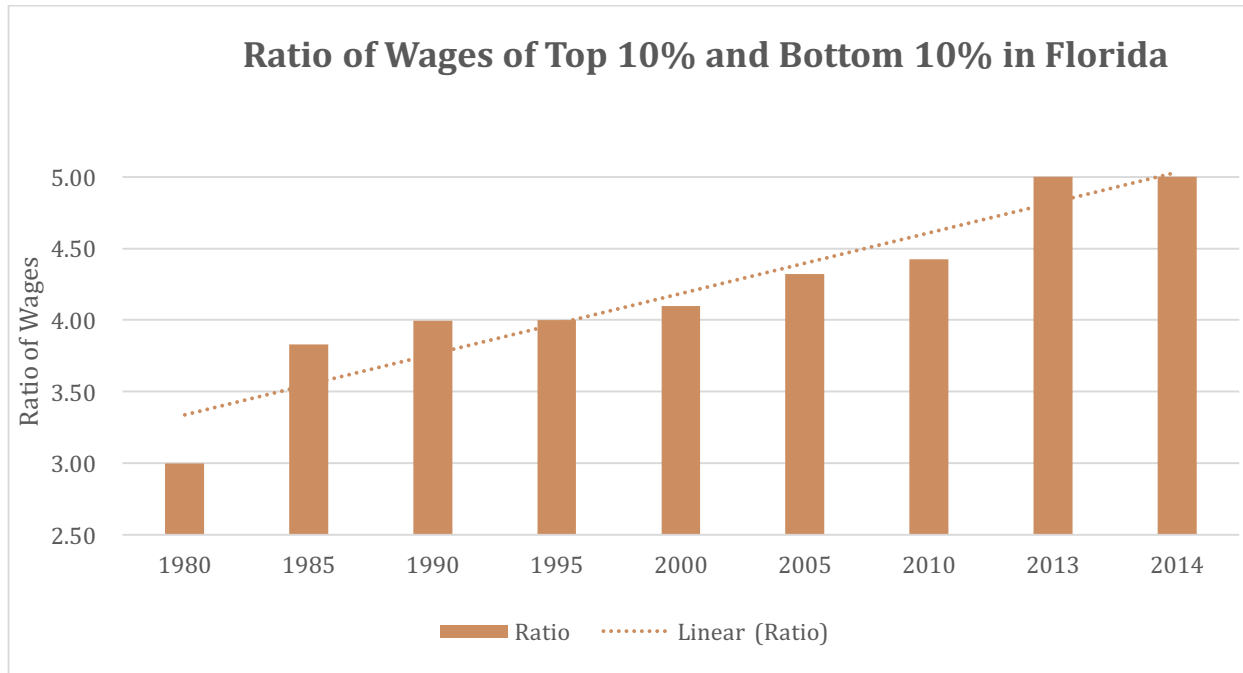
Data Source: Population Reference Bureau, analysis of data from the U.S. Census Bureau, Census 2000 Supplementary Survey, 2001 Supplementary Survey, 2002 through 2013 American Community Survey.

Figure 10 presents the growth of real hourly median wages for production/nonsupervisory workers and productivity between 1979 and 2013. While the labor force’s educational attainment and productivity experienced an increase, salaries and wages did not experience the same level of growth.

The ratio of wages between the top 10 percent and bottom 10 percent clearly shows the widening gap between these two groups during the last 34 years. Back in 1980 the ratio was 3 to 1. In other words, for any one dollar a worker from the bottom 10 percent received, the top ten percent received 3 dollars. The ratio increased to 5 to 1 in 2014.

As Figure 11 and Table 6 illustrate, this gap has progressively grown over the years with significant spikes between 1980 and 1985, and 2010 and 2013.

Figure 11: Ratio of Wages of Top10% and Bottom 10% in Florida

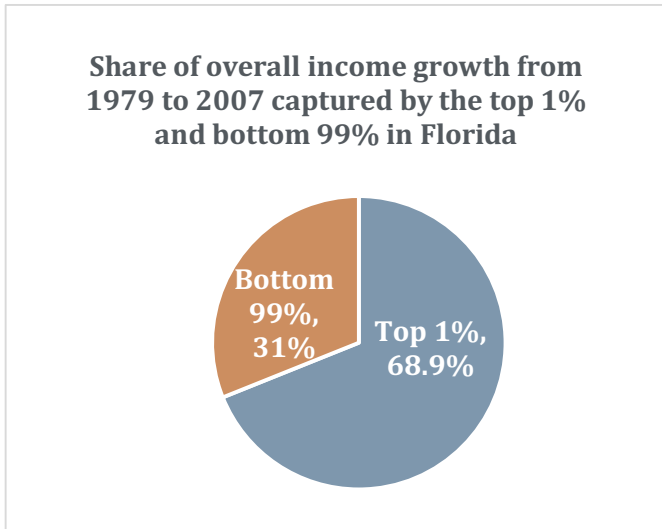


Data Source: Population Reference Bureau, analysis of data from the U.S. Census Bureau, Census 2000 Supplementary Survey, 2001 Supplementary Survey, 2002 through 2013 American Community Survey.

A better depiction of the differential growth in wages is derived when comparing earnings of the top 1 percent and bottom 99 percent. In 1928 the top 1 percent earned on average 28.2 times the earnings of the bottom 99 percent; by 1979 it was down to 13.8 times as much. The income disparity ratio worsened from 1979 to 2012. In 2012, the top 1 percent made 43.3 times more than the bottom 99 percent in income⁴. Income includes wages and salaries, rent, interest gains and dividends derived from financial investments.

⁴ The Internal Revenue Code states that "gross income means all income from whatever source derived," and gives specific examples. The examples are not all inclusive. The term "income" is not defined in the law or regulations. However, a very early Supreme Court case stated, "Income may be defined as the gain derived from capital, from labor, or from both combined, provided it is understood to include profit gained through a sale or conversion of capital assets."

Figure 12: Share of Overall Income Growth



The top 1 percent took 68.9 percent of the total income growth between 1979 and 2007. The bottom 99 percent captured 31 percent of the overall income growth. There were five recessions during this time period which contributed to the uneven distribution of overall income between the top one percent and the bottom 99 percent.

Figure 13: Real Income Growth for 1% vs

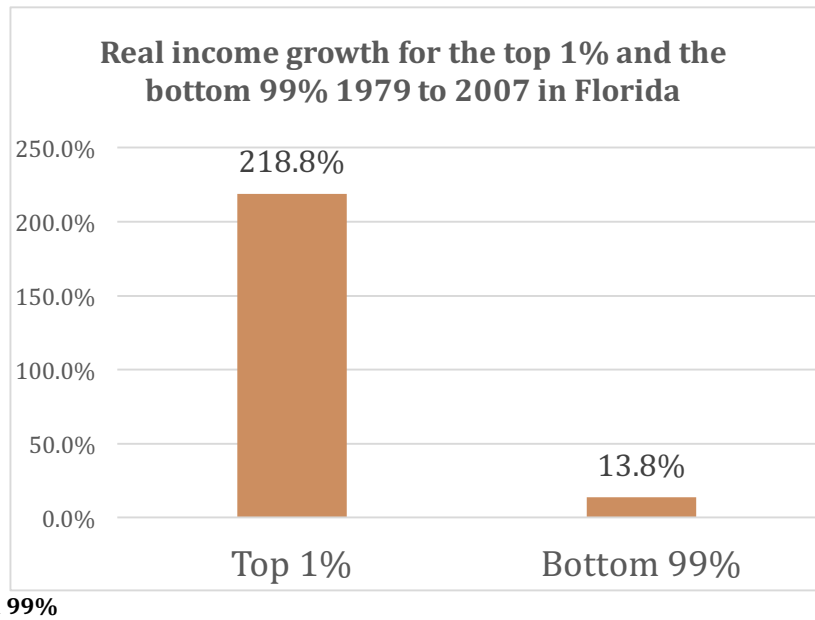
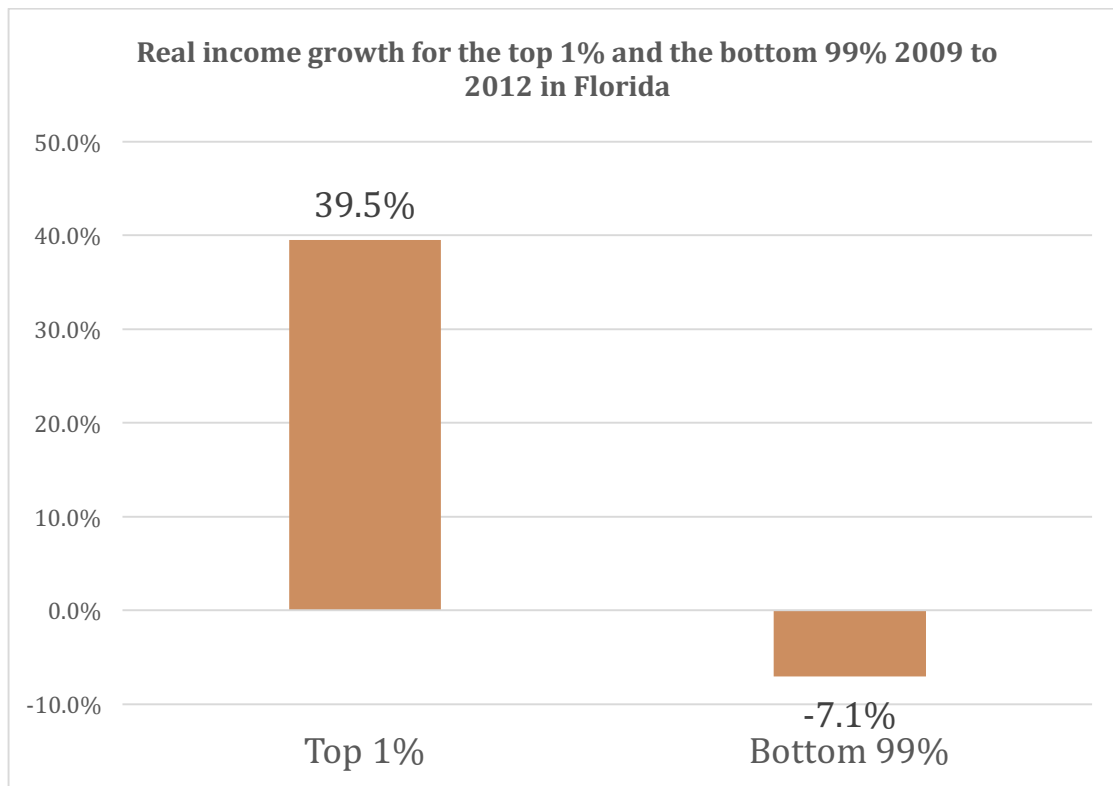


Figure 13 confirms income inequality growth trends between 1979 and 2007. It validates the assertion that economic recoveries after recession benefit income earners in the top one percent in comparison of the bottom 99 percent. The top one percent real income grew by 218.8 percent while the 99 percent benefited with 13.8 of growth in their real income.

More specifically about the 2008 economic meltdown and the recovery that followed between 2009 and 2012, real income growth for the top 1 percent grew by 39.5 percent while the real income growth for the bottom 99 percent experienced negative growth of 7.1 percent.

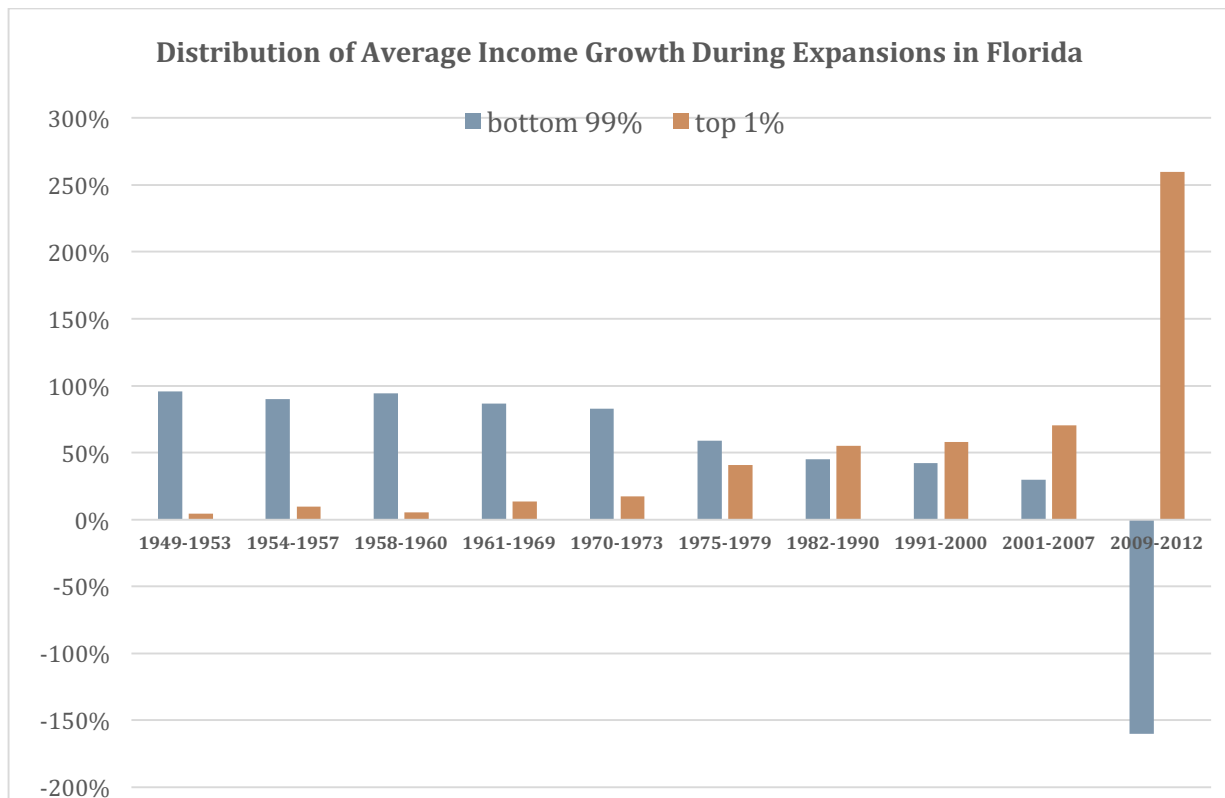
Figure 14: Real Income Growth for Top 1% and Bottom 99%



Data Source: Population Reference Bureau, analysis of data from the U.S. Census Bureau, Census 2000 Supplementary Survey, 2001 Supplementary Survey, 2002 through 2013 American Community Survey.

An economic recovery represents a great opportunity to re-evaluate workers' compensation due to the gradually increasing financial flexibility under the context of expanding revenues of the firms and growing gross domestic product for the nation. Nevertheless, figure 15 discloses troubling trends of income inequality and wage disparity over the last 35 years.

Figure 15: Distribution of Average Income Growth during Expansions



Data Source: Population Reference Bureau, analysis of data from the U.S. Census Bureau, Census 2000 Supplementary Survey, 2001 Supplementary Survey, 2002 through 2013 American Community Survey.

The bottom 99 percent was not always at the bottom in terms of income distribution. Prior to the recessions of the 80s, the 99 percent came back stronger recuperating income lost during the recession. Since the 80s, this trend reverted to the 1 percent benefiting from the income distribution during the economic recoveries. Circumstances worsen in the last recession.

Wages and salaries in Florida present the same troubling trends. Since 1980, real wages of the lowest decile grew by 1.6 percent while real wages for the top decile experienced a growth of 40.7 percent.

Table 6: 1980-2014 Income Change by Deciles

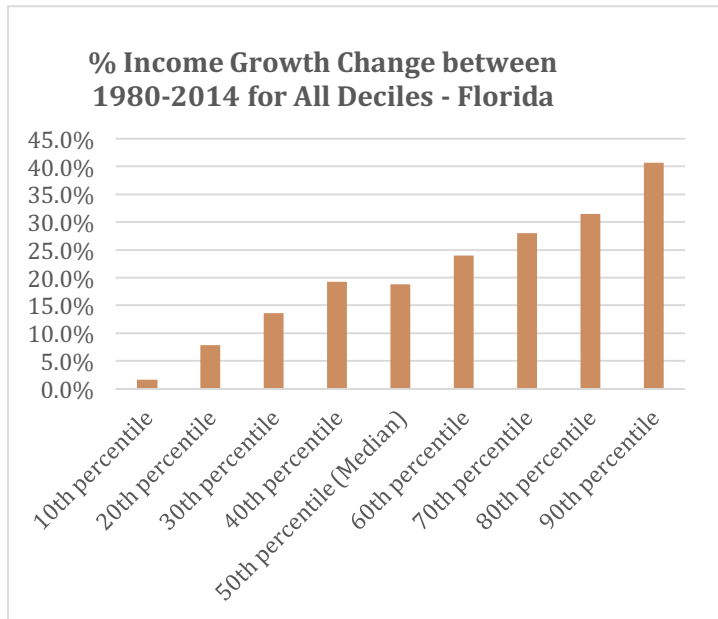
Deciles	1980	2014	% Change 1980-2014
10 th percentile	\$16,946	\$17,218	1.6%
20 th percentile	\$19,180	\$20,682	7.8%
30 th percentile	\$21,621	\$24,564	13.6%
40 th percentile	\$24,251	\$28,926	19.3%
50 th percentile (Median)	\$27,945	\$33,204	18.8%
60 th percentile	\$31,889	\$39,528	24.0%
70 th percentile	\$36,856	\$47,187	28.0%
80 th percentile	\$44,495	\$58,499	30.5%
90 th percentile	\$56,912	\$80,057	40.7%

Source: Economic Policy Institute Analysis of Current Population Survey Data.

Figure 16: Percent Income Growth for All Deciles

Figure 16 shows that during the same period, for all deciles, the lower the decile the lower the level of income and wage growth attained, while the higher the decile the higher the wage and income growth.

The statistics presented in this chapter could be summarized as follows:



- Income and wage inequality have risen sharply over the last three-and-a-half decades. There has been a loss of real wage and income growth for most Floridians between 1980 and 2014
- Rising inequality is the major cause of wage stagnation for workers and of the failure of low- and middle-income families to appropriately benefit from growth. During economic expansion the mean and median wages for all workers showed an improvement, but this improvement has not been experienced by all workers
- Top deciles of workers experienced greater level of income and salary growth while lower deciles experienced much less of improvement in real wages and salaries.
- Productivity growth does not translate into higher wages and salaries

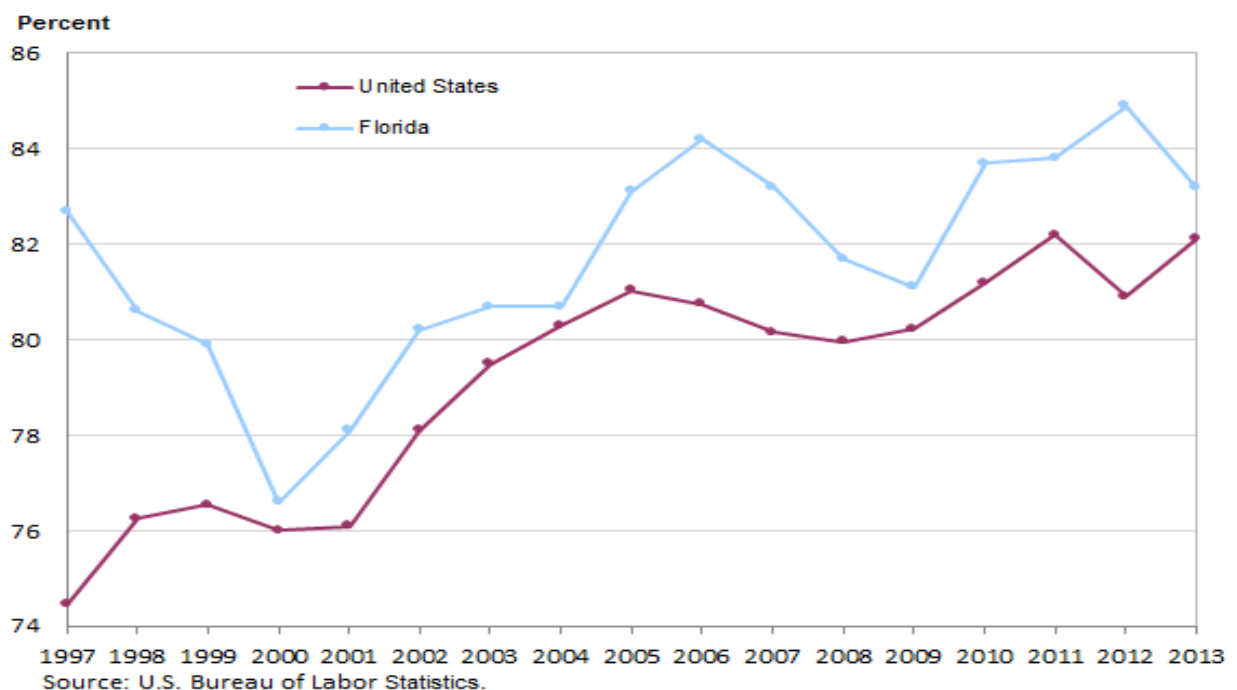
- The average annual wage disparity between lowest and highest wage deciles is increasing. This contributes to a skewed distribution of income growth which is not a side effect of well-functioning markets, labor markets and government
- In summary, the chapter shows the emerging troubling trend of increasing wage disparity and its direct negative impact on income inequality, standards of living and quality of life in Florida.

Chapter 3: Dimensions of Various Types of Inequality

GENDER INEQUALITY

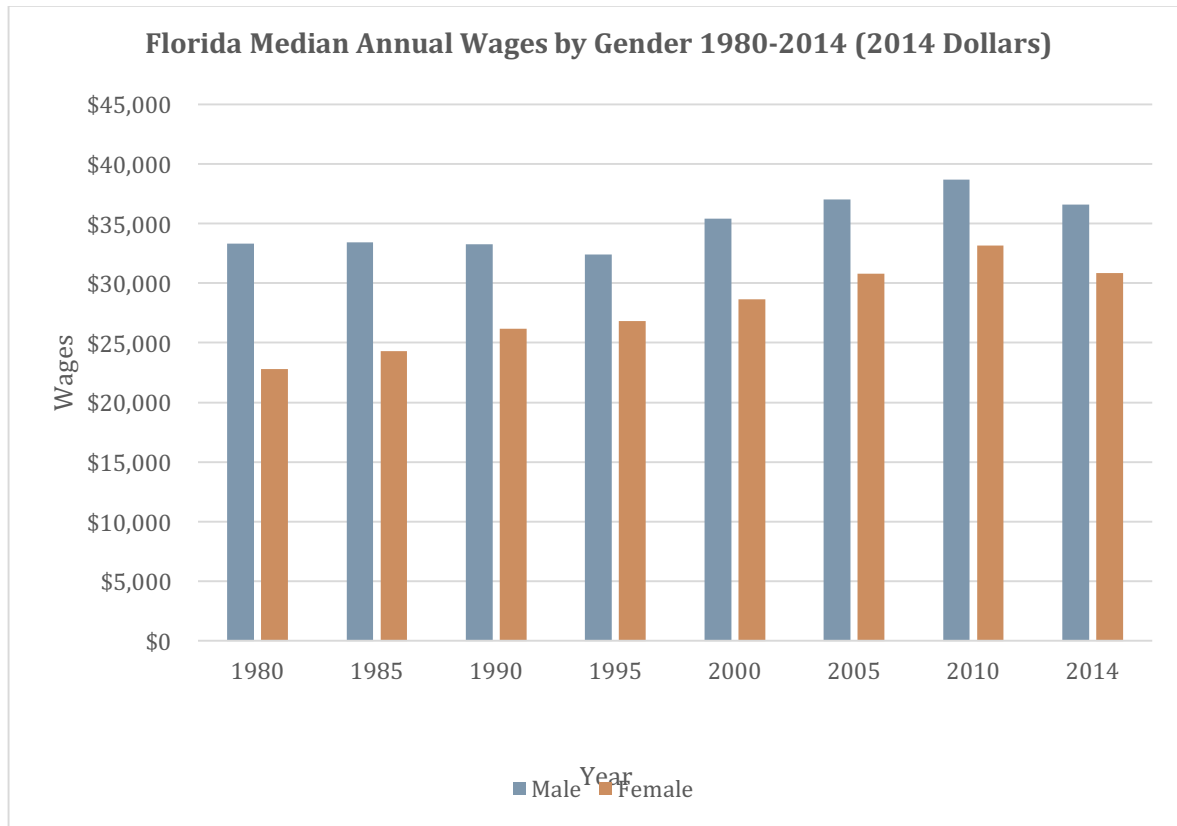
In this chapter, the study focuses on the issues of inequality by separating the demographic characteristics from aggregate statistics. From this perspective, the study finds that according to the most recent statistics from the U.S. Census Bureau, the median earnings for Florida women working full time in 2013, year-round were just 83.2 percent of Florida men's median earnings—a drop from men's earnings of 16.8 percent. On average, a woman who holds a full-time job is paid \$33,823 per year while a man who holds a full-time job is paid \$40,951 per year. Figure 17 shows women's earning as a percentage of men's. The nation's 2013 median weekly earnings of full-time wage and salary of female workers versus males was 82.1 percent.

Figure 17: Women's Earnings as a Percentage of Men's, Full-time Wage and Salary Workers, U.S. and Florida, 1997 - 2013, Annual Averages



This means that women in Florida are paid about 83 cents for every dollar paid to men, amounting to a yearly gap of \$7,128 between men and women who work full time in the state.

Figure 18: Florida Median Wages by Gender



Source: Bureau of Labor Statistics: Current Population Survey.

- Between 1980 and 2013, women’s earnings as a percent of men’s earnings varied over time, primarily in an upward direction. There was a gradual closing of the wage gap from 1980 through 2013, from 80.6 percent to 84.9 percent; but unfortunately this gap expanded during 2014.
- Florida is one of 19 states where male-to-female earnings ratios are higher than the national ratio of 80.9 percent.

Table 7: 1980-2014 Wages by Gender

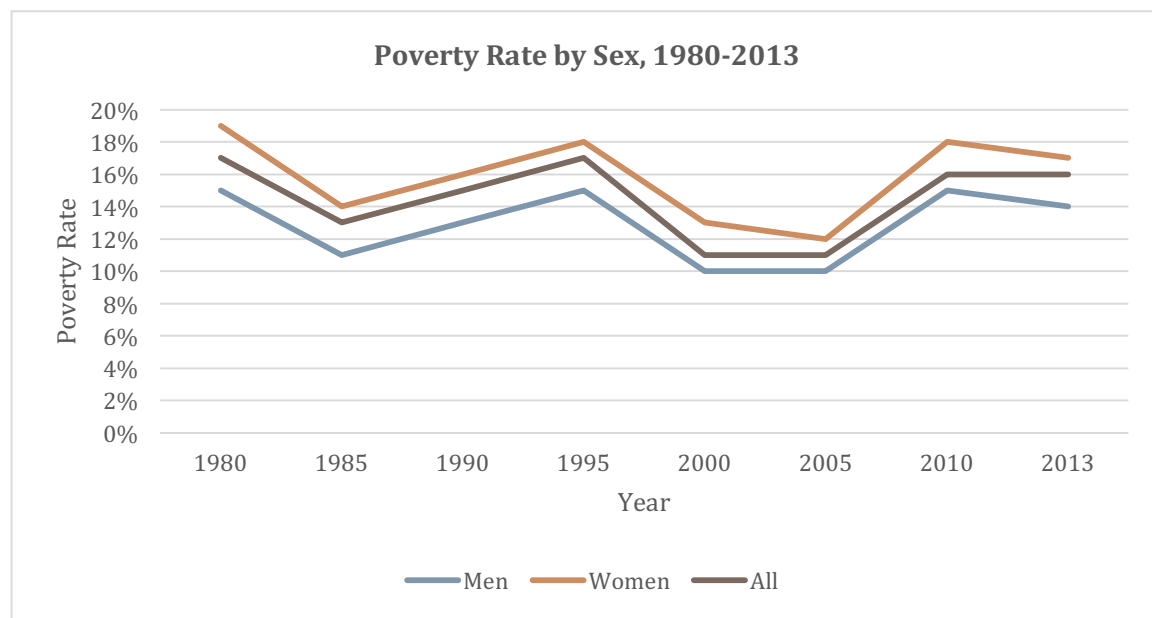
Gender	1980	1985	1990	1995	2000	2005	2010	2014
Male	\$33,322	\$33,426	\$33,259	\$32,386	\$35,402	\$37,045	\$38,688	\$36,566
Female	\$22,797	\$24,274	\$26,166	\$26,832	\$28,642	\$30,784	\$33,155	\$30,867

Source: Bureau of Labor Statistics: Current Population Survey.

These comparisons of earnings are on a broad level and do not control for many factors that may be significant in explaining earnings differences. The main component of income for the lower earners in Florida is their salary and wages. Low wages could potentially mean higher poverty rates.

Historically, poverty rates for females in Florida have been higher than the poverty rates for males or for the entire population.

Figure 19: Poverty Rates by Gender



Source: Census Bureau.

In 2013, men’s poverty rate in Florida was 14 percent, while women’s was 17 percent. Visual analysis of figure 19 above confirms that business cycles in the economy affect poverty levels of our populations.

Figure 20: Unemployment by Gender



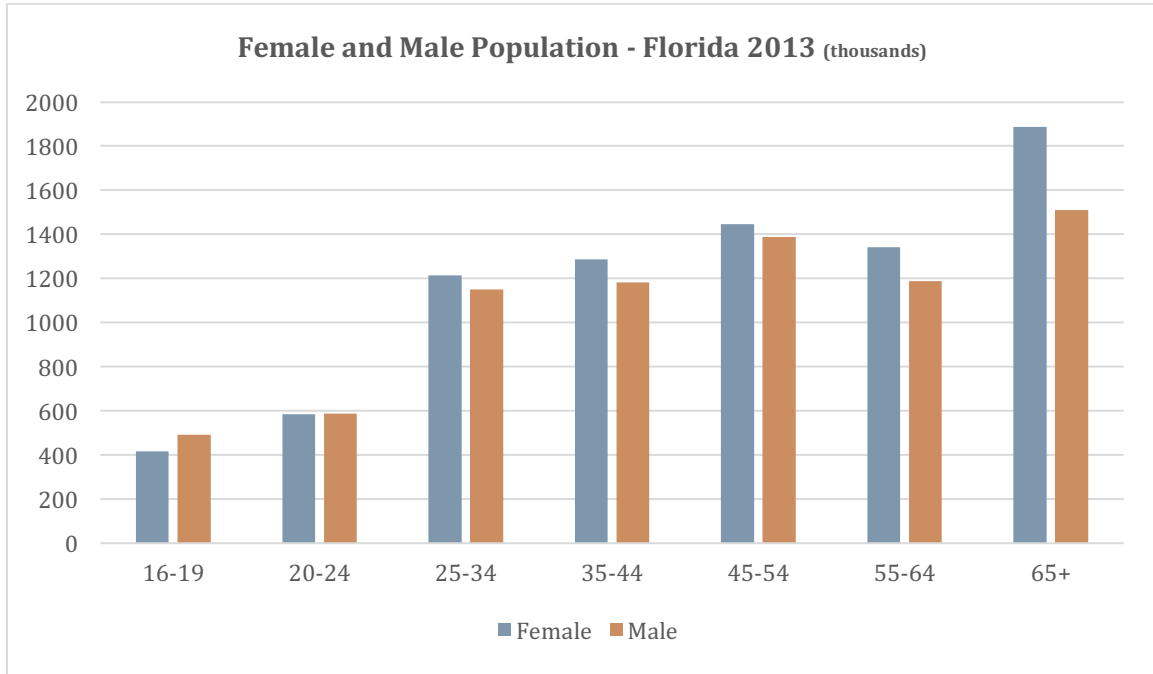
Source: Bureau of Labor Statistics: Current Population Survey.

Similar to poverty levels, the unemployment rate for women in Florida has been higher than the rate for men from 1980 to 2005. During 2010, men’s unemployment rate was higher than that of women at 12.3 percent. The year 2014 presents a better picture in term of narrowing the gap for the unemployment rate between men and women in Florida.

Based on data from the U.S. Census Bureau's 2013 American Community Survey, approximately 31.4 percent of Florida women aged 25 and older had some college education or an Associate's degree. This was 2.5 percentage points higher than for men, at 28.9 percent for the same period.

- A smaller percentage of women than men had not earned a high school diploma (12.4 percent and 13.9 percent, respectively).
- Female high school graduates had higher median earnings in 2013 inflation adjusted dollars than non-high school graduates (\$21,286 compared to \$15,911 respectively).
- 35% of Women 25 years and older with a high school education were the most likely group to be considered in poverty status.
- Women with higher education attainment levels were least likely to be in poverty status.
- Approximately 13.2 percent of women with some college or Associate's degrees were in poverty status. The least likely women to be in poverty status had an education attainment of a bachelor's degree or higher (6.9 percent).

Figure 21: Population by Gender



Source: U.S. Bureau of Labor Statistics, Current Population Survey.

RACE/ETHNICITY INEQUALITY

Minorities along with females have experienced the greatest levels of inequality and this is manifested in low wages and unemployment, and subsequently higher poverty levels. In 2014, white workers earned \$6,802 or 22 percent more than Hispanics, and \$9,298 or 33 percent more than African-Americans.

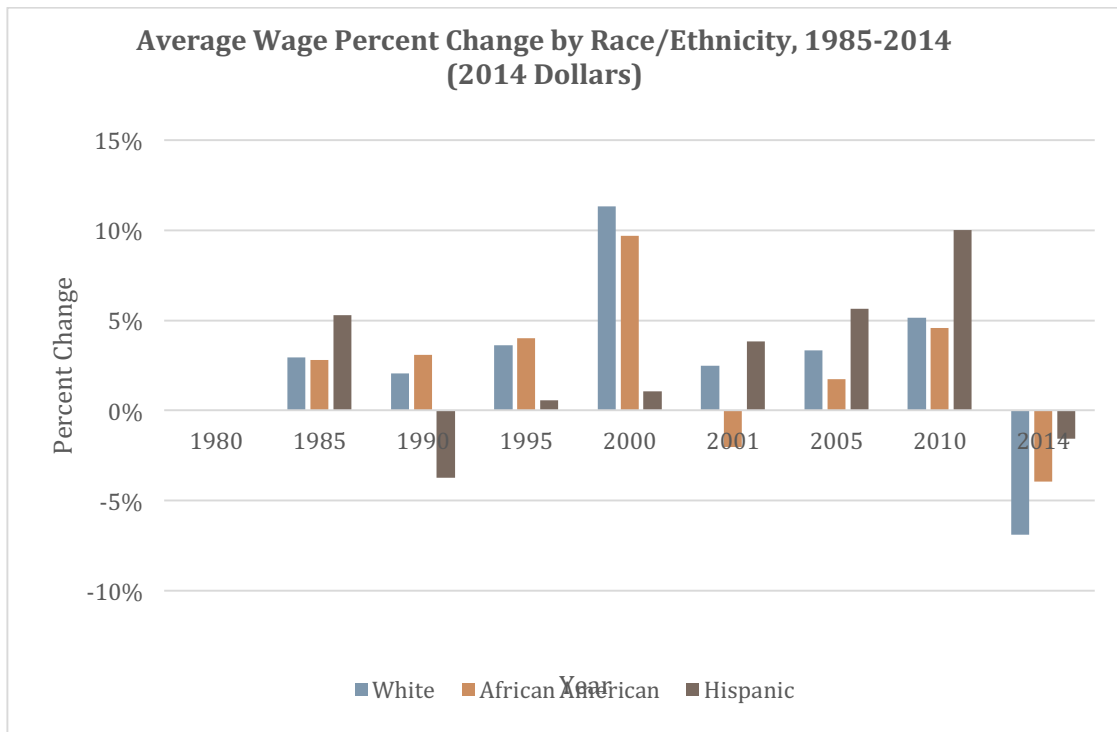
Table 8: Median Wage and Wage Disparity

Median Annual Wage and Wage Disparity by Race/Ethnicity, 1980-2014 (2014 dollars)					
Race/Ethnicity	White	African American	Hispanic	White-Black Wage Disparity	White-Hispanic Wage Disparity
1980	\$29,557	\$23,005	\$24,794	\$6,552	\$4,763
1985	\$30,430	\$23,650	\$26,104	\$6,781	\$4,326
1990	\$31,054	\$24,378	\$25,126	\$6,677	\$5,928
1995	\$32,178	\$25,355	\$25,272	\$6,822	\$6,906
2000	\$35,818	\$27,810	\$25,542	\$6,008	\$10,275
2001	\$36,712	\$27,248	\$26,520	\$9,464	\$10,192
2005	\$37,939	\$27,726	\$28,018	\$10,213	\$9,922
2010	\$39,894	\$28,995	\$30,826	\$10,899	\$9,069
2014	\$37,149	\$27,851	\$30,347	\$9,298	\$6,802
% Change 1980-2014	26%	21%	22%	42%	43%

Source: Bureau of Labor Statistics: Current Population Survey.

Between 1980 and 2014, median annual wage inequality grew from \$6,552 to \$9,298, a gap increase of 42 percent between white and African-American workers. During the same years, white-Hispanic median annual wage disparity grew by 43 percent. Between 1980 and 2014, wages for whites in Florida grew by 26 percent which is faster than the wage growth by African-Americans and Hispanics which grew at 21 percent and 22 percent respectively. Wage disparity grew faster between 2001 and 2010 period that includes the real estate market boom and the great recession of 2007.

Figure 22: Average Wages Percent Change



Source: Bureau of Labor Statistics: Current Population Survey

The great recession of 2007 left a lasting impact on wage growth impacting negatively all racial/ethnic groups.

Table 9: 1980-2014 Wage Growth by Race/Ethnicity

Race / Ethnicity	1980	1985	1990	1995	2000	2005	2010	2014
White	5.0%	4.7%	4.5%	4.1%	2.7%	2.5%	9.1%	4.9%
African-American	10.3%	12.3%	11.7%	10.0%	6.0%	7.4%	16.8%	10.9%
Hispanic	8.0%	6.1%	8.1%	8.0%	4.8%	4.3%	13.6%	6.6%

Source: Bureau of Labor Statistics: Current Population Survey, and Economic Policy Institute Analysis of Current Population Survey data.

Figure 23: Poverty Rates by Race/Ethnicity

Poverty Rate by Race/Ethnicity, 1980-2013			
YEAR	White Only	Black Only	Hispanic/Latino
1980	11%	37%	26%
1985	8%	32%	16%
1990	8%	33%	24%
1995	10%	33%	26%
2000	7%	21%	16%
2005	7%	21%	14%
2010	10%	26%	25%
2013	9%	27%	22%
% Change 1980-2013	-18.2%	-27.0%	-15.4%

Source: Bureau of Census.

Poverty continues to be an issue of great significance in Florida. Minorities experienced higher levels of poverty when compared to the white population. African-Americans experienced the highest poverty rates which have been above 20% historically. The Hispanic/Latino population experienced lower levels of poverty, nevertheless, in the double digits. From 1980 to 2013, all ethnic groups experienced double digit declines in poverty levels. Despite this improvement poverty levels regrettably remained relatively high. The poverty level for whites in Florida was 9 percent, while African-Americans' poverty rate was 27 percent, followed by the Hispanic/Latino population with 22 percent.

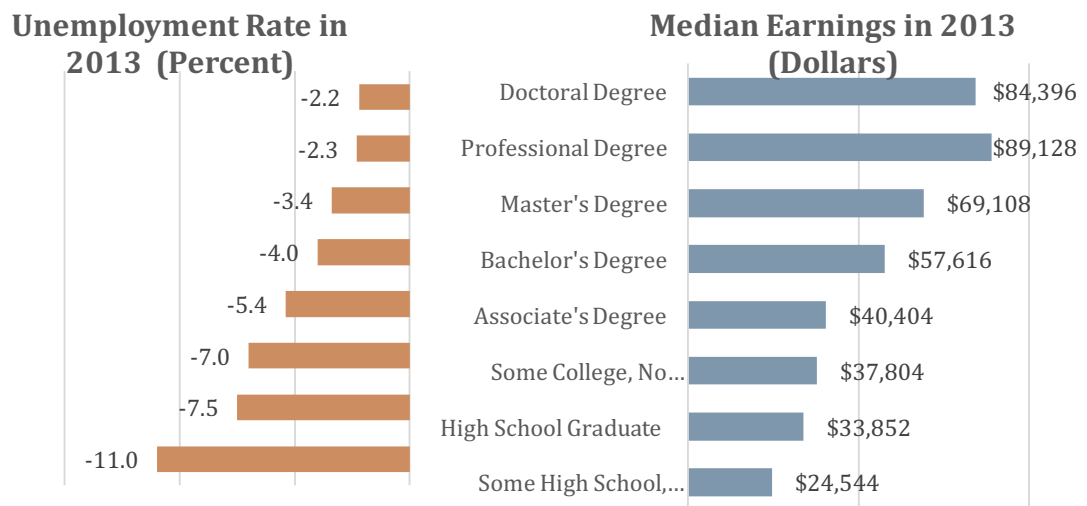
Unemployment rates for minorities remain high when compared to unemployment experienced by whites in Florida. The unemployment rate for whites in 2014 was 4.9 percent versus 10.9 percent for African-Americans and 6.6 percent for Hispanics/Latinos.

EDUCATIONAL ATTAINMENT

Over the past 50 years, educational attainment indicators have been a regular part of formal conversations with regards to solving poverty issues, wage inequality, wage stagnation,

labor productivity, business development and overall economic growth. It is imperative to safeguard and make educational opportunities available to the diverse working residents of Florida to promote their talent and enable greater social mobility.

Figure 24: Education Pays

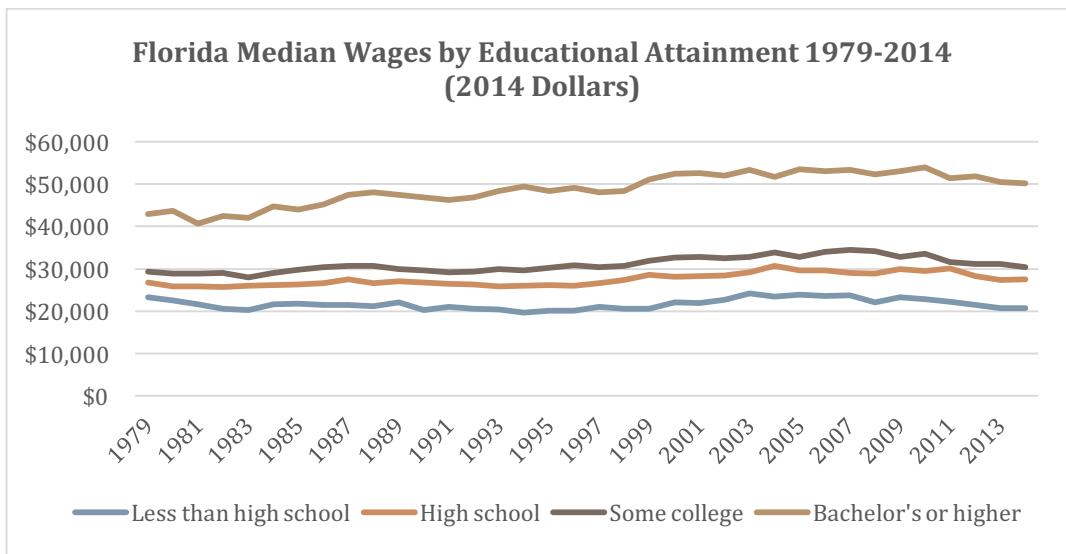


Source: U.S. Department of Labor. Bureau of Labor Statistics; Unemployment Rates and Median Earnings for Workers 25 and Older, by Educational Attainment; Earnings for Full-time Wage and Salary Workers, 2013. Median earnings were based on weekly earning multiplied by 52.

The inverse relationship between educational levels and earnings with unemployment is clearly depicted in figure 24. It shows lower wages and lower educational levels correlated with higher levels of unemployment.

This correlation between educational levels and wages has been consistent over the past 35 years; but the wage gap between educational levels have been growing steadily.

Figure 25: Florida Median Wages by Educational Attainment



Source: Bureau of Labor Statistics: Current Population Survey

Figures 24 and 25 show that policies aiming at mitigating unemployment and poverty should include higher educational attainment as one of the objectives. In turn, this will promote higher wages for working Floridians.

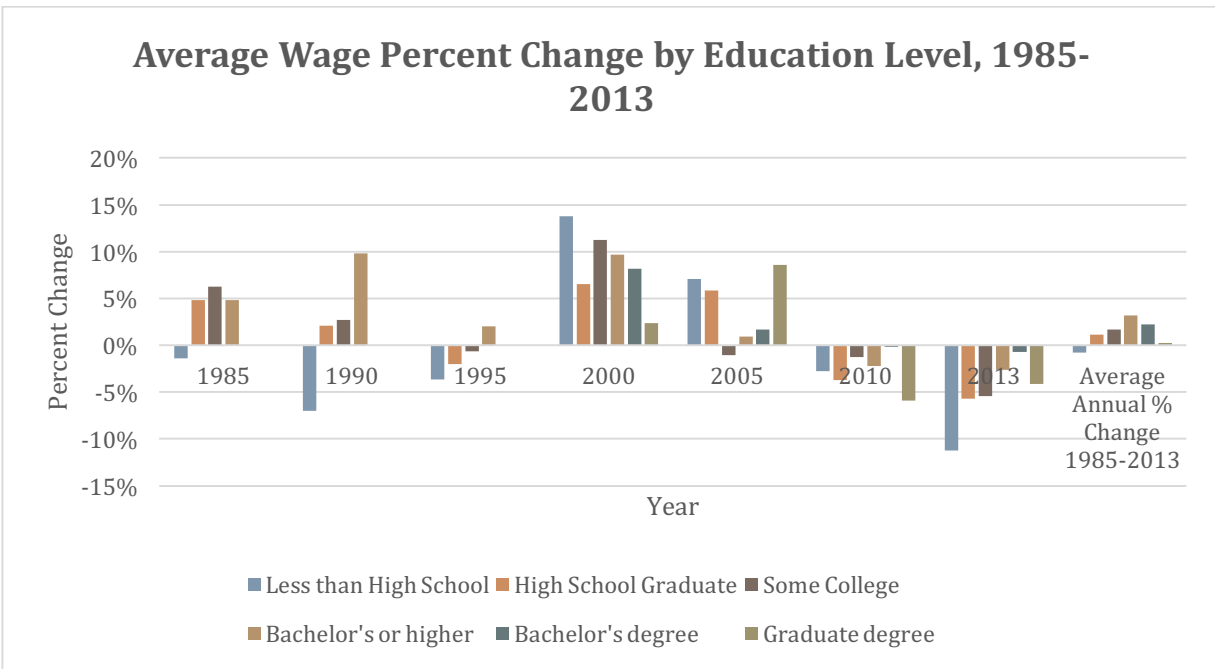
Higher median annual wages correlated with higher levels of educational attainment. People with at least a bachelor’s degree experienced a median wage growth of 15 percent while people with a high school degree achieved a median wage growth of 6 percent between 1980 and 2014. Floridians with less than a high school education experienced negative growth in real median wages during the same years.

Table 10: Median Annual Wage by Educational Level

Median Annual Wage by Education Level, 1980-2014 (2014 dollars)				
	Less than high School	High School	Some College	Bachelor's or higher
1980	\$22,547	\$25,875	\$28,912	\$43,701
1985	\$21,757	\$26,250	\$29,827	\$43,888
1990	\$20,238	\$26,832	\$29,598	\$46,800
1995	\$20,093	\$26,229	\$30,222	\$48,381
2000	\$22,152	\$28,163	\$32,594	\$52,374
2005	\$23,837	\$29,661	\$32,760	\$53,477
2010	\$22,859	\$29,494	\$33,571	\$53,893
2014	\$20,758	\$27,456	\$30,347	\$50,211
% Change 1980-2014	-8%	6%	5%	15%

Source: Bureau of Labor Statistics, Current Population Survey

Figure 26: Average Wage Percent Change by Educational Level



Source: Bureau of Labor Statistics, Current Population Survey

Chapter 4: Policy Recommendations

As in prior versions, the 12th edition of the State of Working fundamentally addresses the most relevant questions affecting wage disparity and income inequality in Florida. This report provides serious data analysis in hopes to propel policy changes that improve the economic prospects of all Floridians. It provides evidence of a continued troubling trend of rapidly increasing wage disparity and its direct negative impact on income inequality, standards of living and quality of life in Florida. The report shows the continued economic marginalization of women and minorities, and their experiences with low wages and stagnant wage growth.

INCREASING THE MINIMUM WAGE

There is sound evidence that modest increases in the minimum wage have little to no effect on aggregate levels of jobs or job creation, even during periods of economic weakness. Even those researchers who find negative effects of the minimum wage on employment admit that those effects are incredibly small. Such that what rational debate exists on the minimum wage should be over how far and how fast the minimum wage can be raised without risking potential job losses, or so many job losses that the costs are viewed as not justifying the benefits. And even on this point, virtually every study that has seriously looked at the potential effects of even large federal minimum wage increases generally suggests that we, as a society, could raise the minimum wage substantially higher and the net outcome for low and moderate income Americans. Here some facts that support increasing minimum wage:

- Job losses from raising the minimum wage are negligible. Minimum wage has already been raised 23 times with no detriment to the economy⁵.

⁵ Schmitt, John, Why Does the Minimum Wage Have No Discernible Effect on Employment? Center for Economic Policy Research, February 2013

- June 2014 survey found that more than 3 out of 5 small business owners support increasing the minimum wage to \$10.10⁶.
- The real value of the minimum wage has fallen dramatically. Since the minimum wage was last raised in 2009, the price of apples went up 16 percent, bacon 67 percent, cheddar cheese 21 percent, coffee 27 percent, ground beef 39 percent, and milk 21 percent⁷.
- In the 1960s the minimum wage was essentially half the average wage. If that was still the case it would be \$12.50 an hour⁸.
- Low minimum wage laws are government subsidies to low wage businesses⁹.
- Worker productivity has gone up much faster than wages. Using the 1968 minimum wage as benchmark, if minimum wage grew at same rate as worker productivity it would have reached \$21.72 per hour¹⁰.
- Raising the minimum wage to \$10 would impact over 15 million workers. Four million seven hundred thousand working mothers "would get a raise if we raise it to \$10.10." As would 2.6 million working dads for a total of 7 million parents¹¹.
- There is widespread bipartisan support for raising the minimum wage. In a 2015 poll, "75 percent of Americans, including 53 percent of Republicans, support raising the minimum wage to \$12.50" by 2020¹².
- It would increase consumer purchasing power and reduce employee turnover¹³.

⁶ Small Business Owners Favor Raising Federal Minimum Wage results from a scientific national phone poll of small business owners with employees - July 2014

⁷ Short, Kevin, How Much More Expensive Life Has Gotten Since We Last Raised The Minimum Wage, 5 Years Ago Today, Huffington Post, 7/24/2014.

⁸ Short, Kevin, How Much More Expensive Life Has Gotten Since We Last Raised The Minimum Wage, 5 Years Ago Today, Huffington Post, 7/24/2014.

⁹ Story, Lousy, As Companies Seek Tax Deals, Governments Pay High Price, New York Times, 12, 2012.

¹⁰ Schmitt, John, The Minimum Wage Is Too Damn Low, The Center for Economic and Policy Research, March 2012.

¹¹ Cooper, David, Raising the Federal Minimum Wage to \$10.10 Would Lift Wages for Millions and Provide a Modest Economic Boost, Economic Policy Institute, December 2013.

¹² National Employment Law Project, New Poll Shows Overwhelming Support for Major Minimum Wage Increase, January 2015.

¹³ Patton, Mike, The Facts On Increasing The Minimum Wage, Forbes Magazine, November 2014.

Cost of living keeps increasing in Florida. It is necessary to promote salaries and wages that allow families to pay for their own necessities.

POLICY RECOMMENDATIONS

Public policies in the state of Florida could address problems facing working Floridians that are uncovered in this report. These policies should encompass the following recommendations:

- Higher wages to low-wage workers can be directly addressed by a higher minimum wage.
- Stronger worker protections such as wage theft enforcement would help ensure that workers are being paid the full wages that they have earned. Reducing wage theft would not only improve economic conditions for workers who are being exploited, but would also improve business conditions for good employers, by ensuring that unscrupulous competitors do not gain an unfair advantage by illegally underpaying their staff.
- Workplace discrimination may be diminished through greater enforcement of existing anti-discrimination laws and through greater transparency in pay structures that provide workers with valuable information in determining whether they are being unfairly paid.
- Upward mobility within companies may be achieved through a greater emphasis upon on-the-job training and skill development through state-business partnerships that foster a more educated and skilled workforce and a greater number of quality skilled-job openings.

The need for policymakers and the business community to get together and address wage disparity and income inequality is imperative. It is necessary to mitigate the wage

inequality gap by vigorously pursuing a sustainable minimum wage that contributes to a life of self-sufficiency and a healthy labor market. Other important issue to be addressed by the public and private sectors are stopping workplace discrimination, higher labor mobility between companies and stronger worker protections such as wage theft enforcement.

In an open market economy where labor may be perceived as a commodity and skill levels have a direct impact on industrial productivity, many are the socio-economic challenges that our State faces to remain competitive in a global economy. It is through the policies and activities in support of our labor force that Florida will be able to undertake these challenges. Reducing wage disparity and income inequality will not only improve standards of living and quality of life for our workforce, but will assist in achieving a highly efficient labor market and increase the viability of healthier economy. Florida's economic future depends on its single most important resource... its human capital.

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