

The State of Working Florida 2007

Labor Day, September 3, 2007



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State of Working Florida 2007

Executive Summary

RISEP's annual Labor Day report *The State of Working Florida* looks at the performance of Florida's economy with a focus on how working men and women are faring in employment, wages, benefits, and other aspects of work life. This year's report finds that employment and wages have improved, while benefits for Florida workers continue to lag behind most other states.

Report highlights:

- Unemployment, especially long-term unemployment, continued to drop in 2006. After the recession of 2001 unemployment rose through 2003 but has since been steadily decreasing.
- Underemployment, the percentage of workers who are employed part-time involuntarily or discouraged from looking for work, has dropped since 2004 but is still not back to 2000 levels.
- Job growth has continued to speed up since 2004 but still has not caught up with population growth since 2001.
- The Construction industry has had the largest growth over the past six years, followed by Professional and Business Services. Manufacturing and Information continue to lose jobs.
- The largest industries in Florida, with the exception of government, pay close to or below the state average wage. Professional and Business Services, Education and Health Services, pay no more than 10% above the average, while Retail Trade and Leisure and Hospitality pay at least 30% below the average.
- The average wages of some higher paying industries in Florida such as information, financial services and manufacturing are 10-20% lower than the U.S. average.
- Compared with the U.S., Florida has higher percentages of employment in Professional and Business Services, Construction, Leisure and Hospitality, and Retail Trade, and lower percentages of Education and Health Services, Government and Manufacturing jobs.
- The median wage in Florida for all wage-earners 18 to 64 years old was \$14.31 per hour in 2006, which was 97% of the U.S. average. Florida's median wage ranked 27th in the nation.
- The lowest wage group, the bottom 10% of earners, is the only Florida group with an hourly wage higher than the national average, likely due to the raising of the minimum wage above the federal minimum.
- In Florida, the top 10% of earners earn more than three and a half times what the bottom 20% earn, and the gap has been widening for several decades. Over the long term wage inequality has grown much faster in Florida than in the U.S., but over the short term the reverse has been true.

- Overall women in Florida are able to make choices about their employment situation and are faring as good or better in employment compared with men. Women are less likely to be in the labor force than men, and those who are in the labor force have similarly low rates of unemployment to men. More women work part-time, but fewer work part-time involuntarily. However wages for women continue to lag behind men. In Florida women earned 86% of what men earned, compared with 82% in U.S.
- Hispanics and Blacks/African American are not doing as well in employment and wages as white non-Hispanics. More Hispanics and Blacks are in the labor force than whites, more are unemployed, and more are underemployed. In addition, fewer are employed part-time although a higher percentage of part-time workers are part-time involuntarily.
- The wage gap for Blacks and Hispanics has grown. In 1979 Blacks in the U.S. earned 82% of what Whites made, compared with 78% in 2006. In Florida Blacks earned 81% of what Whites earned in 1979, compared with 75% in 2006. Hispanics in Florida earned 85% of non-Hispanic whites' wages in 1979, but by 2006 the percentage had decreased to 76%. In the United States the gap is larger: Hispanics earned 81% of Whites wages in 1979, and 70% in 2006.
- Florida has 11.5% of the population living below the poverty line, compared with 12.3% of the U.S. population. However Florida has a slightly higher percentage (31.1%) living below twice the poverty line, than does the U.S. (30.5%).
- Florida consistently ranks near the bottom in benefits for workers. Florida ranks 44th out of the 50 states and the District of Colombia on working-age population with employer based healthcare coverage, and 50th in the percent of private sector workers with pension/retirement plans.
- Florida also ranks low in unionization rates at 45th in the nation. In 2006 unionized workers in Florida earned 1.35 times what non-union workers earned, making \$18.94 per hour compared with \$14.02 per hour for non-union workers.
- Floridians pay roughly 30% of income in taxes, 11th highest in the nation. But Florida ranks 35th in state and local tax collections as a percent of income.
- Comparing average wage, wage growth, and job growth, the southwestern and southeastern coastal areas seem to be doing the best, in the southwest due mostly to job growth and in the southeast to higher wages. Jacksonville scored above average on each indicator. The areas that are at the bottom on these three indicators, mostly because of lower wages which may reflect lower cost of living, are smaller cities like Daytona Beach, Lakeland, and Tallahassee.
- Ft. Myers had the fastest job growth, adding 26.7% since 2002. Job growth there was split evenly between high- and low-wage industries. Port St. Lucie had the fastest high-wage job growth, and Gainesville had fastest low-wage job growth.
- A major public policy issue this year in Florida is property tax reform, and we recommend closing sales tax loopholes and instituting a property tax circuit breaker. These measures protect working families from being squeezed by rising property taxes and maintain funding for needed services such as education and transportation that benefit all Floridians.

Table of Contents

I.	How is Florida's Economy Doing?	1
II.	Are there enough jobs?	1
III.	Are new jobs being created?	4
IV.	What kinds of jobs are being created?	6
V.	How are workers being compensated?	11
VI.	What about women, African Americans, and Hispanics?	17
VII.	How are Florida's families doing?	22
VIII.	Do workers receive benefits and protections?	26
IX.	How are unions doing in Florida?	30
X.	How much do Floridians pay in taxes?	31
XI.	How do Florida's different metropolitan areas compare?	32
XII.	Public policy: Reforming tax laws to give working families a lift	38
XIII.	Conclusion	39

STATE OF WORKING FLORIDA 2007

I. How is Florida's Economy Doing?

Jobs that provide good wages and benefits to workers are the basis of a good economy. We measure the success of Florida's economy by how well it creates these kinds of jobs, the percentage of people of all genders and racial/ethnic groups who are able to take advantage of these jobs, and the quality of life that jobs provide. In 2006, Florida's economy improved in job creation, unemployment, and wages, continuing the pattern over the last several years of improvement in these indicators after the discouraging trends of the early 2000's. Although unemployment remains relatively low, wages are also low, and the income gap continues to widen. Florida's employment and wages mirror the national pattern in the recovery from the recession of 2001¹: while productivity and GDP were rising, employment fell, unemployment rose, and real wages fell². Wages and job quality for women, African Americans and Hispanics continues to lag behind. On Labor Day 2007, as a falling housing market brings instability to the financial markets, it is uncertain whether the country will experience another recession. But already in Florida tax receipts have been decreasing, forcing budget cuts at state and local government and making it harder for working families to access social services that supplement Florida's often low incomes. Thus the picture of Florida's economy, while bright for some, is increasingly dim for many more. In some areas of the state where the income gap is particularly wide, lower income and middle class residents are leaving the state seeking higher wages and a lower cost of living. The question for Floridians and lawmakers is: what kind of jobs will ensure a livable, workable economy?

II. Are there enough jobs?

Generally speaking Floridians have been able to find work and Florida's unemployment rate has been low compared with the nation since 1995, although the percentage of long-term unemployed and underemployed remains a concern. The nation experienced a recession in 2001 when GDP slowed, employment dropped and unemployment increased. However contrary to previous business cycles, during the "recovery" from the 2001 to 2003, employment continued to decrease and unemployment rose. In 2004 unemployment began to slowly come down, and Florida's job market improved faster than the nation's. Unemployment, especially long-term unemployment, took a significant drop in 2006, a good sign for Florida workers.

¹ For a detailed description of the 2001 recession see the National Bureau of Economic Research, <http://www.nber.org/cycles/recessions.html>

² For a comprehensive analysis of the nation's economy, see *The State of Working America* (2006) from the Economic Policy Institute.

Unemployment

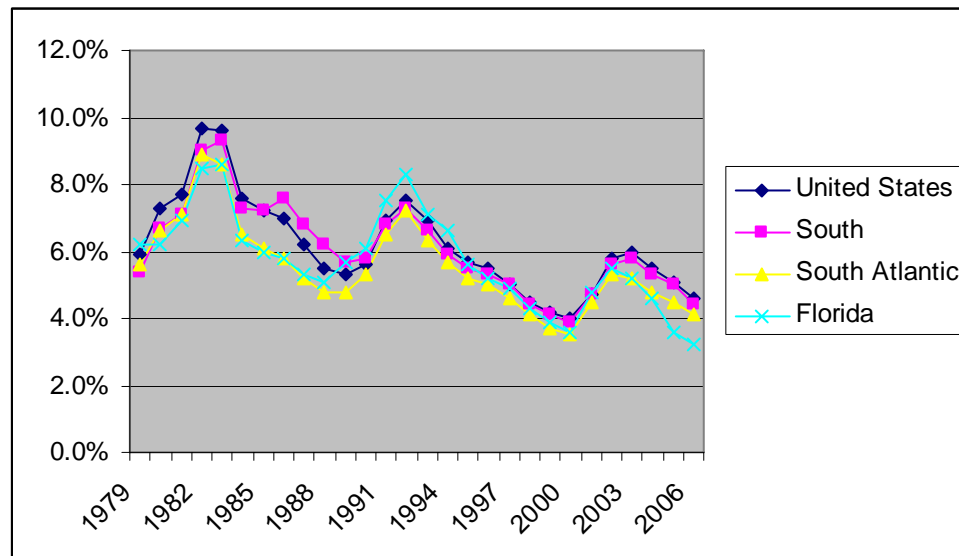
With the exception of the year 2001, unemployment in Florida has been below the national average since the mid-1990s. This is consistent with the pattern of low unemployment in the South as a whole over the past 13 years. For the last several years Florida has had among the lowest unemployment rates in the South, putting Florida at 4th and 6th lowest unemployment in the nation for 2005 and 2006 respectively. In 2006 the average annual unemployment rate in Florida was 3.2%, compared with 4.1% in the South Atlantic (Florida, Georgia, South Carolina, North Carolina, Virginia, West Virginia, Maryland, Delaware, and the District of Columbia), 4.4% in the South (South Atlantic states plus Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, and Texas) and 4.6% in the nation as a whole.

Table 1
**Unemployment rates for Florida, the U.S., the South,
 and the South Atlantic Division, 1995-2006**

	1995	2000	2001	2002	2003	2004	2005	2006
United States	5.7%	4.0%	4.7%	5.8%	6.0%	5.5%	5.1%	4.6%
South	5.5%	3.9%	4.7%	5.6%	5.8%	5.3%	5.0%	4.4%
South Atlantic	5.2%	3.5%	4.5%	5.3%	5.2%	4.8%	4.5%	4.1%
Florida	5.6%	3.6%	4.8%	5.5%	5.2%	4.6%	3.6%	3.2%

Source: Economic Policy Institute analysis of Current Population Survey data

Figure 1
**Unemployment rates for Florida, the U.S., the South,
 and the South Atlantic Division, 1979-2006**



Another picture of unemployment emerges from workers who are classified as long-term unemployed, those who were unemployed for more than 26 weeks at the time of the survey. Long-term unemployment may be caused by industry changes or plant closures, worker skill mismatch, or other factors that make it very difficult for certain workers to find new jobs. For all areas, long-term unemployment as a share of all unemployment declined from 1995 to 2000, then rose through 2003 and began to decrease in 2003 or 2004, following the pattern of overall unemployment, although the recent decline began later. For all years Florida remained lower than the national average, and in 2006 Florida experienced a large drop in long-term unemployment of almost six percentage points. Florida has the second-lowest long-term unemployment rate in the South, but is 9th lowest in the nation.

Table 2
Long-term Unemployment* as a Percentage of all Unemployment for Florida, the U.S., the South, and the South Atlantic Division, 2001-2006

	1995	2000	2001	2002	2003	2004	2005	2006
United States	17.2%	11.4%	11.8%	18.3%	22.1%	21.8%	19.6%	17.6%
South	15.2%	10.8%	11.6%	17.7%	20.9%	19.8%	19.0%	16.9%
South Atlantic	19.5%	11.5%	11.6%	20.0%	22.2%	20.6%	19.3%	18.0%
Florida	14.9%	12.1%	10.8%	17.7%	19.2%	18.6%	18.9%	13.4%

Source: Economic Policy Institute analysis of Current Population Survey data

* Long-term unemployment is defined as unemployment lasting longer than 26 weeks.

Part-time Employment

Although unemployment may be low in Florida, it is important to ask what percentage of jobs are part-time jobs, and whether those who are employed part-time are part-time voluntarily or involuntarily. The share of workers working part-time in Florida has been less than the national average since 1994, and since 2004 the gap has widened, indicating that Florida is doing relatively well at creating full-time jobs. The share of workers working part-time decreased from 1995 to 2000, then increased through 2004, and is now decreasing again, following the employment trend.

Table 3
Part-time work as share of total employment for Florida, the U.S., the South, and the South Atlantic Division, 1995-2006

	1995	2000	2004	2005	2006	Percentage-point change		
						95-00	00-04	04-06
United States	24.6%	21.8%	23.3%	22.8%	22.4%	-2.8%	1.5%	-0.9%
South	23.0%	19.7%	21.4%	20.4%	20.3%	-3.3%	1.7%	-1.1%
South Atlantic	22.6%	19.2%	20.9%	20.0%	19.6%	-3.4%	1.7%	-1.3%
Florida	22.4%	18.1%	20.3%	18.7%	18.3%	-4.3%	2.2%	-2.0%

Source: Economic Policy Institute analysis of Current Population Survey data

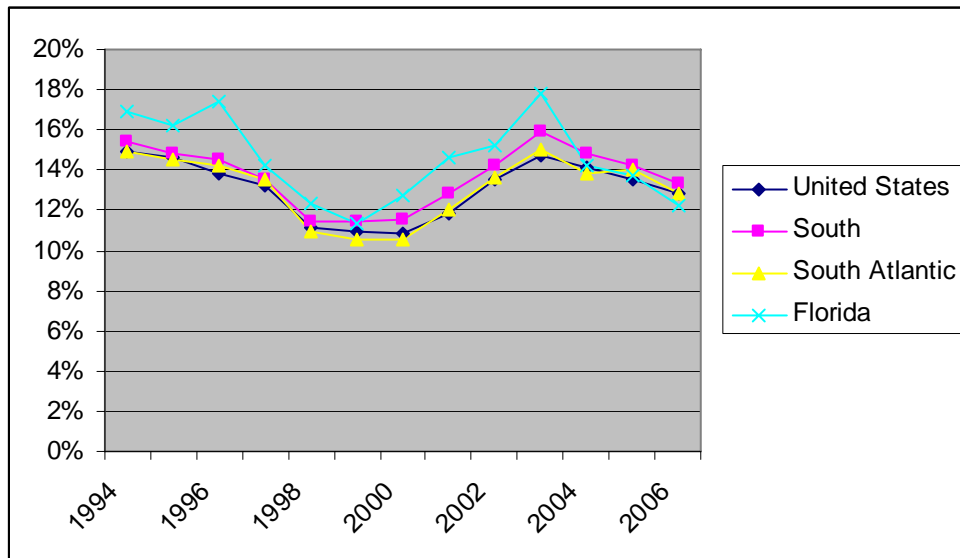
Part-time work is generally considered voluntary or involuntary depending on whether a worker chooses to work part-time or would prefer to work full-time but cannot find full-time employment. Until 2004 Florida's share of involuntary part-time work was higher than the national average, reflecting Florida's high rates of employment in industries such as retail and hospitality that hire a high percentage of their workforce part-time, but in the last two years it has come down to slightly below the national average.

Table 4
Involuntary Part-time Work as a Share of Total Part-Time Employment for Florida, the U.S. the South, and the South Atlantic Division, 1995-2006

	1995	2000	2004	2006	Percentage-point change	
					1995-2000	2000-06
United States	14.6%	10.8%	14.1%	12.8%	-3.8%	2.0%
South	14.8%	11.5%	14.8%	13.3%	-3.3%	1.8%
South Atlantic	14.5%	10.5%	13.8%	12.8%	-4.0%	2.3%
Florida	16.2%	12.7%	14.2%	12.2%	-3.5%	-0.5%

Source: Economic Policy Institute analysis of Current Population Survey data

Figure 2
Involuntary Part-time Work as a Share of Total Part-Time Employment for Florida, the U.S. the South, and the South Atlantic Division, 1995-2006



Finally we combine workers who are working part-time involuntarily with unemployed workers classified as “discouraged”³ or “conditionally interested”⁴ to arrive at estimates of the share of workers who are underemployed, meaning willing and able to work but not able to find full-time work or perhaps any work at all. In Florida in 2006 the underemployed rate was 6.2%, compared with a national average of 8.2%. The same pattern can be seen as in the previous unemployment and part-time employment data—a decrease from 1995 through 2001, an increase through 2003 and a decrease over the last several years. Whether this trend of decreasing unemployment, part-time employment and underemployment continues will depend on the health of our national and state economies.

Table 5
**Underemployment Rates for Florida, the U.S. the South,
 and the South Atlantic Division, 1995-2006**

						Percentage-point change		
	1995	2000	2004	2005	2006	95-00	00-04	04-06
United States	10.1%	7.0%	9.6%	8.9%	8.2%	-3.1%	1.5%	-0.9%
South	9.8%	6.9%	9.2%	8.6%	7.9%	-2.9%	1.7%	-1.1%
South Atlantic	9.3%	6.2%	8.5%	8.1%	7.3%	-3.1%	1.7%	-1.3%
Florida	10.2%	6.5%	8.3%	6.9%	6.2%	-3.7%	2.2%	-2.0%

Source: Economic Policy Institute analysis of Current Population Survey data

III. Are new jobs being created?

After the last recession in 2001 the nation experienced a “jobless recovery”—productivity and GDP grew very fast, but employment dropped and unemployment rose. In contrast, Florida continued to create jobs, albeit slowly, in the period after the recession. But although job creation has picked up in recent years, it still has not recovered to meet working age population growth since before the last recession in 2001 (Table 8).

Labor Force Participation

Not only did unemployment rise from 2001 to 2003 but labor force participation fell sharply, signaling an especially severe time for Florida workers. Since 2004 however labor force participation in Florida has increased, while the nation is only beginning to show a small increase.

³ Persons not in the labor force who want and are available for a job and who have looked for work some time in the past 12 months but who are not currently looking because they believe there are no jobs available or none for which they would qualify.

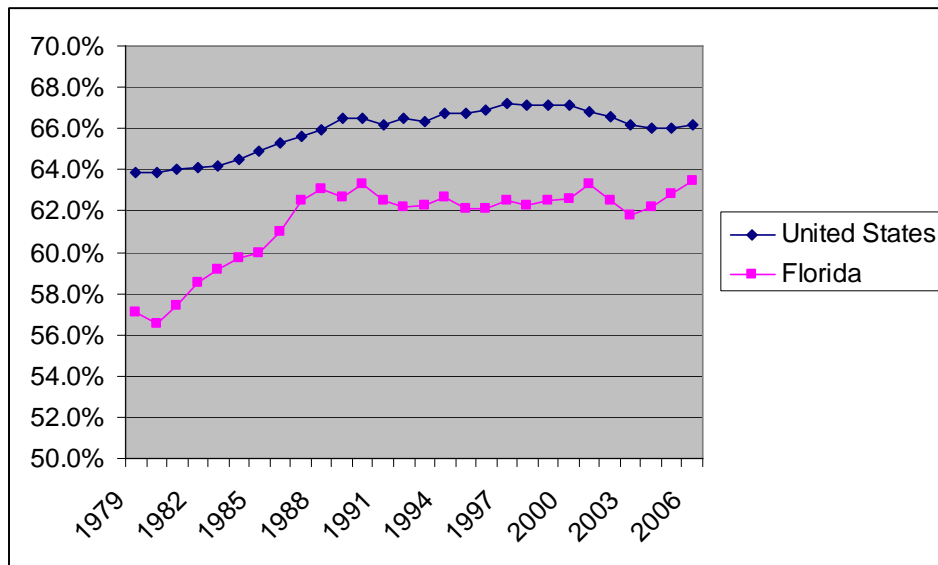
⁴ People who are marginally attached to the labor force but are not in the labor force for reasons other than discouragement (e.g. people who want a job but aren’t looking because of child care problems).

Table 6
**Labor Force Participation Rates for Florida, the U.S, South,
 and South Atlantic, 1995 to 2006**

					Percentage-point change	
	1995	2000	2004	2006	1995-2000	2000-06
United States	66.7%	67.1%	66.0%	66.2%	0.6%	-1.3%
South	66.0%	65.9%	64.7%	65.2%	-0.2%	-1.1%
South Atlantic	65.8%	66.1%	64.9%	65.7%	0.5%	-0.6%
Florida	62.1%	62.6%	62.2%	63.5%	0.8%	1.4%

Source: Economic Policy Institute analysis of Current Population Survey data

Figure 3
Labor Force Participation Rates for Florida and the U.S, 1979 to 2006



Job Creation

Comparing job growth and working age population growth tells us how the economy is doing at creating jobs for Floridians. Employment in Florida grew very slowly in the first few years after the recession of 2001, and has since picked up speed (Table 7). Florida has preformed better than the nation at creating jobs since 2001: where the nation as a whole lost employment from 2001 to 2004, Florida continued to grow at a slow pace. However, job growth has still not caught up with working age population growth since the last recession. In 2006 there were roughly 1.2 million more working age Floridians than in 2001, but only 800,000 more jobs. The working age population (16 to 64 years old) grew by 12.6%, while employment grew by only 11.1% (see Table 8). If job growth had kept pace with population growth we would have over 90,000 more jobs than currently exist.

Table 7
Average Monthly Employment in Florida 2001 to 2006 (in thousands)

	2001	2002	2003	2004	2005	2006
Florida	7,153	7,162	7,240	7,467	7,744	7,951
United States	129,636	128,234	127,796	129,278	131,572	133,834

Source: Quarterly Census of Employment and Wages

Table 8
**Job Growth vs. Working Age Population Growth in Florida,
 2001 to 2006**

	Employment Growth	Population Growth ages 16 to 64	Jobs shortfall
Florida	11.1%	12.6%	90,2001
United States	3.3%	6.3%	8,196,000

Source: Census Population Estimates and Quarterly Census of Employment and Wages

IV. What kinds of jobs are being created?

Even though Florida has continued to create jobs, it is important to ask what kinds of jobs are being created and whether those jobs offer workers the wages and benefits needed to live self-sufficiently in Florida.

Overall non-farm employment has grown 48.9% since 1990, and 13.3% since 2000. For the period from 1990 to 2006 Professional and Business Services saw enormous growth (173%), with construction (73%) second and education and health services (66.6%) third. In the nation during this same period Education and Health services came in first with 69%, followed by professional and business services with 65%, and leisure and hospitality with 44% (data not shown). In the period from 2000 to 2006 growth in professional and business services slowed to 21.2%, while construction led the way with 46.1% growth. Manufacturing lost jobs in both periods, losing 18.5% from 1990 to 2006 and 13.1% from 2000 to 2006.

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Table 9

Employment by Industry in Florida, 1990 to 2006 (in thousands)

	1990	1995	2000	2006	Percent Change 1990-2006	Percent Change 2000-2006
Total Non-farm	5376.4	5985.1	7069.5	8007.1	48.9%	13.3%
Total Private	4529.7	5066.7	6067.8	6909.4	52.5%	13.9%
Professional and Business Services	491	700.9	1107.1	1341.3	173.2%	21.2%
Construction	367.2	350.9	435.8	636.6	73.4%	46.1%
Education and Health Services	582.5	738.4	815.5	970.6	66.6%	19.0%
Other Services	226	253.5	293.9	337	49.1%	14.7%
Financial Activities	377.2	392.7	463	545.9	44.7%	17.9%
Wholesale Trade	243	270.6	313.6	347.2	42.9%	10.7%
Leisure and Hospitality	648.4	705.8	794.9	905.1	39.6%	13.9%
Trade Transportation and Utilities	1194.6	1307.2	1497.5	1596.5	33.6%	6.6%
Retail Trade	757.7	820.3	937.9	1004.7	32.6%	7.1%
Government	846.6	918.3	1001.7	1097.7	29.7%	9.6%
Transportation and Utilities	193.9	216.2	246	244.5	26.1%	-0.6%
Information	132.6	142.2	187.9	167.2	26.1%	-11.0%
Manufacturing	494.3	465	463.4	402.7	-18.5%	-13.1%
Durable Goods	317.7	300	307.8	275.8	-13.2%	-10.4%
Non Durable Goods	176.5	165	155.6	126.9	-28.1%	-18.4%

Source: Economic Policy Institute analysis of Current Population Survey data

Employment and Wages by Industry in Florida

For some time Florida's industrial mix has been tilted towards low wage industries, although recent years have seen faster growth in middle income industries such as Education and Professional and Business Services. The top five paying industries in Florida employ 30.3% of the population, while the bottom five employ 48% of the population. The largest industries, with the exception of government, pay close to or below the state average wage. Professional and Business Services, Education and Health Services, pay no more than 10% above the average, while Retail Trade and Leisure and Hospitality pay at least 30% below the average.

Table 10

Employment by Industry in Florida, 1990 to 2006 (in thousands)

	Share of total employment	Average annual wage	Percent of total Average Wage
Total Nonfarm	100%	\$38,498	0.0%
Wholesale Trade	4.30%	\$55,922	45.3%
Information	2.10%	\$54,860	42.5%
Financial Activities	6.80%	\$54,425	41.4%
Manufacturing Durable Goods	3.40%	\$47,864	24.3%
Government	13.70%	\$46,276	20.2%
Manufacturing	5.00%	\$45,732	18.8%
Transportation and Utilities	3.10%	\$44,686	16.1%
Professional and Business Services	16.80%	\$41,718	8.4%
Manufacturing Non Durable Goods	1.60%	\$41,122	6.8%
Construction	8.00%	\$40,768	5.9%
Education and Health Services	12.10%	\$39,563	2.8%
Other Services	4.20%	\$27,011	-29.8%
Retail Trade	12.50%	\$26,513	-31.1%
Leisure and Hospitality	11.30%	\$20,203	-47.5%

Source: Economic Policy Institute analysis of Current Population Survey data

The fastest growing industries also tend to be those close to or below the average wage of \$38,498. The largest gainer was the Construction industry at 5.9% above the average, followed by Professional and Business Services (8.4% above average) and Education and Health Services (2.8% above average). Financial Activities (41.4% above average) was the only highly paid industry to gain employment share in the last six years, while other highly paid industries such as Information (42.5%) Wholesale trade (45.3% above average) and Manufacturing (18.8% above average) have lost significant employment share since 2000 (21.4% and 23.3% respectively).

Table 11

Industry share of employment and average annual wage in Florida, 2000-2006

	2000	2006	Percent change	Percent of Average
Total Non-farm	100.0%	100.0%	--	--
Construction	6.2%	8.0%	29.0%	5.9%
Professional and Business Services	15.7%	16.8%	7.0%	8.4%
Education and Health Services	11.5%	12.1%	5.1%	2.8%
Financial Activities	6.5%	6.8%	4.1%	41.4%
Other Services	4.2%	4.2%	1.2%	-29.8%
Leisure and Hospitality	11.2%	11.3%	0.5%	-47.5%
Wholesale Trade	4.4%	4.3%	-2.2%	45.3%
Government	14.2%	13.7%	-3.2%	20.2%
Retail Trade	13.3%	12.5%	-5.4%	-31.1%
Transportation and Utilities	3.5%	3.1%	-12.2%	16.1%
Information	2.7%	2.1%	-21.4%	42.5%
Manufacturing	6.6%	5.0%	-23.3%	18.8%

Source: Economic Policy Institute analysis of Current Population Survey data

Gains in Construction and losses in Information also show up in the U.S. overall, but there are several important differences between Florida's industrial mix and wages and those of the U.S. The fastest growing in industry in the U.S. from 2000 to 2006 was Education and Health Services, which increased its share of employment by 14.3%. Leisure and Hospitality also grew much faster in the U.S. than in Florida, but remains at a lower share of employment (9.7% vs. 11.3%). Florida gained much faster in Professional and Business Services than did the U.S., and also has a higher percentage of employment in this industry. Interestingly, workers in this industry earn over \$10,000 more in the U.S. (\$51,942) than in Florida (\$41,718), and there are similar differences in Information (over \$11,000 difference) and Financial Activities (over \$14,000 difference) industries.

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Table 12
Employment and average annual wage by industry in the U.S., 2000-2006

	2000	2006	Percent change	Average annual wage 2006
Total Non-farm	100.0%	100.0%	--	--
Education and Health Services	11.5%	13.1%	14.3%	\$39,109
Construction	5.2%	5.6%	9.6%	\$44,488
Leisure and Hospitality	9.0%	9.7%	7.2%	\$17,777
Financial Activities	5.8%	6.1%	5.3%	\$68,890
Government	15.8%	16.1%	2.4%	\$48,657
Professional and Business Services	12.6%	12.9%	1.9%	\$51,942
Other Services	3.9%	4.0%	1.7%	\$26,924
Transportation and Utilities	3.3%	3.3%	-2.0%	nd
Retail Trade	11.6%	11.2%	-3.0%	\$25,565
Information	2.8%	2.2%	-18.6%	\$65,930
Manufacturing	13.1%	10.4%	-20.4%	\$51,425
Wholesale Trade	nd	Nd	--	\$58,038

Source: Economic Policy Institute analysis of Current Population Survey data

Table 13 shows the industrial mix in Florida compared with the U.S. where the employment share difference is greater than 1%. Florida has higher percentages of employment in Professional and Business Services, Construction, Leisure and Hospitality, and Retail Trade, and lower percentages of Education and Health Services, Government and Manufacturing jobs. The implications of this difference become especially clear when we examine the benefits offered to workers in Section V.

Table 13
Employment Share by Industry, Difference Greater than 1% in Florida and the U.S., 2006

	Florida	U.S.	Difference
Professional and Business Services	16.8%	12.9%	3.9%
Construction	8.0%	5.6%	2.3%
Leisure and Hospitality	11.3%	9.7%	1.7%
Retail Trade	12.5%	11.2%	1.3%
Education and Health Services	12.1%	13.1%	-1.0%
Government	13.7%	16.1%	-2.4%
Manufacturing	5.0%	10.4%	-5.4%

Source: Economic Policy Institute analysis of Current Population Survey data

V. How are workers being compensated?

Florida has smaller percentages of its workers employed in highly paid industries than does the nation as a whole, and wages in many industries are substantially lower even though cost of living has been increasing and is now above the U.S. average. The median wage in Florida has historically low but has been increasing to the point where we are now close to the U.S. median. Income inequality continues to increase in all areas of the country, fueled by the faster wage growth of highly paid workers.

Median Wage

The median wage in Florida for all wage-earners 18 to 64 years old was \$14.31 per hour in 2006, which was 97% of the U.S. average. Florida ranked 27th in the nation, and 6th in the South Atlantic, behind Washington, D.C., Virginia, Georgia and others. The South overall had the lowest median wage, and the Northeast had the highest.

Table 14
**Florida median wage compared to the U.S., the South,
 and the South Atlantic Division, 2006** (in 2006 dollars)

Geographic Area	Median Wage	Percent of U.S. Average
United States	\$14.81	100%
South	\$13.97	94%
South Atlantic	\$14.67	99%
Florida	\$14.31	97%

Source: Economic Policy Institute analysis of Current Population Survey data

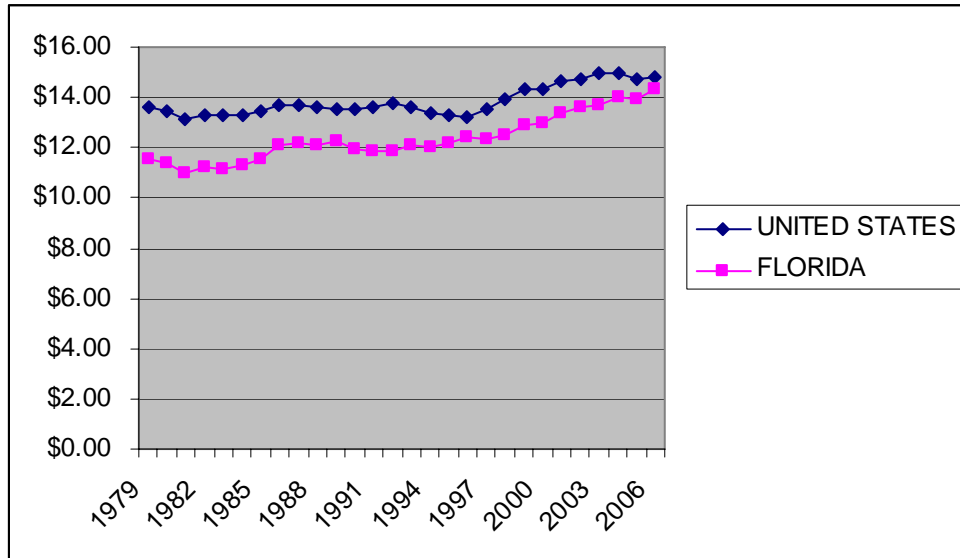
Floridian's wages have improved from 85% of the U.S. median in 1979 to nearly 97% in 2006. However in recent years this is due not so much to Florida's improvement, although the median did improve in 2006, as to stagnant or declining real wages nationally. In 2006 the U.S. median wage is still below the 2003 median wage, and in 2005 wages actually decreased. When placed next to falling unemployment both nationally and in Florida since 2004, the decline in wages shows that even with an improving job market employers are slow to raise wages. In the U.S. and especially in Florida, the 2006 increase in the median wage may in fact be due to new state minimum wage laws which set a minimum wage above the national minimum wage (see discussion below).

Table 15
Median Wage, Florida and the U.S., 1995-2006 (in 2006 dollars)

	1995	2000	2001	2002	2003	2004	2005	2006
United States	\$13.30	\$14.33	\$14.63	\$14.75	\$14.93	\$14.93	\$14.75	\$14.81
Florida	\$12.16	\$12.95	\$13.41	\$13.60	\$13.73	\$13.99	\$13.91	\$14.31
Percent of U.S.	91.4%	90.4%	91.7%	92.2%	92.0%	93.7%	94.3%	96.6%

Source: Economic Policy Institute analysis of Current Population Survey data

Figure 4
Median Wage, Florida and the U.S., 1995-2006 (in 2006 dollars)



Low-Wage workers

The wage of workers in the 20th percentile (the bottom 20% of earners) shows a slightly different pattern from median wage earners. For this group the drop in earnings occurred in 2003, a year earlier than for median wage earners, suggesting that slow job growth and rising unemployment hit this group first. Not until 2006 did wages for this group recover to the 2003 level in Florida, but for the nation overall, wages for this group are *still falling*. Wages for the bottom 20% of earners in the U.S. have fallen for the last three years. For this reason the gap between low-wage earners in Florida and the U.S. has nearly closed, to the point where low-wage workers in Florida are making 99.6% of what their U.S. counterparts make, the closest of all income groups.

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Table 16

**Wage of Low-Wage Workers (20th percentile) in Florida, the U.S.,
the South and the South Atlantic Division, 1980-2006**

	Florida	South Atlantic	South	United States
1980	\$7.83	\$8.02	\$7.97	\$8.55
1985	\$7.53	\$7.69	\$7.55	\$8.19
1990	\$7.67	\$8.01	\$7.60	\$8.22
1995	\$7.80	\$8.11	\$7.78	\$8.13
2000	\$8.43	\$9.03	\$8.60	\$9.09
2001	\$8.74	\$9.15	\$8.86	\$9.19
2002	\$8.88	\$9.23	\$8.93	\$9.22
2003	\$8.99	\$9.31	\$8.85	\$9.28
2004	\$8.92	\$9.31	\$8.76	\$9.23
2005	\$8.94	\$9.13	\$8.66	\$9.12
2006	\$9.06	\$9.16	\$8.84	\$9.10

Source: Economic Policy Institute analysis of Current Population Survey data

Minimum wage

What may have happened to raise the wages of low-wage workers in Florida but not the nation? The very lowest wage group, the bottom 10% of earners, is the only Florida group with an hourly wage higher than the national average. This is the first year this has been the case since 1992.

Table 17

**Hourly wage of 10th percentile of wage earners,
Florida and the U.S., 1980-2006 (in 2006 dollars)**

	1980	1990	1995	2000	2005	2006
United States	\$7.23	\$6.64	\$6.65	\$7.38	\$7.43	\$7.47
Florida	\$6.91	\$6.39	\$6.49	\$7.16	\$7.35	\$7.56

Source: Economic Policy Institute analysis of Current Population Survey data

In 2004 Florida voters passed a state minimum wage law that raised the minimum wage in Florida to \$6.15 per hour and indexed it to rise with inflation. In 2006 the minimum wage in Florida was \$6.40. In the absence of action by the federal government on the decreasing purchasing power of the minimum wage, many states have instituted new minimum wage floors, and this likely a large contributor to the increase in the wage of the lowest paid workers in Florida. In 2007 congress raised the federal minimum wage to \$5.85, and it will rise incrementally to \$7.25 by 2009. If inflation continues to rise at 3% to 4% per year Florida's minimum wage will be just under \$7.25 by 2009, but will surpass it thereafter, with the possible result that Florida's lowest paid workers will continue to earn slightly more than the national average for this group.

The percent of workers earning at or below the minimum wage dropped in all areas, but dropped the most dramatically in Florida. Only Maryland had a lower rate, with 1.76% of workers earning at or below the federal minimum wage. Certain workers can earn less than the minimum wage due to a variety of exceptions to the federal minimum wage law. Examples are fishing operations, newspaper delivery, seasonal amusement establishments, and small firms that do not produce goods for interstate commerce or use goods transported between states.
 (<http://www.dol.gov/compliance/guide/minwage.htm>)

Table 18

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	2006	Percentage Point Difference
United States	2.49%	2.21%	0.28
South	3.11%	2.71%	0.40
South Atlantic	2.86%	2.36%	0.50
Florida	2.66%	2.06%	0.60

*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/minwage2006tbls.htm#3>

The Wage Spread in the State of Florida

Absolutely critical to understanding the Florida economy is looking at how wages are spread, and what the difference between what the lowest paid workers and the highest paid workers earn. The following tables show average wages for each percentile of wage earners from 1980 to 2006. In 2006 Florida workers in all wage brackets except for the lowest earned close to but still slightly under U.S. earners as a whole.

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Table 19
Wages by Percentile by Year in Florida (in 2006 dollars)

	1980	1985	1990	1995	2000	2006
10th percentile	\$6.91	\$6.46	\$6.39	\$6.49	\$7.16	\$7.56
20th percentile	\$7.83	\$7.53	\$7.67	\$7.80	\$8.43	\$9.06
30th percentile	\$8.82	\$8.85	\$9.01	\$9.15	\$9.64	\$10.29
40th percentile	\$9.90	\$10.11	\$10.47	\$10.52	\$11.44	\$12.19
50th percentile (median)	\$11.41	\$11.54	\$11.92	\$12.16	\$12.95	\$14.31
60th percentile	\$13.01	\$13.50	\$13.84	\$14.26	\$15.25	\$16.76
70th percentile	\$15.04	\$15.88	\$16.24	\$16.92	\$18.41	\$19.60
80th percentile	\$18.16	\$18.98	\$19.76	\$20.88	\$22.21	\$24.04
90th percentile	\$23.23	\$24.71	\$25.52	\$26.58	\$29.32	\$33.14

Source: Economic Policy Institute analysis of Current Population Survey data

Table 20
Wages by Percentile by Year in the United States (in 2006 dollars)

	1980	1985	1990	1995	2000	2006
10th percentile	\$7.23	\$6.57	\$6.64	\$6.65	\$7.38	\$7.47
20th percentile	\$8.55	\$8.19	\$8.22	\$8.13	\$9.09	\$9.10
30th percentile	\$10.03	\$9.63	\$9.86	\$9.71	\$10.62	\$10.67
40th percentile	\$11.66	\$11.28	\$11.63	\$11.43	\$12.28	\$12.55
50th percentile (Median)	\$13.49	\$13.45	\$13.54	\$13.30	\$14.33	\$14.81
60th percentile	\$15.68	\$15.67	\$15.70	\$15.75	\$16.95	\$17.24
70th percentile	\$18.21	\$18.26	\$18.62	\$18.77	\$20.10	\$20.24
80th percentile	\$21.55	\$22.01	\$22.41	\$22.72	\$24.42	\$25.08
90th percentile	\$26.30	\$27.24	\$28.59	\$29.37	\$31.91	\$33.78

Source: Economic Policy Institute analysis of Current Population Survey data

In Florida, the top 10% of earners earn more than three and a half times what the bottom 20% earn, and the gap has been widening for several decades. The wage gap in the U.S. as a whole is also widening, but not as fast as in Florida. In 1980 the top 10% earned 2.97 times what the bottom 20% earned, and by 2006 the gap had widened to 3.66 times.

Table 21
Ratio of workers wages in 90th percentile to 20th percentile, 1980 to 2006, Florida and the U.S.

	1980	1985	1990	1995	2000	2006
United States	3.08	3.33	3.48	3.61	3.51	3.71
Florida	2.97	3.28	3.327	3.41	3.49	3.66

Source: Economic Policy Institute analysis of Current Population Survey data

When we examine the change in wages over time for high-wage compared with low-wage workers, we find that the wages of high-wage workers are increasing faster than those of low wage workers. We take as high wage workers those in the 80th percentile, and low wage are those in the 20th percentile. From 1990 to 2006, the wages of high-wage workers increased by 21.7% in Florida, compared with 18.1% for low-wage workers. Both groups saw a much larger wage increase than in the United States as a whole, but even so wage levels remained lower in Florida than in the U.S. (see tables 10 and 12). From 2000 to 2006 the wages of the high paid workers also increased faster than for low paid workers, 8.2% compared with 7.5% in Florida, with much smaller increases in the U.S. Over the long term wage inequality has grown much faster in Florida than in the U.S., but over the short term the reverse has been true.

Table 22

Long-Term (1990-2006) Percentage change in Wages of Low-Wage and High-Wage Workers, Florida, the South Atlantic Division, the South, and the U.S. (In 2006 dollars)

Geographic area	Growth in Wages of High-Wage Workers	Growth in Wages of Low-Wage Workers	Percentage Point Difference
United States	11.9%	10.7%	1.2
South	16.7%	16.3%	0.32
South Atlantic	17.4%	14.4%	2.99
Florida	21.7%	18.1%	3.54

Source: Economic Policy Institute analysis of Current Population Survey data

Table 23

Short-Term (2000-2006) Percentage change in Wages of Low-Wage and High-Wage Workers, Florida, the South Atlantic Division, the South, and the U.S. (In 2006 dollars)

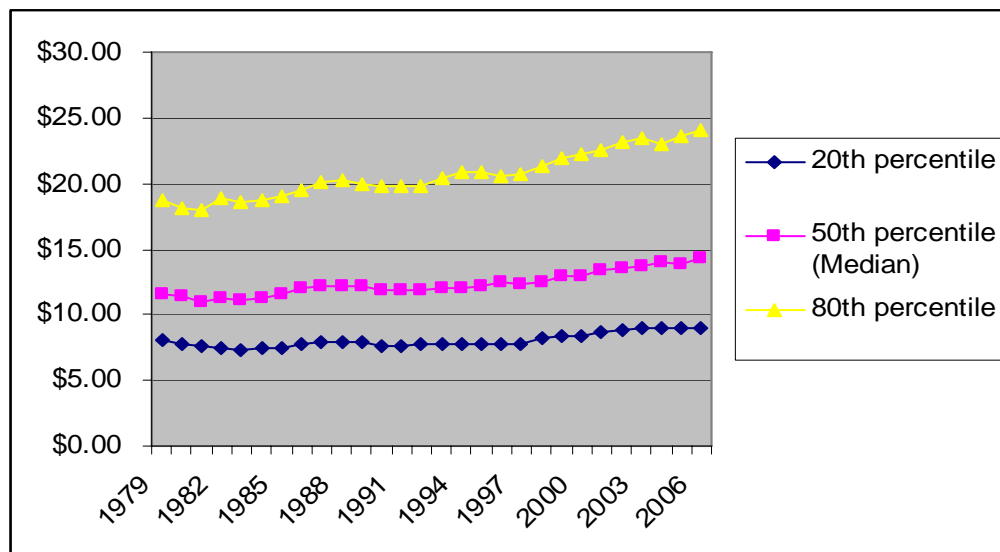
Geographic area	Short term (00-06) % Change in Wages of High-Wage Workers	Short term (00-06) % Change in Wages of Low-Wage Workers	Percentage Point Difference
United States	2.7%	0.1%	2.59
South	6.4%	2.8%	3.59
South Atlantic	6.6%	1.4%	5.16
Florida	8.2%	7.5%	0.77

Source: Economic Policy Institute analysis of Current Population Survey data

When wages for top earners increase faster than for bottom earners, the gap between top and bottom earners widens, and income inequality grows. Although

wages for all earners have been growing faster in Florida than in the nation overall, income inequality has also been growing faster, leading to increased divisions and tensions in society and hardships for low wage earners who are priced out of health care, education, and adequate housing.

Figure 5
Hourly wages of 20th, 50th and 80th Percentile of earners in Florida, 1979 to 2006 (in 2006 dollars)



VI. What about women, African American, and Hispanic workers?

Employment and wage gaps exist among genders and racial/ethnic groups in Florida. Women overall appear to be faring well in employment, while Blacks/African Americans and Hispanics are faring poorer in employment compared with Whites. Wages for all groups remain lower than the mainstream, although women's wages as a percentage of men's have been steadily improving. However an alarming trend of a widening wage gap between Blacks and Hispanics wages compared with Whites wages must be addressed.

Women and the Florida Workforce

The labor force statistics presented below suggest that overall women in Florida are able to make choices about their employment situation and are faring as good or better in employment compared with men. Women are less likely to be in the labor force than men, and those who are in the labor force have similarly low rates of unemployment to men. More women work part-time, but fewer work part-time involuntarily. Only 9.6% of women work part-time because they cannot find full-time employment, combined with 16.3% of men who work part-time. Long-term

unemployment and underemployment is still a concern for some Florida men and women.

Table 24

Florida Labor Force Statistical Differences between Men and Women, 2006

	Male	Female	Difference	Significant?
Labor force participation rate	70.1%	57.5%	-12.6	Yes
Unemployment rate	3.2%	3.3%	0.1	No
Long-term unemployment share	13.8%	12.9%	-0.9	No
Underemployment rate	6.1%	6.3%	0.2	No
Part-time workers share	13.6%	23.7%	10.1	Yes
Part-time for economic reasons share	16.3%	9.6%	-6.7	Yes

Source: Economic Policy Institute analysis of Current Population Survey data

Women are not doing as well as men when it comes to wages, however. The median hourly wage for women in Florida was only \$13.06 in 2006, compared with \$15.19 for men, meaning women in Florida earned 86% of what men earned. Reasons for this gender wage gap include the fact that more men are employed in higher paying occupations than women, the difference in educational levels between men and women, and that women often lose years of seniority and experience due to decisions about raising children.

Table 25

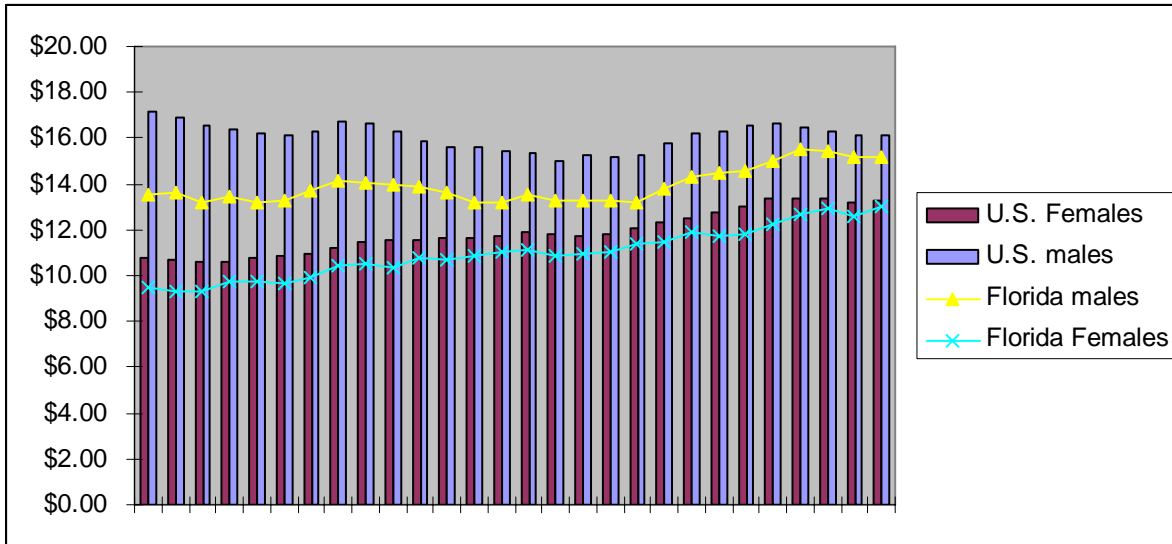
Hourly Wage for Men and Women in Florida and the U.S., 2006

	Male	Female	All	Women/Men
United States	\$16.11	\$13.24	\$14.81	82%
Florida	\$15.19	\$13.06	\$14.31	86%

Source: Economic Policy Institute analysis of Current Population Survey data

The wage gap nationally is slightly larger, with women earning only 82% of what men earn. However both figures represent improvements over the past several decades, as seen in Figure 6. Real wages of both Florida men and women have increased since 1979, with women's increasing slightly faster. In 1979 women in Florida earned 70% of what men earned, compared with 63% in the U.S. overall.

Figure 6
**Median wages of men and women, Florida and the U.S.,
 1979 to 2006 (in 2006 dollars)**



Source: Economic Policy Institute analysis of Current Population Survey data

Blacks/African Americans⁵ and the Florida Workforce.

Just as the labor force indicators for women indicate options and choices, the indicators for Blacks indicate the opposite. More Blacks are in the labor force than Whites, more are unemployed, and more are underemployed. In addition, fewer Blacks are employed part-time although a higher percentage of part-time workers are part-time involuntarily. These figures indicate the greater pressure on Blacks to work and the barriers many encounter in pursuing work.

Table 26
**Florida Labor Force Statistical Differences between Blacks
 and Whites, 2006**

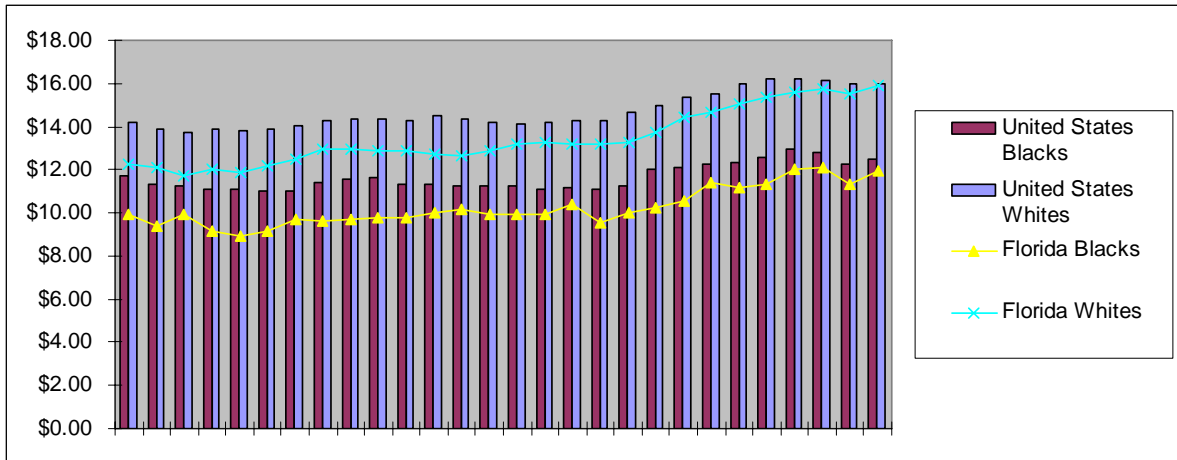
	White	Black	Difference*	Significant?
Labor force participation rate	61.5%	65.8%	4.3	Yes
Unemployment rate	2.6%	5.9%	3.3	Yes
Long-term unemployment share	11.2%	(a)	n.a.	
Underemployment rate	4.9%	10.0%	5.1	Yes
Part-time workers share	20.1%	16.6%	-3.5	Yes
Part-time for economic reasons (share of all part-time)	8.7%	16.0%	7.3	Yes

Source: Economic Policy Institute analysis of Current Population Survey data

⁵ In the Current Population Survey respondents are asked to self-identify by race. Respondents can choose White, Black or African American, American Indian or Alaska Native, Asian, Native Hawaiian or Pacific Islander, and Other, or choose any combination of the above. Hispanic ethnicity is asked in a separate question.

The wages of Blacks have lagged behind whites for decades, and the gap has actually widened slightly. In 1979 Blacks in the U.S. earned 82% of what Whites made, compared with 78% in 2006. In Florida Blacks earned 81% of what Whites earned in 1979, compared with 75% in 2006.

Figure 7
**Median wages of Blacks and Whites, Florida and the U.S.,
 1979 to 2006 (in 2006 dollars)**



		1979	1990	1995	2000	2005	2006
United States	Blacks	\$11.75	\$11.35	\$11.16	\$12.27	\$12.27	\$12.49
	Whites	\$14.23	\$14.52	\$14.29	\$15.52	\$15.97	\$15.99
Florida	Blacks	\$9.94	\$9.98	\$10.38	\$11.38	\$11.35	\$11.97
	Whites	\$12.26	\$12.71	\$13.17	\$14.66	\$15.53	\$15.89

Source: Economic Policy Institute analysis of Current Population Survey data

Hispanics and the Florida Workforce.

As with Blacks, Hispanics also have higher labor force participation than whites, higher unemployment, higher underemployment, smaller part-time employment and larger involuntary part-time employment. Compared with Blacks Hispanics have lower unemployment but more involuntary part-time employment. It appears that Hispanics also have greater pressure to work and less ability to exercise choices in employment than whites.

Table 27

Florida Labor Force Statistical Differences between Hispanics and Whites, 2006

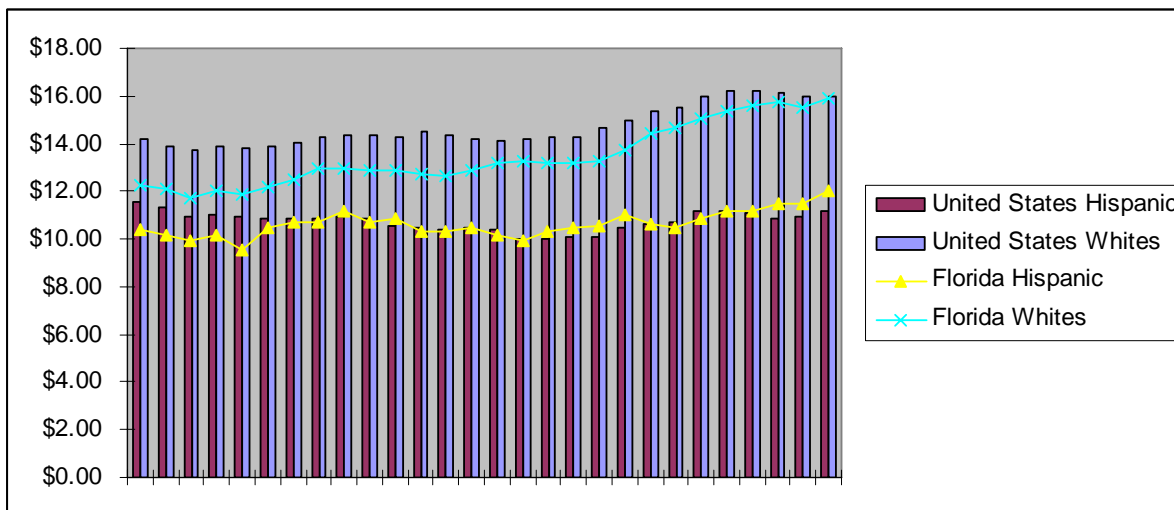
	White	Hispanic	Difference*	Significant?
Labor force participation rate	61.5%	67.5%	6.0	Yes
Unemployment rate	2.6%	3.4%	0.8	Yes
Long-term unemployment share	11.2%	(a)	n.a.	
Underemployment rate	4.9%	7.3%	2.3	Yes
Part-time workers share	20.1%	15.1%	-5.0	Yes
Part-time for economic reasons share	8.7%	22.6%	13.9	Yes

Source: Economic Policy Institute analysis of Current Population Survey data

Real wages for Hispanics have improved slightly since 1979 but the gap with non-Hispanic whites has widened considerably in Florida. In 1979 Hispanics in Florida earned 85% of non-Hispanic whites' wages, but by 2006 the percentage had decreased to 76%. In the United States the gap is larger: Hispanics earned 81% of whites wages in 1979, and 70% in 2006.

Figure 8

Median wages of Hispanics and non-Hispanic whites, Florida and the U.S., 1979 to 2006 (in 2006 dollars)



		1979	1990	1995	2000	2005	2006
United States	Hispanic	\$11.56	\$10.48	\$9.97	\$10.67	\$10.95	\$11.16
	White	\$14.23	\$14.52	\$14.29	\$15.52	\$15.97	\$15.99
Florida	Hispanic	\$10.41	\$10.29	\$10.35	\$10.46	\$11.47	\$12.02
	White	\$12.26	\$12.71	\$13.17	\$14.66	\$15.53	\$15.89

Source: Economic Policy Institute analysis of Current Population Survey data

VII. How are Florida's families doing?

Median Income for a Four-Person Family

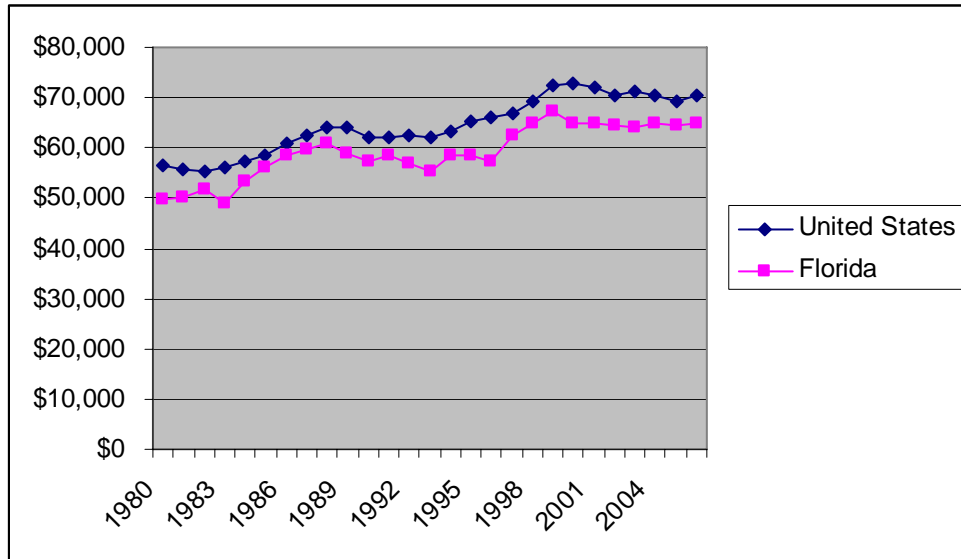
If we lined up each four-person family in the country from poorest to richest, the income of the middle family would be the median. In 2006 that median was \$65,024 in Florida and \$70,354 in the U.S. Measured in 2006 dollars, median family income has been about the same since 1998. Florida's median family income has historically been below the U.S. average, with the gap widening in the early 2000's and narrowing slightly in 2005.

Table 28
**Median Income of Four-Person Families,
 Florida and the U.S., 1980-2006** (in 2006 dollars)

	1980	1990	2000	2005*	2006
United States	\$56,685	\$61,988	\$72,858	\$69,216	\$70,354
Florida	\$49,750	\$57,482	\$64,806	\$64,311	\$65,024

*Data from 1980-2000 is from the Current Population Survey, and data from 2005 on is from the American Community Survey.

Figure 9
**Median Income of Four-Person Families,
 Florida and the U.S., 1980-2006** (in 2006 dollars)



Source (1980-2000): <http://www.census.gov/hhes/www/income/4person.html>

Source (2003-2004): <http://www.gpoaccess.gov/fr/index.html>

Source (2005+): ACS Table B19119

Adjusted by CPI-U-RS

Median Household Income

Households can be of any size and include the income of all earners over 15 years old, regardless of whether they are related or not. In 2005, the most recent year data are available, the median household income in Florida was \$44,400, compared with \$47,845 in the United States. As with family income and wages in general, Floridians have historically earned less than the national median, even as cost of living has grown above the U.S. average (see table 33).

Table 29
**Median Household Income,
Florida and the U.S., 1985- 2005** (in 2006 dollars)

	1985	1990	1995	2000	2005
United States	42,207	44,788	44,767	49,159	47,845
Florida	38,142	39,915	39,077	45,490	44,400

Source: Current Population Survey, <http://www.census.gov/hhes/www/income/histinc/h08.html>

Poverty

Whether a family falls below the poverty line is determined for each family based on the family's income and the number of people in the family, and every person in that family is then counted as poor. The following table shows the percent of individuals living below the poverty line in Florida and the U.S. In 2006 the poverty line was \$20,614 for a family of four, and \$10,294 for a single individual. Since 1980 poverty has declined, although it has grown slightly since 2000. This year poverty went down in the U.S. overall but in Florida it appears to have increased by half a percent, although the difference is within the margin of error (1.2%).

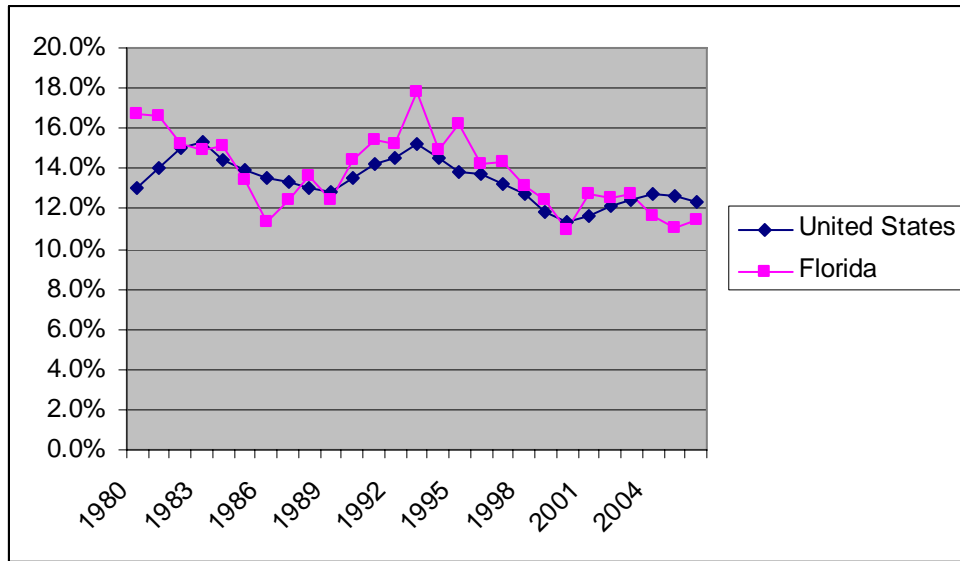
Table 30
Poverty Rate, Florida and the U.S., 1980-2006

	1980	1990	2000	2005	2006
United States	13.0%	13.5%	11.3%	12.6%	12.3%
Florida	16.7%	14.4%	11.0%	11.1%	11.5%

Source: <http://www.census.gov/hhes/www/poverty/histpov/hstpov21.html>

The instability of Florida's poverty rate may be due to sampling variability, but the overall trend since 1980 is downward, with a rise in the mid 90s and the early 2000s. Nationally poverty appears to have declined slightly over the past year or two but it remains to be seen whether this is the beginning of a trend. In recent years poverty in Florida has dipped below the national rate, probably related to the drop in Florida's unemployment rate since 2003.

Figure 10
Poverty Rate, Florida and the U.S., 1980-2006



The poverty line is based on food budgets from 1963 and has only been adjusted for inflation since that time. Since that time the costs of basic family necessities such as health care and housing have dramatically increase—therefore the poverty line is no longer an accurate measure of families that are able to live self-sufficiently. A figure of two times the poverty threshold (or about \$41,000 for a family of four) is closer to the true costs of family life. The percentage of people living below this threshold in 2006 was 31.1% in Florida, compared with 30.5% in the U.S. The difference is small, but the fact that Florida may have more people living below this threshold than the U.S. attests to the prevalence in Florida of traditionally low-wage industries.

Table 31
Percent of population living below two-times the poverty line, Florida and the U.S., 1980-2006

	1980	1990	2000	2005	2006
United States	33.9%	32.3%	29.3%	31.0%	30.5%
Florida	40.4%	35.2%	30.6%	30.7%	31.1%

Source: EPI analysis of Current Population Survey March supplement

Children under 18 are the most likely to live below the poverty line, and in 2006 14.6% of children in Florida lived below the poverty line, compared with 17.4% in the U.S. The long-term trends in Florida and the U.S. mirror those for the overall poverty rate (see figure 10).

Table 32
**Percent of children under 18 living below the poverty line,
 Florida and the U.S., 1980-2006**

	1980	1990	2000	2005	2006
United States	18.4%	20.6%	16.2%	17.6%	17.4%
Florida	25.5%	25.4%	16.7%	15.8%	14.6%

Source: EPI analysis of Current Population Survey March supplement

Housing Cost

A major factor in the economic well-being of families is the cost of housing. Housing prices and rents have risen considerably in Florida in the last several years, which places an increasing burden on family incomes. When a household pays more than 30% of its income in housing costs that household is considered to be cost burdened. In 2005 38.8% of Florida households were paying more than 30% of their monthly income in housing costs. Table 33 shows the percent of households that are cost burdened by income level. Fully three-quarters of households making less than \$20,000 annually are cost burdened, as are over half of households making less than \$35,000. At all income levels except the highest, a larger percentage of Florida households are cost burdened than in the U.S. as a whole.

Table 33
**Percent of Households Paying more than 30% of Monthly Income in Housing
 Cost by Income Level, Florida and the U.S., 2005**

	Florida	United States
Less than \$20,000	75.9%	72.7%
\$20,000 to \$34,999	54.4%	42.0%
\$35,000 to \$49,999	27.7%	22.5%
\$50,000 to \$74,999	22.2%	18.4%
\$75,000 or more	10.2%	12.2%

Source: American Community Survey 2005

Cost of living

Florida is usually thought of as a state with a relatively low cost of living, however of the twelve metropolitan areas surveyed by the American Chamber of Commerce Researchers Association six have costs of living above average (100 for the U.S.). Based on the population of the selected areas, the weighted average cost of living for Florida is 107.6, almost eight points above the national average.

Table 34

2005 Cost of Living for Selected Florida Metropolitan Areas

	Cost of Living Index	2005 Population
Cape Coral-Fort Myers	104.3	539,097
Broward County	117.2	1,757,590
Gainesville	92.6	224,719
Jacksonville	95.5	1,223,882
Miami-Dade County	116.2	2,329,187
Orlando-Kissimmee	107.3	1,903,273
Pensacola-Ferry Pass-Brent	94.3	415,313
Manatee County	98.5	300,828
Sarasota County	107.9	359,783
Pinellas County	99.9	905,158
Hillsborough County	96.0	1,111,717
Palm Beach County	116.6	1,247,908
Average	107.6	12,318,455

Source: Statistical Abstract of the United States

This estimate is not exact because it only accounts for about 2/3 of the Florida population and excludes most rural areas which may have a lower cost of living. If we estimate the remaining 1/3 of the population with an index of 93, which is the score for Gainesville, the lowest of the areas calculated for Florida, we still have a state average higher than the national average by at least three points.

Table 35

Estimated 2005 Cost of Living for the State of Florida, All Areas

	Cost of Living Index	2005 Population
Metropolitan areas total	107.6	12,318,455
Remaining population	93.0	5,471,545
Average	103.1	17,790,000

Source: Author's calculation from the ACCRA and ACS data

VIII. Do workers receive benefits and protections?

In addition to generally lower wages Floridians also have fewer employer provided benefits such as health insurance and pension or retirement plans. This is due mainly to the types industries which predominate in Florida – Leisure and Hospitality, Construction, and Retail Trade, typically offer fewer benefits to employees. The low unionization rate in Florida is also a contributing factor, as unions are one of the primary means workers have to secure better wages and benefits.

Healthcare Coverage in Florida

Healthcare coverage is one of the most important benefits workers receive from their employers, and employer based healthcare coverage is the foundation of our health insurance system. However the percentage of Americans with employer based healthcare coverage has been declining for several years, and Florida has been following this trend. The percentage of Americans with government sponsored insurance has remained constant. This means a growing number of Americans are without health insurance, which restricts access to preventive and routine care and puts families at risk of severe financial difficulties when emergencies occur.

In Florida 21.2% of the population is without health insurance, compared with 15.8% in the U.S. overall. Florida ranks 4th among the states in percentage of the population without healthcare coverage. The primary reason Florida does so poorly on this measure is because of the reasons for the low rate of employer sponsored healthcare coverage (see Table 35). Several of the industries which employ a large number of Floridians, such as Leisure and Hospitality, Retail Trade, and Construction, tend to offer fewer benefits such as healthcare coverage to employees.

Table 36
Health Insurance Coverage Status by Type of Coverage, Florida and the U.S., 1999 to 2006

	1999	2000	2001	2002	2003	2004	2005	2006
Covered by Private Insurance								
United States	72.5%	72.6%	71.5%	70.3%	69.3%	69.0%	68.5%	67.9%
Florida	66.3%	67.3%	66.2%	65.8%	65.6%	62.8%	63.1%	62.7%
Covered by Government Insurance								
United States	24.5%	24.7%	25.3%	25.7%	26.6%	27.3%	27.3%	27.0%
Florida	27.9%	28.2%	29.1%	29.9%	30.3%	30.4%	29.6%	28.3%
Not Covered								
United States	14.0%	13.7%	14.1%	14.7%	15.1%	14.9%	15.3%	15.8%
Florida	17.8%	17.0%	17.0%	16.7%	17.5%	19.4%	20.2%	21.2%

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

Florida ranks 44th out of the 50 states and the District of Columbia on working-age population with employer based healthcare coverage. 58.8% of Floridians ages 16 to 64 have healthcare coverage related to their employment or another's employment (as a dependant), compared with 64.3% of the U.S. working age population. There are more than 1.5 million *full-time* workers in Florida without healthcare coverage (Nissen et al. 2006). The erosion of employer based healthcare coverage is an extremely important issue, and policy makers must either find ways to shore up employer based health insurance or expand access to government provided health care coverage to ensure that all have access to adequate and affordable care.

Table 37

Working-Age Population with Employer Based Healthcare Coverage, Florida and the U.S., 2006

	Percent	Rank
United States	64.3%	--
Florida	58.8%	44 th

Source: Author's analysis of Current Population Survey data

Pension Coverage in the State of Florida

Another important benefit that employers provide to workers is a pension or retirement plan, and Florida ranks extremely low in the percentage of workers who have these benefits, both in the private and public sector. Only 40.2% of private sector workers in Florida have a pension or employer sponsored retirement plan, compared with nearly half of workers in the U.S. overall. A similar difference exists for public sector workers, with 74% in Florida having a pension or retirement plan, compared with 80.4% in the U.S. Again, the poor record of primary Florida industries such as Leisure and Hospitality, Retail Trade, and Construction in offering this benefit is the primary reason for Florida's low rank on this indicator of job quality.

Table 38

Percent of Private and Public Sector Workers with Pension Coverage, Florida and the U.S., 2006

	Private	Public
United States	49.5%	80.4%
Florida	40.2%	74.0%
Rank	50 th	49 th

Source: Economic Policy Institute analysis of Current Population Survey data

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>).

Disability Policy in Florida

Temporary Total Disability. Florida's maximum weekly benefit for temporary disability is very close to the average for all states: \$683, placing the state 28th 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: \$683 (28th 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>).

Other 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.

IX. How are unions doing in Florida?

Union presence in the United States has historically been strongest in industries such as transportation, manufacturing, construction, and government. As our economy shifts away from production towards services unionization rates in the private sector workforce have declined. Large Florida industries such as Leisure and Hospitality and Retail Trade have a very small union presence, which is related to Florida's poor standing in benefits and protections for workers. Florida ranks 45th in union membership among all workers out of the 50 states and the District of Columbia, with only 5.2% of workers members of unions, compared with 12% in the U.S. Public sector unionization rates are much higher than private sector– 22.6% in Florida compared with 36.2% in the U.S. for public sector, and 2.3% vs. 7.4% for private sector.

In addition, 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 2006 was 6.5% even though union membership was only 5.2%. Unions are hurt financially and are unable to represent members (and non-members) as effectively when 20% of those they represent do not pay their dues, as is the case in Florida.

Table 39

Unionization rates in Florida and the U.S., various categories of workers, 2006

	All Workers – % Union	Private Sector Workers – % Union	Private Manufacturing Workers – % Union	Private Construction Workers – % Union	Public Sector Workers -- % Union
United States	12.0%	7.4%	11.7%	13.0%	36.2%
Florida	5.2%	2.3%	2.4%	3.1%	22.6%
Rank*	45 th	49 th	51 st	43 rd -44 th	31 st

*Rank out of the 50 states and the District of Columbia

Source: Current Population Survey data, www.unionstats.com

Through collective bargaining, unions help workers to secure good wages and benefits from their work. Unionized workers consistently earn higher wages than non-union workers, and this difference is remarkable given that the highest paid workers, such as managers and executives, are not union members. Union members are teachers, police and firefighters, tradespersons, manufacturing workers, truck drivers, and nurses and but unions are making inroads among janitors

and food service workers as well. In 2006 unionized workers in Florida earned 1.35 times what non-union workers earned, making \$18.94 per hour compared with \$14.02 per hour for non-union workers. The ratio is fairly consistent in Florida, the South, and the U.S.

Table 40
Median Wages by Union Status, 2006 (in 2006 dollars)

	Union Status		Union/Non-Union Ratio
	Union	Non-Union	
Florida	\$18.94	\$14.02	1.35
South Atlantic	\$18.93	\$14.34	1.32
South	\$18.21	\$13.58	1.34
United States	\$18.86	\$14.12	1.34

Source: Economic Policy Institute analysis of Current Population Survey data

X. How much do Floridians pay in taxes?

Florida has no state income tax, and instead relies on sales tax to fund state programs such as education, health care, and transportation, and on property taxes to fund local programs like schools, police, and parks. Because there is no income tax Florida is frequently called a “low tax state,” however the tax burden, the average percent of income that Floridians pay in taxes, is in fact relatively high – 11th highest in the nation. In addition, lower- and middle- income families are taxed at a higher rate than upper income families because of Florida’s regressive tax structure. Because state revenues come from sales and property taxes, and lower- and middle-income families spend a greater percentage of their incomes on property and goods, they are effectively taxed on a larger percentage of their income than wealthier families who are able to save more of their income and escape taxation.

Despite the fact that Floridians’ tax burden is above average, state tax collections are below average. Florida ranks 35th in state tax collections, collecting 9.9% of incomes. The discrepancy arises because Florida does not have a state income tax which would be deductible on the federal income tax return. This means that more of Floridians taxes go to the federal government instead of state government. As of 2004 Floridians are allowed to deduct state sales tax from federal income taxes, but while Floridian’s total tax burden has dropped by about 3 percentage points, Florida’s ranking has not improved.

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Table 41

Total State and Local Tax Burden and Tax Collections (Percentages of Incomes and State Ranking) for Florida and the U.S. (Average), 2001-2007

Year	Florida		U.S.	Florida		U.S.
	State-Local Tax Burden	State Rank (1 is highest)	Average State-Local Tax Burden	Total Tax Burden	State Rank (1 is highest)	Total Tax Burden*
2001	9.7%	42	10.5%	33.9%	12	33.2%
2002	9.6%	42	10.5%	33.8%	15	33.3%
2003	9.5%	42	10.5%	34.2%	15	34.0%
2004	9.5%	43	10.5%	33.1%	15	33.0%
2005	9.5%	39	10.3%	30.3%	17	30.3%
2006	9.9%	35	10.4%	30.0%	14	29.5%
2007	9.9%	35	10.6%	30.4%	11	29.7%

Source: Tax Foundation calculations based on data from the Bureau of Economic Analysis, Department of Commerce, http://www.taxfoundation.org/files/burden_by_state-2007-04-04.pdf

XI. How do Florida's different metropolitan areas compare?

Metropolitan Areas Ranked by Average Wage.

Florida's large urban areas tended to have the highest average annual wages, likely due to the concentration of high paying jobs in business and finance in these areas. Miami had the highest average annual wage, followed by West Palm Beach, Ft. Lauderdale and Jacksonville. In addition Melbourne-Palm Bay and Naples had average annual wages above the Florida average. Daytona Beach and Ocala had the lowest average annual wages, at 81% of the Florida average.

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Table 42

**Average Wage in Each of Florida's Metropolitan Statistical Areas, 2006; and
Ranking Relative to Others**
(**Bold** indicates above average)

Area	Average Annual Wage	% of Florida	Ranking
Florida	\$38,498	--	--
Fort Myers-Cape Coral	\$37,064	96%	9
Daytona Beach	\$31,212	81%	21
Fort Lauderdale	\$41,310	107%	3
Fort Walton Beach	\$34,413	89%	14
Gainesville	\$34,588	90%	12
Jacksonville	\$40,209	104%	4
Lakeland	\$33,546	87%	17
Miami	\$42,974	112%	1
Naples	\$39,327	102%	6
Ocala	\$31,309	81%	20
Orlando	\$37,802	98%	8
Palm Bay-Melbourne-Titusville	\$39,785	103%	5
Panama City	\$33,360	87%	18
Pensacola	\$33,555	87%	16
Port St. Lucie-Fort Pierce	\$34,457	90%	13
Punta Gorda	\$32,370	84%	19
Sarasota - Bradenton-Venice	\$35,784	93%	10
Sebastian-Vero Beach	\$33,915	88%	15
Tallahassee	\$35,016	91%	11
Tampa - St Petersburg – Clearwater	\$38,027	99%	7
West Palm Beach - Boca Raton- Boynton Beach	\$41,972	109%	2

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

Percentage Growth in the Average Wage in the Past Three Years.

For the period from 2002 to 2006 the average annual wage growth in Florida was 18.7%. Florida's wage growth appears to be fueled by smaller or medium sized areas that had below average wages but fast growth – Fort Walton Beach grew the fastest at 26.3% annually, followed by Gainesville with 24.9%, and Punta Gorda and Sarasota were also in the top 5. Naples, Miami, and Ft. Lauderdale also had above average wage growth. Daytona Beach and Ocala with the lowest average wages also showed slow wage growth.

Table 43

Average Wage, Percent Growth, and Wage Growth Rankings for Florida and Florida Metropolitan Statistical Areas, 2002-2006 (all industries)
(**Bold** indicates above average)

Area	Average Annual Wage 2002	Average Annual Wage 2006	Percent Growth 2002-2005	Ranking in Percent Growth
Florida	\$32,428	\$38,498	18.7%	--
Fort Myers-Cape Coral	30,335	37,064	22.2%	6
Daytona Beach	26,898	31,212	16.0%	18
Fort Lauderdale	34,455	41,310	19.9%	9
Fort Walton Beach	27,237	34,413	26.3%	1
Gainesville	27,686	34,588	24.9%	2
Jacksonville	33,740	40,209	19.2%	10
Lakeland	29,517	33,546	13.6%	20
Miami	35,737	42,974	20.3%	8
Naples	31,514	39,327	24.8%	3
Ocala	26,635	31,309	17.5%	14
Orlando	32,462	37,802	16.5%	17
Palm Bay-Melbourne-Titusville	33,914	39,785	17.3%	15
Panama City	27,432	33,360	21.6%	7
Pensacola	28,184	33,555	19.1%	12
Port St. Lucie-Fort Pierce	29,165	34,457	18.1%	13
Punta Gorda	26,073	32,370	24.2%	4
Sarasota - Bradenton-Venice	28,963	35,784	23.6%	5
Sebastian-Vero Beach	28,462	33,915	19.2%	11
Tallahassee	30,909	35,016	13.3%	21
Tampa - St Petersburg - Clearwater	32,478	38,027	17.1%	16
West Palm Beach - Boca Raton-Boynton Beach	36,548	41,972	14.8%	19

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

Percentage Growth in Jobs in the Past Three Years

The average growth in the number of jobs in Florida from 2002 to 2006 was 11%. Ft. Myers, which had fairly fast wage growth, had the fastest job growth at 26.7%. A similar situation occurred with Panama City which had fairly fast wage growth and job growth. Other areas in the top five such as Ocala and Port St. Lucie experienced fast job growth but below average wage growth. Interestingly, Punta Gorda was number 4 in wage growth but number 20 in job growth. Miami had the slowest job growth, at just 2.9%.

Table 44

Number of Jobs, Percent Growth, and Job Growth Rankings for Florida and Florida Metropolitan Statistical Areas, 2002-2006 (all industries)

(**Bold** indicates above average)

Area	Average Monthly Number of Jobs 2002	Average Monthly Number of Jobs 2006	Percent Growth 2002-2006	Ranking in Percent Growth
Florida	7,163,458	7,950,497	11.0%	--
Fort Myers-Cape Coral	176,726	223,990	26.7%	1
Daytona Beach	159,685	167,222	4.7%	19
Fort Lauderdale	673,373	746,612	10.9%	12
Fort Walton Beach	77,343	83,911	8.5%	16
Gainesville	119,987	127,827	6.5%	18
Jacksonville	523,788	587,098	12.1%	9
Lakeland	187,030	207,753	11.1%	11
Miami	979,388	1,007,675	2.9%	21
Naples	114,497	134,859	17.8%	5
Ocala	83,334	103,383	24.1%	2
Orlando	861,715	1,008,561	17.0%	6
Palm Bay-Melbourne-Titusville	183,467	207,795	13.3%	8
Panama City	61,982	73,056	17.9%	4
Pensacola	146,203	162,079	10.9%	13
Port St. Lucie-Fort Pierce	107,088	130,526	21.9%	3
Punta Gorda	42,053	43,661	3.8%	20
Sarasota - Bradenton-Venice	264,041	286,906	8.7%	15
Sebastian-Vero Beach	42,710	49,922	16.9%	7
Tallahassee	155,307	169,834	9.4%	14
Tampa - St Petersburg - Clearwater	1,137,216	1,223,773	7.6%	17
West Palm Beach - Boca Raton-Boynton Beach	503,574	562,239	11.6%	10

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

Ranking Comparisons

Averaging these three indicators—average wage, wage growth, and job growth—we find that the southwestern and southeastern coasts seem to be doing the best, in the southwest due mostly to job growth and in the southeast to higher wages. Jacksonville scored above average on each indicator. The areas that are at the bottom on these three indicators, mostly because of lower wages which may reflect lower cost of living, are smaller cities like Daytona Beach, Lakeland, Tallahassee.

Table 45

Rankings of Florida's 21 Metropolitan Areas in 2006 Average Wage, Average Wage Percentage Growth 2002-2006; and Job Growth 2002-2006
(**Bold** indicates above average)

Area	Ranking in Average Wage, 2006	Ranking in % Avg. Wage Growth, 2002-2006	Ranking in % Job Growth, 2002-2006	Average ranking
Naples	6	3	5	4.7
Fort Myers-Cape Coral	9	6	1	5.3
Jacksonville	4	10	9	7.7
Fort Lauderdale	3	9	12	8.0
Palm Bay-Melbourne-Titusville	5	15	8	9.3
Panama City	18	7	4	9.7
Port St. Lucie-Fort Pierce	13	13	3	9.7
Miami	1	8	21	10.0
Sarasota - Bradenton-Venice	10	5	15	10.0
Fort Walton Beach	14	1	16	10.3
West Palm Beach - Boca Raton-Boynton Beach	2	19	10	10.3
Orlando	8	17	6	10.3
Gainesville	12	2	18	10.7
Sebastian-Vero Beach	15	11	7	11.0
Ocala	20	14	2	12.0
Tampa - St Petersburg - Clearwater	7	16	17	13.3
Pensacola	16	12	13	13.7
Punta Gorda	19	4	20	14.3
Tallahassee	11	21	14	15.3
Lakeland	17	20	11	16.0
Daytona Beach	21	18	19	19.3

Source: Tables 42, 43, 44 this report

Comparative Success in Creating Jobs in High-Wage Industries

By breaking down job growth into high- and low-wage industries we get a more complete picture of the economic growth of an area. The area with the fastest job growth in high-wage industries was Port St. Lucie-Ft. Pierce, with 26.5% high-wage and 10.5% low-wage job growth, one of the areas most tilted towards high-wage job growth. Punta Gorda experienced a similar situation, with 22.6% high-wage vs. 9.5% low-wage job growth. Ft. Myers also had fast high-wage job growth, as well as fast low-wage job growth. Gainesville experienced much faster low-wage job growth, 28.0% vs. 2.5% high-wage growth. Other areas similarly tilted were Jacksonville and Tallahassee.

Table 46

**Percent Growth in Number of Jobs for High and Low Paying Industries for
Florida and Florida Metropolitan Statistical Areas, 2002-2006**
(**Bold** indicates above average)

Area	Percent Growth in High Wage*	Percent Growth in Low Wage**	Percent Surplus or Deficit from State for High Wage Industries	Percent Surplus or Deficit from State for Low Wage Industries
Florida	5.7%	9.4%	--	--
Fort Myers-Cape Coral	22.3%	22.0%	16.6%	12.5%
Daytona Beach	7.5%	9.5%	1.8%	0.1%
Fort Lauderdale	10.9%	7.7%	5.2%	-1.7%
Fort Walton Beach	15.9%	12.2%	10.2%	2.7%
Gainesville	2.5%	28.0%	-3.2%	18.6%
Jacksonville	2.9%	12.2%	-2.8%	2.7%
Lakeland	6.8%	0.6%	1.1%	-8.8%
Miami	-3.5%	6.7%	-9.2%	-2.7%
Naples	14.7%	9.1%	9.0%	-0.4%
Ocala	20.8%	15.0%	15.1%	5.6%
Orlando	9.9%	14.1%	4.2%	4.6%
Palm Bay-Melbourne-Titusville	9.3%	9.1%	3.6%	-0.3%
Panama City	17.8%	5.7%	12.1%	-3.8%
Pensacola	9.1%	7.8%	3.4%	-1.6%
Port St. Lucie-Fort Pierce	26.5%	10.7%	20.8%	1.3%
Punta Gorda	22.6%	9.5%	16.9%	0.0%
Sarasota - Bradenton-Venice	7.0%	8.4%	1.3%	-1.1%
Sebastian-Vero Beach	10.4%	7.7%	4.7%	-1.8%
Tallahassee	2.0%	11.3%	-3.7%	1.8%
Tampa - St Petersburg - Clearwater	2.9%	7.1%	-2.8%	-2.3%
West Palm Beach - Boca Raton-Boynton Beach	5.3%	9.5%	-0.4%	0.1%

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

*High Wage refers to more than 10% above the 2006 average annual wage for all industries. Those industries are (in ascending wage order): Utilities, Wholesale Trade, Information, Financial Activities, Mining, Public Administration, Manufacturing, and Transportation and Warehousing.

**Low Wage refers to wages more than 10% below the 2006 average annual wage for all industries. Those industries are (in ascending wage order): Leisure and Hospitality, Agriculture, Forestry, Fishing and Hunting, Retail Trade, Other Services (except public administration).

Wage growth varies widely by area. Panama City saw a very large gap between wage growth in high wage industries (42.4%) and low-wage industries (25%). Miami had the largest gap in the other direction, with wages in low-paid industries growing 27% compared with 17.6% for highly paid industries. Sarasota, Tampa, and Daytona Beach were nearly equal. The area that experienced the fastest growth in high wage industry wages was Fort Myers at 50.9%, while Tallahassee had the slowest wage growth in these industries. For low-wage industries growth was much more even

across metropolitan areas, with Ft. Myers the fastest at 42.5% and Lakeland the slowest at 13.1%.

XII. Public Policy: Reforming Tax Laws to Give Working Families a Lift

2007 presents a unique opportunity for Floridians to reform the tax code. Every twenty years Florida law mandates a review of the tax laws, so the governor appointed a group of private citizens to the Tax and Budget Reform Commission. The Commission will make recommendations to the legislature and also have the power to put changes directly to a public vote. This comes during a time of soaring property values, which has put strain on homeowners paying property taxes and insurance, and also just after changes passed by the legislature. The changes passed include a rollback of property tax collections by 3 to 9%⁶ and a referendum on ending the Save Our Homes cap in favor of a Super Homestead Exemption that would greatly increase the amount of homestead exemptions.

While changes passed by the legislature promise some relief for homeowners pressured by rising property taxes, they also pose some serious problems, namely:

1. They do nothing to provide relief for renters, who pay for increasing property taxes through their rent and who do not benefit from Homestead exemptions. Thirty percent of Florida households rent, and lower income families are more likely to be renters than upper income families.
2. The new Super Homestead Exemption will devastate local governments in areas where property values are not so high and where a large portion of properties could be exempted from taxation entirely. This would leave local governments in these areas with a severe shortage of revenue.
3. The Super Homestead Exemptions will leave homeowners vulnerable to sharp fluctuations in property values such as we have seen in recent years.
4. Severe cuts in local government budgets have an adverse affect on services for residents and quality of life for Floridians.

There are other proposals that will provide relief for homeowners from high property taxes and still provide adequate funding for education, transportation, protection and humans services that Floridians depend on. We will briefly describe two.

1. Eliminate sales tax loopholes

Without an income tax, the state sales tax is the major revenue generator for the State of Florida. However there are hundreds of exemptions to the sales tax that could bring in millions of dollars more. Most services are exempt, and some goods as well: below are examples of goods and services excluded from sales tax

⁶ See Florida Chamber of Commerce "Property Tax Relief: Special Session Summary" online at <http://www.flchamber.com/docs/Coalitions/PropertyTaxSide-by-Side6-18-07.pdf>

Dry cleaning and laundry services
Taxi and limousine service
For-profit legal services
Up to \$2 million annual subsidy for certain professional sports teams
Bottled water

These goods and service could generate millions of dollars of additional tax revenue that could be used to improve education, transportation, fight crime, etc. in Florida. By eliminating even a few of these loopholes, the state could raise additional funds to improve quality of life in Florida and provide additional supports such as child care or tax relief to working families.

2. *Institute a property tax “circuit breaker”*

Property taxes become a hardship when property values rise sharply and taxes exceed the ability of the homeowners to pay. To address this problem eighteen states in the U.S. have already instituted property tax “circuit breakers” where homeowners and renters will receive a refund of their property taxes over a certain amount if the taxes exceed a specified percentage of income. For example in Maine, residents who earn up to \$77,000 or \$120,000 if filing jointly are eligible for a 100% refund on property taxes that exceed 8% of income, and a 50% refund on property taxes that exceed 4-8% of income, up to \$2,000 maximum refund⁷. So a family making \$50,000 a year who owed \$4500 in property taxes on their home would get a refund of \$500 on the portion of the tax over 8% of income (\$4000) plus a \$1000 refund which is half of the tax between 4% and 8% of income (\$2000), for a total of \$1500 refund. For renters, property taxes cannot exceed 20% of rent paid. This allows landlords to make more units affordable to lower income families, instead of having to charge high rents to meet high property tax payments.

Together or separately, these two strategies would make Florida’s tax code more progressive and provide relief where it is needed most – to the large numbers of working men and women trying to make ends meet.

XIII. Conclusion

The last several years have been a period of rapid growth for Florida, with population increases due to out of state and international migration, rising real estate prices nearly everywhere, and booming development in many areas. However many feel that the benefits of development have been uneven, with increased crowds and traffic and the rising cost of living, especially for housing, but without adequate protections and services for working people. This has lead many to consider moving out of the state in search of cheaper housing, better public schools, and more career options. A recent study by FIU’s Metropolitan Center that appeared in the *Miami Herald* noted the dissatisfaction of middle class blacks in Miami-Dade with housing,

⁷ Center on Budget and Policy Priorities. (2007). The Property Tax Circuit Breaker: An Introduction and Survey of Current Programs. <http://www.cbpp.org/3-21-07sfp.pdf>

school, and job opportunities. The same appears to be true for many immigrant families who come to Miami to get a foothold, and then move in search of more equitable living conditions elsewhere in Florida or the U.S.

The problem is already so pronounced in the Florida Keys that workers must be bussed in to staff the hotels, restaurants, and hospitals. The problem is that we have failed to enact provisions such as labor protections, tax reforms, school improvements, and options for affordable housing and health care that allow working people to remain in their communities and maintain an adequate standard of living. As long as we fail to act we will continue to see widening divisions in society and the enlarging of segregated areas along class lines.