



Is Florida Falling Behind in Income?

July 14, 2004

Last week the Census Bureau released its annual report on median household incomes. It created quite a stir. The Bureau reported that Florida's median household income was \$38,533 in 2002, and that on a price-adjusted basis Florida's median income had fallen by 3.3 percent since the previous business cycle peak in 2000. This compares very unfavorably to the United States as a whole, where median household income was \$43,042 in 2002, declining only 1.7 percent since 2000 after accounting for inflation.

This news was very surprising, considering that Florida's economy has rebounded strongly since the recession, and that Florida has created more new jobs over the last twelve months than any other state, by a very wide margin. So it can't be a problem of a weak economy.

These data raise the troubling prospect that although Florida is creating a tremendous volume of new jobs, these jobs appear to provide relatively low wages. As a result, median household income is not rising commensurately with the surge in job creation. Certainly this is part of the answer, but it is not the whole answer.

First of all, not all household income in Florida is from wages and salaries. Because of Florida's large retiree population, a significant portion of income comes in the form of dividends, interest, and rents. These sources of income were depressed during the recession that followed the stock market bubble in 2000. Furthermore, interest rates went down substantially since 2000.

Second, the income data that created all the stir only go through 2002. The really big boom in employment in Florida has occurred since then, so this recent employment surge is not reflected. The most current data (through the fourth quarter of 2003) paint a brighter picture for Florida. For the twelve months ending in December 2003, wages were up 4.2 percent in Florida, which is much

higher than either inflation or the growth in jobs. Thus, the downward trend in median household income has clearly reversed.

In Orange County wages were up by a more modest 3.5 percent, but this too is greater than the rate of inflation or in job creation, meaning that even in Orange County household incomes are rising. In fact, all across central Florida wages are rising at relatively good rates. For example, wages are up 4.5 percent in Volusia County, 3 percent in Brevard, and 2.7 percent in Seminole. Collier County's wages rose the fastest in Florida, up almost 10 percent over the fourth quarter 2002.

So, Florida's economy is now not only creating new jobs, but it is also generating higher average wages for its workers.

This is Hank Fishkind for 90.7 FM, WMFE News.

<http://www.fishkind.com>