



# UNDER ATTACK: FLORIDA'S MIDDLE CLASS AND THE JOBS CRISIS

**THE AMERICAN DREAM** used to mean that if you put in a hard day's work, you could expect good wages, benefits, and a better life for your kids. Today, the kinds of jobs that can provide a solid middle-class life in return for hard work are in short supply—unemployment is up, earnings are flat, and hard-won benefits are being lost. The future of Florida's middle class, which has been the backbone of Florida's economy for more than half a century, is at risk.

Florida's strong and vibrant middle class didn't just happen. It was built brick by brick in the decades after World War II by the hard work of our parents and grandparents. In addition to this hard work, Florida's economy has grown over the past few decades as it has become a center of global trade and tourism. Two-fifths of all trade in the Americas passes through the state, and millions of people from all over the world visit the state every year. Population growth has also been a key factor in economic growth, particularly the strong influx of wealthy retirees. For decades this economic prosperity, security, and resiliency were widely shared—wages increased and more employers provided their workers with health insurance, pensions, and paid time off.

## THE STATE OF FLORIDA'S MIDDLE CLASS

- Falling earnings
- Lack of good jobs
- Declining access to benefits
- Higher costs to raise a family
- College degree increasingly out of reach
- Diminished economic prospects for young people

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**FUTURE  
MIDDLE  
CLASS**

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AND ECONOMIC POLICY*

Securing and strengthening these trends, Florida's middle class was also built by public programs that have supported homeownership and made a college education accessible through affordable tuition and financial aid, invested in public health, and promoted construction, infrastructure, and local businesses. However labor unions, which nationally and in other states are key drivers of policies that help build the middle class, have had a more limited role in this "right to work" state.

But all of this is recently changing and Florida's middle class is in jeopardy. Florida workers have fared worse than the nation as a whole in terms of wages, benefits and employment levels. There has been a decline in the number of employers who provide their workers with health insurance which means that family illness can too easily lead to substantial costs, medical debt, and bankruptcy. And as employers replace traditional pensions with 401(k)-type plans, middle-class workers can no longer count on a secure retirement. Manufacturing jobs, which tend to offer better pay and benefits, have declined as a proportion of Florida jobs since the 1980s. Job growth has predominated in the service sector, where pay is lower, and employers are less likely to offer health and retirement benefits.

The Great Recession has exacerbated these trends, causing already-low wages to fall and hundreds of thousands of jobs to be lost. And not only did the state lose over 800,000 jobs from the Great Recession, but the economic effects of those lost jobs reverberated to all corners of the state, particularly the already-strained finances of the state government. We estimate that the jobs lost due to the recession have cost Tallahassee over \$425 million annually in lost sales tax revenues, on top of other revenue losses from the recession, putting thousands more middle-class jobs at risk. If the state's unemployment rate were at pre-recession levels, those lost hundreds of millions would return to the state government's coffers, and could be used to help thousands of young people attend college, maintain dozens of state parks, or hire, for example, as many as 5,350 teachers or 4,650 nurses.

Florida's middle class is in even greater danger today as Governor Scott, who ran on a platform of creating 700,000 jobs, has signed a budget that will lead to job losses. Dubbed the "Pink Slip" budget by progressives, Scott has targeted healthcare and education. Most devastating, Florida has now cut its unemployment benefits, already meager at a \$275 weekly maximum, the fourth lowest in the country, limiting them to 23 weeks while the unemployment rate, at a record high 11.5 percent in 2010, continues to be significantly higher than the national average. In June of 2011, Governor Scott signed a bill further limiting benefits, steadily reducing their maximum duration as unemployment falls below 10.5 percent, further squeezing unemployed workers in a state where one-third of those out of work have been jobless for over one year.

This demonstrates a fundamental misunderstanding of the economic importance of keeping workers employed as jobs are necessary for strong local economies, healthy families, and vibrant citizenries. This is, nevertheless, a time of hope as workers, unions, families, and citizens fight back against these harmful cuts. Floridians continue to demand that public servants recognize working class Americans as the heart of the economy. Since March, they have come together in more than 35 cities to rally and protest in the tens of thousands, and declared that budget cuts are not the answer to the recession-caused gap in the state's finances.

The threat to the future of Florida's middle class can be seen most clearly in the economic prospects for the state's young people. Today, the majority of young workers are earning more than their mothers and fathers did a generation ago. However, increasing college costs are making it harder for students to stay in school and graduate. Young workers, like all Florida workers, often do not have access to health insurance and retirement benefits through their employers, with the most dramatic changes occurring in recent years.

The unraveling of the social contract predated the Great Recession, but the economic crisis hastened its demise. Now is the time for employers, workers, and policymakers to come together once again to rebuild pathways to the middle class, create good jobs with fair pay and decent benefits, and ensure that prosperity is broadly shared in the next generation.

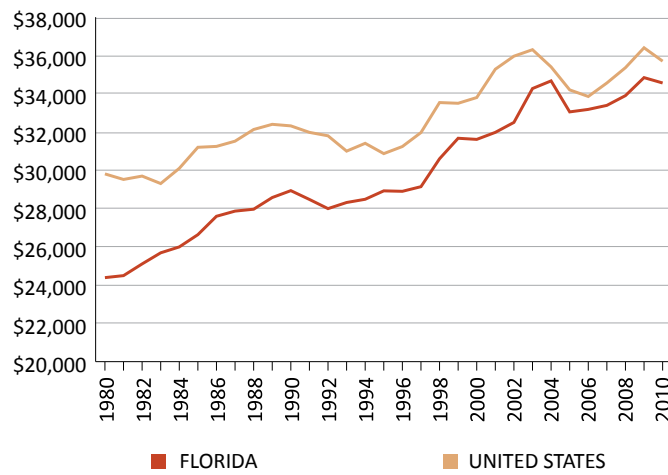
# EARNINGS<sup>1</sup>

Widespread decent earnings are paramount to the existence of the middle class. Historically, Florida has had lower wages, and lower cost of living than other states, but this has changed in the last two decades. Over the last 30 years Florida's median earnings have gradually caught up to those of the entire country, nearly equaling them at their peak of \$34,670 in 2004 before falling behind again. In 2010 the typical Florida worker earned \$34,560 while the typical US workers earned \$35,700 (see Figure 1).

## EDUCATION

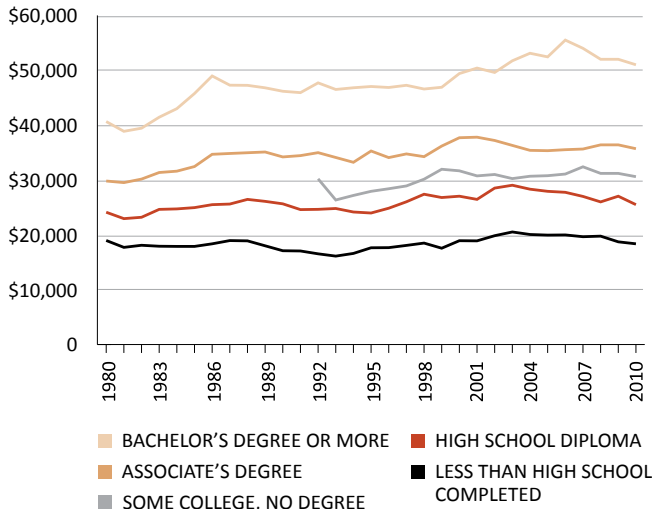
In Florida as elsewhere, a college degree is one of the surest paths to a middle-class income. Florida workers with at least a bachelor's degree earn nearly twice as much as those with only a high school diploma (\$51,000 versus \$25,500 in 2010) (see Figure 2). Workers of nearly all education levels saw steady increases throughout the 1980s and 90s before falling back in the past decade in tandem with the national wage decline. Since 1980, workers with college degrees have seen their wages rise the most: wages of workers with bachelor's degrees and associate's degrees have increased by 26 and 20 percent, respectively, even after their recent declines. Wages of workers of all education levels, however, have not kept pace with the nation's growth: GDP grew 127 percent over those same three decades. As it does in the rest of the country, not completing an education has borne an increasingly high price, as workers who failed to complete high school have seen their wages drop by 3 percent over the past generation.

**FIGURE 1. MEDIAN ANNUAL EARNINGS OF WORKERS IN FLORIDA AND THE U.S., 1980-2010 (2011 DOLLARS)**



SOURCE: Dēmos analysis of Current Population Survey data using 2-year averages

**FIGURE 2. MEDIAN ANNUAL EARNINGS OF FLORIDA WORKERS BY EDUCATION, 1980-2010 (2011 DOLLARS)**

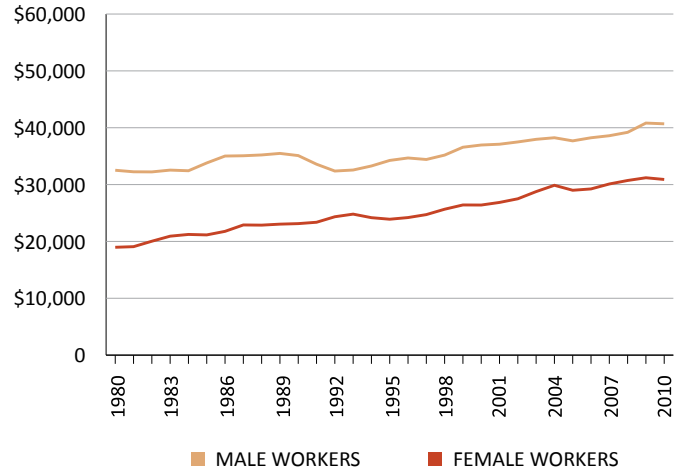


SOURCE: Dēmos analysis of Current Population Survey data using 3-year averages

**GENDER**

The median earnings of men in Florida have consistently been well above those of women over the past 30 years, and that gap has not narrowed much in those past three decades, bucking national trends. In 2010, women’s median earnings were \$9,800 less than, or 76 percent of, men’s (\$40,690 versus \$30,900); women made \$18,500 less than men in 1980. The gap decreased somewhat in the early 1990s but has made no progress toward equality since (See Figure 3).

**FIGURE 3. MEDIAN EARNINGS OF MALE AND FEMALE WORKERS IN FLORIDA, 1980 - 2010 (2011 DOLLARS)**

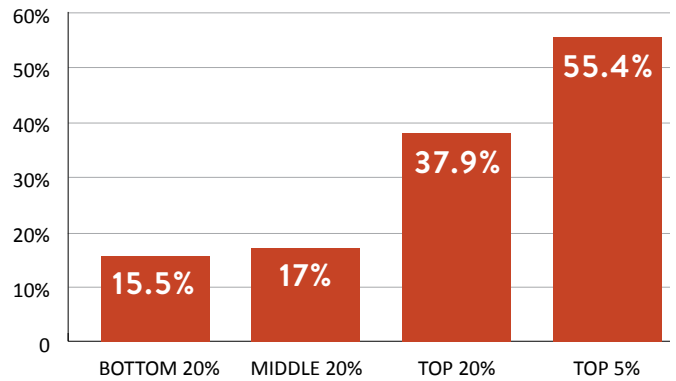


SOURCE: Dēmos analysis of Current Population Survey data

**RISING INCOME INEQUALITY**

In Florida, the gap between the rich and poor is relatively wider than the rest of the nation; only 6 states have a more unequal distribution of income. On the eve of the Great Recession, the richest 20 percent of Florida families had average incomes 2.8 times as large as the middle 20 percent of families and 7.5 times as large as the poorest 20 percent of families. The very richest families—top 5 percent—had average incomes that were 12.6 times as large as the poorest 20 percent.<sup>2</sup> This already-large gap between the rich and everybody else has also grown faster than many other states; Florida’s income inequality has grown at the 20th-fastest rate. Between 1986 and 2006, the incomes of the richest families (top 5 percent) rose nearly four times as fast as the poorest fifth’s and three and a half times as fast as the middle 20 percent (See Figure 4).

**FIGURE 4. REAL INCOME GROWTH OF FLORIDA FAMILIES, BY QUINTILE, 1986-2006**



SOURCE: Center on Budget and Policy Priorities and Economic Policy Institute, "Pulling Apart: A State By State Analysis of Income Trends, 2004-2006"

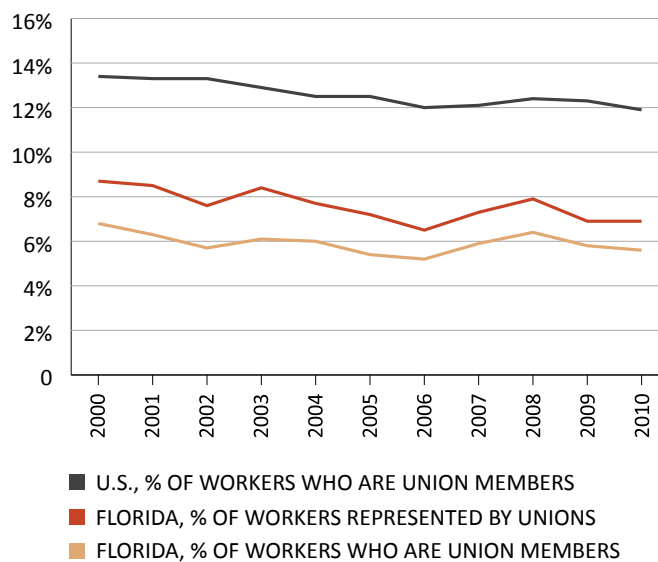
# JOBS AND BENEFITS

Widespread access to well-paying jobs with good health and retirement benefits is a second cornerstone of the middle class. Alongside trailing wages, Florida has also lagged behind the rest of the country in providing decent benefits, with lower health insurance and pension coverage than the country at large. In other states, unions have played an important role in helping workers negotiate fair pay and better benefits, but relatively weak unionization in Florida means this avenue of improving job conditions is absent for most workers.

## UNION MEMBERSHIP

Florida has low union participation rates compared with the rest of the nation. Membership rates in Florida are about one half of U.S. rates and both state and national statistics show a decline. In 2010 only about 5.6 percent of workers in Florida were union members, while 11.9 percent were members nationally (see Figure 5).

**FIGURE 5. UNION MEMBERS AS A PERCENT OF FLORIDA WORKERS, 2000-2010**



SOURCE: Bureau of Labor Statistics, U.S. Department of Labor

## HEALTH INSURANCE

High out-of-pocket medical expenses are one of the primary causes of bankruptcy among the middle class, underscoring the importance of health insurance coverage.<sup>3</sup> Florida workers have historically had relatively low rates of access to employer-sponsored health insurance, contributing to low rates of coverage: in 2010, 23 percent of Florida workers lacked health insurance, a figure that is both higher than the 17 percent nationally who lack coverage and that has increased substantially in the past decade, rising from the 18 percent of Floridians without health insurance in 1999. Note that even this relatively low percentage of working-age individuals with access to health insurance includes those with coverage through a spouse or through public insurance (Medicaid and Medicare). Employer-sponsored health coverage has declined over the last decade. The proportion of Florida workers who lack access to health insurance through an employer increased from 27 percent in 2000 to nearly 33 percent in 2010.<sup>4</sup>

## RETIREMENT BENEFITS

Several factors threaten the ability of Florida workers to look forward to a secure retirement. In 2010, only 45 percent of the state's workers had access to a retirement plan at work, similar to the late 1980s and far lower than national pension access figures. Although access to employer-sponsored retirement plans peaked in

2000 at 54 percent,<sup>5</sup> such plans have gradually shifted from pensions—whose costs and financial risks are borne almost exclusively by employers—to 401(k)-type plans that rely on worker contributions and expose individuals to the vagaries of the stock market and high fees, which eat away at returns. Nationally, roughly 63 percent of employer-sponsored retirement plans are now 401(k)s or something similar.<sup>6</sup> In Florida, nearly 9 percent of workers don't participate in their employer-sponsored plan either because they can't afford to contribute or fail to opt in (see Figure 6).

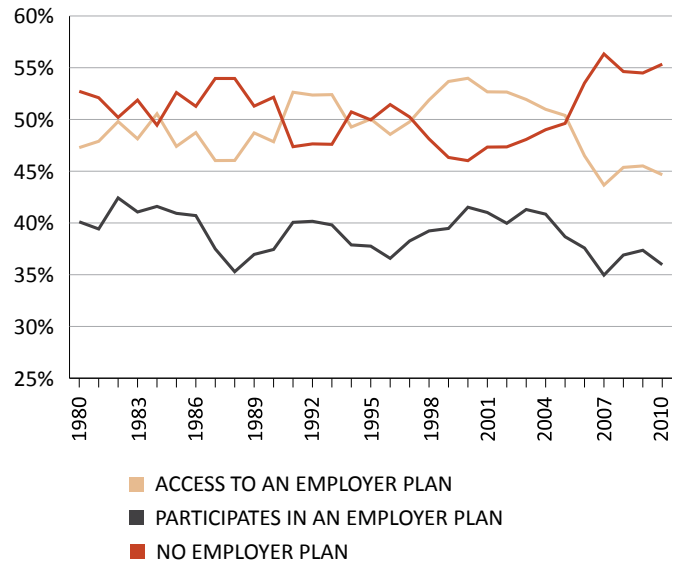
### UNEMPLOYMENT

The unemployment rate in Florida follows the national trend, fluctuating with the business cycle, but unemployment grew much faster in the wake of the financial crisis. After remaining equal or below the national rate from 1995 to 2007, since 2007 Florida has experienced alarmingly high growth in unemployment. The unemployment rate in Florida in 2010 was 11.5 percent—the highest annual recorded rate for the state in the past 30 years and the fifth highest in the country.<sup>7</sup>

### WHERE THE JOBS ARE

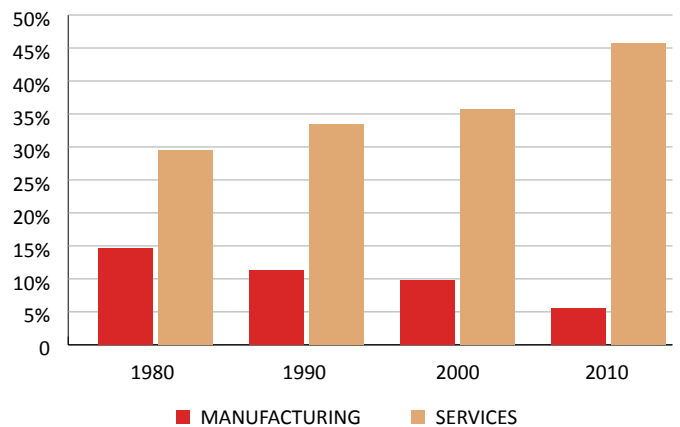
For decades, the service sector has consistently been the highest-emplying industry in Florida. It grew significantly from 29.6 percent of employment in 1980 to 45.7 percent in 2010. Many of these service sector jobs are lower-paying and do not provide benefits, effectively acting as a barrier to middle class stability for those employed in them. Manufacturing, though never the backbone of the Florida's economy as it was in other states, declined rapidly here as well, shifting from the 3rd largest sector in 1980 with 14.7 percent of employment to the 6th largest with 5.6 percent by 2010 (see Figure 7).

**FIGURE 6. PERCENTAGE OF FLORIDA WORKERS WITH ACCESS TO AND PARTICIPATION IN EMPLOYER-SPONSORED RETIREMENT PLANS, 1980-2010**



SOURCE: Dēmos analysis of Current Population Survey data.

**FIGURE 7. FLORIDA EMPLOYMENT IN MANUFACTURING AND SERVICES**



SOURCE: Dēmos analysis of Current Population Survey data

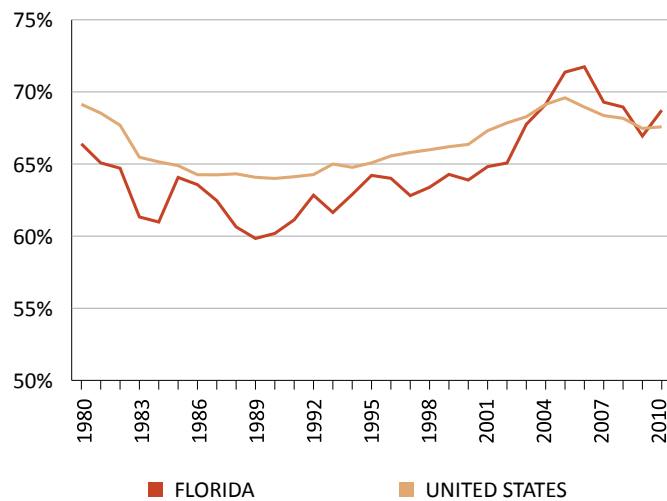
# RAISING A FAMILY

Healthy, happy and rooted families are one of our economy's most undervalued resources and a key element of the middle class. Floridians pride themselves on being able to pass on a better life to their children, but over the last generation, this dream has become increasingly out of reach. As corporations have exported stable jobs from the state, they have also quietly exported the building blocks of successful families and neighborhoods. Even with two parents in the labor force, Florida families struggle to meet the high costs of housing and child care, let alone save for a rainy day or invest in the future.

## HOMEOWNERSHIP

The homeownership rate in Florida saw gradual increases throughout the 1990s and a large rise between 1999 and 2006 as the state became the epicenter of the nationwide housing bubble with its large stock of attractive beachside real estate. Though the real estate bubble in the state was largely driven by speculators, workers in the state benefitted as well: Florida workers' homeownership peaked at 71.4 percent in 2006 but declined sharply as the bursting of the bubble caused millions of homeowners to lose their homes. Although the drop wiped out much of the increase of the early 2000s, homeownership rates have not declined to pre-boom levels and actually bounced back to 68.7 percent in 2010 (see Figure 8).<sup>8</sup> As in other states with desirable real estate, in Florida, homeownership comes with a steep price: in 2008, 49 percent of Florida homeowners spent more than 30 percent of their incomes on housing, one of the highest shares in the nation.<sup>9</sup>

**FIGURE 8. HOMEOWNERSHIP AMONG FLORIDA WORKERS, 1980-2010**



SOURCE: Dēmos analysis of Current Population Survey data

## CHILD CARE

Child care can be one of the largest expenses families face, in some cases equaling or exceeding housing costs. On average, annual full-time care in a family child care home in Florida costs \$7,129 for an infant and \$6,057 for a four-year-old; center-based care costs even more (see Figure 9). Center-based care for two children (an infant and a preschooler) averages \$14,297 per year or 20 percent of family income for a couple earning median wages.

**FIGURE 9. AVERAGE ANNUAL PRICE OF FULL-TIME CHILD CARE IN FLORIDA**

	CHILD CARE CENTER	FAMILY CHILD CARE HOME
Infant, full-time	\$7,965	\$7,129
4 year old, full-time	\$6,332	\$6,057

SOURCE: National Association of Child Care Resource and Referral Agencies, "2011 Child Care in the State of Florida."



# THE FUTURE MIDDLE CLASS: A LOOK AT YOUNG PEOPLE

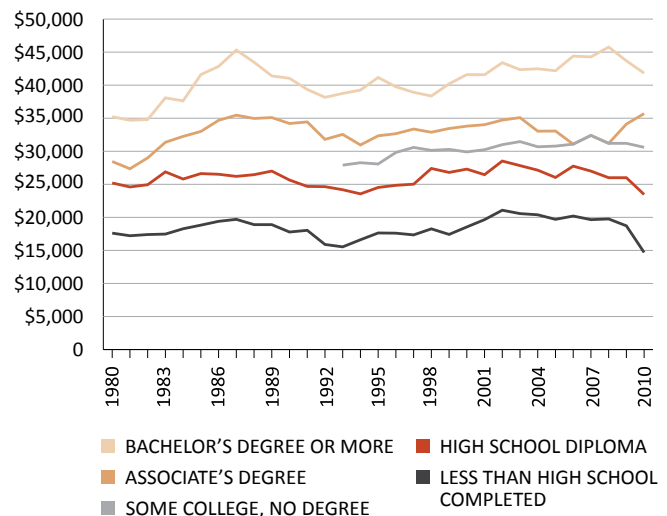
Ensuring the young make a seamless transition to adulthood is another core element of preserving and growing the middle class. Through no fault of their own, young Floridians of all walks of life find this transition increasingly difficult due to low-wage, non-union jobs in a growing service sector, a lack of full-time work, poverty-wages, and few job ladders. In addition, college tuition costs have soared and students are accumulating greater amounts of debt.

## LABOR MARKET

In 2010, median earnings for workers aged 25-34 with at least a bachelor's degree were \$41,820 in Florida—78 percent higher than the earnings of a typical high school graduate in the same age range (\$23,460). After finally returning to their previous peak in 2008 after a steep decline in the late 80s, the earnings of young workers with bachelor's degrees have plunged since the start of the recession, falling over 10 percent, or by nearly \$4,000. Despite this recent decline, young college graduates were more fortunate than their less-educated peers, all of whom faced stagnant wages throughout the late 1980s and 90s before suffering the same recession-fueled plunge. The recession hit the least educated workers the hardest: those without a high school diploma saw their wages plummet by 27 percent since the state's real estate bubble burst in 2006, and now earn over \$3,000 less than workers without a high school diploma did a generation ago (see Figure 10).

In 2010, the national unemployment rate for workers under age 25 and not enrolled in school was 18.4 percent—nearly double the overall U.S. unemployment rate of 9.6 percent. Unemployment among young high school graduates is abysmally high at 22.5 percent nationally in 2010 compared to 9.3 percent among young workers with a four-year college degree.<sup>10</sup> Young Florida workers too have been hit particularly hard by the recession. In 2010, 25-34 year olds still suffered a 11.4 percent unemployment rate, 1.2 percent higher than their peers in the nation as a whole.

FIGURE 10. MEDIAN EARNINGS OF FLORIDA WORKERS AGED 25-34, BY EDUCATION LEVEL, 1980-2010 (2011 DOLLARS)



SOURCE: Dēmos analysis of Current Population Survey data

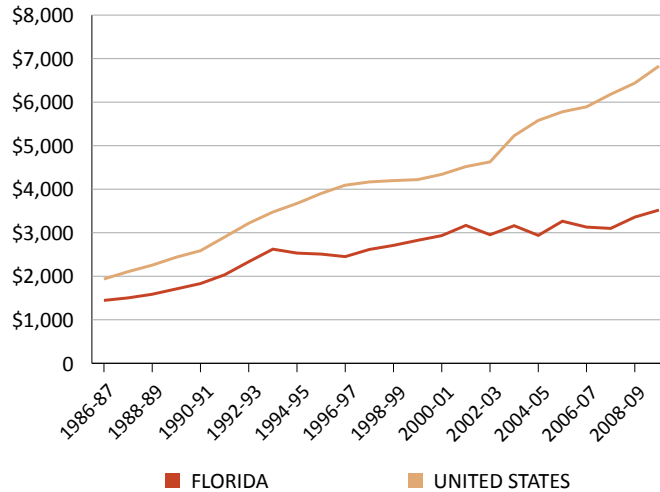
### COLLEGE TUITION AND FEES

At \$3,521 for 2009-10, in-state tuition at Florida's colleges and universities is about 48 percent lower than the national average.<sup>11</sup> Tuition costs have increased in Florida over the past 20 years—144 percent in total, at a lower rate than the average for the rest of the country (see Figure 11). Note that these figures do not include room and board.

### STUDENT DEBT

Almost half (49 percent) of college graduates in Florida entered the labor force with student debt in 2009, and their average debt—\$20,766—was 31st in the nation.<sup>12</sup> Both the percent of college graduates with debt and the amount have risen rapidly in Florida and elsewhere. And growing numbers of students are accumulating debt without completing a degree, putting them on a shaky path to the future.

**FIGURE 11. ANNUAL IN-STATE COLLEGE TUITION IN FLORIDA AND THE U.S., 1986-2008**



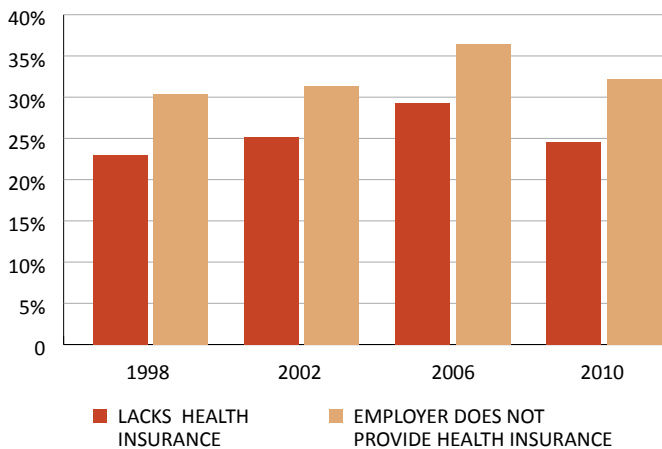
SOURCE: Digest of Education Statistics

### HEALTH AND RETIREMENT BENEFITS

Although young workers aged 25-34 are only slightly more likely to lack health insurance coverage than other workers in Florida (25 percent are currently uninsured, versus the state-wide 23 percent who lack coverage), a full 32 percent lack access to health insurance through their employer—a figure that has fallen in recent

years after a significant uptick in the early 2000s (see Figure 11). In 1980, young workers aged 25-34 were more likely to have access to a retirement plan at work than the average worker, but now the opposite is true. Only 43 percent of Florida's young workers have access to an employer-sponsored retirement plan and even fewer (32 percent) actually participate.<sup>13</sup> And most of these plans are risky, inadequate 401(k)-type plans rather than traditional pensions.

**FIGURE 12. HEALTH INSURANCE ACCESS AMONG FLORIDA WORKERS AGED 25-34, 1998-2010**



SOURCE: Dēmos analysis of Current Population Survey data

## CONCLUSION

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**THE AMERICAN DREAM** came to life in Florida in the form of a strong and vibrant middle class that sustained the state's economy for decades. But for the first time in generations, more people are falling out of the middle class than joining its ranks. The economy is still productive, but the gains are accruing primarily to the top and workers are no longer getting their fair share. Nationally, the top 1 percent of earners now takes home more than the entire middle class combined, while most workers are living from paycheck to paycheck.

It doesn't have to be this way. Just as the post-war middle class was built by smart public policy, it is possible to rebuild it and strengthen it for the next generation. Workers, unions, families, and citizens plan to do just that. With one of the highest unemployment rates in the nation, Florida workers' current fight to rebuild and restore the American dream from the ashes of the Great Recession has become another touchstone for the nation against which all others will measure their fortitude, resilience, and commitment to invest in our greatest values. Their strength and leadership grows daily as workers come together to reclaim the American Dream and demand that Florida's elected officials—our public servants—work once again for workers.

### ENDNOTES

1. All earnings data cited in this brief inflation-adjusted and are from Dēmos' analysis of the Current Population Survey (CPS). Note that sample sizes are too small to report earnings data by race for Florida.
2. Center on Budget and Policy Priorities and Economic Policy Institute, Pulling Apart: A State By State Analysis of Income Trends, April 2008. <http://www.cbpp.org/files/4-9-08sfp-fact-mn.pdf>
3. David Himmelstein, Deborah Thorne, Elizabeth Warren and Steffie Woolhandler. Medical Bankruptcy in the United States, 2007: Results of a National Study, American Journal of Medicine, 2007. [http://www.washingtonpost.com/wp-srv/politics/documents/american\\_journal\\_of\\_medicine\\_09.pdf](http://www.washingtonpost.com/wp-srv/politics/documents/american_journal_of_medicine_09.pdf)
4. Dēmos analysis of the Current Population Survey (CPS).
5. Dēmos analysis of the Current Population Survey (CPS).
6. Alicia H. Munnell, Francesca Golub-Sass, and Dan Muldoon, An Update on 401(k) Plans: Insights from the 2007 SCF, Center for Retirement Research, 2009.
7. Bureau of Labor Statistics, U.S. Department of Labor.
8. Dēmos analysis of the Current Population Survey (CPS).
9. Data compiled by the U.S. Census Bureau from the 2008 American Community Survey, "Table 991. Owner-Occupied Housing Units—Value and Costs by State: 2008."
10. Heidi Shierholz and Kathryn Anne Edwards, The Class of 2011: Young Workers Face a Dire Labor Market Without a Safety Net, Economic Policy Institute, April 2011. [http://epi.3cdn.net/c7d6ec52122ea9c188\\_rbm6bc14a.pdf](http://epi.3cdn.net/c7d6ec52122ea9c188_rbm6bc14a.pdf)
11. Digest of Education Statistics, "Average undergraduate tuition and fees and room and board rates paid by full-time-equivalent students in degree-granting institutions by control of institution and by state."
12. The Project on Student Debt, Student Debt and the Class of 2009, October 2010. <http://projectonstudentdebt.org/files/pub/classof2009.pdf>
13. Dēmos analysis of the Current Population Survey (CPS).

## ABOUT DĚMOS

Dēmos is a non-partisan public policy research and advocacy organization. Headquartered in New York City, Dēmos works with advocates and policymakers around the country in pursuit of four overarching goals: a more equitable economy; a vibrant and inclusive democracy; an empowered public sector that works for the common good; and responsible U.S. engagement in an interdependent world. Dēmos was founded in 2000.

In 2010, Dēmos entered into a publishing partnership with The American Prospect, one of the nation's premier magazines focussing on policy analysis, investigative journalism and forward-looking solutions for the nation's greatest challenges.

## ABOUT RESEARCH INSTITUTE ON SOCIAL AND ECONOMIC POLICY

RISEP conducts applied social science research on issues of concern to working families and low-income communities in Florida. At Florida International University we are a resource and a model for the University community by conducting problem solving research together with local communities that provides the tools for those directly affected to participate more fully in the public debate. RISEP is part of the Center for Labor Research and Studies, which celebrates it's 40th anniversary in 2010 as learning resource for Florida's workers, and the new School of International and Public Affairs which provides cutting-edge research, first-rate teaching, and innovative training necessary for the globalized world of the 21st century.

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