

Florida Ranks 49th for Worst Income Inequality in the U.S.

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The state's economic inequality has worsened, with the top 1 percent of families earning almost 40 times as much as the bottom 99 percent.

The top 1 percent of income earners have continued to amass a greater portion of all income earned even after the Great Recession, according to a recent report by the Economic Policy Institute (EPI). The analysis shows that although incomes took a hit during the recession, the top 1 percent of families have accrued a disproportionate amount of the income gains in each state and the nation. In Florida, the top 1 percent of families earned 39.5 times as much as the bottom 99 percent, as of 2015.

EPI's report provides insights into income inequality both within states, counties and metropolitan areas, as well as across the country. It examines inequality along four lines:

1. Income gap between the top 1 percent and bottom 99 percent
2. The income threshold for being considered in the top 1 percent
3. The share and concentration of top 1 percent national income within states, counties and metro areas
4. Trends in income distribution over time

Florida's income inequality has worsened

Nationally, the top 1 percent earned 26.3 times as much as the bottom 99 percent, on average. The average income of the top 1 percent was \$1,316,985, compared to \$50,107 for the bottom 99 percent.

In Florida, which ranked 46th in 2013, income inequality is much worse than the national average. The average income of the top 1 percent of families was \$1,543,124, compared to an average of \$39,094 for the bottom 99 percent. It was second only to New York, which has the worst income inequality across all states with a ratio of 44.4 between the top and bottom average incomes.

State	Top-to-bottom Ratio
New York	44.4
Florida	39.5
Connecticut	37.2
Nevada	32.7
Wyoming	31.2
Massachusetts	30.9
California	30.7
Illinois	27.0
New Jersey	24.3
Washington	24.2

Florida metro areas and counties among worst in the nation

In addition to Florida overall having the second-worst inequality as a state, many of Florida's metropolitan areas ranked poorly as well. Eight out of the 25 worst metro areas were in Florida. Similarly, Florida's counties were among the worst in terms of income inequality. Nine out of the worst 25 counties were in Florida.

Metro Area	Top-to-bottom Ratio
Naples-Immokalee-Marco Island	90.1
Key West	81.3
Sebastian-Vero Beach	67.2
Miami-Fort Lauderdale-West Palm Beach	55.4
Port St. Lucie	45.5
North Port-Sarasota-Bradenton	43.1
Cape Coral-Fort Myers	38.8
Crestview-Fort Walton Beach-Destin	34.3

County	Top-to-bottom Ratio
Collier	90.1
Monroe	81.3
Palm Beach	77.9
Walton	68.5
Indian River	67.2
Martin	66.9
Miami-Dade	55.7
Franklin	54.0
Sarasota	50.5

What is Considered the “Top 1 Percent”?

In Florida, the income threshold to be considered in the top 1 percent is \$417,587, which is just below the national threshold of \$421,926. For the top 0.01 percent in Florida, the threshold is \$12,027,665. The average income of the top 0.01 percent was \$45,167,509.

Among the 25 metro areas with the highest thresholds for the 1 percent, three were in Florida. Palatka, FL was one Florida metropolitan area that ranked among the metropolitan areas with the lowest thresholds for being considered in the 1 percent, at \$160,009.

Metro Area	Income Threshold
Naples-Immokalee-Marco Island	\$1,138,585
Key West	\$937,101
Sebastian-Vero Beach	\$699,331

Among counties, Collier and Monroe counties were among the 25 highest income thresholds for the 1 percent, at \$1,138,585 and \$923,765 respectively.

Florida Has a Significant Concentration of Top 1 Percent National Income

In addition to looking at the income inequality within states and local areas, EPI also examined how the nationwide top 1 percent income is distributed, both in terms of the share of national top 1 percent income and the concentration of top 1 percent income.

Florida has the fourth-highest share of national 1 percent income, accounting for 7.89 percent of the national 1 percent income. It follows California (17.44 percent), New York (12.31 percent), and Texas (8.54 percent).

In terms of concentration, measured by the ratio of top 1 percent income to total national income, Florida ranks third for the highest concentration of the national 1 percent income, following New York and Connecticut.

In regard to metro areas, Miami-Ford Lauderdale-West Palm Beach ranks sixth, with 3.58 percent of the total national top 1 percent income. In terms of concentration of national 1 percent income, Naples-Immokalee-Marko Island, Key West, Sebastian-Vero Beach, and Miami-Fort Lauderdale-West Palm Beach rank within the top 10.

Palm Beach County ranks 10th for share, accounting for 1.57 percent of national 1 percent income. Collier, Monroe, and Palm Beach counties were in the top 10 counties for concentration.

Income inequality persisted through cycles of recessions and recoveries

Between 1945 and 1973, the income of the bottom 99 percent of families grew by 100.1 percent, while the income of the top 1 percent grew by 34.3 percent. The top 1 percent accounted for 4.9 percent of all income growth. This was a period in which economic growth reaped benefits across income groups, when economic mobility was in reach for many Americans.

This pattern reversed between 1973 and 2007, when the incomes of the bottom 99 percent grew by only 15.4 percent, but the top 1 percent saw an increase of 216.4 percent. Over half of the income growth went to the top 1 percent during this period (58.7 percent). Economic gains started to become increasingly concentrated, creating an ever-larger gap between the incomes of the top and bottom families.

While the Great Recession impacted the wealth of families across the income spectrum, the top 1 percent have seen their incomes and wealth rebound to nearly pre-recession levels. From 2009 to 2015, during the recovery from the Great Recession, incomes of the bottom 99 percent grew by 10.3 percent, and incomes of the top 1 percent grew by 33.9 percent. These families accounted for 41.8 percent of all income growth and their incomes grew faster than the incomes of the bottom 99 percent.

1945-1973	9.0%
1973-2007	85.7%
2009-2015	77.5%

During expansions following recessions, it is expected that wage gains would accrue to workers that would enable them to rebound and end up in a better financial standing than prior to the recession. EPI's analysis looked at expansion periods between 1921 and 2015, and found that in all regions of the nation, income gains were disproportionately accrued by the top 1 percent after 1975. In the south, which has the lowest percentage, 32 percent of income gains in expansion periods was accumulated by the top 1 percent. By comparison, in the west region, which was the most disproportionate region, 191 percent of income accrued to the top 1 percent between 1975 and 2015.

In all states, we also see that income accumulation for the top 1 percent accelerated after 1975. Even with the impact of the Great Recession, top income earners are seeing their incomes climb upward as the economy continues to grow. As expected, the trend holds within Florida’s counties and metropolitan areas.

Metro Area	Bottom 99 percent	Top 1 percent
Naples-Immokalee-Marco Island	52.4%	47.6%
Key West	54.9%	45.1%
Miami-Fort Lauderdale-West Palm Beach	64.1%	35.9%
Port St. Lucie	68.5%	31.5%

County	Bottom 99 percent	Top 1 percent
Collier	52.4%	47.6%
Monroe	54.9%	45.1%
Palm Beach	56.0%	44.0%
Walton	59.1%	40.9%
Indian River	59.6%	40.4%

A new “gilded” age

Although Florida’s economy has improved by some measures — job creation is up, unemployment is down — these data show that the economic recovery of the Sunshine State is just a veneer. Underneath the improving economic indicators, our state, counties and cities are facing rising inequality and a growing divide between the very wealthy and everyone else.

Of the state’s 67 counties, half have not returned to pre-recession employment levels. Job growth has been primarily in industries that pay low wages, such as leisure and hospitality. Rural areas face even greater economic distress.¹ Working families across the state struggle to make ends meet, with families of color facing even greater obstacles to economic security.²

Growing inequality not only impacts families in the bottom 99 percent, it impacts everyone and creates an unstable foundation for Florida’s future. However, rising inequality is not inevitable. State policies and investments drive economic growth. Investments in quality education, health care and affordable housing, for example, can help working families to improve their quality of life, access economic opportunity and build financial security for themselves and future generations. These investments must be a priority, and unfortunately Florida currently underinvests in all these areas. Until we change our approach to growing the state economy, the income gap in Florida will continue to grow.

¹ Kennedy, John. “Jobs are back in Florida, but pay lags and poverty is still up.” Herald-Tribune, August 5, 2018. Accessed via: <http://www.heraldtribune.com/news/20180805/jobs-are-back-in-florida-but-pay-lags-and-poverty-is-still-up>

² Bustamante, Ali R., Ph.D. “The State of Working Florida 2017.” Florida International University Center for Labor Research & Studies. Accessed via: <https://risep.fiu.edu/state-of-working-florida/state-or-working-florida-2017.pdf>