



Issue Brief

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The Poor and Near-Poor in Florida Increase; Income of Those at the Top Rises

It comes as no surprise to Floridians that 2009 data released by the U.S. Census reports another increase in poverty in the Sunshine State. But the new information illustrates the depths of financial difficulties facing an increasing number of Floridians.

The numbers are grim: 2.7 million people in Florida live below the poverty level, including 850,000 children. That's an increase of 550,000 overall in two years.

People of all backgrounds have suffered. Whites, because they make up the largest share of Florida's people, also make up the majority of people in poverty, and their poverty rate has risen. But by percentage, blacks and Hispanics are disproportionately in poverty, with blacks more than twice as likely as whites to live below the poverty level and Hispanics one-and-a-half times more likely.

"Deep poverty" claims more Floridians; those with incomes at half or less of the official poverty level climbed for the second straight year. The number of Florida residents not officially "poor" but living on relatively low incomes has also increased dramatically. And Florida continues to be one of the worst states in the nation in terms of residents covered by health insurance.

Meanwhile, those at the top of the income scale continue to garner an increasing share of household income.

Poverty Claims Hundreds of Thousands More Florida Residents

The U.S. Census Bureau's American Community Survey (ACS), which gathers information from a random sample of three million Americans each year, provides a detailed look at Florida income and poverty.

About 550,000 more Floridians, including 130,000 more children, lived in poverty in 2009 than in 2007, when Florida began suffering from the economic downturn:

Florida Poverty, 2005-2009

Year	Total	%	Children		White	%	Black	%	Hispanic	%
			<18	%						
2009	2,707,925	14.9	851,803	21.3	1,729,617	12.4	744,524	26.8	757,099	19.3
2008	2,370,808	13.2	721,284	18.3	1,581,525	11.3	594,297	22.0	673,138	17.8
2007	2,158,832	12.1	678,038	17.1	1,322,945	9.7	597,582	22.3	590,096	16.0
2006	2,226,587	12.6	689,315	17.5	1,374,093	10.2	623,982	23.4	590,568	16.5
2005	2,214,381	12.8	713,162	17.9	1,352,891	10.2	624,913	24.0	595,612	17.5

Source: U.S. Census Bureau, 2009 ACS 1-year estimates.

Although 1.7 million of the 2.7 million Floridians in poverty are white, the poverty rate is “only” 12.4 percent among whites, up from 9.7 percent in 2007. But poverty now claims more than one in four black residents of Florida (26.8 percent) and almost one in five Hispanics (19.3 percent).

The federal poverty rate, which defines what is considered “poor,” is calculated annually and includes before-tax money income (see chart at right). For example, a three-person family with an annual income of \$17,098 or below would be considered living in poverty. That would be more than the \$15,080 a single parent with two children would earn at a full-time job at the current \$7.25 per hour minimum wage.

2009 Federal Poverty Level	
One person	\$10,956
Two people	\$13,991
Three people	\$17,098
Four people	\$21,954
Five people	\$25,991
Six people	\$29,405
Seven people	\$33,372
Eight people	\$37,252
Nine or more	\$44,366

Almost 1.2 million of the 2.7 million Florida residents in poverty live in “deep poverty”, households with incomes of 50 percent or less of the federal poverty level (or \$5,478 a year for an individual), as the table below shows.

The Poor and the Near-Poor

Income Level	Number of Floridians*	% of all Floridians*
50 percent of poverty level	1,180,365	6.5
125 percent of poverty level	3,628,276	20.0
150 percent of poverty level	4,582,888	25.3
185 percent of poverty level	5,934,739	32.7
200 percent of poverty level	6,497,313	35.8

* Cumulative numbers.

But the official poverty rate does not include all those with relatively low incomes. Others live above the poverty level, but not comfortably above. One in five Floridians – 3,628,276 – live in households below 125 percent of poverty level.

That means a four-person family in

Source: U.S. Census Bureau, 2009 ACS 1-year estimates

this income group gets by on no more than \$27,443 a year. And more than a third of Florida residents, or 6,497,313, lives with incomes no more than twice the poverty level.

Over two years, the numbers of Floridians in deep poverty increased about 270,000. The total living on less than 125 percent of the poverty level has risen by almost 600,000.

More detailed household income data shows how little some Floridians live on. Of Florida's almost seven million households, 27 percent have household incomes of \$25,000 or less, as the chart at right indicates.

Almost 40 percent live in households with annual incomes below \$35,000 and 55 percent in households earning below \$50,000. The other 45 percent of households have incomes of \$50,000 or more; 16 percent report incomes of \$100,000 or more.

Florida Remains One of the Worst States in Residents Without Health Insurance

Another key indicator of people struggling economically is the number without health insurance. More than one in five of all Florida residents lack health insurance, ranking the state fourth-worst in the nation in the overall percentage of uninsured. Only Texas, Nevada, and Alaska have a higher rate of uninsured. Among children under 18, the state ranks third-worst nationally (only Nevada and Texas are worse).

Uninsured Floridians, 2009

	Number Uninsured	Percent Uninsured	Uninsured Rank Among States
Total	3,795,329	20.9	4 th highest
Children <18	600,537	14.8	3 rd highest
White	2,665,381	19.0	
Black	725,681	26.0	
Hispanic	1,347,338	34.2	

Source: U.S. Census Bureau, 2009 ACS 1-year estimates

Incomes of Florida Households

Income	% of All Households
Less than \$10,000	8.0
\$10,000-\$14,999	6.0
\$15,000-\$24,999	12.7
\$25,000-\$34,999	12.2
\$35,000-\$49,999	16.3
\$50,000-\$74,999	18.4
\$75,000-\$99,999	10.7
\$100,000-\$149,000	9.5
\$150,000-\$199,999	3.1
\$200,000 or more	3.1

Source: 2009 ACS 1-year estimates

More than one-third of Hispanics (34.2 percent) and more than one-fourth of blacks (26 percent) had no health insurance in 2009 – considerably higher than whites' 19 percent uninsured rate, which amounts to almost 2.7 million people.

Income Inequality Rises With a “Stunning Shift in Income”

The increases in poverty, unemployment, and lack of health insurance in Florida take place in a national environment in which income inequality is receiving more attention as Congress debates the extension of tax cuts. Data available in national studies, but not at the state level, shows that even with a poor economy, the income gap between the wealthiest Americans and the rest has widened.

Economists generally believe that some degree of income inequality – or uneven distribution of income – spurs hard work and innovation and therefore benefits a nation’s economy. But a society with too great a divide between the rich and poor not only tolerates more poverty and poor health but also slows economic growth and risks the creation of an unstable political environment.¹ The rise in income inequality has stimulated discussion about how to moderate it with the goal of boosting economic opportunities to all.²

The following chart³ shows the shares of pre-tax household income held by each fifth of American households. Over three decades, the share controlled by those in the upper-income groups has steadily risen, while the share of those with middle and low incomes (reflected in the chart as the Bottom 60%) has fallen. The bottom line: The top 20 percent control more than half of household income and the top 40 percent almost three-fourths of income. That leaves 27 percent of income for all the rest.

Share of Household Income Controlled by Income Groups, U.S. 2009

	Top 5% of households (at least \$180,001 in annual income) control:	Top 20% (\$100,001 or more) control:	Top 40% (\$61,801 or more) control:	Bottom 60% (0-\$61,800) control:
2009	21.7% of all U.S. household income	50.3% of income	73.5% of income	26.6% of income
2007	21.2	49.7	73.1	26.9
1997	21.7	49.4	72.6	27.5
1987	18.2	46.2	70.5	29.5
1977	16.8	44.0	68.7	31.3
1967	17.2	43.6	67.8	32.1

Source: U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements.⁴

After-tax income shows an even greater increase at the top, according to national data from the Congressional Budget Office. “[O]ver the last three decades a stunning shift in income has taken place in this country, from the middle class to those few at the very top of the income scale,” the Center on Budget and Policy Priorities reports.⁵

Education and Tax Policy Are Tools to Offset Income Inequality

Better education from prekindergarten through college is advocated widely as the avenue for income gains for individuals and for strengthening the economy and creating more jobs that pay higher salaries.

Poverty and Education

	% in poverty
Floridians 25 years and over	11.8
Less than high school graduate	25.9
High school graduate (or equivalency)	13.6
Some college, associate's degree	9.3
Bachelor's degree or higher	5.0

Census data illustrate again that higher educational attainment insulates most people from poverty. Florida residents without a high school diploma are five times more likely than a college graduate to live in poverty, as the table at left shows.

Source: U.S. Census Bureau, 2009 ACS 1-year estimates.

Florida, already behind in many measures of education quality, faces difficult challenges as it attempts to improve public school education, increase the high school graduation rate, and raise the percentage of students attending and graduating from colleges and universities. (See "[Florida's Latest Strategy for Improving Public Schools](http://www.fcfe.org)," www.fcfe.org.)

Conclusion

Improving education is one tool available to both help Floridians climb out of poverty and reduce growing income inequality. Another is tax policy, at both the state and federal levels. The state tax system in Florida has grown more regressive, requiring a greater share from those with low and moderate incomes than from those most able to pay. (See "[Poverty Rises in Florida While the State's Tax System Benefits the Wealthy](#).")

As Florida emerges from the economic downturn, both of these tools are available to policymakers to build a stronger economy and increase standards of living for all Floridians, regardless of their income.

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Endnotes

¹ http://www.worldbank.org/depweb/beyond/beyondco/beg_05.pdf. See also: Inequality is destructive when "the low-wage citizenry views society as unfair, when it views effort as not worthwhile, when upward mobility is impossible or so unlikely that its pursuit is not worthwhile." Economist Finis Welch, quoted by Timothy Noah, *Slate*, "The United States of Inequality," September 16, 2010. <http://www.slate.com/id/2266025/entry/2266816/>

² Speech, Ben S. Bernanke, chair of the Board of Governors of the Federal Reserve System, February 6, 2007. <http://www.federalreserve.gov/newsevents/speech/bernanke20070206a.htm#f2>

³ Based on "Income, Poverty, and Health Insurance Coverage in the United States: 2009," 2010 Current Population Survey Annual Social and Economic Supplement of the U.S. Census Bureau. This survey uses a smaller sample; therefore state-level data is not provided on income distribution.

⁴ <http://www.census.gov/hhes/www/income/data/historical/inequality/>

⁵ "Inequality and the High-End Bush Tax Cuts," Chuck Marr, *Off the Charts*, Center on Budget and Policy Priorities, using data from the Congressional Budget Office. <http://www.offthechartsblog.org/inequality-and-the-high-end-bush-tax-cuts/>