



Florida's top concern:
the economy

Recession still has Floridians reeling and anxious about election

By Mary Ellen KlasHerald/Times Tallahassee Bureau SANFORD

Florida's economy in decline 6:24

Kevin Greiner, Research Fellow at the Florida International University Metropolitan Center, talks about his data analysis that shows jobs and wages lost during the Great Recession have not returned in many parts of the state and how that is driving economic insecurity this election cycle. **Jose A. Iglesias** Miami Herald

Drive northeast along the state's I-4 corridor and you quickly get a glimpse at why Floridians say they feel financially insecure this election cycle.

In the working-class town of Sanford, northeast of Orlando, Julius Angel Lopez, 18, and his 62-year-old father have been hired to fix up the now-closed La Fontana sandwich shop at the Sanford Plaza. The first-time voter from Deltona says he is leaning toward Hillary Clinton. His father arrived from Cuba in the 1980 Mariel boatlift, raised five children, and now has back problems and no insurance.

"I want to hear Hillary and Trump talk about how they can affect people like us," said Lopez, who aspires to join the Marine Corps. "My dad has worked his whole life and can't get a disability check. But I feel like the candidates are so focused on each other, they forget about the people of this nation."

Next door, at Ruth's Salon, Elizabeth Solla, 42, recites her list of concerns: the high cost of college for her two college-age children, the rising cost of rent for them to leave home, and the obstacles to saving for retirement for her and her husband.

"It worries me," said Solla, a nurse at Central Florida Regional Hospital. "My

mother is retired and Social Security is not enough to sustain her because of the cost of living. You have to find other ways to save money.”

Reports from Florida economic development agencies and the U.S. Census bureau boast of an economic rebound in Florida. Gov. Rick Scott and business leaders tout the state unemployment rate hovering at a low 4.7 percent and how the economy is cranking out new jobs at twice the national pace.

Yet in poll after poll this election cycle, voters identify jobs and the economy as their top concerns.

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“You cannot underestimate how household finances affect everything,” said Susan MacManus, a University of South Florida political science professor who conducted the recent USF/Nielsen Sunshine State survey. “No matter who wins the election, they are going to have to deal with this problem ... Every race from top to the bottom is going to feel it.”

The [USF/Nielsen poll](#) found that the top concern of voters is the economy, and 63 percent of Floridians report feeling financial stress in their households. Of those, 28 percent considered the top threat to the state’s economy to be the lack of well-paying jobs, and 51 percent support an increase in the state minimum wage to \$15.

A [Florida Chamber of Commerce poll](#) conducted in late September also

ranked the economy and jobs as the top concern of Florida voters, ahead of education and schools.

“It’s still the No. 1 concern of everybody on an open-ended question,” said Marian Johnson, pollster for the Florida Chamber of Commerce.

Uneven recovery

Why don’t voters feel the recovery?

The reason lies deep within the data. Florida’s post-recession bounce has fundamentally restructured the economy in a way that has left millions with fewer assets, lower incomes, and less potential to withstand even short-term budget stress — such as a major car repair or damage from a hurricane.

An economic analysis compiled for the Miami Herald/Tampa Bay Times Tallahassee Bureau by Florida International University Metropolitan Center shows that although many jobs have returned since the Great Recession, the new jobs are paying workers significantly less than the jobs they replaced, and the rebound has been dramatically uneven across the state.

“The collective economy of the state is under performing compared to the national economy and other states,” said Kevin Greiner, senior research fellow at FIU’s Metropolitan Center who conducted the study for the Herald/Times. “But what’s really shocking is that there are so many counties that have been completely left behind since the recession.”

The data show:

- South and Central Florida’s metropolitan areas have seen annual employment levels return to — or exceed — pre-recession employment levels with a net increase of 187,263 jobs in those counties since 2007. But in 40 of the state’s 67 counties — including Pinellas, Hillsborough, Brevard, Leon and Escambia counties — there were fewer people working by December 2015 than were employed in 2007. The net number of jobs lost in those

communities: 100,929.

- Median household income, accounting for inflation, has dropped 10.5 percent statewide since 2007. Although many parts of the state saw household income rise in the last year, the statewide median of \$49,426 is still below the national benchmark of \$56,516.
- Average wages in 2015 were less than 2007 in 42 of 67 counties and the average weekly wage in Florida was \$90 less than the national average of \$855.
- Income disparity continues to grow between Florida's very rich and very poor. In 2015, the top 20 percent of Florida households — those who made more than \$201,999 — made 16 times as much as the bottom 20 percent, and the top 5 percent made 30 times as much as the 20 percent making the least.

“Florida is the poster child of the very uneven recovery,” Greiner said. “The growing gap in economic performance, job creation and incomes between the state and the rest of the U.S. economy is dramatically amplified at the local level.”

The pattern is playing out in the rest of the country as well, with “pockets of winners and losers” as major metropolitan areas recover at a more steady clip than rural and suburban regions.

Impact on election

What does this mean for the election?

Voter perceptions of the economy have been critical to the outcome of presidential elections in the U.S. for the past 40 years. Ronald Reagan identified the “misery index.” Bill Clinton’s reminded voters “it’s the economy stupid.” And Barack Obama capitalized on the call for government to respond to the 2008 Wall Street collapse. This year is no different, except in magnitude, said Sean Snaith, director of the Institute for Economic

Competitiveness at the University of Central Florida.

“I don’t really remember an election cycle that carried with it the degree of uncertainty that this one does,” he said. “There is always the uncertainty that we are in a fork in the road but in previous cycles at least you knew where those roads would take you. This year, it’s not entirely clear.”

During the first debate between Hillary Clinton and Donald Trump, the first question was about what they would do to “put more money into the pockets of American workers.”

Clinton promised to raise the “national minimum wage,” guarantee equal pay for women’s work, encourage corporate profit sharing with employees, increase paid family leave and earned sick days and work toward “affordable child care and debt-free college.”

She said she would pay for it by “having the wealthy pay their fair share and close the corporate loopholes.”

Trump answered that he would focus on stopping companies from allowing jobs to move overseas, reducing corporate taxes from 35 percent to 15 percent, make more child care affordable and renegotiate trade deals.

When the county-wide economic data is compared to the results of the presidential primary in March, there is a correlation between counties that overwhelmingly favored Donald Trump in the Republican primary and counties with the highest declines in household incomes.

The FIU data found that the average household income in Florida declined in 52 of the 53 counties for which there is reliable data from 2007 to 2014. Economists call these sinkhole communities — not because of their geologic features but because of the lack of economic mobility.

In Florida, the counties with double-digit declines in household income who supported Trump in the primary over Marco Rubio are Charlotte (55 percent

for Trump to 20 percent for Rubio), Clay (51 to 22) , Lee (48 to 22), Leon (30 to 29), Martin (51 to 21), Nassau (51 to 22), Okaloosa (45 to 22), Orange (40 to 21), Osceola (47 to 26), Putnam (57 to 17), Seminole (42 to 29), St. Lucie (58 to 20) and Volusia (53 to 21).

Poverty rates grow

The decline in household incomes also led to increased poverty rates among every demographic group in Florida , the FIU analysis found.

Poverty rates increased in 52 of the 53 counties with reliable data, and 44 percent of the state's counties had poverty rates above the national average. All income classes experienced income declines between 2007 and 2015. However, those in the bottom 20 percent saw their incomes drop 17 percent in Florida, compared to those in the top 20 percent who saw incomes decline only 7.5 percent.

According to the FIU [State of Working Florida](#) report, newly arrived immigrants, and foreign-born Floridians experienced a poverty increase of 14 percent in the past five years, compared to 10.6 percent for those born in the U.S.

At the heart of the restructuring is the steep decline in worker wages: 40 of Florida's 67 counties have seen real average annual wages — adjusted for inflation — per employee decline from 2007 to 2015, according to the FIU analysis.

The biggest drop was in rural Liberty County, where wages dropped 10.8 percent. Next worst is Monroe County, which saw wages fall to 8 percent below where they were nine years ago before the recession.

“The nature of this recovery is deceptive in many ways,” Snaith said. Normally, in a recovery low unemployment rates would be accompanied by “full employment and robust growth in wages and salary,” he said. But this

recovery is different. “We don’t have full employment and rising wages.”

As real estate, administrative and construction jobs have been replaced by lower-wage jobs in all sectors, the shift has led to a drag on the rest of the economy. In 40 of 67 Florida counties, average annual wages — adjusted for inflation — per employee declined from 2007 to 2015.

“The most immediate implication is there is less money overall in the economy per capita,” said Greiner of FIU. But, he added, the longer term impact is the inability of people to sustain any hit to their pocketbooks from increases in groceries, utility bills, transportation, taxes or the need to pay an insurance deductible from Hurricane Matthew.

“When someone is getting paid a good middle-income wage, they are spending more on restaurants, housing, clothing and maybe a car,” he said. “When wage growth is low, their housing burden increases and it puts pressure on the average household to spend less on everything and save more.”

Recovery is slowing

In Seminole County, where Sanford is the county seat, all but about 3,600 of the jobs lost in the recession have returned as the recovery matches the state with a two percent decline in total employment since 2007. But the poverty rate is up 24 percent, wages are down 20 percent and median household income dropped 12.9 percent since 2007.

In the March primary, 42 percent of Republican voters supported Trump and just 22 percent chose Rubio.

At one end of the Sanford Plaza is a discount clothing store, a cash advance company and *Iglesia Misionera*, the church of New Hope. At the other end is a low-cost furniture store and Bravo Supermarket, where a steady stream of customers are lining up for the buffet lunch.

“Things look like they are better, but really it’s not,” said Emilio Bernado, 49, of Tampa, as he ate a steaming plates of *arroz con pollo* on a picnic table outside the Bravo Supermarket.

Bernado, who owns a transport company, immigrated to Miami from Cuba 25 years ago. He said business is better this year than it has been but still not steady. “I’m voting for Trump because I’m a Republican, but it doesn’t make any difference,” he said. “Pretty soon we’re going to crash again.”

State economists are already predicting the recovery will slow. In September, they reduced the state revenue forecast for the next two years, prompting calls for potential state budget cuts.

“We all know as economists you cannot produce jobs at nearly double the nation forever,” said Jerry Parrish, economist for the business-backed Florida Chamber Foundation. “Florida’s recession started earlier and lasted longer than the U.S. recession,” he said, so Florida had further to go to catch up.

Parrish notes that Florida continues to see a steady stream of people moving into the state — estimated at nearly 1,000 per day, many of whom are wealthy and middle class retirees fortified with pension accounts and retirement income.

Barriers to prosperity

Despite this influx of cash, the rising cost of housing and quality child care on top of wage stagnation are barriers to economic growth for many families, said Ann Reinert, vice president of Global Philanthropy at JPMorgan Chase, at a presentation on Florida’s economy at the chamber’s Future of Florida Forum on Sept. 28.

“Expanding economic opportunity exists in the state but for many Floridians it’s out of reach,” she said.

Although the recovery has lifted much of Florida’s housing market, the data

show a shrinking middle class with a rising number of people who are now too poor to own a home and are struggling to find affordable rental property.

In Seminole County, for example, housing costs have become so high that the county has seen a surge in the development of extended stay hotels.

Andreas Hunt, 25, of Sanford, is getting by living with his 66-year-old grandmother while he attends school to become a licensed practical nurse and works weekends as a nursing assistant. A broken leg and no health insurance left him living paycheck to paycheck with a slew of hospital bills.

“I barely can make my car payment,” said Hunt, who hopes to graduate in February and get a job as a nurse making \$18.50 an hour with healthcare benefits.

He’s voting for Clinton, he said. “I listen to my grandmother, and she says it’s hereditary,” he joked. But he has no clear idea what either candidate will do to put more money in his pocket.

“They spend all their time talking about each other that it’s become a game,” he said.

Florida’s new economy has rewarded many people like Hunt who have returned to trade school and pursued new careers.

“It’s clear that the people who have gone and gotten the better skills are doing better,” said Parrish, the chamber’s economist.

Solla, the Sanford nurse, was laid off from her job as an office manager at the peak of the recession. She took out a student loan, returned to school for five years and got a degree in nursing.

“It was very challenging — one of the hardest things I’ve ever done,” she said. “We had to cut back.”

Solla, who as a suburban woman is part of the demographic group that traditionally decides American politics, said she's voting for Clinton, primarily because she wants to see better pay for women.

"I don't see Donald Trump talking about any of that," she said.

White retiree wealth

The county that has seen the highest spike in median household income from 2007 to 2015 — Sumter County, at 14 percent — is home to The Villages retirement community. The U.S. Census bureau says Sumter County also has the fastest-growing population of people over age 65 in the nation.

Snaith, the UCF economist, says that retirees with financial assets have been among the greatest beneficiaries of the bullish stock and bond market and have seen their wealth rise. By contrast, the middle class, whose primary asset is often their homes, have not seen the gains in their home values recover to pre-recession levels.

Across the nation, Trump has his more reliable support among older, white voters. The Villages is no different.

"Have you seen the banners for Trump on the back of the carts?" asked Jeff Morningstar, 62, a retiree from Dayton, Ohio, referring to the ubiquitous golf carts that serve as proxies for cars for many retirees. "They're all over, but I haven't seen a single one for Clinton."

Morningstar, a former General Motors manager, is among the Trump supporters. "I lost 35 percent of my pension," in the Wall Street crash, he said. "I don't trust any of them."

Snaith warns that whoever is elected president in November, "it is highly likely the next administration will be dealing with a recession. We're in the eighth year of this recovery."

His outlook is grim. With slow growth in gross domestic product, declines in payroll and private investment spending, China's "scary debt bubble" and the reductions in consumer confidence, he said, "that never has a happy ending."

Miami Herald Data Editor Kara Dapena contributed to this report.



