

# A Perspective on Florida's Income

Florida has been in a tight struggle for a place among the nation's leading income producing states since 1963, when it first became tenth in total personal income. At that time personal income amounted to \$11.9 billion, or \$52 million more than the next ranking state, Indiana. Last year it appeared that Florida was gaining ground, with an income of \$15.4 billion—approximately \$1.3 billion higher than the previous year and \$180 million more than was received by Hoosiers. However, the differential narrowed again in first quarter 1967, with Florida leading by \$67 million.

In the past Floridians have managed to sustain rapid aggregate personal income growth by creating new income sources and modifying old ones. Some of these efforts have been discussed in *Monthly Review* articles highlighting Florida's changing seasonal and employment patterns.<sup>1</sup> Other states have also changed and expanded their income sources. Accordingly, we need to compare the growth of various income sources in Florida over the past four years with that of other states.

<sup>1</sup>See August 1965 and June 1966.

Florida has held its place among the nation's top ten states in total personal income, but ranks only 29 in per capita income.

	PERSONAL INCOME					PER CAPITA PERSONAL INCOME				
	1st Quarter 1967		1963		Percent Change in Amount	1966		1963		Percent Change in Amount
	Rank	Amount (\$ Millions)	Rank	Amount (\$ Millions)		Rank	Amount (\$)	Rank	Amount (\$)	
California	1	68,224	2	52,615	29.7	6	3,457	4	2,997	15.3
New York	2	66,919	1	52,697	27.0	4	3,497	5	2,979	17.4
Illinois	3	40,204	3	30,228	33.0	2	3,532	7	2,915	21.2
Pennsylvania	4	35,961	4	27,847	29.1	19	2,968	19	2,441	21.6
Ohio	5	33,123	5	25,144	31.7	15	3,056	14	2,509	21.8
Texas	6	28,434	6	21,589	31.7	33	2,542	32	2,105	20.8
Michigan	7	28,222	7	20,787	35.8	10	3,269	13	2,587	26.4
New Jersey	8	24,966	8	19,400	28.7	7	3,445	6	2,965	16.2
Massachusetts	9	18,516	9	14,547	27.3	9	3,271	9	2,770	18.1
FLORIDA	10	16,061	10	11,865	35.4	29	2,614	31	2,145	21.9

Source: U.S. Department of Commerce.

contract construction, and services of all types also outpaced national growth rates.

Among the non-wage sources of Florida income, transfer payments from the government to citizens on pension or welfare, or for other purposes also advanced more rapidly than in the nation. These gains were bolstered by increased payments to citizens over 65, in part through new programs such as medicare. Property income, generally a relatively more important source of income in Florida, increased at about the national rate. On the other hand, proprietors' income, the smallest of the three non-wage income sources, grew less rapidly. Declining farm proprietors' income, which accounts for the low growth rate in this category, can be attributed to labor and production expenses increasing faster than gross receipts. Wage and salary disbursements to farm workers rose appreciably from 1963 to 1966, reflecting advancing production of Florida's labor intensive crops.

### Recent Developments

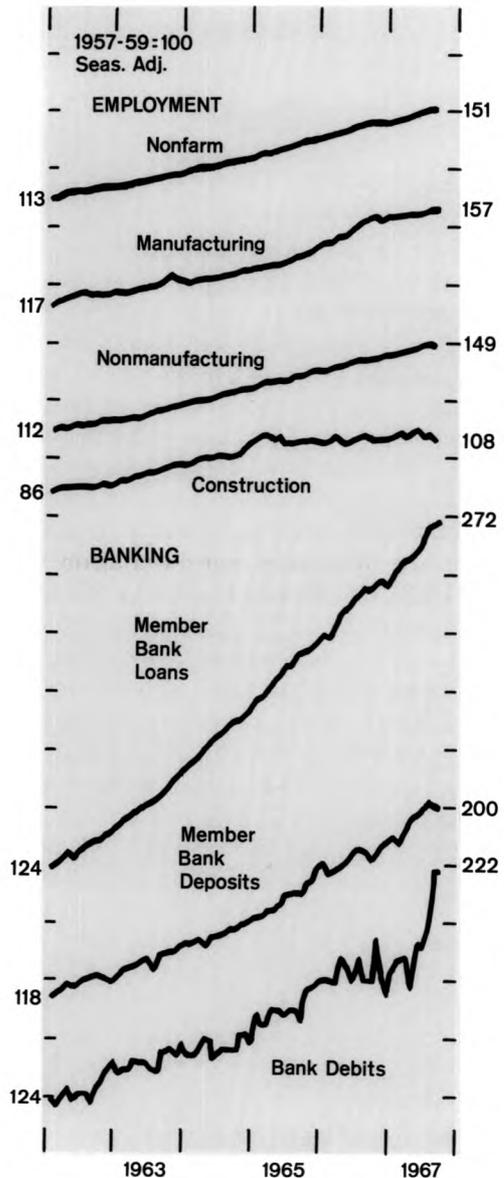
The pause in Florida's personal income growth during first quarter 1967 was generally experienced by other states as well. Nevertheless, there is considerable evidence that Floridians will engineer another strong advance in personal income this year now that national economic activity has turned up. In fact, personal income in Florida appears to have advanced faster than the national rate, according to estimates made by this Bank. Above-average gains for the state's non-manufacturing employment, especially trades and services, coupled with rising manufacturing payrolls, are providing the impetus. Considering the upturn in contract awards in 1967, construction employment should add to nonmanufacturing employment gains later this year.

Data for Florida member banks also point to rising levels of economic activity, with debits, deposits, and loans all showing sizable gains. Growth in time certificates of deposits, which expanded greatly in the first half of 1967, has slackened recently. However, growth in passbook savings accounts and a small revival in demand deposit expansion indicate that Florida banks are still being supplied with lendable funds.

### In Perspective . . .

Even if Florida produces another \$1-billion-plus income growth, progress will be slow on what is perhaps her major economic problem. Despite expanding personal income, Florida ranks only 29 in per capita income. Over the 1963-66

Rising employment and increased banking activity mirror Florida's income expansion.



period the state's rate of increase in per capita income, though generally topping other leading income producing states, was only slightly above the national average.

The state's population growth has been slower in recent years but remains well above that of all but a few states. Considering the projected growth of her population and present per capita income rank, reaching the top ten in per capita income is an impossibility for the near future. Even further improvement in ranking, which demands continued rapid income gains, presents a real challenge to the people of Florida.

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