

Economics column by Haas Center Director Zach Jenkins

Economic recovery not helping low-income areas of Northwest Florida

Pensacola, Fla. – April 6, 2016 – In a new column, Zach Jenkins, director of the Haas Center at the University of West Florida, discusses how economically distressed areas of Northwest Florida have fared since the end of the Great Recession of 2007-09. His article on the subject is below.

Recovery not benefitting low-income Northwest Florida communities

By ZACH JENKINS | zjenkins@uwf.edu

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The 250,000 residents living in economically distressed communities in Northwest Florida have probably heard that the economy has nearly recovered from the Great Recession, but they have their doubts. As they walk down their streets, one out of five homes is vacant, and it seems like businesses are closing more than they are opening.

They perceive that most adults are not employed and have given up looking for work. The Distressed Community Index for Northwest Florida communities demonstrates that such doubts are well-founded as recovery primarily benefitted the prosperous communities while distressed communities continue to lose jobs and businesses.

The DCI score, created by Economic Innovation Group, attempts to capture the well-being of a community. EIG calculates a DCI for more than 26,000 ZIP codes within the United States, using the U.S. Census Bureau's American Community Survey data on employment, education, poverty, housing vacancies and income. A DCI of 55 for a ZIP code indicates the "community" represented by this ZIP code is in the 55th percentile of economically distressed communities in its state. A score of 20 or below indicates a "prosperous" community, while an 80 or above indicates a "distressed" community.

The Haas Center used DCI to compare the top fifth to the bottom fifth of Northwest Florida's 91 ZIP codes located in the 14 counties west of Jefferson County. In Northwest Florida's most prosperous communities, employment grew by an average of 11.9 percent, and business establishments increased by 2.3 percent from 2010 to 2013. However, the most distressed communities saw employment *decrease* by 7.7 percent on average and business establishments fall by 7.54 percent over the same time period.

Using EIG's designations, approximately 23 percent of Northwest Florida's residents live in distressed communities, while only 10 percent live in prosperous ones. This is a far different distribution than for Florida as a whole, which finds 18 percent of residents in prosperous communities and 17 percent in distressed communities. Similarly, Northwest Florida saw a 1 percent decrease in business establishments from 2010-13 while Florida grew by 4 percent. It is

likely that much of this disparity can be explained by the Deepwater Horizon oil spill in 2010, which disproportionately affected the Northwest Florida counties.

EIG also uses DCI to measure how evenly economic well-being is distributed across a county - also known as spatial inequality. EIG measures the spatial inequality as the weighted standard deviation of the DCI scores within a county, and these scores generally range from 6 to 26.

In layman's terms, a low spatial inequality score indicates the DCI scores within a county are fairly close together (i.e., spatially equal); a high score indicates DCI scores vary drastically within the county (i.e., spatially unequal).

Haas Center analysts used EIG's methodology and found that Escambia, Okaloosa and Bay counties have spatial inequality scores of 19.8, 16.3 and 22.3, respectively. These scores indicate that the economic distress and prosperity vary widely across these counties. These findings are consistent with EIG's generalization that counties in the Southeast United States have the highest levels of spatial inequality in the country. EIG attributes this finding to the presence of economically distressed low-density rural and high-density urban areas within the same county as prosperous suburban communities. Other counties in Northwest Florida lacked population or number of ZIP codes required to calculate spatial inequality.

According to EIG, between 2010 and 2013 the median ZIP code in Florida experienced a 7.7 percent increase in employment and 3.9 percent increase in number of businesses established. Florida's median community outperformed the national median community, 5.6 percent and 1.2 percent, respectively.

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See attached headshot of Zach Jenkins

About the [Haas Center](#): A research and consulting arm of UWF, the Haas Center engages in applied research and strategy developments in economics and across the social sciences. The Haas Center has played a prominent role in economic development efforts across the Northwest Florida region and around the state for the past two decades.

About the [University of West Florida](#): Founded in 1963, the University of West Florida is a vibrant, distinctive institution of higher learning with undergraduate, graduate and targeted research programs. With multiple locations in Northwest Florida, the University serves a student population of more than 12,000. Dedicated to helping students realize their full potential, UWF favors small class sizes with quality teacher-scholars who deliver personalized, innovative, hands-on learning and leadership opportunities.

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