

# 2015 Florida Price Level Index\*

December 30, 2015

Jim Dewey  
 Director of Economic Analysis  
 Florida Polytechnic University

The Florida Price Level Index (FPLI) was established by the Legislature as the basis for the District Cost Differential in the Florida Education Finance Program. It represents the cost of hiring comparable personnel across school districts. Extensive data on wages is used to estimate the relative cost of hiring comparable workers among Florida's 67 counties in a given year.

The table below presents the 2015 FPLI, along with the 2014 and 2013 indices. The index is constructed

so that the population-weighted average is 100. The median Floridian, ranked by 2015 county FPLI, lives in Lee County, with an index value of 100.74. That is, less than half of Floridians live in counties with index values greater than 100.74, less than half in counties with index values less than 100.74, and the rest live in Lee County. The 9 counties with index values over 100.74 account for 49.76 percent of the state's population and the 57 counties with index values

below 100.74 account for 46.9 percent.

The map on the next page displays the distribution of the FPLI across Florida. As population density increases, workers face higher housing costs, longer commutes, or both, for which they must be compensated in the form of higher wages. Therefore, although many things affect counties' FPLI position, counties that are more urban tend to have higher values.

| County    | 2015   | 2014   | 2013   | County       | 2015   | 2014   | 2013   | County      | 2015   | 2014   | 2013   |
|-----------|--------|--------|--------|--------------|--------|--------|--------|-------------|--------|--------|--------|
| Alachua   | 95.83  | 96.56  | 98.27  | Hamilton     | 91.14  | 91.16  | 91.47  | Okaloosa    | 98.07  | 98.56  | 98.76  |
| Baker     | 97.06  | 97.07  | 97.03  | Hardee       | 95.92  | 96.69  | 95.30  | Okeechobee  | 97.05  | 96.85  | 95.07  |
| Bay       | 95.02  | 95.39  | 97.56  | Hendry       | 98.13  | 98.64  | 95.62  | Orange      | 100.46 | 99.78  | 100.49 |
| Bradford  | 96.49  | 96.50  | 96.46  | Hernando     | 96.35  | 96.27  | 96.77  | Osceola     | 98.13  | 97.47  | 98.96  |
| Brevard   | 98.59  | 99.04  | 100.22 | Highlands    | 93.43  | 94.18  | 94.29  | Palm Beach  | 105.42 | 104.88 | 102.18 |
| Broward   | 103.23 | 103.81 | 102.67 | Hillsborough | 100.97 | 100.89 | 100.75 | Pasco       | 98.27  | 98.19  | 98.83  |
| Calhoun   | 90.84  | 91.19  | 93.26  | Holmes       | 91.58  | 92.05  | 92.23  | Pinellas    | 100.81 | 100.95 | 100.87 |
| Charlotte | 98.10  | 98.89  | 97.49  | Indian River | 99.30  | 100.54 | 98.47  | Polk        | 96.34  | 96.26  | 98.17  |
| Citrus    | 93.69  | 93.35  | 94.99  | Jackson      | 90.33  | 89.53  | 91.79  | Putnam      | 95.33  | 95.34  | 95.30  |
| Clay      | 99.10  | 99.11  | 99.07  | Jefferson    | 93.04  | 92.73  | 93.94  | Saint Johns | 99.16  | 98.82  | 98.02  |
| Collier   | 104.47 | 105.01 | 100.28 | Lafayette    | 89.22  | 89.85  | 91.44  | Saint Lucie | 98.53  | 99.68  | 98.91  |
| Columbia  | 93.47  | 93.48  | 94.85  | Lake         | 96.99  | 96.33  | 97.02  | Santa Rosa  | 95.48  | 95.03  | 96.41  |
| Dade      | 102.63 | 102.39 | 102.51 | Lee          | 100.74 | 101.26 | 100.87 | Sarasota    | 101.62 | 102.44 | 100.97 |
| De Soto   | 97.10  | 97.89  | 96.48  | Leon         | 95.81  | 95.50  | 96.75  | Seminole    | 99.03  | 98.72  | 99.17  |
| Dixie     | 90.57  | 91.26  | 92.88  | Levy         | 92.51  | 93.22  | 94.86  | Sumter      | 94.83  | 94.19  | 95.45  |
| Duval     | 101.46 | 101.47 | 101.43 | Liberty      | 90.80  | 90.50  | 93.01  | Suwannee    | 91.07  | 91.09  | 91.81  |
| Escambia  | 95.96  | 96.05  | 98.20  | Madison      | 89.87  | 89.58  | 92.32  | Taylor      | 89.96  | 89.66  | 92.00  |
| Flagler   | 94.03  | 94.04  | 94.38  | Manatee      | 99.28  | 100.08 | 100.05 | Union       | 95.41  | 95.42  | 95.38  |
| Franklin  | 89.16  | 88.87  | 90.67  | Marion       | 94.41  | 93.43  | 94.97  | Volusia     | 95.33  | 94.75  | 98.25  |
| Gadsden   | 93.29  | 92.98  | 94.19  | Martin       | 100.53 | 101.70 | 99.24  | Wakulla     | 93.35  | 93.04  | 95.27  |
| Gilchrist | 92.66  | 93.37  | 95.02  | Monroe       | 101.35 | 103.03 | 100.24 | Walton      | 95.02  | 95.50  | 95.69  |
| Glades    | 96.63  | 96.94  | 94.50  | Nassau       | 98.70  | 98.71  | 98.67  | Washington  | 91.31  | 91.66  | 93.74  |
| Gulf      | 91.54  | 91.89  | 93.98  |              |        |        |        |             |        |        |        |

\* This report, available at <https://floridapolytechnic.org/wp-content/uploads/2015fpli.pdf> and <http://www.fldoe.org/fefp/>, is the product of a collaboration between Florida Polytechnic University and the University of Florida's Bureau of Economic and Business Research.

## About the FPLI

Prior to 2003, the FPLI was a weighted average of the relative prices of goods and services purchased by consumers. However, across geographic areas, other things being equal, places that are more productive, and thus more attractive to firms, will have higher wages and prices, while places that are more pleasant in which to live, and thus more attractive to workers, will have lower wages and higher prices. Consequently, in areas that are otherwise less attractive to live in, relative wages will exceed relative prices, while in areas that are otherwise more attractive to live in, relative prices will exceed relative wages. As a result, a simple weighted average of the relative prices of purchased goods and services does not accurately measure differences among school districts in the cost of hiring comparable personnel.

Beginning with the 2003 FPLI, statistical techniques have been used to estimate an index of relative wages for comparable workers across Florida's 67 counties. This calculation is based on wage and employment data for hundreds of occupations collected by the Florida Department of Economic Opportunity's Bureau of Labor Market Statistics as part of the U.S. Bureau of Labor Statistics' Occupational Employment Statistics Survey. Although data for all occupations is not available for every county, data for many occupations is available even in small counties.

Once the initial index has been estimated, additional techniques are used to reduce statistical variation. First, a predicted value is generated for each county based on the correlation between the initial index and characteristics related to labor market outcomes, for example population density. This predicted index and the initial index are combined by calculating a weighted average of the two. To illustrate, if the weight placed on the predicted index in the weighted average were 0.4, the weight placed on the initial index would be 0.6. The weights for each county are calculated to maximize the

precision of the resulting estimate. Therefore, the higher the precision of the predicted index relative to the initial index, the higher the weight placed on the predicted index and the lower the weight placed on the initial index. Second, wages in nearby counties cannot differ too much from one another without inducing workers to commute from the low wage county to the high wage county. Therefore geographic smoothing is applied to ensure differences in estimates for nearby counties are not inconsistent with their geographic proximity.

