



The 2021 U.S. Prosperity Index and the Prosperity of Florida

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The United States Prosperity Index

Now in its 3rd year, the United States Prosperity Index measures the prosperity of all 50 states, Washington D.C., and 1,196 counties in 12 selected states¹, including the 67 counties of Florida.

The Legatum Institute², who produces

the Index, promotes that genuine prosperity is about far more than a society's economy or an individual's financial wealth; it represents an environment in which everybody is able to reach their full potential. Prosperity is therefore a multidimensional concept, captured through three domains, which are the essential foundations of prosperity —

Inclusive Societies, Open Economies, and Empowered People.³

Drawing upon 14 years of producing its global Prosperity Index and informed by the expertise of 40 U.S. advisors⁴, the Legatum Institute created the United States Prosperity Index in 2019, consisting of the three domains, 11 pillars, underpinned by 48 policy focused elements, which are proxied by a total of 215 indicators from over 80 separate publicly available data sources.⁵ The comprehensive set of indicators, at a state and county level, provides a rich and policy-focused dataset, enabling the potential of Florida, all other states and all counties in the selected states, to be identified and understood. This enables much more targeted policy responses that can drive tangible improvements in prosperity.

The Index is intended for national, state, and local governments, business leaders, investors, philanthropists, and civil society leaders across the U.S., to help set their agendas for growth and development, and that others will use it to hold them to account. It is a rich source of information to help inform the appropriation of funds from the American Rescue Plan.

This article sets out the key findings that emerge from the 2021 United States Prosperity Index, for Florida and the nation as a whole. Further information on the Index, including the performance of Florida and its 67 counties, and the full 2021 report, can be found via the U.S. Index website at www.usprosperity.net.

The United States is one of the most prosperous countries in the world

The United States continues to be one of the most prosperous nations globally and is well positioned to prosper in the future. The U.S. business environment actively supports startups, promotes competition and expansion, and encourages innovation and ideation, which results in a very strong global ranking of 4th for Enterprise Conditions. It also ranks 10th in the world for its Investment Environment: U.S. businesses have good access to capital from domestic and international sources, and there are strong property rights and protections in place for investors.

In addition to its many strengths, however, the nation faces challenges that are holding it back from performing even more strongly on the global stage. In particular, the United States ranks 66th on Safety and Security, on par with Morocco, and 59th on Health, weaker than Croatia. These weaknesses, which are experienced across many parts of the country, are acting as a brake on further progress.

Florida's Prosperity And How It Distributes Across The State

Florida (which ranks 31st out of 51 on prosperity) is the 6th most prosperous state of the 15 Southeastern states, which is also where the weakest performing states are located. Mississippi was the weakest-performing state in 2021 and in five of the past 11 years, and **Arkansas (50th)** the weakest in other years. The Northeastern states exhibit the highest levels of prosperity, with Massachusetts almost always the top-

performing state over the past decade. Outside the Northeast, **Minnesota** (3rd) and **Utah** (5th) also perform well. The distribution of prosperity within Florida varies considerably—see the text box, *Florida Focus*.

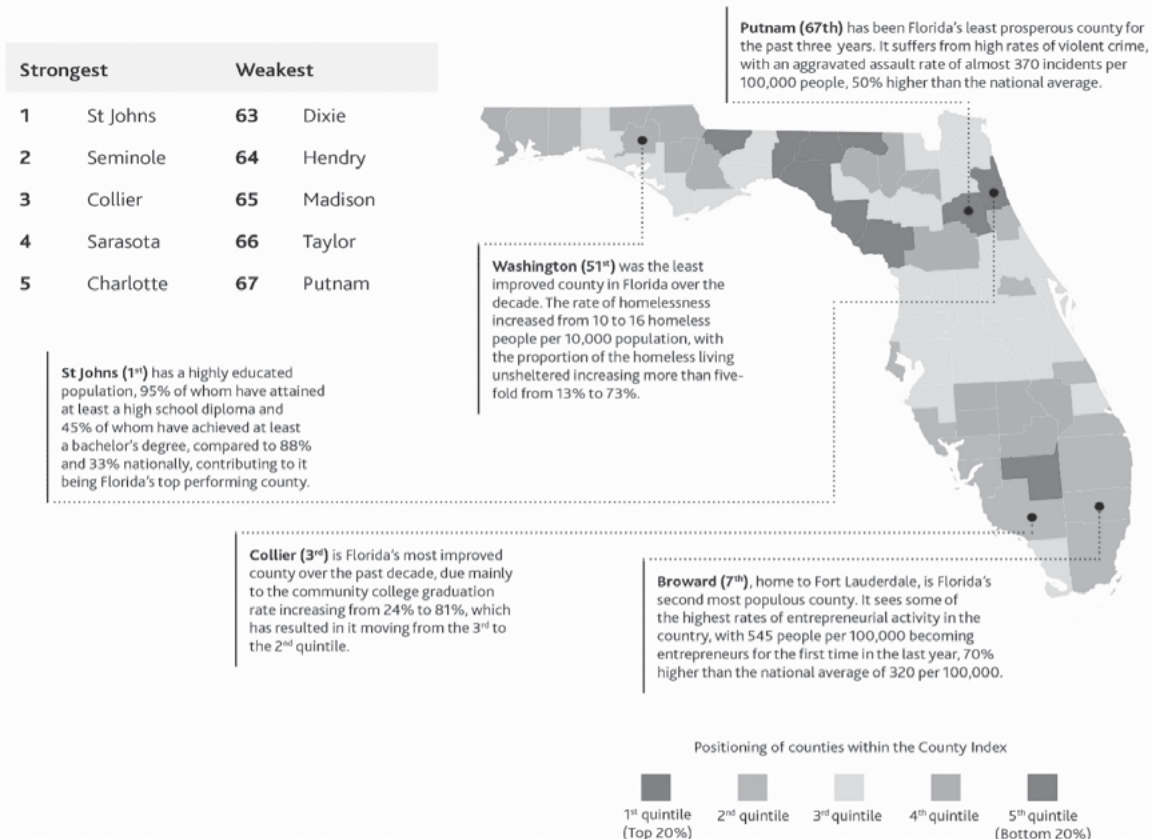
Florida Focus⁶

On the whole, urban counties within the county Index are more prosperous than rural counties, although this is not universally the case. For example, Gilchrist County, not far from Gainesville, has a population of less than 20,000 but ranks 25th of all counties in the state and sits in the 3rd quintile of the county-level Index,

whereas Putnam has a population of 75,000 and ranks last in the state. In particular, Gilchrist performs well on Safety and Security and the Natural Environment and also has strong Social Capital.

The socioeconomic differences that exist across the United States are reflected by race and ethnicity, as well as by place. For example, prior to the pandemic, one in two adults in a White family were degree-educated, compared to less than one in four for a Black family.⁷ Furthermore, among those without college education, a Black American was nearly twice as likely as a White American to be unemployed (15.4% vs. 8.4%).⁸ How these national patterns

Prosperity of Florida's counties 2021



are experienced at a local level is therefore important. For example, the infant mortality rate for African American mothers in Los Angeles County is three times the rate of White mothers, whereas in less urban Solano County, it is closer to twice the rate.

Florida Has Led The Increase In U.S. Prosperity, Which Had Been Rising Continuously For More Than A Decade

All states saw an improvement in prosperity since 2011, although Florida experienced the greatest improvement due to significant improvements in Governance and Health, as well as large reductions in certain types of crime, rising five places in the prosperity rankings as a result. The year-on-year rise in U.S. prosperity, prior to the pandemic, was more broadly due to long-term improvements across many aspects of U.S. society including the economy, education and crime, and as a result of Americans smoking and drinking less.

Improved skills

The long-term improvement in prosperity was also the result of an increase in the skills of the adult population, as people became more educated. In Florida, the percentage of adults that held a degree increased from 26 percent in 2009 to 31 percent in 2019. This compares with 28 percent and 33 percent respectively for the U.S. as a whole, resulting in 20 million more degree-educated Americans in 2019 than a decade previously. There was significant variation across Florida, however, with over 40 percent of adults in Leon, St. Johns and Alachua Counties degree educated, whereas

in Taylor, Hendry and Hamilton it was less than 10 percent. The percentage of adults in Florida that had a high-school diploma also increased over the same time period, from 86 percent to 88 percent, compared with 85 percent to 89 percent across the U.S. as a whole. The strengthening of Adult Skills was widespread, with all states and nearly 94 percent of counties experiencing improvement.

Reductions in smoking and drinking

The rise in prosperity over the past decade has also been a consequence of Americans becoming healthier overall, as rates of smoking and alcohol and pain-reliever abuse have all fallen. All states experienced a reduction in smoking rates since 2011, with Florida seeing nearly a five-percentage points reduction. In addition, Florida, and all but three other states, saw a reduction in the percentage of residents who have an alcohol-use disorder, with Arizona, Kansas and New Jersey seeing the biggest decrease. Furthermore, all states but Iowa saw a reduction in pain-reliever abuse.

Falling property crime

Another contributor to improving prosperity prior to the pandemic was falling rates of property crime, with Florida and Massachusetts seeing the biggest aggregate reduction. Burglary rates in Florida, for example, fell from 955 to 292 incidents per 100,000 population over the last decade. Eight states experienced an increase in rates of property crime, since 2011, with North Dakota experiencing the biggest increase, due in part to motor vehicle

thefts increasing from 133 to 234 thefts per 100,000 population and rates of larceny also increasing.

Increased productivity

The U.S. economy responded strongly following the global financial crisis, enjoying the longest period of economic growth in its history. The increase in prosperity was in part due to a steady increase in productivity and competitiveness across all but 6 states. Florida's improvement in productivity and competitiveness was due to Labor productivity increasing, although the per-capita value of both exported manufactured and non-manufactured goods fell, which resulted in Florida falling six places in the rankings for the Productivity and Competitiveness element. This contrasts with the per-capita value of exported goods increasing by over 10 percent, for the U.S. as a whole, and the export value of non-manufactured goods increasing by over 60 percent. Maryland and Massachusetts were among the 10 most improved states, with several other states seeing an increase in Gross Value Added per capita due to the fracking boom.

Prosperity weakened between 2020 and 2021 as COVID-19 impacted many aspects of U.S. society

The direct and indirect impacts of the pandemic have resulted in many aspects of prosperity deteriorating over the past year across the United States and many other nations. As the pandemic took hold, all but a handful of U.S. states introduced restrictions that curtailed other aspects of

prosperity. Governor Ron DeSantis issued an executive order on April 1, 2020, to restrict activities within the state, which remained in place until the end of September. From September, businesses were allowed to open to full capacity, but local health bodies had the ability to apply local restrictions. In May 2021, Governor DeSantis suspended all remaining restrictions adding "We are no longer in a state of emergency." At the time of writing, however, the number of COVID-19 cases and deaths arising from the virus are increasing across many states, including Florida, despite 55 percent of the U.S. population being fully vaccinated.

Social Wellbeing, the economy, and institutional strength have all been impacted by the pandemic and how states have responded to it. Nonetheless, the U.S. entrepreneurial spirit has risen to the challenge, and the number of new business applications has been the highest on record, which bodes well for a post-pandemic recovery.

Health

As of May 2021, COVID-19 death rates in Florida were 171 per 100,000 population. The highest rates were in New Jersey and in New York at 295 and 271 per 100,000 respectively, and lowest in Hawaii and Vermont, at 35 and 41 per 100,000. Overall, the mortality rate for those aged 15-64, which were already on the rise prior to the pandemic, increased from 288 to 347 per 100,000 population between 2019 and 2020, and the likelihood of a 65-year-old dying before they reach the age of 85, which had been falling in recent years, increased substantially from 49 percent to 57 percent.

COVID-19 has also had a significant impact on U.S. mental health. In a survey conducted by the Centers for Disease Control and Prevention (CDC) in June 2020, one in four young adults reported having seriously considered suicide in the 30 days before completing the survey.⁹ Initial estimates show that more than 90,000 Americans died from overdoses in the 12-month period to October 2020, compared to roughly 70,000 drug deaths during the same period a year earlier.¹⁰

Education

On March 16, 2020, Florida's schools were closed to in-person instruction and remained closed for the remainder of the 2019-2020 academic year. This activity was mirrored in many other states, resulting in millions of American pupils being denied a normal education. According to one study, a total of 24.2 million children aged 5 to 11 years were enrolled at public schools that were closed during the 2020 pandemic, losing a median of 54 days of teaching.¹¹ Another study estimates that by the end of June 2021, students could lose five to nine months of learning, on average.¹²

Living conditions

The national poverty rate increased from 15 percent in February 2020 to 16.7 percent in September 2020.¹³ In addition, figures from the U.S. Department of Housing and Urban Development show that the rate of homelessness increased by 2.2 percent between 2019 and 2020. Consequently, in 2020, 18 Americans in every 10,000 were homeless, equating to over 550,000 people — roughly equivalent to all residents

of Wyoming being homeless. Florida accounted for nearly 30,000 homeless — the 3rd highest of any state. However, after taking account of the differences in state populations, it ranks 15th with a rate of 13.2 homeless per 100,000 population, three and a half times less than the rate in New York.

Economic quality

Prosperity also weakened as restaurants, bars and non-essential retail closed. Shutting down certain parts of the economy resulted in 20 million non-farm workers losing their jobs across the nation. As a result of this action, Florida's unemployment rate increased from 4.9 percent in March 2020 to 14 percent in April 2020 but has since fallen back to around five percent. According to one study, Florida lost 605,900 jobs between February and July 2020.¹⁴ No state was spared job losses, but some were hit harder than others. Nevada's unemployment peaked at nearly 30 percent, Michigan rose to nearly 24 percent and unemployment in a number of Northeastern states, including New York and Massachusetts, rose above 15 percent. All states have seen unemployment rates fall back since the peak in April 2020, although the rate of progress has been uneven, and across the U.S. as a whole it is over 50 percent higher than it was pre-pandemic.

The number of new business applications saw an initial sharp decline from late March through May 2020. However, there was a resurgence in applications in June 2020, which continued through to May 2021 with new applications especially numerous in Florida, Georgia, and Texas. As a result, new business applications in 2020 were 20

percent higher than in 2019 and this was the highest annual figure since records began in 2004,¹⁵ which is an encouraging sign for a post-pandemic economic recovery.

Safety and security

Rates of identity theft significantly increased during the pandemic, although robberies and property crime reduced.¹⁶ Over the past few years, rates of identity theft have oscillated around 150 per 100,000 population, but in the latest year the rate rose sharply to nearly 400, with Florida having a rate of 470. In Kansas, Rhode Island and Illinois rates were over 1,000 per 100,000 population. Fraud also increased during the pandemic. In 2019, the Federal Trade Commission received 1.7 million fraud complaints, which increased to 2.2 million in 2020.¹⁷

Even prior to COVID-19, there were some significant challenges acting as a brake on U.S. prosperity

There were a number of long-term challenges that were holding the nation back from performing even more strongly on the global stage even before COVID-19 arrived in the U.S., that was affecting Florida and many other parts of the country.

More mass shootings

The rise in mass killings and injuries over the past decade has devastated many communities and weakened Safety and Security across the nation. The United States ranks 122nd globally for the Mass Killings and Injuries (including terrorism) element, just below Eritrea and just above Iran. Since

2013, death rates from mass killings in the U.S. have increased by over 50 percent, and injuries from such events have increased by 80 percent, although in Florida the increase has been 66 percent and over 200 percent respectively. All but four states and D.C. have experienced at least one mass shooting since 2013 and more than half of all states including Florida, have been subject to at least one mass shooting in every year since 2013. Over 40 percent of counties in Florida experienced at least one mass shooting since 2013, significantly higher than 17 percent of counties across all the 12 states.

Rising obesity

Offsetting the notable improvements mentioned above in certain behavioral risk factors, are high and increasing rates of obesity, which contribute to the United States ranking 165th globally for the Behavioral Risk Factors element. Just over a quarter (27 percent) of adults in Florida self-report as obese. There is significant disparity across the state, however. In Gadsden County, the rate is 43 percent, over twice that in Martin County (20%), although still considerably less than 59 percent in Okfuskee county, Oklahoma, and 53 percent in Candler County, Georgia. Georgia boasts the county with the lowest obesity rate, Taliaferro county at 13 percent, again highlighting the considerable disparity that exists within a state and emphasizing the need to consider more localized policies to address certain challenges. Other states have experienced a much greater rise in obesity than Florida, which saw less than a 0.5 percent point rise since 2011. For example, West Virginia, Tennessee and North Dakota, have all seen

rates rise by seven percentage points over the past decade.

Weakening mental health

All states and D.C. experienced a deterioration in mental health since 2016, with Delaware, Kansas and D.C. seeing the greatest deterioration in the five years leading up to the pandemic. The increase in the number of “deaths of despair” — suicides and drug overdose deaths — was already well documented,¹⁸ claiming tens of thousands of American lives each year. These events have a devastating impact on family, friends and the wider community, but also cost the U.S. nearly \$80 billion a year in healthcare, lost productivity, addiction treatment and criminal justice involvement, according to the CDC. In Florida, drug overdose deaths rose, from 17 to 26 deaths per 100,000 population, although in Delaware, the rate more than doubled to 48 deaths per 100,000 population. All but six of the 1,196 counties analyzed experienced a weakening in mental health since 2016. Over the past decade there has been an increase in illicit drug-use disorders, with all but eight states seeing an increase, although the rate of increase in Florida was less severe than in other states. Over five percent of residents in Colorado are reported to have an illicit drug-use disorder, equivalent to nearly 300,000 people, compared to 2.5 percent in Florida.

Declining social networks

U.S. Social Capital weakened between 2011 and 2016 but had been gradually improving since then, although more nuanced patterns emerge across the

different elements within the pillar. Personal and Family Relationships have continued to strengthen since 2011, benefiting from reductions in divorce and teen birth rates and more frequent contact between friends and family, with all states improving. In Florida, divorce rates fell by 17 percent and teen birth rates fell by nearly 60 percent. However, Social Networks continued to deteriorate over the past decade in all states but Rhode Island, Maine and North Dakota. Just over half the population report frequently talking with neighbors, down from two-thirds a decade ago. In Florida, this decrease is less pronounced, with 58 percent of residents reporting talking frequently with neighbors compared with 64 percent a decade ago. However, general trust in people in the neighborhood in Florida stands at only 47 percent, compared to 56 percent across the U.S. as a whole.

Conclusion

The handling of a global pandemic and its consequences, a presidential election that has been highly contested by a significant proportion of Americans, the attack on Capitol Hill, and the conviction of a police officer for the murder of George Floyd are all likely to be reflected upon as significant moments in U.S. history. These all have an impact on establishing an inclusive society, an open economy and empowered people – the building blocks of prosperity. Even before these more recent events, there were a number of warning signs that were already undermining progress in Florida and across many other parts of the country.

In total, around \$6 trillion has been made available by the Federal Government

to help states and counties recover and rebuild from the pandemic. Although the full impact of COVID-19 on the prosperity of Florida, other states and counties within states is yet to be fully understood and measured, the U.S. Prosperity Index provides a holistic and comprehensive framework for each state and county to identify its challenges and opportunities and determine the appropriate response. A DNA prosperity footprint for Florida and for each of the 67 counties across the state,

as well as for other states and counties, provides a rich source of information to identify areas where prosperity needs to be strengthened.

As it looks to its future, America can draw inspiration and courage from how it has overcome significant challenges in the past and take confidence from a number of long-term improvements it has seen across many parts of its society, to reset and rebuild a more prosperous nation that will benefit all Americans.

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- 4 <https://usprosperity.net/about/the-working-group>
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