

EXECUTIVE SUMMARY

Miami-Dade County has experienced a steady and rapid population growth, particularly in the 1960s and 1970s. Population doubled from 1960 to 1990. Projected growth through 2025 is expected to follow a similar trend, albeit at a somewhat slower rate. The principal driver of population growth has been and will continue to be immigration. Net immigration is projected to reach over 240,000 persons in the period 2020-2025.

Clearly the effects of immigration over the past 41 years have dramatically shaped the ethnic composition of Miami-Dade County. It is expected that there will be a more moderate augmentation of Hispanics as the dominant ethnic group over their current 61 percent level.

Other things being equal, perhaps no other single variable is correlated more closely with personal income than is educational attainment. Data on educational attainment in Miami-Dade indicates that over 32 percent of the population has achieved less than a high school diploma. Further, of this number, 219,293 or 14.7 percent of the population have completed less than a ninth grade education. Much of this very low level of educational attainment appears attributable to the nature of immigration inflows, particularly since the late 1970s.

For Miami-Dade County in 2005 just over one-half of its residents were foreign born. Among 776 U.S. counties for which comparable data is available, Miami-Dade ranked highest in the percent of people who are foreign born with a rate of 50.3 percent.

Current income figures for the County are quite low by national standards. Both median household and median family income are approximately 80 percent of the corresponding figures for the nation. This condition is exacerbated by the bimodal pattern of income distribution in the County. While at the upper income ranges Miami-Dade households essentially mirror the national figures, at the lower income ranges the County is significantly over-represented relative to the nation. Over 20 percent of households in Miami-Dade have an income below \$15,000. Still worse is the situation for Black households which are almost 28 percent below the above-mentioned figure.

The current income and income distribution patterns are a result of structural changes in Miami-Dade, in part, the result of massive immigration in the late 1970s and early 1980s followed by a steady inflow thereafter. Per capita income was indeed higher in Miami-Dade than in the nation through 1979. After that time, the U.S. figures were higher than those of Miami-Dade. The divergence both in per capita income and median household income steadily and substantially widened.

The current low income levels generate high poverty levels in Miami-Dade County. The 2005 poverty level of just under 18 percent for the County as a whole has jumped to almost 29 percent for Black persons. The Hispanic poverty rate is considerably lower at just under 17 percent. These current poverty rates for both minority groups have remained virtually unchanged since 1979.

The two factors most closely associated with these high poverty rates are low levels of educational attainment and family structure. In Miami-Dade for the year 2005, just over 27 percent of those below the poverty level had less than a high school diploma. The much higher rate poverty rate of 17.5 for those persons with a high school diploma in Miami-Dade County compared to the corresponding rate of 11.2 percent for the nation is, indeed, very disturbing. Family structure is another variable closely correlated with the poverty level. In particular, very

high poverty rates are associated with female-headed households with children. Just over 38 percent of all female-headed households with children in Miami-Dade were below the poverty level. The corresponding figure for Black female-headed households is even higher at just under 50 percent.

These low income levels, and correspondingly high rates of poverty prevalent in Miami-Dade County, when coupled with rapid increases in housing costs give rise to a housing affordability gap that has markedly widened since 2000.

Miami-Dade County boasts a \$105.9 billion economy at current prices propelled by a workforce of 1.13 million. The economy has grown in real terms for 30 of the past 35 years. From 2001 to 2005 it is estimated that the Miami-Dade economy grew at a healthy 3.5 percent annual rate compared to the national figure of 2.8 percent. It is projected that future economic expansion will, in large measure, derive from gains in labor productivity.

As previously mentioned, a significant portion of the growth in the economy has come from a steady increase in the population, which, in turn, fuels a steady increase in the labor force. The labor force grew from 878,403 in 1983 to 1,113,560 in 2005. This represented a 26.8 percent increase over a 23 year time period. Over this same interval, the level of employment rose by 37.3 percent.

It is important to note the very large discrepancy between mean or average wages and median wages. The median wage of \$11.74 is 34.8 percent below the mean hourly wage rate in the County. Looking at wages rates of the top 25 occupational categories, by employment level, 44 percent of these categories have a median hourly wage rate of \$10 per hour or less. Together they account for 174,240 jobs or 17.3 percent of the jobs in Miami-Dade. This has clear implications in regard to low household income levels and, in turn, the incidence of poverty in Miami-Dade.

The economy is led by a diversified group of four sectors, primarily service related, that provide over 50 percent of employment in Miami-Dade County. Each of the following sectors account for more than 10 percent of Miami-Dade employment: Professional and Business Services, Government, and Education and Health Services and Retail Trade. The Wholesale Trade and Transportation sectors, that clearly are linked to international trade, provide only 11.5 percent of the County's employment base. Finally, the Leisure and Hospitality sector that significantly services the Miami-Dade tourism industry provides 141,786 jobs or 8.7 percent of total employment.

In 2004, Miami-Dade firms average 11.7 employees, whereas for the U.S. this number jumps to 15.6. In Miami-Dade, 64.7 percent of establishments had between 1 and 4 employees, whereas the corresponding figure for the nation was 54.4 percent.

When compared to all firms in the County, minority business firms are characterized by their smaller size as measured by number of employees, receipts and payroll. Although the numbers of Black and Hispanic owned firms, at first glance appears high at 191,522 or 64.4 percent of all firms in Miami-Dade County, most of these are self-employed firms with no employees. Black and Hispanic minority firms provided 148,234 jobs or 17.5 percent of total private sector employment in 2002.

The two significant external generators of economic activity in Miami-Dade County are international trade, and tourism. While there is no rigorous way to determine the weight of

international trade and tourism in the Miami-Dade economy, without doubt, both of these external sectors are vital components for a healthy and growing local economy.

The role of Miami-Dade as a transshipment hub has greatly expanded in volume terms and has become somewhat more diversified in terms of origin and destination of goods. While Latin America and the Caribbean Basin still account for the bulk of export and import volumes, it is important to note that among the leading import partners, three of the top 10 are from outside the Latin American region.

While cargo tonnage increased by more than ten fold at the Port of Miami and slightly more than six fold at Miami International Airport since 1970, it was characterized by significant fluctuations in activity. Most notably, cargo tonnage declined at both facilities from 1981 to 1984 and volumes did not return to more robust growth at the Seaport until 1989. Clearly, this was a result of deep economic contraction in much of Latin America.

Tourism in the Greater Miami area continues to be an important component of the overall Miami-Dade economy. Since 1980 tourism, as measured by overnight visitors, has grown steadily from just over 6.7 million in 1980 to 11.3 million total visitors in 2005. However, this growth has been marred by several significant downturns in tourist activity. From 1980 through 1986, there was a continuous decline in total visitors. In fact, it was not until 1988 that the total visitor count reached the 1980 level. In addition, from 2000 until 2003, total visitor count fell continuously, decreasing by 927,700.

The Miami-Dade economy is characterized by a dual or bimodal nature. By this it is meant that there is a very marked divergence between the low end and the high end of the economy. Characteristic of this condition is a widening gap in wage income between those who work in positions requiring high levels of education and training and those who do not. As a result, while the economy as a whole has prospered, there are too many communities in the County that have been bypassed by the benefits of economic growth.

The primary structural factors that have led to this bimodal economy are low levels of job skills and education, insufficient productive investment and social overhead capital, as well as the somewhat more formal intractable issue of single parent family structure. In addition, the inability of the Miami-Dade economy for a variety of reasons to adequately absorb workers at low educational and skill levels has also contributed to this bimodality.

High levels of poverty in Miami-Dade are directly linked to low levels of educational attainment. Currently, for those residents without a high school diploma, 27.1 percent were below the poverty level.

Single parent family composition is closely correlated with the poverty level. In Miami-Dade County, 42 percent of all families that are below the poverty level are female headed with children.

Structurally, continuous and sizable immigration flows have had significant impact on the Miami-Dade economy. Over the years, these inflows have included aspects that have put strains on the local economy.

These structural issues affecting Miami-Dade do not disappear when the economy is in an expansionary cycle characterized by low unemployment rates, as is currently the case. Unless actions taken by the County (hopefully in tandem with the private sector) lead to an increasing

incorporation of those not benefiting from economic growth in the past, their income levels and living conditions will continue to experience relative deterioration over the long run, as has been the case previously.

The recommendations in this report are intended to ameliorate some of the issues discussed above relating to poverty, income disparity, unemployment, job creation, and the affordability of housing. Some key strategic recommendations include:

1. In order to help break the cycle of poverty related to female-headed households with children, provision of varied job training opportunities, and the availability and affordability of day care services are essential.
2. Support the development of consumer-oriented enterprises that employ labor intensive technologies, which do not require extensive and costly training nor advanced production technologies or heavy infusions of capital.
3. Facilitate the development of business capacity for entrepreneurship and the provision of a micro loan programs to initiate small business activity.
4. Develop job training programs in conjunction with, and geared to serving the needs of, the business community.
5. Pursue a dual development strategy that not only promotes the growth of 21st century high technology industrial clusters, but concurrently stimulates the growth of small and medium sized firms that rely on labor intensive technologies and are primarily oriented to local consumer markets.
6. Remove obstacles to business development in economically distressed communities by providing adequate infrastructure, in particular sewer services.

See the complete list of recommendations immediately following this section.

Recommendations

The following recommendations are intended to ameliorate some of the previously discussed issues related to poverty, income disparity, unemployment, job creation and the affordability of housing:

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2. Support the development of consumer-oriented enterprises that employ labor intensive technologies, which do not require extensive and costly training nor advanced production technologies or heavy infusions of capital.
3. Facilitate the development of business capacity for entrepreneurship and the provision of a micro loan programs to initiate small business activity.
4. Develop job training programs in conjunction with, and geared to serving the needs of, the business community.
5. Pursue a dual development strategy that not only promotes the growth of 21st century high technology industrial clusters, but concurrently stimulates the growth of small and medium sized firms that rely on labor intensive technologies and are primarily oriented to local consumer markets.
6. Remove obstacles to business development in economically distressed communities by providing adequate infrastructure, in particular sewer services.
7. Capitalize on existing regional comparative advantages and growth poles or clusters, such as international trade and biomedical industries, by developing backward linkages to strengthen economically distressed communities.
8. Strengthen efforts to attract large business investment to the area, especially projects with a significant multiplier and spread effect.
9. Expand commercial ties not only with Latin America and other foreign trading regions, but also broaden linkages with the national economy.
10. Promote balanced and sustainable growth by maintaining viable agricultural and farming industries.
11. Foster the building of affordable housing through housing cooperatives that promote empowering residents as stakeholders and owners.
12. Promote the expansion of affordable housing through partnerships with non-profit enterprises, including faith-based organizations.
13. Identify all County vacant properties and those properties with tax and other liens in order for them to become available as affordable housing and/or commercial development.

14. Promote the Goals, Objectives, and Policies of the Miami-Dade Comprehensive Development Master Plan (CDMP) Economic Element as they relate to job creation and the reduction of income disparities.
15. Coordinate all County economic development efforts and prioritize them by desired outcomes.
16. Establish a strong collaborative effort with municipalities within the County and, most importantly, the private sector, to accelerate the growth and diversification of the local economy.