2020

SMALL BUSINESS. BIG IMPACT.

REPORT ON SMALL BUSINESSES IN MIAMI-DADE COUNTY

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ECONOMY OUTLOOK

Miami-Dade's economy was showing significant growth in job creation, wages and entrepreneurship prior to the pandemic.

56% of the workforce is in five sectors:
- Healthcare and Social Assistance (19.9 percent),
- Retail (12.1 percent),
- Accommodation and Food Services (11 percent),
- Transportation and Warehousing (7 percent), and
- Professional, Scientific, and Technical Services (7 percent)

PRIVATE EMPLOYMENT

Miami-Dade has a robust small business community and is among the leading areas in the country for entrepreneurial activity.

14.3% of workers over age 16 are self-employed

72% of workforce is employed in private companies

57.8% of private employment is in establishments of under 100 workers

60% increase in nonemployer establishments
76% increase in sales of nonemployer establishments
9.8% increase in average receipts (sales)
**EXECUTIVE SUMMARY**

**BENCHMARK COMPARISONS**
San Diego County (San Diego, CA), Orange County (Orlando, FL), Fulton County (Atlanta, GA), Mecklenburg County (Charlotte, NC), King County (Seattle, WA) and Harris County (Houston, TX)


- **19.5%** increase in number of firms
  - highest increase was in Orlando (26.2%)

- **23.2%** increase in employment
  - highest increase was in Orlando (30.5%)

- **59.6%** increase in payroll
  - lowest increase after Houston (46.7%), highest was in Seattle (83.0%)

54,167 loan originations to businesses with gross annual revenues of $1 million or less in Miami-Dade County, highest among comparison counties

$17,306 average size of business loans in Miami-Dade, lower than the six benchmark counties and US - $36,000

**COVID-19 IMPACT**

The structure of Miami-Dade County’s economy in terms of sectors and high percentage of small business establishments amplified the COVID-19 impact.

- 6.9% unemployment rate in April 2021, peak at 15.2% in July

As of April 2021:
- 70.9% of businesses in Miami Metro area indicated moderate to large negative effect of COVID-19
- 31.2% anticipate they will need to increase marketing or sales
- 37.6% anticipate business will return to normal operations in more than six months

Multiple organizations provide support for small businesses, including local governments, nonprofits, banks and educational institutions.

Some of the needs small business service organizations identified include general consultation for business plan development, marketing, mentoring, and financial resources to survive this pandemic. COVID-19 highlighted the need for businesses to engage in digital marketing and sales.

Sources: U.S. Bureau of Economic Analysis, U.S. Census Bureau, American Community Survey, Florida Department of Economic Opportunity; Interviews with organizations
Introduction

In 2018, the FIU Jorge M. Perez Metropolitan Center, in partnership with the Florida SBDC at FIU, created the Small Business Big Impact report on small businesses in Miami-Dade County. Using the most recent data available from the U.S. Census Bureau and the Florida Department of Economic Opportunity, the report was constructed to understand the state of the small business economy in Miami-Dade County. The 2020 Small Business. Big Impact report builds on the 2018 report’s findings and details changes in Miami-Dade’s economy, with a focus on small businesses, in the two years since the first report. The most recent data available from each source was utilized for the analysis of the 2020 report.

The current update highlights the continued growth of Miami-Dade’s economy. Private employment increased from 69.3 percent in 2012 to 72 percent in 2019, while the percentage of self-employed in their own incorporated businesses decreased to 6.4 percent, down from 6.5 percent. Private-sector employment increased by 21.9 percent from 2012 to 2019. For the same period, the number of self-employed individuals in incorporated businesses increased by 12.5 percent. There was also a 22.3 increase of individuals employed in their own not incorporated business. These numbers indicate that the growing economy has been able to absorb the expanding workforce, which increased by 17 percent since 2012, driven by the area’s fast-paced population growth.

According to the U.S. Census Bureau’s County Business Patterns, there was a 5.1% increase in the number of business establishments in Miami-Dade, from 82,293 in 2015 to 86,855 in 2019. The percentage of establishments employing fewer than 100 workers increased to 98.2 percent, up from 98.1 percent in 2015, and the percentage of microbusinesses or firms employing fewer than 10 workers also increased.

In 2016, most workers were employed in the Retail sector, followed by Healthcare and Social Assistance, Accommodation and Food Services, Transportation and Warehousing, and Professional, Scientific, and Technical Services. In 2019, most private-sector workers were employed in Healthcare and Social Assistance (14.7 percent), Retail (13.8 percent), Accommodation and Food Services (13.6 percent), Professional, Scientific, and Technical Services (7.4 percent), and Administrative (6.8 percent). In both 2016 and 2019, the top five sectors accounted for approximately 56 percent of workers employed in the private workforce.

Impact of COVID-19

Data collection and analysis for the 2020 Small Business Big Impact report began before the global COVID-19 pandemic and, therefore, will serve as a baseline of the state of Miami-Dade County’s small business economy pre-COVID-19. The pandemic has already made a significant impact on the small business economy in Miami-Dade County and the United States overall.

Following the initial shock of business closures, layoffs and furloughs, the local and national economies seemed to stabilize. From April to August 2020, the unemployment rate steadily decreased. According to the U.S. Bureau of Labor Statistics, in April at the height of the COVID-19 crisis the unemployment rate in the U.S. had risen to an astounding 14.7 percent but has since decreased significantly to 8.4 percent in August. Although the unemployment rate is steadily improving since the onset of the pandemic, when compared to the unemployment rate from August of 2019 (3.7 percent), it is apparent that the American economy has a long road to recovery, especially for small business owners.

According to a Special Report on Coronavirus and Small Business by MetLife and the U.S. Chamber of Commerce, in April 2020, 24 percent of small businesses in the United States had already shut down temporarily due to COVID-19 and 40 percent of small businesses that were open at the time, reported having to shut down temporarily within the next two weeks.¹ Forty-three percent of small business owners estimated that they had less

than six months until they would have to shut down permanently. Federal aid to business owners through the CARES Act\(^2\) passed by Congress on March 27, 2020, helped to diminish the devastating economic impact of COVID-19 on the national economy from the onset of the pandemic through the summer months. The CARES Act was a $2 trillion economic relief package meant to provide fast and direct financial assistance for individuals and families, and small businesses in the U.S., The CARES Act, established the Paycheck Protection Program (PPP) intended to provide small businesses with up to 8 weeks of payroll costs including benefits. This program also applied to self-employed or independent contractors, and funds could also pay interest on mortgages, rent, and utilities. The CARES Act also established the Economic Injury Disaster Loans program for small business owners in the U.S. to apply for a loan of up to $10,000 to help supplement revenue during the economic crisis. This program was indented specifically for small businesses with fewer than 500 employees, private nonprofit organizations, or veterans organizations affected by COVID-19.

While federal aid for small businesses through the PaycheckProtectionProgramhelpedmanybusiness owners to remain operational and continue to pay their employees over the trying summer season, as the pandemic continues, need for additional financial assistance is apparent. According to a July survey conducted by Goldman Sachs with over 1,500 small business owners,\(^3\) 84 percent of PPP loan recipients were estimated to exhaust their federal funding by the first week of August and only 16 percent were very confident they could maintain

\(\text{Figure 0.1: U.S. Unemployment Rate (April-August 2020)}\)

![Unemployment Rate Chart](chart.png)

Source: U.S. Bureau of Labor Statistics

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their payroll without further federal relief funds. Only 37 percent of small business owners surveyed said that their business could survive another wave of COVID-19 if shutdown protocols were put in place again. Only 7 percent of black business owners were very confident they would be able to maintain payroll without more government relief packages and only 28 percent believed they could survive another wave of the pandemic if shutdown orders were enacted again.

Another informative survey regarding the impact of COVID-19 on residents throughout the United States is the Household Pulse Survey conducted by the U.S. Census Bureau. Over the 12 weeks since this data has been deployed to the public, in Florida an average of 49.0 percent of residents or households each week experienced loss of employment income since March 13th and an average of 37.9 percent of householders expected a loss of employment income in the next 4 weeks. According to the Florida Department of Economic Opportunity, the unemployment rate in the Florida reached a peak of 13.8 percent in April 2020 and has since been steadily decreasing each month to 6.3 percent in November 2020. In February 2020, the last pre-pandemic month, the unemployment rate was 2.8 percent. Miami-Dade's unemployment in February was 1.5 percent (not seasonally adjusted) but the unemployment rate peaked to 14.5 percent in July, declining to 7.4 percent in November 2020.

While the precise long-terms impact of COVID-19 on the small business economy is still unknown, it is predicted to be catastrophic for South Florida's tourism and hospitality-based economy. Half of Miami-Dade's economic output comes from small businesses, which are more vulnerable to economic shocks and will likely make the long-term recovery much harder. In a 2019 report, the JPMorgan Chase Institute researchers presented evidence of the vulnerabilities of small businesses in the Miami Metro area. Authors Farrell and Wheat found that 75 percent of the Miami metro firms in their sample were profitable, the majority had limited cash liquidity. Approximately 30 percent of Miami businesses had seven or fewer cash liquidity days, and less than half had at least 14 cash buffer days. The median small business in Miami had eleven cash buffer days than the median of 15 cash buffer days in the author's sample of 25 U.S. Metro areas.

The study also found that 60 percent of small businesses in majority White communities had between 14 and 21 cash buffer days, compared to only 15 percent in Hispanic communities, 6 percent in Black communities, and 17 percent in foreign-born communities. About 85 percent of small businesses in majority Hispanic communities and 94 percent in majority Black communities have only 7 to 14 cash buffer days.

The economic shock generated by the pandemic exposed some of the vulnerabilities of the local economy. The 2020 Small Business Big Impact report provides a comprehensive baseline to Miami-Dade County's small business economy that can be referenced as local, state, and the federal government continues to tackle the economic impacts of COVID-19.

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5 Florida Department of Economic Opportunity, Local Area Unemployment Statistics (LAUS)

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Figure 0.2: Unemployment Rate in Miami-Miami Beach-Kendall, FL Metropolitan Division (2020)

Figure 0.3: Unemployment Rate in Miami MSA (2020)
Overview of the Small Business Economy of Miami-Dade County

Small businesses are the foundation of economic development in the United States, and Miami-Dade County especially. In Miami-Dade County, most of the workforce is employed in private and local entrepreneurial activity. There were only slight changes highlighted below in employment and the number of small business establishments from the last Small Business. Big Impact. report.

In 2019, 72.0 percent of workers were employed in private companies, a 1.2 percentage point increase from 2016. The rate of self-employed in their own incorporated business decreased slightly from 6.4 percent in 2016 to 6.2 percent in 2019. Private employment in non-profit organizations was 5 percent.

It is notable that private employment in the county was 4 percentage points higher than the national figure of 68.1 percent while self-employment was almost double that of the country’s 3.6 percent. Private sector employment continued to increase at a faster pace than government or nonprofit sectors. From 2012 to 2019, employment in private companies in Miami-Dade County increased by 21.9 percent, outpacing the 17.3 percent overall workforce growth. Within that same period, self-employed workers in incorporated businesses increased by 12.5 percent while self-employed unincorporated business workers increased by 22.3 percent.

There are some differences in the distribution of private-sector workers by industry sector from 2016. In 2016, most workers were employed in the Retail industry, followed by Healthcare and Social Assistance, Accommodation and Food Services, Transportation and Warehousing, and Construction. In 2019, Healthcare and Social Assistance (12.9 percent) surpassed Retail (12.1 percent) in employment, but the other top sectors remained the same - Accommodation and Food Services (8.9 percent), Construction and Transportation and Warehousing (8.4 percent each). Altogether, these five sectors employed 50.7 percent of the workforce in 2019. Another important sector for the Miami-Dade economy is the Professional, Scientific and Technical services sector, employing 7.6 percent of the workforce.

When comparing employment by sector in Miami-Dade County versus in the United States overall, Miami-Dade has a higher proportion of the workforce in the top employment sectors, with the exception of Healthcare - 12.9 percent of workers in Miami-Dade are in this sector compared to 13.9 percent in the U.S. A higher portion of the U.S. workforce is employed in the Manufacturing sector, 9.9 percent versus 4.1 percent in Miami-Dade. Other sectors in the United States with a higher share of employment include Educational Services and Public Administration.

According to the 2017 Startup Activity Report by The Kauffman Index, Miami was ranked the number one metropolitan area for new business creation, surpassing Austin, Los Angeles, and San Diego. However, Miami ranked number 36 out of 40 metropolitan cities ranked on entrepreneurship growth, with only Detroit ranking lower in startup employment and revenue growth. The 2016-17 United States Global Entrepreneurship Monitor

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7 U.S. Census Bureau 2019, American Community Survey, 1-Year Estimates
8 U.S. Census Bureau 2019, County Business Patterns
(GEM) survey also measures entrepreneurship in major metropolitan cities. According to the survey, in Miami, 22 percent of working-age adults start or run new businesses, almost double the national average of 12.6 percent. The survey also found that 19 percent, or almost one out of five, entrepreneurs in Miami are starting out of necessity versus opportunity, a significant difference compared to the average 11 percent of entrepreneurs that start of necessity in the nation. A more significant percentage of entrepreneurs in Miami (24 percent) have at least some graduate education compared to the national average (19 percent). In terms of industry, Miami shows high startup activity in the Manufacturing/Transportation and Finance/Real Estate sectors, compared to national averages.10

The U.S. Census defines an establishment as “a single physical location at which business is conducted, or services or industrial operations are performed. It is not necessarily identical with a company or enterprise, which may consist of one or more establishments.”11 Miami-Dade has over 86,000 business establishments across a range of industry sectors.

In 2019, the top four industry sectors with the highest number of business establishments accounted for almost 50.1 percent of Miami-Dade, down from 52 percent in 2016. These four sectors include Professional, Scientific, and Technical Services (17.0 percent), Retail Trade (12.1 percent), Health Care and Social Assistance (11.0 percent), and Wholesale Trade (9.8 percent).12 The majority of businesses in Miami-Dade are considered small businesses, with 98.3 percent employing fewer than 100 workers.13 Most businesses – 81.4 percent – are microbusinesses, i.e. they employ fewer than ten workers. Nationally, 97.5 percent of firms have fewer than 100 employees, and 72.6 percent are microbusinesses.14

In 2018, 53.2 percent of the workforce in the United States was employed in firms with more than 500 employees. In comparison, about 16.3 percent were employed in firms with fewer than 20 workers. In Miami-Dade, 46.6 percent of workers are employed in establishments with over 500 employees, and 21.7 percent of workers are employed in establishments of less than 20 employees.15

11 U.S. Census Bureau, County Business Patterns, County Data Dictionary, https://www2.census.gov/programs-surveys/cbp/technical-documentation/records-layouts/2017_record_layouts/county_layout_2017.txt
12 Id.
13 For a description of the criteria for small business designation, see the U.S. Small Business Administration guide on size standards, https://www.sba.gov/contracting/resources-small-businesses/determining-business-size
14 U.S. Census Bureau, 2019 County Business Patterns.
Trends of Firms by Employment Size

In 2019, Miami-Dade County had over 86,000 small businesses employing more than 1,000,000 workers. Microbusinesses accounted for approximately 81.4 percent of the total private establishments in the County. Conversely, large companies with over 500 employees only accounted for 0.2 percent of firms.

The number of business establishments in Miami-Dade County increased significantly in the period after the 2007-2009 recession. The latest available data for 2019 shows an overall 19.5 percent year-over-year growth of firms from 2009 to 2019 (see Figure 2). The most significant increase (37.3 percent) was in large establishments with 500 employees or more. These numbers show pre-pandemic conditions but the pandemic will likely create similar, if not worse, effects on the small business economy as the 2007-2009 recession.

Six benchmark counties were selected for comparison - San Diego County (San Diego, CA), Orange County (Orlando, FL), Fulton County (Atlanta, GA), Mecklenburg County (Charlotte, NC), King County (Seattle, WA) and Harris County (Houston, TX) (see Appendix A for more discussion on methodology). Table 1 shows that Miami-Dade has a lower percentage of mid-size establishments (100-499 employees) and tied with San Diego County for large businesses (500+ employees). All six benchmark counties have the majority of their small businesses in microbusinesses (under 10). However, Miami-Dade has the highest percentage of microbusinesses (81.3 percent) of the six benchmark counties.

16 U.S. Census Bureau 2019, County Business Patterns
17 Unless indicated otherwise, the report uses the definitions of the U.S. Census definitions for enterprises, firms, and establishments (https://www.census.gov/programs-surveys/cbp/about/glossary.html). Enterprises and companies are used interchangeably. For small-size enterprises (under 100 employees), the number of firms and establishments overlap, therefore they will be used interchangeably. ‘Business’ will be used as a general reference for privately-owned organizations of any size.
18 See supra note 9.

Figure 1: Distribution of Firms by Employment Size

Table 1: Distribution of Firms by Employment Size

<table>
<thead>
<tr>
<th>Size</th>
<th>San Diego</th>
<th>King</th>
<th>Orange</th>
<th>Fulton</th>
<th>Mecklenburg</th>
<th>Harris</th>
<th>Miami-Dade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 10</td>
<td>74.4%</td>
<td>73.0%</td>
<td>73.5%</td>
<td>71.5%</td>
<td>69.4%</td>
<td>69.5%</td>
<td>81.4%</td>
</tr>
<tr>
<td>10-99</td>
<td>23.2%</td>
<td>24.3%</td>
<td>23.5%</td>
<td>24.5%</td>
<td>27.4%</td>
<td>27.0%</td>
<td>16.9%</td>
</tr>
<tr>
<td>100-499</td>
<td>2.2%</td>
<td>2.4%</td>
<td>2.6%</td>
<td>3.5%</td>
<td>2.8%</td>
<td>3.1%</td>
<td>1.6%</td>
</tr>
<tr>
<td>500+</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.4%</td>
<td>0.5%</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Total Firms</td>
<td>87,334</td>
<td>70,619</td>
<td>39,740</td>
<td>37,892</td>
<td>33,186</td>
<td>104,302</td>
<td>86,855</td>
</tr>
</tbody>
</table>

Source: U.S. Census, County Business Patterns, 2019
Employer Establishments by Sector

Most businesses in Miami-Dade County are in five main industry sectors that account for 57.0 percent of all businesses: Professional, Scientific and Technical Services; Retail Trade; Healthcare and Social Assistance; Wholesale Trade; and Real Estate.

From 2016 to 2019, there were some minor differences in the number of employer establishments by sector, with each sector displaying only slight increases or decreases in the number of establishments. The most notable difference is the higher ranking of the healthcare sector in terms of establishments, surpassing wholesale trade. In 2019, the real estate sector replaced “other services” as the fifth sector by number of establishments.

Professional, Scientific, and Technical Services

Workers and establishments within this sector engage in activities that require a high degree of expertise and training. These activities include legal services; accounting, bookkeeping, and payroll; architectural, engineering, and specialized design services; computer services; consulting; research services; advertising; photographic services; translation and interpretation services; veterinary services; and others.

There are 14,770 businesses within this sector. Over 91 percent of businesses are microbusinesses with fewer than 10 employees. There are 3 businesses in this sector that employ more than 500 employees.

Table 2: Number of Firms by Sector and Employment Size

<table>
<thead>
<tr>
<th>Sector</th>
<th>&lt;10</th>
<th>10-99</th>
<th>100-499</th>
<th>500+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional, scientific, and technical services</td>
<td>13,465</td>
<td>1,967</td>
<td>76</td>
<td>3</td>
</tr>
<tr>
<td>Retail trade</td>
<td>7,970</td>
<td>3,060</td>
<td>279</td>
<td>11</td>
</tr>
<tr>
<td>Health care and social assistance</td>
<td>7,655</td>
<td>2,453</td>
<td>157</td>
<td>35</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>7,091</td>
<td>1,870</td>
<td>78</td>
<td>4</td>
</tr>
<tr>
<td>Real estate and rental and leasing</td>
<td>5,781</td>
<td>743</td>
<td>26</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>70,673</td>
<td>14,650</td>
<td>1,381</td>
<td>151</td>
</tr>
</tbody>
</table>

Source: U.S. Census, County Business Patterns, 2019

Firms that provide legal services account for 28.8 percent of all establishments in this sector, followed by businesses providing management, scientific, and technical consulting services (see Figure 3). Only 0.5 percent of firms in these subsectors have more than 100 employees.

Retail Trade

Establishments in this sector sell merchandise and provide after-sales services such as repair and installation. Over a third of the 10,552 businesses in this sector are clothing and clothing accessory stores (20.1 percent) or food and beverage stores (14.2 percent), followed by health and personal care stores (10.7 percent), non-store retailers, that include electronic sellers (10.0 percent), and other miscellaneous stores (9.3 percent). Only 11 businesses in the sector employ 500 or more workers – of which nine sell general merchandise. Microbusinesses account for 75.7 percent of firms, while 97.3 percent of firms employ fewer than 100 workers.

Healthcare and Social Assistance

The industries in this sector range between establishments providing medical care exclusively, those that are providing health care and social assistance, and those providing social assistance. Experts deliver the services provided by establishments in this sector with advanced degrees and trained professionals.
Most of the 9,511 establishments in this sector are ambulatory healthcare services, including physicians, dentists, medical and diagnostic laboratories, and home health care services that account for 79.4 percent of firms. This sector also includes social assistance organizations (14.5 percent) that provide individual and family services, rehabilitation, and child daycare. There are also 551 nursing and residential care facilities (5.8 percent) and 33 hospitals (0.3 percent). The majority of establishments in the sector are microbusinesses (80.5 percent), while 98.0 percent employ fewer than 100 workers. This sector has the largest number of establishments that employ 500 workers or more with 35 establishments, of which 24 are hospitals.

Wholesale Trade

There are two main types of wholesalers in this sector: merchant wholesalers that sell goods on their account and business-to-business electronic markets, agents, and brokers that arrange sales and purchases for others for a commission or fee.

Most of the 8,476 establishments in this sector are merchant wholesalers of durable goods (60.2 percent), followed by merchant wholesalers of nondurable goods (32.1 percent), and wholesale electronic markets, agents and brokers (7.8 percent). In 2019, only four companies were employing over 500 workers, down from nine companies in 2015, three of which classified as nondurable goods merchant wholesalers. In the wholesale trade sector, 83.7 percent of firms are microbusinesses, and 99 percent employ fewer than 100 workers.

Real Estate and Rental and Leasing

The major portion of this sector comprises establishments that rent, lease, or otherwise allow the use of their own assets by others. The assets may be tangible, as is the case of real estate and equipment, or intangible, as is the case with patents and trademarks.

The 6,196 establishments in this sector are distributed across three subsectors: Real Estate (89.9 percent), Rental and Leasing Services (9.7 percent), and Lessors of Nonfinancial Intangible Assets (0.4 percent). In this sector, 93.3 percent of establishments are microbusinesses, 99.5 percent of firms employ fewer than 100 workers, and none of the firms employ 500 workers or more.

Other Sectors

The remaining industry sectors that round up the top ten list by number of establishments accommodation and food services, administrative and support services, finance and insurance, construction, and other services. Figure 5 shows that most establishments in these sectors are microbusinesses. The ‘other’ services sector includes establishments engaged in activities, such as equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, and providing drycleaning and laundry services, personal care services, death care services, pet care and others. Of the 6,205 firms in this sector, 86.9 percent have fewer than 10 employees. While each sector has businesses with employees of over 100, they only make up a small percentage of total firms. The accommodation and food services sector has the largest number of establishments with over 100 employees. See Appendix B for a detailed breakdown by the number of establishments.

According to the 2019 American Community Survey, approximately 50.7 percent of Miami-Dade’s
total workforce is employed in five main industry sectors: Healthcare and Social Assistance (12.9 percent), Retail (12.1 percent), Accommodation and Food Services (8.9 percent), Transportation and Warehousing (8.4 percent), and Construction (8.4 percent). These figures include all classes of workers, encompassing both private firms and self-employment and government employees. From 2016 to 2019, overall employment in these industries decreased from 49.7 percent to 50.7 percent.

According to 2019 QCEW data, more than half of private-sector workers are employed in the Healthcare and Social Assistance (14.8 percent), Retail (13.7 percent), Accommodation and Food Services (12.7 percent), Administrative (7.1 percent), and Professional, Scientific, and Technical Services (7.7 percent) sectors. The five main sectors for private workforce employment remained relatively stable at approximately 56 percent from 2016 to 2019. Only three of these sectors are in the top five in terms of the number of firms: Professional, Scientific and Technical Services, Healthcare and Social Assistance, and Retail.

Figure 5: Other Large Sectors by Establishment Size

<table>
<thead>
<tr>
<th>Sector</th>
<th>&lt;10</th>
<th>10-99</th>
<th>100+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accommodation and Food Services</td>
<td>52.0%</td>
<td>44.5%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Administrative and Support and Waste Management and Remediation Services</td>
<td>81.1%</td>
<td>15.6%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>83.8%</td>
<td>14.6%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Construction</td>
<td>84.5%</td>
<td>14.6%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Other Services (except Public Administration)</td>
<td>86.9%</td>
<td>12.6%</td>
<td>0.5%</td>
</tr>
</tbody>
</table>
Small businesses are major economic contributors to Miami-Dade's economy. In 2019, 81.4 percent of the 86,855 private businesses in Miami-Dade had fewer than ten employees (microbusinesses) compared to 72.6 percent of microbusinesses in the United States.19 The U.S. Census, the Small Business Administration, the Bureau of Labor Statistics, and other business data sources make a distinction between enterprises, firms, and establishments. An establishment generally refers to a single location, while a single firm may consist of many separate establishments. An enterprise may be a single firm or a combination of firms that engage in economic activities classified into multiple industries.20 Analysis of Business Employment Dynamics data from the Bureau of Labor Statistics shows that enterprise and firm-level series consistently track each other and follow a similar pattern of peaks and troughs over the business cycle.21

The employment data by business size is supplied by the U.S. Census in the Statistics of U.S. Businesses (SUSB) annual series, which were developed in cooperation with, and partially funded by the Office of Advocacy of the U.S. Small Business Administration (SBA). SUSB covers most of the country's economic activity. The series excludes data on nonemployer businesses, private households, railroads, agricultural production, and most government entities. The most recent data available from the U.S. Census Statistics of U.S. Businesses annual series is for 2018. The analysis that follows will focus on employment distribution in enterprises rather than firms or establishments. ‘Enterprise,’ ‘company,’ ‘business,’ and firm will be used interchangeably. It should also be noted that approximately 22 percent of Miami-Dade’s workforce is not accounted for in the private employment analysis as they work in nonprofit or government agencies or are self-employed. Subsequent sections will discuss overall employment in the county as well as the “gig economy” data, which addresses self-employed workers and nonemployer businesses. Table 3 shows the distinction between firms and establishments. Since firms with fewer employees are less likely to have multiple locations, the difference between number of firms and establishments is much smaller for the smaller size groups. The employment and annual payroll figures are shown for each enterprise category. According to the U.S. Census Bureau’s Statistics of U.S. Businesses, in 2018, most of the 77,447 private establishments in Miami-Dade had fewer than 20 employees. Despite their small number, establishments with 500 or more employees account for almost half of employment and more than half of the payroll.

In 2018, 53.4 percent of private employment was in enterprises with fewer than 500 employees, virtually unchanged from 2015, highlighting the fact that smaller companies are a bigger job contributor to Miami-Dade’s economy than companies with

<table>
<thead>
<tr>
<th>Enterprise Size</th>
<th>Firms</th>
<th>Establishments</th>
<th>Employment</th>
<th>Annual Payroll (in $1,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;20 employees</td>
<td>69,763</td>
<td>69,967</td>
<td>217,268</td>
<td>$9,377,769</td>
</tr>
<tr>
<td>20-99 employees</td>
<td>4,597</td>
<td>5,067</td>
<td>166,111</td>
<td>$7,042,672</td>
</tr>
<tr>
<td>100-499 employees</td>
<td>1,339</td>
<td>2,269</td>
<td>150,921</td>
<td>$7,736,447</td>
</tr>
<tr>
<td>500+ employees</td>
<td>1,748</td>
<td>8,939</td>
<td>466,631</td>
<td>$26,076,469</td>
</tr>
<tr>
<td>Total</td>
<td>77,447</td>
<td>86,242</td>
<td>1,000,931</td>
<td>$50,233,357</td>
</tr>
</tbody>
</table>


19 U.S. Census Bureau 2019, County Business Patterns
20 For definitions of each category, see Statistics of U.S. Businesses (SUSB) Glossary, https://www.census.gov/programs-surveys/susb/about/glossary.html
500 or more employees. In the U.S., only about 0.3 percent of businesses have over 500 employees but account for 52.9 percent of employment.

While small businesses are a significant economic contributor in Miami-Dade, they are also a significant contributor to job growth. Table 4 shows changes in employment for the four employment size categories. Between 2013 and 2018, employment in companies with less than 500 employees increased by 11.5 percent, lower than the 14.6 percent employment growth in firms with 500+ employees. While job growth from 2013 to 2018 was substantial (12.9 percent), the rate of job growth diminished from 17.1 percent in companies with fewer than 500 employees and 19.8 percent in 500+ employment firms from the 2010 to 2015 time period examined in the 2018 report.

This decreased job growth rate over time represents a slowing of the overall job growth rate for small business in Miami-Dade County. Since 2007, employment in firms of fewer than 500 employees in Miami-Dade has hovered between 53-55 percent of total employment. Approximately 114,000 private jobs were added to the economy from 2013 to 2018.

From 2013 to 2018, employment growth has increased year-over-year for each of the four business size categories but has been most consistent for larger businesses. The most significant job growth in the 2013-2018 period was in companies of 100 to 499 employees, with a 20.9 percent increase in employment. In the same period, job growth in businesses with fewer than 20 employees only increased by 5.2 percent, while the workforce of large businesses with 500 or more employees increased by 14.6 percent. Figure 7 shows the percentage change of total employees in each category. From 2013 to 2015, job growth slowed down for businesses with fewer than 100 employees, but increased in 2016. In 2017, job growth slowed down across all firm sizes but increased again in 2018.

Analyzing wages by business size category is another way to examine the contribution to the Miami-Dade economy. For this portion of the study, average wages were analyzed based on aggregate data by business size from Statistics of US Businesses (SUSB) data reports, which only allows for the calculation of the average wages.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;20 employees</td>
<td>206,527</td>
<td>208,714</td>
<td>210,802</td>
<td>213,545</td>
<td>215,212</td>
<td>217,268</td>
<td>5.2%</td>
</tr>
<tr>
<td>20-99 employees</td>
<td>147,826</td>
<td>151,492</td>
<td>154,199</td>
<td>160,149</td>
<td>163,251</td>
<td>166,111</td>
<td>12.4%</td>
</tr>
<tr>
<td>100-499 employees</td>
<td>124,811</td>
<td>131,809</td>
<td>141,028</td>
<td>147,060</td>
<td>147,806</td>
<td>150,921</td>
<td>20.9%</td>
</tr>
<tr>
<td>500+ employees</td>
<td>407,333</td>
<td>427,844</td>
<td>443,326</td>
<td>451,962</td>
<td>455,979</td>
<td>466,631</td>
<td>14.6%</td>
</tr>
<tr>
<td>Total</td>
<td>886,497</td>
<td>919,859</td>
<td>949,355</td>
<td>972,716</td>
<td>982,248</td>
<td>1,000,931</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

It should be noted that average wages are affected by very high-income earners. The median wage is substantially less than the average wage. The Office of the Chief Actuary, U.S. Social Security Administration, calculated that the national median to the average wage in the 2014-2018 period was approximately 65 percent. A subsequent section on Employment and Wages in All Firms, which relies on individual firm data, will demonstrate the difference between average and median wages for Miami-Dade workers.

Comparing wages across enterprise size categories shows that wages of businesses with fewer than 100 employees were 17.1 percent lower than the overall average wage for workers in private companies. The gap in average wages between small and large companies expanded significantly in 2017 and 2018. Figure 8 depicts the difference between average wages paid to workers in enterprises of difference sizes. In 2018, average wages in companies with fewer than 100 workers were 23.4 percent less than in firms with over 500 employees. The difference was smaller for firms with 100-499 employees - 8.3 percent. In 2012, the difference in average wages between companies with fewer than 100 employees and those employing over 500 was 19 percent.

![Figure 7: Year-Over-Year Job Growth by Business Size, Miami-Dade County, 2013-2018](image)

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;20 employees</td>
<td>1.9%</td>
<td>1.1%</td>
<td>1.0%</td>
<td>1.3%</td>
<td>0.8%</td>
</tr>
<tr>
<td>20-99 employees</td>
<td>5.9%</td>
<td>2.5%</td>
<td>1.8%</td>
<td>3.9%</td>
<td>1.9%</td>
</tr>
<tr>
<td>100-499 employees</td>
<td>1.3%</td>
<td>5.6%</td>
<td>7.0%</td>
<td>4.3%</td>
<td>0.5%</td>
</tr>
<tr>
<td>500+ employees</td>
<td>2.9%</td>
<td>5.0%</td>
<td>3.6%</td>
<td>1.9%</td>
<td>0.9%</td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, Statistics of U.S. Businesses

Companies with fewer than 500 employees account for 53.4 percent of employment in the county, and the gaps have broader economic implications for overall wage structure in the area, and the need to support both employment and wage growth.

Table 5: Average Wages by Enterprise Size, 2018

<table>
<thead>
<tr>
<th>Enterprise Size</th>
<th>Employment</th>
<th>Annual Payroll (in $1,000)</th>
<th>Average Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;20 employees</td>
<td>217,268</td>
<td>$9,377,769</td>
<td>$43,162</td>
</tr>
<tr>
<td>20-99 employees</td>
<td>166,111</td>
<td>$7,042,672</td>
<td>$42,397</td>
</tr>
<tr>
<td>100-499 employees</td>
<td>150,921</td>
<td>$7,736,447</td>
<td>$51,262</td>
</tr>
<tr>
<td>500+ employees</td>
<td>466,631</td>
<td>$26,076,469</td>
<td>$55,882</td>
</tr>
<tr>
<td>Total</td>
<td>1,000,931</td>
<td>$50,233,357</td>
<td>$50,187</td>
</tr>
</tbody>
</table>


The gap between large companies and those employing fewer than 100 workers has been consistently higher than for mid-size enterprises from 2013 to 2018 and even prior. The figure shows a consistent wage growth. While average wages have since increased, the gap between companies with less than 100 employees and companies with 100-499 employees continues to increase.

The increasing gap is also representative of slower wage growth in smaller companies. From 2013 to 2018, the average wage of all private company workers increased by 12.6 percent, mainly as a result of the 14 percent increase of mean wages of workers in large companies while wage growth in companies employing 20-99 workers was only 4.8 percent.

Table 6: Miami-Dade Average Wages by Firm Size, 2013-2018

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;20 employees</td>
<td>$38,892</td>
<td>$39,485</td>
<td>$40,691</td>
<td>$41,144</td>
<td>$41,728</td>
<td>$43,162</td>
<td>11.0%</td>
</tr>
<tr>
<td>20-99 employees</td>
<td>$40,468</td>
<td>$39,713</td>
<td>$40,634</td>
<td>$40,697</td>
<td>$40,878</td>
<td>$42,397</td>
<td>4.8%</td>
</tr>
<tr>
<td>100-499 employees</td>
<td>$44,834</td>
<td>$44,939</td>
<td>$45,860</td>
<td>$47,684</td>
<td>$46,649</td>
<td>$51,262</td>
<td>14.3%</td>
</tr>
<tr>
<td>500+ employees</td>
<td>$48,844</td>
<td>$50,382</td>
<td>$53,062</td>
<td>$52,575</td>
<td>$54,867</td>
<td>$55,882</td>
<td>14.4%</td>
</tr>
<tr>
<td>Total</td>
<td>$44,564</td>
<td>$45,372</td>
<td>$47,226</td>
<td>$47,370</td>
<td>$48,427</td>
<td>$50,187</td>
<td>12.6%</td>
</tr>
</tbody>
</table>


More current data on firm size and other characteristics is available from the Quarterly Census of Employment and Wages (QCEW) program of the Florida Department of Economic Opportunity (DEO). The QCEW collects and distributes data on the number of employers or reporting units, monthly employment, average employment, total wages, and average wages by industry classification. The database covers 98 percent of U.S. jobs available by industry at the county level and includes public and private organizations. The QCEW includes the whole universe of employers, including public agencies such as the local school board and the U.S. Postal Service. Since the QCEW is collected based on employers' locations, the total employment reported in the QCEW includes workers who commute from other counties. Although this dataset is not directly comparable to other government sources of firms, employment and wages, it provides more current information than other sources and allows for more detailed analysis by employment size, firm establishment, and wages. To remain consistent with the terms used in the QCEW, this section refers to all reporting units in the QCEW as establishments.

The 2019 dataset provided by the Florida DEO contains 81,890 organizations that employed at least one employee in the first quarter of 2019, an increase from the 79,526 organizations in 2016 reported in the previous 2018 report.

In 2019, most of the workforce was in establishments with fewer than 500 employees, with establishments with over 500 employees only accounting for 16.5 percent of employment (Table 7).

Establishments with fewer than 500 employees also accounted for 77.6 percent of wages paid. Table 8 shows a detailed breakdown of employment and wages by organization size. Wages at larger employers in Miami-Dade County are generally higher such as in establishments with 100-499 employees or 500+ employees. Workers in establishments with over 100 employees earn approximately $60,000, or 12.0 percent more than the overall average wage in the County. Establishments with 2-9 employees had the lowest average annual wage at $42,433; however, establishments with 1-9 employees make up 72.8% of total establishments in Miami-Dade County.

In 2019, almost 78.8 percent of establishments in Miami-Dade County employed fewer than ten workers. Average wages were calculated by dividing the total wages in each size category by the total number of employees in these establishments. The average wage at establishments with fewer than ten employees is 32.0 percent lower than at establishments with 10 to 99 employees, and approximately 34.0 percent lower than

<table>
<thead>
<tr>
<th>Establishment Size</th>
<th>Employment</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 employee</td>
<td>26,725</td>
<td>2.6%</td>
</tr>
<tr>
<td>2-9 employees</td>
<td>152,217</td>
<td>14.9%</td>
</tr>
<tr>
<td>10-99 employees</td>
<td>412,213</td>
<td>40.3%</td>
</tr>
<tr>
<td>&gt;500 employees</td>
<td>168,607</td>
<td>16.5%</td>
</tr>
<tr>
<td>Total</td>
<td>1,022,599</td>
<td>--</td>
</tr>
</tbody>
</table>

Source: Florida Department of Economic Opportunity, Quarterly Census of Employment and Wages, 2019.
establishments with over 100 employees. Table 8 shows the aggregate median wage for each size category. The aggregate median value is simply the middle value in the sorted list of average wages for each size class. In other words, this is the median or average values rather than a median based on employee-level data. For example, the last column shows that the aggregate median for micro business (less than ten employees) establishments is $31,200, which means that half of the establishments in that class pay an average wage lower than that figure.

In 2019, 57.8 percent of employment was in establishments of under 100 workers. Figure 10 displays the six sectors in which most of the workforce is concentrated in these smaller firms. The Real Estate sector has the highest concentration of employment in micro-businesses (36.3 percent). The Professional, Scientific, and Technical sectors lead in the number of single-employee firms (5,411), followed by 'Other Services' with 3,584 firms. Table 9 shows that over 30 percent of establishments with a single employee are in these two sectors. These two sectors are at opposing ends of the wage spectrum, with an average wage of $84,709 in the Professional, Scientific and Technical Services sector, and $37,523 in the 'Other Services’ sector. (See the following section on Wages)

The workforce in the top sectors by employment – Retail, Healthcare, and Social Assistance, and Accommodation and Food Services – are primarily concentrated in larger establishments of over 100 employees. Approximately 60 percent of the Healthcare and Social Assistance sector workforce and over 30 percent of the Retail Trade sector is in establishments of 100 employees or more. In the Accommodation and Food Services, 32.6 percent of employees are in firms of over 100 employees.

### Wages

According to the QCEW, in 2019, Miami-Dade

<table>
<thead>
<tr>
<th>Size</th>
<th>Establishments</th>
<th>Employment</th>
<th>Total Wages</th>
<th>Average Annual Wage</th>
<th>Aggregate Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>26,725</td>
<td>26,725</td>
<td>$322,483,746</td>
<td>$48,267</td>
<td>$24,000</td>
</tr>
<tr>
<td>2-9</td>
<td>37,774</td>
<td>152,217</td>
<td>$477,094,891</td>
<td>$42,433</td>
<td>$31,200</td>
</tr>
<tr>
<td>10-99</td>
<td>15,868</td>
<td>412,213</td>
<td>$4,874,386,361</td>
<td>$59,968</td>
<td>$41,284</td>
</tr>
<tr>
<td>100-499</td>
<td>1,381</td>
<td>262,837</td>
<td>$4,061,610,958</td>
<td>$59,900</td>
<td>$40,145</td>
</tr>
<tr>
<td>500+</td>
<td>142</td>
<td>168,607</td>
<td>$2,802,403,760</td>
<td>$61,552</td>
<td>$46,116</td>
</tr>
<tr>
<td>Total</td>
<td>81,890</td>
<td>1,022,599</td>
<td>$12,537,979,718</td>
<td>$54,424</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Florida Department of Economic Opportunity, Quarterly Census of Employment and Wages (QCEW), 2019.
Miami-Dade County earned an average of $57,353, a 7.6 percent increase from the average wage in 2016. While the average wage is considered high, wages vary significantly depending on the industry sector of employment. Figure 11 shows a comparison of the top five and bottom five industry sectors by wages and the average wage in the county. The highest-earning sectors employ under 85,000 workers, while the lowest-earning sectors account for over 390,000. Management of companies/enterprises was the sector with the highest wage at $173,676, while Agriculture, Forestry, Fishing, and Hunting reported the lowest wage at $28,219.

In Miami-Dade County, there are only three sectors in which the average wage in smaller establishments is higher than the sector’s average wage. The Management of Companies and Enterprises sector employs just over 10,000 workers, and the average wage for companies with under 100 workers is 5.0 percent less than the average wage in the sector but 3.3 percent higher than the average for companies with over 100 workers. Similar differences are observed in the Utilities, Wholesale Trade, and Retail Trade sectors.

A significant number of establishments have only one employee reported. Table 9 shows their distribution by sectors. Over one third of these firms are in the professional, scientific and technical services and the other services sectors.

The analysis of wages by the size of the establishment within sectors shows that the average wages are higher in larger, more well-established companies in most sectors. Employees of construction companies with 100 or more workers earn 33.3 percent more than the average wage for the sector, while workers employed in firms with less than 100 employees, earn 13.7 percent less than the average wage for the sector. The average salary of employees in companies in the transportation and warehousing sector with more than 100 workers is 11.6 percent higher than the average salary for the sector, while workers in companies of fewer than 100 workers earn 29.8 percent less than the average. Large companies, especially those that have been well-established for an extended period, can pay workers higher wages than smaller, younger companies.

Table 9: Miami-Dade Single-Employee Establishments

<table>
<thead>
<tr>
<th>Size</th>
<th>Establishments</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional Scientific and Technical Services</td>
<td>5,411</td>
<td>20.2%</td>
</tr>
<tr>
<td>Other Services</td>
<td>3,584</td>
<td>13.4%</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>2,192</td>
<td>8.2%</td>
</tr>
<tr>
<td>Healthcare and Social Assistance</td>
<td>2,626</td>
<td>9.8%</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>1,990</td>
<td>7.4%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>2,025</td>
<td>7.6%</td>
</tr>
<tr>
<td>Construction</td>
<td>1,681</td>
<td>6.3%</td>
</tr>
<tr>
<td>Administrative and Support</td>
<td>1,484</td>
<td>5.6%</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>1,142</td>
<td>4.3%</td>
</tr>
<tr>
<td>Transportation and Warehousing</td>
<td>838</td>
<td>3.1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26,725</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

Source: Florida Department of Economic Opportunity, Quarterly Census of Employment and Wages (QCEW), 2019.
Table 10 shows wages by establishment size and years of existence. Establishments younger than 2 years have average wages of under $50,000, while those who have been in existence for 10 years or more pay, on average, over $60,000. The age of the firm is an important factor that affects wages and is also related to the size of the company. Older firms are more likely to also be larger in size. Table 11 shows the relationship between size and age from the QCEW database. As of 2019, 21.0 percent of single-employee firms reporting employment and payroll data were established in 2018 or 2019. In 2019, 15.3 percent of all establishments were less than two years old, decreasing from 19 percent in 2016. Table 11 shows a positive correlation between firm age and size. Smaller establishments are more likely to be younger. The median year of establishment for all companies in the QCEW database is 2013. The median age for single employee companies is 5 years (median year of establishment 2014), an increase from a 4-year median in 2016. In contrast, the median year of creation for the 142 companies with over 500 employees is 2005.

More than 99,000 workers are employed in “young” establishments with less than two years of existence, while another 126,000 are employed in firms that have been around for only two to four years. In 2019 approximately 52.1 percent of Miami-Dade’s workforce was employed in establishments that have been in business for 10 or more years.

The “gig” economy encompasses

<table>
<thead>
<tr>
<th>Firm Size</th>
<th>Total Firms</th>
<th>&lt;2 yrs</th>
<th>2-4 yrs</th>
<th>4-10 yrs</th>
<th>10+ yrs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>81,890</td>
<td>48,685</td>
<td>50,020</td>
<td>54,113</td>
<td>61,641</td>
</tr>
</tbody>
</table>

Source: Florida Department of Economic Opportunity, Quarterly Census of Employment and Wages (QCEW), 2019. (Note: Table excludes establishments for which year of creation or employment size are not available.)
The Gig Economy: Self-Employment and Nonemployee Establishments

nonemployer establishments are often used to measure the gig economy. Many gig workers can be considered a nonemployer, defined by the Census as: a self-employed individual operating a very small, unincorporated business with no paid employees.24

Historically, Miami-Dade County has had a higher rate of self-employment than the United States overall. The 2018 American Community Survey of the U.S. Census estimates Miami-Dade's self-employment rate at 14.3 percent of all workers over age 16, compared to 9.7 percent of workers in the U.S. Miami-Dade's self-employment rate decreased slightly from 15.0 percent in 2016, it is still higher than any of the six benchmark counties analyzed.

Table 12 also shows self-employment rates by occupational groups, with the highest self-employment rates in Natural Resources, Construction, and Maintenance occupations (26.9 percent), followed by those in Service occupations (16.1 percent). Overall, Miami-Dade surpasses all other benchmark counties across all occupations. San Diego County, California, comes in second with 11.9 percent of the workforce being self-employed.

24 A nonemployer business is one that “has no paid employees, has annual business receipts of $1,000 or more ($1 or more in the construction industries), and is subject to federal income taxes. Most nonemployers are self-employed individuals operating very small unincorporated businesses, which may or may not be the owner’s principal source of income.” Receipts figures include gross receipts, sales, commissions, and income from trades and businesses, as reported on annual business income tax returns. (Source: U.S. Census, https://www.census.gov/epcd/nonemployer/view/define.html)
Nonemployer establishments are another reliable measure of the rise of the self-employed, freelance workers, and independent contractors. Nonemployer establishments can be incorporated (categorized as “corporations”) or unincorporated (classified as individual proprietors or partnerships). From 2008 and 2018, the number of nonemployer establishments in Miami-Dade County increased by 59.9 percent, 35.9 percent higher than nonemployer establishment growth in the U.S. Figure 12 also shows that Miami-Dade County leads among the benchmark counties in total sales and is second in growth of establishments only to Orange County. The increase in nonemployer establishments in San Diego County (31.6 percent) and King County (30.2 percent) was significantly smaller than Miami’s (59.9 percent).

The growth in the number of establishments over the ten years indicates strong entrepreneurial activity in Miami-Dade County that is consistent with Miami’s leading position in the United States in terms of business creation, as ranked by the Kauffman Index. Although the growth of total receipts and establishments in Miami-Dade is higher than most benchmark counties, average receipts are lower in Miami-Dade than almost all the other counties. In Miami-Dade, the average total receipts per nonemployer establishment are $42,771, significantly less (14.1 percent) than the national average of $48,814. The average receipts in almost all other comparison counties were higher than Miami Dade’s, with King County ($56,859) and Fulton County ($52,465) at the high end. Miami-Dade County ($42,771) and Orange County ($41,196) had the lowest average receipts per nonemployer establishment. These findings are almost identical to the results reported in the 2018 Small Business Big Impact report.
Table 13 details the average sales per nonemployer establishment over time in the benchmark counties from 2008 to 2018. For this period, the average sales for non-employer establishments in the United States increased by 8.3 percent. Miami-Dade County (FL) had the highest increase of 9.8 percent in average receipts over the ten years, compared to the slight increase in Fulton County (GA) of 0.5 percent, from $52,212 in 2008 to $52,465 in 2018. In contrast, other counties had significant decreases in average receipts – 6.6 percent in Harris County and 3.1 percent in Orange County.

Average receipts in Miami-Dade are lower than the benchmark counties, with the exception of Orange County in Florida (Orlando area). Miami-Dade and Orange counties have similar economic characteristics based on the strength of tourism-related economic activity.

In Miami-Dade County, 14.4 percent of nonemployer establishments were in the Transportation and Warehousing sector, the top sector in terms of the number of nonemployer firms. In 2018, the average receipts of firms in that sector were $35,366. The top five sectors account for 62.2 percent of nonemployer firms.

The other four sectors with a high concentration of nonemployer firms include:

- Administrative and support and waste management and remediation services (13.6 percent)
- Other services (12.2 percent),
- Real estate and rental and leasing (11.6 percent), and
- Construction (10.4 percent)

Average receipts in the Administrative and support services sector were only $19,426, significantly lower than the county-wide average of $42,771 for nonemployer establishments. Real estate and rental and leasing establishments had average receipts of $77,073, while receipts in Transportation and warehousing were $35,366.

There is a significant difference between Miami-Dade and the six comparison counties in the nonemployer firms in the Professional, Scientific, and Technical Services sector. Firms in this sector provide specialized services, which require a high degree of expertise and training, including legal services, engineering, accounting, research, etc. Nationally, 14.1 percent of nonemployer firms are in that sector. Of the six comparison counties, King County (Seattle) has the highest percentage of nonemployer firms in this sector (22.6 percent), followed by San Diego County (19.9 percent), and Fulton County (19.5 percent). Only 10.2 percent of nonemployer establishments in Miami-Dade are in that sector, lower than the 11.7 percent reported in Orange County, FL. Average receipts for establishments in that Miami-Dade sector were $52,053, or 21.7 percent above the County average.

The small percentage of establishments with specialized services, which typically lead to higher business revenues and employee wages deserves attention as it presents a challenge not only in terms of depressing the income potential of Miami-Dade workers, but also because it may have negative consequences related to talent development and retention.
Small Business Loans

Small business loans are vital in aiding entrepreneurs to attain the necessary capital needed to commercialize innovation, seize marketplace opportunities, and compete locally and internationally. From the analysis of small businesses in Miami-Dade County discussed in previous sections, it is apparent that small businesses have an overwhelming impact on economic development and employment opportunities within the community. Funding of small businesses allows for reinvestment in the community and its members and helps local economies thrive.

The Community Reinvestment Act of 1977 (CRA) seeks to ensure that banking institutions reinvest a significant portion of the deposits they take from local communities back into those communities. A 1995 revision to the CRA established that insured depository institutions must report their lending to small businesses and their provision of small loans to businesses. Approximately 2,000 financial institutions are subject to the reporting requirements of the CRA regulations. The CRA data is the most comprehensive publicly available data on small business lending, covering approximately 86 percent of all loans of $1 million or less. The 2020 reporting criteria are as follows: “All institutions regulated by the Office of the Comptroller of the Currency, Federal Reserve System, and the Federal Deposit Insurance Corporation that meets the asset-size threshold are subject to data collection and reporting requirements.”

The Office of the Comptroller of the Currency (OCC) issued an Advance Notice of Proposed Rulemaking in August of 2018, seeking stakeholder comments on how the CRA regulations can be modernized to serve community needs better, evaluate activities consistently, and provide greater clarity about CRA qualifying activities. The Urban Institute analyzed how the different types of lending relate to banks’ CRA compliance and found that small business lending comprises the largest category for CRA purposes so far and that community development lending is almost as large as single-family mortgage lending for the CRA.

All data on small business loans reported in this study were collected before the onset of the coronavirus pandemic. Therefore, it does not reflect the number of loans or average loan amounts provided to small businesses through federal, state, or local emergency relief loans or grant programs. Findings from the Small Business Credit Survey report released in 2020, highlighted the decrease in profit margins for 40 percent of firms in the U.S. from 2018 to 2019. The report pointed out that 66 percent of employer firms had faced financial challenges in the prior 12 months. The report also found that 40 percent of firms held an outstanding debt of up to $100,000, while demand for new financing grew by 43 percent in 2019. The large percentages of small business owners in high amounts of debt required additional financing were and facing major financial challenges before COVID-19 give insight to the amount of small business that were highly vulnerable to the economic impacts of the crises and may face major long-term financial repercussions.

According to the Federal Financial Institutions Examinations Council (FFIEC), in 2016, there were 125 small business lenders in Miami-Dade County who provided SBA-backed loans. Although there are plenty of small business lenders in the County, the average size of business loans in Miami-Dade was significantly lower than the six benchmark counties analyzed (See Table 14). In the United States, the average business loan to firms with revenues of $1 million or less was $36,000. The highest average loan of the six counties was in Harris County, Texas. However, Miami-Dade had the highest number of loan originations to businesses with gross annual revenues of $1 million or less – 54,167.

### Table 14: Total Loan and Small Business Loan Origination for SBA-Backed Loans, 2018

<table>
<thead>
<tr>
<th>County</th>
<th>Total Loans</th>
<th>Loans to Businesses with Gross Annual Revenues &lt;= $1 Million</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Loans</td>
<td>Amount (in 1,000s)</td>
<td>Number of Loans</td>
</tr>
<tr>
<td>King</td>
<td>83,432</td>
<td>$2,646,124</td>
<td>26,454</td>
</tr>
<tr>
<td>San Diego</td>
<td>139,148</td>
<td>$3,527,229</td>
<td>45,342</td>
</tr>
<tr>
<td>Orange</td>
<td>54,403</td>
<td>$1,448,005</td>
<td>17,871</td>
</tr>
<tr>
<td>Fulton</td>
<td>35,721</td>
<td>$1,268,565</td>
<td>17,451</td>
</tr>
<tr>
<td>Mecklenburg</td>
<td>39,075</td>
<td>$1,470,059</td>
<td>12,692</td>
</tr>
<tr>
<td>Harris</td>
<td>153,045</td>
<td>$5,631,470</td>
<td>44,872</td>
</tr>
<tr>
<td>Miami-Dade</td>
<td>165,739</td>
<td>$3,697,438</td>
<td>54,167</td>
</tr>
<tr>
<td>USA</td>
<td>9,988,736</td>
<td>$416,811,798</td>
<td>7,078,521</td>
</tr>
</tbody>
</table>

Source: Federal Financial Institutions Examinations Council, FFIEC CRA Aggregate Reports, 2018

Comparison with loan originations and amounts between 2013 and 2018 shows a sharp increase in number of loans to businesses with gross annual revenues of $1 million or less from 32,361 in 2013 to 54,167 in 2018. Additionally, the total amount of loans for businesses with gross annual revenues of $1 million or less in the United States, also significantly increased from $208 million to $254 million. While the total amount of loans increased, the average loan amount to businesses with revenues of $1 million or less decreased by 13.7 percent over the five years.

The three largest decreases in average loan amount across the six benchmark counties were in Mecklenburg County (24.6 percent), San Diego County (11.7 percent), and King County (10.0 percent). In Miami-Dade County, the average loan amount also decreased from 2013 to 2018, but only by 0.4 percent, the smallest decrease among benchmark counties. The only increases in average loan amounts were in Orange County (6.2 percent), and Harris County (0.7 percent).
Data collection and analysis for the 2020 Small Business Big Impact report began before the onset of the global COVID-19 pandemic and, therefore, will serve as a baseline of the state of Miami-Dade County's small business economy pre-COVID-19. The coronavirus pandemic's economic consequences have already significantly impacted the small business economy in Miami-Dade County and the United States overall. At the onset of coronavirus in the United States, Congress enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act for the state, local, and tribal governments. This $150 billion relief fund is offered through the U.S Department of Treasury, requiring that the payments only cover expenses that:

1. Are necessary expenditures incurred due to the public health emergency concerning the coronavirus Disease 2019 (COVID-19);
2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
3. Were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.²⁶

The CARES Act offers many relief programs including but not limited to the Paycheck Protection Program (PPP), Economic Injury Disaster Loan, SBA Express Bridge Loans, and SBA Debt Relief. Each program offers emergency loans dedicated to aiding businesses. The funds are then distributed through varying levels of government based on population estimates from the U.S Census. However, each loan program has a separate application that businesses must complete to be considered.

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²⁶ U.S Department of Treasury https://home.treasury.gov/policy-issues/cares/state-and-local-governments
Paycheck Protection Program (PPP)

In response to the coronavirus pandemic, the U.S Small Business Administration (SBA) offered a Paycheck Protection Program (PPP) loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. Any business could apply for the PPP loan, including small businesses with 500 or fewer employees, including S corporations, C corporations, LLCs, private nonprofits, faith-based organizations, tribal groups, and veteran groups. The PPP loan terms became more flexible after introducing the Paycheck Protection Program Flexibility Act (PPPFA). Due to this, PPPFA loans can be for 2.5 times payroll costs, up to $10 million, feature a streamlined application process, require no collateral, and can be forgiven. Furthermore, the interest rate for the PPP loan is 1%, and payments will be deferred for six months and neither the government nor lenders charge small business fees at the time of lending. Unfortunately, some small businesses are unsure of what they're eligible for or don't have the resources to readily apply for these programs in time for the due date. After extending the deadline from June 30 to August 8, there are still billions of dollars left of unused funds, leading many to wonder if there will be an extension of the PPP. The drawbacks to offering such a loan can be found among small businesses who are unaware that to apply for the PPP, they must first go through an existing SBA (7) a lender or through a federally insured depository institution, federally insured credit union, or Farm Credit System institution.

Moreover, taking a business loan in today's economy, even before the impacts of the coronavirus in South Florida, is still a risk. Similar to having requirements to grant the loan, small businesses have to meet specific requirements to have the loan forgiven, including the employer maintaining or quickly rehiring employees and maintaining salary levels.

To create a more accessible and more efficient way to apply for PPP loan forgiveness, the U.S Small Business Administration, in partnership with the Department of Treasury, helped streamline the forgiveness process by publishing a new EZ version, separate from the full version, that applies to borrowers who:

1. Are self-employed and have no employees; or
2. Did not reduce the salaries or wages of their employees by more than 25%, and did not reduce the number of hours of their employees;
3. Experienced reductions in business activity as a result of health directives related to COVID-19, and did not reduce the salaries or wages of their employees by more than 25%.

Within Miami-Dade County, over 81,000 businesses applied for the PPP loan following it’s deadline in August of 2020. According to the U.S Small Business Administration, in Miami-Dade County, approximately 74,468 small businesses received PPP loans of under $150,000, while 6,974 received a PPP loan between $150,000 to $10 million. In the Small Business PPP Loan Recipients by Loan Amount map (See next page), the number of PPP Loan recipients by amount of loan for those businesses who received loans greater than $350,000 is displayed. The data displayed shows that the greatest concentrations of PPP loan recipients are located within some of the most densely populated metropolitan areas such as Downtown Miami and South Miami.

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28 Smart Asset https://smartasset.com/financial-advisor/paycheck-protection-program-ppp-loans
Small Business PPP Loan Recipients by Loan Amount

Legend
- $5 to $10 Million
- $2 to $5 million
- $1 to $2 million
- $350,000 to $1 million
- $150,000 to $350,000
Small businesses, especially micro-businesses, have been severely impacted by the coronavirus pandemic. According to the Statistics of U.S. Businesses, in 2017, small business workers made up 53.6 percent of total employment in Miami-Dade County. Temporary and permanent business closures have cost the jobs of millions of Americans across the country. With microbusinesses making up 81.1 percent of the businesses in Miami-Dade County, employing most of the workforce, and having cash liquidity challenges, the economic and social impacts of the pandemic are staggering. Small businesses are struggling to stay afloat and find the customers and resources they need to remain open. Meanwhile, workers are being laid off and forced to turn to unemployment benefits, which are only available for a limited period.

Due to a two year lag in data reporting, the coronavirus impact on small businesses in Miami-Dade County may not be quantifiable until 2021 or 2022. However, qualitative research through stakeholder interviews points to the existing challenges. This section presents information collected through phone interviews that targeted nonprofit organizations, local chambers of commerce, and private consultants who all offer small business services. The services vary from giving small businesses access to capital assistance, networking and exposure, mentoring and consulting, and educational services.

Due to a two year lag in data reporting, the coronavirus impact on small businesses in Miami-Dade County may not be quantifiable until 2021 or 2022. However, qualitative research through stakeholder interviews points to the existing challenges. This section presents information collected through phone interviews that targeted nonprofit organizations, local chambers of commerce, and private consultants who all offer small business services. The services vary from giving small businesses access to capital assistance, networking and exposure, mentoring and consulting, and educational services.

Some of these organizations are known as Community Development Financial Institutions (CDFIs). The Community Development Financial Institution Fund is a federal agency within the Department of Treasury created to promote community development in distressed urban and rural communities by increasing credit, investment capital, and financial services. CDFIs include community development banks and credit unions, and non-regulated institutions such as nonprofit loan funds or venture capital funds. As of FY 2017, there were 36 CDFIs headquartered in the state of Florida.
Florida. This program has awarded over 15,000 loans resulting in $1.3 billion in influx of funds towards organizations and businesses.\footnote{U.S Department of Treasury, Community Development Financial Institutions Fund https://www.cdfifund.gov/awards/state-awards/Pages/state-result.aspx?state=FL&Name=Florida}

The following organizations were interviewed at the height of the pandemic in South Florida:

- Assets Small Business Solutions
- Cambridge Innovation Center
- Catalyst Miami
- Coral Gables Chamber of Commerce
- Cutler Bay Town Hall Council
- Enterprise Florida
- Florida Department of Economic Opportunity
- Florida Finance Network
- Florida Virtual Entrepreneurship Center
- Small Business Development Center at FIU
- StartUP FIU
- United Way of Miami Dade

This section will discuss how small businesses and organizations are adapting during the time of the coronavirus pandemic and what support is offered in the way of networking programs as well as loan opportunities.

**Types of Services and How Organizations Have Adapted**

During the coronavirus pandemic, small businesses are looking for help now more than ever. Retail stores, restaurants, and small businesses/entrepreneurs have struggled to remain operational and provide services to clients. These businesses have lost significant revenue during the county-wide shutdown and will continue to lose revenue as the COVID-19 pandemic persists. As a result, organizations and local government programs that offer services to small businesses are in high demand.

One of the significant contributors to small businesses are organizations that offer a wide range of services, from networking and exposure, such as seminars and conferences, to increased access to capital. The majority of the organizations interviewed offer networking and exposure opportunities between clients and fellow businesses. Organizations catered to small businesses like the Florida Virtual Entrepreneurship Center (FVEC) and the Cambridge Innovation Center “facilitates communication and provides hands-on introductions to establish relationships with clients.” Other nonprofit organizations like Enterprise Florida and the Florida Finance Network help small business owners preserve capital by offering loans and purchase assets.

The majority of these organizations were providing in-person services to small businesses and entrepreneurs before the coronavirus. Due to the limit on public gatherings, many organizations have converted their services to online platforms. Webinars and Zoom meetings are now the latest trend in continuing to provide services to small businesses. Organizations like StartUP FIU and the Cambridge Innovation Center have had to tackle putting their services online. When asked how StartUP FIU has adapted their services, their stated they have adapted by, “...making everything virtual, including biweekly touchpoints”. Before the coronavirus pandemic, the Cambridge Innovation Center (CIC) offered the use of workspace in addition to their networking and exposure connections provided online. With the shutdown of office space throughout Miami-Dade County, the CIC’s work is more requested. Their ability to offer workspace based on flexible contracts and day passes continues to allow small businesses and entrepreneurs to have small in-person meetings when necessary.

While some organizations are struggling, the Florida Virtual Entrepreneurship Center was better positioned than most before the pandemic. Their services that are offered solely online, provide entrepreneurs, small businesses, and startup companies with the tools to make necessary and vital connections through their online network. Through the use of business profiles showcased on their website, entrepreneurs can connect directly...
with other companies more suited to meet their specific needs. When asked whether they have needed to adapt their services, their response was "absolutely." Michael Zaharios, Program Director of the Florida Virtual Entrepreneurship Center, feels that their ability to adapt easily is because they place the utmost importance on "meeting [their] clients' needs." One of their main initiatives within the first week of quarantine was to create a single page that detailed all of the financial resources offered to businesses during the pandemic to simplify information for business owners. Like a one-stop shop, this page allows business owners to see what types of grants and loans are being offered in their areas and what current CDC guidelines they must comply with. Their goal is to make searching for connections and help much more accessible to the South Florida business community.

Not only are nonprofit organizations and private consultants taking charge of supporting small businesses, but so is local government. The Coral Gables Chamber of Commerce, along with the Cutler Bay Town Hall Council, among others, have made it a priority to support small businesses in their areas. They have become vital sources of information for residents and business owners alike. Similar to the Florida Virtual Entrepreneurship Center, these local government programs have become a "go-to resource for dissemination of all information for engaged community members." Since the immense impacts of the coronavirus in South Florida, the Coral Gables Chamber of Commerce has made their prior membership programs available to nonmembers and developed additional programs to address the re-opening of businesses. Services include, help for business owners in finding out if they are eligible for the Paycheck Protection Program (PPP), and closest COVID-19 testing sites for employees to be tested. All services have been converted to an online forum to have a better reach to residents.

There are also many grants and program opportunities at the state level through the Florida Department of Economic Opportunity (DEO). More specifically, the Office of Small and Minority Business Capital promotes economic prosperity and development to diversify Florida's economy. They offer access to capital assistance, technical assistance, and business management training for small business owners. With several loan programs, South Florida residents have access to the Florida Small Business Emergency Loan Program, Microfinance Guarantee Program, and the Rebuild Florida Business Loan Fund. Once Governor DeSantis declared a state of emergency in March, programs were aimed towards immediately assisting business owners. Each one provides extensive support to business owners, which are highly utilized during the pandemic. To gain a better reach, the Florida Department of Economic Opportunity has created an online and easily accessible application process through an online platform. The number of businesses that are seeking help from the DEO is staggering. More than 60,000 applications from business owners were received for the Small Business Emergency Bridge Loan Program, which was allotted $50 million, approved by the DeSantis administration.

**Demand and Needs of Small Businesses**

Even before the coronavirus, some of the critical needs of small business owners were networking and exposure, funding in grants or loans, and mentorships and consultations. Since the coronavirus pandemic has hit South Florida, small businesses have been faced with extraordinarily difficult circumstances. The need for resources has only grown at a time where businesses are
either still shut down due to quarantine, or open but struggling to stay operational due to a significant decrease in revenue. When asked how small businesses’ needs have changed, organizations have discussed a greater need for consultation, mentoring, and financial resources to survive this pandemic.

Most organizations that service small businesses have seen an increase in activity since the pandemic began. The Coral Gables Chamber of Commerce has seen a 227% increase of residents wanting to be involved in the Chamber in April and May of 2020. The Florida Finance Network has seen a 20% increase in requests for the Small Business Administration's 504 loan program (SBA). This loan program “offers small businesses another avenue for business financing, while promoting business growth and job creation.” It not only gives small businesses fixed-rate interest rates but also savings that improve cash flow. 31

Small business owners are also looking for consultants to mentor and assist them. One of the common trends learned from these interviews is that small businesses are unaware of their available resources. At a time like this, businesses have to deal with adapting their services to an online forum and how to continue attracting customers without having in-person services. In this new era, it can be challenging to determine which loans or programs are a better fit for a specific business. This is why organizations like the Assets Small Business Solutions offer one-on-one services to small businesses and startups at varying business stages. They offer guidance and give tools on how best to organize and attract clients by forming partnerships and networking with other businesses. Mario Rubio describes small businesses’ primary needs with the Department of Economic Opportunity as “access to capital, technical assistance, and training.” Workshops, webinars, advertisement help, and innovative solutions geared towards specific businesses are just a few of the things that organizations and local governments can offer.

Small Business Support System

Before the coronavirus, businesses were busy hosting events, conferences, and client meetings. Through collaboration, they were able to reach out to local vendors and suppliers. These new partnerships were essential, especially for small businesses. However, due to the pandemic, organizations are unable to host in-person services. As a result, businesses are finding new ways to continue to collaborate. For most organizations, collaboration has allowed their services to be more well known. Outreach efforts has become a vital component of sustainability for small businesses. It’s also helped small businesses find organizations that offer the essential services they need. State government depends on collaboration with local government and chambers of commerce to see what businesses and residents need in times of economic fluctuations.

Within South Florida, under normal circumstances, businesses thrive. They offer top-notch services that make a better city, county, and neighborhood. However, at the present time, there are limits on what businesses can do. The number of small businesses in South Florida is astounding and has been growing exponentially over the years. There is a support system among small businesses in networking and exposure, mentoring, event planning, and sponsorship. When asked how well this support system has helped during the coronavirus pandemic, most organizations have agreed that it’s a great place to turn. For instance, the Cambridge Innovation Center used this collaboration to start Venture Café, a nonprofit geared towards making entrepreneurship accessible to communities. They’ve been able to build a network and community that shares their resources with other businesses. Similarly, Enterprise Florida frequently collaborates

31 For more information, see U.S Small Business Administration Office of Financial Assistance https://www.sba.gov/offices/headquarters/ofa/resources/4049
with multiple entities, including local EDO’s, the federal government, chambers of commerce, and business organizations.

Organizations have collaborated strongly to broaden their partnerships throughout South Florida. The United Way of Miami-Dade, which works with families to explore avenues in health, education, and financial stability, has consistently worked with the Beacon Council in providing a wide range of services and comprehensive support to small businesses. Launched only a year ago, United Way’s Small Business United has worked on making philanthropy affordable to small business owners. Their use of volunteers and professional development to form partnerships allows them to create brand awareness and marketing. During the pandemic, they have utilized the partnerships they developed to make their presence known and discover through the first-hand experience what communities and small business owners need. Yesenia Solis, a senior administrator with United Way, describes the connections formed between small businesses as necessary to their organization and “those who have the capacity want to give back.”

Some organizations that were already servicing the communities of South Florida in other avenues developed new services for small businesses. With the use of a grant from the City of Miami, Catalyst Miami began providing technical assistance, advisory services, and business counseling during the pandemic. Ahmed Mori, senior director with Catalyst Miami, describes a concerted effort to reach some micro-businesses unable to apply for the PPP or other loans offered at the city or state level. They’ve made it their focus to protect mom and pop stores during the pandemic because of their vulnerability to permanent closure. It’s organizations like these trying to make it easier for small business owners during the pandemic. At a time where small businesses need support, the networking and partnerships they form are important towards bringing in new clients and providing a support system during what is now being considered an economic recession worse than that of 2008.

Challenges for Small Business Services

Like the challenges that small business owners face, organizations that provide essential services to them also have to deal with revenue losses, adapting their services, and spreading awareness of their services.

Most organizations that have an online presence place high importance on the use of staying in contact with their customers throughout the pandemic. When asked what small businesses should be doing during this time, most organizations believe pivoting their services online

“Those who don’t have a social media presence have lost more than 70% of their revenue”

Emily Gresham, StartUP FIU
and being in tune with customers’ needs are tools for survival. However, what happens to businesses that don’t have an online presence or the capability of one? Emily Gresham, with StartUP FIU, relayed an eye-opening statistic: “Those who don’t have a social media presence have lost more than 70% of their revenue [since the pandemic began].” In this tumultuous time, small businesses must transfer their services to an online forum. However, not every small business can shift their services online without diminishing their quality of service.

When asked how these organizations are attracting attention to small businesses, some rely solely on their website and word of mouth. They had not previously conducted in-person events to spread awareness of their services. Now during the pandemic, these organizations are struggling to let small business owners know that they exist. Similar to the small businesses themselves, organizations catered to micro-businesses are struggling to be noticed. A common problem shared among organizations that provide services to small businesses is that business owners are not aware of all possible resources. These organizations have made it their mission to guide small businesses in their area with updated information using county and city resources. However, organizations like the Cambridge Innovation Center struggle to “let people know [they’re] here.”

“Collaboration can lend itself to such greater success”

Maria Domingues, Cambridge Innovation

One crucial trend noticed throughout these interviews is that organizations that provide services to small businesses are also struggling. Unlike those of the local government, most of these programs receive private and sometimes public funding to continue providing essential services. What happens when funding has been cut, or a grant is not renewed due to a lack of funds? We often forget that these are businesses just like the small businesses they are helping. Some are better off than others; however, not every year of funding is guaranteed depending on whether it’s a nonprofit, private business, or local government program. When asked about a possible change in revenue, most organizations interviewed are hopeful that their funding will, at the very least, remain the same. Others are more positive that their funding would increase because of the dramatic need for small business services during this pandemic. However, one of the main challenges these organizations faced before the coronavirus was budgeting and financing, so it calls into question whether the pandemic will influence this problem.

Other challenges organizations faced were lack of time, staff availability, and budget. These concerns are still very much real during this pandemic. Organizations are scrambling to keep up with the flood of requests from small businesses who all need varying services. When asked what other obstacles they’ve faced, Catalyst Miami listed communication as one of their key challenges. Being able to reach as many microbusinesses and entrepreneurs during the pandemic as possible is one of their goals. They understand that businesses are struggling to remain afloat, but don’t know how to take those first steps towards making a stronger business plan. Similar to them, organizations like Catalyst Miami have to stretch current resources to encompass the needs of communities in South Florida fully. While working on creating a more centralized network, Catalyst workers find there are not enough hours in the day. However, they will continue to work with their partners at creating a centralized platform for small businesses.
Recommendations

Each organization was then asked what their recommendations to small businesses are during this pandemic. A major recommendation from organization administrators was to “Be engaged!” Collaborating with other businesses and networking to form partnerships was a crucial point from many organizations in how small businesses can expand their outreach. As Maria Dominguez from the Cambridge Innovation Center said, “collaboration can lend itself to such greater success.” Small businesses cannot do this on their own and must be willing to adapt. Many of these organizations that provide small business services host events and webinars in collaboration with other organizations. The success that derives from these events has drastically increased the productivity and clientele for their businesses. Even though services are mainly virtual, this doesn’t stop organizations from hosting webinars and conferences online.

Another recommendation to small business owners was to become aware of what type of resources are available to them. Often, businesses don’t know where to start, but there are many city and county-wide resources dedicated to supporting struggling businesses during the pandemic. Checking the city’s website, following social media pages, and talking to local representatives are vital ways in which small business owners can get more information on supportive services being provided. This can be a jumping-off point to applying for grants or getting tax relief for businesses that would otherwise not be aware of. Many grant and loan opportunities are available online, especially during the pandemic.

Educational services and programs can also open businesses up to new opportunities they otherwise weren’t taking advantage of. Businesses must go through small adjustments as a way to remodel and accurately deliver their services. By taking educational course and participating in programs provided by organizations that are looking to help small businesses, owners can learn new methods and tools to help their businesses thrive.

The last main recommendations emphasized the necessity for small business owners to start offering their products and services digitally. In this day and age, businesses are getting noticed more because of their websites and social media pages. Having an online presence goes a long way towards reaching more clients and staying relevant to the public’s needs. Businesses that were already utilizing this method of connectivity before quarantine are faring better than those without. Regardless of whether it’s a business or professional page, gaining a following gives a spotlight to your services. Additionally, there are services ready and willing to help with technical assistance. Small businesses must utilize what’s available and cannot lose out on critical stepping stones to helping them build a better business and prepare for the future.
Appendix A: Methodology

The Report on Small Businesses in Miami-Dade County relies on several data sources that produce statistics on the Miami-Dade economy and the establishments that operate within it. Some of these sources provide publicly available data sets, which include:

- U.S. Census: American Community Survey, Business Dynamics Statistics, Survey of Business Owners, County Business Patterns, Statistics of U.S. Businesses (SUSB) and others, various years
- U.S. Small Business Administration: business definitions and size categories

The report also relies on the Quarterly Census of Employment and Wages (QCEW) collected by the Florida Department of Economic Opportunity. The raw data supplied the statistics for employment and wages by firm size and sector. Since the database contains information allowing the individual firm to be identified, it has aggregation and confidentiality restrictions.

Where data is available, the report also makes comparisons between Miami-Dade and six benchmark counties. Four of these counties – Mecklenburg (Charlotte, NC), Fulton (Atlanta, GA), King (Seattle, WA), and Harris (Houston, TX) – are also used as benchmarks in other prominent reports, for example, the Miami-Dade Beacon Council’s One Community, One Goal report. One benchmark county was selected from Florida – Orange County (Orlando, FL). The sixth benchmark county – San Diego, CA – was chosen for its size (3.3 million) and a large Hispanic population (34.0 percent).

Notes on Data Sources:

County Business Patterns (U.S. Census): The series covers more than 6 million single-unit establishments and 1.8 million multi-unit establishments. An establishment is a single physical location where business is conducted or services or industrial operations are performed. An establishment is not necessarily equivalent to a company or enterprise, which may consist of one or more establishments. A single-unit company owns or operates only one establishment. A multi-unit company owns or operates two or more establishments. The series excludes data on self-employed individuals, employees of private households, railroad employees, agricultural production employees, and most government employees.

Statistics of U.S. Businesses (SUSB): Statistics of U.S. Businesses (SUSB) is an annual series that provides national and subnational data on the distribution of economic data by enterprise size and industry. SUSB covers most of the country’s economic activity. The series excludes data on nonemployer businesses, private households, railroads, agricultural production, and most government entities.

Quarterly Census of Employment and Wages (QCEW): The Quarterly Census of Employment and Wages (QCEW) program collects the number of employers or reporting units, monthly employment, average employment, total wages, and average wages by the North American Industry Classification System (NAICS). The count covers 98% of U.S. jobs available by industry at the County, Metropolitan Statistical Areas, state and national levels, by significant industry, or detailed industry categories.
Appendix B: Distribution of Establishments by Sector and Size

<table>
<thead>
<tr>
<th>Establishment Count</th>
<th>Total</th>
<th>Professional and Scientific Svs</th>
<th>Wholesale Trade</th>
<th>Retail Trade</th>
<th>Finance and Insurance</th>
<th>Administrative and Support Services</th>
<th>Healthcare and Social Assistance</th>
<th>Accommodation and Food Services</th>
<th>Other Services</th>
<th>Construction</th>
<th>Transportation and Warehousing</th>
<th>Real Estate</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 9</td>
<td>70,673</td>
<td>13,465</td>
<td>7,091</td>
<td>7,970</td>
<td>4,041</td>
<td>3,463</td>
<td>7,655</td>
<td>3,081</td>
<td>5,392</td>
<td>4,874</td>
<td>2,996</td>
<td>5,781</td>
<td>1,483</td>
</tr>
<tr>
<td>10 to 49</td>
<td>12,873</td>
<td>1,104</td>
<td>1,188</td>
<td>2,014</td>
<td>622</td>
<td>550</td>
<td>1,533</td>
<td>2,223</td>
<td>721</td>
<td>735</td>
<td>528</td>
<td>354</td>
<td>472</td>
</tr>
<tr>
<td>50 to 99</td>
<td>1,777</td>
<td>121</td>
<td>113</td>
<td>278</td>
<td>84</td>
<td>116</td>
<td>131</td>
<td>413</td>
<td>63</td>
<td>107</td>
<td>82</td>
<td>33</td>
<td>74</td>
</tr>
<tr>
<td>100 to 499</td>
<td>1,381</td>
<td>76</td>
<td>78</td>
<td>279</td>
<td>68</td>
<td>126</td>
<td>157</td>
<td>186</td>
<td>28</td>
<td>48</td>
<td>91</td>
<td>26</td>
<td>79</td>
</tr>
<tr>
<td>500+</td>
<td>151</td>
<td>3</td>
<td>4</td>
<td>11</td>
<td>9</td>
<td>15</td>
<td>35</td>
<td>17</td>
<td>-</td>
<td>-</td>
<td>19</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>86,855</td>
<td>14,770</td>
<td>8,476</td>
<td>10,552</td>
<td>4,824</td>
<td>4,270</td>
<td>9,511</td>
<td>5,921</td>
<td>6,205</td>
<td>5,765</td>
<td>3,716</td>
<td>6,196</td>
<td>2,110</td>
</tr>
</tbody>
</table>

Percentage Distribution Within Total Number of Firms in Respective Establishment Size

<table>
<thead>
<tr>
<th>Number of Employees</th>
<th>Total</th>
<th>Professional and Scientific Svs</th>
<th>Wholesale Trade</th>
<th>Retail Trade</th>
<th>Finance and Insurance</th>
<th>Administrative and Support Services</th>
<th>Healthcare and Social Assistance</th>
<th>Accommodation and Food Services</th>
<th>Other Services</th>
<th>Construction</th>
<th>Transportation and Warehousing</th>
<th>Real Estate</th>
<th>Manufacturing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 9</td>
<td>81.4%</td>
<td>91.2%</td>
<td>83.7%</td>
<td>75.5%</td>
<td>83.8%</td>
<td>81.1%</td>
<td>80.5%</td>
<td>52.0%</td>
<td>86.9%</td>
<td>84.5%</td>
<td>80.6%</td>
<td>93.3%</td>
<td>70.3%</td>
</tr>
<tr>
<td>10 to 49</td>
<td>14.8%</td>
<td>7.5%</td>
<td>14.0%</td>
<td>19.1%</td>
<td>12.9%</td>
<td>12.9%</td>
<td>16.1%</td>
<td>37.5%</td>
<td>11.6%</td>
<td>12.7%</td>
<td>14.2%</td>
<td>5.7%</td>
<td>22.4%</td>
</tr>
<tr>
<td>50 to 99</td>
<td>2.0%</td>
<td>0.8%</td>
<td>1.3%</td>
<td>2.6%</td>
<td>1.7%</td>
<td>2.7%</td>
<td>1.4%</td>
<td>7.0%</td>
<td>1.0%</td>
<td>1.9%</td>
<td>2.2%</td>
<td>0.5%</td>
<td>3.5%</td>
</tr>
<tr>
<td>100 to 499</td>
<td>1.6%</td>
<td>0.5%</td>
<td>0.9%</td>
<td>2.6%</td>
<td>1.4%</td>
<td>3.0%</td>
<td>1.7%</td>
<td>3.1%</td>
<td>0.5%</td>
<td>0.8%</td>
<td>2.4%</td>
<td>0.4%</td>
<td>3.7%</td>
</tr>
<tr>
<td>500+</td>
<td>0.2%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.1%</td>
<td>0.2%</td>
<td>0.4%</td>
<td>0.4%</td>
<td>0.3%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.5%</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: U.S. Census, County Business Patterns, 2019

1 Appendix B references the top 12 sectors being examined in the report. The sectors excluded from this table are: the agriculture, forestry, fishing and hunting sector, the mining, quarrying and oil and gas extraction sector, the utilities sector, the information sector, the management of companies and enterprises sector, the arts, entertainment, and recreation sector, and the public administration sector. ExclusionThe exclusion of these sectors from the table does not exclude them from being accounted for in the total number of establishments by size.

2 Due to privacy purposes established by the U.S. Census Bureau's privacy purposesBureau, some establishments within the 12 sectors displayed in Appendix B are not reported; therefore, the number of these establishments may not be placed in a specific establishment size category.
The Metropolitan Center is the leading urban “think tank” in South Florida and an applied research unit in the School of International and Public Affairs (SIPA) at Florida International University. The Center has a solid record of providing technical services to communities in economic development, housing, transportation, and land use planning. The Center’s approach to providing technical services is to consider the unique needs of individual communities while adhering to recognized methodologies for data analysis and reporting. The Center houses the ongoing South Florida Regional Database Project, including asset mapping, best-practice research, and full in-house Remote Sensing and Geographic Information Systems (GIS) capabilities. Moreover, the Metropolitan Center is a Census Information Center (CIS), which allows for early access to embargoed data and data with restricted use.

The Florida SBDC at FIU is the small-business development center located within the FIU College of Business. Part of the Florida SBDC Network*, the Center each year, works with more than 900 entrepreneurs and business owners in Miami-Dade to help them grow. The SBDC at FIU provides no-cost one-on-one advisory services concerning financial management, access to capital, market growth, international trade, government contracting, etc. Also, the Center offers market and industry data and information to guide business decisions. Since launching in 2014, the SBDC at FIU has helped launch more than 107 businesses and has helped Miami-Dade companies access more than $100 million in the capital and create, save or retain more than 7,500 jobs.

*The Florida SBDC Network is state designated as Florida's Principal Provider of Business Assistance [§ 288.001, Fla. Stat.] The Florida SBDC at FIU is a member of the Florida SBDC Network, a statewide partnership program nationally accredited by the Association of America's SBDCs and funded in part by the U.S. Small Business Administration, Defense Logistics Agency, State of Florida, and other private and public partners, with the University of West Florida serving as the network's lead host institution. Florida SBDC services are extended to the public on a nondiscriminatory basis.
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Jorge M. Pérez Metropolitan Center

AMERICA'S SBDC FLORIDA

Business