

**Economic Benchmark Study of the 2006-2007 Drought
On The
South Central Rural Area of Critical Economic Concern**

May 2008

**Presented by
Florida's Heartland REDI, Inc.**

Supported by

**Tampa Regional Planning Council
Southwest Florida Regional Planning Council
Governors Office of Tourism Trade and Economic Development
South Florida Water Management District**

**Compiled by
LAT Consulting**



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Economic Impact Study
South Central Florida Rural Area of Critical Economic Concern
2006-2007 Drought

The South Central Florida Rural Area of Critical Economic Concern is comprised of six counties, three cities, and one community. The counties are DeSoto, Glades, Hardee, Hendry, Highlands, and Okeechobee. The cities are located in Palm Beach County and are Belle Glade Pahokee and South Bay. The community of Immokalee is located in Collier County. In 1999, the region was designated by Governor Bush as a Rural Region of Economic Concern in the state of Florida. The region received the designation because of its long-term economic distress.

The hurricanes in 2004-2005 created severe impact to the regions housing stock much of which was comprised of mobile homes. The strong rebuilding effort projected into the entire region. The communities and counties were designated as Federal Disaster areas. The storms also brought significant rainfall creating above average conditions on both Lake Okeechobee and Lake Istokpoga.

The lakes were above average for an extended period and the decision was made by U.S. Army Corps of Engineers (USACE) to release some of the water in Lake Okeechobee to protect the integrity of the Herbert Hoover Dike, which surrounds Lake Okeechobee and provides flood protection for several communities. The region then experienced a drought for the next 18 months.

The Governors Office of Tourism Trade and Economic Development, South Florida Water Management District and Florida's Heartland REDI, Inc. began discussions on how do we measure the success when the drought is over. This study is to provide a base line for future economic growth and look at the impact of the drought on the regions economy. Much anecdotal information was received along with some facts but the true impact was not measured.

The tools used for the study are:

- Tax receipts
- Population trends
- Employment
- Annual Compensation Rates
- Labor Force availability
- Key Sector Employment
- Industry Earnings
- Industry Output
- Graduation rates

The study looked at both the region as a whole and each individual county.

The South Central Rural Area of Critical Economic Concern is comprised of the counties: DeSoto, Glades, Hardee, Hendry, Highlands and Okeechobee, along with the cities of Belle Glade, Pahokee, and South Bay and the community of Immokalee. The region overall and several of the counties and communities it comprises have been identified at both the state and federal levels as areas requiring special attention. The designations and associated resources granted to this rural core in South Central Florida highlight the opportunities and challenges relating to resources in the region as follows:

South Central Rural Area of Critical Economic Concern (RACEC) – The six counties, 3 cities and 1 community comprising the Florida Heartland was the second Florida region designated as such by Governor Bush. As part of Governor Bush’s Rural Economic Development Initiative (REDI), it meets the criteria for consideration as economically distressed rural communities and is eligible for state assistance.

Enterprise Community (EC) and Enterprise Zone (EZ) – The U.S. Department of Agriculture (USDA) has designated Immokalee as both an EC and EZ, and Hendry County as an EZ. This USDA program affords communities opportunities for growth and revitalization.

Champion Communities – Hardee, DeSoto and Highlands Counties and the Palm Beach County Glades communities have this USDA designation reserved for EC and EZ applicants.

Front Porch Community – Immokalee is one of 23 communities participating in Governor Bush’s Front Porch Florida Initiative to rebuild distressed, underserved communities.

Historically Underutilized Business (HUB) Zone – All Florida Heartland counties and communities are designated HUB Zones. This U.S. Small Business Administration designation allows preferences for award of Federal contracts to small businesses located in these areas.

Foreign Trade Zone (FTZ) – The U.S. Department of Commerce authorized FTZ status to the Sebring Airport Authority located in the Heartland, in 1997, benefiting the airport, its industrial park and Highlands County overall.

Preferred Jurisdiction – As a U.S. Department of Housing and Urban Development (HUD) preferred jurisdiction, the region is entitled to certain housing development benefits.

Federal Disaster Area – All of the counties and communities over the past three years have been designated as Federal Disaster Areas due to the unprecedented series of hurricanes and the drought.

In addition to these designations, this predominately agricultural region with a significant migrant population is facing decline its main agrarian industries (i.e., sugar and citrus), rising unemployment and widespread poverty. The two hurricane seasons of 2004 - 2005 only exacerbated these conditions. The region has experienced only moderate economic growth over the past five years, lagging behind other regions of the state. Factors contributing to and products associated with this scenario are described below:

- **The region's low per capita income** - The region's per capita income continues to stay significantly lower than the state average and shows a slower growth than the state. The region varies from a low of 53% of the state average in Hardee County to a high of 67.5% of the state average in Highlands County. The cities of Belle Glade, Pahokee, South Bay and the Community of Immokalee each 33.1%, 30.5%, 29.2% and 25.5% are located in Palm Beach that is 151% of the state average and Collier that is 156% of the average. The economies of these communities also show the significant lack of education and high skill jobs.

- **The labor force's disproportionate distribution in the area** – Approximately 75% of the region's labor force resides in three of the six counties, with the remaining 25% distributed across the other three counties and four communities (Florida Agency for Workforce Innovation, 2004).

- **The persistent poverty level of residents** – According to U.S. Census data (2000), the percent of families living below the poverty level exceeds the state and national figures that hover around 9%. The percentage of families living below the poverty level in the six counties ranges from as low as 10% in Highlands, to as high as 17% in Hendry and Hardee Counties. The figures jump dramatically in the western Palm Beach County cities of Belle Glade, South Bay and the Collier County area of Immokalee where nearly 30-35% of its families live below the poverty level.

Poverty levels show a direct correlation to graduation rates and educational attainment.

- **The consistently low wages** – On average, workers in the area earn approximately \$8,000 less than the state average annual wage. Moreover, Florida's relatively low average wage, which trails the national average, can be attributed to its preponderance of low-end service and tourism jobs and across industries for professional jobs. This disparity is most evident in the gap between wages covered by unemployment insurance at the regional, state and national level of \$24,285, \$33,475 and \$37,700, respectively (Bureau of Labor Statistics, 2003). Note that four of the distinct areas claim 20% or more foreign-born residents—many of whom are migrant farm workers.

- **Educational attainment** – On average, only half of the individuals age 25 and older have an education beyond a high school diploma. This educational attainment level trails the state by 30%. The region's graduation rates also call attention to the critical need for intervention to demonstrate the value of postsecondary education, provide relevant skills that attract business and command high salaries and stave off the exodus of our residents. Exacerbating opportunity for educational advancement is the high number of people for whom English is a second language.

The graduation rates are DeSoto 71.4, Glades 65.0, Hardee 74.5, Hendry 73.7, Highlands 73.7, Okeechobee 69.7, Collier 79.3 (Immokalee 23.55) Palm Beach 73.4 (Belle Glade 47.12 , Pahokee 46.8, South Bay 55.57) Florida average 74.4.

Major events

A predominantly rural area with an agricultural economy as its mainstay, this area has endured numerous hardships in the last three years alone. Hurricanes Charley, Frances, Jeanne and Wilma ravaged communities, displaced families from their homes and decimated businesses. The region has now endured an eighteen-month drought. Well before these natural disasters struck, agri-business faced the challenges of disease and decline. **Citrus canker**, a highly contagious bacterial disease whose spread throughout the region was exacerbated by the last two seasons' hurricanes, decimated an estimated 265,000 acres of commercial groves south and east of Lake Okeechobee and hit the \$9.1 billion citrus industry with the loss of one-third the entire state's crop (Sun-Sentinel, 12/16/05). **The sugar industry**, a major component of the state's agricultural economy centralized in Florida's Heartland, had an economic impact of \$3.1 billion in 2001-02 (Palm Beach Post, 8/29/04). Everglades's restoration efforts and international trade initiatives associated with the Central American Free-Trade Agreement (CAFTA) have induced Florida Crystals, U.S. Sugar and the Sugar Cooperative to tighten their belts, downsize their workforce by 550 jobs (6%) and reduce their acreage.

The eighteen-month long drought also brought change to a rapidly changing region. The tourism industry is an important economic component to the region. The drought has affected fishing on Lake Okeechobee, water supply to the agricultural industry and other recreational activities. The opposite side to this is the construction that is continuing on the restoration of the Everglades. The drought has prompted much needed cleanup activities on the Lake bottom and surrounding areas.

While Lake Istokpoga has not suffered the same extreme in lake levels, it has also experienced an impact on boating, fishing and water supply for agriculture.

The impact of the natural disasters has also changed the demographics of the region. The overall regional demographics show a significant increase in the 25-29 year old populations and a leveling of the above 60-year-old population. The workforce population, ages 20-61, also shows an upward trend in all counties.

Key Employment Sectors

Accommodations, Food Services: The impact of the drought years along with the hurricane years has actually brought an increase in hospitality services. In 1999, we had approximately thirty-eight hundred people employed to 2007 approximately fifty-seven hundred employees in the industry.

Compensation: The average wage in 1999 was approximately \$11,000 annually and approximately \$15,776 in 2007.

Agriculture: The continuous challenge from natural conditions, foreign competition, modernization of the industry and development has caused significant changes to the agricultural base of the region. We had a high in 1999 of almost 13,000 jobs to a low of approximately 8,300 jobs in 2007. The decline has not just been during the drought, but a steady decline year after year.

Construction: Disasters have created a need for new homes, commercial business and government buildings. The restoration of the Everglades has also added to the industry with three educational institutions training folks to fill the needed positions. The industry employed approximately 4,200 people in 1999 and in 2007 approximately 6,900. The present economic nation-wide slowdown has had impact on this year's numbers.

Compensation: The large change in the industry has also provided significant wage increases. In 1999, the average wage was \$15,163 and in 2007, it was \$25,239.

Educational Services: Over the past 10 years, we have seen a gradual increase in educational services. This is measured outside of school board employment. The growth trend in educational services went from approximately 140 in 1999 to approximately 375 in 2007.

Compensation: The increase in pay for educational services has increased significantly since 1999 from \$6,833 to \$11,375 in 2007.

Forestry, Fishing, other: This heading includes both tourism activities and ecological activities. The natural disasters along with changes to the demographics of land being sold off to developers has created a high of over 15,000 in 2002 to approximately 13,000 in 2007.

Compensation: While this has traditionally been a large part of the regional workforce, this has also been on average low wages going just under \$10,000 annually in 1999 to \$19,500 in 2007.

Health Care, Social Asst: The natural disasters have not affected the health care industry. Some changes in the demographics along with new facilities and increased capacity to existing facilities have brought a significant increase to the industry. We see a low of approximately 8,000 workers in 1999 to over 12,000 workers in 2007.

Compensation: The low average wage in 1999 was \$25,036 and in 2007 is \$30,462. The increase in the jobs and wages has made a significant impact to the regions economy.

The average **total** average compensation in the **region** has increased from a low of \$343,255 to \$499,007 in 2007. Manufacturing and wholesale trade in the region have become some of the leaders in wages. Manufacturing averaged \$36,704 in 1999 and in 2007 had risen to \$52,687.

The wholesale trade increased from \$29,998 in 1999 to \$38,411. While Mining averaged \$37,985 in 1999, it has steadily decreased and in 2007 was an average of \$27,284.

The region saw significant growth (excluding and including Palm Beach County) in the local option sales tax from 2003-2004 from 19,666,466 (ex) To 24,459,760 in 2006-2007 (in) 19,666,466 to 142,656,499. With eight months collected for this year, we are approximately \$6 million short (ex) Palm Beach and \$30 million below last year (in) Palm Beach. The industries overall in the FHREDI region have consistently increased earnings since 1999. The largest gainers have been the Forestry, Fishing, other category going from \$125 million in 1999 to 262 million in 2007. Other large gainers are Admin, Waste services from 95 million in 1999 to over \$144 million in 2007. Manufacturing has changed from 1999 at \$164 million to \$217 in 2007. The region overall has changed from \$1,399 million to \$2,526 in 2007.

The neighboring counties of Palm Beach Collier, Charlotte and Lee all show the consistently high wages and job opportunities. Much of the offerings in the communities have to do with access. The Heartland lacks any major interstate. The connectivity to the coast is by state roads. Florida Department of Transportation (FDOT) does not have any future plans to construct a major interstate in the region. Okeechobee County will have the first actual direct connect to the turnpike at the northeast corner of the county where a large retirement community is being built. The date for construction of the on ramp is still undecided.

The other consistent growth opportunity we see is the educational institutions available to business. Florida Gulf Coast University, Florida Atlantic University, University of Central Florida, University of South Florida, Barry University and Florida State offer degree programs in the region which are great opportunities for the residents.

Although the drought has had impact on certain sectors of the economy there have been several strong influences of change that have strengthened the economy. The national economy is providing a strong influence on the regional growth along with the financial impacts created through the Florida Legislature. The regional job base pay is still significantly lower than the rest of the state, but the economic indicators for the region show growth.

Desoto County Profile

DeSoto is one of the poorest counties in the state of Florida with a per capita income in 2006 at 55 per cent of the state average and ranked 62nd out of 67 counties. It is part of the second Rural Area of Critical Economic Concern (RACEC). In 1996 DeSoto was ranked 45th in the state. The average annual growth rate from 1996-2006 was 4.5 percent DeSoto was 2.3. The total personal income in 2006 ranked 48th in the state and from 1996-2006 the state annual rate of growth was 6.6 and DeSoto was 4.1. The population is approximately 65% white and the rest split between Hispanic and black. The five-year graduation rate is 71.4% compared to the state average of 74.4%. The county was for many years primarily agricultural and did not require an educated work force. The trend is changing nationwide, as even agricultural jobs require higher skills because of computers.

DeSoto County was primarily an agricultural county bordered on the west by Charlotte and Sarasota Counties (urban coastal counties) and on the other three sides by similar rural counties Hardee, Highlands and Glades. The agricultural industry was in steady decline since the late 90's. The county took a direct hit in 2004 by Hurricane Charley that cut both the employment base and income significantly in agriculture. There was a small rebound in 2005, and 2006 with indication for the trend to continue. The focus on agriculture at the state level is providing opportunities for growth in this sector. Highlands County to the east is locating a bio-fuel company on the Highlands DeSoto border. The bio-fuel company expects to be in production by 2010. The financial opportunity for farmers is high to put land back into production by raising sorghum as the fuel additive. DeSoto has also become home to many of the landscape plant providers that left Dade County. The land prices were instrumental in the relocation to DeSoto, Glades, Hendry, Highlands and Okeechobee counties and much of the small increases in agriculture is because of change in the industry.

The state hospital closed in early 2003 in DeSoto creating a significant impact on the health care industry and county economy. Over 300 hundred high paying jobs were lost at an average annual wage of \$28,026. The average annual wage for the industry is now is \$8432 annually.

South Florida Community College opened a branch campus in DeSoto in 2003 offering opportunities in the educational fields. Many of the educators in the DeSoto school system up until that time had commuted to the coastal communities for education and jobs. The school offered the opportunity to bring that money back into the county.

The opening of the Wal-Mart distribution center in 2004 also created a strong impact with the high wage jobs. Although, the location of the center on the Charlotte border created a disproportionate jobs going to the coastal commuters (DeSoto County residents filled 12% of the jobs) the wages are significant to the local economy.

The economy of DeSoto changed significantly after the storm as over 50% of its housing stock was destroyed. Much of the population lived in below standard housing and was at or below the poverty level. The storm created a strong construction industry along with the addition of manufactured buildings and parts that offered the highest wages in the

county. The county completed a large entertainment center that opened in 2003 and hosted some of the best acts in Country Western Music along with Rodeo's, Shows, and misc. The entertainment industry was moving forward and showing great promise. Hurricane Charlie tore the roof off the building and even though it has been rebuilt, the industry has reverted to the levels of 2003.

DeSoto County is bordered on the west by the Peace River. The river has endured significant damage over the years with the drought of 2001 and the hurricane and high water of 2004-05 and the drought of 2006-07. The tourism business is a small part of the county with fewer than 50 employees. Many of the businesses depend on more than fishing or canoeing. The actual accommodation and food industry has grown over the last ten years and predicted to continue with the focus on eco tourism and natural lands.

Base Line Measurements 2006 DeSoto

Per Capita Personal Income 2006 \$20,052 55% state average 55% national average

1996-2006 Growth

County Average 2.3% State Average 4.5% National Average 4.3%

Total Personal Income 1996-2006 Growth

County Average 4.1% State Average 6.6% National Average 5.4%

Components of TPI

	1996	2006
Net earnings	54.9%	55.6%
Dividends Interest & rent	20.1%	18.3%
Personal Current transfer receipts	25.0%	26.1%
Net Earnings	Average increase year over year	6.3%
Dividends Interest & Rent	Average increase year over year	3.4%
Personal Current transfer receipts	Average increase year over year	6.8%

Earnings by Place of Work (earnings of persons employed in DeSoto)

Annual earnings growth rate 1996-2006

County Average 3.8 State Average 6.8 National Average 5.5

The use of the ten-year trend covers both the highs and lows caused by both the droughts and the hurricanes giving a true benchmark. The future gains of the county to the state and national economies will be a true measure of strong economic growth. The impacts felt with all change cause significant bumps in economic trends. The education and industry changes will continue to play an important part in the economic growth of the county.

Source: USDOC, Bureau of Economic Analysis, April 24 2008

Glades County Profile

Glades County is one of the poorest counties in the state of Florida with a per capita income in 2006 at 55 per cent of the state average and ranked 61st out of 67 counties. It is part of the second Rural Area of Critical Economic Concern (RACEC). In 1996 Glades was ranked 63rd in the state. The average annual growth rate for the state from 1996-2006 was 4.5 percent Glades was 4.0. The total personal income in 2006 ranked 65th in the state and from 1996-2006 the state annual rate of growth was 6.6% and Glades was 4.1%. The five-year graduation rate is 65.0% compared to the state average of 74.4%. The county is primarily agricultural.

Glades County has over 77% of its land held by two landowners. The primary products are cattle, sugar, citrus and grass. Mining is also an important part of the economy of Glades County. Glades is located on the Western shore of Lake Okeechobee and bordered by the Caloosahatchee River on its south. It has a large influx of part time residents that enjoy the fishing and nature activities associated with its location. The storms and droughts have affected the population with a decline in workforce folks beginning in 2002 and only showing a slight increase in 2006. The tourism industry is an important part of the economy. The agricultural industry has faced not only the droughts, but also canker and greening in citrus. The sugar industry is facing strong competition from South America and was cutting back there employee base beginning in early 2002.

The county does not have a doctor, pharmacy, hardware store, or a motel. The only chain restaurant is a Burger King. The tourism industry supports RV parks and small resorts on the rim canal to Lake Okeechobee. The small fishing resorts are challenged with no access to the lake at most of their locations and although the industry showed a small increase in 2005, 2006, much of that was attributed to construction workers from the aftermath of Hurricane Wilma.

There has been an increase in non-farm jobs from 3293 in 2001 to 3810 in 2006. The farm employment has gone from 363 in 2001 to 328 in 2006. While these are small numbers, they play a significant role in the overall population of just over 11,244 in 2006. Measuring the impact of farm labor and proprietors income from 1998 to 2006 shows a 63.36% decrease. The increase in overall annual income for the industry comes from fewer field workers, those workers that make the smallest income. The impact for the year from 2005 to 2006 shows a 4.79% decrease. These are significant numbers on a county already challenged with lack of land and population.

The effects of the drought and hurricanes are significant. The agricultural industry may have the opportunity to rebound with the development of a bio-fuel plant on the north Glades County/Highlands border. The need for sorghum as the additive will give a new crop for the agricultural industry.

Base Line Measurements 2006 Glades County

Per Capita Personal Income 2006 \$20,299 55% state average 55% national average

1996-2006 Growth

County Average 4.0% State Average 4.5% National Average 4.3%

Total Personal Income 1996-2006 Growth

County Average 5.7% State Average 6.6% National Average 5.4%

Components of TPI	1996	2006
Net earnings	53.6%	56.9%
Dividends Interest & rent	27.3%	21.9%
Personal Current transfer receipts	21.2%	19.1%
Net Earnings	Average increase year over year	6.3%
Dividends Interest & Rent	Average increase year over year	3.4%
Personal Current transfer receipts	Average increase year over year	6.8%

The significant change in the dividends and interest show the change in the age demographics of the county.

Earnings by Place of Work (earnings of persons employed in Glades)

Annual earnings growth rate 1996-2006

County Average 8.3% State Average 6.8% National Average 5.5%

The use of the ten-year trend covers both the highs and lows caused by both the droughts and the hurricanes giving a true benchmark. The future gains of the county to the state and national economies will be a true measure of strong economic growth. The impacts felt with all change cause significant bumps in economic trends. The education and industry changes will continue to play an important part in the economic growth of the county.

Source: USDOC, Bureau of Economic Analysis, April 24 2008

Hardee County Profile

Hardee is one of the poorest counties in the state of Florida with a per capita income in 2006 at 53 per cent of the state average and ranked 64th out of 67 counties. It is part of the second Rural Area of Critical Economic Concern (RACEC). In 1996 Hardee was ranked 56th in the state. The average annual income growth rate for the state from 1996-2006 was 4.5% Hardee was 2.6%. The total personal income in 2006 ranked 52nd in the state and from 1996-2006 the state annual rate of growth was 6.6% and Hardee was 4.1%. The loss of agricultural products to hurricanes and disease continues to plague the economic growth of the county. The five-year graduation rate is 74.5% compared to the state 74.4%. The county is primarily agricultural.

The health care industry is a large influence in Hardee with the expansion in 2006-07 of FINR.

The hospital rehab facility will employ over 500 people at completion. The facility also has a large housing development going up close by to provide worker housing.

The county owned business park focuses primarily on manufacturing jobs. Peace River electric has just broken ground on a major corporate headquarters in Wauchula and will continue to provide high skill high wage jobs to the community.

The construction industry has continued to play a significant role in the economy of Hardee as over 62% of the housing stock was damaged in Hurricane Charlie. The infrastructure for the county is also continuing to be upgraded to handle the new growth. While the county has the Peace River flowing through it, it is not a significant tourism draw.

The workforce growth is predominately in the 25-61 year old. This is important because of the long-term impact for establishing new companies. The challenges will be in the education of the workforce to enable them to take the higher wage jobs in both the medical and manufacturing industries.

Base Line Measurements 2006 Hardee County

Per Capita Personal Income 2006 \$19,545 53% state average 53% national average

1996-2006 Growth

County Average 2.6% State Average 4.5% National Average 4.3%

Total Personal Income 1996-2006 Growth

County Average 4.1% State Average 6.6% National Average 5.4%

Components of TPI	1996	2006
Net earnings	62.4%	63.2%
Dividends Interest & rent	16.0%	13.4%
Personal Current transfer receipts	21.6%	23.4%
Net Earnings	Average increase year over year	4.2%
Dividends Interest & Rent	Average increase year over year	2.2%
Personal Current transfer receipts	Average increase year over year	4.9%

The significant change in the dividends and interest show the change in the age demographics of the county.

Earnings by Place of Work (earnings of persons employed in Hardee)

Annual earnings growth rate 1996-2006

County Average 4.0% State Average 6.8% National Average 5.5%

The use of the ten-year trend covers both the highs and lows caused by both the droughts and the hurricanes giving a true benchmark. The future gains of the county to the state and national economies will be a true measure of strong economic growth. The impacts felt with all change cause significant bumps in economic trends. The education and industry changes will continue to play an important part in the economic growth of the county.

Source: USDOC, Bureau of Economic Analysis, April 24 2008

Hendry County Profile

Hendry is one of the poorest counties in the state of Florida with a per capita income in 2006 at 61 per cent of the state average and ranked 55th out of 67 counties. It is part of the second Rural Area of Critical Economic Concern (RACEC). In 1996 Hendry was ranked 44th in the state. The average annual income growth rate for the state from 1996-2006 was 4.5% Hendry was 2.8%. The total personal income in 2006 ranked 47th in the state and from 1996-2006 the state annual rate of growth was 6.6% and Hendry was 4.7%. The five-year graduation rate is 73.7% compared to the state average of 74.4%. The county is primarily agricultural with sugar, citrus, cattle, and grass products.

Hendry County population is one of the youngest in the region. The workforce continues to increase between the ages of 16-65. Tourism plays an important part to the county. Lake Okeechobee and the Caloosahatchee River bring anglers, boaters, and birders from all over the world. Hendry County is one of the largest bird nurseries in the United States. Hendry County has a tourism tax that began in 2002-2003. The tax has steadily increased except for a small decrease in 2005 when hurricane Wilma struck and many of the hotels were damaged. Last year 2006-2007 showed a significant increase and with only partial information through April of this year we see it is ahead of 2005-2006.

The agricultural industry has been consistently declining. Although Hendry County is the largest Citrus producing county in Florida and a large sugar producer, the competition from South America, the storms, droughts and diseases have seriously affected the industry. The number of farm jobs in 2001 was almost 2600 and in 2006, it was down to 1660. The income produced by the industry in both wages and proprietor income has decreased to just over 36% of what it was in 1998.

We have seen the largest increase in mining, manufacturing and retail trade over the last 10 years and the largest decline in agriculture.

The effects on the economy because of the drought are harder to measure here because of the challenges of sugar in the world market. The citrus industry had a banner year last year. Fishing on Lake Okeechobee is significantly down, but stays at places collecting the tourist tax have not shown a significant decrease.

The work on Lake Okeechobee for restoration has continued to employ workers. We have seen an increase in health care workers. The county has continued to decline in ranking for average wage in the state. The ranking of 44 out of 67 in 1996 was primarily because of the sugar industry at its highest.

Base Line Measurements 2006 Hendry County

Per Capita Personal Income 2006 \$22,450 61% state average 61% national average

1996-2006 Growth

County Average 2.8% State Average 4.5% National Average 4.3%

Total Personal Income 1996-2006 Growth

County Average 4.7% State Average 6.6% National Average 5.4%

Components of TPI	1996	2006
Net earnings	66.7%	66.1%
Dividends Interest & rent	15.3%	13.7%
Personal Current transfer receipts	18.0%	20.3%
Net Earnings	Average increase year over year	4.6%
Dividends Interest & Rent	Average increase year over year	3.6%
Personal Current transfer receipts	Average increase year over year	6.0%

The significant change in the dividends and interest show the change in the age demographics of the county.

Earnings by Place of Work (earnings of persons employed in Hendry)

Annual earnings growth rate 1996-2006

County Average 3.7% State Average 6.8% National Average 5.5%

The use of the ten-year trend covers both the highs and lows caused by both the droughts and the hurricanes giving a true benchmark. The future gains of the county to the state and national economies will be a true measure of strong economic growth. The impacts felt with all change cause significant bumps in economic trends. The education and industry changes will continue to play an important part in the economic growth of the county.

Source: USDOC, Bureau of Economic Analysis, April 24 2008

Highlands County Profile

Highlands County is part of the second Rural Area of Critical Economic Concern in the state of Florida with a per capita income in 2006 at 68% of the state average and ranked 42nd out of 67 counties. In 1996 Highlands was ranked 36th in the state. The average annual income growth rate for the state from 1996-2006 was 4.5% Highlands was 3.3%. The total personal income in 2006 ranked 36th in the state and from 1996-2006 the state annual rate of growth was 6.6% and Highlands was 5.0%. The five-year graduation rate is 71.4% compared to the state average of 74.4%. The county population is almost half of the total region population. The county is primarily agricultural with cattle, citrus, caladiums, landscaping products and grass as the main crops. The county is working with a bio-fuel company locating on the Glades/DeSoto Highlands border that will use sorghum to create ethanol. This will be the first ethanol plant in the United States to use sorghum. This will also provide an opportunity in the region for farmers to have a new cash crop.

Highlands County has a regional airport business park that has focused on small manufacturing and created over 300 jobs in the last 4 years. Tourism is an important industry with Lake Istokpoga, and approximately a hundred smaller lakes with in its boundaries. The county is also on the western bank of the Kissimmee River and influenced with the everglades restoration project. Birding, fishing and water sports bring many of the winter visitors. Highlands is also a premier golf area with over 13 championship courses. The tourism tax placed on lodging peaked in 2004-05 with much of that attributed to the hurricane relief workers. The tax was down 3.49% in 2005-2006 and down 3.83% in 2006-07. The tracking through April of this year shows a projected decrease of 8.1% over last year.

Base Line Measurements 2006 Highlands County

Per Capita Personal Income 2006 \$25,016 67.5% state average 67.5% national average

1996-2006 Growth

County Average 3.3% State Average 4.5% National Average 4.3%

Total Personal Income 1996-2006 Growth

County Average 5.0% State Average 6.6% National Average 5.4%

Components of TPI

	1996	2006
Net earnings	38.7%	42.3%
Dividends Interest & rent	31.8%	26.7%
Personal Current transfer receipts	29.5%	31.0%
Net Earnings	Average increase year over year	6.0%
Dividends Interest & Rent	Average increase year over year	3.2%
Personal Current transfer receipts	Average increase year over year	5.5%

The significant change in the dividends and interest show the change in the age demographics of the county.

Earnings by Place of Work (earnings of persons employed in Highlands)

Annual earnings growth rate 1996-2006

County Average 5.9% State Average 6.8% National Average 5.5%

The use of the ten-year trend covers both the highs and lows caused by both the droughts and the hurricanes giving a true benchmark. The future gains of the county to the state and national economies will be a true measure of strong economic growth. The impacts felt with all change cause significant bumps in economic trends. The education and industry changes will continue to play an important part in the economic growth of the county.

Source: USDOC, Bureau of Economic Analysis, April 24 2008

Okeechobee County Profile

Okeechobee County is part of the second Rural Area of Critical Economic Concern in the state of Florida with a per capita income in 2006 at 61% of the state average and ranked 56th out of 67 counties. In 1996 Okeechobee was ranked 48th in the state. The average annual income growth rate for the state from 1996-2006 was 4.5% Okeechobee was 3.5%. The total personal income in 2006 ranked 46th in the state and from 1996-2006 the state annual rate of growth was 6.6% and Okeechobee was 6.4%. The five-year graduation rate is 69.7% compared to the state average of 74.4%. The county is primarily agricultural with dairy, cattle, landscaping products and grass as the main crops.

Okeechobee was in the epicenter of four major storms in 2004-05. While many of the homes and businesses were affected, it also created a boom for the hotel/motel industry. The tourism tax that is collected on overnight stays peaked in 2004-05 with the influx of construction workers. With an expected 6% drop in 2007-08 from 2006-07 the tax will be below the 2003-04 season. Okeechobee County depends on a large winter population that is boaters and anglers. The county is home to several national fishing tournaments and with the low lake levels, all but one have cancelled this past year.

The local Main Street program has been active in creating other activities to bring tourist into the county, but most are day trips.

Okeechobee has attracted two significant building product manufactures over the last three year adding new jobs. Agriculture continues to decline in Okeechobee losing both jobs and income. The county comparison in agricultural income in 2006 was 48.16% of 1998. The county, like most of the region, has continued to slip further down in the state rankings for income continuing to lag in personal income and earnings.

Base Line Measurements 2006 Okeechobee County

Per Capita Personal Income 2006 \$22,332 61% state average 61% national average

1996-2006 Growth

County Average 3.5% State Average 4.5% National Average 4.3%

Total Personal Income 1996-2006 Growth

County Average 5.6% State Average 6.6% National Average 5.4%

Components of TPI	1996	2006
Net earnings	54.0%	53.2%
Dividends Interest & rent	18.8%	17.9%
Personal Current transfer receipts	27.2%	28.8%
Net Earnings	Average increase year over year	5.5%
Dividends Interest & Rent	Average increase year over year	5.1%
Personal Current transfer receipts	Average increase year over year	6.2%

The significant change in the dividends and interest show the change in the age demographics of the county.

Earnings by Place of Work (earnings of persons employed in Okeechobee)

Annual earnings growth rate 1996-2006

County Average 5.2% State Average 6.8% National Average 5.5%

The use of the ten-year trend covers both the highs and lows caused by both the droughts and the hurricanes giving a true benchmark. The future gains of the county to the state and national economies will be a true measure of strong economic growth. The impacts felt with all change cause significant bumps in economic trends. The education and industry changes will continue to play an important part in the economic growth of the county.

Source: USDOC, Bureau of Economic Analysis, April 24 2008

Palm Beach County Profile

Palm Beach County has three cities that are part of the second Rural Area of Critical Economic Concern, Belle Glade, Pahokee, and South Bay. While Palm Beach County is ranked 3rd in the state of Florida with a per capita income in 2006 at 151% of the state average, the three cities average incomes respectively are 33.1%, 30.5% and 29.2% of the state average. In 1996 Palm Beach was ranked first in the state. The average annual income growth rate for the state from 1996-2006 was 4.5% Palm Beach was 4.4%. The total personal income in 2006 ranked third in the state and from 1996-2006 the state annual rate of growth was 6.6% and Palm Beach was 6.4%. The five-year graduation rate for the county is 73.4% compared to the state average of 74.4% and the western cities have a rate of 47.12%, 46.8% and 55.57% respectively.

The county has a large health care a sciences sector along with manufacturing and corporate headquarters. The county has some of the top tourism beaches in Florida along with many four and five star hotels. The agricultural sector is primarily located by the western cities of the county and pays some of the lowest wages. The tourism industry is very small even though the cities are located on Lake Okeechobee. This is primarily due to the lack of hotels and facilities. The cities are just recovering the housing stock after being hard hit in both Hurricane Jeanne and Wilma. The agricultural industry, which is primarily winter vegetables and sugar, saw a steady decline until 2005, but the 2006 numbers showed a slight increase in jobs. Farm income is 59.18% of 1998 but 3.5% in 2006 over 2005. The sugar industry closed one of its plants in Palm Beach County in 2005 and those jobs have not been replaced.

Base Line Measurements 2006 Palm Beach

Per Capita Personal Income 2006 \$55,331 151% state average 151% national average

Belle Glade	\$12,142	33.1 %	33.1%
Pahokee	\$11,224	30.5%	30.5%
South Bay	\$10,737	29.2%	29.2%

1996-2006 Growth

County Average 4.4% State Average 4.5% National Average 4.3%

Total Personal Income 1996-2006 Growth

County Average 6.4% State Average 6.6% National Average 5.4%

Components of TPI	1996	2006
Net earnings	46.0%	46.4%
Dividends Interest & rent	41.6%	42.1%
Personal Current transfer receipts	12.4%	11.4%
Net Earnings	Average increase year over year	6.5%
Dividends Interest & Rent	Average increase year over year	6.5%
Personal Current transfer receipts	Average increase year over year	5.6%

The significant change in the dividends and interest show the change in the age demographics of the county.

Earnings by Place of Work (earnings of persons employed in Palm Beach)

Annual earnings growth rate 1996-2006

County Average 6.9% State Average 6.8% National Average 5.5%

The use of the ten-year trend covers both the highs and lows caused by both the droughts and the hurricanes giving a true benchmark. The future gains of the county to the state and national economies will be a true measure of strong economic growth. The impacts felt with all change cause significant bumps in economic trends. The education and industry changes will continue to play an important part in the economic growth of the county.

Source: USDOC, Bureau of Economic Analysis, April 24 2008

Collier County Profile

Collier County has one community that is part of the second Rural Area of Critical Economic Concern. The county is ranked 1st in the state of Florida with a per capita income in 2006 or 156% of the state average. Immokalee has a per capita income of \$9,378 or 25.6% of the state average. In 1996 Collier County was ranked 3rd in the state. The average annual income growth rate for the state from 1996-2006 was 4.5% Collier was 5.6%. The total personal income in 2006 ranked 11th in the state and from 1996-2006 the state annual rate of growth was 6.6% and Collier was 9.9%. The five-year graduation rate is 79.3% compared to the state average of 74.4%. Immokalee's graduation rate was 23.55%.

Collier County is a largely retirement county with the city of Naples as a main draw. The average component of personal income in the county is 55% dividends, interest, and rent.

The community of Immokalee was the tomato growing capitol of Florida. The farm employment rate has dropped by over 33% since 1998 and farm labor and proprietors income is 62.67% of it 1998 figure. Immokalee has a casino as its other main employment. The community has a regional airport that has an international trade zone to entice commerce. The airport is over 10 years old and still struggling to bring in any industry. The community has only Highway 29 with in reasonable distance for truck traffic limiting its accessibility. The eastern border of the community butts up to Hendry County that is also a primarily agricultural area.

Tourism is not a viable industry in Immokalee because of the economic status of the community and the lack of accommodations.

The low unemployment figures do not show the true picture of people that have long ago stopped looking for work. The community has attracted a community college to provide some training opportunities.

Base Line Measurements 2006 Collier County

Per Capita Personal Income 2006 \$57,446 156.0 % state average
156.0 % national average
Immokalee 2006 \$ 9,378 25.5% state average
25.5% national average

1996-2006 Growth

County Average 5.6% State Average 4.5% National Average 4.3%

Total Personal Income 1996-2006 Growth

County Average 9.9% State Average 6.6% National Average 5.4%

Components of TPI	1996	2006
Net earnings	39.7%	35.6%
Dividends Interest & rent	49.1%	55.2%
Personal Current transfer receipts	11.3%	9.2%
Net Earnings	Average increase year over year	8.8%
Dividends Interest & Rent	Average increase year over year	11.2%
Personal Current transfer receipts	Average increase year over year	7.8%

The significant change in the dividends and interest show the change in the age demographics of the county.

Earnings by Place of Work (earnings of persons employed in Collier)

Annual earnings growth rate 1996-2006

County Average 9.5% State Average 6.8% National Average 5.5%

The use of the ten-year trend covers both the highs and lows caused by both the droughts and the hurricanes giving a true benchmark. The future gains of the county to the state and national economies will be a true measure of strong economic growth. The impacts felt with all change cause significant bumps in economic trends. The education and industry changes will continue to play an important part in the economic growth of the county.

Source: USDOC, Bureau of Economic Analysis, April 24 2008

Charlotte County Profile

Charlotte County is not part of the second Rural Area of Critical Economic Concern but borders the region. The county is ranked 19th in the state of Florida with a per capita income in 2006 or 91% of the state average. In 1996 Charlotte County was ranked 23rd in the state. The average annual income growth rate for the state from 1996-2006 was 4.5% Charlotte was 8.5%. The total personal income in 2006 ranked 30th in the state and from 1996-2006 the state annual rate of growth was 6.6% and Charlotte was 6.2%. The five-year graduation rate is 80.5% compared to the state average of 74.4%.

Charlotte County received a direct hit from Hurricane Charlie in 2004. The city of Punta Gorda was severely damaged. The storm created an opportunity and the city invested in a regional airport business park that has attracted manufacturing companies. The construction industry took off and only recently have we seen a slow down in activity.

The county borders DeSoto County and many of its employees took jobs at the DeSoto county Wal-Mart distribution center. The high skill and education level of the county provided the skilled labor for the center.

Farm employment is on the upswing in the county with the growth in landscape products. The income for agriculture was 99.03% of the 1998 numbers.

The county does not collect a tourism tax, but the employment numbers in the accommodation industry were up 2006 over 2005.

Base Line Measurements 2006 Charlotte County

Per Capita Personal Income 2006 \$33,510 91% state average 91% national average

1996-2006 Growth

County Average 4.7% State Average 4.5% National Average 4.3%

Total Personal Income 1996-2006 Growth

County Average 6.2% State Average 6.6% National Average 5.4%

Components of TPI	1996	2006
Net earnings	35.6%	40.4%
Dividends Interest & rent	38.7%	35.9%
Personal Current transfer receipts	25.7%	23.7%
Net Earnings	Average increase year over year	7.6%
Dividends Interest & Rent	Average increase year over year	5.5%
Personal Current transfer receipts	Average increase year over year	5.4%

The significant change in the dividends and interest show the change in the age demographics of the county.

Earnings by Place of Work (earnings of persons employed in Glades)

Annual earnings growth rate 1996-2006

County Average 7.3% State Average 6.8% National Average 5.5%

The use of the ten-year trend covers both the highs and lows caused by both the droughts and the hurricanes giving a true benchmark. The future gains of the county to the state and national economies will be a true measure of strong economic growth. The impacts felt with all change cause significant bumps in economic trends. The education and industry changes will continue to play an important part in the economic growth of the county.

Source: USDOC, Bureau of Economic Analysis, April 24 2008

Lee County Profile

Lee County is not part of the second Rural Area of Critical Economic Concern but borders the region. The county is ranked 11th in the state of Florida with a per capita income in 2006 or 109% of the state average. In 1996 Lee County was ranked 12th in the state. The average annual income growth rate for the state from 1996-2006 was 4.5% Lee was 5.5%. The total personal income in 2006 ranked 10th in the state and from 1996-2006 the state annual rate of growth was 6.6% and Lee was 9.1%. The five-year graduation rate is 75.3% compared to the state average of 74.4%.

Lee County has grown in population by 42.2% since 1996 and workforce increased 64.5%. The county has a large construction industry along with health care and accommodations/retail. The agricultural industry continues to be a constant in the county and in 2005 was at the highest level since 1999. Located on the west coast with white sandy beaches the tourism industry plays a large role in the economy of the county. The county does not collect a tourism tax.

Base Line Measurements 2006 Lee County

Per Capita Personal Income 2006 \$40,113 109% state average 109% national average

1996-2006 Growth

County Average 5.3% State Average 4.5% National Average 4.3%

Total Personal Income 1996-2006 Growth

County Average 9.1% State Average 6.6% National Average 5.4%

Components of TPI

	1996	2006
Net earnings	47.0%	50.0%
Dividends Interest & rent	34.7%	35.3%
Personal Current transfer receipts	18.3%	14.7%
Net Earnings	Average increase year over year	9.8%
Dividends Interest & Rent	Average increase year over year	9.3%
Personal Current transfer receipts	Average increase year over year	6.7%

The significant change in the dividends and interest show the change in the age demographics of the county.

Earnings by Place of Work (earnings of persons employed in Lee)

Annual earnings growth rate 1996-2006

County Average 9.5% State Average 6.8% National Average 5.5%

The use of the ten-year trend covers both the highs and lows caused by both the droughts and the hurricanes giving a true benchmark. The future gains of the county to the state and national economies will be a true measure of strong economic growth. The impacts felt with all change cause significant bumps in economic trends. The education and industry changes will continue to play an important part in the economic growth of the county.

Source: USDOC, Bureau of Economic Analysis, April 24 2008

Draft Report - Comments

FHREDI shall submit a final report on the economic impacts from the current drought, as well as a baseline comparison for future events. This report shall take into consideration comments from all state, local and agency partners and include discussion and disposition of the same.

Andrew Jackson
Highlands County Commissioner
FHREDI Board Member

I would like to see defined agricultural information. The region is still agricultural and it is important that we have facts to measure the decline or growth.

Answer: We have included the agricultural information employment figures and income as separate data per county and for the region. The 2007 , 2008, 2009 are projections using the REMI model.

Roger Hood
President/CEO
Heartland Workforce Investment Board

The report is very good. It would be even more helpful with average income statistics.

Answer: We have added both the per capita income along with annual compensation for the top industry classifications.

Carl Woehlche
Lead Economist
Water Supply Planning Division
South Florida Water Management District

- There are really two tasks, the baseline profile and the impacts of the drought.
- None of the recent years is good for establishing a baseline or a trend due to the hurricanes and other “shocks” to the economy.
- It is premature and probably not feasible to establish drought impacts from county aggregate data. Much of the potential impact felt during the 2007 growing season would not be felt until 2008. Since there is no stable baseline it is much less feasible to establish a reliable “without drought” condition as a basis for comparison. Given that, if estimating the drought impacts or at least documenting the limitations of present attempts to do so is a major task of the study then the draft definitely does not fulfill this responsibility.
- I believe the data are poorly presented as I did not find
 - Sources cited for each table – if this is to be a baseline then future users will need to be able to obtain future data from the same sources in order to make comparisons to the baseline.

- Any indication, which data are historical and which are projections. (Drought impacts can not be estimated at all for 2007 if 2007 data are projections)
- A rationale for including projections in a baseline
- I guess the estimates are in current dollars of each year but see no indications.

Answer: All of the data sources and estimates are documented along with the rationale for the use of projections.

- I did not find data attempting to address the cities of Belle Glade, Pahokee, and South Bay and the community of Immokalee

Answer: We have included the present information for each of the cities and community.

- I think some of the differences in industry measures from 2000 to 2002 may have to do with the switch from SIC to NAICS.

Answer: This is correct and the REMI model considered those.

- I think a profile should be primarily by county with a discussion of how each of the measures helps one to understand what makes that economy “tick”
- Additional measures as to what makes the economies of these areas “tick” should be incorporated including
 - Transfer payment effects (think of the importance of social security and retirement benefits)
 - Relationships with other counties (can be shown by earnings adjustments by place of work vs. place of residence)
 - More detail on agriculture and other economic base industries
- One source for the above is the BEA Regional Economic Accounts Data <http://www.bea.gov/regional/reis>

Answer: We have taken this into advisement and used the indicators for the reports.

- Substitute a different picture – a wading bird in a well watered wetland does not relate to economic impacts or droughts let alone both

Answer: Point well taken this has been done.