



CULTIVATING FLORIDA'S SECOND-STAGE COMPANIES

*Examining the Benefits of Expanding the
Statewide Impact of the GrowFL Program*

JANUARY 2015



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Dear Fellow Taxpayer,

Florida policymakers continue to focus on policies to pursue positive economic growth to diversify the state economy. Florida has successfully invested in promoting the state's innovation economy by targeting entrepreneurial second stage companies with great growth potential. Second stage companies, or mid-size businesses with job creation potential, are now responsible for more than 30 percent of Florida jobs, and 34 percent of Florida's new jobs.

One state program, GrowFL, works to help these second stage companies connect with resources that will allow them to make better strategic decisions and have a larger positive impact on our economy. To determine the value of the GrowFL program on job creation in the Sunshine State, Florida TaxWatch conducted an independent study that analyzes job creation as a result of increased state investment in the program.

Florida has many opportunities to pursue economic development, job growth, and diversification, and Florida TaxWatch is pleased to present policymakers and taxpayers with an independent analysis of one of Florida's successful programs.

Sincerely,

A handwritten signature in black ink that reads "Dominic M. Calabro".

Dominic M. Calabro
President & CEO

EXECUTIVE SUMMARY

Florida has made the development of its entrepreneurial economy a key piece of its strategy for the creation of jobs and diversification of the economy. Along with the expansion of tourism marketing, helping existing companies expand, and recruiting new companies to Florida, these investments have begun to demonstrate substantial benefits for the state and local economies.

To further develop Florida's growing entrepreneurial economy and provide opportunities for graduates of Florida schools (thereby improving the state's return on investment in K-20 education), Florida policymakers may look to the GrowFL program, which targets small, growing companies that have the most potential to create jobs. While GrowFL is currently available to companies statewide, expanding the statewide impact of the program could have a significant impact on Florida's economy.

To analyze the viability of expanding the impact of GrowFL statewide, Florida TaxWatch modeled the economic impacts of the program creating 1,000 jobs per year in Florida for the next 10 years.¹ These impacts were modeled with a dynamic, multi-period model from Regional Economics Models, Inc. (REMI).

The results of this simulation show that the expansion of the GrowFL program would be expected to produce more than 25,000 total jobs, with more than 23,000 of those in private non-farm sectors. The average salary of those jobs was estimated at more than \$77,000, and the increase in state tax receipts is estimated to be more than \$16.5 million per year.

¹ The number of 1,000 jobs comes from the average over two years of 933.5 jobs, as detailed on pages 4 and 5 of this report.

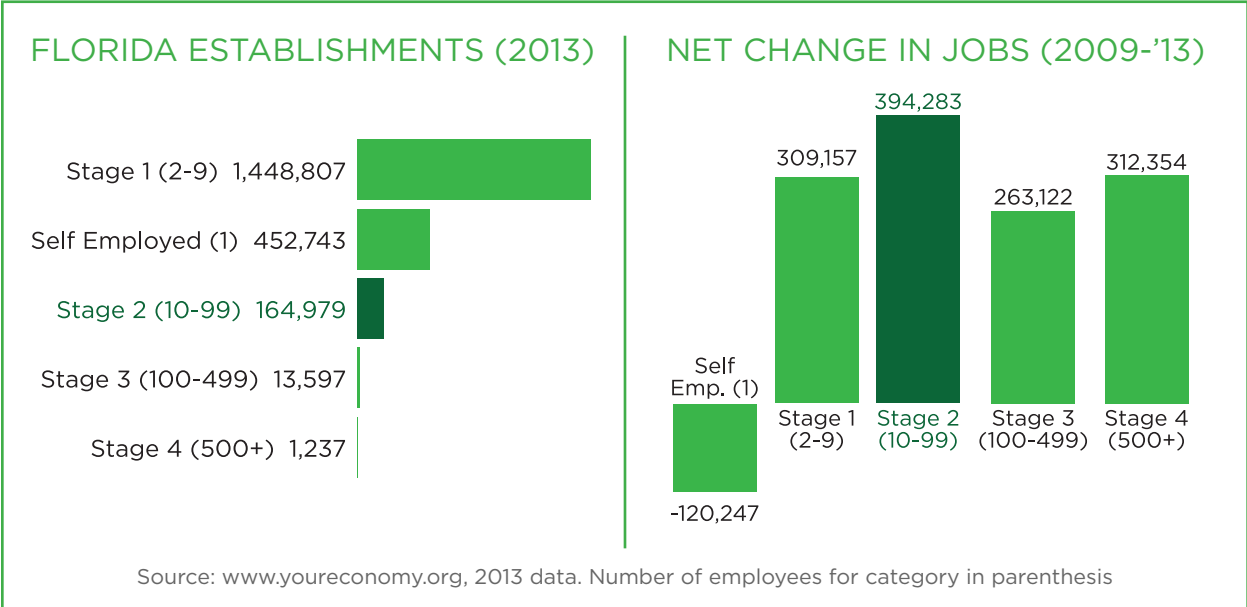
INTRODUCTION

Economic Gardening is a concept that has been developed to help second-stage companies grow and create jobs. In Florida, second-stage companies are considered to be those that have 10-99 employees, revenues between \$1 million and \$50 million, opportunities for rapid growth, and therefore have the potential for creating a substantial number of jobs.

Developing second-stage companies in Florida through Economic Gardening consists of helping them obtain business intelligence which is often priced out of reach for a growing company, connecting their leaders with mentors who have been through the same or a similar process, and by bringing second-stage leaders together through peer groups to assist with operational solutions. Florida’s Economic Gardening program, GrowFL, coordinates the development of these companies, and assists them without using direct subsidies like cash payments or tax breaks.

Second-Stage Companies

In 2013, second-stage companies accounted for 7.9 percent of Florida companies, yet they are responsible for 31.7 percent of the jobs in Florida, and 33.4 percent of sales.² From 2009 through 2013, second-stage companies were responsible for more than 394,000 net new jobs, the largest of any category, and 34 percent of the net new jobs created in Florida. Therefore, providing the tools to facilitate growth among these companies in the state’s interest, given the resulting job creation, increased tax receipts, and potential diversification of the Florida economy.



² Data downloaded from www.youreconomy.org. Website sponsored by the Edward Lowe Foundation.

ECONOMIC GARDENING

The Importance of Strategic Research

Strategic research is supplied in the form of business intelligence, using data obtained by an Economic Gardening program. This type of market data is typically very expensive, and second-stage companies typically cannot make the necessary investment without putting the company at financial risk.

As a small company that has the opportunity to expand regionally, nationally, or internationally starts to grow and become a presence in the market, information on outside markets becomes valuable. Some of the relevant data is collected by state governments and the U.S. government, and is therefore accessible to the public, but detailed market information is often collected by private companies and then sold to businesses. This data can be substantially valuable to the expanding company, but it often comes at a very high cost. The cost of data, typically in the many thousands of dollars, is often priced out of reach of the small, growing companies. This is where the state can play a role, by obtaining this proprietary data and using it to help these companies through Economic Gardening programs.

The Importance of Peer Group Feedback

As companies grow, the leaders must recognize that their decisions will need to shift from intuition-based to data-based, and that the transition from a startup company to a successful second-stage company requires different management skills. The type of management that was possible with a small company is likely rendered ineffective or inefficient when the number of employees and/or locations increases.

Instead of being able to be present and manage the small company, new managers must be hired and trained, and the overall leader may become unable to make all of the decisions, or may become overwhelmed by the volume of decisions to be made within the constraints of their previous management style. The loss of control of this process is often difficult; therefore, re-training leaders is important so that they can manage this process of growth. This is where outside mentors or consultants can have a big effect. Mentors could be board members who step in to provide expertise, or the consultant services of the Economic Gardening program.

In the peer-to-peer mentoring programs used in Economic Gardening, CEOs from different companies that are not direct competitors with each other are grouped together with a facilitator who runs the meetings. These CEOs discuss issues that they are having with their companies, and others in the group are able to offer solutions that have worked for them. All facets of the businesses are discussed, including detailed financial information, as each CEO is able to share experiences, advice, and best practices in the peer-group setting.

The Importance of Recognition

When companies are of the size of the typical second-stage company, it is likely that few outside their immediate industry or geographic area are aware of their product or service. Being accepted into an Economic Gardening program is an indicator of stability to the outside world, showing that they have reliable growth potential and are worthy of receiving the investments of consultants and market data.

In addition, when a sub-group of these companies are chosen as the best in Florida, such as when the top 50 companies are chosen for GrowFL's "Companies to Watch" list, they receive statewide recognition. This can further their growth potential, because they are more likely to be noticed by other companies in the state (as well as those outside the state and in other countries), as they compete for investor capital. The additional recognition and stability can give the employees of the company confirmation that they are working for an organization that has the potential to grow significantly, and this can lead to higher job satisfaction and a committed workforce.

ABOUT GROWFL

The GrowFL program selects participant companies statewide through an application process, wherein a company must meet several baseline metrics: the company must be a for-profit enterprise, must have between \$1 million and \$50 million in annual revenue, must employ between 10 and 99 people, and should have the intellectual property and/or strategy to sell outside of the state of Florida.³ Once selected, the companies enter into agreements with the program, and begin to receive help with strategic research and the development of their management team.

Recent Economic Impact Study of GrowFL

A July 2014 Economic Impact Report issued by the University of Central Florida (UCF)⁴ details the job creation credited to the GrowFL program for the period July 2011 through June 2013, as well as the economic impact provided by the program over the past two fiscal years. Their results indicate that more than 650 firms in Florida have participated in the program delivered by GrowFL.

During the two fiscal years studied, second-stage companies engaged in Florida's GrowFL program were credited with creating 1,867 net new jobs.⁵ The results of the study show that the current program created jobs in all regions of Florida, but most were created in the East Central Region, followed by the Tampa Bay

3 GrowFL. Application guidelines. <http://www.growfl.com/services/apply>. Accessed December 12, 2014.

4 A Review of the GrowFL: the Florida Economic Gardening Institute at the University of Central Florida Economic Impacts from July 1, 2011 through June 30, 2013. Vernet Lasrado, Ph.D. July 11, 2014.

5 Note: Although other economic impact studies often use only jobs created, the UCF study analyzed the economic impacts of only the net new jobs created.

and Southeast regions. Together these three regions make up 72 percent of the firms helped by the GrowFL program to-date, and 69.9 percent of the jobs. The table below shows the cumulative percentages of firms and jobs by region. Appendix 1 shows location details for the regions summarized below that were included in this study.

**GROWFL COMPANIES
FIRMS AND EMPLOYMENT
(BY REGION)**

Region	Firms	Employment
East Central	34.2%	34.4%
North Central	1.6%	1.5%
Northeast	7.3%	8.5%
Northwest	7.5%	6.9%
South Central	0.8%	0.8%
Southeast	17.5%	17.8%
Southwest	10.8%	12.5%
Tampa Bay	20.3%	17.7%

The UCF study shows that in these areas, 826 net new jobs in 2011-12, and 1,041 net new jobs in 2012-13 can be attributed to the program, with a total over the 2-year period of 1,867. The average annual net new job creation over this two fiscal year period was 933.5.

The companies who participated in GrowFL over the period of the UCF study were predominately in the categories of *Manufacturing* and *Professional, Scientific, and Technical Services*, which led all other categories in number of firms and number of employees. The top 4 categories and the percentages of companies and employment represented are:

**GROWFL COMPANIES
TOP 4 FIRMS AND EMPLOYMENT
(BY INDUSTRY SECTOR)**

Industry Sector	FY2011-12	FY2012-13
Manufacturing	27.8%	32.0%
Professional, Scientific, and Technical Services	29.1%	22.2%
Wholesale Trade	9.6%	8.5%
Information	9.0%	8.9%

Cumulatively, these top 4 categories make up 75.4 percent of the companies in FY2011-12 fiscal year, and 71.5 percent in FY2012-13. It is clear that the GrowFL program is targeting companies in the industries known to have high production of indirect and induced jobs, as well as high added value to the state. These industries are also on the Targeted Industry list used by Enterprise Florida, since these industries produce high levels of benefits for Florida, in terms of high salaries and substantial indirect and induced jobs.

Manufacturing has the highest jobs multiplier of any industry,⁶ and has the potential to increase logistics efficiency in our state and lower shipping costs for Floridians, by filling shipping containers that would otherwise leave the state empty.⁷ With more than half of the companies in the program in two top categories of indirect and induced job creation, it is clear that this program has an opportunity to produce substantial returns for any potential statewide investment. Appendix 2 shows the numbers of participants and the industries they represented.

Size of Firms Being Assisted by GrowFL

The table below shows the average numbers of employees for businesses in the GrowFL program, by industry.⁸

Average Size (number of employees)	2011-12	2012-13
Manufacturing	22.8	22.8
Professional, Scientific, and Technical Services	15.2	17.1
Wholesale Trade	17.5	19.2
Information	19.7	19.7
Administrative and Remediation Services	25.1	32.5
Construction	23.1	22.2
Other Services (except Public Administration)	15.5	19.6
Finance and Insurance	16.5	18.2
Retail Trade	22.2	21.8
Management of Companies and Enterprises	21.8	21.5
Health Care and Social Assistance	17.3	17.8
Transportation and Warehousing	24.5	26.0
Educational Services	27.3	24.5
Accommodation and Food Services	84.0	42.7
Agriculture, Forestry, Fishing and Hunting	49.0	53.5
Utilities	27.0	30.0
Arts, Entertainment, and Recreation	71.0	80.0
Real Estate and Rental and Leasing	61.0	37.5

The median number of employees for participating companies for FY2011-12 was 23.0, and the median for FY2012-13 was 22.5. This is yet another indication that the companies helped by the GrowFL program are small businesses. These companies are chosen based on their potential to increase jobs as they grow, thus furthering the potential returns on the investments in this program.

6 Manufacturing: An Economic Driver for Jobs and Florida’s Future. Florida TaxWatch. August, 2011.
 7 Florida: Made for Trade. Florida Trade and Logistics Study 2.0. Florida Chamber Foundation. 2014.
 8 A Review of the GrowFL: the Florida Economic Gardening Institute at the University of Central Florida Economic Impacts from July 1, 2011 through June 30, 2013. Vernet Lasrado, Ph.D. July 11, 2014.

Public Investment in the Program

The amount of public money invested in the GrowFL program was \$351,604 during FY2011-12, and \$2,258,529 during FY2012-13.⁹ These figures were used in the UCF study to calculate the return on the public money investment. This total of \$2,610,133 over the two year period, using the methodology in the study, led the author to report that there was a net return of \$7.58 for every dollar invested in the GrowFL program during the study period.

The study used outputs from IMPLAN modeling whose results showed an increase of almost \$22.4 million in state and local taxes due to job increases and the resulting indirect and induced economic effects of those increases. (*Note: The Florida TaxWatch estimate in this paper will vary from that estimate due to using a different analysis method, specifically a multi-period dynamic econometric model that accounts for other variables, such as estimated population increases over multiple years.*)

TAXWATCH STUDY METHODOLOGY

A simulation was created that used the expected job creation attributable to the GrowFL program, which was then input into a multi-period dynamic model from Regional Economic Models, Inc. (REMI). The REMI PI+ model is often used in policy analysis, because it gives detailed outputs of data series such as GDP, jobs by category, jobs by industry, personal income and personal disposable income for each year. The inputs, called “shocks,” run through the model and affect industry linkages, including population immigration from outside the state.

A rounded, weighted average of the net new jobs produced in the last two fiscal years by the GrowFL program was used as a forecast of job creation for the 10 years of 2015 through 2024. When the categories had exact matches in the REMI model, such as *Professional, Scientific, and Technical Services* and *Wholesale Trade*, those categories were used to increase employment at the industry level.

In the broad category of Manufacturing, the jobs were allocated equally between 5 categories estimated to be most probable for inclusion in Florida’s Economic Gardening program. Those categories are *Fabricated Metal Product Manufacturing*, *Machinery Manufacturing*, *Computer and Electronic Product Manufacturing*, *Electrical Equipment and Appliance Manufacturing*, and *Other Transportation Equipment Manufacturing*. For the category shown as Information, there is no direct category in the REMI model that can be used. Nationally, the largest occupations in the Information Category include *Customer Service Representatives*, *Telecommunications Equipment Installers and Repairers*, *Sales Representatives*, and *Software Developers*. Those jobs were allocated to the Administration and Support Services category. There is likely to be no material difference in the amount or type of jobs created by using this substitution.

⁹ Ibid.

RESULTS

For each of the top four categories of job creation, a proportion of the net new jobs created following the average of the most-recent two years was used to simulate future job creation and the economic effects of the estimated job creation was used to project the amount of tax revenues that would accrue at the state level. The benefit to local governments was not calculated, and would be additional to the state benefits shown in the results table. The income stream of tax revenues at the state level was used to estimate a value to the state of enough funding to realize the amount of job creation, giving a “maximum potential value” of the anticipated income stream.

Florida TaxWatch calculations show the value of the income stream, however there is additional value to the state in terms of diversifying the Florida economy. This diversification of the economy by adding high-wage jobs in these categories, although not quantified here, has substantial value in the potential future stability of state tax revenues, as well as the increased return on investment in higher education Florida receives by keeping Florida graduates in the state.

According to a September 2014 U.S. Department of Commerce Bureau of Economic Analysis report, Florida’s Total Personal Income was almost \$811.4 billion.¹⁰ Using the ratio of personal income to state tax receipts, approximately 8.5 percent of personal income equates to state tax receipts of \$69.3 million. Although this figure includes Federal Assistance and other monies, much of the total is paid by Floridians. This figure is used to estimate the state tax receipts from the potential expansion of the impact of the GrowFL program.

¹⁰ U.S. Department of Commerce Bureau of Economic Analysis BEA 14-50. “State Personal Income: Second Quarter 2014 with Annual Revisions”. Florida TaxWatch calculation from Table 1: Personal Income, by State and Region. Seasonally adjusted at annual rate.

Dynamic Model Results

An increase of 1,000 net new jobs created per year was input in to the REMI PI+ model, for each of the 10 years from 2015-2024. These 10,000 jobs were weighted in the categories detailed in Appendix 3. The results of the model run are shown below and are totals over the 10-year period.¹¹

SUMMARY RESULTS OVER 10 YEARS (REPORTED IN 2014 DOLLARS)

Total Employment	25,244 jobs
Private Non-Farm Employment	23,012 jobs
Average Salary of New Jobs	\$77,067
Gross Domestic Product	\$2.95 billion
Total Output	\$4.79 billion
Personal Income	\$1.94 billion
Disposable Personal Income	\$1.68 billion
Population Increase	3,021 people
Estimated State Tax Receipts	\$165.4 million

Interesting to note is that the average salary of the jobs created is \$77,067, substantially higher than the latest Bureau of Labor Statistics' estimate of the average salary of \$41,140¹² for Floridians. Returns to state receipts are estimated at \$16.54 million per year, notably higher than the estimated results from the past use of the GrowFL program, where the estimates produced by the use of the IMPLAN model showed just over \$11 million per year. There are several potential reasons for this, including the use of a dynamic model for this estimate that allows for increases in population, versus a static model that does not show the results of a population increase.

In the case of this study, an estimated 3,021 people would move to Florida due to the additional job opportunities provided by the estimated results of the expansion of the impact of the GrowFL program. Although some of the additions in population may not be workers, but instead family members of employees, even conservative estimates would indicate that the extra \$5.5 million in tax receipts more than the UCF study show approximately \$1,820 yearly would be paid in state tax revenues for each of the 3,021 people moving to Florida, a substantially lower amount than Florida's current population contributes to state tax revenues.

¹¹ Adjustment of 2009 Dollars to 2014 Dollars. In Results Table, the Gross Domestic Product output from the model was \$2.67 in 2009 dollars. The Total Output was \$4.33 billion 2009 dollars. Using the U.S. Bureau of Labor Statistics CPI inflation calculator at http://www.bls.gov/data/inflation_calculator.htm, those figures were calculated to be \$2.95 billion and \$4.79 billion in 2014 dollars, respectively.

¹² Bureau of Labor Statistics May 2013 State Occupational Employment and Wage Estimates. http://www.bls.gov/oes/current/oes_fl.htm#00-0000

ESTIMATED JOB CREATION BY SECTOR

Sectors	Total Jobs
Forestry, Fishing, and Related Activities	3
Mining	36
Utilities	29
Construction	2349
Manufacturing	3361
Wholesale Trade	2448
Retail Trade	1524
Transportation and Warehousing	354
Information	203
Finance and Insurance	672
Real Estate and Rental and Leasing	650
Professional, Scientific, and Technical Services	4306
Management of Companies and Enterprises	265
Administrative and Waste Management Services	3342
Educational Services	149
Health Care and Social Assistance	1226
Arts, Entertainment, and Recreation	210
Accommodation and Food Services	957
Other Services, except Public Administration	920
State and Local Government	2235
Total	25240

The sector expected to receive the most jobs with the expansion of the impact of the GrowFL program is *Professional, Scientific, and Technical Services* with more than 4,300 jobs created, including a high indirect job creation multiplier in the *Manufacturing* sector. The next-highest is the *Manufacturing* sector itself, with jobs known to have high wages and therefore high amounts of disposable income. Interesting to note is the high amount of construction jobs that are also induced, especially from the expansion of manufacturing jobs.

ESTIMATED JOB CREATION BY OCCUPATION

By Occupation	Total Jobs
Management, business, and financial occupations	3137
Computer, mathematical, architecture & engineering occupations	2219.5
Life, physical, and social science occupations	242.4
Community and social service occupations	181.2
Legal occupations	377.5
Education, training, and library occupations	904.2
Arts, design, entertainment, sports, and media occupations	359.3
Healthcare occupations	1140.6
Protective service occupations	660.6
Food preparation and serving related occupations	1005.7
Building and grounds cleaning and maintenance, personal care and service occupations	1320.9
Sales and related, office and administrative support occupations	6841.1
Farming, fishing, and forestry occupations	32.9
Construction and extraction occupations	1735.2
Installation, maintenance, and repair occupations	1068.2
Production occupations	2340.9
Transportation and material moving occupations	1676.8
Total	25,244

Occupations that are expected to receive the highest increase with an expansion of the impact of GrowFL are in the *Sales and related, office and administrative support* category. Each of the 4 sectors modeled has high indirect job creation effects on this category. Second-highest is the *Management, business, and financial occupations* category, with more than 3,100 jobs expected to be created. The next-highest categories are *Production occupations*, followed closely by *Computer, mathematical, architecture, and engineering occupations*.

Sensitivity Analysis

A sensitivity analysis was performed on the percentages of direct jobs created in the 4 industries, to check for the variation in Private non-farm employment, GDP, and Personal Income. Interestingly, varying the percentage of each type of jobs resulted in at most around a 4 percent difference in job creation numbers. More sensitive was the GDP created, with nearly double the variation from the reported job mix to the least-productive job mix. Personal disposable income was even more variable, with more than 9 percent difference in the reported job mix to the least-favorable option. In general, the higher the proportions of both *Manufacturing* (the category with the highest jobs multiplier) and *Professional, Scientific, and Technical Services*, the higher the employment, GDP, and Personal Income. In all the cases calculated, there was less than a 10 percent variation from the highest result to the lowest result. Details of those results can be seen in Appendix 4.

CONCLUSION

Second-stage companies are responsible for a substantial amount of employment in Florida, and produce more jobs per company than any other category of firm. Helping develop these companies can help produce a substantial amount of jobs, help diversify the Florida economy, and provide positive returns on the investment by the State of Florida.

Public investments in this type of program are a reasonable part of a state's economic development strategy, when a state wants to develop its entrepreneurial economy, provide high-wage jobs, and provide opportunities for graduates of their state college and state university systems. While not quantified in this report, the additional financial returns of keeping Florida graduates in Florida are substantial, compared to having them leave the state and become taxpayers of another state's economy.

Florida should continue this approach to economic development. Over the last few years, the state's three-pronged approach of expanding tourism marketing, helping Florida companies expand and recruiting new companies to Florida, and developing Florida's entrepreneurial economy has paid substantial dividends in terms of jobs produced and diversifying Florida's economy.

To continue the development of Florida's entrepreneurial economy, expanding the impact of the existing GrowFL program is a good option for taxpayers. By allowing the program to create high-wage jobs in more areas, the state can help diversify the Florida economy even further. By expanding the impact of this program statewide, not only can Florida grow more jobs here in the state, and keep more graduates of Florida schools in the state, the core of experienced managers who know how to grow companies can be expanded in Florida, which will provide opportunities for more companies to expand beyond the start-up stage and become growth companies.

APPENDIX 1

GrowFL firms profile by industry by fiscal year

Industry Sector	2011-2012		2012-2013	
	Firms	Employment	Firms	Employment
Manufacturing	130	2969	172	3917
Professional, Scientific, & Technical Services	136	2061	193	3301
Wholesale Trade	45	786	59	1133
Information	42	829	55	1085
Administrative and Remediation Services	20	501	28	910
Construction	21	485	33	731
Other Services (except Public Administration)	14	217	18	353
Finance and Insurance	15	247	19	345
Retail Trade	11	244	15	327
Management of Companies and Enterprises	9	196	13	279
Health Care and Social Assistance	10	173	12	214
Transportation and Warehousing	4	98	6	156
Educational Services	3	82	6	147
Accommodation and Food Services	1	84	3	128
Agriculture, Forestry, Fishing and Hunting	2	98	2	107
Utilities	3	81	3	90
Arts, Entertainment, and Recreation	1	71	1	80
Real Estate and Rental and Leasing	1	61	2	75
Mining, Quarrying, and Oil and Gas Extraction	0	0	0	0
Public Administration	0	0	0	0
Totals	468	9,290	640	13,386

APPENDIX 2

*MSAs – reproduced from
GrowFL Economic Impact
Report, Issued July 11, 2014.*

Region MSA Title Counties

East Central

Orlando-Kissimmee-Sanford Lake, Orange, Osceola,
Seminole

Palm Bay-Melbourne-Titusville Brevard The Villages
Sumter

North Central

Gainesville Alachua, Gilchrist Ocala Marion Lake
City Columbia

Northeast

Deltona-Daytona Beach-Ormond Beach Flagler,
Volusia

Jacksonville Baker, Clay, Duval, Nassau, St. Johns

Palatka Putnam

Northwest

Crestview-Fort Walton Beach-Destin Okaloosa,
Walton

Panama City Bay, Gulf Pensacola-Ferry Pass-Brent
Escambia, Santa Rosa

Tallahassee Gadsden, Jefferson, Leon, Wakulla

South Central

Sebring Highlands

Arcadia DeSoto

Clewiston Hendry

Okeechobee

Wauchula Hardee

Southeast

Miami-Fort Lauderdale-West Palm Beach Broward,
Miami-Dade, Palm Beach

Port St. Lucie Martin, St. Lucie

Sebastian-Vero Beach Indian River

Key West Monroe

Southwest

Cape Coral-Fort Myers Lee

Naples-Immokalee-Marco Island Collier

Punta Gorda Charlotte

Tampa Bay

Homosassa Springs Citrus

Lakeland-Winter Haven Polk

North Port-Sarasota-Bradenton Manatee, Sarasota

Tampa-St. Petersburg-Clearwater Hernando,
Hillsborough, Pasco, Pinellas

APPENDIX 3

Weights used in Simulation Calculations

Industries	Weights
Manufacturing	30%
Professional, Scientific, and Technical Services	30%
Wholesale Trade	20%
Information	20%

These were calculated from the following actual percentages from companies that used the program in the past two fiscal years.

Industry Sector	'11-12	'12-13	Average
Manufacturing	27.8%	32.0%	29.9%
Professional, Scientific, and Technical Services	29.1%	22.2%	25.6%
Wholesale Trade	9.6%	8.5%	9.0%
Information	9.0%	8.9%	8.9%
Administrative and Remediation Services	4.3%	5.4%	4.8%
Construction	4.5%	5.2%	4.9%
Other Services (except Public Administration)	3.0%	2.3%	2.7%
Finance and Insurance	3.2%	2.7%	2.9%
Retail Trade	2.4%	2.6%	2.5%
Management of Companies and Enterprises	1.9%	2.1%	2.0%
Health Care and Social Assistance	2.1%	1.9%	2.0%
Transportation and Warehousing	0.9%	1.1%	1.0%
Educational Services	0.6%	0.9%	0.8%
Accommodation and Food Services	0.2%	0.9%	0.6%
Agriculture, Forestry, Fishing and Hunting	0.4%	1.1%	0.7%
Utilities	0.6%	0.9%	0.8%
Arts, Entertainment, and Recreation	0.2%	0.8%	0.5%
Real Estate and Rental and Leasing	0.2%	0.7%	0.4%

APPENDIX 4

Sensitivity Analysis of the Weights Used in Calculation of Results

Weighting	Reported	Option 2	Option 3	Option 4
Prof, Scientific, Tech Services	30%	25%	20%	30%
Wholesale Trade	20%	25%	30%	25%
Admin Support	20%	25%	30%	20%
Manufacturing	30%	25%	20%	25%
Variation of Results				
Private Non-Farm Employment	23,012	22,541	22,070	22,795
GDP \$Billion (2014 dollars)	2.96	2.85	2.73	2.91
Personal Income (current \$)	1.945	1.885	1.824	1.923

ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible donations and private grants, and does not accept government funding. Donations provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves for the last 35 years.

FLORIDA TAXWATCH RESEARCH LEADERSHIP

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All Florida TaxWatch research done under the direction of Dominic M. Calabro, President, CEO, Publisher & Editor.

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This independent *Report* was made possible by the generous financial support of Florida TaxWatch donors.

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