Tri-County Growth Management Plan
Okaloosa- Santa Rosa- Walton

ATLAS OF EXISTING CONDITIONS
5.0 Economy and Jobs
September 2009

HDR

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Integrated Design Solutions

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for business research and economic development

Table of Contents Full Atlas

5.0 Economy and Jobs

Existing Conditions **Page**

Military Realignments, Regional Demographics and the Economy

Introduction

We begin this section with a broad overview of the impacts of military realignments on regional population growth patterns through 2015. Our estimates of the effects of military realignments on regional demographics can be divided into roughly two sections. The first section deals with the overall impact of the realignments on total population. The second deals with the impact of the realignments on school-aged population. These data are particularly useful to local school systems that may need to adjust their comprehensive plans to accommodate the growth. We follow these demographic estimates with a series of economic impact estimates. These economic impact assessments cover the impact of the included military realignments on the overall economy, fiscal impacts to municipal, county and state governments and the impact on job growth/decline in the region. We further include a series of tables that highlights sectors of the economy where overall demand for goods and services in the local market is being met by sources outside the local market (i.e. gaps in the local supply chain). These data provide a comprehensive look at the overall demographic and economic impacts that the military realignments will have on the tri-county region.

Sourcing

Data cited as having come from Regional Economic Modeling Incorporated (REMI) are internal Haas Center estimates using the REMI software. Baseline data upon which the REMI figures that we present here are predicated are routinely updated to provide the most accurate simulates available. As such, figures may change slightly from quarter to quarter as new baseline economic data become available. These baseline data derive from national REIS and QCEW estimates scaled consistent with the requirements of the REMI model across the tri-county study area. Model inputs as are presented at the end of this section. These replication tables contain all data necessary to replicate the figures that we present here in REMI PI+.

Other economic data that deal with the identification of gaps in the local workforce at the six-digit NAICS (North American Industry Classification System) code level are identified as having come from Economic Modeling Specialists Incorporated (EMSI). These data are wholly secondary incorporating no economic updates and/or adjustments from researchers directly involved in these analyses. We only highlight deficiencies and/or inconsistence where they may occur. Finally, we note that some population data derive from US Census data and some derive from the Florida Demographic Estimating Conference Reports. For the purpose of comparison, we provide estimates from both sources. However, in all cases, we believe that our REMI based estimates provide the most accurate simulation data currently available. We therefore use these as our final data estimates both because of our confidence in the results and because doing so is consistent with the overall assumptions upon which all data that we provide are predicated.

Assumptions

The accuracy of the simulation results that we present rests on accurate forecasts of economic growth. To the extent that these forecasts are inaccurate, our results will be accordingly biased. However, to the extent possible, we provide some extreme boundaries that allow us to mark the possible range of these biases. These boundaries are typically presented as brackets in the models that follow. They should not be thought of as confidence intervals *per se*, because there is no probability associated with the likelihood of the accuracy of any given point versus the accuracy of any other given point. They should be interpreted as the boundaries of the potential range of what might happen given extreme economic growth or extreme economic decline. The mid-range estimates that we present here capture what is currently thought to be the most likely baseline scenario.

The accuracy of our estimates also depends on the model inputs – which include forecast changes in military employment and military spending in the region. Several points are noteworthy regarding the selection of our data. First, all Eglin realignments data are derived from table 9-1 of the 2005 BRAC Decision and Related Actions Final Environmental Impact Statement of Eglin Air Force Base, Florida. These entries reappear in the data appendix on the final page of this document. For Bay and Escambia Counties, the employment estimates come from Section C of the BRAC Commission Report table entitled “BRAC 2005 Closure and Realignment Impacts by State”. This table contains civilian and military employment estimates for each of the affected bases. We include data from Bay and Escambia Counties in our models because estimates in each county are affected by realignment actions across the broader region. We note that Santa Rosa County in particular is affected by the actions at both Eglin (Okaloosa County) and NAS Pensacola (Escambia County).

We consistently attempt to refer to the estimates as realignment estimates rather than BRAC estimates because we include the redeployment of the 33rd Fighter Wing from Eglin in our impact assessment. Although not technically BRAC related, the action does have an impact on the local economy. Failure to capture this action would lead to an assessment of the BRAC impacts that is more optimistic than reality will support.

Finally, we note that the estimates that we present here deviate from those in the Atlas of Initial Conditions that we initially presented at the inception of this project. The reasons for this deviation are several. First, our simulation software has been updated to more fully capture the current state of the economy in the region. Second, our baseline data have also been updated allowing us to more accurately capture current economic realities. Further, the probability that we are able to accurately capture future economic realities increases with the addition of new data that is more representative of current economic conditions. Although the estimates that we present in the Tri-County Growth Management Plan *may* vary slightly from these (depending on the nature of the data that we receive between now and the construction of the final document) we expect that the differences will be, on the whole, trivial. Thus, these data, for all intents and purposes, should mirror the data contained in the Tri-County Growth Management Plan.

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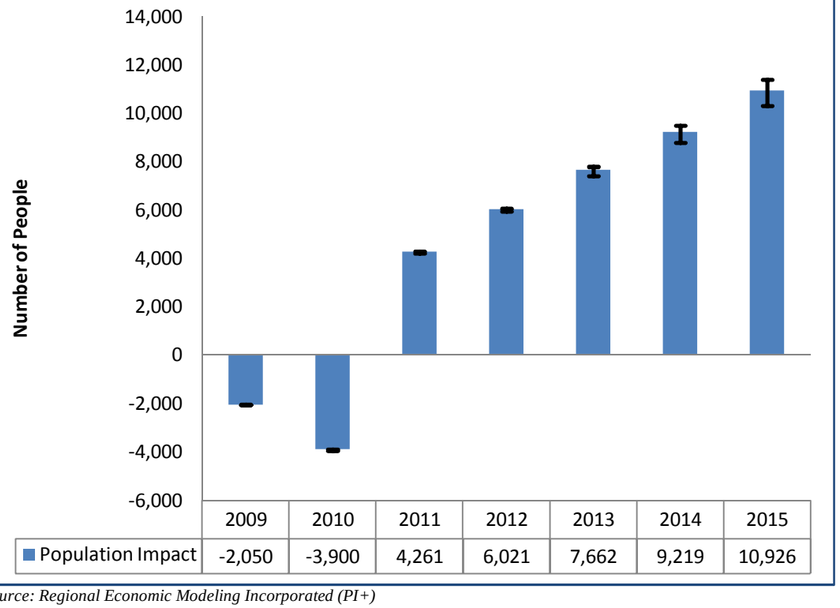
Population Estimates

The population estimates in the right-hand figure reflect population estimates through 2015 from several different sources. The green line is from the Florida Demographic Estimating Conference. The red "X" marks the official US Census bureau estimate, and the blue and red lines mark Haas Center forecasts with and without the impact of military realignments. The black brackets represent extreme bounds analysis type impacts on population estimates that derive from alternative economic forecast scenarios. They demonstrate the sensitivity of our model estimates to changing economic conditions. The three different sources have largely the same starting values in 2008. Census estimates lag Haas center figures by 12,000 and Florida DEC figures by 16,000 or so in 2008. Over time, the Florida DEC figures continue to slightly exceed Haas Center estimates – particularly the baseline figures. However, DEC figures remain within the extreme bounds error bars that we simulate.

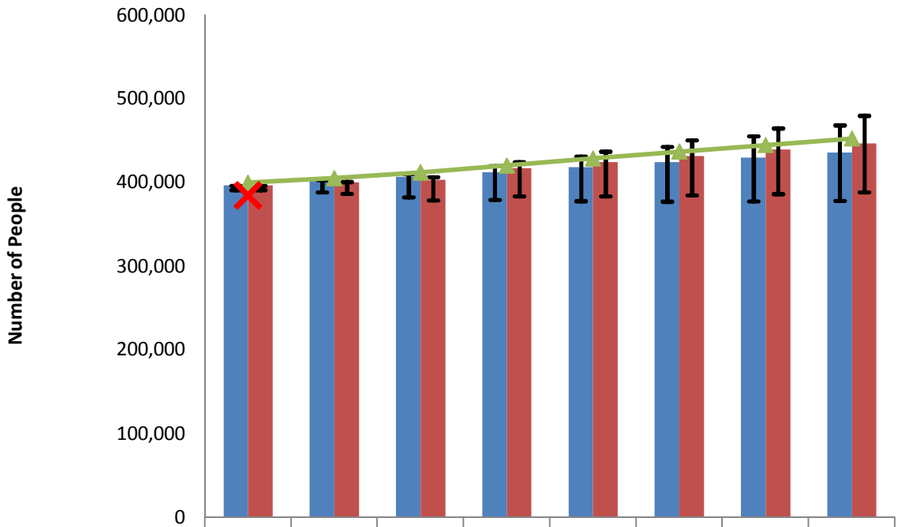
Figure 5.1: Tri-County Population Impacts



	2009	2010	2011	2012	2013	2014	2015
Population Impact	-2,050	-3,900	4,261	6,021	7,662	9,219	10,926

Source: Regional Economic Modeling Incorporated (PI+)

Figure 5.2: Tri-County Population Estimates



	2008	2009	2010	2011	2012	2013	2014	2015
Baseline Figures	395,842	401,602	406,329	411,960	417,704	423,589	429,421	435,162
Impact Included	395,842	399,552	402,429	416,221	423,725	431,251	438,640	446,088
Florida DEC	399,217	404,621	411,413	419,558	427,963	436,119	444,029	451,788
US Census	383,583							

Population Impacts

The figures in the left-hand graph represent the impacts of military realignments on total population figures on an annual basis from 2009 through 2015. The black brackets represent extreme bounds errors that result from alternative baseline economic scenarios (low growth and high growth). Population impacts are fairly substantial, as the figures show. By 2015, the region will have nearly 11,000 additional residents as a result of realignment activities. This includes military personnel, associated family members as well as others whose move to the area is induced by the realignments.

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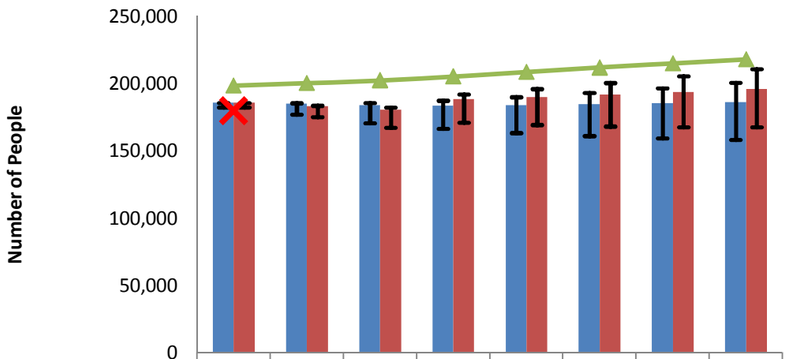
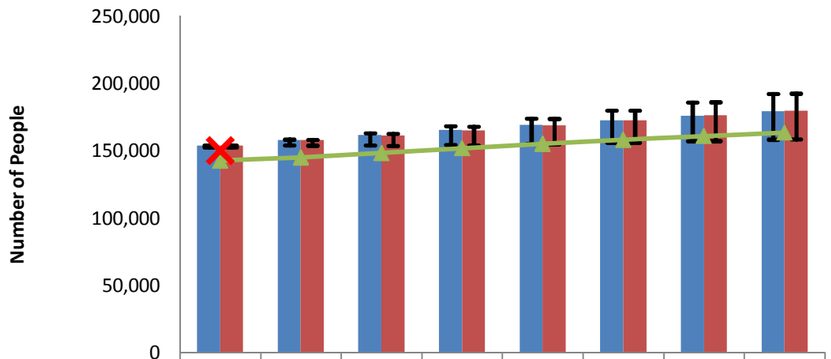
Figure 5.3: Okaloosa County Population Estimates



	2008	2009	2010	2011	2012	2013	2014	2015
Baseline Figures	185,634	184,938	183,773	183,718	183,964	184,516	185,270	186,157
With Realignments	185,634	183,124	180,447	188,292	189,997	191,851	193,804	196,011
Florida DEC	198,466	200,300	202,412	205,364	208,612	211,825	214,961	218,031
US Census	179,693							

Figure 5.4: Santa Rosa County Population Estimates

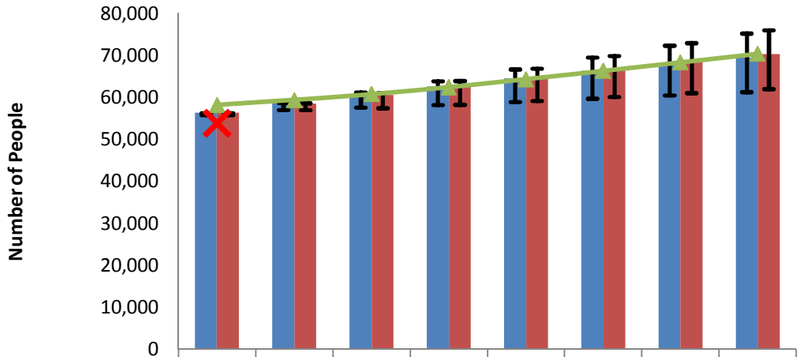


	2008	2009	2010	2011	2012	2013	2014	2015
Baseline Figures	153,898	158,080	161,883	165,613	169,250	172,814	176,232	179,527
Impact Included	153,898	157,894	161,428	165,250	169,013	172,734	176,330	179,831
Florida DEC	142,566	144,951	148,250	151,795	155,088	158,035	160,765	163,443
US Census	150,053							

Population Estimates

The baseline population estimates contained in this section come from several different sources. The green line is from the Florida Demographic Estimating Conference (DEC). The red "X" marks the official US Census Bureau estimates and the blue and red lines mark Haas Center (REMI) forecasts with and without the impact of military realignments. The black brackets represent extreme bounds analysis type impacts on population estimates that derive from alternative economic forecast scenarios. They demonstrate the sensitivity of our models to changing economic conditions. We present these different estimates for precisely the reason that is evident at first glance – the sources disagree. In Okaloosa County, estimates from the DEC appear quite exuberant. We are unable to reach their totals in our models even with the most optimistic growth forecasts by 2015. Further, we are far more consistent with the US Census Bureau than the DEC. In Santa Rosa County DEC estimates appear quite low with our estimates and the Census Bureau estimates remaining more closely linked. In Walton County our estimates are higher than Census Bureau estimates but lower than DEC estimates. The growth patterns that we estimate, however, are roughly consistent with the DEC estimates.

Figure 5.5: Walton County Population Estimates



	2008	2009	2010	2011	2012	2013	2014	2015
Baseline Figures	56,310	58,583	60,672	62,629	64,490	66,259	67,920	69,478
Impact Included	56,310	58,534	60,554	62,679	64,715	66,665	68,506	70,247
Florida DEC	58,185	59,370	60,751	62,399	64,263	66,259	68,303	70,314
US Census	53,837							

Although we are unable to obtain official US Census Bureau estimates at the county-level, we present the initial estimates to benchmark our starting point against the most accurate estimates that are available. We feel that estimates from multiple sources offer the opportunity for the comparison of our figures to other official estimates at a time when general economic uncertainty has affected the accuracy of economic and demographic forecasts across the spectrum.

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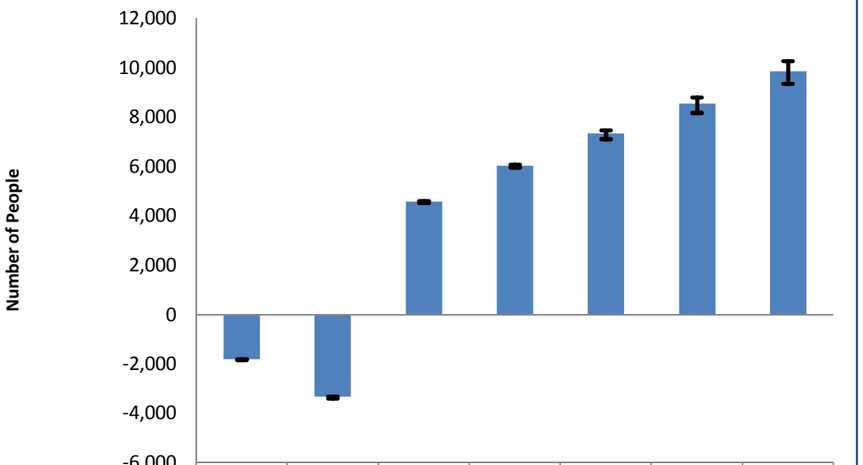
County-Specific Baseline Population Growth Patterns

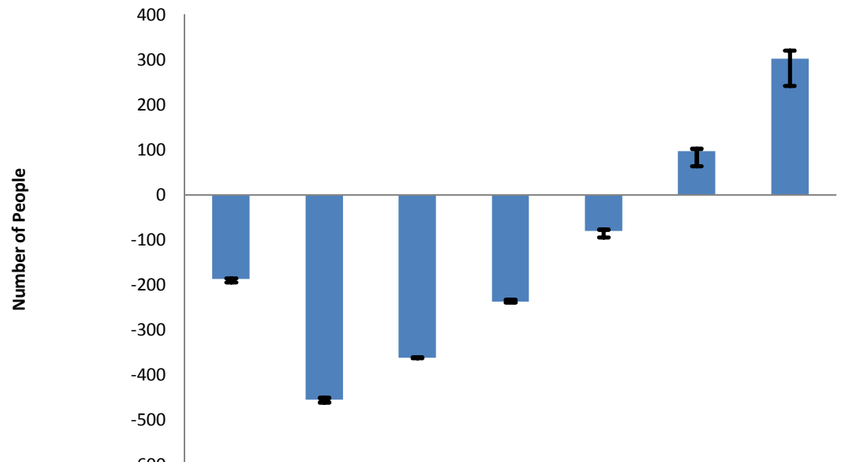
Figure 5.6: Okaloosa County Population Impacts



	2009	2010	2011	2012	2013	2014	2015
Population Impact	-1,814	-3,326	4,574	6,033	7,335	8,535	9,854

Source: Regional Economic Modeling Incorporated PI +

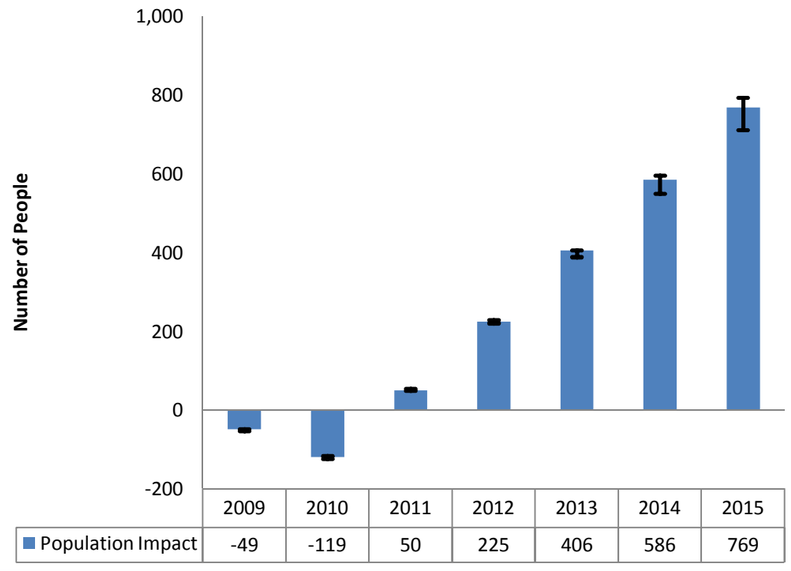
Figure 5.7: Santa Rosa County Population Impacts



	2009	2010	2011	2012	2013	2014	2015
Population Impact	-187	-455	-362	-237	-80	98	303

Source: Regional Economic Modeling Incorporated PI +

Figure 5.8: Walton County Population Impacts



	2009	2010	2011	2012	2013	2014	2015
Population Impact	-49	-119	50	225	406	586	769

Source: Regional Economic Modeling Incorporated PI +

Population Impacts

The figures on this page represent the impacts of military realignments on total population figures for each county in the tri-county region on an annual basis from 2009 through 2015. The black brackets represent extreme bounds errors that result from alternative baseline economic scenarios (low growth and high growth). The impact of military realignments in Okaloosa County is forecast to be substantial. The County will have nearly 10,000 additional residents in 2015 as a result of realignment activities. Indeed, most of the positive growth in population that is forecast to occur in Okaloosa County through 2015 can be attributed to the impact of military realignments.

For Santa Rosa County, the effects are largely negative, at least through 2013. These negative impacts stem from two primary sources. The first is the drawdown of the 33rd Fighter Wing at Eglin "spilling over" into Santa Rosa County. The second is the negative impact of the BRAC process on the military installations at NAS Pensacola. Although military realignments do not affect Santa Rosa County directly, spillover effects from surrounding counties will have some (minimal) effects. On the Walton County side, the effects will be more positive and substantial. Walton County will gain nearly 800 additional residents through 2015, primarily as a result of realignment activities taking place at Eglin Air Force Base.

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County-Specific Military Realignment Impacts on Population

Age Cohort Estimates

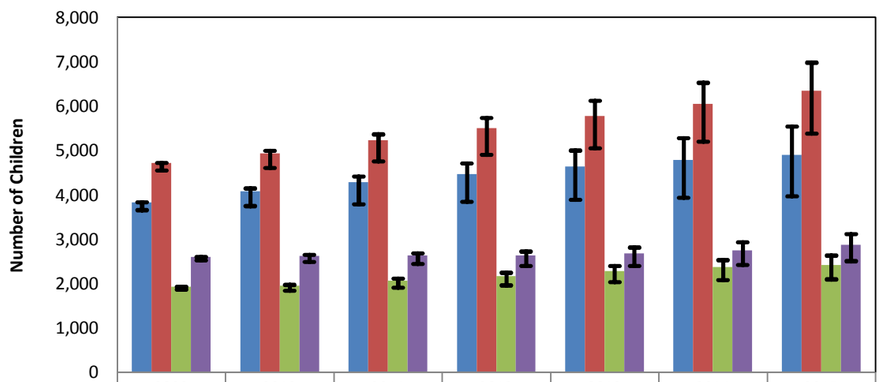
These figures show the estimated size of four age cohorts (with extreme bounds errors denoted by the black brackets) across the three counties in the tri-county region through 2015. The preschool (blue) cohort counts those aged 0-4, the elementary cohort (red) counts those aged 5-11, the junior high (green) cohort counts those aged 12-14 and the high (purple) cohort counts those aged 15-18.

Okaloosa - The preschool and elementary aged cohorts will grow substantially through 2015 in Okaloosa County (excepting the slight dip in the size of the elementary cohort in 2010). The junior high cohort will be roughly the same size in 2015 as it is in 2009. The high school cohort is forecast to decline in size from over 9,000 in 2009 to slightly under 8,000 in 2015.

Walton - Growth rates across the four cohorts are positive throughout the period. The weakest growth (in real terms) occurs in the high school cohort, with a relatively stronger pace in the preschool and elementary categories. Indeed, the size of the elementary cohort is forecast to rise above 6,000 by 2014.

Santa Rosa - The preschool and elementary population contingents will grow substantially through 2016. However, junior and high-school age population cohorts will experience a more moderate pace of growth over the period. The high-school age cohort will stand at 8,099 just slightly over the figure of 8,015 estimated for 2009.

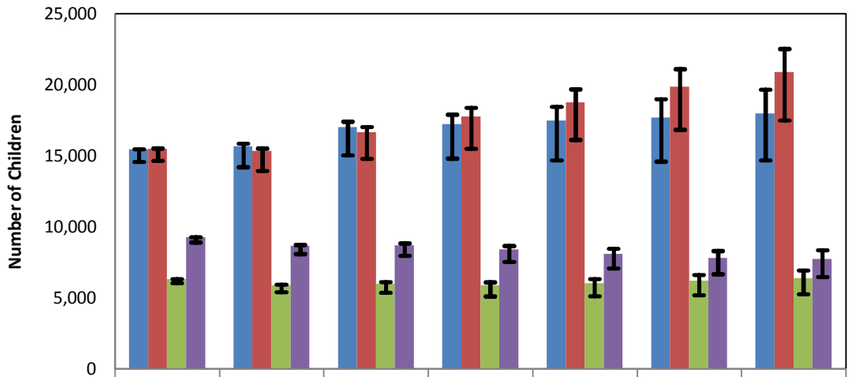
Figure 5.9: Walton County Age Cohorts - Military Realignments Included



	2009	2010	2011	2012	2013	2014	2015
Preschool	3,830	4,091	4,285	4,477	4,647	4,789	4,901
Elementary	4,717	4,941	5,234	5,512	5,782	6,050	6,350
Junior High	1,933	1,959	2,076	2,175	2,286	2,375	2,426
High	2,601	2,630	2,636	2,641	2,685	2,749	2,879

Source: Regional Economic Modeling Incorporated PI +

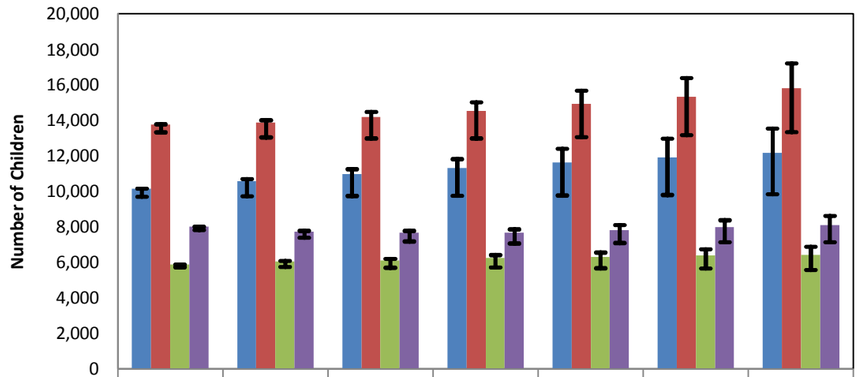
Figure 5.10: Okaloosa County Age Cohorts - Military Realignments Included



	2009	2010	2011	2012	2013	2014	2015
Preschool	15,455	15,698	17,046	17,264	17,502	17,698	17,979
Elementary	15,506	15,367	16,677	17,772	18,790	19,876	20,922
Junior High	6,340	5,896	6,016	5,899	6,031	6,214	6,399
High	9,272	8,678	8,708	8,422	8,117	7,831	7,752

Source: Regional Economic Modeling Incorporated PI +

Figure 5.11: Santa Rosa County Age Cohorts - Military Realignments Included



	2009	2010	2011	2012	2013	2014	2015
Preschool	10,151	10,587	10,974	11,317	11,641	11,919	12,164
Elementary	13,771	13,896	14,197	14,528	14,925	15,344	15,823
Junior High	5,895	6,052	6,125	6,262	6,316	6,404	6,426
High	8,015	7,744	7,670	7,674	7,821	7,981	8,099

Source: Regional Economic Modeling Incorporated PI +

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County-Specific Age Cohort Estimates

Age Cohort Impacts

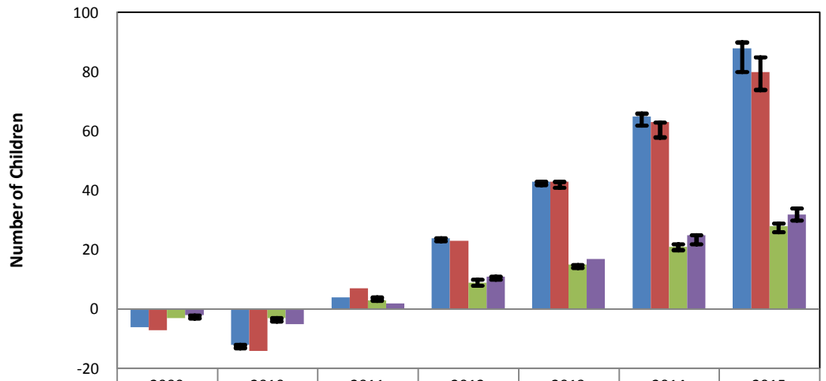
These figures show the estimated impact of military realignments on four age cohorts (with extreme bounds errors denoted by the black brackets) across the three counties in the tri-county region through 2015. The preschool (blue) cohort counts those aged 0-4, the elementary cohort (red) counts those aged 5-11, the junior high (green) cohort counts those aged 12-14 and the high (purple) cohort counts those aged 15-18.

Okaloosa County - The elementary age cohort will receive the greatest positive shock in 2011 from realignment activities. This cohort will be up 537 individuals over the baseline totals in 2011. By 2015, realignment-related growth in the preschool category will eclipse growth in the elementary category in real terms. By 2015 the region will be home to an additional 1,424 preschool aged children and 1,116 elementary school aged children as a result of realignment activities.

Walton - The impacts of military realignments are largely positive. There will be approximately 88 new preschool-aged children in Walton County as a result of realignment activities by 2015. Likewise, the county will absorb 80 new elementary aged children and approximately 60 in the junior high or high-school age range.

Santa Rosa - As with overall population, the forecast impacts on age cohorts for Santa Rosa County is relatively minimal. The largest swings occur in the preschool and elementary categories with minor effects felt in junior and high-school level age groups.

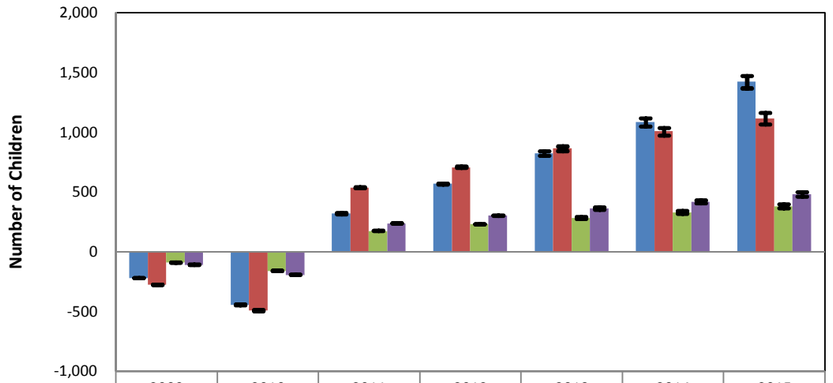
Figure 5.12: Impact of Military Realignments on Walton County Age Cohorts



	2009	2010	2011	2012	2013	2014	2015
Preschool	-6	-12	4	24	43	65	88
Elementary	-7	-14	7	23	43	63	80
Junior High	-3	-3	3	9	15	21	28
High	-2	-5	2	11	17	25	32

Source: Regional Economic Modeling Incorporated PI +

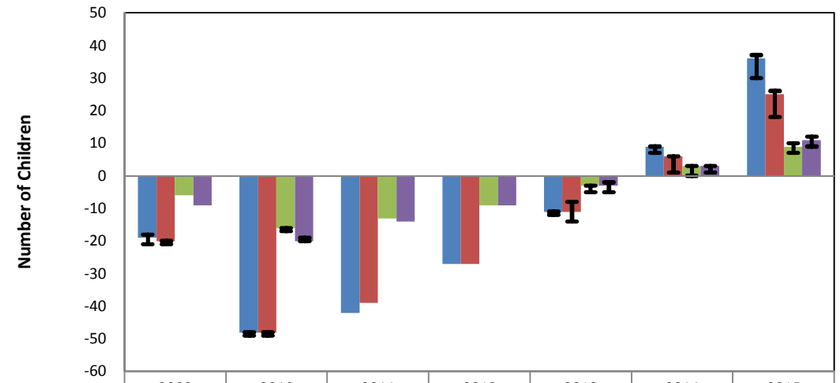
Figure 5.13: Impact of Military Realignments on Okaloosa County Age Cohorts



	2009	2010	2011	2012	2013	2014	2015
Preschool	-218	-441	322	571	827	1,087	1,424
Elementary	-273	-488	537	708	867	1,011	1,116
Junior High	-89	-158	176	232	284	332	383
High	-107	-191	238	304	365	420	482

Source: Regional Economic Modeling Incorporated PI +

Figure 5.14: Impact of Military Realignments on Santa Rosa County Age Cohorts



	2009	2010	2011	2012	2013	2014	2015
Preschool	-19	-48	-42	-27	-11	9	36
Elementary	-20	-48	-39	-27	-11	6	25
Junior High	-6	-16	-13	-9	-3	3	9
High	-9	-20	-14	-9	-3	3	11

Source: Regional Economic Modeling Incorporated PI +

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Impact Realignments on County-Specific Age Cohorts

Baseline Economic Conditions

The baseline assessment of economic conditions in the table below contains data on the expected growth patterns in the economy over several leading indicators through 2015. For example, total employment includes all employment in the county while private non-farm employment totals exclude farm, military, government, etc. The total personal income figures for the region are measured in current dollars along with totals for disposable personal income. Gross domestic product is the value of all goods and services produced in the region's economy while demand sums the total value of all goods and services demanded by the economy. Some of that demand must be met by goods and services imported into the region (defined in the "imports" rows) while other goods and services can be produced locally (self supply).

Employment is forecast to rise across the region, with the exception of the slight dip in 2010. However, it will be 2014 before total employment again exceeds the levels observed in 2009 (exclusive of realignment impacts) Thus the pace of growth in baseline employment is currently forecast to be relatively mild. Demand for goods and services in the region will top $30 billion in 2015 – up from $26 billion in 2009.

Table 5.1: Impact of Military Realignments on Various Economic Indicators (Tri-County Region)

	2009	2010	2011	2012	2013	2014	2015
Total Employment	-1,285	-2,894	6,683	7,600	8,513	9,366	10,396
Private Non-Farm Employment	-394	-1,579	3,718	4,230	4,735	5,243	5,833
Gross Domestic Product (Millions 2008 $)	-137.50	-252.50	543.75	662.50	762.50	857.50	973.75
Personal Income (Millions Current $)	-107.00	-204.00	381.00	482.00	589.00	698.00	832.00
Disposable Personal Income (Millions Current $)	-93.00	-178.00	332.00	421.00	514.00	610.00	728.00
Demand (Millions 2008 $)	-236.25	-448.75	793.75	1,000.00	1,175.00	1,335.00	1,521.25
Imports from Rest of World (Millions 2008 $)	-22.50	-45.00	77.50	97.50	113.75	130.00	147.50
Imports from Rest of Nation (Millions 2008 $)	-118.75	-200.00	321.25	413.75	486.25	551.25	626.25
Imports from Multiregions (Millions 2008 $)	-35.00	-42.50	36.25	57.50	72.50	85.00	97.50
Self Supply (Millions 2008 $)	-58.75	-161.25	358.75	432.50	501.25	570.00	650.00

Source: Regional Economic Modeling Incorporated (PI+)

Table 5.2: Baseline Economic Conditions (Tri-County Region)

	2009	2010	2011	2012	2013	2014	2015
Total Employment	202,412	199,401	200,305	201,112	202,067	202,663	203,065
Private Non-Farm Employment	157,787	155,700	156,853	157,976	159,258	160,198	160,987
Gross Domestic Product (Millions 2008 $)	14,102.50	14,051.25	14,416.25	14,776.25	15,153.75	15,540.00	15,923.75
Personal Income (Millions Current $)	14,529.00	14,650.00	15,560.00	16,526.00	17,586.00	18,682.00	19,835.00
Disposable Personal Income (Millions Current $)	12,952.00	13,135.00	13,957.00	14,829.00	15,785.00	16,772.00	17,811.00
Demand (Millions 2008 $)	26,012.50	26,147.50	26,892.50	27,652.50	28,463.75	29,280.00	30,085.00
Imports from Rest of World (Millions 2008 $)	2,791.25	2,876.25	2,970.00	3,081.25	3,202.50	3,326.25	3,456.25
Imports from Rest of Nation (Millions 2008 $)	10,818.75	10,881.25	11,203.75	11,517.50	11,848.75	12,185.00	12,512.50
Imports from Multiregions (Millions 2008 $)	2,310.00	2,323.75	2,397.50	2,472.50	2,552.50	2,632.50	2,711.25
Self Supply (Millions 2008 $)	10,092.50	10,067.50	10,321.25	10,580.00	10,858.75	11,137.50	11,405.00

Source: Regional Economic Modeling Incorporated (PI+)

Impact of Military Realignments

The impact of military realignments on the same economic indicators defined in the table to the left is produced in the table above. These figures represent "adjustments" to the baseline that will occur as a function of military realignments. For example, to obtain the total employment for the region in 2015 that includes the impact of military realignments, you would sum total baseline employment in 2015 with the impact on total employment in 2015 resulting from military realignments. Thus total employment in 2015 will be 10,396 over the baseline forecast total of 203,065 when realignment effects are included.

Realignment activities will also create an additional $1.5 billion in demand for goods and services by 2015. Slightly less than half of this demand will be met by goods and services produced in the tri-county region. The impact on GDP will approach $1 billion in 2015 – thus the realignment-related growth in the total value of goods and services produced locally will be fairly substantial.

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Sector Level Impacts of Realignments

The table to the right contains data on the sector-level impacts of the military realignments for the region. These represent adjustments to the baseline employment totals that occur as a function of realignments. The 19 sectors in the table correspond to various NAICS (North American Industry Classification System) sectors commonly used to classify job-types, employment, etc. The figures in 2009 indicate adjustments in that year that result from realignment activities in that year – and the 2015 figures indicate the same. The figures are cumulative within the confines of each cell. Thus one would not sum the totals from 2009 through 2015 to obtain the total number of jobs created in any category. The figure for the number of jobs created in 2015 in any category is cumulatively inclusive of all prior adjustments and as such represents an observed adjustment to the baseline totals.

The figures to the right can be compared to the baseline starting values contained in the "comparison" tables on succeeding pages. For example, if one were interested in the total number of utilities jobs present in the region in 2009 inclusive of military realignments one would sum the utilities 2009 cell in the table to the right with the utilities 2009 baseline employment cell in the "comparison" table. (The 2015 inclusive figures are already calculated in the "comparison" table). Cumulatively the data contained in these and succeeding comparison tables demonstrate the overall size of the economy, as well as the impact of military realignments relative to the overall size of those sectors.

The region will see substantial impacts in the professional and technical services sector. Likewise, construction, retail trade and administrative and waste services will also see substantial positive benefits. Therefore, the impact, particularly in the professional and technical services sector, will occur in high-skill, high-wage occupations. Healthcare and social assistance will also be up nearly 600 jobs over the baseline by 2015 as a result of realignment activities.

Table 5.3: Sector-Level Economic Impacts of Military Realignments (Tri-County Region)

	2009	2010	2011	2012	2013	2014	2015
Forestry, Fishing, Related Activities, and Other	-1	-2	3	3	3	3	3
Mining	0	0	0	0	-1	-1	-1
Utilities	-4	-7	9	11	13	15	17
Construction	549	142	651	653	703	802	883
Manufacturing	-9	-17	27	28	27	25	25
Wholesale Trade	-15	-27	47	54	58	62	66
Retail Trade	-120	-245	485	547	616	678	752
Transportation and Warehousing	-7	-12	17	21	24	26	29
Information	-23	-40	65	78	87	96	106
Finance and Insurance	-31	-55	146	147	153	158	168
Real Estate and Rental and Leasing	-41	-72	107	119	131	139	149
Professional and Technical Services	-214	-389	618	782	903	1017	1155
Management of Companies and Enterprises	-3	-6	12	14	15	17	18
Administrative and Waste Services	-164	-290	457	560	632	695	771
Educational Services	-7	-9	26	29	33	36	41
Health Care and Social Assistance	-90	-164	375	415	469	521	587
Arts, Entertainment, and Recreation	-31	-56	90	107	123	137	154
Accommodation and Food Services	-86	-153	252	288	323	353	392
Other Services, except Public Administration	-96	-175	329	373	421	464	517

Source: Regional Economic Modeling Incorporated (PI+)

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Table 5.4: Sector-Level Economic Impacts of Military Realignments (Okaloosa County)

	2009	2010	2011	2012	2013	2014	2015
Forestry, Fishing, Related Activities	-1	-1	3	3	3	3	3
Mining	0	0	0	0	-1	-1	-1
Utilities	-2	-4	7	9	10	11	12
Construction	744	323	716	606	590	658	713
Manufacturing	-8	-16	26	26	26	25	24
Wholesale Trade	-12	-23	44	50	53	56	60
Retail Trade	-77	-181	468	514	569	620	683
Transportation and Warehousing	-5	-9	16	19	21	23	26
Information	-20	-35	64	76	85	93	103
Finance and Insurance	-22	-43	143	143	147	152	160
Real Estate and Rental and Leasing	-28	-51	109	116	124	129	136
Professional and Technical Services	-191	-353	621	776	891	1000	1132
Management of Companies and Enterprises	-3	-6	12	14	15	16	18
Administrative and Waste Services	-139	-252	438	530	594	651	721
Educational Services	-6	-7	26	29	33	36	40
Health Care and Social Assistance	-62	-122	346	376	421	465	521
Arts, Entertainment, and Recreation	-26	-47	88	104	117	130	146
Accommodation and Food Services	-73	-133	248	280	313	342	378
Other Services, except Public Administration	-70	-137	314	349	389	426	472

Source: Regional Economic Modeling Incorporated (PI+)

Table 5.5: Sector-Level Economic Impacts of Military Realignments (Santa Rosa County)

	2009	2010	2011	2012	2013	2014	2015
Forestry, Fishing, Related Activities	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0
Utilities	-1	-2	0	0	0	1	1
Construction	-110	-109	-60	-8	23	39	52
Manufacturing	-1	-1	0	1	1	1	1
Wholesale Trade	-2	-3	0	1	1	2	2
Retail Trade	-33	-50	-2	6	14	20	27
Transportation and Warehousing	-2	-3	1	1	2	2	3
Information	-2	-4	0	0	1	1	2
Finance and Insurance	-8	-11	0	1	2	3	4
Real Estate and Rental and Leasing	-11	-19	-5	-2	2	5	9
Professional and Technical Services	-19	-29	-10	-4	-1	2	6
Management of Companies and Enterprises	0	0	0	0	0	0	0
Administrative and Waste Services	-18	-28	5	11	16	19	23
Educational Services	-1	-2	-1	0	0	0	0
Health Care and Social Assistance	-21	-33	11	17	22	27	33
Arts, Entertainment, and Recreation	-5	-7	-1	0	1	2	3
Accommodation and Food Services	-10	-17	-3	0	3	6	9
Other Services, except Public Administration	-20	-30	2	7	12	16	21

Source: Regional Economic Modeling Incorporated (PI+)

Sector-Level Economic Impacts

For a detailed understanding of the types of data contained in these tables, see the discussion on the previous page. Data here represent the same type of impact analysis conducted at the county level rather than the tri-county regional level.

Okaloosa County - The professional and technical services sector is forecast to see the greatest boost in total employment as a result of realignment activities. In 2015, total employment in professional and technical services will be up nearly 1,200 over its baseline forecast. Administrative and waste services employment will be up 721 over the baseline in 2015 and construction employment will be up 713 over the baseline. Overall, Okaloosa stands to make considerable gains in a number of high-skill, high-wage employment categories as a result of military realignment activities by 2015.

Table 5.6: Sector-Level Economic Impacts of Military Realignments (Walton County)

	2009	2010	2011	2012	2013	2014	2015
Forestry, Fishing, Related Activities	0	0	0	0	0	0	0
Mining	0	0	0	0	0	0	0
Utilities	-1	-1	2	3	3	4	4
Construction	-85	-72	-5	55	90	106	118
Manufacturing	0	0	1	1	0	0	0
Wholesale Trade	-1	-2	2	3	3	3	4
Retail Trade	-10	-14	19	27	33	38	42
Transportation and Warehousing	0	0	0	1	1	1	1
Information	0	0	1	1	1	1	1
Finance and Insurance	-1	-2	3	3	4	4	4
Real Estate and Rental and Leasing	-2	-3	4	5	5	5	4
Professional and Technical Services	-4	-7	8	11	13	15	17
Management of Companies and Enterprises	0	0	0	0	0	0	0
Administrative and Waste Services	-8	-11	14	19	22	24	26
Educational Services	0	0	1	1	1	1	1
Health Care and Social Assistance	-6	-9	18	23	27	30	34
Arts, Entertainment, and Recreation	-1	-2	3	3	4	5	5
Accommodation and Food Services	-3	-4	8	8	7	6	5
Other Services, except Public Administration	-6	-8	13	17	20	22	25

Source: Regional Economic Modeling Incorporated (PI+)

Walton County - The largest swings in employment in Walton County will occur in the construction sector. Retail trade, healthcare and social assistance along with administrative and waste services also have fairly substantial gains. Negative impacts persist in construction through 2011, however, all other sectors show either neutral or positive impacts beginning in 2011.

Santa Rosa County - The impact of military realignment activities on Santa Rosa County's economy will be relatively minor. The largest swings will occur in the construction sector. Employment in that sector will be down 110 jobs in 2009 as a result of realignments. However, by 2015, realignment activities will have created an additional 52 jobs above the forecast baseline. The effects of realignment activities will remain negative through 2013 in some sectors. However, by 2014 the effects are at least neutral in every sector – and positive in the majority of the sectors included here.

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Realignment Impacts – A Comparative Analysis

The data contained in the cells in the table to the right can be defined in the following manner:

- 2009 Baseline Employment – total employment in the sector in 2009 exclusive of the effects of military realignments.
- 2015 Baseline Employment – total employment in the sector in 2015 exclusive of the effects of military realignments.
- 2015 Total Employment – total employment in the sector in 2015 inclusive of the effects of military realignments.
- Baseline Growth Rate – the overall growth rate from 2009 through 2015 that is forecast to occur absent any military realignment activities. (Cell Value = (2015 Baseline Employment – 2009 Baseline Employment)/2009 Baseline Employment)
- Growth Rate Inclusive of Realignment Impacts – the overall growth rate in the sector that is forecast to occur inclusive of military realignment impacts. (Cell Value = (2015 Total Employment – 2009 Baseline Employment)/2009 Baseline Employment).

These figures are designed to highlight the impacts of the growth rates that occur inclusive of military realignments relative to the growth rates that would have normally occurred in the economy. Data demonstrate that positive realignment figures (in terms of spending and employment) need not necessarily translate into positive gains in every economic sector. These data also highlight the sectors that will gain the most from the realignment activities underway in the region.

Table 5.7: A Comparison of Baseline Growth Patterns to Realignment Impact Growth Patterns (Tri-County Region)

	2009 Baseline Employment	2015 Baseline Employment	2015 Total Employment (Includes Impact of Realignments)	Baseline Growth Rate (2009-2015)	Growth Rate Inclusive of Realignment Impacts (2009-2015)
Forestry, Fishing, Related Activities, and Other	1,024	996	999	-2.73%	-2.44%
Mining	1,591	1,563	1,562	-1.76%	-1.82%
Utilities	754	736	753	-2.39%	-0.13%
Construction	14,341	13,639	14,522	-4.90%	1.26%
Manufacturing	5,894	5,497	5,522	-6.74%	-6.31%
Wholesale Trade	2,416	2,346	2,412	-2.90%	-0.17%
Retail Trade	24,996	24,691	25,443	-1.22%	1.79%
Transportation and Warehousing	3,620	3,990	4,019	10.22%	11.02%
Information	3,088	3,055	3,161	-1.07%	2.36%
Finance and Insurance	6,772	6,648	6,816	-1.83%	0.65%
Real Estate and Rental and Leasing	12,531	13,297	13,446	6.11%	7.30%
Professional and Technical Services	12,886	13,793	14,948	7.04%	16.00%
Management of Companies and Enterprises	500	524	542	4.80%	8.40%
Administrative and Waste Services	12,914	13,274	14,045	2.79%	8.76%
Educational Services	1,911	2,050	2,091	7.27%	9.42%
Health Care and Social Assistance	15,940	17,203	17,790	7.92%	11.61%
Arts, Entertainment, and Recreation	3,538	3,721	3,875	5.17%	9.53%
Accommodation and Food Services	20,103	20,747	21,139	3.20%	5.15%
Other Services, except Public Administration	12,970	13,217	13,734	1.90%	5.89%

Source: Regional Economic Modeling Incorporated (PI+)

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Realignment Impacts – A Comparative Analysis

The data contained in the cells in these tables can be defined in the following manner:

- 2009 Baseline Employment – total employment in the sector in 2009 exclusive of the effects of military realignments.
- 2015 Baseline Employment – total employment in the sector in 2015 exclusive of the effects of military realignments.
- 2015 Total Employment – total employment in the sector in 2015 inclusive of the effects of military realignments.
- Baseline Growth Rate – the overall growth rate from 2009 through 2015 that is forecast to occur absent any military realignment activities. (Cell Value = (2015 Baseline Employment – 2009 Baseline Employment)/2009 Baseline Employment)
- Growth Rate Inclusive of Realignment Impacts – the overall growth rate in the sector that is forecast to occur inclusive of military realignment impacts. (Cell Value = (2015 Total Employment – 2009 Baseline Employment)/2009 Baseline Employment).

Table 5.9: A Comparison of Baseline Growth Patterns to Realignment Impact Growth Patterns (Okaloosa County)

	2009 Baseline Employment	2015 Baseline Employment	2015 Total Employment (Includes Impact of Realignments)	Baseline Growth Rate (2009-2015)	Growth Rate Inclusive of Realignment Impacts (2009-2015)
Forestry, Fishing, Related Activities, and Other	389	389	392	0.00%	0.77%
Mining	1373	1335	1334	-2.77%	-2.84%
Utilities	189	171	183	-9.52%	-3.17%
Construction	6519	5922	6635	-9.16%	1.78%
Manufacturing	4390	4044	4068	-7.88%	-7.33%
Wholesale Trade	1441	1347	1407	-6.52%	-2.36%
Retail Trade	14612	13878	14561	-5.02%	-0.35%
Transportation and Warehousing	1586	1668	1694	5.17%	6.81%
Information	2191	2128	2231	-2.88%	1.83%
Finance and Insurance	4804	4668	4828	-2.83%	0.50%
Real Estate and Rental and Leasing	6675	6969	7105	4.40%	6.44%
Professional and Technical Services	8736	9261	10393	6.01%	18.97%
Management of Companies and Enterprises	416	431	449	3.61%	7.93%
Administrative and Waste Services	6855	6788	7509	-0.98%	9.54%
Educational Services	1290	1357	1397	5.19%	8.29%
Health Care and Social Assistance	9402	9819	10340	4.44%	9.98%
Arts, Entertainment, and Recreation	2073	2103	2249	1.45%	8.49%
Accommodation and Food Services	11994	12032	12410	0.32%	3.47%
Other Services, except Public Administration	7161	7019	7491	-1.98%	4.61%

Source: Regional Economic Modeling Incorporated (PI+)

Table 5.8: A Comparison of Baseline Growth Patterns to Realignment Impact Growth Patterns (Santa Rosa County)

	2009 Baseline Employment	2015 Baseline Employment	2015 Total Employment (Includes Impact of Realignments)	Baseline Growth Rate (2009-2015)	Growth Rate Inclusive of Realignment Impacts (2009-2015)
Forestry, Fishing, Related Activities, and Other	290	283	283	-2.41%	-2.41%
Mining	200	211	211	5.50%	5.50%
Utilities	283	287	288	1.41%	1.77%
Construction	4436	4362	4414	-1.67%	-0.50%
Manufacturing	941	900	901	-4.36%	-4.25%
Wholesale Trade	565	574	576	1.59%	1.95%
Retail Trade	6654	6900	6927	3.70%	4.10%
Transportation and Warehousing	1772	2027	2030	14.39%	14.56%
Information	733	754	756	2.86%	3.14%
Finance and Insurance	1443	1435	1439	-0.55%	-0.28%
Real Estate and Rental and Leasing	3579	3797	3806	6.09%	6.34%
Professional and Technical Services	3276	3581	3587	9.31%	9.49%
Management of Companies and Enterprises	34	37	37	8.82%	8.82%
Administrative and Waste Services	3649	3899	3922	6.85%	7.48%
Educational Services	446	496	496	11.21%	11.21%
Health Care and Social Assistance	4590	5163	5196	12.48%	13.20%
Arts, Entertainment, and Recreation	1092	1193	1196	9.25%	9.52%
Accommodation and Food Services	3573	3852	3861	7.81%	8.06%
Other Services, except Public Administration	3952	4206	4227	6.43%	6.96%

Source: Regional Economic Modeling Incorporated (PI+)

Okaloosa County - A comparative analysis of the right most two columns in the table shows that employment in some sectors will realize substantial improvements as a result of realignment activities. Construction, for example, is forecast to have over 9% fewer jobs in 2015 than in 2009 at base. However, with the inclusion of the realignment effects, this negative growth turns positive and the construction sector will be up nearly 2% in total employment by 2015. Other sectors will also see substantial changes in baseline growth rates. These include professional and technical services, health care and social assistance, administrative and waste services and arts, entertainment and recreation.

Santa Rosa County - A comparative analysis of the right most two columns in the table shows that most sectors will only be minimally affected by realignment activities. Fortunately no sectors experience negative effects from the military realignments – although negative growth persists in some sectors even when we account for the impact of realignment activities.

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Walton County - A comparative analysis of the right most two columns in the table shows that most sectors will only be minimally affected by realignment activities. Fortunately no sectors experience strong negative effects from the military realignments by 2015 – although negative growth persists in some sectors even when we account for the impact of realignment activities. Other sectors, such as construction, move from negative growth to positive growth as a result of realignment activities.

Table 5.10: A Comparison of Baseline Growth Patterns to Realignment Impact Growth Patterns (Walton County)

	2009 Baseline Employment	2015 Baseline Employment	2015 Total Employment (Includes Impact of Realignments)	Baseline Growth Rate (2009-2015)	Growth Rate Inclusive of Realignment Impacts (2009-2015)
Forestry, Fishing, Related Activities, and Other	345	324	324	-6.09%	-6.09%
Mining	18	18	18	0.00%	0.00%
Utilities	282	278	282	-1.42%	0.00%
Construction	3386	3355	3473	-0.92%	2.57%
Manufacturing	563	554	554	-1.60%	-1.60%
Wholesale Trade	411	425	429	3.41%	4.38%
Retail Trade	3730	3913	3955	4.91%	6.03%
Transportation and Warehousing	262	294	295	12.21%	12.60%
Information	163	173	174	6.13%	6.75%
Finance and Insurance	524	545	549	4.01%	4.77%
Real Estate and Rental and Leasing	2276	2531	2535	11.20%	11.38%
Professional and Technical Services	873	951	968	8.93%	10.88%
Management of Companies and Enterprises	51	56	56	9.80%	9.80%
Administrative and Waste Services	2411	2588	2614	7.34%	8.42%
Educational Services	176	197	198	11.93%	12.50%
Health Care and Social Assistance	1947	2221	2255	14.07%	15.82%
Arts, Entertainment, and Recreation	374	425	430	13.64%	14.97%
Accommodation and Food Services	4535	4863	4868	7.23%	7.34%
Other Services, except Public Administration	1857	1991	2016	7.22%	8.56%

Source: Regional Economic Modeling Incorporated (PI+)

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Wage-Growth Patterns

The table to the right represents the impact of military realignments on regional wage growth patterns through 2015. Wage growth, in this table, is expressed in terms of real dollars. For example, wages in the professional and technical services sector will be nearly $1100 higher per-year in 2015 than they would have been had the military realignments not occurred. Wages will rise by nearly $270 annually in 2015 in the health care and social assistance sector as a result of realignments. As the figures demonstrate, not all impacts are positive. Indeed, realignments appear to have a slightly negative impact on wages in the construction sector in 2015. We turn, in the tables on the succeeding page, to an analysis of the impacts of military realignments on wages in percentage terms.

Table 5.11: Regional Realignment-Related Wage Growth Patterns

	2009	2010	2011	2012	2013	2014	2015
Forestry, Fishing, Other	-$3.00	-$7.50	-$14.80	-$2.80	$6.70	$14.40	$20.60
Mining	-$0.90	-$6.00	$14.60	$30.50	$43.10	$53.70	$63.70
Utilities	-$15.90	-$46.30	$64.00	$146.20	$214.30	$272.20	$326.70
Construction	-$301.40	-$193.40	-$247.70	-$152.10	-$105.40	-$102.40	-$100.00
Manufacturing	$6.90	-$12.10	$151.50	$243.50	$311.70	$366.60	$417.40
Wholesale Trade	$1.00	-$12.40	$59.80	$118.70	$164.60	$202.70	$238.10
Retail Trade	-$0.30	-$11.60	$58.40	$96.10	$126.90	$153.60	$180.00
Transportation, Warehousing	-$6.80	-$21.80	$37.30	$71.00	$97.80	$120.70	$143.10
Information	-$25.20	-$72.70	$295.40	$418.00	$516.90	$606.20	$702.40
Finance, Insurance	$9.70	-$7.40	$205.80	$272.20	$328.40	$377.10	$427.80
Real Estate, Rental, Leasing	$4.60	$3.80	$31.90	$50.90	$64.70	$75.00	$83.70
Professional, Technical Services	-$72.30	-$173.50	$462.40	$632.80	$774.10	$911.90	$1,069.30
Management of Companies	$5.30	-$18.90	$211.40	$325.40	$413.10	$486.90	$559.10
Admin, Waste Services	-$3.90	-$18.70	$36.80	$78.30	$112.60	$142.90	$173.10
Educational Services	$0.40	-$11.90	-$0.10	$33.30	$56.80	$75.00	$89.90
Health Care, Social Assistance	-$2.40	-$19.70	$89.40	$143.60	$188.80	$228.40	$268.00
Arts, Entertainment, Recreation	-$2.70	-$10.60	$44.10	$66.80	$85.60	$102.40	$120.00
Accommodation, Food Services	$4.70	$1.10	$35.00	$66.50	$90.10	$108.90	$125.40
Other Services (excluding Government)	-$3.10	-$14.40	$51.50	$82.10	$108.00	$130.90	$154.30
Average	**-$21.33**	**-$34.42**	**$83.51**	**$143.21**	**$189.41**	**$227.74**	**$266.45**

Source: Regional Economic Modeling Incorporated (PI+)

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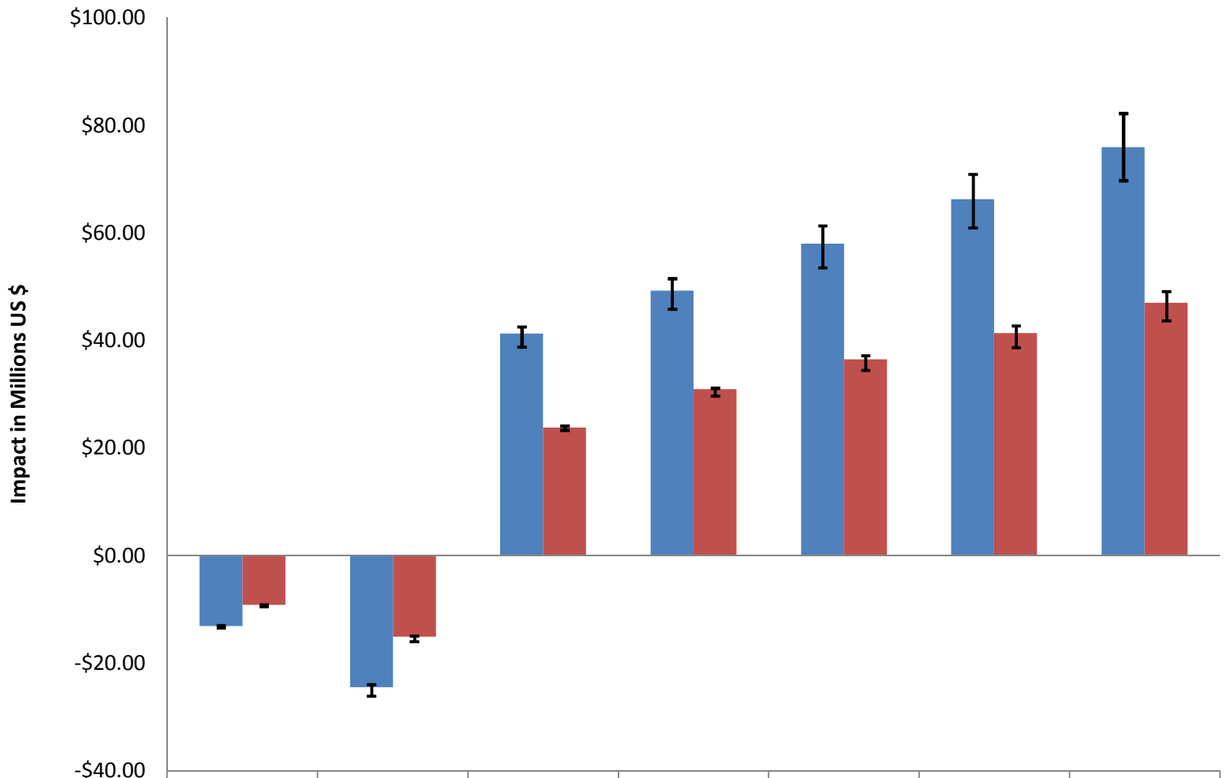
Discussion:

We present here our estimates of the fiscal impacts of military realignments. Our REMI software estimates the county-level impacts of military realignment activities on state revenues. Therefore, we sum the total county-level state revenue impacts across the three counties in the analysis to arrive at the impact of military realignments on state revenues for the tri-county region. The redeployment of the 33rd Fighter Wing from the region through 2010 has a negative impact on state revenues that totals nearly $25 million in 2010. At the same time, state expenditures are forecast to decline by only $15 million. Thus the redeployment of the 33rd Fighter Wing will have a larger negative impact on state revenues than it will on state expenditures. By 2011 the majority of the 7th SFG(A) will arrive. The impact on state revenues will be positive in that year totaling over $41 million. Expenditures as a result of the realignments process will tick up nearly $24 million. The realignment activities in 2011 are therefore expected to generate the state higher revenues than expenditures. This trend will continue through 2015. By that time state revenues should be up nearly $76 million while expenditures are forecast to rise approximately $47 million.

Figure 5.15: State Forecasts



	2009	2010	2011	2012	2013	2014	2015
Revenues	-$13.08	-$24.47	$41.28	$49.29	$57.99	$66.24	$75.93
Expenditures	-$9.21	-$15.12	$23.82	$30.98	$36.51	$41.38	$46.96

Source: Regional Economic Modeling Incorporated PI +

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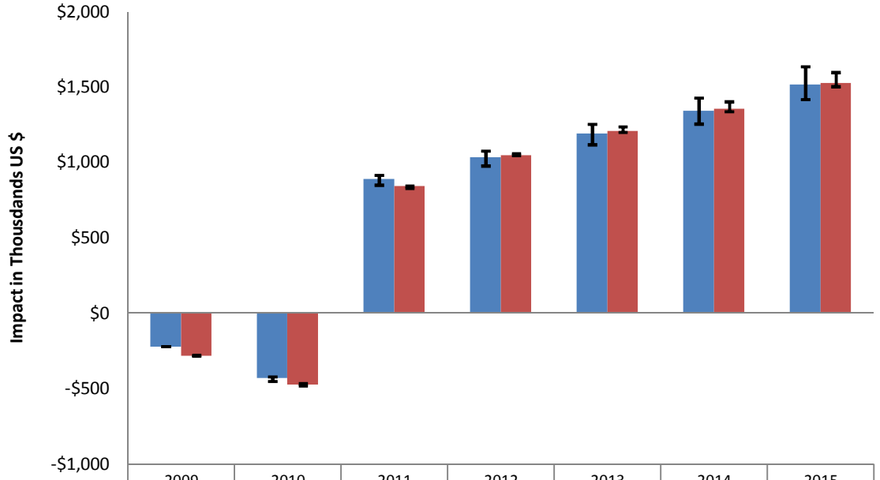
Municipal Fiscal Impacts:

Methodology – To generate the estimates presented in this section we applied the county-level growth patterns in state revenues supplied by REMI to the baseline estimates of municipal revenues (FY 07/08) for Crestview, Fort Walton Beach and Milton supplied by the Florida Department of Financial Services. In this fashion, we obtained a baseline estimate of the total revenues and expenditures for each of the three municipalities. We then assumed that military realignments would impact municipal revenues and expenditures in precisely the same fashion as it affected state revenue and expenditure estimates at the county level. We applied these REMI forecast county-level impacts on state revenues to each of the municipalities to produce the estimates shown in the figures on this page. The patterns for Okaloosa County were applied to Crestview and Fort Walton Beach. The patterns for Santa Rosa County were applied to Milton.

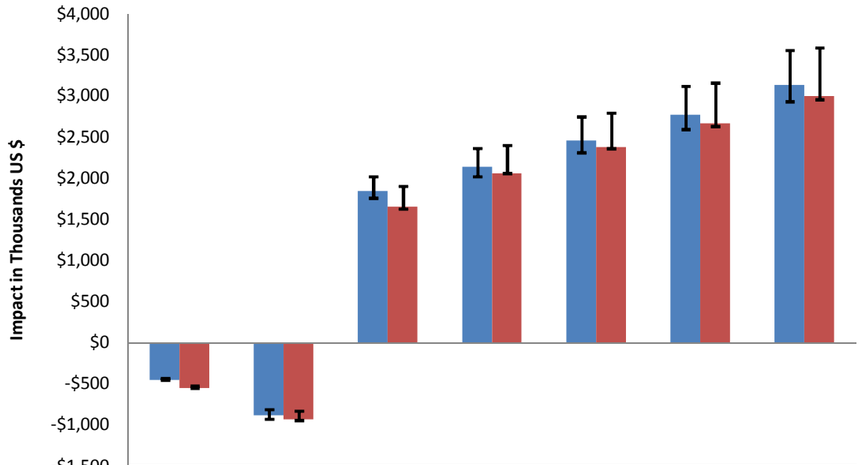
Figure 5.16: Crestview



	2009	2010	2011	2012	2013	2014	2015
Revenues	-$220,776	-$429,602	$891,888	$1,034,593	$1,191,606	$1,341,421	$1,518,400
Expenditures	-$281,193	-$474,352	$841,969	$1,048,595	$1,210,016	$1,355,777	$1,527,166

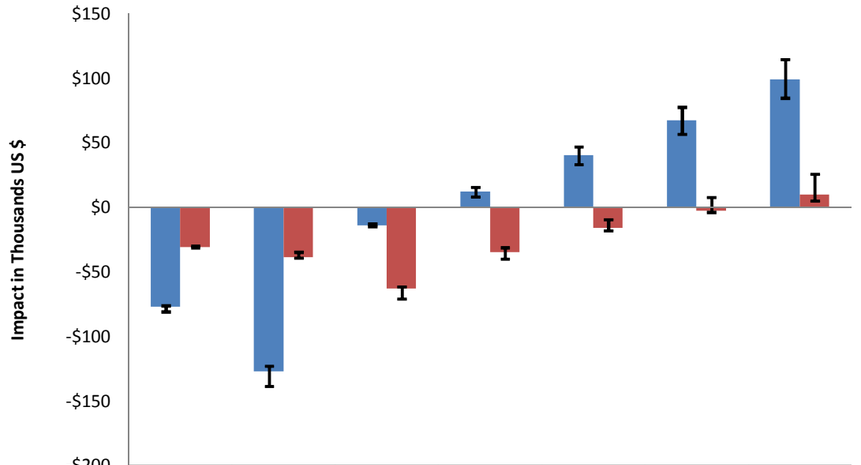
Impacts - As is readily apparent, the realignment activities will affect different municipalities in different ways. For the City of Crestview, the impacts will largely be neutral. Realignment activities will demand nearly as much in expenditures on behalf of the City as they will generate in revenues for the City. For Fort Walton Beach, results are somewhat more positive. For the period between 2011 and 2015 realignment activities will generate slightly more in revenue that they will demand in expenditures. For the City of Milton, the impacts will be largely trivial. For the period 2010 revenues as a result of the realignment activities will significantly outpace expenditures on behalf of the city. However, for the period 2009 through 2011 the decline in revenues as a result of realignments will significantly outpace the decline in expenditures. Overall, city revenues will be up approximately $1,500 across the period while city expenditures are expected to decline nearly $174,000 for the entire period.

Figure 5.17: Fort Walton Beach



	2009	2010	2011	2012	2013	2014	2015
Revenues	-$455,606	-$886,552	$1,840,551	$2,135,043	$2,459,064	$2,768,231	$3,133,455
Expenditures	-$552,487	-$932,008	$1,654,301	$2,060,280	$2,377,439	$2,663,832	$3,000,575

Figure 5.18: Milton



	2009	2010	2011	2012	2013	2014	2015
Revenues	-$76,922	-$126,769	-$14,030	$12,234	$40,528	$67,348	$99,149
Expenditures	-$30,660	-$38,466	-$62,751	-$34,630	-$15,879	-$2,538	$10,132

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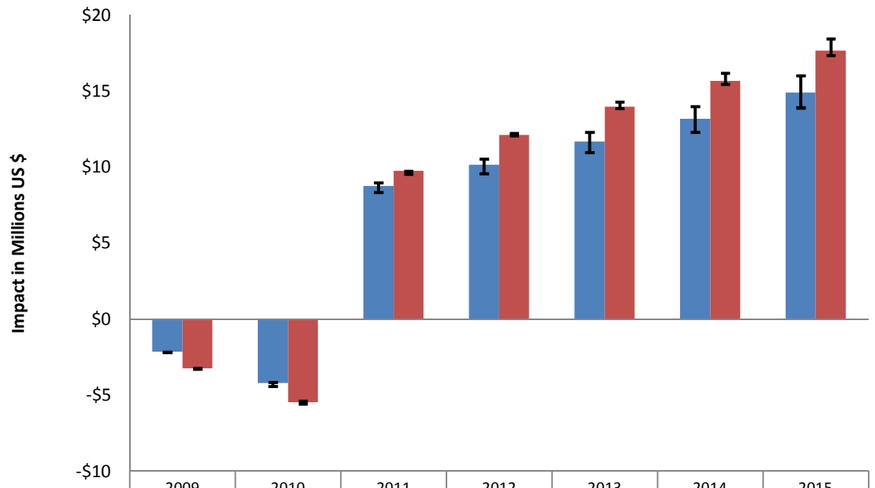
County Fiscal Impacts:

Methodology – To generate the estimates presented in this section we applied the county-level growth patterns in state revenues supplied by REMI to the baseline estimates of county revenues and expenditures (FY 07/08) for Okaloosa, Walton and Santa Rosa Counties supplied by the Florida Department of Financial Services. In this fashion, we obtained a baseline estimate of the total revenues and expenditures for each of the three counties. We then assumed that military realignments would affect county revenues and expenditures in precisely the same fashion as it affected state revenue and expenditure estimates at the county level. We then applied these REMI forecast county-level impacts on state revenues to each of the counties to produce the estimates shown in the figures on this page.

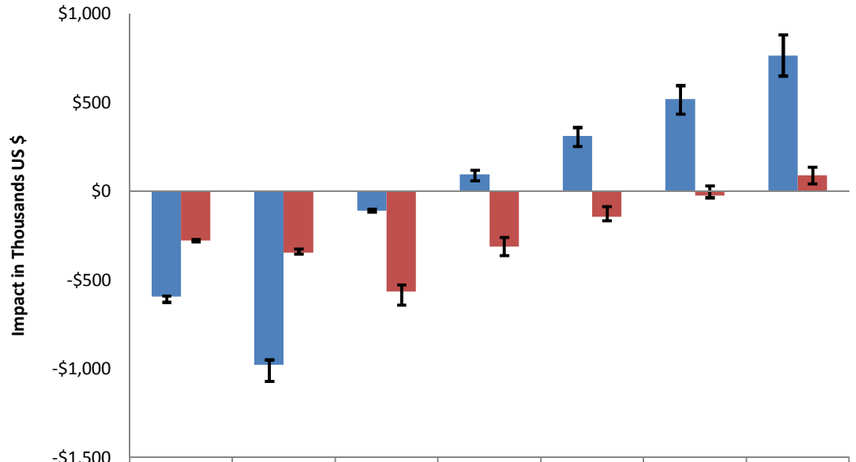
Figure 5.19: Okaloosa County



	2009	2010	2011	2012	2013	2014	2015
Revenues	-$2,163,454	-$4,209,806	$8,739,887	$10,138,293	$11,676,911	$13,144,994	$14,879,267
Expenditures	-$3,246,239	-$5,476,182	$9,720,145	$12,105,553	$13,969,081	$15,651,831	$17,630,429

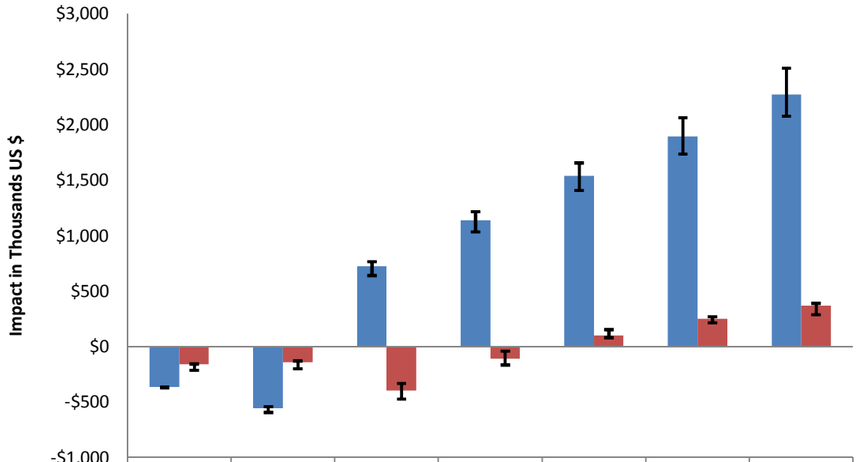
Impacts - As the figures demonstrate, realignment activities will affect county revenue and expenditure estimates in very different ways. For Okaloosa County, the long term estimates of the fiscal impacts are negative. Realignments will generate approximately $17.6 million in expenditures in the county by 2015 while generating only $15 million in revenue for the County. Across the 7 year period under analysis realignment activities are expected to generate approximately $52 million in total revenues while requiring an estimated $60 million in total expenditures – a deficit of approximately $8 million. For Santa Rosa County, the impacts are less prominent, but by 2015 it is clear that the net impact on revenues will be positive. Indeed, realignment activities will generate over $650,000 more in revenues than expenditures. The same is true for Walton County. By 2015 the net positive impact on county revenues versus expenditures will total nearly $2 million.

Figure 5.20: Santa Rosa County



	2009	2010	2011	2012	2013	2014	2015
Revenues	-$592,482	-$976,426	-$108,064	$94,233	$312,166	$518,746	$763,689
Expenditures	-$275,959	-$346,215	-$564,795	-$311,691	-$142,924	-$22,840	$91,195

Figure 5.21: Walton County



	2009	2010	2011	2012	2013	2014	2015
Revenues	-$364,278	-$552,893	$723,019	$1,139,275	$1,537,855	$1,894,109	$2,272,338
Expenditures	-$157,064	-$140,422	-$392,546	-$109,199	$99,686	$250,875	$371,990

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Overview

A regional purchase coefficient (RPC) is the proportion of regional demand that is fulfilled by regional production. Essentially, goods and services necessary to meet demand for a region must either come from inside the region (imports) or inside the region (self supply). The regional purchase coefficient is the ratio of self supply to total demand. The figures, simply put, tell us how able the local economy is to meet its own demand in specific sectors.

We provide data from two separate sources on regional purchase coefficients. The first series of coefficients derive from the REMI model that we employ throughout this analysis. The REMI RPCs have some strengths and weaknesses. Unfortunately the REMI RPCS are only available at the broadest possible occupational level. This prevents us from discussing directly gaps at in the local supply chain with any great detail. However, they are available through the current period and are simulated for future years based on the baseline projections of economic conditions. This gives us some idea of how changes in local economic conditions may affect the ability of the region to meet its own demand. The second series of coefficients are derived from Economic Modeling Specialists, Incorporated (EMSI). These coefficients are available at the 6 digit NAICS code level for a variety of industries – and more importantly a variety of industry clusters. Unfortunately, EMSI production of RPCs lags the current period by a significant time period (figures that we present here are current as of 2007) and they cannot be re-adjusted based on current or projected economic conditions. Our REMI based projections will soon yield evidence that RPCs are fairly stable across time – we feel that the evidence provided by those data should allay most concerns with the time gaps between the EMSI data and the current period. We therefore present broader over-time estimates from REMI and narrower more detailed cluster-oriented estimates from EMSI.

REMI Regional Purchase Coefficients (Tri-County Region)

We begin our discussion with RPCs from the Tri-County Study region. First, we note that some of the high growth sectors identified earlier, such as professional and technical services, have lower RPCs. Indeed by 2015 roughly 47% of the total demand for professional and technical services will be met by goods and services produced locally. We compare this to the substantially higher construction coefficient of 66% and the substantially lower educational services coefficient of 20%. We note that in addition to professional and technical services, several other high growth categories have RPCs of less than 0.50. These include manufacturing, wholesale trade, transportation and warehousing, information, finance and insurance, management of companies, and educational services.

Table 5.12: Tri County Regional Purchase Coefficients

	2009	2010	2011	2012	2013	2014	2015
Forestry, Fishing, Other	0.228	0.227	0.228	0.227	0.225	0.226	0.207
Mining	0.010	0.010	0.010	0.010	0.011	0.007	0.007
Utilities	0.366	0.369	0.371	0.372	0.374	0.375	0.376
Construction	0.659	0.660	0.660	0.659	0.659	0.658	0.658
Manufacturing	0.040	0.039	0.039	0.038	0.037	0.037	0.036
Wholesale Trade	0.155	0.155	0.154	0.154	0.154	0.153	0.153
Retail Trade	0.897	0.898	0.898	0.899	0.900	0.901	0.902
Transportation, Warehousing	0.048	0.047	0.047	0.047	0.046	0.046	0.046
Information	0.319	0.318	0.317	0.315	0.314	0.313	0.313
Finance, Insurance	0.336	0.335	0.333	0.330	0.328	0.326	0.323
Real Estate, Rental, Leasing	0.563	0.561	0.560	0.560	0.559	0.559	0.558
Professional, Technical Services	0.474	0.473	0.473	0.472	0.471	0.471	0.470
Management of Companies	0.162	0.162	0.159	0.158	0.158	0.158	0.158
Admin, Waste Services	0.693	0.695	0.696	0.696	0.697	0.698	0.699
Educational Services	0.187	0.187	0.187	0.187	0.187	0.197	0.197
Health Care, Social Assistance	0.595	0.595	0.594	0.594	0.594	0.594	0.594
Arts, Entertainment, Recreation	0.424	0.424	0.424	0.423	0.423	0.423	0.421
Accommodation, Food Services	0.795	0.794	0.794	0.794	0.794	0.794	0.795
Other Services (excluding Government)	0.866	0.866	0.866	0.866	0.867	0.867	0.867
Average	0.228	0.227	0.228	0.227	0.225	0.226	0.207

Source: Regional Economic Modeling Incorporated (PI+)

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Table 5.13: Regional Purchase Coefficients (Okaloosa County)

	2009	2010	2011	2012	2013	2014	2015
Forestry, Fishing, Related Activities	0.093	0.092	0.091	0.091	0.090	0.090	0.089
Mining	0.003	0.003	0.003	0.003	0.003	0.003	0.003
Utilities	0.228	0.229	0.229	0.229	0.229	0.230	0.229
Construction	0.575	0.578	0.578	0.578	0.576	0.575	0.573
Manufacturing	0.058	0.057	0.057	0.057	0.056	0.056	0.055
Wholesale Trade	0.175	0.175	0.175	0.174	0.174	0.173	0.173
Retail Trade	0.997	0.998	0.999	1.000	1.001	1.002	1.003
Transportation and Warehousing	0.048	0.047	0.047	0.047	0.047	0.046	0.046
Information	0.434	0.434	0.434	0.434	0.433	0.433	0.433
Finance and Insurance	0.472	0.469	0.467	0.464	0.461	0.459	0.456
Real Estate and Rental and Leasing	0.617	0.617	0.617	0.617	0.617	0.617	0.617
Professional and Technical Services	0.541	0.541	0.541	0.540	0.539	0.539	0.538
Management of Companies and Enterprises	0.214	0.214	0.214	0.214	0.213	0.214	0.214
Administrative and Waste Services	0.651	0.652	0.652	0.652	0.652	0.652	0.652
Educational Services	0.225	0.225	0.225	0.226	0.226	0.226	0.226
Health Care and Social Assistance	0.700	0.699	0.699	0.700	0.700	0.700	0.701
Arts, Entertainment, and Recreation	0.486	0.487	0.487	0.487	0.487	0.487	0.487
Accommodation and Food Services	0.936	0.937	0.938	0.939	0.940	0.941	0.943
Other Services, except Public Administration	0.914	0.914	0.914	0.915	0.915	0.915	0.916

Source: Regional Economic Modeling Incorporated (PI+)

Table 5.14: Regional Purchase Coefficients (Santa Rosa County)

	2009	2010	2011	2012	2013	2014	2015
Forestry, Fishing, Related Activities	0.271	0.265	0.263	0.260	0.257	0.254	0.250
Mining	0.002	0.002	0.002	0.002	0.002	0.002	0.002
Utilities	0.469	0.469	0.470	0.469	0.471	0.469	0.472
Construction	0.706	0.701	0.698	0.697	0.696	0.697	0.697
Manufacturing	0.010	0.010	0.010	0.010	0.010	0.010	0.010
Wholesale Trade	0.112	0.112	0.112	0.112	0.112	0.112	0.112
Retail Trade	0.722	0.724	0.726	0.728	0.731	0.733	0.736
Transportation and Warehousing	0.047	0.047	0.047	0.047	0.047	0.047	0.047
Information	0.134	0.134	0.134	0.134	0.134	0.134	0.134
Finance and Insurance	0.129	0.129	0.128	0.128	0.127	0.126	0.125
Real Estate and Rental and Leasing	0.386	0.387	0.387	0.387	0.387	0.387	0.387
Professional and Technical Services	0.345	0.345	0.345	0.345	0.345	0.345	0.345
Management of Companies and Enterprises	0.023	0.023	0.024	0.023	0.024	0.023	0.024
Administrative and Waste Services	0.720	0.720	0.720	0.720	0.721	0.721	0.721
Educational Services	0.139	0.139	0.139	0.140	0.140	0.141	0.141
Health Care and Social Assistance	0.430	0.431	0.432	0.433	0.434	0.436	0.437
Arts, Entertainment, and Recreation	0.308	0.309	0.309	0.309	0.309	0.309	0.310
Accommodation and Food Services	0.517	0.518	0.520	0.522	0.523	0.525	0.527
Other Services, except Public Administration	0.782	0.782	0.783	0.784	0.784	0.785	0.786

Source: Regional Economic Modeling Incorporated (PI+)

REMI County-Level Regional Purchase Coefficients

The coefficients that we present in the tables on this page mirror the coefficients that we presented previously at the regional level. However, they are constructed for each individual county within the region rather than for the region as a whole. "Drilling down" to a more detailed level allows us to examine the ways in which the individual county-level economies across the region differ. For example, the regional purchase coefficients in Okaloosa, Santa Rosa and Walton Counties for professional and technical services are 0.54, 0.35 and 0.17 respectively. Okaloosa County therefore meets over 3 times as much demand for professional and technical services within the county as does Walton County. On the other hand, regional purchase coefficients for construction are the opposite. Walton County meets over 81% of its total demand for construction locally while Okaloosa County meets only 57% of its demand locally. However, the overall patterns are largely as we would expect. Okaloosa County consistently meets a higher percentage of its demand within the county in the higher wage, higher skill categories.

Table 5.15: Regional Purchase Coefficients (Walton County)

	2009	2010	2011	2012	2013	2014	2015
Forestry, Fishing, Related Activities	0.176	0.173	0.173	0.172	0.171	0.170	0.169
Mining	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Utilities	0.736	0.736	0.737	0.736	0.736	0.735	0.737
Construction	0.828	0.826	0.823	0.821	0.819	0.818	0.817
Manufacturing	0.006	0.006	0.006	0.006	0.006	0.006	0.006
Wholesale Trade	0.142	0.142	0.142	0.142	0.143	0.142	0.143
Retail Trade	0.952	0.953	0.954	0.955	0.955	0.956	0.957
Transportation and Warehousing	0.005	0.004	0.004	0.004	0.004	0.004	0.004
Information	0.052	0.052	0.052	0.052	0.052	0.052	0.053
Finance and Insurance	0.127	0.127	0.127	0.127	0.126	0.126	0.126
Real Estate and Rental and Leasing	0.725	0.725	0.724	0.724	0.724	0.724	0.724
Professional and Technical Services	0.175	0.175	0.175	0.176	0.176	0.176	0.176
Management of Companies and Enterprises	0.068	0.068	0.068	0.070	0.070	0.071	0.070
Administrative and Waste Services	0.880	0.882	0.884	0.886	0.888	0.889	0.891
Educational Services	0.027	0.027	0.027	0.027	0.027	0.027	0.027
Health Care and Social Assistance	0.560	0.562	0.563	0.564	0.565	0.567	0.568
Arts, Entertainment, and Recreation	0.368	0.368	0.369	0.370	0.370	0.370	0.370
Accommodation and Food Services	0.913	0.913	0.914	0.914	0.914	0.915	0.915
Other Services, except Public Administration	0.854	0.855	0.855	0.856	0.856	0.857	0.857

Source: Regional Economic Modeling Incorporated (PI+)

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Economic Modeling Specialists Incorporated RPCs

The RPCs presented in this section mirror the RPCs presented in the previous sections with three exceptions. First, they are static – they were current as of 2007. Second, they are wholly secondary and reflect no updates on the part of Haas Center personnel. Third, they exist at a level of detail that is not available using our previous estimates. We present these estimates for 4 clusters that are closely interlinked with the military realignments underway in the area. These clusters include Aviation and Aerospace, Defense and Security, Information Technology and Communications and Transportation and Logistics.

Aviation and Aerospace – The figures for the Aviation and Aerospace cluster are presented in the table below. This cluster generates over $17 million in demand for petroleum refineries. However, as the RPC shows, none of this demand is met locally. The cluster also generates approximately $4.5 million in demand for machine shops. A more respectable 66% of this demand is filled by goods and services produced locally. Overall, the data contained in this table highlights the gaps present in the various major economic components connected to the tri-county aviation and aerospace cluster.

Table 5.17: Aviation and Aerospace

NAICS Code	Description	Total Requirements (in Thousands)	RPC
324110	Petroleum Refineries	$17,482	0.00
551114	Corporate, Subsidiary, and Regional Managing Offices	$14,470	0.05
336412	Aircraft Engine and Engine Parts Manufacturing	$7,253	0.32
541710	Research and Development in the Physical, Engineering, and Life Sciences	$6,984	0.00
517110	Wired Telecommunications Carriers	$6,776	0.45
336414	Guided Missile and Space Vehicle Manufacturing	$6,123	0.00
336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing	$6,032	0.71
332312	Fabricated Structural Metal Manufacturing	$5,889	0.01
326199	All Other Plastics Product Manufacturing	$5,861	0.00
332710	Machine Shops	$4,598	0.66
331315	Aluminum Sheet, Plate, and Foil Manufacturing	$4,484	0.00
332111	Iron and Steel Forging	$4,337	0.00
331316	Aluminum Extruded Product Manufacturing	$4,177	0.57
334413	Semiconductor and Related Device Manufacturing	$3,511	0.00
522110	Commercial Banking	$3,463	0.19
561510	Travel Agencies	$3,153	0.95
332510	Hardware Manufacturing	$3,147	0.00
332313	Plate Work Manufacturing	$3,122	0.00
335991	Carbon and Graphite Product Manufacturing	$2,975	0.00
493110	General Warehousing and Storage	$2,939	0.35
541330	Engineering Services	$2,696	0.03

Source: Economic Modeling Specialists Incorporated

Table 5.16: Defense and Security

NAICS Code	Description	Total Requirements (in Thousands)	RPC
551114	Corporate, Subsidiary, and Regional Managing Offices	$16,424	0.05
541710	Research and Development in the Physical, Engineering, and Life Sciences	$7,481	0.00
336412	Aircraft Engine and Engine Parts Manufacturing	$7,204	0.32
561320	Temporary Help Services	$6,481	0.10
326199	All Other Plastics Product Manufacturing	$6,450	0.00
336414	Guided Missile and Space Vehicle Manufacturing	$6,250	0.00
332312	Fabricated Structural Metal Manufacturing	$6,201	0.01
334413	Semiconductor and Related Device Manufacturing	$5,763	0.00
336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing	$5,520	0.71
517110	Wired Telecommunications Carriers	$4,778	0.45
518210	Data Processing, Hosting, and Related Services	$4,713	0.15
331315	Aluminum Sheet, Plate, and Foil Manufacturing	$4,675	0.00
324110	Petroleum Refineries	$4,503	0.00
332710	Machine Shops	$4,497	0.66
522110	Commercial Banking	$4,485	0.19
332111	Iron and Steel Forging	$4,435	0.00
331316	Aluminum Extruded Product Manufacturing	$4,355	0.57
541330	Engineering Services	$3,566	0.03
533110	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	$3,518	0.01
531110	Lessors of Residential Buildings and Dwellings	$3,310	0.70
332313	Plate Work Manufacturing	$3,288	0.00

Source: Economic Modeling Specialists Incorporated

Defense and Security - The figures for the Defense and Security cluster are presented in the table above. This cluster generates over $7 million in demand for aircraft engine and engine parts manufacturing. However, as the RPC shows, only 32% of this demand is met locally. The cluster also generates approximately $6 million in demand for fabricated structural metal manufacturing. A less respectable 1% of this demand is filled by goods and services produced locally. Overall, the data contained in this table highlights the gaps present in the various major economic components connected to the tri-county defense and security cluster.

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Table 5.18: Information Technology and Communications

NAICS Code	Description	Total Requirements (in Thousands)	RPC
517110	Wired Telecommunications Carriers	$44,361	0.45
517212	Cellular and Other Wireless Telecommunications	$15,232	0.44
561320	Temporary Help Services	$14,069	0.10
522110	Commercial Banking	$13,483	0.19
551114	Corporate, Subsidiary, and Regional Managing Offices	$13,134	0.05
334413	Semiconductor and Related Device Manufacturing	$11,523	0.00
517310	Telecommunications Resellers	$10,347	0.67
541330	Engineering Services	$9,694	0.03
533110	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	$7,650	0.01
515210	Cable and Other Subscription Programming	$7,633	0.00
561110	Office Administrative Services	$7,602	0.50
517510	Cable and Other Program Distribution	$7,564	0.46
531110	Lessors of Residential Buildings and Dwellings	$7,554	0.70
518210	Data Processing, Hosting, and Related Services	$7,497	0.15
512110	Motion Picture and Video Production	$7,356	0.00
541990	All Other Professional, Scientific, and Technical Services	$6,634	0.58
531210	Offices of Real Estate Agents and Brokers	$6,577	0.95
541110	Offices of Lawyers	$5,974	0.45
561330	Professional Employer Organizations	$5,411	0.61
541611	Administrative Management and General Management Consulting Services	$5,406	0.03
511110	Newspaper Publishers	$5,308	0.81

Source: Economic Modeling Specialists Incorporated

Transportation and Logistics – Like the Aviation and Aerospace cluster, the Transportation and Logistics cluster generates significant demand ($22.6 million) for petroleum refineries. As stated previously, none of this demand is filled locally. For other important NAICS sectors like travel agencies ($3.3 million) nearly all of the demand is met by goods and services produced locally. Sectors such as trucking have somewhat lower demand coefficients while the RPC for full service restaurants in this sector is the same as that for travel agencies. We note that of the $1.4 million in demand for aircraft manufacturing generated by the transportation and logistics cluster none of it is filled locally.

Information Technology and Communications – The figures for the Information Technology and Communications cluster are presented in the table to the left. This cluster generates over $44 million in demand for wired telecommunications carriers across the tri-county region. Fully 45% of this demand is met by goods and services produced locally. However, of the $7.6 million in demand generated by the cluster for engineering services only 3% is met locally. Overall, the RPCs in this cluster appear to be higher across the board than the three previous clusters analyzed. But, for the high-skill high-wage occupations such as engineering services, the RPCs definitely highlight some deficiencies.

Table 5.20: Transportation and Logistics

NAICS Code	Description	Total Requirements (in Thousands)	RPC
324110	Petroleum Refineries	$22,668	0.00
484121	General Freight Trucking, Long-Distance, Truckload	$3,906	0.20
492110	Couriers	$3,817	0.48
561510	Travel Agencies	$3,255	0.95
488510	Freight Transportation Arrangement	$3,107	0.04
561599	All Other Travel Arrangement and Reservation Services	$2,299	0.03
484122	General Freight Trucking, Long-Distance, Less Than Truckload	$2,022	0.32
484110	General Freight Trucking, Local	$1,994	0.21
551114	Corporate, Subsidiary, and Regional Managing Offices	$1,832	0.05
517110	Wired Telecommunications Carriers	$1,750	0.45
522110	Commercial Banking	$1,700	0.19
541110	Offices of Lawyers	$1,525	0.45
488190	Other Support Activities for Air Transportation	$1,398	0.47
493110	General Warehousing and Storage	$1,342	0.35
531110	Lessors of Residential Buildings and Dwellings	$1,289	0.70
722110	Full-Service Restaurants	$1,203	0.95
531210	Offices of Real Estate Agents and Brokers	$1,123	0.95
484220	Specialized Freight (except Used Goods) Trucking, Local	$1,105	0.41
336411	Aircraft Manufacturing	$1,084	0.00
561320	Temporary Help Services	$981	0.10
533110	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)	$954	0.01

Source: Economic Modeling Specialists Incorporated

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Discussion

The table contains a replication of the personnel and spending data from the Eglin EIS (Environmental Impact Statement). We assume the full build-out of the JSF and the arrival of the 7th SFG on-time and in a manner consistent with these figures. The data in the table represent estimates of the Eglin population over the BRAC build-out period. Using 2008 as the baseline year, we can see that there will be fewer military personnel in 2009 with another decline in 2010. This is consistent with the redeployment of the 33rd fighter wing prior to the arrival of the JSF and the 7th SFG. Utilizing 2008 as the baseline, we can generate the model entries in the table below. As the figures show, the Eglin military population will increase by over 3600 officers and enlisted personnel by 2016 – the BRAC End-State Year.

The entries in the table to the right representing military dependents may seem counter-intuitive. However, our modeling software estimates the number of dependents based a national military employee to dependent ratio provided by the Department of Defense. Currently that ratio is 1.604. However, our access to the EIS data allows us to adjust the estimates consistent with the figures presented in the EIS tables. Therefore, we add (or subtract) dependents to render our final estimates consistent with the EIS.

Table 5.20: REMI Model Inputs

Okaloosa County	2009	2010	2011	2012	2013	2014	2015
Federal Civilian Government Employment (number)	56	359	435	333	352	353	382
Federal Military Government Employment (number)	-808	-1432	2110	2521	2836	3116	3452
Firm Sales (amount) Nominal $ M Construction	318.9	182.5	142.5	40	0	0	0
Military Dependents, All Ages, All Groups (thousands)	0.164	0.123	-1.841	-0.186	-0.068	-0.074	-0.115
Escambia County							
Federal Civilian Government Employment (number)	-590	-885	-1180	-1180	-1180	-1180	-1180
Federal Military Government Employment (number)	-150	-226	-302	-302	-302	-302	-302
Bay County							
Federal Civilian Government Employment (number)	-15	-23	-31	-31	-31	-31	-31
Federal Military Government Employment (number)	-74	-111	-148	-148	-148	-148	-148

Our outputs also consider BRAC related changes in Escambia and Bay Counties which "spill over" into Okaloosa, Santa Rosa and Walton Counties. For Bay and Escambia Counties the employment estimates in the table above come from Section C of the BRAC Commission Report table entitled "BRAC 2005 Closure and Realignment Impacts by State". This table contains civilian and military employment estimates for each of the affected bases.

The process of including multiple counties from around the region is consistent with providing the most accurate estimates possible given the BRAC-related changes underway throughout the region. Therefore, our regional modeling process allows us to more accurately simulate changes in the local economy.

Table 5.21: Replication of Table 9-1: Annual Changes from Proposed Action - 2005 BRAC Decision and Related Actions Final Environmental Impact Statement – Eglin Air Force Base, Florida

	2008	2009	2010	2011	2012	2013	2014	2015
Officers	1563	1538	1499	2039	2066	2095	2115	2138
Enlisted	6368	5585	4997	7992	8303	8586	8846	9113
Civilian	9147	9203	9506	9582	9480	9499	9500	9529
International	0	0	3	10	83	86	86	132
Dependents	11214	10083	9206	13042	13515	13952	14344	14750
Construction Spending (millions $)	78.2	318.9	182.5	142.5	40	0	0	0

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