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Executive Summaries

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COLLEGE OF SOCIAL SCIENCES & PUBLIC POLICY
DEPARTMENT OF ECONOMICS
Master's in Applied Economics
Jackson County Economic Development

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Executive Summary

INTRODUCTION

In 2018, the State of Florida granted Jackson County a 1,300-acre parcel of land on the former site of the Dozier School for Boys. The county designated 300-acres of the land for residential use, with the goal of providing attainable workforce housing to the area’s current and future workforce. Industries in Jackson County are ripe for expansion but are limited by the lack of housing that can accommodate a growing workforce. AERG is tasked with providing multiple scenarios of how the residential-zoned property could be developed and analyzing the economic and fiscal impacts of each.

METHODOLOGY

Our analysis uses Input-Output modeling to quantify the economic benefits generated from three potential housing scenarios. The three scenarios analyzed are selling the land, mixed-housing, and high-density housing.

This report uses IMPLAN to calculate direct, indirect, and induced effects of changes in economic activity. These effects include the increase in employment, local tax revenue, overall economic activity, and the additional effects that result from both new construction and expansion of the labor force. AERG formulates the characteristics of the housing in each scenario by analyzing existing housing characteristics in the county such as lot size and square footage, drawn from the Florida Department of Revenue. Our analysis references the median annual household income determined by the 2020 ACS 5-year Public-Use Microdata Sample (PUMS) to ensure the housing options qualify as attainable workforce housing. Quarterly Census Employment and Wage (QCEW), and Census Bureau’s County Business Patterns (CBP) data is used to identify expanding industries in Jackson County, which is then applied to estimate future employment growth.
The combined economic impact of the mixed-housing development is $1.2 billion over the first 12 years of the project. This project will create an estimated 1,675 jobs and $2 million annually in additional tax revenue for the county. Furthermore, Jackson County will see a $612,000 per year increase in ad valorem tax revenue. This results in a 5.5% increase in ad valorem revenue for the county within the first year of completion. Our analysis found that the expansion of employment has a larger economic impact at both the county and state level compared to the new housing development.
Background:

In 2002, Florida constituents voted to approve the Florida Universal Pre-Kindergarten Amendment, requiring the establishment of free and universal pre-kindergarten for every four-year-old child in the state. When the program debuted in 2005, it was one of the first states to enact a free program without any qualifications, and is active in all 67 Florida counties. After nearly two decades of development, the Voluntary Pre-Kindergarten (VPK) program offers families the choice of 540 hours of free care during the school year or 300 hours during the summer term, and has served more than 2.5 million children statewide. Through a cost-benefit analysis, AERG examines Florida’s VPK program to determine the impact of expanding it to three-year-old children, and provides recommendations for future program changes.

Methodology:

AERG will be using a cost-benefit approach as our main analysis in determining whether Florida should expand their VPK program to three-year-olds. Florida’s Department of Early Learning, the organization overseeing the VPK program, receives a portion of its funding from federally supported programs such as Headstart and the Preschool Development Birth through Five Renewal Grant (PDG-R). However, for this analysis, our only considerations are the costs to the state of Florida, since that is the entity funding VPK.

Costs:

For calculating the costs of the expansion to the state of Florida, we find both direct costs (paid directly to childcare facilities for care services) and administrative costs (overhead cost and salaries for program managers). Our costs calculation flowchart, Figure 1, can be found on the right.

Figure 1
For the direct costs, we begin by multiplying the estimated percentage of participating three-year-olds by Florida’s three-year-old population size in order to calculate the estimated number of children participating. We take this number and multiply it by Florida’s current VPK cost per child. For the indirect costs, AERG first finds the ratio of administrative staff to children enrolled in VPK. Next, we divide our estimated proportion participating in VPK by the ratio of VPK administrators to find the number of new administrator jobs needed. Finally, we multiply the added number by the current average administration salary to find the indirect, administrative costs.

**Benefits:**

There are many potential benefits to expanding Florida's existing VPK program. Many of these benefits are secondary, and therefore harder to quantify, such as a child’s improved social skills, or increased parental labor force participation rate. While these are important and are discussed in more detail throughout the paper, the most directly quantifiable benefit is reduced child care expenses.

To calculate the money that would be saved by families if the expansion were to take place, AERG finds the number of families that have a three-year-old in their home and also paid for childcare in the past year. Taking this number, multiplying it by the average per hour cost of childcare, and multiplying by the number of VPK hours provided by the state (540 for the school year and 300 for the summer) gives the average benefit of expansion to families within the state. Our benefits calculation flowchart, Figure 2, can be found on the right.

**Results:**

AERG finds the total costs of Florida VPK expansion to be approximately $146.5 million dollars, and the total potential benefits to be approximately $146 million, with costs outweighing the benefits by $450,000. However, with further examination of these numbers, we found that the average cost per child added is $2,306 while the average per child savings per household is $4,312, meaning there is a benefit of just over $2,000 for every child added to the pre-k program. We then find that an addition of only 225 three-year-olds, or a 0.15% increase in participation from the three-year-olds in the state, causes the benefits to outweigh the costs. The childcare expenses saved by eligible families, in tandem with the academic and social benefits of VPK, supports the cogency of Florida offering universal child care to three-year-olds.
EXECUTIVE SUMMARY

Medicaid Program in Florida

Florida’s Medicaid program began in 1970 and has grown to encompass 10.6 to 18.1 percent of the state population. With 3.1 million Floridians enrolled (excluding CHIP) and $29 billion spent on Medicaid, which is about 31 percent of the Florida budget. Currently, Florida’s Medicaid eligibility only extends to children, adults with dependents, and the elderly, all with varying income thresholds relative to the Federal Poverty Level (FPL).

Under the Patient Protection and Affordable Care Act (ACA), Medicaid can be extended to those between the ages of 19 to 64, without dependents or disabilities relative to their income of the FPL. The ACA also extended this eligibility by 5 percentage points from 133 percent to 138 percent of the FPL.

Costs-Benefit Methodology

The method of our study will be a cost-benefit analysis, where we will find the net loss or benefit of Medicaid expansion in Florida. assessed against the total cost of expanding Medicaid to this newly eligible population.

To find the estimated cost of expanding Medicaid in Florida, we will identify Floridians who would qualify under the ACA rules and multiply this amount by the per capita cost to the state.

The benefits of expansion will be composed of five gains found in states who have already expanded:

- Increases:
  - Education
  - Employment

- Decreases:
  - Bankruptcy
  - Crime
  - Mortality
Using wage data from the American Consumer Survey, AERG found the number of newly eligible individuals to be 1.2 million people. Multiplying this by the estimated Medicaid per capita expenditure for Florida from The Center for Medicare & Medicaid Services, AERG estimates a cost of $3.6 billion to the state if every newly eligible person enrolls.

Using our most conservative estimate for benefits, $53.76 million, AERG's results show that expanding Medicaid under ACA in Florida will result in a $3.55 billion net loss to the state.

While this is a notably large loss, there are two factors that drastically effect this. First we are using the maximum cost amount of all newly eligible people enrolling. This is an unlikely scenario and later in the report we discuss other possible enrollment amounts. Second, we are only observing benefits to the state. There are many monetary societal benefits that would come from expanding Medicaid that are not visible in the yearly state budget. AERG estimates the financial impact of Medicaid expansion would create between $3.12 billion and $6.06 billion per year in total value when considering societal and fiscal aftermath.
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FLORIDA
SOLAR NET
METERING
The purpose of this paper is to explore Florida's net metering policy and the effects of Florida House Bill 741. Net metering allows customers who own rooftop solar panels to receive credits for producing more electricity than they consume. In Florida, customers are credited the retail rate for each kWh they provide back to the grid.

This past year, House Bill 741 was passed by the Florida House and Senate, but was subsequently vetoed by Governor Desantis. This bill proposes a significant restructuring of the net metering program and would gradually reduce the credit received by program participants to 50% of the retail rate or lower.

Proponents of the bill argue that residential net metering customers that are credited at the retail rate are supported by other consumers on the grid. Opponents of this legislation contend that favorable net metering policies encourage the adoption of renewable energy sources while allowing consumers to save on their electricity bills.

This paper will analyze three scenarios using the following two objectives:

- Maximizing solar capacity in the state
- Cost efficiency in the production of electricity using renewable energy

Figure 1 - Composition of the Rate Base

<table>
<thead>
<tr>
<th>Rate Base</th>
<th>Generation</th>
<th>Transmission</th>
<th>Distribution</th>
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</thead>
<tbody>
<tr>
<td>$0.075</td>
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</table>

Scenario one entails the unaltered continuation of Florida’s net metering policy. Net metering has seen steady growth since its codification in 2008, and our findings indicate that the current policy maximizes solar capacity in Florida. In addition, our 3-year ahead forecast indicates that rooftop solar adoption will continue to grow.

However, rooftop solar appears to be less cost-effective than large scale, utility operated solar farms. If net metering customers were paid only for generation costs, they would be compensated at about 3.22¢/kWh on average.

The rate base represents the fixed costs paid by utilities and is comprised of investment in facilities, equipment, and other property necessary to provide utility service minus accrued depreciation. Figure 1 displays the proportions of the rate base shared by generation, transmission, and distribution costs.

If net metering customers were credited only at the break-even point of the utility company, the credit would be provided well below the retail rate at about 6.39¢/kWh.
**Scenario two** seeks to observe the impact of House Bill 741 on future participation in net metering. Since Assembly Bill 405 in Nevada closely resembles the structure of Florida’s House Bill 741, the growth projection shown in **Figure 3** uses historical data from Nevada to model the effects of a change in Florida’s net metering policy. Our analysis indicates that the restructuring of Florida’s current net metering policy would result in a decrease in the amount of new households participating in the program.

![Five Year Ahead Projection of New Interconnection Agreements](image)

**Figure 3 - Five Year Ahead Projection of New Interconnection Agreements**

Lastly, **scenario three** examines an alternative to net metering: the implementation of a renewable portfolio standard on utility companies in Florida. A renewable portfolio standard (RPS) requires that a percentage of the electricity sold by utilities come from a renewable source such as wind, solar, geothermal, hydro, and biomass.

A case study of three states (VA, WI, and WA) with renewable portfolio standards whose top two utilities have similar profiles to FPL and Duke was used to assess the effectiveness of imposing a RPS in Florida. The investment in renewables in Florida was compared to the aggregate renewable investment in these states. **Table 1** illustrates that though Florida utilities have a greater gross investment in renewable sources, they effectively produce the same amount of energy relative to their spending. Therefore, the implementation of a renewable portfolio standard in Florida is likely to be considered unnecessary under current circumstances.

<table>
<thead>
<tr>
<th>Case Study Combination</th>
<th>Investment in Renewables</th>
<th>Energy Generated from Investment</th>
<th>kWh/$ Generated from Renewable Sources</th>
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</thead>
<tbody>
<tr>
<td>Case Study Combination</td>
<td>≈ $3.17 Billion</td>
<td>≈ 49.67 Billion kW</td>
<td>≈ 15.66</td>
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<tr>
<td>FPL &amp; Duke</td>
<td>≈ $4.74 Billion</td>
<td>≈ 72.60 Billion kW</td>
<td>≈ 15.32</td>
</tr>
</tbody>
</table>
Executive Summary

ECONOMIC IMPACT OF INCREASING FLORIDA’S LABOR FORCE PARTICIPATION RATE FOR PEOPLE WITH DISABILITIES
Carlos Bello, Sheridan Meek, Kieran Stewart-Phillips

Introduction
Florida’s labor force participation rate for people with disabilities consistently trails the rate for the general population by about 40 percentage points. To address this, The Able Trust contracted AERG to analyze the economic impact of decreasing the gap between the general population labor force participation rate and the labor force participation rate for people with disabilities by 1 percentage point per year for 10 years. The Able Trust has set this goal in pursuit of their mission of obtaining meaningful employment for people with disabilities.

Background
In 2020 the labor force participation rate for people with disabilities was 22.8%, according to American Community Survey Data (ACS) while the labor force participation rate for the general population is 59.6%, a gap of nearly 40 percentage points. Approximately 2.67 million Floridians ages 16 or older report having a disability, which is 15.0% of the population. Accounting for the increase in the percentage of people reporting a disability in recent years, as well as overall population growth, a 1 percentage point increase in the labor force participation rate for people with disabilities per year for 10 years would result in 304,813 people with disabilities joining the labor force.

There is a sizeable difference between the number of hours and kinds of jobs worked by persons with disabilities as opposed to the general population. Approximately 72% of individuals in the general population work full-time while only 61% of people with disabilities work full-time, the rest working part-time. The analysis performed in this report takes into account this difference between the two labor forces.
Methodology

In order to quantify the economic impact of The Able Trust’s goal, we gathered data from the 2020 ACS 5-year estimates, which provide economic and demographic metrics on people with disabilities. From those estimates we calculated an input-output model PI+ constructed by Regional Economic Models, Inc. (REMI) as well as used IMPLAN to evaluate the benefits in expanded employment and increased tax revenue. Specifically, we input the number of people with disabilities which are added to the labor force if there is a 1 percentage point increase for each year from 2023 to 2032. These figures were forecasted using population projections from the Florida Office of Economic and Demographic Research and projected increases in the percentage of the general population with disabilities.

We estimate over 304,813 people with disabilities would be added to the labor force over a 10 year period.

Results

We estimate that adding 304,813 people with disabilities to the labor force would have an economic impact of $111.78 billion over the course of this 10-year period, from 2023-2032. This final net benefit is due to an increase of $53.17 billion in personal income, $67.20 billion in GDP and $1.08 billion in state tax revenue. Additionally, there will be a benefit of 245,912 jobs directly, and 331,660 jobs through indirect, induced and dynamic employment. We also take into consideration a different scenario, where the percentage of people with disabilities who work full-time increases to the same level as the general population. Results from this alternative analysis provided additional insight into the potential benefit of obtaining meaningful employment for people with disabilities.
Methodology
To calculate the tax revenue loss on the State of Florida, we look at both property revenue loss and sales tax loss.

Property Tax Revenue Loss
To estimate the property revenue loss, we overlay the predicted sea level rise data from NOAA on parcel level data from the Florida Department of Revenue and calculate the proportion of property inundated by water. Using these overlays we calculate the tax revenue lost using county millage rates and the just value of each parcel.

Sales Tax Revenue Loss
To estimate how sea level rise will effect sales tax revenue, we estimate the relationship between tax revenues and high quality beaches. We then use those estimates, combined with beach erosion projections from the Florida Department of Environmental Protection to estimate the projected loss in sales tax revenue.
**Findings**
We estimate that if the sea level were to rise 1 - to 2- feet by 2050, the state of Florida can expect between a $25 - $47 billion loss in the just value of property which would equate to a $396 - $735 million in property tax revenue loss annually. We can also estimate sales tax revenue would be reduced by $3 billion annually. The southeast region (Broward, Miami-Dade, Palm Beach counties) is predicted to see the largest impacts with $118 - $239 million in property tax revenue lost annually and $1.5 billion in sales tax revenue lost annually.

The total tax revenue loss for the state of Florida from 1- to 2- feet of sea level rise is estimated to be $3.4 - $3.7 billion annually if there were no mitigation measures in effect. For these reasons, we strongly encourage the State to explore more investment options in mitigation and coastal resiliency efforts.

**Figure 3: Property Tax Loss by Region**

**Figure 4: Sales Tax Loss By Region**
Central West
$95-$176 million in Property Tax Loss
$423 million in Sales Tax Loss

Central East
$28-$50 million in Property Tax Loss
$291 million in Sales Tax Loss

Big Bend
$12-$20 million in Property Tax Loss
$354 thousand in Sales Tax Loss

North East
$49-$77 million in Property Tax Loss
$268 million in Sales Tax Loss

Panhandle
$22-$41 million in Property Tax Loss
$160 million in Sales Tax Loss

South West
$72-$140 million in Property Tax Loss
$347 million in Sales Tax Loss

South East
$118-$239 million in Property Tax Loss
$1.5 billion in Sales Tax Loss

Central East
$28-$50 million in Property Tax Loss
$291 million in Sales Tax Loss

Figure 5: Tax Loss by Region