Symposium in Applied Economics

Executive Summaries

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An Analysis of Florida Property Insurance Legislation

EXECUTIVE SUMMARY

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Introduction

Citizens Property Insurance Corporation (Citizens) provides property insurance to eligible Florida homeowners who are unable to find coverage in the private market. As a result of rapid changes in the property insurance market, the Florida legislature has proposed a bill that would increase Citizens' house value eligibility from the current $700,000 limit to $1,000,000 for some Florida property owners. We analyze the impact of Senate Bill 1716 on Citizens' total policies.

Citizens

In 2002, the Florida Legislature created Citizens as a not-for-profit, tax-exempt government entity funded by policyholder premiums; Citizens offers coverage commiserate with private market standards. To be eligible for Citizens property insurance, an applicant must prove there is no reasonable degree of competition and receive a premium quote from a private insurer that is more than 20% higher than the Citizens' premium offer. Although Citizens is intended to be the insurer of last resort, factors like price caps on policy rate increases (glide paths) and premium prices that are not actuarially sound prevent it from fully serving this role; thus raising concerns about Citizens' increasing policies in force and market share.

Florida Property Insurance Market

Florida's property insurance market is particularly complex due to factors like the high risk and uncertainty of natural disasters, as demonstrated by Figure 1. Market complications are exacerbated by high net migration into Florida and rising home prices. Volatile conditions and uncertain profitability drive private insurers out of the market, pushing a number of their policies onto Citizens. Increasing policies in force puts stress on Citizens and increases the threat to Citizens' solvency and actuarially soundness.

Senate Bill 1716

One objective of this bill is to revise Citizens' eligibility criteria, allowing properties with replacement values between $700,000 and $1 million to qualify for Citizens coverage if the Office of Insurance Regulation (OIR) determines there is insufficient competition in their zip codes. Our analysis aims to determine how the proposed price cap eligibility increase from $700,000 to $1 million will impact Citizens' total policies and market share.
**Methodology**

To determine the impact of Senate Bill 1716 on Citizens' total policies and market share, we analyzed a similar legislative change from a decade ago using county-level Market Share Report data from the Florida Office of Insurance Regulation (OIR). From 2013 to 2017, Citizens gradually reduced their eligibility threshold from $2 million to $700,000. However, due to insufficient competition, the OIR maintained a threshold of $1 million in Miami-Dade and Monroe counties.

We used the difference in impact between Miami-Dade and Monroe counties and all other counties to estimate an average treatment effect, which we then applied to project the impact of SB1716. Our analysis focused on 18 counties with a substantial number of Citizens policies to ensure the groups were comparable. We used 2013 as the intervention period, with Miami-Dade and Monroe counties as the treatment group and the remaining 16 counties as the control group. By comparing the treatment group, which had a $1 million price cap, to the control group, which had a gradually decreasing price cap, we determined the average treatment effect in the post-period. We then used this average treatment effect to project the potential changes in policies resulting from SB1716.

**Results**

For every 10% increase in the price cap, Citizens’ total policies are expected to increase by 11.6%.

If SB1716 passes and the price cap increases from $700K to $1M, we predict that total Citizens’ policies will increase by 36%.

If SB1716 were to apply to the entire state, we expect to see a 504,000 total policy increase for Citizens.

**Looking into the Future**

Figure 2 demonstrates a 36% policy increase projected for the state of Florida, totaling 504,000 additional Citizens policies. Because Senate Bill 1716 will only apply to areas without a reasonable degree of competition, we used US Census population data, Zillow median house prices, and FEMA’s Natural Hazard Risk Index to select counties that we think may apply:

- Hillsborough
- Pinellas
- Sarasota
- Brevard
- Palm Beach
- Broward

Figure 2 highlights these counties, labeling them with their respective increase in policies.
Why remove the Paper Ceiling?

Various state government jobs require a bachelor’s degree. The movement to remove educational restrictions on these positions is known as the Paper Ceiling. To address this issue, states began removing degree requirements for many of these jobs through legislation and executive orders. These regulations allowed candidates to supplement years of experience in lieu of a traditional college degree. Degree requirements can hinder an individual’s access to certain positions that require higher education qualifications. Those who want upward mobility in state government jobs would also benefit from regulations removing the Paper Ceiling for these positions.

Florida’s SB 1310

Florida passed SB 1310, also known as The Expanding Public Sector Career Opportunities Act, during its 2023 Legislative Session. The bill then went into full effect on July 1st of 2023. SB 1310 is optional for Florida state agencies and allows each agency to work with the Department of Management Services to amend education requirements on job postings.

This study aims to analyze the impacts of Paper Ceiling regulations and their impacts on state government employment in the state of Florida and beyond.
To investigate the relationship between paper ceiling legislation and state government employment, a difference-in-difference model will be used. The model will include data from 2018 through 2023 and will compare state government employment between those that passed paper ceiling legislation between 2022 and 2023, and those that did not. Afterwards, an ARIMA projection model will be used to project Florida’s average government employment for 2024-2025.

Findings
The model’s results indicated that states who implemented policies in 2022 had on average, 0.1% more state employees than states who did not implement these policies in the first year of implementation. However, states that implemented these policies in 2023 saw a 0.04% increase in state employment compared to those that did not in the same time frame.

When looking at Florida’s SB 1310 specifically, its impact on the number of total state employees is negligible, but with a slight upturn in state employment numbers. Projecting average state employment out for two years shows the potential to increase state employment by approximately 6,000 employees.

These findings are consistent with previous literature conducted in the private sector regarding substituting years of experience for education. It is possible that these paper ceiling regulations may facilitate greater vertical mobility in the public sector by enabling those without required degrees to qualify for promotions.
The workers’ compensation (WC) system in Florida provides essential financial and medical support to employees who suffer work-related injuries or illnesses. Attorneys play a significant role in WC outcomes; this study aims to evaluate the impact of defense attorneys’ involvement in WC cases. Following a work-related accident, the Bureau of Employee Assistance and Ombudsman (EAO) plays a crucial role as an intermediary between the injured worker, employer, and insurance company, facilitating the process. However, ongoing apprehension surrounds the impact of defense counsel’s involvement in legal proceedings, which can potentially lead to prolonged trials, heightened legal fees, increased medical costs, and associated financial burdens for employers. This burden may result in higher insurance premiums, increased legal fees, and potentially larger settlements awarded to claimants. An attorney who efficiently navigates and resolves cases promptly, settling below a requested petition amount, can yield cost savings for employers. This study aims to assess attorney performance and determine the validity of these concerns.

Our Analysis
This study utilizes data from Florida’s Office of the Judges of Compensation Claims (OJCC), covering court dockets from 2021 to 2023, with over 89,000 unique claim cases. Specifically, we focus on petition and settlement documents from Miami-Dade County within this period, representing approximately 11,000 cases. Miami-Dade was chosen because it accounts for the largest share of claims in the state, about 20%. We employed automated web scraping and optical character recognition (OCR) to extract key details such as case numbers, names of claimants and employers, injury specifics, and settlement amounts. This process enabled us to create a comprehensive dataset containing all necessary variables to analyze defense attorney effectiveness. Using a fixed effects regression, we isolated the effect of each defense attorney from other factors, such as the scope of injuries and occupations, that affect the value and complexity of a claim. We then rank attorneys from most and least efficient based on reduced settlement amounts and decreased length of a case.
Findings

The graph on the top right displays the ranking of defense attorneys from best to worst based on how much they decrease the settlement value relative to a randomly chosen benchmark of $28,204.82. Each value represents the average settlement amount paid out by employers in WC cases handled by each defense attorney. We see that an overwhelming majority (~75%) of defense attorneys achieve favorable outcomes for their clients. The least effective defense attorneys are indicated by positive values, meaning they are associated with increased settlement amounts relative to our benchmark, thereby increasing costs for the employer.

The graph on the bottom right ranks defense attorneys from best to worst based on how much they decrease the length of the trial. Similar to the first ranking, this measures their performance relative to a randomly selected benchmark of 61 days. Nearly 90% of defense attorneys achieve favorable outcomes for their clients by resolving cases in less time than the benchmark. This is indicated by the negative average trial length, which suggests lower legal fees for clients. The least effective defense attorneys are highlighted by positive values, indicating they are associated with longer trial durations and higher trial fees, thus increasing costs for the employer.

We find that 127 defense attorneys (~52%) are associated with both decreasing settlement amounts and trial lengths relative to the benchmark defense attorney, making them the most effective in our dataset. These attorneys are most cost-effective for employers in WC cases, with an average decrease of $7,529 in settlement amount and average decrease in trial length of 12.36 days. Conversely, we found 11 defense attorneys (~5%) to be the least effective for an employer meaning they are associated with an increased settlement amount and an increased trial length. These defense attorneys had an average increase of $12,557 in settlement amount and average increase in trial length of 32.03 days. As a result, an effective defense attorney can save an employer $20,086 in settlement amounts compared to an ineffective defense attorney. Similarly, an effective defense attorney will save an employer approximately 44 days in trial time compared to an ineffective defense attorney.
Social Media and the State of Florida: A Fiscal Analysis of the Online Protection for Minors Law

To address growing concerns from parents, teachers, and researchers over the negative effects of social media use on the mental health of children, Florida’s 2024 House Bill 3, titled “Online Protection for Minors”, places new restrictions on social media access for minors. Effective January 1, 2025, the new law prevents teens under 16 from creating social media accounts without parental consent, bans those under 13 from creating accounts altogether, and requires age verification on platforms with explicit content for those under 18.

In this project, we evaluate three avenues in which House Bill 3 may impact Florida’s fiscal outlook over the next five years, using fiscal analyses from states that passed similar legislation and causal research on social media’s impact on mental health. Specifically, we examine potential administrative and legal costs, as well as possible savings to Medicaid and Florida’s public school system.

Methodology

Our fiscal analysis begins with quantifying potential legal and administrative costs associated with House Bill 3’s implementation and potential lawsuits. We utilized fiscal analyses from states with similar legislation and adjusted these figures for Florida using a state employment-population ratio. These costs include attorney fees and the expenses for new employees responsible for implementing the law.

To identify potential education savings from House Bill 3, we first analyzed anti-cyberbullying programs in Florida’s public school system. Using county-level expenditures on bullying prevention programs, we weighted these expenditures by the number of 8 to 15 year olds that are estimated to be victims of cyberbullying.

There are also potential savings on mental health-related Medicaid spending as a result of House Bill 3. Using Census and Medicaid data, we calculated the per capita spending on mental health services funded by the state’s Medicaid program for minors aged 8 to 15.
The extent to which both education and Medicaid spending will be affected by House Bill 3 depends on the reduction in problems caused by social media. Based on peer-reviewed research on the causal relationship between social media use and mental health issues, we assume this law will cause a 9.2% reduction in mental health issues for the Florida youth affected by the law. We apply this reduction to both the cyberbullying and Medicaid expenditures to generate our estimate of potential savings resulting from House Bill 3.

Findings

We anticipate the administrative and legal costs associated with House Bill 3 to amount to approximately $5 million over five years. This estimate includes wages and benefits for 15 new state employees over this period, with legal fees being concentrated in the first year. The total cost could vary depending on the extent and nature of legal challenges to the new law.

Our analysis finds that the State of Florida could amass a total savings of $19.2 million in the five years following the implementation of House Bill 3. This includes $18.9 million in Medicaid savings and over $281,000 in savings on public school bullying prevention efforts.

Florida’s House Bill 3 could provide the state with a net benefit of $14.2 million over the next five years. The vast majority of this net benefit is attributed to savings in Medicaid spending, which already constitutes a large portion of state expenditures. Conversely, the modest savings for public school bullying prevention resources is due to the relatively small budgets allocated for such programs.

Our five-year fiscal analysis examines three quantifiable areas of Florida’s budget that could reasonably be affected by House Bill 3. Given the costs associated with its implementation and the savings expected from its mental health impacts, we find the law to be a net benefit for the State of Florida. Our analysis is limited to a five-year period and does not consider potential long-term fiscal benefits from human capital accumulation and increased productivity among Floridians. Improvements in statewide school performance and student behavior, for instance, could generate higher tax revenues via a more skilled and productive workforce.
Economic Impact of Additive Manufacturing in Leon County

Executive Summary

This analysis evaluates the economic impact of a Leon County based 3D concrete printing firm, examining potential impacts in GDP and personal income. The firm specializes in 3D printing single-family homes and intends to create a workforce development program with Tallahassee State College (TSC). Our study also includes a human capital analysis which assesses the TSC program’s impact on participating workers.

Human Capital Analysis

The 4 to 6 week accredited program with TSC will allow participating workers to earn a certification in additive manufacturing. For our analysis, we observe 5 years of earnings after the program and examine differences in compensation between a certified worker and an uncertified worker. We estimate a wage premium of $45,000 for TSC certificate recipients.

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<th>TSC Program Status</th>
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<th>Wages Over 5 Years</th>
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<tr>
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Applying the Wage Premium

The wage premium is applied to 18-30 students that will receive training at TSC over 3 years. At the minimum of 18 students, we estimate $810 K in increased earnings and at the maximum of 30 students, we estimate $1.35 M in increased earnings.
Economic Impact Analysis

To conduct the economic impact analysis, our study employs REMI, a dynamic general equilibrium model. We examine the regional impact generated from the first three years of operation of a 3D concrete printing firm. The inputs used for our analysis are costs associated with firm production and projects, including firm consumption, labor, and material costs.

Input Breakdown

The main production focus of the firm pertains to printing 21 single-family homes. The primary blueprint for the homes will be a 3 bedroom, 2 bathroom home. Additional projects include the printing of 11,000 oyster beds, to help rehabilitate the oyster population in Florida’s waters, and 30 custom projects such as parking curbs and park benches. For the inputs, consumption costs amount to $238 K, labor costs amount to $2.57 M, and material costs amount to $5.54 M. Totaling to nearly $8.4 M worth of inputs.

Regional Impact

The $8.4 M inputted into Leon County results in a total regional impact of $16 M. This results in approximately $2 back for every $1 put into the economy. The regional impact includes $8 M in added GDP and $8 M in added personal income. The total regional impact also includes 64 jobs added to the economy, which consists of three primary industries, including construction, cement product manufacturing, and real estate.
Florida Forever: An Evaluation of Environmental Conservation Efforts

Executive Summary

This project evaluates the property value impacts of the conservation efforts made by Florida Forever, which is the leading conservation and land acquisition program in the state. Florida Forever has spent roughly $3.3 billion dollars of state funds since 2001, acquiring over 900,000 acres of conservation land, with another $100 million to be spent over the next year.

Introduction

Florida has a diverse and vast natural ecosystem that has defined much of the state’s history, culture, and economy. Increasing concerns regarding climate change, population growth, and shrinking ecosystems in the state led to the creation of several large-scale conservation efforts, Florida Forever being the most recent. The Florida Forever Priority List guides the selection of suitable conservation properties, categorizing projects into key areas to ensure alignment with program goals and performance criteria. The Acquisition and Restoration Council (ARC) ranks and selects state land acquisition projects based on these categories. Although there is a large amount of spending associated with land conservation through Florida Forever, there is a constant challenge in choosing how to value this land since it is a non-market good.

Methodology

We conducted a hedonic pricing method to assess the value of the land acquired by Florida Forever home prices. This model breaks down property values into physical and spatial attributes contributing to their price. This approach compares the prices of homes near conservation lands to homes that are not. The goal of this method is to compare similar houses where the only difference is the distance to the Florida Forever conservation lands.

Homes were sorted into bins based on their distance to Florida Forever lands. These bins sort houses into distance groups that we can compare to each other. By comparing homes in closer bins to those farther away and controlling for other characteristics, we can isolate the premium people may pay for these natural amenities. Data on housing characteristics and Census tracts were collected to mitigate confounding factors in our study.

We took multiple approaches to model specification. There is substantial literature establishing how natural amenities affect property values differently in rural vs urban areas. There could be differences between the ways people living in urban and rural counties value conservation land. We classified counties as rural or urban based on the most recent Census and analyzed those areas separately.
Our analyses yielded a largely negligible measured benefit. We analyzed home prices in three different ways, all yielding no statistically significant benefit for home price. We did not find evidence that homebuyers are willing to pay a premium to live near the natural amenities provided by the Florida Forever Project. There also did not appear to be any sort of effect when we analyzed urban areas and rural areas separately.

Florida Forever, over its lifetime, has accounted for nearly $3.3 billion dollars in state expenditure, with another $100 million allotted to be spent over the next year. Assuming that the alternative use of these funds would have yielded a baseline economic benefit equivalent to investing the annual expenditure of the project into High-Grade Municipal bonds since the inception of the project, the lifetime cost of the project would be roughly $4.2 billion.

Our analysis does not find any practical or statistically significant economic benefit of the Florida Forever program and a staggering cost to the state government. This, however, is one approach to analyzing the potential economic benefits of the program and does not necessarily “cover all the bases,” so to speak, when it comes to measuring economic benefit. It is clear to us that we found no evidence of economic benefit in the value of single-family residential homes in Florida.

There is a multitude of reasons why we might have found no significant effect. Florida Forever does not seek out land; instead, it waits for a willing seller. This may create an adverse selection problem where sellers offer less valuable land to the program. It is also possible that the environmental benefits from conservation land are not concentrated in single areas but spread across the whole state. People may be willing to pay more to live in Florida because of these broader benefits, meaning the premium we theorized people would pay to live close to a project is, in fact, present in the value of all homes in Florida.

An additional approach we took to improve our comparisons for homes close to projects, was using propensity score matching. The underlying concept is to create synthetic homes that are identical to homes near to projects, therefore, the the only difference between homes near projects and the synthetic homes in our model are their distance to a Florida Forever project.

Findings

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State Expenditures to Date

$3.3B

Estimated Cost

$4.2B