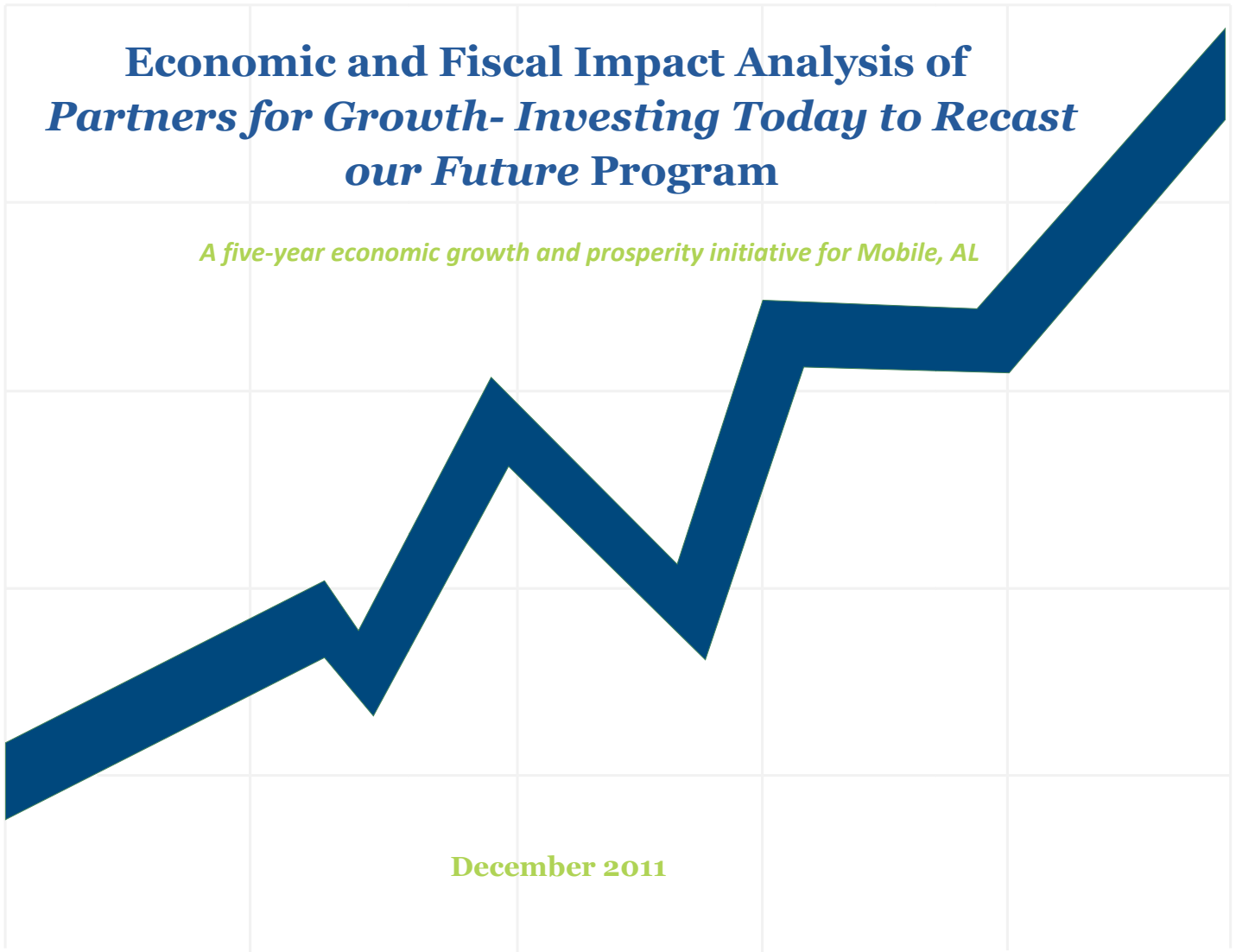


Economic and Fiscal Impact Analysis of *Partners for Growth- Investing Today to Recast our Future Program*

A five-year economic growth and prosperity initiative for Mobile, AL



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ECONOMIC IMPACT ANALYSIS

Economic impact analysis quantifies the extent to which ***Partners for Growth-Investing Today to Recast our Future*** program’s attraction and expansion activities stimulate economic effects, generating employment, income and local business activity. This report shows the total economic impact – direct, indirect and induced impact - measured in terms of jobs and income. These impacts are calculated through a customized economic model reflecting Mobile County’s economy.

a. Impact of New Jobs

Partners for Growth-Investing Today to Recast our Future is a new five-year economic development plan focusing on local economic growth and prosperity. The new program is targeting the creation of 4,000 new direct jobs from its attraction and expansion efforts. The ripple effect of the new jobs is computed based on regional multipliers. These multipliers show the effect of the addition of one job or one dollar in any given industry to the employment and earnings of all industries. Job creation activities have an effect in two other key aspects of the local economy; **earnings** and **consumer spending**. Overall, the program will generate:

- **8,308 TOTAL NEW JOBS**
- **\$320.4 million in TOTAL PAYROLL**
- **\$229.8 million in CONSUMER EXPENDITURES**
- **\$104.4 million in BANK DEPOSITS**

Table 1. Economic Impact of Jobs

METRICS	DIRECT IMPACT ¹	INDIRECT ² AND INDUCED ³ IMPACT	TOTAL IMPACT
JOBS	4,000	4,308	8,308
EARNINGS (PAYROLL)	\$160,000,000	\$160,385,895	\$320,385,895

New payroll is projected to generate:

CONSUMER EXPENDITURES⁴	\$229,780,764
DEPOSIT POTENTIAL FOR LOCAL FINANCIAL INSTITUTIONS⁵	\$104,445,802

¹**Direct Impact:** Impact generated directly from the jobs created with the assistance of the new initiative.

²**Indirect Impact:** the changes in employment, income, and output (business sales) in various industry sectors of the local economy supplying goods and services to the companies that expanded.

³**Induced Impact:** captures the ripple effect of increased household and/or institutional income.

⁴**Consumer Expenditures:** Percentage of Disposable Personal Income less Interest, Personal Transfer Payments, and Personal Savings

⁵**Deposit Potential:** Personal Savings Rate less Deposit Leakage Estimate with area turnover (Reserve Requirement Ratio)

The above table reveals that, through the multiplier effect, investments in ***Partners for Growth- Investing Today to Recast our Future*** program will support the creation of **8,308 total jobs**. This total job impact yields a multiplier of 2.1. That is, for every direct job created as a result of the program's attraction and expansion efforts, an additional 1.1 indirect and induced jobs will be created in the region.

The economic impact of new jobs is computed based on the following inputs:

§ Creation of 4,000 new direct jobs in the following targeted industries:

- Aviation/Aerospace
- Biomedical and Information Technology
- Advanced Manufacturing
- Maritime/Shipbuilding
- Energy
- Logistics and Distribution

§ The average wage rate of the direct new jobs is projected to be \$40,000.

§ Consumption expenditures are adjusted for "leakage." Leakage identifies the portion of expenditures leaving the region thus, have no impact on the region's economy.

For every direct job, created by the program's attraction and expansion efforts, another 1.1 jobs will be created in the region's economy.

Every dollar earned from the new jobs, is expected to generate an additional \$1 in earnings.

b. Earnings/Expenditure Impact

A portion of total earnings is used for **personal consumption expenditures**. Table 2 shows how the money will be spent following a consumption pattern consistent with the South region.

The expenditure detail determines the estimated annual impact to regional companies - with knowledge of their regional market share – as result of **Partners for Growth-Investing Today to Recast our Future** program’s job creation activities.

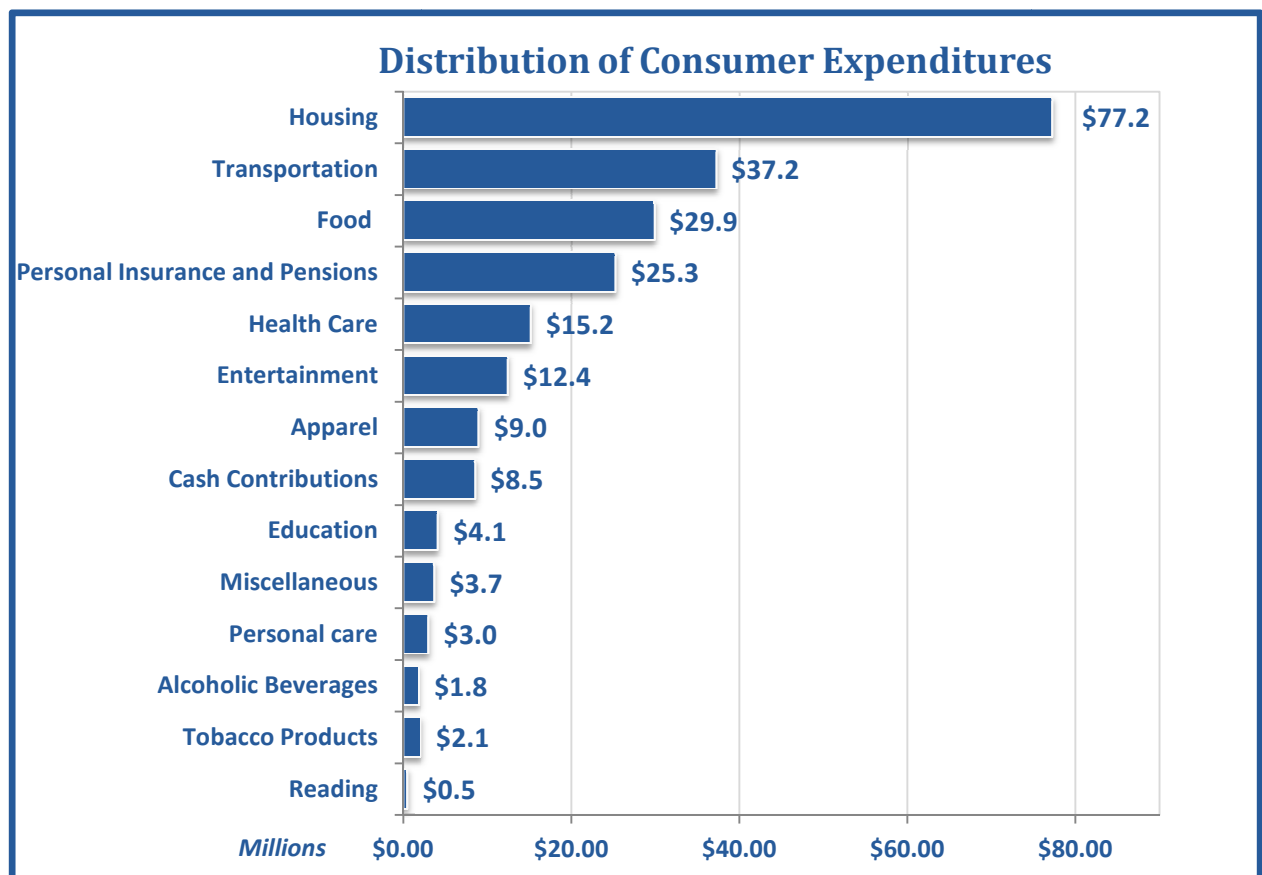
The local spending in each category was derived from the Consumer Expenditure Survey conducted by the Bureau of Labor Statistics and provides information on the buying habits of American consumers and data on their expenditures in four regions (Northeast, Midwest, South, and West).

Table 2. Distribution of Projected Average Annual Expenditures (\$229,780,764)

CATEGORIES	ATTRACTION	PERCENT	
FOOD	\$29,871,499	13.0%	of Expenditures
Food at Home	\$17,504,699	58.6%	of Food
Food Away from Home	\$12,366,801	41.4%	of Food
ALCOHOLIC BEVERAGES	\$1,838,246	0.8%	of Expenditures
HOUSING	\$77,206,337	33.6%	of Expenditures
Shelter	\$42,772,311	55.4%	of Housing
Owned Dwellings	\$28,144,180	65.8%	of Shelter
Mortgage Interest & charges	\$15,788,885	56.1%	Owned Dwellings
Property Taxes	\$6,557,594	23.3%	Owned Dwellings
Maintenance, Repair, insurance	\$5,797,701	20.6%	Owned Dwellings
Rented Dwellings	\$11,847,930	27.7%	of Shelter
Other Lodging	\$2,780,200	6.5%	of Shelter
Utilities, Fuels and Public Services	\$18,761,140	24.3%	of Housing
Natural Gas	\$1,332,041	7.1%	of Utilities
Electricity	\$8,630,124	46.0%	of Utilities
Fuel oil and other fuels	\$318,939	1.7%	of Utilities
Telephone services	\$5,966,042	31.8%	of Utilities
Water and other public services	\$2,513,993	13.4%	of Utilities
Household Operations	\$4,863,999	6.3%	of Housing
Personal Services	\$1,702,400	35.0%	of Household
Other Household Expenses	\$3,161,599	65.0%	of Household
Housekeeping Supplies	\$3,319,872	4.3%	of Housing
Household Furnishings and equipment	\$7,489,015	9.7%	of Housing
APPAREL	\$8,961,450	3.9%	of Expenditures
TRANSPORTATION	\$37,224,484	16.2%	of Expenditures
Vehicle purchases	\$13,140,243	35.3%	of Transportation
Cars and trucks, new	\$6,648,963	50.6%	of Vehicle Purchase
Cars and trucks, used	\$6,097,073	46.4%	of Vehicle Purchase
Other Vehicles	\$394,207	3.0%	of Vehicle Purchase
Gasoline and motor oil	\$10,571,753	28.4%	of Transportation
Other vehicle expenses	\$11,911,835	32.0%	of Transportation
Maintenance and repairs	\$3,240,019	27.2%	of Vehicle Expenses
Vehicle Insurance	\$5,503,268	46.2%	of Vehicle Expenses
Vehicle rental, leases, licenses	\$1,477,068	12.4%	of Vehicle Expenses
Finance charges	\$1,691,481	14.2%	of Vehicle Expenses
Public Transportation	\$1,563,428	4.2%	of Transportation

CATEGORIES	ATTRACTION	PERCENT	
PERSONAL CARE PRODUCTS	\$2,987,150	1.3%	of Expenditures
PERSONAL INSURANCE & PENSIONS	\$25,275,884	11.0%	of Expenditures
Life and other personal insurance	\$1,491,277	5.9%	of Insurance
Pensions and Social Security	\$23,784,607	94.1%	of Insurance
HEALTH CARE	\$15,165,530	6.6%	of Expenditures
Health insurance	\$8,659,518	57.1%	of Health Care
Medical services	\$3,366,748	22.2%	of Health Care
Physician's, Dental & Clinical services	\$1,158,161	34.4%	of Medical Services
Hospital	\$1,259,164	37.4%	of Medical Services
Nursing Home	\$289,540	8.6%	of Medical Services
Home Health services	\$97,636	2.9%	of Medical Services
Other	\$562,247	16.7%	of Medical Services
Drugs	\$2,608,471	17.2%	of Health Care
Medical supplies	\$545,959	3.6%	of Health Care
ENTERTAINMENT	\$12,408,161	5.4%	of Expenditures
CASH CONTRIBUTIONS	\$8,501,888	3.7%	of Expenditures
READING	\$459,562	0.2%	of Expenditures
EDUCATION	\$4,136,054	1.8%	of Expenditures
TOBACCO PRODUCTS/SMOKING SUPPLIES	\$2,068,027	0.9%	of Expenditures
MISCELLANEOUS	\$3,676,492	1.6%	of Expenditures

- ✓ Totals may not add up due to rounding
- ✓ Personal consumption expenditures are computed from total earnings generated minus tax and nontax payments



c. Sales Tax Revenue Analysis

The job creation efforts of *Partners for Growth-Investing Today to Recast our Future* program will generate significant state and local tax revenue. Based on estimated **consumer expenditures of \$229.8 million**, the sales tax impact is estimated to be **\$6.5 million**. Table 3 shows a detailed breakdown of the estimated tax revenue yielded from the consumer spending generated as result of the new payroll.

Table 3. Estimated Sales Tax Revenue

	General	Vehicle Purchases	Total
Taxed Expenditures	\$111,656,731	\$13,140,243	\$124,796,973
State Sales Tax Rate	4%	2.0%	-
Mobile County Sales Tax Rate	1.5%	1.0%	-
State Sales Tax Revenue	\$4,466,269	\$262,805	\$4,729,074
Mobile County Sales Tax Revenue	\$1,674,851	\$131,402	\$1,806,253
TOTAL Sales Tax Revenue	\$6,141,120	\$394,207	\$6,535,327

Note: Tax rates provided by the Alabama Department of Revenue

- The estimated taxed expenditures were derived from the net personal consumption expenditures, excluding tax-exempt categories (prescription drugs).
- The estimated sales tax revenue is based on:
 - ✓ General state sales tax rate of 4% and auto sales state tax rate of 2%.
 - ✓ Mobile County’s general sales tax rate of 1.5% and auto sales tax rate of 1%.

d. Bank Deposit Analysis

The bank deposit analysis calculates the individual bank’s deposit potential based on a bank’s market share. It is based on the “**Deposit Potential for Area Financial Institutions**” generated on the Economic Impact of Jobs (page 2).

The dollar value of the new program to individual banks is determined based on estimated **personal bank deposits of \$104,445,802**.

Table 4. Estimated Consumer Deposits in Local Banks

All Banks in Mobile County, AL	# of Branches	2011* Deposits	Current Market Share (including non-FDIC)	Deposits Expected by End of Program (and annually thereafter)
Regions Bank	29	\$2,304,950,000	32.88%	\$34,343,398
RBC Bank	17	\$751,958,000	10.73%	\$11,204,058
Compass Bank	13	\$708,667,000	10.11%	\$10,559,028
Wells Fargo Bank	12	\$522,557,000	7.45%	\$7,786,018
BankTrust	7	\$513,156,000	7.32%	\$7,645,945
Whitney Bank	7	\$299,429,000	4.27%	\$4,461,446
BB&T	4	\$157,560,000	2.25%	\$2,347,620
First Community Bank	6	\$142,938,000	2.04%	\$2,129,754
Hancock Bank	3	\$117,931,000	1.68%	\$1,757,154
IberiaBank	2	\$99,878,000	1.42%	\$1,488,167
Bay Bank	4	\$62,307,000	0.89%	\$928,365
Commonwealth National Bank	4	\$60,728,000	0.87%	\$904,838
Bancorpsouth Bank	2	\$56,554,000	0.81%	\$842,646
Century Bank	4	\$55,744,000	0.80%	\$830,577
Synovus Bank	2	\$53,728,000	0.77%	\$800,539
Community Bank	1	\$49,713,000	0.71%	\$740,716
State Bank & Trust	2	\$37,896,000	0.54%	\$564,645
Merchants Bank	2	\$25,882,000	0.37%	\$385,638
Bank of the Ozarks	1	\$12,640,000	0.18%	\$188,334
Woodforest National Bank	2	\$1,272,000	0.02%	\$18,953
TOTAL	124	\$6,035,488,000	86.1%	\$89,927,835
Total area FDIC deposits		\$6,035,488,000		
Share of total FDIC market represented		100.0%		
Non-FDIC market estimate (Credit Unions)		13.9%		

* Data as of June 30, 2011

Notes:

- ◆ This figure does NOT include deposits to commercial accounts, which magnify this estimate.
- ◆ Bank deposits and market share data obtained from the FDIC.
- ◆ The Credit Union market share (of 13.9%) represents the state of Alabama’s market share. (Source: The Credit Union National Association).

APPENDIX I: OVERVIEW OF METHODOLOGY

Regional economic impact analysis focuses on what investors in economic development programs demand: **measurability, accountability, and return on their investment**. In order to estimate economic impacts of job creation, the model translates the change in initial employment into changes in employment and earnings from other interdependent sectors. These effects are defined as follows:

- ◆ *Direct Impact* represents the jobs created with the assistance of **Partners for Growth-Investing Today to Recast our Future** program.
- ◆ *Indirect Impact* represents the changes in employment, income, and output (business sales) in various industry sectors of the local economy that supply goods and services to the companies that have expanded. These are typically industries such as food suppliers to restaurants, construction services to motels, repair and maintenance to transportation, etc.
- ◆ *Induced impact* captures the ripple effect of increased household and/or institutional income. The spending of the wages and salaries of the direct and indirect employees on items such as food, housing, transportation and medical services creates induced employment in all sectors of the economy.
- ◆ *Total impact* is the sum of the direct and indirect impact. The total effect measures the impact of an activity as it “ripples” throughout the region’s economy.

Regional economic impact analysis results interpreted within the limitations of the study itself. These limitations include:

- ◆ All benefits accrue to the local economy. The economic development practitioner realizes that the benefits of job creation rarely accrue solely to the immediate area. The methodology used in this study cannot precisely state the geographic parameters to which these benefits accrue; however, it assumes that these benefits will accumulate within Mobile County and its surrounding area.
- ◆ Program’s impact calculated based on the current structure of the regional economy. Annual impacts may increase and decrease over time as changes occur within the regional economy.
- ◆ Economic success naturally occurring in a region does not find its way into this type of analysis. In addition, the model does not use macroeconomic measures to describe an area’s economic health.

APPENDIX II: ABOUT NCDS AND THE ECONOMIC STRATEGY CENTER



National Community Development Services, Inc. (NCDS) is a pioneer in nonprofit, community-based fundraising. Since 1977, NCDS has raised over \$1.5 billion for more than 500 organizations, in 44 states across the U.S.

The Economic Strategy Center is the economic research and analysis division of NCDS. ESC combines the economic principles of the statistics, finance and investment fields to provide powerful, persuasive arguments for public and private sector investment in nonprofit programs and organizations.

The ESC focuses specifically on applying state-of-the-art tools and techniques for evaluating the *past, present and future* economic impacts of policies, programs, facilities and industries.

The ESC's analytical expertise is supported by thorough, in-depth research, utilizing an array of local and national sources.

The Economic Strategy Center has provided research and economic analysis services to hundreds of organizations throughout the U.S. The ESC performs studies in each client's region to identify economic trends and measure each program's economic impact in the local economy. The ESC produces relevant, realistic, results-oriented proof of an organization's effectiveness by quantifying its return on investment (ROI).

The ESC helps clients address three types of issues:

- **Market Analysis** - How will my organization be affected by changes in the economy? What should I do to respond to them?
- **Cost/Benefit Analysis** - What will be the economic impact/benefits and costs of my project/program? What should I do to maximize net value? What is the best way to communicate our value?
- **Economic Strategy** - How can my project/program affect business growth and attraction? How can I best target my efforts?

The ESC has the skill and broad experience in turning complex data into information that leads to **strategic decisions** and the realization of **aggressive goals**. The ESC's products provide clear, yet sophisticated analysis **customized to meet** the particular **needs** of each organization.

The ESC is an accredited member of the *American Economic Association*, *National Association for Business Economics*, *C2ER - The Council for Community and Economic Research (formerly ACCRA)* and *International Economic Development Council*.

For more information visit: <http://www.ncdsinc.net/ESC.htm>