

## L-3 Communications Economic Impact Analysis

### Introduction

This economic impact analysis estimates the economic activity generated in Sarasota County by L-3 Communications. L-3 Communications has been conducting business within Sarasota for over 50 years through its Aviation Recorders and METI business units.

### Impacts

Currently, the 462 full time equivalent (FTE) employees of L-3 Communications generated (directly, indirectly, and induced) an estimated \$51.4 million in annual household earnings and contributed \$120 Million to Sarasota's Gross County Product (GCP) in 2007. Those jobs then create 972 indirect and induced jobs. Indirect jobs are created through industry demand, which together induce additional jobs through household spending, for a total job impact of 1,434 jobs.

Those 1,434 jobs contribute \$142.5 Million dollars to the GCP of the total Gross County Product. Economic impacts, however, are not limited to industrial output. Because a significant share of annual household earnings are spent locally, the wages earned at these jobs circulate money through different sectors of the local economy.

In 2008, L-3 Communications proposes to add 10% more employees for a total of 508 FTE employees, which would create an additional 1,225 indirect and induced employees for a total employment of 1,733. These employs would produce an estimated \$68 Million in personal income and \$182 Million to the Sarasota GCP.

### Methodology

In this analysis, the "what if" question is what if L-3 Communications did not exist in Sarasota County. By subtracting manufacturing firm employment out of a baseline forecast, both the direct and indirect impacts of manufacturing on the local economy can be measured.

This analysis reports total impacts that include direct, indirect and induced effects of the firms in the survey. Direct effects are the impacts of the expenditures/sales of the final demand for the event being measured (e.g., a new job baking bagels in a plant). The indirect effects are the result of the new industry purchasing from other industries (e.g., buying cinnamon and raisins for the bagels). Induced effects are the impacts generated by the expenditures of the new household income generated by the wages paid by the direct and indirect beneficiary industries.

The employment estimates of the manufacturing sector was analyzed using both the REMI Policy Insight® (a highly sophisticated econometric model) and IMPLAN Pro® (a basic input/output model) economic models. These models are the best available tools to estimate economic impacts. The analysis involves the use of historical data, input-output tables and general equilibrium models to access economic impacts.

#### **2007 Annual Impact Summary**

Direct Employment: 462  
Indirect & Induced Employment: 972  
Personal Income: \$51.4 Million  
Contribution to GCP: \$142.5 Million

#### **2008 Annual Impact Summary**

Direct Employment: 508  
Indirect & Induced Employment: 1,225  
Personal Income: \$68 Million  
Contribution to GCP: \$182.3 Million

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