

ASU **W. P. Carey**
School of Business
Arizona State University
Seidman Research Institute

THE ECONOMIC IMPACT OF



**IN MARICOPA COUNTY
AND THE STATE OF ARIZONA**

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EXECUTIVE SUMMARY

The purpose of this report is to measure the impact of Freedom Financial Network's (FFN) Tempe-based operations and capital expenditure/expansion plans on Gross Domestic Product by State (GDP by State),¹ employment, and labor income in Maricopa County and the State of Arizona in 2017 and 2018.

Estimated impacts include both the direct effects of FFN's operations and capital expenditure in each geography and the multiplier effects that arise when income is recycled within the local economy. An IMPLAN input-output model is used to estimate multiplier effects.

Primary data made available by FFN for this report includes company employment and payroll, a complete record of payments made to suppliers for goods and services, and taxes paid to state and local governments. All data supplied by FFN is for the years 2017 and 2018.

The report calculates three types of impact – total, direct and indirect/induced – for a variety of impacts in each geography.

All dollar amounts for 2017 or 2018 (inputs or impacts) are expressed in 2018 dollars (2018 \$).

Maricopa County, 2017

FFN employs a total of 1,528 workers in Tempe in 2017.

The total wages and salaries of FFN's Tempe employees in 2017, including benefits, is \$110.9 million.²

Total FFN purchases from Arizona-based vendors amount to \$66.8 million³ in 2017 for both its regular operations and preparations for construction/expansion.

¹ GDP by State should not be confused with output. GDP simply represents the dollar value of all goods and services produced for final demand in a state or county; and it is often used as an indicator of the health of a specific geography.

² This is \$110.3 million expressed in 2017 dollars.

³ This is \$66.4 million expressed in 2017 dollars.

The total impact of FFN's Tempe-based operations and construction/expansion preparations in 2017 is an estimated \$226.7 million GDP by State, 2,906 jobs, and \$179.3 million labor income.

For every one person employed by FFN in Tempe, a further 0.90 indirect and induced jobs are created elsewhere in Maricopa County in 2017.

Maricopa County, 2018

FFN expects to employ a total of 1,990 in Tempe in 2018.

The total wages and salaries of FFN's Tempe employees in 2018 (including benefits) will be \$140.1 million.

Total FFN purchases from Arizona-based vendors will amount to \$74.2 million in 2018 for both its regular operations and construction/expansion.

The total impact of FFN's Tempe-based operations and construction/expansion in 2018 will be an estimated \$277.2 million GDP by State, 3,643 jobs, and \$221.2 million labor income.

For every one person employed by FFN in Tempe, a further 0.83 indirect and induced jobs will be created elsewhere in Maricopa County in 2018.

State of Arizona, 2017

FFN employs a total of 1,528 workers in Tempe in 2017.

The total wages and salaries of FFN's Tempe employees in 2017 (including benefits) is \$110.9 million.⁴

Total FFN purchases from Arizona-based vendors amount to \$66.8 million⁵ in 2017 for both its regular operations and preparations for construction/expansion.

⁴ This is \$110.3 million expressed in 2017 dollars.

⁵ This is \$66.4 million expressed in 2017 dollars.

The total statewide impact of FFN's Tempe-based operations and construction/expansion preparations in 2017 is an estimated \$251.1 million GDP by State, 3,308 jobs, and \$196.7 million labor income.

For every one person employed by FFN in Tempe, a further 1.16 indirect and induced jobs are created elsewhere in the State of Arizona in 2017

State of Arizona, 2018

FFN expects to employ a total of 1,990 in Tempe in 2018.

The total wages and salaries of FFN's Tempe employees in 2018 (including benefits) will be \$140.1 million.

Total FFN purchases from Arizona-based vendors will amount to \$74.2 million in 2018 for both its regular operations and construction/expansion.

The total statewide impact of FFN's Tempe-based operations and construction/expansion in 2018 will be an estimated \$306.8 million GDP by State, 4,130 jobs, and \$242.2 million labor income.

For every one person employed by FFN in Tempe, a further 1.08 indirect and induced jobs will be created elsewhere in the State of Arizona in 2018.

1.0 INTRODUCTION

Freedom Financial Network (FFN) is a financial services provider, offering successful solutions for debt settlement, mortgage shopping and personal loans. Formed in 2002 by Bradford Stroh and Andrew Houser, the firm's headquarters is in California, but most of its 2,000+ staff are located in Tempe, Arizona. FFN today comprises of three companies:

- Freedom Debt Relief
- Bills.com
- Freedom Financial Asset Management (includes Freedom Plus and Consolidation Plus loan products)

Collectively, the three companies have already resolved over \$8 billion in debts, and provided nearly \$2 billion in consumer loans.

In spring 2018, FFN approached Seidman with a view to understanding the economic and social impact of its operations in Tempe, AZ in Maricopa County and the State of Arizona. The report describes the key findings of an IMPLAN analysis, measuring the total economic impact of FFN (direct, indirect and induced) in Maricopa County and the State of Arizona. The resulting impacts, which include both the direct effects of FFN and the multiplier effects that arise when income is recycled within the economy, are expressed in terms of Gross Domestic Product by State (GDP by State), jobs, and labor income.

Section 2 describes the economic impact methodology implemented in this study.

Sections 3 to 4 estimate the economic impact of FFN economic impact in Maricopa County. This encompasses all operational impacts and any impacts associated with the expansion plan of the firm in Tempe. Section 3 estimates the total impacts in 2017, and Section 4 the total impacts in 2018.

Sections 5 to 6 estimate the economic impact of FFN economic impact in the State of Arizona. This encompasses all operational impacts and any impacts associated with the expansion plans of the firm in Tempe. Section 5 estimates the total impacts in 2017, and Section 6 the total impacts in 2018.

All data inputs and impacts are estimated in 2018 dollars (2018 \$).

2.0 METHODOLOGY AND DATA

Economic impact analysis is an effective way of demonstrating the total contribution that an industry, new firm, or proposed project makes to the economy of a county, state, or nation. For example, a firm **directly** affects the local economy through the jobs and wages paid to its staff, any purchases made at local businesses, and the taxes it pays to state and local governments. **Indirect** effects arise when the firm's suppliers hire staff to fulfill their purchasing needs, or the suppliers purchase goods and services to fulfill the industry's needs. **Induced** effects occur when workers either directly or indirectly associated with the firm spend their incomes in the local economy. As the monies associated with supplier purchases and employee spending circulates through the economy, the impact of the initial job creation effort in the firm is therefore "multiplied."

To estimate economic impacts, Seidman uses state and county-specific versions of the IMPLAN input-output model – one for Maricopa County, the other for the State of Arizona. Originally developed by the University of Minnesota, IMPLAN is widely used for economic assessment by U.S. researchers. The IMPLAN model provides detailed estimates of secondary expenditures and income generated through business investments or operations for a finite period of time (typically one full calendar or fiscal year). In addition to providing estimates of multiplier effects, IMPLAN also has a detailed database which makes it possible to estimate the direct jobs and incomes associated with any given dollar amount of vendor purchases.

Three estimates of economic impact are provided for each geography of study. These are:

- **Gross Domestic Product by State (GDP by State):** this is synonymous with value added. It represents the dollar value of all goods and services produced for final demand in the state or county. It excludes the value of intermediate goods and services purchased as inputs to final production. It can also be defined as the sum of employee compensation (wages, salaries and benefits, including employer contributions to health insurance and retirement pensions), proprietor income, property income, and indirect business taxes.⁶

⁶ GDP by State (value-added) does not include intermediate inputs, which are goods and services used as part of an industry's production process. Goods and services only count in GDP by State when they reach their final point of sale, be that a business or a consumer. As a result, this measure avoids the double counting inherent in gross output.

- **Employment:** this is a count of full- and part-time jobs. It includes both wage and salary workers, and the self-employed.
- **Labor Income:** this includes all forms of employment income, including employee compensation (wages and benefits) and proprietor income.

When reporting income and vendor purchases within a specific geography, an effort is made to count only the income that accrues to residents of that state or county. That is, no reference is made to out-of-state vendor purchases.

The two geographies of interest are Maricopa County (which serves as a proxy for metro Phoenix) and the State of Arizona.

FFN is currently expanding its operations in Tempe, including the hire of several hundred new employees. To compensate for this, impacts are estimated for both 2017 (historical) and 2018 (a future estimate, incorporating FFN’s expansion).

All data inputs and impacts are estimated in 2018 dollars (2018 \$).

The primary data supplied by the client for the economic analysis is summarized in Table 1.

Table 1: FFN’s Arizona-Based Annual Operational & Construction Expenditure (2018 \$)

	2017	2018
Tempe-based Employees	1,528	1,990
Arizona Employment Compensation	\$110.3 million	\$140.1 million
Arizona-based Operational Purchases/Expenditure	\$13.4 million	\$16.8 million
Arizona-based Construction/Capital Expenditure	\$53.4 million	\$57.4 million

Source: FFN

3.0 ECONOMIC IMPACT OF FFN IN MARICOPA COUNTY, 2017

3.1 Estimate of Operational Economic Impact, 2017

Table 2 estimates the *total* economic impact of FFN’s Tempe-based operations in Maricopa County in 2017.

The first line of Table 2 shows the direct contribution of FFN’s Tempe-based operations in Maricopa County in 2017. This is estimated at \$110.9 million GDP by State, 1,528 jobs, and \$110.9 million labor income (2018 \$).⁷ The labor income figure is a broad measure of compensation paid to Tempe-based employees, all of whom are assumed to live in Maricopa County.

Table 2: Impact of FFN’s Operations on the Maricopa County Economy, 2017

	GDP BY STATE 2018 \$	EMPLOYMENT Job Years	LABOR INCOME 2018 \$
Direct Effects from FFN’s Tempe-Based Operations	\$110.9	1,528	\$110.9
Direct Effects from In-State Supplier Purchases	\$6.8	83	\$2.8
Indirect Effects from Consumer Spending of Tempe-Based Employees	\$49.1	587	\$27.8
Indirect & Induced Effects related to In-State Supplier Purchases	\$3.6	43	\$2.1
Indirect Effects from Spending out of New State and Local Tax Revenues	\$8.1	100	\$6.3
Total Economic Impact ⁸	\$178.5	2,341	\$150.0

Source: Seidman

Notes:

1. Labor income equals employee compensation plus proprietor (self-employed) income.
2. GDP by State equals labor income, property (capital) income, and indirect business taxes (property, corporate and sales).

⁷ The GDP by State figure is usually bigger than the labor income figure to reflect property and sales/excise business taxes paid directly by a firm to state and local governments. However, FFN has indicated that it did not pay property taxes in 2017.

⁸ Columns may not correspond exactly to totals due to rounding-up.

The second line of Table 2 shows the direct impacts generated in the Maricopa County economy through FFN's in-state vendor/supplier purchases in 2017. In purchasing \$13.4 million⁹ goods and services from Arizona-based suppliers for their operations (90% of which is assumed to be spent in Maricopa County), FFN directly supports \$6.8 million GDP by State, 83 jobs, and \$2.8 million labor income in Maricopa County. Realized business or property income is included in this and subsequent GDP by State figures in Table 2. Also included in Table 2 line 2's calculations, local retail/wholesale owners and their employees are assumed to receive only 30.2¢ for every \$1 spent by FFN on electronics and appliance purchases, 46.8¢ for every \$1 spent on furniture purchases, and 48¢ for every \$1 spent on other retail purchases. This is because the value added impacts in wholesale and retail trade only equate to the margin.

The third and fourth lines of Table 2 estimate the multiplier effects associated with the consumer spending of FFN Tempe-based employees, and the production of goods and services purchased from local vendors in 2017. The total of both multiplier effects is \$52.7 million GDP by State, 630 jobs, and \$29.9 million labor income.

The fifth line of Table 2 estimates the economic impacts of FFN's state and local government tax revenues. FFN generates, both directly and indirectly, an estimated \$5.7 million in government tax revenues in Maricopa County in 2017. The spending of these tax dollars is indirectly responsible for \$8.1 million GDP by State, 100 jobs and \$6.3 million labor income in Maricopa County.

The *total* impact of FFN's Tempe-based operations on the Maricopa County economy in 2017 is an estimated \$178.5 million GDP by State, 2,341 jobs, and \$150.0 million labor income.

3.2 Estimate of Construction/Expansion Economic Impact, 2017

Table 3 estimates the *total* economic impact of FFN's Tempe-based construction/expansion in Maricopa County in 2017.

The first line of Table 3 shows the direct contribution of FFN's Tempe-based expansion preparations in 2017. This is estimated at \$1.6 million GDP by State (2018 \$).

⁹ This is \$13.3 million expressed in 2017 dollars.

The second line of Table 3 estimates the direct impacts generated in the Maricopa County economy through the in-state vendor/supplier purchases associated with the initial implementation of FFN’s expansion plans in Tempe in 2017. In purchasing \$53.4 million¹⁰ goods and services from Arizona-based suppliers as part of the expansion phase (90% of which is assumed to be spent in Maricopa County), FFN directly supports \$25.9 million GDP by State, 318 jobs, and \$16.3 million labor income in Maricopa County. Realized business or property income is included in this and subsequent GDP by State figures in Table 3. Also included in Table 3 line 2’s calculations, local retail/wholesale owners and their employees are assumed to receive only 30.2¢ for every \$1 spent on electronics and appliance purchases, 46.8¢ for every \$1 spent on furniture purchases, and 48¢ for every \$1 spent on other retail purchases. This is because the value added impacts in wholesale and retail trade only equate to the margin.

Table 3: Impact of FFN’s Expansion Preparations on the Maricopa County Economy, 2017

	GDP BY STATE 2018 \$	EMPLOYMENT Job Years	LABOR INCOME 2018 \$
Direct Effects from FFN’s Tempe-Based Expansion Preparations	\$1.6	0	\$0.0
Direct Effects from In-State Supplier Purchases	\$25.9	318	\$16.3
Indirect & Induced Effects related to In-State Supplier Purchases	\$16.5	195	\$9.8
Indirect Effects from Spending out of New State and Local Tax Revenues	\$4.3	53	\$3.3
Total Economic Impact ¹¹	\$48.2	565	\$29.4

Source: Seidman

Notes:

1. Labor income equals employee compensation plus proprietor (self-employed) income.
2. GDP by State equals labor income, property (capital) income, and indirect business taxes (property, corporate and sales).

The third line of Table 3 estimates the multiplier effects associated with the production of goods and services purchased from local vendors in 2017 in preparation for the firm’s expansion. This is an estimated \$16.5 million GDP by State, 195 jobs, and \$9.8 million labor income.

¹⁰ This is \$53.0 million expressed in 2017 dollars.

¹¹ Columns may not correspond exactly to totals due to rounding-up.

The fourth line of Table 3 estimates the economic impacts of FFN’s state and local government tax revenues because of the construction/expansion. FFN generates, both directly and indirectly, an estimated \$3.0 million in government tax revenues in Maricopa County in 2017 associated with its expansion plans. The spending of these tax dollars is indirectly responsible for \$4.3 million GDP by State, 53 jobs and \$3.3 million labor income in Maricopa County.

The *total* impact of the implementation of FFN’s Tempe-based expansion plans in 2017 on the Maricopa County economy is an estimated \$48.2 million GDP by State, 565 jobs, and \$29.4 million labor income.

3.3 Total Estimate of Economic Impact, 2017

Table 4 estimates the *total* economic impact of FFN’s Tempe-based operations and expansion preparations in Maricopa County in 2017.

The first line of Table 4 shows the direct contribution of FFN in Maricopa County in 2017. This is estimated at \$112.5 million GDP by State, 1,528 jobs, and \$110.9 million labor income (2018 \$).

Table 4: Total Impact of FFN’s Operations and Construction on the Maricopa County Economy, 2017

	GDP BY STATE 2018 \$	EMPLOYMENT Job Years	LABOR INCOME 2018 \$
Direct Effects from FFN’s Tempe-Based Operations and Expansion Preparations	\$112.5	1,528	\$110.9
Direct Effects from In-State Supplier Purchases	\$32.6	401	\$19.1
Indirect Effects from Consumer Spending of Tempe-Based Employees	\$49.1	587	\$27.8
Indirect & Induced Effects related to In-State Supplier Purchases	\$20.0	238	\$11.8
Indirect Effects from Spending out of New State and Local Tax Revenues	\$12.4	153	\$9.7
Total Economic Impact ¹²	\$226.7	2,906	\$179.3

Source: Seidman

Notes:

1. Labor income equals employee compensation plus proprietor (self-employed) income.

¹² Columns may not correspond exactly to totals due to rounding-up.

2. GDP by State equals labor income, property (capital) income, and indirect business taxes (property, corporate and sales).

The second line of Table 4 shows the direct impacts generated in the Maricopa County economy through FFN's in-state vendor/supplier purchases. This is an estimated \$32.6 million GDP by State, 401 jobs, and \$19.1 million labor income in Maricopa County.

The third and fourth lines of Table 4 estimate the multiplier effects associated with the consumer spending of FFN Tempe-based employees, and the production of goods and services purchased from local vendors. The total of both multiplier effects is \$69.1 million GDP by State, 824 jobs, and \$39.6 million labor income.

The fifth line of Table 4 estimates the economic impacts of FFN's state and local government tax revenues. FFN generates, both directly and indirectly, an estimated \$8.8 million¹³ in government tax revenues in Maricopa County in 2017. The spending of these tax dollars is indirectly responsible for \$12.4 million GDP by State, 153 jobs and \$9.7 million labor income in Maricopa County.

The *total* impact of FFN Tempe on the Maricopa County economy in 2017 is an estimated \$226.7 million GDP by State, 2,906 jobs, and \$179.3 million labor income. This encompasses FFN's regular operations in Tempe in 2017, and preparations for its future expansion.

To put this into perspective, FFN's direct and indirect employment impacts represent 0.16% of metro Phoenix's total private employment in 2017.¹⁴ The total employment impact also means that for every one person employed by FFN in Tempe, a further 0.90 indirect and induced jobs are created elsewhere in the Maricopa County economy in 2017.

¹³ This is \$8.7 million expressed in 2017 dollars.

¹⁴ A metro Phoenix private annual employment not seasonally adjusted estimate of 1,796,400 for 2017 is sourced from the U.S. Bureau of Labor Statistics website: <https://www.bls.gov/data/>

4.0 ECONOMIC IMPACT OF FFN IN MARICOPA COUNTY, 2018

4.1 Estimate of Operational Economic Impact, 2018

Table 5 estimates the *total* economic impact of FFN’s Tempe-based operations in Maricopa County in 2018.

The first line of Table 5 shows the direct contribution of FFN’s Tempe-based operations in Maricopa County in 2018. This will be an estimated \$140.1 million GDP by State, 1,990 jobs, and \$140.1 million labor income (2018 \$).¹⁵ The labor income figure is a broad measure of compensation paid to Tempe-based employees, all of whom are assumed to live in Maricopa County.

Table 5: Impact of FFN’s Operations on the Maricopa County Economy, 2018

	GDP BY STATE 2018 \$	EMPLOYMENT Job Years	LABOR INCOME 2018 \$
Direct Effects from FFN’s Tempe-Based Operations	\$140.1	1,990	\$140.1
Direct Effects from In-State Supplier Purchases	\$8.5	108	\$3.6
Indirect Effects from Consumer Spending of Tempe-Based Employees	\$61.9	745	\$35.1
Indirect & Induced Effects related to In-State Supplier Purchases	\$4.5	54	\$2.6
Indirect Effects from Spending out of New State and Local Tax Revenues	\$10.3	128	\$8.0
Total Economic Impact¹⁶	\$225.3	3,024	\$189.4

Source: Seidman

Notes:

1. Labor income equals employee compensation plus proprietor (self-employed) income.
2. GDP by State equals labor income, property (capital) income, and indirect business taxes (property, corporate and sales).

¹⁵ The GDP by State figure is usually bigger than the labor income figure to reflect property and sales/excise business taxes paid directly by a firm to state and local governments. However, FFN has not provided an estimate of these direct business taxes to Seidman.

¹⁶ Columns may not correspond exactly to totals due to rounding-up.

The second line of Table 5 estimates the direct impacts generated in the Maricopa County economy through FFN's in-state vendor/supplier purchases. In purchasing \$16.8 million goods and services from Arizona-based suppliers for their operations (90% of which is assumed to be spent in Maricopa County), FFN will directly support \$8.5 million GDP by State, 108 jobs, and \$3.6 million labor income in the state. Realized business or property income is included in this and subsequent GDP by State figures in Table 5. Also included in Table 5 line 2's calculations, local retail/wholesale owners and their employees are assumed to receive only 30.2¢ for every \$1 spent by FFN on electronics and appliance purchases, 46.8¢ for every \$1 spent on furniture purchases, and 48¢ for every \$1 spent on other retail purchases. This is because the value added impacts in wholesale and retail trade only equate to the margin.

The third and fourth lines of Table 5 estimate the multiplier effects associated with the consumer spending of FFN Tempe-based employees, and the production of goods and services purchased from local vendors in 2018. The total of both multiplier effects will be \$66.4 million GDP by State, 799 jobs, and \$37.7 million labor income.

The fifth line of Table 3 estimates the economic impacts of FFN's state and local government tax revenues. FFN will generate, both directly and indirectly, an estimated \$7.3 million in government tax revenues in Maricopa County in 2018. The spending of these tax dollars will be indirectly responsible for \$10.3 million GDP by State, 128 jobs and \$8.0 million labor income in Maricopa County.

The *total* impact of FFN's Tempe-based operations on the Maricopa County economy in 2018 will be an estimated \$225.3 million GDP by State, 3,024 jobs, and \$189.4 million labor income.

4.2 Estimate of Construction/Expansion Economic Impact, 2018

Table 6 estimates the *total* economic impact of FFN's Tempe-based construction/expansion in Maricopa County in 2018.

The first line of Table 6 shows the direct contribution of FFN's Tempe-based construction/expansion in 2018. This will be an estimated \$1.6 million GDP by State (2018 \$).

The second line of Table 6 estimates the direct impacts generated in the Maricopa County economy through the in-state vendor/supplier purchases associated with the construction/expansion plans of the

firm in Tempe in 2018. In purchasing \$57.4 million goods and services from Arizona-based suppliers for the construction/expansion phase (90% of which is assumed to be spent in Maricopa County), FFN will directly support \$28.09 million GDP by State, 349 jobs, and \$17.7 million labor income in Maricopa County. Realized business or property income is included in this and subsequent GDP by State figures in Table 6. Also included in Table 6 line 2's calculations, local retail/wholesale owners and their employees are assumed to receive only 30.2¢ for every \$1 spent on electronics and appliance purchases, 46.8¢ for every \$1 spent on furniture purchases, and 48¢ for every \$1 spent on other retail purchases. This is because the value added impacts in wholesale and retail trade only equate to the margin.

Table 6: Impact of FFN's Construction/Expansion on the Maricopa County Economy, 2018

	GDP BY STATE 2018 \$	EMPLOYMENT Job Years	LABOR INCOME 2018 \$
Direct Effects from FFN's Tempe-Based Construction/Expansion	\$1.6	0	\$0.0
Direct Effects from In-State Supplier Purchases	\$28.0	349	\$17.7
Indirect & Induced Effects related to In-State Supplier Purchases	\$17.9	214	\$10.6
Indirect Effects from Spending out of New State and Local Tax Revenues	\$4.4	55	\$3.4
Total Economic Impact ¹⁷	\$51.9	618	\$31.8

Source: Seidman

Notes:

1. Labor income equals employee compensation plus proprietor (self-employed) income.
2. GDP by State equals labor income, property (capital) income, and indirect business taxes (property, corporate and sales).

The third line of Table 6 estimates the multiplier effects associated with the production of goods and services purchased from local vendors for the construction/expansion phase in 2018. This will be an estimated \$17.9 million GDP by State, 214 jobs, and \$10.6 million labor income.

The fourth line of Table 6 estimates the economic impacts of FFN's state and local government tax revenues because of the construction/expansion phase. FFN will generate, both directly and indirectly, an estimated \$3.1 million in government tax revenues in Maricopa County in 2018 due to its

¹⁷ Columns may not correspond exactly to totals due to rounding-up.

construction/expansion. The spending of these tax dollars will be indirectly responsible for \$4.4 million GDP by State, 55 jobs and \$3.4 million labor income in Maricopa County.

The *total* impact of FFN’s Tempe-based construction/expansion on the Maricopa County economy in 2018 will be an estimated \$51.9 million GDP by State, 618 jobs, and \$31.8 million labor income.

4.3 Total Estimate of Economic Impact, 2018

Table 7 estimates the *total* economic impact of FFN’s Tempe-based operations and construction/expansion plans in Maricopa County in 2018.

Table 7: Total Impact of FFN’s Operations and Construction/Expansion on the Maricopa County Economy, 2018

	GDP BY STATE 2018 \$	EMPLOYMENT Job Years	LABOR INCOME 2018 \$
Direct Effects from FFN’s Tempe-Based Operations and Construction/Expansion	\$141.6	1,990	\$140.1
Direct Effects from In-State Supplier Purchases	\$36.5	457	\$21.4
Indirect Effects from Consumer Spending of Tempe-Based Employees	\$61.9	745	\$35.1
Indirect & Induced Effects related to In-State Supplier Purchases	\$22.4	268	\$13.2
Indirect Effects from Spending out of New State and Local Tax Revenues	\$14.7	183	\$11.4
Total Economic Impact ¹⁸	\$277.2	3,643	\$221.2

Source: Seidman

Notes:

1. Labor income equals employee compensation plus proprietor (self-employed) income.
2. GDP by State equals labor income, property (capital) income, and indirect business taxes (property, corporate and sales).

The first line of Table 7 shows the direct contribution of FFN’s Tempe-based operations and expansion plans in Maricopa County in 2018. This will be an estimated \$141.6 million GDP by State, 1,990 jobs, and \$140.1 million labor income (2018 \$).

¹⁸ Columns may not correspond exactly to totals due to rounding-up.

The second line of Table 7 shows the direct impacts generated in the Maricopa County economy through FFN's in-state vendor/supplier purchases in 2018. This will be an estimated \$36.5 million GDP by State, 457 jobs, and \$21.4 million labor income in Maricopa County.

The third and fourth lines of Table 7 estimate the multiplier effects associated with the consumer spending of FFN Tempe-based employees, and the production of goods and services purchased from local vendors in 2018. The total of both multiplier effects will be \$84.3 million GDP by State, 1,013 jobs, and \$48.3 million labor income.

The fifth line of Table 7 estimates the economic impacts of FFN's state and local government tax revenues in 2018. FFN will generate, both directly and indirectly, an estimated \$10.4 million in government tax revenues in Maricopa County in 2018. The spending of these tax dollars will be indirectly responsible for \$14.7 million GDP by State, 183 jobs and \$11.4 million labor income in Maricopa County.

The *total* impact of FFN Tempe on the Maricopa County economy in 2018 will be an estimated \$277.2 million GDP by State, 3,643 jobs, and \$221.2 million labor income. This encompasses operational impacts, and any impacts associated with the firm's construction/expansion in Tempe.

To put this into perspective, FFN's direct and indirect employment impacts represent 0.20% of metro Phoenix's mean (average) private employment for the first quarter of 2018.¹⁹ The total employment impact also means that for every one person employed by FFN in Tempe, a further 0.83 indirect and induced jobs will be created elsewhere in the Maricopa County economy in 2018.

¹⁹ A metro Phoenix mean (average) private employment not seasonally adjusted estimate of 1,831,867 for the first three months of 2018 is sourced from the U.S. Bureau of Labor Statistics website: <https://www.bls.gov/data/>

5.0 ECONOMIC IMPACT OF FFN IN THE STATE OF ARIZONA, 2017

5.1 Estimate of Operational Economic Impact, 2017

Table 8 estimates the *total* economic impact of FFN’s Tempe-based operations in the State of Arizona in 2017.

The first line of Table 8 shows the direct contribution of FFN’s Tempe-based operations in the State of Arizona in 2017. This is estimated at \$110.9 million GDP by State, 1,528 jobs, and \$110.9 million labor income (2018 \$).²⁰ The labor income figure is a broad measure of compensation paid to Tempe-based employees, all of whom are assumed to live in the State of Arizona.

Table 8: Impact of FFN’s Operations on the State of Arizona Economy, 2017

	GDP BY STATE <i>2018 \$</i>	EMPLOYMENT <i>Job Years</i>	LABOR INCOME <i>2018 \$</i>
Direct Effects from FFN’s Tempe-Based Operations	\$110.9	1,528	\$110.9
Direct Effects from In-State Supplier Purchases	\$7.3	97	\$3.1
Indirect Effects from Consumer Spending of Tempe-Based Employees	\$53.0	668	\$29.8
Indirect & Induced Effects related to In-State Supplier Purchases	\$3.9	51	\$2.3
Indirect Effects from Spending out of New State and Local Tax Revenues	\$20.4	274	\$15.9
<i>Total Economic Impact</i> ²¹	\$195.7	2,618	\$162.0

Source: Seidman

Notes:

1. Labor income equals employee compensation plus proprietor (self-employed) income.
2. GDP by State equals labor income, property (capital) income, and indirect business taxes (property, corporate and sales).

²⁰ The GDP by State figure is usually bigger than the labor income figure to reflect property and sales/excise business taxes paid directly by a firm to state and local governments. However, FFN has not provided an estimate of these direct business taxes to Seidman.

²¹ Columns may not correspond exactly to totals due to rounding-up.

The second line of Table 8 shows the direct impacts generated in the State of Arizona economy through FFN's in-state vendor/supplier purchases in 2017. In purchasing \$13.4 million²² goods and services from Arizona-based suppliers for their operations, FFN directly supports \$7.3 million GDP by State, 97 jobs, and \$3.1 million labor income in the State of Arizona. Realized business or property income is included in this and subsequent GDP by State figures in Table 8. Also included in Table 8 line 2's calculations, local retail/wholesale owners and their employees are assumed to receive only 30.2¢ for every \$1 spent by FFN on electronics and appliance purchases, 46.8¢ for every \$1 spent on furniture purchases, and 48¢ for every \$1 spent on other retail purchases. This is because the value added impacts in wholesale and retail trade only equate to the margin.

The third and fourth lines of Table 8 estimate the statewide multiplier effects associated with the consumer spending of FFN Tempe-based employees, and the production of goods and services purchased from local vendors in 2017. The total of both multiplier effects is \$56.9 million GDP by State, 719 jobs, and \$32.1 million labor income.

The fifth line of Table 8 estimates the statewide economic impacts of FFN's state and local government tax revenues. FFN generates, both directly and indirectly, an estimated \$14.5 million²³ in government tax revenues in the State of Arizona in 2017. The spending of these tax dollars is indirectly responsible for \$20.4 million GDP by State, 274 jobs and \$15.9 million labor income in the State of Arizona.

The *total* impact of FFN's Tempe-based operations on the State of Arizona economy in 2017 is an estimated \$195.7 million GDP by State, 2,618 jobs, and \$162.0 million labor income.

5.2 Estimate of Construction/Expansion Economic Impact, 2017

Table 9 estimates the *total* impact of aspects of FFN's Tempe-based construction/expansion in implemented in 2017 on the State of Arizona economy.

The first line of Table 9 shows the direct contribution of FFN's Tempe-based construction/expansion plans implemented in 2017. This is estimated at \$1.6 million GDP by State (2018 \$).

²² This is \$13.3 million expressed in 2017 dollars.

²³ This is \$14.4 million expressed in 2017 dollars.

The second line of Table 9 estimates the direct impacts generated in the State of Arizona economy through the in-state vendor/supplier purchases associated with the construction/expansion plans of the firm implemented in Tempe in 2017. In purchasing \$53.4 million²⁴ goods and services from Arizona-based suppliers for the construction/expansion phase, FFN directly supports \$28.1 million GDP by State, 363 jobs, and \$18.0 million labor income in the State of Arizona. Realized business or property income is included in this and subsequent GDP by State figures in Table 9. Also included in Table 9 line 2's calculations, local retail/wholesale owners and their employees are assumed to receive only 30.2¢ for every \$1 spent on electronics and appliance purchases, 46.8¢ for every \$1 spent on furniture purchases, and 48¢ for every \$1 spent on other retail purchases. This is because the value added impacts in wholesale and retail trade only equate to the margin.

Table 9: Impact of FFN's Expansion Preparations on the State of Arizona Economy, 2017

	GDP BY STATE 2018 \$	EMPLOYMENT Job Years	LABOR INCOME 2018 \$
Direct Effects from FFN's Tempe-Based Expansion Preparations	\$1.6	0	\$0.0
Direct Effects from In-State Supplier Purchases	\$28.1	363	\$18.0
Indirect & Induced Effects related to In-State Supplier Purchases	\$18.2	225	\$10.7
Indirect Effects from Spending out of New State and Local Tax Revenues	\$7.6	102	\$5.9
Total Economic Impact ²⁵	\$55.5	690	\$34.6

Source: Seidman

Notes:

1. Labor income equals employee compensation plus proprietor (self-employed) income.
2. GDP by State equals labor income, property (capital) income, and indirect business taxes (property, corporate and sales).

The third line of Table 9 estimates the multiplier effects associated with the production of goods and services purchased from local vendors for the construction/expansion plans implemented in 2017. This is an estimated \$18.2 million GDP by State, 225 jobs, and \$10.7 million labor income.

²⁴ This is \$53.0 million expressed in 2017 dollars.

²⁵ Columns may not correspond exactly to totals due to rounding-up.

The fourth line of Table 9 estimates the economic impacts of FFN’s state and local government tax revenues because of the construction/expansion plans implemented in 2017. FFN generates, both directly and indirectly, an estimated \$5.4 million in state and local government tax revenues in 2017 because of the construction/expansion. The spending of these tax dollars is indirectly responsible for \$7.6 million GDP by State, 102 jobs and \$5.9 million labor income in the State of Arizona.

The *total* impact of FFN’s Tempe-based construction/expansion plans implemented in 2017 on the State of Arizona economy is an estimated \$55.5 million GDP by State, 690 jobs, and \$34.6 million labor income.

5.3 Total Estimate of Economic Impact, 2017

Table 10 estimates the *total* economic impact of FFN’s Tempe-based operations and construction/expansion plans in the State of Arizona in 2017.

Table 10: Total Impact of FFN’s Operations and Expansion Preparations on the State of Arizona Economy, 2017

	GDP BY STATE 2018 \$	EMPLOYMENT Job Years	LABOR INCOME 2018 \$
Direct Effects from FFN’s Tempe-Based Operations and Expansion Preparations	\$112.5	1,528	\$110.9
Direct Effects from In-State Supplier Purchases	\$35.4	460	\$21.1
Indirect Effects from Consumer Spending of Tempe-Based Employees	\$53.0	668	\$29.8
Indirect & Induced Effects related to In-State Supplier Purchases	\$22.1	276	\$13.0
Indirect Effects from Spending out of New State and Local Tax Revenues	\$28.1	376	\$21.9
Total Economic Impact²⁶	\$251.1	3,308	\$196.7

Source: Seidman

Notes:

1. Labor income equals employee compensation plus proprietor (self-employed) income.
2. GDP by State equals labor income, property (capital) income, and indirect business taxes (property, corporate and sales).

²⁶ Columns may not correspond exactly to totals due to rounding-up.

The first line of Table 10 shows the direct contribution of FFN's Tempe-based operations in the State of Arizona in 2017. This is estimated at \$112.5 million GDP by State, 1,528 jobs, and \$110.9 million labor income (2018 \$).

The second line of Table 10 shows the direct impacts generated in the State of Arizona economy through FFN's in-state vendor/supplier purchases. This is an estimated \$35.4 million GDP by State, 460 jobs, and \$21.1 million labor income in the State of Arizona.

The third and fourth lines of Table 10 estimate the multiplier effects associated with the consumer spending of FFN Tempe-based employees, and the production of goods and services purchased from local vendors in 2017. The total of both multiplier effects is \$75.1 million GDP by State, 944 jobs, and \$42.8 million labor income.

The fifth line of Table 10 estimates the economic impacts of FFN's state and local government tax revenues. FFN generates, both directly and indirectly, an estimated \$19.9 million²⁷ in state and local government tax revenues in the State of Arizona in 2017. The spending of these tax dollars is indirectly responsible for \$28.1 million GDP by State, 376 jobs and \$21.9 million labor income in the State of Arizona.

The *total* impact of FFN Tempe on the State of Arizona economy in 2017 is an estimated \$251.1 million GDP by State, 3,308 jobs, and \$196.7 million labor income. This encompasses operational impacts, and any impacts associated with the firm's construction/expansion in Tempe.

To put this into perspective, FFN's direct and indirect employment impacts represent 0.14% of the State of Arizona's total private employment in 2017.²⁸ The total employment impact also means that for every one person employed by FFN in Tempe, a further 1.16 indirect and induced jobs are created elsewhere in the State of Arizona economy in 2017.

²⁷ This is \$19.8 million expressed in 2017 dollars.

²⁸ A State of Arizona private annual employment not seasonally adjusted estimate of 2,359,300 for 2017 is sourced from the U.S. Bureau of Labor Statistics website: <https://www.bls.gov/data/>

6.0 ECONOMIC IMPACT OF FFN IN THE STATE OF ARIZONA, 2018

6.1 Estimate of Operational Economic Impact, 2018

Table 11 estimates the *total* economic impact of FFN’s Tempe-based operations in the State of Arizona in 2018.

The first line of Table 11 shows the direct contribution of FFN’s Tempe-based operations in the State of Arizona in 2018. This will be an estimated \$140.1 million GDP by State, 1,990 jobs, and \$140.1 million labor income (2018 \$).²⁹ The labor income figure is a broad measure of compensation paid to Tempe-based employees, all of whom are assumed to live in Maricopa County.

Table 11: Impact of FFN’s Operations on the State of Arizona Economy, 2018

	GDP BY STATE 2018 \$	EMPLOYMENT Job Years	LABOR INCOME 2018 \$
Direct Effects from FFN’s Tempe-Based Operations	\$140.1	1,990	\$140.1
Direct Effects from In-State Supplier Purchases	\$9.2	127	\$3.9
Indirect Effects from Consumer Spending of Tempe-Based Employees	\$66.9	849	\$37.6
Indirect & Induced Effects related to In-State Supplier Purchases	\$5.0	64	\$2.9
Indirect Effects from Spending out of New State and Local Tax Revenues	\$25.8	348	\$20.1
Total Economic Impact ³⁰	\$246.9	3,377	\$204.6

Source: Seidman

Notes:

1. Labor income equals employee compensation plus proprietor (self-employed) income.
2. GDP by State equals labor income, property (capital) income, and indirect business taxes (property, corporate and sales).

²⁹ The GDP by State figure is usually bigger than the labor income figure to reflect property and sales/excise business taxes paid directly by a firm to state and local governments. However, FFN has not provided an estimate of these direct business taxes to Seidman.

³⁰ Columns may not correspond exactly to totals due to rounding-up.

The second line of Table 11 estimates the direct impacts generated in the State of Arizona economy through FFN's in-state vendor/supplier purchases. In purchasing \$16.8 million goods and services from Arizona-based suppliers for their operations, FFN will directly support \$9.2 million GDP by State, 127 jobs, and \$3.9 million labor income in the state. Realized business or property income is included in this and subsequent GDP by State figures in Table 11. Also included in Table 11 line 2's calculations, local retail/wholesale owners and their employees are assumed to receive only 30.2¢ for every \$1 spent by FFN on electronics and appliance purchases, 46.8¢ for every \$1 spent on furniture purchases, and 48¢ for every \$1 spent on other retail purchases. This is because the value added impacts in wholesale and retail trade only equate to the margin.

The third and fourth lines of Table 11 estimate the multiplier effects associated with the consumer spending of FFN Tempe-based employees, and the production of goods and services purchased from local vendors in 2018. The total of both multiplier effects will be \$71.9 million GDP by State, 913 jobs, and \$40.5 million labor income.

The fifth line of Table 11 estimates the economic impacts of FFN's state and local government tax revenues. FFN will generate, both directly and indirectly, an estimated \$18.3 million in government tax revenues in the State of Arizona in 2018. The spending of these tax dollars will be indirectly responsible for \$25.8 million GDP by State, 348 jobs and \$20.1 million labor income in the State of Arizona.

The *total* impact of FFN's Tempe-based operations on the State of Arizona economy in 2018 will be an estimated \$246.9 million GDP by State, 3,377 jobs, and \$204.6 million labor income.

6.2 Estimate of Construction/Expansion Economic Impact, 2018

Table 12 estimates the *total* economic impact of FFN's Tempe-based construction/expansion plans in the State of Arizona in 2018.

The first line of Table 12 shows the direct contribution of FFN's Tempe-based construction/expansion plans in 2018. This is estimated at \$1.6 million GDP by State (2018 \$).

The second line of Table 12 estimates the direct impacts generated in the State of Arizona economy through the in-state vendor/supplier purchases associated with the construction/expansion plans of the

firm in Tempe in 2018. In purchasing \$57.4 million goods and services from Arizona-based suppliers for the construction/expansion phase, FFN will directly support \$30.4 million GDP by State, 398 jobs, and \$19.6 million labor income in the State of Arizona. Realized business or property income is included in this and subsequent GDP by State figures in Table 12. Also included in Table 12 line 2's calculations, local retail/wholesale owners and their employees are assumed to receive only 30.2¢ for every \$1 spent on electronics and appliance purchases, 46.8¢ for every \$1 spent on furniture purchases, and 48¢ for every \$1 spent on other retail purchases. This is because the value added impacts in wholesale and retail trade only equate to the margin.

Table 12: Impact of FFN's Construction/Expansion on the State of Arizona Economy, 2018

	GDP BY STATE 2018 \$	EMPLOYMENT Job Years	LABOR INCOME 2018 \$
Direct Effects from FFN's Tempe-Based Construction/Expansion	\$1.6	0	\$0.0
Direct Effects from In-State Supplier Purchases	\$30.4	398	\$19.6
Indirect & Induced Effects related to In-State Supplier Purchases	\$19.8	246	\$11.7
Indirect Effects from Spending out of New State and Local Tax Revenues	\$8.1	109	\$6.3
Total Economic Impact ³¹	\$59.8	754	\$37.6

Source: Seidman

Notes:

1. Labor income equals employee compensation plus proprietor (self-employed) income.
2. GDP by State equals labor income, property (capital) income, and indirect business taxes (property, corporate and sales).

The third line of Table 12 estimates the multiplier effects associated with the production of goods and services purchased from local vendors for the construction/expansion phase in 2018. This will be an estimated \$19.8 million GDP by State, 246 jobs, and \$11.7 million labor income.

The fourth line of Table 12 estimates the economic impacts of FFN's state and local government tax revenues because of the construction/expansion plans. FFN will generate, both directly and indirectly, an estimated \$5.7 million in state and local government tax revenues in 2018 because of its

³¹ Columns may not correspond exactly to totals due to rounding-up.

construction/expansion plans. The spending of these tax dollars will be indirectly responsible for \$8.1 million GDP by State, 109 jobs and \$6.3 million labor income in the State of Arizona.

The *total* impact of FFN’s Tempe-based construction/expansion plans on the State of Arizona economy in 2018 will be an estimated \$59.8 million GDP by State, 754 jobs, and \$37.6 million labor income.

6.3 Total Estimate of Economic Impact, 2018

Table 13 estimates the *total* economic impact of FFN’s Tempe-based operations and construction/expansion plans in the State of Arizona in 2018.

The first line of Table 13 shows the direct contribution of FFN’s Tempe-based operations and expansion plans in the State of Arizona in 2018. This will be an estimated \$141.6 million GDP by State, 1,990 jobs, and \$140.1 million labor income (2018 \$).

Table 13: Total Impact of FFN’s Operations and Expansion on the State of Arizona Economy, 2018

	GDP BY STATE 2018 \$	EMPLOYMENT Job Years	LABOR INCOME 2018 \$
Direct Effects from FFN’s Tempe-Based Operations and Construction/Expansion	\$141.6	1,990	\$140.1
Direct Effects from In-State Supplier Purchases	\$39.6	525	\$23.5
Indirect Effects from Consumer Spending of Tempe-Based Employees	\$66.9	849	\$37.6
Indirect & Induced Effects related to In-State Supplier Purchases	\$24.8	310	\$14.5
Indirect Effects from Spending out of New State and Local Tax Revenues	\$33.9	457	\$26.4
Total Economic Impact ³²	\$306.8	4,130	\$242.2

Source: Seidman

Notes:

1. Labor income equals employee compensation plus proprietor (self-employed) income.
2. GDP by State equals labor income, property (capital) income, and indirect business taxes (property, corporate and sales).

³² Columns may not correspond exactly to totals due to rounding-up.

The second line of Table 13 shows the direct impacts generated in the State of Arizona economy through FFN's in-state vendor/supplier purchases in 2018. This will be an estimated \$39.6 million GDP by State, 525 jobs, and \$23.5 million labor income in the State of Arizona.

The third and fourth lines of Table 13 estimate the multiplier effects associated with the consumer spending of FFN Tempe-based employees, and the production of goods and services purchased from local vendors in 2018. The total of both multiplier effects will be \$91.7 million GDP by State, 1,159 jobs, and \$52.1 million labor income.

The fifth line of Table 13 estimates the economic impacts of FFN's state and local government tax revenues in 2018. FFN will generate, both directly and indirectly, an estimated \$24.0 million in government tax revenues in the State of Arizona in 2018. The spending of these tax dollars will be indirectly responsible for \$33.9 million GDP by State, 457 jobs and \$26.4 million labor income in the State of Arizona.

The *total* impact of FFN Tempe on the State of Arizona County economy in 2018 will be an estimated \$306.8 million GDP by State, 4,130 jobs, and \$242.2 million labor income. This encompasses operational impacts, and any impacts associated with the firm's construction/expansion in Tempe.

To put this into perspective, FFN's direct and indirect employment impacts represent 0.17% of the State of Arizona's mean (average) private employment for the first quarter of 2018.³³ The total employment impact also means that for every one person employed by FFN in Tempe, a further 1.08 indirect and induced jobs will be created elsewhere in the State of Arizona economy in 2018.

³³ A State of Arizona mean (average) private employment not-seasonally adjusted estimate of 2,397,433 for the first three months of 2018 is sourced from the U.S. Bureau of Labor Statistics website: <https://www.bls.gov/data/>



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