

Linking the Economy and the Environment of Florida Keys/Key West

ECONOMIC CONTRIBUTION OF RECREATING VISITORS TO THE FLORIDA KEYS/KEY WEST 2007-08

Funding Partners:

NOAA/NOS

- Office of National Marine Sanctuaries (ONMS) HQ and Florida Keys National Marine Sanctuary
- National Centers for Coastal Ocean Science
- Coral Reef Conservation Program

The Nature Conservancy's Florida Keys Program

Working Partners:

The Monroe County Tourist Development Council (TDC)

ONMS/TSPD

- Project Leadership
- Develop survey sample design/questionnaires
- Provide estimation of visitation
- Provide economic analysis
- Provide Report

Bicentennial Volunteers, Inc.

- Recruit volunteers for winter tourist interviews

Local Chamber of Commerce/TDC

- Provide list of sample sites for customer survey
- Enlist business support to survey at sites

University of Massachusetts-Amherst, Human Dimensions of Marine and Coastal Ecosystems Program

- Manage tourist survey efforts
 - o Data collection
 - o Database construction
 - o Quality analysis/quality control of data
 - o Provide data analysis
 - o Produce reports

direct and indirect effects of recreational spending. This added income results in increased demand for goods and services and, in turn, increased production and sales of inputs.

- **Total Effect:** The sum of direct, indirect, and induced effects (Walsh et al. 1987). Typically, the total effects are between 1.5 to 2 times more than the amount that the visitors originally spent in the local economy.
- **Total Output:** The value of all goods and services produced by the industries in a sector. For an economy as a whole, total output double-counts the value of production because it accounts for all sales; intermediate outputs are counted every time they are sold. In terms of direct impacts, the additional total output caused by visitor expenditures is equal to the increased final demand, and the increased final demand will roughly equal the dollar value of visitor expenditures, minus the value of items that have to be imported into the region.
- **Value Added:** Total output minus the value of inputs to a sectors' production. As such, value added is the net benefit to an economy, and it contains the sum of employee compensation, indirect business taxes, and property income.
- **Total Income:** The sum of property income and employee compensation.
- **Employment:** The number of full-time job equivalents or the sum of full-time and part-time employees, depending on

the context of analysis (this is explained in greater detail in the "Summary of Results.")

Summary of Results

Monroe County

Figure 2 summarizes the estimated economic contribution of recreating visitors to the Florida Keys/Key West. During the visitor year December 2007 through November 2008 recreating visitors spent an estimated \$1.995 billion. Of these expenditures \$598.5 million, or about 30 percent, was spent to purchase inputs outside Monroe County. An example of this may be telephone service. When a merchant sends his phone bill outside the county, only a portion of this money remains in the county to support operations. So the direct impact on the local economy is

less than the total initial spending. The direct effects are the amount of the increased purchase of inputs used to manufacture or produce the final goods and services purchased by visitors. In the case of Monroe County, this translated to \$1.396 billion in direct output (sales), \$606.5 million in direct income, and 24,628 jobs in direct employment.

As mentioned previously, businesses that have experienced increased tourist spending will have a ripple effect on the other businesses that supply them. This is represented in Figure 2 by the multiplier effect, which yields the total effects shown at the bottom of the figure. The total estimated output is \$2.234 billion, the total estimated income is \$970.3 million and the estimated total employment is 32,017 jobs.

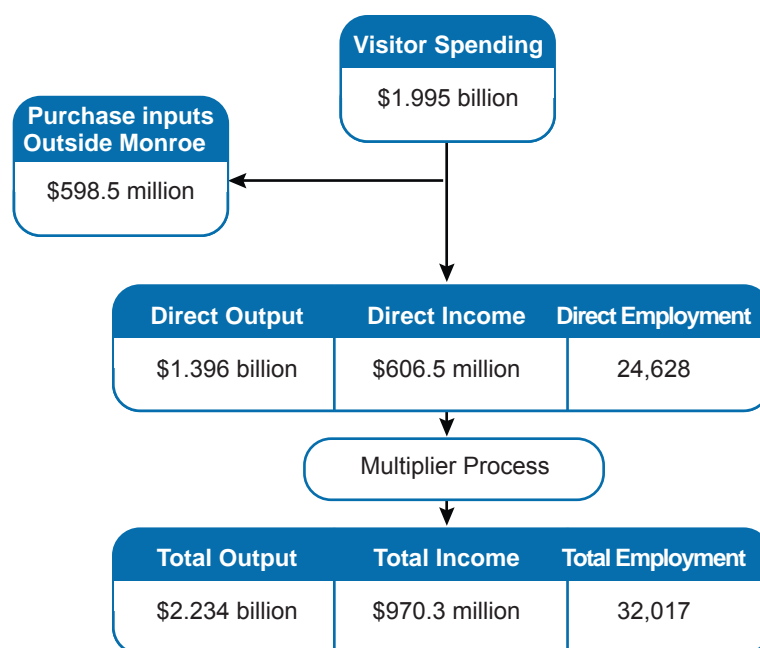


Figure 2 Impact Process Due to Visitor Spending in Monroe County

Table 5 Estimated Economic Contribution of Tourist/Recreational Activities

Measure	Official Reported ^{1,2}	Estimated Tourist Contribution		
		Direct	Total	% of Economy
Output/Sales	\$3,732,762, 683	\$1,396,425,484	\$2,234,280,683	59.86
Income	\$2,214,144,000	\$606,466,068	\$970,345,709	43.82
Employment	57,928	24,628	32,107	55.27

1. Source (Output/Sales): Florida Department of Revenue

2. Source (Income and Employment): Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce

For these numbers to be meaningful, we must be able to compare them to the Monroe County baseline economy. Table 5 shows the official reported output (sales), income and employment for the survey period in Monroe County. The official reported output for the survey period was about \$3.73 billion. The estimated total tourist contribution was \$2.23 billion or about 60 percent. The total estimated tourist contribution to income, \$970.3 million, was about 44 percent of the official reported income of \$2.2 billion.

The official reported employment was 57,928 jobs. The estimated total tourist contribution to employment was 32,107 jobs, or about 55 percent. As we can see, tourist contribution to the economy of Monroe County is very significant.

South Florida

Tourist visitation to the Florida Keys/Key West has economic impacts beyond Monroe County. One direct impact is that visitors traveling through other counties on their way may stop and purchase something. Many visitors fly to other South Florida airports and rent vehicles on their way to the Florida Keys/Key West. Also, visi-

tors are defined as nonresidents of Monroe County that participated in at least one recreation activity in the Florida Keys/ Key West. Thus, many South Florida residents are visitors and spend money in their home counties in preparation for their trips to the Florida Keys/Key West. All of these types of spending were included in our analysis.

Still, the impacts go further. Monroe County businesses are highly connected to other businesses throughout South Florida. Much of the inputs for producing goods and services in the Florida Key/Key West are supplied by businesses in other South Florida counties, including such basics as water and electricity and solid waste dispos-

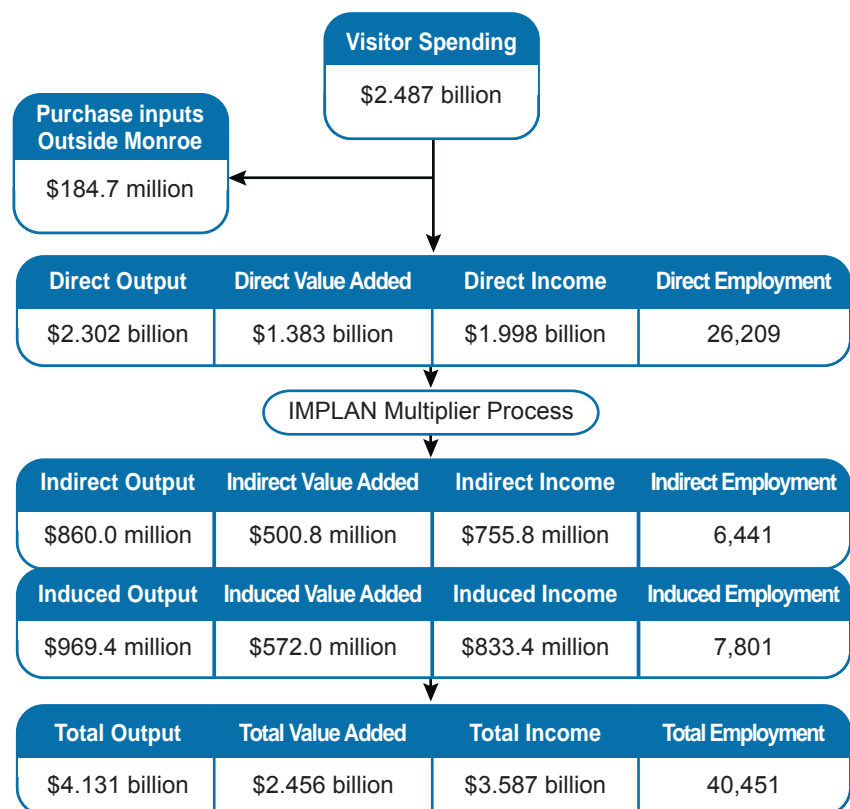


Figure 3 Impact Process Due to Visitor Spending in South Florida