

Potential Economic Impact of **FOLEY MILL CLOSURE**



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FOLEY MILL CLOSURE

On September 18, 2023, Georgia-Pacific announced plans to permanently close the Foley Cellulose mill in Perry, Florida. The closure will impact all the approximately 525 jobs at the mill (*Georgia-Pacific to Close Foley Cellulose Facility*, 2023).

The mill closure and loss of jobs will have substantial impacts on the economy in Taylor County and ripple effects in other Florida counties. Licensed county- and state-level IMPLAN¹ models were used to provide quick estimates of the potential short-term economic impacts of losing 525 pulp mill jobs. These estimates are based on industry-level expenditure patterns and interindustry relationships within Taylor County and the State of Florida as they existed in 2021 with no modifications made for the scenarios modeled. The results do not reflect possible changes to industry relationships or job opportunities over time.

The total economic impact includes the direct effects, as well as indirect effects in industries supporting the pulp mill or other related industries through supply chain spending and induced effects from changes in worker spending on goods and services in the local economy.

The estimated results of the county-level IMPLAN analysis (Table 1) suggest a total impact of 1,022 jobs lost in Taylor County as a result of the mill closure, which includes the direct loss of 525 pulp mill jobs. These 1,022 jobs represent 12% of all jobs in Taylor County (based on 2021 employment levels). Potential lost value added is estimated at \$115.4 million, which is 15% of county Gross Domestic Product (GDP) and includes an estimated \$77.5 million in lost labor income. Total industry output or sales revenues across all industries could fall by an estimated \$377.3 million, and county tax revenues could decline by an estimated \$1.7 million.

The state IMPLAN results (Table 2) estimate potential losses within the State of Florida, including Taylor County and other Florida counties. Potential job losses throughout the state are estimated at 1,879 jobs. Value added could decline by \$224.1 million statewide, which includes an estimated decline in labor income of \$140.6 million. Potential losses in industry output and state taxes are estimated at \$571.8 million and \$8.2 million, respectively.

Table 1. Potential economic impacts of losing 525 pulp mill jobs on the Taylor County economy.

Impact Type	Employment (jobs)	Labor Income	Value Added	Industry Output	County Taxes
		----- 2023 USD -----			
Direct Effect	-525	-\$55,386,000	-\$77,983,000	-\$300,889,000	-\$836,000
Indirect Effect	-348	-\$16,807,000	-\$24,353,000	-\$53,536,000	-\$366,000
Induced Effect	-149	-\$5,317,000	-\$13,053,000	-\$22,830,000	-\$457,000
Total Effect*	-1,022	-\$77,510,000	-\$115,389,000	-\$377,256,000	-\$1,659,000

*The total might not exactly match the sum of effects, because of rounding.
Source: IMPLAN 2021 Data for Taylor County (FL) model region.

Table 2. Potential economic impacts of losing 525 pulp mill jobs on the Florida economy.

Impact Type	Employment (jobs)	Labor Income	Value Added	Industry Output	State Taxes
		----- 2023 USD -----			
Direct Effect	-525	-\$56,591,000	-\$79,375,000	-\$302,282,000	-\$1,735,000
Indirect Effect	-764	-\$51,030,000	-\$83,831,000	-\$163,030,000	-\$3,570,000
Induced Effect	-590	-\$33,000,000	-\$60,925,000	-\$106,526,000	-\$2,934,000
Total Effect*	-1,879	-\$140,621,000	-\$224,132,000	-\$571,837,000	-\$8,239,000

*The total might not exactly match the sum of effects, because of rounding.
Source: IMPLAN 2021 Data for State of Florida model region.

Severance benefits or government transfers to mill workers (such as Reemployment Assistance) could offset some of the lost income and reduce the spillover effects on non-mill jobs. Likewise, if the mill workers find other employment or generate new income through self-employment within Taylor County or throughout the state, the impact of the mill closing will be reduced. On the other hand, longer-term cascade effects in other industries from the mill closure could exacerbate the potential impacts.

References

Georgia-Pacific to Close Foley Cellulose Facility. (2023, September 18). Georgia-Pacific. <https://news.gp.com/2023/09/georgia-pacific-to-close-foley-cellulose-facility>

IMPLAN[®] model, 2021 Data, using inputs provided by the user and IMPLAN Group LLC, IMPLAN System (data and software), 16905 Northcross Dr., Suite 120, Huntersville, NC 28078 www.IMPLAN.com.

¹ IMPLAN is a computer-based input-output modeling system that enables users to create regional economic models and multipliers for any region consisting of one or more counties or states in the United States. For more information on the IMPLAN modeling process, visit IMPLAN.com.