



## FOR IMMEDIATE RELEASE

---

Contact:  
Kimber Lanning  
[Kimber@localfirstaz.com](mailto:Kimber@localfirstaz.com)  
602-312-4203

or Tony Felice  
480-5678-6890  
[tony@tonyfelicepr.com](mailto:tony@tonyfelicepr.com)

### **A “Sleeping Giant” for Arizona’s Economy?**

*Local First Arizona economic study finds  
half-billion dollar annual impact from newly privatized SCF Arizona*

**Phoenix, AZ (June 7, 2010)** – Local First Arizona (LFA), a non-profit organization representing a coalition of local and independent Arizona businesses, issued the findings today of an economic impact study commissioned by LFA that scientifically measures the economic impact of buying locally. The study demonstrates that locally-based SCF Arizona, the state’s largest workers’ compensation insurance supplier, has an annual economic impact in the state of approximately a half-billion dollars. The findings, reported by Applied Economics (AppliedEconomics.net) found that last year SCF sourced 82 percent of its goods and services from other Arizona companies, resulting in an overall economic impact in Arizona of \$528.3 million in 2009. This one company - with 555 employees - demonstrates the power of buying locally. In other words, for every person SCF employs Arizona benefits economically by \$952,000.

The purpose of the study was to demonstrate how one major employer can have a significant impact on Arizona’s economy when buying from other Arizona based companies. In the past, other general measurements have suggested that when consumers buy locally the majority of dollars spent are re-circulated back into the local economy, but this is the first fully scientific study in Arizona measuring the economic impact of just one employer.

“SCF Arizona is a sleeping giant, when it comes to its local economic impact in the state,” said Kimber Lanning, Executive Director of Local First. “We hope this study encourages business leaders to think even more broadly about the impact of spending their money with local companies. The ripple effect adds up to much more than most of us realize, and this study quantifies that impact. The numbers are staggering.”

SCF Arizona, founded in 1925 as a part of the Industrial Commission of Arizona, was privatized in the most recently concluded legislative session (SB 1045). Under the law, SCF Arizona will have three years to transition to being a mutual insurance company, becoming fully-privatized in January 2013. When the transition is complete, SCF Arizona will become the largest insurance company in Arizona – and will continue to have a major impact on the local economy.

In an impressive display of locally-focused corporate responsibility, SCF Arizona spent \$38.5 million with other Arizona companies in 2009, which in turn created an estimated \$68.2 million impact when factoring in all of the dollars re-circulating right here in Arizona.

“We feel strongly about being an Arizona company,” said SCF Arizona President and CEO, Don Smith. “Our policyholders are all Arizona companies and when we support them, we are really supporting ourselves. That’s true of any business when a consumer spends his or her dollars locally. So, whenever we can, we spend locally.”

SCF pays its employees \$36.4 million, or an average of \$59,100 per employee plus benefits, which was well above the all-industry average wage across the state. Factoring in employees at all of the secondary businesses SCF purchased from, total employee impact from SCF Arizona was an additional 3,000 jobs and \$167.9 million in annual payroll. These additional jobs and payroll stem from direct and indirect impacts of supplier demand created by SCF and consumer demand created by its employees.

“SCF Arizona provides an important service for Arizona businesses and their employees,” said SCF Arizona Board Chair, Judy Patrick. “But we also play an important role as an employer in this state, providing quality jobs and good pay for our employees. It’s very gratifying to see that all of that has a positive impact on the state’s economy – particularly in times like these.”

Other areas measured in the economic study include capital expenditures such as tenant improvements and construction, total employee spending, and claims payments. SCF also plays an important role as a responsible corporate citizen in Arizona, donating a staggering \$570,000 to non-profit entities across the state in 2009, despite the massive economic downturn.

“Local First Arizona’s mission is to highlight the importance of local economies and to increase local spending as a means to economic recovery and sustainability”, says Kimber Lanning, Executive Director of Local First. “SCF Arizona exemplifies responsible spending and stands at the forefront of creating a healthy, diversified Arizona economy, and I am grateful the legislature voted to allow them to grow and even better serve our state.”

This study demonstrates unequivocally that Arizona can benefit significantly if its largest employers purposefully shift their spending from out of state sources to other Arizona-based businesses. Further, it demonstrates simply that dollars spent locally create more Arizona jobs.

For the complete study produced by Applied Economics, contact Kimber Lanning, Executive Director of Local First Arizona, or find it on the LFA website at: <http://www.localfirstaz.com/> and at facebook at: [www.facebook.com/localfirstarizona](http://www.facebook.com/localfirstarizona).

For media inquiries, please contact Tony Felice at 480-567-6890 or [tony@tonyfelicepr.com](mailto:tony@tonyfelicepr.com)

# # #