

***Expert Report of
Robert Glenn, Ph.D.
Professor of Economics
University of Nita***

**State of Nita Circuit Court
Circuit Court of Darrow County
Civil Division**

**Jeffrey T. Potter, the Administrator of the Estate of Katherine Potter, and
Jeffrey T. Potter, individually
(Plaintiff)**

v.

Charles T. Shrackle and The Shrackle Construction Company (Defendants)

Dated: July 1, 2002

Introduction

I, Robert Glenn, understand this matter involves Jeffrey T. Potter, the Administrator of the Estate of Katherine Potter, and Jeffrey T. Potter, individually, as plaintiff, and Charles T. Shrackle and the Shrackle Construction Company (collectively, “Shrackle”) as defendants. As I understand this matter, Ms. Katherine Potter was struck by an automobile driven by Mr. Charles T. Shrackle on November 30, 2001. Ms. Potter died on December 4, 2001 as a result of injuries sustained in that accident.

Engagement of Robert Glenn

As part of this engagement, Madden & James, counsel for plaintiffs, requested that I: Review the Potter v. Shrackle case file, including but not limited to:

- a. the complaint and answer;
 - b. statement of Marilyn J. Kelly, Juanita Williams, Victoria Williams, Alice Mallory, Benjamin Grimson;
 - c. depositions of James Marshall, Victoria Williams, Michael Young, Charles T. Shrackle, Jeffrey Potter, and Daniel Sloan; and
 - d. other documents provided by counsel;
2. Collect information relevant to a calculation of economic losses resulting from a wrongful death; and
3. Provide economic and statistical analysis regarding plaintiff’s specific claims. In preparing my analysis, I have relied on counsel, Madden & James, for any interpretation of legal issues.

Supplemental Analysis and Opinions

I understand that discovery in this matter is still ongoing and that additional documents, statements, deposition or trial testimony on topics relevant to the opinions issued in this report may be forthcoming. As a result, I reserve the right to supplement this report or to address any such testimony at trial.

Opinion

Based upon my continuing review and analysis of the Potter v Shrackle case file, supplemented with my own research of relevant economic and demographic information, I have developed the following opinion regarding economic damages in this matter:

1. From the date of her death through her eventual retirement at age 60, the value of
2. Katherine Potter’s lost earnings, benefits and household work, net of her consumption is a loss of \$2,334,579 to her estate and to her husband, Jeffrey Potter. In present discounted value, this amount is a loss of \$1,532,021 to plaintiff.

Bases for Opinions

1. Katherine Potter was in good health at the time of her death and would have reasonably been expected to work until at least the age of 60 before her retirement.
2. Katherine Potter was happy with her position as a Technology Training Specialist at Techno-Soft, Inc. I believe the pattern of her salary growth from the date of her death to her eventual retirement at age 60 would be similar to the average pattern of salary growth during her period of employment with the company.

3. Katherine Potter would have continued to enjoy her fringe benefits as an employee of Techno-Soft, Inc. I have spoken with Ms. Linda Graham, Human Resources Director at Techno-Soft, Inc. and have learned that Katherine Potter's benefits amounted to 20% of her income at the time of her death.
4. Katherine Potter shared equally in the household work with her husband, Jeffrey Potter, and her death will result in a loss equal to the value of Katherine's labor, which equaled approximately \$41 per hour at the date of her death.

Exhibits

For purposes of presenting our opinions and their bases, I may develop and use exhibits including overheads, flip charts, and other summary graphics. I may also use certain demonstrative aids and illustrations in presenting technical concepts and analyses.

Compensation

The hourly rates for myself and my research associates who worked on this matter range between \$75 and \$350 per hour. My hourly rate is \$350 per hour.

Qualifications

I am a Professor of Economics at the University of Nita in Nita City with fields of concentration in labor economics and microeconomics. I hold a bachelors degree in economics from the University of North Carolina (1985) and a Ph.D. in economics from the University of Illinois (1989). I have taught economics at the undergraduate and graduate level at the University of Nita for fourteen years as well as numerous seminars in industry. As part of my duties as a professor at a research institution, I direct graduate research, conduct independent research, and publish my results in academic economic journals. In addition to my publications, I have received research grants from the National Science Foundation, the Social Science Research Council, the Center for Comparative Studies at the University of Nita, and the Nita Law Enforcement Commission.

July 1, 2002

Robert Glenn
Professor of Economics, University of Nita

July 1, 2002

POTTER v. SHRACKLE AND THE SHRACKLE CONSTRUCTION COMPANY

DAMAGES MODEL OF ROBERT GLENN, P.H.D.

TABLE 1. SUMMARY OF ECONOMIC LOSS, WRONGFUL DEATH OF KATHERINE POTTER

SUMMARY OF ECONOMIC LOSS

	<u>Nominal Dollars</u>	<i>Present</i> <u>Discounted Value</u>
A. Future Value of Earnings	\$2,918,363	\$1,915,118
B. Future Value of Fringe Benefits	\$583,673	\$383,024
C. Future Value of Household Work	\$1,024,233	\$672,133
D. Future Value of Personal Consumption	\$2,191,691	\$1,438,254
E. Total Value of Loss (A + B + C - D)	\$2,334,579	\$1,532,021

POTTER v. SHRACKLE AND THE SHRACKLE CONSTRUCTION COMPANY
 DAMAGES MODEL OF ROBERT GLENN, PH.D.
 TABLE 2. FUTURE VALUE OF EARNINGS OF KATHERINE POTTER, AGE 45 TO 60

Date of Birth:	June 15, 1956
Date of Death:	December 4, 2001
Appraisal Period	2002 to 2016
Projected Retirement Age:	60
Discount Rate:	6.00%
Earnings Growth Rate:	9.80%

<u>Year</u>	<u>Projected Age</u>	<u>Projected Value of Earnings</u>	<i>Present Discounted Value of Earnings</i>
2001	45	\$85,000	
2002	46	\$93,329	\$93,329
2003	47	\$102,474	\$102,474
2004	48	\$112,515	\$106,146
2005	49	\$123,540	\$199,950
2006	50	\$135,645	\$113,890
2007	51	\$148,936	\$117,971
2008	52	\$163,530	\$122,199
2009	53	\$179,554	\$126,578
2010	54	\$197,147	\$131,114
2011	55	\$216,465	\$135,813
2012	56	\$237,676	\$140,680
2013	57	\$260,965	\$145,721
2014	58	\$286,536	\$150,943
2015	59	\$314,612	\$156,353
2016	60	\$345,440	\$161,956
Value of Future Earnings:		<u>\$2,912,363</u>	<u>\$1,915,118</u>

POTTER v. SHRACKLE AND THE SHRACKLE CONSTRUCTION COMPANY
 DAMAGES MODEL OF ROBERT GLENN, P.H.D.
 TABLE 3. HISTORICAL EARNINGS GROWTH OF KATHERINE POTTER, 1978 TO 2001

Date of Birth: June 15, 1956
 Date of Death: December 4, 2001
 Observation Period: 1978 to 2001

<u>Year</u>	<u>Age</u>	<u>Earnings</u>	<u>% Change from Previous Year</u>	<u>Job</u>
1978to 1980	22-24	\$0	n/a	
1981	25	\$19,000	n/a	(2)
1982	26	\$19,600	3.2%	(2)
1983	27	\$20,250	33%	(2)
1984	28	\$20,900	3.2%	(2)
1985	29	\$21,600	3.3%	(2)
1986	30	\$22,300	3.2%	(2)
1987	31	\$23,000	3.1%	(2)
1988	32	\$23,750	3.3%	(2)
1989	33	\$24,500	3.2%	(2)
1990	34	\$25,400	3.7%	(2)
1991	35	\$34,000	33.9%	(2)/(3)
1992	36	\$42,000	23.5%	(3)
1993	37	\$50,000	19.0%	(3)
1994	38	\$57,500	15.0%	(3)
1995	39	\$62,500	8.7%	(3)
1996	40	\$67,500	8.0%	(3)
1997	41	\$71,000	5.2%	(3)
1998	42	\$73,500	3.5%	(3)
1999	43	\$76,000	3.4%	(3)
2000	44	\$78,000	2.6%	(3)
2001	45	\$85,000	9.0%	(3)
2002	Deceased	\$0	-100.0%	Deceased

Average Income Growth Rate (1992 to 2001): 9.80%

Job Information:

- (1) Attending Graduate School, University of Nita
- (2) Computer Instructor, Nita City Unified School District
- (3) Computer Instructor, Techno-Soft Inc.

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 DAMAGES MODEL OF ROBERT GLENN, P.H.D.

TABLE 4. FUTURE VALUE OF FRINGE BENEFITS OF KATHERINE POTTER AGE 45 TO 60

Date of Birth:	June 15, 1956
Date of Death:	December 4, 2001
Appraisal Period:	2002to2016
Projected Retirement Age:	60
Discount Rate:	6.00%
Benefits as % of Income:	20.00%

Year	Projected Age	Projected Value of Fringe Benefits	Present Discounted Value of Fringe Benefits
2001	45	\$17,000	
2002	46	\$18,666	\$18,666
2003	47	\$20,495	\$20,495
2004	48	\$22,503	\$21,229
2005	49	\$24,708	\$21,990
2006	50	\$27,129	\$22,778
2007	51	\$29,787	\$23,594
2008	52	\$32,706	\$24,440
2009	53	\$35,911	\$25,316
2010	54	\$39,429	\$26,223
2011	55	\$43,293	\$27,163
2012	56	\$47,535	\$28,136
2013	57	\$52,193	\$29,144
2014	58	\$57,307	\$30,189
2015	59	\$62,922	\$31,271
2016	60	\$69,088	\$32,391
Value of Future Fringe Benefits:		\$583,673	\$383,024

POTTER v. SHRACKLE AND THE SHRACKLE CONSTRUCTION COMPANY
 DAMAGES MODEL OF ROBERT GLENN, P.H.D.

TABLE 5. FUTURE VALUE OF HOUSEHOLD WORK OF KATHERINE POTTER, AGE 45 TO 60

Date of Birth:	June 15, 1956
Date of Death:	December 4, 2001
Appraisal Period:	2002 to 2016
Projected Retirement Age:	60
Discount Rate:	6.00%
# of Hours Per Day at Household Work:	2
Days Per Year Doing Household Work:	365

<i>Year</i>	<i>Projected Age</i>	<i>Projected Value of Household Work</i>	<i>Present Discounted Value of Household Work</i>
2001	45	\$29,832	
2002	46	\$32,755	\$32,755
2003	47	\$35,964	\$35,964
2004	48	\$39,488	\$37,253
2005	49	\$43,358	\$38,588
2006	50	\$47,606	\$39,971
2007	51	\$52,271	\$41,403
2008	52	\$57,393	\$42,887
2009	53	\$63,016	\$44,424
2010	54	\$69,191	\$46,016
2011	55	\$75,971	\$47,665
2012	56	\$83,415	\$49,373
2013	57	\$91,589	\$51,143
2014	58	\$100,563	\$52,975
2015	59	\$110,417	\$54,874
2016	60	\$121,236	\$56,840
Value of Future Household Work:		<u>\$1,024,233</u>	<u>\$672,133</u>

Assumption:

(1) There are 2,080 work hours in a year (52 weeks • 40 hours per week).

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 DAMAGES MODEL OF ROBERT GLENN, P.H.D.

TABLE 6. FUTURE VALUE OF PERSONAL CONSUMPTION OF KATHERINE POTTER,
 AGE 45 TO 60

Date of Birth:	June 15, 1956
Date of Death:	December 4, 2001
Appraisal Period:	2002 to 2016
Projected Retirement Age:	60
Discount Rate:	6.00%
Consumption as % of Income:	75.10%

<u>Year</u>	<u>Projected Age</u>	<u>Projected Value of Personal Consumption</u>	<u>Present Discounted Value of Personal Consumption</u>
2001	45	\$63,835	
2002	46	\$70,090	\$70,090
2003	47	\$76,958	\$76,958
2004	48	\$84,499	\$79,716
2005	49	\$92,778	\$82,572
2006	50	\$101,869	\$85,531
2007	51	\$111,851	\$88,597
2008	52	\$122,811	\$91,772
2009	53	\$134,845	\$95,060
2010	54	\$148,058	\$98,467
2011	55	\$162,565	\$101,996
2012	56	\$178,495	\$105,651
2013	57	\$195,985	\$109,437
2014	58	\$215,188	\$113,359
2015	59	\$236,274	\$117,421
2016	60	\$259,425	\$121,629
Value of Future Consumption:		<u>\$2,191,691</u>	<u>\$1,438,254</u>

**POTTER v. SHRACKLE AND THE SHRACKLE CONSTRUCTION COMPANY
DAMAGES MODEL OF ROBERT GLENN P.H.D.**

**TABLE 6. FUTURE VALUE OF PERSONAL CONSUMPTION OF KATHERINE POTTER,
AGE 45 To 60**

TABLE 6 NOTES

- (1) To arrive at Katherine Potter's net contribution to the Potter household we (i.e. what Jeffrey Potter will lose monetarily as a result of his wife's death), the future value of Katherine's consumption expenditures should be subtracted from the future value of her income, fringe benefits, and household work.**
- (2) The U.S. Department of Labor has calculated that, on average, household expenditures amount to 89.1% of household income for American households.**
- (3) Of this amount, on average, 28% of household income is spent on housing expenses.**
- (4) In this matter, half of this amount should be excluded from Katherine Potter's share of income spent on household expenses since housing is a benefit equally shared by both Katherine and Jeffrey Potter. Katherine's death is a loss to Mr. Potter insofar as Katherine contributed to the cost of housing for their household.**
- (5) As a result, 75.1% of Katherine's future wage and salary earnings should be subtracted from her total wage and salary earnings to account for the value of her expenditures.**

Source

U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditures in 1999, May 2001, Report 949, Table 2.

CURRICULUM VITAE
Robert Glenn, Ph.D.
Arthur Anderson Professor of Economics
University of Nita, Department of Economics, Campus Locator #43
Nita City, Nita
(020) 444-2308, Fax (020) 444-2307
[**glennecon@email.nita.edu**](mailto:glennecon@email.nita.edu)

Education

B.S. University of North Carolina (1984) (economics)
Ph.D. University of Illinois (1988) (economics)

Employment History

Assistant Professor, University of Nita, 1988-84
Associate Professor, University of Nita 1994-98
Professor, University of Nita, 1999-2002
Arthur Anderson Professor, 2002-

Principal publications since 1992:

Books

Microeconomics in a Time of Terrorism, Oxford University Press (2002)
Loss Evaluation in Wrongful Death Cases, Aspen (2000)

Articles

“The Effect of September 11 on Microeconomic Theory,” 80 Harvard Public Policy Review 1769 (2002)

“Is Your Loss Worth Anything?” 5 Journal of Law and Economics 1289 (2000)

“Can Our Economic System Survive a Terrorist Attack?” 45 Economics and Politics 549 (1999)

“Valuing Services and Potential Retirement,” 19 Journal of Labor Economics 42 (1995)

Sample expert testimony

(I have been qualified as an expert in economics in 24 different cases. I have testified for the plaintiff in all but 3 cases.)

Michaels v. Hammer, North Carolina Superior Court, October 2002 (personal injury, testified for plaintiff)

Smith v. Tucker, United States District Court (SDNY) (personal injury, testified for plaintiff)

Rosen v. Nichol, United States District Court (S. D. Calif.) (wrongful death, testified for plaintiff)

Glandon v. Schwartz, Nita Superior Court, May, 1999 (wrongful death case, testified for plaintiff)