4.1.4 …Job Creation & Economic Stimulus (3 – 6 pages)

NOTE: *The narrative in this section should address the following issues in addition to the job creation benefits described below:*

- *Does the project promote the creation of job opportunities for low-income workers?*
- *Will the project provide maximum practicable opportunities for small business and disadvantaged business enterprises, including veteran-owned small businesses?*
- *Will the project use community based organizations in connecting disadvantaged workers with economic opportunities?*
- *Will the project support entities that have a sound track record on labor practices and compliance ensuring that workers are safe and treated fairly?*
- *Does the project implement best practices consistent with civil rights and equal opportunity laws to ensure that all individuals benefit from the Recovery Act?*

Calculation of Construction-Induced Economic Impacts

The [project name] project is expected to create significant near-term economic benefits for [name] County[1] and the State of Oklahoma, in addition to other regions of the United States from which certain construction materials and equipment will be purchased. Oklahoma's rich economic benefits from the project would be driven by an increase in construction spending in the region. These project expenditures would generate a short term increase in demand for engineering and technical services, as well as constriction-related labor and materials.

To quantify the near-term economic benefits of this project an analysis was conducted utilizing Bureau of Economic Analysis (BEA) RIMS II multipliers. RIMS II multipliers classify each capital cost category according to industrial sectors (using NAICS industry codes) and can vary widely depending on the geographic region being analyzed. This particular analysis utilizes RIMS II data for the State of Oklahoma and for [name] County. The multipliers were used to determine the quantity and industry composition of benefits generated by the project resulting in estimations of short-term job creation, earnings, and economic output as a result of the project. The multipliers estimate two types of impacts:

- **Direct Impacts**: Direct impacts represent new spending, hiring, and production by civil engineering construction companies to accommodate the demand for resources in order to complete the project.
- **Indirect/Induced Impacts:** Indirect impacts result from the quantity of inter-industry purchases necessary to support the increase in production from the construction industry experiencing new demand for its goods and services. All industries that produce goods and services consumed by the construction industry will also increase production and, if necessary, hire new workers to meet the additional demand. The level of inter-industry trade within the area will determine the size of the indirect impact. Induced impacts stem from the re-spending of wages earned by workers benefitting from the direct and indirect activity within area. For example, if an increase in demand leads to new employment and earnings in a set of industries, workers in these industries will spend

[1] While the project is being built in two counties, only one county was needed to run the analysis, as the multipliers for each county were similar.

some proportion of their increased earnings at local retail shops, restaurants, and other places of commerce, further stimulating economic activity.

In addition to measuring the effects of the project on the county economy, the economic impacts that will accrue to the rest of the state due to the project were also quantified. These impacts, referred to as "spillover" benefits, reflect the inter-county trade that occurs to supply industries in [name] County with the goods and services it needs to increase production.

The degree of these out-of-county "spillover" benefits depend on the size and composition of the local economy for a given county. Counties that have large, diverse workforces and a broad industry base often rely less on inter-county trade to support local production than smaller, less diverse county economies.

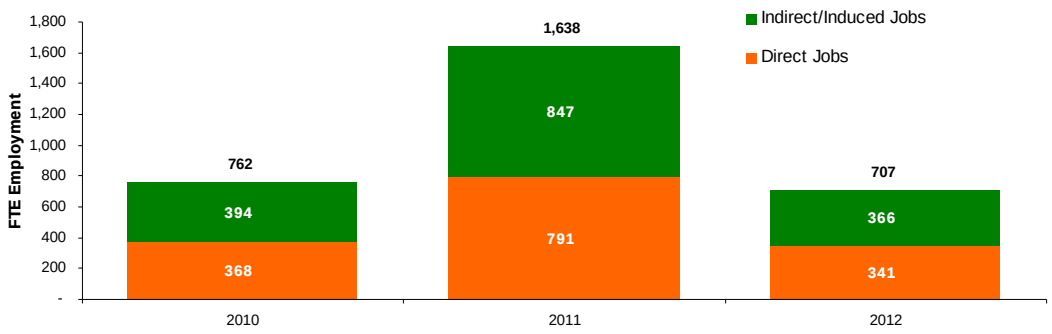
The results of the short term economic impacts are shown below in Exhibit 1:

Exhibit 1: Summary of near-term economic impacts resulting from the project.

Direct Impacts	
Employment (Average Annual FTE Employment)	
Earnings (2009 $)	
Output (2009 $)	
Indirect/Induced Impacts	
Employment (Average Annual FTE Employment)	
Earnings (2009 $)	
Output (2009 $)	
Total Impacts	
Employment (Average Annual FTE Employment)	
Earnings (2009 $)	
Output (2009 $)	

Beginning in 20__, the project is expected to generate significant economic benefits for the region. An estimated average of ___ jobs will be created annually by the project, including an average of ___ direct jobs per year. Exhibit 2 shows the profile of full-time equivalent (FTE) employment generated by the project's expenditures. At the peak of spending, in the [specify year or quarter], approximately ___ FTE persons are employed as a result of the project, including ___ direct jobs.

Exhibit 2: Breakdown of Job Creation by Year [SAMPLE]



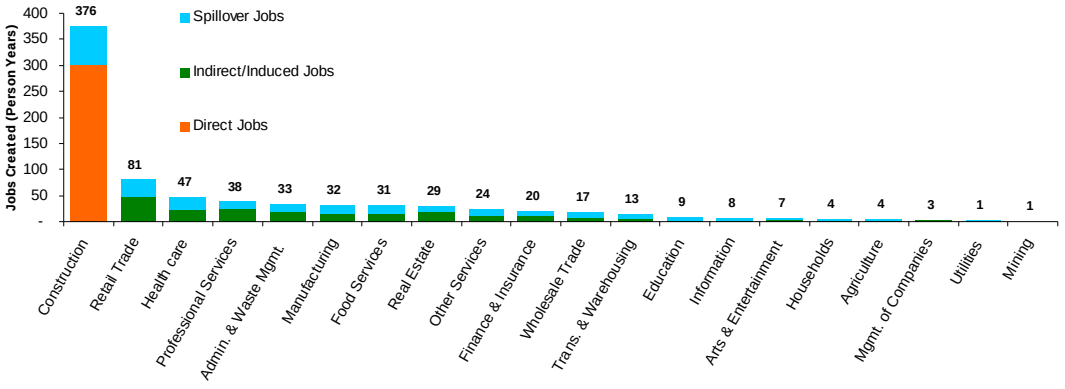
In total, the project is projected to created ___ person years of employment, including ___ direct job person years. Exhibit 3, below, shows the number of persons employed on the project per quarter.

Exhibit 3: Direct (On-Project) Jobs by Quarter [SAMPLE]

2010				2011				2012
Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
30	300	26	12	167	162	231	231	341

Exhibit 4 shows the breakdown of jobs created by industry and type of impact. As expected, the civil engineering construction industry is estimated to receive the largest increase in jobs from the project (___ person years), almost all of which are direct jobs created. The industries that will see the largest number of indirect jobs created include retail trade (__ person years), health care (__ person years), professional services (__ person years), administration and waste management (__ person years), manufacturing (__ years), food services (__ person years), and real estate (__ person years).

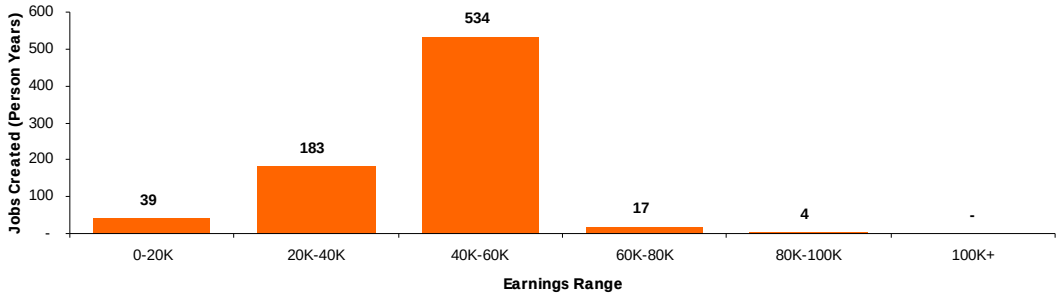
Exhibit 4: Breakdown of Job Creation by Industry and Type of Impact [SAMPLE]



It is also important to consider the quality of the jobs that would be created by the project, which can be most easily measured by the number of jobs created at various levels of compensation. Exhibit 5 shows that the majority of jobs generated by the project would receive compensation

above $___ per year, indicating that the project would generate above average paying jobs that would help stimulate the regional economy.

Exhibit 5: Breakdown of Job Creation by Earnings Range [SAMPLE]



The amount of short-term economic activity generated by the project is shown in Exhibit 6. In total, the project would generate $___ million in real economic output (measured in 2009 dollars), with over $__ million dollars of economic output generated in 2010. Consistent with job creation, the majority of economic activity would be generated in 20__.

Exhibit 6: Breakdown of Statewide Economic Output Generated by Contract [SAMPLE]