

Economic Impact Analysis of a Federal Stimulus Package

Introduction

This economic impact analysis compares the use of spending alternatives in a Federal Stimulus Package. Estimates of economic activity are generated for the two scenarios, a \$80 million US 19 Road Construction segment versus \$80 million sent directly to the residents of Pinellas County. A conservative modeling approach was taken, only accounting for the impact of the direct employment and spending and the indirect and induced impacts. There were not any assumptions made on the improvements in transportation and mobility networks due to the expansion of US 19. In the alternative scenario, consumer spending was increased by \$80 million spread across all categories, assuming no savings.

Impacts

The impact of spending \$80 million in Pinellas County on US 19 is estimated to create 771 direct Full Time Equivalent (FTEs) jobs and 432 additional indirect and induced jobs, or a total of 1,203 FTEs in Pinellas County. These jobs generate (directly, indirectly, and induced) an estimated \$43 million in annual household earnings. The operations generate an estimated \$55.4 million in gross county product in Pinellas County alone. The construction impacts to the entire state of Florida (including Pinellas) would entail 1,365 employees with \$58 million in household income and a contribution of \$68 million to the gross state product.

The impact of increasing Pinellas County consumer spending by \$80 would create 647 direct, indirect, and induced FTEs jobs. These jobs would generate \$19.1 million in annual household earnings and the operations would generate an estimated \$39.6 million in gross county product for Pinellas County. The spending impacts to the entire state of Florida (including Pinellas) would be 783 employees, an additional \$28 million in household income, and an increase in gross state product by \$28 million.

<u>Impact Summary</u>			
	<u>Total Jobs</u>	<u>Personal Income</u>	<u>Gross Product</u>
Pinellas Impacts			
US 19 Impmnts	1,203	\$43 mil	\$55 mil
Rebate Checks	647	\$19 mil	\$40 mil
State Impacts			
US 19 Impmnts	1,365	\$58 mil	\$68
Rebate Checks	783	\$28	\$50

All figures are based on 2007 U.S. Dollars.

Methodology

The Gross County Product is a concept analogous to the national concept of Gross Domestic Product. It is equal to output excluding the intermediate inputs. It represents compensation and profits.

This analysis reports total impacts that include direct, indirect and induced effects of the economic events. Direct effects are the impacts of the expenditures/sales of the final demand for the event being measured (e.g. a new job baking bagels in a plant). The indirect effects are the result of the new industry purchasing from other industries (e.g., buying cinnamon and raisins for the bagels). Induced effects are the impacts generated by the expenditures of the new household income generated by the wages paid by the direct and indirect beneficiary industries.

The impacts of the construction and the spending were analyzed using both the REMI Policy Insight[®] (a highly sophisticated econometric model) and IMPLAN Pro[®] (a basic input/output model) economic models. These models are the best available tools to estimate economic impacts. The analysis involves the use of historical data, input/output tables and general equilibrium models to assess the impact of a particular event or industry on the regional economy.



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Featuring REMI Policy Insight

