

# What Do We Mean By Economic Output?

## Explanation of Economic Impact Terms

### Data

The data gathered for this model came from Infogroup, ISEA, other industry resources, and federal and state government data. Infogroup is the leading provider of business and consumer data, which includes addresses, business titles and job totals. Since the Infogroup data are adjusted on a continual basis, staff from John Dunham & Associates scanned the data for discrepancies, verifying individual facilities using Google Maps, web searches, and any available online government documents. Each facility has its own employee count; therefore, a company with a headquarters and a manufacturing location would have two facilities, each with separate employment counts. This is how we arrive at our direct employment totals.

### Model

These employment totals are entered into the IMPLAN Model. The IMPLAN model is based on the input-output accounts published by the US Department of Commerce, Bureau of Economic Analysis, and is one of the standard models used to calculate economic impact figures. Input-Output tables representing the economy in 2018 were used in this analysis. The IMPLAN model is designed to run based on the input of specific direct economic factors, such as direct jobs, and generates estimates of direct wages and outputs, numerous supplier and induced impacts, and more.

### What is Meant By the Term Direct?

Direct impacts are the jobs, wages and economic output solely attributable to the industry defined for the study; in the case of safety equipment industry this includes industrial safety equipment manufacturers, wholesalers, and retailers. We like to say that they are the jobs that one can count. If one goes to a manufacturing plant and counts the number of people working there, that would be the direct employment. JDA uses full-time equivalent (FTE) direct employment at these offices and sites that are defined to be part of the industry to calculate all of the other effects presented in the study.

### What is Meant By the Term Supplier?

Supplier is the term used in economic impact studies to define those effects that result from firms in the defined (or Direct) industry purchasing goods and services from other industries. JDA defines these as supplier impacts in its models. For example, when a safety product manufacturer pays rent on its warehouse to their landlord, or when they purchase plastic to make a helmet, or when they pay lawyer fees and advertising expenses, they are creating supplier effects in the economy.

### What is Meant By the Term Induced?

Induced effects are the response by the economy that occur through re-spending of income received by payments made to employees and business owners measured in the direct and supplier segments of the economy. When people work for a safety product company, or for firms that supply goods and services to the industry, they receive wages and other payments. This money is recirculated through their household spending

inducing further local economic activity. Economists call these induced impacts the multiplier effect of an activity or industry.

Examples of induced effects are the jobs created in a diner located outside of a factory gate where people purchase sandwiches for lunch, or at the gas station where they purchase fuel for their commute, or even in neighborhoods, where workers purchase houses, go to restaurants, or visit the movie theater.

### **What Specifically Do You Mean When You Say a Job?**

Jobs are a measure of the annual average of monthly jobs in each industry as defined by the Quarterly Census of Employment and Wages put out by the BLS. Jobs in our models are derived independently and do not match jobs reported by government entities in that we often define industries differently, and because we include more firms and facilities than are surveyed by the government. Jobs are measured in full-time equivalent units, which means two part time jobs are considered equivalent to a single full-time job.

### **What is Meant by The Term Economic Output or Economic Impact?**

JDA uses output in its models as a general measurement of economic impact because we believe that it is the broadest and most comparative measure. In general, output represents the value of industry production for the model year calculated in terms of producer prices. Output differs depending on the industry being measured. In the case of the safety equipment industry, output is similar to gross sales for manufacturers. However, for retail and wholesale industries output is more closely associated with gross margin.