

MAKING BETTER LOCAL DECISIONS

Economic Impact Analysis

ECONOMIC CHANGES AFFECT COMMUNITIES

What happens to businesses happens to communities, too. So when a business or industry grows or shrinks, communities must understand the local impact to respond. Knowledge of how businesses and industries interact helps communities better respond to changes within local economies.

That's why the University of Minnesota Extension offers Economic Impact Analysis using IMPLAN™ data to identify impacts and prepare descriptive reports to inform future plans for economic development. (www.IMPLAN.com)

Extension's Economic Impact Analysis (EIA) reports provide communities with useful information:



- EIA reports predict short and long-term effects of a recent crisis or event on local jobs (i.e. layoffs or closing) so that communities can respond in a timely fashion.
- Economic development officers use reports to develop grant proposals or make a case for a policy decision.
- Economic development organizations and businesses use analysis to inform strategic plans.
- Local policy makers use economic impact analysis to consider the most effective use of public finances.
- Organizations and industries use reports to educate the greater community about their contributions, creating stronger support.

WHAT QUESTIONS DOES AN ECONOMIC IMPACT ANALYSIS REPORT ANSWER?

- How many jobs are affected?
- What businesses are most affected?
- How far-reaching are the effects of an industry or event?
- How much will total wages change?
- How much does a change, contribute to, or take away from the local economy?

GET YOUR COMMUNITY TALKING ABOUT ECONOMIC IMPACT

A Community Economics Extension educator near you can deliver three types of economic impact analysis to your community:

- An *Economic Futures Workshop* provides an overview of five to eight different industries in the local economy. How much would an expansion or contraction of one business in each industry affect the number of jobs and income of other businesses in the area? A concise report about the current economy and economic changes is presented, with facilitated discussion, in a three-hour workshop. The workshop is designed to build awareness of the current economic drivers and to generate conversation about economic development priorities in a community.
- An *Emergency Economic Impact Analysis* report helps communities understand the effects of a sudden or unanticipated change in their local economy; for example, when an employer announces a workforce reduction; a fire destroys a factory; or a flood damages downtown businesses. This program gives community leaders a quick analysis of predictable job losses in other industries. Components of the analysis include a profile of the local economy, a short summary of how business is affected and an exploration of how the event will affect the local economy through the loss of spending of former employees. A *Customized Economic Impact Analysis* provides an in-depth study of an industry, event, activity, or economic development issue. These reports require some data collection by partners to provide a correct analysis of the factors identified in collaboration with sponsoring organizations. A custom report and presentation is delivered to the community for their detailed discussion about a particular industry or economic activity.

WHO SPONSORS ECONOMIC IMPACT ANALYSIS?

Extension offers these programs to communities that can use the report to plan for the future.

Example sponsors include:

- Local or regional economic development organizations
- Industry or commodity association
- Chambers of Commerce
- City or county government



HOW TO GET GOING

An economic impact analysis is adaptable to local concerns. The Community Economics Extension Educator in your area can talk with you to determine whether an Economic Impact Analysis can answer your questions. To find the contact information for an educator in your area, use the interactive map at www.extension.umn.edu/community/about/educators. For information about this and other programs for communities at Extension, visit www.extension.umn.edu/community.

