

Economic Impact Studies



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Who are we?

- I am Charles Campbell, a professor of economics from the department of finance and economics.
- Myself, Dr. Ben Blair, Dr. Mehgan Milleau, Dr. Jon Rezek, and others in the department have been doing economic impact studies for some time.



Experience

- We have done a broad array of such studies examining the impacts of private, state, and federal entities and utilizing



Past or Current Clients

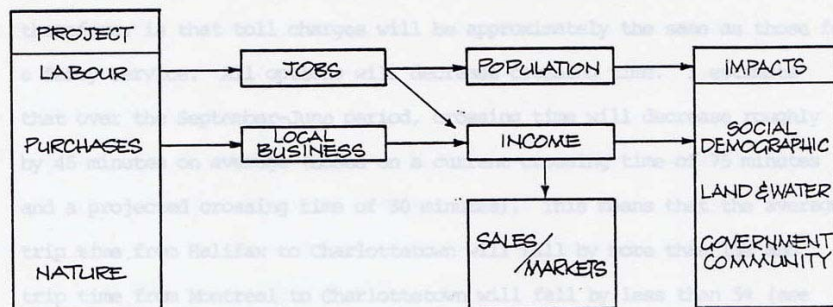
- Chevron
- TVA
- the Mississippi Arts Commission
- Stennis Space Center
- Phillips Coal Company
- L&S Power
- Mississippi Power Company
- National Cooperative Electric Association
- Mississippi Cooperative Electric Association
- Mississippi Department of Marine Resources
- MAST
- U.S. Navy
- Mississippi Development Authority and (of course)
- Mississippi State University
- Choctaw Indians
- Children's Defense Fund
- And a number of proprietary studies


Economic Impact Studies

What are they?

- An economic impact study is an examination of the impact of a shock to local economy.

EXHIBIT 1: SOCIO-ECONOMIC IMPACT ASSESSMENT-SIMPLIFIED SCHEMATIC*





Shocks whose community impacts we can analyze typically include

- business expansions
- startups, or closings
- the use of economic development incentives
- location or relocation of government facilities



But we can also examine

- local government consolidation
- local government annexation
- shopping center development
- changes in sales tax or property tax rates
- new housing subdivisions (and the estimation of impact fees needed to cover the net costs of development)
- changes in intergovernmental revenue and
- other shocks to the local economy.



Impact studies differ

- depending on the
 - needs of the client and
 - time or budgetary limitations.



At its most basic

- an economic impact study may be limited to the effect of the changes on local employment and income.



It may also examine

- fiscal effects,
- impacts on
 - local area demographics,
 - labor market conditions,
 - economic characteristics,
 - physical and locational conditions, and
 - community infrastructure and services



often referred to as

- Fiscal Impact Studies (in the first case)
or
- Socio-economic Impact Studies (in the latter case)



Why do we do them?

- Because change will occur.
- Because change has a cost.
- For Planning:
 - Recruitment,
 - Impact,
 - strategic, or
 - contingency.



When do we do them?

- Whenever a major change is proposed or anticipated.
- When Planning for the future and interested in contingencies and alternatives.



Primary Tools used in the economic impact study

- depend upon the exact nature of the shock and the depth of analysis desired by the client.



Tools used may include:

- Input-output analysis,
- Economic Base analysis (also called “linear cash flow analysis” by some consultants),
- Input-output methodology (IMPLAN)
- Custom made econometric models
- The REMI econometric model
- regional econometric modeling,
- shift-share analysis,
- fiscal modeling,
- surveys and focus groups.

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Thank You