

## Regional Economic Multipliers

U.S. Department of Commerce



Bureau of Economic Analysis

**T**he Bureau of Economic Analysis prepares, on a reimbursable basis, estimates of economic multipliers for States, counties, and combinations thereof. The multipliers estimate the effects of the changes in the output of one or more industries in an area on the output, employment, and labor earnings in the other industries in that area. The multipliers are produced by BEA's Regional Input-Output Modeling System (RIMS II) using data on the local area personal income and the national input-output accounts. RIMS multipliers can be used to estimate not only total regional impacts but also the impacts on each of 38 industry aggregations (table 1).

### Uses of the regional economic multipliers

The regional economic multipliers are widely used by both the public and private sectors to study economic impacts. For example:

- Several Federal Government agencies use the regional economic multipliers to study the local impact of government regulations on specific industries (EPA) and to assess the local economic impacts of Federal actions such as military base closings (DOD).
- State and local governments use the multipliers to estimate the regional economic impacts of government policies and projects and of events, such as firms locating within their State, or to assess the impacts of tourism.
- Businesses and private consultants use the multipliers to estimate the economic impacts of a wide range of projects, such as building a new sports facility or expanding an airport; of natural disasters,

such as Hurricane Andrew; or of special events, such as the 1996 Summer Olympics in Atlanta.

### Information required from users

To effectively use the RIMS II multipliers for impact analyses, users must provide geographically and industrially detailed information on the initial changes in output, earnings, or employment that are associated with the project or special event under study. To provide this information, the user must answer five questions about the projects or event:

- What is the affected region?
- Which industries are initially affected?
- Is there more than one phase of the project or program?
- What are the initial changes in output, earnings, or employment?
- Should the initial changes be separated into production costs, transportation costs, and trade margins?

### Availability

A more detailed description of the regional economic multipliers is available in *Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMS II)*, Third Edition (Washington DC: U.S. Government Printing Office, 1997). A version of this publication and other information about the multipliers are available on our Web site at <[www.bea.gov](http://www.bea.gov)>.

### For more information

Call the Regional Input-Output Modeling System (RIMS) staff at 202-606-5343, or e-mail <[rimsread@bea.gov](mailto:rimsread@bea.gov)>

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### Table 1. RIMS II Industry Aggregations

Number	RIMS Industries	Input-Output Industries Included in Aggregation
	<b>Farm and agricultural services, forestry, and fishing:</b>	
1	Farm products and agricultural, forestry, and fishing services .....	1.0100–2.0702, 4.0001–4.0002
2	Forestry and fishing products .....	3.0001–3.0002
	<b>Mining:</b>	
3	Coal mining .....	7.0000
4	Oil and gas extraction .....	8.0001
5	Metal mining and nonmetallic minerals, except fuels .....	5.0001–6.0200, 9.0001–10.0000
	<b>Construction:</b>	
6	Construction .....	11.0101–12.0300
	<b>Manufacturing:</b>	
7	Food and kindred products and tobacco products .....	14.0101–15.0200
8	Textile mill products .....	16.0100–18.0300
9	Apparel and other textile products .....	18.0400–19.0306
10	Paper and allied products .....	24.0100–25.0000
11	Printing and publishing .....	26.0100–26.0806
12	Chemicals and allied products and petroleum and coal products .....	27.0100–31.0300
13	Rubber and miscellaneous plastic products and leather and leather products .....	32.0100–34.0305
14	Lumber and wood products and furniture and fixtures .....	20.0100–23.0700
15	Stone, clay, and glass products .....	35.0100–36.2200
16	Primary metal industries .....	37.0101–38.1400
17	Fabricated metal products .....	13.0200, 13.0500–13.0700, 39.0100–42.1100
18	Industrial machinery and equipment .....	43.0100–52.0500
19	Electronic and other electric equipment .....	53.0200–58.0700
20	Motor vehicles and equipment .....	59.0100–59.0302
21	Other transportation equipment .....	13.0100, 13.0300, 60.0100–61.0700
22	Instruments and related products .....	62.0101–63.0300
23	Miscellaneous manufacturing industries .....	64.0101–64.1200
	<b>Transportation and public utilities: <sup>1</sup></b>	
24	Transportation .....	65.0100–65.0702, 78.0100
25	Communications .....	66.0100–67.0000
26	Electric, gas, and sanitary services .....	68.0100–68.0302, 78.0200
	<b>Wholesale and retail trade:</b>	
27	Wholesale trade .....	69.0100
28	Retail trade .....	69.0200
	<b>Finance, insurance, and real estate:</b>	
29	Depository and nondepository institutions and security and commodity brokers .....	70.0100–70.0300
30	Insurance .....	70.0400–70.0500
31	Real estate .....	71.0100–71.0202
	<b>Services:</b>	
32	Hotels and other lodging places, amusement and recreation services, and motion pictures .....	72.0101–72.0102, 76.0101–76.0206
33	Personal services .....	72.0201–72.0300
34	Business services .....	73.0101–73.0303
35	Eating and drinking places .....	74.0000
36	Health services .....	77.0100–77.0305
37	Miscellaneous services .....	75.0001–75.0003, 77.0401–77.0900, 78.0500–79.0000
	<b>Households:</b>	
38	Households .....	91.0000

1. Includes Federal government enterprises.