Stimulus Calculation Tool—Statewide Economic Impacts of Construction Spending in California

The following calculation tool was developed by SRRI to provide government entities and other organizations a valuable resource for estimating economic activities associated with various types of construction projects and the **short-term benefits to California's economy**. The economic impact information can be used to enhance the rationale for receiving stimulus funding by demonstrating the project's ability to stimulate short-term economic activity.

To use the calculation tool, select the appropriate construction category from the option below for the focus project and apply the ratios based on increments of $1 million of construction costs.[*] *For example, constructing a new $18 million educational building could generate a short-term economic benefit in California of around 211 total jobs and an additional $14 million of output.*

New Commercial Structures

Amusement, social, & recreational buildings; educational buildings; non-residential farm buildings; healthcare & institutional buildings; hotels & motels; office buildings; public safety buildings; religious buildings; and retail buildings

Every $1 million of construction costs supports:

11.7 total jobs = 6.8 direct jobs + another 4.9 jobs through indirect and induced activities

An additional $770,301 of output through indirect and induced activities

New Industrial Structures

Heavy and light manufacturing, warehouse & distribution, and flex buildings

Every $1 million of construction costs supports:

10.9 total jobs = 6.7 direct jobs + another 4.2 jobs through indirect and induced activities

An additional $664,213 of output through indirect and induced activities

Infrastructure and Public Works

Airport runways, buildings, & related work; arenas, stadiums, & other recreational facilities; bridges, tunnels, & elevated highways; harbor & port facilities; highways, streets, & related work; levee, dam & reservoir construction; mass transit construction; parking facilities; petroleum refineries, chemical facilities, & related work; pipeline construction; power & communication transmission lines; power plants; sewage & water treatment plants; sewers, water mains, & related facilities; solid waste disposal facilities; and water storage facilities

Every $1 million of construction costs supports:

12.4 total jobs = 7.1 direct jobs + another 5.3 jobs through indirect and induced activities

An additional $825,858 of output through indirect and induced activities

[*] To develop these estimates, SRRI utilized the IMPLAN input-output model (2007 coefficients) to quantify the economic impacts of a hypothetical $1 million of spending in various construction categories within California in an average one-year period.

New Single- and Multi-Family Housing Units

Apartment buildings; condominiums; houses; and townhouses

Every $1 million of construction costs supports:

9.9 total jobs = 4.6 direct jobs + another 5.3 jobs through indirect and induced activities

An additional $781,054 of output through indirect and induced activities

New Residential Additions and Alterations

Additional housing units or rooms; finishing basements, garages, or attics; new garages, decks, patios, or swimming pools; replacement of major equipment; and structural remodels or modernization

Every $1 million of construction costs supports:

9.5 total jobs = 4.4 direct jobs + another 5.1 jobs through indirect and induced activities

An additional $737,132 of output through indirect and induced activities

Maintenance, Repair, and Renovation of Commercial Structures

Additional square footage; structural renovations or modernization; tenant improvements; and upkeep and repair of existing equipment, building structures, and infrastructure

Every $1 million of construction costs supports:

14.2 total jobs = 8.7 direct jobs + another 5.5 jobs through indirect and induced activities

An additional $837,223 of output through indirect and induced activities

Residential Maintenance and Repair

Upkeep and repair of existing equipment and structures (e.g. roofing, painting, and plumbing)

Every $1 million of construction costs supports:

6.0 total jobs = 1.5 direct jobs + another 4.5 jobs through indirect and induced activities

An additional $657,978 of output through indirect and induced activities

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From an economic perspective, the economic impacts resulting from this calculation tool only capture a portion of the economic benefits of various construction projects. It is also important to consider how the construction project supports ongoing economic activity once complete, another key focus of the stimulus bill. SRRI can help translate project plans into on-the-ground economic activity and quantify the **ongoing benefits to the economy** to provide further justification for stimulus funding. It is also important to note that the above calculation tool captures impacts throughout the state and is limited to jobs and output. SRRI can **localize both the short-term and ongoing economic benefits and add other economic indicators** to the discussion such as state and local taxes and employee compensation.

To learn more about these stimulus-related services and other ways you can benefit from SRRI's highly respected research offerings, visit the Institute's web site, www.srri.net, or contact SRRI Director Ryan Sharp at (916) 491-0444 or rsharp@srri.net.

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