

## Basic Example

RIMS II multipliers can be used by investors, planners, and elected officials to objectively assess the potential economic impacts of various projects. Estimating the regional impact of an increase in the production of goods or services is a simple application of the multipliers.

**Method.** The impact of change in production of goods or services to a region can be calculated in two steps:

1. Collect information on the total value of the change in the industry's output or sales.
2. Multiply the change in output by any one of the four final-demand multipliers for the industry. Depending on the multiplier chosen, users can estimate total impact on output, value added, earnings, and employment.

Consider the expansion of a fish processing facility in Bellingham, Washington. This expansion is expected to result in an increase in sales by \$10 million to customers outside of the region.

The following inputs are used to conduct the impact study:

- **Final-demand change.** The final-demand change is the \$10 million increase in sales. Since these sales are exports from the region, we can use Type II multipliers.
- **Final-demand industry.** The “seafood product preparation and packaging” industry (RIMS II detailed industry 311700) is chosen for the analysis because it most closely matches the industry under consideration.
- **Final-demand region.** This region is the Bellingham, Washington, Metropolitan Statistical Area. Since the company is interested in including the contribution made by the spending of workers, Type II multipliers are used in the analysis.

Table 1 shows the Type II final-demand multipliers for the seafood product preparation and packaging industry in Bellingham, Washington. Using these multipliers, gross output in the region is expected to increase by \$14.8 million ( $\$10.0 \text{ million} \times 1.4794$ ). This value includes the \$10.0 million increase in sales made by the seafood preparation and packaging industry. The value added portion of this output, which is equivalent to gross domestic product, is \$5.0 million ( $\$10.0 \text{ million} \times 0.5021$ ). The earnings portion of this value added is \$2.8 million ( $\$10.0 \text{ million} \times 0.2777$ ). The employment impact of the increase in sales for this industry, which includes both full- and part-time jobs, is 60 jobs ( $\$10.0 \text{ million} \times 6.0 \text{ jobs per } \$1 \text{ million}$ ). Please note that the final-demand employment multiplier is measured as jobs per million dollars of output.

**Table 1. Type II Total Final-Demand Multipliers,  
Bellingham, WA MSA**

Industry	Output (dollars)	Value Added (dollars)	Earnings (dollars)	Employ- ment (jobs / \$1 million)
Seafood product preparation and packaging	1.4794	0.5021	0.2777	6.0

Further examples and tips on how to use RIMS II multipliers in an economic impact study are available in the [RIMS II User's Guide](#). Additional information is available on the [RIMS II website](#).