



# Just the Facts:

## Economic Impact of 100 Jobs

May 2016

When an existing Kentucky business expands or a new business locates in the state, significant economic benefits ensue. With those new jobs come payroll dollars, increased demand for housing, goods and services, greater capital investment and a broader tax base all of which spreads throughout the economy. While each job added brings economic value to the state, that value varies by industry based on wages, skill level required, labor intensity, etc.

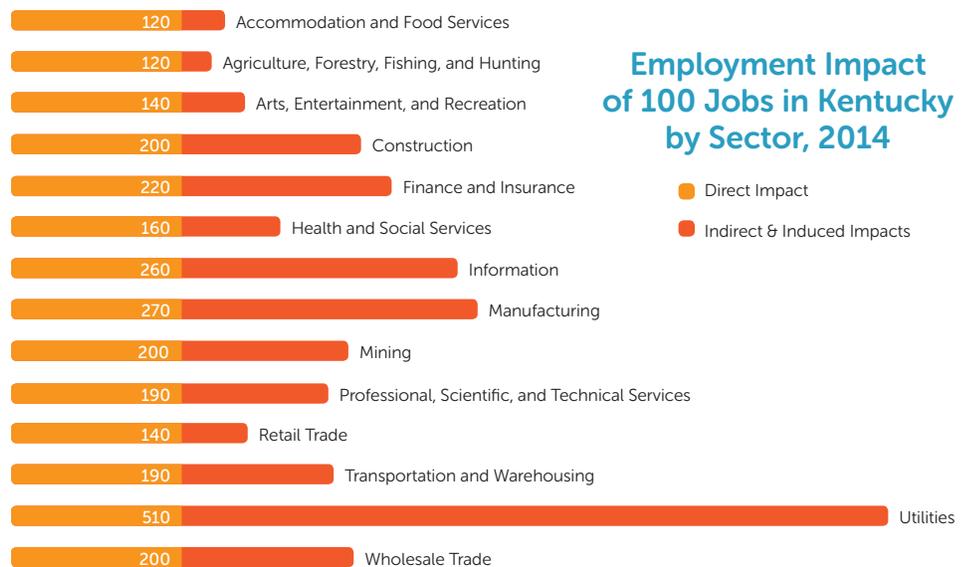
After an initial impact occurs, changes ripple through other sectors. For example, if a restaurant expands and adds 100 jobs, it is likely a result of increased sales at the restaurant. The restaurant will buy goods and services it needs from other businesses in order to serve customers. That is an indirect impact; indirect impacts also include the wages of the new employees at the restaurant. Those businesses, depending on the size of the impact, may also hire additional workers. When the employees at the restaurant and the supporting businesses buy goods and services for their households, this creates induced impacts. Combined, the direct, indirect and induced impacts are the total impact and measure the ripple effects of the initial change. Not all of these changes will

occur within Kentucky, there will be leakage as goods and services from outside the state will be purchased.

The additional jobs will grow the state economy which is measured as value added, similar to gross domestic product (GDP).

If 100 new jobs are added to the Kentucky economy in the utility sector, the ripple effect is

an additional 410 jobs in other sectors resulting in a total impact of 510 jobs. These jobs are located throughout all the other sectors of the state economy. Sectors with the lowest overall employment impact are typically those that are lower paying in service sectors such as retail, restaurants and hotels.



**Employment Impact of 100 Jobs in Kentucky by Sector, 2014**

■ Direct Impact  
■ Indirect & Induced Impacts

# 100 jobs

Economic impact modeling captures the direct impact of an employment expenditure on the economy.

The additional jobs will grow the state economy which is measured as value added, similar to gross domestic product (GDP). The table below provides the total value added (by sector) resulting from 100 additional jobs. For example, if 100 jobs were added to Kentucky's manufacturing sector, the total employment

impact is 270 jobs (170 jobs added in other sectors). In addition, the overall state economy will grow by \$27.1 million.

State and local governments will also benefit from additional jobs in the form of tax revenues, licenses, fees and fines. Major tax revenue

streams include corporate income, personal income, property and sales taxes. Licenses include motor vehicles, hunting, fishing, etc. The addition of 100 jobs to the retail sector will support 40 jobs in other parts of the economy and generate \$1 million in state and local taxes.

## Economic Impact of Adding 100 New Jobs in Kentucky by Sector, 2014

| Industrial Sector                               | Total Jobs | Total Value Added | Total State & Local Taxes* |
|---|------------|-------------------|----------------------------|
| Accommodation and Food Services                 | 120        | \$4,357,000       | \$542,000                  |
| Agriculture, Forestry, Fishing and Hunting      | 120        | \$3,339,000       | \$159,000                  |
| Arts, Entertainment and Recreation              | 140        | \$5,875,000       | \$438,000                  |
| Construction                                    | 200        | \$12,971,000      | \$1,139,000                |
| Finance and Insurance                           | 220        | \$17,233,000      | \$1,420,000                |
| Health and Social Services                      | 160        | \$9,794,000       | \$664,000                  |
| Information                                     | 260        | \$27,106,000      | \$3,301,000                |
| Manufacturing                                   | 270        | \$27,117,000      | \$2,764,000                |
| Mining  | 200        | \$45,237,000      | \$3,525,000                |
| Professional, Scientific and Technical Services | 190        | \$13,584,000      | \$753,000                  |
| Retail Trade                                    | 140        | \$7,393,000       | \$1,000,000                |
| Transportation and Warehousing                  | 190        | \$12,825,000      | \$891,000                  |
| Utilities                                       | 510        | \$86,466,000      | \$12,200,000               |
| Wholesale Trade                                 | 200        | \$22,446,000      | \$4,009,000                |

\*Tax estimates include corporate, business and household taxes. They do not include local education taxes.

**Note:** Not comparable with previous years.

**Source:** The economic impacts estimates and conclusions resulting from this study have been derived from IMPLAN Group LLC 2013 matrixes and databases. Additional input data was provided by the United States Bureau of Labor Statistics, 2014 annual Quarterly Census of Employment and Wages and the United States Bureau of Economic Analysis.