

Tooltip Text

Page 8: Choose Your Industry page, tooltip next to “select your industry”

There are two levels of industry detail in RIMS II: aggregate and detail. The level of detail used in an economic impact study is chosen to match the level of detail in the resulting findings. Multipliers for the detailed industries are less subject to aggregation bias.

Page 17: Choose Your Region page, tooltip next to “order by industry” note

If you order by industry, you will receive multipliers for all 50 states and the District of Columbia for a particular industry. If you order by region, you will receive multipliers for all industries within a particular region.

Page 18: Choose Your Region page, tooltip for customized region

Customizing a region allows you to select multipliers by contiguous counties or states.

Page 19: Choose Your Region page, tooltip for MSA

A metropolitan statistical area (MSA) is a geographical region with a relatively high population density at its core and close economic ties throughout the area. A typical MSA is centered on a single large city that wields substantial influence over the region (e.g., Chicago).

Page 20: Choose Your Region page, tooltip for Metropolitan Divisions

If specified criteria are met, a metropolitan statistical area containing a single core with a population of **2.5 million or more** may be subdivided to form smaller groupings of counties referred to as “metropolitan divisions.” There are 11 Metropolitan Statistical Areas (MSAs) deemed large enough to be subdivided into metropolitan divisions.

Page 21: Choose Your Region page, tooltip for Micropolitan Statistical Area

Each micropolitan statistical area must have at least one urban cluster of **at least 10,000 but less than 50,000 population**. There are 382 metropolitan statistical areas and 551 micropolitan statistical areas in the U.S.

Page 22: Choose Your Region page, tooltip for CSA

If specified criteria are met, adjacent Metropolitan and Micropolitan Statistical Areas, in various combinations, may become the components of a set of complementary areas called Combined Statistical Areas. For instance, a Combined Statistical Area may comprise two or more Metropolitan Statistical Areas, a Metropolitan Statistical Area and a Micropolitan Statistical Area, two or more Micropolitan Statistical Areas, or multiple Metropolitan and Micropolitan Statistical Areas that have social and economic ties as measured by commuting, but at lower levels than are found among counties within Metropolitan and Micropolitan Statistical Areas.

Modal Text

Page 5: Things to Consider When Ordering

Things to Consider When Ordering

- The region you choose should include the area supplying a large share of the direct inputs and employees necessary for the project or event you are studying.
- Differences in industry-specific regional multipliers are not meaningful or appropriate for use in a national context.
- RIMS II multipliers differ from macro-economic multipliers used to assess the effects of fiscal stimulus on gross national product (GNP).

Page 6: RIMS Assumptions

RIMS II multipliers are based on the average relationships between the inputs and outputs produced in a local economy.

The multipliers are a useful tool for studying the potential impacts of changes in economic activity.

Analysts are encouraged to carefully evaluate how closely these assumptions apply to their projects and to consider collecting additional information specific to their project to adjust their results as they may be upper bound.¹

Assumptions of the model to keep in mind:

- **Firms have no supply constraints**—Input-output based multipliers assume that industries can increase their demand for inputs and labor as needed to meet additional demand. *If local firms are already operating at full capacity, then additional inputs may need to come from outside the region, thereby reducing the local impact.*
- **Firms have fixed patterns of purchases**—Input-output based multipliers assume that an industry must double its inputs to double its output. *If a firm can increase its output without hiring additional employees and without purchasing additional inputs, then the impact of the change on the local economy will be smaller than the impact that is estimated using a full multiplier.*
- **Firms use local inputs when they are available**—The method used by RIMS II to develop regional multipliers assumes that firms will purchase inputs from firms in the region before using imports. *If a clothing manufacturer located in an area that produces textiles, purchases its textiles from outside the region, then the impact of a change in clothing production on the local economy will be smaller than implied by the full multiplier.*

It is also worth keeping in mind that employment changes include both full and part-time jobs—this characteristic applies for all projects, but is especially important for service industries that have large shares of part-time employment.

From here onwards, it is the exact same as the current RIMS assumptions

The example below for a construction project for a healthcare facility shows how the employment multiplier for a region can vary when local information is used to improve the accuracy of the multipliers.

- Scenario One: Suppose that all the assumptions of the multiplier model hold. For example, there is excess capacity in the local economy so that firms can produce an increase of inputs and that additional construction workers can be hired in the same proportion as the regional average for the industry. In this scenario, the final-demand employment multiplier for the construction industry in the hypothetical study region is 18.0, including the impact of new spending by households whose employment is a result of this new activity. This means that for each million dollars of spending to construct the new health care facility, 18.0 new jobs are expected to be created locally.
- Scenario Two: Suppose that the analyst has carefully studied the details of the construction project, including local work force dynamics, and has determined that 25% of the construction workers come from outside the region. In this case the implied multiplier using local purchases and labor supply estimates is 14.4 new local jobs per \$1 million of new construction.
- Scenario Three: Suppose that the construction activity requires specialized inputs and workers not found in the local area. As a result, local firms cannot supply additional inputs and 75% of the construction workers come from outside the region. In this case the implied multiplier using local purchases and labor supply estimates is 9.8 new local jobs per \$1 million of new construction.

Final-Demand Employment Multiplier for a Hypothetical
Region for Three Alternative Scenarios²

One	Two	Three
18.0	14.4	9.8

To learn more about how to use local information to refine your analysis, [view an example of the Bill of Goods approach in greater detail here](#). [Link to Bill of Good modal, content and design stays the same as it currently looks.](#)

¹ BEA recommends a Bill of Goods approach for best results.

² These are Type II Multipliers.