Planned expenditures on school construction will generate direct and indirect economic impacts for New Jersey in the form of employment, income, gross domestic product, and state and local tax revenues.

These impacts were estimated using the state-of-the-art R/ECON™ Input-Output Model at the Center for Urban Policy Research at the Bloustein School of Planning and Public Policy. The R/ECON™ model estimates both the *direct* economic effects of the initial expenditures (in terms of jobs and income) and the *indirect* (or multiplier) effects (in additional jobs and income) of the subsequent economic activity that occurs following the initial expenditures. The model also estimates the tax revenues generated by the combined direct and indirect new economic activity caused by the initial spending.

Summary of Planned School Construction

New Jersey estimates that total additional school construction spending will total $5.4 billion in current dollars over the 5-year period from August 2008 to June 2013.

Total School Construction Investment Impacts

In all, over the course of the 5-year period, these $5.4 billion in planned investments are estimated to generate as much as:

- A total of 46,785 job-years or an average of 9,357 job-years annually,[1]
- $2.5 billion in income,
- $3.3 billion in GDP,
- $369 million in federal tax revenues,
- $72 million in state tax revenues, and
- $87 million in local tax revenues.

Table 1.
Annual Impacts

	Expenditures*					Taxes*	
Year	($000)	Share	Employment (Job-Years)	Income* ($000)	GDP* ($000)	State ($000)	Local ($000)
Aug 2008 - June 2009	1,802,310	33.4	15,615	845,413	1,101,083	24,189	28,917
July 2009 - June 2010	1,904,058	35.3	16,497	893,140	1,163,243	25,554	30,549
July 2010 - June 2011	1,396,862	25.9	12,102	655,229	853,383	18,747	22,412
July 2011 - June 2012	206,708	3.8	1,791	96,961	126,284	2,774	3,316
July 2012 - June 2013	90,062	1.7	780	42,245	55,021	1,209	1,445
Total	**5,400,000**	**100.0**	**46,785**	**2,532,990**	**3,299,014**	**72,473**	**86,639**
Average	1,080,000		9,357	506,598	659,803	14,495	17,328

[1] Note that employment impacts are expressed in "job-years." One job-year is equal to one *full-time* job lasting one year. Thus, the job-year total shown for each year represents the total jobs either directly or indirectly generated by the project in that year.

Of the total employment estimated over the period, approximately 77% is estimated to consist of direct job-years, while the remaining 23% is generated indirectly via the multiplier effects of the initial expenditures. The employment multiplier is approximately 1.297. Approximately 57.3% of the total job-years will be generated in the construction industry, with an additional 8.6% in various service industries, 22.8% in the manufacturing industry, and 6.5% in the retail sector.

The spending and, hence, number of jobs created peaks in the year starting July 2009 and ending June 2010. Of course, this is also when the income, GDP, and tax impacts also crest. In the year beginning August 2008 and ending in June 2009, the planned investments will generate 15,615 jobs-years.

The average income per job-year generated by the investment total is $54,140. This amount is about the same as the state's average annual pay rate.

Investments Per Million Dollars of Initial Investment

Table 2 displays the effects of $1 million of spending (in 2008 dollars) of school construction projects as effected during the modeling process. The table supplies the state with a means of estimating any generic project for the project types listed.

Table 2.
Investments Per Million Dollars of Initial Investment

Investment Component	Employment (job-years)	Income ($)	Taxes ($)		Gross State Product ($)
			State	Local	
School Construction	8.7	469,072	13,421	16,044	610,929