**The Impact of the Expansion of the Wickford Art Association Center**

The expansion of the WAA Center will have an estimated overall economic impact of $5.8 million on the local economy, including $3.1 million in direct construction investments and an additional $2.8 million in indirect effect on local businesses via the multiplier effect, which works through the economy because of purchases of locally produced goods and services arising from the income created by employment in construction activities. The expansion of the WAA Center will also support about 45 jobs across the state.

By 2019 (2015), the operations of the WAA Center is expected to support 9 (5) FTE jobs in the region, generate about $0.5 (0.3) million in output for the economy, and create $155,000 (92,000) in income for Rhode Island.

**This figure is the one-time “indirect” construction contribution to the economy. The total contribution from building the new center is about %5.8 million.**

**Using your revenue estimates from 2015-2019 and assuming that revenues will stay roughly at the 2019 levels until 2040;  I estimate that over the next 25 years the WAA Center operations  will add $12.8 million to the local economy.**

**Source: Center for Global and Regional Economic Studies at Bryant University**

**Multiplier Analysis**

As discussed in the introduction, this study uses input-output (I-O) multipliers to account for inter-industry relationships within the state and to determine how the state economy is affected by the construction industry. Multiplier analysis is based on the notion of feedback through input-output linkages among businesses and households who interact in regional markets. Businesses buy and sell goods and services to other firms and pay wages to households. In turn, households buy goods from businesses within the economic region. The economic impact of the construction industry spreads to local businesses through direct purchases of goods and services from firms and service providers including inputs, services, maintenance, and repairs, etc. Economic activity impacts local businesses via the multiplier effect working through the economy as purchases of locally produced goods and services arising from the income created by employment in construction activities. Local firms require more inputs to meet rising demand for their output, which has been stimulated.

This study measures the economic impact of the construction industry using *multipliers* that are specific for the state of Rhode Island. The multipliers used in this study are provided by the U.S. Bureau of Economic Analysis (BEA) and have been widely used by economists to analyze the impact of economic activities on regional economies. This study uses BEA RIMS Type IImultipliers because they include both the *inter-industry* effect and *household-spending effect.* More precisely, the *inter-industry* effect is the sum of the *direct* and *indirect* impact: The *direct impact* relates to the first round of inputs purchased by the final-demand industry. The *indirect impact* relates to the subsequent rounds of inputs purchased by supporting industries. The *household-spending effect* accounts for the *induced impact* related to the spending of workers whose earnings are affected by a final-demand change for construction services. Hence, the BEA Type II multipliers used in this study account for both the *inter-industry effect* and for the *induced impact*. For the sake of simplicity, in this report we use the term *induced* to refer to the total impact (*household-spending effect + household-spending effect)* from construction activities.

Submitted By Dr. Edinaldo Tebaldi