

# ECONOMIC IMPACTS OF SEA GRANT PROGRAMS TRAINING MODULE II

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# OBJECTIVES OF TRAINING MODULE II

- Estimation of the initial marginal economic impacts (L1) of Sea Grant projects.
- Estimation of the second level of marginal economic impacts (L2) of Sea Grant projects.

# ECONOMIC IMPACT ANALYSIS

- ⌘ Definition - an attempt to estimate the change in economic activity in a specified region, caused by a specific business, organization, policy, program, project, activity, or other economic events.
- ⌘ Study region - Alabama and Mississippi covered by the MASGC programs.

# INITIAL LEVEL OF MARGINAL ECONOMIC IMPACTS

- ⌘ The estimation of the initial marginal economic impacts (L1) of REEO projects included the creation of additional economic output, jobs and incomes arising from its expenditures on goods and services needed to successfully complete each project.
- ⌘ This procedure is considered as the first level of marginal economic impact (L1) estimation of REEO projects.

# SECOND LEVEL OF MARGINAL ECONOMIC IMPACTS

- ⌘ The second level of marginal economic impacts (L2) consist of the creation of new output, more jobs and additional income associated with the adoption of the results of REEO projects by producers and households.
- ⌘ The L2 procedure is considered as extremely difficult to measure due to the confidentiality of the private business or household decisions and the indefinite time lags between project completion and decision making.

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# MARGINAL SALES OR OUTPUT IMPACTS

- In order to measure the marginal sales or output impacts (MSI) of the MASGC project in the  $i^{\text{th}}$  economic sector or industry, the computational procedure is suggested as follows:

- $$\text{MSI}_i = \text{EXP}_i \times K_{si}, \quad \text{Eqn. 1}$$

- where  $\text{EXP}_i$  – annual expenditures of the MASGC project in year  $t$  (\$/yr),
- $K_{si}$  – sales multiplier of the  $i^{\text{th}}$  economic sector in year  $t$ .

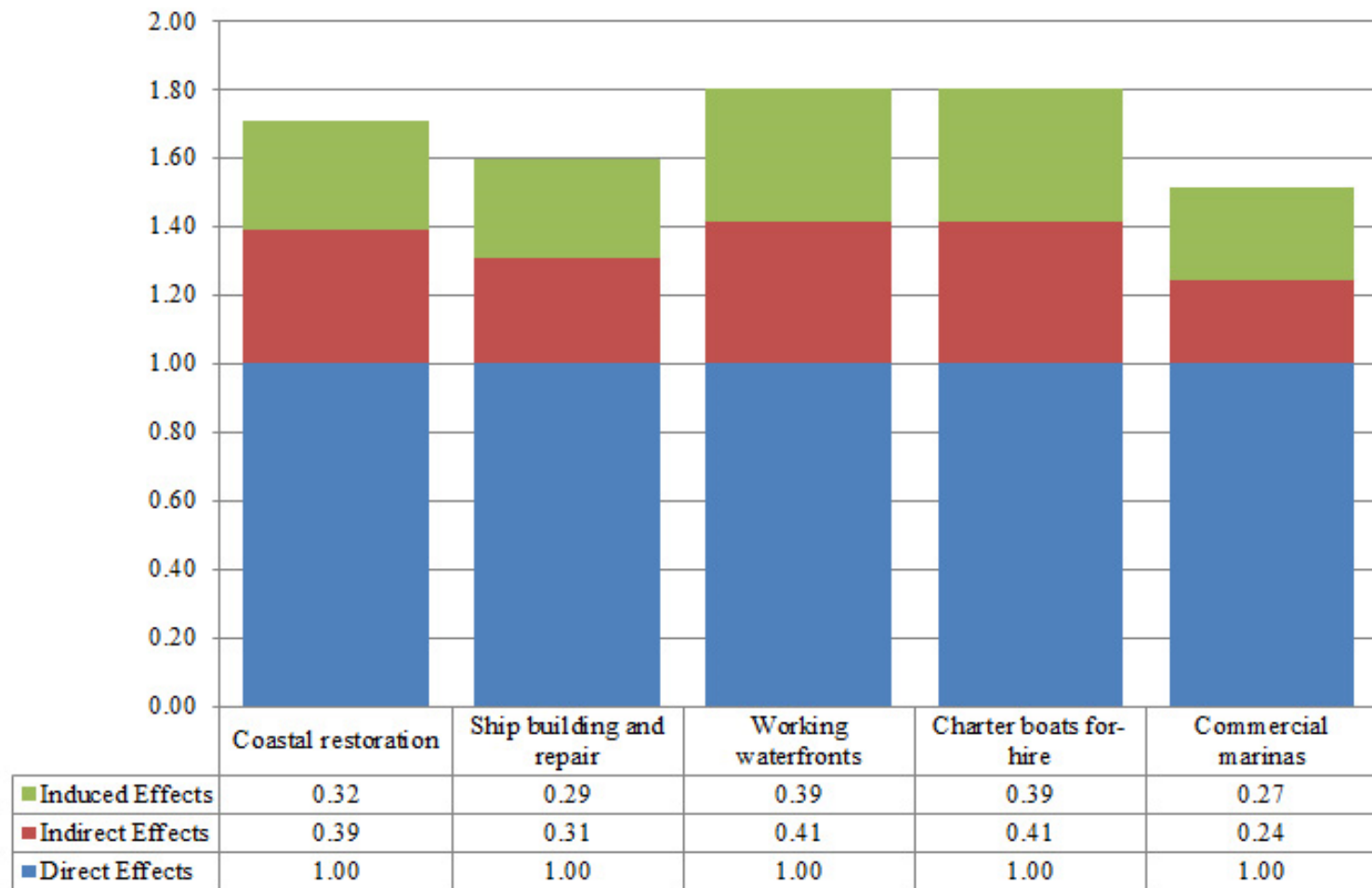


# MARGINAL SALES OR OUTPUT IMPACTS

- The sales or output multipliers relate the changes in sales to final demand by one organization or industry to total changes in output or gross sales by all industries within the local area.
- The values of the output or sales multipliers provide a quick view of the interactions between the initial changes in sales measured by the annual expenditures of MASGC projects to the total changes in annual output or gross sales in the industry served by Sea Grant projects.



# SALES OR OUTPUT MULTIPLIERS



Oral presentation at the MASGC Outreach team Meeting

Tuesday, August 21, 2014

# MARGINAL EMPLOYMENT OR JOBS IMPACTS

- The suggested formula involved in estimating the total employment or jobs impacts (MEI) associated with the MASGC project to the  $i^{\text{th}}$  economic sector or industry is as follows:

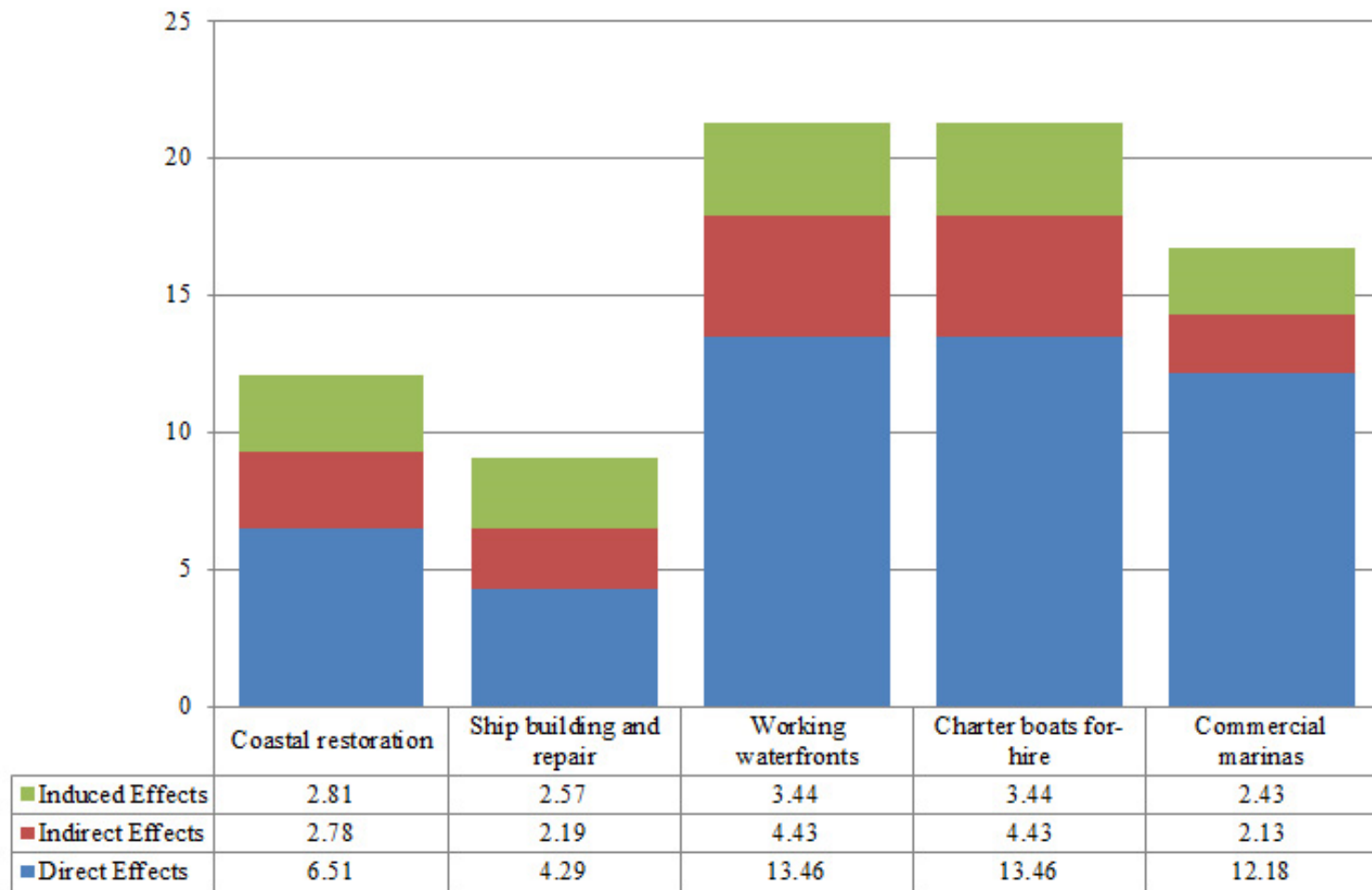
- $MEI_i = EXP_i \div K_{ji}$  Eqn. 2

- where  $EXP_i$  is as defined in Eqn. 1,
- $K_{ji}$  – jobs multiplier of the  $i^{\text{th}}$  economic sector in year  $t$ .

# MARGINAL EMPLOYMENT OR JOBS IMPACTS

- Employment or jobs multipliers relate the total change in the number of jobs resulting from an initial change in jobs of an organization or industry within the local economy.
- The values of the jobs or employment multiplier provide a quick view of the interactions between the initial changes in sales measured by the annual expenditures of MASGC projects to the total changes in the number of jobs in the industry served by Sea Grant projects.

# EMPLOYMENT OR JOBS MULTIPLIERS



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# Questions?

I truly appreciate your  
participation in this presentation!

[http://www.coastal.msstate.edu/  
msalsgpapproach.html](http://www.coastal.msstate.edu/msalsgpapproach.html)

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## Link to Training Module III

[Economic Impacts of Sea Grant  
Programs Module 3.pptx](#)