

Economic Impact Reports
for EB-5
Regional Center Program

Panelists

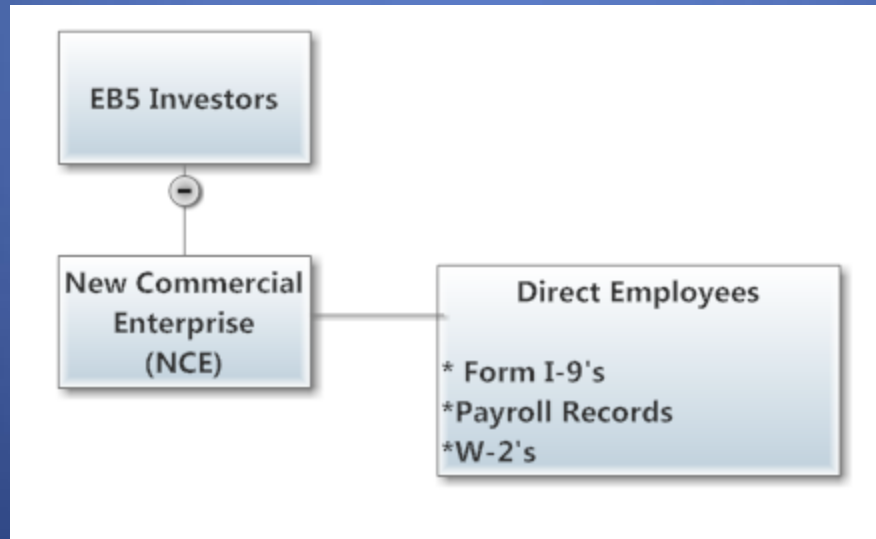
- David Morris
- John Barrett
- Jeff Carr

10 Jobs - Direct & Indirect

- An alien investing in a new commercial enterprise affiliated with and located in a regional center is not required to demonstrate that the new commercial enterprise itself directly employs ten U.S. workers;
- a showing of indirect job creation and improved regional productivity will suffice. 8 CFR 204.6(m).

Direct Jobs

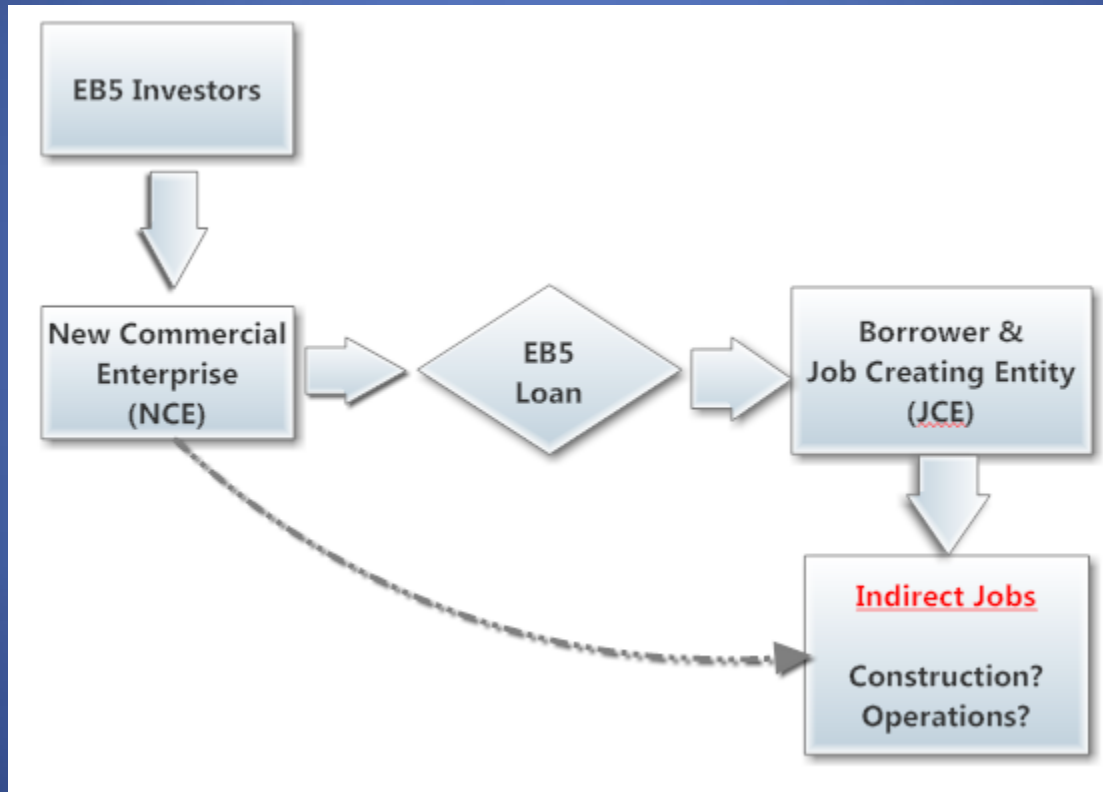
- Direct jobs are those jobs that establish an employer-employee relationship between the commercial enterprise and the persons that they employ.



Indirect & Induced Jobs

- Indirect jobs are the jobs held by persons who work for the producers of materials, equipment, and services that are used in a commercial enterprise's capital investment project, but who are not directly employed by the commercial enterprise, such as steel producers or outside firms that provide accounting services.
- Induced jobs (a sub-set of indirect jobs) are those jobs created when direct and indirect employees go out and spend their increased incomes on consumer goods and services.

Indirect EB-5 Jobs



How to Calculate Indirect Jobs?

- Regional centers typically use economic models to determine the number of *indirect jobs* that will be created through investments in the regional center's investment projects.

USCIS Form I-924 “Economic Analysis”

- Analysis must be supported by economically and statistically valid forecasting tools, including, but not limited to, feasibility studies, analyses of foreign and domestic markets for the goods or services to be exported [if any], and/or multiplier tables.

Confused? Your not Alone!

ECONOMIC SNAPSHOT

Compiled by Steve Deller, professor of Applied and Agricultural Economics at UW-Madison

QUESTIONS? Contact Bill Pinkovitz at bill.pinkovitz@ces.uwex.edu.

Economic Snapshot is a weekly feature provided by the

UW
Extension

Employment multiplier effect is often misunderstood

The employment multiplier is a commonly used, sometimes misused, and often misunderstood concept.

For example, the 2006 employment multiplier for hospitals in Wisconsin was an estimated 1.773. That simply means that every 1,000 jobs in hospitals supported another 773 jobs outside hospitals.

A recent study on the economic impact of Wisconsin hospitals helps explain the source of these jobs and how they were generated.

Wisconsin hospitals ranked second in the state in total jobs in 2006 with 112,780 direct employees. However, that only tells part of the story.

Hospitals purchased goods and services

Employment

Week 1:
The multiplier
effect and
hospitals

needed to operate their facilities and deliver their services. This spending supported additional employment in the businesses that provided those goods and services. This indirect employment was an estimated 47,219 jobs in 2006.

Similarly, induced employment occurred as direct and indirect employees spent their earnings, thus generating more jobs.

In 2006, spending by direct and indirect employees supported an estimated 39,959 in induced employment in Wisconsin.

Total employment (direct, plus indirect, plus induced) attributable to hospitals in Wisconsin totaled 199,957 in 2006.

The employment multiplier is calculated by

Employment by Wisconsin hospitals

Direct employment	112,780
Indirect employment	7,219
Induced employment	39,959
Total Employment	199,957
Employment multiplier	1.773

SOURCE: Wisconsin Department of Workforce Development, Quarterly Census of Employment and Wages

dividing total employment by direct employment.

The complete report, "Healthy Hospitals. Healthy Communities," is available at: http://www.uwex.edu/ces/cced/economics/documents/HealthyHospitals_web.pdf

Possible economic models?

- RIMS II
- IMPLAN
- REMI
- REDYN
- Others (e.g. Custom; State developed-maintained, other vendors models...)

USCIS Decision Board

- What is it?
- How does it work?
- Share your experiences so far?

USCIS “Helpful Hints”

What are your hints?



- Use up-to-date data
- Communicate all assumptions
- Cite sources that can be verified
- When determining the geographic scope of your RC and/or TEA, consider what data is available for that particular geography
- The Census website to provides a current list of NAICS codes:
<http://www.census.gov/eos/www/naics/>
- Maps outlining the important geographic features are helpful

Help Me, Help You

- What can a RC do to help you (the economist) better prepare a jobs report?
- Typical problems?
- Wish List?

Questions?