



## What Do We Mean By Economic Output? FAQ's

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### **Where do the Data Come From?**

The data gathered for this model came from Infogroup, California Gaming Association, and state government sources. Infogroup is the leading provider of business and consumer data, which includes addresses, business titles and job totals. Since the Infogroup data are adjusted on a continual basis, staff from John Dunham & Associates scanned the data for discrepancies, verifying individual facilities using Google Maps, web searches, and any available online government documents. Each office or facility has its own employee count; therefore, a business that owns three separate cardrooms would have three facilities, each with separate employment counts. In addition, for cases where employment data were available, Infogroup employment figures were replaced with industry sources.

### **What Model is Used?**

These employment totals are entered into the IMPLAN Model. The IMPLAN model is based on the input-output accounts published by the US Department of Commerce, Bureau of Economic Analysis and is one of the standard models used to calculate economic impact figures. Input-Output tables representing the economy in 2014 (2015 is the last year available at the time of this study) were used in this analysis. The IMPLAN model is designed to run based on the input of specific direct economic factors, like direct jobs, and generates estimates of direct wages and outputs.

## **Explanation of Economic Impact Terms**

### **Direct Impact Categories:**

The direct impacts of this study were divided up into the categories of the cardroom industry. The cardroom industry (as defined in this study) includes cardrooms, third party proposition player providers, and associated services like restaurants, bars, security, hotels and gift shops.

### **What is Meant By the Term Direct Impact?**

Direct Impacts are those jobs, wages or economic output solely attributable to the industry defined for the study; in this case cardrooms and associated businesses as well as third party proposition player providers. These are the jobs that one can count. If one were to go to a cardroom and count the number of people working there, that would be the direct employment (although there may be many more people working than there are jobs since many people work only part time). JDA uses direct employment at cardrooms, on-site restaurants and other sites that are defined to be part of the industry to calculate all of the other effects presented in the study. For example, if a company facility employs 500 people, JDA then uses the IMPLAN model to calculate how much in wages and output those 500 employees create.

### **What is Meant By the Term Indirect?**

Indirect is the term used in economic impact studies to define those effects that result from firms in the defined (or Direct) industry purchasing goods and services from other industries. JDA defines these as Supplier Impacts in its models. For example, when a cardroom pays rent to their landlord, or when they purchase drinks to serve their patrons, they are creating indirect effects in the real estate sector or beverage sector of the economy.

### **What is Meant By the Term Induced?**

Induced effects are the response by the economy that occur through re-spending of income received by payments made to employees and business owners measured in the direct and supplier parts of the economy. When people work for a cardroom or for firms that supply goods and services to the industry, they receive wages and other payments. This money is recirculated through their household spending inducing further local economic activity. Economists call these induced impacts the multiplier effect of an activity or industry.

Examples of induced effects are the jobs created in a diner located outside of a cardroom where people purchase sandwiches for lunch, or at the gas station where they purchase fuel for their commute, or even in neighborhoods, where workers purchase houses, go to restaurants or visit the movie theater.

### **What Specifically Do You Mean When You Say a Job?**

Jobs are a measure of the annual average of monthly jobs in each industry as defined by the Quarterly Census of Employment and Wages put out by the Bureau of Labor Statistics. Jobs in our models are derived independently and do not match jobs reported by government entities in that the model defines the industry differently, and because it includes proprietors and other employees not eligible for unemployment benefits, and data from more firms and facilities than are surveyed by the government. Jobs are measured in full-time equivalent units.

### **What is Meant by The Term Economic Output or Economic Impact?**

JDA uses output in its models as a general measurement of economic impact because it is the broadest and most comparative measure. Output can basically be considered similar to final sales; however, it differs due to the fact that it also includes adjustments in inventories and does not include certain taxes. In general, output represents the value of industry services or production for the model year calculated in terms of producer prices. Output differs depending on the industry being measured. In the case of the cardroom industry, output is similar to gross revenue from cardroom activities.

### **What is Meant By the Term Taxes Paid?**

This economic impact study measures the cardroom industry's total tax contributions. The model includes information on income received by the local governments. Local tax revenues include estimates of: property, sales, severance, estate and gift; gaming taxes, licenses and fees.

The model was built prior to the enactment of the Tax Cuts and Jobs Act, and represent taxes paid during the model year.