

# Economic Impact of Warren Wilson College on Buncombe County, North Carolina

Economic impact analysis measures the level of economic activity in a region related to the production activities of an enterprise, such as a business firm or an institution of higher education. The economic activity is measured in several ways—including output, earnings, and employment. The impact includes both direct and indirect elements. The direct impact is the economic activity directly linked to the activities of the enterprise. The indirect impact is the economic activity in the community due to the spending by the enterprise on inputs, especially wages and salaries for workers.

During the 2013-2014 fiscal year, Warren Wilson College added \$62.1 million to the economy of Buncombe County, generated \$21.8 million in household earnings, and created the equivalent of 483 full time jobs. The average pay for each job exceeds \$45,000.

## Economic Impact Summary

Direct Economic Impact (Output) .....	\$34,735,585
Indirect Economic Impact (Output) .....	\$27,385,535
Total Economic Impact (Output) .....	\$62,121,120
Household Earnings .....	\$11,765,318
FTE Employment .....	483 Jobs
Average Pay .....	\$45,012

## Economic Impact Analysis

Economic impact analysis measures the economic activity in a community or region related to the operations of an individual enterprise or an entire industry sector. The economic activity is measured in several ways—including output, earnings, and employment.

The "enterprise" is any organization where production occurs. It can be a for-profit business firm, such as a factory or store, or a non-profit entity, such as a museum or a college. The "industry" is composed of enterprises. For a business firm, the impact is based upon the sales revenues of the firm. For a non-profit entity

(such as Warren Wilson), the impact is based upon the overall budget of the enterprise.

There are three categories of economic impacts—direct, indirect, and total. The Direct Impact is the economic activity directly linked to the activities of the enterprise or industry, such as sales and employment. In technical terms, it is the delivery of goods and services to final users. The Indirect Impact is the economic activity in the community due to the spending by the enterprise or industry on inputs, especially wages and salaries. The indirect impact is estimated by using impact "multipliers." The Total Impact is the sum of the direct and indirect impacts.

## **The RIMS II Economic Impact Model**

The RIMS II Economic Impact Model was developed by the U.S. Bureau of Economic Analysis (BEA), part of the Department of Commerce. The BEA has responsibility for conducting official U.S. Government analyses of international, national, and regional economic matters.

To support their work on regional analysis, the Bureau of Economic Analysis has created a computer model -- the Regional Input-Output Modeling System, Version II (RIMS II). The model provides detailed estimates of the economic impacts of an enterprise or industry within defined geographic regions, such as counties, metropolitan areas, and states.

The RIMS II Economic Impact Model has been used to measure the economic activity in Buncombe County linked to the operations Warren Wilson College. The RIMS II impact multipliers used in this analysis have been purchased from the Bureau of Economic Analysis and are specific to the industries in the impact area of Buncombe County.

The procedures for conducting impact studies are detailed in *Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMS II)*, U.S. Department of Commerce, Bureau of Economic Analysis (Washington, DC: USGPO, 1992).

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