

Oregon Forest Collaboratives Workshop

November, 2015

Economic outcomes associated with restoration:

- Community business activity (e.g., economic impact)
- Reduced infrastructure costs to communities (bioenergy, water treatment)
- Individual well-being (e.g., health)
- Others?

Community business activity from restoration:

- Government and organizational operational spending
- Government and organizational employees
- Service contracts with local businesses
- Service contracts with non-local businesses
- Forest product sales to local and non-local businesses
- Forest products processed in the local area
- Avoided damage to private land
- Other?

Reduced infrastructure costs to communities from restoration:

- Biomass generated that can be used for local energy
- Avoided erosion from high-severity wildfire
- Others?

Individual well-being from restoration:

- Improved health because of reductions in air pollution
- Reduced stress
- Recreation opportunities from improved forest/watershed conditions
- Increased opportunity for young people
- Improved ecological conditions
- Others?

Key economic impact concepts

Local impact area: The geographic area within which economic impacts (jobs, income, business sales) will be counted. This is defined by the group and usually corresponds to county boundaries.

Local capture: The share of restoration-related work or timber sales that go to businesses located in the local impact area.

Leakage: Contracts/timber sales or business activity related to restoration that leaves the local impact area. Think of this for your own household, what things do you buy locally and what do you purchase outside the area or online?

Direct effects: The economic outcomes (e.g., jobs and income) associated with directly doing the work of restoration.

Indirect effects: The economic outcomes (e.g., jobs and income) associated with supplying materials, goods, or services to those doing the restoration work.

Induced effects: The economic outcomes (e.g., jobs and income) that happen in general sectors of the economy when employees spend part of their restoration incomes on household expenses.

Multiplier effect: $(\text{Indirect effect} + \text{induced effect}) / \text{direct effect}$. The “ripples” that happen elsewhere in the economy from a direct economic activity related to restoration.

Jobs: Unless otherwise stated, jobs are reported as annualized jobs, not full-time equivalents. An annualized job is one full or part-time job that lasts a year. Six annualized jobs = 12 jobs lasting 6 months each = 24 jobs lasting three months each.