



Dr. Greg George, LLC
Director

Economic, Litigation and Consultation Services

Economic Assessment of the GeorgiaForward Young Gamechangers Projects

Conducted by:

Dr. Greg George, Director
Center for Economic Analysis
School of Business
Middle Georgia State University

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Forward:

The purpose of this report is to present an independent and unbiased assessment of the Young Gamechangers Project as administered by GeorgiaForward. This report does not necessarily reflect the opinion of the School of Business, Middle Georgia State University, nor the University System of Georgia. Any errors or omissions are strictly the responsibility of the author. Additionally, any errors or questions should be addressed to Greg George at greg.george@mga.edu. The assessment is based on a review of economic reports provided by GeorgiaForward related to their operations over the past eight years. Standard economic impact study techniques were used in the completion of this report. In the event program information is updated, or changes, the results can be updated as necessary.

Summary of Findings

- Young Gamechangers has served six different communities across Georgia and has mobilized over \$6.7 million in funding, tax commitments and donations. Combined, these investments will contribute over \$12.1 million in economic activity and up to 126 jobs in the served communities as their recommendations are implemented.
- Young Gamechangers has contributed proposals that total \$33,395,000. If implemented as suggested, the proposals would generate over \$60 million in economic activity and support 578 jobs statewide.
- The above results are to be considered conservative since they do not include quantified quality of life improvements. For example parks, trails and greenspaces add immeasurable benefits to the local community in terms of health, wellness, and a sense of place. Furthermore, educational programs, business incubators and career development initiatives create additional opportunities for growth that are not fully captured by the quantified economic impacts.
- GeorgiaForward has been active since 2011 and serves as the administrative arm of Young Gamechangers. Based solely on its administrative activities, it has contributed a significant economic impact on the state of Georgia. An analysis of their financial statements indicates GeorgiaForward has contributed \$1,482,120 to regional economic activity and has supported 14 economy-wide jobs since 2011.

I. Overview

Dr. Greg George, Director of the Center for Economic Analysis was contracted by Kris Vaughn of GeorgiaForward to conduct an independent and unbiased economic assessment of the Young Gamechangers program. The purpose of the present report is to provide interested parties with accurate, timely and thorough information regarding the distribution and impacts of GeorgiaForward's community activities. In pursuit of this task, Dr. Greg George has consulted with key personnel, analyzed the financial statements and economic summaries, and utilized standard and customary economic impact methodologies to generate this study.

The current report presents a summary of the aggregate activities conducted by Young Gamechangers across six communities in Georgia. Whenever assumptions or estimates were necessary, the author erred on the side of presenting conservative results. The impacts and summary statistics reported herein should therefore be considered a baseline for the estimated impacts of the program. The following section contains a brief description of the GeorgiaForward and Young Gamechangers. Section III describes the methodology and presents our findings. The final section offers some concluding remarks.

Dr. Greg George is the director of the Center for Economic Analysis at Middle Georgia State University and has been conducting economic impact studies and general economic analysis as a private consultant for nearly two decades. The results presented in this study do not reflect the views of Middle Georgia State University or the University System of Georgia. Any errors or omissions are strictly the responsibility of the author.

II. Young Gamechangers

GeorgiaForward has been in operation since 2011 as a statewide nonprofit working to strengthen communities, unite the state and create a talent pipeline across the region. GeorgiaForward has developed the Young Gamechangers program and provides annual Forums that convene statewide thought leaders to discuss the future of Georgia.

Young Gamechangers is a leadership action program that brings together 50 of Georgia's brightest minds under the age of 40 to help solve persistent challenges of one Georgia community. Each class works for six to eight months to generate innovative ideas and recommendations for persistent challenges in a Georgia community which they present to the community at the conclusion of the program. To date, Young Gamechangers have provided recommendations to six communities across the state of Georgia including:

- Americus/Sumter County (2012)
- Dublin/Laurens County (2014)
- Douglasville/Douglas County (2016)
- Augusta (2016)
- LaGrange/Troup County (2017)

- Milledgeville/Baldwin County (2017)

Innovative ideas proposed by each class span a wide range of actionable items including, but not limited to:

- Economic Development Proposals
- Parks, Trails, and Greenspace Enhancements
- Festival and Recreational Opportunities
- Branding, Rebranding and Marketing Initiatives
- Educational Programs
- Job/Career Development and Business Incubators

For a complete description of Young Gamechangers proposals and summary reports, please visit <http://www.georgiaforward.org/young-gamechangers/>.

III. Methodology/Findings

General Descriptive Statistics:

In order to present an accurate description of the economic impacts associated with GeorgiaForward’s activities, in particular, with respect to the significant contributions of the Young Gamechangers programs, each of the six proposals were organized into “initiated” and “proposed” recommendations. In some cases, funding to initiate a proposal has been obtained, and in other cases, the proposals are still under consideration. For the purposes of this analysis, I have calculated the economic impacts of the initiated proposals assuming the items have been completed or will soon be completed. Additionally, I estimate the economic impacts likely to occur if all proposals are eventually initiated. Due to the relatively short time horizons of most of the proposals, and in an effort to provide conservative results, all estimates are in nominal dollars. Table I presents the aggregated initiated and proposed investments across the six impacted communities.

Community	Initiated	Proposed
Milledgeville	\$81,387	\$470,000
LaGrange	\$5,861,769	\$26,000,000
Augusta	\$150,000	\$6,575,000
Douglasville	\$290,200	n/a
Dublin	\$308,930	\$350,000
Americus	\$91,000	n/a
Total	\$6,783,286	\$33,395,000

Economic Impacts Methodology:

The BEA has provided five sets of multipliers for different categories of investment in the state, two of these sets were used to estimate the total economic impact of the Young Gamechangers programs as administered by GeorgiaForward. A description of the various multipliers is found below.

The BEA divides RIMS II multipliers into five standard categories, three Final Demand categories and two Direct Effect categories. The Final Demand multipliers considered for use in this economic impact analysis are the:

- **Output Multiplier**—shows the total dollar change that occurs in all industries in the state for each additional dollar of output produced by an investment in the community. In layman’s terms, this multiplier shows the total economic impact on the community of each dollar spent by a company or organization via a given economic activity (i.e., a renovation project, an event/festival, or investment in a park or recreational facility).
- **Earnings Multiplier**—shows the total dollar change in earnings of households in the state employed by all industries for each additional dollar of output produced by a company in a given industry (not relevant for this study).
- **Employment Multiplier**—shows the total change in jobs that occurs in all industries in the state for each addition 1 million dollars of output produced by a company in a given industry. In other words, how many jobs are generated in the community for every million dollars spent on an endeavour?

The Direct Effect multipliers considered for use in this economic impact analysis are the:

- **Earnings multiplier**—shows the total change in earnings of households in the state employed by all industries for each additional dollar of earnings paid directly to the households employed by a company in a given industry (not relevant for this study).
- **Employment Multiplier**—shows the total change in the number of jobs in all industries in the state for each additional job in a given industry. Since the approximate number of jobs associated with each investor is provided, these estimates are included as well (not relevant for this study).

Following the methodology set forth in the BEA’s publication *Regional Multipliers—A User Handbook for the Regional Input-Output Modelling System (RIMS II)*, and the methodology described in *Economic Multipliers: How Communities Can Use Them for Planning*, I use the final demand output multiplier to calculate output effects, and the final demand employment multiplier to estimate job creation. I describe the meaning of multipliers and associated calculations in the following sections. Data on investment expenditures were provided by GeorgiaForward, and multipliers were provided by the U.S. Department of Commerce’s Bureau of Economic Analysis.

Since each community involved multiple investments, with different multipliers, I calculated a weighted average multiplier for each aggregate community proposal.

Total Economic Impact Estimates:

The total economic impact of an enterprise represents the total new spending generated within the community as a result of a given investment. Once the region in which the investment occurs receives the new investment funds, a certain percentage of that money is spent within the impacted region, whether as payment of salaries, purchases of materials, payment of utilities, etc. The recipients of those funds also spend a certain portion locally creating further economic activity, and the process continues until the funds are exhausted. The total output multiplier generated by RIMS II shows how much economic activity is generated by an additional \$1 of investment by investment. Once the multipliers are known, the calculation is straightforward:

$$\text{TOTAL ECONOMIC IMPACT} = \text{GROSS INVESTMENT (FINAL DEMAND)} * \text{OUTPUT MULTIPLIER}$$

In this case, the relevant multipliers ranged from 1.5927 to 1.8374, depending upon how the money was spent. For example, investment in parks and events/festivals have been found to have a multiplier of 1.8374 in this region of the State. This means that for every \$1 of spending towards an event in the community, the investment will generate \$1.84 of economic activity in the region. Specifically, \$1 is generated by the initial expenditure (direct effect), and an additional \$0.84 is generated by other businesses in the area/state (indirect and induced effects). Activity created in the backward-linked businesses that support the event are classified as indirect effects, while new activity due to an increase in household spending are an example of induced effects.

Table 2 below shows the total activity that will be generated in the impacted region over the duration of the initiated activities and if the total proposed activities are eventually actualized. For each community, the weighted average output multipliers are indicated. The BEA produces Type I and Type II multipliers which are used for different forms of investment. Essentially, the source or “nature” of the investment determines which multiplier is appropriate.

Table II: Total Economic Impacts for the Initiated and Proposed Investments						
Community	Initiated	Multiplier	Impact	Proposed	Multiplier	Impact
Milledgeville	\$81,387	1.7195	\$139,947	\$470,000	1.6667	\$783,329
LaGrange	\$5,861,769	1.8005	\$10,554,383	\$26,000,000	1.8374	\$47,772,400
Augusta	\$150,000	1.6017	\$240,255	\$6,575,000	1.6827	\$11,063,835
Douglasville	\$290,200	1.6421	\$476,529	n/a	.	.
Dublin	\$308,930	1.8374	\$567,628	\$350,000	1.8374	\$643,090
Americus	\$91,000	1.6790	\$152,789	n/a		
Total	\$6,783,286	1.7884	\$12,131,531	\$33,395,000	1.8045	\$60,262,654

Table II indicates that the initiated programs have had a total economic impact of \$12,131,531 across the state and the proposed investments would have an estimated \$60,262,654 impact on the state if they are eventually enacted.

GeorgiaForward has been active since 2011 and serves as the administrative arm of Young Gamechangers. Based solely on its administrative activities, it has contributed a significant economic impact on the state of Georgia. Additionally, it has provided an annual Forum that brings together community leaders and prepare future leaders to solve regional problems. An analysis of their financial statements indicates GeorgiaForward has contributed \$1,482,120 to regional economic activity and has supported 14 economy-wide jobs since 2011. These impacts are in addition to the above impacts and the following jobs impacts.

Employment Impact Estimates:

All the activity mentioned above ultimately leads to the creation of jobs. First, the investment items directly employ workers (or paid a portion of their salary) needed to carry out the proposals. As the economic activity began due to the initiatives, other businesses faced increased demand, and likely hired additional employees or use the revenues to maintain salaries of existing employees. Hence, jobs were created both directly, and subsequently by businesses and employees benefiting from increased revenues from indirect and induced effects. Jobs created in the backward-linked industries that have supplied (or will supply) the services are classified as indirect effects, while new jobs created due to an increase in new spending are an example of induced effects. Ultimately, the total number of jobs created in the area exceeded the number of workers that were directly hired to complete the investments. While insufficient data exists concerning the exact number of direct hires across all industries it is possible to estimate the total jobs necessary to complete the investment items.

The method for calculating total job creation involves using the investment as a basis and multiplying it by the final-demand employment multiplier. As with the final-demand earnings multiplier, this method is used when the actual direct jobs data are not available. The other method is taking the number of employees that all the recipients actually hired and multiplying it by the direct-effect employment multiplier. When data on actual jobs are available, this method is a more accurate predictor of the economic impacts, but both methods are used extensively in economic impact studies. The calculation used is as follows:

$$TOTAL\ JOBS\ CREATED = GROSS\ INVESTMENT\ (FINAL\ DEMAND) * EMPLOYMENT\ MULTIPLIER$$

The relevant multipliers for the economic sectors covered by the investments ranged from 9.4734 jobs/million dollars invested to 24.8019 jobs/million dollars invested. This means that for every million dollars spent, on average 9 to 25 total jobs resulted. So an investment of \$100,000 would generate between 0.947 and 2.480 jobs in the region. Based on the information provided, it is estimated that Young Gamechangers have been

responsible for the creation of 126 jobs based on initiated activities and could help contribute to 578 additional jobs if their remaining proposed investments are actuated.

Qualitative Impacts:

Not all of the data and information provided is quantitative in nature. For example, the creation of greenspaces and bike trails provide real benefits to the community that are simply too difficult to quantify in dollar terms without engaging in complex and expensive studies. Providing parks, recreational activities and festivals bring joy and a sense of community as well as opportunities for healthy living that may go unrealized otherwise. Educational and career development services have direct positive impacts on those receiving the services as well as community and generational effects, which again are outside the scope of this report, but definitely occur.

IV. Concluding Remarks

Based on the information provided, it is estimated that the Young Gamechangers program as administered by GeorgiaForward generated over \$12,000,000 in economic activity and supported approximately 126 full time job equivalents in the region over the 6 years of the program. Other activities provided by GeorgiaForward, such as their annual Forum have contributed an additional \$1.5 million in economic activity and 14 jobs, state-wide. Additional economic impacts and quality of life improvements can be expected as proposals are adopted and implemented by the served communities.

Respectfully submitted on October 9, 2018 by:



Greg George, Ph.D. in Economics
Director of the Center for Economic Analysis
School of Business, Middle Georgia State University
Email: Greg.George@Mga.edu
Voice: (478)731-7134

VI. References

001	US Department of Commerce, Bureau of Economic Analysis <i>RIMS II Multipliers (2002/2010)</i> <i>Table 2.5 Total Multipliers for Output, Earnings, Employment, and Value Added by Industry Aggregation</i> <i>State of Georgia (Type II)</i>
002	US Department of Commerce, Bureau of Economic Analysis <i>REGIONAL MULTIPLIERS</i> <i>A User Handbook for the Regional Input-Output Modeling System (RIMS II)</i> Third Edition, March 1997
003	Wayne P. Miller <i>Economic Multipliers: How Communities Can Use Them for Planning</i> University of Arkansas