Economic Summary

FY15

Research and Development

Idaho National Laboratory

INL
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RESULTS SUMMARY

Idaho National Laboratory (INL) is one of the largest employers in Idaho and therefore provides a significant economic impact on the state’s economy. During Fiscal Year (FY) 2015, INL employed more than 3,700 people, making it the state’s fifth largest private employer and the state’s tenth largest employer when compared to all public and private businesses. Due to increased activity, INL’s total output impact increased by more than $170 million, or 12%, from FY 2014 to FY 2015.

INL is one of the U.S. Department of Energy’s (DOE’s) 17 national laboratories. INL performs work in each of DOE’s strategic goal areas: energy, national security, science, and environment. INL is the nation’s leading center for nuclear energy research and development. Day-to-day management and operation of INL is the responsibility of Battelle Energy Alliance (BEA). This report describes the results of a study of the total economic impact of INL operations on Idaho’s economy. The economic impacts identified in this report include INL operations managed by BEA only and do not include the impacts of other DOE contractors, the DOE itself, or the Naval Reactors Facility at INL. Economic-impact studies of INL prior to FY 2014 included the impact of other contractors in addition to BEA. This should be considered when comparing the results of the FY 2015 study to those of studies performed prior to FY 2014.

Economic impacts are separated into the following three categories: direct impacts, which are composed of INL operation expenditures; indirect impacts, which are the result of inter-industry trade between INL and suppliers of goods and services within Idaho; and induced impacts, which are created by the spending of household income earned directly or indirectly from INL operations. The total economic impact is the combination of all three of these impact categories.

Combining INL operations with additional indirect and induced impacts, the company adds nearly $1.6 billion to the state’s total economic output and almost 9,300 positions to the Idaho job market. Table 1 summarizes the impacts. Other important impacts include the following:

- INL’s total output impact increased by $170 million from FY 2014 to FY 2015—a 12% increase
- The total employment impact of INL operations accounts for more than 1.4% of Idaho’s employment
- INL directly employed 3,771 workers in Idaho; secondary effects in Idaho accounted for an additional 5,522 jobs for a total of 9,293 jobs—an 8% increase from FY 2014
- INL brought money into Idaho and generated additional value-added output of nearly $942 million
- INL accounted for nearly 2.5% of statewide economic output—up from 2.3% in FY 2014
- More than $667 million of economic output was generated through INL suppliers and employee household spending
- INL increased personal income in the state by nearly $703 million
- INL economic impacts accounted for 1.1% of all personal income in the state
- INL impacts resulted in an estimated $58 million in state and local tax revenues
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- Taxes generated by INL operations account for 1.6% of total state and local tax revenue (based on FY 2014 state tax revenues)
- The average base salary of an INL employee in FY 2015 was $88,635 annually, up from $87,542 in FY 2014
- BEA subcontracted nearly $130 million to Idaho subcontractors
- BEA’s corporate office contributed $622,500 to charitable giving.

**TABLE 1. COMBINED INL ECONOMIC IMPACT ON STATE OF IDAHO**

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>Employment</th>
<th>Labor Income</th>
<th>Value Added</th>
<th>Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>3,771</td>
<td>$483,970,837</td>
<td>$576,267,518</td>
<td>$917,123,568</td>
</tr>
<tr>
<td>Indirect</td>
<td>2,043</td>
<td>$90,986,686</td>
<td>$143,208,075</td>
<td>$257,751,333</td>
</tr>
<tr>
<td>Induced</td>
<td>3,479</td>
<td>$127,908,536</td>
<td>$222,416,759</td>
<td>$409,349,423</td>
</tr>
<tr>
<td>Total</td>
<td>9,293</td>
<td>$702,866,059</td>
<td>$941,892,352</td>
<td>$1,584,224,324</td>
</tr>
</tbody>
</table>

Multiplier: 2.46

- Employment — The number of jobs created or sustained
- Labor Income — The amount of income, including employee compensation (wages and benefits) and proprietor income
- Value Added — The value of a combination of innovation and improvement made as basic resources and intermediate goods are processed into final goods
- Output — The value of industry output or contributions to state gross domestic output

**DIRECT EFFECTS**

Direct effects are composed of total operating expenses, including goods and services purchases, taxes, education reimbursements, and payments to employees. These direct effects for FY 2015 account for more than $917 million (see Table 2). Payments to employees can be broken down into (a) wages and salaries and (b) employee benefits.

**TABLE 2. DIRECT EFFECTS**

<table>
<thead>
<tr>
<th>Expense</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods and Services</td>
<td>$400,108,378</td>
<td>$433,152,731</td>
<td>8%</td>
</tr>
<tr>
<td>Payroll Benefits, Medical</td>
<td>$45,603,107</td>
<td>$53,280,337</td>
<td>17%</td>
</tr>
<tr>
<td>Payroll Benefits, Retirement</td>
<td>$37,670,747</td>
<td>$46,833,027</td>
<td>24%</td>
</tr>
<tr>
<td>Payroll Salaries and Taxes</td>
<td>$348,949,880</td>
<td>$383,857,473</td>
<td>10%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$832,332,112</td>
<td>$917,123,568</td>
<td>10%</td>
</tr>
</tbody>
</table>

- Total payroll salaries and taxes include base salary, special pay, overtime, and taxes.

To improve the accuracy of the economic impact model, INL operations and expenditures were analyzed according to the department or directorate where the expenses were incurred. Direct effects were aggregated according to industry and directorate similarities, creating a series of industry categories that more closely represent INL operations.
In FY 2015, INL added nearly $1.6 billion to Idaho’s gross economic output, representing nearly 2.5% of Idaho’s total output or gross state product. This results from the direct effects of INL operations being multiplied through the economy. During FY 2015, INL contracted to purchase nearly $130 million worth of goods and services from Idaho businesses. According to the economic impact model and the presence of potential supporting businesses, the indirect impact of INL operations could reach $258 million.

INL employees’ spending creates an additional induced effect of $409 million on Idaho’s economy. For every $100 in direct economic activity at INL, an additional $73 of activity is created or sustained throughout the state’s economy. This results in an output multiplier of 1.73. See Figure 1 for an illustration of INL’s impact on total output.
In FY 2015, INL employed an average of 3,771 people. An additional 2,043 jobs are created or sustained by industries that support INL operations. INL employee spending creates or sustains an additional 3,479 jobs throughout Idaho. The combined employment impact accounts for 9,293 jobs. For every 100 INL jobs created, an additional 146 jobs are created or sustained throughout Idaho. See Figure 2 for an illustration of INL’s impact on employment.
FIGURE 3. IMPACT ON LABOR INCOME: $702,866,059

IMPACT ON LABOR INCOME

INL’s impact on Idaho’s total labor income for FY 2015 was nearly $703 million—or 1.1% of Idaho’s total personal income. Total labor income includes wages and salaries, employee benefits, and payroll taxes. The total income for employees of industries that support INL operations was nearly $91 million—or $44,536 in compensation per indirect job created or sustained through INL operations—as compared to Idaho’s average wage in FY 2014 at $37,982. INL employees’ household spending generated $128 million in compensation for individuals employed by Idaho businesses. The average base salary of an INL employee was $88,635. See Figure 3 for an illustration of INL’s impact on labor income.
VALUE-ADDED IMPACT

Value-added impacts are created by a combination of innovation and improvement made as basic resources and intermediate goods are processed into final goods. Service-related production also added significant value to the economy. INL directly added more than $576 million of value to Idaho’s economy. Industries that supported INL indirectly added more than $143 million of value to Idaho’s economy. Induced value-added impacts resulted in more than $222 million in economic activity. The total value-added impact was nearly $942 million. See Figure 4 for an illustration of INL’s value-added impact.
INL TOTAL IMPACT COMPARISON

INL’s increased economic activity in FY 2015 led to a $170 million, or a 12%, increase in output when compared to FY 2014. See Table 3 for a comparison of FYs 2014 and 2015. This resulted in a net change of 678 jobs throughout Idaho. Added employment at INL and supporting business fueled growth in labor income by more than $41 million—a 6.3% increase over FY 2014. The combined value-added impact of innovation at INL and supporting businesses increased by more than $39 million, or 4.4%, from FY 2014 to FY 2015.

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>FY 2014</th>
<th>FY 2015</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>$1,414,073,866</td>
<td>$1,584,224,324</td>
<td>$170,150,458 (12.0%)</td>
</tr>
<tr>
<td>Value Added</td>
<td>$902,501,176</td>
<td>$941,892,352</td>
<td>$39,391,176 (4.4%)</td>
</tr>
<tr>
<td>Labor Income</td>
<td>$661,489,021</td>
<td>$702,866,059</td>
<td>$41,377,038 (6.3%)</td>
</tr>
<tr>
<td>Employment</td>
<td>8,615</td>
<td>9,293</td>
<td>678 (7.9%)</td>
</tr>
</tbody>
</table>

MULTIPLIERS

INL has a direct impact on the economy, but it also has a “multiplier” effect because of interdependencies between industries. Industries that support INL operations by supplying goods and services further impact Idaho’s economy. Additionally, INL employees who live in Idaho spend a portion of their paychecks and support local business—which contributes to induced economic impacts. INL’s multipliers are as follows:

- **Output Multiplier** — INL’s output multiplier was **1.73**, which means that for every $100 of direct impact added by INL operations, an additional $73 will be generated throughout the Idaho economy.

- **Employment Multiplier** — INL’s employment multiplier is **2.46**, which means that an addition of 100 employees to INL’s payroll will result in an additional 146 created throughout the Idaho economy.

- **Labor Income Multiplier** — INL’s labor income multiplier is **1.45**, which means that if employee compensation by INL to its employees were to increase by $100, then an additional $45 in employee compensation would be added to the Idaho economy.

- **Value-Added Multiplier** — INL’s value-added multiplier is **1.63**, which means that if value added by INL to the production of final goods and services were to increase by $100, then an additional $63 in value would be added to the Idaho economy.
INL is one of the U.S. Department of Energy’s multiprogram national laboratories and is managed by Battelle Energy Alliance, LLC.

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