

# THE ECONOMIC IMPACT OF Wisconsin Energy Producers

## METHODOLOGY

This analysis utilizes data from the Quarterly Census of Employment and Wages, County Business Patterns, and Regional Economic Accounts to determine the economic impact of Wisconsin Energy Producers. This model produces an economic multiplier, a quantitative measure of economic impact that recognizes that all levels of economies are interconnected networks of interdependent activity. Events and changes in one part of the economy influence the rest of the economy. This will typically result in a greater total impact than was caused by the original injection of activity into the economy.

## IMPLAN

To calculate the impact of both operations and the capital expenditures by Wisconsin Energy Producers, we used an IMPLAN input/output (I/O) model. The model is capable of determining the overall economic impact that initial spending has on the local economy. It uses data gathered in surveys and estimates to determine to what extent different spending categories affect the local economy in terms of initial effect, direct effect, and indirect effect and induced effect. The figures are also pulled from local and Federal levels of Quarterly Census of Employment and Wages, Regional Economic Accounts, and County Business Patterns.

**Direct Effect** – this refers to production change associated with a change in demand for the good itself. It is the initial impact to the economy, which is exogenous to the model. In the case of Wisconsin Energy Producers, this includes the spending brought about by purchasing necessary electrical components to manufacture their products.

**Indirect Effect** – this refers to the secondary impact caused by changing input needs of directly affected industries (e.g., additional input purchases to produce additional output). It concerns inter-industry transactions, as Wisconsin Energy Producers creates a demand for locally sourced materials (electrical equipment, components that are used to assemble products) needed to produce its product. The success of TSTE affects all of its suppliers.

**Induced Effect** – this is caused by changes in household spending due to the additional employment generated by direct and indirect effects. The induced effect measures the effects of the changes in household income, as individuals working in the training facilities and the industry's suppliers spend money at restaurants, grocery stores and shops.

**Table 1**  
Wisconsin Energy Producers: Economic Impact

Impact Type	Employment	Labor Income	Output
Direct Effect	9,005	\$1,196,406,337	\$11,011,225,180
Indirect Effect	12,253	\$951,234,968	\$4,964,284,800
Induced Effect	13,556	\$576,118,834	\$1,821,020,947
<b>Total Effect</b>	<b>34,814</b>	<b>\$2,723,760,139</b>	<b>\$17,796,530,927</b>

**Table 2**  
Wisconsin Energy Producers: Industry Changes

Sector	Employment	Labor Income	Total Output
Electric Power Generation*	5,037	\$780,368,871	\$7,765,645,014
Electric Power Transmission & Distribution	4,155	\$548,637,695	\$5,439,038,812
Retail Stores**	1,715	\$53,900,533	\$124,111,192
Healthcare	1,451	\$116,378,699	\$214,765,617
Full-Service Restaurants	1,394	\$25,416,961	\$61,815,853
Employment Services	1,179	\$40,085,585	\$82,390,808
Limited Services, Other Food & Drinking Places	1,176	\$22,390,262	\$72,538,632
Local Government Electric Utilities	877	\$112,697,713	\$586,377,682
Real Estate	869	\$17,246,024	\$192,826,742
Professional, Scientific, & Technical Services	863	\$34,174,400	\$55,753,228

Excluding (\*) nuclear, (\*\*) gas stations and supermarkets

## CONCLUSION

In addition to the economic impacts provided, tax benefits are also generated to Wisconsin's State and Local governments. For the purposes of this report, taxes generated come to a total of \$1,143,777,686. This figure includes employee compensation, proprietor income, tax on production and imports, households, corporations' tax and payments made by municipal utilities in lieu of taxes.



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