

Central Ohio Air Quality

ECONOMIC IMPACT STUDY



To view the complete study, visit www.morpc.org.

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Mid-Ohio Regional Planning Commission thanks the City of Columbus, Caterpillar and OhioCAT for their generous financial support of the Central Ohio Air Quality Economic Impact Study.



This study was conducted by faculty and graduate students at the Ohio University's Voinovich Center for Leadership and Public Affairs and Economic Department. In particular, MORPC would like to thank Dr. Kevin Crist and Dr. Roy Boyd for their leadership and expertise. MORPC would also like to thank the Columbus Chamber for their partnership in this study through invaluable advice and guidance.

Protecting Our Economy, Jobs and Health



INTRODUCTION

Employment growth in Central Ohio continues to be lackluster and below the national average. In 2006, the 0.7 percent increase in employment was only half of the U.S. average. Looking ahead for 2007, the Columbus Chamber's Blue Chip Panel predicts year-to-year job growth at only 0.5 percent – a further decline from last year. Given this modest outlook for our region, any further stress on employment sectors could have serious impact for the region as a whole. Given this vulnerable situation, the Mid-Ohio Regional Planning Commission's (MORPC's) Air Quality Committee decided that it was imperative to understand the potential job and income losses that the region could experience if we fail to meet federal ozone and particle pollution clean-up deadlines.

THE STUDY

The study was primarily conducted by utilizing economic modeling software to realize what type of negative economic impact would occur in Central Ohio if the region failed to meet federal clean air regulations on time. For this study, the Central Ohio region was defined as Delaware, Fairfield, Franklin, Knox, Licking and Madison counties. All of these counties are currently designated as non-attainment for ozone pollution, and most of these counties also fail to meet the federal particle pollution standard.

The analysis attempted to determine the negative impact – the decrease in output, labor income and employment – if punitive actions were taken by the federal government against Central Ohio. The first scenario looked at the economic results of the withholding of \$450 million of federal highway funds for transportation projects within the 2006-2009 time period. The other consideration was the impacts to the region's economy if costly, anti-pollution devices were required by businesses in our region. For this purpose, the study simulated three cost increase scenarios which would occur during the 2006 and 2010 timeframe.

Economic sectors considered for the study included: chemical manufacturing, coal mining, crude oil and natural gas, farming, manufacturing, petroleum refineries, and services.

THE RESULTS

The study found that imposing federal sanctions on the region for failure to meet clean air standards does indeed have a significant negative impact on output, employment and labor income. The impact in the manufacturing and services sectors is the most significant, primarily due to the potential of highway funding cuts.

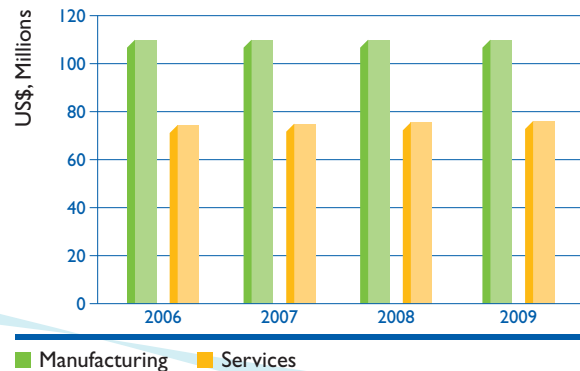
The estimated economic impact per year due to non-compliance to the Manufacturing sector is \$109.2 million; costing 1,000 jobs resulting in loss of labor income of \$47.5 million; to the Services sector is \$75 million; costing 650 jobs and loss of labor income at \$27.5 million.

In the situation of increased costs due to complying with additional clean air rules, results show that the manufacturing sector will decline somewhere between \$4.8 and \$6.9 billion by 2010. This would account for between 12.3 percent and 17.6 percent of total manufacturing output. The output in other sectors would be somewhat less but all sectors would experience some losses.

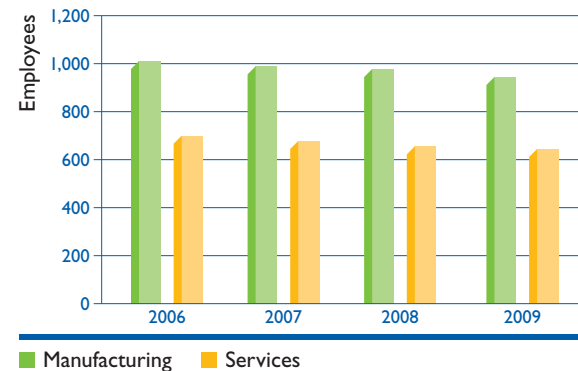
Multiple benefits can be reaped by complying with the regulations including a reduction in mortality rates and morbidity costs; clean air and long-term benefits such as providing a more livable and attractive place for individual and industrial growth.



LOST BUSINESS INCOME



JOB LOSS



WORKERS' LOST INCOME

