

Glossary (Bolded terms in definitions are also defined here).

Analysis by parts (ABP)	Analysis by parts (ABP) is also called “ bill of goods ” analysis. It is a type of input-output analysis that specifies each individual intermediate input associated with a project rather than the total output change in the project.
Agglomeration	Agglomeration is the idea that proximity to competitors and suppliers has become an increasingly important consideration for companies, especially newer firms, when deciding where to locate. Agglomeration can be described as industry clusters within a single geographic area. Examples of agglomeration include the computer technology industry in Silicon Valley, CA or the wine industry in Napa Valley, CA.
Backhaul	Backhaul is the return trip of a vehicle transporting cargo or freight, to backhaul is to have cargo in both directions of the trip.
Backward linkages	Input-output analysis is based on “backward” linkages, or purchases that industries make <i>from</i> others. Forward linkages are sales that industries make <i>to</i> others, and are typically not included in input-output analysis. The “backward” or “upstream” inputs into production are measured in the production of critical statistics from input-output modeling procedures. For example, if we grow more local tomatoes, the resulting increase in purchases would be included in the analysis, but any growth in tomato processing would normally be excluded.
Bill of goods	Bill of goods analysis is also called “ analysis by parts. ” It is a type of input-output analysis that specifies each individual intermediate input associated with a project rather than the total output change in the project.
Bivariate analyses	Bivariate analysis is one of the simplest forms of quantitative analysis involving the analysis of two variables for the purpose of determining the empirical relationship between them. Bivariate analyses are most often used to answer questions about differences in responses among various segments of the survey population.
Buy local	Buying locally is a form of import substitution . Higher incidences of within-region purchases prevent sales leakages for imports and therefore add income to a region.
Causality	Causality is the relation between an event and a second event, where the first event is understood to be responsible for the second.

Cluster	A cluster is a concentration of related industries in a particular area, and includes the companies in the industry as well as those who support the industry, such as suppliers, service providers, and government agencies.
Countervailing effects	countervailing effects (offsets) refer to the idea that gross gains in production of one good must be balanced against the fact that these shifts will usually cause shifts away from production of other goods.
Dillman Method	the Dillman Method is an approach to obtaining responses to surveys. This approach consists of an introductory letter, survey with addressed stamped return envelope, and reminder postcards. It is a commonly used method in mail surveys.
Direct impacts	In input-output analysis, there are three levels of economic activity: direct, indirect, and induced . Direct impacts are those associated initially with the economic change that is being measured, i.e., the output of a new enterprise, the labor incomes paid in that enterprise, the expected total value added , and the number of jobs (also see backward linkages).
Economic contribution	All industries in a study area change as the industries interrelate with other local suppliers and local households. Input-output models measure the extent and magnitude of these relationships. They allow the quantification of the value of economic linkages to produce an estimate of the monetary value of a given “ scenario ” or “ event ” to a regional economy.
Economic impact	An economic impact occurs when a measured scenario demonstrates net gains to a regional economy. An economic impact occurs when there are substitutions for previously imported goods (import substitution) or the region is able to export goods or services to external buyers.
Exports	Sales to buyers outside of a region are classified as exports. Exports can be to a neighboring region, the rest of the state, the rest of the country, or to other countries. Export sales reflect production that is in excess of local demand and is therefore available to the rest of the world. Export sales are the key manner in which regional economies expand.
Final demand	Goods or services that are not sold as intermediate inputs go to final users. The final users in input-output analysis include sales to households, governments, capital, and exports . For input-output accounting purposes, final demand does not add more value added to a commodity <i>within the region of analysis</i> .

Firmographic	firmographics are sets of characteristics to segment organizations. They are the demographics of organizations.
Fiscal impact	A fiscal impact, positive or negative, occurs when industrial activity levels in an area change. When there is new production, and by extension new labor demands, capital investment, and higher levels of inter-industrial transactions, there will be tax and service use consequences for local and for state government. If a project produces a net economic impact for a region such that there are gains in regional production, that project will also generate positive fiscal consequences provided it and the labor created by the project generate tax payments in excess of their collective demands for local or state government services.
Fixed-price models	Input-output models are an annualized declaration of all transactions between industries and other economic institutions (households, governments, capital, etc.). These models assume that all interrelationships are fixed, and that all coefficients into production, such as inputs, capital, and labor, are static. Therefore, for every industry in the model, the input and labor requirements per dollar of output do not change even if there are price changes in the economy such as would be the case with, for example, an energy price shock or a shortage of a particular agricultural commodity because of a drought.
Functional economic area	A functional economic area is a semi self-sufficient economic unit. It includes the places where people live, work, shop, and can sometimes be identified by physical or other characteristics.
Gross absorption coefficient	The gross absorption coefficient is the total amount of any commodity or service required for the production of the selected industry's products before netting out the share procured locally versus purchased as imports.
Impact assessment	An impact assessment examines the effect of an event on the economy in a specified area.
Import substitution	In classical economics, all purchases of imports result in a reduction in regional incomes. When local goods are substituted for imported goods, regional incomes grow. Import substitution is a key justification for local foods initiatives as it both retains dollars within a region, and creates a multiplier effect from the new production.
Indirect impacts	In input-output analysis, there are three levels of economic activity: direct, indirect, and induced . Indirect impacts reflect the multiplied-

through estimate of **intermediate inputs** required to satisfy the original project **scenario**. Indirect impacts reflect only the multiplied-through supplying sector consequences because the impact of spending by labor forms **induced impacts**.

Induced impacts

In input-output analysis, there are three levels of economic activity: **direct, indirect, and induced**. Induced impacts accumulate when all workers in the **scenario** (the direct workers and the indirect workers, initially) convert their **labor incomes** into household spending on local goods and services, thereby inducing another round of regional economic activity.

Input coefficients

The dollar value of a commodity required directly by an industry to produce a dollar of output. It is also referred to as the direct requirement coefficient.

Input- output model

Input-output models process regional, state, or national tables of inter-industrial transactions (**linkages**) to generate industry specific **multipliers**. They are used to project region-specific economic consequences of industrial expansion, contraction, or changes in household incomes.

Intermediate demand

All goods or services that are used as inputs in the production of a commodity are called **intermediate inputs**. All businesses have supply requirements that are met in part by regional suppliers and in part by external suppliers. The magnitude of within-region purchases of intermediate goods partly determines the size of **multipliers** that industries will have in a regional economy. That is, all else equal, the more that local businesses **buy locally**, the larger will be the **multiplier** for the purchasing industry and even for other local industries.

Intermediate inputs

See **intermediate demand**.

Intermediate purchases

Purchases of goods and services such as energy, materials, and purchased services that are used for the production of other goods and services rather than for final consumptions. These inputs are sometimes referred to as current-account expenditures. They do not include any capital-account purchases nor do they include inputs from the primary factors of production (labor and capital) that are components of value added.

Household demand

Like local industries, local households also have demand for goods and services produced locally and goods and service produced elsewhere. The magnitude of within-region purchases of by local households partly

determines the size of **multipliers** that industries will have in a regional economy. That is, all else equal, the more that local households **buy locally** from a given industry, the larger will be the **multiplier** for that industry and even for other local industries.

Labor income	Labor income in input-output models is composed of wages, salaries, and employer-supplied benefits (social insurance contributions, health care, and retirement, mostly). Labor income also includes the salaries proprietors pay themselves for managing their businesses.
Leakages	Leakage is a situation in which dollars exit a region rather than remain within it.
Likert scale	A method of ascribing quantitative value to qualitative data, to make it amenable to statistical analysis. A numerical value is assigned to each potential choice.
Linkages	All industries require commodity, capital, and service inputs. The extent to which one industry depends on inputs from other regional industries represents the sum and, ultimately, the value of their linkages with one another (see backward linkages).
Location quotients	A location quotient is a technique used to compare the industrial activity levels among different areas of the country. Location quotients are ratios that allow you to compare the concentrations of a resource or activity specified to that of a larger area such as a state or the nation as a whole. A comparison of location quotients can help to identify industry sectors of opportunity to deepen the contributions of the food system to the broader economy.
Margining	Margining is the process of applying margins. Margins are the value of the wholesale and retail trade services provided in delivering commodities from producers' establishments to purchasers. Margin is calculated as sales receipts less the cost of goods sold. It consists of the trade margin plus sales taxes and excises taxes that are collected by the trade establishment
Mind map	A mind map is a visual representation of hierarchical information that includes a central idea surrounded by connected branches of associated topics.
Multiplier	A key component of input-output analysis is the production of multipliers that indicate the extent of linked economic activity within a study region resulting from a change in production in a sector of the

economy. These multipliers are produced using what is called the Leontief Inverse procedure for processing an original **social accounts matrix** (SAM). The Leontief Inverse is, in turn, based on the strength of internal industry **linkages** (see **intermediate demand** and **household demand**). In the **input-output modeling** process, multipliers are created for industrial **output**, and all of the elements of **value added** (**labor income**, returns to proprietors, investment income, and indirect tax payments). Job multipliers are econometrically estimated separately and added to the model. Output models are usually reported per one dollar of industry sales or **output**; i.e., a \$1 increase in sales by Industry A will lead to a \$1.50 increase in sales or **output** throughout the local economy.

Opportunity cost	In general economic parlance, opportunity cost represents the next best alternative or the opportunity foregone when making a specific choice. For example, if a farmer decides to convert conventional commodity crop acres for soybeans into vegetable production, the opportunity cost of that choice would be the value of using that land for soybean production.
Output	Output is the value of production for an industry over the course of a year. Output is usually measured in producer prices, and the value of all inputs into production equals the value of all outputs in an input-output model . For most simple scenarios , output is more or less gross expenditures over the course of a year, including all value added payments (profits are part of value added payments).
Primary data	Primary data is data observed or collected directly from first-hand experience.
Production function	Every input into production represents some fraction of total industry payments for intermediate inputs or to factors of production (land, labor, or capital). The array of an industry's production function can be considered its production "recipe." See also intermediate inputs and intermediate demand .
Qualitative	Qualitative research deals with descriptions and data that cannot be measured using numbers.
Quantitative	Quantitative research deals with numbers and data that can be measured.
Rapid market assessments	Rapid market assessments (also known as dot poster surveys) were developed at Oregon State University to gather information from

farmers' market patrons. To use this method relatively simple, closed-ended questions are written on large flip charts. Respondents are given a strip of colored dots to place on the corresponding answer.

Regional purchase coefficients	A Regional Purchase Coefficient (RPC) is the proportion of the total demand for a commodity by all users in the Study Area that is supplied by producers located within the Study Area. For example, if the RPC for the commodity is 0.8, then 80% of the demand by local fish processors, fish wholesalers, and other fish consumers are met by local fish producers. Conversely, 20% (1.0-RPC) of the demand for fish is satisfied by imports. (IMPLAN)
Resource constraints	Resource constraints are a limit or restriction on the amount of resource available.
Return on investment	Return on investment (ROI) refers to the generation of earnings on an investment such that all costs of production are covered, including a normal return to investors. ROI is expressed as an annualized value. Input-output models do not produce information that informs ROI calculations.
Scenario	In input-output analysis, the scenario reflects the conditions under which an economic change is purported to occur. It could involve the introduction of a new industry, an expansion or contraction in production of a commodity, or a set of inter-related activities associated with a policy or project proposal. Proper specification of the scenario is a key step in analysis.
Secondary data	Secondary data is data collected by another party.
Significant difference	a significant difference (statistical significance) is a difference between two groups that cannot be explained away by chance alone.
Social Account Matrix	In IMPLAN language, a social account matrix (SAM) is the primary table used in an input-output model . It is a comprehensive accounting of the sales and purchases made by industries, households, and other critical institutions in an economy
Social network analysis	Social (commercial) network analysis is a mapping and measuring of relationships and flows between people, groups, organizations, and business entities. The nodes in the network represent some form of "active" relationship (commercial, project, programming). This visual and mathematical analysis of human and business relationships can help visualize the breadth and depth of networks.

Spillover	Spillover effects are economic events in one context that occur because of something else.
Study area	When analyzing a scenario using input-output analysis methods, it is important to properly specify the study area. For example, a local foods expansion study might focus on a particular county or set of counties. Study areas should reflect the area in which the primary economic activity is taking place. One would not, for example, use a statewide model to study a very localized initiative because it would inflate the multiplied-through impact of the initiative. Generally speaking, the study area should be no larger than the territory within which the majority of direct value added payments accumulate.
Total impacts	The sum of direct, indirect, and induced impacts yields total economic impacts .
Triangulating	Triangulation is used to indicate that two or more methods are used in a study in order to check the results. The idea is that once can be more confident with a result if different methods lead to the same result.
Type I multiplier	A type I multiplier measures the direct and indirect effects of a change in economic activity. It captures the inter-industry effects only, i.e., industries buying from local industries.
Type II multiplier	A type II multiplier captures the direct and indirect effects. In addition to the inter-industry effects, the Type II also takes into account the income and expenditures of households. The household income and the household expenditures are treated as industries. This internalizes (endogenizes) the household sector, including the induced or household spending effects.
Value Added	Value added in input-output analysis is made up of labor incomes paid to workers, income paid to capital investment or profits (payments to proprietors for their management, payments to investors), and indirect tax payments (that is, taxes that are included in the purchase price, such as sale or excise taxes and property taxes) that are part of the production process. Accounted for in a different manner, value added equals gross domestic product at the national level, which is the standard manner in which governments measure regional economic output . For a regional economy, regional value added equals regional domestic product for the region in question.