The Economic Impact of Minnesota's Weatherization Programs: An Input-Output Analysis

A recent economic impact analysis concludes weatherization work has a significant impact on Minnesota communities. The impacts vary by region and by weatherization activity, but on average the programs create one additional dollar of economic output with every dollar of spending. This heightened impact is likely attributable to the availability of manufacturers and suppliers of weatherization products in Minnesota and to the vast network of weatherization agencies throughout the state.

Approach

In order to quantify the economic impact of Weatherization Assistance Programs (WAP), University of Minnesota researchers used an input-output model. The model traces the flow of dollars throughout on economy and quantifies the economic effects (in dollars and employment) of spending for a specific activity. To get a true measure of regional weatherization spending activities, individual weatherization assistance program service providers in Minnesota were surveyed. The input-output model was customized to reflect the individual provider responses. The input-output model was created using IMPLAN software and data.

Findings

WAP enables low-income families to permanently reduce their energy bills by making their homes more energy efficient. The long-lived improvements of weatherization services result in substantial benefits for weatherization clients while improving the health and safety of their homes. In addition, WAP generates economic activity in the local economy.

Weatherization programs reach beyond the region they immediately serve: these impacts can be seen statewide. Research indicates that:

- For every dollar spent in Minnesota on weatherization programs, an additional $1.09, on average, of economic activity is created in the state.
- For each direct job funded by the program, an additional 0.77 jobs are generated in the state.
- For every dollar earned by weatherization workers, an additional $0.86, on average, is earned by other workers in the state.

Additional Weatherization Value

This analysis focuses only on the economic value generated per $1 of weatherization spending. These results hold true regardless of the funding source (federal, ARRA stimulus, etc). There is also a value to the dollars saved in energy costs and of social, physical and health improvements – which is not included in this study.

About this Study

The Minnesota Department of Commerce Office of Energy Security (OES) and Minnesota Community Action Partnership recently collaborated to analyze the statewide and regional economic impact of weatherization programs in Minnesota. Research was conducted by University of Minnesota Extension in early 2010. This factsheet is a summary of the results for this region. A full report explaining the statewide study in detail is available upon request.

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