

The Economic Impact of the Chrysler Layoff in Missouri

In February of 2007 Chrysler announced the layoff of 1,400 workers in its Fenton, Missouri plant. This brief examines the potential economic impact of this layoff in Missouri.

Findings

The layoff of 1,400 workers in the automotive industry in Missouri leads to an estimated loss of 7,391 jobs in direct, indirect and induced employment in

2008 ECONOMIC IMPACT SUMMARY

(7,391) new JOBS each year paying an avg wage of	\$37,248
(\$24.93) million new NET GENERAL REVENUES each year	
(\$284.10) million new PERSONAL INCOME each year	
(\$592.09) million new VALUE-ADDED / GSP each year	
(\$1,037.92) million new ECONOMIC OUTPUT each year	

Missouri. At an average pay of \$37,248 per annum, this amounts to a drop of \$284.1 million in personal income. Each job lost in this industry generates 5.28 jobs lost elsewhere in the state. This leads to a decrease in gross state product of over \$592 million, and a loss of \$1.037 billion in economic output.

Employment Impacts

The direct, indirect, and induced effects of this layoff lead to a loss of 7,391 jobs in the state. The industries with the largest decreases in employment were Other Services (1,004), Professional and Technical Services (758), and Wholesale Trade (752). Many of the workers involved took advantage of buyouts, retirements, and job bank positions, thus lessening the direct impact to the Manufacturing industry. The employment decrease in this industry was primarily due to indirect impacts related to the automotive supply chain.

EMPLOYMENT IMPACTS IN MISSOURI

Industry	Employees
Other Services	(1,004)
Professional & Technical Services	(758)
Wholesale Trade	(752)
Administrative & Waste Remed Services	(700)
Manufacturing	(674)
Retail Trade	(668)
Accommodation & Food Services	(532)
Transportation & Warehousing	(529)
Finance & Insurance	(421)
Construction	(325)
Real Estate, Rental, & Leasing	(227)
Health Care & Social Assistance	(200)
Management of Companies & Enterprises	(166)
Arts, Entertainment, & Recreation	(122)
Information	(121)
Educational Services	(114)

Fiscal Impacts

This layoff results in an estimated net decrease in state general revenues of \$24.9 million. The decrease in revenues is primarily driven by the decrease in individual income tax due to jobs lost, as well as lost corporate income tax due to lost production.

Methodology

This impact study was conducted using version nine of the Regional Economic Models Incorporated (REMI) economic model. Inputs for indirect employment figures were derived from the Minnesota IMPLAN Group.