

Follow Up to October 22nd Testimony

Assessing the Re-Employment of Labor After IGT's Exit from the State's Economy

Breakeven Scenario: 6-Year Time Period

- This scenario examines the impact on the state's economy of the immediate re-employment of 68% of labor resources after IGT's shutdown.
- The standard assumptions of the "competitive bid" scenario remain:
 - IGT shuts down its North American headquarters and Rhode Island loses 1,007 jobs and the associated payroll of \$104.0 million;
 - The lottery transfer to the general fund increases by \$14.0 million annually and is spent in accordance with current state general revenue expenditures.
- Of the 1,007 jobs that are lost when IGT exits the state's economy, 68% are assumed to be re-absorbed immediately in the same sectors from which the jobs were lost but at the average wages contained in the REMI PI+ model.

Breakeven Scenarios: 6-Year Time Period

- The average compensation used by REMI for the three impacted sectors and the number of jobs re-absorbed is as follows:

REMI Sector	Average REMI Compensation		Number of Jobs Re-Absorbed		Total Compensation
Management of Companies/Enterprises	\$141,194	×	71	=	\$9,985,240
Professional and Technical Services	\$57,405	×	410	=	\$23,538,346
Administrative and Support Services	\$36,247	×	204	=	\$7,394,388
Total	\$59,755		685		\$40,917,974

- The first thing to note here is that although 68% of the lost jobs from IGT's shutdown are re-absorbed into the state's economy, only 39.3% of the lost total compensation is re-absorbed.

Breakeven Scenarios: 6-Year Time Period

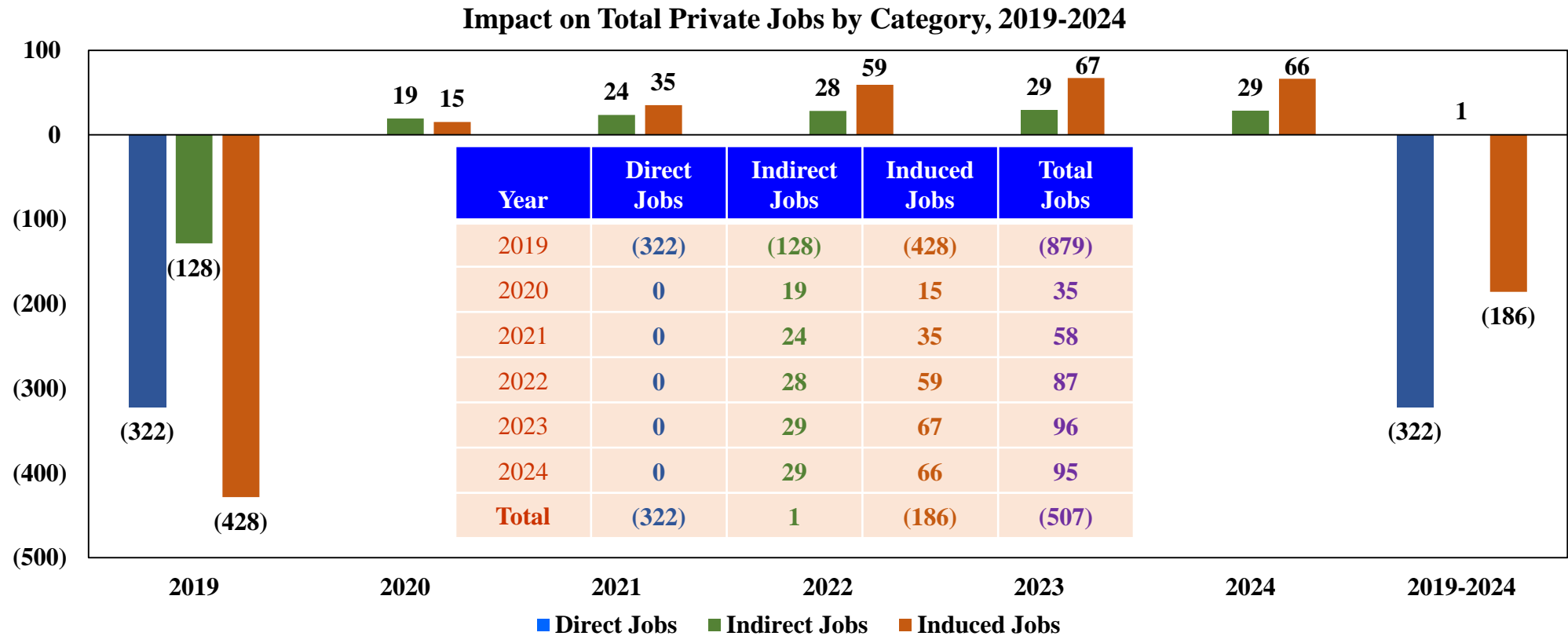
- The impact on total private non-farm and public employment over a 6-year time period is provided in the following table:

Jobs	2019	2020	2021	2022	2023	2024	Total
Private Non-Farm	(879)	35	58	87	96	95	(507)
Public	80	92	96	98	98	97	562
Total Jobs	(799)	127	155	185	195	192	55

- Note that total private non-farm employment is still negative in 2019 due to the initial negative impacts resulting from IGT's shutdown. However, these impacts are totally offset after 6 years.

Breakeven Scenarios: 6-Year Time Period

- The impact on direct (IGT), indirect (supply chain), and induced (tertiary) private non-farm jobs under a 6-year breakeven scenario is shown below:



Breakeven Scenarios: 6-Year Time Period

- The breakdown by industry sector of indirect private non-farm job impacts under a 6-year breakeven scenario are as follows:

Industry	2019	2020	2021	2022	2023	2024
Admin & Support Services	(35)	2	3	4	4	4
Prof, Sci, & Tech Services	(32)	1	2	3	3	3
Food Services & Drinking Places	(12)	0	1	1	1	1
Real estate	(9)	1	1	1	1	1
Retail trade	(6)	-1	0	1	1	1
Construction	(5)	0	0	0	1	1
Wholesale trade	(5)	0	0	1	1	1
All Other Industries	(23)	16	17	18	18	17
Total	-(128)	19	24	28	29	29

Breakeven Scenarios: 6-Year Time Period

- The net impact on induced private non-farm jobs by industry sector under a 6-year breakeven scenario are as follows:

Industry	2019	2020	2021	2022	2023	2024
Construction	(105)	(24)	6	23	29	29
Retail trade	(74)	8	6	8	9	9
Ambulatory health care services	(40)	5	3	4	4	3
Food services and drinking places	(33)	3	2	4	5	5
Real estate	(25)	2	1	3	4	4
Personal and laundry services	(19)	4	2	2	2	2
Social assistance	(18)	2	2	2	2	2
All Other Industries	(114)	15	12	14	14	12
Total	(428)	15	35	59	67	66

Breakeven Scenarios: 6-Year Time Period

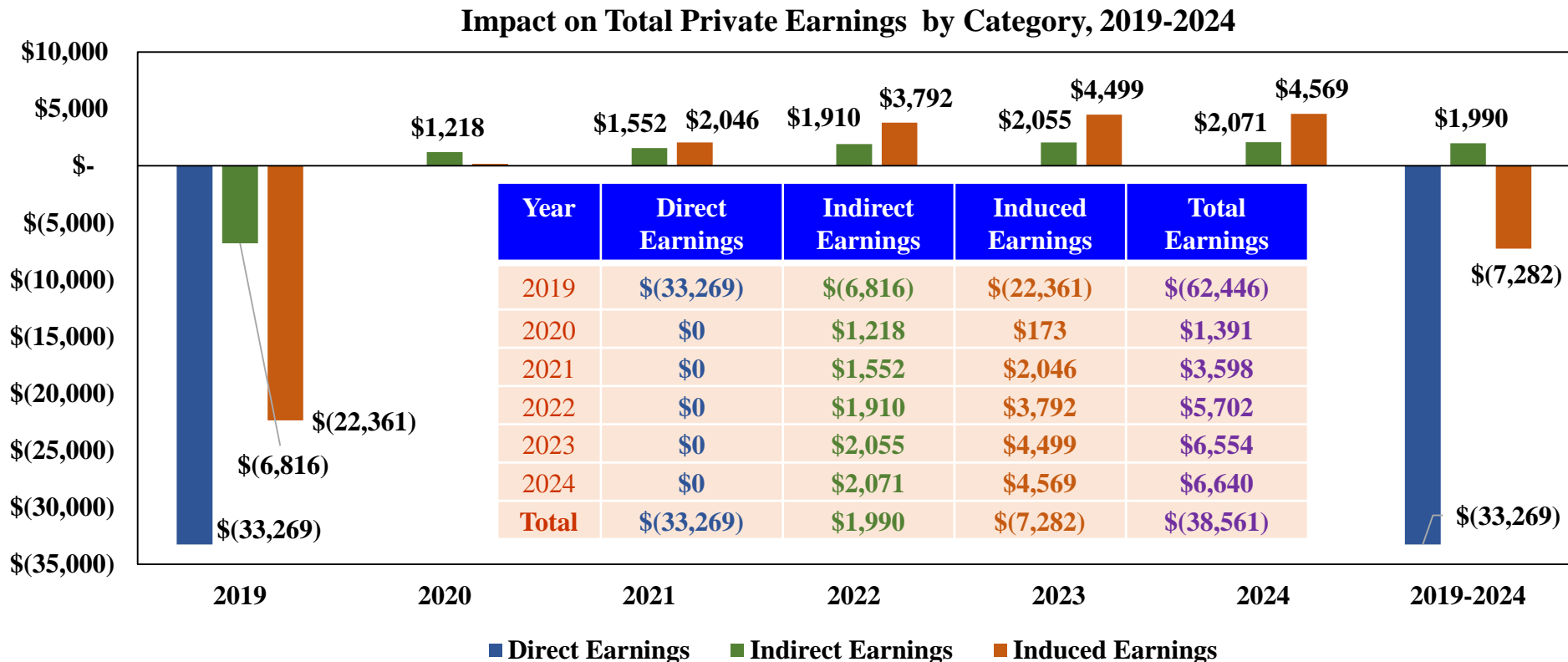
- The impact on total earnings (000s) over a 6-year time period is provided in the following table:

Earnings	2019	2020	2021	2022	2023	2024	Total
Private Non Farm	\$(62,446)	\$1,391	\$3,598	\$5,702	\$6,554	\$6,640	\$(38,561)
Public	\$7,090	\$8,363	\$8,952	\$9,327	\$9,569	\$9,705	\$53,005
Total	\$(55,356)	\$9,754	\$12,550	\$15,029	\$16,123	\$16,344	\$14,444

- Note that total earnings are still negative in 2019 due to the initial negative impacts resulting from IGT's shutdown. However, these impacts are totally offset after 6 years.

Breakeven Scenarios: 6-Year Time Period

- The impact on direct (IGT), indirect (supply chain), and induced (tertiary) private earnings (000s) is shown below:



Breakeven Scenarios: 6-Year Time Period

- The breakdown by industry sector of indirect private earnings impacts under a 6-year breakeven scenario are as follows:

Industry	2019	2020	2021	2022	2023	2024
Prof, Sci, & Tech Services	\$(2,453,758)	\$68,202	\$145,685	\$218,036	\$245,336	\$245,333
Admin & Support Services	\$(1,471,451)	\$107,020	\$123,971	\$177,315	\$199,875	\$204,410
Wholesale Trade	\$(502,876)	\$950	\$53,693	\$94,107	\$110,529	\$111,811
Construction	\$(389,099)	-\$6,821	\$4,026	\$36,995	\$53,670	\$60,378
Food services and drinking places	\$(339,138)	\$8,534	\$14,854	\$24,511	\$28,979	\$30,338
Retail trade	\$(231,057)	-\$28,051	\$15,265	\$43,329	\$54,762	\$55,112
Real estate	\$(191,887)	\$14,182	\$14,749	\$21,434	\$24,264	\$24,973
All Other Industries	\$(1,237,141)	\$1,054,113	\$1,180,094	\$1,294,509	\$1,337,408	\$1,338,528
Total	\$(6,816,407)	\$1,218,129	\$1,552,337	\$1,910,236	\$2,054,824	\$2,070,883

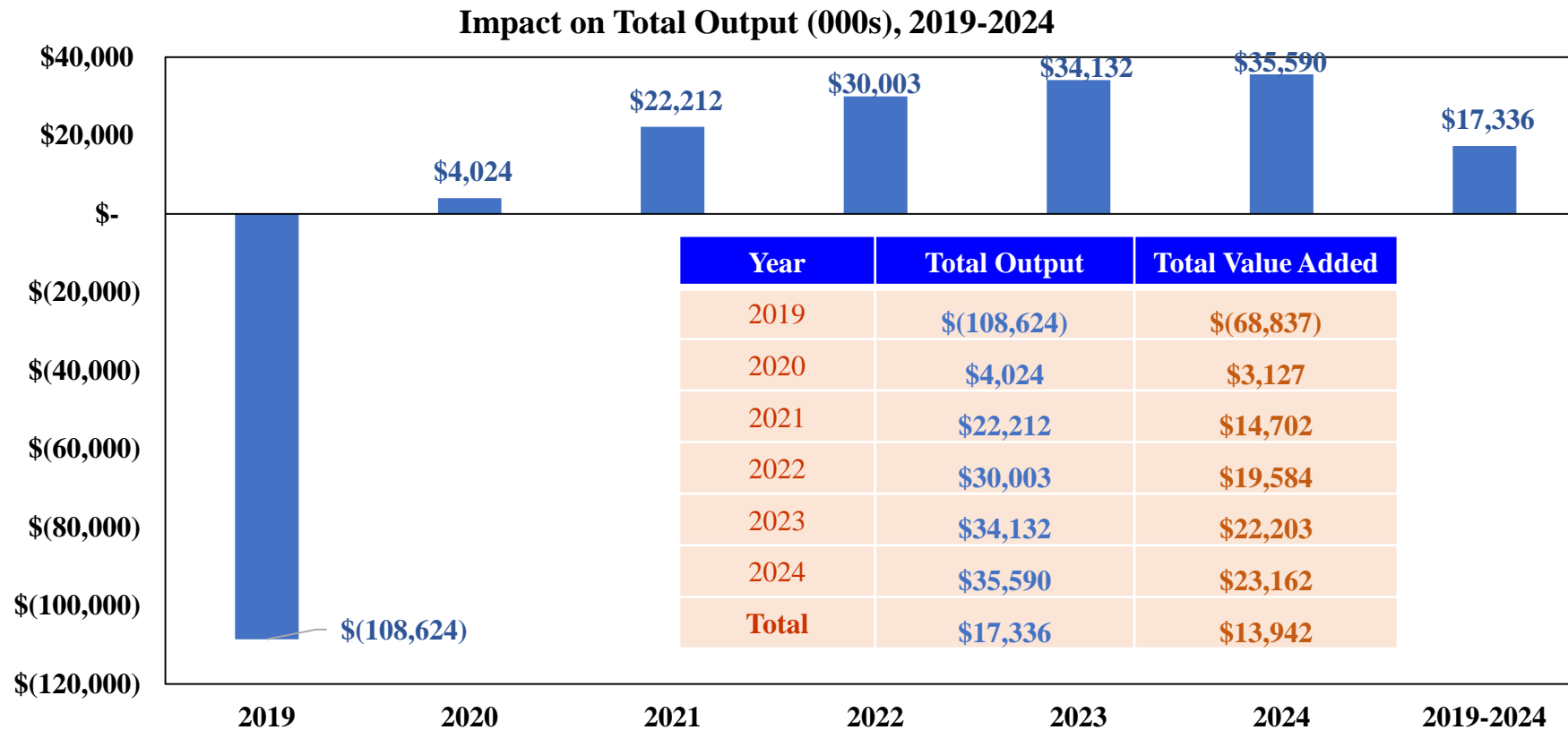
Breakeven Scenarios: 6-Year Time Period

- The breakdown by industry sector of induced private earnings impacts under a 6-year breakeven scenario are as follows:

Industry	2019	2020	2021	2022	2023	2024
Construction	\$(7,473,075)	\$(1,798,959)	\$486,520	\$1,831,492	\$2,422,636	\$2,515,272
Retail trade	\$(3,068,243)	\$343,325	\$283,843	\$380,708	\$428,999	\$452,625
Ambulatory health care services	\$(2,845,511)	\$404,069	\$258,934	\$299,204	\$304,271	\$296,670
Food services and drinking places	\$(907,473)	\$82,270	\$59,971	\$108,633	\$142,796	\$168,398
Hospitals; private	\$(761,573)	\$70,231	\$75,518	\$101,680	\$114,804	\$120,484
Non profits	\$(753,308)	\$101,736	\$74,242	\$86,590	\$88,315	\$85,395
Wholesale trade	\$(737,525)	\$113,308	\$91,044	\$106,631	\$109,424	\$106,407
All Other Industries	\$(5,814,634)	\$857,084	\$715,969	\$877,042	\$887,795	\$823,530
Total	\$(22,361,341)	\$173,066	\$2,046,040	\$3,791,981	\$4,499,041	\$4,568,781

Breakeven Scenarios: 6-Year Time Period

- The impact on private non-farm and public output and value added (table only) under a 6-year breakeven scenario is shown below:



Breakeven Scenarios: 6-Year Time Period

- The breakdown by industry sector of total output impacts under a 6-year breakeven scenario are as follows:

Industry	2019	2020	2021	2022	2023	2024
Prof, Sci, & Tech Services	\$(28,843,538)	\$(542,657)	\$193,431	\$504,280	\$675,562	\$742,801
Construction	\$(16,600,119)	\$(4,145,830)	\$908,344	\$3,804,703	\$5,112,920	\$5,361,308
Real estate	\$(14,803,370)	\$(3,201,185)	\$1,402,913	\$2,808,304	\$3,624,032	\$3,957,380
Administrative and support services	\$(10,591,428)	\$(1,786)	\$240,263	\$390,996	\$471,087	\$502,271
Management of Cos/Enterprises	\$(7,653,187)	\$(262,161)	\$19,513	\$76,628	\$117,591	\$139,012
Retail trade	\$(7,484,086)	\$(43,434)	\$668,350	\$1,029,441	\$1,239,642	\$1,340,541
Wholesale trade	\$(3,829,530)	\$(237,812)	\$405,380	\$645,884	\$771,477	\$811,228
All Other Industries	\$(29,203,952)	\$(61,733)	\$4,746,770	\$6,344,323	\$7,223,270	\$7,544,343
Total	\$(108,623,521)	\$4,024,113	\$22,211,513	\$30,002,619	\$34,131,646	\$35,590,081

Breakeven Scenario: 1-Year Time Period

- This scenario examines the impact on the state's economy of the immediate re-employment of 95% of labor resources after IGT's shutdown.
- The standard assumptions of the "competitive bid" scenario remain:
 - IGT shuts down its North American headquarters and Rhode Island loses 1,007 jobs and the associated payroll of \$104.0 million;
 - The lottery transfer to the general fund increases by \$14.0 million annually and is spent in accordance with current state general revenue expenditures.
- Of the 1,007 jobs that are lost when IGT exits the state's economy, 95% are assumed to be re-absorbed immediately in the same sectors from which the jobs were lost at the average wages currently paid by IGT.

Breakeven Scenarios: 1-Year Time Period

- The impact for the three sectors and the number of jobs re-absorbed is as follows:

REMI Sector	Average IGT Compensation		Number of Jobs Re-Absorbed		Total Compensation
Management of Companies/Enterprises	\$109,164	×	99	=	\$10,785,403
Professional and Technical Services	\$129,897	×	573	=	\$74,411,543
Administrative and Support Services	\$47,875	×	285	=	\$13,644,375
Total	\$103,320		957		\$98,841,321

- The first thing to note here is that, by using the total compensation reported by IGT, a re-absorption of 95% of the lost jobs from IGT's shutdown yields a re-absorption of 95% of the total compensation paid by IGT.

Breakeven Scenarios: 1-Year Time Period

- The impact on total employment under a 1-year breakeven scenario is shown below:

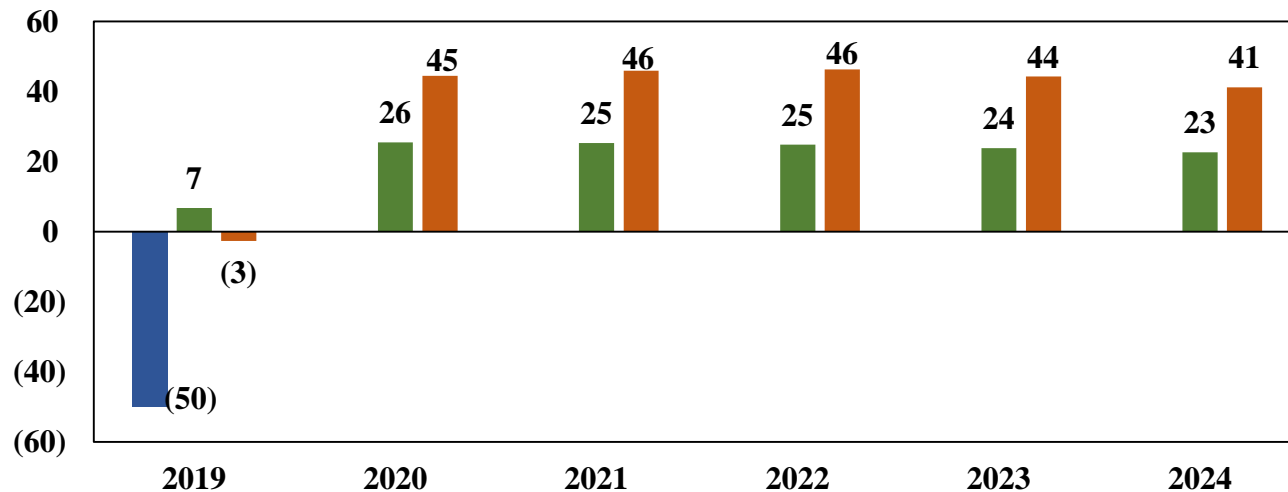
Jobs	2019	2020	2021	2022	2023	2024
Private Non-Farm	(46)	70	71	71	68	64
Public	105	105	104	102	100	97
Total Jobs	59	175	175	173	168	161

- Note that total employment, including private non-farm and public jobs, is positive in the first year.

Breakeven Scenarios: 1-Year Time Period

- The impact on direct (IGT), indirect (supply chain), and induced (tertiary) private non-farm jobs under a 1-year breakeven scenario is shown below:

Impact on Total Private Jobs by Category, 2019-2024



Year	Direct Jobs	Indirect Jobs	Induced Jobs	Total Jobs
2019	(50)	7	(3)	(46)
2020	0	26	45	70
2021	0	25	46	71
2022	0	25	46	71
2023	0	24	44	68
2024	0	23	41	64

■ Direct Jobs ■ Indirect Jobs ■ Induced Jobs

Breakeven Scenarios: 1-Year Time Period

- The breakdown by industry sector of indirect private non-farm job impacts under a 1-year breakeven scenario are as follows:

Industry	2019	2020	2021	2022	2023	2024
Ambulatory health care services	12	12	12	11	11	11
Social assistance	2	2	2	2	2	2
Prof, Sci, & Tech Services	(3)	2	2	2	2	2
Admin & Support Services	(2)	3	3	3	3	3
Food services and drinking places	(1)	1	1	1	1	1
All Other Industries	(2)	5	6	6	5	5
Total	7	26	25	25	24	23

Breakeven Scenarios: 1-Year Time Period

- The net impact on induced private non-farm jobs by industry sector under a 1-year breakeven scenario are as follows:

Industry	2019	2020	2021	2022	2023	2024
Construction	(1)	10	14	14	13	11
Ambulatory health care services	0	4	3	3	3	3
Retail trade	0	8	8	8	8	8
Non Profit	0	2	1	1	1	1
Personal and laundry services	0	2	1	1	1	1
Social assistance	0	2	2	2	2	2
All Other Industries	0	17	16	16	16	15
Total	(3)	45	46	46	44	41

Breakeven Scenarios: 1-Year Time Period

- The impact on total earnings (000s) under a 1-year breakeven scenario is shown below:

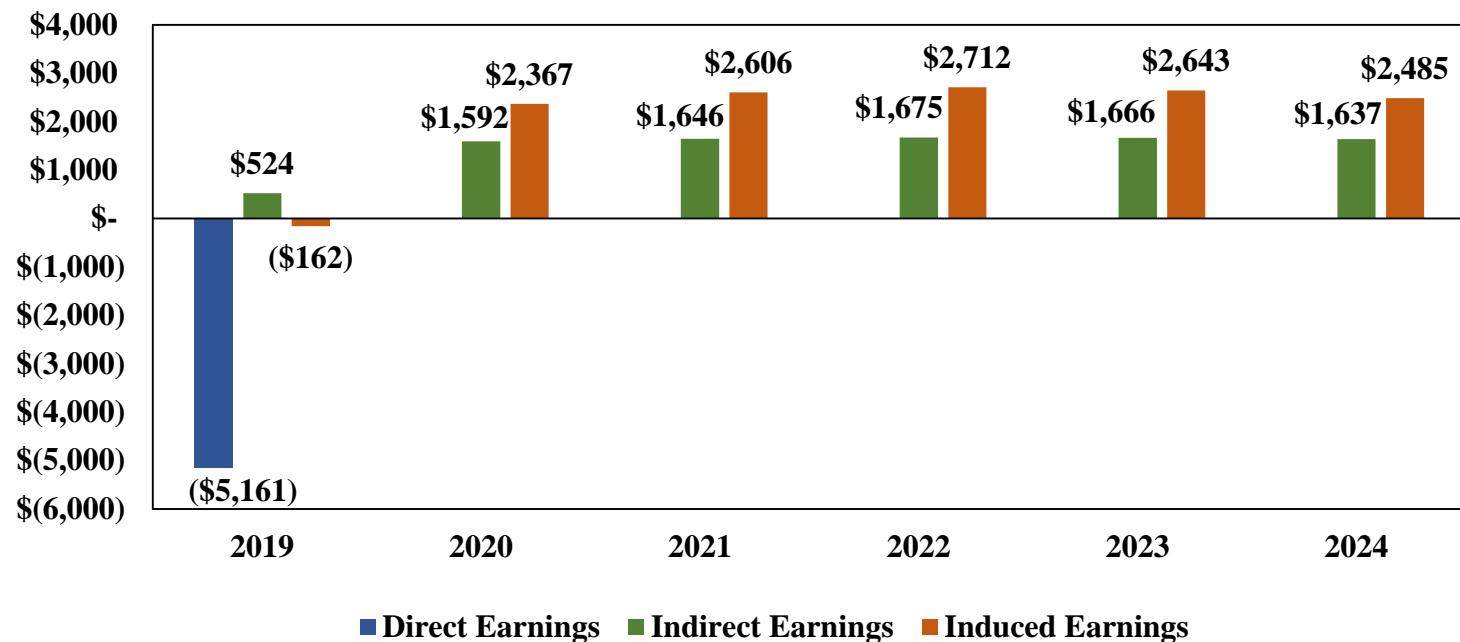
Earnings	2019	2020	2021	2022	2023	2024
Private Non Farm	\$(4,799)	\$3,960	\$4,252	\$4,387	\$4,309	\$4,123
Public	\$9,279	\$9,579	\$9,680	\$9,707	\$9,724	\$9,725
Total	\$4,480	\$13,538	\$13,932	\$14,094	\$14,033	\$13,847

- Note that total earnings, including private non-farm and government earnings, are positive in the first year.

Breakeven Scenarios: 1-Year Time Period

- The impact on direct (IGT), indirect and induced private earnings (000s) under a 1-year breakeven scenario is shown below:

Impact on Total Private Earnings by Category, 2019-2024



Year	Direct Earnings	Indirect Earnings	Induced Earnings	Total Earnings
2019	\$(5,161)	\$524	-\$162	\$(4,799)
2020	\$0	\$1,592	\$2,367	\$3,960
2021	\$0	\$1,646	\$2,606	\$4,252
2022	\$0	\$1,675	\$2,712	\$4,387
2023	\$0	\$1,666	\$2,643	\$4,309
2024	\$0	\$1,637	\$2,485	\$4,123

Breakeven Scenarios: 1-Year Time Period

- The breakdown by industry sector of indirect private earnings impacts under a 1-year breakeven scenario are as follows:

Industry	2019	2020	2021	2022	2023	2024
Ambulatory health care services	\$867,077	\$883,353	\$891,398	\$897,692	\$902,730	\$907,390
Social assistance	\$74,382	\$75,547	\$76,390	\$76,984	\$77,431	\$77,823
Repair and maintenance	\$26,521	\$57,483	\$59,307	\$60,507	\$60,661	\$60,339
Miscellaneous manufacturing	\$695	\$2,604	\$2,497	\$2,366	\$2,205	\$2,118
Nursing & residential care	\$430	\$447	\$468	\$440	\$407	\$423
Private households	\$298	\$311	\$309	\$307	\$303	\$315
All Other Industries	\$(445,847)	\$572,603	\$615,450	\$636,327	\$621,948	\$588,959
Total	\$523,556	\$1,592,349	\$1,645,819	\$1,674,624	\$1,665,685	\$1,637,368

Breakeven Scenarios: 1-Year Time Period

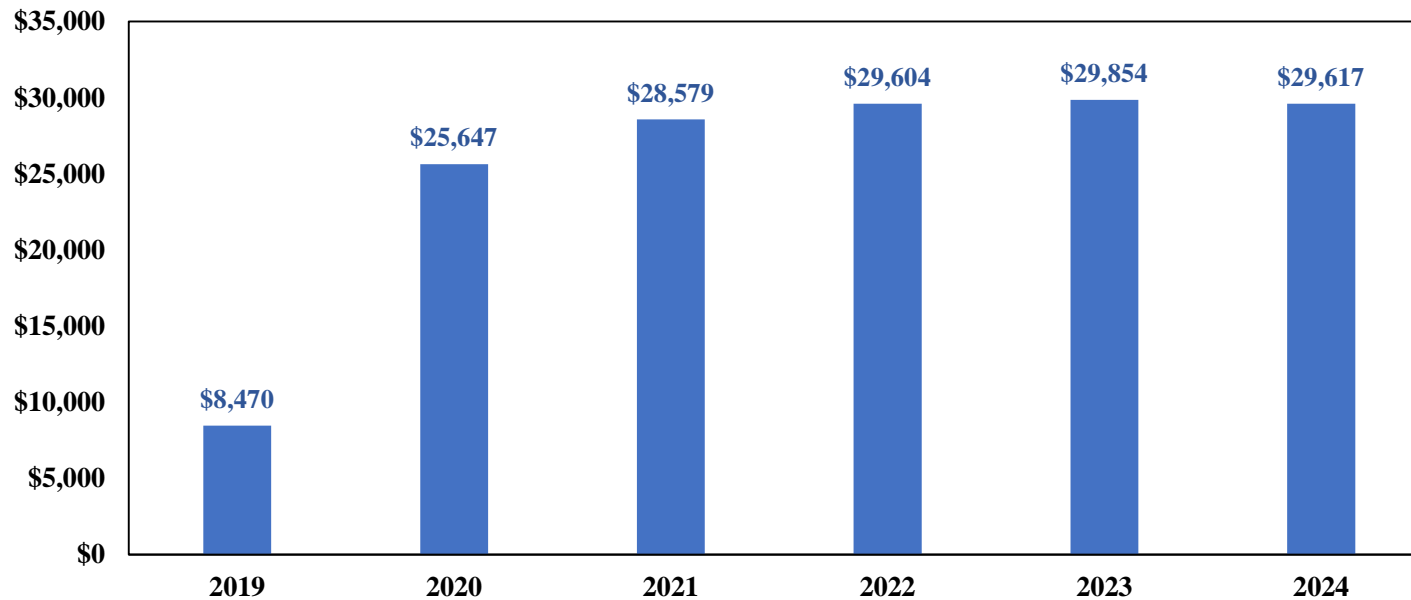
- The breakdown by industry sector of induced private earnings impacts under a 1-year breakeven scenario are as follows:

Industry	2019	2020	2021	2022	2023	2024
Food services and drinking places	\$6,047	\$123,870	\$140,060	\$160,932	\$177,671	\$191,322
Real estate	\$1,390	\$61,058	\$65,841	\$74,281	\$77,758	\$78,572
Food manufacturing	\$398	\$11,740	\$12,511	\$13,429	\$14,119	\$14,578
Beverage & tobacco manufact	\$185	\$3,374	\$3,897	\$4,382	\$4,810	\$5,109
Utilities	\$163	\$7,552	\$7,620	\$8,229	\$8,652	\$8,982
All Other Industries	\$(169,847)	\$2,159,883	\$2,376,539	\$2,451,030	\$2,360,279	\$2,186,614
Total	\$(161,663)	\$2,367,476	\$2,606,468	\$2,712,284	\$2,643,289	\$2,485,176

Breakeven Scenarios: 1-Year Time Period

- The impact on private non-farm and public output and value added (table only) under a 1-year breakeven scenario is shown below:

Impact on Total Output (000s)



Year	Total Output	Total Value Added
2019	\$8,469,620	\$5,932,294
2020	\$25,647,322	\$16,943,109
2021	\$28,578,952	\$18,822,609
2022	\$29,604,053	\$19,486,350
2023	\$29,853,546	\$19,669,468
2024	\$29,616,558	\$19,550,133

Breakeven Scenarios: 1-Year Time Period

- The breakdown by industry sector of total output impacts under a 1-year breakeven scenario are as follows:

Industry	2019	2020	2021	2022	2023	2024
Ambulatory health care services	\$1,420,550	\$2,023,894	\$2,060,962	\$2,086,012	\$2,098,919	\$2,105,727
Social assistance	\$112,730	\$233,262	\$251,821	\$262,543	\$268,956	\$272,271
Repair and maintenance	\$39,427	\$177,080	\$185,284	\$189,174	\$189,796	\$188,679
Educational services; private	\$24,497	\$173,024	\$231,703	\$257,195	\$272,479	\$279,922
Hospitals; private	\$22,160	\$296,646	\$375,226	\$414,548	\$440,582	\$457,210
Nursing & residential care	\$7,489	\$88,449	\$114,955	\$123,990	\$128,669	\$130,220
Miscellaneous manufacturing	\$2,477	\$37,662	\$49,731	\$48,534	\$45,036	\$40,295
All Other Industries	\$6,840,290	\$22,617,305	\$25,309,270	\$26,222,057	\$26,409,109	\$26,142,234
Total	\$8,469,620	\$25,647,322	\$28,578,952	\$29,604,053	\$29,853,546	\$29,616,558