

**Example; Employment Impacts for Investments in New Capital Assets**

The employment impacts associated with increments of alien entrepreneur investments through the expanded SELARC Investor Program can be illustrated through two examples of typical capital asset projects. In each case, the total cost of the required capital assets is comprised of some combination of the alien investor capital and commercial bank funding, the sum of which is required for the capital asset investment to proceed. It makes no difference to the overall jobs calculation approach, or the jobs associated with the alien investor contribution to the total cost, whether the investment is structured as debt or equity. A corollary to this observation is that the alien investment through the SELARC Investor Program can be a critical source of leverage for the total capital asset investment needed by a business in the 34<sup>th</sup> Congressional District, and absent this source of financing, the total capital asset investment, and the jobs it would generate, might not occur.

1. Food Processing and Cold Storage Facility

The first example consists of a 15,000 square foot building constructed on a site in the 34th Congressional District that is intended to accommodate a bread and bakery product manufacturer. The total cost to construct the building is \$4.0 million, plus \$4.0 million for equipment, for a total required capital asset investment of \$8.0 million.

According to the values in Table IV-1 for the bread and bakery product manufacturing sector (which are reproduced below), each \$1.0 million increment of investment in capital assets which is required to provide the building and equipment would be expected to generate \$3.0 million in sales, based on an RMA sales/asset ratio of 3.0.

IMPLAN Industry Sector	NAICS Sector	IMPLAN Sector	Total Jobs/\$1 Million Sales	Sales/Asset Ratio	Total Jobs per Asset Investment		
					\$1 million	\$500,000	\$250,000
Bread and bakery product mfg	3118	62	10.9	3.0	32.7	16.4	8.2

These data also show that each \$1.0 million in sales in this industry sector generates 10.9 jobs in the Los Angeles County economy. Thus, each \$1 million in asset investment in this sector leads to 32.7 jobs in the County economy (\$1.0 million asset investment x 3.0 sales/assets ratio = \$3.0 million in sales x 10.9 jobs/\$1.0 million in sales = 32.7 jobs). Alternatively, each \$500,000 in asset investment in this sector leads to 16.4 jobs in the County economy (\$0.5 million asset investment x 3.0 sales/assets ratio = \$1.5 million in sales x 10.9 jobs/\$1.0 million in sales = 16.4 jobs).

Therefore, the total investment of \$8.0 million required to produce the new capital assets for the bread and bakery product manufacturer in the above example, including an investment from alien entrepreneurs, would generate a total of 262 jobs in the Los Angeles County economy (i.e., \$8.0 million/\$1.0 million x 32.7 jobs per \$1.0 million = 262 jobs). In this example, the SELARC Investor Program’s contribution to the \$8.0 million capital asset investment, drawn from its pool of individual alien equity capital investors, might come in the form of loan, or

equity investment by the limited partnership. As noted above, absent this source of investment, the \$8.0 million capital asset project and its 262 jobs might not proceed.

2. Assisted Living Facility

The second example consists of a 140-unit assisted living facility for seniors totaling 57,000 square feet on a 2.6-acre site in the 34<sup>th</sup> Congressional District. The total cost to construct the building is \$14.4 million, plus \$2.0 million for equipment, for a total required capital asset investment of \$16.4 million.

According to the values in Table IV-1 for the nursing and residential care facilities sector (which are reproduced below), each \$1 million increment of investment in capital assets which is required to provide the building and equipment in this example would be expected to generate \$600,000 in sales, based on an RMA sales/asset ratio of 0.6.

IMPLAN Industry Sector	NAICS Sector	IMPLAN Sector	Total Jobs/\$1 Million Sales	Sales/Asset Ratio	Total Jobs per Asset Investment		
					\$1 million	\$500,000	\$250,000
Nursing & residential care facilities	6233	398	28.9	0.6	17.3	8.7	4.3

These data also show that each \$1 million in sales in this more labor-intensive industry sector generates 28.9 jobs in the Los Angeles County economy. Thus, each \$1 million in asset investment in this sector leads to 17.3 jobs in the County economy (\$1.0 million asset investment x 0.6 sales/assets ratio = \$600,000 in sales x 28.9 jobs/\$1.0 million in sales = 17.3 jobs). Alternatively, each \$500,000 in asset investment in this sector leads to 8.7 jobs in the County economy (\$0.5 million asset investment x .06 sales/assets ratio = \$300,000 in sales x 28.9 jobs/million in sales = 8.7 jobs).

Therefore, the total investment of \$16.4 million required to produce the new capital assets for the nursing and residential care facility in the above example, including an investment from an alien investor, would generate a total of 284 jobs in the Los Angeles County economy (i.e., \$16.4 million/\$1.0 million x 17.3 jobs per \$1.0 million = 284 jobs). Here again, the SELARC Investor Program’s contribution to the \$16.4 million capital asset investment, drawn from its pool of individual alien equity capital investors, might come in the form of loan or equity investment by the limited partnership. Absent this source of investment, the total capital asset project and its 284 jobs might not proceed.

The above examples serve to illustrate the general jobs calculation approach per unit of alien entrepreneur investment presented in this Report. The jobs generated by specific investors attracted by the SELARC Investor Program will be evaluated based on the total capital asset investment required for specific projects in the 34<sup>th</sup> Congressional District in their associated industry sectors. The financial resources from the expanded SELARC Investor Program, comprised of investments from a pool of individual alien investors, could be an important source of leverage that would have a significant catalytic impact on economic activity in the 34<sup>th</sup> Congressional District.