

Accordingly, this study supplements NAICS-based measurement with a product-based reallocation framework, consistent with BEA industry redefinition practices. Data center-related products and services are identified using NAPCS collection codes from the Economic Census. These products are then mapped to their producing NAICS industries, and the data center-attributable portion of output, employment, and labor income is reassigned into a single, functionally defined data center industry.

Key features of this approach include:

- **Full inclusion of core data center services**, wherever they are produced;
- **Partial inclusion of adjacent services** only to the extent they are economically inseparable from data center infrastructure operations; and
- **Explicit exclusion of upstream suppliers** (such as utilities, construction, and equipment manufacturing) and application-layer or end-user services.

This methodology reallocates existing economic activity rather than adding new activity, ensuring that economy-wide totals are preserved.

Given the continued evolution of the data center industry and ongoing changes in government data availability and classification systems, the expanded industry definition and associated allocation parameters should be periodically reassessed. Continued monitoring of BEA, Census Bureau,

and BLS data releases will support the further refinement of the estimates in future studies.

Indirect and induced economic contributions

The initial round of output, income, and employment generated by the construction and operations of the data centers leads to successive rounds of spending in the chain of production and through the personal consumption spending of industry and supplier employees. These indirect and induced economic contributions can be measured using various approaches, the most common of which is multiplier analysis. In broad terms, a multiplier is an index that indicates the overall change in the level of economic activity that results from a given initial change. It effectively captures all the successive rounds of re-spending, based on a number of assumptions embedded in the method of estimation.

There are different methods available for calculating multipliers. The method used in this report is input-output analysis. It is the most commonly used approach in regional economic contribution studies. The input-output model used in this study is built around an input-output table that relates the purchases that each industry has made from other industries to the value of the output of each industry. To meet the demand for goods and services from one industry, purchases are made in other industries

