

**A REPORT OF THE ECONOMIC IMPACT  
OF FISCAL YEAR 2009 OPERATIONS OF  
SAMPLE UNIVERSITY**

Prepared for:

Sample University

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**Impact**DataSource

Economic Consulting, Research & Analysis

4709 Cap Rock Drive  
Austin, Texas 78735  
P: 512 892.0205  
F: 512 892.2569

[www.impactdatasource.com](http://www.impactdatasource.com)



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# EXECUTIVE SUMMARY

This report presents the results of an economic impact analysis performed by Impact DataSource, an Austin, Texas economic consulting and research firm. The purpose of the analysis was to determine the impact that Sample University had on the economy of Sample County, the Anytown area and the state of Texas during fiscal year 2009. The related revenues for Anytown and other local taxing districts were also calculated.

## The University

In the Fall 2009 session, the University had an enrollment of 8,695, approximately 1,820 employees and an annual budget of \$364.4 million.

The University is situated on 272 acres in Anytown, Texas, about 5 miles from downtown Anytown. It offers 117 undergraduate areas of study, 41 master's level programs and 15 areas of doctoral study.

## Economic Impact during Fiscal Year 2009

The University has a significant impact on the Anytown area economy. The University's direct economic impacts derive from operating expenditures, employees and their salaries, students and visitors. In addition, this activity ripples through the area's economy supporting indirect benefits including sales in local businesses and organizations, as well as indirect jobs and salaries.

In Sample County during fiscal year 2009, the University spent over \$66 million, purchasing goods or services from approximately 4,365 different vendors. Similarly, the University spent approximately \$65 million dollars in a neighboring county in fiscal year 2009, doing business with nearly 1,000 vendors.

During fiscal year 2009, the University supported \$630.2 million in economic activity in the Anytown area. In addition, the University supported 4,186 area jobs and annual salaries of \$584.4 million. These economic impacts are shown below.

Economic Output, Jobs, and Annual Salaries and Student Financial Aid Supported by the University during Fiscal Year 2009			
	Economic Output	Jobs	Salaries and Student Financial Aid
Direct	\$274,000,000	1,820	\$254,100,000
Indirect and induced	\$356,200,000	2,366	\$330,330,000
<b>Total</b>	<b>\$630,200,000</b>	<b>4,186</b>	<b>\$584,430,000</b>



## EXECUTIVE SUMMARY

This economic output and related jobs and salaries supported by the University are responsible for significant retail sales in the area, spending on lodging and residential property owned or occupied by University employees and indirect workers on local tax rolls. These taxable retail sales, spending on lodging and residential property are shown below.

Taxable Retail Sales, Spending on Lodging and Residential Property on Area Tax Rolls Supported by the University during Fiscal Year 2009	
Taxable annual retail sales in the area	\$196,955,302
Annual spending by out-of-town visitors on lodging	\$9,579,298
Taxable value of residential property owned or occupied in the Anytown area by University employees and indirect workers	\$627,900,000

### Fiscal Impact during Fiscal Year 2009

The economic activity generated by the University translates into substantial revenues for area governments.

The City of Anytown, as well as other local taxing districts, receive substantial revenues from the University, its employees, students, workers in indirect jobs supported in the area and out-of-town visitors.

Local governments received estimated revenues of \$35 million during fiscal year 2009 as a result of the University's presence in the community.

Estimated Revenues for Area Cities, Counties and Other Local Taxing Districts During Fiscal Year 2009 as a Result of the University's Presence in the Area	
Local sales taxes received collected by area taxing districts	\$16,248,812
Local hotel occupancy taxes collected by area cities	\$862,137
Property taxes collected on residential property	\$17,622,434
<b>Total</b>	<b>\$34,733,383</b>



# EXECUTIVE SUMMARY

## Recent Construction Impacts

In addition to these economic and fiscal impacts from fiscal year 2009, the University's construction spending over the previous three years contributed to additional impacts in the Forth Worth area. The economic impact of the construction spending is summarized in the following table.

Economic Output, Estimated Jobs, and Estimated Salaries from University Construction During 2007-2009			
	Economic Output	Estimated Jobs	Estimated Workers' Salaries
Direct	\$200,000,000	2,286	\$80,000,000
Indirect and induced	\$254,640,000	2,416	\$75,624,000
<b>Total</b>	<b>\$454,640,000</b>	<b>4,701</b>	<b>\$155,624,000</b>

In addition to the economic impacts from construction detailed above, the construction will result in additional spending and sales tax collections in the area.

Taxable Sales and Sales Tax Collections as a Result of Construction	
Total construction and indirect workers salaries	\$155,624,000
Estimated percent of salaries spent on taxable retail sales	30%
Estimated percent of taxable spending in Anytown	70%
<b>Estimated taxable spending in the Anytown area</b>	<b>\$32,681,040</b>
<b>Local sales taxes collected by local taxing districts</b>	<b>\$2,696,186</b>
Anytown	\$326,810
Anytown MTA	\$163,405
Anytown Crime Control	\$163,405
State of Texas	\$2,042,565

## Conclusions

Sample University has a significant impact on the Anytown Area economy. The University's operations during fiscal year 2009 had a total economic impact of \$630 million in output in the region and the annual benefit for taxing districts as result of the University's operations top \$35 million.

In 1910, the Anytown Board of Trade offered Sample University \$200,000, 50 acres and a street car line to move the University from Waco to Anytown. Based on an annual impact in 2009 of \$630 million in output and forecasting the approximate impact annually from 1910 to present, it is estimated that for the \$200,000 that Anytown invested in SU has produced more than \$13.7 billion in economic activity.



## PROJECT SUMMARY

### INTRODUCTION

This report presents the results of an economic impact analysis performed by Impact DataSource, an Austin, Texas economic consulting and research firm. The purpose of the analysis was to determine the impact that Sample University had on the economy of Sample County, the Anytown area and the state of Texas during fiscal year 2009. The related revenues for Anytown and other local taxing districts were also calculated.

The report presents the following information:

- A description of the University,
- The economic impact of the operations of the University during fiscal year 2009,
- An explanation of how the analysis was conducted and some information on Impact DataSource, the firm that conducted this analysis.

### DESCRIPTION OF THE UNIVERSITY

In the Fall 2009 session, the University had an enrollment of 8,695, approximately 1,820 employees and an annual budget of \$364.4 million.

The University is situated on 272 acres in Anytown, Texas, about 5 miles from downtown Anytown. It offers 117 undergraduate areas of study, 41 master's level programs and 15 areas of doctoral study.

The University's annual operating budget for fiscal year 2009 was \$274 million and had an annual payroll of \$118.8 million. The University employed approximately 1,820 faculty and staff.



# ANALYSIS OF ECONOMIC IMPACT

## SOURCES OF ECONOMIC IMPACTS

The Anytown area receives substantial economic benefits from the current operations of the University. These economic benefits include the following:

- Expenditures of the University and revenues for area businesses and other organizations,
- Jobs,
- Worker salaries or personal income,
- Local worker and student spending, and
- Visitor spending.

These economic impacts may be characterized as direct, indirect and induced, as discussed next.

## TYPES OF IMPACTS THAT THE OPERATIONS OF THE UNIVERSITY PROVIDE

### **Direct, Indirect and Induced Economic Impacts**

The direct economic impact comes from the operations of the University, its employees and staff and students. From the spending of the University, its employees and staff, and students, indirect and induced benefits or spin-off benefits are supported in the area.

Indirect sales, jobs and salaries are supported in area businesses and organizations, such as construction companies, air conditioning service firms, office supply firms, etc. that supply goods and services to the University. In addition, induced sales, jobs and salaries are supported in area businesses or organizations, such as restaurants, gas stations, banks, book stores, grocery stores, apartment complexes, convenience stores, computer stores, service companies, etc. that supply goods and services to the University's employees and staff and students and their families and, in turn, to workers in indirect jobs and their families.

To estimate the indirect and induced economic impact of the University, its employees and staff and students on the Anytown area, regional economic multipliers were used. Regional economic multipliers for Texas and areas of the state are included in the US Department of Commerce's Regional Input-Output Modeling System (RIMS II).

Three types of regional economic multipliers were used in this analysis:

- An output multiplier,
- An employment multiplier and
- An earnings multiplier.

An output multiplier was used to estimate the additional sales or output created by the University in area businesses or organizations. An employment multiplier was used to estimate the number of indirect and induced jobs created and supported in the Anytown area by the University. Similarly, an earnings multiplier was used to estimate the amount of salaries paid to workers in these indirect and induced jobs.



## ANALYSIS OF ECONOMIC IMPACT

The multipliers show (1) the estimated sales or output in area businesses or organizations for each dollar of operating budget at the University, (2) the number of indirect and induced jobs created for every one direct job at the University and (3) the amount of salaries paid to these workers for every dollar to be paid to an employee of the University and every dollar of financial assistance available to students at the University.

A multiplier of 1.3 was used in this analysis. This means that for every dollar of operating budget at the University, there is \$1.30 in sales or output in area businesses or organizations. Similarly, for every dollar paid to employees and staff at the University and financial assistance available to the University's students, there is \$1.30 paid to workers in spin-off jobs created in the area. Further, for every employee and staff at the University there are an additional 1.30 workers supported in spin-off jobs in the area.

### The Economic Impact of the Operations of the University During Fiscal Year 2009

During fiscal year 2009, the University had an annual operating budget of \$274 million, 1,820 faculty and staff, and an annual payroll of \$118.8 million. Further, the University's students received an estimated \$135.3 million in student financial aid during the year.

This activity generated the following direct and indirect economic activity in the area during fiscal year 2009:

Economic Output, Jobs, and Annual Salaries and Student Financial Aid Supported by the University During Fiscal Year 2009			
	Economic Output	Jobs	Salaries and Student Financial Aid
Direct	\$274,000,000	1,820	\$254,100,000
Indirect and induced	\$356,200,000	2,366	\$330,330,000
<b>Total</b>	<b>\$630,200,000</b>	<b>4,186</b>	<b>\$584,430,000</b>

As shown above, the direct economic impact of the University during fiscal year 2009 was \$274 million. This included payments that the University made for employee, faculty and staff salaries, purchases of goods and services and other expenditures. The direct spending by the University generated another \$356.2 million in sales or economic output in area businesses and other organizations. In total, the economic impact of the University in fiscal year 2009 was \$630.2 million.

While the University employed 1,820 individuals, the University's spending supported another 2,236 jobs in the area. In total, the University supported 3,956 area jobs.

Similarly, while the salaries of the University's employees, staff and faculty, along with financial aid available to students, total \$254.1 million in fiscal year 2009, the University's spending supports another \$330.3 million in salaries for workers in related spin-off jobs supported in the area. Therefore, total salaries and financial aid supported by the University during the year totaled \$584.4 million.



# ANALYSIS OF ECONOMIC IMPACT

## OUT-OF-TOWN VISITORS TO THE UNIVERSITY

The University draws thousands of visitors to its campus throughout the year. These out-of-town visitors have a positive impact on the community through retail spending and local lodging spending.

The types of visitors and their spending are detailed below. Visitors generally include families, friends and prospective students, sporting event attendees, graduation attendees as well as general visitors to the campus for conferences and other events.

Number of Out-of-Town Visitors to the University During Fiscal Year 2009 and Their Spending in the Community	
<b><i>Out-of-town family and friends visiting students:</i></b>	
Number of student visits from out-of-town visitors	3,853
Number of people in each visiting party	2.5
Average days' stay of each visiting party	1.5
Average daily retail spending by each out-of-town visitor	\$50
Average nights stay by each visiting party, double occupancy	1
Average nightly motel room rate	\$100
<b><i>Out-of-town visitors for sporting events:</i></b>	
Number of out-of-town visitors for sporting events	419,775
Percent of sporting event attendees from out-of-town	80%
Average retail spending by each out-of-town sporting event visitor	\$50
Percent of sporting event visitors staying overnight in local motel, double occupancy	25%
<b><i>Out-of-town family and friends attending graduation:</i></b>	
Total attendance at graduation	40,000
Percent of graduation attendees from out-of-town	80%
Average retail spending by each out-of-town graduation attendee	\$50
Percent of graduation attendees who stay overnight in local motel, double occupancy	25%
<b><i>Other out-of-town visitors:</i></b>	
Estimated number of other out-of-town visitors during the year	33,505
Average days' stay of each visitor	1.5
Average daily retail spending by each out-of-town visitor	\$50
Average nights stay by each visitor, single occupancy	1
<b>Total retail spending</b>	<b>\$21,626,302</b>
<b>Total number of room nights</b>	<b>95,793</b>
<b>Total spending on lodging</b>	<b>\$9,579,298</b>

Out-of-town visitors to the University provide a significant boost to the local economy. Visitors spent approximately \$21.6 million in the community during fiscal year 2009 eating in local restaurants and shopping in local stores and another \$9.5 million staying overnight at local motels.



# ANALYSIS OF ECONOMIC IMPACT

## TAXABLE SPENDING IN THE AREA

Annual taxable spending by the University's employees, staff, faculty and students, workers in spin-off jobs in the community and visitors' spending will account for about \$197 million in taxable retail sales in the Anytown area each year, as shown below:

Taxable Local Retail Spending Supported by the University During Fiscal Year 2009		
	Total Salaries, Spending or Sales	Taxable Retail Spending*
Employees, staff and faculty at the University	\$118,800,000	\$35,640,000
Financial aid provided to students and largely spent locally	\$135,300,000	\$40,590,000
Workers in indirect and induced Jobs	\$330,330,000	\$99,099,000
Out-of-town visitors	\$21,626,302	\$21,626,302
<b>Total</b>	<b>\$606,056,302</b>	<b>\$196,955,302</b>

\* Taxable Retail Spending is 30% of Total Salaries and Financial Aid.

## RESIDENTIAL PROPERTY ON LOCAL TAX ROLLS

Although the University's property is not on local tax rolls, employees, staff, faculty at the University, and workers in spin-off jobs in the community own or occupy residential property on which they directly or indirectly pay property taxes, as shown below.

Market Value of Residential Property Owned or Occupied by University Workers and Indirect Workers in Fiscal Year 2009	
Number of direct and indirect workers supported by the University	4,186
Estimated average value of residential property owned or occupied by workers	\$150,000
Total taxable value of residential property owned or occupied in the Anytown area by the University's direct and indirect workers	\$627,900,000



# ANALYSIS OF FISCAL IMPACT

The economic impacts described above will result in significant revenues for the City of Anytown and other local taxing districts. The fiscal impact of the University is detailed below.

## TAX RATES

Some tax rates used to calculate the fiscal impact are listed below.

Some Tax Rates Used in this Analysis		
<b><u>Sales tax rates</u></b>		
Percent retained by cities, counties and special taxing districts		2.0%
Anytown	1.0%	
Anytown MTA	0.5%	
Anytown Crime Control	0.5%	
Percent retained State of Texas		6.25%
<b>Total Sales Tax Rate</b>		<b>8.25%</b>
<b>City of Anytown hotel occupancy tax rate</b>		<b>9%</b>
<b><u>Property tax rates</u></b>		
City of Anytown		0.855
Sample County		0.264
Forth Worth ISD		1.322
Hospital District Sample County		0.228
College District Sample County		0.138
<b>Total Property Tax Rate</b>		<b>\$2.8066</b>



# ANALYSIS OF FISCAL IMPACT

## TAX REVENUES FOR LOCAL TAXING DISTRICTS DURING FISCAL YEAR 2009

The City of Anytown as well as other local taxing districts, receive substantial tax revenues from the University, its employees, students, workers in indirect jobs supported in the area and out-of-town visitors.

Local taxing districts received an estimated revenues during fiscal year 2009 as a result of the University's presence in the community, as shown below.

Estimated Revenues for the City, County and Other Local Taxing Districts During Fiscal Year 2009 as a Result of the University's Presence in the Area		
<b>Local sales taxes collected by local taxing districts</b>		<b>\$16,248,812</b>
Anytown	\$1,969,553	
Anytown MTA	\$984,777	
Anytown Crime Control	\$984,777	
State of Texas	\$12,309,706	
<b>Local hotel occupancy taxes collected by the City</b>		<b>\$862,137</b>
<b>Property taxes collected on residential property</b>		<b>\$17,622,434</b>
City of Anytown	\$5,368,545	
Sample County	\$1,657,656	
Forth Worth ISD	\$8,300,838	
Hospital District Sample County	\$1,430,965	
College District Sample County	\$864,430	
<b>Total revenues for local taxing districts</b>		<b>\$34,733,383</b>



# ANALYSIS OF RECENT CONSTRUCTION SPENDING

## ECONOMIC IMPACTS RESULTING FROM CONSTRUCTION

Over the past 3 years, the University has spent \$200 million on construction projects at the university. These expenditures on campus improvements and their associated indirect impacts result in positive economic impacts for the Forth Worth area.

The table below summarizes the economic impacts from these construction expenditures over the 3 years.

Economic Output, Estimated Jobs, and Estimated Salaries from University Construction During 2007-2009			
	Economic Output	Estimated Jobs	Estimated Workers' Salaries
Direct	\$200,000,000	2,286	\$80,000,000
Indirect and induced	\$254,640,000	2,416	\$75,624,000
<b>Total</b>	<b>\$454,640,000</b>	<b>4,701</b>	<b>\$155,624,000</b>

These economic impacts translate into additional spending by construction workers and indirect workers in the community and result in sales tax revenue for local taxing districts. The estimated taxable sales and sales tax collections are shown below.

Taxable Sales and Sales Tax Collections as a Result of Construction	
Total construction and indirect workers salaries	\$155,624,000
Estimated percent of salaries spent on taxable retail sales	30%
Estimated percent of taxable spending in Anytown	70%
<b>Estimated taxable spending in the Anytown area</b>	<b>\$32,681,040</b>
<b>Local sales taxes collected by local taxing districts</b>	<b>\$2,696,186</b>
Anytown	\$326,810
Anytown MTA	\$163,405
Anytown Crime Control	\$163,405
State of Texas	\$2,042,565

## ABOUT IMPACT DATASOURCE

Impact DataSource is a 16 year-old Austin economic consulting, research and analysis firm. The firm has conducted over 2,500 economic impact analyses of numerous projects across the country. In addition, the firm has developed economic impact analysis computer programs for several clients, including the New Mexico Economic Development Department.

Paul Scheuren performed this economic impact analysis. He is an economist and has a Master of Arts degree in Economics from Clemson University and a Bachelor of Business Administration from Temple University.