

Economic Impacts of University of Southern Indiana on the Vanderburgh County Economy

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University of Southern Indiana is located in Vanderburgh County, Indiana. Southern Indiana had an enrollment of 7,551 students during the 1993-1994 academic year. While Southern Indiana's research and teaching activities provide services to people throughout Indiana, the University has specific benefits or impacts on Vanderburgh County. These benefits/impacts range from cultural, to educational, to social, to recreational. The University also has economic benefits for the community. These benefits result from the University spending money to employ faculty/staff, and from the University purchasing supplies and services in the local economy to support its educational programs.

One method of measuring the local economic benefits associated with University of Southern Indiana is to use economic impact multipliers to estimate the total economic impacts associated with the university's operations. A multiplier is a number that represents the total level of activity that results from an initial activity in an economy. Multipliers can measure economic impact through business activity (output), income (salary and wages) and employment (jobs). Multipliers for all three measures are used below to estimate University of Southern Indiana's impact on the Vanderburgh County economy. An input-output model of Vanderburgh County was constructed using IMPLAN (an input-output model developed by the U.S. Forest Service) to obtain output, income and

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employment multipliers that can be used to estimate the impacts University of Southern Indiana has on the Vanderburgh County economy.¹

University of Southern Indiana stimulates three types of economic activity in the Vanderburgh County economy: direct, indirect, and induced impacts.

- Direct impacts are the purchases, payments, and employment made by the University as it spends money in the local economy.
- Indirect impacts are activities in the local economy that result from local firms selling goods and/or services to the University.
- Induced impacts are activities in the local economy that result from household spending of income earned from either the University or their suppliers.

University of Southern Indiana spent \$27,722,639 to support its academic, research and teaching programs during the 1993-1994 academic year (Table 1). This is University of Southern Indiana's direct expenditure impact on the local economy. This spending resulted an additional \$19,552,773 of expenditure or sales in the Vanderburgh economy-the indirect and induced impacts (Table 2). Southern Indiana's total expenditure or sale impact on the Vanderburgh County economy (the combination of direct, indirect and induced impacts) was an estimated \$47,275,408 (Table 3).

University of Southern Indiana's 1993-1994 payroll was \$16,515,639 (Table 1). This is the institution's direct income impact. The indirect and induced income impact (income paid by businesses supplying Southern Indiana or meeting household spending needs Southern Indiana/supplier employees) was an estimated \$6,459,444 Southern Indiana on the Vanderburgh County was \$22,975,539 (Table 3).



¹The input/output multipliers used in this analysis are called Type III multipliers. Type III multipliers estimate the total direct, indirect, and induced impacts associated with an activity on a specific economy.

University of Southern Indiana's activities generated jobs in the Vanderburgh economy. Southern Indiana employed 655 people² during the 1993-1994 academic year (Table 1). Indirect and induced employment associated with Southern Indiana is 231 (Table 2). The total employment impact of Southern Indiana on the Vanderburgh County economy is 900 (Table 3).

University of Southern Indiana impacts the Vanderburgh community beyond the economic impacts associated with operation of their academic program. Additional economic benefits result from auxiliary enterprises such as student housing/food services, from student spending in the local economy, and from visitor spending associated with athletic events, cultural events, and campus visits. The University also impacts the economy and community in ways not easily measured by sales, income or employment. Examples include providing educational, cultural and recreational activities; and, employing faculty and staff that make critical contributions to the community through volunteer activities.

²Full-time equivalents, excluding auxiliary services employees.

Table 1. Direct Expenditure, Wage, and Employment Impacts of University of Southern Indiana on Vanderburgh County Economy, 1994-1995 Academic Year

Expenditures ¹	\$27,722,639
Payroll ¹	\$16,516,095
Employment ²	655

¹ Expenditures and wages for reseach, teaching and related activities. Institution's auxiliary enterprises are not included.

² Total faculty and staff employment data for 1993-1994 represent full-time and adjusted part-time jobs.

Table 2. Indirect and Induced Expenditure, Income, and Employment Impacts of University of Southern Indiana on Vanderburgh County Economy, 1994-1995 Academic Year

	Indirect and Induced
Expenditure ¹	\$19,552,777
Income	\$6,459,444
Employment	234

¹ Type III multipliers were obtained from an input-output model constructed for the Vanderburgh County economy with IMPLAN: output multiplier = xx ; income multiplier = xx employment multiplier = xx

Table 3. Total Expenditure, Income, and Employment Impacts of University of Southern Indiana on Vanderburgh County Economy, 1993-1994 Academic Year

	Expenditure	Income	Employment
Direct Impacts	\$27,722,639	\$16,516,095	665
Indirect and Induced Impacts	\$19,552,777	\$6,459,444	234
Total Impact	\$47,275,416	\$22,975,539	900

Glossary of Economic Terms

Direct Impacts:

Purchases, payments, and employment made by a university/college as it spends money in the economy.

Indirect Impacts:

Activities in the economy that result from input suppliers.

Input Suppliers:

Firms that sell goods and/or services to the university/college.

Output:

Business expenditures.

Income:

Salary and wages.

Employment:

Number of jobs.

Multiplier:

A number that represents the total level of activity that results from an initial activity in the economy.

Induced Impacts:

Activities in the local economy that result from household spending of income earned from either the university or the input suppliers.