Economic Impacts of Manchester College on the Wabash County Economy

By Kevin T. McNamara

Manchester College is a liberal arts college located in Wabash County, Indiana. Manchester had an enrollment of 956 students during the 1993-1994 academic year. In providing education to students enrolled at Manchester College, the school impacts Wabash County. These benefits range from cultural, to educational, to social, to recreational. The College also has economic benefits for the community. These benefits result from the College spending money to employ faculty/staff, and from the College purchasing supplies and services in the local economy to support its educational programs.

One method of measuring the local economic benefits associated with Manchester College is to use economic impact multipliers to estimate the total economic impacts associated with the college’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 or sales), income (salary and wages), and employment (jobs). Multipliers for all three measures are used below to estimate Manchester College’s impact on the Wabash County economy. An input-output model of Wabash County was constructed using IMPLAN (an input-

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output model developed by the U.S. Forest Service) to obtain output, income, and employment multipliers to estimate the impacts Manchester College has on the Wabash County economy.¹

Manchester College stimulates three types of economic activity in the Wabash County economy, direct, indirect, and induced impacts.

- **Direct impacts** are the purchases, payments and employment made by the college 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 college.
- **Induced impacts** are activities in the local economy that result from household spending of income earned from either the college or the input suppliers.

Manchester College spent $9,953,057 to support its academic programs during the 1993-1994 academic year (Table 1). This is Manchester College's direct impact on the local economy. This spending resulted in an additional $6,795,947 of output or sales in the Wabash County economy, the indirect and induced impacts (Table 2). Manchester College's total expenditure or sales impact on the Wabash County was an estimated $16,749,004 (Table 3). The total impact is the combination of direct, indirect, and induced impacts.

Manchester College had a payroll of $5,082,040 to support its academic program for the 1993-1994 academic year, the direct impact (Table 1). The indirect and induced income impact (income paid by business supplying Manchester College or meeting household spending needs of Manchester/supplier employees) was an estimated $4,525,557 (Table 2). The total local income impact (sum of direct, indirect and induced impacts) associated with Manchester College's spending was $9,607,597 (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.
Manchester College's activities generated jobs in the Wabash economy. These include 198 faculty and staff jobs at the College, the direct impact (Table 1). The additional 119 jobs with input suppliers of the College and firms selling goods and/or services to households that earn income from either the College or input firms are the direct and induced employment impacts (Table 2). The local employment impact was 317 jobs (Table 3).

Manchester College impacts the Wabash 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, students' spending in the local economy, athletic events, cultural events, and campus visitors. The College also impacts the economy and community in ways not easily measured by income and employment. Examples include providing educational, cultural, and recreational activities; and, employing faculty and staff that make critical contributions to the community through volunteer activities.
Table 1. Direct Expenditure, Wage, and Employment Impacts of Manchester College on Wabash County Economy, 1993-1994 Academic Year

<table>
<thead>
<tr>
<th>Expenditures(^1)</th>
<th>$9,953,057</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll(^1)</td>
<td>$5,082,040</td>
</tr>
<tr>
<td>Employment(^2)</td>
<td>198</td>
</tr>
</tbody>
</table>

\(^1\) Expenditure and wage data from 1993-1994 IPEDs finance data report for instruction, research, service, and related activities. Institution's auxiliary enterprises not included.

\(^2\) Total faculty and staff employment data for 1993-1994 provided by Manchester College. Totals are 181 full-time and 51 part-time. Part-time jobs converted to FTE at 3 to 1 for this analysis.

Table 2. Indirect and Induced Expenditure, Income, and Employment Impacts of Manchester College on Wabash County Economy, 1993-1994 Academic Year

<table>
<thead>
<tr>
<th></th>
<th>Indirect and Induced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure(^1)</td>
<td>$6,795,947</td>
</tr>
<tr>
<td>Income</td>
<td>$4,525,557</td>
</tr>
<tr>
<td>Employment</td>
<td>119</td>
</tr>
</tbody>
</table>

\(^1\) Type III multipliers were obtained from an input-output model constructed for the Wabash County economy with IMPLAN: output multiplier = 1.6828; the total income multiplier = 1.8905; employment multiplier = 1.6014.

Table 3. Total Expenditure, Income, and Employment Impacts of Manchester College on Wabash County Economy, 1993-1994 Academic Year

<table>
<thead>
<tr>
<th></th>
<th>Expenditure</th>
<th>Income</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>$ 9,953,057</td>
<td>$5,082,040</td>
<td>198</td>
</tr>
<tr>
<td>Indirect and Induced</td>
<td>$ 6,795,947</td>
<td>$4,525,557</td>
<td>119</td>
</tr>
<tr>
<td>Total</td>
<td>$16,749,004</td>
<td>$9,607,597</td>
<td>317</td>
</tr>
</tbody>
</table>
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.