Economic Impacts of Saint Francis College on the Allen County Economy

By Kevin T. McNamara

Saint Francis College is a liberal arts college located in Allen County, Indiana. Saint Francis College had an enrollment of 760 undergraduate and 201 graduate students during the 1993-1994 academic year. In providing education to students enrolled at Saint Francis College, the school impacts Allen 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 Saint Francis 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 Saint Francis College’s impact on the Allen County economy. An input-output model of Allen County was constructed using IMPLAN (an input-output model

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*Associate Professor, Department of Agricultural Economics, Purdue University, West Lafayette, Indiana. Support for this impact analysis was provided by the Indiana Conference on Higher Education and Purdue University. The estimate represents the local economic impact associated with Saint Francis College’s academic program.
The 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.

Saint Francis College stimulates three types of economic activity in the Allen 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 their suppliers.

Saint Francis College spent $6,040,634 to support its academic programs during the 1993-1994 academic year (Table 1). This is Saint Francis College's direct expenditure or sales impact on the local economy. This spending resulted in an additional $6,420,590 of output or sales in the Allen County economy, the indirect and induced impacts (Table 2). Saint Francis College's total expenditure or sales impact on the Allen County was an estimated $12,461,224 (Table 3). The total impact is the combination of direct, indirect and induced impacts.

Saint Francis College had a payroll of $3,473,431 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 businesses supplying Saint Francis College or meeting household spending needs of Saint Francis College/supplier employees) was an estimated $5,634,252 (Table 2). The total local income impact (sum of direct, indirect and induced impacts) associated with Saint Francis College's spending was $9,107,683 (Table 3).

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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.
Saint Francis College's activities generated jobs in the Allen economy. These include 140 faculty and staff jobs at the College, the direct employment impact (Table 1). An additional 105 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). Total local employment impact was 245 jobs (Table 3).

Saint Francis College impacts the Allen County 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 Saint Francis College on Allen County Economy, 1993-1994 Academic Year

<table>
<thead>
<tr>
<th>Expenditures(^1)</th>
<th>$6,040,634</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll(^1)</td>
<td>$3,473,431</td>
</tr>
<tr>
<td>Employment(^2)</td>
<td>140</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 activities not included.

\(^2\) Total faculty and staff employment data for 1993-1994 provided by Saint Francis College. Totals are 118 full-time and 66 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 Saint Francis College on Allen County Economy, 1993-1994 Academic Year

<table>
<thead>
<tr>
<th>Indirect and Induced</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditure(^1)</td>
</tr>
<tr>
<td>Income</td>
</tr>
<tr>
<td>Employment</td>
</tr>
</tbody>
</table>

\(^1\) Type III multipliers were obtained from an input-output model constructed for the Allen County economy with IMPLAN: output multiplier = 2.0629; the total income multiplier = 2.6221; employment multiplier = 1.7507. Indirect and induced multipliers are: output=1.0629; income=1.6221; employment=.7507.

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

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Income</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>$6,040,634</td>
<td>$3,473,431</td>
</tr>
<tr>
<td>Indirect and Induced</td>
<td>$6,420,590</td>
<td>$5,634,252</td>
</tr>
<tr>
<td>Total</td>
<td>$12461,224</td>
<td>$9,107,683</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.