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**Economic Impact of the University of Idaho
on the State of Idaho**

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A preliminary economic impact analysis of the University of Idaho has been prepared, based on FY97 data, to estimate the contribution the University makes to the Idaho economy through university expenditures, student expenditures and expenditures by university retirees in the state (see attached Summary Table). This is the first phase of the study that estimates the impact the university has on the rest of the economy in terms of economic interactions. These interactions are traced through the allocation of university revenue for salaries, operating expenses and capital improvements. The impacts are defined in terms of: (1) total economic activity, the number of dollars that flow through the state economy as a result of the original expenditures; (2) the number of personal income dollars that are generated by the direct and indirect demand for goods and services generated by university expenditures; and (3) the number of jobs supported as a result of the university expenditures within the state.

The summary table shows estimates for the impacts from total University of Idaho expenditures, expenditures of state funds and non-state funds, as well as the expenditures by university students and retirees affiliated with the university. The direct expenditures reflect the \$232 million budget of which \$100 million is for employee compensation.

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The direct employment is comprised of the 2,826 board appointed positions and an estimated 700 annual job equivalent (AJE) employees on intermediate hire. The indirect expenditure column shows the level of total economic activity, the personal income and the number of jobs in the rest of the economy that are supported by the university. The total expenditure impact is the sum of the direct and indirect expenditures. The last column was added to show the impact on a per job basis.

The total University expenditures were separated into State and Non-State funds to look at the impacts of the two sources of funding. The structure of the university supports other types of economic activity that are not reflected in the university budget or expenditures. These include the expenditures of students for the purchase of goods and services from the private sector not directly affiliated with the university. University retirees also impact the local economy through expenditures made possible as a result of former employment. For purposes of this analysis it was assumed that there were 10,000 students, each spending \$5,464 within the State of Idaho. This number is a proxy from a study conducted in 1994 for Western Wyoming College in Rock Springs, Wyoming.

The retiree expenditures are based on 602 university retirees, residing in Idaho, with an estimated \$12,337 retirement income and expenditure patterns similar to the rest of the population. The expenditure patterns need to be verified and improved as the study evolves.

The accumulative impacts are shown at the bottom of the table. These include the indirect and total impacts of student and retiree expenditures added to the direct expenditures of the university. These numbers indicate the University of Idaho accounts for \$497 million of economic activity, \$184 million of personal income and 7,542 jobs in the state.

Economic impact estimates will be updated as more current data become available. Also, as this study progresses, economic impacts will be estimated for various regions of the state and, if data can be sufficiently localized, for the various counties of the state. This will require determination of where University of Idaho expenditures take place, potentially down to the county level. Determination of expenditures with such geographic specificity will be labor intensive, but should yield results which will be very informative to the people of Idaho--especially those who reside outside of Moscow.

The operation of the University of Idaho must be viewed as more than just an expense line in the state budget. The investment in higher education makes University of Idaho students into more productive workers, citizens and taxpayers. Furthermore, quality higher education is an important amenity that makes Idaho an attractive place to raise a family or locate a business.

Researchers involved in this study will estimate the value of higher education to members of Idaho's work force, and specifically to persons who attend the University of Idaho, in

terms of income differentials among persons with different levels of education. Also the importance of higher education to economic development in Idaho will be assessed.

Economic development in the State of Idaho, and in regions and local areas within the state, is dependent on availability of workers with appropriate education and training to do the jobs required for such development. It is clear that, in the future, business and industry will require relatively fewer workers with only high school educations (or less) and more workers with college backgrounds. Results of this study will indicate the higher education needs to support economic development of Idaho and of the regions and local areas of the state.

Summary Table-- University of Idaho Economic Impacts (FY 1997).

Total impact from University Expenditures	Direct Expenditures	Indirect Expenditures	Total Expenditures	Impact Per Job
Total economic activity	\$231,912,639	\$167,691,909	\$399,604,548	\$62,006
Total personal income	\$99,731,615	\$60,237,377	\$159,968,992	\$24,822
Total employment (AJE)	3,526	2,919	6,445	1
<u>State Funding</u>				
Total economic activity	\$156,131,297	\$107,134,594	\$263,265,891	\$57,958
Total personal income	\$72,903,811	\$34,792,632	\$107,696,443	\$23,709
Total employment (AJE)	2,578	1,965	4,542	1
<u>Non-State Funding</u>				
Total economic activity	\$75,781,342	\$45,604,063	\$121,385,405	\$66,471
Total personal income	\$26,827,804	\$15,514,224	\$42,342,028	\$23,187
Total employment (AJE)	948	878	1,826	1
Total impact from Student Expenditures	Direct Expenditures	Indirect Expenditures	Total Expenditures	Impact Per Job
Total economic activity	\$54,640,000	\$32,981,027	\$87,621,027	\$89,332
Total personal income	\$8,400,000	\$13,188,494	\$21,588,494	\$22,010
Total employment (AJE)	0	981	981	1

Summary Table--University of Idaho Economic Impacts (FY 1997).

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Total impact from Retiree Expenditures	Direct Expenditures	Indirect Expenditures	Total Expenditures	Impact Per Job
Total economic activity	\$7,426,655	\$2,782,685	\$10,209,340	\$84,096
Total personal income	\$0	\$1,191,612	\$1,191,612	\$18,054
Total employment (AJE)	0	72	72	1

Accumulative impacts University of Idaho	Direct Expenditures	Indirect Expenditures	Total Expenditures	Impact Per Job
Total economic activity	\$293,979,294	\$203,455,621	\$497,434,915	\$65,901
Total personal income	\$108,131,615	\$75,527,776	\$183,659,391	\$24,352
Total employment (AJE)	3,526	4,016	7,542	1