

The Economic Impact of Creighton University on Omaha and the State of Nebraska



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Any errors or misstatements contained in this study are the responsibility of the author. I would like to thank Mr. Fred Nesler and Kim Manning for providing Creighton financial and student data. Please address all correspondence to:

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Executive Summary

Each year, Creighton University makes significant contributions to the Nebraska economy. By analyzing enrollment data and by applying Input-Output¹ computer models to Creighton's actual 2009-2010 payroll and spending data, it is estimated that Creighton University will contribute the following to the Nebraska economy:

To state and local tax collections:

- For 2010, it is estimated that Creighton University will generate \$38.1 million in state and local taxes as result of its spending in the state.

To the labor force:

- Creighton University spending supports roughly 6,400 full-time, year-round equivalent jobs with a total payroll of approximately \$257 million for the state of Nebraska.
- For 2010, Creighton University spending will support 246 jobs in real estate establishment industry and 296 in the construction industry.
- Creighton University's job force of over 2,500 makes it one of the largest employers in the state of Nebraska and Omaha.

¹This study was completed using the Implan Input-Output methodology.

To Nebraska's "quality" or knowledge worker base:

- For 2010, Creighton University spending will support 248 jobs and \$13.3 million in wages and salaries for *Scientific Research and Development* jobs in Nebraska.
- Creighton University has a stabilizing impact on the economy with university spending expanding through U.S. recessions and in every year over the past decade.

To the overall Nebraska economy:

- For 2010, Creighton University spending will add an estimated \$787.5 million in sales for the state economy.
- For 2010, the Creighton University is estimated to add approximately \$29.5 million in the *real estate industry* and \$15.6 million in the *Wholesale trade Industry*.

To Nebraska's brain gain:

- Creighton's 2009-2010 academic year, 62 percent of Creighton's 7,662 students came from outside Nebraska.

TABLE 1: SUMMARY OF TOTAL ANNUAL ECONOMIC IMPACTS OF CREIGHTON UNIVERSITY ON THE STATE OF NEBRASKA

	Impacts
Annual impact on economy	\$787.5 million
Annual impact on state and local tax collections	\$38.2 million
Jobs supported (FTE)	7,931
Annual payroll (does not include self-employed workers)	\$257.4 million
Annual impact on self-employment income	\$32.9 million

Source: Implan Input-Output Multiplier System

Private Higher Education Contributes Significantly to the Nebraska Economy

In a recent series, the Omaha World-Herald clearly identified the importance of the University of Nebraska-Lincoln to the economic strength of the state.

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This outcome is based on three factors.

First, private institutions tend to recruit a higher percentage of their students from outside the state than state universities and

colleges, thus contributing to “brain gain.” This is certainly an important factor adding to Nebraska’s economic growth since the Federal Reserve Bank in 1995 estimated that Nebraska loses over \$300 million per year as a result of “brain drain,” or the out-migration of individuals with significant education and skills.²

Second, a large proportion of Creighton tuition revenues come from outside the state thus not draining resources from other industries in Nebraska. Third, Creighton does consume resources from Nebraska citizens via tax support.

² See Ferguson, Deron. “The Tenth District’s Brain Drain: Who Left and Who Left and What Did It Cost,” Regional Economic Digest, First Quarter 1995, pp. 8-25.

Bringing Financial Resources to Nebraska

Besides contributing to “brain gain,” private higher educational institutions generate a larger proportion of their budget from outside the state. These dollars

Institutions funded primarily by dollars generated from Nebraska residents via tuition and taxes have less economic impact since a high share of these dollars are diverted from industries and individuals in Nebraska.

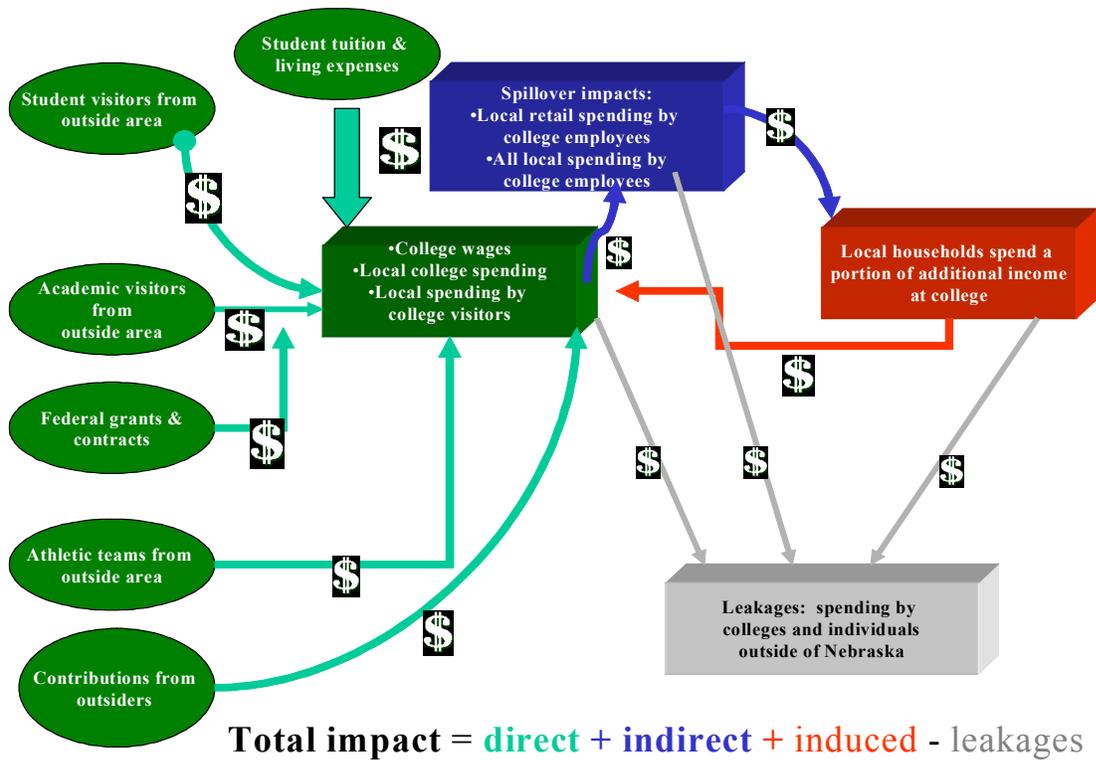
are very powerful and have a higher multiplier or economic impact than dollars flowing to public institutions. Institutions funded primarily by dollars generated from Nebraska residents via tuition and taxes have less economic impact since a high share of these dollars are diverted

from industries and individuals in Nebraska.

Creighton’s direct expenditures, such as payroll, generate local jobs and income while payments to local vendors produce indirect impacts that affect the overall level of community economic activity. The most obvious direct impact of Creighton on the economy comes in the form of salaries to faculty and staff, and purchases of supplies from vendors in the region. Additionally, spending by Creighton’s vendors to their suppliers produces indirect impacts in the state. Direct and indirect spending are then re-circulated throughout the economy by state residents to produce another round of impacts, termed induced impacts. Researchers use multipliers to estimate the indirect and induced impacts generated by the initial spending.

Figure 2 depicts examples of the flow of funds into and out of Creighton University and sample impacts. As indicated, the total impact is the sum of direct, indirect and induced impacts minus leakages. Leakages represent Creighton University spending in other states. Input-output multiplier systems are used to estimate each of the impacts in Figure 2 by industry.

Figure 2: Flow of Creighton spending



Revenue and expenditures for Creighton University used in the subsequent analysis come from Creighton’s financial records. Expenditures by students and visitors are estimated using information available from the U.S. Bureau of Labor

Statistics. Particular attention is devoted to identifying revenues that come from out-of-state. From an economic perspective, these sources represent new dollars to the state's economy and are thus very powerful in generating jobs and income for the region.

Creighton Injections

Creighton University's job force of over 2,500 makes it one of the top twenty-five largest private employer in the state and tenth largest employer in Omaha. Via this large workforce combined with its sizable spending in the state, Creighton University is a powerful economic driver for Nebraska. For the latest year, Creighton's operating budget totaled over \$250 million. Furthermore, students spend approximately \$106 million in the state each year on products and services ranging from rent and food to clothing. Table 2 lists direct spending resulting from Creighton's spending and students' spending for 2009-2010 academic year.

Table 2: 2009-2010 Creighton direct spending

<u>Category</u>	<u>Annual amount</u>
Operating Budget	229,511,180
Capital Spending	45,902,236
Grants	30,321,060
Medical/clinical	111,415,863
Healthcare	1,314,272
Room and Board	20,555,996
Books and Supplies	5,257,087
Transportation	3,942,815
Entertainment	8,542,766
Apparel	8,805,620
Travel	6,177,077
Other Student Expenses	9,199,902
Other Student Discretionary Spending	29,045,405
Total	509,991,279

Source: Creighton financial records; Creighton Estimate on Student Spending

In terms of long-term but less measurable impacts, Creighton’s presence increases the attractiveness of the community and encourages the startup and/or relocation of other businesses in the state. By contributing to livability via access to education and healthcare facilities, Creighton University influences the community by increasing its attractiveness to non-medically and non-university oriented industries.

A significant share of Creighton’s impact emanates from its medical facilities. Studies have found that medical facilities, in addition to providing health care, have a net positive effect on the local economy and attract substantial health care expenditures from other geographic areas. Furthermore, Creighton University Medical Center (CUMC) adds to overall regional economic activity by reducing medical care spending by residents of the State in cities such as Des

Moines and Kansas City. Additionally, CUMC attracts increased healthcare spending from residents from outlying areas such as Atlantic, Iowa and Sioux Falls, South Dakota. In other words, CUMC contributes to the State's export of health care. The export of health care has a positive impact on the local area by adding jobs and income to the local area in the health care industry and related industries.

However, Creighton University, through its annual spending, supports another 4,703 jobs at other Nebraska employers. The 7,931 total jobs supported, directly and indirectly, in the state by Creighton spending earn approximately \$257.4 million each year in wages and salaries. And Creighton University generates roughly \$38.2 million in state and local taxes in Nebraska each year. None of these estimates includes the impact of visitors to Creighton such as parents, sales representatives, and academic visitors on the state.

	Output	Salary & Wages	Self Em- ployment In- come	Jobs (FTE)
Private junior colleges, colleges, universities, and professional schools	231,318,848.0	103,664,680.0	3,659,747.0	3,228.0
Medical and diagnostic labs and outpatient and other ambulatory care services	117,460,080.0	35,245,144.0	6,331,280.0	787.8
Construction of new nonresidential commercial and health care structures	45,902,236.0	10,624,027.0	4,025,567.3	295.8
Scientific research and development services	31,831,344.0	13,268,825.0	3,104,280.3	248.0
Real estate establishments	29,546,398.0	2,674,578.5	2,001,973.1	246.0
Food services and drinking places	22,103,826.0	6,280,649.0	308,727.7	431.5
Wholesale trade businesses	15,600,624.0	5,258,736.5	770,647.9	91.8
Retail Stores - Miscellaneous	13,840,839.0	5,471,503.5	1,579,199.4	402.6
Offices of physicians, dentists, and other health practitioners	11,511,643.0	5,592,559.5	1,028,941.4	93.2
Insurance carriers	11,155,516.0	2,384,044.8	148,035.4	39.2
Other state and local government enterprises	10,882,953.0	2,483,686.3	-	43.3
Private hospitals	9,793,204.0	4,529,145.5	40,973.9	87.8
Natural gas distribution	9,608,986.0	646,578.0	1,679,694.3	3.5
Other amusement and recreation industries	9,448,171.0	1,430,548.8	160,136.2	83.8
Monetary authorities and depository credit intermediation activities	8,429,894.0	2,085,328.9	165,470.0	42.1
State and local government electric utilities	7,731,748.5	1,266,852.9	-	16.6
Telecommunications	7,149,869.5	1,033,554.3	9,620.7	16.1
Retail Stores - Food and beverage	6,344,159.5	2,278,334.0	296,338.7	114.5
Management of companies and enterprises	6,078,087.0	2,557,486.5	-	26.1
Retail Stores - Clothing and clothing accessories	5,530,069.5	1,635,086.9	117,460.9	102.1
All Other	176,252,176.1	46,975,406.4	7,463,705.9	1,530.8
Total	787,520,672.1	257,386,756.0	32,891,800.0	7,930.7

Source: Implan Multiplier System

Table 4 lists Creighton's estimated impact on federal, state and local tax collections. As presented, Creighton University will generate \$38.2 million in state and local taxes in 2010. The state and local government taxes do not include school support taxes that come from property taxes.

Table 4: Impact of Creighton University on tax collections, 2010

Description	2010
Corporate Income Tax	\$1,093,542
Personal Income Tax	\$8,567,228
Property Tax	\$8,572,252
Sales Tax	\$12,856,408
Other Taxes	\$7,062,196
Total State and Local Tax	\$38,151,627

Summary

While Creighton University has been a part of the Nebraska landscape for more than 100 years, its impact on the state's economy is often overlooked and underestimated. The preceding data provides an overview of the contribution that the University makes to the state economy from a monetary standpoint. They do not include estimates for the charitable contributions of time and energy by faculty, staff and students each year to non-profit organizations in the state. Nor do they include estimates for the positive influence that the existence of Creighton University has on environment of the community making it a better place to live and do business.