



UNIVERSITY OF OREGON

# THE ECONOMIC IMPACT OF THE UNIVERSITY OF OREGON FY 2011–12 UPDATE

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## **THIS NOTE UPDATES THE FY2010–11 ECONOMIC IMPACT REPORT FOR THE UNIVERSITY OF OREGON.**

### **Key findings include:**

**The University of Oregon is a key driver of the Oregon economy.** Direct spending by the UO, students, and visitors accounted for more than \$1.2 billion in FY2011–12. The total impact of this spending was \$2.6 billion.

**The University of Oregon creates and supports thousands of jobs, supporting households throughout the state.** Using conservative estimates, the UO directly and indirectly supports 25,613 jobs (full and part-time) in Oregon, with associated household earnings of \$815 million.

**The University of Oregon effectively leverages state support via external funding sources.** To adequately fulfill its mission, the UO compensates for low state support by relying on nonresident students, federal aid for tuition, and federal research funding. As a consequence of this external support, the UO generates \$55.00 of economic activity for each dollar of state appropriation. Additional state support, largely debt service payments for UO projects, reduces the ratio of activity per dollar of state aid to \$43.33. Note that given ongoing declines in state funding for the University of Oregon, this will become a less meaningful statistic. As the denominator (state support) drops to zero, the return per dollar of state support will increase toward infinity.

**The net cost to the state of supporting the University of Oregon is well below the state appropriation.** Household earnings supported by the University of Oregon generated an estimated \$44.0 million of state income tax in FY2011–12. This offsets 98 percent of the \$44.8 million state appropriation. UO employees alone had \$19.5 million withheld from their paychecks for state income taxes.

**Research activities provide clear support for the Oregon economy.** Research-related activity generated \$110.6 million revenue in FY2011–12. The vast majority of research awards, 98 percent, come from outside the state. For each dollar of state appropriations, UO researchers were awarded \$2.47 of external funding.

**The ultimate impact of research extends far beyond initial revenue and spending.** Research yields innovations that create jobs and support a higher quality of life for all Oregonians. In a 2011 survey, companies associated with University of Oregon research activities reported total employees of 251 and revenues of \$32.5 million. Since only thirteen of seventeen companies responded to the survey, the total impact is actually higher.

**External funding is an important driver of economic activity.** The University of Oregon is an economic powerhouse, in part because of its ability to draw revenue into the state of Oregon from external sources. Nonresident tuition, research awards, and visitor spending accounted for \$486 million of funds drawn into Oregon by the University of Oregon in FY2011–12. This represents 40.4 percent of aggregate spending associated with the University of Oregon!

**The total economic impact of the University of Oregon is likely underestimated.** The report uses conservative estimates of direct spending. For example, estimates of visitor activity supported by the presence of the UO, although improved in this report with the addition of estimates of visitor spending associated with the UO Athletics Department, are underestimated. The UO performs a wide array of community services, such as job matching, internship programs, and cultural events that contribute to the state's economy but are beyond the scope of this report.

### **Additional Notes**

**Conservative estimates.** The estimated effects of University of Oregon direct spending on household earnings and jobs are the average of the results from the direct spending and direct effects estimates (page 3, tables 1 and 2).

**New multipliers.** The multipliers in previous updates were computed as averages of the state and Lane County multipliers, yielding conservative estimates. This report uses just the Oregon multipliers to allow for a separate Lane County breakout at a later time.

**New visitor spending estimates.** Estimates are updated to reflect the impact of visitor spending related to the University of Oregon Athletics Department, specifically spending related to men's football and basketball games, the Prefontaine Classic, and the 2012 U.S. Olympic Team Trials in Track and Field.

#### **About the Author**

Professor Duy received his BA in Economics in 1991 from the University of Puget Sound, and his MS and PhD in Economics in 1998 from the University of Oregon. He is the senior director of the Oregon Economic Forum and the author of the University of Oregon Statewide Economic Indicators, Regional Economic Indicators, and the Central Oregon Business Index. Tim has published in the *Journal of Economics and Business* and is currently a member of the Oregon Governor's Council of Economic Advisors and the State Debt Policy Advisory Commission.

## PRIMARY TABLES

**Table 1: Economic Impact of University of Oregon Direct Spending, FY2011–12**

	Direct Expenditures	Multipliers			Total Impacts		
		Output <sup>a</sup>	Earnings <sup>b</sup>	Jobs <sup>c</sup>	Output	Earnings	Jobs
UO Direct Spending	<b>\$742,699,825</b>	2.1412	0.7333	26.4039	<b>\$1,590,268,865</b>	<b>\$544,621,782</b>	<b>19,610</b>

<sup>a</sup> Each entry in this column represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.

<sup>b</sup> Each entry in this column represents the total dollar change in earnings of households employed by all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.

<sup>c</sup> Each entry in this column represents the total change in number of jobs that occurs in all industries for each additional \$1 million of output delivered to final demand by the industry corresponding to the entry. Because the original RIMS employment multipliers are based on 2007 data, these multipliers are converted to 2011 dollars to match the timing of this study.

**Table 2: Economic Impact of University of Oregon Spending, Direct Effect on Earnings and Jobs, FY2011–12**

	Earnings <sup>a</sup>	Jobs	Multipliers		Total Impacts	
			Earnings <sup>b</sup>	Jobs <sup>c</sup>	Earnings	Jobs
UO Payroll	\$352,958,334		1.6814		<b>\$593,464,142</b>	
UO Employment		10,234		1.5247		<b>15,604</b>

<sup>a</sup> The RIMS definition of earnings that best matches the UO is wages and salaries plus employer cost of healthcare benefits minus employee contributions for social insurance.

<sup>b</sup> Each entry in this column represents the total dollar change in earnings employed by all households for each additional dollar of earnings paid directly to households employed by the selected industry.

<sup>c</sup> Each entry in this column represents the total change in the number of jobs within the region for each additional job in the selected industry.

**Table 3: Economic Impact of Student Expenditures Off Campus, FY2011–12**

	Direct Expenditures	Multipliers			Total Impacts		
		Output <sup>a</sup>	Earnings <sup>b</sup>	Jobs <sup>c</sup>	Output	Earnings	Jobs
Rent	<b>\$95,384,091</b>	1.4710	0.2624	10.8438	<b>\$140,309,997</b>	<b>\$25,028,785</b>	<b>1,034</b>
Food <sup>d</sup>	<b>\$67,749,448</b>	1.9737	0.5884	23.2169	<b>\$133,717,085</b>	<b>\$39,860,387</b>	<b>1,573</b>
Utilities	<b>\$24,960,323</b>	1.4910	0.3312	5.9242	<b>\$37,215,841</b>	<b>\$8,266,859</b>	<b>148</b>
Other <sup>e</sup>	<b>\$84,635,514</b>	1.8822	0.5790	20.1102	<b>\$159,300,964</b>	<b>\$49,003,963</b>	<b>1,702</b>
<b>Total</b>	<b>\$272,729,375</b>				<b>\$470,543,888</b>	<b>\$122,159,994</b>	<b>4,457</b>

<sup>a, b, c</sup> See table 1.

<sup>d</sup> The multipliers for "Food" are an average of the multipliers for Retail Trade and Food Service and Drinking Places.

<sup>e</sup> The multipliers for "Other" are the multipliers for Retail Trade.

**Table 4: Economic Impact of University of Oregon Construction Spending, FY2011–12**

	Direct Expenditures	Multipliers			Total Impacts		
		Output <sup>a</sup>	Earnings <sup>b</sup>	Jobs <sup>c</sup>	Output	Earnings	Jobs
Construction	<b>\$118,579,633</b>	2.1975	0.6873	16.2468	<b>\$260,578,743</b>	<b>\$81,499,782</b>	<b>1,927</b>

<sup>a, b, c</sup> See table 1.

**Table 5: Economic Impact of University of Oregon Visitor Spending, FY2011–12**

	Direct Expenditures	Multipliers			Total Impacts		
		Output <sup>a</sup>	Earnings <sup>b</sup>	Jobs <sup>c</sup>	Output	Earnings	Jobs
Visitors <sup>d</sup>	<b>\$69,427,443</b>	1.9325	0.5734	22.0578	<b>\$134,166,722</b>	<b>\$39,813,042</b>	<b>1,531</b>
Ticket Sales	<b>\$4,378,610</b>	2.1043	0.7877	20.8606	<b>\$9,213,908</b>	<b>\$3,449,031</b>	<b>91</b>
<b>Total</b>	<b>\$73,806,053</b>				<b>\$143,380,630</b>	<b>\$43,262,073</b>	<b>1,623</b>

<sup>a, b, c</sup> See table 1.

<sup>d</sup> The multipliers for visitor spending is an average of the multipliers for hotels, food services, and other amusements.

**Table 6: Estimated Total Economic Impact of the University of Oregon, FY2011–12**

	Direct Expenditures	Total Impacts		
		Output	Earnings	Jobs
UO Direct Spending	\$742,699,825	\$1,590,268,865	\$569,042,962	17,607
Student Spending	\$272,729,375	\$470,543,888	\$122,159,994	4,457
Construction	\$118,579,633	\$260,578,743	\$81,499,782	1,927
Visitor	\$73,806,053	\$143,380,630	\$43,262,073	1,623
<b>Total</b>	<b>\$1,207,814,885</b>	<b>\$2,464,772,126</b>	<b>\$815,964,811</b>	<b>25,613</b>
<b>Estimated State Income Tax (5.4 percent of Earnings)</b>			<b>\$44,062,100</b>	

**Table 7: Economic Impact Comparisons**

	Fiscal Year	State Appropriation	Direct Spending	Total Impact	Total Impact per Dollar of State Appropriation
University of Washington	FY2008–9	\$401.7 million	\$4.0 billion	\$9.1 billion	\$22.46
University of Iowa	FY2008–9	\$379.4 million	\$2.6 billion	\$6.0 billion	\$15.81
University of Oregon	FY2011–12	\$45 million	\$1.2 billion	\$2.5 billion	\$55.00

## SUPPLEMENTARY TABLES

**Table 8: FY2011–12 State and Federal Support**

Category	Contribution
State Resource Redistribution	\$44,810,000
State Resource Debt Service	\$950,321
Lottery Resources Redistribution (Athletics)	\$951,816
Lottery Resources Redistribution (Scholarships)	\$129,793
Other Debt Payments at System Level for UO Debt	\$10,037,973
<b>Total State Support</b>	<b>\$56,879,903</b>

**Table 9: FY2011–12 Direct Expenditures Excluding Construction, Rounded to the Nearest Thousand Dollars**

Category	Expenditure
Instruction	\$227,624,000
Auxiliary Programs	\$149,627,000
Research	\$78,408,000
Institutional Support	\$61,999,000
Other Operating Expenses	\$57,189,000
Academic Support	\$43,510,000
Public Service	\$38,986,000
Operations and Maintenance	\$32,327,000
Student Services	\$31,486,000
Student Aid	\$14,490,000
Capital Expense, Excluding Construction	\$7,053,825
<b>Total Direct Expenditure</b>	<b>\$742,699,825</b>

**Table 10: Final Demand Multipliers for Junior Colleges, Colleges, Universities, and Professional Schools**

	Output	Earnings	Jobs
Statewide	2.1412	0.7333	26.4039

**Table 11: Direct Effect Multipliers for Junior Colleges, Colleges, Universities, and Professional Schools**

	Earnings	Jobs
Statewide	1.6814	1.5247

**Table 12: Out-of-State Revenue Attributed to the UO**

Category	Revenue
Nonresident Undergraduate Tuition	\$196,659,440
Nonresident Graduate Tuition	\$24,305,842
Research (excluding Oregon sources)	\$108,715,092
Nonresident Student Spending	\$117,476,053
Visitor Spending	\$38,805,267
<b>Total</b>	<b>\$485,961,694</b>

**Table 13: University of Oregon Employment by Employee Type**

Employee Type	Headcount	FTE
<b>Administrators</b>	<b>36</b>	<b>34</b>
<b>Faculty</b>		
Tenured-Related Faculty	697	678
Full Professor	244	235
Associate Professor	270	261
Assistant Professor	176	175
Senior Instructor	7	6
NTTF Regular Faculty	687	588
Adjunct-Visiting	509	286
Retired	90	47
<b>Total Faculty</b>	<b>1,983</b>	<b>1,599</b>
<b>Classified Employees</b>		
Secretary-Clerical	590	543
Technical-Paraprofessional	310	271
Skilled Craft	116	115
Service-Maintenance	400	369
Other Professionals	153	140
Retired	16	11
<b>Total Classified</b>	<b>1,585</b>	<b>1,449</b>
<b>Officers of Administration</b>		
Secretary-Clerical	75	73
Technical-Paraprofessional	6	6
Skilled Craft	41	40
Service-Maintenance	11	11
Librarians	74	72
Other Professionals	1,073	1,010
Retired	36	18
<b>Total Officers of Administration</b>	<b>1,316</b>	<b>1,230</b>
<b>Total Before Temporary Employees</b>	<b>4,920</b>	<b>4,312</b>
<b>GTFs</b>	<b>1,472</b>	<b>631</b>
<b>Students</b>	<b>3,356</b>	<b>1,662</b>
<b>Temporary Employees</b>	<b>486</b>	<b>248</b>
<b>Total</b>	<b>10,234</b>	<b>6,852</b>



**Table 14: Student Spending**

<b>Student Categories</b>		
Total Headcount		<u>24,447</u>
Students living in residence halls		3,843
Students in family housing and UO apartments		432
Students living at home		362
Students living off campus		19,810
	Per Student	Total
<b>On Campus Student Spending</b>		
Books and Supplies	\$1,050	\$4,488,750
Miscellaneous	<u>\$2,412</u>	<u>\$10,311,300</u>
		<b>\$14,800,050</b>
<b>Off Campus Student Spending</b>		
Housing	\$4,815	\$95,384,091
Food	\$3,420	\$67,749,448
Utilities	\$1,260	\$24,960,323
Books and Supplies	\$1,050	\$20,800,269
Miscellaneous	<u>\$2,412</u>	<u>\$47,781,189</u>
		<b>\$256,675,319</b>
<b>At-Home Student Spending</b>		
Books and Supplies	\$1,050	\$380,331
Miscellaneous	<u>\$2,412</u>	<u>\$873,675</u>
		<b>\$1,254,006</b>
<b>Total Student Spending</b>		<b>\$272,729,375</b>