

## ABOUT THE STUDY

The UNLV Center for Business and Economic Research (CBER) conducted a study to measure the economic contribution of UNLV to the Southern Nevada economy. The question was asked: If UNLV had shut down in 2009, how would this affect the community? The analysis provides an answer for the present and through 2050. Constant Tra and Mridutpal Nag of CBER at the UNLV College of Business authored the report.

As one of the 10 largest employers in Clark County, UNLV employed 3,222 individuals in December of 2009. UNLV also contributes to the local economy through its expenditures on local businesses in support of its operations. CBER estimated that UNLV spent approximately \$83 million in Southern Nevada during fiscal year 2009. UNLV also provides economic activity in Southern Nevada through the expenditures of its students and visitors on local goods and services.

## HOW THE ANALYSIS WAS DONE

**UNLV's economic contribution on the community is measured by:**

- The primary impacts, defined as UNLV's direct financial contribution to local economic activity. These included:
  - » University employment and expenditures
  - » Student expenditures
  - » Other university-related visitor expenditures
- The multiplier effects, which are the result of the additional rounds of spending that ripple through the Southern Nevada economy as consequence of UNLV's direct expenditures and the expenditures that UNLV students and visitors make in the community.

## FINDINGS

**UNLV's Economic Contribution to Southern Nevada**

- Including multiplier effects, UNLV generated \$1.15 billion in economic activity in Southern Nevada during 2009.
- UNLV's direct economic impact, accounting for university and employment expenditures, student expenditures, and visitor expenditures, is estimated at nearly \$525 million.
- For every dollar of state appropriation funds, the university generated \$5.80 in economic activity to Southern Nevada.
- Each dollar of student off-campus spending generated approximately \$2.19 of economic activity for Southern Nevada.
- By 2050, UNLV's continued expenditure of \$525 million annually will generate at least 13,000 jobs a year (about 10,000 of which are not at the university).
- By 2050, UNLV's continued expenditure of \$525 million annually will generate more than \$10 billion in economic activity in Southern Nevada.

## UNLV'S PRIMARY DIRECT IMPACTS ON THE SOUTHERN NEVADA ECONOMY

- **University Expenditures** — UNLV's largest impact on the Southern Nevada economy comes from its spending on payroll (employee compensation and benefits) and on goods and services (utilities, services, and equipment supplies). In 2009, the impact of university expenditures on the Southern Nevada economy was about \$339 million—\$256 million on payroll and an additional \$83 million on goods and services.
- **Student Expenditures** — UNLV students contribute to the Southern Nevada economy through their purchase of goods and services, such as room and board, books, transportation, and personal items. In 2009, the impact of student expenditures on the Southern Nevada economy was estimated at about \$154 million.
- **Visitor Expenditures** — Spending generated by visitors, such as parents, alumni, and patrons, at university events contribute to the Southern Nevada economy. Visitors spend money at sports games, concerts, and other types of entertainment held at, for example, the Cox Pavilion, Sam Boyd Stadium, and the Thomas and Mack Center. The impact of other university related visitor spending on the Southern Nevada economy was \$32 million in 2009.

### UNLV’s TOTAL DIRECT IMPACT

UNLV’s direct impact on the Southern Nevada economy, resulting from total spending on payroll and goods and services, student spending on goods and services, and other university-related visitor spending, was estimated at \$525 million in 2009.

**UNLV’s Total Estimated Direct Impact: Fiscal Year 2009**

#### UNIVERSITY EXPENDITURES

University employee wages	\$256 million
University demand for goods and services	\$83 million
Student Expenditures (demand for goods and services)	\$154 million
Visitor Expenditures (university related)	\$32 million
<b>Total Direct Impact</b>	<b>\$525 million</b>

### TOTAL ECONOMIC IMPACT: UNLV’s ECONOMIC CONTRIBUTION

#### Two-Year Effects

The university’s direct impact, about \$525 million, provides spinoff impacts that ripple through the local economy. Spinoff impacts are the result of additional rounds of spending that take place after the direct spending has occurred. For example, university employees spend their paychecks at local businesses for housing, groceries, and clothing. Local business employees then spend those dollars again for their own housing, groceries, and clothing, and so on. As a result, the full impact on the economy is more than \$525 million. When the \$525 million ripples through the economy, it creates another \$623 million in economic activity. Therefore, UNLV’s total economic contribution to the Southern Nevada economy in 2009 was \$1.15 billion.

#### Long-Term Effects

Over the long run, UNLV’s contribution to the Southern Nevada economy is much more substantial. By 2050, UNLV’s continued expenditure of \$525 million annually will generate at least 13,134 jobs a year (9,912 of which are not at the university) and \$10.2 billion in economic activity in Southern Nevada.

### NEVADA’S RETURN ON INVESTMENT IN UNLV

UNLV’s total revenues in 2009 were about \$469 million. Nearly 42 percent, \$197 million, accounted for state appropriations. For every dollar invested by the state in UNLV, the university generated an additional \$5.80 in economic activity in Southern Nevada. In addition, each dollar of student off-campus spending generated approximately \$2.19 of economic activity in the community.

### CONCLUSION

UNLV is a vital part of the Southern Nevada economy and will continue to be so. In 2009, UNLV contributed \$1.15 billion in output to the Southern Nevada economy. By the year 2050, the same size university would create at least \$10.2 billion in economic activity for Southern Nevada. These estimates are conservative as they do not include the economic value of the education provided to the students or the positive spillover effects of:

1. research and development,
2. advanced science and technology,
3. a better trained work force that can compete globally, and
4. attracting new industries that help to diversify the Nevada economy.

Nor do the estimates include qualitative impacts, such as benefits resulting from the university’s social and cultural events, which lead to improved quality of life for local residents.

UNLV President Neal Smatresk understands the benefits to the state that accrue from investing in higher education. He asks, “If higher education isn’t going to lead the way into a better, brighter future, economic diversification, and work force production, who is?”

<sup>1</sup> Computation of the direct impacts, UNLV expenditures, student expenditures and visitor expenditures is found in the full report.