

## **Executive Summary for the Economic Impact of the University of Delaware on Newark and the State of Delaware Fall 1999**

The purpose of this study was to determine the economic impact that student, faculty and staff, and University expenditures have on the local community and state. In fall 1999, there were approximately 21,210 undergraduate and graduate students and approximately 3,670 faculty and staff employees at the University. Approximately 3,400 of these employees are on the Newark campus. During the months of October and November 1999, the Economic Impact Study was administered to approximately 2,800 undergraduate and graduate students at the University and 1,820 faculty and staff members on the Newark campus. Students and faculty and staff were randomly chosen to ensure a representative sample. The student response rate was approximately 25% while the faculty and staff response rate was approximately 52%. In addition, the study was administered to approximately 270 local businesses in the Newark area. The business response rate was approximately 34%. A follow-up mailing was conducted in February.

The mean monthly student income from all sources after taxes was approximately \$1,020. The total mean monthly student expenditures spent in Delaware were approximately \$780. Student expenditures ranged from housing to entertainment to medical and dental. Please note that students were asked to exclude University tuition, housing, and meal plans from their monthly expenditures. The estimated total annual expenditures spent in Delaware by the overall University student population were approximately \$143,003,950.

The total mean monthly faculty and staff household expenditures spent in Delaware were approximately \$2,320. Faculty and staff expenditures ranged from housing to retail to education and tuition. The estimated total annual expenditures spent in Delaware by the University Newark campus faculty and staff population were approximately \$94,501,840.

Local businesses indicated that they employ a number of current University students and alumni. These businesses also indicated that they benefit from revenues generated by University students and faculty and staff. A number of the local business respondents indicated that the University and its community influenced decisions regarding products and services. In addition, the business respondents indicated that the University and its community influenced decisions regarding scheduling events and sales. Other business decisions that are influenced by the University and its community included advertising, hiring, and business location choice. A number of the business respondents indicated that the University and its community were an asset to their business. In addition, the respondents indicated that the University had a positive influence on the Newark community and business sales. One respondent indicated that the University brought "vibrant" life to the community. Respondents also indicated that the University of Delaware made Newark "work" and the effect of the University and its community on their business as a whole was overall positive. Business respondents indicated that the faculty and staff at the University were a positive influence on their enterprise and that the University was important in making their operation successful, a driving force in the market share, provided competition, and encouraged a diverse population.

The University of Delaware is the 7th largest employer in the state of Delaware. During fall 1999, the University employed approximately 3,400 faculty and staff members on the Newark campus. The University compensated these employees approximately \$154,775,980.

The University makes a number of purchases through both Delaware and non-Delaware vendors. During the 1998-99 fiscal year, the University purchased approximately \$62,835,400 worth of products and services through Delaware vendors. Purchasing in Delaware accounts for 41% of the University's overall purchasing.

The direct expenditures of students, faculty and staff, and the University account for a large part of the economic impact on the state of Delaware. These direct expenditures lead to indirect purchases where additional services are purchased, employees are paid, and these employees, in turn, make additional expenditures. This is called the "multiplier" effect. The total economic impact of the University of Delaware was calculated by applying a multiplier of 1.9<sup>1</sup> to the direct expenditures. The estimated total economic impact of student and faculty and staff direct expenditures and University purchasing is summarized below:

**Table 1. Annual Expenditures  
Spent in Delaware by the University of Delaware and Its Community**

	Estimated Spending in Delaware Per Year	Overall Economic Impact
Student Expenditures	\$143,003,952	\$271,707,509
Faculty and Staff Expenditures	\$ 94,501,836	\$179,553,488
University Purchases	\$ 62,835,388	\$119,387,237
<b>Total Economic Impact</b>	<b>\$300,341,176</b>	<b>\$570,648,234</b>

During 1999, the University and its community spent approximately \$300 million in Delaware. These estimated expenditures spent in Delaware (\$300 million) are 3 times the state operating appropriations level (\$90 million). The estimated total economic impact of the University of Delaware is approximately \$570 million.

The University of Delaware is also responsible for generating additional jobs for businesses that provide goods and services to the University and its community. The Bureau of Economic Analysis suggests that approximately 36 jobs are generated for each additional \$1 million dollars of output<sup>1</sup>. Looking at the estimated student and faculty and staff expenditures and University purchases in the state of Delaware, approximately 10,810 new jobs are generated which increases the overall economic impact of the University of Delaware.

The University of Delaware's impact on the local community and state through economic benefits is immense. The students and the faculty and staff contribute a great deal to the local and state economy through their personal and household expenditures. Local businesses indicate that the University and its community are a positive influence and help to make their businesses successful. Overall, the return on the state's investment in the University of Delaware is approximately 3 times greater than their initial investment.

In addition to economic benefits, the University provides a number of additional benefits to the local community and the state of Delaware. These benefits include, but are not limited to, employment opportunities, social and cultural events, educational opportunities, and community development.

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<sup>1</sup> U.S. Department of Commerce – Bureau of Economic Analysis. *Regional Multipliers: A User Handbook for the Regional Input-Output Modeling System (RIMS II)*. 3rd ed. Washington, D.C.: U.S. Government Printing Office, 1992.