



ATLANTA REGIONAL COUNCIL *for* HIGHER EDUCATION

## Economic Impact Report for Brenau University

### Introduction

This report presents an overview of the impact of Brenau University on the economies of Georgia and the Atlanta region, including information on jobs created, state tax revenues, alumni contributions, and community impact.

### Executive Summary

The annual impact of Brenau University on the **Georgia economy** totals \$63.1 million. This includes \$53.8 million in impact from annual spending by the institution and its employees, students, and visitors combined with \$9.3 million in impact from average annual spending on campus capital improvements. This combined spending also generates 753 jobs across all industry sectors in the state.

The annual impact of Brenau University on the **Atlanta region's economy** totals \$44.6 million. This includes \$38.8 million in impact from annual spending by the institution and its employees, students, and visitors combined with \$5.8 million in impact from average annual spending on campus capital improvements. This combined spending also generates 668 jobs across all industry sectors in the region.

---

Table1: Annual Economic Impact of Brenau University on Georgia and the Atlanta Region

---

	<u>Total Impact</u>	<u>Jobs Created</u>
State of Georgia	\$63,140,222	753
Atlanta Region	\$44,556,178	668

---

### Economic Impact on Georgia from Annual Spending of the Institution and its Employees, Students and Visitors

The total impact of Brenau University on the Georgia economy from annual spending is estimated at \$53.8 million. This includes \$27.5 million in in-state, direct annual spending by the institution, employees, students and campus visitors. In addition, this figure includes \$26.3 million in indirect/induced spending in other sectors of the economy.

As a result of this economic activity generated by the institution, a total of 709 jobs are created in Georgia. This figure includes 366 employees of Brenau University and 343 jobs created in other sectors of the economy. (Please note these figures do not include the impact of annual capital improvement spending, shown in the next section.)

Table 2: Breakdown of Direct Spending Generated by Brenau University

	<u>Direct Spending</u>
Institutional Operations	\$5,901,137
Employee Expenditures	\$9,036,477
Student Expenditures	\$3,530,667
Campus Visitors	\$9,004,750
<b>Total</b>	<b>\$27,473,031</b>

*Note: Institutional operation spending excludes salaries/benefits paid to employees (which are included under employee expenditures) and excludes expenditures to out-of-state vendors. Employee expenditures are after taxes and exclude staff living out-of-state.*

Table 3: Economic Impact and Job Creation in Georgia Industry Sectors from Annual Spending Generated by Brenau University

<u>Industry Sector</u>	<u>Total Impact</u>	<u>Jobs Created</u>
Agriculture/Mining	\$651,441	0
Business/Professional Services	\$4,262,498	35
Communication/Transportation	\$2,292,578	13
Construction	\$2,547,723	14
Consumer Services	\$5,675,038	81
Finance/Real Estate	\$9,021,119	21
Government Enterprise	\$528,554	18
Health/Human Services	\$1,096,385	375
Manufacturing	\$17,338,690	51
Restaurants	\$4,311,915	83
Utilities	\$1,781,147	2
Wholesale/Retail	\$4,307,308	16
<b>Total</b>	<b>\$53,814,397</b>	<b>709</b>

*Note: This table does not include impact from annual capital improvement spending.*

## Economic Impact on Georgia from Campus Capital Improvement Spending

The total impact of Brenau University on the Georgia economy from average annual campus capital improvement spending is estimated at \$9.3 million. As a result of economic activity generated by this average annual capital spending, a total of 44 jobs are created in Georgia.

## Economic Impact on State Tax Revenues

A total of \$21.4 million in annual earnings is generated statewide as a result of the 709 jobs created by the annual spending of Brenau University and its employees, students and visitors (excluding capital improvement spending). Approximately \$12.6 million of these earnings are from the 366 employees at Brenau University and an additional \$8.8 million is generated by the 343 jobs created in other sectors of the economy. In total, these jobs and earnings generate \$2.1 million in state and local tax revenues across Georgia each year.

Table 4: Annual State and Local Tax Revenue Generated in Georgia from Jobs Created by Brenau University

	<u>Total Tax Revenues</u>
Income Taxes	\$796,885
Property Taxes	\$630,274
Sales and Excise Taxes	\$693,603
<b>Total</b>	<b>\$2,120,761</b>

## Economic Impact of Institution Alumni

The 11,070 Brenau University alumni living in Georgia earn an estimated \$447.6 million annually, generating a total of \$42.5 million in tax revenues paid to state and local governments across Georgia each year.

Table 5: Annual State and Local Tax Revenue Generated in Georgia from Alumni of Brenau University

	<u>Total Tax Revenues</u>
Income Taxes	\$17,456,507
Property Taxes	\$10,294,863
Sales and Excise Taxes	\$14,770,891
<b>Total</b>	<b>\$42,522,261</b>

## Economic Impact on Atlanta Region from Annual Spending by the Institution and its Employees, Students and Visitors

The total impact of Brenau University on the Atlanta region's economy from annual spending is estimated at \$38.8 million. As a result of this economic activity generated by the institution, a total of 640 jobs are created in the region. (Please note these figures do not include the impact of annual capital improvement spending, shown in the next section.)

Table 6: Economic Impact and Job Creation in the Atlanta Region from Annual Spending Generated by Brenau University

<u>Industry Sector</u>	<u>Total Impact</u>	<u>Jobs Created</u>
Agriculture/Mining	\$53,253	0
Business/Professional Services	\$3,406,191	29
Communication/Transportation	\$1,904,202	12
Construction	\$1,642,300	9
Consumer Services	\$4,189,489	63
Finance/Real Estate	\$7,341,030	18
Government Enterprise	\$528,415	18
Health/Human Services	\$705,689	365
Manufacturing	\$11,039,787	38
Restaurants	\$3,465,026	73
Utilities	\$1,170,278	1
Wholesale/Retail	\$3,307,247	13
<b>Total</b>	<b>\$38,752,905</b>	<b>640</b>

*Note: This table does not include impact from annual capital improvement spending.*

## Economic Impact on the Atlanta Region from Campus Capital Improvement Spending

The total impact of Brenau University on the Atlanta region's economy from average annual campus capital improvement spending is estimated at \$5.8 million. As a result of economic activity generated by this average annual capital spending, a total of 28 jobs are created in the Atlanta region.

## **Appendix**

### **Sponsors**

The Atlanta Regional Council for Higher Education (ARCHE) wishes to express its appreciation to the Georgia Power Foundation, Inc., the John and Mary Franklin Foundation, Inc., and the Robert W. Woodruff Foundation, Inc. for their generous support in sponsoring this economic impact study.

### **Sources**

ARCHE undertook this study in order to build awareness of the size, scope, impact and value of the Atlanta region's colleges and universities. Questions regarding the study may be directed to ARCHE at [arche@atlantahighered.org](mailto:arche@atlantahighered.org) or 404-651-2668.

The study was performed by Human Capital Research Corporation, a privately held firm that provides research and analysis in the areas of higher education operations, educational productivity, enrollment management, workforce development and public policy. The firm may be contacted at [contact@humancapital.com](mailto:contact@humancapital.com) or 847-475-7580.

### **Notes on the Study**

Since its development in the late 1930s, input-output analysis has served as a primary tool for tracing the economic linkages between various economic sectors and whole communities. This report is derived from a study that utilized input-output analysis to determine direct, indirect and induced industry output and employment as a result of Atlanta-area college and university expenditures, staff and student expenditures, and tourism activity. To show linkages between higher education and other economic sectors, analytical estimates were broken down by major industry group and shown in relationship to total industry output and employment.

For purposes of the study, the "Atlanta region" or "Atlanta area" includes the Athens-Clarke County Metropolitan Statistical Area, the Atlanta-Sandy Springs-Marietta Metropolitan Statistical Area, and the Gainesville Metropolitan Statistical Area.

All information in this report related to annual spending by institutions, employees, students and visitors, or related to tax revenues, is based on FY 2003 data and is expressed in FY 2005 dollars using the Consumer Price Index (CPI) as a general price inflator. All information related to capital expenditures by institutions reflects an average annual impact based on the period FY 1999 – FY 2003 and is expressed in FY 2005 dollars using the CPI as a general price inflator.

### **Economic Impact Methodology**

To estimate the impact of an institution on the state economy and to understand the linkages or dollar flows between higher education activity and its supplying sectors, an input-output (IO) table was developed by updating a 96-sector 1997 benchmark

U.S. IO table. The table was updated for 2003 prices and employment based on various national and local sources including U.S. Census Bureau, Bureau of Labor Statistics and Bureau of Economic Analysis data. To regionalize the table and estimate state and local activity, a standard location quotient (LQ) update method was applied to the U.S. table where individual values from the IO technical coefficient, or "A" matrix, are proportionately adjusted based on state or local employment LQs derived from the 2003 U.S. County Business Patterns. LQs are based on the ratio of the percent of persons employed in each industry in Georgia to the percent employed in each industry nationally.

For purposes of this study, institutional information was collected by ARCHE from its member colleges and universities, including: audited financial statements, expenditures by vendor and vendors' location of operation, all capital-related expenditures for the period FY 1999 – FY 2003, employees and their location of residence, privately funded gifts-grants-contracts and the location of the funding source, alumni and their location of residence, and information cited below regarding visitors. Non-ARCHE institutions located in the Atlanta area also provided capital-related expenditure data for the period FY 1999 – FY 2003. Data from the federal Integrated Postsecondary Education Data System was utilized for ARCHE and non-ARCHE institutions regarding enrollments and staffing levels and for non-ARCHE institutions regarding annual finance information.

Student expenditures were based on college living and miscellaneous expense budgets as reported by the institutions to the College Board. Specifically designated expenditures for room and board, transportation and books were assigned to their respective industry clusters, while miscellaneous expenses were allocated across industry groups based on Consumer Expenditure Survey-based purchase patterns of persons between the ages of 18-24. Corresponding expenditures from the college's auxiliary operations, such as room and board and food services, were subtracted from the student's total expenditures to avoid double counting.

Visitor expenditures were based on visitor person-days as reported by ARCHE institutions. The estimated person-days were categorized into four basic types: day and night leisure visits such as attendance at sporting or cultural events, and day and overnight business such as attendance at conferences. Average daily expenditures for each category were derived from visitor and tourist budgets computed by the Georgia Department of Tourism, the Travel Industry of America, other states' departments of tourism, and previous economic impact studies conducted by Human Capital Research Corporation.

In considering the impact or multiplier effect under this technique, it is important to recognize that this method, like all non-survey or partial survey-based IO tables, represent an estimate of actual economic activity. Because of individual supplier arrangements between individual business establishments and unique consumer preferences, it is impossible to state precisely the extent to which all transactions actually occurred within state boundaries. The LQ method assumes that a state is relatively self-sufficient in meeting statewide demand for inputs that have at least the national percent employed in a particular industry. For this analysis, the resultant income multiplier for higher education in the Atlanta region on Georgia is estimated at 2.03.