

EXECUTIVE SUMMARY

The University of Nebraska Medical Center (UNMC) and the Nebraska Medical Center (Hospital) increase the economic strength and vitality of Nebraska while making the state a better place to live, work and do business. UNMC and the Hospital are on a trajectory to becoming a world-class academic health sciences center. Already, UNMC and the Hospital are recognized leaders in medical research, educating future health-care professionals, and providing the latest and finest patient care. UNMC is the only public academic health science center in Nebraska and one of four University of Nebraska campuses. The Hospital is the primary teaching hospital for UNMC and was formed in 1997 by the merger of Clarkson Hospital and University Hospital.

This economic impact study provides one way of quantifying the importance of these institutional achievements to Nebraska. The intent of this study is to report the quantifiable and non-quantifiable economic impacts of UNMC and the Hospital on both the six-county Omaha metro area and the state of Nebraska. The economic impacts of UNMC and the Hospital are based on local purchasing patterns in fiscal year 2005 and are calculated within the framework of four major spending categories: business operations, construction, student spending, and visitor spending. The economic impacts are presented in 2005 dollars and describe the “typical” annual impact. RIMS II multipliers from the U.S. Department of Commerce, Bureau of Economic Analysis were applied to estimate the multiplicative impacts of spending associated with UNMC and the Hospital. Thus, the total impact figures reflect the sum of direct and local expenditures as well as the indirect impacts of spending associated with UNMC and the Hospital.

The total economic impact of UNMC and the Hospital to Nebraska is \$1.5 billion annually. UNMC and the Hospital support 17,100 jobs throughout the state.

Total Economic Impact on Nebraska			
(\$ in millions)			
Local Spending	Direct Impact	Indirect Impact	Total Impact
<u>Business Operations</u>	\$628	\$689	\$1,317
Research Activities	\$61	\$59	\$120
<u>Student Spending</u>	\$46	\$40	\$86
<u>Visitor Spending</u>	\$5	\$4	\$9
<u>Construction</u>	\$45	\$52	\$97
Total Impact of Local Spending			
Local Spending	\$724	\$785	\$1,509
Payroll	\$486	\$331	\$817
Employment	9,500	7,600	17,100

Job Creation: UNMC and the Hospital employ a combined workforce of 9,000 of which about 8,300 employees are also residents of Nebraska. Together, UNMC and the Hospital would represent the third largest employer in the state, assuming both UNMC and the Hospital were private entities. The combined annual payroll of UNMC and the Hospital, including benefits, exceeded \$486 million in 2005.

UNMC and Hospital employees earn higher than average wages in Nebraska.

UNMC - \$50,700
 Hospital - \$38,900
 UNMC medical researchers - \$60,000
 Nebraska - \$31,600

Student spending, visitor spending and construction activities associated with UNMC and the Hospital create another 1,200 jobs across the state. In total, UNMC and the Hospital are directly responsible for the creation of 9,500 jobs in Nebraska. Indirectly, UNMC and the Hospital create another 7,600 jobs, bringing the total employment impact to 17,100 jobs.

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Business Operations, Student and Visitor Spending, and Construction Activity: UNMC and the Hospital purchase \$363 million in goods and services annually of which Nebraska businesses supply almost half of all purchases. Analyzing expenditures for goods and services outside of the state of Nebraska reveal opportunities for UNMC and the Hospital to collaborate with local businesses and government to spur the creation of greater local spending. Students and patient visitors who come to either UNMC or the Hospital from outside of Nebraska generate \$95 million in annual economic activity for Nebraska from lodging, retail, and other expenditures. State-of-the-art construction activity at UNMC and the Hospital generates an estimated \$97 million in annual economic activity in Nebraska.

Research Enterprise: The research enterprise is a rapidly growing component of UNMC and the Hospital's business operations. In 2005, UNMC attracted \$72.5 million in external research funding. Overall, research activities at UNMC and the Hospital generate an annual economic impact of \$120 million for Nebraska, which is included in the \$1.5 billion total impact. Research-related activities at UNMC support a total of 1,500 positions across the state.

Improving Public Health and Increasing Nebraska's Wealth: The impact to the economy, which this study has measured, is one benefit. The other benefit is the quality of life that UNMC and the Hospital help make possible as a result of the positive relationship between improving public health and increasing wealth in the community. The state and each and every resident of Nebraska are the ultimate beneficiaries of UNMC and the Hospital's advancements.

- ◆ More than half of the physicians with active practices in Nebraska and 68% of physicians in rural Nebraska are UNMC graduates.
- ◆ UNMC and the Hospital attracted \$325 million in "new money" to the state of Nebraska in 2005. One-third of the total spending associated with UNMC and the Hospital is made possible by new revenue to the state.
- ◆ UNMC disclosed 41 inventions and filed 12 U.S. patents in 2005. UNeMed is encouraging the commercialization of UNMC-spawned research through 11 start-up companies. State-of-the-art facilities like the \$77 million Durham Research Center and soon-to-be-completed Michael F. Sorrell Center for Health Science Education building provide the optimum environment for cutting-edge medical research.

UNMC and the Hospital are significant contributors to wealth creation in Nebraska through employment creation, increasing the livability of rural communities, providing quality higher education, encouraging research commercialization, and attracting new money into the state. Educational institutions are critical to propelling economic development in today's economy.

It is impossible to put a dollar value on the impact these more intrinsic characteristics have on the state, but it is not hard to see that Nebraskans embrace the accomplishments and furthered success of these two institutions.