FAQ’s for UNMC EI Study

What is economic impact?
Economic impact studies measure the direct economic impact of an organization’s spending, plus additional indirect spending in the economy resulting from an institution’s operations. Economic impact has nothing to do with dollars collected by institutions, their profitability, or even their sustainability; since all organizations have a positive economic impact when they spend money and attract spending from outside sources.

Direct economic impact measures the dollars that are generated within Nebraska due to the presence of UNMC. This includes not only spending on goods and services with a variety of vendors within the state, and the spending of its staff and visitors, but also the business volume generated by businesses within Nebraska that benefit from UNMC’s spending. It is important to remember that not all dollars spent by a medical center remain in its home state. Dollars that “leak” out of the state in the form of purchases from out-of-state vendors are not included in the medical center’s economic impact on the state.

The total economic impact includes the “multiplier” of spending from companies that do business with UNMC. Support businesses may include lodging establishments, restaurants, construction firms, vendors, temporary agencies, etc. Spending multipliers attempt to estimate the ripple effect in the state economy where the spending occurs. For example: Spending by a UNMC campus with local vendors provides these vendors with additional dollars that they re-spend in the local economy, causing a “multiplier effect.”

What multipliers were used in this study?
Tripp Umbach uses economic impact (also referred to as business volume impact) multipliers recommended by the American Council on Education. The indirect impacts represent the re-spending which takes place in the study areas. The multipliers utilized this study are based upon research conducted by Caffrey and Isaacs in 1971, and are appropriate for major research universities.

Economic Impact Multipliers: State business volume multiplier = 2.3

What methodology was used in this study?
The methodology employed in the calculation of the impact of the UNMC was derived from the standard set of impact research tools developed by the American Council on Education (ACE) for the measurement of college and university economic impact. The ACE-based methodology is well established, having been used in hundreds of impact studies throughout the United States. The ACE methodology employs linear cash-flow modeling to track the flow of institution-originated funds through a delineated spatial area. Tripp Umbach has used this this same methodology since 1995 to measure the impact of every medical school and teaching hospital in the United States.
What is employment impact?
Employment impact measures the direct employment (staff, faculty, administration) plus additional employment created in the economy as a result of the presence of the University of Nebraska Medical Center. Indirect employment impact refers to other employees throughout the region that exist because of the UNMC’s economic impact. In other words, jobs related to city services (police, fire) employees at local hotels and restaurants, clerks at local retail establishments, residents employed by vendors used by the UNMC, and also attributable to the medical center.

How is the tourism impact of an institution measured?
Academic medical centers like UNMC are important tourism destinations. Out-of-state visitors to the medical center and visitors students, faculty, and staff visit universities on a regular basis for conferences and meetings. Parents and friends visit students frequently and the general public travels to universities for sporting events, concerts, and cultural events. The economic impact models created by Tripp Umbach for the UNMC calculate the net impact of spending within the state of Nebraska from visitors from outside of the state. The tourism impact of a major university represents hundreds of millions of dollars annually in the flow of “fresh” dollars, dollars attracted from out-of-state, into the state’s economy. The models do not include spending by visitors within Nebraska who travel to any of the campuses for care.

What is the difference between direct and indirect taxes?
Direct tax dollars include sales taxes and net corporate income taxes paid directly by the institution to the state; while indirect taxes include taxes paid to the state by employees, visitors, and vendors that do business with UNMC.

Is this a one-time impact or does the impact repeat each year?
The results presented in the UNMC economic impact study are generated on an annual basis. The economic impact in future years can either be higher or lower based on operational expenditures, capital expansion, and increases in external research.

What types of economic impacts are typically presented in a comprehensive economic impact report?
There are three standard measures that institutions use when measuring and communicating their economic impact:
1. Direct spending -- How many direct dollars spent annually by the university, its employees, and its visitors that remain in the state of Nebraska.
2. Indirect spending -- How many direct dollars are spent annually by businesses that receive money from UNMC within the state of Nebraska.
3. Induced impacts -- How many direct dollars are spent annually as a result of the products and services provided by an organization. One example is the capitalization of research innovation.
Induced economic impact occurs when new products are developed based on research conducted at UNMC.

**What are Tripp Umbach’s qualifications to perform an Economic Impact Study for the UNMC?**

Tripp Umbach is the national leader in providing economic impact analysis to leading health care organizations, universities, and academic medical centers. We have completed more than 300 customized economic impact studies over the past 25 years for clients such as the AAMC, The Pennsylvania State University, The Ohio State University, Mayo Clinic Rochester, UW Medicine, Cleveland Clinic, University of Florida, the University of North Carolina Hospitals, the University of Pennsylvania Medical Center, the University of Pittsburgh Medical Center, and the Ohio State University Medical Center.

Since 1995, Tripp Umbach has measured the economic impact of every U.S medical school and 400 teaching hospital affiliates for the Association of American Medical Colleges. Tripp Umbach has completed statewide studies for multiple institutions in Ohio, New York, Pennsylvania, Virginia, South Carolina, Wisconsin, and Minnesota. Our firm has completed economic impact studies at the metropolitan level in Boston, Pittsburgh, Philadelphia, and Chicago.