

Estimating the Local Economic Impact of U.S. University Activity Using a Bill of Goods Approach

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In this paper we collect budget data from U.S. universities on actual expenditures as well as the local share of these expenditures to calibrate and regionalize custom economic impact multipliers. We compare these economic impacts to those obtained using an “off-the-shelf” multiplier for universities from BEA’s Regional Input-Output Modeling System (RIMS II). We find that results are very sensitive to initial assumptions about the study region and the scope of university economic activity. We provide recommendations to improve the usefulness and reliability of multiplier-based estimates of the economic impact of universities wages and salaries and other expenditures.