

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

LAW & LEGISLATIVE  
REFERENCE LIBRARY  
43 STATE HOUSE STATION  
AUGUSTA ME 04333

L03153  
.US8  
2002

## **Economic Impact of the University of Maine**

REP Staff Paper #512

December 2002

Thomas G. Allen

Todd M. Gabe

Department of Resource Economics and Policy

University of Maine



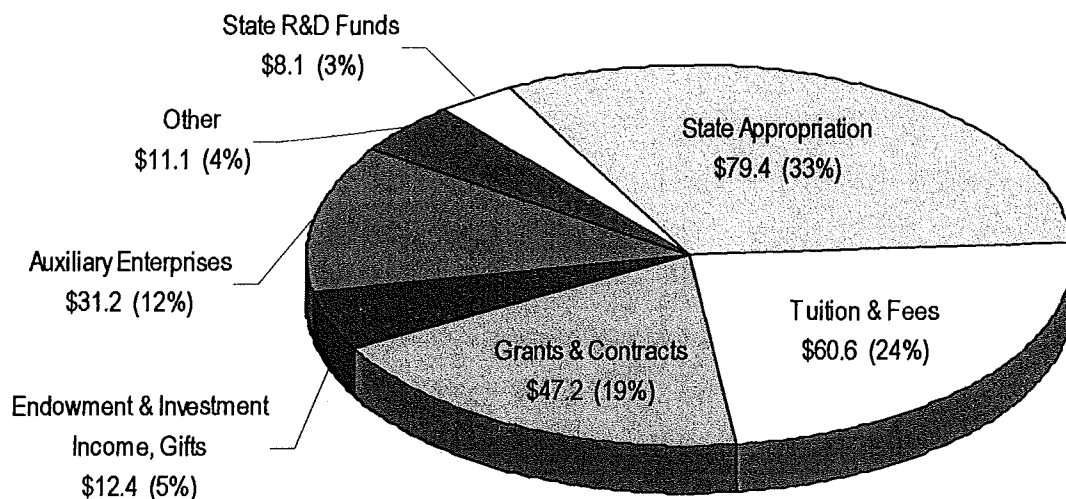
## 1. SUMMARY

Beyond its role as the leading research university in Maine and the flagship campus of the University of Maine System, the University of Maine is a vital part of the state's economy. University expenditures and spending by employees, students and visitors totaled \$289 million in FY 2002. When multiplier effects are considered, the University of Maine contributed about \$578 million in total output to the state economy. Compared to the \$87.5 million in state appropriations received in 2002, it is estimated that every \$1.00 invested in the university by the State of Maine generates approximately \$6.60 in total state economic activity. With more than 5,000 workers, the university ranks among the ten largest employers in the state. The economic activity generated by the university, along with spending by its employees, students and visitors, supports an additional 3,600 jobs across the state.

## 2. UNIVERSITY OF MAINE REVENUES

As part of the State of Maine university system, the University of Maine is funded, in part, by state tax dollars through an appropriation provided by the State of Maine. In 2002, the university received a state appropriation of \$79.4 million, along with an additional \$8.1 million appropriation from the state of Maine as its share of research and development funding from the Maine Economic Improvement Fund. These state appropriations provided 36 percent of the university's total revenues. Other sources of revenue, shown in figure 1, include tuition and fees (\$60.6 million), income from endowments, investments and gifts (\$12.4 million), revenues generated by auxiliary enterprises such as cultural and athletic events, conferences and institutes (\$31.2 million), and other revenues (\$11.1 million). Research and public service at the university generate a significant amount of revenue through contracts and grants from the federal and state governments, and the private sector (\$47.2 million).

**FIGURE 1. UNIVERSITY REVENUES (IN \$MILLIONS) BY MAJOR FUNDING SOURCES, 2002.**



### 3. UNIVERSITY OF MAINE DIRECT EXPENDITURES

Total university expenditures during FY 2002 were approximately \$251 million (table 1). This amount includes \$67.1 million of direct purchases of goods and services, such as lab equipment, office supplies, and professional and maintenance services. The university's total annual payroll is \$159 million, including \$17.2 million that the university spent during FY 2002 as its contribution toward the purchase of health insurance coverage for university employees. Approximately \$97.5 million of the university payroll ultimately is available to employees, including student workers, as disposable income.

During the past year, the university spent \$25.4 million on capital improvements in the form of new construction and renovation of existing facilities. While capital improvements are generally not considered an ongoing operating expense, this figure reflects the level of construction activity at the university during each of the past several years. Finally, University of Maine students injected \$37.8 million into the Maine economy, through their spending on food purchased off-campus, housing (not including students residing on-campus), transportation and miscellaneous expenditures (tables A1 and A3). A portion of the student

spending impact is reflected in the university's payroll impact, while the majority (\$25.0 million) is captured through the (non-payroll related) student spending impact. The non-payroll student spending is financed through money that students bring to the university from other sources (e.g., off-campus employment, parental support).

**TABLE 1. UNIVERSITY-RELATED EXPENDITURES, 2002.**

<b>Expenditures</b>	
Direct purchases	\$67,121,000
Annual payroll	\$158,704,000
Capital improvement	\$25,375,000
<b>Sub-total</b>	<b>\$251,200,000</b>
Student spending (non-payroll related)	\$24,988,000
Visitor spending	\$12,949,000
<b>TOTAL</b>	<b>\$289,137,000</b>

#### 4. TOTAL ECONOMIC IMPACTS

The university regularly employs 2,430 full-time and part-time workers, including faculty, administrators, clerical and support staff (table A2). In addition, the university employs approximately 2,340 undergraduate and graduate students in various capacities during the year. Approximately 330 other workers are employed on a temporary basis. The total university payroll, including student workers, was \$159 million in FY 2002

An input-output model of the Maine economy was used to estimate the additional output, employment and income that is generated throughout the state as a result of the spending of the university, its employees, students and visitors. This additional economic activity is commonly referred to as the multiplier effects. Including multiplier effects of \$288 million,

the university contributed about \$578 million in total output to the Maine economy. This total impact includes \$247 million in income to university employees and other Maine workers. A total of 8,697 jobs in Maine are either directly or indirectly associated with the activities of the university.

**TABLE 2. TOTAL ECONOMIC IMPACT OF THE UNIVERSITY OF MAINE**

	<b>Direct impacts</b>	<b>Multiplier effects</b>	<b>Total impact</b>
<b>Output</b>	\$289,137,000	\$288,395,000	\$577,532,000
<b>Income*</b>	\$158,704,000	\$88,189,000	\$246,893,000
<b>Employment**</b>	5,100	3,597	8,697
<i>Active, regular</i>	2,420		
<i>Students</i>	2,200 – 2,400		
<i>Other</i>	330		

\*Direct impact is the total university payroll, including student payroll.

\*\*Student employment is part-time, highly variable, and usually not year-round. "Other" employment includes pool workers, full-time temporary employees and part-time temporary faculty.

- **University spending:** The university purchased \$67.1 million worth of goods and services as part of its operating expenditures. These purchases, along with the university's spending for wages and benefits of \$159 million, generated a total economic impact of \$332 million in state output. This activity supports 5,904 jobs in Maine, including university employment, and provided \$184 million in personal income during 2002.
- **Employee and student spending:** A portion of the income paid by the university to its employees (including student workers) is spent on goods and services in Maine. Approximately \$97.5 million of the university payroll ultimately is available to employees, including student workers, as disposable income. In addition, students

also spend money received through other sources such as off-campus employment, financial aid and parental support. This additional spending is estimated to be \$25.0 million. Spending by employees and students generated an additional \$162 million of economic activity in the Maine economy and supports 2,038 jobs, which provided \$43.8 million of income during 2002

- **Visitor spending:** The University of Maine annually hosts a large number of visitors that attend sporting and cultural events, seminars and conferences, homecoming weekend and other special events. A study published by the National Association of State Universities and Land Grant Colleges in 2001 suggests that visitor spending is equivalent to 14 percent of university non-payroll spending on operations and construction. Using this figure, we estimate that visitors to the University of Maine spent about \$12.9 million on goods and services in 2002. This visitor spending generated total economic activity of \$17.6 million, including 341 jobs in Maine that provided \$5.5 million of income during 2002.
- **Capital construction:** During FY 2002, the university spent \$25.4 million on construction projects. This construction activity created a total economic impact of \$66.1 million. Construction spending supported 414 jobs with a total payroll of \$13.5 million.
- **Tax revenues:** As a tax-exempt institution, the University of Maine does not pay sales taxes on the goods that it purchases. In FY 2002, the University paid \$781,074 to municipal governments in lieu of taxes. In addition, employees, students, visitors and others impacted by the university paid \$17.3 million in taxes and fees to state and local governments in Maine during 2002.



## 5. APPENDIX

**TABLE A1. UNIVERSITY OF MAINE STUDENT ENROLLMENT**

<b>Students</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>Change 1997-2001</b>
Full-time	6,688	6,866	7,210	7,524	7,841	17%
Part-time	2,525	2,585	2,735	2,758	2,857	13%
<b>Total</b>	<b>9,213</b>	<b>9,451</b>	<b>9,945</b>	<b>10,282</b>	<b>10,698</b>	<b>16%</b>
In-state	7,579	7,818	8,240	8,560	8,975	18%
Out-of-state	1,634	1,633	1,705	1,722	1,723	5%
<b>Total</b>	<b>9,213</b>	<b>9,451</b>	<b>9,945</b>	<b>10,282</b>	<b>10,698</b>	<b>16%</b>

**TABLE A2. UNIVERSITY OF MAINE EMPLOYMENT**

<b>Employees*</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>Change 1997-2001</b>
Full-time	2,254	2,177	2,134	2,044	2,044	-9%
Part-time	546	500	519	505	389	-29%
<b>Total</b>	<b>2,800</b>	<b>2,677</b>	<b>2,653</b>	<b>2,549</b>	<b>2,433</b>	<b>-13%</b>

*\*Active, regular employees (non-students)*

**TABLE A3. ESTIMATED UNIVERSITY STUDENT SPENDING\***

	1999	2000	2001
<b>Full-time students</b>			
<i>On-campus</i>			
Housing & food	-	-	-
Travel	1,582,750	1,632,000	1,696,250
Misc	3,482,050	3,590,400	3,731,750
<b>Sub-total</b>	<b>5,064,800</b>	<b>5,222,400</b>	<b>5,428,000</b>
<i>Off-campus</i>			
Housing & food	20,837,264	22,390,560	23,843,960
Travel	2,022,250	2,130,000	2,224,250
Misc	4,448,950	4,686,000	4,893,350
<b>Sub-total</b>	<b>27,308,464</b>	<b>29,206,560</b>	<b>30,961,560</b>
<b>Part-time students</b>			
<i>Off-campus</i>			
Housing & food	-	-	-
Travel	1,367,500	1,379,000	1,428,500
Misc	-	-	-
<b>Sub-total</b>	<b>1,367,500</b>	<b>1,379,000</b>	<b>1,428,500</b>
<b>TOTAL</b>	<b>33,740,764</b>	<b>35,807,960</b>	<b>37,818,060</b>

\*Based on estimated student budgets from UM Office of Student Financial Aid.