



The Economic & Fiscal Impact of Saint Joseph's College on the State of Maine

**For: Saint Joseph's College of Maine
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III. Size & Range of Saint Joseph's Economic & Fiscal Impact

The Total Economic Impact of Saint Joseph's College in 2007

As noted above, the *total* economic impact of Saint Joseph's College on the State of Maine is the sum of three separate elements: the direct impact of the college itself; the indirect impacts on its suppliers and their suppliers etc., up and down the supply chain; and the induced impacts on consumer spending resulting from all those earning incomes from the college and its suppliers. For 2007 these direct impacts were:

- ✓ \$ 14.4 million dollars in pay and benefits provided to the college's Maine based employees;
- ✓ \$ 10.0 million in non-personnel operating expenses;
- ✓ \$ 4.3 million spent on new plant, equipment and vehicles⁸; and
- ✓ \$ 2.0 million of consumer spending in Maine made by the students coming to the college from outside Maine and by their families and friends coming to visit them and attend various college events.⁹

Planning Decisions entered each of these totals as sales to the appropriate Maine businesses and ran the IMPLAN model to determine their total impact. The results of this analysis are summarized in Table 1.

Table 1: The Economic Impact of Saint Joseph's College on Maine, 2007

Activity	Sales (\$million)	Jobs	Income (\$ million)	Income per Job
Direct Impact	\$30.7	390	\$17.2	\$44,000
Indirect Impact	\$ 7.9	85	\$ 2.4	\$28,000
Induced Impact	\$17.6	210	\$ 6.3	\$30,100
Total Impact	\$56.2	685	\$25.9	\$37,700
Multiplier	1.8	1.8	1.5	N.A.

Source: IMPLAN Pro 2.0 operated by PDI.

College and college-generated spending produce indirect sales to Maine-based vendors of approximately \$7.9 million and induced sales of \$17.6 million. This represents a total sales impact of more than \$56 million and indicates a sales multiplier of 1.8.

The employment impact accompanying these sales amounts to approximately 685 jobs. Saint Joseph's College itself provides over 300 full-time equivalent jobs in

⁸ Because capital spending varies so widely from year to year (see Figure 1 above), we used the eight-year average of capital spending from 2000 to 2007 as more representative of a "typical" year.

⁹ These figures were taken from budget figures provided by officials of Saint Joseph's College.

Maine. Its average annual capital spending supports another 60 jobs, and spending by its students and their visitors supports another 25 jobs. The indirect effects of these spending support approximately 85 jobs and the induced effects support another 210 jobs. Thus, the total employment impact of the college is nearly 700 jobs, indicating an employment multiplier of 1.8.

The income impact follows a similar pattern. The college's payroll represents income for the local economy of \$14.4 million. Spending by workers building dorms and college buildings and supplying vehicles and equipment supports another \$2.0 million in income. Spending by students and their visitors generates another \$0.8 million in income. The income generated by the college's indirect effects is approximately \$2.4 million and by its induced effects approximately \$6.3 million. Thus, the total income effect of its operation is nearly \$26.0 million, and its income multiplier is 1.5.

The Fiscal Impact of Saint Joseph's College

A secondary effect of the business sales and personal income noted above is the tax revenue they generate for state and municipal governments. These revenues represent the college's fiscal impact and derive from two sources:

- ✓ indirect businesses taxes (property, sales, fuel, excise, licensing, etc.) paid to state and local governments as a cost of operation both by the college and by the businesses linked to it through indirect and induced impacts; and
- ✓ personal taxes paid by the individuals and households earning incomes from the direct, indirect and induced sales created by the college's total impact.

Running the total sales and income impacts noted in Table 1 above through the IMPLAN model and applying Maine's average tax rates yields an estimate of total state and local tax revenue attributable to Saint Joseph's College and its economic impacts of approximately \$3.6 million. Table 2 summarizes these results.

Table 2: State & Local Taxes Generated by Saint Joseph College Impact, 2007

Tax Category	Amount (\$ million)
State Government	\$ 2.2
Income Taxes	\$ 1.0
Sales and Gross Receipts Taxes	\$ 1.0
Licenses & Other Taxes	\$ 0.2
Local Government	\$ 1.4
Property Taxes	\$ 1.3
Excise & Other Taxes	\$ 0.1
Total Tax Revenue	\$ 3.5

Source: IMPLAN Pro 2.0 operated by Planning Decisions, Inc. and U.S. Bureau of the Census State & Local Government Finance, <http://www.census.gov/govs/www/estimate.html>.

Looking to the Future: The Impact of Saint Joseph's Expected Growth

All of the figures used to describe the economic and fiscal impact of Saint Joseph College thus far are based on values for fiscal year 2007. But a full appreciation of the college's impact demands a consideration of its future. To say that the total sales impact of Saint Joseph's College on the State of Maine exceeded \$ 56 million in 2007 is one thing. But will that impact be sustained? Will it increase or decline in coming years? As with any significant enterprise, its full impact on its community depends on the expectations and confidence the community has in its future.

Table 3 presents a summary of the growth Saint Joseph's College expects over the next several years.

Table 3: Indices of Saint Joseph College's Expected Growth, 2007-2012

Category	FY 2007	FY 2012	% increase
Resident Enrollment	1,063	1,210	14%
Employment (headcount)	608	780	28%
Employment (FTE)	322	416	29%
Operational Spending	\$24.4 m	\$39.1 m	54%
Capital Spending	\$ 4.3 m	\$ 4.9 m	14%
Non-Resident Student and Visitor Spending	\$ 2.0 m	\$ 2.3 m	14%

Source: Non-resident student spending was estimated by Planning Decisions; all other data were provided by officials from Saint Joseph's College.

Saint Joseph's College expects enrollment to grow by 14% over the next four years; full-time-equivalent employment to grow by 29%; capital spending by 14% and operational spending by 54%. Presuming the same proportion of non-Maine resident students and

a pattern of student spending similar to what we assumed for 2007, it seems likely that non-resident spending will increase at the same rate as enrollment.

If this growth does in fact occur, the college’s total sales impact will increase from \$ 56 million to \$ 75 million; its employment impact will increase from 685 jobs to 925 jobs; its income impact will increase from \$ 26 million to \$ 35 million; and its fiscal impact will increase from \$ 3.5 million to \$ 4.8 million over the next five years. Table 4 summarizes the results.

Table 4: Projected Economic Impact of Saint Joseph’s College on Maine, 2012

Activity	Sales (\$million)	Jobs	Income (\$million)	Income per Job
Direct Impact	\$41.1	525	\$23.0	\$44,000
Indirect Impact	\$ 10.6	115	\$ 3.2	\$28,000
Induced Impact	\$23.6	285	\$ 8.5	\$30,100
Total Impact	\$75.3	925	\$34.7	\$37,700
Multiplier	1.8	1.8	1.5	N.A.

Source: IMPLAN Pro 2.0 operated by PDI; job numbers are rounded to avoid unrealistic precision.

The Regional Impact of Saint Joseph's College

In addition to its impact on the state of Maine as a whole, Saint Joseph’s College has an impact on the Greater Portland region (here defined as Cumberland and York Counties). The method for determining this impact is the same as that used for determining the impact on the state as a whole with the following adjustments. First, the direct impact of college spending is limited to its payments to employees and vendors in these two counties. Second, the direct impact of student and visitor related spending is expanded from just out-of-state students and visitors to out-of-region students and visitors, i.e., students and visitors from out-of-state and from Maine counties other than York and Cumberland. Third, the IMPLAN model of inter-industry relationships used to estimate total impact from direct impact is limited to transactions within these two southern Maine counties, i.e., the geographic extent of indirect and induced effects is limited to those occurring within this two-county area.¹⁰

Table 5 summarizes the college’s total economic impact on the Greater Portland region for 2007.

¹⁰ See Appendix Two for an explanation of how these adjustments were made.

Table 5: The Economic Impact of Saint Joseph’s College on Greater Portland, 2007

Activity	Sales (\$million)	Jobs	Income (\$ million)	Income per Job
Direct Impact	\$29.1	365	\$16.1	\$44,200
Indirect Impact	\$7.6	80	\$ 2.3	\$28,800
Induced Impact	\$15.6	175	\$ 5.7	\$32,500
Total Impact	\$52.3	620	\$24.1	\$38,900
Multiplier	1.8	1.7	1.5	N.A.

Source: IMPLAN Pro 2.0 operated by PDI.

College and college generated spending produce indirect sales to Portland area-based vendors and businesses selling to the college’s out-of-region students and their visitors of approximately \$7.6 million and induced sales of nearly \$16 million. This represents a total sales impact of about \$52 million and indicates a sales multiplier of 1.8.

The employment impact accompanying these sales amounts to approximately 365 jobs. The indirect effects of these spending support approximately 80 jobs and the induced effects support another 175 jobs. The total employment impact of the college on the Greater Portland area about 620 jobs, indicating an employment multiplier of 1.7.

The income impact follows a similar pattern. The college’s Greater Portland area operational and capital spending generates income for the local economy of \$16 million. Spending by non Portland-area students and their visitors generates another \$1.3 million in income. The income generated by the college’s indirect effects is \$2.3 million and by its induced effects is \$5.7 million. Thus, the total income effect of its operation on the Greater Portland area is approximately \$24.1 million, and its income multiplier is 1.5.

As is true for the state as a whole, these impacts are likely to grow by about one-third over the next five years as the college executes its current growth plans.