Measuring the Economic Impacts of Universities

How Universities Shape the Next Economy, Year over Year

Liam Paulhus
Lead Engineer
REMI

Shreeya Gurav
Analyst
REMI

Regional Economic Models, Inc.

what does REMI say? sm

Agenda

- Universities as Economic Drivers
- Why Impact Analysis Matters
- How REMI Builds a University Impact Study
- Seeing Impacts Year over Year
- PROSERIS and Model Demonstration
- Putting Findings to Work
- Q&A

About Us

We are the nation's leader in dynamic local, state and national policy modeling.

From the start, REMI has sought to improve public policy through economic modeling software that informs policies impacting our day-to-day lives.

We were founded in 1980 on a transformative idea: government decision-makers should test the economic effects of their policies before they're implemented.

At REMI, we're inspired by a single goal: *improving public policies*.



Universities Through an Economic Lens

Professors

Direct educational employment and payroll

Admin and support staff

More direct jobs, from IT to dining to facilities

Students

Residents who rent, shop, and spend locally

Classes and research

University investment in R&D

Research outcomes

Startups, patents, and new technology

Sporting events

Visitor spending on hotels, dining, and retail

Campus growth

Construction activity across the region

Graduates

A skilled workforce for local employers

Not just educational institutions: major economic drivers of their regions

Why Impact Analysis Matters

When stakeholders ask what the university gives back, a credible number makes your case. It matters to:

Your community

Residents, local government, and partners see the jobs, income, and growth the university brings to the region.

State funders

More than 30 states now distribute some higher-education funding through outcomes-based models.

Federal funders

NSF Regional Innovation Engines and EDA Tech Hubs invest in university-anchored regions, and NSF calls evaluating their progress critical.

Now more than ever, **quantifying economic impact is essential to securing funding** and showing where it delivers results.

Sources: Bellwether, "Formulating Success" (Jan. 2026); NSF Dear Colleague Letter NSF 24-036; UEDA, "A Vision for 2026."

Building a University's Impact in REMI

We categorize each thing the university contributes and enter it into the model, year by year:

UNIVERSITY ACTIVITY	ENTERS REMI AS
Faculty employed	Employment and payroll in colleges and universities
Administration and support staff	Employment and payroll in university operations
Student spending	Consumer spending: housing, food, retail, transportation
Construction	Construction spending, phased by year of the build
Visitor spending (sports and events)	Spending at hotels, restaurants, and retail
Research and development	R&D spending and scientific research services
Startups and spin-offs	New-firm employment in the industries they create

How a University Moves the Regional Economy

Every dollar a university spends ripples outward. A study separates the immediate spending impacts from the contributions that build over time.

Direct

Operations, payroll, research, and construction on campus

Indirect

Purchases from vendors, contractors, and service providers

Induced

Employees, students, and visitors spending in the local economy

Dynamic

Migration, labor force, wages, prices, and investment shifting year over year

Immediate spending impacts: captured by input-output

Builds over time

The Methodology Behind the Model

REMI's 46-year history of rigorous academic research and software development has led to the industry standard in macroeconomic research methodology:

1

Input-Output

Close analysis of inter-industry relationships

2

General Equilibrium

Estimate of long-run stability of the economy allows for analysis of policy decisions

3

Econometrics

Advanced statistical analyses underpinning the model

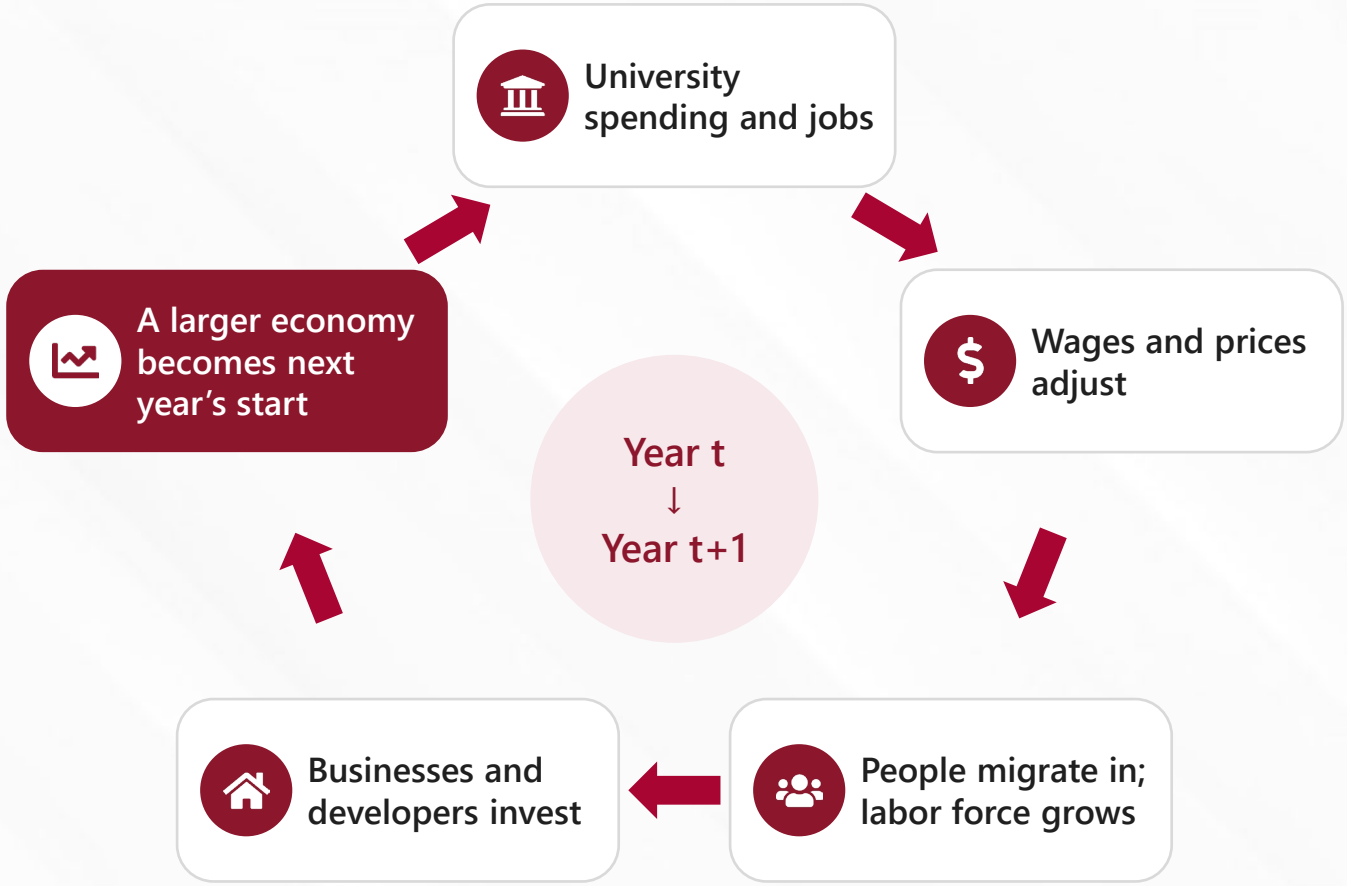
4

Economic Geography

Effects of geographic concentration of labor and industry

Integrated REMI Economic Modeling Approach

Each Year Builds on the Last



Each year's ending point becomes the next year's starting point.

Prices

Higher demand for labor and housing raises wages and costs, which changes the region's competitiveness.

Population

Better opportunities draw new residents, expanding the labor force and household spending.

Investment

New residents and businesses drive construction of homes, offices, and productive capacity.

Compounding

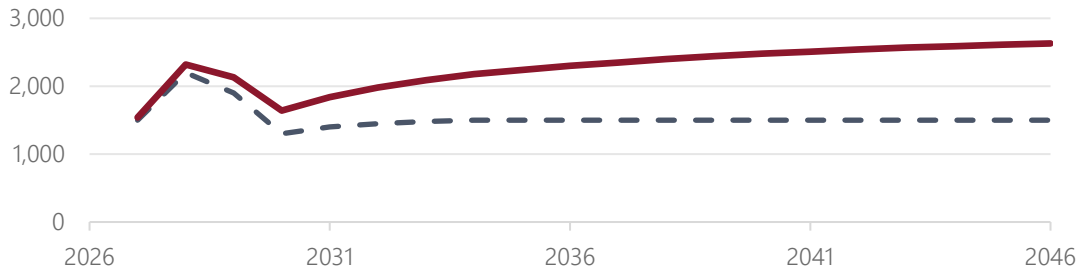
These responses carry forward, so year 10 reflects everything that happened in years 1 through 9.

What Year-over-Year Results Reveal

Illustrative expansion, 2027–2046: the dynamic layer adds a time path for jobs, people, investment, and prices

Employment (jobs)

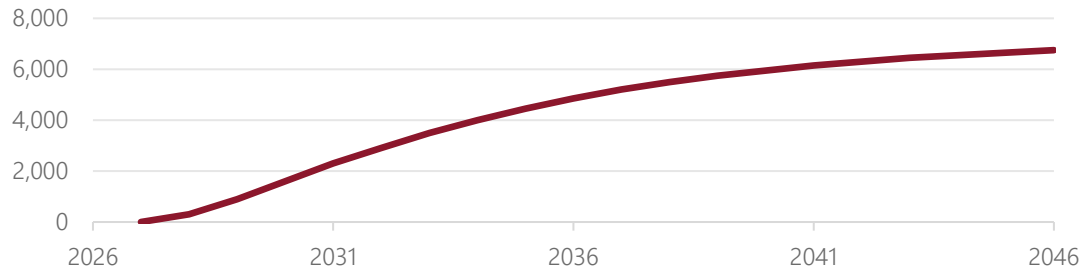
Dashed: direct, indirect, and induced. Solid: with the dynamic layer added



Population (people)

DYNAMIC LAYER

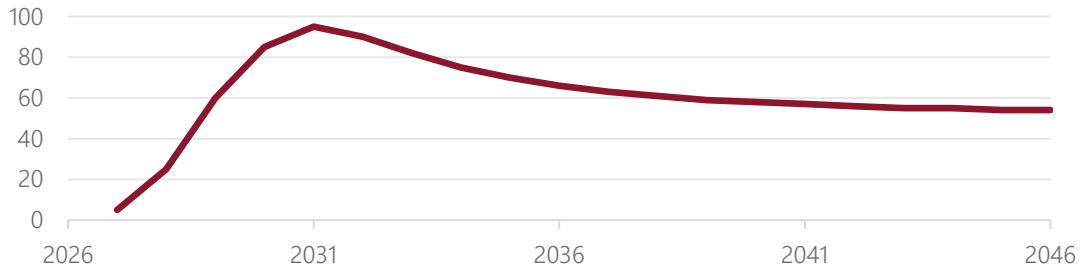
Workers and families migrate in, lagging the jobs by a few years



Private investment ($M)

DYNAMIC LAYER

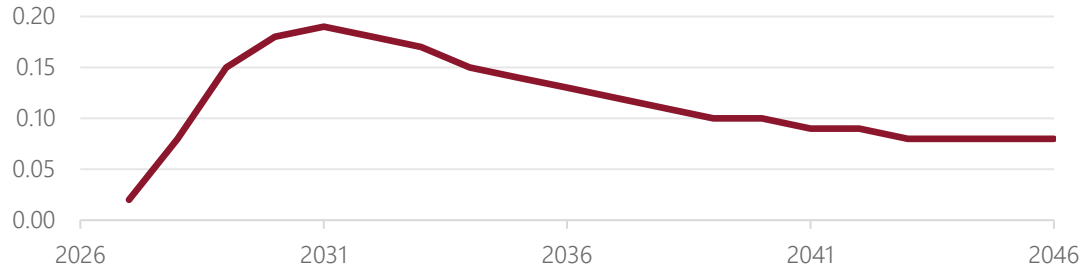
Housing and business capacity follow new demand, then level off



Regional prices (% vs. baseline)

DYNAMIC LAYER

Costs rise as demand outpaces supply, then ease as investment responds



Illustrative, hypothetical results for discussion only; not an actual REMI study.

Questions a Year-over-Year Study Can Answer

Talent

If we retain more graduates in-state, what does that add to the workforce and GDP over ten years?

Shows: Workforce, GDP, income by year

How does an enrollment decline from the demographic cliff ripple through the region?

Shows: Jobs, population, spending

Innovation

What does a new research park or innovation district generate as it fills in?

Shows: Jobs and output by industry

What do our startups and licensed technologies add to regional industry?

Shows: Industry growth, productivity

Place

How does a new arena or campus expansion affect jobs, housing, and population nearby?

Shows: Housing, migration, visitors

What do partnerships with local employers and communities contribute to regional growth?

Shows: GDP, income, employment

Impact: How do we show legislators, EDA, and NSF the sustained return on their investment, not just a one-year snapshot?

PROSERIS: Inputs

University Employment

Student Employment

Post-Graduate Employment

R&D Expenditures

Spin-off Businesses

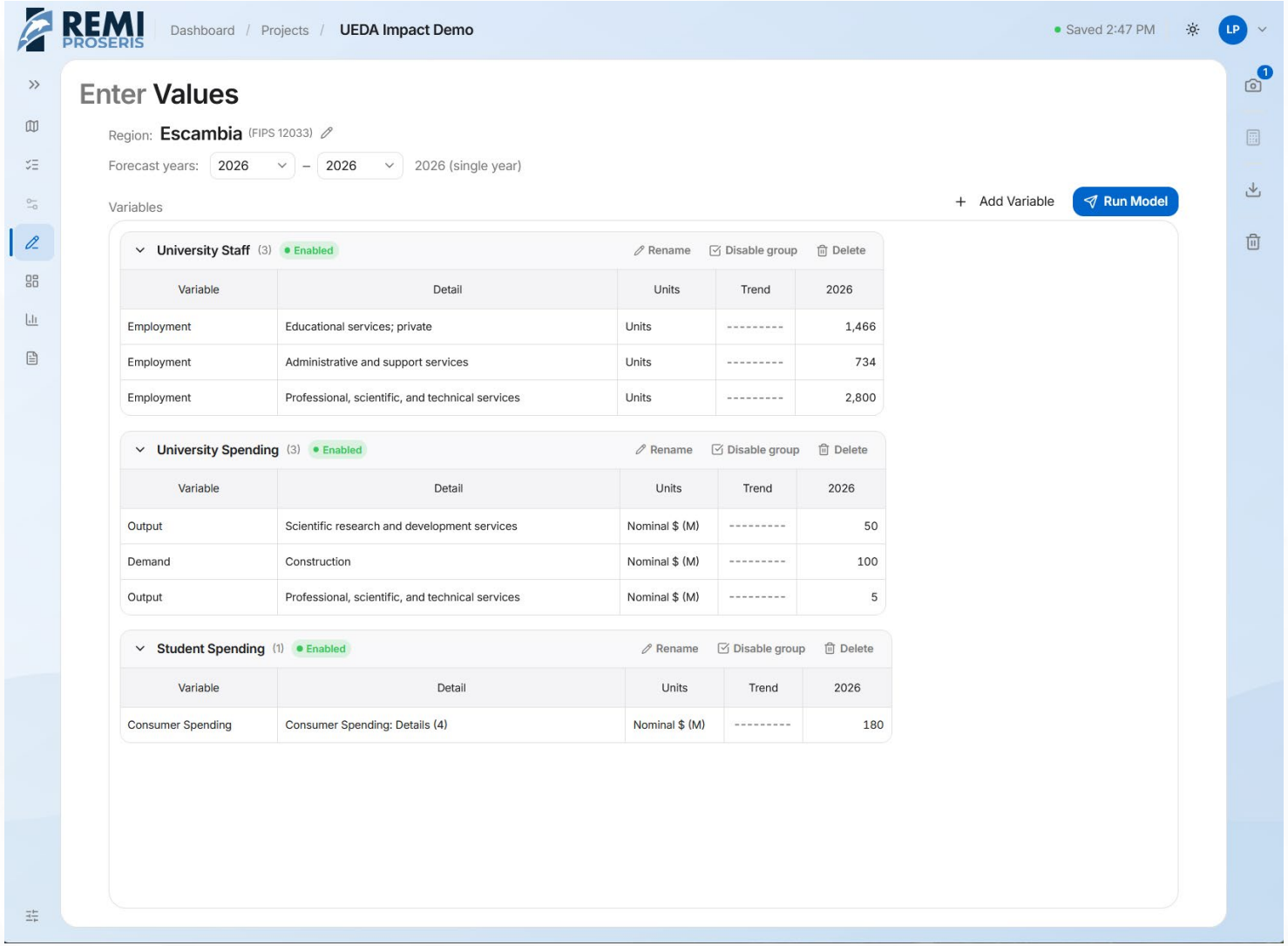
Construction

Student Expenditures

Sporting & Other Events

Model Demonstration

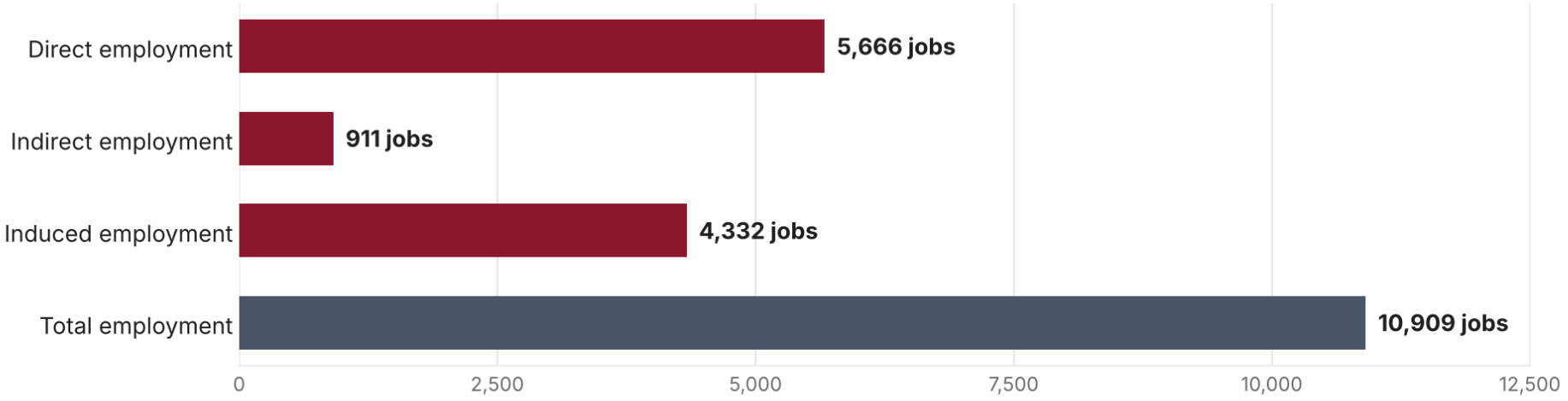
Model Inputs: Escambia County



Employment By Direct, Indirect, and Induced

Employment: Escambia County, 2026

Difference from baseline forecast, number of jobs

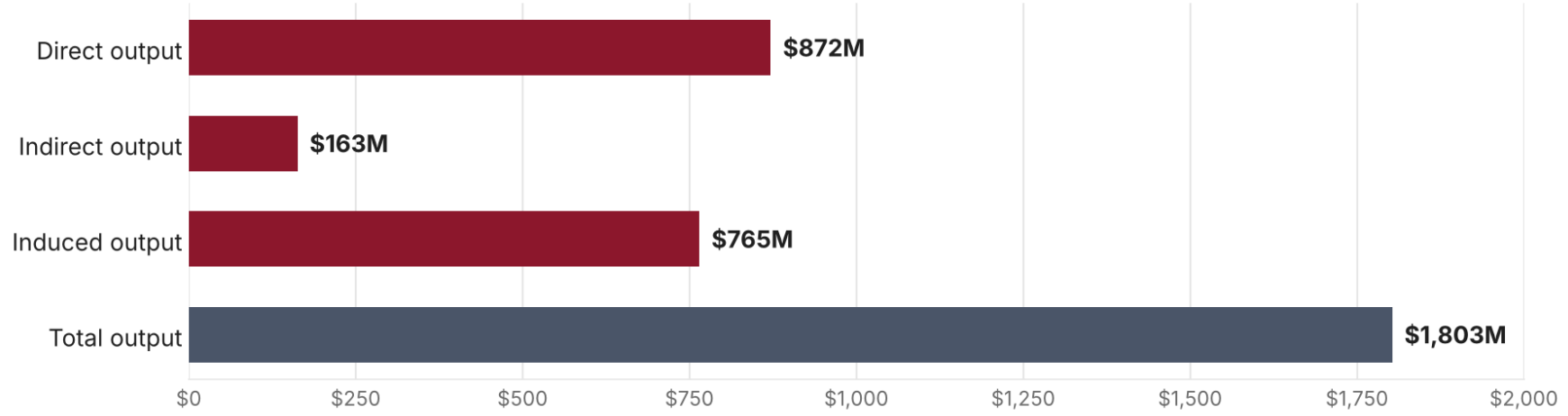


Component	Jobs	Share of total	What it captures
Direct	5,666	52%	Jobs at the university and in activity entered in the model
Indirect	911	8%	Jobs at local suppliers, vendors, and contractors
Induced	4,332	40%	Jobs supported by household spending in the region
Total	**10,909**	**100%**	**Implied ratio, total ÷ direct: 1.93**

Output By Direct, Indirect, and Induced

Output: Escambia County, 2026

Difference from baseline forecast, millions of fixed 2026 dollars

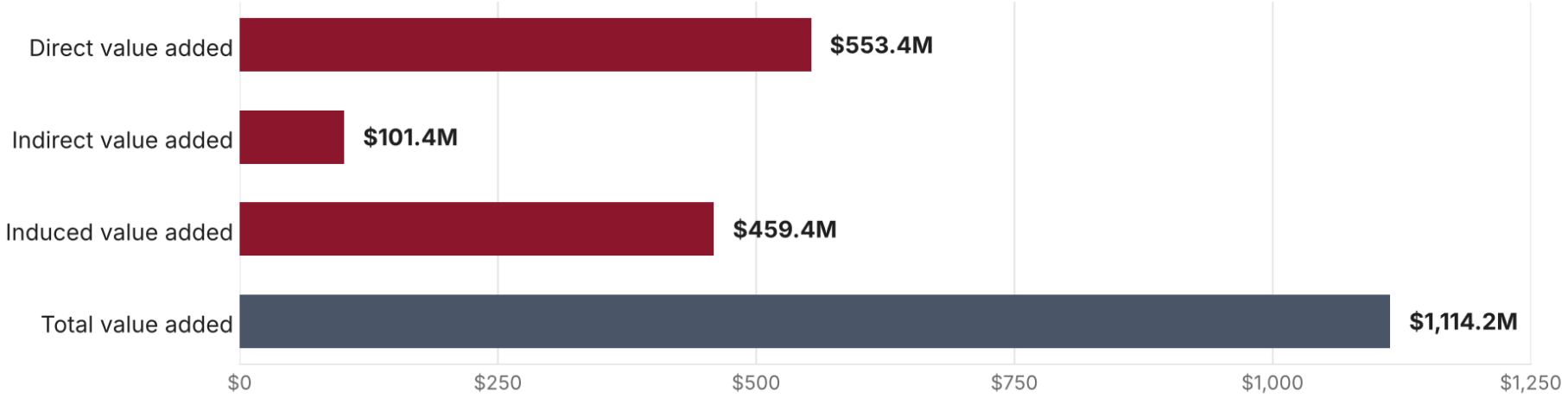


Component	Output ($M)	Share of total	What it captures
Direct	$872	48%	University operations, research, construction, student and visitor spending
Indirect	$163	9%	Purchases from local suppliers, vendors, and contractors
Induced	$765	42%	Household spending by workers whose earnings the activity supports
Total	**$1,803**	**100%**	**Every $1 of direct output supports $2.07 in total regional output**

Value- Added By Direct, Indirect, and Induced

Value Added (GDP): Escambia County, 2026

Difference from baseline forecast, millions of fixed 2026 dollars

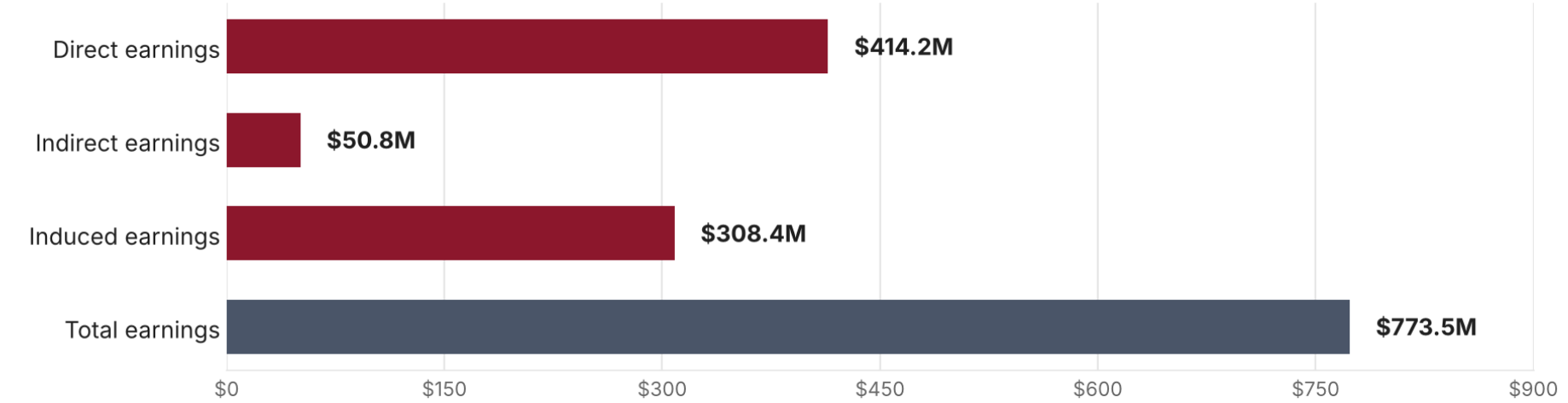


Component	Value added ($M)	Share of total	What it captures
Direct	$553.4	50%	GDP created by university activity: operations, research, construction, spending
Indirect	$101.4	9%	GDP at local suppliers, vendors, and contractors
Induced	$459.4	41%	GDP from household spending by workers the activity supports
Total	**$1,114.2**	**100%**	**Every $1 of direct GDP supports $2.01 in total regional GDP**

Labor Income By Direct, Indirect, and Induced

Earnings: Escambia County, 2026

Difference from baseline forecast, millions of current dollars

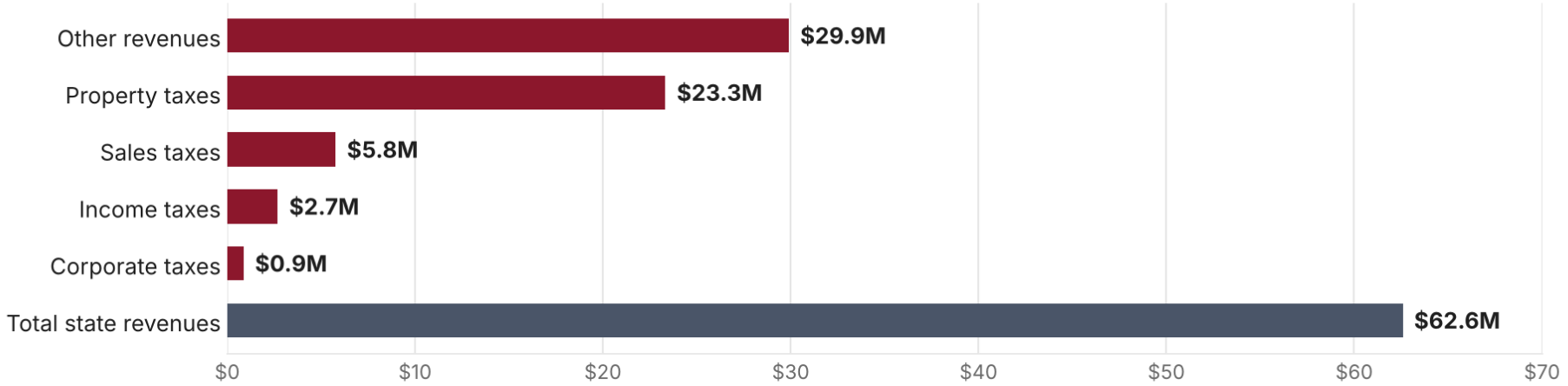


Component	Earnings ($M)	Share of total	What it captures
Direct	$414.2	54%	Wages, benefits, and proprietors' income from university activity
Indirect	$50.8	7%	Earnings of workers at local suppliers, vendors, and contractors
Induced	$308.4	40%	Earnings from jobs supported by household spending
Total	**$773.5**	**100%**	**Implied ratio, total ÷ direct: 1.87**

Tax Impacts: State Government

State Revenues: Escambia County, 2026

Difference from baseline forecast, millions of fixed 2022 dollars

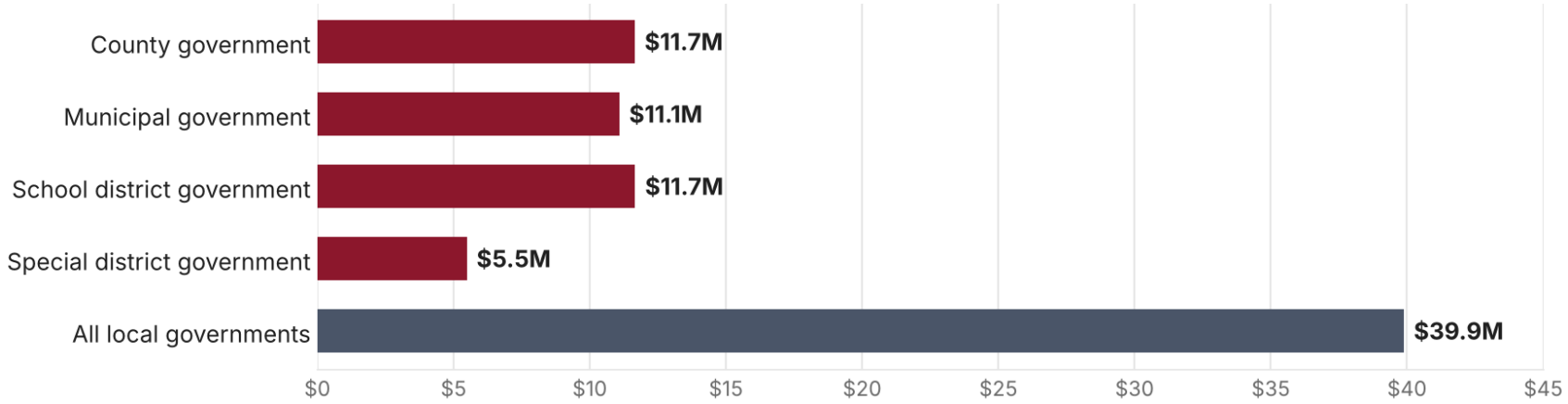


Revenue	Amount ($M)	Share of total	What it captures
Other revenues	$29.9	48%	Fees, charges, licenses, and other non-tax revenue
Property taxes	$23.3	37%	Taxes on new homes, businesses, and development
Sales taxes	$5.8	9%	Sales taxes on added household and visitor spending
Income taxes	$2.7	4%	Income-related taxes on added earnings
Corporate taxes	$0.9	1%	Corporate income tax on added business profits
Total	**$62.6**	**100%**	**Added state revenue in 2026**

Tax Impacts: Local Government

Local Government Revenues: Escambia County, 2026

Difference from baseline forecast, millions of fixed 2022 dollars



Level of government	Property taxes	Sales taxes	Other revenues	Total
County government	$4.7	$1.3	$5.7	$11.7
Municipal government	$2.4	$0.8	$7.9	$11.1
School district government	$5.1	$0.5	$6.1	$11.7
Special district government	$0.9	$0.0	$4.6	$5.5
All local governments	**$13.0**	**$2.6**	**$24.3**	**$39.9**

Different Stakeholders, Different KPIs

Communicating results: one study, many audiences, each looking for different outcomes.

STAKEHOLDER	WHAT THEY ASK	KPIs TO LEAD WITH
State legislators	*What does the state get back?*	State and local taxes · Jobs · GDP
Federal funders (EDA, NSF)	*Is the regional economy changing?*	Target-industry jobs · Wages · New firms
Economic development partners	*What does it mean for our workforce?*	Labor force · Jobs by industry · Migration
Community and local government	*How does it affect us?*	Personal income · Housing demand · Local jobs

Same study, a different story for every audience.

Key Takeaways

01

Universities are economic drivers

Faculty, students, research, events, and construction reach every corner of the regional economy.

02

Funding follows evidence

States, NSF, and EDA increasingly expect universities to show measured, lasting results.

03

Input-output is the foundation

Direct, indirect, and induced effects capture how university spending flows across industries.

04

Dynamics show the trajectory

Prices, population, and investment respond, so each year builds on the last.

Measure the footprint. Show how it grows. Turn insight into impact.

Thank you for attending!

For more information, please contact:
Shreeya Gurav: shreeya.gurav@remi.com