

# IMPACTS OF CALIFORNIA STATE UNIVERSITY, SACRAMENTO ON THE SACRAMENTO REGION

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## Impacts of California State University, Sacramento in the Sacramento Region

### Introduction

California State University, Sacramento (CSUS) is the sixth largest university in the 23-campus California State University system with an enrollment of over 28,000. Located in California's state capitol, it serves as California's Capital University providing students, faculty, and staff a multitude of opportunities to interacting with all forms of government, especially at the state level.

One of the primary purposes of the campus is to act as an educational resource to the Sacramento Region and the State of California. Additionally, the campus acts as a catalyst for educational, employment, political, cultural, and social growth within the Region and the State. Like many universities, these functions are typically clearly understood by the general public; however, the University also acts as a major employer and purchaser of goods and services as well as attracts resources to the Region both in terms of students and employment. In addition to its educational services, CSUS contributes a great deal to the Region's economy.

In general, CSUS's economic activities can be broken down into three broad categories:

1. **Operations.** This category accounts for all general operations of the university including those of its five auxiliary organizations. The University's operations include items such as instruction, public services, student services, facilities management, administration, and academic support. Another major piece of the University's operations is related to its funded and sponsored research activities, which University representatives estimate to total nearly \$24 million. CSUS's auxiliary organizations also provide a great deal of economic activity and include: the Associated Students (student services and programs and student newspaper), Capital Public Radio (public broadcasting services and National Public Radio affiliate), Foundation (bookstore, funded and sponsored research, contracts and grants, student employment, and dining services), University Union (student services, facilities, retail, and dining services), and Trust Foundation (fund-raising and financial management).
2. **Construction.** CSUS is in the midst of an ambitious building effort and this category accounts for those activities. Some of the University's recent building efforts include parking facilities (Parking Structure II), continuing professional development facilities (Napa Hall), and office and lecture space (Benicia Hall).
3. **Student Expenditures.** CSUS students act as consumers throughout the Sacramento Region purchasing a variety of items such as personal services, housing, foods and beverages, transportation and many other retail goods.

The economic activities related to CSUS do not end with operations, construction, and student expenditures. While employment and output in the Sacramento Region can be directly attributed to these CSUS activities, the University's economic activities also create jobs and output in linked industries and throughout the Region.

An input-output econometric model is necessary in order to analyze the full range of economic impacts resulting from CSUS's activities. This type of model evaluates the effects of industries on each other based on the premise that industries use the outputs of other industries as inputs. The full range of economic activity produced by CSUS includes direct, indirect, and induced benefits.

- **Direct Benefits** consist of economic activity related exclusively to CSUS. This includes all expenditures made by the University and all directly related employment within the Sacramento Region.
- **Indirect Benefits** define the creation of additional economic activity that results from linked businesses, suppliers of goods and services, and provision of operating inputs.
- **Induced Benefits** measure the consumption expenditures of direct and indirect sector employees. Examples of induced benefits include employees' expenditures on items such as retail purchases, housing, doctors and dentists, banking, and insurance.

Additionally, this input-output analysis can be used to quantify the multiplier effect that occurs when new output or employment is added in the Sacramento Region. The multiplier effect is generated when new output or employment is added in one sector, but generates additional output or employment in other sectors which supply goods and services to the University (indirect impact) and consumer services to employees (induced impact).

The Sacramento Regional Research Institute (SRRI) used data from a variety of sources in order to analyze the total economic impacts of CSUS. This data not only includes State of California instructional budget, but also construction, research, student services, other activities not funded directly from State sources. Information was gathered through financial statements, budgetary documents, CSUS Institutional Research, and other consumer expenditure estimates. All data used in this impact study were for the 2001-2002 fiscal year. The impacts were calculated for the six-county Sacramento Region which includes El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba Counties.

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### Economic Impacts

Overall, CSUS contributes nearly 15,950 jobs and over \$743 million in output to the Sacramento Region's economy including direct, indirect, and induced benefits. The following tables demonstrate that economic activities directly related to the University supply over 12,300 jobs and close to \$440 million in industry output to the Region, but due to the indirect and induced benefits, the Sacramento Region gains about 3,600 more jobs and an additional \$300 million in industry output.

#### TOTAL EMPLOYMENT IMPACTS

<i>Economic Activity</i>	<b>Employment Impacts</b>			<i>Total</i>
	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	
Operations	11,727	1,246	2,012	14,985
Construction	110	60	51	221
Student Expenditures	494	114	130	740
<b>Total CSUS Impacts</b>	<b>12,331</b>	<b>1,420</b>	<b>2,194</b>	<b>15,946</b>

Sacramento Regional Research Institute, July 2003  
Data Source: IMPLAN, 2000 Coefficients

#### TOTAL OUTPUT IMPACTS

<i>Economic Activity</i>	<b>Output Impacts</b>			<i>Total</i>
	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	
Operations	\$361,842,804	\$113,777,047	\$160,606,645	\$636,226,489
Construction	\$13,900,000	\$5,212,349	\$4,158,088	\$23,270,424
Student Expenditures	\$63,041,861	\$10,514,348	\$10,457,060	\$84,013,275
<b>Total CSUS Impacts</b>	<b>\$438,784,665</b>	<b>\$129,503,744</b>	<b>\$175,221,793</b>	<b>\$743,510,188</b>

Sacramento Regional Research Institute, July 2003  
Data Source: IMPLAN, 2000 Coefficients

Operations contribute the largest percentage of total impacts at about 94 percent of the total employment impacts and 86 percent of the total output impacts. Student expenditures and then construction follow operations in proportion of total economic impacts.

In total, for every job added related to CSUS economic activities, the Sacramento Region gains another 0.29 jobs in indirect and induced industries. In terms of industry output, for every dollar of CSUS economic output, the Sacramento Region sees an increase of \$0.69 in output in indirect and induced sectors. These demonstrate the multiplier effect and equate to employment and output multipliers of 1.29 and 1.69, respectively.

Moreover, the University provides nearly \$458 million in total added value to the Region. This reflects the amount of output produced over and above the cost of the inputs and includes direct, indirect, and induced impacts. The Region also benefits from about \$322

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million in employee compensation (including benefits) resulting from direct, indirect, and induced impacts, which directly affects spending patterns and indirectly affects many other economic activities such as investment and savings.

Because of the economic linkages, a wide range of industries throughout the Sacramento Region receive economic benefits as a result of CSUS activities. The following table demonstrates that the Personal and Consumer Services and Retail Trade sectors experience the highest employment impacts due to CSUS economic activities. These two sectors also have relatively high induced benefits since they provide consumer goods and services to direct and indirect employees. The Business Services sector sees the largest indirect benefits as a result of its role as a linked and service-providing industry.

### DETAILED EMPLOYMENT IMPACTS

<i>Sector</i>	<b>Employment Impacts</b>			
	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	<i>Total</i>
Personal and Consumer Services	11,789	107	465	12,362
Retail Trade	208	40	730	978
Business Services	28	701	166	895
Construction	110	232	43	385
Health Services	68	1	273	343
Finance	18	50	87	154
Wholesale Trade	20	48	86	154
Real Estate	8	89	46	143
Government	20	22	76	118
Insurance	11	11	61	82
Transportation	8	25	47	80
Manufacturing	3	43	29	77
Communications	28	18	15	61
Agriculture and Food Processing	6	18	34	58
Legal Services	5	12	29	46
Utilities	1	3	7	11
<b>Total Impacts</b>	<b>12,331</b>	<b>1,420</b>	<b>2,194</b>	<b>15,946</b>

Sacramento Regional Research Institute, July 2003  
Data Source: IMPLAN, 2000 Coefficients

As shown in the following table, the Personal and Consumer Services and Business Services sectors experience the largest output gains resulting from CSUS economic activities. Similar to the employment impacts, the Business Services sector sees large indirect gains because of its function as a supplier of goods and services to most industry sectors. In addition, Real Estate, Retail Trade, and Health Services have large induced components demonstrating the demand for services from these sectors that are generated by spending activity from the direct and indirect sector employees.

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### DETAILED OUTPUT IMPACTS

<i>Sector</i>	<b>Output Impacts</b>			<i>Total</i>
	<i>Direct</i>	<i>Indirect</i>	<i>Induced</i>	
Personal and Consumer Services	\$360,154,057	\$6,328,561	\$19,736,125	\$386,218,741
Business Services	\$1,704,664	\$53,537,368	\$10,401,980	\$65,644,008
Real Estate	\$6,330,785	\$17,247,749	\$26,979,241	\$50,557,774
Retail Trade	\$9,457,559	\$1,928,351	\$33,098,908	\$44,484,816
Construction	\$13,900,000	\$18,297,420	\$4,505,137	\$36,702,557
Health Services	\$5,737,926	\$63,601	\$21,876,473	\$27,678,000
Foreign and Domestic Trade	\$21,848,808	\$0	\$0	\$21,848,808
Finance	\$2,473,082	\$5,169,708	\$10,574,739	\$18,217,528
Wholesale Trade	\$2,132,149	\$5,202,619	\$9,268,262	\$16,603,030
Communications	\$5,594,647	\$4,905,258	\$4,659,661	\$15,159,567
Government	\$4,165,268	\$2,852,133	\$7,942,588	\$14,959,987
Manufacturing	\$649,420	\$7,549,313	\$4,726,987	\$12,925,716
Insurance	\$1,643,986	\$890,974	\$7,127,910	\$9,662,870
Transportation	\$713,990	\$2,480,214	\$4,225,997	\$7,420,200
Agriculture and Food Processing	\$926,752	\$821,157	\$3,919,425	\$5,667,335
Utilities	\$690,320	\$1,021,008	\$3,348,410	\$5,059,738
Legal Services	\$494,030	\$1,181,507	\$2,768,135	\$4,443,672
Miscellaneous	\$165,427	\$0	\$0	\$165,427
Mining	\$1,795	\$26,803	\$61,815	\$90,414
<b>Total Impacts</b>	<b>\$438,784,665</b>	<b>\$129,503,744</b>	<b>\$175,221,793</b>	<b>\$743,510,188</b>

Sacramento Regional Research Institute, July 2003  
 Data Source: IMPLAN, 2000 Coefficients

Appendix A provides a diagram of the CSUS's total economic impact in the Sacramento Region.

## Non-Economic Impacts

In addition to the strictly economic impacts, the presence of CSUS in the Sacramento Region creates other non-economic benefits. As mentioned in the Introduction, the University is located in the State Capitol, creating opportunities for student, faculty, and staff to benefit from the exposure to government operations as well as the potential for governmental entities and government-related organizations to benefit from the presence of the university as a source of information and resources. Additionally, like most other universities, CSUS serves as a hub for social and cultural experiences in the Region.

As an educational institution the University also has a valuable effect on the Sacramento Region's labor force, which it helps to train. CSUS graduates are a major contributor to the Sacramento Region's economic success. In the 2001-2002 academic year, the University graduated over 5,000 students—4,230 Bachelor's Degrees and 891 Master's Degrees were conferred. These degrees were given in the following discipline areas:

- Arts and Letters—888 degrees
- Business Administration—1,028 degrees
- Education—505 degrees
- Engineering and Computer Science—404 degrees
- Health and Human Services—1,027 degrees
- Natural Sciences and Mathematics—229 degrees
- Social Sciences and Interdisciplinary Studies—994 degrees
- Special Programs—46 degrees

CSUS is also a leader in applied research for the Sacramento Region, through a group of independent research centers and institutes which perform applied research for industry and government clients, grant-funded projects, and public interest research for the benefit of California and the Sacramento Region. The purpose of these centers and institutes is to apply the academic and research capabilities of the University—its faculty, research staff, and students—to the information and decision-making needs of the Region and State. The centers and institutes are individually funded or sponsored, many with ongoing affiliations with business or government clients or sponsors which provide both a stable source of research funding and a challenging source of research questions and applications. The CSUS research centers and institutes include:

- California Institute for County Governments. The Institute is a joint program of the CSU System, CSUS, and the California State Association of Counties. It is a nonpartisan public policy research organization dedicated to improving county government in California. The Institute conducts empirical research projects in a broad range of areas relevant to county government in California. Director: Matthew Newman
- Center for Collaborative Policy. The Center is a joint program of California State University, Sacramento and McGeorge School of Law, University of the Pacific. In spirit of the public service mission of its sponsoring universities, the Center is

- committed to enhancing California's capacity for collaborative action on public policy decisions. Director: Susan Sherry
- Institute for California Studies. The Institute is dedicated to promoting a better understanding of California's government, politics, peoples, cultures and history. The Center is one of the state's only multi-disciplinary, university-based institutes which address California policy issues. Director: Tim Hudson
  - Institute for Social Research. The Institute is an interdisciplinary center serving the research needs of federal, state and local government agencies, non-profit organizations, and the University's faculty and administration. The Institute's full time staff is supplemented by faculty in the social sciences, health and human services, engineering and education as projects require their specialized expertise. Director: Carole Barnes
  - Sacramento Regional Research Institute. The Institute is a joint venture of the Sacramento Area Commerce and Trade Organization and CSUS, which provides research on regional economic development, land use, housing, and other topics for businesses and governments in the Sacramento Region. Director: Robert Fountain

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**Appendix A—Diagram of CSUS’s Total Economic Impacts**

