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SWT & SAN MARCOS

ECONOMIC IMPACT STUDY

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ECONOMIC IMPACT

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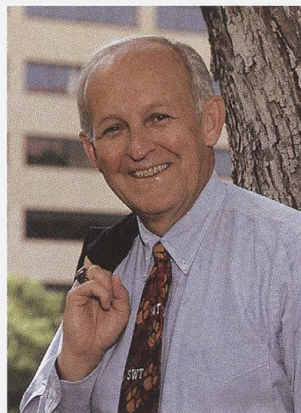
MESSAGE FROM THE PRESIDENT

Southwest Texas State University and San Marcos have been depending on each other for almost a hundred years now. It's a mutually beneficial dependency that brings success to everybody. In 1985, we completed an initial study on the economic impact SWT has upon the San Marcos community. We repeated the study in 1990. We have seen many changes in the Texas economy since 1990, most of them positive, and we became curious about what role the university was playing in the new economic climate. Faculty members in the School of Business recently prepared an economic impact analysis using data collected for the year 1997. In a separate study, staff in the Office of Institutional Research and Planning at SWT surveyed faculty, staff, and students in an effort to identify other impacts the university has upon the community. Specific areas measured included: athletic events, business and professional services, community services, educational services, public events, and volunteer efforts by SWT faculty, staff, and students. Not surprisingly, both of these studies indicate that SWT is one of the dominant forces in San Marcos.

Comparing the 1997 economic data to the 1990 data, we learned that while the proportion of the local business volume attributed to SWT decreased slightly from 49.4 to 42.1 percent, the total dollar amounts generated actually increased from \$240 million to over \$388 million. The number of local jobs created by the university's presence went from 6,481 to 8,481 and personal income in San Marcos resulting from university-related business and direct university payroll is up from \$106 million to more than \$162 million. Significantly, the university community continues to contribute, directly and indirectly, more revenue to local governments than those governments spend in providing services to the university.

Cooperative economic development efforts by the city, county, private sector and the university have benefited local businesses as well as brought new industry to the region. Moreover, as shown in previous studies, the ability of SWT to prosper through unstable economic times has acted as a stabilizing force on the San Marcos economy.

In our first attempt to identify other ways that SWT



impacts the local economy, we found that the university offers many services to the local community. These services are distributed throughout many different areas, from athletics to business and professional to educational to cultural and social. Because of this diversity, SWT appears to make a well-rounded contribution to its environment.

What follow are highlights of the economic and community impact analyses. We think they illustrate that SWT is an indispensable contributor to a healthy local community.

A handwritten signature in dark ink, reading 'Jerome H. Supple'.

Jerome H. Supple



SWT AND SAN MARCOS

San Marcos is a thriving community of 38,129. Between 1990 and 1997, the number of local jobs available grew by more than 4,600, and the total personal income in the city expanded by more than \$206 million.

There are many reasons for the stability of the San Marcos economy. The community is strategically located on Interstate 35, approximately midway between Austin and San Antonio, at the headwaters of the San Marcos River and the foot of the Texas Hill Country. It is a city of small-town beauty and charm located within convenient range of major metropolitan amenities.

The presence of the university helps define the city's atmosphere and provides its economic lifeblood. SWT is a compre-

hensive, state-assisted university that enrolls more than 21,000. It has expanded its educational offerings to include 109 undergraduate, 76 master's, and 2 doctoral programs. The attractiveness of San Marcos, the expansion of educational offerings and a growing academic reputation have helped SWT become the state's sixth largest university.

SWT enhances the quality of life in San Marcos in many ways. Its campus contributes to the natural beauty of the city, and its presence as an academic center attracts students, visitors and industrial clients. The university provides the stimulus that allows the local economy to grow and insulates it from severe economic setbacks.

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KEY STATISTICS

Impacts on Business

Expenditures by university visitors — \$23,155,150

Expenditures by students — \$145,660,341

Expenditures by faculty and staff — \$49,918,999

Expenditures by the university — \$9,687,079

Total of university-related local expenditures — \$228,421,569

Total of university-related local business volume (includes 1.70 multiplier) — \$388,316,669

Total local business volume — \$923,152,351

Potential expansion of the local credit base attributable to the university — \$63,674,965

Impacts on Government

University-related revenues received by local city and school governments — \$26,913,499

Costs of municipal and public services attributable to the university — \$22,062,473

Value of university self-provided municipal services — \$4,886,044

Value of government property attributable to the university — \$32,822,862

Real estate tax foregone due to tax-exempt status of the university — \$162,185

Impacts on Individuals

Number of jobs attributable to the university — 8,481

Personal income attributable to jobs and business activity resulting from university business — \$162,450,188





IMPACTS ON BUSINESS

Local Business Volume

The impact of Southwest Texas on the San Marcos economy is most striking when examined in terms of local business volume. University-related business volume accounted for almost half (42.1 percent) of the \$923.1 million local business volume in San Marcos in 1997.

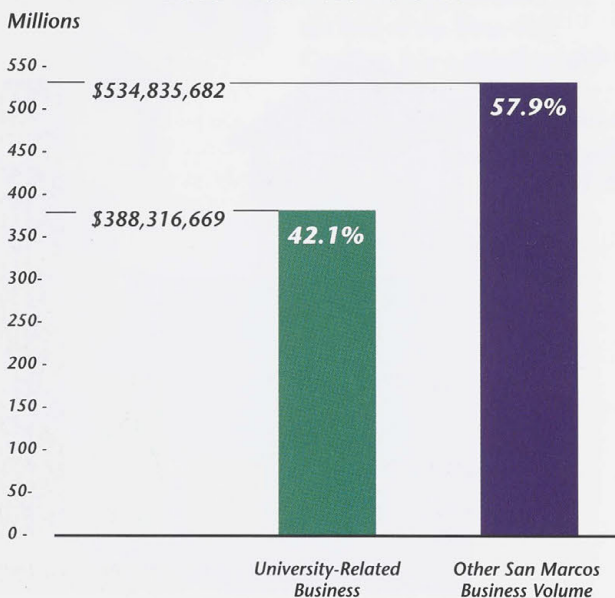
University-related business volume includes direct and indirect expendi-

tures by students, faculty and staff, the university and visitors to the university.

During 1997, university-related expenditures amounted to \$228.4 million, the majority (64 percent) being spent by students who purchased \$145.7 million worth of goods and services locally. Because each university-related dollar spent in San Marcos generates an additional 70 cents in business volume, SWT was responsible for injecting more than \$388 million into the local business economy in 1997.

The university also has a substantial impact on the San Marcos financial community. Bank deposits by students, faculty and staff, and the university allow local banks to extend additional credit. This credit base expansion could be more than \$63 million.

Local Business Volume



Volume by Expenditure Groups

Who is responsible for the \$388 million in sales volume attributable to the university? SWT students, who come to San Marcos armed with considerable purchasing power, have a tremendous impact on local sales. Students made direct purchases of \$145.7 million in 1997, which generated \$247.5 million in volume due to the multiplier. Students accounted for 64 percent of all university-related expenditures in San Marcos and over one-fourth of the total local business volume of \$923 million.

SWT faculty and staff are also major contributors to the local economy. Direct expenditures of \$29.4 million by faculty and staff generated

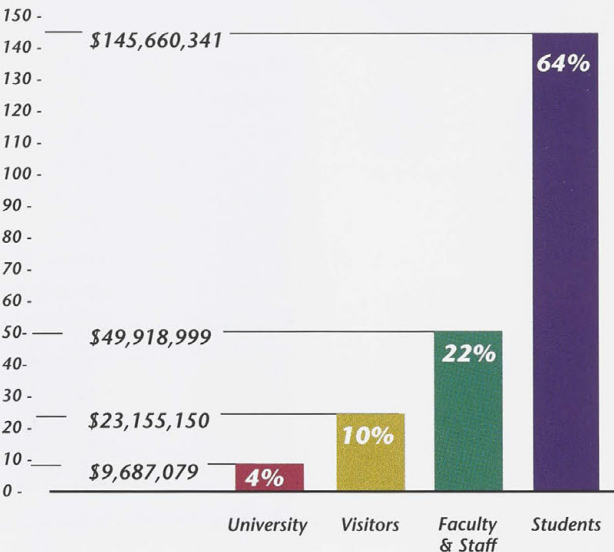
more than \$49.9 million in 1997, accounting for 22 percent of university-related local spending and about 5 percent of the total San Marcos business volume.

The university made direct purchases of \$9.7 million from local businesses, causing an additional \$16.5 million in volume. Visitors to SWT spent \$23.1 million at local establish-

ments, creating \$39.3 million in sales volume.

The study also addressed the impact of university-owned businesses, such as the campus residence halls and the University Bookstore. Collectively, these operations absorbed \$17.3 million which might otherwise have been spent with local businesses.

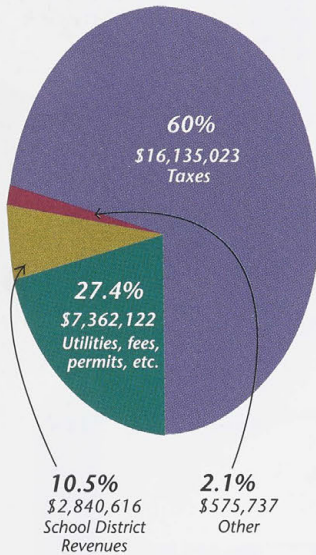
Business Volume by Expenditure Group
Millions



IMPACTS ON GOVERNMENT

Revenue to City and County Governments

**University-Related
Government Receipts
by Source**



Southwest Texas is tax-exempt, but that does not prevent it from being a major revenue contributor to local governments. In fact, SWT was responsible for more than \$26.9 million in revenue to the city and the San Marcos Consolidated Independent School District in 1997.

A large share of the revenue received by local governments from SWT comes from utility user charges. The purchase of the local electric distribution system by the City of San Marcos in 1986 greatly increased the amount of money received by the city from the university for utility user fees. In total, the university paid local governments more than \$7.3 million in 1997 for utilities, auto registration, franchise fees and other licenses, fines and permits.

University-related revenues also consist of real estate taxes paid by students, faculty and staff, and taxes

paid by local businesses for real estate assignable to university business. The SMCISD receives additional state funding for the 859 university-related school children enrolled in its schools.

Sales taxes flow to the city from university-related sales and a portion of property tax receipts are due to local businesses maintaining inventory to handle university-related business volume.

Because of the university's tax-exempt status, local governments must forgo the value of real estate taxes for university property. Assuming the university's current 427 acres were occupied by homes and businesses in a manner similar to the rest of the city, the tax revenues received from the land would have amounted to \$162,185 in 1997.

Cost of Municipal Services

Local governments spent \$63.9 million for municipal services in 1997. University-related costs were calculated to be \$18.1 million, or about 28.4 percent of the total.

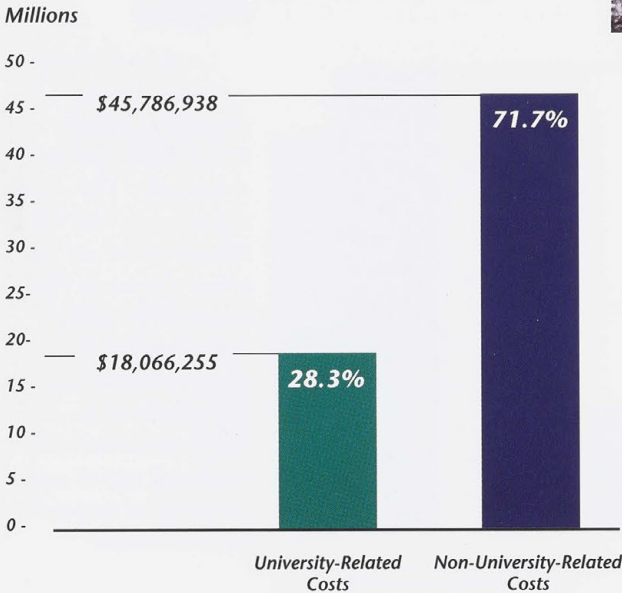
The ratio of university-related cost to total cost was calculated on headcount at the university and in San Marcos. This method tends to overestimate the university

cost due to the number of commuting students, faculty and staff.

SWT does provide some municipal-type services that reduce the city's expenditures for university-related population. Examples are police and security services, which cost the university \$1,943,959 in 1997.

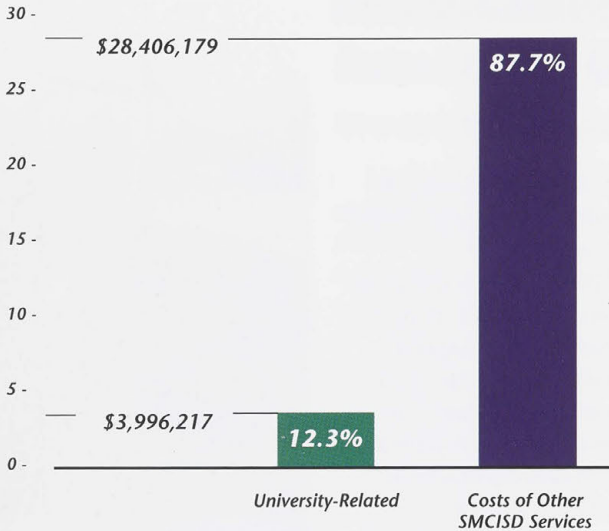


Municipal Service Costs



SMCISD Service Costs

Millions

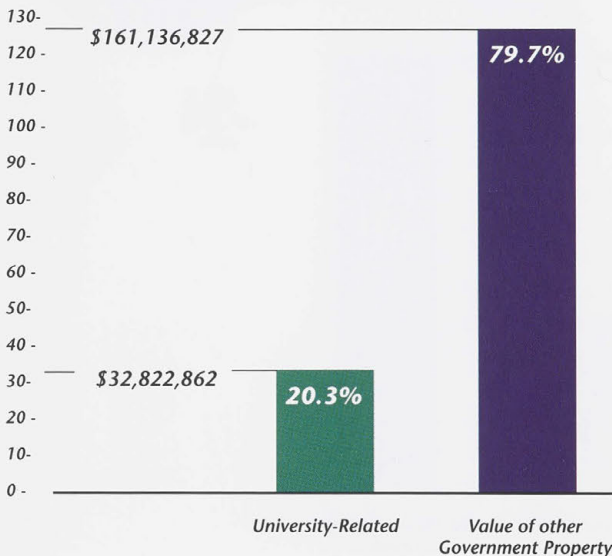


Cost of School District Services

The SMCISD incurs costs of services for university-related school children. Local revenues to the district amounted to \$32.4 million, while the share coming from the university-related tax revenue was almost \$4 million, or about 12.3 percent. The cost of service attributable to the university is relatively small (about \$4 million) due to the small number of university-related school children (859).

Local Government Property

Millions



Value of University-Related Government Property

Local governments must maintain property and equipment in order to render services to the community. The combined capital assets held within San Marcos by the city and the school district in 1997 were almost \$161 million. Approximately \$32.8 million of these assets are attributable to the university. Eighty percent of the combined capital assets are dedicated to non-university related services.

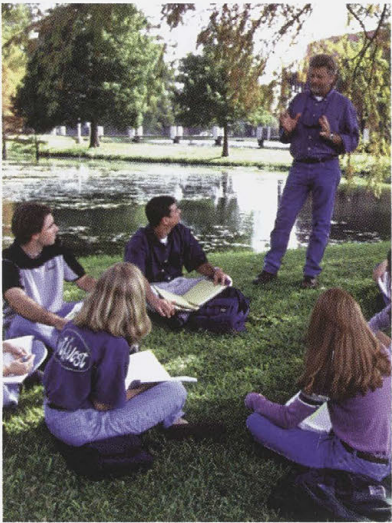
IMPACT ON INDIVIDUALS

Number of Jobs Attributable to the University

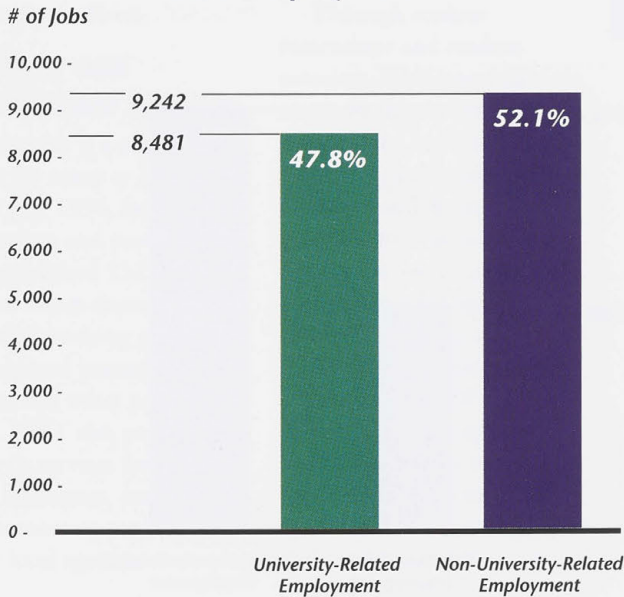
SWT is a dominant force in the local job market. Of the 17,723 jobs in San Marcos, 8,481 (48 percent) are due to university activity. Nearly 2,700 of these jobs represent direct employment by SWT; the other 5,804 are associated with university business volume.

Personal Income Attributable to the University

Personal income in San Marcos was expanded to more than \$162 million in 1997. About half of that amount, \$76.3 million, was due to direct compensation to university employees. The remainder was received by the non-university commu-



Local Employment



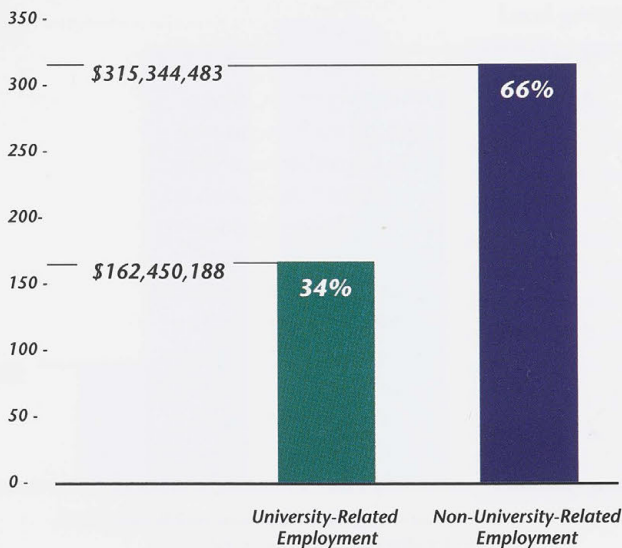


nity for university-related business. University-related personal income represented 34 percent of all personal income in San Marcos.

Because personal income includes transfer payments such as Social Security, the university-related proportion of income (34 percent) is smaller than the proportion of university-related jobs (48 percent).

Personal Income

Millions



OTHER AREAS IMPACTING THE LOCAL COMMUNITY

In addition to the economic impact on the local community, SWT has also contributed significantly to other areas in San Marcos.

Athletic Events

In fiscal year 1996, SWT sponsored 93 public athletic events. Approximately 32,000 non-student tickets were sold to these events. There were also 25 non-university sponsored public athletic events held in university facilities.

Business and Professional Services

Research is a continuous effort for many at SWT. In fiscal year 1996, faculty, researchers and professional staff published 532 documents. These documents included working papers, professional journal articles, books, and other publications. SWT also provided research services for two local businesses, one government agency, and one other local agency.

Many areas within the university maintain professional research libraries. In fiscal year 1996, five individual departments, as well as the Albert B. Alkek Library, provided services that allow non-university members to utilize their research libraries. A total of 19,478 items were checked out from these libraries by non-university members.

Community Services

Through student internships and student tutoring, SWT provides many services to the local community. In fiscal year 1996, 18 paid interns and 1,896 unpaid interns were provided to local businesses, non-profit organizations, and government agencies through programs offered by 12 SWT departments. Four departments at SWT also offered programs in which students provided tutoring services to local schools or agencies. In that same year, 810 students served as tutors in the local community.



Educational Services

SWT is committed to providing educational services to the local community. These services include college courses, correspondence as well as off-campus extension and study abroad, English as a Second Language (ESL) classes, and non-credit activities as well as continuing education courses. In fiscal year 1996, 431 classes of these types were offered with 31,340 attendees.

In addition to regularly taught classes, SWT sponsors seminars, conferences, lectures, college credit courses, and workshops that are attended by people not affiliated with the university. In fiscal year 1996, 109 events of these types were sponsored locally, with 16,849 people in attendance. On average, attendees of these events spent 41 nights in the local community, excluding SWT residence halls.

Public Events

Cultural and social events are an important share of the community services provided to the local community by SWT. Cultural events include concerts, dance performances, theater, and other entertainment. Social events include dinners, receptions, dances, and other group functions. In fiscal year 1996, SWT sponsored 26 major cultural events with 3,775 non-university attendees and 44 social events with 1,608 non-university attendees. Services for these events including floral arrangements, decorations, banners, signs, printing, catering, advertising and promotion, airlines, lodging, trophies, plaques, T-shirts, sound and entertainment were contracted out to local businesses.

Galleries and exhibits at SWT are also available to the public. In fiscal year 1996, 56,500 people visited these galleries and exhibits.

Volunteer Efforts

In 1996, a total of 63,080 hours were donated to various organizations/causes within the local community by members of SWT. Specific areas included city and county boards/commissions, cultural organizations, community assistance groups, schools, service clubs, churches, and other areas. Of these 63,080 hours contributed, 26,110 hours were student efforts, 13,838 hours were faculty, and 22,675 hours were donated by SWT staff.

SUMMARY OF THE FINDINGS

Southwest Texas continued its role as a major influence in the economy of San Marcos from 1990 to 1997. During this period of general economic growth, SWT contributed greatly to the growth of the San Marcos economy.

Between 1990 and 1997, sales increased in Texas by about 65 percent. In San Marcos, sales were up by 52 percent. Clearly, the university, with its steady growth in enrollment, faculty and staff numbers and operating budget, contributed to the growth of the local economy.

In 1997, the university accounted for 42 percent of the city's business volume and 48 percent of its employment. SWT was responsible for the presence of 8,481 jobs in San Marcos and created more than \$162 million in personal income.

The university also contributed more in taxes and revenues than its presence cost local governments.

SWT continues to work with local agencies in actively seeking economic and community development for San Marcos, recognizing that the presence of the university enhances the city's attractiveness to outside investors. The university strives to serve as a professional, educational, economic and cultural resource for the local community and continues to work closely with community leaders to improve the quality of life for all local citizens. SWT continues to play a key role in making San Marcos a vital part of the future growth of the Austin-San Antonio corridor.



Research for "The Economic Impact of Southwest Texas State University on the City of San Marcos 1997-1998" was prepared by Dr. Bruce McClung, Assistant Professor of Economics of the School of Business. Research on the "Community Impact of SWT on the City of San Marcos" was prepared by Ms. Lisa Garza, Planning Analyst for the Office of Institutional Research and Planning at SWT.

SWT PROVIDES:

- *\$388 million of local business volume*
- *48 percent of San Marcos employment*
- *\$162 million in personal income*
- *21,500 students, 2,700 employees*
- *\$146 million spent by students*
- *\$50 million spent by faculty and staff*
- *8,481 university-related jobs*



SWT is a member of the Texas State University System.

