

Fort Hays State University

The Economic Impact of Fort Hays State University on the Local Economy: Fiscal Year 2020

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Fort Hays State University's economic impact on the regional economy was significantly affected by the COVID-19 pandemic. The United States economy was similarly affected by the pandemic. U.S. households decreased personal consumption expenditures by nearly 10% in response to the pandemic between the first and second quarter of 2020. However, consumers substituted some of their spending at brick-and-mortar establishments with online purchases. According to data from the U.S. Department of Commerce, e-commerce sales increased from 11.8% to 16.1% of total retail sales between the first and second quarters of 2020. In the absence of detailed data, it is reasonable to extrapolate these national trends to our local economy and conclude that fewer dollars are staying in the region.

In March 2020, FHSU shut down most on-campus operations and students were sent home for the remainder of the semester, continuing their classes in an online format only. As a result, all direct spending categories, except faculty and staff expenditures, **decreased** from FY2018 levels. In particular, student expenditures, student visitor expenditures, faculty and staff visitor expenditures, food services, the University bookstore, events hosted by the Memorial Union, FHSU Athletic Association, and Convention and Visitor Bureau events hosted by FHSU **decreased** by a combined 40.0% from FY2018. The total economic impact of FHSU **decreased** from 2018 to 2020 by an estimated 19.5% using the Caffrey-Isaacs approach and 27.2% using IMPLAN. This translates to annualized **decreases** of 10.3% and 14.6%, respectively. The most significant effect on the local economy was the reduction in student spending with a compound annual growth rate (CAGR) of -30.5%.

Direct Spending Categories	2018-2020 CAGR
University Operations Expenditures	-3.1%
Faculty and Staff Expenditures	3.3%
Student Expenditures	-30.5%
Student Visitors Expenditures	-11.8%
Faculty and Staff Visitors Exp.	-19.6%
Food Services	-3.0%
University Book Store	-4.8%
Memorial Union Events	-17.7%
FHSU Athletic Association	-14.3%
FHSU/CVB Special Events	-26.9%
FHSU Foundation	-2.3%
TOTAL	-10.3%

The economic impact reported in this study used two approaches in estimating Fort Hays State University's impact on the regional economy. The Caffrey-Isaacs method, which was used in prior studies estimating the economic impact of FHSU, produced a total economic impact estimate of \$188,152,256. The IMPLAN method produced a total impact estimate of \$127,687,170. These estimates represent a total decrease from FY2018 of \$45,558,470 and \$47,593,805, according to the Caffrey-Isaacs and IMPLAN approaches, respectively.

Using the IMPLAN approach, the total economic impact of the university on the local economy is determined by combining a direct impact with an indirect impact and an induced impact.

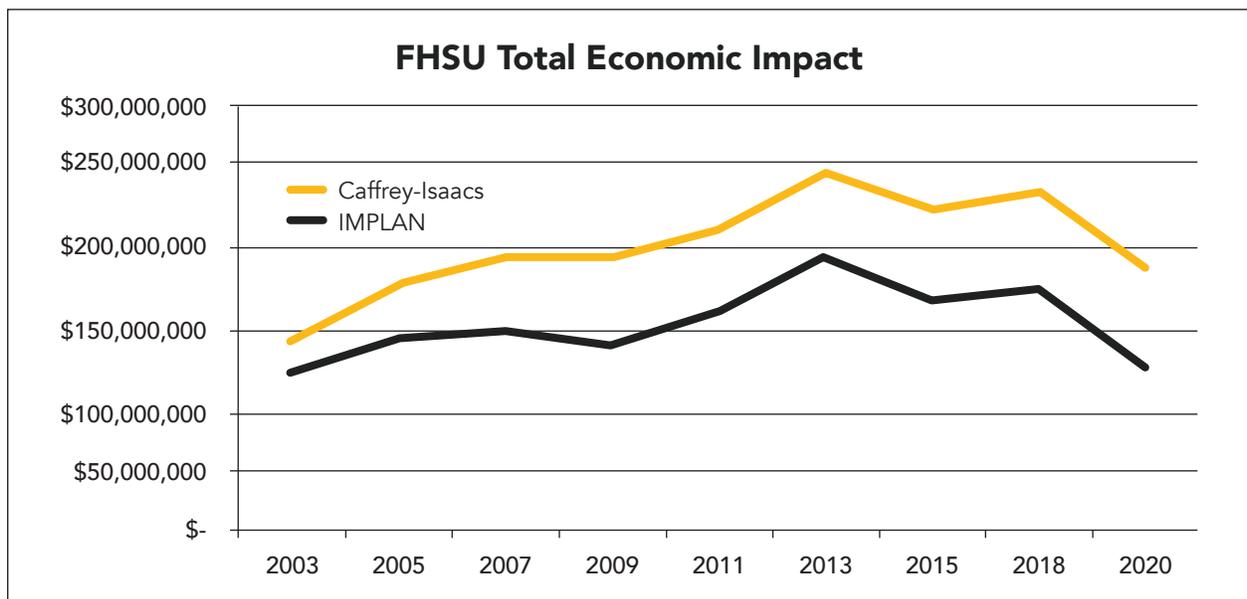
- The direct impact is the sum of all local expenditures associated with the university, which was estimated to be \$85,400,327.
- The indirect impact is the additional business spending to support the initial expenditure, which was estimated to be \$2,608,761.
- The induced impact is the additional expenditures resulting from the incomes created by the direct impact, which was \$39,678,170.

The total economic impact for FY2020 (the fiscal year starting July 1, 2019, and ending June 30, 2020) was between \$127,687,170 and \$188,152,256.

IMPLAN also estimates the university impact on the local community through generation of various tax revenues.

- Employee Compensation (social insurance taxes) was \$8,474 (-29.0% from 2018)
- Indirect Business Tax (sales, property, motor vehicle, etc.) was \$2,870,055 (-8.4% from 2018)
- Households (motor vehicle, property, etc.) was \$1,767,355 (-12.7% from 2018)
- Corporations (dividends and corporate profits tax) was \$162,564 (-20.4% from 2018)

	Caffrey-Isaacs	IMPLAN
Direct Impact	\$104,529,031	\$85,400,327
Indirect Impact	\$20,905,806	\$2,608,761
Induced Impact	\$62,717,419	\$39,678,083
Total Economic Impact	\$188,152,256	\$127,687,170
Total Economic Impact (FY 2018)	\$233,710,726	\$175,280,975
Total Impact Change 2018 to 2020	(\$45,558,470)	(\$47,593,805)
Total Percent Change	-19.5%	-27.2%
Average Annual Percent Change	-10.3%	-14.6%



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