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Economic Impacts of California Polytechnic State University

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Economic Impacts of California Polytechnic State University



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Economic Impacts of California Polytechnic State University

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November 2014





More than 19,000 Cal Poly students engage in Learn by Doing activities on and off campus throughout the academic year.

Executive Summary

AS ONE OF 23 campuses in the California State University system, California Polytechnic State University (Cal Poly) is world-renowned for its Learn by Doing approach to education and its unique comprehensive polytechnic identity. Consistently ranked among the best higher education institutions in the west, Cal Poly develops and inspires whole-system thinkers to serve California and help solve global challenges. As a vital contributor to San Luis Obispo and northern Santa Barbara counties, the university plays a key role in generating, developing and stabilizing the region's economy.

For Fiscal Year (FY) 2012-13, Cal Poly created a total economic impact of \$1.414 billion on San Luis Obispo and northern Santa Barbara counties. Direct impacts totaling \$1.100 billion led to an additional \$313.9 million in indirect and induced spending in the local area. (See Table 1.)

Generating the Region's Income

With 2,741 employees and 19,703 students, Cal Poly's expenditures directly impact the economy of the area. The greatest expenditure for Cal Poly is the local university payroll, totaling more than \$254 million in compensation. Student spending off campus, including both room and board and retail estimates, is second highest at \$160.8 million.

TABLE 1: ECONOMIC OUTPUT OF CAL POLY FY 2012-13

SOURCE OF FUNDS	DIRECT	INDIRECT	INDUCED	TOTAL
University payroll	\$254,311,664		\$139,598,601	\$393,910,265
Local university purchases	\$15,929,423	\$2,846,884	\$5,667,444	\$24,443,752
Student spending	\$160,766,254	\$27,347,827	\$25,834,054	\$213,948,135
Retired staff and faculty spending			\$89,399,921	\$89,399,921
Visitor spending	\$21,927,135	\$6,183,767	\$4,866,909	\$32,977,811
Local capital expenditures	\$16,159,599	\$5,069,924	\$7,120,797	\$28,350,320
Increased factor productivity	\$629,138,511			\$629,138,511
Student volunteer work	\$2,142,250			\$2,142,250
TOTAL	\$1,100,374,836	\$41,448,402	\$272,487,727	\$1,414,310,964

The tourism industry is a large part of the local economic fabric, and Cal Poly's visitor spending generates similar impacts. Friends and family visit Cal Poly students, faculty, staff and retired employees, and others come to tour the campus. In fact, it is estimated that because of the existence of Cal Poly, more than \$53.9 million is spent each year in our local restaurants, \$27.0 million in our retail stores and \$17.7 million in our local hotels and motels. (See Table 2.)

In addition to the economic impacts generated by university payroll and resulting from student and visitor spending, Cal Poly has a significant impact on property tax revenue for the local community.¹ While the Cal Poly campus is not subject to property tax valuation, the total property tax impact of \$13.2 million is equal to the property tax that would be collected on over \$1.32 billion of assessed real property values. On a statewide basis, \$14.8 million in sales tax was collected and will find its way back to the local area in the form of support for services such as law enforcement, fire protection and other county-run public services. Along with the property tax impact, almost \$2 million in Transient Occupancy Tax (TOT) was collected because of visitors to the campus.

Of all analyzed sources of funds, student spending generated \$11.7 million in local taxes, the most dollars generated from these mentioned categories; property tax and sales tax generated is highest due to student

¹Although Cal Poly does not pay property taxes, it does pay the city and county of San Luis Obispo for services largely supported by property taxes, such as fire protection and waste water treatment.



Visitor spending associated with commencement has a significant impact on the local economy.

FIGURE 1: ECONOMIC OUTPUT FY 2012-13: \$1.414 BILLION

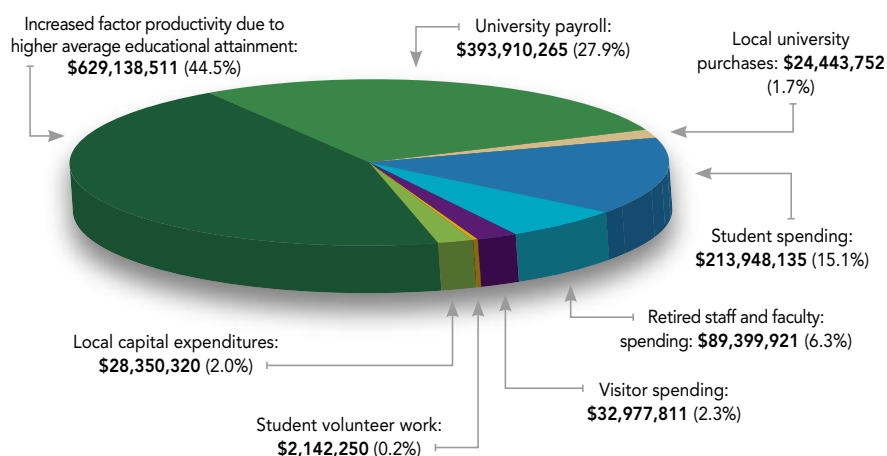


TABLE 2: SUMMARY OF "TOURISM-TYPE" SPENDING

	FOOD & BEVERAGE	RETAIL, EXCL. CASOLINE	HOTELS & MOTELS	ESTIMATED TOT
University payroll	\$9,662,485	\$14,180,307	\$1,456,168	\$160,178
Local university purchases	\$526,834	\$730,208	\$331,291	\$36,442
Student spending	\$24,967,910	\$862,699	\$509,238	\$56,016
Retiree spending	\$5,476,570	\$8,541,028	\$595,089	\$65,460
Visitor spending	\$10,229,940	\$1,234,822	\$11,258,786	\$1,238,466
Local capital expenditures	\$3,063,301	\$1,453,325	\$3,575,639	\$393,320
TOTAL	\$53,927,038	\$27,002,389	\$17,726,210	\$1,949,883

EXECUTIVE SUMMARY

FIGURE 2: LOCAL TAXES GENERATED

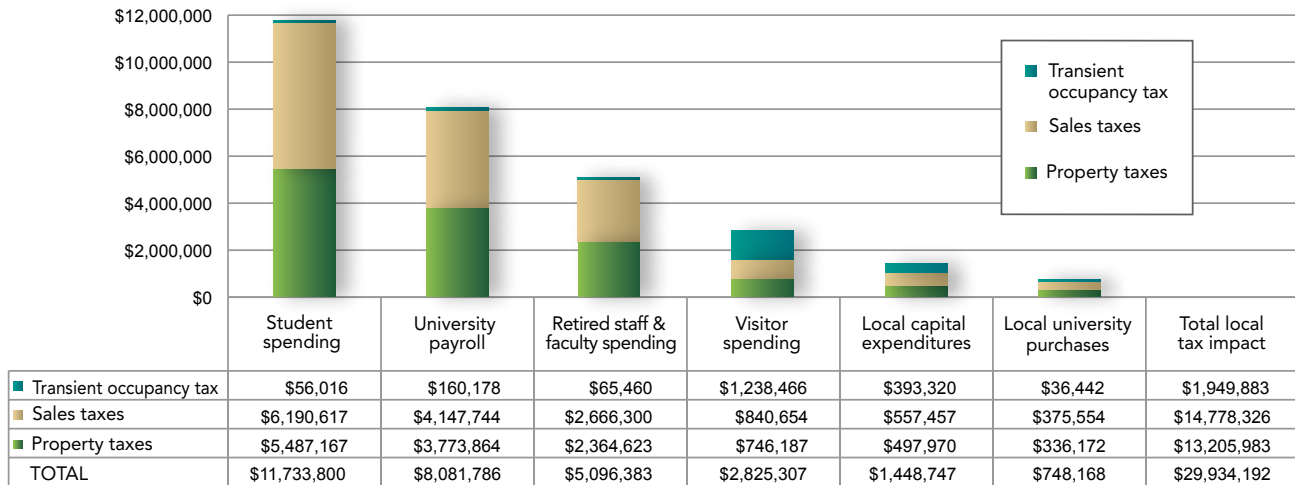
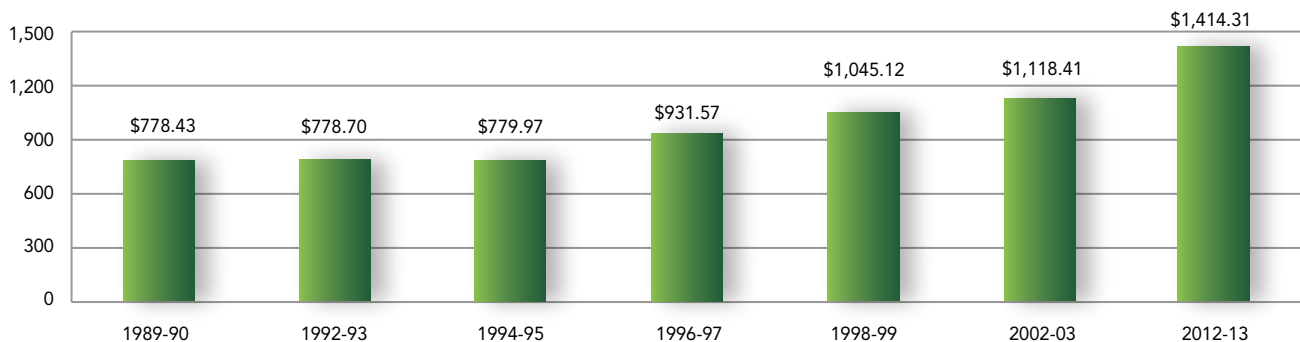


TABLE 3: HISTORICAL RESULTS OF PREVIOUS STUDIES (IN MILLIONS OF DOLLARS)

	1989-90	1992-93	1994-95	1996-97	1998-99	2002-03	2012-13
University payroll	\$109.00	\$96.15	\$110.49	\$126.41	\$135.27	\$133.98	\$254.31
Local university purchases	\$7.40	\$6.08	\$8.47	\$18.25	\$22.26	\$18.31	\$15.93
Student spending	\$92.87	\$94.33	\$87.96	\$104.90	\$122.55	\$147.20	\$160.77
Cal Poly retired staff & faculty spending	***	***	***	***	***	\$54.45	\$89.40
Visitor spending	\$8.28	\$4.39	\$10.49	\$12.89	\$13.01	\$16.03	\$21.93
Local capital expenditures	\$5.54	\$7.24	\$5.89	\$4.33	\$6.42	\$8.27	\$16.16
Direct local impact, as originally reported	\$223.09	\$208.19	\$223.30	\$266.78	\$299.51	\$378.24	\$558.49
Increased earnings of local Cal Poly graduates	***	***	***	***	***	\$189.53	***
Increased total factor productivity	***	***	***	***	***	\$157.75	\$629.14
Student volunteer work	\$0.42	\$1.04	\$0.65	\$0.70	\$0.58	\$0.68	\$2.14
Indirect and induced impact	\$554.92	\$519.47	\$556.02	\$664.09	\$745.03	\$392.22	\$224.54
TOTAL	\$778.43	\$728.70	\$779.97	\$931.57	\$1,045.12	\$1,118.41	\$1,414.31

FIGURE 3: TOTAL ECONOMIC IMPACT (IN MILLIONS OF DOLLARS)



spending; and as expected, TOT is largest due to visitor spending. (See Figure 2.)

Developing the Region's Human Capital

Direct dollars spent by university employees, students and visitors only tell part of the story. In fact, 44.5 percent of Cal Poly's total economic impact stems from the increased factor productivity due to the higher average educational attainment. It is estimated that the San Luis Obispo-Paso Robles-Arroyo Grande Metropolitan Statistical Area (SLO MSA) benefits by more than \$629.1 million each year because of the increased knowledge base created by the existence of Cal Poly.

Cal Poly fosters an environment in which all students have an opportunity to share their resources with others in the community, developing skills and leadership abilities while creating meaningful social change. In 2012-13, Cal Poly students performed 95,000 total hours of community service, which approximates to an economic impact of \$2.14 million on the local area. Activities such as volunteering, service learning and fundraising for causes positively impact the region.

Stabilizing the Region's Economy

Cal Poly's economic impact on the region has steadily increased over the course of the past 20 years, which points toward the stabilizing effect the university has on the local area. The last economic study performed for Cal Poly was for FY 2002-03, where the total economic impact reported was \$1.118 billion. Over the



Cal Poly's student population enriches the human capital of the region.

TABLE 4: JOBS CREATED DUE TO CAL POLY IN FY 2012-13

SOURCE OF FUNDS	DIRECT	INDIRECT	INDUCED	TOTAL
University payroll	2,741.0	0.0	1,053.9	3,794.9
Local university purchases	168.0	21.2	42.8	232.0
Student spending	1,742.7	202.8	195.5	2,141.0
Retired staff and faculty spending	0.0	0.0	654.1	654.1
Visitor spending	271.7	43.8	36.8	352.4
Local capital expenditures	198.77	36.40	53.83	289.0
TOTAL	5,122.2	304.2	2,037.0	7,463.4

last 10 years, Cal Poly's contribution to the local economy has increased by \$295.8 million despite economic struggles at the state and national level. Table 3 shows year-by-year results segregated by source of funds.

Job creation is a vital component to the stabilization of the region's economy. In addition to the 2,741 direct jobs supplied to the local area by Cal Poly, an additional 2,381 direct jobs are created in the local area, mainly as a result of students living

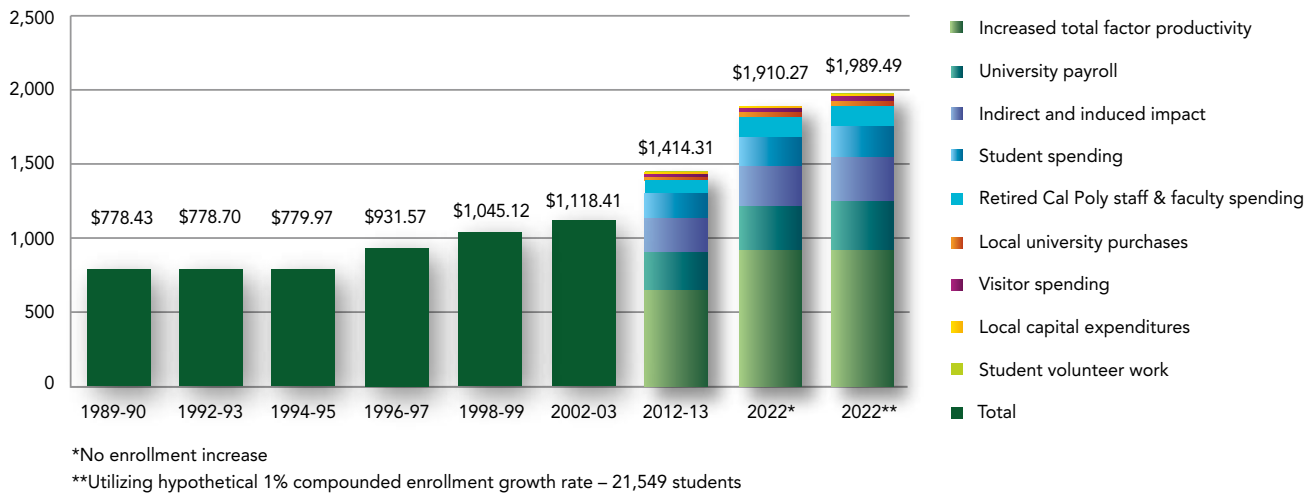
off campus and purchasing goods and services in the area. In all, a total of 7,463 jobs are created directly or indirectly because of the existence of Cal Poly. (See Table 4.)

Building the Region's Future

As the San Luis Obispo and northern Santa Barbara counties move through this next decade, Cal Poly will be an asset to building the region's future. Over the coming years, the CSU will be addressing intelligent growth

EXECUTIVE SUMMARY

FIGURE 4: ECONOMIC IMPACT OF CAL POLY IN THE YEAR 2022 (IN MILLIONS OF DOLLARS)



rates to serve the educational needs of all campuses, including Cal Poly. In order to project future potential economic impact through year 2022, we considered both the current student enrollment figure as well as a purely hypothetical compounded growth rate for student enrollment of 1 percent per year from 2012 through 2022. Any such hypothetical growth in student enrollment, of course, will increase the economic impact the university has on the local area. As seen in Figure 4, there will be a total economic impact of \$1.990 billion on the region in 2022, assuming the speculated growth in enrollment occurs.

If enrollment stays at current levels, total economic impacts will still surpass the \$1.9 billion mark, although falling short by \$79.2 million. On-campus employee totals will likely increase from 2,741 to 2,998, so too will direct jobs in the area increase from 2,381 to 3,233. Local taxes will rise as expected by 35.8 percent over 2013 levels as well. (See Table 5 for more details.)

TABLE 5: COMPARISON BETWEEN 2013 AND 2022

	2013	2022
Economic impact	\$1,414,310,965	\$1,989,486,434
Number of students	19,703	*
Number of Cal Poly employees	2,741	2,998
Number of direct jobs created (less Cal Poly)	2,381	3,233
Number of indirect and induced jobs	2,341	3,179
Number of Cal Poly retirees living in the local area	1,399	1,439
Estimated property taxes	\$13,205,983	\$17,932,145
Estimated sales taxes	\$14,778,326	\$20,067,199
Estimated TOT	\$1,949,883	\$2,647,708
*Utilizing hypothetical 1% compounded enrollment growth rate – 21,549 students		

The impacts of Cal Poly are real and measurable. In addition to the recognized benchmarks that include expenditures, employment and tax revenues, Cal Poly supports the community with intangibles that are not readily measured. Because of the high quality of knowledge workers being developed at Cal Poly, the local entrepreneurial community continues to grow, and many companies are able to operate and expand within the region. Adding to the knowledge base developed by Cal Poly graduates that reside in the area

after graduation, Cal Poly's Extended Education program continues to educate the local citizens so that they remain relevant in the workforce. Actually attributing an exact value to these two impacts is not an easy task and lies outside of the scope of this study. Although they are not measured in this study, they are mentioned here because their impacts are real, particularly as we envision the future of the region. In all, this report likely understates the total impact Cal Poly has and will continue to have on the area.



The McPhee University Union serves as a gathering place for the Cal Poly community.

Introduction

FIRST ESTABLISHED IN 1901

and incorporated into the California State College System in 1961, Cal Poly resembles other California State University (CSU) campuses in providing undergraduate instruction and graduate instruction through the master's degree. Compared to most other CSU campuses, Cal Poly is distinctive in:

- emphasizing the applied fields of agriculture, architecture, engineering, and other professional fields, while also offering equally strong programs in the liberal arts, science and mathematics, business, and other disciplines;
- giving applicants from all parts of the state an equal opportunity to compete for undergraduate admission in a very selective admissions process;
- requiring undergraduates to declare a major on entry and expecting them to take courses in their major during their first year; and
- practicing a Learn by Doing approach to instruction.

Cal Poly's mission speaks to its unique comprehensive polytechnic identity and highlights the close relationships students develop with faculty and staff:

Cal Poly fosters teaching, scholarship and service in a Learn by Doing environment in which students, staff and faculty are partners in discovery.

As a polytechnic university, Cal Poly promotes the application of theory into practice. As a comprehensive institution, Cal Poly provides a balanced education in the arts, sciences and technology, while encouraging cross-disciplinary and co-curricular experiences. As an academic community, Cal Poly values free inquiry, cultural and intellectual diversity, mutual respect, civic engagement, and social and environmental responsibility.

The university is organized administratively into four divisions, which include Academic Affairs, Student Affairs, Administration and Finance, and University Advancement. The Academic Affairs division is organized into six colleges, each with its own dean. In addition to these divisions, there are a multitude of

INTRODUCTION

on-campus groups such as Cal Poly Alumni Association, Associated Students Incorporated, Cal Poly Corporation and Cal Poly Foundation.

Cal Poly is a predominantly undergraduate institution. The student body of approximately 19,000 is selected during a highly competitive admissions process with nearly 37,000 undergraduate applications for approximately 3,600 spaces for fall 2012. The 3,592 first-time freshmen students that enrolled in fall 2012 had an average high school GPA of 3.70, an SAT composite average reading and math score of 1210, and an average ACT composite score of 27. The 760 enrolled upper division transfers entered with an average community college GPA of 3.33.

As a mainstay of the Central Coast, Cal Poly is one of the nation's premier comprehensive polytechnic universities. By emphasizing teaching, scholarship

and service in a Learn by Doing environment, the university is able to promote the application of theory into practice. For 21 straight years, Cal Poly has been ranked the Best Bachelor's/Master's University in the West by U.S. News and World Report. Many employers view Cal Poly graduates as the most "industry ready" employees and attribute this to the university's Learn by Doing approach to education.

Because of its credibility among higher education institutions, it is clear that Cal Poly is a core contributor to the local area. The purpose of this study is to examine specifically the economic impacts and other economic benefits on the local area provided by Cal Poly. In spring 2014, in collaboration with Productive Impact LLC, the university conducted an objective analysis of student, faculty, staff, retiree and university expenditures and other

contributions in an effort to quantify the economic impact of Cal Poly on San Luis Obispo and northern Santa Barbara counties. The present study represents the most recent in a series of economic impact studies conducted by the university, reaching back to 1990-91.

Economic impact occurs in a variety of forms and results from obvious sources such as student, faculty and staff expenditures for locally procured supplies and services as well as university purchases for operations and capital improvements. Visitors of Cal Poly also generate a source of income for the area because they spend their money similarly to a tourist. In addition to examining expenditures by students, faculty, staff, retirees and visitors, this study examined other contributions such as increased factor productivity due to a higher average educational attainment and student volunteerism in order to determine economic impacts of the university on the local area. These impacts directly contribute to the region, and many of these impacts also create indirect and induced impacts that result from dollars spent locally.

This economic impact report is organized into six parts. Part I of the report begins with information about the methods used to collect and analyze data. Part II provides a brief overview of the region's economy. Part III focuses on Cal Poly specifically as a generator of the region's income; Part IV on Cal Poly as a developer of human capital; and Part V on Cal Poly as a stabilizer of the local economy. Part VI concludes by considering Cal Poly in 2022 as a vital contributor to the growth of the region's future.



Wine & Viticulture majors gain hands-on experience harvesting grapes in the Trestle Vineyard.



Cal Poly students develop teamwork skills and collaborate on solving the world's problems.

Acknowledgements

THIS REPORT COULD NOT have been completed without the cooperation of many people at California Polytechnic State University and in the local community. We especially would like to thank Bradford Anderson, interim vice president of Research and Economic Development, for his support and guidance throughout the course of this endeavor. We would also like to express gratitude to several others who

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of Marketing and Communications; Judy Mahan, director of the Center for Innovation & Entrepreneurship; and Cari Moore, director of the Cal Poly International Center. In addition, we would like to thank Cal Poly Orfalea College of Business graduate Ryan Cerf and MBA graduates Matt Anderson, Dexiang Lei and Kelly Rowse for their valuable contributions and assistance in the data collection for this project. Finally, we appreciate the editing and design work of Dawn Janke and Shirley Howell.



Students in a small-group setting examine the master plan for a course project.

I. Methodology

CAL POLY'S OFFICE of Research and Economic Development is engaged in a multitude of activities that foster and build upon the university's economic presence in the community; Productive Impact LLC collaborated with the office on the development of this study. Former and current Cal Poly undergraduates and MBA graduate students interfaced with all divisions of the university and collected detailed data. Productive Impact LLC then performed the analysis of the data and assembled this report.

A survey of 256 current students representing all class levels and academic colleges was performed by a group of Cal Poly MBA students to collect student and visitor information. The mix of students that live on and off campus represented in the survey responses is indicative of the mix of on and off-campus living at Cal Poly. This data was also used to support the validation of visitor data collected from the various Cal Poly sources. Questions captured visitor trends such as where they stayed as well as the frequency, quantity and length of their stays.

Data was also collected from various sources to complete this study. The Administration & Finance Division supplied the expenditure data, student

enrollment numbers and payroll figures; Facilities Planning & Capital Projects supplied capital expenditures and a future vision of Cal Poly; both the Center for Community Engagement and Orientation Programs supplied volunteer data as well as participation figures for Week of Welcome (WOW) and the Soar summer orientation program; and CalPERS supplied relevant distributions for retired Cal Poly employees. Additionally, documents such as Cal Poly's Master Plan, annual financial reports, and the 2013 Fact Book were accessed as sources of data for this study.

The methodology employed for analyzing data in this study utilizes the most up-to-date economic impact

study practices adapted to the specific organization of Cal Poly and its position within the city and county of San Luis Obispo, California. The impact of local spending by Cal Poly and its students, faculty, staff, retired employees and visitors is estimated using the latest version of Impact Analysis for Planning input-output software, IMPLAN 3, one of the most industry-accepted economic impact models available.

IMPLAN was originally developed at the University of Minnesota and then became a private firm, the Minnesota IMPLAN Group (MIG). IMPLAN software is based on the pioneering work of Nobel Prize-winning Harvard economist Wassily Leontief, who developed an Input-Output economic model that recognized the interrelationships among industries and between industries and households. For instance, a dollar spent at a grocery store is divided between the suppliers of the grocery store, the workers at the grocery store, the landlord of the grocery store and the owner of the grocery store. Any dollar spent at the grocery store is parceled out and “re-spent” by the store’s suppliers and landlord (the “indirect effect”) as well as the employees’ households (the “induced effect”). The “multiplier” effect of the original dollar spent combines the indirect and induced effects, often referred to as the indirect effect.

IMPLAN software and the accompanying databases all depend on the analyst to enter an input such as total employment, expected sales or payroll in an existing or proposed business. IMPLAN then estimates the



The Swine Center gives students an opportunity to conduct agricultural research projects.

METHODOLOGY

effect on revenues, payroll, employment and taxes paid for every other sector of the economy in the study area. The key to accurate output estimates or predictions is good input estimates: purchased goods and services, number and types of employees and average returns to capital for the industry/sector of the subject business or project.

The IMPLAN system is a respected tool, but it does have some limitations in terms of defining an economic sector. IMPLAN relies on the North American Industry Classification System (NAICS) definitions used by the Department of Commerce (and virtually all economics

researchers) for calculating the cost structure and interrelationships between a given industry and other industries in the economy. Because the IMPLAN industry sector for “California State University Operations” does not exist, a custom industry for this study was created to closely capture the economic impact of Cal Poly’s presence in the local economy.

By utilizing operation expenditures including payroll and financial reports, we were able to analyze the economic impacts of various aspects because of the existence of Cal Poly. These impacts not only include the payroll and direct

expenditures of Cal Poly but also impacts caused by the spending of the students and their visitors in the local area, to name a few. IMPLAN also provides an option to enter actual labor income for use in capturing the effect of employee expenditure. IMPLAN applies these inputs to the chosen economic model, in this case San Luis Obispo and northern Santa Barbara counties. In estimating the impact of an industry, IMPLAN takes into account all of the interactions between industries in the study area, the import/export patterns for goods and services, and the interactions between households and industries. By summing up each individual part of the project, it is possible to create an industry that mirrors Cal Poly, resulting in quantifiable indirect and induced impacts.

An important consideration in estimating the economic impact of any activity or event is defining the impacted area. In general, the broader the area studied, the larger the impact since impacts outside the area are not measured. Although Cal Poly lies in the center of the San Luis Obispo-Paso Robles-Arroyo Grande Metropolitan Statistical Area (SLO MSA), portions of northern Santa Barbara County were included in the study area, especially since some university goods and services were supplied from that region, and since Santa Maria, Guadalupe and Orcutt are home to a small percentage of Cal Poly students, faculty, staff and retirees. As well, in recent years, northern Santa Barbara County and southern San Luis Obispo County have become increasingly integrated economically due to the common economic drivers of the areas



Students are encouraged to commit to 25-35 hours of study outside the classroom each week.

(agriculture, especially wine grapes; exurban tourism and technology). IMPLAN 3 software analyzes data on the county level with the ability to isolate expenditures down to the zip code level; this report therefore includes San Luis Obispo County and selected northern Santa Barbara County cities as the most accurate study area.

The actual study area used for this report, then, includes San Luis Obispo County and a small portion of northern Santa Barbara County. Although not the same, the data shown for SLO MSA, San Luis Obispo County,

and San Luis Obispo County plus northern Santa Barbara County are used interchangeably throughout this document for comparison purposes to provide context for the facts and figures that are presented.

It is important to note that some economic impacts cannot be analyzed through IMPLAN; however, that does not mean that those impacts are not valid. Those types of impacts are important and are thus analyzed using reasonable assumptions backed by vetted data gathered from various sources including industry experts, reference materials and published

academic studies. When actual values are not readily available for this study, average expenditure and wage data is used. For example, in order to quantify volunteers' impact on the community, the estimate of student volunteer hours served in the local community is multiplied by a statewide average of the value of a "Volunteer Hour," which was calculated and published by Independent Sector, a leadership network for nonprofit organizations and foundations that advocate to change public policies and increase volunteerism.



Cal Poly students work together to develop the interpersonal skills necessary to succeed in the global workplace.



Cal Poly has nearly 5,000 acres of agricultural lands and facilities available for students to engage in experiential learning activities.

II. Cal Poly In Context: The Economy of the Region

A S A PART OF THE
23-campus California State University system, Cal Poly's main campus is located in San Luis Obispo, one of seven cities and 27 villages and communities in the San Luis Obispo County region. It is located about

230 miles south of San Francisco, 200 miles north of Los Angeles, and 10 miles east of the Pacific Ocean. While the majority of Cal Poly associates reside within San Luis Obispo County, a number of students, faculty, staff and retirees of the university also reside in northern Santa Barbara County, particularly Santa Maria, Guadalupe and Orcutt. Understanding Cal Poly's economic impact on the local region

requires a general understanding of the region's economy. This section of the report provides a brief overview of the economy of San Luis Obispo and northern Santa Barbara counties.

According to the Bureau of Economic Analysis, SLO MSA had a gross metro product of \$11.316 billion in 2012, or a per capita real GDP of \$34,281. The top five industries include private services-providing industries, financial

activities, private goods-producing activities, real estate and rental leasing and government. (See Table 6.) To put this in context, Cal Poly's direct output of local payroll, local spending and local capital expenditures total \$286.4 million, or 18.5 percent as compared to the government sector of \$1.549 billion. In sum, the impacts of Cal Poly, which include employee and student expenditures, visitor spending and volunteer hours, total \$471.24 million of direct output results, or 4.2 percent of the industry total for the area. Cal Poly's contribution to the region provides a stabilizing effect on the local economy. In fact, the university adds to each of the top five industry sectors in a variety of ways. Cal Poly's expenditures for operations and capital projects utilize local private services and goods, for example, but the bulk of the impact results from spending of paychecks by Cal Poly employees in the local area. Not only are goods and services purchased by these employees but financial institutions and real estate industries are patronized as well.

In addition to the top five industry sectors of the region, agriculture has a large presence in the local area. According to a report released by the Department of Agriculture, San Luis Obispo County agriculture contributes \$1.87 billion to the county's economy, including \$1.3 billion in direct impact.² Cal Poly's total economic impact of \$1.414 billion contributes similarly. What's more, the university supports the local

TABLE 6: GDP FOR SAN LUIS OBISPO-PASO ROBLES MSA

RANK		\$ MILLIONS
	All-industry total	11,316
1	Private services-providing industries	7,924
2	Financial activities	2,121
3	Private goods-producing industries	1,842
4	Real estate and rental and leasing	1,756
5	Government	1,549

Source: Bureau of Economic Analysis

TABLE 7: CAL POLY ECONOMIC IMPACT STUDY AREA

Population of San Luis Obispo County (2013)	276,443
Persons 65 year or older, 2013	16.90%
Bachelor's degree or higher (age 25+)	31.50%
Total number of jobs	110,582
Average wage per job	\$41,200
Total wages and salaries (\$ thousands)	4,555,956
Per capita personal income	\$43,698
Gross Metro Product (SLO MSA, \$ millions)	\$11.32
Per capita real GDP	\$34,281
Sales tax receipts, 2013 (\$ millions)	\$24.85

Source: United States Census Bureau

agriculture industry by developing human capital through programs offered by the College of Agriculture, Food & Environmental Sciences.

At the county level, San Luis Obispo supplied 110,852 jobs with wages and salaries totaling \$4.556 billion, creating an average wage per job of \$41,200, and a per capita personal income of \$43,698. Beacon Economics, authors of the Central Coast Economic Forecast, reported that the labor market grew by 3.6 percent in 2013 and is expected to grow at 1.8 percent to 2.6 percent for the next couple of years. Taxable sales

continued to grow as well, resulting in sales tax receipts totaling \$24.85 million in 2013. (See Table 7.)

Cal Poly makes up 2.5 percent of the county's 110,582 employees with an average salary of \$35,000 per year more than the countywide average, thus creating many head of household jobs. As a comparison, Cal Poly only creates directly and indirectly half as many jobs as the agriculture industry. However, of the more than 20,000 total jobs the agriculture industry does create, those 15,600 direct jobs are typically lower paying than Cal Poly's average salary, thus leading to less induced impacts.

² Agriculture Impact Associates, "Economic Contributions of San Luis Obispo County Agriculture," Department of Agriculture/Weights and Measures, 2012.



The University Art Gallery, which is open to the public, offers five inspiring exhibitions each academic year.

III. Cal Poly As Generator of the Region's Income

CAL POLY'S IMPACT on the economy of San Luis Obispo and northern Santa Barbara counties is multifaceted. The most obvious forms include the expenditures by Cal Poly faculty and staff as well as Cal Poly's policy of procuring locally as much of the supplies and services required for operations, both of which result in a significant impact on local businesses. In addition, the ongoing investment in new buildings and infrastructure produces a great deal of local activity. Moreover, Cal Poly student spending in the local area highly impacts the economy: students rent apartments and purchase food, clothing, gasoline, household goods and other essentials. In addition, they visit local restaurants, bars and theaters. Most students report having visits from parents

and other family members as well as friends from home throughout the year; many of these visits are for specific events such as Open House or Commencement and others are simply for weekend visits. Perhaps less obvious but a nonetheless important impact is former Cal Poly employees that stay in the area after retirement, purchasing goods and services, paying property taxes and sales taxes while using a minimum level of the services supported by their taxes.

In this section, we estimate and report on three measures of economic impact: Increased Total Output, Job Creation/Maintenance and Tax Impact, all of which assist in generating the region's income. Total Output is approximately equal to increased sales by local businesses minus the cost of goods imported from outside the area. Job Creation/Maintenance is defined as the additional jobs produced and maintained by the expenditures of

those associated with Cal Poly. Tax Impact has many components; however for the sake of this study, it is measured by the estimates of local Property Tax and Sales Tax generated by the university's presence. This study investigates each source of impact individually and attempts to quantify the economic impacts on the local economy in an effort to illustrate how Cal Poly serves as a generator of the region's income.

University Payroll Impacts

The payroll for Cal Poly employees living locally in FY 2012-13 was \$254.3 million. This includes those living in the entire San Luis Obispo County as well as in northern Santa Barbara County. 87.4 percent of the university payroll is paid to state employees, 9.2 percent to Cal Poly Corporation employees, 2.7 percent to ASI employees, and 0.7 percent to Foundation employees.

FIGURE 5: UNIVERSITY PAYROLL BY LOCAL AREA

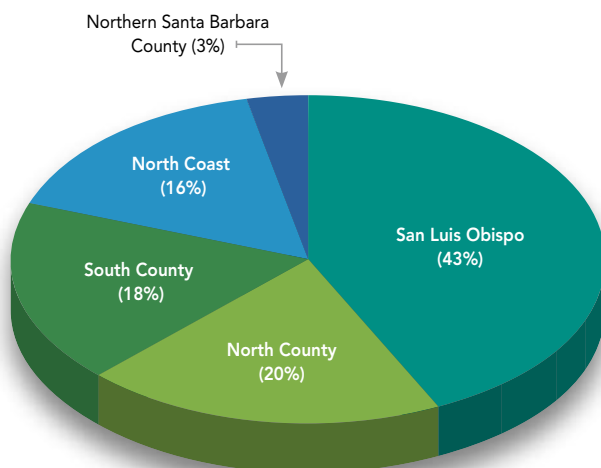


FIGURE 6: LOCAL UNIVERSITY PAYROLL BY TYPE (\$ MILLIONS)

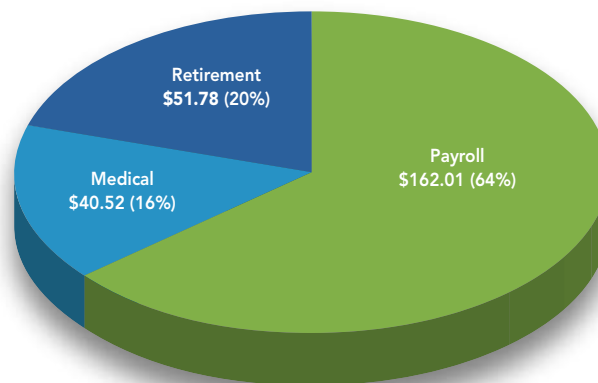


TABLE 8: ECONOMIC IMPACT DUE TO UNIVERSITY PAYROLL

RANK	DESCRIPTION	DIRECT	INDIRECT	INDUCED	TOTAL
	Total	\$254,311,664	\$ -	\$139,598,601	\$393,910,265
1	*Employment and payroll only (state and local government, education)	\$254,311,664	\$ -	\$ -	\$254,311,664
2	Imputed rental activity for owner-occupied dwellings	\$ -	\$ -	\$23,747,803	\$23,747,803
3	Food and beverage services	\$ -	\$ -	\$9,662,485	\$9,662,485
4	Offices of physicians, dentists and other health practitioners	\$ -	\$ -	\$9,627,040	\$9,627,040
5	Wholesale trade businesses	\$ -	\$ -	\$6,851,388	\$6,851,388
6	Real estate establishments	\$ -	\$ -	\$6,778,393	\$6,778,393
7	Monetary authorities and depository credit intermediation activities	\$ -	\$ -	\$5,503,746	\$5,503,746
8	Petroleum refineries	\$ -	\$ -	\$5,205,711	\$5,205,711
9	Private hospitals	\$ -	\$ -	\$4,909,893	\$4,909,893
10	Electric power generation, transmission and distribution	\$ -	\$ -	\$3,469,710	\$3,469,710
11	Retail stores — food and beverage	\$ -	\$ -	\$2,916,269	\$2,916,269
12	Retail non-stores — direct and electronic sales	\$ -	\$ -	\$2,443,030	\$2,443,030
13	Retail stores — motor vehicle and parts	\$ -	\$ -	\$2,043,930	\$2,043,930
14	Telecommunications	\$ -	\$ -	\$1,960,319	\$1,960,319
15	Medical and diagnostic labs, and outpatient and other ambulatory care services	\$ -	\$ -	\$1,886,707	\$1,886,707
16	Nursing and residential care facilities	\$ -	\$ -	\$1,885,768	\$1,885,768
17	Retail stores — general merchandise	\$ -	\$ -	\$1,864,871	\$1,864,871
18	Retail stores — clothing and clothing accessories	\$ -	\$ -	\$1,727,138	\$1,727,138
19	Legal services	\$ -	\$ -	\$1,668,685	\$1,668,685
20	Hotels and motels, including casino hotels	\$ -	\$ -	\$1,456,168	\$1,456,168
21	Individual and family services	\$ -	\$ -	\$1,258,655	\$1,258,655
22	Retail stores — miscellaneous	\$ -	\$ -	\$1,251,449	\$1,251,449
23	Other state and local government enterprises	\$ -	\$ -	\$1,243,527	\$1,243,527
24	Transport by truck	\$ -	\$ -	\$1,225,396	\$1,225,396
25	Home health care services	\$ -	\$ -	\$1,180,957	\$1,180,957
	All other sectors	\$ -	\$ -	\$37,829,567	\$37,829,567

CAL POLY AS GENERATOR OF THE REGION'S INCOME

TABLE 9: EMPLOYMENT IMPACTS DUE TO LOCAL UNIVERSITY PAYROLL

RANK	DESCRIPTION	DIRECT	INDIRECT	INDUCED	TOTAL
	Total	2,741.0	-	1,053.9	3,794.9
1	*Employment and payroll only (state and local government, education)	2,741.0	-	-	2,741.0
2	Food and beverage services	-	-	155.6	155.6
3	Offices of physicians, dentists and other health practitioners	-	-	77.7	77.7
4	Retail stores — food and beverage	-	-	41.1	41.1
5	Real estate establishments	-	-	35.0	35.0
6	Wholesale trade businesses	-	-	34.2	34.2
7	Private household operations	-	-	32.6	32.6
8	Individual and family services	-	-	30.8	30.8
9	Nursing and residential care facilities	-	-	30.8	30.8
10	Private hospitals	-	-	29.5	29.5
11	Retail stores — general merchandise	-	-	27.3	27.3
12	Retail stores — miscellaneous	-	-	24.7	24.7
13	Retail stores — clothing and clothing accessories	-	-	22.8	22.8
14	Home health care services	-	-	22.4	22.4
15	Retail non-stores — direct and electronic sales	-	-	21.0	21.0
16	Employment services	-	-	20.8	20.8
17	Retail stores — motor vehicle and parts	-	-	19.9	19.9
18	Civic, social, professional and similar organizations	-	-	16.2	16.2
19	Monetary authorities and depository credit intermediation activities	-	-	14.8	14.8
20	Private elementary and secondary schools	-	-	14.8	14.8
21	Services to buildings and dwellings	-	-	14.5	14.5
22	Personal care services	-	-	13.6	13.6
23	Amusement parks, arcades, and gambling industries	-	-	13.4	13.4
24	Hotels and motels, including casino hotels	-	-	13.3	13.3
25	Retail stores, building material and garden supply	-	-	12.8	12.8
	All other sectors	-	-	314.3	314.3

The total economic output attributed to the local university payroll yields \$393.9 million for the local area. The spending of paychecks always creates an induced economic impact, and in the case of Cal Poly there are several large induced impacts generated by university payroll. One such impact is “imputed rental activity for owner-occupied dwellings.” This category is a measure of the rental value of homes that are occupied by their owners. This is a way to capture the economic

TABLE 10: LOCAL TAXES GENERATED DUE TO LOCAL UNIVERSITY PAYROLL

Property taxes	\$3,773,864
Sales taxes	\$4,147,744
Transient occupancy tax (TOT)	\$160,178
TOTAL	\$8,081,786

impact of people purchasing and maintaining their homes rather than renting. Other industries heavily affected by university payroll are food services, healthcare, real estate and wholesale trade.

As Cal Poly employees spend their paychecks, this activity creates an additional 1,053 jobs in the local area. Specifically, food services (155 jobs), healthcare offices (77), grocery stores (41), real estate (35), and wholesale trade

(34) are the top five industries affected by payroll spending. (See Table 9.)

What's more, local government will receive an additional \$3.8 million in property tax and \$4.1 million in sales tax because of Cal Poly employees living and spending their paychecks in the local area. (See Table 10.)

Local University Purchases

Cal Poly is supported in its mission by three separate and distinct entities: Cal Poly Corporation (CPC), Associated Students, Inc. (ASI), and the Cal Poly Foundation. CPC is the entity that assists and promotes the educational mission of Cal Poly under the regulations of the California State University System (CSU). By only engaging in activities ancillary to the operation, CPC oversees 150,000 square feet of space on campus and employs approximately 1,500 employees. The corporation is responsible for the costs of all the operations, including maintenance, upgrades and renovations associated with CPC activities. Under its umbrella, the corporation provides commercial services such as dining and vending, textbooks and supplies, and retail sales, to name a few. All conferences, workshops, centers and institutes are funded through the corporation, as well as ASI and Cal Poly Housing. ASI's part in these activities derives predominantly from its role as the owner of the Julian A. McPhee University Union building, which houses Chumash Auditorium, and from renting space for several CPC-operated facilities such as the University Store and snack bars. The Cal Poly Foundation is different from the corporation in that



Students cultivate a wide range of plant life in the five-acre Leaning Pine Arboretum.

it is a private, nonprofit corporation led by Cal Poly alumni and friends. In addition to providing leadership to raise private support for the university, the foundation board also manages the university's private gifts and endowments.

Tying everything together is the Administration & Finance

Division, stewards of the university's resources. Together with the above-mentioned units, they manage the state expenditures and oversee all expenditures for the university. Because this study is concerned with economic impacts the university has on the local area, it is only necessary to analyze the outflow of money

CAL POLY AS GENERATOR OF THE REGION'S INCOME



The Association of College & Research Libraries recognized Kennedy Library for its excellence in 2014.

FIGURE 7: UNIVERSITY PURCHASES IN FY 2012-13 — \$137.6 MILLION

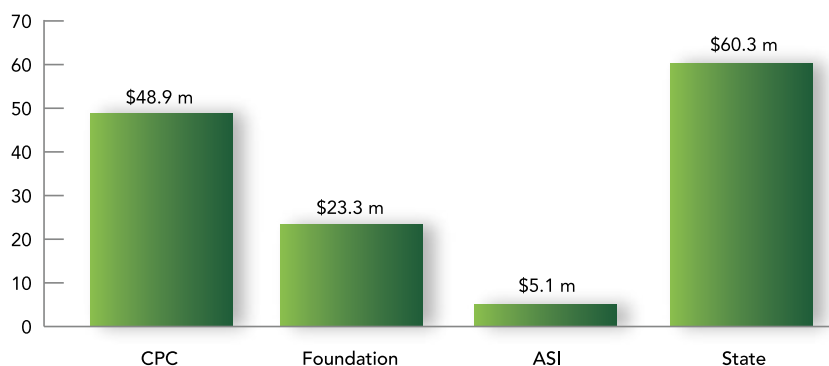
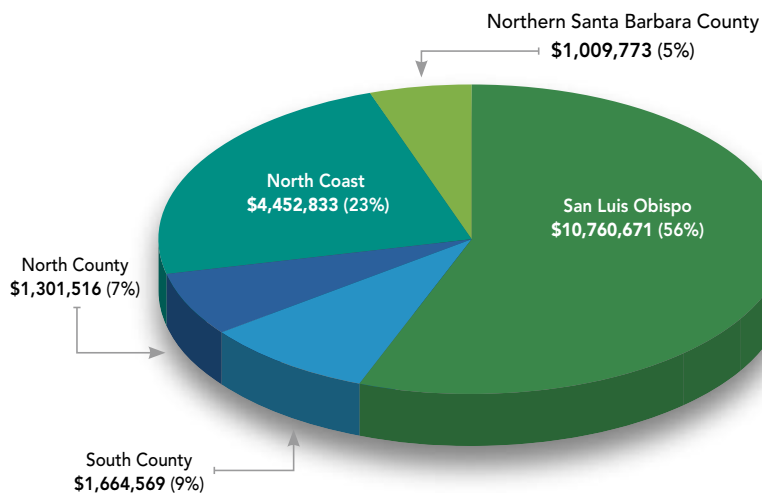


FIGURE 8: LOCAL UNIVERSITY PURCHASES — \$19.2 MILLION



and not the revenues. Of course, as a state institution, outflow is slightly complicated to analyze, particularly since there are so many rules and regulations tied to the dollars that are spent. Additionally, this analysis is examining the local economic impact and not the overall impact the university has on the state. Therefore, utilizing zip code data and analyzing all the separate account information supplied by Cal Poly, it was determined that \$19.2 million of local purchases had been made in FY 2012-2013, approximately 14 percent of the \$137.6 million total purchases made by the university. (See Figure 7.) This total does not include capital expenditures or Cal Poly employee payroll, which are covered in other sections of this study. Of the local purchases, 56 percent was spent in San Luis Obispo. (See Figure 8.)

By assigning industry codes to each local expenditure and running them through the IMPLAN model, it was determined that total economic output due to local university purchases was \$24.4 million, which includes direct expenditures of \$5.8 million for state and local government employment and almost \$2 million in technical services. The local purchases also generated an additional \$8.6 million in indirect and induced impact in various industries such as medical services, food and beverage and imputed rental activity for owner-occupied dwellings. (See Table 11.) An astute reader might notice that the direct impact of \$15.9 million is less than the \$19.2 million of direct impact shown in Figure 8. All IMPLAN relationships are in producer prices. Therefore, margining is used as a method for converting



The American Society of Engineering recently recognized a number of Cal Poly faculty for their efforts in improving recruitment of female engineers.

TABLE 11: ECONOMIC IMPACT DUE TO LOCAL UNIVERSITY PURCHASES

RANK	DESCRIPTION	DIRECT	INDIRECT	INDUCED	TOTAL
	Total	\$15,929,423	\$2,846,884	\$5,667,444	\$24,443,752
1	*Employment and payroll only (state and local government, non-education)	\$5,845,435			\$5,845,435
2	Architectural, engineering, and related services	\$1,961,465	\$168,839	\$11,888	\$2,142,192
3	Maintenance and repair construction of nonresidential structures	\$1,754,148	\$90,098	\$34,834	\$1,879,080
4	Imputed rental activity for owner-occupied dwellings			\$966,416	\$966,416
5	Wholesale trade businesses	\$505,777	\$150,753	\$276,195	\$932,725
6	Printing	\$738,510	\$17,287	\$6,307	\$762,104
7	Civic, social, professional and similar organizations	\$673,171	\$10,473	\$26,388	\$710,031
8	Food and beverage services	\$25,844	\$108,390	\$392,599	\$526,834
9	Electric power generation, transmission and distribution	\$285,727	\$92,891	\$140,175	\$518,794
10	Petroleum refineries		\$241,143	\$210,373	\$451,516
11	Real estate establishments		\$177,137	\$272,216	\$449,353
12	Offices of physicians, dentists, and other health practitioners	\$59,149	\$79	\$389,520	\$448,748
13	Monetary authorities and depository credit intermediation activities		\$183,668	\$223,922	\$407,590
14	Private elementary and secondary schools	\$361,454		\$28,565	\$390,019
15	Hotels and motels, including casino hotels	\$238,732	\$32,621	\$59,938	\$331,291
16	Services to buildings and dwellings	\$230,908	\$60,641	\$35,747	\$327,296
17	Private junior colleges, colleges, universities and professional schools	\$312,542	\$61	\$4,288	\$316,891
18	Textile and fabric finishing mills	\$293,405	\$653	\$40	\$294,098
19	Automotive repair and maintenance, except car washes	\$222,783	\$22,074	\$42,835	\$287,692
20	Transit and ground passenger transportation	\$255,164	\$4,651	\$13,047	\$272,862
21	Dry-cleaning and laundry services	\$237,600	\$9,564	\$12,162	\$259,326
22	Other amusement and recreation industries	\$228,358	\$1,877	\$14,279	\$244,514
23	Private hospitals		\$54	\$198,660	\$198,713
24	Transport by truck	\$101,456	\$41,943	\$49,929	\$193,328
25	Business support services	\$149,184	\$23,652	\$8,715	\$181,551
	All other sectors	\$1,448,611	\$1,408,333	\$2,248,407	\$5,105,351

CAL POLY AS GENERATOR OF THE REGION'S INCOME

TABLE 12: EMPLOYMENT IMPACTS DUE TO LOCAL UNIVERSITY PURCHASES

RANK	DESCRIPTION	DIRECT	INDIRECT	INDUCED	TOTAL
	Total	168.0	21.2	42.8	232.0
1	*Employment and payroll only (state and local government, non-education)	63.5			63.5
2	Architectural, engineering and related services	20.2	1.7	0.1	22.1
3	Civic, social, professional and similar organizations	16.8	0.3	0.7	17.8
4	Maintenance and repair construction of nonresidential structures	11.9	0.6	0.2	12.8
5	Food services	0.4	1.7	6.3	8.5
6	Private elementary and secondary schools	7.7		0.6	8.3
7	Private junior colleges, colleges, universities and professional schools	5.3		0.1	5.4
8	Services to buildings and dwellings	3.8	1.0	0.6	5.4
9	Printing	4.7	0.1		4.9
10	Wholesale trade businesses	2.5	0.8	1.4	4.7
11	Other amusement and recreation industries	4.2		0.3	4.5
12	Transit and ground passenger transportation	3.9	0.1	0.2	4.2
13	Employment services	0.2	3.1	0.8	4.2
14	Dry-cleaning and laundry services	3.4	0.1	0.2	3.7
15	Offices of physicians, dentists and other health practitioners	0.5		3.1	3.6
16	Automotive repair and maintenance, except car washes	2.5	0.2	0.5	3.2
17	Hotels and motels	2.2	0.3	0.5	3.0
18	Real estate establishments		0.9	1.4	2.3
19	Business support services	1.8	0.3	0.1	2.2
20	Retail stores — food and beverage	0.1	0.1	1.7	1.9
21	Accounting, tax preparation, bookkeeping and payroll services	0.2	0.9	0.4	1.5
22	Management, scientific and technical consulting services	0.8	0.5	0.1	1.4
23	Transport by truck	0.7	0.3	0.4	1.4
24	Private household operations			1.3	1.3
25	Retail stores — general merchandise	0.1	0.1	1.1	1.3
	All other sectors	10.3	7.9	20.7	38.9

purchaser prices to producer prices and is necessary before the impact of retail sales can be examined with the model. Furthermore, the direct impact for the retail sectors, including gasoline sales, is highly marginalized, creating a lower direct economic impact.

In addition, 231 total jobs were created due to local purchases. These jobs were created in the local government employment sector (63 direct jobs) and the technical services sector (20 direct jobs), and the civic, social, professional and similar organizations sector (16 direct jobs).

TABLE 13: LOCAL TAXES GENERATED DUE TO LOCAL UNIVERSITY PURCHASES

Property taxes	\$336,172
Sales taxes	\$375,554
Transient occupancy tax (TOT)	\$36,442
TOTAL	\$748,168

These expenditures also created an additional 64 indirect and induced jobs in various industry sectors. Finally, because the university requires repairs from time to time, 12 direct local jobs were created in the maintenance and repair sector. (See Table 12.)

Since the university makes purchases in the local area, the local government will receive an additional \$375.5 thousand in sales tax and \$336.2 thousand in property tax. These dollars are not large, especially when compared to university

employee expenditure impacts, but the amount is still significant enough to report, particularly when making the case that the university assists in generating the region’s economy.

Student Spending Off Campus

Cal Poly students spent off campus an estimated \$206.95 million in FY 2012-13. These expenditures exclude money they spend on campus for items such as books and supplies as well as for on-campus housing and on-campus dining. (The local economic impact of on-campus expenditures for books, supplies and food are captured in the university expenditures section). Of this total, \$179.2 million was spent by students living off campus in rental properties, \$22.4 million was spent by students living on campus, and the remaining \$5.3 million was spent by students living at home. Rent was the largest student expenditure (40 percent), with restaurants, bars and grocery stores totaling an additional 28 percent.



Cal Poly students enjoy the vibrant mix of downtown businesses.

FIGURE 9: STUDENT SPENDING — \$206.9 MILLION (IN \$ MILLIONS)

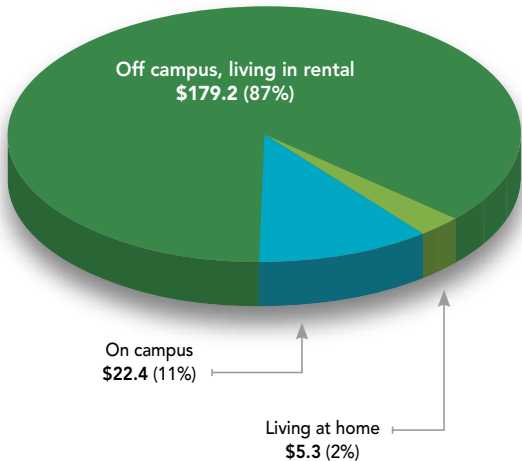
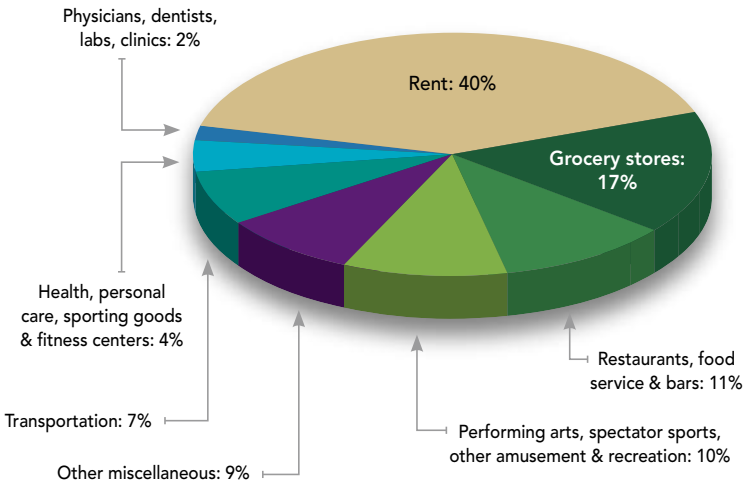


FIGURE 10: STUDENT SPENDING BY CATEGORY



CAL POLY AS GENERATOR OF THE REGION'S INCOME

TABLE 14: ECONOMIC OUTPUT DUE TO STUDENT SPENDING

RANK	DESCRIPTION	DIRECT	INDIRECT	INDUCED	TOTAL
	Total	\$160,766,254	\$27,347,827	\$25,834,054	\$213,948,135
1	Real estate establishments	\$83,509,120	\$3,990,390	\$1,222,430	\$88,721,940
2	Food services and drinking places	\$22,430,613	\$745,675	\$1,791,622	\$24,967,910
3	Retail stores — food and beverage	\$9,646,527	\$38,732	\$543,062	\$10,228,320
4	Spectator sports companies	\$7,072,758	\$81,457	\$4,106	\$7,158,321
5	Other amusement and recreation industries	\$7,072,758	\$15,174	\$65,473	\$7,153,405
6	Performing arts companies	\$7,072,758	\$42,616	\$35,176	\$7,150,549
7	Imputed rental activity for owner-occupied dwellings			\$4,419,475	\$4,419,475
8	Offices of physicians, dentists, and other health practitioners	\$2,525,985	\$2,169	\$1,767,478	\$4,295,632
9	Religious organizations	\$3,012,471		\$204,970	\$3,217,441
10	Grantmaking, giving and social advocacy organizations	\$3,012,471	\$9	\$88,175	\$3,100,656
11	Fitness and recreational sports centers	\$3,012,471	\$15,334	\$58,311	\$3,086,117
12	Photographic services	\$3,012,471	\$10,139	\$7,953	\$3,030,563
13	Monetary authorities and depository credit intermediation activities		\$1,544,556	\$1,023,627	\$2,568,183
14	Electric power generation, transmission, and distribution		\$1,913,392	\$634,716	\$2,548,108
15	Medical and diagnostic labs, and outpatient and other ambulatory care services	\$1,683,990	\$54,516	\$346,400	\$2,084,906
16	Wholesale trade businesses		\$784,785	\$1,247,137	\$2,031,922
17	Petroleum refineries		\$726,166	\$953,034	\$1,679,200
18	Maintenance and repair construction of nonresidential structures		\$1,436,673	\$158,691	\$1,595,364
19	Retail stores — miscellaneous	\$1,349,587	\$11,908	\$233,043	\$1,594,538
20	Retail stores — furniture and home furnishings	\$1,394,774	\$11,504	\$128,780	\$1,535,058
21	Retail stores — motor vehicle and parts	\$1,016,506	\$23,007	\$380,611	\$1,420,124
22	Retail stores — sporting goods, hobby, book and music	\$1,217,038	\$5,631	\$106,925	\$1,329,594
23	Services to buildings and dwellings		\$1,070,931	\$163,346	\$1,234,277
24	Retail stores — gasoline stations	\$1,018,899	\$8,796	\$196,370	\$1,224,064
25	Retail stores — general merchandise	\$831,442	\$15,917	\$347,273	\$1,194,632
	All other sectors	\$873,617	\$14,798,349	\$9,705,870	\$25,377,836

The total economic output attributed to student spending off campus yields \$213.95 million for the local area. Although the spending by students was estimated at \$206.95 million, only \$160.8 million of direct spending was allocated to the local study area, because all retail-related spending impacts are calculated by revenue less the cost of goods sold. (See Table 14.)

Employment impacts because of student spending are also significant for the region. Because of dollars spent off campus by university students,

2,141 jobs were created for the local area. Many students spend money on rent, food and entertainment, and therefore local industries such as real estate, food services, performing arts, sports and retail sales are most impacted by Cal Poly students. (See Table 15.)

Perhaps what is most interesting to local governments is that off-campus spending by students generated an estimated \$6.2 million in sales tax and \$5.5 million in property tax. To put the property tax number in perspective, it

would take privately-owned property assessed at over \$500 million to generate a similar level of property tax income for San Luis Obispo County. (See Table 16.)

Retired Faculty and Staff Spending Off Campus

Many retired Cal Poly faculty and staff remain in the area after retirement, spending their state pensions and other retirement funds locally. CalPERS provided information on the exact distribution of the number of retirees

TABLE 15: EMPLOYMENT IMPACT DUE TO STUDENT SPENDING

RANK	DESCRIPTION	DIRECT	INDIRECT	INDUCED	TOTAL
	Total	1,742.7	202.8	195.5	2,141.0
1	Real estate establishments	431.3	20.6	6.3	458.2
2	Food and beverage services	361.2	12.0	28.8	402.0
3	Performing arts companies	219.3	1.3	1.1	221.7
4	Spectator sports companies	164.9	1.9	0.1	166.9
5	Retail stores — food and beverage	135.9	0.5	7.7	144.1
6	Other amusement and recreation industries	129.6	0.3	1.2	131.1
7	Fitness and recreational sports centers	84.0	0.4	1.6	86.0
8	Grantmaking, giving and social advocacy organizations	38.0		1.1	39.1
9	Offices of physicians, dentists and other health practitioners	20.4		14.3	34.7
10	Photographic services	33.2	0.1	0.1	33.4
11	Employment services		28.0	3.9	31.9
12	Retail stores — miscellaneous	26.6	0.2	4.6	31.4
13	Retail stores — sporting goods, hobby, book and music	19.7	0.1	1.7	21.5
14	Services to buildings and dwellings		17.7	2.7	20.3
15	Retail stores — general merchandise	12.2	0.2	5.1	17.5
16	Religious organizations	15.5		1.1	16.5
17	Retail stores — furniture and home furnishings	14.2	0.1	1.3	15.7
18	Retail stores — motor vehicle and parts	9.9	0.2	3.7	13.8
19	Medical and diagnostic labs, and outpatient and other ambulatory care services	10.3	0.3	2.1	12.7
20	Retail stores — health and personal care	9.6	0.1	2.1	11.8
21	Maintenance and repair construction of nonresidential structures		9.8	1.1	10.8
22	Accounting, tax preparation, bookkeeping and payroll services		8.8	1.7	10.5
23	Wholesale trade businesses		3.9	6.2	10.1
24	Retail stores — gasoline stations	7.0	0.1	1.3	8.4
25	Monetary authorities and depository credit intermediation activities		4.2	2.8	6.9
	All other sectors		91.9	92.0	183.9

who live locally and their monthly payouts. According to CalPERS, 1,399 retired Cal Poly employees live in the local area. By using the CalPERS data and adding both the average social security payouts and average payouts from other plans, investments and earned income,³ total retirement income spending was determined to be \$114 million for FY2012-2013.

Since retiree spending takes the form of household spending, the

TABLE 16: LOCAL TAXES GENERATED DUE TO STUDENT SPENDING

Property taxes	\$5,487,167
Sales taxes	\$6,190,617
Transient occupancy tax (TOT)	\$56,016
TOTAL	\$11,733,800

³ Percentages of average payouts were obtained from a T. Rowe Price survey on retirement spending, 2014.

CAL POLY AS GENERATOR OF THE REGION'S INCOME

TABLE 17: ECONOMIC OUTPUT DUE TO RETIRED CAL POLY STAFF AND FACULTY SPENDING

RANK	DESCRIPTION	DIRECT	INDIRECT	INDUCED	TOTAL
	Total	\$ -	\$ -	\$89,399,921	\$89,399,921
1	Imputed rental activity for owner-occupied dwellings	\$ -	\$ -	\$13,230,282	\$13,230,282
2	Real estate establishments	\$ -	\$ -	\$6,789,150	\$6,789,150
3	Offices of physicians, dentists and other health practitioners	\$ -	\$ -	\$6,696,008	\$6,696,008
4	Food and beverage services	\$ -	\$ -	\$5,476,570	\$5,476,570
5	Wholesale trade businesses	\$ -	\$ -	\$5,260,557	\$5,260,557
6	Petroleum refineries	\$ -	\$ -	\$3,678,162	\$3,678,162
7	Private hospitals	\$ -	\$ -	\$3,414,915	\$3,414,915
8	Monetary authorities and depository credit intermediation activities	\$ -	\$ -	\$3,340,770	\$3,340,770
9	Electric power generation, transmission and distribution	\$ -	\$ -	\$2,722,978	\$2,722,978
10	Retail stores — food and beverage	\$ -	\$ -	\$1,756,511	\$1,756,511
11	Retail non-stores - direct and electronic sales	\$ -	\$ -	\$1,471,448	\$1,471,448
12	Telecommunications	\$ -	\$ -	\$1,444,239	\$1,444,239
13	Medical and diagnostic labs, and outpatient and other ambulatory care services	\$ -	\$ -	\$1,311,911	\$1,311,911
14	Nursing and residential care facilities	\$ -	\$ -	\$1,307,459	\$1,307,459
15	Retail stores — motor vehicle and parts	\$ -	\$ -	\$1,231,098	\$1,231,098
16	Retail stores — general merchandise	\$ -	\$ -	\$1,123,238	\$1,123,238
17	Retail stores — clothing and clothing accessories	\$ -	\$ -	\$1,040,277	\$1,040,277
18	Legal services	\$ -	\$ -	\$1,019,472	\$1,019,472
19	Other state and local government enterprises	\$ -	\$ -	\$844,737	\$844,737
20	Home health care services	\$ -	\$ -	\$821,407	\$821,407
21	Individual and family services	\$ -	\$ -	\$760,374	\$760,374
22	Retail stores — miscellaneous	\$ -	\$ -	\$753,765	\$753,765
23	Retail stores — building material and garden supply	\$ -	\$ -	\$703,513	\$703,513
24	Automotive repair and maintenance, except car washes	\$ -	\$ -	\$701,228	\$701,228
25	Transport by truck	\$ -	\$ -	\$689,324	\$689,324
	All other sectors	\$ -	\$ -	\$21,810,528	\$21,810,528

local impact of such spending takes the form of “Induced Impact.” As detailed in Table 17, the overall impact to the local area is \$89.4 million and is spread across many sectors of the economy. As expected, household income is spent on housing, real estate, medical services and food services.⁴

In addition, these expenditures support over 654 local jobs, including 88 food service jobs, 54 doctors and

healthcare workers and 35 people working in the real estate field. At least 10 jobs are created in the top 16 industries because of local Cal Poly retiree spending. (See Table 18.)

These same retirees contribute over \$5.10 million in county and local taxes to support local government services, including \$2.36 million in property tax and nearly \$2.67 million in sales tax. (See Table 19.)

Visitor Spending

Cal Poly hosts numerous events throughout the year. Capturing the economic impact of the visitors for these events is not trivial. Visitors associated with Cal Poly activities stay in local hotels, dine in restaurants, purchase incidentals, souvenirs and gasoline and even rent cars/busses from time to time. We have tried to capture the spending of each visitor by utilizing

⁴ As a reminder, the sector “Imputed rental activity for owner-occupied dwellings” is designed to capture the impact of homeowners acting as their own landlords, spending their own money on home and landscape maintenance and improvements, and so forth, which would have been captured in the “Real Estate Establishments” sector if these properties had been rentals.

TABLE 18: EMPLOYMENT IMPACTS DUE TO RETIRED CAL POLY STAFF AND FACULTY SPENDING

RANK	DESCRIPTION	DIRECT	INDIRECT	INDUCED	TOTAL
	Total	-	-	654.1	654.1
1	Food and beverage services	-	-	88.2	88.2
2	Offices of physicians, dentists and other health practitioners	-	-	54.0	54.0
3	Real estate establishments	-	-	35.1	35.1
4	Wholesale trade businesses	-	-	26.2	26.2
5	Retail stores — food and beverage	-	-	24.8	24.8
6	Nursing and residential care facilities	-	-	21.3	21.3
7	Private hospitals	-	-	20.5	20.5
8	Individual and family services	-	-	18.6	18.6
9	Private household operations	-	-	17.9	17.9
10	Retail stores — general merchandise	-	-	16.4	16.4
11	Home health care services	-	-	15.6	15.6
12	Retail stores — miscellaneous	-	-	14.9	14.9
13	Retail stores — clothing and clothing accessories	-	-	13.8	13.8
14	Employment services	-	-	13.6	13.6
15	Retail non-stores — direct and electronic sales	-	-	12.7	12.7
16	Retail stores — motor vehicle and parts	-	-	12.0	12.0
17	Civic, social, professional and similar organizations	-	-	9.6	9.6
18	Monetary authorities and depository credit intermediation activities	-	-	9.0	9.0
19	Services to buildings and dwellings	-	-	8.7	8.7
20	Medical and diagnostic labs, and outpatient and other ambulatory care services	-	-	8.0	8.0
21	Automotive repair and maintenance, except car washes	-	-	7.8	7.8
22	Personal care services	-	-	7.8	7.8
23	Retail stores — building material and garden supply	-	-	7.7	7.7
24	Amusement parks, arcades and gambling industries	-	-	7.5	7.5
25	Community food, housing, and other relief services, including rehabilitation services	-	-	7.0	7.0
	All other sectors	-	-	175.5	175.5

TABLE 19: LOCAL TAXES GENERATED DUE TO RETIRED CAL POLY EMPLOYEES

Property taxes	\$2,364,623
Sales taxes	\$2,666,300
Transient occupancy tax (TOT)	\$65,460
TOTAL	\$5,096,383

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TABLE 20: SUMMARY OF VISITOR SPENDING

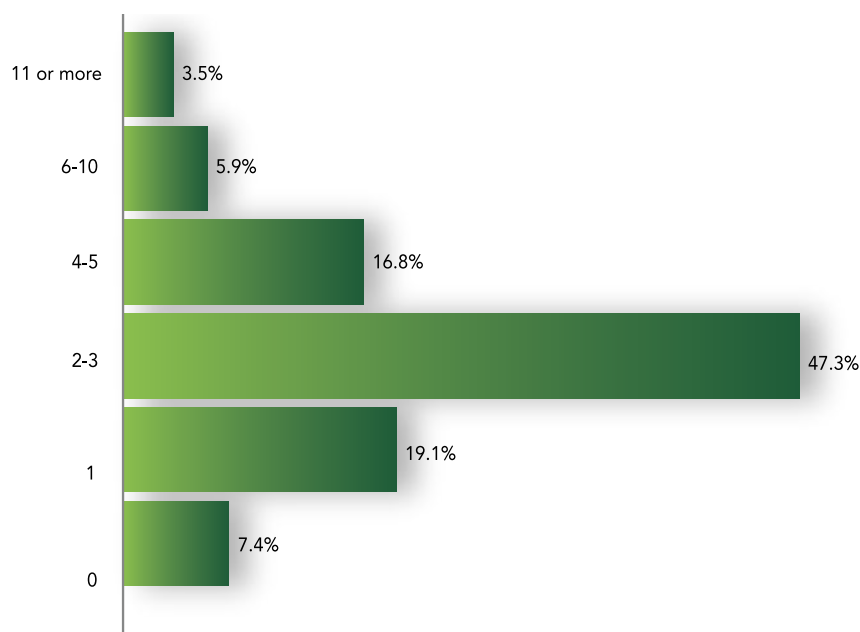
ITEM	VISITORS	LODGING	FOOD	INCIDENTALS	GAS	BUS/CAR RENTAL	TOTAL
Commencement	35,679	\$4,296,636	\$2,824,151	\$356,792	\$801,354	\$ -	\$8,278,932
Casual visitor — hotel stay	15,945	\$1,920,201	\$1,262,135	\$159,453	\$358,132	\$ -	\$3,699,921
Casual visitors — host stay	40,362	\$ -	\$2,178,446	\$403,620	\$906,530	\$ -	\$3,488,597
Open House	14,784	\$1,780,352	\$1,170,214	\$147,840	\$332,049	\$ -	\$3,430,454
General and special tours	28,738	\$1,029,986	\$359,225	\$287,380	\$645,455	\$ -	\$2,322,046
Soar	3,337	\$717,511	\$471,615	\$33,366	\$74,940	\$ -	\$1,297,432
WOW	4,334	\$621,273	\$408,359	\$43,336	\$97,332	\$ -	\$1,170,300
Parents' Weekend	5,407	\$184,140	\$427,404	\$54,069	\$121,440	\$ -	\$787,053
Homecoming	2,108	\$253,452	\$166,592	\$21,075	\$47,334	\$ -	\$488,453
Recruitment	2,519	\$180,565	\$118,684	\$25,190	\$ -	\$125,950	\$450,389
Visiting athletic teams	3,471	\$173,550	\$138,840	\$34,710	\$ -	\$40,229	\$387,329
TOTAL	156,683	\$11,157,664	\$9,525,665	\$1,566,831	\$3,384,567	\$166,179	\$25,800,906

TABLE 21: HIGHLIGHTS FROM STUDENT SURVEY

DESCRIPTION	QTY
Average number of visits per respondent	3.02
Length of stay per visit (days)	1.68
Average number of visitors per visit	2.10
Average number of visitors per year	6.35
Percentage of visitors who stay in a hotel	28.3%
Percentage of students who will stay over the summer	47.7%
Average number of hours of work per student over the summer	27.9

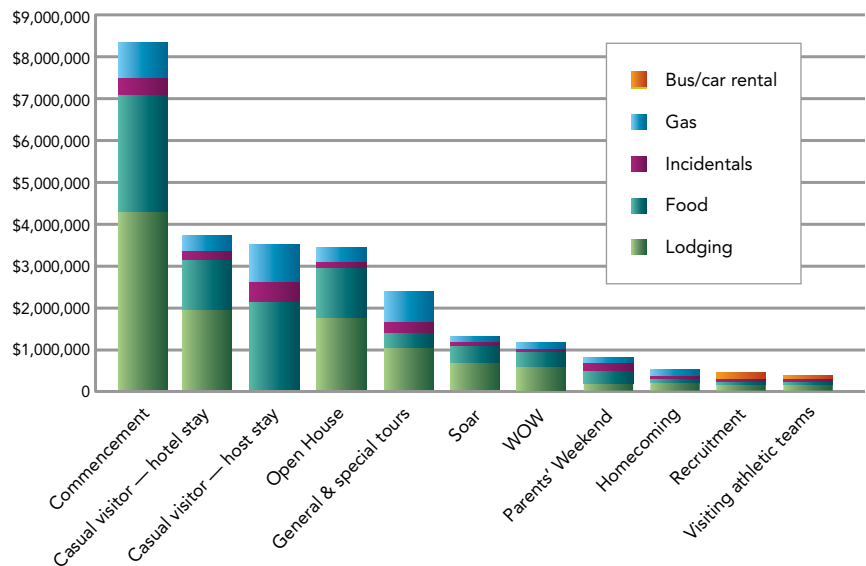
a number of tools: an on-campus survey of students (see Figure 11 and Table 21), attendance data collected from various on-campus groups, state and local average expenditure data by tourists visiting the local area and educated assumptions from Cal Poly staff. For each category analyzed, we have attempted to estimate the number of visitors, length of stay and type of expenditures that occurred. The expenditures from all categories were combined and run through our IMPLAN model to calculate the total economic impacts caused by the visitors of Cal Poly students and the major events hosted by the university. Although we did capture the majority of the potential visitor spending, we cannot capture all of it. For example, we did not estimate the impacts from the out-of-town visitors of Cal Poly employees. To capture this data, a survey administered to all Cal Poly employees would have been necessary and was determined to be out of the scope of this study. A summary table of the direct impacts is shown in Table 20, which includes the estimated out-of-town guests for each event.

FIGURE 11: NUMBER OF TIMES PER YEAR THAT A STUDENT HAS VISITORS



In order to determine the impacts of visitor spending, we identified the Cal Poly activities that potentially draw the most out-of-town visitors. Commencement is by far the largest draw, with casual visitation of students coming in second. (See Figure 12.) Out-of-town visitor spending heavily influences the lodging sector (43.2 percent of total spending) as well as the food and beverage industry (36.9 percent of total spending; see Figure 13.) Below we outline the most well attended university events and provide a more detailed explanation of spending at each event.

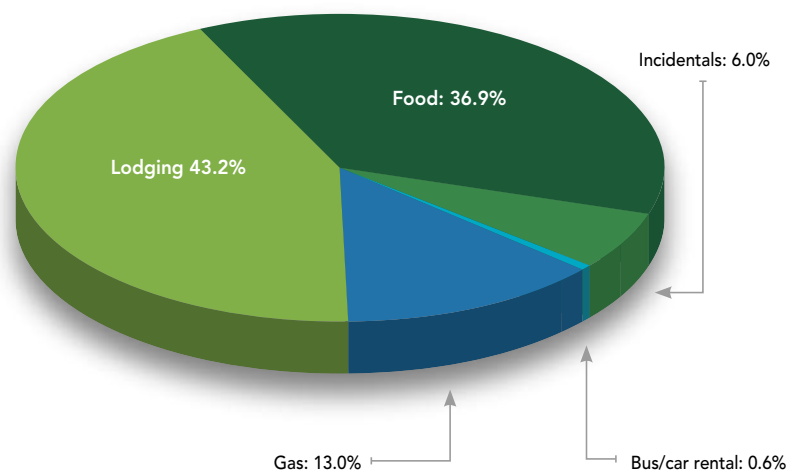
FIGURE 12: VISITOR SPENDING SUMMARY



Soar Summer Orientation Program

Soar is a two-day summer orientation program for all incoming students (including freshmen, transfers and international students) as well as their parents and supporters. The 10-session program runs in July and August. The intent of the program is to prepare incoming students to become both active members of the Mustang family and successful Cal Poly students. During Soar, participants are introduced to numerous campus and community resources, receive helpful academic tips, and learn about the Cal Poly and San Luis Obispo community. In 2012, Soar participants totaled 5,351, with an estimated two-thirds staying off campus in local lodging. It was estimated that all participants purchased food, incidentals and gasoline. Total direct spending by Soar participants was estimated at \$1.30 million.

FIGURE 13: TYPES OF VISITOR SPENDING



Week of Welcome (WOW)

WOW is a weeklong orientation event. All new freshmen, transfers and international students are invited to participate in activities, events and presentations on and off campus that are designed to introduce them to the campus and community. In 2013, 3,611 freshmen and 252 transfer students

participated in WOW. To calculate the out-of-town visitors for this event, we assumed that only freshmen get dropped off by their families and that 80 percent of those families stay in a local hotel for two nights. We attributed a family unit to be 1.5 people. Therefore, 4,333 out-of-town guests were ascribed to the total 3,863

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WOW participants, spending money in the local hotels, restaurants and retail stores. It was estimated that \$1.17 million in direct out-of-town spending was attributed to WOW.

Parent and Family Weekend

Parent and Family weekend is a two-day event that takes place typically in late October as an opportunity for the parents and families of new and returning students to visit the local area. The program is an exciting and educational opportunity for families to explore the academic colleges, engage with university leaders, and enjoy festivities such as live music and sporting events. According to data

gathered by the student survey, an estimated 18.8 percent of all Cal Poly students had visitors on Parent and Family Weekend, with an average of 2.1 visitors per student; 28.8 percent of visitors stay in hotels, with the remainder staying with the surveyed student. Applying this to the total student population, we project that in 2012, 5,407 out-of-town visitors descended on the local area, with approximately 1,531 staying in the local hotels. We assume that all the out-of-town visitors consumed some food from local restaurants and purchased from the local retail shops some incidentals as well as gasoline for the trip home.

Homecoming

Homecoming is a weekend event that targets Cal Poly alumni and offers an Alumni Awards Presentation, Mustang Corral Tailgate BBQ, as well as a culminating Mustang football game. In 2012, the football game against Portland State University had 10,025 attendees. After subtracting approximately 3,000 student attendees and estimating that 30 percent of the game attendees were from out of town, we project that a total of 2,107 out-of-town visitors stayed in the local area during Homecoming. With a typical length of stay of 1.68 days, a total of \$488,000 of direct spending was captured. It should be noted from the student survey that only



The Poly Royal Rodeo is one of Cal Poly's best known campus traditions.

1.6 percent of the currently enrolled students actually had out-of-town visitors for Homecoming.

Open House

Open House is a three-day spring event that showcases the campus to newly admitted and current students, their supporters, alumni and the local community. Open House began in 1994, re-inventing Poly Royal with added Friday activities such as University Welcomes, College Welcomes, Friday Nite Invite and more. It all begins on Thursday evening with Club Preview Night at the San Luis Obispo's Farmers' Market, continuing on Friday for Cal Poly's Admitted Students' Preview Day, and concluding on Saturday with events open to the public such as the Poly Royal Parade, Campus Showcase, Rodeo and Tractor Pull. In 2013, an estimated 16,000 people attended Open House, including 8,000 newly admitted students, 4,000 parents, and 4,000 alumni and current parents. Excluding 7.6 percent of these attendees as students coming from the local area, it is estimated that 14,784 out-of-town people descended onto the local area for Open House. Although Open House is a three-day event, we were conservative with our 1.68 days visitation estimate for calculations. Assuming that all out-of-town visitors required lodging, food, incidentals and gasoline to return home, an estimated \$3.4 million in total spending was captured because of the out-of-town visitors at Open House.

Commencement

Cal Poly Commencement attracts many out-of-town visitors every year to honor the academic accomplishments of Cal Poly graduates. In order to

accommodate the large crowds associated with this event, ceremonies of individual academic schools are held at different times throughout the day on Saturday and Sunday. According to Cal Poly sources, 3,893 students went through commencement ceremonies and hosted 38,350 guests in 2013. By removing the estimated Cal Poly students that had visitors for commencement that didn't participate in graduation (from survey data), we estimated 35,679 out-of-town visitors descended upon the local area. Again, assuming an average stay of 1.68 days, we have concluded that \$8.3 million was spent in the local area due to Cal Poly's 2013 commencement activities.

Casual Visitors by Family & Friends

Many out-of-town visitors come to the local area not only for the larger Cal Poly sanctioned events, but also to visit and attend other community events. Based on student survey data, 56,307 casual visitors came to the local area in FY 2012-2013, excluding visits during the previously analyzed special weekends. Of those visitors, 28 percent or 15,945 stayed in local hotels and motels and the remaining 40,362 stayed with their hosts. Again, assuming the average length of stay of 1.68 days, casual visitors spent \$7.2 million combined in the hotels and motels, restaurants and retail establishments during their time in the local area.

Recruitment

Cal Poly students are highly sought out by companies nationwide. Typically, a recruiter — whether visiting campus for a job fair or an interview session — stays at least one night in the local area. In



Cal Poly honors the academic accomplishments of its graduates every fall and spring.

2013, company representatives attending career fairs and special employment events totaled 2,001. Additionally, an estimated 518 on-campus recruiters conducted 3,626 interviews during that year. In sum, the number of recruiters that came onto campus was 2,519, leading to a direct spending total of \$450,389 in the local area.

Visiting Athletic Teams

Close to half of Cal Poly Athletics events are held at home. Visiting teams and their coaches must stay locally for a period of time. Focusing on only the "paid ticket" sports, we estimated the total number of "person-night-stays" for the visiting athletic team and coaching staff. These numbers do not reflect the traveling media and fan base that may travel to the local area because those figures were not available at this time.



Cal Poly Athletics brings a high quality NCAA Division 1 program to the region.

To make our estimate, we took into account the typical traveling team size, number of home games, typical length of stay, and whether local bus rentals were required. Additionally, lodging was assumed to be double occupancy and included a team discount, and food costs were set at a \$40 per diem estimate. Total direct dollars spent in the local hotels, restaurants and retail stores by visiting teams was \$387,329.

It is important to note that recently Cal Poly Athletics has had winning seasons. With this success, the potential for more teams visiting the local area because of post-season play is a reality. For example, in 2014, Cal Poly's baseball team hosted its first-ever regional tournament. Three visiting teams stayed in the area

for four nights, equating to 160 "person-night-stays." Using the same methodology above, the visiting teams created an additional direct impact of \$22,568 in the local hotels, restaurants and retail shops, including local bus rental companies. These numbers do not reflect the fan base and media that travelled to the local area to support the visiting teams. Including those numbers would surely increase the direct economic impact by athletic events.

General and Special Tours

Many prospective students come to Cal Poly campus on the typical "junior college tour." These students and their families tour campuses to help them decide to which universities to apply. All Cal Poly campus tours are

organized through the Admissions Office and are led by current Cal Poly students to provide a real perspective of campus and residential life. The Poly Reps committee trains and assigns a Poly Rep for each tour. The number of tours offered by Poly Reps is closely tracked. In 2013, 624 tours were given with an average of 46 people attending, totaling 28,738 total attendees. 72 percent participated in general tours and the remaining balance participated in special tours. These special tours include tours for individual academic colleges as well as student housing. Not all of these out-of-town visitors stay a night in the local area, and therefore, we have estimated that only 50 percent

TABLE 22: ECONOMIC OUTPUT FROM VISITOR SPENDING

RANK	DESCRIPTION	DIRECT	INDIRECT	INDUCED	TOTAL
	Total	\$21,927,135	\$6,183,767	\$4,866,909	\$32,977,811
1	Hotels and motels	\$11,157,664	\$49,587	\$51,535	\$11,258,786
2	Food and beverage services	\$9,525,665	\$367,113	\$337,163	\$10,229,940
3	Imputed rental activity for owner-occupied dwellings	\$ -	\$ -	\$830,072	\$830,072
4	Retail stores — miscellaneous	\$701,940	\$3,688	\$43,758	\$749,386
5	Electric power generation, transmission and distribution	\$ -	\$559,098	\$120,325	\$679,423
6	Real estate establishments	\$ -	\$427,806	\$233,555	\$661,361
7	Wholesale trade businesses	\$ -	\$230,053	\$237,020	\$467,073
8	Petroleum refineries	\$ -	\$261,921	\$180,581	\$442,502
9	Retail stores — gasoline stations	\$375,687	\$2,497	\$36,872	\$415,056
10	Maintenance and repair construction of nonresidential structures	\$ -	\$359,749	\$29,913	\$389,662
11	Advertising and related services	\$ -	\$364,906	\$21,424	\$386,330
12	Monetary authorities and depository credit intermediation activities	\$ -	\$169,956	\$192,331	\$362,287
13	Offices of physicians, dentists and other health practitioners	\$ -	\$1	\$334,398	\$334,399
14	Services to buildings and dwellings	\$ -	\$277,278	\$30,702	\$307,981
15	Management of companies and enterprises	\$ -	\$225,890	\$15,678	\$241,569
16	Telecommunications	\$ -	\$158,850	\$68,001	\$226,850
17	Accounting, tax preparation, bookkeeping and payroll services	\$ -	\$191,516	\$29,440	\$220,956
18	Automotive equipment rental and leasing	\$166,179	\$7,496	\$4,017	\$177,692
19	Private hospitals	\$ -	\$0	\$170,547	\$170,547
20	Legal services	\$ -	\$98,421	\$58,302	\$156,723
21	Employment services	\$ -	\$127,615	\$24,608	\$152,223
22	Waste management and remediation services	\$ -	\$113,486	\$13,751	\$127,237
23	Other state and local government enterprises	\$ -	\$73,458	\$43,317	\$116,775
24	U.S. Postal Service	\$ -	\$102,551	\$9,948	\$112,498
25	Retail stores — food and beverage	\$ -	\$6,830	\$101,970	\$108,801
	All other sectors	\$ -	\$2,004,002	\$1,647,681	\$3,651,683

actually stay overnight or will buy something to eat before leaving the area, but we expect that 100 percent of the attendees will spend a little on incidentals and gasoline before leaving the area. By utilizing these estimates, we have determined that \$2.3 million is spent in the local area by these visitors.

Total Economic Impacts from Visitor Spending

From our analysis, \$33 million in total economic impact was due to out-of-town visitors of Cal Poly students and functions. (See Table 22.) The

\$21.9 million in direct spending created an indirect and induced impact of \$6.2 million and \$4.9 million, respectively. An astute reader might notice that the direct impact of \$21.9 million is less than the \$25.8 million of direct impact in Table 20. All IMPLAN relationships are in producer prices. Therefore, margining is used as a method for converting purchaser prices to producer prices and is necessary before the impact of retail sales can be examined with the model. Furthermore, the direct impact for the retail sectors, including gasoline sales, is highly marginalized, creating a lower direct economic impact.

Ranking number one in economic output from visitor spending, the hotel and motel industry experienced an \$11.2 million direct impact at approximately 33.8 percent of the total visitor spending. Closely behind, \$9.5 million was spent in local restaurants. Retail sales, totaling \$1.1 million, rounded off the top three local industries that benefitted from Cal Poly visitor spending in FY 2012-13. (See Table 22.)

Many direct jobs in hospitality sectors, such as food services and hotels and motels, are also created in the local area because of out-of-town

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TABLE 23: EMPLOYMENT IMPACT FROM VISITOR SPENDING

RANK	DESCRIPTION	DIRECT	INDIRECT	INDUCED	TOTAL
	Total	271.7	43.8	36.8	352.4
1	Food services and drinking places	153.4	5.9	5.4	164.7
2	Hotels and motels, including casino hotels	101.7	0.5	0.5	102.7
3	Retail stores — miscellaneous	13.3	0.1	0.9	14.2
4	Services to buildings and dwellings	0.0	4.6	0.5	5.1
5	Employment services	0.0	3.8	0.7	4.5
6	Real estate establishments	0.0	2.2	1.2	3.4
7	Retail stores — gasoline stations	2.5	0.0	0.3	2.7
8	Offices of physicians, dentists and other health practitioners	0.0	0.0	2.7	2.7
9	Maintenance and repair construction of nonresidential structures	0.0	2.4	0.2	2.6
10	Advertising and related services	0.0	2.2	0.1	2.3
11	Accounting, tax preparation, bookkeeping and payroll services	0.0	2.0	0.3	2.3
12	Wholesale trade businesses	0.0	1.1	1.2	2.3
13	Retail stores — food and beverage	0.0	0.1	1.4	1.5
14	Management of companies and enterprises	0.0	1.3	0.1	1.3
15	U.S. Postal Service	0.0	1.1	0.1	1.2
16	Private household operations	0.0	0.0	1.1	1.1
17	Individual and family services	0.0	0.0	1.1	1.1
18	Nursing and residential care facilities	0.0	0.0	1.1	1.1
19	Legal services	0.0	0.7	0.4	1.1
20	Private hospitals	0.0	0.0	1.0	1.0
21	Retail stores — general merchandise	0.0	0.1	1.0	1.0
22	Monetary authorities and depository credit intermediation activities	0.0	0.5	0.5	1.0
23	Dry-cleaning and laundry services	0.0	0.8	0.1	1.0
24	Automotive equipment rental and leasing	0.9	0.0	0.0	0.9
25	Civic, social, professional and similar organizations	0.0	0.4	0.6	0.9
	All other sectors	0.0	14.1	14.3	28.4

visitor spending. Because of the nature of these jobs, it is likely that some of the current Cal Poly students will fill them to offset the cost of their education outlay. As seen in Table 23, a total of 272 direct jobs are created with an additional 80.6 indirect and induced jobs as a result of visitor spending.

Visitor spending also generated an estimated \$841 thousand in local sales tax. In addition, since many of the visitors stay in our local hotels and motels, estimated TOT in excess of \$1.2 million is raised, in which

TABLE 24: LOCAL TAXES GENERATED FROM VISITOR SPENDING

Property taxes	\$746,187
Sales taxes	\$840,654
Transient occupancy tax (TOT)	\$1,238,466
TOTAL	\$2,825,307

can be spent in more promotion of the local area. In all, an estimated \$2.83 million in local taxes collected is attributed to visitors of Cal Poly students, employees and campus programs. (See Table 24.)



Poly Canyon Village, a \$300 million LEED Gold project, spans over 30 acres and houses 2,700 residents.

Local Capital Expenditures

To meet the educational needs of the campus, respond to the growing demand for higher education and address the role of the university as a contributing member of the community, regular improvements to campus facilities, whether new construction or renovation, are necessary.

Under the direction of Administration & Finance Division, the Facilities Planning & Capital Projects unit manages all public works projects on the Cal Poly campus. Minor capital projects consist of all public projects up to \$600,000; projects in excess of that amount are considered major capital projects, of which the university has had at least one in progress for the past decade. The most recent major capital project is the construction of the Warren J. Baker Center for Science

and Mathematics, a \$136 million project completed in 2013, involving the replacement of the out-of-date and deficient science building. Additionally, the Recreation Center expansion, a \$71.1 million project completed in 2011, provided an additional 85,000 square feet, with many new amenities for students, faculty and staff. Before that, from 2005 to 2009, the \$323 million Poly Canyon Village was constructed to allow more students to live on campus.

These large projects typically take three or more years to construct with varying expenditures, causing the capital expenditure outlay for construction projects to vary widely from year to year. To level out the capital expenditures for this analysis, the 10-year average of \$75.6 million was used. It is typical for an out-of-town company to be awarded the contract

for these large-scale projects. However, some of the work can only be contracted locally, and local laborers are employed for the projects whenever possible. To determine how much of this figure can be attributed to the local economy, we have used past estimates obtained from the the Facilities Planning & Capital Projects unit as well as data from typical construction practices. For example, concrete work is something that typically occurs on the local level because it is difficult to import the materials from outside the local area. From past projects, it was determined that 4.63 percent of the total construction budget is attributed to concrete work, and therefore we considered that amount to be a local capital expenditure. Additionally, one third of a typical large-scale construction project is attributed to labor; that is, approximately one third of

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the labor is sourced locally, according to Cal Poly. For our analysis, then, we have determined that on average \$17.0 million of local capital expenditures occur each year, where \$8.2 million is paid out as local compensation to the local labor force. (See Table 25.)

Inputting this into our IMPLAN model, we find that on average the total economic impact due to Cal Poly's local capital expenditures is \$28.4 million per year, which includes an additional \$5.1 million in indirect and \$7.1 million induced impacts. The

industries indirectly affected by these projects are petroleum refineries, wholesale trade, engineering services and banks. Those affected by induced impacts, such as imputed rental activity, food services, hospitals and wholesale trade businesses

TABLE 25: LOCAL CAPITAL EXPENDITURES INCLUDING OUT-OF-TOWN LABORER SPENDING

CAPITAL EXPENDITURES	IMPLAN SECTOR	10-YEAR AVERAGE	LOCAL CAPITAL	LOCAL COMPENSATION	NUMBER OF LOCAL JOBS
Construction of new residential permanent site	37	\$49,625,267	\$6,663,979	\$5,513,919	78
Construction of educational buildings	34	\$24,524,441	\$3,293,289	\$2,724,938	46
Furniture fixture and equipment	319	\$1,500,191	\$150,019		
Hotel and motels (by out-of-town laborers)	411		3,467,271		-
Restaurants and bars (by out-of-town laborers)	413		2,415,014		-
Grocery stores (by out-of-town laborers)	324		1,035,006		-
TOTAL		\$75,649,899	\$17,024,579	\$8,238,856	124

TABLE 26: ECONOMIC OUTPUT DUE TO LOCAL CAPITAL EXPENDITURES

RANK	DESCRIPTION	DIRECT	INDIRECT	INDUCED	TOTAL
	Total	\$16,159,599	\$5,069,924	\$7,120,797	\$28,350,320
1	Construction of residential permanent site single- and multi-family structures	\$6,663,979	\$ -	\$ -	\$6,663,979
2	Hotels and motels, including casino hotels	\$3,467,271	\$32,870	\$75,498	\$3,575,639
3	Construction of new non-residential commercial and health care structures	\$3,293,289	\$ -	\$ -	\$3,293,289
4	Food and beverage services	\$2,415,015	\$154,929	\$493,356	\$3,063,301
5	Imputed rental activity for owner-occupied dwellings	\$ -	\$ -	\$1,214,787	\$1,214,787
6	Petroleum refineries	\$ -	\$431,259	\$264,099	\$695,358
7	Wholesale trade businesses	\$26,103	\$317,783	\$346,582	\$690,468
8	Real estate establishments	\$ -	\$202,050	\$341,319	\$543,369
9	Retail stores — food and beverage	\$293,942	\$82,296	\$149,227	\$525,466
10	Monetary authorities and depository credit intermediation activities	\$ -	\$229,490	\$281,453	\$510,943
11	Offices of physicians, dentists and other health practitioners	\$ -	\$1	\$489,104	\$489,104
12	Architectural, engineering, and related services	\$ -	\$420,532	\$14,936	\$435,468
13	Electric power generation, transmission and distribution	\$ -	\$220,817	\$175,960	\$396,777
14	Private hospitals	\$ -	\$1	\$249,449	\$249,449
15	Telecommunications	\$ -	\$119,991	\$99,449	\$219,440
16	Maintenance and repair construction of non-residential structures	\$ -	\$145,126	\$43,763	\$188,889
17	Legal services	\$ -	\$101,804	\$85,317	\$187,121
18	Transport by truck	\$ -	\$114,848	\$62,775	\$177,623
19	Retail stores — motor vehicle and parts	\$ -	\$72,002	\$104,588	\$176,591
20	Accounting, tax preparation, bookkeeping and payroll services	\$ -	\$129,129	\$43,076	\$172,206
21	Services to buildings and dwellings	\$ -	\$124,519	\$44,929	\$169,448
22	Advertising and related services	\$ -	\$131,456	\$31,349	\$162,805
23	Retail Non-stores — direct and electronic sales	\$ -	\$30,935	\$125,014	\$155,949
24	Retail stores — general merchandise	\$ -	\$50,332	\$95,427	\$145,759
25	Retail stores — clothing and clothing accessories	\$ -	\$44,011	\$88,379	\$132,390
	All other sectors	\$ -	\$1,913,741	\$2,200,963	\$4,114,703

are indicative of typical payroll expenditures. (See Table 26.)

Cal Poly's capital projects also significantly impact local employment. Our analysis estimates that on average 198.8 direct local construction jobs are created each year due to the capital expenditures of Cal Poly. An additional 90.2 indirect and induced jobs are also created on an annual basis in various industries related to the construction field and typical payroll expenditures. (See Table 27.)

Another impact that we have attempted to quantify is the expenditures of the non-local labor force. Large construction projects require many laborers, and typically a local area cannot accommodate this large staffing requirement for many reasons. When these temporary laborers come to the local area, they typically are paid a per diem for their room and board, stay in local hotels and motels and purchase food from local restaurants, grocery stores and

retail stores. Each year, on average the non-local compensation paid to out-of-town workers due to Cal Poly's capital expenditures is \$16.5 million, which is paid to an estimated 276 laborers. Typically these workers stay in the area only for work and return home for the weekend. Assuming that they receive a \$125 per day per diem, 67 percent stay in local hotels and motels and 30 percent of their food is purchased in grocery stores; thus, a conservative \$6.9 million of direct spending per year

TABLE 27: EMPLOYMENT IMPACTS DUE TO LOCAL CAPITAL EXPENDITURES

RANK	DESCRIPTION	DIRECT	INDIRECT	INDUCED	TOTAL
	Total	198.8	36.4	53.8	289.0
1	Construction of new residential permanent site single- and multi-family structures	78.0			78.0
2	Food and beverage services	38.9	2.5	7.9	49.3
3	Construction of new non-residential commercial and health care structures	46.0			46.0
4	Hotels and motels, including casino hotels	31.6	0.3	0.7	32.6
5	Retail stores — food and beverage	4.1	1.2	2.1	7.4
6	Architectural, engineering and related services		4.3	0.2	4.5
7	Offices of physicians, dentists and other health practitioners			3.9	3.9
8	Employment services		2.6	1.1	3.7
9	Wholesale trade businesses	0.1	1.6	1.7	3.4
10	Real estate establishments		1.0	1.8	2.8
11	Services to buildings and dwellings		2.1	0.7	2.8
12	Retail stores — general merchandise		0.7	1.4	2.1
13	Retail stores — miscellaneous		0.7	1.3	1.9
14	Accounting, tax preparation, bookkeeping and payroll services		1.4	0.5	1.8
15	Retail stores — clothing and clothing accessories		0.6	1.2	1.8
16	Retail stores — motor vehicle and parts		0.7	1.0	1.7
17	Private household operations			1.7	1.7
18	Civic, social, professional and similar organizations		0.8	0.8	1.6
19	Individual and family services			1.6	1.6
20	Nursing and residential care facilities			1.6	1.6
21	Private hospitals			1.5	1.5
22	Monetary authorities and depository credit intermediation activities		0.6	0.8	1.4
23	Retail Non-stores — direct and electronic sales		0.3	1.1	1.3
24	Retail stores — building material and garden supply		0.6	0.7	1.3
25	Transport by truck		0.8	0.5	1.3
	All other sectors		13.6	18.3	32.0

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is spent locally as a result of out-of-town laborers because of Cal Poly's capital projects. These direct dollars spent were included in the IMPLAN analysis for local capital expenditures, and therefore specific results are not detailed here. It should be noted that without the administration of a survey, the assumptions for actions of the non-local labor force are an educated approximation; still, we believe the analysis creates a conservative but valid result.

TABLE 28: LOCAL TAXES GENERATED DUE TO CAPITAL EXPENDITURES

Property taxes	\$497,970
Sales taxes	\$557,457
Transient occupancy tax (TOT)	\$393,320
TOTAL	\$1,448,747

As expected, capital expenditures in the local area also add to the local tax coffers. An average \$557,000 in sales tax is generated each year due to local construction activities, as well as an

increase in TOT generation of \$393,000 because of the out-of-town laborers. Therefore, \$1.45 million in local tax is generated due to Cal Poly's capital expenditure each year. (See Table 28.)



The Simpson Strong-Tie Materials Demonstration Lab at the Construction Innovations Center adds an interactive, innovative space to campus.



Cal Poly students gain real-world experiences in state-of-the-art learning environments.

IV. Cal Poly As Developer of the Region's Human Capital

CAL POLY CLEARLY IS committed to the transfer of knowledge and skills to its students, as evident in the Learn by Doing approach to instruction; and Cal Poly is equally committed to the Mustang Way: pride, responsibility and character, principles that guide students as they grow into active participants in the community. In productivity, volunteerism, entrepreneurship and continued education, Cal Poly contributes to the

economic success of San Luis Obispo and northern Santa Barbara Counties by developing local human capital.

Human capital refers to the knowledge, skills and experience of an area's residents, and the development of human capital is believed to increase productivity and generate new ideas for the region. A higher average educational attainment level in a particular area will result in a higher average salary in the area. In other words, a well-educated individual is likely to be more productive and earn more if s/he is surrounded by other highly educated individuals.

Such an individual may also develop new businesses based on research findings and/or other innovations. In the case of San Luis Obispo, the most visible ramification of this impact is the growing presence of high-tech companies, often started by and/or largely staffed by Cal Poly alumni and students. This burgeoning tech sector is adding a great deal of vitality to San Luis Obispo County's traditional mainstays of agriculture, tourism, and government institutions such as the California Men's Colony and Atascadero State Hospital, and is one example of how Cal Poly's

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development of human capital positively impacts the region.

Increased Factor Productivity

Regional economic prosperity is a field that is of great interest not only to economic development researchers but also to community leaders, both public and private. Many studies have demonstrated a clear link between a region's economic prosperity and the educational achievement of its workforce. Using methodology developed by the Milken Institute, we conclude that the increased "Total Factor Productivity" created by human capital developed at Cal Poly represents 44.5 percent of the university's impact on the community.

In February 2013, a comprehensive study performed by the Milken Institute⁵ was published, which quantified educational attainment and its effect on regional economic prosperity. By developing a formula for economic prosperity, the study focused on the relationship between allocating financial resources efficiently and the total value of human capital, social capital and the real assets of a community. In other words, a more highly educated workforce generates a greater amount of economic activity per worker. What they found was that adding one year to the average years of schooling among the employed in a metropolitan area is directly associated with an increase of Real GDP per capita of 10.5 percent. Furthermore, adding one more year of average



educational attainment among the employed workers with at least a high school diploma generated an additional 17.4 percent of real GDP per capita. As well, metros with large employment shares of business and IT service industries and clusters of highly skilled occupations lead to even higher economic returns.

The size of this impact is extremely sensitive to the measure of increase in educational attainment compared to a "referent" metropolitan area, state

population or group of comparable metropolitan areas. Ideally, we would compare the local area to an otherwise identical metropolitan area that is missing a university in order to yield the best results. Unfortunately, we were unable to find a perfect comparison of the San Luis Obispo-Paso Robles-Arroyo Grande metro area (SLO MSA) void a major university. Therefore, the 13.75 educational attainment years of the SLO MSA from the Milken study was compared to a number of

⁵ Milken Institute is a non-profit, non-partisan economic think tank that advances innovative economic and policy solutions that create jobs, widen access to capital and enhance health.

TABLE 29: AVERAGE YEARS OF EDUCATIONAL ATTAINMENT COMPARISON

COMPARISON AREA	ED. ATTAINMENT	DELTA	INCREASE IN GDP
San Luis Obispo-Paso Robles MSA (SLO MSA)	13.75	0.00	-
United States	13.68	0.07	\$83,172,600
California	13.15	0.60	\$712,908,000
Colorado	14.01	(0.26)	(\$308,926,800)
Oregon-Washington	13.63	0.12	\$142,581,600
Washington	13.52	0.23	\$273,281,400
Arizona	13.48	0.27	\$320,808,600
Central Coast from Thousand Oaks to Santa Cruz	13.14	0.61	\$724,789,800
Metros containing California state universities	13.5	0.25	\$297,045,000
Chico and Long Beach only	13.42	0.33	\$392,099,400
SLO MSA less Cal Poly alumni and tenured faculty	13.22	0.53	\$629,138,511

different metro groupings, including the state and the nation. In order to find the best possible comparison to the SLO MSA, it is necessary to look at the results of each comparison area and decide what most closely approximates a valid comparison.

As shown in Table 29, we attempted to compare and analyze a number of different metro groupings. For example, if we compare the SLO MSA number to the national average, SLO MSA is only 0.07 years higher. This comparison seems to be the most conservative, but the composition of the workforce of the entire United States is so diverse, we feel it is too broad. Additionally, comparing the SLO MSA educational attainment to an average of all California metros that have a state university residing in them would be too specific, and would lead to both a “branding” comparison between the different universities and a too conservative representation of the results. Conversely, when we compare

to the entire state of California, the SLO MSA area is 0.605 years higher, and we believe this would overstate the results, since the inclusion of all of California would include many areas that are predominantly rural. Therefore, the actual effect should fall somewhere in between those two comparisons. A more logical comparison might be to take the average of all Central Coast metro areas that have similar characteristics as SLO MSA, such as a similar climate and amounts of agriculture and tourism. By comparing to the metro areas ranging from as far south as Thousand Oaks to Santa Cruz in the north, the resulting comparison yielded a difference of 0.61 years of educational attainment, very similar to the statewide results.

But how much can be attributed to the existence of Cal Poly? It could be argued that if Cal Poly did not exist in the SLO MSA, much of the high technology and knowledge jobs would not exist here, since many of



those companies rely on a steady pool of Cal Poly alumni⁶ to stay in the area. In fact, the county would do well to expand opportunities for more Cal Poly graduates to stay in the area: because of a variety of factors,

⁶ There are currently 19,455 Cal Poly alumni who live in the local area.

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many Cal Poly alumni have stated that if they could find a job in their field that offered equal pay to other areas, they would prefer to stay in the local area. Expanding opportunities for Cal Poly graduates to stay in the area would raise the average educational attainment. Additionally, a high percentage of the doctorates held in the study area are attributed to the professors teaching at Cal Poly, and if Cal Poly did not exist, maybe those with doctoral degrees would live elsewhere. Assuming we eliminate these two groups, alumni and faculty with Ph.D.s, the educational attainment of this area would drop dramatically, by as much as 0.53 years. This falls in between our broad and narrow estimates, and we feel is the best estimate of Cal Poly's impact on educational attainment. (See Table 30.) By applying the 10.5 percent GDP factor to the regional domestic product in San Luis Obispo County of \$11.316 billion, because of Cal Poly's development of human capital, an estimated \$629.1 million of increased output helps support the region's economic success.

Volunteerism

In addition to increased factor productivity, activities such as volunteering, service learning and fundraising for regional and national causes positively impact the local area. Capturing all the contributions that Cal Poly students, faculty and staff make to our local and global communities as a result of volunteerism, service learning, intern-

TABLE 30: DIFFERENCE IN EDUCATIONAL ATTAINMENT CALCULATION

Number of jobs in San Luis Obispo County	110,582
Average educational attainment (years)	13.75
Total educational attainment Hours	1,520,503
Less 19,544 Cal Poly alumni (16 years)	(312,704)
Less 624 Cal Poly tenured staff (20 years)	(12,480)
Total educational attainment less Cal Poly	1,195,319
Number of jobs less alumni and tenured staff	90,414
New educational attainment (years)	13.22
Difference due to Cal Poly's existence (years)	0.529
Amount of San Luis Obispo County GDP	\$11,316,000,000
Multiplier from Milken 10.5%	10.5%
Economic impact due to Cal Poly	629,138,511

ships and Greek life is a difficult task. However, attempting to do so gives us a glimpse of the economic impact that Cal Poly students in particular have on the local community. More than 50 percent of Cal Poly students engage in some sort of community service per academic term, which includes 1,800 students that engage in at least 20 hours per academic term, and 2,800 students that are supported by a Corporation for National and Community Service⁷ (CNCS) program.

In 2012-13, Cal Poly students performed 95,000 total hours of community service in the local area. Multiplying that with the national value of volunteer time of \$22.55 per hour,⁸ the approximate economic impact of Cal Poly student volunteerism is \$2.14 million. (See Table 31.)

There are many opportunities for Cal Poly students to volunteer. For example, 2,800 students participated in a course that incorporates service

learning as way to enhance the classroom experience. The service portion of the learning takes place outside the classroom by having students participate in service to the community in real life situations; reflection assignments then enable students to connect the real world with classroom content. Along with service learning experiences, sometimes, in concert with national recognition days, campus volunteer programs have been assembled to make it easier for students to serve their community. Student Community Services (SCS), for example, is a student-run organization administered by the Dean of Students. SCS provides an opportunity for Cal Poly students to share their resources with others while developing skills and leadership abilities and creating meaningful social change. Annual events such as Need Week, Homeless Awareness Week, and Change the Status Quo are just a few

⁷ Established in 1993, the Corporation for National and Community Service (CNCS) is a federal agency that engages more than 5 million Americans in service through its core programs — Senior Corps, AmeriCorps, and the Social Innovation Fund — and leads President Obama's national call to service initiative, United We Serve.

⁸ According to the Independent Sector, the National Value of a volunteer hour is \$22.55, and \$26.34 for California. To be conservative, the national value was used in this study.

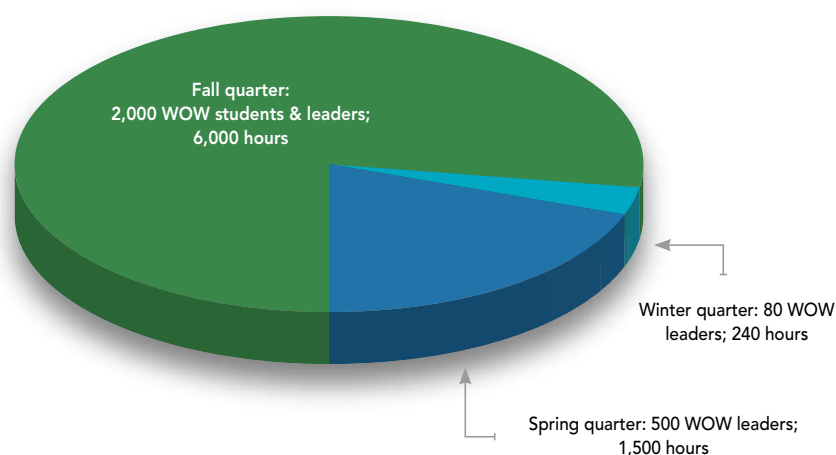
TABLE 31: SUMMARY OF CAL POLY STUDENT VOLUNTEER ACTIVITIES

VOLUNTEER ACTIVITIES	NUMBER OF STUDENTS
The number of students who engaged in academic service-learning	2,800
The number of students who engaged in forms of community service, not including the students engaged in academic service-learning	6,700
The total number of students who engaged in community service of any kind	9,500
The number of students who engaged in at least 20 hours of any kind of community service per academic term	1,800
The number of students whose service was supported by one or more CNCS programs	2,800
The total number of all community service hours engaged in by Cal Poly students	95,000
TOTAL economic impact due to Cal Poly student volunteerism	\$2,142,250

Source: Cal Poly Dean of Students Office

of the programs that are administered by this group. Additionally, on the National Day of Service in October 2013, approximately 500 students volunteered for Make a Difference Day, a program originally created by USA Weekend Magazine and administered locally by the Dean of Students.

Another interesting program specific to Cal Poly is WOW Days of Service, coordinated through the Center of Community Engagement. WOW Days of Service emphasizes to WOW students and WOW leaders how important service to community can be. Every fall, approximately 2,000 new students and WOW leaders volunteer at least three hours of their time supporting a vetted volunteer cause. During the winter and spring quarters, WOW leaders-in-training for the following year are also required to volunteer at least three hours. The entire program produces 7,740 hours of volunteerism for a total economic impact of approximately \$174,500. Although this value is not large, it is one of the many positive results stemming from the influx of the new students and the commitment of the campus to the community. This program is just

FIGURE 14: WOW DAYS OF SERVICE — 7,740 TOTAL VOLUNTEER HOURS

another example of the Learn by Doing approach to education that has made Cal Poly so successful and one of many that highlights its economic impact on the region as the university develops human capital.

Entrepreneurship Activities

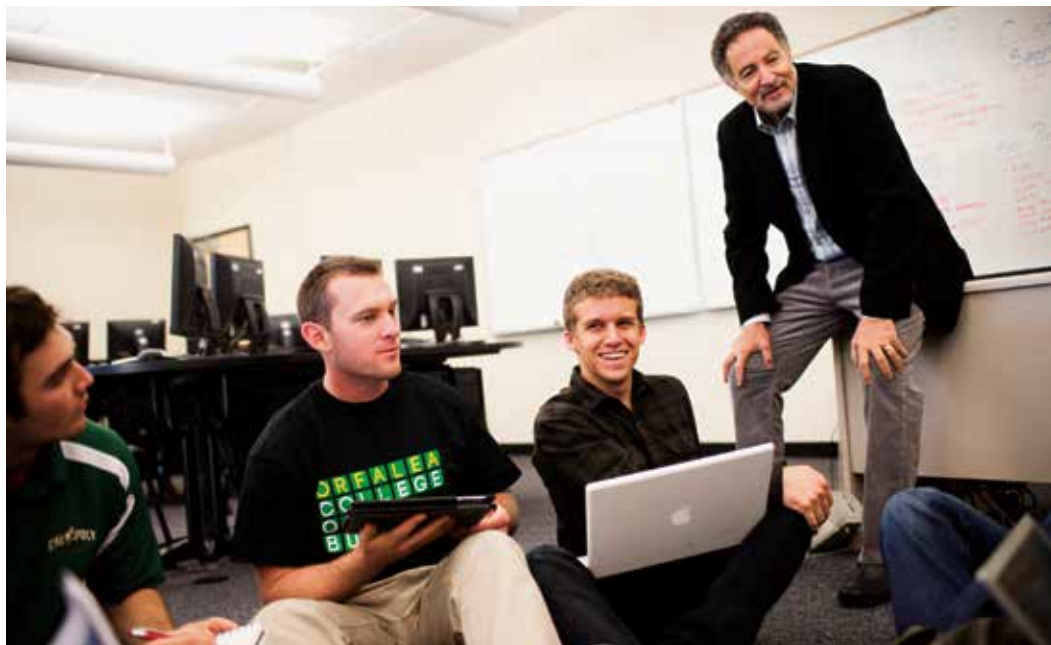
Over the years, Cal Poly has introduced many programs and activities to stimulate the entrepreneurial Learn by Doing spirit. Now under one umbrella, the Center for Innovation and Entrepreneurship (CIE) assists not only Cal Poly students but also local entrepreneurs in following their

dreams. Such an endeavor again develops human capital and thus positively affects the region's economy. A natural partnership tying the Orfalea College of Business with the College of Engineering and the local community, CIE creates an environment where business ideas can spawn and grow.

Measuring the economic impact of the CIE activities is not an easy task. For example, a participant in a number of CIE programs, including the Hothouse Incubator, is Impress Technologies, which is a medical device company that created a novel solution to postpartum hemorrhaging, the leading cause of

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maternal death worldwide. As they begin their clinical trials, their company has created four full-time jobs and utilizes a local manufacturing facility to produce their product. Impress Technologies is currently local, creating a local impact as of now; however, it is typical for this type of company to relocate because of buy-out, merger, or for larger growth. The economic impact generated for this company would be the salary spent by the employees, local expenditures by the company and the taxes it generates. As long as the company stays in the local area, the small amount of economic impact will stay in the local area. Therefore, as the CIE works together with the local community, there is a balancing act between the CIE's charter of helping student companies become successful wherever they land and the local leaders trying to help companies maintain and grow their businesses here. (See current CIE programs, Table 32.)



Professor Jonathan York's class discusses management challenges associated with growth companies.

The fact that the Small Business Development Center in 2012-13 helped start 10 new businesses; counseled 69 clients (for a total of 624 hours); created 46 jobs; and aided in securing \$16.2 million in funds, including owner investment, VC/Angel funding and Small Business Administration loans only paints a small picture of the total economic impact that entrepreneurship

TABLE 32: CURRENT PROGRAMS FOR CENTER FOR INNOVATION AND ENTREPRENEURSHIP (CIE)

PROGRAM	DESCRIPTION
Cal Poly Entrepreneurs	Student-run entrepreneurship club
Cal Poly Small Business Development Center (SBDC)	No-cost confidential business consulting, educational programming and market research data, backed by SBA.gov. The program is open to the general public.
CIE Mentors	Provides Cal Poly students with a blend of knowledge and experience
Entrepreneurship Forums	Social and educational events that fosters exchange, networking and collaborative working relationships between Cal Poly and the local community
Ideation Lab	On-campus gathering place for students working on business projects
Innovation Sandbox	On-campus shared workspace for students to "play" with the latest prototyping ideation tools
SLO Hothouse Incubator	24-month program in which a select group of companies receive office space, internet, mentorship and conference rooms to peer network to make their companies sustainable
SLO Hothouse Summer Accelerator	Three-month intensive business development program for Cal Poly students and recent alumni includes seed funding and all that Hothouse Incubator has to offer
Spectacle	End-of-the-school-year exhibition of innovation and entrepreneurship campus-wide
Start-up Weekend	A fast-paced and rewarding event that takes place over a weekend, at which local entrepreneurs, leaders, community members and students create businesses
The Hatchery	On-campus program that fosters entrepreneurship initiatives and development of student-led start-ups, taking a business from idea generation to launch
Ray Scherr Elevator Pitch Competition	A cash prize competition where students pitch their ideas in 90 seconds or less in front of a panel of judges

associated with Cal Poly has to offer. So many Cal Poly alumni have gone on to start companies in our local area, that it is difficult to account for them all. But because Cal Poly is a polytechnic university, long-term and developing local companies that require knowledge workers are attracted to our graduates. These companies are typically technology companies that are associated with higher growth and tend to create more and higher paying jobs. Companies such as MindBody, Next Intent, Trust Automation, Rosetta Marketing, Etna Interactive, AeroMech Engineering, iFixit, and Digital West not only have been started by Cal Poly alumni, but also continue to hire Cal Poly graduates to grow their businesses. It could be argued that without the existence of Cal Poly in this area, these companies may not have formed here. But it is difficult to measure this economic impact without a lot of speculation and double counting. Some of this impact is already captured in the impact that alumni bring to the area in the form of paycheck spending and educational attainment. And much of the remaining impact is captured in the estimate of Total Factor Impact, due to these companies' tendencies to attract or retain highly educated knowledge workers. Because of these difficulties, we have not tried to estimate the economic impact separately in this section, but we wanted to highlight that the human capital Cal Poly develops via its entrepreneurial spirit clearly results in a positive impact on the region.

Extended Education

Continuing education, the acquisition or improvement of work-related skills by people already employed, has become increasingly vital, particularly stemming from the technological advances upon which industry depends more and more each year. Continuing education benefits not only workers but also businesses. Workers try to become more valuable employees, and an increase in value often leads to an increase in pay; and businesses try to maintain a highly skilled workforce, which keeps their companies viable. Benefits such as climbing the corporate ladder are not the only reason to take extended education classes. Keeping up with job changes, problem-solving skills, or just impacting an attitude that encourages workers to find the best technologies at the time are some of the additional benefits to lifelong learning.

The Cal Poly Extended Education program, offered by the International, Graduate, and Extended Education unit, takes continuing education to the next level. Cal Poly Extended Education offers a variety of individual courses, certificate programs, conferences and noncredit opportunities to assist individuals in updating professional skills, meeting career goals and engaging in personal enrichment. Not only does the program offer academic courses for new and returning students, but also it offers certificate programs for practicing professionals; lifestyle classes, such as photography and wine appreciation,

for community members; as well as corporate training and other special programs for local businesses and organizations. Offerings in Extended Education are tailored to meet the needs of the region's residents.

Such opportunities as those provided by Extended Education increase the economic impact on the region by Cal Poly in the form of developing human capital: higher lifetime earnings and incremental educational attainment. Serving several thousand individuals each year, Extended Education is clearly a benefit to the local area. The difficulty lies in trying to quantify the impacts of such a program. Without utilizing a detailed survey of program users and extensive research, capturing the actual impact is not possible. Since it is beyond the scope of this study, we have not attempted to estimate it, but we felt it imperative to include it because we are confident that Extended Education plays a significant role in developing the region's human capital.





Professor Cyrus Ramezani provides a Learn by Doing classroom experience during which finance majors invest money in the stock market.

V. Cal Poly As Stabilizer of the Region's Economy

A **S AN INTEGRAL** part of the local landscape, Cal Poly is a major stabilizing force of the region's economy for a variety of reasons. Firstly, Cal Poly is the second largest employer in the county. Secondly, employment levels are extremely stable, being largely immune to the boom-or-bust cycle of other local industries. Thirdly, most of the jobs offered at Cal Poly are skilled or professional, commanding salaries on

par with the highest paid industries in the area. In this section, we will explain how these factors contribute positively to the economy of San Luis Obispo and northern Santa Barbara counties.

Major Employer

Cal Poly is one of the largest employers in San Luis Obispo County. According to the most recently posted employee data, Cal Poly ranked second highest in employee count with 2,426 employees in 2012. (See *Figure 33.*) However, using the 2013 Cal Poly Fact Book, the 2,615 employees in 2012 would push Cal Poly

to the top of this list. Whether ranked first or second, Cal Poly is one of the largest employers in the county and thus directly affects the economy with its stabilizing economic output.

In 2013, Cal Poly's total head count was 2,741 employees, generating 2,205.3 paid full-time equivalents (FTEs). The breakdown of these employees is as follows: 46 percent faculty, 47 percent staff and 7 percent management personnel. When comparing these numbers to industry sectors, Cal Poly makes up almost 2.5 percent of the county's 110,200 employees. (See *Table 34.*)

TABLE 33: TOP 25 EMPLOYERS IN SAN LUIS OBISPO COUNTY

	COMPANY/ORGANIZATION	LOCATION	INDUSTRY	EMPLOYEES
1	County of San Luis Obispo	San Luis Obispo	Government	2,601
2	Cal Poly	San Luis Obispo	Education	2,426*
3	Atascadero State Hospital	Atascadero	Healthcare	2,200
4	California Men's Colony	San Luis Obispo	Correctional facility	1,768
5	Pacific Gas & Electric	Countywide	Public utility	1,719
6	Tenet Healthcare	Countywide	Healthcare	1,409
7	Lucia Mar Unified School District	San Luis Obispo	Education	1,100
8	King Ventures	San Luis Obispo	Commercial development	850
9	Paso Robles Public Schools	Paso Robles	Education	831
10	San Luis Coastal Unified School District	San Luis Obispo	Education	828
11	Cuesta College	Countywide	Education	826
12	Albertsons Stores	Countywide	Grocery store	750
13	Atascadero Unified School District	Atascadero	Education	655
14	Wal-Mart	Arroyo Grande	Retail	620
15	Vons	Countywide	Grocery store	528
16	French Hospital	San Luis Obispo	Healthcare	520
17	Rabobank	San Luis Obispo	Financial	450
18	SLO County Office of Education	San Luis Obispo	Government/education	450
19	California Department of Transportation	Countywide	Government	400
20	Arroyo Grande Community Hospital	Arroyo Grande	Healthcare	380
21	City of San Luis Obispo	San Luis Obispo	Government	377
22	F. McLintocks Saloon and Dining	Countywide	Restaurant	375
23	Martin Resorts	Countywide	Hotels	369
24	Community Action Partnership	San Luis Obispo	Nonprofit	350
25	United States Postal Service	Countywide	Postal service	340

Source: San Luis Obispo Chamber of Commerce (2012)

*According to Cal Poly's 2013 Factbook, total employees for 2012 was 2,615

TABLE 34: TOTAL EMPLOYEES BY INDUSTRY SECTOR, YEAR BY YEAR, FOR THE SLO MSA

NO. OF EMPLOYEES PER SECTOR	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total, all industries	103,500	106,000	108,000	108,900	108,100	102,200	102,100	102,900	107,400	110,200
Total farm	4,000	4,300	4,300	4,500	4,400	3,800	4,700	4,700	5,100	4,500
Total non-farm	99,500	101,700	103,700	104,500	103,700	98,400	97,300	98,200	102,200	105,700
Total private	77,500	79,900	81,500	82,200	80,400	76,100	76,400	77,600	81,500	84,500
Construction, mining and logging	7,200	7,800	8,200	7,600	6,600	5,300	4,900	5,100	5,500	6,100
Manufacturing	6,400	6,400	6,300	6,100	6,200	5,700	5,800	6,000	6,400	6,500
Trade, transportation and utilities	19,600	20,100	20,800	20,900	20,300	18,900	19,100	19,300	20,000	20,500
Information	1,500	1,600	1,500	1,400	1,400	1,200	1,200	1,100	1,200	1,400
Financial activities	4,700	4,800	4,900	4,600	4,200	4,000	3,900	4,000	4,100	4,100
Professional and business services	8,800	8,900	9,500	9,800	9,700	9,300	9,800	10,300	11,200	11,800
Educational and health services	10,900	11,200	11,200	11,500	12,100	12,100	12,300	12,300	12,700	13,300
Leisure and hospitality	14,400	14,900	15,000	15,700	15,400	15,000	14,800	14,900	15,700	16,200
Other services	4,100	4,300	4,300	4,500	4,500	4,600	4,600	4,500	4,700	4,700
Government (less Cal Poly)	19,342	21,800	22,200	19,685	20,671	19,703	18,327	17,987	18,085	18,459
Cal Poly	2,658	***	***	2,615	2,629	2,597	2,573	2,613	2,615	2,741

Source: Employment Development Department, Labor Market Information Division

CAL POLY AS STABILIZER OF THE REGION'S ECONOMY

Consistent Job Provider

Many jobs in San Luis Obispo County rely on the most predominant industries: trade, transportation and utilities, leisure and hospitality, and government. Although these industries provide many jobs for the local area, they can be cyclical and/or seasonal in nature: tourism and agriculture are seasonal; construction demand is both seasonal and follows the wellness of the economy; and the government sector is dependent on the statewide and national economies. Twelve major industry sectors in San Luis Obispo County were selected to examine

how employment levels shifted over the period 2004-13. Over that same 10-year period, Cal Poly's data was also analyzed. To determine if Cal Poly was a more consistent provider of jobs, we compared the employment variability over that 10-year period. As seen in Figure 15, Cal Poly yielded the lowest coefficient of variation at 0.02.

As compared to "All Industries," Cal Poly is 49 percent less volatile, and comparing to the most variable employment sector, construction, mining, and logging industries, it is 891 percent less volatile. For several reasons, Cal Poly is not affected the same as

other economic markets. Of course, like all other businesses, Cal Poly is impacted by economic downturns and declines in funding. However, the demand for higher education, including during times of reduced economic strength, assists during economic downturns. Moreover, students have clearly indicated support for the quality and value of a Cal Poly education through their willingness to vote in support of various student paid fees to help offset the reduction in public funding. To that end, Cal Poly remains a consistent job provider even in times of state and national economic struggle.

FIGURE 15: VARIABILITY OF EMPLOYMENT BY SECTOR

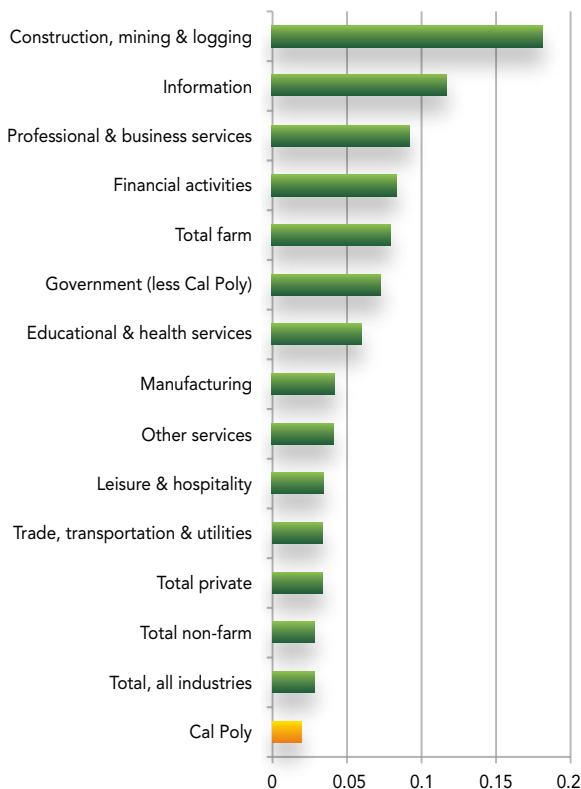


TABLE 35: OCCUPATIONAL SALARIES IN SLO MSA

OCCUPATION	AVERAGE SALARY
Management	\$95,264
Legal	\$90,189
Architecture and engineering	\$83,574
Healthcare practitioner and technical	\$83,429
Cal Poly*	\$79,904
Life, physical and social science	\$73,382
Business and financial operations	\$67,558
Computer and mathematical	\$67,226
Protective service	\$63,877
Education, training and library	\$55,307
Construction and extraction	\$52,000
Community and social services	\$49,691
Installation, maintenance and repair	\$49,421
Total, all occupations	\$44,886
Arts, design, entertainment, sports and media	\$43,638
Production	\$36,088
Office and administrative support	\$35,880
Sales and related	\$34,029
Healthcare support	\$30,930
Transportation and material moving	\$29,120
Personal care and service	\$26,728
Building and grounds cleaning and maintenance	\$26,354
Farming, fishing and forestry	\$23,296
Food preparation and serving related	\$22,672

*Cal Poly's average salary was calculated by adding up gross payroll paid out in FY2012-2103, and dividing by the Full Time Equivalent (FTE) employee total. All other salaries were obtained from the Bureau of Labor Statistics, May 2013.

Above Average Salary

In this day of the disappearing middle class, Cal Poly continues to provide a large number of professional and administration jobs with competitive salaries. In fact, Cal Poly's average salary is more than \$35,000 higher than the SLO MSA average salary and \$20,000 higher than the median household income in 2012 for San Luis Obispo County, which was \$59,628 according to the US Census Bureau.⁹ Cal Poly jobs are an excellent source of head of household jobs for the local

area. In fact, when compared to the average salaries of occupations in the SLO MSA, only four classifications have a higher average salary: management, legal, architecture and engineering, and healthcare. Of course, Cal Poly does employ many people in these industries as well; however many other jobs are needed to run the university, thus the average salary at the university is lower than an individually operated architecture firm, for example. (See Table 35.)

⁹ Although it is statistically incorrect to directly compare average with median, Cal Poly's median salary was not available; therefore for context purposes, the comparison was made.



Cal Poly is committed to creating a welcoming and inclusive learning environment for all members of the campus community.

VI. Cal Poly in 2022: Helping to Build the Region's Future

AS THE NATION'S premier comprehensive polytechnic university, Cal Poly is guided by principles such as Learn by Doing, student success and excellence through continuous improvement. Cal Poly's primary focus is helping students succeed while making timely progress to earning their degrees. University faculty and staff are actively advising students through instruction in classrooms, laboratories and support centers and through co-curricular activities, such as recreational sports, outdoor activities and creative outlets. In return, when a student graduates, s/he will be able to think critically and creatively, communicate effectively and engage in lifelong learning.

With the reputation the university has, over the last decade the number of applicants has grown by 91 percent, from 26,113 in 2003 to 49,832 in 2013; yet, enrollment has increased only slightly from 18,303 in 2003 to 19,703 in 2013. Because of the high demand for a Cal Poly education, the university may continue to grow enrollment without jeopardizing its guiding principles. This section of the study will examine the future economic impacts of Cal Poly in 2022 if this vision becomes a reality.

Future Increased Enrollment

Over the coming years, the CSU will be addressing intelligent growth rates to serve the educational needs of all campuses, including Cal Poly. In order to project future potential economic impact through year 2022, we have utilized a purely hypothetical compounded growth rate for student enrollment of 1 percent per year from 2012 through 2022. Using such a hypothetical rate results in an estimated student enrollment of 21,549 students at Cal Poly by 2022. Whether or not such an enrollment increase occurs will depend upon the legislature, CSU, and community consultation. Faculty and staff payroll, university purchases and student off-campus spending as well as visitor spending and capital improvements will all increase as a result of future enrollment increases. Moreover, Cal Poly has plans to build more on-campus housing to accommodate this increase in enrollment and then some. In addition to on-campus housing, Cal Poly is committed to growing the of out-of-state and international student populations and is investigating the feasibility and construction of an Event Center Complex, which would include a new arena and hotel/conference center. To this end, we have attempted to estimate the economic impact of Cal Poly in 2022. As with all projections into the future, a number of assumptions were made, as seen in Table 36. By applying these assumptions and

utilizing the 2013 results, we were able to predict the total economic impact in 2022.

According to our calculations, the total economic impacts of Cal Poly on the local area will increase by 40.7 percent to \$1.989 billion by 2022.

As the number of students increases, Cal Poly employee totals will increase, as will the total direct jobs in the local area. Indirect and induced jobs also will increase, thus producing a total of 1,947 new jobs for the local area in 2022. Local tax gains will substantially increase as well. The methodology of each component that affects the 2022 economic impacts is outlined below.

Future University Payroll

By applying a ratio of current employees to current enrollment, we were able to estimate the number of employees necessary to maintain a standard of education expected by Cal Poly students. Salaries were estimated to rise by 2 percent as per the estimated inflation, leading to an estimated payroll of \$332.4 million in 2022. Utilizing the ratios between direct and indirect/induced impacts from the 2013 analysis, we predict a

TABLE 36: ASSUMPTIONS FOR YEARS 2014-2022

ASSUMPTIONS	VALUES
Average GDP growth	4.36%
Average population growth	0.798%
Average real wage growth	1.50%
Estimated inflation	2.00%
Retiree growth per year	0.31%

TABLE 37: HISTORICAL RESULTS OF PREVIOUS STUDIES AS COMPARED TO YEAR 2022 (IN MILLIONS OF DOLLARS)

	1989-90	1992-93	1994-95	1996-97	1998-99	2002-03	2012-13	2022
University payroll	\$109.00	\$96.15	\$110.49	\$126.41	\$135.27	\$133.98	\$254.31	\$332.40
Local university purchases	\$7.40	\$6.08	\$8.47	\$18.25	\$22.26	\$18.31	\$15.93	\$34.00
Student spending	\$92.87	\$94.33	\$87.96	\$104.90	\$122.55	\$147.20	\$160.77	\$210.13
Cal Poly retired staff & faculty spending	***	***	***	***	***	\$54.45	\$89.40	\$141.29
Visitor spending	\$8.28	\$4.39	\$10.49	\$12.89	\$13.01	\$16.03	\$21.93	\$28.66
Local capital expenditures	\$5.54	\$7.24	\$5.89	\$4.33	\$6.42	\$8.27	\$16.16	\$18.35
Direct local impact, as originally reported	\$223.51	\$208.19	\$223.30	\$266.78	\$299.51	\$378.24	\$558.49	\$764.83
							-	
Increased earnings of local Cal Poly graduates	***	***	***	***	***	\$189.53	***	***
Increased total factor productivity	***	***	***	***	***	\$157.75	\$629.14	\$923.43
Student volunteer work	\$0.42	\$1.04	\$0.65	\$0.70	\$0.58	\$0.68	\$2.14	\$2.80
Indirect and induced impact	\$554.92	\$519.47	\$556.02	\$664.09	\$745.03	\$392.22	\$224.54	\$298.43
TOTAL	\$778.43	\$728.70	\$779.97	\$931.57	\$1,045.12	\$1,118.41	\$1,414.31	\$1,989.49

total economic impact for university payroll of \$514.9 million in year 2022.

Future Local University Purchases

Because there is a strong link between university purchases and enrollment, we were able to apply a ratio of 0.102 purchases/payroll, and 2 percent inflation, to estimate the local university expenditures in 2022 at \$34.00 million. This direct local spending will lead to an estimated total economic impact of \$52.17 million in 2022.

Future Student Spending

For 2022, student off-campus expenditures were inflated by 2 percent and multiplied by the estimated enrollment year by year. By 2022, then, a total direct impact of student

spending was estimated at \$210.13 million, yielding a \$279.64 million total economic impact. It should be noted that the student on-campus spending impacts are captured by the university purchases analysis.

Future Retired Faculty and Staff Spending

To estimate the number of Cal Poly retirees living in the area in 2022, we utilized the estimate tables from the Department of Health and Human Services: Administration on Aging, where older population as a percentage of total population is shown by decades into the future. By applying these figures to the current total retirees living in the area, we estimate that in 2022, 1,439 retirees will be living in the

local area. This estimate only yielded an increase of 40 more retirees living in the area, and as many boomers retire, the expectation is that this number will grow substantially. Although the retiree rate grows substantially by applying a 19.5-year retirement window to the retirement population, the boomer retirement growth is counteracted by the retirees no longer requiring retirement payout. Estimating retirement income for the future is a little more complex. A 20-year rolling average of retirement income was used, multiplied by a ratio of working year to retirement income. By multiplying the number of Cal Poly retirees living in the local area, we predict that \$180.2 million in direct benefits will be paid out in 2022.

Future Increased Factor Productivity due to Higher Educational Attainment

It is difficult to predict what the educational attainment in the local area will be in 2022 as well as how overall educational attainment will change in comparison to other study areas. Equally difficult is estimating GDP growth over time. To that extent, we estimated the value of the Higher Educational Attainment for 2022 by attempting to estimate GDP growth for the local area. By keeping everything else constant, we found that the Increased Total Factor Productivity rose to \$923.4 million. This shows that the knowledge base that Cal Poly brings to the area is approximately 46.4 percent of the total economic impact that Cal Poly creates.

Future Student Volunteer Work

In 2013, the value of Cal Poly students' volunteer work was estimated at \$2.14 million, or \$108.73 per student. Inflating by 2 percent each year and multiplying by the estimated number of students, a total economic impact of \$2.80 million is estimated for 2022. This assumes that the volunteer rate stays the same as current conditions; however, any increase in the number of volunteer hours per student can increase this number substantially.

Future On-Campus Housing Increases

Previous studies have shown that there is a positive correlation to on-campus living and student success. For freshmen students, on-campus living promotes better social integration,

more academic involvement, better understanding of diversity and a stronger sense of belonging to the campus. Moreover, studies have shown that when on-campus living extends beyond the freshman year, there is a positive effect on degree completion and years to graduation.

Cal Poly believes that increased on-campus housing is one component that will help further its mission in generating the most successful graduates. Currently, Cal Poly has approximately 6,900 beds on campus and offers on-campus housing to all freshmen students and some sophomore students based on availability. A recent survey conducted by Cal Poly suggested that actual demand for on-campus housing is more than 10,000 students, or more than half the current enrollment. Therefore, a new residential facility is currently slated for completion in 2018-19, which would house 1,400 first year students. Increased enrollment would also surely generate an additional economic impact on the rental market. However, for the sake of this study, we predict that the new on-campus housing would absorb the increased enrollment, so the net affect to the housing market would be small. While the net affect to the housing market would be small, the economic impact from the construction of the facility would be substantial and is captured in the section below.

Future Local Capital Expenditures

As the campus continues to grow, Cal Poly is expected to continue to invest in its mission. Improvements to campus facilities are necessary and are planned for the foreseeable

future. At this time, the main capital expenditure planned is Student Housing South. As we look further into the future, a number of other projects are under discussion such as a Poly Learn by Doing Commons, a Spanos Stadium Upgrade, an Academic Center, an Ag Tech Center, and an Event Center Complex. These projects are not official projects but are currently being discussed as part of Cal Poly's long-term planning process. Understanding that such projects are not confirmed, we still project that Cal Poly will continue to spend an average rate of \$75.6 million per year in capital expenditures, particularly since the last 10 years have shown this to be true. With the addition of increased enrollment and aging buildings, at least some of these expenditures will come to fruition in one form or another so that continued capital investment is expected to continue at the same rate.

There are many variables that go into estimating the local capital expenditures. Since the priority of a given project is a function of both unmet current needs and planning for future needs, capital expenditures are volatile year to year. To reduce this volatility, we have used the average dollars spent for capital projects. For the next eight years, capital expenditures are expected to continue similarly to the previous 10 years.

The amount of materials and labor sourced locally is highly variable as well as the overall capital budget allocation. Contracts awarded to out-of-town companies may use local sources for completing their work.

In addition, a strong correlation between capital expenditures vs. payroll was observed during our analysis. Utilizing this ratio, the year 2022 resulted in estimated local direct capital expenditures of \$18.35 million. Including indirect and induced impacts, we estimate a total economic impact in 2022 due to local capital expenditures to be \$32.19 million. Although this figure is not exact, it represents a close proximate of how Cal Poly's capital dollar expenditures affect the local area. It should be noted that the Event Center Complex is not captured. We have included a separate section dedicated to trying to capture the economic impact a center like that would produce.

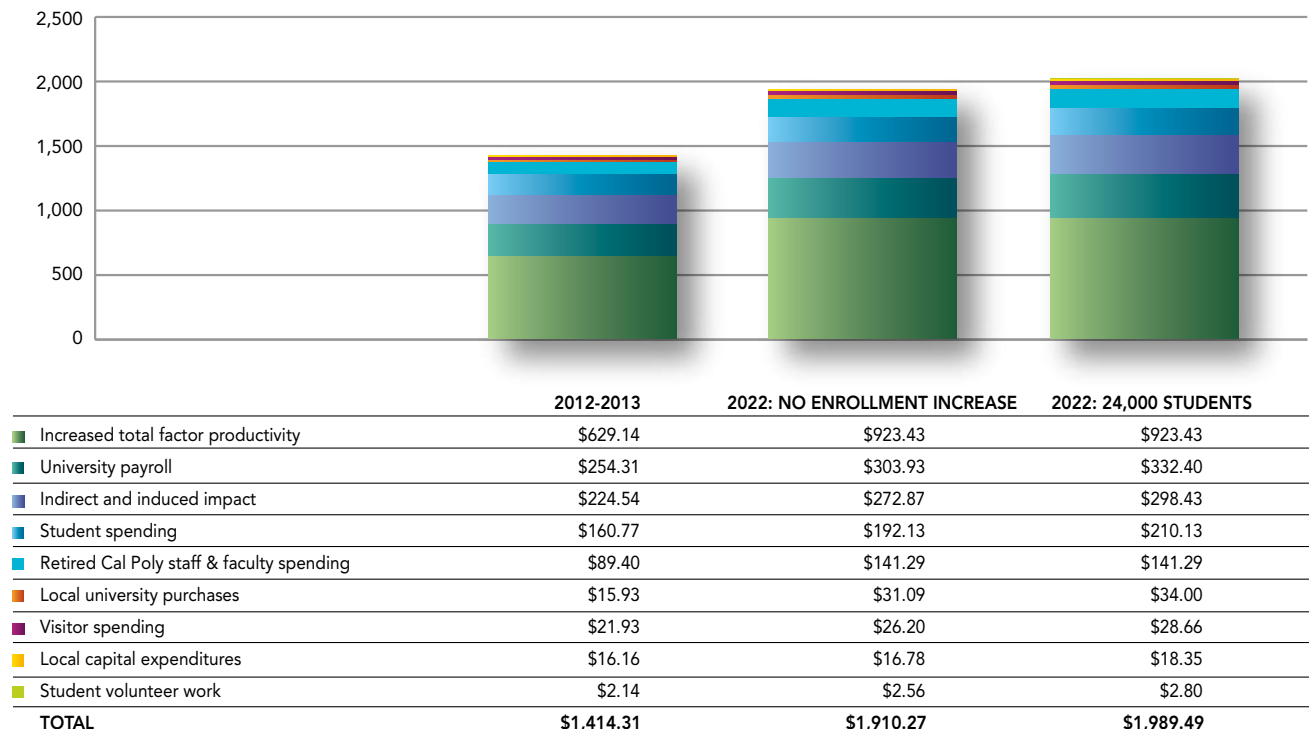
Results of 2022 Analysis

By summing all the impacts outlined above, the total economic impact for year 2022 is estimated at \$1.989 billion. This will be a 40.7 percent increase from the 2013 results due to increased enrollment, inflation and GDP growth for the local area. Assuming that enrollment stays the same (no increase in enrollment from 2013 levels), a total economic impact of \$1.910 billion is estimated for 2022. (See Figure 16.) While some may argue that Cal Poly is already impacted and thus should not pursue such enrollment growth for 2022, the growth of enrollment increases the economic impact by \$79.22 million, or 4.1 percent, as compared to the "no enrollment growth" scenario. Clearly, an increase



Learn by Doing takes place on Cal Poly's 9,000-plus acres.

FIGURE 16: ECONOMIC IMPACT OF CAL POLY IN 2022 BY TYPE (IN MILLIONS OF DOLLARS)



in student enrollment positively impacts the region.

Not only does the GDP increase as the student population increases, but also jobs and taxes are affected by student enrollment growth. Cal Poly employment grows as well, to 2,998 employees, which creates an additional 1,109 direct jobs in the area. More than 838 additional indirect and induced jobs are also created, bringing the total number of jobs created by the university's presence to 9,410. (*See Table 38.*)

The local taxes generated for year 2022 will increase by 35.8 percent across the board, increasing the estimated sales tax revenues to \$20.1 million, and an increase of TOT (i.e., "Bed Tax") by more than a million dollars to \$2.65 million.

Impact of Increase of Out-of-State and International Students

As a key contributor to the CSU mission, Cal Poly is committed to providing quality education to an increased number of California residents by the year 2022. In addition, the university recognizes the value of developing global citizens and, thus, is equally committed to extending its Learn by Doing education to out of state and international students. There are tremendous benefits associated with establishing an educational environment that offers an opportunity for in-state, out-of-state and international students to share perspectives, exchange ideas and extend their knowledge into our global workforce. As Cal Poly continues to grow its overall

TABLE 38: COMPARISON BETWEEN 2013 AND 2022

	2013	2022
Economic impact	\$1,414,310,965	\$1,989,486,434
Number of students	19,703	*
Number of Cal Poly employees	2,741	2,998
Number of direct jobs created (less Cal Poly)	2,381	3,233
Number of indirect and induced jobs	2,341	3,179
Number of Cal Poly retirees living in the local area	1,399	1,439
Estimated property taxes	\$13,205,983	\$17,932,145
Estimated sales taxes	\$14,778,326	\$20,067,199
Estimated TOT	\$1,949,883	\$2,647,708
*Utilizing hypothetical 1% compounded enrollment growth rate – 21,549 students		

enrollment, specifically the university aims to increase the out-of-state and international student enrollment to 1000 students by 2022. Both out-of-state and international students must meet the same high standards for admission into the university and also must pay the full cost of education without the allocation of state funds applied to California residents. An increase in tuition dollars and money spent on living expenses from out-of-state and international students will increase the economic impact Cal Poly has on the local area.

Of particular significance is the university's commitment to "bring more of the world to Cal Poly" by increasing the international student population. In Fall 2013, Cal Poly had an enrollment of 214 international students representing 43 different countries. According to the National Association of Foreign Student Advisors (NAFSA), in 2012-2013, 3,381 international students created an estimated \$119,893,098 economic impact and 1,403 direct and indirect jobs in California Congressional District 24, which includes San Luis Obispo and Santa Barbara Counties.

Using the average \$35,461 total impact per student as reported by NAFSA, we estimate that the international student population alone will generate \$27.9 million in economic impact due to the 786 additional matriculated international students in 2022.

To be sure, the impact generated by international students is substantial yet it cannot be applied to the 2022 economic numbers we have projected without double counting incremental amounts of university payroll, university expenditures, student expenditures and visitor expenditures for which we have already accounted. Nevertheless, this stronger presence of international students, as well as the increased presence of out-of-state students, will no doubt have an enhanced economic impact on the local community and will aid in spreading the name and reputation of Cal Poly throughout the U.S. and around the world. For, not only is the university dedicated to bringing more of the world to Cal Poly, but also to bringing more of Cal Poly to the world. Such efforts will certainly help to build the region's future.

Additional Impact of an Event Center Complex

One of the significant unmet needs at Cal Poly is an Event Center Complex. To be sure, Cal Poly misses out on many academic and business conferences due to its lack of a suitable venue. A recent study of the supply and demand for such a center concluded that a market exists for such a facility. The vision for this complex includes meeting rooms for conferences, an indoor arena suitable for concerts and sports events with a capacity of up to 5,000 attendees and a medium-sized, 145-room hotel facility. According to a recent report in Biz Buzz Extra,¹⁰ San Luis Obispo County has about 9,500 hotel rooms already, and there are plans for several new hotels of varying size and different marketing tiers throughout the county, so this hotel would not have a negative impact on the existing hotels, but instead would complement the current hotel market. What's more, since the event center complex would bring in numerous performing arts events, rodeos, mixed martial arts events and similar activities, there would likely be an increase in the demand for local tourist services, such as restaurants and shopping opportunities.

The economic impact of such an event center can be estimated in two parts: the impact of the construction of the center and the impact of operations. By utilizing cost projections from the "Events Center Complex Feasibility Study" released in August



The Performing Arts Center provides a world-class venue for local and visiting performing artists.

TABLE 39: EVENT CENTER COMPLEX LOCAL IMPACTS CAUSED BY CONSTRUCTION

YEAR	EMPLOYMENT	EARNINGS	TOTAL OUTPUT
2015	115	\$4,963,082	\$11,410,130
2016	315	\$13,648,475	\$31,377,858
2017	143	\$6,203,852	\$14,262,663
TOTAL		\$24,815,409	\$57,050,651

2014 by consulting firm Brailsford & Dunlavey (B&D Venues), we were able to estimate the economic impact of the construction of the center. By spreading out \$24.5 million of local construction expenditures of the \$155.4 million total budget over three years, and assuming previously used capital expenditures of out-of-town vs. local allocations, the total local economic impact from construction of an event center complex

was estimated at \$57.1 million,¹¹ creating at the peak of construction 315 local jobs. The total impact includes dollars spent by out-of-town laborers for room and board during their employment. (See Table 39.) Also significant is the generation of taxes from the project: construction of the center is likely to raise \$2.6 million in local taxes during the three-year construction period, including nearly \$1 million in sales

¹⁰ Lymen, Julie. "Setting out the County's Welcome Mat." Biz Buzz Extra, 26 July 2014. 8-13.

¹¹ Although we utilized many of the B&D financial numbers, economic impacts from the B&D report are different from this study's estimates because of the use of different methodologies.

CAL POLY IN 2022: HELPING TO BUILD THE REGION'S FUTURE

TABLE 40: LOCAL TAXES GENERATED THE BY CONSTRUCTION AND OPERATION OF EVENT CENTER COMPLEX

	PROPERTY TAX	SALES TAX	TOT	TOTAL
Local construction (2015-17)	\$875,598	\$979,304	\$748,872	\$2,603,774
Operations of Event Center Complex in 2022	\$456,554	\$513,766	\$968,822	\$1,939,142

tax and \$749,000 in TOT. (See Table 40.)

If construction is completed in 2017, the economic impacts from the operation of the hotel and conference center in 2022 should exceed \$22.8 million, with \$6 million in earnings and 223 new jobs created, mainly in the tourism industry. The operations of the arena should create an additional \$3.2 million in economic activity and should continue to grow as the arena is utilized to its full potential. And, according to B&D Venues, an extra \$5.5 million in off-site expenditures would occur due to the center's existence, bringing the total economic impact from operations in 2022 to \$31.5 million. (See Table 41.) As well, local tax generation for operations in 2022 was estimated at \$1.9 million, including \$456.5 thousand in property

TABLE 41: EVENT CENTER COMPLEX LOCAL IMPACTS CAUSED BY OPERATIONS IN 2022

	EMPLOYMENT	EARNINGS	TOTAL OUTPUT
Operations of Hotel/Conference Center	223	\$6,001,423	\$22,804,366
Operations of arena	44	\$462,344	\$3,223,932
Off-Site expenditures	NA	NA	\$5,495,727
TOTAL	267	\$6,463,767	\$31,524,025

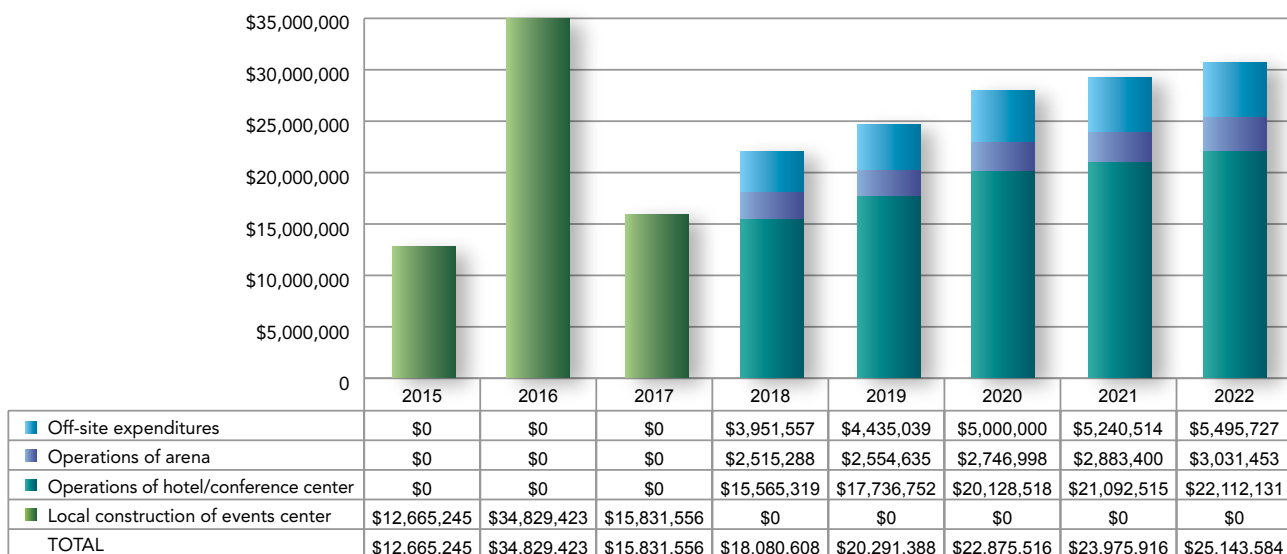
tax, \$513.8 thousand in sales tax, and almost \$1 million in TOT.

By combining construction and operation impacts, total economic impacts resulting from the Event Center Complex can be seen on a yearly basis beginning in 2015. Year 2022 operation impacts (including jobs created and tax impacts) at minimum are expected to continue at similar levels in 2023 and beyond. (See Figure 17.)

Cal Poly will continue to play a key role in building San Luis Obispo and

northern Santa Barbara's Counties' future and will always be a mainstay of the local area. The income generation, human capital development and stabilizing effect of the university's presence for the next eight years and beyond will continue whether or not enrollment substantially increases or the Event Center Complex is built. Sustaining partnerships with local economic development groups and businesses and developing new collaborations will only enhance the future impacts of the university on the local area.

FIGURE 17: EVENT CENTER COMPLEX LOCAL ECONOMIC OUTPUT



Technical Notes

A TYPICAL ECONOMIC

study will report on the quantifiable results in hopes of capturing the majority of the impacts of the projects/business under study (in this case Cal Poly). Like many studies, the unquantifiable subjects, typically stemming from the difficulty of obtaining pertinent data, go by the wayside. For example, two such topics are how increased enrollment at Cal Poly affects the local rental market and how a change in mission affects alumni donations. These subjects are a study in and of themselves and are not a part of the scope of this report. Therefore, we have not tried to address or quantify these impacts, although we believe that they could create a significant impact to the local area and warrant further exploration.

Previous Cal Poly economic studies utilized the most widely accepted techniques available at the time. This includes the use of multipliers from existing studies and their best practices in calculating economic impact. IMPLAN is now a readily accepted method of calculating economic impact, and therefore, is used in determining economic impact in this study. The reader should be aware that although the results of this study are compared to previous studies' results, past results were based upon different methodologies. Since IMPLAN makes use of data that was not collected for the earlier studies, we were unable to revise those studies to make them strictly comparable.



