THE ECONOMIC CONTRIBUTIONS OF THE
NATIONAL COUNCIL of JUVENILE and FAMILY
COURT JUDGES AT THE UNIVERSITY OF NEVADA,
RENO ON THE ECONOMY OF THE STATE OF
NEVADA
The Economic Contributions of the College of the National Council of Juvenile and Family Court Judges at the University of Nevada, Reno on the Economy of the State of Nevada

Study Conducted by

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and
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Executive Summary

This report provides an analysis of economic contributions of the National Council of Juvenile and Family Court Judges (NCJFCJ) at the University of Nevada, Reno on the state of Nevada economy. Highlights of the study are stated in the below text.

Review of Backward and Forward Contributions of the National Council of Juvenile and Family Court Judges

- The contributions of the NCJFCJ can be split between backward (demand-sided) contributions and forward (supply-sided) contributions.
- Backward (demand-sided) contributions are characterized as the economic contributions from purchases by NCJFCJ, expenditures by NCJFCJ faculty and staff, and out of state visitors to NCJFCJ.
- Forward (supply-sided) contributions are the knowledge spillovers to the Nevada economy and in some cases the nation from NCJFCJ.
- Forward (supply-sided) impacts are long-run impacts to the state’s and nation’s human capital especially to the judicial system.
- Human capital for this paper is divided into two types, which are creative and social capital. Creative capital was popularized by Richard Florida in his analysis of economic growth by the creative class.
- As Florida has highlighted that universities and specifically university outreach programs such as NCJFCJ provide education to produce local, state, and national creative class.
- Social capital is a product of investment strategies, individual or collective, consciously or
unconsciously aimed at establishing or reproducing social relationships that are directly useable in the short or long run.

- University outreach programs such as NCJFCJ provide networks for individuals to interact and through interaction, increase the efficiency of the local, state, and national judiciary which provides the basis for future local, state, and national economic growth.

- For this paper, the forward (supply-sided) effects will not be pursued. The backward (demand-sided) effects will be estimated. Specially, the backward (demand-sided) impacts to the Nevada economy.

**Methodology**

- Export sales bring dollars to the state economy that provide for future economic growth. Import sales act as a leakage from the state economy.

- Expenditures by NCJFCJ at UNR, its faculty and staff, and visitors impact the economic activity of the state’s economy through the multiplier effect.

- To derive the multiplier effect and state level value of output, employment, and labor incomes, the Minnesota IMPLAN Group, Inc. input-output model was used.
Economic Impacts of NCJFCJ at UNR on the Economy of the State of Nevada

- In FY2014/14, the NCJFCJ at UNR from its operations, employee expenditures, and visitor expenditures had estimated statewide direct expenditures, employment, and household income of $5.043 million, 63 jobs, and $3.330 million, respectively.

- Give the economic state of Nevada economy linkage and multiplier effect, total output contributions to the state of Nevada was estimated to be $8.673. Total employment and labor income impacts in the state of Nevada economy from activity by NCJFCJ at UNR was estimated to be 97 jobs and $4.927 million, respectively.
The Economic Contributions of the College of the National Council of Juvenile and Family Court Judges at the University of Nevada, Reno on the Economy of the State of Nevada on the Economy of the State of Nevada

Introduction

This report provides an analysis of the economic impacts of the National Council of Juvenile and Family Court Judges (NCJFCJ) at the University of Nevada, Reno (UNR) on the economy of the state of Nevada. This study includes an analysis and discussion of the demand-sided and supply-sided impacts of NCJFCJ at UNR. The demand-sided impacts are characterized as the economic impacts from purchases by NCJFCJ at UNR, expenditures of NCJFCJ at UNR faculty and staff, and visitors to NCJFCJ at UNR. The supply-sided impacts are the knowledge spillovers to the Nevada and potentially national economy from NCJFCJ at UNR.

Stokes and Coomes (1998) state that in the short run, expenditure impacts will be greater than knowledge impacts. However, in the long run, knowledge impacts will impact the state and national economy more than expenditure impacts.

This study is divided into three sections. The first section discusses the demand-sided effects of NCJFCJ at UNR related to expenditures and its multiplier effect on the state’s economy and the supply-sided effects of NCJFC at UNR related to the state’s and nation’s human capital. The second section provides a review of input-output analysis for estimation of contributions. The third section shows the multiplier impacts of NCJFCJ on value of output, jobs, and household income in the state of Nevada. Utilizing the input-output model, this report provides estimates of the direct economic contribution of NCJFCJ at UNR as well as the indirect and induced
output, employment, and household income impacts.

Review of Backward and Forward Impacts of

NCJFCJ at UNR

From the demand side, the expenditure activities of NCJFCJ at UNR generate economic activity for the state’s economy. When NCJFCJ at UNR, as an outreach operation, purchases inputs to generate an output such as education and workshops, NCJFCJ at UNR has a noticeable impact on the state’s economy. NCJFCJ at UNR, in its operations, demands goods and services from local providers; hires employees, which generates an increase in local income; outreach activities such as education classes, conferences, workshops, etc. in turn, increase demand for local hotels, restaurants, etc. from visitors to NCJFCJ at UNR. All of the NCJFCJ at UNR activities impact the state’s economy and are described as “backward effects” or “backward linkages.”
While on the supply-sided analysis, university outreach programs such as NCJFCJ have long run impacts on the state’s human capital, which in the new economy increases current economic activity and provides inputs for future economic growth. Batabyal and Nijkamp (2010) denote two types of capital that researchers have investigated to study economic growth in cities and regions. These two capital types are creative and social capital.

Creative capital has been popularized by Florida (2002) in his analysis of the creative class. According to Florida (2002), the creative class comprising of professionals such as doctors, engineers, lawyers, scientists, and university professors possess creative capital and this group produces ideas, information, and technology that increases industrial production and economic growth in the community, state, and nation. As Florida (2002) states, universities and specifically outreach programs such as NCJFCJ provide on-going education and networks to continue formulation and development of local, state, and national creative capital.

Social capital has several meanings but this paper follows the definition proposed by Bourdieu (1986), Coleman (1988), and Putnam (2000). Social capital as defined in this paper is a product of investment strategies, individual or collective, consciously or unconsciously aimed at establishing or reproducing social relationships that are directly usable in the short or long term (Bourdieu, 1986). NCJFCJ at UNR provides networks for professionals such as judges to interact and through this interaction increase local, state, and national judicial productivity and provide a basis for future local, state, and national economic growth. Since the basic objective of this study is to estimate the economic impacts by the NCJFCJ at UNR on the state’s economy, the “forward effects” approach will not be pursued. However the forward impacts are realized in the long-run.
Methodology

This study will estimate the economic impacts of the NCJFCJ at UNR on the economy of the state of Nevada. Basic multipliers and the economic models used for this study will be discussed in this section.
Some Basic Concepts of State Economics and Income and Employment Multipliers

Figure 1 illustrates the major dollar flows of goods and services in any economy. The foundation of a state’s economy is those businesses which sell some or all of their goods and services to buyers outside the state. Such a business is a basic industry. The flow of products out of, and dollars into, a state is represented by the two arrows in the upper right portion of Figure 1. To produce these goods and services for “export” outside the state, the basic industry purchases inputs from outside of the state (upper left portion of Figure 1), labor from the residents or “households” of the state (left side of Figure 1), and inputs from service industries located within the state (right side of Figure 1). The flow of labor, goods, and services in the state is completed by households using their earnings to purchase goods and services from the state’s service industries (bottom of Figure 1). It is evident from the interrelationships illustrated in Figure 1 that a change in any one segment of a state’s economy will have reverberations throughout the entire economic system of the state.

Consider, for instance NCJFCJ at UNR and visitors to NCJFCJ and its impact on the state of Nevada economy. The expenditures of NCJFCJ at UNR and visitors to NCJFCJ could be considered a basic industry as it draws dollars from outside the area. These dollars may hire people from the household sector such as administrative personnel or professors/researchers employed at NCJFCJ at UNR. However, most of the local economic linkages are from NCJFCJ...
at UNR purchasing goods and services from the local Service Sectors. These include businesses such as restaurants, gas stations, hotels, and other retail businesses. As earnings increase in these businesses, they will hire additional people and buy more inputs from other businesses. Thus the change in the economic base works its way throughout the entire state economy.
Economic Model

The regional impacts for this study were estimated using IMPLAN (Impact Analysis for Planning), an economic input-output model (Minnesota IMPLAN Group, Inc., 2004). Input-output models are constructed based on the concept that all industries within an economy are linked together: the output of one industry becomes the input of another industry until all final goods and services are produced. Input-output models can be used to analyze the structure of a regional economy and/or to estimate economic impacts of a new business or industry, loss of a business or industry, or changes in governmental policies. For this analysis, an economic model for the state of Nevada was constructed using the IMPLAN software and data, and used to derive the economic impacts of the NCJFCJ at UNR. Because the estimated linkages between economic sectors are fixed to the relationships at a particular point in time, input-output models are static and do not account for changes in technology or the entrepreneurial adaptations of the local economy to meet the demands of NCJFCJ at UNR.

IMPLAN input-output models provide three economic measures that describe the economy: value of output, labor income, and employment. Value of output is the total value of goods and services produced by businesses in the study area. Labor income is the sum of employee compensation (including all payroll costs and benefits) and proprietor income. Employment represents the annual average number of employees, whether full or part-time, of the businesses or industry producing outputs.

Total economic effects include direct effects attributed to the activity being analyzed, as well as the additional indirect and induced effects resulting from money circulating throughout the
The total impact of a change in the economy consists of direct, indirect, and induced impacts. Direct impacts are the changes in the activities of the impacting industry, such as the operation of NCJFCJ at UNR. The impacting business, such as NCJFCJ at UNR, changes its purchases of inputs as a result of the direct impact. This produces an indirect impact in the business sectors. Both the direct and indirect impacts change the flow of dollars to the community’s households. The local households alter their consumption accordingly. The effect of this change in local household consumption upon businesses in the study area

1 Effects are not the same as economic benefits because effects are generated with inputs that would have an economic value in other uses. These opportunity costs must be deducted from effects to derive the net economic benefits to society (or net change in social welfare) that are used in benefit-cost analysis.
is referred to as an induced impact. A measure is needed that yields the effects created by an
increase or decrease in economic activity. In economics, this measure is called multiplier effect.
The IMPLAN input-output software will be employed to derive the economic, labor income, and
employment impacts of NCJFCJ at UNR (Minnesota IMPLAN Group, Inc., 2004).

**Economic Contributions of NCJFCJ at UNR on the State of Nevada**

Table 1 shows the output, employment, and labor income impacts of NCJFCJ at UNR on the
state’s economy. These impacts were derived from the direct impacts of NCJFCJ at UNR while
the indirect and induced impacts were estimated using a state input-output model to derive
impacts from linkages among other state economic sectors and households. Direct impacts of
the NCJFCJ at UNR are the expenditures of NCJFCJ in the state of Nevada, expenditures by
NCJFCJ employees in Nevada, and attendees and visitor expenditures to NCJFCJ in Nevada.
For fiscal year 2013/14, there were 223 out of state attendees and visitors to NCJFCJ who spent
on average 3.5 days in Nevada. Visitor expenditures were derived from a previous study by
Bonnenfant (2014).
### Table 1. Economic Impacts of NCJFCJ on the State of Nevada, FY 2013/14.

<table>
<thead>
<tr>
<th>Categories</th>
<th>Direct</th>
<th>Indirect and Induced</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Output</td>
<td>$5,043,612</td>
<td>$3,629,511</td>
<td>$8,673,123</td>
</tr>
<tr>
<td>Employment</td>
<td>$3,330,362</td>
<td>$1,596,353</td>
<td>$4,926,715</td>
</tr>
<tr>
<td>Labor</td>
<td>$3,330,362</td>
<td>$1,596,353</td>
<td>$4,926,715</td>
</tr>
</tbody>
</table>

In Fiscal Year 2013/14, NCJFCJ at UNR with its state expenditures, expenditures by NCJFCJ employees in the state of Nevada, and expenditures in the state of Nevada by NCJFCJ visitors and attendees had direct statewide expenditures of $5.044 million, employment of 63 employees, and labor income of $3.330 million. Applying the IMPLAN microcomputer input-output model, NCJFCJ at UNR was estimated to have total value of output impacts of $8.673 million, total employment impacts of 97 employees, and total labor income impacts of $4.927 million. In other words, NCJFCJ at UNR generated within the state of Nevada due to its economic linkages an additional $3.630 million in value of output, 34 employees, and $1.596 million in additional labor income above the direct impacts of NCJFCJ.

### Conclusions

The primary objective of this study was to estimate the economic impacts of expenditures by NCJFCJ at UNR on the state of Nevada’s economy. These impacts are usually characterized as short-run or “backward impacts.” NCJFCJ at UNR also has long-term impacts in increasing the creative and social capital of the state’s and nation’s economy. These impacts, usually long-term, were not estimated in this study but will increase statewide and national judicial productivity and statewide and national economic growth.

Lastly, a statewide state of Nevada input-output model was used to derive economic, employment, and labor income contributions on the state of Nevada economy. In fiscal year 2013/14, the direct output, employment, and labor income impacts on the state’s economy were
$5.044 million, 63 jobs, and $3.330 million, respectively. Including the multiplier effect and economic linkages of NCJFCJ at UNR on the state’s economy, total output, employment, and labor income effects are estimated to be $8.673 million, 97 jobs, and $4.927 million, respectively.
References


