THE IMPACT OF THE UNIVERSITY OF NEVADA
SCHOOL OF MEDICINE ON THE NEVADA ECONOMY
The Impact of the University of Nevada School of Medicine on the Nevada Economy

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Overview

Since 1969, the University of Nevada School of Medicine (UNSOM) has contributed to Nevada’s health workforce by providing both undergraduate and graduate medical education opportunities for Nevada residents. Currently, 238 students are pursuing their undergraduate medical education at the School of Medicine and another 271 are receiving UNSOM residency and fellowship training in Reno and Las Vegas. In 2011, 55 students will receive their undergraduate medical degrees and 80 physicians will complete their graduate medical education from the University of Nevada School of Medicine – the majority of these physicians will go on to ultimately practice medicine in Nevada. The analysis presented in this report reveals that University of Nevada School of Medicine has a substantial impact on the state’s economy and provides much more than medical education and patient care services in Nevada. The jobs, income, and economic activity created in other businesses by UNSOM operating activity and capital improvements represent additional benefits to the economic health of Nevada – contributions typically overlooked in public policy discussions of health professions education and training in Nevada.

UNSOM Economic Impact Highlights

Table 1 summarizes the economic contribution of the University of Nevada School of Medicine to the state’s economy for the fiscal year 2010. In that year, the School of Medicine employed
1,398 individuals and spent $105.7 million on employee compensation and benefits. UNSOM employees include academic and administrative faculty, classified staff, and student research assistants, as well as those staff employed by the UNSOM practice plan. An additional $55.2 million was spent by the University of Nevada School of Medicine on other goods and services from other Nevada businesses, including utilities, supplies, and contracts.

Table 1: UNSOM Economic Impacts on the Nevada Economy – 2010

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>Direct Impacts</th>
<th>Ripple Effects</th>
<th>Total Impact</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>1,398</td>
<td>998</td>
<td>2,396</td>
<td>1.71</td>
</tr>
<tr>
<td>Labor Income</td>
<td>$105,655,904</td>
<td>$40,408,126</td>
<td>$146,064,030</td>
<td>1.38</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$157,814,400</td>
<td>$127,446,169</td>
<td>$285,260,569</td>
<td>1.81</td>
</tr>
</tbody>
</table>

When the income created by other businesses in Nevada as a result of UNSOM operating activity is included in the analysis, the School of Medicine was responsible for an estimated total of $146.1 million in payroll for UNSOM employees and those employed in other businesses in the state in 2010. Likewise, when the ripple effects of UNSOM spending on labor and operations are taken into account, the University of Nevada School of Medicine was responsible for a total of 2,396 jobs in Nevada.

Overall, UNSOM spending on employee compensation and benefits, as well as spending on goods and services from other businesses in the state during 2010 generated $285.3 million in total economic activity in Nevada. In other words, for every dollar spent by the School of Medicine in 2010, another $0.81 in economic activity was generated in Nevada.

Economic Impact of UNSOM Construction and Major Capital Improvements

The economic impact of the University of Nevada School of Medicine is not limited to the direct and secondary impact of UNSOM expenditures on employee compensation and other operating activities. In 2010, the School of Medicine completed construction on the Center for Molecular Medicine and continued construction of the new Pennington Health Science Building in Reno. Table 2 summarizes the economic impact of the estimated $18.0 million spent by the School of Medicine on these major capital improvement projects. In 2010, UNSOM spending on construction and major capital improvements generated 128 construction-related jobs and an estimated $8.6 million in construction-related payroll in Nevada.
Table 2: Impact of UNSOM Capital Improvements on the Nevada Economy – 2010

<table>
<thead>
<tr>
<th>Impact Type</th>
<th>Direct Impacts</th>
<th>Ripple Effects</th>
<th>Total Impact</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>128</td>
<td>91</td>
<td>219</td>
<td>1.72</td>
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<tr>
<td>Labor Income</td>
<td>$8,590,831</td>
<td>$4,196,572</td>
<td>$12,787,403</td>
<td>1.49</td>
</tr>
<tr>
<td>Expenditures</td>
<td>$18,000,000</td>
<td>$11,664,620</td>
<td>$29,664,620</td>
<td>1.65</td>
</tr>
</tbody>
</table>

When the secondary or ripple effects of UNSOM construction spending are included in the analysis, UNSOM construction and capital improvements were responsible for a total of 219 jobs and $12.8 million in payroll in Nevada construction firms and other businesses. Overall, construction and capital improvements undertaken by the University of Nevada School of Medicine generated $29.7 million in economic activity in Nevada in 2010 or $0.65 for every dollar spent on construction-related activity.

Conclusions

The estimated economic impacts of the University of Nevada School of Medicine presented in this policy brief provide a snapshot of the short-term economic contributions of the school’s operations on the Nevada economy during 2010. These estimates highlight the substantial impact of UNSOM day-to-day operating activity and capital improvements on the Nevada economy.

However, these estimates do not begin to capture the impact of long-term investments made by the School of Medicine in medical education, research, and patient care in Nevada. For example, in 2010, faculty and researchers at the University of Nevada School of Medicine were the recipients $20.7 in grants and contracts from the National Institutes of Health and other major sources of funding for biomedical and other health-related research. Research undertaken by School of Medicine faculty has led to improvements in our understanding of human health and medical education, not to mention patented research findings. Thus, the estimates presented in this report do not capture the economic value of a healthier population and an economically more productive workforce in Nevada – improvements that are, to no small degree, a result of research undertaken at the School of Medicine and medical care provided by physicians who have received their undergraduate medical education and graduate medical education from the University of Nevada School of Medicine over the past four decades. Finally, the foregoing analysis provides no estimate of the impact of UNSOM
expenditures and operations, employee and student spending, or construction activity on state and local government revenues.

In summary, as policymakers consider the medical education and health care priorities for Nevada, they should bear in mind the importance of the University of Nevada School of Medicine to the state’s economy.

About This Report

This policy brief – The Impact of the University of Nevada School of Medicine on the Nevada Economy – was prepared for the University of Nevada School of Medicine by the Nevada Rural Health Works Program, which is a joint research and policy analysis project of the University of Nevada School of Medicine, Nevada Cooperative Extension, and the Center for Economic Development at the University of Nevada, Reno.

The report was prepared by Dr. John Packham at the University of Nevada School of Medicine, and Elizabeth Fadali and Dr. Thomas Harris at the University of Nevada, Reno. UNSOM financial and employment data utilized in this report were provided by the UNSOM Office of Budget and Finance for the Fiscal Year 2010 (July 1, 2009 to June 30, 2010). Employment, payroll, and output estimates were prepared utilizing economic impact modeling (IMPLAN Version 3.0) and multipliers developed by the Minnesota IMPLAN Group, Inc. (www.implan.com).

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