



Economic Impact Statement

***State of Nebraska Funding for Research from the Nebraska
Tobacco Settlement Trust Fund
FY2001- FY2019***

Boys Town National Research Hospital, Creighton University,
University of Nebraska – Lincoln, and the University of
Nebraska Medical Center

September 18, 2019

**Tripp
Umbach**



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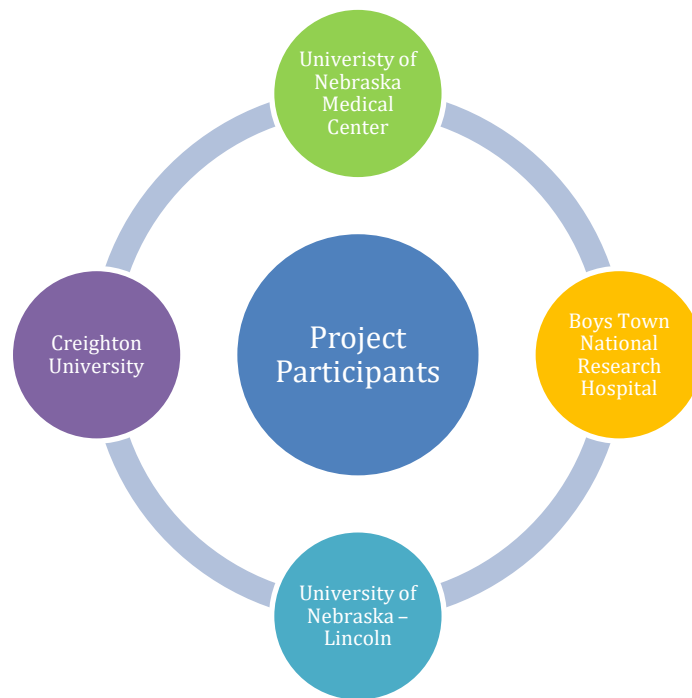
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Introduction

Tripp Umbach¹ was retained by the University of Nebraska Medical Center on behalf of the four recipients of Nebraska Tobacco Settlement funding to provide an overall state level economic impact report as well as economic impact reports for each of the four research consortium member institutions. The purpose of this research is to be used at a hearing with the State of Nebraska on September 20, 2019. Tripp Umbach gathered data from the four project participants related to funding received since FY 2001 to produce economic, employment, government revenue, and commercial impact numbers to demonstrate the economic impact and return on investment from Tobacco Settlement funding received to date (FY 2001 – FY2019).

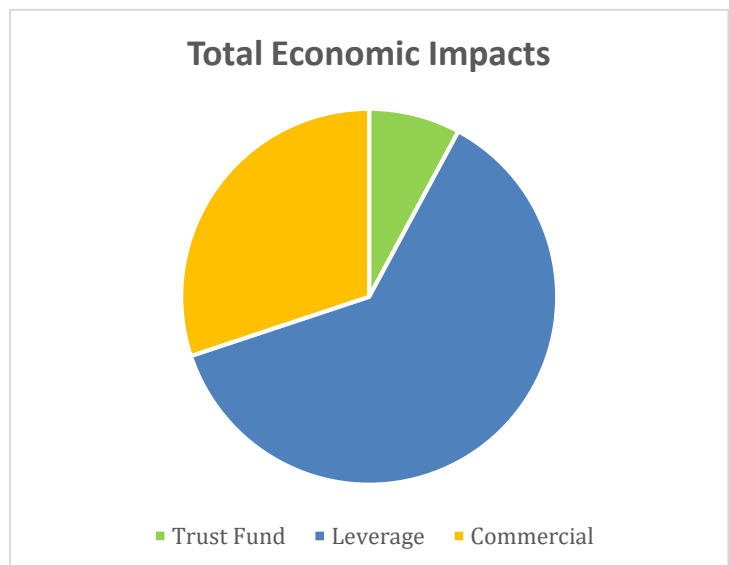


¹ Tripp Umbach has completed hundreds of similar economic impact studies over the past 30 years including for Tobacco Funding recipients in the Commonwealth of Pennsylvania. Previous models for the Pennsylvania CURE program were used as a starting point for the development of customized economic impact analysis for research funding from the Nebraska Tobacco Settlement received by the four participants. Tripp Umbach designed a data collection form to collect key data from each institution (see Appendix A).

Executive Summary

In 2001, Nebraska established the Nebraska Tobacco Settlement Trust Fund to support biomedical research with Tobacco Master Settlement Agreement funds. In doing so, the state created a powerful, forward-looking model of investing these funds in its healthcare economy and the health of its citizens. Of the 46 states and territories that received funding from the 1998 Tobacco Master Settlement Agreement, Nebraska is one of the few that have chosen to invest its proceeds in biomedical research. To date, this has resulted in \$234.7 million directed solely towards biomedical research in the state at four institutions: University of Nebraska Medical Center, University of Nebraska – Lincoln, Creighton University, and Boys Town National Research Hospital. As described in this report, the impact of this strategy has strengthened the state’s ability to respond to the health needs of its citizens; fostering robust job creation and economic growth; and advancing Nebraska’s position in biomedicine.

For every dollar received by the four research consortium members from the Nebraska Tobacco Settlement Trust Fund, \$8.88 was received from sources outside of Nebraska, principally federal research support from the National Institutes of Health (NIH). **Encouraging Scientific Collaboration and Leveraging Federal Research Funds.** Tobacco Settlement funds have encouraged recipient institutions to collaborate, as well as to apply for and win highly competitive federal grants. Recipients of tobacco funds have leveraged **\$1,850,086,861** in additional funding since FY 2001.



The total research activity over the period also generated economic impact in the private sector. Both start-up and established Nebraska biomedical companies were able to expand their operations as a result of the commercialization of research stemming from research investments made by the Trust Fund.

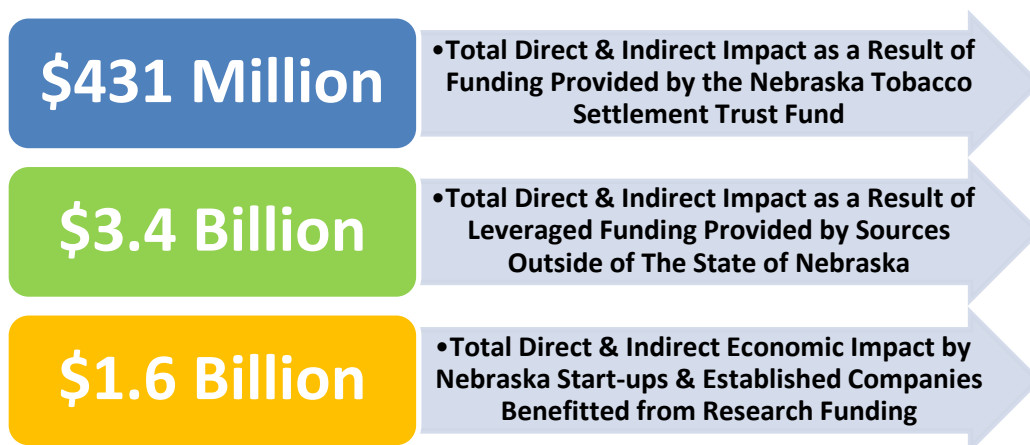
Total economic, employment and tax revenue findings presented in this report are derived from three sources: 1) The spending of direct dollars invested by the State of Nebraska by the recipient institutions during the period FY 2001 through FY 2019, 2) The spending of dollars received by these institutions during this same period from sources outside of the State of Nebraska as a result of funding they received from the Nebraska Tobacco Settlement Trust Fund, and 3) The spending by Nebraska start-up and established companies that benefited from the commercial application of research funding from Tobacco Settlement and leveraged funding received over the period of the program.

Key Findings

- **Nebraska Tobacco Settlement Trust Fund investments since FY 2001 have resulted in a cumulative expansion of the state’s economy of \$5.5 billion, returning \$23.28 to the state’s economy for every \$1.00 of Tobacco Settlement dollars invested.**

Nearly \$1.00 out of every \$100.00 in the Nebraska economy during the period of the program is either directly or indirectly related to the research investments made by the State of Nebraska and its related ripple through the economy. This total represents impacts to the State of Nebraska from the following three sources:

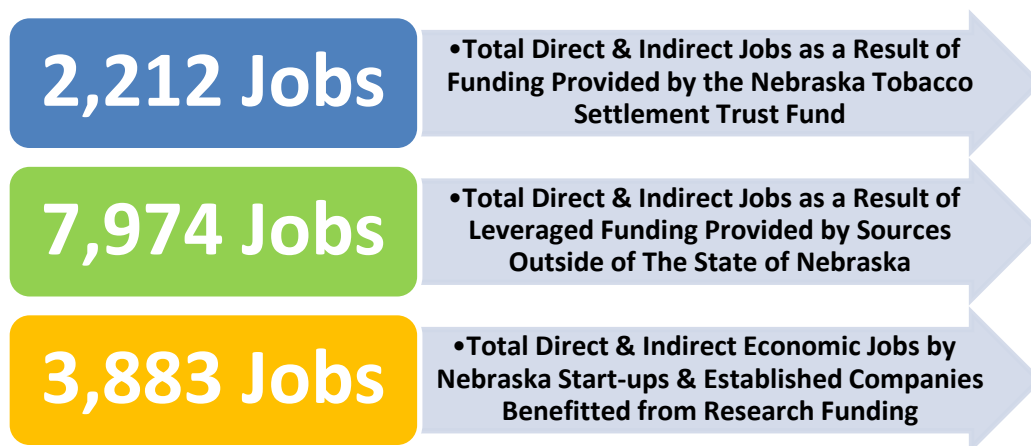
- **\$431,947,813** in total direct and indirect economic impact over the period as a result of funding provided by the Nebraska Tobacco Settlement Trust Fund.
- **\$3,404,159,824** in total direct and indirect economic impact over the period as a result of leveraged funding provided by sources outside of the State of Nebraska as result of the Nebraska Tobacco Settlement Trust Fund.
- **\$1,652,236,577** in total direct and indirect economic impact by Nebraska start-up and established companies that benefited from the commercial application of research funding from Tobacco Settlement and leveraged funding received over the period of the program



Nebraska Tobacco Settlement Trust Fund investments since FY 2001 have resulted in creating and sustaining more than 14,000 jobs with an average pay of \$76,435.

The average salary stemming from the Trust Fund investment is 33% higher than the average Nebraska salaried worker². Approximately 1 out of every 80 private sector jobs in Nebraska during the period of the program are either directly or indirectly related to the investments made by the Nebraska Tobacco Settlement Trust Fund. This total represents impacts to the State of Nebraska from the following three sources:

- **2,212** total direct and indirect jobs over the period as a result of funding provided by the Nebraska Tobacco Settlement Trust Fund.
- **7,974** total direct and indirect jobs over the period as a result of leveraged funding provided by sources outside of the State of Nebraska as result of the Nebraska Tobacco Settlement Trust Fund.
- **3,883** total direct and indirect jobs at Nebraska start-up and established companies that benefited from the commercial application of research funding from Tobacco Settlement and leveraged funding received over the period of the program.

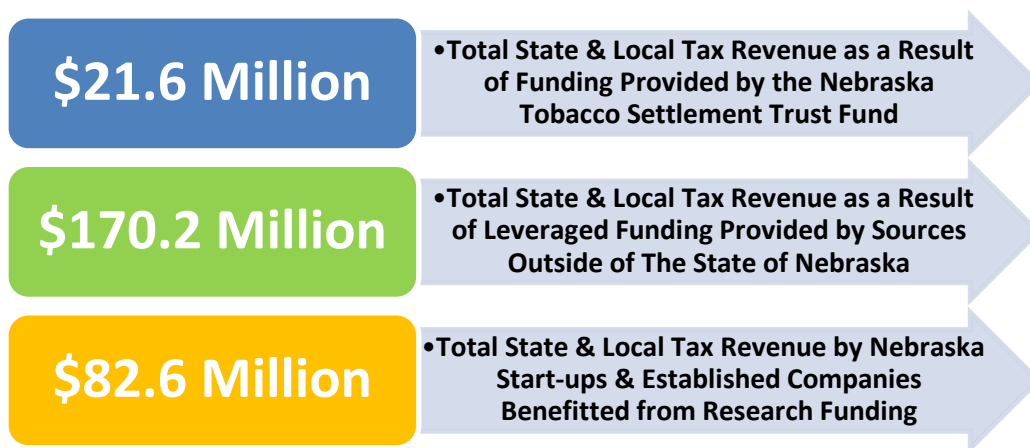


² In 2018 the average salary in Nebraska was \$57,000 according to payscale.com

- **Nebraska Tobacco Settlement Trust Fund investments since FY 2001 have resulted in cumulative state and local tax revenue of \$274.4 million.**

This total represents state and local tax impacts from these sources:

- **\$21,597,391** in total state and local tax revenue over the period as a result of funding provided by the Nebraska Tobacco Settlement Trust Fund.
- **\$170,207,991** in total state and local taxes over the period as a result of leveraged funding provided by sources outside of the State of Nebraska as result of the Nebraska Tobacco Settlement Trust Fund.
- **\$82,611,829** in total state and location taxes paid by Nebraska start-up and established companies that benefited from the commercial application of research funding from Tobacco Settlement and leveraged funding received over the period of the program.



These points underscore the success of the Nebraska Tobacco Settlement Trust Fund program in making a positive impact on the Nebraska economy. In order to continue to build on this success, sustained funding is crucial. Biomedical advances require years of applied effort to reach a successful conclusion; a common benchmark is that it takes 10 years or more to see commercialization outcomes from research performed today. With any lapse in funding, experiments will be halted, research projects that have taken years to build will be dismantled, and scientists and laboratory technicians will lose their jobs and will likely leave Nebraska. The findings in this report demonstrate the importance of continuing to direct tobacco funds toward biomedical research.

Appendix A: Data Collection Form

Nebraska Tobacco Settlement Research Funding Economic Impact Study

Step 1: This data collection form is for _____ (name of institution)

Step 2: In total, how much Tobacco Settlement Funds has my institution received?

- \$_____ Total research funding from the Tobacco Settlement received by your institution.
- \$_____ How much additional funding (federal, state, local, private) do you estimate has been received as a result of Nebraska Tobacco Settlement funding?

Step 3: Please provide a breakdown of the funds received

- Total Spending (spent or budgeted) patterns associated with all tobacco funds:
 - \$_____ Pay & Benefits
 - \$_____ Capital (i.e. Technology, infrastructure, equipment & construction.)
 - \$_____ Operating Expenses (not including Pay & Benefits, and Capital)

Step 4: How many total jobs at your institution is supported or sustained due to Tobacco Settlement funding:

- _____ **Annual Supported Positions** (sustained jobs due to Tobacco Settlement Funding)
- _____ **Cumulative New Positions** (Created as a result of Tobacco Settlement Funding AND Additional jobs from additional funding leveraged by the Tobacco funds.

Tripp Umbach Qualifications

Tripp Umbach is the established national leader and most respected source in providing economic impact analysis for higher education, healthcare organizations and academic medical centers, and biomedical research institutions.

Since 1990, Tripp Umbach has completed economic impact studies for more than 500 leading organizations and for state and federal governmental agencies. Clients include the Mayo Clinic, UPMC the University of Pennsylvania, The Ohio State University. Tripp Umbach serves more than 50 of the nation's leading 100 healthcare organizations as ranked in the 2019 hospital rankings in U.S. News & World Report.

The firm completed national studies for the Association of American Medical Colleges from 1995 until 2015 and statewide economic impact studies for medical schools and their hospital affiliates in Pennsylvania, New York, Virginia, Ohio, and Wisconsin and in the Greater Boston area.

Tripp Umbach has also completed economic impact studies for the University of Nebraska System as well as numerous studies for the University of Nebraska Medical Center. Tripp Umbach has also completed economic impact studies for research institutes such as the Dana-Farber Cancer Center, Fox Chase Cancer Center, Hillman Cancer Center, the University of North Carolina's Cancer Hospital, Ohio State University's James Cancer Center and Solove Research Center, and TGEN in Phoenix, Ariz.

Additionally, Tripp Umbach has completed research to quantify the economic, employment, and government revenue impacts of Tobacco Settlement funding for the Pennsylvania Cancer Alliance member institutions.

For more information, please contact Tripp Umbach at www.trippumbach.com.



trippumbach.com