

UCSC economic clout mounting

UCSC - Growth 1990

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— Santa Cruz Mayor Don Lane

SANTA CRUZ — In less than a decade, the amount of spending generated by UC Santa Cruz has quadrupled, leaving the city economy increasingly dependent upon the university.

According to a UCSC study on the economic impact the university has on the Santa Cruz community, the university generates \$433 million for the local economy, most of it in the city.

"I think economically, there's nothing we're more dependent upon than the university," said Mayor Don Lane. "It's something I don't feel is fully understood in the community — just how dependent we are."

The university's economic clout will increase as UCSC plans to boost enrollment by one-third to 15,000 students, adding hundreds of

millions of dollars to the UCSC-generated economy by 2005.

Mike Schmidt, interim executive director of the Santa Cruz Area Chamber of Commerce, said UCSC growth will increasingly shape the future of downtown, as more and more businesses are oriented toward student and university needs.

"They are the key factor in our total economic community — the university is the critical one," Schmidt said. "The community has to see this as an asset, even though

some sectors see it as a liability, primarily due to political perceptions. But the economic realities outweigh the political aspects."

Over the past decade the university has become the county's largest employer with 2,500 full-time faculty and staff members as well as another 2,200 part-time employees.

If UCSC grows as planned, it will add 4,000 more jobs on campus as well as fuel the local economy with a massive construction campaign

to build new colleges and student housing on campus.

This year, the UCSC payroll alone is \$115 million — almost all of which goes to county residents. When that is added to \$66.4 million students spend in the county, as well as another \$20.6 million the university spends on local goods and services, the total comes to more than \$202 million, according to the UCSC report.

That cash flow in turn creates jobs to provide services, fueling an overall economic turnover of \$433 million countywide, the report states.

The university, however, still lags far behind tourism as the county's top industry. According to the Santa Cruz County Conference and Visitors Council, 8.6 million people visited Santa Cruz County

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UCSC expenditures



Both faculty and students at UC Santa Cruz spend about 90 percent of their disposable income on goods and services in Santa Cruz County. This combined spending exceeds \$166 million. Here is a breakdown showing what the money was spent on. Figures are in millions of dollars.

Students

Rent	\$21.9
Food/beverages	\$21.5
Entertainment	\$4.8
Books/supplies	\$4.1
Utilities	\$3.6
Transportation	\$3.0
Clothing	\$2.2
Other items	\$1.9
Personal/business services	\$1.5
Furniture/household maint.	\$1.3
Total expenditure of \$66,411,000	

Faculty

Food/beverages	\$17.6
Mortgages	\$14.6
Other loan repayments	\$11.1
Rent	\$11.0
Other items	\$8.4
Transportation	\$7.4
Entertainment	\$6.0
Furniture/household maint.	\$5.4
Utilities	\$5.3
Clothing	\$5.0
Savings	\$3.1
Personal/business services	\$2.6
Books/supplies	\$2.5
Total expenditure of \$100,000,000	

Chris Carothers/Sentinel

UCSC means millions to city

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in 1991, spending nearly \$400 million and supporting thousands of related restaurant and service jobs.

But, as some will point out, UCSC and tourism are businesses that easily co-exist.

"It's a perfect blend for the (local) economy," said Michael Houleard, UCSC director of community planning. "UCSC students are here when tourism is at its lower end, and when tourism is at its peak, there's not as many students here. They are complementary, not competing industries."

UCSC students not only spend money, they also provide a pool of employees for local restaurants and other industries.

Without UCSC the local economy would be devastated, Mayor Lane said, on a level perhaps even greater than the impact of closing Fort Ord will have on Seaside and other south Monterey Bay towns.

"Just imagine 4,000 people in Santa Cruz losing their jobs," Lane said.

Although there are no plans to close the campus, university officials say the state budget crises could affect campus growth as well as new construction, slowing the UCSC economic engine.

Cecil Cirillo, the city's Redevelopment Agency executive director, said it is important that the local economy remain diversified.

"Santa Cruz is a diversified economy and shouldn't be totally

dependent on one sector," Cirillo said. "We need a mix of tourism, the university, manufacturing and business."

Lane and other officials said relations between the university and city are good, unlike past in past years when the city and university battled over development, growth and other issues. With the increasing economic clout of the university on the local economy, it is important that the city and university work together, Lane said.

"I think relationships between the city and university are the best they have been," Lane said, "although we've both had hard times."