The Economic Value of the University of Wisconsin-Stout

DIFFERENCES IN ECONOMIC VALUE RESULTS

FISCAL YEAR OF ANALYSIS 2019–20 COMPARED TO 2015–16

When comparing economic impact study results to previous years, especially when there are multiple years between studies, it is important to be aware of three major areas that can cause differences in results:

- a change in university data, either in the data itself or the systems from which it is collected
- updates in data Emsi Burning Glass gathers from external sources, such as the Bureau of Labor Statistics, Internal Revenue Service, or U.S. Census
- updated methodology as better practices and data become available

The differences in results are usually a product of changes in all three of these areas; however, some updates may have more of an effect than others. Regardless of the specific results returned, UW-Stout as an education provider continues to support the regional economy, adding a high value to the gross regional product and benefiting its students, taxpayers, and society from multiple angles.

UW-Stout conducted an economic impact study for FY 2015-16. The overall total impact from UW-Stout on its service area increased from FY 2015-16 to FY 2019-20. The majority of this increase stemmed from the alumni impact. The investment analysis results indicate higher returns for students but lower for state taxpayers.

IMPACT ANALYSIS RESULTS DIFFERENCES

OPERATIONS AND CONSTRUCTION SPENDING IMPACTS

UW-Stout’s construction spending impact was not separately measured for FY 2015-16, as capital construction expenses were included under the operation and maintenance of plant expenditures. However, the operations spending impact of FY 2019-20 combined with income generated from construction spending in FY 2019-20 remains roughly the same as in FY 2015-16, indicating a stable impact of UW-Stout’s operations on the regional economy over the years.
STUDENT SPENDING IMPACT

The student spending impact of FY 2019-20 is also similar to that of FY 2015-16. The slight increase is due to the multiplier (i.e., ripple) effect produced by students’ spending activities in the UW-Stout Service Area, accounting for its regional economic specifics.

ALUMNI IMPACT

The sizable increase in the alumni impact is largely driven by the following factors:

- Higher students’ regional settlement rates after leaving the university
- Higher average credit hours per student during the analysis year
- Higher regional and state average annual earnings weighted by UW-Stout’s student demographics and achievements by award level
- Greater estimated multiplier effect on the economy of the UW-Stout Service Area, especially the one related to the business profitability, which is increased due to the more productive human capital produced by UW-Stout.

INVESTMENT ANALYSIS RESULTS DIFFERENCES

RETURN ON INVESTMENT FROM THE STUDENT PERSPECTIVE*

The increased return on investment for students is primarily a result of lower costs to them, namely the decreased estimated foregone earnings or the opportunity cost of education. The decrease in students’ opportunity costs stems from updated external average annual earnings data.

RETURN ON INVESTMENT FROM THE TAXPAYER PERSPECTIVE*

The returns to state taxpayers decreased mainly due to higher rates of out-of-state migration and a slight decline in student enrollment. However, as long as the taxpayer’s benefit-cost ratio is greater than one, investment in a university is considered worthwhile for taxpayers as they are in fact not only being fully refunded for their investment but also yielding additional benefits over the initially incurred costs.

*Because THE SOCIAL PERSPECTIVE is a combination of student and taxpayer perspectives along with other factors, only the student and taxpayer perspectives are discussed.