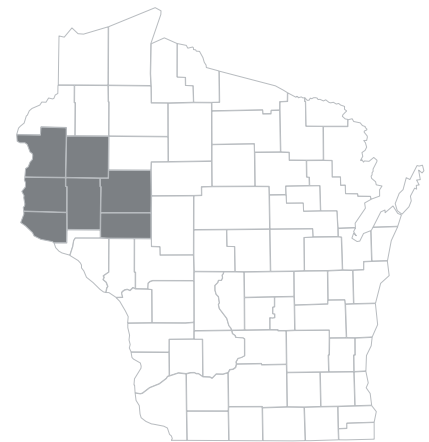


# The Economic Value of the University of Wisconsin-Stout



The University of Wisconsin-Stout (UW-Stout) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students, taxpayers, and society. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, this study calculates the benefits received by each of these groups. Results of the analysis reflect fiscal year (FY) 2019-20.



THE UW-STOUT SERVICE AREA, WI



## ECONOMIC IMPACT ANALYSIS

In FY 2019-20, UW-Stout added **\$306.2 million** in income to the UW-Stout Service Area<sup>1</sup> economy, a value approximately equal to **1.5%** of the region's total gross regional product (GRP). Expressed in terms of jobs, UW-Stout's impact supported **4,609 jobs**. For perspective, the activities of UW-Stout and its students support **one out of every 53 jobs** in the UW-Stout Service Area.

### OPERATIONS SPENDING IMPACT

- UW-Stout employed 1,174 full-time and part-time faculty and staff. Payroll amounted to \$90.8 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses.

<sup>1</sup> For the purposes of this analysis, the UW-Stout Service Area is comprised of Barron, Chippewa, Dunn, Eau Claire, Pierce, Polk, and St. Croix Counties.

The university spent another \$54.2 million on day-to-day expenses related to facilities, supplies, and professional services.

- The net impact of the university's operations spending added **\$99.2 million** in income to the regional economy in FY 2019-20.

### CONSTRUCTION SPENDING IMPACT

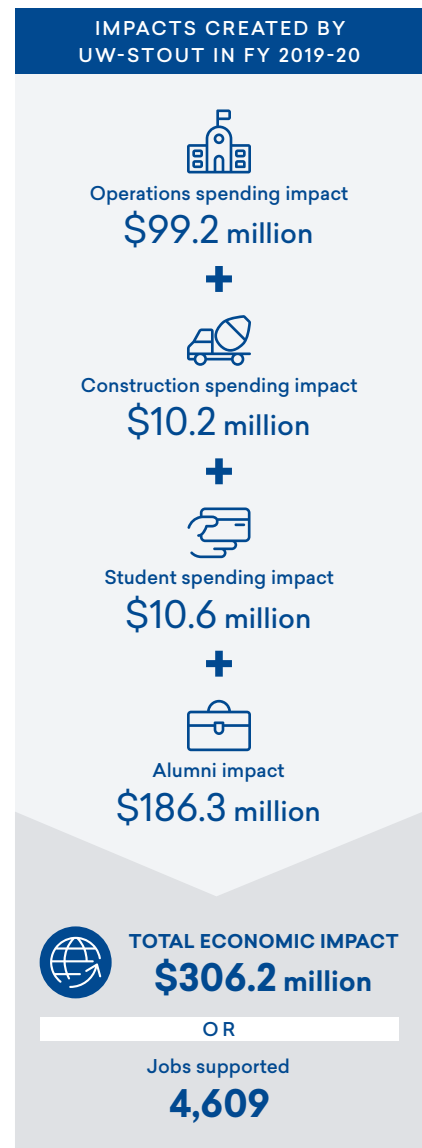
- UW-Stout invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of UW-Stout's construction spending in FY 2019-20 was **\$10.2 million** in added income for the UW-Stout Service Area.

### STUDENT SPENDING IMPACT

- Around 71% of credit students attending UW-Stout originated from outside the region. Some of these students relocated to the UW-Stout Service Area. In addition, some in-region students, referred to as retained students, would have left the UW-Stout Service Area for other educational opportunities if not for UW-Stout. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.
- The expenditures of relocated and retained students in FY 2019-20 added **\$10.6 million** in income to the UW-Stout Service Area economy.<sup>2</sup>

### ALUMNI IMPACT

- Over the years, students have studied at UW-Stout and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the UW-Stout Service Area.
- The net impact of UW-Stout's former students currently employed in the regional workforce amounted to **\$186.3 million** in added income in FY 2019-20.



<sup>2</sup> Note that many student activities and expenses associated with these activities were affected by COVID-19 in spring 2020, reducing the student spending impact.



# INVESTMENT ANALYSIS

## STUDENT PERSPECTIVE

- UW-Stout's FY 2019-20 students paid a present value of **\$45.8 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$105.1 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$605.8 million** in increased earnings over their working lives. This translates to a return of **\$4.00** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **15.2%**.

## TAXPAYER PERSPECTIVE

- Taxpayers provided UW-Stout with **\$34.3 million** of funding in FY 2019-20. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$45.2 million**. A reduced demand for government-funded services in Wisconsin will add another **\$8.8 million** in benefits to taxpayers.
- For every dollar of public money invested in UW-Stout, taxpayers will receive **\$1.60** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **3.2%**.

## SOCIAL PERSPECTIVE

- In FY 2019-20, Wisconsin invested **\$287.6 million** to support UW-Stout. In turn, the Wisconsin economy will grow by **\$1.1 billion**, over the course of students' working lives. Society will also benefit from **\$63.7 million** of public and private sector savings.
- For every dollar invested in UW-Stout in FY 2019-20, people in Wisconsin will receive **\$4.10** in return, for as long as UW-Stout's FY 2019-20 students remain active in the state workforce.

## STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN UW-STOUT



Average annual return for UW-Stout students

**15.2%**



Stock market 30-year average annual return

10.6%



Interest earned on savings account (National Rate Cap)

0.8%

Source: Forbes' S&P 500, 1991-2020. FDIC.gov, 6-2021.

### For every \$1...



Students gain in lifetime earnings

**\$4.00**



Taxpayers gain in added tax revenue and public sector savings

**\$1.60**



Society gains in added income and social savings

**\$4.10**

