Economic Impacts of Utah Valley University

Prepared For:
Utah Valley University (UVU)

Prepared By:
Jack Faucett Associates, Inc. (JFA)

Date:
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The purpose of this presentation is to increase stakeholder and public awareness of the economic impacts of UVU
Agenda

1. Introduction
2. Methodology
3. Study Findings
4. Other Economic Impacts
5. Conclusions
6. Q&A
Introduction

• Overview of UVU
• Student Profile
Introduction: Overview of UVU

- History: Established in 1941 as Central Utah Vocational School
- Today: Largest institution in the Utah System of Higher Education with more than 33,000 students
- Offers 21 certificate/diploma programs, 65 associate degrees, 64 bachelor degrees, and master degrees in education, business, and nursing.
- Mission: “Utah Valley University is a teaching institution which provides opportunity, promotes student success, and meets regional educational needs.”
Introduction: Student Profile

• The significant enrollment growth experienced since UVU’s transition from vocational school to community college to four-year college to regional university is evidence of the value of and need for such an institution.
The majority of UVU’s student body is drawn from the service region and the State of Utah. In 2009 Fall Semester, 69 percent of the students were from the service region and nearly 88 percent were from the State of Utah.

<table>
<thead>
<tr>
<th>Student Category</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utah Resident</td>
<td>25,817</td>
<td>89.8</td>
</tr>
<tr>
<td>Non-resident</td>
<td>2,948</td>
<td>10.2</td>
</tr>
<tr>
<td>Place of Origin</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utah County</td>
<td>18,803</td>
<td>65.4</td>
</tr>
<tr>
<td>Service Region</td>
<td>19,838</td>
<td>69.0</td>
</tr>
<tr>
<td>Utah</td>
<td>25,278</td>
<td>87.9</td>
</tr>
<tr>
<td>Out-of-Utah/Unknown</td>
<td>3,487</td>
<td>12.1</td>
</tr>
</tbody>
</table>
Methodology

• Data Collection
• Study Approach
• IMPLAN Model
Methodology: Data Collection

Major data sources in this study are:

• UVU Expense Report for Fiscal Years 2004-2010
• UVU Factbook 2009-2010
• U.S. Census Bureau’s American Community Survey
• IMPLAN multipliers for the regions of analysis
Methodology: Study Approach

- The study considers UVU budgetary expenditures and student spending as two primary drivers of the University’s economic impacts.
  - These expenditures were matched with economic sectors in the IMPLAN model.
  - The model was run using service region and state level economic impact multipliers.
  - The outputs of the IMPLAN analysis provide the direct, indirect, induced, and total economic impacts of UVU.
- The study also examined other measures of UVU’s impacts. These measures include return on investment (total economic impact/state funding) and UVU’s impact on students’ potential lifetime earnings.
Methodology: IMPLAN Model

- IMPLAN assesses the direct, indirect, and induced effects of spending.
  - **Direct Impacts**: Impacts from the economic activities directly associated with UVU
  - **Indirect Impacts**: Output (gross sales), jobs, and labor income associated with organizations and entities that support direct activities
  - **Induced Impacts**: Accrue when workers in the direct and indirect industries spend their wages on local goods and services and stimulate other sectors in the local economy

- UVU’s total economic impact is the sum of its direct, indirect, and induced impacts.

- IMPLAN assesses the Return on Investment, state tax dollars invested.
  - **Total Output**: total revenue from sales or total cost of production associated with final demand for goods and services.
  - **Total Value Added**: the difference between total output and the cost of its intermediate inputs; essentially the value added to inputs to convert them into outputs.
Methodology: Main Economic Impact Measures

Direct Expenditure

Output

“Imported” Finished Final Goods and Services

Other Inputs

Value Added

Total Direct Expenditure
- “Imported” Finished Goods and Services
= Output

Output
- All Other Inputs
= Value Added
Methodology: Other Economic Impact Measures

**Employment** - average annual full- and part-time jobs needed, directly and indirectly, throughout the economy to deliver final demand for goods and services.

**Employee Compensation** - total cost of labor for businesses. The estimate includes wages and salaries, other labor income (retirement, health insurance), employer and employee contributions to social security, and payroll taxes.

**Proprietor Income** - payments received by self-employed individuals and unincorporated business owners.

**Labor Income** - all forms of employment income, including employee compensation (wages and benefits) and proprietor income.

**Other Property Type Income** - corporate profits, capital consumption allowance, payments for rent, dividends, royalties, and interest income.

**Indirect Business Taxes** - excise, sales and property taxes, as well as fees, fines, licenses, and permits.
Study Findings

• Service Region Impacts
• State Level Impacts
• Total Economic Impacts
### UVU’s Economic Impacts on the Service Region in FY 2010

<table>
<thead>
<tr>
<th></th>
<th>University Expenditure</th>
<th>Student Expenditure</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Output Impact (Millions $)</td>
<td>261.1</td>
<td>197.6</td>
<td>458.7</td>
</tr>
<tr>
<td>Total Value Added Impact (Millions $)</td>
<td>208.6</td>
<td>125.1</td>
<td>333.7</td>
</tr>
<tr>
<td>Total Federal Tax (Millions $)</td>
<td>29.7</td>
<td>15.3</td>
<td>45.0</td>
</tr>
<tr>
<td>Total State and Local Tax (Millions $)</td>
<td>11.6</td>
<td>15.1</td>
<td>26.7</td>
</tr>
<tr>
<td>Total Tax Impacts (Millions $)</td>
<td>41.3</td>
<td>30.5</td>
<td>71.8</td>
</tr>
<tr>
<td>Employment Impact (Number of Jobs)</td>
<td>3,876</td>
<td>2,368</td>
<td>6,243</td>
</tr>
</tbody>
</table>
UVU’s Economic Impacts on the State of Utah in FY 2010

<table>
<thead>
<tr>
<th>Impact Category</th>
<th>University Expenditure</th>
<th>Student Expenditure</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Output Impact (Millions $)</td>
<td>302.7</td>
<td>231.7</td>
<td>534.4</td>
</tr>
<tr>
<td>Total Value Added Impact (Millions $)</td>
<td>231.6</td>
<td>142.3</td>
<td>373.9</td>
</tr>
<tr>
<td>Total Federal Tax (Millions $)</td>
<td>31.2</td>
<td>16.6</td>
<td>47.8</td>
</tr>
<tr>
<td>Total State and Local Tax (Millions $)</td>
<td>11.0</td>
<td>15.4</td>
<td>26.4</td>
</tr>
<tr>
<td>Total Tax Impacts (Millions $)</td>
<td>42.1</td>
<td>32.0</td>
<td>74.1</td>
</tr>
<tr>
<td>Employment Impact (Number of Jobs)</td>
<td>3,857</td>
<td>2,542</td>
<td>6,399</td>
</tr>
</tbody>
</table>
Study Findings: Total Economic Impact

- The total economic impact of UVU equals the sum of the impact of university budgetary expenditures and student expenditures.

**UVU’s Total Economic Impacts in FY 2010**

<table>
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<tr>
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<th>Service Region</th>
<th>State</th>
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<tr>
<td>Total Output Impact (Millions $)</td>
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<td>6,399</td>
</tr>
</tbody>
</table>
Other Economic Impacts

- Increased Lifetime Earning Potentials of Graduates
- Return on Investment for the State of Utah
For the cohort of 3,739 students who graduated in FY2010, UVU will contribute more than $1.9 billion over their lifetime.
### Other Economic Impacts: Increased Lifetime Earning Potentials of Graduates

<table>
<thead>
<tr>
<th>Highest Level of Educational Attainment</th>
<th>Average Annual Salary*</th>
<th>Marginal Annual Improvement of Earnings over High School Diploma**</th>
<th>Marginal Improvement of Lifetime Earnings per Student</th>
<th>Number of Degrees Granted in 2009-10</th>
<th>Improvement of Aggregate Student Earnings per Year (US$ Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High School Diploma</td>
<td>$17,464</td>
<td>$0</td>
<td>$0</td>
<td>0</td>
<td>$0.0</td>
</tr>
<tr>
<td>Some College</td>
<td>$21,358</td>
<td>$3,894</td>
<td>$155,760</td>
<td>59</td>
<td>$8.5</td>
</tr>
<tr>
<td>Associate Degree</td>
<td>$25,595</td>
<td>$8,131</td>
<td>$325,240</td>
<td>1,689</td>
<td>$508.1</td>
</tr>
<tr>
<td>Bachelor Degree</td>
<td>$36,535</td>
<td>$19,071</td>
<td>$762,840</td>
<td>1,980</td>
<td>$1,397.1</td>
</tr>
<tr>
<td>Master or Professional Degree</td>
<td>$58,019</td>
<td>$21,484</td>
<td>$859,360</td>
<td>11</td>
<td>$8.7</td>
</tr>
<tr>
<td>Total</td>
<td>N/A</td>
<td>N/A</td>
<td>$1,947,440</td>
<td>N/A</td>
<td>$1,922.5</td>
</tr>
</tbody>
</table>
Other Economic Impacts: Return on Investment for the State of Utah

• For every dollar invested by the state during FY 2009-2010, there was a total return of $7.97 in terms of output and $5.58 in terms of value added to the local economy.

  Total Output Economic Impact: $534,346,191
  Divided by State Funding: $67,033,954
  State Aid’s Return on Investment: $7.97

• The return on investment for in-state students is $5.02, while the return on investment for out-of-state students is $30.47.
  • This difference is largely due to the fact that out-of-state students receive little state aid
• The return of investment has increased 21% in the past five years.
Conclusions
Conclusions

• UVU’s total output economic impact is $458.7 million on the service region level and $534.3 million on the state level.

• UVU’s total value-added economic impact is $333.7 million on the service region level and $373.9 million on the state level.

• UVU has a total tax impact of $72 million on its service region and a total tax impact of $74 million on the State of Utah.

• UVU brings a $1.9 billion increase to the expected lifetime earnings of a UVU graduating cohort.

• UVU directly employs 1,529 full time employees and 2,982 part time employees.

• UVU also indirectly supports an additional 6,399 jobs in its service region.

• The State of Utah has a return of $7.97 in output and $5.58 in value added on every tax dollar it invests in UVU.
UVU also impacts the community through a number of other ways, which are not economically quantifiable:

- **Events**
  - **Sorenson Center**: Hosted 568,500 individuals at 5,053 separate events at the facility during 2010 calendar year. 20 to 25 percent of attendees were members of the outside community.
  - **UCCU Events Center**: Hosted a total of 132 events in 2010, including expos, concerts, sports, dances, luncheons/dinners, high school graduations, and other activities. The total number of attendees at these events was 292,020.
  - Baseball games at **Brent Brown Ballpark**

- **Community Service**
  - **Volunteer & Service Learning Center**: Provide individuals and groups with meaningful engaged learning experiences and community involvement activities that encourage student development, learning, and civic engagement. In FY 2009-10, there were 10,839 participants in V&SL Center programs, including service-learning classes.
Conclusions (cont.)

• **Economic Development Activities**
  - **Small Business Development Center (SBDC)** - Helps to start new businesses and helps small business grow. Had 640 new clients FY 2009-10, 54% of which had never been in business and 46% of which were existing businesses.
  - **Business Resource Center** - Helps to consolidate economic development activities and events, find ways to support local entrepreneurs, and help them enhance their business success.
  - **Manufacturing Extension Partnership of Utah (MEP)** - Assists many small- to medium-sized manufacturers in improving and growing their business.

• **Technological Innovation**
  - **Utah Science Technology and Research Initiative (USTAR)** - Supports the commercialization of technologies that the University of Utah and Utah State University are generating through their professors.
  - **USTAR Technology Commercialization Grants (TCGs)** - Assists applicants to develop and test prototypes, assess markets, and commercialize new products and services in high-growth markets.
  - **Utah Cluster Acceleration Partnership (UCAP)** - Accelerates key industry clusters and engines of job creation and economic growth. In 2009-10 UVU was selected for the pilot project in the digital media cluster.
  - **UVU Office of Technology Commercialization** - Seeks to create value for UVU through the revenues associated with the licensing of technologies and royalties.
Q&A. Thank you!

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