



MAY 2018

FACT SHEET

The Economic Value of Ohio University

Ohio University (OHIO) 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) 2016-17.



IMPACT ON BUSINESS COMMUNITY

During the analysis year, OHIO and its research, clinical, construction, and entrepreneurial activities, along with its students and visitors added **\$2.9 billion** in added income to the Ohio economy, approximately equal to **0.5%** of the state's total gross state product (GSP). OHIO's impact supported 40,021 jobs in FY 2016-17. For perspective, this means that one out of every 174 jobs in Ohio is supported by the activities of OHIO and its students. The economic impacts of OHIO break down as follows:

Operations spending impact

- OHIO employed 4,976 full-time and part-time employees for its day-to-day operations in FY 2016-17. Payroll for these employees amounted to \$483.7 million, much of which was spent in Ohio to purchase groceries, clothing, and other household goods and services. The university spent another \$249.5 million to support its day-to-day operations.
- The net impact of university payroll and expenses in Ohio during the analysis year was approximately **\$499.8 million** in income.

Research spending impact

- Research activities at OHIO impact the state economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in Ohio through inventions, patent applications, and licenses. In FY 2016-17, OHIO spent **\$29.3 million** on payroll to support research activities.
- OHIO's research spending generated **\$37.7 million** in added income for the Ohio economy.

IMPACTS CREATED BY OHIO IN FY 2016-17

ADDED INCOME	JOBS
\$499.8 million	5,398
Operations spending impact	
\$37.7 million	435
Research spending impact	
\$3.2 million	52
Clinical spending impact	
\$38.9 million	507
Construction spending impact	
\$71.3 million	453
Start-up and spin-off company impact	
\$58.2 million	1,195
Student spending impact	
\$2.4 million	70
Visitor spending impact	
\$2,196.6 million	31,910
Alumni impact	
\$2.9 billion	40,021
Total impact	

Clinical spending impact

- Ohio University faculty, staff and students are involved with health care delivery at numerous locations in the state. The university operates several clinics, the largest of which is Ohio University Therapy Associates, which is included in this report.
- In FY 2016-17, OHIO spent \$2.2 million on clinical operations. These expenditures added a net impact of **\$3.2 million** in added income to the state. Additional economic contributions result from healthcare provided by faculty and students at external sites across Ohio.

Construction spending impact

- OHIO commissioned contractors to build or renovate its facilities during the analysis year, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of OHIO's construction spending in FY 2016-17 was **\$38.9 million** in added income for Ohio.

Start-up and spin-off company impact

- OHIO creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up and spin-off companies created by the university.
- In FY 2016-17, OHIO's start-up and spin-off companies generated **\$71.3 million** in added income for the Ohio economy.

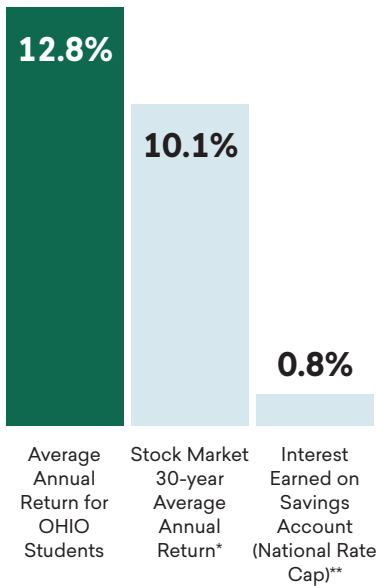
Impact of student spending

- Around **17%** of credit students pursuing a course of study provided by OHIO originated from outside the state. Some of these individuals relocated to Ohio. In addition, a number of students would have left the state if not for OHIO. These relocated and retained students spent money on everyday needs such as groceries, transportation, and rent at state businesses.
- The expenditures of relocated and retained students during the analysis year added approximately **\$58.2 million** in income to the Ohio economy.

Visitor spending impact

- Out-of-state visitors attracted to Ohio for activities at OHIO brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.
- Visitor spending added approximately **\$2.4 million** in added income for the Ohio economy.

STUDENT RATE OF RETURN



* Forbes' S&P 500, 1987-2016.

** FDIC.gov, 7-2017.

Alumni impact

- Over the years, students have studied at OHIO and entered or re-entered the workforce with newly-acquired skills. Today, many thousands of these former students are employed in Ohio.
- The impact of former students currently employed in the state workforce amounted to **\$2.2 billion** in added income during the analysis year.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- OHIO's FY 2016-17 students paid a total present value of **\$366.8 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$308 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the university, students will receive a present value of **\$2.7 billion** in increased earnings over their working lives. This translates to a return of **\$4.00** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **12.8%**.

Taxpayer perspective

- In FY 2016-17, state and local taxpayers in Ohio paid **\$189.6 million** to support the operations of OHIO. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$705.6 million** in benefits to taxpayers. Savings to the public sector add another **\$65.4 million** in benefits due to a reduced demand for government-funded services in Ohio.
- Dividing benefits to taxpayers by the associated costs yields a **4.1** benefit-cost ratio, i.e., every \$1 in costs returns \$4.10 in benefits. The average annual return on investment for taxpayers is **8.7%**.

Social perspective

- The economic base in Ohio will grow by **\$9.6 billion** over the course of the students' working lives. Society will also benefit from **\$278.8 million** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every \$1 that society spent on OHIO FY 2016-17 educations, society will receive a cumulative value of **\$7.90** in benefits, for as long as the FY 2016-17 student population at OHIO remains active in the state workforce.

