TRADITIONAL ECONOMIC IMPACT ASSSESSMENT
EDUCATING STUDENTS, IMPACTING COMMUNITIES

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TRADITIONAL ECONOMIC IMPACT OF OHIO UNIVERSITY

Ohio University (OHIO) is a transformative learning community where students realize their promise, faculty advance knowledge, staff achieve excellence, and alumni become global leaders. Through its role as employer, education and workforce training provider, research institution, and regional steward for community and economic development, OHIO is a major engine of economic growth in its communities, the region, and state. The purpose of this study is to document the full impact that Ohio University has on the local, regional, and statewide economy.

“What Southeast Ohio has done has really been transformational. Ohio University has focused not only on reaching the local community in Athens, but reaching into the whole region and making sure that different organizations and stakeholders are included. That mission to help advanced economic growth and development in Southeast Ohio really shines through in the things that they do.”

— Lisa Delp, Executive Director of the Ohio Third Frontier Program
Rigorous Estimation

Traditional economic impact analysis includes only those elements that can be quantified in rigorous fashion. This principle is further applied to the techniques of analysis itself. For any issue that could credibly be addressed through multiple techniques, the smaller, more conservative impact was used. A detailed explanation of the methodology is available in Appendix A: General Principles of Traditional Economic Impact Assessment and Appendix B: Assumptions of Traditional Economic Impact Assessment.

Key Components

Traditional economic impact analysis, as measured in this study, considers three key components:

- the cumulative economic activity that results from the spending of a university and its related agents and entities,
- the jobs that are supported by that spending, and
- the earnings of workers in those jobs.

Specific challenges, approaches, and assumptions associated with developing the data sets and using them in the economic impact assessment are discussed in detail in Appendix A: General Principles of Traditional Economic Impact Assessment.

Multiple Region Impact

With a presence in six locations across southeast Ohio, the University serves multiple geographic regions. As a public university, OHIO’s impact on the entire state is a critical determinant of the total value the University provides. Because OHIO is the largest public university system in southeast Ohio, it is important to understand its value to the region separately from its impact on the state as a whole. In addition, each campus has its own regional area in which it is strongly engaged.1 The economic impact figures calculated for each campus are discrete to that campus and its region and cannot be combined to equal the total Ohio University impact for either the state of Ohio or the southeast Ohio region.

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1 A full listing of regional definitions is available in Appendix A: General Principles of Traditional Economic Impact Assessment.
OHIO UNIVERSITY’S TOTAL IMPACT

$1.5 BILLION
Ohio University’s total economic impact on the state of Ohio in 2012

$1.2 BILLION
Total economic output impact on southeast Ohio

$104 MILLION
Annual state and local tax revenue generated by activity associated with Ohio University

$259 MILLION
Annual state and local tax revenue generated by the education received by Ohio University alumni

$16,300
Positive difference in median annual salary paid to full-time employees of OHIO when compared to the median annual salary paid to workers in the state of Ohio labor force

Economic Output

Economic output refers to the total economic activity resulting from Ohio University and University-related spending. This includes businesses’ sales of goods and services to the University and its students, visitors, and retirees, as well as indirect and induced business sales as those dollars circulate throughout the economy.

Of the University’s overall $1.5 billion economic impact, $1 billion came from University spending (compensation, operations, and capital), $466 million from constituent spending (including students, retirees, and visitors), and $35 million from affiliate enterprise spending.

FIG. 1 / OHIO UNIVERSITY’S $1.5 BILLION IMPACT 2012 (by spending category)
Seven primary sources of spending data were analyzed to measure OHIO’s total annual economic output impact:

1. **Compensation** – wages, salaries, and benefits paid to employees of the University and OHIO-affiliate enterprises.\(^2\)

2. **Operations** – noncompensation and noncapital spending in the budgets of OHIO or its affiliates, except spending paid to OHIO itself and spending from OHIO to an affiliate enterprise.\(^3\)

3. **Capital** – spending on buildings, grounds, infrastructure, and machinery and equipment, as well as works of art and library books and publications.\(^4\)

4. **Student** – estimated off-campus OHIO student spending.

5. **Visitors** – estimated off-campus spending of visitors.

6. **Retirees** – estimated spending of any nonwage income by a subset of OHIO retirees.\(^5\)

7. **Affiliate Enterprises** – organizations whose operations are tied to OHIO.

OHIO’s budgeted spending—compensation, operations, and capital—accounted for approximately two-thirds of the total economic output impact. The single greatest source of spending was on University operations: about one-third of total impact, roughly $560 million, resulted from the University’s operational budget. Employee compensation and benefits accounted for $344 million. Capital spending yielded over $105 million in economic impact.\(^6\)

Spending by students, visitors, and retirees creates more than $450 million in economic output. The University’s affiliated enterprises—Housing for Ohio, Inc.; The Ohio University Inn; The Russ Research Center in Dayton; and University Medical Associates, a full-service, private physician network closely tied to the Heritage College of Osteopathic Medicine—注入ed more than $35 million into Ohio’s economy.

\(^2\) This includes total compensation and benefits spending in the official budgets of OHIO or its affiliates, except compensation paid to students by Ohio University, as the effect of all student compensation is reflected in the student spending category; and compensation or benefits that go back to the University (e.g., spousal tuition discounts or other internal transfers).

\(^3\) E.g., the Heritage College of Osteopathic Medicine’s payments to University Medical Associates.

\(^4\) An architecture firm is one type of common recipient, but so is a construction contractor, a bookseller, and many others.

\(^5\) Focused on retirement income only, thus conservatively estimating the spending power of OHIO’s retirees.

\(^6\) When considering these particular impact levels, it is important to keep in mind the high variability of capital expenses from year to year at a university. Construction of a building or two at millions of dollars each raises capital expenditures substantially. When construction or renovation activity is low, capital expenditures can fall dramatically relative to a prior year. In addition, it is important to note these impacts do not include costs normally associated with organizations’ operating or capital budgets: depreciation and amortization. Properly construed, economic impact in the wider economy results only from dollars that are actually spent by an agent. Because depreciation and amortization costs do not extend into the economy, they must be excluded from the analysis, even though they are large parts of the various entities and OHIO’s budgets (over $30 million, in this case).
Jobs and Earnings Impact

Ohio University’s economic output supported over 14,300 Ohio jobs, including more than 4,600 OHIO faculty, staff, and employees. These jobs provided a total of $565 million in earning—an average of nearly $38,000 per job.

As with total economic output, OHIO’s budgeted spending—compensation, operations, and capital—accounted for over two-thirds of all jobs and earnings impacts, with the single greatest source of impact stemming from the University’s operational spending. This spending supported more than 5,500 jobs across the state from direct, indirect, and induced economic activity. In addition, spending by students, visitors, and retired employees supported more than 4,000 jobs and nearly $150 million in earnings. Figure 2 depicts job support by spending area.

University Employees

Ohio University directly employs more than 4,600 full- and part-time faculty and staff. In addition to contributing to the University’s educational mission, these employees also play an important role in local economies. On the whole, Ohio University employees’ wages and salaries are above both the median and mean for all workers in the state of Ohio. This increased income is dispersed across the state through individual spending, stimulating economic growth and activity and raising the overall standard of living in Ohio.

OHIO’s faculty, staff, and employees receive a median hourly wage of $23.90, which is more than 55 percent higher than the median hourly earnings for all workers in Ohio ($15.20).7

FIG. 2 / OHIO UNIVERSITY’S 14,300 JOBS 2012
(by spending category)
Tax Benefits to the State of Ohio

Ohio University generates over $104 million in state and local tax revenue annually as a result of the university’s spending on employees, goods, and services. These taxes represent income and business taxes by employees and suppliers as a result of OHIO’s spending. This important income stream for the state also establishes and strengthens the cyclical nature of funding between the state and the University: every $1 of state support to the University is associated with $0.73 of state and local tax revenues generated by Ohio University.

OHIO Alumni

OHIO also has a profound indirect impact on the state through its alumni. Completion of an Ohio University degree increases the earning potential of each alumnus. On the whole, Ohio University alumni have a combined total personal income gain of over $2.6 billion each year.\(^8\)

Increased income leads to an increase in individual taxes: Ohio University alumni are associated with over $259 million in state and local tax revenue each year. This is in addition the $104 million in annual state and local tax revenue generated by Ohio University activity.

EMPLOYMENT THROUGH SUSTAINABILITY EFFORTS
Over 70 percent ($20 million) of the University’s Energy Performance Contract went to local contractors, stimulating growth and opportunities within the region, and increasing available jobs and income.

OHIO UNIVERSITY EMPLOYEES

55% HIGHER WAGES
The median hourly wage paid to OHIO employees is over 55% higher than the median hourly earnings for all workers in the state of Ohio

$104 MILLION IN REVENUE
Economic activity associated with Ohio University generates over $104 million in annual state and local tax revenue

ALUMNI GENERATE $259 MILLION IN REVENUE
By earning college degrees, OHIO alumni generate an additional $259 million in annual state and local tax revenue

$2.6 BILLION IN INCOME GAIN
Ohio University alumni have a combined total personal income gain of over $2.6 billion each year.

\(^7\) Economic Modeling Specialists Intl.
\(^8\) This analysis takes into account the marginal gains from earning an Ohio University degree. The increase from an OHIO degree is a result of an individual moving up one level in degree completion: high school diploma to bachelor’s degree, bachelor’s degree to master’s degree, etc. For additional detail on methodology see Appendix C: Methodology and Assumptions from Tax, Alumni, and Volunteer Impact Assessment. Spending of this income gain would have concomitant multiplier impacts.
Ohio University in Southeast Ohio: $1.2 Billion Impact

As defined for this report, southeast Ohio encompasses 26 counties in an area roughly bordered by I-70 on the north and U.S. 23 to the west. Because Ohio University is the largest public university system in the region, it is important to understand and analyze the University’s value to the region apart from its impact on the state as a whole.

Approximately $1.2 billion of southeast Ohio’s economic activity was rooted in Ohio University (2012). This was associated with over 12,000 regional jobs and more than $470 million in earnings (compensation and business owners’ income).

Operational spending accounted for over $463 million in regional economic output and over 4,500 regional jobs. Of critical importance to the region was the effect of operational spending on earnings; it was the largest single driver of the University’s total regional earnings impact.

Employee and student spending were associated with roughly $578 million in regional economic impact, and together they supported over 5,500 jobs across the region. Visitor and retiree spending added more than $80 million in economic output impact and supported some 1,000 jobs.

Fiscal Year 2012 capital expenditures accounted for more than $85 million in regional economic output, with more than 600 associated jobs. Affiliate enterprises contributed nearly $30 million and 275 jobs in economic output and employment impacts.

University Employees

Ohio University employee wages and salaries are above both the median and mean for all workers in southeast Ohio, stimulating economic activity through spending while increasing the region’s overall standard of living. Faculty, staff, and employees who live in the region receive a median hourly wage of $23.90, which is more than 50 percent higher than the median hourly earnings for southeast Ohio’s total employed labor force ($15.62).
Regional Economic Impacts of Ohio University

Each individual campus has a discrete impact on its region. Five important issues relate to the design of these campus regions:13

1. The regions were created based on employee distribution on campus mission areas, or a hybrid of both. The nature of their configurations means that many of the campus regions overlap.

2. The regional impacts for each campus are estimated for the spending uniquely associated with the campus in question, not with spending associated with another campus’s spending in the same region.

3. Some campus’s individual regions extend past the state borders. This is a particular issue with Ohio University Eastern Campus; much of its true economic impact occurs outside the state. As a result, the Eastern Campus often has a higher impact in its individual region than it does in the state of Ohio as a whole or the Southeast Ohio Region, even though the latter are larger economies.

4. Because each campus has a distinct region that may overlap with those of other OHIO campuses, the economic impact figures calculated for each region are discrete to that region and cannot be combined to equal the total University impact for either the state of Ohio or the Southeast Ohio Region. In addition, each region is associated with a set of unique multipliers designed specifically for that region, which also prohibits the addition of campus-specific impacts for cumulative statewide or Southeast Ohio Region impact.

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13 Each geography represents the impact of that campus on that geography. For example, the impact of Ohio University Chillicothe Campus on the Chillicothe Region is $36 million. Likewise, the impact of Ohio University Eastern Campus on the Eastern Region is $9.8 million, and so forth. Data from Economic Modeling Specialists Intl.
Ohio University Athens Campus contributed approximately $1.1 billion in economic output and 12,000 jobs to the Athens Region\(^{14}\) (2012). These jobs were associated with $425 million in earnings.

Affiliate enterprises\(^{15}\) accounted for almost $30 million in economic output and approximately 250 jobs in the regional economy. In some instances, affiliate enterprises had a greater impact locally than they did in the broader Southeast Ohio Region, because the Athens Region includes relatively populous areas in West Virginia.

Most economic activity in the Athens Region was related to University compensation and operational spending. These two expenditure areas amounted to roughly $690 million in Athens Region economic output impact, supporting more than 8,800 jobs.

\(^{14}\) The Athens Region includes Athens, Meigs, Franklin, Washington, Fairfield, Hocking, Vinton, Morgan, Jackson, Gallia, and Perry counties in Ohio and Wood County in West Virginia.

\(^{15}\) The Russ Research Center is excluded from the analysis because of its location in Dayton.
Athens Campus in Athens County: $800 Million Impact

Ohio University’s Athens Campus is the dominant economic force in Athens County. Overall, the Athens Campus generated $800 million in economic output, over 8,500 jobs, and nearly $300 million in earnings in the county (2012).

Ohio University directly employed just over one in ten workers in Athens County (more than 3,000 of the 8,500 individuals), accounting for over 11 percent of the county’s total employed labor force in 2012. Employee compensation and benefits contributed approximately $160 million in economic output and support approximately 1,600 jobs, while operational spending produced roughly $325 million in economic output and 3,300 jobs. Compensation had an earnings impact of $46 million, while operational spending produced over $150 million in earnings impact.

Student spending accounted for over $175 million of economic output and almost 1,800 jobs countywide. Capital costs had an economic impact of just over $60 million in Athens County and were associated with around 540 jobs. Retiree and visitor spending combined for nearly $60 million in economic output and 1,050 jobs in the county.

Ohio University employees in Athens received a median hourly wage of $23.58, which is more than 60 percent higher than the median hourly earnings ($14.52) of Athens County’s total employed labor force.

11.4%
Employed labor force in Athens County is employed by Ohio University

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14 The Athens Region includes Athens, Meigs, Franklin, Washington, Fairfield, Hocking, Vinton, Morgan, Jackson, Gallia, and Perry counties in Ohio and Wood County in West Virginia.
15 The Russ Research Center is excluded from the analysis because of its location in Dayton.
Ohio University Chillicothe Campus contributed approximately $36 million in economic output to the Chillicothe Region, creating more than 320 jobs and generating over $12 million in earnings impact (2012).

Of those 320 jobs, over 150 were direct employees of the Chillicothe Campus. They earned a median hourly wage of $22.06, which was more than 50 percent higher than the median hourly earnings ($16.50) of the Chillicothe Region’s total employed labor force.

Student spending accounted for more than half of total economic output ($20 million) and was associated with nearly 170 jobs. Operational spending was responsible for over $4 million in economic output and supported approximately 35 jobs. Spending by University retirees and visitors and capital expenditures each generated more than $1 million in economic output impact in the Chillicothe Region.

In addition, activity associated with the Chillicothe Campus generates over $3.1 million in state tax revenue annually.

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18 The Chillicothe Region includes Ross, Pike, Pickaway, Jackson, Vinton, Highland, and Franklin counties in Ohio.
19 Economic Modeling Specialists Intl.
20 Data on taxes, fees, and other collections was based on primary collections with no adjustment for intergovernmental transfers and revenue sharing, and excluding federal funding, interest earnings on investments, and other revenue sources. Campus region collections are based on statewide averages allocated to the regions, not on the specific collections by counties in each region.
FIG. 8 / CHILlicothe Campus impact
on the CHILlicothe Region 2012 (by spending category)

$36 MILLION

12% Operations
3% Capital
57% Student

$12 MILLION
Earnings impact created by the Chillicothe Campus in the Chillicothe Region in 2012

$20 MILLION
Total economic impact attributed to student spending, associated with 170 jobs

3% Retiree
4% Visitor
21% Compensation
Ohio University Eastern Campus had a total economic impact of nearly $10 million, supporting 110 jobs and contributing more than $3 million in earnings in the Eastern Region\textsuperscript{21} (2012).

Of the 110 jobs supported, over 60 were direct employees of the University. Their median hourly wage of $28.46 was more than 120 percent higher than median hourly earnings ($12.89) for the Eastern Region’s total employed labor force.\textsuperscript{22}

The Eastern Campus’s economic impact was dominated by compensation and student off-campus spending. Compensation accounted for over $3 million in economic impact, nearly 40 jobs, and over $1 million in earnings. Off-campus student spending generated economic impacts of $4.4 million, 45 jobs, and nearly $1.3 million in earnings.

Operational spending created over $890,000 in economic output, 7 jobs, and almost $300,000 in earnings. Capital expenditures generated approximately $175,000 in economic output, 2 jobs, and $90,000 in earnings. Together, visitor and retiree spending contributed over $1 million in economic output impact, approximately 20 jobs, and over $450,000 in earnings.

Additionally, activity associated with the Eastern Campus generates nearly $1 million in state tax revenue annually.\textsuperscript{23}

\textsuperscript{21} The Eastern Region includes Belmont, Harrison, Jefferson, Monroe, and Guernsey counties in Ohio and Ohio, Brooke, and Marshall counties in West Virginia.

\textsuperscript{22} Economic Modeling Specialists Intl.

\textsuperscript{23} Data on taxes, fees, and other collections was based on primary collections with no adjustment for intergovernmental transfers and revenue sharing, and excluding federal funding, interest earnings on investments, and other revenue sources. Campus region collections are based on statewide averages allocated to the regions, not on the specific collections by counties in each region.
FIG. 10 / EASTERN CAMPUS IMPACT ON THE EASTERN REGION 2012 (by spending category)

$10 MILLION

- 9% Operations
- 2% Capital
- 45% Student
- 9% Retiree
- 4% Visitor
- 31% Compensation
Ohio University Lancaster Campus had a total economic impact of over $32 million on the Lancaster Region,\textsuperscript{24} accounting for 290 jobs and $10 million in earnings (2012).

Of the 290 jobs supported, over 135 were direct employees of the Lancaster Campus. Their median hourly wage of $24.30 was around 50 percent higher than the median hourly earnings ($16.33) for the Lancaster Region’s total employed labor force.\textsuperscript{25} Employee compensation at Ohio University Lancaster contributed economic impact of nearly $8 million.

Student spending had an impact of nearly $20 million. Operational spending generated nearly $3 million, visitor spending $2 million, capital expenditures more than $1 million, and retiree spending more than $600,000 in economic impact.

Employee compensation contributed more than 80 jobs and approximately $3 million in earnings, while student spending generated 150 jobs and approximately $6 million in earnings.
Employee compensation contributed more than 80 jobs and approximately $3 million in earnings, while student spending generated 150 jobs and approximately $6 million in earnings. The other category with significant employment and earnings impact was operational spending, which was associated with 20 jobs and more than $1 million in earnings. Capital costs, visitors, and retiree spending together supported 27 jobs and nearly $750,000 in earnings.

Additionally, activity associated with the Lancaster Campus generates over $2.8 million in state tax revenue annually.26

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24 The Lancaster Region includes Franklin, Fairfield, Pickaway, Hocking, Licking, and Perry counties in Ohio.
25 Economic Modeling Specialists Intl.
26 Data on taxes, fees, and other collections was based on primary collections with no adjustment for intergovernmental transfers and revenue sharing, and excluding federal funding, interest earnings on investments, and other revenue sources. Campus region collections are based on statewide averages allocated to the regions, not on the specific collections by counties in each region.
Ohio University Southern Campus had a total economic impact of nearly $33 million, total earnings of more than $10 million, and approximately 410 jobs in the Southern Region\(^{27}\) (2012).

Of the 410 jobs supported, over 135 were directly employed by the University. Their median hourly wage of $24.51 was 95 percent higher than the median hourly earnings ($12.60) for the Southern Region’s total employed labor force.\(^{28}\)

Student spending was the single most influential category, accounting for $13 million of the campus’s economic impact. Compensation generated sales of approximately $6 million. Operational spending’s economic impact was $3 million, while capital costs yielded $2 million.

Student activities supported 150 jobs, while retirees supported 120 jobs. Operational spending and compensation at OHIO accounted for almost 110 jobs, while capital expenditures contributed 14 jobs.

Additionally, activity associated with the Southern Campus generates over $2.5 million in state tax revenue annually.\(^{29}\)

\(^{27}\) The Southern Region includes Lawrence and Scioto counties in Ohio, Greenup and Boyd counties in Kentucky, and Cabell and Wayne counties in West Virginia.

\(^{28}\) Economic Modeling Specialists Intl.

\(^{29}\) Data on taxes, fees, and other collections was based on primary collections with no adjustment for intergovernmental transfers and revenue sharing, and excluding federal funding, interest earnings on investments, and other revenue sources. Campus region collections are based on statewide averages allocated to the regions, not on the specific collections by counties in each region.
FIG. 14 / SOUTHERN CAMPUS IMPACT ON THE SOUTHERN REGION 2012 (by spending category)

$33 MILLION

10% Operations
25% Retiree
5% Capital
3% Visitor
40% Student
17% Compensation
Ohio University Zanesville Campus’s economic impact on the Zanesville Region totaled nearly $30 million, including total earnings impact of more than $10 million and over 270 jobs (2012).

Of the 270 jobs supported, over 110 were directly employed by the University. Those employees earned a median hourly wage of $24.19, which is around 50 percent higher than the median hourly earnings ($16.32) for the Zanesville Region’s total employed labor force.31

At nearly $14 million, student spending represented half of total economic impact. Compensation was the second-largest category, at nearly $8 million. Operations, capital, retiree, and visitor spending combined generated over $8 million in economic output.

Student spending was responsible for the greatest number of jobs supported at nearly 115, while compensation funded 80 jobs. Operations, capital, retiree, and visitor spending supported roughly 80 jobs.
Employee compensation contributed $3 million in total earnings impact; student spending was associated with $4 million in earnings. Operational spending generated earnings impacts of nearly $1 million, while capital and visitor spending each contributed approximately $400,000 in earnings impacts. Retirees’ earnings impact was over $1 million.

Additionally, activity associated with the Zanesville Campus generates over $2.3 million in state tax revenue annually.32

30 The Zanesville Region includes Muskingum, Licking, Morgan, Coshocton, Perry, Guernsey, and Franklin counties in Ohio.
31 Economic Modeling Specialists Intl.
32 Data on taxes, fees, and other collections was based on primary collections with no adjustment for intergovernmental transfers and revenue sharing, and excluding federal funding, interest earnings on investments, and other revenue sources. Campus region collections are based on statewide averages allocated to the regions, not on the specific collections by counties in each region.
CONCLUSION

The traditional economic impact analysis quantifies Ohio University's impact on its campus communities, regional economy, and the state of Ohio. The University's statewide economic impact of over $1.5 billion in 2012 accounted for 14,300 full- and part-time jobs, including over 4,600 OHIO faculty, staff, and employees.

In addition to its role as an economic force, however, Ohio University is a valued and irreplaceable resource for the region. Through its role as employer, education and workforce training provider, research institution, and regional steward for community and economic development, OHIO is a major engine of innovation in its communities, the region, and the state.

Ohio University – Educating Students, Impacting Communities