



The Economic Value of the

THE UNIVERSITY OF LOUISIANA SYSTEM¹ (UL System) creates value in many ways. The System's member institutions play a key role in helping students increase their employability and achieve their individual potential. The member institutions facilitate new research and company developments and also draw visitors and students to the state, generating new dollars and opportunities for Louisiana. Their student and employee volunteers support the state economy through the output and employment generated by state businesses and organizations. The member institutions provide students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, the member institutions are places for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

The UL System influences both the lives of students and the state economy. The member institutions support a variety of industries in Louisiana, serve state businesses, and benefit society as a whole in Louisiana from an expanded economy and improved quality of life. Additionally, the benefits created by the UL System extend to the state government through increased tax revenues and public sector savings.

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This study measures the economic impacts created by the UL System on the business community and the benefits the member institutions generate in return for the investments made by their key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

Economic impact analysis

Investment analysis

All results reflect employee, student, and financial data provided by the member institutions for fiscal year (FY) 2021-22. Impacts on the Louisiana economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in Louisiana are reported under the investment analysis.

¹ The University of Louisiana System consists of nine member institutions: Grambling State University, Louisiana Tech University, McNeese State University, Nicholls State University, Northwestern State University, Southeastern Louisiana University, the University of Louisiana at Lafayette, the University of Louisiana Monroe, and the University of New Orleans.

Economic impact analysis

The UL System promotes economic growth in Louisiana through its direct expenditures and the resulting expenditures of visitors, students, and state businesses. The member institutions serve as employers and buyers of goods and services for their day-to-day and research operations. Numerous start-up and spin-off companies have formed as a result of programs and knowledge at the universities. The member institutions' reputation and activities attract visitors and students from outside Louisiana, whose expenditures benefit state vendors. The UL System encourages its students and employees to volunteer in the community, helping businesses and organizations grow. In addition, the member institutions are primary sources of higher education to Louisiana residents and suppliers of trained workers to state industries, enhancing overall productivity in the state workforce.

Operation pending impact



The UL System adds economic value to Louisiana as an employer of state residents and as a large-scale buyer of goods and services. In FY 2021-22, the member institutions employed 8,947 full-time and part-time faculty and staff (excluding research employees), 96 percent of whom lived in Louisiana. Total payroll at the UL System was \$693.6 million (excluding payroll from research employees), much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the member institutions spent \$449.7 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).



The UL System's day-to-day operations spending added \$664.6 million in income to the state during the analysis year. This figure represents the member institutions' payroll, the multiplier effects generated by the in-state spending of the universities and their employees, and a downward adjustment to account for funding they received from state sources. The \$664.6 million in added income is equivalent to supporting 8,616 jobs in the state.

Research pending impact



Start-up companies, created specifically to license and commercialize UL System technology or knowledge, have a strong and clearly defined link to the UL System. Spin-off companies, created and fostered through universities' programs or faculty and alumni, have a clear but less defined link to the UL System.

In FY 2021-22, UL System start-up and spin-off companies added \$846.5 million in income to the Louisiana economy, which is equivalent to supporting 10,998 jobs. Of this added income, \$8.9 million was due to the start-up companies, with the remainder due to spin-off companies.

Visitor pending impact

 Thousands of visitors from outside the state were attracted to the member institutions during the analysis year to attend commencement, sports events, and other activities. While in the state, visitors spent money for lodging, food, transportation, and other personal expenses. The off-campus expenditures of the member institutions' out-of-state visitors generated a net impact of \$38.8 million in added

Alumni Impact



The education and training the member institutions provide for state residents have the greatest impact. Since the member institutions were established, students have studied at the UL System member institutions and entered the state workforce with greater knowledge and new skills. Today, hundreds of thousands of former UL System students are employed in Louisiana. As a result of their education from UL System, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2021-22, UL System member institution alumni generated \$9.9 billion in added income for the state economy, which is equivalent to supporting 148,235 jobs.

Total Impact

The UL System added \$11.8 billion in income to the Louisiana economy during the analysis year, equal to the sum of operations, research, and construction spending impacts; the start-up and spin-off company impact; the visitor and student spending impacts; the volunteerism impact; and the alumni impact. For context, the \$11.8 billion



The students' investment in the UL System has an average annual internal rate of return of 14.6 percent, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.5 percent.

Taxpayer benefit



The UL System generates more in tax revenue than it takes. These benefits to taxpayers consist primarily of taxes that the state government will collect from the added revenue created in the state. As UL System students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2021-22 students' working lives, the state government will have collected a present value of \$754.4 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of UL System students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The educations that UL System students receive will generate savings in three main categories: 1) healthcare, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, costs related to the justice system will decrease. UL System students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the UL System for a copy of the main report. Altogether, the present value of the benefits associated with an education from UL System will generate \$216.9 million in savings to state taxpayers.

Total taxpayer benefits amount to \$971.2 million, the present value sum of the added taxes and public sector savings. Taxpayer costs are \$376.3 million, equal to the amount of state and local government funding the UL System received in FY 2021-22. These benefits and costs yield a benefit-cost ratio of 2.6. This means that for every dollar of public money invested in the UL System in FY 2021-22, taxpayers will receive a cumulative present value of \$2.60 over the course of the students' working lives. The

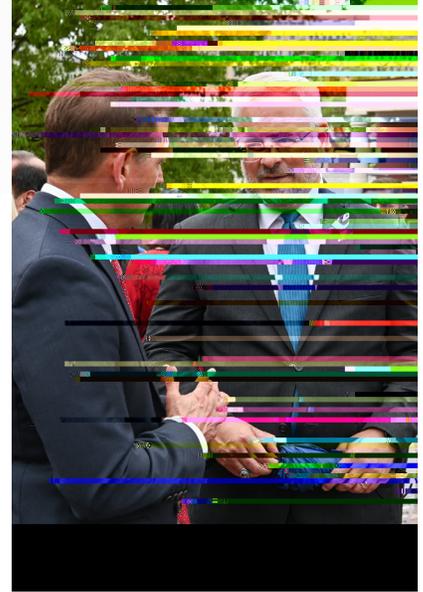
Benefits to society also consist of the savings generated by the improved lifestyles of UL System students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Healthcare savings include avoided medical costs associated with smoking, alcohol dependence, obesity, drug abuse, and depression. Justice system savings include avoided costs to the government and society due to less judicial activity. For a list of study references, contact the UL System for a copy of the main report.

Altogether, the social benefits of the UL System equal a present value of \$19.7 billion. These benefits include \$12.9 billion in added student income, \$4.2 billion in added business income, \$1.1 billion in added income from member institutions activities, as well as \$1.5 billion in social savings related to health, crime, and income assistance in Louisiana. People in Louisiana invested a present value total of \$2.3 billion in the UL System in FY 2021-22. The cost includes all the member institutions' expenditures and student costs.

The benefit-cost ratio for society is 8.7, equal to the \$19.7 billion in benefits divided by the \$2.3 billion in costs. In other words, for every dollar invested in the UL System, people in Louisiana will receive a cumulative value of \$8.70 in benefits. The benefits of this investment will occur for as long as the UL System's FY 2021-22 students remain employed in the state workforce.

S m m a r o f i n e m e n a n a l i r e l

Conclusion



The results of this study demonstrate that the UL System creates value from multiple perspectives. The member institutions benefit state businesses by increasing consumer spending in the state and supplying a steady flow of qualified, trained workers to the workforce. The UL System enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The member institutions benefit state taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, the UL System benefits society as a whole in Louisiana by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.

About the study

Data and assumptions used in the study are based on several sources, including the FY 2021-22 academic and financial reports from the member institutions, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Lightcast's Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact the UL System for a copy of the main report.

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