



**THE
UNIVERSITY OF
WISCONSIN-
STEVENS POINT'S
\$408 MILLION IMPACT
ON THE
WISCONSIN ECONOMY**

April 2011



ACKNOWLEDGMENTS

NorthStar Economics would like to thank the University of Wisconsin-Stevens Point for undertaking this economic impact study. The support, assistance, and encouragement we received from the University personnel were outstanding throughout the entire project. We thank Chancellor Bernie L. Patterson, as well as Vice Chancellor for Business Affairs Greg Diemer, Controller Bo (Daryl) DeDeker, and Budget Director Erin Hintz, who provided the necessary information to complete the economic impact analysis.

TABLE OF CONTENTS

Executive Summary	iv
Purpose and Scope	2
Overview	2
The Total Economic Impact of UW-Stevens Point	3
The Direct Economic Impact of UW-Stevens Point	5
The Impact of UW-Stevens Point on Wisconsin Jobs	6
UW-Stevens Point Tax Revenue Impact	7
Return on Public Investment	8
Qualitative Impacts	10
Methodology	11
Summary	13
Appendix: About NorthStar Economics, Inc.	14

Executive Summary

UW-Stevens Point (UWSP) contributes nearly \$408 million per year to the Wisconsin economy, while supporting 5,690 Wisconsin jobs and generating \$16.7 million in state tax revenue.

The University of Wisconsin-Stevens Point is one of thirteen comprehensive universities in the UW System. The economic impact of UWSP comes from spending in the Wisconsin economy. The sources of related spending include operations, faculty and staff, students, and visitors.

The total economic impact comes from two sources: the direct spending of faculty and staff, students, visitors and University operations, and indirect and induced spending, which results from direct spending cycling through the regional and state economy. The spending from businesses that benefit from the direct spending of faculty and staff, students, visitors, and UWSP operations creates additional indirect or induced economic activity that results in jobs and taxes generated within the state.

Direct spending in the state by UWSP, its faculty and staff, students, and visitors of more than \$171 million feeds the economic engine that in turn generates more than \$236 million in indirect and induced spending.

Total impacts of UW-Stevens Point are reported in Table ES-1 below and on the facing page.

Figure ES-1: Total Economic Impacts of UW-Stevens Point

	Total Economic Impact	Wisconsin Jobs Created and Supported	State/ Local Tax Revenue
UWSP	\$407.8 million	5,690	\$16.7 million

THE ECONOMIC IMPACT OF THE UNIVERSITY OF WISCONSIN-STEVENSON POINT

Annual Impact on the Wisconsin Economy:

- **\$407.8 million in total economic impact**
- **5,690 jobs created and supported**
- **\$16.7 million in state and local
tax revenue generated**



University of Wisconsin

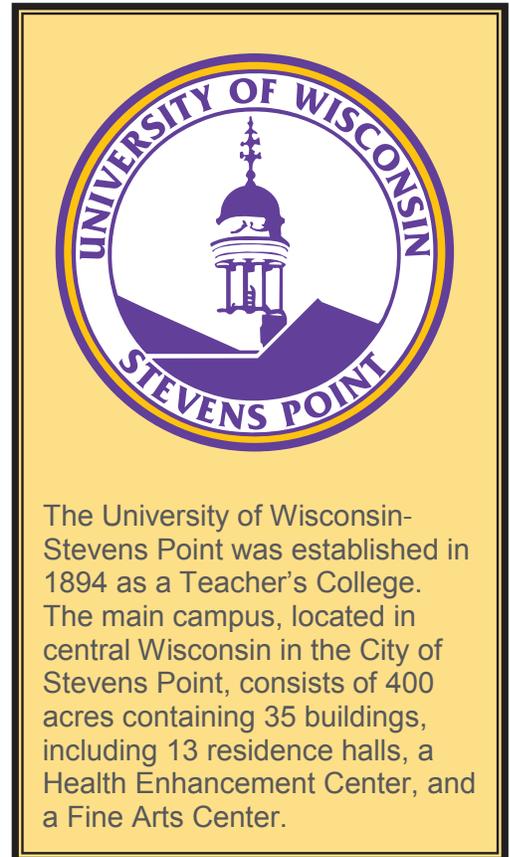
Stevens Point

Purpose and Scope

The purpose of this study is to measure the economic impact that the University of Wisconsin-Stevens Point (UWSP) has on the state economy¹. The University's economic impact comes from spending on operations of the campus, as well as the spending of faculty, staff, students, and visitors. The spending from these sources, in turn, creates jobs and generates tax revenue.

Overview

The University of Wisconsin-Stevens Point is one of thirteen comprehensive universities in the UW System. In the period since the 2006 UWSP economic impact study, there have been significant changes in UWSP's budget. For example, overall revenues for UWSP have increased by nearly 22%. Although UWSP receives more state tax dollars than it did in 2006, the current state tax investment represents a smaller percentage of the University's total budget than it did in 2006. Program revenue constitutes a slightly larger percentage of the budget than it did five years ago (increasing from 27.7% to 28.5%), while federal funding has decreased significantly (from \$12.8 million to \$8.7 million, a decrease from 10.1% to 5.7% of UWSP's total budget). Although UWSP revenues as a whole have increased, the serious economic recession that the nation experienced in 2009 and 2010 has resulted in smaller indirect and induced spending effects, and consequently less robust economic impacts than have been reported previously.



The University of Wisconsin-Stevens Point was established in 1894 as a Teacher's College. The main campus, located in central Wisconsin in the City of Stevens Point, consists of 400 acres containing 35 buildings, including 13 residence halls, a Health Enhancement Center, and a Fine Arts Center.

¹ This study updates an economic impact study done for UW-Stevens Point in 2006. The methodology used in this study is consistent with that which was used in the prior study.

The Total Economic Impact of UW-Stevens Point

The economic impact of UWSP comes from spending in the Wisconsin economy. The sources of related spending include operations, faculty and staff, students, and visitors.

The total economic impact comes from two sources:

1. The direct spending of faculty and staff, students, visitors and University operations supports local and state businesses. These businesses in turn employ workers and spend money in the state economy.
2. Indirect and induced spending results from direct spending cycling through the regional and state economy. The spending from businesses that benefit from the direct spending of faculty and staff, students, visitors, and University operations creates additional indirect or induced economic activity that results in jobs and taxes generated within the state.

Direct spending of over \$171 million feeds the economic engine that in turn generates more than \$236 million in indirect and induced spending.

Overall, the sum of this economic activity is nearly \$408 million.

Direct spending of over \$171 million feeds the economic engine that in turn generates more than \$236 million in additional economic activity.



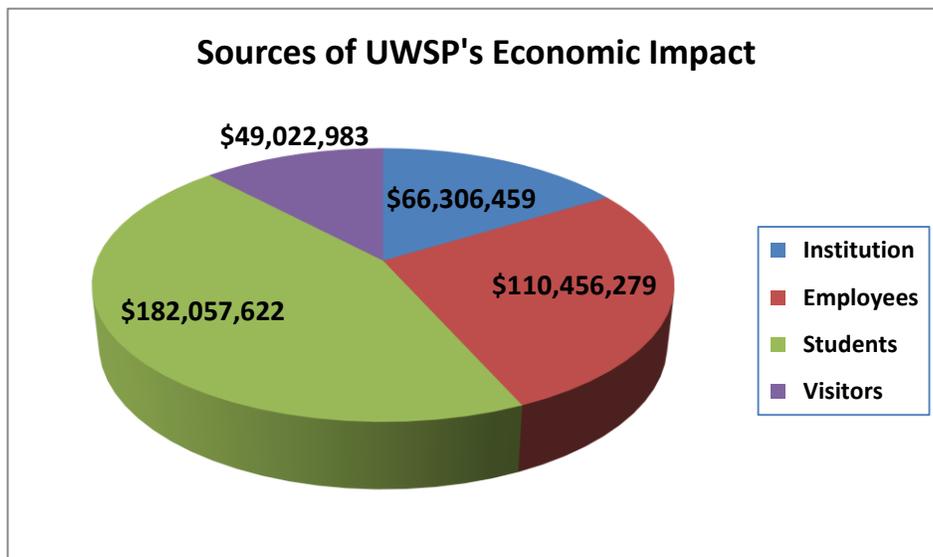
The \$408 million of economic impact comes from the following sources:

Figure 1: UWSP Total Economic Impact to the State of Wisconsin

Contributor	Contribution	% Share
Institution	\$66,306,459	16.26%
Employees	\$110,456,279	27.08%
Students	\$182,057,622	44.64%
Visitors	\$49,022,983	12.02%
Total Contribution	\$407,843,342	100.0%

As shown in Figures 1 and 2, students represent the largest contributor to UWSP’s economic impact, with nearly 45% of the total impact resulting from UWSP student spending. Employee spending accounts for 27% of the total economic impact, while UWSP institutional spending and visitor spending account for 16% and 12% of the total impact respectively.

Figure 2: Sources of UWSP’s Economic Impact to the State of Wisconsin



The Direct Economic Impact of UW-Stevens Point

UWSP-related direct spending in the state economy amounts to more than \$171 million per year. The primary contributors of that spending are students, employees, visitors, and UWSP’s non-payroll spending for operations of the University.

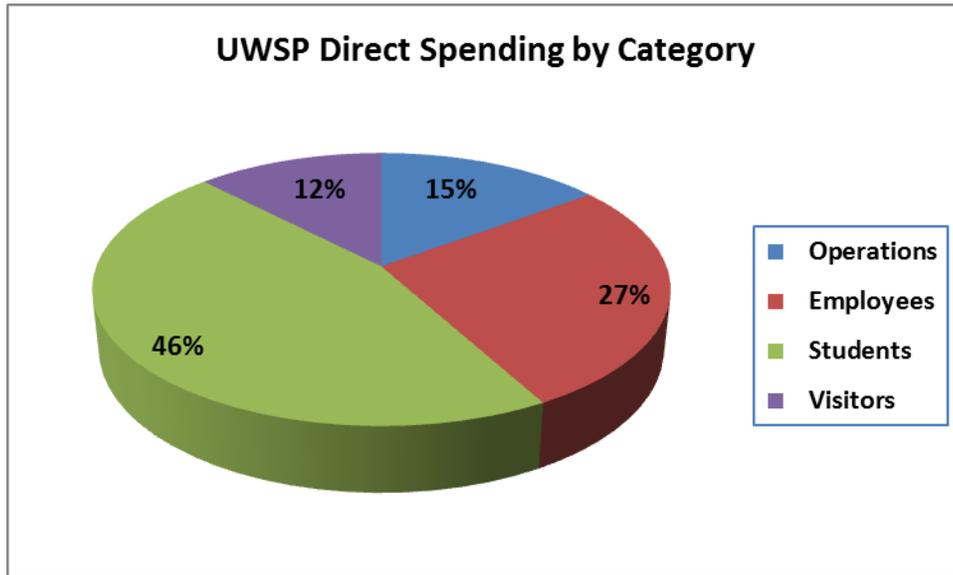
This spending contributes more than \$156 million to private businesses, \$10.5 million to government revenue, and more than \$4 million to not-for profits or charities.

Figure 3: UWSP Direct Spending Balance Sheet

CONTRIBUTOR	SPENDING
Operations	\$25,481,101
Employees	\$46,483,014
Students	\$78,393,826
Visitors	\$21,079,249
TOTAL	\$171,437,191
RECIPIENT	
Private Business	\$156,044,398
Households	\$512,380
Not-for-profits	\$4,377,736
Local Government	\$10,502,677
TOTAL	\$171,437,191

UWSP-related direct spending in the state economy amounts to more than \$171 million per year. This spending contributes more than \$156 million to private businesses, \$10.5 million to the government, and \$4 million to charities.

Figure 4: UWSP Direct Spending by Category



The Impact of UW-Stevens Point on Wisconsin Jobs

Spending related to UWSP has a significant impact on Wisconsin jobs. Jobs attributable to UWSP occur in five ways:

- Faculty and staff are directly hired by the University to teach, conduct research, do public service, and perform a variety of administrative functions.
- Operational spending creates jobs in regional and state businesses.
- Employee spending creates jobs in the region and state.
- Student spending creates jobs in the region and state.
- Visitor spending creates jobs in the hospitality and related industries.

Figure 5: UWSP Impact on Jobs (Full-Time Equivalent)

JOB GENERATOR	JOBS
Employees directly employed by UWSP	1,162
Operational spending	893
Employee spending	226
Student spending	2,688
Visitor spending	722
Total Job Impact	5,690

UW-Stevens Point Tax Revenue Impact

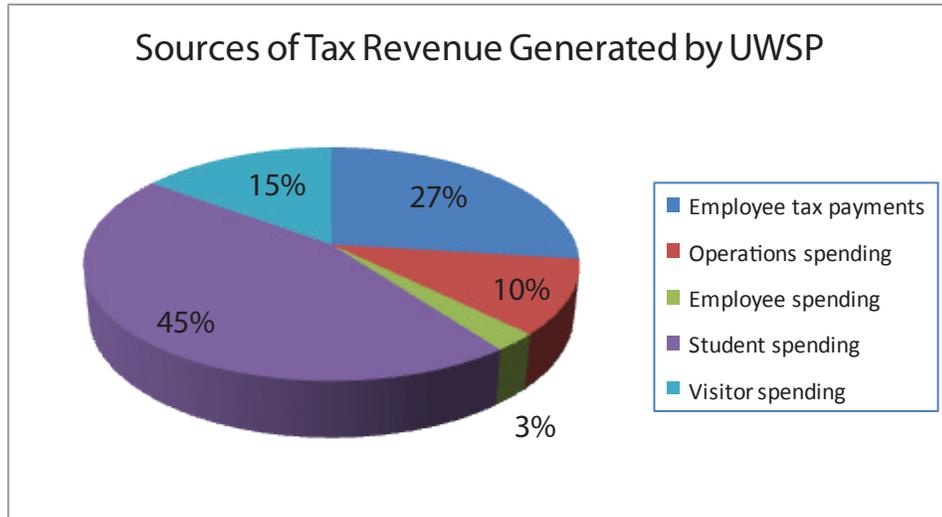
The economic activity generated by UWSP results in state and local tax revenue. The tax revenue comes from state income tax payments, sales tax payments and payments for local property taxes. The sources of that tax revenue are shown below.

Figure 6: UWSP State and Local Tax Revenue by Source

TAX REVENUE SOURCE	TAX REVENUE
Employee sales and income tax payments	\$4,517,881
Operational expenditures	\$1,729,778
Employee spending	\$420,117
Student spending	\$7,578,014
Visitor spending	\$2,503,011
Total State and Local Tax Revenue	\$16,748,801

UWSP's tax impact results from the overall economic activity of the University. UWSP faculty and staff pay state income taxes on their University and other income. They pay sales taxes on many types of expenditures. Faculty and staff spending and the spending of the University on operations generate jobs. Those jobs in turn generate income taxes, sales taxes and property tax payments. The spending of students and visitors generates sales taxes. That spending, in turn, creates jobs, and spending from those jobs generates sales and income taxes. Overall, UWSP economic activity generates more than \$16.7 million in state and local tax revenue.

Figure 7: Percentage of UWSP Tax Revenue by Source



Overall, UWSP economic activity generates more than \$16.7 million in state and local tax revenue.

Return on Public Investment

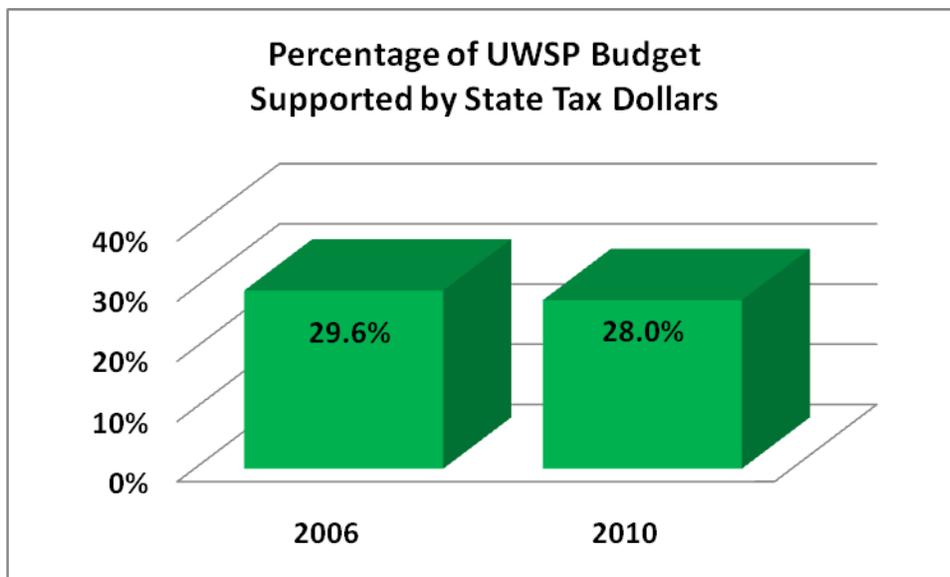
The University of Wisconsin-Stevens Point is a well-respected public university. The University is based upon public investment in higher education that goes back to the founding of the State of Wisconsin in 1848. For over 115 years, the citizens of the State of Wisconsin have supported the teaching, research and public service missions of UWSP. Without the annual public investment by the State of Wisconsin, UWSP could not generate the total economic impact reported in this study.

As economic conditions have changed, the University has drawn resources from other sources to complement state investment. When UWSP's economic impact was studied in 2006, the University received 29.6% of its total budget from state taxes. Today, although UWSP's total revenue has increased by nearly 22%, the percentage supported by state tax dollars has dropped to 28%. In 2009-10, the State of Wisconsin invested \$43.1 million in state tax dollars in UWSP. The total University budget for 2009-10 was \$154 million.

What does the State of Wisconsin get in terms of return on investment for the investment of \$43.1 million? Unlike most public programs, the University attracts money into the state and creates significant economic activity, jobs and tax revenue. The 2009-10 economic impact of UWSP as reported in this study is \$407,843,342.

For every \$1.00 of state tax investment in the University, there is \$9.46 in economic activity in the state. This rate of return is possible because of the state's long term investment in the University and the resulting infrastructure and reputation for quality that has resulted.

Figure 8: Percentage of UWSP Budget Supported by State Taxes



For every \$1.00 of state tax investment in UWSP, there is \$9.46 in economic activity in the state.

Qualitative Impacts

In addition to economic impact, UWSP's reputation and its extensive network of alumni benefit the state in many ways. UWSP consistently ranks in the Top 10 Public Universities in the Midwest, according to *US News and World Report*. UWSP also scores well in the National Survey of Student Engagement, whose results are reported by *USA Today*. UWSP has a strong commitment to sustainability, with specific goals to be ecologically sound, socially just, culturally affirming, politically doable, and economically viable. The value of an educated workforce, community involvement/volunteers, and providing enriching educational experiences for students and faculty alike becomes difficult to translate into specific and accurate metrics. Although these qualitative impacts are difficult to measure precisely, the value of the University's qualitative impacts is extensive.



UWSP's Definition of Sustainability - UWSP is committed to sustainability and its practice in its daily operations. Sustainability is the human enterprise of living to meet today's needs without compromising the needs of future generations, and to be ecologically sound, socially just, culturally affirming, politically doable, and economically viable. UWSP demonstrates its commitment to sustainability through such measures as resource recovery (recycling), composting food wastes, energy reduction and continually exploring ideas to promote and support sustainability initiatives.

Methodology

In order to identify and estimate the total economic contribution that any organization or activity makes to the state or regional economy, it is necessary to look beyond the direct expenditures made by the organization itself. There is a “ripple effect” of the expenditures made for goods and services related to the activity. Wages paid to workers are spent on housing, food, clothing, entertainment, etc. By the same token, business revenues generated from supplying goods and services to UWSP are paid out in wages, and costs of additional goods and services, costs of living, etc. This multiplier effect is accounted for both in terms of indirect effects of the direct spending, as well as induced effects (essentially, the further effects of the indirect effects) to calculate total economic impact.

The “multiplier effect” refers to the recurrent economic activity generated by an initial expenditure. For example, money spent directly on construction will cycle through the local economy again as wages to the tradesmen, purchases of construction materials such as lumber, tools and nails, gasoline for machinery and worker transportation. The initial wave of spending generates a second and third wave of spending as wages paid and profits made on the direct construction spending spins through the economy in several cycles. Thus, the original direct expenditure yields a greater economic impact than just the money initially spent. Some money “leaks out” of the regional economy at each level as some spending is done outside the region (some goods purchased may originate in another state, for example). As a result, the subsequent spending cycles decrease in impact.



Economic impact is calculated using the IMPLAN economic impact modeling system from the Minnesota IMPLAN Group (MIG). IMPLAN is used to create detailed social accounting matrices and multiplier models of local economies. MIG provides region-specific data to enable users to make in-depth examinations of state, multi-county, county, sub-county, and metropolitan regional economies. MIG has been developing complex localized databases, and distributing IMPLAN® software to public and private organizations since 1993.

Tax withholding estimates and other leakages were subtracted from gross payroll figures to determine payroll expenditures that benefit the regional economy.

Economic multiplier models are the framework for analyzing economic impact. Derived mathematically, these models estimate the magnitude and distribution of economic impacts, and measure three types of effects: direct, indirect, and induced changes within the economy. Direct effects are determined by the amount of the initial spending. Indirect effects are determined by the amount of the direct effect spent within the study region on supplies, services, labor and taxes. Finally, the induced effect measures the money that is re-spent in the study area as a result of spending from the indirect effect. Each of these steps recognizes an important leakage from the economic study region spent on purchases outside of the defined area.

Economic multipliers were purchased from the Minnesota IMPLAN Group, Inc. (IMPLAN). IMPLAN is the developer of the IMPLAN® economic impact modeling system, which is used to create complete, extremely detailed Social Accounting Matrices and Multiplier Models of local economies. IMPLAN tools are in use by more than 1,000 public and private institutions.

Summary

UWSP-related spending supports businesses throughout the state, creates jobs for the citizens of the state, and generates tax revenue for state and local governments.

Figure 10: Total Economic Impacts of UW-Stevens Point

	Total Economic Impact	Wisconsin Jobs Created and Supported	State/ Local Tax Revenue
UWSP	\$407.8 million	5,690	\$16.7 million

Total Economic Impact of the University of Wisconsin-Stevens Point

Total Economic Impact \$407.8 Million

Jobs Created/Supported 5,690 Wisconsin Jobs

State & Local Tax Revenue \$16.7 Million



APPENDIX - ABOUT NORTHSTAR ECONOMICS, INC.

NorthStar Economics, Inc. (NorthStar) is an economic consulting and research firm located in the University Research Park's Metro Innovation Center in Madison, Wisconsin. NorthStar has served a wide variety of clients in both the public and private sectors. One of the primary practices of NorthStar is the preparation of economic impact and feasibility studies. NorthStar's work covers the spectrum from higher education to research facilities to special events and programs.



NorthStar has completed economic impact studies for the University of Wisconsin-Madison, as well as the UW-Madison Athletic Department, and the UW campuses at Oshkosh, Platteville, Stevens Point, and Stout. The firm has also studied the economic impact of the entire University of Wisconsin System, as well as the system of public colleges and universities in the state of Kansas on behalf of Citizens for Higher Education. Outside the realm of higher education, NorthStar has analyzed the economic impact of Wisconsin Public Libraries, the construction industry in Southeastern Wisconsin, and more specifically, the economic contribution of skilled apprenticeship programs. The firm has explored the feasibility of research incubators in Southeast Iowa, Wisconsin Rapids, Marinette, and Whitewater, as well as a commercial kitchen incubator in Racine, Wisconsin. NorthStar has analyzed the economic impact of trout fishing in the Driftless Area for Trout Unlimited, and the firm calculated the total economic impact of the 2004 PGA Championship in Kohler, Wisconsin.

Key personnel who participated in conducting in this study include all three NorthStar principals: CEO and founder David J. Ward, Ph.D., President Bruce E. Siebold, Ed.D., and Vice President and Director of Operations Alan J. Hart, J.D. NorthStar's former Vice President and Director of Research, Dennis K. Winters, M.S., conducted the primary economic analysis.

