



**UNIVERSITY OF WISCONSIN-**  
**STOUT'S**

**ECONOMIC CONTRIBUTION**

**TO THE**

**REGION**

**Dennis K. Winters, Principal Investigator**



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## **Forward**

We would like to thank the University of Wisconsin-Stout for commissioning this economic contribution study. A study such as this requires the coordinated efforts of several people. We very much appreciate the assistance given by the University of Wisconsin-Stout officials and their staff that helped prepare the data for us.

This study, undertaken in the fall of 2004, by Dennis K. Winters, Vice President and Director of Research of NorthStar Economics, Inc.

The UW-Stout is a growing force in the Dunn County economy. Its impact on economic activity and employment need to be thought of as part of a higher education industry cluster. This cluster, which includes the public and private universities and public technical colleges, is a substantial and increasing economic force.

We accept full responsibility for any errors of omission or commission.

Dennis K. Winters  
Vice President & Director of Research  
NorthStar Economics, Inc.

## **PURPOSE AND SCOPE**

### **Purpose**

Private businesses are touted as the drivers of economic activity and prized for the jobs they provide. Often overlooked are the public institutions in a region that also bring jobs to the local populace. Such institutions not only supply employment opportunities, they also purchase goods and services from area businesses. Moreover, higher education institutions draw a clientele that contributes significantly to a local economy. These components often comprise a substantial share of the economic activity of a region.

The purpose of this study is to measure the economic contribution of the University of Wisconsin-Stout. UW-Stout is located in Dunn County in northwestern Wisconsin.

UW-Stout purchases goods and services from private businesses and pays wages to its employees, who in turn spend their income in the local economy. UW-Stout students also purchase goods and services and hold jobs in the local economy. All these expenditures are magnified throughout the local economy as the employee compensation and business revenues are further cycled through the local economy, multiplying the economic impact to the region.

The purpose of this study is to quantify the monetary contribution UW-Stout makes to the regional economy, primarily Dunn County. The monetary contribution stems from UW-Stout institutional spending, employee, student, and visitor spending. The components are summed to yield the total economic contribution resulting from UW-Stout presence in the region. The analysis results in this report of the total economic contribution UW-Stout makes to Dunn County and Wisconsin.

### **Scope**

In order to identify and estimate the total economic contribution UW-Stout makes to Dunn county, one has to look beyond the direct expenditures made by the institution itself. There is a ripple effect of the expenditures made for goods and services supplied to UW-Stout. Wages paid to UW-Stout faculty and staff are spent by the employees on housing, food, clothing, entertainment, etc. Likewise, business revenues generated from supplying goods and services to UW-Stout are paid out in wages, and material costs, which in turn are spent on living costs. This multiplier effect enlarges the economic impact of the initial UW-Stout expenditures.<sup>1</sup>

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<sup>1</sup> The “multiplier effect” refers to the recurrent economic activity generated by an initial expenditure. For example, \$100 spent directly on construction will cycle through the local economy again as wages to the tradesman, 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 UW spending spins through the economy in several cycles. Some money leaks out of the local economy at each level as some spending is done outside the region, the lumber may originate in Georgia or Canada, for example. Thus, the original direct expenditure yields a greater economic impact than just the \$100 initially spent.

This study quantifies the total economic contribution UW-Stout makes to the region by collecting data, analyzing spending patterns, applying multiplier coefficients and calculating the final fiscal effects.

Throughout the report, we refer to “the economic contribution attributable to UW-Stout’s presence in the region.” This means we count only the money spent by the university, its employees and students that occurs because UW-Stout is located where it is. The presence of UW-Stout in Dunn County, and the economic activity that it generates creates an enormous economic benefit for Dunn County businesses, households, and local governments.

This study is confined to the economic contribution of the UW-Stout, which comes from institutional expenditures and payroll, student expenditures, and visitor expenditures. It does not measure the economic contribution of affiliated UW-Stout organizations such as alumni associations and foundations, the economic impact of faculty and staff earnings from private consulting, book and patent royalties, the economic impact of faculty and staff expertise used by state businesses and organizations, and a host of other collateral economic activities. With this in mind, the economic impact of the UW-Stout reported in this study understates the overall economic impact of the UW-Stout by the factors mentioned above.

## **HIGHLIGHTS OF FINDINGS**

- The University of Wisconsin-Stout contributes over \$312 million to Dunn County's economy, and almost \$344 million to the State's economy annually.
- UW-Stout activities are responsible for almost 6,700 jobs in Dunn County and over 7,200 jobs statewide.
- The UW-Stout presence in the state generates over \$18 million in state income and sales tax revenue annually; about 47% of the UW-Stout state \$38 million budget allocation for fiscal 2002-2003.
- Over 63% of the \$103 million UW-Stout revenue comes from sources other than state taxes.
- UW-Stout employees spend almost \$31 million directly in Dunn County annually.
- UW-Stout students spend almost \$61 million annually in Dunn County over and above tuition, fees, and university supplied room and board.
- UW-Stout student body contributes over 36,000 volunteer hours and \$1.7 million worth of time to local community services.
- Visitors to UW-Stout related events spend almost \$17 million in Dunn county.
- The positive cultural and social impacts of an educated populace immeasurably enhances Dunn County's quality of life.

**CHAPTER 1**

**EXECUTIVE SUMMARY**

## **CHAPTER 1: EXECUTIVE SUMMARY**

Private businesses are often touted as the drivers of economic activity and prized for the jobs they provide. Often overlooked are the public institutions in a region that also provide jobs to the local populace. The University of Wisconsin-Stout also serves as a stable economic anchor in the region and makes a substantial contribution to the local economy. Education is the second fastest growing economic cluster in the country and UW-Stout's role is critical for the region in attaining economic prosperity in the new knowledge based economy.

In order to identify and estimate the total economic contribution the UW-Stout makes to the region, one has to look beyond the direct expenditures made by the institution itself. There is a ripple effect of the expenditures made for goods and services supplied to UW-Stout. Wages paid to UW-Stout faculty and staff are spent by the employees on housing, food, clothing, entertainment, etc. Likewise, business revenues generated from supplying goods and services to UW-Stout are paid out in wages, and material costs, which in turn are spent on living costs. This multiplier effect enlarges the economic impact of the initial UW-Stout expenditures.

The total economic contribution that is attributable to UW-Stout is the sum of the economic activity generated by four entities: the institution, employees, students, and visitors. The institution component encompasses non-payroll spending such as everything from desks to computers to food service to research lab equipment to building construction. The employee contribution is analyzed in terms of UW-Stout payroll and full-time equivalent positions. The student component also consists of full-time equivalents. Visitors are broken out into three subcomponents of business representatives, athletic events, and visitors to students.

### **UW-Stout Revenues**

UW-Stout fiscal 2002-03 revenues totaled \$103 million. Most, 37%, of the budgeted revenue came from state taxes, \$38 million. Program revenue makes up almost 20% of total revenue and tuition was responsible for approximately 28% of UW-Stout revenues. Nearly 5% of total revenue was accounted for by federal grants and 2% by private gifts, donations, and grants.

Figure 1 – 1

**UW-Stout Revenues**

<b><u>Revenue Source</u></b>	<b><u>Amount</u></b>	<b><u>Percent of Total</u></b>
State Taxes	\$38,131,634	36.9
Federal Grants	4,999,049	4.8
Program Revenue	20,236,622	19.6
Tuition	29,416,821	28.4
Private Gifts, Donations, & Grants	1,830,905	1.8
Financial Aides	8,810,450	8.5
<b>Total UW-Stout Revenue</b>	<b>\$103,425,481</b>	<b>100.0%</b>
Source: UW-Stout		

**UW-Stout Expenditures**

UW-Stout spent nearly \$90 million on payroll, goods, and services in fiscal year 2002-03. (The difference between total revenue and total expenditures is due to internal transfers and accounting balances that are not to be double-counted.) Total UW-Stout payroll, consisting of wages, benefits, and taxes was over \$49 million. UW-Stout institutional, non-payroll spending totaled more than \$39 million.

About 45% of UW-Stout non-payroll expenditures occurred in Dunn County, \$18 million. Total UW-Stout non-payroll, in-district spending is reduced by internal transfers and student grants, which are assumed to return to the UW-Stout in the form of tuition and fees, to avoid double counting of dollars. Construction spending is added into UW-Stout non-payroll, in-district expenditures to capture the flow of construction spending attributable to the UW-Stout presence in the county.

**UW-Stout Direct Spending**

UW-Stout spending contributes to Wisconsin's economy through direct institutional spending on goods and services, payroll, UW-Stout student spending and visitor spending. Direct UW-Stout related spending amounts to about \$18 million per year for Dunn County's economy. Faculty and Staff spending amounts to almost \$31 million, with UW-Stout student spending contributing over \$60 million, and campus visitors adding another \$17 million.

Private businesses are the largest benefactors of UW-Stout economic activity, receiving almost \$115 million dollars of campus related spending. Households, Not-for-profits and state and local government receive lesser shares, but significant allotments.

Figure 1 – 2

**UW-Stout Economic Contribution Balance Sheet**

<b>Contributor</b>		
Institution	17,675,892	
Employees	30,948,221	
Students	60,611,696	
Visitors	16,830,749	
<b>Total</b>		<b>\$126,066,558</b>
<b>Recipient</b>		
Private Business	114,851,692	
Households	365,706	
Not-for-Profits	3,240,956	
Local Government	7,608,204	
<b>Total</b>		<b>\$126,066,558</b>

**Total Economic Contribution**

UW-Stout direct spending multiplies through the local economy as UW dollars finance business expenditures and payrolls resulting in many rounds of indirect spending, the re-spending of UW direct expenditures.

The total economic contribution made by UW-Stout to Dunn County is almost \$304 million.

Figure 1 – 3

**UW-Stout Total Contribution to the County**

<b>Contributor</b>	<b>Contribution</b>
Institution	\$50,128,276
Employees	73,606,361
Students	140,809,967
Visitors	39,100,328
<b>Total Contribution</b>	<b>\$303,644,933</b>

**UW-Stout Job Generation**

The money the UW-Stout spends on goods and services generates jobs for Wisconsin citizens. Jobs attributable to the UW-Stout occur in four ways. The first is the direct faculty and staff jobs for people working for the UW-Stout. The second job creator is the jobs generated by non-payroll, in-state UW-Stout expenditures. The third job creator is for the people that serve the UW-Stout workforce in their professional and private lives. The fourth job creator is the jobs generated by student and visitor spending.

UW-Stout non-payroll, in-district spending creates more than Fifty-six jobs for every \$1 million spent. UW-Stout non-payroll, in-state institutional spending creates over 1,500 Wisconsin jobs.

UW-Stout employs 1,097 full-time equivalent faculty and staff. The presence of the UW-Stout workforce creates other jobs for workers that supply the goods and services to the UW-Stout workforce in their professional duties and in their private lives. Every UW-Stout full-time equivalent position creates another 0.1851 jobs, generating an additional 203 jobs.

Student and visitor spending also create jobs. UW-Stout students are responsible for another 3,465 jobs in Wisconsin. Another 955 jobs are created as a result of visitor spending. Resident visitor spending is not a factor in Wisconsin job creation, as that money would be spent in the state anyway. However, without the UW-Stout, state resident visitors would spend some of this money out-of-state. Non-resident visitor spending would not occur at all without the UW-Stout.

Total jobs created in Wisconsin due to the presence of UW-Stout are 6,698 in Dunn County, 7,229 total in the state.

Figure 1 – 4

**UW-Stout Job Creation**

<b>Job Generator</b>	<b>Number of Jobs</b>
UW-Stout Non-payroll, In-state Spending	1,509
UW-Stout Faculty and Staff	1,097
UW-Stout Employee Presence	203
Student Spending	3,465
Visitor Spending	955
<b>Total Jobs Created</b>	<b>7,229</b>

**UW-Stout Tax Revenue Generation**

UW-Stout employees pay state income taxes and sales taxes on their purchases. Jobs created as a result of UW-Stout’s presence in the state generate additional state income and sales tax revenue for Wisconsin. A state sales tax rate of 5.50% is also applied to student and visitor spending. The total Wisconsin income and sales tax revenue generated due to UW-Stout’s presence in the state totaled nearly \$18 million.

Figure 1 – 5

**UW-Stout Tax Revenue Generation**

<b><u>Tax Revenue Generation</u></b>	<b><u>Tax Revenue</u></b>
Non-Payroll Spending	\$2,837,651
Employee Presence	4,078,360
Student Spending	8,316,135
Visitor Spending	2,695,092
Total State Tax Revenue Generated	<b>\$17,927,238</b>

**Summary**

UW-Stout fiscal 2002-03 revenues totaled \$103 million. State taxes accounted for nearly 37% of this revenue. UW-Stout spent \$90 million on payroll, goods, and services. About 45% of institutional non-payroll spending occurred in Dunn County, \$18 million.

UW-Stout direct institutional, employee, student, and visitor spending totaled \$126 million. Of this amount, \$114 million was spent in local area private businesses. This spending is multiplied through the local economy. UW-Stout's total economic contribution to the local economy is \$304 million, \$335 million in total to the state's economy.

The money UW-Stout spends on goods and services generates additional Wisconsin jobs. These jobs generate additional state income and sales tax revenue for Wisconsin. UW-Stout direct spending creates over 7,200 jobs for Wisconsin. These jobs generate almost \$18 million of additional state income and sales tax revenue for Wisconsin.

## EXECUTIVE SUMMARY ONLY

To obtain the entire report, please contact:

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