

**UNIVERSITY OF WISCONSIN –
PLATTEVILLE’S
ECONOMIC CONTRIBUTION
TO
THE REGION**



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TABLE OF CONTENTS

Forward	3
Purpose and Scope	4
Highlights of Find ings	6
CHAPTER 1: Executive Summary	8
CHAPTER 2: The Institution’s Contribution	13
CHAPTER 3: The Employees’ Contribution	18
CHAPTER 4: The Students Contribution	24
CHAPTER 5: The Visitors Contribution	30
CHAPTER 6: Methodology	34
Bibliography	39

Forward

We would like to thank the University of Wisconsin-Platteville 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 System officials and their staff that helped prepare the data for us: Deborah Durcan, Vice President for Finance, Frank Goldberg, Associate Vice President, Office of Policy Analysis & Research, and Ralph Thiede, Accountant Advanced with UW System Administration - Financial Reporting Department.

This study, undertaken in the fall of 2002, was led by Dennis K. Winters, Vice President and Director of Research of NorthStar Economics, Inc., Madison, WI. Karyn I. Kriz was invaluable in her role as research analyst for NorthStar Economics.

The UW-Platteville is a growing force in the Grant 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
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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 UW-Platteville. The UW-Platteville is located in Grant County in southwestern Wisconsin.

The UW-Platteville purchases goods and services from private businesses and pays wages to its employees, who in turn spend their income in the local economy. UW-Platteville 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-Platteville makes to the regional economy, primarily Grant County. The monetary contribution stems from UW-Platteville institutional spending, employee, student, and visitor spending. The components are summed to yield the total economic contribution resulting from UW-Platteville presence in the state. The analysis results in this report of the total economic contribution UW-Platteville makes to the region.

Scope

In order to identify and estimate the total economic contribution the UW-Platteville makes to the 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-Platteville. Wages paid to UW-Platteville 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-Platteville 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-Platteville expenditures.¹

¹ 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-Platteville 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-Platteville’s presence in the region.” This means we count only the money spent by the universities and colleges, its employees and students that occurs because UW-Platteville is located where it is. The presence of UW-Platteville institutions in Grant County, and the economic activity that it generates creates an enormous economic benefit for Grant County businesses, households, and local governments.

This study is confined to the economic contribution of the UW-Platteville, which comes from institutional expenditures and payroll, student expenditures, and visitor expenditures. It does not measure the economic contribution of affiliated UW-Platteville 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-Platteville reported in this study understates the overall economic impact of the UW-Platteville by the factors mentioned above.

HIGHLIGHTS OF FINDINGS

- The University of Wisconsin-Platteville contributes over \$197 million to Grant County's economy, and over \$224 million to the State's economy annually.
- UW-Platteville activities are responsible for over 3,400 jobs in Grant County and over 3,800 jobs statewide.
- The UW-Platteville presence in the state generates almost \$10 million in state income and sales tax revenue annually; about 36% of the UW-Platteville state \$28 million budget allocation for fiscal 2001-2002.
- Over 62% of the \$72 million UW-Platteville revenue comes from sources other than state taxes.
- UW-Platteville employees spend over \$26 million in Grant County annually.
- UW-Platteville students spend almost \$40 million annually in Grant County over and above tuition, fees, and university supplied room and board.
- Visitors to UW-Platteville related events spend over \$10 million in the county.
- The positive cultural and social impacts of an educated populace immeasurably enhances Grant 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-Platteville also serves as an 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-Platteville'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-Platteville 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-Platteville. Wages paid to UW-Platteville 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-Platteville 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-Platteville expenditures.

The total economic contribution that is attributable to UW-Platteville 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-Platteville 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-Platteville Revenues

UW-Platteville fiscal 2001-02 revenues totaled \$72 million. Most, 39%, of the budgeted revenue came from state taxes, \$28 million. Program revenue and tuition were each responsible for approximately 26% of UW-Platteville revenues. Nearly 8% of total revenue was accounted for by federal grants and 1% by private gifts, donations, and grants.

Figure 1 – 1

UW-Platteville Revenues

<u>Revenue Source</u>	<u>Amount</u>	<u>Percent of Total</u>
State Taxes	\$27,919,008	38.6%
Federal Grants	5,467,319	7.6
Program Revenue	19,157,685	26.5
Tuition	19,321,023	26.7
Private Gifts, Donations, & Grants	<u>493,372</u>	<u>0.7</u>
Total UW-Platteville Revenue	\$72,358,407	100.0%
Source: UW System		

UW-Platteville Expenditures

UW-Platteville spent \$60 million on payroll, goods, and services in fiscal year 2001-02. (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-Platteville payroll, consisting of wages, benefits, and taxes was \$34 million. UW-Platteville institutional, non-payroll spending totaled \$26 million.

About 22% of UW-Platteville non-payroll expenditures occurred in Grant County, \$6 million. Total UW-Platteville non-payroll, in-district spending is reduced by internal transfers and student grants, which are assumed to return to the UW-Platteville in the form of tuition and fees, to avoid double counting of dollars. Construction spending is added into UW-Platteville non-payroll, in-district expenditures to capture the flow of construction spending attributable to the UW-Platteville presence in the county.

UW-Platteville Direct Spending

UW-Platteville spending contributes to Wisconsin's economy through direct institutional spending on goods and services, payroll, UW-Platteville student spending and visitor spending. Direct UW-Platteville related spending amounts to about \$7.8 million per year for Grant County's economy. Faculty and Staff spending amounts to almost \$26 million, with UW-Platteville student spending contributing over \$41 million and campus visitors adding another \$10 million.

Private businesses are the largest benefactors of UW-Platteville economic activity, receiving over \$76 million dollars of campus related spending. Households, Not-for-profits and state and local government receive lesser shares, but significant allotments.

UW-Platteville Economic Contribution Balance Sheet

<u>Contributor</u>		
Institution	7,840,944	
Employees	26,202,933	
Students	39,562,686	
Visitors	10,308,556	
Total		\$83,915,119
<u>Recipient</u>		
Private Business	76,126,474	
Households	250,219	
Not-for-Profits	2,194,656	
Local Government	5,343,770	
Total		\$83,915,119

Total Economic Contribution

UW-Platteville 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-Platteville to Grant County is \$224 million

UW-Platteville Total Contribution to the County

<u>Contributor</u>	<u>Contribution</u>
Institution	\$41,745,249
Employees	62,334,892
Students	95,752,965
Visitors	23,899,075
Total Contribution	\$223,732,181

UW-Platteville Job Generation

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

UW-Platteville non-payroll, in-district spending creates more than thirty-five jobs for every \$1 million spent. UW-Platteville non-payroll, in-state institutional spending creates about 730 Wisconsin jobs.

UW-Platteville employs 429 full-time equivalent faculty and staff. The presence of the UW-Platteville workforce creates other jobs for workers that supply the goods and services to the UW-Platteville workforce in their professional duties and in their private lives. Every UW-Platteville full-time equivalent position creates another 0.3896 jobs, generating an additional 167 jobs.

Student and visitor spending also create jobs. UW-Platteville students are responsible for another 1,992 jobs in Wisconsin. Another 493 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-Platteville, state resident visitors would spend some of this money out-of-state. Non-resident visitor spending would not occur at all without the UW-Platteville.

Total jobs created in Wisconsin due to the presence of UW-Platteville are 3,437 in Grant County, 3,811 total in the state.

UW-Platteville Job Creation

Job Generator	Number of Jobs
UW-Platteville Non-payroll, In-state Spending	730
UW-Platteville Faculty and Staff	429
UW-Platteville Employee Presence	167
Student Spending	1,992
Visitor Spending	<u>493</u>
Total Jobs Created	3,811

UW-Platteville Tax Revenue Generation

UW-Platteville employees pay state income taxes and sales taxes on their purchases. Jobs created as a result of UW-Platteville'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-Platteville's presence in the state totaled nearly \$10 million.

UW-Platteville Tax Revenue Generation

<u>Tax Revenue Generation</u>	<u>Tax Revenue</u>
Non-Payroll Spending	\$1,177,424
Employee Presence	2,901,489
Student Spending	4,196,019
Visitor Spending	<u>1,277,203</u>
Total State Tax Revenue Generated	\$9,552,137

Summary

UW-Platteville fiscal 2001-02 revenues totaled \$72 million. State taxes accounted for nearly 39% of this revenue. UW-Platteville spent \$60 million on payroll, goods, and services. About 22% of institutional non-payroll spending occurred in Grant County, \$8 million.

UW-Platteville direct institutional, employee, student, and visitor spending totaled \$85 million. Of this amount, \$76 million was spent in local area private businesses. This spending is multiplied through the local economy. UW-Platteville's total economic contribution to the local economy is \$224 million.

The money UW-Platteville spends on goods and services generates additional Wisconsin jobs. These jobs generate additional state income and sales tax revenue for Wisconsin. UW-Platteville direct spending creates 3,811 jobs for Wisconsin. These jobs generate \$9.5 million of additional state income and sales tax revenue for Wisconsin.

EXECUTIVE SUMMARY ONLY

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