



The Economic Value of the University of Louisiana System

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.



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.

Operations spending 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 spending impact



Research activities impact the economy by employing people and requiring the purchase of equipment and other supplies and services. Over the last four years, the UL System received 121 invention disclosures, filed 75 new patent applications, and produced 10 licenses. Total license income over the same four-year time period grew from \$200,000 in FY 2018-19 to \$400,000 in FY 2021-22, an approximate \$200,000 increase.

In FY 2021-22, the UL System spent \$114.6 million on payroll to support research activities.² This, along with \$118 million in other research spending, created a net total of \$200.6 million in added income for the state economy. This added income is equivalent to supporting 2,691 jobs.

UL System research developments

Fiscal year	Inventions	Patents	Licenses
2018-19	28	22	2
2019-20	40	16	4
2020-21	26	25	1
2021-22	27	12	3
Total	121	75	10

Source: Data provided by the UL System member institutions.

Construction spending impact



The UL System invests in construction each year to maintain facilities, creates additional capacities, and meets growing educational demands. While the amount varies from year to year, these quick infusions of income and jobs have a substantial impact on the state economy. In FY 2021-22, the UL System's construction spending generated \$22.5 million in added income, which is equivalent to supporting 386 jobs.

Start-up and spin-off company impact



The UL System creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up and spin-off companies related to the member institutions that have been created in the state.

² Note that because FY 2021-22 research expenses data were unavailable at the time of this study, FY 2020-21 data was used as a proxy.

Impacts created by the UL System in FY 2021-22



Operations spending impact
\$664.6 million

+



Research spending impact
\$200.6 million

+



Construction spending impact
\$22.5 million

+



Start-up & spin-off company impact
\$846.5 million

+



Visitor spending impact
\$38.8 million

+



Student spending impact
\$154.9 million

+



Volunteerism impact
\$29.1 million

+



Alumni impact
\$9.9 billion



Total economic impact
\$11.8 billion

OR

Jobs supported
176,322



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 spending 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 income for the state economy in FY 2021-22. This \$38.8 million in added income is equivalent to supporting 1,015 jobs.

Student spending impact



Around 13 percent of students attending the UL System originated from outside the state in FY 2021-22, and some of these students relocated to Louisiana to attend the member institutions. These students may not have come to the state if the universities did not exist. In addition, some in-state students, referred to as retained students, would have left Louisiana if not for the existence of the UL System. While attending the member institutions, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$154.9 million in added income for the state economy in FY 2021-22, which supported 3,224 jobs in Louisiana.

Volunteerism impact



The UL System encourages its students and employees to volunteer in Louisiana, where they can work with businesses and organizations to help meet their goals. The work of these student and employee volunteers allows businesses and organizations to grow, increasing their output and impacting the economy at large. Using the value per volunteer hour for Louisiana,³ the work of the UL System student and employee volunteers is equivalent to \$7.2 million in earnings. In terms of actual impact to the Louisiana economy, the UL System student and employee volunteers generated an impact of \$29.1 million in added income for the state in FY 2021-22, equivalent to supporting 1,157 jobs.

³ By state value per volunteer hour was provided by Independent Sector (see https://independentsector.org/resource/vovt_details/).



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 impact was equal to approximately 4.7 percent of the total gross state product (GSP) of Louisiana. This contribution that the member institutions provided on their own is nearly as large as the entire Professional & Technical Services industry in the state.

The UL System's total impact can also be expressed in terms of jobs supported. The \$11.8 billion impact supported 176,322 state jobs, using the jobs-to-sales ratios specific to each industry in the state. This means that one out of every 15 jobs in Louisiana is supported by the activities of the member institutions and their students. In addition, the \$11.8 billion, or 176,322 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the UL System's spending and alumni in the Health Care & Social Assistance industry sector supported 27,013 jobs in FY 2021-22. If the member institutions did not exist, these impacts would not have been generated in Louisiana.

The UL System impact by industry (jobs supported)



28,678

Government, Education



27,013

Health Care & Social Assistance



13,443

Professional & Technical Services



13,108

Arts, Entertainment, & Recreation



11,716

Other Services (except Public Administration)

One out of every 15 jobs in Louisiana is supported by the activities of the UL System member institutions and their students.





An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. The analysis presented here considers the UL System as an investment from the perspectives of students, taxpayers, and society in Louisiana.

Student perspective



In FY 2021-22, the UL System served 98,750 credit and 2,885 non-credit students. In order to attend the member institutions, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by UL System students in FY 2021-22 amounted to a present value of \$1.2 billion, equal to \$610.3 million in out-of-pocket expenses (including future principal and interest on student loans) and \$631.5 million in forgone time and money.

In return for their investment, the UL System's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average UL System bachelor's degree graduate from FY 2021-22 will see annual earnings that are \$22,000 higher than a person with a high school diploma or equivalent working in Louisiana. Over a working lifetime, the benefits of the bachelor's degree over a high school diploma will amount to an undiscounted value of \$990 thousand in higher earnings per graduate. The present value of the cumulative higher future earnings that the UL System's FY 2021-22 students will receive over their working careers is \$5.7 billion.

The students' benefit-cost ratio is 4.6. In other words, for every dollar students invest in an education at the UL System in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$4.60 in higher future earnings.

Students see a high rate of return for their investment in the UL System



Average annual return for UL System students
14.6 percent



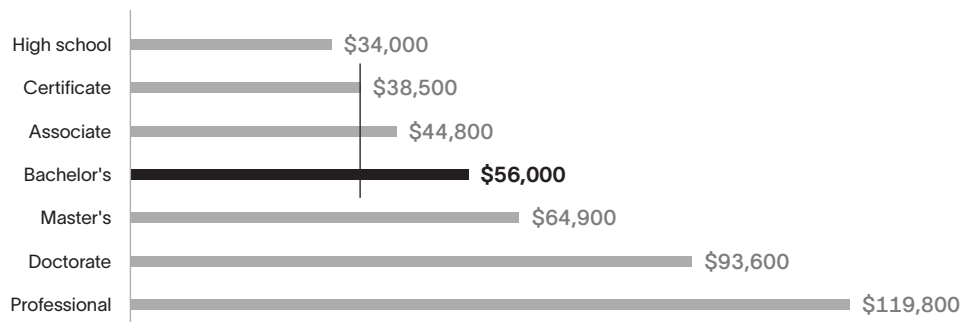
Stock market 30-year average annual return
10.5 percent



Interest earned on savings account (National Rate Cap)
0.8 percent

Source: Forbes' S&P 500, 1992-2021. FDIC.gov, 2-2022.

The average bachelor's degree graduate from the UL System will see an increase in earnings of **\$22,000** each year compared to a person with a high school diploma or equivalent working in Louisiana.



Source: Lightcast employment data.



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 perspective



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.

For every dollar of public money invested in the UL System, taxpayers will receive a cumulative value of **\$2.60** over the course of the students' working lives.

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 average annual internal rate of return for taxpayers is 5.2 percent, which compares favorably to other long-term investments in the public and private sectors.

Social perspective



Society as a whole in Louisiana benefits from the presence of the UL System in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output (added business income), which raise economic prosperity in Louisiana.

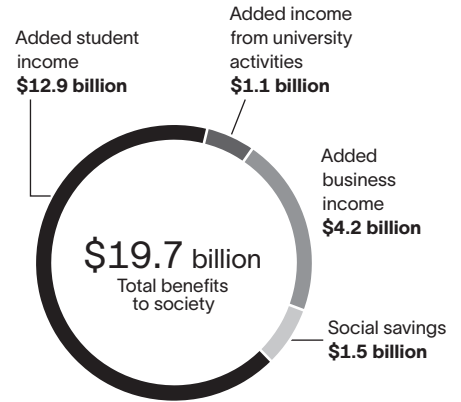


Benefits to society also consist of the savings generated by the improved lifestyles of UL System students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers 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.

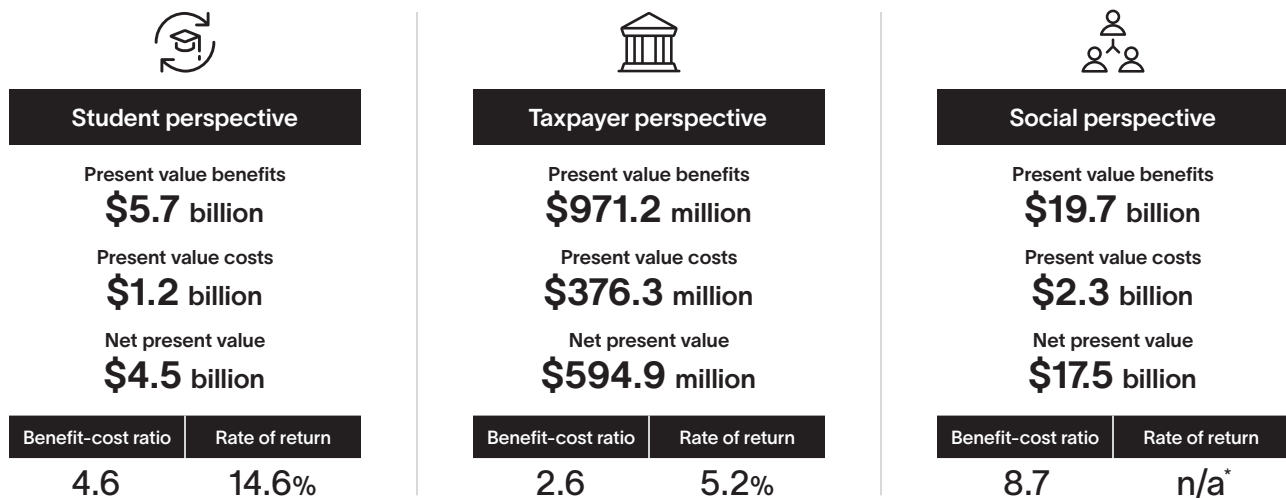
Social benefits in Louisiana from the UL System



Source: Lightcast impact model.

Summary of investment analysis results

The results of the analysis demonstrate that the UL System is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an education from the UL System. At the same time, taxpayers' investment in the UL System returns more to government budgets than it costs and creates a wide range of social benefits throughout Louisiana.



* The rate of return is not reported for the social perspective because the beneficiaries are not necessarily the same as the original investors.

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.

The results of this study demonstrate that the UL System creates value from **multiple perspectives.**



Lightcast provides colleges and universities with labor market data that help create better outcomes for students, businesses, and communities. Our data, which cover more than 99 percent of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and résumés. Hundreds of institutions use Lightcast to align programs with regional needs, drive enrollment, connect students with in-demand careers, track their alumni's employment outcomes, and demonstrate their institution's economic impact on their region. Visit lightcast.io/solutions/education to learn more or connect with us.