

FACT SHEET

Demonstrating the Economic Value of Northwest Missouri State University



APRIL 2015

In FY14, the spending of Northwest Missouri State University (Northwest) for payroll and operations, together with the spending of its students, visitors, and alumni, created **\$617.5 MILLION** in added regional income. This is equal to approximately **0.3 PERCENT** of the total gross regional product (GRP) of the University's service region, and is equivalent to creating **9,465** new jobs. Northwest also generated positive returns to its main stakeholders — students, society, and taxpayers.

IMPACTS CREATED BY NORTHWEST IN FY14

INCOME	JOB
OPERATIONS SPENDING IMPACT	
\$91 MILLION	1,225
STUDENT SPENDING IMPACT	
\$9.1 MILLION	188
VISITOR SPENDING IMPACT	
\$1 MILLION	27
HUMAN CAPITAL IMPACT	
\$516.4 MILLION	8,025
TOTAL IMPACT	
\$617.5 MILLION	9,465

FOR EVERY \$1 SPENT BY...

STUDENTS	\$3.60 Gained in lifetime income for STUDENTS
SOCIETY	\$6.20 Gained in added state income and social savings for SOCIETY
TAXPAYERS	\$4.00 Gained in added taxes and public sector savings for TAXPAYERS



ECONOMIC IMPACT ANALYSIS

Operations spending impact

- Payroll and non-payroll expenditures to support day-to-day operations of Northwest amounted to **\$55.3 MILLION** and **\$47.4 MILLION**, respectively. The net impact of the University's operations spending in the Green and White Circle¹ during the analysis year was approximately **\$91 MILLION** in added regional income, which is equivalent to creating **1,225** jobs.

Student spending impact

- Around **26 PERCENT** of graduate and undergraduate students attending Northwest originated from outside the region. Some of these students relocated to the Green and White Circle and spent money on groceries, transportation, rent, and so on at Green and White Circle businesses. Their expenditures during the analysis year added approximately **\$9.1 MILLION** in income to the regional economy, which is equivalent to creating **188** new jobs.

Visitor spending impact

- Out-of-region visitors attracted to the Green and White Circle for activities at Northwest brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other regional businesses. Visitor spending added approximately **\$1 MILLION** in regional income to the Green and White Circle economy, which is equivalent to creating **27** new jobs.

Human capital impact

- Over the years, by studying at Northwest, students have gained new skills that make them more productive workers. Today, thousands of these former students are employed in the Green and White Circle.
- The accumulated contribution of Northwest alumni currently employed in the regional workforce amounted to **\$516.4 MILLION** in added regional income for the Green and White Circle economy, which is equivalent to creating **8,025** new jobs.

¹ The Green and White Circle represents the University's service region, a cluster of 79 counties at the intersection of Missouri, Kansas, Nebraska, and Iowa.

INVESTMENT ANALYSIS

Student perspective

- Students attending Northwest during FY14 paid a total of **\$39.4 MILLION** to cover the cost of tuition, fees, books, and supplies. They also forwent **\$87.6 MILLION** in money that they would have earned had they been working instead of learning.
- In return for the money students invest to earn their degrees, they will receive a present value of **\$451.5 MILLION** in estimated increased earnings over their working lives. This means a return of **\$3.60** in higher future income for every \$1 that students invest in their education from Northwest. The average annual rate of return for students is **13.9 PERCENT**.

Societal perspective

- Missouri as a whole will receive a present value of **\$977 MILLION** in added state income over the course of the students' working lives. Communities will also benefit from **\$219.2 MILLION** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every dollar that society spent on educations at Northwest during the analysis year, Missouri communities will receive a cumulative value of **\$6.20** in benefits, for as long as the FY14 students of Northwest remain active in the state workforce.

Taxpayer perspective

- In FY14, state taxpayers in Missouri invested **\$30.5 MILLION** to support the operations of Northwest. The net present value of the added tax revenue stemming from the students' higher lifetime incomes and the increased output of businesses amounts to **\$87.4 MILLION** in benefits to taxpayers. Savings to the public sector add another **\$34.3 MILLION** in benefits due to a reduced demand for government-funded services in Missouri.
- Dividing benefits to taxpayers by the associated costs yields a benefit-cost ratio of **4**, i.e., every \$1 in costs returns \$4 in benefits. The average annual rate of return for taxpayers is **11.3 PERCENT**.