



The Economic Value of Arkansas Tech University – Ozark Campus

FACT SHEET

ARKANSAS Tech University - Ozark Campus (ATU - Ozark Campus) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students, taxpayers, and society. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, this study calculates the benefits received by each of these groups. Results of the analysis reflect fiscal year (FY) 2017-18.



Economic impact analysis

In FY 2017-18, ATU - Ozark Campus added **\$32.6 million** in income to the Western River Valley¹ economy, a value approximately **0.3%** of the region's total gross regional product (GRP). Expressed in terms of jobs, ATU - Ozark Campus's impact supported **677** regional jobs.

OPERATIONS SPENDING IMPACT

- ATU - Ozark Campus employed 129 full-time and part-time faculty and staff. Payroll amounted to \$5.9 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The university spent another \$2.4 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the university's operations spending added **\$7.1 million** in income to the regional economy.

CONSTRUCTION SPENDING IMPACT

- ATU - Ozark Campus commissioned contractors to build or renovate its facilities, generating a short-term infusion of spending and jobs in the regional economy.



¹ For the purposes of this analysis, the Western River Valley is comprised of Crawford, Franklin, Johnson, Logan, and Sebastian Counties in Arkansas.



- The net impact of ATU - Ozark Campus's construction spending in FY 2017-18 was **\$30.8 thousand** in added income for the Western River Valley.

START-UP AND SPIN-OFF COMPANY IMPACT

- ATU - Ozark Campus creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up and spin-off companies created as a result of the university.
- In FY 2017-18, ATU - Ozark Campus's start-up and spin-off companies generated **\$13.1 million** in added income for the Western River Valley economy.

VISITOR SPENDING IMPACT

- Out-of-region visitors, attracted to the Western River Valley for activities at ATU - Ozark Campus, brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other regional businesses.
- Visitor spending added approximately **\$5.7 thousand** in income to the Western River Valley economy.

STUDENT SPENDING IMPACT

- Around 11% of students attending ATU - Ozark Campus originated from outside the region. Some of these students relocated to the Western River Valley. In addition, some in-region students would have left Western River Valley for other educational opportunities if not for ATU - Ozark Campus. These relocated and retained students spent money on groceries, mortgage and rent payments, and so on at regional businesses.
- The expenditures of relocated and retained students in FY 2017-18 added **\$737.9 thousand** in income to the Western River Valley economy.

ALUMNI IMPACT

- Over the years, students have studied at ATU - Ozark Campus and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the Western River Valley.
- The net impact of ATU - Ozark Campus's former students currently employed in the regional workforce amounted to **\$11.6 million** in added income in FY 2017-18.

IMPACTS CREATED BY ATU -
OZARK CAMPUS IN FY 2017-18



\$7.1 million
Operations Spending Impact



\$30.8 thousand
Construction Spending Impact



\$13.1 million
Start-up and Spin-off Company Impact



\$5.7 thousand
Visitor Spending Impact



\$737.9 thousand
Student Spending Impact



\$11.6 million
Alumni Impact



\$32.6 million
TOTAL IMPACT

- OR -

677
JOBS SUPPORTED





Investment analysis

STUDENT PERSPECTIVE

- ATU - Ozark Campus's FY 2017-18 students paid a present value of **\$5.6 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$8.6 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$41.7 million** in increased earnings over their working lives. This translates to a return of **\$2.90** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **12.5%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided ATU - Ozark Campus with **\$3.7 million** of funding in FY 2017-18. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$7.7 million**. A reduced demand for government-funded services in Arkansas will add another **\$454.7 thousand** in benefits to taxpayers.
- For every dollar of public money invested in ATU - Ozark Campus, taxpayers will receive **\$2.20** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **5.9%**.

SOCIAL PERSPECTIVE

- In FY 2017-18, Arkansas invested **\$19.3 million** to fully support ATU - Ozark Campus. In turn, the Arkansas economy will grow by **\$194.1 million**, over the course of students' working lives. Society will also benefit from **\$4.5 million** of public and private sector savings.
- For every dollar invested in education provided at ATU - Ozark Campus in FY 2017-18, people in Arkansas will receive **\$10.30** in return, for as long as ATU - Ozark Campus's FY 2017-18 students remain active in the state workforce.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN ATU - OZARK CAMPUS



12.5%

Average annual return for ATU - Ozark Campus students



10.1%

Stock market 30-year average annual return



0.8%

Interest earned on savings account (National Rate Cap)

Source: Forbes' S&P 500, 1987-2016. FDIC.gov, 7-2016.



FOR EVERY \$1...



Students gain

\$2.90

in lifetime earnings



Taxpayers gain

\$2.20

in added tax revenue and public sector savings



Society gains

\$10.30

in added state revenue and social savings

