



The Economic Value of Arkansas Tech University to Arkansas

FACT SHEET

ARKANSAS Tech University (ATU) 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 added **\$526.5 million** in income to the Arkansas economy, a value approximately **0.4%** of the state's total gross state product (GSP). Expressed in terms of jobs, ATU's impact supported **8,574** state jobs. For perspective, the activities of ATU and its students support one out of every **190** jobs in Arkansas.



OPERATIONS SPENDING IMPACT

- ATU employed 1,074 full-time and part-time faculty and staff (not including research employees). Payroll amounted to \$74.2 million (excluding payroll for research employees), much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The university spent another \$48.1 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).
- The net impact of the university's operations spending added **\$83.4 million** in income to the state economy.

RESEARCH SPENDING IMPACT

- Research activities at ATU impact the state economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in Arkansas. In FY 2017-18, ATU spent \$367 thousand on payroll and \$655 thousand on other expenses to support research activities.



- ATU's research spending generated **\$686.7 thousand** in added income for the Arkansas economy in FY 2017-18.

CONSTRUCTION SPENDING IMPACT

- ATU commissioned contractors to build or renovate its facilities, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of ATU's construction spending in FY 2017-18 was **\$2.2 million** in added income for Arkansas.

START-UP AND SPIN-OFF COMPANY IMPACT

- ATU 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's start-up and spin-off companies generated **\$28.8 million** in added income for the Arkansas economy.

VISITOR SPENDING IMPACT

- Out-of-state visitors, attracted to Arkansas for activities at ATU, brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.
- Visitor spending added approximately **\$825.7 thousand** in income to the Arkansas economy.

STUDENT SPENDING IMPACT

- Around 8% of students attending ATU originated from outside the state. Some of these students relocated to Arkansas. In addition, some in-state students would have left Arkansas for other educational opportunities if not for ATU. These relocated and retained students spent money on groceries, mortgage and rent payments, and so on at state businesses.
- The expenditures of relocated and retained students in FY 2017-18 added **\$13.5 million** in income to the Arkansas economy.

ALUMNI IMPACT

- Over the years, students have studied at ATU and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in Arkansas.
- The net impact of ATU's former students currently employed in the state workforce amounted to \$397.1 million in added income in FY 2017-18.

IMPACTS CREATED BY ATU
IN FY 2017-18



\$83.4 million
Operations Spending Impact



\$686.7 thousand
Research Spending Impact



\$2.2 million
Construction Spending Impact



\$28.8 million
Start-up and Spin-off Company Impact



\$825.7 thousand
Visitor Spending Impact



\$13.5 million
Student Spending Impact



\$397.1 million
Alumni Impact



\$526.5 million
TOTAL IMPACT

- OR -

8,574
JOBS SUPPORTED





Investment analysis

STUDENT PERSPECTIVE

- ATU's FY 2017-18 students paid a present value of **\$49.4 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$57.7 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$562.5 million** in increased earnings over their working lives. This translates to a return of **\$5.30** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **20.5%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided ATU with **\$51.1 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 **\$163.1 million**. A reduced demand for government-funded services in Arkansas will add another **\$23.9 million** in benefits to taxpayers.
- For every dollar of public money invested in ATU, taxpayers will receive **\$3.70** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **9.6%**.

SOCIAL PERSPECTIVE

- In FY 2017-18, Arkansas invested **\$222.6 million** to fully support ATU. In turn, the Arkansas economy will grow by **\$2.6 billion**, over the course of students' working lives. Society will also benefit from **\$124.4 million** of public and private sector savings.
- For every dollar invested in education provided at ATU in FY 2017-18, people in Arkansas will receive **\$12.40** in return, for as long as ATU's FY 2017-18 students remain active in the state workforce.

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



20.5%

Average annual return for ATU 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

\$5.30

in lifetime earnings



Taxpayers gain

\$3.70

in added tax revenue and public sector savings



Society gains

\$12.40

in added state revenue and social savings

