Economic Value of ECU to the State and Region

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An Impact in the Billions

East Carolina University generates $2.8 billion for North Carolina’s economy—dollars that make a mark on the state, eastern North Carolina, and our local area.

These dollars come from research and entrepreneurship and from students and visitors who come to our state. In addition, ECU produces professionals for many fields important to our state, such as medicine, dentistry, nursing, teaching, engineering, technology, science, business, and the arts. The added income these graduates will earn as a result of their educations rises into the billions.

Return on Investment to Students, Society, and Taxpayers

Student Perspective

Students attending ECU during fiscal year 2012–13—our analysis year—paid a total of $189.8 million for tuition, fees, books, and supplies. They also passed up $526.3 million in income they could have earned had they been working instead of in school.

In return for the money students invest to earn their degrees, they will receive an estimated $2.1 billion in today’s dollars in increased earnings over their working lives.

This translates to a return of $2.90 in higher future income for every $1 that students invest in their ECU educations. The average annual return for students is 12.6 percent.

Societal Perspective

North Carolina as a whole will receive $10.2 billion in today’s dollars in added state income over the course of the students’ working lives. Communities will benefit from $1.6 billion in savings due to reduced crime, lower unemployment, and better health and well-being.

For every dollar society spent on education at ECU during the analysis year, North Carolina communities will receive a cumulative value of $10.40 in benefits for as long as the 2012–13 students of ECU remain active in the state workforce.

Taxpayer Perspective

In fiscal year 2012–13, North Carolina taxpayers invested $294.1 million (excluding clinical dollars) to support ECU operations. The net present value of the added tax revenue stemming from the students’ higher lifetime incomes and the increased output of businesses amounts to $989.5 million. North Carolina’s public sector will save another $284.7 million due to a reduced demand for government-funded services.

Dividing benefits to taxpayers by the associated costs yields a 4.3 benefit-cost ratio. Thus, every $1 in cost returns $4.30 in benefits. The average annual return on investment for taxpayers is 12.3 percent.

In fiscal year 2012–13, the $795.3 million in payroll and operations spending of ECU, together with construction spending and spending by students, visitors, and alumni, created $2.8 BILLION to the state, $1.8 BILLION to the eastern region, and $1.3 BILLION to the ECU proximity zone.

Impact on the State and Regional Business Community

In fiscal year 2012–2013, ECU spent $524.6 million on payroll and benefits for 7,301 full-time and part-time employees and another $270.7 million on goods and services to carry out daily operations and research. This initial round of spending creates more spending across other businesses throughout the state and regional economies, resulting in what is commonly referred to as multiplier effects. This study estimates these multiplier effects and reports the additional economic activity that is created by the initial spending of ECU.* Impacts are reported in terms of total income, similar to gross regional product, and the corresponding number of jobs created.

*Our estimated economic impacts are conservative in that we directly take into account the fact that state and local dollars spent on the university could have been spent elsewhere in North Carolina and thus would have created some economic impacts regardless. We account for these alternative uses directly in our analysis by (i) assuming that if funds were not directed to ECU, they would have been returned to the taxpayer and generated economic impacts through household spending on goods and services and (ii) subtracting the estimated economic impacts generated by these alternative uses from the estimated economic impacts of ECU. Thus, we report a net impact of ECU that is above and beyond what would have occurred had the funds been returned to the taxpayer.
Research Spending Impact

ECU’s research activities boost the state economy by employing people and through the purchase of equipment, supplies, and services. They also enable knowledge creation through inventions, patent applications, and licenses. In fiscal year 2012–13, ECU spent $16.3 million on payroll to support research activities.

State
ECU’s research spending generates $36 million in added income for the North Carolina economy, equivalent to creating 540 new jobs.

Region
In the region, ECU’s research spending generates $28.5 million in added income, equivalent to creating 475 new jobs.

Proximity Zone
Locally, research spending by ECU generates $26.3 million in added income, equal to creating 425 new jobs.

Construction Spending Impact

ECU built or renovated a number of its facilities during the analysis year. This spending generated a short-term infusion of income and jobs in the state economy.

State
The net impact of the university’s construction spending in fiscal year 2012–13 was $8.2 million in added state income, equivalent to 365 new jobs.

Region
The net impact of ECU’s construction spending in the region in fiscal year 2012–13 was $11.3 million in added income, equivalent to 340 new jobs.

Proximity Zone
ECU’s construction spending in fiscal year 2012–13 had a net impact of $9.4 million in added income locally, equivalent to 256 new jobs.

Business Start-Up Impact

ECU creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of ECU-related start-up companies in the state.

State
In fiscal year 2012–13, start-up companies related to the university created $4.2 million in added income for the North Carolina economy, equivalent to creating 29 jobs.

Region
Regionally in fiscal year 2012–13, ECU-related start-up companies created $1 million in added income for the economy, equivalent to creating 10 jobs.
Regional Impacts Created by ECU in Fiscal Year 2012–13

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<tr>
<th>INCOME</th>
<th>JOBS</th>
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<td>OPERATIONS SPENDING IMPACT</td>
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<tr>
<td>RESEARCH SPENDING IMPACT</td>
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<td>CONSTRUCTION SPENDING IMPACT</td>
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<td>BUSINESS START-UP IMPACT</td>
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<tr>
<td>STUDENT SPENDING IMPACT</td>
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<td>VISITOR SPENDING IMPACT</td>
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<td>ALUMNI IMPACT</td>
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<td>TOTAL IMPACT</td>
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Student Spending Impact

State
About 12 percent of graduate and undergraduate students attending ECU come from outside the state. Some relocated to North Carolina and spent money on groceries, transportation, rent, and so on at North Carolina businesses.

The spending of these students during the analysis year added approximately $41.1 million in income to the North Carolina economy, equivalent to creating 750 new jobs.

Region
About 55 percent of graduate and undergraduate students attending ECU come from outside the region. The expenditures of these students during the analysis year added approximately $121.6 million to the eastern region economy, equivalent to creating 2,558 new jobs.

Proximity Zone
About 78 percent of graduate and undergraduate students attending ECU come from outside the proximity zone. The money these students spent during the analysis year added approximately $141.4 million to the zone’s economy, equivalent to creating 3,325 new jobs.

Visitor Spending Impact
Visitors to ECU brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other businesses.

State
Out-of-state visitor spending added approximately $20.6 million in income to the North Carolina economy, equivalent to creating 528 new jobs.

Region
In the region, visitor spending added approximately $38.2 million to the economy, equivalent to creating 1,162 new jobs.

Proximity Zone
In the local area, visitor spending added approximately $29.6 million to the economy, equivalent to creating 925 new jobs.

Alumni Impact
Over the years, students have gained skills and become more productive workers by studying at ECU. Today, thousands of these former students are employed in North Carolina.

State
The accumulated contribution of ECU alumni employed in North Carolina amounted to $2 billion in added income to the state economy, equivalent to creating 31,460 new jobs.

Region
In the region, these alumni contribute $904.8 million in added income to the economy, equivalent to creating 16,505 new jobs.

Proximity Zone
Locally, alumni contribute $408.2 million in added income to the economy, equivalent to creating 6,466 new jobs.

For every dollar spent by:

- **STUDENTS**: $2.90 gained in lifetime income for students
- **SOCIETY**: $10.40 gained in added state income and social savings for society
- **TAXPAYERS**: $4.30 gained in added taxes and public sector savings for taxpayers

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