

FACT SHEET

The Economic Value of the University of Cincinnati

The University of Cincinnati (UC) 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) 2016-17.



IMPACT ON BUSINESS COMMUNITY

During the analysis year, UC and its research, clinical, construction, and entrepreneurial activities, along with its students and visitors added **\$4.2 billion** in added income to the Cincinnati Metropolitan Area economy¹, approximately equal to **3.0%** of the region's total gross regional product (GRP). UC's impact supported 61,704 jobs in FY 2016-17. For perspective, this means that one out of every 22 jobs in the Cincinnati Metropolitan Area is supported by the activities of UC and its students. The economic impacts of UC break down as follows:

Operations spending impact

- UC employed 6,758 full-time and part-time employees for its day-to-day operations in FY 2016-17. Payroll for these employees amounted to \$631.5 million, much of which was spent in the Cincinnati Metropolitan Area to purchase groceries, clothing, and other household goods and services. The university spent another \$204.1 million to support its day-to-day operations.
- The net impact of university payroll and expenses in the Cincinnati Metropolitan Area during the analysis year was approximately **\$802.2 million** in income.

Research spending impact

- Research activities at UC impact the regional economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in the Cincinnati Metropolitan Area through inventions, patent applications, and licenses. In FY 2016-17, UC spent **\$103.6 million** on payroll to support its research activities.

¹ For the purpose of this report, the Cincinnati Metropolitan Area consists of Brown, Clermont, Hamilton, Warren, Butler, and Clinton Counties in Ohio; Dearborn, Franklin, and Ohio Counties in Indiana; and Boone, Bracken, Campbell, Gallatin, Grant, Kenton, and Pendleton Counties in Kentucky.

IMPACTS CREATED BY UC IN FY 2016-17

ADDED INCOME	JOBS
\$802.2 million	9,024
Operations spending impact	
\$322.0 million	4,076
Research spending impact	
\$1.7 million	10,106
Clinical spending impact	
\$73.6 million	947
Construction spending impact	
\$18.1 million	141
Start-up company impact	
\$109.5 million	1,867
Student spending impact	
\$24.8 million	660
Visitor spending impact	
\$2.8 billion	34,883
Alumni impact	
\$4.2 billion	61,704
Total impact	

- UC's research spending generated **\$322 million** in added income for the Cincinnati Metropolitan Area economy.

Clinical spending impact

- Several medical centers in the Cincinnati Metropolitan Area are related to UC and would not exist without the university. These clinics provide hands-on learning and research environments for students and employ thousands of workers.
- In FY 2016-17, UC spent \$1.6 million on clinical operations related to these medical centers. These expenditures added a net impact of **\$1.7 million** in added income to the region.

Construction spending impact

- UC commissioned contractors to build or renovate its facilities during the analysis year, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of UC's construction spending in FY 2016-17 was **\$73.6 million** in added income for the Cincinnati Metropolitan Area.

Start-up company impact

- UC creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up companies created by the university.
- In FY 2016-17, UC's start-up companies generated **\$18.1 million** in added income for the Cincinnati Metropolitan Area economy.

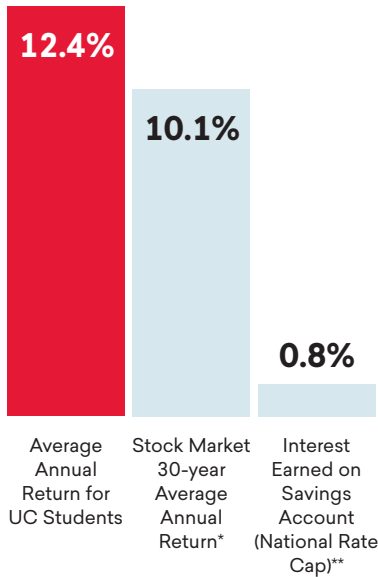
Impact of student spending

- Around **49%** of credit students attending UC originated from outside the region. Some of these students relocated to the Cincinnati Metropolitan Area. In addition, a number of students would have left the region if not for UC. These relocated and retained students spent money for everyday needs such as groceries, transportation, and rent at regional businesses.
- The expenditures of relocated and retained students during the analysis year added approximately **\$109.5 million** in income to the Cincinnati Metropolitan Area economy.

Visitor spending impact

- Out-of-region visitors attracted to the Cincinnati Metropolitan Area for activities at UC brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other regional businesses.
- Visitor spending added approximately **\$24.8 million** in added income for the Cincinnati Metropolitan Area economy.

STUDENT RATE OF RETURN



* Forbes' S&P 500, 1987-2016.

** FDIC.gov, 7-2017.

Alumni impact

- Over the years, students have studied at UC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in the Cincinnati Metropolitan Area.
- The impact of former students currently employed in the regional workforce amounted to **\$2.8 billion** in added income during the analysis year.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- UC's FY 2016-17 students paid a total present value of **\$520.1 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$455.3 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the university, students will receive a present value of **\$4 billion** in increased earnings over their working lives. This translates to a return of **\$4.10** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **12.4%**.

Taxpayer perspective

- In FY 2016-17, state and local taxpayers in Ohio paid **\$252 million** to support the operations of UC. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$941 million** in benefits to taxpayers. Savings to the public sector add another **\$102.9 million** in benefits due to a reduced demand for government-funded services in Ohio.
- Dividing benefits to taxpayers by the associated costs yields a **4.1** benefit-cost ratio, i.e., every \$1 in costs returns \$4.40 in benefits. The average annual return on investment for taxpayers is **9.0%**.

Social perspective

- The economic base in Ohio will grow by **\$12.9 billion** over the course of the students' working lives. Society will also benefit from **\$454.8 million** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every \$1 that society spent on UC FY 2016-17 educations, society will receive a cumulative value of **\$6.80** in benefits, for as long as the FY 2016-17 student population at UC remains active in the state workforce.

