

MAY 2018



FACT SHEET

The Economic Value of Miami University

Miami University 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, Miami University and its research and construction activities, along with its students and visitors, added **\$2.3 billion** in income to the Ohio economy, approximately equal to **0.4%** of the state's total gross state product (GSP). Miami University's impact supported 31,473 jobs in FY 2016-17. For perspective, this means that one out of every 221 jobs in Ohio is supported by the activities of Miami University and its students. The economic impacts of Miami University break down as follows:

Operations spending impact

- Miami University employed 4,870 full-time and part-time employees for its day-to-day operations in FY 2016-17. Payroll for these employees, along with the approximately 6,000 student workers, amounted to \$327.2 million, much of which was spent in Ohio to purchase groceries, clothing, and other household goods and services. The university spent another \$281.6 million to support its day-to-day operations.
- The net impact of university payroll and expenses in Ohio during the analysis year was approximately **\$370.2 million** in income.

Research spending impact

- Research activities at Miami University impact the state economy by employing people and making purchases for equipment, supplies, and services. In FY 2016-17, Miami University spent **\$8.8 million** on payroll to support research activities.
- Miami University's research spending generated **\$14.7 million** in added income for the Ohio economy.

IMPACTS CREATED BY MIAMI UNIVERSITY IN FY 2016-17

ADDED INCOME	J OBS
\$370.2 million	5,778
Operations spending impact	
\$14.7 million	220
Research spending impact	
\$70.7 million	925
Construction spending impact	
\$75.3 million	1,575
Student spending impact	
\$11.2 million	309
Visitor spending impact	
\$1,718.7 million	22,667
Alumni impact	
\$2.3 billion	31,473
Total impact	

Construction spending impact

- Miami University commissioned contractors to build or renovate its facilities during the analysis year, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of Miami University's construction spending in FY 2016-17 was **\$70.7 million** in added income for Ohio.

Impact of student spending

- Around **34%** of credit students attending Miami University originated from outside the state. Some of these students relocated to Ohio. In addition, a number of students would have left the state if not for Miami University. These relocated and retained students spent money on everyday needs such as groceries, transportation, and rent at state businesses.
- The expenditures of relocated and retained students during the analysis year added approximately **\$75.3 million** in income to the Ohio economy.

Visitor spending impact

- Out-of-state visitors attracted to Ohio for activities at Miami University brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.
- Visitor spending added approximately **\$11.2 million** in added income for the Ohio economy.

Alumni impact

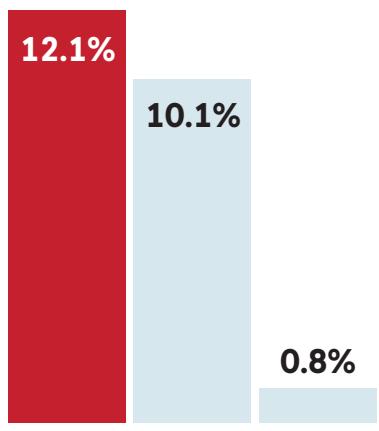
- Over the years, students have studied at Miami University and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Ohio.
- The impact of former students currently employed in the state workforce amounted to **\$1.7 billion** in added income during the analysis year.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- Miami University's FY 2016-17 students paid a total present value of **\$403.6 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forgave **\$170.2 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 **\$2.3 billion** in increased earnings over their working lives. This translates to a return of **\$4.00** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **12.1%**.

STUDENT RATE OF RETURN



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

** FDIC.gov, 7-2017.

Taxpayer perspective

- In FY 2016-17, state and local taxpayers in Ohio paid **\$81.8 million** to support the operations of Miami University. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$446.5 million** in benefits to taxpayers. Savings to the public sector add another **\$38.4 million** in benefits due to a reduced demand for government-funded services in Ohio.
- Dividing benefits to taxpayers by the associated costs yields a **5.9** benefit-cost ratio, i.e., every \$1 in costs returns \$5.90 in benefits. The average annual return on investment for taxpayers is **12.8%**.

Social perspective

- The economic base in Ohio will grow by **\$6.3 billion** over the course of the students' working lives. Society will also benefit from **\$148.3 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 Miami University FY 2016-17 educations, society will receive a cumulative value of **\$6.40** in benefits, for as long as the FY 2016-17 student population at Miami University remains active in the state workforce.

For every \$1 spent by...		
STUDENTS		TAXPAYERS
\$4.00	Gained in lifetime earnings for STUDENTS	\$5.90
Gained in added taxes and public sector savings for TAXPAYERS		Gained in added state revenue and social savings for SOCIETY
\$6.40		
Gained in added state revenue and social savings for SOCIETY		

