XAVIER UNIVERSITY

Executive Summary

DECEMBER 2023

The Economic Value of Xavier University to Southwest Ohio

Lightcast

XAVIER UNIVERSITY (XU) creates value in many ways. The university plays a key role in helping students increase their employability and achieve their individual potential. The university facilitates new research developments and draws visitors and students to the region, generating new dollars and opportunities for Southwest Ohio.[1] XU provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Its student volunteers support the regional economy through the output and employment generated by regional businesses and organizations. Furthermore, XU is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

Southwest Ohio

XU influences both the lives of its students and the regional economy. The university supports a variety of industries in Southwest Ohio, serves regional businesses, and benefits society as a whole in Ohio from an expanded economy and improved quality of life. Additionally, the benefits created by XU extend to the state government through increased tax revenues and public sector savings.

This study measures the economic impacts created by XU on the business community and evaluates the return on investment to XU primary stakeholders—students and Ohio society, as well as the benefits received by state taxpayers from XU. The following two analyses are presented:

> XU influences both the **lives of its students** and the **regional economy**.

Economic impact analysis

Investment analysis

All results reflect employee, student, and financial data, provided by the university, for fiscal year (FY) 2021-22. Impacts on the Southwest Ohio economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students and Ohio society, along with benefits to taxpayers of Ohio, are reported under the investment analysis.

1 For the purposes of this analysis, Southwest Ohio is comprised of Adams, Brown, Butler, Clermont, Clinton, Fayette, Greene, Hamilton, Highland, Montgomery, Pickaway, Pike, Preble, Ross, Scioto, and Warren Counties.

Economic impact analysis

XU promotes economic growth in Southwest Ohio through its direct expenditures and the resulting expenditures of visitors, students, and regional businesses. The university serves as an employer and buyer of goods and services for its day-to-day and research operations. The university's reputation and activities attract visitors and students from outside Southwest Ohio, whose expenditures benefit regional vendors. XU encourages its students to volunteer in the community, helping businesses and organizations grow. In addition, XU is one of the primary sources of higher education to Southwest Ohio residents and a supplier of trained workers to regional industries, enhancing overall productivity in the regional workforce.

Operations spending impact

XU adds economic value to Southwest Ohio as an employer of regional residents and a large-scale buyer of goods and services. In FY 2021-22, the university employed 1,933 full-time and part-time faculty and staff, 64% of whom lived in Southwest Ohio. Total payroll at XU was $101 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the university spent $72.9 million on day-to-day expenses related to facilities, supplies, and professional services.[2]

XU's day-to-day operations spending added $116 million in income to the region during the analysis year. This figure represents the university's payroll, the multiplier

Impacts created by XU in FY 2021-22

Operations spending impact
$116.0 million

+

Research spending impact
$0.4 million

+

Visitor spending impact
$3.3 million

+

Student spending impact
$17.3 million

+

Volunteerism impact
$1.3 million

+

Alumni impact
$512.3 million

Total economic impact
$650.7 million

OR

Jobs supported
8,281

2 Research employees as well as payroll and non-pay expenses for research are excluded from this impact.

effects generated by the in-region spending of the university and its employees, and a downward adjustment to account for funding that the university received from regional sources. The $116 million in added income is equivalent to supporting 1,839 jobs in the region.

Research spending impact

Research activities impact the economy by employing people and making purchases for supplies and services. In FY 2021-22, XU spent $388 thousand on payroll to support research activities. This, along with $46.1 thousand in other research spending,[3] created a net total of $388.2 thousand in added income for the regional economy. This added income is equivalent to supporting six jobs.

Visitor spending impact

Thousands of visitors from outside the region were attracted to XU during the analysis year to attend commencement, orientation, sports events, and other entertainment and business activities sponsored by the university. While in the region, visitors spent money for lodging, food, transportation, and other personal expenses. The off-campus expenditures of the university's out-of-region visitors generated a net impact of $3.3 million in added income for the regional economy in FY 2021-22. This $3.3 million in added income is equivalent to supporting 63 jobs.

Student spending impact

Around 68% of students attending XU originated from outside the region in FY 2021-22, and many of these students relocated to Southwest Ohio to attend XU. These students may not have come to the region if the university did not exist. In addition, some in-region students, referred to as retained students, would have left Southwest Ohio if not for the existence of XU. While attending the university, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated $17.3 million in added income for the regional economy in FY 2021-22, which supported 108 jobs in Southwest Ohio.

Volunteerism impact

XU encourages its students to volunteer in Southwest Ohio, where they can work with businesses and organizations to help meet their goals. The work of these student volunteers allows businesses and organizations to grow, increasing their output and impacting the economy at large. XU students volunteered close to 50,000 hours of their time in FY 2021-22. The work of XU student volunteers is equivalent to $1.3 million in earnings. In terms of actual impact to the Southwest Ohio economy, XU student volunteers generated an impact of $1.3 million in added income for the region in FY 2021-22, equivalent to supporting 40 jobs.

3 Excludes indirect costs because indirect costs are not necessarily spent during the analysis year.

Alumni impact

The education and training XU provides for regional residents has the greatest impact. Since the establishment of the university, students have studied at XU and entered the regional workforce with greater knowledge and new skills. Today, thousands of former XU students are employed in Southwest Ohio. As a result of their education from XU, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2021-22, XU alumni generated $512.3 million in added income for the regional economy, which is equivalent to supporting 6,224 jobs.

Total impact

XU added $650.7 million in income to the Southwest Ohio economy during the analysis year, equal to the sum of the operations and research spending impacts; the visitor and student spending impacts; the volunteerism impact; and the alumni impact.

XU's total impact can also be expressed in terms of jobs supported. The $650.7 million impact supported 8,281 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. In addition, the $650.7 million, or 8,281 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the activities of XU and its alumni in the Health Care & Social Assistance industry sector supported 1,716 jobs in FY 2021-22. If the university did not exist, these impacts would not have been generated in Southwest Ohio.

XU impacts by industry (jobs supported)

Investment analysis

An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates XU as an investment from the perspectives of students and society in Ohio. In addition, the benefits received by Ohio taxpayers are measured.

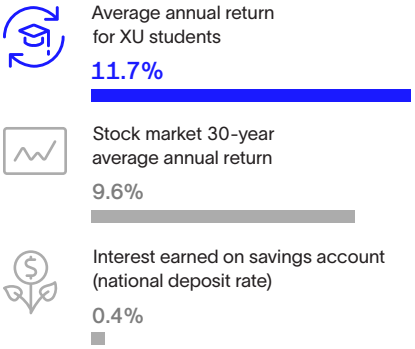
Student perspective

In FY 2021-22, XU served a total of 7,013 students. In order to attend the university, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by XU's students in FY 2021-22 amounted to a present value of $236.8 million, equal to $131.5 million in out-of-pocket expenses (including future principal and interest on student loans) and $105.2 million in forgone time and money.

In return for their investment, XU's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average XU bachelor's degree graduate from FY 2021-22 will see annual earnings that are $29,400 higher than a person with a high school diploma or equivalent working in Ohio. Over a working lifetime, the benefits of a bachelor's degree over a high school diploma will amount to an undiscounted value of $1.2 million in higher earnings per graduate. The present value of the cumulative higher future earnings that XU's FY 2021-22 students will receive over their working careers is $670.1 million.

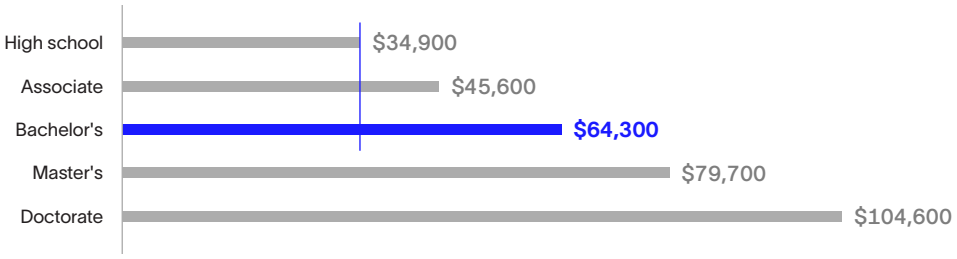
The students' benefit-cost ratio is 2.8. In other words, for every dollar students invest in XU in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of $2.80 in higher future earnings. Annually, the students' investment in XU has an average annual internal rate of return of 11.7%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 9.6%.

Students see a high rate of return for their investment in XU



Source: Forbes' S&P 500, 1992-2021. FDIC.gov, 2-2022.

The average bachelor's degree graduate from XU will see an increase in earnings of **$29,400** each year compared to a person with a high school diploma or equivalent working in Ohio.



Source: Lightcast employment data.

Taxpayer perspective

XU is a private university and receives very little government funding, yet Ohio taxpayers still receive a substantial amount of benefits from XU. These benefits to taxpayers consist primarily of taxes that the state government will collect from the added revenue created in the state. As XU students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2021-22 students' working lives, the state government will have collected a present value of $121.5 million in added taxes.

Ohio taxpayers will receive a cumulative value of **$152.2 million** in benefits over the course of the students' working lives.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of XU students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that XU students receive will generate savings in three main categories: 1) health care, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, costs related to the justice system will decrease. XU students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the university for a copy of the main report measuring the impact on Ohio. Altogether, the present value of the benefits associated with an education from XU will generate $30.8 million in savings to state taxpayers.

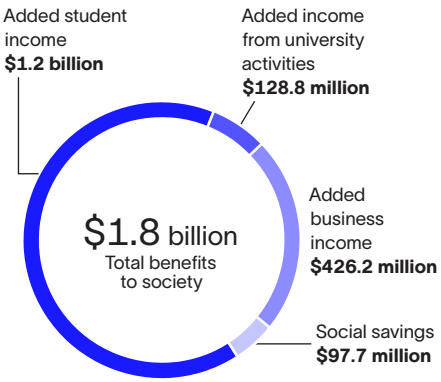
Total taxpayer benefits amount to $152.2 million, the present value sum of the added tax revenue and public sector savings.

Social perspective

Society as a whole in Ohio benefits from the presence of XU in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output (added business income), which raise economic prosperity in Ohio.

Benefits to society also consist of the savings generated by the improved lifestyles of XU students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Health care savings include avoided medical costs associated with smoking, alcohol dependence, obesity, drug abuse, and depression. Justice system savings include avoided costs to the government and society due to less judicial activity. Income assistance savings include reduced welfare and unemployment claims. For a

Social benefits in Ohio from XU



Source: Lightcast impact model.

list of study references, contact the university for a copy of the main report measuring the impact on Ohio.

Altogether, the social benefits of XU equal a present value of $1.8 billion. These benefits include $1.2 billion in added student income, $426.2 million in added business income, $128.8 million in added income from university activities, as well as $97.7 million in social savings related to health, the justice system, and income assistance in Ohio. People in Ohio invested a present value total of $296.7 million in XU in FY 2021-22. The cost includes all the university and student costs.

The benefit-cost ratio for society is 6.2, equal to the $1.8 billion in benefits divided by the $296.7 million in costs. In other words, for every dollar invested in XU, people in Ohio will receive a cumulative value of $6.20 in benefits. The benefits of this investment will occur for as long as XU's FY 2021-22 students remain employed in the state workforce.

Summary of investment analysis results

The results of the analysis demonstrate that XU is a strong investment for students and society and generate substantial benefits to taxpayers. As shown, students receive a great return for their investments in education from XU. At the same time, society's investment in XU returns more to Ohio than it costs and creates a wide range of social benefits throughout the state.

Student perspective

Present value benefits
$670.1 million

Present value costs
$236.8 million

Net present value
$433.4 million

Benefit-cost ratio	Rate of return
2.8	11.7%

Taxpayer perspective

Present value benefits
$152.2 million

Social perspective

Present value benefits
$1.8 billion

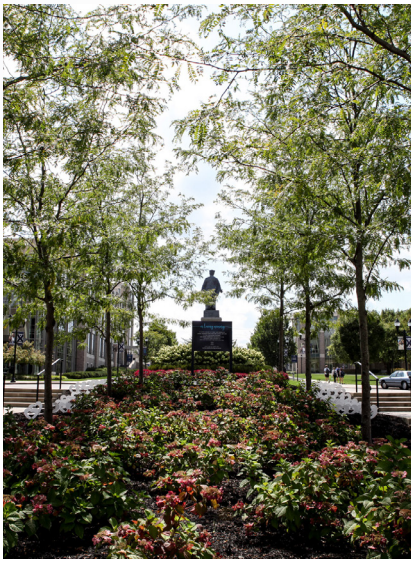
Present value costs
$0.3 billion

Net present value
$1.6 billion

Benefit-cost ratio	Rate of return
6.2	n/a*

* The rate of return is not reported for the social perspective because the beneficiaries are not necessarily the same as the original investors.

Conclusion



The results of this study demonstrate that XU creates value from multiple perspectives. The university benefits regional businesses by increasing consumer spending in the region and supplying a steady flow of qualified, trained workers to the workforce. XU enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The university benefits state taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, XU benefits society as a whole in Ohio by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.

About the study

Data and assumptions used in the study are based on several sources, including the FY 2021-22 academic and financial reports from XU, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Lightcast's Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact the university for a copy of the main report measuring the impact on Ohio.

The results of this study demonstrate that XU creates value from **multiple perspectives.**

Lightcast

Lightcast provides colleges and universities with labor market data that help create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and résumés. Hundreds of institutions use Lightcast to align programs with regional needs, drive enrollment, connect students with in-demand careers, track their alumni's employment outcomes, and demonstrate their institution's economic impact on their region. Visit lightcast.io/solutions/education to learn more or connect with us.