



# Executive Summary

FEBRUARY 2024



## The Economic Value of Lac Courte Oreilles Ojibwe University

**L**AC COURTE OREILLES OJIBWE UNIVERSITY (LCOOU) creates value in many ways. The university plays a key role in helping students increase their employability and achieve their individual potential. The university retains students in the region, generating new dollars and opportunities for the Northern Wisconsin Service Area.\* LCOOU provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Its student and employee volunteers support the regional economy through the output and employment generated by regional businesses and organizations. Furthermore, LCOOU is a place for students to meet new people, increase self-confidence, and promote their overall health and well-being.

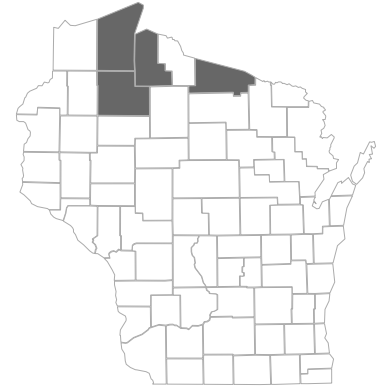
LCOOU influences both the lives of its students and the tribal and regional economies. The university supports a variety of industries in the Northern Wisconsin Service Area, serves regional businesses, and benefits national society from an expanded economy and improved quality of life. Additionally, the benefits created by LCOOU extend to the government through increased tax revenues and public sector savings.

This study measures the economic impacts created by LCOOU on the business community and evaluates the return on investment to LCOOU's primary stakeholders—students and Wisconsin society—as well as the benefits received by U.S. and Wisconsin taxpayers from LCOOU. The following two analyses are presented:

 **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 Northern Wisconsin Service Area economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students and the national society, along with benefits to taxpayers, are reported under the investment analysis.



Northern Wisconsin Service Area

LCOOU influences both the **lives of its students** and the **tribal and regional economies**.

\* For the purposes of this analysis, the Northern Wisconsin Service Area is comprised of Ashland, Bayfield, Sawyer, and Vilas Counties.



LCOOU promotes economic growth in the Northern Wisconsin Service Area 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 construction operations. The university's reputation and activities retain students in the Northern Wisconsin Service Area, whose expenditures benefit regional vendors. LCOOU encourages its students and employees to volunteer in the community, helping businesses and organizations grow. In addition, LCOOU is one of the primary sources of higher education to the Northern Wisconsin Service Area residents and a supplier of trained workers to regional industries, enhancing overall productivity in the regional workforce.

## Operations spending impact



LCOOU adds economic value to the Northern Wisconsin Service Area as an employer of regional residents and a large-scale buyer of goods and services. In FY 2021-22, payroll at LCOOU was \$5.2 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 \$2.4 million on day-to-day expenses related to facilities, supplies, and professional services (excluding construction).

LCOOU's day-to-day operations spending added \$6.5 million in income to the region during the analysis year. This figure represents the university's payroll, the multiplier 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 \$6.5 million in added income is equivalent to supporting 92 jobs in the region.

## Construction spending impact



LCOOU invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands. While the amount varies from year to year, these quick infusions of income and jobs have a substantial impact on the regional economy. In FY 2021-22, LCOOU's construction spending generated \$1.4 million in added income, which is equivalent to supporting 21 jobs.



## Visitor spending impact



Out-of-region visitors attracted to the Northern Wisconsin Service Area for activities at LCOOU brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other regional businesses. 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 \$25.7 thousand in added income for the regional economy in FY 2021-22. This \$25.7 thousand in added income is equivalent to supporting one job.

## Student spending impact



Some in-region students, referred to as retained students, would have left the Northern Wisconsin Service Area if not for the existence of LCOOU. While attending the university, these retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$147.5 thousand in added income for the regional economy in FY 2021-22, which supported three jobs in the Northern Wisconsin Service Area.

## Volunteerism impact



LCOOU encourages its students and employees to volunteer in the Northern Wisconsin Service Area, where they can work with businesses and organizations to help meet their goals. The work of these student and employee volunteers allows businesses and organizations to grow, increasing their output and impacting the economy at large. The work of LCOOU student and employee volunteers is equivalent to \$27.9 thousand in earnings. In terms of actual impact to the Northern Wisconsin Service Area economy, LCOOU student and employee volunteers generated an impact of \$12.9 thousand in added income for the region in FY 2021-22, equivalent to supporting one job.

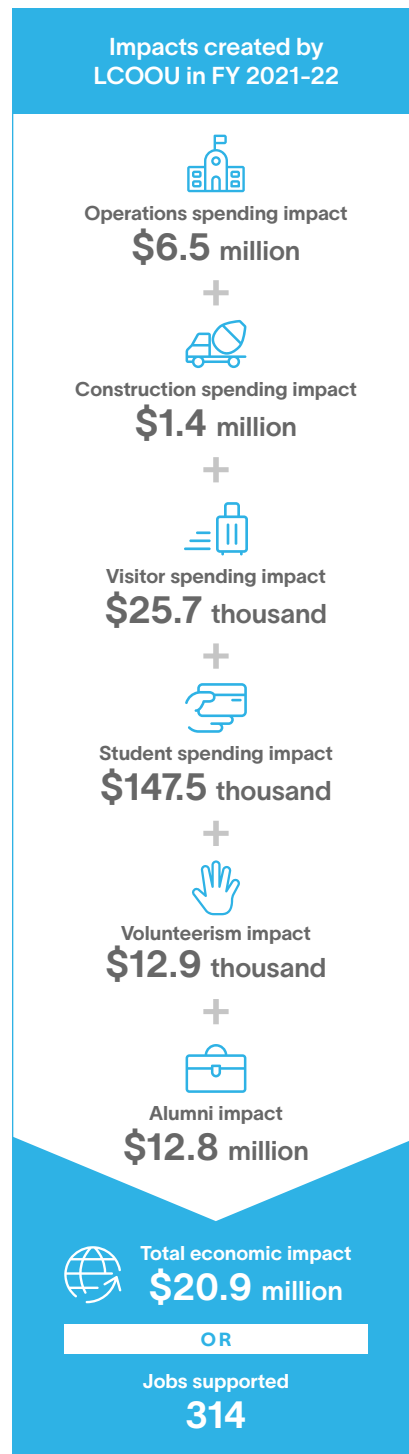
## Alumni impact



The education and training LCOOU provides for regional residents has the greatest impact. Since the establishment of the university, students have studied at LCOOU and entered the regional workforce with greater knowledge and new skills. Today, thousands of former LCOOU students are employed in the Northern Wisconsin Service Area. As a result of their education from LCOOU, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2021-22, LCOOU alumni generated \$12.8 million in added income for the regional economy, which is equivalent to supporting 197 jobs.

## Total impact

LCOOU added \$20.9 million in income to the Northern Wisconsin Service Area economy during the analysis year, equal to the sum of the operations and construction spending impacts; the visitor and student spending impacts; the volunteerism impact;



and the alumni impact. For context, the \$20.9 million impact was equal to approximately 0.7% of the total gross regional product (GRP) of the Northern Wisconsin Service Area. This contribution that the university provided on its own is nearly two-thirds as large as the entire Arts, Entertainment, & Recreation industry in the region.

LCOOU's total impact can also be expressed in terms of jobs supported. The \$20.9 million impact supported 314 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. In addition, the \$20.9 million, or 314 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the activities of LCOOU and its alumni in the Health Care & Social Assistance industry sector supported 54 jobs in FY 2021-22. If the university did not exist, these impacts would not have been generated in the Northern Wisconsin Service Area.

This contribution that LCOOU provided on its own is nearly two-thirds as large as the entire Arts, Entertainment, & Recreation industry in the region.

**LCOOU 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 LCOOU as an investment from the perspectives of students and society. In addition, the benefits received by the U.S. and Wisconsin taxpayers are measured.

## Student perspective



In FY 2021-22, LCOOU served 389 students. In order to attend the university, the students paid for tuition, fees, books, and supplies. They also gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by LCOOU's students in FY 2021-22 amounted to a present value of \$493.2 thousand, equal to \$204.4 thousand in out-of-pocket expenses and \$288.8 thousand in forgone time and money.

In return for their investment, LCOOU's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average LCOOU bachelor's degree graduate from FY 2021-22 will see annual earnings that are \$16,600 higher than a person with a high school diploma or equivalent working in Wisconsin. Over a working lifetime, the benefits of a bachelor's degree over a high school diploma will amount to an undiscounted value of \$531.2 thousand in higher earnings per graduate. The present value of the cumulative higher future earnings that LCOOU's FY 2021-22 students will receive over their working careers is \$5.9 million.

The students' benefit-cost ratio is 12.0. In other words, for every dollar students invest in LCOOU in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$12.00 in higher future earnings. Annually, the students' investment in LCOOU has an average annual internal rate of return of 40.0%, 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 LCOOU



Average annual return for LCOOU students

**40.0%**



Stock market 30-year average annual return

9.6%

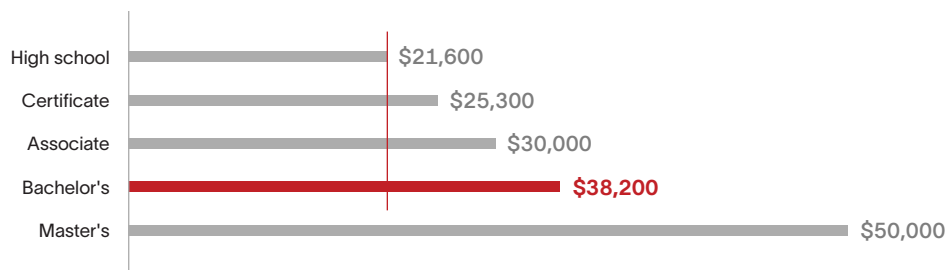


Interest earned on savings account (national deposit rate)

0.4%

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

The average bachelor's degree graduate from LCOOU will see an increase in earnings of **\$16,600** each year compared to a person with a high school diploma or equivalent working in Wisconsin.



Source: Lightcast employment data.



## Taxpayer perspective



LCOOU generates substantial benefits for taxpayers in the U.S and Wisconsin. These benefits to taxpayers consist primarily of taxes that the government will collect from the added revenue created in the nation and state. As LCOOU students 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. At the national level, the government will have collected a present value of \$4.6 million in added taxes by the end of the FY 2021-22 students' working lives. At the state level, Wisconsin will have collected a present value of \$2 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of LCOOU students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that LCOOU 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. LCOOU 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. Altogether, the present value of the benefits associated with an education from LCOOU will generate \$335.5 thousand in savings to U.S. taxpayers and \$324.5 thousand to Wisconsin taxpayers.

Total taxpayer benefits at the national level amount to \$4.9 million—the present value sum of the added tax revenue and public sector savings; and Wisconsin taxpayer benefits amount to \$2.3 million.

Throughout students' working lives, taxpayers in the U.S. will receive a total of **\$4.9 million** in benefits. At the state level, Wisconsin taxpayers will receive a total of **\$2.3 million** in benefits.

## Social perspective



Society as a whole benefits from the presence of LCOOU in two major ways. Primarily, society benefits from an increased economic base in the nation. 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 the U.S.

Benefits to society also consist of the savings generated by the improved lifestyles of LCOOU 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

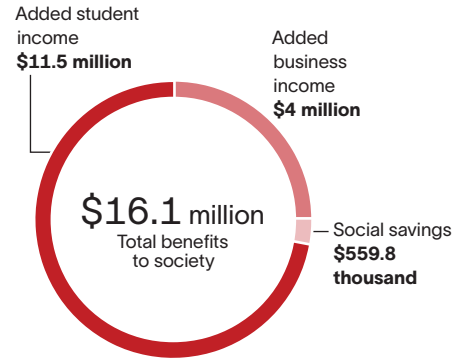


less judicial activity. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, contact the university for a copy of the main report.

Altogether, the social benefits of LCOOU equal a present value of \$16.1 million. These benefits include \$11.5 million in added student income, \$4 million in added business income, as well as \$559.8 thousand in social savings related to health, the justice system, and income assistance. Society invested a present value total of \$13.7 million in LCOOU in FY 2021–22. The cost includes all government funding and the student costs.

The benefit-cost ratio for society is 1.2, equal to the \$16.1 million in benefits divided by the \$13.7 million in costs. In other words, for every dollar invested in LCOOU, people across the nation will receive a cumulative value of \$1.20 in benefits. This means that the benefits not only cover the cost of society’s funding, but also generate a surplus of benefits for people in the U.S.

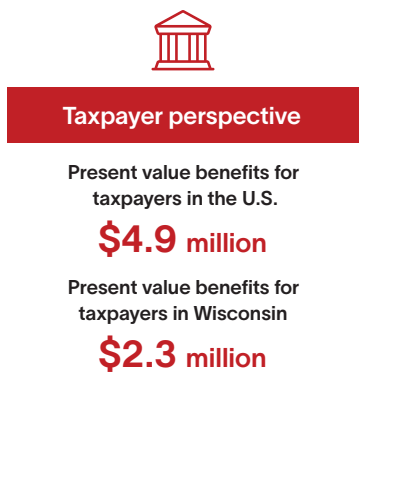
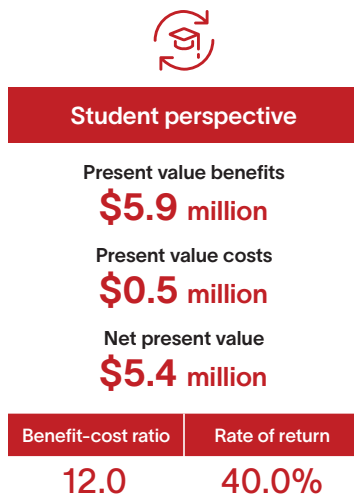
### Social benefits from LCOOU nationwide



Source: Lightcast impact model.

## Summary of investment analysis results

The results of the analysis demonstrate that LCOOU is a strong investment for students and society. As shown, students receive a great return for their investments in an LCOOU education. In addition, the benefits generated by the university and its students recover a substantial portion of the costs borne by taxpayers through added tax revenues and government savings and create a wide range of social benefits throughout the nation.



\* 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 LCOOU 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. LCOOU enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The university benefits taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, LCOOU benefits the U.S. society as a whole 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 LCOOU, 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.



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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](https://lightcast.io/solutions/education) to learn more or connect with us.