

Economic Impact of West Virginia University at Parkersburg FY 2007

By

Amy Higginbotham
Randall Childs
Dr. Tom S. Witt

Bureau of Business and Economic Research
College of Business and Economics
West Virginia University

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Executive Summary

West Virginia University at Parkersburg is a regional campus of West Virginia University (WVU). As a regional campus, WVU Parkersburg is a community college that serves as a higher education center that provides teaching, workforce development activities, service and economic development programs benefiting West Virginia residents. Many of the program benefits are quantifiable; however, there are a number of programs whose benefits are neither immediately apparent nor easily quantified. This study focuses on one directly measurable benefit associated with WVU-Parkersburg's operation – the economic impact of its expenditures on the West Virginia economy.

The economic impacts presented in this report are for the fiscal year 2007 (July 1, 2006 – June 30, 2007). The impacts were estimated using WVU-Parkersburg's financial statements and the IMPLAN input-output modeling system. Among the economic impacts estimated are business volume, employment, employee compensation, and assorted state taxes.

Highlights of the fiscal year 2007 total economic impacts (direct, indirect, and induced) of WVU-Parkersburg include:

- Total number of jobs created was slightly over 1,000.
- Total business volume generated was \$84.7 million.
- Total output generated was \$44.6 million.
- Total employee compensation generated was \$18.3 million.
- Total value added created was \$68.3 million.
- Total assorted state taxes (consumer sales and use, personal income, corporate net income, and business franchise) resulting from WVU Parkersburg was \$1.0 million.

WVU at Parkersburg received over \$8.4 million in state appropriations and generated \$84.7 million in business volume, which means that every dollar that the state legislature spends on WVU at Parkersburg turns into \$10 in the state economy.

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Introduction and Overview

West Virginia University at Parkersburg was founded in 1961 as the Parkersburg Branch of West Virginia University. On July 1, 1971, it became Parkersburg Community College, one of the state's first comprehensive community colleges. In a reorganization of West Virginia's public higher education system in 1989, the institution became West Virginia University at Parkersburg, a regional campus of WVU. The Parkersburg campus is a community college that serves as a higher education center offering a blend of certificate and associate programs as well as select bachelor's degrees.

WVU Parkersburg is one of 34 public institutions in the United States classified as a Baccalaureate/Associate's College by the Carnegie Foundation for the Advancement of Teaching. The Parkersburg campus is accredited by the Higher Learning Commission to offer baccalaureate programs. It is the fifth largest public institution of higher education in West Virginia.

WVU Parkersburg provides not only high quality programs of instruction at the undergraduate levels but also provides teaching, workforce development education and training, service and resources to the state and region's government, communities, businesses and general public. The institution's primary service area consists of seven counties in west-central West Virginia: Jackson, Pleasants, Ritchie, Roane, Tyler, Wirt and Wood. The focus of this study is to quantify the directly measurable benefits associated with WVU Parkersburg's operation on the West Virginia economy.

The concentration of this study is on the direct, indirect and induced, and total economic impacts of WVU Parkersburg on the West Virginia economy during FY 2006-2007 (July 1, 2006 – June 30, 2007). Total purchases by the organization include the annual operating purchases and annualized major capital expenditures¹. In addition, purchases by WVU Parkersburg faculty, staff, students, and visitors of students are considered in the analysis. Through these direct expenditures and employment, additional expenditures and employment are generated via economic multipliers from suppliers' and employees' respending within the state economy.

The economic multipliers used in this report are provided by the IMPLAN® input-output modeling system², a nationally recognized modeling software and data system. The use of IMPLAN® in this project permits estimation of the indirect, induced and total economic impacts of output, employee compensation, employment, and value added by major industry. Using these results BBER estimates the impacts of WVU Parkersburg on the West Virginia economy. Among these impacts estimated are personal income, corporate net income, business franchise, sales and use tax revenues generated for the operation of WVU Parkersburg.

¹ Rather than use the actual major capital expenditures during the fiscal year, a three-year average of actual capital expenditures was used in the estimation of the economic impact. This smoothes large year-to-year variations in capital spending to make the estimated impacts more representative of WVU Parkersburg's operations. Capital expenditures for WVU Parkersburg include capital funding appropriated through the Board of Governors for projects.

² IMPLAN® modeling system details can be found on their website (<http://www.implan.com/>).

Current Setting

West Virginia University at Parkersburg is the fifth largest public institution of higher education in West Virginia and as such has a major impact on West Virginia through its education, economic development, workforce development activities and service programs. WVU Parkersburg offers 22 undergraduate certificates; nine certificates; 19 associate degrees, including career and transfer programs; five four-year degrees-- Bachelor of Applied Technology, Bachelor of Applied Science in Business Administration, Bachelor of Science in Business Administration; Bachelor of Arts in Elementary Education, and Regents Bachelor of Arts; and one four-year program cooperatively with West Virginia University—Bachelor of Science in Nursing.

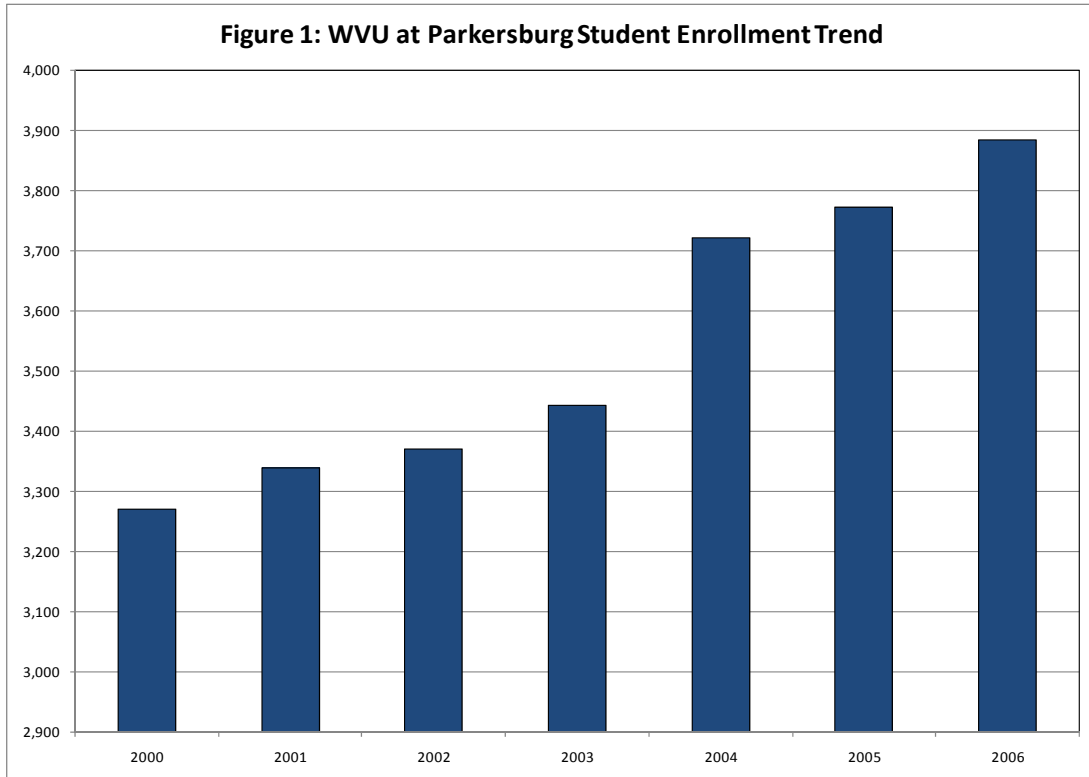
Employment at WVU Parkersburg for fiscal year 2007 was 446 full-time and part-time jobs (Table 1). Total employment at WVU Parkersburg included 237 tenured and non-tenured faculty and 105 staff.

Table 1: Employment at WVU at Parkersburg	
	Fiscal Year 2007
Academic Professionals	5
Classified Staff	88
Unclassified Staff	17
Non-tenure Faculty	177
Tenure Faculty	60
Temporary Staff	10
Students and Work Studies	89
Total	446

Student enrollment at WVU Parkersburg was 3,884 for the Fall 2006 semester (Table 2). Student enrollment consisted of 2,216 full-time students. Over 97 percent of WVU Parkersburg's enrollment included individuals who reside in West Virginia. The student population at WVU at Parkersburg is 62 percent female and 38 percent male. A majority of the students enrolled at the institution were pursuing certificates or associate degrees during the Fall of 2006 while 665 students were enrolled in a 4-year bachelor's degree program.

Table 2: Student Enrollment at WVU at Parkersburg	
Fall 2006	
Status	
Full-time	2,216
Part-time	1,668
Total	3,884
Residency	
In-State	3,773
Out-Of-State	111
Gender	
Male	1,484
Female	2,400
Degree Seeking	
Certificate or Associates	3,527
Bachelors	665
Non-Degree Seeking	692
Source: West Virginia Higher Education Policy Commission Fall 2006 Enrollment Report	

WVU Parkersburg experienced the second-largest fall enrollment since becoming a regional campus of West Virginia University in the Fall of 2006. Student enrollment at the campus has increased by approximately 3 percent since 2000 (Figure 1).



Economic Impact of WVU at Parkersburg

The economic contributions of WVU Parkersburg are significant. WVU Parkersburg’s total economic impact on the West Virginia economy was \$84.7 million of business volume and \$68.3 million in output in fiscal year 2007 (Table 3). This economic activity generated more than \$18.3 million in employee compensation in the state and accounted for slightly over 1,000 jobs in West Virginia. Activities at WVU Parkersburg generated \$36.4 million in total value added. WVU Parkersburg’s activity generated an estimated \$1 million of tax revenue for the state through consumer sales and use tax, personal income tax, corporate net income tax, and business franchise tax.

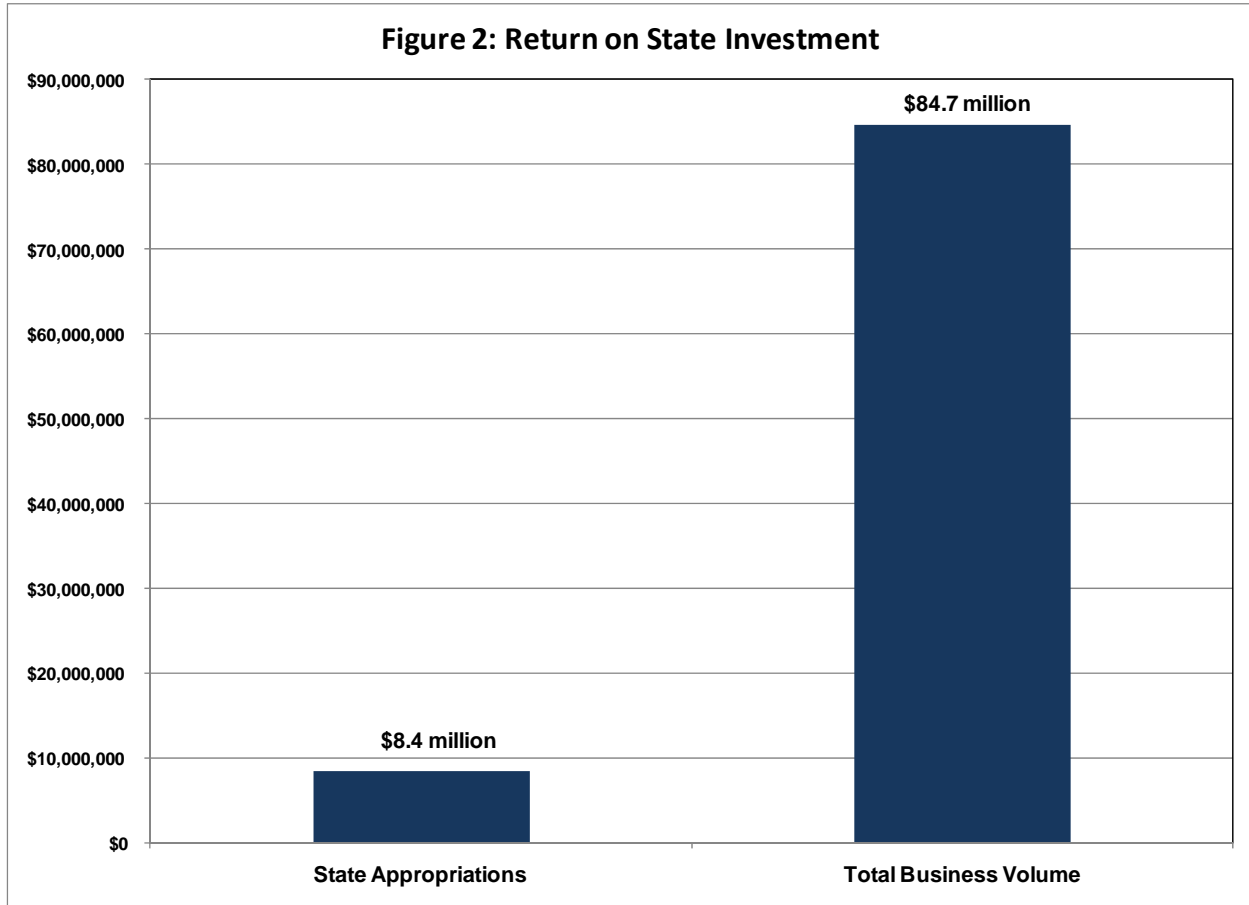
Table 3: Economic Impact of West Virginia University at Parkersburg on the West Virginia Economy, Fiscal Year 2007			
Type of Economic Impact	Direct Impact	Indirect & Induced Impact	Total Impact
Business Volume (\$million)	\$50.6	\$34.1	\$84.7
Output (\$million)	\$44.6	\$23.7	\$68.3
Employee Compensation (\$million)	\$12.6	\$5.7	\$18.3
Value Added (\$million)	\$23.5	\$12.9	\$36.4
Employment (jobs)	780	230	1,010
Assorted State Taxes (\$million)	-	-	\$1.0

Note: Numbers may not sum due to rounding. Assorted state taxes include consumer sales, use, personal income, corporate net income and business franchise.

The economic impacts estimated for WVU at Parkersburg on the state of West Virginia for fiscal year 2007 included the following activities: WVU at Parkersburg, resident and non-resident student expenditures, and student visitor expenditures.

Return on State Investment

For fiscal year 2007, WVU at Parkersburg received \$8.4 million in state appropriations. As calculated in the previous section, WVU at Parkersburg generated \$84.7 million in business volume for the year. This total business volume impact is more than ten times the state investment, which means that every dollar the state legislature spends on WVU at Parkersburg turns into \$10 in the state economy.



Limitations to the Economic Impact Study

Any economic impact study has limitations which should be noted by the reader. These are listed as follows:

1. The presence of a college or university in a community may be a ‘draw’ to other types of businesses, which do not supply goods and services directly or indirectly to the educational institution. These businesses use student interns and employees with specialized skills such as science, computer programming, business or health care. Often these businesses employ students full time upon graduation.
2. WVU at Parkersburg faculty, staff and students have numerous visitors during the course of the year. While the impacts of student visitors are included in this study, no estimates are provided of the economic contributions of faculty and staff visitors or for visitors to all intramural events, cultural activities, lectures, and other programs and services provided by WVU Parkersburg. The omission of the economic contributions of these visitors means that the estimated impacts underestimate the economic contributions of the institution to West Virginia.
3. The list of affiliated organizations is not exhaustive of those associated with WVU at Parkersburg. Organizations omitted due to the lack of information include WVU at Parkersburg Foundation Inc. Other affiliated organizations were omitted due to lack of information, lack of comparable data, or independence from the institution.
4. Alumni of higher education institutions return to their institutions for alumni reunions and to take advantage of educational programs. In some cases after a return visit they decide to relocate to the area. Faculty and staff retirees from various institutions often continue residing in these communities. This study does not consider the economic contributions associated with alumni relocating to these communities nor the impacts of WVU Parkersburg retirees residing in the state.
5. In some economic impact studies estimates were made of the impacts on financial institutions such as interest- and non-interest bearing financial accounts. Due to continued deregulation of financial institutions and changes in geographically based statistical reports on financial institutions, it was deemed to be very difficult to ascertain an estimate of this impact; however the overall economic impact enhances the financial resources in the community.
6. The results from this economic impact study are not necessarily comparable with those from studies of other institutions. In part, this may be due to differences in impact methodology and the regional focus of the studies. Other differences could be attributable to accounting conventions, failure to remove double counting of transfers, and errors in judgment. The research team has clearly documented its methodology so that future updates will result in comparable statistics.

7. Many economic contributions of a complex higher education organization are only realized after the year in which the expenditures are made. Services provided by WVU Parkersburg units which enhance the productivity of existing business and lead to the retention of jobs which would otherwise be lost are not 'captured' within this research methodology. Finally, the greatest long term economic impact from education is the expansion in the stock and quality of human capital available for employment. It is well documented that investments in human capital result in excellent rates of return to individuals and society.
8. Faculty, staff and students often start businesses outside the institution. These entrepreneurial startups may often generate significant employment and payrolls as well as making significant contributions to the local economy.
9. Faculty, staff and students serve as volunteers in community-based and faith-based organizations. In many instances they play a major leadership role within these institutions. Students also engage in service-learning experiences including tutoring in public schools, business plan development, recreational program leadership and staffing, among others. The economic value of the hours spent in these endeavors is not included in this study.
10. The estimated taxes associated with the total economic impact excludes workers and unemployment compensation payments from the institutions as well as real and personal property taxes paid to localities by businesses and employees. Consequently, the total estimated taxes paid are an underestimate of the actual taxes remitted at the state and local levels.
11. Higher education institutions have health care benefits and insurance for faculty, staff, and in some cases students. These insurance plans help bolster the local health care community by providing financial support for services received as well as reducing the amount of uncompensated care provided by the health care institutions. These impacts are not included in this report.
12. The most important long-term economic benefit not reflected in this report, however, is the increased human capital provided by the higher education institutions. Graduates of these institutions enter the job market, receiving earnings well above those of high school graduates. Even higher returns accrue to those with a masters, doctorate and professional degrees. These higher earnings are reflected in higher taxes paid to state and local governmental units. Furthermore, unemployment and poverty rates are lower for college graduates compared to individuals with a high school degree or less. College graduates make fewer claims on public social services, report better health and have lower incarceration rates than those with less education.

Appendix A: Economic Impact Definitions

Assorted State Taxes:	West Virginia state revenues from consumer sales and use tax, personal income tax, corporate net income tax, and business franchise tax.
Business Volume:	Sales plus net increase in finished inventories and the value of intra-corporate shipments. Equals output (see below) plus the cost of goods sold in retail and wholesale trade.
Employment:	The number of jobs in a business, industry, or region. Also, the number of jobs attributable to an impact (see below). This is a measure of the number of full-time and part-time positions, not necessarily the number of employed persons. Jobs are annual average by place of work. Job/years are the number of jobs per year of the proposed project.
Employee Compensation:	Wages and salaries plus employers' contribution for social insurance (social security, unemployment insurance, workers compensation, etc.) and other labor income (pension contributions, health benefits, etc.). By place of work unless otherwise stated.
Impacts:	The results of the recirculation of funds throughout a regional economy due to the activity of a business, industry, or institution. Estimated by tracing back the flow of money through the initial businesses' employees and suppliers, the businesses selling to the employees and suppliers, and so on. Thus, they are a way to examine the distribution of industries and resources covered in the costs of the initial activity.
Output	For most sectors, measured as sales plus net inventories and the value of intra-corporate shipments. For retail and wholesale trade, measured as gross margins (i.e. mark-ups on goods sold).
Value Added	A measure of the value created by a business or industry, or attributable to an impact (see above). Equal to the value of production minus the cost of purchased goods and services. Also equal to employee compensation plus capital income (profits, interest paid, depreciation charges) and indirect business taxes (e.g. severance, excise). Corresponds to the aggregate concepts of gross domestic product (GDP).