

University of Arkansas Arkansas Newswire

University's Economic Impact Put at \$725.4 Million

Campus affects both state and local economies, present and future

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FAYETTEVILLE, Ark. – The University of Arkansas has an economic impact of more than \$725 million a year on state and local economies, Chancellor G. David Gearhart announced during a news conference today. That figure comes from a report prepared by researchers in the Center for Business and Economic Research at the Sam M. Walton College of Business.

The researchers found that the university has both short-range and long-range effects on state and local economies by developing human capital, fostering a knowledge economy and providing a sustainable economic base for growth in northwest Arkansas and the state as a whole.

“We have always known that the University of Arkansas has a considerable economic impact in the state and that it is a force for improving the lives of our citizens, but now we have accurate data to verify and quantify that claim,” said Gearhart. “This study will greatly enhance our ability to make the case for the importance of our campus to the state of Arkansas.”

The study found that, in terms of human capital, there are more than 60,000 University of Arkansas alumni living in Arkansas, representing every county in the state, contributing \$62.9 million in sales and use taxes to state and county governments and an additional \$122.2 million in state income taxes. The researchers calculated that university alumni living in the state earn \$2.2 billion in wages a year, significantly contributing as workers, business leaders and consumers in their local economies.

The key to fostering a knowledge economy is the development of knowledge capital, a prime function of higher education. The 21st century economy is driven by innovation and that innovation depends on the creation and dissemination of knowledge. The report finds that as the premier research-generating institution in the state the University of Arkansas has a unique influence on the state's stock of knowledge capital.

For example, the number of graduate students in science and engineering in Arkansas

has more than doubled in 10 years; not surprisingly, the number of Arkansans working in high technology jobs has increased significantly during the same period. In addition, the report found that research funding showed a 70 percent increase in less than a decade. That research has led to the development of many start-up companies in the state, grown from patents and licenses developed at the university. The Arkansas Research and Technology Park alone is an incubator for 29 fledgling enterprises with 183 employees and reported 2009 revenues over \$13 million.

In terms of sustainable economic growth, the study finds that the university, one of the largest employers in northwest Arkansas in 2009, had a total payroll of \$246.5 million and made direct expenditures into the community totaling \$56.9 million. University students, faculty and staff make up 4.5 percent of the population in northwest Arkansas, paying nearly \$6.4 million in property and personal property taxes. Students alone spent \$173.7 million in northwest Arkansas, including \$6.9 million in state sales taxes, while people visiting campus community members spent more than \$2 million a year. In preliminary estimates the researchers calculate that visitors attending athletic events at the university added another \$125 million to the local economy.

“The activities associated with the university’s annual operations more than add up to the total of \$725 million,” said Deck. “The total impact is 1.8 times greater than the funds the university directly spends each year. Even more impressive is the return that the University of Arkansas generates from the public’s investment via the state’s annual appropriation. Essentially Arkansas gets \$3.65 of economic output for every dollar the state legislature invests in the University of Arkansas.”

The report was commissioned last year by Chancellor Gearhart, and the center researchers spent nine months preparing the report. The chancellor said he was aware that using a university research center to study the university might raise some eyebrows, but was confident no one could do a better job.

“When local, state or national media want an economic analysis they can trust, they call Kathy Deck,” Gearhart said. “Since she joined the Center for Business and Economic Research in 2001 she has managed more than 55 studies for clients that include Arvest Bank Group, Chesapeake Energy, the Jones Center for Families and the Arkansas Economic Development Commission. The university could not find a more qualified, thorough or professional group of researchers to conduct this important study.”

Gearhart said it is standard practice for universities to do this kind of study “in-house,” both because of the quality of the research and the cost savings. He estimated that the university saved \$120,000 by contracting with the center.

The full report is available [online \(http://www.uark.edu/rd_vcad/economicImpact](http://www.uark.edu/rd_vcad/economicImpact)

[/index.php](#)).

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