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## Study: University of Arkansas Worth \$725 Million to State Economy in 2009

By Worth Sparkman - 2/16/2010 1:58:31 PM

University of Arkansas' Chancellor David Gearhart said Tuesday that the university's Fayetteville campus had an operational economic impact of more than \$725.4 million last year. The numbers are for the university's fiscal year 2009, which ran from July 1, 2008 through June 30, 2009.

The chancellor's office commissioned the Walton College of Business' Center for Economic and Business Research to conduct the study. The full 106-page document can be found [Here](#). It examined spending by the university, faculty, staff, students and visitors, and includes estimated tax collections.

Gearhart and Kathy Deck, director of the CBER, said the study examined three primary areas that effect the state and local economies: the development of human capital, the fostering of a knowledge-based economy and the development of a sustainable economic base.

Deck walked a small group through the methodology and the high points of the study at a news conference. Some of those points include:

- the university spent about \$393.5 million in fiscal 2009, therefore the economic multiplier was 1.8;
- the university's Fayetteville campus employed about 4,000 faculty and staff with a total payroll of \$246.5 million in fiscal 2009;
- those employees paid \$8.4 million in state income tax and \$5.7 million in state sales taxes;
- Arkansas appropriated \$199.7 million to UA in 2009. The return, in terms of total impact, was about 364 percent;
- students spent about \$173.7 million in northwest Arkansas and visitors spent about \$127 million;
- UA students, faculty and staff make up more than 21 percent of Fayetteville's population.

In terms of human capital, Deck said about 2.1 percent of the state's population are UA-Fayetteville alumni, but earned 4.9 percent of the state's income, or about \$2.2 billion. That group paid \$62.9 million in sales and use taxes and \$122.2 million in state income taxes, she said.

Though Arkansas isn't considered a high-tech state, about one in 12 workers are in high-tech jobs, Deck said, or about 18.3 percent of the workforce. According to a news release, the number of students graduating with science and engineering degrees in Arkansas has more than doubled in the last 10 years. Twenty-nine companies are clients of the business incubator at the Arkansas Research and Technology Park in south Fayetteville, employing 183 and generating \$13 million in 2009 revenue.

"I stand here today and say 1.8 is a very respectable multiplier," Deck said. "Very respectable."

Similar studies typically bear out a 1.5 on the construction industry and about 1.4 or so in the oil and gas industry.

"Higher education is actually an industry, right?" Deck said. Just like manufacturing, or other industries, a case has to be made to investors so they know what to expect as an outcome, she said. It's the same case with the UA's economic impact study.

Gearhart said there's a tendency to undervalue the UA's contributions to the state.

"We have always know 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," Gearhart said in a prepared statement. "This study will greatly enhance our ability to make the case for the importance of our campus to the state of Arkansas."

It took the CBER nine months to conduct the study and cost about \$30,000. Similar studies conducted by independent consulting firms can cost as much as \$150,000, Deck said.

There may be periodic future studies, depending on the growth and needs of the university, she said.

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