



**MCNEESE**  
STATE UNIVERSITY

**Executive Summary**

FEBRUARY 2023



# The Economic Value of McNeese State University

**M**CNEESE STATE UNIVERSITY (McNeese) 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 company developments and draws visitors and students to the region, generating new dollars and opportunities for the Southwest Louisiana region.<sup>1</sup> McNeese 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, McNeese is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.



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

This study measures the economic impacts created by McNeese on the business community and the benefits the university generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

 **Economic impact analysis**

 **Investment analysis**

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

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

<sup>1</sup> For the purposes of this analysis, the Southwest Louisiana region includes the following parishes: Acadia, Allen, Beauregard, Calcasieu, Cameron, Evangeline, Jefferson Davis, St. Landry, Vermilion, and Vernon.



McNeese promotes economic growth in the Southwest Louisiana region 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. Numerous start-up companies have formed as a result of programs and knowledge at McNeese. The university's reputation and activities attract visitors and students from outside the Southwest Louisiana region, whose expenditures benefit regional vendors. McNeese encourages its students and employees to volunteer in the community, helping businesses and organizations grow. In addition, McNeese is one of the primary sources of higher education to the Southwest Louisiana region residents and a supplier of trained workers to regional industries, enhancing overall productivity in the regional workforce.

## Operations spending impact



McNeese adds economic value to the Southwest Louisiana region as an employer of regional residents and a large-scale buyer of goods and services. In FY 2021-22, the university employed 798 full-time and part-time faculty and staff, 92% of whom lived in the Southwest Louisiana region. Total payroll at McNeese was \$50.8 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 \$41.5 million on day-to-day expenses related to facilities, supplies, and professional services (excluding construction expenditures and depreciation and interest).

McNeese's day-to-day operations spending added \$47.6 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 \$47.6 million in added income is equivalent to supporting 741 jobs in the region.

## Construction spending impact




McNeese 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. The construction projects during the year of analysis reflect three major categories: typical repair and renovation work that is encountered every year; insurance claims stemming from 2020's hurricanes Laura and



Delta and 2021's record freeze from Winter Storm Uri, and a record 500-year flood in May; and the Contraband Bayou Erosion Control project. In FY 2021-22, McNeese's construction spending generated \$14.5 million in added income, which is equivalent to supporting 213 jobs.


### Start-up company impact

 McNeese creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of McNeese start-up companies created in the region. Start-up companies, created specifically to license and commercialize McNeese technology or knowledge, have a strong and clearly defined link to McNeese. In FY 2021-22, McNeese start-up companies added \$4.1 million in income to the Southwest Louisiana region economy, which is equivalent to supporting 101 jobs.


### Visitor spending impact

 Tens of thousands of visitors from outside the region were attracted to McNeese during the analysis year to attend commencement, sports events, and other 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 \$4.3 million in added income for the regional economy in FY 2021-22. This \$4.3 million in added income is equivalent to supporting 110 jobs.

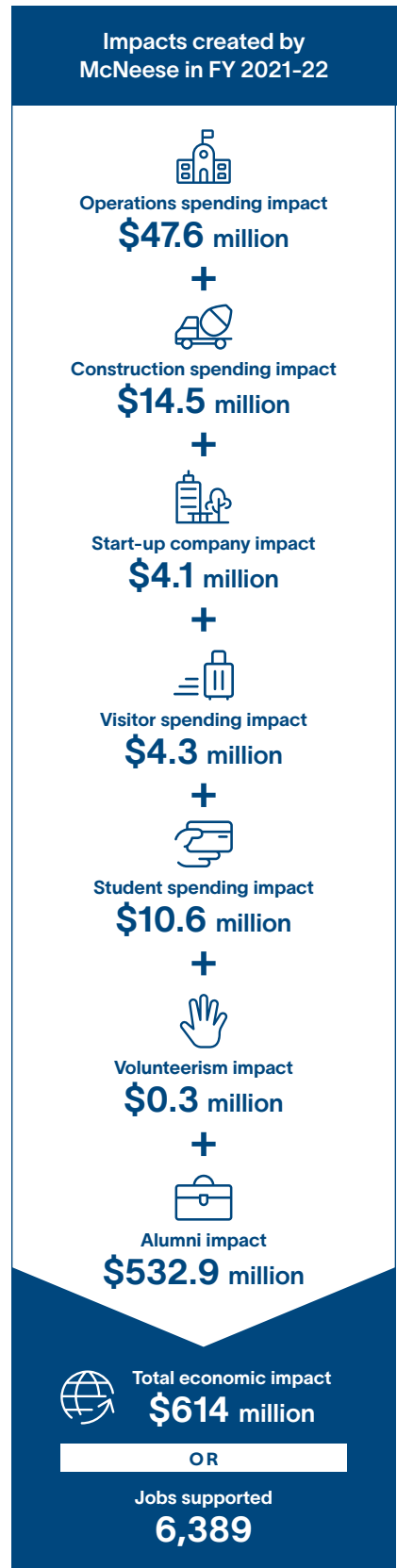
### Student spending impact

 Around 27% of degree-seeking students attending McNeese originated from outside the region in FY 2021-22, and nearly two-thirds of these students relocated to the Southwest Louisiana region to attend McNeese. 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 the Southwest Louisiana region if not for the existence of McNeese. While attending the university, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$10.6 million in added income for the regional economy in FY 2021-22, which supported 219 jobs in the Southwest Louisiana region.

### Volunteerism impact

 McNeese encourages its students and employees to volunteer in the Southwest Louisiana region, 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. Using the value per volunteer hour for Louisiana,<sup>2</sup> the work of

<sup>2</sup> By state value per volunteer hour was provided by Independent Sector (see [https://independentsector.org/resource/vovt\\_details/](https://independentsector.org/resource/vovt_details/)).



McNeese student and employee volunteers is equivalent to \$19.9 thousand in earnings. In terms of actual impact to the Southwest Louisiana region economy, McNeese student and employee volunteers generated an impact of \$31.5 thousand in added income for the region in FY 2021-22, equivalent to supporting two jobs.

## Alumni impact



The education and training McNeese provides for regional residents has the greatest impact. Since the establishment of the university, students have studied at McNeese and entered the regional workforce with greater knowledge and new skills. Today, thousands of former McNeese students are employed in the Southwest Louisiana region.

According to Lightcast's Alumni Outcomes data, many of the McNeese alumni are employed in the state workforce in industry sectors such as Manufacturing; Government, Education; Health Care & Social Assistance; Professional and Technical Services; Retail Trade; Construction; and Finance & Insurance, with their top occupations being registered nurses; tutors and teachers and instructors; postsecondary teachers; chief executives; personal service managers; accountants and auditors; and general and operations managers.

As a result of their education from McNeese, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2021-22, McNeese alumni generated \$532.9 million in added income for the regional economy, which is equivalent to supporting 5,005 jobs.

## Total impact

McNeese added \$614 million in income to the Southwest Louisiana region economy during the analysis year, equal to the sum of the operations and construction spending impacts; the start-up company impact; the visitor and student spending impacts; the volunteerism impact; and the alumni impact. For context, the \$614 million impact was equal to approximately 2.1% of the total gross regional product (GRP) of the Southwest Louisiana region. This contribution that the university provided on its own is nearly as large as the entire Real Estate & Rental & Leasing industry in the region.

McNeese's total impact can also be expressed in terms of jobs supported. The \$614 million impact supported 6,389 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. This means that one out of every 43 jobs in the Southwest Louisiana region is supported by the activities of McNeese and its students. In addition, the \$614 million, or 6,389 supported jobs, stemmed from different industry sectors. For instance, McNeese's activities and alumni in the Government, Education industry sector supported 1,489 jobs in FY 2021-22. If the university did not exist, these impacts would not have been generated in the Southwest Louisiana region.

### McNeese impacts by industry (jobs supported)




**One out of every 43 jobs** in the Southwest Louisiana region is supported by the activities of McNeese and its students.





An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. The analysis presented here evaluates McNeese as an investment from the perspectives of students, taxpayers, and society in Louisiana.

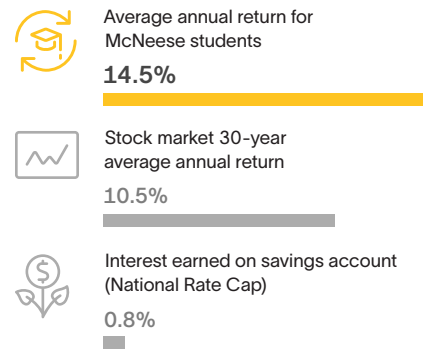
## Student perspective

 In FY 2021-22, McNeese served 7,255 students. 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 McNeese's students in FY 2021-22 amounted to a present value of \$90.3 million, equal to \$42.7 million in out-of-pocket expenses (including future principal and interest on student loans) and \$47.6 million in forgone time and money.

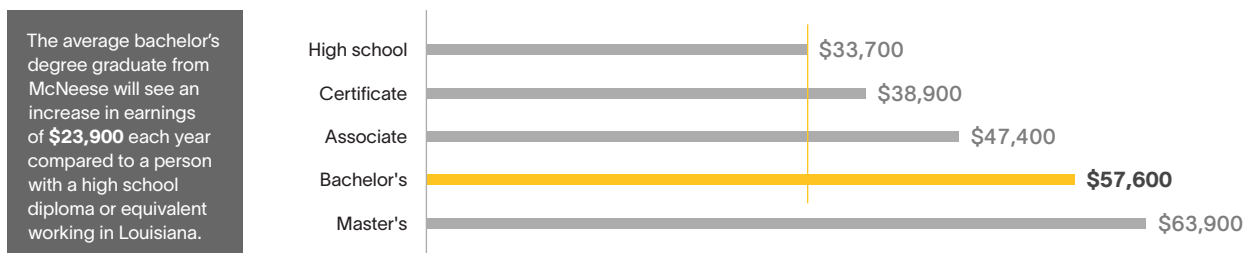
In return for their investment, McNeese's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average McNeese bachelor's degree graduate from FY 2021-22 will see annual earnings that are \$23,900 higher than a person with a high school diploma or equivalent working in Louisiana. Over a working lifetime, the benefits of the bachelor's degree over a high school diploma will amount to an undiscounted value of \$1.1 million in higher earnings per graduate. The present value of the cumulative higher future earnings that McNeese's FY 2021-22 students will receive over their working careers is \$414 million.

The students' benefit-cost ratio is 4.6. In other words, for every dollar students invest in McNeese in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$4.60 in higher future earnings. Annually, the students' investment in McNeese has an average annual internal rate of return of 14.5%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.5%.

### Students see a high rate of return for their investment in McNeese



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



Source: Data provided by McNeese and Lightcast Alumni Outcomes.

## Taxpayer perspective



McNeese generates more in tax revenue than it takes. These benefits to taxpayers consist primarily of taxes that the state government will collect from the added revenue created in the state. As McNeese 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 \$119.6 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of McNeese students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that McNeese students receive will generate savings in three main categories: 1) healthcare, 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. McNeese 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 McNeese will generate \$25.6 million in savings to state taxpayers.

Total taxpayer benefits amount to \$145.2 million, the present value sum of the added taxes and public sector savings. Taxpayer costs are \$78.1 million, equal to the amount of state government funding McNeese received in FY 2021-22. These benefits and costs yield a benefit-cost ratio of 1.9. This means that for every dollar of public money invested in McNeese in FY 2021-22, taxpayers will receive a cumulative present value of \$1.90 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 2.6%, which compares favorably to other long-term investments in the public and private sectors.

For every dollar of public money invested in McNeese, taxpayers will receive a cumulative value of **\$1.90** over the course of the students' working lives.

## Social perspective



Society as a whole in Louisiana benefits from the presence of McNeese 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 Louisiana.

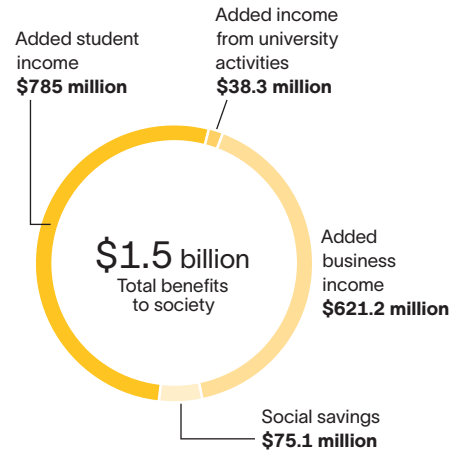
Benefits to society also consist of the savings generated by the improved lifestyles of McNeese students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided

by the taxpayers outlined above. Healthcare 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 McNeese equal a present value of \$1.5 billion. These benefits include \$785.0 million in added student income, \$621.2 million in added business income, \$38.3 million in added income from university activities, as well as \$75.1 million in social savings related to health, crime, and income assistance in Louisiana. People in Louisiana invested a present value total of \$196.9 million in McNeese in FY 2021-22. The cost includes all the university and student costs.

The benefit-cost ratio for society is 7.7, equal to the \$1.5 billion in benefits divided by the \$196.9 million in costs. In other words, for every dollar invested in McNeese, people in Louisiana will receive a cumulative value of \$770 in benefits. The benefits of this investment will occur for as long as McNeese's FY 2021-22 students remain employed in the state workforce.

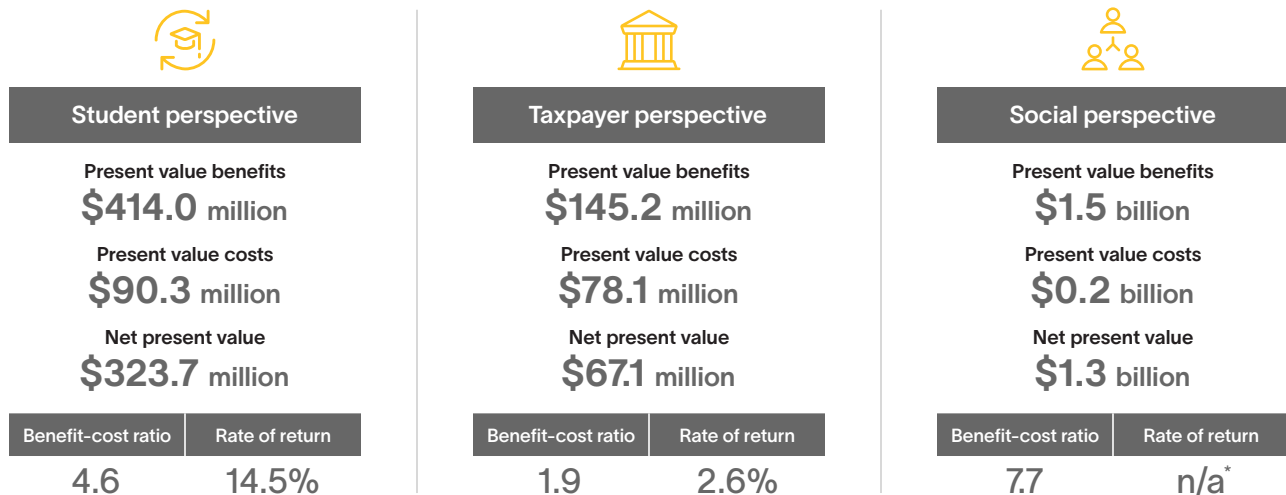
### Social benefits in Louisiana from McNeese



Source: Lightcast impact model.

## Summary of investment analysis results

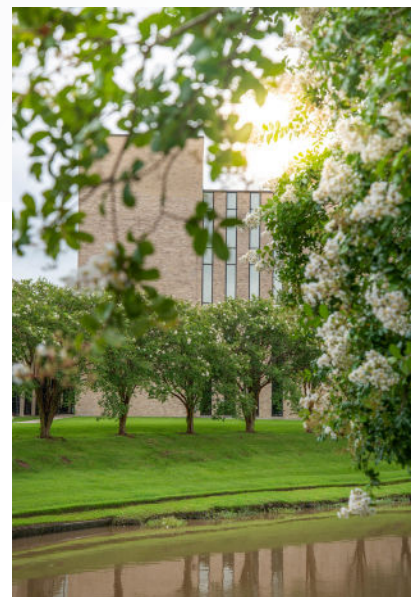
The results of the analysis demonstrate that McNeese is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an education from McNeese. At the same time, taxpayers' investment in McNeese returns more to government budgets than it costs and creates a wide range of social benefits throughout Louisiana.



\* 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 McNeese 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. McNeese 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, McNeese benefits society as a whole in Louisiana 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 McNeese, the university's alumni records matched to Lightcast's Alumni Outcomes database, 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.