



The Economic Value of McNeese State University

McNeese State University (McNeese) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students, taxpayers, and society. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, this study calculates the benefits received by each of these groups. Results of the analysis reflect fiscal year (FY) 2021-22.

Economic impact analysis

In FY 2021-22, McNeese added **\$614 million** in income to the Southwest Louisiana region¹ economy, a value approximately equal to **2.1%** of the region's total gross regional product (GRP). Expressed in terms of jobs, McNeese's impact supported **6,389 jobs**. For perspective, the activities of McNeese and its students support **one out of every 43 jobs** in the Southwest Louisiana region.

Operations spending impact

- McNeese employed 798 full-time and part-time faculty and staff. Payroll amounted to \$50.8 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The university spent another \$41.5 million on day-to-day expenses related to facilities, supplies, and professional services (excluding construction expenditures and depreciation and interest).
- The net impact of the university's operations spending added **\$47.6 million** in income to the regional economy in FY 2021-22.

Construction spending impact

- McNeese invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the regional economy.

¹ 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.



- The net impact of McNeese's construction spending in FY 2021-22 was **\$14.5 million** in added income for the Southwest Louisiana region.

Start-up company impact

- McNeese creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up companies created as a result of the university.
- In FY 2021-22, McNeese's start-up companies generated **\$4.1 million** in added income for the Southwest Louisiana region economy.

Visitor spending impact

- Tens of thousands of out-of-region visitors attracted to the Southwest Louisiana region for activities at McNeese brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other regional businesses.
- Visitor spending added approximately **\$4.3 million** in income to the Southwest Louisiana region economy.

Student spending impact

- Around 27% of degree-seeking students attending McNeese originated from outside the region. Nearly two-thirds of these students relocated to the Southwest Louisiana region. In addition, some in-region students, referred to as retained students, would have left the Southwest Louisiana region for other educational opportunities if not for McNeese. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.
- The expenditures of relocated and retained students in FY 2021-22 added **\$10.6 million** in income to the Southwest Louisiana region economy.

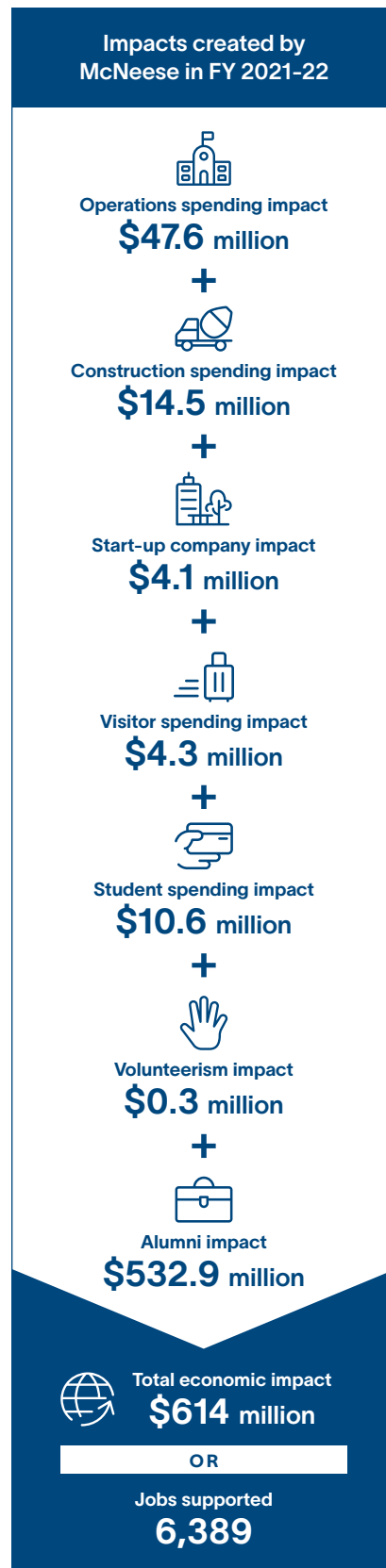
Volunteerism impact

- The work of McNeese's student and employee volunteers allow businesses and organizations to grow, increasing their output and impacting the economy at large. Using the value per volunteer hour for Louisiana,² the work of McNeese student and employee volunteers is equivalent to \$19.9 thousand in earnings.
- In terms of actual impact to the regional economy, McNeese student and employee volunteers generated an impact of **\$31.5 thousand** in added income in FY 2021-22.

Alumni impact

- Over the years, students have studied at McNeese and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the Southwest Louisiana region.

² By state value per volunteer hour was provided by Independent Sector (see https://independentsector.org/resource/vovt_details/).



- 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; post-secondary teachers; chief executives; personal service managers; accountants and auditors; and general and operations managers.
- The net impact of McNeese's former students currently employed in the regional workforce amounted to **\$532.9 million** in added income in FY 2021-22.

Investment analysis

Student perspective

- McNeese's FY 2021-22 students paid a present value of **\$42.7 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$47.6 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$414 million** in increased earnings over their working lives. This translates to a return of **\$4.60** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **14.5%**.

Taxpayer perspective

- Taxpayers provided McNeese with **\$78.1 million** of funding in FY 2021-22. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$119.6 million**. A reduced demand for government-funded services in Louisiana will add another **\$25.6 million** in benefits to taxpayers.
- For every dollar of public money invested in McNeese, taxpayers will receive **\$1.90** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **2.6%**.

Social perspective

- In FY 2021-22, Louisiana invested **\$196.9 million** to support McNeese. In turn, the Louisiana economy will grow by **\$1.4 billion**, over the course of students' working lives. Society will also benefit from **\$75.1 million** of public and private sector savings.
- For every dollar invested in McNeese in FY 2021-22, people in Louisiana will receive **\$7.70** in return, for as long as McNeese's FY 2021-22 students remain active in the state workforce.

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



Average annual return for McNeese students

14.5%



Stock market 30-year average annual return

10.5%



Interest earned on savings account (National Rate Cap)

0.8%

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

For every \$1...



Students gain in lifetime earnings
\$4.60



Taxpayers gain in added tax revenue and public sector savings
\$1.90



Society gains in added income and social savings
\$7.70

