Executive Summary

The Economic Value of Southeastern Louisiana University
SOUTHEASTERN LOUISIANA UNIVERSITY (Southeastern) 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 research and company developments and also draws visitors and students to the region, generating new dollars and opportunities for the Southeastern Primary Impact Area.1 Southeastern 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, Southeastern is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

Southeastern influences both the lives of its students and the regional economy. The university supports a variety of industries in the Southeastern Primary Impact Area, 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 Southeastern extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by Southeastern 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**

All results reflect employee, student, and financial data, provided by the university, for fiscal year (FY) 2021-22. Impacts on the Southeastern Primary Impact Area 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.

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1 For the purposes of this analysis, the Southeastern Primary Impact Area consists of Ascension, East Baton Rouge, Jefferson, Livingston, St. Tammany, Tangipahoa, and Washington Parishes.
Southeastern promotes economic growth in the Southeastern Primary Impact Area 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, construction, and research operations. Numerous spin-off companies have formed as a result of programs and knowledge at Southeastern. The university's reputation and activities attract visitors and students from outside the Southeastern Primary Impact Area, whose expenditures benefit regional vendors. Southeastern encourages its students and employees to volunteer in the community, helping businesses and organizations grow. In addition, Southeastern is a main source of higher education to the Southeastern Primary Impact Area residents and a supplier of trained workers to regional industries, enhancing overall productivity in the regional workforce.

**Operations spending impact**

Southeastern adds economic value to the Southeastern Primary Impact Area as an employer of regional residents and a large-scale buyer of goods and services. In FY 2021-22, the university employed 1,429 full-time and part-time faculty and staff (excluding research employees), 92% of whom lived in the Southeastern Primary Impact Area. Total payroll at Southeastern was $113 million (excluding payroll from research employees), 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 $49.3 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).

Southeastern’s day-to-day operations spending added $144.2 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 $144.2 million in added income is equivalent to supporting 1,760 jobs in the region.

**Research spending impact**

Research activities impact the economy by employing people and requiring the purchase of equipment and other supplies and services. Research and innovation play an important role in driving the Southeastern Primary Impact Area economy. Research at Southeastern takes on many forms, including empirical investigations, scholarship, and creative activities. In FY 2021-22, Southeastern spent $1.1 million on payroll to support research activities. This, along with $1.3 million in other research spending, created a net total of $2.2 million in added income for the regional economy. This added income is equivalent to supporting 29 jobs.

**Construction spending impact**

Southeastern invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands. Hurricane Ida left significant damage in its aftermath, as Southeastern’s campus was directly hit by the storm. In FY 2021-22, Southeastern spent a total of $4.7 million on Hurricane Ida Recovery projects. While the amount and extent of construction projects vary from year to year, these quick infusions of income and jobs have a substantial impact on the regional economy. In FY 2021-22, Southeastern’s construction spending generated $2.3 million in added income, which is equivalent to supporting 30 jobs.

**Spin-off company impact**

Southeastern creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of Southeastern spin-off companies created in the region. Spin-off companies are companies created and fostered by the Southeastern Business Center and its collaboration with entrepreneurs and small businesses.

In FY 2021-22, Southeastern spin-off companies added $29.6 million in income to the Southeastern Primary Impact Area economy, which is equivalent to supporting 321 jobs.

**Visitor spending impact**

Typically, Southeastern hosts tens of thousands of out-of-region visitors for on-campus events each year. Southeastern, its partners, and affiliations bring well known speakers and entertainers to the region. In addition, Southeastern attracts

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**Impacts created by Southeastern in FY 2021-22**

- Operations spending impact:
  - $144.2 million

- Research spending impact:
  - $2.2 million

- Construction spending impact:
  - $2.3 million

- Spin-off company impact:
  - $29.6 million

- Visitor spending impact:
  - $2.5 million

- Student spending impact:
  - $19.6 million

- Volunteerism impact:
  - $1.0 million

- Alumni impact:
  - $815.3 million

**Total economic impact**:

$1.0 billion

**Jobs supported**:

15,564
visitors for commencement, cultural, and sports events. It is important to remind the reader of the restrictions imposed by the COVID-19 pandemic and its strong influence on the number of visitors during FY 2021-22, reducing the visitor spending impact.

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 $2.5 million in added income for the regional economy in FY 2021-22. This $2.5 million in added income is equivalent to supporting 59 jobs.

**Student spending impact**

Around 20% of students attending Southeastern originated from outside the region in FY 2021-22, and some of these students relocated to the Southeastern Primary Impact Area to attend Southeastern. 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 Southeastern Primary Impact Area if not for the existence of Southeastern. While attending the university, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated $19.6 million in added income for the regional economy in FY 2021-22, which supported 378 jobs in the Southeastern Primary Impact Area.

**Volunteerism impact**

Southeastern encourages its students and employees to volunteer in the Southeastern Primary Impact Area, 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 as provided by the Independent Sector,\(^2\) the work of Southeastern student and employee volunteers is equivalent to $460.4 thousand in earnings. In terms of actual impact to the Southeastern Primary Impact Area economy, Southeastern student and employee volunteers generated an impact of $984.6 thousand in added income for the region in FY 2021-22, equivalent to supporting 36 jobs.

**Alumni impact**

The education and training Southeastern provides for regional residents has the greatest impact. Since the establishment of the university, students have studied at Southeastern and entered the regional workforce with greater knowledge and new skills. Today, thousands of former Southeastern students are employed in the Southeastern Primary Impact Area. As a result of their education from Southeastern, the students receive higher earnings and increase the productivity of the businesses

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\(^2\) By state value per volunteer hour was provided by Independent Sector (see https://independentsector.org/resource/volunteer_details/).
that employ them. In FY 2021-22, Southeastern alumni generated $815.3 million in added income for the regional economy, which is equivalent to supporting 12,950 jobs.

**Total impact**

Southeastern added $1 billion in income to the Southeastern Primary Impact Area economy during the analysis year, equal to the sum of the operations, research, and construction spending impacts, the spin-off company impact, the visitor and student spending impacts, the volunteerism impact, and the alumni impact. For context, the $1 billion impact was equal to approximately 1.1% of the total gross regional product (GRP) of the Southeastern Primary Impact Area. This contribution that the university provided on its own is larger than the entire Utilities industry in the region.

Southeastern's total impact can also be expressed in terms of jobs supported. The $1 billion impact supported 15,564 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. This means that one out of every 61 jobs in the Southeastern Primary Impact Area is supported by the activities of Southeastern and its students. In addition, the $1 billion, or 15,564 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, Southeastern's activities and alumni in the Arts, Entertainment, & Recreation industry sector supported 2,032 jobs in FY 2021-22. If the university did not exist, these impacts would not have been generated in the Southeastern Primary Impact Area.

One out of every 61 jobs in the Southeastern Primary Impact Area is supported by the activities of Southeastern 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 considers Southeastern as an investment from the perspectives of students, taxpayers, and society in Louisiana.

Student perspective

In FY 2021-22, Southeastern served 16,478 students. In order 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 Southeastern's students in FY 2021-22 amounted to a present value of $144.6 million, equal to $74.9 million in out-of-pocket expenses (including future principal and interest on student loans) and $69.7 million in forgone time and money.

In return for their investment, Southeastern's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average Southeastern bachelor's degree graduate from FY 2021-22 will see annual earnings that are $22,500 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 million in higher earnings per graduate. The present value of the cumulative higher future earnings that Southeastern's FY 2021-22 students will receive over their working careers is $760.4 million.

The students' benefit-cost ratio is 5.3. In other words, for every dollar students invest in Southeastern in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of $5.30 in higher future earnings. Annually, the

<table>
<thead>
<tr>
<th>Level</th>
<th>Annual Earnings</th>
</tr>
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<tbody>
<tr>
<td>High school</td>
<td>$34,800</td>
</tr>
<tr>
<td>Associate</td>
<td>$45,900</td>
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<tr>
<td>Bachelor's</td>
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<td>Master's</td>
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<tr>
<td>Doctorate</td>
<td>$95,200</td>
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<tr>
<td>Professional</td>
<td>$121,900</td>
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</tbody>
</table>

The average bachelor’s degree graduate from Southeastern will see an increase in earnings of $22,500 each year compared to a person with a high school diploma or equivalent working in Louisiana.

Source: Lightcast employment data.
students’ investment in Southeastern has an average annual internal rate of return of 15.6%, which is impressive compared to the U.S. stock market’s 30-year average rate of return of 10.5%.

Taxpayer perspective

Southeastern generates more in tax revenue than it takes. These benefits to taxpayers consist primarily of taxes that the state and local government will collect from the added revenue created in the state. As Southeastern 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 and local government will have collected a present value of $73.4 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of Southeastern students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The educations that Southeastern 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 healthcare services. In addition, costs related to the justice system will decrease. Southeastern 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 Southeastern will generate $15.2 million in savings to state and local taxpayers.

Total taxpayer benefits amount to $88.6 million, the present value sum of the added taxes and public sector savings. During the year of analysis, FY 2021-22, Louisiana taxpayers provided $29.5 million, equal to the amount of state and local government funding Southeastern received. These benefits and costs yield a benefit-cost ratio of 3.0. This means that for every dollar of public money invested in Southeastern in FY 2021-22, taxpayers will receive a cumulative present value of $3.00 over the course of the students’ working lives. The average annual internal rate of return for taxpayers is 7.6%, which compares favorably to other long-term investments in the public and private sectors.

Social perspective

Society as a whole in Louisiana benefits from the presence of Southeastern 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 Southeastern 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 Southeastern equal a present value of $2.8 billion. These benefits include $1.9 billion in added student income, $600.5 million in added business income, $164.2 million in added income from university activities, as well as $169.8 million in social savings related to health, crime, and income assistance in Louisiana. People in Louisiana invested a present value total of $260.4 million in Southeastern in FY 2021-22. The cost includes all the university and student costs.

The benefit-cost ratio for society is 10.9, equal to the $2.8 billion in benefits divided by the $260.4 million in costs. In other words, for every dollar invested in Southeastern, people in Louisiana will receive a cumulative value of $10.90 in benefits. The benefits of this investment will occur for as long as Southeastern's FY 2021-22 students remain employed in the state workforce.

Summary of investment analysis results

The results of the analysis demonstrate that Southeastern 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 Southeastern. At the same time, taxpayers’ investment in Southeastern returns more to government budgets than it costs and creates a wide range of social benefits throughout Louisiana.

<table>
<thead>
<tr>
<th>Student perspective</th>
<th>Taxpayer perspective</th>
<th>Social perspective</th>
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<tbody>
<tr>
<td>Present value benefits</td>
<td>$760.4 million</td>
<td>$88.6 million</td>
</tr>
<tr>
<td>Present value costs</td>
<td>$144.6 million</td>
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<tr>
<td>Net present value</td>
<td>$615.8 million</td>
<td>$59 million</td>
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<tr>
<td>Benefit-cost ratio</td>
<td>5.3</td>
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<tr>
<td>Rate of return</td>
<td>15.6%</td>
<td>7.6%</td>
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* 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 Southeastern 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. Southeastern enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The university benefits state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, Southeastern 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 Southeastern, 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.

Lightcast

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