

The Value of a University of Wisconsin-Whitewater Degree



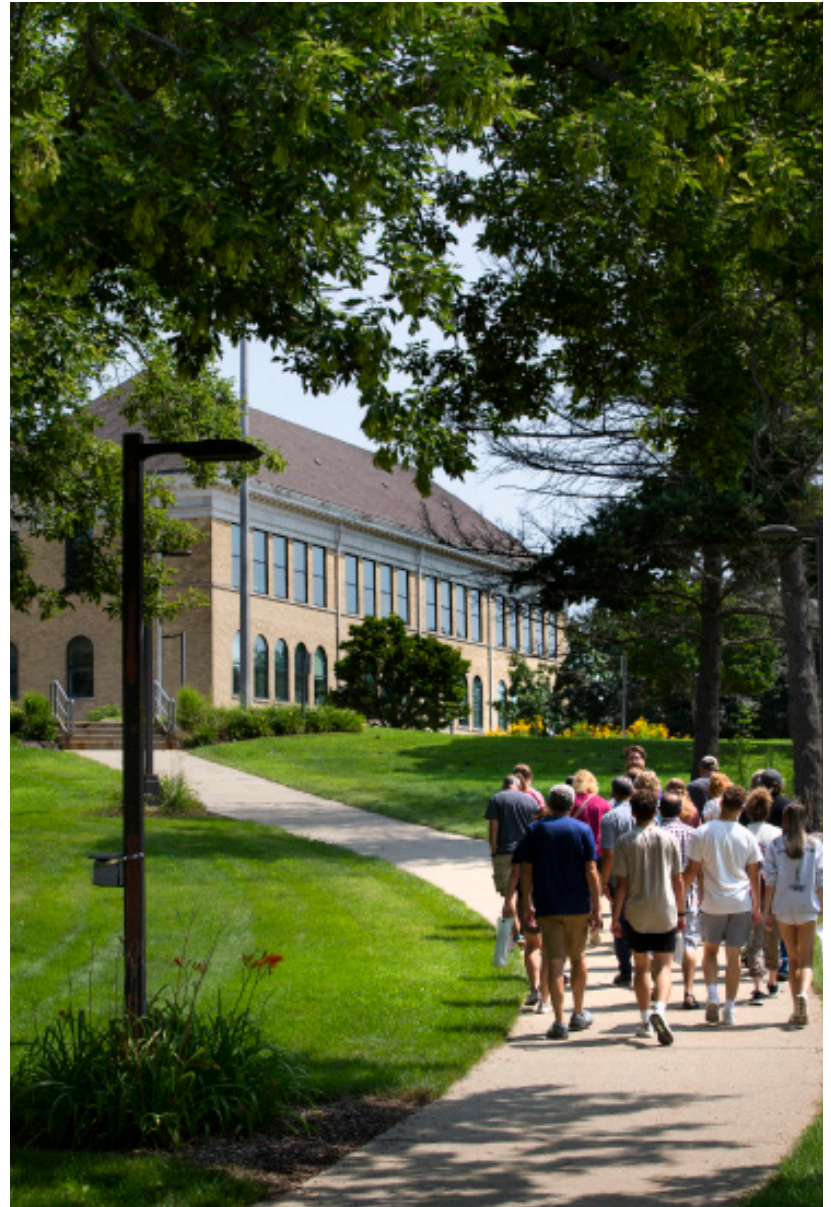
University of Wisconsin
Whitewater

College of Business and Economics
Fiscal and Economic Research Center

Introduction

As students and their families face decisions about whether to invest in higher education, it's important they be equipped with information that speaks to the impact of that investment, such as the earnings potential of those with a college degree vs. high school graduates.

To investigate this dynamic, the Fiscal and Economic Research Center (FERC) at the University of Wisconsin-Whitewater (UWW) conducted a study and survey of alumni from 20 years of graduating classes. The findings conclude that a UWW degree is an exceptional investment. Graduates across disciplines are thriving in their careers and have made a rapid return on their investment, as compared to the national average. Not only do individuals benefit from their greater lifetime income, but the state of Wisconsin receives a substantial annual economic impact from UW-Whitewater alumni.



UWW Alumni pay

\$145+ million

in in Wisconsin income and sale tax annually.



This extra tax revenue highlights the increased earnings that a UWW degree provides, benefiting both individuals and the broader economy.

Alumni survey data

60% of the **63,000+**

graduates reside in Wisconsin.



38,000+ alumni contributing to the workforce. With labor force participation rates exceeding national averages, UWW graduates are crucial to strengthening Wisconsin's labor market.

Payback period for a 2015 graduate is

8.4 years



The rapid return on investment reassures prospective students and their families of the enduring financial benefits of a UWW education, even when considering forgone job opportunities and tuition costs.

The average income of UWW graduates from the classes of 1982-2015 is

\$97,500



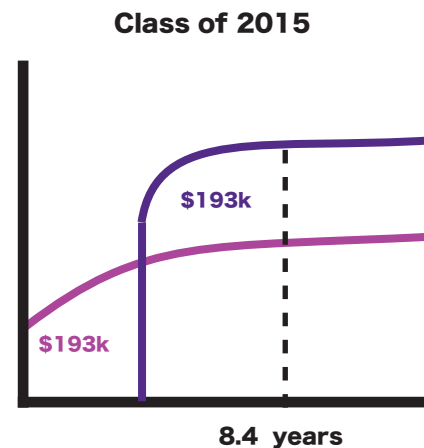
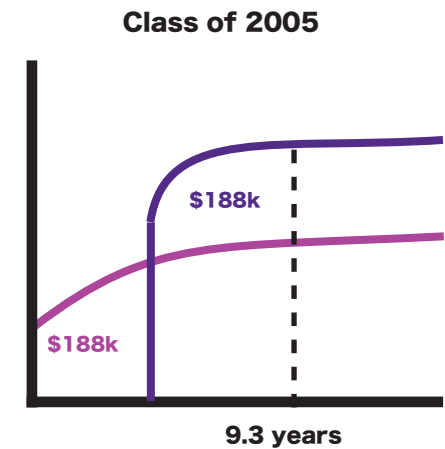
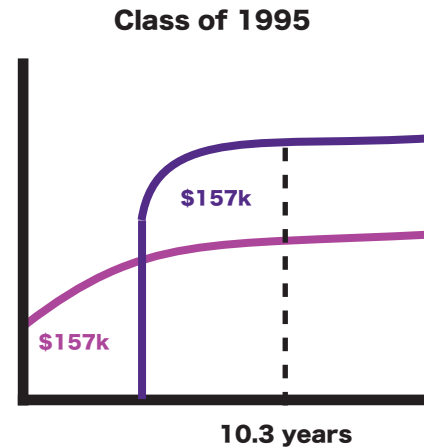
In comparison the income of 25-54 year-old high school graduates in 2022 was

\$46,208

UWW alumni on average made more than twice as much in income.

Earning Back the Cost of University of Wisconsin-Whitewater

- ◇ Once students from the UW-Whitewater graduate, they experience the financial benefits of an university degree by earning a higher salary.
- ◇ It took a 1995 graduate an average of 10.3 years to recover the cost of a college education, including wages not earned, at UW-Whitewater.
- ◇ It took a 2005 graduate an average of 9.3 years to recover the cost of a college education, including wages not earned, at UW-Whitewater.
- ◇ It took a 2015 graduate an average of 8.4 years to recover the cost of a college education, including wages not earned, at UW-Whitewater.
- ◇ Recovering the cost of a college education includes opportunity cost, which encompasses wages not earned and tuition paid while pursuing a degree.



Rate of Return on a UW-Whitewater Degree

- ◇ A UW-Whitewater degree carries a competitive return relative to other investments.
- ◇ A college degree has an even greater advantage over other investments during difficult financial times.

Graduation Year	Opportunity Cost	Years to Break Even	Annual Real Rate of Return Subsequent to Break-even Point
1995	\$157,000.00	10.3	11%
2005	\$188,000.00	9.3	
2015	\$193,000.00	8.4	



Economic Impact

There is a large positive impact of the enhanced earning of the graduates of the University of Wisconsin-Whitewater. The annual income was determined through an alumni survey. From this, the FERC netted out the lower income earned by high school graduates according to the U.S. Census Bureau. The U.S. Consumer Expenditure Survey shows that consumers spend 71% of gross income on housing, food, transportation, clothing, and other consumer expenditures. An economic impact from this enhanced earning will come from alumni spending.



IMPLAN

This study utilizes data to determine UW-Whitewater alumni impact on the State of Wisconsin. To examine the various aspects of the area's economic activity - including total output, personal income, and employment - the FERC utilizes the IMPLAN model to determine the appropriate economic impact and multipliers.

IMPLAN takes data inputs and formulates the direct, indirect, and induced outputs for a given scenario. This analysis of the data allows for better understanding of the impact brought on by UWW. The analysis gets broken down into the direct, indirect, and induced effects. The direct effects refers to the initial impact on the economy by the business or institution in question. The indirect effect is business to business transactions, which includes when a business buys from or sells to another business. Lastly, the induced effect refers to the impact brought on by the spending of employees within the given business or institution.

There are three ways in which these effects are interpreted: in terms of output, employment, and labor income. Output represents the total value of production, employment industry-specific mix of full-time, part-time, and seasonal employment. It is an annual average that accounts for seasonality and follows the same definition used by the Bureau of Labor Statistics, and the Bureau of Economic Analysis. Labor Income includes employee compensation (wages, salaries, and benefits).

IMPLAN

Direct Effect: The Direct Effect is the initial impact to the economy. This is exogenous to the model. During the operation of the organization, spending associated with alumni represents the initial change in final demand.

Indirect Effect: The Indirect Effect refers to the secondary impacts. These are caused by changing input needs of directly affected industries (e.g., additional input purchases to produce additional output). It concerns inter-industry transactions. Ultimately, as alumni purchase locally produced products, these firms will expand their business. Those companies that witness this increase in business create a demand for locally sourced materials that are needed to produce said companies' products or services.

Induced Effect: The Induced Effect is primarily caused by the changes in the household spending induced by the additional employment generated by direct and indirect effects. The direct and indirect effects on employment and income affect overall purchasing power within the economy, thereby inducing further consumption spending. For instance, the restaurant workers (created in the indirect effect) use their income to buy groceries or take their families to the movies generate economic impacts for workers and businesses in those sectors. These individuals will, in turn, spend their incomes much like the restaurant workers. This cycle continues until the spending eventually leaks out of the economy as a result of taxes, savings, or purchases of non-locally produced goods and services (imports).

Value of UWW Degree Economic Impact



Impact	Employment	Labor Income	Output
Direct	3,100	\$148,500,000	\$485,000,000
Indirect	925	\$61,000,000	\$230,000,000
Induced	1,000	\$55,500,000	\$175,000,000
Total	5,025	\$265,000,000	\$890,000,000

Industries	
Retail Trade:	1,300
Restaurant:	920
Entertainment:	800
Finance, Insurance & Real Estate:	515
Healthcare:	475
Business Services:	360
Other:	655

Tax Impact

- ◇ University of Wisconsin-Whitewater graduates add to the state's overall income and sales tax revenue.
 - ◇ UWW graduates pay an additional \$115 million annually in income tax beyond that of the average high school degree tax payer.
 - ◇ UWW graduates pay an additional \$30 million annually in sales tax beyond that of the average high school degree tax payer.
- ◇ The benefits of a university degree are felt not only in the UW-Whitewater graduate's pocketbook but also in the state's treasury. Based on estimates of workforce participation rates, in-state UW-Whitewater alumni residents earn more than \$3 billion annually in personal income. These alumni also contribute over \$145 million more annually in state income and sales taxes than residents without a college degree.



Key Takeaways

The average respondent income of seasoned graduates from the classes of 1982 to 2015 is \$97,500, which is more than twice as much as the average high school graduate's income.

The benefits of a university degree not only apply to a University of Wisconsin-Whitewater graduate's wallet, but also to the state treasury. Based on research and data provided by 1995-2015 graduates, UWW alumni earn more than \$3 billion and pay more than \$145 million more annually in state taxes than those with only a high school diploma.



About the FERC

The University of Wisconsin-Whitewater - Fiscal Economic Research Center provides research services for area businesses, not-for-profit organizations and government entities, including:

- ◇ Economic Analysis
- ◇ Geographic Information Systems (GIS) Analysis
- ◇ Market research, marketing strategy, and planning
- ◇ Statistical analysis
- ◇ Simulation Analysis
- ◇ Ecological and biological analysis
- ◇ Government and public policy analysis
- ◇ Entrepreneurship
- ◇ Economic forecasting and business development

About the Authors

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