

The Economic Value of Truman State University on Northeast Missouri



Truman State University (Truman) 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) 2020-21.

Economic impact analysis

In FY 2020-21, Truman added **\$115.3 million** in income to the Northeast Missouri¹ economy, a value approximately equal to **1.1%** of the region's total gross regional product (GRP). Expressed in terms of jobs, Truman's impact supported **1,654 jobs**. For perspective, the activities of Truman and its students support **one out of every 88 jobs** in Northeast Missouri.

Operations spending impact

- Truman employed 684 full-time and part-time faculty and staff. Payroll amounted to \$62.3 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 \$29.9 million on day-to-day expenses related to facilities, supplies, and professional services.

¹ For the purposes of this analysis, Northeast Missouri is comprised of: Adair, Audrain, Chariton, Clark, Knox, Lewis, Lincoln, Macon, Marion, Monroe, Montgomery, Pike, Putnam, Ralls, Randolph, Schuyler, Scotland, Shelby, Sullivan, and Warren Counties.

- The net impact of the university's operations spending added **\$74.7 million** in income to the regional economy in FY 2020-21.

Visitor spending impact

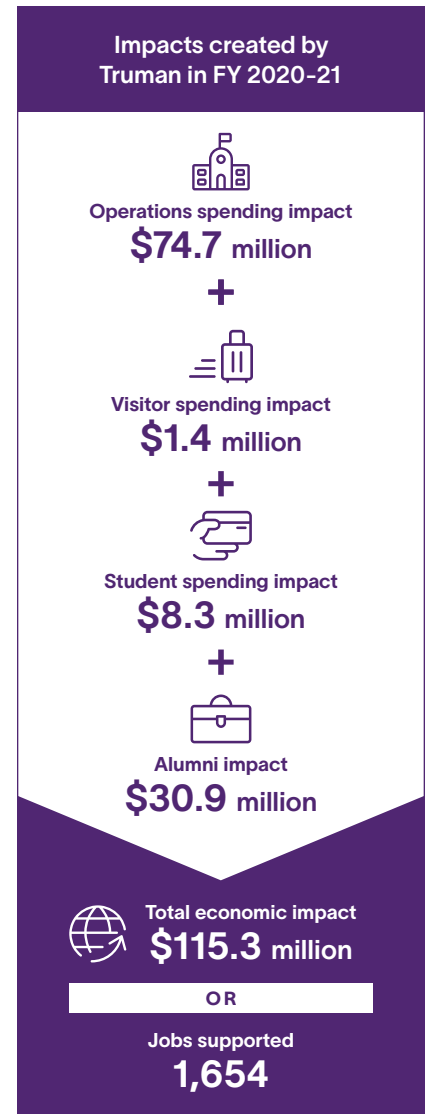
- Out-of-region visitors attracted to Northeast Missouri for activities at Truman brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other regional businesses.
- Visitor spending added approximately **\$1.4 million** in income to the Northeast Missouri economy.

Student spending impact

- Around 85% of students attending Truman originated from outside the region. Some of these students relocated to Northeast Missouri. In addition, some in-region students, referred to as retained students, would have left Northeast Missouri for other educational opportunities if not for Truman. 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 2020-21 added **\$8.3 million** in income to the Northeast Missouri economy.

Alumni impact

- Over the years, students have studied at Truman and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in Northeast Missouri. Using Lightcast's Alumni Outcomes data, many of the Truman alumni are employed in the regional workforce in industry sectors such as Professional & Technical Services, Education, Health Care & Social Assistance, and Finance & Insurance with their top occupations being personal service managers, registered nurses.
- The net impact of Truman's former students currently employed in the regional workforce amounted to **\$30.9 million** in added income in FY 2020-21.



Investment analysis

Student perspective

- Truman's FY 2020-21 students paid a present value of **\$23.8 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$36.4 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 **\$492.1 million** in increased earnings over their working lives. This translates to a return of **\$8.20** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **19.7%**.

Taxpayer perspective

- Taxpayers provided Truman with **\$41.2 million** of funding in FY 2020-21. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$78.9 million**. A reduced demand for government-funded services in Missouri will add another **\$12.9 million** in benefits to taxpayers.
- For every dollar of public money invested in Truman, taxpayers will receive **\$2.20** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **3.6%**.

Social perspective

- In FY 2020-21, the people of Missouri invested **\$136.1 million** to support Truman. In turn, the Missouri economy will grow by **\$1.2 billion**, over the course of students' working lives. Society will also benefit from **\$57.1 million** of public and private sector savings.
- For every dollar invested in Truman in FY 2020-21, people in Missouri will receive **\$8.90** in return, for as long as Truman's FY 2020-21 students remain active in the state workforce.

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



Average annual return for Truman students

19.7%



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

\$8.20



Taxpayers gain in added tax revenue and public sector savings

\$2.20



Society gains in added income and social savings

\$8.90

