University of New Hampshire (UNH) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students, state government, and society. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, this study calculates the benefits to each of these groups. Results of the analysis reflect Fiscal Year (FY) 2014-15.

**IMPACT ON BUSINESS COMMUNITY**

During the analysis year, UNH and its students, visitors, volunteers, and business development and attraction activities added $1.5 billion in income to the New Hampshire economy, approximately equal to 2.1% of the state’s total GSP. By comparison, this impact from the university is slightly larger than the entire Utilities industry in the state. The economic impacts of UNH break down as follows:

- **Operations spending impact**
  - UNH employed 9,143 full-time and part-time employees in FY 2014-15 (less research jobs calculated by Emsi using portion of total compensation allocated to research). Payroll and benefits amounted to $287.8 million, much of which was spent in New Hampshire on housing, food, utilities, transportation, healthcare, entertainment, and other living expenses. The university spent another $125.7 million to support its day-to-day operations (excludes research expenditures), including depreciation and interest expenses.
  - The net impact of university payroll and expenses in New Hampshire during the analysis year was approximately $298.6 million\(^1\) in added income.

\(^1\) The operations and research spending impacts are conservatively measured to take into account the fact that state dollars spent on the university could have been spent elsewhere in New Hampshire if not directed toward UNH, and thus would have created some economic impacts regardless. We subtract the estimated economic impacts generated by this alternative use of funds from the economic impacts of UNH.
Research spending impact

- Research activities at UNH impact the state economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in New Hampshire through inventions, patent applications, and licenses. In FY 2014-15, UNH spent $69.3 million on payroll, funded in large part through sponsored programs, to support research activities.

- UNH’s research spending generated $112.1 million in added income for the New Hampshire economy.

Business development and attraction impact

- UNH creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of new start-up and spin-off businesses created by the university in FY 2014-15.

- UNH also creates an outstanding environment for businesses to relocate or expand by ensuring the presence of qualified, easy-to-find skilled labor.

- In FY 2014-15, currently active businesses that relocated to or expanded in New Hampshire in the analysis year, along with UNH’s newly created start-up and spin-off businesses, generated $11 million in added income for the New Hampshire economy.

- This impact is adjusted downwards to account for other factors besides UNH that influenced the relocation and expansion decisions of businesses.

Impact of student spending

- Around 46% of students attending UNH originated from outside the state. Some of these students relocated to New Hampshire. In addition, a number of students would have left the state if not for UNH. These relocator and retained students spent money on groceries, transportation, rent, and so on at state businesses.

- The expenditures of relocator and retained students during the analysis year added approximately $71.2 million in income to the New Hampshire economy.

Note: Added income should not be confused with personal income. Rather, income is synonymous to value added or GRP. Equivalent jobs are a measure of the average-wage jobs that a given amount of income can potentially support. They are calculated by dividing income by the average annual wages per worker in the region.

2 This impact reflects start-up or spin-off businesses created in FY 2014-15 and businesses that relocated to or expanded in New Hampshire in FY 2014-15 alone; businesses that were created, relocated, or expanded in New Hampshire in prior years and were still in operation in FY 2014-15 generated millions in additional income not reflected in this analysis.
Visitor spending impact
- Out-of-state visitors attracted to New Hampshire for activities at UNH brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses. In addition, if not for UNH, a portion of its in-state students would have left the state for other educational opportunities, hence attracting family and friends to visit them outside the state. Therefore, the money these in-state visitors would have spent outside the state if not for UNH can be attributed to UNH.
- Visitor spending added approximately $20 million in income for the New Hampshire economy.

Impact of volunteers
- Many students, faculty, and staff at UNH participated in volunteer activities in FY 2014-15 because of their affiliation with UNH. These volunteer activities saved numerous businesses and organizations money and time, leading to an increase in profits, which further expands the state economy.
- By donating their time, volunteers added approximately $651.3 thousand in income to the New Hampshire economy.

Alumni impact
- Over the years, students have studied at UNH and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in New Hampshire.
- The accumulated contribution of former students currently employed in the state workforce amounted to $963.6 million in added income during the analysis year.3

**RETURN ON INVESTMENT TO STUDENTS, STATE GOVERNMENT, AND SOCIETY**

Student perspective
- UNH’s 2014-15 students paid a total of $225 million to cover the cost of tuition, fees, books, and supplies. They also forwent $270.5 million in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the university, students will receive a present value of $1.4 billion in increased earnings over their working lives. This translates to a return of $2.90 in higher future earnings for every $1 that students invest in their education. The average annual return for students is 12.1%.

3 Alumni impact is conservatively estimated to account for the fact that without UNH, a portion of students would have found alternative education and entered the workforce regardless, and some of the jobs filled by UNH alumni would have been filled by others with similar skills.
State government perspective

- In FY 2014-15, the New Hampshire state government paid $69.3 million to support the operations of UNH. The net present value of the added tax revenue stemming from the students’ higher lifetime earnings and the increased output of businesses amounts to $254.5 million in benefits to state government. Savings to the public sector add another $89.5 million in benefits due to a reduced demand for government-funded services in New Hampshire.

- Dividing benefits to state government by the associated costs yields a 5.1 benefit-cost ratio, i.e., every $1 in costs returns $5.10 in benefits. The average annual return on investment for state government is 30.1%.

Social perspective

- Society as a whole in New Hampshire will receive a present value of $2.7 billion in added state revenue over the course of the students’ working lives. Society will also benefit from $557.8 million in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.

- For every $1 of overall spending associated with UNH in FY 2014-15, society will receive a cumulative value of $3.80 in benefits, for as long as the FY 2014-15 student population at UNH remains active in the state workforce.