

Summary of the Dr. Michael L. Walden's 2009 report,

ECONOMIC BENEFITS IN NORTH CAROLINA OF THE UNIVERSITY OF NORTH CAROLINA CAMPUSES.

The purpose of this report is to quantify the annual economic impact of the System's activities on the North Carolina economy. He separately evaluated the system's three missions: teaching, research, and service. The annual impact of the **teaching** function is measured as the expected net lifetime increment to earnings of the yearly graduates who remain working in North Carolina after receiving their degree. The yearly impact of **research** is calculated as the annual monetary value of federal and private funding brought to North Carolina by UNC System faculty and staff. Because a monetary value of **service** was difficult to calculate, he listed non-monetary indicators of service or outreach instead.

The measure of the economic value of a college degree is the additional salary earned over their lifetime by college graduates compared to non-college graduates, measured by *net present value of expected additional future earnings* method. He calculated and listed the values separately for each of the system's fifteen universities (UNCSA excluded). Return on investment (ROI) was calculated on a system basis as 9.65 which represents the aggregate cost in state appropriations to the UNC System institutions divided by the system-total net income increment. (\$ of return per \$ of public expenditure)

Using 2006 as the benchmark year, the future productive value of annual graduates is put at \$7.4 billion. Federal and privately funded research add almost \$1 billion, annual spending by out-of-state students contributes over \$300 million, and service efforts touch between one-third and one-half of all residents each year. The total direct annual impact is \$8.7 billion and \$10.4 billion with multiplier effects. If the UNC System was ranked as an industry in the state, it would be the 11th largest among 43 private sector industries.