WINSTON-SALEM STATE UNIVERSITY’S ECONOMIC IMPACT

The Story Behind the Numbers
This morning I am going to talk about the impact, economically, that Winston-Salem State University has on this region, and I am going to be assisted by Professor of Business and Economics Zagros Madjd-Sadjadi. Professor Madjd-Sadjadi is also the chair of the department of economics and has been at Winston Salem State University since August 2006.

Every few years since 2002, a faculty member in the department of economics has provided an analysis of the economic impact of the university. Professor Madjd-Sadjadi has provided the most recent report.

Unlike earlier studies, this latest one expands the University’s footprint – so to speak – by including a larger geographical area – the MSA and all of the Triad. That expansion reflects the growth and expanded reach of the university and its alumni over the last 10 years.

Before I get started, I want to let you know that I plan to spend the least amount of time on the numbers, and significantly more time on the human-capital or human-elements of the findings.

That’s because the numbers are the numbers – they are what they are – but the interesting part of the report has to do with the ways in which the university has a total impact on the region economically and otherwise. Coupled with academic and community-related activities on campus, I believe we get a much clearer picture of the role Winston-Salem State plays in this community, in the Triad and even in the state.

The report itself is actually offered in four parts, the first having to do with the numbers, the second with human capital, and the later sections with the methodology – as you might expect in an academic analysis. I am going to confine myself to the first two sections, and if you have questions about methodology, the professor can answer those for you. He is also available to take any other questions that you might have.

With regard to the numbers, we look at the economic impact of expenditures by the university – its faculty, staff, students and visitors, including alumni – and we look across categories such as wages and salaries adjusted for present value; supplies, materials and services; scholarships and fellowships; utilities; depreciation, and others. With regard to the
human elements, the report examines the economic impact of increases in human capital by the increased earnings of the alumni, and by the physical location of the University in a less affluent section of Winston-Salem.

The multiplier that is used in the analysis is provided by the U. S. Department of Education Report on the Economic Impact of the Nation's Historically Black Colleges and Universities, with the reason being that its use will allow for reliable replication of results when looking at the impact of HBCUs. It also lends itself to some other very interesting findings as you will hear in a few minutes.

So what is the impact?

According to Professor Madjd-Sadjadi, the University has an approximately $350 million economic impact on the Piedmont Triad and is responsible, directly or indirectly, for over 6,600 jobs in the region. Its contribution to the economy is about 1.0 percent in terms of employment — that is, the unemployment rate would be about 1.0 percent higher were it not for the jobs provided by the University; and, per capita income would be approximately $200 lower. The ROI is about 5:1.

That's the general impact of the University — small when compared to other institutions, such as UNCG at about $1.2 billion, or Appalachian State at about $506 million, but larger than UNC Pembroke at about $62 million. Obviously smaller than a Google across North Carolina at $780 million, but by no means is our direct impact insignificant.

Beyond the numbers, however, the university has a much more significant impact in terms of human capital. While it may be harder to measure, we know we make a significant difference in the community and that includes supporting local educational needs and providing services. Our School of Health Sciences is just one example of our human capital impact.

At the undergraduate level, for example, we graduate over 100 traditional nurses and 300 RN to BSN nurses annually. At the graduate level, we graduate 30 family nurse practitioners and 10 nurse educators annually. WSSU is now the third largest producer of nurses for the state, following UNC-CH and ECU. Our nurses help fill the need for qualified professionals at all of the hospitals in the region, including Forsyth Medical Center, Wake Forest Baptist Hospital, High Point Regional Hospital, Moses Cone Hospital and others.

Recently the Division of Nursing opened a pediatric wellness center in the Piedmont Park Community. The center has served hundreds of children in that community.

Then, there is our RAMS Know How project that is healthcare on wheels for residents of East Winston. Thanks to the donation of a 40-foot cruiser from Forsyth Mobile Clinic, over 300 people in our community have received free wellness services in the past several months — and that includes health screenings, educational services and referrals to a network of free health clinics in the region. We estimate that over $250,000 in free services will be delivered in the unit's first year of operation.
This mobile unit reaches members of the community who may not have access to the services being provided by our faculty and our students from the various fields on study in the School of Health Sciences.

We are making a difference in the health of these residents and that also can make a difference in the cost of healthcare for all of us since we are trying to catch problems before they become a critical case in a hospital emergency room.

Then, there is our Occupational Therapy Department that is conducting an outreach service for homeless men in collaboration with the Winston-Salem Rescue Mission. Experienced occupational therapists and occupational therapy graduate students provide life skills training and education to mission’s residents individually and in groups. The goal of the program is to teach the life transition skills needed to maintain a home and promote productive independent living in the community. Again, this is a project that provides tremendous educational benefits to our students and can make a difference to each of you as we support the work to move these men to a point where they can be contributing members of society.

Our Physical Therapy Department provides free services at the Community Care Clinic on Old Walkertown Rd. It was started by a student two years ago with faculty guidance and serves those uninsured residents in the community who need and can’t afford physical therapy services. Over $300,000 in free care has been provided since its inception.

These sorts of contributions are very visible and quantifiable, but there are other more significant benefits that accrue to the community by virtue of the unique mission of the University as a Historically Black University.

As I began to prepare for this presentation I came to understand better that there is a lot more to consider than just the numbers when looking at the economic impact this University has on the Triad.

The impact of a historically black college or university, the likes of WSSU, also makes economic contributions beyond the money that is spent or the jobs and services that are provided. In fact there is quite a bit in the literature about their economic contributions.

For those of you who don’t know, there are 105 HBCUs in the United States, of which 89 are four-year colleges and 51 are publically supported. Their contribution to the education of African Americans is significant. For example: HBCUs represent only four percent of American higher education institutions, but conferred more than 22 percent of the bachelor degrees awarded to African Americans, and with only 13 percent of the African American college population, they awarded almost 30 percent of the bachelor degrees awarded to African Americans in the science, technology, engineering, and math fields, 50 percent of all bachelor’s degrees in teacher education, and 85 percent of all of the medical degrees awarded to African Americans. They also award a disproportionate share of the PhDs awarded to African Americans, all of this according to the National Association for Equal Opportunity in Higher Education (NAFEO).
Beyond the degree production attributes of these schools, which are obvious, the literature goes on to point out that many of these schools are located in the south and in or near areas with large concentrations of low-income residents. That creates a significant and important spillover effect on the economic well-being of their local communities. The literature has actually looked at the distance of HBCUs from low-income communities and concluded that as the distance decreases the prevalence of adult African Americans with college degrees increases, as does per capita income.

This literature, as well as empirical observations, seems to suggest strongly that the benefits that accrue to the African American community, directly, and to the broader community, more indirectly, are significant. For Example:

- There is a tremendous inter-generational affect from college attendance and completion. We know that to be the case across virtually all racial and income groups. The children of college graduates are much more likely to become college graduates themselves; this affect is greatest among women;
- There is less crime;
- There is less reliance on public assistance;
- Wages are higher;
- Taxes are lower;
- There is the dignity and self-worth factor that contributes to happier communities with greater opportunities.

Looking at one specific indicator of impact, a 2008 study conducted by the Southern Economic Journal entitled *The Wage Earnings Impact of Historically Black Colleges and Universities*, indicates that African American Males who attend HBCUs are given an opportunity that they might not otherwise have been afforded – an opportunity to overcome the effects of their disadvantaged environment. The authors tracked the wages of African males who attended HBCUs versus those who attended non-HBCU institutions over a 16 year period. What they found was that at the outset HBCU attendees earned a wage that was 8 percent lower, but by the end of the 16 year period their wages had overtaken those of the non-HBCU attendees and they actually earned about six percent more.

In the words of the authors, "the HBCU impact appears to a large extent to be attributable to the fact that HBCUs enroll disadvantaged males, in terms of pre-college attributes, who initially earn less than non-HBCU males, but who eventually catch up. In other words, HBCUs are particularly effective in matriculating Black males from relatively poor areas with disadvantaged backgrounds and providing them with the tools to overcome the initial disadvantages in the skilled labor market.

This gateway allows them to eventually earn wages that are statistically no different from those of Black males with more advantaged characteristics who attended other four-year institution."

No such phenomena were reported with regard to African American females.

In conclusion, Winston-Salem State University is a great investment from an economic perspective because it provides both direct and indirect benefits to this community and to this region.
While the quantifiable benefits are certainly important, the spillover benefits are significant and have a long-term positive impact. These benefits accrue primarily because we educate local people to meet the needs of local employers.

Moreover, we educate people who stay in our communities – who live here, who work here, and who pay taxes here. In so many cases, and from a pure economic perspective, these citizens, many of whom would not have attended college, become net economic contributors as opposed to net-economic consumers.

And finally, and perhaps most important, Winston-Salem State is continuing to make the changes necessary to meet the educational needs of our students and the skill needs of employers. That’s why the implementation of our strategic plan which I talked about the last time we met is so critically important.

The better job that we are able to do in terms of preparing our students, the greater the benefits to the community that we serve.

Thank you and we would be happy to take your questions.

Donald J. Reaves, Ph.D.
WINSTON-SALEM STATE UNIVERSITY
ECONOMIC IMPACT FOR THE WINSTON-SALEM MSA

- $350 million annual economic impact;
- Adds $200 per capita income, which would be $800 for a family of four;
- Responsible directly or indirectly for 6,600 jobs;
- Accounts for about 1 percent of the rate of employment;
- 5:1 ROI;
- Out of 16,000 total alumni, at least 5,500 live in the Piedmont Triad area;
- Approximately 2/3rds of those alumni either would not have earned a degree or would have moved to another area if WSSU had not been in the community;
- Many WSSU students are first-generation college students who contribute to the intergenerational effect of higher education since children of college graduates are more likely to graduate from college themselves;
- WSSU, and HBCUs in general, are affective in graduating African American males from relatively poor areas with disadvantaged backgrounds and providing them with the tools to join the labor market;
- African American males who attend HBCUs receive the greatest benefit in terms of increased earning capacity – plus 6 percent over time;
- As the distance of HBCUs from low-income communities decreases, the prevalence of adult African Americans with college degrees increases, along with per capita income;
- Because of the impact on low-income families, WSSU helps students become economic contributors as opposed to economic consumers.
Some Facts About Historically Black Colleges and Universities (HBCUs)

- Represent about 4 percent of U.S. higher education institutions, but confer more than 22 percent of the undergraduate degrees awarded to African Americans;

- Enroll about 13 percent of African American college students;

- Award more than 30 percent of undergraduate degrees to African Americans in science, technology, engineering and math;

- Award 50 percent of undergraduate degrees in teacher education; and,

- Provide about 85% of the medical degrees awarded to African Americans.
### Economic Impact of Winston-Salem State University

#### By Category: 2005-06 Through 2008-09

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Big things are happening at Winston-Salem State University, a constituent institution of the University of North Carolina system. On a picturesque, 110-acre campus, students find easy access to their professors, a full campus life of athletics and other extracurricular activities, and a wealth of internship, volunteer, and study abroad options to enrich their experiences and give them a leg up in the knowledge-based economy.

US News & World Report has ranked WSSU among top Southern public comprehensive colleges for nine consecutive years, 2001-2010. With a faculty-to-student ratio of 15:1, the university enrolls more than 6,400 students and offers more than 40 bachelor's programs, 10 master's programs, one doctoral degree and one certificate program in computer science. An honors program seeks the brightest, most capable students by offering co-curricular opportunities and special living communities.

Nontraditional students pursue studies through evening-weekend, summer, distance learning, and continuing education classes. Undergraduate and graduate tuition and fees are affordable, especially for in-state students.

Founded in 1892 as Slater Industrial Academy, the school grew to become the first historically black college in the nation to grant degrees for teaching in the elementary grades. Winston-Salem State University continues to provide programs in areas of high demand such as nursing, computer science, information management and biotechnology. The innovative clinical laboratory science program in the School of Health Sciences was one of the first undergraduate Internet-based degree programs of its kind in the nation. In partnership with community organizations, the university develops initiatives such as the Center for Community Safety, a national model for research on neighborhood safety, and Real Men Teach, which recruits males into education careers.
Enter to Learn. Depart to Serve.