

**THE ECONOMIC IMPACT OF WINTHROP UNIVERSITY IN YORK COUNTY,  
METROPOLITAN CHARLOTTE AND SOUTH CAROLINA**  
**William Seyfried, Ph.D.**

Winthrop University is a comprehensive, competitive public university committed to serving the community and the state as a model of excellence in higher education. Established in 1886, Winthrop's enrollment has grown significantly in recent years, currently approximately 6500 students, including nearly 1300 graduate students and 5200 undergraduates. Students can choose from 80 different undergraduate and over 40 graduate programs of study. The superior quality of Winthrop's academic programs has earned national recognition including being cited as one of the top ten comprehensive public universities in the South. To serve the students and accomplish its mission, the university employs 317 full-time faculty and 471 staff.

Besides its contribution to academic excellence, Winthrop has a tremendous economic impact on the region and the state. The direct spending of the university combined with the purchasing power of its students, faculty and staff provide benefits to the state and local economies in the form of increased income, production and jobs. Winthrop adds approximately \$202 million in output to the local economy and over \$225 million to that of the state. This represents a return of approximately \$12.50 for each state dollar invested in Winthrop University. In terms of employment, as a result of Winthrop's presence, it is estimated that 3,200 jobs are created in York County and 3,495 across the state.

By providing students with a higher education, the earning power of alumni is enhanced significantly. Since many alumni remain in the state and county, the incremental increases in income for Winthrop's alumni adds \$140.3 million to the earnings in York County and in excess of \$467.1 million to the state. Tax revenue derived from spending and income earned by faculty, staff and students add approximately \$8 million to the state's coffers and over \$500,000 in local option taxes. In addition, income taxes attained from jobs resulting from the activities of Winthrop bring in nearly \$4 million to the state.

Winthrop's influence on society is more than just financial. Through its library, art galleries, performances and athletic events, Winthrop is a major venue for social and cultural activity. Over 50,000 people attended events and activities held on campus in the most recent academic year.

**Determination of the Economic Impact**

Data for the impact study were gathered from a variety of sources. University spending in York County, metropolitan Charlotte and South Carolina were identified by specific categories. To measure the spending by faculty, staff and students, surveys were conducted to estimate the amount of money spent on a variety of goods and services. Estimates of the number of visitors to campus were obtained, distinguishing between those that stayed in off-campus housing from those who made day trips. While actual

expenditures are likely higher, it is assumed that visitors spend at least \$85 per night on lodging, plus meals, and day visitors spend about \$10 daily on meals. Once spending levels for each group were attained, the “multiplier effect” of each was determined. For example, when the university spends money on business services, companies who provide those services hire people who then spend their incomes on goods and services; this process then repeats itself. Multipliers for specific categories of spending were obtained from the Department of Commerce – Bureau of Economic Analysis. The numbers reported in table 1 reveal the economic impact of spending by each group along with the overall economic impact. In addition, employment multipliers were used to estimate the number of jobs created as a result of activities associated with Winthrop.

**TABLE 1: ANNUAL ECONOMIC IMPACT OF WINTHROP UNIVERSITY**

	<b>York County</b>	<b>Metropolitan Charlotte</b>	<b>South Carolina</b>
<b>Economic Impact</b>	\$202.66m	\$252.48m	\$225.99m
• <b>university spending</b>	\$68.94m	\$81.65m	\$89.02m
• <b>faculty and staff spending</b>	\$43.2m	\$48.65m	\$46.45m
• <b>student spending</b>	\$87.55m	\$119.21m	\$87.55m
• <b>visitor spending</b>	\$2.97m	\$2.97m	\$2.97m
<b>Number of Jobs Created</b>	3,200	3,845	3,495

### **Winthrop’s Impact on Earnings of Alumni**

It is well known that college graduates earn significantly higher incomes than high school graduates. Historically, 85% of Winthrop’s enrollment has been South Carolina residents. By providing a higher education, Winthrop enhances the earning power of its alumni. Using data from the Census Bureau and Bureau of Economic Analysis, the earnings differential between college and high school graduates in South Carolina was used to estimate the incremental earnings accruing to Winthrop alumni due to their university education (results are reported in table 2).

**TABLE 2: INCREMENTAL EARNINGS OF ALUMNI**

<b>York County</b>	\$140.3m
<b>Metropolitan Charlotte</b>	\$327.4m
<b>South Carolina</b>	\$467.1m

### **Winthrop’s Contribution to Tax Revenue**

State and local governments provide a variety of services, such as road improvement and education, to enhance the quality of life for their citizens. In general, the funding for these services is derived from property, corporate, sales, income and other taxes. The faculty, staff and students of Winthrop University expand the tax base within each of the tax components. Due to data availability, property, corporate and excise taxes

are omitted. Table 3 presents the results of Winthrop University’s tax contributions in the areas of sales and income taxes.

**TABLE 3: ANNUAL TAX REVENUE GENERATED AND ITS ECONOMIC IMPACT AS A RESULT OF ACTIVITIES ASSOCIATED WITH WINTHROP UNIVERSITY**

<b>Tax Revenue</b>	<b>Local Tax Revenue</b>	<b>State and Local Revenue</b>	<b>Total Economic Impact</b>
<b>sales tax</b>	\$504,800	\$3.03m	\$6.19m
<b>income tax</b>		<u>\$9.00m</u>	<u>\$18.38m</u>
<b>Total</b>		\$12.03m	\$24.57m

As part of its Pennies for Progress campaign, York County has implemented a one percent sales tax. Through their purchases of food, clothing, etc., the students, faculty, and staff contribute over \$504,800 in sales taxes to the local economy annually. The number is calculated by taking one percent of the sum of expenditures subject to the sales tax, after the multiplier effects are determined. In addition, the state has a sales tax of 5% (its sales tax revenue was determined in a similar fashion). Together, the total amount of sales tax revenue collected by the state and local governments is indicated in table 3.

Winthrop creates nearly 3,495 jobs in South Carolina. Workers holding these jobs, as well as the faculty and staff of the university, pay state income taxes (alumni income was omitted from the tax estimate). The tax contributions from the income of the workers, faculty and staff add almost \$9 million in revenue to the state government. This number is derived by taking six percent of the sum of the salaries of the university faculty and staff along with the salaries of the newly created jobs (assuming these workers are paid the average salary in South Carolina as reported by the Census Bureau). After multiplier effects are calculated, the economic impact on the state of South Carolina of this additional tax revenue is approximately \$24.6 million.

The institution’s primary impact of providing the advantages of higher education, cultural and public service is not measured as part of this study. Neither is the expected substantial economic impact of construction and renovation of academic and support facilities that will occur over the next decade as capital resources allow. The basic objective is to estimate the economic and financial benefits to the regional and state economy attributable to Winthrop University. As is evident by the results of this study, Winthrop University – including its faculty, staff, students, and alumni - has a very significant economic impact on the economies of York County and South Carolina.