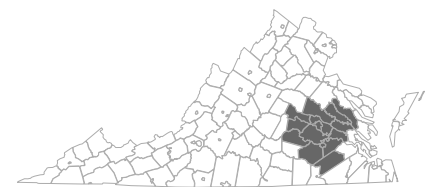


The Economic Value of Virginia Commonwealth University to the Richmond Metro Area



Virginia Commonwealth University (VCU)¹ is a renowned public research university and health system that has been serving Virginia for over 187 years. VCU creates a significant positive impact on the business community and generates a return 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) 2023-24.



The Richmond Metro Area, Virginia

¹ The VCU Health System Authority, serving the clinical functions of VCU, and Virginia Commonwealth University, fulfilling the academic and research missions of VCU, are closely affiliated partners. Together the two will be referred to as "Virginia Commonwealth University" or "VCU" in this report. The VCU Health System Authority will be referred to as "VCU Health System" or "Health System". The academic and research enterprise will be referred to as "the university".

Economic impact analysis

In FY 2023-24, VCU added **\$7.8 billion in income (\$15.8 billion in sales)** to the Richmond Metro Area² economy, a value approximately equal to **6.9%** of the region's total gross regional product (GRP). Expressed in terms of jobs, VCU's impact supported **80,728 jobs**. For perspective, the activities of VCU and its students support **one out of every 12 jobs** in the Richmond Metro Area.

VCU spending impact

- In FY 2023-24, VCU employed 23,107 full-time and part-time employees across its academic and health system enterprises. VCU spent \$2.6 billion on payroll to its employees, along with another \$1.9 billion on non-payroll related expenditures. The combination of VCU's operations, construction, health system, and research spending, detailed more fully below, generated a total of **\$4.6 billion in added income** to the economy of the Richmond Metro Area, equivalent to **\$8.3 billion in sales** and to supporting **44,122 jobs**.

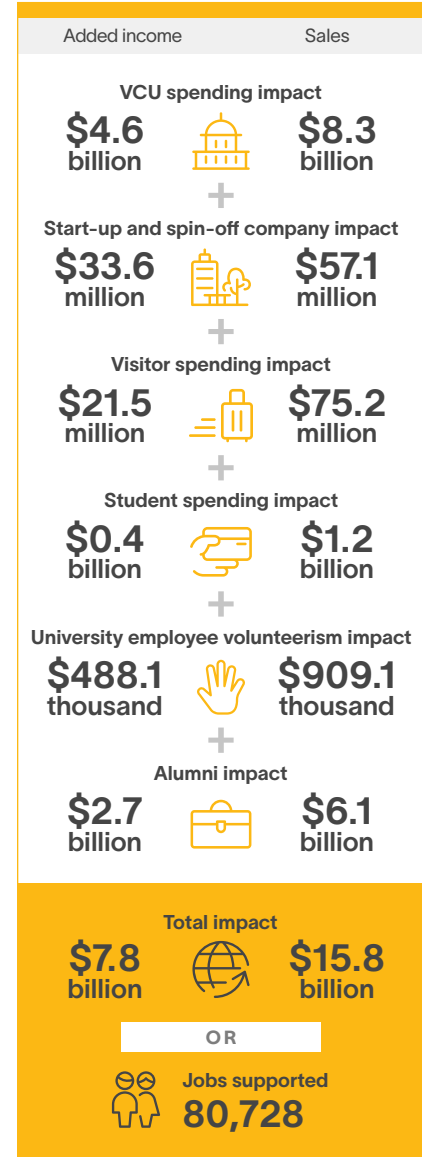
University operations spending impact³

- The university employed 5,477 full-time and part-time faculty and staff for its day-to-day and academic operations. Payroll for these employees amounted to \$525.0 million, much of which was spent in the region on groceries, mortgage and rent payments, dining out, and other household expenses. The university spent another \$354.3 million on its expenses related to day-to-day facilities, supplies, and professional services.
- The net impact of the university's operations spending added **\$664.6 million in income** to the regional economy in FY 2023-24, equivalent to **\$1.2 billion in sales** and to supporting **6,470 jobs**.

University construction spending impact

- The university invests in capital projects each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of the university's construction spending in FY 2023-24 was **\$24.9 million in added income** for the Richmond Metro Area, equivalent to **\$90.6 million in sales** and to supporting **246 jobs**.

Impacts created by VCU in FY 2023-24



² For the purposes of this analysis, the Richmond Metro Area is comprised of the following 17 counties and independent cities in Virginia: Amelia County, Charles City, Chesterfield County, Colonial Heights City, Dinwiddie County, Goochland County, Hanover County, Henrico County, Hopewell City, King and Queen County, King William County, New Kent County, Petersburg City, Powhatan County, Prince George County, Richmond City, and Sussex County.

³ Research and health system employees and their payroll, as well as non-pay expenses for research, health system, and construction, are excluded from the university operations spending impact as they are measured in the following impacts.

Health system spending impact

- The VCU health system provides a hands-on learning and research environment for the university's students and research faculty and employs 14,640 full-time and part-time employees.
- In FY 2023-24, the health system spent \$3.1 billion on operations. These expenditures added a net impact of **\$3.5 billion in added income** to the region, equivalent to **\$6.4 billion in sales** and to supporting **32,981 jobs**.

University research spending impact

- Research activities at the university impact the regional economy by employing people and making purchases for equipment, supplies, and services. In FY 2023-24, the university spent \$286.6 million on payroll and \$123.0 million on other expenses⁴ to support research activities.
- The university's research spending generated **\$441.2 million in added income** for the Richmond Metro Area economy in FY 2023-24, equivalent to **\$679.9 million in sales** and to supporting **4,424 jobs**.

Start-up and spin-off company impact

- The university creates an environment that fosters innovation and entrepreneurship, evidenced by the number of start-up and spin-off companies created as a result of the university.
- In FY 2023-24, the university's start-up and spin-off companies generated **\$33.6 million in added income** for the Richmond Metro Area economy, equivalent to **\$57.1 million in sales** and to supporting **200 jobs**.

Visitor spending impact

- Out-of-region visitors attracted to the Richmond Metro Area for activities at the university brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other businesses in the region.
- Visitor spending added approximately **\$21.5 million in income** to the Richmond Metro Area economy, equivalent to **\$75.2 million in sales** and to supporting **368 jobs**.

Student spending impact

- Around 65% of students attending the university originated from outside the region. Most of these students relocated to the Richmond Metro Area while attending the university. In addition, some in-region students, referred to as retained students, would have left the Richmond Metro Area for other educational opportunities if not for the university. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at businesses in the region.



⁴ Excludes indirect costs because indirect costs are not necessarily spent during the analysis year.

- The expenditures of relocated and retained students in FY 2023-24 added **\$353.9 million in income** to the Richmond Metro Area economy, equivalent to **\$1.2 billion in sales** and to supporting **5,588 jobs**.

University employee volunteerism impact

- The work of the university's employee volunteers allows businesses and organizations to grow, increasing their output and impacting the economy at large. Using the value per volunteer hour for Virginia, the known volunteer hours of university employee volunteers is equivalent to \$432.4 thousand in earnings.
- In terms of actual impact to the regional economy, VCU employee volunteers generated an impact of **\$488.1 thousand in added income** in FY 2023-24, equivalent to **\$909.1 thousand in sales** and to supporting **14 jobs**.

Alumni impact

- Over the years, students have studied at the university and entered or re-entered the workforce with newly acquired knowledge and skills. Today, thousands of these former students are employed in the Richmond Metro Area.
- The net impact of the university's former students currently employed in the regional workforce amounted to **\$2.7 billion in added income** in FY 2023-24, equivalent to **\$6.1 billion in sales** and to supporting **30,436 jobs**.

Economic impact analyses use different types of impacts to estimate the results.

- The **added income impact** focuses on the change in income in the region. It excludes money that leaked out of the regional economy to out-of-region suppliers and excludes intermediary transactions. Added income is also synonymous with gross regional product.
- The **sales impact** comprises the change in business sales revenue in the economy as a result of increased economic activity. It is synonymous with output. It is important to bear in mind that some of this sales revenue leaves the regional economy through intermediary transactions and costs.
- The **jobs supported impact** is a measure of the number of full- and part-time jobs that would be required to support the change in income or sales.



Investment analysis

Student perspective

- The university's FY 2023-24 students paid a present value of **\$325.5 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$245.8 million** in time and money had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$3.6 billion** in increased earnings over their working lives. This translates to a return of **\$6.30** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **22.0%**.

Taxpayer perspective

- Taxpayers provided VCU with **\$615.7 million** of funding in FY 2023-24, consisting of \$397.8 million of direct local and state funds and \$217.9 million of capital appropriations, which are more prone to fluctuation from year to year. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$1.1 billion**. A reduced demand for government-funded services in Virginia will add another **\$129.8 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$1.2 billion**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in VCU, taxpayers will receive **\$2.00** in return over the course of students' working lives. The average annual rate of return for taxpayers is **11.5%**.

Social perspective

- In FY 2023-24, Virginia invested **\$1.6 billion** to support VCU. In turn, the Virginia economy will grow by **\$12.3 billion** over the course of students' working lives. Society will also benefit from **\$685.1 million** of public and private sector savings.
- For every dollar invested in VCU in FY 2023-24, citizens of Virginia will receive **\$7.90** in return, for as long as VCU's FY 2023-24 students remain active in Virginia's workforce.

Students see a high rate of return for their investment in the university



Average annual return for VCU students

22.0%



Stock market 30-year average annual return

10.1%



Interest earned on savings account (national deposit rate)

0.5%

Source: Forbes' S&P 500, 1994-2023; FDIC.gov, March 2023

For every \$1...



Students gain in higher lifetime earnings

\$6.30



Taxpayers gain in added tax revenue and public sector savings

\$2.00



Society gains in added income and social savings

\$7.90

