

Universities' Economic and Diversity, Equity & Inclusion Impacts

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Overview

- Universities & regional economies: drivers of economic growth
- DEI economic impacts: why care
- Washington state example: educational spending
- Model Demonstration
- Discussion: importance of economic modeling
- Q&A

What do we mean by diversity, equity & inclusion in this context?



- Diversity: Are the region's residents represented and served in all levels of education?
- Equity: Are educational resources and supports accessible?
- Inclusion: Are all students getting a fair shot, and is everyone in the region sharing in economic growth & benefits of policies? Are any groups bearing the brunt of policies without receiving the benefits?

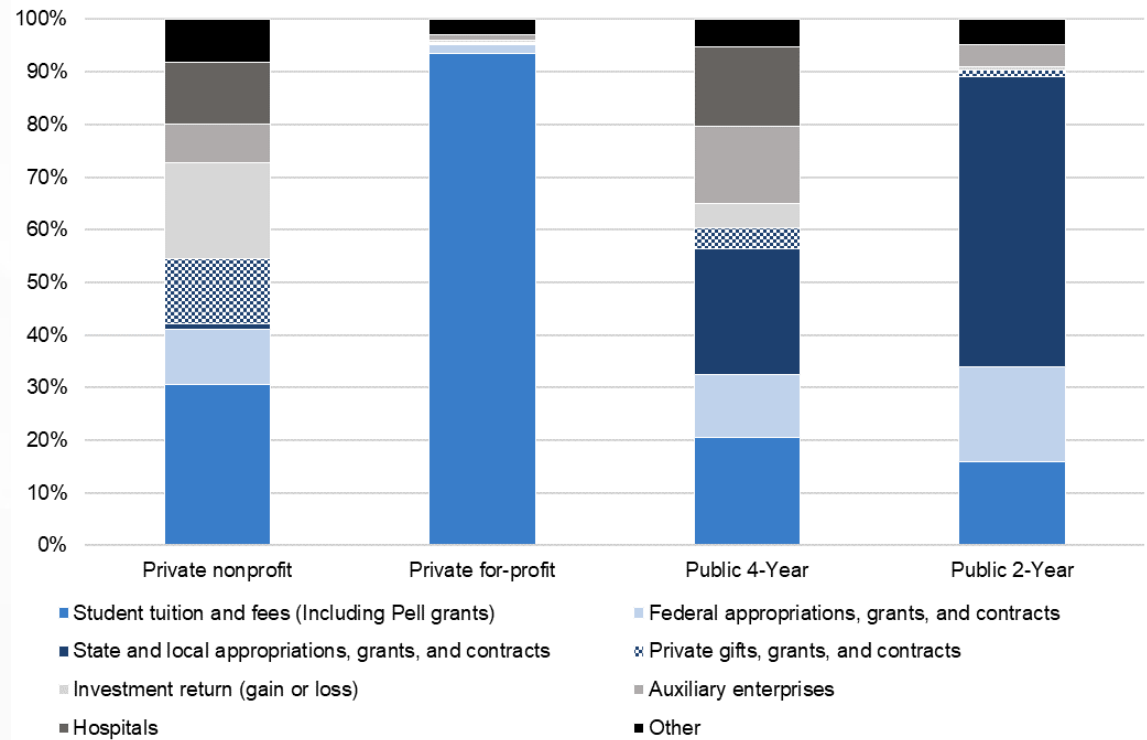
What does diversity, equity & inclusion mean for universities?



- Educating a diverse study body
- Employing diverse faculty and staff
- DEI **economic** impacts
 - Training skilled workforce for the state
 - Creating broad-based prosperity across the region through labor productivity increases
 - Education linked to labor productivity
 - Providing opportunities for all state residents, not just certain groups

Background

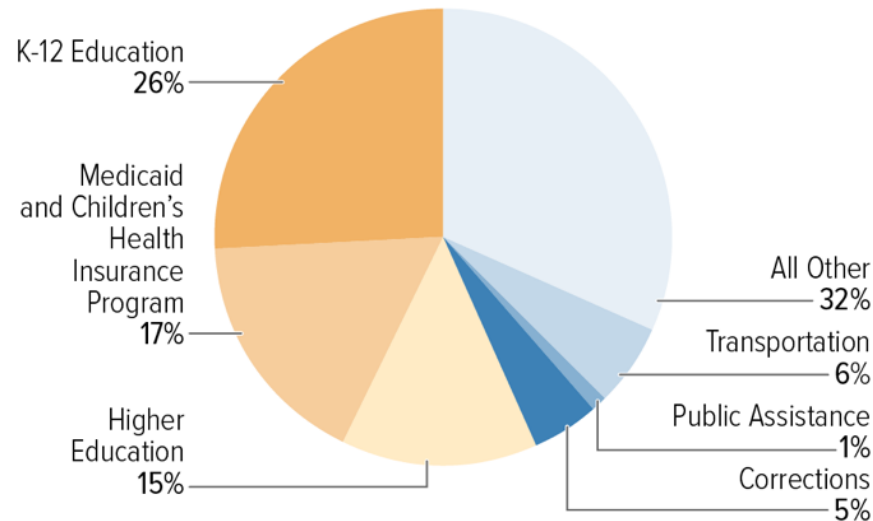
- Public colleges receive about 41% of revenues from government sources
- State support for higher education critical for increasing accessibility



Background

More Than Half of State Tax Revenues Fund Education and Health Care

Percentage of state spending



Note: "All Other" includes care for residents with disabilities, pensions, and health benefits for public employees, economic development, environmental projects, state police, parks and recreation, and general aid to local governments. Numbers might not sum to 100 due to rounding.

Source: National Association of State Budget Officers State Expenditure Report, Fiscal Year 2016

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Intro to Regional Economic Modeling



- Leading public policy analysis model since 1980
- Practical software solution to analyze dynamic economic and fiscal impacts of policy changes
- Models:
 - PI+
 - TaxPI
 - Transight
 - E3+
- **DEI extension** adds race/ethnicity, gender, education level, geography, income distribution dimensions to policy analysis

Why Economic Modeling?

- Capture direct and indirect effects of education investments & other policies
- Understand economic and demographic impacts across industries and over time periods up to 2060
- Articulate costs, benefits, and trade-offs of policies and projects
- Evaluate policy with standardized metrics before implementation
- Clarify complicated policy situations

Education Spending Example



- Washington College Grant (previously State Need Grant)
- Washington state program to make post-secondary education more affordable
- Targets low- and middle-income families
- Maximum award pays tuition at state public colleges, including community colleges, tech colleges

Source: Washington Student Achievement Council, <https://wsac.wa.gov/wcg>

Education Spending Example: Additional DEI Considerations

- Washington state demographic breakdown, from 2019 Census estimates (to inform DEI analysis results)
 - 67.5% White
 - 13% Hispanic
 - 4.4% Black
 - 9.6% Asian

Model Demo: Inputs

- 39 region Washington state model
- Model Scenario:
 - Increase state spending on education services, including higher education
- Model Inputs:
 - Increase state and local spending by \$50 million in Washington
 - Increase state property tax by \$50 million (revenue neutral)
 - Increase labor productivity by half a percent
 - Years 2021-2030

Demo Discussion

- Increased total employment, labor force, GDP, output
- Notable increases in employment and labor force participation for women
 - Gender equity
- Greatest increases in employment and labor force participation for white, non-Hispanic population
 - Expected as greatest share of Washington population is white (67.5% of state population)
 - Notable increase in employment and labor force participation for Black, non-Hispanic population (4.4% of state population, smallest racial/ethnic group in the state as categorized here)
- Increased employment across all levels of educational attainment
 - Increases for those with and without bachelor's degrees and higher as spending supported all educational training

Demo Discussion

- Decreased inequality across counties and state as a whole
- Increased compensation rates for low- to middle-income groups
 - Especially increased employment and compensation by industry for second lowest income quintile
 - Especially increased employment by occupation for middle income quintiles
- Decreased unemployment
- Increased personal income

The REMI Model

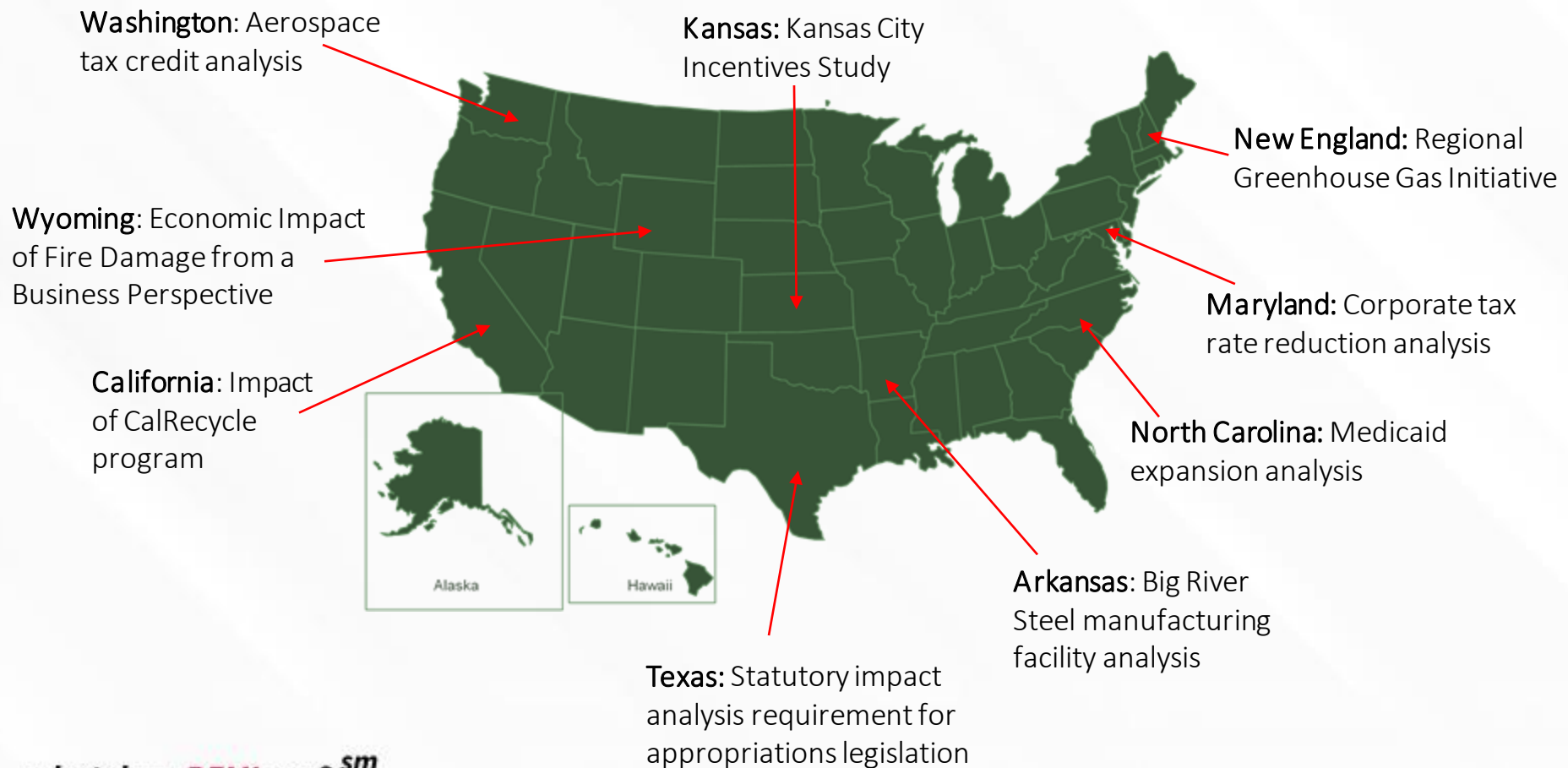
- Only widely available economic model that accounts for these DEI issues
 - Clients include Sandia National Labs, Ernst & Young, Texas Comptroller, University of Michigan, Tennessee Valley Authority, National Education Association, South Coast Air Quality Management District, North Carolina Department of Commerce, Wyoming Department of Administration & Information
- Authoritative: uses standard metrics to evaluate public policies
- Academic: peer-reviewed, publicly available equations

Past Education-Related Applications



- Economic Impact of the Vermont Law School on the Vermont State Economy
- Study of the Growing Economic Impact of Virginia Public Higher Education
- More in Colorado, Florida, Tennessee

Model Applications



Economic Modeling: Why it matters



- Inform policy with standard metrics rather than ideology or intention
 - DEI reporting requirements at the federal, state, local levels
- Address stakeholders with evidence that communicates how policy benefits or disadvantages their communities broadly
 - DEI impact analysis needed to address stakeholder concerns
- Understand economic and demographic implications of policies before implementing them
 - Ensure that public policy serves the broad-based interests of the public

Q&A

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