

ECONOMIC IMPACT STUDY OF THE PAUL OGLE FOUNDATION



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Direct Expenditure Effects—the Regional Multiplier

- The net impact of \$1.00 spent in the local economy is not necessarily \$1.00.
- For example, \$10.00 spent at restaurant may go 50% for payroll and 50% for supplies, other expenses and taxes.
- If employees spend \$3.00 of \$5.00 earned, and if owner spends \$3.00 of \$5.00 earned, then the impact in the local economy after two rounds of spending is \$16.00.
- After several rounds of spending, the total amount spend could be \$25.00 as recipients of spending turn around and spend the proceeds of what they earn.



Overall Multiplier for Ogle Foundation = 2.25 approximately

Multipliers vary according to how the grantees used the money.

Construction projects have bigger multipliers than other projects, for example.

For the approximately \$68 million spent over the years, overall impact is \$153 million (in terms of the prices for each year the money was granted) of which \$150 million is for the Louisville KY-Southern IN region.



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If impact is adjusted for inflation—

- **In terms of 2010 dollars, the total impact amount is nearly \$218 million of which \$214 million is for the Louisville-Southern Indiana region.**



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Knowledge effects or Human Capital Effects

- Since so much Ogle Foundation money given was in the forms of scholarships to college students, it is legitimate to look at how much the foundation has contributed to human capital or to the increased productivity and earnings of scholarship recipients.



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Based upon major and school attended---

- **Ogle scholarship recipients who have earned a baccalaureate degree will earn around \$119 million more as a group than if they had stopped their education at the high school level (around \$14 million of which is forecasted to be earned in the Louisville-Southern Indiana region), whereas those recipients who have earned an associate degree will earn around \$4 million more.**



National Impacts

Expenditure Effects of Grants	\$152,977,721.41
Sum of Knowledge Effects from all scholarships for 2 year schools	\$4,005,529.70
Sum of Knowledge Effects from all scholarships for 4 year schools	\$118,177,693.41
TOTAL IMPACTS	<u>\$275,160,944.52</u>



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Local Impacts portion of national impacts

Expenditure Effects of Grants \$149,929,802.53

Sum of Knowledge Effects from all scholarships for 2 year schools \$3,004,147.28

Sum of Knowledge Effects from all scholarships for 4 year schools \$13,364,011.38

TOTAL LOCAL IMPACTS \$166,297,961.19



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