

Analysis of the Economic Impact and Return on Investment of Education

The Economic Value of the University of Illinois Springfield

The University of Illinois Springfield (UIS) creates a significant positive impact on the business community and generates a return on investment 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 (FY23) (July 1, 2022 through June 30, 2023).

Economic impact analysis

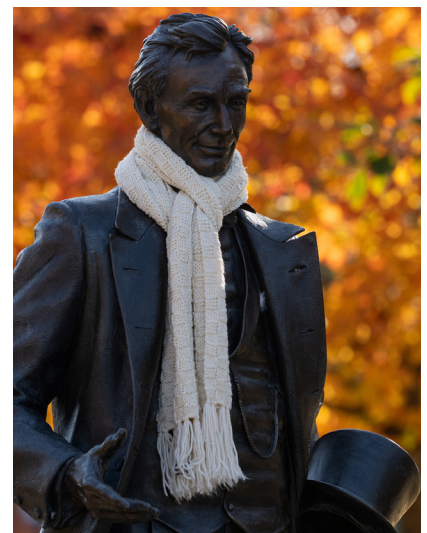
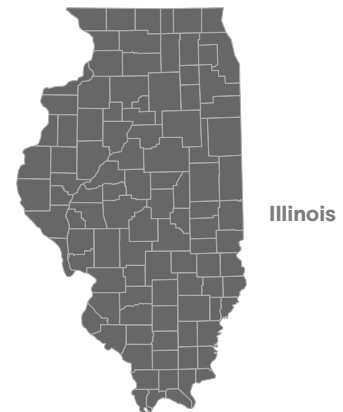
In FY23, UIS added **\$943.2 million** in income to the Illinois economy, a value approximately equal to **0.1%** of the state's total gross state product (GSP).¹ Expressed in terms of jobs, the university's impact supported **9,093 jobs**.

Operations spending impact

- UIS employed 1,070 full-time and part-time faculty and staff. Payroll amounted to \$67.1 million, much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The university spent another \$35.6 million² on its expenses related to facilities, supplies, and professional services.
- The net impact of the university's operations spending added **\$80.4 million** in income to the state economy in FY23.

1 Note that Lightcast considers added income as a more accurate measure of impact than sales because added income does not include the money that leaked out of the state economy to out-of-state suppliers and does not include intermediary transactions, whereas sales includes these leakages and intermediary transactions. Added income is also synonymous with gross state product.

2 Research employees and their payroll, as well as non-pay research expenditures, are excluded from this impact as they are measured in the following impact.



Research spending impact

- Research activities at UIS impact the state economy by employing people and making purchases for equipment, supplies, and services. In FY23, UIS spent \$1.7 million on payroll and \$316.0 thousand on other expenses³ to support research activities.
- The university's research spending generated **\$2.3 million** in added income for the Illinois economy in FY23.

Visitor spending impact

- Out-of-state visitors attracted to Illinois for activities at UIS brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.
- Visitor spending added approximately **\$797.1 thousand** in income to the Illinois economy.

Student spending impact

- About 32% of students attending UIS originated from outside the state. Some of these students relocated to Illinois. In addition, some in-state students, referred to as retained students, would have left Illinois for other educational opportunities if not for UIS. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at state businesses.
- The expenditures of relocated and retained students in FY23 added **\$11.6 million** in income to the Illinois economy.

Volunteerism impact

- The work of student volunteers allows businesses and organizations to grow, increasing their output and impacting the economy at large. Using the value per volunteer hour for Illinois, the work of UIS student volunteers is equivalent to \$139.5 thousand in earnings.
- In terms of actual impact to the regional economy, UIS student volunteers generated an impact of **\$207.4 thousand** in added income in FY23.


Alumni impact

- Over the years, students have studied at UIS and entered or re-entered the workforce with newly acquired knowledge and skills. Today, thousands of these former students are employed in Illinois.
- The net impact of UIS former students currently employed in the state workforce amounted to **\$847.9 million** in added income in FY23.

Impacts created by UIS in FY23

 Operations spending impact
\$80.4 million

+

 Research spending impact
\$2.3 million

+

 Visitor spending impact
\$0.8 million

+

 Student spending impact
\$11.6 million

+

 Volunteerism impact
\$0.2 million

+

 Alumni impact
\$847.9 million

 Total economic impact
\$943.2 million

OR

 Jobs supported
9,093

³ Excludes indirect costs because indirect costs are not necessarily spent during the analysis year.



Investment analysis

Student perspective

- The university's FY23 students paid a present value of **\$28.9 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$51.3 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 **\$460.2 million** in increased earnings over their working lives. This translates to a return of **\$5.70** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **24.0%**.

Taxpayer perspective

- Taxpayers provided UIS with **\$49.6 million** of funding in FY23. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$143.4 million**. A reduced demand for government-funded services in Illinois will add another **\$30.7 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$174.1 million**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in UIS, taxpayers will receive **\$3.50** in return over the course of students' working lives. The average annual rate of return for taxpayers is **11.6%**.

Social perspective

- In FY23, Illinois invested **\$162.9 million** to support UIS. In turn, the Illinois economy will grow by **\$1.5 billion**, over the course of students' working lives. Society will also benefit from **\$132.4 million** of public and private sector savings.
- For every dollar invested in UIS in FY23, people in Illinois will receive **\$9.90** in return, for as long as the FY23 students remain active in the state workforce.

Students see a high rate of return for their investment in UIS



Average annual return for UIS students

24.0%



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 lifetime earnings

\$5.70



Taxpayers gain in added tax revenue and public sector savings

\$3.50



Society gains in added income and social savings

\$9.90

