

## **Draft review guidelines**

This draft version of the report gives you an opportunity to review the initial findings and report any concerns you may have. It is also an opportunity to suggest any edits to the text that you would like us to incorporate into the final version.

Please note that the results found in this draft report are preliminary and subject to change. Because of this, we recommend against publishing or publicizing the findings presented below until you have your finalized results.

### **Editing Guidelines**

- Please provide suggested revisions as one electronic document or digital comments on a single copy of each of the reports. Please send either as a word document or PDF file. Do not make unmarked changes in the text, as this makes it difficult for us to find and track changes.
- It is only necessary to indicate iterative revisions (for example, capitalizing a word that we have consistently not capitalized) at the first instance, not at every instance.
- Before sending us suggested revisions, if you have received feedback from multiple people, please be sure that their suggestions do not contradict each other.

### **Formatting**

This draft version does not include the customized colors and pictures you have sent for inclusion. When the draft process is over, a finalized report will be sent to Lightcast's graphic designer, who will incorporate those elements.

# The Economic Value of the University of Illinois System

March 2025

## FACT SHEET

The University of Illinois System (U of I System) 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, the U of I System added **\$24.9 billion** in income to the Illinois economy, a value approximately equal to **2.6%** of the state's total gross state product (GSP).<sup>1</sup> Expressed in terms of jobs, the U of I System's impact supported **225,171 jobs**. For perspective, the activities of the universities and their students support **one out of every 37 jobs** in Illinois.

#### Operations Spending Impact

- The U of I System employed 26,402 full-time and part-time faculty and staff. Payroll amounted to \$2.5 billion, much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The universities spent another \$1.3 billion<sup>2</sup> on expenses related to facilities, supplies, and professional services.
- The net impact of the universities' operations spending added **\$3.0 billion** in income to the state economy in FY23.

#### Construction Spending Impact

- The universities invest in capital projects each year to maintain their facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of the universities' construction spending in FY23 was **\$51.2 million** in added income for Illinois.

#### Hospital Spending Impact

- The University of Illinois Hospital & Health Sciences System (UI Health) would not exist without the U of I System. UI Health provides a hands-on learning and research environment for students and employs thousands of workers.

---

<sup>1</sup> 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.

<sup>2</sup> Research and hospital employees and their payroll as well as non-pay expenses for research, hospital, and construction are excluded from this impact as they are measured in the following impacts.

- In FY23, UI Health spent \$1.2 billion on its operations. These expenditures added a net impact of **\$1.6 billion** in added income to the state.

## Research Spending Impact

- Research activities at the U of I System impact the state economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in Illinois through inventions, patent applications, and licenses. In FY23, the U of I System spent \$609.8 million on payroll and \$413.7 million on other expenses<sup>3</sup> to support research activities.
- The U of I System's research spending generated **\$1.2 billion** in added income for the Illinois economy in FY23.

## Start-up and Spin-off Company Impact

- The U of I System creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up and spin-off companies created as a result of the universities.
- In FY23, the U of I System's start-up and spin-off companies generated **\$511.3 million** in added income for the Illinois economy.

## Visitor Spending Impact

- Out-of-state visitors attracted to Illinois for activities at the universities brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.
- Visitor spending added approximately **\$125.3 million** in income to the Illinois economy.

## Student Spending Impact

- About 36% of students attending the universities 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 the U of I System. 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 **\$440.1 million** in income to the Illinois economy.

## Impacts created by the U of I System in FY23

**\$3.0 billion**

Operations Spending Impact

**\$51.2 million**

Construction Spending Impact

**\$1.6 billion**

Hospital Spending Impact

**\$1.2 billion**

Research Spending Impact

**\$511.3 million**

Start-up and Spin-off Company Impact

**\$125.3 million**

Visitor Spending Impact

**\$440.1 million**

Student Spending Impact

**\$1.6 million**

Volunteerism Impact

**\$18.0 billion**

Alumni Impact

**\$24.9 billion**

Total Impact

or

**225,171**

Jobs Supported

<sup>3</sup> Excludes indirect costs because indirect costs are not necessarily spent during the analysis year.

Volunteerism Impact

- The work of the U of I System’s 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 the U of I System student volunteers is equivalent to \$1.1 million in earnings.
- In terms of actual impact to the regional economy, the U of I System student volunteers generated an impact of **\$1.6 million** in added income in FY23.

Alumni Impact

- Over the years, students have studied at the U of I System and entered or re-entered the workforce with newly acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in Illinois.
- The net impact of the U of I System’s former students currently employed in the state workforce amounted to **\$18.0 billion** in added income in FY23.

INVESTMENT ANALYSIS

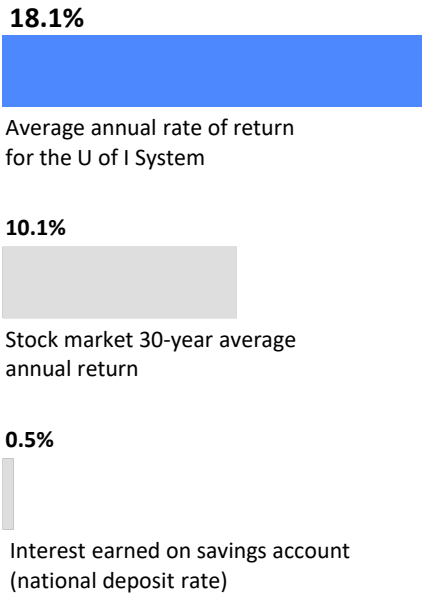
Student Perspective

- The U of I System’s FY23 students paid a present value of **\$1.5 billion** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$1.0 billion** 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 **\$12.2 billion** in increased earnings over their working lives. This translates to a return of **\$4.80** in higher future earnings for every dollar students invest in their education. Students’ average annual rate of return is **18.1%**.

Taxpayer Perspective

- Taxpayers provided the U of I System with **\$1.5 billion** 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 **\$4.6 billion**. A reduced demand for government-funded services in Illinois will add another **\$924.6 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$5.6 billion**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in the U of I System, taxpayers will receive **\$3.60** in return over the course of students’ working lives. The average annual rate of return for taxpayers is **13.3%**.

Students see a high rate of return for their investment in the U of I System



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

**For every \$1...**

Students gain

**\$4.80**

in lifetime earnings

Taxpayers gain

**\$3.60**

in added tax revenue and public sector savings

Society gains

**\$7.00**

in added income and social savings

## Social Perspective

- In FY23, Illinois invested **\$7.3 billion** to support the U of I System. In turn, the Illinois economy will grow by **\$47.0 billion**, over the course of students' working lives. Society will also benefit from **\$4.1 billion** of public and private sector savings.
- For every dollar invested in U of I System in FY23, people in Illinois will receive **\$7.00** in return, for as long as the U of I System's FY23 students remain active in the state workforce.

DRAFT