

**The Economic Value of University of Illinois at Urbana-Champaign**

The University of Illinois at Urbana-Champaign 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 (FY) 2017.

**NOTE:** Added income should not be confused with personal income or sales. It is important to bear in mind, that much of this sales revenue leaves the state economy through intermediary transactions and costs. Rather, income remains in the region and is synonymous to value added or gross state product.

During the analysis year, the University of Illinois at Urbana-Champaign and its research and entrepreneurial activities, along with its students and visitors, added **\$8.9 billion** in income to the Illinois economy, approximately equal to **1.1%** of the state's total gross state product. The university's impact supported 88,357 jobs in FY 2017 (July 1, 2016 through June 30, 2017). For perspective, this means that one out of every 89 jobs in Illinois is supported by the activities of the university and its students. The economic impacts of the university break down as follows:

**Operations spending impact**

- The University of Illinois at Urbana-Champaign employed 14,146 full-time and part-time employees (not including research employees) in FY 2017. Payroll amounted to \$1.4 billion (excluding payroll from research employees), much of which was spent in Illinois to purchase groceries, clothing, and other household goods and services. The university spent another \$740.5 million to support its day-to-day operations, excluding research expenditures.
- The net impact of university payroll and expenses in Illinois during the analysis year was approximately **\$1.9 billion** in income.

**Research spending impact**

- Research activities at the University of Illinois at Urbana-Champaign 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 FY 2017, the university spent \$286.3 million on payroll to support research activities.
- The university's research spending generated **\$749.8 million** in added income for the Illinois economy.

**IMPACTS CREATED BY  
THE UNIVERSITY OF ILLINOIS  
AT URBANA-CHAMPAIGN IN  
FY 2017**

ADDED INCOME	JOBS
<b>\$1.9 billion</b>	<b>20,962</b>
Operations spending impact	
<b>\$749.8 million</b>	<b>8,374</b>
Research spending impact	
<b>\$336.1 million</b>	<b>2,001</b>
Start-up and spin-off company impact	
<b>\$205.6 million</b>	<b>3,961</b>
Student spending impact	
<b>\$35.2 million</b>	<b>782</b>
Visitor spending impact	
<b>\$5.7 billion</b>	<b>52,278</b>
Alumni impact	
<b>\$8.9 billion</b>	<b>88,357</b>
Total impact	

**Start-up and spin-off company impact**

- The University of Illinois at Urbana-Champaign creates an exceptional environment of discovery that fosters innovation and entrepreneurship, evidenced by the number of university-related start-up and spin-off companies created in the state.
- In FY 2017, the university’s start-up and spin-off companies generated **\$336.1 million** in added income for the Illinois economy.

**Impact of student spending**

- Around 40% of graduate and undergraduate students attending the University of Illinois at Urbana-Champaign originated from outside the state. Some of these students relocated to Illinois. In addition, a number of students from Illinois might have left the state if not for the university. These relocated and retained students spent money on groceries, transportation, rent, and so on at state businesses.
- The expenditures of relocated and retained students during the analysis year added approximately **\$205.6 million** in income to the Illinois economy.

**Visitor spending impact**

- Out-of-state visitors attracted to Illinois for activities at the University of Illinois at Urbana-Champaign brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.
- Visitor spending added approximately **\$35.2 million** in added income for the Illinois economy.

**Alumni impact**

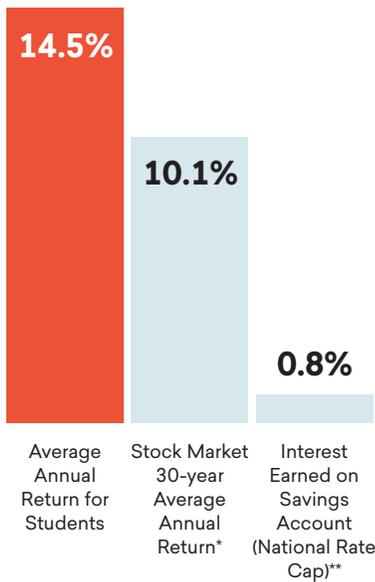
- Over the years, students have studied at the University of Illinois at Urbana-Champaign and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Illinois.
- The impact of former students currently employed in the state workforce amounted to **\$5.7 billion** in added income during the analysis year.

**RETURN ON INVESTMENT TO STUDENTS,  
TAXPAYERS, AND SOCIETY**

**Student perspective**

- The University of Illinois at Urbana-Champaign’s FY 2017 students paid a total present value of \$830.5 million to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent \$528.3 million in money that they would have earned had they been working instead of learning.

## STUDENT RATE OF RETURN



\* Forbes' S&P 500, 1987-2016.

\*\* FDIC.gov, 7-2017.

- In return for the monies invested in the university, students will collectively receive a present value of **\$6.5 billion** in increased earnings over their working lives. This translates to a return of **\$4.70** in higher future earnings for every dollar that students invest in their education. The average annual return for students is **14.5%**.

### Taxpayer perspective

- In FY 2017, taxpayers invested in the University of Illinois System. Taxpayers will then experience significant benefits from each of the universities within the system. The net present value of the added tax revenue stemming from the University of Illinois at Urbana-Champaign students' higher lifetime earnings and the increased output of businesses amounts to **\$2 billion** in benefits to taxpayers. Savings to the public sector add another **\$102.9 million** in benefits due to a reduced demand for government-funded services in Illinois. This sums together to \$2.1 billion in benefits to Illinois taxpayers.

### Social perspective

- The economic base in Illinois will grow by **\$22.4 billion** over the course of the students' working lives. Society will also benefit from **\$378.1 million** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every dollar that society spent on the University of Illinois at Urbana-Champaign FY 2017 educations, society will receive a cumulative value of **\$6.70** in benefits, for as long as the university's FY 2017 student population remains active in the state workforce.

For every **\$1** spent by...

**STUDENTS**  
**\$4.70**

Gained in lifetime earnings for STUDENTS

**SOCIETY**  
**\$6.70**

Gained in added state revenue and social savings for SOCIETY

**TAXPAYERS\***  
**\$2.1 billion**

Gained in added taxes and public sector savings for TAXPAYERS

\* Because the University of Illinois System receives the taxpayer funding and controls the funding structure for the individual universities, measuring a benefit-cost ratio is not appropriate for the taxpayer perspective

