

# 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 (FY21) (July 1, 2020 through June 30, 2021).



## ECONOMIC IMPACT ANALYSIS

In FY21, UIS added **\$694.2 million** in income to the Illinois economy, a value approximately equal to **0.1%** of the state's total gross state product (GSP). Expressed in terms of jobs, UIS' impact supported **6,909 jobs**.

### OPERATIONS SPENDING IMPACT

- UIS employed 1,048 full-time and part-time faculty and staff (excluding research employees). Payroll amounted to \$87.3 million (excluding payroll from research employees), much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The university spent another \$30 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).
- The net impact of the university's operations spending added **\$107.3 million** in income to the state economy in FY21.

### RESEARCH SPENDING IMPACT

- Research activities at UIS impact the state economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in Illinois. In FY21, UIS spent \$3 million on payroll and \$1.7 million on other expenses to support research activities.
- UIS' research spending generated **\$4.7 million** in added income for the Illinois economy in FY21.

### CONSTRUCTION SPENDING IMPACT

- UIS invests in construction each year to maintain its 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 UIS' construction spending in FY21 was **\$1.2 million** in added income for Illinois.

### 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. Typically, UIS hosts thousands of out-of-state visitors for on-campus events. UIS, its partners, and affiliations bring national and internationally renowned speakers and entertainers to the state. In addition, UIS attracts visitors for commencement, cultural, and sporting events. It is important to remind the reader of the restrictions imposed by the COVID-19 pandemic and its strong influence on the number of visitors during FY21.
- Visitor spending added approximately **\$150.1 thousand** in income to the Illinois economy.

### STUDENT SPENDING IMPACT

- Around 23% 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 FY21 added **\$10.7 million** in income to the Illinois economy.

### IMPACTS CREATED BY UIS IN FY21



Operations spending impact

**\$107.3 million**



Research spending impact

**\$4.7 million**



Construction spending impact

**\$1.2 million**



Visitor spending impact

**\$0.2 million**



Student spending impact

**\$10.7 million**



Alumni impact

**\$570.1 million**



TOTAL ECONOMIC IMPACT

**\$694.2 million**

OR

Jobs supported

**6,909**

### 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, whereas income remains in the state and is synonymous to value added or gross state product.

## 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 **\$570.1 million** in added income in FY21.



## INVESTMENT ANALYSIS

### STUDENT PERSPECTIVE

- UIS' FY21 students paid a present value of **\$24.6 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$50.7 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$409.2 million** in increased earnings over their working lives. This translates to a return of **\$5.40** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **18.9%**.

### TAXPAYER PERSPECTIVE

- Taxpayers provided UIS with **\$46.3 million** of funding in FY21. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$127.1 million**. A reduced demand for government-funded services in Illinois will add another **\$19.1 million** in benefits to taxpayers.
- For every dollar of public money invested in UIS, taxpayers will receive **\$3.20** in return, over the course of students' working lives.

### SOCIAL PERSPECTIVE

- In FY21, Illinois invested **\$183.4 million** to support UIS. In turn, the Illinois economy will grow by **\$1.3 billion**, over the course of students' working lives. Society will also benefit from **\$57.6 million** of public and private sector savings.
- For every dollar invested in UIS in FY21, people in Illinois will receive **\$7.20** in return, for as long as UIS' FY21 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

**18.9%**



Stock market 30-year average annual return

**10.5%**



Interest earned on savings account (National Rate Cap)

**0.8%**

Source: Forbes' S&P 500, 1992-2021. FDIC.gov, 2-2022.

### For every \$1...



Students gain in lifetime earnings

**\$5.40**



Taxpayers gain in added tax revenue and public sector savings

**\$3.20**



Society gains in added income and social savings

**\$7.20**