

Economic Impact of Indiana University – IBRC Report

Presidential Summary

Primary Messages

The Economic Impact of Indiana University is manifest in several ways:

- Core Benefits
 - Improving educational attainment among Hoosiers thereby improving lifetime earnings prospects (and concomitant contributions to the tax rolls)
 - Developing “high-end” Human Capital for the Indiana workforce
 - Research and scholarship that attracts funding, much of which is spent in Indiana through purchasing and through employment of highly educated individuals who, in turn contribute productively to the economy and tax rolls
- Collateral Benefits
 - IU’s educational activities include those in which students and faculty “give back” to the community through service and volunteerism. These habits last beyond the students’ career at the university
 - Students, faculty and staff also donate to charitable organizations operating within their campus regions
 - IU offers entertainment and cultural programming and makes its facilities (e.g., libraries and theatres) available to the public.
 - IU’s employees, students, and visitors create an “economic footprint” through their spending activities both directly as well as through the “ripple effect” within the community.

Traditional economic impact studies, which focus mostly on this last element of impact, have been criticized as characterizing as impact activity that probably would have occurred regardless of the University’s presence. The present study addresses those criticisms in two ways: by attempting to better account for the impact that would not exist “but for” the university; and expanding the concept of impact to that which is related to the core mission activities of the university: teaching and research

The analysis employs two models to estimate “but for” impact. The “Bloomington” model accommodates the impact of bringing to the state many students who would not otherwise live and spend money in Indiana, but also accommodates the fact that a significant portion of graduates leave the state. The “regional campus” model accommodates the impact of increasing the earnings of students who might not have otherwise had the opportunity to attend a four-year college, but also acknowledges that these individuals would likely have lived and spent their money in the region even if the campus were not present. IUPUI is treated as a hybrid case, which educates many place-bound students (especially at the undergraduate level) but also brings additional students into the state, especially for its graduate programs.

Notable Findings and their Implications

Education

The percentage of IU Alumni (graduating between 2002 and 2005) who reside in Indiana reveals that the vast majority Hoosier enrollees remain in the state, even among Bloomington campus students, and a notable proportion of non-residents stay in the state. If you combine the two, several IU campuses

contribute to a net gain in educated Hoosiers and the modest loss of Hoosiers among other campuses is mitigated considerably by non-state residents who remain in Indiana.

IU is responsible for about one-third of all bachelor's master's and doctoral degrees awarded by both public and private universities in the state, as well as more than one-half of all first professional degrees (MD, JD, DDS, OD, DVM, DDiv, PharmD, etc.). Among public universities, IU is the largest conferrer of bachelor's degrees (44% of total), master's degrees (51%) and first professional degrees (80%). Purdue confers a larger proportion of public university doctoral degrees (49% compared to 40% for IU).

Bachelor's degree recipients have a 45% advantage in cumulative earnings by age 45 compared to associate's degree recipients and this advantage climbs to 61% by retirement age. The differences are greater for more advanced degrees. The report documents differences in potential earnings by field of study, level of degree and gender.

IU is particularly important to the state in conferring degrees to individuals who will work in human services and public administration (63% of all degrees conferred in the state), law (58%), health and life sciences (37%), education (36%), communications and information technology (33%) and humanities and performing arts (33%). This shows the diverse impact of IU's programs in important "quality of life" domains.

Research

Research inputs doubled between 2000 and 2008, reaching an annual expenditure level of \$272 million. Almost three-quarters (71%) of this amount originates from the Federal Government. Technology transfer indicators, such as disclosures, license, and patents, have been at robust levels for the past five years.

Service

In 2006-07 alone, nearly 100,000 hours of student work was dedicated to service-learning activities. This has an estimated economic value of over \$800,000. IU students, faculty and staff engaged in over 4 million hours of volunteering. This has a raw impact of nearly \$50 million in equivalent compensation and still nearly \$15 million when considering the "but for" affect of IU campuses.

In 2006-07, students, faculty and staff contributed an estimated \$15.6 million to charities of which over \$10 million remained within their campus regions.

The report enumerates and array of artistic and cultural resources and activities that IU campuses bring to their regions and the state.

In 2006-07 12,838 members of the public (not IU student, faculty or staff), borrowed 33,489 books from IU libraries, worth a total value of just under \$250,000.

Total "Economic Footprint"

The total value of direct and "ripple effect" expenditures through employee compensation, purchases of goods from Indiana vendors, construction, student expenditures, and medical school expenditures was **\$4.6 billion dollars in 2006-07 alone.**

IU Directly employs just fewer than 24,000 individuals, statewide and can be credit with creating jobs for more than 12,000 additional Hoosiers.

Summary of Economic Impacts Derived from IBRC Reports

| | Total Employment Effects | (\$millions) | (\$thousands) | | | |
|----------------------|--------------------------|-------------------------------|--|---|--|--------|
| | | Total Economic Output Effects | Est. Regional Benefit of Civic Contributions | Charitable Contributions in Campus Region | Diff. in Lifetime Earnings over Associate's Degree (\$thousands) | |
| | | | | | Women | Men |
| Bloomington | 11,560 | \$ 1,862 | \$ 10,505 | \$ 4,133 | \$ 304 | \$ 489 |
| IUPUI (Indianapolis) | 16,970 | 2,474 | 3,410 | 4,287 | 494 | 819 |
| Columbus | 38 | 7 | 89 | 82 | 294 | 704 |
| East | 114 | 23 | 279 | 175 | 255 | 355 |
| Kokomo | 124 | 23 | 123 | 220 | 293 | 496 |
| Northwest | 283 | 55 | 125 | 330 | 320 | 467 |
| South Bend | 413 | 66 | 522 | 476 | 280 | 429 |
| Southeast | 273 | 52 | 682 | 395 | 256 | 437 |
| University-Wide | 36,340 | \$ 4,644 | \$ 15,654 | \$ 10,104 | | |

Notes.

The University-Wide total employment effects and total economic outputs are not simply the sum of the campus effects but the benefit of civic contributions and charitable contributions within region are.

The regional benefit of civic contributions for Bloomington is much higher in part because of all of the out-of-state students who would have otherwise might not have volunteered their time within the region.

The differences in lifetime earnings over an Associate's degree is a function of the both the distribution of degrees by level (bachelor's, master's, first professional and doctoral) and the fields within which degrees were earned

The "Economic Footprint" (Total Economic Outputs) of IU Campuses Generated by Expenditure Category

| | Total Economic Outputs | Direct Effects (Millions of Dollars) | | | | | | Total Direct Effect | Total Ripple Effects (\$millions) |
|----------------------|------------------------|--------------------------------------|-----------------------------|--------------|-----------------------------|------------------|--------------------|---------------------|-----------------------------------|
| | | Faculty/Staff Compensation | Purchases of Goods/Services | Construction | Medical School Supplemental | Student Spending | Visitors to Events | | |
| Bloomington | \$ 1,862.1 | \$ 579.2 | \$ 286.7 | \$ 54.2 | | \$ 409.0 | \$ 3.0 | \$ 1,332.1 | \$ 529.9 |
| IUPUI (Indianapolis) | 2,473.6 | 515.0 | 285.8 | 56.4 | 439.4 | 400.2 | 2.6 | 1,699.4 | 774.2 |
| Columbus | 6.9 | 4.5 | 0.9 | 0.2 | | | <0.1 | 5.6 | 1.3 |
| East | 22.6 | 12.9 | 6.1 | 0.3 | | | 0.1 | 19.4 | 3.2 |
| Kokomo | 22.6 | 13.9 | 5.2 | 0.4 | | | 0.1 | 19.6 | 3.0 |
| Northwest | 54.8 | 25.1 | 10.8 | 7.4 | | | 0.1 | 43.3 | 11.5 |
| South Bend | 66.2 | 34.9 | 12.8 | 3.9 | | | 0.1 | 51.7 | 14.3 |
| Southeast | 52.4 | 28.0 | 11.9 | 3.5 | | | 0.2 | 43.6 | 8.9 |
| University-Wide | \$ 4,643.8 | \$ 1,214.6 | \$ 597.7 | \$ 126.2 | \$ 439.4 | \$ 809.2 | | \$ 3,187.1 | \$ 1,456.7 |

**Percent of Degrees Conferred among Indiana Public Universities
(2002-07)**

| | Bachelors | Masters | 1st Prof. | Doctoral |
|----------------------|-----------|---------|-----------|----------|
| Any IU Campus | 44% | 51% | 80% | 40% |
| Bloomington | 25% | 25% | 25% | 36% |
| IUPUI (Indianapolis) | 10% | 17% | 55% | 4% |
| Regional Campuses | 9% | 7% | 0% | 0% |

**Percent of Regional Residents with Bachelor's Degree that
Attained Their Degree from an IU Campus (2002-07)**

| | Regional Campus | Any IU Campus |
|------------|-----------------|---------------|
| Columbus | 6% | 59% |
| East | 27% | 50% |
| Kokomo | 11% | 45% |
| Northwest | 13% | 32% |
| South Bend | 38% | 61% |
| Southeast | 52% | 76% |