

The ECONOMIC VALUE *of the* UNIVERSITY OF IDAHO

Fact Sheet

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The University of Idaho (UI) 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 to each of these groups. Results of the analysis reflect Fiscal Year (FY) 2013-14.

IMPACT ON BUSINESS COMMUNITY

The region the university serves is the entire state of Idaho. During the analysis year, UI and its entrepreneurial activities, students, and visitors added **\$1.1 billion** in gross state product (GSP) to the Idaho economy, approximately equal to **1.9%** of the state's total GSP. By comparison, this impact from the university is slightly larger than the state's utilities industry. The economic impacts of UI break down as follows:

Operations spending impact

- UI employed 3,067 full-time and part-time employees in FY 2013-14. Payroll amounted to **\$166.5 million** (less research activities), much of which was spent in Idaho to purchase groceries, clothing, and other household goods and services. The university spent another **\$106.1 million** (less research activities) to support its day-to-day operations.
- The net impact of university payroll and expenses in Idaho during the analysis year was approximately **\$200.5 million** in GSP.

Research spending impact

- Research activities at UI impact the state economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in Idaho through inventions, patent applications, and licenses. In FY 2013-14, UI spent **\$46.5 million** on payroll to support research activities.
- UI's research spending generated **\$77.7 million** in GSP for the Idaho economy, which is equivalent to creating **1,188** new jobs.

Start-up and spin-off company impact

- UI creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up and spin-off companies created by the university.
- In FY 2013-14, UI's start-up and spin-off companies generated **\$35.3 million** in GSP for the Idaho economy, which is equivalent to creating **548** jobs.

Impact of student spending

- Around **30%** of students attending UI originated from outside the state. Some of these students relocated to Idaho. In addition, a number of students would have left the state if not for UI. These relocator and retained students spent money on groceries, transportation, rent, and so on at state businesses.
- The expenditures of relocator and retained students during the analysis year added approximately **\$31.2 million** in GSP to the Idaho economy.

Visitor spending impact

- Out-of-state visitors attracted to Idaho for activities at UI brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.
- Visitor spending added approximately **\$5.1 million** in GSP for the Idaho economy, which is equivalent to creating **152** new jobs.

Alumni impact

- Over the years, students have studied at UI and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in Idaho.
- The accumulated contribution of former students currently employed in the state workforce amounted to **\$782 million** in GSP during the analysis year.

Impacts created by UI in FY 2013-14

ADDED INCOME	JOBS*
Operations spending impact	
\$200.5 million	2,835
Research spending impact	
\$77.7 million	1,188
Start-up and spin-off company impact	
\$35.3 million	548
Student spending impact	
\$31.2 million	898
Visitor spending impact	
\$5.1 million	152
Alumni impact	
\$782 million	16,567
Total impact	
\$1.1 billion	22,188

* These jobs represent full- and part-time jobs that would not have occurred in the state without the university. They are calculated by jobs to sales ratios specific to each industry.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- UI's 2013-14 students paid a total of **\$95.5 million** to cover the cost of tuition, fees, books, and supplies. They also forwent **\$167.1 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the university, students will receive a present value of **\$871.1 million** in increased earnings over their working lives. This translates to a return of **\$3.30** in higher future income for every \$1 that students invest in their education. The average annual return for students is **14.0%**.

Taxpayer perspective

- In FY 2013-14, state taxpayers in Idaho paid **\$128.8 million** to support the operations of UI. The net present value of the added tax revenue stemming from the students' higher lifetime incomes and the increased output of businesses amounts to **\$226.7 million** in benefits to taxpayers. Savings to the public sector add another **\$86.2 million** in benefits due to a reduced demand for government-funded services in Idaho.

For every \$1 spent by...

STUDENTS	\$3.30 Gained in lifetime income for STUDENTS
TAXPAYERS	\$2.40 Gained in added state income and social savings for TAXPAYERS
SOCIETY	\$4.60 Gained in added taxes and public sector savings for SOCIETY

- Dividing benefits to taxpayers by the associated costs yields a **2.4** benefit-cost ratio, i.e., every \$1 in costs returns \$2.40 in benefits. The average annual return on investment for taxpayers is **8.2%**.

Social perspective

- Society as a whole in Idaho will receive a present value of **\$2.1 billion** in added state income over the course of the students' working lives. Society will also benefit from **\$459.6 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 UI educations during the analysis year, society will receive a cumulative value of **\$4.60** in benefits, for as long as the 2013-14 student population at UI remains active in the state workforce.

