The University of Illinois System (the 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 (FY) 2016-17.

**IMPACT ON BUSINESS COMMUNITY**

During the analysis year, the U of I System and its research, hospital, and entrepreneurial activities, along with the universities’ students and visitors, pumped $17.5 billion in income into the Illinois economy, approximately equal to 2.2% of the state’s total gross state product. The U of I System’s impact supported 171,342 jobs in FY 2017 (July 1, 2016 through June 30, 2017). For perspective, this means that one out of every 46 jobs in Illinois is supported by the activities of the universities and their students. The economic impacts of the U of I System break down as follows:

**Operations spending impact**
- The U of I System employed 26,607 full-time and part-time employees (not including research and hospital employees) in FY 2017. Payroll amounted to $2.8 billion (excluding payroll from research and hospital employees), much of which was spent in Illinois to purchase groceries, clothing, and other household goods and services. The universities spent another $1.3 billion to support their day-to-day operations, excluding research and hospital expenditures.
- The net impact of the universities’ payroll and expenses in Illinois during the analysis year was approximately $3.7 billion in income.

**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 FY 2017, the U of I System spent $468.7 million on payroll to support research activities.

**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.
The U of I System’s research spending generated $1.2 billion in added income for the Illinois economy.

Hospital spending impact
- The University of Illinois Hospital & Health Sciences System (UI Health) would not exist without the U of I System. The hospital provides a hands-on learning and research environment for students and employs hundreds of workers.
- In FY 2017, $1.1 billion was spent on UI Health operations. These expenditures added a net impact of $1.5 billion in added income to the state.

Start-up and spin-off company impact
- The U of I System creates an exceptional environment of discovery that fosters innovation and entrepreneurship, evidenced by the number of start-up and spin-off companies related to the U of I System created in the state.
- In FY 2017, start-up and spin-off companies related to the U of I System generated $678.9 million in added income for the Illinois economy.

Impact of student spending
- Around 31% of graduate and undergraduate students attending the U of I System 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 U of I System. 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 $305.7 million in income to the Illinois economy.

Visitor spending impact
- Out-of-state visitors attracted to Illinois for activities at the U of I System brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.
- Visitor spending added approximately $39.7 million in added income for the Illinois economy.

Alumni impact
- Over the years, students have studied at the universities and entered or re-entered the workforce with newly-acquired skills. Today, hundreds of thousands of these former students are employed in Illinois.
- The impact of former students currently employed in the state workforce amounted to $10.1 billion in added income during the analysis year.

<table>
<thead>
<tr>
<th>IMPACTS CREATED BY THE U OF I SYSTEM IN FY 2017</th>
<th>ADDED INCOME</th>
<th>JOBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operations spending impact</td>
<td>$3.7 billion</td>
<td>37,749</td>
</tr>
<tr>
<td>Research spending impact</td>
<td>$1.2 billion</td>
<td>12,710</td>
</tr>
<tr>
<td>Hospital spending impact</td>
<td>$1.5 billion</td>
<td>14,348</td>
</tr>
<tr>
<td>Start-up and spin-off company impact</td>
<td>$678.9 million</td>
<td>2,683</td>
</tr>
<tr>
<td>Student spending impact</td>
<td>$305.7 million</td>
<td>5,853</td>
</tr>
<tr>
<td>Visitor spending impact</td>
<td>$39.7 million</td>
<td>875</td>
</tr>
<tr>
<td>Alumni impact</td>
<td>$10.1 billion</td>
<td>97,125</td>
</tr>
<tr>
<td>Total impact</td>
<td>$17.5 billion</td>
<td>171,342</td>
</tr>
</tbody>
</table>
RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective
• The U of I System’s FY 2017 students paid a total present value of $1.3 billion to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent $807.4 million in money that they would have earned had they been working instead of learning.

• In return for the monies invested in the universities, students will collectively receive a present value of $10.4 billion in increased earnings over their working lives. This translates to a return of $5.00 in higher future earnings for every $1 that students invest in their education. The average annual return for students is 15.4%.

Taxpayer perspective
• In FY 2017, state and local taxpayers in Illinois paid $1.5 billion to support the operations of the U of I System. The net present value of the added tax revenue stemming from the students’ higher lifetime earnings and the increased output of businesses amounts to $3.4 billion in benefits to taxpayers. Savings to the public sector add another $170.3 million in benefits due to a reduced demand for government-funded services in Illinois.

• Dividing benefits to taxpayers by the associated costs yields a 2.4 benefit-cost ratio, i.e., every dollar in costs returns $2.40 in benefits. The average annual return on investment for taxpayers is 6.4%.

Social perspective
• The economic base in Illinois will grow by $37.8 billion over the course of the students’ working lives. Society will also benefit from $627.4 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 FY 2017 educations at the U of I System, society will receive a cumulative value of $6.30 in benefits, for as long as the FY 2017 student population at the U of I System remains active in the state workforce.

For every $1 spent by...

| STUDENTS  | $5.00 | Gained in lifetime earnings for STUDENTS |
| TAXPAYERS | $2.40 | Gained in added taxes and public sector savings for TAXPAYERS |
| SOCIETY   | $6.30 | Gained in added state revenue and social savings for SOCIETY |

STUDENT RATE OF RETURN

15.4%  10.1%  0.8%

Average Annual Return for U of I System Students

Stock Market 30-year Average Annual Return*

Interest Earned on Savings Account (National Rate Cap)**

** FDIC.gov, 7-2017.

For every $1 spent by...