

AUGUST 2018



FACT SHEET

The Economic Value of University of Illinois at Chicago

The University of Illinois at Chicago (UIC) 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 (July 1, 2016–June 30, 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.

IMPACT ON BUSINESS COMMUNITY

During the analysis year, UIC and its research, hospital, and entrepreneurial activities, along with its students and visitors, added **\$7.6 billion** in income to the Illinois economy, approximately equal to **1.0%** of the state's total gross state product. UIC's impact supported **73,559** jobs in FY 2017 (July 1, 2016 through June 30, 2017). For perspective, this means that one out of every **106** jobs in Illinois is supported by the activities of UIC and its students. The economic impacts of UIC break down as follows:

Operations spending impact

- UIC employed 10,295 full-time and part-time employees (not including research and hospital employees) in FY 2017. Payroll amounted to \$1.2 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 university spent another \$446 million to support its day-to-day operations, excluding research and hospital expenditures.
- The net impact of university payroll and expenses in Illinois during the analysis year was approximately **\$1.5 billion** in income.

Research spending impact

- Research activities at UIC 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, UIC spent \$180.6 million on payroll to support research activities.

**IMPACTS CREATED BY UIC IN
FY 2017**

ADDED INCOME	JOBS
\$1.5 billion	13,988
Operations spending impact	
\$424.6 million	4,370
Research spending impact	
\$1.5 billion	14,348
Hospital spending impact	
\$342.7 million	683
Start-up company impact	
\$87.2 million	1,648
Student spending impact	
\$4.0 million	83
Visitor spending impact	
\$3.8 billion	38,440
Alumni impact	
\$7.6 billion	73,559
Total impact	

- UIC’s research spending generated **\$424.6 million** 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 university. The hospital provides a hands-on learning and research environment for students and employs hundreds of workers.
- In FY 2017, UIC spent \$1.1 billion on hospital operations. These expenditures added a net impact of **\$1.5 billion** in added income to the state.

Start-up company impact

- UIC creates an exceptional environment of discovery that fosters innovation and entrepreneurship, evidenced by the number of UIC-related start-up companies created in the state.
- In FY 2017, UIC’s start-up companies generated **\$342.7 million** in added income for the Illinois economy.

Impact of student spending

- Around 17% of graduate and undergraduate students attending UIC originated from outside the state. Some of these students relocated to Illinois. In addition, a number of students from Illinois may have left the state if not for UIC. 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 **\$87.2 million** in income to the Illinois economy.

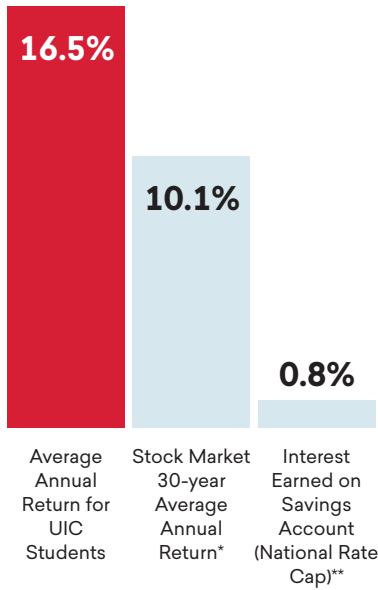
Visitor spending impact

- Out-of-state visitors attracted to Illinois for activities at UIC brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.
- Visitor spending added approximately **\$4 million** in added income for the Illinois economy.

Alumni impact

- Over the years, students have studied at UIC and entered or re-entered the workforce with newly-acquired skills. Today, tens of thousands of these former students are employed in Illinois.
- The impact of former students currently employed in the state workforce amounted to **\$3.8 billion** in added income during the analysis year.

STUDENT RATE OF RETURN



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

** FDIC.gov, 7-2017.

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

STUDENTS
\$5.30

Gained in lifetime earnings for STUDENTS

SOCIETY
\$5.80

Gained in added state revenue and social savings for SOCIETY

TAXPAYERS*
\$1.3 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.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- UIC's FY 2017 students paid a total present value of \$410.4 million to cover the cost of tuition, fees, supplies, and interest on student loans. They also forewent \$218.7 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 collectively receive a present value of **\$3.3 billion** in increased earnings over their working lives. This translates to a return of **\$5.30** in higher future earnings for every dollar that students invest in their education. The average annual return for students is **16.5%**.

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 UIC students' higher lifetime earnings and the increased output of businesses amounts to **\$1.2 billion** in benefits to taxpayers. Savings to the public sector add another **\$59.1 million** in benefits due to a reduced demand for government-funded services in Illinois. This sums together to \$1.3 billion in benefits to Illinois taxpayers.

Social perspective

- The economic base in Illinois will grow by **\$13.2 billion** over the course of the students' working lives. Society will also benefit from **\$221.2 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 UIC FY 2017 educations, society will receive a cumulative value of **\$5.80** in benefits, for as long as the FY 2017 student population at UIC remains active in the state workforce.

