

Indiana University

# Southeast

Impact Study 2008



Produced by the Indiana Business Research Center at Indiana University's Kelley School of Business

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# Executive Summary

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Indiana University Southeast has played a fundamental role in its region since it was established in 1941. IU Southeast provides southern Indiana residents with affordable and convenient access to a range of continuing education, certificate and degree offerings at a premier university. As a result, IU Southeast strengthens the economic competitiveness of the area and increases the earning power of its residents. IU Southeast's impact on its region extends beyond its academic mission. The university's budget, the civic engagement of students and staff, and the campus' cultural contributions also bestow many economic benefits to the region.

The present study was undertaken to measure how IU Southeast improves the lives of all Hoosiers. This report presents policymakers, university officials and Indiana taxpayers with comprehensive yet conservative estimates of the university's impact. IU Southeast receives a significant commitment of state resources, and it is useful for any public institution, including universities, to show the rewards of such commitment.

One way to present how Indiana benefits from IU Southeast is to consider results related to the core mission of the university and to consider results that are collateral to the university achieving its core mission. The core mission is education and research. Collateral benefits would include the economic benefits of the university spending associated with its core mission or the economic benefits of, for example, the service-learning that mobilizes students to work for free in the community.

A variety of methods were used to measure the core and collateral benefits of IU Southeast. The core benefits—meaning those benefits that relate to the university's core mission of education and research—are derived from university records or government data sources. These data highlight characteristics of the student body, the number and type of degrees conferred and the settlement patterns of recent graduates. Core benefits data help to answer many key questions including: Do alumni apply their skills in the state or find work elsewhere? Does IU Southeast curriculum support Indiana's economic development priorities in the life sciences?

This analysis of core benefits focuses almost exclusively on tangible metrics within the state. However, many benefits associated with the university's educational and research mission are difficult to quantify and are much broader in reach. Moreover, some benefits that flow from IU Southeast's core mission result in tangible economic benefits to the individuals who attend the university, namely, the expected increase in lifetime earnings resulting from higher educational attainment.

Following the presentation of the core benefits, attention turns to the collateral benefits of IU Southeast. These benefits recognize the effects that university expenditures and the activities of students, staff and visitors have on the local community. For instance, traditional input-output analysis reveals the economic activity related to the university's operating budget and student spending. The monetary value of student service-learning and student volunteering is also added into the total of collateral benefits. Additionally, the value of faculty and staff civic engagement is also measured.

The following bullet points summarize the key findings of these analyses.

## Core Mission Benefits

- The first section of this report, **Characteristics of IU Southeast Students**, presents profiles of the student population and its recent graduates. IU Southeast's fall 2007 enrollment totaled 6,400 students—72 percent of whom were Indiana residents. Of the university's 3,300 degree recipients between 1998 and 2002, 75 percent were residing in Indiana as of 2008. The two leading counties of residence for this cohort are Indiana's Clark and Floyd counties.
- The **Contribution to Human Capital** section examines IU Southeast's degree output and the economic value of these degrees to recipients. IU Southeast conferred 3,300 associate's, baccalaureate and master's degrees between 2002 and 2007 to students originally from its campus region (see Figure 1), accounting for 44 percent of all degrees conferred by Indiana public universities to this cohort. The most common fields of study at the baccalaureate level were arts and humanities and education while education was the most frequent master's degree conferred. Over this five-year period, the university also awarded 235 degrees related to life sciences to residents in its campus region.
- IU Southeast graduates earning baccalaureate degrees or higher can expect far greater lifetime earnings than people with a two-year associate's degree. The typical male IU Southeast graduate can expect to earn \$1.7 million over his lifetime and the typical female graduate can anticipate \$1.2 million in lifetime earnings. These figures are 34 percent and 26 percent greater, respectively, than the expected lifetime earnings of male and female associate's degree recipients.

## Collateral Benefits

This report measures the economic benefits of IU Southeast's **Civic Contribution**.

Through service-learning programs and volunteering, students, staff and faculty “give back” to their community and to the campus region. Table 1 presents the imputed dollars value of their contributions.

- In addition, this report notes that members of the IU Southeast community also made \$394,600 in charitable communities within the campus region.
- IU Southeast also enriches its region through community engagement programs, facilities and cultural offerings. Whether it's the Paul W. Ogle Cultural & Community Center, the Ronald L. Barr Art Gallery or the campus library, IU Southeast gives the area residents something to be proud of.
- Finally, the **Economic Footprint** section reports the employment and economic significance of spending by the university, students and visitors. The estimates in Table 2 report the effects of direct expenditures (e.g., university purchases and compensation of

faculty and staff) as well as the “ripple effects” of these expenditures within the community. In addition to IU Southeast’s employment of 466 faculty and staff, university spending accounts for an additional 270 jobs in the region.

**Table 1: Estimated Benefits of Student and Staff Civic Contributions, IU Southeast, 2006-2007**

Civic Contribution	Estimate of Economic Benefit
Service-Learning	\$80,800
Student and Staff Volunteerism	\$600,800
<b>Total</b>	<b>\$681,600</b>

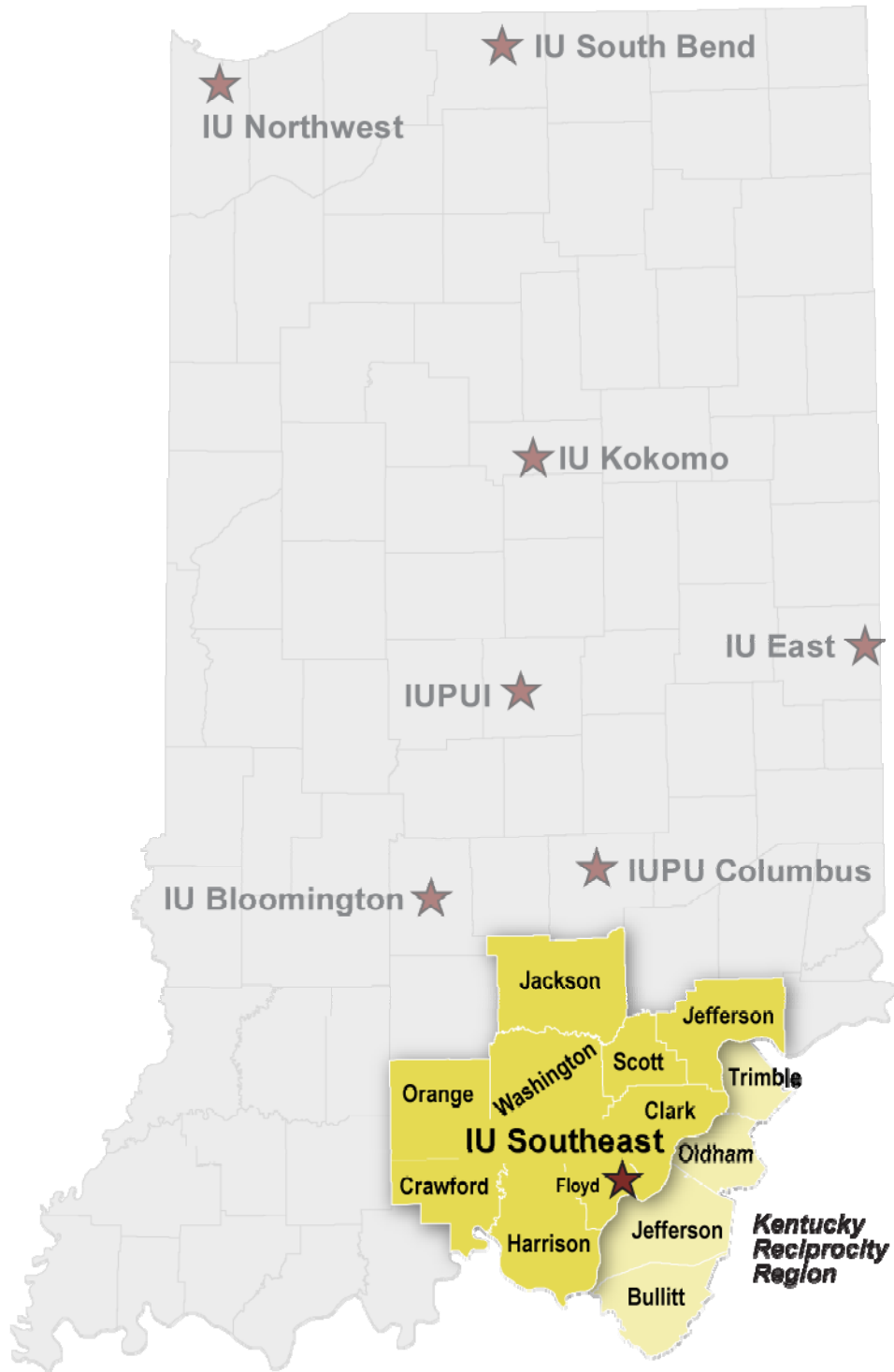
Source: Indiana Business Research Center (IBRC)

**Table 2: Estimated Employment and Economic Footprint, IU Southeast, 2006-2007**

Type of Spending	Total Employment Effects (number of jobs)	Total Economic Output Effects (in millions)
Faculty and Staff Compensation	180	\$33.8
University Purchases and Construction Expenditures	90	\$18.3
Visitor Expenditures	3	\$0.3
<b>Total</b>	<b>273</b>	<b>\$52.4</b>

Source: IBRC, using IMPLAN model results

Figure 1: IU Southeast Campus Region



Source: Indiana Business Research Center

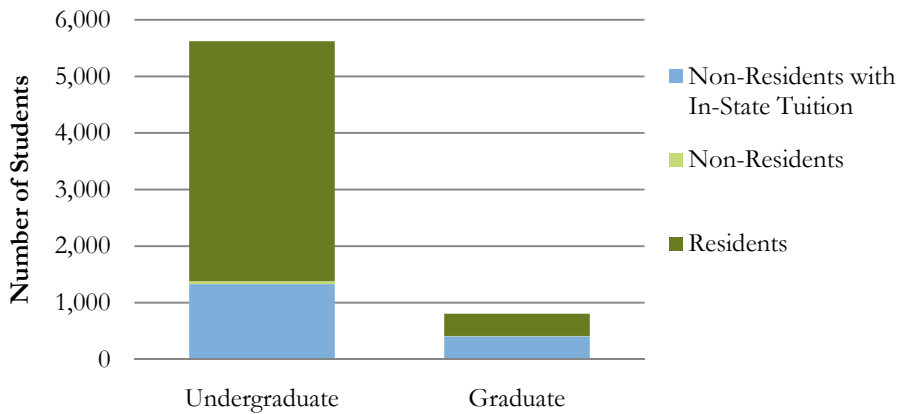
# Characteristics of IU Southeast Students

In the fall of 2007, IU Southeast had an enrollment of 6,427 students. Fifty-two percent of these students attended full-time, while the remaining 48 percent attended part-time.

## Student Origin

Overall, 72 percent of IU Southeast students are Indiana residents. Due to a reciprocity agreement, students from four Kentucky counties receive in-state tuition, which accounts for virtually all of the out-of-state students (see Figure 2). This varies greatly by student status, however. Twenty-five percent of undergraduates come from out of state, but that number rises to 51 percent for graduate students. IU Southeast and IU Bloomington are the only campuses where more than half of the graduate students come from locations beyond Indiana.

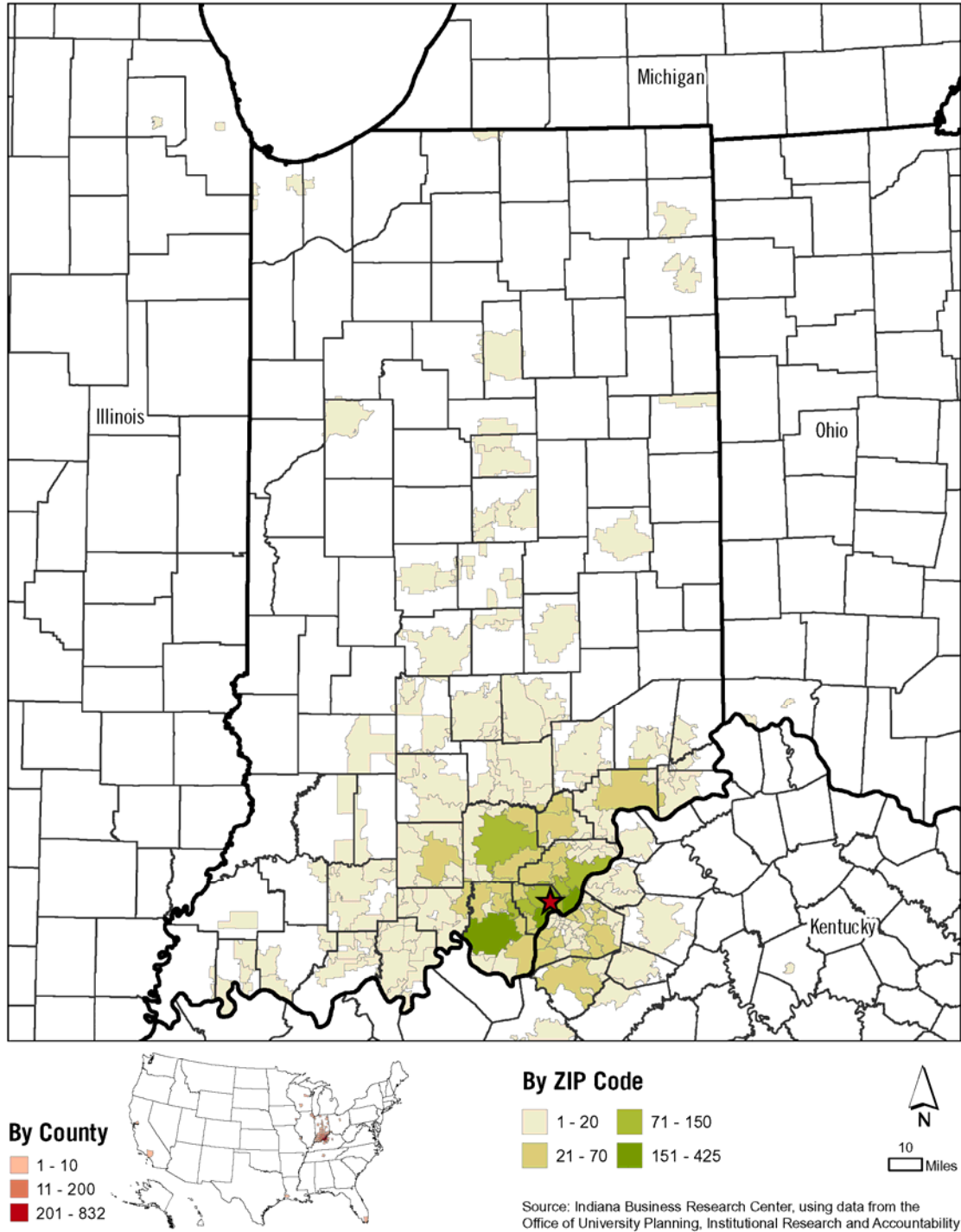
**Figure 2: IU Southeast Application Residency by Student Status, Fall 2007**



Source: IBRC, using data from the Office of University Planning, Institutional Research and Accountability

Figure 3 shows the number of full-time students by ZIP code for Indiana and the surrounding areas. Twenty-two percent of the student body comes from Kentucky.

Figure 3: Residence of Origin for Full-Time Students of IU Southeast, Fall 2007

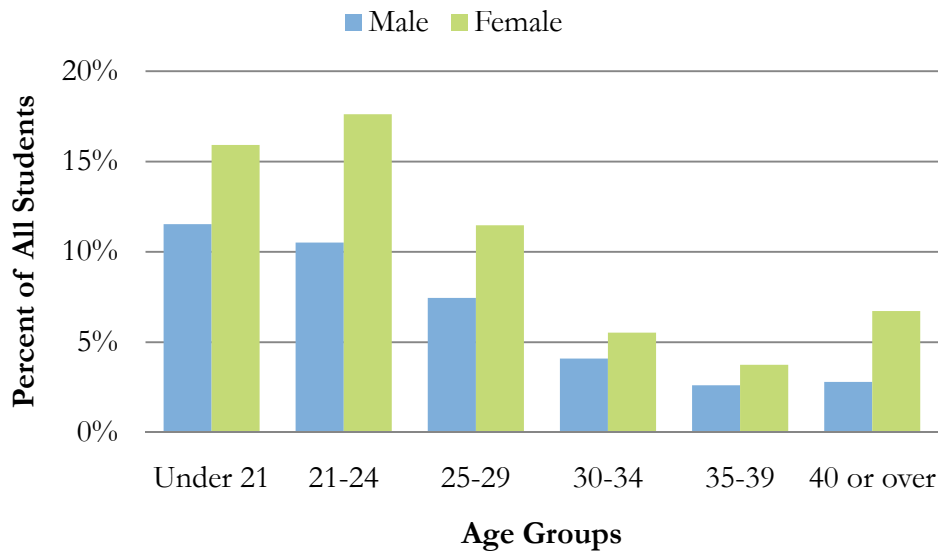


## Student Characteristics

### Age and Gender

Twenty-eight percent of IU Southeast students are between the ages of 21 and 24, with another 27 percent of the student body under the age of 21. As shown in Figure 4, women outnumber men in each age category, comprising 61 percent of the student body overall.

**Figure 4: IU Southeast Students by Age and Gender, Fall 2007**

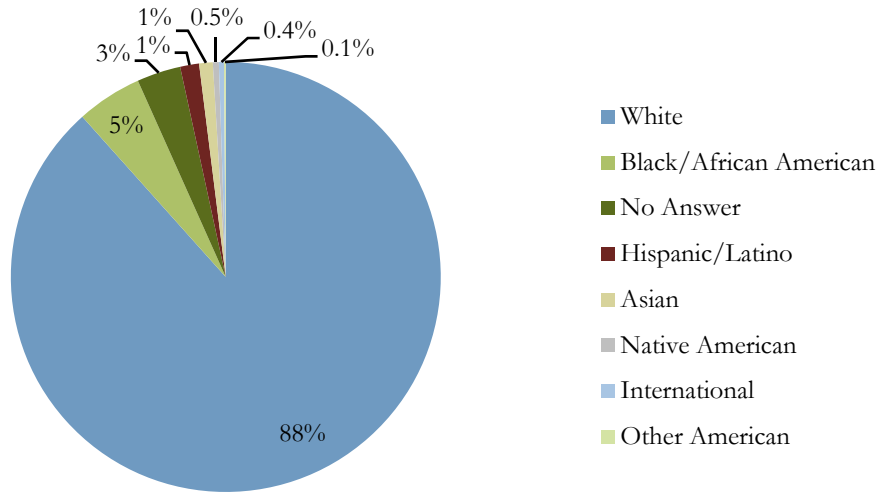


Source: IBRC, using data from the Office of University Planning, Institutional Research and Accountability

### Ethnicity

Eighty-eight percent of the student body categorize themselves as white (see Figure 5). Under-represented minorities (blacks, Hispanics and Native Americans) account for 7 percent of all students. Blacks comprise 4.9 percent of the student body, followed by Hispanics at 1.4 percent and Native Americans at 0.5 percent.

**Figure 5: Ethnic Distribution of IU Southeast Students, Fall 2007**



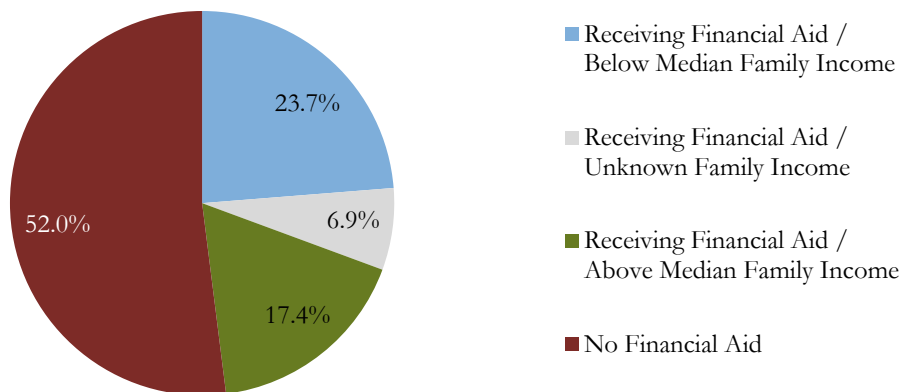
Note: Data on ethnicity were collected only for students applying from within the United States. The international category includes all those who applied from elsewhere in the world because the concept of ethnic identification varies from country to country. The Native American grouping includes both the American Indian/Alaska Native and Native Hawaiian/Other Pacific Islander categories.

Source: IBRC, using data from the Office of University Planning, Institutional Research and Accountability

## Access and Affordability

Figure 6 shows that almost half of full-time IU Southeast students receive financial aid. Additionally, nearly 24 percent of full-time students both receive financial aid and are from households with family incomes lower than the Indiana median of \$47,074.

**Figure 6: Financial Aid and Family Income Status of Full-Time IU Southeast Students, 2006-2007**



Note: Where family income data for financial aid recipients is “unknown,” income data may have been suppressed due to confidentiality requirements or the aid recipient may not be an Indiana resident.

Source: IBRC, using data from the Indiana Commission for Higher Education

## Settlement of Alumni

Where alumni settle after graduation plays a key role in analyzing the ultimate significance of a university campus. In contrast to those who leave, alumni who remain make ongoing contributions (e.g., increased productivity, income and cultural contributions) to their geographic region well after they complete their degrees. Table 3 shows that 75 percent of recent IU Southeast graduates—those who received their degrees between 1998 and 2002—resided in the state as of 2008. The next most popular state was Kentucky at 16 percent. No other state had more than 1 percent of recent alumni.

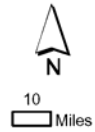
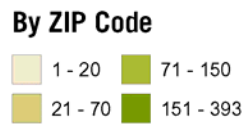
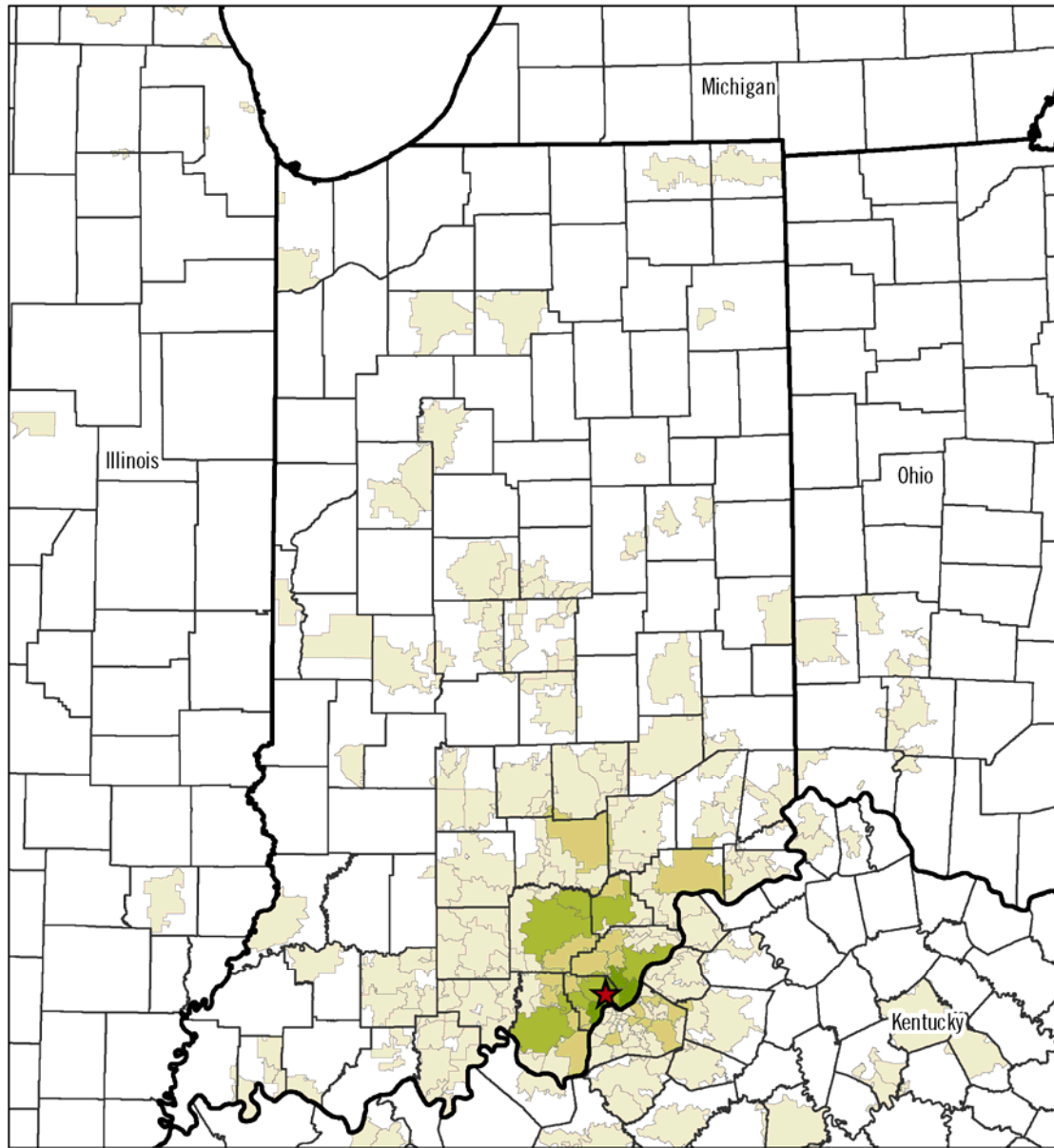
**Table 3: Top 10 States for IU Southeast Graduates, Degrees Conferred 1998-2002**

Residence	Percent
Indiana	74.6
Kentucky	16.3
Florida	0.8
Georgia	0.7
Ohio	0.7
North Carolina	0.5
Tennessee	0.5
Texas	0.4
Virginia	0.4
Illinois	0.3
<b>Top Ten</b>	<b>95.2</b>

Note: The international/unknown category accounts for 1.4 percent of graduates.  
 Source: IBRC, using data from the IU Alumni Association as of February 2008

Figure 7 shows the settlement pattern for recent graduates by ZIP code for Indiana and the surrounding states. IU Southeast graduates who earned their degrees between 1998 and 2002 have settled in 48 Indiana counties. The two most common counties of residence in 2008 are within the Indiana campus region, namely Clark County (835 recent graduates) and Floyd County (675 recent graduates). The third most common county of residence is in the Kentucky reciprocity region—Jefferson County (411 recent graduates). Overall, 68 percent of IU Southeast’s 3,286 degree recipients between 1998 and 2002 lived in the campus region in 2008. When the region is expanded to include the Kentucky reciprocity region, the figure jumps to 83 percent.

Figure 7: Settlement Pattern of IU Southeast Graduates, Degrees Conferred 1998-2002



Source: Indiana Business Research Center, using data from the IU Alumni Association, February 2008

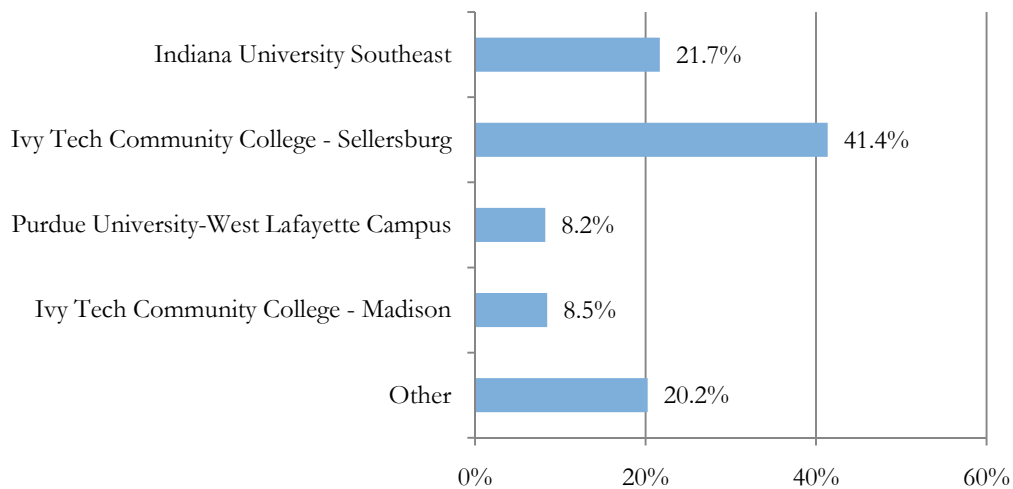
# Contribution to Human Capital

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## Degrees Conferred

Associate's degree graduates originally from the IU Southeast region<sup>1</sup> chose a variety of institutions to complete their degrees and IU Southeast ranked second among them (21.7 percent). Figure 8 shows that only Ivy Tech–Sellersburg (41.4 percent) was more popular for these degree recipients than IU Southeast.

**Figure 8: Associate's Degrees Conferred by Indiana Public Universities for Graduates Originally from the IU Southeast Campus Region, 2002-2007**



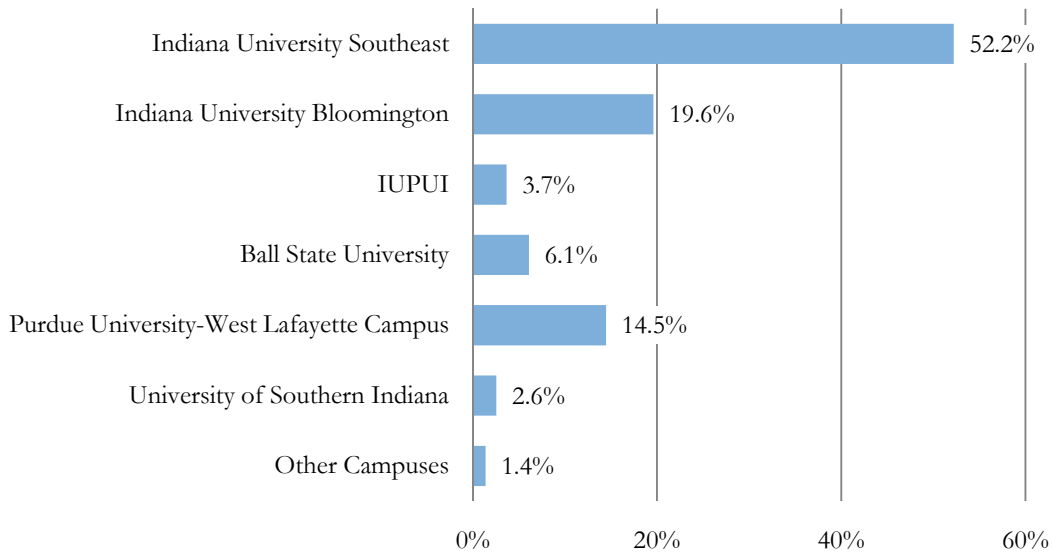
Source: IBRC, using data from the Indiana Commission for Higher Education

A majority of baccalaureate and master's degree recipients originally from the IU Southeast campus area chose to seek their degrees at IU Southeast. Over half of the region's baccalaureate recipients attended IU Southeast compared to 20 percent at IU Bloomington and 14 percent at Purdue (see Figure 9). Figure 10 indicates that roughly 68 percent of the region's students who pursued a master's degree completed their studies at IU Southeast.

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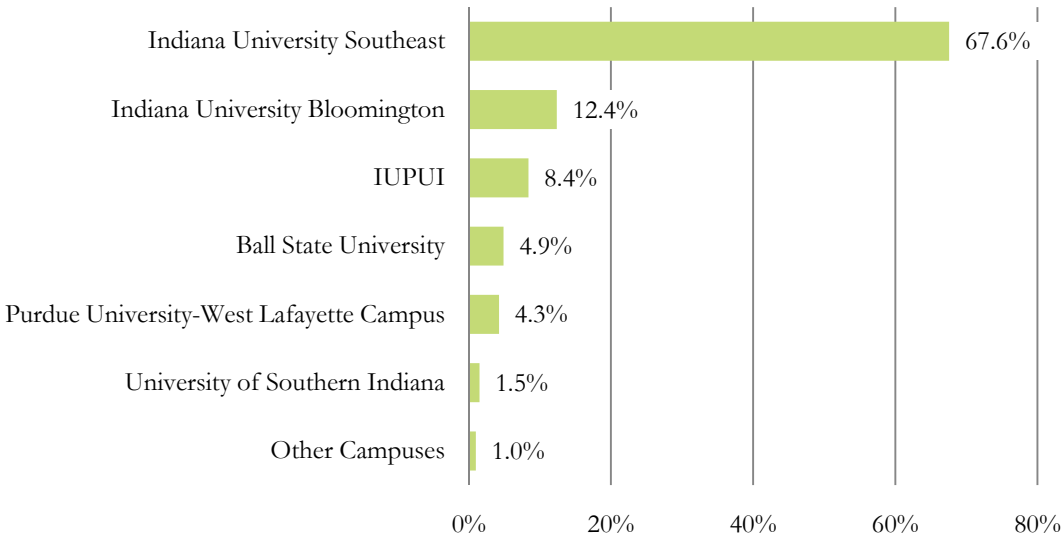
<sup>1</sup> This region includes the following nine counties: Clark, Crawford, Floyd, Harrison, Jackson, Jefferson, Orange, Scott and Washington.

**Figure 9: Baccalaureate Degrees Conferred by Indiana Public Universities for Graduates Originally from the IU Southeast Campus Region, 2002-2007**



Source: IBRC, using data from the Indiana Commission for Higher Education

**Figure 10: Master's Degrees Conferred by Indiana Public Universities for Graduates Originally from the IU Southeast Campus Region, 2002-2007**



Source: IBRC, using data from the Indiana Commission for Higher Education

## Expected Lifetime Earnings

Indiana University provides an education that not only enriches its graduates intellectually, but also financially. By granting baccalaureate, master's, professional and doctoral degrees in diverse fields,

IU allows Indiana residents the opportunity to greatly enhance their career options and wage-earning potential beyond what they may have earned with merely an associate's degree or less. Here we consider the increased lifetime earnings for female and male graduates completing the most popular degrees on the IU Southeast campus. Lifetime earnings are estimated synthetically by summing the average wages for different age cohorts of full-time, year-round workers for each degree level and field.<sup>2</sup>

Table 4 shows that a recent female IU Southeast baccalaureate graduate is expected to earn \$1.2 million dollars from employment over the course of her lifetime. While the most popular degree field—education—is associated with lifetime earnings of under \$1 million, most graduates earn substantially more, even without completing an additional graduate degree. In particular, graduates of popular degrees in arts and humanities, as well as business administration and management degrees, are projected to make lifetime earnings of over \$1.3 million.

**Table 4: Estimated Lifetime Earnings for Female Baccalaureate Degree Graduates, IU Southeast, 2002-2007**

Field of Study	Average Annual Number of Graduates (2002-2007)	Lifetime Earnings per Person (in thousands)
Education (except Administrative and Math & Science Education)	113	\$964
Arts and Humanities (except Music, Visual & Performing Arts)	90	1,303
Business Administration and Management	69	1,347
Social Sciences (except Economics)	44	1,182
Nursing	29	1,368
Biological, Agricultural & Food Sciences	14	1,263
Communications	14	1,329
Allied Health Fields (except Nursing)	10	1,370
Drama / Fine, Visual & Performing Arts	9	1,222
Criminal Justice/Protective Services	5	1,323
Other Fields	14	1,455
<b>Overall</b>	<b>412</b>	<b>\$1,213</b>

Note: Numbers may not sum due to rounding. Lifetime earnings are synthetic estimates based on average wages for graduates by age, degree level and field. Figures have been adjusted to 2006 dollars and future earnings have been discounted at 3 percent.

Source: IBRC, using data from the Indiana Commission for Higher Education and the National Survey of College Graduates

Female graduates who earn advanced degrees at IU Southeast typically earn an estimated \$1.3 million from employment over their lifetimes (see Table 5). The 131 graduates who receive master's

<sup>2</sup> For more detail, please read the methodology section of the main report.

degrees in the most popular field—education—have an estimated earning potential of \$1.2 million. Earning even more are graduates in business administration and management, who are projected to earn over \$1.8 million in their lifetimes.

**Table 5: Estimated Lifetime Earnings for Female Advanced Degree Graduates, IU Southeast, 2002-2007**

Degree Type	Field of Study	Average Annual Number of Graduates (2002-2007)	Lifetime Earnings per Person (in thousands)
Master's	Education (except Administrative and Math & Science Education)	131	\$1,242
Master's	Business Administration and Management	16	1,848
Master's	Arts and Humanities (except Music, Visual & Performing Arts)	2	1,201
<b>Overall</b>		<b>149</b>	<b>\$1,307</b>

Note: Numbers may not sum due to rounding. Lifetime earnings are synthetic estimates based on average wages for graduates by age, degree level and field. Figures have been adjusted to 2006 dollars and future earnings have been discounted at 3 percent.

Source: IBRC, using data from the Indiana Commission for Higher Education and the National Survey of College Graduates

Meanwhile, men who recently completed baccalaureate degrees are expected to earn \$1.6 million dollars in lifetime earnings from employment (see Table 6). The most popular degree field—business administration and management—is associated with lifetime earnings of \$1.9 million, even if these graduates do not complete an additional advanced graduate degree. Other popular degree fields are the arts and humanities whose graduates can make lifetime earnings of over \$1.5 million.

**Table 6: Estimated Lifetime Earnings for Male Baccalaureate Degree Graduates, IU Southeast, 2002-2007**

Field of Study	Average Annual Number of Graduates (2002-2007)	Lifetime Earnings per Person (in thousands)
Business Administration and Management	63	1,902
Arts and Humanities (except Music, Visual & Performing Arts)	57	\$1,553
Education (except Administrative and Math & Science Education)	29	1,250
Computer and Information Science (not programming)	15	1,965
Social Sciences (except Economics)	14	1,757
Biological, Agricultural & Food Sciences	5	1,549
Mathematics and Physical Sciences	4	1,805

Field of Study	Average Annual Number of Graduates (2002-2007)	Lifetime Earnings per Person (in thousands)
Communications	4	1,539
Criminal Justice/Protective Services	4	1,435
Music	3	1,202
Other Fields	8	1,546
<b>Overall</b>	<b>207</b>	<b>\$1,657</b>

Note: Numbers may not sum due to rounding. Lifetime earnings are synthetic estimates based on average wages for graduates by age, degree level and field. Figures have been adjusted to 2006 dollars and future earnings have been discounted at 3 percent.

Source: IBRC, using data from the Indiana Commission for Higher Education and the National Survey of College Graduates

Male graduates who earn advanced degrees at IU Southeast typically earn an estimated \$1.9 million from employment over their lifetimes (see Table 7). In particular, the most popular master's degree field—business administration and management—can earn graduates \$2.4 million.

**Table 7: Estimated Lifetime Earnings for Male Advanced Degree Graduates, IU Southeast, 2002-2007**

Degree Type	Field of Study	Average Annual Number of Graduates (2002-2007)	Lifetime Earnings per Person (in thousands)
Master's	Business Administration and Management	35	\$2,420
Master's	Education (except Administrative and Math & Science Education)	34	1,367
Master's	Arts and Humanities (except Music, Visual & Performing Arts)	1	1,264
<b>Overall</b>		<b>70</b>	<b>\$1,887</b>

Note: Numbers may not sum due to rounding. Lifetime earnings are synthetic estimates based on average wages for graduates by age, degree level and field. Figures have been adjusted to 2006 dollars and future earnings have been discounted at 3 percent.

Source: IBRC, using data from the Indiana Commission for Higher Education and the National Survey of College Graduates

The value of obtaining a four-year college degree or higher is underscored when one compares the difference between the estimated lifetime earnings of IU Southeast's baccalaureate and advanced degree graduates with the earnings of associate's degree graduates nationwide (see Table 8). Over the life course, IU Southeast's female graduates are expected to make \$256,000 (or 26 percent) more than associate's degree graduates. Male graduates are expected to make over \$437,000 (or 34 percent) more than associate's degree graduates.

**Table 8: Difference in Lifetime Earnings between IU Southeast Graduates (Baccalaureate Degree or Higher) and U.S. Associate’s Degree Graduates**

Category	Women (\$1000s)	Men (\$1000s)
Average Lifetime Earnings for Alumni (2002-2007) with Baccalaureate Degrees or Higher	\$1,238	\$1,715
Average Lifetime Earnings for U.S. Associate’s Degree Graduates	\$983	\$1,278
<b>Additional Lifetime Earnings Attributable to Higher Degree</b>	<b>\$256</b>	<b>\$437</b>

Note: Numbers may not sum due to rounding. Lifetime earnings are synthetic estimates based on average wages for graduates by age, degree level and field. Figures have been adjusted to 2006 dollars and future earnings have been discounted at 3 percent.

Source: IBRC, using data from the Indiana Commission for Higher Education, National Survey of College Graduates and the U.S. Census Bureau

Combining the additional earnings of baccalaureate and advanced degree graduates of IU Southeast (compared to holders of associate’s degrees) leads to an estimated \$316 million increase in lifetime earnings related to degrees conferred annually. Of course, not all of this remains in Indiana, and it can’t properly be considered an economic impact of the campus in the traditional sense. Nonetheless, the figure does convey a sense of the incremental value placed on the education received by graduates of IU Southeast.

## Adding to Indiana’s Talent Pool

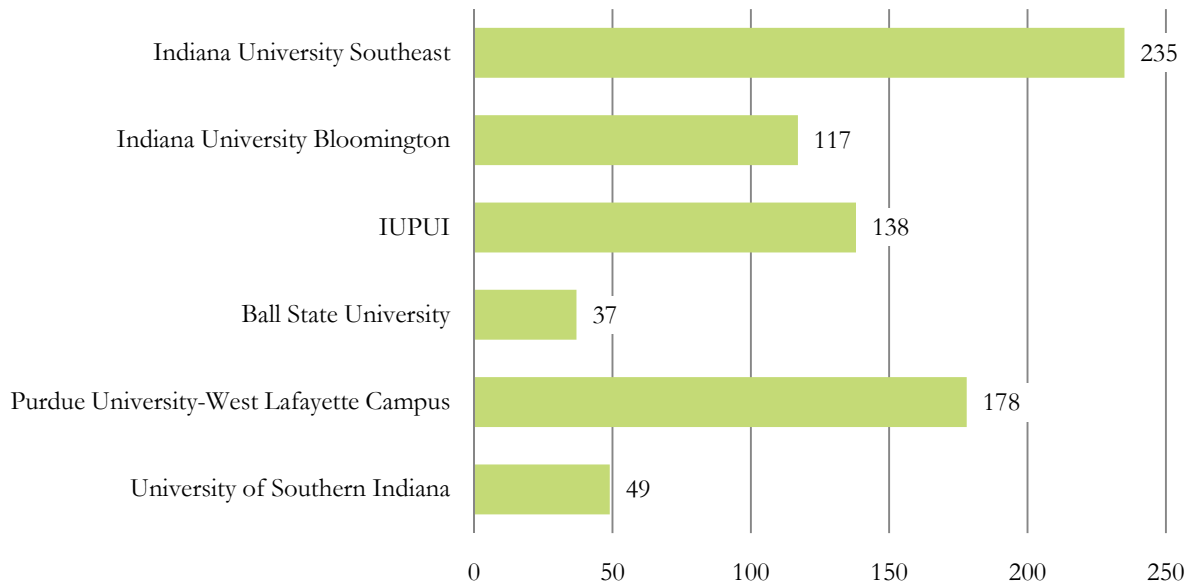
Indiana University plays a vital role to the state’s economic development efforts by training future leaders and practitioners with skills that are closely aligned with major industries. This report focuses on the high-paying life sciences industry—key among Indiana’s industrial initiatives—since the state is among the “nation’s top four life sciences leaders” due to its high number and concentration of life sciences–related jobs.<sup>3</sup>

### Life Sciences

Between 2002 and 2007, IU Southeast (31.2 percent) was the most commonly attended four-year Indiana public university among life science degree graduates originally from the campus area (see Figure 11). Of these local residents, 235 graduated from IU Southeast, followed by 178 from Purdue University–West Lafayette and then another 117 from IU Bloomington.

<sup>3</sup> This information comes from the Indiana Economic Development Corporation: [www.in.gov/iedc/industry.htm](http://www.in.gov/iedc/industry.htm)

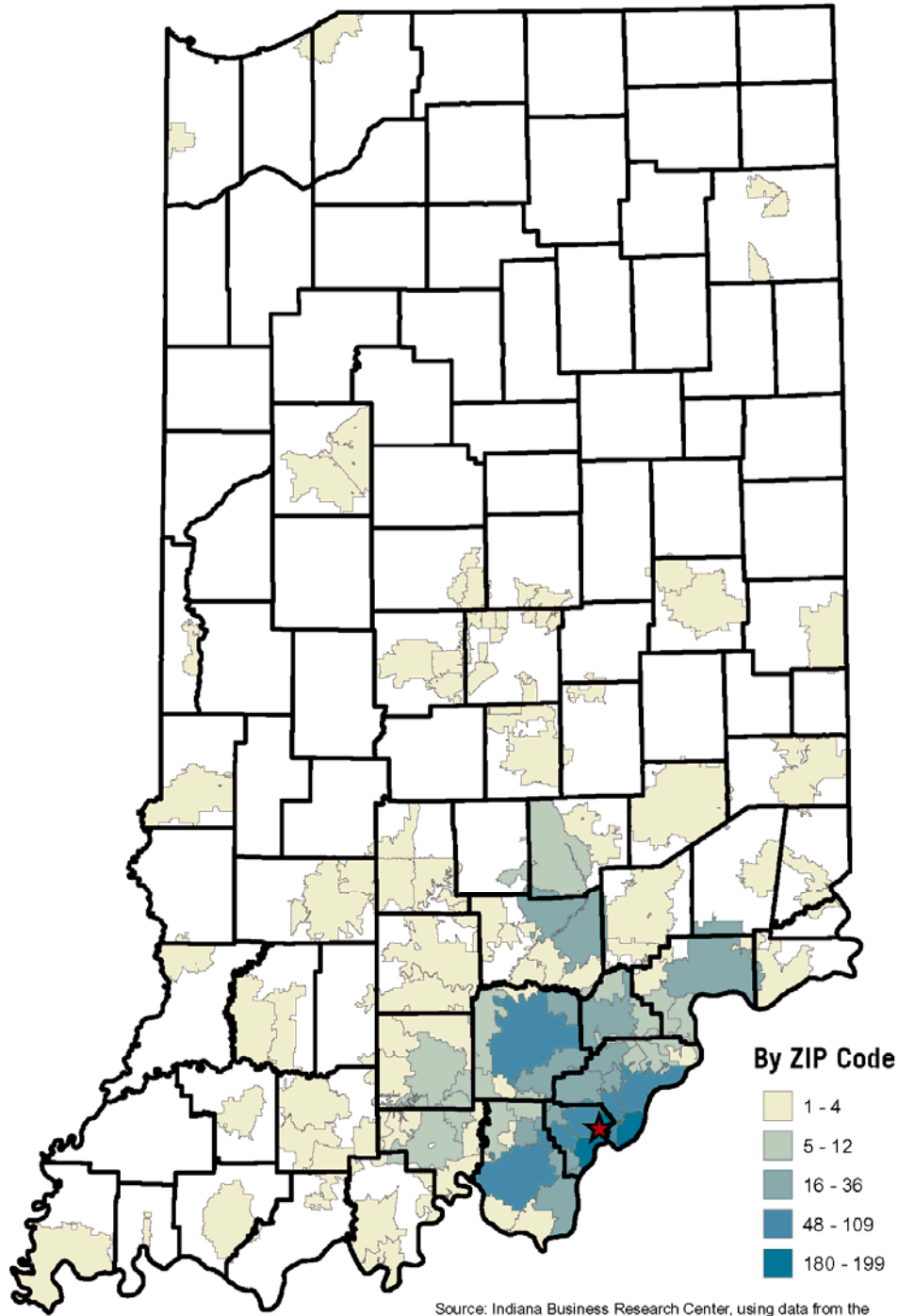
**Figure 11: Life Sciences Degrees Conferred by Select Public Universities for Graduates Originally from the IU Southeast Region, 2002-2007**



Source: IBRC, using data from the Indiana Commission for Higher Education

Figure 12 illustrates that a large share of IU Southeast alumni with life science degrees continue to reside in the region. In terms of Indiana on whole, 75 percent of these alumni live within the state.

Figure 12: Residence of IU Southeast Alumni with Life Sciences Degrees, 2008



# Civic Contribution

## Service-Learning<sup>4</sup>

While service hours are not centrally tracked at the IU Southeast campus, there are a few notable courses and programs through which students contribute over 10,000 hours of service to local communities. In particular, undergraduate nursing students contribute over 5,000 hours of clinical service as requirements for the RN and BS in Nursing (BSN) programs. Among graduate students, those pursuing MBA and MSSF (Master of Science in Strategic Finance) must complete a pre-approved service project of at least 20 hours each for an estimated total of 4,040 hours of service during the 2006-2007 academic year. Table 9 summarizes some major contributions of IU Southeast service-learning courses which amount to \$110,659 in equivalent employment costs and an estimated economic benefit in the region of \$80,781.<sup>5</sup>

**Table 9: Economic Benefit of IU Southeast Service-Learning, 2006-2007**

Department/School (Volunteer Role)	Estimated Hours	Equivalent Hourly Compensation	Equivalent Annual Compensation
School of Nursing (nursing aide)	5,220	\$11.22	\$58,568
School of Business (general volunteer)	4,040	9.52	38,459
School of Nursing (general volunteer)	1,050	9.52	9,996
School of Arts & Letters (general volunteer)	362	9.52	3,446
School of Social Sciences (general volunteer)	20	9.52	190
Total	10,692		\$110,659
Price-to-Client Value Ratio			73%
<b>Overall Economic Benefit of Service-Learning</b>			<b>\$80,781</b>

Note: Numbers may not sum due to rounding. Equivalent hourly compensation is based on wages and benefits of similar occupations and the overall economic impact assumes a 0.73 market price-to-client value ratio. Please see the methodology section for details.

Source: IBRC, using service-learning information provided by IU Southeast, Office of the Vice Chancellor for Community Engagement and Information Technology, Office of the Dean of the School of Business and Office of the Dean of the School of Nursing and wage data from the U.S. Bureau of Labor Statistics

4 Information for this section comes from Indiana University Southeast, Office of the Vice Chancellor for Community Engagement and Information Technology, Office of the Dean of the School of Business and Office of the Dean of the School of Nursing, courtesy Lawrence Mand, Alan Jay White and Mimi McKay.

5 Equivalent hourly compensation is based on occupations that perform similar roles to the volunteer service. It is calculated by using Indiana median wage estimates (BLS, May 2006) and adding only legally required benefits—8.3 percent of total compensation for service-providing occupations (BLS, December 2006). Unspecified volunteer roles are assigned the role of “other service” and all volunteer roles and their equivalent occupations and compensation are available in the appendix of the full IU Impact Study report. The economic impact assumes a 0.73 factor of proportionality between market price of service and client value. Please see the methodology section in the full report for more information.

## Volunteering

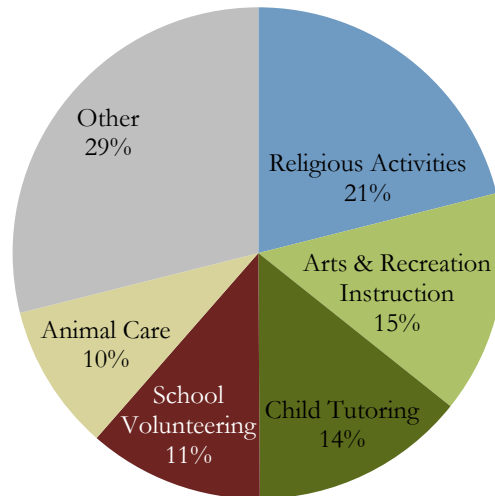
Through the Volunteer Initiative Program (VIP), IU Southeast students take part in volunteer activities through fraternities, sororities and a wide range of organizations. The Volunteer Center reports that the VIP hours of service over the 2006-2007 academic year totaled 12,242 hours. This service supports the work of many local groups, including 31 community partners such as the Alzheimer’s Association, Boys Haven Mentor Program, Develop New Albany and Rolling Hills Healthcare.<sup>6</sup>

Some major civic engagement resources at IU Southeast are available through the following:

- Common Experience
- Design Center
- Office of Academic Affairs
- Office of Information Technology & Community Engagement
- Office of the Chancellor
- School of Business
- Volunteer Center

IU Southeast students volunteered an average of 85 hours over the 2006-2007 academic year according to the IU Student Survey of full-time students. Figure 13 presents the most popular volunteer activities for these full-time students.<sup>7</sup> Notable here is that IU Southeast students serve in a wide variety of activities such that five different activities account for over 10 percent of volunteer hours each: religious activities, arts and recreation instruction, child tutoring, school volunteering and animal care.

**Figure 13: Volunteer Time Spent by Activity for IU Southeast Students, 2006-2007**



Source: IBRC, using volunteer data from the IU Student Survey 2008

<sup>6</sup> Information for this section comes from the Indiana University Southeast Office of Campus Life, courtesy of Stephanie Wolfe.

<sup>7</sup> Full-time students were analyzed and reported because they more likely reflect volunteering that would not have occurred “but for” the presence of the university. In addition, this also implies that the economic benefit figures for volunteering are conservative.

After extrapolating the student survey results to the entire full-time student body, IU Southeast student service totaled more than 284,000 volunteer hours. This service was conducted overwhelmingly within the campus region. Table 10 summarizes the volunteer services of IU Southeast students and estimates that this service amounts to a net economic benefit to the region of \$540,747.

**Table 10: Economic Benefit of Student Volunteering Activities, IU Southeast, 2006-2007**

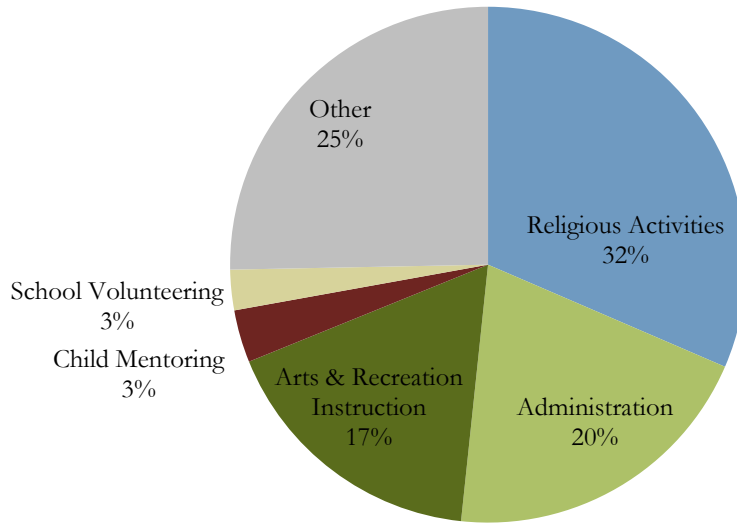
Volunteer Role	Total Annual Hours	Percent of Hours in Campus Region	Equivalent Hourly Compensation	Equivalent Annual Compensation
Religious Activities	59,987	88.6	\$11.97	\$635,748
Child Tutoring	40,413	92.1	10.43	387,970
Arts & Recreation Instruction	41,677	87.5	9.74	355,096
School Volunteering	32,826	91.8	10.43	314,206
Child Mentoring	24,869	89.8	12.63	282,013
All Other Activity	28,208	89.1	9.52	239,297
Animal Care	27,451	87.0	9.22	220,059
Adult Mentoring	7,605	88.9	14.35	96,993
Camp Volunteering	8,628	78.6	9.74	66,009
Adult Tutoring	3,390	95.8	17.11	55,584
Poverty Relief	5,690	85.3	9.22	44,736
Administration	2,406	100.0	14.31	34,423
Neighborhood Cleanup/ Housing Development	1,528	89.7	10.54	14,435
<b>Total</b>	<b>284,679</b>			<b>\$2,746,570</b>
Percent of Students Not from Campus Region				26.97%
Price-to-Client Value Ratio				73%
<b>Overall Economic Benefit of Student Volunteering</b>				<b>\$540,747</b>

Note: Numbers may not sum due to rounding. Equivalent hourly compensation is based on wages and benefits of similar occupations. The overall economic impact accounts only for students who did not previously reside in the campus region and assumes a 0.73 market price-to-client value ratio. Table reports full-time students. In the fall of 2007, the number of full-time students was 3,337. Please see the methodology section for details.

Source: IBRC, using volunteer data from the IU Student Survey 2008, student origin data from the Indiana University Office of University Planning, Institutional Research and Accountability and wage data from the U.S. Bureau of Labor Statistics

The IU Faculty and Staff survey conducted in early 2008 revealed that the survey participants volunteered an average of 43 hours over the 2006-2007 academic year. Figure 14 shows the most popular volunteer activities among IU Southeast employees. While religious activities were by far the most popular, a substantial amount of volunteer service was in administrative capacities in local organizations (including board membership) and arts and recreation instruction.

**Figure 14: Volunteer Time Spent by Activity for IU Southeast Faculty and Staff, 2006-2007**



Source: IBRC, using volunteer data from the IU Faculty and Staff Survey 2008

After extrapolating the faculty and staff survey results to all full-time employees, IU Southeast employee volunteer service totaled over 18,000 hours. These hours were overwhelmingly conducted within the campus region. Table 11 summarizes the hours of volunteer service estimated for IU Southeast employees. Taking a conservative approach, IBRC analysis assumed that “but for” the presence of the university, the faculty would not live and work in the IU Southeast campus region and as a result, would not volunteer in the area. While this is likely true of professional staff as well, the university employee data did not allow breaking out professional staff from other staff for whom the “but for” argument would not hold. (The survey revealed that a majority of staff were not as economically tied to the university as were the faculty.) As a result, the conservative estimate of net economic benefits counts only full-time faculty and those benefits total \$60,000. The upper bound of the estimate, on the other hand, includes all full-time employees and totals nearly \$181,000.

**Table 11: Economic Benefit of Employee Volunteering Activities, IU Southeast, 2006-2007**

Volunteer Role	Total Annual Hours	Percent of Hours in Campus Region	Equivalent Hourly Compensation	Equivalent Annual Compensation
Religious Activities	5,711	82.0	\$11.97	\$56,041
Administration	3,666	87.2	14.31	45,728
All Other Activity	4,214	87.6	9.52	35,123
Arts & Recreation Instruction	3,120	95.2	9.74	28,934
Child Mentoring	598	100.0	12.63	7,546
School Volunteering	459	91.7	10.43	4,387
Poverty Relief	379	87.0	9.22	3,036
Total	18,146			\$180,796
Percent of Employees Who Are Faculty				45.5%

Volunteer Role	Total Annual Hours	Percent of Hours in Campus Region	Equivalent Hourly Compensation	Equivalent Annual Compensation
Price-to-Client Value Ratio				73%
<b>Overall Economic Impact of Employee Volunteering</b>				<b>\$60,048</b>

Note: Numbers may not sum due to rounding. Equivalent hourly compensation is based on wages and benefits of similar occupations. The overall economic impact accounts only for faculty and assumes a 0.73 market price-to-client value ratio. Table reports full-time employees. In the fall of 2007, the number of full-time faculty and staff was 422. Please see the methodology section for details.

Source: IBRC, using volunteer data from the IU Faculty and Staff Survey 2008, student origin data from the Indiana University Office of University Planning, Institutional Research and Accountability and wage data from the U.S. Bureau of Labor Statistics

## Charitable Contributions

IU Southeast also “gives back” to the region through student and employee donations to charities. Table 12 shows that full-time IU Southeast students donated an average of \$97 over the 2006-2007 academic year. Extrapolating the survey average to the entire full-time student body, students at IU Southeast gave more than \$323,000. Almost two-thirds of these funds—about \$212,000—were received by organizations within the nine-county campus region.

**Table 12: Economic Benefit of Charitable Contributions, IU Southeast, 2006-2007**

Region of Charitable Giving	Percentage of Total	Contribution per Person
Inside Campus Region	65.6%	\$64
Other Parts of Indiana	10.3%	\$10
Outside of Indiana	24.1%	\$23
Total Contribution per Person		\$97
Total Contribution of All Students		\$323,263
<b>Contribution within Campus Region</b>		<b>\$211,964</b>

Note: Table reports full-time students. In the fall of 2007, the number of full-time students was 3,337.  
Source: IBRC, using charitable contribution data from the IU Student Survey 2008

Full-time employees have more resources than the average student and can be even more generous. Based on the IU Faculty and Staff survey, full-time employees contributed an average of \$699 during the 2006-2007 academic year. Multiplying this average by the number of full-time faculty and staff, IU Southeast employees gave about \$295,000. Table 13 shows that the majority of these funds were donated to charities operating in the region. The impact in the IU Southeast campus region was \$183,000.

**Table 13: Economic Benefit of Employee Charitable Contributions, IU Southeast, 2006-2007**

Region of Charitable Giving	Percentage of Total	Contribution per Person
Inside Campus Region	61.9%	\$433
Other Parts of Indiana	8.5%	\$59
Outside of Indiana	29.6%	\$207
Total Contribution per Person		\$699
Total Contribution of All Employees		\$294,909
<b>Contribution within Campus Region</b>		<b>\$182,667</b>

Note: Table reports full-time employees. In the fall of 2007, the number of full-time employees was 422.  
Source: IBRC, using charitable contribution data from the IU Faculty and Staff Survey 2008

## Resources for the Community

Members of the public are welcome to use numerous facilities and resources on the IU Southeast campus.

### Arts and Culture

The Paul W. Ogle Cultural and Community Center offer performances of both popular and classical music and a broad range of theatrical productions. In addition, other arts and cultural resources at IU Southeast are available through the following:

- Arts Institute
- Department of Fine Arts
- Department of Music
- Department of Theatre
- Office of Academic Affairs
- Ronald L. Barr Art Gallery
- School of Arts and Letters

### Library Services

Besides students, faculty and staff, 1,196 members of the public used the IU Southeast library during the 2006-2007 academic year. Community members borrowed 1,623 books for a benefit valued at \$12,043. IBRC analysts used the estimated value of \$7.42 per loaned book based on the methodology used in the report, *The Economic Impact of Libraries in Indiana*.<sup>8</sup> In addition, members of the public are free to use the library's audiovisual resources and computer services by requesting a network ID.

<sup>8</sup> Indiana Business Research Center. 2007. "The Economic Impact of Libraries in Indiana." Available online at: [www.ibrc.indiana.edu/studies/EconomicImpactOfLibraries\\_2007.pdf](http://www.ibrc.indiana.edu/studies/EconomicImpactOfLibraries_2007.pdf)

## Other Resources

Table 14 catalogs five types of resources available to members of the public.

**Table 14: Community Resources Offered by IU Southeast**

Community Resource	Adult/ Continuing Education	K-12 Education Resources	Economic Development/ Business Leadership	Event Hosting/ Shopping Facilities	Recreation Facilities & Sporting Events
Campus Fitness Center - Grenadier Club					X
Center for Cultural Resources		X			
Conference Center				X	
Division of Continuing Studies	X	X			
Intercollegiate Athletics - <i>Grenadiers</i>					X
Library		X			
Office of Academic Affairs	X				
Office of the Chancellor			X		
Office of the Vice Chancellor for Community Engagement and IT			X		
Paul W. Ogle Cultural & Community Center		X		X	
Regional Economic Development Resource Center			X		
School of Business	X		X		
School of Education		X			
School of Natural Sciences		X			
School of Social Sciences		X			

Note: This list does not include the civic engagement or arts and cultural resources discussed earlier in the report.

Source: Indiana Business Research Center, with input from campus administrators

# The Economic Footprint of the University

## Methodology

The Indiana Business Research Center analyzed the significance of IU Southeast on the university's campus region. The analysis measures the economic effect of IU compensation and purchasing expenditures, together with the spending of students and visitors that the institution attracts. The IBRC used the IMPLAN economic analysis tool, developed by University of Minnesota researchers over 20 years ago and in use by over 1,500 clients today. It is a standard input-output model that calculates the economic ripple effects created by the purchases of the university, the compensation of its faculty and staff, and the collateral expenditures of students and the visitors attending IU-related events.<sup>9</sup> Users of the model's results should be aware that the figures are estimates, not a precise accounting of the effects of IU Southeast on the regional economy.

## Principal Findings

- The total economic footprint of IU Southeast on the university campus region amounts to \$52.4 million annually.
- This economic activity generates approximately \$1.7 million in state and local taxes.
- IU Southeast faculty and staff spending, together with university direct purchases and construction projects, result in ripple effects of approximately \$8.9 million in additional economic activity and account for approximately 80 jobs in the campus region.

Table 15 presents the relative economic effects of four major spending categories and their ripple effects. The ratio of the ripple effect to the direct effect depends on several factors, but two important factors are the size of the model region—the larger, the greater the ripple effects—and the degree to which the region is able to supply the goods and services demanded by the consumers and businesses of the region.

**Table 15: Estimated Economic Footprint of IU Southeast, 2006-2007**

Economic Output Effects of University	Direct Effects (in millions)	Ripple Effects (in millions)	Total Footprint (in millions)
Faculty and Staff Compensation	\$28.0	\$5.8	\$ 33.8
University Purchases of Goods and Services	11.9	2.0	13.9
University Construction	3.5	1.0	4.4
Visitor Expenditures Attributed to IU Events	0.2	0.1	0.3
<b>TOTAL Effect on Economic Output</b>	<b>\$43.6</b>	<b>\$8.9</b>	<b>\$52.4</b>

<sup>9</sup> For a discussion on the conceptual difference between economic impact and economic footprint, please see the methodology section of the full IU impact report.

Source: IBRC, using IMPLAN results based on IPEDS financial data reported by universities to the National Center for Education Statistics, Office of Financial Aid, IU Student Survey 2008, Office of Planning, Institutional Research and Accountability

Table 16 presents the employment impact of IU Southeast. In addition to the 466 persons employed by IU Southeast,<sup>10</sup> the spending by university faculty, staff and students, together with university purchasing, accounts for another 273 jobs in the region. The reader should be aware that the types of jobs, and their associated wages and salaries, do not all have the same ripple effects. While the model estimates that IU Southeast creates demand for higher-paying jobs like physicians to serve faculty and staff, a majority of jobs are in the lower-paying service sector.

**Table 16: Estimated Employment Footprint of IU Southeast, 2006-2007**

Employment Effects of University	Direct Effects	Ripple Effects	Total Footprint
Faculty and Staff Compensation	130	50	180
University Purchases of Goods and Services	40	20	60
University Construction	20	10	30
Visitor Expenditures Attributed to IU Events	3	-	3
<b>TOTAL Effect on Employment</b>	<b>193</b>	<b>80</b>	<b>273</b>

Source: IBRC, using IMPLAN model results

## Economic Injections and Leakages

In many ways, measuring the economic impact of a business or institution is an exercise in keeping track of good money (monetary flows into a region), bad money (monetary flows out of a region) and neutral money (transactions that re-circulate money within a region). Another way to view good money is as an injection into a region's economy. Tourism is the classic example. Another way to view bad money is a leakage from a regional economy. Purchasing oil from overseas may be a good example of this concept. The presence of a business or institution that helps to stop leakages, or retain economic activity, is said to have an import substitution effect.

Adopting the counter-factual, or “but for,” approach to economic impact analysis in order to raise the analytical rigor of impact studies presents the analyst with thorny issues: What counts as impact and what doesn't?<sup>11</sup> The main thrust of the “but for” approach is the question: If the institution that is under study disappeared, would the money disappear too? Economic injections like spending from out-of-state students in a regional or state economy—the tourism effect—would clearly qualify as an impact. Stemming the leakages that would result from college students going out of state to pursue their degree—the import substitution effect that keeps neutral money from becoming bad money—would also qualify. A flagship state university like IU Bloomington would arguably qualify as having “impact” for the above two reasons.

<sup>10</sup> Based on IBRC's full-time equivalent calculations using payroll data received from the Office of Planning, Institutional Research and Accountability.

<sup>11</sup> John A. Siegfried, Allen R. Sanderson, Peter McHenry. “The economic impact of colleges and universities,” *Economics of Education Review* 26 (2007): 546–558.

Regional campuses are not so clear cut. The argument that regional campuses bring in out-of-state (or out-of-region) students, or stem the flow of students leaving the state (or region) to attend a university elsewhere, is more tenuous. Moreover, the regional campuses do not attract as much out-of-state research funding. State appropriations also make up a much larger share of the operating budget. The state funds wouldn't be lost to the state or region if IU Southeast did not exist. The state funds would either be returned to Indiana taxpayers or redirected to other regional programs and projects. In short, regional campus expenditures are more akin to the re-circulation of funds than an injection of funds.

Because many institutions cannot claim that they have impact in the strictest sense of the term, that is, either generating injections or plugging leakages, other terms have been proposed to describe their economic role. Some researchers and analysts have proposed the term “contribution” to describe the size of the economic interaction these institutions have in the local, regional or state economy. Whatever the term used to measure the size of an institution's presence, the most conservative and honest approach would explain the conceptual and economic differences between impact, contribution and footprint. For this reason, the IBRC uses the term economic footprint to include all categories of monetary flows—injections, retention and recirculation—rather than economic impact.

In recent years, state universities—in their desire to advance their case for support to state legislatures— have highlighted the fact that universities and students attract visitors and those visitors bring money, good money, to their region. In this way, institutions have augmented their reported economic footprint. While there is nothing analytically wrong with counting the economic injections, if one adds the injections, one must also subtract the leakages to be analytically consistent. Most university impact reports do not subtract leakages.

In an attempt to conduct a balanced and consistent analysis of injections and leakages, the IBRC included questions in the 2008 Student Survey to measure the frequency and spending associated with travelers from out of the campus region and IU student travel to destinations outside the region. According to the survey results, IU Southeast students travel out of the campus region longer and spend more in the process than those who come to the area to visit IU students. In other words, this is not an advantageous calculation.

On the other hand, visitors from out of the region who attend IU sporting events, cultural events or attend conferences do provide injections to the regional economy. These visitors, and their economic injections, are enumerated in the “visitor expenditures attributed to IU events” category. Because these visitors are not tied to students, their spending is assumed to be net injections. That said, the percentage of those visitors coming from outside the campus region is small.

Following the lead of the economic impact study conducted for the Jacob's School of Music in 2007, the research team assumed that 17 percent of visitors who attend all types of events—cultural, sporting or otherwise—were from outside the campus region. The 17 percent figure was used for all campus regions for the sake of consistency. (The assumption is probably the most heroic for the Bloomington campus because the state of Indiana is the campus region.) Each out-of-region visitor is assumed to spend on average \$44 per visitor day (in 2008 dollars) on hotels, meals and shopping. Event tickets and refreshment sales, as well as payments for conference meals and lodging, are included in the university “auxiliary enterprise” expenditures; as a result, including them in the visitor-day spending total would be double counting.

As one can see in Table 15 and Table 16, the portion of the economic footprint associated with university events is relatively small compared to the university's operating budget and student spending on housing, foods and incidentals. Just the same, this is an important expenditure category and future university impact studies would be well served to have more accurate and detailed data on how many event attendees originate from outside the region as well as how much an event attendee spends locally on lodging, meals and shopping.

### Explaining the Data and the Results

In this report, the term “ripple effects” is used to describe the cascading effects of a purchase by either institutions (such as a university or business) or consumers in a regional or state economy. Direct expenditures, or direct effects, are re-circulated in the economy when recipients of the first round of spending “re-spend” a portion of their income with other businesses and individuals within a region. A purchase at a retail store by a consumer, for example, is the end of a chain of economic transactions and relationships. Working backward, a purchase of a gallon of milk at the local grocery store provides some income to the grocery worker and some profit to the store owner. If the milk was produced locally, it also provides income to the dairy farmer, the local large-animal veterinarian and a local agricultural supply store, to name a few. Those incomes are re-circulated in the local economy as those people spend their income on auto repair, groceries or home repair. Hence, that \$5 for the gallon of milk can be multiplied to \$7.50 or \$8.00 depending on how much of the money is retained and re-spent locally.

The IU Southeast campus region for the analysis is comprised of Clark, Crawford, Floyd, Harrison, Jackson, Jefferson, Orange, Scott, and Washington counties. While the Kentucky counties of Jefferson, Oldham, Bullitt and Trimble have a reciprocity relationship with IU Southeast, only Indiana counties comprised the region that was modeled. As stated in the full IU Impact Report, the IBRC researchers attempted to rigorously apply the “but for” principle as expounded by Siegfried, Sanderson and McHenry.<sup>12</sup> The research teams assumed, because of IU Southeast's mission and student composition—49 percent of the students are part-time—that most students were economically and relationally tied to the campus region. As a result, opportunities to pursue a four-year university degree were limited. If IU Southeast didn't exist, most of the individuals who comprise the student body would still be living there.

The IBRC researchers assumed that IU Southeast students would not leave the campus region and their spending would remain in the region even if IU Southeast did not exist. As a result, the regional effect of student spending on housing, groceries, entertainment and the like was not included in the economic benefits of IU Southeast. On the other hand, “but for” the existence of IU Southeast, an argument can be made that these students would not have an opportunity to earn a four-year degree. As a result, IU Southeast is credited with augmenting the region's stock of human capital and increasing the lifetime earnings of IU Southeast Alumni. (Please see the section on lifetime earnings for the dollar value of this benefit. See also the full report for a more complete discussion of assumptions and methodology.) Another way to look at it, “but for” IU Southeast's existence, the region would lose additions to the region's stock of human capital and those enhanced earnings, but would not lose a significant volume of economic activity due to non-university related student spending.

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<sup>12</sup> *Ibid.*

The sum of all the direct effects will not add up to the IU Southeast total operating budget as reported by the Integrated Postsecondary Education Data System (IPEDS) for the following reasons:

1. To assess the effects of spending by faculty and staff, the analyst must reduce total compensation to reflect the leakages associated with income taxes, payroll taxes and savings.
2. Scholarships and student financial assistance are a reduction in revenues, even though they are treated as an expense in the university books.
3. The IMPLAN model calculates the effects of current spending, not the consumption of fixed capital, i.e., depreciation.
4. Construction expenditures can vary greatly over time. As a result, a five-year average of construction expenditures was used.

## Conclusion

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IU Southeast makes a vital contribution to southern Indiana. This study presents a comprehensive, innovative and conservative assessment of the economic impact that IU Southeast has on its region. IBRC researchers used many of the standard tools and methods to measure IU Southeast's impact. The economic effects are clear. Through the spending of 466 full-time employees and purchases of goods and services, IU Southeast creates economic ripples through the region. This analysis estimated that the direct and ripple effects of university expenditures accounts for \$52.4 million of the economic activity in southern Indiana.

Students, faculty and staff “give back” to the community by volunteering and contributing to local charities. This study is one of few that chronicles and measures the economic benefits of the community and civic engagement. Information related to IU Southeast's civic engagement was gathered through an extensive student and staff survey that collected data on a range of topics including spending patterns, volunteer activities and charitable contributions. The civic engagement dollar figure, which totals approximately \$681,600, was estimated by applying to total service-learning and volunteer hours the equivalent wages of occupations performing similar roles.

Assigning a dollar value to a university is a challenging task. Many university impact studies have overestimated the economic impact and overlooked, or underestimated, the other types of economic and cultural contributions that the institution makes to the region it serves. Clearly, the total dollar-and-cents contribution of IU Southeast as reported in this study is but one dimension of IU Southeast's total impact. This study attempted to provide a balanced view by expanding the scope and understanding of the contributions—tangible economic contributions as well as intangible contributions—that a university makes.