

# Executive Summary

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Indiana University has played a fundamental role in the state since it was established in 1820. IU's eight campuses provide the residents of Indiana with affordable and accessible education at a premier research university. As a result, IU strengthens the economic competitiveness of the state and increases the earning power of its residents. IU's impact on the state 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 Indiana.

The present study was undertaken to measure how the lives of Hoosiers are improved by IU. This report presents policymakers, university officials, and Indiana taxpayers with comprehensive yet conservative estimates of the university's impact. IU 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 is to consider results related to the core mission of the university as well as 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. 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, the settlement patterns of recent graduates, and the amount of outside research funding IU attracted. Core benefits data help to answer many key questions including: Do alumni apply their skills in the state or find work elsewhere? Does IU curriculum support Indiana's economic development priorities in the life sciences? Does university research and development generate private-sector commerce?

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 global in reach. Moreover, some benefits that flow from IU'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. These benefits recognize the effects that university expenditures and the activities of students and staff 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 Students**, presents profiles of the student population and its recent graduates. The fall 2007 enrollment at IU-Managed campuses<sup>1</sup> totaled 93,200 students, 76 percent of whom were Indiana residents. 81 percent of degree recipients between 2002 and 2005 were residing in Indiana as of 2008.
- The **Contribution to Human Capital** section examines IU's degree output and the economic value of these degrees to recipients. IU conferred 77,900 baccalaureate, master's, professional, and doctoral degrees between 2002 and 2007, 47 percent of the total for all of Indiana's public universities. The most common fields of study at both the baccalaureate and master's level were business administration and education. The university awarded 13,000 degrees related to life sciences over this period.
- IU graduates can expect far greater lifetime earnings than people with a two-year associate's degree. The typical male IU graduate can expect to earn \$1.8 million over his lifetime and the typical female graduate can anticipate \$1.3 million in lifetime earnings. These figures are 41 percent and 33 percent greater, respectively, than the expected lifetime earnings of male and female associate's degree recipients.
- The section on **University Research and Business Development** details annual sponsored research expenditures at IU, as well as technology transfer and business start-up activity. IU has averaged \$256.8 million in annual research expenditures supported by external contracts and grants in fiscal years 2006 through 2008. Seventy-one percent of these funds came from the federal sources. Between 2003 and 2007, university research generated 777 new invention disclosures, 390 new patent applications and 128 new patents issued.

## Collateral Benefits

- This report measures the economic benefits of IU's **Civic Contribution**. Through the imputed value of service-learning programs, unpaid internships and volunteerism, students, staff and faculty "give back" to their community and to the state. Table 1 presents the dollar value of their contributions.
- In addition, this report notes that members of the IU community also directly made \$10,104,000 in charitable contributions to organizations operating within their campus regions.
- IU also enriches the state through its community engagement programs, facilities and cultural offerings. Whether it is IU's world-class Jacobs School of Music, the IUPUI Sports Complex, or the libraries and art galleries at regional campuses, IU gives Hoosiers throughout the state something to be proud of.

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<sup>1</sup> Of the two campuses that IU shares with Purdue University, IU manages the IUPUI campus which is included in this report. The Indiana University-Purdue University Fort Wayne (IPFW) campus is managed by Purdue University and is not included in this report.

- Finally, the **Economic Footprint** section reports the employment and economic significance of spending by the university, students and visitors. The estimates in Table 2 consider 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’s direct employment of 16,324 faculty and staff (based on full-time equivalents), the university’s direct and related spending accounts for an additional 36,340 jobs in the state. IU’s direct employment in the state is on par with the direct employment in medical and equipment supplies manufacturing in Indiana.

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

Civic Contribution	Estimate of Economic Benefit
Service-Learning	\$804,300
Student, Faculty and Staff Volunteerism	\$14,849,300
<b>Total</b>	<b>\$15,653,600</b>

Source: Indiana Business Research Center (IBRC)

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

Type of Spending	Total Employment Effects (number of jobs)	Total Economic Output Effects (in millions)
Faculty and Staff Compensation	15,970	\$1,719.9
University Purchases and Construction Expenditures	5,640	\$1,015.5
Student Expenditures	7,870	\$1,133.4
Medical School Supplemental Expenditures	6,860	\$775.0
<b>Total</b>	<b>36,340</b>	<b>\$4,643.8</b>

Source: IBRC, using IMPLAN model results