

The Economic Value of Iowa's Regent Universities





IOWA'S REGENT UNIVERSITIES¹ create value in many ways. The universities play a key role in helping students increase their employability and achieve their individual potential. The universities facilitate new research and company developments and also draw visitors and students to the state, generating new dollars and opportunities for Iowa. Extension and Outreach is actively engaged in providing research-based education and information to improve lives of Iowans in all 99 counties. They provide students with the education, training, and skills they need to have fulfilling and prosperous careers. Their student, employee, and university coordinated community member volunteers support the state economy through the output and employment generated by state businesses and organizations. Furthermore, the universities are places for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

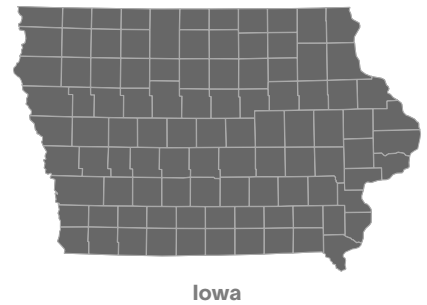
Iowa's regent universities influence both the lives of students and the state economy. The universities support a variety of industries in Iowa, serve state businesses, and benefit society as a whole in Iowa from an expanded economy and improved quality of life. Additionally, the benefits created by Iowa's regent universities extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by Iowa's regent universities on the business community and the benefits the universities generate in return for the investments made by their key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

Economic impact analysis

Investment analysis

All results reflect employee, student, and financial data, provided by the universities, for fiscal year (FY) 2023–24. Impacts on the Iowa economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in Iowa are reported under the investment analysis.



The value of Iowa's regent universities influences both the **lives of students** and the **state economy**.

¹ Iowa's regent universities consist of the following universities: Iowa State University of Science and Technology (ISU), the University of Iowa (the UI), and the University of Northern Iowa (UNI).

Economic impact analysis



Iowa's regent universities promote economic growth in Iowa through their direct expenditures and the resulting expenditures of visitors, students, and state businesses. The universities serve as employers and buyers of goods and services for their day-to-day, construction, health care, and research operations. Numerous start-up and spin-off companies have formed as a result of programs and knowledge at the universities, and Extension and Outreach activities contribute to the community. The universities' activities attract visitors and students from outside Iowa, whose expenditures benefit state vendors. The universities encourage their students and employees to volunteer in the community, helping businesses and organizations grow. In addition, the universities are primary sources of higher education to Iowa residents and suppliers of trained workers to state industries, enhancing overall productivity in the state workforce.

Operations spending impact



Iowa's regent universities add economic value to Iowa as employers of state residents and large-scale buyers of goods and services. In FY 2023-24, payroll at Iowa's regent universities was \$2.1 billion, much of which was spent in the state on groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the universities spent \$856.0 million on expenses related to facilities, supplies, and professional services.²

The universities' operations spending added **\$2.3 billion**³ in income to the state during the analysis year. This figure represents the universities' payroll, the multiplier effects generated by the in-state spending of the universities and their employees, and a downward adjustment to account for funding that the universities received from state sources. The \$2.3 billion in added income is equivalent to supporting **37,595 jobs** in the state.

Construction spending impact



The universities invest in construction each year to maintain their facilities, create additional capacities, and meet their growing educational demands.

² Research and health care employees and their payroll as well as non-pay expenses for research, health care, and construction are excluded from this impact as they are measured in the following impacts.

³ Includes royalty payments to inventors related to the universities who still live in Iowa.

Impacts created by Iowa's regent universities in FY 2023-24



Operations spending impact

\$2.3 billion

+



Construction spending impact

\$271.9 million

+



UI Health Care spending impact

\$2.5 billion

+



Research spending impact

\$753.9 million

+



Economic development impact

\$3.1 billion

+



Visitor spending impact

\$160.8 million

+



Student spending impact

\$202.6 million

+



Volunteerism impact

\$41.6 million

+



Alumni impact

\$8.7 billion



Total economic impact

\$18.0 billion

OR



Jobs supported

214,918



While the amount varies from year to year, these quick infusions of income and jobs have a substantial impact on the state economy. In FY 2023-24, Iowa regent universities' construction spending generated **\$271.9 million** in added income, which is equivalent to supporting **2,789 jobs**.

The UI Health Care spending impact



The University of Iowa (UI) Health Care would not exist without the UI. UI Health Care provides a hands-on learning and research environment for students and employs thousands of workers. Although broader health-related impacts are outside the scope of this analysis, UI Health Care is known for providing quality patient care.

In FY 2023-24, UI Health Care spent \$2.5 billion on health care operations. These expenditures added a net impact of **\$2.5 billion** in added income to the state. This is equivalent to supporting **32,487 jobs**.

Research spending impact



Research activities impact the economy by employing people and requiring the purchase of equipment and other supplies and services. Over the last four years, Iowa's regent universities received 994 invention disclosures, filed 671 new patent applications, and produced 345 licenses.

In FY 2023-24, Iowa's regent universities spent \$437.5 million on payroll to support research activities. This, along with \$418.8 million in other research spending,⁴ created a net total of **\$753.9 million** in added income for the state economy. This added income is equivalent to supporting **10,457 jobs**.

Iowa's regent universities' research developments

Fiscal year	Invention disclosures	Patent applications	Licenses executed
2020-21	291	176	95
2021-22	227	231	84
2022-23	241	125	110
2023-24	235	139	56
Total	994	671	345

Source: Iowa's regent universities

Value of Extension and Outreach



Extension and Outreach activities strengthen communities and their local economies by enhancing leadership structures, broadening engagement, teaching best practices, and providing hands-on assistance. Communities are empowered to shape their own futures through research, education, community engagement, economic development, and community planning and design. Over the years, the

⁴ Excludes indirect costs because indirect costs are not necessarily spent during the analysis year.

Extension and Outreach offices have helped more than 6,500 companies and organizations across the state. The offices have also helped tens of thousands of Iowa farmers. Due to the specific nature of these Extension and Outreach activities, Lightcast does not attempt to measure an impact. With that said, the value that these Extension and Outreach activities offer for state and local communities should be acknowledged.

Economic development impact



The universities create an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up and spin-off companies related to the universities and companies that have grown in the state with the support of the universities. Start-up companies, created specifically to license and commercialize the universities' technology or knowledge, have a strong and clearly defined link to Iowa's regent universities. Spin-off companies, created and fostered through universities programs or faculty and alumni, have a clear but weaker link to the universities.

In FY 2023-24, start-up and spin-off companies related to Iowa's regent universities added **\$3.1 billion** in income to the Iowa economy, which is equivalent to supporting **21,824 jobs**. Of this added income, \$447.6 million was due to start-up companies, with the remainder due to spin-off companies.

Visitor spending impact



Hundreds of thousands of visitors from outside the state were attracted to the universities during the analysis year to attend commencement, sports events, and other activities sponsored by the universities. While in the state, visitors spent money for lodging, food, transportation, and other personal expenses. The off-campus expenditures of the universities' out-of-state visitors generated a net impact of **\$160.8 million** in added income for the state economy in FY 2023-24. This \$160.8 million in added income is equivalent to supporting **3,166 jobs**.

Student spending impact



Around 41% of students attending Iowa's regent universities originated from outside the state in FY 2023-24. Most of these students relocated to Iowa. These students may not have come to the state if the universities did not exist. In addition, some in-state students, referred to as retained students, would have left Iowa if not for the existence of Iowa's regent universities. While attending the universities, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated **\$202.6 million** in added income for the state economy in FY 2023-24, which supported **3,463 jobs** in Iowa.

Volunteerism impact



Iowa's regent universities encourage their students and employees to volunteer in Iowa, where they can work with businesses and organizations to help meet

their goals. The universities also work with community members to coordinate volunteer activities. The work of student, employee, and university coordinated community member volunteers allows businesses and organizations to grow, increasing their output and impacting the economy at large. In terms of actual impact to the Iowa economy, Iowa regent universities' student, employee, and university coordinated community member volunteers generated an impact of **\$41.6 million** in added income for the state in FY 2023-24, equivalent to supporting **1,451 jobs**.

Alumni impact



The education and training Iowa's regent universities provide for state residents has the greatest impact. Since the establishment of the universities, students have studied at Iowa's regent universities and entered the state workforce with greater knowledge and new skills. Today, hundreds of thousands of former students are employed in Iowa. As a result of their education from the regent universities, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2023-24, alumni from Iowa's regent universities generated **\$8.7 billion** in added income for the state economy, which is equivalent to supporting **101,686 jobs**.

Total impact

Iowa's regent universities added **\$18.0 billion** in income to the Iowa economy during the analysis year, equal to the sum of the operations, construction, UI Health Care, research, economic development, visitor, and student spending impacts, together with the volunteerism impact and the enhanced productivity of the alumni. The \$18.0 billion impact does not include the value that the universities' Extension and Outreach activities are adding to the state and local communities. For context, the \$18.0 billion impact was equal to approximately **7.7%** of the total gross state product (GSP) of Iowa. This contribution that the universities provided on its own is more than the entire Health Care & Social Assistance industry in the state.

Iowa regent universities' total impact can also be expressed in terms of jobs supported. The \$18.0 billion impact supported **214,918 state jobs**, using the jobs-to-sales ratios specific to each industry in the state. This means that one out of every 10 jobs in Iowa is supported by the activities of Iowa's regent universities and its students. In addition, the \$18.0 billion, or 214,918 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the activities of Iowa's regent universities and their alumni in the Health Care & Social Assistance industry sector supported 27,713 jobs in FY 2023-24. If the universities did not exist, these impacts would not have been generated in Iowa.

Iowa's regent universities impacts by industry (jobs supported)



One out of every 10 jobs in Iowa is supported by the activities of Iowa's regent universities and their students.



Investment analysis



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates Iowa's regent universities as an investment from the perspectives of students, taxpayers, and society in Iowa. As with the economic impact analysis, this analysis considers only FY 2023-24 activities.

Student perspective



In FY 2023-24, Iowa's regent universities served 73,043 credit and 2,280 non-credit students. In order to attend the universities, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by Iowa regent universities' students in FY 2023-24 amounted to a present value of \$1.4 billion, equal to \$973.1 million in out-of-pocket expenses (including future principal and interest on student loans) and \$415.5 million in forgone time and money.

In return for their investment, students of Iowa regent universities' will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average bachelor's degree graduate from FY 2023-24 will see annual earnings that are \$26,000 higher than a person with a high school diploma or equivalent working in Iowa. Over a working lifetime, the benefits of a bachelor's degree over a high school diploma will amount to an undiscounted value of \$1.1 million in higher earnings per graduate. The present value of the cumulative higher future earnings that Iowa regent universities' FY 2023-24 students will receive over their working careers is \$6.2 billion.

The students' benefit-cost ratio is 4.5. In other words, for every dollar students invest in Iowa's regent universities in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$4.50 in higher future earnings.

Students see a high rate of return for their investment in Iowa's regent universities



Average annual return for Iowa's regent universities' students
14.1%



Stock market 30-year average annual return
10.9%

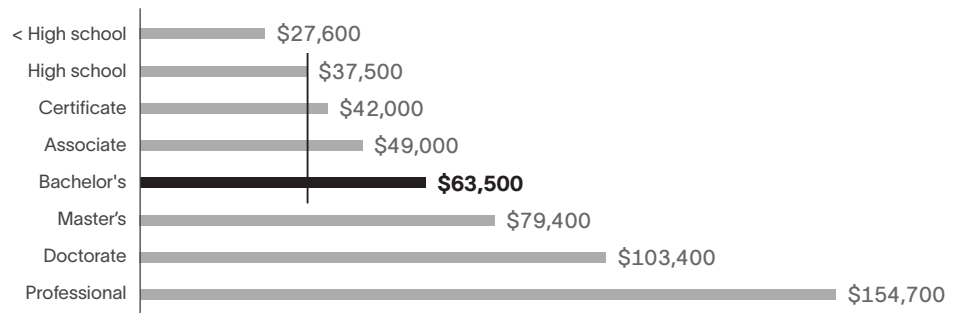


Interest earned on savings account (national deposit rate)
0.5%

Source: Forbes' S&P 500, 1994-2025; FDIC.gov, January 2024

Average earnings by education level at career midpoint

The average bachelor's degree graduate from Iowa's regent universities will see an increase in earnings of **\$26,000** each year compared to a person with a high school diploma or equivalent working in Iowa.



Source: Lightcast employment data

Annually, the students' investment in Iowa's regent universities has an average annual internal rate of return of 14.1%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.9%.

Taxpayer perspective



Iowa's regent universities generate more in tax revenue than they receive.

These benefits to taxpayers consist primarily of taxes that the state government will collect from the added revenue created in the state. As the universities' students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2023-24 students' working lives, the state and local government will have collected a present value of \$1.5 billion in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of the universities' students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that the universities' students receive will generate savings in three main categories: 1) healthcare, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, costs related to the justice system will decrease. Students from the universities will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the universities for a copy of the main report. Altogether, the present value of the benefits associated with an education from the universities will generate \$64.9 million in savings to state taxpayers.

Total taxpayer benefits amount to \$1.6 billion, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$673.7 million, equal to the amount of state government funding Iowa's regent universities received in FY 2023-24. These benefits and costs yield a benefit-cost ratio of 2.4. This means that for every dollar of public money invested in Iowa's regent universities in FY 2023-24, taxpayers will receive a cumulative present value of \$2.40 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 11.0%, which compares favorably to other long-term investments in the public and private sector.

Social perspective



Society as a whole in Iowa benefits from the presence of Iowa's regent universities in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income), added income from university activities, and increased business output (added business income), which raise economic prosperity in Iowa.

Benefits to society also consist of the savings generated by the improved lifestyles of students from the universities. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings.

For every dollar of public money invested in Iowa's regent universities, taxpayers will receive a cumulative value of **\$2.40** over the course of the students' working lives.

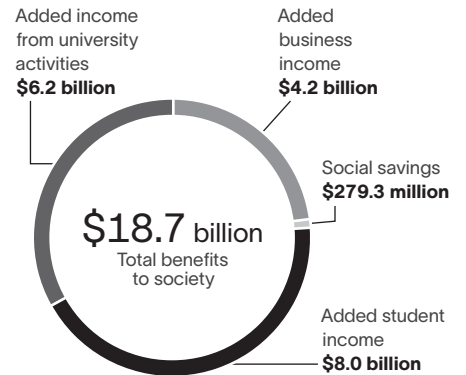


Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Healthcare savings include avoided medical costs associated with smoking, obesity, alcohol dependence, drug abuse, and depression. Justice system savings include avoided costs to the government and society due to less judicial activity. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, contact the Iowa Board of Regents for a copy of the main report.

Altogether, the social benefits of Iowa’s regent universities equal a present value of \$18.7 billion. These benefits include \$8.0 billion in added student income, \$4.2 billion in added business income, \$6.2 billion in added income from university activities, as well as \$279.3 million in social savings related to health, the justice system, and income assistance in Iowa. People in Iowa invested a present value total of \$7.5 billion in Iowa’s regent universities in FY 2023-24. The cost includes all the universities’ expenditures and student costs.

The benefit-cost ratio for society is 2.5, equal to the \$18.7 billion in benefits divided by the \$7.5 billion in costs. In other words, for every dollar invested in Iowa’s regent universities, people in Iowa will receive a cumulative value of \$2.50 in benefits. The benefits of this investment will occur for as long as Iowa regent universities’ FY 2023-24 students remain employed in the state workforce.

Social benefits in Iowa from Iowa’s regent universities






Source: Lightcast impact model

Summary of investment analysis results

The results of the analysis demonstrate that Iowa’s regent universities are a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an education from Iowa’s regent universities. At the same time, taxpayers’ investment in Iowa’s regent universities returns more to government budgets than it costs and creates a wide range of social benefits throughout Iowa.

Summary of investment analysis results

 Student perspective		 Taxpayer perspective		 Social perspective	
Present value benefits		Present value benefits		Present value benefits	
\$6.2 billion		\$1.6 billion		\$18.7 billion	
Present value costs		Present value costs		Present value costs	
\$1.4 billion		\$673.7 million		\$7.5 billion	
Net present value		Net present value		Net present value	
\$4.9 billion		\$922.0 million		\$11.2 billion	
Benefit-cost ratio	Rate of return	Benefit-cost ratio	Rate of return	Benefit-cost ratio	Rate of return
4.5	14.1%	2.4	11.0%	2.5	n/a*

* The rate of return is not reported for the social perspective because the beneficiaries are not necessarily the same as the original investors.

Conclusion

*The results of this study demonstrate that Iowa's regent universities create value from **multiple perspectives**.*

The universities benefit businesses in the state by increasing consumer spending and supplying a steady flow of qualified, trained workers to the workforce. Iowa's regent universities enrich the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The universities benefit state taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, Iowa's regent universities benefit society as a whole in Iowa by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.

About the study

Data and assumptions used in the study are based on several sources, including the FY 2023-24 academic and financial reports from Iowa's regent universities, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Lightcast's Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact the Iowa Board of Regents for a copy of the main report.



Lightcast provides colleges and universities with labor market data that help create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and résumés. Hundreds of institutions use Lightcast to align programs with regional needs, drive enrollment, connect students with in-demand careers, track their alumni's employment outcomes, and demonstrate their institution's economic impact on their region. Visit lightcast.io/solutions/education to learn more or connect with us.