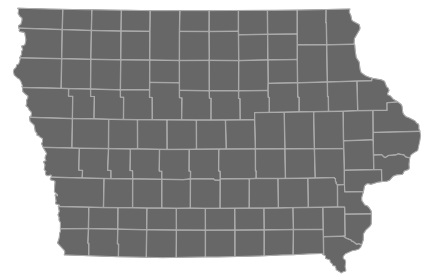


The Economic Value of Iowa's Regent Universities



Iowa's regent universities¹ create a significant positive impact on the business community and generate a return on investment to their 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) 2023-24.



Iowa

Economic impact analysis

In FY 2023-24, Iowa's regent universities added **\$18.0 billion** in income to the Iowa economy, a value approximately equal to **7.7%** of the state's total gross state product (GSP). Expressed in terms of jobs, Iowa regent universities' impact supported **214,918 jobs**. For perspective, the activities of Iowa's regent universities and their students support **one out of every 10 jobs** in Iowa.

¹ Iowa's regent universities consist of the following universities: Iowa State University of Science and Technology, the University of Iowa, and the University of Northern Iowa.



Operations spending impact

- lowa's regent universities employed 35,555 full-time and part-time faculty and staff (including graduate assistants and student employees). Payroll amounted to \$2.1 billion,² much of which was spent in the state on groceries, mortgage and rent payments, dining out, and other household expenses. The universities spent another \$856.0 million on their expenses related to facilities, supplies, and professional services.³
- The net impact of the universities' operations spending added **\$2.3 billion** in income to the state economy in FY 2023-24.

Construction spending impact

- lowa's regent universities invest in construction each year to maintain their facilities, create additional capacities, and meet their growing educational demands, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of lowa regent universities' construction spending in FY 2023-24 was **\$271.9 million** in added income for lowa.

The UI Health Care spending impact

- The University of lowa (UI) Health Care would not exist without the UI. It provides a hands-on learning and research environment for students and employs thousands of workers.
- In FY 2023-24, lowa's regent universities spent \$2.5 billion on hospital operations. These expenditures added a net impact of **\$2.5 billion** in added income to the state.

Research spending impact

- Research activities at lowa's regent universities impact the state economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in lowa through inventions, patent applications, and licenses. In FY 2023-24, lowa's regent universities spent \$437.5 million on payroll and \$418.8 million on other expenses⁴ to support research activities.
- lowa's regent universities research spending generated **\$753.9 million** in added income for the lowa economy in FY 2023-24.

Value of Extension and Outreach

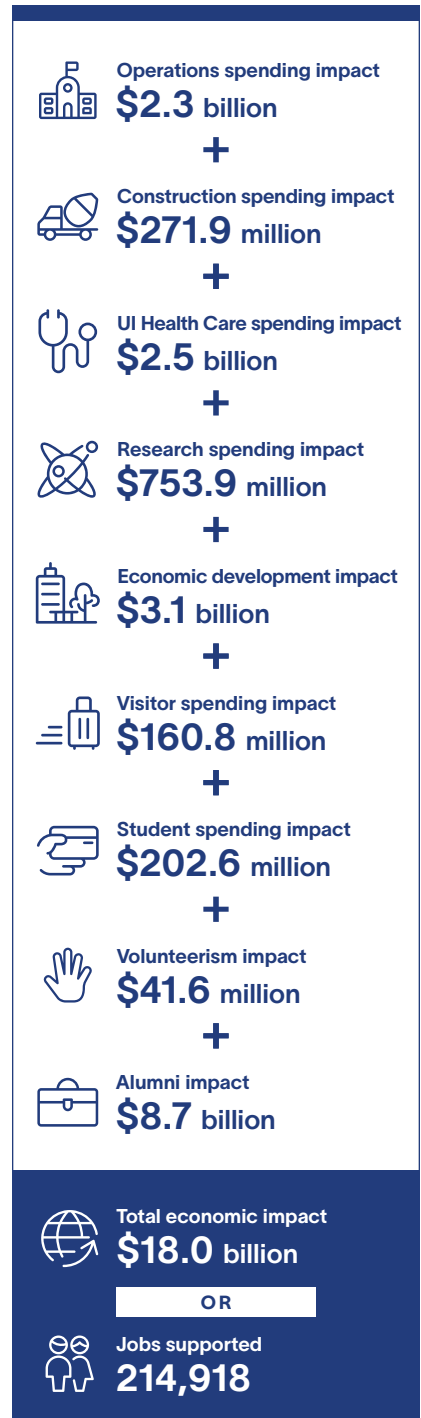
- Extension and Outreach activities strengthen communities and their local economies by enhancing leadership structures, broadening engagement, teaching best practices, and providing hands-on assistance.
- Over the years, the Extension and Outreach offices have helped more than **6,500 companies and organizations** across the state. The offices have also

² Includes royalty payments to inventors related to the lowa Board of Regents universities who still live in lowa.

³ 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.

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

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



helped **tens of thousands of Iowa farmers**. With that said, even though the quantitative impact of these activities is not measured, the value that these Extension and Outreach activities offer for state and local communities should be acknowledged.

Economic development impact

- Iowa's regent universities create an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up and spin-off companies created as a result of the universities and companies that have grown in the state with the support of the universities.
- In FY 2023-24, Iowa regent universities' start-up and spin-off companies generated **\$3.1 billion** in added income for the Iowa economy.

Visitor spending impact

- Out-of-state visitors attracted to Iowa for activities at Iowa's regent universities brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other businesses in the state.
- Visitor spending added approximately **\$160.8 million** in income to the Iowa economy.

Student spending impact

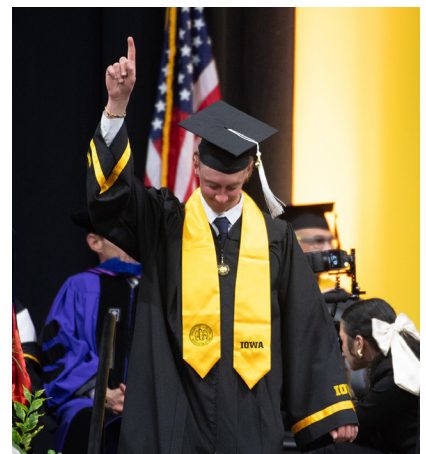
- Around 41% of students attending Iowa's regent universities originated from outside the state. Most of these students relocated to Iowa. In addition, some in-state students, referred to as retained students, would have left Iowa for other educational opportunities if not for Iowa's regent universities. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at state businesses.
- The expenditures of relocated and retained students in FY 2023-24 added **\$202.6 million** in income to the Iowa economy.

Volunteerism impact

- The work of Iowa regent universities' student, employee, and university coordinated community member volunteers allow businesses and organizations to grow, increasing their output and impacting the economy at large.
- In terms of actual impact to the state economy, Iowa regent universities' volunteers generated an impact of **\$41.6 million** in added income in FY 2023-24.

Alumni impact

- Over the years, students have studied at Iowa's regent universities and entered or re-entered the workforce with newly acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in Iowa.
- The net impact of Iowa's regent universities' former students currently employed in the state workforce amounted to **\$8.7 billion** in added income in FY 2023-24.





Investment analysis

Student perspective

- Iowa's regent universities FY 2023-24 students paid a present value of **\$973.1 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$415.5 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$6.2 billion** in increased earnings over their working lives. This translates to a return of **\$4.50** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **14.1%**.

Taxpayer perspective

- Taxpayers provided Iowa's regent universities with **\$673.7 million** of state funding in FY 2023-24. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$1.5 billion**. A reduced demand for government-funded services in Iowa will add another **\$64.9 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$1.6 billion**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in Iowa's regent universities, taxpayers will receive **\$2.40** in return over the course of students' working lives. The average annual rate of return for taxpayers is **11.0%**.

Social perspective

- In FY 2023-24, Iowa invested **\$7.5 billion** to support Iowa's regent universities. In turn, the Iowa economy will grow by **\$18.4 billion** over the course of students' working lives. Society will also benefit from **\$279.3 million** of public and private sector savings.
- For every dollar invested in Iowa's regent universities in FY 2023-24, people in Iowa will receive **\$2.50** in return, for as long as Iowa's regent universities' FY 2023-24 students remain active in the state workforce.

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

For every \$1...

Students gain in higher lifetime earnings

\$4.50

Taxpayers gain in added tax revenue and public sector savings

\$2.40

Society gains in added income and social savings

\$2.50

