

IOWA

Executive Summary

PUBLISHED FEBRUARY 2026

The Economic Value of the University of Iowa



Reflects FY 2023-24



THE UNIVERSITY OF IOWA (UI) creates value in many ways. The university plays a key role in helping students increase their employability and achieve their individual potential. The university facilitates new research, supports innovation and economic development, and also draws visitors and students to the state, generating new dollars and opportunities for Iowa. The UI outreach programs are actively engaged in providing research-based healthcare, education, and information to improve lives of Iowans and grow state businesses. The UI provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Its student and employee volunteers support the state economy through the output and employment generated by state businesses and organizations. Furthermore, the UI is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

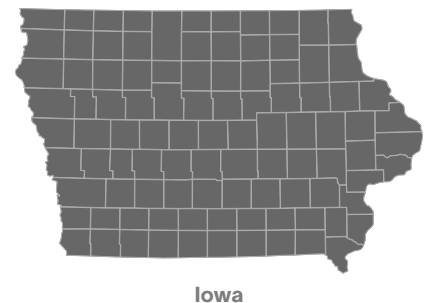
The UI influences both the lives of its students and the state economy. The university supports a variety of industries in Iowa, serves businesses in the state, and benefits society as a whole in Iowa from an expanded economy and improved quality of life. Additionally, the benefits created by the UI extend to the state government through increased tax revenues and public sector savings.

This study measures the economic impacts created by the UI on the business community and the benefits the university generates in return for the investments made by its 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 university, 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.



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Economic impact analysis

The UI promotes economic growth in Iowa through its direct expenditures and the resulting expenditures of visitors, students, and businesses in the state. The university serves as an employer and buyer of goods and services for its day-to-day operations, construction, UI Health Care, and research activities. UI's outreach programs help state and local businesses and organizations succeed as well as improve the lives of Iowans. Numerous start-up and spin-off companies have formed as a result of programs and knowledge at the UI. The university's reputation and activities attract visitors and students from outside Iowa, whose expenditures benefit state vendors. The UI encourages its students and employees to volunteer in the community, helping businesses and organizations grow. In addition, the UI is one of the largest sources of higher education to Iowa residents and a supplier of trained workers to state industries, enhancing overall productivity in the state workforce.

Operations spending impact



The UI adds economic value to Iowa as an employer of state residents and a large-scale buyer of goods and services. In FY 2023-24, UI's total payroll at the UI was \$1.2 billion, much of which was spent in the state on groceries, mortgage and rent payments, dining out, and other household expenses.¹ In addition, the university spent \$503.2 million on expenses related to facilities, supplies, and professional services.²

UI's operations spending added **\$1.4 billion** in income to the state during the analysis year. This figure represents the university's payroll, the multiplier effects generated by the in-state spending of the university and its employees, and a downward adjustment to account for funding that the university received from state sources. The \$1.4 billion in added income is equivalent to supporting **19,533 jobs** in the state.

Construction spending impact

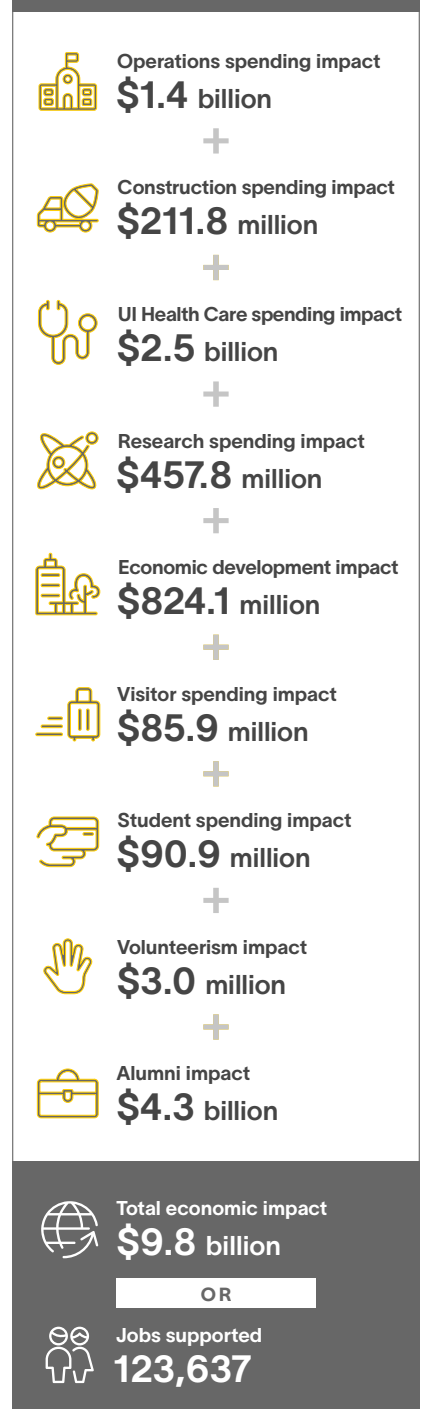


The UI invests in capital projects each year to maintain its facilities, create additional capacities, and meet its growing educational demands. While the amount varies from year to year, these quick infusions of income and jobs have a

¹ Includes royalty payments to inventors related to the UI who still live in Iowa.

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

Impacts created by the UI in FY 2023-24*




* This table excludes the positive impacts of UI's outreach activities.




substantial impact on the state economy. In FY 2023-24, the UI construction spending generated **\$211.8 million** in added income, which is equivalent to supporting **2,173 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, the UI Health Care is known for providing quality patient care.

In FY 2023-24, the 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, the UI received 363 invention disclosures, filed 471 new patent applications, and produced 172 licenses.


In FY 2023-24, the UI spent \$292.6 million on payroll to support research activities. This, along with \$194.1 million in other research spending,³ created a net total of **\$457.8 million** in added income for the state economy. This added income is equivalent to supporting **6,042 jobs**.

UI research developments

Fiscal year	Invention disclosures	Patent applications	Licenses executed
2020-21	101	123	47
2021-22	103	188	48
2022-23	72	77	48
2023-24	87	83	29
Total	363	471	172

Source: the UI

Value of outreach programs

 The UI impacts Iowa beyond its principal mission of educating students and training the next generation of professionals. As the home of Iowa’s premier hospital, the UI and its faculty, staff, and students provide healthcare to tens of thousands of Iowans each year. Hospitals and healthcare providers across Iowa send their most complicated cases to the UI to take advantage of the specialized care their patients can only receive there. Mobile programs and other clinics take preventative care into Iowa communities. The State Hygienic Lab, operated at the UI, provides

³ Excludes indirect costs because indirect costs are not necessarily spent during the analysis year.

critical services for every mother and child born in Iowa while also detecting disease and environmental pollution. Other capabilities resident at the UI are working to improve Iowa's response to floods, assisting communities in tackling their unique challenges, and providing expertise and support to Iowa's entrepreneurs.

Economic development impact



The UI creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of the UI start-up and spin-off companies related to the university and companies that have grown in the state with the support of the UI. Start-up companies—created specifically to license and commercialize the UI technology or knowledge—have a strong and clearly defined link to the UI. Spin-off companies—created and fostered through university programs by faculty or students—have a clear but less direct link to the UI. In addition, companies that benefited from UI's Small Business Development Center (SBDC) are included in the analysis as spin-off companies.

In FY 2023-24, the UI start-up and spin-off companies added **\$824.1 million** in income to the Iowa economy, which is equivalent to supporting **7,668 jobs**. Of this added income, \$220.2 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 UI during the analysis year to attend commencement, sports events, and other activities sponsored by the university. While in the state, visitors spent money for lodging, food, transportation, and other personal expenses. The off-campus expenditures of the university's out-of-state visitors generated a net impact of **\$85.9 million** in added income for the state economy in FY 2023-24. This \$85.9 million in added income is equivalent to supporting **1,733 jobs**.

Student spending impact



Around 42% of students attending the UI originated from outside the state in FY 2023-24, and many of these students relocated to Iowa to attend the UI. These students may not have come to the state if the university did not exist. In addition, some in-state students, referred to as retained students, would have left Iowa if not for the existence of the UI. While attending the university, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated **\$90.9 million** in added income for the state economy in FY 2023-24, which supported **1,549 jobs** in Iowa.

Volunteerism impact



The UI encourages its students and employees to volunteer in Iowa, where they can work with businesses and organizations to help meet their goals. The work of these student and employee volunteers allows businesses and organizations



to grow, increasing their output and impacting the economy at large. The UI students and employees volunteered more than 106,800 hours of their time in FY 2023-24. In terms of actual impact to the Iowa economy, the UI student and employee volunteers generated an impact of **\$3.0 million** in added income for the state in FY 2023-24, equivalent to supporting **104 jobs**.

Alumni impact



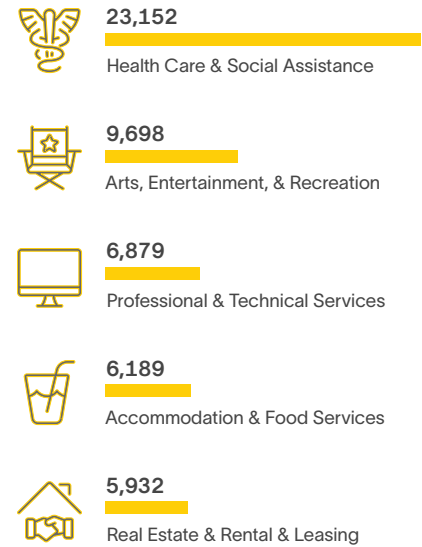
The education and training the UI provides for state residents has the greatest impact. Since the establishment of the university, students have studied at the UI and entered the state workforce with greater knowledge and new skills. Today, thousands of the former UI students are employed in Iowa. For example, 72% of Iowa's dentists are UI alumni, while nearly half of all Iowa's physicians and pharmacists were trained at the UI, and the UI educated K-12 teachers are found in 93 Iowa counties. As a result of their education from the UI, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2023-24, the UI alumni generated **\$4.3 billion** in added income for the state economy, which is equivalent to supporting **52,349 jobs**.

Total impact

the UI added **\$9.8 billion** in income to the Iowa economy during the analysis year, equal to the sum of the operations, construction, the UI Health Care, and research spending impacts; the economic development impact; the visitor and student spending impacts; the volunteerism impact; and the alumni impact. This \$9.8 billion impact does not include the value that UI's outreach activities are adding to the state and local communities. For context, the \$9.8 billion impact was equal to approximately **4.2%** of the total gross state product (GSP) of Iowa. This contribution that the university provided on its own is twice as large as the entire Utilities industry in the state.

UI's total impact can also be expressed in terms of jobs supported. The \$9.8 billion impact supported **123,637 state jobs**, using the jobs-to-sales ratios specific to each industry in the state. This means that one out of every 18 jobs in Iowa is supported by the activities of the UI and its students. In addition, the \$9.8 billion, or 123,637 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the activities of the UI and its alumni in the Health Care & Social Assistance industry sector supported 23,152 jobs in FY 2023-24. If the university did not exist, these impacts would not have been generated in Iowa.

The UI impacts by industry (jobs supported)



One out of every 18 jobs in Iowa is supported by the activities of the UI and its students.



Investment analysis



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates the UI 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



During the entire FY 2023-24, the UI served 31,327 credit and 1,537 non-credit students. In order to attend the university, 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 the UI students in FY 2023-24 amounted to a present value of \$678.7 million, equal to \$503.7 million in out-of-pocket expenses (including future principal and interest on student loans) and \$175.0 million in forgone time and money.

In return for their investment, the UI students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average the UI bachelor's degree graduate from FY 2023-24 will see annual earnings that are \$25,700 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 UI's FY 2023-24 students will receive over their working careers is \$3.0 billion.

The students' benefit-cost ratio is 4.4. In other words, for every dollar students invest in the UI in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$4.40 in higher future earnings. Annually, the students' investment in the UI has an average annual internal rate of return of 13.5%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.9%.

Students see a high rate of return for their investment in the UI



Average annual return for the UI students
13.5%



Stock market 30-year average annual return
10.9%

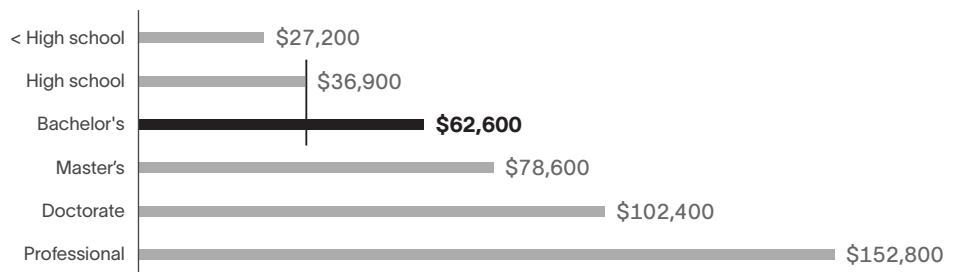


Interest earned on savings account (national deposit rate)
0.5%

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 the UI will see an increase in earnings of **\$25,700** each year compared to a person with a high school diploma or equivalent working in Iowa.



Source: Lightcast employment data



Taxpayer perspective⁴



The UI generates more in tax revenue than it receives. These benefits to taxpayers consist primarily of taxes that the state government will collect from the added revenue created in the state. As the UI 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 government will have collected a present value of \$849.3 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of the UI students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that the UI students receive will generate savings in three main categories: 1) health care, 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. The UI students 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 university for a copy of the main report. Altogether, the present value of the benefits associated with an education from the UI will generate \$23.2 million in savings to state taxpayers.

Total taxpayer benefits amount to \$872.6 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$267.0 million, equal to the amount of state government funding the UI received in FY 2023-24. These benefits and costs yield a benefit-cost ratio of 3.3. This means that for every dollar of public money invested in the UI in FY 2023-24, taxpayers will receive a cumulative present value of \$3.30 over the course of the students' working lives.

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Social perspective



Society as a whole in Iowa benefits from the presence of the UI 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) 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 the UI students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Health care savings include avoided medical costs associated with

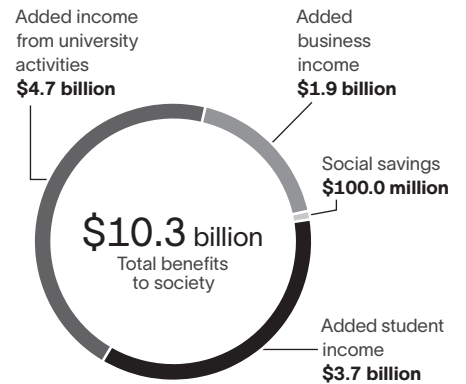
⁴ The modeling approach used for the taxpayer and social investment analyses centers on the benefits and costs arising from UI's core mission—educating students. As such, it does not consider the taxpayer or social benefits arising from the UI Health Care's provision of healthcare to Iowans. However, unlike in the previous study conducted for FY 2021-22, the operational costs and impact from spending of UI Health Care are included in the analysis.

smoking, obesity, substance 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 university for a copy of the main report.

Altogether, the social benefits of the UI equal a present value of \$10.3 billion. These benefits include \$3.7 billion in added student income, \$1.9 billion in added business income, \$4.7 billion in added income from university activities, as well as \$100.0 million in social savings related to health, the justice system, and income assistance in Iowa. People in Iowa invested a present value total of \$5.5 billion in the UI in FY 2023-24. The cost includes all the university and student costs.

The benefit-cost ratio for society is 1.9, equal to the \$10.3 billion in benefits divided by the \$5.5 billion in costs. In other words, for every dollar invested in the UI, people in Iowa will receive a cumulative value of \$1.90 in benefits. The benefits of this investment will occur for as long as UI's FY 2023-24 students remain employed in the state workforce.

Social benefits in Iowa from the UI






Source: Lightcast impact model

Summary of investment analysis results

The results of the analysis demonstrate that the UI is 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 the UI. At the same time, taxpayers' investment in the UI 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	\$3.0 billion	Present value benefits	\$872.6 million	Present value benefits	\$10.3 billion
Present value costs	\$0.7 billion	Present value costs	\$267.0 million	Present value costs	\$5.5 billion
Net present value	\$2.3 billion	Net present value	\$605.6 million	Net present value	\$4.9 billion
Benefit-cost ratio	4.4	Benefit-cost ratio	3.3	Benefit-cost ratio	1.9
Rate of return	13.5%	Rate of return	n/a*	Rate of return	n/a*

* The rate of return is not reported for the taxpayer and social perspectives because it is not appropriate.

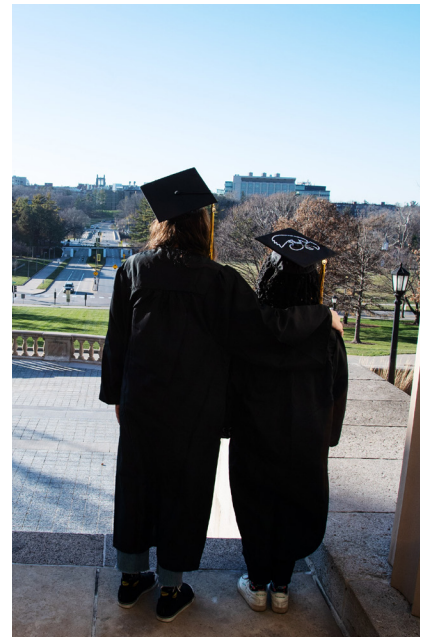
Conclusion

*The results of this study demonstrate that the UI creates value from **multiple perspectives**.*

The university benefits businesses in the state by increasing consumer spending in the state and supplying a steady flow of qualified, trained workers to the workforce. The UI enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The university benefits state taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, the UI benefits 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 the UI, 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 university for a copy of the main report.



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