

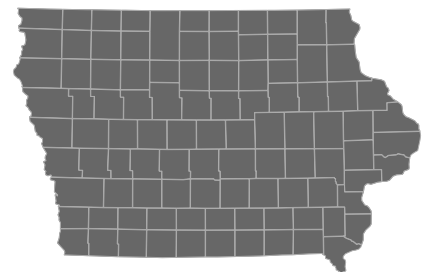
The Economic Value of the University of Iowa



The University of Iowa (UI) creates a significant positive impact on the business community and generates a return on investment to its 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.

Economic impact analysis

In FY 2023-24, the UI added **\$9.8 billion** in income to the Iowa economy, a value approximately equal to **4.2%** of the state's total gross state product (GSP). Expressed in terms of jobs, UI's impact supported **123,637 jobs**. For perspective, the activities of the UI and its students support **one out of every 18 jobs** in Iowa.



Iowa



Operations spending impact

- The UI employed 18,346 full-time and part-time faculty and staff (including graduate assistants and student employees). Payroll amounted to \$1.2 billion,¹ much of which was spent in the state on groceries, mortgage and rent payments, dining out, and other household expenses. The university spent another \$503.2 million on its expenses related to facilities, supplies, and professional services.²
- The net impact of the university's operations spending added **\$1.4 billion** in income to the state economy in FY 2023-24.

Construction spending impact

- The UI invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of UI construction spending in FY 2023-24 was **\$211.8 million** in added income for Iowa.

The UI Health Care spending impact

- The University of Iowa (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, UI Health Care spent \$2.5 billion on operations. These expenditures added a net impact of **\$2.5 billion** in added income to the state.

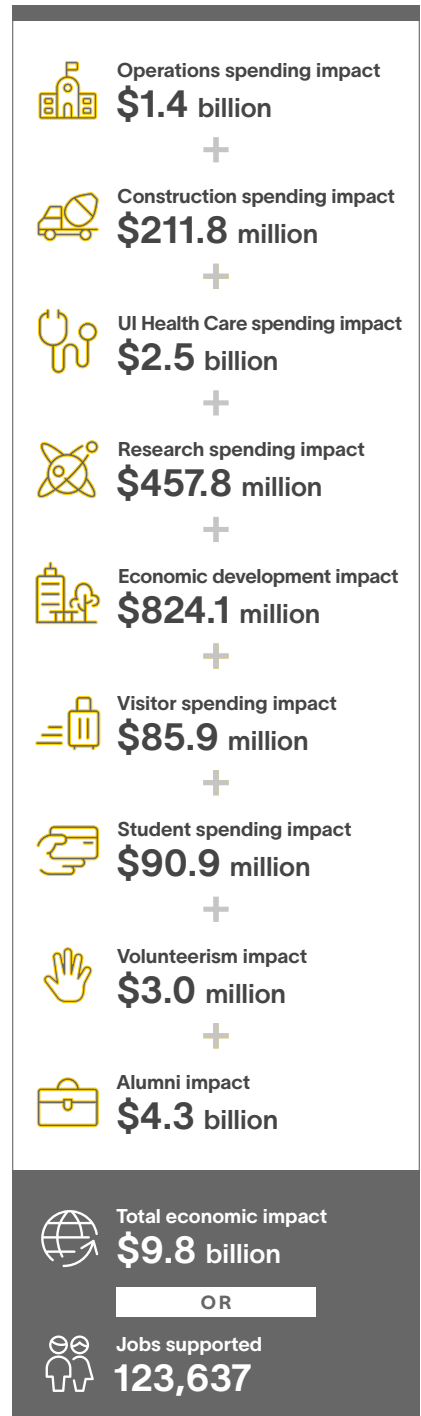
Research spending impact

- Research activities at the UI impact the state economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in Iowa through inventions, patent applications, and licenses. In FY 2023-24, the UI spent \$292.6 million on payroll and \$194.1 million on other expenses³ to support research activities.
- UI's research spending generated **\$457.8 million** in added income for the Iowa economy in FY 2023-24.

Value of outreach programs

- 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.
- The State Hygienic Lab, operated at the UI, provides critical services for every mother and child born in Iowa while also detecting disease and environmental pollution.

Impacts created by the UI in FY 2023-24*



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

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.

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



- 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 start-up and spin-off companies created as a result of the university; and companies that have grown in the state with the support of the UI.
- In FY 2023-24, UI's start-up and spin-off companies generated **\$824.1 million** in added income for the Iowa economy.

Visitor spending impact

- Out-of-state visitors attracted to Iowa for activities at the UI brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other businesses in the state.
- Visitor spending added approximately **\$85.9 million** in income to the Iowa economy.

Student spending impact

- Around 42% of students attending the UI 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 the UI. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at businesses in the state.
- The expenditures of relocated and retained students in FY 2023-24 added **\$90.9 million** in income to the Iowa economy.

Volunteerism impact

- The work of the UI student and employee volunteers allows businesses and organizations to grow, increasing their output and impacting the economy at large.
- In terms of actual impact to the state economy, the UI student and employee volunteers generated an impact of **\$3.0 million** in added income in FY 2023-24.

Alumni impact

- Over the years, students have studied at the UI and entered or re-entered the workforce with newly acquired knowledge and skills. Today, thousands of these former students are employed in Iowa.
- The net impact of the former UI students currently employed in the state workforce amounted to **\$4.3 billion** in added income in FY 2023-24.

Investment analysis

Student perspective

- UI's FY 2023-24 students paid a present value of **\$503.7 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$175.0 million** in time and money had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$3.0 billion** in increased earnings over their working lives. This translates to a return of **\$4.40** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **13.5%**.

Taxpayer perspective⁴

- Taxpayers provided the UI with **\$267.0 million** of 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 **\$849.3 million**. A reduced demand for government-funded services in Iowa will add another **\$23.2 million** in benefits to taxpayers.
- Total taxpayer benefits amount to **\$872.6 million**, the present value sum of the added tax revenue and public sector savings. For every dollar of public money invested in the UI, taxpayers will receive **\$3.30** in return over the course of students' working lives.

Social perspective

- In FY 2023-24, Iowa invested **\$5.5 billion** to support the UI. In turn, the Iowa economy will grow by **\$10.2 billion** over the course of students' working lives. Society will also benefit from **\$100.0 million** of public and private sector savings.
- For every dollar invested in the UI in FY 2023-24, people in Iowa will receive **\$1.90** in return, for as long as UI's FY 2023-24 students remain active in the state workforce.

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



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.

