

## The Economic Value of Idaho Public Universities



Idaho public universities<sup>1</sup> 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) 2019-20.



### ECONOMIC IMPACT ANALYSIS

In FY 2019-20, Idaho public universities added **\$3.6 billion** in gross state product (GSP) to the Idaho economy, a value approximately equal to **4.2%** of the state's total GSP. Expressed in terms of jobs, Idaho public universities' impact supported **58,006 jobs**. For perspective, the activities of the institutions and their students support **one out of every 19 jobs** in Idaho.

### OPERATIONS SPENDING IMPACT

- Idaho public universities employed 7,677 full-time and part-time faculty and staff (not including research employees). Payroll amounted to \$661.1 million (excluding payroll from research employees), much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The institutions spent another \$278.1 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).
- The net impact of the institutions' operations spending added **\$683.5 million** in GSP to the state economy in FY 2019-20.

<sup>1</sup> The Idaho public universities consist of Boise State University, Lewis-Clark State College, Idaho State University, and University of Idaho.

## RESEARCH SPENDING IMPACT

- Research activities at Idaho public universities impact the state economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in Idaho through inventions, patent applications, and licenses. In FY 2019-20, Idaho public universities spent \$81.8 million on payroll and \$75 million on other expenses to support research activities.
- Idaho public universities' research spending generated **\$138.3 million** in GSP for the Idaho economy in FY 2019-20.

## CONSTRUCTION SPENDING IMPACT

- Idaho public universities invest in construction each year to maintain facilities, create additional capacities, and meet growing educational demands, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of Idaho public universities' construction spending in FY 2019-20 was **\$29.5 million** in GSP for Idaho.

## START-UP AND SPIN-OFF COMPANY IMPACT

- Idaho public 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 institutions.
- In FY 2019-20, Idaho public universities' start-up and spin-off companies generated **\$157.5 million** in GSP for the Idaho economy.

## VISITOR SPENDING IMPACT

- Out-of-state visitors attracted to Idaho for activities at the institutions brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.<sup>2</sup>
- Visitor spending added approximately **\$67.8 million** in GSP to the Idaho economy.

## STUDENT SPENDING IMPACT

- Around 22% of students attending the institutions originated from outside the state. Some of these students relocated to Idaho. In addition, some in-state students, referred to as retained students, would have left Idaho for other educational opportunities if not for Idaho public 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 2019-20 added **\$128.9 million** in GSP to the Idaho economy.

## IMPACTS CREATED BY IDAHO PUBLIC UNIVERSITIES IN FY 2019-20



Operations spending impact

**\$683.5 million**



Research spending impact

**\$138.3 million**



Construction spending impact

**\$29.5 million**



Start-up & spin-off company impact

**\$157.5 million**



Visitor spending impact

**\$67.8 million**



Student spending impact

**\$128.9 million**



Alumni impact

**\$2.4 billion**



TOTAL ECONOMIC IMPACT

**\$3.6 billion**

OR

Jobs supported

**58,006**

<sup>2</sup> Visitor data uses FY 2018-2019 in order to reflect a baseline year for events hosted by Idaho public universities.

## ALUMNI IMPACT

- Over the years, students have studied at Idaho public 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 Idaho.
- The net impact of Idaho public universities' former students currently employed in the state workforce amounted to **\$2.4 billion** in GSP in FY 2019-20.



## INVESTMENT ANALYSIS

### STUDENT PERSPECTIVE

- Idaho public universities' FY 2019-20 students paid a present value of **\$383 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$442.4 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 **\$3.3 billion** in increased earnings over their working lives. This translates to a return of **\$4.00** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **16.1%**.

### TAXPAYER PERSPECTIVE

- Taxpayers provided Idaho public universities with **\$419.9 million** of funding in FY 2019-20. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$630.9 million**. A reduced demand for government-funded services in Idaho will add another **\$118.9 million** in benefits to taxpayers.
- For every dollar of public money invested in Idaho public universities, taxpayers will receive **\$1.80** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **4.5%**.

### SOCIAL PERSPECTIVE

- In FY 2019-20, Idaho invested **\$1.7 billion** to support Idaho public universities. In turn, the Idaho economy will grow by **\$8.1 billion**, over the course of students' working lives. Society will also benefit from **\$499.7 million** of public and private sector savings.
- For every dollar invested in Idaho public universities in FY 2019-20, people in Idaho will receive **\$5.10** in return, for as long as Idaho public universities' FY 2019-20 students remain active in the state workforce.

### STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN IDAHO PUBLIC UNIVERSITIES



Average annual return for Idaho public universities students  
**16.1%**



Stock market 30-year average annual return  
**10.6%**



Interest earned on savings account (National Rate Cap)  
**0.8%**

Source: Forbes' S&P 500, 1991-2020. FDIC.gov, 6-2021.

### For every \$1...



Students gain in lifetime earnings  
**\$4.00**



Taxpayers gain in added tax revenue and public sector savings  
**\$1.80**



Society gains in added income and social savings  
**\$5.10**