

The Economic Value of Idaho Public Colleges and Universities



Idaho public colleges & 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) 2019-20.



ECONOMIC IMPACT ANALYSIS

In FY 2019-20, Idaho public colleges & universities added **\$4.5 billion** in gross state product (GSP) to the Idaho economy, a value approximately equal to **5.3%** of the state's total GSP. Expressed in terms of jobs, Idaho public colleges & universities' impact supported **74,432 jobs**. For perspective, the activities of the institutions and their students support **one out of every 14 jobs** in Idaho.

OPERATIONS SPENDING IMPACT

- Idaho public colleges & universities employed 10,749 full-time and part-time faculty and staff (not including research employees). Payroll amounted to \$805 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 \$361.1 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).

¹ Idaho public colleges & universities include Boise State University, College of Eastern Idaho, College of Southern Idaho, College of Western Idaho, Idaho State University, Lewis-Clark State College, North Idaho College, and University of Idaho.

- The net impact of the institutions' operations spending added **\$838.4 million** in GSP to the state economy in FY 2019-20.

RESEARCH SPENDING IMPACT

- Research activities at Idaho public colleges & 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 colleges & universities spent \$81.8 million on payroll and \$75 million on other expenses to support research activities.
- Idaho public colleges & universities' research spending generated **\$138.3 million** in GSP for the Idaho economy in FY 2019-20.

CONSTRUCTION SPENDING IMPACT

- Idaho public colleges & 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 colleges & universities' construction spending in FY 2019-20 was **\$30.4 million** in GSP for Idaho.

START-UP AND SPIN-OFF COMPANY IMPACT

- Idaho public colleges & 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 colleges & universities' start-up and spin-off companies generated **\$157.5 million** in GSP for the Idaho economy.

VISITOR SPENDING IMPACT

- Out-of-state visitors² 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.
- Visitor spending added approximately **\$71.2 million** in GSP to the Idaho economy.

STUDENT SPENDING IMPACT

- Around 15% 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 colleges & universities. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at state businesses.

² Visitor data uses FY 2018-2019 in order to reflect a baseline year for events hosted by Idaho public colleges & universities.



- The expenditures of relocated and retained students in FY 2019-20 added **\$170.7 million** in GSP to the Idaho economy.

ALUMNI IMPACT

- Over the years, students have studied at Idaho public colleges & 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 colleges & universities' former students currently employed in the state workforce amounted to **\$3.1 billion** in GSP FY 2019-20.



INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- Idaho public colleges & universities' FY 2019-20 students paid a present value of **\$446.8 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$550.3 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 **\$4.2 billion** in increased earnings over their working lives. This translates to a return of **\$4.20** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **16.6%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided Idaho public colleges & universities with **\$542.4 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 **\$860.9 million**. A reduced demand for government-funded services in Idaho will add another **\$132.7 million** in benefits to taxpayers.
- For every dollar of public money invested in Idaho public colleges & universities, taxpayers will receive **\$1.80** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **4.6%**.

SOCIAL PERSPECTIVE

- In FY 2019-20, Idaho invested **\$2.0 billion** to support Idaho public colleges & universities. In turn, the Idaho economy will grow by **\$10.6 billion**, over the course of students' working lives. Society will also benefit from **\$539.4 million** of public and private sector savings.
- For every dollar invested in Idaho public colleges & universities in FY 2019-20, people in Idaho will receive **\$5.40** in return, for as long as Idaho public colleges & universities' FY 2019-20 students remain active in the state workforce.

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



Average annual return for Idaho public colleges & universities students

16.6%



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

\$4.20



Taxpayers gain in added tax revenue and public sector savings

\$1.80



Society gains in added income and social savings

\$5.40