

The Economic Value of the University of Illinois Chicago



The University of Illinois Chicago (UIC) 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 (FY21) (July 1, 2020 through June 30, 2021).



ECONOMIC IMPACT ANALYSIS

In FY21, UIC added **\$9.4 billion** in income to the Illinois economy, a value approximately equal to **1.1%** of the state's total gross state product (GSP). Expressed in terms of jobs, UIC's impact supported **76,968 jobs**. For perspective, the activities of UIC and its students support **one out of every 97 jobs** in Illinois.

OPERATIONS SPENDING IMPACT

- UIC employed 11,247 full-time and part-time faculty and staff (not including research and hospital employees). Payroll amounted to \$2.3 billion (excluding payroll from research and hospital employees), much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The university spent another \$830.6 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research and hospital expenditures).

- The net impact of the university's operations spending added **\$2.6 billion** in income to the state economy in FY21.

RESEARCH SPENDING IMPACT

- Research activities at UIC impact the state economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in Illinois through inventions, patent applications, and licenses. In FY21, UIC spent \$217.9 million on payroll and \$211.7 million on other expenses to support research activities.
- UIC's research spending generated **\$482.6 million** in added income for the Illinois economy in FY21.

HOSPITAL SPENDING IMPACT

- The University of Illinois Hospital & Health Sciences System (UI Health) would not exist without UIC. The hospital provides a hands-on learning and research environment for students and employs thousands of workers.
- In FY21, UIC spent \$1.3 billion on hospital operations. These expenditures added a net impact of **\$1.6 billion** in added income to the state.

CONSTRUCTION SPENDING IMPACT

- UIC 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 UIC's construction spending in FY21 was **\$99 million** in added income for Illinois.

START-UP COMPANY IMPACT

- UIC creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up companies created as a result of the university.
- In FY21, UIC's start-up companies generated **\$337.7 million** in added income for the Illinois economy.

VISITOR SPENDING IMPACT

- Typically, UIC hosts thousands of out-of-state visitors for on-campus events. UIC, its partners, and affiliations bring national and internationally renowned speakers and entertainers to the state. In addition, UIC attracts visitors for commencement, cultural, and sporting events. It is important to remind the reader of the restrictions imposed by the COVID-19 pandemic and its strong influence on the number of visitors during FY21.
- Visitor spending added approximately **\$61.6 thousand** in income to the Illinois economy.



STUDENT SPENDING IMPACT

- Around 18% of students attending UIC originated from outside the state. Some of these students relocated to Illinois. In addition, some in-state students, referred to as retained students, would have left Illinois for other educational opportunities if not for UIC. 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 FY21 added **\$133.2 million** in income to the Illinois economy.

ALUMNI IMPACT

- Over the years, students have studied at UIC and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in Illinois.
- The net impact of UIC's former students currently employed in the state workforce amounted to **\$4.1 billion** in added income in FY21.

Note

Added income should not be confused with personal income or sales. It is important to bear in mind that much of this sales revenue leaves the state economy through intermediary transactions and costs, whereas income remains in the state and is synonymous to value added or gross state product.



INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- UIC's FY21 students paid a present value of **\$439 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$342.7 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 **\$4.6 billion** in increased earnings over their working lives. This translates to a return of **\$5.90** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **17.1%**.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN UIC



Average annual return for UIC students
17.1%



Stock market 30-year average annual return
10.5%



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

Source: Forbes' S&P 500, 1992-2021. FDIC.gov, 2-2022.

TAXPAYER PERSPECTIVE

- Taxpayers provided UIC with **\$771 million** of funding in FY21. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$1.9 billion**. A reduced demand for government-funded services in Illinois will add another **\$193.1 million** in benefits to taxpayers.
- For every dollar of public money invested in UIC, taxpayers will receive **\$2.70** in return, over the course of students' working lives.

SOCIAL PERSPECTIVE

- In FY21, Illinois invested **\$5.4 billion** to support UIC. In turn, the Illinois economy will grow by **\$18.9 billion**, over the course of students' working lives. Society will also benefit from **\$561.6 million** of public and private sector savings.
- For every dollar invested in UIC in FY21, people in Illinois will receive **\$3.60** in return, for as long as UIC's FY21 students remain active in the state workforce.

For every \$1...



Students gain in lifetime earnings
\$5.90



Taxpayers gain in added tax revenue and public sector savings
\$2.70



Society gains in added income and social savings
\$3.60