Iowa State University of Science and Technology (ISU), as part of fulfilling its land-grant university mission of education, research, and Extension and Outreach for the state of Iowa, 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) 2017-18.

**Economic impact analysis**

In FY 2017-18, ISU added **$3.4 billion** in income to the Iowa economy, a value approximately equal to **1.8%** of the state’s total gross state product (GSP). Expressed in terms of jobs, ISU’s impact supported **42,640 jobs**. For perspective, the activities of ISU and its students support **one out of every 49 jobs** in Iowa.

**OPERATIONS SPENDING IMPACT**

- ISU employed 7,210 full-time and part-time faculty and staff (excluding research activities). Payroll for these employees amounted to $573.9 million,\(^1\) much of which was spent in the state for household and living expenses, including groceries, mortgage and rent payments, and dining out. The university spent another $204.4 million on day-to-day expenses related to facilities, supplies, and professional services (excluding construction and research expenditures).

- The net impact of the university’s operations spending added **$658.9 million** in income to the state economy in FY 2017-18.

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\(^1\) Includes royalty payments to inventors related to ISU that still live in Iowa.
CONSTRUCTION SPENDING IMPACT

- ISU commissioned contractors to build or renovate its facilities, generating a short-term infusion of spending and jobs in the state economy.

- The net impact of ISU’s construction spending in FY 2017-18 was $39.4 million in added income for Iowa.

RESEARCH SPENDING IMPACT

- Research activities at ISU are closely integrated with student education and delivery of science-based Extension and Outreach. They also 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 2017-18, ISU spent $180.9 million on payroll and $180.4 million on other expenses to support research activities.

- ISU’s research spending generated $310.2 million in added income for the Iowa economy in FY 2017-18.

VALUE OF EXTENSION AND OUTREACH

- ISU Extension and Outreach strengthens communities and their local economies by enhancing leadership structures, broadening engagement, teaching best practices, and providing hands-on assistance. Across the state, ISU has 100 extension offices and specialists on and off campus.

- ISU Extension and Outreach helped 9,084 companies and 1,290 organizations across the state. In addition, they helped 15,794 Iowa farmers. With that said, even though the quantitative impact of these activities is not measured, the value that Extension and Outreach provides on a daily basis for state and local communities is significant and should be acknowledged.

ECONOMIC DEVELOPMENT IMPACT

- ISU 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 ISU.

- In FY 2017-18, ISU’s start-up and spin-off companies generated $422.2 million in added income for the Iowa economy.2

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2 To maintain an acceptable level of data reliability, this impact is limited to those companies that were created in the last five years. It is therefore conservative. This impact includes the positive effect ISU’s Small Business Development Center and businesses assisted through the Center for Industrial Research and Service (CIRAS) have on Iowa.

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* This table excludes the positive impacts of ISU Extension, Outreach, and volunteer activities.
VISITOR SPENDING IMPACT

- Out-of-state visitors attracted to Iowa for activities at ISU brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other state businesses.
- Visitor spending added approximately $17.4 million in income to the Iowa economy.

VALUE OF VOLUNTEERISM

- Beyond positively impacting the state through the activities occurring at the university, ISU also directly impacts the state economy through its facilitation and support of student and employee volunteer activities.
- Annually, more than 21,000 student and employee volunteers supported non-profit organizations and causes across the state. These students volunteered more than 650,000 hours of their time. Their volunteer activities added $15.2 million in value for the state and local communities. The impact of volunteerism is not measured in this analysis; however, the value volunteers offer to Iowa’s communities should not be overlooked.
- Included in the hours above are the volunteer hours of ISU Extension and Outreach, which coordinates two large volunteer programs that benefit the state. In FY 2017-18, 6,967 adult volunteers worked directly with youth and estimated spending 57 hours per year supporting the 4-H program. From that estimate, ISU’s direct volunteers gave 398,840 in hours to the 4-H program valued at $9.3 million for the state and local communities. Master Gardener volunteers are organized in 81 counties across the state and provide value by answering homeowner yard and garden questions, conducting community beautification projects, and growing fresh fruits and vegetables for local food pantries. In FY 2017-18, 1,938 Master Gardeners recorded 114,224 volunteer hours in Iowa for a value of $2.7 million to the state.

STUDENT SPENDING IMPACT

- Around 46% of ISU students earning credit originated from outside the state. Some of these students relocated to Iowa. In addition, some in-state students would have left Iowa for other educational opportunities if not for ISU. 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 2017-18 added $89.1 million in income to the Iowa economy.

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3. Due to data unavailability, the volunteer activities of faculty and staff are not considered in this analysis, meaning the value for ISU volunteerism is understated. In addition, FY 2015-16 volunteer data is used as a proxy for FY 2017-18 since the survey collecting volunteer information is only administered by ISU every three years.

4. Value per volunteer hour per state provided by Independent Sector. See https://independentsector.org/resource/voht_details/.
ALUMNI IMPACT

- Over the years, students who have studied at ISU have entered or re-entered the workforce with newly-acquired knowledge and skills. Today, tens of thousands of these former students are employed in Iowa.

- The net impact of ISU’s former students currently employed in the state workforce amounted to $1.8 billion in added income in FY 2017-18.

### Investment analysis

#### STUDENT PERSPECTIVE

- ISU’s FY 2017-18 students paid a present value of $386.8 million to cover the cost of tuition, fees, supplies, and interest on student loans. They also gave up $380.7 million in money that they would have earned had they been working instead of attending college.

- In return for their investment, students will receive $2.9 billion in increased earnings over their working lives. This translates to a return of $3.80 in higher future earnings for every dollar students invest in their education. Students’ average annual rate of return is 14.2%.

#### TAXPAYER PERSPECTIVE

- Taxpayers provided ISU with $285.7 million of funding in FY 2017-18. In return, they will benefit from added tax revenue, stemming from students’ higher lifetime earnings and increased business output, amounting to $652.9 million. A reduced demand for government-funded services in Iowa will add another $100 million in benefits to taxpayers.

- For every dollar of public money invested in ISU, taxpayers will receive $2.60 in return, over the course of students’ working lives. The average annual rate of return for taxpayers is 6.8%.

#### SOCIAL PERSPECTIVE

- In FY 2017-18, Iowa invested $1.7 billion to support ISU. In turn, the Iowa economy will grow by $7.6 billion, over the course of students’ working lives. Society will also benefit from $280.6 million of public and private sector savings.

- For every dollar invested in ISU in FY 2017-18, people in Iowa will receive $4.50 in return, for as long as ISU’s FY 2017-18 students remain active in the state workforce.

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**Students gain**

$3.80 in lifetime earnings

**Taxpayers gain**

$2.60 in added tax revenue and public sector savings

**Society gains**

$4.50 in added income and social savings

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For every $1…

- Students see a high rate of return for their investment in ISU

- Taxpayers see a moderate rate of return in added tax revenue and public sector savings

- Society sees a substantial rate of return in added income and social savings

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Average annual return for ISU’s students

Stock market 30-year average annual return

Interest earned on savings account (National Rate Cap)