

The Economic Value of Aurora University to Illinois

Aurora University (AU) creates a significant positive impact on the business community and generates a return on investment to its major stakeholder groups—students and society—along with substantial benefits to taxpayers. 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) 2022-23.

Economic impact analysis

In FY 2022-23, AU added **\$1.3 billion** in income to the Illinois economy. Expressed in terms of jobs, AU's impact supported **17,215 jobs**.

Operations spending impact

- AU employed 889 full-time and part-time faculty and staff. Payroll amounted to \$47.7 million, much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The university spent another \$37.4 million on its expenses related to facilities, supplies, and professional services.
- The net impact of the university's operations spending added **\$45.2 million** in income to the state economy in FY 2022-23.

Student spending impact

- Approximately 13% of students attending AU 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 AU. 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 2022-23 added **\$4.8 million** in income to the Illinois economy.



Impacts created by
AU in FY 2022-23



Operations spending impact
\$45.2 million

+



Student spending impact
\$4.8 million

+



Alumni impact
\$1.2 billion



Total economic impact
\$1.3 billion

OR



Jobs supported
17,215

Alumni impact

- Over the years, students have studied at AU 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 AU's former students currently employed in the state workforce amounted to **\$1.2 billion** in added income in FY 2022-23.

Investment analysis

Student perspective

- AU's FY 2022-23 students paid a present value of **\$88.6 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent a value of **\$82.4 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 **\$795.5 million** in increased earnings over their working lives. This translates to a return of **\$4.70** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **20.2%**.

Taxpayer perspective

- AU is a private university and receives very little state government funding, yet Illinois taxpayers still receive a substantial amount of benefits from the university. They will benefit from added tax revenue stemming from students' higher lifetime earnings and increased business output, amounting to **\$281.8 million**. A reduced demand for government-funded services in Illinois will add another **\$68.6 million** in benefits to taxpayers.
- In total, Illinois taxpayers will receive **\$350.4 million** in present value benefits—the present value sum of the added tax revenue and public sector savings over the course of AU students' careers.

Social perspective

- In FY 2022-23, AU and its students invested **\$182.5 million** in higher education. This includes the university's expenditures, student expenses, and student opportunity costs, which together represent social costs. In turn, the Illinois economy will grow by **\$2.7 billion**, over the course of students' working lives. Society will also benefit from **\$312.8 million** of public and private sector savings.
- For every dollar invested in AU in FY 2022-23, people in Illinois will receive **\$16.70** in return, for as long as AU's FY 2022-23 students remain active in the state workforce.

Students see a high rate of return for their investment in AU



Average annual return for AU students
20.2%



Stock market 30-year average annual return
10.1%



Interest earned on savings account (national deposit rate)
0.5%

Source: Forbes' S&P 500, 1994-2023; FDIC.gov, March 2023

For every \$1...



Students gain in lifetime earnings
\$4.70



Society gains in added income and social savings
\$16.70

In total...



Taxpayers gain in added tax revenue and public sector savings
\$350.4 million

