



INDIANA UNIVERSITY

SCHOOL OF MEDICINE

The Economic Value of Indiana University School of Medicine

FACT SHEET



This study represents an additional key component of the 2020 university-wide economic impact analysis of Indiana University performed by Emsi Burning Glass. While the economic impact of IU School of Medicine was reflected in the aggregate of the overall results reported in the IU study, this study module focuses exclusively on IU School of Medicine to effectively attribute the school's specific economic impact.

Indiana University and the daily lives of Hoosiers are inextricably intertwined. Through economic engagement activities, IU connects the university's intellectual and creative resources with strategic opportunities that not only align educational programs with the health care workforce needs of the state, but also provide a foundation to foster continued economic growth.

Specifically, IU School of Medicine's impact on Indiana can be felt widely and tangibly across each of its 92 counties. Through the scope of its activities, IU School of Medicine vastly benefits Indiana by educating health care professionals, improving health by preventing and treating disease, enhancing policymaking, developing sustainable infrastructure, and promoting economic growth. IU School of Medicine researchers also develop scientific and technological advancements that drive improved health care. In terms of direct contributions



IU SCHOOL OF MEDICINE
CAMPUS LOCATIONS (INDIANA)

to economic growth, IU School of Medicine purchases a considerable amount of goods and services from businesses across the state while also employing residents in nearly every county, each of whom contribute directly to the state tax base.

A national leader in medical research and education, IU School of Medicine has more than 60 academic departments and specialty divisions across nine campuses statewide. With strong clinical partnerships with Indiana's most advanced hospitals and physician networks and robust research funding from the National Institutes of Health and other prominent external funding sources, IU School of Medicine is continuously advancing its mission to prepare the next generation of healers.

IU School of Medicine faculty physicians provide the highest quality care to patients throughout Indiana and to those who travel from afar to access the school's diverse expertise. The school is closely aligned with Indiana University Health, the state's largest and most comprehensive health care system with 16 hospitals across Indiana, including IU Health Methodist Hospital, University Hospital, and Riley Hospital for Children at IU Health. This unique partnership enables IU School of Medicine's faculty physicians to seamlessly integrate research findings into patient care and to offer promising clinical research studies to patients close to home. IU Health's statewide footprint also allows IU School of Medicine to influence the delivery of care outside the traditional academic health center and to provide the most advanced therapies to patients in community hospitals throughout Indiana. Through economic engagement activities, IU School of Medicine connects its research and educational mission with strategic opportunities that not only align with the healthcare and workforce needs of the state, but also provide a foundation to foster continued economic growth.

Additionally, IU School of Medicine supports creation of new jobs and prepares a workforce ready to fill them. Research indicates that a well-educated workforce corresponds with improved health, lower rates of mortality, and lower overall rates of crime and poverty. A degree from IU School of Medicine provides its graduates with the capacity to increase lifetime earning potential and to achieve upward social mobility. IU School of Medicine alumni contribute greatly to the state in serving their local communities as doctors, health professionals, medical researchers, policymakers, and more.

IU School of Medicine directly contributes to the state's economic growth by purchasing a considerable amount of goods and services from Indiana businesses, while also employing residents who contribute directly to the state's tax base. The physicians and doctorally prepared researchers who graduate from IU School of Medicine contribute significantly to the state, helping to ensure access to high-quality health care and advancing patient care and treatments through robust research programs.



This study measures the economic impact created by IU School of Medicine on the state business community and the benefits the medical school generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. As in the overall IU study, all results reflect employee, student, and financial data provided by IU School of Medicine for fiscal year (FY) 2018-19 (July 1, 2018 – June 30, 2019).



Economic impact analysis

In FY 2018-19, IU School of Medicine added **\$2.2 billion** in income to the Indiana economy, a value approximately equal to **0.6%** of the state’s total gross state product (GSP). Expressed in terms of jobs, IU School of Medicine’s impact supported **34,370 jobs**. For perspective, the activities of IU School of Medicine and its students support **one out of every 116 jobs in Indiana**.

OPERATIONS SPENDING IMPACT

- IU School of Medicine employed 4,516 full-time and part-time faculty and staff (excluding research employees). Payroll amounted to \$318.5 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 medical school spent another \$358.5 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).
- The net impact of the medical school’s operations spending added **\$582.1 million** in income to the state economy in FY 2018-19.

RESEARCH SPENDING IMPACT

- IU School of Medicine provides educational leadership and health care innovation to Hoosier communities. Research activities impact the economy by employing people and requiring the purchase of equipment and other supplies and services. They also facilitate new knowledge creation in Indiana through inventions, patent applications, and licenses. In FY 2018-19, IU School of Medicine spent \$142.6 million on payroll and \$296 million on other expenses to support research activities.
- IU School of Medicine’s research spending generated **\$359.1 million** in added income for the Indiana economy in FY 2018-19.

CONSTRUCTION SPENDING IMPACT

- IU School of Medicine invests in its facilities to enhance its teaching and research capacities and meet the evolving emphases of health and medical education in the 21st century. While the amount varies from year to year, this annual construction activity has a substantial impact on the state economy.



\$582.1 million
Operations Spending Impact



\$359.1 million
Research Spending Impact



\$2.3 million
Construction Spending Impact



\$17.1 million
Start-up Company Impact



\$13.6 million
Student Spending Impact



\$1.2 billion
Alumni Impact



\$2.2 billion
TOTAL IMPACT

- OR -

34,370
JOBS SUPPORTED

- The net impact of IU School of Medicine's construction spending in FY 2018-19 was **\$2.3 million** in added income for Indiana.

START-UP COMPANY IMPACT

- IU School of Medicine creates an exceptional environment that fosters innovation and entrepreneurship, evidenced by its cutting edge start-up companies.
- In FY 2018-19, IU School of Medicine's start-up companies generated **\$17.1 million** in added income for the Indiana economy.

STUDENT SPENDING IMPACT

- As one of the largest medical schools in the nation with an acclaimed medical educational curriculum that reflects the modern U.S. health care environment and delivery models, IU School of Medicine attracts students from across the United States. In FY 2018-19, approximately more than a quarter of the students attending IU School of Medicine came from outside the state. It's likely these students would not have come to Indiana if the medical school did not exist. In addition, in-state students desiring a medical degree would have left Indiana, if the medical school was not located here. While attending the medical school, these relocated and retained students spent money on lodging, food, transportation, and household and personal expenses.
- The expenditures of relocated and retained students in FY 2018-19 added **\$13.6 million** in income to the Indiana economy.

ALUMNI IMPACT

- Thousands of physicians who received education and clinical training at IU School of Medicine are employed in Indiana. IU School of Medicine graduates receive higher earnings and contribute to the health care organizations that employ them.
- The net impact of IU School of Medicine's former students currently employed in the state workforce amounted to **\$1.2 billion** in added income in FY 2018-19.



Investment analysis

STUDENT PERSPECTIVE

- IU School of Medicine's FY 2018-19 students paid for tuition, fees, supplies, and interest on student loans. In choosing a graduate medical education, students decided to forego income they would have earned had they not pursued an advanced degree. Summing these direct outlays, opportunity costs, and future student loan costs yields a total of \$160.0 million in present value student costs.

- In return for their investment, students will receive a cumulative present value of **\$1.4 billion** in increased earnings over their working lives. This translates to a return of **\$8.90** in higher future earnings for every dollar students invest in their education. **For every \$10,000 students invest in their education at IU School of Medicine, they will receive \$89,000 in return** in the form of higher future earnings. Students' average annual rate of return is **29.5%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided IU School of Medicine with **\$119.1 million** of funding in FY 2018-19. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$271.6 million**. A reduced demand for government-funded services in Indiana will add another **\$18 million** in benefits to taxpayers.
- For every dollar of public money invested in IU School of Medicine, taxpayers will receive **\$2.40** in return, over the course of students' working lives. To state this another way, **for every \$10,000 invested by taxpayers, they will receive \$24,000 in return**. The average annual rate of return for taxpayers is **10.3%**.

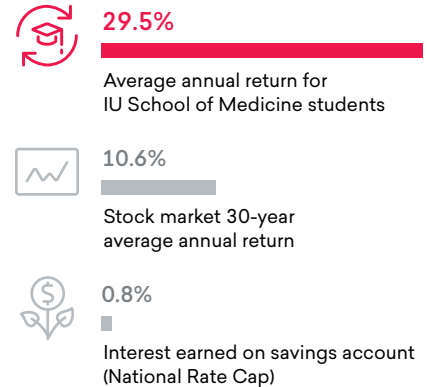
SOCIAL PERSPECTIVE

- In FY 2018-19, Indiana invested **\$1.3 billion** to support IU School of Medicine. In turn, the Indiana economy will grow by **\$3.6 billion**, over the course of students' working lives. Society will also benefit from **\$82 million** of public and private sector savings.
- For every dollar invested in IU School of Medicine in FY 2018-19, people in Indiana will receive **\$3.00** in return, for as long as IU School of Medicine's FY 2018-19 students remain active in the state workforce. Put differently, **for every \$10,000 society invests in IU School of Medicine, Indiana will see \$30,000 in benefits** over the students' working lives.

Conclusion

IU School of Medicine drives the success of Indiana businesses, health care providers, and health systems. The medical school enriches the lives of students, supports state and local taxpayers, and advances society in the state of Indiana by creating a more prosperous economy. This study demonstrates that IU School of Medicine increases the economic activity in the state, the earnings of its students, and the tax revenues received by the state. The medical school fills the state's talent pipeline with physicians who in turn provide high-quality health care to the people of Indiana and beyond. The alumni of IU School of Medicine strengthen the state through impactful economic and societal contributions.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN IU SCHOOL OF MEDICINE



Source: Forbes' S&P 500, 1989-2018. FDIC.gov, 6-2019.



FOR EVERY \$1...

