

# The Economic Value of Ivy Tech Community College





**I VY TECH COMMUNITY COLLEGE** (Ivy Tech or College) adds value across Indiana by serving Hoosiers as students, businesses, taxpayers, and neighbors. The College plays a key role in helping students increase their employability and achieve their individual potential. The College retains students in the state, generating new dollars and opportunities for Indiana. Ivy Tech provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, Ivy Tech is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

Ivy Tech influences both the lives of its students and the state economy. The College supports a variety of industries in Indiana, serves businesses in the state, and benefits society as a whole in Indiana from an expanded economy and improved quality of life. Additionally, the benefits created by Ivy Tech extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by Ivy Tech on the business community and the benefits the College generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

 **Economic impact analysis**

 **Investment analysis**

All results reflect employee, student, and financial data, provided by the College, for fiscal year (FY) 2024-25. Impacts on the Indiana economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in Indiana are reported under the investment analysis. When exploring the economic value of Ivy Tech, we consider the following hypothetical question: *How would economic activity change in Indiana if Ivy Tech did not exist in FY 2024-25?* Each of the economic impacts and returns on investment should be interpreted according to this hypothetical question.



The State of Indiana

Ivy Tech influences both the **lives of its students** and the **state economy**.



# Economic impact analysis

Ivy Tech promotes economic growth in Indiana through its direct expenditures and the resulting expenditures of students and businesses in the state. The College serves as an employer and buyer of goods and services for its day-to-day and construction operations. The College's activities retain students in Indiana, whose expenditures benefit state vendors. In addition, Ivy Tech is one of the primary sources of higher education to Indiana residents and a supplier of trained workers to state industries, enhancing overall productivity in the state workforce.

## Operations spending impact



Ivy Tech adds economic value to Indiana as an employer of state residents and a large-scale buyer of goods and services.

In FY 2024-25, the College employed 8,874 full-time and part-time faculty and staff, 94% of whom lived in Indiana. Total payroll at Ivy Tech was \$400.5 million, much of which was spent in the state on groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the College spent \$253.0 million on expenses related to facilities, supplies, and professional services (excluding construction).

Ivy Tech's operations spending added **\$406.4 million** in income to the state during the analysis year. This figure represents the College's payroll, the multiplier effects generated by the in-state spending of the College and its employees, and a downward adjustment to account for funding that the College received from state sources. The \$406.4 million in added income is equivalent to supporting **8,727 jobs** in the state.<sup>1</sup>

## Construction spending impact



Ivy Tech invests in capital projects each year to maintain its facilities, create additional capacities, and meet its growing educational demands. While the amount varies from year to year, these quick infusions of income and jobs have a substantial impact on the state economy. In FY 2024-25, Ivy Tech's construction spending generated **\$11.9 million** in added income for the state, which is equivalent to supporting **105 jobs**.

Impacts created by  
Ivy Tech in FY 2024-25



Operations spending impact

**\$406.4 million**

+



Construction spending impact

**\$11.9 million**

+



Student spending impact

**\$136.0 million**

+



Alumni impact

**\$4.3 billion**



Total economic impact

**\$4.8 billion**

OR



Jobs supported

**63,313**

<sup>1</sup> Using the jobs-to-sales ratios specific to each industry impacted in the state.



## Student spending impact



If not for Ivy Tech, potentially thousands of in-state students, referred to as retained students, would have left Indiana for educational opportunities. While attending the College, these retained students contributed to the state's economy through groceries, accommodation, transportation, and other household expenses. This spending generated **\$136.0 million** in added income for the state economy in FY 2024-25, which supported **2,223 jobs** in Indiana.

## Alumni impact



The education and training Ivy Tech provides for state residents has the greatest impact found in the added human capital of its alumni. Since the establishment of the College, students have studied at Ivy Tech and entered the state workforce with greater knowledge and new skills. Today, hundreds of thousands of former Ivy Tech students are employed in Indiana. As a result of their education from Ivy Tech, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2024-25, Ivy Tech alumni contributed **\$4.3 billion** in added income to the state economy, which is equivalent to supporting **52,258 jobs**.

## Total impact

Ivy Tech added **\$4.8 billion** in income to the Indiana economy during the analysis year, equal to the sum of the operations and construction spending impacts, the student spending impact, and the alumni impact. For context, the \$4.8 billion impact was equal to approximately **1.1%** of the total gross state product (GSP) of Indiana.

Ivy Tech's total impact can also be expressed in terms of jobs supported. The \$4.8 billion impact supported **63,313 state jobs**. This also means that one out of every 67 jobs in Indiana is supported by the activities of Ivy Tech and its students.

In addition, the \$4.8 billion, or 63,313 supported jobs, stemmed from different industry sectors. For instance, the spending of Ivy Tech and its students and the employment of its alumni in the Health Care & Social Assistance industry sector supported 13,538 jobs in FY 2024-25. If the College did not exist, these impacts would not have been generated in Indiana.

### Ivy Tech impacts by industry (jobs supported)



13,538

Health Care & Social Assistance



7,178

Retail Trade



4,367

Other Services (except Public Admin)



3,089

Construction



3,081

Manufacturing

**One out of every 67 jobs** in Indiana is supported by the activities of Ivy Tech and its students.



# Investment analysis



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates Ivy Tech as an investment from the perspectives of students, taxpayers, and society in Indiana. As with the economic impact analysis, this analysis considers only FY 2024-25 activities.

## Student perspective

In FY 2024-25, Ivy Tech served 119,829 students.<sup>2</sup> In order to attend the College, the students paid for tuition, fees, books, and supplies. Some also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by Ivy Tech's students in FY 2024-25 amounted to a present value of \$492.5 million, equal to \$207.1 million in out-of-pocket expenses (including future principal and interest on student loans) and \$285.4 million in forgone time and money.

In return for their investment, Ivy Tech's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average Ivy Tech associate degree graduate from FY 2024-25 will see annual earnings that are \$11,800 higher than a person with a high school diploma or equivalent working in Indiana, as seen in the figure below. Over a working lifetime, the benefits of an associate degree over a high school diploma will amount to an undiscounted value of \$472,000 in higher earnings per graduate. The present value<sup>3</sup> of the cumulative higher future earnings that Ivy Tech's students enrolled in FY 2024-25 will receive over their working careers is \$2.4 billion.

### Students see a high rate of return for their investment in Ivy Tech



Average annual return for Ivy Tech students  
**17.4%**



Stock market 30-year average annual return  
10.9%



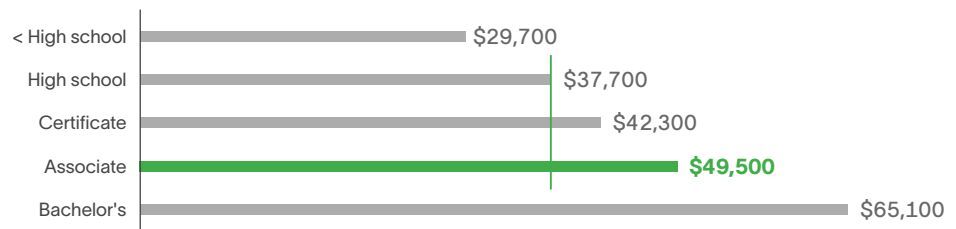
Interest earned on savings account (national deposit rate)  
0.5%

Source: Forbes' S&P 500, 1994-2025; FDIC.gov, January 2024

For every dollar students invest in Ivy Tech in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of **\$4.90** in higher future earnings.

### Average earnings by education level at career midpoint

The average associate degree graduate from Ivy Tech will see an increase in earnings of **\$11,800** each year compared to a person with a high school diploma or equivalent working in Indiana.



Source: Lightcast employment data

<sup>2</sup> Dual-credit-courses taught by high school teachers are excluded from the analysis.

<sup>3</sup> Present value accounts for the time value of money, or the preference for a dollar today over a dollar in the future, by applying a discount rate.

The students' benefit-cost ratio is 4.9. In other words, for every dollar students invest in Ivy Tech in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$4.90 in higher future earnings. Annually, the students' investment in Ivy Tech has an average annual internal rate of return of 17.4%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.9%.

## Taxpayer perspective



Ivy Tech generates more in tax revenue than it receives. These benefits to taxpayers consist primarily of taxes that the state and local government will collect from the added revenue created in the state. As a result of their time at Ivy Tech, students earn more because of the skills they learned while attending the College, and businesses earn more because student skills make capital more productive (buildings, machinery, and everything else). This in turn raises profits and other business property income. By the end of the FY 2024-25 students' working lives, the state and local government will have collected a present value of \$631.7 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of Ivy Tech students and the corresponding reduced government services. Education is statistically associated with a variety of lifestyle changes that generate social savings, also known as external or incidental benefits of education. These represent the avoided costs to the government that otherwise would have been drawn from public resources absent the education provided by Ivy Tech. The education that Ivy Tech students receive will generate savings in three main categories: 1) health care, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, costs related to the justice system will decrease. Ivy Tech students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the College for a copy of the main report. Altogether, the present value of the benefits associated with an education from Ivy Tech will generate \$52.7 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$684.4 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$394.0 million, equal to the amount of state and local government funding Ivy Tech received in FY 2024-25. These benefits and costs yield a benefit-cost ratio of 1.7, which means Ivy Tech is a good public investment since the taxes from Ivy Tech student higher earnings and reduced government expenditures not only recover taxpayer costs but also grow the Indiana tax base. The average annual internal rate of return for taxpayers is 4.1%, which means that Ivy Tech not only pays its own way but also generates a surplus that the state and local government can use to fund other programs.

## Social perspective



Society as a whole in Indiana benefits from the presence of Ivy Tech in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output (added business income), which raise economic prosperity in Indiana.

For every dollar of public money invested in Ivy Tech, taxpayers will receive a cumulative value of **\$1.70** over the course of the students' working lives.



Benefits to society also consist of the savings generated by the improved lifestyles of Ivy Tech students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Health care savings include avoided medical costs associated with smoking, obesity, substance abuse, and depression. Justice system savings include avoided costs to the government and society due to less judicial activity. Income assistance savings include reduced welfare and unemployment claims. For a list of study references, contact the College for a copy of the main report.

Altogether, the social benefits of Ivy Tech equal a present value of \$9.3 billion. These benefits include \$6.1 billion in added student income, \$2.5 billion in added business income, \$554.2 million in added income from college activities, as well as \$176.9 million in social savings related to health, the justice system, and income assistance in Indiana. People in Indiana invested a present value total of \$1.0 billion in Ivy Tech in FY 2024-25. The cost includes all the College and student costs.

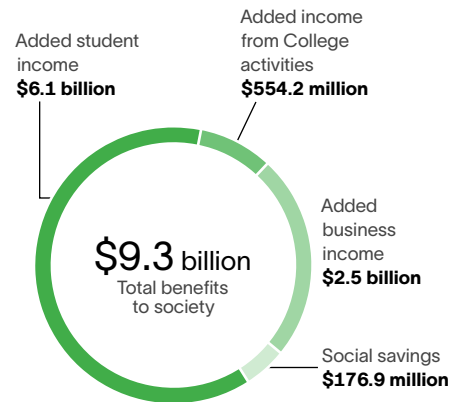
The benefit-cost ratio for society is 9.0, equal to the \$9.3 billion in benefits divided by the \$1.0 billion in costs. In other words, for every dollar invested in Ivy Tech, people in Indiana will receive a cumulative value of \$9.00 in benefits. The benefits of this investment will occur for as long as Ivy Tech's FY 2024-25 students remain employed in the state workforce.

### Summary of investment analysis results

The results of the analysis demonstrate that Ivy Tech is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an education from Ivy Tech. At the same time, taxpayers' investment in Ivy Tech returns more to government budgets than it costs and creates a wide range of social benefits throughout Indiana.




For every dollar invested in Ivy Tech, people in Indiana will receive a cumulative value of **\$9.00** in benefits.

Social benefits in Indiana from Ivy Tech



Source: Lightcast impact model

### Summary of investment analysis results

 <b>Student perspective</b>		 <b>Taxpayer perspective</b>		 <b>Social perspective</b>	
Present value benefits	<b>\$2.4 billion</b>	Present value benefits	<b>\$684.4 million</b>	Present value benefits	<b>\$9.3 billion</b>
Present value costs	<b>\$0.5 billion</b>	Present value costs	<b>\$394.0 million</b>	Present value costs	<b>\$1.0 billion</b>
Net present value	<b>\$1.9 billion</b>	Net present value	<b>\$290.5 million</b>	Net present value	<b>\$8.3 billion</b>
Benefit-cost ratio	<b>4.9</b>	Benefit-cost ratio	<b>1.7</b>	Benefit-cost ratio	<b>9.0</b>
Rate of return	<b>17.4%</b>	Rate of return	<b>4.1%</b>	Rate of return	<b>n/a*</b>

\* The rate of return is not reported for the social perspective because the beneficiaries are not necessarily the same as the original investors.

# Conclusion

*The results of this study demonstrate that Ivy Tech creates value from **multiple perspectives**.*

The College benefits businesses in the state by increasing consumer spending in the state and supplying a steady flow of qualified, trained workers to the workforce. Ivy Tech enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The College benefits state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, Ivy Tech benefits society as a whole in Indiana by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.

## About the study

Data and assumptions used in the study are based on several sources, including the FY 2024-25 academic and financial reports from Ivy Tech, industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau, outputs of Lightcast's Multi-Regional Social Accounting Matrix model, and a variety of studies and surveys relating education to social behavior. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact the College for a copy of the main report.



Lightcast provides colleges and universities with labor market data that help create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and résumés. Hundreds of institutions use Lightcast to align programs with regional needs, drive enrollment, connect students with in-demand careers, track their alumni's employment outcomes, and demonstrate their institution's economic impact on their region. Visit [lightcast.io/solutions/education](https://lightcast.io/solutions/education) to learn more or connect with us.