



IVY TECH
COMMUNITY COLLEGE

Clarification Document

FEBRUARY 2026

The Economic Value of Ivy Tech Community College

Economic Impact Analysis Clarifications

Q: How do we know that students would have left if not for Ivy Tech?

A: While we do not know the exact number of students who would have left the state to attend college elsewhere if not for Ivy Tech, we know some would have moved outside the state. We therefore apply an assumption that 10% of your in-state students are retained within the state due to Ivy Tech's existence. This makes the student spending impact more conservative and, therefore, defensible. Given 10% is an assumption, we provide a sensitivity analysis of this assumption in Appendix 1 of the main report.

Q: What is added income for the state?

A: The added income impact focuses on the change in income in the state because of the College's spending and that of its employees, students, and alumni and the associated ripple effects. It excludes money that leaked out of the state economy to out-of-state suppliers and excludes intermediary transactions. Added income is also synonymous with gross regional product.

Another way to think about added income is to take a basic example of a baker's production of a loaf of bread. The baker buys the ingredients such as eggs, flour, and yeast for \$2.00. He uses capital such as a mixer to combine the ingredients and an oven to bake the bread and convert it into a final product. Overhead costs for these steps are \$1.00. Total intermediary costs are \$3.00. The baker then sells the loaf of bread for \$5.00.

The sales amount of the loaf of bread is \$5.00. The income from the loaf of bread is equal to the sales amount (\$5.00) less the intermediary costs (\$3.00), or \$2.00.

Q: How do you determine the number of jobs supported?

A: The jobs supported impact is a measure of the number of full- and part-time jobs that would be required to support the change in income.

Investment Analysis Clarifications

Q: How do our students come to a cumulative value of \$2.4 billion in increased earnings?

A: First, we determine your students' average annual increase in earnings. Given our data source, this is representative of their increase in earnings at the midpoint of their careers. We then predict the change in earnings across your students' working lifetimes until they reach retirement age. We do this using a Mincer function, which shows earnings trajectories that gradually increase from the time students enter the workforce, peak shortly after their career midpoint, and then dampen slightly as they approach retirement age. We use income scalars from the Mincer function applied to the midpoint earnings to calculate students' increase in earnings each year of their working life. This all sums to \$2.4 billion. More information on how we come to the average annual increase in earnings, and how the Mincer calculation applies to your students' earnings stream, can be found in both the Student Perspective in Chapter 4 and Appendix 6 of the main report.

Q: Does the benefit-cost ratio to students, taxpayers, and society occur every year or only once at students' retirement?

A: Technically speaking, neither. The benefits in the benefit-cost ratio accrue every year of the students' working lives. Another way to state the benefit-cost ratio that may be more meaningful is for every \$1 million taxpayers invest in Ivy Tech, they can expect to receive \$1.7 million in benefits throughout your student's working lifetimes.

Q: What is the difference between the taxpayer costs and the costs to Indiana used in the social perspective?

A: The social costs include all expenditures of Ivy Tech and all student expenditures, such as out-of-pocket expenses and forgone earnings. The taxpayer costs, on the other hand, only include state and local appropriations, grants, and contracts, including capital appropriations.

Q: How does the benefit-cost ratio for the social perspective differ from that of the taxpayer perspective?

A: The benefit-cost ratio between the social and taxpayer perspectives includes a different set of costs, as mentioned in the previous question.

In terms of benefits, the taxpayer perspective includes only benefits that can be tied back to state and local government in Indiana – namely increased tax revenues, as well as public sector savings from literature tying higher levels of education to reduced unemployment, crime, and so on which means less public money will need to be spent on those social programs. The social perspective, on the other hand, looks at benefits to society as a whole in Indiana, including students, government, and private citizens. This is measured through an increase in the economic base in Indiana (such as added student and business income) and social savings (similar to public sector savings in the taxpayer perspective but also includes savings to private citizens).

Q: Where do we find the amount of local taxpayer funding Ivy Tech received?

A: All of Ivy Tech’s revenues were reported to Lightcast by Ivy Tech. The categories reported included the amount Ivy Tech received in terms of local appropriations, grants, and contracts (\$17.2 million), state appropriations, grants, and contracts (\$368.1 million), and other capital appropriations (\$8.7 million). Since Ivy Tech did receive some local appropriations, grants, and contracts, we make references to both “state and local funding” throughout the reporting.

Q: Is it true that employers earn more due to the students’ improved skills?

While attending Ivy Tech, students gain experience, education, and the knowledge, skills, and abilities that increase their productivity and allow them to command a higher wage once they enter the workforce. But the reward of increased productivity does not stop there. Talented professionals make capital more productive too (e.g., buildings, production facilities, equipment). This in turn raises profits and other business property income. Together, increases in labor and non-labor (i.e., capital) income are considered the effect of a skilled workforce.