

IWU Impact

Measuring the Economic and Civic Contributions of Indiana Wesleyan University to Grant County



KELLEY SCHOOL OF BUSINESS

INDIANA UNIVERSITY

Indiana Business Research Center

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October 2016

Prepared for

Indiana Wesleyan University

By

Indiana Business Research Center,
Kelley School of Business, Indiana University

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Contact Information

For more information about this report, contact the Indiana Business Research Center at (812) 855-5507 or email ibrc@iupui.edu.

Executive Summary

Indiana Wesleyan University (IWU) has offered high-quality higher education from its main campus in Marion, Indiana, since 1920. As a leading Christian university, IWU attracts more than 3,000 students from around the country, as well as from several foreign countries, to Grant County each year. These students are drawn to the university by approximately 70 undergraduate fields of study and several graduate programs.

Indiana Wesleyan's impact on Marion and Grant County extends beyond its core mission of providing quality educational opportunities, however. IWU's budget, along with spending of students and visitors creates a significant impact for the local economy. In fact, with nearly 1,200 employees, IWU stands as Grant County's second-largest employer. Furthermore, the university's service-minded students and staff provide the community with an army of dedicated volunteers who are also generous in their charitable giving.

This study will provide comprehensive yet conservative estimates of Indiana Wesleyan University's economic and civic impacts in Grant County. The first section of the report details the many ways in which the university helps to drive Grant County's economy, while the second section assesses the degree to which IWU's students and staff help to build their community through volunteer work and charitable contributions.

Key Findings

- In addition to a staff of approximately 1,180 employees at IWU's Marion campus, the university's budget and the local spending of students and visitors combined to support an additional 390 jobs in Grant County in 2015. Combining these two figures brings IWU's total employment impact in the county to 1,570 jobs. These 390 additional jobs earned a total of \$13.1 million in income.
- IWU's employment multiplier (i.e., the ratio of the university's direct employment to its total jobs impact) of 1.33 indicates that every 100 jobs at Indiana Wesleyan supports an additional 33 jobs at other businesses in Grant County.
- All IWU-related activities led to \$48.1 million in direct spending in Grant County in 2015. The ripple effects from this spending generated \$24.2 million in additional economic activity—measured in terms of gross domestic product (GDP)—in Grant County. This brings the university's full economic impact locally to \$72.3 million. The multiplier effect of this spending was 1.50, meaning that every dollar spent by IWU or by its students and visitors led to another \$0.50 in economic activity in Grant County.
- According to a survey of IWU students, 71 percent of respondents stated that they had volunteered for organizations in Grant County, with an average of 67 hours of service each during the 2015 academic year. Extrapolating the survey results to the entire student body indicates 2,190 students volunteered in the community for a total of 146,040 hours. In all, IWU students volunteered for more than 80 different organizations or programs in the county.
- Fifty-six percent of IWU faculty and staff also reported volunteering in the community for an average of 135 service hours apiece over the last year. These survey results translate into 650 volunteers in the community from among IWU staff for a total 87,900 hours in 2015.
- Seventy-one percent of IWU faculty and staff also reported that they made charitable contributions to organizations or causes in Grant County in 2015, with nearly one-third of the staff donating more than \$2,000 to charity. All told, IWU staff donated to more than 100 organizations or causes last year.

IWU's Economic Impact

As an institution with more than 3,000 students and nearly 1,200 employees, it certainly comes as no surprise that Indiana Wesleyan University (IWU) plays a significant role in the Grant County economy. Though most residents of the area understand this fact, never before has the community been presented with a comprehensive estimate of IWU's economic contribution to Grant County. This section of the IWU impact report will outline each of the ways that the university spurs economic activity in Grant County and measure the extent to which other businesses and workers in the area benefit from university-related spending.

IWU has partnered with the Indiana Business Research Center (IBRC) at Indiana University's Kelley School of Business to perform this analysis and prepare the accompanying report. To conduct this study, IWU and its third-party service providers supplied the research team with detailed information on their operating expenditures and payrolls during the 2015 academic year. To help ensure that the analysis is as accurate as possible, IWU and its partners indicated which expenditures went to vendors located in Grant County, as opposed to suppliers from elsewhere, and limited the payroll amounts to only those employees residing in Grant County. This fine-grained accounting helped to ensure that the research team did not unintentionally inflate any of the estimates by including spending that occurred outside of Grant County.

In addition to the economic effects of the university's operating budget, the spending of students and IWU-related visitors also has a significant economic impact in Grant County. To estimate the effects of these activities, the research team surveyed IWU students, faculty and staff to learn about their spending patterns in the local area and details on the visitors they brought to town over the last year. These surveys also yielded information of the civic contributions of IWU students and staff, which will be discussed in detail later in the report. The research team distributed surveys in late April and early May of 2016 and received 240 responses from students (good for a 6.1 percent margin of error) and 675 staff responses (2.5 percent margin of error).

The research team relied on the widely used IMPLAN economic modeling system to estimate the ripple effects in Grant County of the university's operating expenses and the spending of students and visitors. The IMPLAN tool draws from a variety of secondary data sources to create a detailed economic model that is specific to Grant County. This model provides reliable estimates of how IWU-related spending cascades throughout the local economy.

In the following tables, the spending that originates with the university or its students and visitors is labeled as "direct spending" and the ripple effects of this spending are listed as "additional impacts." These ripple effects include both the indirect effects and the induced effects of IWU-related spending. Indirect effects cover the economic activity generated in IWU's supply chain. For example, when the university purchases office supplies or services from local utility providers, these purchases create additional jobs and economic activity at these establishments (as well as with their own suppliers). Induced effects, meanwhile, are a measure of the impacts of household spending by IWU's staff and students, as well as the household spending of workers who are a part of IWU's supply chain. This covers the spending in Grant County at places like grocery stores and restaurants, health care providers, clothing stores, gas stations, etc. that IWU's activities support. The tables below include IWU's impact in Grant County in terms of additional jobs, the income related to those jobs, and the additional economic activity—or GDP—generated at local businesses (GDP measures the sales totals for local businesses after subtracting the costs of their material inputs).

Impact of IWU's Operating Expenses

Any discussion of IWU's economic impact starts with the university's roughly \$200 million operating budget. This spending covers a wide range of expenses such as payroll, dining services, utilities, office supplies, capital expenditures, etc. For this analysis, the research team separated IWU's budget into three components: the purchase of goods and services from Grant County-based vendors, the household spending of IWU employees who live in Grant County, and the visitor-like spending of IWU employees who work at the Marion campus but who live outside of Grant County.

In terms of spurring additional economic activity in Grant County, the university's payroll generates the largest local impact. IWU employs roughly 1,180 faculty and staff, with 770 of these workers residing in Grant County in 2015. These 770 workers had a combined compensation of nearly \$33.9 million, which translates into significant household spending in the local area.

While roughly 400 IWU employees live outside of Grant County, these workers still generate economic activity in the study area when they spend money as part of their commute to and from the Marion campus. The faculty and staff survey asked respondents who lived outside of Grant County to estimate how much money they spent in the county each week at establishments like restaurants, grocery stores, gas stations, daycare centers, etc. The 178 survey respondents who lived outside the county indicated that they spent \$106 per week in the study area. When we extrapolate this figure to all out-of-county workers over the academic year, we have an estimate of nearly \$2.1 million in additional spending in Grant County by these workers.

The final piece of this portion of the analysis is the university's spending on goods and services. While IWU's budget for these items is sizeable, much of this spending is considered an economic "leakage" for the purposes of this study because many of the university's vendors are located outside of Grant County; therefore, it does not generate any economic impact in the study area. According to IWU's records, the university paid roughly \$4.4 million to Grant County-based suppliers in 2015.

Adding these three pieces together amounts to an estimated \$40.4 million in direct spending in Grant County as a result of IWU's annual operating budget. As **Table 1** outlines, this spending supports an estimated 280 additional jobs in Grant County, which are worth an estimated \$10.3 million in additional household income. In terms of spurring economic activity in the area, IWU's 2015 operating budget generated \$19.2 million in additional value added—a measure that is analogous to GDP—for other Grant County businesses. It is important to note that income is a component of GDP; therefore, the values reported in the income column are a subset of the values in the GDP column, not separate impacts.

Table 1: Economic Impacts Resulting from IWU Operating Budget

| | Direct Spending (\$ millions) | Additional Employment Impact | Additional Income Impact (\$ millions) | Additional GDP Impact (\$ millions) |
|----------------------|----------------------------------|---------------------------------|---|--|
| Employee Income | \$36.0 | 240 | \$8.8 | \$15.9 |
| University Purchases | \$4.4 | 40 | \$1.5 | \$3.3 |
| Total | \$40.4 | 280 | \$10.3 | \$19.2 |

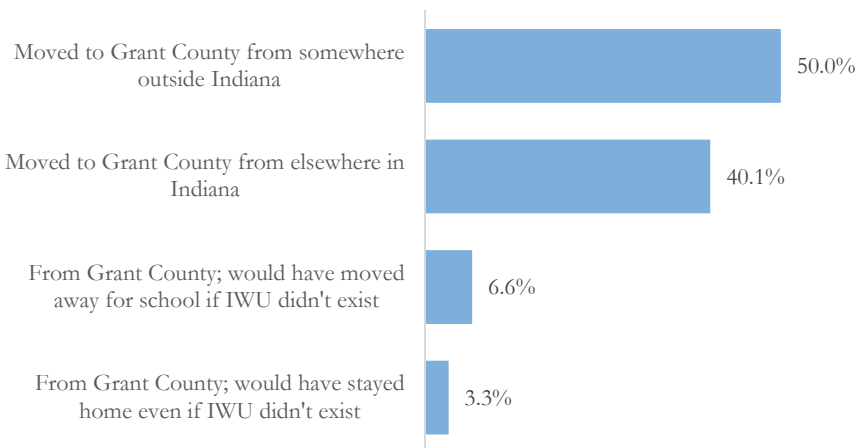
Source: IBRC, using IMPLAN model results

Impact of IWU Student and Visitor Spending

Beyond the university’s operating budget, the local spending of IWU students also has a significant economic impact on Grant County. One key determination in measuring the economic impact of any activity is whether or not the money spent in the study area is “new” money coming into a community from elsewhere or whether it is local money simply changing hands within the community. Only activities that bring new money to a community should be considered to have an economic impact.

As **Figure 1** highlights, nearly 97 percent of IWU students living in Grant County either moved there from somewhere else or was from the county but would have left for school if IWU did not exist. As a result, nearly all student spending can be considered “new” money to the area and an economic impact to Grant County. The research team excluded from this analysis the spending reported by the small share of students who likely would have remained in Grant County if IWU did not exist.

Figure 1: Place of Residence for Students before Attending IWU



Source: IBRC, using survey of IWU students

According to the student survey, IWU students who lived in Grant County spent an average of nearly \$1,870 per year in the area on items, such as restaurant meals, groceries, gasoline and auto maintenance, entertainment and recreation, health care, clothing, etc. With roughly 2,920 students living in the area, that brings the total local spending of Grant County-based students to an estimated \$5.5 million per year.

In addition to those students who live in Grant County, the survey results indicate that about 6 percent of IWU students—or roughly 190 people—live outside the county. As with employees who live elsewhere, these students still generate some economic activity in Grant County when they travel to campus. Out-of-county students indicated that they spend almost \$22 a week in Grant County when they travel in for classes, which extrapolates to an estimated \$113,000 in additional spending in the area from these students.

Not only do students spend money themselves in Grant County, but they, along with IWU staff, also draw visitors to the area—providing another significant shot of economic activity to the area. Based on findings from the student and staff surveys, the research team estimates that IWU-related visitors spent \$2.1 million in Grant County in 2015 at hotels, restaurants, gas stations, etc. Note that in order to avoid inflating the level of

visitor spending, the research team did not include any visitor spending associated with those students or staff who are from Grant County and who said that they would likely still live in the county if IWU did not exist.

This analysis almost certainly understates the amount of visitor spending that IWU generates in the area. This report, for instance, does not include any estimates of the visitor spending that is associated with IWU conferences or sporting events held in Marion. The university reports that approximately 21,000 people attended conferences on campus in 2015 and 10,000 people attended athletic events. Any visitor spending that went directly to the university for goods, such as of concessions, souvenirs or conference meals, should be reflected in the analysis of IWU’s operating budget. However, this analysis does not include any spending that these visitors may have had elsewhere in the community. The research team was not able to collect reliable information on this spending to include in the analysis, but the economic impact of these events would certainly be significant.

As **Table 2** shows, the combined \$7.7 million in annual IWU student and visitor spending supports an estimated 110 jobs and \$2.8 million in employee income at other businesses in Grant County. In terms of economic activity, student and visitor spending generated an estimated \$5 million in additional GDP in the county.

Table 2: Economic Impacts Resulting from Student and Visitor Spending

| | Direct Spending (\$ millions) | Additional Employment Impact | Additional Income Impact (\$ millions) | Additional GDP Impact (\$ millions) |
|------------------|----------------------------------|---------------------------------|---|--|
| Student Spending | \$5.6 | 70 | \$1.9 | \$3.2 |
| Visitor Spending | \$2.1 | 40 | \$0.9 | \$1.8 |
| Total | \$7.7 | 110 | \$2.8 | \$5.0 |

Source: IBRC, using IMPLAN model results

IWU’s Total Economic Impact

All told, through its operating budget and the spending of its students and visitors, Indiana Wesleyan University was responsible for more than \$48 million in direct spending in Grant County in 2015. In addition, IWU employs roughly 1,180 faculty and staff at its Marion campus, making it the second-largest employer in Grant County. These two figures are listed as “IWU’s direct effects” in Grant County in **Table 3**.

As detailed in the previous tables, IWU’s activities generate additional economic and employment impacts in Grant County. For instance, IWU-related spending supported an estimated 390 additional jobs, which when added to its direct employment figure brings IWU’s total employment footprint in Grant County to 1,570 jobs. The employment multiplier offers a useful way to interpret these employment ripple effects. The ratio of total employment effects to direct employment yields a multiplier of 1.33, meaning that each job at IWU translates into more than 0.3 additional jobs at other businesses in Grant County (or, every 100 jobs at IWU supports 33 additional jobs in the county).

As for economic ripple effects, the \$48.1 million in direct spending generated an estimated \$24.2 million in additional economic activity, or GDP, in Grant County, which means the university’s total economic impact in the county totals an estimated \$72.3 million. The multiplier of 1.50 means that every IWU-related dollar spent in the area generates another \$0.50 in economic activity for other businesses in the county. One significant piece of IWU’s economic ripple effects is an estimated \$13.1 million in employee income.

Table 3: Indiana Wesleyan University's Total Economic Impacts in Grant County

| | IWU's Direct Effects | Ripple Effects | Total Effects | Multiplier |
|---------------------------------|----------------------|----------------|---------------|------------|
| Employment | 1,180 | 390 | 1,570 | 1.33 |
| Economic Activity (\$ millions) | \$48.1 | \$24.2 | \$72.3 | 1.50 |
| Household Income | — | \$13.1 | \$13.1 | — |

Source: IBRC, using IMPLAN model results

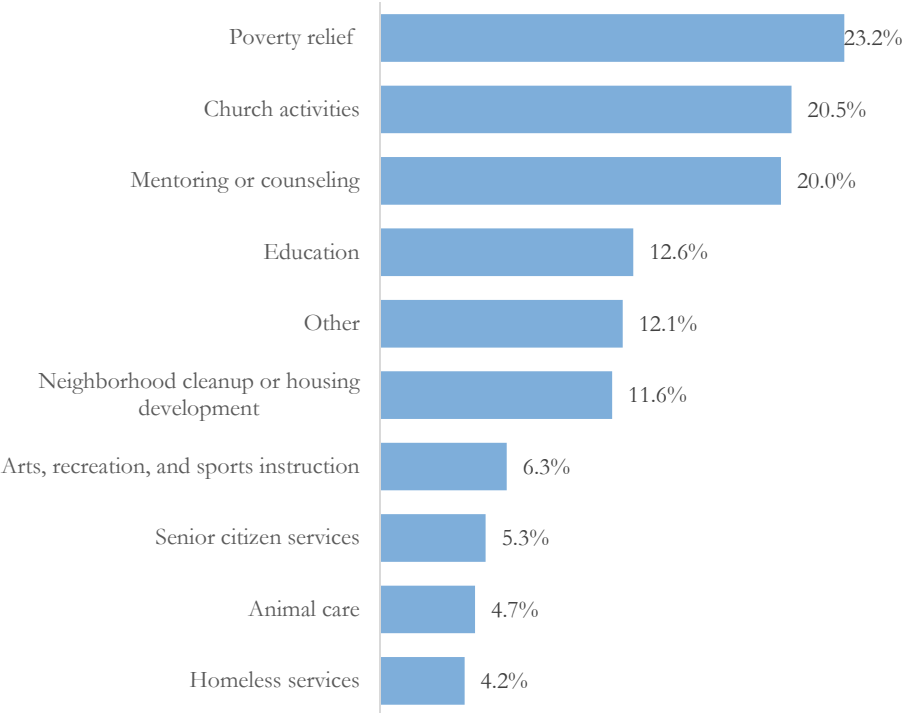
Civic Contributions from Students and Staff

The previous section of this report provides estimates for the many ways that Indiana Wesleyan University boosts the Grant County economy. The full contribution of the university extends well beyond dollars and cents, however, as many IWU students and staff help strengthen the community by providing leadership, volunteer hours and charitable contributions to a wide range of organizations, programs and causes in Grant County. This section of the report will focus on findings from the student and staff surveys that shed light on the civic contributions that IWU students and staff make in Grant County

Student Volunteer Activities

According to the student survey, 71 percent of respondents stated that they had performed volunteer activities in Grant County during the 2015 academic year. As **Figure 2** shows, IWU students dedicated their time to a variety of volunteer activities. Poverty relief was the most common, with nearly one-quarter of all survey respondents working toward this cause. Other common volunteer activities for IWU students include working at local churches, mentoring or counseling, and education.

Figure 2: Share of IWU Students Volunteering in Grant County by Activity



Source: IBRC, using survey of IWU students

IWU student volunteers worked an average of 67 volunteer hours in Grant County during the last academic year. Extrapolating the survey results to the entire IWU student body at the Marion campus, 2,190 students volunteered in the community for a total of more than 146,000 volunteer hours in Grant County last year (see **Table 4**). Students dedicated the largest number of hours to church activities, followed closely by mentoring or counseling services. As referenced earlier, activities related to poverty relief in Grant County drew the largest number of student volunteers, but work toward this cause tended to be done over shorter durations, perhaps around the holidays, while volunteer activities in other areas were often sustained throughout the academic year.

Table 4: IWU Student Volunteer Hours in Grant County by Activity

| | Estimated Number of Volunteers | Estimate of Annual Volunteer Hours |
|---|--------------------------------|------------------------------------|
| Church activities | 640 | 43,790 |
| Mentoring or counseling | 620 | 37,270 |
| Education | 390 | 19,550 |
| Other | 380 | 17,780 |
| Poverty relief | 720 | 11,480 |
| Arts, recreation, and sports instruction | 200 | 6,010 |
| Neighborhood cleanup or housing development | 360 | 3,440 |
| Senior citizen services | 160 | 2,780 |
| Animal care | 150 | 2,000 |
| Homeless services | 130 | 1,940 |
| Total | 2,190* | 146,040 |

*The "total" figure is less than the sum of volunteers in each activity because many students volunteer for multiple activities.
Source: IBRC, using survey of IWU students

The survey also asked students to list the organizations that they volunteered for most often. As one would expect, local churches and schools were among the most common recipients of student volunteer help, as well as St. Martin Community Center, Boys and Girls Club, Center for Success, and Homeland Mission (see **Table 5**). In all, IWU students reported that they volunteered for more than 80 different organizations or programs in Grant County last year.

Table 5: Most Common Recipients of IWU Student Volunteering

| Organization or Program |
|-------------------------------------|
| Local churches (various) |
| St. Martin Community Center |
| Local schools (various) |
| Boys and Girls Club of Grant County |
| Center for Success |
| Homeland Mission |

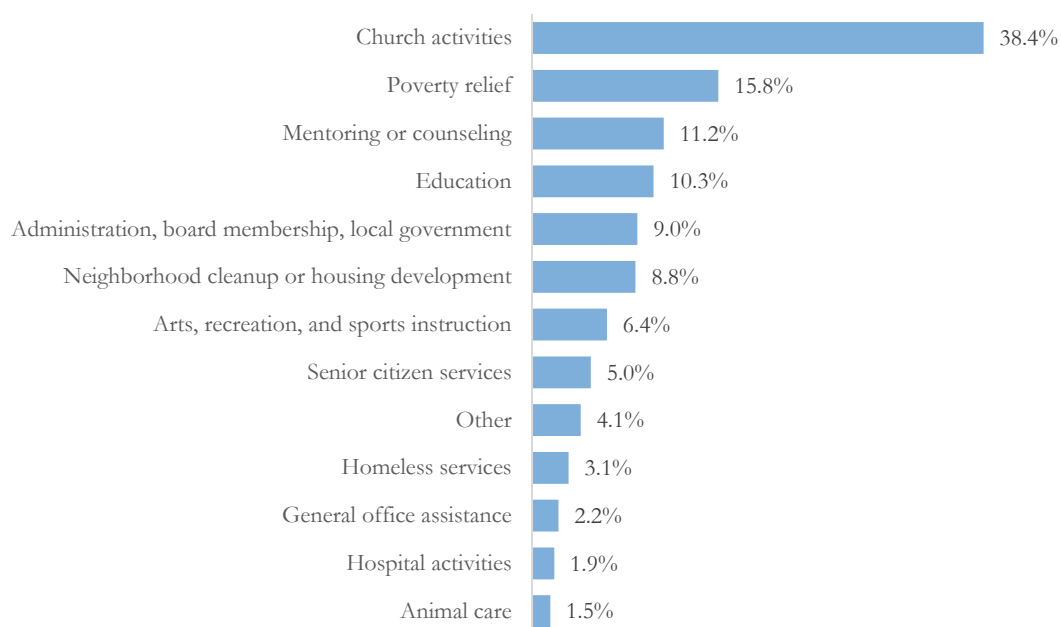
| Organization or Program |
|--|
| Colonial Oaks Health & Rehabilitation Center |
| Animal Care and Control/Humane Society |
| Grant County Rescue Mission |
| Kids Hope USA |
| Veterans Affairs |
| Bridges to Health |
| IWU Outreach |
| Mission Mart |
| Project Leadership |
| Grant County YMCA |

Source: IBRC, using survey of IWU students

Faculty and Staff Volunteer Activities and Charitable Contributions

Indiana Wesleyan’s faculty and staff are also very active in the community. According to the staff survey, 56 percent of IWU employees reported that they volunteer their time for organizations and causes in Grant County. At 38 percent of all respondents, working at a local church was the most common volunteer activity among IWU staff (see **Figure 3**). Other popular volunteer activities included poverty relief, mentoring or counseling, and education.

Figure 3: Share of IWU Faculty and Staff Volunteering in Grant County by Activity



Source: IBRC, using survey of IWU staff

The IWU staff who volunteer averaged 135 hours of service in Grant County over the last year, which equates to roughly 11 hours per month. Extrapolating the survey findings to cover all IWU employees at the Marion campus shows that an estimated 650 staff members volunteered in Grant County during the 2015 academic year for a total of 87,900 hours (see **Table 6**). Service at local churches accounted for nearly half of these total hours, while mentoring or counseling; administration, board membership and government; and arts, recreation and sports instruction also accounted for a significant share of volunteer hours.

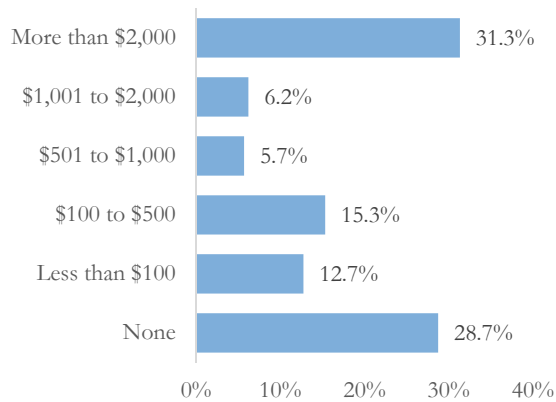
Table 6: IWU Faculty and Staff Volunteer Hours in Grant County by Activity

| | Estimated Number of Volunteers | Estimate of Annual Volunteer Hours |
|--|--------------------------------|------------------------------------|
| Church activities | 450 | 42,540 |
| Mentoring or counseling | 130 | 8,530 |
| Administration, board membership, local government | 110 | 8,290 |
| Arts, recreation, and sports instruction | 70 | 6,670 |
| Poverty relief | 190 | 4,650 |
| Education | 120 | 4,420 |
| Other | 50 | 3,840 |
| Senior citizen services | 60 | 2,680 |
| Neighborhood cleanup or housing development | 100 | 1,850 |
| Animal care | 20 | 1,700 |
| Hospital activities | 20 | 1,210 |
| General office assistance | 30 | 910 |
| Homeless services | 40 | 610 |
| Total | 650* | 87,900 |

*The "total" figure is less than the sum of volunteers in each activity because many staff volunteer for multiple activities.
Source: IBRC, using survey of IWU staff

In addition to being generous with their time, most IWU employees also donated money to organizations and causes in Grant County. According to the staff survey, 71 percent of IWU employees made charitable contributions to organizations or causes in Grant County last year. Nearly one-third of these faculty and staff donated more than \$2,000 to charity, while another 12 percent gave between \$500 and \$2,000 (see **Figure 4**). The generosity of IWU faculty and staff is evident when one considers that the number of employees who donated more than \$2,000 to local charities last year was greater than the number of those who were unable to give at all.

Figure 4: Level of Charitable Contributions in Grant County by IWU Faculty and Staff



Source: IBRC, using survey of IWU staff

According to the survey findings, IWU faculty and staff made charitable contributions to more than 100 organizations or causes in Grant County during the 2015 academic year. Not surprisingly, local churches were the most common recipients of this charitable spending, followed by Indiana Wesleyan University, Grant County Rescue Mission, Goodwill and the United Way of Grant County.

Table 7: Most Common Recipients of IWU Faculty and Staff Charitable Contributions

| Organization or Program |
|---------------------------------|
| Local churches (various) |
| Indiana Wesleyan University |
| Grant County Rescue Mission |
| Goodwill |
| United Way of Grant County |
| Salvation Army |
| St. Martin Community Center |
| Local schools (various) |
| Gilead Ministries |
| World Gospel Missions |
| Cancer Services of Grant County |
| Youth for Christ |
| Bridges to Health |
| Pregnancy Help Center |
| Circles of Grant County |
| Crisis Pregnancy Center |
| Family Services Society |

Source: IBRC, using survey of IWU staff

Conclusion

The importance of Indiana Wesleyan University to Grant County is clear. IWU's purchase of goods and services in the area, along with the spending of its students, staff and visitors, helps to create 390 jobs at other businesses in the area. Add this employment impact to the number of workers employed directly by the university, and IWU is responsible for a total of 1,570 jobs in Grant County. Furthermore, every IWU-related dollar spent in the community generates another \$0.50 in economic activity in the area.

In addition to the many tangible ways that the university helps to drive the local economy, the IWU community provides equally important intangible contributions to the county's well-being through volunteer activities and charitable giving. Students, faculty and staff combined to perform an estimated 234,000 volunteer hours for dozens of local organizations and programs during the 2015 academic year. In addition, nearly three-quarters of IWU's staff made charitable contributions to local groups.

Indiana Wesleyan University's core mission, of course, is to provide its students with a high-quality education that is guided by its Christian values—a goal the university has been pursuing from its Marion campus for nearly a century now. As this report shows, through the course of meeting this mission, IWU also plays a key role in the local economy, and its students and staff help to boost the quality of life in Grant County through extensive volunteer activities and charitable giving. Given this relationship between the university and its surrounding community, the degree to which Indiana Wesleyan University continues to thrive in the future will have important implications for all of Grant County.