



# ECONOMIC IMPACT ANALYSIS

Prepared for Governors State  
University

August 2023

In the following report, Hanover Research (Hanover) analyzes the economic contribution of Governors State University to its local economy of Will, Cook, and Kankakee counties in the state of Illinois. The analysis employs a regional input-output model to estimate the direct, indirect, and induced impact of Governors State University's operations on the local economy.



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# DEMAND-SIDE ANALYSIS

# DEMAND-SIDE OVERVIEW

## OVERVIEW AND KEY FINDINGS

The demand-side analysis estimates the effect of spending by Governors State University (GSU) on the Will, Cook, and Kankakee counties in the state of Illinois. The effect represents both the initial spending by GSU (typically referred to as the direct effect) and the additional economic activity in other areas of the economy triggered by this initial spending (indirect and induced effects).

The overall estimated annual **demand-side economic impact of GSU is about \$120M in FY2022.**<sup>1</sup> GSU's externally funded spending also generated **\$69M in FY2022 in labor income.** As for employment impact, GSU supported approximately **1,078 jobs in FY2022.**

The impact of GSU reflects an **input-output multiplier of 1.77 in FY2022.** In other words, for every dollar of spending by GSU and its students in the area of analysis, there is an *additional* impact of \$0.77 in FY2022 on the local economy, or a total impact \$1.77.

<sup>1</sup> Note that dollar values are reported in 2022 dollars.

## DEMAND-SIDE ECONOMIC IMPACT



**\$120M**

GROSS  
OUTPUT



**\$69M**

LABOR  
INCOME



**1,078**

EMPLOYMENT  
IMPACT

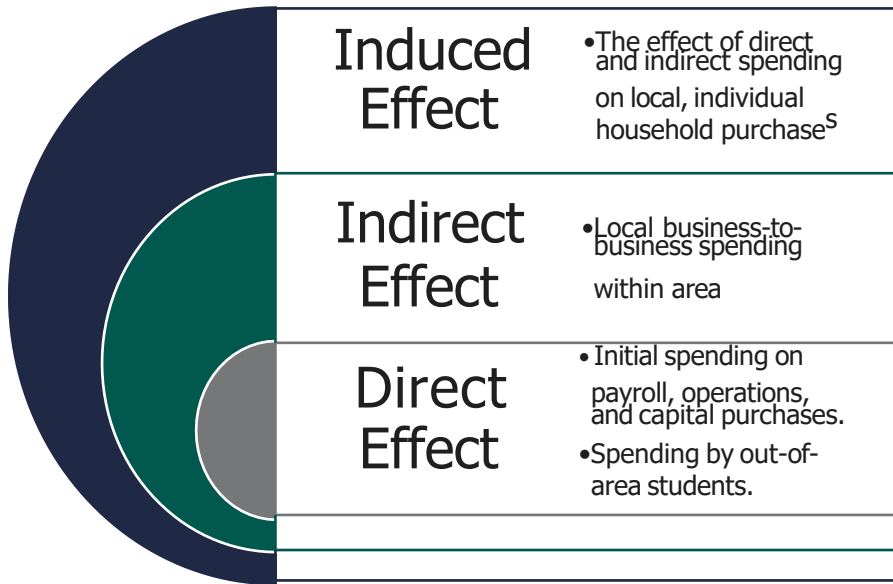
# DEMAND-SIDE OVERVIEW

## OVERVIEW

As part of the demand-side economic impact analysis, Hanover Research analyzes the contributions of GSU to the economy of Will, Cook, and Kankakee counties using an **Input-Output Model** to estimate the **direct**, **indirect**, and **induced** effects on local economy including:

- The impact of GSU's operating and capital spending
- Funding/spending generated from out-of-area sources

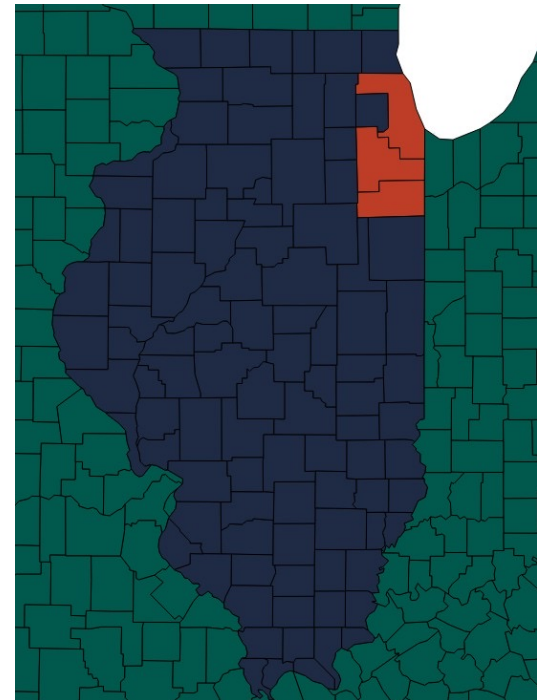
## TYPES OF DEMAND-SIDE ECONOMIC IMPACT



## SCOPE

**AREA OF ANALYSIS:** Will, Cook, and Kankakee counties

**YEAR OF ANALYSIS:** FY2022

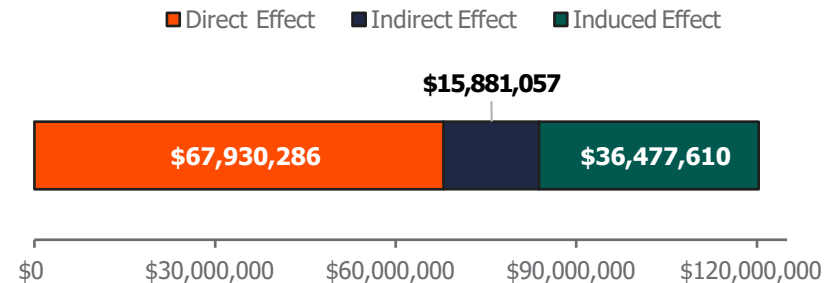


# DEMAND-SIDE: GROSS OUTPUT (FY2022)

In fiscal year 2022, GSU's activities yielded an estimated gross output impact of \$120 million on the local economy. Based exclusively on spending funded by out-of-area dollars, these economic activities would otherwise be unlikely to occur in the area without GSU.

- The **direct effect** of GSU's operation that was funded by external dollars was \$68 million, which includes operating expenditures and capital expenses of \$60 million and \$0.9 million, respectively, as well as out-of-area student off-campus spending of \$6.6 million.
- Taken together, this externally-funded operating, capital, and student spending triggered additional **indirect business-to-business spending of \$16 million** and **induced household spending of \$36 million** in the area of analysis. Therefore, the direct output effect of GSU's operating, capital, and student spending generated an estimated \$52,358,667 in additional economic activity among businesses and households in Will, Cook, and Kankakee counties.

## Gross Output \$120,288,953



### Breakdown of \$68 Million Direct Effect:

- \$60,468,773 Operating Expenditure
- \$890,180 Capital Expenditure
- \$6,571,332 Student Spending

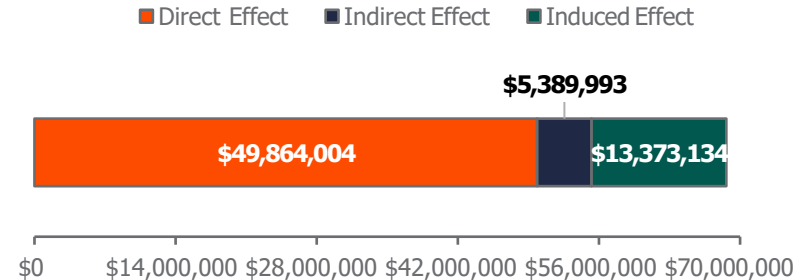
# DEMAND-SIDE: LABOR INCOME & EMPLOYMENT IMPACT (FY2022)

Representing a key subset of growth output, GSU's externally funded operating, capital, and student spending generated an estimated \$69 million in labor income. This includes salaries, wages, and benefits earned by employees and business owners throughout the local economy.

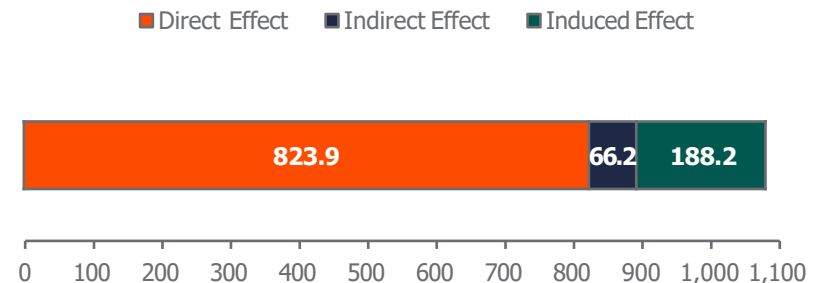
- This labor income value includes a **direct effect of \$50 million**, coupled with **\$5.4 million in indirect effects**, and **\$13 million in induced effects**. Therefore, GSU generated an estimated \$18,763,126 in additional labor income among households and businesses in the area of analysis.

In terms of employment impact, GSU's externally funded operating, capital, and student spending supported an estimated 1,078.3 jobs throughout the local economy during the 2022 fiscal year. This figure comprises 823.9 jobs supported by direct spending from GSU and its out-of-area students, as well as 66.2 jobs supported by business-to-business (indirect) spending and 188.2 jobs supported by household (induced) spending.

## Labor Income \$68,627,130



## Employment Impact 1,078.3





# SUPPLY-SIDE ANALYSIS



# SUPPLY-SIDE OVERVIEW

Hanover Research's Supply-Side Economic Impact Analysis is organized into three main components:

- **Academic Impact** analyzes the impact of Governors State University's academic programs on Cook, Will, and Kankakee Counties, including snapshots of student enrollment, academic rankings, and the alignment between degree offerings and employment demand
- **Alumni Impact** evaluates the impact Governors State University alumni have on the community, including estimated additional earnings as a result of receiving their degree
- **Community Engagement and Impact** evaluates the impact of Governors State University's programs and events on the Cook, Will, and Kankakee County communities

Quantifiable contributions include 4,358 students enrolled in 2022; and an estimated **\$31 million** in additional annual income earned by graduates remaining in the local area.

Governors State University students, staff, and alumni also contribute to the community via the Center for Performing Arts' initiatives and events, community service both in the local area and beyond, and workforce development via the School of Extended Learning.

## SIGNIFICANT SUPPLY-SIDE ECONOMIC CONTRIBUTIONS



**4,358 enrollments in 2022**



**Ranked #26 Regionally in Social Mobility**  
*by U.S. News and World Report*



**Estimated additional graduate income of**  
**\$30,788,464 in 2022**



**46% of students do not pay out-of-pocket**

# CONTRIBUTION TO LOCAL HIGH-DEMAND FIELDS

## REGIONAL WORKFORCE CONTRIBUTIONS

A Chmura Economics & Analytics analysis of 2022-2032 occupational employment trends for the GSU service area identifies more than 100 occupations in which the projected number of job vacancies is likely to exceed the region's available workforce, and which align with a degree field offered by GSU. For example, experts expect that there will be 321 more software development positions in the three-county service area than workers qualified to fill those roles every year over the next decade.

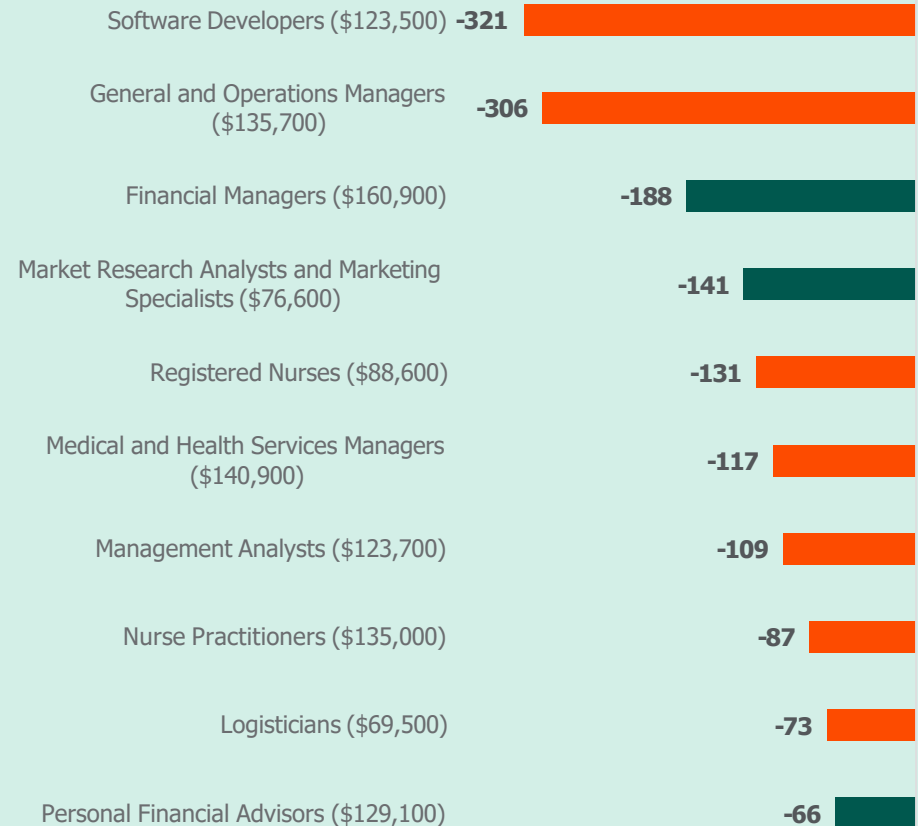
GSU's contribution to the local economy is highlighted by its academic programs aligning with seven of the top 10 occupations with predicted regional worker shortages. Many of these positions are in healthcare, business, and technology roles. Access to talent is becoming an acute economic problem in the wake of the COVID-19 pandemic. GSU's contributions to the local workforce will help the region remain economically competitive and attractive to employers in the coming years.

### METHODOLOGY NOTE

Hanover matched high-demand occupations with GSU programs by evaluating the GSU program lists and degree conferrals data. Hanover also consulted the current Bureau of Labor Statistics and National Center for Educational Statistics [Crosswalk](#), which links programs of study to occupations.

## AREA OCCUPATIONS WITH PROJECTED WORKFORCE SHORTFALLS

The graph below shows the projected annual average occupational employment gaps for associate or above-level occupations in the three-county GSU service area. Occupations shown in orange align with at least one GSU program.



# ECONOMIC “VALUE ADDED” ANALYSIS

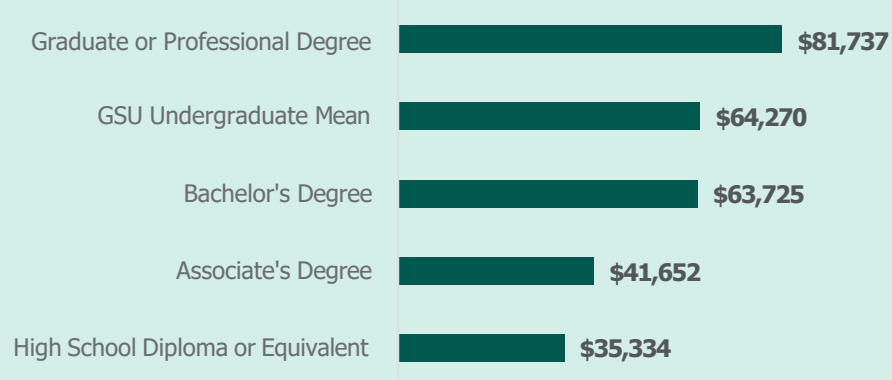
**Governors State University makes a significant economic contribution via increased economic mobility and earnings power for graduates.** The [Bureau of Labor Statistics](#) finds that average income for a worker over 25 increases with each educational credential earned; the highest salaries are awarded to workers with a doctoral or professional degree. Additionally, unemployment rates decrease with each credential earned.

**Hanover conducts a regional “value added” analysis, intended to provide a broad illustration of the potential monetary value graduates of Governors State University programs receive via increased earnings.** To estimate this value, Hanover cross-referenced GSU’s number of graduates and average graduate earnings in 2022 with the differences between median income for individuals holding bachelor’s or graduate degrees and those completing the prior level of educational attainment. To estimate the number of graduates within the region, Hanover weighted conferrals by the percentage of alumni remaining within 50 miles of the institution according to GSU’s [2022 annual report](#). Hanover uses data provided by Governors State University for this analysis. This analysis makes several assumptions:

- Assumes all in-area graduates earn at least the alumni survey mean or state median for that degree level.
- Does not account for variations by degree type or specialization.
- Does not account for variations based on age or experience level.

## ANNUAL EARNINGS BY LEVEL OF EDUCATIONAL ATTAINMENT, ILLINOIS

*Based on undergraduate earnings data provided by GSU and average wage data by educational attainment level reported by the U.S. Census Bureau. GSU graduate mean annual earnings not provided.*



## SALARY PREMIUM BY LEVEL OF EDUCATIONAL ATTAINMENT FOR ILLINOIS WORKERS

Educational Attainment	Premium
GSU Bachelor’s Degree*	\$28,936 (over HS Diploma)
	\$22,618 (over Associate)
Graduate or Professional Degree**	\$17,467 (over GSU Undergrad)

\*Source: GSU undergraduate wages based on survey of GSU undergraduate alumni

\*\*Source: Median wages by educational attainment from [US Census Bureau](#); GSU graduate wages unavailable.



# ECONOMIC “VALUE ADDED” ANALYSIS

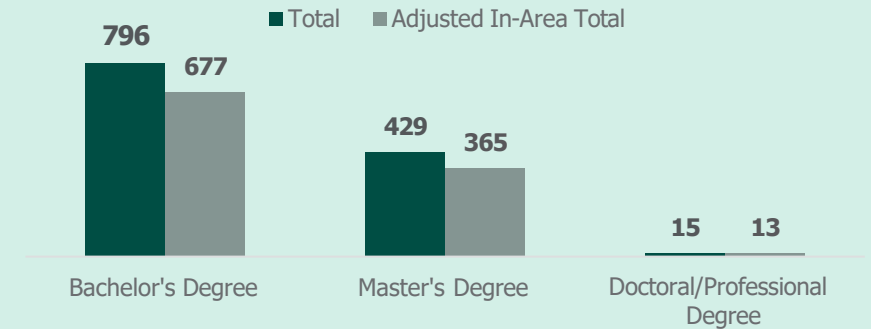
**Governors State University reported 1,240 total degree conferrals in 2021.** Of these, 796 were bachelor’s degrees and 444 were graduate or professional degrees. Based on 2022 enrollment, approximately four percent of bachelor’s students entered with an associate’s degree, so Hanover estimates a separate value-added amount based on the differential between associate and bachelor’s degrees. A total of seven graduate certificates were conferred, but these are excluded due to the lack of salary data associated with graduates of certificate programs.

**Based on “value-added” analysis, Governors State University’s 2021 graduates represent approximately \$29,641,852 in additional annual income, approximately \$25.2 million of which remained in the immediate area.** This additional income benefits the graduates themselves, but also increases potential spending within the local economy and increased tax revenue.

**A total of 38,266 GSU alumni reside in Cook, Kankakee, and Will Counties.** If each of these alum earn at least the mean bachelor’s degree salary, the earnings differential for all alumni may potentially be in the range of \$1,107,271,481. However, this does not account for additional graduate-level education among these alumni or career progression. As such, Hanover relies primarily on the earnings premium among recent graduates.

## DEGREE CONFERRALS FROM GOVERNORS STATE UNIVERSITY, 2021

Total GSU conferrals and adjusted in-area total GSU conferrals, or number of conferrals by percentage of in-area alumni.



Source: IPEDS

## ESTIMATED ANNUAL EARNINGS PREMIUM FOR GSU GRADUATES IN THE REGION, 2021

Degree Level	Estimated Differential per Graduate	Estimated Total Additional Annual Earnings (Year Grads)*	Estimated Total Additional Annual Earnings (In-Area Grads)**
Bachelor's	\$28,936	\$21,886,580	\$18,603,593
Bachelor's from Associate	\$22,618	\$896,257	\$761,819
Graduate	\$17,467	\$7,755,273	\$6,591,982
Total	\$46,403	\$29,641,852	\$25,195,574

\*Total GSU conferrals times the premium differential.

\*\*Adjusted in-area total GSU conferrals times the premium differential.





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