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Media Contact: Tony Gilbert
Phone: (717) 232-8649 x232
Email: Gilbert@AICUP.org

AMERICAN INNOVATOR: NEW STUDY SEEKS TO REVEAL THE ROBUST ECONOMIC IMPACT OF PENNSYLVANIA'S INDEPENDENT NONPROFIT HIGHER EDUCATION

- ***August Start Date for AICUP's 2025 Economic Impact Report***
- ***\$24 Billion Annual Economic Impact Rivals Some Countries' GDP***
- ***1 in 10 American Nobel Winners Affiliated with AICUP Schools***
- ***Education & Research Innovation Shown to Move the Curve on Economic Possibility, Prosperity in the Keystone State***

(Harrisburg, PA) – Few people pause to ponder how local colleges influence their daily experience. That's why the nonprofit Association of Independent Colleges and Universities of Pennsylvania (AICUP) announced today that starting in August it is spearheading new research for its next Economic Impact Report, which is due to be published in spring 2025. The large undertaking, last done in 2019, aims to show impartial and empirical demonstrations of the economic impact of Pennsylvania's 85 independent nonprofit colleges and universities. These schools have already proven to provide a robust and profound impact on the region's economy, even catalyzing a beneficial multiplier effect through research, innovation, training, and job creation.

Modern life is shaped by the innovations and economic impact of Pennsylvania's independent nonprofit colleges and universities. The WiFi and computer code that you may be using right now to read this sentence, the hashtags used on social media (#) to spotlight this story online, the CAPTCHA used to log in to the news site, logo and brand designs you scroll past online, awe-inspiring multibillion-pixel images used by Google and NASA, and countless other innovations and inventions were all conceived at one of Pennsylvania's independent centers of higher learning.¹ Plus, there's the buzzing economic energy that employs your neighbor and sustains the shop down the street, a cumulative and cascading ripple effect that adds more than \$24 billion annually to the state economy, rivaling the GDP of some countries.

"We look forward to seeing the updated data for the 2025 AICUP Economic Impact Report," said Thomas P. Foley, AICUP's President. "As both a former PA Secretary of Labor and Industry and a PA college president, I know from previous experience that the independent nonprofit colleges and universities of Pennsylvania produce amazing work every day that benefits all Pennsylvanians. Now, with this report, we can share with the rest of the world concrete examples of the work of this economic powerhouse."

The 2025 AICUP Economic Impact Report will seek to address the independent higher ed sector's: **Scale, Ability to Attract Talent** (a "talent magnet" boosting PA's "*Brain Gain*" while other states face a "*Brain Drain*"), Role as a **Community Anchor, Economic Impact**, and **Return on Investment (R.O.I.)**. Data supplied in this press release, from 2019 to 2024, offer a **preview of what's to come**.

Methodology and Purpose: Previous editions of the AICUP Economic Impact Report offered fresh insights and perspectives on the unique contributions of member colleges. Reports are used by multiple organizations and have even been cited by prestigious think tanks, such as the Brookings Institution.² The last comprehensive AICUP Economic Impact Report, published in 2019, relied on impartial third-party analysts to cull and glean economic data for the final 32-page report. The 2025 report will update these metrics with new data and research provided by open-access government sources.

Scale

Many will be surprised by the scale and scope of PA's independent nonprofit higher ed sector. AICUP includes:

- **85** independent nonprofit colleges and universities
- Schools located throughout Pennsylvania, including in **rural and urban** enclaves
- Schools that are **diverse** in mission, character, size, and program offerings
- **52% of all four-year degree-seeking students** in Pennsylvania
- More than **275,000 students** who learn here annually
- **Over 20,000 out-of-state** first-year students inspired to study in Pennsylvania each year
- **44,000 new workers** added to the PA economy each year, filling critical needs
- Nearly **200,000 jobs** supported and sustained in Pennsylvania
- **1 in 32 jobs** in PA that are supported by member schools
- **\$24 Billion** in combined annual economic impact (at last measure in 2019)
- **\$1 in \$31** in the PA economy contributed or sustained by member schools.³

The \$24 billion annual economic impact of the AICUP schools is significant, a figure that even rivals the GDP of some countries. If the combined 85 AICUP schools were a country, its GDP would outrank nearly half of the world's economies (approximately 117th place out of 188 total surveyed).⁴

AICUP schools are among PA's **top employers** and rival other major industries in sheer size and economic contribution (and several AICUP schools are *the* top employers in their county). **Higher education is the 5th largest industry in Pennsylvania** (and AICUP schools represent more than half of that sector), according to an independent analysis by the PA Chamber of Business and Industry in spring 2024.⁵

Magnet for Talent

Brain Gain

While many US states are facing a "brain drain" when talented, well-educated residents move to other states, Pennsylvania has a net "brain gain." According to a 2024 study published in Newsweek, PA is ranked in the top 8 states with net gains of people who have moved into the state who also hold a college degree, seeing a **51% gain** in that demographic just in 2023.⁶

2nd Highest Number of Out-of-State Students

Pennsylvania is also the **2nd highest** net "importer" of college students in the US,⁷ attracting both out-of-state and international students who want to study here. AICUP schools lead the sector in attracting out-of-state students to PA, enrolling over **20,000** out-of-state first-year students each year – that's 2 in 3 of the total 30,000 first-year out-of-staters who study in PA. 1 in 6 of AICUP's out-of-state first-year students **stay** after graduation to start their careers and make PA their home. An even greater number of out-of-state *graduate* students are attracted to PA each year to study at an AICUP school.

Why Do Students Choose Pennsylvania?

More than **275,000** students choose Pennsylvania's independent nonprofit colleges and universities each year because these schools offer an education unrivaled in quality and access. The 85 AICUP member schools offer something for everyone, as they are **diverse** in their mission and scope. They include the secular and religious, small and large campuses, rural and urban settings, and offer just about every program you can imagine, from the liberal arts and STEM to aviation and medicine.

Nobel-Wealth Link

More than **1 out of 10 American Nobel Prize winners are affiliated with an AICUP school.**⁸ The reason that's significant and beneficial for all Pennsylvanians is because there is a noted correlation between a region's aggregate number of Nobel Prize winners and its capacity to create wealth. While the Nobel Prize is *only one of many possible* indicators for achievement, it is nonetheless a significant metric to gauge the recognized talent and innovation in a given ecosystem.⁹ This is one factor in what's known as a "**knowledge spillover**," defined as "knowledge externalities bounded in space, which allow companies operating nearby important knowledge sources to introduce innovations at a faster rate than rival firms located elsewhere." For example, consider the fact that America, which represents only 4% of the world population, also represents 27% of the world economy (top GDP at \$29 trillion);⁴ next consider the fact that although America only represents 4% of the world population, it also represents 45% of all Nobel Prize winners (409 American Nobel winners out of 919 total in the world).¹⁰ Another example can be found in the San Francisco Bay Area and Silicon Valley, home to the world's most highly valued companies and a disproportionately large share of global wealth, and also home to a disproportionately large share of Nobel laureates at its regional universities.

Likewise, AICUP colleges and universities attract top talent and even Nobel winners to Pennsylvania, which in turn can have significant spillovers for the regional economy. 66 of the 409 American laureates awarded since the inception of the Nobel Prize were or are affiliated with an AICUP member school⁸ (that's 16%, an outsized proportion considering that Pennsylvania's population of 13 million is less than 4% of the US population of 334 million).

Generating Wealth

"Which College Produces the Most Billionaires?" was the title of a 2018 survey and infographic by the media platform Visual Capitalist.¹¹ It may be a surprise to many that neither Stanford nor Harvard held the top spot, but rather, it's one university in Pennsylvania, credited with minting 19 billionaire alumni.

Community Anchor

These schools are truly "community anchors," meaning that each of the 85 independent nonprofit colleges and universities of Pennsylvania is a vital economic resource and often a top employer in their region. AICUP member schools are the **top employers** in 3 counties, among the top 10 employers in 14 counties, and among the top 25 employers in 20 counties.¹² These schools are even generational employers, embedded in their communities for an average of **138 years** (some AICUP schools were even founded before the signing of the American Declaration of Independence).

Nearly **200,000 jobs** are supported and sustained in Pennsylvania thanks to AICUP schools, employing faculty, staff, and indirectly supporting local businesses and vendors.¹³ AICUP schools draw visitors to campus for meetings, conferences, performances, athletic events, and festivals, and these events catalyze spending and attract visitors to local communities.

These schools are pillars in their communities, contributing more than **\$1.1 billion annually in local and state taxes**.¹⁴ Neighbors rely on that tax revenue to help pay for roads, K-12 schools, libraries, social services, and other vital infrastructure. AICUP schools are also leaders in “town and gown” initiatives that revitalize downtowns, contribute to charitable endeavors, and spur innovation centers.

Outside research dollars are pulled into local communities thanks to these schools. From 2020 through June 2024, AICUP schools won competitive research grants from the National Institutes of Health (NIH) totaling **\$4 billion** (and growing).¹⁵ To highlight the impact of one year, in 2018, competitive funding received by the AICUP schools from the NIH and the National Science Foundation totaled \$1.2 billion. The economic spending of those research funds in Pennsylvania in that one year generated \$1.9 billion in economic impact, supported over 16,000 jobs, and generated \$83 million in state and local tax revenue.¹⁶

The “**Anchor Economy Initiative**” of the Federal Reserve Bank, Philadelphia estimates that, “hospitals and higher education institutions contribute **\$1.7 trillion** in goods and services to the US economy annually and directly or indirectly support 18 million jobs — **9 percent of US employment**.”¹⁷ It should be noted then that the economic impact of AICUP schools mentioned already (\$24B) *only* includes colleges and universities; if one were to also include AICUP’s partner hospitals, then the AICUP economic impact jumps up to a whopping **\$48.1 billion**.

Economic Impact

The 2019 AICUP Economic Impact Report found that the combined annual economic impact of AICUP schools stood at \$24 billion, supporting **\$1 in every \$31** in the PA state economy. This figure includes \$12.5 billion direct and \$11.5 billion indirect and induced. This impact is the result of operational spending, capital spending, payroll and benefits to staff, student spending, and visitor spending.

The 85 independent nonprofit AICUP schools are leading the way to educate Pennsylvania and unlock new wealth for the state, recognizing the well-researched **correlation between education and wealth creation**, not just at the micro level but also at the macro level. The Center on Education and the Workforce estimates that by 2031, **72% of jobs in the U.S. will require postsecondary education** and/or training.¹⁸ A more educated workforce also helps make a nation wealthier, according to the Federal Reserve Bank, St. Louis: “Rich countries tend to have the most educated workforces.”¹⁹ And a study in the journal *Nature* published in April 2024 found that “the population segments with higher education had a significantly positive impact on GDP growth.”²⁰

AICUP schools also address today’s vital **workforce needs**, representing:

- 69% of all **nursing** degrees (76% of minority nurses),
- 45% of all **teacher** certification candidates, and
- 55% of all the **STEM** degrees (“Science, technology, Engineering, Math”) in Pennsylvania.²⁵

Moving the Curve

American life has been vastly improved by the university, without a doubt. Modern conveniences, medical advances, and international collaborations led by American universities increase the quality of life and create new possibilities every day. Advances in technology and productivity enhancements “move the curve” of economic possibility, namely, the PPF Curve, or Production Possibility Frontier. In so many words, people can “do more with less” with each new advancement in technology or innovation in production. To that end, Pennsylvania’s independent nonprofit colleges and universities have played a significant national role, not just a statewide role, in shaping the modern American economy.

In addition to the few examples of inventions listed at the start of this paper, and numerous more patents and innovations, Pennsylvania’s independent nonprofit colleges and universities also “move the curve” of what’s possible by creating and supporting research centers, labs, startup accelerators, and tech incubators. These include projects led by a single school (like the Center for Innovation & Entrepreneurship in Harrisburg), and collaborative projects led by multiple schools (like the University City Science Center in Philadelphia led by 31 regional schools). The cascading “multiplier effect” of the innovations produced at these schools is profound, reaching far beyond the college community and ringing around the world.

Return on Investment (R.O.I.)

It’s already a well-established fact that a college degree boosts lifetime earnings, an average premium of **\$1 million** over the course of a career.²¹ But also at the macro level, the aggregate Return on Investment (ROI) of independent nonprofit higher education is a significant benefit to all of society. In Pennsylvania, the combined value of the 85 AICUP schools delivers an **ROI of 1:148**, meaning that for every one dollar invested by Pennsylvania taxpayers via the PA State Grant (PHEAA), \$148 is returned in GNP contributions.²² What other investment pays returns like that?

It’s worth clarifying that even that dollar figure of taxpayer investment is *not* a direct payment to the schools; unlike State System or State-Related schools, AICUP schools receive no state budget line item and do not rely on direct handouts. The only tax investment is through PHEAA, and that money goes with the student, not to the institution, adding another layer of accountability and competition, as AICUP schools must compete as students decide where to spend their education dollars.

AICUP schools cost PA taxpayers an average of \$2,102 per degree, in contrast to \$16,179 per degree at State-Related universities, and \$23,720 at State System universities (PASSHE).²² That is especially significant when considering that AICUP schools educate the *majority* of Pennsylvania’s college students (52%), but at only a **fraction of the cost** in state tax dollars compared to alternatives at State System and State-Related universities. Average **net tuition has remained flat** for a decade at the AICUP schools, saving money for students, parents, and taxpayers.²³ What’s more, AICUP schools lead the sector in on-time graduation rates: AICUP students **graduate on time** in four years at a rate **56 percent higher** than their peers at State System universities²⁴ (longer graduation times are a significant “**hidden cost**” many parents and students don’t consider).

On an individual level, the Return on Investment to students at AICUP member schools is profound. The schools themselves offer an average of 90% of the total aid packages to students, surpassing even state and federal aid. And AICUP schools offer students access and **social mobility** that only higher education can provide. Bucking stereotypes, students at AICUP member schools include:

- **46% of all Pell** Grant and 47% of all PHEAA PA State Grant recipients seeking 4-year degrees,
- **49% of all working-age adult** students seeking bachelor’s degrees, and
- **55% of all minority** and 52% of all underrepresented minority college students in Pennsylvania.²⁵

The 2019 AICUP Economic Impact Report can be read here:

<https://aicup.org/wp-content/uploads/2022/11/AICUP-Economic-Impact-Report-2022-Update.pdf>

Source references for this press release may be found at the annotated copy linked here:

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Citations:

1 Invention examples: <https://www.cmu.edu/brag/>

2 Brookings Institution: *Higher Education in Pennsylvania: A Competitive Asset for Communities*
https://www.brookings.edu/wp-content/uploads/2016/06/20051205_highedPA.pdf

3 AICUP Facts and Figures are pulled from government and college sources. Find more details at this link:
<https://aicup.org/communications/aicup-publications/>

4 IMF: *World Economic Outlook Database*, April 2024 (GDPs ranked)
<https://www.imf.org/en/Publications/WEO/weo-database/2024/April>

5 PA Chamber: *Higher Education Council* press release
https://www.pachamber.org/media/13003/pa_chamber_launches_higher_education_council_to_strengthen_bonds_between_industry_academia/

6 Newsweek: *Map Shows Most Popular States for College-Educated Americans*
<https://www.newsweek.com/map-shows-most-popular-states-college-educated-americans-1896631>

7 USA Facts: *Where are students moving to attend college?*
<https://usafacts.org/articles/where-are-students-moving-to-attend-college/>

8 AICUP Nobel Laureates

At least 66 Nobel Prize winners are known to have been affiliated with an AICUP college or university, including those working as a university researcher at the time of their award, an alum, or a faculty member hired after their award (this figure *excludes* honorary degrees). The following link includes Penn (36) and Carnegie Mellon (20); but additionally, Haverford (5) and Swarthmore (5) can claim affiliations with Nobel Prize winners.

Best Masters Programs: *50 Universities with the Most Nobel Prize Winners*
<https://www.bestmastersprograms.org/most-nobel-prize-winners/>

9 Arxiv (Cornell): *The link between countries' economic and scientific wealth*
<https://arxiv.org/pdf/2112.14522>

10 Nobel Laureates by region (“409 American Nobel laureates”)

BBC: *Which countries have the best brains?* (Archived from 2010)

<https://web.archive.org/web/20110203073557/https://www.bbc.co.uk/news/magazine-11500373>

This list on the same topic is continually updated

https://en.wikipedia.org/wiki/List_of_countries_by_Nobel_laureates_per_capita

11 Visual Capitalist: *Which College Produces the Most Billionaires?*

<https://www.visualcapitalist.com/college-most-billionaires/>

12 AICUP 2019 Economic Impact Report, page 4 (“top employers” 2019 has been **updated** for 2024)

<https://aicup.org/wp-content/uploads/2022/11/AICUP-Economic-Impact-Report-2022-Update.pdf>

13 AICUP 2019 Economic Impact Report, page 10 (“nearly 200,000 jobs”)
<https://aicup.org/wp-content/uploads/2022/11/AICUP-Economic-Impact-Report-2022-Update.pdf>

14 AICUP 2019 Economic Impact Report, page 11 (“\$1 billion in taxes”)
<https://aicup.org/wp-content/uploads/2022/11/AICUP-Economic-Impact-Report-2022-Update.pdf>

15 NIH: *Awards by Location & Organization*
<https://report.nih.gov/award/index.cfm>

16 AICUP 2019 Economic Impact Report, pages 12-13
<https://aicup.org/wp-content/uploads/2022/11/AICUP-Economic-Impact-Report-2022-Update.pdf>

17 Federal Reserve, Philadelphia: *Anchor Economy initiative*
<https://www.philadelphiafed.org/community-development/workforce-and-economic-development/anchor-economy-initiative>

18 Center on Education and the Workforce (Georgetown)
<https://cew.georgetown.edu/cew-reports/projections2031/>

19 Federal Reserve, St. Louis: *Health, Wealth and Education: Is There a Link for Countries?*
<https://www.stlouisfed.org/open-vault/2021/july/health-wealth-education-link-countries#:~:text=Education%20Outstrips%20Economic%20Growth&text=%E2%80%9CThis%20is%20also%20true%20for,grow%20along%20with%20its%20economy.%E2%80%9D>

20 Nature: *How popularising higher education affects economic growth and poverty alleviation: empirical evidence from 38 countries*
[https://www.nature.com/articles/s41599-024-03013-5#:~:text=The%20population%20segment%20with%20higher%20education%20is%20regarded%20as%20an,2020%3B%20Liu%2C%202017\).](https://www.nature.com/articles/s41599-024-03013-5#:~:text=The%20population%20segment%20with%20higher%20education%20is%20regarded%20as%20an,2020%3B%20Liu%2C%202017).)

21 Center on Education and the Workforce (Georgetown): *The College Payoff: Education, Occupations, Lifetime Earnings*
<https://www.politifact.com/factchecks/2023/mar/08/stanley-litow/strong-support-for-notion-that-a-bachelors-degree/>

22 AICUP “Making the Case,” page 7 (“ROI 1:148” and “\$2,102 taxpayer cost”)
<https://aicup.org/wp-content/uploads/2023/03/AICUP-Making-the-Case-2023.pdf>

23 AICUP Average net tuition flat 2011-2021 (IPEDS data)
<https://aicup.org/wp-content/uploads/2024/06/How-we-serve- -net-tuition-bar-graph.pdf>

24 AICUP Graduate Rates Compared (government IPEDS data)
<https://aicup.org/wp-content/uploads/2024/06/graduation-rate-56-percent-higher.pdf>

25 AICUP Student Population (government IPEDS and college data)
<https://aicup.org/wp-content/uploads/2024/06/Who-we-serve- -52-percent.pdf>

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