



# Regional Economic Impact

2018

## Introduction

The University of Notre Dame du Lac is an independent, Catholic institution of higher learning located on a 1,250-acre campus in South Bend, Indiana. Since the University's founding 176 years ago, Notre Dame has valued its partnerships with the surrounding community, which has played an important role in the University's development—and even in its survival. South Bend's co-founder, Alexis Coquillard, generously provided credit and materials to University founder Rev. Edward Sorin, C.S.C., at its formation, and members of the Pokagon Band of Potawatomi likewise contributed to the fledgling University's growth. Local residents rallied around the University in a time of crisis and helped to rebuild the Main Building after it went up in flames in 1879. Still today, robust, mutually beneficial partnerships exist between the University, the region, the Pokagon Band of Potawatomi, government organizations, businesses, and community groups.

In recent years, partnerships with local governments—from the Turbomachinery Laboratory to road realignments—have been of immense benefit to the University. And most notably, in 2015 Notre Dame partnered with other organizations in an effort to help the region earn a \$42 million grant from Indiana's Regional Cities Initiative.

Every five years, Notre Dame measures its impact on the local economy. As a major regional enterprise and through its mission of education, research, faith, and service to the community, Notre Dame is an integral contributor to the economic vitality of the city of South Bend, St. Joseph County, surrounding counties, and the state. With Notre Dame's growing partnerships throughout the area, this year's Economic Impact Report expands its reach and measures—and where possible, quantifies—the University's effect on the region (St. Joseph, Elkhart and Marshall counties).

Another new segment in the report, called wage premium, highlights the return on investment of higher education, demonstrating the impact of alumni long after they leave campus.

This study, which draws from the most recent and appropriate available data set (often but not always from fiscal year 2017), was prepared by Econsult Solutions Inc., a consulting firm that provides businesses and public policy makers with services in urban economics, real estate economics, transportation, public infrastructure, development, public policy and finance, community and neighborhood development, and planning, as well as expert witness services for litigation support. To view the full Economic Impact Report, visit [publicaffairs.nd.edu/impact](http://publicaffairs.nd.edu/impact).

# \$2.46 billion

annual economic impact  
within the region

Supporting  
**16,700**  
jobs and generating  
**\$52**  
million  
in state tax revenues

The sum of Notre Dame's annual impact—through its operations and capital investments; additional spending by its students, visitors, and event attendees; and increased household income earned by its graduates—is \$2.46 billion within the three county South Bend—Elkhart region, supporting **16,700 jobs** and generating **\$52 million** in state tax revenues.

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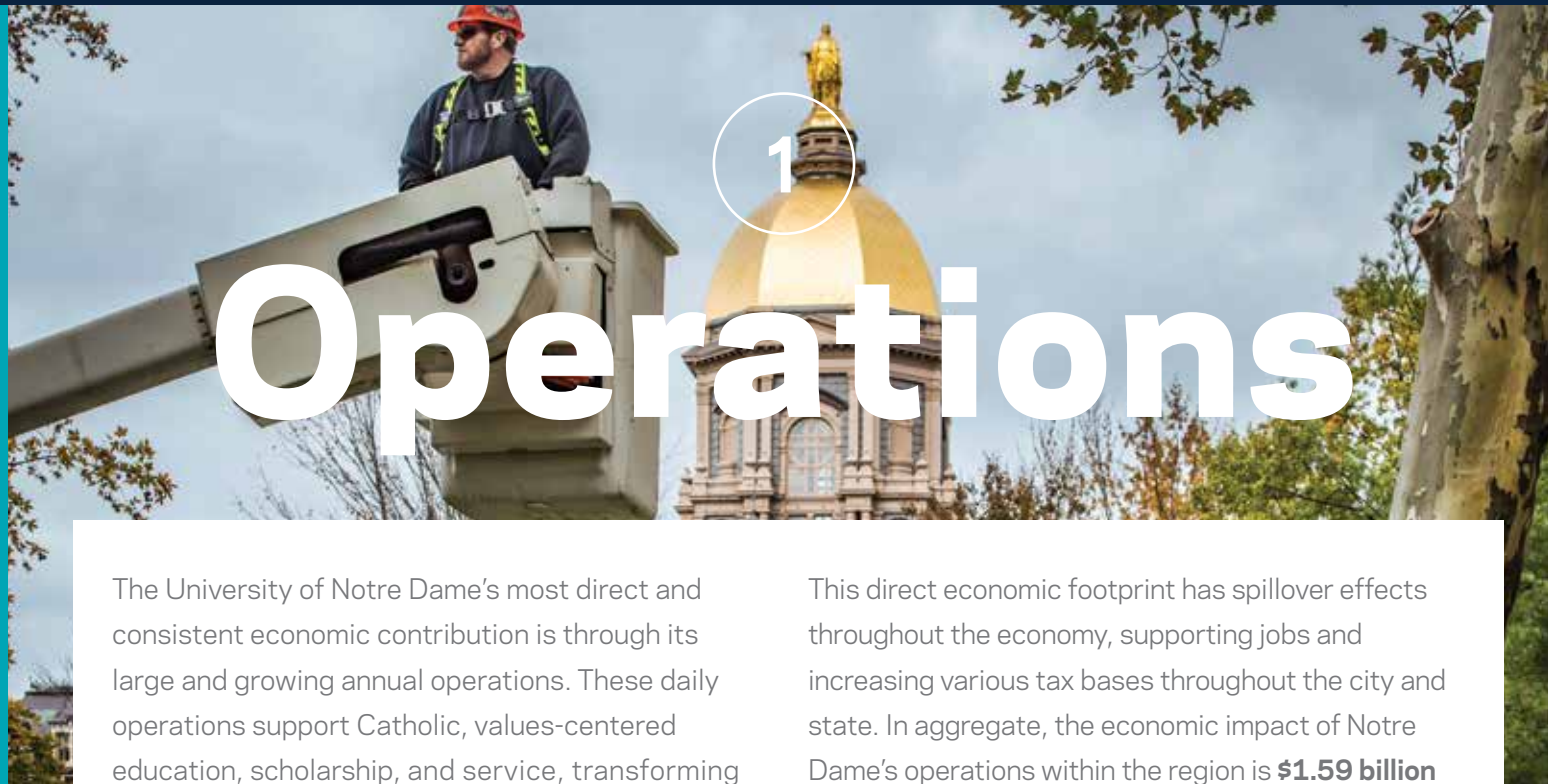
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# Operations

The University of Notre Dame’s most direct and consistent economic contribution is through its large and growing annual operations. These daily operations support Catholic, values-centered education, scholarship, and service, transforming students into exemplary scholars and civically engaged leaders. In carrying out these activities, the University is an economic driver for the city, county, region, and state. The University has an annual budget of nearly **\$1.2 billion** and employs nearly **7,500** people including faculty, staff, and postdoctoral and graduate students. More than **47%** of the University’s full- and part-time employees reside in South Bend, and more than **76%** reside in the broader region. In addition, it is a significant procurer of goods and services, particularly local goods thanks to its commitment to local purchasing.

This direct economic footprint has spillover effects throughout the economy, supporting jobs and increasing various tax bases throughout the city and state. In aggregate, the economic impact of Notre Dame’s operations within the region is **\$1.59 billion** in total output, supporting **10,000** jobs and **\$664 million** in earnings.

**\$1.2 billion**

annual budget

Full-time and part-time employees by residential location

	Faculty		Staff		Post-Doc	Graduate	Total	Percent
	Full-time	Part-time	Full-	Part-time	Full-	Part-time		
South Bend	784	61	2,012	198	119	342	3,516	47%
Three County Region	476	31	1,370	104	68	136	2,185	29%
Other Indiana	6	8	63	3	3	36	119	2%
Outside of State	168	65	472	37	38	868	1,648	22%
Total	1,434	165	3,917	342	228	1,382	7,468	100%



Annually, the overall economic impact from operations is estimated to generate, in total output

**\$1.59 billion**

supporting **10,000** direct, indirect, and induced jobs and **\$664 million** in earnings

Direct economic footprint

The University’s direct operating expenditures have ripple effects throughout the local economy for a variety of suppliers and through employee compensation, which recirculates through the economy. All of this activity stimulates and expands regional business activity and supports the employment base across a variety of sectors.

First, with nearly half of the University’s operating budget devoted to employee benefits and compensation, a large portion of the wages earned by Notre Dame

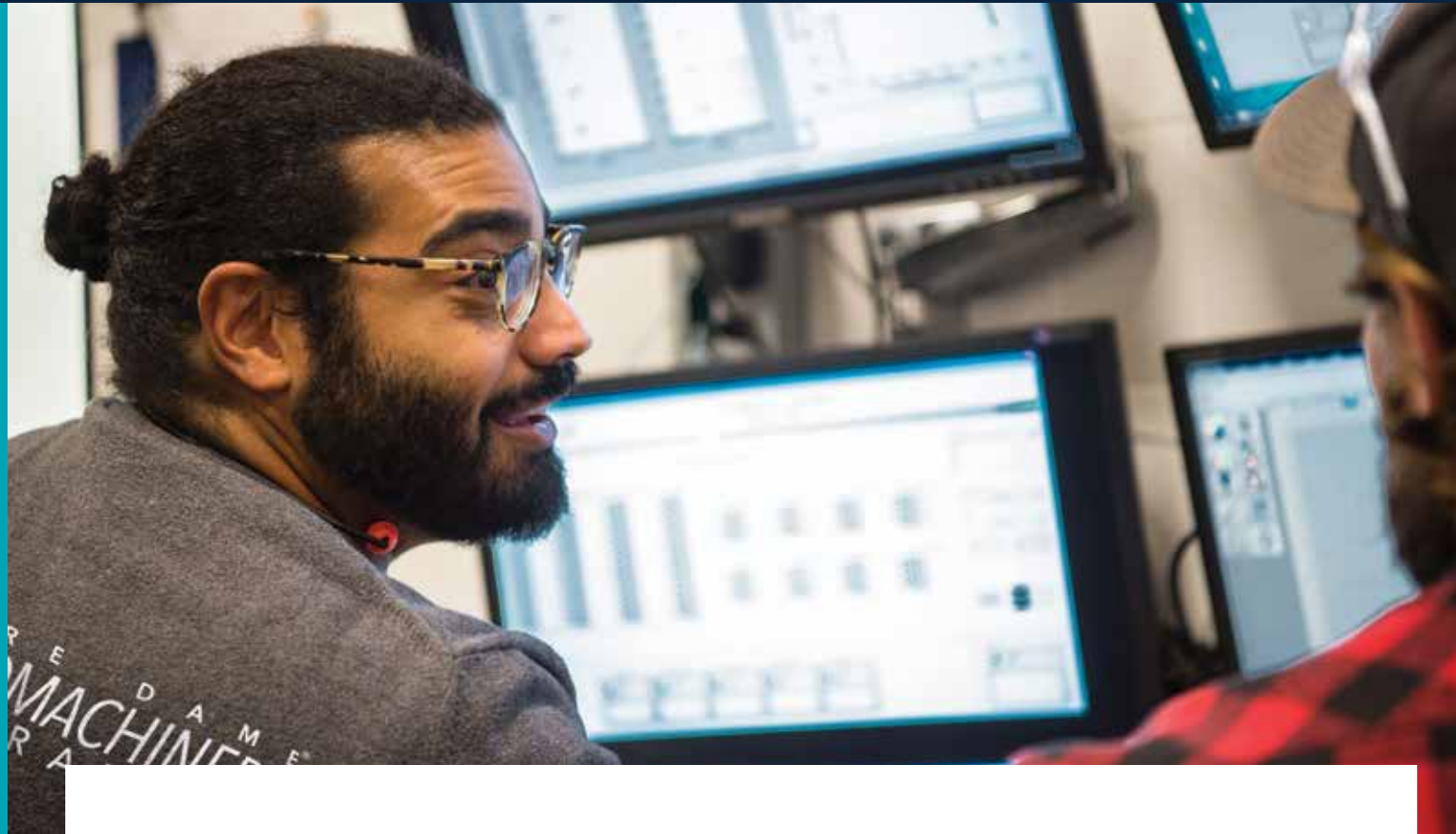
employees are spent locally, generating induced economic impacts within the region.

Second, Notre Dame purchases a significant portion of its goods and services from vendors within the region. These vendors also spend within the local economy and employ nearby residents, generating additional indirect economic impacts.

**7,500**

people employed, including faculty, staff, and postdoctoral and graduate students





## Community-based research

Notre Dame has heavily invested in community-based research, which aims to bring academic and local knowledge to bear on complex social challenges through collaboration and awards dedicated to building and investing in community-based research partnerships.

A particularly impactful local community-based research initiative involves the Ganey Seed Grant, led by public health experts from the College of Science and the Eck Institute for Global Health. The initiative won funding in collaboration with St. Joseph County health officials to address the issue of lead poisoning in the community. The program not only investigates the potential sources of lead poisoning in St. Joseph County, but also identifies children and families at risk in the area.



## Research and innovation

Values-led scholarship, research, and innovation are increasingly important for the competitiveness of the three-county region. Notre Dame leads in this space, marshaling its considerable academic and research work as well as the creative pursuits of its faculty and students for the advancement of human knowledge and the betterment of society.

Under the leadership of President Rev. John I. Jenkins, C.S.C., Notre Dame has grown its research efforts through the development of innovation ecosystems, including Innovation Park and the IDEA Center on campus and Ignition Park and the Renaissance District in South Bend, in partnership with other public- and private-sector entities. These efforts have yielded more breakthroughs in research, a stronger creative community, and a deeper understanding of the interplay between faith and knowledge.

A major component of Notre Dame's research footprint is the significant volume of external research awards won by the University and its researchers. In fiscal year 2017, the University received more than **\$138 million** in external

research funding, surpassing the previous record of \$134 million set in fiscal year 2015. About **60 percent** of all externally awarded research funding is spent within the region, strengthening the region's competitiveness for future human and financial capital.

The tangible and monetized outcome of a rich knowledge-based community is intellectual property, an area in which Notre Dame is becoming increasingly competitive. The IDEA Center's Commercialization Engine group serves as a resource for researchers and faculty to advance their work in the marketplace. As of today, there have been about 1,000 invention disclosures received by the University, more than 220 patents issued, and 120 licenses executed. Forty-six startup companies have resulted from the licensing of Notre Dame technologies, 12 of which are students' startups. In the past year, Notre Dame's intellectual property output has accelerated, in part due to the culmination of a recent history of increased research funding awarded to the University.

**\$138  
million**

in external research funding

Notre Dame's  
annual research  
awards from  
outside sources

**66%**  
increase from  
2007 to 2017

Source of  
research awards  
(fiscal year 2017)

**58%**  
federal funding

**27%**  
foundations or other  
sponsors

**15%**  
industry



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# Community Engagement and Local Impact

An important aspect of Notre Dame's annual operations and a critical facet of its institutional mission is community engagement that produces local impact. This has long been a priority of the institution, with new emphasis under the leadership of Father Jenkins.

Notre Dame's investment in and engagement with its local community is borne of its faith-infused mission, which upholds the centrality of "loving your neighbor." It is also mutually beneficial to the University for the region to be vibrant and successful.

As a large-scale academic and research institution, this takes on many forms, including:

1. Commitment to localized economic impact through employment and procurement opportunities
2. Provision of municipal services and public infrastructure
3. Investment in campus grounds that serve as an amenity to the local community
4. Community-serving initiatives and resource centers
5. A dedication to activating students and staff through a wide range of volunteer community service and service-learning efforts

**\$43 million**

in spending with diversity and small business vendors

## Procurement

In addition to being the largest employer in South Bend, Notre Dame contributes to the area through its partnerships with local businesses and nonprofit organizations. Vendor data for fiscal year 2017 identified about **\$781 million** in total procurement. About **9%** of that spending, or more than **\$73 million**, occurred within South Bend; **16%** occurred at the regional level. In total, **21.8%** of Notre Dame's spending on goods and services stays within the state of Indiana.

Notre Dame is also committed to developing business relationships with diversity suppliers and has been increasing inclusion efforts. In FY2017, **\$43 million** was sourced from minority, women, veteran-owned or small business certified.

## Robinson Community Learning Center

The Robinson Community Learning Center is an off-campus educational initiative of the Notre Dame Office of Public Affairs, in partnership with Northeast Neighborhood residents of South Bend. The RCLC provides adult and youth programming to an estimated 500 participants each week. About 500 college student volunteers help implement RCLC programs on-site and throughout the community.





## Campus as a local amenity

An important manifestation of Notre Dame's service to and benefit for its immediate community is the campus it maintains. Notre Dame invests significant resources to maintain its campus for its students and employees, but that same space also offers access to green space, recreational assets, and educational resources to the local community. In recent years, Notre Dame has made a concerted effort to make its campus, facilities, and green spaces an amenity to residents in the community.

### Some amenities accessible to the local community include

Basilica of the Sacred Heart	Hesburgh Library
Burke Golf Course	Irish Green
Charles B. Hayes Family Sculpture Park	Legal Aid Clinic
Compton Family Ice Arena	Morris Inn
DeBartolo Performing Arts Center	Notre Dame Center for Arts & Culture
Eck Visitors Center	Notre Dame Stadium
Hammes Bookstore	Robinson Community Learning Center
	Snite Museum of Art
	Warren Golf Course

## Community engagement and investment

As an anchor institution, Notre Dame is committed to mutually beneficial engagement with local community partners to enhance the region's quality of life. The University invests heavily within the region through volunteer activities, service learning, and a wide range of educational and financial contributions that reflect its institutional values and a stated commitment to measurable impact. Reciprocity in partnerships and redoubled efforts to improve communication and understanding around common interests have improved the University's ability to strategically engage diverse stakeholders that call the region their home.

## Catholic values in action: Volunteerism and service learning

As a reflection of its Catholic character and institutional mission, Notre Dame has created many venues for students and employees to contribute to and connect with the local community, including a number of volunteer service and service learning initiatives. In the last study, Notre Dame was recognized as an "Engaged Institution" by the Carnegie Foundation for the Advancement of Teaching. More than **80 percent** of Notre Dame students participate in some form of service learning or service during their undergraduate career. About **10 percent** of each year's class spends a year or more in full-time volunteer service after graduation.

Community Engagement Activity  
**149,000**  
people served

**93,000**  
faculty, staff, and student hours served

# 3 Capital Investments

In addition to its annual operations, the University of Notre Dame expends significant resources on a wide range of capital investments. These investments refresh, expand, and enhance the physical space in which Notre Dame's operations take place and, as such, are an integral part of the University's present and future success. These investments also allow the University to improve the sustainability of its built environment and provide additional opportunities to connect its mission and work with the region.

These capital outlays also produce economic impact by providing work for the construction industry and related sectors. On average, the annual statewide impact from capital investments by Notre Dame

is **\$478 million**, supporting **3,100** jobs and generating **\$10.1 million** in state tax revenues.

## Campus Crossroads

Campus Crossroads is the largest capital investment in the University's history, with more than 800,000 square feet of classroom, research, student life, and event and hospitality space across three new buildings surrounding Notre Dame Stadium. While these enhancements immediately impact the students, faculty, and staff who use campus every day, this project also serves the region by expanding the available event and conference spaces open to visitors. In total, the project budget was **\$400 million**, with an additional **\$70 million** of other stadium improvements that allow the stadium and its newly connected buildings to be used every day for a variety of purposes.





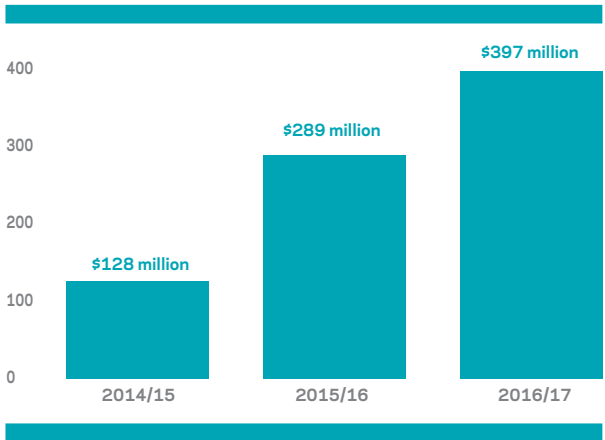
Sustainability, community access

Notre Dame’s values-driven mission of Catholic scholarship, research, and service can be seen throughout campus and recognized in its strategic capital investments. For example, all new construction projects are completed using sustainable building guidelines, which align with the University’s recognition that environmental stewardship is an essential Catholic value. In addition, projects are developed with the University’s central mission of education as well as community access in mind.

Projects and spending

In 2015, Notre Dame embarked on a major capital investment campaign, which has included new construction, major renovations, and large-scale maintenance. Over the past three years, fiscal year 2015 to fiscal year 2017, Notre Dame’s capital expenditures totaled more than **\$800 million**, averaging about **\$271 million** per year.

Notre Dame’s capital expenses FY2015–FY2017



Industry distribution of economic impact from capital investments

The economic impacts associated with Notre Dame’s capital investments spread to industries far beyond the construction sector. While the construction industry is the largest single beneficiary from these investments, other industries, including health care, retail trade, accommodation, and food services, also see significant benefits from the indirect and induced impacts of the capital activity. For example, while Notre Dame capital projects directly employ **800** people each year, they also generate economic activity that supports an additional **1,200** jobs.

**\$271 million**  
three-year average  
for capital expenditures

Notre Dame’s capital expenditure activity annually generates, in total output **\$453 million** within the region supporting 3,000 jobs and \$150 million in earnings

Industry distribution of employment generated by Notre Dame’s capital investment within Indiana

**60%** direct jobs at Notre Dame  
**40%** indirect and induced jobs in supported industries

Economic impact from capital investments

As previously noted, Notre Dame’s annualized capital investment into projects within South Bend is **\$271 million**. These projects include hard construction costs on new facilities, as well as renovation and state of good repair expenses, equipment purchases, and the purchase and procurement of materials and services. These expenditures support a wide base of wholesalers, manufacturers, and professional services providers in addition to construction companies within the city and state.

Tax revenue impact from capital investments

Notre Dame’s capital investments are also a significant contributor of tax revenues to the state of Indiana. Direct capital investments create construction jobs and support local construction companies and their suppliers, all of which generate sales taxes to the city of South Bend and income, sales, and business taxes to Indiana. In addition, the University also contributes to city revenues in the form of permits and fees whenever it undertakes a major construction project.

Estimated annual tax revenue impact from Notre Dame capital investments

**South Bend**  
Income tax: **\$500,000**

**Indiana**  
Income tax: **\$4.1 million**  
Sales tax: **\$5.4 million**  
Business tax: **\$600,000**



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# Wage Premium

Wage premium is defined as high-earning-potential individuals who circulate their household earnings into the local and state economy. Notre Dame alumni who remain in the region contribute significantly to the local and state economy as a result. Some of that additional household income is spent locally, producing additional economic activity and supporting local jobs and tax revenues.

It is estimated that Notre Dame's alumni who live and work in Indiana earn an aggregate **\$168 million** in annual wage premium, due to obtaining a degree and to the particular premium associated with Notre Dame. This translates into **\$160 million** in additional household spending in the state economy that supports **1,100** jobs and nearly **\$8 million** in state tax revenues.



Economic impact from wage premium

The effects of this additional household spending are estimated to generate, on an annual basis, a total economic output of

**\$67 million**

in the regional economy supporting about 500 direct, indirect, and induced jobs and \$19 million in earnings each year

## Why wage premium matters

At a local, regional, and statewide level, Notre Dame is a net talent attractor, in that it retains a higher proportion of alumni than the proportion of students it brings in. The University plays an important role both in retaining many of its talented students and in importing talented students from elsewhere.

## Direct wage premium

Of the nearly **135,000** active alumni members in the University's database, about **5,000** live in the region, and approximately **10,000** live within Indiana. It is estimated that approximately **97,000** Notre Dame alumni are currently employed, of which **3,700** live in the region, and **7,200** live in Indiana. The aggregate annual wage premium is estimated to be approximately **\$76 million** in the region, and **\$168 million** in Indiana.



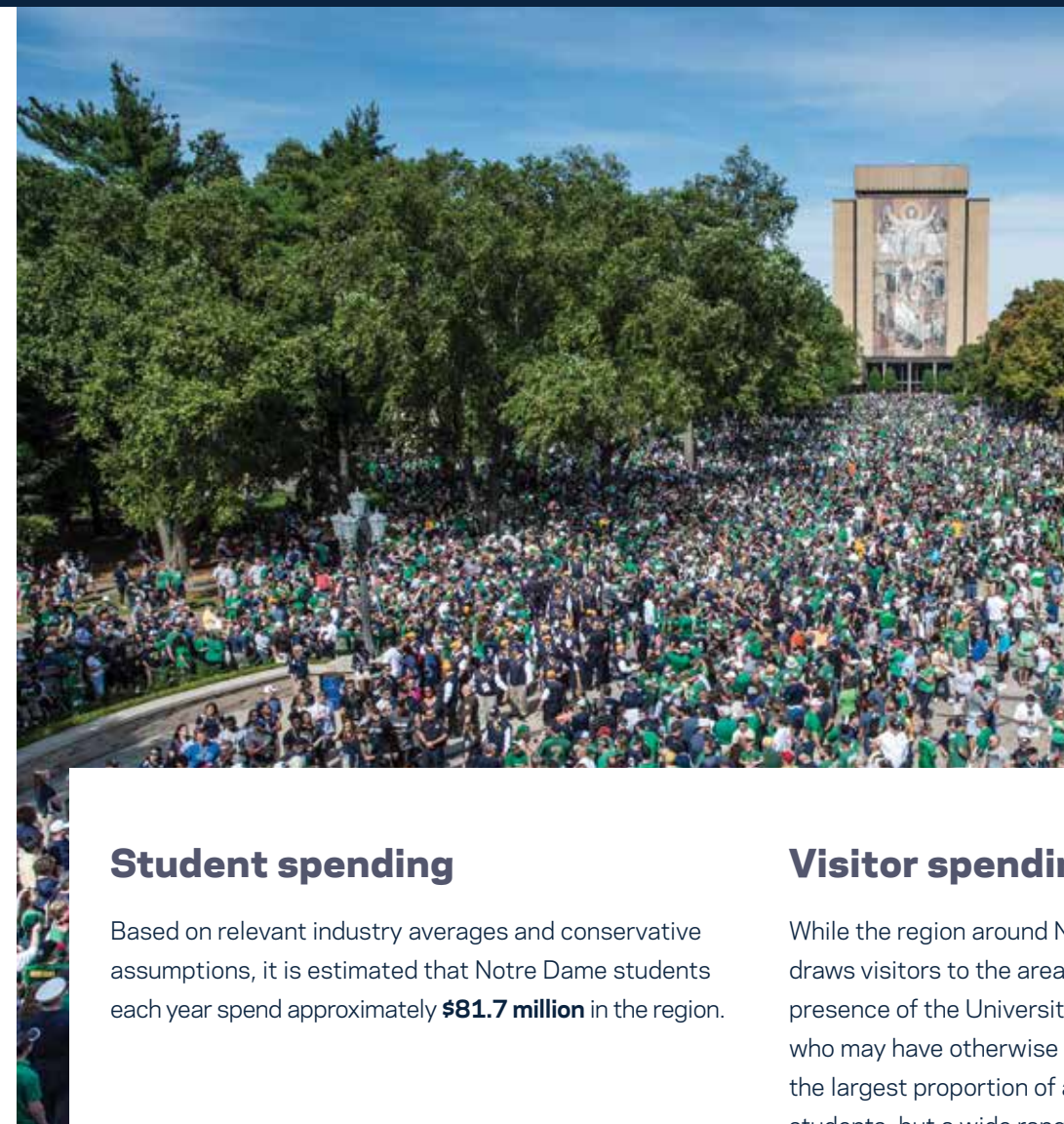
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# Impact from Student, Visitor, and Retiree Spending

Notre Dame attracts students and visitors from around the world into the region. This section on spending takes into account prospective and admitted student visits and annual events (such as move-in and move-out, Junior Parents Weekend, and Commencement). Visitors attending large-scale athletic, alumni, educational, and cultural events are included in the next section. From the perspective of the local and state economy, these students and visitors make a notable impact due to the spending power they bring into the area. A significant portion of spending by students and

visitors attracted by Notre Dame takes place off campus in nearby neighborhoods and throughout the region. This portion circulating through the local economy is referred to as ancillary spending, which represents economic opportunities for local merchants in categories like food and beverage, retail, and lodging.

In aggregate, the economic impact of ancillary spending by students and their visitors to the region is estimated to be more than **\$92 million** in total output, supporting nearly **700 jobs**, and **\$18 million** in earnings within the region.



## Economic impact from student and visitor spending

The influx of ancillary spending by students and visitors has a multiplier effect throughout the region, producing the following annual economic impacts, in total output

**\$92 million**

supporting about 700 jobs and \$18 million in earnings each year

## Student spending

Based on relevant industry averages and conservative assumptions, it is estimated that Notre Dame students each year spend approximately **\$81.7 million** in the region.

## Visitor spending

While the region around Notre Dame and South Bend draws visitors to the area for various attractions, the presence of the University attracts additional people who may have otherwise never visited the region. By far the largest proportion of ancillary spending comes from students, but a wide range of visitors of those students also brings dollars into the regional economy. Throughout the academic year and over the summer, Notre Dame attracts hundreds of thousands of visitors to its campus. Many of these visitors come from outside of the region and spend money at local hotels and restaurants, helping to support employment and generate tax revenues for the city and the state. Visitors associated with the University are estimated to generate approximately **\$11.1 million** within the region.

**\$81.7 million**

in ancillary spending in the region  
by Notre Dame students





### Tax revenue impact from student and visitor spending

Student and visitor spending also boosts various local and state tax bases, creating tax revenues for various government jurisdictions each year. It is estimated that the economic impact that results from Notre Dame student and visitor spending produces about **\$2.1 million** in tax revenues for the Indiana government each year, as well as other, smaller amounts to various local jurisdictions.

In addition, visitors of Notre Dame students who stay in local hotels contribute to St. Joseph County through the hotel and motel tax. Overnight visitors are estimated to raise **\$160,000** in hotel and motel tax for St. Joseph County each year.

### Retiree spending

Notre Dame, like many other universities in the country, attracts retirees due to the diverse cultural and educational opportunities supported by the University. In general, retirees make substantial contributions to local and regional communities and are generally net positives in terms of fiscal impacts. Retirees own homes, contribute to the tax base, and generate a steady flow of dollars to the area through retirement income. This in turn supports jobs at businesses throughout the region through their spending on

Annual hotel and motel taxes

**\$160,000**

generated from overnight visitors  
for St. Joseph County

goods and services. Meanwhile, they are often low burdens on local cities, most notably in that most do not have school-age children who need to be educated in local public schools.

Holy Cross Village at Notre Dame, owned by the Brothers of Holy Cross, is one of the best-known university-based retirement communities in the U.S. It is located 1,000 feet west of campus and is close to Saint Mary's College and Holy Cross College as well. Its residents enjoy the unique campus environment as well as access to the college library, fitness center, athletic events, and audited classes at Holy Cross and Saint Mary's. Residents also have opportunities to participate in a quarterly lecture series, help with international student programs, and have other close ties to campus life.

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# Impact from Event Participant Spending

**\$256 million**

total impact of economic  
ancillary spending within the region

Along with students and visitors who attend annual events (such as move-in and move-out, Junior Parents Weekend, and Commencement), additional economic impact is produced in the region by individuals visiting the University of Notre Dame for athletic, alumni, educational, and cultural events. In aggregate, the regional economic impact of ancillary spending of these individuals is estimated to be **\$256 million** in total output, supporting nearly **2,500** jobs annually.

It is estimated that the economic impact that results from event participant spending produces about **\$6.1 million** in tax revenues for the state government each year, as well as other smaller amounts to various local jurisdictions.





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# Football Visitor Spending

Notre Dame football draws fans from around the country into the region. Lodging, transportation (including increased traffic at South Bend International Airport), food, and retail account for significant visitor spending each year. The combined ancillary spending by Notre Dame

football fans yields **\$133 million** within the region.

Football game visitors generate an estimated **\$185 million** per year in economic impact within the region (data from the 2017 season when Notre Dame hosted seven home games).\*

The effect of Notre Dame football on the region



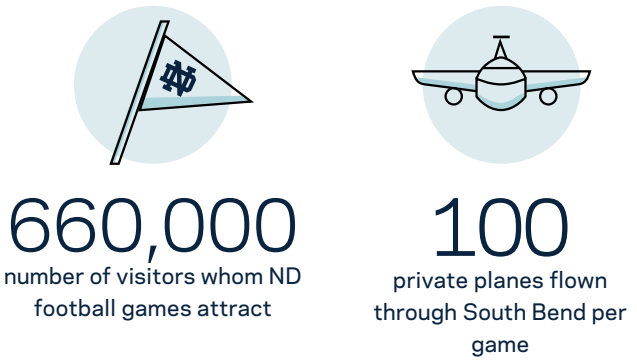
\*This amount is included in the total output from event participant spending in section 6.

## Economic impact from large-scale event participant spending

Spending by visitors to Notre Dame's athletics and other large-scale events represents a significant component of the regional economy. And, while Notre Dame football is one part of that story, visitors are increasingly coming to visit the region and Notre Dame's campus for a variety of reasons: other athletics events, conferences, cultural

events, and general tourism. By attracting visitors, there is a significant impact on the regional economy due to millions of dollars in visitor spending, which supports a wide range of merchants.

Once visitors have completed their time on campus, they also spend significant dollars on food, lodging, or retail items in the region, thus generating additional economic activity.



**\$26.4 million**  
total impact per game



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# Taxes

## Tax revenue impact from operations

Although Notre Dame is a nonprofit entity, the fiscal impacts generated by Operations, Wage Premium, Student and Visitor Spending, Event Spectator Spending, and Capital Investment are substantial.

Operating activities increase local and state tax bases by employing faculty, staff, and postdoctoral and graduate students who pay taxes, and indirectly via

spending by Notre Dame’s vendors and employees. Annual operations and the spillover economic activity supported by them produce \$26.3 million in tax revenues for the state of Indiana.

It is estimated that Notre Dame generates \$52.3 million in tax revenues each year for the state. These economic impacts produce tax revenues for various government jurisdictions and help fund essential public services and public education.

Fiscal Impact (in millions)	Operations	Wage Premium	Student and Visitor Spending	Event Spectator Spending	Capital Investments	Total
Income	\$19.1	\$5.5	\$0.5	\$2.1	\$4.1	\$31.3
Sales	\$6.4	\$2.0	\$1.4	\$3.6	\$5.4	\$18.8
Business	\$0.8	\$0.2	\$0.2	\$0.4	\$0.6	\$2.2
Total	\$26.3	\$7.7	\$2.1	\$6.1	\$10.1	\$52.3

\$26.3  
million

tax revenue from operations

\$52.3  
million

state tax revenue