

FACT SHEET: ECONOMIC IMPACT OF THE COMMUNITY COLLEGES OF OREGON

What role do the Oregon community colleges play in the state economy? The results of this study demonstrate that the colleges are a sound investment from multiple perspectives. Students benefit from improved lifestyles and increased earnings. Taxpayers benefit from an enlarged economy and lower social costs. And the community as a whole benefits from increased job and investment opportunities, higher business revenues, greater availability of public funds, and an eased tax burden.

Stimulating the state economy

- The economy of the State of Oregon receives roughly **\$344.5 million in regional income** annually due to the operations and capital spending of the colleges.
- College activities encourage new business, assist existing business, and create long-term economic growth. The colleges enhance worker skills and provide customized training to local business and industry. It is estimated that the present-day workforce in the State of Oregon embodies around **88.0 million credit and non-credit hours** of past and present college training.
- College skills embodied in the workforce of the State of Oregon where the former students are employed **increase regional income by \$8.1 billion**. Associated indirect effects increase income by **another \$2.0 billion**.
- Altogether, the state economy annually receives roughly **\$10.4 billion in income** due to the past and present efforts of the colleges. Clearly it is accurate to describe the colleges as engines of economic growth.

The state economy is \$10.4 billion stronger due to the actions of the colleges.

Leveraging taxpayer dollars

- The state will see **avoided social costs amounting to \$9 per year for every credit earned** by the students, including savings associated with improved health, reduced crime, and fewer welfare and unemployment claims.
- This translates to **\$39.0 million worth of social savings** to the State of Oregon each year as long as students are in the workforce.
- Students benefit from higher earnings, thereby expanding the tax base and reducing the tax burden on state and local taxpayers. When aggregated together, students generate about **\$382.1 million annually in higher earnings** due to the education received at the Oregon community colleges.

Generating a return on government investment

- State and local government allocated around **\$363.7 million in support of the colleges** in fiscal year 2005.
- For every dollar appropriated by state and local government, taxpayers will see a **cumulative return of \$4.60** over the course of the students' working career (in the form of higher tax receipts and avoided social costs).

Taxpayers will see a return of \$4.60 for every dollar of financial support.

- State and local government will see a **rate of return of 19%** on their college support, which compares very favorably with private sector rates of return on similar long-term investments.

Increasing students' earning potential

- A total of **346,206 credit and non-credit students** attended the colleges in academic year 2004-2005. As many as **93% of these students stay in the region** initially after they leave college and contribute to the state economy.
- Studies demonstrate that education increases lifetime earnings. **The average annual earnings of a student with a one-year certificate are \$34,602**, or 84% more than someone without a high school diploma or GED, and 16% more than a student with a high school diploma. **The average earnings of a student with an Associate Degree are \$40,771**, or 117% more than someone without a high school diploma or GED, and 37% more than a student with a high school diploma or GED.
- Students will see their annual income increase, on average, by about **\$85 per year for every credit completed** at the colleges during the analysis year.
- Throughout his or her working career, the average student's discounted lifetime earnings (i.e., future values expressed in present value terms) will increase **\$5.10 for every education dollar invested** (in the form of tuition, fees, books, and foregone earnings from employment).
- Students enjoy an attractive **19% annual rate of return** on their educational investment, and recover all costs (including wages foregone while attending) in **7 years**.

Students see their annual income increase by \$85 per year for every credit completed.