

STATE BOARD OF EDUCATION – TOPIC SUMMARY

Topic: Economic Contribution of Oregon Community Colleges

Date: March 8, 2013

Staff/Office: Camille Preus, CCWD

Peter Angstadt, Rogue Community College

Action Requested: Informational Only Adoption Later Adoption Adoption/Consent Agenda

ISSUE BEFORE THE BOARD: Commissioner Preus will discuss the 2012 *Economic Contribution of Oregon Community Colleges* report completed by Economic Modeling Specialists, International.

BACKGROUND: In April 2012, Economic Modeling Specialists, International (EMSI) was collectively commissioned by CCWD and Oregon's community colleges to conduct an analysis of the economic contributions of each community college to the state and their local areas; EMSI previously conducted this analysis in 2006. Fifteen of the 17 colleges participated as Umpqua Community College had individually contracted to have this analysis completed by EMSI in 2011 and Rogue Community College chose not to engage in the 2012 analysis.

Data from the 15 colleges was collected during the summer of 2012. Final reports were sent to each participating college in September 2012 with a final, state-level report sent to CCWD.

Highlights of the state-level report include:

- Students receive an attractive 22.6 percent return on their investment in Oregon community colleges
- For every dollar of their support taxpayers see a cumulative return of \$2.30 over the course of students' working careers
- State and local governments see a rate of return of 8.4 percent on their support for Oregon community colleges

Peter Angstadt, President, Rogue Community College will discuss his college's "Creating New Taxpayers".

Overview Fact Sheet

Oregon Community Colleges play a significant role in the state economy and are a sound investment from multiple perspectives. Students benefit from improved lifestyles and increased earnings. Taxpayers benefit from a larger economy and lower social costs. Finally, 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.

INVESTMENT ANALYSIS

Student Perspective

- Oregon Community Colleges served **201,526** credit and **172,089** non-credit students in the 2010-11 reporting year.
- Education increases lifetime income. The average income at the career midpoint of someone with an associate's degree in the State of Oregon is **\$41,600**, 36% more than a student with a high school diploma.

Students enjoy a 22.6% rate of return on their investment in Oregon Community Colleges.

- Throughout his or her working career, the average student's discounted lifetime income increases by **\$7.70** for every dollar invested in Oregon Community Colleges.
- Students enjoy an attractive **22.6%** average rate of return on their investment in Oregon Community Colleges, recovering all costs (including tuition, fees, and forgone wages) in 6.9 years.

Social Perspective

- Higher earnings that accrue to students of Oregon Community Colleges and associated increases in state income expand the tax base in Oregon by about **\$692.9 million** each year.
- Oregon will see avoided social costs amounting to **\$32.7 million** per year due to Oregon Community Colleges' students, including savings associated with improved health, reduced crime, and reduced welfare and unemployment.

Taxpayer Perspective

- State and local governments allocated **\$364.5 million** in support of Oregon Community Colleges in FY 2010-11.
- For every dollar of this support, taxpayers see a cumulative return of **\$2.30** over the course of students'

working careers (in the form of higher tax receipts and avoided costs).

- State and local governments see a rate of return of **8.4%** on their support for Oregon Community Colleges. This return compares very favorably with private sector rates of return on similar long-term investments.

ECONOMIC GROWTH ANALYSIS

College Operations Effect

- The State of Oregon economy annually receives roughly **\$505 million** in income due to college operations. This is a conservative figure adjusted to account for monies that leave the state economy or are withdrawn from the economy in support of the colleges.

Added income attributable to the accumulation of credits attained by former students at Oregon Community Colleges amounts to \$5.1 billion each year.

Student Spending Effect

- An estimated **9%** of Oregon Community Colleges' students come from outside the state, bringing with them monies that would not have otherwise entered the state economy.
- The expenditures of Oregon Community Colleges' out-of-state students generate roughly **\$118.5 million** in added income in the State of Oregon each year.

Productivity Effect

- The current State of Oregon economy embodies an estimated **40.7 million** credits that have accumulated over the past 30-year period as thousands of former students from Oregon Community Colleges enter the workforce year after year.
- College skills translate to higher earnings for students and increased output of businesses. The added income attributable to the accumulation of credits from Oregon Community Colleges in the workforce amounts to around **\$5.1 billion** each year.

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RCC

Rogue Community College

Creating New Taxpayers

<i>Recent RCC Graduates in Manufacturing Careers</i>	
Graduates Tracked	Combined Annual Income
26 Students	\$835,765

<i>Recent RCC Graduates/Promotions in Electronic Careers</i>	
Graduates Tracked	Combined Annual Income
22 Students	\$1,173,120

<i>Recent RCC Dental Assistant Graduates</i>	
Graduates Tracked	Combined Annual Income
13 Students	\$331,760

<i>Recent RCC Graduates in the Apprenticeship Programs</i>	
Graduates Tracked	Combined Annual Income
65 Students	\$2,773,347

<i>Recent Completions - RCC Occupational Skills Training</i>	
Graduates Tracked	Combined Annual Income
39 Students	\$939,786

<i>Recent Completions - RCC Career/Technical Education Programs</i>	
Graduates Tracked	Combined Annual Income
7 Students	\$243,942

<i>Recent Completions - RCC Automotive Programs</i>	
Graduates Tracked	Combined Annual Income
32 Students	\$969,640

Total Combined Annual Income: \$7,267,360