



FACT SHEET

The Economic Value of Iowa's Community Colleges | February 2017



Iowa's Community Colleges create a significant positive impact on the business community and generate a return on investment to their major stakeholder groups—students, taxpayers, and society. Using a two-pronged approach that involves an economic impact analysis and an investment analysis, this study calculates the benefits to each of these groups. Results of the analysis reflect Fiscal Year (FY) 2014-15.

IMPACTS CREATED BY IOWA'S COMMUNITY COLLEGES IN FY 2014-15

ADDED INCOME	JOBS
Community College operations spending impact	
\$504.3 million	11,905
Student spending impact	
\$228.5 million	7,360
Alumni impact	
\$4.6 billion	87,905
Total impact	
\$5.4 billion	107,170

* Each industry affected by the impacts has an individual sales-to-jobs ratio that is used to calculate the number of jobs.

IMPACT ON BUSINESS COMMUNITY

During the analysis year, Iowa's Community Colleges and their students added **\$5.4 billion** in added income to the Iowa economy, approximately equal to **3.3%** of the state's total GSP. By comparison, this impact from the colleges is slightly larger than the Professional and Technical Services industry. The economic impacts of Iowa's Community Colleges break down as follows:

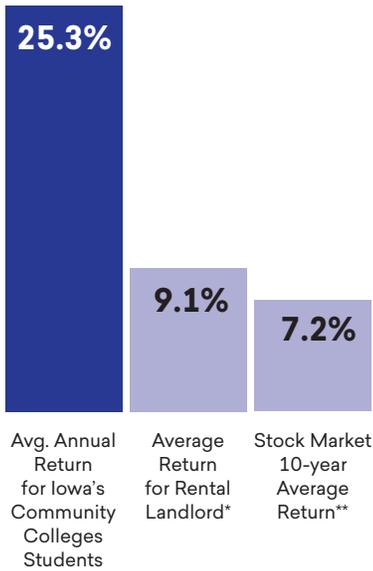
Operations spending impact

- Iowa's Community Colleges employed 11,432 full-time and part-time employees in FY 2014-15. Payroll amounted to **\$512.3 million**, much of which was spent in Iowa to purchase groceries, clothing, and other household goods and services. The colleges spent another **\$395.4 million** to support their day-to-day operations.
- The net impact of the colleges' payroll and expenses in Iowa during the analysis year was approximately **\$504.3 million** in added income.

Impact of student spending

- Around **4%** of students attending Iowa's Community Colleges originated from outside the state. Some of these students relocated to Iowa. In addition, a number of students would have left the state if not for Iowa's Community Colleges. These relocators and retained students spent money on groceries, transportation, rent, and so on at state businesses.
- The expenditures of relocators and retained students during the analysis year added approximately **\$228.5 million** in added income to the Iowa economy.

STUDENT RATE OF RETURN



* RealtyTrac's Q3, 2014

** Forbes' S&P 500, 1994-2014.

Alumni impact

- Over the years, students have studied at lowa's Community Colleges and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in lowa.
- The accumulated contribution of former students currently employed in the state workforce amounted to **\$4.6 billion** in added income during the analysis year.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- lowa's Community Colleges' FY 2014-15 students paid a total of **\$289.6 million** to cover the cost of tuition, fees, and supplies. They also sacrificed **\$633.4 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the colleges, students will receive a present value of **\$6 billion** in increased earnings over their working lives. This translates to a return of **\$6.50** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **25.3%**.

Taxpayer perspective

- In FY 2014-15, state and local taxpayers in lowa paid **\$396.9 million** to support the operations of lowa's Community Colleges. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$1.3 billion** in benefits to taxpayers. Savings to the public sector add another **\$104.8 million** in benefits due to a reduced demand for government-funded services in lowa.
- Dividing benefits to taxpayers by the associated costs yields a **3.5** benefit-cost ratio, i.e., every \$1 in costs returns \$3.50 in benefits. The average annual return on investment for taxpayers is **10.4%**.

Social perspective

- The economic base in lowa will grow by **\$14.9 billion** over the course of the students' working lives. Society will also benefit from **\$373.5 million** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- Society will receive a cumulative value of **\$9.30** in benefits for every dollar that society spent on educations provided by lowa's Community Colleges during the analysis year, for as long as the FY 2014-15 student population at lowa's Community Colleges remains active in the state workforce.

For every \$1 invested by...	
STUDENTS	\$6.50 Gained in lifetime earnings for STUDENTS
TAXPAYERS	\$3.50 Gained in added state revenue and social savings for TAXPAYERS
SOCIETY	\$9.30 Gained in added taxes and public sector savings for SOCIETY