



The Economic Value of Oregon's Community Colleges FACT SHEET

OREGON'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 received by each of these groups. Results of the analysis reflect fiscal year (FY) 2018-19.

Economic impact analysis

In FY 2018-19, Oregon's Community Colleges added **\$10 billion** in income to the Oregon economy, a value approximately equal to **4.1%** of the state's total gross state product (GSP). Expressed in terms of jobs, the impact of Oregon's Community Colleges supported **135,523 jobs**. For perspective, the activities of the colleges and their students support **one out of every 19 jobs** in Oregon.

OPERATIONS SPENDING IMPACT

- Oregon's Community Colleges employed 13,427 full-time and part-time faculty and staff. Payroll amounted to \$756.3 million, much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. The colleges spent another \$325.9 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the colleges' operations spending added **\$812.3 million** in income to the state economy in FY 2018-19.

CONSTRUCTION SPENDING IMPACT

- Oregon's Community Colleges invest in construction each year to maintain facilities, create additional capacities, and meet growing educational demands, generating a short-term infusion of spending and jobs in the state economy.
- The net impact of the colleges' construction spending in FY 2018-19 was **\$37.8 million** in added income for Oregon.

STUDENT SPENDING IMPACT

- Around 5% of students attending the colleges originated from outside the state. Some of these students relocated to Oregon. In addition, some in-state students, referred to as retained students, would have left Oregon for other educational opportunities if not for Oregon's Community Colleges.

IMPACTS CREATED BY
OREGON'S COMMUNITY
COLLEGES IN FY 2018-19



\$812.3 million
Operations Spending Impact



\$37.8 million
Construction Spending Impact



\$203.4 million
Student Spending Impact



\$9.0 billion
Alumni Impact



\$10 billion
TOTAL IMPACT

- OR -

135,523
JOBS SUPPORTED



These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at state businesses.

- The expenditures of relocated and retained students in FY 2018-19 added **\$203.4 million** in income to the Oregon economy.

ALUMNI IMPACT

- Over the years, students have studied at Oregon's Community Colleges and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in Oregon.
- The net impact of the colleges' former students currently employed in the state workforce amounted to **\$9.0 billion** in added income in FY 2018-19.



Investment analysis

STUDENT PERSPECTIVE

- FY 2018-19 students attending a community college in Oregon paid a present value of **\$300.5 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$553.9 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$3.4 billion** in increased earnings over their working lives. This translates to a return of **\$3.90** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **18.8%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided Oregon's Community Colleges with **\$597 million** of funding in FY 2018-19. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$1.2 billion**. A reduced demand for government-funded services in Oregon will add another **\$98.8 million** in benefits to taxpayers.
- For every dollar of public money invested in Oregon's Community Colleges, taxpayers will receive **\$2.20** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **7.6%**.

SOCIAL PERSPECTIVE

- In FY 2018-19, Oregon invested **\$1.8 billion** to support Oregon's Community Colleges. In turn, the Oregon economy will grow by **\$12.7 billion**, over the course of students' working lives. Society will also benefit from **\$274.2 million** of public and private sector savings.
- For every dollar invested in Oregon's Community Colleges in FY 2018-19, people in Oregon will receive **\$7.10** in return, for as long as the FY 2018-19 student population at the colleges remains active in the state workforce.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN OREGON'S COMMUNITY COLLEGES



18.8%

Average annual return for students of Oregon's Community Colleges



9.9%

Stock market 30-year average annual return



0.8%

Interest earned on savings account (National Rate Cap)

Source: Forbes' S&P 500, 1989-2018. FDIC.gov, 6-2019.



FOR EVERY \$1...



Students gain

\$3.90

in lifetime earnings



Taxpayers gain

\$2.20

in added tax revenue and public sector savings



Society gains

\$7.10

in added income and social savings

