

The Economic Value of Oregon's Community Colleges

Oregon's community colleges create a significant positive impact on the business community and generate a return on investment to its 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) 2021-22.

Economic impact analysis

In FY 2021-22, Oregon's community colleges added **\$9.6 billion** in income to the Oregon economy, a value approximately equal to **3.3%** of the state's total gross state product (GSP). Expressed in terms of jobs, this impact supported **117,970 jobs**. For perspective, the activities of the colleges and their students support **one out of every 22 jobs** in Oregon.

Operations spending impact

- Oregon's community colleges employed 10,105 full-time and part-time faculty and staff. Payroll amounted to \$757.2 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 \$380.8 million on day-to-day expenses related to facilities, supplies, and professional services (excluding construction).
- The net impact of the colleges' operations spending added **\$769.8 million** in income to the state economy in FY 2021-22.

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 2021-22 was **\$28.4 million** in added income for Oregon.

Student spending impact

- Around 6% of students attending Oregon's community colleges originated from outside the state. Some of these students relocated to Oregon. In addition, some

Impacts created by Oregon's community colleges in FY 2021-22



Operations spending impact
\$769.8 million

+



Construction spending impact
\$28.4 million

+



Student spending impact
\$177.5 million

+



Alumni impact
\$8.6 billion



Total economic impact
\$9.6 billion

OR

Jobs supported
117,970



in-state students, referred to as retained students, would have left Oregon for other educational opportunities if not for Oregon's community colleges. 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 2021-22 added **\$177.5 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 **\$8.6 billion** in added income in FY 2021-22.

Investment analysis

Student perspective

- FY 2021-22 students attending a community college in Oregon paid a present value of **\$259.1 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$240.1 million** in money that they would have earned had they been working instead of attending college.*
- In return for their investment, students will receive a cumulative present value of **\$2.6 billion** in increased earnings over their working lives. This translates to a return of **\$5.20** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **21.0%**.

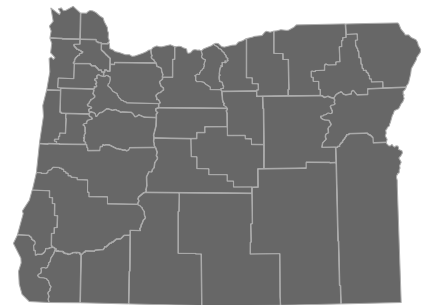
Taxpayer perspective

- Taxpayers provided Oregon's community colleges with **\$834.3 million** of funding in FY 2021-22. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$1 billion**. A reduced demand for government-funded services in Oregon will add another **\$89 million** in benefits to taxpayers.
- For every dollar of public money invested in Oregon's community colleges, taxpayers will receive **\$1.30** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **1.9%**.

Social perspective

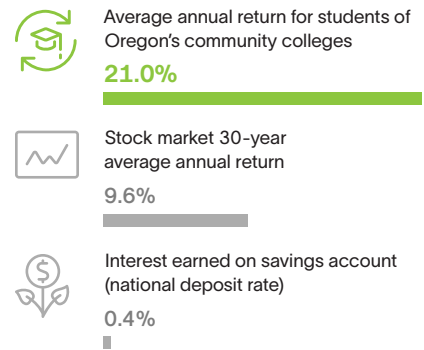
- In FY 2021-22, Oregon invested **\$1.5 billion** to support Oregon's community colleges. In turn, the Oregon economy will grow by **\$10.5 billion**, over the course of students' working lives. Society will also benefit from **\$198.8 million** of public and private sector savings.
- For every dollar invested in Oregon's community colleges in FY 2021-22, people in Oregon will receive **\$7.00** in return, for as long as the colleges' FY 2021-22 students remain active in the state workforce.

* An estimated 76% of students are employed while attending Oregon's community colleges, and student employment is factored into student opportunity cost calculations. For a detailed methodology discussion, please contact the Oregon Community College Association for a copy of the main report.



Oregon

Students see a high rate of return for their investment in Oregon's community colleges



Source: Forbes' S&P 500, 1992-2021. FDIC.gov, 2-2022.

