

ECONOMIC IMPACT OF THE 12 CONNECTICUT COMMUNITY COLLEGES

What role do Connecticut's 12 Community Colleges play in the statewide economy? Business sales in the state of Connecticut are \$12 billion larger, and labor income is \$5 billion larger due to the past and present operations of Connecticut's colleges. The benefits of a robust state economy translate into job and investment opportunities, increased business revenues, greater availability of public funds, and an eased tax burden.

Connecticut's Colleges Stimulate the State Economy

- Connecticut's colleges had operating expenses of \$301 million in fiscal 2003, and spent \$277 million (92%) of this in the state of Connecticut to purchase supplies and pay salaries, wages, and benefits (i.e. earnings).
- Connecticut's colleges employ 2,137 full-time and 2,746 part-time faculty and staff. The colleges paid faculty and staff salaries, wages, and benefits of \$213 million in fiscal 2003.
- For every \$1 the colleges pay in earnings, there is an additional \$0.66 in earnings generated off campus in Connecticut's economy—this is the commonly known multiplier effect.
- The activities of Connecticut's colleges 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 Connecticut embodies over 25.1 million credit and non-credit hours of past and present training at Connecticut's colleges.
- College skills embodied in the present-day workforce increase the output of industries in Connecticut's economy where the former students are employed by \$5 billion. Associated multiplier effects (sometimes called indirect effects) in other industries increase sales by \$6 billion.
- College skills from current and former students increase earnings in the State of Connecticut by \$2 billion directly, and by another \$2 billion indirectly in fiscal 2003.

Connecticut's Colleges Leverage Taxpayer Dollars

- State and local government allocated \$199 million in support of Connecticut's colleges in fiscal 2003. For every dollar appropriated by state and local government, college spending alone generated \$1.78 in earnings in the state of Connecticut.
- For every dollar appropriated by the state and local government in fiscal 2003, student earnings will increase by an average of \$0.76 per year, every year through the rest of their working lives. Likewise, for every state dollar appropriated, the state of Connecticut will see social savings of \$0.12 per year, every year (i.e., reduced incarceration and health care expenditures, reduced expenditures on unemployment and welfare, and reduced absenteeism).

Connecticut's Colleges Generate a Return on Government Investment

- State and local government support for Connecticut's colleges in fiscal 2003 will be fully recovered in 9.2 years, in the form of higher tax receipts (from increase student wages) and avoided costs (e.g., from reduced public expenditures on incarceration).
- Accounting for increased tax receipts and avoided costs, state and local government will see a rate of return of 14.2% on their fiscal 2003 support for Connecticut's colleges.

Connecticut's Colleges Increase Individuals' Earning Potential

- A total of 106,492 credit and non-credit students attended the colleges in fiscal 2003, 83% of whom were employed full- or part-time while attending.
- As many as 94% of the students stay in the state initially after they leave the colleges and contribute to the statewide economy. Their continued contribution is measured after accounting for out-migration, retirement, and death.
- After leaving college, the average Connecticut college student will spend 35 years in the workforce. The student who leaves with a two-year college degree will earn \$412,208 more than someone with a high school diploma or GED.
- Over the next 35 years in the workforce, the average Connecticut college student's discounted lifetime earnings (i.e. future values expressed in present value terms) will increase \$6.17 for every education dollar invested (in the form of tuition, fees, books, and foregone earnings from employment).
- Students enjoy an attractive 22.4% rate of return on their educational investment, and recover all costs (including wages foregone while attending Connecticut's colleges) in 6.4 years.

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