MORGAN COMMUNITY COLLEGE

STUDENTS' INVESTMENT

The Economic Value of Morgan Community College | May 2017

Education has the power to raise students' earning potential and increase their employability. In return for their investment in education, MCC's FY 2015-16 students will receive higher wages throughout their working lives.

EDUCATION RETURNS VALUE FOR MONEY SPENT

- To meet the costs of going to the college, students rely on their own earnings or on the earnings of their families. At MCC, students paid a total of **$4.2 million** in FY 2015-16 to cover the cost of tuition, fees, books, and supplies.
- While at college, students spend time focusing on their studies, time they would have otherwise spent working or with their families and friends. For MCC students, the value of time and earnings forgone, or opportunity cost, was estimated to be **$6.6 million** (less offsetting monies received from residual aid).
- In return for the costs of going to the college, students will receive a stream of higher lifetime earnings. These wage gains will fully recover the money that students invested and will continue to grow throughout the students' working lives.

EDUCATION INCREASES EARNING POTENTIAL

- Average annual earnings increase as students attain higher levels of education. On average, an associate degree completer in Colorado will earn $32,600 at the midpoint of their career, **$7,600** more than someone with a high school diploma.
- An associate degree completer will earn **$1,401,800** (undiscounted) over their working lifetime, an increase of $326,800 compared to someone with a high school diploma.

EDUCATION IS A KEY INVESTMENT FOR STUDENTS AND THEIR FAMILIES

- MCC's FY 2015-16 students will receive an average annual internal rate of return of **21.8%** on their investment in the college. This internal rate of return continues throughout their working lives.
- Had students and their families taken the money they spent on education and invested it instead in a standard bank savings account, they would have received a rate of return of less than 1%.
- On average, MCC's FY 2015-16 students will receive a cumulative **$8.30** in higher future earnings for every $1 they invested in their education.
- The table below shows the investment analysis results for the student perspective under two alternative conditions. The first shows the results with student opportunity cost excluded from total costs. The second shows results if future benefits were not discounted to present value terms.

	BENEFIT-COST RATIO	INTERNAL RATE OF RETURN
Student perspective	**8.3**	**21.8%**
Without opportunity cost	28.5	46.4%
Future benefits undiscounted	21.1	21.8%*

*The internal rate of return (IRR) does not change under this condition because IRR is calculated using the stream of undiscounted future cash flows.