

FACT SHEET

The Economic Value of Otero Junior College | May 2017

Otero Junior College (OJC) creates a significant positive impact on the business community and generates 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 to each of these groups. Results of the analysis reflect Fiscal Year (FY) 2015-16.

IMPACTS CREATED BY OJC IN FY 2015-16

ADDED INCOME	JOBS
\$18.1 million	208
Operations spending impact	
\$1.5 million	33
Student spending impact	
\$29.9 million	747
Alumni impact	
\$49.5 million	988
Total impact	

IMPACT ON BUSINESS COMMUNITY

During the analysis year, OJC and its students added **\$49.5 million** in income to the OJC Service Area economy, approximately equal to **7.3%** of the region’s total gross regional product (GRP). The economic impacts of OJC break down as follows:

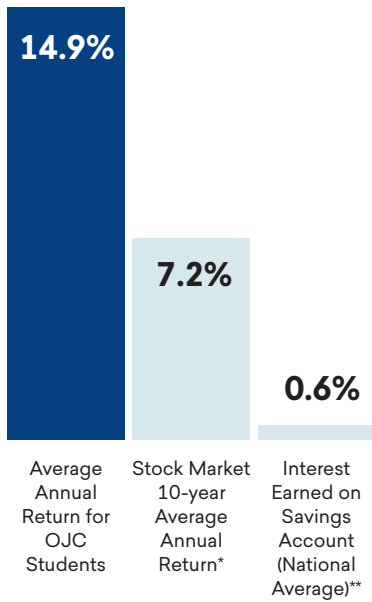
Operations spending impact

- OJC employed 157 full-time and part-time employees in FY 2015-16. Payroll amounted to **\$15.1 million**, much of which was spent in the OJC Service Area to purchase groceries, clothing, and other household goods and services. The college spent another **\$11 million** to support its day-to-day operations.
- The net impact of college payroll and expenses in the OJC Service Area during the analysis year was approximately **\$18.1 million** in income. Of the \$18.1 million in added income, \$111.9 thousand is attributable to OJC’s construction activities in FY 2015-16.

Student spending impact

- Around **28%** of students attending OJC originated from outside the region. Some of these students relocated to the OJC Service Area. In addition, a number of students would have left the region if not for OJC. These relocated and retained students spent money on groceries, transportation, rent, and so on at regional businesses.
- The expenditures of relocated and retained students during the analysis year added approximately **\$1.5 million** in income to the OJC Service Area economy.

STUDENT RATE OF RETURN



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

** FDIC.gov 12-2016.

Alumni impact

- Over the years, students have studied at OJC and entered or re-entered the workforce with newly-acquired skills. Today, thousands of these former students are employed in the OJC Service Area.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$29.9 million** in added income during the analysis year.

RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

Student perspective

- OJC's FY 2015-16 students paid a total of **\$3.3 million** to cover the cost of tuition, fees, and supplies. They also forwent **\$8.7 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the college, students will receive a present value of **\$52 million** in increased earnings over their working lives. This translates to a return of **\$4.30** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **14.9%**.

Taxpayer perspective

- In FY 2015-16, state and local taxpayers in Colorado paid **\$8.8 million** to support the operations of OJC. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$19 million** in benefits to taxpayers. Savings to the public sector add another **\$1.7 million** in benefits due to a reduced demand for government-funded services in Colorado.
- Dividing benefits to taxpayers by the associated costs yields a **2.3** benefit-cost ratio, i.e., every \$1 in costs returns \$2.30 in benefits. The average annual return on investment for taxpayers is **6.8%**.

Social perspective

- The economic base in Colorado will grow by **\$213 million** over the course of the students' working lives. Society will also benefit from **\$5.2 million** in present value social savings related to reduced crime, lower unemployment, and increased health and well-being across the state.
- For every dollar that society spent on OJC educations during the analysis year, society will receive a cumulative value of **\$6.00** in benefits, for as long as the FY 2015-16 student population at OJC remains active in the state workforce.

