

The Economic Value of Northern Colorado's Public Colleges and Universities

FACT SHEET

Northern Colorado's Public Colleges and Universities* (NoCoPCU) create a significant positive impact on the business community in Larimer and Weld Counties 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) 2017-18.



Economic impact analysis

In FY 2017-18, NoCoPCU added **\$3.9 billion** in income to the Larimer and Weld economy, a value approximately equal to **11.9%** of the region's total gross regional product (GRP). Expressed in terms of jobs, NoCoPCU's impact supported **50,668 jobs**. For perspective, the activities of the institutions and their students support **one out of every eight jobs** in Larimer and Weld Counties.



OPERATIONS SPENDING IMPACT

- The institutions employed 9,508 full-time and part-time faculty and staff (not including research employees) in FY 2017-18. Payroll and benefits amounted to \$1.1 billion (excluding payroll from research employees), much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The institutions spent another \$262.7 million on day-to-day expenses related to facilities, supplies, and professional services (excluding research expenditures).
- The net impact of the institutions' operations spending added **\$1.1 billion** in income to the regional economy in FY 2017-18.

RESEARCH SPENDING IMPACT

- Research activities at NoCoPCU impact the regional economy by employing people and making purchases for equipment, supplies, and services. In FY 2017-18, NoCoPCU spent \$146.5 million on payroll and \$233.5 million on other expenses to support research activities.



* Northern Colorado's Public Colleges and Universities include Aims Community College, Colorado State University, Front Range Community College's Larimer Campus, and the University of Northern Colorado.



- NoCoPCU research spending generated **\$299 million** in added income for the Larimer and Weld economy in FY 2017-18.

CONSTRUCTION SPENDING IMPACT

- The institutions commissioned contractors to build or renovate facilities, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of NoCoPCU construction spending in FY 2017-18 was **\$126 million** in added income for Larimer and Weld Counties.

START-UP AND SPIN-OFF COMPANY IMPACT

- The institutions create exceptional environments that foster innovation and entrepreneurship, evidenced by the number of start-up and spin-off companies created as a result of NoCoPCU.
- In FY 2017-18, NoCoPCU start-up and spin-off companies generated **\$227.9 million** in added income for the Larimer and Weld economy.

VISITOR SPENDING IMPACT

- Out-of-region visitors attracted to Larimer and Weld Counties for activities at the institutions brought new dollars to the economy through their spending at hotels, restaurants, gas stations, and other regional businesses.
- Visitor spending added approximately **\$3.2 million** in income to the Larimer and Weld economy in FY 2017-18.

STUDENT SPENDING IMPACT

- Around 35% of credit students attending the institutions originated from outside the region. Some of these students relocated to Larimer and Weld Counties. In addition, some in-region students would have left the region for other educational opportunities if not for NoCoPCU. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.
- The expenditures of relocated and retained students in FY 2017-18 added **\$147.9 million** in income to the Larimer and Weld economy.

ALUMNI IMPACT

- Over the years, students have studied at the institutions and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in Larimer and Weld Counties.
- The net impact of former NoCoPCU students currently employed in the regional workforce amounted to **\$2 billion** in added income in FY 2017-18.



\$1.1 billion
Operations Spending Impact



\$299 million
Research Spending Impact



\$126 million
Construction Spending Impact



\$227.9 million
Start-up & Spin-off Company Impact



\$3.2 million
Visitor Spending Impact



\$147.9 million
Student Spending Impact



\$2 billion
Alumni Impact



\$3.9 billion
TOTAL IMPACT

- OR -

50,668
JOBS SUPPORTED





Investment analysis

STUDENT PERSPECTIVE

- NoCoPCU's FY 2017-18 students paid a present value of **\$641.5 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$495.8 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$3.6 billion** in increased earnings over their working lives. This translates to a return of **\$3.20** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **12.3%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided NoCoPCU with **\$307.2 million** of funding in FY 2017-18. 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 Colorado will add another **\$236.1 million** in benefits to taxpayers.
- For every dollar of public money invested in NoCoPCU, taxpayers will receive **\$4.00** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **14.1%**.

SOCIAL PERSPECTIVE

- In FY 2017-18, Colorado invested **\$2.5 billion** to support NoCoPCU. In turn, the Colorado economy will grow by **\$12.4 billion**, over the course of students' working lives. Society will also benefit from **\$649.5 million** of public and private sector savings.
- For every dollar invested in NoCoPCU in FY 2017-18, people in Colorado will receive **\$5.20** in return, for as long as NoCoPCU's FY 2017-18 students remain active in the state workforce.

STUDENTS SEE A HIGH RATE OF RETURN FOR THEIR INVESTMENT IN NOCOPCU



12.3%

Average annual return for NoCoPCU students



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

\$3.20

in lifetime earnings



Taxpayers gain

\$4.00

in added tax revenue and public sector savings



Society gains

\$5.20

in added income and social savings

