

## FACT SHEET

# The Economic Value of Northern Colorado Public Colleges and Universities

August 2017

Northern Colorado Public Colleges and Universities (NoCoPCU) create a significant positive impact on the business community 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 to each of these groups. Results of the analysis reflect Fiscal Year (FY) 2015-16.



## IMPACT ON BUSINESS COMMUNITY

During the analysis year, NoCoPCU and their entrepreneurial activities and students added **\$2.4 billion** in income to the Larimer and Weld Counties' economy, approximately equal to **9.6%** of the region's total gross regional product (GRP). By comparison, this impact from the institutions is almost twice as large as the entire Health Care & Social Assistance industry. The economic impacts of NoCoPCU break down as follows:

### Operations spending impact

- NoCoPCU employed 10,330 full-time and part-time employees (less research employees) in FY 2015-16. Payroll amounted to **\$724.9 million** (excluding payroll from research employees), much of which was spent in Larimer and Weld Counties to purchase groceries, clothing, and other household goods and services. The institutions spent another **\$261.3 million** to support their day-to-day operations, excluding research expenditures.
- The net impact of institutions' payroll and expenses in Larimer and Weld Counties during the analysis year was approximately **\$676.8 million** in added income.

**IMPACTS CREATED BY  
NOCOPCU IN FY 2015-16**

ADDED INCOME	JOBS
<b>\$676.8 million</b>	<b>9,986</b>
<b>Operations spending impact</b>	
<b>\$172.7 million</b>	<b>2,894</b>
<b>Research spending impact</b>	
<b>\$78.9 million</b>	<b>1,354</b>
<b>Construction spending impact</b>	
<b>\$35.8 million</b>	<b>548</b>
<b>Start-up company impact</b>	
<b>\$159.6 million</b>	<b>2,428</b>
<b>Student spending impact</b>	
<b>\$1.3 billion</b>	<b>22,467</b>
<b>Alumni impact</b>	
<b>\$2.4 billion</b>	<b>39,677</b>
<b>Total impact</b>	

**Research spending impact**

- Research activities at NoCoPCU impact the regional economy by employing people and making purchases for equipment, supplies, and services. They also facilitate new knowledge creation in Larimer and Weld Counties through inventions, patent applications, and licenses. In FY 2015-16, NoCoPCU spent **\$127.4 million** on payroll to support research activities.
- NoCoPCU's research spending generated **\$172.7 million** in added income for the Larimer and Weld Counties' economy.

**Construction spending impact**

- NoCoPCU commissioned contractors to build or renovate their facilities during the analysis year, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of NoCoPCU's construction spending in FY 2015-16 was **\$78.9 million** in added income for Larimer and Weld Counties.

**Start-up company impact**

- NoCoPCU create an exceptional environment that fosters innovation and entrepreneurship, evidenced by the number of start-up companies created by the institutions.
- In FY 2015-16, NoCoPCU's start-up companies generated **\$35.8 million** in added income for the Larimer and Weld Counties' economy.

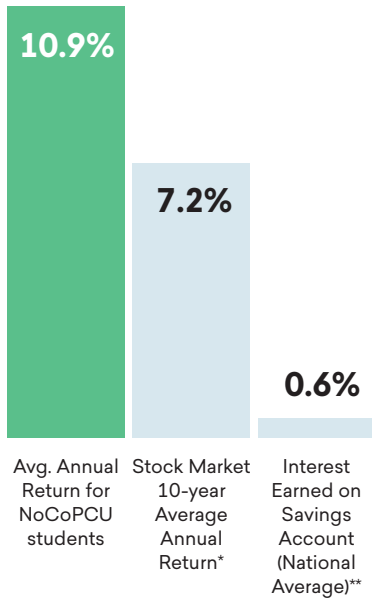
**Impact of student spending**

- Around **45%** of students attending NoCoPCU originated from outside the region. Some of these students relocated to Larimer and Weld Counties. In addition, a number of students would have left the region if not for NoCoPCU. 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 **\$159.6 million** in added income to the Larimer and Weld Counties' economy.

**Alumni impact**

- Over the years, students have studied at NoCoPCU and entered or re-entered the workforce with newly-acquired skills. Today, hundreds of thousands of these former students are employed in Larimer and Weld Counties.
- The accumulated contribution of former students currently employed in the regional workforce amounted to **\$1.3 billion** in added income during the analysis year.

## STUDENT RATE OF RETURN



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

\*\* FDIC.gov 12-2016.

## RETURN ON INVESTMENT TO STUDENTS, TAXPAYERS, AND SOCIETY

### Student perspective

- NoCoPCU's 2015-16 students paid a total of **\$556.5 million** to cover the cost of tuition, fees, books, and supplies. They also forwent **\$480.2 million** in money that they would have earned had they been working instead of learning.
- In return for the monies invested in the institutions, students will receive a present value of **\$3.2 billion** in increased earnings over their working lives. This translates to a return of **\$3.10** in higher future earnings for every \$1 that students invest in their education. The average annual return for students is **10.9%**.

### Taxpayer perspective

- In FY 2015-16, state and local taxpayers in Colorado paid **\$231.4 million** to support the operations of NoCoPCU. The net present value of the added tax revenue stemming from the students' higher lifetime earnings and the increased output of businesses amounts to **\$1 billion** in benefits to taxpayers. Savings to the public sector add another **\$305 million** in benefits due to a reduced demand for government-funded services in Colorado.
- Dividing benefits to taxpayers by the associated costs yields a **5.8** benefit-cost ratio, i.e., every \$1 in costs returns \$5.80 in benefits. The average annual return on investment for taxpayers is **33.6%**.

### Social perspective

- Society as a whole in Colorado will receive a present value of **\$11.8 billion** in added state earnings over the course of the students' working lives. Society will also benefit from **\$1.7 billion** 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 NoCoPCU educations during the analysis year, society will receive a cumulative value of **\$6.30** in benefits, for as long as the FY 2015-16 student population at NoCoPCU remains active in the state workforce.

