



The Economic Value of The Oregon Alliance of Independent Colleges and Universities

The Alliance member institutions

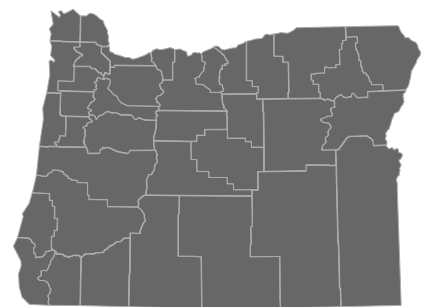




THE OREGON ALLIANCE of Independent Colleges and Universities (The Alliance) creates value in many ways. The member institutions play a key role in helping students increase their employability and achieve their individual potential. The institutions draw visitors and students to the state, generating new dollars and opportunities for Oregon. The institutions provide students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, the institutions are places for students to broaden their networks, increase their self-confidence, and improve their overall health and well-being.

The Alliance member institutions positively influence both the lives of students and the state economy. The institutions support a variety of industries in Oregon, serve state businesses, and benefit society as a whole in Oregon from an expanded economy and improved quality of life. Additionally, the benefits created by The Alliance member institutions extend to the state government through increased tax revenues and public sector savings.

This study measures the economic impacts created by The Alliance member institutions on the state business community and evaluates the return on investment to their primary stakeholders—students, The Alliance member institutions, and Oregon society, as well as the benefits received by state taxpayers. The following two analyses are presented:



Oregon

The Alliance member institutions influence both the **lives of students** and the **state economy**.

 **Economic impact analysis**

 **Investment analysis**

All results reflect employee, student, and financial data for fiscal year (FY) 2020-21. Impacts on the Oregon economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students and Oregon society, along with benefits to taxpayers of Oregon, are reported under the investment analysis.

Economic impact analysis



The Alliance member institutions promote economic growth in Oregon through their direct expenditures and the resulting expenditures of visitors, students, and state businesses. The member institutions serve as employers and buyers of goods and services for their day-to-day operations. Their reputation and activities attract visitors and students from outside Oregon, whose expenditures benefit state vendors. In addition, The Alliance member institutions are important sources of higher education to Oregon residents and suppliers of advanced talent to state industries, enhancing overall productivity in the state workforce.

Operations spending impact



The Alliance member institutions add economic value to Oregon as employers of state residents and large-scale buyers of goods and services. In FY 2020-21, the member institutions employed 6,766 full-time and part-time faculty and staff, 92% of whom lived in Oregon. Total payroll at The Alliance member institutions was \$485.8 million, much of which was spent in the state for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the institutions spent \$233.5 million on day-to-day expenses related to facilities, supplies, and professional services.

The Alliance member institutions' day-to-day operations spending added \$491.2 million in income to the state during the analysis year. This figure represents the institutions' payroll, the multiplier effects generated by the in-state spending of the institutions and their employees, and a downward adjustment to account for funding

Impacts created by The Alliance member institutions in FY 2020-21



Operations spending impact

\$491.2 million

+



Visitor spending impact

\$26.0 million

+



Student spending impact

\$114.1 million

+



Alumni impact

\$2.9 billion



Total economic impact

\$3.5 billion

OR

Jobs supported

43,396



that the institutions received from state sources. The \$491.2 million in added income is equivalent to supporting 7,132 jobs in the state.

Visitor spending impact



Tens of thousands of visitors from outside the state were attracted to The Alliance member institutions during the analysis year to participate in various academic and entertainment related activities, as well as business and sports events. While in the state, visitors spent money for lodging, food, transportation, and other personal expenses. The off-campus expenditures of the institutions' out-of-state visitors generated a net impact of \$26 million in added income for the state economy in FY 2020-21. This \$26 million in added income is equivalent to supporting 393 jobs.¹

Student spending impact



Approximately 49% of students attending The Alliance member institutions originated from outside the state in FY 2020-21, and most of these students relocated to Oregon to attend the institutions. These students may not have come to the state if the member institutions did not exist. In addition, some in-state students, referred to as retained students, would have departed Oregon if not for the existence of the member institutions. While attending the institutions, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$114.1 million in added income for the state economy in FY 2020-21, which supported 1,802 jobs in Oregon.

Alumni impact



The education and training the institutions provide for state residents has the greatest impact. Since The Alliance member institutions were established, students have studied at them and entered the state workforce with greater knowledge and new skills. Today, tens of thousands of these former students are employed in Oregon.

According to Lightcast's Alumni Outcomes data, many of The Alliance member institutions' alumni are employed in the state workforce in industry sectors such as Government, Education; Health Care & Social Assistance; Professional & Technical Services; Manufacturing; Educational Services; Finance & Insurance; and Administrative & Waste Services, with their top occupations being registered nurses; lawyers; chief executives; tutors, teachers, & instructors; personal service managers & entertainment & recreation managers; postsecondary teachers; and general & operations managers.

As a result of their education from The Alliance member institutions, students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2020-21, the member institutions' alumni generated \$2.9 billion in added income for the state economy, which is equivalent to supporting 34,070 jobs.

¹ Note that many institution events were canceled in FY 2020-21 due to COVID-19, substantially decreasing the visitor spending impact. In addition, only seven out of twelve member institutions were able to provide visitor data, which considerably reduces the total measured visitor spending impact.



Total impact

The Alliance member institutions added \$3.5 billion in income to the Oregon economy during the analysis year, equal to the sum of the operations spending impact, the visitor and student spending impacts, and the alumni impact. For context, the \$3.5 billion impact was equal to approximately 1.3% of the total gross state product (GSP) of Oregon. This contribution that the institutions provided on their own was larger than the entire Utilities industry in the state.

The Alliance member institutions' total impact can also be expressed in terms of jobs supported. The \$3.5 billion impact supported 43,396 state jobs, using the jobs-to-sales ratios specific to each industry in the state. This means that one out of every 59 jobs in Oregon is supported by the activities of the institutions and their students. In addition, the \$3.5 billion, or 43,396 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the activities of the member institutions and their alumni in the Health Care & Social Assistance industry sector supported 4,890 jobs in FY 2020-21. If the institutions did not exist, these impacts would not have been generated in Oregon.

The Alliance member institutions' impact by industry (jobs supported)



One out of every 59 jobs in Oregon is supported by the activities of The Alliance member institutions and their students.



©: Linfield University



An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. If the benefits outweigh the costs, then the investment is financially worthwhile. The analysis presented here evaluates The Alliance member institutions as an investment from the perspectives of students and society in Oregon. In addition, the benefits received by Oregon taxpayers are measured.

Student perspective



In FY 2020-21, The Alliance member institutions served 26,626 credit and 1,142 non-credit students. In order to attend the institutions, the students paid for tuition, fees, books, and supplies. They also took out loans and will incur interest on those loans. Additionally, students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by member institution students in FY 2020-21 amounted to a present value of \$894.5 million, equal to \$549.6 million in out-of-pocket expenses (including future principal and interest on student loans) and \$344.8 million in forgone time and money.

In return for their investment, The Alliance member institutions' students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, their average bachelor's degree graduate from FY 2020-21 will see annual earnings that are \$35,700 higher than a person with a high school diploma or equivalent working in Oregon. Over a working lifetime, the benefits of the bachelor's degree over a high school diploma will amount to an undiscounted value of \$1.5 million

Students see a high rate of return for their investment in The Alliance member institutions



Average annual return for The Alliance students
12.5%



Stock market 30-year average annual return
10.5%

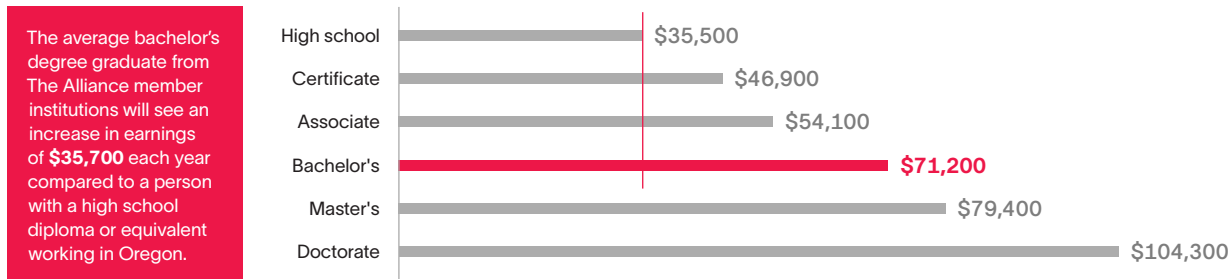


Interest earned on savings account (National Rate Cap)
0.8%

Source: Forbes' S&P 500, 1992-2021. FDIC.gov, 2-2022.



in higher earnings per graduate. The present value of the cumulative higher future earnings that member institutions' FY 2020-21 students will receive over their working careers is \$3.1 billion.



Source: Data provided by The Alliance member institutions and Lightcast Alumni Outcomes.

The students' benefit-cost ratio is 3.5. In other words, for every dollar students invest in an education at The Alliance member institutions in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$3.50 in higher future earnings. Annually, the students' investment in the member institutions has an average annual internal rate of return of 12.5%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.5%.

Taxpayer perspective



The Alliance is comprised of private, nonprofit institutions, and state and local governments invest very little in them, yet Oregon taxpayers still receive a significant amount of benefits from The Alliance member institutions. These benefits to taxpayers consist primarily of taxes that the state government will collect from the added revenue created in the state. As the member institutions' students will earn more, they will make higher tax payments throughout their working lives. Students' employers will also make higher tax payments as they increase their output and purchases of goods and services. By the end of the FY 2020-21 students' working lives, the state government will have collected a present value of \$773 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of the member institutions' students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that the students receive will generate savings in three main categories: 1) healthcare, 2) justice system, and 3) income assistance. Improved health will lower students' demand for national health care services. In addition, costs related to the justice system will decrease. The Alliance member institutions' students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit

Oregon taxpayers will receive a cumulative value of **\$929.4 million** in benefits over the course of the students' working lives.

taxpayers. For a list of study references, contact The Alliance for a copy of the main report. Altogether, the present value of the benefits associated with an education from The Alliance member institutions will generate \$156.4 million in savings to state taxpayers. Total taxpayer benefits amount to \$929.4 million, the present value sum of the added taxes and public sector savings.

Social perspective



Society as a whole in Oregon benefits from the presence of The Alliance member institutions in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output (added business income), which raise economic prosperity in Oregon.

Benefits to society also consist of the savings generated by the improved lifestyles of The Alliance member institutions' students. As discussed in the previous section, education is statistically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Healthcare savings include avoided medical costs associated with smoking, alcohol dependence, obesity, drug abuse, and depression. Justice system savings include avoided costs to the government and society due to less judicial activity. For a list of study references, contact The Alliance for a copy of the main report.

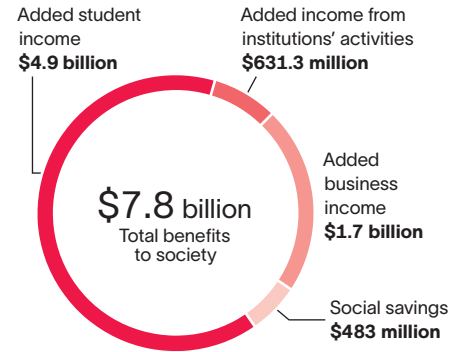
Altogether, the social benefits of The Alliance member institutions equal a present value of \$7.8 billion. These benefits include \$4.9 billion in added student income, \$1.7 billion in added business income, \$631.3 million in added income from the institutions' activities, as well as \$483 million in social savings related to health, the justice system, and income assistance in Oregon. People in Oregon invested a present value total of \$1.1 billion in The Alliance member institutions in FY 2020-21. The cost includes all the institutions' expenditures and student costs.

The benefit-cost ratio for society is 6.9, equal to the \$7.8 billion in benefits divided by the \$1.1 billion in costs. In other words, for every dollar invested in The Alliance member institutions, people in Oregon will receive a cumulative value of \$6.90 in benefits. The benefits of this investment will occur for as long as the member institutions' FY 2020-21 students remain employed in the state workforce.

Summary of investment analysis results

The results of the analysis demonstrate that The Alliance member institutions are a strong investment for students and society and generate significant benefits to taxpayers. As shown, students receive a great return for their investments in an education from the member institutions. At the same time, society's investment in the member institutions returns more to Oregon than it costs and creates a wide range of social benefits throughout the state.

Social benefits in Oregon from The Alliance member institutions



Source: Lightcast impact model.



Student perspective

Present value benefits

\$3.1 billion

Present value costs

\$0.9 billion

Net present value

\$2.2 billion

Benefit-cost ratio

3.5

Rate of return

12.5%



Taxpayer perspective

Present value benefits

\$929.4 million



Social perspective

Present value benefits

\$7.8 billion

Present value costs

\$1.1 billion

Net present value

\$6.7 billion

Benefit-cost ratio

6.9

Rate of return

n/a*

* The rate of return is not reported for the social perspective because the beneficiaries are not necessarily the same as the original investors.

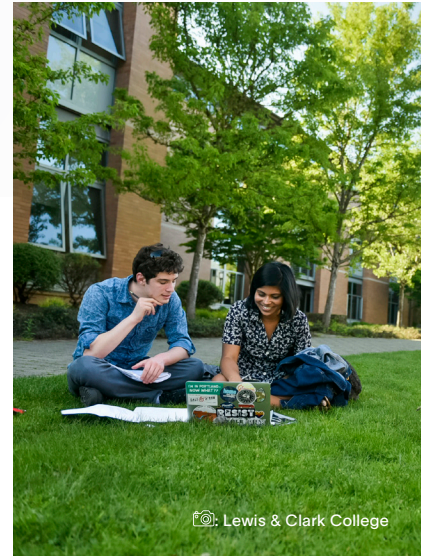


Conclusion

The results of this study demonstrate that The Alliance member institutions create value from multiple perspectives. The member institutions benefit state businesses by increasing consumer spending in the state and supplying a steady flow of qualified, trained workers to the workforce. They enrich the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The member institutions benefit state taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, The Alliance member institutions benefit society as a whole in Oregon by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students and graduates.

About the study

Data and assumptions used in the study are based on several sources, including the FY 2020-21 academic and financial reports from The Alliance member institutions; member institution alumni records matched to Lightcast's Alumni Outcomes database; industry and employment data from the U.S. Bureau of Labor Statistics and U.S. Census Bureau; outputs of Lightcast's Multi-Regional Social Accounting Matrix model; and a variety of studies and surveys relating education to social behavior. The study applies a conservative methodology and follows standard practice using only the most recognized indicators of economic impact and investment effectiveness. For a full description of the data and approach used in the study, please contact The Alliance for a copy of the main report.



The results of this study demonstrate that The Alliance member institutions create value from **multiple perspectives**.



Lightcast provides colleges and universities with labor market data that help create better outcomes for students, businesses, and communities. Our data, which cover more than 99% of the U.S. workforce, are compiled from a wide variety of government sources, job postings, and online profiles and résumés. Hundreds of institutions use Lightcast to align programs with regional needs, drive enrollment, connect students with in-demand careers, track their alumni's employment outcomes, and demonstrate their institution's economic impact on their region. Visit lightcast.io/solutions/education to learn more or connect with us.