



The Economic Value of Kirtland Community College **FACT SHEET**

KIRTLAND Community College (Kirtland) 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 received by each of these groups. Results of the analysis reflect fiscal year (FY) 2017-18.



Economic impact analysis

In FY 2017-18, Kirtland added **\$63 million** in income to the Kirtland Service Area* economy, a value approximately equal to **1.5%** of the region's total gross regional product (GRP). Expressed in terms of jobs, Kirtland's impact supported **912 jobs**. For perspective, the activities of Kirtland and its students support **one out of every 69 jobs** in the Kirtland Service Area.

OPERATIONS SPENDING IMPACT

- Kirtland employed 133 full-time and part-time faculty and staff. Payroll amounted to \$10.6 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. The college spent another \$5 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$11.8 million** in income to the regional economy in FY 2017-18.

CONSTRUCTION SPENDING IMPACT

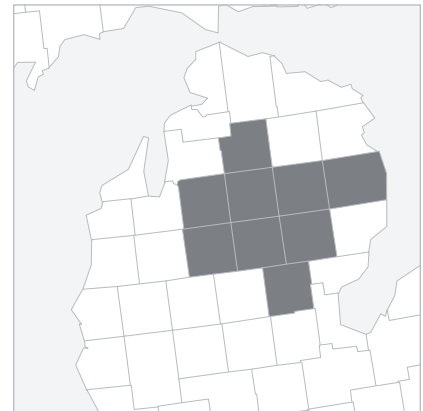
- Kirtland commissioned contractors to build or renovate its facilities, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of Kirtland's construction spending in FY 2017-18 was **\$398.7 thousand** in added income for the Kirtland Service Area.

STUDENT SPENDING IMPACT

- Some in-region students, referred to as retained students, would have left Kirtland Service Area for other educational opportunities if not for Kirtland.

* For the purposes of this analysis, the Kirtland Service Area is comprised of Alcona, Crawford, Gladwin, Kalkaska, Missaukee, Ogemaw, Oscoda, Otsego, and Roscommon Counties in central lower Michigan.

KIRTLAND SERVICE AREA



IMPACTS CREATED BY KIRTLAND IN FY 2017-18



\$11.8 million

Operations Spending Impact



\$398.7 thousand

Construction Spending Impact



\$514.5 thousand

Student Spending Impact



\$50.3 million

Alumni Impact



\$63 million

TOTAL IMPACT

– OR –

912

JOBS SUPPORTED



These retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.

- The expenditures of retained students in FY 2017-18 added **\$514.5 thousand** in income to the Kirtland Service Area economy.

ALUMNI IMPACT

- Over the years, students have studied at Kirtland and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, thousands of these former students are employed in the Kirtland Service Area.
- The net impact of Kirtland's former students currently employed in the regional workforce amounted to **\$50.3 million** in added income in FY 2017-18.



Investment analysis

STUDENT PERSPECTIVE

- Kirtland's FY 2017-18 students paid a present value of **\$5.3 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$2.9 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive **\$46.4 million** in increased earnings over their working lives. This translates to a return of **\$5.60** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **21.2%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided Kirtland with **\$11.5 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 **\$15.7 million**. A reduced demand for government-funded services in Michigan will add another **\$1.6 million** in benefits to taxpayers.
- For every dollar of public money invested in Kirtland, taxpayers will receive **\$1.50** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **3.1%**.

SOCIAL PERSPECTIVE

- In FY 2017-18, Michigan invested **\$21.5 million** to support Kirtland. In turn, the Michigan economy will grow by **\$189.8 million**, over the course of students' working lives. Society will also benefit from **\$6.2 million** of public and private sector savings.
- For every dollar invested in Kirtland in FY 2017-18, people in Michigan will receive **\$9.10** in return, for as long as Kirtland's FY 2017-18 students remain active in the state workforce.

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



21.2%

Average annual return for
Kirtland 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

\$5.60

in lifetime earnings



Taxpayers gain

\$1.50

in added tax revenue and
public sector savings



Society gains

\$9.10

in added income and
social savings

