



# The Economic Value of Cowley County Community College



**C**OWLEY COUNTY COMMUNITY COLLEGE (Cowley College) creates value in many ways. The college plays a key role in helping students increase their employability and achieve their individual potential. The college draws students to the region, generating new dollars and opportunities for the Cowley College Service Area.\* Cowley College provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, Cowley College is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

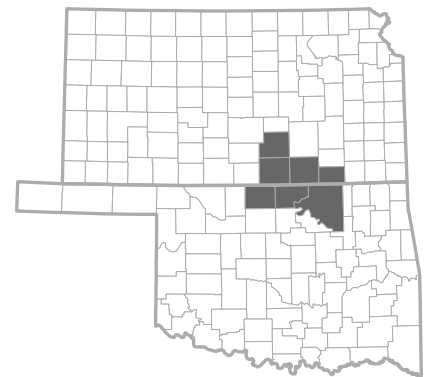
Cowley College influences both the lives of its students and the regional economy. The college supports a variety of industries in the Cowley College Service Area, serves regional businesses, and benefits society as a whole in Kansas from an expanded economy and improved quality of life. Additionally, the benefits created by Cowley College extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by Cowley College on the business community and the benefits the college generates in return for the investments made by its key stakeholder groups—students, taxpayers, and society. The following two analyses are presented:

 **Economic impact analysis**

 **Investment analysis**

All results reflect employee, student, and financial data, provided by the college and reviewed by the Kansas Association of Community Colleges (KACC), for fiscal year (FY) 2021-22. Impacts on the Cowley College Service Area economy are reported under the economic impact analysis and are measured in terms of added income. The returns on investment to students, taxpayers, and society in Kansas are reported under the investment analysis.



**The Cowley College Service Area  
(in Kansas and Oklahoma)**

Cowley College influences both the **lives of its students** and the **regional economy**.

\* For the purposes of this analysis, the Cowley College Service Area is comprised of Chautauqua, Cowley, Sedgwick, and Sumner Counties in Kansas and Grant, Kay, and Osage Counties in Oklahoma.

# Economic impact analysis



Cowley College promotes economic growth in the Cowley College Service Area through its direct expenditures and the resulting expenditures of students and regional businesses. The college serves as an employer and buyer of goods and services for its day-to-day and capital improvement activities. The college's activities attract students from outside the Cowley College Service Area, whose expenditures benefit regional vendors. In addition, Cowley College is one of the primary sources of higher education to the Cowley College Service Area residents and a supplier of trained workers to regional industries, enhancing overall productivity in the regional workforce. When exploring each of the economic impacts, we consider the hypothetical question of how economic activity would change in the Cowley College Service Area if Cowley College and all its alumni did not exist in FY 2021-22.

## Operations spending impact



Cowley College adds economic value to the Cowley College Service Area as an employer of regional residents and a large-scale buyer of goods and services. In FY 2021-22, the college employed 372 full-time and part-time faculty and staff, 92% of whom lived in the Cowley College Service Area. Total payroll at Cowley College was \$14.3 million, much of which was spent in the region for groceries, mortgage and rent payments, dining out, and other household expenses. In addition, the college spent \$20.2 million on day-to-day expenses related to general operations, supplies, and professional services.

Cowley College's day-to-day operations spending added \$20.3 million in income to the region during the analysis year. This impact captures the new economic activity created in the regional economy solely attributable to the operations of Cowley College. More specifically, this figure represents Cowley College's payroll and the multiplier effects generated by the in-region spending of the college and its employees. It also reflects a downward adjustment to account for funding the college received from county sources to arrive at the added income in the region solely attributable to Cowley College. This amounts to the net value of \$20.3 million in added income, which is equivalent to supporting 421 jobs in the region.

## Student spending impact



A number of students attending Cowley College originated from outside the region in FY 2021-22, and some of these students relocated to the Cowley College Service Area to attend Cowley College. These students may not have come

### Impacts created by Cowley College in FY 2021-22



Operations spending impact

**\$20.3 million**

+



Student spending impact

**\$3.8 million**

+



Alumni impact

**\$179.4 million**



Total economic impact

**\$203.5 million**

OR

Jobs supported

**3,071**



to the region if the college did not exist. In addition, some in-region students, referred to as retained students, would have left the Cowley College Service Area if not for the existence of Cowley College. While attending the college, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$3.8 million in added income for the regional economy in FY 2021-22, which supported 68 jobs in the Cowley College Service Area.

## Alumni impact



The education and training Cowley College provides for regional residents has the greatest impact. Since the establishment of the college, students have studied at Cowley College and entered the regional workforce with greater knowledge and new skills. Today, thousands of former Cowley College students are employed in the Cowley College Service Area. As a result of their education from Cowley College, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2021-22, Cowley College alumni generated \$179.4 million in added income for the regional economy, which is equivalent to supporting 2,582 jobs.

## Total impact

Cowley College added \$203.5 million in income to the Cowley College Service Area economy during the analysis year, equal to the sum of the operations spending impact, the student spending impact; and the alumni impact. For context, the \$203.5 million impact was equal to approximately 0.5% of the total gross regional product (GRP) of the Cowley College Service Area. This contribution that the college provided on its own is nearly as large as the entire Arts, Entertainment, & Recreation industry in the region.

Cowley College's total impact can also be expressed in terms of jobs supported. The \$203.5 million impact supported 3,071 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. In addition, the \$203.5 million, or 3,071 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the spending of Cowley College and its students and the activities of its alumni in the Health Care & Social Assistance industry sector supported 733 jobs in FY 2021-22. If the college did not exist, these impacts would not have been generated in the Cowley College Service Area.

### Cowley College impacts by industry (jobs supported)




The **\$203.5 million** total impact supported **3,071 regional jobs**.





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 Cowley College as an investment from the perspectives of students, taxpayers, and society in Kansas.

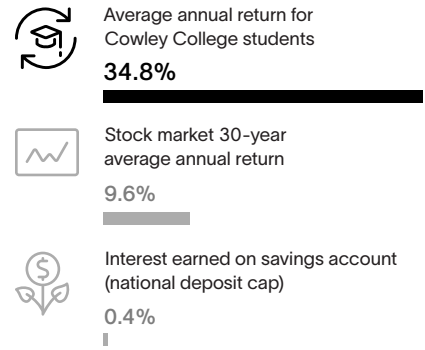
## Student perspective

 In FY 2021-22, Cowley College served 3,619 credit and 1,710 non-credit students. In order to attend the college, students paid for or received grants or scholarships to pay for tuition, fees, books, and supplies. Some also took out loans and will incur interest on those loans. Additionally, some students gave up money they would have otherwise earned had they been working instead of attending college. The total investment made by Cowley College's students in FY 2021-22 amounted to a present value of \$14.3 million, equal to \$8.4 million in out-of-pocket expenses (including future principal and interest on student loans) and \$5.9 million in forgone time and money.

In return for their investment, Cowley College's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average Cowley College associate degree graduate from FY 2021-22 will see annual earnings that are \$14,000 higher than a person with a high school diploma or equivalent working in Kansas. Over a working lifetime, the benefits of the associate degree over a high school diploma will amount to an undiscounted value of \$602,000 in higher earnings per graduate. The present value of the cumulative higher future earnings that Cowley College's FY 2021-22 students will receive over their working careers is \$152.8 million.

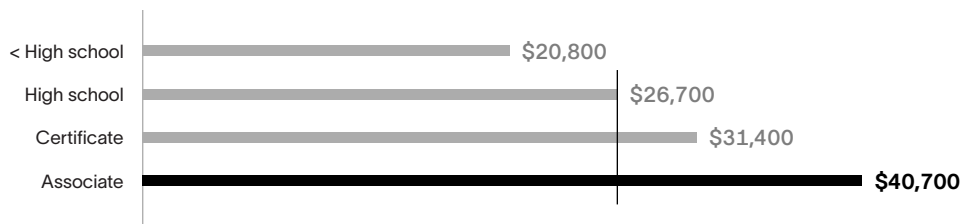
The students' benefit-cost ratio is 10.7. In other words, for every dollar students invest in Cowley College in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$10.70 in higher future earnings. Annually, the

### Students see a high rate of return for their investment in Cowley College



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

The average associate degree graduate from Cowley College will see an increase in earnings of **\$14,000** each year compared to a person with a high school diploma or equivalent working in Kansas.



Source: Lightcast employment data.

students' investment in Cowley College has an average annual internal rate of return of 34.8%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 9.6%.

## Taxpayer perspective



Cowley College generates more in tax revenue than it receives. These benefits to taxpayers consist primarily of taxes that the state and local government will collect from the added revenue created in the state. As Cowley College students will earn more, they will make higher tax payments, such as property 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 2021-22 students' working lives, the state and local government will have collected a present value of \$35.3 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of Cowley College students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that Cowley College 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. Cowley College students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. Altogether, the present value of the benefits associated with an education from Cowley College will generate \$2.2 million in savings to state and local taxpayers over the students' working lives.

Total taxpayer benefits amount to \$37.6 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$16.8 million, equal to the amount of state and local government funding Cowley College received in FY 2021-22. These benefits and costs yield a benefit-cost ratio of 2.2. This means that for every dollar of public money invested in Cowley College in FY 2021-22, taxpayers will receive a cumulative present value of \$2.20 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 5.0%, which compares favorably to other long-term investments in the public sector.

For every dollar of public money invested in Cowley College, taxpayers will receive a cumulative value of **\$2.20** over the course of the students' working lives.

## Social perspective



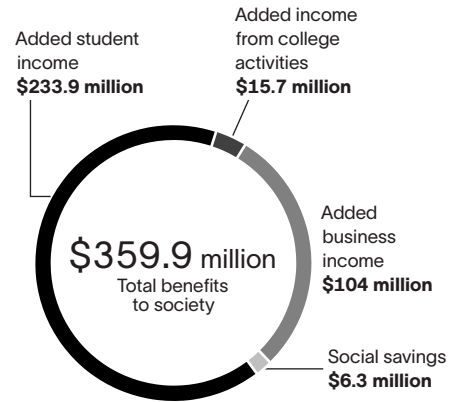
Society as a whole in Kansas benefits from the presence of Cowley College in two major ways. Primarily, society benefits from an increased economic base in the state. This is attributed to the added income from students' increased lifetime earnings (added student income) and increased business output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

Benefits to society also consist of the savings generated by the improved lifestyles of Cowley College 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. Income assistance savings include reduced welfare and unemployment claims.

Altogether, the social benefits of Cowley College equal a present value of \$359.9 million. These benefits include \$233.9 million in added student income, \$104.0 million in added business income, \$15.7 million in added income from college activities, as well as \$6.3 million in social savings related to health, the justice system, and income assistance in Kansas. People in Kansas invested a present value total of \$45 million in Cowley College in FY 2021-22. The cost includes all the college and student costs.

The benefit-cost ratio for society is 8.0, equal to the \$359.9 million in benefits divided by the \$45 million in costs. In other words, for every dollar invested in Cowley College, people in Kansas will receive a cumulative value of \$8.00 in benefits. The benefits of this investment will occur for as long as Cowley College's FY 2021-22 students remain employed in the state workforce.

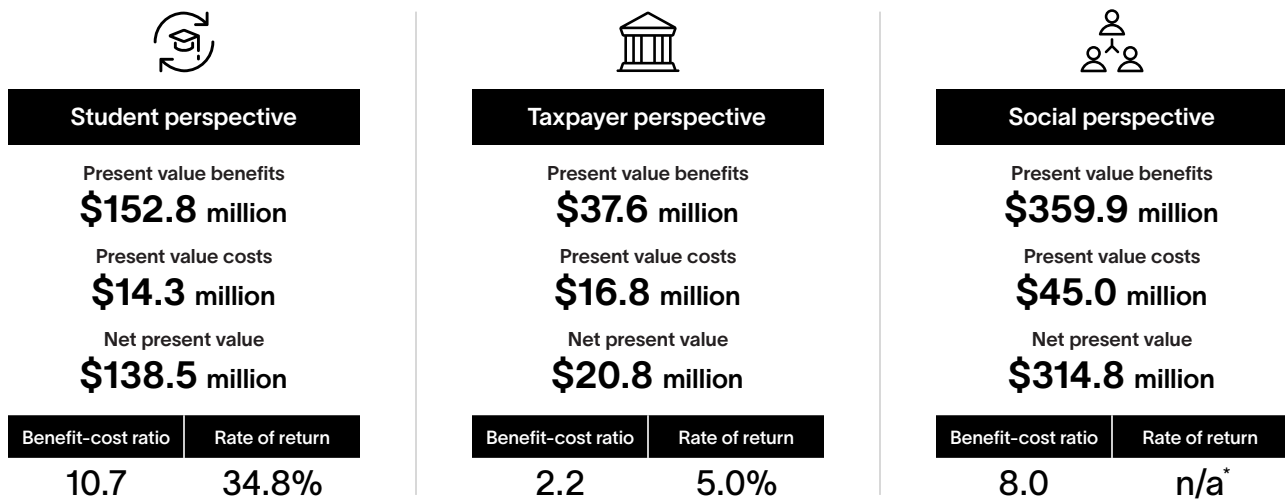
### Social benefits in Kansas from Cowley College



Source: Lightcast impact model.

## Summary of investment analysis results

The results of the analysis demonstrate that Cowley College is a strong investment for all three major stakeholder groups—students, taxpayers, and society. As shown, students receive a great return for their investments in an education from Cowley College. At the same time, taxpayers' investment in Cowley College returns more to government budgets than it costs and creates a wide range of social benefits throughout Kansas.



\* 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 Cowley College creates value from multiple perspectives. The college benefits regional businesses by increasing consumer spending in the region and supplying a steady flow of qualified, trained workers to the workforce. Cowley College enriches the lives of students by raising their lifetime earnings and helping them achieve their individual potential. The college benefits state and local taxpayers through increased tax receipts and a reduced demand for government-supported social services. Finally, Cowley College benefits society as a whole in Kansas by creating a more prosperous economy and generating a variety of savings through the improved lifestyles of students.

## About the study

Data and assumptions used in the study are based on several sources, including the FY 2021-22 academic and financial reports from Cowley College and the Kansas Board of Regents, 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.

The results of this study demonstrate that Cowley College creates 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](https://lightcast.io/solutions/education) to learn more or connect with us.