



The Economic Value of Herkimer County Community College





HERKIMER COUNTY COMMUNITY COLLEGE (Herkimer 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 Herkimer Service Region.* Herkimer College provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, Herkimer College is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

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

This study measures the economic impacts created by Herkimer 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:



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

 **Economic impact analysis**

 **Investment analysis**

All results reflect employee, student, and financial data, provided by the college, for fiscal year (FY) 2022-23. Impacts on the Herkimer Service Region 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 New York are reported under the investment analysis.

* For the purposes of this analysis, the Herkimer Service Region is comprised of Fulton, Hamilton, Herkimer, Lewis, Montgomery, Oneida, Onondaga, Otsego, and St. Lawrence Counties.

Economic impact analysis



Herkimer College promotes economic growth in the Herkimer Service Region 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 operations. The college's activities attract students from outside the Herkimer Service Region, whose expenditures benefit regional vendors. In addition, Herkimer College is one of the primary sources of higher education to the Herkimer Service Region residents and a supplier of trained workers to regional industries, enhancing overall productivity in the regional workforce.

Operations spending impact



Herkimer College adds economic value to the Herkimer Service Region as an employer of regional residents and a large-scale buyer of goods and services. In FY 2022-23, the college employed 241 full-time and part-time faculty and staff, 94% of whom lived in the Herkimer Service Region. Total payroll at Herkimer College was \$15.9 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 \$11.9 million on expenses related to facilities, supplies, and professional services.

Herkimer College's operations spending added \$19.9 million in income to the region during the analysis year. This figure represents the college's payroll, the multiplier effects generated by the in-region spending of the college and its employees, and a downward adjustment to account for funding that the college received from regional sources. The \$19.9 million in added income is equivalent to supporting 269 jobs in the region.

Student spending impact



Around 26% of credit students attending Herkimer College originated from outside the region in FY 2022-23, and some of these students relocated to the Herkimer Service Region to attend Herkimer College. These students may not have come to the region if the college did not exist. In addition, some in-region students, referred to as retained students, would have left the Herkimer Service Region if not for the existence of Herkimer College. While attending the college, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$2.4 million in added income for the regional economy in FY 2022-23, which supported 35 jobs in the Herkimer Service Region.

Impacts created by
Herkimer College in FY 2022-23



Operations spending impact
\$19.9 million

+



Student spending impact
\$2.4 million

+



Alumni impact
\$127.5 million



Total economic impact
\$149.8 million

OR



Jobs supported
1,606



Alumni impact



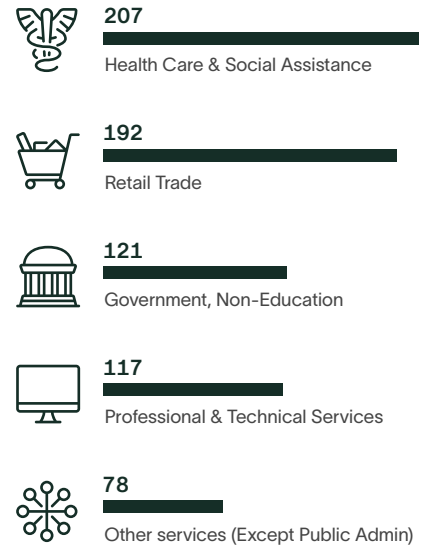
The education and training Herkimer College provides for regional residents has the greatest impact. Since the establishment of the college, students have studied at Herkimer College and entered the regional workforce with greater knowledge and new skills. Today, thousands of former Herkimer College students are employed in the Herkimer Service Region. As a result of their education from Herkimer College, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2022-23, Herkimer College alumni generated \$127.5 million in added income for the regional economy, which is equivalent to supporting 1,301 jobs.

Total impact

Herkimer College added \$149.8 million in income to the Herkimer Service Region economy during the analysis year, equal to the sum of the operations spending impact, the student spending impact, and the alumni impact.

Herkimer College's total impact can also be expressed in terms of jobs supported. The \$149.8 million impact supported 1,606 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. In addition, the \$149.8 million, or 1,606 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the spending of Herkimer College and its students and the activities of its alumni in the Health Care & Social Assistance industry sector supported 207 jobs in FY 2022-23. If the college did not exist, these impacts would not have been generated in the Herkimer Service Region.

Herkimer College impacts by industry (jobs supported)



The total impact of **\$149.8 million** is equivalent to supporting **1,606 jobs**.





Investment analysis

An investment analysis evaluates the costs associated with a proposed venture against its expected benefits. The analysis presented here evaluates Herkimer College as an investment from the perspectives of students, taxpayers, and society in New York. As with the economic impact analysis, this analysis considers only FY 2022-23 activities.

Student perspective



In FY 2022-23, Herkimer College served 2,771 credit and 37 non-credit students. In order to attend the college, 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 Herkimer College's students in FY 2022-23 amounted to a present value of \$9.6 million, equal to \$5.8 million in out-of-pocket expenses (including future principal and interest on student loans) and \$3.8 million in forgone time and money.

In return for their investment, Herkimer College's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average Herkimer College associate degree graduate from FY 2022-23 will see annual earnings that are \$8,200 higher than a person with a high school diploma or equivalent working in New York. Over a working lifetime, the benefits of the associate degree over a high school diploma will amount to an undiscounted value of \$369,000 in higher earnings per graduate. The present value of the cumulative higher future earnings that Herkimer College's FY 2022-23 students will receive over their working careers is \$64.4 million.

The students' benefit-cost ratio is 6.7. In other words, for every dollar students invest in Herkimer College in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$6.70 in higher future earnings. Annually, the

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



Average annual return for Herkimer College students
20.7%



Stock market 30-year average annual return
10.1%

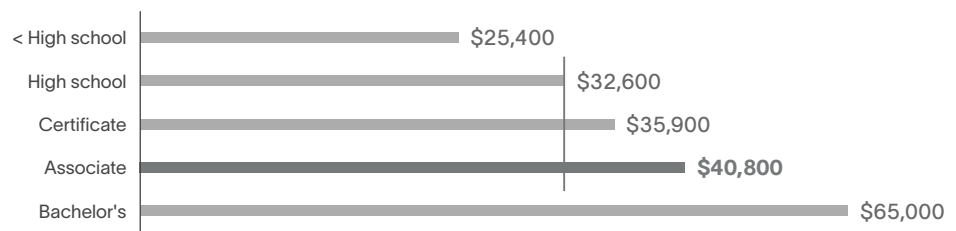


Interest earned on savings account (national deposit rate)
0.5%

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

Average earnings by education level at career midpoint

The average associate degree graduate from Herkimer College will see an increase in earnings of **\$8,200** each year compared to a person with a high school diploma or equivalent working in New York.



Source: Lightcast employment data

students' investment in Herkimer College has an average annual internal rate of return of 20.7%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 10.1%.

Taxpayer perspective



Herkimer 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 Herkimer College 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 2022-23 students' working lives, the state and local government will have collected a present value of \$25.1 million in added taxes.

For every dollar of public money invested in Herkimer College, taxpayers will receive a cumulative value of **\$1.80** over the course of the students' working lives.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of Herkimer College students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that Herkimer College students receive will generate savings in three main categories: 1) health care, 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. Herkimer College students will be more employable, so their reduced demand for income assistance such as welfare and unemployment benefits will benefit taxpayers. For a list of study references, contact the college for a copy of the main report. Altogether, the present value of the benefits associated with an education from Herkimer College will generate \$4.3 million in savings to state and local taxpayers.

Total taxpayer benefits amount to \$29.4 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$16.7 million, equal to the amount of state and local government funding Herkimer College received in FY 2022-23. These benefits and costs yield a benefit-cost ratio of 1.8. This means that for every dollar of public money invested in Herkimer College in FY 2022-23, taxpayers will receive a cumulative present value of \$1.80 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 3.6%, which compares favorably to other long-term investments in the public sector.

Social perspective



Society as a whole in New York benefits from the presence of Herkimer 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 New York.

Benefits to society also consist of the savings generated by the improved lifestyles of Herkimer College students. As discussed in the previous section, education is statis-

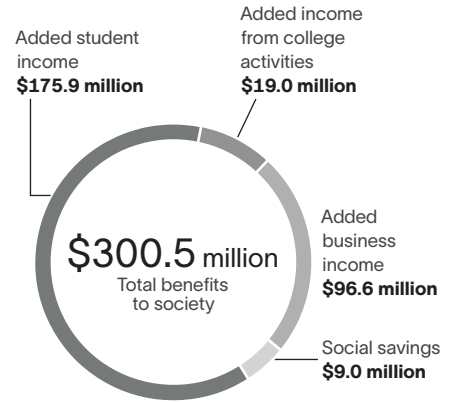


tically correlated with a variety of lifestyle changes that generate social savings. Note that these costs are avoided by the consumers but are distinct from the costs avoided by the taxpayers outlined above. Health care savings include avoided medical costs associated with smoking, obesity, substance 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. For a list of study references, contact the college for a copy of the main report.

Altogether, the social benefits of Herkimer College equal a present value of \$291.2 million. These benefits include \$170.0 million in added student income, \$93.4 million in added business income, \$19.0 million in added income from college activities, as well as \$8.8 million in social savings related to health, the justice system, and income assistance in New York. People in New York invested a present value total of \$34.7 million in Herkimer College in FY 2022-23. The cost includes all the college and student costs.

The benefit-cost ratio for society is 8.4, equal to the \$291.2 million in benefits divided by the \$34.7 million in costs. In other words, for every dollar invested in Herkimer College, people in New York will receive a cumulative value of \$8.40 in benefits. The benefits of this investment will occur for as long as Herkimer College's FY 2022-23 students remain employed in the state workforce.

Social benefits in New York from Herkimer College






Source: Lightcast impact model

Summary of investment analysis results

The results of the analysis demonstrate that Herkimer 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 Herkimer College. At the same time, taxpayers' investment in Herkimer College returns more to government budgets than it costs and creates a wide range of social benefits throughout New York.

Summary of investment analysis results

 Student perspective		 Taxpayer perspective		 Social perspective	
Present value benefits	\$64.4 million	Present value benefits	\$29.4 million	Present value benefits	\$291.2 million
Present value costs	\$9.6 million	Present value costs	\$16.7 million	Present value costs	\$34.7 million
Net present value	\$54.8 million	Net present value	\$12.7 million	Net present value	\$256.5 million
Benefit-cost ratio	6.7	Benefit-cost ratio	1.8	Benefit-cost ratio	8.4
Rate of return	20.7%	Rate of return	3.6%	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 Herkimer 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. Herkimer 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, Herkimer College benefits society as a whole in New York 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 2022-23 academic and financial reports from Herkimer College, 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 college for a copy of the main report.



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.