



# The Economic Value of Independence Community College



**I**NDEPENDENCE COMMUNITY COLLEGE (ICC) 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 ICC Service Area.\* ICC provides students with the education, training, and skills they need to have fulfilling and prosperous careers. Furthermore, ICC is a place for students to meet new people, increase their self-confidence, and promote their overall health and well-being.

ICC influences both the lives of its students and the regional economy. The college supports a variety of industries in the ICC 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 ICC extend to the state and local government through increased tax revenues and public sector savings.

This study measures the economic impacts created by ICC 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 ICC 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 ICC Service Area, Kansas

ICC influences both the lives of its students and the regional economy.

\* For the purposes of this analysis, the ICC Service Area is comprised of Chautauqua, Elk, Montgomery, and Wilson Counties.

# Economic impact analysis



ICC promotes economic growth in the ICC 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 activities. The college's activities attract students from outside the ICC Service Area, whose expenditures benefit regional vendors. In addition, ICC is one of the primary sources of higher education to the ICC 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 ICC Service Area if ICC and all its alumni did not exist in FY 2021-22.

## Operations spending impact



ICC adds economic value to the ICC Service Area as an employer of regional residents and a large-scale buyer of goods and services. In FY 2021-22, the college employed 172 full-time and part-time faculty and staff, 72% of whom lived in the ICC Service Area. Total payroll at ICC was \$7.8 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 \$10.8 million on day-to-day expenses related to general operations, supplies, and professional services.

ICC's day-to-day operations spending added \$8.1 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 ICC. More specifically, this figure represents ICC'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 ICC. This amounts to the net value of \$8.1 million in added income, which is equivalent to supporting 166 jobs in the region.

## Student spending impact



A number of students attending ICC originated from outside the region in FY 2021-22, and some of these students relocated to the ICC Service Area to attend ICC. 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 ICC Service Area if not for the existence of ICC. While attending the college, these relocated and retained students spent money on groceries, accommodation, transportation, and other household expenses. This spending generated \$568 thousand in added income for the regional economy in FY 2021-22, which supported 13 jobs in the ICC Service Area.

### Impacts created by ICC in FY 2021-22



Operations spending impact

**\$8.1 million**

+



Student spending impact

**\$0.6 million**

+



Alumni impact

**\$30.4 million**



Total economic impact

**\$39.1 million**

OR

Jobs supported

**965**



## Alumni impact



The education and training ICC provides for regional residents has the greatest impact. Since the establishment of the college, students have studied at ICC and entered the regional workforce with greater knowledge and new skills. Today, thousands of former ICC students are employed in the ICC Service Area. As a result of their education from ICC, the students receive higher earnings and increase the productivity of the businesses that employ them. In FY 2021-22, ICC alumni generated \$30.4 million in added income for the regional economy, which is equivalent to supporting 787 jobs.

## Total impact

ICC added \$39.1 million in income to the ICC 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 \$39.1 million impact was equal to approximately 1.6% of the total gross regional product (GRP) of the ICC Service Area. This contribution that the college provided on its own is greater than the entire Professional & Technical Services industry in the region.

ICC's total impact can also be expressed in terms of jobs supported. The \$39.1 million impact supported 965 regional jobs, using the jobs-to-sales ratios specific to each industry in the region. This means that one out of every 28 jobs in the ICC Service Area is supported by the activities of ICC and its students. In addition, the \$39.1 million, or 965 supported jobs, stemmed from different industry sectors. For instance, among non-education industry sectors, the spending of ICC and its students and the activities of its alumni in the Health Care & Social Assistance industry sector supported 428 jobs in FY 2021-22. If the college did not exist, these impacts would not have been generated in the ICC Service Area.

ICC impacts by industry  
(jobs supported)



One out of every 28 jobs in the ICC Service Area is supported by the activities of ICC and its students.



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

## Student perspective



In FY 2021-22, ICC served 1,211 credit and 205 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 ICC's students in FY 2021-22 amounted to a present value of \$4.7 million, equal to \$2 million in out-of-pocket expenses (including future principal and interest on student loans) and \$2.6 million in forgone time and money.

In return for their investment, ICC's students will receive a stream of higher future earnings that will continue to grow throughout their working lives. For example, the average ICC associate degree graduate from FY 2021-22 will see annual earnings that are \$14,300 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 \$629,200 in higher earnings per graduate. The present value of the cumulative higher future earnings that ICC's FY 2021-22 students will receive over their working careers is \$40.6 million.

The students' benefit-cost ratio is 8.7. In other words, for every dollar students invest in ICC in the form of out-of-pocket expenses and forgone time and money, they will receive a cumulative value of \$8.70 in higher future earnings. Annually, the students' investment in ICC has an average annual internal rate of return of 26.4%, which is impressive compared to the U.S. stock market's 30-year average rate of return of 9.6%.

Students see a high rate of return for their investment in ICC



Average annual return for ICC students  
26.4%



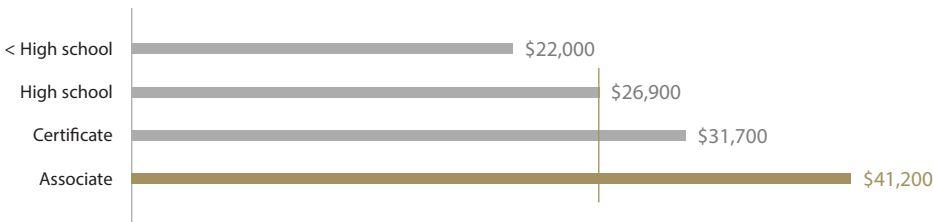
Stock market 30-year average annual return  
9.6%



Interest earned on savings account (national deposit cap)  
0.4%

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

The average associate degree graduate from ICC will see an increase in earnings of \$14,300 each year compared to a person with a high school diploma or equivalent working in Kansas.



Source: Lightcast employment data.





## Taxpayer perspective



ICC 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 ICC 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 \$9.3 million in added taxes.

Benefits to taxpayers will also consist of savings generated by the improved lifestyles of ICC students and the corresponding reduced government services. Education is statistically correlated with a variety of lifestyle changes. The education that ICC 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. ICC 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 ICC will generate \$579.8 thousand in savings to state and local taxpayers over the students' working lives.

Total taxpayer benefits amount to \$9.9 million, the present value sum of the added tax revenue and public sector savings. Taxpayer costs are \$9.4 million, equal to the amount of state and local government funding ICC received in FY 2021-22. These benefits and costs yield a benefit-cost ratio of 1.0. This means that for every dollar of public money invested in ICC in FY 2021-22, taxpayers will recover their costs and receive a cumulative present value of \$1.00 over the course of the students' working lives. The average annual internal rate of return for taxpayers is 0.4%, which compares favorably to other long-term investments.

Total taxpayer benefits amount to \$9.9 million, the present value sum of the added tax revenue and public sector savings.

## Social perspective



Society as a whole in Kansas benefits from the presence of ICC 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 ICC 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

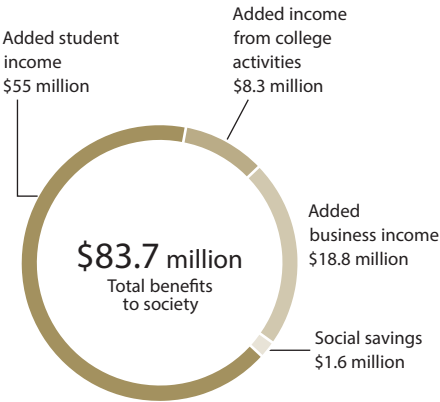


the government and society due to less judicial activity. Income assistance savings include reduced welfare and unemployment claims.

Altogether, the social benefits of ICC equal a present value of \$83.7 million. These benefits include \$55.0 million in added student income, \$18.8 million in added business income, \$8.3 million in added income from college activities, as well as \$1.6 million in social savings related to health, the justice system, and income assistance in Kansas. People in Kansas invested a present value total of \$21.9 million in ICC in FY 2021-22. The cost includes all the college and student costs.

The benefit-cost ratio for society is 3.8, equal to the \$83.7 million in benefits divided by the \$21.9 million in costs. In other words, for every dollar invested in ICC, people in Kansas will receive a cumulative value of \$3.80 in benefits. The benefits of this investment will occur for as long as ICC’s FY 2021-22 students remain employed in the state workforce.

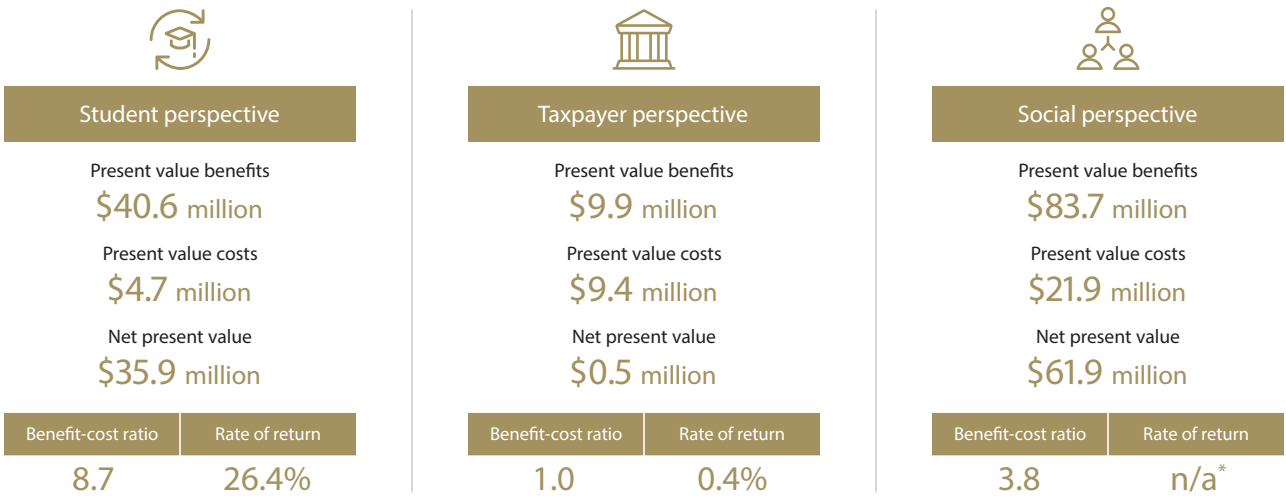
Social benefits in Kansas from ICC



Source: Lightcast impact model.

### Summary of investment analysis results

The results of the analysis demonstrate that ICC 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 ICC. At the same time, taxpayers’ investment in ICC 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 ICC 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. ICC 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, ICC 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 ICC 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 ICC 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.