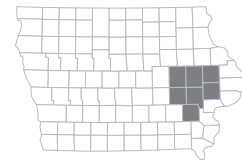


The Economic Value of Kirkwood Community College

Kirkwood Community College (Kirkwood) 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) 2019-20.



THE KIRKWOOD SERVICE AREA
Iowa



ECONOMIC IMPACT ANALYSIS

In FY 2019-20, Kirkwood added **\$795.5 million** in income to the Kirkwood Service Area economy, a value approximately equal to **2.4%** of the region's total gross regional product (GRP). Expressed in terms of jobs, Kirkwood's impact supported **10,957 jobs**. For perspective, the activities of Kirkwood and its students support **one out of every 28 jobs** in the Kirkwood Service Area.

OPERATIONS SPENDING IMPACT

- Kirkwood employed 2,263 full-time and part-time faculty and staff. Payroll amounted to \$89.2 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 \$43.1 million on day-to-day expenses related to facilities, supplies, and professional services.
- The net impact of the college's operations spending added **\$101.1 million** in income to the regional economy in FY 2019-20.

CONSTRUCTION SPENDING IMPACT

- Kirkwood invests in construction each year to maintain its facilities, create additional capacities, and meet its growing educational demands, generating a short-term infusion of spending and jobs in the regional economy.
- The net impact of Kirkwood's construction spending in FY 2019-20 was **\$5.9 million** in added income for the Kirkwood Service Area.

STUDENT SPENDING IMPACT

- Around 8% of students attending Kirkwood originated from outside the region. Some of these students relocated to the Kirkwood Service Area. In

IMPACTS CREATED BY KIRKWOOD IN FY 2019-20



Operations spending impact

\$101.1 million



Construction spending impact

\$5.9 million



Student spending impact

\$28.4 million



Alumni impact

\$660.1 million



TOTAL ECONOMIC IMPACT

\$795.5 million

OR

Jobs supported

10,957

addition, some in-region students, referred to as retained students, would have left the Kirkwood Service Area for other educational opportunities if not for Kirkwood. These relocated and retained students spent money on groceries, mortgage and rent payments, and other living expenses at regional businesses.

- The expenditures of relocated and retained students in FY 2019-20 added **\$28.4 million** in income to the Kirkwood Service Area economy.

ALUMNI IMPACT

- Over the years, students have studied at Kirkwood and entered or re-entered the workforce with newly-acquired knowledge and skills. Today, hundreds of thousands of these former students are employed in the Kirkwood Service Area.
- The net impact of Kirkwood's former students currently employed in the regional workforce amounted to **\$660.1 million** in added income in FY 2019-20.



INVESTMENT ANALYSIS

STUDENT PERSPECTIVE

- Kirkwood's FY 2019-20 students paid a present value of **\$27.4 million** to cover the cost of tuition, fees, supplies, and interest on student loans. They also forwent **\$55.1 million** in money that they would have earned had they been working instead of attending college.
- In return for their investment, students will receive a cumulative present value of **\$496 million** in increased earnings over their working lives. This translates to a return of **\$6.00** in higher future earnings for every dollar students invest in their education. Students' average annual rate of return is **27.7%**.

TAXPAYER PERSPECTIVE

- Taxpayers provided Kirkwood with **\$77.6 million** of funding in FY 2019-20. In return, they will benefit from added tax revenue, stemming from students' higher lifetime earnings and increased business output, amounting to **\$142.2 million**. A reduced demand for government-funded services in Iowa will add another **\$11.5 million** in benefits to taxpayers.
- For every dollar of public money invested in Kirkwood, taxpayers will receive **\$2.00** in return, over the course of students' working lives. The average annual rate of return for taxpayers is **4.8%**.

SOCIAL PERSPECTIVE

- In FY 2019-20, Iowa invested **\$214.5 million** to support Kirkwood. In turn, the Iowa economy will grow by **\$1.7 billion**, over the course of students' working lives. Society will also benefit from **\$32.7 million** of public and private sector savings.
- For every dollar invested in Kirkwood in FY 2019-20, people in Iowa will receive **\$8.10** in return, for as long as Kirkwood's FY 2019-20 students remain active in the state workforce.

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



Average annual return for Kirkwood students
27.7%



Stock market 30-year average annual return
10.6%



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

Source: Forbes' S&P 500, 1991-2020. FDIC.gov, 6-2021.

For every \$1...



Students gain in lifetime earnings
\$6.00



Taxpayers gain in added tax revenue and public sector savings
\$2.00



Society gains in added income and social savings
\$8.10